

2016: From Change to Reform

2016 has arrived bringing with it a mixed bag of expectations and anxiety over what tomorrow holds for our country. The excesses of yesteryears have finally come home to roost. Time and time again the issue of over dependence on oil was hot topic and that we as a nation must look to other sectors such as agriculture and mineral resources to boost our income. The shell-shock of crashing oil prices set off all manner of alarm bells with the government just stopping short of declaring out and out 'austerity measures' ('conditionalities' of old) and well enough as 2016 will undoubtedly be an extremely tough year, though one that will hopefully bring with it change for the better as we hope that finally, having been pushed to the wall by all forces, we do indeed accelerate the meaningful development of other sectors of the economy.

Over 80% of all Government revenue derives from the sale of crude oil and so in comparison to the Private Sector, to say that the Government's Revenue base is extremely narrow is a massive understatement and one that has led to the national call for diversification of Government revenue streams and Public Sector funding. It means that there is now greater pressure on the Federal and State Governments to be much more creative and to work in earnest with the Private Sector to increase the current GDP and by so doing engineer new and untapped streams of Government Revenue.

Just recently President Muhammadu Buhari presented the 2016 budget to the National Assembly. He noted that 'by June 2014, oil prices averaged \$112 per barrel but as at today, the price is under \$39 per barrel. This huge decline is having a painful effect on our economy.'

He further added that 'the 2016 budget, as outlined, is designed to ensure that we revive our economy, deliver inclusive growth to Nigerians and create a significant number of jobs....we will encourage this by a reduction in tax rates for smaller businesses as well as subsidised funding for priority sectors such as agriculture and solid minerals.... these investments in infrastructure and security are meant to support our reforms in the Agriculture, Solid Minerals and other core job creating sectors of our economy.'

Youth unemployment has been a cause for concern and must be tackled head on. I was particularly gladdened that the government was returning to basics with the desire to invest in training our youths through the revival of our technical and vocational institutions as it was in years gone by to ensure they are competent enough to seize the opportunities that will arise from the proposed economic revival.

It is worthy of note that the government will devote a significant portion of their recurrent expenditure to institutions that provide critical government services, such as N369.6 bn to Education; N294.5 bn to Defence; N221.7 bn to Health and N145.3 bn to the Ministry of Interior. This, it is fervently hoped, 'will ensure our teachers, armed forces personnel, doctors, nurses, police men, fire fighters, prison service officers and many more critical service providers are paid competitively and on time.'

Mr. President further noted that 'we are carefully assessing our exchange rate regime keeping in mind our willingness to attract foreign investors but at the same time, managing and controlling inflation

to a level that will not harm the average Nigerian. Nigeria is open for business, but the interest of all Nigerians must be protected. Indeed, tough decisions will have to be made.' This aspect of the foreign exchange mechanism needs to be addressed as a matter of great urgency as foreign and Nigerian owned businesses are grinding to a halt at a distressing rate, with evermore people being thrown into the unemployment market.

The uncertainty the current exchange rate regime provides together with Nigeria's poor ranking in the World Bank Group's Ease of Doing Business Index will only drive investors in the opposite direction. However there is hope in sight on the ease of doing business through the Attorney General of the Federation (AGF) and Minister for Justice Mr. Abubakar Malami SAN who upon taking up his office addressed the Ministry of Justice staff and declared that his personal focus was in removing legal impediments to the ease of doing business in Nigeria. What we therefore look forward to in 2016 is the bringing to fruition of the relevant legal framework that will guide other ministries and institutions in the manner and approach to encouraging business efficiencies and put in place the specific mechanisms to foster this atmosphere of growth and development.

The fight against corruption already now seven months on from President Buhari taking the oath of office, is now moving beyond rhetoric as we have begun to see offshoots of the declaration. Last week the AGF Abubakar Malami SAN had said there will be no plea bargain for those charged with corruption cases. He further added that the federal government had put in place a formidable team of public prosecutors to take on the government's anti-corruption war at various courts in the country. I do believe that the time has come for the sums recovered from corrupt public officers be not just openly declared but that we should also be told the specific and appropriate use to which this considerable extra-budgetary income is to be put. In the past we received periodic reports of money recovered from abroad but whether such moneys went back to the government coffers or not we do not know with nothing much to show for it if so.

Still on corruption, the introduction of the Treasury Single Account (TSA) is a significant achievement of this government which will curb some of the excesses and unaccountability of government institutions. We expect to see its impact as the year progresses and as President Buhari said, 'the implementation of the TSA has so far provided greater visibility of government revenues and cash flows and also, with the full implementation of the T S A, we expect significant improvements in the collection and remittance of independent revenues.'

The vexatious issue of fuel subsidy still lingers, with the key question being whether to remove it or not and this was not addressed in the budget. This issue I believe is critical to our economy going forward. Furthermore it is also about time government grabbed the bull by the horns and made a decisive call on subsidy, though government must first be willing and able to sell its proposal, whichever way it chooses to go, to the people of this country for us to understand and hopefully then accept the decision.

This then will be perhaps the most significant and certainly the most greatly

anticipated policy initiative of any government for some time now- the potential end of the Fuel Subsidy scheme. Nigeria's regulated petrol price has ensured that Nigerians since the 80s have been shielded from the full and harsh realities of petroleum product prices in the international markets. The Government has undertaken as part of its budgetary responsibility to subsidise the international price of refining crude oil and so control the price of fuel at the pumps. On January 1st 2012 the Jonathan Administration attempted to finally release the Government from the ever increasing burden of maintaining low pump prices but that was quickly met by nationwide protests leading to negotiations to remove part of the fuel subsidy, leaving the price of petrol at N97 nationwide. That price was further reduced to N87 in early 2015 following a drop in international oil prices. As at 30th December 2015 the federal government approved new petrol prices with NNPC to sell at N86 per litre and marketers at N86.50 from January 1st to March 31st 2016.

Now the Buhari Administration, considering the current crash in oil prices and in the wake (ironically) of perennial fuel scarcities, has stated that it intends to begin to gradually remove the Fuel Subsidy schemes in place. Dr. Ibe Kachikwu Minister of State for Petroleum declared the Federal Government's intention Monday 14th December 2015, stating that the Government now believes the cost of Fuel Subsidy schemes, put at N1 trillion in 2015, is unsustainable.

The National Working committee of the Nigeria Labour Congress has restated its opposition to the removal of fuel subsidy. Therefore we can expect some level of discomfort and unrest, as to whether these will reach the level of January 2012, it is hard to say, however a rise in petrol prices will as usual raise transportation costs for people and goods. This will in turn affect prices in markets and add pressure to the pockets of ordinary Nigerians and so we can anticipate some hardship at the lower socio-economic levels in society. What that will translate into nobody can tell yet but it is hoped that the removal of Fuel Subsidy and sustained low oil prices will allow for an evening out of prices at the pumps and finally end the perennial shortages that plague Africa's largest exporter of crude oil.

The Petroleum Industry Bill, has been a recurring theme in many a yearly review for the better part of a decade now. That point alone makes it important to follow this controversial bill in 2016, first regarding the Buhari Administration's approach to dealing with it and secondly because of the fundamental and structural changes it makes to the regulation and production of Nigeria's foremost industry and foremost commodity- Crude Oil. Towards the end of the year the Federal Government proposed a modification to the bill seeking to replace it with a law to overhaul the state sector and split NNPC into two units including a National Oil Company which will be commercialised and partly privatised. We expect that 2016 will see a further push in this direction and perhaps just perhaps we may see a piece of legislation finally emerge from the ashes of this bill, almost a decade in the making.

On security, one of the major election promises of the Buhari campaign was the resolute defeat of the Boko Haram insurgency and the neutralisation of



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the sect as a viable threat to Nigeria. On the constitution of the Buhari Administration this was naturally what Nigerians looked to see fulfilled and it was expressed by way of the President's stated deadline of defeating the insurgents by the end of the year. Following this stated deadline all eyes have been focused on December 31st on and the imminent destruction of Boko Haram. It has led to some controversy about the efficacy of attaching a specific date to the task, notwithstanding no one can fault the administration's efforts on the issue. What we therefore look forward to in 2016 is the completion of the task, the incapacitation of Boko Haram as an attacking threat and the continued transnational collaboration between Nigeria, Cameroon and Niger that will sustain the permanent elimination of any transnational rejuvenation of the insurgents.

Justice sector reforms have also been high on the agenda of the Buhari Administration and with a Vice-President who is a high ranking member of the legal profession and a notable contributor to its modernisation, many think this is the best chance in many a long year for real and effective Justice Reforms. With the appointment of Abubakar Malami SAN as AGF we can expect to see collaboration between the Judiciary and the Ministry of Justice that will streamline the process of prosecuting crimes of corruption in 2016. The Attorney General has posited the need for the Rule of Law to be the guiding principle for the nation. We should then anticipate seeing a push for adherence to the Administration of Criminal Justice Act which itself has certain provisions that attempt to move the Justice Sector in the right direction.

For the Nigerian Bar Association (NBA) the controversial but successful introduction of the Stamp and Seal policy which proceeded to the Supreme Court was a notable event in its full calendar in 2015 and in like manner lawyers ought to look to the NBA to continue to improve upon its provision of efficient and professional support to members of the Association.

There have been indications that the NBA intends to continue to focus on continuous legal education especially around current developments in law and practice. There has also been mention of more opportunities locally and internationally for its members and a greater role in leadership and partnership with other African Bar Associations. The NBA has indeed stepped up its game and is making a significant impact within the Bar, Bench and the country as a whole. The year 2016 is election year for the NBA so we expect politicking to commence in the next few months.

All said and done may the year 2016 be fulfilling in all its ramifications for us all.