



ICT  
 SPORTS  
**ECONOMY**  
 POLICE REFORMS  
 DEVOLVE POWER TO STATES  
 FIGHT CORRUPTION  
**STABILIZE NAIRA**  
 NATIONAL SECURITY  
 FOREIGN RELATIONS  
 JOB CREATION  
**ANALYSING**  
**BUHARI'S**  
**171**  
**PROMISES**  
 ACCOUNTABILITY  
 ASSETS DECLARATION  
 ENFORCE FOI  
**POWER**  
 INFRASTRUCTURE  
**REVIVE COAL INDUSTRY**  
 REDUCE COST OF GOVERNANCE  
**DISCLOSE CONTRACTS ABOVE ₦100M**  
 ₦300BILLION REGIONAL GROWTH FUND  
 SMALL BUSINESS LOAN GUARANTEE SCHEME  
 DEVELOP OIL & GAS SECTOR  
**GROW EDUCATION SECTOR**  
 DEVELOP HEALTH CARE

Founded in 2012, SBM Intelligence, is devoted to the collection and analysis of information. We offer strategic communication services, and also comprehensive analysis for, and support to governments, businesses and NGOs. SBM Intelligence runs a Nigeria-wide network of contacts and associates.

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## INTRODUCTION

On May 29, 2017, the Buhari administration will have spent two years in charge of Nigeria, reaching the halfway mark in running with the mandate Nigerians collectively handed to them in the 2015 General Elections. Just as importantly, President Buhari's party, the All Progressives Congress, would have spent two years with the majority of seats in the two chambers of Nigeria's National Assembly, apart from being the ruling party in 24 of Nigeria's 36 States.

In the lead up to the 2015 elections, the Buhari Campaign made 171 promises to Nigerians, at different campaign stops, and in several documents, forming the basis of a social contract between the incoming government and the people whose votes they desperately sought. SBM Intelligence curated these promises back in 2015, and has since released two reports comparing actual performance to the expectations set by President Buhari's campaign.

The first report was released at the 100-day mark of this administration; and the second, a year ago when the administration reached its first year. This report seeks to provide an updated performance review, at this administration's midpoint. It also makes a comparison to the previous review, to determine if there have been improvements over the past year. Our approach was to review the administration's performance against two benchmarks:

First, we analysed each promise to determine to what extent each was achievable over the last two years in order to measure properly. We asked questions such as: "Should this have been completed by now?", "What percentage of this should have been completed?" Our measure was based on the answers to these.

The second benchmark was a comparison of Nigeria's performance against our peers, especially within the context of prevailing global economic headwinds which Nigeria has weathered along with the rest of the world; how we have reacted; and if our policy reactions have created a lag or a gain on our peer countries.

We believe this report will be useful in providing the Nigerian people and other interested observers, the requisite empirical analysis to judge the Buhari administration's performance. This report can also provide the administration with an unbiased review mirror with which it can identify its shortcomings and achievements, and as a result reposition itself and refocus efforts in the second half of its tenure.

## METHODOLOGY

In developing this report, SBM Intelligence curated the 171 campaign promises and grouped them into 24 categories. These were circulated amongst professionals in related fields to provide ratings on a 0 to 10 scale of performance on each promise, along with data; statistics and comments as to why a particular rating was chosen. We then collated the feedback and carried out further research to confirm, corroborate and in some cases, refute feedback given, in order to arrive at the final assessment of each promise along the following lines:

 <b>DONE</b>	<p>All actions that need to be taken to fulfil this promise have been completed and the quantum of promised results possible as at the end of year 2 have been achieved.</p>
 <b>NOT DONE</b>	<p>Some actions have been taken towards fulfilling this promise. However, these actions have either not been completed or the quantum of promised results as at the end of year 2 have not been achieved.</p>
 <b>ONGOING</b>	<p>Little or no action has been taken towards fulfilling this promise. The quantum of promised results achieved as at the end of year 2 is negligible.</p>
 <b>DETERIORATED</b>	<p>Actions have not been taken for this promise and/or actions taken have only resulted in the situation becoming significantly worse than as at May 29, 2015.</p>

Following the completion of the first step, we applied the following formula to arrive at our performance score for each of the 24 categories:

**FORMULA APPLIED:**

$$\frac{((\text{Count Done}) + (\text{Count Ongoing} * 50\%) - (\text{Count Deteriorated} * 50\%))}{\text{Total Number of Promises in Category}}$$

EXPLANATION: We weighed Count **Ongoing** by 50% to reflect the different weights a **Done** assessment carries, over an ongoing promise (this is versus 25% weighting used in the first-year report). For **Not Done** promises, since their net effect is zero, we did not include their count in the formula. We however included a 50% negative weight to the Count **Deteriorated** to include the net effect of such situations on the performance of the government and its attendant effect on the quality of life of Nigerians.

## EXECUTIVE SUMMARY

We started our 2016 performance review report by quoting President Buhari's declaration during his 2016 Workers' Day address that: "Tough times will soon be over".

We closed the first part of that report by saying, "Clearly, Nigeria cannot afford the same dismal performance in the next 12 months," a reference to the poor assessment of the President's first year. From every indication, it appears that the President's declaration did not hit the mark and our warning went unheeded. The fact that government officials were chased out of the 2017 Workers' Day parade in Abuja, is a graphic illustration of what Nigerians think about the administration's job performance.

The table below provides a summary of key economic indicators over the period.

	MAY-17	MAY-16	MAY-15	VARIANCE	CHANGE
<b>INFLATION</b>	17.24%	13.70%	9.20%	8.04%	Declined
<b>GDP Growth Rate</b>	-0.52%	-0.37%	3.96%	-4.48%	Declined
<b>₦/\$ Exchange Rate (Official)</b>	305.00	197.00	197.00	108.00	Declined
<b>₦/\$ Exchange Rate (Parallel)</b>	385.00	350.00	220.50	164.50	Declined
<b>Foreign Reserves (\$bn)</b>	30.8	27.1	29.6	1.2	Improved
<b>Oil Production (Mb/day)</b>	1.48	1.4	1.65	-0.17	Declined
<b>FAAC (₦bn)</b>	467.8	409.3	281.5	186.3	Improved

Politically, over the last six months, the country has been dominated by the president's health issues, the poor communications around said health issues, and the resulting conjecture-fuelled uncertainty. President Buhari, to his credit, has ensured that the constitutional requirement of transmitting a notification letter to the Senate, every time he will be away, is done. This singular action is what transfers power to his Vice President in his absence; that way, preventing even greater uncertainty that might have otherwise ensued. This is a big deal in Nigeria considering the concentration of power in the centre when compared to other federal republics.

The results in the two areas which were expected to be President Buhari's strongest points have been mixed. Regarding security, the Boko Haram insurgency has been largely reduced to hit and run attacks and suicide bombings, with many captives released in the process, amongst them at least 116 of the Chibok girls. However, the treatment of Internally Displaced Persons, and the ensuing famine in the North East, has led to a widespread condemnation, with fingers pointed at high ranking members of President Buhari's circle, including the Secretary to the Federal Government, Babachir Lawal, who has been accused of mismanaging funds meant for the IDPs.

Outside of Boko Haram, Fulani herdsmen have been on rampage all over the country, with SBM confirming 1,425 deaths in 47 incidents in 2016 alone. So far in 2017, we have been able to confirm 128 deaths off this conflict even though people in various

communities claim that many more have been killed. Kidnapping also became widespread and attacks in the Niger Delta escalated with a huge negative impact on oil production after a high-handed military approach, during the first part of the administration's second year. This situation has now dissolved into a dialogue, and the number of attacks had subsided significantly by the end of the period under review.

Regarding anti-corruption, widely perceived as President Buhari's biggest strength, the results have also been less than stellar. The Economic and Financial Crimes Commission (EFCC) and the Department of State Security (DSS) while being very active in the media, have lost several high-profile cases in the courts. Others have stalled due to a lack of diligent investigation and proper prosecution. Many arrested bigwigs have also been let go under controversial circumstances after refunding to the government, parts of the sums they were accused of stealing. In addition, key members of President Buhari's inner circle remain untouched by the anti-corruption war in spite of several high-profile allegations. A move in which the DSS invaded the houses of judges was put forward as a part of the anti-corruption war, but was widely criticized as an attack on the judiciary's independence and has yielded little by way of convictions. Hence, beyond the recovery of large amounts of money by the government, the war on corruption has been low on actual substance.

The budget fiasco of 2016, a different incarnation of which has been repeated this year, has also not engendered a lot of confidence in the administration. Perhaps even more disappointing is the fact that though the National Assembly is APC-led, none of the landmark legal reforms needed to unleash Nigeria's economic potential have even been considered. There has been little synergy of policy and agenda-driving between the executive and the legislature, rather, energies have been expended on rivalry and power play.

Perhaps the biggest economic item that dominated the conversation in the Buhari administration over the last year has been its management of the foreign exchange market, and its far-reaching impact on economic performance. In this regard, the central bank and the ministry of finance have shown less than convincing mastery in handling this hot button issue.

This halfway mark offers an opportunity to critically assess this administration's performance, and hopes the administration would renew efforts to use the last two years of this mandate to deliver on its promises to Nigerians. We repeat our closing lines from the 2016 executive summary;

*Clearly, Nigeria cannot afford the same dismal performance in the second half of the Buhari administration.*



**SUMMARY OF PERFORMANCE BY CATEGORY (2016)**

**170**  
PROMISES



**44%**  
OF PROMISES  
FULFILLED

**96%**

NOT DONE, DETERIORATED  
OR ONGOING



**SUMMARY OF PERFORMANCE BY CATEGORY (2017)**

**170**  
PROMISES



**66%**  
OF PROMISES  
FULFILLED

**94%**

NOT DONE, DETERIORATED  
OR ONGOING

**TOP 3 SECTORS WITH COMPLETED PROMISES (2016)**

**FOREIGN RELATIONS**



**NATIONAL SECURITY**



**ANTI-CORRUPTION**



**TOP 3 SECTORS WITH COMPLETED PROMISES (2017)**

**FOREIGN RELATIONS**



**NATIONAL SECURITY**



**ANTI-CORRUPTION**



**TOP 3 SECTORS WHICH DETERIORATED (2016)**

**COST OF GOVERNANCE**



**POWER**



**ECONOMY**



**TOP 3 SECTORS WHICH DETERIORATED (2017)**

**COST OF GOVERNANCE**



**POWER**



**ECONOMY**



### THE SCORECARD - SUMMARY BY CATEGORY

CATEGORY	DONE	ONGOING	NOT DONE	WORSE	NO OF PROMISES	2016	2017
ACCOUNTABILITY IN PUBLIC SERVICE	0	2	8	1	11	0%	5%
ANTI CORRUPTION	0	2	1	0	3	17%	33%
COST OF GOVERNANCE	0	0	1	1	2	0%	-25%
CONSTITUTIONAL AMENDMENT/ LEGISLATIVE CHANGES	0	1	3	0	4	-6%	-13%
NATIONAL SECURITY	4	2	3	0	9	44%	56%
POLICE REFORMS	0	1	4	0	5	5%	10%
CONFLICT MANAGEMENT	0	1	2	0	3	8%	17%
FOREIGN RELATIONS	2	0	1	0	3	67%	67%
ECONOMY	0	1	13	6	20	-4%	-13%
SMES/ENTREPRENEURSHIP	0	1	4	0	5	0%	10%
JOBS/ HOUSING/ SOCIAL WELFARE	0	1	2	2	5	-5%	-10%
AGRICULTURE	0	2	15	0	17	1%	6%
POWER	0	0	5	3	8	-6%	-19%
INFRASTRUCTURE	0	1	5	0	6	0%	8%
OIL AND GAS	0	5	4	1	10	8%	20%
EDUCATION	0	1	14	0	15	2%	3%
HEALTHCARE	0	0	11	2	13	-2%	-8%
YOUTH DEVELOPMENT	0	0	5	0	5	0%	0%
SPORTS	0	0	4	0	4	0%	0%
ENTERTAINMENT INDUSTRY	0	0	2	0	2	0%	0%
ICT	0	0	4	0	4	0%	0%
GENDER EQUALITY & WOMEN EMPOWERMENT	0	0	7	0	7	4%	0%
ENVIRONMENT	0	1	6	0	7	0%	0%
NIGER DELTA	0	1	2	0	3	8%	17%
<b>TOTAL</b>	<b>6</b>	<b>23</b>	<b>126</b>	<b>16</b>	<b>171</b>	<b>4%</b>	<b>6%</b>

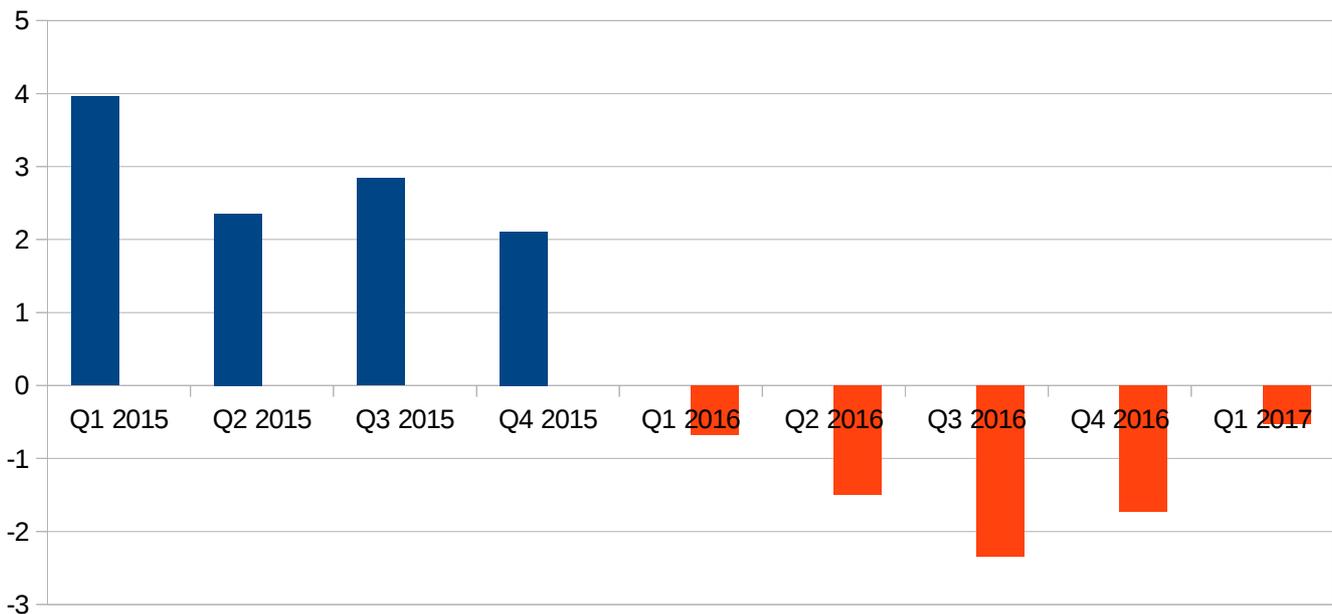
## ANALYSIS

Nigeria's economic growth over the last five years has been driven by growth in agriculture, oil & gas, telecommunications, financial services and real estate. 2014's statistical "rebasings" exercise which propelled Nigeria to a \$500 billion+ economy also slowed future growth numbers. However, many sectors have remained vulnerable to shocks, especially the financial services sector. With economic growth slowing globally, the downward trend in crude prices and production volumes and the government policy actions or inactions have not helped with overall macroeconomic stability. When the GDP numbers are recalculated using today's exchange rates, it drops to below \$300 billion.

A drop in government revenues has created a climate of debt-ridden federal government and states unable to fulfil their basic commitments, let alone fund badly needed infrastructural programmes - a situation which has placed the federal government under even more pressure. Abuja is still unable to adequately fund its own budget and at the same time invest in power & road infrastructure, healthcare and education, nor can the government spend on social welfare programs which was promised during the election campaign.

### Quarterly GDP since 2015

Source - NBS



The most recent figures released by the Nigerian Bureau of Statistics (NBS) show that Gross Domestic Product (GDP) declined by 0.52% in Q1 2017, albeit at a much slower pace than in the last 3 quarters, from Q4 2016 numbers which the NBS revised to a 1.73% decline. This means that Nigeria is still in a recession, but the slow-down in negative growth rates presents hope that the worst is behind the country and it can return to growth in Q2 2017. Both the oil and non-oil sectors of the economy experienced growth during the quarter, whereas, in 2015, the non-oil sector recorded positive growth rates all year long. Most worrying is the fact that Agriculture which accounts for 21% of Nigeria's GDP while still growing, has slowed down significantly from almost 5% growth in the past. Economically however, the Buhari Administration

needs to understand that its biggest challenge is not diversifying an already diversified economy, but diversifying government revenues. This will mean widening the very limited tax net while delivering on the promise to cut the cost of governance drastically. It is particularly untenable that in the face of dwindling government revenues, the cost of running government has continued to increase to record levels.

Asides improvement of the economy, three of the most important drivers of the Buhari electioneering campaign were Anti-Corruption, Accountability in Public Service and Reduction of Cost of Governance. On the first two of these, there was marginal improvement by the government in comparison with its delivery in the first year, but the scorecard is still too poor to definitively proclaim any significant progress. On Anti-Corruption, a low 33% performance score was recorded when measured against the promises, even though it is an improvement on the 17% recorded in the administration's first year. This attests that the jostling between the government's executive ability and the National Assembly is impacting on the Buhari administration's ability to deliver so-called 'dividends of democracy' to Nigerians.

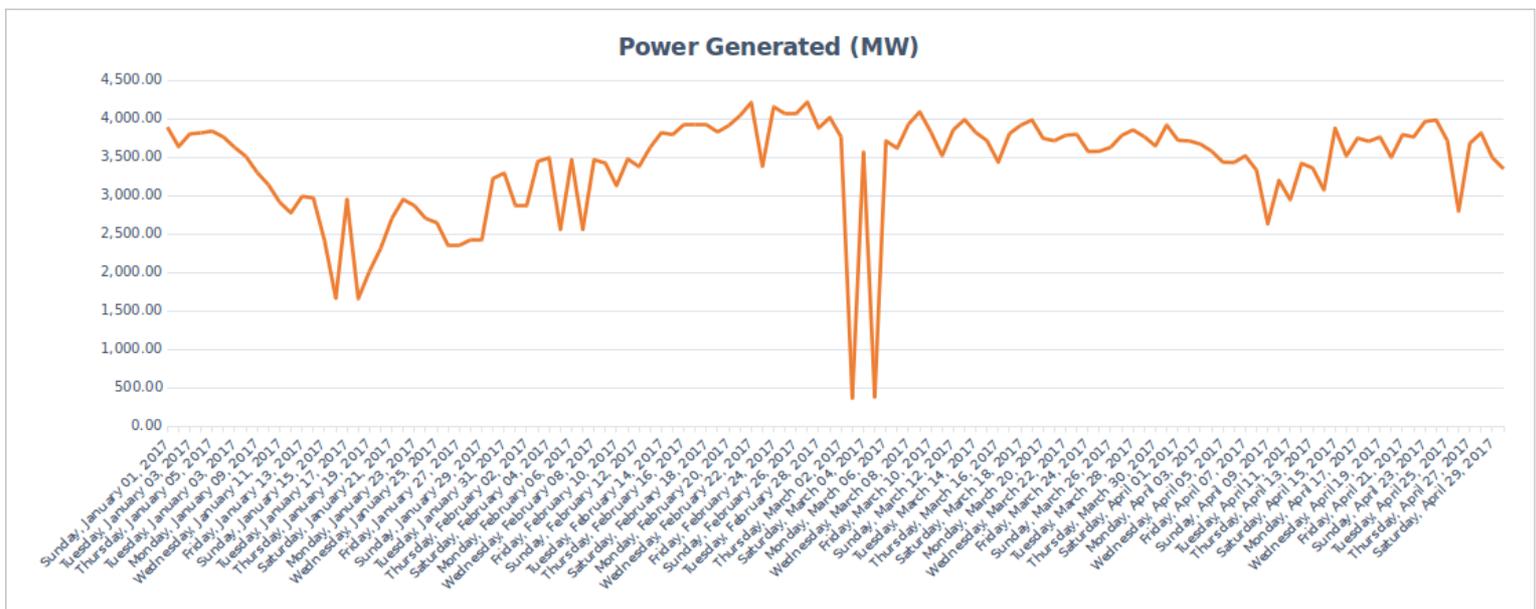
The Buhari administration has come under an unwelcome spotlight over two marquee issues: **foreign exchange policy & power reform**.

The administration has somewhat softened its 'strong naira policy' in its second year although the Central Bank of Nigeria (CBN) had stopped short of floating the currency. The announcement in June 2016 of a currency float, which was initially met with delight from investors and the market, turned to be the start of a multi-exchange rate system that bred a mix of frustration and confusion while doing little to achieve the CBN's intent of reining in the distortionary effect that short sellers and black marketers were having on the national currency. The Acting President, Yemi Osinbajo has indicated his dissatisfaction with the CBN's FX policy, a move which might indicate that the primary reason for the current policy stance - the lack of political will to inflict short term and politically costly economic reform while reaping longer term benefits - might finally be crumbling.

The administration has had to deal with some unexpected (at least, from its perspective) push back from key players in the power sector. A simmering confrontation between power generating companies (GENCOs) and power distribution companies (DISCOs) has stalled the implementation of key portions of the government's power sector reform agenda. At the heart of this are two of the crucial underlying issues dogging Nigeria's power sector for years. On the one hand, there has been a shortage of the primary fuel that most of the country's electrical installations run on - gas. Nigeria's gas architecture, as currently designed, incentivises export and the struggling GENCOs have yet to secure gas supplies from either the NLNG or foreign sources at rates which they deem competitive enough to keep their operations solvent. Nigeria privatised its electricity sector in 2013, aiming to end decades of blackouts which have hampered economic growth. Most of the plants it sold were gas-fired, operating below capacity due to inadequate gas supply. Officials say demand for gas in Nigeria will rise to an estimated 3 billion standard cubic feet (SCF) per day by 2017 from 1.2 billion SCF per day in 2015, ten times the 300 million SCF of eight years ago. Nigeria has the world's ninth largest proven gas reserves at 187 trillion SCF.

There may be some positive development in this space. The NNPC said in April that it wants to more than triple gas supply for local use by 2020, and the CEO of the Nigerian unit of US multinational General Electric said construction work on a gas turbine assembly plant in Calabar is expected to be completed in December 2017 with operations to start in the first quarter of 2018. A second and even more important issue is the debt load of the DISCOs which they have blamed on the unwillingness of end-consumers to pay market--priced electricity rates. An upward revision of electricity tariffs in late 2015 and a policy which permitted the DISCOs to cut-off long term debtors, which include government agencies and institutions, has done little to ameliorate an increasingly bleak picture. Coupled with the government completely exiting the transmission infrastructure space - which it still owns - it should the reform of the country's biggest headache.

**Power Generation From January To April 2017**



2017 started at nearly **3,900MW** and then steadily declined until mid January when there were sharp drops on two occasions, reaching lows of **1,600MW**. Power generation remained unsteady in January with short growth spurts and further sharp drops on multiple occasions. It never managed to reach the year opening levels all through January. February turned out to be a better month with generation levels growing steadily and reaching above **4,000MW** on two occasions, extending for a week on the second occasion which closed the month. In March however, things went south very quickly, with two massive drops below 500MW on the 4th and 6th of March respectively.

Source - Nigeria Electricity System Operator/SBM Intel research

A principal element that will unleash the economic potential of Nigeria is the building of key infrastructure. While the campaign promises of the APC recognised this, the execution in the last two years leaves so much undone, with only 8% performance in such a critical category. It is also worrying that Job Creation, Housing and Social Welfare are in negative territory, for a country with a very large youth population, high population growth and an increasing percentage of people living in abject poverty. Today, there are no social safety nets and more and more people have fallen into poverty as a result of economic decline over the last two years.

Two key areas that affect Nigerians today and have significant impact on our future as a country, have also seen lacklustre performance from the Buhari Administration. Education has a mere 3% performance, while healthcare has actually deteriorated by 8% over the last two years. When measured against events like the avoidable deaths due to meningitis, it is clear that this deterioration is already impacting Nigerians on the ground.

The government needs to bring those who are complicit in the mismanagement of funds meant for the IDPs to book. A situation where Nigerians have escaped Boko Haram and are subject to unspeakable conditions under the care of the government is unacceptable as it only creates a willing pool of recruits for the terrorists for rewards as basic as food and shelter. Situations where the government is seen to be more sympathetic towards citizen deaths in other countries but unconcerned when Nigerians are killed or dying avoidable deaths, only enforce an impression that the government does not care for its own citizens.

## CONCLUSION

The close of the second year of the Buhari administration represents a critical juncture in the All Progressives Congress's short-lived time in power. The consensus lesson from the 2015 general election is that the Nigerian electorate has demonstrated a little-known ability to dispense with under-performing governments. Whether that has been definitively proven remains to be seen - 2019 will be an important indicator in this regard. What is clear is that the APC will do itself no favours by superintending over another governing year where it delivers little on an otherwise robust, and in some estimations, unrealistic manifesto. This is by no means limited to the executive alone.

We earlier pointed out that the APC controls the executive as well as the legislature and the majority of the states. All these arms and tiers are responsible for delivering the party's manifesto and will be jointly accountable for the success or otherwise of this administration. With the political jockeying towards the 2019 election set to begin in earnest in early 2018, 2017 is the only realistic year in which any serious government business can be prosecuted. Another delayed spending plan means that it will not start on a good footing. It is hoped that the government will display an hitherto unknown executionary zest and much needed infrastructural and reform work will be done this year.

SBM Intel believes the points raised in this report can serve as a useful reference point for the government and inspire policy makers to make relevant adjustments and allocate necessary resources towards tackling areas of critical national concern.

## **Disclaimer**

The data contained in this report is only up-to-date as at Wednesday, 23 May, 2017.

Some of it is subject to change during the natural course of events.

SB Morgen cannot accept liability in respect of any errors or omissions that may follow such events that may invalidate data contained herein.

Our researchers employed methods such as one-on-one interviews,  
desk research and polling to collate the available data.

Our editors sifted through the data and prepared the report, using various proprietary  
tools to fact-check and copy edit the information gathered.

All forecasts were built using data from a variety of sources.

A baseline of accurate and comprehensive historic data is collected from respondents and  
publicly-available information, including from regulators,  
trade associations, research partners, newspapers and government agencies.

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