LCCI BUSINESS ENVIRONMENT JOURNAL

NAVIGATING NEW THREATS WITH NEW STRATEGIES

Q1 2026 Edition.

Cost of Doing Business Monitor

ISSN 2992-4715

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THE BUSINESS ENVIRONMENT JOURNAL
is published four times in a year by the Lagos Chamber of Commerce & Industry.
The views and opinions expressed in the BUSINESS ENVIRONMENT JOURNAL do not necessarily reflect the positions of the Lagos Chamber of Commerce & Industry.

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Online Edition
Print ISSN: 2992-4715
Online ISSN: 2992-4728

CON TENT

The Editorial Suite

Navigating New Threats with New Strategies

In an era defined by volatility and rapid transformation, the global economic landscape continues to pose unprecedented challenges for policymakers and businesses. From geopolitical tensions and supply chain disruptions to energy market instability and inflationary pressures, the nature of risk has become more complex, interconnected, and persistent. For emerging economies like Nigeria, these global shocks are not distant events; they transmit directly into the domestic business environment, shaping costs, competitiveness, and investment decisions.

This edition of the Business Environment Journal is therefore both timely and necessary. With the theme, "Navigating New Threats with New Strategies," we seek to interrogate the evolving risk environment and, more importantly, highlight practical, forward-looking strategies that businesses and policymakers can adopt to remain resilient and competitive.

Recent developments underscore the urgency of this conversation. The resurgence of inflationary pressures, driven largely by food prices, transport costs, and energy-related shocks, has sharply increased the cost of doing business across sectors. Exchange rate volatility, rising interest rates, and persistent infrastructure gaps further compound these pressures, creating a challenging operating environment for enterprises—particularly small and medium-sized businesses.

However, within these challenges lie opportunities for strategic recalibration. This edition brings together insights from thought leaders, industry practitioners, and policy analysts who explore how businesses can adapt through innovation, efficiency, and diversification. It also examines the critical role of government in creating an enabling environment through sound macroeconomic management, regulatory reforms, and targeted sectoral interventions.

Key sections in this edition present the driving factors behind the cost of doing business in Lagos, highlight the most burdensome factors, and feature interviews with large corporates on how they are beating cost pressures to achieve profitability. The Journal also highlights policy perspectives on industrialization, trade facilitation, and ongoing reforms to improve Nigeria's business climate.

At the Lagos Chamber of Commerce and Industry, we remain committed to our mandate as the voice of the private sector. Through this Journal, we aim not only to inform but also to influence policy discourse and support evidence-based decision-making. Sustained dialogue between the public and private sectors is essential in navigating these uncertain times and unlocking sustainable growth.

As you engage with this edition, we encourage you to reflect on the changing dynamics of the business environment and the strategic responses required to thrive within it. The future will favour organizations and economies that are agile, innovative, and prepared to rethink traditional models.

We trust that the insights shared in this issue will provide valuable guidance as we collectively navigate the complexities of today's economic landscape.

Sunnie Omeiza-Michael, Ph.D.

Cost of Doing Business Monitor (CDBM)

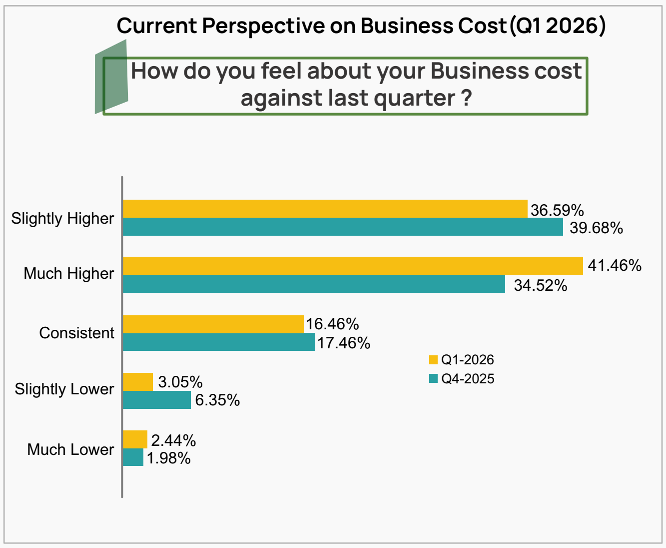
Executive Summary

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.

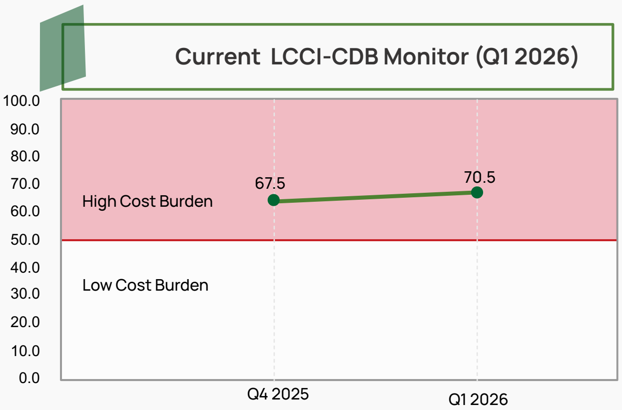
Key findings

Current Perspective on Business Cost (Q1 2026):

- Majority of businesses (78.05%) are currently experiencing high business costs, following a global energy disruption.
- The cost of doing business index for Q1-2026 stands at 70.5 an increase from 67.5 recorded for Q4-2026, which is a 4% increase from Q4-2025.
- In this quarter, Businesses faced high cost with about 53% percent spent on Electricity, Rent, logistics and Administrative cost.



Source: Lagos Chamber of Commerce Research, Q1 2026

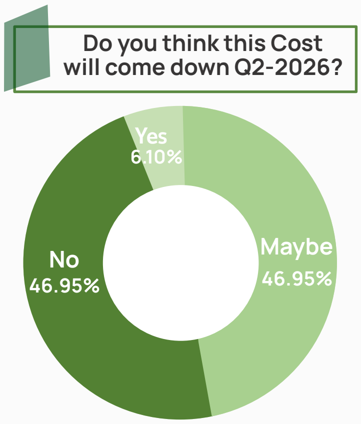


Source: Lagos Chamber of Commerce Research, Q1 2026

Future Perspective on Business Cost Q2-2026:

In Q4-2025, nearly half of respondents were uncertain whether costs would fall, while 42% said no and only 8% expected relief. By Q1-2026, pessimism had edged up to 47%, matching the share of those unsure. Optimism slipped to just 6%.

The shift is gradual, not dramatic. Still, the slow decline in confidence, rather than outright alarm suggests businesses are bracing for continued pressure without expecting immediate relief.



Source: Lagos Chamber of Commerce Research Q1 2026

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/Levies, 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.

Q1 2026 Perspective on Business Cost.

In the first quarter of 2026, 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-CDBM Survey shows a quarterly uprise, an increase from 67.5 in Q4-2025 to 70.5 in Q1-2026.

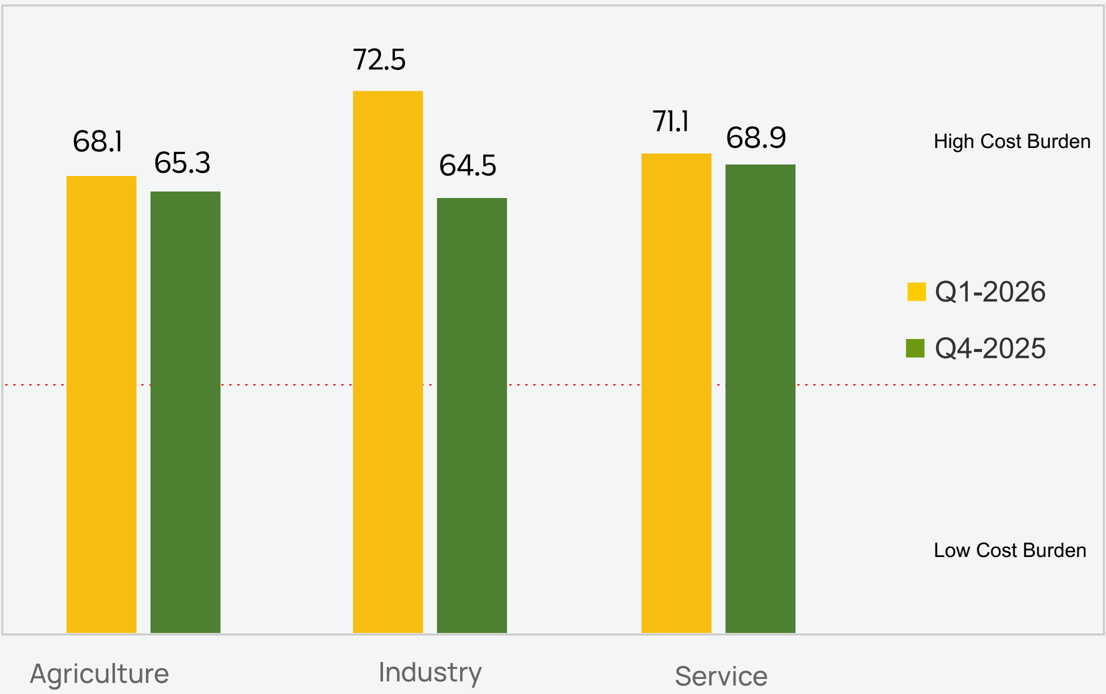
This increase in costs is attributed to several factors, including Logistics(as a result of crude price surge), Rent, Electricity and Administrative cost.

A sectoral analysis reveals varied impacts. The Industrial Sector saw the most cost impact with 25% increase from Q4-2025 to Q1-2026.

In contrast, the Service sector experienced the least cost increase of 2.2 points (about 3%) increase, while the Service sector saw 2.8 points (about 4%) increase.

The overall cost of running a business in Q1 2026 increased compared to the previous quarter with about 4%, but monitor still falls within high cost burden region.

Sectorial LCCI-CDB Monitor for Q4-2025 and-Q1-2026



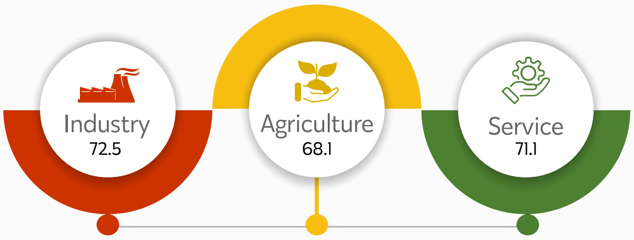
Source: Lagos Chamber of Commerce Research Q1 2026

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.

LCCI-CDBM by Sector



Source: Lagos Chamber of Commerce Research Q1, 2026

LCCI- CDBM Agricultural Performance

The Agriculture sector recorded a rise in cost, increasing from 65.3 in Q4-2025 to an average of 68.1 in Q1-2026.

A detailed look at the quarterly performance reveals a notable development: this sector remained in the high-cost burden region, it also experienced a monthly rise from 66.7 in February to 71.7 in March amidst the surge of Urea cost by the war in the middle East.

SCETOR	Month February	March	CDB Monitor
Agriculture	66.7	71.7	68.1

Source: Lagos Chamber of Commerce Research Q1, 2026

This cost increase is largely attributable to the surge of fertilizer (raw material costs), expensive source of electricity, logistics and repairs.

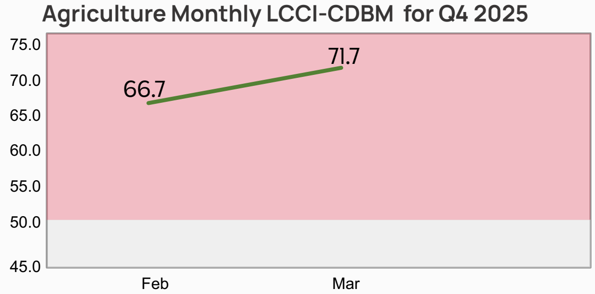
While the average number of regulatory fees paid increase to four in in Q1 2026.

Agricultural sector top 5 regulatory fees Q1-2026 Survey

Regulatory Fees	Response
CAC annual returns	64%
Company Income Tax (CIT)	61%
Local government levies (e.g., signage, tenement rate)	50%
Annual audit and financial filings	50%
Regulatory license renewals (e.g., NAFDAC, SON, DPR etc.)	46%

Source: Lagos Chamber of Commerce Research Q1, 2026

Agriculture Monthly LCCI-CDBM for Q4 2025



Source: Lagos Chamber of Commerce Research, Q1 2026

LCCI- CDBM Industry Sector Performance

The LCCI-CDB Monitor for the Industrial sector increased by from 64.5 in Q4 2025 to 80.5 in Q1-2026 which is the highest , representing a quarterly uprise of about 25% in overall cost.

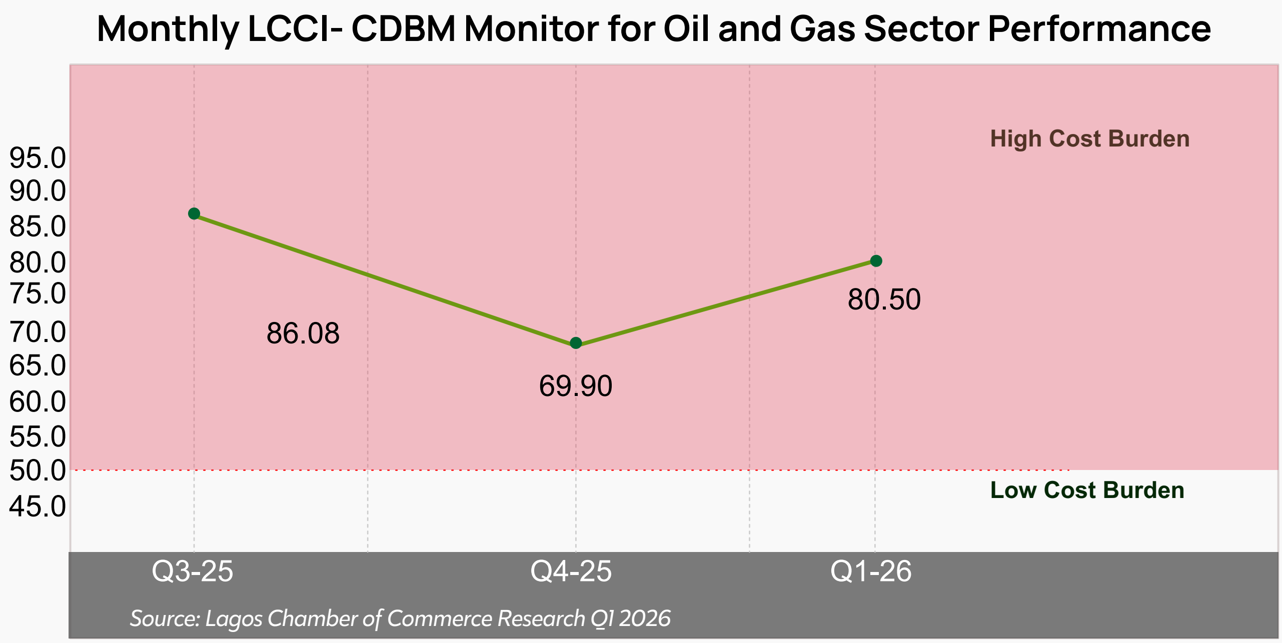
This aggregate "Industrial sector" comprises Manufacturing, Mining & Solid Minerals, and Oil & Gas.

A deeper analysis reveals significant variation in cost performance among these sub-sectors in Q1 2026. The Oil & Gas industry CDBM rose from 69.9 in Q4-2025 to 80.5 Q1-2026, which is a 15% jump from the last Monitor . the oil and Gas sector experienced the highest cost increase basically caused by a spike from the month of March (due to instability in the Global Middle East), which translated to a minimum of 5% increase on almost all business cost incurred within the oil and Gas sector. The Oil and Gas industry is highly regulated, for this quarter, businesses in this sector paid at least six regulatory fees.

Oil & Gas sector top 6 regulatory fees Q1-2026 survey

Regulatory Fees	Response
Local government levies (e.g., signage, tenement rate)	100%
Annual audit and financial filings	100%
Regulatory license renewals (e.g., NAFDAC, SON, DPR etc.)	100%
CAC annual returns	100%
Business premises permit	67%
Company Income Tax (CIT)	67%

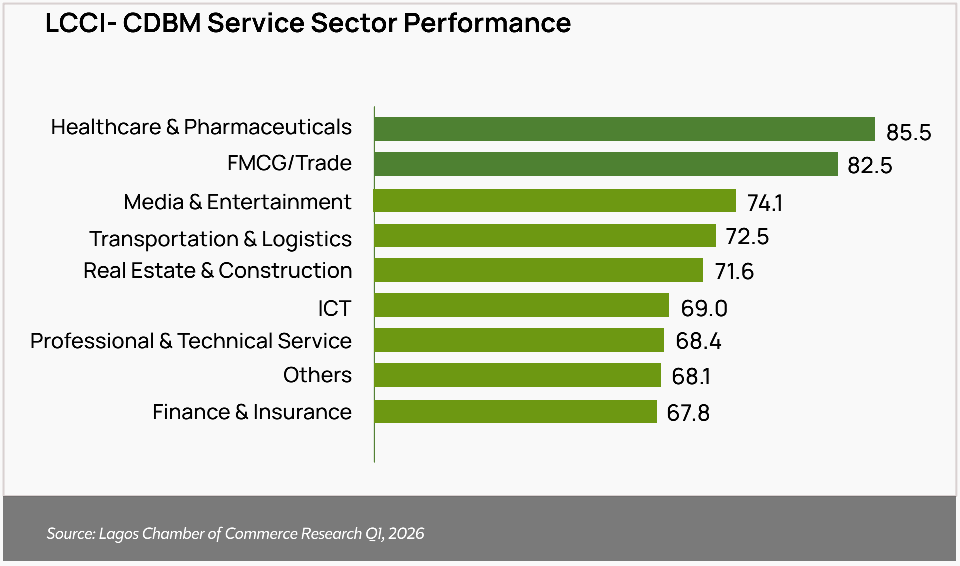
Source: Lagos Chamber of Commerce Research Q1, 2026



LCCI- CDBM Service Sector Performance

The LCCI-CDB Monitor for the Service sector increased to 71.1 in Q1-2026 from 68.7, in Q4-2025. This improvement was driven by relative cost pressure on Electricity, Rent, Logistics and employees salary. All sub-sectors remained in the high cost burden zone in the first quarter 2026. with only four sectors under the Monitor 70.0 threshold. Healthcare and pharmaceutical topped the service sector with 85.5 this quarter overtaking Media & Entertainment from Q4-2025.

Overall, the sector continues to allocate almost 50% of its expenditure to five primary cost drivers: electricity, premise costs, Logistics and office consumables and repairs.



Implication of cost on Businesses

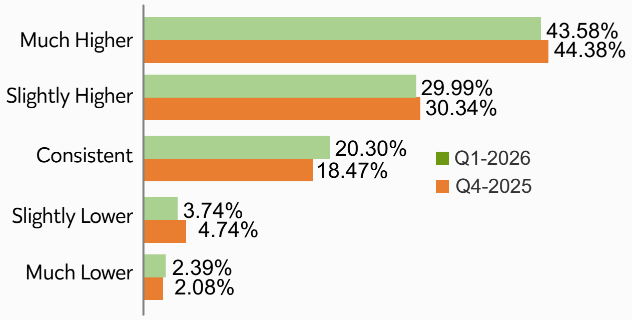
The persistently high Cost of Doing Business in Lagos, as reflected in the CDBM, poses significant challenges for enterprises across all sectors. These cost pressures undermine business viability, weaken competitiveness, and limit growth potential. This section captures insights from over 200 businesses,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

Electricity Costs Surge (73.58% Report Increase)

In Q4-2025, 74.72% of respondents reported higher electricity costs. By Q1-2026, this figure edged down slightly to 73.57% , a modest improvement of just over one percentage point. The share experiencing "Much Higher" costs fell from 44.38% to 43.58%, while "Consistent" costs rose from 18.47% to 20.30%. Relief remained scarce in both quarters, with only about 6% reporting lower costs.

The evidence points to stagnation rather than recovery. Costs remain persistently high for nearly three-quarters of respondents, with no meaningful downward shift between the two periods.

How Would you describe your electricity costs this quarter compared to previous periods?



Source: Lagos Chamber of Commerce Research Q1, 2026

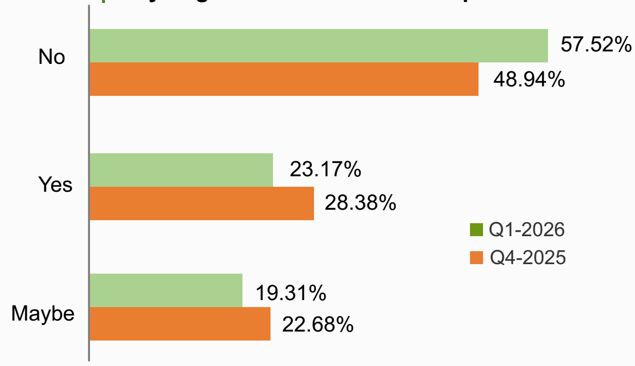
Power Supply Reliability Crisis (80.69% Experience Issues)

In Q4-2025, 48.94% of respondents said they did not receive the electricity hours they paid for. By Q1-2026, that figure rose sharply to 57.52% , an increase of nearly 9 percentage points.

Those who answered "Yes" fell from 28.38% to 23.17%, while uncertainty ("Maybe") declined from 22.68% to 19.31%.

The evidence points to a worsening service gap. More than half of respondents now report being shortchanged on electricity hours, with confidence in service delivery eroding further.

Do you get the number of hours paid for ?



Source: Lagos Chamber of Commerce Research Q1, 2026

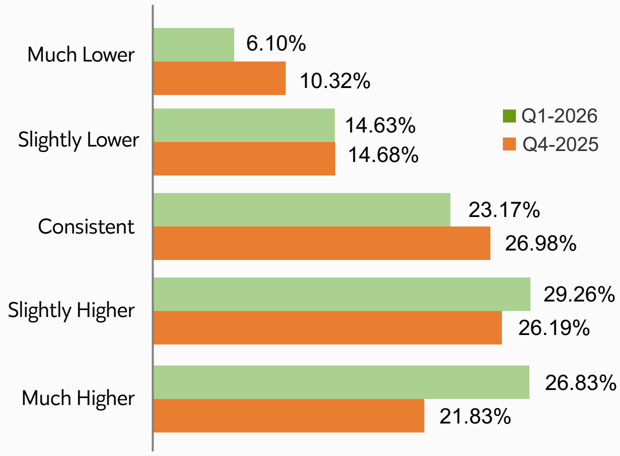
Alternative Energy Costs Rise (56.09% Report Increase)

In Q4-2025, 48.02% of respondents reported higher alternative energy costs (Slightly Higher + Much Higher). By Q1-2026, that figure rose to 56.09%, an increase of over 8 percentage points.

The share experiencing "Much Higher" costs jumped from 21.83% to 26.83%, while "Slightly Higher" climbed from 26.19% to 29.26%. Meanwhile, those enjoying "Much Lower" costs fell from 10.32% to just 6.10%.

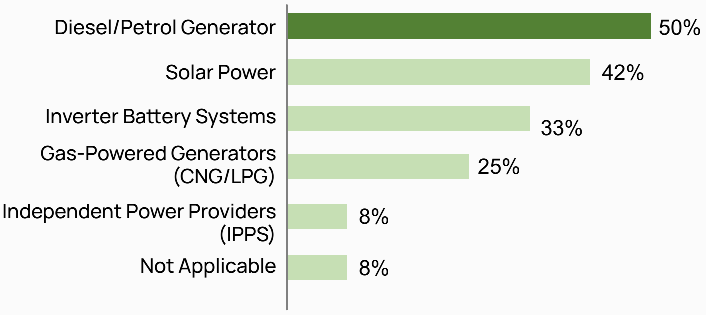
The evidence points to a worsening affordability situation. More than half of respondents now face rising alternative energy expenses, with the most severe increases becoming more common.

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



Source: Lagos Chamber of Commerce Research Q1, 2026

Alternative Source of Power Q1-2026



Source: Lagos Chamber of Commerce Research Q1, 2026

52.44% of Businesses Reports Increase in cost of Raw Material

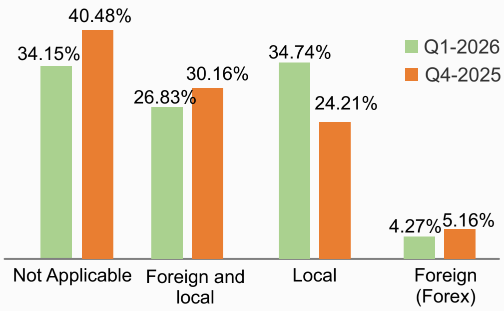
On the sourcing side, reliance on local-only raw materials jumped by over 10 percentage points, from 24.21% to 34.76%. At the same time, the share of respondents for whom raw materials were "Not Applicable" fell from 40.48% to 34.15%, indicating more businesses are actively engaged in sourcing. Mixed sourcing (foreign and local) declined modestly, while pure foreign reliance remained minimal.

On the cost side, however, the picture darkened. The proportion reporting "Much Higher" raw material costs nearly doubled from 17.06% to 26.83%, and total higher costs rose from 43.65% to 52.44%. Consistent costs fell, and relief remained scarce.

This evidence suggests that while businesses are turning more to local supply chains, possibly in response to forex constraints or improved local availability, they are also facing significantly steeper cost increases. The pivot to local sourcing has not shielded them from renewed inflationary pressure on raw materials.

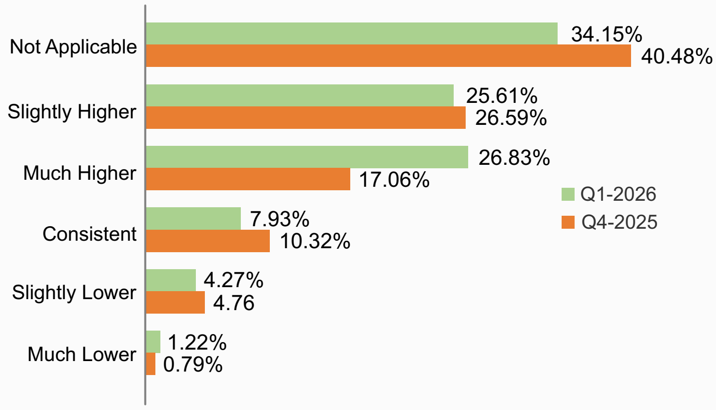
Majority of businesses (78.05%) are currently experiencing high business costs, following the global energy disruption.

How do you source your Raw Material



Source: Lagos Chamber of Commerce Research Q1, 2026

How is your raw material cost last quarter compare to usual



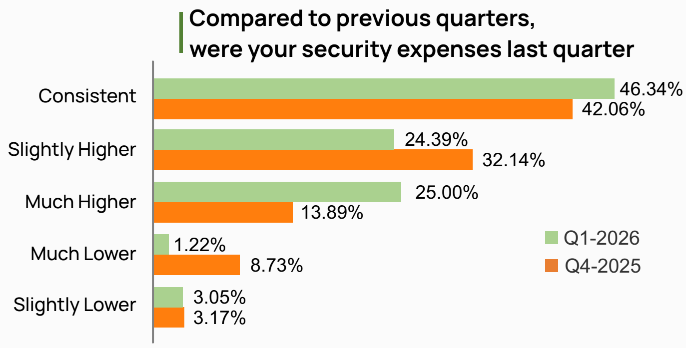
Source: Lagos Chamber of Commerce Research Q1, 2026

49.39% of Firms Face Rising Expenditures on security

The share reporting "Much Higher" security costs rose sharply from 13.89% to 25.00%, an increase of over 11 percentage points. At the same time, "Much Lower" fell from 8.73% to just 1.22%, indicating far fewer respondents experienced significant relief.

However, "Slightly Higher" decreased from 32.14% to 24.39%, while "Consistent" increased from 42.06% to 46.34%. This suggests a polarization: more people are seeing either no change or severe increases, while moderate increases have become less common.

Overall, the evidence points to a slight worsening, with extreme cost hikes becoming more prevalent and deep reductions disappearing.



Source: Lagos Chamber of Commerce Research Q4, 2025

Summary

Electricity costs remained stubbornly high for roughly 73–74% of respondents. However, service delivery deteriorated sharply: the share of customers who do not receive the hours they pay for jumped from 49% to nearly 58%, a troubling erosion of trust.

Alternative energy costs, after a brief moderation, climbed again. The proportion facing higher expenses rose from 48% to 56%, driven by a five-point increase in "much higher" reports. Deep reductions in alternative energy costs all but disappeared.

Raw materials present a paradox. Local-only sourcing rebounded from 24% to 35%, yet cost pressures intensified sharply: "much higher" raw material costs nearly doubled from 17% to 27%, and total higher costs rose from 44% to 52%.

Security expenses polarised. Severe increases ("much higher") rose from 14% to 25%, while deep reductions ("much lower") fell from nearly 9% to just 1%. Consistent costs became more common, suggesting security is now a fixed overhead for many.

Looking ahead, optimism is scarce. Only 6% of respondents expect costs to fall next quarter, down from 8%, while outright pessimism has risen to match uncertainty at 47%.

Taken together, the evidence points to persistent and intensifying cost pressures, with service failures compounding the burden. The pivot to local sourcing has not delivered cheaper inputs, and households and businesses face a tougher environment heading into 2026.

Recommendations

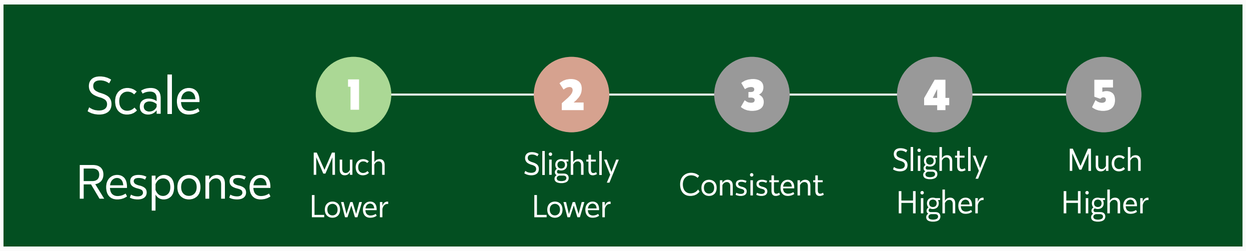
1. Electricity Service: Invest in metering and service transparency to rebuild trust; explore targeted subsidies for high-impact users.
2. Cost Management: Promote energy efficiency and alternative energy subsidies, especially solar, to offset persistent high costs.
3. Raw Material Sourcing: Support 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.

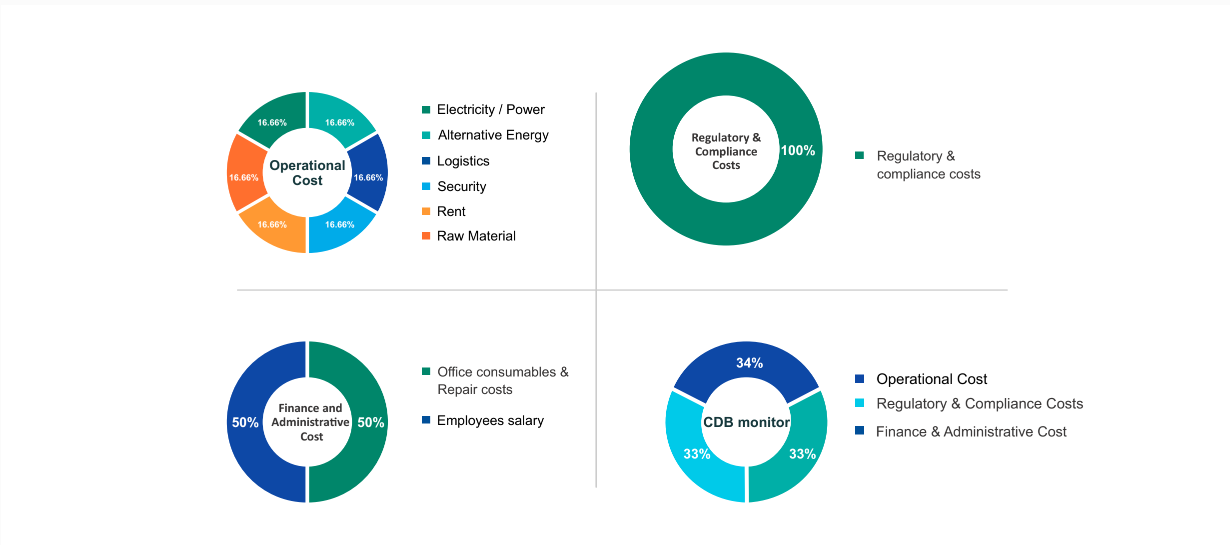
Survey Methodology

The Cost of Doing Business monitor (CDBM) is a survey-based measure designed to track how businesses in Lagos experience changes in costs of running a business over time. This edition serves as the baseline report, covering the second and third quarter of 2025. This survey was carried out in the month of June to September with over 200 businesses response to the survey. The sample covers key Sectors of the economy and was selected from Micro, small, medium and large firms in Lagos to reflect the diversity of cost experiences.

Businesses were asked to compare their cost of doing business with previous quarter, across three key cost categories: Operational Cost (e.g.electricity, rent etc.), Regulatory & Compliance Costs (e.g., licenses, levies, taxes, government fees etc.) and Finance and Administrative Cost. The weighted average technique used in this study to construct the CDBM was adapted from the Global Competitiveness monitor (WEF, 2019), which applies weighted aggregation of normalized indicators across survey questions to arrive at a scores.

The Weight of each monitor was calculated by getting the average of operating cost, other cost across several firms and sector from Yahoo finance. a Likert scale questionnaires was created on the monitor below with responses





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VIEWS & OPINIONS

ENERGY SHOCK TRANSMISSION, INFLATION DYNAMICS, AND INDUSTRIAL SURVIVAL IN A VOLATILE GLOBAL ENERGY MARKET

By Danjuma Iyaji, PhD

Energy Shock Transmission: The Hidden Cost of Global Volatility

The Nigerian business environment entered 2026 under extraordinary strain, shaped by the convergence of global energy shocks, domestic structural imbalances, and persistent macroeconomic volatility. The escalation of geopolitical tensions involving the United States, Iran, and Israel has amplified uncertainty in global oil and gas markets, triggering price spikes and speculative volatility. For Nigeria, an oil-producing nation that paradoxically remains energy-insecure, these global disruptions have transmitted swiftly into domestic inflation, cost pressures, and declining industrial competitiveness.

The Lagos Chamber of Commerce and Industry (LCCI) has consistently highlighted that what businesses face today is not merely cyclical inflation, but a deepening structural crisis threatening enterprise sustainability.

Inflation Dynamics: Structural Pressures on Businesses

According to the National Bureau of Statistics (NBS), Nigeria's headline inflation rate moderated slightly to 15.06% year-on-year in February 2026, down from 15.10% in January 2026, marking a marginal decline in the pace of price increases. However, this moderation must be interpreted cautiously. On a month-on-month basis, inflationary pressures remain elevated, with food prices rising sharply by 4.69% within February alone, underscoring persistent cost pressures in the real economy.

At the heart of this inflationary spiral lies the transmission mechanism of global energy shocks into the domestic economy. Rising crude oil prices, while theoretically beneficial for Nigeria's fiscal revenues, have translated into higher domestic fuel prices following the removal of fuel subsidies. The deregulation of the downstream sector, though necessary for long-term fiscal sustainability, has exposed businesses to the full volatility of international energy markets. Consequently, fluctuations in Brent crude prices now directly influence pump prices of petrol, diesel, and aviation fuel, feeding into transportation, logistics, and production costs.

The data reinforces LCCI's position that Nigeria's inflation is predominantly cost-push in nature, driven not by excess demand but by systemic inefficiencies and energy-related shocks.

FX and Supply Chain Constraints: The Double Burden

At the core of this dynamic is the transmission of global energy shocks into the domestic economy. Heightened geopolitical tensions in the Middle East, particularly involving Iran, Israel, and the United States, have introduced volatility into global oil markets. While Nigeria benefits fiscally from higher crude oil prices, the domestic economy suffers from higher energy costs due to its dependence on imported refined products and FX exposure. The removal of fuel subsidies has further aligned domestic fuel prices with international benchmarks, amplifying the pass-through effect of global oil price fluctuations into local inflation.

This energy-inflation nexus is exacerbated by foreign exchange constraints. Despite some relative stability in early 2026, businesses continue to face high FX costs for importing raw materials, machinery, and refined petroleum products. The depreciation experienced in prior periods continues to feed into current cost structures, creating a lagged inflationary effect.

LCCI has repeatedly noted that the FX-energy interplay remains the most significant driver of cost escalation for Nigerian businesses.

Gas and Power Deficits: Impact on Industrial Operations

Gas supply constraints present an additional layer of structural vulnerability. Nigeria, despite holding one of the largest gas reserves globally, continues to face domestic supply bottlenecks due to infrastructure deficits, pricing challenges, and regulatory inefficiencies. As a result, gas-fired power generation operates below optimal capacity, contributing to unreliable electricity supply. This forces businesses, particularly manufacturers, to rely heavily on self-generation.

Rising Operational Costs: From Margins to Competitiveness

The cost implications are severe. With diesel and petrol prices fully deregulated, the cost of self-generation has surged dramatically, becoming one of the largest components of operational expenditure. For many firms, energy costs now represent a dominant share of total production costs, significantly eroding margins and competitiveness.

This reality has validated LCCI's long-standing argument that Nigeria's energy crisis is fundamentally a competitiveness crisis, not merely a supply issue.

Emerging Energy Reforms: Signs of Hope

Encouragingly, recent developments in the energy sector offer cautious optimism. The Nigerian National Petroleum Company Limited has intensified efforts to enhance domestic refining capacity through refinery rehabilitation and strategic partnerships. Similarly, the Nigerian Midstream and Downstream Petroleum Regulatory Authority has implemented reforms aimed at improving transparency, supply efficiency, and market discipline in the downstream sector. These efforts, combined with increased private sector participation, are expected to gradually stabilize fuel supply and moderate price volatility over the medium term.

Strategic Responses: LCCI's Framework for Business Resilience

However, the immediate operating environment remains extremely challenging. Transportation and logistics costs have surged, driven by higher fuel prices, directly impacting supply chains and distribution networks. Business travel has also become significantly more expensive due to rising aviation fuel costs and currency pressures, limiting expansion, investment, and regional integration opportunities for Nigerian firms.

The LCCI has therefore articulated a clear and strategic response framework to cushion the inflationary pressures on businesses. Central to this is the urgent need to accelerate the transition toward distributed and embedded energy systems. By enabling industrial clusters and commercial hubs to develop captive and decentralized power solutions, such as solar hybrid systems and mini-grids, businesses can reduce reliance on the national grid and mitigate exposure to fuel price volatility.

Distributed and Renewable Energy Solutions: Pathways to Stability

Equally critical is the scaling of investments in gas infrastructure. Expanding pipeline networks, improving gas processing capabilities, and implementing stable, cost-reflective pricing frameworks will unlock gas as a viable transition fuel for industry. Given its relative cost advantage over liquid fuels, gas holds the potential to significantly reduce energy costs for manufacturers and enhance industrial productivity.

In addition, LCCI advocates the development of energy risk hedging frameworks within Nigeria's financial system. In advanced economies, firms utilize hedging instruments to manage exposure to energy price volatility. Introducing such mechanisms—through collaboration between financial institutions, regulators, and development partners—will enable Nigerian businesses to stabilize costs and improve long-term planning.

The promotion of renewable energy clusters also represents a forward-looking strategy for industrial resilience. Integrating solar, wind, and energy storage solutions within industrial zones can reduce dependence on fossil fuels, lower operating costs over time, and position Nigerian businesses to benefit from global sustainability trends and green financing opportunities.

Financial and Policy Measures: Mitigating Inflationary Pressures

Beyond energy-specific interventions, LCCI has recommended broader macroeconomic measures to support businesses. These include improving FX liquidity through transparent and market-driven mechanisms, reducing import duties on critical industrial inputs, and offering targeted tax incentives for firms investing in energy efficiency and alternative power solutions. Strengthening transport and logistics infrastructure is also essential to reducing the non-energy components of production costs.

Transforming Crisis into Opportunity

In a nutshell, while recent data from the NBS suggests a modest easing of headline inflation, the structural realities confronting Nigerian businesses remain severe. The persistence of high month-on-month price increases, elevated core inflation, and energy-driven cost pressures underscores the depth of the challenge. As LCCI has consistently maintained, Nigeria's path to sustainable economic growth lies in addressing the structural underpinnings of its energy and cost environment.

The urgency is clear: without decisive and coordinated action to transform the energy landscape, improve FX stability, and enhance infrastructure, businesses will continue to operate under debilitating constraints. Conversely, with the right policy mix and strategic investments, Nigeria can convert its current crisis into an opportunity, building a more resilient, competitive, and future-ready industrial economy.

VIEWS & OPINIONS

FROM PORTS TO PROSPERITY: EVALUATING THE NATIONAL SINGLE WINDOW AS A CATALYST FOR NIGERIA'S TRADE ECOSYSTEM

By Madara Joseph Essien

Introduction

For decades, Nigeria's maritime gateways have been characterized by a paradoxical struggle: they are the nation's economic lifelines, yet they are often throttled by the very bureaucratic processes meant to manage them. Currently, the average lead time to clear goods from Nigerian ports fluctuates between 12 and 21 days. Beyond the logistical delays, the economic opportunity cost is staggering; Nigeria loses an estimated $4 billion annually to port-related red tape—a 'hidden tax' that directly fuels domestic inflation and erodes the competitiveness of our MSMEs. Historically, more than 90% of containers have undergone physical examination, a manual bottleneck that drives clearing costs to approximately 1.8 times those of our West African neighbours.

However, the tide is turning. Following the high-level stakeholder engagement at LCCI Commerce House on March 23, 2026, and the subsequent launch of Phase 1, Nigeria has finally moved from a fragmented system of manual documentation to a digital, unified trade interface: the National Single Window (NSW).

The Economic Logic of a Unified Portal

The NSW is not merely a technological upgrade; it is a fundamental shift in our trade architecture. Defined by UN/CEFACT as a facility allowing parties involved in trade and transport to lodge standardized information through a single-entry point, the NSW replaces the "many-to-many" agency model with a "one-stop-shop." For LCCI members, the primary value proposition lies in the Single Submission principle: data is entered once and transmitted automatically to all relevant regulatory bodies

Table 1: Strategic Impact of NSW Implementation

Operational Metric	Baseline (pre-NSW)	Target (Phase 1 & 2)	Economic Impact (The Value Add)
Clearance Cycle	12 – 21 Days	24 Hours	Capital Liquidity: Reduces interest costs on tied-up capital and increases MSME turnover.
Inspection Rate	> 90% Physical	< 10% (Risk-Based)	Logistics Optimization: Eliminates terminal congestion and astronomical demurrage fees.
Point of Entry	Multiple logins for different agencies	Single Interface for all stakeholders	**Cost of Doing Business:** Removes "facilitation" costs and saves thousands of administrative man-hours.
Documentation	Manual or semi-manual silos	Data Harmonization & E-documents	**Operational Leanliness:** Reduces the "carbon footprint" of trade and eliminates document loss/forgery risks.
HS Code Integrity	Conflicting Standards	Harmonized Codes	**Market Predictability:** Provides a stable legal environment for international investors and local importers.
Payment Flow	Multiple Manual Steps	Unified E-Payment	**Revenue Assurance:** Eliminates leakages and ensures 100% duty collection for the Federal Government.
Transparency	High human interface (Opaque)	Real-time Tracking and Audit Trails	**Governance & Trust:** Enhances Nigeria's standing in the Global Ease of Doing Business and LPI rankings

Source: Author's synthesis based on the NSW Secretariat's presentation at the LCCI Stakeholders' Engagement Session, March 2026.

Phase 1: Real-Time Impact and Targets

The initial rollout of the NSW has targeted the most critical friction points in our logistics chain. Based on the Secretariat's roadmap, Phase 1 functionalities include:

- **Centralized License and Permit Processing:** Direct digital application submission for SON, NAFDAC, NAQS, and NESREA.
- **Digital Manifest Submission:** Real-time submission by shipping lines, allowing for pre-arrival processing.
- **Centralized Risk Management:** A shift away from 100% physical inspection toward data-driven oversight, with a target to reduce physical examinations to less than 10%

The economic targets are ambitious but necessary. The NSW Secretariat aims to reduce both the Goods Clearance Lead Time and the Average Time to Export to just 1 day. Achieving these KPIs would bring Nigeria to parity with regional competitors and significantly lower the cost of doing business.

Addressing the "Co-existence" Concern: B'Odogwu vs NSW

It is critical to distinguish that while B'Odogwu remains the robust 'Engine' for Customs valuation and risk, the NSW acts as the 'Dashboard'—the single, integrated front-end portal that orchestrates all regulatory interactions across the trade ecosystem.

Furthermore, the system is designed to promote segregation of duties and traceability, creating a "single source of truth" for trade data that reduces the risk of manipulation and revenue leakage

The Road Ahead: Phases 2 and 3.

Transformation is a journey, and a significant milestone for our members is the resolution of regulatory overlaps. While Phase 1 focuses on import documentation, Phase 2 (scheduled for Q2–Q3 2026) will implement Harmonized HS Code management. This ensures that a single product classification is accepted by SON, NAFDAC, and Customs alike, effectively ending the era of conflicting agency requirements. By Phase 3 (Q1 2027), advanced risk analytics and trade visualization systems will provide the government and private sector with unprecedented insights into our trade ecosystem.

Conclusion

The transition from "Ports to Prosperity" requires more than software; it requires a collective shift toward transparency. LCCI demands sustained political will to ensure the NSW Secretariat remains insulated from bureaucratic sabotage. By embracing this window, Nigeria is not just simplifying a process—it is lowering the barriers to global trade and inviting a new era of private sector-led growth.

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Banks Post-Recapitalisation and the Path to a $1 Trillion Economy in Nigeria

By Kehinde Ayanbadejo

Introduction

Nigeria's banking sector has just completed one of the most consequential financial reforms in its recent history. On March 31, 2026, the Central Bank of Nigeria's two-year recapitalisation programme officially concluded, closing a chapter that began in March 2024 with bold regulatory ambition and ends with a transformed, if still imperfect, financial landscape. Nigerian banks raised a total of ₦4.65 trillion in fresh capital over the 24-month exercise, with 33 lenders meeting the revised minimum capital requirements. While the numbers are impressive, the structural questions that remain are even more important.

The Scale and Significance of the Exercise

To appreciate what just happened, one must understand why it was necessary. The recapitalisation exercise was triggered by the clear erosion of banks' capital buffers since 2010. Using 2023 averages, the existing minimum capital size had lost 77.1% in foreign exchange terms and 76.5% in real terms compared to 2010 levels. In plain language, Nigeria's banks had been running on capital that inflation and Naira depreciation had quietly hollowed out over more than a decade. The CBN's intervention was not a crisis response — it was, arguably, an overdue one.

Under the new guidelines, the recapitalisation plan requires a minimum capital of ₦500 billion for commercial banks with international licences, ₦200 billion for national banks, and ₦50 billion for regional banks. These are not trivial thresholds. They demand that Nigerian banks be genuinely capitalised, not merely technically compliant with outdated figures.

The exercise drew strong participation from both domestic and foreign investors. According to the CBN, a total of N4.65 trillion was raised in new capital, with 72.55 percent of the capital sourced locally, while 27.45 percent came from international markets, reflecting sustained investor confidence in Nigeria's banking sector. That local investors provided nearly threequarters of the total capital raised is particularly significant. It suggests domestic institutional players such as pension funds, insurance companies, high-net-worth individuals believe in the trajectory of Nigerian banking, even amid persistent macroeconomic headwinds. Foreign capital inflows into the banking sector rose by 93.25 percent year-on-year to $13.53 billion in 2025, up from $7.00 billion in 2024, during the recapitalisation drive. This implies that international investors, too, are paying attention.

Table 1: Bank Recapitalisation: 2005 vs 2026 Capital Raised

Period	Total Capital Raised	Total Capital Raised	Capital Sourced		Number of Banks that Emerged
			Domestic	Foreign	
2005	360	2.76	274.70	652 (plus GBP 162,000)	25 (from 89 Banks)
2006	4,650	3.35	3,373.58	920.80	33 (from 37 Banks)

Source: Central Bank of Nigeria (CBN) & Author's Computation

Connecting Capital to Nigeria's $1 Trillion Dream

Connecting bank recapitalisation to the ambition of building a $1 trillion economy, a target that implies roughly tripling Nigeria's current GDP, is both strategic and necessary for sustainable growth. At current exchange rate realities, achieving this vision by 2030 would require the Nigerian economy to grow at an average annual of 27%, far above historical trends. The gap between Nigeria's current economic position and the $1 trillion target is therefore significant. Bridging this gap demands a financial system with the scale, strength, and sophistication to mobilise and deploy capital efficiently. Recapitalised banks are a necessary condition for closing that gap, though they are not sufficient on their own.

As noted by the Central Bank of Nigeria's Director of Banking Supervision, Olubukola Akinwunmi, during a seminar for finance correspondents, "Banks need to be adequately capitalised to support the kind of big-ticket transactions that drive economic growth. A $1 trillion economy will require banks that can provide long-term, low-cost financing for critical sectors." This statement captures the central role of the banking sector as a catalyst for economic transformation.

The underlying logic is straightforward. No modern economy grows in isolation from its financial system. Large-scale infrastructure projects, industrial expansion, agricultural transformation, and technology investment all require patient, large-scale and long-term capital that only well-capitalised banks can reliably provide. These are not short-term, low-risk ventures; they require significant upfront investment with returns realised over extended periods. Only well-capitalised banks possess the balance sheet strength to underwrite such risks at scale.

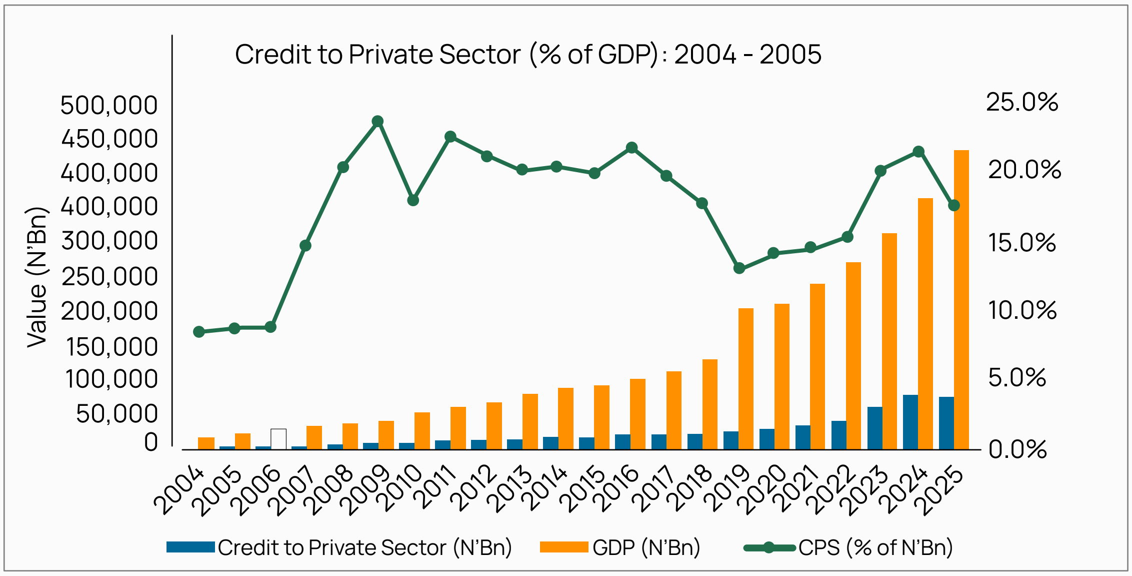
For example, financing a power plant, a major transport corridor, or a large fertiliser facility often requires loan tickets running into tens or even hundreds of billions of Naira. A bank with a thin capital base is structurally constrained, it cannot take on such exposures without breaching prudential limits or endangering its stability. In contrast, a bank with a substantially larger capital base, say ₦500 billion or more has the capacity not only to fund such projects but also to syndicate financing, crowd in other investors, and support entire value chains around these investments.

Beyond lending capacity, recapitalisation also enhances resilience. Stronger capital buffers enable banks to absorb shocks, maintain credit flows during downturns, and sustain confidence in the financial system. This stability is critical for attracting both domestic and foreign investment, which are essential components of rapid economic growth. Investors are more likely to commit long-term capital in an environment where financial institutions are robust and well-regulated.

However, it is important to emphasise that recapitalisation, while necessary, is not a silver bullet. Its impact depends on how effectively the additional capital is deployed. Banks must align their lending strategies with national development priorities, channeling funds into productive sectors rather than short-term, speculative activities. At the same time, complementary reforms such as improvements in the business environment, infrastructure, regulatory consistency, and governance are essential to ensure that capital translates into real economic output.

In essence, bank recapitalisation lays the financial foundation for the $1 trillion economic aspiration. It equips the banking sector to intermediate savings into large-scale investments, supports structural transformation, and enhances economic resilience. But achieving the broader goal will require a coordinated effort across fiscal policy, regulatory frameworks, and private sector participation. Only through this integrated approach can Nigeria realistically move from ambition to attainment.

Figure 1: Credit to Private Sector (% of GDP)



Source: Central Bank of Nigeria, National Bureau of Statistics (NBS) & Author's Computation

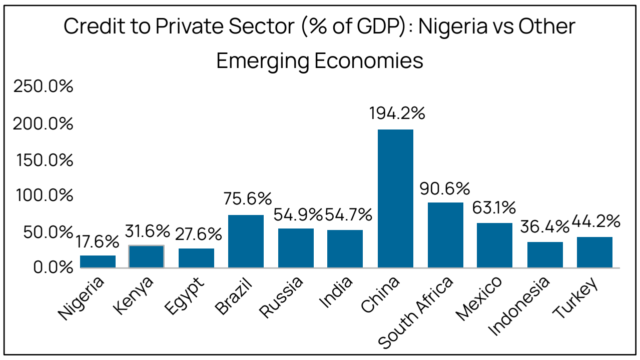
The Credit Gap: The Hard Work Ahead

At the heart of Nigeria's post-recapitalisation banking landscape lies a fundamental challenge: stronger balance sheets do not automatically translate into stronger credit growth. While capital adequacy provides the foundation for stability, it does not guarantee that banks will extend credit at the scale or to the sectors required for economic transformation.

In Nigeria, these two issues, capital adequacy and credit deployment are closely linked but operationally distinct, and historically, the system has struggled more with the latter.

As of 2025, private sector credit in Nigeria stands at approximately 17.6% of GDP. This is not only below the sub-Saharan African average of about 25%, but also significantly trails peer economies such as South Africa (90.6%), Kenya (31.6%), Egypt (27.6%), Brazil (75.6%), Russia (54.9%), India (54.7%), China (194.2%), Mexico (63.1%), Indonesia (36.4%), and Turkey (44.2%). This structural gap is a damning indictment of how disconnected Nigeria's financial system has been from its productive sectors, and it will not be solved by recapitalisation alone.

Figure 2: Contextualizing Nigeria's Private Sector Credit (% of GDP) with Peer Economies



Source: World Bank & CBN

The picture is even starker when examined by sector. Small and Medium Enterprises (SMEs) lending represents roughly 1% of total bank credit, despite the segment contributing about half of GDP and more than 80 percent of employment.

PricewaterhouseCoopers (PwC) estimates place the SMEs financing gap at around ₦48 trillion. SMEs are the engine room of Nigeria's non-oil economy, generating livelihoods for tens of millions of Nigerians. Yet they remain almost invisible in bank credit portfolios, crowded out by the safer returns of government securities and large corporate lending.

Consumer lending accounts for only about 7% of total credit, constraining domestic demand in an economy seeking non-oil growth drivers. A $1 trillion economy is not built on oil revenues alone, it requires robust domestic consumption, which in turn requires households to have access to credit for homes, vehicles, education, and small businesses. Nigeria's banks have a long road to travel.

Consolidation and the New Competitive Landscape

One tangible consequence of the recapitalisation exercise has been consolidation. Industry watchers expect a wave of consolidation similar to past reforms, as smaller or weaker banks combine forces to meet regulatory demands. The CBN approved the first merger and acquisition deal between Providus Bank and Unity Bank in 2024, signalling that the regulator was prepared to facilitate combinations rather than simply impose thresholds.

This consolidation is broadly healthy. Fewer, stronger banks are better positioned to absorb shocks, invest in technology, and compete regionally. However, consolidation also raises legitimate concerns about competition, particularly for underserved segments. If the postrecapitalisation landscape produces a handful of dominant mega-banks focused on the same blue-chip corporate clients, the credit gap for SMEs and households could widen further.

The CBN appears aware of this risk. CBN Governor Olayemi Cardoso has noted that the recapitalisation policy "not only strengthens financial stability but also serves as a catalyst for inclusive growth," adding that with increased capital, banks can invest in technology and innovation crucial for driving digital financial services such as mobile money and agent banking. The vision is of banks that are simultaneously more resilient and more inclusive, using technology to reach the customers that traditional branch banking has historically ignored.

Governance, Risk, and Global Competitiveness

Stronger capital is also expected to drive stronger governance. The sector now has improved capital adequacy ratios above worldwide Basel norms, with minimum capital adequacy requirements set at 10 percent for regional and national banks and 15 percent for banks with international authorisation. These standards align Nigerian banking supervision more closely with major global financial centres, an important signal for the international investors and correspondent banking relationships that Nigeria's most ambitious banks will need to pursue their continental and global growth strategies.

An orderly withdrawal from the regulatory forbearance arrangements that had permitted some banks to postpone the recognition of specific balance sheet problems coincided with the implementation of the recapitalisation. This is significant! For years, forbearance masked the true fragility of some institutions. The recapitalisation exercise forced a reckoning, banks had to shore up their capital while simultaneously cleaning up their balance sheets. The result, in theory, is a sector with fewer hidden vulnerabilities.

The CBN has also flagged the need for Nigerian banks to be prepared for global headwinds, including the potential impact of shifts in U.S. economic policy on developing economies, stating that "banks must be properly capitalised for the emerging global order." In a world of rising geopolitical uncertainty and shifting trade flows, a well-capitalised banking system is Nigeria's first line of financial defence.

From Milestone to Movement

The completion of the recapitalisation exercise marks an important milestone, not the final destination. While the policy is essential for positioning Nigerian banks to compete globally and support long-term development, credit to the real sector remains weak.

Bridging the gap between the estimated ₦4.65 trillion in fresh capital and the ambition of a $1 trillion economy requires reforms that extend well beyond the banking industry. It calls for a fiscal environment where government borrowing does not crowd out private sector access to credit through high-yield treasury instruments. It also demands a stronger legal and collateral framework that makes lending to SMEs commercially viable, not merely aspirational. In addition, sustained investment in power, transport logistics, and digital infrastructure is critical to make the real economy more productive and, importantly, more bankable.

Nigeria's banks have done their part. They have raised capital under challenging conditions, adapted to a complex regulatory landscape, and strengthened their balance sheets. The question now is whether the broader reform architecture including fiscal policy, investment climate, infrastructure delivery will rise to meet them. If it does, the $1 trillion economy is not a fantasy. If it does not, no amount of bank capital will make it real.

The recapitalisation is over. The real work has just begun.

The Velocity of Crisis: Analyzing the 2026 Oil and Fertilizer Price Spikes

by Isaiah Omenokpe

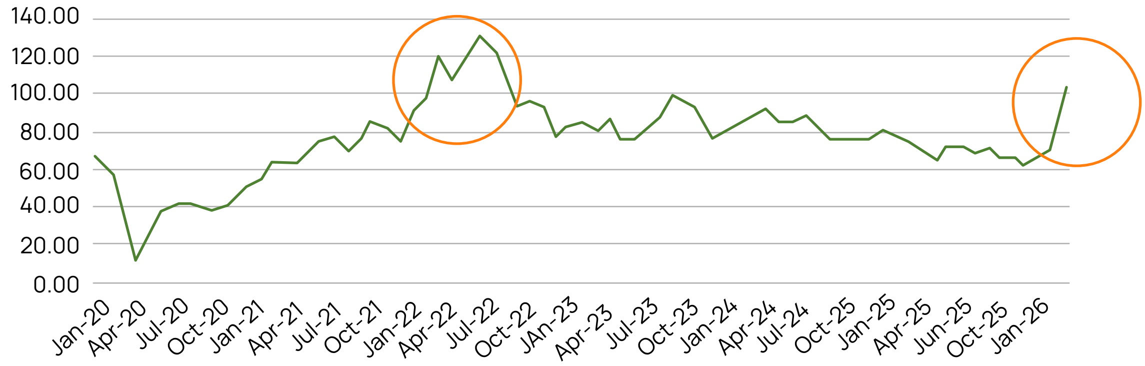
Introduction

In the first quarter of 2026, the Nigerian business environment transitioned from a state of cautious recovery into a high-volatility crisis. Data analysis reveals a synchronized Double-Shock characterized by a 44.6% surge in Bonny Light Crude ($104.57) and a 53.7% vertical spike in Global Urea prices ($725.63). Unlike previous cycles, this shock occurs in a post-subsidy landscape where the transmission from global spot prices to local operating expenses is instantaneous. This journal provides a granular examination of these price movements, draws critical parallels to the 2021–2022 historic peaks, and outlines the urgent strategic pivots required for corporate and agricultural survival. The current crisis is rooted in geopolitical disruptions in the Middle East, which have constrained global energy supply and forced a repricing of natural gas, the primary feedstock for nitrogen-based fertilizers.

The Energy Catalyst (Crude Oil)

As of March 2026, Bonny Light Crude reached a monthly average of $104.57, a significant departure from the $72.33 baseline recorded in February. For Nigeria, this high price acts as a fiscal paradox; while it theoretically increases government revenue, it devastates the private sector through the landed cost of AGO (Diesel). Because Nigeria has transitioned to a post-subsidy regime, domestic prices have breached ₦1,650/liter, representing a 31.2% increase in just 30 days. This energy inflation acts as a regressive tax on every stage of the supply chain, from power generation to final-mile delivery. Furthermore, locally refined products from modern facilities have adjusted prices upward to maintain global parity, effectively raising the "floor" for all energy-dependent businesses and eliminating the hope of cheap local fuel.

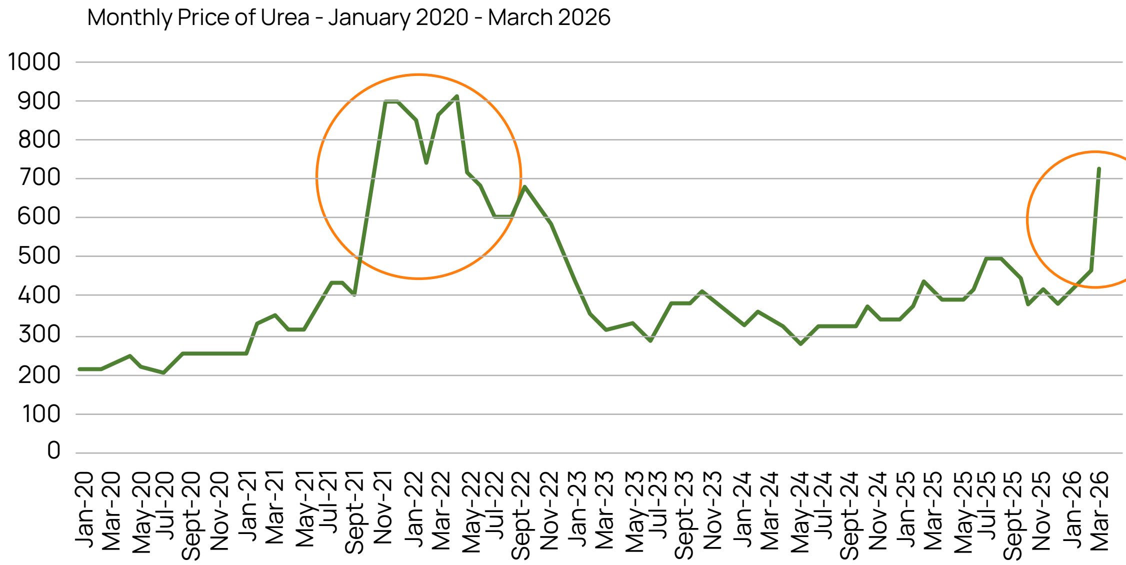
Monthly Price of crude oil - January 2020 - March 2026



Source: CBN I LCCI

The Input Surge (Urea)

Global Urea prices saw their most aggressive single-month movement in recent history, leaping from $472/mt in February to $725.63/mt in March. This was driven by a surge in European and Middle Eastern natural gas prices, which forced global manufacturers to curb production to avoid operating at a loss. This tightening of supply occurred exactly as the Nigerian agricultural sector entered its primary planting season. Because Nitrogen is the most critical nutrient for cereal crop growth, this spike isn't just a financial metric; it is a physical constraint on the volume of food Nigeria can produce in 2026.



Source: CBN I LCCI

Historical Context from the 2021–2022 Cycle and 2026 spikes

To assess the risk of a Stagflationary Loop, we must compare current data to the Great Commodity Spike of 2021–2022, as extracted from the 6-year trend analysis.

Metric	2021–2022 Peak	March 2026 Spot	% Increase (Jan '21 to Peak)	March 2026 Spot	% Increase (Feb '26 to Mar '26)
Urea Price	$925.00 (Apr '22)	$725.63	**+249.06%** (15 months) turnover .	$725.63	**+53.74%** (1 month)
Crude Oil Price	$129.90 (Jun '22)	$104.57	**+135.97%** (17 months)	$104.57	**+44.57%** (1 month)

Source: World Bank I CBN I LCCI

While the absolute prices in 2022 were eventually higher, the March 2026 shock is more dangerous because of its condensed timeline and removal of subsidy. In 2021, the price climb was a Slow Burn, giving businesses over a year to restructure contracts. In 2026, the market moved over 50% in just 31 days, leaving no room for financial hedging.

Agriculture & Food Security: The Timing Trap and Retail Transmission

The March spike is occurring at the most sensitive time for Nigerian agriculture, the primary planting window. The "Biological Calendar" of a plant does not wait for market corrections, meaning the decisions made now will dictate the availability of food for the next twelve months.

Fertilizer Pricing Disparity and Nutrient Mining

While Nigeria is a major producer of Urea, the pricing model remains pegged to global export parity. Consequently, a 50kg bag of Urea priced at ₦42,000 in February reached ₦62,000–₦65,000 by late March. This has led to Nutrient Mining, where smallholder farmers are skipping fertilizer applications entirely or stretching one bag across land that requires three. According to International Institute of Tropical Agriculture (IITA) Maize Yield Trials, cereal crops like Maize and Rice, a 50% reduction in Nitrogen application can lead to a 40% reduction in grain weight, effectively crippling the harvest before it has even begun.

Post-Harvest Food Security: The Historical Lesson of Retail Price Spikes

The true danger is baked into the harvest that will arrive in Q3 and Q4 of 2026. Based on weighted sectoral models, we expect a 25% to 35% drop in national grain yield regardless of weather conditions. Historical data from the previous 2021–2022 spike serves as a grim blueprint for the retail inflation that follows these input shocks. According to NBS, Between December 2021 and December 2022, essential food items saw massive Year-on-Year (YoY) increases driven by rising energy and fertilizer costs. Specifically, the price of Agric Eggs (one unit) rose by 44.42%, Peak Milk (170g) rose by 44.81%, and Unsliced Bread (500g) surged by 33.41%. Even basic tubers and vegetables like Yam (+29.42%) and Tomatoes (+28.40%) saw heavy increases due to the Distance Tax imposed by high diesel prices. This proves that once a planting season is compromised by a 53% fertilizer spike, the price floor for the entire consumer basket is permanently elevated for the following year.

Manufacturing & Logistics: The Distance Tax

Manufacturers are currently trapped in a Margin Squeeze between rising input costs and a consumer base with diminishing purchasing power. Energy and logistics now account for 55-60% of total OPEX for energy-intensive firms. With diesel hitting ₦1,650/L, the cost of moving a 30-ton trailer from Lagos to Kano has risen so sharply that profit margins are erased. This is forcing businesses to increasingly abandon national distribution in favor of regional hubs to preserve cash flow

Recommendations

- Domestic Fertilizer Quotas: Mandate local producers to reserve a percentage of Urea for the domestic market at "Cost-Plus" pricing to decouple from global price volatility.
- Logistics "Green Corridors": Implement a diesel voucher system for registered logistics firms moving essential staples to prevent energy shocks from reaching the retail consumer.
- Industrial Decoupling: Accelerate Gas-to-Power (CNG) incentives for manufacturers. Under $100/bbl oil, the ROI for gas infrastructure is now under 18 months.

Conclusion

The **53.7% spike in Urea** and **44.6% spike in Crude** have effectively "taxed" the 2026 harvest before the seeds were sown. Success in this environment requires energy autonomy and supply chain localization to shield balance sheets from the high-velocity volatility of global markets..

MSME Outlook 2026: Navigating the Nexus of Tax Reform and Trade Digitization

By Madara Essien

Overview

As Nigeria enters the first quarter of 2026, the "equilibrium-seeking" phase of late 2025 has transitioned into a period of structural realignment. For the Micro, Small, and Medium Enterprises (MSMEs) that anchor our economy, Q1 represents a critical crossroads. Two major policy shifts—the full commencement of the Nigeria Tax Act 2025 and the pilot rollout of the National Single Window (NSW)—are creating a new digital and fiscal nexus. This brief explores how businesses can navigate these "digital rails" to move from mere resilience to sustainable competitiveness.

1. THE TAX REFORM NEXUS: RELIEF VS. COMPLIANCE

The arrival of the Nigeria Tax Act 2025 in Q1 2026 represents the most significant fiscal shift for MSMEs in a decade. However, it functions as a double-edged sword that requires careful navigation.

The Liquidity Cushion

The expansion of the "Small Company" threshold to ₦100 million in annual turnover is a game changer. By exempting a larger pool of MSMEs from Company Income Tax (CIT), the reform provides an immediate liquidity boost. For a sector where the policy rate remains high at 26.50%, this "internal financing" through tax savings is a vital lifeline.

The Digital Compliance Mandate

The convergence of tax and trade systems has given rise to a Digital First compliance model, where business registration, taxation, and trade activities are fully digitized and data is shared across agencies in real-time. While this enhances efficiency and transparency, it also introduces systemic risks:

- Digital exclusion of micro-enterprises lacking access to technology.
- Increased vulnerability to cybersecurity threats.
- Automated enforcement mechanisms that may lack the flexibility required for nano-businesses.

The relief comes with a prerequisite: Digital Visibility. The newly formed Nigeria Revenue Service (NRS) has tied these incentives to e-invoicing and digital filing.

The Insight: Formalization is no longer just a legal requirement; it is a financial strategy. To access the 5% Economic Development Incentive (EDI) for capital expenditure—critical for MSMEs facing high energy costs—digital transparency is now the "admission ticket.

The End of "Nuisance Taxes": Efficiency Gains or Digital Burden Shift?

While the elimination of fragmented levies is widely welcomed, the transition raises a critical question: Has the cost of compliance truly fallen, or has it been restructured? In practice, the reduction in taxes has improved Ease of Doing Business metrics, but the system is now heavily dependent on digital interfaces. This introduces a digital compliance threshold. The concept of compliance elasticity becomes relevant here: while some firms respond positively to simplified systems, others may remain informal due to digital barriers. The reform has not eliminated compliance costs; it has reallocated them from multiplicity to digital capability.

2. TRADE DIGITIZATION: THE NSW REALITY CHECK

Q1 2026 marks the "Go-Live" phase for the National Single Window (NSW) Project. While the NSW promises to reduce trade friction, the "pulse" from the ground suggests a lingering gap. LCCI members noted that while digital documentation is improving, physical bottlenecks—such as "random" maritime interventions and a lack of shipside scanning—persist.

The AfCFTA Catalyst

Trade digitization, combined with the adoption of the Pan-African Payment and Settlement System (PAPSS), is unlocking regional expansion. By allowing businesses to transact in local currencies, PAPSS reduces dependence on foreign exchange. For MSMEs in light manufacturing, the NSW is the primary vehicle for AfCFTA integration, allowing Nigerian goods to finally compete on price by lowering the "invisible tax" of port delays.

3. SECTORALIMPACTS

The intersection of tax and trade has created diverging paths across the economy.

Sector	Outlook	Primary Driver
Agro-Processing	Bullish	Zero-rated VAT on inputs + export streamlining via NSW.
Trade & Logistics	Improving	Naira stabilization (₦1,300–₦1,500 range) + digital clearing.
Manufacturing	Cautious	Tax credits are helping, but alternative energy costs remain high.

Source:LCCI Research; Compiled with data from NBS and CBN 2026

4. STRATEGIC RECOMMENDATIONS

- For MSMEs: Efficiency-Driven Formalization. Business owners must transition to digital accounting systems to create the "paper trail" required to access Tax Act credits and EDI.
- For Policymakers: Protect the Digital Rails. Addressing "low-hanging fruit"—such as streamlining Customs scanning and reducing overlapping police interventions—can provide an immediate liquidity boost without fiscal spending.
- For Investors: Focus on MSMEs in the "Green Zone"—those leveraging tax credits to invest in energy-efficient machinery.

CONCLUSION

Nigeria's MSMEs ended 2025 with dynamic resilience. The 2026 outlook is defined by a shift toward integration and formalization. Ultimately, the success of these reforms will depend on whether they achieve their intended goal: creating a business environment that is not only more efficient but also more inclusive.

LCCI in the News

BUSINESS DAY

Low value addition hinders Nigeria’s non-oil export push

Published: April 10, 2026

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How weak addition, infrastructure underminenon-oil exports

January 26,2026

THE NATION

LCCI to FG: 2026 budget opportunity to scale up economic recovery

THE LAGOS CHAMBER OF COMMERCE & INDUSTRY SINCE 1888 LCCI

PUNCH

LCCI pushes Veterans Welfare Fund in new bill

March 6, 2026 12:00 am

LCCI in the News

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Manufacturing growth depends on govt backing –LCCI President

January 2, 2026 4:33 am

26th March 2026

The Sun

Soaring petrol prices tightening grip on economy –LCCI

Vanguard

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BUSINESS

March 17, 2026

Inflation: LCCI cautions against complacency

THE LAGOS CHAMBER OF COMMERCE & INDUSTRY
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April 15,2026

THISDAY

LCCI Urges Exploitation of Nigeria's Potential to Achieve Emerging Export Hub

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Character matters more than credentials -LCCI Director General, Almona

February 8, 2026 12:00 am

Interview With:

Mr. Gbenga G. Onimowo, Commercial Director, Lafarge Africa Plc

Mr. Gbenga G. Onimowo,
Commercial Director,
Lafarge Africa Plc

Overview of Business Environment in Nigeria

How would you describe the current business environment in Nigeria (looking at inflation, interest rate, forex crises Etc?

Inflation remains elevated but is on a moderating path, trending toward ~15% with expectations of further easing. However, cost pressures particularly across energy, logistics, and raw materials continue to weigh on operating performance

Interest rates remain high and restrictive at approximately 26.5%, although the Central Bank has commenced a gradual easing cycle, which should support improved financing conditions over time.

Overall, the operating environment reflects a transition toward greater macroeconomic stability, supported by moderating inflation and improving FX dynamics. Nonetheless, tight financial conditions and persistent cost pressures remain key considerations.

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

We have seen macroeconomic variables such as the exchange rate and inflation show improvement; however, price decline is sticky downwards as our materials such as gas, gypsum and spares are exposed to elevated inflation & potential supply chain disruption due to global activities and the general cost of doing business

For us, we continue to explore innovative ways to improve our cost to serve

What are the major cost drivers in your operations (eg energy, logistics, raw materials, labour?

The major cost drivers in our cement operations are primarily energy, logistics, raw materials, and maintenance-related inputs.

Interview With:

Mr. Gbenga G. Onimowo, Commercial Director, Lafarge Africa Plc

Overview of Business Environment in Nigeria

Energy is the most significant cost component, given the energy-intensive nature of cement production. This includes fuel (gas, coal, or alternative fuels) and electricity, both of which are sensitive to price volatility.

Logistics and distribution represent another major cost driver, driven by haulage expenses, fuel costs, and infrastructure constraints impacting the movement of raw materials and finished products.

In addition, maintenance and spare parts, many of which are imported, are impacted by foreign exchange movements.

Overall, cost performance is largely influenced by energy pricing, FX dynamics, and logistics efficiency, making cost optimization and operational discipline critical to maintaining margins.

Has the cost of doing business increased or decreased in recent months? What are the main reasons

There is still a bit of volatility in the cost of doing business as macroeconomic indicators continues on its path to been stable. Recently there has been a spike in energy cost due to the ongoing conflict in the middle-east.

As a business in Nigeria, we continue to explore innovative ways to reduce our cost to serve.

In your opinion, what reforms are most urgently needed to improve the business environment

The most urgent reforms are energy sector stability, improved foreign exchange access, better infrastructure, and regulatory consistency. These measures would reduce cost volatility, enhance operational efficiency, and strengthen investor confidence while also enabling sustainable growth.

40th LAGOS INTERNATIONAL TRADE FAIR

TRADE, GROWTH AND GLOBAL CONNECTION

10 DAYS
FREE ENTRY

Theme:

TRADE, GROWTH, AND GLOBAL CONNECTION

TAFAWA BALEWA SQUARE
ONIKAN, LAGOS

FRIDAY 6th - SUNDAY 15th
NOVEMBER, 2026

8AM - 6PM
DAILY

For Participation:

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