

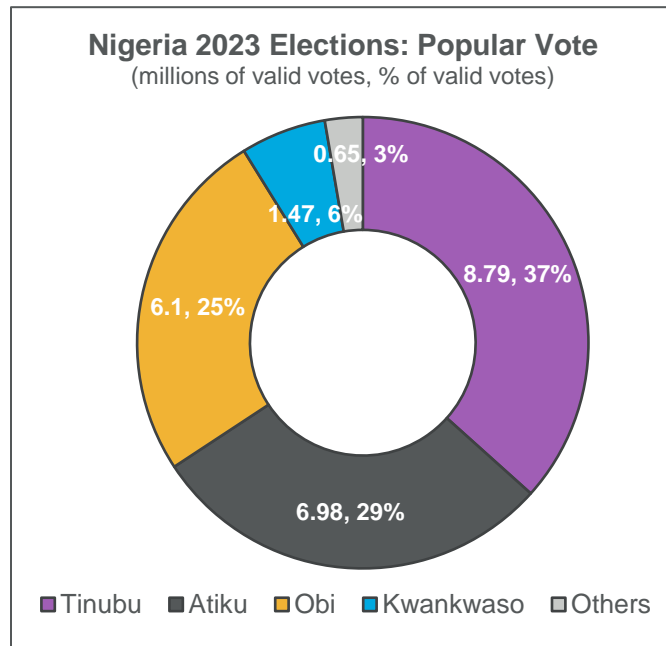
ASG ANALYSIS:

Nigeria's President-Elect Faces Tough Test Ahead

Key takeaways

- Asiwaju Bola Ahmed Tinubu (BAT) – a former governor of Lagos and National Leader of the ruling All Progressives Congress (APC) – was declared winner of the closely-contested race to succeed President Muhammadu Buhari (PMB) as Nigeria's president.
- The APC is on course to maintain its legislative majorities in both the Senate and the House of Representatives. Subnational elections will be held on March 11 to elect governors and state representatives. The gubernatorial races are expected to be tight, judging by the outcome of the presidential election, and could weaken BAT's mandate and ability to govern.
- Election turnout was low, and the polls were marred by widespread logistical challenges and reports of voter intimidation and disenfranchisement. The major opposition parties have called for the election to be cancelled and for fresh polls to be conducted. Major legal challenges are expected to cloud the transition period, which is now beginning.
- As Nigeria's president, BAT will seek to replicate his "Lagos blueprint" and adopt some of the same priorities and approaches that he pursued during his stint as governor of Lagos between 1999 and 2007. This includes advancing difficult macroeconomic reforms, rolling out investor-friendly policies and incentives, reforming human capital development systems, and identifying Nigerian talent at home – as well as poaching it from abroad – to lead these critical initiatives.
- In the coming months, investors should watch for signals that BAT is willing to push through with difficult reforms, identify and empower a stellar team, and re-establish Nigeria as a major player on the global stage. These factors will have implications for how domestic macroeconomic and social development policy takes shape.

Nigeria chooses new national leadership



BAT emerged as the winner of Nigeria's most keenly contested presidential election since the 1999 transition to democracy. He won the highest share (36.6%) of the popular vote and surpassed the constitutionally-mandated threshold of scoring at least 25 percent of the vote in two-thirds of Nigeria's 37 states and territories. BAT's win came amid growing disenchantment with the ruling party and despite credible challenges from the People's Democratic Party's (PDP) Atiku Abubakar and the Labour Party's (LP) Peter Obi. Obi, the 61-year-old former governor of Anambra State who became the symbol of a youth-driven movement to push back against Nigeria's established political class (even though he was the PDP's vice-

presidential nominee in 2019), surged in the last two months and outperformed expectations in the polls. Most credible pre-election analyses predicted a BAT win in a low turnout scenario, which is what transpired. According to the Independent National Electoral Commission (INEC), only 27 percent of Nigeria's registered voters participated in the national polls. This represents a historic low in voter turnout, 8 percentage points lower than the turnout in the last presidential election.

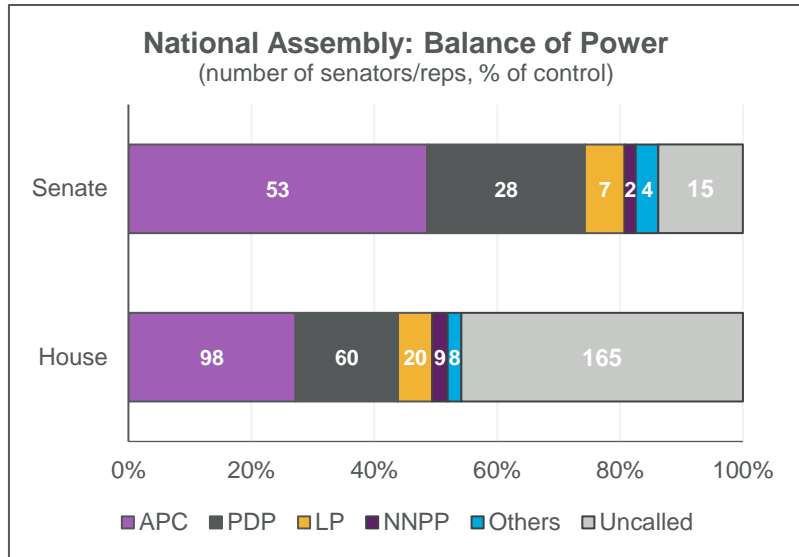
BAT won by stitching together a similar coalition to PMB's 2015 and 2019 electoral victories. The APC swept the southwest, outside of Lagos and Osun states where the LP and PDP (respectively) won, and kept margins tight in the northern states where it ceded ground to the PDP. A split opposition also served as a major tailwind for BAT's electoral triumph. BAT, Atiku, and Obi all won in 12 states and Rabi'u Musa Kwankwaso's (RMK) popularity and victory in Kano neutralized the state's potential impact on the eventual outcome, making the polls more competitive.

National Assembly

Nigerians also voted to elect the 469 members of the National Assembly (NASS), which is comprised of 360 members of the House of Representatives and 109 senators. With results mostly announced, the APC is expected to retain control of NASS, though its majorities will be diminished in both the Senate and the House. If Femi Gbajabiamila is returned as Speaker of the House, BAT will have a strong and trusted ally in legislative leadership who can help him push his legislative agenda.

A major developing story of these elections is NASS' changing face. This will be the most politically diverse legislature in Nigeria's democratic history, with up to six political parties

represented. Senate President Ahmed Lawan is now the only member of the legislature who has served since 1999, and he was returned in controversial circumstances. Over the years, NASS has gained a reputation for becoming a landing spot for term-limited governors. However, eight political heavyweights seeking to make this transition in last weekend's elections faced massive upsets. The tenth NASS will have a fresh set of dynamic members with multisectoral experience who could be cultivated into strong champions for an improved business environment and greater investments in human capital development.



However, women's political participation continues to be a challenge. All six women senators in the current Senate will not return in the next legislature: Three lost their re-election bids, while three others did not seek re-election, including incoming First Lady Oluremi Tinubu. So far, despite a record number of candidates and nominees, only two women have secured a place in the 109-member Senate according to results announced.

A flawed process leaves much to be desired

Last weekend's election was flawed and fell short of the lofty expectations emanating from reforms introduced by the Electoral Act of 2022. Despite various reassurances from the leadership of the election commission, it was not prepared and failed to fully deliver on the results management, technology, and transparency protocols designed to increase public confidence in the polls. This included use of the much-heralded Bimodal Accreditation System to enable voter accreditation and fast track electronic transmission of results from polling units to the publicly accessible INEC Results Viewing (IREV) portal.

Other challenges accompanied the polls and contributed to historically low voter turnout and participation, including isolated incidences of violence, unavailability and/or late arrival of electoral materials and personnel, and procedural inconsistency. Several exogenous factors are also believed to have had a negative impact on voter turnout and INEC's preparation, including the ongoing cash and fuel supply crises, documented incidences of voter intimidation or disenfranchisement, and general insecurity in several parts of the country.

Dissatisfied stakeholders

Citing the flawed electoral process and a lack of confidence in electoral authorities, the PDP and LP both dismissed the election results and called for a rerun of the presidential elections even before the results were officially announced. Nigerian youth, who are active on social media, also called the official results into question, citing the dissonance between the historically low turnout the INEC cited and the general feeling that Nigerians came out en masse to vote. Expectations

were also skewed by pre-election online polls, which sampled only online segments of the population, and post-election misinformation that filled the void as INEC stalled to announce results.

At a World Press Conference on March 2, Labor Party nominee Peter Obi said the election did not meet the “minimum standard” expected and noted that Nigerians had been “robbed” by the process. He thanked the youth who drove the #Obidient movement for their overwhelming support, called for calm, and reiterated that he would challenge the results in court, following established due process. The PDP is also expected to mount a legal challenge to the results. Uncertainty around these legal challenges will cloud the transition period, which has already begun. Despite growing discontent, political actors have so far successfully urged Nigerians to stay calm.

“If you must answer Your Excellency, then the process through which you arrive in office must be excellent.”

- Peter Obi

Over the past few days, local civil society organizations and international election observer missions have released their own critical assessments of the presidential and National Assembly polls. The European Union (EU) Election Observer Mission commended INEC for ensuring that the elections were held on schedule, but lamented the lack of transparency and operational failures that hampered the process. The Commonwealth Observer Group (COG) led by former South African President Thabo Mbeki delivered a more favorable preliminary assessment, determining that despite some shortcomings, Nigerians were largely accorded the right to vote. However, the COG also highlighted the ways in which various logistical issues resulted in voter disenfranchisement. The assessment of the election from the joint International Republican Institute and the National Democratic Institute Observer Mission, led by former Malawian President Joyce Banda, determined that the election “fell well short of Nigerian citizens’ reasonable expectations.”

While the APC has not openly criticized the electoral process, BAT used his acceptance speech to acknowledge the disappointment with the conduct of the polls. Speaking to Nigerian youth who drove the LP’s popularity, the president-elect said that he had heard them “loud and clear.” He also extended an olive branch to his opponents, calling on them to come alongside his government to build a new and prosperous Nigeria.

BAT promises new approaches to age-old problems

As president, BAT will need to develop a plan for navigating a well-documented list of challenges that includes growing insecurity, strong economic headwinds, a surge in multidimensional poverty, a brewing fiscal crisis, negative investor sentiment, high unemployment, a demotivated but bloated bureaucracy, and a massive exodus of local talent especially in the healthcare sector. Issues related to the ongoing cash, fuel, foreign exchange, and power shortages are also top-of-mind for Nigerian business owners and international organizations seeking to operate in Nigeria. Additionally, the 2023 elections revealed high levels of tribal sentiment that continue to simmer under the surface: Nigeria’s new president will need to devote significant amounts of time to true nation-building.

“We commend INEC for running a free and fair election. The lapses that did occur were relatively few in number and were immaterial to the final outcome.”

- Asiwaju Bola Ahmed Tinubu

As former governor of Lagos State, BAT is expected to replicate his much-touted legacy of transforming Lagos into an economic hub on a national stage. His policies will likely focus on job creation, tackling insecurity, and spurring an industrial revolution similar to what was achieved in Lagos. BAT will also look to reduce criminality and unlock critical transport and health systems infrastructure, through public-private partnerships. Priority areas of focus in the human capital development space include achieving universal health coverage, improving the effectiveness of health spending, and boosting availability of agriculture financing, while also encouraging and leveraging farming cooperatives. BAT anticipates increasing women's participation in government to at least 35 percent of all governmental positions.

Over the next three months of the transition and in the early days of the BAT administration, there are four guiding questions that investors should ask. These will give Nigeria-watchers early indications of the kind of president that BAT is likely to be, and the level of change he is likely to foment.

#1: How quickly does BAT roll out politically difficult reforms?

BAT ran on a platform that positioned him as *the* reformer that could – and indeed *had* – solved some of Nigeria's persistent problems. On the campaign trail, he regularly cited Lagos' transformation over the past two decades as evidence of his leadership and as a blueprint for national economic growth and progress.

He also committed to several major structural and macroeconomic reforms, including the abolition of the military-era gasoline subsidies regime that costs Nigeria up to \$13 billion annually; the elimination of Nigeria's current managed float and multiple exchange rate system which bleeds foreign exchange reserves; and an expansion of the tax base, which he achieved in Lagos but which will be difficult on the national scale – especially in a country where the social contract is breaking, and there is little trust in the government's ability to deliver even basic services. If he pushes through with these politically difficult reforms, it will be a major departure from PMB, who has been more gradual in his approach to attacking the vested interests behind these economic arrangements that bleed the state.

#2: Who will BAT select to lead on his behalf and to what degree will he empower them?

Over the course of his political career, BAT's leadership has been characterized by significant delegation to trusted and empowered proxies. BAT also prides himself as a strong mentor and identifier of talent, and his government could have more upstart, young technocrats empowered to lead critical departments and agencies with purview over national social and economic development.

BAT's front office team is expected to be large and well-empowered, and rolled out fairly quickly following the transition. The president-elect's chief of staff is likely to have immense policymaking and administrative power. Early favorites for the position include former Lagos State Governor and current Minister of Works and Housing Babatunde Fashola, and recent Chair of the Nigeria Governor's Forum Kayode Fayemi, who completed a two-term stint as Governor of Ekiti State in October 2022. It will be important to watch how BAT manages regional considerations in choosing his cabinet and whether appointments are made based on political networks or technocratic skill. This will be an important determinant of his ability to deliver on his campaign promises. Beyond the core cabinet of line ministers, BAT is expected to tap various aides from Lagos State and the diaspora to serve as special advisors.

Historically, Nigeria's vice president has had purview over the economy and chaired the NEC. In Vice President-Elect Kashim Shettima Mustapha (KSM), BAT has a cerebral and politically-entrenched partner and former governor and senator, who will command the NEC's respect. However, given BAT's heavy interest in economic matters, it remains to be seen whether BAT will be willing to cede full control of the economy to KSM and whether their teams will have full alignment on Nigeria's economic direction. A fully BAT-led economy is likely to emphasize investment-led growth with more of an external-focus that mainstreams the organized business community's needs. A KSM-led economic team will also prioritize investment, but also likely prioritize social investments and emphasize internal constituencies more prominently. This could become a point of contention within the new coalition government, as it was in former President Muhammadu Buhari's second term.

#3: Will BAT deepen Nigeria's leadership on the global stage?

As Africa's largest economy and most populous nation, Nigeria is well-placed to re-emerge as a leader on the international and multilateral stage. This was a priority for Nigeria in the second Buhari term, and through support and lobbying from the government, several former ministers and bureaucrats – including Aisha Mohammed, Damilola Ogunbiyi, Ngozi Okonjo-Iweala, Damilola Ogunbiyi, and Muhammad Pate – emerged as leaders at the United Nations, the World Trade Organization, and GAVI.

The APC government under BAT is likely to continue this strategy of placing strong Nigerians in critical positions. However, BAT is also more likely to seek to establish an international profile and have Nigeria lead on ongoing global conversations on topics affecting emerging African economies – such as the just energy transition, development finance reform, and the global fight against racism. The U.N. General Assembly in September and the G-20 Summit in India in October, where Nigeria has been invited to participate, will give us early indications of the kind of global figure BAT will be, the degree to which he will be embraced by the international community, and serve as a litmus test of whether he will continue to lead as Nigeria's "chief marketing and engagement officer."

#4: How will next week's subnational elections shape the final balance of power?

Nigeria's general elections are not yet over. On March 11, Nigerians will return to the polls to elect new governors in 28 of the 36 states and members of state Houses of Assembly across the board. Following the national polls, it is now clear that the APC's popularity in the north is waning and that the Labour Party could pose a threat in states where it has strong candidates like Plateau and Lagos. In a scenario where the opposition picks up a few gubernatorial seats next weekend, the APC's power at the subnational level will be weakened.

This could be a crucial shift as governors are increasingly powerful in Nigeria's federated system where there are active conversations about national restructuring that devolves more power to the states. The party that controls the Nigeria Governor's Forum matters and affects the ruling party's ability to influence economic policy, especially through the NEC.

About ASG

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ASG's [Africa Practice](#) has extensive experience helping clients navigate markets across the continent. **As Nigeria's complex landscape continues to develop, we can help you understand the dynamic environment, provide answers to the above questions (and more), and help you understand the implications of the government transition for your sector and company.**

For questions or to arrange a follow-up conversation please contact [Jonathan Eigege](#).