Keynote Address

"Reform and Resilience: Strengthening Nigeria's Economic Foundations"

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The Platform Nigeria | The Covenant Place, Iganmu, Lagos | October 1, 2025

Opening Protocols

Good morning, Ladies and Gentlemen,

First, I would like to express my heartfelt gratitude to Pastor Poju and the Covenant Nation for the honor of inviting me to speak at such a distinguished gathering as The Platform.

So, in six days, on October 7, I will be celebrating my fiftieth birthday. And birthdays have a way of compressing time, often causing us to pause and reflect on the past year with a renewed sense of purpose and a familiar resolve to grow wiser and to live more intentionally.

However, today, October 1, is not just a personal milestone; it is Nigeria's Independence Day. And like an individual birthday, it is a collective moment to reflect on how far we have come as a nation and also to envision the future we are working to create. It also calls for an honest assessment: What have we learned? What must change? And where do we want to be when we reach the next milestone?

It is, therefore, fitting that I have been asked to speak on the topic "Reform and Resilience: Strengthening Nigeria's Economic Foundations,". This topic, in my view, encapsulates the essence of our national endeavor.

My late mum taught us that the first step to solving a problem is to be honest about it then act to fix it. Neither Denial about our reality as individuals or a nation nor acknowledging all our challenges and just sitting to complain about it will change anything. Only when we acknowledge the truth can we take onwnersip and then act to bring real change. This is rooted in the defination of reform which simply means making changes to improve something.

Now, reforms are not designed to be merely policy shifts or adjustments. They are meant to be deliberate, strategic decisions made by a nation committed to stabilizing its present and securing a prosperous future. Reforms, however, do not yield instant prosperity. They require patience, they require persistence, and they require disciplined execution as well as the capacity to execute and follow through. It's like the personal commitments we make at the start of a new year. You remember those New Year resolutions we set. Take, for instance, a common goal like weight loss. We know that lasting results demand consistent effort, sacrifice, discipline and endurance, often long before any visible change occurs. But if we stop after a few weeks or give up because it's too difficult or just lose interest, then it will not be achieved

So, Nigeria is now 65 years old. But our economic story after 65 years is unfortunately still described as a paradox. On the one hand, we have immense potential which is well recognized; very well documented and frequently discussed. It is the reason that, despite our often-difficult business environment, foreign investors continue to engage with Nigeria. So, while some may stay and navigate domestic challenges; others may leave temporarily or even permanently or delay entry, but whatever their case, they rarely lose sight of this market. They monitor us closely, waiting for the right opportunity or timing to return or invest. Because they understand that if Nigeria can just get a few fundamentals right, this is a market of immense scale and opportunity—one that simply cannot be ignored.

Take our demographics for eg. With a population estimated at 223 million of which over 70% are reportedly under the age of 30. This means Nigeria possesses one of the largest reservoirs of youthful energy, creativity, and ambition anywhere in the world. Demographers call this a potential demographic dividend which if properly harnessed, could fuel one of the fastest economic transformations of this century. However, if neglected, it could become a demographic burden, fueling unemployment, social unrest, and out-migration.

Consider also, our natural resource wealth and geography. Nigeria is richly endowed with huge oil and gas reserves, vast agricultural land, and strategic minerals like lithium, rare earth metals and many others that are shaping and will shape the industries of the future from electric vehicles to advanced electronics. Our 923,000 square kilometers of territory include some of Africa's most fertile farmlands. Our coastline and favorable climate, position us as a natural logistics and trade hub for the African Continental Free Trade Area (AfCFTA), whose market spans some 1.4 billion people.

And yet, alongside this abundance lies a country whose productivity remains below potential; our global competitiveness is fragile; and inclusive growth has been elusive. So, sixty-five years after independence, the gap between Nigeria's extraordinary endowments and its actual economic and social outcomes is still very very wide.

However, when we strip this paradox down, the issue converges on one point: capacity. Natural resources and demographic dynamism, by themselves, do not generate prosperity. Our immense potential means very little without the institutional and economic systems and capacity to realize it.

So, the central question is not whether Nigeria has potential—we clearly do—but whether we can build and sustain the institutional, infrastructural, and human capacity to translate that potential into tangible progress.

Meeting this challenge, however, demands more than incremental policy tweaks. It requires intentional, economy-wide reforms including strengthening public institutions, investing in transformative infrastructure, and designing financial and industrial ecosystems that convert our raw endowments into jobs, innovation, and globally competitive industries. It require genuine inclusion, and an unwavering commitment to doing the right things for the right reasons—at the right time and in the right way.

Only through such disciplined execution can Nigeria convert its exceptional promise into shared prosperity, ensuring that the country's youthful population and natural wealth become engines of sustained growth rather than sources of unfulfilled aspiration.

So, we have introduced a series of challenging and painful reforms recently but which to me are absolutely necessary and beyond dispute And I believe there is no credible alternative.

I also believe that if they are executed with consistency and integrity, they represent the essential first steps in turning Nigeria's long-acknowledged potential into real, broadly shared prosperity felt not only in statistics and speeches but in the daily lives of ordinary citizens. The challenge, however, is to ensure that the path of reform is as painless, humane and well-sequenced as possible. But too often in Nigeria, this has been overlooked or poorly implemented, resulting in avoidable hardship. So, the responsibility of government now is not to avoid these reforms but to sustain them while urgently cushioning their impact by improving social protections, so that the journey toward transformation is both economically sound and socially just.

So, over the next hour, I will argue that well thought out and well-sequenced reforms are essential not only to stabilize Nigeria's economy in the short term but also to future-proof it for generations to come. Drawing on lessons from our own history and from comparable nations that have successfully transformed their economies, I will outline how Nigeria, through credible reforms, can strengthen its foundations, build resilience, and achieve truly inclusive prosperity.

In doing this, I will examine the reforms under way—why they matter, what has been achieved, where we have fallen short, and what must come next. Above all, I want to underscore resilience: how the difficult decisions we make now can fortify Nigeria against future shocks and lay the groundwork for long-term prosperity. Reform, anywhere in the world is never easy. It demands vision, sacrifice, and disciplined execution. But, as I hope to show today, well thought out and steadfast reform is the surest path to a more stable, prosperous, and self-reliant Nigeria.

So on this 65th anniversary of our independence, my message is one of hope; but not just hope in itself, but hope firmly anchored in action.

Introduction: A Nation at a Crossroads

So, like I already stated, Nigeria is a nation with immense potential that has yet to be fully realized. Between 2015 and 2024 for example, real GDP growth largely stagnated, and per-capita income contracted, eroding living standards. During this period, millions of Nigerians were pushed into poverty, squeezed by persistent high inflation, rising unemployment, and underemployment, even as 3.5 to 5 million young people entered the labour market annually while job creation lagged. Now because job creation has consistently lagged labour-force growth in the absence of effective unemployment-related social protections, it has pushed many young people into low-skill, low-pay work and also triggering a steady and troubling brain drain, as some of our brightest minds and most capable hands started seeking opportunities abroad. This deterioration, however, extended well beyond income. Core social and economic indicators also weakened across the board. For instance, Nigeria's Human Capital Index—a measure of the future productivity of today's children—remains among the lowest in the world with the most recent HCI suggesting that a child born in Nigeria in 2020 can expect to reach only about 36 percent of his or her full productive potential, given current education and health outcomes. Today, roughly 40 percent of Nigerians—some 89 million people—live below the poverty line, the second-largest population of people in poverty worldwide after India. To grasp the magnitude of this number, consider that fewer than 20 of the world's 195 recognized countries even have a total population larger than Nigeria's poor alone. And these dynamics are compounding. Together, these trends threaten the very promise of independence that every Nigerian should have the opportunity to thrive at home.

So, what went wrong? Well, there are many reasons. But a large part of the answer lies in **policy missteps and costly delays in implementing reforms**. Key adjustments—some finally underway—should have begun a decade earlier, when warning signs were already evident. Acting sooner would have significantly softened the impact on households and businesses, sparing the economy years of compounding fiscal and inflationary pressures. Instead, distortive monetary and exchange-rate policies lingered, eroding investor confidence and choking off investment. Fiscal deficits also widened as oil revenues fell, and unsustainable subsidies ballooned. Furthermore, external shocks – the COVID-19 pandemic, global commodity swings, Russia's war in Ukraine etc – hit us hard, and we lacked the buffers to cushion the impact. The result was slower growth, deepening hardship, and a widening gap between our vast resources and the prosperity our citizens rightly expect.

Encouragingly, we have recently begun to pursue some of these long overdue reforms. And while these initial measures have yet to bring broad relief to households, they have already averted a looming fiscal crisis, improved the profitability of many domestic businesses, and begun to rebuild investor confidence. These are early signs that the economy's trajectory is shifting in the right direction. Much, however, remains to be done to consolidate these gains and translate them into tangible benefits for all Nigerians.

The Current Economic Challenge

To understand the urgency of reforms, especially some which have been done recently, we must first recognize the depth of dysfunction embedded within Nigeria's economic structure. For many decades, our heavy reliance on oil exports has left the economy dangerously undiversified and vulnerable. As of 2023, oil and gas revenues accounted for more than 67% of government revenue and more than 88 % of exports. Though oil itself is just about 5 % of GDP, it nevertheless drives about 60 % of economic activity through its influence on spending, investment, and foreign exchange. In fact, it is because the oil sector was in recession for most of the last decade that our growth was muted and now that the oi sector has started to pick up we are witnessing stronger growth numbers. Consequently, every oil price or production shock—such as in 2014–2016 and 2020—has triggered recessions and intense pressure on the naira, keeping growth subdued for most of the past decade.

However, even when global oil prices surged in 2021–2022, Nigeria reaped little benefit. Because years of under-investment, persistent production shortfalls, and an unsustainably costly petrol subsidy absorbed virtually all the oil windfall. By 2022, NNPC remittances to the federal account had collapsed to near zero, and the subsidy bill threatened to exceed $16 billion.

Furthermore, foreign-exchange policy compounded the problem. Multiple exchange-rate windows and an overvalued official rate discouraged investment and spurred rent-seeking, while dollar shortages strangled businesses. Meanwhile, deficit monetization by the Central Bank drove inflation into double digits well before subsidies were lifted or exchange rates adjusted. By early 2023, mounting debt-service costs and shrinking revenues had brought the country to the brink of a fiscal and balance-of-payments crisis.

These macroeconomic stresses translated into real hardship. Inflation neared 25 %, eroding wages and pushing an estimated seven million Nigerians into poverty in 2022 alone. As food and transport costs soared; insecurity and climate-related disasters, such as the 2022 floods, deepened vulnerability. As a result, around 40 % of citizens now live below the national poverty line, and regional inequalities remain stark.

Now, I'm not recounting all this to cause despair. Rather it is to underscore the reality that our old economic playbook had become unsustainable. By 2023, Nigeria stood at a fiscal cliff and decisive action became necessary. **Nigeria could no longer afford to kick the can down the road.** The cost of inaction was spiraling out of control, and something had to give. So, over the past last sixteen months, the nation has embarked on significant economic reforms, all aimed at addressing precisely some of these structural challenges.

Now several commentators have used the words bold or courageous to describe the reforms that were introduced and depending on your vantage point, you may agree or disagree. However, I always tend to hesitate to describe them as simply acts of boldness or courage because to be honest there was nothing else we could do at that point. It was a decision we were forced into and that's why all political parties during the elections all insisted these things needed to be done. However, bold to me will be taking a risky path out of several less risky and equally viable options. But when your policy choices shrink to a single credible route, what appears as bravery is, at its core, an acceptance of necessity. So it was more like we were at a crossroad and picked the right route as opposed to perceptive action from a list of possible and credible options. But then again, we did have the option of capitulation if we continued doing the same things. So I guess it still needed an act of resolve, determination and the courage to face reality without which we may not even have been able to celebrate our 65th anniversary as a nation today.

Bold Reforms to Stabilize the Economy

1. Removal of the Petrol Subsidy

The first as we know was the removal of petrol subsidy. Few policy decisions in Nigeria's history have been as fiercely debated as the removal of the petrol subsidy. For decades, subsidies were portrayed as some form of social security and a shield protecting ordinary citizens from global oil price swings.

In reality, it created a fiscal burden that drained colossal sums—often more than we spent on health and education combined. Then, it created market distortions. Artificially low fuel prices acted like a magnet, pulling fuel across our borders into neighboring countries, often leading to supply gaps domestically. So smuggling, corruption, and inefficiency became entrenched, undermining domestic supply and distorting incentives for investment in the energy sector. It also raised equity concerns. Evidence showed that wealthier households—who own more cars and consume more fuel—captured the lion's share of the benefits. Meanwhile, poorer households, who spend a larger proportion of their income on transport and energy, often stood in long queues or paid higher black-market prices. So instead of leveling the playing field, the subsidy deepened inequality.

Ending this practice was therefore a needed act of national discipline and fiscal realism. The immediate consequences were undeniably painful: transport fares rose, and inflation spiked. However, some of the long-term gains are already visible. The budget deficit has narrowed, opening up the possibility to redirect billions of naira to productive investments. Equally important were the structural benefits from eliminating the subsidy. With the end of cheap fuel arbitrage, smuggling to neighboring countries is far less lucrative. Over time, I believe the domestic market will stabilize, and incentives will shift toward investment in infrastructure, power, and social services. So, this reform was not just about balancing the books; it was also about freeing Nigeria from a cycle of dependency and vulnerability. But like I said, this reform was painful but necessary and government could have done a better job addressing the short-term pains with better targeted support, rather than just waiting for it to pass and asking Nigerians to bare it till then.

2. Unification of the Exchange Rate and Forex Reforms:

A second key reform was the unification and liberalization of Nigeria's foreign-exchange market. For many years, Nigeria operated under a tangle of multiple exchange rates and administrative allocations. This opaque system created wide gaps between the official rate; about ₦450 to the U.S. dollar at the time and the parallel-market rate, often ₦700 or more. And only a privileged few could access the cheaper official rate, while most businesses and households paid far more. This system encouraged corruption and rent-seeking, discouraged genuine exporters and investors, distorted price signals, and invited speculative attacks on the naira.

So, in June 2023, CBN ended the multiple exchange-rate system, letting the naira float at a single market-based rate. This moves immediately improved transparency and price discovery, curtailed arbitrage opportunities, and signaled Nigeria's commitment to a more open, rules-based FX regime. As a result, the official rate quickly converged with the parallel rate at roughly ₦750–₦800 per dollar at the time, eliminating the long-standing premium that had plagued the system. And though the naira later weakened further to about ₦1,500 per dollar today, the currency's **real effective exchange rate** is now arguably the most competitive in two decades. In practical terms, Nigeria is no longer selling scarce dollars at subsidized prices, while exporters are no longer penalized by an overvalued currency. A more flexible exchange rate also acts as a natural shock absorber: if oil prices fall or global conditions tighten, the currency can adjust gradually rather than triggering a sudden balance-of-payments crisis.

As a result, investors have taken note, and their response has been encouraging. For example, foreign-exchange reserves rose from about **$32.9 billion at end-2023 to over $38.8 billion by mid-October 2024**. And by mid-2025, verified FX backlogs had been largely cleared, and reserves have now crossed **$42 billion today**, a three-year high.

For businesses, this new system is also transformative. They no longer have to waste energy lobbying for scarce official FX allocations and instead can focus on productivity and competitiveness. A more competitive naira also makes Nigerian products more affordable abroad, stimulates non-oil exports, discourages wasteful imports, and encourages local production. And non-oil exporters and domestic businesses that rely on imported inputs are already reporting stronger earnings. Also, Nigeria's trade balance is reportedly improving.

The reform has also strengthened macroeconomic management. The unified, more market reflective and rules-based exchange rate provides the Central Bank with clearer policy signals, enhancing the effectiveness and credibility of monetary policy and laying firmer foundations for sustainable growth.

But here again, these reforms, though necessary, came at a painful short-term price which wasn't effectively cushioned. Inflation that had already accelerated after the removal of petrol subsidies climbed even higher following the naira float, as imported goods—central to family consumption and critical inputs for manufacturers—became more expensive. This experience is however, not unique to Nigeria. When Egypt floated its pound in 2016, inflation quickly exceeded 30 percent within months. But by allowing the currency to reach a market-clearing level, Egypt restored investor confidence and saw a surge of capital and growth in subsequent years. However, Egypt unlike Nigeria complemented its currency reform with more efficient and better-targeted social safety nets, cushioning vulnerable households from the initial spike in living costs. Egypt effectively and efficiently expanded food-subsidy cards and rolled out cash allowances for low-income families. The lesson here is that while stabilizing the currency market is fundamental to long-term economic health, even if it causes short-term price turbulence, strengthening Nigeria's social protection systems will be critical to ensuring that the long-term benefits of reform are more widely and equitably shared. Nevertheless, early evidence is showing that on the whole, Nigeria's FX reforms though painful, is nevertheless opening the door to a more diversified, export-oriented economy.

Importantly, the more transparent FX regime has attracted a surge of **foreign-portfolio inflows (FPIs)**, which help stabilize the naira in the short term. But **foreign direct investment** critical for job creation and industrial capacity will take longer to rebound as investors test the staying power of the reforms especially given Nigeria's long history of policy reversals.

Also, monetary policy adds another layer of complexity. These foreign portfolio inflows surge has been supported by the CBN maintaining policy rates above 20 percent. But while this strategy supports short-term liquidity and reserve accumulation it also discourages long-term FDI as potential investors will favor short-term high returns in government securities to productive investments. If I can get almost guaranteed 20% ROI from government securities why will I take the risk of pursuing longer term FDI that might not get much better returns anyway but with far greater risks. So, the result is a trade-off between short-term liquidity stability and long-term capital formation. However, as inflation gradually eases, the CBN is expected to shift its focus from FPIs toward attracting FDI, lowering rates hopefully in a carefully sequenced manner. Timing is, however, crucial: cut too soon and inflationary pressures could resurface prolonging reform induced hardship and undermining exchange-rate stability; but wait too long and domestic investment and critical FDI for industrialization and job creation will remain crowded out.

3. Restoring Monetary and Fiscal Discipline

Alongside these headline structural reforms, Nigeria also needed reforms to restore monetary and fiscal discipline which are the essential anchors of lasting stability.

Monetary policy: from ambivalence to credibility.

For much of the previous decade, monetary policy oscillated between tightening to fight inflation and loosening to spur growth, often undermined by large quasi-fiscal interventions. However, CBN has now reasserted price stability which is its core mandate. The Monetary Policy Rate was initially raised to 27.5 percent—one of the steepest tightening on record—while open-market operations were streamlined to mop up excess liquidity. And importantly, these actions were accompanied by clearer communication with regular policy reports, forward guidance, and transparent explanations of the inflation outlook.

Again, the results are now visible. Headline inflation, which averaged above 25–30 percent in 2023–24, has begun to ease toward the low 20s, and food inflation, while still elevated, is slowing. Now, these gains are not merely statistical. Every percentage point of disinflation protects the real value of salaries, pensions, and savings, and reduces uncertainty for investors who must plan projects years in advance. And I believe that if we stay the course, inflation could fall to around 14 percent by end of 2026, all things remaining constant, as the effects of the currency float and fuel price jump are absorbed.

However, between now and then the hardship on households will continue. But the lesson here is, again, clear. Reform is like curing a fever—you must endure some discomfort as the medicine takes effect, but the alternative of letting the fever rage because the pill is bitter or injection too painful is far worse. A second, equally important lesson here is for government itself, which I have highlighted many times already. Many peer countries have matched reforms with targeted and effective social cushions to protect their most vulnerable citizens. I mentioned Egypt earlier. Ghana is another. Ghana combined its 2022 debt-restructuring and currency reforms with a comprehensive and well targeted, scaled-up cash-transfer and school-feeding program to absorb some of the shock. But in this regard, Nigeria missed a similar opportunity to soften the immediate shock of reform, relying on ad-hoc and often poorly implemented palliatives rather than a comprehensive, well-communicated and targeted social-protection plan.

So, once again, the key is not just introducing necessary reforms (that was done) or even the important political will to see them through (that wasn't lacking). But reforms must also be carefully planned, and thoughtfully implemented, so that structural change is matched by social protection and long-term public confidence.

Fiscal reforms: revenue, realism, and responsibility.

Stabilizing Nigeria's economy, given how entrenched the challenges have been, however, demands more than just cutting subsidies, FX adjustments or monetary tightening. Fiscal sustainability also requires broad-based revenue, rigorous discipline, and credible budgets. Monetary tightening cannot stand alone; it must be matched by fiscal prudence. However, Nigeria's tax system has long suffered from multiple overlapping levies, low compliance, and a dangerously narrow base. Nigeria has one of the **world's lowest tax-to-GDP ratios – just around 6-7% in 2022, and only about 3.2% if we consider strictly non-oil taxes**. This is far below what is needed to fund modern infrastructure, education, and health.

Budgeting practices have also compounded these weaknesses. Unrealistic assumptions have repeatedly produced **bloated spending plans, chronic deficits, and exposure to sudden debt crises**, while **poor execution and a bias toward unproductive expenditures** have further eroded fiscal credibility and budget impact. So c**omprehensive tax reform, realistic budgeting, and disciplined implementation** are also indispensable complements to the current monetary and exchange-rate reforms.

In response, new laws and regulations aimed at consolidating overlapping taxes, digitizing filing, and closing loopholes have been introduced. Also measures to expand the tax base have also been added – for example, enforcing the use of Tax Identification Numbers (TIN) for bank accounts and business transactions to curb tax evasion. The aim is to ensure more of the economy, especially the informal sector, contributes to the national purse. We have also seen various Finance Acts in recent years adjusting tax rates and closing loopholes. Importantly, some provisions were phased to avoid exacerbating the cost-of-living crisis due to the other reforms.

Here again, early results are promising. **Federation revenues have risen**, reflecting improved tax administration alongside stronger oil receipts. Revenue reform must, however, also be matched by spending discipline. Increasing revenue just to squander it on unproductive expenditure is as bad as not even raising it at all. It might even be worse because you are squeezing it from productive consumer and business income to give to government who now uses it unproductively. And while the government has also signaled intent to cut wasteful spending and maintain realistic budgets there is still very limited credible evidence of this in practice. So, this is another area where reform in my opinion is still needed. The era of inefficient public spending and bloated budgets that assume optimistic oil output or price, only to run into huge deficits, needs to end. By sticking to conservative, more realistic revenue forecasts and channeling expenditures toward productive investment rather than consumption, we can avoid sudden budget crises and the accumulation of unsustainable debt. And in the process we will soften the negative economic and social impact of reforms and accelerate the moment when policy gains translate into real, visible improvements in the living standards of Nigerians.

4. From Oil Dependency to Energy Security

No discussion of reform in Nigeria is complete without addressing the need for energy reform. Reliable, affordable power is the foundation of industrialization, job creation, and national competitiveness. In recent years, reforms in oil, gas, and electricity have gathered momentum—yet much remains to be done. A striking example is the Dangote refinery which began operations and exported its first gasoline cargoes in 2025. When fully integrated into domestic supply chains, it promises to cut dependence on imported refined products, save foreign exchange, and stabilize fuel prices. However, operational challenges persist which must be resolved including labor issues, reliable feedstock supply, transparent pricing formulas, and clear currency-settlement mechanisms to ensure that it consistently serves the domestic market. The broader challenge is to achieve energy security without reverting to hidden subsidies or encouraging monopolistic practices which can materialize if competition safeguards, regulatory capacity, and market sequencing are weak. This underscores the need for complementary policies such as strong antitrust oversight, transparent pricing, and incentives for new entrants to prevent a well-intentioned reform from reproducing the very problems it set out to solve.

The Petroleum Industry Act (PIA) of 2021 provides the structural foundation for a more transparent and efficient oil and gas sector. After nearly two decades of debate, the Act has finally commercialized the Nigerian National Petroleum Company (NNPC) into a limited liability corporation, created dedicated regulators for upstream, midstream, and downstream operations, and introduced mechanisms to encourage investment in gas and host-community development. Properly implemented, it can finally transform oil from a governance liability into a genuine blessing—generating revenue that supports diversification and the energy transition, rather than distorting public finances through opaque subsidies as has been the case for much of its history.

Electricity pricing reforms follow a similar logic. Historically, tariffs have been set far below cost-reflective levels, leading to chronic losses, deteriorating infrastructure, and insufficient supply. By initiating a gradual transition toward cost-reflective tariffs—combined with targeted support for the poorest households—the government can begin to break this vicious cycle and move us toward a power sector that can attract investment and deliver steady, affordable electricity to homes and industries.

However, decades of under-investment, weak governance, and misaligned tariffs have left us with barely a fraction of the electricity needed to power modern industry. Nigeria's electricity supply has been notoriously inadequate, leading to routine blackouts and an estimated annual economic loss of over $25 billion due to power shortages (about 5-6% of GDP by some estimates). We have been reforming this sector in pieces (unbundling and privatization in 2013, for example), but with mixed results. However, the Electricity Act 2023, fundamentally changes the governance model. Combined with a federal plan to refinance about N4 trillion in sector debts, this legislation could break the logjam of under-investment and chronic outages.

The Act **devolves power sector regulation from the federal government to the states**, allowing each of Nigeria's 36 states to create and regulate their own electricity markets. In essence, it breaks the old, centralized monopoly and opens the door for states to partner with private investors to generate, transmit, and distribute power locally. States can **license mini-grids and power plants** to serve their regions. This reform was driven by the realization that the prior model wasn't working. Even after privatization, the national regulator kept electricity tariffs artificially low, dissuading investment and leaving the power companies insolvent. The federal government was subsidizing the power sector by an unsustainable **₦3.3 trillion per year (about $2.6 billion) in 2022**, far above what was budgeted.

However, now under the new Act, states can **chart their own path – perhaps inviting private firms to build generation specifically for industrial clusters or urban centers, setting cost-reflective tariffs with local buy-in, and bypassing some of the inefficiencies that plagued the national grid**. Already, several states have either enacted or drafted laws to create their electricity markets. This is a bold structural shift. And if well-implemented, it could unleash competition and innovation in the power sector. Of course, challenges remain. Not all states currently have the capacity or resources to regulate electricity effectively, and coordination will be needed as power doesn't respect state borders. But we can draw lessons from countries like India and Kenya, which also decentralized aspects of electricity governance. The federal government will have to support states in this journey – through technical assistance and perhaps regional cooperation frameworks – and ensure that we don't simply replace a federal monopoly with 36 mini-monopolies. Still, the principle of the reform is sound: decentralize, liberalize, and let there be light.

Concluding remarks on Reforms

So, these reforms are gradually **yielding measurable stabilization**. For e.g. growth is strengthening. GDP rose 3.4 % in 2024—its best since 2014 outside the post-COVID rebound—4.6 % year-on-year in Q4, and 3.6 % in Q1 2025 an 4.2% in Q2 2025 on steadier oil output and vibrant services. Public finances are also improving, though the ₦149 trillion public debt still demands vigilance. Foreign-exchange reforms have introduced relative stability and restored credibility. FX backlogs are largely cleared, reserves are rising, and Eurobond yields have eased as capital inflows resume.

These are all improvements in the right direction and crucially, it is clear we avoided the doomsday scenario of a fiscal meltdown which we were headed to whether we liked it or not. And that is not to suggest headwinds and significant macro and social economic challenges still don't exist especially as it relates to the wellbeing of Nigerians households. And yes, again, I reiterate that some steps could have been done better, better sequenced and better prepared but we nevertheless, we have slowed down and maybe stopped the slide even if not yet reversed. But for the most part, things are generally better after the reforms than before. For that alone, I believe the reforms were worth it.

So, there is now general macroeconomic stability.

But stabilization is just the first step. M*acroeconomic stability is necessary but not sufficient for prosperity*.

It's like building a solid foundation of a house – it won't keep you dry by itself, not till house is actually built. But without first building that foundation, the whole structure will collapse. So, with our foundation being shored up, we can now build the rest of the house. Until then we still don't have shelter. Until we build the walls and roof, we are still exposed to the elements. Nigeria has only laid that foundation. The real test is whether we now construct the house itself by diversifying the economy, generating jobs, and improving daily living conditions etc. So stability has given us breathing room. Now is the moment to build the house—sector by sector, state by state—on the solid foundation we have laid. This is how we truly *future-proof* our economy. Productivity, transparency, and competition must replace oil rents and subsidies as the engines of growth

So simply achieving stability is not a call self-congratulation or patting ourselves on the back. A foundation that never supports a finished structure is ultimately meaningless. The ultimate goal is the house not the foundation, but the foundation is a needed step in building the house. So much can still go wrong or be reversed. The priority must be to stay focused and steady, tackling the structural impediments to growth and building an economy that is genuinely diversified and resilient. In other words, keeping faith with reforms and continually removing the binding constraints that have kept us as a country with potential that has never been realized. Only then will the shelter of shared prosperity be complete.

We also need to understand that behind the improving macroeconomic fundamentals I have highlighted lies the daily reality of Nigerian households which if we are not careful are capable of reversing every progress or gain if the reform induced hardships push people to their limits. Poverty remains stubbornly high, food insecurity still affects millions, and unemployment and underemployment is widespread. For most families, progress is measured not in GDP figures or fiscal deficits but in **the price of garri, the reliability of electricity, and their children's job prospects**. However, without keeping faith in reforms and moving from stabilization to structural transformation and deeper change, Nigeria risks another 65 years of **low growth, high inequality, and persistent fiscal stress**. We will continue to be potential without capacity and substance , which has been our story for most of our first 65 years. But if we remain focused and keep faith with reforms we will gradually remove the remaining binding constraints that has prevented us from realizing our potential.

In the meantime, the pain will be real and it's the responsibility of government to minimize the impacts. It's like when people say there's no cure for the flu: the infection has to run its course. The medicines we take—whether over-the-counter remedies to ease fever and aches or prescription antivirals to shorten the illness—they are all meant to lessen symptoms and reduce complications, not necessarily to instantly eliminate the virus. The same happens with reform. It has to run it course and there are no short cuts and all we can lessen the pain.

This experience with reform I describes is **not unique to Nigeria**. Economic history shows that structural reform often follows a **J-curve**: short-term pain, long-term gain. Think of **India's early-1990s liberalization** or **Indonesia's post-Asian-crisis reforms**. Nigeria stands at a similar inflection point. So staying on the course is essential if we are to climb the upward slope of durable prosperity.

Risks of Reform and Unintended Consequences

That being said, while I speak of the transformative potential of reforms, I need to be clear that not all reforms are good reforms. What I'm speaking about here are "good reforms"

Some changes are labeled "reform" but are poorly conceived or fundamentally harmful. A reform can fail not only in execution but at the design stage—because of faulty economics, narrow political motives, or inadequate consultation. Reforms that ignore economic fundamentals or sound evidence, or that mainly aim to win short-term political favor, belong to this category. Consider, for example, the massive, untargeted fertilizer subsidies in Nigeria during the 1980s. Intended to boost farm output, they encouraged waste and corruption but never raised productivity in a sustainable way. Similarly, Venezuela's food and currency price controls in the 2000s were meant to protect consumers but instead generated chronic shortages and thriving black markets.

Also, reforms in name only can be equally damaging. In Eastern Europe during the 1990s, several privatization drives were presented as liberalization and modernization. In practice they merely transferred state assets to politically connected insiders, replacing public monopolies with private sector ones and leaving true competition largely absent.

Even reforms that initially succeed can falter if **key complements are missing**. Argentina's 1991 currency peg stopped hyperinflation but ignored the need for fiscal discipline and labor-market flexibility; a decade later the arrangement collapsed in a deep crisis. The lesson is that partial or one-sided reforms often create fresh vulnerabilities.

But risks are not confined to flawed design. **Well-conceived and carefully executed reforms can still backfire** when confronted with real-world complexities. External shocks—such as global recessions, abrupt falls in commodity prices, or financial contagion—can overwhelm the best-laid plans. Market participants may also respond in unexpected ways. Liberalizing an exchange rate, for instance, may invite speculative attacks or create new parallel markets if the banking system is fragile.

Timing and sequencing are equally critical. Removing subsidies before inflation is contained or before safety nets are in place can sharply increase poverty and social tension. Inconsistent policy signals, weak regulatory enforcement, and entrenched vested interests can further erode credibility, reducing investor confidence and leaving reforms only partially implemented.

Social and political dynamics add another layer of risk. Structural changes inevitably create winners and losers. Without effective communication, compensation mechanisms, and participatory dialogue, those who bear the early costs—such as consumers facing higher prices or workers in declining industries—may resist through protests, strikes, or political pushback. A reform intended to open markets can even unintentionally create new concentrations of power if a single firm or group gains dominant control.

Also, we tend to want to learn from other countries when trying to fix domestic problems and there is nothing inherently wrong with this. But imported "best practice" models can also misfire when they overlook local culture, legal frameworks, or institutional capacity, creating mismatches and unforeseen spillovers such as inflationary surges or fiscal imbalances. Finally, reforms need **continuous**

monitoring and adaptive management. Without robust data systems, early-warning indicators, and a mandate to adjust course, small implementation glitches can escalate into crises.

In short, even technically sound reforms succeed only when backed by **sound design, strong institutions, political commitment, and continuous feedback.** So lasting change requires not just the courage to begin a reform but the discipline to manage it over time and the flexibility to correct course when reality diverges from expectations.

3. Priority Areas for Long-Term Resilience

So, what are the key areas of structural reform we need to either start or keep faith with till completed, so as to move from current macroeconomic stabilization into durable and inclusive prosperity?

In answering this, four interlocking reform domains stand out as pillars of long-term resilience.

a. Energy: Powering Growth

The first is energy needed to power growth. Energy remains the backbone of industrialization, job creation, and social progress. Reform in this sector is therefore existential for growth. And while recent legislation has been introduced to tackle these challenges, these laws on paper must translate into real-world outcomes. Ultimately, completing these reforms will mean more than lights staying on. It will mean powering industry clusters, reducing manufacturing costs, creating competitive export platforms, and building confidence that Nigeria can achieve its Energy Transition Plan (ETP) targets by 2060.

b. Infrastructure and Connectivity

The second priority area for ensuring Nigeria's long-term resilience is infrastructure and connectivity. A resilient economy must be well connected—internally across regions and externally to global markets. This requires closing the country's infrastructure gaps not only in roads, rail, and ports, but also in broadband and digital networks that underpin today's global economy.

Take agriculture as an example. Stronger road and rail corridors linking our northern agricultural zones with southern ports would unlock significant value by reducing travel times, lowering transport costs, and improving the flow of food to markets. Inland dry ports and logistics hubs could further integrate rural producers into regional and global supply chains, allowing farmers to capture export opportunities while reducing post-harvest losses that currently account for up to 40-50% of some crops. This is why infrastructure is not just an economic necessity. It is also a macroeconomic stabilizer. For example, in the face of localized shocks such as drought or flooding, the ability to quickly move food from surplus to deficit areas can prevent scarcity and inflationary spikes.

However, at present Nigeria's inadequate transport and logistics systems continue to impose a heavy burden. Logistics costs represent **30–40% of the final consumer price of some staples**, meaning inefficiencies in movement are directly passed on to households. This has profound implications for macroeconomic management. And it highlights why inflation in Nigeria is not purely a monetary phenomenon.

A large share of inflationary pressure comes from **structural bottlenecks**, particularly cost-push drivers such as transport, energy, and logistics. Monetary tightening can only address demand-pull inflation—the "excess cash chasing limited goods" problem. So initially you will see interest rates increases begin to slow down inflation until it gets to a point when inflation gets stuck and may even reverse. At this point the excess cash has been absorbed, and inflation is largely cost-push, so simply raising policy rates does little but adds to financing costs, raising production and distribution expenses, and ironically may end up **pushing inflation higher instead of lowering it**. In such circumstances, monetary policy has reached its limits. So knowing when to pause is as important as knowing when to tighten.

The key, therefore, is to distinguish the proportions of demand-pull versus cost-push inflation. This is why reforms like need to be done in a holistic and integrated manner across the entire macroeconomy and not piecemeal across various sectors How does one reform in one sector affect another. What do we do first. How do we limit the negative consequences of reform in another sector etc. In short, **fiscal and structural reforms must complement monetary policy**. Tackling inflation sustainably means addressing both liquidity and logistics. That means controlling money supply while simultaneously investing in transport, energy, and digital infrastructure. Only through such integrated reforms can Nigeria build an economy that is competitive, resilient, and inflation-resistant.

And we have lots of examples from other countries in this regard. In **Ethiopia for eg, i**nvestments in the Addis Ababa–Djibouti rail corridor cut freight times from 2–3 weeks by road to just 12 hours by rail. This reduced logistics costs for exporters, lowered food transport margins, and stabilized inflation in key agricultural zones. In K**enya**, the Standard Gauge Railway (SGR) connecting Mombasa Port to Nairobi reduced freight costs by nearly 40% for bulk cargo, making agricultural exports more competitive and easing domestic food distribution bottlenecks. In **Egypt**, transport corridor upgrades in the Nile Delta, combined with targeted storage investments, reduced post-harvest food losses by nearly 20%. This helped keep food inflation lower even during periods of currency volatility. Also in **Vietnam** reforms to integrated rural producers into global value chains through investments in road and port infrastructure, helped cut poverty rates dramatically, while stabilizing food prices despite rapid urbanization.

All of this makes it clear that investments infrastructure would directly improve Nigeria's competitiveness and resilience

That being said, it is projected that Nigeria will require about $3trillion by 2050 to meet its infrastructure needs of which for the transport sector $575 billion will be needed between 2020- 2043. To put this into context, Nigeria's entire 2025 budget is about $36 billion, and its 2024 rebased GDP was about $275 billion. So this obvious limited fiscal space means government alone cannot meet Nigeria's vast infrastructure needs. **Public–Private Partnerships (PPPs)** are therefore key.

In addition, Nigeria should consider **institutionalizing a dedicated infrastructure financing mechanism**. For eg, a portion of savings from fuel subsidy removal could be systematically ring-fenced for high-impact transport and logistics investments. Embedding this commitment into the national budgeting process—and potentially into legislation—would not only provide predictable funding for infrastructure but also help rebuild trust with citizens who have borne the immediate burden of subsidy removal. By doing this, they would see a direct link between their sacrifice and visible improvements in roads, rail, and logistics that lower costs and improve daily life. By combining **PPPs, disciplined fiscal prioritization, and innovative financing reforms**, Nigeria can move beyond ad-hoc projects to a sustained infrastructure strategy. Such an approach would send a strong signal to investors and citizens alike: that the country is serious about building the foundations of long-term growth, competitiveness, and resilience.

Infrastructure investment must also extend to **energy and gas pipelines**. One specific initiative worth noting is the development of **gas pipeline infrastructure and thermal power plants**, leveraging our natural gas reserves. Gas is a transitional fuel that Nigeria has in abundance. So, plans to complete the AKK pipeline (Ajaokuta-Kaduna-Kano) and others will bring gas to power plants and industries in the north, spurring industrial growth there and reducing flaring in the Niger Delta. Similarly, **investments in renewable energy – solar mini-grids for rural areas, for instance – will also enhance resilience** by diversifying our energy sources and reaching those off the national grid.

The story of Nigeria's telecom sector is the clearest proof of what good reform can achieve. In 1960, we had fewer than 20,000 telephone lines for 40 million people. By 2001, after four decades of monopoly under the then NITEL, we still had only 400,000 lines. Then came liberalization. Private GSM operators were licensed, the market opened, and within five years lines soared to over 10 million.

Today, Nigeria has around 220 million active mobile subscriptions. Telecoms now contribute about 16% of GDP and serve as the backbone of a vibrant digital economy—powering fintech, e-commerce, and millions of jobs.

This is what happens when through well thought out and implemented reforms, you open sectors, enforce competition, and invest in modern infrastructure. The challenge before us is to replicate this success in power, petroleum, and in particular mining which are areas where Nigeria's vast potential remains untapped, and can create industries, exports, and jobs on a transformative scale. Mining for example is currently significantly underdeveloped, contributing <1% of GDP, despite huge potential for jobs, income, exports etc. And Nigeria has almost every key mineral from gold, bitumen, iron ore etc. so with intentional deep reforms, clear rights and investment, this sector could very easily create new industries and with it lots of jobs, income, exports etc.

c. Business Climate and Economic Diversification:

Beyond sector-specific changes, Nigeria must improve the overall **business environment** so that the private sector can drive growth and diversification. This means cutting red tape, enforcing contracts, protecting property rights, and rooting out corruption in how businesses interface with government.

While we have made some progress on the back of reforms like simplifying startup procedures and digitizing processes, that reform momentum needs to continue.

Trade policy also needs reform. Nigeria's frequent use of export bans, high tariffs and even border closures, as in 2019, discourages competitiveness and often entrenches hardship. While these measures were often justified as protecting local industries or safeguarding domestic supply, in practice they encouraged smuggling, raised consumer prices, reduced supply chain efficiency, and limited Nigeria's integration into regional and global value chains. The AfCFTA offers a chance to become a continental production hub, but success requires further reforms to lower trade barriers, easier customs and ports, and stronger competition policy to prevent monopolies and keep prices down.

This reform is particularly urgent given the backdrop of **escalating global trade wars and shifting supply chains**. While disruptions in global trade present challenges, they also create unprecedented opportunities for Nigeria. Nigeria's size, location, and market potential mean it could become a preferred substitute for global firms looking to diversify sourcing and manufacturing away from traditional hubs. But to seize this moment, Nigeria must project itself as an **open, reliable, and competitive trade partner**—within Africa under AfCFTA, and beyond, as part of global supply networks. If executed well, such trade reform could transform Nigeria into a **continental production powerhouse**, generating jobs, lowering prices, and strengthening resilience against external shocks.

Here again we have useful examples from other countries. The first relates to Morocco's Automotive Export Hub. By liberalizing trade, streamlining port operations at Tangier-Med, and offering investor-friendly policies, Morocco became a global automotive hub. Today, it exports more cars than any other African country, with the sector employing over 220,000 people and contributing more than $10 billion annually in export earnings. Another example is Rwanda which used AfCFTA-readiness to reform its border systems, introducing electronic single-window platforms that cut customs clearance times from days to hours. This efficiency made it one of the most trade-friendly environments in Africa, attracting logistics and warehousing investment. Ethiopia's Industrial Parks is another example. Through targeted investment in industrial parks tied to export corridors, Ethiopia attracted textile and light manufacturing investors. By combining trade openness with infrastructure, it expanded its export base and created thousands of jobs.

These examples show that trade openness combined with smart logistics and competition frameworks can reshape economies. For Nigeria, the lessons here are clear. High tariffs, closed borders and other trade restrictions often provide only short-term protection, but they undermine long-term competitiveness.

Security is equally another priority area for resilience. Without peace, investment flees.

Growth must also be people-centered. Nigeria's low Human Capital Index shows why education and healthcare are vital. The Student Loan Act 2023 and cash transfers—including a ₦5 billion relief package for each state to offset fuel-price shocks—are steps in the right direction, towards a stronger social safety net. And we should consider using a portion of the Savings from subsidy removal to deepen such programs and make them more efficient, so reforms share burdens fairly.

Job creation also hinges on private enterprise. Government can help through skills training, SME support, and sectoral reforms. The Nigeria Startup Act 2022 illustrates how targeted policy can spur tech jobs; modernizing agriculture with credit and irrigation can do the same for rural employment and food security.

Finally, inclusive growth must reach every region. Without shared opportunities, inequality and unrest will erode stability. So power and fiscal reforms should empower states, while federal economic and agro-processing zones can lift lagging areas. Pairing pro-business reforms with robust safety nets and regional inclusion will make prosperity broad-based and durable.

Learning from History and Others: Success Stories of Reform

Now we have established the importance of reforms and accessed what has been done and what left needs to be done, we might ask, "Will these reforms really pay off? Are we sure this is the right path?" It's a valid question, especially when people are feeling the immediate pinch of higher fuel prices or a weaker currency. However, History – offers a resounding yes, **good reforms do pay off**, often spectacularly, if sustained and done for the right reasons, and at the right time, and in the right way. And throughout my remarks I have given few examples.

But ill like to highlight a few more

For eg

– India's 1991 Economic Reforms: In 1991, India faced a dire economic crisis – foreign reserves were nearly exhausted and the country was on the brink of default. In response, the then-government unleashed a wave of liberalization reforms: removing excessive government controls, cutting import tariffs, devaluing the rupee, and encouraging private and foreign investment. The results? India's economy took off. **Within a few years, growth accelerated to 7%+, inflation fell, and today India is the world's 5th largest economy (trending toward 3rd)**. Those reforms are credited with lifting hundreds of millions out of poverty and integrating India into the global economy. The lesson for Nigeria here is that even an economy perceived as sluggish can be set on a dynamic new course through courage and vision in policy-making.

– Another example related to the East Asian "Tigers": Countries like **South Korea, Singapore, Taiwan, and Malaysia** were not so different from Nigeria in the 1960s – agrarian, resource-reliant (Malaysia was tin and rubber, for example), and not wealthy. However, through deliberate reforms – investing heavily in education, incentivizing manufacturing and exports, maintaining macro stability – they transformed. South Korea, famously, had a similar per capita income as some African countries like Ghana or Kenya in the 1960s. Now South Korea is a technological powerhouse with per capita income above $30,000. South Korea and others like Nigeria currently, endured hardship in the early years (and later navigated crises like the Asian financial crisis of 1997 by implementing further reforms in their banking sectors), but they emerged far more resilient. They built economies that could pivot-when one industry became uncompetitive, they innovated into new ones. Today, these nations have strong buffers – high savings, diversified exports, skilled workforces – so they weather global storms relatively well. **Their journey shows that adopting outward-oriented, investment-friendly policies and constantly upgrading economic institutions leads to sustained growth.** Nigeria, with our entrepreneurial citizens, can do the same in our context – but we must commit to a long-term strategy of consistent reforms, and not stop-start policy swings.

– Indonesia's Subsidy Reforms: Earlier I mentioned Indonesia as an example in fuel subsidy reform. Indonesia, another resource-rich country, used to spend heavily on subsidizing gasoline and other fuels, much like Nigeria. Facing fiscal strains, the Indonesian government in **2005 and 2008** boldly raised fuel prices substantially. The key was they **paired these price hikes with cash transfers to the poor (the "Bantuan Langsung Tunai" program)** to mitigate the shock. The reform was largely successful – while there were protests initially, the compensation program helped buy public acceptance. So Indonesia managed to significantly reduce its fuel subsidies over time and by 2014 had largely eliminated gasoline subsidies, freeing up funds for development. They now shifted some of that money into infrastructure and social programs. Today, Indonesia's budget is far less vulnerable to oil price swings, and its economy has grown steadily, averaging ~5% growth for two decades (aside from the 2020 pandemic dip). The lesson here is twofold: **first, it's possible to remove subsidies if you prepare properly and explain to citizens; second, the payoff is real – more fiscal space and better investment of public funds.** Nigeria is undertaking a similar journey right now, and we should take comfort that others have walked this road and come out stronger.

– Egypt's Currency Float (2016): We discussed Egypt's inflation spike after floating its currency. It was painful – Egyptians experienced over 30% inflation in 2017, much like what Nigerians are facing now. But Egypt's reform program, which also included cutting electricity subsidies and other fiscal measures, yielded positive macro outcomes: foreign investment returned, the economy grew around 5% annually for several years, and foreign exchange shortages disappeared for a time. By 2019, Egypt's inflation had actually fallen to single digits and its reserves hit record highs. The Egyptian pound had found a stable level and exports were growing. The important caveat which Nigeria needs to be wary off is that Egypt later ran into new problems by borrowing too much, but that underscores that **reforms are not one-off – they must be followed by continued prudence and diversification for the progress to be sustainable**. Still, the initial success stands: **a country can endure a big devaluation and come through with a stronger economic base.** The naira's sharp adjustment now could likewise set the stage for sustained non-inflationary growth if we maintain discipline.

– Our Own Successes: Even in Nigeria we have several examples of reforms that worked I already recounted the telecoms revolution. We also have the **banking sector reform of 2004-2005 and** the **debt relief in 2005**. **The Sovereign Wealth Fund (SWF) established in 2011 is another.**

The overarching takeaway from these examples is what I have said throughout my address that good and **bold reforms often entail short-term sacrifices but often bring long-term dividends.** Countries that bit the bullet – whether it was India opening its economy, Indonesia cutting subsidies, or Nigeria itself removing telecoms from government hands – ended up far better off. Those that delay tough decisions usually find the problems only worsen. When the World Bank's Chief Economist, said recently that *Nigeria will need to stay the course for at least another 10 to 15 years to transform* *its economy everyone yelled. And understandable so*. Ten to fifteen years under this strain? – that sounds like a long time, but think about it: what is the alternative? Business as usual is definitely not an option. But if we make and sustain the right reforms now, by Nigeria's 75th or 80th Independence anniversary, we may or may not be celebrating an economy that is vastly more prosperous and stable. But if we continued the way we were going we were definitely heading to disaster.

In economics there is a theory called game theory. Under game theory, we are taught that the worst choice a player can make is to cling to a strategy that guarantees failure, even when riskier alternatives exist. This is precisely the dilemma before us. If we refuse to reform, the outcome is certain—economic collapse, fiscal instability, and declining competitiveness. But if we choose reform, the path is uncertain. Yes it carries risks and comes with pain, But it also carries the possibility of growth, prosperity and resilience. Game theory tells us that when one option leads only to disaster, while another offers even a chance of success, the rational choice is clear. We must reform—not blindly, but strategically, with credible commitments, safeguards, and the courage to take the harder path today so that tomorrow may hold opportunity instead of decline.

Staying the Course and Managing the Transition

Before I conclude, let me turn briefly to the question of how we manage the present transition. Reforms, especially economic ones, are not implemented in a political vacuum. They affect people – some positively, some negatively in the short run. We have already seen **labor unions strike and ordinary citizens protest** over the higher cost of living and this is not unique to Nigeria. History shows that reforms across the world—from subsidy removals in Indonesia to structural adjustments in Latin America—have faced resistance when the immediate costs to households were not carefully managed. This underscores a critical point I have reiterated during my remarks thateconomic reform must go hand in hand with social transition management. So it is vital actively manage this transition. If not, even well-designed reforms risk being rolled back before their long-term benefits materialize.

In this regard,

- **Effective Communication and Transparency is important:** The government must clearly communicate what it is doing and why. People are more likely to endure hardship if they understand the necessity and see a credible plan. For example, publishing savings from the fuel subsidy removal and detailing how those funds are being reallocated – say, "₦X trillion saved is being used to improve public transportation, buy CNG buses, and fund cash transfers" – helps build trust. Likewise, being transparent about the exchange rate policy, or how much is spent on palliatives, can dispel rumors and misinformation. Nigerians should feel like participants in this process, not passive subjects.
- **Second, Protecting the Vulnerable:** This cannot be overstated – **expand and effectively deliver the social safety nets**. The cash transfer programs need to be ramped up and reach those truly in need (the rural poor, urban poor, and other vulnerable groups). If inflation is averaging ~20-25%, a family that was barely getting by will be in dire straits. So offsetting part of their expenses via cash stipends or food assistance is both morally right and politically wise.

We must respond with urgency – no Nigerian should go hungry because of reforms that are meant to make life better.

- **Third, Support for Businesses and Job Creators:** If we want the private sector to drive recovery, we may consider some short-term support for critical industries, especially those significantly hit by the reforms. For example, small manufacturers or transport companies might get temporary tax relief or access to cheaper credit to weather the adjustment. Also, actively facilitating access to credit through development finance institutions or loan guarantee schemes can prevent mass layoffs. Over the medium term, as stability returns, these businesses will thrive and pay it back in taxes and jobs. The emphasis should be on **a private-sector-led, public-sector facilitated growth strategy** – meaning government's role is to provide an enabling environment, fill gaps where private markets can't (like basic R&D or infrastructure), and then let Nigerian entrepreneurs take the lead in diversifying the economy.

- **Fourth is Consistency and Policy Follow-Through:** This is perhaps the biggest risk: policy reversal or half-implementation. We've unfortunately had instances before when a reform is announced but not fully carried out, or reversed at the first sign of opposition. This time, the government must hold firm, with a listening ear but a steady hand. If a reform is good then **"Staying the course"** is absolutely essential. Investors, both local and foreign, are monitoring and if Nigeria backtracks confidence will be lost. The government should thus double-down on institutionalizing these changes. For instance, legislate rules that constrain future deficits or borrowing (a kind of fiscal responsibility law with teeth), so we don't slip again. Or solidify the autonomy of the central bank in pursuing anti-inflation policies, while ensuring accountability so it doesn't engage in off-budget financing again. Also, finish complementary reforms: remove any remaining quasi-subsidies (like if petrol subsidy is gone, ensure kerosene or other products aren't creeping back with subsidies; in the power sector, gradually move to cost-reflective tariffs while providing lifeline tariffs for the poor). So h**alf measures will only yield half the benefits**, or worse, leave us with the pain of reform but not the gain.

- **Finally, Political Will and Inclusive Leadership:** Good reform requires a **whole-of-government approach and indeed whole-of-society support**. The National and State Assemblies must pass needed legislation swiftly (like the recent tax reforms, or any laws to improve investment climate). State Governors have a role: e.g., in implementing the electricity reform or improving ease of doing business in their states, and in using the extra funds they get from subsidy removal for local development. Civil society and the media should continue to play a watchdog role – tracking that the "palliatives" reach the intended beneficiaries, that budgets are transparently managed, and so forth. Nigeria is a democracy; citizen voices matter. Constructive engagement rather than confrontation will yield better outcomes.

Conclusion: A New Foundation for Nigeria's Future

Distinguished ladies and gentlemen, today is our independence day so I will end my address on an optimistic but realistic note by asking us to imagine Nigeria a decade from now, if we stay true to good reform, with low predictable inflation; stable fuel and foreign-exchange markets; budgets funded by reliable domestic revenue; and public funds channeled into roads, schools, clinics, and innovation rather than waste. A Nigeria where foreign reserves are strong, the naira is steady, and investors build factories, farms, and tech hubs from Kaduna to Lagos. New industries—from solar panels to films—create jobs, rural areas thrive, and poverty declines as millions achieve a decent standard of living. Even our diaspora returns, bringing skills and capital.

This vision to me is achievable especially as the tools to realize it exists in abundance—but it will only happen if we strengthen our economic foundations now. By embracing market forces with a human face i.e competitive markets tempered by smart regulation and safety nets, we will align Nigeria with the realities of the 21st century. Resilience will mean that when the next oil slump arrives, or a pandemic or climate shock strikes, we do not collapse. Instead, we absorb the hit, recover quickly, and seize new opportunities. History teaches us there is no substitute for sound policy. No oil boom, no foreign aid, no volume of borrowing can compensate for weak economic management. But with the right institutions and choices, history has shown that even countries with far fewer advantages than Nigeria have prospered and so can we.

Thank you for your attention, Happy Independence Day once again and God Bless you all and God bless the Federal Republic of Nigeria.