

Country audit Nigeria



September 2015



03 Company information

05 News

06 Media ownership

06 Defamation and censorship

06 Violence against journalists

06 Litigation

06 Bankruptcy procedures

07 Judicial transparency

08 Regulators

09 Anti-corruption bodies

09 Serious fraud

09 Securities regulators

Arachnys country audits offer due diligence professionals an up to date and practical guide to the data and regulatory landscapes in key markets worldwide. The reports present key sources of corporate, news, litigation and regulatory data, as well as highlighting notable challenges for external investigators.

Arachnys builds cutting-edge research tools for enhanced due diligence, compliance and investigative research. Founded by former investigators and staffed by linguists, risk analysts and technology specialists, Arachnys uses human expertise and cutting edge technology to harness data from the wild and retrieve critical business information. Our products combine the power of over 16000 OSINT sources, premium data and proprietary deep web technology to help companies improve their compliance and due diligence.

www.arachnys.com

Cover image: Photo by jbdodane / CC-BY-NC 2.0
Image below: Photo by Shiraz Chakera / CC-BY-SA 2.0



Company information

Nigeria continues to be a challenging jurisdiction in which to conduct corporate due diligence. Although information can be sourced from stock exchanges and annual reports, tracing comprehensive registration information to official sources is unreliable. Obtaining details of smaller companies will require going through third-party investigative and consultancy firms, where the cost can range upwards of several hundred pounds per report without a guarantee that reports will include original documents. Due to the lack of available data and poor record keeping, many companies in the country are known to operate without any official registration.

Corporate Affairs Commission

While Nigeria is a decentralised federal system, company incorporation has been centralised through the Corporate Affairs Commission (CAC). The Commission is headquartered in Abuja but has local offices in each Nigerian state. Members of the Commission are all politically appointed for five-year terms with a maximum term limit of ten years.

Although overseas investigators can register for online services on the CAC website, online company name checks can only be conducted as part of a speculative new incorporation. Registration requires only a telephone number and email address, but the name search itself requires further details, including an identity number (such as a Nigerian national ID card or international passport). For regular due diligence purposes, this service is not a viable option. While company status reports are advertised on the CAC website, actually obtaining such a report is complicated. Contacting the CAC, which during our research

Corporate Affairs Commission

Available information

Founded	1990
Headquarters	Abuja
Online search	Name enquiry only ID number required
Company search	Correspondence only

included several lengthy calls and multiple ignored emails, can prove frustrating and the staff proved incapable of explaining the exact methods on how to obtain reports or even what information is available. Moreover, third-party corporate data vendors that we spoke to advised that the registry is woefully out of date and, in many cases, incomplete.

Legal forms

In Nigeria the registration of both public and private companies is dictated by the central pieces of legislation: the Companies and Allied Matters Act (CAMA) and the Companies Regulation of 2012.

Incorporation in Nigeria requires a minimum of two individuals who must be at least 18 years of age, of sound mind, not subject to ongoing bankruptcy proceedings or disqualified under any other legislation. Although, enforcement of these regulations across the country is inconsistent.



Listed companies

In the absence of an accessible centralised corporate registry, the Nigerian Stock Exchange (NSE) is a valuable alternative source of corporate data, albeit somewhat limited in scope and depth. The NSE website provides a significant level of detail on publicly traded companies to include contact details, company secretary, and financial statements. Additionally, the various Chambers of Commerce and Industry across the country, especially in the economic centres of Lagos, Port Harcourt and Abuja, provide another small degree of useful company data. These sources are not a replacement for a corporate registry since they provide little to no information on privately held business and often do not provide details for directors of companies.

Other sources

In the absence of centralised registry information, investigators may have to rely on self-disclosed data, such as annual reports, published on company websites or in business publications. These may contain basic background information, including some with CAC registration numbers and changes in company ownership.

Several private vendors offer corporate reports on Nigerian entities, either for immediate access or on request. Due to the difficulties around accessing official data outlined above, buyers of data should ensure that the primary source of the data is disclosed by the vendor. Prices for a company profile that we were quoted fell in the range £50–400 (US\$75–300).

For multinational companies, earnings, call transcripts and other public financial disclosures on their Nigerian operations can often be found through international financial disclosures publishers, such as Morning Star or overseas exchanges.

Nigerian Stock Exchange

Available information

Report	Site search
Cost/time	Free/instant
Search by	Company name
Registered status	✓
Basic company details	✓
Director names	✓
Shareholder names	✓*
Registered capital	✓
Historical names	✗

* For entities holding more than 5.0% of shares



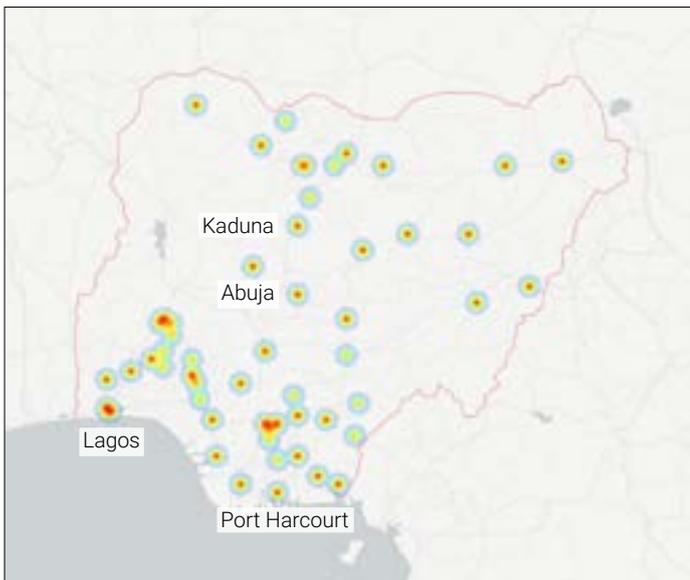
News

Despite Nigeria's large population and vibrant news landscape, print newspaper consumption per head is extremely low for a variety of reasons. The readership of print and online press is concentrated in urban areas around the country, particularly in the central and southern regions. In rural areas and across much of the north the most common form of media consumption is radio and broadcast news. This is likely due to lower rates of literacy and weaker data network penetration in those areas. Nevertheless, Nigerians are avid consumers of media, especially online media: the nation ranks among the [top OECD countries for online news readership](#), with foreign news providers (such as the BBC and Yahoo News) [topping the rankings for online news sources](#). Since the transition to democracy the domestic media sector has performed robustly but is yet to completely free itself from the old restraints of both state and non-state actors.

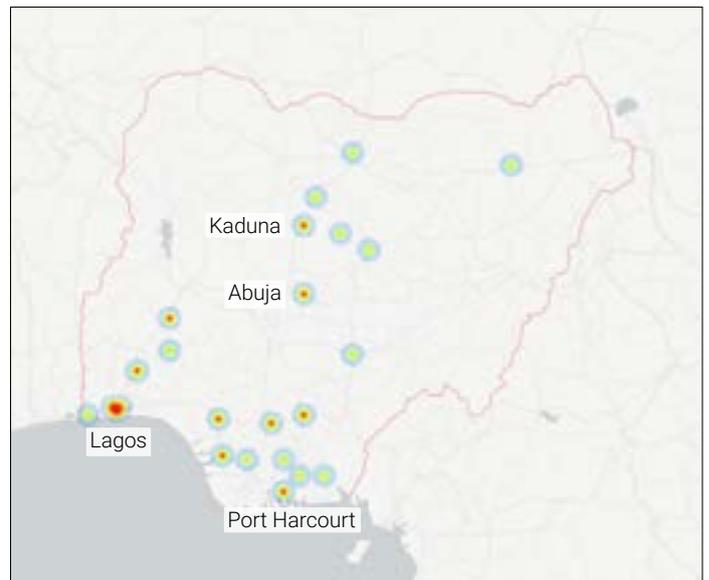
The country is ranked 111th out of 180 in the [2015 World Press Freedom Index](#) and received a middling score ('partly free') on Freedom House's [2014 Freedom of the Press](#) report.

The ability of reporters to critically engage with certain areas of reporting, especially local politics or corruption, remains limited by the politically decentralised Nigerian system which provides little oversight on the efforts of state governments to suppress information. The fact that media licensing bodies and regulators like the [National Broadcasting Commission](#) are managed by political appointment further complicates the impartiality of those tasked with protecting freedom of press in Nigeria. The situation is somewhat worse for journalists in rural areas and in the 12 northern states currently under sharia law which have openly expressed antagonism towards outright freedom of expression.

National media distribution: newspapers and radio stations



National distribution of radio stations



National distribution of newspapers

Newspapers with top readership in Nigeria	Location
The Sun	Abuja, Enugu, Lagos, Ibadan, Jos, Kaduna, Port Harcourt
The Punch	Lagos
Vanguard	Abuja, Ikeja, Lagos, Port Harcourt, Victoria Island, Warri
Daily Trust	Abuja
The Nation	Lagos
The Guardian	Lagos
Tribune	Ibadan
ThisDay	Abuja, Appa

Maps: Media data provided by the Nigerian National Broadcasting Commission; map tiles by [CartoDB](#), under [CC BY 3.0](#); map data by [OpenStreetMap](#), under [ODbL](#)
 Table: Data provided by [Open Society Foundations](#)

Media ownership

Nigeria's media environment is wide open with a high diversity of media ownership, the majority of papers being privately owned. As with the rest of the economy, media control is concentrated around Lagos and Abuja. Due to low circulation numbers, the newspaper industry is almost entirely dependent upon advertising revenue. This has created a boom or bust environment within the newspaper industry with a number of smaller print publications failing to survive long-term.

Defamation and censorship

Since 2010, the [Nigerian Press Council](#) is the official organisation mandated with ensuring the protection of the rights and privileges of journalists in the lawful performance of their professional duties, though it [was previously used to restrain freedom of press](#). Journalists are also represented by the independent Newspaper Proprietors' Association of Nigeria: a professional body operated by journalists. Since democracy, Nigeria's press has been largely free to write almost anything about anyone. This freedom of expression and of the press are enshrined in the 1999 constitution and were further bolstered by the signing of the [Freedom of Information \(FOI\) Act](#) in 2011. However, reporters have experienced increased censorship from the government sensitive to its handling of security matters, especially on [coverage of the battle against Boko Haram](#). In recent years, the army has seized newspaper prints, halted distribution vans across the country and ransacked the offices of newspaper distributors and agents, detaining staff without charge, [according to the Nigerian Press Organisation](#).

Violence against journalists

According to [PEN International](#), intimidation and violence against journalists is a persistent problem in Nigeria with limited legal protection for them and few checks on the powers wielded by national and state authorities, as well as non-state actors, seeking to suppress information. While the country has improved slightly, it remains the [12th deadliest country for journalists](#) to work, according to the [Committee to Protect Journalists](#). Militants in the country such as Boko Haram have accounted for a number of recent journalist deaths, though they are not the only perpetrators. Reporters covering local politics and human rights issues have been the primary targets of attacks, but incidents are seldom investigated and often not prosecuted. According to the CPJ, [Nigeria ranks second worst in Africa](#), trailing only Somalia, in terms of worst record on unpunished journalist murders.

Litigation

The Nigerian legal system is based on the English common-law principles and legal traditions established in the colonial period. To this day, English law has a tremendous influence on the Nigerian legal system and forms a substantial part of the country's laws. In part this is the result of the Nigerian judicial system being overseen by the British Judicial Committee of the Privy Council prior to independence in 1960. However, since independence the country has incorporated a number of other indigenous, regional and international judicial traditions into their current system. The evolution of the system was also dictated by decisions made by the various military and civilian regimes that led the country prior to the transition to democracy in 1999.

Ultimately, the system that has emerged is a truly distinctive Nigerian legal complex different, in many respects, from that of any other countries. Nigeria's legal system is decentralised with each state empowered by the country's constitution to establish and maintain a legal system under relatively vague guidelines to ensure the legal protection of the citizens therein. As such, the Nigerian judicial system is – in practice – a combination of 36 independent but interacting legal systems coexisting within a single constitutional framework under a set of federal laws applicable to all the states in the country. Nevertheless, there is an overarching federal structure which exercises ultimate judicial authority in the country with the Supreme Court and the Federal Court of Appeals as the two highest legal bodies. Below them in mixture of federal, specialised and state courts – including the Sharia Courts established in the states with sizable Muslim communities.

Bankruptcy procedures

There is a single framework that governs bankruptcy and insolvency. The [Nigerian Bankruptcy Act of 1990](#) (amended by the [Bankruptcy Decree No 109 of 1992](#)) lays out the general legal structure for both personal and corporate proceedings. Under this system, individuals are declared bankrupt while corporate entities are deemed insolvent in the event of an inability to meet total liabilities. The primary difference between those proceedings is the manner in which individuals and corporations are legally administered and the respective legal restrictions imposed thereafter. However, these laws are widely considered to contain significant ambiguity and as such are not considered to be a comprehensive solution. This issue, [according to senior Nigerian judicial figures and experts](#), makes bankruptcy enforcement difficult.

Under the Bankruptcy Act, a person is declared bankrupt when they cannot pay their debts. Bankruptcy disqualifies the person from holding elected or public office, operating in certain regulated professions (except as an employee), or holding the directorship of a company. Informal (out-of-court) agreements between individuals and creditors to resolve bankruptcy disputes are common and enforcement of the individual restrictions outlined in the Bankruptcy Act are inconsistent.

A corporate entity that cannot meet its financial obligations is declared insolvent by a court of appropriate jurisdiction and must undergo winding up proceedings. Following such proceedings, the bankruptcy law states that companies declared insolvent through a court judgment are barred from further business transactions. However, there are a number of incidences where businesses have continued to operate well after such court judgments.

Industry watchers and insolvency practitioners have continually petitioned for a repeal and reform of the Nigerian corporate insolvency law. They have sought to transplant some of the legal principles of either the United States or of England and Wales into the Nigerian insolvency system. This reform is unlikely to happen quickly and, as such, creditor dispute resolutions in the country, according to legal practitioners, will remain difficult. Nevertheless, Nigeria is a member of various international organisations with bodies specifically set up to resolve disputes between member states and foreign investors like the United Nations Convention on International Trade Law. These international agreements, along with other bilateral, legal and trade agreements provide investors with the greatest protections on investments.

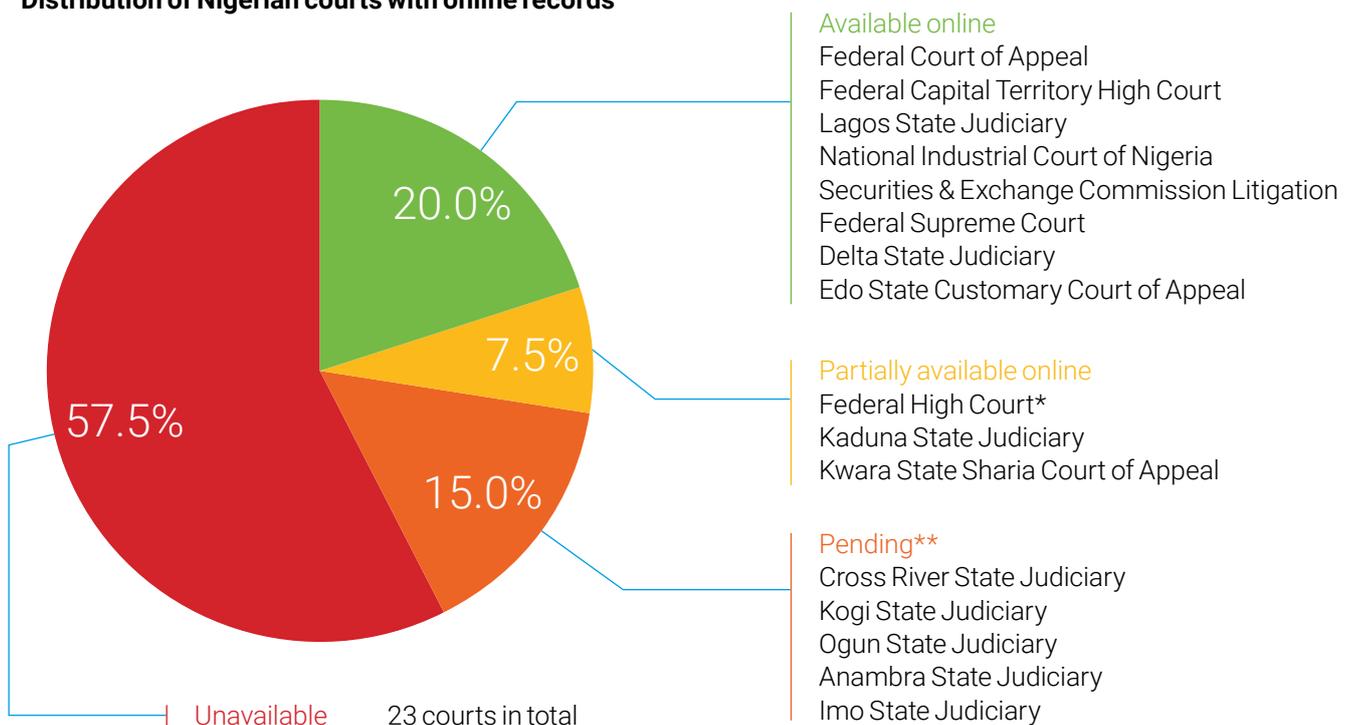
Judicial transparency

Despite the existence of several regulatory oversight agencies, the issue of judicial corruption in Nigeria remains a known problem, which continues to negatively impact transparency within the judiciary. Recently, though, Nigeria has been making gradual improvements including initiating a

42-month, €26 million project funded by the European Union and implemented by the United Nations Office on Drugs and Crime (UNODC) to improve the effectiveness, accessibility, accountability, transparency, and fairness of the justice system. Court records from the majority of the country's federal and specialised courts (Supreme Court, Appeals Court, and National Industrial Court) are easily accessible online. While some state courts provide online access to judgments or partial records, this level of transparency and accessibility varies across the country. The decentralised structure of the Nigerian judicial system, and the lack of a centralised database, means that finding court records can at times prove difficult, especially from the lower courts.

Many sub-national courts continue to use paper-based methods to archive official documents but proper records management across the country is often lacking and access to those documents is very inconsistent. For investigators outside the country, a major issue with accessing Nigerian court records remains the speed with which many lower court have been able to digitise their existing archive. Currently only four states out of 36 have made court records available online (Federal Capital Territory, Lagos, Delta and Edo). While an additional two states (Kaduna and Kwara) provide some degree of partial court records. It is expected that more court records will become available online in the near future, with five state lower courts (Cross River, Kogi, Ogun, Anambra and Imo) already having built sections on their judiciary websites to publish such documents. Nevertheless, these portals remain empty and there is no clear date as to when records will finally be digitised and uploaded.

Distribution of Nigerian courts with online records



* Federal High Court: The website currently has limited partial court records but advertises that full records are forthcoming

** Pending: There is no published timeline of when records will become available

Judicial regulators	Available information
Federal Judicial Service Commission (FJSC)	The FJSC handles nominations, dismissals and disciplinary actions for all justices and employees of the judiciary in Nigeria. Their site contains information on judges, members of the commission and other information on courts in Nigeria.
National Judicial Institute (NJI)	The NJI is the government agency tasked with improving efficiency, uniformity and overall quality of the judicial services in Nigeria. Their site contains information and news regarding developments in the judiciary as well as the details of members of the organisation.
National Judicial Council (NJC)	The NJC is one of the Federal Executive Bodies created by virtue of section 153 of the 1999 Constitution in order to insulate the Judiciary from the executive branch. Their site contains information of senior judicial figures and executives from various judicial committees.

Regulators

The new Nigerian president, Gen. Muhammadu Buhari, was elected on a platform to fight the corruption that has plagued the country. The election victory by Buhari and the All Progressives Congress (APC) was [the first opposition party victory in Nigeria's history](#) in a peaceful transition of power. However, the incoming administration faces the unenviable task of [managing high public expectations](#) while trying to deal with major internal security issues and a struggling economy. Additionally, Buhari and vice president Yemi Osibajo will have to manage a diverse opposition coalition that must now move beyond their initial unifying goal of unseating Goodluck Jonathan.

During Buhari's time as military head of Nigeria in the mid-1980s, despite a less-than-stellar human rights record associated with his 'War on Indiscipline', his stance on corruption [was seen as a strength in comparison to the last administration](#). Along with the handling of the ongoing insurgency in the northeast, this issue is likely to be the most heavily scrutinised aspect of Buhari's administration. Despite repeated institutional initiatives and federal attempts to tackle the problem of corruption, the country has struggled to distance itself from its poor image in this regard. This is reflected in Nigeria's score on the [Corruption Perceptions Index](#) which is stagnating at 27, ranking it 136th out of the 175 countries observed. There are already a number of federal agencies ([Economic and Financial Crime](#)



Nigerian President Muhammadu Buhari
Above: Photo by U.S. Department of State

[Commission](#) and [Nigerian Financial Intelligence Unit](#) among others) which have been tasked with tackling corruption across the country. Thus far, though, their effectiveness has been limited and their impartiality has been called into question. While it remains too early to determine the ultimate effectiveness of the new administration's anti-corruption efforts, there is reason for optimism that the country can make progress in this area. This includes the new administration's improving relationship with both the [United States](#) and [United Kingdom](#), previously strained under the Jonathan administration, which have both expressed interest in boosting support to the country.

Anti-corruption bodies	Available information
Economic and Financial Crime Commission (EFCC)	<p>The EFCC was established to combat financial and economic crimes. The commission is empowered to prevent, investigate, prosecute and penalise financial crimes and enforce relevant laws and regulations. Their site contains information on financial crimes arrests and investigations as well as a list of wanted criminals.</p>
Nigerian Financial Intelligence Unit (NIFU)	<p>The NFIU is the primary financial investigations and intelligence agency in Nigeria supporting the overall AML/ CFT strategy. The NFIU site contains information and news reports on their activities.</p>
Independent Corrupt Practices & Other Related Offences Commission (ICPC)	<p>The ICPC was inaugurated on the 29 of September, 2000 by President Olusegun Obasanjo. The Commission consists of a Chairman and twelve members, two from each of the six geo-political zones of the country. The membership is drawn from the former senior police, judges, public servants, accountants and legal practitioners. The site contains information and news on prosecutions.</p>

Serious fraud & Securities regulators	Available information
Nigerian Police Force (NPF)	<p>The NPF is a federal agency tasked with law enforcement across the country. The NPF is manned with both full time officers and those assigned as part of their national service. Their site contains lists of missing and wanted persons as well as other police related news and information.</p>
Central Bank of Nigeria (CBN)	<p>The CBN oversees the overall control and administration of the monetary and financial sector policies of the Federal Government of Nigeria. The site contains currency, financial and regulatory information.</p>
Securities & Exchange Commission (SEC)	<p>The SEC is the apex regulatory institution of the Nigerian capital market supervised by the Federal Ministry of Finance. Their site contains a variety of market data including a list of enforcement actions and litigation. Additionally, there are lists of approved and debarred individuals and companies.</p>