

Nigeria's ailing president poised to abandon reelection effort

By Sebastian Spio-Garbrah, Chief Frontier Markets Analyst

Nigeria's ruling All Progressives Congress (APC) is sliding into a leadership crisis. 74 year old President Muhammadu Buhari, who led the party to an unprecedented and spectacular victory in 2015, where for the first time in the country's history an incumbent president was ousted from power, is incapacitated by an unknown illness. While there is still no clarity about the extent of Buhari's illness, (which has had him absent from office since late January), the 25 February statement by the national leader of the APC, former Governor Bola Ahmed Tinubu, widely hailed as the government's Rasputin or Svengali, that he may run himself in 2019 – signals that even if Buhari recovers from his illness, he will effectively be blocked from standing for the party's presidential slot in late 2018.

Probably sensing that Buhari's political future is fast dissipating, Nigeria's acting president, Vice President Yemi Osibanjo, has over the past few weeks taken several bold steps to assert his newfound authority. Osibanjo has revitalized the stalled Niger Delta peace process and is looking to push for a further devaluation of the country's currency. He has taken the rare step of vetoing several bills recently passed by the country's parliament. A Niger Delta peace deal and devaluation will jolt the country out of recession. Despite these positive moves, Vice President Osibanjo, a southern Christian pastor and distinguished law professor, will not be allowed by key Northern Muslim elites to stand for his own term in 2019, but will be allowed to complete Buhari's term if the president succumbs to his current illnesses. In 2010 when another northern Muslim president Umaru Yar'Adua died in office, his deputy, Goodluck Jonathan who initially signaled that he will simply serve out his predecessor's term, reneged on his promise and ultimately ran in 2011 and 2015. Northern Muslim elites, shortchanged by Jonathan's actions, are determined that this time Osibanjo will not follow in Jonathan's footsteps. Tinubu's 25 February statement that he may run in 2019 is a signal that the party will field another Muslim to replace Buhari were he to withdraw from the 2018 party contest or estopped from running.

Nigeria's recent flaccid capital markets and negative macroeconomic outlook will change dramatically if President Buhari officially signals his intent not to run for party presidential candidate in 2018. Expectations about the future value of the Naira, as well as oil production from the Niger Delta, FDI inflows and the general economic outlook will brighten sharply when it becomes clear that Buhari's unsatisfying term will end in 2019.

Buhari took office in early 2015 against the backdrop of widespread public anger about rising corruption, and the menace of Boko Haram. While all freely admit that Buhari has effectively defeated Boko Haram, and put the violent utopian Islamist sect opposed to western education and any forms of westernization onto the path of liquidation, Buhari has equally driven the once vibrant economy, for a period, Sub-Saharan Africa's largest, into recession and fiscal crisis by his lack of macroeconomic strategy.

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