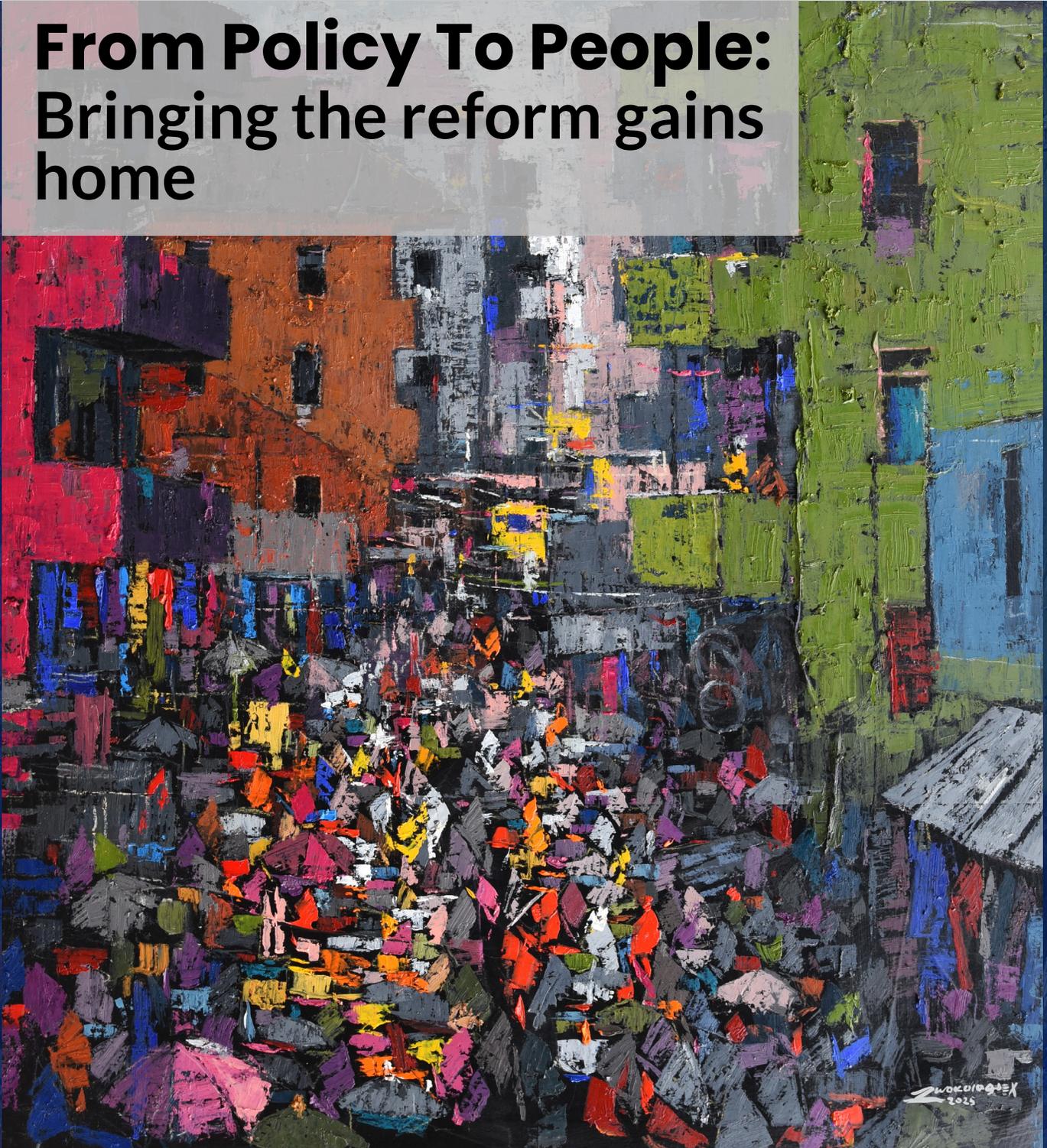




THE WORLD BANK

NIGERIA DEVELOPMENT UPDATE | OCTOBER 2025

From Policy To People: Bringing the reform gains home



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From Policy to People: Bringing the Reform Gains Home

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The analyses presented in this report are based on available data as of September 30, 2025. For questions about the report, please email mbueno@worldbank.org, and gjosephraji@worldbank.org

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Cover photo is a painting by Alex Nwokolo titled "Isale-Eko".

Abbreviations and Acronyms

BDC	Bureau De Change
BHCPF	Basic Healthcare Provision Fund
BIRs	Budget Implementation Reports
bps	Basis Points
CAB	Current Account Balance
CAPEX	Capital Expenditure
CAR	Capital Adequacy Ratio
CBN	Central Bank of Nigeria
CET	Common External Tariff
CPI	Consumer Price Index
CRF	Consolidated Revenue Fund
CRR	Cash Reserve Ratio
ECA	Excess Crude Account
ECOWAS	Economic Community of West African States
EFEMS	Electronic Foreign Exchange Matching System
EMDEs	Emerging Market and Developing Economies
FAAC	Federation Account Allocation Committee
FCT	Federal Capital Territory
FDI	Foreign Direct Investment
FGN	Federal Government of Nigeria
FIRS	Federal Inland Revenue Service
FPI	Foreign Portfolio Investment
FX	Foreign Exchange
GDP	Gross Domestic Product
GOEs	Government Owned Enterprises
ICT	Information and Communication Technology
LMIC	Low and Middle Income Countries
mbpd	Million barrels per day
MDAs	Ministries, Departments, and Agencies
MPR	Monetary Policy Rate
MSMEs	Micro, Small and Medium Enterprises
MTEF	Medium Term Expenditure Framework and Fiscal Strategy Paper
NAICOM	National Insurance Commission
NBS	National Bureau of Statistics
NASSCO	National Social Safety Net Coordinating Office
NCS	Nigeria Customs Service
NDU	Nigeria Development Update

NEDC	North-East Development Commission
N	Nigerian Naira
NHGSFP	National Home-Grown School Feeding Program
NGX	Nigerian Exchange Group
NIN	National Identity Number
NMDPRA	Nigerian Midstream and Downstream Petroleum Regulatory Authority
NPLs	Non-Performing Loans
NSIPA	National Social Investment Program Agency
NSR	National Social Registry
NUPRC	Nigerian Upstream Petroleum Regulatory Commission
OMOs	Open Market Operations
OPEC	Organization of the Petroleum Exporting Countries
PENCOM	National Pension Commission
PMS	Premium Motor Spirit
PPG	Public and Publicly Guaranteed Debt
SDF	Standing Deposit Facility
SLF	Standing Lending Facility
RRR	Rapid Response Registry
UBEC	Universal Basic Education Commission
VAT	Value Added Tax
y/y	Year-on-Year
m/m	Month-on-month
q/q	Quarter-on-quarter
H	Half year
Q	Quarter

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Executive Summary

Nigeria has made substantial progress on macroeconomic stabilization. The government has implemented important reforms since mid-2023 (e.g., reunification of the exchange rate, removal of the petrol subsidy, phase out of deficit monetization, and improved tax administration), which have prevented an outright fiscal crisis and have started to yield tangible results. Growth has increased; the overall fiscal situation has improved due to a surge in revenue; the foreign exchange (FX) market has been stable and is consolidating; the external position is strong with rising FX reserves and a large current account surplus powered by a surge in exports; and inflation has started to gradually decline.

However, stabilization gains have yet to substantially improve Nigerians' livelihoods. Weak growth and high inflation have eroded purchasing power more sharply since 2019, largely reflecting pre-2023 policy missteps and external shocks. Between 2019 and 2023, average consumption fell by 6.7 percent, especially in urban areas, while poverty rose from 40 percent (81 million people) to a projected 61 percent (139 million people) by 2025, with three-quarters of the increase occurring before 2023. Recent reforms are correcting past policy missteps, but meaningful improvements in livelihoods will hinge on sustained disinflation, stronger inclusive growth, better public services, and continuous targeted support to the most vulnerable.

This Nigeria Development Update (NDU) builds on the prior edition's private-sector-led, public-sector-enabled growth strategy and outlines people-centered actions to bring reform gains

home to Nigerians: (i) reducing food inflation, (ii) improving the use of public resources for development, and (iii) strengthening the social safety net to protect the poor and economically insecure.

Nigeria has made substantial progress on macroeconomic stabilization

The recent growth pick-up has been sustained into 2025, though still modest and concentrated. Based on the newly rebased national accounts, GDP grew by 3.9 percent year-on-year (y/y) in the first half of 2025 (H1-2025), up from 3.5 percent in the same period of 2024¹. The service sector continues to be the main growth driver, contributing 2.3 percentage points (pp) in H1-2025 to the overall growth rate, compared to 2.2 pp in H1-2024 (Figure ES.1). The non-oil industry strengthened, with its contribution increasing from 0.3 pp in H1-2024 to 0.5 pp in H1-2025. Agriculture, which employs about one-third of the workforce, contributed only marginally to output growth, though this marks an improvement from the negative contribution recorded last year. The oil and gas industry also expanded, reflecting the increased oil production. High-frequency indicators point to continued economic expansion into Q3-2025. Amid expected moderate global growth and lower oil prices, annual real GDP growth in Nigeria is projected to accelerate from 4.2 percent in 2025 to 4.4 percent in 2027, led by an expansion in services.

Monetary policy has remained tighter, and inflation has started to decline, albeit still high and uneven. Since February 2024, the monetary policy stance has tightened to curb inflation, with the monetary policy rate, MPR, now exceeding current and projected inflation, at 27.0 percent, though transmission remains imperfect. Consumer Price Index (CPI) rebasing complicates the assessment of year-on-year (y/y) inflation, but its sequential pace indicates an early-stage, volatile disinflation. Seasonally adjusted,

¹ In line with international norms, we reference GDP at market prices, and not at factor cost.

annualized month-on-month inflation rate (m/m, saar) dropped from 27.6 percent in April 2025 to 12.9 percent in August 2025. Core inflation, which excludes food and energy prices, fell from 20.3 percent to 17.7 percent (m/m saar). While this indicates progress, caution is warranted given the CPI rebasing and the still high food inflation, at 25.3 percent m/m saar. Annual inflation is projected to decline gradually from an average of 23.8 percent in 2025 to 15.8 percent in 2027, supported by monetary policy tightening and lower pressure from the exchange rate and oil prices.

Foreign exchange (FX) reforms have consolidated an active, willing-buyer-willing-seller market and the external position is strong. The FX interbank market has re-emerged following the recent policy overhaul, including the exchange rate unification, upgraded trading platform, and backlog clearance. As a result, the parallel market exchange rate premium has closed. Despite the gains of a more stable exchange rate, the large inflation differential between Nigeria and the United States (US) means that the recent competitiveness gains of the naira depreciation have been partly reversed. The current account surplus increased by 4.6 percent (y/y) in Q1 2025 to a sizeable 6.1 percent of GDP, driven by higher non-oil exports and lower oil imports. Foreign reserves increased from US\$37.9 billion at the end of April to more than US\$42 billion at the end of September, even with the welcome CBN settlement of FX forwards liabilities.

Despite lower oil prices, recent improvements in Nigeria's aggregate fiscal position have been resilient, though underlying dynamics diverge sharply between Federal and subnational governments. The continued increase in gross federation account revenues—from 7.6 percent of GDP (N19.0 trillion) in the first eight months (8M) of 2024 to 9.5 percent (N27.0 trillion) in 8M-2025—driven by stronger non-oil taxes (particularly company income tax and

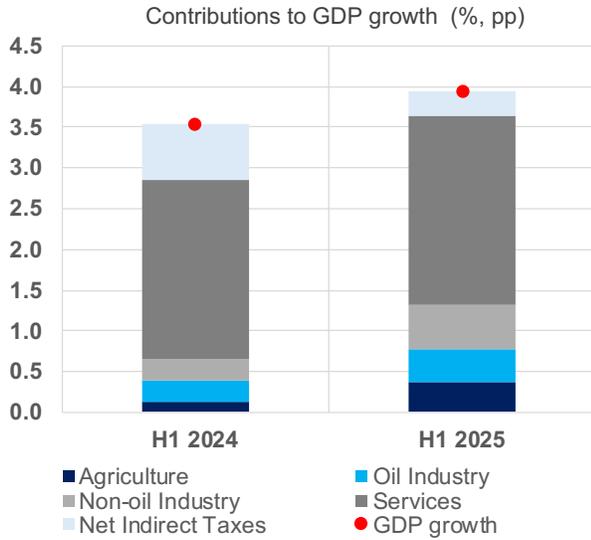
value-added tax), higher oil production, and subsidy reform gains—has bolstered the fiscal position. As a result, the Federation's overall deficit (comprising the Federal government, State governments, and Local governments) is projected at 2.6 percent of GDP in 2025, broadly unchanged from 2024, while the fiscal stance is expected to remain neutral. This resilience, however, masks two diverging trends. States maintained a broadly strong fiscal position in H1-2025, recording a combined surplus of 0.3 percent of GDP (N583 billion), supported by rising federation account transfers and stronger internally generated revenues (IGR), which allowed them to absorb higher wage costs, scale up capital spending, and reduce domestic debt. In contrast, the Federal Government (FG)'s fiscal position weakened, with the deficit widening to 3.8 percent of GDP (N8.1 trillion) in H1-2025, up from 3.0 percent a year earlier, as independent revenues fell and spending pressures from wages and interest costs mounted. Capital spending execution was also low, at just 24.5 percent of the pro-rated FG's 2025 budget, underscoring limited fiscal space at the federal level. Nigeria's public debt remains sustainable, but subject to fiscal vulnerabilities.

Macroeconomic reforms must keep progressing to consolidate stability and shield against risks

The economic outlook remains susceptible to both external and domestic risks. On the external front, increased global uncertainty and rising trade barriers are expected to moderate global growth and depress oil prices. Global risks are tilted to the downside with potential for further disruptions in trade and financial flows, as well as for the intensification of conflicts. Domestically, reform fatigue and uncertainties associated with the upcoming elections could weaken the reform momentum or risk reversals. This would undermine confidence, disrupt the disinflation trajectory, destabilize the exchange rate,

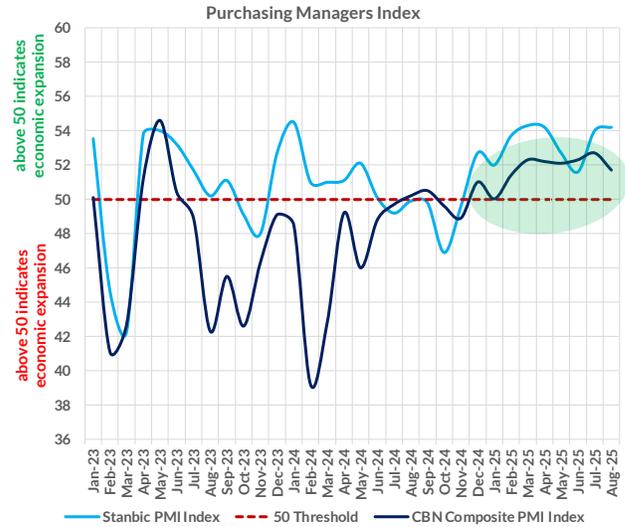
Figure ES. 1. A snapshot of recent economic developments in Nigeria

ES.1A. Growth has remained steady and largely driven by services



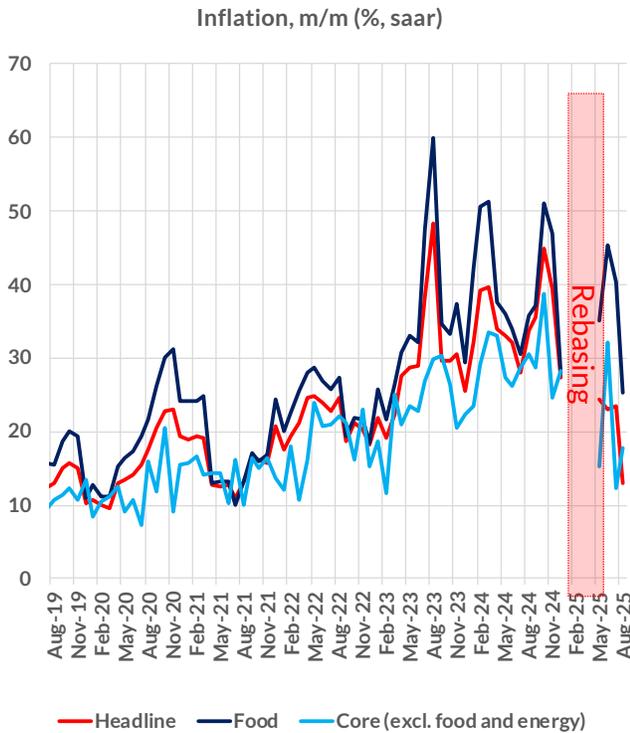
Sources: NBS

ES.1B. High-frequency indicators show continued economic expansion through Q3 2025



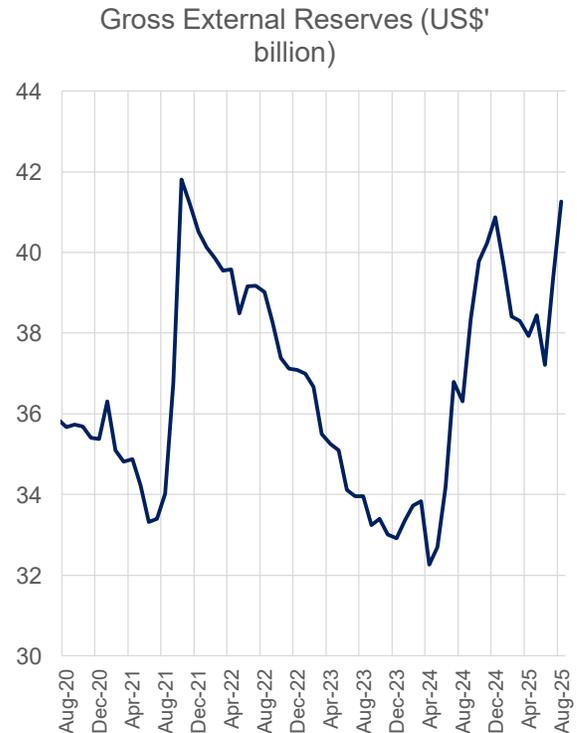
Sources: CBN and STANBIC

ES.1C. The sequential pace of inflation has weakened, though unevenly



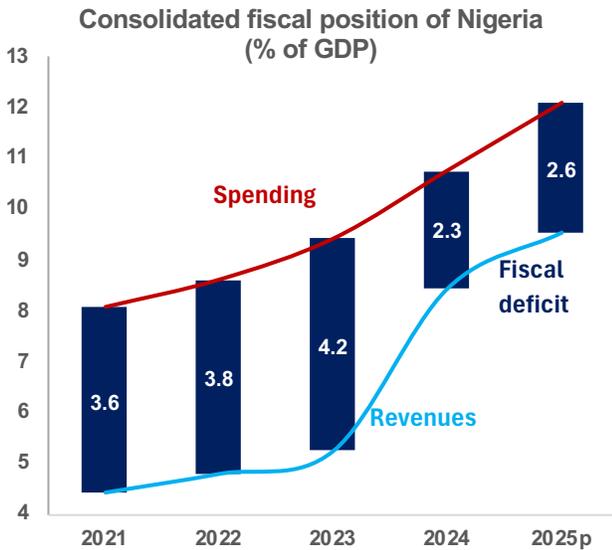
Sources: NBS and World Bank

ES.1D. The external position remains strong, with increasing external reserves



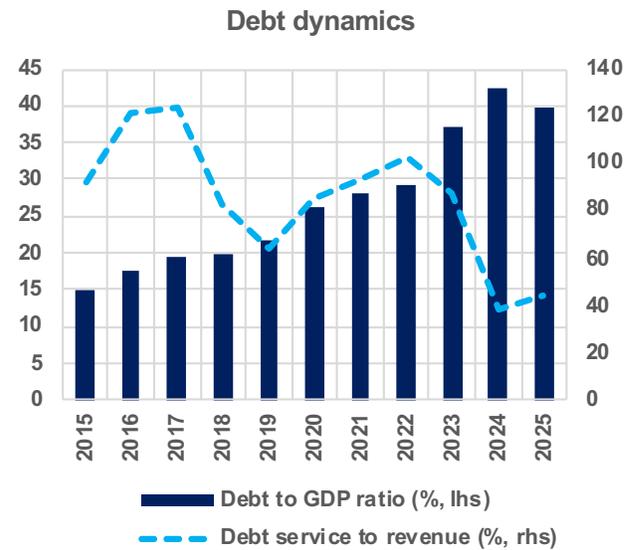
Sources: CBN

ES.1E. The fiscal stance has remained neutral into 2025, despite lower oil prices



Sources: OAGF, BIRs, DMO, World Bank

ES.1F. Public debt pressures have slightly eased, but vulnerabilities persist



Sources: OAGF, BIRs, DMO, World Bank

and exacerbate debt vulnerabilities. Climate-related shocks and domestic conflicts may also pose threats to food security and contribute to further upward pressure on prices.

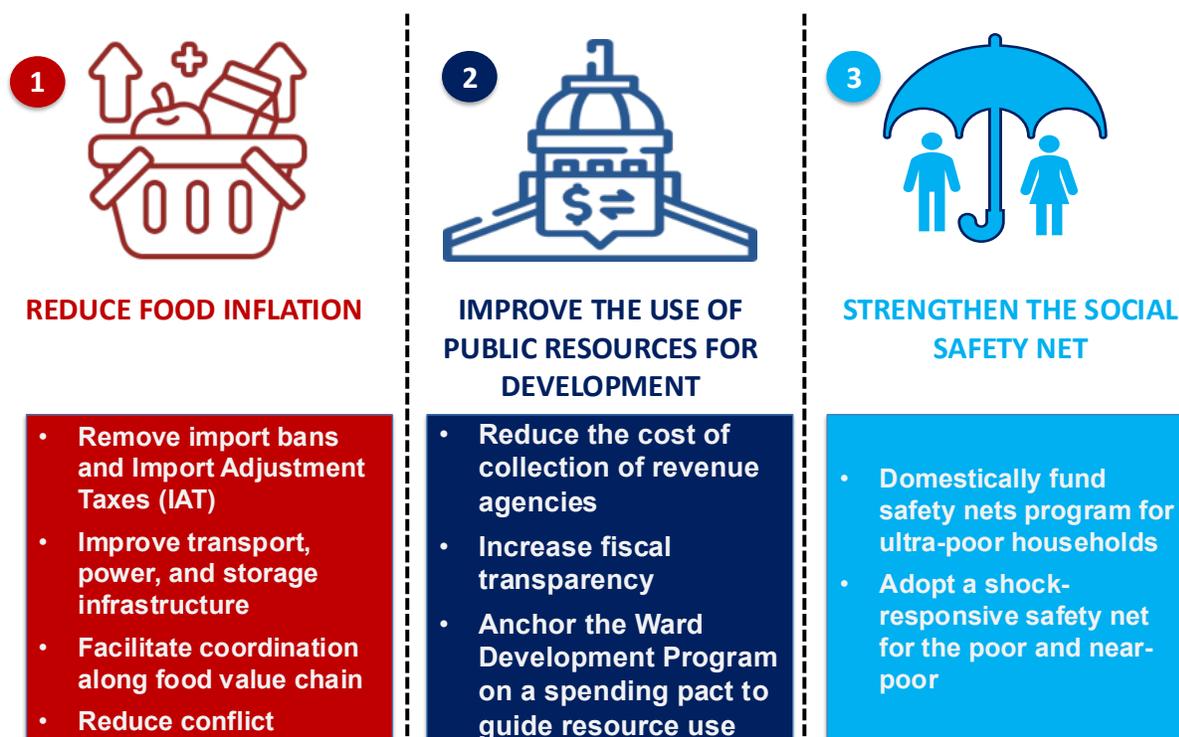
Given these risks, Nigeria must sustain and build on recent reforms to ensure macroeconomic stability. Monetary policy implementation could be strengthened by shifting more pronouncedly to standard tools for managing naira liquidity, such as open market operations and greater reliance on standing facilities. FX policy should also be clearer and less restrictive to support the deepening of the FX market. On the fiscal side, adopting the new tax bills to modernize the system is a step in the right direction. Implementing key reforms—such as value-added tax e-invoicing, a unified tax ID, rationalized tax expenditures, and reduced leakages—will be critical to boosting revenues, which, despite recent progress, remain among the lowest globally. Beyond sustaining non-oil revenues, improving oil revenue transparency and curbing inefficient spending, starting with rationalizing collection costs, are also essential. These

efforts should be complemented by adopting a more realistic budget and increased transparency regarding oil revenue flows.

Yet, recent reform gains need to better translate into improved livelihoods

Despite recent progress, reform gains have not yet translated into broad-based improvements in living standards. Growth is not strong enough to create sufficient quality jobs, and still-high inflation continues to erode real incomes, especially for the poor and economically insecure. The previous NDU outlined a private-sector-led, public-sector-facilitated inclusive growth agenda in which the public sector empowers people and enables private sector development. This edition deepens that agenda with people-centered actions to turn recent reform gains into direct benefits for Nigerians: (i) reducing food inflation, (ii) improving the use of public resources for development, and (iii) strengthening the social safety net to protect the poor and economically

Figure ES.2. How to bring reform gains home?



insecure. (Figure ES.2).

Lowering Food Inflation

Food inflation in Nigeria remains high and particularly harmful to the poor and economically insecure. While inflation has shown signs of easing, food price pressures remain high. This disproportionately hurts poorer households, whose food spending accounts for up to 70 percent of the total. The average price of the food items most consumed by the poor increased five-fold between 2020 and 2024, compared to three-fold for overall food products and over two-fold for all products in the CPI basket.

High and rising food prices are significantly driven by supply constraints imposed by foreign trade barriers and domestic structural problems. Essential products in the Nigerian diet are subject to import bans and extraordinarily high tariffs, including rice, meat, wheat-based products, tomato,

and sugar. Moreover, import barriers also apply to key production inputs such as fertilizers and cement, which raise production costs and hurt competitiveness. These import restrictions aim to foment domestic production but, for the most part, lead to substantial market power, low yields, insufficient food supply, and ultimately higher and increasing prices. Internal structural constraints also restrict domestic supply. Poor access to transport, power, storage, and cold-chain infrastructure limits farmers' market size, increases costs, and leads to large food losses. Insecurity has surged, land tenure is scarce, and extreme weather events further strain agricultural investments and supply.

Lowering food inflation relies on continued macroeconomic stabilization, increasing access to imported food and inputs, and improving institutional and physical infrastructure. A tight monetary and fiscal policy stance is important to

reduce food price pressures, directly and indirectly, through input costs. Removing import bans, aligning import duties with regional trade agreements, and lowering non-tariff costs of trade would allow more imports to compensate for domestic production shortfalls and farmers to access better inputs and to improve export competitiveness. Increasing access to high-quality, certified seeds requires updating and simplifying the varieties release process and establishing a decentralized seed certification system. Joint public-private investment in infrastructure and institutional reforms to improve property rights and bridge coordination, information, and regulatory gaps would boost agricultural domestic production and stabilize or even reduce food prices.

Improving the use of public resources for development

Fiscal policy in Nigeria can better transform policy gains into improved incomes and livelihoods through three main channels:

- **First, increasing transparency by revealing the Federation's full fiscal position.** Nigeria's reforms have improved the country's fiscal position, but this progress is obscured by how accounts are reported—treating both interest and principal repayments as spending, which overstates expenditure and creates the false impression of tighter fiscal space. In addition, Nigeria lacks a comprehensive, timely fiscal picture across federal, state, and local governments, with data often delayed, fragmented, or missing—leaving investors and analysts without a clear view of fiscal progress and undermining confidence in reforms.
- **Second, enhancing discipline in FAAC revenue deductions.** Although gross FAAC revenues have risen significantly, the Federal Government's share has not increased proportionally due to palliative programs for states, refunds of past debts, and statutory deductions to federal agencies, all of which have reduced distributable revenues across the three tiers of government. This has constrained

the authorities' ability to act on national priorities and direct resources to growth-enhancing areas. The recent decision to review deductions and agency retentions is, therefore, a step in the right direction to boost spending efficiency and unlock resources for growth.

- **Third, a national pact needs to align fiscal policy with development goals and establish coordinated mechanisms to channel resources toward shared priorities and leverage economies of scale.** While states have used higher revenues to reduce debt and boost infrastructure spending, funding for education, health, and social protection has lagged and remains inefficient. Ensuring coordination across all levels of government will help translate revenue gains into inclusive, sustainable growth and improved social outcomes, realizing the full developmental potential of the macro-fiscal reforms.

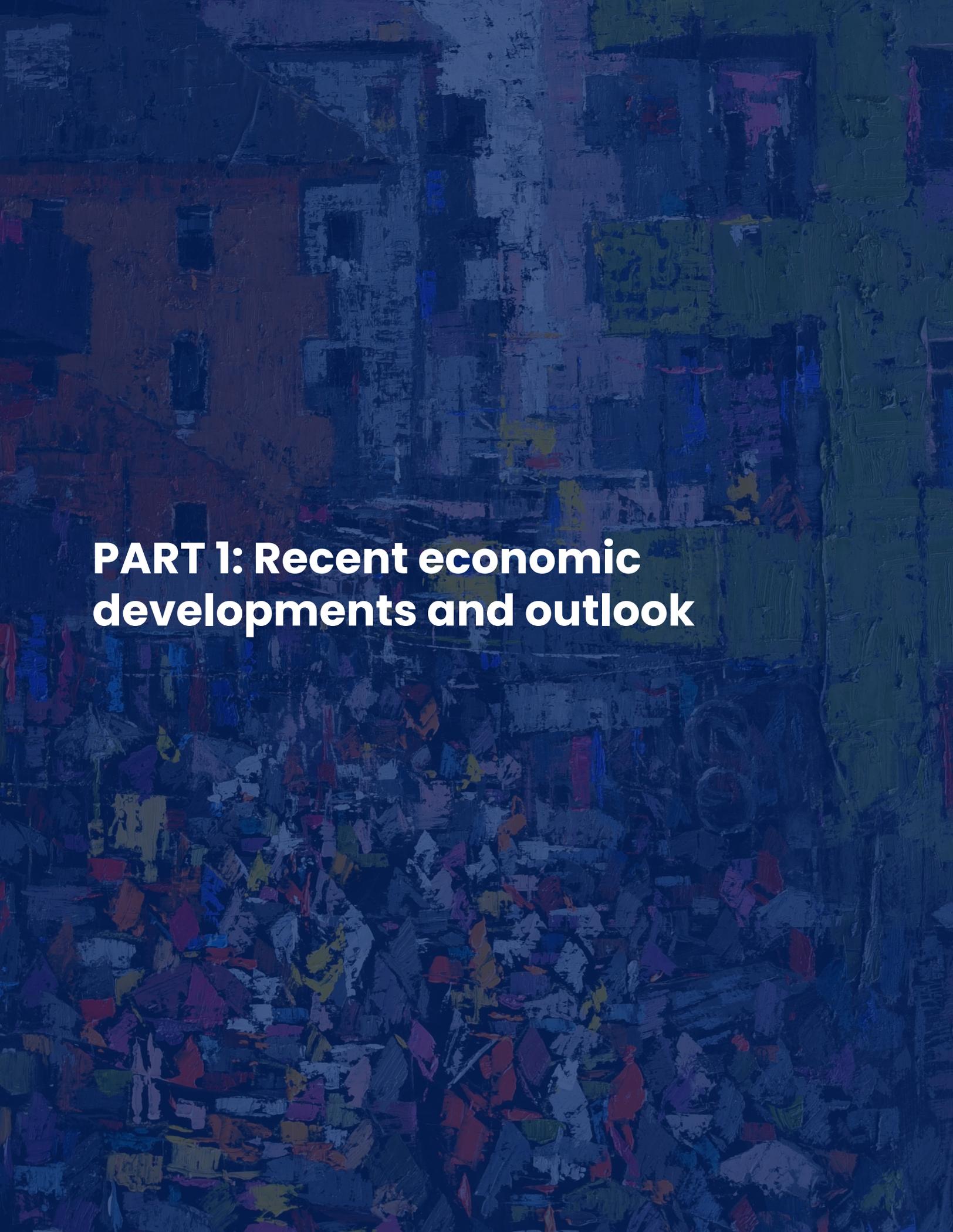
Strengthening the Social Safety Net

Social protection coverage in Nigeria has been limited and volatile. Alongside long-term structural reforms to boost growth, a robust social safety net system is essential to support the poor and shield them from further hardship. Nearly one in five Nigerians was covered by social protection programs in 2018/19, but this fell to just 6 percent by 2023 after key programs were suspended. Spending on social protection remains very low at only 0.14 percent of GDP—far below the global average of 1.5 percent. While recent cash transfer programs have helped restore some coverage, Nigeria still lags its peers in providing reliable safety nets.

While the recent economic reforms have helped stabilize the economy, many households are still strained, particularly the poorest, underscoring the need for timely relief. Nigeria has experience with cash transfer programs that have proven effective in helping families meet food needs, smooth consumption, and cope with rising prices. Building on this, the Social Registry—the largest in Sub-Saharan Africa,

covering 86 million people and linked to digital IDs and payment systems—provides a strong platform to scale up support in a transparent and efficient manner. Expanding its use should be a priority, enabling regular transfers to the ultra-poor and establishing a shock-responsive system to help families manage crises. To ensure sustainability, this expansion should

be underpinned by dedicated budgetary allocations from domestic resources. Reliance on Nigeria's own fiscal resources not only reduces dependence on external financing but also ensures predictability of support to vulnerable households and anchors social protection as a permanent feature of the national budget rather than being used discretionarily.

An abstract painting with a dark, moody color palette. The background is a mix of deep blues, purples, and greys, with various textures and brushstrokes. There are some brighter colors like red, yellow, and green scattered throughout, particularly in the lower half of the image. The overall effect is one of depth and complexity.

PART 1: Recent economic developments and outlook

Nigeria’s macroeconomic stabilization is on track, albeit against a difficult backdrop. Growth has increased—though modest and concentrated in a few sectors—while the fiscal stance has firmed, driven by continued increase in revenues. The interbank spot foreign exchange (FX) market is solidifying, and the naira has been stable; the Central Bank of Nigeria (CBN) has also cleared the residual FX backlog. External accounts have improved, with reserves rising and the current account in a substantial surplus. Yet, there are lingering, sizeable hurdles: tighter monetary policy is easing core inflation, but food inflation remains elevated—especially for staples consumed by the poor; structural constraints to growth are numerous and, in some areas, worsening, calling for urgent structural reforms and higher-quality public spending; and poverty has yet to stabilize, with progress depending on faster growth, sustained disinflation, and greater investment in social protection and human capital.

Economic expansion continues into 2025, but unevenly

The growth pick-up observed in 2024 has been sustained into 2025, still largely driven by selected services (Figure 1.1). The services sector was the main driver, contributing 2.3 pp compared to 2.2 pp in H1-2024. The non-oil industry strengthened, albeit marginally, with its contribution growing from 0.3 pp in H1-2024 to 0.5 pp in H1-2025. Agriculture, which employs about one-third of the workforce, contributed only marginally to output growth, though this marks an improvement from the much lower contribution recorded last year. A more detailed sectoral performance analysis is provided below.

- While **agriculture** picked up from a marginal 0.5 percent growth in H1-2024; growing by 1.5 percent y/y in H1-2025, the sector (particularly the dominant crop production) remains constrained by persistent structural

challenges. These include conflict and insecurity in key production areas, lack of access to quality certified seeds and fertilizers, high costs of imported inputs and machinery due to tariffs and import bans, limited access to finance, and poor logistics—particularly weak transport networks that restrict market integration and insufficient storage facilities that lead to high post-harvest losses and low levels of processing and value addition (see part 2 of this NDU). The sector also continues to face extreme climate events such as flooding, alongside widespread pest infestations and crop disease outbreaks, which began in 2024 and have persisted into 2025.

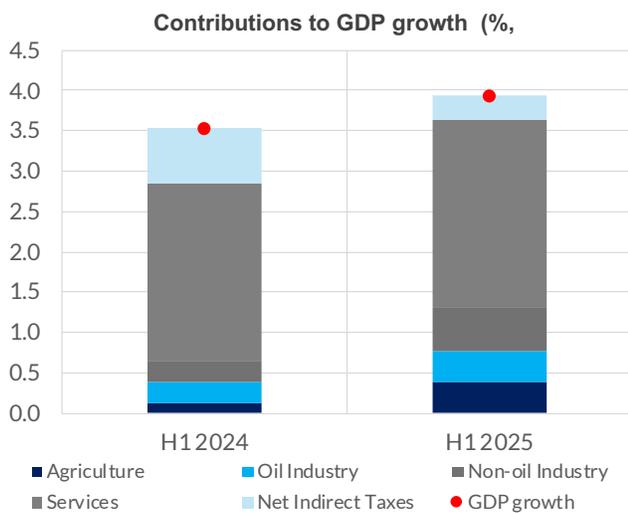
- The growth of the **non-oil industry**—dominated by manufacturing, construction, and mining and quarrying—accelerated from 1.9 percent in H1-2024 to 3.9 percent in H1-2025. This was driven largely by stronger growth in the construction sector, supported by rising capital expenditure, particularly at the state level, where many governments are investing heavily in transportation projects. However, structural constraints such as weak infrastructure (especially electricity and transport), limited access to credit, high costs of imported inputs and machinery, and low skill levels continue to weigh on the performance of most non-oil industry sectors, including manufacturing
- After rebounding in 2024, the **oil and gas sector** (mining and refining combined) maintained strong growth in H1-2025, expanding by as much as 10.7 percent (y/y), most of which came in Q2. Crude oil (and condensates) output averaged 1.68 million barrels per day (mbpd) in H1-2025, up from 1.51 mbpd in H1-2024. Oil refining, in particular, recorded strong growth of 14.2 percent, supported by the Dangote refinery, which began operations in late 2024.
- The **services sector** remained the main driver of

growth in H1 2025, expanding by 4.1 percent (y/y) and contributing well over half of total GDP growth during the period. This performance was supported by sustained gains in information and communication technology (ICT), financial services, and a growing real estate sector (Figure 1.2). ICT grew by 7.0 percent (y/y), driven by rising investments, broader digital adoption—particularly among Nigeria’s large digitally literate youth—and the rapid expansion of e-commerce and financial technology (fintech). The financial sector (including insurance) recorded strong growth of 15.6 percent, supported by persistently high spreads, and a surge in digital financial innovation. Although real estate growth slowed compared to H1 2024, it still expanded by 4.2 percent in H1 2025, buoyed by population growth and accelerating urbanization.

High-frequency indicators point to continued

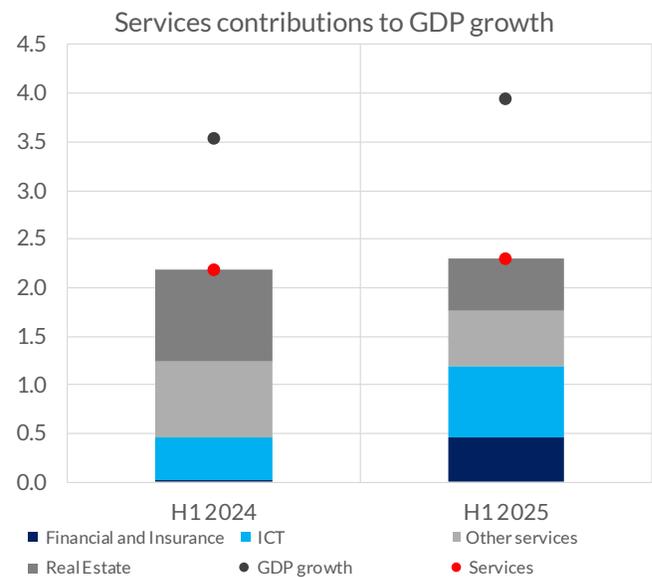
economic expansion into the third quarter of 2025. Supported by a more stable macroeconomic environment, business activity has remained comparatively robust. The Stanbic IBTC headline Purchasing Managers’ Index (PMI) has stayed consistently above the 50-point neutral threshold, averaging 54.1 in July–August 2025—up from 49.9 in the same period a year earlier—as output and new orders posted sharp and accelerating gains (Figure 1.3). The CBN PMI signals a similar ongoing expansion during that period. The NESG–Stanbic IBTC Business Confidence Monitor reflects an improved business environment, with the index rising to an average of 106.9 in July–September 2025 from an average of 88.9 in January–September 2024.. In parallel, crude oil production increased from 1.5 mbpd in January–July 2024 to 1.68 mbpd in January–July 2025 (Figure 1.4). Nonetheless, output remains well below the 2.1 mbpd benchmark assumed in the

Figure 1.1: Economic growth in H1-2025 remained largely driven by services...



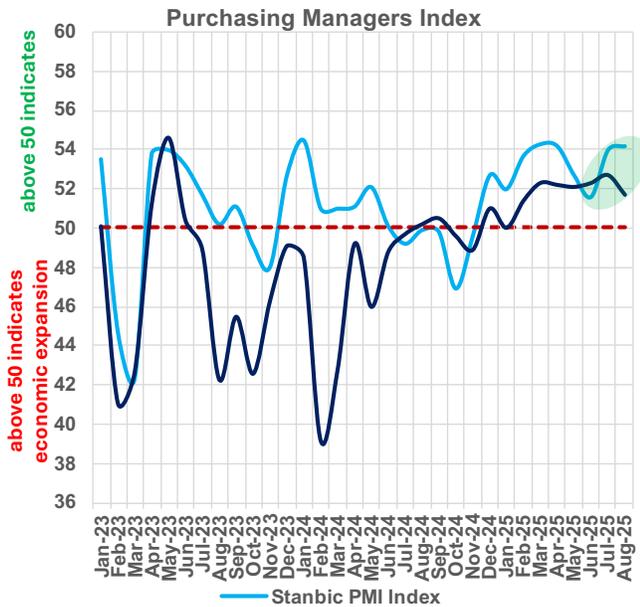
Source: NBS and World Bank
 Notes: "Oil Industry" comprises crude petroleum and gas production, and oil refining.

Figure 1.2: ... especially ICT, finance, and real estate



Source: NBS and World Bank

Figure 1.3: The PMI points to continued expansion into Q3 2025

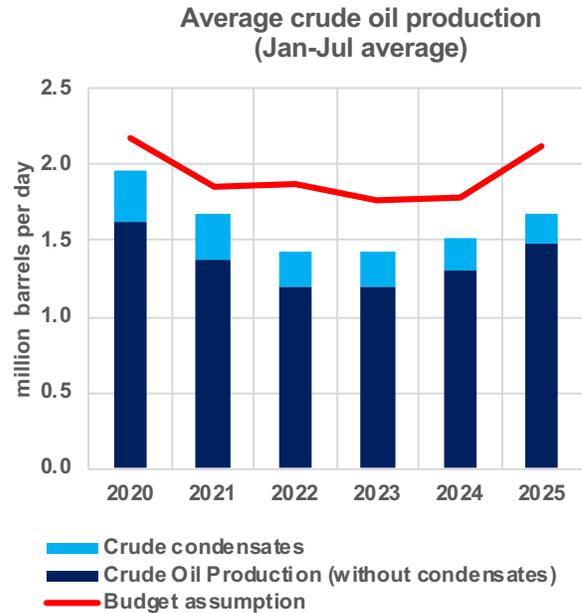


Source: Stanbic, CBN

2025 budget.

Headline growth figures, however, mask substantial regional variation that deserves policy attention. The recent publication of state-level GDP data from 2019-2023 by the National Bureau of Statistics (NBS) sheds light on the different sizes, sectoral concentration, and growth drivers across the 36 states and the FCT (Box 1.1 below summarizes the takeaways from the released data). These subnational differences highlight the need to go beyond “one size fits all” national reforms to foster broad-based growth and leave room for tailored regional policies. This is embedded in the current institutional arrangement in Nigeria, allowing subnationals to customize policies can better address local needs and enhance accountability (Oates, 1999; Alatas et al., 2012; and Martínez-Bravo et al., 2022). Yet, a development compact is crucial for coordination around national development goals to prevent duplication and manage spillovers across states while remaining

Figure 1.4: Oil production has slightly increased in 2025, but it is lower than the budget assumption



Source: NUPRC, BOF

transparent and accountable (Olken, 2007; Boffa et al., 2016).

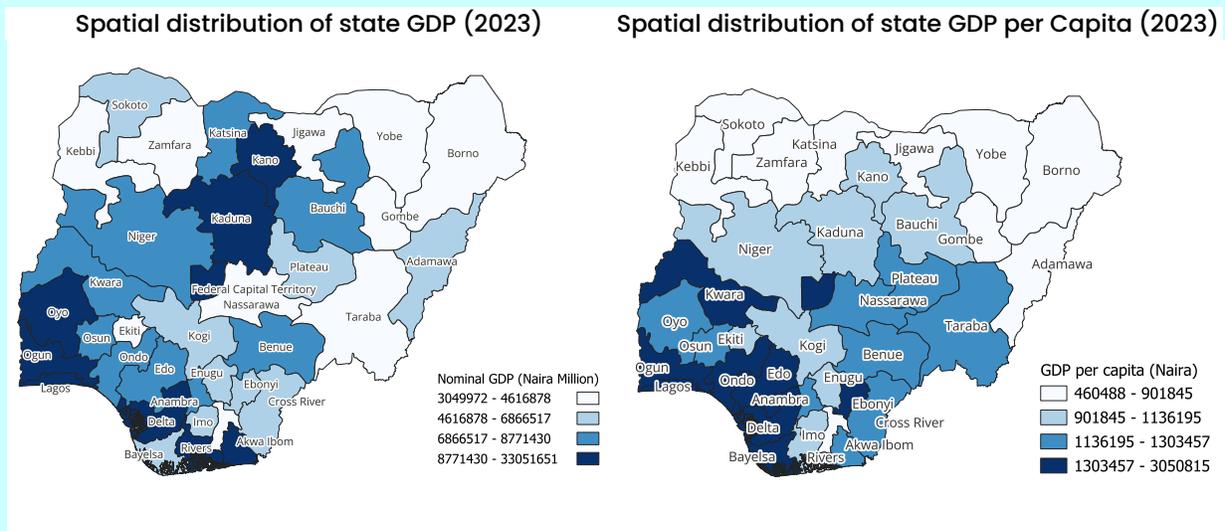
As a result of still timid growth, high inflation, and an underdeveloped social safety net, the previous fall in consumption levels and rise in poverty levels have yet to start reversing. The World Bank analysis on growth incidence curves (GICs) shows that average consumption levels fell by 6.7 percent between 2019 and 2023, largely as a result of pre-2023 policy missteps and external shocks. This fall was more pronounced in urban areas, where subsistence agriculture is less prevalent, and households are more exposed to economic shocks. Similarly, World Bank calculations using the Nigeria Living Standards Survey (NLSS) 2022/23, show that more than one in two Nigerians were poor in 2023, based on the national poverty line. This is equivalent to 56 percent of the population and a steep increase from 40 percent in 2019. Poverty remains elevated in the north of the country, where more than 7 in 10

Box 1: Findings From newly released State GDP 2019–2023

Nigeria’s economy is highly heterogeneous across states, with activity concentrated in a few urban, resource-rich states. Lagos stands out as the country’s economic hub, recording a GDP of N33.1 trillion (11.7 percent of the national economy) in 2023, followed by Delta with N14.6 trillion (5.2 percent) and the FCT with N9.4 trillion (3.3 percent). Smaller states such as Jigawa, Yobe, and Gombe each contribute less than N5 trillion (1.5, 1.0, and 1.1 percent, respectively). Adjusting for population reveals even sharper disparities (Figure B1.1): per capita GDP in the FCT (N3.1 million), Lagos (N2.1 million), and Kwara (N2.0 million) is between 3 and 5 times higher than in Borno (N0.5 million), Zamfara (N0.6 million), and Jigawa (N0.6 million). Economic structures also differ sharply: trade dominates in 17 states (e.g., Lagos 71%, Kano 41%, FCT 58%), agriculture in much of the north (Benue 77%, Taraba 67%, Niger 62%), oil and gas in Delta (41%), Bayelsa (56%), Rivers (31%), and specific industries feature in places like Imo (construction 31%) and Kogi (cement 20%).

Figure B1.1. Urban and oil-producing states concentrate most of the economic activity ...

Figure B1.2. ... and spatial inequality is high in per capita terms

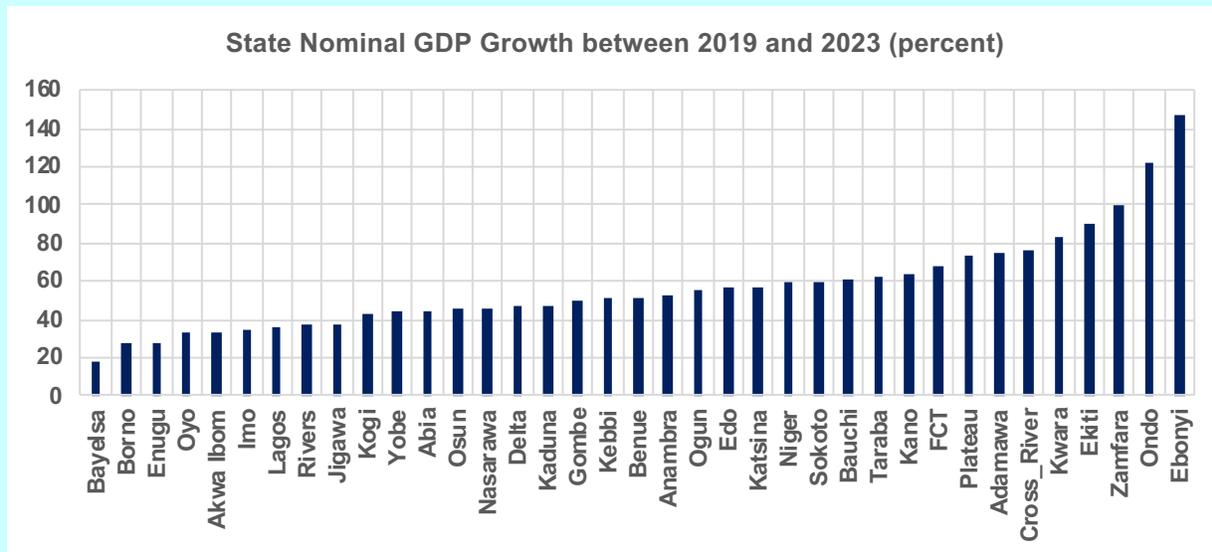


Source: NBS
 Note: The lighter shades of blue represent the lowest values, while the darker shades of blue represent the highest values.

Source: NBS
 Note: The lighter shades of blue represent the lowest values, while the darker shades of blue represent the highest values.

The recently released figures suggest there has been some catch-up growth and how that relates to sectoral composition. Smaller, poorer states—Ebonyi (+123%), Ondo (+147%), Zamfara (+99%), Ekiti (+90%), and Kwara (+83%)—grew faster in 2019–2023 than bigger, oil-heavy states such as Lagos (+36%), Oyo (+33%), Akwa Ibom (+33%), and Bayelsa (+19%) (Figure B.1.3). States leaning into non-oil activities—construction (Imo), cement (Kogi), and a broader mix of services and light industry—have fared better. This points to growth spreading beyond the traditional hubs, albeit departing from a lower base.

Figure B1.3. While large states account for the bulk of national GDP, some smaller states have grown remarkably in 2019-2023



Source: NBS

Nigerians are poor compared to about 3 in 10 in the south. The northeast zone has the highest incidence of poverty of over 80 percent, compared to 32 percent in the south-south. The share of the ultra-poor, i.e., Nigerians who cannot sustain healthy caloric requirements even if they spend all their income just on food, increased from 14 to 27 percent between 2019 and 2023, equivalent to 139 million Nigerians living in ultra-poverty in 2023. These indicators will start improving once inflation is sustainably reduced and growth accelerates substantially, especially if social protection spending is ramped up (see Part 2).

Monetary policy remains tighter to rein in falling but still high inflation

Inflation began to trend downward in 2025, but it remains high, volatile, and uneven. Consumer Price Index (CPI) rebasing complicates the assessment of year-on-year (y/y) inflation. Although different weights and product baskets are used, the sequential pace of inflation—i.e., month-on-month (m/m)—indicates an early stage, volatile disinflation

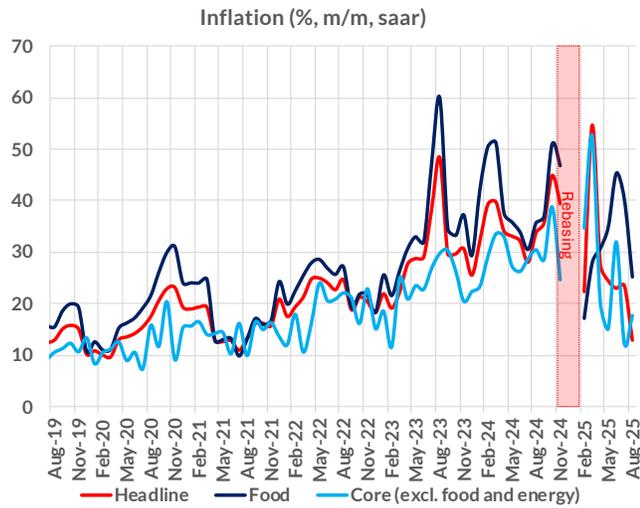
process. Annualized and seasonally adjusted m/m inflation dropped from 26.3 percent in February 2025 to 23.5 percent in July and 10.8 percent in August 2025. However, the headline figure conceals different behavior among its subcomponents. Core inflation has fallen more pronouncedly from 31.5 percent in February to 10.9 percent in July and 16.6 percent in August, while food inflation has remained higher and erratic, from 22.5 percent in February to 37 percent in July 2025 and 21.7 percent in August. This emphasizes the need for persistent monetary policy tightness, as well as efforts to alleviate supply constraints for domestic production and imports (see Chapter 2 for a comprehensive analysis of food inflation).

The monetary policy stance has remained appropriately tighter to control inflation. The monetary policy committee (MPC) has raised the monetary policy rate (MPR) by 875 basis points (bps) between February 2024 and August 2025, before lowering it by 50bps in September 2025. The MPR now stands at 27.0 percent, higher than both current and

expected one-year inflation rate (see outlook section below); banks' costs for depositing and borrowing overnight at the CBN standing facilities (SDF and SLF) are now symmetric at 24.5 and 29.5 percent (MPR -250/+250), respectively; and the share of bank funding required to be held as reserves at CBN, the cash reserve ratio (CRR), was lowered by 0.5 percentage points (pp) but remains exceptionally high at 45 percent. In the September 2025 meeting, the MPC introduced a 75 percent CRR on non-treasury single account (TSA) deposits to mop up liquidity from higher public sector deposits. Monetary policy transmission has improved since 2024, with increased reliance on open market operations (OMOs) and standing facilities for liquidity management. Short-term market rates (open buy back, OBB) have fluctuated within the previously asymmetric corridor but have yet to be fully anchored at the MPR (Figure 1.6). OMO (CBN bills) auctions have generally cleared around the MPR, anchoring short-term money market conditions. Treasury bill (NTB) rates, in contrast, continue to be significantly lower than the MPR (Figure 1.7), hinting at a degree of financial repression. Partly as an indication of lower inflation expectations and risk perception, the yield curve for government securities has shifted down and flattened (Figure 1.8).

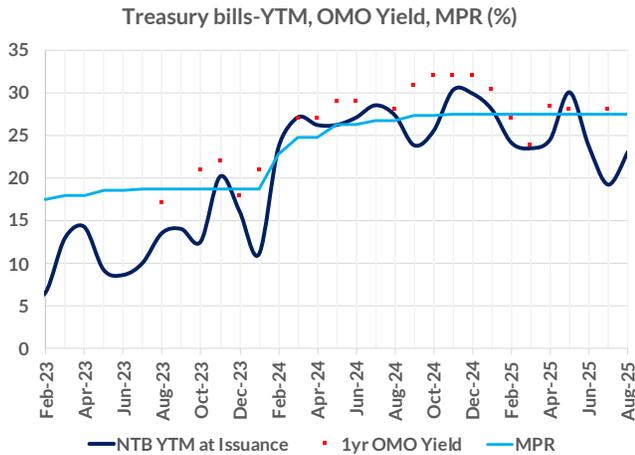
Despite notable progress, the monetary policy implementation framework could be further improved. The CBN's MPR-centered operational framework is less effective due to the mix of instruments employed. First, the central bank's use of an extremely high CRR to control naira liquidity causes banks to have a large portion of their funds tied up and unremunerated at the central bank. Consequently, banks must charge higher spreads to compensate, which increases credit costs and reduces depositors' returns. Although this benefits the CBN's balance sheet, it results in higher-than-needed costs of monetary tightening and weakens transmission. Second, a significant gap between the SLF rate and the MPR makes liquidity management more costly for banks, which are penalized for eventual shortfalls. This adds to the constraints on accessing the SLF and participating in OMOs on the same day. Third, allowing foreign portfolio investors to participate in OMOs has been used mainly to increase FX inflows, rather than focusing OMOs on their primary goal of controlling naira liquidity. This increases rollover risks and exposure to volatile global sentiment, further segments the money and government debt markets—weakening monetary policy transmission—and adds naira liabilities for the CBN as the counterpart to FX reserve accumulation.

Figure 1.5: The sequential pace of inflation has trended down, though unevenly



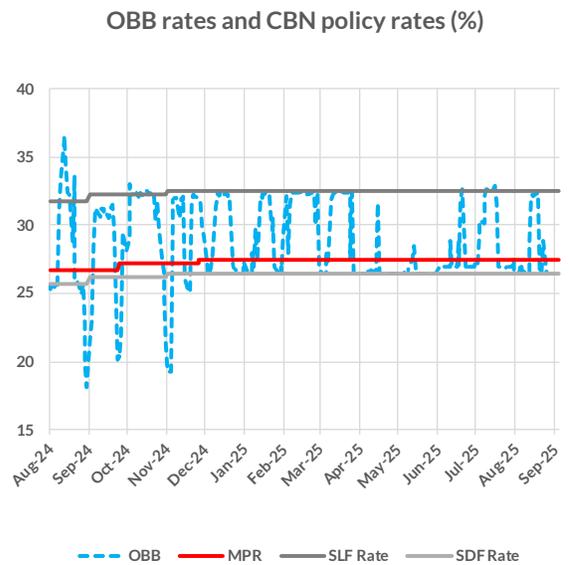
Source: NBS and World Bank

Figure 1.7: OMO rates have been cleared around the MPR, but the gap with NTBs has widened



Source: CBN

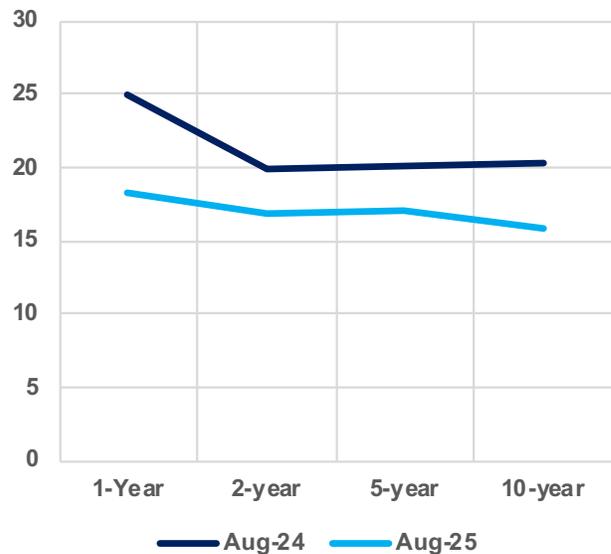
Figure 1.6: Short-term rates have oscillated between the bounds of the MPR corridor



Sources: CBN
 Note: OBB = open buy back; SLF = standing lending facility; SDF = standing deposit facility; MPR = monetary policy rate.

Figure 1.8: The yield curve has shifted down, partly due to better anchored inflation expectations

Average NGN bonds yields by maturity (%)



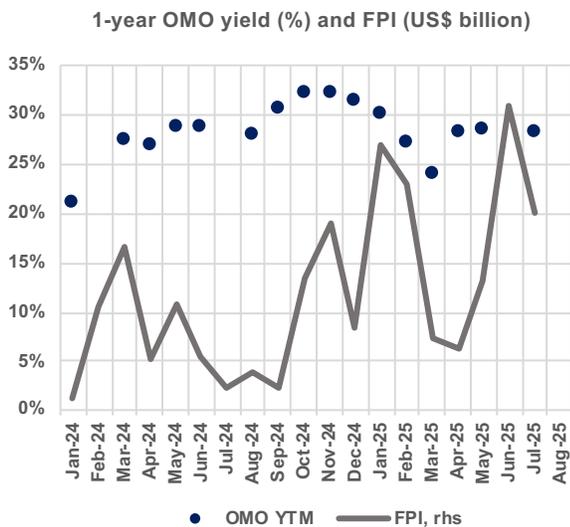
Source: CBN

The exchange rate has been market-reflective, and its previous adjustment continues to benefit the external position

Foreign exchange (FX) reforms have consolidated an active, willing-buyer-willing-seller market. The FX interbank market has re-emerged following the recent FX policy overhaul, such as exchange rate unification, upgrades in the interbank trading platform, clearing of the FX backlog, improvements in the last-mile FX channels for formalizing remittances, which includes the new bureau de change (BDC) regulatory framework. As a result, the parallel market exchange rate premium has been negligible and the official rate more stable. The resilience of this market was tested during the global market turmoil of April 2025, when the CBN intervened to reduce volatility while also allowing the exchange rate to depreciate by about 5 percent to absorb the oil price shock

Yet, the FX market needs to be deepened, and further improvements to the FX policy framework

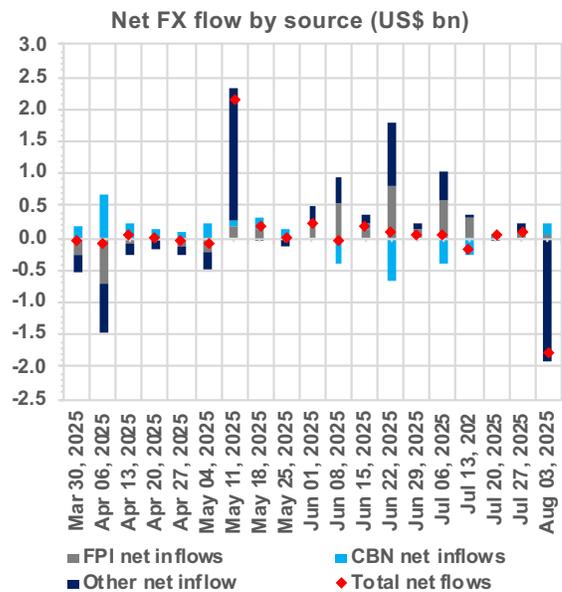
Figure 1.9: FPI has been attracted by high yields and a stable exchange rate...



Source: FMDQ and CBN

would help. The market remains heavily dependent on FX flows from FPI and the CBN. FPI has been attracted by high OMO yields (Figure 1.9), and CBN has leveraged positive net FX inflows to build up reserves and maintain exchange rate stability (Figure 1.10). Yet, for the FX market to be sustainably liquid and market-driven, longer-term inflows, including from oil and remittances, need to increase. It is also critical to accelerate non-oil exports, which also depend on addressing supply-side constraints. In addition, with low incentives to hoard US dollars given the higher domestic yields and a more stable exchange rate, progressively allowing banks to hold larger FX net open positions—within appropriate macroprudential limits and as part of a broader strategy to support FX market deepening and exchange rate flexibility—would, as market confidence strengthens, help promote greater market-driven naira stability. Lastly, CBN’s exchange rate policy, including FX intervention policy, needs to be clarified and communicated to the market. A transparent FX strategy would help anchor expectations as to what CBN’s reserves target is and how it would intervene

Figure 1.10...while CBN has leveraged net positive inflows to build FX reserves



Source: FMDQ and CBN

in case of large shocks, as in April 2025.

Following the improvement in 2024, the external position has remained strong in 2025 (Figure 1.11). The current account balance (CAB), which was in a surplus of only 0.1 percent of GDP in the first quarter of 2023, rose to 6 percent of GDP in Q1 2024, as exchange rate unification and depreciation of the naira contributed to import compression and higher remittances. In Q1 2025, the CAB continued to post a sizable surplus of US\$3.9 billion (6.1 percent of GDP), supported by a strong trade-in-goods surplus of US\$4.2 billion, contributing to the naira stability. This was largely driven by a 50 percent (y/y) increase in non-oil exports, which benefited from a competitive naira, alongside lower petroleum product imports, as smuggling declined following the removal of the PMS subsidy in Q4 2024 and the restart of domestic refining (Figure 1.12). Although the naira remains competitive, the gains from the 2024 adjustment—reflected in a historically low real exchange rate—have been partly eroded by nominal exchange rate stability and Nigeria’s much higher inflation relative to the US (Figure 1.13). Inward remittances remained a major contributor to the positive CAB but declined by 4.2 percent (y/y) in Q1 2025, partly due to slower global growth and reduced employment opportunities for Nigerian migrants. The service trade and primary income balances, which have usually contributed negatively to the CAB, remained negative in Q1 2025.

The financial account in Q1 2025 was affected by divestments from investment positions. Heightened volatility driven by trade uncertainty led to financial outflows, aligned with divestments from bank deposits and repayments of foreign currency liabilities by the government (notably CBN) and corporate entities. While there was a net inflow of foreign direct investment (FDI) of US\$798 million

during the period, it remained extremely low, as in previous years, at less than 1 percent of GDP. Structural challenges impacting the business environment persistently hinder long-term foreign investments, either through equity or debt.

The interplay between the positive CAB and the net financial account outflows during Q1 2025 resulted in a depletion of the external reserves, which have increased subsequently. Gross reserves (30-day moving average) declined from US\$40.9 billion (8.5 months of goods and services import cover) at the end of 2024 to US\$38.3 billion at the end of March 2025 (8 months of goods and services import cover), as CBN also settled some of its near-term FX liabilities and intermittently intervened in the FX market. Gross reserves have subsequently grown to US\$41.3 billion (8.6 months of goods and services import cover) at the end of August 2025 as net inflows became positive (Figure 1.14).

Financial sector reforms have bolstered resilience but credit deepening lags

Nigeria’s financial sector has been resilient, supported by reforms across banking, capital markets, pensions, and insurance. Between Q4 2023 and Q1 2025, total financial sector assets expanded by 2.8 percent in real terms, led by a 2.5 percent expansion in the banking sector, which accounts for approximately 87 percent of total system assets. The pension and insurance sectors contribute 11 percent and 2 percent, respectively².

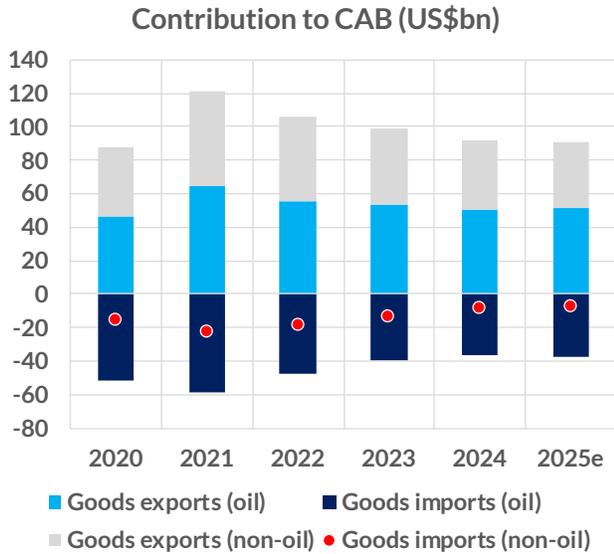
The banking sector has maintained sound asset quality and strengthened its capital buffers through Q1 2025. The industry’s non-performing loans (NPL) ratio closed 2024 at 4.87 percent³, though it peaked at 6.03 percent⁴ in Q1 2025

² Central Bank of Nigeria (CBN), *Quarterly Statistical Bulletin*, March 2025

³ CBN, *Statistics Database, Non-Performing Loans to Gross Loans*

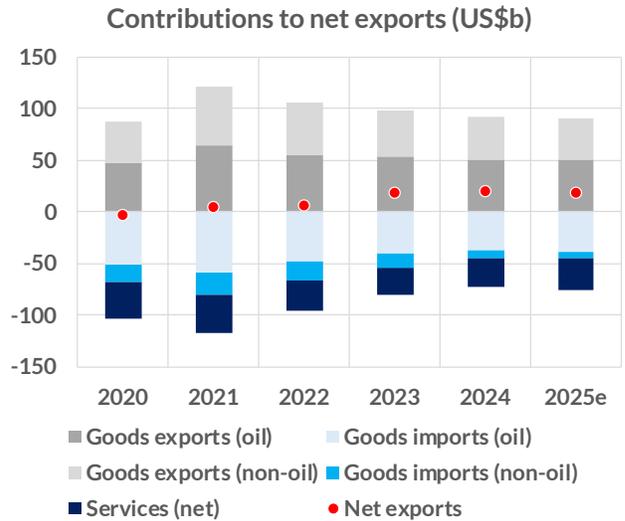
⁴ CBN, *Statistics Database, Non-Performing Loans to Gross Loans*

Figure 1.11: The current account position in 2025 remains as strong as in 2024...



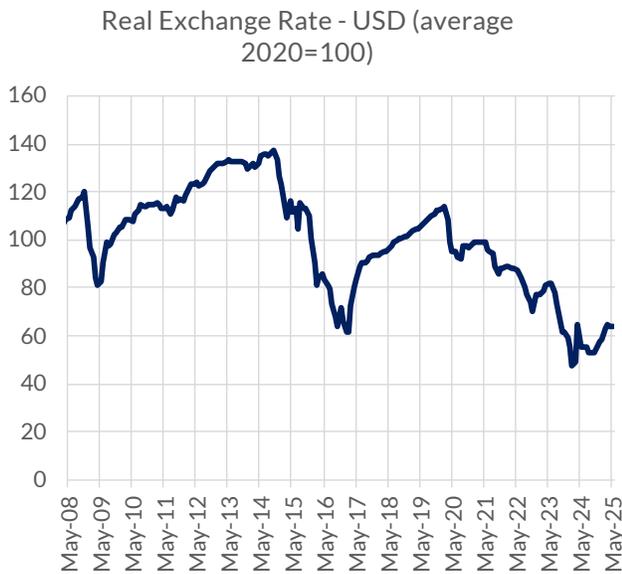
Source: CBN; World Bank projections

Figure 1.12:.... driven mainly by a pick-up in non-oil exports and lower petroleum imports



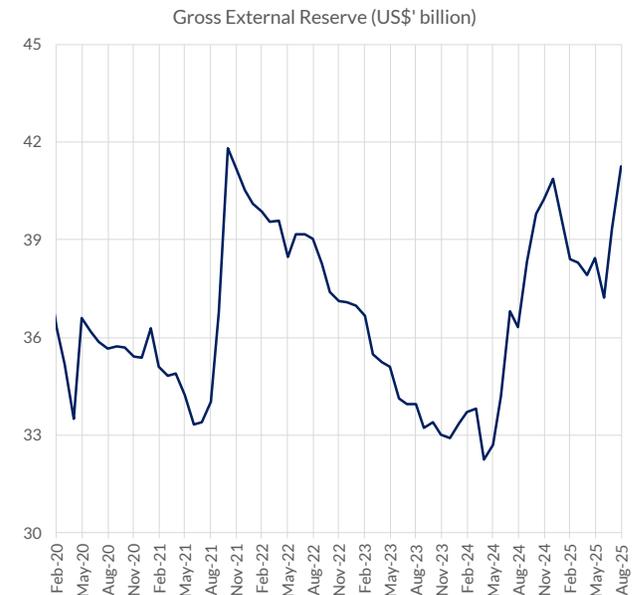
Source: CBN; World Bank projections

Figure 1.13: High inflation and a stable exchange rate have eroded some RER competitiveness gains



Source: CBN

Figure 1.14: After a dip, gross external reserves have increased



Source: CBN

following the withdrawal of the COVID-19 era regulatory forbearance.⁵ The capital adequacy ratio (CAR) improved from 12.9 percent and 15.3 percent at end-December 2023 and December 2024, respectively, to 15.7 percent in March 2025⁶, supported by the ongoing recapitalization exercise. As the March 2026 deadline approaches, fourteen banks have met the new minimum requirements⁷, while others are progressing through various strategies, including mergers and acquisitions. Liquidity pressures emerged between Q4 2023 and Q2 2024, with the liquidity ratio dipping below the 30 percent regulatory threshold for three consecutive quarters, reaching a low of 25.02 percent. However, conditions rebounded in Q3 2024, with the ratio rising to 47.08 percent by Q4 2024 and 49.52 in Q1 2025, reflecting restored buffers.

High preference for sovereign instruments continues to expose banks to sovereign risk and

Figure 1.15: Non-Performing Loans ratio increased after the withdrawal of regulatory forbearance



Source: CBN

5 CBN, Letter to All Banks, Regulatory Measures to Support Exit from Forbearance Regime

6 CBN, Statistics Database, Regulatory Capital to Risk Weighted Assets

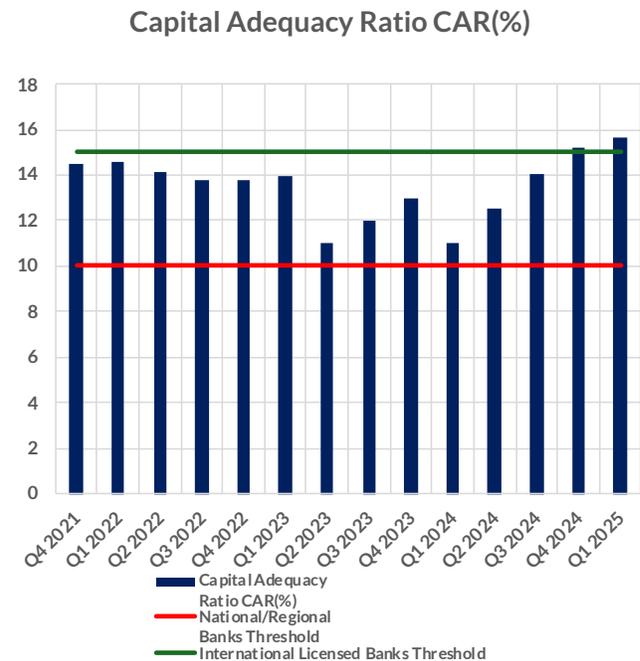
7 CBN Monetary Policy Communique of September 2025

to constrain credit intermediation. Sovereign instruments account for 12.2 percent of banks’ total assets as of Q1 2025 when compared to the 10.4 percent of Q4 2023. This concentration contributes to the low private sector credit-to-GDP ratio in Nigeria at 21.3 percent, well below emerging market benchmarks such as Kenya (31.64 percent), Mexico (34.65 percent), Philippines (49.81 percent), South Africa (90.55 percent), the SSA region (33 percent, excluding high income countries) and lower middle-income economies (47 percent) .

In the capital market, with government bond rates still elevated, long-dated corporate bond issuance remained subdued.

Firms favored short-term instruments, with commercial paper volumes accelerating to N1.07 trillion across 75 deals in H1 2025. Foreign portfolio investments complemented the rally in domestic risk assets. Lower yields on FGN bonds, stronger equity turnover, rising foreign

Figure 1.16: The Capital Adequacy Ratio improved, supported by recapitalization

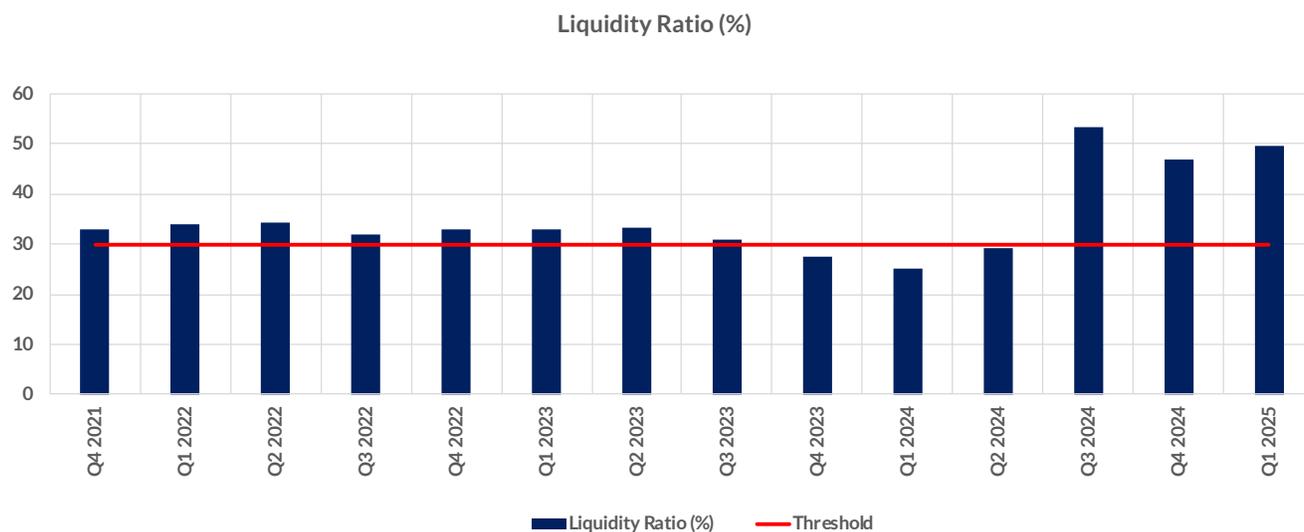


Source: CBN

participation, and ongoing bank recapitalization, will enhance financial flexibility by easing the cost of capital and broadening market access. Realizing their full impact will depend on sustained infla-

tion easing, implementation of the ISA 2025, and product innovation (e.g., MSME investment funds, securitization, derivatives, etc.) to deepen market liquidity beyond sovereign paper.

Figure 1.17: Banking system Liquidity Ratio rebounded in Q3 2024 following previous pressures



Source: CBN

Equities led market activity, with total transactions reaching N4.19 trillion in H1-2025, up 61 percent from H1 2024⁸. Foreign participation rose to 27 percent (from 21 percent in H1-2024), and the All-Share Index increased 16.6 percent. Market capitalization grew 16 percent year-to-date (YTD) to N126.7 trillion, driven by a 21 percent rise in equities (N62.8 to N76.0 trillion), while listed fixed income remained stable at around N50.56 trillion. ETFs gained traction, with market capitalization rising to N25.79 billion, underpinned by expanding retail participation⁹. Primary markets activity was dominated by the banking sector recapitalization program, with N2.04 trillion raised by 10 listed banks in H1-2025 via a mix of public offers, rights issues, and private placements¹⁰.

The pensions sector continues to expand, with the National Pension Commission (PenCom) reporting total Assets Under Management (AUM) of N23.33 trillion as of March 2025, up from N22.5 trillion at end-December 2024. FGN securities dominate pension asset allocation (N14.5 trillion, 62.1percent), followed by equities (N2.6 trillion, 11.0 percent), corporate debt (N2.35 trillion, 10.1 percent), and money market instruments (N2.1 trillion, 8.9 percent)¹¹.

Finally, the Nigerian Insurance Industry Reform Act (NIIRA) 2025 - enacted on August 5, 2025 - marks a major regulatory overhaul of the insurance sector. Replacing the Insurance Act 2003, NIIRA 2025 introduces new minimum capital

8 Nigerian Exchange Limited (NGX), 2025, August 6

9 NGX Domestic and Foreign Portfolio Investment Reports

10 PwC, Nigerian Capital Market Update, August 2025

11 National Pension Commission, Pension Industry Performance Dashboard, March 2025

requirements for regulated entities: N25 billion for non-life insurers, N15 billion for life insurers, and N45 billion for reinsurers. The National Insurance Commission (NAICOM) is developing the implementation framework, including enforcement mechanisms and compliance timelines for the new capital requirements. These reforms aim to improve insurance penetration, currently at just 0.5 percent of GDP, well below levels observed in South Africa (11.3 percent), Morocco (3.9 percent), and Kenya (2.3 percent).

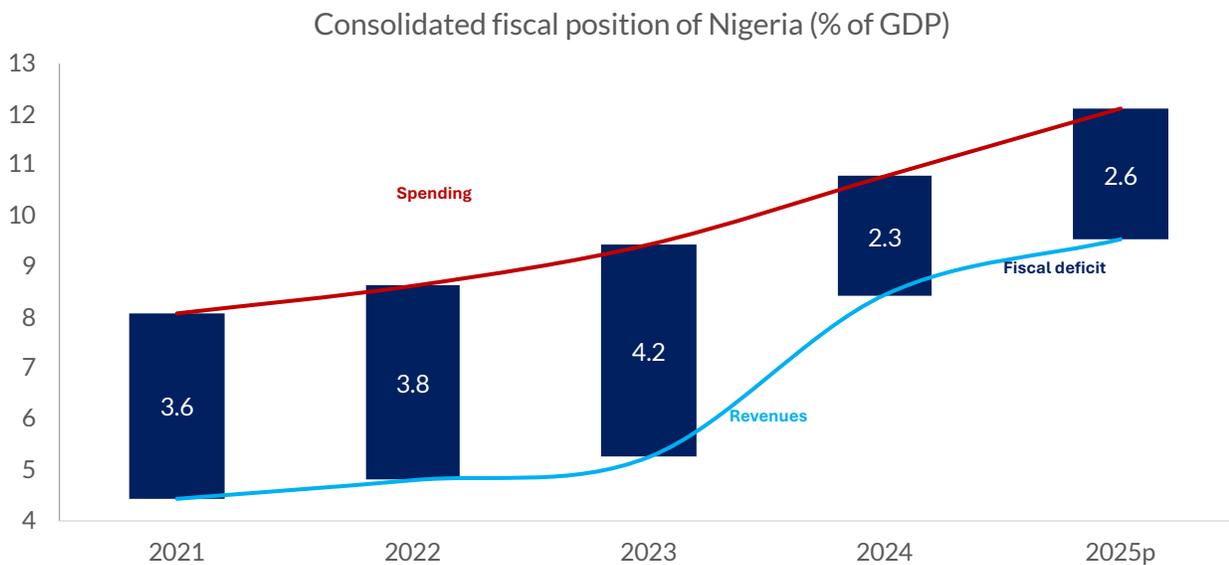
The fiscal position is resilient despite lower oil prices

Despite the decline in oil prices, Nigeria’s overall fiscal stance remains largely unchanged, underscoring its reduced vulnerability to oil price shocks. Based on fiscal data for H1-2025, the fiscal position of the Federation (Federal Government,

GDP in 2025, compared to 2.3 percent in 2024 (Figure 1.18). Gross FAAC revenues continued to grow rapidly, increasing from 7.6 percent of GDP (N19.0 trillion) in 8M-24 to 9.5 percent (N27.0 trillion) in 8M-25, driven by strong non-oil revenue performance—particularly company income tax (CIT) and Value Added Tax (VAT) —reflecting improvements in tax administration (Table 1.1). In addition, gross oil revenues increased by 0.1 percentage points of GDP in 7M-25, despite oil prices declining by 14.6 percent (y/y), supported by higher oil production and highlighting the impact of revenue gains from the removal of the PMS subsidy, which began to be partly transmitted to the Federation early in the year. These revenue gains have strengthened Nigeria’s fiscal resilience, enabling all tiers of government to expand spending.

States’ fiscal performance remained strong in H1-2025. Based on data compiled from various

Figure 1.18: Nigeria’s overall fiscal position in 2025 is expected to remain neutral



Source: OAGF; State BIRs, NBS; DMO, World Bank.
Note: “p” means projected

states, and local governments) is projected to remain broadly neutral, with the deficit at 2.6 percent of

Budget Implementation Reports (BIRs), a total of 34 Nigerian states recorded an aggregate surplus of

Table 1.1: Gross revenues collected at FAAC continued increasing in 2025

FAAC revenue flows: gross revenues, deductions, distributed revenues		N bln			% GDP		
		8M-23	8M-24	8M-25	8M-23	8M-24	8M-25
Total gross revenues by Agency (A)		10,243	19,005	26,976	4.9	7.6	9.5
Oil and gas revenues		3,790	8,388	10,737	1.8	3.4	3.8
NUPRC	Oil and gas royalties	1,071	3,480	4,881	0.5	1.4	1.7
NUPRC	Gas flaring penalties	72	265	380	0.0	0.1	0.1
NUPRC	Rentals	4	18	30	0.0	0.0	0.0
NUPRC	Miscellaneous	9	25	33	0.0	0.0	0.0
NNPCL	Federation share of NNPC PSC	214	97	424	0.1	0.0	0.1
NNPCL	Interim dividends from NNPC	244	325	0	0.1	0.1	0.0
FIRS	Oil and gas taxes	2,177	4,179	4,989	1.0	1.7	1.7
Non oil and gas revenues		6,453	10,617	16,240	3.1	4.3	5.7
FIRS	CIT, SDT, and CGT	3,015	4,131	7,754	1.4	1.7	2.7
FIRS	VAT	2,135	4,191	5,538	1.0	1.7	1.9
FIRS	EMTL	111	134	257	0.1	0.1	0.1
NCS	Custom revenues	1,191	2,161	2,691	0.6	0.9	0.9
Total deductions (B)		3,313	8,445	11,212	1.6	3.4	3.9
Savings (non-oil excess account)		990	250	1,778	0.5	0.1	0.6
Transfers to military	Intervention program and allowances	0	800	1,150	0.0	0.3	0.4
Transfers to MDAs	Cost of collection and refunds to FIRS, NCS, MNDPRA, NUPRC, NEDC, FEF	698	1,524	2,160	0.3	0.6	0.8
Presidential metering initiative		0	520	0	0.0	0.2	0.0
Interventions for states	Infrastructure and security	0	915	1,150	0.0	0.4	0.4
Refunds to subnationals	NLNG, ECA, JVC, 13% derivation, etc.	883	4,420	4,518	0.4	1.8	1.6
Renewed Hope Ward Development Programme		0	0	300	0.0	0.0	0.1
Other deductions	Refunds on Priority Projects, recovery of WHT taxes to states, etc.	742	16	156	0.4	0.0	0.1
Distributed revenues (C=A-B)		6,930	10,561	15,764	3.3	4.2	5.5

Source: FAAC, World Bank.

approximately 0.3 percent of GDP (N583 billion) in H1 2025¹², compared to a surplus of 0.5 percent of GDP (N1 trillion) surplus in H1-2024 (Figure 1.19). While most states-maintained a near-balanced fiscal position, some, such as Bauchi, Lagos and Ogun recorded fiscal deficits, whereas others—like Delta, Enugu, and Akwa Ibom—reported large surpluses (Figure 1.20).

The sharp increase in revenues allowed states to substantially scale up capital spending and reduce domestic debt. Cumulatively, revenues across 33 states rose from 3.0 percent of GDP (N5.6 trillion) in H1-24 to 3.5 percent (N7.6 trillion) in H1-25, driven by a surge in FAAC transfers (Figure 1.21).¹³ The continued increase in FAAC transfers reflects additional revenues—beyond the regular FAAC distributions—deducted from the gross revenue pool, including: (i) federal support for infrastructure and security, (ii) refunds of signature bonuses, (iii) reim-

bursements for Excess Crude Account (ECA) withdrawals, and (iv) derivation refunds to oil-producing states. In parallel, several states also strengthened their IGR. Notably, Abia, Akwa Ibom, Anambra, Bauchi, Benue, Edo, Ekiti, Enugu, Gombe, Imo, Jigawa, Kano, Katsina, Kebbi, Lagos, Niger, Oyo, and Taraba recorded year-on-year IGR growth of around 50 percent or more in H1-2025. The revenue gains enabled states to continue reducing their domestic debt burden, which declined from 5 percent of GDP (N4 trillion) in Q1-24 to 4 percent of GDP (N3.8 trillion) in Q1-25, while simultaneously sustaining higher spending, which soared to 3.2 percent of GDP (N6.9 trillion) in H1-25, out of which 58 percent was devoted to capital spending (Figure 1.22).

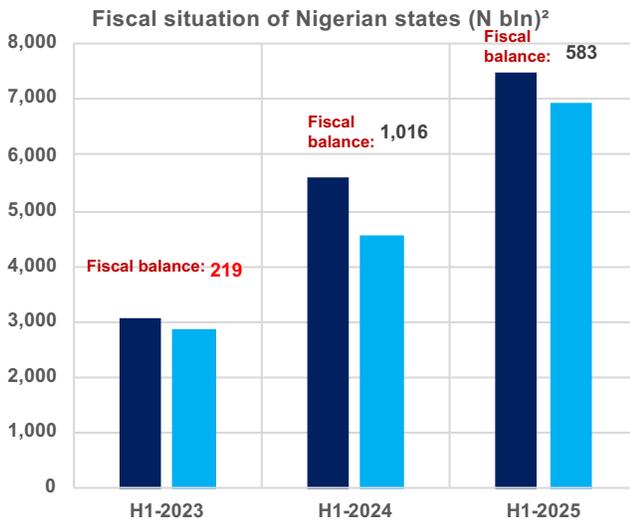
Despite recent fiscal improvements, state governments remain heavily reliant on FAAC transfers, though revenue autonomy varies widely¹⁴. H1-2025 data show that most states continue to derive

¹² The Budget Implementation Reports (BIRs) for Delta, Rivers, and Sokoto, are not consistently available from H1-2023 to H1-2025; therefore, they were excluded to ensure consistency in the analysis across time periods.

¹³ Excludes Delta, Rivers and Sokoto because BIRs are not available for all quarters since Q1-2023.

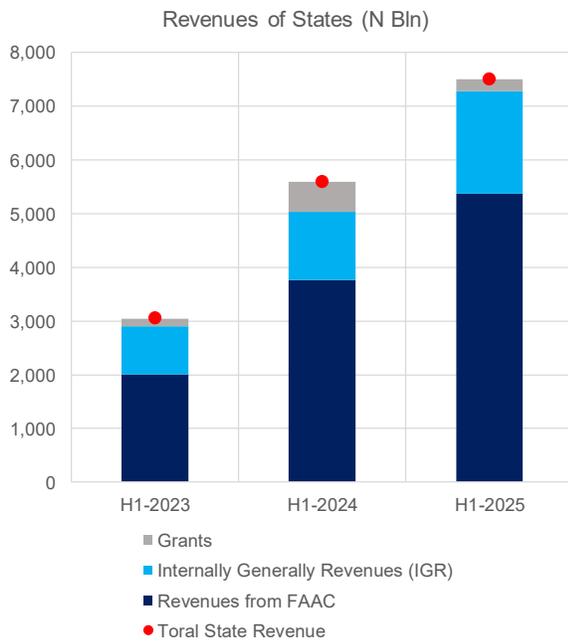
¹⁴ For details about the fiscal federalism framework in Nigeria is discussed in chapter 5 of the 2022 Public Finance Review: <https://documents1.worldbank.org/curated/en/099615111172214261/pdf/P17509504ea7b902108a420d5a2e60b19b1.pdf>

Figure 1.19: On aggregate, the fiscal situation of states in H1-2025 remained strong...



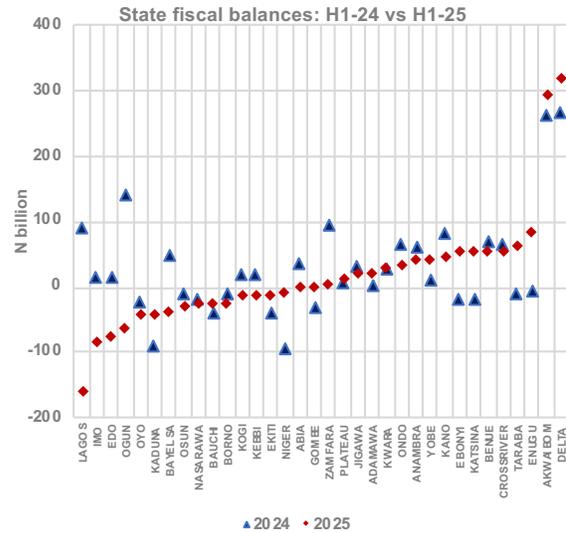
Source: State Budget Implementation Reports and World Bank. Note: Excludes Delta, Rivers and Sokoto because BIRs are not available for all quarters. Revenues exclude new borrowing, and spending excludes amortization.

Figure 1.21: Continued revenue growth is...



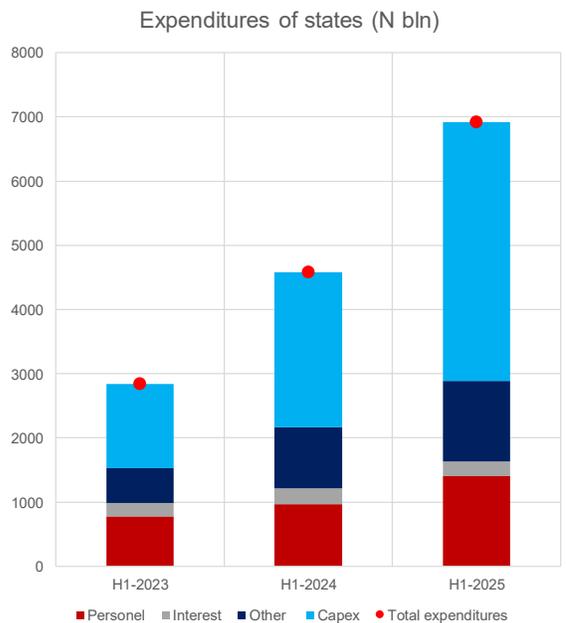
Source: State Budget Implementation Reports and World Bank. Note: Excludes Delta, Rivers and Sokoto because BIRs are not available for all quarters. Revenues exclude new borrowing, and spending excludes amortization.

Figure 1.20: ...albeit with significant variation, with some states doing better than others



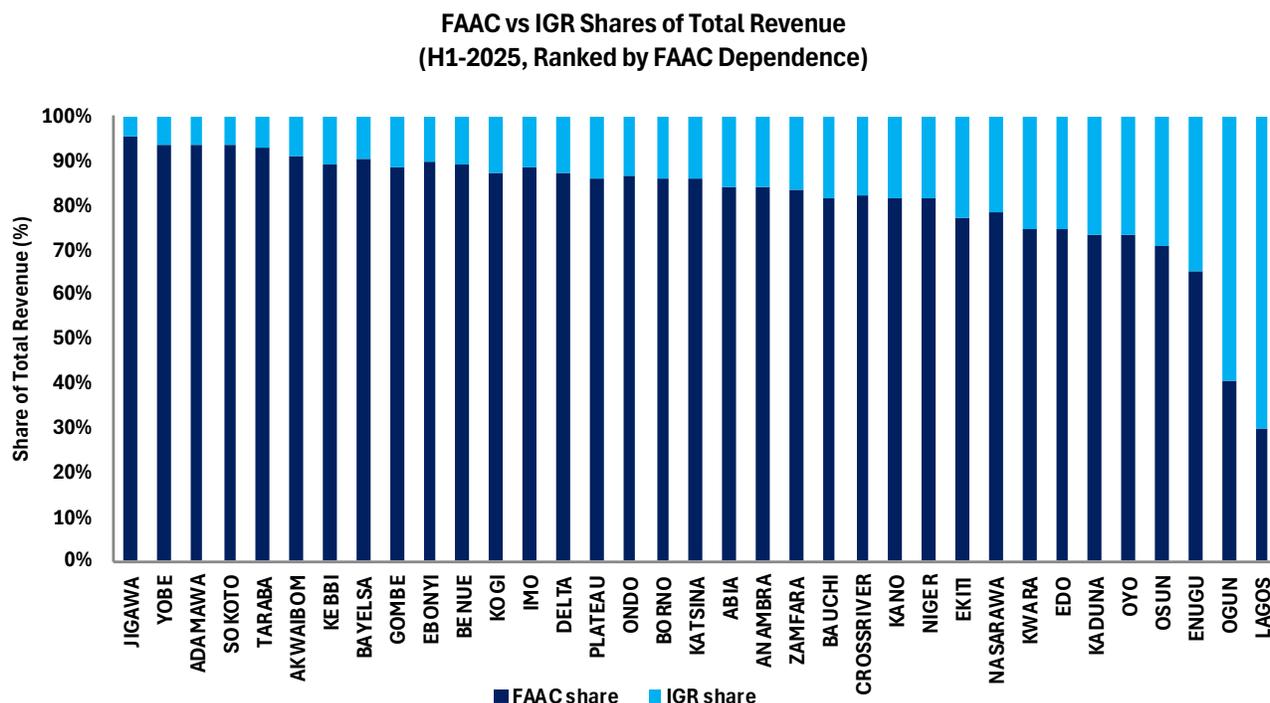
Source: State Budget Implementation Reports and World Bank. Note: Excludes Rivers and Sokoto because BIRs are not available for all quarters. Revenues exclude new borrowing, and spending excludes amortization.

Figure 1.22: ... underpinning stronger spending, especially in capital expenditure



Source: State Budget Implementation Reports and World Bank. Note: Excludes Rivers and Sokoto because BIRs are not available for all quarters. Revenues exclude new borrowing, and spending excludes amortization.

Figure 1.23: States remain largely dependent on FAAC, with a few exceptions



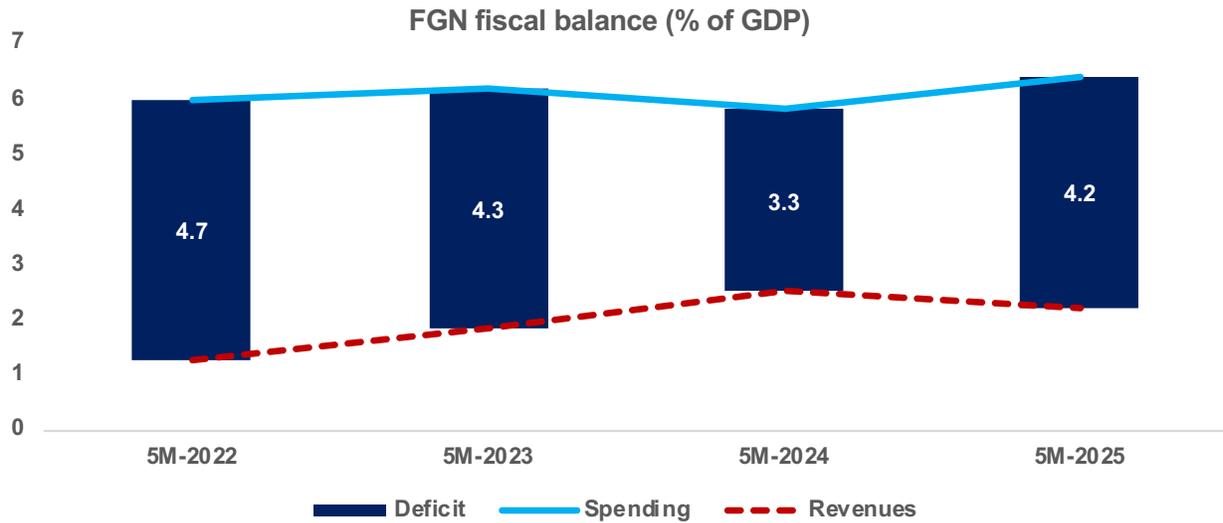
Source: State Budget Implementation Reports (BIRs) and World Bank calculations

the bulk of their revenues from federally allocated resources, leaving them exposed to oil market volatility and federal revenue fluctuations. A few states, however, are strengthening their internally generated revenues (IGRs), creating space for more sustainable fiscal management. The landscape remains highly uneven—ranging from near-total FAAC dependence in Adamawa (93 percent), Akwa Ibom (91 percent), Bayelsa (91 percent), Taraba (90 percent), and Ebonyi (89 percent), to relatively stronger IGR reliance in Lagos (70 percent), Ogun (45 percent), Enugu (35 percent), Osun (28 percent), and Oyo (26 percent) (Figure 1.23). This divergence highlights the urgency of reforms to broaden the IGR base, strengthen tax administration, and enhance transparency in collections to mitigate fiscal risks.

While states are in a stronger fiscal position, the Federal Government’s finances have weakened as it largely absorbed the increase in interest rate costs.

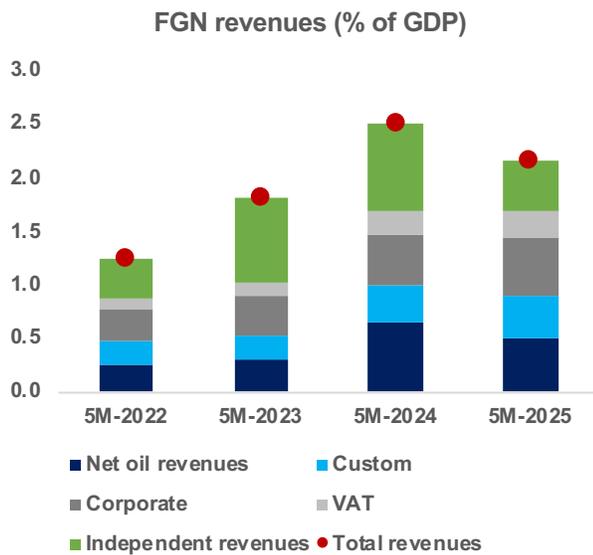
In the half (H1) of 2025, the Federal Government’s fiscal deficit widened to 3.8 percent of GDP (N8.1 trillion), up from 3.0 percent (N5.4 trillion) in the same period of 2024, as weakening revenues coincided with mounting recurrent spending pressures (Figure 1.24). Total revenues fell from 2.6 percent of GDP (N5.2 trillion) in H1-24 to 2.4 percent (N4.9 trillion) in H2-25, due to independent revenues dropping sharply from 0.9 percent (N1.6 trillion) to 0.5 percent (N1.1 trillion) (Figure 1.25). Non-oil taxes (Corporate taxes, VAT, and customs revenues) provided some cushion, rising from 1.1 to 1.3 percent of GDP (N2.0 to 2.8 trillion). Meanwhile, expenditures rose from 5.6 percent of GDP (N10.4 trillion) to 6.2 percent (N13.3 trillion), driven largely by higher wage costs following the new minimum wage and rising interest payments due to higher domestic rates (Figure 1.26). Meanwhile, capital expenditures have remain constant as a share of GDP at 1.1 percent of GDP (N2.0 trillion in H1-24 vs 2.2

Figure 1.24: FGN’s fiscal deficit widened in H1-2025 due to...



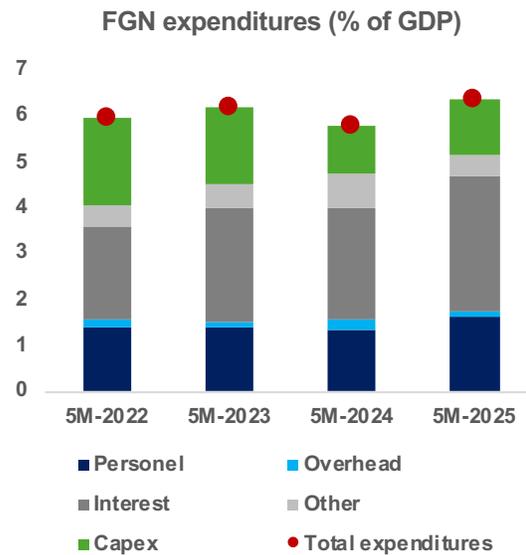
Source: OAGF; NBS; DMO, World Bank.
 Note: The spending side only accounts for interest payment, not total debt service

Figure 1.25: ...lower independent revenues...



Source: OAGF; NBS; DMO, World Bank.

Figure 1.26: ...and higher wage costs coupled with increasing interest payments



Source: OAGF; NBS; DMO, World Bank.
 Note: The spending side only account for interest payment, not total debt service

trillion in H1-25), representing an execution rate of only 24.5 percent of the pro-rated 2025 budget.¹⁵

To complement progress at the state level, there is a need for greater clarity on the fiscal situation at the Federal Government level. States have made

¹⁵ The execution rate excludes capital projects to GOEs, Grants and Donor Funded Projects, and TEDFUND as these are not captured by OAGF as capex.

notable strides in transparency: almost all now publish quarterly budget implementation reports based on a harmonized chart of accounts, along with annual audited financial statements and debt sustainability reports, providing consistent and comparable data across time, sectors, and states. By contrast, federal fiscal reporting remains fragmented and outdated. The most recent audited financial statements date back to 2021, the latest budget implementation report covers only up to Q3-2024, and the Open Treasury portal—intended to provide real-time data—has yet to publish any information for 2025. The final MTEF following the 2025 budget approval has not been released, and limited information exists on the budgets and revenues of government-owned enterprises (GOEs), many of which depend on FAAC deductions. In addition, while FAAC has agreed to share 50 percent of PMS subsidy gains as evident by higher PSC profits, oil taxes, and royalties, tracking oil revenue flows and gains from the removal of the PMS subsidy remains difficult. The lack of timely, reliable, and transparent reporting undermines the ability to assess Nigeria's overall fiscal stance. Strengthening transparency at the federal level is therefore critical to provide a more accurate and consolidated picture of public finances, improve accountability in oil revenue management, and reinforce the credibility of fiscal policy. On the budget side, large forecast errors undermine the budget's usefulness as a forward-looking fiscal framework (IMF, 2025)¹⁶.

Nigeria's public debt remains moderate but continues to reflect fiscal vulnerabilities. Public and publicly guaranteed (PPG) debt¹⁷ is projected to reach 39.8 percent of GDP in 2025, down from 42.9 percent in 2024, supported by a primary fiscal surplus and a relatively stable naira, which will help offset the N4 trillion power sector debt, representing

arrears from the electricity subsidy (Figure 1.27). Although Nigeria's debt-to-GDP ratio remains low by international standards, the main source of vulnerability is the high debt service-to-revenue ratio¹⁸, which is expected to rise to 44 percent in 2025 (from 38 percent in 2024), reflecting higher domestic interest rates and principal repayments on external debt. While this ratio is still well below the 102.7 percent recorded in 2022, it continues to crowd out pro-growth spending, particularly in infrastructure and human capital development. This underscores the urgent need to maintain the ongoing efforts to ramp-up domestic revenues, improve spending efficiency by lowering the cost of collections, while maintaining a prudent debt management strategy.

Nigeria's economic outlook improves amid global uncertainties, though challenges persist

Global growth is weighed down by trade uncertainty¹⁹

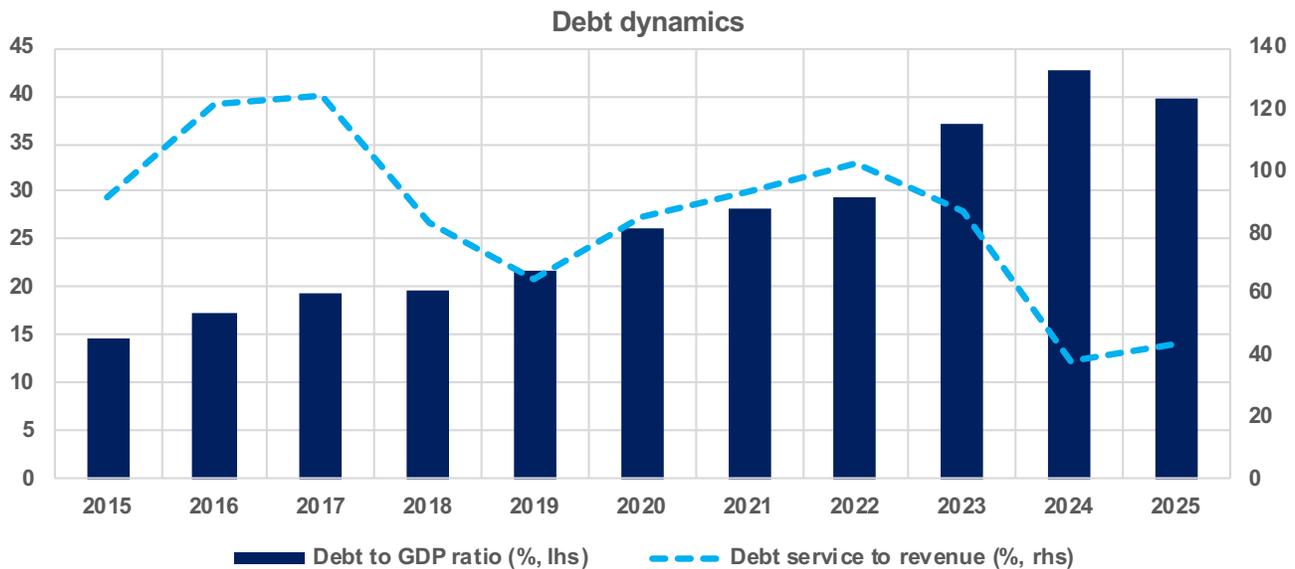
Global growth is expected to slow in 2025 amid rising trade barriers and heightened policy uncertainty. Global growth is projected to weaken from 2.8 percent in 2024 to 2.3 percent in 2025, the slowest pace since 2008 outside of outright global recessions—driven by rising trade barriers and heightened policy uncertainty (Figure 1.28). The slowdown is broad-based, with nearly 60 percent of economies expected to record weaker growth than in the previous year. This represents a downward revision from earlier forecasts, reflecting unprecedented trade tensions (Table 1.2) and elevated uncertainty that have substantially worsened the outlook since the start of the year. Trade policy uncertainty reached

16 <https://www.imf.org/en/Publications/selected-issues-papers/Issues/2025/07/11/Fiscal-Forecasting-Errors-in-Nigeria-568555>

17 Debt stock includes electricity subsidy arrears, AMCON liabilities, guarantees and outstanding ways and means advances

18 This is the consolidated position for the Federal Government, States, FCT and LGs

19 <https://thedocs.worldbank.org/en/doc/8bf0b62ec6bcb886d97295ad930059e9-0050012025/original/GEP-June-2025.pdf>

Figure 1.27: Nigeria's main debt vulnerability stems from the high debt service to revenue ratio

Source: DMO, NBS, and World Bank.

Note: Public debt includes the remaining stock of ways and means, AMCON liabilities, explicit guarantees, and the electricity subsidy arrears.

historical highs in 2025, fueled by ambiguity over tariff regimes and the risk of retaliatory measures. As a result, global trade in goods and services is projected to decelerate sharply, slowing to 1.8 percent in 2025 from 3.4 percent in 2024.

Although growth deceleration is expected to be more pronounced in advanced economies, EMDEs will also be affected. In China, growth is projected to moderate from 5 percent in 2024 to 4.5 percent in 2025, as the drag from higher trade barriers and weaker external demand is partially offset by additional fiscal support. It is then expected to slow further to 4 percent in 2026 and 3.9 percent in 2027. In EMDEs excluding China, growth is forecast to ease from 3.6 percent in 2024 to 3.4 percent in 2025, before strengthening modestly to about 3.7 percent over 2026–27. The broad-based slowdown in 2025 will be most pronounced in economies with high trade and investment openness, where large manufacturing sectors, significant participation in global value chains, and reliance on international financial markets amplify the impacts of recent shocks to global trade and investor confidence.

Commodity prices are expected to soften due to heightened economic uncertainty and slowing global growth. They are projected to fall sharply—by more than 10 percent in 2025 and a further 5 percent in 2026—reflecting weaker demand, rising trade barriers, and elevated policy uncertainty. The decline is broad-based, with over half of commodities forecast to register losses this year, many exceeding 10 percent. Oil markets remain volatile, with Brent crude projected to average US\$64 per barrel in 2025 and US\$60 in 2026, contributing to a 17 percent drop in the energy price index next year. This downturn is likely to weigh heavily on commodity exporters, straining growth, public finances, and domestic currencies.

Agricultural commodity prices are projected to remain broadly stable in 2025 before dropping slightly in 2026–27 (Figure 1.29). A surge in beverage prices, driven by weather-related supply shocks to coffee and cocoa, is expected to be offset by declines in food prices, reflecting rising rice stocks and record soybean output. Maize prices are also expected to

edge down, partly due to weaker demand for maize-based ethanol amid lower oil prices. Over 2026–27, beverage prices are expected to normalize while food prices remain steady, resulting in a modest softening of overall agricultural prices.

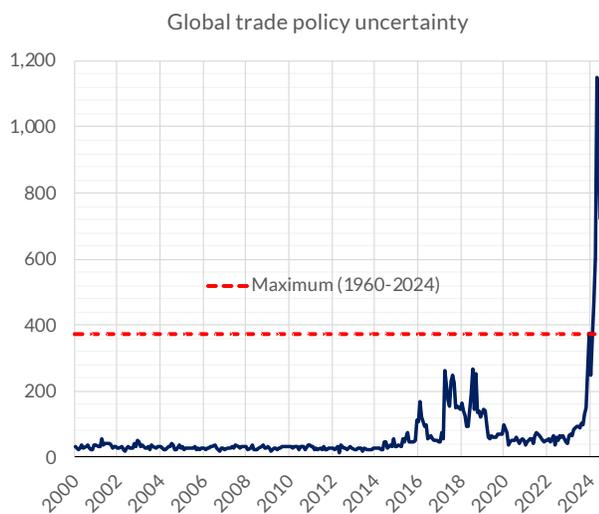
The balance of risks to the global economic outlook remains tilted to the downside. A potential re-escalation of trade disputes among major economies could further erode global trade volumes and investment flows, while the intensification of conflicts could disrupt oil and gas supplies. Increasing trade protectionism could exacerbate inflationary pressures in tariff-imposing economies and result in the decoupling of monetary policies between major economies. The growing incidence of natural disas-

ters poses significant risks to lives, livelihoods, and the global economy. The rising incidence of armed conflict poses a significant risk of further escalation, with the potential to deepen poverty, intensify food insecurity, and inflict lasting economic damage. On the upside, resolution of trade tensions could result in higher global growth, bolstered by renewed investor and consumer confidence.

Nigeria’s outlook points to modest economic growth, amid persistent challenges

The Nigerian economy is poised for slightly higher growth over the medium term, driven by strong services. Growth is projected to accelerate from 4.2 percent in 2025 to 4.4 percent in 2027, led by expan-

Figure 1.28: Global trade uncertainty reached an unprecedented peak



Source: Global Economic Prospects (June 2025)

Figure 1.29: Commodity prices are expected to drop sharply to a six-year low

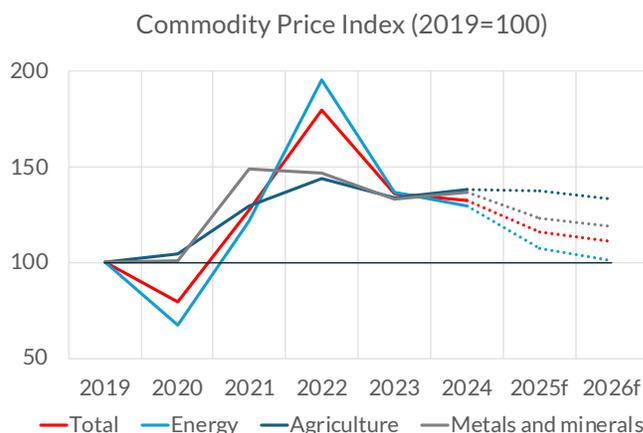


Table 1.2: Global and regional indicators, 2023-2026

	2023	2024e	2025f	2026f
Real GDP growth – Global economy (%)	2.8	2.8	2.3	2.4
Real GDP growth – Advanced Economies (%)	1.7	1.7	1.2	1.4
Real GDP growth – Emerging and Developing Economies (%)	4.4	4.2	3.8	3.8
Commodity Price Index	108.0	105.1	92.1	87.7
Crude oil, Brent (US\$ per barrel)	82.6	80.7	64.0	60.0

e = estimate, f = forecast.

Sources: World Bank, Global Economic Prospects (June 2025), and Commodity Markets Outlook (April 2025).

sion in services, bolstered by a pick-up in real estate and construction activities. Agriculture is expected to grow steadily to 2.5 percent in 2027 supported by increased public investments; yet insecurity, climate change shocks, and low productivity could continue to constrain growth in the sector. Non-oil industry growth is expected to be supported by a return to macro stability and a market-reflective naira.

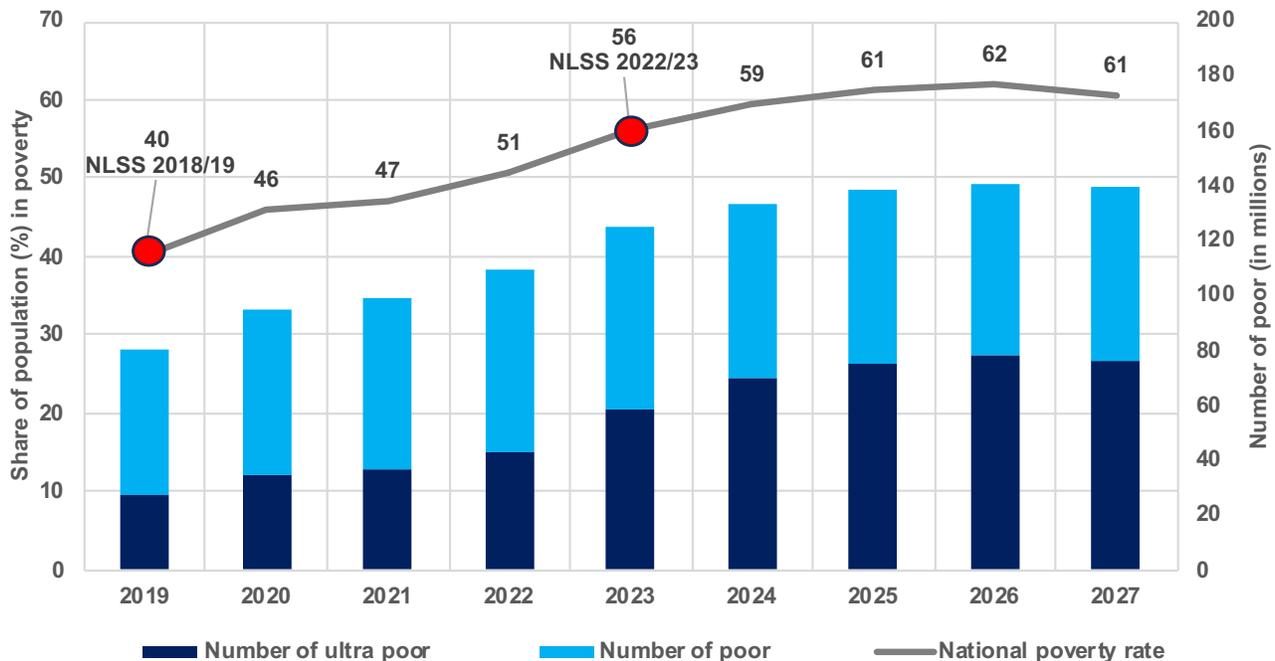
Price pressures are expected to remain elevated, necessitating sustained monetary policy efforts to re-anchor inflation expectations. Inflation is projected to decline gradually from 23.8 percent in 2025 to 15.8 percent in 2027, supported by monetary policy tightening and lower pressures from exchange rate and petrol prices. The anticipated moderation also reflects improvements in agricultural production, helped by favorable weather conditions and the easing of global commodity prices. Nonetheless, the disinflation path remains vulnerable to risks, includ-

ing oversized exchange rate pressures, potential supply shocks, and volatility in international markets, which could slow progress toward price stability.

Still timid growth and remaining inflationary pressure, particularly from food prices, are expected to further push poverty up. The poverty rate is projected to reach 62 percent in 2026, 141 million poor Nigerians, before stabilizing and slightly reducing to 61 percent in 2027 (Figure 1.30). See section 2 on options to improve Nigerians' livelihoods faster and sustainably.

The fiscal position is projected to remain broadly neutral, supported by gains from the tax reform bills that offset higher social and capital spending. The consolidated fiscal deficit is expected to average 2.8 percent of GDP in 2026–2027, with deficits contained just below 3 percent of GDP. On the revenue side, non-oil collections are anticipated

Figure 1.30: Poverty has surged since 2019 and is projected to stabilize only in 2026, with faster growth and lower inflation



Note: Straight lines indicate projections using NLSS 2018/19 and NLSS 2022/23; and red dots are survey estimates.

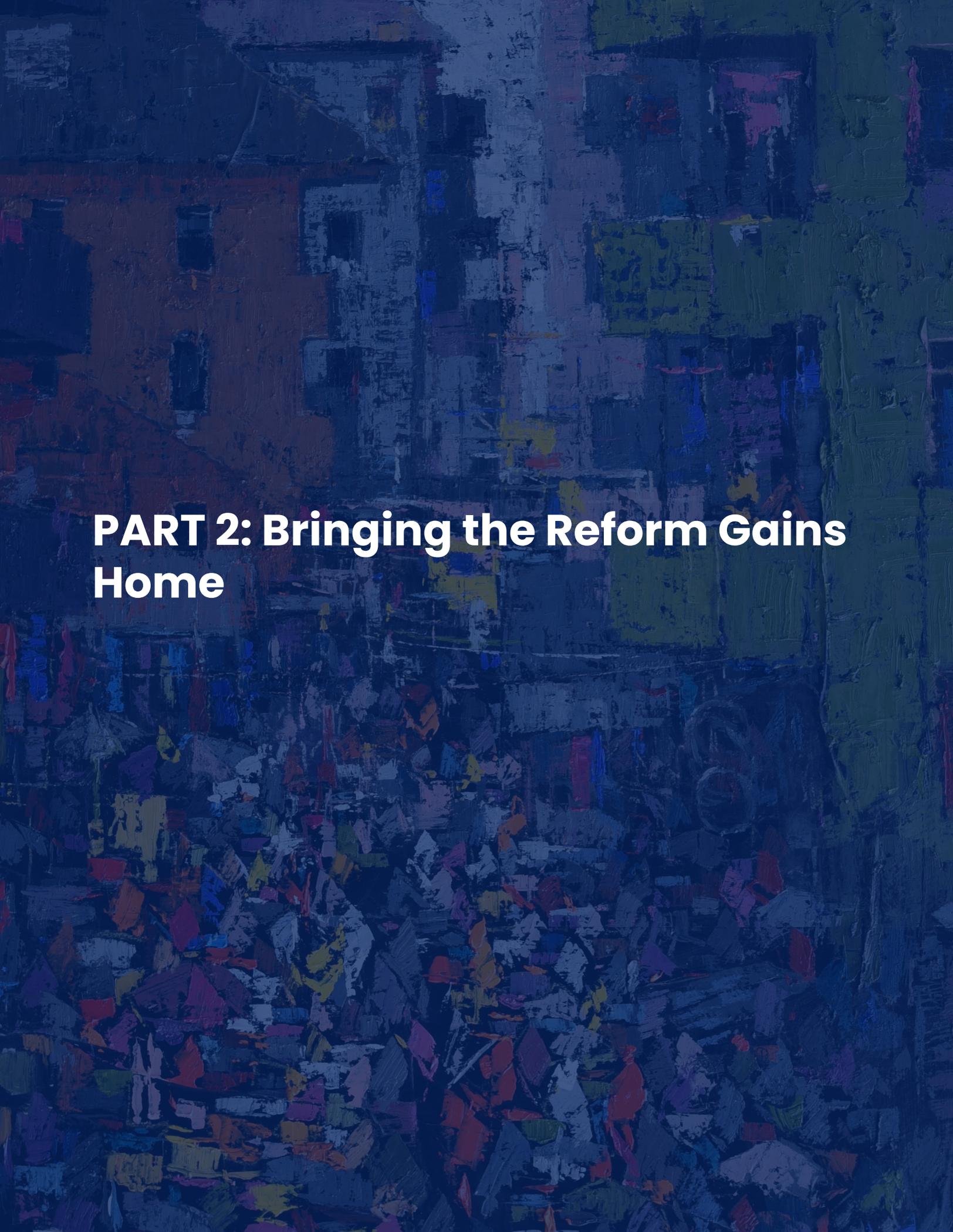
to continue rising gradually as tax reforms are implemented, including the rollout of the VAT e-invoicing system, rationalization of tax expenditures, and modernization of VAT and CIT regimes. While higher revenues and declining interest payments will create some fiscal space, these gains are likely to be offset by increased capital and social spending aimed at closing infrastructure gaps and meeting development needs, particularly in the run-up to elections. Sustained efforts to improve spending efficiency—by reducing the cost of collection of federal parastatals, enhancing fiscal transparency, and redirecting savings toward pro-growth sectors—will be critical to maximizing development outcomes. This responsibility rests not only with the Federal Government but increasingly with subnational governments, as states now receive more revenue than the Federal Government (see Chapter 2 for a deeper discussion of the role of fiscal policy in improving development outcomes).

Predicated on continued fiscal prudence, public debt will remain sustainable. The debt-to-GDP ratio (including outstanding ways and means, AMCON liabilities and explicit guarantees) is estimated to drop from 42.9 percent in 2024 to 40.9 percent by 2027. Debt dynamics are expected to be supported primarily by a relatively neutral primary balance, projected at -0.3 percent of GDP in 2026–27, and by lower global and domestic interest payments, which will help offset the securitization of past arrears—such as the N4 trillion power sector liabilities through a bond program. Although the debt service-to-revenue ratio has improved significantly, declining from the peak of 102 percent in 2022, at a projected 50 percent in 2027, it remains elevated, straining the fiscal position of the Federation by absorbing resources that could otherwise be allocated

to more productive spending. Avoiding renewed debt pressures will require ensuring full transfer of subsidy savings, sustaining non-oil revenue reforms, and maintaining a prudent debt management strategy.

The current account surplus is projected to remain in a sizeable surplus, from 6.7 percent of GDP in 2025 to 6.2 percent of GDP in 2027. In the oil sector, imports are projected to decline, reflecting reduced smuggling and higher domestic oil refining. However, these gains will be offset by weaker oil exports, driven by lower crude oil production, subdued international prices, higher domestic demand for crude, and pledged oil sales. Non-oil exports are projected to continue expanding. Remittances inflows are projected to slow modestly as economic activity softens in advanced economies. FDI is projected to gradually improve in the medium term, following a more conducive macroeconomic environment, while higher debt yields are likely to attract more FPI.

The economic outlook remains vulnerable to both external and domestic risks. Externally, heightened global uncertainty and escalating trade tensions could dampen global growth, lower oil prices, create new bottlenecks for non-oil exports, raise borrowing costs, and constrain capital inflows. Domestically, reform fatigue or reversal and election-related uncertainties risk undermining economic performance, delaying the disinflation process, and reigniting debt pressures. Climate shocks could further threaten food security and intensify price pressures. On the upside, sustained implementation of structural reforms and a faster expansion of social protection programs could help accelerate growth and reduce poverty.

An abstract painting with a dark, moody color palette. The background is a mix of deep blues, purples, and greys, with various textures and brushstrokes. There are some brighter colors like red, yellow, and green scattered throughout, particularly in the lower half of the image. The overall effect is one of depth and complexity.

PART 2: Bringing the Reform Gains Home

Recent reforms have stabilized the economy, but Nigerians have yet to significantly reap their benefits. Real incomes continue to erode with rising prices, and businesses face persistent barriers to expansion and job creation. Without measures to translate macroeconomic gains into people's gains—especially for the poor and economically insecure—the benefits will remain elusive and jeopardize the reforms' sustainability.

Sustained, rapid prosperity requires boosting inclusive growth. The last Nigeria Development Update (NDU) proposed a private-sector-led, public-sector-enabled growth strategy in which the public sector empowers people and enables private sector development. First, Nigeria must close infrastructure gaps, foster open and competitive markets, improve access to finance, and unlock non-oil exports. Second, it should consolidate macroeconomic reforms and leverage the fiscal space they create to redirect public resources to development priorities and increase the impact of each naira spent. Stronger human capital investment can initiate a virtuous cycle: a more skilled workforce supports private sector growth, enlarging the “revenue pie”, which in turn sustains higher development spending.

This NDU deepens the growth agenda with people-centered actions to turn recent reform gains into direct benefits for Nigerians: (i) reducing food inflation, (ii) improving the use of public resources for development, and (iii) strengthening the social safety net to support the poor and economically insecure..

Lowering food Inflation

Persistent food inflation has harmed poor households the most

Despite early signs of inflation easing, food price pressures remain elevated. Monetary policy tightening and fiscal consolidation have helped anchor inflation expectations, and the pass-through of naira depreciation and removal of gasoline subsidy into prices has waned, contributing to lower inflation (see chapter 1). However, food price pressures continue stubbornly high in significant part due to pre-2023 policy missteps and increasingly restrictive supply constraints, which also spill over to other inflation components such as restaurants and accommodation services.

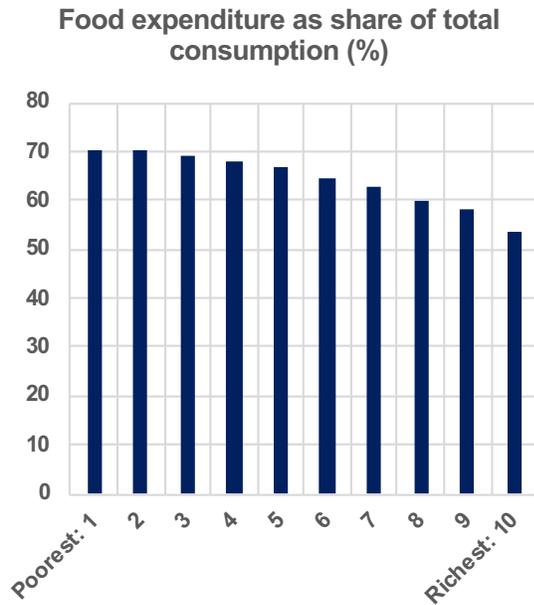
Food inflation has been particularly harmful to poor households, whose spending is concentrated on food items. While the share of food consumption of the total consumption of the 10 percent of households with the highest consumption level (associated with higher income) is 57 percent, the share of the bottom 10 percent is 70 percent (Figure 2.2). Moreover, prices of essential food items have risen even more than total food inflation. We aggregate the eight food items most consumed by poor households²⁰, which account for roughly a quarter of their total consumption, into a weighted average price index, the CPI-FP. The weights represent the share of these food items in the poor households' total consumption. The cumulative inflation using the CPI-FP between 2019 and 2024 was 406 percent, against a 201 percent for total food inflation and 161 percent for headline inflation (Figure 2.3). Moreover, CPI-FP growth was particularly pronounced in the Northern regions (Figure 2.4), which produce much of the country's food and have a particularly high level of poverty and economic vulnerability.

Foreign trade barriers and domestic constraints raise food prices

Nigeria raises significant and numerous import barriers on essential food items and agricultural

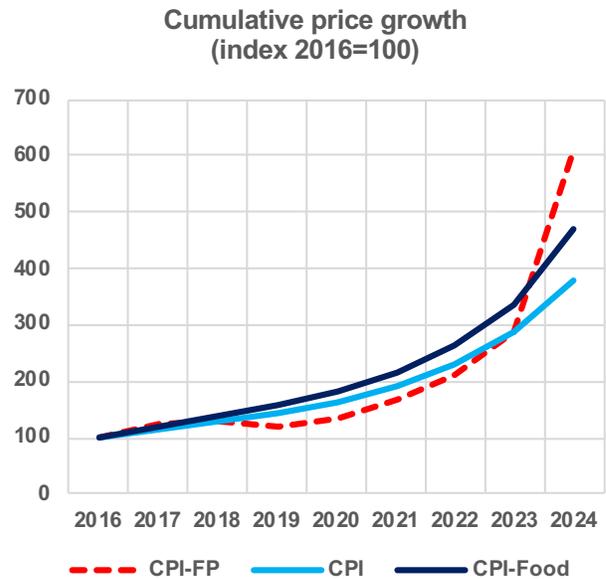
²⁰ Poor households are defined as those below the national poverty line. The food items used in the CPI-FP are rice, palm oil, groundnuts oil, white beans, bread, beef, maize flour, and yams - roots.

Figure 2.1: Food inflation is more harmful for the poor, as they spend more on it



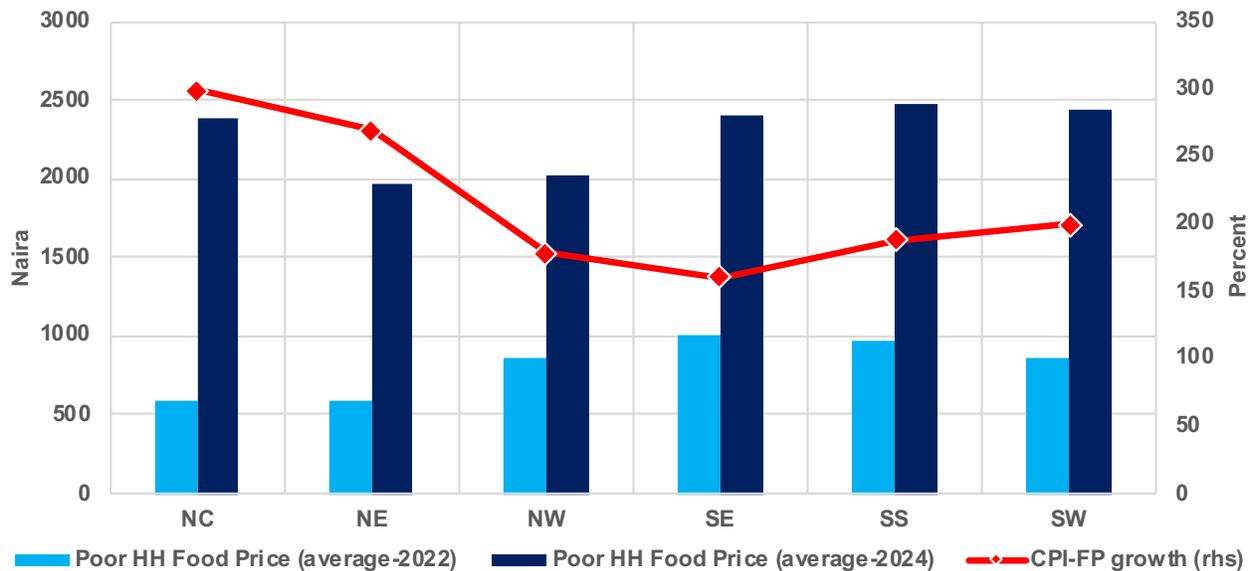
Source: NLSS 2018/2019 and World Bank

Figure 2.2: The price index of food items most consumed by the poor (CPI-FP) has surged even faster



Source: NBS and World Bank
 Note: CPI-FP is a weighted average of the price of the eight food items most consumed by poor households, indexed to average 2016=100

Figure 2.3: Food prices for poor households increased faster in poorer, agricultural regions



Source: NBS and World Bank

production inputs. Products essential in the Nigerian diet are subject to import bans and exceptionally high import duties. Import bans include rice, meat, wheat, wheat-based products, tomato and tomato-based products, sugar, and beverages (Table 2.1). Moreover, import bans also apply to key production inputs such as fertilizers and cement, raising production costs and lowering export competitiveness. These further constrain agriculture, with more than 80 percent of farmers in Nigeria being smallholders with little access to modern inputs and technologies (FAO, 2024). These barriers also dampen the competitiveness and export potential of downstream

industries such as processed food, which must pay more for their input.

These import restrictions aim to support domestic production but often undermine competition, encourage tax evasion, and drive up prices, as domestic production cannot meet demand. Trade barriers have contributed to narrow formal competition in rice, maize, and sorghum, shifting imports toward waivers-holders and informal channels. They have also led to undersupply, as with maize output, which repeatedly falls short of the demand from poultry and maize processing industries. Finally,

Table 2.1: Import bans and high import duties apply to essential food products and inputs

Products	Import Ban	Import Duties (CET +IAT)
Meat and Animal Products	Live or dead birds(=>185g), including fresh or frozen meat of bovine animals, swine, lamb, sheep, goat and offal of listed animals	5% - 35%
Cooking Oils	Groundnut oil, refined palm oil and palm kernel oil	20% - 35%
Tomatoes	Tomatoes, tomatoes sauces and concentrates, including ketchup.	35% - 45%
Beverages	Water, fruit juices (tomatoes, guava, tamarind, mango, other) including natural or artificial water	20% - 35%
Sugar	Cane or beet sugar and chemically pure sucrose in any form, except for raw sugar for refineries	70%
Medicaments	Medicaments containing vitamins excluding medicaments prepared with human and animal blood for therapeutic, prophylactic or diagnostic uses	20%
Grains		5% - 25% - including durum wheat
Rice		5% - 60%
Flour		20% -70% (wheat or meslin flour and bulgar wheat)
Cement	All cement, excluding white cement	50%
Fertilizers	Mineral or chemical fertilizers containing the two/three of the fertilizing elements". (nitrogen, phosphorus, potassium)	5%
Apparel	Most types of footwear, bags, and suitcases, with some exceptions	20% - 45%
Paper products	Toilet paper, paper tissues and towels, sanitary papers	20%

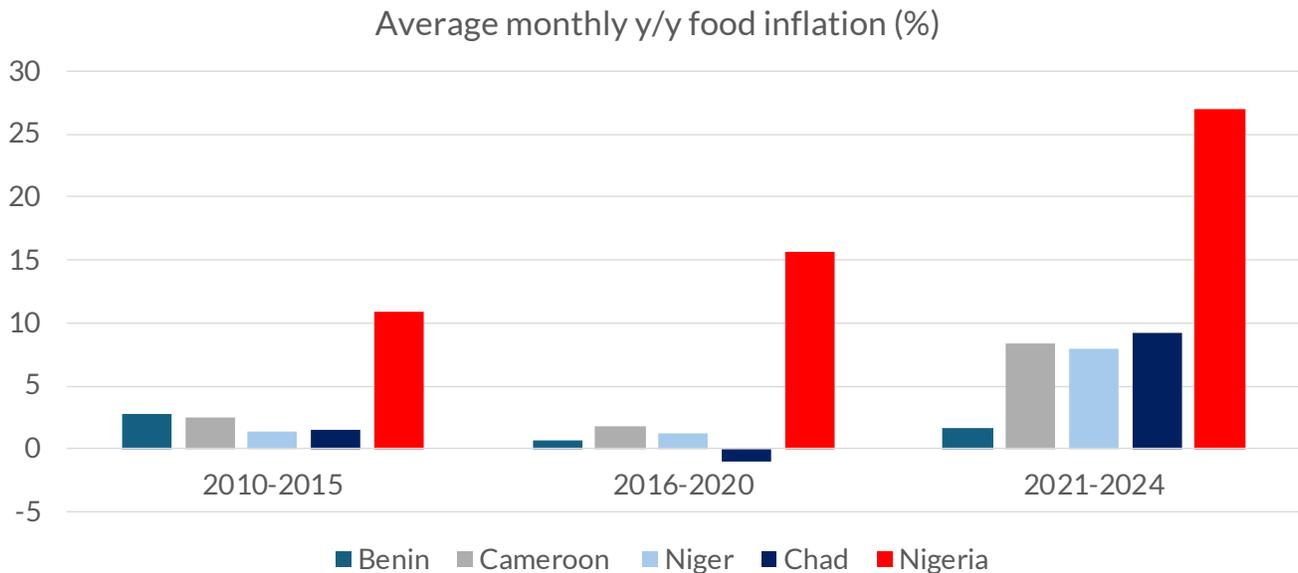
Note: There are no direct import bans for grains, rice, and flour. The import duties data spans 2020-2021.

these policies have undermined productivity growth, with rice and maize missing yield targets, and the claimed self-sufficient sorghum recording declining yields and output (FAO, 2024). A few existing partial or complete import waivers are granted, but only to a handful of companies, further increasing market power. The three companies with import waivers for rice account for 96 percent of total imports, while the same number of companies concentrate 86 percent of wheat imports. For sugar, a single company concentrates 82 percent of all imports²¹. These effects of the import barriers ultimately result in higher food prices for Nigeria. Food inflation has been consistently much higher in Nigeria than in its neighbors, averaging around 10, 15, and 27 percent in 2010-2015, 2016-2020, and 2021-2024, respectively (Figure 2.4).

Several structural factors also constrain domestic production. Poor transport infrastructure limits farmers’ access to markets where they can sell their output and source inputs, making it challenging

to leverage economies of scale and resulting in vast price differences across localities. Multiple interstate fees and roadblocks further increase the costs of trading domestically and exporting. Lack of adequate storage, cold-chain logistics, and reliable access to power also leads to high food losses. It is estimated that production losses amount to 76 percent for tomatoes, 25 percent for maize, and 34 percent for catfish (World Bank, 2020). Conflict, clashes between nomadic herders and sedentary farmers, and banditry, which particularly affect agricultural regions as the Northeast and the Middle Belt, also negatively impact food production (Figure 2.5 and Figure 2.6). Land tenure security is rare in Nigeria, with only 3 percent of land formally titled. This creates uncertainty, limits access to credit using land as collateral, and reduces investment. Finally, climate change has further stressed Nigeria’s high vulnerability to extreme weather events such as droughts, floods, and landslides.

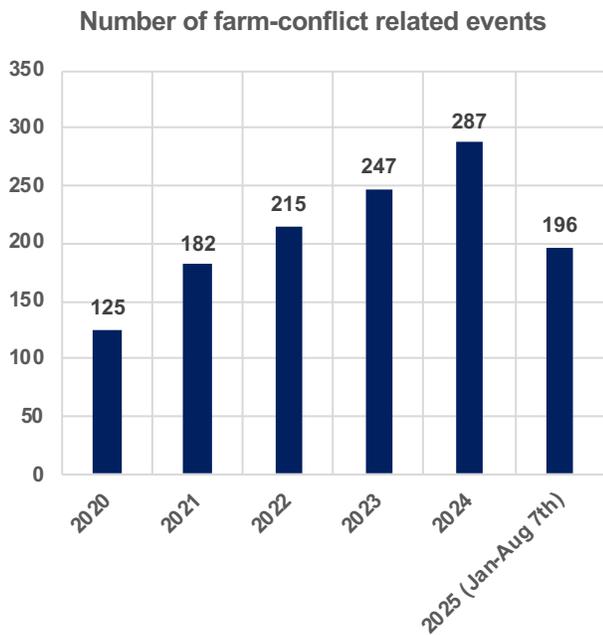
Figure 2.4: Increasing import restrictions have contributed to soaring food prices in Nigeria since 2010, compared to its neighbors



Source: NBS, FAOSTAT

²¹ Estimates of the World Bank’s ARMOR project

Figure 2.5: Conflict and violence have risen sharply...



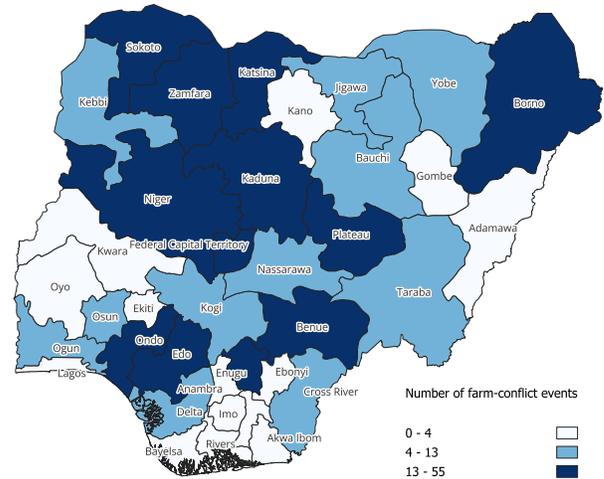
Source: ACLED

Lowering food inflation requires easing supply constraints

Greater integration into global markets would reduce food prices and allow farmers to access better and cheaper inputs, helping to make them more competitive. An initial step is to remove import bans and eliminate deviations (i.e. Import Adjustment Taxes, IAT) from the ECOWAS common external tariffs (CET), especially for food products, intermediary and capital goods, and items already included in the Africa Continental Free Trade Area (AfCTA) schedule of tariff concessions. Fully implementing the National Single Window, streamlining trade logistics, and removing interstate fees are also critical to lowering trade costs. Further crucial steps include reducing agency-imposed import costs and eliminating pre-shipment inspections on exports, which add unnecessary costs for producers.

Domestically, macro stabilization and better

Figure 2.6: ... especially affecting agricultural producing regions



Source: ACLED

infrastructure would expand domestic supply.

First, staying the course on macroeconomic reforms is crucial to sustaining aggregate disinflation, as food prices are also influenced by naira liquidity, exchange rate flexibility, and output gaps in other sectors of the economy. Second, Nigeria must scale up infrastructure investment to connect agricultural production areas with urban markets. The increase in fiscal revenues at the federal and subnational levels must be leveraged to implement a coordinated infrastructure investment strategy. Participation of the private sector in infrastructure investments is essential to overcome fiscal and capacity constraints. A unified, conducive public-private partnership (PPP) framework would be a significant advance in this direction.

Soft infrastructure is also key to increasing production and shifting the sector from subsistence agriculture to more modern, commercial operations.

As discussed in the previous NDU (World

Bank, 2025), coordination and information gaps could be bridged by helping farmers to organize and collectively reap scale economies and connect to private sector aggregators and processors, fomenting extension and advisory services to provide specialized technical skills, and coordinating quality insurance and traceability processes to enhance the competitiveness of Nigerian producers. For instance, the latter is important for cashews and cocoa exports (FAO, 2024). Real-time, actionable information on extreme weather events can help farmers protect their crops from damage. An adequate regulatory framework is also crucial. Improving land property rights and administration can increase land-based investments, including for agribusiness. The reforms envisaged under the National Agricultural Seeds Council Act (2019) and the National Fertilizer Quality Control Act (2019) should also be effectively implemented.

Improving the use of public resources for development

Fiscal policy in Nigeria could play a stronger role in ensuring that the country's ongoing macro-economic and structural reforms translate into tangible improvements in people's lives through three main channels. First, the absence of a coherent national fiscal picture—stemming from fragmented reporting across the three tiers of government—undermines investor confidence in the reform agenda, despite underlying fiscal improvements. Second, although gross FAAC revenues have increased significantly, the Federal Government's share has not risen proportionally, limiting its ability to set and coordinate national priorities and channel resources into growth-enhancing areas. Third, while subnational governments are receiving substantially higher revenues, priority social sectors—such as education, health, and social protection—have not experienced commensurate increases in funding. Taken together, these issues mean that recent fiscal gains are not yet

fully translating into broad-based and sustained social and economic improvements.

Increase transparency by revealing the Federation's full fiscal position

While recent reforms have improved Nigeria's fiscal position (see section 1.6) these gains are not very visible to the public. This disconnect risks undermining investor confidence and overshadowing the progress made. A key reason is the way Nigeria presents its fiscal accounts: total debt service—including both interest payments and principal repayments (amortization)—is reported as expenditure. In contrast, international best practices classify only interest payments as expenditure (“above the line”), while principal repayments are recorded as financing (“below the line”).²² This approach inflates Nigeria's reported expenditure and creates the perception of a more constrained fiscal space than it actually exists. For instance, in 2024, total debt service of the Federal Government was N12.1 trillion (3.4 percent of GDP), while actual interest payments as reported by DMO amounted to N8.1 trillion (2.2 percent of GDP). Hence, the remaining N4.6 trillion (1.2 percent of GDP) in principal repayments was misclassified as spending, overstating the fiscal burden and masking the underlying improvement in Nigeria's fiscal position.

A second challenge is the absence of a comprehensive national fiscal picture that captures all tiers of government. Most analysts—both domestic and international—focus almost exclusively on the Federal Government of Nigeria (FGN), whose fiscal data is published by multiple institutions (OAGF and BOF), with differences between them and often significantly delayed, making it difficult to assess recent developments. As of this writing, the latest Budget Implementation Report from the BOF covered only up to Q3 2024, while the most recent monthly data from the OAGF dates back to November 2024, and

²² See the IMF's *Government Finance Statistics Manual 2014*

the latest audited financial statements of the FGN are from 2021. These gaps are compounded by the lack of any official consolidation of fiscal data across the three tiers of government—FGN, states, and local governments. While states have made notable progress in improving fiscal transparency in recent years, this information is not compiled by any central authority, making it difficult to track nationwide fiscal outcomes. For local governments, fiscal data remains unavailable, making it hard to monitor their performance. As a result of this fragmented fiscal landscape, investors and analysts lack a clear and timely view of Nigeria’s fiscal improvements since 2024, which in turn undermines confidence and delays the broader economic benefits of recent reforms—such as lower government financing costs and inflation.

Enhance discipline in FAAC revenue deductions

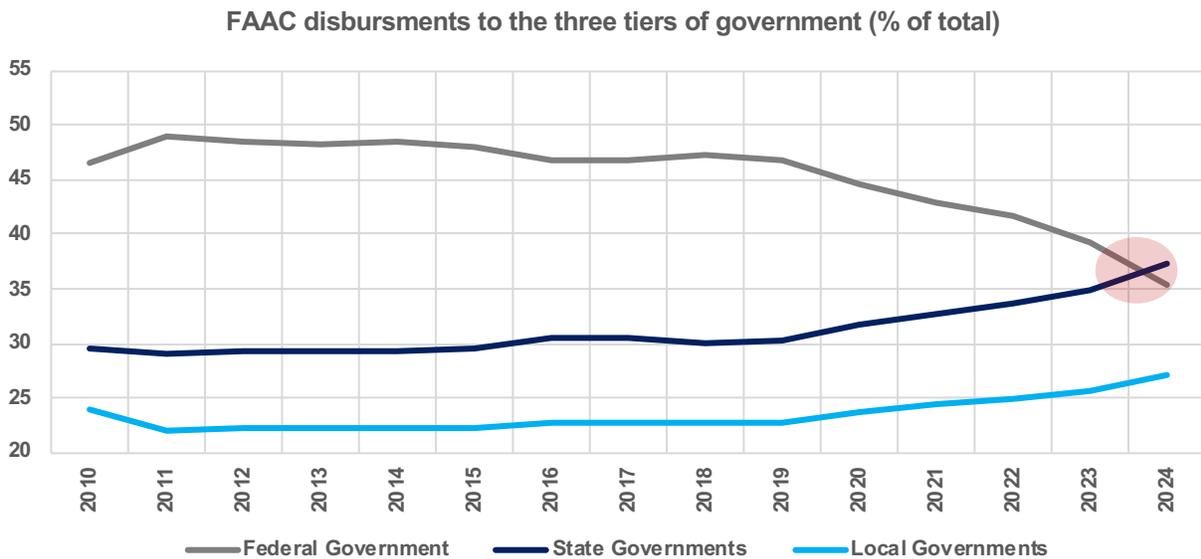
The Federal Government is no longer the primary

its capacity to fully finance national development priorities. Over the past two years, a significant shift has emerged in the revenue allocation pattern across Nigeria’s tiers of government. Although gross revenues have increased, the Federal Government (FG) is no longer the main recipient of FAAC allocations as it once was. Historically, the FG received significantly more than the states—often more than double their share. Between 2010 and 2023, there was no instance of states receiving more than FGN. However, this changed in 2024, when states received N5.3 trillion from FAAC distributable revenues, compared to the Federal Government’s N5.0 trillion (Figure 2.7).

The structural shift in revenue allocations, which is not due to a change in the revenue-sharing formula, stems from three factors:

- First, statutory revenues, which have historically been the federal government's primary source, have become less important. Statutory revenues

Figure 2.7: In 2024, States received more FAAC distributions than the Federal Government for the first time

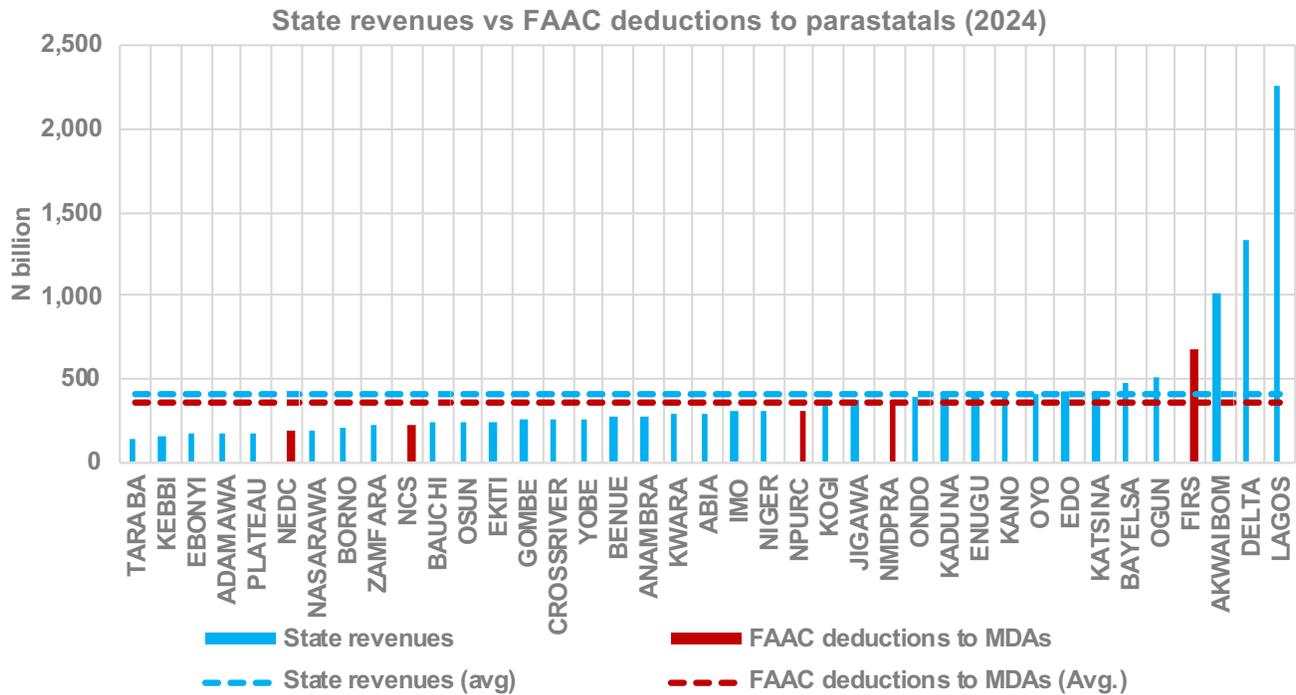


Source: FAAC, Agora Policy.

beneficiary of Nigeria’s rising revenues, limiting

made up 75.5 percent of gross FAAC revenues in

Figure 2.8: With the large revenue deductions from FAAC thanks to the removal of the FX subsidy, federal MDAs became better funded than many states



Source: OAGF monthly fiscal reports, FAAC documents, Budget Implementation Reports (BIRs), and World Bank staff
 Note: First line charges include cost of collection of FIRS, NUPRC, NCS as well as refunds to FIRS, NCS, NMDPRA and NUPRC, and the statutory deduction for NEDC.

2024,²³ a drop from 89.4 percent in 2014. In contrast, VAT’s share has grown from 10.4 percent in 2014 to 23.8 percent a decade later, but FG only receives 15 percent of it compared to 48.5 percent of statutory revenues.

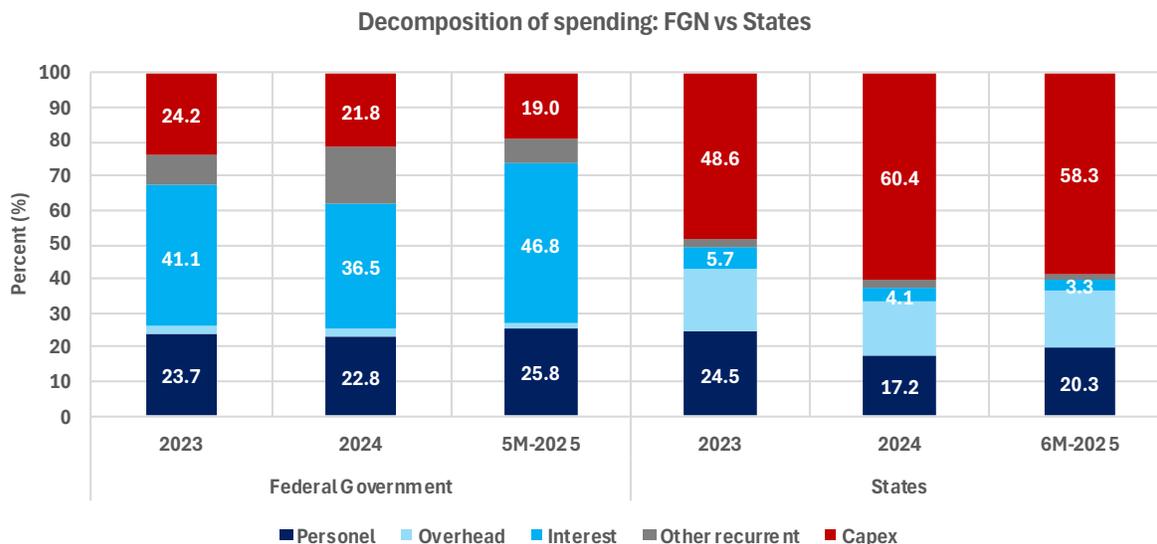
- Second, the federal government has initiated palliative programs to help states alleviate the burden of recent reforms. For example, a special allocation for infrastructure and security for states began in 2023 and totaled N2.3 trillion as of June 2025.
- Third, refunds to States and Local Governments accounted for the lion's share of deductions from gross revenues (N6.9 trillion in 2024, up from N1.5 trillion in 2023). These are mostly debts owed to states and LGAs either because FGN failed to

share certain federation revenues (such as NLNG dividends and signature bonuses) with other tiers of government, improperly calculated statutory allocations (such as the 13% derivation), or took the share of subnational entities from accounts like the Excess Crude Account between 2009 and 2015.

Statutory deductions to Federal parastatal agencies have also significantly reduced distributable revenues, with the impact borne equally across all tiers of government. These deductions—comprising cost of collection and earmarked transfers to agencies such as the Federal Inland Revenue Service (FIRS), the Nigeria Customs Service (NCS), the Nigerian Upstream Petroleum Regulatory Com-

²³ We define statutory revenues as the sum of mineral revenues, corporate taxes, customs revenues, exchange rate differences, and the electronic money transfer levy. Exchange rate gains are included in this definition because they are calculated as the difference between the actual value of mineral revenues and corporate taxes at the official exchange rate minus their corresponding values at the budgeted rate. As such, exchange rate gains are distributed in the same manner as other statutory revenues.

Figure 2.9: FGN is constrained by rigid costs and shrinking capital space, while states expand capital spending



Source: OAGF, State BIRs, and World Bank

mission (NUPRC), the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NDMPRA), and the North-East Development Commission (NEDC)—amounted to N1,785 billion in 2024, up from N870 billion in 2023. In relative terms, the scale of these deductions is substantial. For instance, in 2024, several of these parastatals received more from FAAC than individual states collected in total revenues (Figure 2.8). Moreover, the combined allocations to these agencies exceeded the 2024 budgetary resources for pro-poor federal ministries such as Education (N1,589 billion), Health (N1,336 billion), and Poverty Alleviation (N263 billion). Nigeria’s current arrangement—allocating a fixed four percent of non-oil and oil revenues (excluding royalties) to the Federal Inland Revenue Service (FIRS)—is significantly higher than the cost of collection in peer countries. For instance, Kenya caps its allocation at 1–2 percent of budgeted revenues, with a performance bonus only if collections exceed targets, while Uganda, South Africa, and Ghana primarily fund their revenue agencies through parliamentary appropriations.²⁴

The structural revenue shift in recent years is exacerbating an already growing fiscal dichotomy, with implications for national development. This shift comes at a time when the Federal Government is increasingly burdened by rising rigid costs. In 5M-25, it spent 72.5 percent of total expenditures on interest payments and personnel costs, leaving limited fiscal space for capital spending, which accounted for only 19.0 percent of total spending in 5M-25, down from 23.7 percent in 2023. In contrast, states have experienced the opposite trend, with their share of capital spending rising to 58.3 percent in the first half of 2025, up from 48.6 percent in 2023 (Figure 2.9). This growing asymmetry has important implications. The Federal Government—responsible for large-scale, nationwide infrastructure projects such as highways, power transmission, and railways—does not have adequate fiscal space to fund these investments. The absence of coordinated mechanisms to align or pool fiscal resources toward national priorities further compounds the challenge, resulting in underinvestment in shared priorities and missed opportunities to leverage economies of scale.

²⁴ Kenya Revenue Agency Act, CAP 469 Section 15 and 16; Uganda Revenue Agency Act, CAP 196, section 15 and 16; Ghana Revenue Agency Act, No 791 Section 22; South Africa Revenue Service ACT, 34 of 1997.

If left unaddressed, these trends risk undermining the full developmental potential of ongoing macro-fiscal reforms. Strengthening spending efficiency through regular expenditure reviews across all levels of government, improving transparency and accountability, and reducing leakages will also be critical. In addition, conducting a Public Investment Management Assessment (PIMA) would help identify and address gaps in the design, allocation, and implementation of public investment programs.

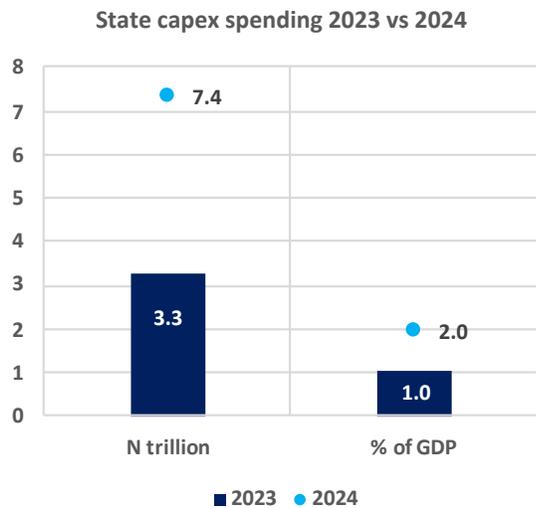
Prioritize development spending

On aggregate, states have used the increase in revenues to pay down their domestic debt and boost spending on infrastructure. Total state spending grew significantly from N6.7 trillion in 2023 (2.1 percent of GDP) to N12.2 trillion in 2024 (3.3 percent of GDP), mainly because capital spending nearly tripled, reaching N7.0 trillion in 2024 (Figure 2.10). This shows that most states are focusing on building physical infrastructure that people can see and benefit from. In fact, eight states have more than doubled their capital spending in 2024: Ad-

amawa, Bauchi, Borno, Delta, Imo, Kebbi, Ogun, and Zamfara. The transport sector experienced the largest increase, with actual spending more than doubling to N2.8 trillion in 2024. General public services also saw a significant rise, increasing by N1.7 trillion between 2023 and 2024. Together, these two sectors accounted for more than half of the growth in state spending in 2024 (Figure 2.12). A key driver of higher spending on general public services was the sharp rise in allocations to central executive and legislative agencies, which grew from N601 billion in 2023 to N965 billion in 2024. States such as Ekiti, Cross River, Niger, Kano, Bauchi, and Zamfara more than doubled their spending in this category (Figure 2.13). At the same time, 34 out of all states and FCT (except Niger, Enugu, and Rivers), reduced their domestic debt between mid-2023 and the end of 2024 (Figure 2.11). While states are often criticized for high debt, their debt levels have remained relatively low, holding steady at 3.2 percent of GDP in 2024, even after accounting for the large FX valuation effects in 2024. These positive trends continued in 2025 so far, as highlighted in section 1.6.

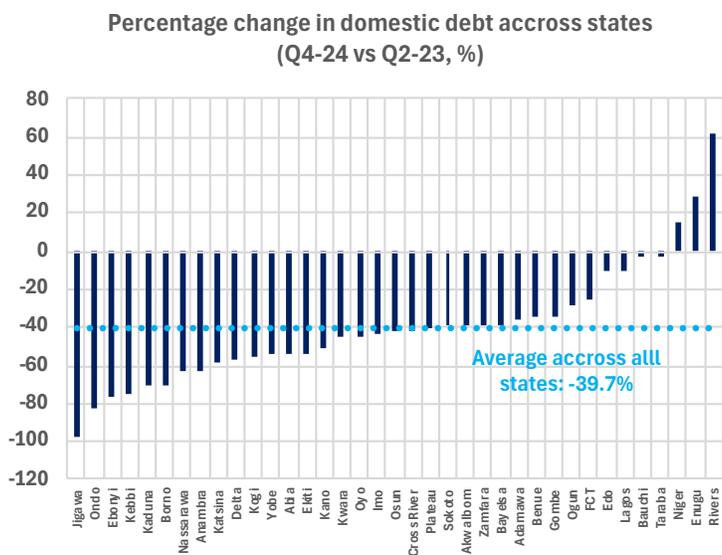
In contrast, human capital sectors, especially

Figure 2.10: States have used the higher revenues to rapidly increase capex...



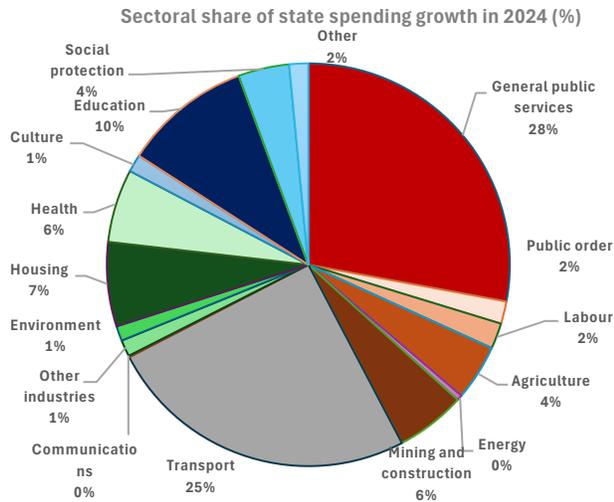
Source: State BIRs and World Bank.
Note: Excludes Sokoto and Rivers

Figure 2.11: ...and reduce their domestic debt



Source: DMO

Figure 2.12: Transport and general services accounted for more than half of the growth in state spending in 2024

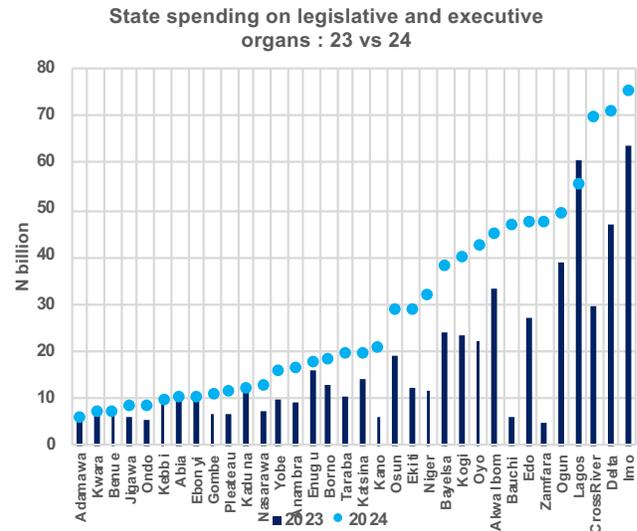


Source: State BIRs and World Bank

health and education, have been mostly overlooked and should receive more resources. These sectors are key for long-term, inclusive growth by building a healthier, more skilled, and resilient workforce. Yet, their share of total state spending declined from 19.3 percent in 2023 to 17.9 percent in 2024. This means that states, which hold more than two-thirds of total public revenues net of interest payments, spent only 0.7 percent of GDP on health and education. Increasing investments in people generates lasting productivity gains, reduces poverty, and creates stronger intergenerational benefits, thereby sustaining development over time.

Increasing public spending on human capital development is timely, given the declining development assistance in health and education. Development assistance for health (DAH) accounts for about 8.6 percent of total health spending (Chang et al., 2019). Major programs—such as HIV/

Figure 2.13: The driver of spending on general public services was the rise in allocations to executive and legislative agencies



Source: State BIRs and World Bank

AIDS, TB²⁵, malaria, and vaccination—are largely funded by a small group of donors, including the Global Fund, PEPFAR, GAVI, DFID²⁶, and other bilateral donors (Bendavid et al., 2012; Dieleman et al., 2014). Sharp cuts to DAH will widen Nigeria’s UHC financing gap over the next five years, even with expected increases in government health spending. Since DAH has mainly targeted primary health care (PHC), public financing should now prioritize PHC to offset the loss of donor funding. The UHC Compact, which consolidates programs and priorities under the Nigeria Health Sector Renewal Investment Initiative, offers an opportunity to ensure continuity of essential services for poor and vulnerable populations during this transition.

Improving human capital outcomes requires not only significantly increasing spending allocations but also enhancing efficiency. Nigeria cannot merely rely on ramping up revenues (which will take

25 HIV/AIDS: Human Immunodeficiency Virus/ Acquired Immune Deficiency Syndrome
TB: Tuberculosis

26 PEPFAR: The US President’s Emergency Plan for AIDS Relief
GAVI: Global Alliance for Vaccine and Immunization
DFID: Department for International Development.

time) to improve development outcomes in the near term; the prioritization of high-impact reform areas, where efficiency gains can be realized, is crucial. The World Bank's 2022 Nigeria Public Finance Review²⁷ highlights that the spending efficiency within education and health has significant room for improvement.²⁸ Nigeria's education efficiency score was 0.28, suggesting that a fully efficient country could spend 72 percent less to deliver the same expected years of schooling. In health, the efficiency score was even lower at 0.20, indicating that an efficient comparator could spend 80 percent less and still achieve Nigeria's infant survival rate. Both scores are well below the averages for Sub-Saharan Africa (0.39 in education and 0.41 in health) and for lower middle-income countries (0.39 and 0.36, respectively), underscoring Nigeria's substantial efficiency gap.

Within sectors, allocation of public resources can also be inefficient, such as the focus of States' budget and actual allocations to tertiary institutions, rather than the more development-oriented primary and secondary services. In 2023 and 2024, respectively, state budget expenditure on education averaged 14 percent and 12 percent, while only 1.2 percent and 1.4 percent of that was spent on primary education. A similar pattern is seen in the health sector. This imbalance leaves the most critical entry points for human capital development underfunded, undermining the potential for inclusive, productivity-led growth.

The efficiency of human capital spending is undermined by the lack of adequate state planning and implementation, given the fragmentation in funding across tiers of government. The responsibility for delivering essential primary healthcare

and education services has largely been devolved to the third tier of government (LGAs), yet this foundational tier lacks the necessary human resources for health and infrastructure essential to deliver quality primary healthcare and primary education services. A key constraint is that most states pool local government funds for central administration of the wage bill. Consequently, states tend to exert decision-making on LGA allocations, sometimes funded by state contingency allocations. Since these funds are not reflected in state budgets, and local governments do not publish their budgets, the largest amount of expenditure in these sectors is difficult to ascertain and track. The wage bill for frontline workers – which is estimated to amount to 80 percent of sector spending – is meant to be borne by local governments.

Furthermore, existing fiscal transfer mechanisms for education and health are falling short of their full potential. Although technically a subnational – and primarily local government – responsibility, the FGN established two conditional intergovernmental fiscal transfer for basic education and primary healthcare, respectively the Universal Basic Education Fund, administered by the Universal Basic Education Commission (UBEC) and the Basic Healthcare Provisioning Fund (BHCPF). While this supplemental funding is crucial, these instruments are not operating at full potential. The funds receive a statutory allocation of 2 percent (UBEC) and 1 percent (BHCPF) of the consolidated revenue fund (CRF). It is unclear how this amount is calculated, but the allocations for both funds more than doubled from N95.3 billion in 2023 to N263.0 billion in 2024, and again to N596.8 billion in 2025 for UBEC, and N47.6 billion in 2023 to N131.5 bil-

²⁷ <https://documents1.worldbank.org/curated/en/099615211172222358/pdf/P1750950fbd29d02008429007d1ed499d61.pdf>

²⁸ To assess spending efficiency, the Data Envelopment Analysis (DEA) technique was applied. DEA estimates how efficiently public spending translates into outcomes, measuring a country's ability to achieve the maximum possible results (outputs) with the lowest level of resources (inputs). Inputs typically include public expenditures on health, education, social services, and infrastructure—or the split between current and capital spending—while outputs consist of development indicators in these sectors. DEA calculates efficiency by comparing observed input-output combinations against an "efficient frontier," which represents the maximum attainable output for a given level of input. Efficiency scores range from 0 to 1, with a score of 1 indicating full efficiency, while other countries' relative efficiency is determined by their distance from this frontier.

lion in 2024, and again to N298.4 billion in 2025 for BHCPF. UBEC grants disbursed to states are implemented by the State Universal Basic Education Boards (SUBEBs) directly, with no direct funding for facilities. These funds are generally not reflected in state budgets, and SUBEBs are not regularly audited, making it very difficult to quantify and track funding for basic education at the state level. Since its inception in 2019, the BHCPF has been allocated a total of 333.9 billion naira as of June 2025, but has only disbursed 159.2 billion naira through its gateways to the subnational level.

These funds present a unique opportunity to improve the efficiency and equity of public spending on human capital. There are three immediate reform opportunities in the BHCPF, namely: (i) increasing pro-poor public spending on priority essential health services by selectively targeting poor and vulnerable populations to improve health outcomes and financial protection; (ii) linking fund disbursement to program outputs rather than simply transferring funds to subnational entities; and (iii) increasing accountability and transparency for funds received. For UBEC, states must be able to allocate their matching funds and benefit from decentralization. Fifty percent of the annual UBEC allocation is intended to be disbursed to states for school infrastructure; however, UBEC has accumulated a stock of N43.5 billion in undisbursed funds by 2024, as some states have failed to allocate the matching funds needed to access their share. An additional 25 percent of the UBEC allocation (15 percent for instructional materials and 10 percent for teacher development) is spent at the central level rather than decentralized to states. In addition, several challenges constrain impactful implementation: irregular and delayed releases by the OAGF; weak subnational technical and absorptive capacity; and weak intergovernmental accountability among levels of government.

Given the existing fragmentation, strengthening

intergovernmental coordination is essential to better align fiscal policy with national development goals. While Nigeria's federal structure grants states significant control over their finances, the absence of a clear national framework for channeling additional revenues has often led to fragmented spending. Achieving national priorities—such as reducing learning poverty, improving maternal health, and expanding access to critical infrastructure—requires coordinated action across all levels of government. Yet, no structured mechanism currently exists to guide fiscal decisions toward these shared objectives. A renewed intergovernmental compact could help define common goals, clarify roles, and establish stronger accountability mechanisms, supported by transparent data and performance-linked transfers. The Federal government implemented a Sector Wide Approach (SWAP) health compact in December 2023, bringing all orders of government and development partners behind a common set of priorities. Ongoing efforts aimed at revising and updating the SWAP compact to a Nigeria UHC compact to advance Nigeria's UHC aspirations present a practical example of how to align and anchor fiscal policy with development goals and establish a coordinated mechanism to channel resources toward shared priorities and leverage economies of scale.

The Human Capital Opportunities for Prosperity and Equity Series of Programs, provide an important platform for these ends. These programs support revisions to UBEC guidelines to improve state access, set rules for unaccessed funds, decentralize more spending to subnational levels, strengthen BHCPF's link between funding and outcomes, and mandate annual audits of both. In addition, they support states to consolidate funding sources toward multiyear planning, enhance budget execution and transparency, publish local government budgets, conduct financial and performance audits of basic education and primary healthcare, and close the human resource gap for teachers and healthcare

Table 2.2: Health taxes in Nigeria are among the lowest in ECOWAS

ECOWAS countries	Beer		Spirits		ECOWAS countries	Tobacco	
	Ad-valorem	Specific (\$/L)	Ad-valorem	Specific (\$/L)		Ad-valorem	Specific (\$/L)
Cabo Verde	40%	\$0.39	40%	\$1.59	Cabo Verde	50%	\$1.17
The Gambia		\$2.20		\$3.82	The Gambia		\$0.68
Ghana	10-47.5%		50%		Ghana	50%	\$0.45
Guinea	47%		47%		Niger	60%	\$0.40
Liberia		\$0.35-1.00		\$2.00-3.00	Liberia		\$0.40
Benin	20%		45%		Togo	100%	
Burkina Faso	30%		35%		Senegal	65%	
Cote d'Ivoire	45%		45%		Guinea-Bissau	55%	
Guinea-Bissau	30%		45%		Burkina Faso	50%	
Senegal	15-50%		50%	\$1.94	Benin	50%	
Togo	18%		50%		Cote d'Ivoire	49%	
Sierra Leone		\$0.45-0.67		\$0.19-0.98	Guinea	40%	
Nigeria		\$0.03	20%	\$0.03	Nigeria	30%	\$0.10
					Mali	25%	
					Sierra Leone		\$0.08

Source: MOF
 Note: Specific tax per litre in US Dollars; Mali and Niger missing

workers. These upstream reforms are complemented by incentives to improve the quality-of-service delivery at schools and primary healthcare facilities. Demonstrated improvements in the efficiency of spending can support efforts to increase spending overall on these sectors.

The human capital sector could also be a source of fiscal revenues while improving health outcomes and lowering health care costs.²⁹ Health taxes are applied to goods and services that have harmful health effects. They are easy to collect and can complement Nigeria’s broader revenue reforms. Nigeria’s health taxes are among the lowest globally and also within ECOWAS (Table 2.2), leaving significant untapped potential.³⁰ The impact of health taxes is a “win-win” situation: They improve health outcomes while generating additional revenues (The Task Force on Fiscal Policy for Health, 2024).³¹ Importantly, they also increase tax progressivity, as they impact

mainly the richest households: only 5 percent of the poorest consume sugary drinks compared to 80 percent among the richest, and only 3 percent of the poorest consume alcoholic beverages, compared to 18 percent in the richest group. International experience, such as the Philippines and South Africa, shows that well-designed health taxes can both strengthen health systems and mobilize financing. Success depends on careful design and using increased revenues on prioritized spending like UHC.

Strengthening the Social Safety Net

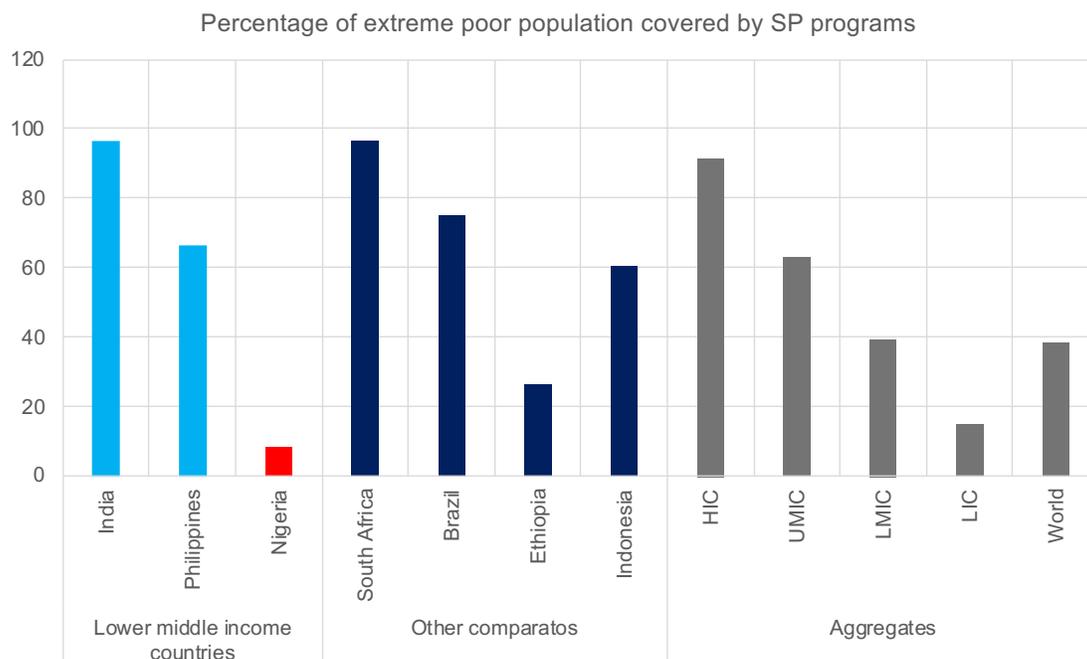
Social protection coverage in Nigeria has been both limited and volatile. In 2018/2019, approximately 19 percent of the population—including 27 percent of the poor—were covered by social protection programs (Figure 2.14). However, coverage declined sharply to just 6 percent of the population and 8.5 percent of the poor by 2023, following the

29 Health taxes refer to on products such as tobacco, alcohol, and sugar-sweetened beverages whose consumption leads to harmful health effects.

30 It is important to note that health taxes will not have significant inflationary effects, as they constitute only 0.3 percent of the overall consumption basket.

31 <https://assets.bbhub.io/dotorg/sites/64/2024/09/Health-Taxes-A-Compelling-Policy-for-the-Crises-of-Today.pdf>

Figure 2.14: Coverage of social protection programs has been low and declining



Source: World Bank PIP

lapse and suspension of key programs, particularly those under the National Social Investment Program Agency (NSIPA). Since 2023, both the National Home-Grown School Feeding Program (NHGSFP) and the Household Uplifting Program (HUP) have ceased operations and have yet to resume, undermining the stability and effectiveness of social protection in reducing poverty and fostering long-term human capital development. Coverage is expected to have improved in 2024 and 2025 with the rollout of new cash transfer programs, but Nigeria still lags significantly behind its international peers (Figure 2.14). In 2021, the country spent only 0.14 percent of GDP on social protection—well below the global average of 1.5 percent, as well as the averages for lower-middle-income countries (1.2 percent), low-income countries (0.8 percent), and SSA (1.1 percent).

Why are safety nets important?

International evidence consistently shows that social protection systems deliver substantial development benefits. They help reduce poverty and improve welfare, with estimates suggesting that 36 percent of the poor have in the past escaped extreme poverty due to such programs (World Bank, 2018).³² Reviews of more than 100 rigorous studies demonstrate that safety nets increase household consumption, income, labor supply, psychological well-being, and asset accumulation (Costa et al., 2024).³³ Beyond poverty reduction, they strengthen human capital by raising school enrollment, food security, and child nutrition. While conditionalities can enhance schooling outcomes, lighter approaches—such as labeling transfers for education—often achieve similar results without excluding the poorest. Safety nets also generate strong local economy multipliers: in Kenya, each dollar spent produced US\$2.6 in community gains through increased

32 <https://openknowledge.worldbank.org/server/api/core/bitstreams/e9d9681c-2e77-5950-9f0d-4f10ef3791a8/content>

33 <https://www.nber.org/papers/w32779>

demand (Egger et al., 2022),³⁴ while evidence from northern Nigeria shows positive spillovers on entrepreneurship even among non-beneficiaries (Papineni et al., 2025).³⁵ Moreover, graduation programs that combine cash transfers with training, coaching, and productive grants have sustained impacts, with positive effects on household wellbeing lasting a decade after interventions (Balboni et al. 2022; Bandiera et al. 2017; Banerjee et al. 2015; 2021).³⁶

Nigeria’s experience confirms these international findings, demonstrating that safety nets deliver tangible development gains.

One of the government’s large-scale interventions is the Household Prosperity and Empowerment (HOPE) program,³⁷ a shock-responsive social protection initiative that provides N75,000 in three tranches to 15 million verified Nigerian households through direct digital transfers to bank accounts or e-wallets. Independent survey evidence shows that even this short-term program, when delivered effectively, has meaningful impacts:

- **Easy access to transfers:** Beneficiaries accessed the digital payments with ease, mostly through point-of-sale (POS) terminals, followed by ATMs and bank branches, with average travel times under 20 minutes and fewer than 3 percent traveling more than an hour.
- **Support for food security and coping with shocks:** Transfers were primarily used for food (62 percent), with the remainder going to business expenses (12 percent) and education and health (15 percent) (Figure 2.15), helping households cushion shocks from rising food and fuel prices as well as other economic fluctuations.
- **Greater trust in government:** The program also strengthened perceptions of government, as ben-

eficiaries viewed the initiative as reliable, timely, and impactful in alleviating hardship, while expressing greater trust in government institutions compared to non-beneficiaries.

Nigeria has also tested more intensive social protection safety net programs that move beyond immediate relief toward long-term resilience and opportunity.

Under the National Social Safety Nets Program, layered interventions have demonstrated large and transformative impacts, in line with global evidence (Figure 2.16).

- **Incentivized behavioral change interventions layered on top of cash transfers lead to positive impacts on child schooling, food habits, and hygiene:** A co-responsibility package combined behavioral training on child schooling, health, nutrition, and sanitation with a cash top-up. Compared to households receiving only cash transfers, children in participating households had higher school enrollment and attendance, while families demonstrated improved dietary diversity and hygiene practices that persisted for more than a year after the intervention.
- **Productive livelihoods support package improved household welfare—including employment, microenterprise profits, and household consumption.** In addition to regular cash transfers, savings groups, and behavioral support, households received business and life-skills training, coaching and mentoring, and a N150,000 grant. Compared to those receiving only cash, households in the livelihoods package reported higher paid employment and labor incomes, more microenterprises with greater profits, and improved food security, nutrition, and consumption—even during the intervention period.

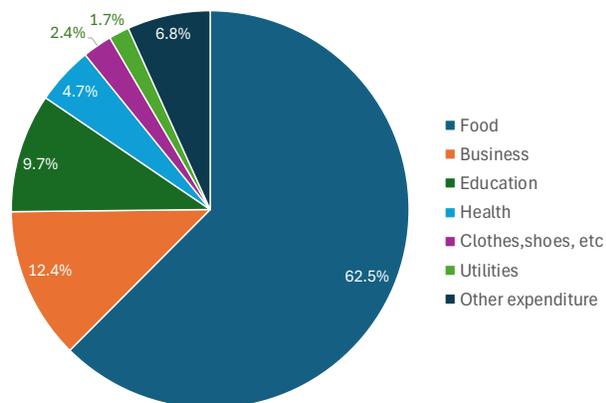
34 <https://doi.org/10.3982/ECTA17945>.

35 <https://openknowledge.worldbank.org/server/api/core/bitstreams/7f4c1200-4c70-4d50-9ac6-8b607e88b026/content>

36 https://www.nber.org/system/files/working_papers/w29340/w29340.pdf;
<https://academic.oup.com/qje/article-abstract/132/2/811/3075123>;
<https://dspace.mit.edu/handle/1721.1/97047>

37 The program is also known as the “Direct Benefit Cash Transfer Program” or the “Renewed Hope Cash Transfer Program”.

Figure 2.15: Under the HOPE program, transfers were primarily used for food



Source: World Bank 2025 "Nigeria's Direct Benefit Program: An Assessment"

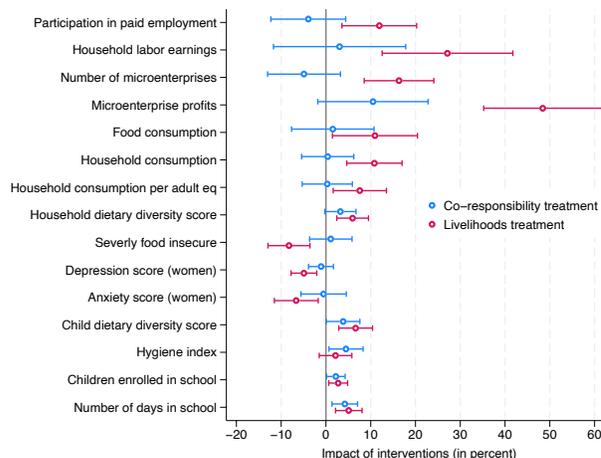
Nigeria has built the foundations of a strong social protection system through a modern social registry

The Social Registry (SR) in Nigeria is the largest in SSA. It comprises the National Social Registry (NSR) and the Rapid Response Registry (RRR), together covering about 86 million individuals—around 40 percent of Nigeria’s population—from more than 19 million households. In terms of scale, the SR ranks just behind countries such as Brazil, Egypt, Indonesia, and Pakistan. The SR includes households from rural and peri-urban areas throughout the country and covers almost all the Local Government Areas (LGAs) (Figure 2.17).

A community driven state-led process builds the NSR. The NSR, which is an aggregated database of all State Social Registries, is an information system containing data on poor and vulnerable households collected by respective states based on a community-based targeting mechanism. That is, households included in this registry are deemed poor and vulnerable by the communities themselves, with poorer

³⁸ NASSCO is in the process of continually updating the information in the registry.

Figure 2.16: More developed safety net programs can generate more development gains



Source: World Bank 2025 "A Hand-Up: Insights from the Evaluation of Safety Nets Interventions in Nigeria"

communities given a higher priority. Conceived in 2016 and maintained by the National Social Safety Net Coordinating Office (NASSCO), the NSR has grown drastically in recent years to 16 million households, and over 70 million individuals. Most of the households in the registry were added after 2020, which means that the information contained in the registry is still relatively new.³⁸

The RRR complements the NSR, especially in urban areas. The RRR was launched during the COVID-19 pandemic to quickly build a registry of poor and vulnerable people in urban areas using mobile-based technology. This registry recognizes that poverty in urban areas is highly localized and that such pockets of poverty exist even within wealthier LGAs. Initially, SMS blasts are sent to selected poor urban wards, inviting residents to register. Interested registrants then provide their details through a secure USSD platform. The information is validated through an in-person visit. The RRR already has 2.7 million validated households from urban areas. More importantly, the RRR can be expanded quickly to augment urban coverage.

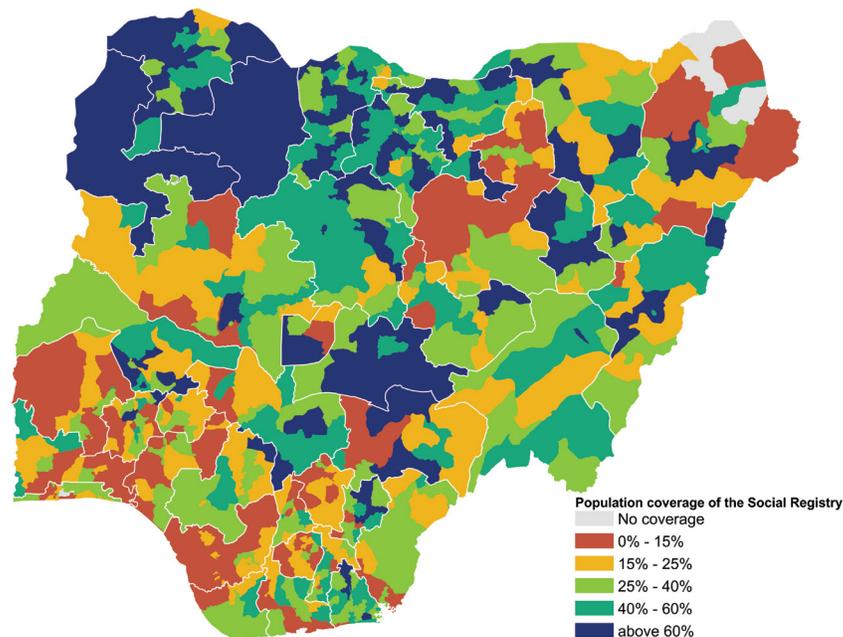
Together, the registries credibly identify poor and vulnerable households across Nigeria. Community participation in targeting and the prioritization of poorer LGAs ensures that the SR has higher coverage in the most deprived regions. The registry is also being strengthened through two key features:

- **NIN integration:** Since April 2025, a nationwide drive has sought to link all households in the registry with the National Identification Number (NIN), a biometric foundational ID. Over 7 million households have already been visited, with NINs collected or newly issued. Going forward, NIN integration will be a core feature of all registry updates and expansions.

- **Digital payments.** The SR is linked to the national payment architecture, which includes verified bank accounts and e-wallets for many households. With NIN integration, programs will also be able to open bank accounts for beneficiaries without valid accounts, ensuring broader financial inclusion. **The Social Registry is now the backbone of large-scale safety net programs at both federal and state levels.** At the federal level, it underpins

the HOPE program, which, as described above, delivers shock-responsive cash transfers to 15 million households in response to rising living costs. The program provides three tranches of N25,000 each to households in the bottom eight deciles of Nigeria's welfare distribution, with beneficiaries verified through biometric identification (NIN or bank verification numbers) and payments made digitally to verified accounts—or newly opened ones where needed. At the state level, all 36 states and the FCT use their State Social Registries to implement safety nets through the Nigeria Community Action for Resilience and Economic Stimulus (NG-CARES) program and other initiatives. Under NG-CARES alone, more than 2 million beneficiaries have received support through social transfers, public works, and livelihood grants, while other programs such as health insurance and agriculture (e.g., Kaduna State) also rely on the registry for targeting. Together, these efforts demonstrate how the Social Registry serves as a critical tool for ensuring that federal and state social programs reach the most vulnerable, promoting inclusion and poverty reduction nationwide.

Figure 2.17: The Social Registry has wide spatial coverage



Source: World Bank estimates based on administrative data from NASSCO

Going forward: a proposed safety net program for Nigerians

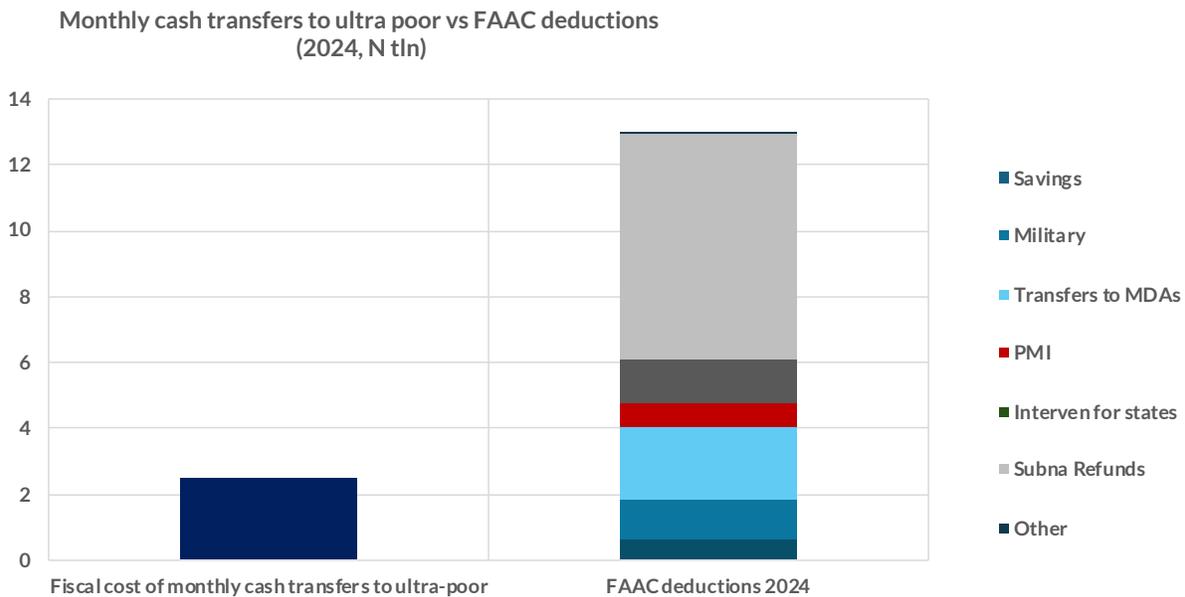
Building on evidence, past experience, and a strengthened delivery system, Nigeria is well-positioned to design an impactful flagship safety net program. The scale of poverty in Nigeria makes it both operationally and fiscally challenging to establish a broad-based program with wide coverage. A more feasible approach is to start with a basic safety net program tailored to fiscal realities, while drawing on evidence of what works and focusing on those most in need. The proposed safety net program would have the following elements.

The first pillar would be a basic safety net program for ultra-poor households. Such a program would meet basic needs while encouraging investments in human capital for an estimated 9 million households living in ultra-poverty. Regular cash transfers, linked with co-responsibilities such as school enrollment

and attendance, ante-natal and post-natal visits, and routine immunizations, have been shown globally to improve household welfare, incomes, and child outcomes. Targeting women—particularly mothers of young children—would further ensure resources benefit children. Similar programs in other countries typically support families for two to three years or more. In Nigeria, providing each ultra-poor household with N22,500 (US\$15) per month—equivalent to 20 percent of the ultra-poverty line—would cost annually about N2.5 trillion (US\$1.6 billion or 0.64 percent of 2024 GDP). In context, this number does not appear to be large (only 19.1 percent) compared to the FAAC deductions in 2024 (Figure 2.18). Such a program could lift an estimated 24 million individuals out of ultra-poverty by enabling them to meet their basic food needs.

The second pillar would be a shock-responsive safety net for the poor and near-poor. Such programs protect households from falling deeper

Figure 2.18: The fiscal cost of providing monthly cash transfers to the ultra-poor was only 19.1 percent of the total FAAC deductions in 2024



Source: FAAC documents, and World Bank

Note: Transfers to MDAs, includes cost of collection, as well as refunds to FIRS, NCS, NUPRC, NMDPRA, FEF, MDGIF. Subna refunds refers to the refunds that subnational governments received. PMI stands for the Presidential Metering Initiative. Interven for states refers to the security and infrastructure intervention to states.

into poverty when crises strike. Timely support helps families meet basic needs while preventing harmful coping strategies such as pulling children out of school, reducing food consumption, or selling productive assets—all of which can undermine long-term wellbeing. An adaptive safety net that expands in response to shocks can operate horizontally (covering more affected households) or vertically (increasing support for existing beneficiaries). In Nigeria, data show that about 10 percent of households are affected by shocks each year. Allocating US\$110 million annually would allow the program to reach this group—about 10 percent of households in

the bottom six deciles—with an average benefit of N75,000.

In sum, a safety net program would offer Nigeria a powerful opportunity to return tangible benefits to citizens who have borne the costs of recent shocks. Many countries, including Ghana, Indonesia, and the Philippines, have launched social safety nets in the wake of bold fuel subsidy reforms. It would be fitting for Nigeria to follow this example and use part of the fiscal savings from its reforms to finance programs that protect the poorest and most vulnerable, while strengthening resilience and social inclusion.

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Annex 1: Nigeria Key Economic Indicators

Selected Economic Indicators

	2021	2022	2023	2024	2025e	2026f	2027f
Real Economy	Annual percentage change, unless stated otherwise						
GDP (current LCU, billions)	243,303	274,234	314,024	372,823	428,108	483,831	539,272
GDP per capita (US\$)	2,742.4	2,900.6	2,160.1	1,086.6	1,160	1,197	1,254
Real GDP per capita growth	-1.5	1.7	0.7	1.5	1.6	1.7	1.8
Real GDP Growth	1.1	4.3	3.3	4.1	4.2	4.3	4.4
Agriculture	3.8	2.5	1.2	1.7	2.0	2.3	2.5
Industries	-9.3	10.2	4.0	2.8	4.1	3.7	3.7
Industry - oil	-39.1	24.8	4.4	5.5	6.5	3.0	2.0
Industry - non-oil	1.0	7.1	3.9	2.1	3.6	3.9	4.2
Services	2.8	3.6	3.7	4.4	5.0	5.2	5.3
Prices	Annual percentage change, unless stated otherwise						
GDP deflator	12.6	8.0	10.8	14.1	10.2	8.4	6.8
CPI Inflation (yearly average) ³⁹	17.0	18.8	24.7	33.2	23.8	19.5	15.8
Oil Price (Bonny light, US\$/bbl)	65.5	104.6	85.2	82.5	68.0	63.0	67.0
Exchange Rate (avg, N/\$)	410.3	428.2	644.7	1,490.0
Fiscal Accounts	Percent of GDP, unless stated otherwise						
Revenues	4.4	4.8	5.2	8.4	9.5	10.0	10.4
Expenditures	8.1	8.6	9.4	10.8	12.1	12.8	13.1
Primary fiscal balance	-1.7	-1.6	-1.6	0.0	0.4	-0.3	-0.3
Overall fiscal balance	-3.6	-3.8	-4.2	-2.3	-2.6	-2.8	-2.7
Public debt	28.2	29.7	37.0	42.9	39.8	41.2	40.9
External debt	7.1	6.8	12.2	19.0	16.8	19.1	18.7
Domestic debt	21.1	22.9	24.8	23.9	23.1	22.1	22.2
Balance of payments	Percent of GDP, unless stated otherwise						
Current account balance	-0.5	0.5	1.2	6.9	6.7	6.1	6.2
Trade balance	-2.8	-1.2	-1.1	-0.1	0.3	-0.2	0.2
Exports of goods and services	8.6	10.8	12.4	23.0	20.3	19.5	19.7
Imports of goods and services	-11.4	-12.0	-13.4	-23.1	-20.0	-19.7	-19.5
Primary income	-1.4	-1.6	-2.2	-2.7	-2.4	-2.3	-2.2
Secondary income	3.7	3.4	4.5	9.6	8.9	8.6	8.2
Net Foreign Direct Investment	0.9	-0.1	0.4	0.6	0.6	0.5	0.5
Net Foreign Portfolio Investment	0.9	0.7	1.4	5.5	5.5	4.2	3.5
Gross Reserves (million US\$, eop)	41,181	37,194	32,912	40,880
Gross Reserves (months of imports)	7.3	5.8	6.0	8.5

Sources: NBS, CBN, OAGF, DMO and World Bank.

³⁹ The CPI series reflects World Bank calculations on the back-casted series following CPI rebasing by the NBS.

Key Fiscal Indicators (% GDP)

	2021	2022	2023	2024	2025	2026	2027
	Act	Act	Act	Act	Est	Proj	Proj
Total revenue	4.4	4.8	5.2	8.4	9.5	10.0	10.4
Net oil and gas revenues	1.3	1.3	1.2	2.0	2.0	2.5	2.6
Non-oil revenues	3.1	3.5	4.1	6.4	7.5	7.5	7.8
Tax revenues	1.7	2.4	2.7	3.7	4.7	4.6	4.9
Corporate tax (CIT, CGT, Stamp Duty)	0.5	0.9	1.2	1.3	2.0	2.1	2.1
Customs revenue (import, excise, fees)	0.4	0.6	0.5	0.8	0.9	1.0	1.0
VAT	0.8	0.9	1.0	1.6	1.8	1.6	1.8
Non-tax revenues	1.4	1.1	1.3	2.7	2.8	2.9	2.9
Internally-generated revenue (SGs+FCT)	0.6	0.7	0.7	0.9	1.0	1.1	1.1
FG Independent Revenue	0.5	0.4	0.6	1.2	1.0	1.0	1.0
Other revenues	0.2	0.1	0.0	0.7	0.7	0.7	0.7
Total expenditure	8.1	8.6	9.4	10.8	12.1	12.8	13.1
Recurrent expenditure	5.9	6.4	6.8	7.4	8.1	8.0	8.2
Personnel cost	2.6	2.6	2.7	2.9	3.5	3.8	4.0
Overhead cost	0.7	0.7	0.7	0.9	0.9	1.0	1.0
Interest expense	1.9	2.2	2.6	2.4	3.0	2.5	2.5
Other recurrent	0.7	0.8	0.7	1.1	0.7	0.7	0.7
Capital expenditure	2.2	2.2	2.6	3.4	4.0	4.8	4.9
Primary balance	-1.7	-1.6	-1.6	0.0	0.4	-0.3	-0.3
Fiscal balance	-3.6	-3.8	-4.2	-2.3	-2.6	-2.8	-2.7

Sources: NBS, OAGF, DMO and World Bank.

Note 1: The fiscal data is for the whole Federation: FG +SG +LG.

Note 2: We only include interest spending in public debt as expenditures as amortization is included below the line per international standards.

Note 3: Revenues refer to net revenues (i.e., after excluding costs of collection, deductions, etc.). Education tax and GOE revenues (other than dividends) are not included, as these cannot be used by the FGN for its own spending

Annex 2: Rebased GDP

On July 21, 2025, the National Bureau of Statistics (NBS) released the rebased GDP figures using a new base year of 2019. This annex provides a brief overview of the methodological changes introduced to include new sectors and expanded data coverage, highlights the shifts in the structure of the Nigerian economy and its key growth drivers, and presents the implications of the rebasing on select macroeconomic indicators.

Methodological changes

Nigeria's rebasing of its GDP to a 2019 base year introduces broader sectoral and data coverage.

The new base year replaces the 2010 benchmark used in the 2014 rebasing exercise and aligns with updated international standards, including the 2008 System of National Accounts (SNA), ISIC Rev. 4.0, CPC 2.0, the Balance of Payments Manual (BPM6), and the Government Finance Statistics Manual (GFSM 2014). The revised estimates capture previously unrecorded activities such as the digital economy, parts of the informal economy, pension and health insurance schemes, social insurance trust funds, household firms, quarrying and other minerals, and modular oil refining. The rebasing draws on more comprehensive data coverage of household and informal sector activity, including from the National Business Sample Census and the Survey of Establishments, the National Agricultural Sample Census and Survey, and the 2019 and 2023 Nigeria Living Standards Surveys. Additional sectoral studies were conducted in areas such as research and development; water supply, sewerage, waste management, and remediation; and trade and transport margins.

Changes in terms of economic structure and growth

- Nominal GDP:** On average between 2019 and 2024, GDP under the new series is 36.8 percent higher than in the old series (Figure A1.1), 35.4 percent higher for 2024. The new series shows that Nigeria is less dependent on oil and gas, which accounted for only 3.9 percent of GDP in 2024, compared to 6.2 percent under the old series. The revised data also confirms the protracted structural transformation and continued importance of agriculture, which accounted for 25.9 percent of GDP in 2024. In contrast, sectors such as telecommunications and financial services are now estimated to be much smaller, accounting for 6.8 and 2.4 percent of GDP, respectively. Meanwhile, real estate and trade now represent a larger share of the economy, at 11.1 and 18.2 percent, respectively.
- Overall growth dynamics:** As shown in Figure A1.2, the rebased GDP has implications for Nigeria's overall growth narrative and its decomposition. The revised data suggest that the economy was more severely impacted by the COVID-19 pandemic, contracting by 6.4 percent in 2020 compared to 1.8 percent under the old series, and growing by only 1.1 percent in 2021 versus 3.6 percent previously. As a result, the strong growth in 2022 appears to reflect a rebound effect after two years of weak performance, followed by a slowdown in 2023 driven by factors such as the demonetization policy and sluggish oil production. Encouragingly, the 2024 growth rate under the new series is estimated at 4.1 percent—higher than the earlier estimate of 3.4 percent, suggesting stronger economic dynamism despite still high inflation.
- Sectoral contribution to growth:** Between 2020 and 2024, the average 3.2 percent GDP growth continued to be largely driven by services, with 2.6 percentage points (pp) of the total, but with a different subsector composition. Compared to the old

Figure A0.1: The rebasing has increased Nigeria’s GDP by about a third

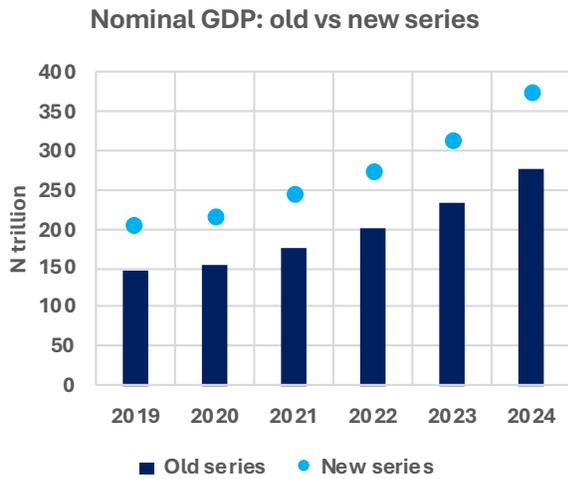


Figure A0.2: The COVID-19 pandemic had a bigger adverse effect than was previously thought

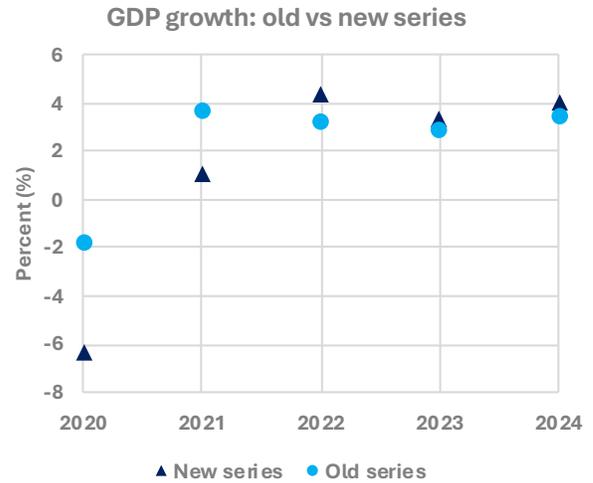
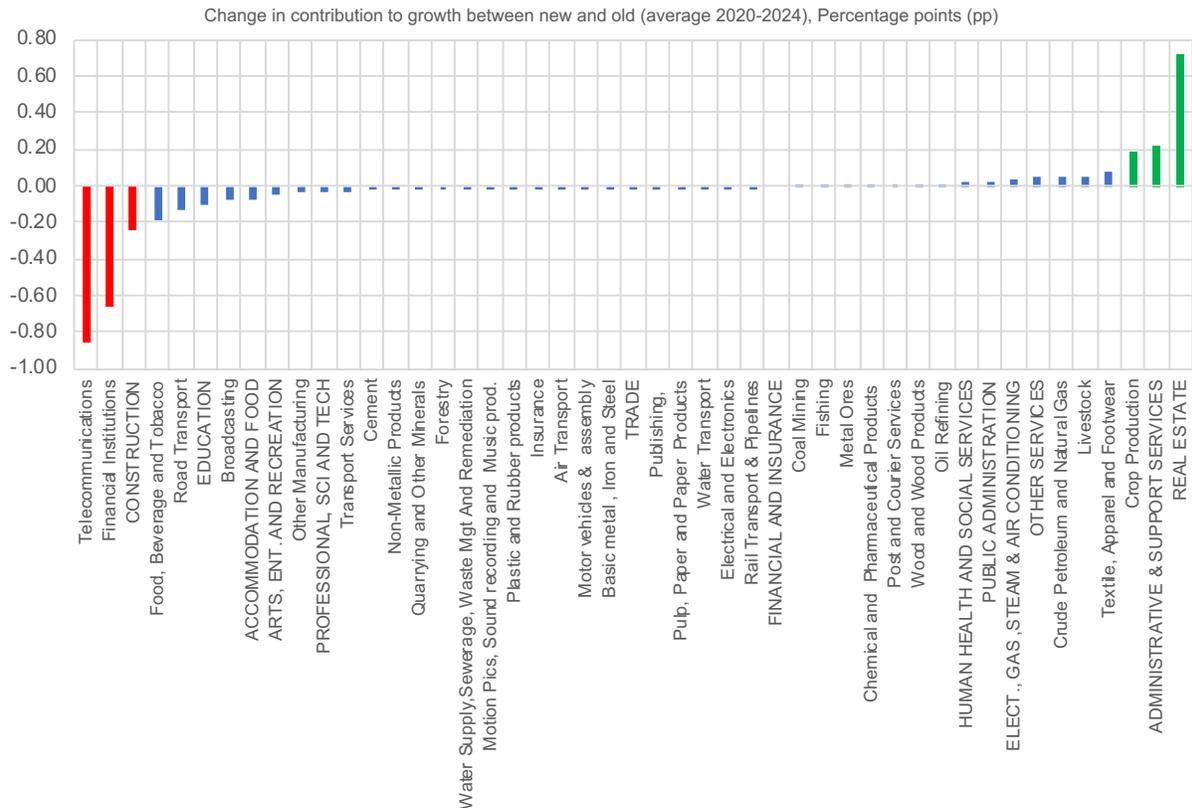


Figure A0.3: In the rebased GDP, real estate contribution to growth increased the most, while that of ICT and financial services declined the most



Source: NBS, and World Bank

series, the new GDP data show that Real Estate and Administrative & Support Services have emerged as major drivers of growth, while the contributions of telecommunications—and especially finance—have declined (Figure A1.3). These sectors no longer dominate aggregate growth as they once did. The main contributors to GDP growth were real estate (0.7 pp; 54.3 percent), crop production (0.6 pp; 49 percent), telecom (0.3 pp; 25 percent), and administrative support and trade (both 0.2 pp; 17 percent). In contrast, the financial sector's contribution fell to just 5.2 percent, while the oil sector significantly dragged down growth, contributing -38 percent.

Implication of rebasing on selected economic indicators

The rebasing of the GDP has several economic implications on key macroeconomic indicators (Table A1.1 below):

a. Lower debt sustainability risks, but a fiscally neutral policy is needed to prevent debt from ballooning again. The debt-to-GDP ratio for 2024 is now estimated at 42.9 percent, down from 53.2 percent previously, reducing Nigeria's assessed risk of debt distress. However, the main source of fiscal vulnerability remains the high debt service-to-revenue ratio, which stood at approximately 40 percent in 2024—although this marks a substantial improvement from the 100 percent recorded in 2022.

b. Lower revenue-to-GDP ratio underscores the need to sustain efforts to increase revenues. With the GDP rebasing, Nigeria's revenue-to-GDP ratio (for the whole Federation) is now at 8.4 percent in 2024, down from 11.3 percent earlier—well below the SSA average of 21 percent. This places Nigeria among the countries with the lowest revenue-to-GDP ratios globally and highlights the continued urgency of accelerating revenue mobilization at both the federal and subnational levels. Despite the downward revision, Nigeria has made

notable progress in boosting revenues, with the ratio rising by 4 percentage points of GDP between 2020 and 2024, under the new GDP series. This upward trajectory, though starting from a low base, signals gradual improvements in revenue performance and reflects the positive impact of recent reform efforts.

c. Higher GDP in USD terms, but far from the US\$ 1 trillion target. Following the 36.8 percent average upward revision of the GDP in 2019-2024, Nigeria's nominal GDP in U.S. dollar terms has risen from US\$186 billion in 2024 to approximately US\$250 billion. Despite this increase, the new estimate remains below the target of US\$1 trillion target by 2030. This highlights the importance of advancing structural reforms—particularly in trade, infrastructure, access to finance, and human capital—to accelerate and sustain growth.

d. Higher GDP Per Capita, but still much lower than potential. GDP per capita will increase from US\$808 under the old series to US\$1,086 under the new series. When accounting for PPP terms, this would bring Nigeria in line with countries such as Mauritania, Venezuela, Nicaragua, Djibouti, Bangladesh, and Laos. However, this remains low relative to Nigeria's economic potential.

e. Protracted Structural Transformation. The new numbers reinforce the limited shift in economic activity away from agriculture. With the rebasing, for 2024, agriculture increased its share of GDP from 24.2 to 27.2 percent, industry decreased from 18.2 to 16.3 percent (manufacturing 8.1 percent and crude oil 2.2 percent), and services fell from 56.0 to 54.4 percent. Within sectors, informal production dominates; over 90 percent in agriculture, 57 percent in real estate, and 86 percent in administrative and support services.

f. There is a need to strengthen the business environment to attract long-term investment. The rebasing highlights Nigeria's continued challenges in attracting long-term productive capital, with FDI

remaining extremely low at just 0.6 percent of GDP in 2024 with the new rebasing. This reinforces the urgent need to accelerate structural reforms to foster

private investment, which is essential for achieving sustainable growth.

Table A3.1: Macroeconomic statistics after GDP rebasing

Macro variable	GDP series	2019	2020	2021	2022	2023	2024
Nominal GDP (N tln)	Old	145.6	154.3	176.1	202.4	234.4	277.5
	New	205.1	213.6	243.3	274.2	314.0	372.8
Nominal GDP (\$ bln)	Old	402.4	403.6	429.2	472.6	362.8	186.2
	New	566.7	559.0	593.1	640.5	486.0	250.2
Nominal GDP per capita (\$)	Old	1,941.8	1,906.2	1,984.7	2,140.4	1,609.0	808.8
	New	2,734.5	2,640.1	2,742.4	2,900.6	2,155.3	1,086.6
GDP growth (%)	Old		-1.8	3.6	3.3	2.9	3.4
	New		-6.4	1.1	4.3	3.3	4.1
Federation Revenues (% GDP)	Old	7.0	6.1	6.1	6.5	7.0	11.3
	New	5.0	4.4	4.4	4.8	5.2	8.4
Federation Spending (% GDP)	Old	11.0	11.2	11.2	11.7	12.6	14.5
	New	7.8	8.1	8.1	8.6	9.4	10.8
Fiscal balance (% GDP)	Old	-4.0	-5.2	-5.0	-5.2	-5.6	-3.1
	New	-2.8	-3.7	-3.6	-3.8	-4.2	-2.3
Debt (% GDP)	Old	24.9	30.0	33.5	35.0	45.0	53.2
	New	21.6	26.0	28.2	29.7	37.0	42.9
Current Account Balance (% GDP)	Old	-3.4	-4.0	-0.8	0.7	1.6	9.2
	New	-2.4	-2.9	-0.5	0.5	1.2	6.9
FDI (% GDP)	Old	0.6	1.0	1.2	-0.2	0.6	0.8
	New	0.5	0.7	0.9	-0.1	0.4	0.6
FPI (% GDP)	Old	0.8	-0.9	1.3	0.9	1.9	7.3
	New	0.6	-0.7	0.9	0.7	1.4	5.5

Annex 3: Sectoral decomposition of state GDP (2023)

STATE	1ST BIGGEST SECTOR	2ND BIGGEST SECTOR	3RD BIGGEST SECTOR
ABIA	Trade (46.9%)	Construction (16.8%)	Crop (16.3%)
ADAMAWA	Crop (51.4%)	Livestock production (16.3%)	Trade (16.0%)
AKWA IBOM	Crude oil and natural gas (42.1%)	Trade (21.0%)	Livestock production (10.3%)
ANAMBRA	Trade (38.7%)	Crop (17.9%)	Construction (17.6%)
BAUCHI	Crop (52.8%)	Livestock production (20.2%)	Trade (19.7%)
BAYELSA	Crude oil and natural gas (55.5%)	Trade (13.3%)	Crop (7.1%)
BENUE	Crop (76.8%)	Livestock production (14.5%)	Cement (3.1%)
BORNO	Trade (38.1%)	Crop (30.5%)	Construction (12.0%)
CROSSRIVER	Crop (31.7%)	Trade (21.9%)	Cement (14.6%)
DELTA	Crude (41.0%)	Crop (22.0%)	Trade (15.6%)
EBONYI	Crop (39.6%)	Trade (31.4%)	Livestock production (16.8%)
EDO	Trade (35.4%)	Crop (22.2%)	Crude (9.1%)
EKITI	Crop (37.8%)	Trade (36.9%)	Construction (16.2%)
ENUGU	Trade (43.6%)	Construction (22.7%)	Crop (14.8%)
GOMBE	Crop (39.2%)	Trade (26.4%)	Livestock production (12.0%)
IMO	Trade (38.4%)	Construction (30.6%)	Livestock production (14.3%)
JIGAWA	Crop (48.8%)	Trade (26.9%)	Livestock production (19.7%)
KADUNA	Crop (54.9%)	Livestock production (19.5%)	Trade (17.6%)
KANO	Trade (41.1%)	Crop (35.6%)	Livestock production (17.2%)
KATSINA	Trade (52.7%)	Crop (24.4%)	Livestock production (13.1%)
KEBBI	Crop (54.5%)	Trade (20.6%)	Livestock production (13.8%)
KOGI	Crop (39.1%)	Cement (20.2%)	Trade (19.8%)
KWARA	Crop (59.7%)	Livestock production (13.8%)	Trade (13.8%)
LAGOS	Trade (70.9%)	Construction (10.4%)	Livestock production (6.3%)
NASARAWA	Crop (55.3%)	Trade (19.5%)	Livestock production (17.7%)
NIGER	Crop (62.0%)	Trade (16.8%)	Livestock production (11.3%)
OGUN	Trade (32.5%)	Cement (20.0%)	Livestock production (14.5%)
ONDO	Trade (55.5%)	Crop (21.9%)	Crude (6.1%)
OSUN	Crop (44.6%)	Trade (30.3%)	Livestock production (13.5%)
OYO	Crop (40.4%)	Trade (20.5%)	Construction (18.3%)
PLATEAU	Crop (45.2%)	Trade (30.7%)	Livestock production (17.7%)
RIVERS	Crude (31.3%)	Trade (29.5%)	Crop (12.5%)
SOKOTO	Trade (30.5%)	Crop (20.1%)	Livestock production (23.9%)
TARABA	Crop (66.6%)	Trade (16.6%)	Livestock production (10.5%)
YOBE	Crop (46.8%)	Trade (32.7%)	Livestock production (14.7%)
ZAMFARA	Trade (57.1%)	Crop (30.1%)	Livestock production (10.5%)
FCT	Trade (57.9%)	Livestock production (15.5%)	Crop (10.2%)

Source: NBS and WB calculations.

Note: This table presents the top three economic sectors in each state. The numbers in parentheses indicate the share of each sector in the state's total GDP in 2023.





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