

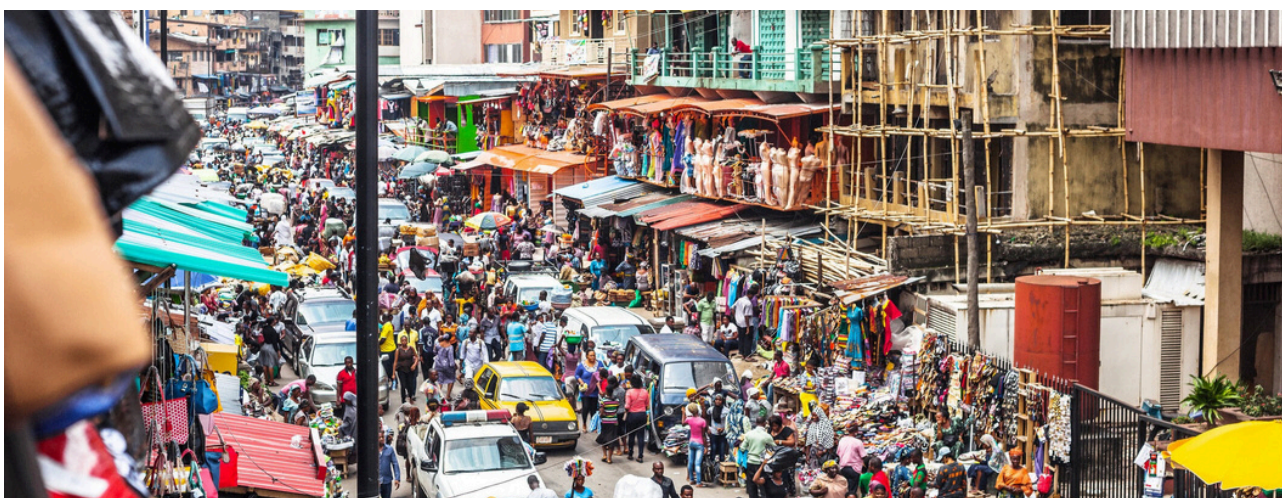


STRENGTHENING INSTITUTIONS FOR SUSTAINABLE IMPACT

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INTRODUCTION

Historically, Nigeria has embarked on countless ambitious reform programmes. The recent reforms, which include exchange rate unification, subsidy removal, and fiscal and tax reforms, are being implemented to stabilise the economy. Despite these great efforts, a weak execution loop has, historically, remained a significant challenge. This results from the country's weak institutions and inefficient public service delivery. Also, key recurring issues are limited subnational autonomy, fragmented coordination among tiers of government, and inadequate monitoring and evaluation frameworks.



In Nigeria, institutional weaknesses manifest in pervasive problems such as opaque processes, judicial inefficiencies, a politicised and under-resourced civil service, and siloed data systems. All these features signalled a system that hinders accountability and effective public service delivery. In addition, these structural barriers prevent policy reforms from translating into durable development outcomes, erode public trust, and risk reform fatigue within government and society.

In the context of Nigeria's sprawling and diverse governance structure, limited fiscal federalism and weak capacity at subnational levels reduce the efficiency of decentralised service delivery. The absence of outcome-linked intergovernmental transfers further undermines incentives for local governments to perform. At the same time, social protection coverage remains among the lowest in Africa, impeding poverty reduction and inclusive growth.

This policy brief highlights the critical need for Nigeria to build strong institutions characterised by clear mandates, transparent processes, credible accountability, and citizen engagement to sustain reforms and achieve socioeconomic progress. Unless these foundational institutional deficiencies are addressed, even the best-designed policies may fail to improve lives and livelihoods in a meaningful way.

WHY STRONG INSTITUTIONS ARE CRUCIAL FOR NIGERIA'S REFORM AGENDA

Strong institutions are found to fundamentally influence public trust and ensure the sustainability of reforms. When in place, strong institutions foster governance systems that are transparent, accountable, and responsive to the needs of citizens. In Nigeria, decades of institutional fragility have contributed to weak trust in government, which in turn undermines the ability of reforms to produce lasting social and economic benefits. Robust institutions signal to citizens that reforms are credible and that government actions are fair and effective, thereby fostering cooperation and compliance essential for reform success¹.

Institutional strength also enables developing and using monitoring and evaluation (M&E) frameworks critical for reform sustainability. Effective M&E systems allow governments to track progress and address implementation bottlenecks promptly. It would ensure transparent reporting of reform outcomes to the public to gain public support and trust. Nigeria's inconsistent M&E institutionalisation, especially at subnational levels, limits its capacity to provide such accountability, gain public trust and win stakeholders' willingness to support reforms. This state of affairs resulted in the country's poor contracting and enforcement environment, which creates leakages in public spending and reduces the resources available for essential services. From the foregoing, it is obvious that strengthening institutions is therefore indispensable for building reform credibility.

Policy stability and continuity also hinge on institutional robustness. Nigeria's challenges with policy inconsistency and reforms reversals illustrate the risks of weak institutions in sustaining reforms. Weak administrative capacity and politicised appointments hinder policy implementation, while yielding limited favourable reform outcomes. The cumulative effect is low public confidence and heightened socio-political instability.



¹ Hoffmann, L.K. & Hilton, T. (2025).

Globally, countries with strong institutions tend to enjoy greater political stability, investment attraction, social equity, and economic resilience². Nigeria risks a stagnating policy cycle where reforms generate headlines but fail to produce tangible results. Thus, there is an urgent need to reverse this trajectory. Ensuring that public sector reforms enhance the quality of life for all is a non-negotiable social contract between policymakers and citizens. International and African experiences have shown that strong institutions, embodied in transparency, accountability, and inclusive civic participation, are a prerequisite for translating policy intent into effective and lasting outcomes.

Without decisive institutional reform, Nigeria risks eroding public trust, perpetuating inefficient governance, and losing development momentum amid complex challenges such as insecurity, poverty, and economic volatility³. Hence, addressing institutional weaknesses is not just a governance imperative but a development necessity.

Development plans that are multi-year and bipartisan, when anchored in strong institutions, inspire confidence that reforms will endure beyond political cycles and partisan changes, securing long-term impact. In essence, strong institutions create a foundation for public trust by embodying the rule of law, transparency, accountability, and citizen engagement. This foundation is indispensable to translating reform intent into effective delivery and sustained socioeconomic progress in Nigeria.

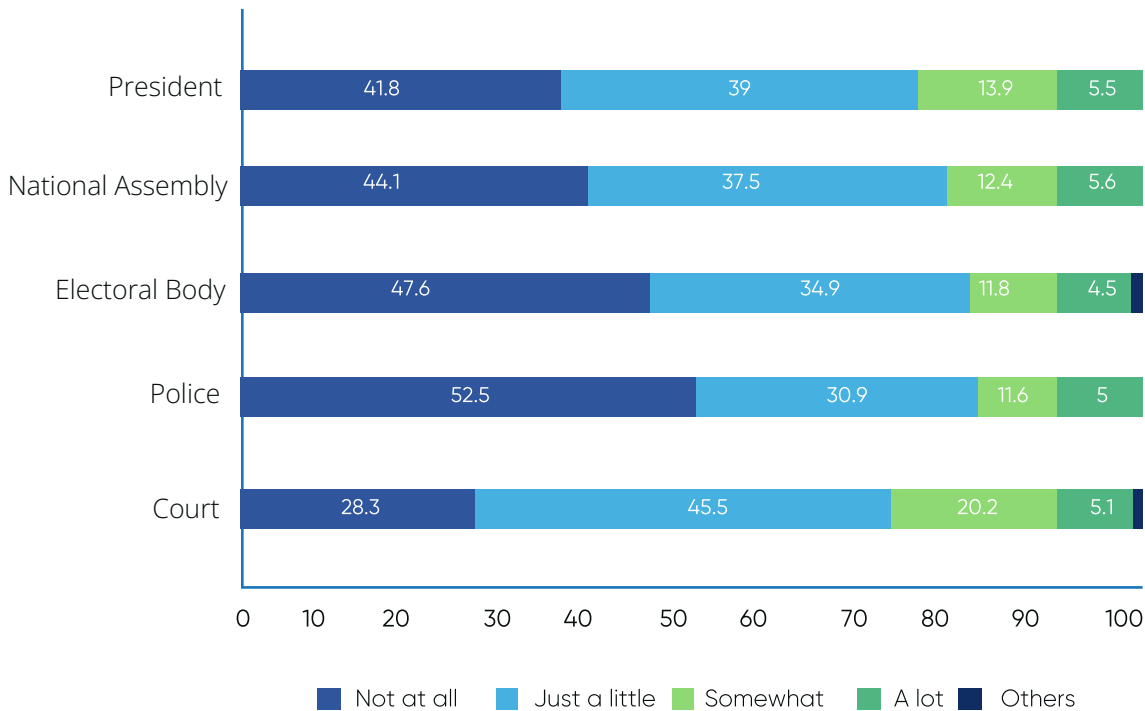
PROGRESS AND GAPS

As noted for reforms, Nigeria has undertaken several programmes to strengthen public institutions. Some of the key areas of improvement programmes include public governance, fiscal management, and public service delivery. The partial digitalisation of procurement via the Nigeria Open Contracting Portal (NOCOPO) signifies a move towards greater procurement transparency. Also, anti-corruption bodies, like the Economic and Financial Crimes Commission (EFCC), have recovered assets and prosecuted cases, signalling government commitment to accountability.

However, these steps have been uneven, particularly at subnational levels where many states maintain outdated or inaccessible contract data portals, limiting transparency and citizen oversight. Administrative capacity remains weak due to politicised appointments, inadequate training, and limited autonomy in many agencies. Public confidence remains low, with over 40 percent of Nigerians expressing distrust in key institutions, fueled by perceptions of corruption and ineffective governance (See Figure 1).

² World Bank (2000).

³ Acemoglu, D., & Robinson, J. (2012).

Figure 1: Level of trust in different institutions in Nigeria (% share of respondents) as of 2024

Source: Afrobarometer & NOI-Polls (2025)

Coordination challenges stem from overlapping agency mandates and fragmented data systems, resulting in inefficiencies and duplicated efforts. Monitoring and evaluation frameworks are inconsistently institutionalised, restricting real-time tracking of reform progress and corrective actions.

Comparative lessons from countries with strong institutional frameworks provide valuable insights:



United States: Institutional independence, robust legal frameworks, and professional oversight bodies underpin sustained economic growth and resilience. The judiciary secures property rights and enforces contracts; regulatory agencies maintain market competition and transparency; and data-driven policymaking supports informed decisions.



Switzerland: The country benefits from decentralised governance with active citizen participation through referenda that foster policy legitimacy and stability. Independent judicial and monetary institutions, low corruption, and a meritocratic public sector contribute to high trust and inclusive prosperity.



Botswana: Success is attributed to rules-based governance, fiscal discipline, transparent tax administration, and proactive anti-corruption efforts. Strategic national development plans ensure continuity, and sovereign wealth management secures long-term economic stability.

These cases illustrate how institutional strength, encompassing rule of law, transparency, accountability, autonomy, civic engagement, and human capital investment, creates the enabling environment necessary for translating reforms into social and economic progress. Nigeria's reform agenda can gain significantly by adapting proven institutional practices while tailoring them to local realities and political economy dynamics.

POLICY ACTIONS AND OPTIONS

To realise Nigeria's reform ambitions and ensure sustainable impact, a comprehensive institutional strengthening agenda should prioritise the following actions:

1

Uphold Rule of Law and Judicial Independence: Strengthen judicial autonomy to ensure impartial law enforcement and protection of property rights, fostering a predictable environment for investment and contract enforcement.

2

Promote Transparency and Accountability: Fully implement e-procurement systems and public contract disclosures at all government levels. Empower anti-corruption agencies with adequate resources and a mandate to prosecute breaches effectively. Institutionalise parliamentary and civil society oversight mechanisms to enhance government accountability.

3

Empower Independent Regulatory Institutions: Ensure critical regulators like the Central Bank and antitrust bodies operate free from political interference. Strengthen intellectual property rights enforcement to support innovation and entrepreneurship.

4

Expand Civic Participation: Develop platforms for citizen engagement in policymaking, including public consultations, feedback mechanisms, and participatory governance models like referenda, to build public trust and ownership of reforms.

5

Simplify Governance Systems: Streamline administrative processes to reduce bureaucratic duplication and inefficiencies, drawing from best practices in lean government systems to improve service delivery and business climate.

6

Invest in Human Capital Development: Align education systems with labour market needs by emphasising vocational training, technical education, and continuous professional development to build a professional, capable public service.

7

Improve Social Protection and Data Systems: Expand coverage through integrated beneficiary registries, digital identification, and payment platforms to enhance targeting and delivery of social assistance.

8

Strengthen Subnational Autonomy and Performance-Based Transfers: Clarify fiscal federalism arrangements and adopt intergovernmental transfer mechanisms linked to performance outcomes to incentivise effective local governance and service delivery.

9

Institutionalise Monitoring and Evaluation: Develop robust M&E frameworks with clear performance indicators and real-time data to track progress, promote accountability, and enable evidence-based decision-making.

10

Foster Stability and Policy Continuity: Pursue electoral and political reforms to increase transparency, inclusivity, and credibility of political processes. Promote multi-year, bipartisan development plans to reduce policy volatility and ensure reform sustainability.



Collectively, these actions require commitment from political leaders, collaboration across government tiers, partnerships with the private sector and civil society, and support from development partners and academia. Institutional strengthening is a long-term endeavour necessitating sustained investment in governance systems grounded in local contexts and responsive to citizen needs.

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The NESG is an independent, non-partisan, non-sectarian organisation committed to fostering open and continuous dialogue on Nigeria's economic development. The NESG strives to forge a mutual understanding between leaders of thought to explore, discover and support initiatives to improve Nigeria's economic policies, institutions and management.

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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