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# Baseline Report on Priority Legislative Actions to Foster a Business-Enabling Environment



**FULL REPORT**

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# LIST OF ABBREVIATIONS

<b>ACJA</b>	– Administration of Criminal Justice Act
<b>AfCFTA</b>	– African Continental Free Trade Area
<b>BOFIA</b>	– Banks and Other Financial Institutions Act
<b>BOI</b>	– Bank of Industry
<b>BPE</b>	– Bureau of Public Enterprises
<b>BPP</b>	– Bureau of Public Procurement
<b>CAC</b>	– Corporate Affairs Commission
<b>CAMA</b>	– Companies and Allied Matters Act
<b>CBD</b>	– Convention on Biological Diversity
<b>CBN</b>	– Central Bank of Nigeria
<b>CERT</b>	– Computer Emergency Response Team
<b>CGT</b>	– Capital Gains Tax
<b>CIT</b>	– Corporate Income Tax
<b>CITES</b>	– Convention on International Trade in Endangered Species of Wild Fauna and Flora
<b>COVID-19</b>	– Coronavirus Disease 2019
<b>CRO</b>	– Customary Right of Occupancy
<b>CSOs</b>	– Civil Society Organisations
<b>EIA</b>	– Environmental Impact Assessment
<b>EDMS</b>	– Electronic Data Management Systems
<b>EFCC</b>	– Economic and Financial Crimes Commission
<b>EFEMS</b>	– Electronic Foreign Exchange Matching System
<b>ERGP</b>	– Economic Recovery and Growth Plan
<b>ESG</b>	– Environmental, Social, and Governance
<b>FDI</b>	– Foreign Direct Investment
<b>FIRS</b>	– Federal Inland Revenue Service
<b>FMBN</b>	– Federal Mortgage Bank of Nigeria
<b>FMBN Act</b>	– Federal Mortgage Bank of Nigeria Act
<b>FX</b>	– Foreign Exchange
<b>GAID</b>	– (Data protection framework — not defined in text)
<b>GDP</b>	– Gross Domestic Product
<b>H1</b>	– First Half
<b>IReV</b>	– INEC Result Viewing Portal
<b>ICPC</b>	– Independent Corrupt Practices and Other Related Offences Commission
<b>ICRC</b>	– Infrastructure Concession Regulatory Commission
<b>ICSID</b>	– International Centre for Settlement of Investment Disputes
<b>ICT</b>	– Information and Communication Technology
<b>IDA</b>	– International Development Association ( <i>if needed, else remove — not in your text</i> )
<b>IFC</b>	– International Finance Corporation
<b>ILO</b>	– International Labour Organisation
<b>IGP</b>	– Inspector-General of Police
<b>INEC</b>	– Independent National Electoral Commission
<b>ISA</b>	– Investments and Securities Act
<b>ITAS</b>	– Integrated Tax Administration System
<b>LGA</b>	– Local Government Area
<b>LPI</b>	– Logistics Performance Index
<b>LUA</b>	– Land Use Act
<b>MFI</b>	– Microfinance Institution
<b>MFIs</b>	– Microfinance Institutions
<b>MIA</b>	– Mortgage Institutions Act
<b>MMSME / MSMEs</b>	– Micro, Small, and Medium Enterprises
<b>MPC</b>	– Monetary Policy Committee
<b>MPR</b>	– Monetary Policy Rate
<b>MTEF</b>	– Medium-Term Expenditure Framework
<b>NASENI</b>	– National Agency for Science and Engineering Infrastructure
<b>NBS</b>	– National Bureau of Statistics
<b>NCDIE</b>	– National Council for Digital Innovation and Entrepreneurship
<b>NCC</b>	– Nigerian Communications Commission
<b>NDP</b>	– National Development Plan
<b>NDPA</b>	– Nigeria Data Protection Act

**NDPC** – Nigeria Data Protection Commission  
**NEITI** – Nigeria Extractive Industries Transparency Initiative  
**NESG** – Nigerian Economic Summit Group  
**NESREA** – National Environmental Standards and Regulations Enforcement Agency  
**NGFCP** – Nigeria Gas Flare Commercialisation Programme  
**NGN / ₦** – Nigerian Naira  
**NHTF** – National Housing Trust Fund  
**NIN** – National Identification Number  
**NIPC** – Nigerian Investment Promotion Commission  
**NITDA** – National Information Technology Development Agency  
**NMDPRA** – Nigerian Midstream and Downstream Petroleum Regulatory Authority  
**NPLs** – Non-Performing Loans  
**NERR** – National Electronic Register of Election Results  
**NERC** – Nigerian Electricity Regulatory Commission  
**NUPRC** – Nigerian Upstream Petroleum Regulatory Commission  
**OGP** – Open Government Partnership  
**ONSA** – Office of the National Security Adviser  
**PAR** – Portfolio at Risk  
**PPA** – Public Procurement Act  
**PEBEC** – Presidential Enabling Business Environment Council  
**PIA** – Petroleum Industry Act  
**PPP** – Public-Private Partnership  
**PwC** – PricewaterhouseCoopers  
**Q1** – First Quarter  
**RoW** – Right-of-Way  
**SBM** – SBM Intelligence Africa Country Instability Risk Index  
**SCF** – Standard Cubic Feet  
**SEC** – Securities and Exchange Commission  
**SISF** – Startup Investment Seed Fund  
**SMEDAN** – Small and Medium Enterprises Development Agency of Nigeria  
**SMEs** – Small and Medium Enterprises  
**SRO** – Statutory Right of Occupancy  
**SOC** – Security Operations Centre  
**USD / US\$** – United States Dollar  
**VAT** – Value-Added Tax



## EXECUTIVE SUMMARY

Nigeria's business environment has, over the years, been shaped by recurring macroeconomic shocks, deep structural rigidities, and institutional weaknesses that have constrained private sector activity and undermined sustainable growth. Persistent foreign exchange distortions, fuel subsidy inefficiencies, high inflation, insecurity, infrastructure gaps, and regulatory fragmentation significantly increased the cost of doing business and weakened investor confidence. Recent reforms, most notably the liberalisation and unification of the foreign exchange market, the removal of fuel subsidies, fiscal consolidation measures, and renewed regulatory interventions, marked a decisive shift toward market-oriented governance. While these actions have begun to stabilise key macroeconomic indicators, their benefits remain uneven, and long-standing structural and legislative constraints continue to limit productivity, competitiveness, and inclusive economic transformation.

Using desk research, qualitative analysis and doctrinal research approaches, this report identifies legislative actions that can help to improve the business environment in Nigeria. Specifically, it identifies the regulatory, structural and legislative barriers to the business environment and economic transformation in Nigeria. It particularly reviews exiting and new legal frameworks pertaining to the business environment – focusing on six key areas: justice, governance and institutions; digital economy; trade, investment and competition; infrastructure, housing and urban development; energy and power; climate and environment; fiscal policy and financial sector - and identify gaps in the frameworks and how they undermine the business environment. The report proposes broad and legislation-specific recommendations to improve the business environment and facilitate rapid economic growth.

The report shows that despite Nigeria's large market size, youthful population, and abundant natural resources, businesses operate under high-cost and high-risk conditions. Persistent constraints include unreliable electricity supply, inadequate transport and logistics infrastructure, limited access to affordable finance, foreign exchange scarcity, regulatory unpredictability, insecurity, skills shortages, and sustained inflationary pressure. A comparative assessment over recent years shows that many of these constraints have remained largely unchanged, suggesting that previous reforms have only delivered marginal gains rather than a structural transformation capable of significantly improving competitiveness.

Among other constraints of the business environment, regulatory and institutional inefficiencies are major challenges. Complex and overlapping regulations, frequent policy shifts, weak coordination across agencies, and uneven sub-national implementation raise compliance costs and create uncertainties for investors. Reforms driven by the Presidential Enabling Business Environment Council and the Business Facilitation Act have improved aspects of business registration and administrative efficiency, yet gaps remain in regulatory consistency, dispute resolution, contract enforcement, and policy predictability. These weaknesses dilute the effectiveness of broader economic reforms and discourage long-term domestic and foreign investment.

The report finds that legislative action is central to consolidating reforms and unlocking a more competitive business environment. Priority interventions include enacting business-friendly laws and addressing gaps and inconsistencies in existing laws. Based on the analysis and findings of the report, we propose process-based, technical and legislation-specific recommendations as follows:

### Process-based recommendations

- Enhance Transparency, Accountability, and Inclusiveness in Legislative Processes**  
 There is a need to strengthen transparency, accountability, and inclusiveness throughout the legislative process. This entails the systematic organisation of public hearings, structured committee engagements, and other formal mechanisms that allow for expert input, stakeholder consultations, and citizen participation. This will enhance the legitimacy of legislative outputs and facilitate the early identification of potential regulatory overlaps, gaps, and implementation challenges.
- Prioritise Executive Bills to Facilitate Inter-Agency Coordination and Legal Coherence**  
 We recommend that bills originating from the executive arm be introduced in the form of executive bills, rather than relying predominantly on private-member bills. This will significantly enhance the prospects for effective inter-agency coordination. Executive bills benefit from institutional backing from ministries and agencies responsible for the implementation, ensuring that proposed laws are aligned with existing regulatory frameworks and implementation capacities. This approach reduces the risk of overlapping mandates, conflicting provisions, and stalled reforms.
- Ensure Public Availability and Accessibility of Bills**  
 To enable transparency and effective stakeholder engagement, all draft bills should be made publicly accessible at appropriate stages of the legislative process. This includes publication on official websites and distribution to relevant civil society organisations, professional bodies, and research institutions. Public availability enables a detailed review, promotes informed debate, and facilitates the identification of conflicts, ambiguities, or gaps before enactment.

- **Provide Capacity Building Support to Legislative Drafters**

We also recommend that training and capacity-building support be provided to legislative drafters within and outside the National Assembly to enhance coherent legislative drafting. The use of unambiguous and overly broad terms and phrases in legal drafting is partly responsible for the issue of overlapping responsibilities and ambiguity in legal interpretations. Thus, enhancing the capacity of legislative drafters in relevant committees in the National Assembly and other relevant institutions is a necessary step.

### Technical recommendations

- **Address structural barriers undermining the business environment**

It is important to address the traditional factors undermining the business environment in Nigeria. This involves ensuring that adequate finance for businesses, improved power supply and logistics infrastructure, ensure price and exchange rate stability, enhance institutional and regulatory frameworks, improve security conditions, and boost manpower capacity.

- **Address issues of regulatory overlaps and enhance regulatory coordination across and within economic sectors**

A major finding in this report is that several regulatory agencies have conflicting responsibilities and regulatory overlap, resulting in compliance conflicts for businesses. A typical example is the provisions of the Electricity Act, which enable both the federal and state regulators to regulate the electricity market, sometimes causing regulatory conflicts. Thus, it is imperative to address these regulatory overlaps and conflicts by promoting coordination among regulators within and between tiers of government.

- **Enhance the enforcement capabilities of regulatory agencies through adequate funding and capacity building**

One of the major challenges faced in the regulatory framework is the weak capacity of regulatory agencies to enforce regulations. This is either due to poor funding or manpower constraints. Thus, it is imperative to build the capacity of regulatory agencies through improved funding and enhanced capacity building for officials of regulatory agencies.

- **Undertake a comprehensive review of key legal frameworks, assessing their alignments and consistencies**

Specifically, it is critical to undertake a critical review of existing legal frameworks and assess their consistency and alignment. Amending the legal framework in light of these reviews can help to remove ambiguity and inconsistencies in the legal frameworks with a view to enhancing policy certainty and improving investors' confidence.

- **Improve inclusivity, accountability and transparency in regulatory institutions and their decision-making**

The regulatory framework should be improved by enhancing inclusivity, transparency and accountability. This will ensure that all relevant stakeholders are carried along in the regulatory process and decisions are inclusive of diverse perspectives.

- **Enhance coordination between sectoral and overall regulators**

One of the major challenges with regulatory conflict and overlapping responsibilities is the lack of coordination between sectoral regulators and overall regulators (e.g. Federal Competition and Consumer Protection Commission versus Nigerian Civil Aviation Authority). To address this challenge, it is necessary to promote coordination between these regulators.

### Legislation-Specific recommendations

These recommendations are tailored directly to the legal frameworks assessed in this analysis. We propose recommendations on how the identified gaps in the reviewed legal frameworks can be addressed to improve their effectiveness and impact.

## 1. BACKGROUND

Nigeria's business environment has, over the last decade, been characterised by internal and external shocks that have significantly impacted sustainable economic growth and development. Notable challenges during this period include limited access to foreign exchange, an opaque and costly fuel subsidy system, high inflation, insecurity, and structural inefficiencies that constrained private sector growth.

Amid these challenges, in 2023, the new administration introduced bold reforms aimed at stabilising the economy and creating a more investor-friendly business climate. Notable among these reforms are the liberalisation and unification of the foreign exchange market, the removal of the fuel subsidy, and fiscal and tax reforms. The implementation of some of these policy reforms has created a level of economic stability, which has increased foreign portfolio investment and enhanced investor confidence.<sup>1</sup>

Nevertheless, despite some progress, Nigeria's business environment still faces seemingly perennial challenges. Key structural reforms, ranging from infrastructure development to regulatory clarity, are still lacking, impeding inclusive growth and sustainable economic transformation. Inconsistent policies, unreliable public services, and inefficient legal systems continue to deter investment and the overall ease of doing business. Without these foundational elements, efforts to stimulate innovation, entrepreneurship, and long-term development remain constrained.

It is in this respect that this research identifies the bottlenecks in the business environment in Nigeria and ascertains priority areas for legislative action. The objective of this report is to identify legislative interventions that can help to improve the business environment and support economic transformation in Nigeria. Specifically, the report examines the current state of the Nigerian economy; reviews the current macroeconomic and business environment reforms; and identifies the structural, institutional, legal and regulatory barriers to the business environment. It also examines the role of the National Assembly in shaping the macroeconomy and business environment vis-à-vis the legislative agendas of the Assembly, and reviews existing and proposed legal frameworks on key issues and sectors of the economy, identifying specific gaps in the legal and regulatory frameworks, and describing how they adversely impact the business environment and the economy. Finally, the report proposes legislative actions and interventions to address these gaps and ultimately enhance the business environment and long-term economic transformation.

This report aims to provide evidence-based and targeted policy recommendations to relevant Committees in the National Assembly and other key regulatory institutions and stakeholders. Armed with these recommendations, policymakers can formulate targeted interventions via amendment of existing legal frameworks and/or enactment of new laws to dismantle identified barriers and foster a conducive environment for sustainable economic transformation. This will ensure that limited resources are directed toward reforms with the highest impact, fostering a more competitive business environment, creating jobs, and enhancing resilience across the economy.

### Methodology

The report primarily adopts desk research, qualitative, and quantitative research methods. Specifically, it uses analytical and doctrinal research approaches. Existing previously published information is used to explore the topics and issues of interest. We systematically review existing studies, reports, legal frameworks, government documents, and other relevant literature, drawing insights and making recommendations. The review of the legal texts is done using a doctrinal approach. It leverages legal rules and principles and subject matter expertise to undertake systematic exposition of specific legal frameworks, identifying gaps and inconsistencies and suggesting amendments. This is complemented by the collection, analysis and interpretation of secondary quantitative data to analyse key trends in the macroeconomy amidst recent reforms.

<sup>1</sup> Adebajo-Fraser, G. (2025). The gains and gaps of Tinubu's first two years. The Punch Newspaper. <https://punchng.com/the-gains-and-gaps-of-tinubus-first-two-years/>

The background of the slide features a stack of Nigerian 1000 Naira banknotes, slightly blurred and tilted, creating a sense of depth and focus on the financial theme. The notes are green and white, with the number '1000' clearly visible on several bills.

# **Overview of the Nigerian Economy**

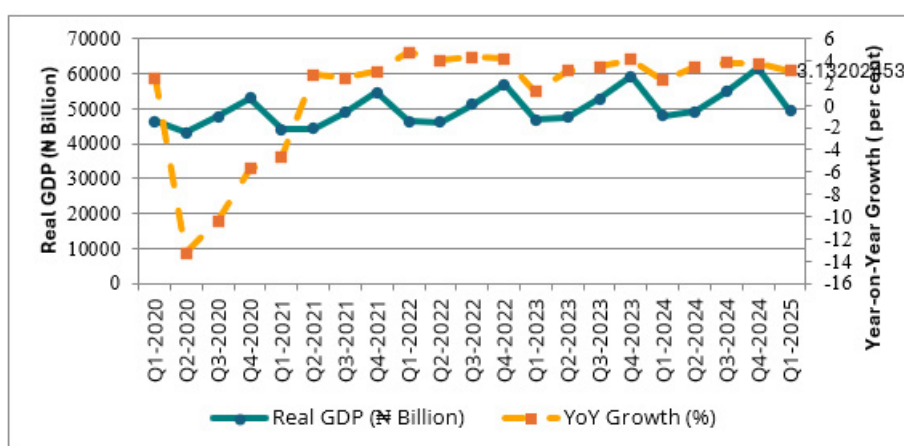
The Nigerian economy has witnessed periods of growth and stagnation in the past ten years. The pre-2015 period of robust economic growth gave way to slower economic growth and high poverty rates. According to data from the National Bureau of Statistics (NBS), the Nigerian economy entered into recession in 2020, with a negative GDP growth rate of -1.61 per cent, largely due to a fall in oil prices. The path to recovery was quickly dampened by the economic crisis associated with the 2019-2020 COVID-19 pandemic. However, recent years have seen a resurgence of growth, driven by the non-oil sector, particularly the services sector.

## 2.1 Macroeconomic indicators: GDP growth, inflation and exchange rate

Nigeria’s macroeconomic performance between 2020 and Q1-2025 reflects a trajectory of initial contraction followed by gradual and sustained recovery (Figure 1). Real GDP fell sharply in 2020, with a 13.27 per cent year-on-year decline in Q2, as COVID-19 disrupted global supply chains and oil prices and demand collapsed, marking one of the deepest recessions in recent history. However, from mid-2021, growth has rebounded steadily, averaging about 3-4 per cent annually through 2024. Available data also shows that the non-oil sector has consistently outperformed the oil sector since 2021, recording stable growth between 3-6 per cent despite inflationary and exchange-rate pressures.

By Q1-2025, Nigeria’s economy expanded by 3.13 per cent year-on-year, indicating resilience amid ongoing fiscal, monetary, structural and real sector reforms. Overall, the economy is showing signs of structural transformation, with non-oil sectors becoming the main driver of output, while the oil sector’s instability continues to expose vulnerabilities.

**Figure 1: Nigeria Real GDP and Year-on-Year Growth (2020Q1-2025Q1)**

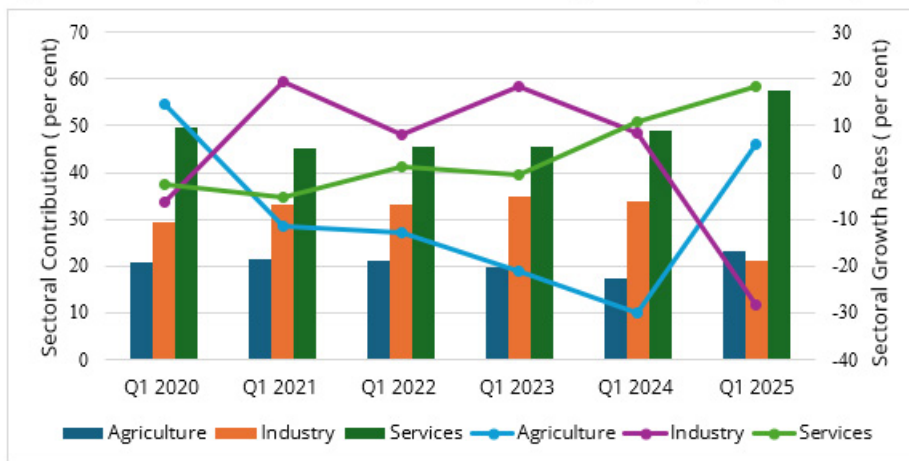


Source: Central Bank of Nigeria (CBN) Statistical Bulletin

Sectoral GDP performance (Figure 2) indicates a clear structural shift toward non-oil growth. Services remained the dominant contributor, averaging about 45-50 per cent of GDP and rising to 57.5 per cent in Q1 2025, driven by ICT, finance, and trade expansion. The industry sector showed pronounced volatility, with its contribution peaking at 33.7 per cent in 2024 before dropping to 21.1 per cent in Q1 2025, amid oil-sector disruptions and high operating costs. Agriculture’s share declined from 20.9 per cent in 2020 to 17.2 per cent in 2024, then recovered to 23.3 per cent in Q1 2025, reflecting modest gains from policy incentives and improved weather conditions.

Their growth trends mirror these shifts as agriculture moved from 14.6 per cent growth in 2020 to sharp contractions through 2024 before rebounding by 5.9 per cent in Q1 2025. Industry rose by 19.3 per cent in 2021 but fell by 28.3 per cent in Q1 2025, reflecting oil-market instability. Services remained stable, with mild contractions between 2021 and 2023 and a strong rebound of 18.3 per cent in Q1 2025, supported by digital and financial sector growth.

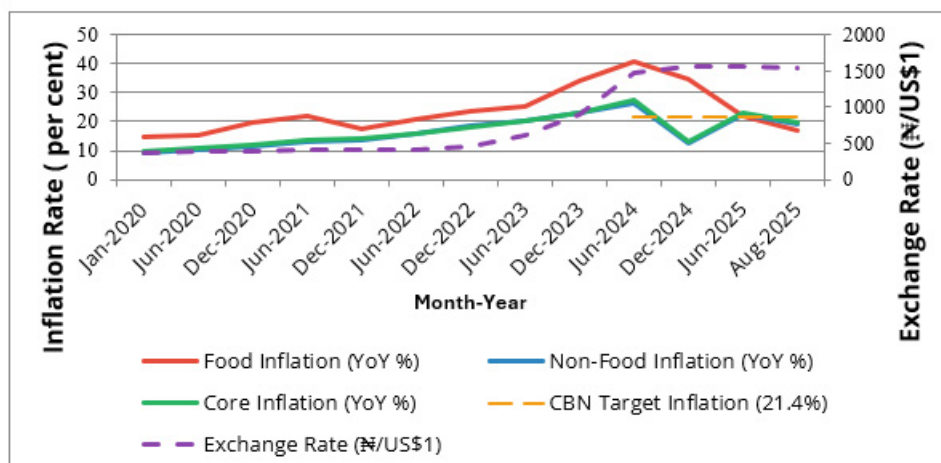
**Figure 2: Sectoral Contribution and Growth Rate of Nigeria's GDP (2020–Q1 2025)**



Source: CBN Statistical Bulletin

Recent years have seen skyrocketing inflation in Nigeria, partly due to global inflation, structural bottlenecks, exchange rate instability, fiscal pressure and insecurity that has affected domestic food production. Data shows that inflation rose sharply alongside the steep depreciation of the naira (Figure 3), highlighting a strong correlation between exchange rate movements and domestic price increases. Food inflation accelerated from 14.9 per cent in early 2020 to above 40 per cent by mid-2024, while core and non-food inflation also trended upward due to imported inflation, high energy costs, and supply-chain disruptions. Over the same period, the Naira depreciated from about ₦363/US\$ in 2020 to over ₦1,600/US\$ by late 2024, amplifying cost-push pressures across sectors. By early to mid-2025, a gradual moderation in the inflation rate has become evident, with food inflation easing around 21 per cent, core inflation stabilising near 22 per cent, and the exchange rate stabilising around ₦1,500/US\$. This relative decline indicates emerging price stability, as inflation approached the CBN's target band and exchange rate pressures softened.

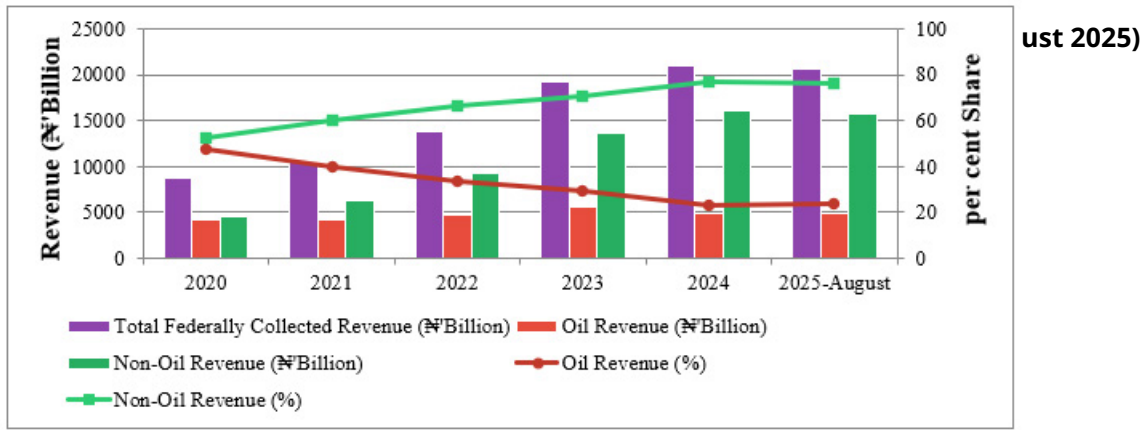
**Figure 3: Nigeria: Inflation vs Exchange Rate (2020–2025)**



Source: Central Bank of Nigeria (CBN) Statistical Bulletin and Quarterly Reports (2024)

**2.2 Fiscal Performance, Public Debt and Fiscal Sustainability**

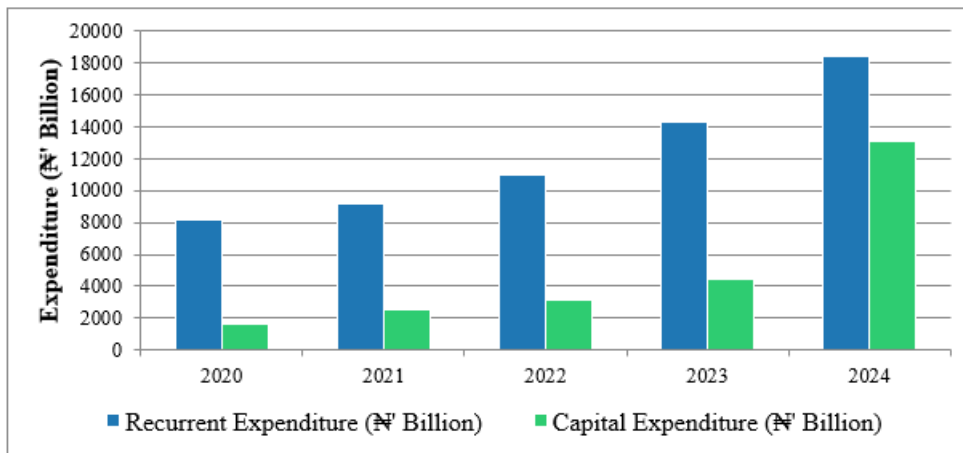
The dynamics of government revenue between 2020 and August 2025 reveal a clear structural transformation in the composition and performance of federally collected revenues. As shown in Figure 4, total revenue rose consistently from ₦8.77 trillion in 2020 to ₦20.59 trillion by August 2025, indicating strong fiscal expansion despite global and domestic economic headwinds. In 2020, oil revenue contributed ₦4.16 trillion (47.4 per cent), while non-oil revenue accounted for ₦4.62 trillion (52.6 per cent). By 2024, total revenue rose to ₦20.98 trillion, led by the dominant non-oil contribution of ₦16.09 trillion (76.7 per cent) compared to oil's ₦4.89 trillion (23.3 per cent), underscoring the growing strength of domestic fiscal sources. As of August 2025, total revenue collection reached ₦20.59 trillion, with non-oil revenue (₦15.69 trillion; 76.2 per cent) continuing to drive fiscal performance. This steady decline in oil revenue contribution and a corresponding rise in non-oil revenue dominance demonstrate Nigeria's ongoing shift from oil-dependent revenue generation to a more resilient, broad-based, and diversified fiscal structure, driven by the positive effects of ongoing macroeconomic, institutional, and tax reforms.



Source: CBN Statistical Bulletin, National Bureau of Statistics (NBS) and Presidential Villa State House

Meanwhile, over the five-year period, total government expenditure increased steadily, with recurrent expenditure rising from ₦8.19 trillion in 2020 to ₦18.40 trillion in 2024 (Figure 5), reflecting sustained growth in administrative costs, debt servicing, and personnel overheads. In contrast, capital expenditure rose from ₦1.61 trillion in 2020 to ₦13.10 trillion in 2024, though the 2024 figure represents a revised budget allocation rather than actual disbursement due to under-execution challenges and delayed releases. This trend underscores continuous fiscal imbalance, where recurrent obligations consistently dominate total expenditure, limiting fiscal space for development spending. While the sharp rise in the 2024 capital budget suggests a policy intent to boost infrastructure investment, actual implementation performance remains uncertain, pointing to the need for improved budget execution efficiency, project monitoring, and fiscal discipline to achieve sustainable economic growth.

Figure 5: Nigeria: Recurrent vs Capital Expenditure (2020–2024)

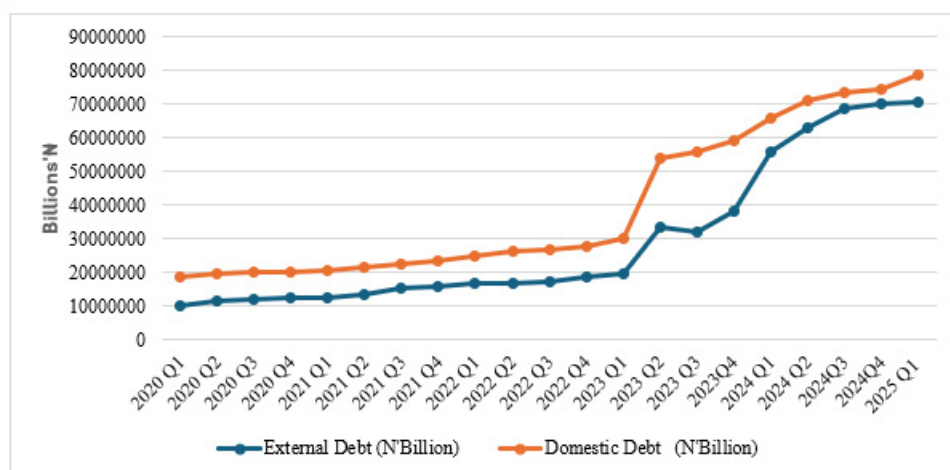


Source: CBN Statistical Bulletin

Note: \*\*2024 Capital Expenditure represents revised budget allocation, not actual expenditure.

Despite improvements in government revenue, public debt has grown rapidly from ₦28.6 trillion in Q1-2020 to about ₦149.4 trillion in Q1-2025 (Figure 6). External debt expanded from ₦9.99 trillion to ₦70.63 trillion, while domestic debt increased from ₦18.64 trillion to ₦78.76 trillion. The surge in public debt was driven by persistent fiscal deficits, exchange-rate depreciation, and increased reliance on borrowing to fund government spending. This trend signals rising debt vulnerability, as debt servicing increasingly limits funds for capital investment and economic growth.

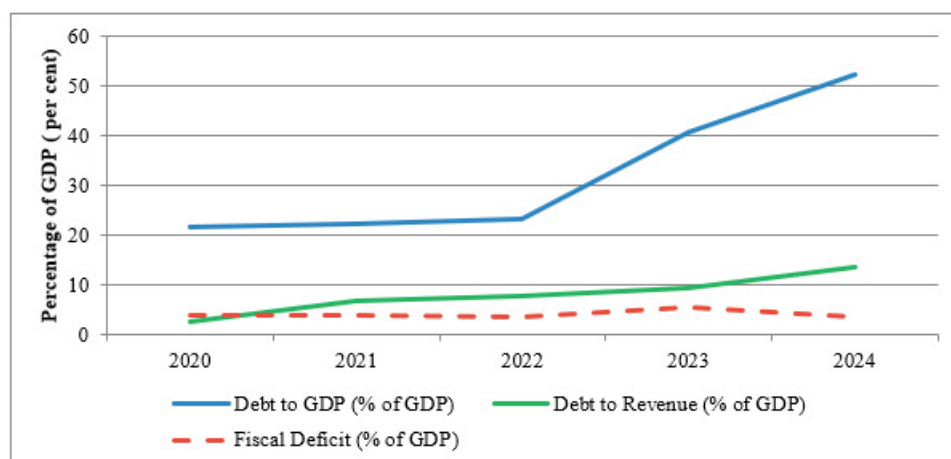
**Figure 6: Public Debt (External and Domestic)**



Source: Debt Management Office, 2025

The rapid buildup of Nigeria’s public debt reinforces the weakening fiscal sustainability in Nigeria between 2020 and 2024. The debt-to-GDP ratio more than doubled from 21.6 per cent in 2020 to 52.3 per cent in 2024 (Figure 7). Fiscal deficit has consistently exceeded the 3 per cent legal threshold stipulated in Section 12 of the Fiscal Responsibility Act 2007, peaking at 5.6 per cent in 2023. These trends indicate that Nigeria’s fiscal position has become increasingly fragile, with rising debt pressures and limited fiscal space.

**Figure 7: Nigeria: Fiscal Sustainability Indicators (2020–2024)**

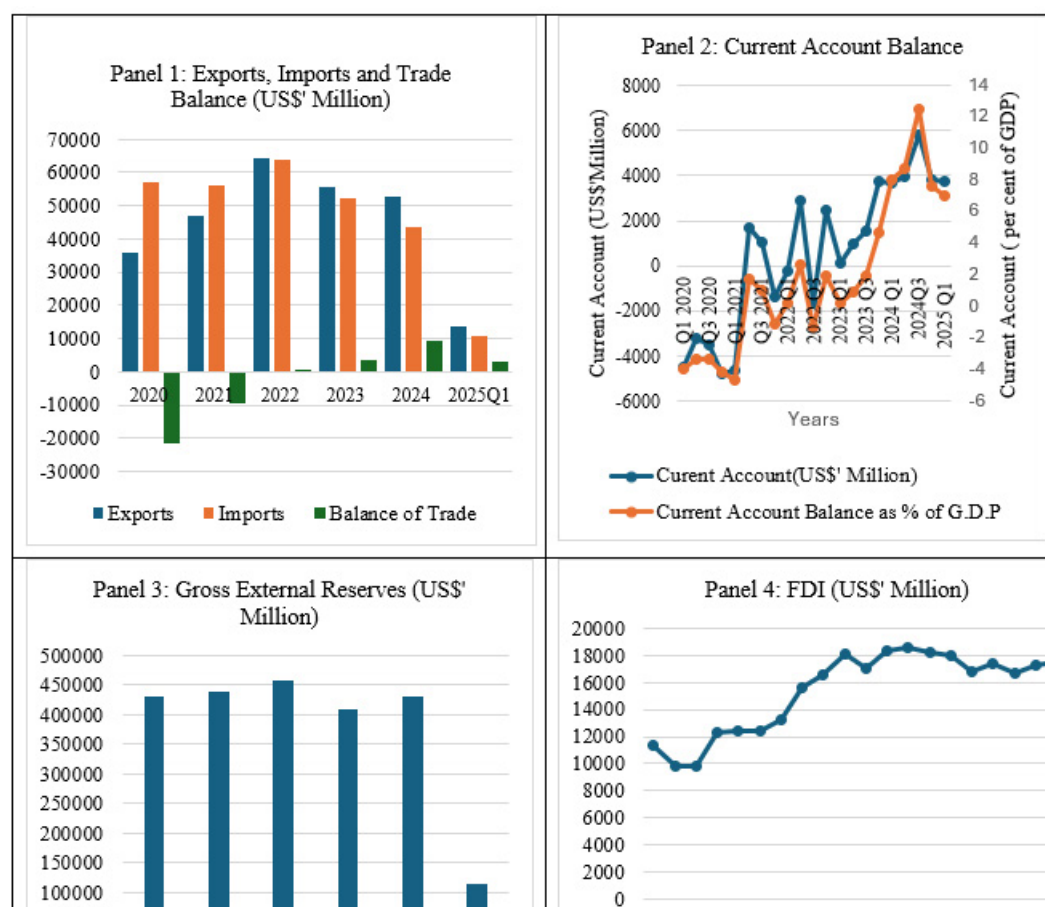


Source: Central Bank of Nigeria (CBN) and Debt Management Office, 2025

### 2.3 External Sector

Nigeria’s external sector has gradually transitioned from vulnerability to moderate stability, reflected in improved trade performance, current account surpluses, and sustained investment inflows. Figure 8 collectively portrays a gradual strengthening of Nigeria’s external sector between 2020 and early 2025, underpinned by improvements in trade performance, current account recovery, and resilient capital inflows. Exports expanded steadily from US\$35.9 billion in 2020 to US\$52.97 billion in 2024, driven by higher crude oil prices and non-oil exports, while imports moderated, improving the balance of trade from a large deficit of US\$–21.4 billion in 2020 to a surplus of US\$9.26 billion in 2024. Consequently, the current account balance shifted from persistent deficits during 2020–2021 to a surplus from mid-2022 onward, averaging 6-8 per cent of GDP between 2023 and 2024, indicating stronger external earnings and reduced import pressures.

Gross external reserves remained broadly stable, averaging around US\$36.14 billion between 2020 and 2024, reflecting effective reserve management despite exchange rate volatility and capital flow fluctuations. In Q1-2025, reserves increased to US\$38.4 billion. FDI inflows exhibited resilience, rising from US\$11.3 billion in Q1-2020 to US\$18.3 billion in Q1-2025, showing renewed investor confidence in the Nigerian economy.

**Figure 8: Balance of Trade, Balance of Payment, Reserve and Foreign Direct Investment (FDI)**

Source: Central Bank of Nigeria (CBN) Statistical Bulletin

## 2.4 Labour Market Dynamics

The Nigerian labour market has also witnessed some changes in the past few years, notably the change in the methodology for calculating the unemployment rate. As a result of the change, the unemployment rate “declined” from 33.3 per cent in 2020 to about 5.3 per cent in 2022. The labour market between Q4-2022 and Q2-2024 has reflected a gradual improvement in employment conditions despite persistent structural challenges. The unemployment rate fell to 4.3 per cent, and labour market participation rose to 79.5 per cent, indicating stronger job absorption (Table 1). Self-employment (85.6 per cent) and informal jobs (93 per cent) continue to dominate, reflecting limited formal sector growth. Underemployment dropped to 9.2 per cent, while labour underutilisation eased to 13 per cent, showing better use of available labour. Youth and urban unemployment also declined, though female unemployment remains higher. Overall, Table 1 signals a recovering labour market and reduced joblessness, but the gains are concentrated in informal and self-employment activities rather than formal, high-productivity sectors.

**Table 1: Employment and Unemployment Trends**

Key Labour Market Indicators	Q4 2022	Q1 2023	Q2 2023	Q3 2023	Q1 2024	Q2 2024
Labour Force Participation Rate	77.8	79.9	80.4	79.5	77.3	79.5
Employment-to-Population Ratio	73.6	76.6	77.1	75.6	73.2	76.1
Share of employed people in self-employment	84	86	88	87.3	84	85.6
Time-related underemployment	13.7	12.2	11.8	12.3	10.6	9.2
Unemployment Rate	5.3	4.1	4.2	5	5.3	4.3
Labour Underutilisation	18.2	15.8	15.5	17	15.3	13

Youth Unemployment Rate	8.3	6.9	7.2	8.6	8.4	6.5
Urban Unemployment Rate	6.3	5.4	5.9	6	6	5.2
Rural Unemployment Rate	4	2.9	2.5	4	4.3	2.8
Informal Employment	93.5	92.6	92.7	92.3	92.7	93
formal Employment	6.5	7.4	7.3	7.7	7.3	7

Source: Nigeria Labour Force Statistic Report (2023, 2024)

### 3. OVERVIEW OF NIGERIA'S BUSINESS ENVIRONMENT: CHALLENGES, OPPORTUNITIES AND RECENT REFORMS

The state of the Nigerian economy is deeply reflected in the business environment. Without the deployment of essential infrastructure like power and transport, and a business-friendly environment by the government, businesses cannot achieve sustainable growth or competitive advantage in today's global marketplace. Nigeria, one of Africa's top economies, is a land of contrasts where numerous opportunities coexist with significant challenges affecting its business environment. As Africa's most populous country, with a GDP of \$243 billion in 2024,<sup>2</sup> Nigeria offers a dynamic landscape for businesses seeking to tap into its rich natural resources and expanding markets. However, this potential is often overshadowed by macroeconomic instability and uncertainties, which can threaten the survival of businesses. Major factors affecting Nigeria's business environment include the ease of doing business, with the country ranked 131st in the World Bank's Doing Business 2020 report,<sup>3</sup> as well as issues concerning infrastructure gaps, regulatory inconsistencies, corruption, and property rights enforcement.

The country offers significant market potential across sectors like oil and gas, agriculture, technology, manufacturing, and services. According to the 2025 World Bank's Nigeria's Development Update report, Nigeria's economic growth has gained momentum from 2024 into 2025, though it remains modest and unevenly distributed. Based on the latest mid-2025 rebased national accounts, GDP growth reached 3.9 per cent year-on-year in the first half of 2025 (H1-2025), an improvement from 3.5 per cent in the same period of 2024.<sup>4</sup> However, persistent structural issues continue to hinder the full realisation of the growth potential across significant sectors.

Despite these challenges, Nigeria's business environment has witnessed significant progress through targeted reforms. Since 2016, the Presidential Enabling Business Environment Council (PEBEC) has spearheaded initiatives to stabilise the economy, streamline business operations, and boost foreign direct investment. Several reforms aimed at restoring stability and growth have been embarked upon since 2023, such as the unification of the exchange rate market to eliminate fiscal distortions and the implementation of an electronic FX matching platform to bolster external balances, restore transparency, attract foreign investments, and create a more predictable business environment. The reforms form part of a broader strategy to streamline operations, attract investment, and build a competitive economy that reaches its \$1 trillion goal by 2030.<sup>5</sup>

This chapter examines Nigeria's business climate with a particular focus on the challenges, opportunities, and recent reforms that have shaped it.

#### 3.1 Major Challenges Facing Businesses in Nigeria

Boasting one of the world's largest youth demographics and ranking as the sixth most populous nation globally,<sup>6</sup> Nigeria presents immense opportunities for businesses drawn to its vast consumer base. However, despite this potential, businesses operating in Nigeria face significant hurdles that challenge growth and sustainability. Figure 9, based on analysis from the FATE Foundation, highlights the major challenges impacting businesses in Nigeria.

<sup>2</sup> Arise News, 'Nigeria's 2024 GDP Grows to \$243Bn after Rebasing' (22 July 2025)

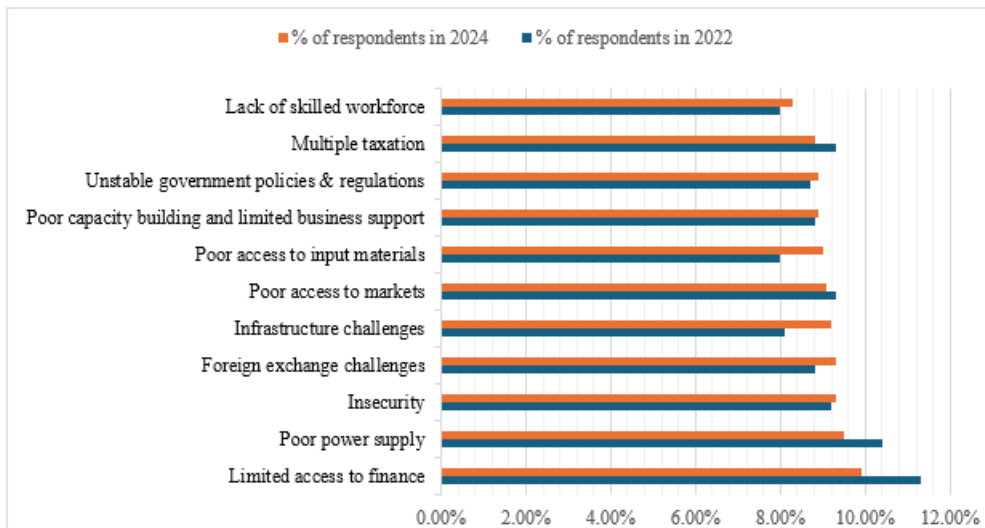
<sup>3</sup> World Bank, 'Doing Business 2020' (2020)

<sup>4</sup> World Bank, 'Nigeria Development Update' (2025)

<sup>5</sup> The Nation Newspaper, 'FG Unveils Strategic Push to Achieve \$1 Trillion Economy by 2030' (22 July 2025)

<sup>6</sup> World Population Review, 'Total Population by Country 2024' (2024)

**Figure 9: Key Factors Negatively Impacting Businesses in Nigeria**

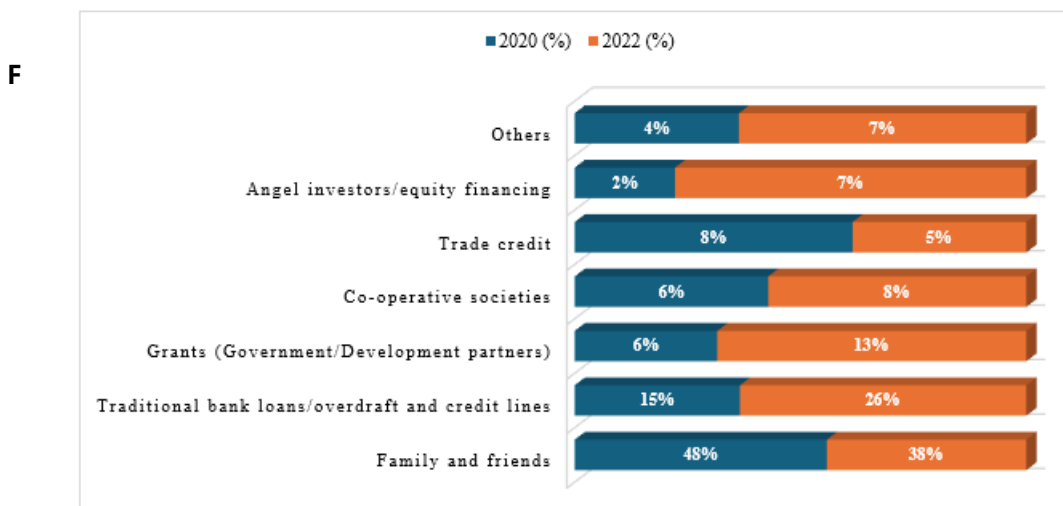


(Source: Fate Foundation State of Entrepreneurship Report 2022 & 2024)<sup>7</sup>

A comparative review of the business environment in 2022 and 2024 reveals a striking continuity in systemic constraints. The recurrence of identical impediments demonstrates that the reforms so far have produced marginal efficiency gains but failed to disrupt entrenched bottlenecks and cause transformative change. This persistence underscores the urgency for accelerated interventions across the relevant domains, each of which continues to erode business competitiveness and investor confidence. Below are some of the challenges affecting Nigeria’s business environment:

**3.1.1 Access to Capital and Financing**

Access to affordable capital is a critical driver of business growth, enabling startups, operational expansion, and innovation. However, restricted access to financing remains a formidable obstacle in Nigeria, significantly impeding entrepreneurial development. With prevailing interest rates reaching 27 per cent<sup>8</sup> coupled with stringent collateral demands and inadequate institutional frameworks for fund mobilisation, many entrepreneurs are compelled to depend on personal savings or informal financing channels (Figure 10). Furthermore, venture capital inflows have experienced a marked decline positioning Nigeria behind other leading African markets in attracting investment.



(Source: FATE INSIDE SURVEY 2024)

In 2021, Africa’s record year for venture capital, with 681 fundraising rounds totalling \$5.2 billion, Nigeria ranked first

<sup>7</sup> Adenike Adeyemi and others, ‘The FATE Institute: STATE of ENTREPRENEURSHIP in NIGERIA 2024 REPORT’ (2024)

<sup>8</sup> Central Bank of Nigeria, ‘MONETARY POLICY COMMUNIQUE NO.159’ (2025)

<sup>9</sup> Ibid

for both deal volume and the overall amount of cash raised.<sup>10</sup> Nigerian startups secured around \$1.8 billion in funding, over a third of the continent's total and surpassing the combined total of Africa's other major markets - Kenya, South Africa, and Egypt.<sup>11</sup> However, this status appears to be slipping. As of August 2025, African startups collectively raised about \$2.8 billion across more than 500 ventures, but Nigeria's share was only \$186 million, down from previous years due to macroeconomic volatility and investor caution.<sup>12</sup> In stark contrast, Kenya led with \$879 million, followed by South Africa with \$848 million, and Egypt with \$561 million.<sup>13</sup> For the first time in years, Nigeria trails behind these "big four" African markets in startup funding.

Microfinance institutions (MFIs) and fintech-driven online loans have emerged as vital alternatives to bridge this financing gap, particularly for micro, small, and medium-sized enterprises (MSMEs), which form the backbone of Nigeria's economy. As of December 2024, there were 729 CBN-licensed MFIs categorised into three tiers: nine national MFBs operating nationwide; 121 state-level MFIs serving specific states; and 599 unit-level MFBs with localised operations.<sup>14</sup> MFIs prioritise small-scale lending to underserved populations, including rural and low-income entrepreneurs, offering tailored products that bypass traditional banks' stringent criteria. Complementing this, fintech platforms have leveraged digital tools like mobile apps, data analytics, and alternative credit scoring to deliver rapid, collateral-free online loans, disbursing approximately 145 million loans worth \$2.1 billion in 2023 alone.<sup>15</sup> To a moderate extent, these mechanisms have alleviated the financing problem by promoting financial inclusion and reducing dependency on high-cost informal channels.

Studies indicate that microfinance has positively influenced MSMEs, while fintech has similarly addressed unmet credit demand, estimated at \$32.2 billion for MSMEs.<sup>16</sup> By offering flexible, low-barrier loans that support operational resilience and digital payments, transaction volumes have surged 43.78 per cent year-on-year as of 2022.<sup>17</sup> Despite these advances, persistent challenges limit their full potential. The prevailing macroeconomic headwinds, characterised by high inflation and rising interest rates, have contributed to increasing non-performing loans (NPLs) across the sector, evidenced by the portfolio at risk (PAR) to total loans ratio standing at 12.7 per cent as at 30 June 2024, a stark contrast to the 4.1 per cent recorded within commercial banks on the same date.<sup>18</sup> Simultaneously, escalating operational expenditures, fueled by high inflation, which reached 34.8 per cent in December 2024 before experiencing a sharp decline to 24.48 per cent in January 2025,<sup>19</sup> attributed to the rebasing of the Consumer Price Index (CPI). Fintech online loans have also faced issues of over-indebtedness and regulatory scrutiny, prompting CBN's revocation of 179 licenses in 2023–2024, due to non-compliance and deficient corporate governance practices.<sup>20</sup>

The average maximum lending rate grew from 27.8 per cent in 2022 to 28.3 per cent in 2023 (Table 2).<sup>21</sup> The CBN Monetary Policy Committee (MPC) increased the Monetary Policy Rate (MPR) from 18.75 per cent in January 2024 to 27.25 per cent by September 2024, before a slight reduction to 27 per cent in September 2025, representing a cumulative increase of 850 basis points within the year. Elevated MPRs typically increase borrowing costs, potentially constraining investment financing, slowing economic activity, and affecting employment generation and competitiveness.<sup>22</sup>

**Table 2: Average Maximum Lending Rate (per cent)**

2021	2022	2023*
28.1	27.8	28.3

(Source: PwC MSME Survey 2024)<sup>23</sup>

According to the International Finance Corporation (IFC), there exists an estimated unmet credit demand of approximately \$32.2 billion (equivalent to ₦13 trillion)<sup>24</sup> for micro, small, and medium enterprises (MSMEs) in Nigeria. Government initiatives like the Bank of Industry (BOI) loans offer some relief, yet bureaucratic hurdles limit accessibility. While commercial banks primarily serve larger firms, smaller-scale businesses face considerable challenges in accessing formal financing. These challenges include limited access to financial services, inadequate documentation, a weak framework for debt resolution and loan recovery, and underutilised or underdeveloped financial infrastructure. Major barriers to accessing loans include high interest rates, excessive documentation requirements, inadequate collateral, and insufficient financial records. Consequently, informal financing from family and friends remains the predominant funding source, followed by bank loans and overdrafts. This pattern underscores limited confidence in formal financial

10 David Thomas, 'Nigeria Losing Ground to African Rivals in VC Funding Race' (*African Business* 20 October 2025)

11 Ibid

12 Ibid

13 Ibid

14 Augusto & Co, 'The Changing Landscape of Nigeria's Microfinance Banking Industry' (*Augusto & Co.* 11 April 2025).

15 Agence Ecofin, 'Nigeria Strengthens Regulatory Framework for Booming Digital Lending' | Extensia Ltd' (*Extensia Ltd* 27 August 2025).

16 Ibid

17 Stephen Agwaibor, 'Nigerian Payments Report 2024: Online Transfers Dominate, ATM Transactions Decline' (*TC Insights* 5 June 2024).

18 Ibid

19 Ibid

20 Ibid

21 PwC, 'MSME Survey: Building Resilience Strategies for MSME Success in a Changing Landscape' (2024)

22 Ibid

23 Ibid

24 Ibid

institutions and persistent challenges in satisfying stringent banking criteria.

### 3.1.2 Poor Power Supply

Nigeria's inadequate infrastructure constitutes a significant barrier to efficient business operations. This challenge is particularly pronounced in the unreliable electricity supply, which is characterised by frequent outages and results in an estimated \$29 billion or 5.6 per cent of its GDP in annual productivity losses for businesses.<sup>25</sup> Despite having abundant gas and crude oil resources, about 86 million Nigerians lack access to electricity, making Nigeria the number one country in the world in terms of the total number of people without electricity.<sup>26</sup>

Businesses rely heavily on electricity to sustain daily operations, which is why an unreliable power supply is a major challenge to businesses' performance in Nigeria. In the absence of a consistent public supply, businesses are compelled to depend heavily on diesel-powered generators. This significantly inflates operational costs, with fuel and maintenance expenses often consuming a huge chunk of operational costs, thereby eroding profit margins and weakening overall competitiveness. Collectively, Nigeria is reported to spend \$14 billion annually on generators and fuel to sustain household and business operations.<sup>27</sup> This level of private spending underscores the severe structural gaps in the public electricity supply system and represents a massive implicit cost on the economy. Nigeria's power sector continues to face deteriorating plant capacities, poor maintenance, inadequate gas supply, and limited distribution networks, all of which constrain reliable power delivery and limit the sector's ability to support productive activities.

As stated, the PwC estimates that approximately 1 out of every seven firms exits the economy because of this.<sup>28</sup> Nigeria's persistent infrastructural deficits in the power sector not only perpetuate a cycle of economic inefficiency but also undermine the broader business ecosystem, with unreliable supply and escalating costs posing existential threats to enterprises, particularly micro, small, and medium-sized entities (MSMEs). Although recent policy initiatives, such as targeted investments in renewable energy and public-private partnerships, seek to mitigate these constraints, implementation remains constrained by fiscal limitations and institutional capacity challenges, underscoring the need for sustained, strategic intervention to foster a resilient business ecosystem.

### 3.1.3 Infrastructure and Logistics Challenges

Nigeria's inadequate infrastructure represents a critical impediment to business operations, forcing businesses to incur high additional costs for alternative solutions, thereby undermining profitability and global competitiveness. Businesses in Nigeria encounter significant operational inefficiencies stemming from deplorable road networks, resulting in substantial time losses due to traffic congestion and logistical bottlenecks. A considerable portion of productive hours is consequently diverted to managing routine transportation challenges.

The deteriorating road networks constrain market access, extend logistics timelines, increase transportation costs, compromise the integrity of goods in transit, and hinder economic integration, particularly in rural and peri-urban regions. According to the World Bank's Logistics Performance Index (LPI) 2023, Nigeria ranks 88th out of 139 countries with an overall score of 2.6 (on a scale of 1=low to 5=high), reflecting inefficiencies in trade logistics. Key sub-indicators further underscore these challenges: 2.4 in logistics infrastructure, 2.5 in international shipments, 2.3 in logistics competence and quality, 3.1 in timeliness and 2.7 in tracking and tracing.<sup>29</sup>

Furthermore, erratic internet connectivity undermines digital operations, hampers real-time communication, and reduces overall operational efficiency. Internet speeds are low, data costs are high, and businesses face challenges with inadequate telecommunication systems. As of April 2025, internet penetration stood at 48.15 per cent, leaving more than half of the population offline.<sup>30</sup> The Nigerian Communication Commission (NCC) also reported that data usage fell to 983,283.43 terabytes in April 2025 from 995,876.10 terabytes in March.<sup>31</sup> The decline followed an earlier decline in the year, when data consumption fell from one million terabytes in January to 893,054.80 terabytes in February.<sup>32</sup> High, erratic, and inconsistent right-of-way (RoW) fees, levies, and informal charges represent a huge chunk of the cost of rolling out broadband infrastructure across states.

Nigeria is still a long way from achieving widespread use of broadband because of major infrastructure challenges and market failures, particularly in rural areas. High costs of right-of-way, damage to existing fibre infrastructure as a result of cable theft, road works, and other operations, and the lack of reliable grid electricity supply, coupled with low commercial returns, render services not commercially viable on their own.<sup>33</sup> Despite growing tech sector activity, infrastructure gaps limit the full potential of digital transformation for businesses. Addressing these issues requires harmonised RoW policies, enhanced infrastructure protection via the 2024 Critical National Information Infrastructure Order, and

25 Ibid

26 Cyrus Ademola, 'Nigeria Has the Highest Number of People Living without Electricity Globally – Akinwunmi Adesina' (*Nairametrics* 19 October 2024).

27 Ibid

28 Ibid

29 Ndubuisi Francis, 'World Bank Ranks South Africa, Egypt, Benin Republic, Others ahead of Nigeria in Global Logistics Performance Index' (*Arise.tv* 25 April 2023).

30 Opeoluwani Akindayo, 'Nigeria's Broadband Penetration Rises to 48.15 per cent' (*Channels Television* 27 May 2025).

31 Ibid

32 Ibid

33 World Bank Group, 'NIGERIA - Digital Economy Diagnostic Report' (2019)

investments in new fibre to boost viability and close the urban-rural digital divide. Collectively, these infrastructural deficiencies elevate operating costs and constrain the competitiveness of enterprises across various sectors.

Nigeria's infrastructure deficit constitutes a structural impediment to sustainable economic expansion, with a huge infrastructural deficit that requires up to \$3 trillion over the next three decades to bridge the gap.<sup>34</sup> Analysis of constraints to the business environment consistently underscores the urgent need to enhance access to finance, improve the reliability of electricity supply, and address inadequate transportation infrastructure, all of which severely impede industrial and commercial activities. These infrastructure deficiencies culminate in substantial economic costs, including increased transportation costs that drive up pricing, prolonged supply chain delays and inventory management challenges, damage to goods in transit, and restricted market access for rural producers.

### 3.1.4 Foreign Exchange

Nigeria's foreign exchange (FX) landscape in 2024 exemplified a paradox of progress amid persistent volatility. The sharp depreciation of the naira, approximately 40.9 per cent against the U.S. dollar by year-end, intensified operational pressures for import-dependent businesses, even as gross FX reserves displayed notable resilience.<sup>35</sup> Following the Central Bank of Nigeria's (CBN) unification of exchange rates in June 2023 and subsequent market liberalisation, the naira plummeted from around ₦997 per dollar at the end of 2023 to ₦1,535 per dollar by December 31, 2024, with parallel market rates hitting of ₦1,656, compared to ₦1,164 at the end of 2023, representing a 29.7 per cent depreciation in the black market.<sup>36</sup> The decline represented a significant depreciation in the naira's value during the period.

This steep depreciation, compounded by lingering FX scarcity, disrupted supply chains and inflated costs, where businesses reported FX access as a primary driver of negative performance metrics, including reduced profitability and stalled expansions. Despite these headwinds, FX reserves climbed from \$32.9 billion at the end of 2023 to over \$40.8 billion by December 2024, reflecting a 24.2 per cent increase. Although the FX reserve was bolstered by oil revenue recovery, portfolio inflows, and CBN interventions, this buildup failed to fully mitigate the scarcity felt at the enterprise level.<sup>37</sup> The CBN made multiple attempts to improve market conditions. Key interventions included clearing a \$7 billion FX backlog<sup>38</sup> and the introduction of the Electronic Foreign Exchange Matching System (EFEMS)<sup>39</sup> for transparency. While these measures eased some immediate pressures, they were insufficient to counteract speculative activity, persistent import demand, and structural supply constraints—leaving businesses vulnerable to continuing volatility.

The ripple effects of naira depreciation and FX constraints manifested in multifaceted operational and financial disruptions across several sectors, underscoring the vulnerability of Nigeria's import-dependent economy. These consequences not only eroded short-term viability but also sowed seeds of long-term uncertainty, prompting exits by multinationals. Depreciation inflated the cost of imported raw materials, machinery, and intermediates, squeezing margins in sectors like manufacturing and retail, where input costs rose disproportionately to local pricing power. For instance, firms like PZ Cossons reported FX losses in 2023, forcing price hikes that alienated price-sensitive consumers and slowed sales volumes. The exchange rate, which was volatile for most of 2023 as a result of devaluations and other currency reforms, left the country's FMCG industry, which relies heavily on imports, particularly vulnerable, causing PZ Cossons to lose ₦157.9 billion that year.<sup>40</sup> Retailers faced inventory shortages, with supply chain delays due to port backlogs exacerbated by FX delays for customs clearance. Businesses grappled with unpredictable FX rates, complicating budgeting and hedging; the naira's intra-year swings inflated forecasting errors, thereby stalling investments and contract negotiations. In essence, while reserve accumulation signalled macroeconomic stabilisation, the disconnect between aggregate FX buffers and micro-level access perpetuated a challenging environment.

### 3.1.5 Regulatory and Bureaucratic Hurdles

Nigeria has a complex and often inconsistent regulatory framework, characterised by abrupt policy shifts, overlapping tax regimes, protracted licensing procedures, and inefficient administrative processes. These elements collectively erode investor confidence, inflate compliance costs of operational budget, thereby creating an environment of unpredictability that discourages both domestic entrepreneurship and foreign direct investment (FDI). This regulatory opacity not only hampers day-to-day compliance but also intensifies broader economic inefficiencies, contributing to Nigeria's subdued private sector growth and persistent high failure rates among startups.

Securing licenses and permits is a protracted ordeal, often spanning months due to fragmented agency silos and manual processing. Sector-specific approvals, such as those from the National Agency for Food and Drug Administra-

34 Augusto & Co, 'Economic Newsletter: Rethinking Nigeria's Models for Infrastructure Development' (2021)

35 Hope Moses-Ashike, 'Naira Ends 2024 with 40.9 per cent Loss amid External Reserves Growth - *Businessday NG* 1 January 2025)

36 Ibid

37 Ibid

38 Central Bank of Nigeria, 'Featured Articles - CBN Governor Cardoso Charts Path for Economic Growth, Reform' (December 2024)

39 Central Bank of Nigeria, 'INTRODUCTION of the ELECTRONIC FOREIGN EXCHANGE MATCHING SYSTEM (EFEMS) in the INTERBANK FOREIGN EXCHANGE MARKET' (2 October 2024)

40 Ronald Adamolekun, 'PZ Cossons Nigeria Swings back to Annual Profit after Cutting Foreign Exchange Loss' (*Premium Times Nigeria* 5 September 2025)

tion and Control (NAFDAC) for pharmaceuticals.<sup>41</sup> The Corporate Affairs Commission (CAC), responsible for business registration, also exemplifies this inefficiency; despite the introduction of digital portals and several upgrades, users continue to face system glitches, manual verification delays, and unofficial “facilitation fees,” extending registration from the targeted 24 hours to weeks or months.<sup>42</sup>

Another destabilising aspect of Nigeria’s regulatory environment is the frequency of policy alterations, often announced without adequate stakeholder consultation or transitional measures. Such sudden shifts can disrupt supply chains, exacerbate economic vulnerabilities for SMEs, and undermine investor confidence, even as they aim to foster long-term industrial growth. In October 2023, the Central Bank of Nigeria (CBN) abruptly lifted import restrictions on 43 previously banned items to ease foreign exchange pressures and stabilise the naira.<sup>43</sup> While the policy aimed to enhance liquidity and reduce reliance on parallel markets, it caught importers unprepared, leading to volatile pricing, supply chain disruptions, and a temporary surge in import volumes that overwhelmed customs infrastructure. Similarly, the recent presidential directive suspending raw shea nut exports for six months illustrates the short-term disruptions such policies can cause.<sup>44</sup> Although the ban is intended to transform Nigeria from an exporter of raw shea nuts to a global supplier of refined shea butter, oil, and other derivatives, (raw nuts fetch \$800–\$900 per ton, versus \$3.5–\$4 million for processed butter), it has instead triggered short-term shocks across the value chain, where women comprise 95 per cent of the 2.2–3 million pickers and collectors, often operating as informal SMEs.<sup>45</sup> Prices for raw shea nuts plummeted by up to one-third to ₦800,000 per ton within days,<sup>46</sup> eroding farmers’ incomes and forcing many rural women to halt collections or sell at a loss. Exporters face contract defaults and penalties.

Efforts to mitigate these challenges have centred on the Presidential Enabling Business Environment Council (PEBEC), established in 2016 to orchestrate over 200 federal-level reforms, including the Companies and Allied Matters Act (CAMA) 2020, which streamlined single-shareholder incorporations and e-filings. PEBEC’s initiatives have yielded tangible gains, which culminated in moving Nigeria’s World Bank Doing Business ranking from 169th in 2017 to 131st in 2020<sup>47</sup> before the index’s discontinuation. Nevertheless, substantial challenges remain. The World Bank’s Business Ready (B-READY) framework, launched in 2024, highlights persistent gaps in regulatory coordination, administrative efficiency, and judicial enforcement. While PEBEC reforms signal progress toward a more navigable business environment, entrenched bureaucratic inefficiencies continue to impede private-sector growth and limit overall economic competitiveness in Nigeria

### 3.1.6 Security Concerns

Nigeria’s business environment is profoundly undermined by pervasive insecurity, which manifests as a multifaceted threat encompassing banditry and kidnappings in the northwest, Boko Haram-led insurgency and farmer-herder clashes in the northeast, separatist agitations and communal violence in the southeast, and escalating urban crime in economic hubs like Lagos and Abuja. Insecurity poses far-reaching consequences for the economy of the affected areas, directly impacting economic activities and development in the region.<sup>48</sup> These dynamics not only disrupt operational continuity but also impose substantial economic costs, estimated at ₦14.8 trillion (approximately \$9.3 billion at 2024 exchange rates)<sup>49</sup> in security-related expenditures over the past nine years. The resultant environment of uncertainty erodes investor confidence, stifles supply chain efficiency, and perpetuates a cycle of reduced productivity, job losses, and diminished foreign direct investment (FDI), contributing to Nigeria’s downgrade to “vulnerable” status in the SBM Intelligence Africa Country Instability Risk Index for 2024, from “stable” in 2023.<sup>50</sup>

### 3.1.7 Lack of Skilled Workers

Intense competition for skilled workers, coupled with brain drain, makes talent acquisition and retention difficult. The scarcity of qualified human capital poses a structural impediment, influencing operational efficiency, innovation capacity, and overall competitiveness. This challenge manifests through an acute mismatch between labour supply and demand, where businesses grapple with the dual pressures of talent scarcity and escalating acquisition costs. The phenomenon of brain-drain, characterised by the emigration of skilled professionals annually, depletes the domestic talent pool and imposes a cumulative economic loss in foregone productivity and training investments. This exodus, driven by factors such as inadequate remuneration, infrastructural deficits, and security concerns, intensifies inter-firm competition for a limited cadre of qualified workers.

Compounding this issue is the pervasive underemployment among the youth demographic, which constitutes about

41 Femi Olubanwo and others, ‘Overview of Product Registration and Other Incidental Matters at the National Agency for Food and Drug Admi...’ (*Lexology* 10 April 2025).

42 Odinaka Anudu, ‘CAC Registration Delays Frustrate Nigeria’s Businesses - *Businessday NG*’ (*Businessday NG* 11 November 2024).

43 Central Bank of Nigeria, ‘WHAT YOU NEED TO KNOW about CBN’S LIFTING of FOREX RESTRICTIONS on 43 ITEMS’ (2023)

44 Presidential Villa State House, ‘President Tinubu Orders Immediate Ban of Raw Shea Nut Export’ (26 August 2025)

45 BBC News, ‘Shea Nuts: How Ban on Exportation Fit Affect Businesses as Nigeria Be Highest Producer - BBC News Pidgin’ (29 August 2025)

46 Ibid

47 Ibid

48 Budget Foundation: Nigeria’s Rising Insecurity: Implications for the Nigerian Economy (Published April 15, 2024). Details business closures and relocations due to insecurity. URL: <https://budget.org/nigerias-rising-insecurity-implications-for-the-nigerian-economy/>

49 PricewaterhouseCoopers, ‘Seven Trends That Will Shape Nigeria’s Economy in 2024 - PwC’s Economic Outlook’ (*PwC* 25 January 2024)

50 SBM Intelligence, ‘The 2024 Africa Country Instability Risk Index (ACIRI)’ (2024)

70 per cent of Nigeria's population,<sup>51</sup> with official unemployment rates hovering at 4.3 per cent as of 2024 Q2.<sup>52</sup> Yet underemployment affects a larger population of young workers,<sup>53</sup> many of whom are trapped in informal, low-skill gigs that fail to leverage their educational attainment. This paradox constrains the effective labour pool, forcing businesses to contend with a workforce ill-equipped for modern business demands.

These deficiencies not only amplify operational risks but also erode investor confidence, contributing to subdued foreign direct investment (FDI). In the broader business environment, this human capital shortfall stifles innovation ecosystems, particularly in high-growth sectors like technology and manufacturing, where Nigeria's Global Innovation Index ranking languished at 113th out of 133 countries in 2024.<sup>54</sup> This underscores the need for targeted interventions such as vocational upskilling programs and diaspora re-engagement policies to build a resilient, skilled workforce capable of propelling sustainable economic diversification.

### 3.1.8 High and Persistent Inflation

Nigeria's headline inflation reached 32.2 per cent in August 2024, with food inflation hitting 40.66 per cent by mid-2024, driven by fuel subsidy removal, naira depreciation, and poor agricultural production. The IMF projected inflation to decline marginally to 21 per cent in 2024, but MSMEs continue to experience sustained inflationary pressure due to the pass-through effects of rising international oil prices and exchange rate pressures.

Over 50 per cent of MSMEs reported falling sales due to high prices and low consumer spending power, with 67 per cent experiencing declining demand over the past two years. 85.4 per cent of companies reported a substantial increase in business costs due to inflation, with 65 per cent of businesses increasing prices in 2024 to stay afloat.<sup>55</sup>

In summary, these challenges contribute to a high business failure rate (up to 90 per cent for SMEs within five years) and subdued FDI, but ongoing reforms such as FX unification and subsidy removal since May 2023 offer pathways for improvement if sustained. Businesses can mitigate risks through local partnerships, digital tools, and advocacy through networks like the Lagos Chamber of Commerce and Industry (LCCI).

## 3.2 Key Opportunities for Businesses in Nigeria

Nigeria's business environment, despite its structural challenges, remains a fertile ground for strategic investment and innovation, supported by its demographic dividend, resource endowment, and emerging sectors. As Africa's most populous nation, with a median age of 18.6 years, Nigeria is home to a young, tech-savvy population that drives robust consumer demand and fuels innovation. This demographic advantage underpins an expansive consumer market characterised by rapid urbanisation, projected to reach 60 per cent by 2030.<sup>56</sup>

The economy, valued at approximately \$253 billion in nominal GDP for 2024, is forecasted to accelerate from 4.2 per cent in 2025 to 4.4 per cent in 2027, led by an expansion in services.<sup>57</sup> Foreign direct investment (FDI) inflows are projected to gradually improve in the medium term, following a more conducive macroeconomic environment.<sup>58</sup> Sectors like agriculture (contributing 28.6 per cent to GDP<sup>59</sup>) offer untapped potential for agro-processing and exports, supported by initiatives like large-scale farming programs. These dynamics position Nigeria as a gateway to West Africa, enabling businesses to leverage economies of scale, diversify supply chains, and capitalise on Nigeria's evolving digital economy.

With nearly 70 million hectares of arable land, 40 per cent of which would be used for agriculture,<sup>60</sup> there is untapped potential in Nigeria's agricultural sector, which employs over two-thirds of the labour force. This vast expanse supports both staple crops like rice, maize, and cassava, and high-value export commodities such as cocoa and cashew. In Q4 2024 alone, cocoa exports surged 606 per cent year-over-year, reaching N1.2 trillion from N171 billion in Q4 2023.<sup>61</sup>

The fintech sector, a beacon of Nigeria's digital transformation, has attracted \$4 billion in venture capital since 2020. Home to unicorns like Flutterwave and Paystack, the ecosystem addresses a financial inclusion gap where a great number of people remain unbanked, creating opportunities in mobile money, remittances, and blockchain-based lending. The Central Bank of Nigeria's (CBN) regulatory sandbox has reduced entry barriers. AfCFTA's Digital Trade Protocol enhances cross-border e-commerce, enabling Nigerian fintechs to tap a \$180 billion African market.<sup>62</sup> SMEs stand to gain from platforms like Palmpay, OPay, and 15 others that processed transactions valued at N71.5 trillion between January

51 Nigeria Youth SDG, 'Youth Employment in Nigeria: A Vehicle for Decent Work and Economic Growth' (*Nigeria Youth SDG* 9 May 2024)

52 Nigerian Economic Summit Group, 'From Hustle to Decent Work Unlocking Jobs and Productivity for Economic Transformation in Nigeria' (2025)

53 Ibid

54 World Intellectual Property Organisation (WIPO), 'Global Innovation Index 2024' (2024)

55 Ibid

56 Fredrick Eghosa, 'A Trend of Nigeria's Population Growth and Projection by 2050' (*Intelpoint* 15 April 2025)

57 Ibid

58 Ibid

59 Zainab Aderounmu, 'Here Are 10 Highest Contributing Sectors to Nigeria's GDP in Q3 - Businessday NG' (*Businessday NG* 26 November 2024)

60 United Nations Convention to Combat Desertification (UNCCD), 'Land Degradation Neutrality: Benefits for Human Security West Africa Thematic Report GLOBAL LAND OUTLOOK' (2019)

61 Food Business Africa, 'Nigeria's Cocoa Export Increased by 606 per cent in Fourth Quarter of 2024 | Food Business Middle East & Africa' (*Food-businessafrica.com* 12 March 2025)

62 Kholofelo Kugler, 'The AfCFTA Digital Protocol' (*International Institute for Sustainable Development* 2024)

and December 2024, fostering B2B lending and supply chain finance.<sup>63</sup> This represents a 53.4 per cent increase in transactions across mobile money platforms when compared with the N46.6 trillion recorded in the full year 2023.<sup>64</sup>

Chronic power deficits also underscore the immense opportunities in renewable energy. Businesses can capitalise on hybrid mini-grids, which serve and reduce diesel reliance. Nigeria's net-zero pathway will result in significant net job creation driven mainly by the power, cooking, and transport sectors. Energy transition will also create significant investment opportunities, such as the establishment and expansion of industries related to solar energy, hydrogen, and electric vehicles.

Lagos, with an estimated population of 17.2 million in 2025, is projected to grow by more than 7 million residents over the next decade, reaching 24.4 million by 2035.<sup>65</sup> This rapid urbanisation will create substantial demand for affordable housing and fuel strong growth in the real estate sector. From 2025 to 2029, Nigeria's real estate market is forecast to expand at a compound annual growth rate (CAGR) of 6.87 per cent, achieving a total market volume of US\$3.41 trillion by 2029. When compared globally, the United States is projected to generate the highest value, generating US\$136.6 trillion in real estate value in 2025.<sup>66</sup>

Manufacturing is poised for resurgence with AfCFTA's tariff reductions, enabling access to a 1.3-billion-person market and projected intra-African trade. Non-oil exports reached \$3.2 billion in H1 2025, a 20 per cent increase over the \$2.696bn recorded in the same period of 2024, with incentives like the Export Expansion Grant (up to 15 per cent rebates) boosting sectors such as textiles and automobiles.<sup>67</sup> Furthermore, opportunities also exist in telemedicine and local drug manufacturing.

These opportunities, amplified by reforms, position Nigeria as a high-reward destination for resilient enterprises. However, realising this potential requires targeted risk mitigation, including local partnerships, digital adoption, and strategic hedging to navigate residual economic and security volatilities.

### 3.3 Synopsis of Recent Economic and Business Environment Reforms

Since 2015, successive administrations have implemented a sequence of reforms to restore macroeconomic stability, improve the business environment, enhance regulatory efficiency, promote private sector growth, and stimulate inclusive growth. These reforms include broader macroeconomic (fiscal and monetary), sectoral, institutional and business environment reforms.<sup>68</sup> Collectively, these measures form part of a broader economic stabilisation agenda designed to strengthen Nigeria's productive base and attract domestic and foreign investment.

These initiatives have yielded measurable outcomes: foreign exchange reserves rebounded to \$40 billion by mid-2025 from a low of \$33 billion in 2023,<sup>69</sup> while non-oil exports grew by 20 per cent to \$3.2 billion in the first half of 2025,<sup>70</sup> current account surplus widening to 3.5 per cent of GDP in 2024 from a 0.5 per cent deficit in 2022,<sup>71</sup> and gross official reserves rising by 21 per cent to \$40 billion by October 2025.<sup>72</sup> However, challenges such as implementation lags, policy inconsistencies and subnational disparities persist. Specifically, the transition period has been challenging for enterprises, with increased production costs, inflationary pressures, and policy uncertainty. The following section highlights the major reforms and their key impacts on business performance and investment dynamics.

#### 3.3.1 Fiscal Reforms

The government has, in the past few years, implemented reforms to improve its fiscal position. One of such key reforms is the removal of the longstanding fuel subsidy in May 2023<sup>73</sup>. At its core, the policy aimed to eliminate wasteful expenditure and redirect public funds toward growth-enhancing sectors such as infrastructure, health and education<sup>74</sup>. As of 2023, subsidy payments gulp about 33 per cent of government revenue (Figure 11). The reform began to yield measurable results in 2023, as the immediate result of Nigeria's fuel subsidy removal was a significant reduction in recurrent (non-debt) expenditure and fiscal transfers, as trillions of naira previously allocated to subsidy payments were eliminated.<sup>75</sup> This reduction freed fiscal space for targeted social investment and debt servicing, while complementing broader reforms such as exchange rate unification and monetary tightening<sup>76</sup>.

63 Samson Akintaro, 'Mobile Money: Palmpay, OPay, Others Process N71.5 Trillion Transactions in 2024' (*Nairametrics* 2 February 2025)

64 Ibid

65 Intelpoint, 'Lagos' Population Has Grown by about 25 per cent on Average Every 5 Years since 1965 - Intelpoint' (*Intelpoint* 2019)

66 Statista, 'Real Estate - Nigeria | Statista Market Forecast' (*Statista* 2024)

67 Olukemi Gbenga-Dada, 'Overview of the Nigeria Export Expansion Grant (EEG) Scheme and Benefits to Taxpayers' (*Andersen in Nigeria* 10 October 2023)

68 National Economic Summit Group (NESG). (2025). *Staying the course on reforms: Policy priorities for sustainable growth*

69 Ibid

70 Ibid

71 Ibid

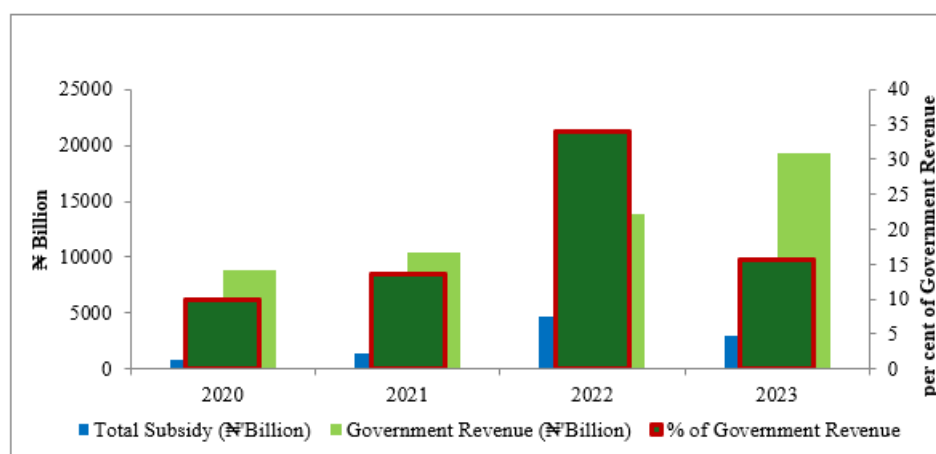
72 Ibid

73 KPMG Nigeria. (2023, June). *Removing Nigeria's PMS fuel subsidies*

74 Manjo, Y. G. (2024, January 26). Effects of fuel-subsidy removal on economy and citizen's welfare in Nigeria.

75 Amangwai & Amos (2025)

76 Ozili & Obiora (2023)

**Figure 11: Nigeria Fuel Subsidy and Government Revenue (2020–2023)**

**Source: Nigeria Extractive Industries Transparency Initiative (NEITI, 2024)**

For the business environment, this reform has improved fiscal transparency, reduced distortions in the petroleum market and signalled a stronger commitment to market-oriented governance factors, which enhance investor confidence.<sup>77</sup> However, the short-term impact has been severe, in terms of higher fuel and transportation costs, increased production expenses, high inflation, and lower operating margins, especially for small and medium-sized businesses.<sup>78</sup> Retail price of petrol increased from an average of about ₦180-190 per litre to about ₦900 currently (Figure 10).

In addition to the removal of fuel subsidy, the government has also instituted a couple of fiscal policy reforms. Beginning in 2015, the government implemented key measures such as the relaunch of the Integrated Tax Administration System (ITAS) to digitise tax processes and improve compliance under the Federal Inland Revenue Service (FIRS)<sup>79</sup>. In 2019, the Finance Act introduced progressive amendments that expanded the VAT base from 5 per cent to 7.5 per cent, revised company income tax thresholds for small and medium-sized enterprises and aligned domestic laws with emerging digital taxation<sup>80</sup>. Subsequent Finance Acts of 2020, 2021, and 2023 further strengthened revenue mobilisation by rationalising tax incentives, introducing excise duties on carbonated drinks, and enforcing electronic filing and withholding compliance<sup>81</sup>.

The recent Tax Reform Acts marked the most comprehensive overhaul of the tax system in over three decades. The reform introduced four new Acts: the Nigeria Tax Act (NTA), Nigeria Tax Administration Act (NTAA), Nigeria Revenue Service (Establishment) Act (NRSA), and Joint Revenue Board (Establishment) Act (JRBA), which collectively repealed and consolidated over a dozen outdated statutes. The reforms mark a decisive shift toward a broader, rules-based, and technology-driven tax system, intended to improve transparency, enhance compliance, and ensure a more stable revenue base for sustainable economic growth.<sup>82</sup> Key provisions include a phased reduction in corporate income tax (CIT) from 30 per cent to 25 per cent for large firms, with small companies (turnover below ₦50 million) exempted at 0 per cent;<sup>83</sup> personal income tax exemptions for earners below ₦800,000 annually;<sup>84</sup> and a retained value-added tax (VAT) rate of 7.5 per cent with improved input recovery mechanisms.<sup>85</sup> These changes address multiple taxation by establishing a Joint Revenue Board for federal-state coordination and digitising filings to reduce compliance burdens.

The above reforms represent one of the cornerstones of Nigeria's fiscal consolidation strategy, with the ultimate goal of increasing the tax-to-GDP ratio from 9.4 per cent in 2023 to about 18 per cent by 2027.<sup>86</sup>

### 3.3.2 Energy and electricity sector reforms

The energy sector has also witnessed some profound reforms. This reform trajectory culminated in the enactment of the Petroleum Industry Act (PIA) in 2021, which was a landmark legislation that modernised the oil and gas sector's governance architecture, established the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA), and introduced a more competitive

77 Yusuf, M. (2021, November 30). Subsidy removal has to happen for Nigeria's economy to stand; KPMG Nigeria. (2023, June). *Removing Nigeria's PMS fuel subsidies*

78 Oyasipe, S. A., & Olukoya, F. I. (2024). The effect of fuel subsidy removal on the profitability of entrepreneurial businesses in Lagos State, Nigeria; Raifu, I. A. (2024). Simulating the inflationary effects of fuel-subsidy removal in Nigeria: Evidence from a novel approach

79 Federal Inland Revenue Service (FIRS). (2020). *Integrated Tax Administration System (ITAS) modernisation initiative*

80 Baker Tilly Nigeria. (2019). *Highlights of 2019 Finance Act*;

81 KPMG Nigeria. (2023, June). *Nigeria: Highlights of Finance Act 2023*

82 Proshare. (2025, June 27). *President Tinubu's Tax Reform Bills Under a Microscope*; Reuters. (2025, May 30). *Nigeria's Advisory Body Proposes Creation of Central Tax Agency and PwC*. (2025). *The Nigerian Tax Reform Acts*; Baker Tilly (2025). *Nigeria's 2025 Tax Reform Acts Explained*

83 Section 56 of the Nigeria Tax Act 2025

84 Section 58 and 4th Schedule of the Nigeria Tax Act 2025

85 Section 148 of the Nigeria Tax Act 2025

86 Nigerian Economic Summit Group (NESG) (2025)

fiscal framework.

Building on these earlier reforms, the current administration has intensified implementation through targeted Presidential Executive Orders issued in February 2024, aimed at revitalising investment, efficiency, and local participation. Executive Order 40 introduced competitive fiscal incentives for deepwater and gas projects. Executive Order 41 strengthened local content and indigenous capacity building, while Executive Order 42 streamlined contracting and approval processes to enhance operational efficiency and reduce project delays.

These reforms, coupled with improved security in the Niger Delta region, are beginning to yield positive results, as shown in Table 3. Crude oil production rose from 1.46 mbpd in 2023 to between 1.70 and 1.83 mbpd in Q1-2025, representing a 25.3 per cent increase, while active drilling rigs grew by 61 per cent. Refinery utilisation also improved significantly, from 30 per cent in 2023 to 75 per cent in 2025, reflecting the operational boost from the Dangote Refinery and ongoing reforms at NNPC Limited. The Nigeria-Morocco Gas Pipeline, a 5,600 km regional project, has completed feasibility studies with a Final Investment Decision (FID) expected by the end of 2025. The Otakikpo Indigenous Export Terminal, commissioned in June 2025, marks Nigeria's first indigenous crude export facility with a 360,000-bpd capacity, while the Bonga Field Expansion saw Shell acquire TotalEnergies' stake, increasing its interest to 67.5 per cent and boosting offshore production capacity.

**Table 3: Key Indicators of Oil and Gas Sector Reforms Outcomes**

Key Indicator	2023	2024	2025 (Q1)	Change (per cent)	Source
Crude Oil Production (mbpd)	1.46	1.64	1.70–1.83	25.30 per cent	NUPRC, IMF
Active Drilling Rigs	31	50	38–50	61 per cent	MPR, NUPRC
FDI Commitments (USD Billion)	10	14	16	60 per cent	Caladium Consulting
Gas Reserves (TCF)	209.5	210	210	0.20 per cent	NUPRC
Refinery Utilisation (per cent)	30	65	75	+45 pp	Dangote Refinery, NNPC
Oil Sector GDP Contribution (per cent)	5.48	5.57	—	1.60 per cent	NBS 2024

Source: Nigerian Upstream Petroleum Regulatory Commission (NUPRC, 2024; 2025); Reuters. (2025)

In the power sector, key milestones included the Power Sector Recovery Programme (PSRP) launched in 2017 to restore financial viability and service reliability, followed by the Electricity Act 2023, which decentralised power generation and distribution to enable subnational participation and private investment. The Act liberalises the electricity supply industry by breaking the federal monopoly and granting states the autonomy to develop their own electricity markets.<sup>87</sup> It strengthens regulatory frameworks and encourages private-sector investment across the electricity value chain.<sup>88</sup> By embedding provisions for market competition and decentralisation, the Act holds promise for mobilising capital and enhancing accountability within the sector.

Parallel to the fuel subsidy removal, the Federal Government, through the Nigerian Electricity Regulatory Commission (NERC), advanced a major electricity tariff adjustment under the April 2024 Supplementary Multi-Year Tariff Order. This adjustment aligns with the provisions of the Service-Based Tariff Regime aimed at achieving cost-reflective pricing, enhancing sector liquidity, and improving service delivery. NERC implemented the first phase of cost-reflective tariffs for A customers receiving 20-24 hours of daily electricity supply. The tariff increased from ₦68/kWh to ₦209.50/kWh, and later to ₦206.80/kWh in July 2024, representing an increase of over 200 per cent. This eliminated implicit federal subsidies on premium-supply consumers and aligned payments with service quality. The transition to a higher tariff for Band A customers under the reform marked Nigeria's first fully cost-reflective tariff in nearly a decade.<sup>89</sup>

### 3.3.3 Monetary and Exchange Rate Reforms

The Central Bank of Nigeria (CBN) has initiated a transition toward an inflation-targeting framework, representing a more transparent, rule-based approach to monetary management. This shift marks a departure from the previous dis-

<sup>87</sup> Ekpo (2023). The Electricity Act, 2023: Imperatives and Opportunities for the States. Retrieved from: [https://ngfrepository.org.ng:8443/jspui/bitstream/123456789/5579/1/The per cent20Electricity per cent20Act per cent20C per cent202023 per cent20- per cent20Imperatives per cent20and per cent20Opportunities per cent20for per cent20the per cent20States.pdf](https://ngfrepository.org.ng:8443/jspui/bitstream/123456789/5579/1/The%20Electricity%20Act%20per%20C%20per%202023%20per%20-20per%20Imperatives%20and%20Opportunities%20for%20the%20States.pdf)

<sup>88</sup> FGN (2023). Electricity Act, 2023. Retrieved from <https://placng.org/i/wp-content/uploads/2023/06/Electricity-Act-2023.pdf>

<sup>89</sup> Okwedy, N. (2024). Electricity Data Bulletin. Retrieved from: <https://www.stears.co/article/electricity-data-bulletin-nigerian-band-a-electricity-tariff-reaches-2095kwh-in-july-2024/>

cretionary stance, aligning policy actions with clearly defined inflation objectives. Inflation targeting improves economic outcomes by anchoring expectations and reducing uncertainty.

Prior to May 2023, monetary policy was largely accommodative, with the Monetary Policy Rate (MPR) stable around 11.5-13 per cent between 2020 and 2022, even as inflation accelerated from 12.1 per cent (2020) to 21.3 per cent (2022). The situation was driven by structural bottlenecks such as food supply disruptions, exchange rate distortions, and rising global energy prices. The absence of an explicit inflation-targeting regime, combined with fiscal dominance and rapid monetary expansion through CBN financing (Ways and Means), weakened transmission effectiveness.

Following the reform agenda that began in mid-2023, Nigeria’s monetary policy shifted decisively towards a more transparent and disciplined inflation-targeting framework (Table 4). The new administration adopted monetary tightening as part of its stabilisation program. The MPR was raised aggressively from 18 per cent in early 2023 to 27.5 per cent by mid-2024 to counter inflationary pressures caused by the removal of fuel subsidies and exchange-rate unification. As a result, headline inflation, which peaked above 34 per cent in mid-2024, began to moderate to about 20 per cent by Q3-2025. The inflation-targeting approach, therefore, demonstrates improved policy credibility and stronger coordination with fiscal authorities.

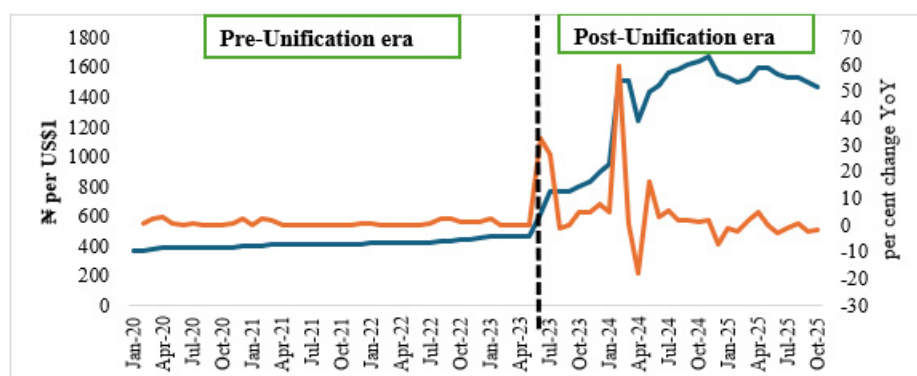
**Table 4: Comparative Summary of Average Inflation (per cent) and Average MPR (per cent)**

Period	Policy Regime	Average Inflation (per cent)	Average MPR (per cent)	CBN Approach	Outcome
<b>2020 – May 2023</b>	Monetary Targeting (Passive)	~17 per cent	~13 per cent	Delayed tightening, weak foreign exchange management	Persistent inflation increases
<b>June 2023 – 2025</b>	Inflation Targeting (Active)	~23.5 per cent	~27 per cent	Aggressive tightening, foreign exchange unification	Inflation moderates; policy credibility improves

Source: Calculation from Central Bank of Nigeria (CBN) reports

Similarly, the exchange rate policy was drastically changed in 2023. Before the June 2023 exchange rate reform, Nigeria’s foreign exchange regime was highly fragmented, characterised by multiple windows, where the official exchange rate was artificially maintained. This structure limited transparency, encouraged arbitrage, and created significant misalignment between the official and parallel market rates. Then, the naira remained relatively stable between ₦360 and ₦460/US\$ (Figure 12), reflecting heavy Central Bank intervention and administrative control across multiple foreign exchange windows. This artificial stability suppressed genuine market adjustments, leading to chronic dollar shortages and a widening gap between official and parallel rates. The monthly percentage change line was nearly flat, signalling limited volatility under the managed regime.

**Figure 12: Exchange Rate Unification and Naira Floatation Policy**



Source: Central Bank of Nigeria (CBN) Data and Statistics

Following the exchange rate unification policy in June 2023, the Naira was floated, triggering a sharp depreciation from ₦462/US\$ in May 2023 to ₦770/US\$ by July 2023, and exceeding ₦1,600/US\$ by mid-2024 as market forces fully adjusted. By late 2024 and 2025, the exchange rate volatility began to stabilise around ₦1,500/\$, suggesting that the market was gradually absorbing the reform effects.

### 3.3.4 Business Sector/Regulatory and Institutional Reforms

Nigeria has, over the years, undertaken wide-ranging business sector reforms aimed at removing structural bottlenecks, simplifying regulations, and improving the overall investment climate. Before these reform efforts, the business environment was characterised by cumbersome procedures in business registration, tax compliance, access to credit, and contract enforcement. Processes such as company incorporation and licensing were often delayed, while multiple regulatory agencies imposed overlapping levies that raised operational costs and uncertainty for firms.<sup>90</sup> In 2015, Nigeria ranked 170th globally on the World Bank's Ease of Doing Business index, reflecting deep-rooted inefficiencies and bureaucratic hurdles that constrained private investment and innovation. By 2020, the country's EoDB score had improved to 56.9 out of 100, ranking 131st out of 190 economies. This is a notable progress that nonetheless underscores ongoing challenges in company incorporation, licensing, and multiple regulatory levies that continue to raise operational costs and discourage business expansion.<sup>91</sup>

A major milestone was the establishment of the Presidential Enabling Business Environment Council (PEBEC) in July 2016 under the Buhari administration. PEBEC represented a key institutional reform designed to remove bureaucratic constraints, streamline approvals, and drive continuous improvement in Nigeria's business environment. Between 2016 and 2023, PEBEC implemented over 180 reforms, including the digitalisation of the Corporate Affairs Commission (CAC) portal, the introduction of the National Collateral Registry to expand SME access to credit, and the automation of port and trade facilitation systems through the Nigerian Ports Authority (NPA) and the Nigerian Customs Service (NCS)<sup>92</sup>. Notable advancements include the Business Facilitation Act 2023, which amends 21 statutes to automate registrations and eliminate bureaucratic overlaps.

In the trade and export space, notable initiatives included the port reform programme aimed at reducing dwell time for cargo clearance, the introduction of the Single Window Trade Portal, and the revival of the Export Expansion Grant (EEG) to boost non-oil exports and enhance Nigeria's competitiveness under the African Continental Free Trade Area (AfCFTA) framework.<sup>93</sup> These interventions contributed to Nigeria's gradual improvement in regulatory efficiency, transparency, and investor confidence, even though implementation challenges, such as overlapping mandates and infrastructure gaps, persisted. Subnational efforts, via the State Action on Business Enabling Reforms (SABER) program, have also aimed to enhance ease of doing business at the state level.

Since May 2023, the current administration has built on these foundations, deepening digital reforms within the CAC, introducing Regulatory Impact Assessments (RIAs) across ministries, departments, and agencies (MDAs), and working toward a unified framework for regulatory fees and levies. These ongoing reforms are expected to foster a more transparent, predictable, and technology-enabled business environment capable of driving private investment, innovation, and export growth. These reforms have focused on the digitalisation of the Corporate Affairs Commission (CAC) registration portal, harmonisation of regulatory frameworks, and introduction of regulatory impact assessments (RIAs) to streamline business approvals. Table 5 below summarises some of the key reform areas and policy actions, expected benefits and the observed impact on businesses.

**Table 5: Business Sector Reforms Area and Key Policy in Nigeria**

Reform Area	Key Policy Actions	Expected Benefits	Observed/Current Impacts on Businesses
Ease of Doing Business/ Regulatory Reform	Implementation of the <i>Business Facilitation Act (2023)</i> ; digitisation of registration, licensing, and trade processes through PEBEC; simplification of dispute resolution via new arbitration and Alternative Dispute Resolution (ADR) mechanisms.	Improve the business environment, reduce bureaucracy, and enhance investor confidence.	Registration and approval times are reduced, but regulatory enforcement remains inconsistent; SMEs still face documentation and compliance challenges.

<sup>90</sup> PwC (2022). Regulatory Alert

<sup>91</sup> World Bank. (2020). *Doing Business 2020: Comparing Business Regulation in 190 Economies*; Trading Economics (2023)

<sup>92</sup> Presidential Enabling Business Environment Council (PEBEC). (2023, April 29). PEBEC achieves over 180 reforms and 7 national action plans

<sup>93</sup> Nigerian Export Promotion Council (NEPC). (n.d.). Export Expansion Grant (EEG)

Tax and Fiscal Measures for Businesses	Streamlining of multiple taxation; gradual implementation of new tax policy reforms and incentives for key sectors (manufacturing, ICT, renewables); proposed <i>Tax Ombudsman</i> for fairness.	Lower cost of compliance and attract formalisation of businesses; stimulate production and innovation.	Initial gains in transparency, but inflation and exchange-rate depreciation continue to raise operating costs, offsetting benefits for smaller enterprises.
Trade and Infrastructure Reform (PPP Focus)	Expansion of public-private partnerships for power, transport, and digital infrastructure; launch of the <i>National Single Window</i> to simplify customs and port operations.	Reduce logistics delays and transaction costs; attract FDI and enable export-oriented production.	Gradual improvements at major ports and broadband rollout, but infrastructure gaps still hinder manufacturing and agribusiness growth.
Energy and Extractives Reform	Leadership changes and restructuring at NNPC; policy drive toward refining capacity expansion and private investment in oil and gas; promotion of solid minerals beneficiation.	Reduce fuel import dependence and expand domestic value addition.	Early investor interest, but limited short-term output response; energy costs remain high for industries and SMEs.
Sector-Specific Investment Promotion	Facilitation of new FDI deals (e.g., Coca-Cola's \$1 billion investment commitment); policy support for digital economy and creative industries.	Strengthen Nigeria's role as a regional business hub; diversify non-oil growth.	Foreign firms show renewed interest, but local firms struggle with high finance and input costs due to tight monetary conditions.

Source: Compilations from Business Facilitation Acts (BFA); PWC (2025); Energy Reform (Nigeria, 2024); EY. (2023, May 25); The Guardian (2025); Premium Times (2025)

### 3.4 Political Economy of Business Environment Reforms

Nigeria's legislative reform environment is shaped by macroeconomic pressures, institutional incentives, and election-cycle dynamics. While the technical rationale for business-enabling legislation is strong, implementation outcomes are often constrained by economic factors operating across the executive, legislature, and regulatory institutions. This section, therefore, outlines the key political economy considerations shaping reform feasibility and highlights the associated implementation risks.

The Nigerian tight fiscal space usually exacerbates revenue pressures, and the need to restore investor confidence underscores prioritising reforms that enhance regulatory predictability, improve coordination, and support trade and investment facilitation. Simultaneously, legislative incentives, such as constituency aspirations, can undermine focus on post-enactment implementation, particularly as politicians aim to showcase achievements for re-election.

Consistent fragmented mandates across MDAs create incentives for the protection of interests and resistance to coordination in the regulatory context. Thus, reform that lessens discretion, enhances transparency, or facilitates enforcement, particularly relating to procurement, taxation, or regulation, may likely face institutional pushback. Within these contexts, existing bills may lack the inter-ministerial coordination needed for effective implementation, which may increase the risk of overlap and stalled reforms.

Process-based reforms are prioritised because they moderate the political economy risks without directly threatening entrenched vested interests. Similarly, improvements in transparency, stakeholder participation, access to draft legislation, and executive coordination enhance policy quality and implementation readiness while maintaining low cost and political acceptability within the current legislative cycle.

Timing is also key in economic reforms. In periods leading to elections, reform sequencing should favour options that are low risk, immediately actionable and procedurally attainable. Consequently, transparency, coordination, and accessibility reforms are prioritised in the short-term, while capacity-building, which entails deeper institutional transformation, is sequenced for medium-term implementation to avoid the risk of stalled reforms.

The above political economy consideration highlights the importance of aligning reform advocacy with institutional incentives and timing limitations. Thus, the suggested reforms and prioritisations offer a pragmatic pathway to strengthening legislative quality, regulatory credibility, and the overall business environment amidst the complexities of the Nigerian current political and economic context.

# Legislative Priorities Towards Improving Nigeria's Business Environment



As noted in the previous section, some of the key challenges facing the business environment in Nigeria stem from ambiguous and sometimes conflicting legal and regulatory frameworks, thereby making laws and regulations a critical aspect of the business environment. Recent regulatory and legal reforms underscore the important role of the legislature and legislative actions in driving a conducive business environment.

The role of laws, regulations and institutions in enhancing the business environment and promoting domestic and foreign investment is well recognised in the economic development literature. Renowned economist Douglass North (1990) famously describes institutions as “the rules of the game in a society,” highlighting the important role of predictable and transparent rules in lowering transaction costs and encouraging investment. Nobel Laureates Daron Acemoglu and James Robinson also note<sup>1</sup> that inclusive political institutions lead to inclusive economic institutions. In Nigeria’s political economy space, the role of institutions is well noted, as recent efforts to improve economic governance and business environment highlight legal, regulatory and institutional frameworks as key to unlocking innovation and investment. Legal frameworks are critical for business because they enhance certainty and protect property rights.

The Nigerian legislature is a key part of the political and economic institutions. By exercising its constitutional roles of lawmaking, appropriations, oversight, representation, and accountability, the Nigerian National and State Assemblies fundamentally influence the incentives that determine whether the business environment improves or deteriorates. The effectiveness of these functions directly impacts macroeconomic management, the ease of doing business, and ultimately, investor confidence. This section examines the role of the National Assembly in shaping the economic and business environment in Nigeria, focusing on the constitutional roles of the legislature, review of recent legislative agendas and their alignments with broader economic and business reforms.

#### 4.1 Core functions of the National Assembly and their relations to the business environment

The Nigerian legislature performs key functions, including lawmaking, oversight, representation and appropriations. The law-making function is the most visible instrument for shaping the economy. Guided by Section 4 of the Constitution of the Federal Republic of Nigeria, 1999 (as amended), the National Assembly enacts laws that regulate commerce, finance, taxation, company operations, and fiscal management, directly impacting the economy and the business environment. Key legal frameworks shaping the economic space and how businesses are established and managed, such as the Companies and Allied Matters Act 2020, Petroleum Industry Act 2021, Business Facilitation Act 2023 and the Tax Reform Acts 2025, are products of the law-making process of the legislature.

The laws passed by the National Assembly help to regulate how businesses are incorporated, managed and regulated, and ultimately shape broader economic outcomes. For instance, the Companies and Allied Matters Act 2020 modernises corporate governance and simplifies business registration, thereby removing structural bottlenecks for companies and strengthening private sector competitiveness. Similarly, the Petroleum Industry Act 2021 ensures regulatory clarity for the energy sector by clearly defining the roles of relevant players and outlining the fiscal and regulatory frameworks that guide how the country’s oil and gas resources are managed and how businesses optimise the benefits of the oil and gas sector.

The National Assembly also appropriates public finance and influences the allocation of public resources using the budget as a lever. The National Assembly’s appropriation powers<sup>2</sup> are based on Sections 80-84 of the Constitution and act as a vital tool for economic management. Through the budget process, the legislature allocates national resources, influencing infrastructure development and services that support businesses. A pro-business budget can directly boost competitiveness through investment in business-supporting infrastructure like power, transportation, and digital infrastructure. The appropriation process can also be used to influence the business environment through reforms and amendments to existing legislation, as demonstrated with the use of the Finance Acts to make changes to existing tax laws.

The Fiscal Responsibility Act requires that the Medium-Term Expenditure Framework (MTEF) be approved by the National Assembly, emphasising the role of legislators in macro-fiscal planning. This process helps ensure the budget aligns with sustainable growth goals and credible deficit financing. However, delayed budget passage, politicised allocations, and weak implementation undermine the appropriation powers of the legislature to influence the economy and business environment.

Also, the oversight function of the National Assembly has to do with ensuring policy credibility and institutional integrity. It signifies the legislature’s role as a watchdog over the executive and its agencies in line with Sections 88-89 of the Constitution, which grants it investigative powers to “expose corruption, inefficiency or waste.” Effective oversight guarantees that laws are adequately enforced and the utilisation of public funds yields meaningful economic results. A transparent public finance system demonstrates fiscal responsibility to investors, thereby helping lower sovereign

<sup>1</sup> Acemoglu, D., & Robinson, J. A. (2012). *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*. Crown Publishing.

<sup>2</sup> Often called the power of the purse, a term rooted in classical democratic and constitutional thought. Key authorities include John Locke (1690), in the *Second Treatise of Government*, who argued that legislative consent over taxation and expenditure is central to liberty and accountable governance. A.V. Dicey (1885), *Introduction to the Study of the Law of the Constitution*, emphasised that Parliament’s control of public finance embodies the people’s supremacy over the executive. Wheare, K.C. (1963), *Legislatures*, described appropriation as “the most potent instrument of legislative control,” encapsulated in the phrase “the legislature holds the power of the purse.”

As noted in the previous section, some of the key challenges facing the business environment in Nigeria stem from ambiguous and sometimes conflicting legal and regulatory frameworks, thereby making laws and regulations a critical aspect of the business environment. Recent regulatory and legal reforms underscore the important role of the legislature and legislative actions in driving a conducive business environment.

The role of laws, regulations and institutions in enhancing the business environment and promoting domestic and foreign investment is well recognised in the economic development literature. Renowned economist Douglass North (1990) famously describes institutions as “the rules of the game in a society,” highlighting the important role of predictable and transparent rules in lowering transaction costs and encouraging investment. Nobel Laureates Daron Acemoglu and James Robinson also note<sup>94</sup> that inclusive political institutions lead to inclusive economic institutions. In Nigeria’s political economy space, the role of institutions is well noted, as recent efforts to improve economic governance and business environment highlight legal, regulatory and institutional frameworks as key to unlocking innovation and investment. Legal frameworks are critical for business because they enhance certainty and protect property rights.

The Nigerian legislature is a key part of the political and economic institutions. By exercising its constitutional roles of lawmaking, appropriations, oversight, representation, and accountability, the Nigerian National and State Assemblies fundamentally influence the incentives that determine whether the business environment improves or deteriorates. The effectiveness of these functions directly impacts macroeconomic management, the ease of doing business, and ultimately, investor confidence. This section examines the role of the National Assembly in shaping the economic and business environment in Nigeria, focusing on the constitutional roles of the legislature, review of recent legislative agendas and their alignments with broader economic and business reforms.

#### 4.1 Core functions of the National Assembly and their relations to the business environment

The Nigerian legislature performs key functions, including lawmaking, oversight, representation and appropriations. The law-making function is the most visible instrument for shaping the economy. Guided by Section 4 of the Constitution of the Federal Republic of Nigeria, 1999 (as amended), the National Assembly enacts laws that regulate commerce, finance, taxation, company operations, and fiscal management, directly impacting the economy and the business environment. Key legal frameworks shaping the economic space and how businesses are established and managed, such as the Companies and Allied Matters Act 2020, Petroleum Industry Act 2021, Business Facilitation Act 2023 and the Tax Reform Acts 2025, are products of the law-making process of the legislature.

The laws passed by the National Assembly help to regulate how businesses are incorporated, managed and regulated, and ultimately shape broader economic outcomes. For instance, the Companies and Allied Matters Act 2020 modernises corporate governance and simplifies business registration, thereby removing structural bottlenecks for companies and strengthening private sector competitiveness. Similarly, the Petroleum Industry Act 2021 ensures regulatory clarity for the energy sector by clearly defining the roles of relevant players and outlining the fiscal and regulatory frameworks that guide how the country’s oil and gas resources are managed and how businesses optimise the benefits of the oil and gas sector.

The National Assembly also appropriates public finance and influences the allocation of public resources using the budget as a lever. The National Assembly’s appropriation powers<sup>95</sup> are based on Sections 80-84 of the Constitution and act as a vital tool for economic management. Through the budget process, the legislature allocates national resources, influencing infrastructure development and services that support businesses. A pro-business budget can directly boost competitiveness through investment in business-supporting infrastructure like power, transportation, and digital infrastructure. The appropriation process can also be used to influence the business environment through reforms and amendments to existing legislation, as demonstrated with the use of the Finance Acts to make changes to existing tax laws.

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risk. Legislative oversight enhances Nigeria's macroeconomic reputation and protects the institutional trust on which markets depend. By strengthening internal accountability structures, the legislature supports the credibility necessary to attract long-term investments and promote entrepreneurship.

The legislature also serves as a representative to the people. Representation links the legislature to the electorate and the business community. Through constituency engagements and advocacy for local business initiatives, the legislature ensures that the needs and interests of local stakeholders and businesses are incorporated into government decision-making and the national policy framework. Inclusive representation helps ensure that regulatory and fiscal measures do not disproportionately burden small and medium enterprises (SMEs) and enhances social consensus and market confidence.

#### 4.2 National Assembly's Legislative Agenda and the Business Environment: Focus and Priorities

The National Assembly has taken a series of actions to support the economy and improve the business environment in the past few years. These actions are reflected in both the legislative agenda and the specific actions taken in this respect. Through their legislative agendas, the National Assembly set out the priorities, guiding principles, and reform pathways intended to respond to the nation's socio-economic challenges. The period covering the 8<sup>th</sup>, 9<sup>th</sup>, and 10<sup>th</sup> Assemblies represents one of the most dynamic phases in Nigeria's contemporary political economy, characterised by a combination of fiscal shocks, governance reforms, and renewed efforts to diversify the economy away from oil dependence.<sup>96</sup>The key drivers of the legislative agendas of these Assemblies are summarised in Table 6.

**Table 6: Drivers of National Assembly's Legislative Agendas (8<sup>th</sup> – 10<sup>th</sup> Assemblies)**

Legislative Assembly	Main Drivers
8 <sup>th</sup> National Assembly (2015-2019)	Oil price crash and economic recession; rising unemployment and inflation; pressure for fiscal reform and economic diversification; and executive-legislative tension affecting early cooperation.
9 <sup>th</sup> National Assembly (2019-2023)	Post-recession recovery challenges; impact of the COVID-19 pandemic; revenue shortfalls and fiscal fragility; and focus on fiscal reform, ease of doing business, and institutional strengthening.
10 <sup>th</sup> National Assembly (2023-Present)	Faltering economy and socio-economic hardship; policy shocks from fuel subsidy removal and Naira flotation; rising inflation, exchange rate volatility, and debt servicing costs; and focus on tax reform, investment promotion, digital economy, and governance innovation.

Source: Legislative Agendas of the 8<sup>th</sup>, 9<sup>th</sup> and 10<sup>th</sup> Senate and House of Representatives.

The 8<sup>th</sup> National Assembly (2015-2019) was inaugurated at the height of economic turbulence following a global oil price collapse that plunged the country into recession in 2016<sup>97</sup>. The Senate and House of Representatives were thus compelled to focus on stabilising public finances, improving infrastructure, and promoting private-sector participation. In this regard, the House adopted a comprehensive Legislative Agenda designed to reposition it as an institution of reform and national development.

Drawing lessons from the experiences of the 7<sup>th</sup> Assembly, this Agenda provided a strategic framework for improving internal operations through legislative needs assessments, e-parliament innovations, digital archiving, and communication reforms, while simultaneously focusing on the review of the national budgetary process to enhance fiscal transparency.<sup>98</sup>Central to the Agenda was a strong commitment to advancing Nigeria's economic transformation through targeted legislative initiatives in infrastructure development, employment generation, housing and urban renewal, power, regional development (notably in the North-East and Niger Delta), and economic diversification. The House also prioritised anti-corruption legislation, constitutional reform, reduction of governance costs, and executive-legislative collaboration as pillars of democratic consolidation. Overall, legislative efforts centred on fiscal responsibility, budget transparency, and policies to strengthen the ease of doing business.

The 9<sup>th</sup> Assembly (2019-2023) operated in a recovery phase, facing the twin pressures of post-recession consolidation and the COVID-19 pandemic. The Legislative Agenda of the 9<sup>th</sup> Senate was developed against the backdrop of an underperforming economy, persistent socio-economic and human development challenges, widespread security concerns, and a restive population, particularly among the youth<sup>99</sup>. It identifies several key sectoral priorities that guided its legislative focus. These included enhancing national security and the welfare of citizens, promoting youth employment and empowerment, alleviating poverty, improving access to quality education and healthcare, deepening infrastruc-

<sup>96</sup> Abubakar Bukola Saraki (2016). 8th Senate: The Journey So Far? ThisDay.

<sup>97</sup> National Assembly (2016). Senate Considers Report of Ad-Hoc Committee on the State of the Economy & Passes Five Motions. <https://nass.gov.ng/news/item/347>; Abdullahi, S.I. (2018). Nigerian economy: business, governance and investment in a period of crisis. MPRA Paper No. 91074, posted 31 Dec 2018

<sup>98</sup> House of Representatives (2015). The Legislative Agenda of the 8<sup>th</sup> House of Representatives of the Federal Republic of Nigeria, 2015-2019

<sup>99</sup> Senate (2019). Report of the Adhoc Committee on 9<sup>th</sup> Legislative Agenda; Senate (2023). Legacy report of the 9<sup>th</sup> Senate (June 2019-June 2023). A Publication of the National Institute for Legislative and Democratic Studies

ture investment, institutionalising economic reforms, facilitating trade and customs modernisation, and incentivising domestic and foreign investment, and expanding mass housing development. The agenda also placed emphasis on gender equity and inclusion, sports development, and economic growth and diversification, with a particular focus on strengthening infrastructure and reforming the oil and gas sector.<sup>100</sup> Its legislative agenda emphasised sustaining growth, deepening infrastructure investment, and institutionalising economic reforms.

On its part, guided by a vision of radical reform and national renewal, the House adopted a comprehensive Legislative Agenda aimed at promoting social justice, expanding access to education and healthcare, strengthening governance, and creating an enabling environment for business, innovation, and private enterprise. However, the emergence of the COVID-19 pandemic in 2020 exposed deep structural weaknesses in Nigeria's economy and public systems, prompting the House to revise its Agenda with accelerated timelines, measurable performance indicators, and clearly defined legislative priorities.<sup>101</sup> The revised framework identified ten key policy areas, including healthcare, fiscal stimulus, education, economy, security, agriculture and food security, sustainable power, environment and climate change, human capital development, governance, and internal House reforms, each structured into immediate, intermediate, and long-term actions.

The Legislative Agendas of the 10<sup>th</sup> National Assembly (2023-present) were crafted as a deliberate and strategic response to Nigeria's prevailing national challenges. At the time of its formulation, the country was grappling with a faltering economy, widespread socio-economic deprivation, escalating insecurity, and a wave of public discontent, particularly among the youth. These challenges were worsened by the policy changes at the commencement of the 10<sup>th</sup> National Assembly. These included fuel subsidy removal without adequate relief mechanisms, increasing insecurity that disrupted food production and supply, and economic instability following the floating of the Naira.

In designing its legislative agenda, the 10<sup>th</sup> Senate sought to drive national development through a comprehensive framework centred on good governance, national security, economic growth, and social equity. The agenda, comprising nine thematic priority areas, aligns with President Bola Ahmed Tinubu's *Renewed Hope Agenda* and reflects citizens' expectations and national priorities.<sup>102</sup> The legislative agenda of the 10<sup>th</sup> House of Representatives is also built around eight key priority areas that reflect the legislature's commitment to advancing national development, strengthening democratic governance, and improving citizens' welfare. These priorities focus on good governance, national security, economic growth and development, law reform, social reform and development, inclusiveness and open parliament, foreign policy influence, and environmental sustainability.

### 4.3 Legislative Proposals Targeting Economic Transformation and Business Environment in the 8<sup>th</sup> – 10<sup>th</sup> Assembly

During these periods, the National Assembly prioritises legislation aimed at supporting economic transformation. Relying on data from official parliamentary records<sup>103</sup>, including the Bills Chart of the Senate and House of Representatives for the 8<sup>th</sup>, 9<sup>th</sup>, and 10<sup>th</sup> National Assemblies, as well as the Legislative Agendas and policy documents such as the *Economic Recovery and Growth Plan (ERGP 2017–2020)*<sup>104</sup> and *National Development Plan (2021–2025)*<sup>105</sup> The legislative proposals categorise bills around core priorities. For this analysis, we categorise the legislative proposals across six major reform priority issues: infrastructure development; private sector growth and SME support; ease of doing business/domestic and foreign investment; fiscal policy, taxation and trade facilitation; labour and employment reforms; and economic diversification.

#### 4.3.1 8<sup>th</sup> Assembly (2015-2019)

During the period, the two chambers introduced a combined total of 2,313 bills: 742 in the Senate and 1,571 in the House of Representatives. Of these, only a portion were directly focused on addressing economic and development priorities. Out of the 742 bills introduced in the 8<sup>th</sup> Senate, 178 bills (24.0 per cent) were economic-related, while 112 bills (63 per cent) of these were successfully passed (see Table 7).

100 Senate (2019). Report of the Adhoc Committee on 9<sup>th</sup> Legislative Agenda

101

102 Rt. Hon Abbas Tajudeen (2025). Remarks at the Inaugural National Policy Dialogue on the Legislative Agenda of the House. Monday 12 May 2025. Abuja

103 Senate Committee on Rules and Business (2019). Bill Chart of the 8<sup>th</sup> Senate; House of Representatives Committee on Rules and Business (2019). Bill Chart of the 8<sup>th</sup> House of Representatives; Senate Committee on Rules and Business (2023). Bill Chart of the 9<sup>th</sup> Senate; House of Representatives Committee on Rules and Business (2023). Bill Chart of the 9<sup>th</sup> House of Representatives; Senate Committee on Rules and Business (2025). Bill Chart of the First-Two Sessions of the 10<sup>th</sup> Senate; House of Representatives Committee on Rules and Business (2025). Bill Chart of the First Two Sessions of the 10<sup>th</sup> House of Representatives

104 Ministry Budget and National Planning (2017). Economic Recovery and Growth Plan (ERGP) 2017–2020

105 Federal Ministry of Finance, Budget and National Planning (2020). National Development Plan (2021–2025)

**Table 7: Summary of Economic Development-Related Bills by Category in the 8<sup>th</sup> Senate, 2015-2019**

Category	No. of Bills Introduced	per cent over Total (Introduced)	No. of Bills Passed	per cent over Total (Passed)
Infrastructure Development	42	23.6	25	22.3
Private Sector Growth & SME Support	33	18.5	19	17.0
Ease of Doing Business	28	15.7	16	14.3
Fiscal Policy, Taxation & Trade Facilitation	29	16.3	17	15.2
Labour & Employment Reforms	14	7.9	8	7.1
Economic Diversification	32	18.0	27	24.1
Total	178	100	112	100

**Source: Bill Chart of the 8<sup>th</sup> Senate, 2015-2019**

The 8<sup>th</sup> Senate devoted the largest share of its economic legislative attention to infrastructure development, with 42 bills (23.5 per cent) introduced and 25 (22.3 per cent) passed. These bills sought to strengthen Nigeria's physical capital base, particularly in transport, power, and housing, through regulatory and financing frameworks for large-scale projects. The Senate's focus reflected an understanding that weak infrastructure remained a primary constraint to industrialisation and private sector competitiveness. This legislative direction aligned closely with the Economic Recovery and Growth Plan (ERGP) 2017-2020, which identified infrastructure investment as a cornerstone of inclusive and sustainable growth.<sup>106</sup>

The second major area of focus was private sector growth and SME support, accounting for 33 bills (18.4 per cent) introduced and 19 (17.0 per cent) passed. These bills sought to improve the business environment, enhance entrepreneurial financing, and promote institutional support for small and medium-sized enterprises. Similarly, ease of doing business attracted 28 bills (15.6 per cent) introduced, and 16 (14.3 per cent) passed, reflecting the Senate's commitment to regulatory simplification, improved business registration, and stronger corporate governance. In addition, these two categories were aimed at boosting domestic and foreign investment, in synergy with executive initiatives such as the Presidential Enabling Business Environment Council (PEBEC).

In the area of fiscal policy, taxation, and trade facilitation, 29 bills (16.2 per cent) were introduced, and 17 (15.2 per cent) were passed. These included Appropriation Bills, Customs and Excise Management amendments, and Finance Bills. They collectively represented efforts to modernise fiscal administration, strengthen revenue transparency, and streamline customs and trade logistics in support of Nigeria's fiscal sustainability agenda. Also, labour and employment reforms accounted for 14 bills (7.8 per cent) introduced and 8 (7.1 per cent) passed, demonstrating moderate but significant legislative activity in this area. These bills addressed labour rights, workplace safety, and employee welfare, contributing to the broader objectives of inclusive growth and social protection. Finally, economic diversification, which covered agriculture, mining, and industry, including the establishment of agriculture-focused universities, comprised 32 bills (18.0 per cent) introduced and 27 (24.1 per cent) passed. These measures targeted the expansion of non-oil economic sectors, particularly agribusiness, manufacturing, and technological innovation, to reduce dependence on oil and strengthen productive capacity.

Overall, the legislative engagement of the 8<sup>th</sup> Senate reveals a deliberate emphasis on foundational and structural economic reforms, notably in infrastructure, fiscal stability, and diversification rather than short-term or microeconomic interventions. This reflects an understanding of Nigeria's growth challenge as structural, rooted in weak physical and institutional capacity. However, the relatively smaller legislative focus on labour market and business-environment reforms highlights areas where future assemblies could deepen reform momentum and regulatory modernisation.

In the 8<sup>th</sup> House of Representatives, 186 of the 1,571 bills introduced were classified as economic and development-related. Table 8 presents the distribution of these bills across the six dimensions of the House's economic priority framework. As shown in Table 4, the House placed its greatest emphasis on infrastructure development, introducing 47 bills (25.3 per cent) and passing 25 (24.3 per cent). These measures targeted key sectors such as power, housing, transport, and public utilities. The strong legislative attention to infrastructure reflected the House's alignment with the Economic Recovery and Growth Plan (ERGP), which emphasised capital investment as a lever for productivity, industrialisation,

and national competitiveness. The focus sought to address Nigeria's chronic infrastructure deficit as a precondition for diversification and private investment expansion.

**Table 8: Summary of Economic Development-Related Bills by Category in the 8<sup>th</sup> House of Representatives, 2015-2019**

Category	No. of Bills Introduced	per cent over Total (Introduced)	No. of Bills Passed	per cent over Total (Passed)
Infrastructure Development	47	25.3	25	24.3
Private Sector Growth & SME Support	34	18.3	18	17.5
Ease of Doing Business	28	15.1	14	13.6
Fiscal Policy, Taxation & Trade Facilitation	26	14.0	13	12.6
Labour & Employment Reforms	16	8.6	8	7.8
Economic Diversification	35	18.8	25	24.3
Total	186	100	103	100

**Source: Bill Chart of the 8<sup>th</sup> House of Representatives, 2015-2019**

The second-highest concentration of legislative activity occurred under economic diversification, which accounted for 35 bills (18.7 per cent) introduced and 25 (24.2 per cent) passed. These included agriculture, mining, and industry-related bills, specifically those promoting agricultural value chains, agro-processing, and agribusiness financing. Notably, only agriculture-related university establishment bills were included in this category. The legislative intent in this area was to strengthen non-oil sectors, promote innovation in primary production, and advance self-sufficiency in food and raw materials, consistent with the National Planning Commission's 2018 strategy for structural transformation.

More so, private sector growth and SME Support followed closely, with 34 bills (18.3 per cent) introduced and 18 (17.5 per cent) passed. These bills sought to improve entrepreneurship, streamline business registration and operations, and enhance access to finance for small and medium-sized enterprises. Likewise, ease of doing business attracted 28 bills (15.1 per cent) introduced, and 14 (13.6 per cent) passed, focusing on corporate governance, secured transactions, and procurement reforms. Together, these two categories represent a legislative effort to institutionalise a more enabling business environment, complementing executive-led reforms through the Presidential Enabling Business Environment Council (PEBEC) aimed at improving Nigeria's global competitiveness.

Under fiscal policy, taxation, and trade facilitation, the House introduced 26 bills (14.0 per cent) and passed 13 (12.6 per cent). These included annual and supplementary Appropriation Bills, FCT Appropriation Bills, and Customs and Fiscal Reform Bills. They were designed to strengthen fiscal transparency, enhance revenue mobilisation, and improve trade and customs efficiency, key components of macroeconomic stability. Finally, labour and employment reforms comprised 16 bills (8.6 per cent) introduced, and 8 (7.8 per cent) passed. This reflects the legislature's awareness of employment creation as both a social and economic priority. These bills addressed occupational safety, workers' welfare, and institutional labour administration, all important steps toward inclusive development and alignment with ILO standards<sup>107</sup>.

#### 4.3.2 9<sup>th</sup> Assembly (2019-2023)

As shown in Table 9, the legislative interventions of the 9<sup>th</sup> Senate were largely dominated by economic diversification and fiscal policy, taxation, and trade facilitation, which together accounted for 48.6 per cent of total economic bills introduced and an even higher 72.6 per cent of those passed. This legislative trend highlights the Senate's emphasis on expanding Nigeria's productive base and strengthening fiscal governance as foundations for long-term economic stability. In addition, economic diversification stood out as the single most significant category, representing 24.3 per cent of bills introduced and 45.2 per cent of those passed. These bills sought to promote non-oil sectors such as agriculture, manufacturing, renewable energy, and technology, thereby reducing dependence on crude oil revenues and cushioning the economy against global price shocks. This focus aligns with key policy documents of the government-<sup>108</sup>which prioritise diversification as the central pillar of Nigeria's sustainable development strategy.

<sup>107</sup> International Labour Organisation (ILO). (2019). Decent Work Country Programme: Nigeria (2019–2023). Geneva:

<sup>108</sup> Central Bank of Nigeria (CBN). (2022). 2022 Annual Economic Report

**Table 9: Summary of Economic and Development-Related Bills by Category in the 9th Senate, 2019–2023**

Category	No. of Bills Introduced	per cent over Total (Introduced)	No. of Bills Passed	per cent over Total (Passed)
Infrastructure Development	14	13.6	5	6.8
Private Sector Growth & SME Support	12	11.7	5	6.8
Ease of Doing Business	13	12.6	5	6.8
Fiscal Policy, Taxation & Trade Facilitation	25	24.3	20	27.4
Labour & Employment Reforms	14	13.6	5	6.8
Economic Diversification	25	24.3	33	45.2
Total	103	100	73	100

**Source: Bill Chart of the 9<sup>th</sup> Senate, 2019–2023**

Similarly, fiscal policy, taxation, and trade facilitation accounted for another 24.3 per cent of the bills introduced and 27.4 per cent of those passed. Legislative actions in this area were geared toward improving revenue mobilisation, modernising the tax and customs system, and promoting fiscal transparency. The Senate's attention to fiscal reform reflected an understanding that a resilient economy requires sound revenue structures, disciplined public spending, and a robust legal framework to attract both domestic and foreign investment. Other thematic areas, infrastructure development, private sector growth & SME Support, ease of doing business, and labour & employment reforms, each accounted for between 11.7 per cent and 13.6 per cent of the bills introduced and approximately 6.8 per cent of those passed. While these proportions are smaller, they represent complementary legislative efforts to strengthen economic enablers. For instance, infrastructure-related bills aimed to enhance energy access, transport connectivity, and investment in public works. Private sector and SME bills were targeted at improving access to credit, fostering innovation, and empowering local enterprises, while those focused on the ease of doing business sought to streamline regulatory processes and build investor confidence. Labour and employment reform bills, though few, addressed job creation, decent work conditions, and social protection measures.

The 9<sup>th</sup> House of Representatives introduced a total of 209 economic-related bills, reflecting a sustained legislative commitment to advancing national growth, economic reform, and institutional strengthening. The legislative priorities of this period mirrored Nigeria's broader economic context, marked by post-recession recovery, revenue pressures, and the disruptive impact of the COVID-19 pandemic, which underscored the need for fiscal resilience, diversification, and private-sector empowerment.

In Table 10, economic diversification, which included bills establishing agricultural and technological institutions, accounted for the largest share of Bills passed by the 9<sup>th</sup> House of Representatives, with 47 bills (22.5 per cent). This emphasis demonstrated the House's intent to broaden Nigeria's productive base, promote innovation, and stimulate sectors beyond oil dependence. Infrastructure development followed closely with 37 bills (17.7 per cent), reflecting a legislative focus on bridging critical deficits in transport, energy, and public works.

**Table 10: Summary of Economic and Development-Related Bills by Category in the 9<sup>th</sup> House of Representatives (2019–2023)**

Category	No. of Bills Introduced	per cent over Total (Introduced)	No. of Bills Passed	per cent over Total (Passed)
Infrastructure Development	37	17.7	8	18.6
Private Sector Growth & SME Support	35	16.7	6	14.0
Ease of Doing Business	30	14.4	6	14.0
Fiscal Policy, Taxation & Trade Facilitation	38	18.2	10	23.3
Labour & Employment Reforms	22	10.5	3	7.0
Economic Diversification	47	22.5	10	23.3
Total	209	100	43	100

**Source: Bill Chart of the 9<sup>th</sup> House of Representatives, 2019-2023**

Similarly, fiscal policy, taxation, and trade facilitation, including annual Appropriation and FCT Appropriation Bills, accounted for 38 bills (18.2 per cent). Efforts to strengthen private sector growth and SME support were evident in 35 bills (16.7 per cent), aimed at promoting entrepreneurship, industrial competitiveness, and job creation in line with Nigeria's shift toward private-sector-led development. Meanwhile, ease of doing business reforms comprised 30 bills (14.4 per cent), targeting regulatory simplification and investment facilitation, while labour and employment reforms, though fewer at 22 bills (10.5 per cent), sought to address workforce welfare, social protection, and youth employment.

Overall, the 9<sup>th</sup> House of Representatives demonstrated improved policy coherence with the executive branch, aligning its legislative agenda with the Medium-Term National Development Plan (2021-2025) and related economic frameworks. However, the translation of these legislative efforts into tangible economic outcomes depended largely on implementation capacity, intergovernmental coordination, and sustained oversight, highlighting the ongoing challenge of ensuring that legislative intent yields measurable development impact.

#### **4.3.3 10<sup>th</sup> Assembly (2023-2027)**

Although the lifespan of the 10<sup>th</sup> Assembly is from 2023 to 2027, the analysis here is based on available data from 2023 to February 2025. Of the 656 bills introduced in the 10<sup>th</sup> Senate as of February 2025, 140 were identified as having a direct impact on economic growth and national development. Table 11 shows that the Senate's legislative priorities were concentrated on fiscal policy, taxation, and trade facilitation as well as economic diversification, with 27 bills each (19.3 per cent) introduced to strengthen Nigeria's fiscal framework and accelerate the growth of non-oil sectors. This demonstrates a strong legislative commitment to broad-based economic reform aimed at boosting revenue generation, improving trade efficiency, and reducing the country's dependence on oil. The bills within these categories sought to modernise fiscal administration, enhance tax compliance, promote fair trade practices, and attract strategic investments in agriculture, manufacturing, and services as drivers of sustainable growth.

**Table 11: Summary of Economic-Related Bills Introduced and Passed by Category in the 10<sup>th</sup> Senate (2023–June 2025)**

Category	No. of Bills Introduced	per cent over Total (Introduced)	No. of Bills Passed	per cent over Total (Passed)
Infrastructure Development	26	18.6	7	17.5
Private Sector Growth & SME Support	23	16.4	6	15
Ease of Doing Business	17	12.1	6	15

Fiscal Policy, Taxation & Trade Facilitation	27	19.3	10	25
Labour & Employment Reforms	20	14.3	3	7.5
Economic Diversification	27	19.3	8	20
Total	140	100	40	100

**Source: Bill Chart of the 10<sup>th</sup> Senate, 2023-February 2025**

Following closely were infrastructure development bills, accounting for 18.6 per cent of the total. These legislative efforts targeted Nigeria's persistent infrastructure gaps, particularly in transport, energy, and public works areas, recognised as fundamental to improving productivity and competitiveness. The Senate also devoted significant attention to private sector growth and SME support, with 23 bills (16.4 per cent) aimed at strengthening entrepreneurship, facilitating access to credit, and improving the business environment for micro, small, and medium enterprises. Labour and employment reforms accounted for 20 bills (14.3 per cent), reflecting the Senate's efforts to modernise labour laws, promote decent work, and expand social protection in response to growing unemployment and underemployment, especially among young people. Finally, ease of doing business attracted 17 bills (12.1 per cent), highlighting ongoing legislative efforts to streamline regulatory procedures, simplify business registration, and attract domestic and foreign investment. These reforms were intended to strengthen investor confidence and improve Nigeria's standing in global competitiveness rankings.

Further analysis indicates that only 40 of the 140 economic and development-related bills introduced in the 10<sup>th</sup> Senate have been passed so far. This underscores a relatively moderate level of legislative productivity, considering that economic-focused bills often undergo multiple stages of scrutiny due to their fiscal and regulatory implications. Overall, the 10<sup>th</sup> Senate's legislative approach to economic reform is balanced, integrated, and forward-looking, marking a departure from the more sector-specific focus of previous Assemblies. By aligning its legislative agenda with the broader goals of fiscal sustainability, infrastructure renewal, and economic diversification, the Senate demonstrated a comprehensive understanding of Nigeria's structural challenges.

The 10<sup>th</sup> House of Representatives (2023-May 2025) introduced a total of 2,263 bills, of which 191 (8.4 per cent) were identified as directly impacting Nigeria's economic growth and business environment. Table 12 reveals that the House placed its strongest legislative focus on economic diversification, with 42 bills (12.8 per cent) aimed at expanding growth across non-oil sectors such as agriculture, manufacturing, solid minerals, and the digital economy. Infrastructure development followed closely with 37 bills (11.2 per cent), reflecting the recognition of the critical role of transport, energy, and public utilities in driving productivity and competitiveness.

**Table 12: Summary of Economic-Related Bills Introduced and Passed by Category in the 10<sup>th</sup> House of Representatives (2023 – May 28 2025)**

Category	No. of Bills Introduced	per cent over Total (Introduced)	No. of Bills Passed	per cent over Total (Passed)
Infrastructure Development	37	19.4	8	21.6
Private Sector Growth & SME Support	30	15.7	5	13.5
Ease of Doing Business	25	13.1	6	16.2
Fiscal Policy, Taxation & Trade Facilitation	33	17.3	8	21.6
Labour & Employment Reforms	24	12.6	2	5.4
Economic Diversification	42	22.0	8	21.6
Total	191	100	37	100

**Source: Bill Chart of the 10<sup>th</sup> House of Representatives, 2023-May 28, 2025**

Legislative efforts in this area sought to close Nigeria's infrastructure gap through sustainable financing mechanisms, improved regulatory oversight, and public-private partnership (PPP) frameworks. Fiscal policy, taxation, and trade facilitation accounted for 33 bills (10 per cent), signalling sustained attention to fiscal stability, revenue mobilisation, and

trade efficiency. These interventions reflect a coherent legislative alignment with the fiscal priorities of the 10th Senate and the Renewed Hope economic agenda. In addition, private sector growth and SME support attracted 30 bills (9.1 per cent), underscoring efforts to foster entrepreneurship, strengthen access to finance, and expand the industrial base through business-friendly legislation. Ease of doing business reforms comprised 25 bills (7.6 per cent), focused on simplifying regulatory procedures, improving business registration, and promoting investor confidence. Labour and employment reforms, while fewer at 24 bills (7.3 per cent), highlighted the legislature's concern with improving working conditions, protecting labour rights, and addressing youth unemployment through human capital development and social protection measures. As of May 2025, 37 of these 191 economic-related bills (19.4 per cent) had been passed into law, reflecting a moderate yet targeted legislative outcome.

When considered together, the legislative activity of the 10<sup>th</sup> House of Representatives reflects a coherent and forward-looking economic agenda that mirrors the priorities of the 10<sup>th</sup> Senate. By distributing legislative attention across diversification, infrastructure, fiscal reform, and private-sector growth, it demonstrates a strategic understanding of Nigeria's structural economic challenges. However, the moderate passage rate also underscores the continuing need for stronger committee coordination, improved inter-agency collaboration, and consistent policy follow-through to ensure that enacted laws yield measurable impacts on fiscal sustainability, job creation, and overall economic competitiveness.

**ANALYSIS OF GAPS IN THE  
CURRENT LEGISLATIVE  
FRAMEWORKS AND INTER-  
VENTIONS RELATED TO THE  
BUSINESS ENVIRONMENT**



Over the past few years, the National Assembly has enacted several laws to support the reform agenda of the executive. These are legal and regulatory frameworks that govern activities across different sectors of the economy. These frameworks shape how stakeholders interact, define regulatory boundaries, and influence the operational landscape of each sector. While many of these laws were enacted to support sectoral development and address specific challenges, gaps in their design, implementation, and enforcement often undermine economic transformation and weaken the overall business environment.

This section highlights some of the legal frameworks regulating key sectors and issues in the Nigerian economy, identifies the gaps in the legal frameworks and how they undermine the business environment and economic transformation, and proposes areas where legislative and regulatory interventions are urgently required.

The scope of this gap analysis covers key sectors and cross-cutting issues, including justice, governance and institutions; digital economy; trade, investment and competition; infrastructure, housing and urban development; energy and power; climate and environment; and fiscal policy and finance. These sectors were selected because they represent the pressure points where state capacity, economic productivity, and citizens' daily realities intersect most significantly. Energy, finance, and climate shape the cost of doing business and the resilience of the economy. Justice, governance, and institutions determine the sustainability of reforms. Infrastructure, housing, and urban development influence mobility, safety, and the basic conditions for growth. Finally, digital economy, innovation, investment, and competition represent the frontier where Nigeria is already experiencing the fastest shifts in markets and service delivery. Together, these sectors capture the areas where legislative action can produce the most immediate and measurable impact.

## 5.1 Digital Economy

The digital Economy is defined as economic output derived solely or primarily from digital technologies (ICT) with a business model based on digital goods or services. It is comprised of various components, including a platform economy, a gig economy, Industry 4.0, data analytics, robotics, Artificial Intelligence (AI), machine learning, 3D printing, and e-commerce, among others.<sup>109</sup>

It is believed that a developing country's ability to flourish in the global economy depends on the nation's objectives for ICT policies and its capacity to implement such policies effectively.<sup>110</sup> Nigeria's Information and Communication Technology (ICT) sector remained a major pillar of economic growth. According to the National Bureau of Statistics (NBS), the sector contributed approximately 17.68 per cent to real GDP, with a 17.00 per cent contribution in the fourth quarter alone. Over the full year, ICT accounted for approximately 12.48 per cent of nominal GDP<sup>111</sup>. The telecommunications industry alone supports over 500,000 direct and indirect jobs. At the same time, the broader ICT ecosystem, encompassing fintech, software development, and digital services, has become a crucial source of employment opportunities for young people and entrepreneurship. Government and private-sector initiatives are increasingly focused on digital skills training and innovation incubation to expand youth participation in the digital economy. To harness the sector's potential, the Nigerian government has implemented multiple policies and legislative reforms.

Without adequate legal and regulatory frameworks, the sector is prone to steep economic losses. This can impact finances, undermine investors' confidence, and impede the development of the sector through direct financial theft, operational disruptions, and reputational damage.

### 5.1.1 Nigerian Digital Economy and E-Governance Bill 2024

The National Digital Economy and E-Governance Bill, 2024, aims to establish a robust legal framework that accelerates the expansion of Nigeria's digital economy and enhances electronic governance by improving the legal certainty surrounding digital interactions and service delivery. Its core objectives are multifaceted, including fostering innovation, growth, and competitiveness in the digital economy, promoting the digital transformation of public institutions to deliver efficient services, and creating a clear legal framework for international digital trade and investment.<sup>112</sup> The Bill provides that electronic communications shall not be denied legal effect, validity, or enforceability solely because they are in electronic form.<sup>113</sup> Key provisions address the validity of electronic contracts, establish rules for dispatch and receipt, validate contracts formed via automated systems, and recognise electronic signatures where a reliable method verifies identity and intent. Additionally, the bill institutes legal requirements for electronic transferable records and the carriage of goods. Furthermore, the Bill mandates strong consumer protection standards, requiring vendors to provide sufficient and accurate information and safeguard the confidentiality of consumer personal data, while es-

<sup>109</sup> World Bank, *Nigeria Digital Economy Diagnostic Report* (2019) <https://documents1.worldbank.org/curated/en/387871574812599817/pdf/Nigeria-Digital-Economy-Diagnostic-Report.pdf> accessed 29 October 2025.

<sup>110</sup> Promise A Nlerum and Chinwendu B Eleje, 'Information and Communications Technology (ICT) and the Nigeria's Digital Economy: Regulations and Challenges' (2022) 8(9) *World Wide Journal of Multidisciplinary Research and Development* 60 [https://www.researchgate.net/profile/Promise-Nlerum/publication/363801299\\_Information\\_and\\_Communications\\_Technology\\_ICT\\_and\\_the\\_Nigeria's\\_Digital\\_Economy\\_Regulations\\_and\\_Challenges/links/632ef5776063772afd8b36d6/Information-and-Communications-Technology-ICT-and-the-Nigerias-Digital-Economy-Regulations-and-Challenges.pdf](https://www.researchgate.net/profile/Promise-Nlerum/publication/363801299_Information_and_Communications_Technology_ICT_and_the_Nigeria's_Digital_Economy_Regulations_and_Challenges/links/632ef5776063772afd8b36d6/Information-and-Communications-Technology-ICT-and-the-Nigerias-Digital-Economy-Regulations-and-Challenges.pdf) accessed 29 October 2025.

<sup>111</sup> National Bureau of Statistics (NBS), *Gross Domestic Product Report Q4 2024, December 2024*, available at <https://microdata.nigerian-stat.gov.ng/index.php/catalog/147> (accessed 13 November 2025).

<sup>112</sup> National Digital Economy and E-Governance Bill 2024, Chapter 1

<sup>113</sup> *ibid*, s 1

tablishing mechanisms for online dispute resolution. The proposed legislation will apply broadly to public institutions, private establishments, and individuals conducting digital activities in Nigeria.

Some of the gaps in the bill that sectoral experts identified are that the Bill centralises regulatory authority in NITDA, granting it broad rule-making powers under Sections 47(2)-(3) and 48(3). Section 47(2) grants the Regulatory Agency the power to make “regulations, guidelines, and other subsidiary legislation for the planning, deployment, optimisation, and security of digital infrastructure”. Section 47(3) mandates that all digital infrastructure adopted by public institutions must conform to the “minimum standards, specifications, and operational procedures prescribed by the Regulatory Agency”. These provisions confer sweeping technical authority over all government digital infrastructure to NITDA, raising the risk of overlap with regulators such as the NCC (which governs technical networks) and the CBN (which regulates the integration of financial systems). Additionally, for the implementation of e-governance, there is a reliance on self-assessment by public institutions under Section 54(2)-(4), without independent verification, which poses a risk of weak accountability.

### **5.1.2 Nigerian Data Protection Act 2023**

The Nigeria Data Protection Act (NDPA), 2023, establishes a comprehensive legal framework for the protection of personal information and creates the Nigeria Data Protection Commission (NDPC) to regulate data processing. The Act’s core objectives include safeguarding the fundamental rights and freedoms of data subjects, regulating data processing, ensuring data is processed in a fair, lawful, and accountable manner, and strengthening the foundation of the national digital economy. The Act applies to automated or non-automated processing where the data controller or processor is domiciled, resident, or operating in Nigeria, or is processing the data of a Nigerian data subject.

Some of the gaps in the law are that the institutional independence of the Nigeria Data Protection Commission (NDPC) remains limited, as the Act does not explicitly safeguard the Commission from executive influence or guarantee its financial autonomy, which may potentially undermine impartial enforcement. Additionally, significant implementation challenges persist across public institutions, particularly in terms of technical capacity, infrastructure, and digital literacy, which are essential for effective compliance with the NDPA and GAID frameworks.

### **5.1.3 The Nigerian Startup Act**

The Nigeria Startup Act, 2022, was enacted as a legal and institutional framework to make Nigeria a leading centre for digital innovation in Africa while nurturing technology-driven talent. The legislation focuses on four central pillars: access to capital, enabling regulation, supporting infrastructure, and human capacity development.

The Act established the National Council for Digital Innovation and Entrepreneurship to design policies, approve strategic programmes, and monitor implementation. The Council is chaired by the President. The Act also designated the National Information Technology Development Agency (NITDA) as the Secretariat, responsible for managing the registration of startups under the “Labelled Startup” scheme, maintaining an official directory, and coordinating with relevant government agencies and partners to advance the digital economy.

To qualify as a “Labelled Startup”, a business must be incorporated in Nigeria for less than ten years, operate in the field of digital innovation or technology commercialisation, and have at least one-third of its ownership held by Nigerian founders. The Act introduces several incentives, including the creation of a Startup Investment Seed Fund with a minimum annual allocation of ₦10 billion, which will be administered by the Nigeria Sovereign Investment Authority (NSIA). Eligible startups may also benefit from Pioneer Status Incentives (PSI), granting tax relief for up to five years. Additionally, investors, including venture capitalists and angel investors, are eligible for a 30 per cent investment tax credit and exemption from Capital Gains Tax if they hold the investment for a minimum of two years. The Act further provides for the establishment of Technology Development Zones and strengthens the framework for protecting intellectual property rights.

A critical legislative gap in the Nigeria Startup Act 2022 arises from section 13, which restricts eligibility for a Startup Label to companies whose objects involve the “commercialisation of a digital technology innovative product or process.” This narrow digital-only formulation excludes innovation-led enterprises in agriculture, renewable energy, manufacturing, and other non-digital sectors that contribute significantly to job creation and industrial diversification. By defining innovation solely through the lens of digital technology, the Act inadvertently limits the scope of incentives, such as tax reliefs and access to the Startup Investment Seed Fund, to a fraction of Nigeria’s innovation ecosystem. This exclusion has stifled the capacity of several early-stage enterprises to scale, despite meeting broader innovation and impact criteria.

The Startup Investment Seed Fund (SISF), established under section 19 to provide early-stage capital with a statutory minimum of ₦10 billion annually, is yet to be operationalised. The National Council for Digital Innovation and Entrepreneurship (NCDIE), which was also conceived as an apex coordinating body, has majorly top political officers as members. The inclusion of the President, Vice-President, and several Ministers in the Council’s membership may constrain regular engagement and efficient decision-making, while creating potential conflicts of interest when Ministers assess the performance of agencies within their supervision. Also, section 3(4)(b), which requires non-ex officio members to have at least ten years of cognate experience, may inadvertently exclude young founders and innovators from participating in decision-making.<sup>114</sup> The Council’s composition should be reviewed to include senior representatives

rather than principal political officeholders, thereby enhancing independence, improving governance, and ensuring consistent oversight.

#### **5.1.4 Cybercrimes (Prohibition, Prevention, etc.) (Amendment) Act 2024**

The Cybercrimes (Prohibition, Prevention, etc.) Act 2015, as amended by the Cybercrimes (Prohibition, Prevention, etc.) (Amendment) Act 2024, is Nigeria's principal legal framework for combating cybercrime and safeguarding critical information infrastructure. The 2015 Act established a comprehensive regime for the prohibition, prevention, detection, investigation, prosecution, and punishment of cyber offences, while also providing mechanisms for the protection of Critical National Information Infrastructure (CNII). It criminalises a wide range of conduct threatening the confidentiality, integrity, and availability of computer systems, including unauthorised access, system interference, and unlawful interception of non-public data. Offences against CNII attract severe penalties, ranging from ten years' imprisonment to life imprisonment where death results. The Act also addresses content-related offences such as computer-related fraud and forgery, identity theft, cyberstalking and cyberterrorism. Enforcement responsibility is coordinated by the Office of the National Security Adviser (ONSA), which oversees the National Computer Emergency Response Team (CERT).

The Act mandated the establishment of Sectoral Computer Emergency Response Teams (CERTs) and Security Operations Centres (SOCs). Other key reforms include the compulsory use of National Identification Numbers (NINs) for electronic financial transactions and the expansion of provisions on manipulation of payment terminals to reflect evolving digital payment technologies.

Despite the 2024 amendments, there may be a need for more amendments to the scope of law, which remains limited, leaving coverage of emerging forms of cyber threats, including artificial intelligence-driven attacks, cloud-based breaches, and advanced persistent threats, which are still largely unregulated. Furthermore, enforcement capacity gaps persist, as investigative and prosecutorial agencies frequently lack the requisite technical expertise, digital forensics capability, and financial resources necessary for effective implementation of the Act.

## **5.2 Trade, Investment and Competition**

Trade and investment are key aspects of the Nigerian economy, in terms of contribution to GDP, employment, capital injection, technology and skills transfer, and foreign exchange earnings. Attracting domestic and foreign investment also requires a fair playing field to prevent anti-competitive practices, boost innovation, protect consumers, enhance efficient resource allocation, and drive economic growth.

### **5.2.1 The Companies and Allied Matters Act (CAMA) 2020**

The Companies and Allied Matters Act 2020 (CAMA 2020), which repealed the 2004 legislation, represents a significant reform of Nigeria's corporate legal framework aimed at modernising company regulation and improving the business environment. The Act introduces provisions that promote transparency, enhance corporate governance, and simplify administrative processes for businesses. Key innovations include limits on the number of public company directorships an individual may hold; exemptions from the mandatory appointment of company secretaries and auditors for small companies; the legal recognition of netting arrangements in financial transactions; the establishment of limited liability partnerships and facilitation of digitalisation, including acceptance of electronic documents and the conduct of virtual general meetings. It also supports the digitalisation of business operations through the acceptance of electronic documents and the conduct of virtual general meetings by private companies.

Despite these advances, experts have noted the rigidity in company striking-off processes as contained in section 692. Currently, there is no provision for administrative restoration once a company is deregistered. Consequently, aggrieved entities must rely solely on costly and time-consuming court proceedings to restore their status.<sup>115</sup>

### **5.2.2 The Nigerian Investment Promotion Commission Act**

The Nigerian Investment Promotion Commission (NIPC) Act is Nigeria's principal legislative framework for investment promotion and protection. It establishes the Nigerian Investment Promotion Commission as the central agency responsible for encouraging, coordinating, and monitoring investments across all sectors of the Nigerian economy. The Act's purpose is to foster an enabling environment for both domestic and foreign investors by streamlining entry procedures, safeguarding investment rights, and ensuring operational transparency within the Nigerian business landscape.

The Commission is responsible for promoting and coordinating investment activities, facilitating liaison between investors and government institutions, and initiating policy measures to improve Nigeria's investment climate. Additionally, the NIPC offers critical support services to investors, including the dissemination of up-to-date information on investment opportunities, policy incentives, and capital sources. It also advises the Federal Government on fiscal and policy matters related to industrialisation and economic development.

The Act guarantees broad access to investment participation, allowing both Nigerians and non-Nigerians to invest in or operate enterprises in the country, except in areas explicitly restricted under the "negative list" such as the production of arms, ammunition, military equipment, and narcotic substances. Enterprises with foreign participation are required

<sup>115</sup> TheCable, 'Struck Off and Let Down: Nigeria's Corporate Exit Gaps in Global Perspective' (2023) <https://www.thecable.ng/struck-off-and-let-down-nigerias-corporate-exit-gaps-in-global-perspective/> accessed 4 November 2025.

to be incorporated under the Companies and Allied Matters Act (CAMA) and to register with the Commission before commencement of business. The law also imposes a procedural safeguard by mandating the Commission to process registration applications within fourteen working days of receipt, provided all documentation is complete.

A significant feature of the Act is the range of incentives and guarantees it provides to investors. The NIPC is empowered to negotiate incentive packages for significant or strategic investments and to issue guidelines on priority sectors in line with government policy. Foreign investors are assured of the unconditional repatriation of dividends, profits, and proceeds from divestment or liquidation through authorised dealers in freely convertible currency. Furthermore, the Act provides strong protections against expropriation, stipulating that no enterprise shall be nationalised or compulsorily acquired except in circumstances of national interest or public purpose, and only upon the payment of fair and adequate compensation with access to judicial review.

Dispute resolution under the Act is guided by a tiered approach, beginning with amicable negotiation between the investor and the government. In the absence of a settlement, disputes may be referred to arbitration under domestic or international mechanisms, including bilateral or multilateral investment treaties. Where no agreement exists, the rules of the International Centre for Settlement of Investment Disputes (ICSID) apply by default.

The identified gap is that the Act does not reflect modern investment standards, which prioritise environmental, social, and governance (ESG) principles. It primarily focuses on facilitating and coordinating investments without ensuring that these investments align with sustainability and responsible business practices. This omission limits Nigeria's ability to attract long-term, impact-driven capital and weakens its global competitiveness in a market that increasingly rewards ethical and sustainable investment destinations. We propose that these issues should be taken into consideration in the design and passage of the Nigerian Investment Promotion Commission Act (Repeal and Enactment) Bill currently before both Houses of the National Assembly, which may address these issues.

### **5.2.3 The Investment and Securities Act 2025**

The Investments and Securities Act (ISA) 2025 marks a comprehensive reform of Nigeria's capital market regulation, aimed at modernising the system, enhancing investor protection, and aligning national practices with global standards. The Act repealed the Investment and Securities Act 2007. It conferred broader oversight powers on the Securities and Exchange Commission (SEC), particularly over emerging market issues such as digital asset service providers, thereby expanding the regulatory perimeter of Nigeria's capital markets. A notable innovation is the classification of securities exchanges into Composite and Non-composite Exchanges, designed to encourage specialisation and strengthen regulatory efficiency. ISA 2025 expressly recognises virtual and digital assets as securities and establishes a legal framework for their regulation. The Act also reinforces prohibitions against Ponzi schemes, enhances investor protection mechanisms, and strengthens the institutional role of the Investments and Securities Tribunal, particularly in relation to mergers and acquisitions.

Despite these advancements, specific regulatory and structural gaps persist. The frameworks governing crowdfunding and cryptocurrencies remain underdeveloped, reflecting the pace of financial innovation that continues to outstrip regulatory adaptation. Similarly, the absence of clear tax treatment and harmonised regulation for private equity and venture capital funds may create uncertainty and discourage local participation.<sup>116</sup> There is also a need to improve the SEC's capacity to provide consistent regulatory interpretations and investor education, both of which remain insufficient.

### **5.2.4 The Business Facilitation Act 2022**

The Business Facilitation (Miscellaneous Provisions) Act, 2023, was enacted as part of the broader agenda to institutionalise reforms initiated by the Presidential Enabling Business Environment Council (PEBEC). It seeks to eliminate statutory and bureaucratic bottlenecks that have long hindered business growth, investment, and regulatory efficiency. Through amendments to twenty-one business-related laws, the Act introduces a range of measures aimed at enhancing transparency, streamlining administrative procedures, and leveraging technology in public service delivery. The Act imposes transparency and accountability obligations on Ministries, Departments, and Agencies (MDAs), which are now required to publish up-to-date information on all permits, licences, and approvals on their official websites. This is complemented by the "Default Approval" or "Deeming Provision," which stipulates that if a regulatory authority fails to communicate a decision on a valid application within the prescribed timeline, the application shall be deemed approved. The act further mandates the automation of registration procedures at the Corporate Affairs Commission (CAC), including the adoption of online payment platforms and complete digitisation of business registration processes.

The Act also modernises corporate governance under the Companies and Allied Matters Act (CAMA) by allowing virtual general meetings, electronic shareholding, and e-voting. In addition, the Act introduces trade and immigration reforms through the establishment of a national single window for port operations, providing an integrated technological platform for trade facilitation. Immigration procedures have also been streamlined, mandating the issuance or rejection of visas within forty-eight hours of receipt of a valid application.

116 Udo Udoma & Belo-Osagie, 'Updated Detailed Analysis of ISA 2025 – What Is Changing for PE and VC Funds' (UUBO, May 2025) <https://uubo.org/wp-content/uploads/2025/05/UPDATED-DETAILED-ANALYSIS-OF-ISA-2025-WHAT-IS-CHANGING-FOR-PE-AND-VC-FUNDS-1.pdf> accessed 3 November 2025.

The implementation of the Business Facilitation Act, however, has been slower than expected. Compliance among MDAs remains weak, as many agencies have yet to publish the required application procedures, and infrastructural limitations continue to impede the automation of government services.

Although the Act establishes clear obligations for transparency and timelines, it provides limited enforcement mechanisms. The Act does not uniformly prescribe explicit penalties for non-compliance across MDAs. Instead, it relies on administrative oversight through the Presidential Enabling Business Environment Council (PEBEC) and existing public service disciplinary measures to ensure compliance. In practice, this has meant that sanctions for defaulting agencies have not been strongly enforced, contributing to the slow pace of implementation.

### **5.2.5 Federal Competition and Consumer Protection Act, 2018 (FCCPA)**

The FCCPA is Nigeria's principal legislation on competition regulation and consumer welfare. It replaced the former Consumer Protection Act and repealed relevant provisions of the Investments and Securities Act 2007. The primary objectives of the FCCPA are to promote and maintain competitive markets, enhance economic efficiency, and protect and advance consumer interests by prohibiting restrictive business practices that distort competition or involve the abuse of dominant market positions. It applies to all undertakings and commercial activities occurring within, or exerting an effect within, Nigeria.

The Act establishes the Federal Competition and Consumer Protection Commission (FCCPC) as an independent corporate body responsible for administering and enforcing the Act. Its functions include developing and implementing competition and consumer protection policies, investigating anti-competitive conduct, prohibiting misleading practices, resolving consumer disputes, and authorising or prohibiting mergers. The Act also established the Competition and Consumer Protection Tribunal (CCPT), which serves as the adjudicatory body empowered to hear and determine matters arising under the Act, including appeals and reviews of decisions made by the FCCPC and other sector-specific regulators on competition and consumer protection matters.

Substantively, the Act prohibits agreements that prevent, restrict, or distort competition, such as price-fixing arrangements or market allocation agreements, and declares them void. It also prohibits the abuse of a dominant position. The Act defines dominance as the ability of an undertaking to act independently of competitors, customers, or consumers. Furthermore, the Act requires pre-merger notification and approval for mergers that are likely to lessen competition or substantially affect the public interest. It gave consumers explicit rights to information, protection from unfair or unreasonable contract terms, and the right to safe and good-quality goods and services.

Despite its ambitious objectives, some of the gaps in the Act include the jurisdictional conflict between the Federal Competition and Consumer Protection Commission (FCCPC) and sector-specific regulators regarding competition and consumer protection matters.<sup>117</sup> This overlap creates regulatory uncertainty, weakens enforcement consistency, and undermines the authority of the FCCPC.

These jurisdictional tensions often result in duplicative or conflicting directives to businesses, increased compliance costs, and delays in market transactions such as mergers and acquisitions. For instance, there have been cases<sup>118</sup> where both the FCCPC and the Nigerian Communications Commission (NCC) have sought oversight of competition issues within the telecommunications sector, creating uncertainty for operators over which authority's approval is final. Such ambiguities discourage investment, complicate business planning, and reduce the overall predictability of Nigeria's regulatory environment.

## **5.3 Energy and Power**

Nigeria has persistently faced an energy crisis despite being one of the largest primary energy producers in the world. However, despite the abundant energy resources, the country is energy poor. Only about half of the population has access to electricity, and the electricity supply is erratic and irregular. As a result, the majority of Nigerian households and businesses self-generate their electricity, costing billions annually. The high cost of acquiring and maintaining generators undermines economic competitiveness. Thus, solving the electricity problems in Nigeria can enhance the business environment and the country's economic growth.

This section reviews the key legal frameworks guiding the energy and power sector in Nigeria and identifies key gaps to be addressed to enhance the energy and power sector as a driver of economic growth and competitiveness.

### **5.3.1 Electricity Act 2023**

The Electricity Act 2023 repeals the Electric Power Reform Act of 2005. The law provides a comprehensive legal and institutional framework for the power sector in Nigeria. It aims to address the post-privatisation challenges facing the electricity sector and codify the legal frameworks, strengthen the powers of the regulator, and promote integrated resource planning. Among other things, the Electricity Act 2023 upholds the Nigerian Electricity Regulatory Commission

<sup>117</sup> TEMPLARS ThoughtLab, *Court Upholds Nigeria Competition Authority's Regulatory Powers: Implications for Nigeria's Communications Sector* (TEMPLARS, October 2025) <https://www.templars-law.com/app/uploads/2025/10/Implications-for-Nigerias-Communications-Sector.pdf> accessed 3 November 2025.

<sup>118</sup> Emeka Nnubia v Honourable Minister of Industry, Trade and Investment, FCCPC and MTN Nigeria Communications Plc Suit No: FHC/L/CS/1009/2024 (Unreported)

(NERC) as the apex regulator in the country, distinguishes between a distribution licensee and a supply licensee, creates financial and fiscal incentives for renewable energy development, establishes a Power Consumer Assistance Fund, provides for a service-reflective tariff, and for the first time, enables state governments to participate in the electricity value chain, including developing state-level regulatory frameworks to drive the electricity sector in the states. The Act seems to confer exclusive powers on states to regulate mini-grids.

The passage of the Act is seen as a pivotal step in the efficient operations of the electric power industry. Key provisions like the service-reflective tariffs and the state's ability to issue licenses provide a new avenue for private investment and financing in the sector. States can establish state-owned companies to attract private investments to the sector, while the supply and distribution licensees can also be leveraged to attract public and private capital.

The abilities of states to also regulate mini grids can reduce reliance on the national grid, which is vulnerable to frequent collapses. The Act also allows franchising arrangements between distribution or supply licensees and third parties within their geographical jurisdiction. This is likely to increase entry and participation in the sector.

However, the implementation of the law will be significantly costly as states harness legal and commercial expertise and develop the necessary infrastructure and capacity for state-level regulations.<sup>119</sup> Furthermore, the proliferation of uncoordinated state-level electricity laws can be distortionary and undermine fair competition. Also, the multiple regulatory frameworks could increase the compliance costs for players<sup>120</sup> due to inconsistent and sometimes conflicting requests and decisions. Potential conflicts between state-level regulatory autonomy and NERC's overall oversight role can increase cost and breed inefficiency. For instance, the possibility that states could regulate their tariffs could result in the allocation of federal funds to support some states at the expense of others. There is also the risk of overlap when power flowing to and from the mini grid passes through the national grid, even though the consumers are within the state's geographical jurisdiction.<sup>121</sup>

### 5.3.2 **Petroleum Industry Act**

The petroleum industry is a major sector of the Nigerian economy, due to its contributions to GDP, government revenue and foreign exchange earnings. However, the sector has underperformed its potential over the years. Despite having one of the largest reserves of oil and gas in the world, production has been relatively limited compared to other oil and gas-producing countries, limiting government revenue and undermining the contribution of the sector to Nigeria's economic transformation. Failure to address the agitations of oil-producing communities also caused conflicts between oil companies and host communities, resulting in production shutdown and insecurity. Meanwhile, the uncertainties created by a lack of a robust legal and regulatory framework for the sector hampered investment, resulting in low production and plummeting government revenue.

Thus, the enactment of the Petroleum Industry Act in 2021, after several years, was a landmark achievement aimed at addressing the gaps in the existing legal, institutional and regulatory framework for the sector. The Act repealed several laws regulating the governance, fiscal and institutional frameworks of the oil and gas sector, and unbundled the industry by designing a governance structure with distinct roles. Among other things, the Act introduces a new regulatory and governance structure, commercialises the Nigerian National Petroleum Corporation (NNPC) by converting it into Nigerian National Petroleum Company (NNPC) Limited, establishes institutional frameworks for the upstream and downstream sectors, creates a new fiscal regime, separates regulatory and commercial entities, and provides for the development of oil-producing communities. In effect, the Act introduces a clear, transparent and investor-friendly regulatory framework for the oil and gas sector, which is expected to enhance the attainment of the government's long-term goal of achieving forty billion barrels of reserves and a four-million-barrel daily production level.

While the enactment of the Act has reduced the uncertainties in the legal and fiscal frameworks of the industry, there are pending gaps in the legislative framework. For instance, Section 1 of the Act vests the ownership of petroleum resources in the federal government. Similarly, 53(3) makes the federal government the sole shareholder of NNPC Limited. These provisions collectively limit the role of the subnational governments in the management of the country's oil and gas resources despite their stakes in the proceeds from the resources. These provisions have been identified as one of the major causes of agitations for resource control, and community-oil companies' conflicts.<sup>122</sup> Oil and gas companies and investors are faced with the challenge of engaging with the federal, sub-national governments and local communities independently, resulting in regulatory entanglement and high operating costs.

Although the Act defines the role of the Minister of Petroleum Resources, the major regulatory agencies, and other players and actors in the industry, there are often overlapping responsibilities between some of the regulatory agencies. For instance, the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) and Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) have overlapping responsibilities in the areas of export ter-

119 PwC (2024). The Electricity Act 2023: Powering Nigeria. PwC's Annual Power & Utilities Roundtable (14<sup>th</sup> edition). Report on proceedings and outcomes. <https://www.pwc.com/ng/en/assets/pdf/power-roundtable-2024.pdf>

120 DLA Piper Africa, Nigeria (2023). Review of the Electricity Act 2023 and its Implications on the Nigerian Electricity Supply Industry (NESI). Regulatory update: Power sector. July 2023. [https://www.dlapiperfrance.com/export/sites/africa/nigeria/Downloads/Full-Report\\_Review-of-Nigeria-Electricity-Act-2023.pdf\\_2063069299.pdf](https://www.dlapiperfrance.com/export/sites/africa/nigeria/Downloads/Full-Report_Review-of-Nigeria-Electricity-Act-2023.pdf_2063069299.pdf)

121 Ezekwesiri, E., Ogini, F. and Adeyemo, I. (2024). A review of the Electricity Act, 2023 – Impact and major issues arising. G. Elias Law Firm. <https://www.gelias.com/news/publication-a-review-of-the-electricity-act-2023-impact-and-major-issues-arising>

122 Odeyinka, O. (2025). Promises, gains, and pitfalls: A review of Nigeria's Petroleum Industry Act. Africa Oil and Gas Report. <https://africaoilgasreport.com/2025/10/in-the-news/promise-gains-and-pitfalls-a-review-of-nigerias-petroleum-industry-act/>

minals and pipelines connected to upstream production systems.<sup>123</sup> This overlap creates a problem of dual licensing and subjects operators to multiple regulatory frameworks, increasing their compliance costs.

The Act downplays royalties for the sector but introduces a hydrocarbon tax in place of the erstwhile petroleum profit tax. Section 260 of the Act also mandates companies with petroleum prospecting and petroleum mining licenses to pay the hydrocarbon tax, even though they are also subject to corporate income tax. Coupled with the fact that they still pay royalties, this serves as double taxation and may deter investment in the sector. While the recently passed Tax Reform Acts have attempted to address this gap, their provision limiting tax deductibility for decommissioning funds undermines investors' confidence in the sector and projects policy inconsistency, which also impacts long-term investment planning<sup>124</sup>.

Another notable gap in the Act is the allocation of oil and gas revenue. The allocations of 3 per cent of the annual operating expenditure of oil and gas companies in the preceding year to host community development and 30 per cent of NNPC's profit oil to Frontier Basins development remain a contentious issue. Oil and gas-producing communities' groups have campaigned against this provision, considering the adverse effects of oil and gas production on their livelihoods and environments. Although the Trust Funds have seen some significant achievements since the enactment of the Act, about 146 trusts have been registered with the Corporate Affairs Commission (CAC), and over ₦97.9 billion and \$149.4 million have been remitted to host communities.<sup>125</sup> There have also been complaints of inconsistent financial contributions, weak community representation in the trusts, and a lack of transparency and accountability in the management of the Fund.<sup>126</sup> The success of oil and gas exploration and the profitability of oil and gas investment are largely tied to relative peace and stability in oil-producing communities.

Relatedly, the Act does not address the contribution of midstream sectors to the Host Community Development Trust Fund (HCDTF). Moreso, the recent transfers of onshore assets from international oil companies to indigenous players have raised questions about culpability and non-compliance with the Fund, which the Act does not envisage.<sup>127</sup> Hence, there is a possibility that the Fund will not receive the necessary contributions, thereby fuelling further conflicts and undermining investments.

The challenge of ambiguous and imprecise language used in the Act also subjects it to multiple interpretations. One of the key concerns in this respect is whether contribution to the Trust Fund is in addition to existing levies such as the Niger Delta Development Levy, or inclusive of it.<sup>128</sup> Also, the lack of a proper definition for key terms such as frontier basin and host community results in a lack of clarity for oil and gas companies and has implications for their revenue.

Also, the Act fails to take cognisance of the evolving challenge of climate change and the global energy transition. Climate action requires transitioning to clean energy, with the expected decline in oil and gas demand and exports. However, the allocation of 30 per cent of NNPC revenue to a Frontier Basin Fund encourages continuous oil production, despite a potential decline in global demand. Thus, the lack of a robust domestic framework for navigating the global energy transition in the context of a changing climate policy environment creates uncertainty for oil and gas investors.

There are already proposals for amendments to the Act, including the possibility of the NUPRC representing government stakes in contracts. This may result in regulatory capture and reflect policy inconsistency, which are likely to undermine investment in the sector. In fact, it restores one of the basic features of the old legal framework, where the NNPC was a regulator and an oil company. Also, the possibility of raising the contributions to the host community, though supported in some quarters, may also risk creating an environment of policy consistency and undermining predictability for investors.

### 5.3.3 Nigerian Oil and Gas Content Development Act 2010

Despite the demonstration of capacity by local companies to participate in the exploration and production sub-sector of the oil and gas industry, the sector is overwhelmingly dominated by foreign international oil companies, resulting in massive capital flight and stifling of local capabilities. Local oil service companies are responsible for a small proportion of the sector's annual contracting budget. The need to enhance local participation and stake in the oil and gas sector and harness its potential for national development led to the enactment of the Nigerian Oil and Gas Content Development Act 2010 in 2010, with the broad objective of enhancing greater participation of Nigerians in the oil and gas sector.

The Act is a significant step towards enhancing local participation, control and management of the oil and gas industry. It establishes a threshold for Nigerian participation in key aspects of the oil and gas sector value chain, prescribing a minimum threshold for the use of Nigerian employees, services and technologies in the industry. According to the Act,

<sup>123</sup> *ibid*

<sup>124</sup> Alokolaro, O., Sherif, H., Obi, V., Ilor, O., and Kanayochukwu, A. (2025). The Petroleum Industry Act: Progress, Pitfalls, Proposed Amendments and the Road. *Advocaat Law Practice*. <https://www.mondaq.com/nigeria/oil-gas-electricity/1694854/the-petroleum-industry-act-progress-pitfalls-proposed-amendments-and-the-road>

<sup>125</sup> Alokolaro, O., Sherif, H., Obi, V., Ilor, O., and Kanayochukwu, A. (2025). The Petroleum Industry Act: Progress, Pitfalls, Proposed Amendments and the Road. *Advocaat Law Practice*. <https://www.mondaq.com/nigeria/oil-gas-electricity/1694854/the-petroleum-industry-act-progress-pitfalls-proposed-amendments-and-the-road>

<sup>126</sup> *ibid*

<sup>127</sup> Borha, D. O. E. and Olujobi, O. J. (2023). An examination of the Petroleum Industry Act 2021: prospects, challenges, and the way forward. *F1000Res*, doi: 10.12688/f1000research.132539.2. eCollection 2023

<sup>128</sup> Nwuke, K. (2021). Nigeria's Petroleum Industry Act: Addressing old problems, creating new ones. *Commentary*. <https://www.brookings.edu/articles/nigerias-petroleum-industry-act-addressing-old-problems-creating-new-ones/>

Nigerian companies should be given first consideration in the award of oil and gas-related contracts, and Nigerian service companies should also be given exclusive consideration for contracts and services. It also establishes the Nigerian Content Monitoring Board to coordinate, monitor and implement the provisions of the Act.

Fifteen years since the enactment of the Act, there is evidence that the objectives of the Act are being achieved. The law has been credited with attracting investment worth \$2 billion to the economy while also creating 38,000 jobs.<sup>129</sup> A recent estimate<sup>130</sup> shows that the contracts awarded by Shell alone to indigenous Nigerian companies, as a result of the local content law, contribute about \$5.6 billion annually to the country's GDP.

Despite these achievements, the Act still has some gaps and shortcomings. The implementation of the provisions of the law is hindered by weak enforcement mechanisms, overlapping regulatory mandates, constitutional constraints, weak sanctions, and conflicts with Nigeria's commitments to international trade and investment treaties.<sup>131</sup> All these create uncertainties, undermining investments in the sector.

There is no specific shareholding parameter for determining local content in the Act<sup>132</sup>, making the provisions of the Act intersect with those of the CAMA law. Given that the implementation of the Act is based on ownership structure, how it relates to the CAMA law is critical for its enforcement. For instance, Section 20(4) of the CAMA states that companies operating in Nigeria must have at least one Nigerian resident director. At the same time, Section 3 of the Nigerian Oil and Gas Content Development Act requires a minimum 51 per cent Nigerian ownership in oil and gas companies. Evidence shows that oil and gas companies use different strategies to circumvent these requirements<sup>133</sup>, ultimately defeating the purpose of the Nigerian Oil and Gas Content Development Act.

Regulatory overlap and conflicting policy directives undermine the implementation of the Act, especially since the enactment of the Petroleum Industry Act in 2021. While Section 195(1) of the Petroleum Industry Act emphasises the provisions of the Nigerian Oil and Gas Content Development Act with respect to the implementation of Nigerian content in the industry, the establishment of the NUPRC and NMDPRA creates jurisdictional overlap with the Nigerian Content Monitoring Board<sup>134</sup>. The NUPRC and NMDPRA are empowered to issue regulations on contracts and procurement processes in the different stages of the value chain; this can conflict with the directive of the Board with respect to the oversight of the local content of such contracts and procurements.<sup>135</sup>

Furthermore, Section 96 of the Petroleum Industry Act introduces a new fiscal regime for the sector aimed at stimulating investment, negating the supposed protectionist objectives of the local content law. This creates ambiguity for operators as they contend with the divergent interpretations of their obligations under both laws. The overlapping responsibilities cause conflicting directives, weakening enforcement and increasing compliance costs for operating companies.

A key gap in the Act is the lack of a proper definition of key terms. Section 3(1) of the Act provides that Nigerian independent operators shall be given first consideration in all projects in the Nigerian oil and gas industry, subject to the fulfilment of certain conditions as may be specified by the Minister. Similarly, Section 3(2) provides that exclusive consideration should be given to Nigerian indigenous service companies which demonstrate ownership of equipment, Nigerian personnel and capacity to execute such work. However, the Act did not define or provide the criteria for determining "first consideration". The "exclusive consideration" for Nigerian companies is also dependent on the fulfilment of significant preconditions. Without a concrete definition and guidelines for measuring first consideration, this may be subject to the subjective evaluation and discretion of the Board.

The provisions of the local content law sometimes conflict with the provisions of international trade and investment treaties to which Nigeria is a signatory. Under international trade and investment law, there are provisions for protection from discriminatory practices and expropriation, which are meant to protect foreign investors. These provisions are sometimes seen to conflict with the special protection and treatment of local companies under the Act.<sup>136</sup> This can also present policymakers with a trade-off between encouragement of foreign investment and special treatment for domestic companies. Thus, the extent to which investors perceive the local content law to conflict with international investment treaties can result in litigation and undermine investors' confidence.

129 KPMG (2017). Recent developments on Nigerian content law in the oil and gas industry. KPMG Newsletter, <https://assets.kpmg.com/content/dam/kpmg/ng/pdf/tax/ng-recent-developments-on-nigerian-content-law-oil-and-gas-industry.pdf>

130 Nwankwo, E. and Iyke, S. (2022). Analysing the impact of oil and gas local content laws on engineering development and the GDP of Nigeria. *Energy Policy*, 163, <https://doi.org/10.1016/j.enpol.2022.112836>

131 Nwosu, S. E. C. (2025). Legal Challenges in the Enforcement of Local Content Requirements in Nigeria's Oil and Gas Industry. *International Journal of Research and Innovation in Social Science (IJRISS)*, 9(07), 5058-5065. <https://doi.org/https://dx.doi.org/10.47772/IJRISS.2025.907000408>

132 SPA Ajibade & Co. (undated). Review of the Nigerian Oil and Gas Industry Content Development Act 2010. <https://spaajibade.com/review-of-the-nigerian-oil-and-gas-industry-content-development-act-2010/>

133 Nwosu, S. E. C. (2025). Legal Challenges in the Enforcement of Local Content Requirements in Nigeria's Oil and Gas Industry. *International Journal of Research and Innovation in Social Science (IJRISS)*, 9(07), 5058-5065. <https://doi.org/https://dx.doi.org/10.47772/IJRISS.2025.907000408>

134 Iledare, W. (2007). Oil and the future of Nigeria: Perspectives, challenges, and strategic actions for sustainable economic growth and development. Paper presented at the International Association for Energy Economics Round Table. Abuja, Nigeria. April 2007, KPMG Advisory Services, June 2014.

135 Omenikolo, J.A. & Amadi, R.O., Challenges facing Nigeria Local Content in the Oil and Gas Industry. *International Journal of Renewable Energy*, (2010) 15-20.

136 Adedeji, A., Sidique, F.S., Abdrahman, A., & Hook Law, S., The Role of Local Content Policy in Local Value Creation in Nigeria Oil Industry: A structural equation modelling approach. *Resource Policy*, (2016) 49, 61-73.

## 1.4 Climate and Environment

Environmental sustainability has become a major part of the global development framework, due to the existential threats of climate change, biodiversity loss, pollution, and desertification, particularly in developing countries. If not addressed, these environmental challenges can undermine or even reverse some of the progress already made in economic and human development. Their effects are already being felt and projected to be disproportionate for developing and resource-based economies like Nigeria. In the case of Nigeria, climate change has been projected to result in direct economic damage estimated at about \$6.68 billion.<sup>137</sup> Considering the adverse effects of these environmental problems, the Nigerian government have enacted a series of policies and laws to mitigate these effects and establish a legal framework for combating these problems. Due to the global nature of some of these environmental challenges, there have been global treaties and agreements under different international frameworks, including the United Nations Framework Convention on Climate Change (UNFCCC).

### 5.4.1 Climate Change Act 2021

The Climate Change Act is Nigeria's response to the global crisis of climate change, aimed at developing mechanisms for promoting low-carbon emission and sustainable development. Notably, Nigeria's ratification of the Paris Climate Agreement in 2015 serves as the basis for the domestication of the UNFCCC in Nigeria through the enactment of the Climate Change Act 2021.

The Act establishes a legal framework for climate action in Nigeria and is applicable to all sectors of the economy. Among other things, it establishes the National Council on Climate Change as an institutional framework for climate change action in Nigeria, mandates the creation of a National Climate Change Action Plan and a Climate Change Fund, mandates a carbon budget and emissions monitoring mechanism, states the roles and responsibilities of all the relevant stakeholders including government institutions, private entities, and non-for-profit organisations, introduces carbon tax and emission trading and establishes penalties for contravention of the Act.<sup>138</sup> Specifically, it requires private organisations with fifty employees or more to implement measures to achieve emissions reduction.

In line with its commitment to combating climate change, Nigeria submitted its revised and updated Nationally Determined Contributions (NDCs) to the UNFCCC in 2021, committing to 47 per cent conditional and 20 per cent unconditional emission reduction below the business-as-usual scenario by 2030. The sectoral scope of the NDC includes agriculture, oil and gas, power, infrastructure, housing, waste and water sectors.

However, one of the main issues with climate change mitigation in general and the enforcement of the Act in particular is the supposed trade-off between achieving a low-carbon economic transition and economic competitiveness<sup>139</sup>. This is particularly important considering the reliance of the Nigerian economy on resource-based sectors such as agriculture, water resources, forestry, solid minerals, and oil and gas. Given the emission-intensive nature of key economic sectors and the slow pace of the adoption of clean technology, the imposition of a carbon tax, which is a key policy instrument in the Act, may increase operating costs for businesses in Nigeria. This is added to the uncertainties around the specific carbon tax rate required to drive emissions reduction.

Moreover, the extent to which the climate change mitigation policy is aligned with other sectoral goals is unclear. While the Climate Change Act targets a low-carbon development path, the Petroleum Industry Act still encourages oil and gas exploration, a potential contributor to the problem of climate change. Thus, the extent to which the implementation of the provisions of the Climate Change Act will affect the activities of key sectors of the economy is a potential source of uncertainty for investors in these sectors. The National Council on Climate Change is mandated to set and coordinate sectoral targets and regulatory guidelines, but how they coordinate with other sectoral regulatory agencies in setting the targets is not clear, thereby leading to regulatory overlap and conflicts. Hence, it is important for sectoral regulators to develop regulations in line with the Climate Change Act, while taking note of the peculiarities of each sector.

The implementation of the Act has also been challenged by several factors, ranging from lack of coordination among MDAs and other stakeholders, inconsistent policy collaboration, overlapping regulations, funding constraints, limited technical capacity and knowhow and lack of domestic innovation capabilities, limited involvement of civil society organisations and members of the public in the implementation phase, and inconsistent climate actions at the state level.<sup>140</sup> Closing these gaps will enhance the implementation of the Act and align it with current national development policies.

### 5.4.2 Environmental Impact Assessment Act

The Environmental Impact Assessment Act 1992 was enacted in response to the growing concern about the environmental risks associated with unregulated development. It mandates that environmental assessments are to be conducted for development projects before their approval to ensure that the projects do not pose a significant risk to the

<sup>137</sup> French Embassy in Nigeria (2024). What is the economic impact of climate change in Nigeria? <https://www.tresor.economie.gouv.fr/Articles/09f81e43-cb5d-4952-b46e-649d4f549fdd/files/ef4908f6-297e-49e8-8bf4-4f8e6ba27a2e>

<sup>138</sup> Adetipe, P. (undated). Climate Change Act 2021 – The Highlights. Foundation Chambers, <https://foundationchambers.com/climate-change-act-2021-the-highlights/>

<sup>139</sup> O.J. Olujobi, T. Olusola-Olujobi. Nigeria: Advancing the cause of renewable energy in Nigeria's power sector through its legal framework, *Environmental Policy and Law* (2020), pp. 433-444

<sup>140</sup> Iwuchukwu, S. (2025). Implementation and Challenges of the CCA 2021. <https://www.mondaq.com/nigeria/climate-change/1602016/implementation-and-challenges-of-the-cca-2021#:~:text=Despite per cent20these per cent20strides per cent20in per cent20implementation,and per cent20widespread per cent20awareness per cent20remains per cent20challenging.>

environment and people's well-being. The scope of the EIA Act covers all aspects of the Nigerian economy, including oil and gas, roads, and transport projects, where environmental risks are high. The National Environmental Standards and Regulations Enforcement Agency (NESREA), established under the NESREA Act 2007 (amended in 2018), oversee the assessments and compliance.

The EIA Act faces challenges in terms of weak enforcement, lack of transparency, lengthy processes and delays, inadequate institutional capacity, and limited community engagement.<sup>141</sup> These challenges can have implications for businesses and investment projects. Although the Act requires the conduct of an EIA before a project is commenced, evidence shows that this is often not the case. In most cases, environmental impact assessments are not done due to institutional weaknesses, political influence and corruption.<sup>142</sup> Also, the relevant government institutions saddled with the responsibilities of conducting impact assessment lack the technical capacity and expertise to undertake this function.<sup>143</sup>

Closely related to this is the poor inter-agency coordination in the enforcement of the provisions of the Act, including between federal and state-level agencies. Section 1 of the NESREA Act empowers the Agency to enforce environmental standards, regulations, rules, laws, policies and guidelines. The Petroleum Industry Act also make provisions for managing the environmental pollution associated with oil and gas exploration and production, including the establishment of funds to support host communities affected by these activities. This can result in duplications, increasing the cost of complying with EIA requirements and sometimes deterring investment.

Sections 7 and 8 of the EIA Act require the comments and opinions of government agencies, interest groups, experts and relevant stakeholders on the reports of environmental impact assessments before final decisions are made. However, communities are provided with limited information, which undermines their abilities to influence project decisions and outcomes. In other cases, community-based organisations and civil society organisations have shown little interest in providing comments on draft EIA reports.<sup>144</sup> Failure to conduct environmental impact assessment or limited community participation and inputs in the process can result in litigations, lack of trust and outright conflicts between host communities and investors, undermining the long-term viability and sustainability of investment projects. Also, the provisions to harness the views of the relevant stakeholders before decisions are made do not include a timeline for these activities, which can cause delays in the EIA process and ultimately result in quick decisions on projects.

Also, the penalties for the violation of the provisions of the Act are grossly inadequate to induce compliance. For instance, some penalties for individuals and corporations that violate the provisions of the Act are still about ₦50,000 to ₦1,000,000, significantly lower than the monetary scale of the projects being undertaken. These low penalties often encourage violations of the Act.

### 5.4.3 The Biodiversity Conservation and Protected Areas Bill

Nigeria is endowed with rich wildlife resources and diverse ecosystems, ranging from tropical rainforests and mangroves to savannahs and wetlands. These biodiverse elements contribute significantly to environmental sustainability, support ecological balance, and provide economic benefits through tourism, forestry, and non-timber forest products.<sup>145</sup> Beyond their ecological relevance, Nigeria's wildlife resources enhance the nation's cultural identity and natural heritage. However, due to the increasing human quest for bushmeat, profit, land, and other economic gains, the country has witnessed a long history of unsustainable exploitation, including illegal hunting, wildlife trafficking, and indiscriminate killing of endangered species.<sup>146</sup>

These pressures necessitated the enactment of various legal and policy frameworks, such as the Endangered Species Act of 1985, the National Forest Policy, and multiple regulations intended to curb overexploitation and habitat destruction. Despite these measures, poaching, illegal logging, and the trafficking of wildlife products have persisted across Nigeria. Weak enforcement mechanisms, outdated legislation, corruption, and poor inter-agency coordination have undermined the effectiveness of existing laws<sup>147</sup>. The absence of a strong and coherent legal and policy framework has allowed forest degradation, species decline, and transnational wildlife crime to flourish.

Against this background, the Biodiversity Conservation and Protected Areas Bill was introduced in the National Assembly as part of efforts to modernise Nigeria's conservation laws. The Bill represents a significant attempt to replace obsolete legislation, strengthen the country's wildlife protection system, and address long-standing gaps in environmental governance. Its key provisions include the imposition of stiffer penalties for wildlife offences, increased powers for investigators to trace financial transactions linked to wildlife trafficking, and measures enabling the recovery of assets obtained through wildlife crimes. The Bill also seeks to align Nigeria's domestic law with international biodiversity obligations under the Convention on Biological Diversity (CBD) and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), ensuring that national practices reflect global standards on sustainable use

<sup>141</sup> Obaji, Synda (2020). Evaluating environmental justice in Nigeria: Procedural justice in the environmental impact assessment process. University of Birmingham. Ph.D. <https://etheses.bham.ac.uk/id/eprint/11064/>

<sup>142</sup> Akinwunmi, D. (2021). Political influence and corruption in Nigeria's EIA process. *Nigerian Journal of Environmental Policy*.

<sup>143</sup> Amadi, C. (2022). Institutional barriers to effective EIA implementation in Nigeria. *Journal of Environmental Governance*.

<sup>144</sup> Adegboyega, Lawal (2022). Environmental impact assessment in Nigeria 30 years after, challenges and opportunities: A regulator's perspective. [https://2024.iaia.org/presentations/111\\_Lawal\\_EIA\\_in\\_Nigeria\\_30years.pdf](https://2024.iaia.org/presentations/111_Lawal_EIA_in_Nigeria_30years.pdf)

<sup>145</sup> Nigerian Conservation Foundation. (2021). *State of Nigeria's Forests*. Lagos: NCF Publications.

<sup>146</sup> Adekola, O., & Mitchell, G. (2020). A review of forest governance challenges in Nigeria. *Journal of Environmental Management*, 258, 1–12.

<sup>147</sup> Ogunrin, T., & Oluduro, O. (2019). Wildlife crime and weak enforcement mechanisms in Nigeria. *Environmental Policy and Law*, 49(4–5), 245–257.

and species protection.<sup>148</sup> Additionally, it establishes mechanisms to promote judicial efficiency, such as specialised courts or procedural rules to fast-track wildlife-related prosecutions.

Despite its laudable provisions, the Bill contains notable weaknesses that may limit its effectiveness. These include overlapping mandates and institutional fragmentation. It creates institutions whose mandates may overlap with those of existing agencies such as the National Park Service, Forestry Departments, and NESREA. This duplication of roles can lead to inter-agency conflicts, jurisdictional ambiguity, and enforcement inefficiencies - a problem that has historically plagued environmental governance in Nigeria.<sup>149</sup> The Bill provides limited detail on sustainable funding sources for conservation activities, protected-area management, or enforcement. Without a clear financing framework, implementation risks become dependent on inconsistent government budget allocations, donor funding, or uncertain revenue streams. Another challenge is limited community engagement and benefit-sharing provisions. While local communities are critical to forest and wildlife conservation, the Bill does not sufficiently emphasise community rights, participation, or benefit-sharing mechanisms. This omission could result in community resistance, especially in regions where livelihoods rely on forest resources, thus undermining conservation goals.<sup>150</sup>

The effective conservation demands strong monitoring systems, transparent reporting, and accountability mechanisms. The Bill lacks robust provisions for regular biodiversity assessments, independent oversight, or public access to environmental information, which are essential for transparency and compliance monitoring. Like many Nigerian environmental laws, the Bill may face the perennial issues of poor enforcement capacity, corruption, inadequate personnel, and limited training for wildlife officers and investigators. Without addressing these systemic issues, stringent penalties may have little deterrent effect.

In conclusion, while the Biodiversity Conservation and Protected Areas Bill is an important step toward modernising Nigeria's conservation framework, its success will depend on addressing these institutional and operational weaknesses.

#### **5.4.4 Harmful Waste (Special Criminal Provisions) Act**

The Harmful Waste (Special Criminal Provisions, etc.) Act 2004 provides a comprehensive legal framework prohibiting the importation, transportation, dumping, and sale of harmful waste within Nigeria. As the primary legislation designed to combat environmental pollution arising from hazardous substances, the Act seeks to address the growing threat of toxic waste infiltration and its devastating impact on communities and the environment. To achieve this, it criminalises any form of contravention, imposing severe penalties that include the forfeiture of assets used in committing the offence, such as vehicles, vessels, and land and, in extreme cases, life imprisonment. Section 6 of the Act specifically reinforces this by prescribing life imprisonment for offenders along with the mandatory forfeiture of any property connected with the crime, thereby signalling the seriousness with which such offences are treated by the law.

A notable strength of the Act is its removal, in Section 9, of all forms of immunity, including diplomatic immunity, ensuring that no individual or entity is shielded from prosecution when involved in harmful waste activities. This provision closes potential loopholes previously exploited by foreign actors and organisations to evade accountability. Equally important is the Act's empowerment of authorities to search premises, seize harmful materials, arrest offenders, and seal dumping sites, giving enforcement bodies the operational power needed to curtail illegal activities. Despite these stringent measures, the persistence of harmful waste dumping in Nigeria indicates an implementation gap that continues to undermine the effectiveness of the law. Nigeria, regrettably, remains vulnerable to both foreign and domestic hazardous waste infiltration.

However, despite the strength of its intentions, the Act contains several critical gaps that raise serious concerns about its overall effectiveness. One of the most glaring deficiencies is the failure to clearly define or sufficiently capture the full scope of what constitutes "harmful waste." The Act predominantly focuses on imported hazardous waste, thereby neglecting locally or domestically generated harmful waste that also poses significant risks to public health and the environment. Additionally, the legislation does not make explicit provisions for emerging categories of waste, such as electronic waste (e-waste), which has become increasingly prevalent due to technological advancement and the rapid turnover of electronic devices.<sup>151</sup> E-wastes release toxic chemicals, pollute the environment and pose health hazard risks.

Other structural weaknesses further impede the Act's functionality. These include inadequate penalties that may not be sufficiently deterrent, limited enforcement capacity, and jurisdictional conflicts with other environmental laws and regulatory agencies. A particularly problematic provision is the requirement that victims of harmful waste exposure must obtain the consent of the Attorney-General before initiating legal action against offenders. This requirement not only delays justice but also serves as a major barrier for affected individuals and communities seeking timely compensation or redress.

Consequently, the continued prevalence of harmful waste dumping has real and damaging consequences for businesses and economic activities in several parts of the country. In regions such as the Niger Delta and various industrial

<sup>148</sup> CBD Secretariat. (2020). Global Biodiversity Outlook 5. Convention on Biological Diversity.

<sup>149</sup> Adewale, A. (2022). Environmental governance and institutional overlaps in Nigeria: Implications for biodiversity protection. *African Journal of Environmental Law and Policy*, 18(2), 45–63.

<sup>150</sup> Op cit.

<sup>151</sup> Arowolo, G. A. & Adebayo, S. M. (2010). E-Waste Management in Nigeria: Need for Effective Legislative Control. *University of Benin Journal of Private and Property Law*, 1(1):28-41.

zones, oil spillages, toxic emissions, and industrial waste disposal heavily compromise the health of business owners, workers, and residents. The health effects, ranging from persistent respiratory conditions to life-threatening illnesses such as cancer, directly undermine productivity and the sustainability of local enterprises. When business owners or employees face long-term medical challenges, the viability of their businesses is severely threatened, ultimately contributing to economic decline and community instability.

#### 5.4.5 Gas Flaring Prohibition and Punishment (Amendment) Bill

The Gas Flaring Prohibition and Punishment (Amendment) Bill 2025 is a major legislative proposal currently under consideration in the Nigerian National Assembly, aimed at strengthening the country's legal framework on gas flaring. The Bill seeks to introduce far more stringent deterrent measures than those previously in place by significantly raising penalties for flaring and closing loopholes that companies have long exploited. It proposes to empower host communities that bear the brunt of environmental degradation to pursue adequate compensation and demand proper environmental restoration. By mandating the installation of gas-flaring meters and ensuring transparent measurement of flared volumes, the Bill pushes toward greater accountability within the oil and gas sector.

One of the most notable features of the Bill is the tough sanctions it recommends for violations. Unlike existing laws, which many companies consider too lenient and thus cheaper to pay than investing in proper gas-capture technology, the Bill introduces fines of up to \$5 per 1,000 standard cubic feet of gas flared, far above current levels. In addition, it empowers regulators to impose operational suspensions and even withdraw licenses from chronic offenders, ensuring that gas flaring becomes an economically and legally unattractive practice. These measures are specifically designed to discourage oil companies from treating penalties as routine operating costs. The Bill also requires operators to submit and strictly implement Gas Utilisation Plans, demonstrating how gas that would have been flared will instead be captured, processed, or commercialised.

In building on the framework of the Petroleum Industry Act (PIA) 2021, which imposed penalties but allowed flaring under certain exemptions, the Bill attempts to close gaps that previously allowed the practice to persist. By aiming for a more comprehensive and enforceable ban, the Bill addresses the severe environmental damage, public health risks, and economic losses associated with continuous gas flaring in Nigeria. It also seeks to align Nigeria's oil and gas operations with global climate commitments and sustainable energy transitions.<sup>152</sup> Ultimately, the Bill represents a decisive step toward reducing greenhouse gas emissions, improving the well-being of host communities, and promoting responsible environmental stewardship within the country's oil and gas industry.

The major drawback of this piece of legislation lies in its overlapping mandate with existing laws, programmes, and regulatory agencies, which often leads to fragmentation and enforcement inconsistencies. For instance, the Petroleum Industry Act (PIA), 2021, introduces deterrent provisions, including a fine of up to USD \$2 per 1,000 standard cubic feet (SCF) of gas flared, aimed at promoting accountability and reducing environmental harm<sup>153</sup> (PIA, 2021, s. 104). However, this mandate partly converges with earlier initiatives such as the Nigeria Gas Flare Commercialisation Programme (NGFCP), which seeks to harness flared gas for productive use, as well as the Flare Gas (Prevention of Waste and Pollution) Regulations, 2018, issued by the Ministry of Petroleum Resources to curb improper and illegal flaring through licensing and monitoring frameworks<sup>154</sup>. Although these regulatory instruments share the overarching goal of minimising gas flaring, they differ in their deterrent mechanisms, compliance procedures, and institutional enforcement arrangements, thereby creating potential regulatory redundancies and uncertainties<sup>155</sup>.

Similarly, implementation challenges remain a persistent obstacle. Despite progressive legal provisions, Nigeria has a long-standing history of weak policy implementation due to inadequate institutional capacity, poor inter-agency coordination, political interference, and limited resource allocation.<sup>156</sup> Consequently, the practical enforcement of the Bill's provisions, much like many public policies and environmental laws in the country, may face significant setbacks unless structural reforms, accountability mechanisms, and effective oversight frameworks are strengthened.

### 1.5 Fiscal Policy and Financial Sector

The financial and fiscal sectors are critical for the Nigerian economy. According to data from the Central Bank of Nigeria's Statistical Bulletin, the financial sector accounts for over 3.7 per cent of the GDP (as of 2023), and 8.6 per cent of the total GDP of the service sector. The sector serves a key purpose in mobilising resources for the domestic economy. The financial sector has also extended beyond the borders, contributing significantly to digital services exports. The financial sector can play a major role in facilitating domestic and foreign investment and economic growth.

Also, fiscal and tax policies have been at the forefront of measures to improve the business environment and facilitate an investment-friendly economy. While revenue generation has been the overarching fiscal policy goal of the government, attention has shifted to leveraging the tax system to improve the business environment. The multiplicity of the tax system, coupled with the proliferation of the legal frameworks shaping the tax system, has, over the years, presented a major challenge to businesses and investors, and recent efforts have aimed to address this challenge.

<sup>152</sup> ChapiOdekina, G. (Dec. 5th, 2024). Bill prohibiting gas flaring passes 2nd reading. Vanguard Newspaper: <https://www.vanguardngr.com/2024/12/bill-prohibiting-gas-flaring-passes-2nd-reading/>

<sup>153</sup> Petroleum Industry Act (PIA), 2021. Federal Republic of Nigeria Official Gazette.

<sup>154</sup> Ministry of Petroleum Resources. (2018). Flare Gas (Prevention of Waste and Pollution) Regulations. Federal Government of Nigeria.

<sup>155</sup> Olawuyi, D. S. (2022). Environmental Law in Nigeria. Kluwer Law International.

<sup>156</sup> Okonkwo, T., & Nwafor, K. (2020). Policy implementation challenges in Nigeria's petroleum sector. *Journal of Energy Policy and Governance*, 12(3), 45–59.

### 5.5.1 Tax Reforms Acts

The recent Tax Reform Acts 2025 aims to address the challenges facing the tax system in Nigeria by overhauling the tax legal frameworks and consolidating the various erstwhile tax laws into four main tax laws - the Nigerian Tax Act 2025, the National Tax Administration Act 2025, the Joint Revenue Board Act 2025, and the National Revenue Service (Establishment) Act 2025. The Acts consolidate all previous multiple tax laws in Nigeria into simplified tax laws, with the objectives of streamlining the tax system, eliminating overlaps and conflicting provisions, optimising tax revenue generation, simplifying tax compliance, while enhancing ease of doing business, and facilitating domestic and foreign investment.

The Acts, among other things, exempt small businesses from corporate income tax, capital gains tax and development levy, increase the capital gains tax from 10 per cent to 30 per cent, revise the VAT sharing formula, exempt low-income earners from personal income tax payments, and replace the Federal Inland Revenue Services (FIRS) with the National Revenue Services. Although the tax reform Acts have been hailed as a major step in the right direction towards refocusing the tax system towards enhancing the business environment, there are still gaps in the laws. For instance, one of the key provisions of the Acts is the exemption of small businesses from corporate income tax (CIT), capital gains tax (CGT), and development levy. However, the definition of small businesses in the Act does not align with the definitions in the CAMA Act and the SMEDAN Act. The Act defines small companies as those with a turnover of ₦50,000,000 or less per annum (compared to ₦25,000,000 in the previous laws), with total fixed assets not exceeding ₦250,000,000. However, this definition differs markedly from the definition in the Companies and Allied Matters Act 2020. Section 394 of the CAMA Act 2020 defines a small business as a private company with a turnover of not more than ₦120 million and net assets not more than ₦60 million. Thus, there is a need to resolve this definitional confusion between these two Acts.

Also, Section 20(4) of the Nigeria Tax Act allows businesses to deduct expenses incurred in foreign currency, converted at the official exchange rate published by the Central Bank of Nigeria (CBN). However, due to persistent shortages in official forex supply, many businesses source foreign exchange from the parallel market at higher rates, leaving businesses unable to recoup their full expenses due to the gap between the official and parallel rates. While this provision is aimed at eliminating forex speculation, it can penalise businesses that procure forex from outside the official market, undermining their competitiveness and sustainability.

Furthermore, the new Development Levy in Section 59 of the Nigeria Tax Act consolidates earlier levies, including the National Agency for Science and Engineering Infrastructure (NASENI) levy, but with broader applicability. Under the previous regime, the NASENI levy applied only to companies with a minimum turnover of ₦100,000,000. However, the Development Levy, of which the NASENI levy is now a component, covers all companies except small firms and non-resident companies.

Section 157 of the Nigeria Tax Act mandates businesses to implement digital fiscal tools such as software and electronic devices for invoicing and VAT collection. While this is a step in the right direction, it presents concerns around compliance costs, data privacy, and cybersecurity threats on the part of the taxpayers, especially micro, small and medium-scale enterprises (MSMEs). These businesses may struggle to afford or implement such technologies, raising barriers to compliance and risking exclusion.

A key feature of the reforms is the provision for VAT refunds on input costs related to zero-rated products. However, the refund process can be administratively burdensome, especially for small businesses that must frontload VAT payments and wait for reimbursement. Delays or inefficiencies in processing these refunds can significantly affect their cash flows, discourage compliance, and erode trust in the tax system.

While these reforms are steps in the right direction towards ensuring the tax system is supportive of a conducive environment for businesses, addressing some of the key gaps is necessary to enhance the effectiveness and impact of the laws.

### 5.5.2 Central Bank of Nigeria (CBN) Act

The Central Bank of Nigeria (CBN) Act (2007) is a comprehensive legislation that establishes the CBN as the apex monetary authority in Nigeria which aims to ensure monetary and price stability, issue legal tender currency, maintaining external reserves, promoting a sound financial system, and acting as banker and adviser to the federal government of Nigeria on any issues concerning the governance and management of the banking industry. Thus, the CBN Act provides a framework for the regulation and supervision of the Nigerian financial system<sup>157</sup>. At an earlier stage, the CBN was governed by the Central Bank Act of 1958 (as amended), which provided the earliest and arguably limited instrument of autonomy.<sup>158</sup> However, the enactment of CBN (amended Decree No. 3 and Banks and Other Financial Institutions (BOFI) (Amended) Decree No. 4 in 1997 completely removed the bank's limited autonomy in conducting monetary and financial stability policies.<sup>159</sup> Furthermore, a measure of operational autonomy was granted to the Bank

<sup>157</sup> Policy and Legal Advocacy Centre (2004). *Laws of Nigeria: The Complete 2004 Laws of Nigeria*. <https://placng.org/lawsofnigeria/view2.php?sn=60>.

<sup>158</sup> Marafa, H. (2024). Revamping Legal and Institutional Framework for the Management of Inflation Targeting in Developing Economies. *International Journal of Development and Economic Sustainability*, Vol. 12, No. 2, pp. 88 – 102.

<sup>159</sup> *Ibid.*

through the CBN Act (As amended) 2007. It provided full autonomy to ensure monetary and price stability and render economic advice to the Federal Government. Subsection 12 (1) created the Monetary Policy Committee (MPC), which has the responsibility within the bank to formulate monetary and credit policy (CBN Act, 2007)<sup>160</sup>.

Meanwhile, the Act has led to several achievements, such as monetary stability, banking sector reforms, foreign exchange management, financial inclusion, and economic growth, supporting development and investment. Despite these achievements, gaps have been identified in the CBN Act which are affecting the performance and impact of the framework on Nigeria's business environment and the country's monetary governance.

The Act is seen to give enormous and unchecked powers to the Governor of the Central Bank<sup>161</sup>, in the areas of issuing and revoking bank licenses, enforcing compliance, monetary policy, and issuing regulations.<sup>162</sup> While the independence of the Bank is important, the unchecked powers of the Governor can be abused and used for personal gain at the expense of the economy. The CBN is required by Section 50(3) of the CBN Act to publish its financial statements, but the Bank has been criticised for failing to publish its annual accounts.<sup>163</sup> Breaching transparency in its operations is enabled by a lack of effective transparency and accountability measures.

There is also the challenge of potential regulatory overlap with the Securities and Exchange Commission, especially in the regulation of digital assets. While both regulators exercise distinct statutory mandates, there have been concerns about the entity responsible for regulating digital assets, creating a dual-layer regulatory framework for virtual assets in Nigeria.<sup>164</sup> The CBN, by law, is saddled with the responsibility of overseeing payment systems and financial stability. The SEC, on the other hand, is mandated to supervise investment and capital market instruments. The potential regulatory overlap and the absence of clear alignment create uncertainty for market participants.

The effects of these gaps are significant, impacting the business environment in Nigeria via market uncertainty and unpredictability, increased compliance costs, instability in the financial system, low investment, reduced investor confidence, and increased financial and investment risks.

### **5.5.3 Banks and Other Financial Institutions (BOFIA) Act**

The Banks and Other Financial Institutions (BOFIA) Act 2020 regulates banks and other financial institutions. It is a complementary legal framework to the CBN Act. While the CBN Act provides the overall framework for monetary policy, BOFIA provides specific regulations for financial institutions. Under Section 55 (1) of BOFIA, CBN is empowered to make regulations for the carrying out of the provisions of BOFIA.<sup>165</sup> The Act has long been touted to be the next major milestone in the country's ambitious drive towards creating an enabling business environment and improving the investment climate.<sup>166</sup>

The enactment of the Banks and Other Financial Institutions Act (BOFIA) 2020 intended to tackle some of the challenges in the Nigerian banking and financial services industry, in line with global best practices.<sup>167</sup> Some of the objectives of the Act is to regulate banking and businesses of other financial institutions in Nigeria; update laws governing Banks, Financial Institutions and Financial Services Companies; enhance efficiency in the process of obtaining/granting banking licenses; accurately delineate the regulatory functions of the Central Bank of Nigeria in the financial services industry; update and incorporate the laws for enacting, licensing and regulating microfinance banks; regulate the activities of financial technology companies (Fin-Techs); and update commensurate penalties for regulatory breaches in the financial services sector.<sup>168</sup>

The BOFIA Act plays a crucial role in maintaining Nigeria's financial stability through improved capitalisation of banks. For instance, the introduction of the Risk-Based Capital Adequacy Framework (RBCF) for banks (CBN Circular No. BSD/DIR/GEN/CBC/05/013 dated September 30, 2013), as mandated by BOFIA, has improved banks' capital adequacy and resilience to financial shocks. Despite these, the Act still has some gaps and shortcomings. There is a lack of clear regulation for digital financial services, which creates uncertainty for fintechs, hindering innovation and investment. Complex enforcement procedures also increase compliance costs for financial institutions, affecting their competitiveness. Limited interagency coordination can lead to regulatory overlaps or gaps, creating challenges for businesses operating in Nigeria. Lack of clarity on resolution frameworks creates uncertainty, potentially reducing investor confidence.

### **5.5.4 Nigerian Deposit Insurance Corporation (NDIC) Act**

The Nigerian Deposit Insurance Corporation (NDIC) Act establishes the NDIC to insure deposits and promote financial

<sup>160</sup> Federal Republic of Nigeria Official Gazette (2007). Central Bank of Nigeria (Act) (2007). [https://www.cbn.gov.ng/OUT/CIRCULARS/CSD/2007/CBN per cent20ACT per cent202007.PDF](https://www.cbn.gov.ng/OUT/CIRCULARS/CSD/2007/CBN%20per%20cent20ACT%20per%20cent202007.PDF)

<sup>161</sup> Ndubuisi, O. (2023). The CBN governor wields enormous power without accountability. Business Day Newspaper. <https://businessday.ng/opinion/article/the-cbn-governor-wields-enormous-power-without-accountability/>

<sup>162</sup> Abubakar, S. L., Gadzama, C. L. and Okeokwo, T. (2025). Analysis of Regulatory and Discretionary Powers of the CBN Over Financial Institutions Under BOFIA 2020. International Journal of Innovative Legal & Political Studies 13(4):10-25.

<sup>163</sup> Adegboyega, A. (2024). "Ripples as CBN fails to publish annual reports". Premium Times, <https://www.premiumtimesng.com/business/business-news/761649-ripples-as-cbn-fails-to-publish-annual-reports.html>

<sup>164</sup> Manifold Solicitors (2025). CBN-SEC Collaboration and the pursuit of regulatory stability in Nigeria's digital asset market. <https://manifoldsolicitors.com/cbn-sec-collaboration-and-the-pursuit-of-regulatory-stability-in-nigerias-digital-asset-market/>

<sup>165</sup> BOFIA Act (2020)

<sup>166</sup> Kevin Martin Ogwemoh Legal (2020). An overview of the banks and financial institution Act, 2020

<sup>167</sup> ibid

<sup>168</sup> ibid

stability. It was actually established by Decree No. 22 of 15<sup>th</sup> June 1988, repealed and replaced by Act No. 16 of 2006, and now repealed and replaced by a new statute: NDIC Act No. 33 of 2023 to manage and operate a Deposit Insurance Scheme to insure all deposit liabilities of licensed banks and other financial institutions operating in Nigeria. It operates the fixed premium regime with regulatory and supervisory roles.

NDIC is an independent agency that protects depositors in Nigerian banks and promotes financial stability. Its core functions include managing a deposit insurance scheme to guarantee deposits up to a certain limit, and supervising banks in collaboration with the Central Bank of Nigeria (CBN) to ensure safe practices<sup>169</sup>. The Corporation has achieved significant milestones, particularly in strengthening the country's financial system. It now has stronger laws to prosecute individuals responsible for bank failures, ensuring accountability. Combined with the Banks and Other Financial Institutions Act (BOFIA) 2020, the NDIC Act has enhanced the regulatory framework for the financial sector, providing a more robust oversight of financial institutions.

However, despite the achievements of this Act, there are key gaps in the Act. First, the institutional coverage of the Act is limited in scope. Section 1(1) of the Act limits the Corporation's mandate to insuring deposits in banks and other financial institutions, potentially leaving out other financial entities, including digital financial service providers and fintechs, which have become more active players in the financial system. The provisions of the Act on resolution and liquidation may not be adequate for non-bank financial institutions, potentially creating uncertainties for depositors and investors in these institutions. Other critical issues include resource constraints, regulatory overlaps, emerging risks, enforcement challenges, public awareness and education, coordination with other agencies such as the CBN, Economic and Financial Crimes Commission (EFCC) and police, etc.<sup>170</sup>

## 1.6 Infrastructure, Housing, and Urban Development

Infrastructure development is a critical aspect of promoting a conducive business environment. Inadequate and outright lack of key infrastructure like power, transport, port facilities are major impediment to the business environment in Nigeria. This undermines smooth business operations, increase the cost of operation and undercut the competitiveness of Nigerian businesses. Thus, it is imperative to enact legal frameworks that are supportive of the development and financing of key economic infrastructure. Some of the key legal frameworks related to infrastructure development in Nigeria are reviewed in this section in Nigeria.

### 5.6.1 The Federal Mortgage Bank Act

The primary purpose of the Federal Mortgage Bank of Nigeria Act (FMBN Act) is to establish the Federal Mortgage Bank of Nigeria (FMBN).<sup>171</sup> The FMBN was created to provide long-term credit facilities to mortgage institutions in Nigeria and to encourage and promote the development of these institutions at all levels (rural, local, State, and Federal).<sup>172</sup> The broader legal framework aims to assist Nigerian individuals and corporate bodies in acquiring houses of appreciable value.<sup>173</sup> Specifically, the National Housing Fund (NHF) Act was formulated to mobilise funds and ensure the constant supply of affordable loans to Nigerians for building, purchasing, and improving residential houses.<sup>174</sup> The FMBN is authorised by the Act to accept deposits and savings from institutional depositors, and issue its own securities, including debentures and bonds, under Federal Government guarantees<sup>175</sup>. It has an authorised capital of ₦100 million, subscribed and paid up by the Federal Government.<sup>176</sup> The Act exempts the FMBN from income tax, and the provisions of the Banks and Other Financial Institutions Act (BOFIA) do not apply to it.<sup>177</sup>

However, despite the legal framework, the impact of the Act on the housing sector has been minimal, as reflected in the limited access to mortgages. This is due to low access to mortgages. Less than 1 per cent of Nigerians have access to a mortgage.<sup>178</sup> Housing in Nigeria is primarily self-financed, placing a significant financial burden on investors who could have channelled the funds into other critical aspects of the business. There is also policy failure and funding mismatch owing to a persistent dearth of long-term commercial mortgage facilities because banks rely on short-term deposits and avoid lending long-term. Businesses require long-term mortgages to remain financially stable.

Meanwhile, the legal and institutional framework is hobbled by severe bureaucratic bottlenecks and delays in obtaining the Governor's consent, which is a prerequisite to transferring title. For businesses and lenders, this creates massive uncertainty and prolonged transaction times, tying up capital and increasing project costs. The ₦100 million

<sup>169</sup> NDIC (n.d.). Nigeria deposit insurance corporation service charter

<sup>170</sup> Ahmad, H.I. (2020). Issues in funding of deposit insurance system: Lessons for Nigeria. <https://ndic.gov.ng/wp-content/uploads/2020/08/ISSUES-IN-FUNDING-OF-DIS.pdf>. Also see Mshelmbula, J.P., Ibrahim, M.U., Pikitda, B., Samson, N., and YilshianNkup, N. (2024). Effect of Strategy Implementation on the Performance of Nigerian Deposit Insurance Corporation; The mediating role of innovative culture. *International Journal of Advances in Engineering and Management (IJAEM)*, Vol. 6, Issue 4. [https://ijaem.net/issue\\_dcp/Effect per cent20of per cent20Strategy per cent20Implementation per cent20on per cent20the per cent20Performance per cent20of per cent20Nigerian per cent20Deposit per cent20Insurance per cent20Corporation; per cent20The per cent20mediating per cent20role per cent20of per cent20innovative per cent20culture.pdf](https://ijaem.net/issue_dcp/Effect%20of%20Strategy%20Implementation%20on%20the%20Performance%20of%20Nigerian%20Deposit%20Insurance%20Corporation;%20The%20mediating%20role%20of%20innovative%20culture.pdf)

<sup>171</sup> *Federal Mortgage Bank of Nigeria Act*, Cap F16, LFN 2004 (FMBN Act), s 1(1).

<sup>172</sup> *ibid*, s 5(a), (c)

<sup>173</sup> Farida Aisha Kera, 'An Appraisal of the Legal and Institutional Framework for Mortgage Financing in Nigeria' (PhD Thesis, Ahmadu Bello University, Zaria 2021)

<sup>174</sup> *ibid* 165

<sup>175</sup> Section 6(1)(a) FMBN Act

<sup>176</sup> *ibid* section 11(2).

<sup>177</sup> *ibid* section 19

<sup>178</sup> Priorities for Affordable Housing in Nigeria - The Institute of ..., accessed on November 13, 2025, [https://opendocs.ids.ac.uk/articles/report/Priorities\\_for\\_Affordable\\_Housing\\_in\\_Nigeria/29476442/1/files/55978754.pdf](https://opendocs.ids.ac.uk/articles/report/Priorities_for_Affordable_Housing_in_Nigeria/29476442/1/files/55978754.pdf)

share capital<sup>179</sup> is critically insufficient for a national mortgage bank, as it severely limits its ability to provide meaningful long-term credit to mortgage institutions. This underfunding starves the entire mortgage market of liquidity, making it difficult for private-sector banks to issue affordable, long-term loans to businesses. Lengthy court proceedings for foreclosure (in cases of a defaulting mortgagee), which can take up to 10 years, also create unacceptable risk for lenders. This high risk directly translates into a rational reluctance from financial institutions to offer long-term mortgage facilities, leading to a market dominated by self-financing and stifling the growth of a private-sector mortgage industry.

Potential legal conflicts<sup>180</sup> between the Insurance Act (which allows a maximum investment of 35 per cent in real property development) and the NHF Act (which requires a minimum investment of 40 per cent), as well as judicial interpretations (e.g., regarding consent for equitable mortgages), create legal uncertainties and an unstable, unpredictable legal environment. This uncertainty deters investors, who cannot reliably assess legal risks, and complicates compliance for financial institutions. There is also the challenge of corruption as officials demand bribes to process loans, and failure to sanction institutions that do not remit NHF contributions. These erode market integrity, increase the cost of doing business, and create an unfair playing field where non-compliance goes unpunished.

### **5.6.2 Mortgage Institutions Act**

The Mortgage Institutions Act (MIA) primarily establishes the legal framework for licensing and regulating companies that operate as mortgage institutions in Nigeria. These institutions accept deposits from the public and grant mortgage loans and advances for the purchase, construction, improvement, or extension of houses. The operation of these institutions is strictly controlled by the mandates of the Mortgage Institutions Act, which requires a minimum paid-up capital of not less than ₦5 million, the maintenance of a reserve fund, and compliance with liquidity requirements prescribed by the Federal Mortgage Bank.<sup>181</sup> Operational duties include conducting proper evaluation of mortgage loan proposals, monitoring the construction or extension of dwelling houses receiving loans, and ensuring adequate security is taken on the property involved. The Act's impact on the housing sector is centred on formalising and standardising the supply of housing finance by restricting mortgage business to duly incorporated and licensed entities. This ensures that the Federal Mortgage Bank enforces regulatory oversight through requirements for returns, examinations, and auditor reports.

Despite the noble intention of the Act to standardise mortgage institutions, it is hindered by several weaknesses, one of which is its archaism, reflected in an obsolete ₦5 million capital threshold that no longer aligns with current housing and financial realities; weak enforcement mechanisms with non-deterrent penalties of paltry ₦100, ₦200 etc. daily fines; regulatory duplication arising from overlapping roles between the Minister and the FMBN which cause delays in licensing and supervision; and failure to incorporate modern innovations like digital mortgage systems, fintech integration, and mortgage-backed securities. There is also the issue of an adversarial (litigation-based) form of dispute resolution, particularly in the context of fines. The Act does not consider alternative dispute resolution<sup>182</sup> and allows only litigation as a means of dispute resolution. This negatively impacts the business environment, considering the lengthy period that litigation takes in Nigeria.

### **5.6.3 National Housing Funds Act**

The National Housing Funds Act creates a pool of funds to provide affordable and long-term loans for the purpose of building, buying or renovating homes. According to the law, every Nigerian worker is mandated to contribute 2.5 per cent of their basic salary to the Fund through their employer. However, the results have not been promising, as access to the Fund is limited and impeded by bureaucratic hurdles. Challenges facing the implementation of the Act include low public awareness, inadequate funding, bureaucratic issues, lengthy processing time, high default rate, stringent loan requirements and land documentation issues. There is also the unrealistic individual loan ceiling of ₦500,000, which is grossly inadequate in today's economy. The existence of the meagre ₦500,000 cap compels investors to source funds from alternative means, such as commercial banks with high interest repayment or use money meant for equipment to secure and/or develop a building, thereby stifling investments.

### **5.6.4 Nigerian Urban and Regional Planning Act**

The Nigerian Urban and Regional Planning Act is a comprehensive piece of legislation that establishes a framework for initiating, preparing, implementing, and administering physical development plans across Nigeria.<sup>183</sup> The core purpose of the Act is to institute an integrated and coherent system for urban and regional planning, development, and control at the Federal, State, and Local Government levels. The Act creates distinct responsibilities for physical planning at the three levels of government to ensure integration, consistency, and coherence among all levels of Physical Development Plans in Nigeria. The federal government is responsible for the formulation of national policies for urban and regional planning and the preparation and implementation of the National Physical Development Plan, regional plans,

179 Kera (n 3) *Ibid*

180 *ibid* 173, 445

181 *Ibid s4*

182 *Ibid* S 23

183 Part 1, Nigerian Urban and Regional Planning Act

and subject plans.<sup>184</sup> The state government must exercise its physical planning duties within the framework of the National Physical Development Plan to ensure consistency. The Act proactively created the Urban & Regional Planning Tribunal to administer planning law and resolve disputes.<sup>185</sup>

Despite the robust legal framework of the Act, there are several gaps that call for urgent reforms, such as weak enforcement and compliance (leading to illegal development by developers and evading building-plan control), understaffed agencies, corruption, and political interference.<sup>186</sup> The Act lacks provisions for resilience, as it fails to address climate adaptation, flood mitigation, and urban preparedness for health or pandemic-related challenges.<sup>187</sup> The perennial rains within the riverine areas of Nigeria often result in severe flooding (case of the 2022 Bayelsa flood), leading to massive losses of investments and lives.

### 5.6.5 Land Use Act

The Land Use Act (LUA), promulgated in 1978, was the first law of its kind in Nigeria to unify the land administrative system under governmental control. It was motivated by the need to assert and preserve the rights of all Nigerians to the land, ensuring equitable access by preventing wide-scale speculative purchases of communal land, simplifying management and ownership, and making land available to governments at all levels for development.<sup>188</sup> The Act was motivated by the need to assert and preserve the rights of all Nigerians to the land and ensure equitable access. The core objectives include preventing widespread speculative purchases of communal land and simplifying management and ownership. It also sought to establish a system of government administration that would enhance tenure security and address the fragmentation of rural lands resulting from traditional inheritance practices.<sup>189</sup>

According to the Act, all land within the territory of each State (excluding Federal Government land) is vested solely in the Governor, who holds the land in trust and administers it for the use and common benefit of all.<sup>190</sup> The Act established a proper administrative structure, a two-tiered system: the Governor controls and manages land in urban areas, granting Statutory Rights of Occupancy (SRO), while the Local Government manages all other non-urban land, granting Customary Rights of Occupancy (CRO), except the right to alienate, and revoke, making it illegal for a holder of Statutory Right of Occupancy to alienate their rights (assignment, mortgage, etc.) without the prior consent of the Governor. Transitional rights holders (those who possessed the land before the enactment of the Land Use Act 1978) were also recognised by the Act.

However, the implementation of the Act has dealt a significant blow to economic reforms,<sup>191</sup> due to its perceived hindering of economic development and stifling of the real estate market.<sup>192</sup> Obtaining land titles requires the Governor's consent, which takes a considerable amount of time to acquire. This could undermine investors' abilities to leverage land titles to access capital.

The Act is not in tandem with modern realities and thus needs urgent amendment to conform to the economic realities of land ownership, which has the capacity to attract huge investment.<sup>193</sup> But the fusion of the Act into the 1999 Constitution has made it very difficult to amend it and close identified gaps.

Furthermore, persistent difficulties in land acquisition, such as disputed ownership claims, excessive compensation demands, fraudulent transactions, and frequent legal battles over land titles, have slowed investment projects, hindered housing development, and caused a significant rise in costs.

The Act also gave room for excessive administrative and quasi-judicial power to the Governor, who, conversely, acts as a judge in his own case (where the state is both the acquirer and the arbiter of the value).<sup>194</sup> The Act also attempts to deny the Court's jurisdiction over the amount or adequacy of compensation, which has been declared inconsistent with the Constitution by the courts.<sup>195</sup>

### 5.6.6 Infrastructure Concession Regulatory Commission Act

This legislation establishes the Infrastructure Concession Regulatory Commission (ICRC), a corporate body tasked with regulating and overseeing private sector participation in the financing, construction, operation, or maintenance

184 Ibid s 2

185 Ibid s 86

186 JE Thompson et al., *Evaluation of challenges in the enforcement of planning and development laws in land development in Nigeria* — empirical evidence on enforcement gaps and administrative constraints. *Unizik law journal* 20(1)2024

187 *Moses Zira Wanda, Rabui Mohammed Usman: Urban and Regional Planning During and Post-Covid-19...assessed on 6<sup>th</sup> November 2025* <https://africanscholarpub.com/ajbegr/article/view/342?utm>

188 Akintunde Otubu, "The Land Use Act and Land Administration in 21st Century Nigeria: Need for Reforms" (2018) 9 *J. Of Sust. Dev. Law & Policy* 81

189 Akintunde Otubu, *The Land Use Act and Land Administration in 21st Century Nigeria: Need for Reforms*, Afe Babalola University Journal of Sustainable Development Law and Policy, Vol. 9 No. 1 (2018) 81–83.

190 *Land Use Act* (Cap. 202, Laws of the Federation of Nigeria 1990), s.1.

191 Senate rejects Land Use Act removal in a major blow to economic ..., accessed on November 13, 2025, <https://businessday.ng/exclusives/article/senate-rejects-land-use-act-removal-major-blow-economic-reforms/>

192 Ibid

193 Ibid

194 Critical Analysis of the Land Use Act: Implications and Challenges in Nigeria - Law Articles, accessed on November 13, 2025, <https://1stattorneys.com/articles/2024/11/17/critical-analysis-of-the-land-use-act-implications-and-challenges-in-nigeria/>

195 Otubu (2018), *supra* note 2, at 86–91.

of federal infrastructure projects. The Act outlines key provisions, including the requirement for competitive public bidding for projects, conditions for granting concessions, mechanisms for the recovery of investment by contractors, and the administrative structure and powers of the Commission, comprising its governing board and staff. Ultimately, the Act provides a legal framework for public-private partnerships in infrastructure development within Nigeria.<sup>196</sup>, thereby signalling to investors the potential for public-private partnerships/concession deals.<sup>197</sup>

The legislation has assisted the federal government in bridging its infrastructure gap by opening it up to private sector investors and funding. However, like most legislation, this Act has several gaps that policymakers must address to achieve a more robust and impactful law. The gaps include scope limitations, as it currently applies only to Federal Government Ministries, Agencies, Corporations, or bodies. It does not automatically require state or local governments to adopt or domesticate it, which fragments the national PPP regime.<sup>21</sup> The lack of transparency and public disclosure represents a significant gap, as it can discourage private investors who may potentially doubt the project's viability. Although the Act empowers the ICRC to publish lists of eligible projects, etc., implementation reports suggest that the information is not always publicly accessible or easy to verify, thereby undermining accountability and investor confidence.<sup>198</sup>

### **5.6.7 Public Enterprises (Privatisation and Commercialisation) Act**

The Public Enterprises (Privatisation and Commercialisation) Act came into force in 1998 with the primary goal of transferring ownership or operation of public enterprises, either partially or entirely, to the private sector.<sup>199</sup> It became imperative to restructure government-owned enterprises into self-sustaining, profit-oriented entities, rather than continuing to be a burden on public finances.

The Act provides an institutional framework by establishing two principal bodies charged with supervising and implementing these reform processes: the National Council on Privatisation, which is responsible for determining the political, economic, and social objectives of the privatisation and commercialisation programme. It also approves the policies, guidelines, and criteria for valuing public enterprises and selecting strategic investors. The second body is the Bureau of Public Enterprises (BPE). The BPE implements the policies of the Council and prepares the enterprises approved by the Council for privatisation.<sup>200</sup>

Despite the robust framework of the Act, its implementation and design have revealed several significant gaps, including weak definitions and a lack of clarity.<sup>201</sup> This gap is significant, as it is crucial to have a clear definition that will attract investors to partner with the government. Poor monitoring and post-transaction performance are another key gap. Because the facility or infrastructure is critical to the economy, the government's failure to monitor growth and management may lead to poor management, resulting in the loss of huge state resources and the possible collapse of key infrastructures, which could further lead to bankruptcy and unemployment.

## **5.7 Justice, Governance and Institutions**

While it is imperative to strengthen and address gaps in existing business and economy-related legal frameworks, it is equally important to ensure that key legal frameworks guiding institutions and the justice systems are also supportive of the business environment. Nigeria's legislative framework for justice, governance, and institutions is based on the 1999 Constitution (as amended), supplemented by key statutes such as the Public Procurement Act 2007, the EFCC Act 2004, the ICPC Act 2000, and several others. These laws collectively aim to strengthen transparency, accountability, and good governance. However, weak institutional enforcement, overlapping mandates, inadequate manpower/expertise, and political interference continue to erode public confidence and the rule of law. To advance effective governance, Nigeria must prioritise institutional independence, harmonise legal frameworks, enhance compliance mechanisms, and deepen civic participation in governance processes.

### **5.7.1 The 1999 Constitution of the Federal Republic of Nigeria (as Amended)**

The 1999 Constitution, as amended, remains the supreme legal instrument guiding Nigeria's democracy. It was enacted to restore civilian governance after years of military rule and to provide a stable framework for unity, justice, development, and the rule of law. Its stated purpose was to promote federalism, guarantee fundamental rights, and ensure a balanced distribution of power among the three tiers of government. The preamble, beginning with "We the People of the Federal Republic of Nigeria,"<sup>202</sup> Expresses a vision of collective sovereignty and a renewed national identity.

Despite its broad scope and several amendments, the Constitution continues to face significant criticism from schol-

196 Section 1, Infrastructure Concession Regulatory Commission Act

197 Overview of legal framework for PPPs in Nigeria (Isah 2025) notes the Act is the principal legislation... assessed in November 2025 [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=5159888](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=5159888)

198 Transparency issues noted in the article.. assessed on 7<sup>th</sup> November, 2025 [https://guardian.ng/features/focus/icrc-act-still-in-search-of-public-trust-accountability-in-ppp-pacts/?utm\\_](https://guardian.ng/features/focus/icrc-act-still-in-search-of-public-trust-accountability-in-ppp-pacts/?utm_)

199 Section 1 and 2, Public Enterprises (Privatisation and Commercialisation) Act 1999

200 Otiye Igbuzor: Privatisation in Nigeria: Critical Issues of Concern to Civil Society Programme Co-Ordinator Centre for Democracy and Development

201 Paul Obo Idornigie, PhD, BL, FCIS, MCI(Arb), Privatisation and Commercialisation of Public Enterprises in Nigeria

202 Constitution of the Federal Republic of Nigeria (1999, as amended).

ars, practitioners, and civil society.

- a) Questions of legitimacy persist because a military decree promulgated the Constitution without a fully participatory, people-driven process. Many scholars describe it as a “military-authored document” rather than a product of national consensus.<sup>203</sup> This foundational legitimacy crisis creates persistent political instability and uncertainty. For investors, an unstable constitutional framework poses a significant risk, as it suggests that the country’s fundamental rules could be subject to sudden, non-democratic changes.
- b) Second, Nigeria’s federal structure remains overly centralised. The Exclusive Legislative List concentrates critical powers such as policing and resource control at the federal level, leaving states financially dependent on federal allocations. This undermines efficiency and accountability in governance. On the issue of policing, state governors, despite being “Chief Security Officers,” have no real power to direct police forces during a crisis (like kidnapping or vandalism). This security vacuum directly threatens businesses, which are unable to protect their assets or personnel, making investment in insecure areas untenable. It also creates an inefficient, “one-size-fits-all” regulatory environment that stifles economic innovation at the sub-national level.
- c) The federal government, which holds the funds, is simultaneously protected from any legal obligation to *spend* those funds on public services like education or healthcare. This is due to the non-justiciability of socioeconomic rights under Chapter II, an often-overlooked economic gap, which translates to an uneducated, unhealthy, and low-productivity workforce. It forces companies/investors to spend more on remedial training and private health-care for employees, increasing operational costs and reducing competitiveness.<sup>204</sup>
- d) Weak institutional checks and balances reduce accountability. Executive dominance over judicial appointments and the legislature, coupled with broad immunity clauses for top officeholders, prevents them from being held accountable for their actions while in office. This fosters a climate of impunity and high-level corruption. Businesses are undermined when public officials can breach contracts or engage in corrupt practices without fear of legal consequences, making the business environment unpredictable and high-risk.

### 5.7.2 The Freedom of Information Act 2011

There was the problem of a veil of secrecy pervading public institutions in Nigeria. The result is that journalists and the populace are denied access to information that is critical for accurate reporting and unravelling the web of corruption in Nigeria. There was a dearth of accountability and transparency within the public sector, and information was hoarded, leading to injustice and unchecked corruption in the public sphere. For businesses, the lack of relevant information to guide investment decision-making poses a major challenge.

The Freedom of Information Act 2011, was promulgated to give Nigerians access to information, provide for public access to public records and information, protect public records and information to the extent consistent with the public interest and the protection of personal privacy, protect serving public officers from adverse consequences of disclosing certain kinds of official information without authorisation and establish procedures for the achievement of those purposes and; for related matter<sup>205</sup>.

Despite the successes recorded in the implementation of the Act, a few gaps, such as an over-reliance on judicial enforcement, are fraught with profound challenges that undermine the Act’s accessibility and effectiveness. Litigation in Nigeria is notoriously expensive, complex, and time-consuming, placing it beyond the reach of the average citizen.<sup>206</sup> It means that where a government agency refuses to provide information, the only option is a costly lawsuit that can take years. For businesses, this is devastating. It makes it impossible to conduct timely due diligence on public contracts, verify regulatory compliance, or expose anti-competitive practices, forcing companies to operate in an opaque and high-risk environment.

Decades of poor record-keeping culture in government institutions make it nearly impossible to access the requested information within a reasonable time, as the information simply doesn’t exist in an organised way. This systemic failure undermines transparency laws and creates significant uncertainty for investors. Businesses thrive on data and predictability; an environment where public records are missing or unreliable is one where risk cannot be adequately assessed. Section 9 of the Act obligates institutions to ensure the proper organisation and maintenance of all information in a manner that facilitates public access.<sup>207</sup> However, decades of poor records management practices, character-

<sup>203</sup> Arowosegbe, Jacob O.). “Revisiting the Legitimacy Question of the Nigerian 1999 Constitution.” *Global Constitutionalism*, University of Van Pretoria.

<sup>204</sup> Non-Justiciability of Chapter II of the Nigerian Constitution as an Impediment to Economic Rights and Development - ResearchGate, accessed on November 13, 2025, [https://www.researchgate.net/publication/282816601\\_Non-Justiciability\\_of\\_Chapter\\_II\\_of\\_the\\_Nigerian\\_Constitution\\_as\\_an\\_Impediment\\_to\\_Economic\\_Rights\\_and\\_Development](https://www.researchgate.net/publication/282816601_Non-Justiciability_of_Chapter_II_of_the_Nigerian_Constitution_as_an_Impediment_to_Economic_Rights_and_Development)

<sup>205</sup> Freedom of information act.pdf, accessed on October 29, 2025, [https://www.cbn.gov.ng/foi/freedom per cent20of per cent20information per cent20act.pdf](https://www.cbn.gov.ng/foi/freedom%20of%20information%20act.pdf)

<sup>206</sup> (PDF) 10 Years of Freedom of Information Act in Nigeria: The Journey So Far, Prospects and Challenges among Media Practitioners - ResearchGate, accessed on October 29, 2025, [https://www.researchgate.net/publication/355069755\\_10\\_Years\\_of\\_Freedom\\_of\\_Information\\_Act\\_in\\_Nigeria\\_The\\_Journey\\_So\\_Far\\_Pro Prospects\\_and\\_Challenges\\_among\\_Media\\_Practitioners](https://www.researchgate.net/publication/355069755_10_Years_of_Freedom_of_Information_Act_in_Nigeria_The_Journey_So_Far_Pro Prospects_and_Challenges_among_Media_Practitioners)

<sup>207</sup> Improve Compliance with Freedom of Information Act with Focus on Records Management (NG0023) - Open Government Partnership, accessed on October 29, 2025, <https://www.opengovpartnership.org/members/nigeria/commitments/NG0023/>

ised by a reliance on manual paper-based systems and a lack of investment in modern Electronic Data Management Systems (EDMS), mean that information is often disorganised, difficult to locate, and sometimes impossible to retrieve in a timely fashion.

The FOIA's sanctions regime is poorly structured to drive day-to-day compliance, rendering it a "paper tiger" in the face of widespread institutional disregard. The Act provides for two main penalties: a fine of up to ₦500,000 for wrongful denial of access (Section 7(5) and a minimum of one year's imprisonment for the wilful destruction of records (Section 10). While these appear strong on the surface, their effectiveness is minimal in practice. The ₦500,000 fine is a civil penalty that can only be imposed by a court at the conclusion of a whole judicial review process; it is not an administrative penalty that an oversight body could apply swiftly and efficiently. Public officials can simply ignore FOI requests with zero consequences. This culture of impunity directly enables corruption. It allows for the mismanagement of public funds (which businesses pay through taxes). It conceals corrupt procurement practices, undermining fair competition and diverting public resources that could be allocated to infrastructure.

Most critically, there are no specified administrative sanctions for the most common and pervasive breaches of the Act: the failure of an institution to respond to a request within the 7-day statutory deadline and the failure to submit the mandatory annual report required by Section 29. As noted in Nigeria's Open Government Partnership (OGP) action plans, the lack of specified consequences for procedural non-compliance has fostered a culture of impunity, where institutions can disregard the Act's core obligations with little fear of repercussions.<sup>208</sup>

### 5.7.3 The Nigerian Police Act

The Nigeria Police Act which defines the hierarchical, administrative and organisational structure of the Nigeria Police Force as a law enforcement agency in Nigeria saddled with the responsibility of and detecting preventing crimes (as well as protection of rights of every person) in Nigeria derives its potency from Section 214 of the 1999 Constitution which establishes the Nigeria Police Force and empowers the National Assembly to enact a law regulating the activities of the Nigerian Police Force.<sup>209</sup> The Act outlines the functions of the Nigeria Police, amongst others, in Section 3 of the Act, to include the maintenance of public safety, law and order.<sup>210</sup>, and the protection of the lives and properties of all people<sup>211</sup> And enforce all laws and regulations without prejudice to the enabling Acts of other security agencies.

The legal framework is limited by a number of factors. Centralisation of the powers of the Police is a major gap. Section 6 of the Police Act shows that state governors are members of the Police Council, but realistically speaking, the State Governors have little or no direct control over the Commissioner of Police in their respective states, despite being paraded as the Chief Security Officers of the states they govern. In perspective, during a kidnapping, riot, or bandit attack, the state governor cannot deploy the police. He must request help from the IGP, who reports to the President. This bureaucratic delay creates a security vacuum that is devastating for businesses and investors. It means assets can be destroyed and staff harmed long before help arrives. This single gap is a primary driver of insecurity and a massive deterrent to investment.<sup>212</sup>

The centralised structure means police officers are often "posted" from other regions, lacking familiarity with the local terrain, culture, and criminal elements. This means that the police in a particular community are unfamiliar with the community, its people, or the regional risks. This has a negative impact on the business environment, as the Police appear reactive rather than preventive. It also means there is no reliable national crime data<sup>213</sup> for businesses to use in their risk assessments, making it impossible to plan for security needs effectively.

The Nigeria Police Force is understaffed to meet up, and there is no transparency in the recruitment process, making it practically difficult for those who are qualified for the job to get enlisted in the Police Force.

### 5.7.4 Public Procurement Act 2007

The Public Procurement Act (PPA) 2007 was enacted to promote transparency, accountability, and efficiency in the management of public funds in Nigeria.<sup>214</sup> It marked a decisive shift from opaque and discretionary spending practices to a rules-based system intended to ensure value for money in public contracting. The Act established the Bureau of Public Procurement (BPP) as the regulatory authority responsible for setting standards, monitoring procurement processes, and ensuring that government contracts are awarded transparently, fairly and competitively. Its purpose was to institutionalise good governance, curb corruption in public spending, and foster confidence among investors and citizens in the integrity of government transactions.<sup>215</sup>

<sup>208</sup> FOIA Compliance for Disclosure (NG0011) - Open Government Partnership, accessed on October 29, 2025, <https://www.opengovpartnership.org/members/nigeria/commitments/NG0011/>

<sup>209</sup> See Sections 5, 6, 7 and 8 of the Nigeria Police Act, Cap P.19, LFN (Laws of the Federation), 2020

<sup>210</sup> Ibid at Section 3(b)

<sup>211</sup> Ibid at Section 3(c)

<sup>212</sup> Decentralising the Nigerian Police Force: A Plausible Approach to Hinterland Securities, accessed on November 13, 2025, <https://digital-commons.usf.edu/jacaps/vol5/iss2/10/>

<sup>213</sup> Organised Crime Research And Resilience Initiative, "In Search Of a Nigerian Police Central Criminal Data and Database and a Nigerian Police Managed Centralised law Enforcement Database in the 21<sup>st</sup> Century" accessed on 13<sup>th</sup> November, 2025 <https://cocpng.org/articles/profile/15>

<sup>214</sup> Public Procurement Act, 2007, Federal Republic of Nigeria.

<sup>215</sup> Bureau of Public Procurement (BPP) Annual Reports (2021–2024);

Over time, however, several gaps have limited the effectiveness of the Act. The most critical challenge is implementation inconsistency. While the Act provides a clear framework for open and competitive procurement, compliance across ministries, departments, and agencies has been uneven. Many institutions either circumvent the law through contract splitting or rely on emergency procurement provisions to bypass due process. The lack of effective sanctions has created an environment where violations are frequent, but accountability is rare.<sup>216</sup>

Another significant weakness lies in the centralisation of authority in the Bureau of Public Procurement without corresponding institutional capacity. The BPP is mandated to regulate and monitor thousands of procurement entities across the federation, but remains under-resourced, under-staffed and sometimes politically constrained. The process of “no-objection” certification has become bureaucratic and, in some cases, politicised, slowing down legitimate projects and creating opportunities for influence-peddling.

The Act also fails to address state-level procurement systems adequately. Because procurement is not listed in the Exclusive Legislative List, states are expected to enact their own procurement laws. As a result, there is wide variation in standards and enforcement across the federation, with some states lacking functional procurement frameworks altogether. This fragmentation undermines national integrity and transparency in public expenditure.

Another emerging issue is the limited integration of technology and data transparency. Although the global trend has shifted toward e-procurement systems that enable the real-time publication of contract awards, bidder information, and project performance, Nigeria’s system remains manual and opaque. This has reduced opportunities for public oversight and civil society participation.<sup>217</sup>

The Public Procurement Act remains one of the most important accountability tools in Nigeria’s governance system. When implemented with integrity, it can save billions of naira, enhance public trust, and strengthen development outcomes. The challenge is not the absence of laws but the courage to enforce them with fairness and consistency.

### **5.7.5 Evidence Act 2011**

The Evidence Act was principally enacted to guide the judiciary in managing the admissibility of documents in trials. The primary purpose of the Evidence Act, 2011, is legislative and procedural: it was enacted to repeal the Evidence Act, Cap. E14, Laws of the Federation of Nigeria, and enact a new Evidence Act which shall apply to all judicial proceedings in or before Courts in Nigeria. This Act also took into consideration tendering and the admission of electronic evidence, such as computer evidence.

The Act’s operational purpose is to govern the admissibility of information in legal settings, ensuring that:

a) Relevancy and Admissibility are Regulated: Evidence may be given in any suit or proceeding regarding the existence or non-existence of every fact in issue and of such other facts as are hereafter declared to be relevant, and of no others.<sup>218</sup> It provides that all evidence given in accordance with these rules shall be admissible in judicial proceedings, unless explicitly excluded by law.

b) Modernisation: It aims to highlight developments in some areas of the Law of Evidence, most notably by setting conditions for the admissibility of statements in documents produced by computers.<sup>219</sup>

c) Procedural Framework: The Act establishes the rules governing Hearsay, Opinion and Character Evidence, sets guidelines for Documentary Evidence, and dictates the Burden of proof in proceedings.

The Act is designed to be universally applied by all Courts of record in Nigeria. Relevancy and Admissibility are Regulated: Evidence may be given in any suit or proceeding regarding the existence or non-existence of every fact in issue and of such other facts as are hereafter declared to be relevant, and of no others.

Despite the potential of the law, there are gaps that undermine its effectiveness and impact. The Nigerian Evidence Act 2011 (As amended) is a technical piece of legislation with its relevance cutting across almost every trial proceeding, and like most pieces of legislation, it has its gaps, one of which is the limiting section 84 of the Act to computer-generated documents without specifically encompassing digital forensic evidence. This lack of clarity raises concerns about the admissibility of such evidence in court proceedings, potentially hindering successful prosecutions of cyber offences. The absence of a standardised approach towards the admissibility of digital forensic evidence and varying levels of technical expertise within the legal system further complicate the situation. The lack of a clear and unified process for handling digital forensic evidence hinders efficient prosecution and leaves room for exploitation by cybercriminals, putting both individuals and critical infrastructure at risk.

Another gap is the Constitutional constraint and over-protection of certain fundamental rights guaranteed by the Constitution, which are interpreted in a way that leads to the over-protection of the accused against the state. Provisions like Section 35(2) of the 1999 Constitution as Amended (right to remain silent until consultation with lawyers) and Section 36(11) (right not to be compelled to give evidence) restrict the means of proving a case, especially given the complexity of economic and financial crimes committed across multiple jurisdictions.

216 Nigerian Journal of Public Administration, 15(1);

217 World Bank: Nigeria Country Procurement Assessment Report. Assessed on 4<sup>th</sup> November, 2025

<https://documents1.worldbank.org/curated/en/598041468775819821/pdf/multi0page.pdf>

218 Section 1 of the Evidence Act 2011

219 Section 84 of the Evidence Act

### 5.7.6 Economic and Financial Crimes Act 2004

The Economic and Financial Crimes Commission Act established the Economic and Financial Crimes Commission. The Act grants the Commission extraordinary powers, including the authority to investigate the assets of individuals whose lifestyle is not justified by their income, as well as the power to investigate, prosecute, and recover assets related to economic and financial crimes. The Economic and Financial Crimes Commission Act has a nationwide reach in investigating and prosecuting at the federal, state, and Local Government Area levels. The Act mandates the Commission to investigate and enforce laws against illicit activities that destabilise the economy. “Economic and Financial Crimes” themselves are defined broadly as non-violent criminal and illegal activities aimed at earning wealth illegally, thereby violating existing legislation governing the economic activities of the government and its administration.

Critics have consistently identified political interference, inadequate funding, legal loopholes, and slow judicial processes as significant impediments. These factors have contributed to low conviction rates and diminished public confidence. According to Transparency International's 2023 Corruption Perception Index, Nigeria continues to score poorly, indicating the need for deeper reforms, greater autonomy for anticorruption bodies, and more robust institutional accountability mechanisms.<sup>220</sup>

The Act is currently under review after more than two decades of its existence. The review seeks to address identified gaps that have generated a lot of debate. A key gap is outdated scope and definitions. The Act's original provisions do not adequately cover emerging offences such as cyber-fraud, crypto-assets, international illicit financial flows, complex money-laundering via real estate, etc. Criminals are using new technologies (like crypto) and sophisticated methods (like luxury real estate) to launder money, and the EFCC's legal toolkit is outdated. This allows ill-got gains to be easily washed and injected into the legitimate economy (e.g., real estate), distorting markets, inflating asset prices, and making it difficult for legitimate businesses to compete.

Another major issue is political Interference: The EFCC lacks sufficient insulation from political interference as allowed by the current Act, which gives the president vast discretionary power to remove the EFCC Chairman (or commission members) for “inability to discharge duties” or “misconduct”, etc. This influence has in the past been the reason for selective enforcement. This means the EFCC's leadership can be fired for investigating politically connected individuals, and it is a major red flag for the business environment. It signals that the ‘rules of the game’ are not applied equally, and politically backed competitors can engage in corrupt practices without fear. It destroys the level playing field essential for investment.

The EFCC is also beset by a weak asset recovery and management framework: While the Act gives the EFCC powers for asset recovery, implementation has revealed gaps in transparency, accountability and effectiveness of recovered-asset management. There is a substantial lack of robust tracking of recovered assets, unclear reinvestment mechanisms, overlap of mandates between agencies, and possible delays in disposal or management of confiscated property.<sup>221</sup> This lack of transparency could mean the recovered funds (which are public money) are not returned to the treasury to be used for infrastructure or public services. It undermines faith in the entire anti-corruption process.

### 5.7.7 Public Complaints Commission Act

The purpose of this Act is to establish wide powers to enquire into complaints by members of the public concerning the administrative action of any public authority, companies, or their officials and other matters ancillary thereto. The commission is aimed at promoting social justice for individual citizens and providing a viable option for Nigerians and anyone resident in the country seeking redress against injustice arising from administrative bureaucratic errors, omission or abuse by officials of government or limited liability companies in Nigeria.

This legal framework has been beset by several challenges. One issue is that the weak sanctions and enforcement powers stem from Section 8 of the Act, which stipulates a penalty. The penalties for obstruction or false statements are only a ₦500 fine or six months' imprisonment. This renders the Commission ineffective against non-compliant agencies. Moreover, its remedial powers are limited to recommendations without enforcement authority.<sup>222</sup> This means there is no effective, low-cost way to resolve disputes involving administrative injustice (e.g., unfair taxes, permit delays, regulatory abuse). It forces every minor grievance into the slow and expensive court system, increasing the cost and risk of doing business.

Another issue is the weak enforcement of recommendations. Although the PCC can investigate and make recommendations (Section 7), it has no binding power to compel compliance. Many ministries and agencies ignore PCC decisions.<sup>223</sup>

Funding and resource constraints also undermine the effectiveness of the Act and the Commission. The Commission's leadership is appointed by the executive, and it remains heavily reliant on federal allocations, which are often delayed

220 Ndifreke Umoudo Ph.D , Ebong, Itores Basse Ph.D , Umoren Mfon Sunday... MSI Journal of Economics and Business Management International: Economic and Financial Crimes Commission and The Fight Against Corruption in Nigeria, An Overview (2012-2022)

221 Tope Omobolagun... assessed on November [https://businessday.ng/news/article/senate-moves-to-cut-efcc-icpc-powers-create-asset-recovery-agency/?utm\\_source=chatgpt.com](https://businessday.ng/news/article/senate-moves-to-cut-efcc-icpc-powers-create-asset-recovery-agency/?utm_source=chatgpt.com) <https://businessday.ng/>

222 *Administrative law and dearth of ombudsman in the Nigeria Public Service. International Journal of Research Publication and Reviews (IJRPR)*, Vol. 5 Issue 8 (2024): “Challenges and Prospects of Public Complaints Commission in Nigeria.”.....assessed on 3<sup>rd</sup> November, 2025 [ijrpr.com/uploads/V5ISSUE8/IJRPR32414.pdf](https://www.uploads/V5ISSUE8/IJRPR32414.pdf)

223 *IJRPR*, 2024 (ibid.); also *The Nation (Nigeria)*, 5 June 2023: “Why PCC Decisions Are Rarely Implemented

or insufficient.<sup>224</sup> This lack of funding and independence restrains it from functioning effectively, leaving citizens and businesses without a credible advocate against government malpractice.

Lastly, low resolution and public awareness also undermine the PCC. The Commission resolved only 41 per cent of lodged complaints between 2018 and 2022, indicating low efficiency and public trust. In fact, many citizens are unaware of its existence.<sup>225</sup>

### 5.7.8 National Human Rights Commission (Amendment) Act 2010

The National Human Rights Commission Act was promulgated to facilitate Nigeria's implementation of its various treaties and obligations, which include the Universal Declaration of Human Rights, the International Convention on the Elimination of All Forms of Racial Discrimination, and the African Charter on Human and Peoples' Rights<sup>226</sup>.

Overall, the Federal Government aims to create an enabling environment for extrajudicial recognition, promotion, and enforcement of all rights recognised and enshrined in the Constitution. The Act grants the Commission express powers to investigate abuses, compel the attendance of persons, acquire evidence, award compensation, and have its decisions enforceable like those of a High Court.

Challenges with the Act are numerous. Although the Act establishes NHRC as an independent corporate body with a Governing Council and Executive Secretary appointed by the President, Appointments are still controlled by the executive; removals have been politically influenced.<sup>227</sup> The Commission has limited independence. This often makes it silent or ineffective in cases of state-sponsored abuse or when powerful political interests are involved. For businesses, this is part of a wider rule-of-law problem. An environment where the state's own Human Rights Commission is not independent is not an environment that respects the rule of law, which is a key prerequisite for investment.

Weak compliance and non-binding recommendations are other key gaps. Although the NHRC conducts reviews under Section 5 of the Act, suggestions are rarely acted upon by ministries or the legislature.<sup>228</sup> Section 6 of the Act, the NHRC has the power to authorise investigations, summon, and make recommendations for prosecution or compensation. However, it cannot enforce its findings; it still has to defer to the judiciary to adjudicate over the issues. This causes unnecessary bottlenecks in achieving speedy justice.<sup>229</sup>

The NHRC is also still heavily reliant on federal allocations, which may be delayed or insufficient. This reliance on the Federal Government for funding erodes the autonomy of the Commission.<sup>230</sup> In addition, the Commission has weak enforcement pathways such that, until its decisions are registered at the federal high court, or the FCT high court, or the high court of a state, they are not enforceable. As a result of this dual enforcement structure, even though the Commission's decisions can be registered in court and enforced as judgments, many investors remain unaware of this and therefore hesitate to petition the NHRC, believing its choices to be unenforceable, especially since the Commission itself lacks the coercive power to enforce its own findings.

There is a need for a wider institutional reach. Many state offices are underfunded, and the rural areas are unaware of the presence and function of the NHRC. Although Section 17 of the NHRC Act mandates it to submit an annual report to the President and the National Assembly, the Reports are often delayed with little or no government follow-up. This raises issues of non-transparency.<sup>231</sup>

### 5.7.9 Administration of Criminal Justice Act 2015

The purpose of the Administration of Criminal Justice Act (ACJA) is to ensure speedy dispensation of justice, protection of society from crime, and protection of the rights and interests of the suspect, the defendant, and the victim.<sup>232</sup>

Much as the ACJA has achieved much in our criminal justice system, it still grapples with challenges. Weak enforcement of the provisions of the ACJA remains largely ignored. A key example is Section 34, which mandates that magistrates conduct monthly inspections of police detention facilities to prevent unlawful detention. However, in practice, compliance is rare, and thousands remain in pre-trial detention in violation of section 293<sup>233</sup>. There is also the issue of remand proceedings, which has a direct business impact by taking skilled labour out of the economy, fostering social instability, and demonstrating a dysfunctional justice system. It also means that in any commercial dispute that turns

<sup>224</sup> *ThisDay* (27 Sept 2024): "49 Years After Establishment, Complaint Commission Crippled by Funding Gaps – Mamman." Assessed on 3<sup>rd</sup> November, 2025, [thisdaylive.com](https://thisdaylive.com)

<sup>225</sup> *TheCable* (2023): "Public Complaints Commission Resolved Only 41 per cent of Cases in Four Years." Assessed on 3<sup>rd</sup> November, 2023, [thecable.ng](https://thecable.ng)

<sup>226</sup> Preamble NHRC Act (As Amended) 2010

<sup>227</sup> Amnesty International Public Statement. Nigeria: Independence of National Human Rights Commission Under Threat...assessed on 4<sup>th</sup> November, 2025  
<https://www.amnesty.org/en/wpcontent/uploads/2021/07/afr440092009en.pdf?utm>

<sup>228</sup> <https://www.vanguardngr.com/2020/02/csos-write-nhrc-to-intervene-over-alleged-bills-contravening-citizens-rights/> Assessed on 4<sup>th</sup>, November, 2025

<sup>229</sup> <https://omaplex.com.ng/analysing-the-role-of-the-national-human-rights-commission-in-protecting-victims-of-corporate-and-state-abuse/>

<sup>230</sup> Section 12-16 NHRC Act

<sup>231</sup> Assessed on 4<sup>th</sup>, November, 2025 Guardian (2024) • NHRC Strategic Plan 2019-2022  
<https://www.nigeriarights.gov.ng/files/publications/June26StrategicPlan2019to2022.pdf?utm>

<sup>232</sup> The Administration of Criminal Justice Act 2015

<sup>233</sup> *ibid*

criminal, an employee or partner could be “lost” in the system for years, creating massive legal and operational risk for businesses.

Corruption and institutional resistance continue to frustrate reforms. Police investigators demand illegal fees for bail, court registries manipulate files, and prison officials collaborate with lawyers to delay production of defendants for trial. Some judges are also complicit in unnecessary adjournments. This negatively impacts the business environment, as it cannot rely on the justice system. It adds unofficial “costs” to every interaction with the legal system and signals that justice is for sale to the highest bidder, not a right.

There is also uneven implementation across states. Although all 36 states have domesticated the ACJA, some states have established functional criminal justice monitoring committees to ensure compliance, while others have simply domesticated it without any operational mechanisms. The absence of Federal oversight undermines the uniformity that the ACJA intended to achieve.<sup>234</sup> This lack of a uniform legal standard makes it difficult for businesses to operate nationwide, as their legal risks and compliance strategies vary from state to state.

#### **5.7.10 The Corrupt Practices and Other Related Acts 2000**

The Corrupt Practices and Other Related Offences Act 2000 established the Independent Corrupt Practices and Other Related Offences Commission (ICPC) as one of Nigeria’s key institutions for combating corruption.<sup>235</sup> Its enactment reflected the national resolve to address a long-standing crisis of integrity in public life, promote accountability in governance, and restore citizens’ trust in the state. The purpose of the Act was to prohibit and prescribe punishment for corrupt practices and related offences, to curb abuse of public office, and to create a preventive and enforcement mechanism for maintaining ethical conduct in both public and private sectors.

Over the years, the ICPC Act has made significant contributions through investigations, prosecutions, and public enlightenment campaigns. However, its effectiveness remains limited by legal, institutional, and political constraints. The first significant gap lies in the scope of its powers. While the Act empowers the ICPC to investigate and prosecute corruption cases, these powers often overlap with those of other agencies such as the Economic and Financial Crimes Commission (EFCC) and the Code of Conduct Bureau. This duplication leads to jurisdictional conflicts, delays, and fragmented enforcement.

Lack of financial and operational independence. Despite being described as an “independent” body, the ICPC’s funding, appointments, and operational autonomy remain subject to executive influence. This dependency undermines public confidence and limits the Commission’s capacity to act without fear or favour. Moreover, the Act focuses more on punitive measures than on preventive systems. The absence of robust mechanisms for asset recovery, whistleblower protection, and institutional integrity audits has weakened its deterrent value.

The prosecution process is also cumbersome. Section 61 requires the consent of the Attorney-General of the Federation before prosecution can proceed. This legal bottleneck compromises prosecutorial independence and can be exploited for political purposes. Furthermore, penalties prescribed under the Act no longer reflect the gravity or contemporary realities of corruption in Nigeria. They require upward revision to ensure proportional deterrence.

Another critical gap is the limited coverage of private-sector corruption, which remains one of the major drivers of public sector compromise. Corruption thrives at the intersection between public officers and private beneficiaries, yet enforcement often targets only public officials. The Act should explicitly extend its reach to corporate governance practices, public procurement processes, and political party financing.

#### **5.7.11 The Child Rights Act 2003**

The Child’s Rights Act (CRA) 2003 was enacted to domesticate the United Nations Convention on the Rights of the Child (UNCRC) and the African Charter on the Rights and Welfare of the Child. Its central purpose was to protect the dignity, survival, development, and participation of every Nigerian child.<sup>236</sup> The Act consolidates various laws relating to children into a single, comprehensive framework that guarantees their rights to education, health, family life, protection from abuse, and access to justice.<sup>237</sup> It defines a child as anyone below 18 years.<sup>238</sup> It also places on parents, the state, and the community a shared responsibility to ensure that no child is deprived of basic needs or opportunities.

Two decades after its enactment, the Child’s Rights Act remains one of Nigeria’s most progressive pieces of legislation, yet its impact has been uneven and limited. The most visible limitation is the failure of full domestication across all states of the federation. Because Nigeria operates a federal system, laws on child welfare require adoption by state legislatures. As of now, several northern states have yet to fully domesticate or implement the Act, largely due to cultural, religious, and political resistance. This has resulted in a patchwork of protection standards, leaving millions of children vulnerable to early marriage, child labour, and neglect, depending on their state of residence. This cascades into a significant long-term economic threat. It deprives the economy of an educated and healthy future workforce. It creates substantial supply-chain risks (e.g., child labour) that can expose Nigerian and international companies to legal

<sup>234</sup> Femi Falana, SAN “A Decade of the ACJA: Charting the Course of Criminal Justice Reform in Nigeria. Delivered on 23<sup>rd</sup> October, 2025

<sup>235</sup> Corrupt Practices and Other Related Offences Act, 2000

<sup>236</sup> Sections 4-14 of the Child’s Rights Act 2003

<sup>237</sup> Ibid

<sup>238</sup> Section 277 of the Child’s Rights Act 2003

and reputational damage.

Another challenge lies in weak enforcement and institutional capacity. Many provisions of the Act, including those on child protection units, family courts, and foster care systems, exist more on paper than in practice. The lack of funding, dearth of trained personnel/judicial officers, and coordination among agencies have severely limited effective implementation. In many communities, children's rights remain poorly understood, and social norms continue to normalise practices that violate the very spirit of the law. This systemic failure in social services contributes to high levels of out-of-school children, social instability, and a cycle of poverty, all of which are detrimental to a stable, long-term business environment.

To strengthen the Child's Rights Act, there is an urgent need for nationwide harmonisation and implementation. The federal and state governments must collaborate to ensure full domestication, backed by sustainable funding and public education campaigns that address cultural barriers. Dedicated child protection agencies and family courts should be established or strengthened in every state to provide accessible justice and welfare services.

The Act should also be updated to respond to contemporary threats, including cyber abuse and child displacement due to insecurity. Furthermore, partnerships with civil society, faith-based organisations, and traditional institutions should be deepened to build community ownership and transform social norms.

The Child's Rights Act remains a moral and legal commitment to the future of Nigeria. Its promise can only be realised when every child, regardless of background or location, enjoys equal protection and opportunity. Upholding this law is not merely a legal obligation but a test of our collective humanity and vision for a just and inclusive nation.

### 5.7.12 Electoral Act 2022<sup>T</sup>

The Electoral Act 2022 represents a comprehensive overhaul of Nigeria's electoral framework, superseding the 2010 legislation. Enacted on 25 February 2022 following extensive stakeholder consultation, the Act institutionalises technological innovations, including biometric voter accreditation and electronic results transmission, whilst strengthening regulatory oversight of political parties.<sup>239</sup> Proponents contend that credible electoral processes constitute essential preconditions for political stability and investor confidence, arguing that "economic reforms without political reforms are unsustainable".<sup>240</sup>

The Act substantially expanded the mandate of the Independent National Electoral Commission (INEC). Section 9(5) mandates maintenance of the National Register of Voters in electronic format,<sup>241</sup> Whilst section 84 grants INEC supervisory authority over party primaries, rendering conventions conducted without INEC notification invalid. Section 62 establishes the National Electronic Register of Election Results (NERR) at INEC headquarters, allowing candidates to obtain certified copies of the results.

The Act's implementation during the 2023 General Elections, however, exposed significant legislative ambiguities and enforcement deficits, which led to disenfranchisement of voters, thus requiring urgent amendment. INEC's enforcement capacity remains constrained. Although the Commission has prosecutorial powers for electoral offences<sup>242</sup> (e.g., vote buying, ballot-box snatching), its legal department remains overwhelmed by thousands of petitions for investigation and prosecution,<sup>243</sup> And penalty enforcement has proven inadequate. In reality, cheating in an election has no real consequences. This encourages a culture of "do-or-die" politics, where the path to power is through violence and fraud, not public support. This leads to a government that is not accountable to the people, but rather to its political patrons, resulting in poor governance, corruption, and policies that do not foster a fair and open business environment.

There is also the issue of legislative ambiguity with respect to electronic result transmission. While section 60(5) requires presiding officers to 'transfer' results in a manner as prescribed by the Commission, the provision fails to mandate electronic transmission explicitly. This lacuna proved critical when INEC's Results Viewing Portal (IReV) experienced system failures during the 2023 elections. Courts subsequently held that manual result transmission remained valid and that electronic upload failures did not vitiate elections. The portal's malfunction severely undercut the credibility of the results. This single gap destroyed public and investor confidence in the election's transparency. Political instability is the number one enemy of investment. When elections are not seen as credible, it leads to protests, social unrest, and policy uncertainty, creating a high-risk environment where no long-term investment is safe.

<sup>239</sup> European Union Election Observation Mission, 'Nigeria Final Report: General Elections 2023' (EEAS, 2023) <[https://www.eeas.europa.eu/sites/default/files/eu\\_efm\\_nigeria\\_final\\_report.pdf](https://www.eeas.europa.eu/sites/default/files/eu_efm_nigeria_final_report.pdf)> accessed 4 November 2025

<sup>240</sup> Okoghenun E, 'Economic Gains vs Political Deficits: The Other Reform Nigerians Demand For' *Businessday NG* (Lagos, 12 September 2024)

<sup>241</sup> Electoral Act 2022 (Nigeria), s 9(5)

<sup>242</sup> Section 145 of the Electoral Act;

<sup>243</sup> Policy and Legal Advocacy Centre, 'Assessing Electoral Act 2022 Implementation and Gaps after the 2023 Elections' (PLAC, 2025) <<https://placng.org/i/wp-content/uploads/2025/10/Assessing-Electoral-Act-2022-Implementation-and-Gaps-after-the-2023-Elections.pdf>> accessed 4 November 2025

# Conclusion & Recommendation



## 6.1 Conclusion

This report assesses the legislative actions needed to enhance the business environment and economic transformation in Nigeria. Based on the desk review, the structural, institutional and regulatory challenges undermining the business environment are identified. The specific role and efforts of the National Assembly in supporting economic development and enhancing a conducive business environment through lawmaking, oversight and representation are also emphasised. In addition, the report identifies key gaps in existing legal frameworks regulating key sectors and issues and suggests recommendations for plugging these gaps to ensure macroeconomic stability, investment and a business-friendly ecosystem.

Based on the analysis in this report, it is noted that the government in recent years have invested in policy reforms to transform the economy and create an enabling environment for businesses. The National Assembly, between the 8<sup>th</sup> and 10<sup>th</sup> Assembly, have also proposed and enacted economy and business-related legislations focusing on infrastructure development, private sector development, SMEs support, ease of doing business, fiscal policy, taxation, trade facilitation, economic diversification, and labour and employment. At the same time, the reforms are beginning to show signs of positive impacts, but key issues that undermine the business environment persist, ranging from inadequate finance, poor infrastructure, regulatory and institutional lapses, depreciating exchange rate, insecurity, and manpower constraints. Besides, despite recent reforms aimed at supporting the business environment and economic transformation, key provisions in existing and new legislation continue to encumber the business environment. Drawing insights from the analysis of the legal frameworks governing key sectors and issues like justice, governance and institutions; digital economy; trade, investment and competition; infrastructure, housing and urban development; energy and power; climate and environment; fiscal policy and finance, the report shows that policy uncertainties and inconsistencies, regulatory overlap, duplication of responsibilities, weak enforcement capacity, high compliance costs, delayed decision making, and lack of accountability and transparency, within the legal frameworks are major issues that deter investors' confidence.

The report finds that legislative action is central to consolidating reforms and unlocking a more competitive business environment. Priority interventions include enacting business-friendly laws and addressing gaps and inconsistencies in existing laws.

## 6.2 Recommendations

Based on the analysis of this report, the following recommendations are made. These recommendations are categorised into process-based, technical and specific recommendations and also ranked in order of priority.

### 6.2.1. Process-Based Recommendations

- **Priority 1: Enhance Transparency, Accountability, and Inclusiveness in Legislative Processes (Immediate)**

There is a need to strengthen transparency, accountability, and inclusiveness throughout the legislative process, particularly for high-impact economic and business-related bills currently before the National Assembly. This should go beyond formal compliance to genuine stakeholder participation. Specifically, this should entail:

- the systematic organisation of public hearings with clearly defined mandatory timelines for notification of hearings and bill availability to stakeholders, participation rules, including guaranteed avenues for stakeholders to provide their opinions physically and virtually;
- well-structured committee engagements that require written submissions to be acknowledged and summarised in committee reports;
- introduction of a pre-hearing legislative clearing framework that ensures the avoidance of duplicity and conflict in bills;
- robust institutionalisation of legislative impact assessment and post-legislative scrutiny frameworks;
- the adoption of digital infrastructure to enhance transparency and accountability of legislative processes;
- development of a framework that ensures inclusivity of relevant stakeholders (e.g. regulators, private sector associations, professional bodies, and civil society organisations) based on the subject matter of the bill.

These measures provide a framework that anchors the legitimacy of legislative outputs, addresses concerns that stakeholders are often invited but not permitted to meaningfully engage, and allows for early identification of regulatory overlaps, gaps, and implementation risks. Given their low fiscal cost and procedural nature, these reforms are politically feasible within the current legislative cycle, while improving regulatory predictability and investor confidence.

- **Priority 2: Prioritise Executive Bills that Facilitate Inter-Agency Coordination and Legal Coherence (Short Term)**

We recommend that bills originating from the executive arm be introduced in the form of executive bills, rather than relying predominantly on private-member bills, especially where proposed legislation affects multiple ministries, departments, and agencies (MDAs). This will ensure that executive bills benefit from:

- Prior inter-ministerial review and coordination;
- Clearer alignment with existing regulatory frameworks and implementation responsibilities; and
- Stronger prospects for post-enactment implementation due to institutional ownership by MDAs.

This approach reduces the risk of overlapping mandates, conflicting provisions, implementation gaps and stalled reforms, particularly for reforms requiring coherence across sectoral and thematic domains, thereby supporting policy coherence critical for the attraction of investment and overall macroeconomic stability.

**• Priority 3: Ensure Public Availability and Accessibility of Bills (Immediate)**

To enable transparency and inclusive stakeholder engagement, all bills, particularly those prioritised for economic reform, should be made publicly accessible at appropriate stages of the legislative process. This includes publication on official websites from the first reading to the final passage of the bills.

Also, bills should be made accessible through official National Assembly platforms and circulated to relevant stakeholders. Early and public accessibility ensures inclusivity and transparency, thereby reducing implementation challenges and lowering regulatory uncertainty and compliance costs for businesses.

**• Priority 4: Provide Capacity Building Support to Legislative Drafters (Medium Term)**

We also recommend that targeted training and capacity-building support be provided to legislative drafters within and outside the National Assembly, focusing specifically on economic, regulatory, and implementation-sensitive legislation rather than generic training. Training should also provide a good understanding of impact assessments prior to bill drafting.

Capacity building will address:

- Drafters’ understanding and utilisation of legislative impact assessment. Such assessments will include implementation and institutional readiness assessment, economic impact assessment, social and human rights assessment, and environmental assessments, among others.
- The use of unambiguous, precise, and clear phrases in legislative drafting.
- The avoidance of overly obscure provisions that create overlapping responsibilities and ambiguity in legal interpretation; and
- The alignment of bills with existing primary and complementary legislation.

Strengthening the capacity of legal drafters increases the likelihood of implementable, effective and durable bills. This, in turn, creates legal certainty and reduces the economic costs of weak implementation.

While these process-based reforms directly align with strengthening legislative quality, inclusivity, and implementation readiness, the first three recommendations are immediately actionable, politically feasible, and achievable before the next election cycle. However, the fourth strategy can be pursued progressively, where time and resources permit. Overall, the strategies address weaknesses in the legislative process without requiring new legislation. Table 13 presents the priority reforms matrix outlining the process-based recommendations.

**Table 13: Priority Reforms Matrix for Process-Based Recommendations**

Rank	Process-Based Reform (from Original Draft)	Macroeconomic Implications	Political Feasibility / Timing	Justification for Ranking / Priority Order
<b>Priority 1</b>	Enhance Transparency, Accountability, and Inclusiveness in Legislative Processes (Immediate)	Enables early identification of regulatory overlaps, gaps, and implementation risks for high-impact economic and business-related bills.	Low fiscal cost and procedural in nature; politically feasible within the current legislative cycle.	Ranked highest because it delivers immediate system-wide benefits, addresses participation gaps, and can be implemented quickly with low financial or legislative constraints.

<b>Priority 2</b>	Prioritise Executive Bills to Facilitate Inter-Agency Coordination and Legal Coherence (Short Term)	Reduces overlapping mandates, conflicting provisions, and stalled reforms; supports fiscal discipline and policy coherence critical to macroeconomic stability.	Feasible through National Assembly leadership screening within the current session.	Ranked second due to its strong impact on implementation and coordination, while requiring some executive-legislative alignment to operationalise.
<b>Priority 3</b>	Ensure Public Availability and Accessibility of Bills (Immediate).	Lowers regulatory uncertainty and compliance costs for businesses by enabling early identification of conflicts, ambiguities, or gaps.	Administratively feasible and immediately actionable through existing National Assembly platforms.	Ranked third as a complementary transparency reform that reinforces stakeholder engagement, but is most effective when paired with participatory processes under Priority 1
<b>Priority 4</b>	Provide Capacity Building Support to Legislative Drafters (Medium Term)	Improves regulatory efficiency and reduces economic costs associated with weak implementation, legal ambiguity, and overlapping responsibilities.	Medium-term reform; to be pursued progressively where time and resources permit.	Measurement of impact on this recommendation may require more time and higher cost implications.

Source: Authors' Conceptualisation

## 6.2.2 Technical recommendations

- **Address structural barriers undermining the business environment (medium-long term)**

It is important to address the traditional factors undermining the business environment in Nigeria. This involves ensuring that adequate finance for businesses, improved power supply and logistics infrastructure, ensure price and exchange rate stability, enhance institutional and regulatory frameworks, improve security conditions, and boost manpower capacity.

- **Address issues of regulatory overlaps and enhance regulatory coordination across and within economic sectors (medium term)**

A major finding in this report is that several regulatory agencies have conflicting responsibilities and regulatory overlap, resulting in compliance conflicts for businesses. A typical example is the provisions of the Electricity Act, which enable both the federal and state regulators to regulate the electricity market, sometimes causing regulatory conflicts. Thus, it is imperative to address these regulatory overlaps and conflicts by promoting coordination among regulators within and between tiers of government.

- **Enhance the enforcement capabilities of regulatory agencies through adequate funding and capacity building (medium term)**

One of the major challenges faced in the regulatory framework is the weak capacity of regulatory agencies to enforce regulations. This is either due to poor funding or manpower constraints. Thus, it is imperative to build the capacity of regulatory agencies through improved funding and enhanced capacity building for officials of regulatory agencies.

- **Undertake a comprehensive review of key legal frameworks, assessing their alignments and consistencies (immediate, medium and long term)**

Specifically, it is critical to undertake a critical review of existing legal frameworks and assess their consistency and alignment. Amending the legal framework in light of these reviews can help to remove ambiguity and inconsistencies in the legal frameworks with a view to enhancing policy certainty and improving investors' confidence.

- **Improve inclusivity, accountability and transparency in regulatory institutions and their decision-making (immediate and medium term)**

The regulatory framework should be improved by enhancing inclusivity, transparency and accountability. This will ensure that all relevant stakeholders are carried along in the regulatory process and decisions are inclusive of diverse perspectives.

- **Enhance coordination between sectoral and overall regulators (medium term)**

One of the major challenges with regulatory conflict and overlapping responsibilities is the lack of coordination between sectoral regulators and overall regulators (e.g. Federal Competition and Consumer Protection Commission versus Nigerian Civil Aviation Authority). To address this challenge, it is necessary to promote coordination between these regulators.

### **6.2.3 Legislation-specific Recommendations**

These recommendations are tailored directly to the legal frameworks assessed in this analysis. They are specific with respect to how the legal frameworks should be amended to improve their effectiveness and address the identified gaps. These recommendations are summarised in Table 14 as follows. In addition to the specific recommendations in the legal frameworks reviewed in this analysis, Appendices I and II present some selected economic or business environment-related Bills in the 10<sup>th</sup> Senate and House of Representatives and rank them by order of priority or rating. This serves as a guide for prioritisation of efforts to secure a quick win in legislative reforms in the business environment.

**Table 14: Legislation-specific Recommendations**

Legal frameworks	Recommendations
Nigerian Digital Economy and E-Governance Bill 2024	To address these issues, the Bill should define clear regulatory boundaries, establish inter-agency coordination mechanisms, and require independent audits of compliance to ensure accountability. In this respect, the broad rule-making and regulatory powers granted NITDA under Sections 47(2)-(3) and 48(3) should be reconciled with the regulatory powers of the NCC (which governs technical networks) and the CBN (which regulates the integration of financial systems).
Nigerian Data Protection Act 2023	The Nigerian Data Protection Commission should be granted administrative and financial autonomy through legislative amendment to strengthen its oversight credibility. Public institutions should also be supported through targeted funding for ICT infrastructure, mandatory data protection training for officers, and the establishment of internal compliance units to ensure sustained adherence to the Act.
The Nigerian Startup Act	The National Assembly should amend section 13(2)(b) to recognise startups engaged in the “development or commercialisation of innovative products or processes” across all sectors, not only digital ones. In addition, clearer procedural safeguards such as statutory timelines and an appeal mechanism should accompany the labelling process to prevent bureaucratic delays and arbitrary decision-making <sup>244</sup> . It is also critical that the Startup Investment Seed Fund (SISF) be operationalised. The membership of the National Council for Digital Innovation and Entrepreneurship (NCDIE) should be reviewed to include professionals, thereby enhancing independence, improving governance, and ensuring consistent oversight while reducing political interference.
The Companies and Allied Matters Act (CAMA) 2020	Targeted reforms are necessary to strengthen procedural safeguards and protect the interests of third parties. The Act should mandate companies applying for deregistration to disclose their assets and liabilities and require the Nigerian Corporate Affairs Commission (CAC) to notify creditors and stakeholders before striking off any entity, thereby allowing objections to be raised. Establishing administrative restoration mechanisms would provide a more efficient and less burdensome means for reinstating struck-off companies.
The Nigerian Investment Promotion Commission Act	The Act should be amended to reflect modern investment standards, which prioritise environmental, social, and governance (ESG) principles. This should be taken into consideration in the design and passage of the Nigerian Investment Promotion Commission Act (Repeal and Enactment) Bill currently before both Houses of the National Assembly, which may address these issues.
The Investment and Securities Act 2025	A priority intervention is the development of a framework to govern crowdfunding and cryptocurrencies. The law should also create clear provisions for tax treatment and harmonised regulation for private equity and venture capital funds. There is also a need to improve the SEC’s capacity to provide consistent regulatory interpretations and investor education, both of which remain insufficient. Furthermore, stakeholder education and engagement programmes must be prioritised to ensure market participants understand their obligations under the new regime. There must also be improved coordination between the SEC, tax authorities, and other financial regulators to achieve policy coherence and sustainable market growth.
The Business Facilitation Act 2022	There is a need for better oversight by PEBEC in exercising both investigatory and disciplinary powers to promote institutional accountability and ensure compliance among MDAs. In addition, a culture of administrative leadership by example must be entrenched, where underperforming public officials are held to measurable standards of reform compliance. In this respect, the Act should prescribe explicit penalties for non-compliance.

244 Nigeria Startup Act 2022 Review: Implementation Two Years After’ (The Mediterranean Practice, 18 June 2025) <https://www.themediterraneanpractice.com/2025/06/18/nigeria-startup-act-2022-review/>.

Federal Competition and Consumer Protection Act, 2018 (FCCPA)	The FCCPA can be amended to ensure the independence of the FCCPC and clearly affirm its supremacy over sector regulators. Institutional reforms should prioritise professional capacity development among competition law practitioners, economists, and judges. Embedding competition law in university curricula and strengthening public awareness initiatives would also foster a more informed and competitive market culture.
Electricity Act 2023	There is a need to ensure collaboration between distribution companies and state governments to create an enabling environment for investors in the sector. The state's legal frameworks should enable a business-friendly ecosystem that enhances returns on investment. In addition, given that the existing distribution companies are already regionally constrained, state governments should work with them to address challenges affecting power supply in their states, like energy theft, inadequate metering, poor collection rates, and protection of power infrastructure, while offering incentives to attract investments. State governments can help to address the affordability issue related to the provision of meters for low-income and rural areas. This will go a long way in ensuring metering and aid tariff collection, and ultimately the viability of the sector. It is also pertinent to create a viable dispute resolution mechanism to look into and address issues of inconsistent or conflicting regulatory decisions. Lastly, the Electricity Act should establish a clear boundary for all stakeholders and entities in the sector and define national standards and regulations. Furthermore, coordination between NERC and state regulators should be strengthened.
Petroleum Industry Act	Improving the Petroleum Industry Act and optimising the opportunities of the sector requires addressing the identified gaps in the Act. It is important that the roles of subnational governments be clearly stated in the Act to minimise frictions between them and oil companies. The controversy on the 3 per cent allocation to host communities should also be addressed to minimise oil companies-host community conflicts. It is equally prudent that the Act addresses areas where the technical and commercial regulations of the NUPRC and NMDPRA overlap to create a unified contact point for investors. The existing 30 per cent allocation to the Frontier Basin Fund needs to be reduced to release funds for other key sectors and mitigate the risks of a carbon lock-in. A framework for managing the energy transition may also be developed to create certainty in oil and gas investments. Lastly, it is important to minimise frequent amendments and interventions in the Act to ensure policy consistency and aid long-term planning and investment.
Nigerian Oil and Gas Content Development Act 2010	It is important to reconcile and align the provisions of the Act with the CAMA Act, in respect of shareholding requirements and company ownership. Potential areas of regulatory overlap between the Board, NUPRC, and NMDPRA should be addressed, possibly through legal clarification and institutional collaboration. The areas of conflict between the Act and the Petroleum Industry Act with respect to incentives for local and foreign investors should also be addressed. Lastly, the key terms "first consideration" and "exclusive consideration" should be defined in the Act to eliminate ambiguity in legal interpretation and provide certainty for players in the sector.

Climate Change Act 2021	There is a need for a holistic climate change policy that aligns development and climate goals. This is necessary to clarify the government's approach to climate change mitigation at the aggregate and sectoral levels, and boost investors' confidence. For example, there is a need for alignment of the Climate Change Act, which targets a low-carbon development path, and the Petroleum Industry Act, which encourages further oil and gas exploration. The National Council on Climate Change should coordinate with sectoral regulators to ensure that climate change policies and obligations are in tandem with sectoral strategies and goals. Other challenges, such as a lack of coordination among MDAs and other stakeholders, inconsistent policy collaboration, overlapping regulations, funding constraints, limited technical capacity and know-how, a lack of domestic innovation capabilities, limited involvement of civil society organisations and members of the public in the implementation phase, and inconsistent climate actions at the state level, <sup>245</sup> should be looked into.
Environmental Impact Assessment Act	The Act should be reconciled with other legal frameworks, such as the Petroleum Industry Act, to remove regulatory overlap and the associated compliance costs. The Act should also be amended to provide a timeline to obtain the decisions of all relevant stakeholders to avoid unnecessary delays in EIA reporting and ultimately investment decisions. It is also necessary to ensure that the rights of local communities to participate and be informed of the results of EIAs are affirmed. Also, the penalties for violations of the provisions of the Act should be increased to enhance compliance with the law. Lastly, the capacity of the National Environmental Standards and Regulations Enforcement Agency (NESREA), which is currently saddled with conducting environmental impact assessment of development projects, should be enhanced while ensuring coordination with other relevant regulatory agencies.
The Biodiversity Conservation and Protected Areas Bill	The problem of overlapping mandates and institutional fragmentation with existing agencies such as the National Park Service, Forestry Departments, and NESREA should be addressed. Efforts should be made to provide adequate and sustainable funding for conservation activities and enforcement. The important role of community rights, participation, and benefit-sharing mechanisms should be embedded in the Bill. An effective and robust monitoring system, transparent reporting, and accountability mechanisms should be provided to enhance transparency and compliance monitoring. Finally, other perennial issues like poor enforcement capacity, corruption, inadequate personnel, and limited training for wildlife officers and investigators should be addressed.
Harmful Waste (Special Criminal Provisions) Act	It is necessary to clearly define the full scope of what constitutes "harmful waste." Additionally, it has become imperative to amend the Act to explicitly cater to emerging categories of waste, such as electronic waste (e-waste). Furthermore, increasing the penalties for violation of the provisions of the Act to be sufficiently deterrent, improving enforcement capacity, and addressing conflicts between environmental regulatory agencies are necessary steps to align the Act with current realities. Finally, the requirement that victims of harmful waste exposure obtain the consent of the Attorney-General before initiating legal action against offenders should be expunged.
Gas Flaring Prohibition and Punishment (Amendment) Bill	The overlapping provisions of this Bill vis-à-vis existing laws, programmes, and regulatory agencies should be reviewed and addressed. Long-standing implementation challenges, such as inadequate institutional capacity, poor inter-agency coordination, political interference, and limited resource allocation, should be critically addressed while accountability mechanisms and effective oversight frameworks are strengthened.

<sup>245</sup> Iwuchukwu, S. (2025). Implementation and Challenges of the CCA 2021. [https://www.mondaq.com/nigeria/climate-change/1602016/implementation-and-challenges-of-the-cca-2021#:~:text=Despite per cent20these per cent20strides per cent20in per cent20implementation,and per cent20widespread per cent20awareness per cent20remains per cent20challenging.](https://www.mondaq.com/nigeria/climate-change/1602016/implementation-and-challenges-of-the-cca-2021#:~:text=Despite%20these%20strides%20in%20implementation,and%20widespread%20awareness%20remains%20challenging.)

Tax Reforms Acts, 2025	The definition of small businesses in the Act should be aligned with the definitions in the CAMA Act. This is important given that small businesses contribute to GDP, employment, and exports. Also, Section 20(4) of the Nigeria Tax Act should be amended to allow businesses to deduct expenses incurred in foreign currency, converted at the official exchange rate published by the Central Bank of Nigeria (CBN) or any other approved channels. This will help to ensure that businesses that source foreign exchange from other official channels at higher rates are able to fully recoup their expenses. Also, the compliance costs, data privacy, and cybersecurity issues that may be associated with the implementation of digital fiscal tools as provided in Section 157 of the Nigeria Tax Act, especially on micro, small and medium-scale enterprises (MSMEs), should be examined to prevent inhibitive costs to their operations.
Central Bank of Nigeria (CBN) Act	Reforming the CBN is significantly important given the critical role of the Bank in monetary and financial stability. Among other measures, it is imperative to amend the CBN Act to create an effective checks and balances mechanism without eroding the monetary and financial independence of the Bank. Effective accountability measures should also be created to ensure that the activities and accounts of the Bank are transparent and open to the public. Lastly, there is a need for a harmonised and collaborative regulatory framework between the Bank and other regulators, including the SEC. This can help to strengthen legal and policy predictability and enhance investors' confidence in the financial market and systems.
Banks and Other Financial Institutions (BOFIA) Act	Establishing a clear regulatory framework for digital financial services is a top priority to create certainty for fintechs and promote innovation and investment. There is also a need for interagency coordination to reduce regulatory overlaps or gaps. More so, improved clarity on dispute resolution frameworks should be established to reduce uncertainty and potentially improve investor confidence. In conclusion, the gaps in the Act can be closed by making provisions for clear regulation for digital financial services providers, streamlining and simplifying the complex enforcement procedures, enhancing interagency coordination, and establishing a clear framework for dispute resolution.
Nigerian Deposit Insurance Corporation (NDIC) Act	Section 1(1) of the Act should be amended to expand the Corporation's mandate to ensure deposits in banks and other financial institutions, including digital financial service providers and fintechs. The provisions of the Act with respect to resolution and liquidation may also be expanded to cover non-bank financial institutions to create certainty for depositors and investors in these institutions. Lastly, the issue of regulatory overlaps, emerging risks, enforcement challenges, public awareness and education, and coordination with other agencies should be prioritised.
The Federal Mortgage Bank Act	Some targeted reforms are necessary to foster a viable mortgage market. The FMBN should be significantly recapitalised (e.g., up to ₦500 billion) to reflect modern economic realities. This directly addresses the undercapitalisation gap and would inject essential liquidity into the mortgage system. Moreover, laws that strictly limit the time frame for all mortgage proceedings, including foreclosure, to a few months, and peg the Court of Appeal as the final arbiter in foreclosure cases, should be enacted as a direct response to the years-long delays and reduce risk for lenders. There is also a need to implement and strictly enforce penalties against corrupt officials and sanctions against institutions failing to remit NHF contributions to tackle the identified issues of corruption and poor enforcement. Areas of conflict between the Insurance Act and the NHF Act, as well as judicial interpretations, should be addressed to create an enabling environment. Lastly, the participation of non-interest banks should be promoted in the mortgage sector to diversify the market and expand funding sources.

Mortgage Institutions Act	The Act should be amended to align with current banking and housing finance realities and harmonised with the Banks and Other Financial Institutions Act (BOFIA). The Act should also be amended to increase the obsolete threshold of ₦5 million to accommodate current financial realities in the housing sector, which has been significantly impacted by inflation. The current penalties of ₦100 and ₦200 daily fines in the Act should be significantly increased in light of current economic realities to enhance compliance and achieve globally accepted standards and a robust enforcement mechanism. Flexible, risk-based capital and liquidity requirements regulated by the Central Bank of Nigeria (CBN) should also be introduced. In addition, the Act should provide alternative dispute resolution mechanisms to facilitate the speedy and amicable resolution of disputes, which is beneficial to the development of the mortgage market. Finally, the Act should be amended to embrace innovation by enabling the securitisation of mortgage assets and fostering collaboration with fintech companies to expand access to mortgage financing.
National Housing Funds Act	Addressing the gaps in the Act entails both administrative and legal reforms. The bureaucratic challenges facing effective implementation of the Act, such as low awareness, high loan requirements, etc., should be resolved. The Act should also be revised in line with current economic and financial realities. For instance, the individual loan ceiling of ₦500,000 should be revised upwards to ensure the Fund provides meaningful financing against current construction costs and economic situation. <sup>246</sup> The Minister should ensure monitoring, reporting, and regulatory updates for effective implementation of the Act.
Nigerian Urban and Regional Planning Act	Enforcement should be strengthened. The Act should also be amended to require climate-risk assessments, flood-resilience checks, and health-safety considerations in approved plans <sup>247</sup> , while digitalising monitoring and strengthening sanctions. The challenge of understaffed agencies, corruption, and political interference should also be dealt with.
Land Use Act	For land administration to support economic diversification and modern governance, significant legislative reform is imperative. The Land Use Act should be removed from the Constitution through an amendment to allow for flexible adjustments for the overall benefit of Nigerians and the business environment. The dichotomy between the Governor and the Local Government should be abolished, and a single administrative structure should be established, issuing uniform grants and certificates to all occupiers, thereby jettisoning the urban and rural land dichotomy. This will curb fraudulent transactions and reduce the volume of disputed land ownership. Governor's adjudicative powers over land should be repealed to curb the tide of penal revocation (compulsory acquisition without compensation/inadequate compensation). <sup>248</sup> The prerequisite of the Governor's consent before the transfer of ownership should be abolished. Documentation for the acquisition of land should instead follow a clear, unified guideline.
Infrastructure Concession Regulatory Commission Act	It is recommended that there should be more transparency in the process to encourage and boost investors' confidence. The expansion of scope to state levels will involve infrastructure revamping at the sub-national level and enhancing project preparation and bankability. There is also a need to introduce aggregate contingent liability monitoring and reporting, and improve capacity for project preparation and risk management.
Public Enterprises (Privatisation and Commercialisation) Act	Recommendations for improving the legal framework to achieve its reform goals include enacting more precise definitions and guidelines, strengthening monitoring and enforcement mechanisms, ensuring institutional capacity and independence, incorporating public interest protections in key sectors, and focusing on service outcomes rather than just fiscal relief.

246 Ibid., Reg. 6(1) (loan ceiling review provision).

247 Ibid M.Z. Wanda

248 Oyeniran (2025), supra note 1, at 219–220

Constitution of the Federal Republic of Nigeria	To close the economy-limiting gaps identified in the Constitution, a holistic constitutional review is needed rather than fragmented amendments. The National Assembly should convene an inclusive national conference or constituent assembly to rebuild legitimacy and public ownership of the Constitution. The Second Schedule (Legislative Lists) of the Constitution should be amended to devolve key powers, especially policing and resource management, to the states. This would enhance local security and accountability, allowing businesses to operate in a more stable and responsive environment. It is also key to reform judicial appointments and reduce executive immunity to strengthen institutional independence. Finally, there is a need to embed explicit safeguards for minority rights, citizenship equality, and gender inclusion while recognising traditional and community-based governance structures that improve local legitimacy.
Freedom of Information Act	A fundamental re-engineering of the Act's enforcement architecture is necessary. Establishing an independent, well-resourced, and empowered Freedom of Information Commission/Freedom of Information Tribunal is a structural necessity to enforce compliance, provide accessible adjudication, monitor performance, ensure adequate funds allocation for modern Electronic Data Management Systems, impose sanctions, and champion the right to information. Without an institutional driver to push against the powerful currents of bureaucratic inertia and political resistance, the FOIA will remain a right that exists more in principle than in practice. This would be a decisive step toward fulfilling the promise of the Act and entrenching a new and enduring era of transparency and accountability in Nigeria's governance.
The Nigerian Police Act	There is a need to decentralise the operational control of the Nigerian Police Force by amending Section 215(2) of the 1999 Constitution and Section 6 of the Police Act to grant State Governors operational, directive control over the Commissioner of Police in their state for the purpose of maintaining public order. There is also a need to implement a comprehensive and unified case diary in Nigeria, as presently, there is no comprehensive crime diary or record from the Federal level down to the State level to identify those who have violated the law.
Public Procurement Act	To strengthen the Public Procurement Act, reform should focus on building institutional independence and capacity within the Bureau of Public Procurement, with adequate funding and protection from political interference. The "no-objection" process should be simplified and made more transparent. All ministries, departments, and agencies should be required to adopt e-procurement platforms linked to a centralised national database. <sup>249</sup> States should harmonise their procurement laws with the federal framework to ensure uniform standards. More substantial penalties for non-compliance, regular audits, and citizen monitoring mechanisms should also be institutionalised.
Evidence Act	It is recommended that the Nigerian Evidence Act be revised to include provisions for the admissibility of digital forensic evidence explicitly. This will ensure that the legal framework keeps pace with technological advancements and addresses the specific requirements of digital investigations. <sup>250</sup> There is also the need to refine Prosecutorial Rules for Financial Crimes. While protecting fundamental rights, legislative clarification (within the Evidence Act or ACJA) should be explored to streamline the process for compelling the production of financial documents in complex fraud cases, balancing the rights of the accused with the state's need to prosecute economic sabotage.

<sup>249</sup> Ibid

<sup>250</sup> GV Obamanu - AJEEL, 2023 - ajeel.com: Legal Issues and Challenges in the Admissibility of Digital Forensic Evidence in Courts in Nigeria. African Journal Vol. 8 Pg. 109

Economic and Financial Crimes Act 2004	Some of the gaps identified in this Act are currently being addressed in the ongoing amendment of the Act. This includes expanding the scope of its function to cover emerging offences such as cyber-fraud, crypto-assets, etc. <sup>251</sup> The presidential powers to remove the EFCC Chairman are also being addressed in the amendment bill, with the proposal of a two-thirds majority of both Houses of the National Assembly for the removal of the Chairman. <sup>252</sup> This will restore some level of independence.
Public Complaints Commission Act	It is recommended that Section 7 of the Act be amended to make the Commission's recommendations binding on public authorities. A good model would be to have its decisions automatically registered as enforceable judgments of a Magistrate's Court if not challenged within a 30-day compliance window. It is also recommended that the sanctions and independence of the Commission should be strengthened. In this respect, Section 8 of the Act should be amended to increase penalties to a level that constitutes a meaningful financial deterrent. Furthermore, the Act should be amended to place the Commission's funding on a first-line charge (statutory transfer) from the federal budget, guaranteeing its financial independence. It is also recommended that deliberate public awareness be championed through the speedy and effective handling of complaints to build public trust.
Cybercrimes (Prohibition, Prevention, etc.) Act 2015	The Act should be periodically reviewed and updated to incorporate provisions that reflect the evolving nature of cyber threats, including artificial intelligence-enabled attacks and cloud security breaches. The Act should be amended to specifically designate a lead agency for the prosecution of cybercrimes (e.g., a specialised unit within the EFCC or a new, dedicated commission), ensuring they have the requisite technical expertise and resources. The government should also strengthen institutional capacity by investing in digital forensics infrastructure. Additionally, sustainable funding mechanisms should be established to ensure that enforcement agencies can effectively investigate and respond to sophisticated cyberattacks. There is also the need to clarify and harmonise overlapping sections. Specifically, it is important to clarify its relationship with other financial regulations (like the Bank and Other Financial Institutions Act), ensuring a clear and harmonised legal framework for the economic and fintech sectors. It is also recommended, considering the fast pace of technological advancement, to introduce amendments to explicitly cover offences related to emerging technologies, such as AI-driven fraud, blockchain-based crimes, and security for cloud computing infrastructure.
National Human Rights Commission Act	The decisions of the Commission should be directly enforceable by it, with expanded coverage of socio-economic and emerging rights. The Act must guarantee financial and operational independence, improved coordination with state institutions, and enhance public accessibility. A strict reporting and monitoring framework and periodic review are necessary to ensure compliance and alignment with international standards while safeguarding the Commission's autonomy from political interference.
Administration of Criminal Justice Act 2015	There is a need to empower monitoring committees by amending the Act to make the establishment and funding of the Criminal Justice Monitoring Committees (under Section 469) mandatory, and not optional, for all states, and give them the power to report non-compliant judges, police, and lawyers to their respective disciplinary bodies (e.g., NJC, NBA, Police Service Commission). Specific penalties should also be introduced for judicial and police officers who demonstrably and repeatedly fail to adhere to core provisions or speedy trial timelines. Lastly, there is a need for improved oversight of operational mechanisms to ensure actual implementation of the ACJA across the states.

251 Sodiq Omolaye Reps move to amend EFCC Act, guarantee autonomy assessed on 4<sup>th</sup> November <https://guardian.ng/news/nigeria/national/reps-move-to-amend-efcc-act-guarantee-autonomy/>

252 Adedayo Akinwale: assessed on 4<sup>th</sup> November, 2025 <https://www.thisdaylive.com/2025/10/24/house-moves-to-strip-president-of-powers-to-remove-efcc-chairman>

The Corrupt Practices and Other Related Acts 2000	To strengthen the ICPC framework, reform should aim at clarifying institutional mandates, guaranteeing full autonomy of anti-corruption agencies, and modernising legal provisions to reflect current realities. Preventive measures, such as mandatory transparency audits, digital reporting systems, and protection for whistleblowers, should be integrated into the law. Collaboration between the ICPC, EFCC, and civil society should also be formalised to promote information sharing and accountability. A unified and clearly delineated anti-corruption architecture would enhance efficiency and coherence.
Electoral Act 2022	Comprehensive reform requires coordinated legislative and institutional interventions. Section 60(5) should explicitly mandate electronic result transmission as the primary and binding basis for collation, with prescribed sanctions. Also, an independent Electoral Offences Commission with dedicated prosecutorial authority and personnel should be established. <sup>253</sup> This can be achieved by passing the pending Electoral Offences Commission Bill into law. This would create a specialised, independent body with the sole mandate and resources to investigate and prosecute electoral offences, thereby creating a credible deterrent to rigging and election-related violence.

Source: Authors' compilation

## Appendix I

### A. Economic and Business Environment-Related Bills in the 10th Senate

#### A1. Infrastructure Development

S/N	Bill Title	Bill No.	Ranking
1	Nigerian Railway Corporation Act (Amendment) Bill 2023	SB. 09	High
2	Federal Roads Bill 2023	SB. 58	High
3	National Roads Fund Bill 2023	SB. 60	High
4	Federal Highways Act (Amendment) Bill 2023	SB. 118	High
5	Nationwide Toll Bill 2024	SB. 402	Low
6	Electricity Act (Amendment) Bill 2023	SB. 228	High
7	Nigerian Maritime University Bill 2023	SB.75	Low
8	National Flood Management Commission Bill 2023	SB 171	Low
9	Development Planning & Project Continuity Bill 2023	SB. 05	High
10	Critical Infrastructure Protection Bill 2023	SB. 101	High
11	Nigerian Real Estate Industry (Regulation) Bill 2023	SB. 238	High
12	FHA Act (Amendment) Bill 2023		Low
13	CABOTAGE Act (Repeal & Re-enactment) Bill 2023	SB:213	High
14	Nigerian Ports & Harbour Authority Act (Amendment) Bill 2023	SB. 235	High
15	National Inland Waterways Authority Act (Amendment) Bill 2024	SB 391	High
16	FCT Transport Authority Bill 2023	SB. 137	Medium
17	Federal Airport Authority Act (Amendment) Bill 2024	SB 366	Medium
18	Project Development Agency Bill 2023	SB. 49	Medium
19	Nigerian Building & Road Research Institute Bill 2023	SB. 57	Low
20	National Transport Commission Bill 2023	SB. 234	High
21	National Land Drainage Bill 2024	SB. 435	Low
22	Renewable Energy Bill 2024	SB.431	High
23	National Energy Bill 2024	SB. 386	High

#### A2. Private Sector Growth & SME Support

	Bill Title	Bill No.	Ranking
1	Venture Capital & Startup Investment Bill 2023	SB.310	High
2	Nigeria Cottage Industries Bill 2024	SB.354	Medium
3	Creative Economy Commission Bill 2023	SB.124	High
4	Factoring & Receivables Financing Bill 2023	SB.59	Medium
5	Industrial Inspectorate Act (Amendment) Bill 2023	SB.44	Low
6	National Economic Coordinating Committee Bill 2023	SB.226	High
7	Investment & Securities Bill 2023	SB.128	High
8	Nigeria Gold Reserve Bill 2024	SB.362	High
9	Nigeria Gold Corporation Bill 2024	SB.417	Medium

10	Solid Minerals Development Commission Bill 2023	SB.62	High
11	Metallurgy Industry Bill 2023	SB.92	Medium
12	Bitumen Development Commission Bill 2023	SB.07	Low
13	National Palm Produce Board Bill 2024	SB.407	Low
14	Agricultural Processing Zones Bill 2024	SB.367	Medium
15	Ginger Development Commission Bill 2023	SB.220	Low
16	Petroleum Industry Act (Amendment) Bill 2023	SB. 312	High

### A3. Ease of Doing Business

S/N	Bill Title	SB No.	Rating
1	Companies & Allied Matters Act (Amendment) Bill 2023	SB.51	High
2	Nigerian Investment Promotion Commission Act (Amendment) Bill 2023	SB.180	High
3	Electronic Transaction Bill 2023	SB.94	High
4	Franchise Provisions Bill 2023	SB.42	Medium
5	Fiscal Responsibility Act (Amendment) Bill 2023	SB.41	Medium
6	Internal Audit Agency Bill 2023	SB.115	Medium
7	Foreign Exchange Monitoring Bill 2024	SB.353	Medium

### A4. Fiscal Policy, Taxation, Finance & Trade Facilitation

1	Bill Title	SB No.	Rating
2	Revenue Mobilisation Allocation & Fiscal Commission Bill	SB.202	Medium
3	Federal Inland Revenue Service Act (Amendment) Bill	SB.252	Low
4	NDIC Act (Repeal & Re-enactment) Bill	SB.277	High
5	Price Control Act (Amendment) Bill	SB.166	Low
6	Money Laundering Act (Amendment) Bill	SB.378	Medium
7	National Assembly Budget & Research Office Bill	SB.363	Low
8	Inflation Reducing Programme Bill	SB.336	Medium
9	National Subsidy Fund Bill	SB.372	Medium
5	Insurance Bill 2023	SB.15	High
6	Nigerian Insurance Reform Bill 2024	SB.393	High
7	BOFIA Act (Amendment) Bill 2024	SB.383	High
8	CBN Act (Amendment) Bill 2023	SB.14	High

### A5. Labour & Employment Reforms

	Bill Title	SB No.	Rating
1	Labour Act (Amendment) Bill 2023	SB.233	Medium
2	Occupational Safety & Health Bill 2024	SB.433	Medium
3	Nigeria National Internship Scheme Bill	SB.112	Low
4	Documentation & Protection of Domestic Workers Bill	SB.272	Low
5	Police Pension Board Bill	SB.294	Low
6	Pension Reform Act (Amendment) Bill	SB.276	High
7	National Youth Service Trust Fund Bill	SB.260	High

8	Social Assistance Bill	SB.369	Medium
9	Informal Sector Employment Agencies Bill	SB.206	High

#### **A6. Economic Diversification**

	Bill Title	SB No.	Rating
1	Agricultural Research Council Act (Amendment) Bill	SB.56	Low
2	Cassava Flour Inclusion Bill	SB.254	Medium
3	Nigeria Tea Development Authority Bill	SB.162	Medium
4	National Food Reserve Agency Bill	SB.139	Medium
5	Nigerian Economic Diversification Bill	SB.371	High

## Appendix II

### B. Economic-Related Bills in the 10<sup>th</sup> House of Representatives

#### B1. Infrastructure Development

	Bill Title	HB No.	Rating
1	Bio-Fuels Energy Regulatory Commission (Establishment) Bill	HB. 8	High
2	Electric Power Sector Reform Act (Amendment) Bill	HB. 38	High
3	Coastal and Inland Shipping (Cabotage) Act (Amendment) Bill	HB. 43	High
4	National Infrastructure Management & Maintenance Agency Bill	HB. 55	High
5	Road Parking (Payment & Administration) Bill	HB. 63	Medium
6	Nigerian Maritime Administration & Safety Agency Act (Amendment) Bill	HB. 73	Medium
7	National Ecological Fund Management Agency Bill	HB. 80	Medium
8	Hydroelectric Power Producing Areas Development Commission Bill	HB. 100	High
9	National Metallurgical Training Institute Bill	HB. 109	Low
10	National Institute for Technical & Vocational Education Bill	HB. 118	Low
11	Close Circuit Television (Compulsory Installation) Bill	HB. 177	Low
12	Lagos Megacity Development Authority Bill, 2023	HB. 164	Low
13	Nigerian Steel Development Authority Act (Amendment) Bill	HB. 36	High
14	Nigerian Maritime Security Trust Fund Bill	HB. 34	High

#### B2. Private Sector Growth & SME Support

	Bill Title	HB No.	Rating
1	Nigerian Content (Non-Oil and Gas Sector) Development (Establishment) Bill, 2023	HB. 59	Medium
2	National Agency for Artisanal Petroleum Refining (Establishment) Bill, 2023	HB. 60	High
3	Local Industry (First Option) Patronage Bill, 2023	HB. 85	Medium
4	Trade and Investment Agreement (Reform and Miscellaneous Provisions) Bill, 2023	HB. 131	High
5	Investments and Securities Bill, 2023	HB. 137	High
6	Unclaimed Financial Assets Commission (Establishment) Bill, 2023	HB. 144	Low
7	Standards Organisation of Nigeria Act (Amendment) Bill, 2023	HB. 193	Medium
8	Trade and Investment Agreement Reform Bill, 2023	HB. 131	High
9	Investments and Securities Bill, 2023	HB. 137	High
10	Unclaimed Financial Assets Commission Bill, 2023	HB. 144	Low

#### B3. Ease of Doing Business

	Bill Title	HB No.	Rating
1	Public Procurement Act (Amendment) Bill, 2023	HB. 3	High
2	Interpretation Act (Amendment) Bill, 2023	HB. 27	Low

3	Electoral Act (Amendment) Bill, 2023	HB. 37	High
4	Companies and Allied Matters Act (Amendment) Bill, 2023	HB. 77	High
5	Federal Lands Registry Act (Amendment) Bill, 2023	HB. 82	High
6	Constitution (Alteration) Bill (Expansion of Federal High Court Jurisdiction)	HB. 115	Medium
7	Oath Act (Repeal and Enactment) Bill, 2023	HB. 122	Low
8	Cybercrimes (Prohibition and Protection) Act (Amendment) Bill, 2023	HB. 130	High
9	Maritime Security Operations Coordinating Board Act	HB. 42	Medium
10	Nigerian Maritime Security Trust Fund (Establishment) Bill	HB. 34	Medium
11	Standards Organisation of Nigeria Act (Amendment) Bill	HB. 193	Medium

#### B4. Fiscal Policy, Taxation, Finance & Trade Facilitation

S/N	Bill Title	HB No.	Rating
1	Public Procurement Act (Amendment) Bill, 2023	HB. 3	High
2	Central Bank Act (Amendment) Bill (Uniform Exchange Rate), 2023	HB. 16	High
3	National Budget Bill, 2023	HB. 23	High
4	Nigerian Bank for Commerce and Industry Act (Amendment) Bill, 2023	HB. 68	High
5	Fiscal Responsibility Act (Amendment) Bill, 2023	HB. 71	Medium
6	Insurance Act (Repeal and Enactment) Bill, 2023	HB. 97	High
7	Federal Audit Service Bill, 2023	HB. 98	Medium
8	Allocation of Revenue (Federation Account) Bill, 2023	HB. 147	Medium
9	Central Bank of Nigeria Act (Amendment) Bill (Board Powers)	HB. 187	High
10	Central Bank of Nigeria Act (Amendment) Bill (FCT)	HB. 189	Low
11	Federal Mortgage Bank Act (Amendment) Bill	HB. 72	Medium

#### B5. Labour & Employment Reforms

S/N	Bill Title	HB No.	Rating
1	Social Security for Unemployed Graduates and the Aged in Nigeria Bill, 2023	HB. 19	Low
2	Poverty Alleviation and Skill Acquisition Centre (Establishment) Bill, 2023	HB. 75	Low
3	Employee's Compensation Act (Amendment) Bill, 2023	HB. 83	Low
4	Labour Act (Amendment) Bill, 2023	HB. 165	High
5	Employee Remuneration Protection Bill, 2023	HB. 167	Low
6	Nigeria Social Investment Regulation Agency (Establishment) Bill, 2023	HB. 183	Low

#### B6. Economic Diversification

S/N	Bill Title	HB No.	Rating
1	Nigerian Mining Corporation Act (Amendment) Bill, 2023	HB. 40	High
2	National Food Reserve Agency (Establishment) Bill, 2023	HB. 48	Medium
3	Integrated Agro-Industrial Park, Akwanga (Establishment) Bill	HB. 120	Low
4	Sea Fisheries Act (Amendment) Bill	HB. 179	High
5	Food Processing and Preservation Centre, Osi Ekiti Bill	HB. 186	Low

# About the ESC

The Ernest Shonekan Centre is a research and consulting organisation specialising in promoting legislative and regulatory reforms for achieving economic competitiveness and improving the business environment.

Our views and positions on issues are disseminated through electronic and print media, seminars, public lectures, policy dialogues, workshops, specific high-level interactive public-private sessions and special presentations to the executive and legislative arms of government.

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