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**ABOUT THE COMPANY**

DaMina is a preeminent independent frontier markets risk research, due diligence and Africa M&A transactions consulting firm.

With a special focus on African capital and commodities markets, DaMina provides exclusive, highly-tailored, 360-degree and around-the-clock regulatory, political risk advisory, due diligence and M&A consulting services to a range of marquee global firms.

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## DaMina Advisors Note: Nigeria turns to Mr Putin for a major arms deal to squash Boko Haram.

After several rejected pleas by Nigeria to the US and UK for lethal weapons and helicopter gunships to fight the Islamist terror group Boko Haram, Nigeria's President Goodluck Jonathan, facing a tough reelection battle, has finally turned to Russian President Vladimir Putin for urgent help. Russia, eager to expand its global geopolitical footprint, increase leverage over other major oil producers, and find new markets for its sanctioned local arms manufacturers, has in recent weeks engaged in high level talks over a multibillion dollar arms deal and technical advisory mission to help the beleaguered Nigerian army defeat Boko Haram. The deal is believed to have four main parts.

**Key African Military Expenditure Patterns**

(US\$millions)	2008	2009	2010	2011	2012	2013	2014E
<b>Nigeria</b>	\$ 1,741	\$ 1,825	\$ 2,143	\$ 2,386	\$ 2,100	\$ 2,327	\$ 3,200
<b>Angola</b>	\$ 3,741	\$ 3,640	\$ 3,894	\$ 3,647	\$ 3,827	\$ 4,146	\$ 4,105
<b>Ghana</b>	\$ 114	\$ 127	\$ 129	\$ 99	\$ 119	\$ 109	\$ 410
<b>South Africa</b>	\$ 4,384	\$ 4,590	\$ 4,434	\$ 4,596	\$ 4,785	\$ 4,470	\$ 4,150
<b>Kenya</b>	\$ 585	\$ 597	\$ 633	\$ 647	\$ 694	\$ 798	\$ 915

*Source: SIPRI/ DaMina Advisors*

Firstly, when Nigeria takes its seat on the UN Security Council in early 2015, rather than traditionally siding with the US and Europe on major matters of international peace and security, the major African nation will now switch sides, and side with Russia on key votes or at least remain neutral and deprive the traditional Western allies of major African geopolitical support. In a sign of the changing geopolitical stance, Nigerian President Goodluck Jonathan is expected to visit Moscow before Christmas to seal the deal if ongoing negotiations are successful.

Secondly, Nigeria which boasts an annual military budget of over \$2billion, most of which goes to pay salaries, will secure a \$1billion loan from a Russian bank linked to the Kremlin to purchase several Russian made combat helicopter gunships and other lethal combat equipment including possibly fighter planes. Additionally, Russian military advisors will be deployed to Nigeria to assist the beleaguered Nigerian military high command on counter-terror tactics. Similarly earlier this year when the UIS refused to supply Iraq's embattled leader Prime Minister Nouri Al-Maliki with fighter planes to stop ISIS from advancing on Baghdad, Mr Putin stepped in with a multibillion dollar deal to help. The Nigeria deal will be along similar lines.

Thirdly, Russia's oil giant Rosneft may be given some oil blocks in Nigeria, and the Nigerian National Petroleum Corporation (NNPC) will agree to sell millions of tons of crude oil annually to Rosneft in a deal that will allow Rosneft to strengthen its overall global oil portfolio and increase its oil price bargaining power vis-à-vis Saudi Arabia. Earlier in 2014, Rosneft agreed to a similar deal with Venezuela's PDVSA. Also with last Thursday's election of Nigeria to the presidency of OPEC, Russia's unofficial influence within OPEC via allies Angola, Venezuela, Algeria and Nigeria will become more pronounced if the arms deal under discussion is consummated.

Fourthly, with Russia seeking new host countries for its GLONASS global positioning satellite systems, and Nigeria seeking to improve its own aerial satellite surveillance of the nearly 20% of north-eastern territory terrorized by Boko Haram, the deal will also see Nigeria join Brazil and Argentina among other countries who have agreed to have Russian GLONASS earth based sub-stations on their territory. Nigeria's geopolitical flip to Russia, if it occurs, will be a major tectonic shift and reduce the depth of influence by the UK and US over a major sub-region of the world.

**For more in-depth analysis on this subject kindly contact us.**

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