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# The Reforms

*Championing good governance, Driving Development*



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33<sup>rd</sup> Edition

## FG Reforms Are Rewriting Nigeria's Global Economic Story

*The federal government's reforms under **President Bola Ahmed Tinubu** have stabilised the economy and restored a measure of macroeconomic order, but the harder phase now lies ahead, converting stability into scale, dialogue into deals, and presence into production. If Nigeria succeeds, the image of its first sovereign pavilion, Nigeria House in Davos, led by **Vice President Kashim Shettima**, will be remembered as the moment the country stopped merely showing up and began shaping its economic destiny, but if it fails, it will fade into a familiar list of missed opportunities. Nigeria's task now is to prove that the reforms shaping its story are durable enough to attract not just attention, but capital, jobs, and long-term growth. **Enam Obiosio** writes.*

In Davos, reputation is currency. Each January, as political leaders, investors, and corporate strategists converge on the Swiss Alps, nations are quietly assessed, not by speeches alone, but by credibility, consistency, and clarity of direction. At the 2026 World Economic Forum, Nigeria arrived with a deliberate signal that its reform story has entered a new phase.

For the first time in its history, Africa's largest economy unveiled a sovereign pavilion at Davos, branded Nigeria House. It was more than architectural presence. It was a statement of intent, a physical expression of reforms unfolding at home, and an attempt to reposition Nigeria from a country often discussed in global forums to one speaking for itself, with structure and purpose.

Vice President Kashim Shettima, who formally inaugurated Nigeria House, framed the moment as a break from the past. Nigeria, he said, could no longer afford episodic engagement with the global economy. Growth, investment, and competitiveness now depend on deliberate and structured interaction with global capital and ideas. The pavilion, in his words, reflects seriousness, readiness, and resolve. That resolve rests on reforms that have tested po-



Vice President Kashim Shettima (agbada), with Dr. Jumoke Oduwole, Honourable Minister of Industry, Trade and Investment (3rd r), and others during the inauguration of the Nigeria House in Davos.

litical courage and public patience, but which are increasingly reshaping Nigeria's macroeconomic fundamentals.

### **The Reform Backdrop**

Since 2023, the administration of President Bola Ahmed Tinubu has pursued a reform agenda anchored on correcting long-standing distortions. Fuel subsidy removal, foreign exchange market liberalisation, fiscal consolidation, and tax reforms were not cosmetic measures. They were foundational shifts

aimed at restoring credibility to public finance and freeing up resources for productive investment.

By 2025, early dividends were visible. Economic growth accelerated to about 3.9 percent, the fastest pace in over a decade, driven largely by the non-oil economy. Services, agriculture, finance, and technology deepened their contribution, while non-oil revenues rose to nearly three-quarters of government collections. Inflation, which had crossed 30 percent

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in late 2024, eased significantly by the end of 2025, and external buffers strengthened, with foreign reserves rising above 45 billion dollars and improved stability in the foreign exchange market.

These gains did not eliminate Nigeria's structural challenges, but they shifted the conversation. At Davos, Nigeria was no longer defending the logic of reform. It was making the case for what reform enables.

**Nigeria House as Reputational Infrastructure**

In global finance, perception often precedes capital. Investors price uncertainty quickly, and countries that fail to manage their narrative pay a premium in borrowing costs and delayed investment. Nigeria House was conceived as reputational infrastructure, a platform to articulate priorities clearly and engage investors directly.

Although designed as a whole-of-government platform, spanning trade, investment, energy, infrastructure, technology, climate, and culture, the Vice President was explicit that its success depends on the private sector. Government can de-risk and create frameworks, he argued, but only enterprise converts policy into productivity. The pavilion's value will be measured not by footfall, but by the quality of conversations it hosts and the transactions it catalyses.

The Honourable Minister of Industry, Trade and Investment, Dr. Jumoke Oduwole, reinforced this point, describing Nigeria House as a product of effective public-private collaboration and a symbol of renewed national confidence. According to her, the administration's reforms are rebuilding trust and restoring credibility, positioning Nigeria as a destination for strategic partnerships rather than speculative interest.

**From Debt to Investment**

One of the clearest messages from Nigeria's delegation in Davos was a recalibration of economic strategy. Speaking at a high-level panel and in inter-

**Renewable energy, textiles, pharmaceuticals, and digital trade infrastructure are sectors where global firms are seeking alternative production hubs**

views on the sidelines, the Honourable Minister of Finance and Coordinating Minister of the Economy, Mr. Wale Edun, outlined the Federal Government's determination to rely less on debt and focus more on investment-led growth.

Nigeria's debt-to-GDP ratio, rebased to about 39.4 percent in early 2025, is projected by the IMF to decline to around 35 percent in 2026. The pathway to that outcome, Edun explained, lies not in austerity alone, but in revenue growth, domestic resource mobilisation, and private sector participation. A comprehensive tax reform programme, automation of



revenue collection, and efforts to block leakages are central to raising Nigeria's tax-to-GDP ratio from about 13 percent toward 18 percent over time.

This shift matters because Nigeria's private sector already accounts for roughly 90 percent of GDP. Unlocking investment, domestic and foreign, is therefore not a theoretical exercise. It is the primary lever for job creation, productivity, and inclusive growth.

**Global Context, Nigerian Opportunity**

The timing of Nigeria House matters. Davos 2026 unfolded against a backdrop of heightened geopolitical tension, fragmented trade relations, and cautious capital flows. Supply chains are being reconfigured as firms seek resilience and diversification, driven by geopolitical rivalry and trade restrictions.

At Nigeria House, Director-General (DG) of the World Trade Organization (WTO), Dr Ngozi Okonjo-Iweala, urged Nigeria to position itself deliberately to capture these shifts. Rising adoption of China+1 strategies and broader supply chain diversification present an opportunity for countries that can offer scale, stability, and market access.

Nigeria, she argued, must move from stabilisation to job creation. Renewable energy, textiles, pharmaceuticals, and digital trade infrastructure are sectors where global firms are seeking alternative production hubs. With the right incentives, infrastructure, and regulatory clarity, Nigeria could attract a meaningful share of these relocating value chains.

Her message was direct. Reforms are necessary, but not sufficient. They must translate into factories, jobs, and exports.

**From Presence to Positioning**

Nigeria's history at global forums has often been characterised by strong presence but limited follow-through. Davos offers access, not automatic capital. Investors want bankable projects, predictable policy, and institutional discipline.

The challenge, therefore, is execution. For Nigeria House to matter beyond symbolism, several conditions must be met. First, project readiness. Investors expect credible feasibility studies, regulatory pathways, and dispute-resolution mechanisms. Second,

policy predictability. Exchange rate transparency, contract sanctity, and regulatory consistency shape long-term investment decisions more than promotional rhetoric. Third, institutional follow-up.

Engagements initiated in Davos must be tracked through to financial close, with clear accountability. Permanent Secretary in the Ministry of Solid Minerals Development, Engr Faruk Yusuf Yano, highlighted reforms in the solid minerals sector aimed at diversification and value addition, noting that Nigeria House provides a platform to consolidate these gains through targeted investor engagement. Similar sector-specific propositions were advanced across energy, technology, agriculture, and creative industries.

**What Success Would Look Like**

Success will not be measured by headlines alone. It will show up in term sheets signed months after Davos, in export-oriented partnerships that reduce import dependence, and in blended finance structures that crowd in private capital alongside development finance.

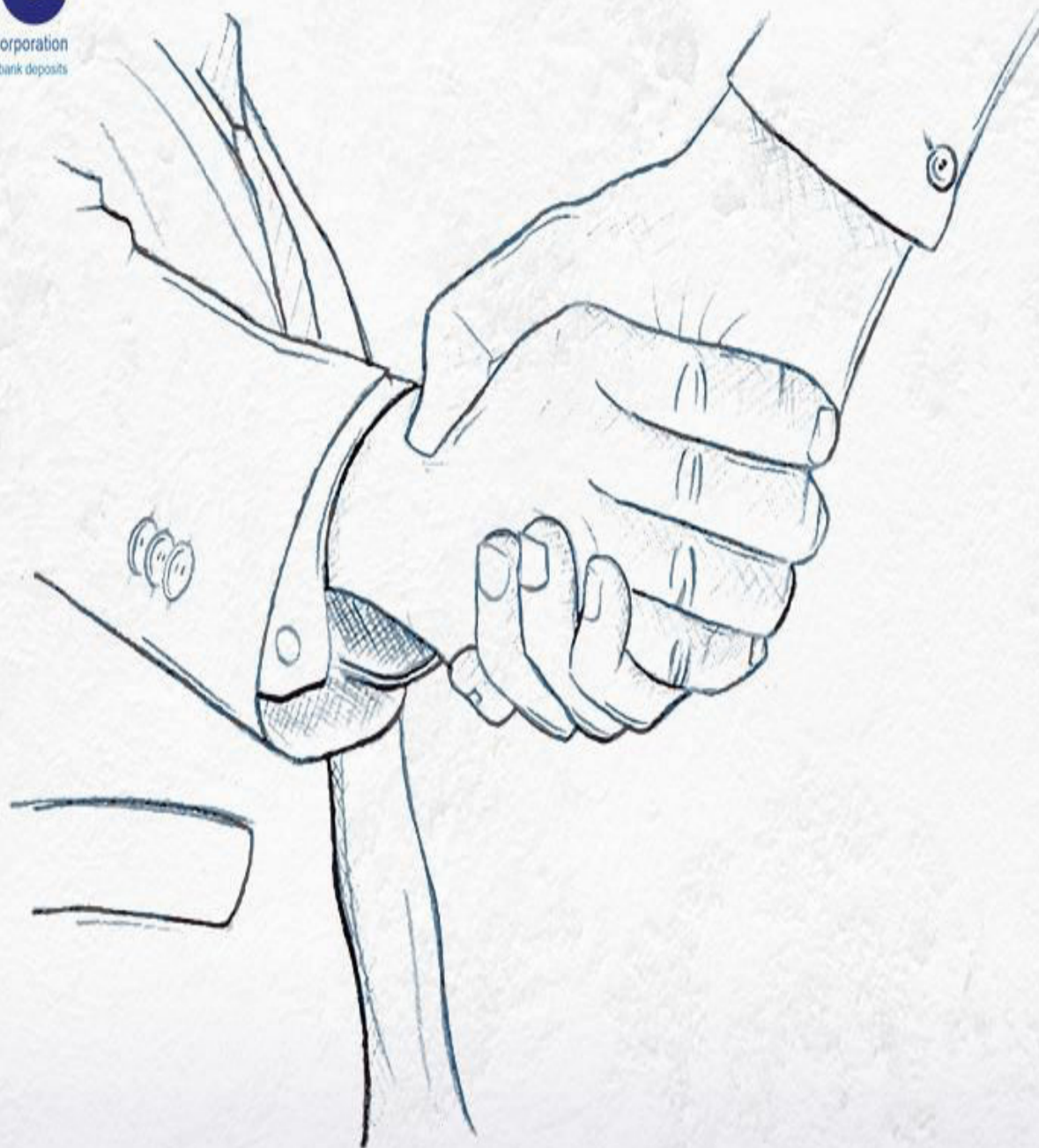
Nigeria's reforms have altered the baseline. The economy is more open, more transparent, and more investible than it was two years ago. But credibility is cumulative. Each policy reversal, each regulatory surprise, erodes hard-won trust. Conversely, consistent execution compounds confidence. Nigeria House is a tool. Its value depends on how it is used.

**...describing Nigeria House as a product of effective public-private collaboration and a symbol of renewed national confidence**



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Dakwo, Abuja.**EDITORIAL****Why Tinubu's Ambassadorial Postings Matter For Nigeria**

For more than two years, Nigeria operated an awkward diplomatic vacuum. Embassies functioned without substantive heads, consular services slowed, and bilateral relationships were managed at arm's length. For a country of Nigeria's size and ambition, that absence carried real costs, reputational, economic, and strategic. President Bola Ahmed Tinubu's decision to post ambassadors to key global capitals marks an overdue correction, and more importantly, a chance to re-anchor Nigeria's foreign policy in national interest.

The posting of Ayodele Oke to France, Lateef Kayode Are to the United States, and Amin Mohammed Dalhatu to the United Kingdom is not just about filling vacancies. It is about restoring Nigeria's voice in capitals that shape global finance, security, and diplomacy. After the initial recall of all ambassadors in 2023, a move that drew criticism and weakened Nigeria's external leverage, this step signals a recognition that diplomacy cannot be paused without consequences.

We see this decision as timely and necessary. The United States, France, and the United Kingdom are not ceremonial postings. They are strategic theatres. They influence Nigeria's access to investment, security cooperation, development finance, climate diplomacy, and the protection of its citizens abroad. Having credible, empowered envoys in these capitals immediately strengthens Nigeria's hand.

The choice of envoys also reveals intent. Oke's background in intelligence and multilateral diplomacy positions him well to manage France's complex role in West Africa and the Sahel, regions where Nigeria's security and economic interests increasingly intersect. France remains a major investor and a key actor in regional security conver-

sations. A steady diplomatic channel is essential, particularly as West Africa navigates shifting alliances and post-coup recalibrations.

Are's posting to Washington carries even heavier weight. Nigeria-US relations extend beyond symbolism into trade, security cooperation, education, and diaspora engagement. Recent diplomatic frictions and evolving global security priorities require careful handling. With his experience as a former head of domestic intelligence and National Security Adviser, Are brings a security-informed lens to a relationship that increasingly blends defence, technology, and economic diplomacy. We believe his immediate task will be to stabilise engagement, rebuild trust, and ensure Nigeria's interests are clearly understood in Washington.

Dalhatu's posting to London is equally strategic. The UK remains one of Nigeria's closest partners, home to one of its largest diaspora populations, and a major source of investment, remittances, and professional networks. A functioning High Commission matters not just for government-to-government relations, but for everyday Nigerians, students, professionals, and businesses who rely on efficient consular services. Dalhatu's prior ambassadorial experience should help restore administrative rhythm and political engagement.

Beyond bilateral relations, these postings carry domestic economic implications. Nigeria's diaspora communities in the US, UK, and France are among the country's most significant external assets. Remittances, skills transfer, and investment flows depend on trust in consular systems and active engagement. Strengthening these channels directly supports foreign exchange inflows and economic stability at home. We should be clear: diplomacy today is economic policy by other means.

There is also a security dimension. Nigeria's challenges, from terrorism to cross-border crime and climate-linked instability, cannot be addressed in isolation. Effective ambassadors serve as nodes in international security cooperation, intelligence sharing, and multilateral coordination. In an era of complex geopolitics, Nigeria needs experienced hands navigating these spaces, not empty seats.

We note, however, that the president's pause on posting an ambassador to Turkey highlights the need for coherence and follow-through. Diplomatic signalling must be consistent. Abrupt reversals risk diluting the broader message of re-engagement. That said, the overall direction remains positive.

Critics will point to the controversies surrounding some nominees or the long delay before postings were made. Those concerns are valid, but they should not obscure the larger national benefit. What matters now is performance. These envoys must move quickly to reopen channels, attract investment, protect Nigerians abroad, and articulate Nigeria's positions clearly and credibly.

We believe this moment represents a turning point. Nigeria cannot afford diplomatic drift. Global competition for capital, influence, and partnerships is intense. Countries that show up late or half-prepared are ignored. By restoring ambassadorial leadership in key capitals, Nigeria is signalling that it intends to compete.

Ultimately, the success of these postings will be measured not by announcements, but by outcomes, stronger bilateral ties, improved consular services, increased investment flows, and a more confident Nigerian presence abroad. On balance, we welcome the move and see it as a necessary step toward restoring Nigeria's diplomatic effectiveness and global standing.

**DID YOU KNOW?**

That President Tinubu's reforms are part of the Renewed Hope Agenda, designed to reposition Nigeria across critical sectors including education, energy, infrastructure, and innovation.

Stay tuned for more updates on reform milestones, policy impact, and opportunities for Nigerian citizens. Have feedback or questions? Send us an email at: [editor@thereforms.ng](mailto:editor@thereforms.ng)

**Time to Tell Nigeria's Story — The Position of The Reforms Newspaper**

For far too long, the Federal Government of Nigeria (FGN) has been misunderstood, misrepresented, and misquoted — not for a lack of achievements, but for a tragic deficit in communication. Today, *The Reforms*, a National Newspaper, rises not as a mouthpiece, but as a credible national platform to correct the narrative and restore public confidence in Nigeria's reform-driven trajectory.

Let us be blunt: in the past, government's communication structures had been lethargic, inconsistent, and often reactive. Ministries, Departments, and Agencies (MDAs), despite overseeing groundbreaking reforms across agriculture, power, finance, education, digital innovation, energy, and infrastructure, had largely failed to communicate their successes with clarity and consistency. In their silence, distortions flourished. In their delays, misinformation had taken root.

This was not just a national communication failure — it was a vacuum of narrative power.

It is precisely in this void that *The Reforms* has emerged as a strategic imperative. Our mandate is not to whitewash governments' actions or spread propaganda. We are not beholden to spin doctors or political handlers. We are beholden only to the truth — the verifiable, policy-driven, people-impacting truth of Nigeria's reform journey.

The FGN has rightly endorsed *The Reforms* as the non-partisan channel through which MDAs and private sector partners can boldly articulate the ongoing transformation of the Nigerian economy and society. From economic diversification and tax reforms to housing delivery, digital governance, energy transition, and ease of doing business, among others, — we are committed to amplifying facts, not fiction.

Nigeria is not standing still. The country is moving — and moving fast. But without strategic story-

telling rooted in fact and transparency, that movement may be missed or, worse, maligned.

To the MDAs: You are implementing reforms. But reforms do not speak for themselves. You must. And *The Reforms* is here to help you do just that — professionally, objectively, and impactfully.

To the private sector: You are stakeholders in the reform process. Let your voice be heard. Let your innovations and contributions to national development be documented in a newspaper founded on the principle of national interest above noise.

It is time we tell our own story — the Nigerian story — not through borrowed voices or external media filters, but through a deliberate, intelligent platform that understands the nation and its nuances.

This is not a plea. This is a national call to action. Partner with *The Reforms*. Let the story of Nigeria's rebirth be told by those who live it, lead it, and believe in it.



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# Cash Remains Central In Nigeria's Evolving Payment System



Mr. Olayemi Cardoso, Governor of CBN

By Ahmed Ahmed

In a period defined by mobile wallets, instant transfers, and contactless payments, it is easy to assume that physical cash is quietly fading into history. Yet in Nigeria, cash is not retreating. It is adapting, circulating through new channels, and asserting its relevance in an economy where inclusion, geography, and informality still shape how people transact.

That reality framed discussions at the 2026 Committee of Heads of Bank Operations conference in Lagos, where the Central Bank of Nigeria (CBN) revealed that cash circulation rose by 4.6 percent in 2025. The increase, according to the apex bank, was driven largely by the expanding role of automated teller machines and point-of-sale terminals, tools that are quietly redefining how Nigerians access cash rather than eliminating it.

Speaking at the conference, the CBN Governor, Mr. Olayemi Cardoso, made a case for balance rather than substitution. Represented by his special adviser on operational risk management, Fatai Karim, Mr. Cardoso argued that Nigeria's payments evolution must recognise both the power of digital finance and the enduring necessity of cash. "Cash remains king. It is critical that this is maintained," he said.

## A Payments Ecosystem in Transition

Over the past decade, Nigeria's payment ecosystem has expanded at remarkable speed. Policy reforms, technological innovation, and changing consumer behaviour have driven a surge in electronic transactions. According to Mr. Cardoso, transaction volumes grew by 276 percent over the past five years, while transaction values jumped by 581 percent, reflecting the scale of digital adoption across banking, commerce, and public services.

But those gains have not erased the structural re-

alities of the Nigerian economy. Informal markets dominate daily commerce, rural communities remain unevenly connected to digital infrastructure, and small businesses often operate at margins where cash remains the simplest and most trusted medium of exchange.

"Despite this momentum, cash remains a critical component of everyday transactions, particularly in informal markets, rural communities, and among small businesses," the CBN governor said.

The data tells the same story. While electronic transactions have multiplied, total currency in circu-

**cash remains indispensable for low-value transactions, particularly in informal and rural sectors where digital penetration is still uneven**

lation still rose in 2025, underscoring sustained demand for physical cash alongside digital alternatives.

## ATMs and PoS as the New Cash Infrastructure

Rather than viewing cash and digital payments as competing forces, the CBN is increasingly framing them as complementary systems. In this model,

ATMs and PoS terminals are not relics of a pre-digital era, but critical infrastructure for stabilising cash distribution.

"Electronic and digital channels decentralise and stabilise cash distribution, reduce operational bottlenecks, and enhance client experience," Cardoso said.

In practical terms, this means that Nigerians are no longer reliant solely on bank branches for access to cash. ATMs extend reach into semi-urban areas, while PoS terminals embedded in neighbourhood shops and markets have become informal cash points, especially where bank infrastructure is thin.

This decentralisation has helped smooth distribution, reduced pressure on branches, and improved resilience in cash supply, particularly during periods of high demand.

## Policy Fine-Tuning Underway

As usage patterns evolve, the CBN is also reviewing the rules that govern the infrastructure supporting cash access. Cardoso disclosed that the apex bank is assessing the ratio of bank-issued cards to the number of ATMs in circulation, a technical issue with practical implications for congestion, service quality, and consumer experience.

"This year, certainly within the next few months, we hope to have clarity once engagements with stakeholders are concluded," he said.

The review reflects a broader understanding that cash availability is not just about printing currency. It depends on logistics, incentives, infrastructure investment, and coordination among financial institutions. Weakness in any of these links can disrupt access, regardless of how much currency is issued.

## Money's Long Arc

Tracing the evolution of money from commodities to coins, paper, cards, and now digital currencies, Cardoso suggested that the future of money will not be binary. It will be layered. "The future of money will be both physical and digital," he said.

That view resonated with industry stakeholders at the conference. The President of Chartered Institute of Bankers of Nigeria (CIBN), Mr. Pius Olanrewaju, argued that cash and digital payments must coexist as complementary pillars of Nigeria's financial system.

Although electronic transactions exceeded 60 billion in 2025, Olanrewaju noted that cash remains indispensable for low-value transactions, particularly in informal and rural sectors where digital penetration is still uneven.

## Numbers That Tell a Story

From the operational side, the continued relevance of cash is even clearer. The chairman of the Committee of Heads of Bank Operations, Abraham Aziegbe, said ATM withdrawals reached N36.34 trillion in the first half of 2025 alone, a figure that highlights how deeply cash remains embedded in everyday economic life.

Represented by his first vice chairman, Tolulope Ogunipe, Aziegbe called for stronger integration between cash and digital channels, stressing that collaboration, innovation, and effective oversight are essential to strengthening Nigeria's financial ecosystem.



Funding Nigeria's Agriculture, Growing Prosperity

# Afreximbank, The Question Of Who Gets To Define African Risk



ty, signalling that disengaging from Fitch does not mean disengaging from market discipline. What it does mean is a refusal to accept an assessment it considers structurally flawed.

## To Re-Rate or Not to Re-Rate

Notably, Afreximbank did not indicate whether it plans to appoint another international credit rating agency in the near term. That silence leaves open several possibilities.

It may choose to engage a different agency, hoping for a methodology it considers more attuned to multilateral development institutions. Alternatively, it may rely more heavily on direct investor engagement, disclosures, and its treaty-based protections to sustain market confidence.

Either path carries implications. Credit ratings still matter in global capital markets, shaping investor mandates, pricing, and access. Walking away from one agency is not cost-free. But neither is accepting a rating that an institution believes systematically understates its strengths.

## A Broader African Debate

Beyond Afreximbank itself, the decision has reopened a wider debate about how African risk is measured and who controls that narrative.

For decades, African sovereigns and institutions have argued that global rating agencies apply frameworks developed primarily for advanced economies, often amplifying downside risks while underweighting structural safeguards, policy intent, and reform trajectories. Critics contend that this bias feeds a vicious cycle, lower ratings raise borrowing costs, higher costs constrain development, and constrained development reinforces perceptions of risk.

Afreximbank's move gives institutional weight to that critique. As a multilateral lender rather than a sovereign borrower, its challenge is not about national politics or fiscal slippage, but about whether development-focused mandates can be fairly evaluated within existing rating paradigms.

## What Comes Next

Markets will now watch closely. Investors will assess whether Afreximbank's balance sheet strength, governance, and shareholder backing continue to compensate for the absence of a Fitch rating. Other African institutions may also study the episode, weighing whether engagement, reform, or disengagement is the most effective way to address perceived misalignment with rating agencies.

For Afreximbank, the message is already set. It is not rejecting scrutiny; it is rejecting a framework it believes fails to understand what the bank is, why it exists, and how it is designed to operate.

In an era of tight global liquidity and shifting capital flows, that distinction matters. Because in the end, the debate is not only about ratings. It is about whether African institutions can insist on being assessed on their own terms, rather than through lenses that were never built for them in the first place.

By. Majeed Salaam

When the African Export-Import Bank (Afreximbank) quietly severed its credit rating relationship with Fitch Ratings, it was more than a technical dispute between a lender and a ratings agency. It was a signal moment in Africa's long-running struggle over how its institutions are assessed, priced, and understood in global financial markets.

In a statement released on January 23, Afreximbank said that it had formally ended its engagement with Fitch Ratings after concluding that the agency's assessment framework no longer reflected the bank's unique legal foundation, mandate, or development-focused mission. The decision followed what the Cairo-based lender described as a comprehensive internal review of its relationship with the ratings firm.

At the core of Afreximbank's concern is a familiar complaint across the continent, that global credit assessment models often flatten African institutions into generic risk profiles, overlooking legal protections, governance structures, and policy roles that do not fit neatly into conventional templates.

"This decision follows a review of the relationship, and its firm belief that the credit rating exercise no longer reflects a good understanding of the Bank's Establishment Agreement, its mission, and its mandate," the bank said.

## A Mandate That Defies Easy Categorisation

Unlike commercial banks or sovereign borrowers, African Export-Import Bank occupies a hybrid space. It is a multilateral development finance institution, owned by African states, central banks, and private investors, with a treaty-based Establishment Agreement that grants it specific legal protections

and privileges across its member countries.

Those protections, Afreximbank argues, materially alter its risk profile. Its Establishment Agreement has been signed and ratified by participating states, embedding legal immunities and creditor safeguards that are not easily captured by standard sovereign or bank-rating methodologies. From the bank's perspective, treating it as just another financial institution misses the point.

That frustration appears to have reached a tipping point.

While Afreximbank did not publicly dissect Fitch's analytical assumptions line by line, its message was clear, that the ratings process, as currently applied, does not adequately reflect the bank's foundational architecture or its role as a policy-driven lender supporting African trade and development.

## Resilience Without the Rating

Importantly, Afreximbank was careful to stress that the decision does not signal financial weakness. On the contrary, it emphasised that its business profile remains strong, underpinned by robust shareholder relationships and the legal and institutional safeguards built into its structure.

In recent years, the bank has expanded its balance sheet significantly, stepping in as a countercyclical financier during periods of global stress, from pandemic-era trade disruptions to tightening international capital markets. It has financed intra-African trade, supported balance-of-payments needs, and played a visible role in advancing the objectives of the African Continental Free Trade Area.

That track record, Afreximbank suggests, speaks more clearly to its resilience than a rating framework it believes is misaligned with its reality.

The bank also reaffirmed its commitment to transparency, sound financial management, and stabili-

# Why Sugar Is Emerging As A Strategic Development Engine For Nigerian States



L-R: Dr. Abdulateef Shittu, DG of NGF, with Mr. Kamar Bakrin, DG of NSDC, in a discussion during the engagement at the NGF Secretariat.

By Jennete Ugo Anya

For years, Nigeria's sugar story has been one of contradiction. The country is one of Africa's largest consumers of sugar, yet almost all of what it consumes is imported. Billions of naira leave the economy annually to pay for a product that could be grown, processed, and monetised locally, especially in rural areas where jobs and infrastructure are most urgently needed.

Today, that contradiction is being confronted more directly, driven by reforms, stricter policy enforcement, and a growing convergence between the Federal Government, the National Sugar Development Council (NSDC), and the Nigeria Governors' Forum (NGF). At the heart of this push is a renewed argument that sugar is not just a commodity, but a strategic development platform for Nigerian states.

Speaking during an engagement with the NGF Secretariat, the Director-General (DG) of the NSDC, Kamar Bakrin, was blunt about the scale of the challenge and the opportunity before the country.

"Nigeria today consumes about 1.8 million metric tonnes of sugar every year," he said. "Out of that, roughly 98 percent is imported. Only about two percent is produced locally. To put it plainly, last year all the sugar produced in Nigeria could not even fill one ship."

## How Nigeria Got Here

According to Bakrin, Nigeria's sugar problem is not rooted in lack of policy, but in weak execution over several decades.

"The sugar industry has existed in Nigeria since the 1960s," he noted. "So this is not a new sector. The real issue is that incentives were provided, but the expected investments did not follow."

He identified four core factors behind the persistent underperformance. First, incumbent oper-

ators focused on importing and refining raw sugar rather than investing in local production. "Macroeconomic conditions made importation cheaper, so it was easier to bring in raw sugar, refine it, and distribute, instead of tying down capital in farms and factories," he said.

Second, many new entrants lacked the financial capacity to develop large-scale sugar projects. "A proper sugar project requires significant capital, sometimes upwards of 200 million dollars. Many promoters could acquire land, but that was as far as they could go."

Third, credible investors stayed away. "Capable local and international investors were wary of entering the industry because of the dominance and

perceived clout of incumbents," Bakrin explained.

Finally, he admitted that government enforcement had been weak. "We also have to take responsibility. Sanctions for non-performance were not applied with sufficient rigour. That has now changed."

## A Shift in Policy Seriousness

One of the clearest signs of that change, Bakrin said, was the decision by President Bola Ahmed Tinubu to cut raw sugar import quotas for non-performing operators.

"For the first time, Mr. President approved the reduction of import quotas to penalise operators who did not meet their backward integration commitments," he said. "That had never happened before. It sent a strong signal that this time, we are serious."

Monitoring has also become more scientific. "We no longer accept excuses," Bakrin said. "We now have independent, professional monitoring. Performance is assessed rigorously. The era of vague explanations is over."

## Why the Economics Now Favour Local Production

Beyond enforcement, Bakrin argued that the broader macroeconomic environment has fundamentally changed the economics of sugar production in Nigeria.

"Currency depreciation, which looks like a bad thing, has actually worked in favour of local sugar production," he said. "International sugar prices have fluctuated by about 40 percent over the last decade in dollar terms. In naira terms, prices have increased by almost 800 percent. Imported sugar has become significantly more expensive."

Local production, by contrast, relies largely on naira-based inputs. "Once you do the math, you see

**Nigeria's sugar problem is not rooted in lack of policy, but in weak execution over several decades**

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that Nigerian sugar production has suddenly become competitive,” he said.

He stressed that operational feasibility is no longer in doubt. “To be self-sufficient, Nigeria needs about 200,000 hectares of sugarcane. We have identified over 1.2 million hectares of prime land suitable for sugarcane cultivation. Land is not the problem. We have the climate, the water, and the human resources.”

**Sugar as a State-Level Development Tool**

For Bakrin, sugar’s real power lies in its relevance to subnational development. “You cannot grow sugarcane in Abuja,” he said. “By definition, sugar projects are rural. That is why states are central to this agenda.”

Sugar estates, he explained, are not just farms. They are agro-industrial ecosystems. “A properly developed sugar project creates thousands of direct and indirect jobs, improves rural infrastructure, and anchors economic activity in host communities.”

The NSDC’s engagement with the NGF is therefore strategic. “The Governors’ Forum is the engine room of subnational decision-making in Nigeria,” Bakrin said. “Alignment with states on land access, infrastructure, and investor support is critical.”

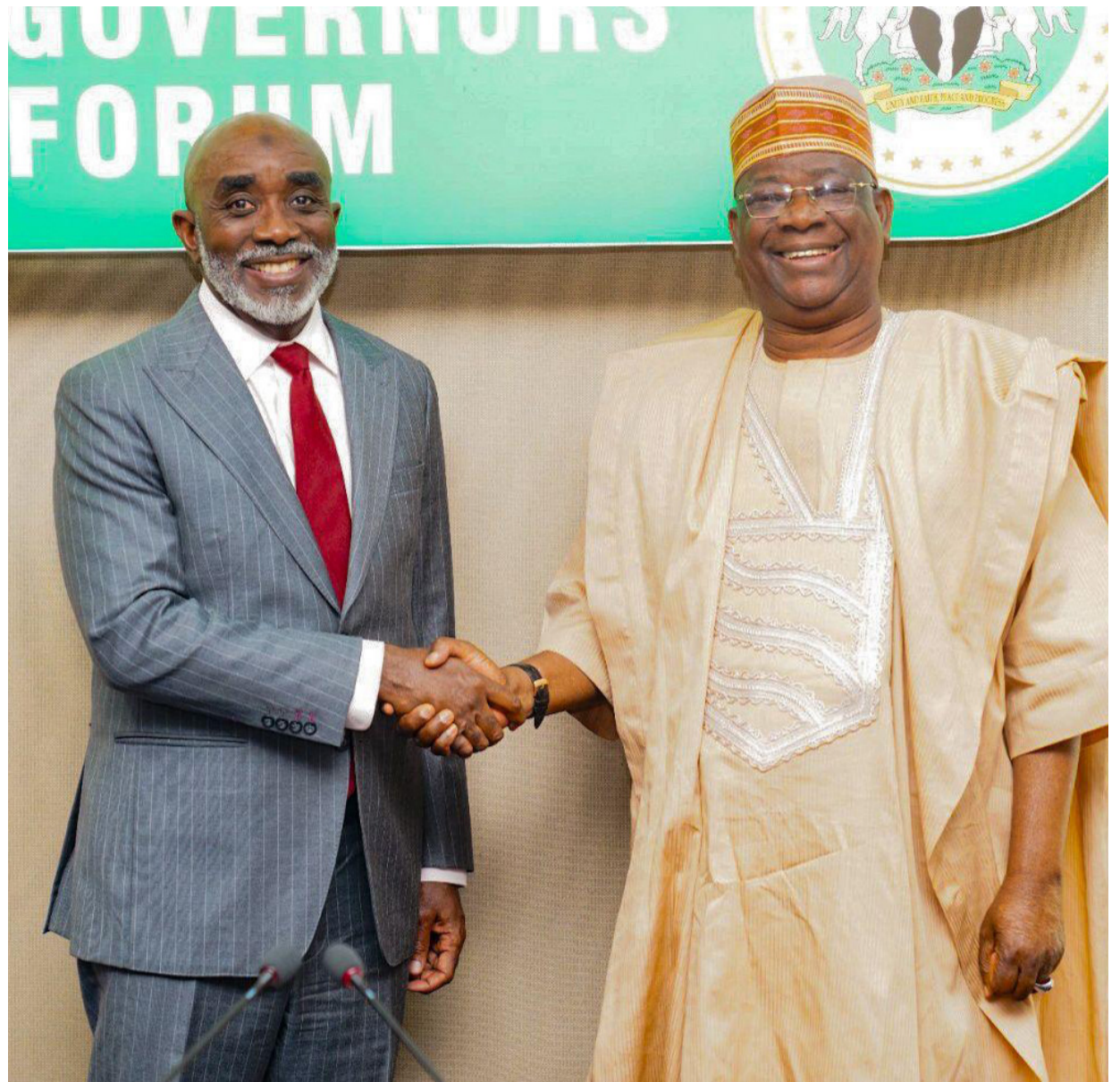
In its welcome address, the NGF Secretariat emphasised that many states are already exploring sugar estates, outgrower schemes, and agro-industrial initiatives, but often lack coordination, project readiness, and investment frameworks. The Forum sees collaboration with the NSDC as a way to help states convert policy ambition into bankable, investible projects.

**Beyond Sugar: Power, Ethanol, and Jobs**

Bakrin was keen to dispel the notion that sugar projects are only about food.

“Sugar is a textbook example of the circular economy,” he said. “From one crop, you get sugar, ethanol, animal feed, and electricity. The waste from sugarcane, bagasse, can be used to generate power. A well-run sugar estate uses only about 30 to 40 percent of the energy it produces. The rest can be supplied to the grid.”

This, he argued, makes sugar projects uniquely aligned with Nigeria’s energy transition and sustain-



R-L: Dr. Abdulateef Shittu, DG of NGF; Mr. Kamar Bakrin, DG of NSDC, during the engagement at the NGF Secretariat.

locations, outgrower farmers earn as much as two million naira per hectare annually.”

**The Investment Case**

From a purely commercial perspective, Bakrin insisted that sugar now makes sense. “We have done the numbers. A model 100,000-metric-ton sugar project can deliver internal rates of return of about

For Bakrin, the message to states is straightforward. “Sugar should be treated as a priority development engine,” he said. “It delivers jobs, industrial raw materials, energy, and inclusive growth. Few sectors can do all that at once.”

He also urged states to work closely with the NSDC and the NGF to attract credible investors. “Sugar is not for undercapitalised promoters. We need serious investors, and we need states to help create the right conditions for them.”

The convergence between federal policy, state ambition, and private capital, he argued, is long overdue. “For the first time, the stars are aligned,” Bakrin said. “If we get this right, sugar can help rewrite Nigeria’s rural and industrial development story.”

For a country seeking to reduce imports, create jobs, and industrialise its states, sugar may no longer be just a sweetener. It may be one of the clearest pathways from policy to production.



Dr. Abdulateef Shittu, DG of NGF (7<sup>th</sup> r); Mr. Kamar Bakrin, DG of NSDC (8<sup>th</sup> r), and other stakeholders during the engagement at the NGF Secretariat

ability goals. “Sugar ticks the sustainability box on so many levels, renewable energy, rural jobs, reduced imports, and lower carbon emissions.”

Outgrower schemes also place communities at the centre. “The Nigerian sugar industry does not displace communities,” Bakrin said. “It integrates them. Local farmers retain their land, receive training and inputs, and have guaranteed offtake. In some

24 percent, with positive net present value,” he said. “This is not charity. This is a viable business.”

Africa’s broader sugar deficit strengthens the case. Despite having multiple producing countries, the continent remains a net importer, with demand projected to rise sharply by 2030. “Nigeria is well-positioned to serve both its domestic market and regional markets under AfCFTA,” Bakrin said.

**Africa’s broader sugar deficit strengthens the case. Despite having multiple producing countries, the continent remains a net importer, with demand projected to rise sharply by 2030**

# New Financing Framework Could Transform Nigeria's Off-Grid Power Landscape

By Musa Ibrahim

Nigeria's chronic electricity access challenge has long hampered its development, especially in rural and underserved communities where the national grid barely reaches. Now, a renewed partnership between the federal government and the private sector aims to change that narrative in a way that could boost livelihoods, catalyse economic activity, and reduce dependence on expensive, polluting backup generators.

The federal government, through the Rural Electrification Agency (REA), and Lotus Bank have announced plans to expand their collaboration on financing off-grid power projects in Nigeria, a move expected to formalise a dedicated financing framework that goes beyond individual pilot projects and scales up investment across the country's renewable energy sector.

Officials from both institutions are working toward signing a Memorandum of Understanding (MoU) that will outline funding structures and operational guidelines to support renewable energy developers nationwide. The initiative is part of the government's Distributed Access through Renewable Energy Scale-up (DARES) programme, which is backed by the World Bank to accelerate electricity access through off-grid renewable solutions.

## Off-Grid Power: A Critical Gap In Nigeria's Energy Mix

Nigeria continues to struggle with uneven electricity access. While urban centres receive some grid power, rural and peri-urban areas are largely underserved, driving reliance on diesel and petrol generators that are costly, unreliable, and environmentally harmful. Off-grid solutions such as solar mini-grids and standalone solar systems offer a viable alternative to bridge this gap. According to the REA's programme data, the DARES project is a roughly US\$750 million initiative designed to provide new or improved electricity services to about 17.5 million Nigerians through decentralised renewable energy technologies.

The REA's broader electrification effort, the Nigeria Electrification Programme (NEP), has already made significant strides, deploying mini-grids and rooftop solar solutions that have delivered clean energy to households and MSMEs. NEP's success - impacting millions of Nigerians with clean, reliable power - laid the groundwork for scaling up under DARES.

### Why Expanded Financing Matters

A major barrier to accelerating off-grid electricity

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**... the Federal Government acknowledges that public investment alone cannot solve Nigeria's electricity deficit**

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Dr. Abba Aliyu, Managing Director of REA

deployment has been access to affordable, long-term financing. Small and medium solar developers often struggle to secure loans with favourable terms that match the long repayment periods typical of energy projects. High interest rates and collateral demands have constrained many potential initiatives, slowing growth and limiting impact.

Dr. Abba Aliyu, Managing Director of the REA, has urged Lotus Bank to adopt clear funding targets and internal standards to help developers scale their operations more effectively. He emphasised that intentional and structured funding — backed by transparent expectations — is crucial if Nigeria is serious about moving “from pilots to impact at scale.”

Under the proposed framework, Lotus Bank is expected to establish its own dedicated financing facility aligned with DARES, transitioning from project-by-project support to a large-scale, replicable funding model. This could unlock capital for a wider range of renewable energy solutions, making it easier for private developers to bring sustainable electricity to communities that have been left in the dark.

### Economic and Social Benefits

Expanding access to reliable off-grid power has far-reaching implications for Nigeria's economy. For households, it means fewer hours spent without electricity and lower reliance on costly generators. For micro, small, and medium-sized enterprises (MSMEs), it translates into reduced operational costs and more stable business environments. According to REA data, the NEP has already impacted more than 7.8 million Nigerians and provided electricity services to over 11,400 MSMEs, demonstrating the economic value of decentralised renewables.

Moreover, improved power access can enhance healthcare delivery, educational outcomes, and agricultural productivity. Solar solutions deployed under DARES and NEP are designed not only for

households but also for institutions and productive uses, creating opportunities for income growth and community development.

### Aligning Policy and Private Capital

Nigeria's broader energy strategy, including the DARES project, aligns with its ambition to transition to cleaner power systems while achieving universal energy access. By explicitly involving private financiers and developers, the Federal Government acknowledges that public investment alone cannot solve Nigeria's electricity deficit. Instead, strategic partnerships and shared risk-reward frameworks are needed to attract long-term capital and innovation.

The REA-Lotus Bank effort signals a deeper shift toward such collaborations. If the MoU and associated frameworks are successfully implemented, Nigeria could build a scalable model where financial institutions, renewable energy companies, and government agencies co-invest in powering underserved communities.

### A Turning Point for Power Access

Expanding financing for off-grid energy is not just a technical exercise. It is a policy choice that recognises electricity as an enabler of productivity, economic inclusion, and human development. With DARES targeting millions of Nigerians and a dedicated financing platform on the horizon, the country is better positioned to close its energy access gap.

The success of this partnership will depend on execution, transparency, and sustained commitment from both the federal government and the private sector. But if it works as planned, Nigeria could transform how electricity reaches its people — turning a perennial constraint into a stepping stone for growth. As the federal government and Lotus Bank formalise their collaboration, Nigerians in remote and underserved areas may finally see the promise of reliable, clean power become a reality.



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## NEXIM Bank Drives Growth, Value Addition At Nigeria Cashew Day 2026



Mr. Abba Bello, Managing Director of NEXIM

By Musa Ibrahim

The Nigeria Export-Import (NEXIM) Bank reaffirmed its commitment to strengthening Nigeria’s cashew industry during the 4th edition of Nigeria Cashew Day (NCD) held on 22nd January 2026 at the Shehu Musa Yar’adua Centre, Abuja.

The event, organized by the National Cashew Association of Nigeria (NCAN) in collaboration with the African Cashew Alliance (ACA), focused on ‘Unlocking the Full Potential of Nigeria’s Cashew Industry through Investment, Innovation and Global Trade.’

Mr. Abba Bello, Managing Director of the NEXIM bank, represented by Dr. Babagana led the bank’s delegation who joined other industry stakeholders to discuss strategies for boosting sustainable growth in the cashew value chain. The bank highlighted its role in supporting agribusiness exports, facilitating value addition, and improving Nigeria’s global competitiveness in non-oil exports.

Speaking at the event, NCAN President, Dr. Ojo Joseph Ajanaku, noted that Nigeria currently exports close to 600,000 metric tonnes of cashew annually, generating over \$400 million in foreign exchange. However, he stressed that much of the industry’s potential remains untapped due to limited local processing and access to low-cost financing. He emphasized that institutions such as NEXIM Bank are critical in providing export development facilities and special agro-processing loans at favorable interest rates, enabling processors to scale operations, add value to raw prod-

ucts, and access global markets.

“NEXIM’s support is vital to enabling processors to compete globally, increase domestic processing, and expand exports,” Ajanaku said. He noted that greater financial backing would allow Nigeria to leverage advantages such as faster shipping times to key markets, while boosting domestic consumption of value-added cashew products like roasted nuts, cashew milk, and cashew oil.

NEXIM Bank’s participation at Nigeria Cashew Day reinforces its ongoing mandate to promote value addition, enhance export competitiveness, and strengthen the non-oil sector. By providing targeted financing, technical support, and market access programs, the bank seeks to position Nigeria as a leading cashew producer and exporter in Africa and globally.

Dr. Babagana highlighted NEXIM Bank’s dedication to supporting agribusiness export growth, stating, “We remain committed to enabling value addition, facilitating global market access, and strengthening Nigeria’s non-oil export sector. The cashew industry represents a strategic opportunity for export-led growth and job creation, and NEXIM will continue to partner with stakeholders to unlock its full potential.”

The event also provided a platform for discussions on improving production tracking, expanding local processing capacity, and enhancing investment in the cashew value chain. With institutions like NEXIM Bank actively driving these efforts, Nigeria’s cashew sector is poised for significant growth, increased value addition, and stronger contribution to the country’s non-oil export earnings.

### Quotes of the Week

#### Dr. Wale Edun, Finance Minister and Coordinating Minister of the Economy

The ultimate aim is that we have rapid, sustained and inclusive growth that creates jobs, that provides greater income for Nigerians.

#### Dr. Ngozi Okonjo-Iweala, Director-General WTO

Nigeria with a large market of 220 million, we are 220 million with a sizable middle class, has a chance to attract some of these supply chains that are trying to diversify in pharmaceuticals, in textiles, agro-processing, so many areas where I think we can have a comparative advantage. So, I think this is our time but it will not fall on our laps. We have to work for it and I think this is the direction.

#### Dr. Muda Yusuf, Chief Executive Officer of CPPE

Nigeria’s economy remains in a delicate recovery phase and introducing additional sugar-specific taxes at this time risks reversing recent industrial gains, weakening employment outcomes, and undermining the objectives of ongoing manufacturing-friendly fiscal reforms.

# FG Pushes Nigeria To Produce What It Consumes



Mr. John Owan, Honourable Minister of State for Industry

By Jennete Ugo Anya

Nigeria's economic debate has long centered on population and market potential, but at a recent Lagos economic summit, the federal government shifted focus to production. The message was clear: Nigeria must make what it uses.

At the Redeemed Christian Church of God Lagos Province 35 Economic Summit, Honourable Minister of State for Industry, Mr. John Owan, said that demography without industry is not an advantage but a risk. For the Presence administration, the goal is turning Nigeria's population and market size into factories, jobs, and value chains.

At the center of this effort is the 'Nigeria-First' policy, launched in 2025 by President Bola Ahmed Tinubu. The policy prioritizes Nigerian-made goods and services in public procurement, using government demand to drive domestic manufacturing. Mr. Owan emphasized that announcing a policy is one thing, but effective execution will determine its success.

## Procurement as Industrial Policy

The federal government's strategy is a renewed focus on public procurement as an industrial lever. Mr. Owan disclosed that his ministry has begun structured engagements with the Bureau of Public Procurement (BPP), targeting key sectors where Nigeria already has latent capacity. These include textiles and apparel, automotive assembly, medical equipment, furniture, and other labour-intensive manufacturing segments.

Public procurement, he argued, remains one of the most underutilised tools of industrial policy in Nigeria. Predictable government demand, if properly structured, can de-risk private investment, encourage scale, and anchor local value chains.

"When government demand is predictable, investors respond," Mr. Owan said. "That is how you unlock private capital and accelerate domestic production."

The logic is straightforward. Ministries, depart-

ments, and agencies (MDAs) are among the largest buyers in the Nigerian economy. Aligning their purchasing power with industrial goals can reshape markets faster than subsidies or incentives alone.

## Lessons from Elsewhere

Mr. Owan's argument draws from global experience rather than abstract theory. He cited countries such as Bangladesh and Vietnam, which built export-oriented manufacturing sectors not by waiting for perfect infrastructure, but by creating predictable policy environments and focusing on specific value chains.

"Bangladesh became a global leader in garments not because everything was perfect," he said. "It built competitiveness, predictability, and focus. Vietnam followed a similar path and now exports electronics, garments, and machinery to the world."

For Nigeria, the lesson is not imitation, but adaptation. Large populations do not automatically generate prosperity. They do so only when labour is absorbed into productive systems.

"A huge population only makes sense if it is productive," Mr. Owan warned. "Otherwise, it becomes pressure, not potential."

## The Automotive Example

Few illustrations captured the minister's thinking more clearly than his remarks on the automotive sector. He described how government meetings often resemble "an international motor fair for Toyota," a reflection of how deeply imported vehicles dominate official fleets.

Yet Nigeria remains one of Toyota's largest markets globally. In Mr. Owan's view, that market power should translate into local investment.

"If you gave Toyota one or two years and said, unless you establish plants in Nigeria, no government agency would buy Toyota, it would make sense," he said. "The Nigerian market remains key."

The point is not to single out one company, but to demonstrate how procurement conditions can incentivise local assembly, technology transfer, and

job creation, without breaching global trade rules.

## What Businesses Are Asking For

During consultations with manufacturers across the country, Mr. Owan said a consistent message has emerged from the private sector, one that challenges popular assumptions about investment.

"One manufacturer told me very clearly, 'I don't need everything to be perfect; I just need things to be predictable,'" he said.

That sentiment, according to the minister, captures the essence of industrial competitiveness. Entrepreneurs innovate when rules are stable. Investors commit capital when policy direction is clear. Manufacturers expand when planning horizons are reliable.

"Predictability is the foundation of competitiveness," Mr. Owan said. "Without it, businesses spend more time coping with uncertainty than investing in growth."

For the federal government, this means shifting away from discretionary, consumption-driven interventions toward a rule-based, production-oriented framework, where policy signals are consistent and credible.

## Demography as a Deadline

Nigeria's youthful population is often framed as a dividend. He offered a more sobering interpretation. Without rapid industrial expansion, the same demographic profile could become a liability. "Youth without jobs is not a dividend," he said. "A large population only makes sense if it is productive."

The urgency is clear. Manufacturing absorbs labour at scale, creates linkages across agriculture, logistics, and services, and generates skills that compound over time. Without it, Nigeria risks entrenching unemployment and underemployment, with social and fiscal consequences.

## Aligning Policy, Procurement, and Production

What distinguishes the current push, Mr. Owan argued, is the attempt to align industrial policy with procurement reform. Instead of treating manufacturing as a standalone agenda, the government is linking demand, rules, and production decisions. "We are aligning policy, procurement, and production," he said. "That is how we convert demography into demand, demand into production, and production into jobs."



# NIGERIA FIRST

“

**Let us be blunt: in the past, government’s communication structures had been lethargic, inconsistent, and often reactive.**

**MDAs, despite overseeing groundbreaking reforms across agriculture, power, finance, education, digital innovation, energy, and infrastructure, had largely failed to communicate their successes with clarity and consistency. In their silence, distortions flourished. In their delays, misinformation had taken root.**

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# NDIC Leads The Way In Timely Remittance Of Operating Surplus



L-R: Mr. Sunday Oludare Thompson, MD of NDIC, and Mr. Victor Muruako, Executive Chairman of FRC, during NDIC's management recent visit to FRC head office in Abuja.

By Jennete Ugo Anya

The Nigeria Deposit Insurance Corporation (NDIC) is emerging as a model of fiscal discipline among government agencies, earning high commendation for consistently remitting its operating surplus to the Consolidated Revenue Fund (CRF). The corporation's performance highlights how self-funded regulatory institutions can combine operational independence with public accountability.

The commendation came during a recent courtesy visit to the Fiscal Responsibility Commission (FRC) headquarters in Abuja by NDIC Managing Director and Chief Executive, Mr. Sunday Oludare Thompson, and members of the corporation's new management team.

Mr. Victor Muruako, FRC Executive Chairman, described NDIC as "one of the best-performing agencies in terms of operating surplus remittance," noting that the corporation consistently meets its statutory obligations under the Fiscal Responsibility Act (FRA) 2007. "If any agency deserves recognition for remitting operating surplus into the Consolidated Revenue Fund in strict compliance with the Act, NDIC would come first," he said.

NDIC plays a critical role in maintaining the stability of Nigeria's financial system. Established as a statutory financial safety-net institution, it safeguards depositors, guarantees bank deposits, supervises insured institutions, and contributes to systemic stability under the supervision of the Central Bank of Nigeria (CBN). While the corporation is self-funded through premiums from insured banks and investment income, it is classified as a public institution and subject to the FRA, which mandates timely remittance of a portion of operating surplus to the CRF.

Under the latest framework, outlined in Fi-

nance Circular No. FMFCME/OTHERS/IGR/CRF/21/2023, NDIC remits 80 percent of 50 percent of its Gross Internally Generated Revenue to the CRF. The adjustment recognises the corporation's self-funded status while maintaining the principle of contributing to the national revenue base.

For Mr. Thompson, the FRC visit was part of a broader strategy to strengthen institutional collaboration. "NDIC and FRC share aligned mandates centered on transparency, accountability, and public confidence in the management of government funds," he said. He reaffirmed NDIC's commitment to complying fully with all fiscal and regulatory obligations while continuing to build and sustain its insurance funds.

NDIC's operational excellence provides a model for other government-owned entities. Mr. Muruako urged institutions such as the CBN and other public agencies to emulate NDIC's approach, particularly in terms of transparency and timely remittance of operating surplus.

Analysts say the corporation's performance underscores a broader lesson for Nigeria's public sector: self-funded regulatory institutions can achieve operational independence without compromising accountability. NDIC's consistent remittances not only comply with statutory requirements but also enhance public confidence in the country's financial system and strengthen fiscal governance.

By combining regulatory oversight with disciplined financial management, NDIC demonstrates that government agencies can contribute meaningfully to national revenue while maintaining the integrity and stability of the sectors they supervise. Its approach provides a blueprint for institutional efficiency and transparency, showing how public institutions can lead by example in meeting statutory obligations and building trust in Nigeria's fiscal and financial systems.

## Reforms Nuggets

### Nigeria Tops Global AI Adoption For Learning, Work, and Business

- Nigeria has emerged as a global leader in artificial intelligence adoption, particularly in learning, professional development, and entrepreneurship, according to a new Google report.

- The report titled "Our Life with AI: Helpfulness in the Hands of More People" was shared by Google West Africa Communications and Public Affairs Manager, Taiwo Kola-Ogunlade.

- National petrol stock sufficiency improved sharply, climbing to about 29 days in December 2025 from about 17 days in November 2025.

- 88 percent of Nigerian adults have used an AI chatbot, marking an 18-point increase from 2024 and far exceeding the global average of 62 percent.

- 93 percent of Nigerian users rely on AI to understand complex topics, compared with 74 percent globally, while 91 percent use AI to support their work.

- 80 percent of Nigerians use AI to explore new business ideas or consider career changes, nearly double the global average of 42 percent.

- The report highlights optimism about AI in education, with 91 percent believing it has a positive impact on learning and access to information compared with 65 percent globally.

- 95 percent of respondents said university students and educators will benefit from AI tools.

- Nigerians express high confidence in AI's future, with 80 percent excited about its potential and only 20 percent expressing concern.

## Why Bonga South-West Is A Test Of Nigeria's Energy Credibility, Not A Gift To Big Oil



I have watched Nigeria lose energy investments not because resources were lacking, but because clarity, speed, and credibility were. That is why President Bola Ahmed Tinubu's decision to approve targeted incentives for Shell's long-delayed \$US5 billion Bonga South-West deep-offshore project matters far beyond oil barrels and balance sheets. It is not merely an energy-sector announcement. It is a statement about whether Nigeria finally understands how capital thinks, waits, and leaves.

Let me be clear from the outset. This is not about "giving Shell incentives." It is about correcting a decade-long failure to align Nigeria's fiscal posture with the realities of deep-water investment, while protecting national interest. That distinction is everything. The Bonga South-West project has been stuck for over ten years. Not because Shell did not want to invest, but because Nigeria and Shell could not agree on fiscal terms that made a capital-intensive, high-risk offshore project viable. Previous administrations circled the issue, delayed decisions, and talked themselves into paralysis. Capital does not negotiate with indecision. It simply moves on.

President Bola Ahmed Tinubu appears to understand this. The incentives he approved, according to his media adviser, are "disciplined, targeted, and globally competitive." That language matters. These are not blanket concessions. They are ring-fenced, investment-linked, and tied to new capital, incremental production, local content delivery, and in-country value addition. In other words, Nigeria is not paying Shell to stay. Nigeria is pricing risk correctly to unlock value.

This is how serious energy-producing countries behave.

### A Project Nigeria Could Not Afford to Lose

Bonga South-West is not a marginal field. Located about 120 kilometres offshore in water depths exceeding 1,000 metres, it is a technically complex deep-water development estimated to cost over \$5 billion. At peak, it is expected to produce around 150,000 barrels of oil per day, with significant associated gas potential.

For a country struggling with declining oil production, chronic foreign exchange shortages, and shrinking fiscal buffers, that scale matters. But scale alone is not the point. Deep-water projects like Bonga South-West anchor entire ecosystems, offshore engineering, fabrication yards, logistics, subsea services, marine transport, and highly skilled Nigerian labour. When such projects stall, it is not just oil that is delayed. Capability is delayed. Jobs are delayed. Learning curves are delayed. Nigeria's tragedy over the past decade has been watching deep-water capital flee to Guyana, Brazil, and the US Gulf of Mexico while we debated fiscal philosophy. The world did not wait for us.

### Incentives Are Not a Sin, Confusion Is

There is a reflexive hostility in Nigeria to the word "incentives," especially when oil majors are involved.

It is rooted in history, some justified, some lazy. But incentives are not a moral failure. They are a pricing tool. Every oil-producing jurisdiction uses them, especially for frontier or deep-water assets.

The real question is not whether incentives are offered, but how they are structured and what they unlock.

President Tinubu's framing is instructive. These incentives are ring-fenced and investment-linked. They are tied to Final Investment Decision timelines. In fact, his expectation is explicit, Bonga South-West must reach Final Investment Decision within the first term of this administration. That is not a giveaway. That is a performance contract.

Equally important is the instruction to Olu Verheijen, the President's Special Adviser on Energy, to ensure the incentives are gazetted within Nigeria's existing legal and fiscal frameworks, including the Petroleum Industry Act (PIA). This is critical. It signals that Nigeria is not improvising outside the law. It is operationalising the law.

One of the biggest fears investors had about the Petroleum Industry Act was not its content, but its implementation. This move suggests the Act can be flexible without being arbitrary, competitive without being reckless.

### Policy Stability Is the New Currency

If there is one phrase that has haunted Nigeria's energy sector, it is "policy uncertainty." Fiscal terms change. Rules are reinterpreted. Approvals stall. Decisions are reversed. Investors price that chaos into risk premiums, or they simply walk away.

President Tinubu's emphasis on policy stability, regulatory certainty, and speed is not rhetorical. It is existential.

Shell's Global CEO, Wael Sawan, acknowledged as much when he said Nigeria's investment climate has improved remarkably under this administration, adding that the company is increasingly confident in Nigeria as a destination for long-term investment. Executives like Sawan do not trade in flattery. They trade in capital allocation. Confidence, in that context, is measurable. Shell and its partners, according to the President, have invested nearly \$7 billion in Nigeria in the past 13 months, particularly in Bonga North and HI projects. That is not accidental. It is responsive capital. Capital follows clarity.

### Deep-Water Oil Is Not Yesterday's Industry

There will be voices arguing that Nigeria should not be approving incentives for oil projects in 2025 and beyond. I disagree, firmly.

Energy transition is real, but it is uneven. Nigeria is not Denmark. We do not have surplus capital to transition without monetising what we already have. Deep-water oil, with its lower emissions intensity compared to onshore sabotage-prone fields, remains a strategic asset.

More importantly, gas associated with projects like Bonga South-West feeds Nigeria's energy security

and industrial ambitions. You do not build fertiliser plants, power stations, or petrochemicals on ideology. You build them on molecules. Turning away from bankable deep-water projects in the name of abstract transition would be economic malpractice.

### Local Content Is Where the Real Win Lies

One of the most underappreciated aspects of the Bonga South-West approval is its explicit emphasis on Nigerian participation in offshore engineering, fabrication, logistics, and energy services.

Nigeria's local content policy has matured. The difference now is scale. Projects of this magnitude stretch domestic capacity, force technology transfer, and deepen skills. They turn Nigerian firms into global competitors. This is how oil money becomes industrial capability, not just revenue.

But this will only happen if the incentives are enforced alongside performance. Local content cannot be rhetorical. It must be contractual, measurable, and audited. If Nigeria gets this right, Bonga South-West will leave more than oil in its wake. It will leave competence.

### A Decade of Delay Is Already Too Costly

It is worth remembering that Bonga commenced production in 2005 as Nigeria's first deep-water development. It was once a symbol of ambition. The fact that its expansion stalled for over a decade is an indictment of governance failure, not investor reluctance. Every year of delay meant lost revenue, lost jobs, lost learning, and lost credibility.

What President Tinubu has done is not heroic. It is corrective. It fixes a problem that should never have lasted this long.

### The Bigger Signal to Global Capital

Beyond Shell, Bonga South-West sends a message to global energy investors, Nigeria is open, serious, and capable of making hard decisions.

In a world where capital is scarce and competition is fierce, countries that cling to absolutist fiscal postures lose out. Countries that price risk intelligently win. This decision tells investors that Nigeria understands deep-water economics, respects its own laws, and can move with speed. That is a powerful signal.

I support the approval of targeted incentives for Bonga South-West, not because Shell asked for them, but because Nigeria needs the investment. More importantly, Nigeria needs to prove that it can close deals, not just negotiate them endlessly.

The real test now is execution. Gazetting the incentives. Reaching Final Investment Decision on schedule. Enforcing local content commitments. Delivering production.

If Nigeria does that, Bonga South-West will not just be an oil project. It will be evidence that the country has finally learned how to convert resources into results. And in Nigeria's energy history, that would be the most valuable output of all.