

OAL

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POLICY REPORT 2022

BIG ISSUES

**FOR THE 2023 GENERAL
ELECTIONS**



**NBS: 133 MILLION NIGERIANS LIVING IN
MULTI-DIMENSIONAL POVERTY**

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INTRODUCTION AND CONTEXT

Nigeria is in an extremely fragile state. Available indices show characteristics of a failing state. There are conflicts and agitations everywhere, feelings of marginalization and exclusion, a rise in political and criminal violence, loss of control of borders, rising ethnic, religious, and cultural hostilities, weak institutions, food shortages, unemployment, inflation, crumbling infrastructure, deteriorating human development indicators such as infant and maternal mortality, and literacy rates. These troubling realities make the 2023 general elections a defining moment for the country which, in turn, raises the need for a thorough and insightful search for who will succeed President Buhari. The candidate who emerges as President must understand all the issues and have a clear vision of where to take the country. OAL has read and followed the manifestoes and issues of all the presidential candidates and is happy the campaign is issues-based, unlike previous elections. OAL policy report 2022 is our little contribution because Nigeria is in a critical position and we all need to put our heads together to solve the problems. OAL's Policy Report 2022 reviews a few of the big issues that should engage the Presidential candidates. This report suggests policy issues to address, matters on National Unity, the Economy, Insecurity etc. It is our hope that this report will contribute to the political and economic transformation of Nigeria. The report is divided into two parts. The first part presents Nigeria's challenges in the context of the big issues, in the context of the issues raised by the Presidential candidates. The second part of the report offers solutions that the candidates may consider and incorporate into their agendas.

PART 1. CHALLENGES

This part of the policy report sets out existential challenges confronting Nigeria. They shall be discussed in the following order.



1. DISUNITY, DISORDER, INSECURITY

The first big issue confronting a new President will be disunity, disorder, and insecurity. If it is not resolved, there will be no peace and the President cannot deliver on his mandate. This is an issue all Presidential candidates correctly identify as an existential threat but are not quite clear on how to resolve it. Nigeria has never been this disunited and disordered. The International Index of failed states says Nigeria is in a low-grade civil war. There is insecurity, conflict, and agitation everywhere. The southwest of Nigeria is plagued by a surge in cybercrime, armed robbery, kidnapping, domestic crime, extrajudicial killings, herder-farmer conflicts, and banditry. The southeast is a haven for killings, commercial crime, secessionist agitation, kidnapping, herder-farmer clashes, attacks by unknown gunmen, and banditry. The south-south remains threatened by militancy, kidnapping, and environmental agitation. The northeast has been subject to a humanitarian crisis lasting over a decade and caused by the Boko Haram insurgency and the Islamic State in West Africa Province. Meanwhile, the northwest is enmeshed in illegal mining, ethno-religious killings, and banditry. How will the Presidential candidates address this issue? This will be discussed in the second part of the report.



2. ECONOMIC CHALLENGES

This is another big issue to engage all Presidential candidates. The Nigerian economy is in a technical recession. This is complicated by high-interest rates, lending and exchange rates, unemployment, poverty, structural defects caused by budget deficit, debt crisis, and shrinking revenue. Apart from disunity, disorder, and insecurity, a weak economy must challenge all Presidential candidates. Unfortunately, whilst most Presidential candidates refer to issues relating to the economy generally, there are no specifics. The new President will be confronted with a massive

debt burden of close to N80 trillion. This includes a current debt stock of N41.6 trillion in March 2022, Ways and Means borrowing at over N19.9 trillion, FGN debt Bonds at N5.1 trillion issued since April 2022, and a projected deficit of over N11 trillion to finance the budget of 2023. This excludes the bonds to be raised before 2022 runs out. Already the country is at risk of borrowing to pay interest on its debt obligations. The International Monetary Fund (IMF) has predicted that Nigeria's debt service-to-revenue ratio would jump to 92 percent in 2022 from 76 percent in 2021. Added to all this is the admission of the Debt Management Office that the country was unable to secure any foreign loan in the second quarter of 2022, leaving very little room for maneuvering by the new government. How a new President should confront this problem will be discussed in part two of this policy report.



3. UNEMPLOYMENT

This is another big issue confronting all Presidential candidates. All the Presidential candidates recognize the alarming unemployment figures in Nigeria but have yet to make specific recommendations on how to tackle the massive unemployment. Available data shows the number of unemployed Nigerians is over 20 Million. The Nigerian Bureau of Statistics (NBS) defines unemployment as the number of Nigerians that either did nothing or worked for less than 20 hours per week. How will a President address the issue of unemployment? This will be discussed in part 2 of the report.



4. POVERTY

This is the single biggest issue confronting the Presidential candidates. Apart from general statements, most Presidential candidates have not said how they intend to reverse Nigeria's alarming poverty. The National Bureau of Statistics (NBS) has disclosed that 133 million Nigerians are multi-dimensionally poor. This represents 63 percent of the nation's population. According to the NBS, half of this poor population cook with dung, wood, or charcoal, rather than clean energy. Deprivations are apparent in sanitation, time to healthcare, food insecurity, and housing. Sokoto, Bayelsa, Gombe, Jigawa, and Plateau are the top poorest states. Sokoto leads with 90.5 percent of people in the state being poor. It is followed by Bayelsa with 88.5

percent poor people, Gombe with 86.2 percent, Jigawa with 84.3 percent, and Plateau with 84 percent. How will the Presidential candidates address this? This will be discussed in part 2.



5. WEAK AND INEFFICIENT JUDICIAL, LEGAL, INSTITUTIONAL AND REGULATORY FRAMEWORKS

This is a very important issue. It is generally agreed that a country with a weak legal, institutional and regulatory framework cannot develop economic opportunities. Unfortunately, Nigeria suffers from legal, institutional and regulatory failure. Any Nigerian President that comes into office will be confronted with weak institutions and impunity, a cost of governance that is too high, and a presidential system that leaves the task of developing legislative agenda to the National Assembly. Regrettably, this is not top of the agenda of most Presidential candidates.

The Judicial system is vital to the development process. Unfortunately, most presidential candidates have failed to talk about this. This is a big missing link in the manifestoes. The impact of an inefficient judiciary on development cannot be overstated. In our practice, many international clients are reluctant to come to Nigeria as they say that the legal and judicial process is sluggish. Unfortunately, most presidential candidates have not dealt extensively with the issue. Many Presidential candidates are unaware of the scope of legal failure. A president must work with the Judiciary to give urgency to the justice sector and reverse legal failure. Legal failure must be converted to legal sanctity with no impunity in respect of rule of law. More details in Part 2



6. INTERNATIONAL RELATIONS/FOREIGN POLICY

This is a very big issue. The voice of Nigeria in global affairs has been largely silent and has provided the opportunity for the marginalization of Nigeria and the absence of a force to drive the African role in global affairs. Unfortunately, no Presidential candidate has dealt extensively with the issue of international relations. International relations allow nations to co-operate with one another, pool resources, and share information as a way to face global issues that go beyond any particular country or region. Contemporary global issues include pandemics, terrorism, and the environment. How will the Presidential candidates approach Nigeria's international relations in the light of an emerging new world order? This will be discussed in part 2.



7. CORRUPTION, LACK OF TRANSPARENCY, AND ACCOUNTABILITY

This is another big issue. Most Presidential candidates have correctly identified corruption as an existential challenge and impediment to development. Some Presidential candidates have set general principles but no concrete solutions. Nigeria is ranked the second most corrupt country in West Africa after Guinea. It is Nigeria's second consecutive year of a downward spiral on the TI's CPI ranking; the country's score has dropped from 26 in 2019 to 25 in the 2020 assessment, and further to 24 in the latest 2021 record. How will the Presidential candidates address the issue of massive corruption? This will be discussed in part 2 of this report.



8. ENERGY CRISIS

This is a big issue because it is crippling the economy. Some presidential candidates have set out solutions on how to deal with the energy crisis. Unfortunately, many of these solutions are too general and not specific at all. Regrettably, bad news in the energy sector is coming in torrents. Banks and regulators have moved in on five electricity distribution companies, diesel and aviation fuel prices have risen four-fold, threatening businesses, and the cost of subsidizing petrol is climbing even higher, despite an official increase in pump head price. The sole national electricity transmission grid crashed six times in 2022; from wheeling 3,900 megawatts, it recently fell to as low as 3 Megawatts. Battered by shortages and higher prices of diesel, lubricants, and electricity tariffs, the organized private sector has warned of further impending factory closures and job losses. Airlines have raised airfares in response to the multi-fold increases in aviation fuel prices and shortages. Many have reduced flight frequencies and similar fears of shutdowns have been voiced. The oil and gas segment is in a tumultuous mess. The prohibitive petrol subsidy bill for this year may reach N6 trillion as crude prices rise and the naira continues its free fall. One report said that subsidy gulped N1.59 trillion from January to June, well above original estimates.

Crude oil theft is on an industrial scale; \$1 billion in revenue was lost in the first quarter of 2022, reported Reuters. An average of 108,000 barrels of crude is stolen per day, says the industry regulator. With this huge theft, Nigeria has been falling short of its OPEC production quota of 1.8mbpd. Gas supply – for industrial use and cooking gas – has been hit by shortages and prohibitive prices too. This

is disastrous, as the country is unable to cash in on rising oil prices fuelled by the Russia-Ukraine war to plug its revenue hemorrhage and meet high debt service

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PART 2 - SOLUTIONS

This part of the report sets out possible solutions. They shall be discussed in the following order.

1. UNITY, ORDER, AND SECURITY

As stated in part 1 of this report. Nigeria has never been so divided. This is a huge challenge that a new President must confront. The International Index of failed states, says Nigeria is in a low-grade civil war with insecurity, conflicts, and agitations. Presidential candidates have identified this challenge but only a few offer specific solutions. We suggest 3 solutions namely that Presidential candidates must consider the challenge of a legitimate constitution, the issue of restructuring, and last, strengthen the local government system.

· LEGITIMATE CONSTITUTION

A legitimate constitution is the most vital political framework. However, to succeed, four vital elements must exist and they include Inclusivity, Authority, Validity, and Legitimacy. Previous attempts at constitution-making have failed on the issue of legitimacy because the Constitution is generally perceived as imposed by the military. This issue ought to engage the attention of all the Presidential candidates. Prof. Ben Nwabueze has suggested that in order to confer legitimacy there is a need to engage leaders of subnational ethnicities (the Ohaneze, Arewa, Afenifere, Middle Belt Forum, etc). This is because they are the owners of Nigeria. Before the amalgamation, they existed and still exist today. These leaders enjoy confidence and can help confer legitimacy to a new people's constitution.

RESTRUCTURING OR (DEVOLUTION OF POWERS)

Nigeria's federalism is over centralized which explains the continued agitation for the political restructuring of the country. Prof Ben Nwabueze has provided a context for political restructuring as follows:

"Federalism in Nigeria is dictated by the existence of a territorially large community comprising various geographically segregated ethnic groups divided by large differences of religion, language, culture, or economics. Its purpose is to enable each group, free from interference or control by other groups to govern itself in matters of internal concerns leaving matters of common concern, not overwhelmingly extensive in their range, to be managed under a federal government constituted in such a manner as to ensure that it is not dominated by any one group or a combination of them, and above all, to ensure justice, fairness, and equity to all in the management of matters of common concern..."

To achieve the objective of remodeling a centralized Federation into a balanced Federation is to keep in mind these principles;

· Federalism unites diverse peoples, but supports the assertion of distinct identities and recognizes autonomy in certain matters. Federalism unites without eroding the identity of distinct groups.

· Striking a balance and identifying a workable Federal Model that is inclusive

is a challenge for every country.

Therefore, Restructuring must resolve three key issues:

- What are the Federating Units?
- How to ensure fair fiscal Federalism/Revenue Sharing?
- How to ensure that power rotates fairly and inclusively to avoid fear and threats that general elections generate every four years?

On federating units, scholars argue that federations are shaped by historical processes. They may have as few as 2 units to over 80. Populations of federations vary – India with well over a billion, to St. Kitts and Nevis with only 46,000. Nigeria's federating units have generally reflected its diversity.

On Models, three main possibilities may be signposted as Zones, States, and Mixed. Under Model 1(Zones), the six geopolitical zones broadly accommodate Nigerias diversity but not in full, as the number of States within zones are unequal. The zones can be considered as new federating units with the freedom of each zone to create states and any number of local governments. On the other hand, in Model 2 (States), the 36 states may continue as federating units, but allow equality of states within the zones. Again, the zones may be constitutionalized with the power to pass legislation and share political, economic, and judicial institutions. This will mean that States are federating units. Additionally, the concept of federating units may include recognition of special areas and cities of federal significance and minorities in need of special protection (Model 3 – mixed zone states)

On fiscal federalism, which is a core issue, it is suggested that arrangements around the raising, sharing, and spending of money are critically important to the functioning of a Federal system, as this evokes strong political tensions. A study of how revenue power is assigned in 28 federations around the world is quite revealing. Generally speaking, central governments in Federal systems collect at least 50% of the Revenue (USA, Canada, and Switzerland). In Austria, Australia, Belgium, Brazil, India, Germany, and Spain, the Federal government collects between 60 & 75%. There are some Federations where the central government collects over 80 percent. Nigeria and Venezuela are the most extreme cases, with central revenues of 97 and 98 percent respectively. The challenge in Nigeria is to create a balance between the Federal and Federating Units in Revenue Sharing. It is suggested that the first broad principle here is for the Federal Government to allow States control over Natural Resources in their domain. The second principle is the possibility to isolate Hydrocarbons as it is, for now, crucial to the Nigerian economy, and create transitional provisions to transfer ownership to oil-bearing States over a period but in the meantime review the percentage derivation upwards.

On devolution of powers, the exercise of Legislative Power between the Federal and State is divided into an Exclusive and Concurrent Legislative List. The Federal Government exercises power over 68 items on the exclusive list and 30 items on the concurrent list. States may exercise power on the concurrent list of 30 items only if the Federal Government has not already "covered the field" in any of the 30

items. In effect, State Governments have no power. It is suggested that massive devolution of powers from the Federal to the State Governments is vital. There are 2 kinds of devolved power – Political and Technical. Technical devolution is easier to agree on than political. Nobody will argue that the States are better able to manage driver's licenses, trade within States, prisons, marriage certificates, primary health, education, etc, than the Federal Government. State Police may be more difficult as it is perceived to mean the exercise of political control. The concept of shared or joint power helps to resolve some items of power seen or perceived to be "political". This is the principle of Cooperative Federalism which must be central to how power will be devolved to the states. On Police, the concept of municipal policing for States is a possibility, while streamlining the present Nigeria Police Force in a shared power scheme between Federal and State Governments. A new list of Legislative powers may be divided into:

- a. Exclusive - Federal
- b. State - States
- c. Shared – Federal and States
- d. Residual – States

☐ STRENGTHENING THE LOCAL GOVERNMENT SYSTEM

Also important is empowering the local governments as the source of power at the base of the Federal structure. This can be achieved through the principle of subsidiarity which is ensuring that governance is delivered at the lowest level. In concluding this part, it is important to state, that notwithstanding Nigeria's over-centralized federalism, State Governors of Nigeria still have space to operate. The solution is for Governors to identify that space and take it. Lagos State took the space very well in respect of town planning and physical planning, ratification of federal government lands in Lagos state, vehicle registration, state powers to legislate over tenement rates, inland waterways, and lottery operation and was able to raise internally generated revenue from N600 Million in 1999 to N23 Billion as at 2017.

What we have suggested here, we strongly recommend that the Presidential candidates consider. We acknowledge that some Presidential candidates have indeed understood restructuring is what will cool Nigeria's temperature but generally, there have been discordant voices among the Presidential candidates. We strongly suggest they revive their Presidential Manifestoes and bring these issues to the centre of their political agenda.

☐ SECURITY

Insecurity all over Nigeria is an existential threat. Most presidential candidates have highlighted this challenge. Some advocate increased recruitment of security personnel. Others have proposed increased funding. But Nigeria has spent over \$ 1 trillion on security with no significant result. Nigeria needs a completely new security architecture, a smart Army, Navy, Coast guard, and a revamped National In-

telligence agency. Nigeria also needs to massively deploy satellite technology for intelligence. Satellite technology and drones have the capacity to produce a detailed mapping of Nigeria, especially the security-challenged areas like the Sambisa Forest. The new President should work with Nigeria's premier space agency to deploy advanced drones and satellite technology. OAL is currently working with the National Space Research Agency of Nigeria (NASRDA) on policy, legal and institutional framework for the use of satellite technology in Nigeria. Most Presidential candidates make no strong commitments to security.

2. ISSUES AROUND REVIVING AN AILING ECONOMY

Nigeria's economy as highlighted in part 1 of this report is in a bad shape. Most Presidential candidates recognize this problem but need to make specific recommendations. All the Presidential candidates will need to have a transformational agenda to turn around the economy. They should have an economic vision that harmonizes the 5 critical aspects of an economy which includes: the hard economy (Infrastructure like Roads, Bridges), the Soft economy (laws, rules, regulations, and institutions), the blue economic economy (the vast ocean resources like marine, fish oil, tourism, renewable energy, etc), the green economy (forestry, biodiversity, or reducing greenhouse gas emissions) and Brown economy (Industrial and extractive activities like mining, oil exploration, etc.). These 5 economies impact each other. The Presidential Manifestoes are largely silent on this crucial issue.

Nigeria is technically insolvent, with its rising budget deficit, debt, and shrinking revenue. No President can successfully carry out the mandate of effectively running Nigeria in this financial position unless he has a clear vision of how to resolve the revenue challenge. Unfortunately, most Presidential candidates have not fully recognized the implication of this challenge and have not articulated a comprehensive strategy to generate revenue. It is our view that what is needed are Innovative and transformational tools to generate revenue. In the Job we have done as Public Sector Lawyers we believe Nigeria can internally generate N100 Trillion without borrowing. Below are examples of how the new President can generate revenue:

❑ TRADE POLICY AND LOCAL CONTENT (NIGERIA FIRST POLICY)

Nigeria is a very big country with over 200 million people but is a dumping ground for foreign goods because we have no national coherent trade policy or legislation. It is important to enact legislation that will support the Nigerian Office for trade negotiation (NOTN). Trade remedies legislation that imposes anti-dumping duties on dumped products should also be introduced. There are also countervailing special duties measures imposed on exports into Nigeria subsidized by a foreign country. The trade remedies legislation will also prohibit imports if it is judged that

they will cause material injury to local industries, for example by impeding growth. It is also vital to develop a national local content policy to complement trade policy. A vibrant national local content policy will grow our local produce and make us self-sufficient in Rice, maize, cassava, cotton, cocoa, tomato, oil palm, poultry, fish, etc. Nigeria is spending billions of dollars importing basic food commodities that can grow locally. A new trade policy and national content policy can generate over N 1 trillion annually including massive job creation. It is recommended that very high priority should be given to Trade Policy and local content.

❑ AVIATION

Foreign aircraft dominate the Nigerian airspace and earn well over N1 trillion annually to Nigeria's exclusion. What is needed is a policy that will generate and lock in income from aviation in Nigeria. Nigeria can generate over 1 trillion annually by simply passing a Fly Nigeria Bill. A Fly Nigeria Act will ensure that public funds to purchase air tickets must originate and fly on a Nigerian carrier. The Fly Nigeria Act will create an instant market of goods, passengers, and services for our national carrier. Jobs will be created and revenue generated to the advantage of the economy. This is why the US legislated the Fly America Act.

❑ LAND ADMINISTRATION

The Land Use Act created a framework for land titles. The purpose is to make it easy to grant title to land. This makes landholding a major collateral for investments and financing. The state governors play an important administrative role, issuing consents, licenses, permits, etc. This process has become clogged, and as a result, the impact of land collateralization on lending and borrowing has diminished and affected the use of land as collateral. In developed nations, property law allows owners of housing to represent their value as collateral to access credit. Easy access to credit in turn generates capital for development. In Nigeria with a very weak legal regime, landed property has failed to create value. Yet the assets inventory of Nigerian housing exceeds \$ six trillion. Land in Nigeria is dead capital as it cannot be used as collateral. It is vital to create an effective legal framework to make dead capital fungible (easily transferable). This will create an instant credit market and enable Nigerians to borrow on their property. A Land Use Administration Act will introduce new rules to make the consent process more efficient and give confidence to banks to accept title documents as collateral. This process will release massive funds into the economy.

❑ AGRICULTURE

In addition to improving the process of property titling, there is a need to ensure access to land by those who want to engage in farming. There is also a need to establish appropriate institutions for administering credit for small-scale farmers, pastoralists, fishermen, and fish farmers. Agriculture is one of the largest contributors to Nigeria's GDP and has the potential to create massive numbers of new Jobs, especially in the North which has very fertile agricultural land. But the policy on agriculture must move away from subsistence to mechanized agriculture. The Central Bank of Nigeria's Anchor Borrowers programme has shown the potential

of the Agriculture Sector. Mechanized Agriculture will not only create jobs but also improve National Security by offering employment to our teeming youth recruited for terrorism, banditry, and other forms of economic crimes.

❑ MINING & OIL AND GAS

Nigeria has the potential of enhancing its revenue through its solid Minerals endowments and oil and gas, especially in the North. The sector has long been associated with pandemic levels of oil theft, illegal mining, corruption, weak legal and regulatory framework impacting the host communities and by extension, States. The sector has enormous potential for foreign investment, but to encourage foreign direct investment would require a holistic review of laws and regulations relating to the grant of leases for mining, ownership of land, acquisition of land by governments, host community rights, and environmental considerations. Using the instrument of law, an acceptable framework can be developed.

❑ MARITIME

This is potentially the largest economic sector outside oil and gas. Nigeria's maritime sector is estimated to be capable of generating N7 trillion annually and four million jobs over 5 years. A recent report by a Dutch consultancy firm, Dynanmar, shows that Nigeria loses about N20 billion daily at the ports due to poor infrastructure and inefficiencies, which at an annual value, is about N7.2 trillion. Most of this revenue is lost to neighboring ports, especially Cotonou port. The existing port infrastructure needs massive overhaul. Nigeria needs small smart ports with emerging technologies like Maritime Autonomous Surface Ships (MASS) and electronic Bill of lading (eB/L). This can only come from strong private sector participation and a legal framework that encourages investments. It is therefore important to work to increase private sector participation in maritime infrastructure through PPP. The enactment of several critical bills relating to the maritime sector is vital such as the Ports and Harbours Bill, the Maritime Zones Bill, and the Nigerian Shipping Policy Bill. There is also a need for the establishment of the enabling legal framework for both the Maritime Autonomous Surface Ship (MASS) and electronic Bill of lading as the International Maritime Organization's (IMO) moves to effect mandatory convention for MASS by January 1, 2028.

Over 25, 000 foreign vessels illegally trade in Nigeria's coastal waters. The revenue loss is estimated to be at least N4 trillion and so the legal framework for Cabotage needs a massive overhaul. Nobody is quite sure about the figures from related maritime services like - Legal, Banking, and Insurance. In the Oil and Gas industry, for example, most legal work (which is well over \$1 billion in value) by the major IOCs are carried out by foreign retained law firms. In Banking, funds accruable to Nigeria in relation to crude oil production are all domiciled in foreign banks without interest, sometimes for months before remittance to the Central Bank of Nigeria. No Nigerian bank plays any direct, significant, and pivotal role in the oil and gas industry, mainly because Nigeria's huge financial accruals are sent offshore to banks like Barclays, J.P. Morgan Chase & Co., Morgan Stanley, Credit Suisse Group,

etc. Additionally, the Insurance Industry plays a very insignificant and limited role in the Maritime Industry in Nigeria. As far as we know, there are no major marine insurance underwriters that cover risks for the over 15,000 foreign vessels in Nigerian cabotage waters. Noteworthy is the fact that no Nigerian marine insurance company is involved in insurance underwriting in respect of the over 1000 oil rigs in Nigerian waters. Indeed, the oil rigs have formed a cartel of tax avoidance. OAL is representing the Nigerian Maritime Administration and Safety Agency (NIMASA) in a tax avoidance case brought by oil rig companies against NIMASA; NIMASA has confirmed to OAL that they do not collect tax from oil rigs. The revenue attributable from oil rigs is estimated at N2 Trillion yearly, approximately amounting to about 15% of the National Budget.

Nigeria is one of 8 countries with a continental shelf allowing it to extend its EEZ from 200 miles to a further 150 miles. Nigeria's coastal waters contain diverse species of fish and other aquatic resources currently exploited by foreigners. This includes loss of license fees, revenue from taxation, and the value that could have been accrued from legitimate fishing by local vessels. There are also substantial deposits of oil and gas. Despite varying estimates, it is agreed that the economic losses caused by illegal exploration in Nigerian waters are very substantial. Unfortunately, Nigeria has failed to enact the Maritime Zones Bill to take into account the huge aquatic resources estimated at \$ 504. 2 billion and currently exploited.

In addition, dredging the River Benue to Lokoja and the River Niger from Baro in Niger State to the Atlantic Ocean, to a minimum draught of ten feet will transform both rivers to the same economic value as the Nile is to Egypt. Most importantly, these rivers and their tributaries constitute the critical drainage channels to ensure adjoining towns and villages remain safe while reaping the benefits of the fertile banks of these rivers. The Nile River is 26 to 36 feet deep, with busy traffic of cargo and cruise ships. Cruises are a tourist attraction on the Nile and in Egypt. A four-day cruise along the Nile can cost as much as \$500 per person. Large tonnes of cargo - agricultural produce, timber, and manufactured goods, are moved through the Nile River every year. Imagine transportation from Baro to Onitsha by speed boat in 90 minutes, instead of nine hours. Imagine ferrying tons of yam and other farm produce from Makurdi to Onitsha on a self-propelled barge in three hours. Massive dredging of the heavily silted waterways is critical to open up inland waterways. With this job opportunities in the coastal communities will emerge all along the way right up to the cities. Massive revenues will also be generated. Also, both rivers and their tributaries could constitute critical drainage channels that can prevent flooding. They will ensure that adjoining towns and villages remain safe while reaping the benefits of the fertile banks of these rivers.

Nigeria has launched the Blue Economy Project to align with the United Nations Sustainable Development Goals (SDGs). The project is geared towards sustainable use of ocean resources for economic growth, improved livelihoods, and jobs while preserving the health of the ocean ecosystem (the Green Economy) and at the same time curtailing environmentally destructive activities like fossil fuel, etc (the Brown Economy). To this end, an Expanded Committee on Sustainable Blue

Economy in Nigeria (ECSBEN) under the leadership of the Vice President of the Federal Republic of Nigeria is driving the implementation process and perfecting the agenda for a national strategy. This agenda amongst others is focused on providing an assessment of the current realities, opportunities, and challenges for economic diversification and the growth of a sustainable blue economy. This includes the identification and review of relevant policies and institutional/capacity-building mechanisms. This is in addition to the identification of regional and cross-border partnerships necessary for the implementation of the blue economy plan, the relevant sectors, actors, and linkages, and the development of a national action plan with an implementation strategy for the Nigerian blue economy. Finance is critical to harnessing these opportunities so also is effective collaboration with local, regional, and international partners like the International Maritime Organization (IMO) which has pledged support to Nigeria via capacity building and strategic partnerships in a bid to ensure a smooth transition to decarbonization and greener shipping.

However, for the Blue and Green Economy to thrive, Nigeria has to have a more secure and safe maritime environment, completely different from what had been the case for many decades, which perennially robbed the country of the enormous economic benefits of being a major player in the international shipping industry. This was why in February 2021, NIMASA rolled out the Integrated National Security and Waterways Protection Infrastructure, otherwise known as the Deep Blue Project, to tackle insecurity in Nigeria's waterways. The programme, which was officially inaugurated by President Muhammadu Buhari on Thursday, June 10, 2021, is designed to enable the country to launch a full-scale war against pirates and other maritime criminals to guarantee the safety and security of Nigeria's maritime space, including its exclusive economic zones up to the Gulf of Guinea. Within one year of its operation, the Deep Blue Project has proved to be the answer to the incessant cases of piracy, armed robbery, and other maritime crimes that hindered economic and social activities in the country's maritime environment for a long time.

There has been an appreciable reduction of such cases in the last year, a development that has been applauded by the International Maritime Bureau (IMB) which acknowledged a 30 percent drop in piracy cases in 2021 alone, since the launch of the programme. The fight against piracy in Nigeria's waterways has also been aided by the Suppression of Piracy and Other Maritime Offences (SPOMO) Act of 2019, which has now made it possible for piracy suspects to be charged in court – something that was not possible before now, which greatly impeded the fight. These are laudable initiatives but the government needs to establish a Coast Guard because only a military sea force can adequately protect and assure maritime safety and security. Past governments used civil processes like PICOMMS, National Coordinating Board, Joint Task Force, and even Niger Delta militants. Unfortunately, it has not worked. A secured coast will enhance the shipping environment and bring in a lot of business to Nigeria. The government needs to establish an effective maritime security force in the shape of a Coast Guard. Finally, Nigeria

is a maritime nation and needs a ministry of maritime. Aviation is a much smaller sector but has a ministry.

❑ FINANCIAL SERVICES

The Financial Services Sector (FSS) is the oxygen and lifeblood of a strong economy. The FSS ought to consist of the following key institutions, the Banks, the National Credit Guarantee Agency, a Development Bank, and the Central Bank of Nigeria (CBN). The banks lend to the real sector of the economy and consumers and ensure the economy is stimulated. In Nigeria, it is doubtful if the banks have performed optimally, delivering cash to the real sector and consumers. They seem to be engaged in short-term lending including treasury bills. The result is that the economy is anemic. A banking policy that delivers resources to the economy is needed. In the US, the Glass-Steagall Act and Frank Dodd Act focused banks on the proper role of lending to consumers at low-interest rates. There is need for a single-digit lending rate framework. Banks that fail to abide by the framework will be excluded from deposits of public revenue which is over 90% of the money in circulation. Banks in Nigeria are over-regulated. Banks cannot operate optimally with burdening regulations. BDAN Chairperson, Mr. Mustapha Chike-Obi at the Bank Directors' Summit, 2022, identified payment of premiums on non-trading deposits to the CBN and continued contributions of banks to AMCON's sinking funding as stifling regulations that impact negatively on the performance of banks in Nigeria. This needs to change. The second key FSS institution is the National Credit Guarantee Agency. This is absent in Nigeria. The National Credit Guarantee Agency supports viable business proposals. When viable business proposals are guaranteed, the economy gets stimulated and expanded and that gets converted to goods and services that are sold to consumers. The economy will benefit from the establishment of the National Credit Guarantee Agency. The third FSS institution is a Development Bank to lend to the vital sectors of the economy. The Development Bank of Nigeria is undercapitalized and so the CBN plays a distorted role. The Development Bank of Nigeria needs to be properly capitalized so it can support the economy. The CBN is the fourth FSS institution. The CBN as presently constituted is overburdened with far too many things - monetary policy, development funding, banking supervision, financial misconduct, and banking. In England, the bank of England concentrates on monetary policy stability and financial system stability, the Prudential Regulatory Authority concentrates on banking supervision and financial misconduct is in the hands of the Financial Conduct Authority. The major role of the CBN is monetary policy stability and so the CBN may benefit from streamlining and strengthening its legal framework. A new policy and legislation can unbundle the CBN and create a new agency to regulate banks by ensuring they deliver on core mandates. Activating these 4 FSS institutions and legislation can inject over N10 trillion worth of credit into the economy.

❑ FINTECH

Nigerian fintech startups raised almost \$800 million in 2021. The industry is projected to generate \$1 billion in investment and bring in crucial foreign currencies. For the government to benefit the institutional and regulatory frameworks need to

be streamlined. What is needed is holistic, unified legislation for Fintech in Nigeria. The Nigeria Startup Bill may be the silver bullet. The focus should be on creating a business-friendly environment for fintech providers to generate revenue.

❑ SPACE

Space is the next big investment arena. The global space industry has evolved over the years. The first space race was by states - a 20th-century competition between two Cold War adversaries, the Soviet Union (USSR) and the United States of America (USA), to achieve superior spaceflight capability. The second space race is more complex than the first. It is driven mostly by commercialization and led by emerging economic powers like China, India, United Arab Emirates, and risk-taking private citizens like Elon Musk, Jeff Bezos, and Richard Branson. The global entrants to this race are ushering in next-generation small satellite capabilities with enormous value to commercial and government customers, including organizations in the energy, mining, manufacturing, transportation, finance, agriculture, and communications. Space intelligence is vital to fight insecurity in Nigeria. This is the gold standard method in the world. The nations that win this race will gain the 21st-century military edge. Space infrastructure companies received a record \$14.5 billion of private investment in 2021. If Nigeria's space policy and legislation are aligned with the second space race, this sector can generate \$ 1 Billion.

❑ DIGITAL ECONOMY/ECOMMERCE

Nigeria can leverage its status as a multi-billion-dollar tech hub to develop its IT sector and become a global IT services destination. Github, a leading software development platform, recently reported that Nigeria is home to the fastest-growing developer community on its platform. The country has benefited from companies like Andela which brought world-class training and job opportunities to budding Nigerian programmers. Gebeya is promoting a similar model of training the next generation of African developers. Nigeria's growing supply of programmers will likely be met with rising demand from the country's constantly expanding tech hubs. The potential of the business-to-business (B2B) or enterprise software sector is also good news for the country's ICT sector. The Federal government recently said the current e-commerce spending in Nigeria has grown to \$13billion per annum and is expected to hit \$75billion in revenue per annum by 2025. It also said e-commerce grew in Nigeria from 14% in 2019 to 17% in 2020. Nigeria is well-positioned to benefit from this growth in terms of revenue if legal bottlenecks related to Incorporation, Trademark Security, Copyright Protection, and Transaction Issues, are addressed. This is big and the policy is good but must be expanded so the Nigerian Startup Act needs expansion.

❑ ENTERTAINMENT

Nigeria's entertainment industry already plays an important role in the Nigerian economy but its full potential remains untapped. PwC predicts that total industry revenue will rise steadily from \$7.7bn in 2021 to \$9bn in 2022, \$10.7bn in 2023, \$12.6bn in 2024, and then \$14.8bn in 2025. This steady growth will be largely fuelled by internet access, which is in turn powered by the country's broadband in-

frastructure and mobile connectivity. Like the digital economy and e-commerce, Nigeria will benefit in terms of revenue if legal bottlenecks related to Incorporation, Trademark Security, Copyright Protection, Transaction Issues, and Privacy are adequately addressed.

❑ AGGRESSIVE ASSETS SALE/CONCESSION/PPP OF GOVERNMENT ASSETS.

It is estimated that about 50,000 abandoned federal projects across the country are valued at over N 10 trillion. This is in addition to Federal Government landed property across Nigeria estimated to be worth over N15 trillion. Something needs to happen to capture these vast resources. For example, the Federal Secretariat in Ikoyi Lagos, worth at least N120 Billion has been abandoned for over 40 years. Lagos State in particular, and perhaps most states has appropriated Federal lands at great cost to the public revenue of the Federal Government. OAL submitted a proposal to the Federal Ministry of Finance, Budget, and National Planning on aggressive assets sale and concessions in 2020. We are happy that this proposal has been approved by the Federal Government with the restructuring of the Ministry of Finance Incorporated (MOFI), a federal government investment vehicle to revive over N30 trillion in non-performing assets and boost government revenue.

❑ EFFICIENT REVENUE COLLECTION

Nigeria's weak and inefficient tax collection mechanisms should change. According to the Federal Inland Revenue Services, Nigeria lost over \$ 178 Billion to tax evasion by multinationals in 10 years. This can be saved if enforcement and regulatory frameworks are strengthened.

❑ RECOVER MONIES TRAPPED IN MINISTRIES, DEPARTMENTS, AND AGENCIES

The 2021 Auditor General's report showed N323.5 Billion is trapped in Federal ministries, departments, and Agencies (MDA) as unretired advances, payment for services not executed, and payment without a voucher. The Judiciary has over N3 Billion trapped in its system. This can be reversed with strong public revenue regulations and enforcement. The Office of the Auditor-General will need constitutionally guaranteed independence to be effective. These are just a few of our proposals on how to generate revenue. We reckon that if these suggestions are effectively implemented it can generate 100 trillion and over 10 million jobs bringing millions of Nigerians out of poverty.

3. EMPLOYMENT CREATION

This is another big issue confronting any Presidential candidate. To address unemployment a massive Jobs programme should be created. US President Franklin D. Roosevelt during the great depression when unemployment was 20% in the US, by Executive Order created a public works programme - the Works Program Administration (WPA). The WPA put roughly 8.5 million Americans to work building schools, hospitals, roads, and other public works. They built more than 4,000 new school buildings, erected 130 new hospitals, laid roughly 9,000 miles of storm

drains and sewer lines, built 29,000 new bridges, constructed 150 new airfields, paved or repaired 280,000 miles of roads, and planted 24 million trees. Nigeria can adopt a similar programme. It will not only create Jobs, but it will also address existing infrastructure gaps.

4. POVERTY

This is the single biggest issue confronting the Presidential candidates. 133 million Nigerians cannot be poor and there will be development. To address this challenge, a President needs to engage in critical thinking and develop a design that will ensure that funds are allocated to the most important sectors. Four sectors identified by MPI include Education, Health, Living Standards, and Employment. Funding for these key sectors must be sustained over a period of time. We urge all the Presidential candidates to study FDR's Works 1935 public works programme (Works Program Administration) that put roughly 8.5 million Americans out of poverty. A similar public works programme can be implemented in Nigeria.

5. LEGAL, INSTITUTIONAL AND REGULATORY REFORM

Nigeria in the context of development has a long way to go. What drives a state is the legal, institutional and regulatory framework. Unfortunately, most Presidential candidates fail to highlight this issue. The quality of a country's institutions is a determinant of its economic performance. Without the appropriate legal, institutional regulatory framework economic development will be difficult. Law is very crucial to economic development. Emerging economies like Nigeria fail mostly because of the failure to link law to development. Presidential candidates will need to keep in mind the following issues.

❑ STRONG INSTITUTIONS

Any Nigerian President that comes into office will be confronted with weak institutions and impunity. The Presidential candidate must therefore focus on building strong institutions. Nigeria can emulate South Africa by selecting strong institutions that promote democracy and constitutionally insulating them from executive interference. In Nigeria, we recommend institutions like the Police, Judiciary, and Office of the auditor General etc for such insulation. No Presidential candidate has addressed this issue.

❑ LIMITED GOVERNMENT

It is generally agreed that the cost of governance in Nigeria is too high. 80% of government revenue goes to pay civil servants and nothing is left for development. Most Presidential candidates talk about reducing the cost of governance but have not proposed any specific strategy. We suggest the implementation of the Steve Oronsaye Report. Government bureaucracy must be right-sized. Many institutions should be abolished so as to cut down the cost of governance. The office of the Secretary to Government (SGF) of the Federation which is a military creation should be repealed.

❑ JUSTICE SECTOR REFORM

The Judicial system is vital to the development process. Unfortunately, most presidential candidates fail to talk about this. It is a big missing link. The impact of an inefficient judiciary on development cannot be overstated. In our practice, many international clients are hesitant to come to Nigeria because they say that the legal and judicial process is sluggish. Unfortunately, no presidential candidate has dealt extensively with the issue. A president must work with the Judiciary to give urgency to the justice sector and reverse legal failure. Adopting a speed-of-justice policy will reduce delays. It is also important to enact the Administration of Civil Justice Bill to ensure the efficient administration of civil disputes. Also, new methods of dispute resolution should be considered such as Alternative Dispute Resolutions, small claims courts, and traditional and customary arbitration. Quasi-judicial administrative tribunals can be established for specific dispute resolution.

❑ LEGISLATIVE AGENDA

Most Nigerian Presidents fail to recognize the importance of a legislative agenda. They leave the task of developing a legislative agenda to the National Assembly. President Buhari even said that Constitution reform was not his agenda but that of the National Assembly. Obama had the Affordable Care Act (Obama Care, Joe Biden introduced the American Rescue Plan Act. No Presidential candidate has presented a legislative Agenda. This ought to be corrected.

6. INTERNATIONAL RELATIONS

A major challenge for the president in 2023 will be emerging world politics and relations with the international western system and the rising power of the east as represented by India, Japan, UAE, China, Russia, turkey, etc. How we deal with these two blocs will determine great issues over the next 50 years for Nigeria and the AU. This happened with the nonaligned countries 70 years ago and it is well and alive today. Three of the most developed economies are in the east- China, India, and Japan. Only one in the first 4 is western which is the US. There is a tectonic shift in geopolitics. In the coming decade, the rivalries between great powers are likely to continue with undiminished vigour. The ultimate prize of this great power competition is a new world order. Five different scenarios are conceivable. First, the liberal world order could survive the end of the unipolar American moment. Second, a series of wars and revolutions can lead to the total collapse of order. Third, a great power concert could bring relative stability in a multipolar world but fail to tackle the great challenges facing humanity. Fourth, a new cold war may partly block the rule-based multilateral system but still allow for limited cooperation in questions of common interest and finally, an illiberal order with Chinese characteristics.

Kishore Mahbubani, a leading international affairs scholar in his timely book titled: *Has the West Lost It?* argues that the West can no longer presume to impose its ideology on the world and crucially, that it must stop seeking to intervene, politically and militarily, in the affairs of other nations. He examines the West's greatest

follies of recent times: the humiliation of Russia at the end of the Cold War, which led to the rise of Putin, and the invasion of Iraq after 9/11, which destabilized the Middle East. Kishore also argues that the world is in a hugely paradoxical time. The world will see greater change in the 21st Century than in the previous human century. Huge leaps in science and technology, accompanied by huge economic and social advances in many societies around the world, especially Asian societies, will mean that the texture and chemistry of the twenty-first century will be massively different from the 19th and 20th centuries. How will a Nigerian President respond? This will be an important consideration our presidential candidates should ponder.

7. ANTI-CORRUPTION, TRANSPARENCY, AND ACCOUNTABILITY

Nigeria is challenged by corruption. Effective and durable corruption control requires multiple, overlapping institutions of accountability. And for situations of endemic corruption, there needs to be horizontal accountability and vertical accountability.

□ Institutions of Horizontal Accountability

Obviously, the law must rule out all forms of bribery, nepotism, and misuse of public funds. Comprehensive ethics and anti-corruption legislation is needed. But this is not sufficient. Improper enrichment of public officials cannot be detected unless their own personal and family finances are transparent. Effective corruption control requires that all elected officials and political appointees, and at least all higher-level civil servants be compelled to declare their assets upon taking office, and every year thereafter, and whenever their assets change in some significant, defined way, as through a major sale or stock transaction, these assets should be filed with the counter-corruption commission but they should not be kept secret. If public confidence in the process is to be established- and if the overlapping arena of vertical accountability is to be facilitated, the declarations of assets must be made available to the press and public, ideally through publication in the newspaper of top officeholder's declarations and a website on the internet for all assets declarations. If this deters some wealthy individuals from wanting to hold office, so be it. Endemic corruption simply will not be controlled without this vital step. Stiff penalties, which may include imprisonment, should be visited on officials who file false information regarding their assets. To also ensure transparency, individuals and CSOs should be encouraged to verify such claims. There is also a need to entrench proper ethical culture not just by moral appeal but by legislation which contains a comprehensive code of conduct defining unacceptable behaviors as it relates to government officials. Unethical behavior may not constitute a crime but they are reprehensible conducts, which accord undue advantage to government officials and their cronies. It is an entry point for corruption if unchecked. Such conducts must be checked by legislation. In strengthening the law and ensuring horizontal accountability, we propose for instance, the enactment of the following Laws Ethics in Governance Law and strict enforcement of the Freedom of Information Act.

Another means of preventing corruption is through independent, systematic audits of public accounts. It is not enough simply to monitor personal accounts. A dense, overlapping system of accountability requires that all major government bureaus, agencies and ministries have their accounts regularly audited; that each major government agency or bureau should have its own auditing office; and that the Federal Government should have a strong and independent office of the auditor – general with the authority to conduct external audits on a periodic or random basis and to audit any agency at any time when there is evidence of wrongdoing. Laws and regulations on public procurement and disbursement of funds should be strongly enforced.

The judiciary is another important institution of horizontal accountability to control corruption and abuse of power. The judiciary needs to be independent if it is to be effective. But so do all the other parties of horizontal accountability. The judicial system also needs resources, human and financial, to do its job effectively. An effective system requires well trained, capable judges, clerks, prosecutors, and defence attorneys, and enough of them to keep caseloads to a level that is consistent with vigorous justice but due process. They need the support of law libraries, computerized information systems, professional bar associations, law schools, and judicial training institutes. All of this takes money.

❑ **Institutions of Vertical Accountability**

We will simply summarize the process of vertical accountability which takes two forms; Electoral Accountability and the role of the media and civil society. Rigged elections add to endemic corruption so the electoral process must be fundamentally reformed. Elections in Nigeria have been seen as “investments” which the “investor” must recoup as soon as he or she gets into power. A critical step in fighting corruption is in instituting credible elections and controlling political finance. A watchful media has always proved vital in controlling corruption. Vertical accountability also involves a wide array of nongovernmental organization in civil society devoted to building new institutions and practices of good governance as well as a variety of civic associations (Bar associations, women’s organizations, student associations, religious bodies, election monitoring and human rights groups) that may form civil coalitions to lobby for constitutional changes to improve governance, while also becoming active sources of vigilant cooperation with bodies that are expressly devoted to monitoring the conduct of public officials.

8. ENERGY CRISIS

Nigeria’s power sector has been one of the weak links in the infrastructure chain of the Nigerian economy, and for it to deliver the expected results, it must undergo fundamental changes. Experts believe such changes must range from decentralizing the current national grid to ensuring cost-effective pricing of power output and diversification of the power mix. Heavy military clampdown is needed to ensure success in the fight against oil theft. Beyond militarization is the need to fire individuals involved in oil theft. Government through the apex bank, CBN, and other financial institutions should be involved to report, trace, and close down

accounts that get proceeds from oil theft. Another way Nigeria can stop oil theft is the creation of modular refineries. Creating modular refineries will help in taking petrol to the consumers, instead of moving it to different ports. The technology around pipelines and oil wells should be increased. Technologies will help in monitoring the flow of oil at the start point, and at different points, making it easy to track where oil has been. Multinationals should increase their Corporate Social Responsibility (CSR). Improving CSR will help and see the locales act as agents in the fight against oil theft. Government should go into partnership with governments of countries where oil stolen is suspected to be bought. This will help in creating international laws that will border the flow of oil from such countries and

CONCLUSION

The 2023 general election is a defining moment for Nigeria which raises the need for a thorough and insightful search for who will preside over the country's affairs after President Buhari's administration. Overall, we are happy to note that this is one of the first presidential elections that issues are coming to the fore, and that is how it should be. OAL's Policy Report 2022 has highlighted a few of the big issues that should engage any Presidential candidate interested in leading Nigeria some of which include: lack of unity, disorder, and insecurity and it must be tackled head-on. The other big challenge is the weak legal institutional and regulatory framework; this needs to be strengthened. The third is the economy especially as it relates to rising budget deficit, debt, and shrinking revenue. Nigeria needs innovative and transformational tools to deal with all the issues highlighted in this report. Our contribution here is to make suggestions. Presidential candidates are to rethink some of the issues, especially that of poverty.

ABOUT OAL

Olisa Agbakoba Legal (OAL) is a leading world-class legal solutions provider with clients in diverse sectors of the Nigerian economy. OAL is best known for assisting governments at every level in Nigeria (Federal, State, and Local) and multilateral developmental agencies in addressing complex development issues. Our firm has lawyers with extensive practical experience in the public sector. OAL over the years has through research, studies, impact assessment, and dialogue initiated reform in diverse sectors of the economy and worked with the National Assembly, the Judiciary, the Attorney General of the Federation, and the Government of Nigeria.

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