

NIGERIA UPDATE**Change in the offing**

1) In view of the highly unsatisfactory handover process, *it may take more than the proverbial 100 days before the new administration is in any position to launch specific policy initiatives.*

As has been reported¹, attempts by Buhari's transition team to meet with their counterparts in the GEJ government were repeatedly rebuffed/rescheduled. When a meeting eventually materialized - after the APC had publicly accused the PDP of trying to sabotage the transition - the outgoing side showed up without any materials, claiming that the relevant briefing books were "still in production" (sic).

2) However, in last week's inaugural speech, *President Buhari did identify a handful of definite priorities*, viz.:

"Insecurity, pervasive corruption, the hitherto unending and seemingly impossible fuel and power shortages are the immediate concerns. We are going to tackle them head on."

3) In terms of the campaign to quash Boko Haram, *a powerfully symbolic step has already been announced with the relocation of the army's operational headquarters from Abuja to Maiduguri* (the Borno state capital), although the question of execution remains pending.

4) Identifying the numerous bottle-necks along the power supply-chain – a *sine qua non* for developing the solutions required – may take months, especially in the wake of the rushed 2013 privatization of the 10 electricity distribution companies.

5) However, hints from senior APC circles suggest that *Buhari may be leaning towards running the oil ministry himself*², viz.:

*"Nigeria's oil sector is so dirty that nobody's hands are clean enough to do the 'surgical changes' needed."
"He will do it. It would be stupid to give that position to anyone else."*³

6) As oil minister, *Buhari would be ex officio chairman of the board of NNPC, the national oil company, and therefore uniquely placed to oversee the task of cleaning these truly Augean stables.* This will have come as unwelcome news to oil and gas "stakeholders" who might have had hoped to see a line drawn⁴ under the misdeeds they might have committed during the last 8 years.

¹ See "APC insists Jonathan, PDP not cooperating with Buhari transition committee", by *Premium Times*, May 14, 2015.

² It is worth recalling that Buhari served as served as oil minister - at the time designated federal commissioner for petroleum and natural resources - that he occupied from 1976-78 in the military government led by then Gen. Olusegun Obasanjo.

³ See "Buhari may head Petroleum Ministry as he seeks Senate's approval to appoint 15 advisers", by Johnbosco Agbakwuru & Joseph Erunke in *The Vanguard*, June 03, 2015 | 6:23 am.

⁴ As will be recalled, Buhari has repeatedly pledged that there will be no witch hunts under his Administration, most recently in his inaugural speech, viz.: "A few people have privately voiced fears that on coming back to office I shall go after them. These fears are groundless. There will be no paying off old scores."

7) By an interesting coincidence, the National Assembly's Lower House voted yesterday to shelve the report of the Ad-Hoc Committee established under the chairmanship of Muraina Ajibola last year⁵. The said report had, inter alia recommended,

"That a clean bill of health be given to all the parties involved in this transaction as the entire transaction conformed to all the applicable laws."

In short, the Teflon-coated Madam may yet meet her Waterloo!

⁵ The Committee's mandate was to investigate the alleged shady deals involving the minister of petroleum resources, the Nigerian National Petroleum Corporation (NNPC), the Nigerian Petroleum Development Company (NPDC), Shell Petroleum Development Company (SPDC), Atlantic Energy Drilling Concept Ltd; Septa Energy Ltd with respect to the farm-out or allocation of oil mining leases (OML 4, 26, 30, 34, 38, 41 and 42).

This Report has been prepared purely for the purposes of information and neither constitutes, nor is intended to constitute an offer to sell or the solicitation of an offer to purchase securities. Although the statements of fact in this Report have been obtained from, and are based upon sources that Rhombus Advisors LLC believes to be reliable, the Firm does not guarantee their accuracy, and any such information may be incomplete or condensed. All opinions and forecasts included in this Report represent the Firm's judgement as of the date of the Report and are subject to change without notice. Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express, implied or otherwise, is made regarding future performance. Investment in non-US securities by US investors may entail certain risks, including possible loss of the principal invested.