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Fuel subsidies as pragmatic
policy

How Nigeria's economic interests
are underserved by its diplomacy

A distant crisis from Nigeria yet
so near in its impact

John Chigbu

Healthcare,
education, and
agriculture are the
foundation Africa
must build for
development.



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THE WINDSOR PARADOX

The British monarch, King Charles III, rolled out the red carpet as he hosted Nigerian President Bola Ahmed Tinubu to a banquet at Windsor Castle on 18 March 2026. For the scheduled event to proceed, the Nigerian leader had to jet out of his country while the blood of its citizens had scarcely dried on the streets of Maiduguri, Borno State, after multiple suicide blasts by terrorists claimed life and limb. Nonetheless, President Tinubu revelled in the pomp and circumstance of the royal dinner in London, so much so that he claimed during his toast that the occasion was a historic first for any Nigerian leader.

He was wrong. The reception accorded him during his state visit to the United Kingdom was not novel. In May 1989, the King's mother, Queen Elizabeth II, hosted the then-Nigerian military Head of State, Gen Ibrahim Babangida, in the same royal home. Therefore, the reception of Tinubu fell more into a historical pattern than into the historic. Both Nigerian leaders are among the least popular among the citizens and yet the most honoured by Britain. This suggests that for the UK, the acceptability of Nigeria's leaders is determined not by the pulse of the Nigerian people, but by the strategic utility of the Nigerian state.

Neither Babangida's military authoritarianism nor Tinubu's own in a democracy conforms to the values of popular democracy enshrined in the UK's parliamentary system, which the UK's royalty and government espouse globally. This accommodation of divergence, often seen as betraying Britain's hypocrisy, actually reflects the cold sophistication of the UK's diplomacy. After retreating from its status as a preeminent global imperial power, the UK has maintained its status as one of the world's most influential states while exerting geopolitical influence over former colonies that remain beholden to it.

The world's major powers recognise Nigeria's stature in terms of its large population, enormous mineral endowment, and its prospect for exercising geopolitical influence in the West African region. Therefore, the country has continued to

command international attention since it gained political independence from Britain in 1960. While Nigerian leaders attract flattery because of the country's strategic importance, they gladly serve the interests of the major Western powers. In exchange for a "red carpet" that overlooks their domestic failures, Nigerian leaders offer a gateway for foreign interests to entrench themselves in the local economy.

The scramble for Nigeria will intensify as the shift from multilateralism to selective bilateral arrangements sees even the Eastern economic and geopolitical juggernauts join the fray. In a more constructive sense, Nigeria is also vital to the "solution countries" framework in meeting global demands for energy and critical minerals. Sadly, these relationships are not meant to be equitable. Nevertheless, Tinubu is gleeful in his embrace of hegemonic power structures. This helps him tighten his grip on power in Nigeria, seemingly indifferent to whether it eviscerates the country.

The terror blasts in Maiduguri marked a new cycle of escalation of Nigeria's long-running security crisis. The more his government budgets to counter insurgent terrorism, the worse it has grown. And the more the administration sees the need for external support, the more it provides a gateway for foreign powers into the country under the guise of security assistance. On the economic front, President Tinubu has had to accentuate the macro-micro divergence, as is fitting for the imperial agenda. Under him, Nigeria is pursuing a debt-fuelled economic growth model that enriches international bondholders—and their Nigerian counterparts.

To signpost progress, Nigeria's external reserves grew to \$50.45 billion in February 2026. The GDP is forecasted to grow by 4.49%, and the naira exchange rate has stabilised, albeit at three times the level seen in early 2023. Official inflation figures have also significantly trended downward. But micro-realities at the household and small-business levels are harsh. While Nigeria's macroeconomic data now look promising in London and New York, pov-

erty continues to accelerate at home. The projection is that 62%, circa 141 million Nigerians, will live in poverty in 2026.

The debt capital strategy's culpability is reflected by the N15.52 trillion—approximately 30% of total expenditure—allocated to debt servicing this year. Its purpose is to maintain Nigeria's international creditworthiness. Meanwhile, the debt-service cost exceeds two times the combined value of budgetary allocations to health and education. With low public spending on vital social services, the country is locking in low economic productivity for decades. Therefore, more Nigerians will continue to grow poorer while the government continues to cite improving macroeconomic indicators. To sustain the paradox, the government must secure external validation as it grows more unpopular with local voters.

Nigeria's democratic ideal is ultimately undone by externally focused economic reform instead of inward-looking strategies. With the former, the government does not need to work hard for the people and make itself accountable to them. Rather, the president can engage in strategic geopolitical arbitrage. The UK visit, especially its timing, has now exposed the calculated geopolitical exchange between domestic hardship and international validation.

Thus, Tinubu declared to his royal audience: "As one of the largest nations within the Commonwealth, Nigeria looks forward to contributing constructively to the continued growth and vitality of this global community." But this community does not include the underserved Nigerian populace.

Nigeria has always been a responsible member of the world's community of nations. But its leaders have been less so to the people they are meant to serve. In my forthcoming book, *Youth Breed: How Generations of Nigerian Youth Impact Their Country*, due for release in June 2026, I enumerated the path to national renewal.

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Russia suspends fertiliser exports as global supply strains

Russia has announced it is suspending the validity of already-issued export licenses for ammonium nitrate – a high-nitrogen, inorganic fertiliser widely used in agriculture – to prioritise domestic supply during the spring planting season.

According to a statement from the Russian Agriculture Ministry, no new licenses will be granted except those issued under intergovernmental agreements, with the suspension running through April 21.

The export ban adds to existing strains on global fertiliser supply caused by China's export restrictions on urea. The world's largest fertiliser producer and consumer imposed the curbs in October 2025 to secure domestic supply and extended them in December through August 2026.

Fertiliser supply is also under pressure from escalating tensions involving Iran, Israel and the United States, which have disrupted trade through the Strait of Hormuz. According to UNCTAD, the route between the Persian Gulf and the Arabian Sea accounts for one-third of global seaborne fertiliser trade – around 16 million metric tons – of which 67% is urea.

By mid-March, the crisis had already pushed average fertiliser prices up by 27%, with nitrogen fertilisers rising by as much as 30% to 40%.



Bags of Russian ammonium nitrate

UN says global tax system undermines rights, development

UN member countries should work to align the emerging United Nations tax convention with international human rights law to achieve its objective of advancing sustainable development. This charge was

made by seven human rights groups in a submission to the Intergovernmental Negotiating Committee on March 17.

The groups include Amnesty International, Human Rights Watch, and the Tax Justice Network.

“The current outdated and patchwork global tax system is driving an extreme concentration of wealth that is depriving most governments of money that could fund rights like health, education, and social security,” said Sarah Saadoun, senior advisor on economic inequality at Human Rights Watch. “Aligning the tax convention with human rights is the best way to provide a strong foundation for a fairer global tax system that could let governments improve people’s lives.”

Negotiations for a first UN tax treaty began in 2025, with a draft to be submitted to the UN General Assembly in 2027.

The United States withdrew during the first round of negotiations in February 2025, but dozens of other governments, including European Union members and other major economies, have been actively engaging in negotiations.

Global water crisis aggravated by gender inequalities – UN report

Despite decades of progress, inequalities continue to compromise global water security, disproportionately impacting women and girls, who, despite being the main collectors of water, continue to be excluded from water management and leadership roles.

This is the conclusion of the United Nations World Water Development Report, published on March 19 by UNESCO on behalf of UN-Water. The report reveals that women are responsible for collecting water in over 70% of unserved rural households.

The report warns that 2.1 billion people still lack safely managed drinking water, with women and girls bearing the heaviest burden, including exposing them to physical strain, lost education and livelihoods, health risks, and heightened vulnerability to gender-based violence, particularly where services are unsafe or unreliable.

The report recommends meaningful progress, including the removal of legal, institutional, and financial barriers to women’s equal rights to water, land, and services.

Its other recommendations include scaling up gender-responsive financing and budgeting, investing in sex disag-

gregated water data to expose inequalities and guide policy, valuing unpaid water-related labour in planning, strengthening women’s leadership, and moving beyond “low-cost” solutions that rely on unpaid labour and exacerbate inequality.

African representation in major clinical trials remains extremely limited – study

A new study, co-led by the University of Glasgow and published in the Journal of the American College of Cardiology, reveals that African countries remain severely underrepresented in randomised controlled trials (RCTs) published in the world’s leading medical and cardiovascular journals.

Researchers analysed 2,472 RCTs published between 2019 and 2024 across eight major journals and found that only 3.9% of trials in leading general medical journals were conducted exclusively in Africa, while just 0.6% of trials in major cardiovascular journals were Africa-only studies.

The study also found that African sites were included in only a small proportion of multicontinental trials, that African leadership was uncommon in these studies, and that regional disparities within the continent existed. South Africa accounted for the majority of Africa-based trials, while large parts of central Africa had little or no representation.

Most trials conducted exclusively in Africa focused on infectious diseases, while non-communicable diseases, including cardiovascular disease, were underrepresented, despite their rapidly increasing burden on the continent.

CBN tightens international money transfer regulations

The Central Bank of Nigeria (CBN) has issued new rules for international money transfer operators in the country. According to a circular issued by the CBN on 24 March 2026, the new regulations require companies such as Western Union and MoneyGram to open naira-denominated settlement accounts with licensed banks in Nigeria.

The circular, which mandates all international money transfer operators to route transactions, principally remittances, through local banking channels, will take effect on May 1.

Under existing practice, a portion of these inflows bypasses official oversight and enters the parallel foreign exchange market, which authorities have sought to curb for years.

The CBN said its new rules aim to strengthen “traceability and effective monitoring of all transactions”.

In addition, the central bank requires operators to reference Bloomberg BMatch for exchange-rate pricing, as it seeks to reduce the pricing gap between parallel-market operators and banks, thereby encouraging transactions on the official foreign-exchange market, improving its dollar liquidity, and stabilising the currency.

Diaspora remittances represent a major source of foreign exchange for Nigeria's economy. With an average annual amount of \$17-\$21 billion, the World Bank ranks the country among the largest recipients of remittances in Africa.

MSC signs concession agreement to build new Lagos port

MSC Group, a Geneva-based global leader in transportation and logistics, last month announced it has signed a 45-year concession agreement with Nigerdock to develop a state-of-the-art container terminal at Snake Island Port (SIP) in Lagos.

In a statement shared with Financial Nigeria, the Group also said it has finalised an Engineering, Procurement, and Construction (EPC) contract with ITB Nigeria Ltd. and DEME Group to develop the project.

Nigerdock is a Nigerian maritime and logistics com-

pany operating an integrated port and free zone in Lagos, supporting global trade with the African market.

MSC stated that the container terminal project is part of the Group's investment in Nigeria's infrastructure and logistics sector, amounting to over \$1 billion.

The terminal is designed to have a 910-meter Quay, capable of using Ship-to-Shore (STS) cranes and Mobile Harbour Cranes (MHC), serving both deep-sea vessels and barges. The scalable design also considers an initial dredging depth of -16.5 m Chart Datum (CD), aligning with the existing navigation channel depth, and a 30-hectare yard with potential expansion areas, designed for hybrid Rubber-Tired Gantry (RTG) cranes.



CBN Governor Olayemi Cardoso

Mobile money transaction value reaches \$2 trillion – GSMA

More than \$2 trillion flowed through mobile money wallets globally in 2025. This is according to a new report, “The State of the Industry Report on Mobile Money 2026”, released by the GSMA Mobile Money programme on March 24.

“This is an important threshold and exemplifies the exponential growth in transaction values the industry has experienced in recent years,” GSMA noted in a statement sent to Financial Nigeria. “It took 20 years to pass \$1 trillion in annual transaction values, but just four years for this figure to double”.

Since its inception 25 years ago, mobile money has become a mainstream financial service for underserved populations worldwide, empowering those without access to traditional banking and contributing to economic growth in countries where it is available. The report also found that mobile money reached 2.3 billion registered accounts in 2025, an increase of 268 million.

“Mobile money has become one of the world's most impactful financial services,” noted Vivek Badrinath, GSMA Director General.

The report, however, notes

that almost 75% of accounts are inactive each month, with fraud remaining widespread and transaction taxes often encouraging users to revert to cash in countries where they're in effect, thereby negatively impacting financial inclusion.

'Oil, Wall Street, and bond markets are Trump's only guardrails on Iran'

Oil, Wall Street, and bond markets are the only forces capable of restraining US President Donald Trump's escalation in the Iran conflict, with financial pressure increasingly shaping the direction of US policy. This is according to Nigel Green, CEO of deVere Group.

His assertion came after several weeks of market turbulence linked directly to the US-Israeli-Iranian war, which broke out on 28 February 2026, during which oil prices surged above \$100 a barrel, the S&P 500 endured sustained losses, and US Treasury yields climbed sharply as investors reassessed inflation and fiscal risks.

“Three indicators are now acting as real-time guard rails on policy: oil prices, equity markets and Treasury yields. They're sending signals to Trump that he cannot ignore,” said Green in a note sent to Financial Nigeria. “Each time the conflict intensifies, oil spikes, stocks fall, and yields rise. Each time there is even a hint of restraint, those moves reverse. The pattern now seems firmly established.”

He said Wall Street is acting as a barometer of confidence: sustained declines tighten financial conditions, weaken sentiment, and raise the stakes for policymakers.

JOHN CHIGBU

Healthcare, education, and agriculture are the foundation Africa must build for development.



CEO and Chairman of the Board of Cassona Global Imaging Ltd., John Chigbu

In this interview, John Chigbu, CEO and Chairman of the Board at Cassona Global Imaging Ltd., discusses the company's ongoing evolution in building Africa's healthcare ecosystem and the foundational issues facing development on the

continent. He spoke with Jide Akintunde, Managing Editor of Financial Nigeria publications.

Jide Akintunde (JA): 2026 has unfolded quite dramatically since you first featured

in our CEO interview series last year. What are your reflections on 2025 and anticipations of the rest of 2026?

John Chigbu (JC): Indeed, it's great to reconnect in 2026. In our previous conversation, I highlighted a critical reality: Sub-Saharan Africa faces severe healthcare challenges that remain largely un-addressed. These challenges have continued to define Cassona's mission, which focuses on addressing these gaps and investing in our most valuable asset – human capital.

For us, 2025 was a year of consolidation. We strengthened our base in Ghana – our proof of concept – before expanding into Nigeria, a much larger market. In Ghana, we completed over 200 diagnostic imaging installations, became exclusive distributors for two multinational Original Equipment Manufacturers (OEMs), and led the implementation of their local warranty programmes.

But beyond growth, we asked a fundamental question: how do we build a healthcare system that serves the average person – not just those who can afford care abroad? That question now drives our strategy.

In three years, we've scaled from about 10 partially functioning units to over 225 installations, built a strong local engineering team, and trained more than 1,000 professionals on modern, AI-enabled equipment. We also introduced credit financing to improve access.

Now, we are evolving. Our vision is to develop "one-stop" healthcare institutions – co-located facilities where patients can consult doctors, run diagnostics, and receive treatment in one place.



John Chigbu

We are investing in talent by improving compensation and providing housing to attract skilled professionals, including those in the diaspora. We are also exploring robotic telesurgery in partnership with hospitals in China and the U.S.

In addition, we are introducing in-house insurance to enable patients to pay for care in instalments, subject to verifiable repayment capacity.

Nigeria represents a major opportunity. Our strategy – “advance and consolidate” – has guided our growth and will continue to define our expansion in 2026 and beyond.

JA: 2026 marks the beginning of the countdown of the last five years to 2030, the timeline for achieving the Sustainable Development Goals (SDGs). Do you think Africa will still make significant progress in development by the end of this decade?

JC: This question requires more context, as many people are still unfamiliar with

Beyond growth, we asked a fundamental question: how do we build a healthcare system that serves the average person – not just those who can afford care abroad? That question now drives our strategy.

the SDGs. In simple terms, the SDGs are the United Nations shared blueprint for peace and prosperity – for people and the planet – now and into the future.

Given the timeline for achieving these goals, my answer is unequivocal “no”.

For context, I refer to the 2030 Agenda for Sustainable Development, adopted by all UN Member States in 2015. The reali-

ty is that Africa cannot make meaningful progress toward these goals without a fundamental shift in policy.

African countries must rethink their development frameworks – understanding what truly drives growth, attracts foreign direct investment (FDI), and motivates their populations to strive for progress. Without this, the SDGs will remain aspirational rather than achievable.

JA: A significant policy shift has occurred in the United States, with the country rolling back Official Development Assistance (ODA) in several areas. This means African governments would have to mobilise FDI to complement local resources for financing development. In this context, how can Nigeria and other African countries attract more FDI in the coming years?

JC: The U.S. decision to scale back on ODA is driven by several factors, including the “America First” policy and rising national debt.

Personally, I support a reduction in aid to Africa. While it may seem counterintuitive, it forces policymakers – and all of us – to confront a fundamental question: what does it take to build a self-sustaining, thriving economy? True independence requires independent thinking.

Africa is richly endowed with natural resources, but that alone is not enough. FDI flows to environments defined by political stability, predictable returns, and investor-friendly regulations.

Having led offshoring initiatives for Fortune 500 companies into countries, I have seen firsthand what attracts capital. Stability and regulation are essential – but not sufficient. What ultimately drives transformative investment is industrial capacity.

China did not lift over 800 million people out of poverty by financialising its economy. It did so by building productive capacity across agriculture, manufacturing, and resource processing. Africa must follow a similar path by adding value to



John Chigbu

its own resources rather than exporting them in raw form.

The most critical factor in investment decisions is human capital – anchored in healthcare and education. On both fronts, Nigeria faces serious challenges. A weak healthcare system deters investment, as companies must account for the risks and costs of medical care. Likewise, an education system lacking practical, industry-relevant skills forces firms to invest heavily in training.

While Nigeria is strong in certain service sectors such as banking, these alone cannot build the industrial base needed for long-term transformation.

Infrastructure also remains critical – reliable power, transport, data systems, water, housing, and sanitation all influence investment decisions.

In the short term, Africa should focus on achievable priorities: strengthening healthcare, reducing disease burdens such as malaria, and reforming education to include practical skills – carpentry, welding, mechanics, and agriculture.

These are not minor steps – they are foundational. China’s rise began this way, and Germany’s strength still rests on technical and vocational excellence.

Ultimately, government has a central role to play. Predictable policies, inves-

tor-friendly regulations, and a decisive reduction in corruption are essential to changing the trajectory and unlocking meaningful investment.

JA: Cassona is investing in Africa’s health infrastructure and services. Before we look at the core infrastructure sector, what is your view on the investment deficit in healthcare facilities across African countries, and how can it be addressed progressively?

JC: African countries – particularly in Sub-Saharan Africa – face a deep healthcare deficit with roots in the colonial era. During colonial rule, hospitals were built and equipped to the standards of the time, but primarily to serve the colonisers.

The real decline began after political independence. While Africa gained political control, it did not achieve true economic independence. As a result, many countries lacked the capacity to make the economic decisions needed to generate wealth, build industrial capacity, and develop their natural resources for their own benefit.

Control over natural resources largely remained in foreign hands. In countries like Nigeria and Ghana, unfavourable agreements allowed multinational oil companies – Shell, BP, Chevron and others – to retain significant control over extraction and value chains. This has limited the resources available for domestic investment, including healthcare.

However, external factors alone do not explain the healthcare deficit. The reality is that limited public funds must compete with many urgent needs. At the same time, leadership priorities have often been misaligned. When public officials can access healthcare abroad, there is little incentive to invest in local systems. This pattern is not unique to Nigeria – it is widespread across the continent, with a few exceptions.

The private sector has also struggled to fill the gap. Healthcare is capital-intensive. It requires significant investment in infrastructure, equipment, and skilled

personnel. Yet, local financial systems have historically failed to support this sector. Banks are often unwilling to extend credit to healthcare providers without substantial collateral, and hospital assets themselves are rarely accepted as security.

The result is a chronic underinvestment in healthcare infrastructure, leaving systems overstretched and populations underserved.

JA: Africa faces acute connectivity challenges in core infrastructure, including roads, rail, power, water, and airports. Digital infrastructure has also become important in the age of the digital revolution. How should countries prioritise these important needs?

JC: Indeed, much of Africa, again especially Sub-Saharan Africa, faces significant gaps in connectivity that are critical to lifting large segments of the population out of poverty, as you rightly noted. However, the most important driver of progress is often overlooked: human capital. In my view, countries must prioritise human capital development – specifically in healthcare, education, and agriculture.

We need a healthy population, the ability to feed ourselves, and an education system that builds practical skills that attract sustainable investment and support industrial growth.

The question of prioritisation should start with these three foundational drivers.

Infrastructure such as roads, railways, and airports enables the movement of goods and people. Clean water supports health and well-being. Digital infrastructure, such as data centres, networks, and software, facilitates communication and information exchange.

That said, what to prioritise depends on a country's stage of development. For Sub-Saharan Africa, the priority should be clear: focus first on healthcare, agriculture, and education. These form the foundation upon which all other development is built.

Having led offshoring initiatives for Fortune 500 companies into countries, I have seen firsthand what attracts capital. Stability and regulation are essential – but not sufficient. What ultimately drives transformative investment is industrial capacity.

JA: The governments, at the national and subnational levels, have been primarily responsible for the provision of core infrastructure, with digital infrastructure now almost entirely provided by the private sector. So, how should policymakers address the funding gap for core infrastructure when governments are already spending a significant share of their revenues on debt servicing?

JC: Debt servicing is a global issue, but how burdensome it becomes depends on how well a country manages its economy. Countries with strong industrial bases, solid infrastructure, and effective public-private collaboration – like China – are better positioned to manage debt sustainably.

In Africa, the challenge has been misallocation of resources and over-reliance on the government to provide infrastructure. We have not invested enough in the foundations that drive growth.

Smart governance requires strong public-private partnerships (PPP). This model works. Malaysia, for example, used PPPs to build its highways, with private investors funding projects and recovering costs through tolls.

This approach can and should be applied across critical infrastructure in Africa.

JA: PPP is indeed a strong option for financing public goods. Why are we not seeing many such projects being delivered?

JC: As I mentioned earlier, PPPs are widely used in developing economies because they allow governments to focus on essential services like water and basic infrastructure.

In Africa, adoption has been slow. Some argue this is due to vested interests benefiting from the status quo, but it is also true that PPP remains a relatively new and evolving model in Sub-Saharan Africa.

Where partnerships have been attempted, outcomes have often been weak due to poor negotiation and oversight. The oil and gas sector in Nigeria is a clear example: profit-sharing agreements exist, but weak monitoring and governance reduce the country's benefits.

For PPPs to work effectively, three things are critical: strong negotiation capacity, clear provisions for technology and knowledge transfer, and time-bound agreements that ensure assets eventually revert to the country.

Finally, investors must have structured, time-limited incentives that allow them to recover their investments while still delivering long-term value to the nation.

JA: Would you like to provide additional thoughts on PPP for regional projects, because African countries need to be better interconnected to enable cross-border trade and investment to flourish?

JC: A PPP is typically a long-term agreement between a government entity and a private company to develop, finance, construct, or operate public infrastructure and services. It allows both parties to share risk and responsibility for the project's success. By leveraging private-sector expertise – often driven by efficiency and profit motives – PPPs can deliver sustainable value to consumers.

However, PPP adoption in Africa remains limited. A key concern for private investors is the risk of government inter-

ference or outright takeover after significant capital has been committed to making a project viable.

Another constraint is market fragmentation and the artificial barriers to cross-border trade within Africa. While a private investor could partner with multiple governments to develop infrastructure – such as highways – the challenge lies in ensuring that all participating countries honour their commitments. For example, a highway connecting Nigeria to Ghana would need to pass through multiple jurisdictions, increasing both complexity and risk.

That said, healthcare presents a unique opportunity for PPP success. Unlike other sectors, it is less constrained by borders due to the relatively free movement of people across the subcontinent. A well-equipped hospital or diagnostic centre in Ghana, for instance, can attract patients from across ECOWAS if it meets high standards of care and professionalism.

For governments that implement such projects – managed by capable private operators and staffed with top-tier professionals – the economic and social benefits can be significant. Properly structured healthcare PPPs could not only improve service delivery but also stimulate cross-border trade and investment across the region.

JA: What investments are you committed to making between 2026 and 2030?

JC: Cassona is building a fully integrated healthcare ecosystem across West Africa.

Our entry into Africa focused on addressing critical gaps – providing affordable diagnostic imaging equipment, developing local engineering capacity, training professionals to operate advanced technologies, offering credit financing, and ensuring reliable power through UPS systems. We have delivered on these objectives, with over 225 installations across Ghana and Nigeria and consistent year-on-year revenue growth.

Building on this foundation, our strat-



John Chigbu

We need a healthy population, the ability to feed ourselves, and an education system that builds practical skills that attract sustainable investment and support industrial growth.

egy from late 2025 through 2030 includes establishing fully integrated diagnostic centres (laboratory and imaging), introducing buy-back programmes to support upgrades and extend equipment lifecycles, constructing and equipping modern hospitals (50–150 beds), and developing regional engineering centres to service

equipment across the ECOWAS countries.

Others are expanding clinical training programmes in partnership with local medical schools, recruiting African healthcare professionals from the diaspora to drive knowledge transfer, deploying telesurgery capabilities using robotics and international expertise, and introducing healthcare financing and insurance models for patient affordability.

We are also focused on providing hospital management services to improve efficiency and sustainability, supporting local manufacturing of consumables in partnership with global players, and pursuing PPP with governments across the ECOWAS subregion.

Through these initiatives, Cassona is positioning itself not just as a provider, but as a builder of a sustainable, end-to-end healthcare ecosystem in West Africa.



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ENERGY SECURITY IN AN AGE OF CONFLICT— THE CASE FOR ACCELERATING THE TRANSITION

The more oil prices rise, the more there is a case for increasing investments in infrastructure, technology, and alternative sources of energy.



Overview

Many economies have been trying to reduce their reliance on oil and gas (O&G) consumption and meet net-zero targets, but the transition has been slow. Moreover, the ongoing conflict in the Middle East could cause some countries, especially net energy importers, to further rethink their energy strategies and net-zero targets.

Fossil fuels still provide more than 85% of global primary energy. With the Strait of Hormuz still closed to shipping, the Brent crude price jumped by 27% to USD 117.65 per barrel on Monday, 9 March 2026, before settling lower. Meanwhile, gas prices increased to their highest level

since 2022. As an indication of the severity of the current situation, the International Energy Agency has announced the release of 400 million barrels of oil from emergency reserves held by its member countries to help ease supply shortages.

In our view, disruptions to O&G supplies and energy price shocks are a reminder that a country's energy security and its efforts to mitigate climate change often share a common denominator: renewable or non-carbon energy sources such as nuclear. This increases diversification, mitigating potential outsized exposure to a single energy source or a specific region. We also note that investment decisions regarding both energy infrastructure and climate change mitiga-

tion or adaptation are typically medium to long-term.

Overall, we think the current conflict – and the resulting energy shock – could encourage some of the most affected governments to reshape their approach to energy to improve not only their energy security but also their resilience to climate change. The energy shock in 2022 led many European governments to update their energy security strategies, seeking to diversify their energy sources and increase the share of renewables in their energy mix.

Lack of Diversification of Sources Put Energy Security in the Spotlight

The escalation of the conflict in the Middle East compounds fears of a potentially prolonged conflict. Net energy-importing countries that are highly reliant on O&G from the Persian Gulf (e.g., India, South Korea, or Japan) would need to secure short-term energy access, while the conflict could also further encourage them to rebalance their energy mix in the medium to long term.

The higher oil prices rise, the stronger the case for increasing investments in alternative energy infrastructure and technology, as reducing reliance on O&G becomes an economic incentive in addition to being highly strategic from a geopolitical standpoint.

There are various hurdles to navigate for a country to enhance its energy security, including adopting a long-term plan, building or reforming energy infrastructure, the degree of industry reliance on O&G, and – very importantly – cost.

While we recognise that prices are only one part of the equation, the last energy shock (as well as the need to reduce Russia's oil revenue) prompted a clear change in the European Union's (EU) energy strategy, as the EU was the region most affected by the 2022 shock. Following the Russian invasion of Ukraine in 2022, the EU developed an accelerated strategy aimed at phasing out Russian natural gas imports by 2027. The REPowerEU roadmap, adopted in 2025, legally mandates a gradual phase-out of imports of Russian oil, gas, and nuclear energy to enhance energy security across the union. This change was clearly driven by energy security (reducing reliance on a single energy supplier for imports while increasing domestic capabilities); however, this crisis also reinforced European countries' efforts to achieve their climate targets (even though they are binding).

Climate Goals Mean Long-Term Resilience

While climate goals reduce the use of carbon-related energy, they do not necessarily exclude it entirely from a country's energy mix. This means that a country can increase its use of renewables (or nuclear) by 2050 (as per climate goals set out in the Paris Agreement adopted in 2025) or by 2070 (China, India), while maintaining some level of carbon-related energy.

Investments in energy security (particularly from non-oil-producing countries or those with fewer natural resources) could also help countries meet climate goals. As the planet continues to warm, climate change will increasingly lead to significant physical damage. Planning today for either physical risk (because despite a high level of uncertainty we can see extreme weather and changes in climate patterns are materialising) or for transition risk (because markets or people's mindsets can quickly change) is highly likely to be the most sustainable avenue to secure a country's access to energy because, aside from diversification,



Renewable energy


it can decrease reliance on external energy providers by strengthening a country's own energy capabilities.

Resilience to Climate Change Also Highlights the Strategic Importance of Freshwater

Besides the volatility in O&G prices, we note that the conflict also increases water security risk, as freshwater is a strategic natural resource. In the Middle East, many countries rely on desalination plants for a large portion of their water supply, making them a backbone of water security and critical infrastructure. Overall, Gulf states operate approximately 400 desalination plants that produce roughly 40% of the world's desalinated water. Meanwhile, half of Israel's potable water comes from five large coastal desalination plants. Considering changes in cli-

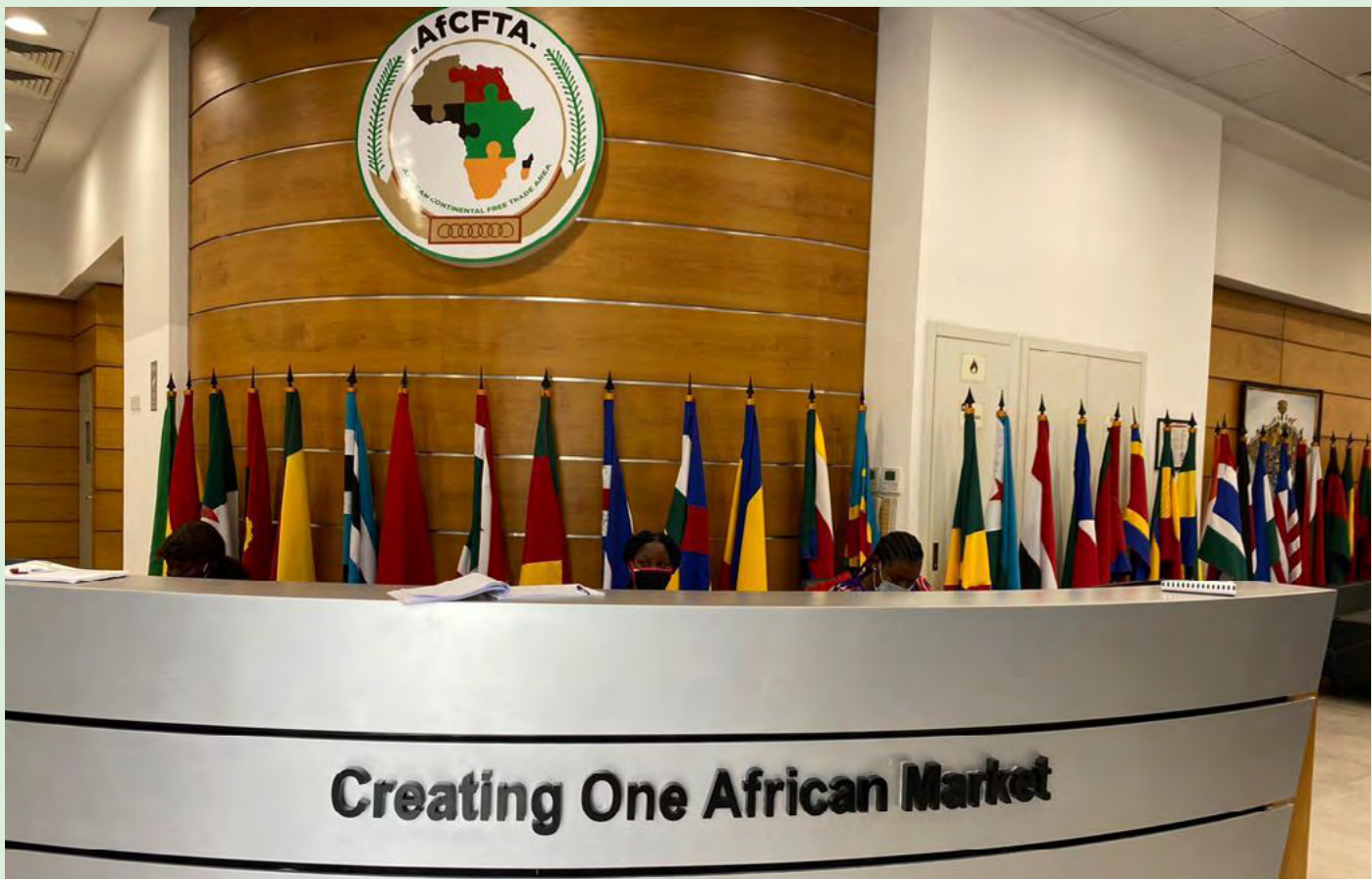
mate and weather patterns, this reliance is unlikely to change. Now some of the plants are under threat of attack, with some already struck.

Finally, we note that the time horizons for investment in either energy infrastructure or climate change mitigation/adaptation are typically medium- to long-term. As a result, we view the current conflict as likely to motivate many governments, especially net energy importers, to reshape their medium- to long-term energy approach to improve both their energy security and their climate resilience.

Vitaline Yeterian, Senior Vice President and Sector Lead, European Financial Institution Ratings, and Christian Aufsatz, Managing Director, European Structured Finance Ratings, are both of Morningstar DBRS. 

THE NEXT PHASE OF FINANCIAL INCLUSION IN AFRICA: DIGITAL IDENTITY, TRUST AND COLLABORATION

Africa is entering a new phase of its financial inclusion journey, one where expanding access is only the starting point.



The front office of the African Continental Free Trade Area, Accra, Ghana

Across Africa, a quiet but powerful transformation is underway. Governments, regulators, and innovators have spent the past decade building the foundations of a more inclusive digital financial ecosystem through investments in digital payments, digital identity systems, and modern data infrastructure.

These developments are often described through the lens of Digital Public Infrastructure (DPI), the digital rails

that enable economies to operate more efficiently, expand financial access and accelerate innovation. Yet the true significance of this infrastructure lies not only in the technology itself, but in what it enables.

This was a central theme of conversations at the recent Inclusive Fintech Forum in Kigali, where policymakers, financial institutions and technology leaders gathered to explore how digital inno-

vation can accelerate financial inclusion across emerging markets. What became clear from those discussions is that Africa is entering a new phase of its financial inclusion journey, one where expanding access is only the starting point. The focus now shifts to ensuring that participation in the digital financial ecosystem is secure, trusted and sustainable for the long term.

Across Sub-Saharan Africa, financial

inclusion has grown significantly in the past decade. According to the World Bank's Global Findex Database 2025, about 58% of adults in the region now have a financial account, up from roughly 34% in 2014. Mobile money has played a key role in this growth; around 40% of adults had a mobile money account in 2024, the highest share of any region globally, up from 27% in 2021.

These innovations have enabled millions of individuals and small businesses to participate in formal financial systems for the first time. Yet the next phase of inclusion will depend not only on expanding access to services, but also on strengthening the systems that enable people to participate confidently in digital economies.

As Africa continues to deepen economic integration through initiatives such as the African Continental Free Trade Area (AfCFTA), digital infrastructure will play an increasingly important role in enabling cross-border commerce, entrepreneurship and financial participation across the continent. To fully unlock this opportunity, three elements will be critical: digital identity, trust, and ecosystem collaboration.

Digital Identity: The Gateway to Economic Participation

Participation in any modern economy begins with identity. Individuals must be able to prove their identity to access financial services, open accounts, receive payments, and engage in digital marketplaces.

Across Africa, national identification systems are becoming increasingly digitised, enabling individuals to verify their identities more easily and interact with financial institutions more efficiently. This evolution is helping to reduce onboarding friction, strengthen Know Your Customer (KYC) processes and improve the accessibility of financial services.

The implications extend well beyond convenience. Robust digital identity eco-

systems provide the foundation for secure and scalable digital economies. They enable institutions to confidently verify individuals while allowing consumers to participate safely in digital transactions and on online platforms.

Trust: The Currency of the Digital Economy

As financial services become increasingly digital, trust becomes the most valuable currency in the system. Consumers must trust that their identities are protected and that their information is used responsibly. Businesses must trust the data they rely on to make financial decisions. Financial institutions must trust the integrity of the digital ecosystems in which they operate.

Without trust, digital adoption slows, and participation becomes fragile. This is where identity intelligence and responsible data stewardship play a critical role. At TransUnion, our global mission is to make trust possible in modern commerce. In practical terms, this means helping organisations verify identities, assess risk responsibly and protect consumers as digital financial ecosystems continue to evolve.

When trust is embedded within financial systems, consumers feel more confident transacting digitally, saving through digital channels and accessing credit for the first time. For businesses, trusted systems enable responsible innovation and more informed decision-making.

Collaboration: Accelerating Africa's Financial Ecosystems

If digital infrastructure provides the rails and trust provides the foundation, collaboration provides the momentum. Africa's financial ecosystems are expanding rapidly, but their full potential will only be realised through stronger collaboration between governments, regulators, financial institutions, fintech innovators and technology providers. The progress al-

ready seen across the continent demonstrates the power of such collaboration. Mobile money ecosystems, interoperable payment systems, and open digital platforms have all emerged through partnerships that combine public-sector leadership with private-sector innovation.

As Africa's economies become increasingly interconnected, these partnerships will become even more important. Digital systems will need to operate across borders, identity frameworks will need to interoperate, and financial ecosystems will need to support the seamless movement of people, goods and capital across the continent.

Collaboration will therefore play a critical role in ensuring that Africa's digital infrastructure evolves in ways that support both innovation and consumer protection.

Unlocking Africa's Digital Opportunity

Africa's financial inclusion story is often framed in terms of the challenges that remain. Yet it is equally important to recognise the extraordinary progress already made and the opportunity that lies ahead. Digital infrastructure is expanding rapidly. Financial innovation is accelerating. And a new generation of entrepreneurs, policymakers and financial institutions are working together to build more inclusive and resilient economic systems.

The next chapter of Africa's digital economy will not be defined solely by technology. It will be defined by how effectively digital identity, trust and collaboration come together to unlock economic opportunity for millions of people and businesses across the continent.

When identity, trust, and collaboration align, financial inclusion becomes more than access; it becomes a platform for shared growth, resilience, and long-term prosperity across Africa's digital economy.

Lee Naik is CEO at TransUnion Africa. 



A DISTANT CRISIS FROM NIGERIA YET SO NEAR IN ITS IMPACT

Beyond energy markets, the Strait of Hormuz crisis exerts direct pressure on Nigeria's maritime and shipping sector.



A view of the Ras Laffan LNG facility attacked during the ongoing US-Israeli-Iranian war

Introduction

It is often tempting to view geopolitical tensions in distant regions as abstract developments – events to be analysed from a distance, with little immediate consequence for domestic realities. The Strait of Hormuz challenges that assumption in the most direct way possible. What appears to be a narrow maritime corridor in the Persian Gulf is, in truth, one of the most consequential arteries of the global economy.

With nearly a fifth of the world's oil supply and a significant portion of liquefied natural gas shipments passing through this chokepoint daily, the Strait of Hormuz is not merely a shipping route;

it is a pressure valve for global economic stability. When tensions rise in that corridor, the effects are neither contained nor delayed; they are transmitted almost instantly into global markets, freight systems, and national economies.

For Nigeria, the implications are particularly acute. The country's deep integration into global oil markets and its dependence on maritime trade mean that instability in the Strait of Hormuz is not a distant concern. It is a structural vulnerability.

A Legal and Strategic Fault Line

At the heart of the Strait's fragility lies not just geography, but law – more precisely,

competing interpretations of law. The longstanding disagreement between Iran and the United States over navigational rights transforms the Strait into a legal grey zone where international conventions collide with geopolitical assertion. Passage through Hormuz is therefore not governed solely by established maritime rules but is shaped by political posture, military signalling, and strategic brinkmanship.

This uncertainty creates a climate where shipping decisions are influenced as much by risk perception as by legal entitlement. The Strait becomes, in effect, a maritime corridor where law does not fully resolve disputes and where the threat of disruption is ever-present, even as vessels continue to pass through.

Economics of Anticipation

One of the most misunderstood aspects of maritime chokepoints like Hormuz is that disruption need not occur for economic consequences to materialise. Markets respond not only to events, but to the expectation of events. The mere possibility of restricted passage, heightened military presence, or retaliatory measures is enough to trigger adjustments across the global shipping and energy landscape.

Firstly, oil prices begin to climb as traders factor in potential supply constraints. Secondly, shipping companies recalibrate routes, schedules, and risk assessments, often at high cost. Thirdly, insurers impose war risk premiums, increasing the cost of moving goods through or around the region. Each of these reactions occurs pre-emptively, meaning that economies like Nigeria feel

the impact even before any physical disruption takes place.

This anticipatory dynamic is what makes the Strait of Hormuz so powerful – and so dangerous. It is not simply a chokepoint of movement; it is a chokepoint of expectation.

Nigeria's Paradox

At first glance, rising oil prices triggered by instability in the Strait of Hormuz might appear advantageous for Nigeria. As a major oil exporter, higher global prices should translate into increased revenues. However, this assumption collapses under closer scrutiny.

Nigeria's economic structure creates a paradox: it is simultaneously an oil exporter and a major importer of refined petroleum products. This means that while government revenues may increase on one hand, the cost of importing fuel rises on the other. The result is a fiscal balancing act that often tilts toward strain rather than stability.

Furthermore, increased fuel import costs feed directly into inflation. Transportation becomes more expensive, food prices rise, and manufacturing costs increase. What begins as a geopolitical tension in the Persian Gulf ultimately manifests as higher living costs for Nigerian households.

Volatility, rather than price level alone, is the real threat. Sudden spikes and unpredictable fluctuations make economic planning difficult, disrupt fiscal projections, and weaken investor confidence. In this sense, Nigeria is not insulated by its oil wealth; it is entangled by it.

Shipping Realities

Beyond energy markets, the Strait of Hormuz crisis exerts direct pressure on Nigeria's maritime and shipping sector. Shipping, by its very nature, is global. A disruption in one region inevitably alters patterns everywhere else.

Firstly, freight costs begin to rise as

shipping companies factor in increased operational risks. These costs are not absorbed by carriers; they are passed on to importers and exporters, who, in turn, pass them on to consumers. Secondly, insurance premiums escalate, particularly for vessels transiting high-risk zones. War risk surcharges become embedded in shipping costs, making international trade more expensive for Nigerian businesses.

Thirdly, global shipping schedules become less predictable. Delays in one part of the world ripple across supply chains, affecting vessel availability, port congestion, and cargo turnaround times. Nigerian ports, already grappling with inefficiencies, are particularly vulnerable to these disruptions. What might begin as a delay in Hormuz can end as demurrage charges in Lagos.

The cumulative effect is a gradual erosion of trade competitiveness. Nigerian businesses find themselves paying more to move goods, taking longer to receive shipments, and operating within an increasingly uncertain logistics environment.

A Wake-Up Call

If there is one lesson Nigeria must draw from the Strait of Hormuz, it is that global maritime risks are not anomalies; they are recurring features of the international system. The question is not whether such disruptions will occur, but whether Nigeria is prepared for when they do.

In this context, the issue of domestic refining capacity cannot be ignored. As long as Nigeria remains dependent on imported refined products, it will continue to import vulnerability along with fuel. Strengthening local refining is not merely an industrial objective; it is a strategic necessity.

Also, Nigeria must begin to think more deliberately about trade resilience. This involves diversifying supply chains, strengthening storage capacity, and developing mechanisms to cushion short-

term shocks. Strategic petroleum reserves, long neglected, must be reconsidered as part of a broader national security framework.

The maritime sector itself requires greater institutional awareness of global risks. Monitoring geopolitical developments, advising stakeholders, and coordinating responses should become integral functions of maritime governance. The industry cannot afford to remain reactive.


Perhaps most importantly, Nigeria must address the structural inefficiencies within its own ports. In a world where global disruptions are inevitable, the most competitive ports are those that minimise domestic inefficiencies. High port charges, regulatory bottlenecks, and operational delays amplify the impact of external shocks. Reducing these internal frictions is one of the most effective ways Nigeria can protect its trade.

Conclusion

The Strait of Hormuz is a reminder that geography alone does not determine economic exposure; integration does. Nigeria's participation in global trade means it cannot remain insulated from international disruptions. What it can do, however, is decide how vulnerable it chooses to remain.

The current moment demands a shift in mindset – from viewing global crises as distant events to recognising them as immediate economic variables. It requires moving from reaction to anticipation, from policy statements to structural reforms, and from vulnerability to resilience.

The Strait of Hormuz may be thousands of miles away, but its impact is already embedded in Nigeria's economic reality. The question is no longer whether Nigeria will be affected. It is whether Nigeria is adequately prepared.

Joy Dimka is a Senior Legal Officer at the Nigerian Shippers' Council. 

RAILWAY INFRASTRUCTURE IS ONE OF THE SOLUTIONS TO AFRICA'S TRADE EXPANSION

As economies seek to expand regional trade, the ability to move higher volumes inland reliably and at lower risk becomes a strategic advantage.



MSC rail haulage

As Africa's economies continue to diversify and grow at around 4% year-on-year on average, moving goods across the continent is becoming more complex, time-sensitive, and strategically important. Ports are essential gateways for international trade, but the effectiveness of Africa's trade systems is ultimately determined inland, by how efficiently

cargo moves between ports, industrial centres, and consumer markets.

Transport infrastructure, including rail, is recognised as crucial to economic development and regional integration in Africa. The United Nations Economic Commission for Africa (UNECA) notes that transport, including rail, will see freight volumes increase by

approximately 28% by 2030 as the African Continental Free Trade Area (AfCFTA) expands trade flows, but this opportunity depends on the implementation of regional infrastructure projects.

In many African markets, trade growth is constrained less by maritime capacity than by inland connectivity. Long distances and limited infrastructure place pres-

sure on supply chains, particularly along corridors linking landlocked countries to seaports. As volumes increase, these challenges become more pronounced. Rail, where operational and strategically integrated, offers capacity, consistency, and an alternative to road-centric transport.

Rail's role in inland connectivity and planning certainty

Rail's value is not theoretical. Where infrastructure exists, trains can carry volumes that would otherwise require dozens of trucks, ease roadway congestion, and enhance the sustainability of cargo flow. In long-distance African trade corridors, this scale advantage becomes increasingly important as regional trade expands.

Rail also offers measurable safety and security benefits. Compared to road freight, rail transport generally records fewer accidents per tonne-kilometre, particularly on long-haul routes dominated by heavy-truck traffic. Dedicated rail lines reduce exposure to mixed-traffic risks and limit cargo handling points, improving shipment integrity. For cargo owners, this translates into reduced loss exposure, improved reliability, and stronger supply chain resilience.

Another of rail's most significant contributions to trade efficiency is predictability. Trains are less exposed to traffic congestion, road deterioration, and weather-related disruption, enabling more consistent transit times across long corridors. This predictability strengthens inventory planning, production scheduling, and alignment with maritime services. As economies seek to expand regional trade, the ability to move higher volumes inland reliably and at lower risk becomes a strategic advantage.

Policy context and regional integration

Rail's strategic role also aligns with continental policy goals. The AfCFTA, which

aims to expand intra-African trade, will increase freight demand across all transport modes, including rail, but realising these gains requires investment in transport infrastructure. The UNECA emphasises that doubling freight volumes under AfCFTA will require substantial expansion of trunk transport networks and wagons, including rail.

Compared to road freight, rail transport generally records fewer accidents per tonne-kilometre, particularly on long-haul routes dominated by heavy-truck traffic.

Transport infrastructure goes beyond moving goods. It stretches to supporting broader integration by connecting economic nodes and lowering barriers to cross-border commerce. Robust rail corridors complement trade agreements by reducing physical frictions that can nullify tariff reductions when transport costs remain high.

Sustainability and long-term resilience

Sustainability is an increasingly important consideration for supply chains globally. Rail freight is generally more energy-efficient and produces 76% less CO₂ per tonne-kilometre than road freight because of better fuel efficiency and lower energy demand.

In continental contexts where long distances and bulk movement predominate, this efficiency offers a pathway to reducing carbon intensity while maintaining competitive logistics costs. As African manufacturers, exporters, and importers focus more on environmental performance, in line with global sustainability

goals, rail provides a freight option that complements these ambitions.

Private sector participation

Rail infrastructure performance in several African markets has historically suffered from underinvestment and state monopolies. Recognising this, policymakers are increasingly exploring ways to involve private sector expertise in rail freight operations.

For example, the Côte d'Ivoire–Burkina Faso corridor, which stretches approximately 1,150 – 1,260 kilometres between the Port of Abidjan and Ouagadougou, includes a major railway line linking the two countries. This vital freight link operates under a concession arrangement through SITARAIL, a joint venture (JV) between Africa Global Logistics (AGL) and the national rail authorities of both countries. The SITARAIL JV has recently implemented significant investments to modernise the corridor's rolling stock, including the acquisition of new locomotives and additional freight wagons to increase hauling capacity, improve operational reliability, and reduce turnaround times along the Abidjan–Ouagadougou axis.

This model reflects a structured public-private framework designed to strengthen corridor performance while maintaining national oversight. Such arrangements demonstrate how collaboration between state entities and experienced logistics operators can contribute to maintaining critical inland trade routes that connect landlocked economies to maritime gateways.

In East Africa, the Mombasa–Nairobi Standard Gauge Railway (SGR) corridor plays a vital role in moving containers out of the Port of Mombasa, offering a faster and more reliable alternative to road transport. Freight trains deliver containers to Nairobi in less than 10 hours, compared to nearly two days by truck, significantly easing congestion at the port and improving national logistical efficiency.

Rail transport of containers between



Mombasa and Nairobi continues to gain momentum, reaching historic records. In October 2025, the SGR moved 640,000 tonnes of freight in a single month, its highest level since operations began, equivalent to 23,000 trucks. This rapid growth confirms the central role of rail in efficiently clearing containers from the Port of Mombasa, reducing reliance on road transport, and strengthening its position as the backbone of container movements in Kenya – significantly lowering logistics costs while limiting heavy-truck traffic along the Mombasa–Nairobi corridor.

These reforms reflect a broader trend of public-private engagement in rail logistics, in which commercial operators bring operational capabilities, technology, and capital to complement state infrastructure, thereby improving overall corridor performance.

MSC's intermodal approach

For logistics operators such as MSC, rail is part of an integrated network that combines rail, road, and maritime transport


to move cargo seamlessly from origin to destination. MSC recently revealed it is strengthening solutions around its long-established intermodal capabilities, demonstrating how it delivers true end-to-end transport beyond the port. This involves strategic inland corridors – Côte d'Ivoire–Burkina Faso, Cameroon, South Africa, Kenya, and Nacala–Malawi – that play a key role in connecting landlocked regions to coastal gateways, each of which is central to the efficient movement of goods across some of Africa's most commercially active supply chains.

The shipping company continuously evaluates opportunities to strengthen and expand this network, enhancing market connectivity and providing customers with alternative routing options. A key example is the Lobito Corridor, which connects the mineral-rich Copperbelt regions of the Democratic Republic of Congo and Zambia to the Atlantic through Angola's Port of Lobito. This corridor represents an infrastructure revival and a structural shift in Southern Africa's trade architecture, offering an Atlantic alternative for copper and cobalt exports, reduc-

ing transit times to Europe and the Americas, and reinforcing regional integration objectives under AfCFTA.

Rail is crucial in the broader intermodal transport solution, and it makes operational and economic sense. By incorporating rail into inland logistics solutions, MSC supports cargo flows between ports and hinterland markets, complementing road transport and aligning closely with maritime schedules. This corridor-led approach reflects a practical response to capacity constraints, congestion, and the growing demand for reliable inland connectivity across Africa.

Africa's trade expansion depends on how well transport modes interconnect to support growing economic complexity. As regional trade deepens and infrastructure evolves, rail's role as a backbone of Africa's trade landscape will become even more concrete, supporting competitive participation in global commerce.

Caroline Trefault is the Intermodal Africa Manager at MSC. 

TECHNOLOGY CRUCIAL TO SUCCESS OF NEW TAX LAWS — NRS CHAIR, ADEDEJI

*When compliance broadens, the pressure on the existing base
reduces, fairness improves, and legitimacy grows*



*Executive Chairman of Nigeria Revenue Service,
Zacch Adedeji*

The Executive Chairman of Nigeria Revenue Service (NRS), Zacch Adedeji, has described technology as a crucial factor in implementing the new tax laws in the country.

Adedeji stated this while delivering the maiden convocation lecture of the Federal Polytechnic, Ayede, Ogo-Oluwa Local Government Area, Oyo State, in February 2026.

In a statement by his Technical Assistant on Print Media, Sikiru Akinola, Dr Adedeji listed some of the most fundamental challenges confronting taxation, including infrastructure, skills, trust, and resistance.

In the lecture entitled 'The Role of Technology in Implementing Nigeria's New Tax Laws: Challenges, Prospects, and Implications for National Development,'

the NRS chairman said each of these challenges would be addressed with the imminent upgrading of the country's tax system for a digital environment.

"Nigeria has recently enacted a new set of tax laws, representing the most significant restructuring of our nation's fiscal legislation in 50 years. While public conversation often frames these changes as legal reforms, and that is true, it is also an incomplete picture.

"These laws are not merely changing rates, definitions, or administrative powers. They are quietly redefining how authority operates within the tax system. This is a complete structural overhaul, signalling the end of tax collection as a manual task and the beginning of tax intelligence.

"If you read the new laws carefully, you will notice a subtle but profound assumption woven throughout their fabric. They presuppose the existence of reliable taxpayer identification, integrated data across institutions, traceable transactions, automated processes, and scalable enforcement.

"In other words, these laws are built for a digital environment. They cannot function properly in a manual, fragmented, paper-based system. The implication is clear: without technology, the laws remain aspirational. With technology, they become operational.

"This transition is central to the mandate of the Nigeria Revenue Service as we implement this new legal framework. Historically, tax administration relied heavily on human discretion over who is registered, who is assessed, who is audited, and who is penalised.

"While discretion is not inherently evil,

excessive discretion creates inconsistency, which in turn breeds mistrust and drives non-compliance," Adedeji said.

Speaking further, he noted that when infrastructure improves, capacity grows, trust is protected, and resistance is managed just as technology begins to do what policy alone cannot.

"One of the most important prospects of a technology-driven tax administration is the ability to expand the tax base without increasing tax rates. This matters deeply in a society where citizens already feel overburdened.

"By improving visibility and bringing previously unseen economic activity into view, technology levels the playing field. When compliance broadens, the pressure on the existing base reduces, fairness improves, and legitimacy grows. This is how modern tax systems grow revenue sustainably," he added.

In his remark, the Speaker of the House of Representatives, Tajudeen Abass, encouraged the graduating students to be good ambassadors of the institution.

Represented by AbdulFatai Buhari, senator representing Oyo North, Abass charged them not to relent in their bid to acquire more knowledge.

He also commended the NRS Chairman for leading the change in tax administration in the country.

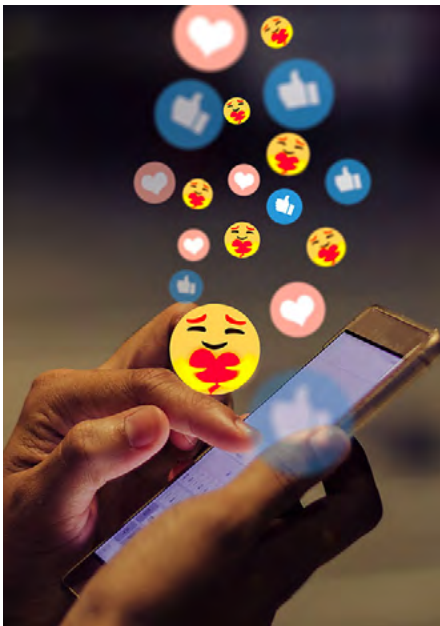
The institution's governing council chair, Yakubu Datti, commended Adedeji for leading the re-engineering of Nigeria's tax architecture.

The Rector of the institution, Dr Tao-feek Adekunle Abdul-Hameed, charged the graduating students to emulate Adedeji, who, he said, began his journey from a polytechnic.



BALANCING ONLINE SAFETY AND CHILD RIGHTS

A policy that treats children as passive objects of protection rather than rights-bearing citizens with developing agency will struggle to withstand principled legal scrutiny – and will, in any event, fail to secure the buy-in of the young people whose behaviour it is trying to shape.



Social media user

The Federal Government's decision to initiate public consultations on age restrictions and social media regulation for children warrants careful, sustained engagement. The objective of protecting children from digital harm is not in doubt, but the design of such protection, and the manner of its enforcement, will determine whether the resulting framework advances child welfare or merely signals regulatory intent without practical effect.

On this subject, the Federal Ministry of Communications, Innovation and Digital Economy has launched a survey inviting input from parents, educators, and stakeholders, with the stated goal of developing evidence-based policy. The proposed measures include setting minimum ages

for social media accounts, mandatory age-verification systems, and enhanced platform accountability. The initiative is anchored in the Nigeria Data Protection Act 2023, and government statements suggest potential measures such as requiring a National Identification Number (NIN) to operate social media accounts. These are not trivial proposals, and they require scrutiny at the implementation level.

There is little room for disagreement on the underlying problem. Nigerian children are participating in digital spaces in increasing numbers, and the risks associated with that participation are both real and, in certain instances, severe. Cyberbullying, sexual exploitation, exposure to harmful content, and the less immediately visible but well-documented psychological effects of sustained social media use are not speculative concerns. They are evidenced harms, and they justify regulatory attention.

However, the existence of harm does not, in itself, resolve the question of constitutional limitations and regulatory method. Other jurisdictions have confronted similar challenges and have adopted a range of responses. Australia's Online Safety Act and its subsequent decision to ban social media access for children under 16 from December 2025 represent one of the most sweeping national responses anywhere in the world. Indonesia has taken similar action. The European Union's Digital Services Act imposes significant obligations on platforms regarding minor users. These examples are instructive but not directly transferable.

The conditions within which regu-

lations operate differ materially across jurisdictions. The structural conditions within which any regulation must operate, including the state of digital infrastructure, the reliability of national identity systems, the maturity of regulatory institutions, and the depth of public digital literacy, are materially different across countries and jurisdictions. A policy architecture designed for a context with robust enforcement capacity, high smartphone penetration in formally registered names, and relatively functional identity infrastructure will not translate seamlessly to a country where millions of children access the internet through borrowed devices, unregistered SIM cards, and shared family accounts.

For example, the effectiveness of age-based restrictions depends, in part, on the reliability of identity systems, the reach of digital infrastructure, and the capacity of regulatory institutions to enforce compliance. In Nigeria, where many children access the internet through shared devices, unregistered SIM cards, or accounts created using third-party credentials, a model that assumes individualised, verifiable digital identities may prove difficult to operationalise.

This is most evident in the question of age verification. It is often presented as the central mechanism for enforcing child online safety. However, in practice, it raises a series of secondary concerns. A system that relies on NIN verification presupposes both widespread coverage for minors and users' willingness to submit identity data to private platforms as a condition of access. While the National Identity Management Commission

(NIMC) has expanded registration, coverage gaps persist, particularly in underserved communities.

More fundamentally, such an approach introduces data protection risks. Requiring identity verification at scale entails collecting and processing sensitive personal data by entities that may not be domiciled in Nigeria. Although the Nigeria Data Protection Act 2023 establishes a legal framework for data protection, enforcement against large, multinational platforms remains uneven. A regulatory approach that mitigates one category of risk while creating another of comparable magnitude cannot be regarded as effective.

An alternative approach, reflected in emerging international practice, is age assurance. This model does not seek definitive proof of age but instead applies probabilistic methods to assess whether a user falls within a particular age range. Its objective is not perfect exclusion but the introduction of friction sufficient to reduce underage access, without establishing a permanent identity-linked access regime. In a context such as Nigeria's, this may represent a more balanced response.

It is also necessary to identify the primary locus of responsibility correctly. For the purposes of designing policy, the burden of protecting children online cannot rest principally on children themselves, nor on parents acting without institutional support, nor on the state as a gatekeeper of access. Platforms occupy a central position in the digital ecosystem. This is not merely a rights-based argument, it is also a practical one. Platforms are the entities with the technical capacity, the data, and the commercial incentive structures that determine how children experience social media. They design the algorithms that serve content to minor users. They design the systems through which content is distributed, determine default privacy settings, and control the mechanisms through which users interact. A regulatory framework that focuses predominantly on restricting access, rather than shaping platform behaviour,

risks addressing the symptom rather than the source.

Accordingly, greater emphasis should be placed on enforceable platform obligations. These may include transparency requirements regarding minor-user safety, restrictions on the algorithmic promotion of harmful content to younger users, default privacy protections for accounts identified as belonging to minors, and financial penalties for non-compliance. Such measures are more likely to produce sustained improvements than access restrictions that are readily circumvented.

Greater emphasis should be placed on enforceable platform obligations.

Any regulatory framework must also consider the role of digital access in education. For many Nigerian children, the internet functions not only as a social space but as a primary channel for learning, mentorship, and opportunity. A blanket restriction, unaccompanied by carefully designed exceptions or graduated access models, risks exacerbating existing inequalities. Those with access to resources and digital literacy will find alternatives; those without may simply be excluded.

The constitutional context is equally relevant. The right to freedom of expression under Section 39 of the Nigerian Constitution is not confined to adults. While children's rights to expression, information, and association may legitimately be subject to greater restriction than those of adults, restrictions must still be justified – they must be necessary, proportionate, and carefully targeted at the harm they purport to address.

At the same time, Section 17 of the Constitution establishes a directive obligation on the state to protect children from exploitation and neglect. This provision, read alongside Nigeria's obligations un-


der the United Nations Convention on the Rights of the Child, creates an affirmative duty to act. But the duty to protect does not collapse into a duty to exclude.

The Convention equally guarantees children's rights to access information, to freedom of expression, and to participation in decisions that affect their lives. A policy that treats children as passive objects of protection rather than rights-bearing citizens with developing agency will struggle to withstand principled legal scrutiny – and will, in any event, fail to secure the buy-in of the young people whose behaviour it is trying to shape.

A coherent policy framework would therefore proceed on multiple fronts. It would impose clear, enforceable obligations on platforms operating within Nigeria's jurisdiction. It would adopt age assurance mechanisms that are effective without being unnecessarily intrusive. It would mandate default safety protections for minors and ensure that parental control tools are accessible across linguistic and socioeconomic contexts. It would incorporate digital literacy into formal education, equipping children to navigate online environments with critical awareness. And it would establish accessible enforcement and complaint mechanisms for affected families.

The present consultation process creates an opportunity to develop such a framework. Whether that opportunity is realised will depend on the extent to which policy design engages with the realities of implementation and assigns responsibility to those actors best positioned to effect change.

The question is not whether children should be protected online. It is whether the regulatory response recognises that protection, properly understood, requires more than restriction. It requires a system that is legally sound, practically enforceable, and attentive to the balance between safety, access, and rights.

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ASSESSING THE PRESIDENTIAL EXECUTIVE ORDER ON OIL AND GAS REVENUES REMITTANCE INTO THE FEDERATION ACCOUNT

While different views have been expressed on the constitutionality of Executive Order 9, our recommendation is that the Presidency pursue an immediate amendment to the Petroleum Industry Act to align it with the executive order.



Barrels of crude oil

Introduction

On 13 February 2026, President Bola Ahmed Tinubu signed Executive Order 9, titled the “Presidential Executive Order to Safeguard Federation Oil and Gas

Revenues and Provide Regulatory Clarity 2026”. The Executive Order (EO) took effect on the same day.

Executive Order 9 was issued further to Section 5 of the 1999 Constitution (as amended), which vests in the President

the executive powers of the entire property and control of all mineral resources of the Nigerian state, to be managed as prescribed by the National Assembly. The objective of the EO is to eliminate multiple layers of deductions that are collected

by the Nigerian National Petroleum Company Limited (NNPCL), other government agencies under the Petroleum Industry Act 2021 (PIA), and the various petroleum contracts, which erode revenue that ought to accrue to the Federation Account to enable the three tiers of government to execute critical development priorities.

These changes are outlined in detail below, including our assessment of the EO's impact on specific government agencies and activities.

Key Provisions

Executive Order 9 makes the following changes to the operation of the relevant government agencies in the oil and gas sector:

Removal of NNPCL's management fee and repositioning the company as a commercial enterprise: The EO provides that NNPCL will no longer be entitled to 30% of proceeds from the sale of profit oil and profit gas, which it earned as a management fee under production sharing contracts, profit sharing contracts, and risk service contracts. For context, the management fees NNPCL earned from production sharing contracts totalled approximately N669 billion in 2023 and N242 billion in 2024, according to the company's 2024 annual report.

NNPCL is also authorised under Section 53(7) of the PIA to retain 20% of its operating profits to grow its business. The EO determines that this is sufficient to support the company's functions; therefore, the management fee is duplicative. It also provides that all operators/contractors of oil and gas assets shall, from the EO's effective date, pay royalty oil, tax oil, profit oil, profit gas, and any other interest howsoever described, which is due to the Government of the Federation, directly to the Federation Account.

The executive order also aims to reposition NNPCL as a commercial enterprise. It identifies that the company's role as a concessionaire under production-shar-

ing contracts and similar agreements, which allows it to influence operating costs, creates competitive distortions that undermine its transition to a fully commercial operator.

Restructuring the Frontier Exploration Fund (FEF): The EO provides that NNPCL's use of 30% profit oil and profit gas in production sharing, profit sharing, and risk service contracts to fund the FEF should cease, and the funds should be paid directly into the Federation Account. This is because, in the President's view, a fund of this size devoted to speculative exploration risks, while accumulating large idle cash balances, encourages inefficient exploration spending at a time when government resources are urgently needed for core national priorities.

The FEF is used for the exploration and development of frontier acreages. The Nigerian Upstream Petroleum Regulatory Commission (NUPRC), in December 2025, indicated that it approved the release of circa US\$185 million and N14.9 billion from the FEF's escrow account for frontier exploration activities.

Restructuring the gas infrastructure fund under the PIA: Executive Order 9 also suspends payments of gas flare penalties to the Midstream and Downstream Gas Infrastructure Fund. The penalty fees are now to be paid directly into the Federation Account.

The Midstream and Downstream Gas Infrastructure Fund is partly funded by gas penalties imposed under Section 104 of the PIA, for environmental remediation and relief for host communities. Similarly, the Environmental Remediation Fund, funded by fees paid by licensees and lessees under the PIA, is earmarked for the rehabilitation or management of adverse environmental impacts arising from the activities and operations of licensees and lessees. Therefore, duplicate funds exist to address the same issue, necessitating the executive order's relevant provisions.

Commentary and Analysis

The implementation of the EO will have a varying impact on different stakeholders. For instance, the removal of NNPCL's management fees and the order for those payments to be paid directly into the Federation Account will significantly increase the account's liquidity and the subsequent allocation of funds to the Federal, State, and Local governments to meet their capital expenditure needs. However, the implication for NNPCL is that this will result in lower cash flow and may adversely affect its bankability and ability to provide payment securities to its transacting counterparties.

Executive Order 9 also emphasises the intention to position NNPCL as a strictly commercial enterprise, in line with Section 53(7) of the PIA, which provides that the company and any of its subsidiaries shall conduct their affairs on a commercial basis, in a profitable and efficient manner, without recourse to government funds. It appears that, from the President's perspective, the company's mop-up of funds payable to the Federation Account contravenes commercial principles and confers advantages on it that other limited liability companies do not enjoy.

Secondly, EO redirects the funds payable into the FEF to the Federation Account. This raises the question of how frontier exploration will be funded, given that the PIA and the Frontier Basins Exploration Administration Regulations 2023 do not provide for any alternative funding source for the fund. The absence of funding will likely reduce the rate of frontier exploration activities, particularly regarding the development and issuance of the NUPRC's 2026 Frontier Basin Exploration and Development Plan, which typically includes NNPCL's proposed exploration work programme for the year ahead.

While the EO is expected to boost revenue across the three tiers of government, its constitutionality remains in ques-



A view of the National Assembly Complex, Abuja

tion, particularly in light of Sections 4, 5, 80, and 162 of the Constitution.

Section 4 of the Constitution confers the legislative powers of the Federation on the National Assembly, while Section 5 confers on the President the executive powers of the Federation. On its part, Section 80 (1) provides that all revenues or other monies raised or received by the Federation shall be paid into and form one consolidated revenue fund of the Federation, provided that such revenue or other monies are not payable under the Constitution or any Act of the National Assembly into any other public fund of the Federation established for a specific purpose. However, Section 162(1) of the Constitution provides that the Federation Account shall be maintained by the Federation into which shall be paid all revenues collected by the Government of the Federation, save for income tax of the armed forces, the Nigeria Police Force, the Ministry or department of government charged with responsibility for Foreign Affairs and the residents of the Federal Capital Territory.

Section 162(10) clarifies that 'revenue' in this context means any income or return accruing to or derived by the Government of the Federation from any source and includes (i) any receipt, however de-

While the executive order is expected to boost revenue across the three tiers of government, its constitutionality remains in question, particularly in light of Sections 4, 5, 80, and 162 of the Constitution.

scribed, arising from the operation of any law, (ii) any return, however described, arising from or in respect of any property held by the Government of the Federation, and (iii) any return by way of interest on loans and dividends in respect of shares or interest held by the Government of the Federation in any company or statutory body.

An argument can be made that the Frontier Exploration Fund and the Midstream and Downstream Gas Infrastructure Fund are special funds established under Section 80 of the Constitution and the PIA, and that any restructuring of these funds will require an amendment to the PIA by the National Assembly. The President


cannot, by executive order, seek to amend the provisions of the PIA, as that will be considered unconstitutional. Nonetheless, the President, by Executive Order 9, is keeping to the intent and spirit of Section 162 of the Constitution that all revenue of the Federal Government should be paid into the Federation Account. On this basis, the President can be deemed to be acting in accordance with the constitutional dictates.

While different views have been expressed on the constitutionality of the Executive Order, our recommendation is that the Presidency pursue an immediate amendment to the PIA to align it with the Executive Order. This is especially as an executive order cannot amend an existing law enacted by the legislature.

Conclusion

Financial investment in any sector is strengthened by a clear and durable legislative framework with an objective process for amending the law. Where legal provisions are suspended or rendered inoperative by executive orders, even for a short period, investors may become cautious about policy volatility and its possible effects on their investments. Investors may, in such instances, suspend or delay investment until policy certainty is achieved.

Therefore, it is important to ensure that, while public financing interests are prioritised, the tenets of the legislative law-making procedure are not compromised. Balancing both interests requires careful consideration of the Constitution and existing legislation to ensure a clear, objective process is followed when making any necessary changes to repair faulty frameworks.

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HOW NIGERIA'S ECONOMIC INTERESTS ARE UNDERSERVED BY ITS DIPLOMACY

The current arrangement – professionals (career diplomats) for the Global South, politicians for the West – reflects a colonial mindset we should have abandoned decades ago.



Former Nigerian Minister of Foreign Affairs (August 2023 – March 2026), Yusuf Maitama Tuggar

When India signals its reluctance to accept Nigeria's ambassador-designate because President Bola Ahmed Tinubu has less than two years remaining in office, it is not an act of hostility. It is a pragmatic response to a government that treats diplomacy as an afterthought. The 27-month period without substantive heads in 109 missions, the rejection of envoys, and the embarrassing spectacle of presidential spokespersons unable to defend basic facts on international

television are not isolated failures. They are symptoms of a deeper disease: Nigeria has abandoned the idea that embassies exist to serve national interests and replaced it with the conviction that they exist to settle political favours.

The data on our current ambassadorial postings is instructive. Of the 65 nominees, career diplomats dominate Africa (24) and Asia (9). Political appointees hold 11 of 17 European missions and 4 of 6 North American posts. South America

receives one political appointee and zero career diplomats. Oceania, one political appointee.

On the surface, this looks like a strategic tilt towards the Global South, the kind of orientation thinkers like Bolaji Akinyemi envisioned when he proposed a "Concert of Medium Powers" in 1987. But the reality is less flattering. We have not made a strategic choice; we have simply run out of political debts to settle at home, so we send the professionals to "less juicy outposts" and send politicians to "juicy locations".

The Business of Diplomacy

Embassies are not just reception halls for cocktail parties. Their core functions include market intelligence, trade advocacy, business support, and dispute resolution. Commercial officers identify opportunities for home-country companies. They negotiate market access, resolve trade barriers, and provide vital reporting on economic trends. They are the frontline of a country's economic warfare, opening doors that would otherwise remain closed.

An ambassador with a strong business background can be a powerful asset in this work. The case of Paolo Zampolli, an Italian-American businessman who helped broker a \$20 billion Boeing aircraft deal with Uzbekistan in 20 minutes, illustrates how personal acumen and networks can accelerate commercial diplomacy. The nomination of David Perdue, a former CEO with deep experience in Asian supply chains, as US ambassador to China was an attempt to apply business pragmatism to a complex trade relationship.

Nigeria has appointed individuals with genuine business experience. Senator Jimoh Ibrahim, posted to the UN, built a conglomerate spanning banking (Nigeria, Ghana, São Tomé), insurance, hospitality, oil and gas, and infrastructure consulting in the UAE. Lieutenant General Abdulrahman Dambazau, heading to China, holds or has held board positions at FBN Holdings, UAC, Unilever Nigeria, Nigerian Breweries, and Flour Mills. Dr Okezie Ikpeazu, bound for Spain, founded a pharmacology business and promoted agricultural investment in Abia State. Olufemi Pedro, posted to Australia, is a co-founder of GTBank.

These are precisely the kind of appointees who could, in theory, use their networks and experience to open markets and attract investment. But their appointments appear accidental rather than strategic. They are scattered across missions with no apparent coordination. Pedro, a banking heavyweight, goes to Australia and the Oceanic states, a region with a combined GDP of over \$1.75 trillion and massive demand for infrastructure, education, and financial services. It is a promising posting, but one wonders whether it resulted from a careful assessment of his skills or simply from the vagaries of political arithmetic.

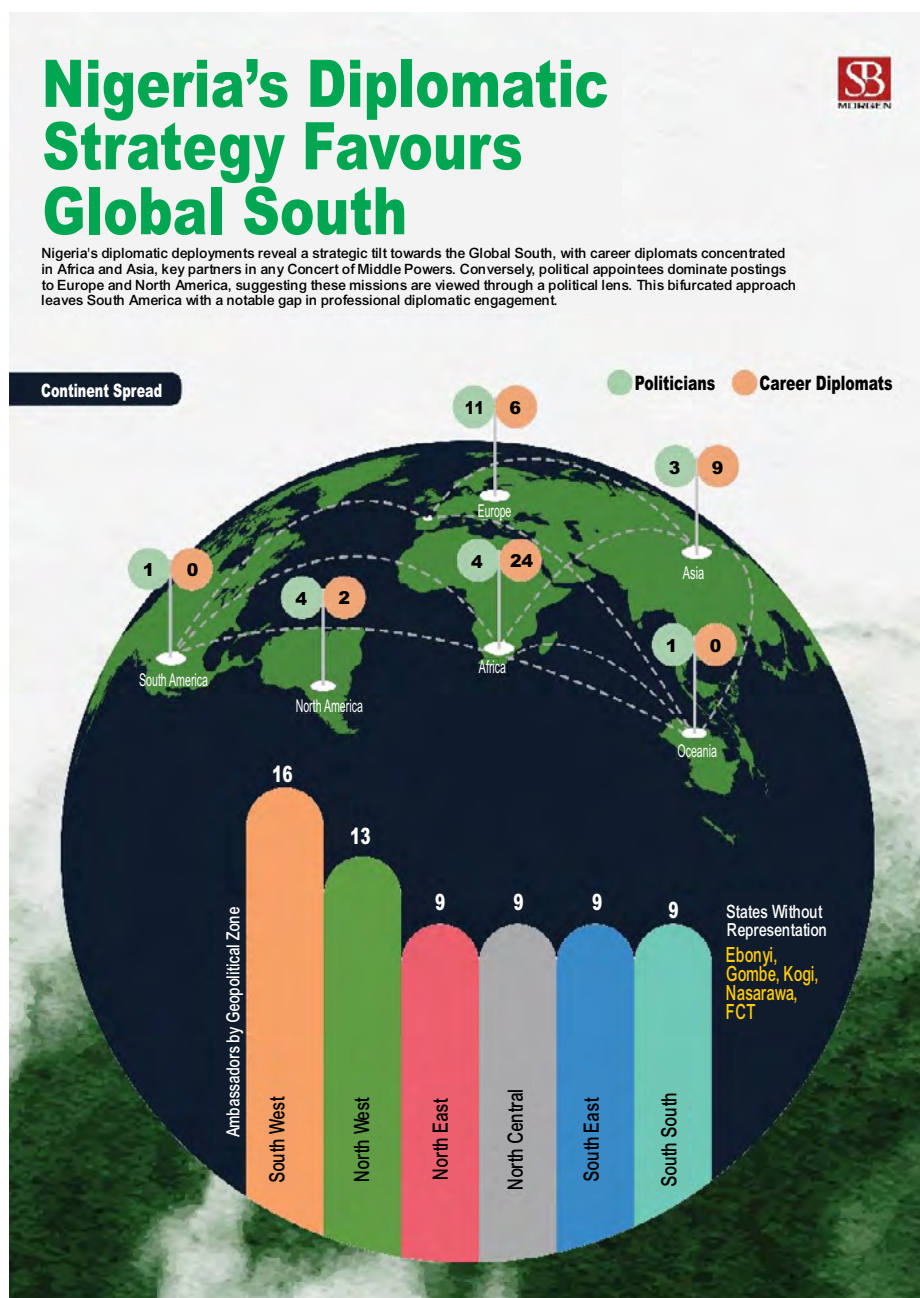
The Patronage Problem

For the majority of political appointees, no documented business interests exist. Their qualifications are not commercial expertise but political loyalty. They are former governors, former lawmakers, and former party officials whose primary skill is navigating Nigeria's internal political terrain. They are sent to Washington, London, Paris, and Berlin, precisely the capitals where sophisticated economic diplomacy matters most, because they have served the ruling party, not because they understand the countries in which they will serve.

This is not merely inefficient; it is actively harmful. When a political appointee arrives in a major capital with nine months remaining before an election, unable to articulate Nigeria's economic priorities or leverage personal networks to advance trade, the message is clear: we do not take you seriously. The host country's business community notices. Investors notice. Competitor countries, which send their best professionals to these same capitals, notice.

The Missing Continent

The most glaring gap in Nigeria's diplomatic coverage is South America. With one political appointee and zero career diplomats, an entire continent of rising economic powers, including Brazil, Argentina, Chile, and Colombia, receives negligible professional attention. These are countries with which Nigeria shares





Former Nigerian Minister of External Affairs, Prof. Bolaji Akinyemi

structural similarities: large agricultural sectors, significant energy resources, and complex social challenges. They are natural partners in any medium-power coalition. They are also increasingly sources of investment and technology. Yet we treat them as an afterthought.

This is an oversight born of a system that prioritises domestic political calculations over foreign policy coherence. When ambassadors are chosen based on which politician needs to be rewarded, entire regions can fall through the cracks. The professionals who could build relationships in South America are sent to Africa and Asia, where, to be fair, they are also needed. The political appointees who could, in theory, be deployed there are instead sent to Europe and North America, because those postings carry greater prestige and therefore greater political value.

What the Business Community Must Do

The private sector cannot afford to remain passive while diplomacy is treated

as a patronage dumping ground. Nigerian businesses lose contracts, miss opportunities, and face unnecessary barriers because our embassies lack the capacity to support them. When a company in Lagos wants to export to Brazil, there is no commercial attaché in São Paulo to help navigate regulations. When a manufacturer in Kano seeks investors from Germany, the ambassador in Berlin is more likely to be a former governor focused on his next political move than a professional diplomat focused on trade.

Nigeria's business community must become strategic about influencing ambassadorial selections. This means engaging with the presidency and the foreign ministry before appointments are made, rather than complaining afterwards. It means developing a clear set of criteria for what constitutes a qualified ambassador in key commercial posts and advocating for candidates who meet those criteria. It means building relationships with career diplomats who understand business realities, and ensuring they are deployed

to missions where their skills can be most effective.

In countries that take economic diplomacy seriously, business associations are consulted on ambassadorial appointments. Chambers of commerce provide input on which candidates understand their sectors. Trade promotion agencies work closely with embassies to identify opportunities and resolve barriers. Nigeria does none of these. The result is a diplomatic service that serves politicians, not businesses; that rewards loyalty, not competence; and that treats foreign policy as a branch of domestic politics rather than a tool for national development.

The Way Forward

Bolaji Akinyemi understood that Nigeria's weight in the world would come not from aligning with great powers but from convening medium powers. That vision requires professional diplomacy across all continents. It requires ambassadors who can think strategically, not spokespersons who can deflect awkward questions. It requires a foreign policy that serves national interests, not political patronage.

The current arrangement – professionals (career diplomats) for the Global South, politicians for the West – reflects a colonial mindset we should have abandoned decades ago. It assumes that Europe and North America matter more, and therefore require political heavyweights, while Africa and Asia matter less, and can be handled by career staff. This is not only wrong; it is self-defeating. The countries that will shape the 21st century are precisely those in Asia, Africa, and Latin America, where we have chosen to deploy our professionals. By treating the West as a dumping ground for patronage, we signal that we do not take our relationships with the world's most powerful economies seriously.

Cheta Nwanze is the Founder of SBM Intelligence. 



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ETHIOPIA'S NATIONAL DIALOGUE WAS MEANT TO HEAL THE NATION, BUT DIVISIONS ARE DEEPENING

Ethiopia's political tensions are rooted in unresolved questions about state structure, identity, historical narratives, the constitution and the balance between unity and self-determination.



Some officials of the Ethiopian National Dialogue Commission and the European Union after signing a partnership agreement on 5 July 2023

Ethiopia launched a national dialogue process in 2022 to address deep political divisions and help steer the country towards stability.

In theory, such dialogues can help societies move beyond war, rebuild trust and agree on new political rules. This has happened in countries such as Kenya, Tunisia and Yemen.

Ethiopia's process involved setting up a national dialogue commission. It stated that it wanted to build national consensus, strengthen nation-building, and support democratic transition.

The working mandate of the Ethiopian National Dialogue Commission has been

extended twice. First for six months in February 2025 and then for eight months in February 2026.

However, the dialogue is not on the right track. I have researched Ethiopia's political landscape and peace efforts for nearly a decade, and in a recent paper, I examined why the dialogue process is facing a crisis.

I found that Ethiopia's national dialogue is struggling due to legitimacy deficits, limited inclusion and weak process design. Four years after the process launched, it has produced limited tangible outcomes.

National dialogues are most effective

when they are broadly inclusive, trusted by key actors and conducted in a relatively stable political environment.

Ethiopia's current context raises doubts on all three fronts.

The process has excluded influential political and armed actors. Opposition groups and civil society actors have also raised concerns about the commission's independence from the ruling party. Ongoing conflicts further undermine the conditions needed for sustained negotiation.

These issues risk undermining the dialogue before it delivers meaningful results. This matters because the national

dialogue was meant to resolve Ethiopia's political disputes peacefully. If it fails, the country risks missing a chance to manage conflict without violence.

Inclusivity

Inclusiveness is a defining feature of successful national dialogues. Key political forces, including armed groups, must see the process as a legitimate forum for negotiation.

In Ethiopia, several influential actors are absent.

Armed groups such as the Oromo Liberation Army, the Tigray People's Liberation Front and the Amhara Fano have not been part of the process. Yet these groups are central to ongoing conflicts in Oromia, Tigray and Amhara regions. Holding a national dialogue while major armed confrontations continue – and without the participation of those directly involved – raises practical and political concerns.

Some opposition parties and civil society groups have also complained of inadequate consultation during the preparatory phase.

Exclusion weakens ownership. Without ownership, implementation becomes unlikely.

Trust

A national dialogue is usually convened during political crises or transitions. Its purpose is to bring together political forces, civil societies and non-state armed groups to negotiate fundamental questions about the state.

Ethiopia's political tensions are rooted in unresolved questions about state structure, identity, historical narratives, the constitution and the balance between unity and self-determination.

A genuine dialogue could provide a platform to address these foundational disputes. However, the way the process has been designed and implemented has generated resistance.

One of the most contested issues has been the selection of commissioners.

The 11 members of the commission were appointed by parliament. Critics argue that the ruling party, which holds a majority of seats, dominated the process. Several opposition parties questioned the way the commission was set up.

When major political actors doubt the neutrality of conveners, the credibility of the entire process suffers. In divided societies, even the perception of bias can discourage participation.

In Ethiopia's case, some opposition leaders have described the dialogue as a government-driven project rather than a nationally owned process. That perception alone is a serious obstacle.

There is also deep societal mistrust. Public confidence in political institutions – including parliament, courts and security institutions – has declined in recent years.

Dialogue requires a minimum level of trust before it can change anything.

Instability

National dialogues can occur during fragile transitions. But they rarely succeed in the middle of active and expanding armed conflicts.

Ethiopia continues to experience violence in multiple regions. In Tigray and parts of Amhara and Oromia, insecurity limits even basic state functions. Under such conditions, it's difficult to set an agenda and get broad participation.

Ethiopia's position in the Horn of Africa adds another layer of complexity.

Tensions linked to its Grand Ethiopian Renaissance Dam and shifting alliances involving Egypt, Sudan, Eritrea and Somalia have heightened regional rivalries. Gulf States have also expanded their influence in the region.

National dialogues are domestically driven. However, external geopolitical competition can shape internal dynamics through diplomatic pressure, economic leverage or security alignments. A fragile domestic process becomes even more vulnerable in such an environment.

Experiences with national dialogues

from Sudan, South Sudan and Kenya offer mixed lessons for Ethiopia.

In Sudan, dialogue initiatives lacked genuine political openness and failed to create an environment for talks. In South Sudan, there were questions about government interference, and key opposition actors weren't included. Kenya's 2008 dialogue, by contrast, succeeded in halting violence and led to constitutional reform. This was largely because it included major political rivals and was supported by a mediation that was accepted.

The core lesson is consistent: inclusion, neutrality and timing matter.

Is a reset necessary?


Some Ethiopian scholars and political actors argue for pausing and rethinking the dialogue.

In my view, a reset should involve: re-examining how commissioners are selected to ensure the process is seen as fair, expanding engagement with opposition parties and civil society, exploring ways to include or at least negotiate with influential armed groups, and taking parallel steps to reduce violence and build confidence.

A national dialogue is not a magic solution. It cannot, on its own, resolve deep ideological disagreements. But it can help manage them if the process is widely seen as legitimate.

If Ethiopia's dialogue continues without addressing concerns over trust, inclusion and ongoing conflict, it risks becoming another missed opportunity in the country's long political transition.

The stakes are high. A credible process could help stabilise the political landscape. A flawed one may deepen scepticism and polarisation.

Dereje Melese Liyew is a Lecturer in Political Science at Debre Markos University, Ethiopia. Disclosure statement: Dereje Melese Liyew does not work for, consult, own shares in or receive funding from any company or organisation that would benefit from this article and has disclosed no relevant affiliations beyond their academic appointment. Source: The Conversation/Africa. 

BRIDGING THE CPI GAP: WHAT NIGERIAN INVESTORS ACTUALLY EARNED AFTER INFLATION

Whether the NBS eventually publishes its own chain-linked series or the market continues to rely on independent providers tells us something about the state of Nigeria's capital market infrastructure.



A view of the National Bureau of Statistics headquarters, Abuja

When the National Bureau of Statistics (NBS) rebased the Consumer Price Index (CPI) in February 2025, headline inflation fell overnight from 34.80% to 24.48%. Yields compressed. Fixed income rallied. A question that should have been straightforward became almost impossible to answer: what is cash actually earning in Nigeria after inflation?

We remember what the commentary said: “statistical fix”, “economic illusion”, “the cost of living is still high”, and “bas-

ket weights have shifted”. All of these are true. But nobody did the obvious next thing: build the bridge between the old series and the new one, then show what a continuous 15-year picture of Nigerian real returns actually looks like.

We did.

Problem with two CPI series

The old NBS CPI used a November 2009 base and 740 items weighted by the

2003/04 Nigeria Living Standards Survey. The new methodology uses a 2024 average base, 934 items, and 2023 weights. Food and non-alcoholic beverages dropped from 51.8% to 40.1%. Restaurants and accommodation increased from 1.2% to 12.9%. A 13th division of the Classification of Individual Consumption According to Purpose (COICOP) was added (Insurance and Financial Services). That alone tells you how much the consumption basket has shifted.

VNG-CRR Venoble Nigeria Cash Real Return Index						As of 28 February 2026						
Annual Returns												
	2026	2025	2024	2023	2022							
Nominal	+2.6%	+18.4%	+18.0%	+4.9%	+3.6%							
CPI	-0.9%	+31.2%	+34.8%	+28.9%	+21.3%							
Real	+3.6%	-9.7%	-12.5%	-18.6%	-14.6%							
Monthly Real Return Heatmap												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2022	-1.2	-1.4	-1.6	-1.6	-1.5	-1.6	-1.6	-1.4	-0.8	-0.7	-0.8	-1.5
2023	-1.8	-1.5	-1.3	-1.4	-1.7	-1.9	-2.3	-2.7	-1.6	-1.2	-1.4	-1.6
2024	-2.2	-1.7	-1.6	-0.9	-0.7	-0.9	-0.6	-0.6	-1.1	-1.1	-1.1	-0.8
2025	-8.2	-0.7	-2.2	-0.3	+0.1	-0.2	-0.7	+0.6	+0.5	+0.4	+0.1	+0.8
2026	+4.4	-0.7										

Green = positive real return, red = negative. Jan 2025 reflects NBS CPI rebase (new basket weights).

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These are legitimate improvements. Nigeria's spending patterns have genuinely changed since 2009, and nobody disputes that.

The problem is continuity. The NBS published no officially chain-linked historical series. The old index ended in December 2024. The new one kicked in from January 2025. Month-on-month rates don't match across the boundary. Stops & Gaps, an analytical series on Nigeria's economy and financial markets, documents a particularly egregious discontinuity: the rebased index implies prices fell by 12.3% in a single month in December 2024. However, the actual largest single-month decline since 1995 was 3.5%.

For anyone maintaining a time series (pension fund benchmarking, fixed income attribution, real return measurement), the data is broken. Every analyst in Lagos likely knows this. Therefore, many of them shrugged and moved on.

Chain-linking: what we built and why

We followed the International Monetary Fund's (IMF) CPI Manual, Chapter 9, for linking series across base-period changes. December 2024 is the overlap month

where both old-base and new-base CPI levels exist. The chain-linking factor comes out at 0.11523. We rescaled the entire old series onto the new base.

The result: 204 continuous monthly CPI observations from February 2009 to January 2026. This represents 191 back-tested months on the old base, spliced to 13 live months on the new base. No interpolation. No estimation. Month-on-month rates are preserved through the splice point, and all calculations are reproducible using published NBS and CBN data.

We paired this CPI series with the Central Bank of Nigeria (CBN) 91-day T-bill stop rates from primary auctions to construct the VNG CRR, the Venoble Nigeria Cash Real Return Index. Two inputs per month. NBS CPI level. CBN stop rate. Fisher equation. All compound into the index.

The headline: over 204 months, Nigerian cash earned +9.48% annualised in nominal terms and -5.48% in real terms. This is consistent, cumulative, and structural destruction of purchasing power.

Put differently, N1 million invested in 91-day T-bills in February 2009 would be worth roughly N4.7 million in nominal terms as of January 2026. Adjust for what

that money can actually buy, and the real value is closer to N380,000. The T-bill investor multiplied his digits and shrank his wealth.

Why this matters now

Let's start with pension fund allocation. Nigeria's pension assets reached N26.66 trillion as of October 2025. Roughly 60% (c.N16 trillion) sits in FGN securities. If the annualised real return on government paper has been negative for 15 consecutive years, what does that mean for the 10 million holders of the Retirement Savings Accounts (RSAs)? The Organisation for Economic Cooperation and Development (OECD) flagged this in its 2024 pension report, which used 2023 data. Pension funds in Nigeria, Angola, and Egypt, where more than half of their assets are held in bills and bonds, delivered negative real returns. The National Pension Commission (PenCom) raised equity limits in February 2026: RSA Fund I from 30% to 35% and RSA Fund II from 25% to 33%. While this is indeed a step in the right direction, it is not enough.

Then there is the visibility problem. Under the old methodology, a 91-day bill

at 18% against 34.8% inflation was obviously underwater. Under the new CPI, the same bill at 15% against 15.15% inflation looks like a break-even.

Did real returns improve, or did the statistical agency change the yardstick? In our view, both. Inflation has genuinely decelerated: monthly CPI growth dropped below 1.0% for several consecutive months in H2 2025. But the rebase also flatters the comparison by c.10 percentage points. Without a continuous series, you cannot separate the two effects.

Nonetheless, the sign has flipped. From August 2025 through January 2026, the VNG-CRR recorded six consecutive months of positive real returns. January 2026 was the strongest at +4.39%. Month-on-month CPI fell by 2.88% while the nominal T-bill return was 1.38%. The real index climbed from 984 to 1,027, above its inception base of 1,000 for the first time.

After 15 years of negative returns, real returns have turned positive. Whether this will be sustained is the question nobody can answer yet.

What we do not know

We don't have a strong view on whether the disinflation trend will persist. The December 2025 CPI base effect is messy. The rebased December 2024 level was set at 100, which creates arithmetic distortions in year-on-year comparisons as that month rotates out. Headline YoY inflation could spike artificially in December 2025 data even if underlying prices remain stable. Anyone anchoring allocation decisions to year-on-year headline numbers will get whipsawed.

We also cannot tell whether the new CPI basket accurately captures the cost-of-living reality for the median Nigerian. Restaurants and accommodation at 12.9% may reflect urban middle-class spending in Victoria Island, Lagos and Wuse, in Abuja metropolis. It does not reflect what a civil servant in Kano or a smallholder farmer in Benue pays for food and transport. The CPI measures what it measures.

It is not a cost-of-living index. That distinction matters more than most post-rebase commentary acknowledged, and it is the gap a continuous real return series is designed to fill.

The allocation question

Here is what the data does tell us. Over 204 months, the real return hurdle rate (the rate an alternative investment must beat just to match cash in purchasing-power terms) has been low – negative, in fact. Any asset class generating positive real returns has beaten cash. Equities: the NGX ASI returned 51.19% in 2025. Real estate in Lekki and Abuja Central Business District. Dollar-denominated instruments accessed through the Nigerian Autonomous Foreign Exchange Market (NAFEM). All cleared the hurdle.

If the annualised real return on government paper has been negative for 15 consecutive years, what does that mean for the 10 million holders of the Retirement Savings Accounts?

With real yields now positive, the calculus shifts. Cash is no longer guaranteed to destroy wealth. But 15 years of compounded losses do not reverse in six months. The real index is at 1,027. It needs sustained positive real returns to recover the purchasing power lost over the prior decade.

For pension fund administrators and asset managers, the implication is straightforward: measure everything against the real return on cash. Not nominal yields. Not headline inflation. The actual, chain-linked, continuously compounded purchasing-power return. If your portfolio is not beating that number, you are losing money, regardless of what the nominal statement says.

Why independent benchmarks matter

Nigeria possesses Africa's largest consumer market by population size, and while its pension assets have consistently grown in local currency (naira), their total valuation in US dollars has fluctuated due to macroeconomic shifts and currency devaluations. However, the country's data infrastructure for institutional investors is among the weakest on the continent. South Africa has inflation-linked bonds, a real repo rate published by the South African Reserve Bank, and a mature index ecosystem. Nigeria has a CPI series with a structural break and no official chain-linked alternative.

The gap is not in analytical capacity. There is no shortage of Nigerian research firms producing excellent work. The gap is infrastructure – auditable, rules-based benchmarks that any market participant can verify. This requirement is not met by either mere commentary or opinions about what inflation feels like. It is met by published, reproducible numbers.

This is what we built the VNG-CRR to provide. It comprises two inputs, one equation, and one index, and is updated monthly. Its methodology is published. The data is downloadable. And every calculation is auditable against source data. What's more, the analyses are completely free to the public.

The CPI rebase broke the data. We built the unbroken picture because nobody else did. Whether the NBS eventually publishes its own chain-linked series or the market continues to rely on independent providers tells us something about the state of Nigeria's capital market infrastructure. We do not think anyone in Abuja is losing sleep over it, but maybe they should be.

Ejiye Jimeta Ibhawoh is the Founder and CEO of Venoble Limited, an investment intelligence and capital management firm for African markets. He is a FINRA-qualified capital markets professional with a background spanning investment banking, trading, and software development. More at venoble.com.

WHY FINANCIAL DISCIPLINE MATTERS MORE THAN INCOME

Two people earning the same income can have completely different financial outcomes.



Amaka Chidere

For years, we have treated financial discipline as a character trait – something people either have or lack. We say things like: “She’s just not disciplined with money.” “If he earned more, he’d save better.” “They don’t take finances seriously.”

Financial outcomes are rarely shaped by income alone. They are shaped by behaviour, emotion, and the systems that surround our choices.

I have seen this repeatedly across banking, advisory work, and everyday conversations about money. People do not struggle because they do not understand what to do. They struggle because the emotional and behavioural context makes doing it hard.

Most financial decisions are made long before spreadsheets come out. They are made in moments of pressure to keep up, fear of falling behind, guilt around not doing enough, fatigue from constant

responsibility, and anxiety about the future.

In these moments, discipline is not about willpower. It is about emotional bandwidth. When people are overwhelmed, they default to comfort. When they fall behind, they choose speed over strategy. When they feel uncertain, they postpone decisions altogether.

This is why two people earning the same income can have completely different financial outcomes. This is not because one is smarter, but because one feels safer, clearer, and more supported in their decisions.

Most traditional financial tools are built for logic, not behaviour. They assume that once people are informed, they will act accordingly. But human beings do not operate that way. We are not calculators. We are emotional, social, and deeply influenced by context.

A savings app that only shows numbers may look efficient, but it does not address the stress behind impulsive spending, the shame that prevents people from checking their low account balance, or the fear that makes long-term planning feel unrealistic.

As a result, many systems end up measuring performance rather than enabling progress. This is where technology has an opportunity to move from transactional to transformational. When designed thoughtfully, AI can support financial behaviour in ways that feel human rather than mechanical. This is not by replacing judgment, but by reducing friction.

Imagine systems that notice spending patterns and gently prompt reflection instead of punishment; systems that help people set realistic goals based on be-


haviour rather than ideal scenarios; and systems that adapt when life changes instead of forcing rigid targets. In this context, the AI is not about efficiency alone. It becomes a tool for emotional intelligence in financial design.

However, technology cannot replace discipline, but it can make discipline easier to sustain. True financial discipline is not perfection. It is consistency within reality. It is the ability to make small, steady decisions even when life feels noisy. And that ability grows when people feel understood rather than judged, supported rather than pressured, guided rather than overwhelmed.

This is why the future of finance cannot be built only on better products. It must be built on a better understanding of human behaviour. When we design systems that recognise how people actually live, think, and feel, discipline stops being a personal burden and becomes a shared responsibility between individuals and the systems meant to serve them.

If we want different financial outcomes, we need to stop asking only how we make people save more. We need to start asking how we help people feel safe enough to plan; how we remove emotional barriers to good decisions; and how we design tools that work with human behaviour, not against it.

In the end, wealth is not built by numbers alone but by confidence, consistency, and the quiet discipline that grows when people feel supported.

Amaka Chidere is a Nigerian financial services professional and founder of The Finance Muse, a financial wellness platform that bridges mindfulness and money management. 

FUEL SUBSIDIES AS PRAGMATIC POLICY

While the United States claims to have decimated Iranian air defences, taken control of Iran's airspace, and gained the capacity to strike targets in the country at will, Nigerians have dissimilarly lost protection from the surge in domestic fuel prices arising from the conflict.



Image illustrating savings from energy subsidy

Nigerian policymakers have had several opportunities to reassess the 2023 decision to end the country's petrol subsidy programme. Supporters of the policy, whether partisan or independent analysts, have also had time to evaluate its outcomes. So far, only the policy's risks have materialised, while its promises have largely failed to inspire confidence.

The fallout from the US–Israeli war with Iran has presented yet another moment to reexamine the wisdom of Nigeria's full withdrawal of petrol subsidies. Since the conflict began on 28 February 2026, global oil prices have surged. Brent crude, which traded below \$70 per barrel before the war, has hovered above \$100 and remains near that threshold. Under a plausible worst-case scenario, which

is still difficult to define precisely, prices could climb as high as \$200 per barrel.

The current price threshold is so severe that the United States is now urgently seeking an off-ramp from the conflict. With gasoline prices rising by as much as 20 per cent in the US, many Americans are increasingly worried about how this "war of choice" will affect their finances. Unsurprisingly, a majority now oppose or

disapprove of the operation – codenamed *Operation Epic Fury* – according to March 2026 polling by CBS News/YouGov and NPR/PBS.

The severity of the war, during which major oil and gas assets across the six Gulf Cooperation Council (GCC) countries have been repeatedly targeted or severely damaged, with Iran obstructing tanker movements through the Strait of Hormuz, has raised the risk of the global economy sliding into stagflation. Stagflation refers to the simultaneous occurrence of high inflation, rising unemployment, and weak economic growth. While major global actors work to de-escalate the conflict, many countries are already implementing measures to cushion households and businesses against surging energy costs to protect their domestic economies.

The place of subsidies

Since the outbreak of the war, at least 25 countries have introduced or significantly expanded fuel subsidies, tax cuts, or price caps to shield consumers from surging global energy costs. These include both major and smaller oil producers, such as Saudi Arabia and Angola. Even net energy importers that typically champion free-market principles, such as Spain, have adopted mechanisms to limit what consumers in critical sectors pay.

As expected, no country has adopted a one-size-fits-all approach to managing the energy shock. Instead, governments have tailored their interventions to protect critical sectors and preserve living standards, based on their fiscal capacity and strategic priorities. Saudi Arabia – the world’s second-largest oil producer, consistently pumping over 11 million barrels per day – maintains strict caps on retail fuel prices. Kuwait and Iraq keep prices for “regular” petrol stable while allowing premium or high-octane fuels, typically consumed by wealthier households, to fluctuate with market conditions.

While all subsidy programmes aim to

Guided by misleading intuitions, policy orthodoxy, and a failure to account for Nigeria’s local context, President Bola Ahmed Tinubu announced the total withdrawal of petrol subsidies in May 2023.

protect critical sectors and supply chains, many countries go further by safeguarding the affordability of distributing industrial and consumer goods. This is entirely rational. When logistical costs rise, products either become scarce or more expensive. The resulting direct and indirect effects can trigger cost-push inflation, weaken effective demand, and ultimately slow economic growth. No country that takes its economy and citizens’ welfare seriously leaves energy costs outside the scope of necessary intervention.

American fuel subsidies

Nigeria’s removal of petrol subsidies was justified as an alignment with market ideology. Yet the United States – often regarded as the leading champion of free-market capitalism – employs multiple mechanisms to subsidise energy costs for its own citizens. A major pillar of this support is its hegemonic geopolitical strategy, which prioritises domestic energy security and affordability. In practice, US energy subsidies amount to trillions of dollars when these geopolitical expenditures are taken into account. For instance, the United States spent an estimated \$3 billion on the January 2026 operation that resulted in the capture of Venezuelan President Nicolás Maduro and his wife, Cilia Flores, as part of its broader effort to exert control over Venezuelan oil. President Donald Trump has

openly dismissed concerns about the violation of Venezuela’s sovereignty.

At an average cost of about \$1 billion per day, the current war with Iran had cost the United States roughly \$26 billion by March 26. Yet the Trump administration has requested an additional \$200 billion from Congress to prosecute the conflict. Although the US and Israel are aligned in waging this war, their strategic objectives diverge. Israel seeks to maintain military and, therefore, geopolitical dominance over Iran, while the United States pursues a broader goal tied to energy security. This objective has long shaped US military engagements: its first and second wars in Iraq, for example, are estimated to have cost more than \$2 trillion. Added to this are the ongoing expenses of maintaining extensive military bases across the Middle East, which form part of the broader cost of securing US energy interests.

Despite these staggering expenditures, the United States still maintains costly domestic programmes designed to limit energy prices for households and businesses. One of the most prominent is the Strategic Petroleum Reserve, which effectively functions as a price-stabilisation tool. To soften the impact of supply disruptions during the current war with Iran, the US coordinated with other countries to release about 400 million barrels of crude oil through the International Energy Agency (IEA). In addition, the US government provides billions of dollars in annual tax expenditures that reduce the cost of oil exploration and production for private-sector companies.

Other production incentives include tax write-offs that allow producers to deduct “intangible drilling costs,” such as labour and repairs, as well as marginal well credits, which serve as targeted tax benefits designed to keep older, less efficient wells commercially viable.

The Trump administration also fully embraces the environmental costs associated with energy subsidies. It has rolled back regulations designed to curb carbon emissions from oil production and weak-



Image Credit: Donald J. Trump, Truth Social

President Donald Trump announcing the US has launched attacks against Iran on 28 February 2026

ened global mechanisms aimed at advancing the transition to renewable energy and mitigating climate change. These actions prioritise short-term, politically motivated gains in energy security at the expense of the long-term environmental costs that future generations will bear. The International Monetary Fund (IMF) characterises this trade-off between low fuel prices and environmental sustainability as an American “implicit” subsidy, estimating its value at \$757 billion annually.

The Nigerian intuition

Nigeria has developed an extensive catalogue of arguments against petrol subsidies. Policymakers, political leaders,

and much of the public commentariat broadly agree that subsidies disproportionately benefit the rich, are fiscally unsustainable, and encourage petrol smuggling into neighbouring countries. They also argue that subsidies are misdirected toward consumption rather than production, hinder the development of the mid-stream and downstream segments of the petroleum industry, and crowd out effective investment in infrastructure and social protection.

In my upcoming book, *Youth Breed: How Generations of Nigerian Youth Impact Their Country*, I identify what I describe as a “quixotic” argument against energy subsidies: the claim that such subsidies encourage overconsumption. This view has been promoted by the IMF, even in

Nigeria’s context of acute energy poverty. In 2025, global electricity consumption per capita averaged 3,000 kilowatt-hours (kWh). The UAE and South Africa recorded 10,000 kWh and 3,799 kWh, respectively. Nigeria, by contrast, averaged just 181 kWh.

Guided by misleading intuitions, policy orthodoxy, and a failure to account for Nigeria’s local context, President Bola Ahmed Tinubu announced the total withdrawal of petrol subsidies in May 2023. Nearly three years on, more Nigerians have fallen into poverty as high inflation and weak productivity – both direct consequences of elevated energy costs – have eroded household welfare and business viability. It was amid these deepening vulnerabilities, despite some improvements

in headline macroeconomic indicators, that the oil-price shock triggered by the war with Iran caught Nigeria unprepared.

As a result, petrol prices in Nigeria rose by up to 40 per cent in March. Over the past three years, the price of petrol has increased by more than 600 per cent. While the United States claims to have decimated Iranian air defences, taken control of Iran's airspace, and gained the capacity to strike targets in the country at will, Nigerians have dissimilarly lost protection from the surge in domestic fuel prices arising from the conflict. We remain acutely exposed to the economic fallout of a war unfolding far beyond our borders – and far beyond the African continent.

The Tinubu administration's inability – or unwillingness – to intervene in the petrol market may be interpreted by market ideologues as a commitment to policy consistency. Yet this would merely reinforce the view that subsidy removal has functioned as a smokescreen. Under Tinubu's presidency, the elimination of subsidies has reduced transparency within the fiscal framework. The projected savings of N7.5 trillion annually – estimated to reach N11 trillion in 2025 – cannot be traced to seamless financing of capital projects or to any meaningful reduction in reliance on debt. In practice, the supposed fiscal gains remain unaccounted for.

In nearly three years of these so-called subsidy savings, funding for social safety-net programmes has been inconsistent and shows little prospect of scaling up in the face of rising fuel prices. Meanwhile, the structural problems once used to justify subsidy removal – weak border security and the fragile state of Nigeria's midstream and downstream petroleum sectors – remain largely unaddressed. Although the Dangote Refinery offers the government a rare opportunity to stimulate investment in domestic refining and distribution, official support for the project has been inconsistent. Rather than protecting and leveraging this private investment to encourage further participa-



Oil tanker attacked during the ongoing US-Israeli-Iranian war

tion, the government continues to externalise Nigeria's domestic consumption needs through the importation of petroleum products.

Policy correction


In a worst-case scenario where oil prices climb to \$200 per barrel and market petrol prices double from current levels, it is difficult to imagine President Tinubu remaining unwilling to reintroduce subsidies. Yet it is equally unlikely that world leaders would allow oil prices to spiral unchecked and trigger a global economic collapse. What is clear, however, is that President Tinubu must act now to prevent a humanitarian breakdown at home, driven by hyperinflation and a broader economic deterioration. Early intervention is essential to stabilise living conditions and avert deeper social and economic distress.

Nigeria, as a major oil producer, should be able to shield its citizens and businesses from extreme volatility in global oil prices. Oil is a natural resource with which the country is abundantly endowed, and this endowment carries an

obligation. Citizens – especially the most vulnerable – ought to benefit directly from the nation's resource wealth, rather than bear the full brunt of external price shocks.

Crucially, subsidy removal has not delivered the promised cure for Nigeria's long-standing economic underperformance. Instead, Nigerians are now bearing the consequences of a state that has lacked the resolve to build a productive and resilient economy. What has emerged is a leadership class more invested in its own comfort than in safeguarding the collective well-being of the nation – yet still cloaking its inaction in the language of market efficiency. The result is a policy posture that deepens hardship while offering little in the way of genuine structural reform.

This has to change. There is no shortage of price-support frameworks that Nigeria can adopt from both oil producers and net importers.

*Jide Akintunde, the Managing Editor of Financial Nigeria publications, is the author of the forthcoming book, *Youth Breed: How Generations of Nigerian Youth Impact Their Country*, due for release in June 2026. *

THE PRECISION TRANSITION: DESIGNING AFRICA'S POWER SYSTEMS FOR REALITY, NOT ABSTRACTION

If Europe's largest economy needs transitional thermal flexibility to backstop an 80% renewables target, insisting low-income African nations skip that step is not climate leadership. It is development deferred.



Louis Strydom

Last year, I argued in my piece “Lean Carbon, Just Power” that a limited and temporary increase in African carbon emissions is justified to meet the continent’s urgent electrification needs.

That position was not a retreat from climate ambition. It laid out a credible lean-carbon pathway that reconciles power systems development realities with climate arithmetic.

The central question remains not whether emissions must fall, but how much temporary headroom is tolerable to accelerate energy prosperity for a continent responsible for roughly 4% of global CO₂ emissions.

The flexibility equation

The future of Africa’s electrification is neither “all renewables tomorrow” nor

“gas indefinitely”. Intermittent renewables alone cannot power the continent’s fragile grids at scale. Solar and wind require highly dispatchable power capacity to ensure system reliability.

The real choice is not between renewables and fossil fuels in the abstract; it is between flexible, firm power that complements solar and wind and the de facto alternative: increasing reliance on high-emission diesel backup and widespread grid instability.

I argue that a realistic transition strategy must embrace “a capped carbon overdraft”: a strictly bounded, time-limited deployment of flexible gas-fired power plants that supports the deployment of renewables and declines according to a binding schedule. This strategy means accepting minimal, temporary emissions to enable a faster, cleaner, and more resilient transition.

The response to this argument drew serious scrutiny. Three objections deserve a direct answer.

First: Does the case for flexible thermal power hold on a full life cycle basis?

It does. Our power system studies in Nigeria, Mozambique, and Southern Africa consistently reach the same conclusion – the least-cost long-term system is renewables-led, with flexible engines balancing variability. That holds across capital, fuel, maintenance, carbon pricing, and decommissioning.

South Africa’s Integrated Resource Plan 2025, approved in October, makes the point concretely: it projects 105 GW of

new capacity by 2039, with renewables as the backbone, yet explicitly includes 6 GW of gas-to-power by 2030 for grid stability. Even the continent’s most industrialised economy concludes it needs dispatchable thermal capacity to underpin a renewables-heavy system. The question is not whether firm power is needed, but how to make it as clean and flexible as possible.

Second: Does this argument talk over Africa’s ambition to leapfrog fossil fuels?

No. It is designed around that ambition. Wärtsilä launched the world’s first large-scale 100% hydrogen-ready engine power plant concept in 2024, certified by TÜV SÜD, with orders opening in 2025. Ammonia engine tests now demonstrate up to 90% reductions in greenhouse gas emissions compared with diesel. These are not roadmaps. They are ready-to-use technologies.

The honest difficulty is timing. Sub-Saharan grids averaged 56 hours of monthly outages in 2024. The African diesel generator market is growing at nearly 7% per year and is projected to reach 1.3 billion dollars by 2030. Nigerian businesses spend up to 40% of operational costs on fuel for backup power. That is the real counterfactual – not a continent neatly powered by sun and wind, but a billion-dollar diesel habit deepening every year the grid stays unreliable.

Even Germany is tendering for 10 GW of hydrogen-ready gas plants, with conversion mandated by 2035 to 2040. If Europe’s largest economy needs transitional



A Wärtsilä 110 MW flexible thermal balancing power engine

thermal flexibility to backstop an 80% renewables target, insisting low-income African nations skip that step is not climate leadership. It is development deferred.

Third: Does the carbon comparison include methane across the full life cycle?

It must. Methane leakage materially worsens the climate profile of gas-to-power because methane is a far more potent greenhouse gas than CO₂. If leakage exceeds a few per cent of production, gas loses its advantage over coal on a 20-year timeframe.

But the International Energy Agency (IEA) notes that 40% of fossil methane emissions could be eliminated at no net


cost with existing technology. My claim that gas has a lower footprint than coal is conditional on aggressive methane management – eliminating flaring and venting, and enforcing measurement under frameworks such as the EU Methane Regulation and OGMP 2.0.

Without those conditions, the arithmetic fails. But the real choice in most African markets is not between pristine gas and pristine renewables. It is between ageing coal, a growing fleet of unregulated diesel generators, and new fuel-flexible plants that start on gas and transition to hydrogen or ammonia on a contractual schedule. Displacing diesel and coal with well-managed gas in future-fuel-ready engines cuts CO₂, local pollution, and water use now, while building the infra-

structure for fuels that eliminate fossil dependence entirely.

The critics are right to demand rigorous, full-life-cycle accounting, methane transparency, and credible timelines. Those are exactly the conditions that make a lean-carbon pathway work.

Africa does not seek permission to pollute. It seeks the tools to end energy poverty while peaking emissions early and declining them fast. Build engine power plants that run on available fuel today. Mandate their conversion tomorrow. The carbon overdraft stays small. The payback stays fast. And the technology to switch to sustainable fuels is already here.

Louis Strydom is the Director of Growth and Development for Africa and Europe at Wärtsilä Energy. 

ADEQUATE RESERVES SHIELD ECONOMIES FROM SHOCKS AND STRENGTHEN RESILIENCE

Building foreign exchange reserves requires sound policies and takes time, but global efforts to lower the cost of holding them can help.



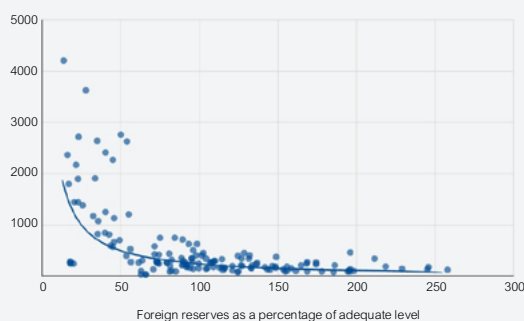
Pierre-Olivier Gourinchas

Participants at Saudi Arabia's Al-Ula conference in February rightly lauded emerging market economies' impressive resilience since the global financial crisis, thanks in part to improved macroeconomic frameworks. Yet the global environment is increasingly fragmented and was challenging even before the recent escalation in the Middle East. It is important for emerging market and developing economies to strengthen their resilience still further, including by building adequate levels of foreign exchange reserves. Doing so requires efforts to overcome domestic resistance to the accumulation of reserves. These can be supported by new cooperative solutions to help countries better build these buffers.

A common characteristic of crisis-prone countries is the low level of reserves. Just like households, countries need access to adequate liquid resources, which can be sold quickly to help manage unexpected shocks. Countries with very low reserves are seen as especially risky and have few options if markets turn against them, as in Aesop's fable of the grasshopper that sang and danced in summer as the ant stored food for winter.

Countries with lower foreign reserves pay more to borrow, as wider bond spreads indicate

Bond spreads in emerging market economies, basis points



Sources: Bloomberg L.P., and IMF Assessing Reserve Adequacy, October 2025.
Note: Adequacy level is defined as the ratio of reserves to ARA metric in percent.
Data from 2022 to 2025.

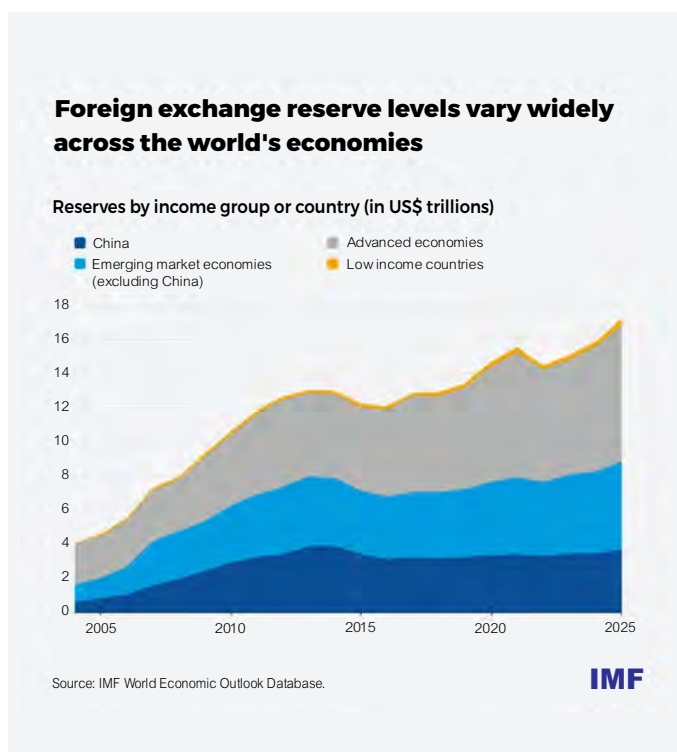
IMF

The importance of reserves transcends the choice of exchange rate regime. Countries with fixed exchange rates tend to require more reserves to back their currencies, but reserves are also critical for countries with more flexible exchange rates. They help to contain excessive currency volatility and the associated macroeconomic costs.

Sound policies and consensus building

While official reserve holdings have increased considerably over the past 25 years, they remain highly concentrated. A few countries have accumulated vast amounts of reserves – sometimes in excess of measurable needs to insure against external shocks. The issue for these countries is having too many reserves, not too few.

But for many other economies, especially low-income ones, the different layers of the global financial safety net – which include access to IMF resources, bilateral or regional swap lines, as well as countries' own official reserves – remain insufficient to manage severe shocks. Higher reserves levels would help these countries become more resilient, according to the IMF's reserve adequacy metric.



Yet despite well-known benefits such as greater insurance and lower funding costs, countries with low reserves sometimes struggle to make the necessary policy adjustments. This often reflects political-economy considerations, such as when the pressure to achieve short-term political gains leads authorities to postpone desirable policy adjustments and deplete reserves.

Countries that managed to break these political-economy constraints and turn the page on instability have been those that succeeded in building consensus on basic macroeconomic principles of fiscal and external discipline.

The process of building reserves takes time and is most effective when done organically rather than by short-term foreign-exchange borrowing from private or official creditors. Successful stabilisation programmes of the late 1980s and early 1990s show that there is no shortcut. Reserves must be purchased over sustained periods.

In most cases, reserve accumulation is initially supported by fiscal and current account surpluses, with net private capital inflows playing a greater role as the stabilisation process becomes entrenched. In fact, countries that relied too heavily on volatile financial flows and insufficient exchange rate flexibility (often with an overly appreciated exchange rate) terminated their stabilisation programmes abruptly once capital flows stopped and reversed. In the end, balance of payments sustainability depends on whether countries can run sufficiently large trade surpluses to cover dividends and interest payments on external private and

public liabilities while simultaneously building or maintaining an adequate level of reserves.

The high-price hurdle

Yet reserves are also expensive. Because safety and liquidity come at a premium, reserve assets offer typically a much lower return than those from alternative uses of those resources. This high opportunity cost – the price of self-insurance – discourages reserve accumulation. Reserve accumulation can also stoke inflation if not sterilised.


While countries must do their part, we should also explore ways to reduce the cost of building reserve buffers globally. Increasing the menu of suitable investment options for central banks would lower the cost of reserve accumulation and encourage countries to build adequate reserve buffers.

An increase in the supply of dollar reserve assets could, for instance, be achieved by expanding the menu of certified reserve assets to carefully selected portfolios comprising longer-term dollar bonds as well as other dollar assets, in addition to short-term US Treasuries. Investing such dollar reserves through a common fund would reduce transaction costs while preserving liquidity. The benefits for reserve-holding countries can be large, potentially adding substantially to the annual return on dollar reserve assets, for similar levels of risk. This would make adequate reserve accumulation a much more attractive proposition.

No shortcuts

Just as it is important for governments to invest in productivity-enhancing infrastructure, health and education, it is critical that they invest in macroeconomic stability – building sufficient buffers – and in the institutions to support it. This process is often long and arduous. It requires patience and avoiding shortcuts or overreliance on financial engineering. Fortunately, many emerging and developing economies have strengthened their economies by appropriately balancing policy objectives – inflation, external stability, sustained growth – and building societal consensus around basic principles grounded on sound economic discipline.

These efforts should be supported globally by making it easier, not harder, for countries to accumulate reserves in a sustainable way. To do so, we should explore channels where countries can work together to reduce the cost of self-insurance.

Pierre-Olivier Gourinchas is the Economic Counsellor and the Director of Research of the International Monetary Fund (IMF). Source: IMFBlog, a forum for the views of the IMF's staff and officials on pressing economic and policy issues of the day. The views expressed are those of the author(s) and do not necessarily represent the views of the IMF and its Executive Board. 



WHEN INFRASTRUCTURE BECOMES A BOTTLENECK: WHY WE NEED TO INVEST IN ECOSYSTEM INNOVATIONS

To succeed, entrepreneurs must become ecosystem innovators, building not only their products or services, but also the supply chains, distribution networks, and financial systems required to reach nonconsumers.

In many growth economies, entrepreneurs don't just face capital constraints; they also face a lack of infrastructure. Infrastructure here is defined as the most efficient mechanism through which a society stores or distributes value, including both hard and soft systems. Hard infrastructure includes roads, electricity, and logistics networks. Soft infrastructure includes supply chains, distribution channels, financing systems, and trusted intermediaries.

Without these systems, micro, small, and medium enterprises (MSMEs) with viable products will still struggle to reach customers, operate efficiently, and scale. In such environments, innovation requires more than launching a product. It often requires building the entire system that makes the product possible.

When it doesn't exist, it has to be built

In high-income countries, companies typically rely on existing ecosystem infrastructure such as suppliers, logistics providers, financing institutions, and distribution networks. In many growth economies, however, these systems are fragmented or nonexistent.

As a result, entrepreneurs typically build supply chains, develop distribution networks, train workers, and even create financing mechanisms themselves. Doing so dramatically expands the scope of their businesses and makes scale possible.

This type of innovation can be described as *ecosystem innovation*.



Scottish-American industrialist and philanthropist, Andrew Carnegie

Ecosystem innovators build not only a product or service, but also the surrounding infrastructure required for that product to reach and serve nonconsumers. In doing so, they aren't only building a company, they are helping develop the broader economic ecosystem around them.

History shows that ecosystem innovation is often a necessary stage in early market development.

For example, in the late nineteenth century, Andrew Carnegie set out to make steel affordable for a rapidly industrialising US. But the supporting ecosystem for large-scale steel production was still underdeveloped. To solve this, Carnegie didn't rely on external suppliers; he built them. His company owned iron ore mines, coal fields, railroads, and shipping lines, tightly integrating each stage of production and transportation. Carnegie didn't just produce steel; he built the infrastructure system that made large-scale, low-cost steel production possible.

Similarly, in the mid-2000s, Safaricom's M-Pesa set out to provide financial services to millions of Kenyans who lacked access to traditional banking. But the financial infrastructure required to support this, such as bank branches, payment networks, and trusted intermediaries, was largely absent. To overcome this, M-Pesa built a vast agent network, enabling users to deposit and withdraw cash locally, and created a simple, mobile-based system for transferring money. M-Pesa didn't just offer a payments service; it built the distribution and trust infrastructure that made digital finance accessible to millions of new users.

The theory behind ecosystem innovation

Clayton Christensen's Modularity Theory helps explain why ecosystem innovation is often necessary in the early stages of market development.

A system's architecture determines its components and defines how they must interact to achieve the desired outcome.

The points where components interact are known as interfaces.

When interfaces are predictable and standardised, firms can rely on modular systems in which different organisations specialise in different components. But when interfaces are unpredictable or poorly defined, modular systems break down.

In such environments, companies must rely on interdependent architectures, in which multiple components of the system are developed and coordinated by the same organisation.

Even when policymakers recognise infrastructure gaps, investments often focus on building isolated projects rather than supporting the companies that are actively constructing ecosystems through their business models.

No company operates with a business model that is entirely modular or entirely interdependent. Most organisations operate somewhere in between. But in growth economies, where infrastructure is often incomplete or unreliable, integrating across unpredictable interfaces becomes the norm.

Modularity can only emerge when interfaces are specifiable, verifiable, and predictable. When infrastructure is weak or missing, these conditions are difficult to achieve.

This is why entrepreneurs in these contexts often rely on interdependence: integrating production, distribution, financing, training, and service within a single organisation. By tightly coordinating these elements, firms can improve re-

liability and performance even when the surrounding ecosystem is weak.

In other words, when infrastructure does not yet exist, innovators often have to build it.


Why this matters

Many development strategies assume that the infrastructure required for entrepreneurship already exists. Even when policymakers recognise infrastructure gaps, investments often focus on building isolated projects rather than supporting the companies that are actively constructing ecosystems through their business models.

Yet MSMEs operating in these environments are often the ones best positioned to sustainably build this infrastructure. When entrepreneurs develop the systems they need to operate, whether that's distribution networks, logistics platforms, or financing mechanisms, they do so because real demand already exists. This makes the resulting infrastructure far more sustainable than stand-alone development projects.

Supporting entrepreneurs, therefore, means more than funding individual products or services. It means supporting companies through the building of distribution networks, logistics platforms, training systems, financial rails, and coordinated supply chains.

These ecosystem innovations reduce costs, increase reliability, unlock non-consumption, and enable thousands of smaller businesses to participate in growing markets. When infrastructure becomes a bottleneck, the most transformative innovators are often the ones who build the ecosystem itself.

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THE SPHERES-OF-INFLUENCE ILLUSION

For the first time since 1945, the United States, China, and Russia are converging around an authoritarian conception of sovereignty that relies on raw power rather than international law. But history suggests that dividing the world into rival blocs is more likely to produce conflict than stability.



Zaki Laïdi

The third Gulf War, as well as the prospect of US intervention in Cuba, are on the verge of turning an unlikely candidate for the Nobel Peace Prize into an ideal candidate for the Nobel War Prize. US President Donald Trump, who credits himself for ending eight wars, has been engaged in nine military operations during his second term, the most important being the one now taking place in Iran.

All this confirms not only the extraordinary volatility of the international context but also the total unpredictability of the American president. In this context, it remains difficult to analyse the international system in a rational way. Still, one idea seems to link the disparate events that have defined the breakdown of the postwar and post-Cold War international order in recent years: that whatever new order emerges will be built around spheres of influence.

The dominant organising principle of international relations before World War II has indeed returned to the forefront of global politics in recent years. Russia's invasion of Ukraine, China's efforts to assert dominance over Asia, and the United States' interventions in Latin America and designs on Greenland all point to the re-emergence of great-power competition for regional primacy. But while the spheres-of-influence model sheds light on the geopolitical ambitions shaping Chinese, Russian, and US policies, it is neither a viable nor a desirable means of producing a stable global order.

Spheres and Blocs

The sphere is a model of international relations with ancient historical roots. The Greek idea of *ecumene* and the Roman *limes* represented early attempts to define the limits of imperial authority. In the 15th century, the Treaty of Tordesillas took this idea one step further by dividing the newly discovered (by the West) part of the world between Spain and Portugal, with the pope's blessing. European powers later formalised the concept at the Berlin Conference of 1884-85, hosted by Otto von Bismarck, employing the German term *Interessensphäre* as they carved up Africa among themselves.

At its core, a sphere of influence presupposes the existence of a hegemonic power exercising varying degrees of authority over subordinate actors within a defined area through suzerainty, protectorate arrangements, or outright domination. The German legal philosopher and Nazi supporter Carl Schmitt gave the idea a sharper political dimension in the late

1930s, transforming it from a descriptive concept into a strategic doctrine.

This vision found its clearest expression during the Cold War, when geographic boundaries and political alignments coalesced into rigid blocs. The Korean War offers a striking example: because the United States had not included South Korea within its formal security perimeter, Soviet dictator Joseph Stalin believed North Korea could take the risk of invading the South.

Chinese leader Mao Zedong, who would ultimately intervene on North Korea's behalf, was initially hesitant. He feared that an invasion of South Korea might prompt the US to extend its security commitments to Taiwan, thereby making the island's separation from China permanent. Mao's concerns proved justified. After North Korea launched its attack, US President Harry Truman dispatched the Seventh Fleet to the Formosa Strait, reversing his administration's policy of not intervening in either Korea or Taiwan. Had North Korea not launched its invasion in 1950, Taiwan's current status might look very different.

Former US Secretary of State Henry Kissinger highlighted the connection between Taiwan and South Korea in his 2011 book *On China*. Once the US publicly committed to defending South Korea, he argued, "it could not allow the fall of Taiwan without destroying its entire Asian security architecture." As Kissinger put it, this dynamic reflects the "paradox of hegemony," whereby "peripheral commitments become central through their interconnection."

The lesson is clear: rather than stabilising international politics, spheres of

influence often create new sources of instability. By tying peripheral territories to the credibility and security interests of great powers, they risk turning local crises into major international conflicts.

The New Politics of Dominance

The re-emergence of the spheres-of-influence model reflects a period of hegemonic transition. With no single power willing or able to dominate the global order and assume the responsibilities that come with that role, major powers are increasingly compelled to secure their own regions in order to manage relations with rivals from a position of strength.

No political leader has embraced this approach more openly than Trump. An intransigent nationalist, he has sought to consolidate US primacy over the Western Hemisphere, from Greenland to Tierra del Fuego. But as his decision to launch a war against Iran has made abundantly clear, Trump's ambitions extend far beyond the Americas.

Europe, unsurprisingly, has found itself in Trump's crosshairs. European countries challenge America's technological dominance while championing the liberal values his MAGA movement despises most. In Trump's view, that makes Europe a target, not a competitor, and certainly not an equal. But unlike his predecessors, Trump seeks hegemony without providing the robust security guarantees that have defined US leadership since World War II, and his administration's open support for Europe's anti-liberal forces has cast doubt on America's reliability as an ally.

US Secretary of State Marco Rubio's speech at February's Munich Security Conference underscored this shift. While reassuring allies that the US and Europe "belong together," he dismissed the post-Cold War vision of liberal internationalism as a "dangerous delusion." The belief that history had ended, that liberal democracy would inevitably spread, and that trade and global rules



US President Donald Trump

could replace national interests and borders, Rubio said, was a "foolish idea that ignored both human nature and the lessons of over 5,000 years of recorded human history."

Despite this, European Commission President Ursula von der Leyen said she was "very much reassured" by Rubio's remarks, revealing how readily some European policymakers still seize on any hint of continued US commitment. But while

Rubio's speech was less confrontational than Vice President JD Vance's remarks in Munich last year, it adhered to MAGA orthodoxy, taking aim at the liberal values that underpin the European project.

Rubio's itinerary was equally telling. Instead of attending a planned high-level meeting on Ukraine with a dozen European leaders, he abruptly pulled out and travelled to Budapest to show support for Hungarian Prime Minister Viktor Orbán



Chinese communist leader and founder of the People's Republic of China, Mao Zedong

ahead of the country's parliamentary elections.

Then there is China. As its willingness to push back against Trump's tariffs has shown, the People's Republic increasingly sees itself as operating on near-equal footing with the US. With each possessing significant leverage over the other, the possibility of a strategic accommodation has begun to gain traction in both countries. Consequently, Trump has moved away from the technological containment strategy pursued by his predecessor, Joe Biden, in favour of a more cooperative approach.

American tech executives have helped drive this shift, warning Trump that Biden's approach would only strengthen China's determination to catch up with – and ultimately overtake – the US. Nvidia

CEO Jensen Huang has arguably been the single most influential voice pushing to relax US export controls, making the simple yet effective case that, rather than holding China back, such restrictions would accelerate its efforts to develop domestic alternatives.

Russia presents a different problem. Although economically far weaker than the US, it remains a major nuclear power, a reality that has profoundly shaped America's approach to the war in Ukraine. When Ukrainian forces launched counteroffensives in the Kherson region in 2023, for example, Russian President Vladimir Putin repeatedly raised the prospect of nuclear escalation. The Biden administration took these warnings seriously, even slowing the delivery of some offensive weapons to Ukraine. Providing

Ukraine with long-range weapons capable of striking deep inside Russia, the thinking went, would prompt Putin to treat such attacks as a direct NATO assault on Russian territory.

Yet Putin's sabre-rattling rang hollow, given China's firm resistance to nuclear escalation. In numerous discussions with Chinese officials in which I participated alongside the European Union's then-High Representative Josep Borrell between 2022 and 2024, it became clear that China remained deeply committed to the principle of non-first use. As Bob Woodward notes in his 2024 book *War*, Chinese President Xi Jinping's interventions were a "decisive factor" in discouraging Putin from taking the nuclear path.

Seeking to avoid direct confrontation, the US, China, and Russia are again turn-

ing to spheres of influence. Amid escalating tensions, the concept seemingly offers a way to manage geopolitical competition while reducing the risk of an all-out great-power conflict.

The Return of Raw Power

The return of spheres-of-influence thinking also reflects a profound political shift. For the first time since 1945, three major powers – the US, China, and Russia – are converging around an authoritarian, Schmittian conception of sovereignty and power.

For Schmitt, sovereignty was not grounded in universal rules. As he famously put it, the world is not a “universum” but a “pluriversum.” Although Trump has almost certainly never heard of Schmitt, his foreign policy embodies several Schmittian principles: scepticism toward liberal values, preference for bilateral power relations over multilateral rules, a clear distinction between friends and foes, and the primacy of decisive action over deliberation by courts and parliaments.

In this sense, Trump has mounted the most persistent Schmittian challenge to liberal internationalism since the end of the Cold War. In his speeches, statements, and social-media posts, he rarely mentions multilateralism or international law, and when he does, it is usually to mock or dismiss them. Instead, his rhetoric echoes Schmitt’s argument that the sovereign is the one who “decides on the state of exception.” In other words, the ruler sets the rules. Accusations of violating another state’s sovereignty carry little weight, because sovereignty belongs to whoever has the power to assert it, regardless of international law.

Trump’s territorial ambitions reflect this philosophy. When he says the US should take control of Greenland, he does not attempt to cloak expansionism in universal values like democracy and freedom, as former President George W. Bush did before the US invasion of Iraq. Trump



Russian President, Vladimir Putin

For the first time since 1945, three major powers – the US, China, and Russia – are converging around an authoritarian, Schmittian conception of sovereignty and power.

simply says that the US “needs” Greenland on national-security grounds.

Putin, by contrast, has relied heavily on historical and cultural arguments to justify his invasion of Ukraine and deny its right to sovereignty. China, for its part, has invoked similar historical narratives to support its claims in regions such as the South China Sea while stopping

short of outright denying the principle of state sovereignty.

Despite their increasingly post-Westphalian territorial ambitions, these powers remain fiercely protective of their own sovereignty. Trump has made border security the centrepiece of his political agenda, and Putin treats any challenge to Russian sovereignty as a direct threat to his authoritarian rule. China follows a similar playbook, pursuing an expansionist agenda while demanding that its own territorial integrity be respected.

All this points to an emerging strategic convergence, with each power seeking to consolidate its own sphere of dominance while tolerating the others’ ambitions to consolidate theirs. The underlying logic is simple and transactional: Ukraine is yours, Greenland is mine, Taiwan is theirs. What binds these regimes together is not ideology but a shared rejection of



A view of NATO Headquarters in Brussels, Belgium

the constraints the postwar liberal order once placed on the exercise of raw power. Force becomes the only international law.

The Limits of Great-Power Domination

Although often justified as a source of stability, spheres-of-influence arrangements tend to generate conflict rather than submission, as local actors resist domination and pursue their own interests. Russia's war in Ukraine is a case in point: even after four years of brutal war in which an estimated 325,000 Russian soldiers have been killed – more than five times the number of US casualties during the Vietnam War – it has failed to conquer the country.

Even Latin America, once widely regarded as a US preserve, can no longer be treated that way. Over the past three decades, countries across the region have dramatically diversified their economic and diplomatic relations, particularly

with China. In 2003, the US accounted for nearly 60% of Latin America's foreign trade; today, its share is closer to 25%. China is now the largest trading partner of Brazil, Chile, Peru, and Uruguay and is increasingly competing with the US for access to the region's raw materials, many of which are critical to the global energy transition.

A second, even more fundamental obstacle to the emergence of exclusive spheres of influence lies in the ambitions of today's major powers themselves. A great power can no longer be a country that dominates its own region; it must also be able to prevent rival powers from dominating theirs.

Consider Asia, which accounts for more than 40% of global economic output, with nearly half of that generated by China alone. The US has no strategic interest in accepting a world in which the Americas fall under its influence while Asia remains under Chinese dominance.

Such an arrangement would amount to conceding global leadership to China. Contrary to some interpretations, neither the Trump administration's National Security Strategy nor its National Defence Strategy suggests that the US intends to allow such an outcome.

Admittedly, the administration's China policy has been less adversarial than its predecessor's. On key issues like Taiwan, however, US policy appears largely unchanged. America's security partnerships with Japan, South Korea, and Australia also remain intact, despite Trump's well-known scepticism toward alliances. In international politics, institutional inertia often proves stronger than rhetoric.

Rather than a neat division of influence in Asia, the more likely outcome is a complex mix of competition and accommodation. Trump's proposal to replace the expired New Strategic Arms Reduction Treaty (New START) between the US and Russia with an arms-control agreement

that would include China underscores the centrality of the Sino-American rivalry, which will continue to shape global politics for years to come.

Another factor undermining the spheres-of-influence model is the growing clout of regional actors that refuse to align themselves with any great power. India, which has long sought to preserve its strategic autonomy, is a prime example. For decades, India was constrained by its limited economic and military capabilities, but that is no longer the case: It is now the world's most populous country, the fifth-largest economy, and a major military and industrial power.

Having previously relied on the Soviet Union to counter Pakistan and China, India began moving closer to the US in the early 2000s. When Trump returned to the White House last year, Prime Minister Narendra Modi initially welcomed his transactional approach. But he soon discovered that it did not necessarily work in India's favour. Modi's government had hoped that Trump would rely more heavily on India to counter China's rise while easing demands that it distance itself from Russia. Instead, India found itself facing steep tariffs and an unexpected improvement in US-Pakistan relations, the latter apparently driven less by geopolitical considerations than by Trump's business interests.

Taken by surprise, India has responded cautiously to avoid escalating tensions with the Trump administration as it seeks to deepen ties with Europe, the Gulf countries, Japan, Israel, and Russia, which remains a crucial military partner. India has thus reverted to its traditional strategy: engaging with all major powers while refusing to fall into any sphere of influence.

The third Gulf War also highlights the inoperative nature of spheres of influence in a highly contested region where states hedge their bets in order to survive. The Gulf Cooperation Council's six member states have historically been close to the US. But they seem to be less and less

The US has no strategic interest in accepting a world in which the Americas fall under its influence while Asia remains under Chinese dominance.

assured by the effectiveness of the US security guarantee. After lobbying against the military intervention in Iran, they ended up lining up behind Trump for lack of anything better, and have become even more dependent on the US as Iran targets their infrastructure. But the GCC countries know that when Trump steps down, they will face a new security dilemma, unable to count on either the US or Iran. They openly express their bitterness and fear being trapped between two regional hegemonic projects: Iran's and Israel's.

Where Does Europe Fit?

No region is more vulnerable to a spheres-of-influence order than Europe, and none depends more heavily on the credibility of US security guarantees. While the Trump administration continues to reassure its allies, it is also promoting a so-called NATO 3.0 in which Europeans assume greater responsibility for their defence.

The US, in short, wants to pay less without relinquishing political control of the transatlantic alliance. Elbridge Colby, the Trump administration's under secretary of "war" (defence) for policy, made that clear in Munich when he voiced strong opposition to nuclear proliferation among America's European allies. The message was unmistakable: Europe should do more for its own defence, but the US will ultimately set the terms.


This uncertainty has deepened divisions within Europe. Some leaders now call for a psychological break with

American security guarantees, a Gaullist acknowledgement that the US may no longer serve as the continent's strategic shield. While France is already planning to expand its nuclear arsenal, many other European countries remain reluctant to go that far, preferring to seek an accommodation with Trump or wait and hope for a return to the pre-Trump status quo. The third Gulf War has confirmed the structural strategic weakness of Europe, which is now sidelined in two major conflicts: Ukraine and the Gulf.

Internal disagreements over major defence projects such as the Future Combat Air System, particularly between France and Germany, have further hindered European security cooperation. Moreover, French policymakers worry that a rapid military buildup could dampen Germany's appetite for deeper defence integration. In his speech in Munich, President Emmanuel Macron echoed these concerns, calling on EU member states to focus on joint projects rather than competing national strategies.

Confronted with China's economic power, the threat of Russian aggression, and Trump's unpredictability, Europe finds itself at a crossroads. Increasingly, it looks less like an independent strategic actor than easy prey for great powers.

Europe's predicament highlights a deeper truth. The spheres-of-influence concept offers a useful lens for understanding the Schmittian logic shaping great-power behaviour, but it cannot provide a stable framework for international politics. A new global order may well be emerging, but its final form remains far from settled. What is certain is that it will bear little resemblance to the world of the 19th century.

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AMERICA'S WAR, AMERICA'S RECESSION

There is no good time for an economy to face an energy- and food-price shock, but some moments are worse than others. And for the United States today – with its strained credit market, stretched equity-price valuations, unsustainable public finances, and inflationary import-tariff policy – now is about as bad as it gets.

The precise magnitude of the shock the US will face as a result of its war of choice in Iran is difficult to predict, given the array of factors at play. But Iran's effective closure of the Strait of Hormuz, through which 20% of the world's oil and 20-30% of its fertiliser pass, suggests that the fallout could be severe.

Attacks on energy infrastructure in Iran and across the Gulf threaten to deepen and prolong the shock. Consider the damage to Qatar's liquefied natural gas facilities: 17% of the country's LNG export capacity has been wiped out, and it will take up to five years to repair the damage. Goldman Sachs now projects that Brent oil prices will average \$85 a barrel in 2026, as a result of what it calls the largest-ever supply shock for the global crude market.

The US is poorly equipped to weather this shock, and financial-sector fragility is a key reason why. Financial crisis has been a common feature of previous post-war recessions. This makes recent admonitions about the tenuous state of US credit markets – especially the \$3 trillion private credit market, which operates outside the traditional banking system – deeply ominous.

Last October, JPMorgan Chase CEO Jamie Dimon warned that “cockroaches” lurked in the private credit market – “when you see one cockroach, there's probably more” – noting that a downturn in the market could lead to a wave of bankruptcies. More recently, he expressed “anxiety” about a coming credit cycle, which will be “worse than a normal one,” owing to lofty asset prices, high debt levels, and excessive complacency among

lenders. Such a downturn could begin with the software sector – a favoured recipient of private credit, whose business model is under threat from AI.

Another source of recession risk is the stock market. By virtually every standard measure, US stock-market valuations are at historic highs. Such frothy valuations are often indicative of bubbles, which have often ended badly for the real economy.

Compounding the risks today is the US stock market's unprecedented concentration. As few as ten companies – mostly tech giants – account for nearly 40% of the S&P 500's total value. Moreover, AI-related stocks have delivered a whopping 75% of the S&P 500's returns since 2022, and AI investments accounted for over 90% of US GDP growth last year. A stock-market correction – or, worse, the collapse of an AI bubble – could prove catastrophic.

The last thing a shaky credit market and an overvalued stock market need is higher long-term interest rates. After all, higher rates make it more difficult for troubled companies to roll over their maturing loans, while giving investors an alternative to stocks and raising the rate at which companies' future earnings will be discounted. But as the Iran war drives up energy and food prices – threatening to compound the inflationary pressures already being generated by high and unpredictable import tariffs – this is precisely the situation the US faces.

At its most recent meeting, the Federal Open Market Committee voted nearly unanimously to hold interest rates steady, with Federal Reserve Chair Jerome Powell noting that the war has increased near-term measures of inflation expectations. Markets now view interest-rate hikes as significantly more likely than the cuts that were expected before the war began.


After the Fed's decision, Treasury yields spiked, with the all-important ten-

year Treasury increasing nearly 11 basis points, to 4.39%. The rise in ten-year bond yields since the war began represents a notable departure from investor behaviour during past episodes of uncertainty, when US Treasuries represented a safe haven.

The rapid deterioration of US public finances further increases the likelihood of interest-rate hikes. Before the war, the Congressional Budget Office estimated that the US budget deficit would amount to \$1.9 trillion this year and rise to an eye-watering \$3.1 trillion – 6.7% of GDP – in a decade. This would have put the deficit at around 6% of GDP, on average, over the next ten years – double the level (around 3% of GDP) generally considered to be consistent with public-debt stability.

The war has made matters much worse. Beyond the tens of billions of dollars that have already been spent, US President Donald Trump is now asking Congress to approve a \$200 billion increase in the defence budget. And there is no reason to think the costs will end there, not least because the Iran war may embolden powers like China and Russia to ramp up their own military adventurism.

When the investment firm Lehman Brothers collapsed in September 2008, the US government and the Fed were caught off-guard, triggering a global financial crisis and a severe US recession. Today, with all the signs of another major economic downturn flashing red, there is no excuse to repeat this mistake. At a minimum, Trump should be rolling back his import tariffs and suspending all attacks on the Fed's independence. The Fed will have its hands full, not least preparing for the possibility that it will have to come to the financial sector's rescue.

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