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BUSINESS AT THE CROSSROADS: NAVIGATING NIGERIA'S ECONOMIC RESET, COST PRESSURES, AND POLICY UNCERTAINTY.

How businesses are navigating this complex and evolving landscape.

■ Cost of Doing Business Monitor

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CON TENT

The Editorial Suite

Navigating Headwinds: Building Resilience in Nigeria's Business Environment

Nigeria's business community stands at a critical crossroads. The ongoing economic reset driven by wide-ranging macroeconomic reforms, shifting global conditions, and long-standing structural challenges has fundamentally reshaped the operating environment for businesses. While these reforms are aimed at restoring macroeconomic stability and rebuilding investor confidence, they have simultaneously intensified cost pressures and heightened uncertainty for enterprises across sectors. This edition of the LCCI Business Environment Journal examines how businesses are navigating this complex and evolving landscape.

Over the past year, firms have faced a sharp escalation in operating costs, propelled by exchange rate realignments, persistent inflation, rising energy prices, and elevated logistics and financing costs. The combined effect has compressed margins, weakened consumer demand, and forced difficult operational and investment decisions. For many businesses, survival has required swift recalibration, ranging from supply chain restructuring and cost rationalization to pricing adjustments and renewed focus on operational efficiency.

Policy uncertainty remains a defining challenge at this juncture. While reform direction is broadly understood, gaps in policy clarity, sequencing, and implementation continue to affect business planning and confidence. In particular, inconsistencies across fiscal, monetary, trade, and sectoral policies have complicated long-term investment decisions. Businesses consistently emphasize that predictability and coherence in policy execution are as critical as the reforms themselves.

Despite these headwinds, this edition highlights notable examples of resilience and strategic adaptation within the private sector. Some firms are deepening local sourcing to mitigate foreign exchange risks, others are exploring export opportunities under the African Continental Free Trade Area, while many are accelerating digital transformation to improve productivity and manage costs. These responses reflect an underlying capacity for innovation and adjustment within Nigeria's business ecosystem.

The Journal also underscores the urgency of addressing structural bottlenecks that continue to undermine competitiveness, most notably inadequate power supply, port inefficiencies, regulatory overlaps, and constrained access to long-term finance. Without meaningful progress in these areas, the benefits of macroeconomic reforms may remain limited, and the cost burden on businesses prolonged.

As Nigeria navigates this pivotal transition, the experiences and insights captured in this Journal reinforce the need for sustained dialogue between policymakers and the organized private sector. A stable, transparent, and predictable policy environment combined with targeted interventions to ease cost pressures will be essential to ensuring that the economic reset translates into durable growth, job creation, and improved business confidence.

This edition of the LCCI Business Environment Journal therefore serves not only as a reflection of current challenges, but as a call to action: to align reform objectives with enterprise sustainability and to place the productive sector at the center of Nigeria's economic recovery and transformation.

Sunnie Omeiza-Michael, Ph.D.

VIEWS & OPINIONS

Cost of Doing Business Monitor (CDBM)

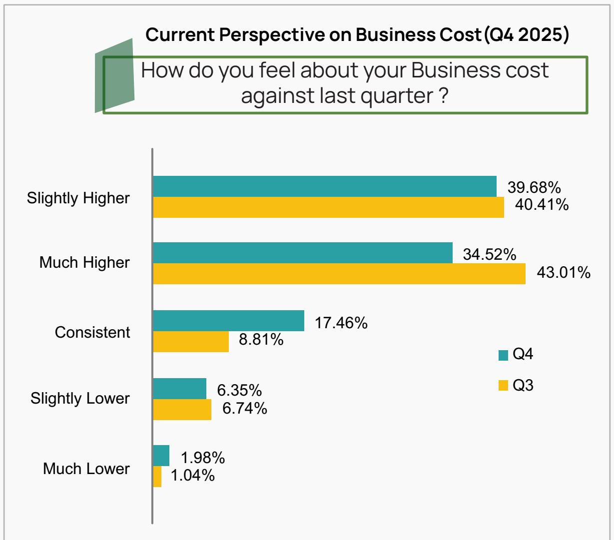
Executive Summary

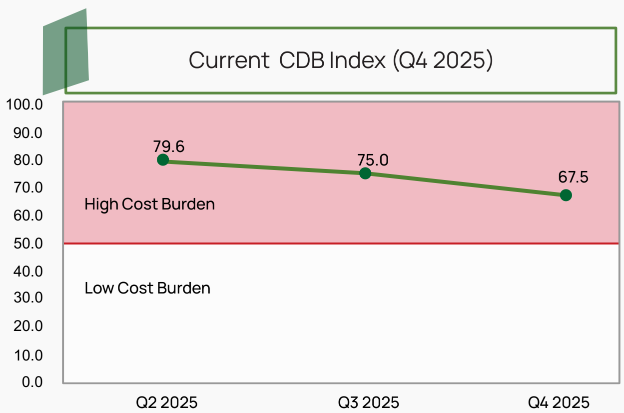
The Cost of Doing Business Monitor (CDBM) measures how business owners across different sectors in Lagos perceive changes in cost of running Businesses, whether those costs went up, stayed the same, or came down, compared to the previous quarter.

Key findings

Current Perspective on Business Cost (Q4 2025):

- Majority of businesses (74.2%) are currently experiencing higher business costs, underscoring a challenging and inflationary cost environment. though cost were slightly lower compared to last quarter.
- The cost of doing business index for Q4 stands at 67.5 a decline from 75.0 recorded for Q3, which is 11.06% drop from Q3, the accurately measured index.
- In this quarter, Businesses faced high cost with almost 53% percent spent on Electricity, Rent, Logistics and Administrative cost.



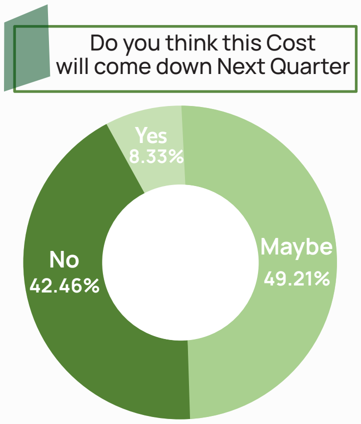


Source: Lagos Chamber of Commerce Research, Q4 2025

Source: Lagos Chamber of Commerce Research Q4 2025

Future Perspective on Business Cost:

The high level of uncertainty (49.21% "Maybe") and pessimism (42.46% "No") about costs decreasing next quarter suggests businesses should prepare for stable or rising expenses, potentially delaying investments and tightening budgets due to a lack of clear cost relief.



Source: Lagos Chamber of Commerce Research Q4 2025

Background of the Study

The cost of doing business in Lagos has remained a persistent concern for both domestic enterprises and foreign investors. Despite various reform efforts aimed at improving the business environment, such as the enactment of the Business Facilitation Act, the creation of one-stop-shops, and automation of regulatory services, businesses continue to face rising operational challenges. These include but are not limited to poor infrastructure, unstable power supply, insecurity, multiple taxation, foreign exchange volatility, and regulatory inefficiencies.

In recent years, anecdotal evidence has suggested that these challenges have intensified, particularly in the aftermath of the COVID-19 pandemic, the subsidy removal policy, and exchange rate unification. However, empirical data capturing the extent and distribution of these cost pressures across sectors have been lacking.

To bridge this gap, this study introduces the Cost of Doing Business (CDB) Monitor, modeled after the Central Bank of Nigeria's (CBN) Purchasing Managers' Monitor (PMI). The Monitor is developed from a perception-based survey targeting private sector operators and industry stakeholders. It aims to offer a more timely, sector-specific, and policy-relevant snapshot of business conditions across Nigeria.

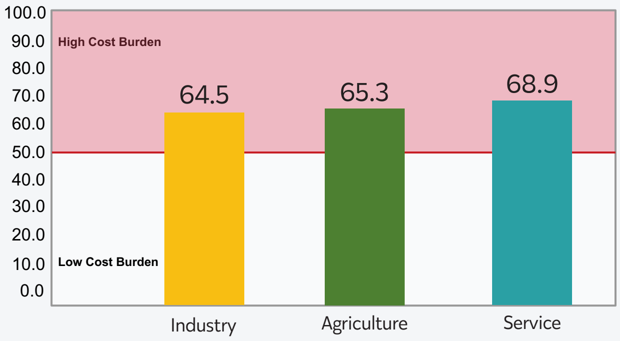
By quantifying and comparing the cost burdens across key economic sectors, the CDB Monitor provides an evidence base to guide policy reforms and public-private dialogue. The goal is to support informed decision-making and targeted interventions that can reduce the structural cost drivers hindering productivity, employment generation, and inclusive economic growth.

Q4 2025 Perspective on Business Cost.

In the Last quarter of 2025, the cost of running a business remained high, with the index staying in the high-cost burden region for consecutive quarters. However, data from the LCCI-CBDM Survey shows a quarterly decline, falling from 75.0 in Q3 to 67.5 in Q4. This significant reduction in costs is attributed to several factors, including lower or stable cost of raw material, alternative source of power, Security and Regulatory cost.

A sectoral analysis reveals varied impacts. The Industrial Sector saw the most considerable cost relief with about 20% drop in cost from Q3 to Q4. In contrast, the Agricultural sector experienced a significant cost decrease of 11.1 points (about 17% drop), while the Service sector saw a minor decrease of 5.3 point (approximately 7.6%). the overall cost of running a business in Q4 2025 decreased compared to the previous quarter with about 11.06%, the accurately measured index. but index still falls within high cost burden region.

CDB Index by Sector Q4 2025

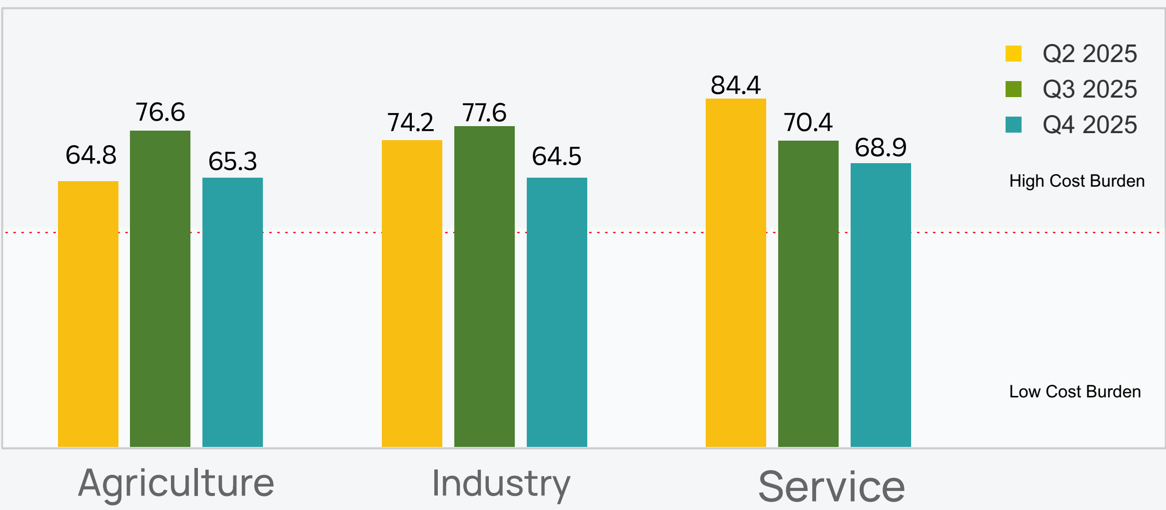


Source: Lagos Chamber of Commerce Research Q4 2025

Monthly Cost of doing Business by Sector for Q3 2025

Source: Lagos Chamber of Commerce Research Q4 2025

Sectorial CDB Index for 2025



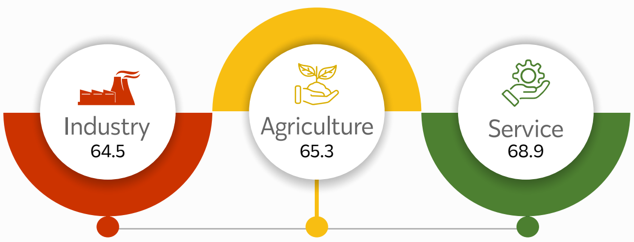
Source: Lagos Chamber of Commerce Research Q4 2025

Sectorial Analysis

This section disaggregates the Cost of Doing Business (CDB) Monitor by sector to provide a clearer view of how cost pressures vary across the Nigerian economy. The Monitor, which ranges from 0 (minimal cost burden) to 100 (severe cost burden) with a mid-point at 50, serves as a diagnostic tool for identifying structural constraints impeding sectoral productivity and private investment.

These findings aim to inform policymakers on where reforms are most urgently needed, whether in reducing regulatory bottlenecks, improving infrastructure, or addressing sector-specific risks. High Monitor scores across multiple sectors reinforce the need for coordinated interventions to lower the operational burden and enhance competitiveness.

Index CBDM by Sector



Source: Lagos Chamber of Commerce Research Q4, 2025

LCCI- CBDM Agricultural Performance

The Agriculture sector recorded a drop in cost, decreasing from 76.4 in Q3 2025 to an average of 65.3 in Q4 2025.

A detailed look at the quarterly performance reveals a notable development: despite still remaining in the high-cost burden region, the sector experienced a slightly monthly decline from 66.5 in October to 64.3 in December amidst the festive season.

SCETOR	Month October	November	December	CDB Index
Agriculture	66.5	59.7	64.3	65.3

Source: Lagos Chamber of Commerce Research Q4, 2025

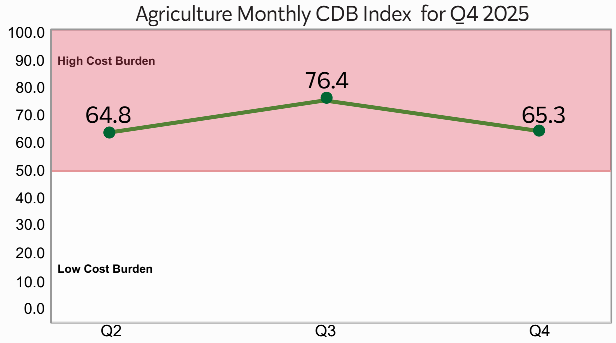
This cost relief is largely attributable to reduced raw material costs, improved access to materials, secured farmlands, and a shift toward cheaper alternative energy sources.

While the average number of regulatory fees paid remained at three in Q4 2025, overarching challenges persisted throughout the quarter.

Costs related to electricity and land acquisition continued to be significant burdens for many.

However, a promising development emerged: a small but growing percentage of farmers have transitioned to fully powering their operations with solar panels, contributing to the reduction in alternative energy costs.

Agriculture Monthly CDB Index for Q4 2025



Source: Lagos Chamber of Commerce Research Q4, 2025

LCCI- CBDM Industry Sector Performance

The LCCI-CDB Index for the Industrial sector decreased from 77.7 in Q3 2025 to 64.5 in Q4 2025 which is the lowest in the Industrial Sector, representing a quarterly decline of about 21% in overall cost. It is important to note that this aggregate "Industrial sector" comprises Manufacturing, Mining & Solid Minerals, and Oil & Gas.

A deeper analysis reveals significant variation in cost performance among these sub-sectors in Q4 2025. Although costs decreased across the sector overall, Mining & Solid Minerals experienced the smallest cost reduction, at about 13% drop in cost.

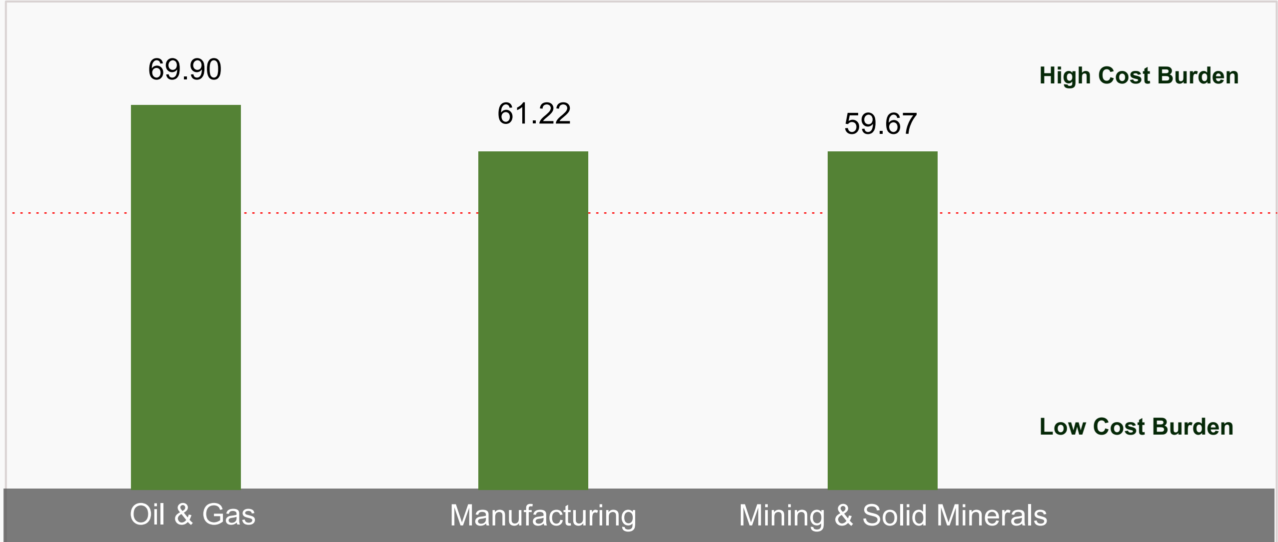
This reduction in Mining & Solid Minerals is attributed to two key factors: lower spending on Electricity due to lower alternative energy source, reduced regulatory fees and logistics cost.

This sub-sector paid an average of 2 regulatory fees, significantly less than the Oil & Gas sub-sector, which paid an average of 4 fees in Q4 2025.

In contrast, the Oil & Gas industry remained under intense cost pressure, with almost 65% of its expenses attributed to Electricity, rent, regulatory costs, and Salaries in Q4 2025.

Overall, companies within the broader Industrial sector spend about 63% of their expenses on electricity, logistics, Regulatory & Compliance and office consumables &repairs. The high costs in these key areas explain the overall slight increase in the sector's index for the quarter.

LCCI- CBD Index Industry Sector Performance

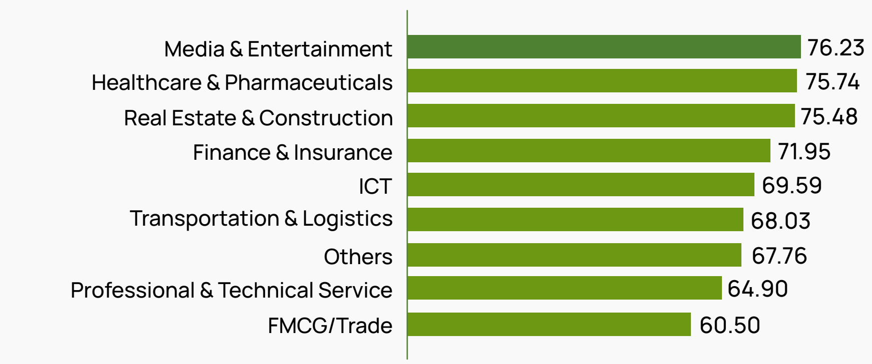


Source: Lagos Chamber of Commerce Research Q4 2025

LCCI- CBDM Service Sector Performance

The LCCI-CDB Index for the Service sector fell to 68.89 down from74.15, in Q3 2025.
This improvement was driven by relative gains in key sub-sectors and a more favourable macroeconomic environment, characterized by moderating cost in raw material, alternative energy source logistics and security expenses.
Although most service sub-sectors remained in the high-cost burden region, only four remained above the 70-index point threshold, indicating a significant drop in costs compared to Q3. Notably, FMCG/Trade, Professional & Technical Service and Transportation & Logistics experienced cost reductions, though they remain in the high-burden zone.
Overall, the sector continues to allocate about 48% of its expenditure to four primary cost drivers: electricity, premise costs, employee remuneration and office consumables and repairs.

LCCI- CBD Index Service Sector Performance



Source: Lagos Chamber of Commerce Research Q4, 2025

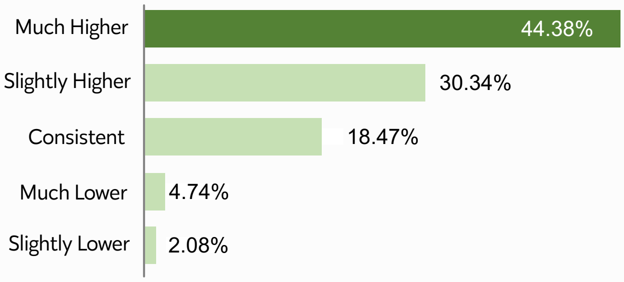
Implication of cost on Businesses

The persistently high Cost of Doing Business in Lagos, as reflected in the CDBM, poses significant challenges for enterprises across all sectors. These cost pressures undermine business viability, weaken competitiveness, and limit growth potential. This section captures insights from over 200 businesses, providing a perception-based view of the key expenses and operational hurdles involved in running a business in Lagos.

Electricity Costs Surge (74.72% Report Increase)

While the overall proportion of respondents facing higher electricity costs slightly decreased from 80.43% in Q3 to 74.72% in Q4, the intensity of those increases shifted notably, with 12.58 percentage points moving from the severe "Much Higher" category into the more moderate "Slightly Higher" and "Consistent" groups, suggesting a possible stabilization or mitigation of the most extreme cost pressures even as the majority continues to experience increased expenses.

How Would you describe your electricity costs in the last quarter compared to previous periods?

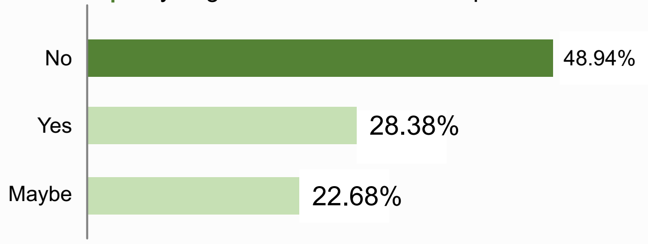


Source: Lagos Chamber of Commerce Research Q4, 2025

Power Supply Reliability Crisis (71.62% Experience Issues)

A continued critical assessment of Lagos' power sector reveals persistently low satisfaction, with only 28.38% of consumers confident they receive the electricity hours paid for, while 48.94% report clear service denial and 22.68% remain uncertain. This sustained reliability failure rate of approximately 71.62% underscores deep-seated and unaddressed flaws in service delivery. The situation has shown no minimal quarter-on-quarter improvement, with the proportion of dissatisfied customers marginally increasing by 0.86 percentage points and those receiving expected service slightly decreasing. This stagnation reflects a sector failing to improve accountability or restore the consumer trust necessary for economic stability and growth, indicating that systemic service delivery issues remain entrenched with no meaningful progress in bridging the gap between payment and power supply reliability.

Do you get the number of hours paid for ?

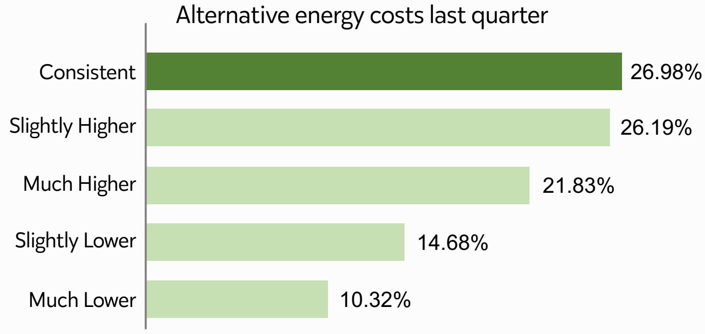


Source: Lagos Chamber of Commerce Research Q4, 2025

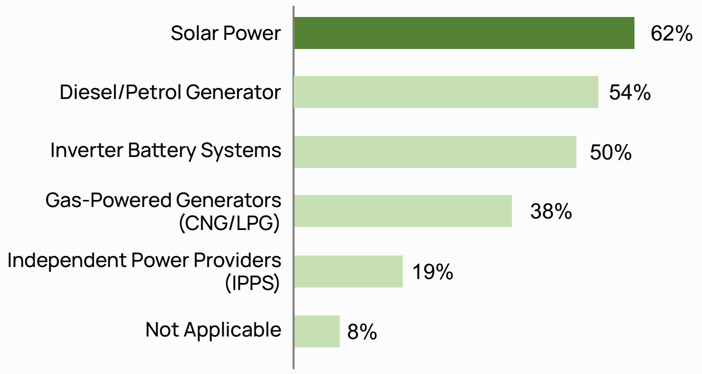
Alternative Energy Costs Rise (48.02% Report Increase)

Despite a shift in the severity of cost increases with the share of respondents reporting "Much Higher" alternative energy costs dropping sharply from 39.39% in Q3 to 21.83% in Q4, cost pressures remain widespread. Nearly half of all respondents (48.02%) still reported higher costs in Q4, reflecting ongoing affordability challenges for users of prevalent alternatives like Diesel/Petrol Generators, Solar Power, and Inverter Battery Systems. This indicates that while the most extreme price hikes have eased, reliance on these essential yet costly alternatives continues to strain household and business budgets.

Compared to previous quarters, were your Alternative energy costs last quarter



Alternative Source of Power



Source: Lagos Chamber of Commerce Research Q4, 2025

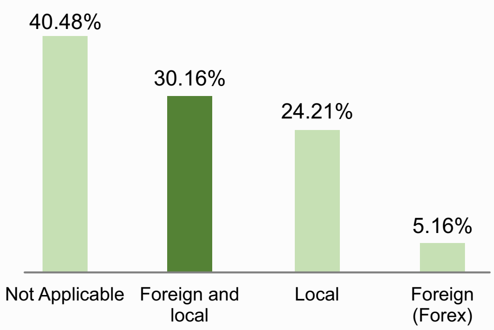
73.34% of Businesses Reports Increase in cost of Raw Material

In Q4, more people said raw material costs were “Not Applicable” to them, jumping from 25% to over 40%. Among all respondents, the total seeing higher costs dropped from 62% to 44%, and extreme “Much Higher” reports fell sharply from 44% to 17%.

For businesses that actually buy raw materials, costs are still rising for most, 73% in Q4 reported higher prices, though that’s down from 83% in Q3. The biggest change is in severity: in Q3, 59% said costs were Much Higher, but in Q4, only 29% did. Instead, Slightly Higher became the most common experience.

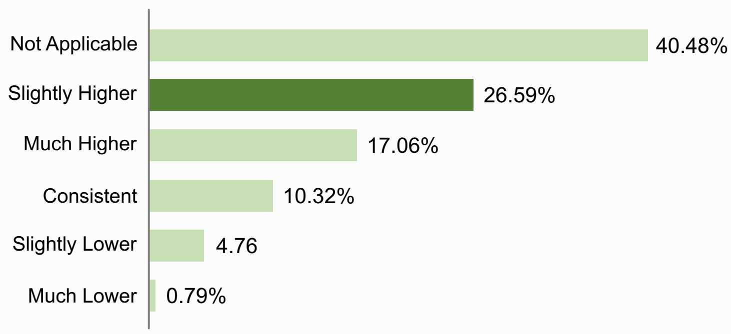
In summary, Fewer businesses are involved in raw material sourcing in Q4, and while cost increases remain widespread, the most extreme price jumps have eased significantly.

How do you source your Raw Material



Source: Lagos Chamber of Commerce Research Q4, 2025

How is your raw material cost last quarter compare to usual



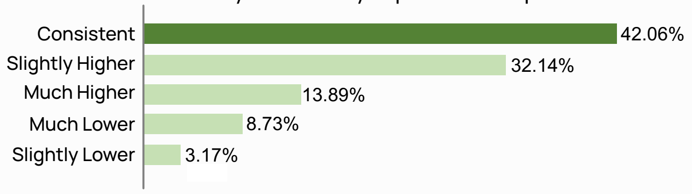
Source: Lagos Chamber of Commerce Research Q4, 2025

In this quarter, Businesses faced high cost with almost 53% percent spent on Electricity, Rent, Logistics and Administrative cost.

41% of Firms Face Rising Expenditures on security

Security costs in Q4 saw fewer sharp increases but more moderate ones compared to Q3. While overall cost pressures slightly rose, the share facing Much Higher expenses dropped sharply (28% to 14%), replaced by more Slightly Higher reports (13% to 32%). More respondents also reported security as applicable in Q4, as "Not Applicable" fell to zero.

Compared to previous quarters, were your security expenses last quarter



Source: Lagos Chamber of Commerce Research Q4, 2025

Summary

Electricity costs remained a significant burden for nearly three-quarters of respondents (74.72% in Q4), though extreme increases moderated from the previous quarter. More critically, service reliability failed to improve, with almost half of all users (48.94%) reporting they do not receive the electricity hours they pay for, indicating a persistent and unresolved gap between payment and delivery.

Cost pressures in other key areas showed a shift in severity rather than relief. While fewer businesses faced extreme increases in raw material costs (down from 83.21% to 73.34%) and security expenses (with "Much Higher" reports nearly halving), a larger portion reported moderate, consistent increases. This suggests inflation has become broader and more embedded rather than easing substantially.

Business sourcing behavior also changed, with a noticeable decline in exclusive reliance on local raw materials (down 15 percentage points) and a rise in respondents for whom such costs were "Not Applicable"—signaling potential shifts in business activity or survey composition.

In Summary, the operating environment in Q4 2025 is marked by ongoing electricity unreliability and widespread, steady cost inflation across essential inputs, with severe price spikes softening but affordability and predictability remaining pressing challenges for most businesses.

Recommendations

1. Electricity Service: Invest in metering and service transparency to rebuild trust; explore targeted subsidies for high-impact users.
2. Cost Management: Promote energy efficiency and alternative energy subsidies, especially solar, to offset persistent high costs.
3. Raw Material Sourcing: Support local supply chain resilience and provide forex access to reduce import dependency and cost volatility.
4. Security Cost: Encourage shared or tech-based security solutions (e.g., surveillance networks) to help businesses manage rising but moderate expenses.
5. Monitoring & Communication: Track these metrics quarterly and communicate improvements publicly to restore confidence in sector reforms.

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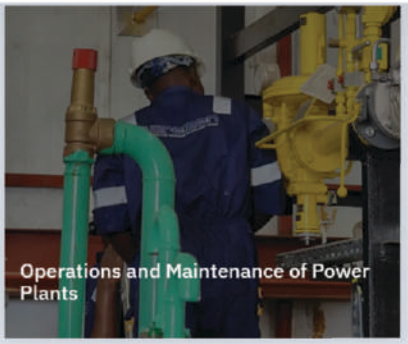

With the success of this IPP project, Ekiti State invites more investors in the power sector. Meter vendors can capitalise on opportunities as the electricity law now permits independent meter supply to willing customers, with ongoing efforts for swift implementation.

Biodun Ayobami Oyebanji
His Excellency the Governor of Ekiti State

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Nigeria Insurance Reform Act 2025 and Emerging Landscape

By Lanre Ojuola
Director of Operations
Nigeria Insurers Association

Introduction

The Nigerian insurance sector has long been recognized as underperforming relative to its potential. Despite Nigeria's population of over 200 million and a growing middle class, insurance penetration has hovered below 1% of GDP, far behind global averages. The Nigerian Insurance Industry Reform Act (NIIRA) 2025, signed into law by President Bola Ahmed Tinubu in 2025, seeks to address structural weaknesses, restore public confidence, and position insurance as a driver of economic resilience and growth.

Background and Rationale for Reform

Before NIIRA 2025, Nigeria's insurance industry operated under fragmented laws that created inconsistencies, weakened investors' confidence, and slowed innovation. The new Act consolidates these statutes into a unified framework aligned with global best practices. The push for reform stemmed from persistently low insurance penetration, with fewer than 2% of Nigerians holding policies. This challenge was compounded by weak consumer trust, largely due to delayed claims and a lack of transparency. Many insurers also faced capital inadequacy, falling short of international solvency standards. Meanwhile, the rapid rise of Insurtech highlighted both opportunities and regulatory gaps, underscoring the need for modernized legal structures. Collectively, these challenges made comprehensive reform essential, leading to the enactment of NIIRA 2025 to strengthen resilience and restore confidence in the sector.

Key Provisions of NIIRA 2025

The Act introduces several landmark reforms, some of which are:

1. Consolidation of Laws

The Act repeals several outdated statutes and replaces them with a single, comprehensive framework that governs both insurance and reinsurance businesses. By consolidating these laws into one unified structure, it eliminates inconsistencies, streamlines regulation, and establishes a clearer, more coherent foundation for industry oversight and growth.

2. Licensing and Regulation

The Act introduces more rigorous licensing requirements for insurers, brokers, and reinsurers, ensuring that only well-capitalized and competent operators are permitted to participate in the market. In addition, it strengthens oversight of principal officers by establishing clear disqualification criteria designed to uphold professionalism and integrity across the industry. Together, these measures aim to elevate standards, foster accountability, and build greater confidence in Nigeria's insurance sector.

3. Capital Requirements

The Act significantly raises minimum capital thresholds, a measure designed to enhance solvency and safeguard the interests of policyholders by ensuring that insurers maintain stronger financial foundations. In parallel, it encourages mergers and acquisitions among smaller firms as a practical pathway to meeting these requirements, fostering consolidation that will create more resilient and competitive entities within the industry. Together, these provisions aim to strengthen market stability while promoting long-term growth and consumer confidence.

4. Consumer Protection

The Act establishes mandatory timelines for the settlement of claims, ensuring that policyholders receive prompt and fair compensation. To reinforce accountability, it introduces penalties for delayed or unjust practices, thereby discouraging inefficiency and misconduct within the industry. In addition, the creation of an independent Insurance Ombudsman provides a formal mechanism for dispute resolution, offering consumers a reliable avenue to address grievances and strengthening overall trust in the insurance system.

5. Digitalization

The Act formally recognizes digital platforms and Insurtech firms as legitimate participants in the insurance ecosystem, thereby validating their role in expanding access and driving innovation across the sector. In addition, it actively promotes the use of electronic channels for policy issuance and claims processing, ensuring greater efficiency, transparency, and convenience for both insurers and policyholders. Together, these provisions signal a decisive shift toward a more modern, technology-driven insurance industry in Nigeria.

6. Market Development

The Act introduces targeted incentives to encourage the growth of microinsurance and agricultural insurance, with the aim of expanding coverage in underserved sectors and providing financial protection to vulnerable populations. At the same time, it promotes the adoption of compulsory insurance schemes in critical areas such as health, transport, and construction, ensuring that essential industries operate with adequate safeguards while broadening the reach and impact of insurance across the economy.

Emerging Landscape Post-Reform

The passage of NIIRA 2025 is already reshaping the industry:

Increased Investor Confidence

Nigeria's strengthened regulatory frameworks are boosting investor confidence, attracting foreign reinsurers and private equity, and enhancing the industry's global credibility. At the same time, the country is positioning itself as a regional hub for insurance in West Africa, leveraging its large population, growing economy, and improved oversight to drive innovation and investment. These developments mark a transformative shift, with Nigeria emerging as both a magnet for international capital and a leader in regional market integration.

Consolidation and Professionalization

Smaller insurers are responding to new capital requirements by pursuing mergers, leading to industry consolidation and the creation of stronger, more competitive entities. At the same time, rising professional standards, with greater focus on governance and transparency, are enhancing integrity and accountability. These changes are fostering a more resilient and trustworthy insurance sector, better equipped to serve policyholders and attract investment.

Digital Transformation

Insurtech startups in Nigeria are using mobile platforms, smartphones, and mobile money to make

insurance more accessible and affordable for low-income households and small businesses. At the same time, technologies like blockchain and artificial intelligence are being deployed to address industry challenges—blockchain ensures secure, transparent records to reduce fraud, while AI streamlines claims automation for faster, more accurate settlements. Collectively, these innovations are modernizing the insurance sector, improving efficiency, and strengthening trust among policyholders.

Consumer-Centric Growth

The acceleration of claims settlement processes is playing a pivotal role in rebuilding trust between insurers and policyholders, reassuring customers that the industry is committed to fairness and efficiency. At the same time, the introduction and growth of microinsurance products are broadening access to coverage, particularly for low-income households and small and medium-sized enterprises (SMEs). These developments are not only strengthening confidence in the insurance sector but also extending its benefits to segments of society that have historically been underserved.

Challenges Ahead

While NIIRA 2025 offers significant promise, its implementation faces notable challenges. Smaller insurers struggle with high compliance costs and stringent capital requirements, while public awareness of insurance benefits remains low, limiting participation. Infrastructure gaps also hinder progress, as digital adoption is uneven, particularly in rural areas. Ultimately, the success of the reforms depends on NAICOM's ability to enforce regulations consistently and translate the Act's provisions into meaningful improvements across the sector.

Implications for Stakeholders

For Insurers

Insurers in Nigeria now face the pressing need to recapitalize to meet the new regulatory thresholds and strengthen their financial resilience. At the same time, embracing digitalization has become essential, not only to streamline operations but also to enhance customer service and rebuild trust among policyholders. Beyond these structural adjustments, the reforms have opened up significant opportunities in specialized areas such as microinsurance, health coverage, and agricultural insurance. These sectors hold immense growth potential, offering insurers the chance to expand their reach, support underserved communities, and contribute more meaningfully to national development.

For Brokers and Agents

The introduction of stricter licensing requirements is expected to serve as a filter that will eliminate unprofessional operators from the insurance market, thereby raising the overall quality and credibility of the sector. At the same time, the growing influence of digital platforms is poised to disrupt traditional distribution channels, reshaping how insurance products are marketed and delivered. This shift toward technology-driven solutions will challenge conventional models while opening new avenues for innovation and customer engagement.

For Consumers

The reforms have ushered in stronger protections for policyholders, ensuring that claims are processed more swiftly and that insurance products are designed to be more accessible to a wider segment of the population. These improvements are gradually

restoring faith in the industry, allowing individuals and businesses to view insurance with greater confidence as a reliable financial safety net. In this emerging landscape, insurance is no longer seen as a distant or optional service but as an essential tool for managing risk and securing long-term stability.

For Government and Economy

Insurance penetration in Nigeria is projected to rise significantly in the coming years, a development that will play a crucial role in advancing the nation's ambition of achieving a $1 trillion economy by 2030. As more individuals and businesses embrace insurance, the sector will provide a stronger foundation for financial stability and resilience. At the same time, enhanced risk management practices are expected to support large-scale infrastructure projects and foster entrepreneurship, ensuring that both public and private ventures can thrive in a more secure and predictable environment. Together, these shifts position insurance as a vital catalyst for sustainable economic growth and national development.

Comparative Perspective

Nigeria's insurance reforms reflect a broader trend seen across other emerging markets that have modernized their regulatory frameworks to strengthen industry performance. In Kenya, the introduction of digital microinsurance frameworks in 2020 expanded access to affordable coverage and encouraged innovation in reaching underserved populations. India took a significant step in 2015 by consolidating its insurance laws, a move that streamlined regulation and helped boost penetration across its vast market. South Africa, meanwhile, has long emphasized strong solvency requirements, which have contributed to the development of a robust and resilient insurance sector. By enacting the Nigerian Insurance Industry Reform Act (NIIRA) 2025, Nigeria is aligning itself with these global best practices, positioning the country to compete more effectively both within the West African region and on the international stage.

Conclusion

The Nigerian Insurance Industry Reform Act 2025 is a landmark legislation that promises to transform Nigeria's insurance sector from a fragmented, underperforming industry into a modern, consumer-focused, and digitally driven ecosystem. While challenges remain, the emerging landscape is one of consolidation, innovation, and renewed confidence.

For stakeholders, including insurers and brokers, consumers, and regulators, the Act represents both a challenge and an opportunity. If effectively implemented, NIIRA 2025 could unlock Nigeria's insurance potential, safeguard millions of households and businesses, and make a meaningful contribution to national economic growth.

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Emerging Regulatory Environment in the Power Sector in Nigeria: Nexus between Regulators and Businesses

By Kehinde Ayanbadejo

The power sector in Nigeria has long been both a cornerstone for economic activity and a persistent challenge for policymakers, investors, and businesses alike. Historically plagued by inadequate infrastructure, unreliable service delivery, and institutional inefficiencies, the sector has undergone significant reforms in recent decades to create a more competitive, transparent, and business-friendly market. Central to this evolution is the regulatory environment—an arena where the interests of regulators and businesses intersect, clash, and sometimes align in pursuit of sustainable growth and reliable electricity supply.

Historical Context and Reform Trajectory

Before the significant reforms of the early 2000s, Nigeria's electricity sector was dominated by the National Electric Power Authority (NEPA), a state monopoly often criticized for inefficiency, underinvestment, and chronic outages. By the turn of the millennium, the country's installed generating capacity had stagnated, transmission infrastructure had not been meaningfully expanded since the late 1980s, and a vast majority of Nigerians had minimal access to reliable grid electricity. Technical and non-technical losses were rampant, tariffs were unreflective of actual costs, and the sector's inefficiencies were estimated to cost the Nigerian economy up to 2–4% of GDP annually.

In response to these challenges, the Federal Government embarked on a bold reform agenda that culminated in the Electric Power Sector Reform Act (EPSRA) of 2005. This Act laid the groundwork for unbundling the defunct Power Holding Company of Nigeria (PHCN) into generation companies (GenCos), a transmission company (TCN), and distribution companies (DisCos). It also led to the creation of the Nigerian Electricity Regulatory Commission (NERC) as an independent regulator mandated to oversee the newly competitive market.

Over the past two decades, these reforms have transformed the sector from a sclerotic state monopoly to a more dynamic, privately driven industry. With increasing private investment and the establishment of competitive market structures, Nigeria's electricity industry has made measurable progress. Installed capacity, for instance, has risen—though the actual output often remains constrained by fuel supply issues and infrastructure bottlenecks. Nevertheless, the regulatory framework has been pivotal in shaping this evolution.

NERC's Mandate and Regulatory Architecture

At the heart of the power sector's regulatory environment is the Nigerian Electricity Regulatory Commission (NERC), whose authority has been significantly strengthened with the passage of the Electricity Act 2023. This Act consolidated multiple legal instruments into a single framework and reaffirmed NERC's role as the apex regulator with powers to license operators, set industry standards, protect consumers, and enforce cost-reflective tariffs.

According to NERC's charter, the Commission must balance investor interests with consumer protections, ensure equitable access to the grid, and promote efficiency and competition across the value chain. It also works to ensure that generation, transmission, and distribution entities operate within a transparent and accountable market structure.

In practice, NERC's functions include licensing market participants, issuing operating codes and standards, determining service quality benchmarks, setting multi-year tariff orders, and providing oversight mechanisms for dispute resolution. These activities directly shape the business environment and determine the conditions under which private investment thrives or falters.

Regulatory Challenges and Business Concerns

Despite the strides in legal and institutional reform, Nigeria's power sector continues to grapple with significant challenges. One persistent issue is regulatory enforcement, where the Commission's authority can be undermined by resistance from market stakeholders, political intervention, or practical constraints in monitoring compliance. For example, disagreements often arise around tariff structures and cost recoveries, particularly when state-level regulators assert competing authority over distribution pricing. Such disputes reflect deeper governance tensions within the federal regulatory architecture.

Another core challenge relates to financial viability. Many market participants, especially DisCos, struggle with weak revenue collection due to inadequate metering, electricity theft, and technical losses. Regulators are tasked with introducing cost-reflective tariffs that allow operators to cover costs and attract investment, but this has often clashed with political sensitivities around price increases and consumer affordability.

Infrastructure deficits—particularly in transmission and distribution—also pose a formidable barrier to improved electricity supply. NERC's role in setting standards and enforcing compliance is frequently tested by the sector's physical limitations, outdated grid infrastructure, and persistent technical losses. Businesses reliant on stable power face unpredictable supply, leading many to invest in costly self-generation options, which erode competitiveness and reduce market efficiency.

Tariff Reform and Cost-Reflective Pricing

Tariff setting is one of the most contentious areas of regulatory engagement. To sustain private investment and ensure that operators can cover costs, regulators have moved toward cost-reflective tariffs—pricing that accurately reflects the cost of production, transmission, and distribution. The Electricity Act 2023 empowers NERC to establish tariffs that are fair, transparent, and viable for generators and distributors.

However, the move toward commercial pricing has been politically sensitive. In recent years, the government cut electricity subsidies by about 35% after a targeted tariff hike for higher-usage customers, yielding significant revenue gains but also drawing criticism over affordability for households and businesses.

Regulators must balance the need for financial viability with the imperative of social equity and economic growth. Businesses generally support cost-reflective tariffs—because they underpin sector stability and investor confidence—but they also advocate for predictable, transparent tariff frameworks that don't expose consumers to abrupt increases. This delicate balance is central to the regulatory-business nexus.

State-Level Regulatory Dynamics

One of the emerging trends in Nigeria's regulatory landscape is decentralization. Under the Electricity Act 2023, states that have enacted their own electricity laws can exercise regulatory oversight over generation, transmission, and distribution wholly within their territories. NERC retains oversight at the national level, especially regarding large-scale generation and transmission, but this shift introduces a complex web of regulatory responsibilities.

This decentralization aims to bring regulation closer to consumers and reduce bottlenecks in sector governance. It can foster innovation at local levels, especially in renewable energy deployments—such as mini-grids and off-grid solutions—but it can also create regulatory fragmentation if not well coordinated. The challenge for businesses is to navigate multiple regulatory regimes in ways that support investment certainty while conforming to local compliance obligations.

Consumer Protection and Engagement

A key dimension of the regulatory environment is consumer protection. Recognizing the historical grievances of electricity users—such as billing inaccuracies, service unreliability, and disputes over charges—NERC has placed emphasis on establishing customer rights and obligations and institutionalizing conflict resolution platforms.

Forum offices across many states serve as first points of escalation for unresolved complaints with DisCos, reflecting a regulatory commitment to greater consumer engagement. For businesses, this means there are formal mechanisms for addressing service issues and holding operators accountable—an important feature for confidence in the market's fairness.

Regulator-Business Nexus: Collaboration and Conflict

The relationship between regulators and businesses in Nigeria's power sector is multifaceted. On one hand, regulators like NERC provide the legal certainty, licensing frameworks, and oversight necessary for businesses to operate effectively and attract investment. On the other hand, businesses provide critical feedback on regulatory design, cautioning against policies that could constrain operations or reduce profitability.

This dynamic can lead to both collaboration and tension. For example, industry consultations are a routine part of tariff reviews and licensing processes, allowing DisCos, GenCos, and investors to present data and influence regulatory decisions. Such engagements can improve policy relevance and practical implementation.

However, disputes can also arise. A case in point involves the contentious interpretation of tariff-setting authority between NERC and the Enugu Electricity Regulatory Commission (EERC), where state regulators and the national regulator have differing views on tariff jurisdiction. These flashpoints illustrate the need for clear delineation of regulatory roles and harmonized frameworks that support both consumer interests and business sustainability.

Emerging Policy Trends and Future Outlook

Looking forward, several policy trends are likely to shape the regulatory environment in Nigeria's power sector:

1. Strengthened Regulation and Coordination:

Efforts are underway to develop a National Electricity Policy Coordination Framework aimed at aligning federal and state actions, strengthening investor confidence, and clarifying regulatory roles.

2. Market Innovation and Decentralization:

Increased state participation and the growth of mini-grid and off-grid solutions could diversify the market and expand access, requiring regulators and businesses to adapt to new operational models.

3. Energy Transition and Renewables:

With global emphasis on clean energy, regulators are expected to incorporate renewable energy integration standards, incentivize investment in cleaner sources, and update grid codes to support decarbonization.

4. Financial Sector Support:

Recent government actions, such as approval of payments to settle gas supplier debts and refinancing sector obligations, reflect recognition of the financial constraints that hinder the power market's performance.

Conclusion

The emerging regulatory environment in Nigeria's power sector reflects a complex interplay between law, policy, institutions, and market actors. The Nigerian Electricity Regulatory Commission stands at the center of this nexus, balancing the needs of consumers, the interests of investors, and the broader goals of economic growth and sustainability. While challenges persist—such as enforcement capacity, tariff design, and coordination across levels of government—the regulatory reforms underway offer a pathway toward a more resilient and investor-friendly power sector.

For businesses, understanding this evolving regulatory landscape is critical for strategic planning, investment decisions, and operational compliance. With continued dialogue, transparent policy frameworks, and effective enforcement, the regulator-business relationship can drive a power sector that delivers reliable electricity, fosters economic competitiveness, and supports Nigeria's development aspirations.

SECTORAL SPOTLIGHT:
Trade facilitation & Logistics perspective

By Chief Las Alli-Shobande,
Chairman, LCCI Freight Forwarders Group

Navigating Regulatory Friction: A H2 2025 Review of Nigeria's Gateways

The closing months of 2025 and the early weeks of 2026 have been eventful for operators in Nigeria's trade and logistics ecosystem, with several policy and operational issues carrying significant implications for MSMEs engaged in import and export activities.

In the last quarter of 2025, the Nigeria Customs Service proposed an upward review of customs clearing operating licence fees by over 400 percent, effective January 2026. This proposal generated widespread concern across the freight forwarding community due to its potential impact on operating costs and MSME viability. Following sustained stakeholder engagement and formal objections, the proposed increase has since been suspended. This outcome has been confirmed by the ongoing renewal of 2026 operating licences by our members at the existing fee levels, without hindrance.

In January 2026, attention shifted to another cost-related challenge as shipping companies announced, in some instances, up to a 100 percent increase in port charges. Predictably, this development attracted strong opposition from port users and industry stakeholders. The Nigerian Shippers' Council convened a multi-stakeholder meeting, including representatives of the shipping companies, at which the basis for the proposed increases was extensively reviewed. At the conclusion of these deliberations, all parties agreed that the increases should be placed on hold, pending further engagement.

Despite these positive interventions, structural inefficiencies within the port system continue to undermine trade facilitation. Of particular concern is the persistent inadequacy of container scanning infrastructure. Our long-standing position remains that all containers should be scanned at the shipside. Such an approach would significantly reduce cargo dwell time by ensuring that only high-risk consignments are subjected to physical examination. Unfortunately, the current reality is that an excessive number of containers are still routed for physical checks, with attendant delays and cost implications for MSMEs.

In addition, there has been a noticeable increase in the involvement of the Maritime Police in cargo clearance processes. Reports from our members indicate instances where ship manifests are requested and consignments are randomly selected, with importers or clearing agents directed to present documentation at police offices prior to cargo release. This occurs despite the fact that the Maritime Police already have a defined role within the joint cargo examination framework. These overlapping interventions add to procedural uncertainty and further complicate the clearing process.

Looking ahead, the Freight Forwarders Group aligns fully with the Federal Government's objectives under the National Single Window (NSW) project. We understand that a test-run is currently underway, with a full rollout anticipated in the first quarter of 2026. When effectively implemented, the NSW has the potential to be a game-changer by addressing many of the coordination gaps and procedural inefficiencies that characterise the current port ecosystem.

In furtherance of constructive engagement, the Group is considering, subject to the approval of the LCCI President, inviting the National Single Window Project Team Leader, Mr. Tola Fakolade, to address the wider LCCI membership at Commerce House during the first quarter of 2026, ahead of the programme's full deployment. Such an interaction would provide valuable clarity for businesses and reinforce private sector support for ongoing trade facilitation reforms.

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MSME Pulse: Market and Policy Brief

By Madara Essien

Overview

The second half of 2025 was defined by a delicate "equilibrium-seeking" phase for Nigeria's Micro, Small and Medium Enterprises (MSMEs) which remain the backbone of the economy, accounting for 96.9% of businesses, employs 87.9 % of the labour force and contributes 46.32 % to GDP.

This Q4 2025 edition of the MSME Pulse & Market Brief reviews officially available macroeconomic and sectoral data from Q3 2025, complemented by high-frequency indicators, policy developments, and stakeholder feedback from Q4 2025. Given the lag in some official releases, this blended approach ensures realistic insights into business conditions and thoughtful projections for Q1 2026.

MACROECONOMIC CONTEXT: Q3 REVIEW AND SECTOR CONTRIBUTIONS

Nigeria's real GDP expanded by 3.98% year-on-year in Q3 2025, up from 3.86% in the same quarter of 2024, reflecting broad-based expansion in services, agriculture, and industry. Aggregate nominal GDP on the other hand reached approximately ₦113.59 trillion in Q3 2025, rising 18.12% year-on-year.

The non-oil sector contributed about 96.56% of GDP, underscoring non-oil activities as the core driver of growth while the services sector contributed over 53% of total GDP in Q3 2025

On inflation, Nigeria's headline inflation eased to 15.15% in December 2025, its softest level in several years following methodological adjustments and easing food pressures. These trends reflect an economy that, while growing, must balance disinflationary pressures with persistent cost burdens for businesses.

SECTOR-SPECIFIC TRENDS

Agriculture

In Q3 2025, the agriculture remained the most significant economic sector, with a 31.21% share of the GDP. This showed a notable increase from 26.2% recorded in Q2 2025, reflecting seasonal harvest effects and localized interventions in the food value chain. However, for MSMEs in this space, the "yield-to-market" gap remains wide due to high logistics costs.

Trade & Logistics

The trade sector ranked as the second-largest contributor, accounting for 16.42% of total GDP in the third quarter. This represented a decline from its 18.3% share in Q2, indicating a softer commercial activity and subdued consumer demand during the quarter. While the 2025 naira stabilization (averaging N1,450 - N1,500/USD) has brought some predictability to trade planning, port-level inefficiencies remain a significant tax on MSME margins.

Real Estate & Construction

The real estate remained the third-largest sector, contributing 13.4% to GDP, up from 12.8% in Q2, suggesting sustained activity in property development and leasing, supported by ongoing urbanisation and housing demand. Construction improved to become the sixth-largest sector, contributing 3.8% of total GDP, an indication of increased infrastructure and building activity.

Manufacturing

The manufacturing sector remained the fifth-largest contributor, accounting for 7.62% of GDP, slightly below the 7.8% recorded in the second quarter, reflecting persistent cost pressures and weak industrial demand. Manufactures' Association of Nigeria (MAN) noted that MSMEs in light manufacturing report that capacity utilization is hovering around 48%, constrained by the high cost of alternative energy, particularly petrol and diesel prices.

POLICY BRIEF

The 2025 Tax Reform Legacy: The implementation of the Nigeria Tax Act 2025 has emerged as a double-edged sword. While the consolidation of taxes aims to reduce "multiplicity," many MSMEs reported initial confusion regarding compliance during Q4.

Insight: Policymakers must prioritize "compliance-lite" frameworks for nano-businesses to ensure the reform encourages formalization rather than driving small players further into the informal shadow.

Strategic Intervention for 2026

- For Investors: Focus on the "rebound" in consumer goods as inflation cools.
- For Policymakers: Accelerate the rollout of the MSME-specific tax credits promised in the new Act to offset high energy costs.

VOICE FROM THE GROUND: The Trade & Logistics Bottleneck

The pulse of the MSME sector is often felt most acutely at our gateways. Chief Las Alli-Shobande, Chairman of the LCCI Freight Forwarders Group, provides a sobering look at the regulatory and operational friction affecting trade:

"The proposed 400% hike in Customs operating license fees for 2026 was a significant threat to MSME viability, but through concerted advocacy, this has been stood down. However, structural issues persist. We are currently navigating a 100% surge in port charges by shipping companies, currently on hold pending NSC intervention. Furthermore, the lack of shipside container scanning means too many MSMEs are subjected to the delays of physical examination. The emergence of 'random' Maritime Police interventions further complicates the clearing ecosystem."

Chief Alli-Shobande's insights highlight a critical "policy-practice" gap. While the Federal Government's National Single Window (NSW) project—slated for a full rollout in Q1 2026—promises to be a game changer, the current "test-run" phase must address these micro-level extortions to truly lower the cost of doing business.

KEY CHALLENGES CONFRONTING MSMEs

Despite pockets of resilience, lingering structural barriers still confront MSMEs, including:

- Limited access to affordable finance: With the policy rate at 27.50%, financing costs remain prohibitive coupled with collateral requirements.
- Infrastructure deficits, particularly in power supply and logistics continue to constrain growth.
- Regulatory and compliance costs associated with digital tax reporting and e-filing.
- Insecurity remains a significant worry for business operations.

OUTLOOK FOR Q1 2026

As we pivot into 2026, the MSME landscape is at a crossroads. The full implementation of the Nigeria Tax Act 2025 and the expected rollout of the National Single Window are the primary tailwinds.

What Should MSMEs Expect?

Several dynamics will shape MSME performance:

- **Macro Trends:** Continued disinflation into early 2026 and cautious monetary easing may reduce cost pressures, but liquidity constraints are likely to persist in credit markets.
- **Policy Implementation:** If trade facilitation reforms like the National Single Window materialise, they could lower transaction costs and improve competitiveness for trading MSMEs.

Strategic Advice for Stakeholders:

- **For MSMEs:** Focus on "efficiency-driven formalization" to leverage the tax credits available under the new Act.
- **For Policymakers:** The "Maritime Police" and "Customs Scanning" issues are low-hanging fruit. Resolving these can provide an immediate liquidity boost to trading MSMEs without requiring a single naira of fiscal spending.

CONCLUSION

Nigeria's MSMEs ended 2025 with a display of "dynamic resilience." While the macro-indicators show a cooling of the inflationary fire, the operational embers still burn hot for the average business owner. The transition to a digitized, single-window trade environment in 2026 offers a glimpse of a more frictionless future, provided that regulatory oversight keeps pace with policy intent.

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Interview With:
Mr. Seleem Adegunwa, Managing Director/CEO, Rite Foods Ltd.

Mr. Seleem Adegunwa
MD, Rite Foods

Overview of Business Environment in Nigeria

How would you describe the current business environment in Nigeria?

Nigeria's business environment is a paradox of promise and pressure, a high-opportunity, high-complexity landscape. On one hand, it offers immense potential, driven by a large, youthful population, rising urbanisation, and a resilient entrepreneurial spirit. On the other hand, doing business here requires navigating a dynamic and often unpredictable operating context shaped by economic volatility, structural inefficiencies, and security concerns.

Inflation remains a major challenge. Persistent increases in headline inflation, particularly in food prices, have eroded consumer purchasing power and increased cost pressures for businesses. These inflationary trends are further exacerbated by the depreciation of the naira, disruptions in domestic supply chains, and constraints in local production capacity.

Monetary tightening has added another layer of complexity. The Central Bank of Nigeria's decision to raise the Monetary Policy Rate to 27.50% has made credit significantly more expensive. For businesses looking to fund operations, scale, or invest in innovation, the cost of borrowing is now a major consideration that impacts growth decisions. Foreign exchange volatility still continues to pose serious difficulties.

Infrastructure and security challenges further increase the cost and difficulty of doing business. Inadequate electricity supply, congested logistics networks, and pockets of insecurity contribute to delays, inefficiencies, and increased risk, particularly for industries like manufacturing which is dependent on mobility and stable energy.

Interview With:
Mr. Seleem Adegunwa, Managing Director/CEO, Rite Foods Ltd.

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Overview of Business Environment in Nigeria

Nonetheless, Nigeria's economy is showing signs of recovery with inflation dropping to 22.22% from 36.5% last year. National debt is down to $97 billion from $113 billion inherited from the last administration. The country is currently Africa's fourth largest economy, with GDP growth at 3.8%.

It is important to acknowledge the bold economic reforms being pursued by the current administration, which are beginning to show some wins. Efforts such as the unification of exchange rates, and initiatives to streamline the customs process demonstrate a clear intent to move the country towards long-term macroeconomic stability and a more investor-friendly environment.

As business leaders, we must remain forward-looking. While the current environment requires caution and creativity, it also presents an opportunity to rethink strategies, localise supply chains, and build resilience. With the right policy support, private sector innovation, and sustained stakeholder collaboration, Nigeria can transition from a challenging environment to a globally competitive economy.

What are the major factors influencing the ease or difficulty of doing business in your industry?

Operating within Nigeria's Food and Beverage FMCG sector means contending with a complex mix of high operating costs and significant risks. While the demand potential is strong, several systemic issues continue to impact ease of doing business and overall competitiveness.

One of the most critical challenges is foreign exchange access. The limited and unpredictable availability of USD makes it difficult to plan effectively and significantly raises the cost of imported raw materials, machinery, and spare parts. This volatility

Interview With:
Mr. Seleem Adegunwa, Managing Director/CEO, Rite Foods Ltd.

Overview of Business Environment in Nigeria

affects pricing, margins, and ultimately, the ability to meet consumer expectations in a price-sensitive market.

Regulatory bottlenecks also weigh heavily on the industry. Businesses often face overlapping mandates from multiple government agencies, unclear tax regimes, and delays in approvals. This not only slows down operations but also increases the administrative burden, particularly for companies looking to expand or introduce new product lines.

That said, we acknowledge some of the positive reforms being implemented. The digitisation of business registration processes, the introduction of e-customs systems, and efforts to modernise port infrastructure are commendable steps toward improving operational efficiency. While these initiatives are yet to fully materialise in day-to-day ease of doing business, they reflect a government intent on creating a more enabling environment for private sector growth.

I must also commend the great job being done by the Presidential Enabling Business Environment Council (PEBEC) under Princess Zahrah Mustapha Audu as Director General. There's a move through PEBEC to harmonize regulatory oversight of NAFDAC and SON. This will reduce the frequency of visits by these regulators and allow manufacturers focus on their businesses.

What are the major cost drivers in your operations?

In the Food and Beverage FMCG sector, several key factors significantly impact operational costs and overall efficiency.

Energy remains one of the most substantial cost drivers, largely due to the unreliable power supply from the national grid. As a result, manufacturers rely heavily on diesel generators to maintain uninterrupted operations, which

significantly increases overheads, especially in the context of volatile fuel prices and limited access to alternative energy sources.

Raw materials also represent a major portion of our costs. A large proportion of inputs, including ingredients and packaging materials, are still imported. This exposes our cost structure to currency depreciation, inflationary pressures, and global supply chain disruptions. The volatility of the naira, in particular, has made sourcing materials more expensive and unpredictable.

Logistics is another key area of cost pressure. Poor road infrastructure, high fuel costs, and congestion at ports all contribute to increased transportation expenses and longer delivery timelines. These inefficiencies affect both inbound supply and outbound distribution, making it more difficult to maintain cost-effective and reliable service.

Finally, regulatory compliance and security measures, though essential, contribute to operational costs. Maintaining quality standards, ensuring workplace safety, and securing our assets in an unpredictable security environment all require sustained investment.

Has the cost of doing business increased or decreased in recent months?

While one would not say that the cost of doing business has decreased in recent months, comparing 2025 versus 2024 shows some level of stability. Costs are still high, driven by a combination of macroeconomic

Interview With:
Mr. Seleem Adegunwa, Managing Director/CEO, Rite Foods Ltd.

Overview of Business Environment in Nigeria

pressures and structural challenges. The continued depreciation of the naira pushes up the cost of imported raw materials, packaging, and machinery, making planning and procurement more difficult and expensive.

While we continue to adapt through efficiency measures and innovation, the current climate underscores the urgent need for structural reforms and targeted support to ease the burden on productive sectors like FMCG.

Nonetheless, we acknowledge government measures such as targeted fiscal interventions designed to ease inflationary pressures.

How do high utility costs affect your competitiveness?

While our Company has made significant strides in transitioning to cleaner energy—now powering approximately 90% of our manufacturing operations with more sustainable sources—utility costs still present a major challenge.

High energy costs in Nigeria continue to impact competitiveness. For manufacturers still reliant on diesel or unstable grid power, production and operational overheads remain elevated. These cost pressures limit pricing flexibility, especially in a market where consumers are highly price-sensitive, making it difficult to pass on increases without affecting demand.

Additionally, power-related disruptions outside of our factory, such as those affecting logistics and cold chain distribution, can lead to inefficiencies, delays, and increased operating costs. This becomes a significant barrier when competing under frameworks like the African Continental Free Trade Area (AfCFTA), where competitors in countries with more stable and affordable infrastructure have a distinct advantage.

To significantly enhance the business environment and unlock Nigeria's vast potential in manufacturing and FMCG, a set of targeted, high-impact reforms are highly recommended.First,

Interview With:
Mr. Seleem Adegunwa, Managing Director/CEO, Rite Foods Ltd.

Overview of Business Environment in Nigeria

What reforms are most urgently needed to improve the business environment?

To significantly enhance the business environment and unlock Nigeria's vast potential in manufacturing and FMCG, a set of targeted, high-impact reforms are highly recommended.

First, addressing the power sector remains critical. Stable and affordable electricity is foundational to industrial growth. Accelerated investments in power generation, transmission, and distribution infrastructure, especially in support of renewable energy adoption, will directly improve productivity and reduce operational costs.

Second, stabilising the foreign exchange market is vital. Ensuring consistent liquidity and transparent allocation mechanisms, particularly for essential sectors like food manufacturing, will enable better planning and cost management.

Third, improving port and logistics efficiency must be a national priority. Faster cargo clearance, investment in modern port infrastructure, and rehabilitation of key transport corridors will reduce turnaround times and logistics costs, improving competitiveness.

Additionally, streamlining regulatory processes is essential. Harmonising taxes, digitising approvals, and reducing bureaucratic bottlenecks will foster a more enabling environment and lower the cost of compliance.

Finally, coordinated macroeconomic policies to control inflation will be crucial in preserving consumer purchasing power and maintaining business sustainability.

Nigeria has the fundamentals for success, what is needed now is bold and sustained implementation of these reforms.

Has your business benefited from recent government ease of doing business initiatives?

Yes, we have observed some encouraging progress driven by recent government reforms aimed at improving the business climate. The unification of foreign exchange rates has enhanced transparency in currency markets, enabling better planning and market alignment.

Similarly, the introduction of new tax laws, while still being fully understood and implemented, signals a move toward greater clarity and predictability in fiscal policy, both of which are crucial for business confidence. Additionally, recent efforts to position Nigeria as an investment-friendly destination, especially through targeted industry incentives, have created a more encouraging narrative around industrial growth and economic diversification.

We remain optimistic that sustained execution of reforms, especially those addressing power, transportation, and security, will unlock deeper benefits and further enable the private sector to thrive.

As a company, we remain deeply committed to Nigeria's long-term development and prosperity. We are investing in local production capacity and we continue to develop and empower local talent through targeted training and upskilling initiatives, while supporting communities.

Interview With:
Mr. Seleem Adegunwa, Managing Director/CEO, Rite Foods Ltd.

Overview of Business Environment in Nigeria

Our strategic partnerships with policymakers and stakeholders reflect our belief in building an inclusive, competitive, and resilient FMCG sector that can drive national progress.

We are confident that with sustained reforms, strategic collaboration, and a focus on innovation, Nigeria can not only overcome today's challenges but also emerge as a regional manufacturing powerhouse. At Rite Foods, we are proud to contribute actively to this transformation and remain fully committed to shaping a brighter, more prosperous future for the country.

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