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The Reforms
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What Nigeria’s Economic Reforms Paid For In 31 Months

Economic reforms are ultimately judged not only by the changes they bring, but also by how the resources they generate are deployed. Since June 2023, Nigeria has implemented major economic adjustments, including the removal of the petrol subsidy and reforms to the foreign exchange market. While the transition has imposed significant costs on households and businesses, the federal government’s latest reform scorecard offers insight into how the resources mobilised during the period were spent. Between June 2023 and December 2025, N30.64 trillion in incremental expenses went into wages, debt obligations, infrastructure, electricity support and social interventions. ***Enam Obiosio*** *examines how this spending reflects the government’s response to the fiscal and economic pressures created by the reform process.*

When Nigeria’s economic reforms began in 2023, public attention focused largely on what citizens were losing.

Petrol prices rose sharply after subsidy removal. The naira weakened following changes to the foreign exchange regime. Interest rates increased, while households and businesses faced a higher cost of living.

The federal government’s latest reform scorecard raises another question: what did the reforms make possible?

According to the Honourable Minister of Finance and Coordinating Minister of the Economy, Mr. Taiwo Oyedele, during his recent presentation of Nigeria’s Reforms Scorecard in Abuja, the answer can partly be found in the N30.64 trillion spent on incremental obligations between June 2023 and December 2025.

The largest portions went to three areas: wages, external debt service and strategic infrastructure.

Wage adjustments accounted for N9.39 trillion. External debt service consumed N9.37 trillion, while N6.47 trillion went into strategic infrastructure. Together, the three commitments amounted to N25.23 trillion, more than 80 percent of the total incremental expenditure.

The figures demonstrate that the reform programme was not simply about generating additional revenue. Government was also responding to rising fiscal obligations, currency depreciation, infrastructure needs and the pressure on workers.

At the centre of the resource story is the petrol subsidy reform.

Mr. Oyedele said subsidy removal and foreign exchange reforms generated N15.8 trillion in savings for the Federation between June 2023 and December 2025.

But the federal government did not receive all of it.

The federal government’s share was N5.4 trillion, while states received N6.5 trillion and local governments N3.9 trillion. In total, the two lower tiers of government received N10.4 trillion, almost twice the federal government’s allocation.

The savings therefore translated into additional re-

Mr. Taiwo Oyedele, Honourable Minister of Finance/ Coordinating Minister of the Economy, during the presentation of Nigeria's Reforms Scorecard

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sources available to the Federation through revenue sharing rather than money accumulating in a separate government account.

Mr. Oyedele argued that this distinction demonstrates that subsidy removal was not primarily a revenue-generating exercise.

"That, in itself, is evidence that the reform was never introduced for revenue purposes, but to address entrenched corruption in an artificially managed fuel subsidy and foreign exchange market," he said.

For the federal government, subsidy savings were only one source of additional resources. It generated N3.1 trillion in incremental independent revenue, mainly through remittances from government-owned entities, and obtained N11.9 trillion in incremental borrowing.

Together, the three sources provided N20.4 trillion in incremental resources.

That amount, however, did not cover the entire N30.64 trillion in incremental expenditure.

About N20.404 trillion came from additional resources generated or mobilised during the period, while N10.236 trillion was funded from the government's existing revenue base.

Borrowing accounted for 58 percent of the incremental resources, subsidy savings 27 percent and other revenue 15 percent.

So, what did the reforms pay for?

The largest destination was workers.

The government spent N9.39 trillion on wage adjustments, the new national minimum wage and allowances for public servants. The minimum wage rose from N30,000 to N70,000, while the government also reported more reliable salary and pension payments and the settlement of some longstanding pension arrears.

The second major commitment was debt.

External debt service reached N9.37 trillion. The depreciation of the naira significantly increased the domestic currency cost of servicing foreign-denominated obligations.

Mr. Oyedele explained the effect in simple terms. "So, if we're paying N1 billion, but instead of N460, it's now N1,415. That's more naira than we need to incur," he said.

The third major destination was strategic infrastructure, which received N6.47 trillion.

This spending is particularly significant because infrastructure can influence economic productivity beyond the immediate fiscal cycle. Better transport, energy and other strategic assets can reduce business costs, improve connectivity and support investment.

The government also spent N3.14 trillion on additional electricity subsidy costs and N1.24 trillion on domestic debt service associated with higher monetary policy rates.

Social welfare transfers accounted for N423.8 billion, while N419.1 billion went to Federal Capital Territory development, the Ecological Fund and natural resource investments.

These figures reveal the difficult environment in which the reforms were implemented.

The government acknowledges that the adjustment came with substantial costs.

The Monetary Policy Rate (MPR) rose from 18.5 percent in May 2023 to 26.5 percent. Petrol prices moved from about N185 per litre before subsidy removal to between N1,100 and N1,400.

"These are major, felt costs, and I will not stand here and tell you otherwise," Mr. Oyedele said.

But the government's argument is that the alternative could have produced deeper instability.

Its reform scorecard examined 25 indicators covering fiscal sustainability, external stability, investment climate, social impact, and growth and productivity. It compared the May 2023 baseline with the latest available data and estimated what could have happened if

Mr. Taiwo Oyedele, Honourable Minister of Finance/ Coordinating Minister of the Economy

the previous trajectory had continued.

One of the strongest examples concerns state finances.

The government said 27 states could not reliably pay salaries in May 2023. That number has since fallen to zero. The ministry estimates that at least 30 states could have faced salary-payment difficulties by 2026 had the previous trajectory continued.

Real gross domestic product (GDP) growth strengthened from 2.31 percent to 3.89 percent, according to the scorecard

The foreign exchange market also recorded a significant shift. The premium between the official and parallel markets had exceeded 60 percent before the reforms. The government says it has fallen below five percent. Under the previous trajectory, the premium could have exceeded 150 percent.

The government also said the N30 trillion Ways and Means balance was curtailed rather than allowed to grow further.

External buffers improved. Gross foreign exchange reserves increased from about $35 billion at the May 2023 baseline to $52.5 billion, while net reserves rose from roughly $3 billion to $34.8 billion.

Real gross domestic product (GDP) growth strengthened from 2.31 percent to 3.89 percent, according to the scorecard. Stock market capitalisation also increased from about N31 trillion to approximately N150 trillion.

Nigeria subsequently exited the Financial Action Task Force grey list in October 2025 and the European Union's anti-money laundering deficiency list in January 2026. S&P Global upgraded Nigeria's sovereign credit rating to B in May 2026.

Yet macroeconomic improvement is not the same as household prosperity.

This remains the unfinished part of the reform story.

Food inflation fell from 24.82 percent at the May 2023 baseline to 17.52 percent in June 2026, while headline inflation declined from 22.41 percent to 15.91 percent over the period cited by the government.

However, lower inflation does not mean lower prices. It means prices are increasing more slowly.

For households, the next phase of the reform programme must therefore be about translating macroeconomic stability into tangible improvements in living standards.

The federal government says it will expand cash transfers, deepen agricultural interventions to reduce food prices, strengthen implementation of the Nigeria Tax Act and improve budgeting and accountability. It also plans to maintain a unified foreign exchange market and continue efforts to reduce inflation towards single digits.

The National Education Loan Fund (NELFUND), which the government says now benefits more than 1.5 million students, is another part of the social response.

The reform scorecard is therefore less a declaration of victory than an account of a difficult transition.

The N30.64 trillion expenditure tells a broader story. It shows N9.39 trillion going into wages, N9.37 trillion into external debt service and N6.47 trillion into strategic infrastructure. It shows additional resources being deployed to electricity, social transfers and other public priorities.

It also shows that reform-generated resources were insufficient to meet the entire additional expenditure, requiring N10.236 trillion from existing government revenue.

The central challenge now is to ensure that the gains recorded in fiscal management, reserves, exchange-rate stability and economic growth become more visible in Nigerian homes.

As Mr. Oyedele put it, "We are not here to pretend these reforms were painless. We are here to show you, honestly and with the numbers, what they cost, the benefits they delivered, and the harm they prevented."


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EDITORIAL

Biotechnology Policy Must Move Nigeria From Research To Results

Nigeria's approval of the revised National Biotechnology Policy 2026 deserves more than a ceremonial welcome. It should mark the beginning of a deliberate effort to turn scientific knowledge into productive capacity, stronger industries and practical solutions to some of the country's most persistent challenges.

The policy replaces a framework introduced in 2001, at a time when biotechnology was at a very different stage of development. 25 years later, technologies such as gene editing, genomics, precision agriculture and advanced manufacturing have created opportunities that Nigeria cannot afford to ignore.

We believe the strongest value of the revised policy lies in its emphasis on commercialisation and technology transfer. Nigeria has no shortage of researchers, universities or scientific ideas. The recurring weakness has been the distance between research institutions and the marketplace.

Too many innovations remain within laboratories, academic papers or pilot projects without becoming products that can improve lives or create businesses.

The new policy should change that.

We urge the federal government to make implementation measurable. The success of the policy should not be judged by the number of research projects approved or conferences held. It should be measured by technologies commercialised, startups created, patents translated into products, jobs generated and industries strengthened.

Agriculture provides an immediate opportunity.

Precision agriculture and climate-smart biotechnology can help farmers respond to changing weather conditions, improve productivity and strengthen food security. Nigeria cannot continue to rely largely on traditional production methods while its population and food demand expand.

Healthcare is another area where biotechnology could deliver transformative gains. Genomics, improved diagnostics and other biotechnology applications can strengthen domestic research and reduce dependence on imported solutions.

We are of the opinion that the policy must also encourage stronger partnerships between government, universities, research institutions and the private sector. Government cannot commercialise biotechnology alone. Investors need predictable policies, researchers need funding and industries need incentives to adopt locally developed technologies.

The Nigeria Biotechnology Partnership, which formalises the country's participation in the Global Biotechnology Partnership, provides an important opening. We urge policymakers to use it to attract capital, expertise, technology and international partnerships that can strengthen local capacity rather than deepen dependence on foreign solutions.

There is also a human capital dimension.

Nigeria's young population can become an important asset in the biotechnology economy if skills development is treated as a central part of implementation. Training should extend beyond researchers to technicians, entrepreneurs, engineers, data specialists and other professionals required to build a modern biotechnology ecosystem.

We believe President Bola Ahmed Tinubu's approval provides the policy direction, but policy direction alone will not produce results. Sustained funding, transparent regulation, intellectual property protection, research infrastructure and incentives for private investment will determine whether the framework delivers.

The revised policy is therefore an opportunity to correct a long-standing gap in Nigeria's development story.

The country must move from celebrating scientific potential to building economic value from it. Biotechnology can support food security, healthcare, industrial production and environmental sustainability. But its greatest contribution will come when Nigerian discoveries leave the laboratory and enter farms, hospitals, factories and markets.

That should be the real measure of this new policy.

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

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 storytelling 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.

Nigeria's Growth Outlook Strengthens With Reserves Near $53bn

By Jennete Ugo Anya

Nigeria's economic recovery is showing signs of gaining firmer ground, with the Nigerian Economic Summit Group (NESG) projecting stronger growth in the second half of 2026 and external reserves rising to about US$53 billion by the end of the year.

The outlook, contained in the NESG's H1 2026 State of the Economy report, titled 'Turning Potential into Progress,' projects economic growth to accelerate to 4.5 percent in the second half, taking full-year gross domestic product (GDP) growth to approximately 4.2 percent.

It is a cautiously positive assessment. The projection suggests that recent improvements in macroeconomic stability could begin to translate more visibly into economic activity, although the country still faces structural constraints that could slow the pace of expansion.

The NESG expects growth to be supported by stronger performance across the oil, manufacturing, agriculture and services sectors.

The oil sector is expected to remain an important contributor. Higher domestic crude production, improved security conditions and the gradual implementation of upstream reforms are projected to sustain the sector's recovery.

Another development could prove particularly important for the broader economy: increased domestic refining.

Greater refining activity could raise industrial output while reducing Nigeria's dependence on imported refined petroleum products. Beyond saving foreign exchange, higher domestic refining capacity could strengthen the link between the oil sector and domestic manufacturing, transportation and other productive activities.

Manufacturing is also expected to maintain its growth momentum.

The NESG projects that lower inflation, greater exchange-rate stability and improved foreign-exchange liquidity will gradually ease some of the pressures confronting manufacturers. Better access to foreign exchange could allow businesses to plan imports of machinery and raw materials with greater certainty, while a more stable naira could improve business confidence.

But the recovery is not without obstacles.

Unreliable electricity supply, high borrowing costs, expensive logistics and weak domestic demand remain major constraints. These factors continue to raise production costs and limit the ability of businesses to expand at the pace required to generate broader employment and investment.

Agriculture presents another mixed picture.

The NESG expects improved rainfall and favourable harvest conditions to support crop production and ease some food supply pressures. However, insecurity in major food-producing regions remains a serious risk. Flooding and other climate-related disruptions could equally reverse some of the expected gains.

The services sector is projected to remain the principal engine of growth.

Financial services are expected to benefit from bank recapitalisation, stronger credit intermediation and improved investor confidence. The information and communications technology sector should also continue to expand as digital adoption, data consumption and telecommunications infrastructure investment increase.

The external sector provides another reason for cautious optimism.

The NESG projects that Nigeria's external reserves could rise to about US$53 billion by year-end, supported by higher crude oil production, favourable oil prices, stronger non-oil exports and sustained current-account surpluses.

The reserve position is already approaching that level.

Central Bank of Nigeria Governor, Olayemi Cardoso, recently reported that gross external reserves had risen to US$52.52 billion as of July 17, from US$50.47 billion at the end of May. He attributed the increase mainly to receipts from crude oil-related taxes and third-party inflows.

The improvement in reserves could provide an additional buffer for the foreign-exchange market.

According to the NESG, stronger investor confidence, increased foreign portfolio inflows and higher diaspora remittances through formal channels should further support foreign-exchange liquidity. Continued reforms in the foreign-exchange market could also help narrow the gap between official and parallel-market rates.

For businesses and investors, greater exchange-rate stability matters because it improves predictability. It can reduce speculative demand for foreign currency and make it easier for companies to plan investment, pricing and production.

The NESG also expects continued monetary policy discipline to reinforce these gains.

Yet inflation remains the major pressure point.

The think-tank projects inflation to average 15.5 percent in the second half of 2026 and across the full year. Persistent insecurity in farming communities, flooding, high transportation costs, seasonal demand and relatively high energy costs are expected to keep prices elevated.

The NESG projects that lower inflation, greater exchange-rate stability and improved foreign-exchange liquidity will gradually ease some of the pressures confronting manufacturers

Some of these pressures could, however, be moderated by exchange-rate stability, the delayed impact of tighter monetary policy and favourable base effects.

The emerging picture is therefore neither one of an economy that has fully turned the corner nor one trapped in stagnation. It is an economy gradually building stronger foundations for expansion while confronting bottlenecks that have constrained productivity for years.

The projected 4.2 percent full-year growth, alongside reserves approaching US$53 billion, would represent meaningful progress if sustained. But the quality of that growth will matter as much as the headline numbers.

NDIC Protects Depositors, Continues Payments For 46 Revoked MFBs

Mr Thompson Oludare, MD/ CEO of NDIC

By Jennete Ugo Anya

The Nigeria Deposit Insurance Corporation (NDIC) has assured depositors of 46 microfinance banks (MFBs) whose licences were revoked by the Central Bank of Nigeria (CBN) that their eligible deposits remain protected as payment of the guaranteed portion continues.

The assurance comes as the corporation intensifies efforts to settle eligible depositors following the CBN's revocation of the licences on July 1, 2026.

Managing Director (MD)/ Chief Executive Officer (CEO) of the NDIC, Mr Thompson Oludare, said the payment exercise was already underway, although the corporation could not provide a final figure for the number of depositors who had received their funds.

He explained that the process remained dynamic because new eligible depositors were still being identified and processed.

"As we speak, we have started paying the depositors. That is the guaranteed portion of their deposits. It is an ongoing process," Mr. Oludare said.

The NDIC chief spoke at a three-day workshop for senior management and executive staff of the corporation, organised in collaboration with the Bureau of Public Procurement (BPP).

The payment process is being driven by technology, with the corporation leveraging Bank Verification Numbers (BVNs) in collaboration with the Nigeria Inter-Bank Settlement System (NIBSS).

Under the arrangement, the NDIC identifies affected depositors through their BVNs and locates alternative bank accounts linked to them. The guaranteed deposits can then be transferred directly into those accounts.

The approach is designed to remove some of the administrative burden associated with deposit verification.

"All we need to do is to make sure that the accounts that have BVNs, that's the Bank Verification Number

The purpose of deposit insurance is to ensure that customers are not left entirely exposed when they do

identified, and in collaboration with the NIBSS, Nigeria Inter-Bank Settlement System, we identify their alternative accounts in other banks and pay them seamlessly without their having to come to us for verification," Mr. Oludare explained.

For depositors affected by the licence revocations, the use of existing banking records could make the process faster and more convenient. It also reinforces the importance of financial identification systems in strengthening consumer protection and the resilience of the banking system.

The NDIC chief said the ongoing payments were consistent with the corporation's core mandate of protecting depositors and maintaining confidence in Nigeria's financial system.

Financial institution failures, he noted, are undesirable but can occur. The purpose of deposit insurance is to ensure that customers are not left entirely exposed when they do.

"Our expectation is that you have a country where deposit insurance is pervasive, where people know that their deposits with the banks are guaranteed and safe," he said.

"We do not expect institutions to fail, but then it is a fact of life. Just as people will die, some institutions will fail. But when they do, we want depositors to be sure that they are covered by the NDIC."

The assurance is particularly important for customers of microfinance banks, which play a significant role in providing financial services to individuals, small businesses and underserved communities.

A disruption in such institutions can affect not only individual savings but also the working capital of small businesses that depend on MFBs for access to financial services.

By continuing the payment of guaranteed deposits, the NDIC is seeking to limit the wider impact of the bank failures and prevent loss of confidence from spreading across the financial system.

The workshop also highlighted another aspect of the government's broader effort to improve public-sector financial management.

Director-General (DG)/ CEO of the BPP, Dr. Adebowale A. Adedokun, disclosed that the federal government saved N400 billion in the first six to seven months of 2026 through its price intelligence and benchmarking system.

He said the mechanism had generated N1.1 trillion in savings for government in 2025.

The system allows the BPP to assess procurement requests and project costs submitted by government agencies against prevailing market prices before approval. Where proposed costs appear excessive, the bureau can subject them to further scrutiny and help reduce procurement expenditure.

Dr. Adedokun said the savings represented funds that could otherwise have been spent on inflated procurement costs and could instead remain available to government agencies for other priorities.

Beyond the financial savings, he said price intelligence was changing behaviour across the procurement system by increasing awareness among contractors and government institutions.

"The most important thing is the awareness that has been brought into the system, the technical prudency that has been produced is beginning to give governments not only savings and also demanding that contractors do a good job," he said.

The two developments discussed at the workshop point to a wider focus on protecting public resources and strengthening institutional systems.

For the NDIC, that means ensuring depositors are protected when financial institutions fail. For the BPP, it means ensuring public funds are spent at reasonable market prices.

Tinubu's FAAC Reforms Give States More Money, Raising Pressure For Better Results

By Caroline Ameh

For Nigeria's 36 state governments, one of the clearest consequences of President Bola Ahmed Tinubu's economic reforms is the dramatic increase in money flowing from the Federation Account. The change has altered the fiscal capacity of states and, with it, the expectations placed on governors to deliver better roads, schools, healthcare, security, water, jobs and other public services.

The shift is striking. In June 2023, shortly after Tinubu assumed office, state governments received N295.948 billion from the Federation Account, while oil-producing states received N47.478 billion in derivation revenue. Total distributable revenue to the three tiers of government was N907.054 billion.

By June 2026, states received N838.21 billion from the Federation Account, while oil-producing states received an additional N197.61 billion in derivation revenue. Total revenue shared among the federal government, states and local governments reached about N2.55 trillion. The basic allocation to states was therefore almost three times what states received in June 2023.

The May 2026 distribution further illustrates the scale of the opportunity. States received N759.141 billion from the distributable pool, while oil-producing states received N188.132 billion as derivation revenue. Total distributable revenue stood at N2.3 trillion.

The figures are not simply a record of higher transfers. They represent a significant change in the fiscal relationship between the federal government and the sub-national governments, and they raise a more demanding question: what are states doing with the additional money?

The Fiscal Effect Of Tinubu's Reforms

The administration argues that subsidy removal, foreign-exchange reforms and stronger revenue mobilisation have improved fiscal sustainability and increased resources available to all three tiers of government. The wider reform story supports that argument, with stronger revenues accompanying a period of economic adjustment.

But higher nominal allocations do not automatically mean equivalent increases in purchasing power. Nigeria has experienced severe inflation since the reforms began. Construction materials, transport, food, salaries, medical supplies and other government expenses have become substantially more expensive.

Consequently, a state receiving substantially more naira today does not necessarily possess the same proportionate increase in real spending capacity. Even so, the scale of the increase changes the accountability equation.

Before the current administration, inadequate federal transfers were frequently cited by state governments as a major constraint on development. With allocations now considerably higher, that explanation carries less weight. The new challenge is fiscal conversion: turning revenue into visible public value.

A state receiving hundreds of billions of naira annually should be able to demonstrate measurable improvements in basic infrastructure and services. Roads should become more functional. Primary healthcare should improve. Schools should receive better facilities and learning resources. Water systems should become more reliable. Agricultural infrastructure should support production. Security interventions should create safer environments for communities and businesses.

The test is not simply how much money a governor receives. It is how much of that money reaches citizens.

More Money Does Not Automatically Mean More Development

The increase in Federation Account Allocation Committee (FAAC) receipts cannot by itself guarantee prosperity. A governor can receive substantially more money and still produce little improvement in citizens' lives if additional resources are absorbed by recurrent expenditure, debt obligations, administrative costs or inefficient spending.

The greater danger is that a temporary revenue improvement could create the illusion of fiscal strength without building sustainable state economies.

The more productive option is to direct a meaningful proportion of additional revenue towards investments capable of expanding economic activity and future internally generated revenue. Agriculture and agro-processing, industrial clusters, transport infrastructure, tourism, digital infrastructure, housing, healthcare, education and skills development can create productive capacity beyond the immediate government budget. That would give FAAC receipts a multiplier effect.

The Citizen Remains The Real Scorecard

This sub-national fiscal opportunity must be understood within the wider economic record of the Tinubu administration. When he declared on May 29, 2023 that fuel subsidy was gone, petrol prices rose sharply, the naira weakened, transportation became more expensive and food prices climbed. For a government that came into office under the banner of Renewed Hope, the first months often felt more like renewed hardship.

Three years later, however, the reform story is more complicated.

Nigeria's real gross domestic product (GDP) grew 3.89 percent year-on-year in Q1 2026, compared with 3.13 percent in Q1 2025, while the International Monetary Fund (IMF) projects 4.1 percent growth for 2026.

Yet GDP growth tells only part of the story. Inflation has fallen from its previous peak, but prices remain substantially higher than when Tinubu took office. Falling inflation does not mean falling prices; it means prices are rising more slowly.

That distinction matters politically because citizens experience government through the price of food, transport and rent, the condition of roads, the availability of electricity, the quality of public hospitals and schools, and the safety of their farms and communities.

A state receiving hundreds of billions of naira annually should be able to demonstrate measurable improvements in basic infrastructure and services

The same contradiction can now be applied to the states. If state revenues have increased dramatically while citizens continue to experience deteriorating roads, weak public healthcare, poor schools, insecurity and inadequate basic services, the size of FAAC allocations becomes less impressive.

The 2027 Question

The fiscal gains therefore feed directly into the political question confronting Tinubu. The cost-of-living crisis remains his biggest vulnerability.

If reforms begin producing visibly better household incomes before February 2027, Tinubu can argue that Nigerians endured the difficult phase and are beginning to enjoy the benefits. If prices remain painfully high while wages lag behind, the opposition will have a simpler message.

Yet the same electoral test applies to governors. The federal government can argue that difficult reforms have strengthened the fiscal foundation of the federation, but state governments now carry a larger part of the burden of proof.

Our Preliminary Verdict

Three years into the Tinubu presidency, it would be intellectually dishonest to describe the administration as either a complete success or an outright failure. It has achieved genuine macroeconomic and structural reforms, but also imposed genuine economic pain.

The most consequential fiscal change for the states may be the expansion of FAAC receipts. The movement from N295.948 billion received by states in June 2023 to N838.21 billion in June 2026 is too substantial to be treated merely as a statistical improvement. It changes what citizens can reasonably demand from their governors.

The central question is no longer simply whether Nigeria's states have enough money to govern. Increasingly, it is whether they are using the money effectively enough to change the lives of the people who provide the justification for government expenditure.

If higher allocations produce better infrastructure, stronger human capital, improved security, greater economic activity and better public services, citizens may eventually see the reforms as having created tangible benefits.

If additional revenue produces mainly larger budgets without corresponding improvements in living standards, the FAAC windfall will become another example of Nigeria's long struggle to convert public revenue into broad-based development.

Ultimately, the Tinubu reform story will be judged not only in Abuja or in macroeconomic statistics, but in the states where federal revenue becomes roads, schools, hospitals, water, security and jobs.

For the states, the era of saying there is simply not enough money is becoming less convincing. The more difficult question now is what they do with what they have.

Homebuyers Share Experiences As Stakeholders Deepen MREIF Mortgage Conversations

By Musa Ibrahim

Stakeholders at the engagement

For Nigerians seeking to own homes, the journey is often defined by more than property prices and mortgage rates. It involves navigating financing, documentation, bank processes and the long wait between securing a mortgage and finally moving into a home.

Those realities came into focus at Lakowe Lakes Golf & Country Estate, Lagos State, where homebuyers, financial institutions and stakeholders across the mortgage value chain gathered to share experiences and discuss how the MREIF mortgage programme can make homeownership easier for more Nigerians.

The engagement, convened by the Ministry of Finance and the Real Estate Investment Fund (MREIF), provided beneficiaries with an opportunity to speak about their experiences, from accessing mortgage financing and interacting with banks and partner financial institutions to completing the process and settling into their new homes.

For many participants, the conversation went beyond the technical details of mortgage financing. It was an opportunity to reflect on what becoming a homeowner means for individuals and families.

Their feedback also gave programme managers and financial institutions a clearer picture of how the mortgage process works in practice, the challenges beneficiaries encounter and where greater coordination could improve the experience for future homebuyers.

At the centre of these conversations is MREIF, an initiative designed to deepen access to long-term mortgage financing and connect more Nigerians to opportunities for homeownership.

Dr Armstrong Takang, Managing Director and Chief Executive Officer of the Ministry of Finance Incorporated (MOFI), has been central to the broader institutional drive to mobilise capital for productive sectors, including housing.

MOFI's role is particularly important because Nigeria's housing challenge is not only about the availability of homes. Affordability and access to sustainable long-term financing remain major barriers for many households.

MREIF seeks to address that gap by providing mortgage financing that enables eligible Nigerians to purchase homes and repay over time.

The programme has already recorded significant reach.

To date, MREIF has disbursed more than N130 billion in mortgage financing to over 1,900 Nigerians across the country's six geopolitical zones.

Behind those figures are families that have moved from aspiring to own homes to actually possessing them.

That human dimension was evident throughout the engagement. For beneficiaries, the value of mortgage financing is ultimately measured by the ability to secure a home, establish greater stability and build an asset that can support their families over time.

Wale Odutola, Group Chief Executive Officer of ARM, the Fund Manager, described the interaction with homebuyers as an important part of the continuing conversation around MREIF, its value to Nigerians and how the programme can support more people on their journey to homeownership.

The emphasis on direct engagement is significant.

A mortgage programme can be well designed from a financial and policy perspective, yet the real test is how effectively it works for the people using it. Issues around documentation, communication with lenders, disbursement timelines, property selection and the transition into completed homes can shape the beneficiary experience.

Listening to homebuyers provides stakeholders with information that financial data alone cannot capture.

It can also help strengthen trust in the mortgage ecosystem.

For prospective beneficiaries, the experiences of existing homeowners can provide practical insight into what the process entails. Financial institutions can use the feedback to improve service delivery and communication, while policymakers and programme managers can identify areas requiring adjustment.

Homes must also be affordable and accessible to households through financing arrangements that reflect their capacity to repay

This makes sustained dialogue an important part of expanding the programme.

Nigeria's housing deficit remains a major development challenge, but increasing housing supply alone will not resolve it. Homes must also be affordable and accessible to households through financing arrangements that reflect their capacity to repay.

This is where a stronger mortgage ecosystem becomes critical.

Government provides policy direction and institutional support. Financial institutions facilitate access to credit. Developers provide housing stock, while institutional investors can supply the long-term capital required to make mortgage financing more sustainable.

Homebuyers, meanwhile, provide the demand that connects the entire system.

MREIF is positioned within this ecosystem as a mechanism for bringing institutional capital closer to Nigerians seeking mortgage financing.

The Lagos engagement demonstrated that expanding the programme will require more than increasing the amount of money available. It will also require continuous learning from the people who have already used it.

Beneficiaries shared their experiences, while stakeholders examined the challenges and opportunities that emerged from those experiences.

That feedback could help improve the delivery of mortgage financing and strengthen coordination among the different participants in the housing value chain.

The significance of the programme is ultimately found in what happens after financing is approved.

It is the family receiving the keys. It is the homeowner moving into a property after years of planning. It is the ability to build an asset and establish a more secure foundation for the future.

With more than N130 billion already disbursed to over 1,900 Nigerians across the six geopolitical zones, MREIF has created a growing community of beneficiaries whose experiences can inform its next phase.

BOI Bond Oversubscription Signals Stronger Investor Confidence In Nigeria

By Majeed Salaam

The successful N250 billion bond issuance by the Bank of Industry (BOI) is emerging as more than a fundraising milestone. It is a fresh indication that confidence in Nigeria's domestic capital market is strengthening, with institutional investors showing appetite for long-term assets capable of supporting productive economic activity.

Within just five working days, BOI's Series 1 Fixed Rate Bond was oversubscribed, drawing strong demand from investors. The transaction was issued through BOI Financing SPV Plc under the bank's $1 billion Multi-Currency Instruments Programme.

For a Development Finance Institution whose mandate is tied directly to industrial growth, the significance goes beyond the amount raised.

Chief Executive Officer of BOI, Dr. Olasupo Olusi, attributed the strong investor response partly to the leadership and support of President Bola Ahmed Tinubu, particularly the executive approval of incentives designed to encourage investment.

"The strength of the investor response is a vote of confidence not only in BOI, but also in the capacity of Nigeria's domestic capital market to mobilise long-term capital for productive investment," he said.

He stated that the bank could not have secured such strong demand within five working days without the support of the President.

"As a Development Finance Institution, we could not have received the strong investor demand for the bond in five working days without the support of President Tinubu, who gave his executive approval for various incentives to encourage investors," he said.

That intervention, according to the BOI chief, provided leverage and sent a positive signal to investors assessing opportunities in the Nigerian market.

The development comes at a time when access to affordable, long-term capital remains critical to businesses facing elevated financing costs. Manufacturers, exporters, infrastructure developers and other productive enterprises require patient capital to expand capacity, invest in technology and create jobs.

This is where the transaction could have its most important economic impact.

BOI said proceeds from the bond will strengthen its capacity to provide long-term financing to eligible enterprises across priority sectors. The expected result is greater investment in productive capacity, local value addition, employment creation and economic diversification.

President Tinubu has also approved a N100 billion fund for BOI. Dr. Olusi said the fund would be deployed to blend the pricing of the bond and cushion the effect of high interest rates on manufacturers and other BOI customers.

That measure is significant because the cost of capital remains one of the major constraints confronting businesses seeking to expand. If the intervention allows BOI to offer financing on more favourable terms, its impact could extend beyond the financial markets into factories, supply chains and the wider economy.

The bond also represents a shift in the way BOI is building its funding base.

The bank has an established record in international capital markets. Its latest transaction deepens its engagement with domestic institutional investors and demonstrates the potential of Nigeria's capital market to mobilise long-term savings for development purposes.

For the wider economy, this matters.

A functioning domestic market for long-term capital reduces excessive dependence on short-term funding and creates another channel through which institutional savings can be directed towards productive investment. Pension funds, asset managers, insurance companies and other institutional investors can play a larger role in financing enterprises when credible instruments are available.

The quality and breadth of demand for the BOI bond therefore offer an important market signal.

Dr. Olasupo Olusi, Chief Executive Officer of BOI

The bank has an established record in international capital markets. Its latest transaction deepens its engagement with domestic institutional investors...

Investors are not merely providing capital. Their participation indicates willingness to commit funds to an institution whose financing ultimately supports businesses and sectors considered important to national development.

BOI has, however, cautioned against premature conclusions on final subscription and allotment figures. The bank and its transaction advisers said the figures should not be disclosed at this stage because final allotment remains subject to approval by the Securities and Exchange Commission (SEC), while the transaction is still progressing towards completion.

The immediate significance, therefore, lies in the strength of investor demand, the pricing achieved and the breadth of the investor base.

For BOI, the successful issuance strengthens its position as a credible and repeat capital-markets issuer. For Nigeria, it provides another demonstration that domestic institutional capital can be mobilised at scale for productive purposes.

The bigger test now is what happens after the bond is raised.

Investor confidence becomes economically meaningful when it translates into cheaper and longer-term financing for businesses, new production lines, stronger domestic value chains and more jobs.

That is the real opportunity before BOI.


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FG Says Fuel Subsidy Removal Reduced Borrowing Pressure

By Majeed Salaam

The federal government has clarified that the removal of petrol subsidy did not create a sudden cash windfall for the government, but reduced the fiscal pressure that would have forced it to borrow even more to keep the subsidy regime alive.

The explanation is contained in the Federal Ministry of Finance publication, Nigeria's Economic Reforms: By the Numbers, which provides the government's rationale for some of the major economic decisions taken under the current administration.

The clarification comes amid continuing debate over what Nigeria actually gained financially from the removal of petrol subsidy and how the resulting resources have been deployed.

According to the ministry, the reform should not be interpreted as the government suddenly having trillions of naira in free cash. Its immediate fiscal benefit was the removal of a large expenditure obligation and, consequently, a reduction in the amount of additional borrowing that would otherwise have been necessary.

"Subsidy removal, therefore, cut the borrowing that would otherwise have been needed. All borrowing remains subject to National Assembly approval," the government stated.

The distinction is important in understanding the fiscal impact of the reform.

By early 2023, the government said the cost of maintaining the subsidy had become increasingly difficult to sustain. A full year of petrol subsidy was projected at about N6.7 trillion, equivalent to roughly 70 percent of federal revenue.

The 2023 budget had provided for only six months of subsidy payments, suggesting that the fiscal authorities were already confronting the limits of the policy before its eventual removal.

The government argued that maintaining the subsidy was no longer compatible with the country's fiscal realities.

It also maintained that the system disproportionately benefited wealthier households and cross-border smugglers rather than the poorest Nigerians. While acknowledging that a phased removal would have been preferable, the government said the country lacked sufficient fiscal space to sustain such an approach.

The immediate consequence was a major shift in how resources from the petroleum sector flow through government finances.

Rather than being absorbed by petrol subsidy payments, the resources became available through the Federation Account, from which the Federal Government, states and local governments receive allocations.

The ministry stressed that states and local governments were major beneficiaries of increased Federation Account allocations. The additional resources, it said, supported salaries, pensions, infrastructure and other public services.

This means the fiscal impact of subsidy removal cannot be assessed solely by examining the federal government's finances. The reform changed the distribution and availability of public resources across the three tiers of government.

The federal government also said increased revenue did not eliminate the need for borrowing.

This was because government spending requirements continued to exceed available resources, particularly as the administration pursued major infrastructure investments.

About N6.47 trillion in additional spending was directed towards strategic infrastructure, including the Lagos-Calabar Coastal Highway, Sokoto-Badagry Superhighway and Trans-Sahara Superhighway.

The government said the projects are intended to address infrastructure constraints, improve connectivity and support investment and economic growth.

The explanation also touches on the controversial N7.13 trillion energy-security expenditure recorded by the Nigerian National Petroleum Company Limited (NNPCL) in 2024.

The expenditure appeared in NNPCL's audit report released in November 2025, although the company did not specify its purpose. Some analysts have associated the expenditure with subsidy-related payments or measures to protect gas pipelines.

The Finance Ministry's position is that the broader fiscal picture must be considered when assessing the effects of the reforms.

The government has also defended another major policy decision: the move to float the naira.

According to the ministry, the reform was necessary because the previous multiple-exchange-rate system had become vulnerable to arbitrage and patronage.

The government said net foreign reserves had fallen to critically low levels, while unmet foreign-exchange obligations had exceeded $7 billion. Under those conditions, continuing to defend the official exchange rate was considered unsustainable.

Quotes of the Week

Indermit Gill, Senior Vice President/ Chief Economist of the World Bank Group

AI can help solve important problems involving narrow tasks even when local computing power is limited, electricity is unreliable, and internet service is dodgy. Small AI models can be constructed to run offline on just about any hardware.

Ibrahim Shelleng, SSA to the President on Climate Finance/ Stakeholder Engagement

What we still lack is a sufficiently reliable bridge between policy commitments and investable transactions. And that is the gap we must now close.

Comrade Akanni Oladiti, NUPENG President

We've seen real progress in the rehabilitation of federal highways, making journeys safer for our tanker drivers. Mr. President, your administration has turned federal highways into massive construction sites.

Nigeria, UAE Deepen Economic Ties As Trade Hits $5bn

By Ahmed Ahmed

Nigeria and the United Arab Emirates (UAE) are moving to deepen their economic relationship as bilateral trade between both countries reached about US$5 billion in 2025.

The latest engagement reflects a broader effort by both countries to strengthen trade and investment, improve connectivity and expand cooperation in emerging technologies.

The development followed a meeting in Abuja between Nigeria's Minister of State for Foreign Affairs, Ambassador Sola Enikanolaiye, and the UAE Ambassador to Nigeria, Salem Saeed Alshamsi.

According to the spokesperson of the Ministry of Foreign Affairs, Kimiebi Ebienfa, the discussions covered bilateral trade, investment, economic cooperation, connectivity, emerging technologies and people-to-people relations.

The growth in trade has been significant.

According to the UAE side, bilateral trade rose from approximately US$3 billion to US$4.3 billion in 2024 before reaching about US$5 billion in 2025.

The figures point to a steadily expanding commercial relationship between two economies with strong potential for deeper cooperation.

Alshamsi reaffirmed the readiness of the UAE Embassy to work closely with Nigeria's Ministry of Foreign Affairs to advance shared interests. He expressed optimism that stronger political relations would create further opportunities for trade and investment.

A major issue discussed was the UAE-Nigeria Comprehensive Economic Partnership Agreement (CEPA).

The UAE Ambassador said his country had ratified the agreement and expressed hope that Nigeria would complete its own processes to enable implementation.

For Nigeria, CEPA could provide another platform for expanding market access, attracting investment and strengthening commercial links with one of the Middle East's major trading and investment centres.

Enikanolaiye reaffirmed Nigeria's commitment to concluding the necessary processes for implementation.

He also called for the early convening of the Nigeria-UAE Joint Commission, which he said would provide an opportunity to address outstanding issues and identify new areas of cooperation.

The Nigerian government sees stronger economic relations with the UAE as consistent with its economic diplomacy priorities.

The Minister of State welcomed the growth in non-oil trade and investment and highlighted the importance of diversifying Nigeria's export markets while promoting manufacturing, services, technology and financial technology.

The Nigerian government sees stronger economic relations with the UAE as consistent with its economic diplomacy priorities

That focus is particularly relevant as Nigeria seeks to reduce excessive dependence on crude oil earnings and expand sectors capable of generating jobs, foreign exchange and domestic value.

Investment from the UAE could play a role in that transition.

Both sides identified infrastructure, technology, energy and financial services as areas with significant potential for increased investment. The discussions also recognised the growing opportunities presented by artificial intelligence, digital technology and other emerging technologies.

Nigeria expressed particular interest in knowledge transfer, skills development and capacity building for young Nigerians.

The emphasis on skills is important because investment in technology creates its greatest domestic value when local businesses and workers can participate in the emerging value chains.

Rather than focusing solely on capital inflows, cooperation in artificial intelligence and digital technology could give Nigerian entrepreneurs and professionals access to expertise, networks and new markets.

A stronger relationship could also benefit Nigeria's aviation and tourism sectors.

The UAE side highlighted the proposed commencement of Emirates Airline operations in Abuja and ongoing consultations with Nigerian authorities to strengthen aviation connectivity.

Improved air links would make movement between both countries easier for investors, businesses, tourists and other travellers. It could also support trade by reducing the practical barriers associated with doing business across borders.

People-to-people relations formed another part of the discussions.

Both countries welcomed progress in resolving previous visa-related challenges, which had affected movement between Nigeria and the UAE. Easier travel could support business engagement, tourism, investment and other forms of interaction.

The latest discussions therefore go beyond trade statistics.

The rise from about US$3 billion in bilateral trade to US$5 billion in 2025 demonstrates that the relationship already has a substantial commercial base. The challenge is to turn that growth into a deeper and more diversified economic partnership.

For Nigeria, the opportunity lies in attracting investment that expands domestic production, strengthens infrastructure, develops human capital and opens new export markets.

For the UAE, Nigeria offers access to one of Africa's largest consumer markets and a growing digital and services economy.

The proposed CEPA, stronger aviation links, technology cooperation and renewed institutional engagement could provide the framework for the next phase of the relationship.

Both sides have expressed confidence that sustained political engagement and closer economic cooperation will produce greater benefits for their citizens.

The direction is clear. Nigeria and the UAE are seeking to move beyond a relationship measured largely by trade volumes towards one built around investment, technology, connectivity and shared economic opportunity.

FG Deepens Fibre Investment To Expand Nigeria's Digital Economy

Dr. Bosun Tijani, Honourable Minister of Communications, Innovation and Digital Economy

By Anita Dennis

The federal government is stepping up investment in Nigeria's digital infrastructure as it advances plans to expand and strengthen a 90,000-kilometre fibre-optic network across the country.

The project is expected to significantly improve connectivity and provide a stronger foundation for Nigeria's digital economy. The government also expects the expansion to enhance the country's competitiveness in a global economy where access to reliable digital infrastructure increasingly determines how businesses operate, innovate and grow.

Honourable Minister of Communications, Innovation and Digital Economy, Dr. Bosun Tijani, disclosed the development in Abuja last Thursday at the National Innovation Hub Standards Framework Workshop.

According to the Honourable Minister, the fibre-optic project is expected to be substantially advanced by December. When completed, Nigeria's fibre network would rank among the longest on the African continent.

The investment comes as the federal government seeks to build the infrastructure required to support a wider digital transformation across sectors.

Dr. Tijani said Nigeria now has a clearer understanding of how technology can transform society and accelerate development, but stressed that meaningful progress depends on building the right foundation.

He identified three layers through which technology supports societal growth.

The first is foundational digital infrastructure, which includes fibre-optic networks, satellites, telecommunications towers, data centres, power and connectivity. These provide the physical infrastructure required for digital services to function.

The second layer consists of technology systems and frameworks that allow individuals, businesses and institutions to build and exchange digital solutions. Digital identity, data exchange systems and interbank settlement platforms are examples.

The third layer is where innovators operate, developing applications and services that improve businesses, public services and the daily lives of citizens.

For Nigeria, strengthening the first two layers could determine how far the country's innovation ecosystem can grow.

Dr. Tijani pointed to Nigeria's experience in telecommunications and financial technology as evidence. The liberalisation of the telecommunications sector in 1999 attracted substantial investment in telecommunications towers and fibre-optic networks, helping to establish the infrastructure on which the country's digital economy has expanded.

That foundation has contributed to Nigeria becoming one of Africa's leading fintech markets and producing technology companies valued at more than $1 billion.

The government is now looking to extend that success beyond established technology centres.

The National Innovation Hub Standards Framework is part of this effort. It is designed to strengthen the innovation ecosystem by establishing standards that can guide the development and operation of innovation hubs across the country.

Director-General of the National Information Technology Development Agency (NITDA), Kashifu Inuwa, said the validation of the framework represents an important step towards spreading innovation more evenly across Nigeria.

"Innovation does not happen in isolation, it happens in an ecosystem and that ecosystem does not happen by accident, it happens by design," Inuwa said.

He explained that while innovation ecosystems can develop organically in some locations, other areas require deliberate intervention to create the conditions for startups and innovators to thrive.

NITDA data shows that Nigeria currently has 339 innovation hubs, with a significant concentration in Lagos and Abuja and only 10 other states hosting hubs.

The uneven distribution presents both a challenge and an opportunity.

Concentrating innovation infrastructure in a few major cities can limit access for entrepreneurs in other parts of the country. Standardising hubs and supporting their development across more states could give startups outside the traditional technology centres greater access to mentorship, infrastructure, networks and investment.

This decentralisation could also help government identify and develop solutions based on local challenges.

Hilda Ayejimiwo, Senior Programme Manager at the Embassy of Denmark, welcomed the standards framework, describing it as a significant development that could improve the quality and capacity of innovation hubs.

She said a common national benchmark would give government, development partners and other stakeholders a basis for coordinated and evidence-based support for innovation hubs.

But the success of the framework will depend on collaboration.

Victoria Fabumi, National Coordinator of the Office for Nigerian Digital Innovation (ONDI), said the framework would strengthen hubs responsible for supporting and nurturing startups while helping decentralise innovation across the country.

The broader strategy is clear. Nigeria cannot build a globally competitive digital economy by focusing only on applications and startups. The infrastructure beneath them must also be reliable, affordable and widely accessible.

The planned 90,000-kilometre fibre-optic network therefore has significance beyond telecommunications. It is a foundation for digital education, financial services, healthcare, agriculture, public services and emerging technologies.

Reforms Nuggets

Nigeria's Inflation Rate Falls To 15.43%

Nigeria's headline inflation rate continued its downward trend in July 2026, falling to 15.43 percent from 15.91 percent in June.

The latest figure was contained in the Consumer Price Index report released by the National Bureau of Statistics (NBS) last Monday.

Here are the key takeaways from the latest inflation data:

- Headline inflation declined: Nigeria's inflation rate dropped by 0.48 percentage points from 15.91 per cent in June to 15.43 percent in July 2026.
- Inflation fell sharply year-on-year: The July 2026 rate was significantly below the 24.94 per cent recorded in July 2025, pointing to a substantial moderation in the annual pace of price increases.
- Monthly inflation also eased: Inflation stood at 1.57 percent month-on-month in July, compared with 1.66 per cent in June. This indicates that prices continued to rise, but at a slightly slower pace.
- Food prices remain a concern: Despite the decline in headline inflation, food prices continued to put pressure on households. Food inflation rose by 5.56 percent month-on-month in July.
- Household purchasing power remains under pressure: The rise in monthly food prices means many households may continue to face higher costs for essential items despite the broader moderation in annual inflation.
- Economic reforms continue to shape the trend: The latest figures come amid ongoing efforts by the Federal Government and monetary authorities to stabilise the economy, improve macroeconomic conditions and reduce inflationary pressures.
- Businesses could benefit: Sustained moderation in inflation could provide greater certainty for businesses by making it easier to plan production, pricing, investment and operating costs.
- Consumers could see gradual relief: While the annual inflation rate is falling, the continued increase in food prices shows that the improvement is not yet evenly felt across household spending categories.
- The trend remains significant: The decline in inflation strengthens the emerging picture of easing price pressures, although food costs remain a major challenge for household welfare.

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Poverty, Reform And The Problem Of Causation Part 2

REFORM TALKS
with
Tanimu Yakubu

The counterfactual that must be faced

Any fair judgment of economic reform has to ask what would probably have happened without it. The comparison is not between Nigeria today and an imaginary country in which years of accumulated problems disappeared at no cost. It is between the course now being taken and a continuation of the policies that came before it.

Would keeping the costly fuel subsidy, multiple exchange rates, severe foreign-exchange shortages, deficit monetisation, weak reserves and worsening investor confidence really have produced lower inflation, more investment, stronger public finances and less poverty? The "despite reforms" argument needs that claim to be true, but the evidence it cites does not prove it. The World Bank and IMF instead describe the earlier policy mix as a source of distortion and the later reforms as part of the improvement in macroeconomic conditions.

None of this means reform is painless, well sequenced in every respect or beyond criticism. Removing a subsidy raises prices immediately, while the benefit to public finances may take much longer to show up in services people can see. Exchange-rate reform can raise the naira cost of imports before exporters and investors have time to respond. Higher interest rates can weaken demand before lower inflation restores purchasing power. These costs are real. But they do not show that the old arrangements could have been sustained indefinitely.

Nigeria was not choosing between reform and an easy life. It was choosing between confronting problems that had accumulated for years and allowing them to grow until the eventual correction became even more painful.

Poverty is a structure, not a single price

Nigeria's poverty cannot be explained by one fuel price, one exchange rate, one tax decision or one monetary policy move. It is rooted in low productivity, weak education and health outcomes, insecurity, rapid population growth, poor agricultural yields, unreliable power and transport, limited access to finance, too few formal jobs and large regional gaps in opportunity.

Macroeconomic reform cannot solve all of these problems by itself. But a government that is losing revenue, rationing foreign exchange and financing deficits in ways that worsen inflation has less room to solve them. Stabilisation does not equal development. It gives development a firmer base from which to proceed.

This is where the reforms must become visible in everyday life. Electricity must allow businesses to produce at lower cost. Roads and rail must move goods to market. Security must allow farmers to return safely to their land. Schools must teach children effectively. Healthcare must stop illness from wiping out household savings. Cash support must reach people who cannot wait for growth to improve their incomes. And jobs must be real, lasting and decently paid.

If these improvements do not follow, then the reforms will not have delivered what Nigerians were entitled to expect from them. But the fact that they have not yet gone far enough is a reason to finish the work, not to restore the distortions the country is trying to leave behind.

Progress must not become propaganda

A defence of reform loses credibility if it talks past the hardship people are living through. Growth of about four per cent is better than before, but it is still too weak to transform living standards rapidly in a country with a fast-growing population. Stronger reserves do not feed a family. A smaller deficit does not raise a worker's pay. Higher government revenue improves welfare only when it becomes reliable power, roads, schools, hospitals, security, productive investment and effective support for people in distress.

Macroeconomic reform cannot solve all of these problems by itself

The World Bank's April 2026 Nigeria Development Update records continuing high inflation and weak living standards even as macroeconomic conditions improve. That is not an argument for reversing reform. It is an argument that the gains have not yet reached households quickly or widely enough.

That leads to two very different policy choices. If the reforms themselves created the poverty crisis, then reversing them would make sense. But if they have corrected major weaknesses while jobs, productivity and household incomes have been too slow to respond, then the answer is to make the reforms work better and faster for people. The material cited by the article points much more strongly to the second conclusion.

The test that reform must now pass

Government should therefore be judged by demanding, practical results. Is improved stability bringing new investment? Is that investment raising output and productivity? Are better jobs being created? Are wages beginning to outrun prices? Is higher public revenue paying for development rather than simply increasing the cost of government? Are the poorest being protected while the economy adjusts? Those are the tests Nigerians have a right to apply.

If, after a reasonable period, investment does not rise, productive capacity does not expand, public spending does not improve, exchange-rate reform does not encourage more domestic and export production, and growth remains too weak to lift real incomes, then criticism of the programme will be deserved.

But that judgment should be based on what the reforms actually produce over time, not on treating poverty inherited from earlier years as though it began with them. Poverty is too serious to be used as a rhetorical shortcut. It deserves a careful account of causes, costs and results.

The improvement in macroeconomic conditions also raises the standard government must meet. As exchange-rate fragmentation, fiscal leakage and inflationary financing are reduced, Nigerians are entitled to ask a harder question: what has government done with the room those changes have created?

What the evidence actually permits us to conclude

Nigeria entered the reform period with widespread poverty and deep economic vulnerability. The reforms brought real short-term costs while correcting serious weaknesses in the economy. Since then, real output, reserves, the foreign-exchange market and aspects of public finance have shown measurable improvement. But those gains have not yet reached enough people through better jobs, higher productivity and stronger real incomes.

The fall in the current-dollar value of GDP does not overturn that conclusion. It reflects, to a substantial extent, the translation of naira output through a much weaker exchange rate. It says something important about Nigeria's external purchasing power and the foreign-currency value of domestic incomes; it does not establish an equivalent fall in the quantity of goods and services produced.

That is as far as the evidence safely takes us. "Poverty despite reforms" turns an unfinished programme into a final verdict. The continued existence of hardship does not, by itself, explain what caused it. Poverty is one of the strongest reasons reform must succeed; it is not proof that reform was wrong.

Nigeria's real choice now is not whether to recreate the policies that produced foreign-exchange shortages, fiscal leakage and instability. It is whether the country can turn greater economic stability into more production, more private investment, better jobs, lower inflation, better public services and rising incomes.

The poverty numbers should be read with full seriousness. They warn against complacency and show how much remains to be done. But they do not cancel the improvements already recorded. The task now is to make those improvements reach the household, the workplace, the farm and the market.

Mr. Tanimu Yakubu is DG of the Budget Office of the Federation

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