



NEWS SITUATION TRACKING - NIGERIA

DEMONSTRATIONS ASSOCIATED WITH THE SCARCITY OF THE REDESIGNED NAIRA NOTES AND CURRENCY SWAP POLICY IN NIGERIA

Vol. 1

Location : NIGERIA

Issue: 12 people including a female killed², several people injured with several government and private properties vandalized.

Date: January 26-February 21, 2023

COMMUNITY PROFILING

Population: Nigeria has a population of over 216,746,934³.

Basic Demography and Geography of Hotspots:

Nigeria shares land borders with the Republic of Benin, Chad, Cameroun, Niger, and the Gulf of Guinea of the Atlantic Ocean. The country has 36 States and the Federal Capital Territory (FCT). There are 774 Local Government Areas (LGA's) divided across six (6) geo-political zones.

Ethnicity: Nigeria has over 250 ethnic groups with Hausa-Fulani, Igbo, Yoruba in the majority.⁴

Currency Redesign/Swap Policy by Central Bank of Nigeria (CBN)

On October 26, 2022, the CBN Governor, Godwin Emefiele, announced the plan to redesign the

CRITICAL STAKEHOLDERS

Direct Actors: Nigerians (especially youths), Civil Society Organizations (CSOs), suspected hoodlums, Central Bank of Nigeria (CBN)

Affected Persons: Nigerians including commercial banks and traders.

Interested Actors: Federal/State Governments, Civil Society Organizations (CSOs), Association of Senior Staff of Banks, Insurance and Financial Institutions (ASSBIFI), Association of Corporate Affairs

INCIDENT PROFILING

The current cash shortage in the country occasioned by the redesigning of the naira notes and currency swap policy of the Central Bank of Nigeria (CBN) has generated public concerns and demonstrations due to its ripple effect on the economy and livelihoods. The attendant difficulties encountered by citizens in the withdrawal of cash at commercial banks coupled with the necessity to allow more days for the deposit of old naira notes led to an extension of the deadline by the CBN from January 31 to February 10, 2023⁸.

Despite the 10-day extension, the hitches associated with the withdrawal of new naira notes persist. This prompted several interventions from Civil Society Organizations (CSOs), State Governors and the President of Nigeria, Muhammadu Buhari, all in a bid to ameliorate the situation. On February 16, 2023, the Nigerian President in a live broadcast, issued a directive to limit the legal tender status of the old currencies to 200 naira with a new deadline set for April 10, 2023⁹.

Prior to the Federal Government's directive, the State Governors of Zamfara, Kogi and Kaduna States were granted an interim injunction by the Supreme Court, restraining the Federal Government and the Central Bank of Nigeria (CBN) from banning the use of the old naira notes from February 10, 2023¹⁰.

The hearing of the case by the Supreme Court was subsequently adjourned to February 22¹¹ and then March 3, 2023¹².

¹<https://www.google.com/search?xsrf=ALekK024WZQdV9kevtu8o3POhTqEE6kSdQ:1602836211476&source=univ&tbn=isch&q=map+of+Nigeria&sa=X&ved=2ahUKEwjQ-5GY1rjsAhURCWMBHXBQDDQ7AI6BAgBEHE&biw=899&bih=578>

² <https://nnp.ng/protesters-gunned-down-outside-cbn-office-in-edo/>; <https://dailypost.ng/2023/02/15/naira-scarcity-two-killed-banks-burnt-down-as-protest-rocks-delta/>; <https://www.pulse.ng/news/metro/naira-scarcity-3-killed-as-oyo-youths-police-clash-during-protest/4jje47p>; <https://leadership.ng/3-feared-dead-in-ogun-cash-crunch-protest/>

³ <https://www.statista.com/statistics/1122838/population-of-nigeria/>

⁴ www.wanep.news/org

⁸ <https://punchng.com/cbn-recovers-n1-9tn-in-two-months-after-naira-redesign/>

⁹ <https://www.channelstv.com/2023/02/16/full-text-of-buharis-national-broadcast-on-naira-scarcity/>

¹⁰ <https://www.thecable.ng/breaking-supreme-court-restrains-fg-from-effecting-feb-10-deadline-on-old-naira-notes>

¹¹ <https://www.arise.tv/nigeria-supreme-court-refuses-to-renew-order-halting-fg-cbns-ban-on-old-naira-notes/>

¹² <https://www.channelstv.com/2023/02/22/breaking-supreme-court-adjourns-naira-redesign-case-till-march-3/>

naira to control money supply and aid security agencies in tackling illicit financial flows⁵. Other rationale identified by the CBN include,

- Increase in the rate of counterfeiting of the banknotes in the country.
- The long span of re-designation of Naira notes, which according to best practice, should be undertaken every 5 to 8 years.
- To lower the soaring rate of inflation, amongst others⁶.

On November 23, 2022, the new currency was launched, while commercial banks began to dispense the redesigned notes on December 15, 2022⁷.

Out of the 8 currency denominations in Nigeria, CBN redesigned the three (3) highest denominations - N200, N500 and N1,000 bank notes.

As the February 10, 2023, deadline drew near for the circulation of the old naira notes by the CBN, Nigerians were faced with a limited supply of the new currency at commercial banks. This naira shortage has generated mixed reactions from the citizens, resulting in demonstrations, riots and press conferences across the States of Nigeria. The demonstrations were further aggravated by scarcity and hike in the price of petroleum products in the country.

Managers of Banks (ACAMB), International Monetary Fund (IMF), Commercial Banks, Nigeria Police Force (NPF), Nigeria Security and Civil Defence Corps (NSCDC), Department of State Service (DSS), International organizations and the Media.

The failure of the Federal Government and the CBN to comply with the Supreme Court's order regarding the currency swap has further generated widespread concerns¹³. Contrary to the criticisms, the Attorney-General of the Federation and Minister of Justice, Abubakar Malami, had clarified that President Muhammadu Buhari has not acted in breach on the case instituted at the Supreme Court over the naira swap deadline¹⁴.

As State Governors await the court's verdict on the use of the old naira notes, the Governors of Kaduna (Nasir el-Rufia) and Kano (Abdullahi Ganduje) instructed residents of the States not to comply with the expiration of the legality of the old 500 and 1,000-naira notes¹⁵. Other State Governments have also rolled out palliatives to vulnerable communities to cushion the effects of cash scarcity¹⁶.

The WANEP NEWS documented 39 public demonstrations in Delta, Oyo, Abuja-FCT, Ogun, Ondo, Anambra, Kwara, Edo, Lagos, Rivers, Akwa-Ibom States between January 26 and February 20, 2023¹⁷.

Out of the total (39) recorded demonstrations, 14 were violent with several government and private properties including commercial banks, small-scale business, vehicles, and a police station, amongst others, vandalized¹⁸. Also, the violent demonstrations resulted in 12 fatalities with several others injured in Oyo, Ogun, Abuja-FCT, Edo and Delta States in the reporting period¹⁹. According to the Association of Senior Staff of Banks, Insurance and Financial Institutions, 17 commercial banks were vandalized with an estimated 5-billion-naira assets lost during the demonstrations.²⁰

The interventions by the Federal and State Governments are yet to ameliorate the current socio-economic situation occasioned by the naira redesign policy as the nation prepares towards the February 25 presidential election.

⁵ <https://www.thecable.ng/rewind-50-years-ago-cbn-introduced-naira-n10-was-highest-denomination#:~:text=On%20October%2026%2C%202022%2C%20Godwin,N500%20and%20N1000%20%E2%80%94%20were%20launched.>
⁶ https://www.cbn.gov.ng/Out/2022/CCD/Naira_Redesign.pdf ; <https://www.vanguardngr.com/2022/11/4-reasons-cbn-redesigned-naira-notes/>
⁷ <https://www.thecable.ng/rewind-50-years-ago-cbn-introduced-naira-n10-was-highest-denomination#:~:text=On%20October%2026%2C%202022%2C%20Godwin,N500%20and%20N1000%20%E2%80%94%20were%20launched.>
¹³ <https://dailypost.ng/2023/02/09/naira-redesign-youre-bound-to-obey-supreme-court-judgement-falana-warns-cbn/>
¹⁴ <https://www.vanguardngr.com/2023/02/naira-redesign-buhari-not-in-breach-of-supreme-court-order-af/>
¹⁵ <https://www.vanguardngr.com/2023/02/naira-redesign-buhari-not-in-breach-of-supreme-court-order-af/>
¹⁶ <https://thenationonlineng.net/states-roll-out-palliatives-to-cushion-cash-scarcity-effects/>; <https://allafrica.com/stories/202302090010.html>
¹⁷ www.wanep/news.org
¹⁸ *ibid*
¹⁹ www.wanep/news.org
²⁰ <https://dailypost.ng/2023/02/16/naira-crisis-banks-lose-n5bn-to-protesters/>

RISK ANALYSIS

- The demonstrations have further created a disruption in the social and economic activities across the States of Nigeria. Small-scale businesses such as petty trading in local markets and rural populations have been hardest hit by the inadequate circulation and access to the redesigned naira notes, as they rely daily on physical cash transactions and have yet to fully embrace the cashless policy as propagated by the Central Bank of Nigeria (CBN). Besides the increasing food insecurity, poverty and revenue losses of business owners, continuous agitations have the potential to aggravate the already fragile security in the lead up to the elections.
- Similar to the negative outcome of the #EndSARS demonstrations in Nigeria in 2020, the use of violence and acts of criminality by hoodlums heightens the risk of youth radicalism and lawlessness. This could also intersect with organized crimes to exacerbate insecurity in the country. The WANEP NEWS recorded incidents of robbery in some affected States by hoodlums under the guise of protests to attack banks and dispossess commuters of their valuables.
- The demonstrations also reveal an increasing citizens' discontent against the prevailing socio-economic challenges occasioned by the naira redesign and the persisting fuel scarcity. This continues to dwindle state-citizens relations in the lead up to the February 25 general elections.
- The current economic climate arising from the shortage in cash circulation may likely increase the risk of vote-buying during the general elections, which could undermine the credibility and integrity of the 2023 electoral process. This situation could be exploited by political party leaders and supporters at the polls.
- Although the currency redesign of the Central Bank of Nigeria (CBN) comes with cashless policy aimed at reducing physical cash circulation and boosting the use of electronic banking for transactions, citizens have continued to interrogate the rationale and timeframe behind the CBN's currency redesign and swap policy as politically motivated. Contrary to this view, President Muhammadu Buhari, has clarified that the policy was targeted at individuals hoarding illicit funds and not ordinary citizens²¹. The President further indicated that the currency swap became necessary to prevent counterfeits, corruption, kidnapping and terrorist funding²².

RECOMMENDATIONS

- The Federal and State Governments in collaboration with the Central Bank of Nigeria (CBN), Economic and Financial Crimes Commission (EFCC), Independent Corrupt Practices and Related Offences Commission (ICPC) and other law enforcement agencies to increase routine assessments at commercial banks to ease the circulation of the new naira notes amongst the populace. This would have an immediate effect by reducing future violent agitations in the country.

²¹ <https://www.thisdaylive.com/index.php/2023/01/28/buhari-currency-redesign-targeted-at-hoarders-of-illicit-funds-not-common-man/>

²² <https://www.thisdaylive.com/index.php/2023/01/28/buhari-currency-redesign-targeted-at-hoarders-of-illicit-funds-not-common-man/>