

Kingsgate Young Scholars Journal

Volume I

JUNE 2026

About the Kingsgate Young Scholars Academy

The Kingsgate Young Scholars Academy (KYSA) is the flagship programme of Kingsgate Advisors Institute, established to equip young Africans—particularly those living in fragile and conflict-affected states (FCAS)—with the analytical, policy, and leadership capabilities required to lead evidence-based policy change and economic transformation. The Academy was created in response to a critical gap: while young people in fragile contexts are often the most affected by conflict, displacement, weak institutions, and economic instability, they are rarely positioned as producers of policy evidence or as active participants in shaping solutions.

Through a rigorous programme that combines policy-oriented training, applied research, mentorship, leadership development, and structured on-the-job learning, the Academy prepares scholars to engage meaningfully in policy processes and development initiatives. Grounded in the realities of fragile and conflict-affected settings, the programme emphasizes analytical thinking, policy writing, evidence-based decision-making, and practical problem-solving. Scholars gain exposure to real policy challenges, work alongside researchers and practitioners, and develop the skills required to translate locally grounded evidence into policy influence and development impact.

Beyond individual capacity development, the Academy seeks to build a critical mass of youth policy entrepreneurs, scholar-practitioners, and change agents capable of strengthening institutions, advancing inclusive development, and contributing to more resilient policy ecosystems across Africa. By investing in the next generation of policy leaders, KYSA is helping to transform fragility into leadership and potential into impact.

Mission

To equip youth in fragile and conflict affected states (FCAS) in Africa with the leadership, analytical, policy, and entrepreneurial capabilities to become change agents who transform their own communities.

Vision

A continent where youth—especially those who are displaced or at risk—are recognised not merely as beneficiaries of interventions, but as credible leaders, policy thinkers, institutional actors, and social entrepreneurs.

Acknowledgements

The Kingsgate Advisors Institute extends its sincere appreciation to all those who contributed to the successful implementation of the Kingsgate Young Scholars Academy (KYSA) Cohort 1 and the publication of this inaugural edition of the Kingsgate Young Scholars Journal.

We are deeply grateful to our learning session facilitators, fireside chat guests, webinar speakers, and academic reviewers, whose time, expertise, and commitment enriched the learning experience of our scholars. Their contributions provided invaluable insights, strengthened analytical and policy thinking, and helped shape the intellectual journey of the inaugural cohort.

We particularly acknowledge the following individuals for their distinguished contributions to the programme:

Dr. Oluwanbepelumi Olanubi

Dr. Jide Oyadeyi

Ms. Toluwani Ojutiku

Mr. Sijuola Olanubi

Dr. Chimere Iheonu

Dr. Abdilahi Ali

Mr. Usman Alabi

Dr. Queen Esther Oye

Prof. Adeola Adenikinju

We also commend the scholars of Cohort 1 for their dedication, intellectual curiosity, and commitment to advancing evidence-based solutions to development challenges. This journal stands as a testament to their hard work and to the collective efforts of a community committed to nurturing the next generation of African policy leaders.

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Foreword

At Kingsgate Advisors Institute, we believe that evidence-based policymaking is one of the most powerful tools for transforming societies and expanding opportunities for future generations. Yet, across many fragile and conflict-affected states (FCAS) in Africa, the individuals closest to development challenges—particularly young people—are too often excluded from the processes of generating evidence, shaping policy conversations, and influencing reform. The Kingsgate Young Scholars Academy was established to help change this reality by building a critical mass of young policy thinkers, researchers, and change agents equipped to contribute meaningfully to economic transformation and public policy reform.

This inaugural edition of the **Kingsgate Young Scholars Journal** reflects that vision in action. The policy briefs contained in this volume are the product of months of rigorous learning, applied research, mentorship, and intellectual engagement undertaken by scholars from diverse backgrounds and contexts. Through the Academy's unique combination of policy-oriented training, analytical skill development, applied research, and structured on-the-job learning, these scholars have been challenged not only to understand complex policy problems but also to develop practical, evidence-informed solutions grounded in local realities.

The ideas presented throughout this journal engage some of the most pressing economic and development challenges facing Africa today. They reflect a commitment to analytical rigor, critical thinking, and solution-oriented policymaking—qualities that are increasingly essential in a world characterized by uncertainty, fragility, and rapid change. More importantly, they demonstrate the potential of young Africans to move beyond being passive recipients of policy outcomes to becoming active contributors to policy design, implementation, and reform.

This publication is therefore more than a collection of policy briefs. It represents the emergence of a new generation of scholar-practitioners committed to advancing inclusive development, strengthening institutions, and improving decision-making across Africa. It is a testament to what becomes possible when young people are provided with the tools, mentorship, and opportunities to think critically, engage constructively, and lead with purpose.

As you engage with these briefs, we invite you to reflect on the ideas presented, challenge assumptions, and consider new pathways for addressing the complex policy issues confronting our societies. We hope this journal contributes to broader conversations on economic transformation, governance, and development while inspiring greater investment in the next generation of African policy leaders.

We are proud of the scholars from the inaugural cohort whose work appears in these pages and grateful to the faculty, mentors, fellows, and partners whose support made this publication possible. We look forward to seeing how the ideas contained in this volume evolve into actions, reforms, and lasting impact across the continent.

Oluwanbepelumi & Sijuola

— 01

Enhancing Food
Security in Nigeria
Through Climate
Smart Adaptation

Enhancing Food Security in Nigeria Through Climate Smart Adaptation

Kechiro Ambro-moye,
Young Scholar, Kingsgate Advisors Institute.

Executive Summary

Nigeria is experiencing a deteriorating food security crisis and this is characterized by high poverty levels, increasing food inflation, and violent conflicts that disturbs agricultural production. The country is also highly food-insecure and depends on food imports, which cost more than \$10 billion annually. This makes the country vulnerable to international price fluctuations and shocks. Climate-smart adaptation is the most feasible and evidence-based solution to improve Nigeria's food insecurity. This is because it promotes agricultural development by improving climate responsiveness, productivity, and resilience while also reducing greenhouse gas emissions. The recommended strategies to improve Nigeria's food insecurity include the nationwide implementation of drought-tolerant seed financing, efficient irri-

gation systems, and soil conservation. There is also a need to promote renewable energy systems such as solar-powered irrigation systems, biogas digesters, and cold storage facilities to reduce food losses. Weather-indexed insurance and minimum price guarantees should also be encouraged. Climate-controlled grain storage linked to early warning systems should also be enhanced. There is also a need for tariff adjustments and subsidies to boost local food production and to protect consumers. Prompt and coordinated action by the federal and state governments can reduce import bills, stabilise food supplies, and aid Nigeria in achieving the Sustainable Development Goals (SDGs) by 2030.

1. Introduction

Nigeria is experiencing a deteriorating food security crisis and this is characterized by high poverty levels, increasing food inflation, and violent conflicts that disturbs agricultural production. The country is also highly food-insecure and depends on food imports, which cost more than \$10 billion annually. This makes the country vulnerable to international price fluctuations and shocks. Climate-smart adaptation is the most feasible and evidence-based solution to improve Nigeria's food insecurity. This is because it promotes agricultural development by improving climate responsiveness, productivity, and resilience while also reducing greenhouse gas emissions. The recommended strategies to improve Nigeria's food insecurity include the nationwide implementation of drought-tolerant seed financing, efficient irrigation systems, and soil conservation.

There is also a need to promote renewable energy systems such as solar-powered irrigation systems, biogas digesters, and cold storage facilities to reduce food losses. Weather-indexed insurance and minimum price guarantees should also be encouraged. Climate-controlled grain storage linked to early warning systems should also be enhanced. There is also a need for tariff adjustments and subsidies to boost local food production and to protect consumers. Prompt and coordinated action by the federal and state governments can reduce import bills, stabilise food supplies, and aid Nigeria in achieving the Sustainable Development Goals (SDGs) by 2030.



Source: GHI (2024)

Also, according to the 2025 Global Hunger Index (GHI), Nigeria ranks 115th out of the 123 countries with sufficient data to calculate 2025 GHI scores. With a score of 32.8.8 in the 2024 Global Hunger Index (GHI), Nigeria faces a serious level of hunger. Shortage of food and limited resources are contributors to the food crisis in the country. The country also exhibits poor performance in food affordability, availability, quality, safety, and sustainability. Whereas, food security depends on the availability of food and also on its nutritional quality. In addition, another factor that contributes to food insecurity comes directly from poverty, with over 139 million Nigerians living in extreme multidimensional poverty (World Bank, 2025).

According to the United Nations Children's Fund (UNICEF) Humanitarian Situation Report in Q2 2025, an estimated 33 million people are food insecure between the May–August 2025 lean season, and this is driven by the rising cost of food commodities driven by fuel subsidy removal, in addition to other ongoing insecurity challenges caused by activities of Boko Haram terrorists and banditry, as well as the farmers–herders crisis in the country's food-producing regions, has continued to drive up this number. The activities of these terror groups, especially in Adamawa, Borno, and Yobe, in addition to the farmers–herders conflicts in Benue and the ongoing banditry in the north–west region, have continued to disrupt agricultural activities, food supply, availability, and access (Akinkuolie et. al., 2024). The ongoing insecurity has displaced millions of farmers, hindered agrarian activities, and further strained food resources. Another factor is the high inflation rate, driven mainly by food inflation, which stood at 22.74% year–on–year, and dropping from 45.4% in the prior month.

Another key contributor to this surge is climate change and other environmental factors. This is evident in the recurring floods in Nigeria, which occurred between 2022 and 2024. The most recent flood that occurred in Borno affected over 320,791 people and submerged 9,768 farmlands (IMO, 2024). This resulted in substantial losses of agricultural output, and it also constrained productivity, which in turn led to a food shortage. Nigeria also relies heavily on the importation of many goods consumed in the country, including food, which is not healthy for the development of the economy. According to the National Bureau of Statistics (NBS, 2025), Nigeria spent N7.65 trillion on food and beverage importation in 2025. The Minister of Agriculture and Food Security, Senator Abubakar Kyari, who was represented by his Special Adviser, Ibrahim Alkali, stated in his remarks at the First Bank of Nigeria 2025 Agric and Export Expo in Lagos that the country spends over \$10 billion annually on essential food imports like wheat, rice, fish, sugar, and tomato paste.

Climate change is a realistic environmental threat to the global food web and all facets of sustainable human development. The ecosystem is being distorted and losing equilibrium due to rivers and streams drying up, changes in weather, degraded lands resulting from deforestation, desertification, and erosion, as well as rising temperatures and volatile rainfall. This manifests in low agricultural productivity, soaring food prices, undernourishment, hunger, and poverty that are presently harming the economy (Ajie & Uche, 2025). This has significant implications for food security, especially in regions where agriculture is an essential livelihood. In Nigeria, there is a cyclical connection between food security and floods and droughts. Floods can destroy infrastructure, livestock, and crops

within a short time frame, and this drastically reduces the amount of food that is produced and available (Akinkuolie et. al., 2024). It also causes the prices of food to increase, and this makes it more difficult for households, particularly those in rural areas, to afford a healthy meal. The aftermath of floods usually leads to the outbreak of waterborne disease. This can worsen the health of the population, as well as their productivity, making it more difficult for them to obtain food.

Meanwhile, droughts result in a distinct but serious hazard. The long dry spell leads to the degradation of fertile land and reduction of water availability. This affects agricultural productivity negatively. This is the case in Nigeria, a country where rain-fed agriculture is dominant, especially for crops such as sorghum, millet, and maize. Droughts do not only affect food availability but it also affects the income of farmers. Moreover, because households have less money to buy what is available, reduced income further restricts access to food. Droughts can also result in livestock deaths, which reduces the amount of animal protein available and further jeopardises food security.

Nigeria's varied geography includes tropical rainforests in the south and desert zones in the north. This means that different regions will react differently to the effects of climate change. While the northern areas prone to facing drought, the southern areas face floods. As a result of this geographical variability the adaptation strategies need to be designed in a way that they consider the unique climatic and environmental factors of each region in the country. In addition, infrastructure in Nigeria is often inadequate to handle the challenges that are imposed by extreme weather events, especially in rural areas (Akin-

kuolie et. al., 2024). The difficult task of preserving food security in the face of climate change is further complicated by inadequate storage facilities, limited market access, and poor road networks.

The frequency and severity of extreme weather events in Nigeria are predicted to rise in tandem with the acceleration of climate change, posing a further danger to food security (Ramrajvel, et. al., 2025). Without proper adaptation, these negative impacts will lead to an increase in food-insecure and severely undernourished people, highlighting the need for climate-smart adaptation to enhance food security. This will improve the integration of agricultural development and climate responsiveness. With a changing climate and increasing food demands that continues to increase, climate-smart adaptation is designed to achieve food security and development goals (Rehman, 2023). It is also designed to sustain and improve productivity, build and strengthen resilience, and reduce greenhouse gases (GHGs), as well as address trade-offs and synergies between productivity, adaptation, and mitigation.

In order to guide this policy direction, the following sections will be structured as follows: section two will review the current state of food insecurity and key drivers of food insecurity in Nigeria. This will be followed by section three, which will cover renewable energy integration and how it fits in with sustainable agriculture practices. Section four presents practical policy recommendations aimed at promoting food security through inclusive and climate-resilient agricultural methods. This is immediately followed by the policy implementation section, which provides information on what needs to be done and what steps to carry out to help achieve the recommendations. The last section draws conclusion for the brief.

2.0 Current State and Key Drivers of Food Insecurity in Nigeria

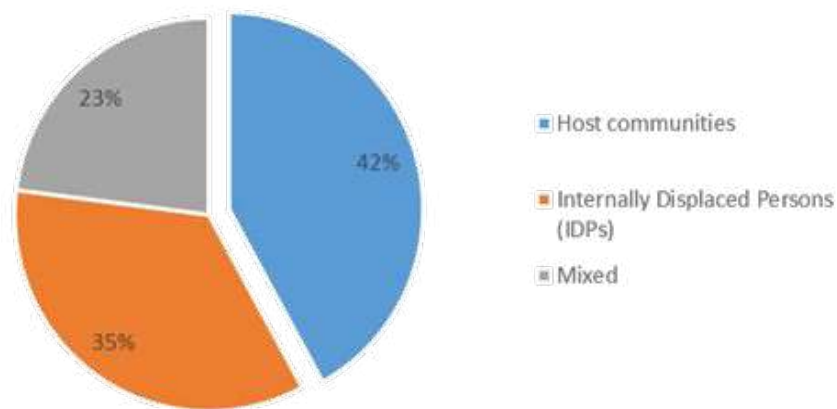
According to the United Nations World Food Programme (2025), nearly 31 million people in Nigeria face acute hunger, with at least 5 million children as the most affected and suffering from malnutrition, and this will only worsen if aid ends. The conflict in northeast Nigeria is still persistent after 15 years, and it continues to claim lives, destroy property, and displace millions of people. In the conflict areas in the north, the increased levels of violence by extremist groups have driven many to be displaced, with 2.3 million people across the Lake Chad Basin being forced out of their homes (Food Security Cluster, 2025). As mass displacement strains already limited resources and pushes communities to the brink, the lack of emergency food assistance risks increasing recruitment by these groups.

The Food Security Cluster (2025), stated that the food situation in the northern region of Nigeria is still under strain due to insecurity, climate change, economic crisis, and poor infrastructure, yet this region is the agricultural backbone of the country and is used for

the production of maize, millet, and sorghum. Farmers are still facing serious challenges such as land abandonment, restricted market access and livelihood loss. All of this is exacerbated by a food inflation of 15.15% as of December 2025.

The hunger crisis currently crippling northern Nigeria is fundamentally a consequence of poor governance and protracted insecurity (Nebe, 2025). It is not a result of aid cuts, because even though aid plays a vital role in alleviating the most severe manifestations of Nigeria's food insecurity, it was not designed to be comprehensive or stay for a long time. Hence, what is driving the crisis more persistently is the Nigerian state's failure to provide security and deliver basic governance to its rural populations.

Response by Population Type



Source: Food Security Cluster (2025)

Internally Displaced Persons, in the absence of safety, are not willing to go back to their farm-lands and by doing so are cutting themselves off from their main source of livelihood. In this context, hunger is not just a product of war but also of neglect.

According to Cadre Harmonisé (2024), 5.1 million people were found to be food-insecure (CH Phase 3 and above), this was during the 2025 lean season in Borno, Adamawa, and Yobe

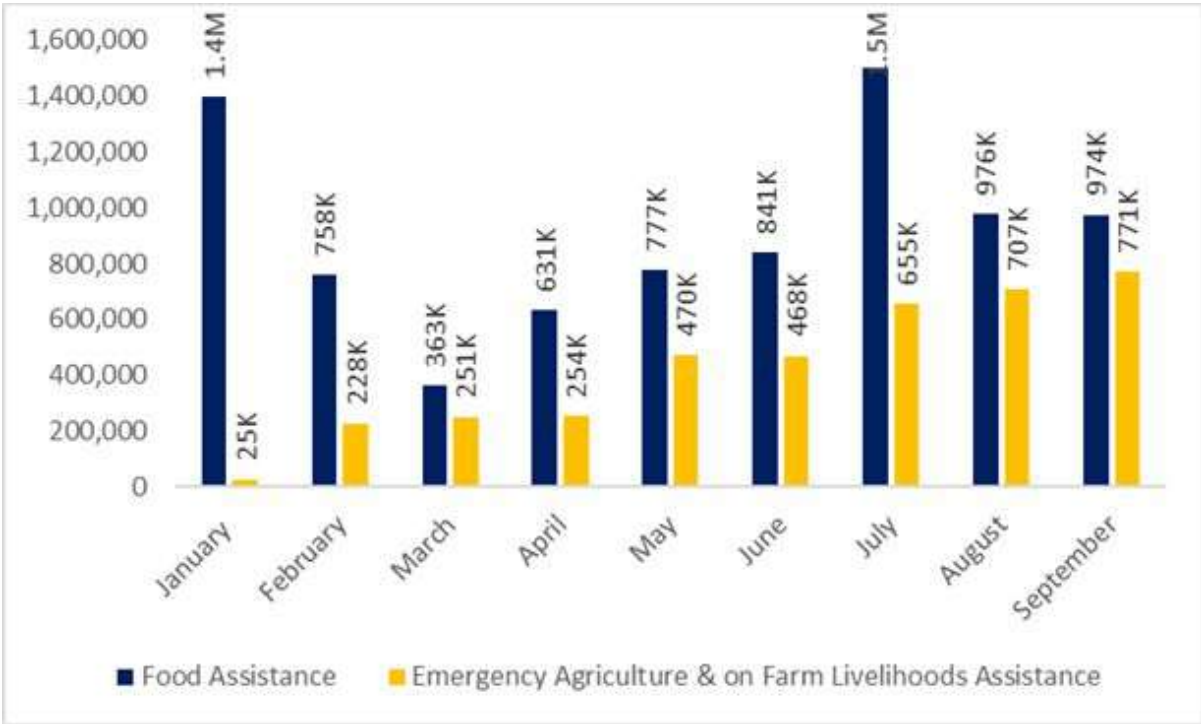
States (BAY States). Out of these 5.1 million people who are food-insecure, about 450,000 people are expected to face emergency levels of food insecurity (CH Phase 4), and this is just one step away from catastrophic hunger.

In response to the high number of food-insecure persons in the BAY States, the Humanitarian Programme Cycle (HPC) 2026 puts together three major Strategic Objectives (SOs).

SO1	SO2	SO3
Live Saving	Protection	Live Transition and Enabling Environment for Humanitarian Action
To give emergency and time-critical assistance that ensures access to essential and basic services for the populations that are affected by conflict, natural disasters, and disease outbreaks.	To address and respond to the protection needs of conflict-affected populations while strengthening protection systems to safeguard vulnerable groups	To transition towards nationally led humanitarian coordination and humanitarian action based on humanitarian principles, effectively managed by the government with strong local implementation capacity and resources

Source: : Authors computation (2025)

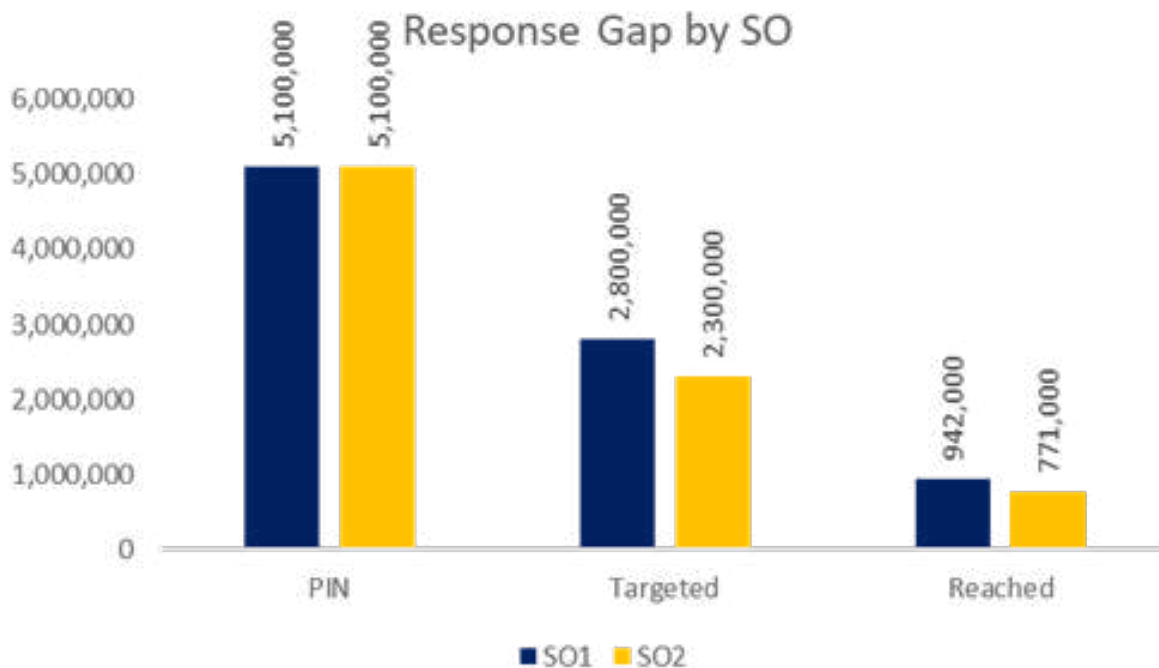
From the objectives the following progress was made:



Source: Food Security Cluster (2025)

In August, Food Security Sector (FSS) partners provided food assistance to 975,678 people, with 778,237 reached through cash and voucher modality, and 197,441 through in-kind support. For the Emergency Agricultural Interventions, in August 2025, the Food Security Sector

(FSS) partners provided emergency agricultural livelihood support to 706,713 people across the BAY states, including 148,400 through a hybrid approach (in-kind and cash), 53,310 through cash/voucher modality and 505,003 through in-kind support.



Source: Food Security Cluster (2025)

The number of people that received food assistance (SO1) was calculated based on the maximum number of people assisted at the LGAs level per month, while the number of people that were assisted for emergency agriculture and on-farm livelihoods interventions (SO 2) was calculated based on the cumulative number of people assisted at the LGAs level throughout 2025.

3.0 Renewable Energy Integration for Sustainable Agricultural Practices

The significant increase in climate change in recent years, with projections suggesting further acceleration in the future, calls for mitigation strategies. Renewable energy systems,

which produce little to no Greenhouse Gas (GHG) emissions, have emerged as energy alternatives in efforts to mitigate climate change. These systems provide sustainable power sources for irrigation, processing, and storing food. Energy-efficient technologies, such as solar-powered water pumps and biogas digesters, are adopted to reduce over-reliance on fossil fuels and to decrease the emission of greenhouse gases. Encouraging the use of clean energy in the agricultural sector contributes to climate change mitigation and fosters a greener agricultural value chain.

To improve and promote the adoption of climate-smart agriculture practices, farmer education and capacity-building initiatives are crucial. In order to disseminate information on

sustainable farming techniques, weather forecasting, and climate risk management, training programmes, knowledge-sharing platforms, and farmer field schools are needed. This will empower farmers with adequate knowledge and proper skills, it will strengthen their resilience, and in general, it will facilitate the broader adoption of climate-smart agriculture across Nigeria. This means that researchers, policymakers, stakeholders, and farmers all need to collaborate to promote climate-smart agriculture as a key strategy for food security, economic growth, and environmental sustainability in Nigeria's agricultural sector.

For a practical implementation of Climate Smart Agriculture, mapping stakeholders helps visualise the complex interplay of issues in practice. The stakeholders involved will comprise a diverse group of personnel with in-depth knowledge of agriculture and Climate Smart Adaptation. It will also include those who have the capacity to effect change and those considered most vulnerable to the impact of climate change on agriculture. They will also be distributed based on expertise, interests, influence, and geographical locations. These key players include: The Federal Ministry of Agriculture and Rural Development, the Federal Ministry of Water Resources, the Federal Ministry of Environment, Climate Change Desk Officers in the various MDAs, State Ministries of Agriculture, Environment and Water Resource, the Nigeria Hydrological Agency, Non-Governmental Organizations (NGOs), Civil Society Organizations (CSOs), Agricultural & Climate Change Management Services Department of the Federal Ministry of Agriculture and Rural Development, the Federal Ministry of Science and Technology, the Federal Ministry of Information, Banks, Insurance companies, Bank of

Agriculture (BOA), Bank of Industry (BOI), the Nigerian Agricultural Insurance Corporation (NAIC), Youth Groups in Agriculture, and Farmers Associations (Livestock, Fisheries, Crops, and Forests).

In the second quarter of 2025, stakeholders in the agri-business value chain launched the Nigerian food systems transformation alliance to drive sustainable agriculture and food security in the country. This brought different types of participants together, some of which were key policymakers, industry leaders, and financial partners. The private sector led the drive for this initiative with the objective of revolutionizing local sourcing to enhance agrifood systems, as well as to promote strategic investments to support the transformation of food systems in Nigeria (Emegha et. al., 2025). The alliance brings together leading food manufacturing companies, financial institutions, and supply chain actors to foster collaboration, drive sustainability, and create a more competitive and resilient food industry in Nigeria.

4.0 Policy Recommendations to Enhance Food Security in Nigeria Through Climate-Smart Adaptation

1. The Federal Government of Nigeria, in collaboration with international donors and humanitarian agencies, should raise funds that are required by the Food Security Sector (FSS) to address the escalating food crisis across food insecure areas such as Borno, Adamawa, and Yobe States. According to the Food Security Cluster (2025), the Food Security Sector (FSS) requires up to \$362 million to support up to 2.8 million people who are in need of food assistance, 2.3 million people who need

urgent agricultural inputs, and 105,000 people that require preparedness and anticipatory measures. The funding breakdown includes \$282 million for food assistance, \$70 million for emergency agricultural support, and \$10 million for anticipatory actions. This was based on the costing that aligned with the projected number of beneficiaries in specific Local Government Areas (LGAs) across Borno, Adamawa, and Yobe States. To ensure accountability and impact, disbursement should be tied to LGA-level beneficiary data, with quarterly monitoring mechanisms to track coverage and prevent duplication.

2. The distribution of solar-powered irrigation pumps, biogas digesters for processing, and energy-efficient cold storage to cut post-harvest losses. This will reduce greenhouse gas emissions and dependence on diesel pumps. However, it will need strong financing mechanisms and training. These solar mini-grids will lower the cost of milling in pilot communities by 25%.

3. The use of weather-index insurance and guaranteed minimum price schemes to protect farmers from climate shocks. The Nigerian Agricultural Insurance Corporation (NAIC) in Q2 2025, conducted a weather-index scheme in Jigawa, to demonstrate that insured farmers were able to recover from the 2022 floods twice as fast as their uninsured peers. This system reduces the effect of any risk on farmers, and it improves their food production, although in order for it to be effective, it needs reliable weather data.

4. Step-by-step tariff adjustments and targeted subsidies should be used to encourage local production of rice, wheat, and fish. The rice import restrictions that occurred between 2015 and 2019, according to the Central Bank of Nigeria (2020), led to a 60% increase in local paddy rice production. Although the sudden tariff increase led to a short-term price rise when domestic output slowed, this policy should be carefully sequenced with productivity support to avoid negative impacts on consumers.

5. The government should strategically purchase and store sample grains during surplus periods to have more available for release during shortages. According to Abokyi (2021), this strategy has worked effectively for Ghana. This is because the National Food Buffer Stock Company (NAFCO) helped to maintain the price of maize, making it stable during the COVID-19 pandemic. However, in Nigeria, according to the Federal Ministry of Agriculture (2024), the Strategic Grain Reserve stock is not as adequate. It covers less than 5% of the national demand for cereal. Although a disadvantage of this method is that it is vulnerable to mismanagement and spoilage.

5.0 Policy Implementation

Implementation Steps	Key Stakeholders	Duration
<ul style="list-style-type: none"> Insurance enrollment and claims should be digitalised to speed up payout processes. 	Nigerian Agricultural Insurance Corporation (NAIC), Insurance companies, and farmer associations	Short-term (1–2 years)
<ul style="list-style-type: none"> The step-by-step adjustment of tariffs, along with providing input subsidies and mechanisation support to local producers. Market prices should be monitored to prevent consumer hardship and smuggling. 	Federal Ministry of Finance, Nigeria Customs Service, Central Bank of Nigeria, and farmers' associations	Phased implementation over 3–6 years
<ul style="list-style-type: none"> Tax incentives should be offered, along with credit facilities, for private solar-irrigation and cold-storage providers. Public-private partnerships (PPPs) for mini-grid deployment in farming clusters should be established. Local technicians should be trained in system maintenance to ensure sustainability. 	Rural Electrification Agency, Bank of Agriculture, and Commercial banks	Short-medium term (1–4 years)
<ul style="list-style-type: none"> The federal and state governments should provide grants and low-interest loans for drought-tolerant seeds, water-efficient irrigation, and soil-conservation practices. The government should strengthen agricultural extension services and farmer field schools for training. Policymakers should include Scaling Climate Smart Agriculture targets in the National Agricultural Policy. 	Federal Ministry of Agriculture & Food Security, State Ministries of Agriculture, and farmer cooperatives	Medium term (2–5 years)
<ul style="list-style-type: none"> Storage facilities with climate-controlled technology should be upgraded to reduce spoilage. Reserves should be linked to early-warning systems for timely market intervention. 	Federal Ministry of Agriculture & Food Security	Medium-term (2–5 years)

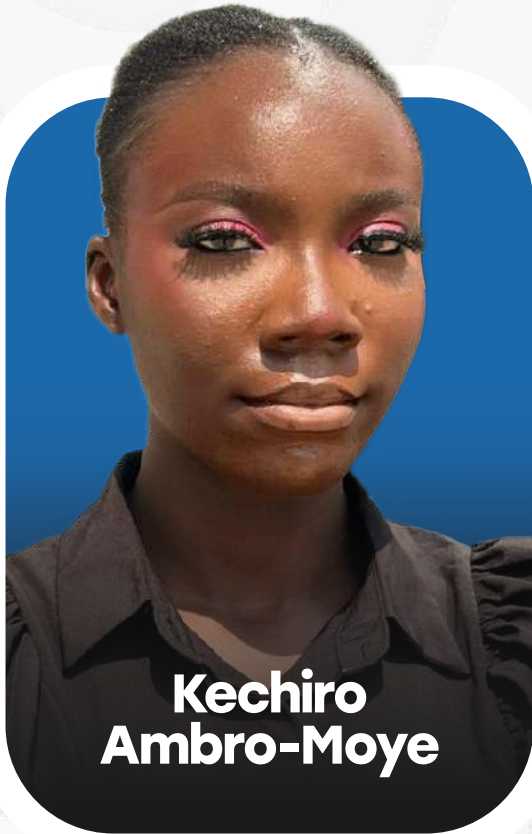
Source: : Authors computation (2025)

6.0 Conclusion

Nigeria currently ranks near the bottom on the global hunger and affordability indices charts, with over 30 million Nigerians experiencing acute food insecurity. This is due to high poverty and inflation, recurrent conflict that displaces farmers, rising input costs following the removal of a fuel subsidy, and heavy dependence on food imports. Without proper policy responses, these pressures will continue to increase the gap between food demand and supply, making it difficult for Nigeria to achieve Sustainable Development Goal 2 (Zero Hunger). Solutions to the current food crisis in Nigeria can be achieved through climate-smart agriculture, as it will increase productivity and

reduce greenhouse gas emissions. The recommended policy measures combine on-farm adaptation with systemic market and institutional reforms. For effective implementation of the recommended measures, there should be coordination between the government, the private sector, and the civil society. Federal and state ministries must collaborate with the private sector to drive solar-irrigation deployment and cold-chain expansion systems, supported by tax incentives and technician training.

About the **Author**



**Kechiro
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Kechiro Ambro-Moye is a Research Analyst at the Kingsgate Advisors Institute, concluding her master's degree in Economics at Covenant University, Ogun State, and a graduate of Anchor University, Lagos State (B.Sc. Economics). Her research interests span across energy economics, political economics, economic policy, international economics, and econometrics. Kechiro has dedicated her academic and professional work to policy analysis and macroeconomic modelling, contributing to studies that examine the intersection between sustainable development and fiscal strategy in emerging economies that are adapting to the changing demands of the global energy transition.

She also co-authored her B.Sc. dissertation, published in the Lapai International Journal of Administration. She was a member of the Young Scholars Cohort I at the Kingsgate Young Scholars Academy. And as a young scholar, she had the opportunity to work alongside researchers and policy practitioners on live projects, gaining first-hand exposure to how policy analysis is conducted, commissioned, and used. Her experience at the academy built her professional discipline and institutional awareness.

She is a Member of the Nigerian Association of Macroeconomic Modellers (NAMM) and is actively engaged with scholars and practitioners in the field of economic modelling and policy analysis. As a Research Analyst at the Kingsgate Advisors Institute, Kechiro is deeply committed to advancing the discourse on energy transition, political economy transformation, climate finance, and sustainable economic transformation across Nigeria. She is passionate about leveraging economic research and data-driven insights to inform evidence-based policymaking, promote inclusive growth, and advance the transition toward a low-carbon economy in Nigeria and Africa.

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Balancing Inflation
Control and Economic
Growth in Nigeria:
Rethinking the
Policy Mix

Balancing Inflation Control and Economic Growth in Nigeria: Rethinking the Policy Mix

Joshua Aladedunye,
Young Scholar, Kingsgate Advisors Institute.

Executive Summary

Nigeria's current macroeconomic plan is delivering disinflation, but it has come at a cost. Inflation peaked at 34.8% in late 2024 before easing to 15.15% by December 2025, supported by aggressive monetary tightening and exchange rate stabilisation. However, the monetary policy rate of 27% has significantly increased borrowing costs and constrained private investment. The current tight monetary policy stance has helped stabilise the exchange rate by attracting a large volume of portfolio investment, but at the cost of higher borrowing costs, business closures, and rising unemployment. Without a shift in approach, the country risks a protracted period of stagflation.

This policy brief proposes a gradual approach to the reduction of policy rates, embedded

within a broader package of measures designed to protect price stability while reigniting growth. The recommendations include:

- Gradual policy-rate cuts tied to a clear inflation target.
- Closer fiscal-monetary coordination through a statutory council and a public macroeconomic policy statement, published regularly.
- A flexible inflation targeting framework within a band to allow for supply shocks.
- Expanded, transparent credit to SMEs and priority sectors.
- Productivity-enhancing infrastructure investments to lower production costs.
- Scaled-up, digitised social safety nets to cushion households during the transition.
- FX market stabilisation and unified exchange rate management to reduce imported inflation.

- Joint Ministry of Finance–CBN communication strategy to anchor expectations.

If implemented together, these measures would reduce borrowing costs, stimulate productive investment and job creation, and re-

store purchasing power while keeping inflation on a downward path. The choice should not be between price stability and growth; with a coherent policy mix, Nigeria can achieve both.

1. Introduction

The relationship between inflation control and economic growth is a very delicate one; getting the right balance is paramount. Nigeria's economy has experienced rising inflation in recent years, alongside modest growth. Inflation rose from about 22% in mid-2023 to a peak of 34.8% in December 2024, then eased to 24.5% by January 2025 after rebasing and to 15.15% in December 2025. The jump was driven by reforms such as fuel subsidy removal and naira devaluation in 2023 that sharply raised prices. At the same time, real GDP growth has remained slow, around 2.9% in 2023 and about 3.1% in Q1 2025. Much of the headline GDP rise is due to inflation. After rebasing to 2019 prices, Nigeria's nominal GDP nearly doubled from 205 trillion to 373 trillion from 2019 to 2024, while real GDP grew by only 6%.

Inflation rate (YOY) accelerated rapidly in 2023 till 2024 as reforms took effect, and this spike squeezed household budgets. Nigerians report paying double for staples (rice, bread, vegetables) compared to a year earlier, according to a 2024 report conducted by the Center for Democracy and Development. Food inflation remains exceptionally high; even middle-class families are cutting back on meals, while strong economic growth has not yet materialised. Official data from the National Bureau of Statistics (NBS) shows GDP growth of only 2.9% in 2023 and about 3.4% in 2024. On a quarterly basis, the economy began to recover slowly in Q1 2025, grew 3.89% year on year. This growth has been led by oil output and services, whereas manufacturing and agriculture are under strain due to security issues and rising costs.

High inflation and borrowing costs have real-world consequences. Small and medium-sized enterprises (SMEs) and manufacturers face exploding costs. According to the Manufacturers Association of Nigeria, the Central Bank of Nigeria's decision to have the Monetary Policy Rate at 27.0 per cent was "suffocating the capacity of the manufacturing sector" and undermining national industrial goals. Nigeria's removal of fuel subsidies in May 2023 led to a spike in diesel prices, which, in turn, increased the cost of fertiliser and transportation. Analysts note that this "intensified" food inflation resulted in staple goods becoming unaffordable for many households. Crop producers report paying roughly double for fuel and fertiliser, slashing their margins. The result has been surging food prices: Nigeria's food inflation hit record highs (around 40% by late 2024). In cities and rural markets alike, families face "daily battles" to afford basic meals. Millions face acute food insecurity, according to a 2024 report conducted by the Center for Democracy and Development (over 84 million Nigerians are undernourished).

2.0 The Policy Dilemma: Inflation vs Growth

Nigeria faces a classic trade-off. In a bid to moderate inflation, the Central Bank has resorted to aggressive monetary tightening by primarily raising the Monetary Policy Rate (MPR) from 17.15% in early 2023 to 27.0% as of the last Monetary Policy Committee meeting in November 2025. This "monetary tightening" helps slow price rises and stabilise the naira,

but it also constrains credit availability and investment growth. Some analysts credit this stance for the recent disinflation [2]: inflation fell to 22.22% in June 2025 and to 15.15% in December 2025. The CBN has pledged to “maintain the current stance” until inflation recedes, aiming for single-digit inflation.

This stance also has its negatives; tight money raises borrowing costs and can slow growth. Critics warn that keeping interest rates at 27.0% is hurting industrial recovery. The Manufacturers’ Association notes that Nigeria’s policy differs from that of many economies, which are easing rates to propel growth and calls high rates “prohibitively expensive credit” for industry. Fiscal policy has mixed effects. On the one hand, the government has removed wasteful subsidies (fuel and planned removal of electricity subsidies) and floated the currency, which, so far, has helped reduce budget deficits and bolster FX reserves. As a result of the removal of subsidies, inflation rose, and only some of the savings were converted into new, productive spending. It is difficult to strike a balance between these policies; too much tightening can stifle growth and jobs, while too much spending or monetary easing could reignite inflation and currency weakness.

In short, Nigeria’s policymakers face a major balance problem: how to bring inflation down without stifling growth, especially in terms of jobs and incomes. How should Nigeria proceed with disinflation? Should it keep it at full speed and accept slower growth, or should it ease off to boost investment and accept slightly higher inflation?

3.0 Recent Policy Actions and Trade-offs

3.1 Monetary policy

In response to the persistent high inflation, the Central Bank of Nigeria (CBN) adopted one of the most aggressive tightening cycles in recent history. Throughout 2024, the Monetary Policy Rate (MPR) was raised repeatedly, eventually reaching 27.5%, as authorities sought to contain inflation and stabilise the naira.

By early 2025, inflation began to ease, partly reflecting statistical rebasing and partly the cumulative effects of tight liquidity conditions. The CBN paused further increases but maintained a restrictive stance. In September 2025, the Bank implemented a modest 50-basis-point cut, bringing the MPR to 27%, while also adjusting the Cash Reserve Ratio (CRR) and narrowing the asymmetric corridor to improve liquidity transmission.

However, the Monetary Policy Committee held rates steady at its November meeting, signalling caution. Although inflation had declined, it remained above target, and policymakers prioritised anchoring expectations over accelerating credit expansion.

Overall, monetary policy has remained firmly contractionary. The strategy has centred on restoring price stability, supporting exchange rate stability, and rebuilding investor confidence, even at the cost of higher domestic borrowing costs.

3.2 Fiscal policy and reforms

In a bid to reduce inflation, the Nigerian government has implemented fiscal reforms. A major action was the removal of fuel subsidies, which freed significant fiscal resources and reduced the government's deficit, although it contributed to higher energy and transport costs. The government is also undertaking tax and revenue reforms, including proposed adjustments to VAT and a comprehensive restructuring of the tax administration system through the establishment of the Nigeria Revenue Service (NRS). These reforms aim to boost non-oil revenue without disproportionately burdening low-income households, especially by exempting essential goods from VAT. Additionally, the government has expanded targeted social interventions such as cash transfers and student financing to cushion vulnerable groups from inflationary pressures. Combined with efforts to reduce fiscal deficits and improve transparency in public spending, these fiscal policies are designed to support long-term economic stability, reduce the need for deficit financing, and complement the CBN's inflation-fighting measures.

The trade-offs are clear: tighter fiscal discipline and subsidy removal have stabilised public finances, but they have contributed to inflation that hurts households now. Importantly, any quick return to large subsidies or deficit spending could reignite inflation pressures. The Central Bank and the Ministry of Finance must therefore coordinate; one without the other risks policy failure.

4.0 Three Policy Options

There are three major policy options to achieve this balance we seek in the relationship between Inflation Control and Growth:

- Option 1: The first option is to maintain a strong anti-inflation stance. Under this approach, interest rates would remain very high, or even increase further, while fiscal policy stays tight and disciplined. It will involve the Central Bank increasing rates in a bid to reduce inflation
- Option 2: The second option would shift the focus more directly toward growth. The Central Bank could begin cutting rates more aggressively, for instance, reducing the MPR by about 150 basis points to stimulate lending and investment. At the same time, the government might increase spending on infrastructure, targeted stimulus, or temporary subsidies for key inputs.
- Option 3: Coordinated, Calibrated Approach (Balanced Mix). This middle path calls for gradual adjustment and strong coordination between CBN and the government. The CBN might hold or slightly lower rates only when inflation shows a sustained decline, while the government pursues growth-friendly fiscal measures within a prudent budget. For instance, targeted spending (like infrastructure projects or social safety nets) could expand even as overall deficit targets are met by raising revenues (through tax reforms) or cutting waste. The CBN could provide low-cost credit windows for agriculture and SMEs to stimulate supply.

Comparative Analysis of Various Policy Options[5]

Policy Option	Pros	Cons
Option 1: Strong Anti-Inflation Stance (Monetary-Centric)	<ul style="list-style-type: none"> • It aligns with IMF/WB advice to “stick to tight monetary and disciplined fiscal policies”. • It supports exchange rate stability by attracting portfolio inflows 	<ul style="list-style-type: none"> • Growth would remain sluggish. • High borrowing costs make business loans unaffordable for many, risking investment cuts and job losses (as manufacturers warn). • It has a limited impact on supply-driven inflation • Many voters may resist continued pain without visible relief, creating social pressure
Option 2: Growth-Focused (Expansionary Fiscal, Loose Monetary)	<ul style="list-style-type: none"> • Makes borrowing cheaper. • In the near term, consumers may welcome relief from high costs or subsidies on essentials. • Can boost economic activity and create jobs in the short term 	<ul style="list-style-type: none"> • The naira could weaken if policy loosening leads to loss of investors confidence. • Fiscal deficits would widen, potentially undermining debt sustainability. • Inefficiency and corruption can reduce its effectiveness • May cause Inflation to rise again
Option 3: Coordinated, Calibrated Approach (Balanced Mix)	<ul style="list-style-type: none"> • Nigeria can control inflation and promote growth by coordinating actions. • Encourages Cooperation between the Central Bank and the government. 	<ul style="list-style-type: none"> • It calls for excellent cooperation and good judgment. It could become unstable if either side falters (e.g., fiscal spending overshoots or CBN cuts too rapidly). • Success hinges on public trust and disciplined execution. • Results may take longer to be visible.

5.0 Recommendations

Given the situation, a coordinated, calibrated, balanced strategy is advisable. Below are actionable steps for a coordinated fiscal-monetary approach:

- **Gradual reduction in interest rates:**

The Central Bank of Nigeria must start gradually reducing the MPR in line with improvements in inflation. Inflation in Nigeria is not solely demand-driven; other structural problems, such as insecurity, energy costs, and exchange rate instability, also contribute significantly. Maintaining high interest rates will not solve these problems; instead, it will make borrowing more expensive for both the private and public sectors. Insecurity is a major challenge, and changes in interest rates are ineffective at combating it. A report by the National Bureau of Statistics reported that about 2.23 trillion was paid in ransom between May 2023 and April 2024. Bandits and terrorists don't use banks, and if a huge amount of this is in supply, the effectiveness of interest rates comes into question.

- **Improved fiscal-monetary coordination:**

The CBN, Ministry of Finance, Budget Office, and Debt Management Office must be represented in a coordination council that ensures alignment of targets on inflation, growth, debt, and exchange rate stability. The council should not just be a paper council, but there should be a deep relationship among its members. They should also meet once every two months and issue reports on the country's macroeconomic situation and the strategies they are pursuing.

- **Credit targeting for agriculture and SMEs:**

Rather than a general monetary policy relaxation, the CBN should focus on providing cheap credit to strategic sectors of the economy, such as agriculture and small businesses. The CBN must design credit programs or offer loan guarantees to stimulate local production without pushing inflation too high.

- **Encourage domestic production and infrastructure:**

Fiscal policy should focus on investments that reduce business costs in the long run, such as roads, electricity, rail, and port efficiency. Even with a constrained budget, rebalancing spending on high-value infrastructure can help enhance productivity and mitigate supply-driven pressures on inflation.

- **Enhance social safety nets:**

As the reform agenda unfolds, affected households must be shielded from the impact of rising prices. Scaling up targeted cash transfer programs, school feeding, and basic health care assistance, using transparent digital platforms, can help mitigate suffering and sustain public support.

- **Use a flexible target inflation range:**

Instead of targeting a specific inflation rate, the CBN might consider using a target range (say, 8-12 percent). This will give the central bank the flexibility to address supply-driven shocks while retaining credibility.

- **Stakeholder engagement and communication:**

The government and CBN should clearly explain policies to the public: why inflation must come down, and how these steps will lead to a stronger economy later. Transparency on progress (inflation figures, growth data)

builds trust. Involve industry associations (such as MAN) in consultations so businesses feel heard.

Collectively, these measures balance short-term relief with long-term stability. They aim to slow inflation gradually while nudging growth upward. By cushioning key sectors and the poor, Nigeria can weather the reform pains. Crucially, monetary and fiscal authorities must act in sync, each supporting the other's objectives rather than working at cross-purposes.

6.0 Implementation Considerations

6.1 Phased Approach to Policy-Rate Reduction

- **Short-Term (0–12 months):** Cut MPR gradually in 100 bps steps, conditional on inflation trends; pre-announce glide path; stress-test banks.
- **Medium-Term (2–3 years):** Reach a rate consistent with single-digit inflation and $\geq 4\%$ GDP growth
- **Barriers/Mitigation:** Some of the barriers include inflation resurgence (combine cuts with fiscal discipline and supply-side action) and capital flight (maintain reserves and clear signals).
- **Monitoring:** The monitoring will be done by quarterly scorecard tracking MPR, inflation, credit growth, employment, and FX reserves.

6.2 Fiscal–Monetary Coordination Council

- **Short-term:** There should be an executive order establishing a council, appointing senior representatives who will work closely with the Governor of the CBN and the Minister of Finance, and drafting guidelines.
- **Long-term:** There should be legislation of the Council for the fiscal and monetary authorities to publish joint medium-term frameworks.
- **Barriers:** The barriers include turf rivalry, and this can be mitigated with Presidential backing and transparent reporting.
- **Monitoring:** Monitoring is conducted through the quarterly publication of the “Macroeconomic Policy Statement”.

6.3 Flexible Inflation Targeting

There should be the publishing of a revised target band and the building of forecasting capacity. The output gap/employment should be integrated into the MPC.

- **Resources:** The resources to be consumed include technical training and modelling software.
- **Monitoring:** Monitoring will be conducted through quarterly inflation and output reports.

6.4 Targeted Credit for SMEs and Agriculture

There should be an expansion of CBN funds, accompanied by tighter eligibility criteria and a partnership with Development Financial Institutions.

- **Barriers:** A major barrier is political interference, which can be mitigated through independent oversight.
- **Monitoring:** The monitoring will be conducted through an annual impact evaluation.

6.5 Productivity-Enhancing Investment

There should be identifying and ring-fencing of priority projects and mobilisation of concessional finance.

- **Resources:** The resource to be consumed is 3–4% of GDP annually.
- **Monitoring:** The monitoring will be conducted through quarterly dashboards.

6.6 Targeted Social Safety Nets

There should be scale-up of digital cash transfers.

- **Monitoring:** Monitoring and evaluation will be carried out through annual poverty/food security surveys.

6.7 Transparent Communication

There should be a launch of a joint CBN–Ministry of Finance communication strategy explaining a “gradual cut + supply-side” package.

- **Monitoring:** The monitoring will be conducted through an annual survey of public confidence.

7.0 Policy Implementation

Timeline	Key Actions	Lead Institutions
0–6 months	<ul style="list-style-type: none"> • Announce glide path; begin first two rate cuts; • Create Coordination Council • Expand SME credit 	CBN, Ministry of Finance
6–12 months	<ul style="list-style-type: none"> • Next cuts conditional on inflation data • Roll out supply-side investments • Scale up cash transfers 	CBN, Ministry of Finance, Budget Office
2–3 years	<ul style="list-style-type: none"> • Achieve target MPR with stable single-digit inflation; • Institutionalize Council; • Complete priority infrastructure projects • Merge social protection schemes • Move FX regime to managed band 	CBN, Ministry of Finance, National Assembly

Timeline	Key Actions	Lead Institutions
4–5 years	<ul style="list-style-type: none"> • Fully operational coordinated framework • Unified social protection platform; • Sustained disinflation with GDP growth >4% 	All

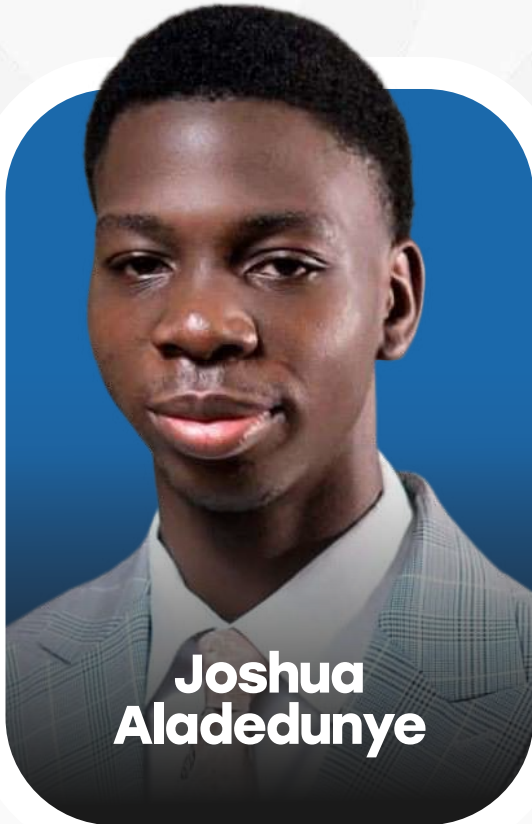
Nigeria stands at a critical juncture. Persistently high inflation has eroded purchasing power and confidence, while tight monetary policy has dampened investment and growth. Simply maintaining the current stance will prolong stagnation without decisively curbing inflationary pressures.

This brief has argued for a gradual, data-driven reduction in policy rates, not as an isolated move but as part of a coordinated package of fiscal discipline, supply-side investments, tar-

geted credit, social protection, and transparent communication. Implemented together, these measures can ease the cost of borrowing, stimulate productive activity, and anchor inflation expectations.

The choice is not between price stability and growth; with coherent policies, Nigeria can achieve both. The adoption of this policy mix is the critical step needed to break the cycle of stagflation and build a resilient, high-growth Nigerian economy.”

About the **Author**



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Joshua was also a member of the inaugural cohort of the Kingsgate Advisors Institute Young Scholars Academy, where he sharpened his skills in policy research, critical thinking, and analytical engagement. Driven by a strong commitment to learning and intellectual development, he founded a student book club dedicated to promoting reading, critical thinking, and meaningful discourse among young people.

His broader interests include macroeconomic policy, public finance, governance, sustainable development, and institution building, with a long-term commitment to contributing to stronger institutions, better policymaking, and economic transformation in Nigeria and beyond.

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Harnessing
Digitalization and
Automation for
Inclusive Labor
Market Transfor-
mation in Nigeria

Harnessing Digitalization and Automation for Inclusive Labor Market Transformation in Nigeria

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Executive Summary

Nigeria's economy is gradually approaching a period in which digitalisation and automation will change jobs faster than workers can adjust. Over 100 million young Nigerians do not have basic digital skills, and studies suggest that, in the next 5 years, about 30 percent of work activities in the country could be automated. This skills gap among young Nigerians is currently costing the economy up to 11 billion dollars per year, increasing unemployment, deepening inequality, and putting the country at risk of widespread job losses.

Three key factors are driving this challenge in Nigeria. First, the education and training system is not preparing young Nigerians for the emerging digital economy. Many graduates in

the country today left school without practical skills in coding, data analysis, or digital tools. Second is the unequal access to the internet, which is central to the concept of the digital economy, and to electricity, which has remained unavailable or inaccessible in many areas, especially in rural communities. Third is the lack of proper implementation of several national policies and initiatives that have been made to tackle this issue. Policies such as the National Digital Economy Policy, the 3MTT program, and broadband projects have made commendable progress but are far short of the scale required to close this gap.

These challenges affect millions of Nigerians in different ways. Low-skilled workers face a high risk of being displaced from their jobs. The

marginalised groups, like women, rural youth, and informal workers, have the fewest opportunities to improve their skills. Employers also struggle to find workers with the right digital skills, and the consequence of this on the Nigerian economy is lower productivity and limited business growth. However, despite these challenges, Nigeria can leverage some of its potential to turn the tide. The digital economy currently contributes around 18 percent of the economy's Gross Domestic Product; also, interest in Artificial Intelligence (AI) and in data science skills is growing faster among young Nigerians.

This policy brief presents a set of practical actions to help Nigeria respond to these changes. It proposes several solutions, including updating school curricula, expanding reskilling programs, strengthening AI governance, improving digital infrastructure, and supporting innova-

tion and entrepreneurship. These steps will help workers adapt to the changes, reduce the risk of job displacements, and allow the country to benefit from new digital industries, if properly executed.

Nigeria must act fast. On one hand, digitalisation can become a source of new jobs and higher productivity with the right policies and strong coordination in place. On the other hand, without quick and proper action, the country risks falling behind in a rapidly changing world.

1. Introduction

Digitalisation and automation are rapidly changing how activities are carried out everywhere. In Nigeria, this shift offers huge promise but also comes with substantial risks. With a population of over 200 million and one of the youngest in the world, the country stands at a critical junction and, unless policies are structured to adapt quickly, many workers may be left behind.

Surveys have shown that over 100 million young Nigerians currently lack useful digital skills. In a 2023 study by GetBundi, more than 85% of Nigerian graduates were found to lack even basic digital skills beyond social media use. This skills gap is not just a personal setback; it also imposes several costs on the national economy. Experts estimate that Nigeria loses about US\$11 billion per year because its workforce lacks the skills needed for the digital economy. Concern is growing among workers: about 70% of Nigerians fear that automation will take over their jobs. The danger is particularly high in low-skilled sectors. Sub-Saharan Africa (SSA) is estimated to have up to 51% of jobs vulnerable to automation if nothing is done. Nigeria, as a large part of SSA, shares many of these vulnerabilities. At the same time, there are signs of opportunity. Youths are now enrolling in courses related to generative AI, cybersecurity, and software development. A report shows that Generative AI course enrolments among Nigerians have risen to about 98% per year, and considering that around 70% of the country's population is under 35, this offers a demographic potential for skills transformation.

These facts make it clear that digital transformation is already happening at scale and must become an urgent priority for the country. Many graduates from Nigeria still struggle to compete in the global economy, where digital literacy is highly demanded, and many existing jobs face the risk of automation. Without policies to address job displacement and build skills, inequality and unemployment may rise sharply.

Unemployment is already high and growing in the country. Many Nigerian graduates lack the employable skills needed. Displacements due to automation and digitalisation threaten sectors of the economy such as agriculture, manufacturing, retail, and office support. It is important to note that these sectors employ a large number of low and mid-skilled workers within the economy. If policy response is delayed, the skills gap could widen, and consequently make it harder for Nigeria to benefit from digital growth in diverse expressions: fintech, software development, AI services, and even e-commerce. Marginalized groups such as women, rural youth, and informal sector workers may suffer more without inclusive approaches, and this will ultimately increase inequality and social tension.

This policy brief examines how digitalisation and automation affect Nigeria's labour market, most especially in terms of job displacements, skills gaps, and entrepreneurial opportunities. It offers several policy options that can lessen the risks of displacement due to automation, close the digital skills gap, and ensure that more Nigerians are employable in this emerging economy, if properly implemented and coordinated.

2.0 Context and Importance of the Problem

The problem of digitalisation and automation in Nigeria is beyond skills and jobs. It has serious consequences for the country's overall economy. The main issue is that Nigeria's workforce is not adapting fast enough to technological changes. A low level of digital skills can reduce productivity and limit business growth. Automation is reshaping industries, and without proper and targeted reskilling, many routine jobs may disappear. A workforce that is not ready for the digital economy can slow growth, reduce the level of productivity, and even worsen the poverty rate in the country. When students graduate without the skills needed for employment, businesses tend to spend more on training or hire workers from other countries. The result for Nigeria is a situation in which unemployment remains high, and many young university graduates remain underemployed. Meanwhile, African countries like Kenya and Rwanda are moving ahead with digital reforms, widening the competitiveness gap. Nigeria needs to bridge the skills and infrastructure gaps to protect citizens' jobs from displacement due to automation and to access new economic opportunities.

It is also important to note that the impact of digitalisation in the economy varies across groups. Low-skilled and informal-sector workers face the highest risk of job displacement. Graduates lack market-ready digital skills, and groups such as women and rural populations have limited access to training and infrastructure. Employers struggle to find digitally competent workers on their own, while government agencies face the pressure to manage unemployment and regulate emerging technologies

3.0 Critical Analysis of Existing Policies

Nigeria has introduced several policies to anticipate the impact of digitalisation and automation on the overall economy, but their effectiveness has been limited. A good number of these policies are either still in their draft form or suffer from poor implementation, and consequently, they are not meeting the scale of the problem.

The National Digital Economy Policy and Strategy (2020–2030) is one such framework. The goal of this policy is to expand broadband coverage nationwide, increase digital literacy, and create more jobs in the technology sector. Its progress, however, has been slow, even though the policy looks ambitious on paper. Broadband penetration across the country is still below 50% as of 2023, well below South Africa's 72% and Kenya's 57%. Millions of Nigerians cannot access online training or participate in digital jobs because internet connectivity is still unreliable and unaffordable for many. Consequently, the policy's impact is weakened.

The federal government also launched the Three Million Technical Talent (3MTT) program. This was designed to train millions of Nigerians in coding, software development, and other digital skills. This program has trained over 100,000 learners so far. Although this sounds quite impressive, it is important to note that the figure still falls well short of the country's actual need. Universities across Nigeria produce over half a million graduates every year, and most of them still leave school without the required digital skills to navigate the labour market. Scaling up, however, remains the biggest gap here. Without steady funding and strong private sector support, the program risks falling short.

Other initiatives, like the Project BRIDGE and Project 774, have focused primarily on digital connectivity and short-term job creation. However, these two areas do little to address the deeper issues of reskilling already displaced workers and building advanced AI expertise. The National Artificial Intelligence Strategy (NAIS), which, by plan, is supposed to provide a clear blueprint for AI integration in Nigeria, is stuck in its draft form. This leaves the country with no really solid regulatory framework to manage its AI risks and opportunities. The World Bank (2023) has warned that the country's AI policies are not keeping pace with global trends, leaving workers vulnerable to job losses in sectors likely to be automated.

A common challenge all of these policies face is poor implementation. Challenges such as poor infrastructure, chronic underfunding, and weak coordination among government agencies slow progress (TIJSSRA, 2025). For instance, electricity access in Nigeria remains below 60% (World Bank, 2023), while internet quality remains among the lowest in Africa. These two limit the reach and effectiveness of digital training initiatives. Also, Inter-agency fragmentation, overlapping mandates, and delayed budget disbursements further weaken policy execution. These challenges make it hard for programs such as 3MTT and Project BRIDGE to thrive, even when their content is well-designed. In comparison, countries like Rwanda have achieved faster results by combining digital policies with strong investments in education and infrastructure.

4.0 Alternative Policy Options and Supporting Evidence

4.1 Education and Skills Development Policies:

Policies in this category could include:

- **Curriculum Reform:** This would involve integrating AI, coding, and data analytics into schools' and universities' curricula. This would be a step in preparing future generations for the AI-driven economy. This should also include practical skills like prompt engineering and AI research.
- **Reskilling and Upskilling Initiatives:** Initiatives like the Pradhan Mantri Kaushal Vikas Yojana (PMKVY) used in India have displayed success in showing that employment outcomes can be made better by offering tailored skills development programs. A similar approach in Nigeria, alongside job placement and career counselling, would help already displaced workers when they are switching to new roles.
- **Continuous Learning Culture:** It is important to promote a culture of lifelong learning, given the rapid evolution of the labour market. Governments could introduce policies requiring companies to meet annual reskilling quotas. This model is supported by South Africa's NSDS, National Skills Development Strategy.

Evidence: The World Bank has reported that participation in skills development programs like PMKVY increased employment likelihood and earnings for those who participated. Similar programs could bring about significant benefits in Nigeria, where skills gaps in AI and technology-related fields are widespread.

4.2 Regulatory and Governance Frameworks:

This is another way to address the issue, and steps under this include:

- **Comprehensive National AI Strategy:** To address AI-driven job displacement effectively, the finalisation and implementation of the National Artificial Intelligence Strategy (NAIS) should be expedited, while ensuring it includes clear governance policies and follows ethical AI guidelines.
- **Labour Law Reform:** Current labour laws in the country should also be updated to support digital and tech-driven jobs. This will address concerns about the volatility and lack of social protections for workers in AI-powered platforms.
- **Metrics and Evaluation:** The government should establish specific metrics to measure the effect of Artificial Intelligence on the workforce. This would also allow policymakers to adjust strategies in real-time, ensuring that AI initiatives are properly tracked

Evidence: Research by the International Labour Organization (ILO) and the World Economic Forum points out the importance of robust regulatory frameworks in ensuring that the AI transformation benefits are felt by all sectors within the economy. Clear AI governance, with transparent and accountable systems, can also help prevent workforce exploitation.

4.3 Social Safety Nets and Economic Model:

Another set of strategies that have been used in other parts of the world and could be adopt-

ed in Nigeria are:

- **Universal Basic Income (UBI):** Even though this is controversial, UBI trials in some parts of the world, including Finland and Kenya, have provided financial support to those displaced by automation. Nigeria could consider a UBI model to ease the transition for affected workers.
- **Tax Incentives:** Nigeria could also offer tax breaks to companies that invest in reskilling initiatives. This would encourage businesses to play an anticipatory role in preparing their workforces for the digital economy.

Evidence: A World Bank study showed that UBI trials have helped stabilize local economies by providing financial security and reducing inequality levels. Also, Rwanda's digital skills programs have shown success in increasing employability among youth.

4.4 Infrastructure Investment:

Another set of steps the government could take is as follows:

- **Digital Infrastructure:** The government could prioritize high-speed internet, electricity, and technology-enabled learning spaces in underserved areas. This will bring wider and better access to digital learning and AI-based opportunities.
- **AI Data Centres:** Developing a data centre infrastructure in partnership with the private sector can provide the needed foundation for AI-optimised cloud computing. This would benefit both businesses and educational institutions.

Evidence: The Nigeria Startup Act (2022) has already laid the foundation for tech-driven innovation, but it requires further investment in digital infrastructure, particularly in rural areas, to bridge the urban-rural digital access divide.

4.5 Support for Innovation and Entrepreneurship:

Lastly, the Nigerian government could address the issue from these angles:

- **AI Startup Support:** Provide funding and resources for AI startups to encourage the de-

velopment of local technology solutions. It will reduce dependence on foreign tech and even create jobs within the digital sector.

- **Entrepreneurship Programs:** Supporting entrepreneurship through incentives, business incubation, and technical training will also enable displaced workers to shift to self-employment.

Evidence: South Africa’s National Skills Development Strategy (NSDS) has shown that such programs that support digital innovation and tech startups are potential drivers for significant job opportunities.

5.0 Comparative Analysis of Feasibility, Cost-Effectiveness, and Impact of Policy Options

Policy Option	Feasibility	Cost-Effectiveness (General)	Impact	Strengths	Weaknesses
Education & Skills Development	High necessity, but it requires significant and sustained investment. Curriculum reform can be slow.	High long-term return on investment, but high upfront costs.	High Impact: Directly prepares the workforce for future jobs, fosters adaptability, and creates new opportunities.	Directly addresses skills gap, empowers individuals, promotes human-AI collaboration.	Requires massive investment, is slow to implement, needs continuous updating, and has a risk of outdated curricula.
Regulatory & Governance Frameworks	Feasible but challenging due to fragmentation and rapid tech advancement.	Cost-effective in preventing misuse, biases, and ensuring trust.	High Impact: Builds trust, ensures responsible AI, prevents exploitation, promotes equitable development.	Establishes ground rules, encourages ethical practices, and provides clarity for businesses and workers.	Can lag behind technological changes, requires political will, difficult to create cohesive laws across sectors.

Policy Option	Feasibility	Cost-Effectiveness (General)	Impact	Strengths	Weaknesses
Social Safety Nets (e.g., UBI)	Logistically complex, high political debate, and significant financial implications.	High direct cost, but potential for indirect economic benefits (stability, reduced poverty).	Moderate to High Impact: Mitigates immediate economic hardship, enables risk-taking (entrepreneurship), but macroeconomic effects are debated.	Provides immediate relief, fosters economic security, allows for career transitions, and supports democratic control over automation.	Very expensive, potential disincentive to work (debated), public resistance, complex to implement fairly.
Infrastructure Investment	High upfront cost, requires significant public-private partnerships.	High long-term return is foundational for all other digital initiatives.	Foundational Impact: Enables digital access, supports e-learning, is critical for AI development, and reduces the digital divide.	Essential prerequisite for the digital economy, broad societal benefits, and unlock innovation potential.	Extremely expensive, long implementation timelines, and often requires overcoming geographical and logistical challenges.
Support for Innovation & Entrepreneurship	Relatively feasible with targeted funding and policies.	Moderate cost with high potential for job creation and economic diversification.	Moderate to High Impact: Creates new jobs and industries, diversifies the economy, and fosters local solutions.	Generates new opportunities, empowers local talent, reduces reliance on foreign tech.	Dependent on the broader ecosystem (skills, infrastructure, regulation), it can be risky and may not address mass displacement directly.

6.0 Policy Recommendations

This policy recommendation is a mix of policy options that work together. The goal is to help address the challenges Nigeria faces and outline next steps to address the changes brought by AI and automation, ensuring that workers can adapt, businesses can grow, and everyone can benefit from digital transformation.

6.1 Integrate AI and Digital Skills into National Curricula and Promote Life-long Learning: This is to give both students and workers the important AI skills they need and help them keep up learning as technology changes quickly.

Steps for Implementation:

- **Ministry of Education & Universities:** The Federal and State governments should update schools and universities' curricula by 2027, reaching at least 75% of tertiary institutions.
- **Federal Government & Private Sector:** Launch nationwide free AI courses, aiming for 500,000 enrollments per year from 2026.

6.2 Establish Comprehensive and Adaptive AI Governance and Ethical Frameworks: This is to ensure fair, responsible and safe use of AI and also to build trust among the public.

Steps for Implementation:

- **NITDA:** Complete and implement the NAIS by 2026.
- **NDPC:** Strengthen data protection under NDPR to secure privacy in AI projects.
- **Government & Expert Groups:** Form a policy review committee to meet quarterly and

submit updates by 2025

6.3 Invest in Robust Digital Infrastructure and Data Readiness: This connotes removing obstacles that impede AI from being effectively utilised for the benefit of the economy.

Steps for Implementation:

- **Government & Telecom Companies:** Reach 90% broadband coverage and 5G access within the country by 2028.
- **Government & Private Sector :** 5 AI data centres by 2029.
- **Government & AI Startups:** Increase local datasets by 30% each year.

6.4 Provide Holistic Support Mechanisms for Workers and Foster an Entrepreneurial Ecosystem: This is to help workers who might lose jobs and also create new opportunities for business growth.

Steps for Implementation:

- **Ministry of Labour:** Start a pilot income support program for AI-affected workers by 2026.
- **Ministry of Finance:** Introduce new tax incentives for corporate reskilling by Q1 2026.
- **Ministry of Innovation & Digital Economy:** Increase funding for AI startups by 20% yearly, supporting 100 new startups per year.

6.5 Promote Widespread Awareness and Strengthen Collaborative Partnerships: Make sure the public understands AI, its impacts, and coordinate efforts among all stakeholders.

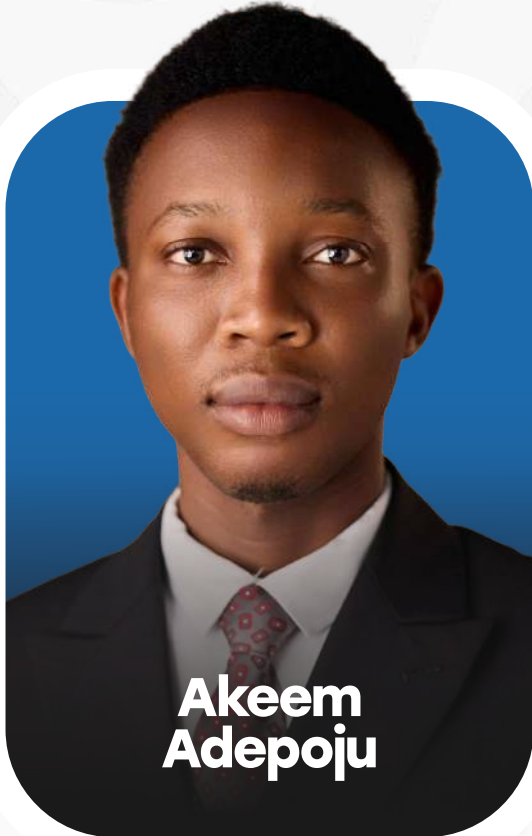
Steps for Implementation:

- **Government (Ministry of Communications):** Run an annual AI Literacy Awareness Month, reaching 50% of Nigerians by 2027.
- **Government, Private Sector, Academia:** Hold national AI summits and quarterly working group meetings starting in 2025.
- **Public Agencies:** Train public employees in AI by 2028 and pilot AI in 3 public services by 2027.

To conclude, Nigeria cannot afford to ignore the risks of digitalisation and automation. The problem is clear: many workers and graduates still lack the digital skills needed for today's

jobs. Moreso, automation threatens to displace millions more. The solutions are also clear: invest in skills training, improve infrastructure, support startups, and provide safety nets for those affected. Policymakers must act now to close the gap and secure Nigeria's future. If these policies are adopted, young people, women, and vulnerable groups will have a fair chance to succeed in the digital economy, and the country will be stronger and more competitive in the years to come.

About the **Author**



Adepoju Akeem Olalekan is an early career economist and research professional with a background in monetary economics, public finance, and applied economic analysis. He holds a B.Sc. in Economics from the University of Ibadan, where he developed a strong interest in the intersection of economics, finance, and public policy. He currently works with EyeCity Africa, a development consulting firm, where he contributes to research, strategy, and projects across a range of sectors.

Akeem has gained experience in equity research, project finance, economic analysis, and development consulting. His work has contributed to studies and consulting engagements covering digital transformation, the creative economy, higher education, entrepreneurship development, artificial intelligence in education, and business ecosystem strengthening. Through these engagements, he has developed a practical understanding of how research and data can be translated into actionable insights for organizations, policymakers, and development practitioners.

As a member of the Young Scholars Cohort I at the Kingsgate Young Scholars Academy, Akeem worked alongside researchers and policy practitioners on live projects, gaining valuable exposure to policy research, evidence generation, and the application of analytical frameworks to real-world development challenges. The experience strengthened his research capabilities, professional discipline, and appreciation for the role of evidence-based decision-making in shaping economic outcomes.

His professional interests lie at the convergence of economics and finance, particularly in the areas of macroeconomic analysis, financial markets, investment research, and public policy. He is passionate about leveraging data, rigorous analysis, and research-driven insights to support informed decision-making, foster inclusive economic growth, and contribute to sustainable development across Nigeria and Africa. Akeem is also proficient in analytical and data visualization tools, including Microsoft Excel, Google Sheets, and Power BI.

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Taming the Debt
Burden: Optimising
Nigeria's Borrowing
for Sustainable
Growth

Taming the Debt Burden: Optimising Nigeria's Borrowing for Sustainable Growth

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Executive Summary

The current trend of an aggressive, unsustainable public debt course is presently undermining fiscal stability in Nigeria. As of December 2025, the total public debt stock had reached its highest level in history, N159.3 trillion (\$110.97 billion), due to continued fiscal deficits and a serious naira devaluation (DMO, 2026). The worst indicator of this crisis was the intense liquidity strain on the government, with debt service costs taking up 156.77% of the Federal Government's retained revenue as of December 2025 (BudgIT Foundation, 2025). This made the country borrow more just to pay the interest on its debts. The scenario in this case is a compounding debt trap that has led to extreme crowding out of the private sector due to heavy reliance on high-interest domestic bor-

rowing. This means that the total public debt has crippled business access to credit and undermined the growth of the private sector. Opportunities to improve their skills.

Considering different debt sustainability indicators helps provide context to the issue. The Debt-to-GDP ratio was projected to decline from 40.6% in 2024 to 37.7% by Q4 2025, according to the Nigerian Economic Summit Group (2025). Although this figure provides a false sense of security. This is because Nigeria's debt sustainability challenge is driven not just by the size of debt relative to GDP but also by the government's weak revenue base and extremely high debt-service-to-revenue ratio, with debt servicing consuming over 100% of federal revenue in recent periods. This thereby

limits fiscal space for development and public investment. These issues are further heightened by the structure of the public debt. Although domestic debt helps protect the economy against direct currency risk, the accumulation rate is high, which has driven interest rates higher, discouraging private investment and hindering the achievement of national development goals. Meanwhile, external debt (46.73% of total borrowing as of Q4 2025) is highly susceptible to exchange-rate fluctuations (DMO, 2026). The depreciation of the naira in 2025 raised the cost of servicing foreign obligations, adding to the budget's fiscal stress.

This policy brief presents a three time-specific policy intervention to restore fiscal health and promote sustainable economic growth in Nigeria. First, it recommends restructuring domes-

tic debt by shifting the debt mix of short-term Treasury Bills to long-term Federal Government of Nigeria bonds to ease the refinancing pressure by Q4 2026. Second, it recommends improved digital revenue mobilisation through the effective enforcement of the Nigeria Tax Act 2025. The aim is to automate tax collection and achieve a 15% Tax-to-GDP ratio by 2027, as discussed at the fourth International Conference on Financing for Development (FFD4) summit in Seville, Spain. Third, it suggests implementing asset-backed financing, requiring 30% of new borrowing to be raised through Sukuk and Green Bonds, so that the borrowed funds are strictly linked to self-liquidating, productive infrastructure projects that can yield sustainable returns.

1. Introduction

The public debt profile of Nigeria has undergone an alarming and radical change over the past ten years, accompanied not only by soaring aggregate debt but also by internal organisational complexities that have complicated national fiscal planning. The main drivers behind this aggressive increase in borrowing are a combination of intractable and rising fiscal deficits and the desperate, capital-intensive need to finance massive infrastructure projects to resuscitate a stagnant economy (Osodi & Onyenebo, 2025). Since the Federal Government seeks to close the growing divide between its constrained internal sources of revenue and the required levels of public outlay, the debt load has become a complex mix of domestic and external debts, each bearing a different, and frequently contradictory, set of economic trade-offs.

This issue cannot be overemphasised in the present economic environment. Although domestic debt offers some protection against foreign currency fluctuations and changes in sovereign credit ratings, it has started to progressively crowd out the Nigerian private sector. According to Wahab and Omale (2025), the competition to obtain scarce local capital in the banking system, as the monetary authority has maintained a hawkish stance, has made borrowing, innovating, and growing prohibitively expensive for private enterprises and Small and Medium Scale Enterprises (SMEs). On the other hand, a high reliance on foreign debt also subjects the Nigerian economy to the vagaries of global exchange rates. A weak naira makes servicing foreign-denominated loans in local currency a major vulnerability, which

can quickly spiral into a vicious cycle, where any sudden external economic shock can immediately unravel a country's budget implementation and much of its long-term planning (Mamudu & Akhamie, 2025). The study of these complex dynamics has ceased to be a hypothetical pursuit for economists; it has become a requirement for policymakers to ensure that national debt management remains the powerhouse of national development and does not become the main cause of economic fluctuations and budgetary paralysis.

The current debt-to-revenue ratio is large enough to imply that, unless a pivot strategy is undertaken, the country is already staring down an imminent debt overhang that would retard economic growth for at least a full generation (James, 2025). The main aim of this policy brief is to present, in broad terms, an evidence-based appraisal of how the current composition of public debt in Nigeria, that is, the fragile balance between domestic and external borrowing, affects the country's long-term economic growth path. Moreover, it suggests practical, SMART ideas for optimising Nigeria's borrowing structure. The long-term objective is to provide a clear roadmap that promotes the achievement of healthy economic stability and, at the same time, keeps the level of public debt at a sustainable level such that the government is capable of supporting a high level of public services like healthcare, education, and social safety nets.

2.0 Context and Importance of the Problem.

The Nigerian government's debt burden is at a critical stage, with an unprecedented increase in its level and dangerous servicing costs, posing a serious risk of disrupting national economic stability. The total stock of public debt in Nigeria had increased to N159.3 trillion (\$110.97 billion) by December, 2025, a steep increase from N144.67 trillion (\$94.23 billion) at the end of 2024 (DMO, 2026). This has been fueled by persistent fiscal deficits and the depreciation of the naira, which has added pressure on public finances. The fact that Nigeria's debt stock is huge is not the most problematic indicator of the current fiscal distress; rather, the issue is the cost of servicing the debt relative to real government revenue. While the President signed the N54.99 trillion 2025 Appropriation Bill into law, the Federal Government was required to generate N41.81 trillion in revenue, leaving a deficit of N13.08 trillion (Budget Foundation, 2025).

The Nigerian Minister of Finance and Coordinating Minister of the Economy, Wale Edun, while appearing before the House of Representatives Committees on Finance and National Planning during an interactive session on the 2026 to 2028 Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP), stated that with the current trajectory of the economy, the federal revenues for the full year will likely end at around 10.7 trillion, compared to the projected amount (Essien, 2025). As of the end of the 2025 fiscal year, the Nigerian Government had to pay 16.26 trillion in debt service alone, exceeding total revenue for the year (DMO, 2026). This gross imbalance has pushed the government into a vicious cycle of debt, where it has to borrow more just to cover essentials and interest payments, leaving it

with practically no fiscal room to invest in capital or to spend on growing the economy. According to the IMF (2025), despite the Nigerian Debt-to-GDP ratio being reported to be 35.48%, below the 40% target as of 2025, focusing on this indicator alone masks the true fragility of government revenues.

A closer look at Nigeria's debt structure shows that the situation is fragile and that a weak, dangerous balance exists between domestic and external debt. The major portion of the debt portfolio is still comprised of domestic debt, which was 53.27% of the total public debt and was at N84.85 trillion as at Q4 2025 (DMO 2026). Domestic borrowing does not involve direct exposure to currency risk, but because it is accumulated very fast, there has been a strong effect of crowding out, which has resulted in high interest rates and has severely restricted access to credit by the private sector. With the proportion of 46.73% of total debt and a sum of \$51.86 billion (N74.43 trillion), external debt is another challenge, but equally severe (DMO, 2026). A large percentage of this foreign debt is in high-interest Eurobonds, which expose the country to global financial market shocks and further deterioration of the local currency.

This debt crisis has a flow of consequences on a number of stakeholder groups. The Federal Government is increasingly finding itself in a narrow fiscal space where N16.26 trillion of the national budget of 2025 is spent on debt servicing, which is way higher than the budgetary allocations on important sectors like health and education (Essien, 2025). The private sector is not spared either, as high domestic interest rates driven by government borrowing make credit prohibitively costly for businesses, thereby limiting investment, growth, and employment. The greatest

burden is eventually on the Nigerian citizens, because when the state income is channeled to the debt payments, it means that fewer funds are invested into the social sector. This also means that the quality and availability of the social sector, specifically the quality and availability of public healthcare and education, are directly compromised.

3.0 Critical Analysis of Policy Options

The target ratio for the Nigerian Medium-Term Debt Management Strategy (MTDS) for 2024–2027 is a 55:45 ratio of domestic to external borrowing (DMO, 2025). This model is meant to be used to offset the exposure to the exchange rate risk and domestic liquidity, but the fact that the debt-to-revenue ratio increased to 156.77% by the end of 2025 clearly shows that the current policy procedures are insufficient to maintain fiscal stability in light of the current economic circumstances (BudgIT Foundation, 2025).

The government is under a policy regime that relies heavily on domestic debt instruments, especially Federal Government of Nigeria bonds and Treasury Bills. The advantage of such an approach is that it effectively reduces exchange rate risk by over 50% of the stock of debt, although it also has disadvantages. The environment of high interest rates, where the Open Market Operation bills are almost 20%, has created a significant crowding-out effect (James, 2025). Since government borrowing takes a significant share of the available domestic funds, the funds that would be spent on expanding the private sector, innovation, and job creation are channelled to paying the

public debt.

Simultaneously, Nigeria has been able to access the international capital markets, including the success of a \$2.2 billion Eurobond issued late in 2024 (DMO, 2025). This is external borrowing that provides important foreign exchange inflows and helps improve external reserves, reaching \$45.71 billion at the end of 2025 from \$40.19 billion at the 2024 year-end (CBN, 2026). Despite these benefits, opening to the external market exposes the country to significant currency risk. The most common factor that exacerbated fiscal stress and made the currency vulnerable to foreign shocks was the fact that servicing foreign debt obligations became very expensive in local currency due to the 47% depreciation of the naira in 2024 alone (Moses-Ashike, 2025).

Given the limitations of the existing strategy, several alternative policies should be considered. Revenue-based sustainable financing, by increasing the utilisation of Sukuk and Green Bonds, is one solution. Unlike conventional debt instruments, Sukuk bonds are asset-secured and have already funded more than 4,100 kilometres of roads in Nigeria, meaning capital raised in debt goes directly to productive infrastructure assets (Moses-Ashike, 2025). The other alternative is structural debt restructuring, which involves renegotiating the repayment schedules of both domestic and external debts. This strategy involves the second option: reducing exposure to short-term Treasury Bills in favour of longer-term instruments with maturities up to 50 years to alleviate immediate liquidity stress and reduce the number of debt services to be paid each year. A third option is digital revenue mobilisation, as

suggested by the International Monetary Fund, utilising technology to increase the tax base and enhance the debt-to-revenue ratio rather than focusing solely on the debt-to-GDP ratio.

Table 1 compares the policy alternatives and presents their relative viability, probable effects, and associated risks

Table 1: Policy Option Comparison

Policy Option	Feasibility	Estimated Impact	Primary Risk
Current Strategy (55:45 Domestic/ External)	High	Moderate stability; provides immediate liquidity.	High servicing cost (144% of revenue) and private sector crowding out.
Debt Restructuring (Maturity Extension)	Moderate	High; provides immediate fiscal “breathing room” by lowering annual payments.	Possible credit rating downgrade if perceived as a forced default.
Alternative Financing (Sukuk/Green Bonds)	Moderate	High; ties debt directly to infrastructure and productive growth.	Requires complex asset-tracking and specific regulatory frameworks.
Revenue Expansion (Digital Tax Reforms)	High	Very High; addresses the root cause of fiscal stress by strengthening revenue generation.	Long implementation timeline and political resistance to tax reforms.

The existing debt management framework provides short-term liquidity and operational ease, but it is associated with high long-term costs for financial sustainability and the development of the private sector. However, a mix

of debt restructuring, other financing mechanisms, and revenue-oriented reforms offers a more viable, long-term way to restore fiscal balance and economic growth.

4.0 Policy Recommendations

In order to achieve a sustainable path for economic growth and shift the current debt-servicing crisis, the Federal Government of Nigeria ought to craft a prioritized and complementary set of strategies that will directly target liquidity pressures, revenue fragility, and inefficient utilization of borrowed capital. The first priority is for the Debt Management Office (DMO) to drastically cut the issuance of short-term Nigerian Treasury Bills and gradually upscale the issuance of long-term bonds of the Federal Government with maturities of between 10 and 30 years. The objective of this strategy is to reduce the number of domestic debts maturing within one year to less than 15% of the total stock of debt as at the fourth quarter of 2026. This way of extending debt maturities would reduce short-term refinancing pressures, reduce rollover risk, and create much-needed fiscal breathing room in the national budget, allowing government funds to be more effectively distributed to high-priority areas.

The full adoption of the Nigeria Tax Act 2025 is also an essential recommendation. The Federal Inland Revenue Service needs to take advantage of the new law to computerise tax collection processes and enrol the informal sector into the tax system in an orderly fashion, using the linkages between the National Identification Number and the Bank Verification Number. The quantifiable objective of this intervention is to increase the Tax-to-GDP ratio of Nigeria to 15% by the year 2027, and specifically to ensure that 10 million more taxpayers are onboarded by using digital solutions. This means that by strengthening revenue mobilization in

this manner, you are dealing directly with the structural revenue deficit that is the cause of the fiscal crisis in Nigeria and in any case, the most sustainable path to reducing the Debt-Service-to-Revenue ratio.

The third recommendation aims at increasing the application of asset-backed financing by using Sukuk and Green Bonds to finance the development of infrastructure. The Ministry of Finance needs to make it a requirement that any new domestic borrowing be at least 30% Sukuk or Green Bonds, and this is done solely to ensure that such instruments are restricted to self-liquidating and productivity-generating infrastructure projects, including toll roads and renewable energy investments. The goal of this policy is to enable the realization of 1,500 kilometres of economic roads of strategic importance and the installation of 500 megawatts of capacity of solar power sources by 2027, completely financed with asset-backed securities. This would improve the sustainability of debt by making sure that new borrowing is not used to meet current spending but to invest in productive capital spending instead, which would help improve the working environment created in order to encourage business development.

5.0 Implementation Considerations

To achieve any significant outcome, it is necessary to provide a clear, step-by-step implementation plan for the proposed recommendations. Over the short term, from the first to the sixth months, the Debt Management Office must significantly reduce all new short-term

borrowing to finance recurrent expenditure, to relieve refinancing pressure and slow the high-cost domestic debt turnover. At the same time, the Federal Inland Revenue Service should roll out an expansive Digital Tax Portal to operationalise the provisions of the Nigeria Tax Act 2025 and accelerate the automation of tax collection procedures. With a medium-term horizon (six to eighteen months), the Ministry of Finance needs to engage in organised discussions with multilateral creditors, such as the World Bank and the International Monetary Fund, to explore ways to enter into concessionary deals, such as debt-for-climate or debt-for-health swaps. These tools would be useful for alleviating fiscal strains and realigning resources toward priority development outcomes.

The institutional responsibilities must be outlined to be implemented effectively. The execution of the debt restructuring work and the proper choice of the borrowing instruments will be based on the Debt Management Office. Revenue mobilisation activities, such as tax automation and tax net expansion using digital platforms, will be left to the Federal Inland Revenue Service. The Central Bank of Nigeria will play a supportive role in ensuring exchange rate stability, thereby reducing the inflationary effect of naira depreciation on the cost of servicing foreign debt.

In addition, monitoring and evaluation processes are required to guarantee accountability and effectiveness of policy. In this regard, the Budget Office of the Federation should release monthly Debt Sustainability Dashboards that assess key indicators, especially the Debt-Service-to-Revenue ratio, against a well-defined target ceiling of 60%. Regular publication of

these measures will increase transparency, enable timely policy changes, and strengthen financial restraint in governmental establishments.

6.0 Conclusion

Nigeria is in a very crucial fiscal situation with the total amount of public debt increasing from N144.67 trillion as of Q42024 to N159.28 trillion as of Q42025, with the debt-service-to-revenue ratio having risen to an alarming 156.77% by the end of 2025 (BudgIT Foundation, 2025). The debt-service-to-revenue ratio is an indicator of an unsustainable trend that can threaten the sovereignty of the nation and its ability to sustain its economy in the long term. The debt-to-GDP ratio, though, on the surface, masks a liquidity crisis driven by high liquidity levels, a weak revenue base, and a high cost of borrowing that has, in effect, stifled private-sector activity. As a precautionary measure to prevent an outright debt crisis, the Federal Government needs to move unambiguously from a reactive borrowing mode to a proactive, strategic debt management framework.

The fiscal space needed to facilitate productive and inclusive development-focused investment would be achieved by implementing the SMART policy recommendations outlined in this brief, most importantly, restructuring domestic debt maturities, using digital technology to enhance revenue mobilisation, and introducing the asset-based financing instrument, Sukuk bonds. Policymakers are thus encouraged to take immediate, consistent action to harmonise fiscal and monetary policies. Without these reforms in place by 2026, there is a risk of holding back the private sector's

growth, as well as the government's ability to provide necessary public services and safeguard the welfare of Nigerian citizens.

About the **Author**



Jacob Chidi Nduka is an Economics graduate of the University of Ibadan with a background in Accounting from Yaba College of Technology.

He currently serves as Finance and Operations Lead at Titan Oil and Gas Services, Inc., where he manages financial operations and coordinates a multi-vehicle LPG supply and haulage fleet, focusing on revenue tracking, cost control, and operational efficiency.

His experience includes working as an Economic Research Intern at Kingsgate Advisors Institute, where he analyzed macroeconomic trends and policy shifts across Nigeria and global markets, producing research briefs that connected economic indicators to financial sector insights.

He has also held roles in corporate finance and business development at Grovane Advisory Partners and AML Incubator Ltd., supporting funding applications, financial analysis, market research, and client acquisition. He further strengthened his analytical skills through a KPMG Data Analytics simulation using SQL, Python, and Power BI to generate business insights.

He has demonstrated academic excellence through wins at the Finance Frontier Challenge and the Daytopia University Tournament, where he applied economic and financial modeling to real-world and simulated cases.

His interests lie in public finance, development economics, energy policy, and financial markets. He is passionate about leveraging economic research and data-driven insights to support sustainable development and policy impact in Nigeria and beyond.

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Digital Literacy and
Enterprise Access
for Women in
Underserved Areas
of Nigeria

Digital Literacy and Enterprise Access for Women in Under-served Areas of Nigeria

Juliet Eze,
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Executive Summary

Many women are wallowing in dark times, struggling to find their footing in a digital era that moves faster than they can keep up. Their inability to access and use digital tools has quietly created a problem. If women, who make up almost half of the population, are left out of the digital economy, the country loses a major source of growth. Nigeria's slow GDP growth in relation to its potential leads to poor innovation and unbalanced development. This issue needs urgent attention if the nation truly wants inclusive and sustainable progress. In order to address the issue, this brief recommends a combined approach which are establishing rural ICT centres and linking them with women's digital entrepreneurship programs. These ICT centres will provide internet access, devices, and training within communities. The entrepre-

neurship programs will ensure that women use the skills taught to generate income through e-commerce, mobile money, and Agri-tech. All these measures should aim to reduce Nigeria's rural digital gender gap by 10% within three years, thereby empowering over 2 million women and driving inclusive economic growth.

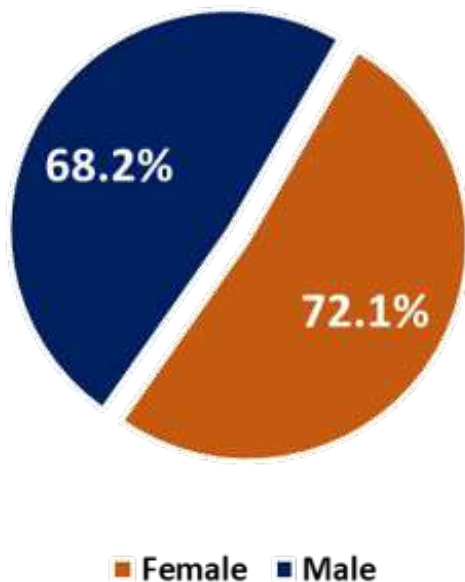
1. Introduction

The world today is evolving rapidly, and it is heavily driven by artificial intelligence (AI) and advanced technologies. This evolution has brought to our understanding how digital literacy has emerged as a critical requirement for economic participation and progress. The United Nations Educational, Scientific and Cultural Organization [UNESCO] (2025) defines digital literacy as the ability to access, manage, and create information safely with the use of digital technologies for work and entrepreneurship. This means having the knowledge to use digital tools to find opportunities, access resources, and improve living standards. The transition towards a digitized economy has made digital literacy a major factor that determines who benefits from the new economic opportunities and who is left behind (UNESCO, 2025). Digital inequalities and illiteracy have remained a persistent challenge that limits people from adopting new technologies (Chung, Sharma, & Healey-Parera, 2025). Most especially young women and adults in underserved communities, who are often excluded from the benefits of digital innovation. This exclusion not only limits their economic empowerment but also constrains Nigeria's overall growth potential. This is because a significant portion of the population is unable to contribute meaningfully to the digital economy.

According to Mastercard (2022), Nigeria ranked 53rd in the 2021 Mastercard Index of Women Entrepreneurs. The ranking focuses on the percentage of women empowered to add value to themselves and society. Also, female entrepreneurs accounted for 44% of surveyed businesses in 2025 compared to male en-

trepreneurs (56%), which was lower than the 48% in 2024 compared to male entrepreneurs (52%), although still above pre-2023 levels (FATE Foundation, 2025). This showed the reality of a sustained but uneven gender participation in the Nigerian enterprise landscape. However, despite financing and market access challenges (only 26.3% of female entrepreneurs accessed finance from an institution), 69.2% of female-led firms reported business growth, outperforming male-led firms at 65.8% (FATE Foundation, 2025). This growth was driven largely by increased market opportunities, improving demand and digital adoption. The adoption of technology continues to have a significant impact on female entrepreneurs by driving customer growth and market expansion. Female entrepreneurs are increasingly leveraging social media and digital marketing platforms to attract new clients, deepen brand visibility and sustain customer relationships at low cost. According to the FATE Foundation (2025), in 2024, 67.3% of female-led businesses reported adopting technology in their operations, increasing to 72.1% in 2025, compared with male-led businesses (68.2%). This shows growing digital confidence among women entrepreneurs to sustain business performance and customer engagement.

Figure 1: Digital Adoption



Source: Author's computation from the FATE Foundation Report (2025)

Regardless, many women are still excluded from the full benefits of the digital economy, and these enlightened few are mainly those in urban areas who have gained some exposure. This raises the question of whether women in rural communities, the uneducated, or those constrained by cultural barriers are equally opportune. Clearly, more needs to be done to ensure that young women and adult women alike are fully represented in large numbers. This includes improving access to affordable internet, access to digital tools, and relevant skills to harness technology for business growth, financing opportunities, and participation in global value chains respectively. Hence, expanding digital literacy and enterprise access for women is not only a matter of importance but also a practical

step toward strengthening the Nigerian economy. If deliberate action is not taken, the digital gap between men and women is likely to grow even wider, thus slowing Nigeria's progress in achieving its national development goals and the Sustainable Development Goals.

2.0 Objective of the Policy Brief

This Policy brief seeks to:

1. Highlight the existing digital gaps that affect women in Nigeria, with a focus on access to connectivity, digital tools and essential skills.
2. Emphasize the urgency of expanding digital literacy and enterprise access as a pathway to women's economic empowerment and inclusive growth.
3. Propose gender-responsive policies that build on and improve existing ones in order to expand digital inclusion and entrepreneurial opportunities for women.

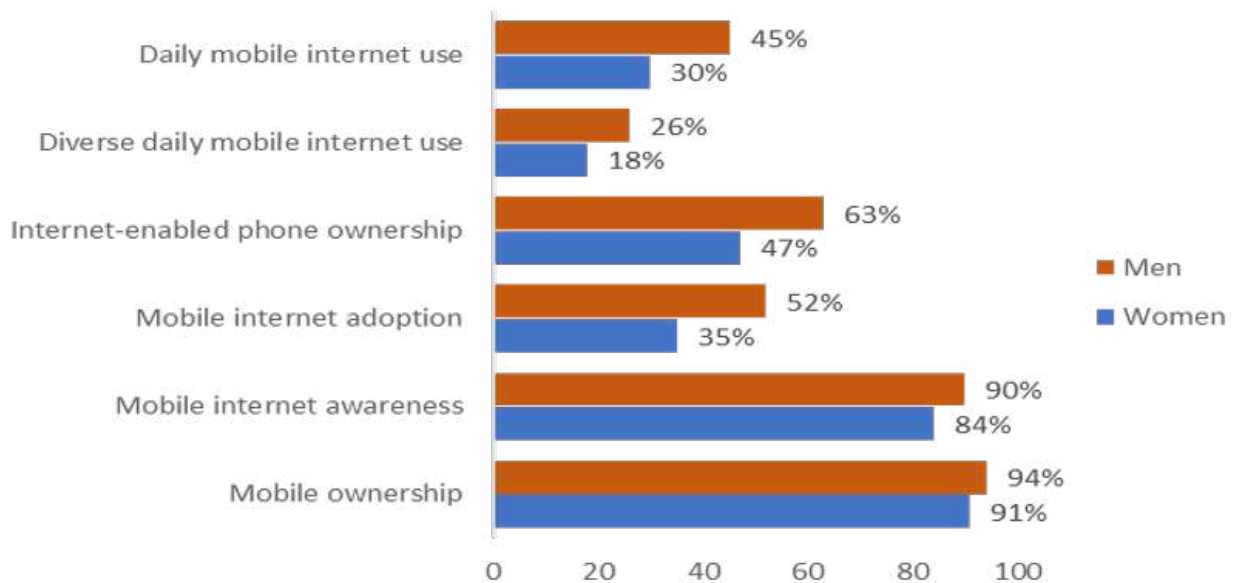
3.0 Problem Statement

Despite the rapid growth of Nigeria's digital economy, women and girls remain disproportionately excluded from its opportunities. Access to mobile internet, a basic gateway to digital literacy and online enterprise, makes this divide visible. While mobile phone ownership is nearly equal between men and women, the real gap lies in the kind of phones owned and how they are used. Only 47% of women own an internet-enabled smartphone compared to 63%

of men, creating a 16% gap, and women are also 12.5% less likely than men to use the mobile internet (GSMA, 2025). This limits women’s ability to acquire digital skills, participate in online enterprises, make digital payments, and access wider markets. According to the GSMA (2025), progress has stalled as figures in smartphone ownership in 2022, 2023, and 2025 remain unchanged, with women consistently lagging 16% behind men. This shows that the real problem goes beyond simply owning a phone; what matters more is having internet-enabled devices, knowing how to use them, and turning digital skills into something productive.

Having a smartphone with internet access in the economy today has become a basic requirement for anyone hoping to improve their economic prospects. Without it, women are cut off from opportunities that allow others to scale businesses, showcase skills, earn remotely, or achieve financial freedom. Those with access are leveraging these tools to gain visibility and growth, while many women, especially those in underserved areas, remain excluded. Figure 1 shows the persistent gender gap in mobile and digital access in the country. The differences are clearly shown in basic mobile phone ownership, mobile internet awareness, internet adoption, internet-enabled phone ownership, and daily mobile internet use, standing at 3%, 6%, 17%, 16%, 8%, and 5%, respectively.

Figure 1: Gender Gap in Mobile and Digital Access in Nigeria



Source: Author’s adaptation from GSMA (2025)

Digital illiteracy among young and adult women cannot be tackled effectively without addressing its root causes. From an intersectional perspective, several factors emerge as barriers, including income inequality, the high cost of data, lack of network coverage in rural areas, ignorance or lack of awareness (often linked to limited education), and cultural restrictions (World Bank Group, 2025). Women in rural communities are mostly disadvantaged, compared to women in urban areas, because they have less access to internet-enabled mobile phones and reliable connectivity. While urban women may be more digitally enlightened, only a small fraction of Nigeria can truly be classified as urban, and this leaves most women in rural communities behind. This rural-urban gap is further compounded by gender disparities. Even in rural areas where network access is scarce, men are still more likely than women to own mobile devices and access the internet (Nirman, 2025). This means rural women are doubly marginalized by factors like geography and infrastructure, and also by gender-based inequalities in access to technology.

Cultural norm is a strong factor that limits women from using the internet, and most women using mobile in these areas are often unfairly labeled as promiscuous and disobedient (GSMA, 2025). In addition, lack of infrastructure like close ICT centers prevent women from moving far distances to connect to the internet due to safety reasons or household responsibilities, unlike men who are most likely to travel long distances because they are not that constrained (World Bank Group, 2025). The exclusion of women in these underserved areas will keep widening the gender gap; hence,

there is a need for strategic policies structured to ensure that women in these areas are not left behind. With these policies in place, SDG 5 can be achieved by 2030.

4.0 Policy Options

Targeting women in rural areas is essential to close the digital gender gap, and when programmes and initiatives fail to reach these communities, digital literacy and the ability to apply such knowledge for economic growth and inclusion are delayed. The following policy options are designed to strengthen existing efforts and expand digital literacy and enterprise access for women in underserved areas.

4.1 Policy Option 1: Establish ICT Centers in Rural Areas

In Nigeria, one of the major barriers to women's digital literacy and enterprise access is the lack of nearby infrastructure and affordable access points. For instance, over half of women farmers in North-Eastern Nigeria were aware of ICTs, but very few could use them due to inadequate infrastructure and high costs (Lawal, & Robinson, 2025). The establishment of ICT centers in rural communities would directly address the gaps by providing women with accessible spaces to acquire digital skills and connect to online markets. The evidence from NITDA's targeted training in Jigawa State demonstrated that when women are provided with both access to technology and practical training, their participation in digital entrepreneurship significantly improves (Alao, 2025). Therefore, scaling such efforts through dedicated ICT centers across underserved areas

will not only enhance digital literacy but also expand women's opportunities for enterprise, financial inclusion, and community development.

4.2 Policy Option 2: Women's Digital Entrepreneurship and Empowerment Programmes

Although digital literacy is essential, women in rural Nigeria often lack the skills to convert it into income. However, targeted entrepreneurship programs that teach women how to apply digital tools for e-commerce, small business management, and access to online markets can help women improve their income status. This is because women who receive both ICT and business training are more likely to start online ventures and access digital finance. The NITDA's Women in ICT program has produced women trained to use technology for business, which has led to increased income and greater community empowerment (Sunday, 2025). Therefore, expanding such programs to underserved areas will ensure that digital literacy translates into real economic growth and poverty reduction.

4.3 Policy Option 3: Subsidized Data and Airtime Plans for Women

The high internet costs remain one of the biggest obstacles that prevents women in rural Nigeria from fully participating in the digital economy. The GSMA (2025) reports that women in Sub-Saharan Africa are 29% less likely than men to use mobile internet, with affordability being a key factor. Despite near parity in phone ownership, data costs continue to exclude many rural women from consistent internet use (Nirmani, 2025). If subsidized data

and airtime plans are initiated and targeted at women in these areas, it will help to reduce this barrier by making it easier for them to use digital platforms for learning, business, and financial services.

4.4 Policy Option 4: Awareness Campaigns and Incentives for Sustained Digital Adoption

In many rural communities, cultural perceptions and limited resources discourage women from engaging with digital technology. Awareness programmes when targeted at adults can help to shift their mindsets by emphasizing that digital literacy, when used safely, can support rather than undermine cultural values. Alongside this, the provision of incentives such as subsidized mobile phones or starter kits for women who complete digital training ensures that skills gained are not lost due to lack of access to devices. We should note that while training programs increase women's digital literacy, many are unable to put their knowledge into practice because they do not own or cannot afford devices (Patrick-Okwoli, 2026). There are similar initiatives in Kenya and Rwanda, where women were provided with affordable smartphones after digital literacy programs, demonstrating higher retention of skills and quicker transition into online business activities. By combining awareness campaigns with tangible incentives, this policy would strengthen existing programs and guarantee that women can apply digital skills to real economic opportunities.

5.0 Policy Recommendation and Implementation

5.1 Integrated Recommendation: ICT Centers and Women's Digital Entrepreneurship Programs

To reasonably expand digital literacy and enterprise access for women in underserved areas, a combined strategy is required. This will help to remove barriers to access and ensure that the acquired skills are transformed into livelihoods. Establishing community-based ICT centres in rural areas and linking them with structured women's digital entrepreneurship and empowerment programs offers a practical pathway to achieve this. This policy should be designed to target the reduction of the rural digital gender gap by at least 10% within three years in order to support about two (2) million women in gaining digital skills that can be used for income-generating activities.

The justification here is that even with the ongoing efforts, rural women remain excluded due to lack of proximity to access points and a lack of structured support to apply digital knowledge. ICT centres will serve as hubs for training, internet access, and practice, while entrepreneurship programs will ensure women can leverage their digital skills for e-commerce, crypto trading, payment services, and Agri-tech applications. Together, these measures can address both access and economic empowerment, thereby making digital inclusion sustainable.

The implementation will take place in stages, beginning with a short-term phase (1–2 years) during which ICT centres will be established

in selected rural communities across each state, which could be integrated into existing public facilities such as schools or town halls to minimise costs. Women will be trained in practical digital applications, including online trading, mobile banking, and agricultural innovations. This pilot phase will establish proof of concept. Next is the medium term (3–5 years). In this phase, ICT centers will be scaled across local government areas, complemented by micro-grants and mentorship for women-led digital enterprises. Then, in the long term (5+ years), these centers will be institutionalized into state and federal rural development strategies and sustained through community ownership and public-private partnerships. For successful implementation, coordinated efforts will be required from the National Information Technology Development Agency (NITDA), which is mandated to drive digital inclusion and bridge the gender digital divide, supported by federal and state governments for funding and policy frameworks, NGOs and development partners for training and mentorship, and community leaders and women's co-operatives for mobilization and sustainability.

This initiative funding will cover ICT equipment, internet subscriptions, and training materials. The recurring expenses will include maintenance, trainers' salaries, and connectivity. In order to minimize cost, this initiative could be integrated into NDEPS programs. It is very necessary for the progress of this initiative to be tracked. This can be done through measurable indicators like the number of trained women in rural communities, the frequency of ICT centre usage, and the number of new women-owned digital enterprises established.

Also, annual progress reports, independent reviews every three years, will ensure accountability and allow adjustment if necessary as well as ascertaining the progress made.

5.2 Rationale for the Selected Policy Options

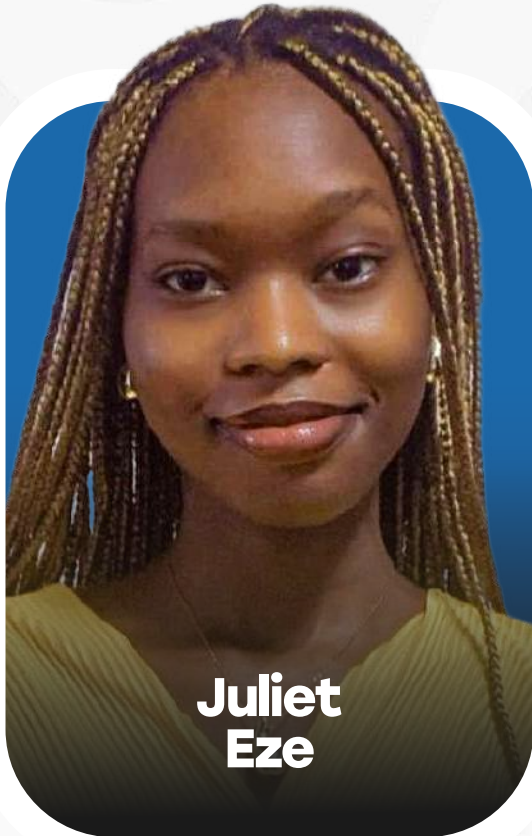
Among the four proposed options, 1 & 2 were selected because they are more feasible. The establishment of ICT Centres in Rural Areas directly addresses the geographical and infrastructural barriers that limit women's access to technology. By bringing digital resources closer, they create inclusive spaces for both learning and practice, ensuring that digital literacy is accessible to even the most remote communities. For example, a girl who lives in a rural community wants to learn graphic design but doesn't have a laptop, can easily go to a government-owned ICT centre near her to enroll for this skill acquisition at a low or no cost. She could use this skill to open a graphic design brand, thereby improving her living standard.

The Women's Digital Entrepreneurship and Empowerment Programs go beyond literacy to focus on economic application. This will help women turn their skills into sustainable livelihoods. This approach drives both individual empowerment and local economic growth, thereby making digital inclusion more meaningful and impactful. Although the other two options are valuable, they were not prioritized as standalone measures because they either depend heavily on telecom subsidies and risky short-term impact, without addressing deeper structural barriers. They can, however, complement the two core recommendations to strengthen overall digital inclusion efforts.

6.0 Conclusion

The Expansion of digital literacy and enterprise access for women in underserved areas requires a strategic approach. Equipping women with entrepreneurial skills and ensuring affordable internet access will directly tackle the structural barriers to skills-to-income conversion and the cost of connectivity. Taken together, these measures provide a clear path for the government, the private sector, and development partners to support rural women, reduce the gender gap, and contribute to broader economic growth.

About the **Author**



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Juliet Eze is a First-Class Economics graduate with a keen interest in People and Workforce Systems, particularly at the intersection of economics, human capital, and organizational performance. She graduated from the University of Nigeria, Nsukka (UNN).

She is passionate about understanding how labour markets, economic conditions, and organizational decisions shape workforce outcomes, productivity, equality, inclusivity, and sustainable development. Her interests lie in People Advisory, Talent Acquisition, HR Analytics, and Strategy, with a growing focus on how data and evidence can improve people-related decisions in organizations.

Her academic research examined the impact of the misery index on human capital development and output growth in Nigeria, reflecting her broader interest in how macroeconomic factors influence labour markets and workforce development both nationally and globally.

She is also interested in Career Coaching, particularly supporting individuals in gaining clarity, direction, and structure in their professional growth. She enjoys research, critical thinking, and using evidence to solve real-world problems related to people, work, and economic development.

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— 06

Assessing the Effect of
Political Uncertainty on
Democracy Performance

Assessing the Effect of Political Uncertainty on Democracy Performance

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Executive Summary

Africa has seen a wave of persistent political uncertainty, which has affected the progressive roadmap of democracy in the contemporary era, characterised by heightened coups in the Sahel regions and numerous consequential drivers plaguing its sustainability for national development. Strengthening institutions and effective regional governance reforms are key towards coordinating a working democracy. This Policy Brief assesses the effect of political uncertainty on democracy performance in Africa. The in-depth findings on the prevalent issues and solutions show that hybrid regimes are present in Africa. These hybrid regimes show that democracy is not fully practised on the continent due to inconsistencies and irregularities in free and fair elections, misalignment in civil liberties, limited substance

in institutional independence, weak rule of law, pressure on media and journalists, and a deterioration in confidence. The idea of democracy as a vital tool for sustainability and national development remains widely held among citizens, though they continue to experience frustration with its practice, driven by consequential issues such as corruption and economic inequality. Economic hardship fuels public frustration, which in turn creates political uncertainty, which deters investor confidence and capital inflow, further worsening the economic crisis. Institutions have been unable to hold the executive accountable, leading to a breakdown in the social contract and causing citizens to lose faith in the democratic process. When citizens witness their government's inability to provide basic security, it creates a crisis of sovereignty that becomes a tipping

point for democratic retrenchment. This Policy Brief suggests that foundational institutions get strengthened through investment and protection of independence, and the effectiveness of the foundational state institutions through capacity building initiatives for the public sector workers. It also suggests reforming regional

governance to regain legitimacy and effectively deter unconstitutional changes. Regional bodies such as the AU and ECOWAS must work toward a proactive preventive-diplomacy model to address situations before they escalate into coups.

1. Introduction

African governance, in its historical trajectory, has long been marked by decades of progress and reversal. With the closure of the Cold War era, a powerful surge of democratisation emerged across the continent, leading to the discontinuation of many authoritarian regimes and the widespread adoption of political party structures and reforms (Zhao, 2026). This period led many nations to complete the initial phase of political liberalisation by legalising parties and holding competitive, dynamic elections, with countries like Nigeria, Ghana, Liberia, and Mozambique, among others, making seemingly smooth transitions to democracy, which were seen as developmental steps towards a new democratic age for Africa. However, in contemporary times, since the early 2020s, this optimistic praise of democratic transition has been profoundly challenged, driven by the disturbing resurgence of military coups across the continent, particularly in the Sahel countries such as Mali, Burkina Faso, and Niger, which has undermined decades of efforts to boost democratic transition, consolidation, and sustainability in contemporary times (Miango, 2025). Historically, the resurgence and recent political uncertainty in the Sahel emanated from colonial games, which were not devoid of internal tensions and risks (Yabi, 2024). For instance, in the case of Mali, political uncertainty is traced to 1968, when the country was set for independence, which disrupted the performance. In 1968, there was a deposition of President Modibo Keita through an intense military coup, in which Moussa Traoré seized power and ruled Mali until 1991 under military rule (Gazeley, 2020).

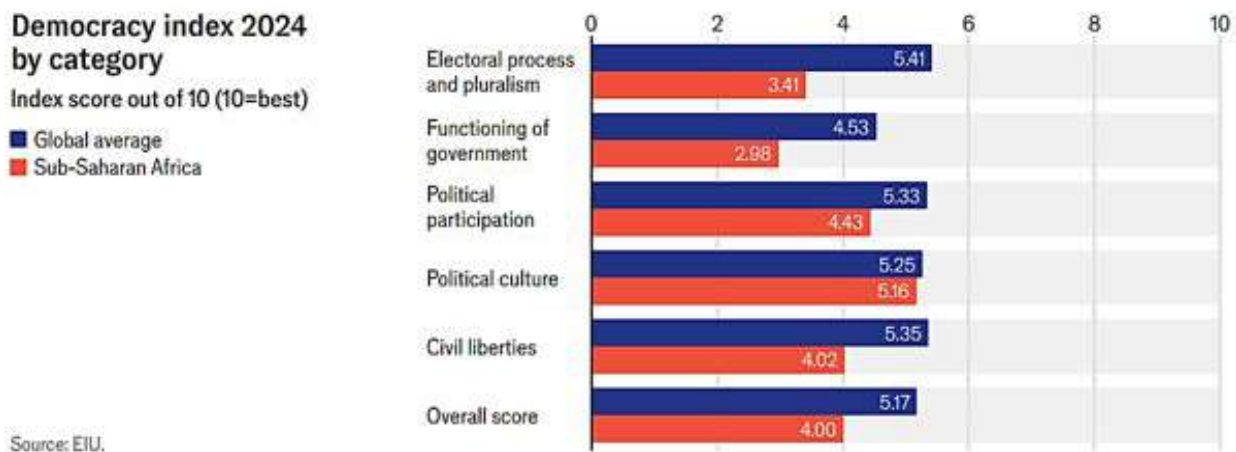
In the 1990s, there was praise of renewed hope for political stability as democracy was introduced, but Mali continued to face heightened challenges, including rebellions and coups. Similar patterns can be detected in Burkina Faso, which had periods of military rule that interrupted democratic performance. After the progressive nature of a flourishing democracy in Burkina Faso, driven by independence from France in 1960, there was a misalignment of key structures, leading to a delicate coup d'état in 1983 that established Thomas Sankara in power (Yabi, 2024). The recent unconstitutional seizures of power in Mali and Burkina Faso have not only reversed hard-won progress but also exposed deep-seated vulnerabilities within African political systems. These actions have occurred in isolated cases, signifying the pivotal failure of regional democracy. This policy brief examines the multifaceted factors affecting this trend. It shows the perspective of an account of heightened military interventions through a detailed dialogue of how political uncertainty is affecting the sustainability of democracy in Africa. This policy brief addresses two crucial questions on the erosion of democracy across Africa: How does political uncertainty emerge and destabilise democratic performance, and what are the symptoms driving this dangerous trend? Given the key governance crisis, this policy brief's objective is to provide a simple perspective for decision-makers and international ecosystems.

2.0 Measuring Democracy Performance

The heartbeat of democracy assessment needs a diverse dimensional structure that looks beyond the procedural act of conducting elections. This policy incorporates descriptive metrics from renowned global indices to highlight a decipherable view of democracy performance. There are many metrics that assess the progress of democracy in the world. In this report, the Democracy Index by the Economist Intelligence Unit (EIU), the Freedom House, and the Varieties of Democracy Institute data are incorporated based on their intensive methodology in examining how democracy is progressing across the world. The democracy index from the EIU categorises democracies across the entire world into Full Democracies, Flawed Democracies, Hybrid Regimes, and Authoritarian regimes.

The EIU methodology uses a scale of 0 to 10 to assess democracies across the world by using five categories: electoral process and pluralism; civil liberties; the functioning of government; political participation; and political culture (EIU Democracy Index Report, 2024). Complementing this, the Freedom House provides an aggregate scale of up to 100 for political rights and civil liberties, to determine whether the country or territory has an overall status of Free, Partly Free, or Not Free. (Gorokhovskaia & Grothe, 2025). Lastly, Varieties of Democracy (V-Dem) delivers a multidimensional and disaggregated dataset that assesses countries' democracy performance based on five classifications, such as electoral, liberal, participatory, deliberative, and egalitarian (V-Dem Institute, 2026).

Figure 1: EIU Democracy Index

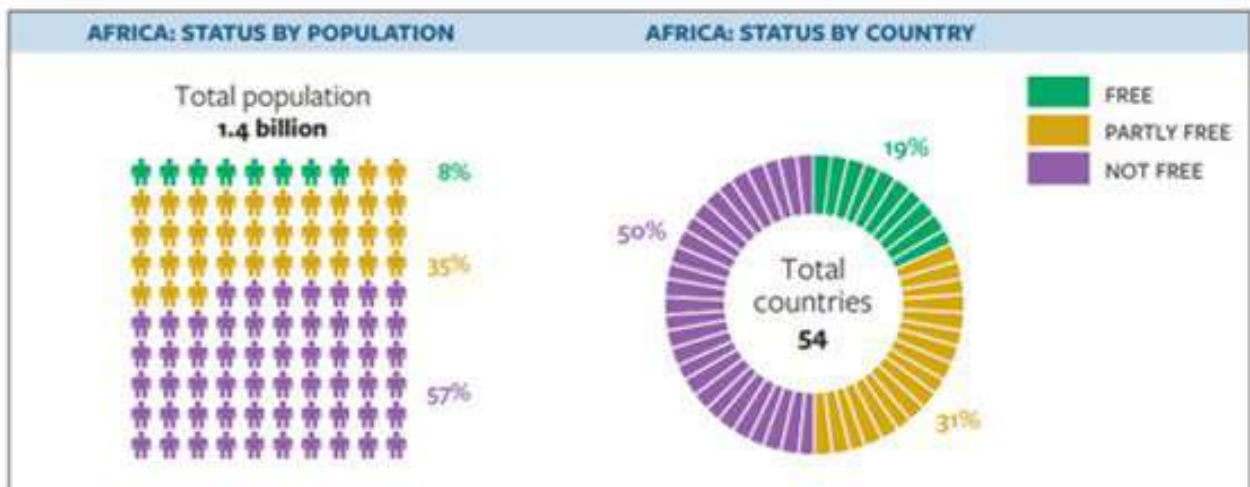


Source: EIU (2024)

Figure 1 shows the performance of democracy in sub-Saharan Africa, showing the persistent and weak level of democracy index by the EIU Methodology. Based on The Economist Intelligence Unit's index of democracy, on a 0 to 10 scale, EIU (2025). Figure 1 shows that the overall score is 4.00, indicating the presence of Hybrid regimes in Africa. These hybrid regimes highlight that democracy is not fully practised on the continent

due to inconsistencies and irregularities in free and fair elections, misalignment in civil liberties, little substance in institutional independence, weak rule of law, pressure on the media and journalists, as well as deterioration in judicial independence and confidence. With this, the level of growth beyond achievement is hindered due to heightened political uncertainty plaguing the continent.

Figure 2: Freedom Perception in Africa.

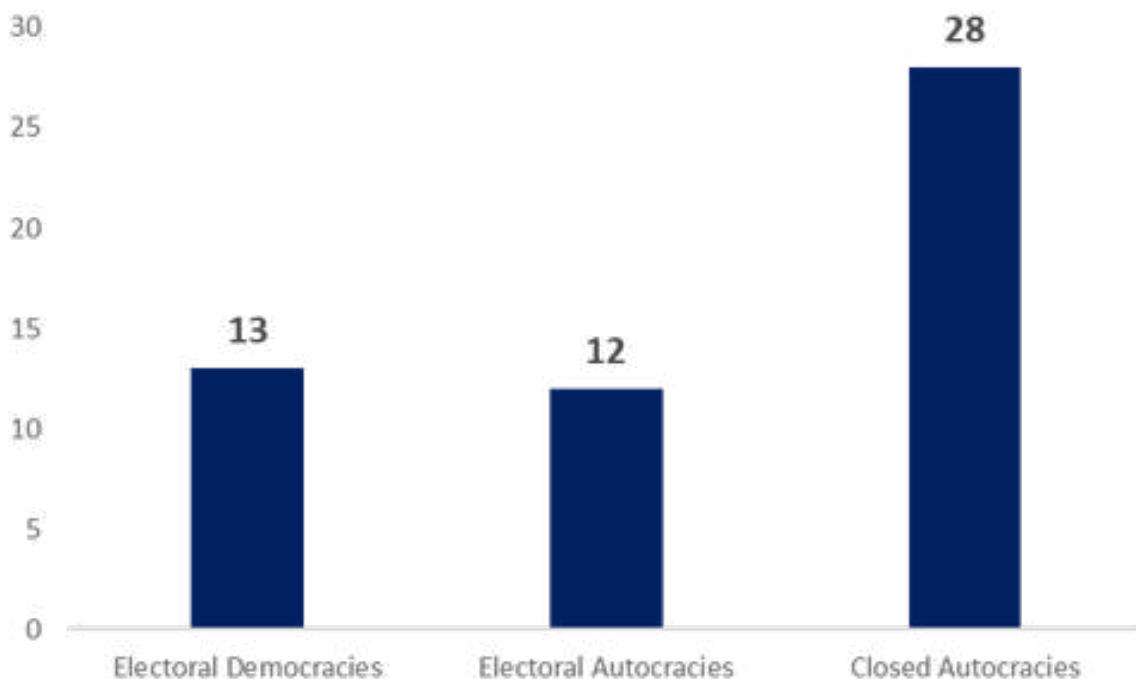


Source: Freedom in the World 2025 Report.

From the Freedom Report, freedom perception in Africa has seen a soaring decline in 2024, with political rights and civil liberties deteriorating in 21 out of 54 countries, while only eight registered improvements (Freedom in the World, 2025).

With eight improvements in political rights and civil liberties, it confined the projection of a weak democracy in the presence of surging political uncertainty.

Figure 3: Regimes in Africa



Source: Author's Adaptation from the V-Dem Democracy Report (2025).

According to the V-Democracy Report (2025), only 19 countries maintain their Democratic state, while 45 countries are in episodes of autocratising, with Africa having a large number of closed autocracies present in 28 African countries, with few electoral democracies appearing in 13 countries and 12 countries practising electoral autocracies. Figure 3 shows the discrepancy between the existence of democracy and its performance, presenting a large reality gap. The idea of democracy as a vital tool of sustainability and for national development is still believed by citizens, whereas citizens are experiencing frustration with its practice, driven by consequential issues such as corruption and economic misalignment (Miango, 2025).

This is widely noticeable in Africa based on their conduct of elections and electoral activities.

3.0 Contributing Drivers: The Persistent Vicious Cycle of Political and Economic Decay

Africa has experienced systemic vulnerabilities that form a mutually reinforcing feedback loop. It is the cycle where political and economic decay amplify each other, and provide a critical framework for understanding the current crisis of governance.

1. Socio-Economic Grievances as a Foundation for Instability

High unemployment, poverty, crippling inflation, and unsustainable public debt have become significant sources of popular discontent and civil unrest across the continent. Countries experiencing political instability often have low GDP per capita, due to dynamic changes in cabinet and government administration (Miango, 2025). This economic stagnation reflects a lack of investment in human development, poor infrastructure, and a central government that is often viewed as illegitimate by its people. As public anger over poor economic performance and government mismanagement intensifies, it creates a fertile ground for instability. Economic hardship fuels public frustration, which in turn creates political uncertainty, which deters investor confidence, foreign direct investment and other forms of capital inflow, further worsening the economic crisis (Mulugeta, 2026). This creates a vicious cycle where a fragile socio-political environment and low economic growth become inextricably linked.

2. Weak and Unresponsive Institutions

The failure of formal democratic institutions to address these grievances and deliver tangible results has created a significant void. Institutions such as the judiciary, legislature, and political parties, which are meant to serve as checks on executive power and provide a means of peaceful conflict resolution, have been perceived as weak and non-responsive (Kobina, 2025). Pervasive corruption and the increasing social and economic distance between citizens and the ruling class have further eroded the state's legitimacy (Mulugeta, 2026). In many cases, these institutions have

been unable to hold the executive accountable, leading to a breakdown in the social contract and causing citizens to lose faith in the democratic process. As a result, people have increasingly looked for solutions through extra-institutional channels rather than through formal political parties or courts.

3. Insecurity as the Ultimate Trigger

While socio-economic grievances and weak institutions provide the foundational conditions for instability, ongoing insecurity has proven the most potent trigger of democratic breakdown. In countries like Mali and Burkina Faso, a worsening security situation, often fueled by extremist groups, has served as a convenient pretext for military takeovers (Mulugeta, 2026). When citizens witness their government's inability to provide basic security, it creates a crisis of sovereignty that becomes a tipping point for democratic retrenchment. The following conceptual flow chart illustrates the self-reinforcing nature of this decline.

4.0 Comparative Case Studies: The Tale of Two Paths

A comparison of different national trajectories provides crucial context and reinforces the causal framework of this report. By examining both the failures and successes, a deeper understanding of the conditions for democratic resilience emerges.

5.0 The Sahelian Coup: The Case of Mali

The democratic breakdown in the Sahelian countries of Mali, Burkina Faso, and Niger illustrates the vicious cycle in action. Mali,

in particular, offers a detailed case study of how the confluence of weak institutions, socio-economic grievances, and insecurity can lead to a collapse of the democratic order. For nearly two decades, Mali held multi-party elections, yet its institutions remained unresponsive to citizens' needs and welfare. Pervasive corruption and a growing social and economic distance between the ruling class and the populace created widespread frustration. The inability of formal institutions, political parties, the courts, and the National Assembly to resolve conflict led citizens to seek solutions through extra-institutional channels, including the military, which was viewed as more effective and trustworthy than the civilian government. The ultimate trigger was the spiralling security crisis caused by a rebellion in the country's north. When the government failed to mediate the conflict and provide a coherent response to the escalating insecurity, it created a tipping point that precipitated the democratic breakdown. The military takeovers were, in this context, not seen as an alien threat to democracy but rather as a necessary intervention to restore a measure of order and security that the civilian government had failed to provide. Similar dynamics unfolded in Burkina Faso and Niger, where juntas used popular grievances over insecurity and corruption to justify their actions and rally support. This trend highlights a critical point, that while a coup is an anti-democratic act, its popular support reflects a profound failure of democratic governance to address its people's most pressing concerns.

6.0 Botswana: A Model of Democratic Resilience

In stark contrast to the fragility of the Sahel,

Botswana stands out as a long-term model of democratic stability and good governance in Africa. For decades, the country has maintained uninterrupted democratic elections, demonstrating a deep-seated commitment to the rule of law and the peaceful transition of power, even among leaders from the same party. This stability has been underpinned by the strength and independence of its institutions, including a professional civil service, a judiciary that is insulated from political interference, and an electoral commission with a reputation for integrity. The core difference between Botswana and the Sahelian states is not the mere presence of democratic procedures, but the quality and legitimacy of their institutions in the eyes of the public. Botswana's long history of good governance has cultivated a high level of institutional trust, which acts as a powerful buffer against instability (Gichohi & Rakner, 2026). The public's confidence in institutions to deliver on their promises of service, address corruption, and uphold the rule of law is a foundational ingredient for a functioning democracy. This demonstrates that democratic resilience is an ongoing process of building trust and legitimacy. Where this process fails, as seen in the Sahel, citizens are willing to explore alternatives, even if they are fundamentally anti-democratic.

7.0 The Limits of Regional and International Responses

The resurgence of coups has also exposed the limitations of existing regional and international responses. Bodies such as the African Union (AU) and the Economic Community of West African States (ECOWAS) have established a robust normative framework to counter unconstitutional changes of government, which

8.0 Policy Recommendations for a New Era of Democratic Performance

This assessment, presented in this Policy Brief, indicates that a fundamental paradigm shift is required to address the root causes of democratic backsliding in Africa. The focus must shift from the procedural, the simple act of holding elections, to the substantive, the foundational work of building strong, legitimate, and responsive institutions. The following recommendations provide a strategic blueprint for a new era of democratic resilience.

9.0 Strengthening Foundational Institutions

As demonstrated by Botswana's stability, institutional quality and public trust are the cornerstones of a resilient democracy. Therefore, the priority must be to invest in and protect the independence and effectiveness of foundational state institutions through capacity-building initiatives for the public sector workers.

10.0 Reforming Regional Governance

The current regional response to democratic downfall has proven to be inadequate. A new strategy is required to regain legitimacy and effectively deter unconstitutional changes. Regional bodies such as the AU and ECOWAS must move away from a reactive crisis-intervention model toward a proactive preventive-diplomacy model. This involves acting early and consistently when red flags emerge, such as eroded term limits or the repression of civic space, before the situation escalates into a coup.

11.0 Conclusion: The Path Forward

The state of democracy in Africa is at a critical juncture, and the recent wave of democratic backsliding is a complex issue rooted in a profound crisis of governance and trust, a vicious, mutually reinforcing cycle of political and economic decay, amplified by insecurity. The analysis presented in this brief explains that the failure is not of the democratic ideal itself, but of its delivery. A focus on electoral procedures alone will not build resilient democracies; it is the quality and legitimacy of institutions that truly matter. The path forward for Africa's democracies hinges on a fundamental shift in strategy by both national leaders and the international community. It requires a commitment to the hard, often unglamorous work of building and defending strong, credible, and responsive institutions. This paradigm shift, from a focus on democratic sacramental to one on democratic performance, is the surest route to durable peace, prosperity, and justice for all.

About the **Author**



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James Ndukwe is a Research, Programmes & Policy Professional focused on the Macro-Political Economy of development in Africa. He is a graduate of Economics/Political Science from the University of Nigeria, Nsukka with a research interest in Political Economy, Democracy, Macroeconomic, and Development. Currently, he work as a Programmes Intern at the Aig-Imoukhuede Foundation, where he support programme initiatives focused on strengthening public sector reforms across Africa.

Throughout his academic journey, James demonstrated exceptional leadership, holding pivotal roles that displayed his ability to drive initiatives and achieve organizational goals. In these roles, he spearheaded strategic initiatives, streamlined administration, and fostered impactful programmes to advance organisational goals. Guided by the philosophy of DEEP (Discover, Equip, Extend, and Promote), James is dedicated to making meaningful contributions to global development initiatives. He actively seeks collaboration opportunities and welcomes professionals to connect, exchange ideas, and work toward driving collective progress.

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