

## Buhari risks splintering Nigeria's ruling party with IMF program/Naira devaluation

*Nigerian President Muhammadu Buhari risks splintering the ruling party over a move to adopt an IMF program and devalue the Naira following an abrupt 69% hike in domestic petrol prices. The party's chief theoretician and national leader Bola Tinubu is vehemently opposed to an IMF-led economic program and its attendant austerity measures*

May 13, 2016

By: Sebastian Spio-Garbrah

*Chief Africa Frontier Markets Analyst & Global Managing Director*

*"In the end government deficit spending has been the most reliable method to lift a nation" – Bola Tinubu, 2015*

Nigerian President Muhammadu Buhari risks splintering the ruling party over a move to adopt an IMF program and devalue the Naira following an abrupt removal of petroleum subsidies. The party's chief theoretician and national leader Bola Tinubu is vehemently opposed to an IMF-led economic program and the attendant austerity measures it will engender. Formed in 2013, Nigeria's ruling party is an alliance of four centrist/leftist opposition parties – the Action Congress of Nigeria (ACN), the Congress for Progressive Change (CPC), the All Nigeria Peoples Party (ANPP) and a faction of the All Progressives Grand Alliance (APGA). Buhari's rightward economic policy turn to the IMF could unravel the ruling coalition and engender the president's ability to pass new laws thru a fractured National Assembly.

Buhari, who took office in 2015 is beset with growing fiscal difficulties, a \$10 – \$15 billion annual revenue shortfall as global oil prices have sagged and falling oil production in the Niger Delta. Unable to quickly ramp up domestic revenue collection due to a porous tax collection system or quickly source significant donor funds despite various high foreign trips, Buhari is now set to turn to the IMF for a bailout.

Earlier this week Buhari dramatically cut all petroleum subsidies and hiked domestic fuel prices by almost 70% to reflect the sharp drop in global oil prices and the concomitant rise in USD dollar value of domestic refined fuel imports. (As late as 2015 Buhari's ruling All Progressives Congress (APC) had opposed the removal of petroleum subsidies).

The adoption of any IMF program and a forced devaluation of the overvalued Naira will consequently rise the domestic price level and devalue the real value of domestic wages. Moreover an IMF program will restrain the government from pursuing the aggressive multibillion dollar fiscal programs it promised in its 2015 elections manifesto. Bola Ahmed Tinubu, the party's chief theoretician and national leader is vehemently opposed to the IMF and its sundry programs. Tinubu, who helped engineer the historic win by Buhari in 2015, toppling a sitting Nigerian president is unlikely to remain silent if Buhari signs onto an IMF program. With public disappointment over Buhari's tenure growing, labor unions agitated, many states unable to pay public sector worker salaries, and a new younger more sophisticated breed of Niger Delta militants poised to shut down even more oil production, Buhari's honeymoon is over.

-----  
*DaMina Advisors is a preeminent Africa-focused independent frontier markets risk research, due diligence and Africa M&A transactions consulting and strategic advisory firm. DaMina Advisors is legally registered and has offices in the US, Canada, The UK and Ghana.*

Follow us on Twitter  @DaMina\_Advisors

**Contact:** Stephanie Dei  
VP, Corporate Affairs & Media  
[Stephanie@daminaadvisors.com](mailto:Stephanie@daminaadvisors.com)  
Tel: +1 647 808 9671

---

**EUROPE**

3 Abercorn Mansions  
17 Abercorn Place  
London NW8 9DY

**AFRICA**

10 Abokobi Road  
East Cantonments, Accra  
Ghana, West Africa

**AMERICAS**

55 Fifth Ave,  
Suite 1702, NY 10003  
New York

**GLOBAL HQ**

714-103 The Queensway  
Toronto, ON, M6S 5B3

Tel: +1 647 808 9671/ +1 416 276 1997

E-mail: [info@daminaadvisors.com](mailto:info@daminaadvisors.com)