Deloitte.

West Africa in Focus (Nigeria and Ghana)

Bold reforms, stronger currencies, improving macro landscape: *Are we back on track to achieve macroeconomic stability?*



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Executive Summary

The world economy is doing "better than feared, but worse than needed"- Kristalina Georgieva, Managing Director, IMF

From a global perspective, 2025 was an eventful year, as the world was roiled by a new policy direction in the United States. The global shocks created ripples in the markets, leading to potential government revenue shortfalls, capital flight and a resurgence in global inflation due to supply chain disruptions. Foreign policy has become increasingly bilateral as immigration laws become stricter. Geopolitical tensions have persisted in the Middle East, while trade wars between the US and the rest of the world have triggered tectonic shifts that shook the markets. The most affected commodities were the US Dollar, gold and oil prices. The dollar lost approximately 11% of its value in H1 2025, its largest decline in over five decades, due to the impact of tariff hikes on global markets, overall economic growth, and policy uncertainties.[1] However, in the second half of the year, the greenback has made some marginal recovery of at least 1.7%.[2] Pundits are forecasting a further depreciation of approximately 10% in the world's most powerful currency by the end of 2026.[3]

Foreign investors have shifted to safer assets, such as gold and bitcoin, to hedge their exposure to US assets and the volatile US dollar. Gold reached an all-time high of almost USD 4,000 per ounce in October,[4] while Bitcoin also traded at a record high of over USD125,000.[5] Global oil price (Brent crude), on the other hand, has been more volatile and is down by over 17% YTD (as of October 2025)[6]. The US Energy Information Administration (EIA) is forecasting that the Brent crude spot price could average below USD 60 per barrel (pb) in Q4 2025, a level not seen since 2020.[7] JP Morgan is projecting a dip below USD 60 pb in 2026 due to structural imbalances.[8] Brent crude was USD 59.68 pb as of December 17, 2025, according to Bloomberg.

The impact of volatile commodity prices, higher tariffs, and other global shocks is far-reaching, with risks to economic growth and the possibility of a resurgence in consumer prices on one hand, while there is also the benefit of an improved external position. With high inflation comes the pressure of higher interest rates. Broadly speaking, inflation has moderated in most global economies, resulting in monetary authorities adopting an accommodative policy stance. However, this could change as upside risks to inflation and stagflation heighten.

The International Monetary Fund (IMF) has revised its 2025 real GDP growth rate upward to 3.2% from an earlier projection of 3% in its April 2025 edition. In 2024, the global economy expanded by 3.3%.[9]The revision reflects the impact of geopolitical tensions, the trade war and subsequent deals and resets. The growth will be varied across regions and countries, with Europe, Asia and the Americas experiencing a more sluggish growth rate compared to Africa.

Table 1: GDP Growth Rate of Some Economies (%)

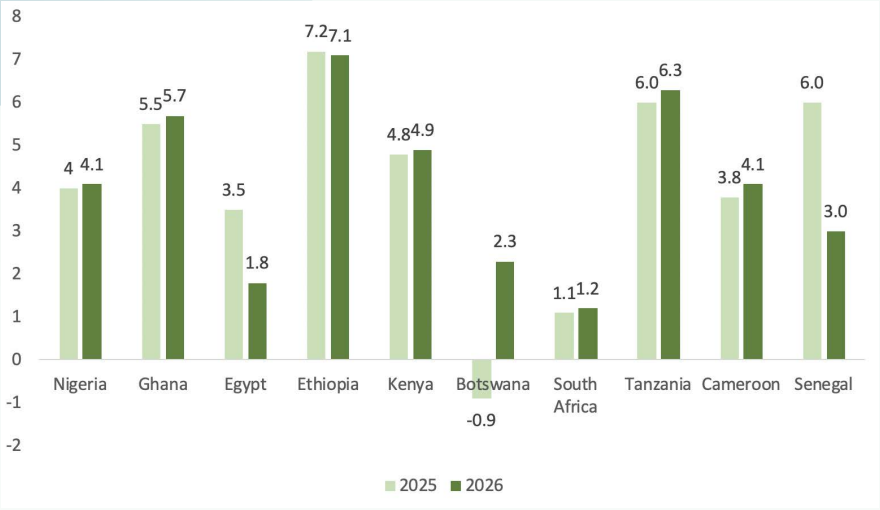
Country/ Region	2024 (%)	2025 (%)	2026 (%)
Global Economy	3.3	3.2	3.1
United States	2.8	2.0	2.1
China	5.0	4.8	4.2
Russia	4.3	0.6	1.0
United Kingdom	1.1	1.3	1.3
India	6.5	6.6	6.2
Germany	-0.5	0.2	0.9
Euro Area	0.9	1.2	1.1
Sub Saharan Africa	4.1	4.1	4.4
Nigeria	4.1	3.9	4.2
Ghana	5.7	4.0	4.8
South Africa	0.5	1.1	1.2
Ethiopia	8.1	7.2	7.1[10]

1https://www.morganstanley.com/insights/articles/us-dollar-declines
2https://www.usbank.com/investing/financial-perspectives/market-news/the-recovering-value-of-the-us-dollar.html#:~:text=In%20the%20first%20half%20of,dollar%20has%20rebounded%20by%201.7%25.
3https://www.morganstanley.com/insights/articles/us-dollar-declines
4https://www.reuters.com/world/india/gold-all-time-high-safe-haven-demand-fed-rate-cut-bets-2025-10-07/#:~:text=Spot%20gold%20was%20up%200.1,the%20Reuters%20India%20File%20newsletter.
5https://www.reuters.com/world/asia-pacific/bitcoin-hits-all-time-high-above-125000-2025-10-05/#:~:text=Bitcoin%20hits%20all%2Dtime%20high,Reuters
6https://nairametrics.com/2025/10/14/crude-oil-prices-drop-6-brent-struggles-to-hold-62-per-barrel/
7https://nairametrics.com/2025/08/13/eia-signals-crude-oil-prices-could-drop-below-60-by-q4/#google_vignette
8https://africa.businessinsider.com/markets/jpmorgan-says-oil-prices-could-crash-more-than-50-in-the-next-2-years/bpegjmr
9https://www.imf.org/en/Publications/WEO/Issues/2025/10/14/world-economic-outlook-october-2025
10IMF World Economic Outlook October 2025 Edition

Regional ties to deepen following US tariffs and shifting alliances

The African market was not completely insulated from the global shocks. The impact can best be described as modest and varied across countries. Nonetheless, the indirect impact on the continent is more pronounced, especially through the spillover effect of volatile commodity prices, which several African nations are heavily dependent on. Capital flows may be constrained, affecting the accretion of external reserves in these countries, although gold exporters such as Ghana, Mali and South Africa are better positioned due to the favourable price rally. Foreign aid from the US is expected to further reduce, with Ethiopia, Kenya, Uganda and Zambia as some of the most affected countries. A shift towards China is expected, especially from a trade perspective, as African countries look to bridge the gap.[11]

Chart 1: GDP Growth Rate Forecast of Select African Countries (%)



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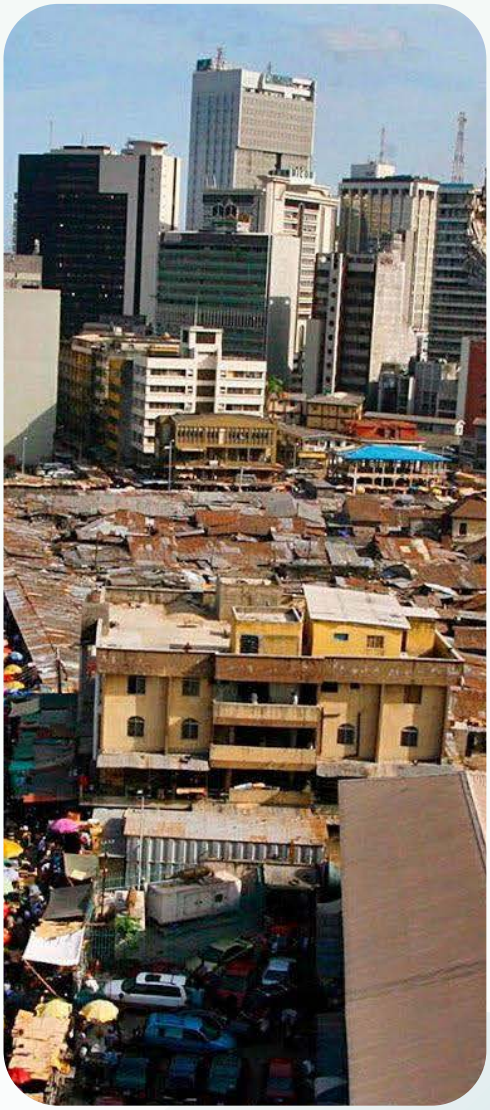
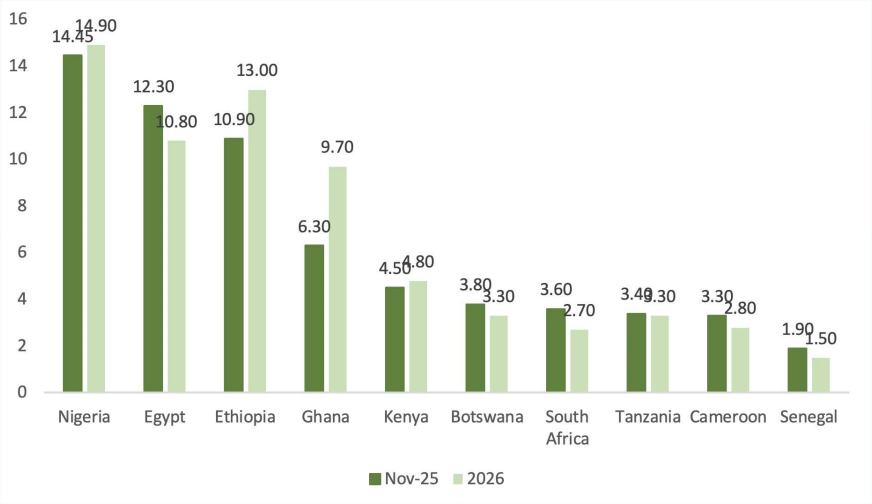


Chart 2: Annual Inflation Rate of Some African Economies as of November 2025 and 2026 Forecast (%)



13

Nigeria and Ghana are on a path of macroeconomic stability, stable currencies and improved sentiment

Our markets of focus (Nigeria and Ghana) enjoyed some stability and recovery in the first half of 2025. Macroeconomic indicators are looking better and stronger in comparison to prior years due to factors including base effects, better policy coordination and improved external position. Inflation is declining (at least on paper), local exchange rates are not only stable but also strengthening, while investor sentiment and confidence are improving. But it is not all a rosy picture.

Insecurity remains a major concern (especially in Nigeria), and adverse climatic conditions are taking a toll on productivity, output and livelihood. The cost-of-living crisis persists while local productive capacity remains suboptimal.

11 Africa: one-click report | EIU
12 IMF
13 Trading Economics, EIU, Deloitte Research

2026: Consolidating on the gains

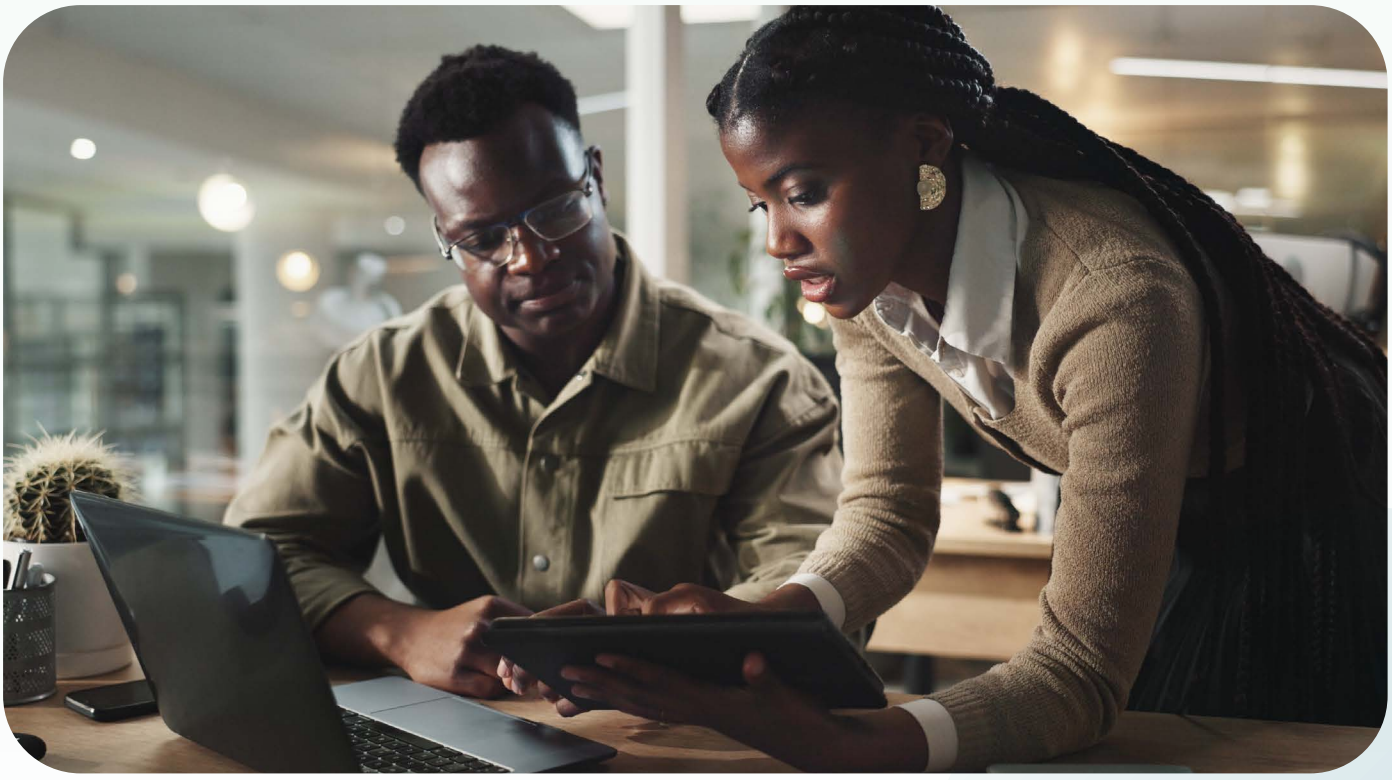
Globally, we expect a marginal dip in global growth in 2026, as the world economy has proven more resilient against the shocks of 2025 despite dim prospects. Uncertainty is now the new normal and may be here to stay.[14]Global economic growth in 2026 is projected to hover around 3.2%.[15]

In Africa, business-friendly reforms are likely to impact on the growth potential of the continent. The growth prospects of the continent remain largely positive around 4.4% in 2026[16], as inflation is decelerating and interest rate cuts progress (e.g. Ghana, Egypt, and South Africa). The downside risks to the continent's growth will emanate from uncertainty around South Africa's outlook, volatile commodity prices and elevated borrowing levels. High debt levels will continue to be a concern for the region. Constraints on international funding may compel some African economies to seek support from the IMF, resulting in the implementation of difficult fiscal adjustments. Ghana, Egypt and Zambia are some countries with ongoing IMF programmes.

In Nigeria, 2026 is a pre-election year and will be a year of uneven splits. Economic reform and implementation only have a few months at best before focus shifts squarely towards election campaigns. Nonetheless, continued stability of major economic indicators is expected amid heightened political uncertainty.

Ghana is also expected to sustain its growth trajectory as the pace of government reform implementation accelerates and fiscal discipline strengthens. The macros are expected to remain strong, although the 2025 currency rally is anticipated to wane in 2026.

As the macroeconomic landscape improves in West Africa, business operations are expected to pick up. Financial services will continue to lead the pack, riding on the waves of heightened digital innovation momentum. Big data and the use of Artificial Intelligence will continue to disrupt the playing field, as economic agents strive for greater cost efficiencies amid increasingly thin profit margins. The Green Energy transition will continue, albeit unevenly, between the two countries. However, favourable government policies will ensure sustainable growth and development.



14 https://www.reuters.com/world/china/imf-chief-says-global-economy-doing-better-than-feared-risks-remain-2025-10-08/
15 https://www.imf.org/en/Publications/WEO/Issues/2025/10/14/world-economic-outlook-october-2025
16 IMF SSA World Economic Outlook October 2025

1.0 NIGERIA

1.1 Economic Overview and Outlook



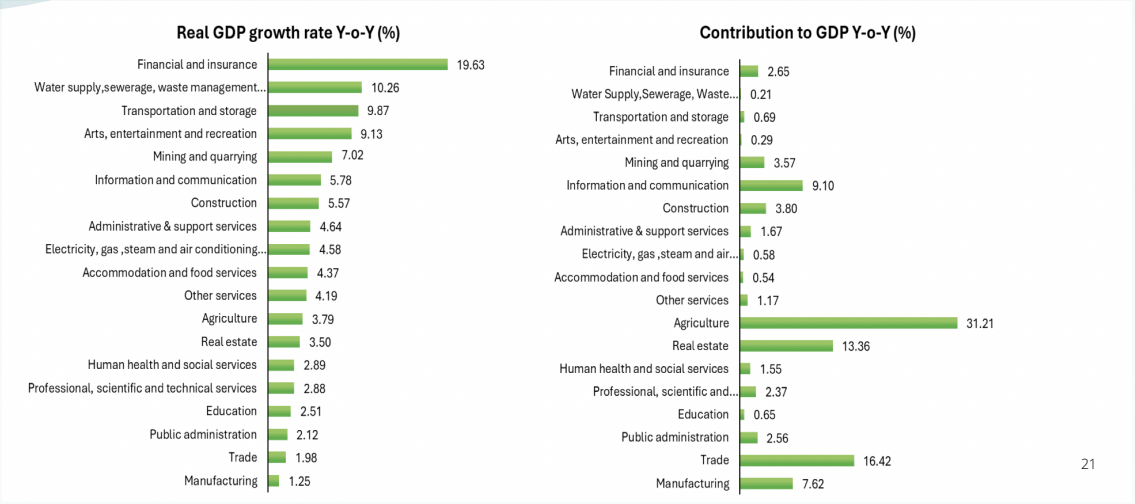
1.1.1 GDP Growth Holds Steady around 4% despite Rebasing Exercise

Nigeria recorded a real GDP growth rate of 3.98% in Q3 2025[17], a faster pace of growth compared to the corresponding period in 2024, indicating the economy's resilience. This is the country's fastest third quarter growth rate since Q3 2021. Despite the rebasing exercise, which typically leads to a slowdown in the pace of growth due to the law of large numbers, the economy has maintained a steady expansion so far this year.

The structure of the economy remains largely unchanged after rebasing, with the services sector still accounting for the largest share of the economy at 53.02%, followed by agriculture at 31.21% and industries at 15.77%[18]. Real estate now accounts for a greater share (13.36%) of total economic output, ranking among the top five largest contributors to GDP compared to its pre-rebasing levels. The non-oil sector continues to account for over 96% of the country's GDP, growing at a rate of 3.91% in Q3 2025. The oil sector, on the other hand, has stagnated around an average share of 3.82% of GDP, while growth picked up sharply to 20.46% in Q2 2025 before falling sharply to 5.84% in Q3 2025.[19]

The size of the economy is now estimated at USD 252 billion[20], putting the country in the position of the 4th largest country in Africa as of 2024.

Chart 3: Sector Performance in Q3 2025



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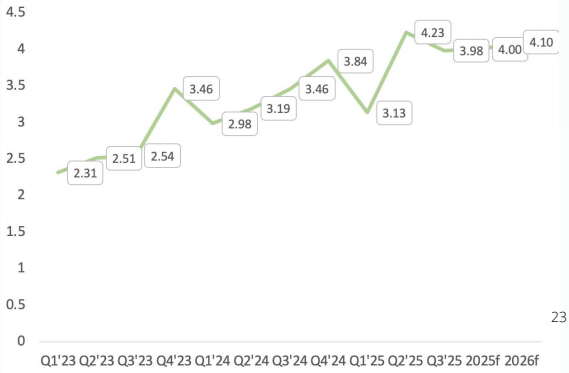
Outlook & Risks

The country is projected to achieve an average growth rate of approximately 4% over the next two to three years.[22]

Key factors that will contribute to this growth trajectory include increased activity at the Dangote refinery, a recovery in consumer demand as prices stabilize, improved dollar liquidity, and an expansionary fiscal policy. Additionally, the implementation of recent government reforms, such as the new Tax laws and the Insurance Act, will open up the country to more investment opportunities and improve the business environment. The nation is also preparing for elections in 2027, and the anticipated fiscal stimulus from campaign activities is expected to boost growth, although concerns about inflation persist. Additionally, electioneering activities could also trigger a resurgence in foreign exchange volatility as the demand for dollars intensifies.

Despite this positive outlook, Nigeria continues to face structural challenges that hinder its growth potential. A significant infrastructure gap, particularly in critical sectors such as power, transportation, and agriculture, is affecting business operations. Additionally, the prevailing high-interest-rate environment is limiting credit growth in the real sector, which is dampening business expansion plans and overall profitability.

Chart 4: Nigeria's Real GDP Growth Rate (Y-o-Y) %



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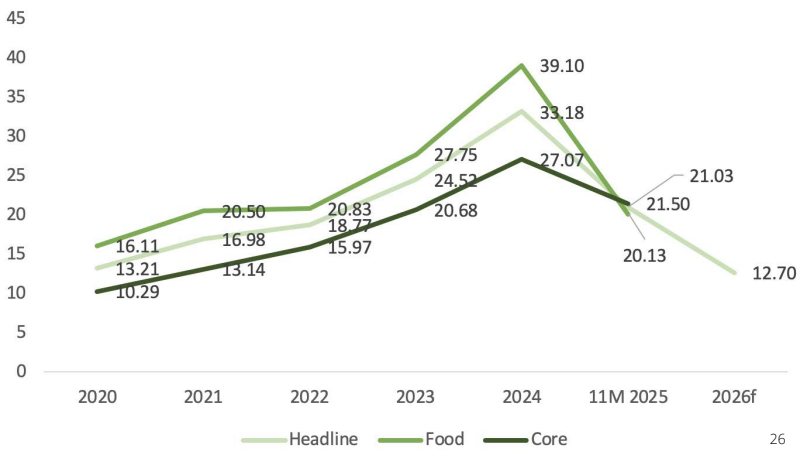
17 The National Bureau of Statistics (NBS)
18 Industry consists of all other sectors that do not fall under agriculture or services
19 NBS
20 One-click report: Nigeria | EIU
21 NBS
22 IMF, EIU, Deloitte Research
23 National Bureau of Statistics (NBS), IMF

1.1.2 Inflation Moderates but Consumer Prices remain Sticky Downwards

Nigeria has seen a steady decline in its inflation rate, dropping to 14.45% in November 2025, down from 34.60% a year earlier. This decrease is largely attributed to base effects, but several other factors have played a role as well, including the lag effect of a tight monetary policy stance, lower fuel prices, and a stable currency. As of 11M 2025, Nigeria's average inflation rate was 21.03%.[24]

A further breakdown of the inflation data showed consistency among the sub-indices. Monthly inflation was 1.22%, while the core and food sub indices were 18.04% and 11.08% respectively as of November 2025.[25]

Chart 5: Annual Average Headline, Food and Core Inflation (%)

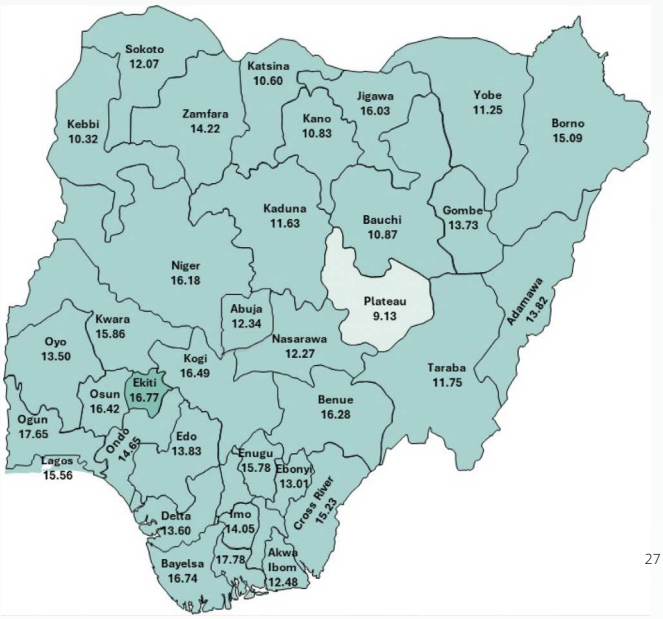


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Picture 1: State by State Inflation Heat Map

Rivers, Ogun and Ekiti states had the highest inflation rates, while Plateau, Kebbi and Katsina states recorded the lowest inflation rates as of November 2025.



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Outlook and Risks

The disinflation trend is expected to continue, with the country projected to record an average headline inflation rate of 20.6% in 2025. A further decline is anticipated in 2026 to 12.7%, followed by an increase to 15.3% in 2027.[28] The upcoming election activities and a potential loosening of fiscal policy could increase money supply, which may undermine some of the progress made in reducing inflation. This scenario also raises concerns about a potential resurgence in the demand for foreign exchange and the volatility of the naira.

24 The NBS
25 The NBS
26 NBS, EIU, Deloitte Research
27 NBS
28 The EIU

1.1.3 Improved External Position, but with Pockets of Naira Volatility

Nigeria's external position has shown improvement, highlighted by the increase in gross external reserves to over USD 44 billion in December 2025[29], the highest level since December 2021. This amount is sufficient to provide an import cover of about 10 months. Several factors have contributed to this positive trend, including high interest rates, rising foreign exchange inflows, and a slight increase in domestic oil production. Investor sentiment is also improving as government reforms restore confidence in Nigeria's economic and policy environment. During the year, credit rating agencies Fitch and Moody's upgraded Nigeria's rating to B and B3, respectively, with both giving a stable outlook.

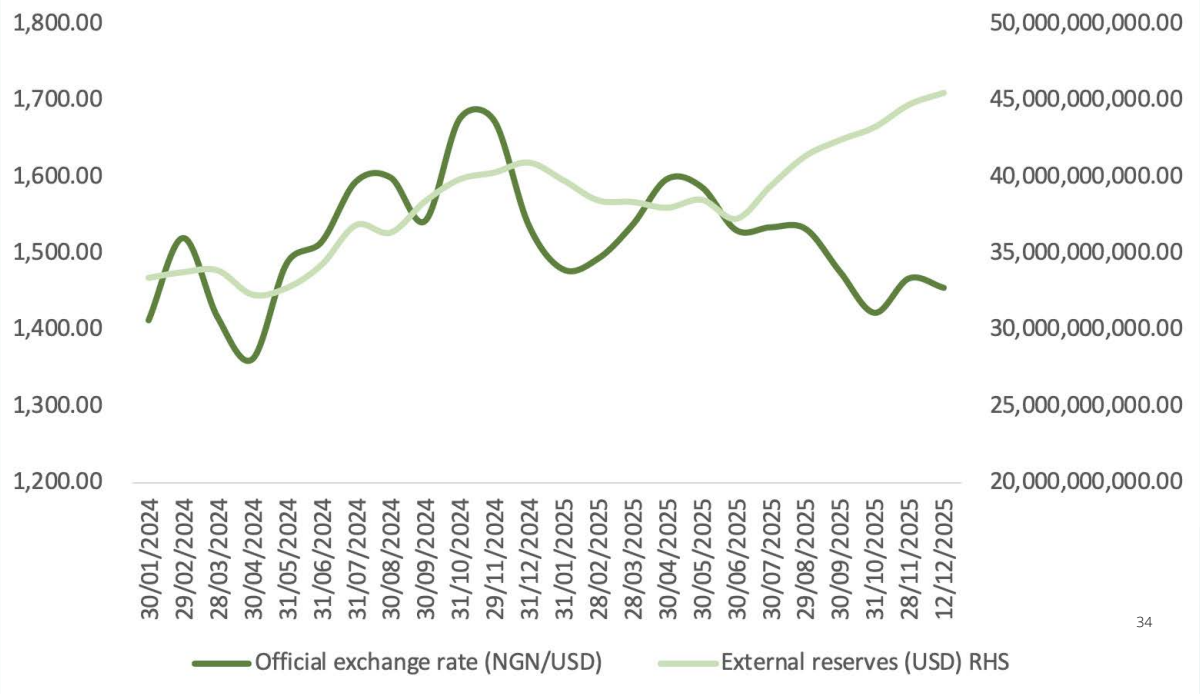
The naira was not only stable for most of the year but even appreciated to its strongest level in almost 12 months- NGN 1,440/ USD.[30]

Outlook and Risks

Barring any major shocks to domestic oil production (11M average of 1.46 mbpd[31], excluding condensates) and global oil prices, the naira is expected to maintain its stability for the remainder of 2025. Enhanced refining activities will further strengthen net exports and improve the current account position. Additionally, year-end activities traditionally lead to increased dollar inflows as the diaspora community and foreigners engage in "Detty December" activities. However, the recent kidnappings and heightened insecurity could stall the anticipated visits.

In addition, we anticipate renewed volatility in the naira in 2026, driven by rising demand pressures and a slowdown in investment flows as elections approach. Falling global oil prices also pose a risk to the current outlook. Brent crude is projected to average USD 58 per barrel in Q4 2025 and around USD 50 per barrel in early 2026[32]. As a result, the naira is expected to weaken to an average of NGN1,579/USD in 2026 and to NGN1,698/USD in 2027.[33]

Chart 6: Nigeria's Official Exchange Rate vs Gross External Reserves



34

29 https://www.cbn.gov.ng/IntOps/Reserve.html
30 FMDQ
31 Organisation of Petroleum Exporting Countries Monthly Oil Market Report
32 https://oilprice.com/Energy/Oil-Prices/Wall-Street-Forecasts-Oil-in-the-50s-Next-Year.html
33 The EIU
34 CBN, FMDQ

NIGERIA

1.2 Policy Thrust & Direction



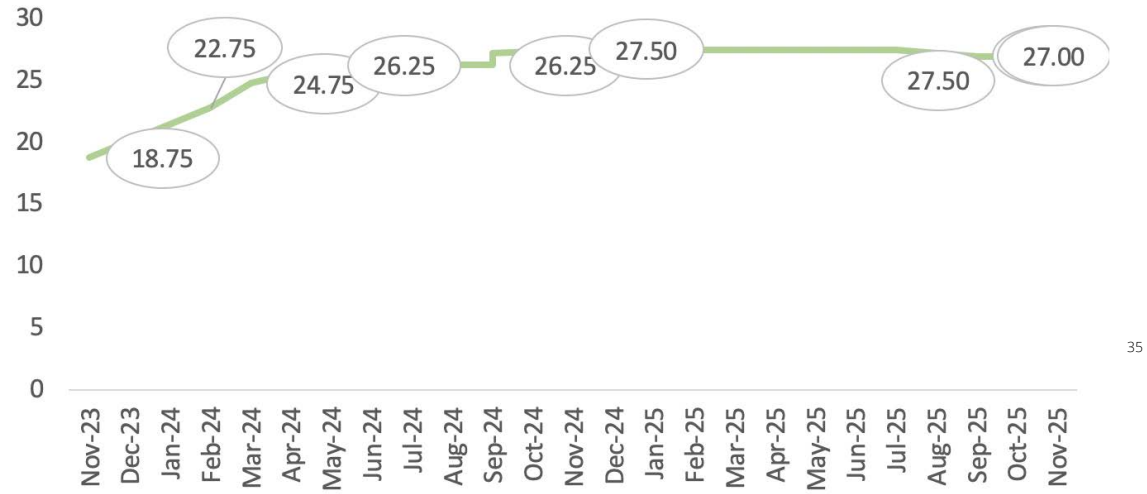
1.2.1 Tight Financing Conditions to Persist to Rein in Inflation and Boost Capital Flows

Nigeria has been operating in a high-interest-rate environment for the past three years to address a severe cost-of-living crisis that saw consumer prices spike significantly. In September 2025, the Central Bank of Nigeria (CBN) reduced its benchmark interest rate by 50 basis points to 27% per annum, marking the first rate cut in five years. The decision was based on the need to consolidate gains made from the ongoing disinflationary trend and the strong growth recorded so far in H1 2025. However, the apex bank ended its last meeting for the year with a hold stance, leaving the monetary policy rate (MPR) at 27% pa.

Inflation dynamics in Nigeria have been largely structural and driven by cost-push factors. However, the contractionary policy stance of the CBN has helped to limit the growth in the money supply, boost capital inflows, and stabilize the naira.

Other policy decisions implemented by the CBN include:
i. Asymmetric corridor around the MPR adjusted to +250/-250 basis points and then to +50/- 450 basis points
ii. Cash Reserve Ratio (CRR) for Deposit Money Banks (DMBs) reduced by 500 basis points to 45%, Merchant Banks kept at 16%
iii. 75% CRR for public sector deposits introduced
iv. Liquidity ratio kept at 30%
v. Roll out of open banking
vi. Adoption of the Pan African Payment and Settlement System (PAPSS)
vii. Introduction of stronger baseline standards for automated Anti-Money Laundering (AML) solutions to improve compliance, efficiency, and technology adoption by financial institutions
viii. Roll out of new guidelines for agent banking (e.g. Point of Sale transactions are now capped at NGN1.2mn)

Chart 7: Monetary Policy Rate (%)



35

Outlook & Risks

Anticipated fiscal pressures in 2026 are likely to prompt a cautious approach to interest rate policy. Therefore, the likelihood of an interest rate cut in the next six to twelve months is slim. This implies that the cost of borrowing will remain excruciating, dampening business expansion plans and profitability.

1.2.2 Fiscal Discipline, Transparency and Accountability to Continue

The economic reforms implemented are beginning to yield results and investor confidence is slowly being restored. However, there are concerns that the debt levels are becoming unsustainable. The FGN's current debt profile of NGN 152.40 trillion (as of June 2025) is 13.48% higher than a year ago, with domestic debt accounting for the bulk at 52.86%.[36]Additional borrowing earmarked at USD 21 billion between 2025 and 2026 will increase the government's foreign liabilities.

There has been increased focus on improving fiscal revenues, with an emphasis on revamping the tax landscape and instilling greater efficiency in collection. The rebasing of the nominal GDP has created some fiscal headroom, as key ratios such as debt ratios appear smaller due to a larger nominal base. For instance, the debt-to-GDP ratio has narrowed to about 38.8% in 2024 from around 50% pre-rebasing, while the debt service to revenue ratio has fallen to 60% in the same period[37]. This notwithstanding, the debt ratios remain high. The sustainability of the government's debt stock is a concern due to the impact of high interest rates and naira devaluation on repayment costs.

Hence, fiscal discipline, transparency and accountability are required to consolidate on the gains recorded so far.

35 CBN, Deloitte Research
36 Debt Management Office
37 https://authorityngr.com/2025/09/09/nigerias-economy-reforms-yielding-results-minister-edun/

Chart 8: Nigeria's Debt Stock



38

1.2.3 New Tax Laws: A Game Changer?

The recent signing into law of four landmark tax legislations by the President of Nigeria marks a historic transformation in the country's fiscal framework. These new laws, collectively known as the "Tax Acts," include the Nigeria Tax Act 2025, the Nigeria Tax Administration Act 2025, the Nigeria Revenue Service (Establishment) Act 2025, and the Joint Revenue Board (Establishment) Act 2025. Together, they represent the most comprehensive reform of Nigeria's tax system in decades.

The Nigeria Tax Act 2025 aims to unify and modernize the country's tax laws, creating a single fiscal framework that enhances clarity and consistency. The Nigeria Tax Administration Act 2025 establishes a streamlined legal basis for fair, transparent, and efficient tax administration. The Nigeria Revenue Service (Establishment) Act 2025 replaces the Federal Inland Revenue Service (Establishment) Act of 2007, which is expected to result in a stronger institution designed to assess, collect, and account for revenues accruable to the Federal Government. Lastly, the Joint Revenue Board (Establishment) Act 2025 introduces essential dispute-resolution mechanisms, including the Joint Revenue Board, the Tax Appeal Tribunal, and the Office of the Tax Ombuds, to promote coordination and fairness in tax administration.

These Tax Acts are not simply minor adjustments but a complete reimagining of Nigeria's tax landscape, with significant implications for businesses and taxpayers. These include but are not limited to:
I. Increased compliance obligations, along with stricter penalties for violations and the implementation of a VAT fiscalization system
II. Expanded role of professional advisors and service providers in helping taxpayers navigate the new landscape, providing technical expertise and compliance support.
III. Improved revenue mobilization, boost in investor confidence, and contribute to long-term fiscal sustainability.

The success of the New Tax Acts will rely on effective implementation, stakeholder engagement, and capacity building. If executed well, these reforms could mark a defining milestone in Nigeria's economic transformation, positioning the country on a stronger path toward inclusive and sustainable prosperity.

1.3 Elections: Defections, Defections and More Defections

Nigerians are set to head to the polls in approximately 14 months. Political shifts and realignments have already begun and will intensify in 2026. The incumbent government will be assessed based on the state of the economy and the impact of market reforms on consumer welfare. Key opposition figures have regrouped under the African Democratic Congress (ADC) platform. It is unclear if this platform will be strong enough to mount an effective challenge against the ruling party, the All Progressives Congress (APC).

38 Debt Management Office (DMO)

2.0 GHANA

2.1Economic Overview and Outlook

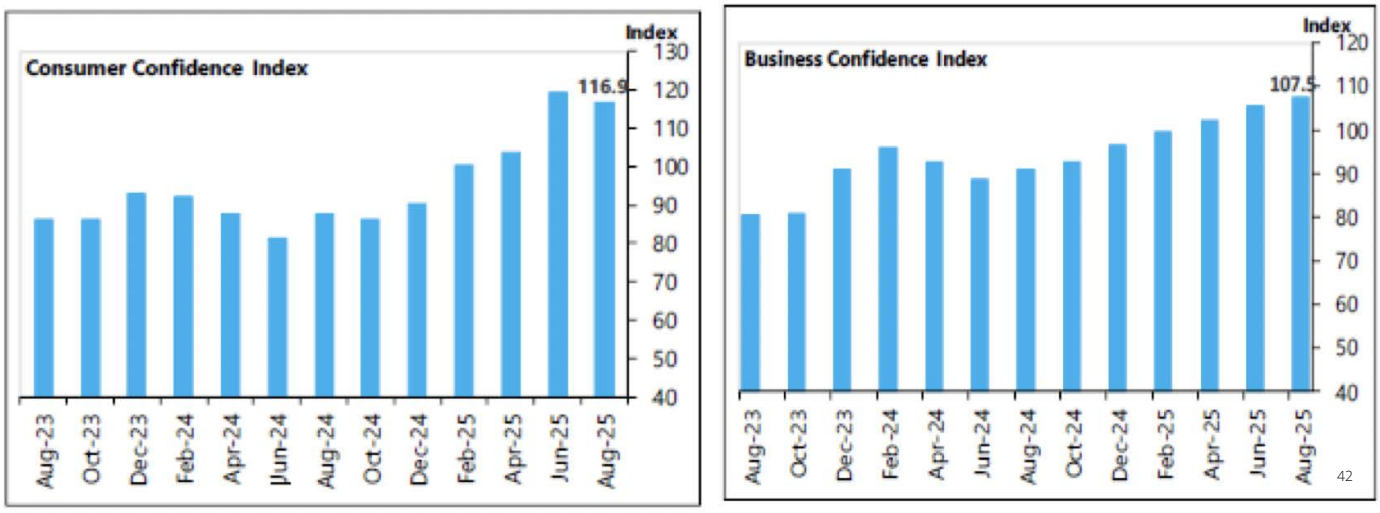


2.1.1 Strong Economic Growth Expected Amid Decelerating Inflation and Interest Rate Cuts

The Ghanaian economy is currently outperforming Nigeria, achieving a real GDP growth rate of 5.5% in the third quarter of 2025. This growth is primarily driven by the non-oil sector, which expanded by 6.8% compared to 7.8% in the same quarter of 2024. Notably, the fastest-growing sector within the non-oil sector was fishing, which surged by 23.1%. This was followed by growth in information and communication at 17% and transport and storage at 10.4%.[39]

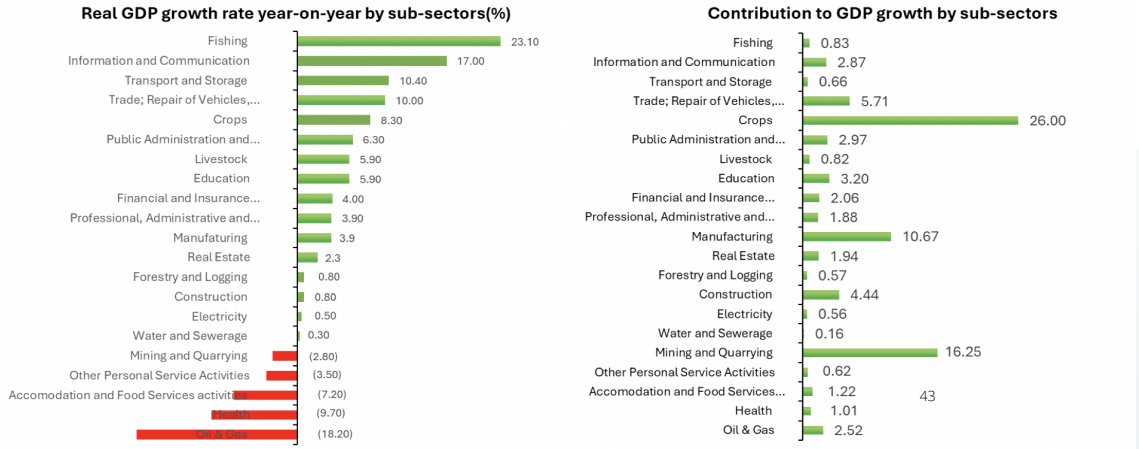
The strong growth trend is supported by robust consumer and business confidence in the economy, despite some recent softening. The Consumer Confidence Index fell to 116.9 points in August, down from 119.2 points in June 2025.[40]Meanwhile, the Purchasing Managers Index stayed above the expansion territory at 50.1 points in November.[41]

Chart 9: Consumer and Business Confidence Indices



Ongoing government initiatives, such as the 24-hour Economy Program and the Accelerated Export Development Program, are essential for unlocking the economy's vast potential. These initiatives aim to create more jobs, foster an enabling environment, and enhance investment opportunities. Additionally, a decrease in inflation, along with a further reduction in the Bank of Ghana's (BoG) monetary policy rate, is expected to support the anticipated growth in real GDP. Furthermore, the expansion of the Bibiani gold mine in Western Ghana will positively contribute to export revenues.

Chart 10: Sector Performance in Q3 2025



39 https://www.statsghana.gov.gh/gssmain/fileUpload/National%20Accounts/Newsletter_Quarterly_2025_Q3_December_2025_Edition_GSS.pdf

40 https://www.bog.gov.gh/wp-content/uploads/2025/09/Monetary-Policy-Report-Sept-2025.pdf

41 https://ng.investing.com/news/economic-indicators/ghanas-pmi-shows-stable-business-conditions-amid-price-stability-93CH-2236003

42 https://www.bog.gov.gh/wp-content/uploads/2025/09/Monetary-Policy-Report-Sept-2025.pdf

43 https://www.statsghana.gov.gh/gssmain/fileUpload/National%20Accounts/Newsletter_Quarterly_2025_Q3_December_2025_Edition_GSS.pdf

Outlook and Risks

The Ghanaian economy is projected to grow by 5.5% in 2025, 5.7% in 2026, and 6.0% in 2027.[44]This growth reflects a strong momentum in the overall economy and a reduced reliance on oil. In addition, the anticipated pick up in gold exports through the expansion of the Bibani gold mine will support the projected growth momentum. However, several factors could impede these projections, such as fluctuations in cocoa production due to climate-related impacts, the spread of the swollen shoot virus, smuggling activities, and volatility in commodity prices. Furthermore, as global uncertainty ebbs, the attractiveness of gold will wane, ending the ongoing price rally of the commodity.

Chart 11: Ghana's Annual GDP Growth Rate (%)



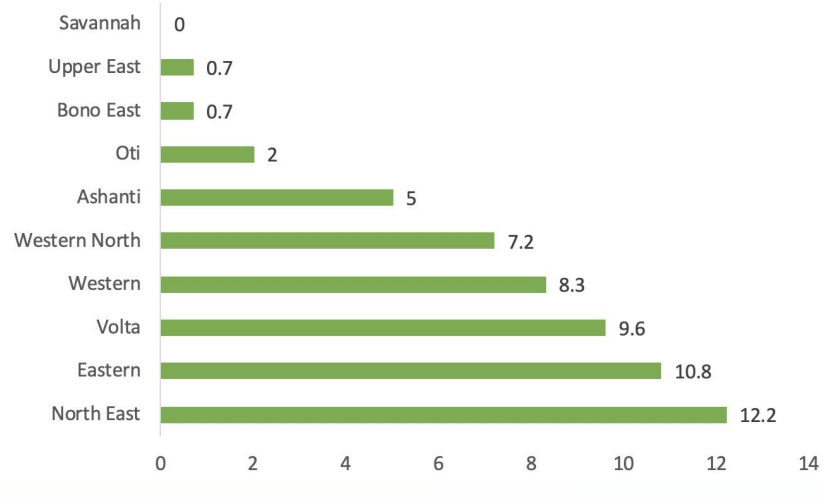
45

2.1.2 Single-Digit Inflation Achieved Before the End of 2025

Ghana has finally achieved a single-digit inflation rate, with an inflation rate of 6.3% as of November 2025, after about four years in double digits. [46]Month-on-month inflation has also decreased, even dropping into negative territory for three months during the year. The country has seen a consistent decline in its consumer price index, which can be attributed to a strong cedi, a tight monetary policy, fiscal consolidation, decreasing non-food prices, and reduced supply-side pressures.

Regionally, the North East, Eastern, and Volta regions recorded the highest inflation rates, while, Savannah, Upper East and Bono East had the lowest inflation rates as of November 2025.

Chart 12: Regions with the Five Highest and Five Lowest Inflation Rates (%)



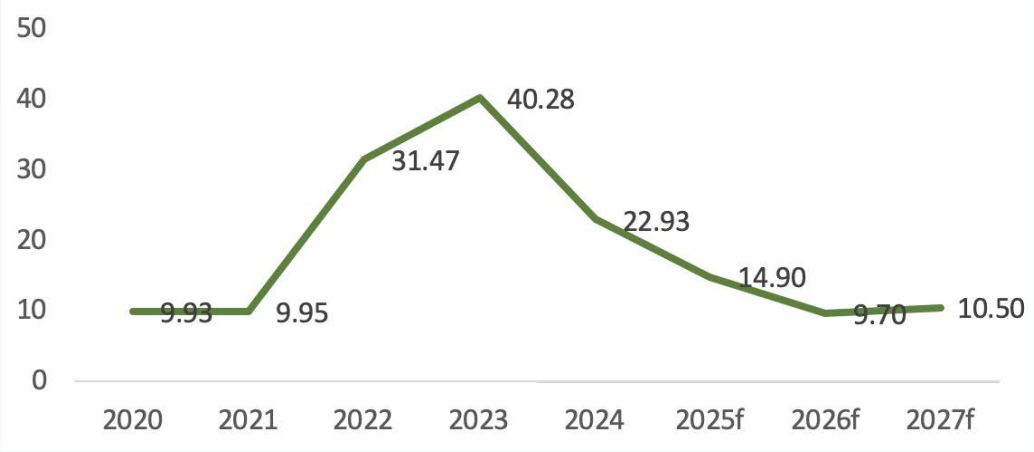
47

Outlook and Risks

Inflation in Ghana is projected to average 14.9% in 2025, exceeding the Bank of Ghana's upper target limit of 10%. A decline to an average of 9.7% is expected in 2026, followed by a slight increase to 10.5% in 2027.[48] Key risks to Ghana's inflation outlook include higher tariffs on utilities such as electricity and water, as well as persistently high domestic food prices. Additionally, a possible fall in gold prices could impact on the stability of the local currency and imported inflation. However, these risks could be mitigated by still high interest rates and fiscal discipline.

44 The EIU
45 The Ghana Statistical Service (GSS), EIU, IMF, Deloitte Research
46 GSS
47 GSS
48 The EIU

Chart 13: Ghana's Average Annual Headline Inflation (%)



49

2.1.3 Cedi Swings from Worst Performing Currency to among the Best Currencies in Africa

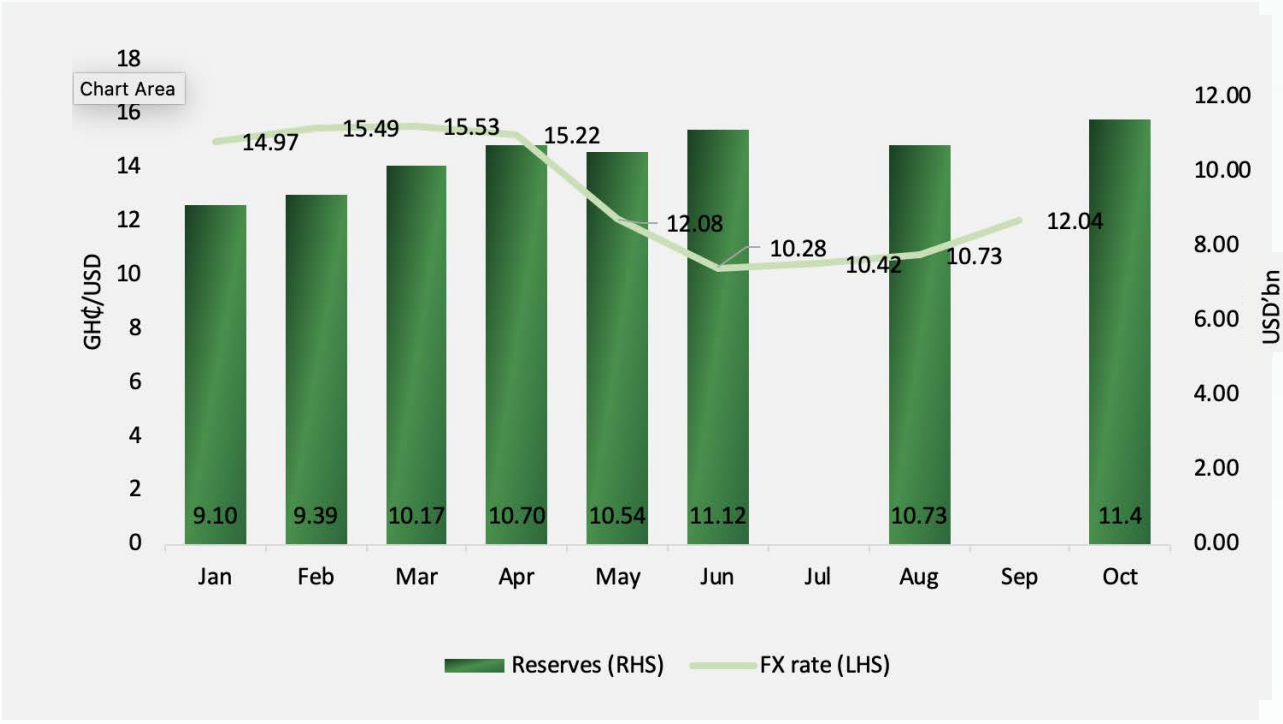
The Ghanaian cedi has made significant gains, appreciating by 32.2% in the year to November 2025[50] to an average exchange rate of GHS13.05 per USD. This recovery can be largely attributed to stronger gold revenues, as the price of gold has surged amid increased global uncertainty, leading to higher gold reserves. Additionally, proactive liquidity from the BoG, a successful debt restructuring, and government initiatives like the Ghana Gold Board have further bolstered the local currency's value. However, towards the end of the year, some volatility was recorded.

As of October 2025, gross external reserves had risen to USD 11.4 billion, sufficient to cover 4.8 months of imports, compared to USD 8.98 billion at the end of December 2024, which supported 4 months of import cover.[51]

Outlook and Risks

The cedi is projected to average GH**S**12.92/USD in 2025, GHS13.01/USD in 2026, and GHS13.55/USD in 2027[52]. However, further loosening of monetary policy could reverse some of these recent gains, particularly if the demand for gold decreases due to a reduction in global uncertainty.

Chart 14: Average Exchange Rate vs End Period Gross External Reserves



53

49 GSS, EIU, Deloitte Research

50 https://www.bog.gov.gh/wp-content/uploads/2025/11/MPC-Press-Release-November-2025.pdf

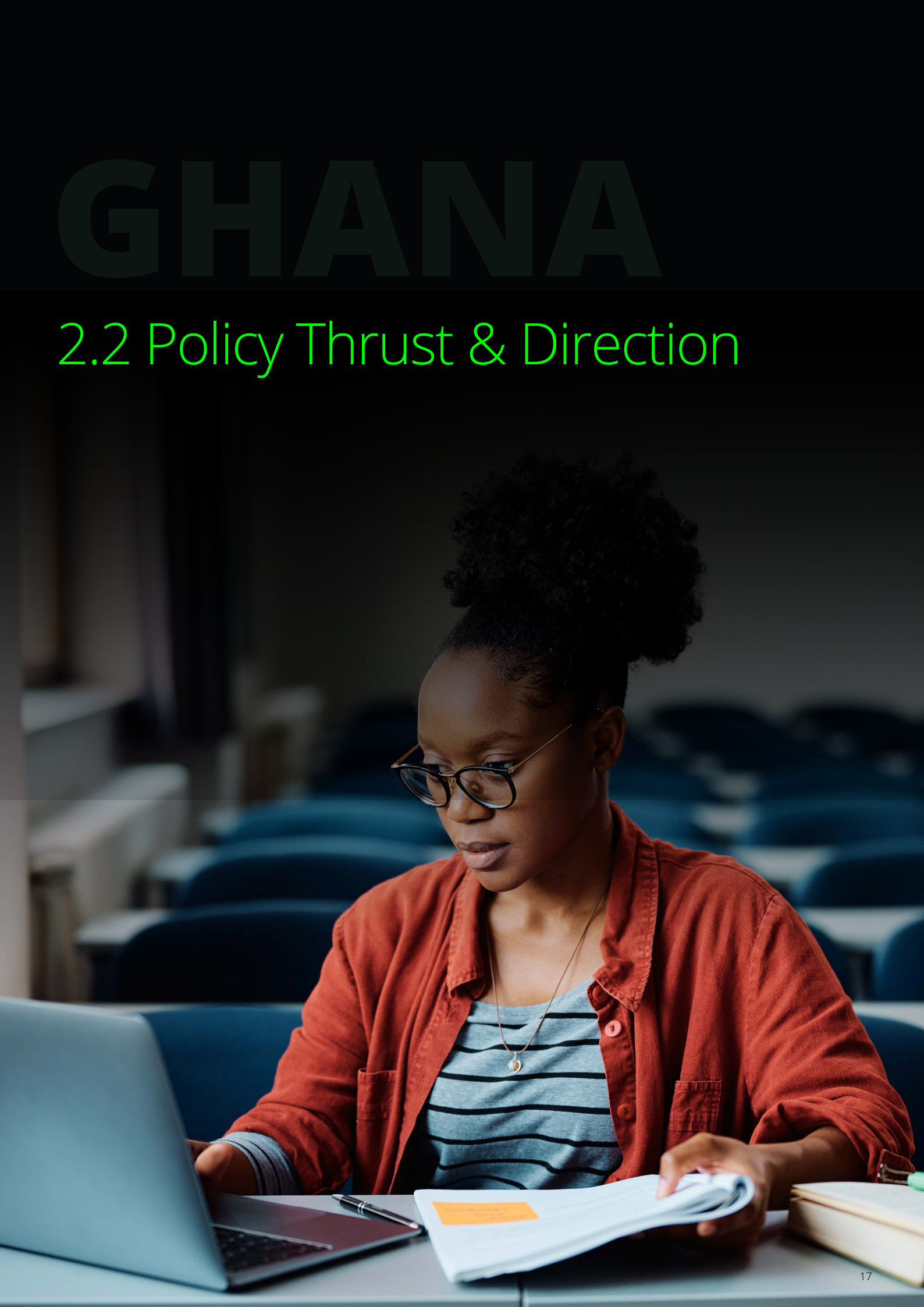
51 https://www.bog.gov.gh/wp-content/uploads/2025/11/MPC-Press-Release-November-2025.pdf

52 The EIU

53 BoG

GHANA

2.2 Policy Thrust & Direction



2.2.1 Further Interest Rate Cuts Expected as Inflation Falls within the BoG's Target

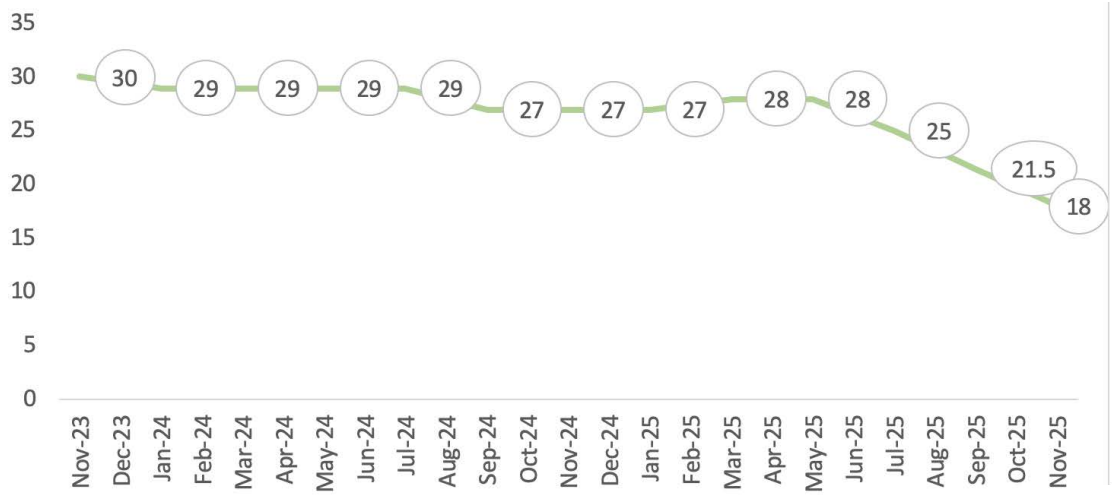
The Bank of Ghana (BoG) has resumed adjusting interest rates, implementing a total reduction of 10% to its MPR, closing 2025 at 18% per annum. Despite the rate cuts, the interest rate environment (MPR) remains slightly elevated and has contributed to the strengthening of the cedi and eased inflationary pressures. Meanwhile, other nominal interest rates have dropped sharply. For instance, the 364-day Treasury Bill rate fell to 13.06% as of November 2025 from 30.07% a year ago.[54]

Other policy decisions implemented by the BoG include:
- Adjustment of the net open position to between 0% to +/-10% from +/-5%
- CRR for all banks to be kept in their respective currencies
- Commencement of forex intermediation under the Domestic Gold Purchase Programme

Outlook and Risks

Further interest rate cuts are expected during the forecast period.[55]While these reductions are anticipated to alleviate financing constraints and stimulate credit and economic demand, excessive easing could risk reversing the progress made in controlling inflation.

Chart 15: Ghana's Monetary Policy Rate (%)



56

2.2.2 Fiscal Discipline, Debt Restructuring and Debt Sustainability, the Order of the Day

The Ghanaian government has revised its expenditure forecast for 2025, reducing it from GHS 270 billion to GHS 269 billion. This adjustment comes as actual spending in the first half of 2025 was 14.3% below the initial target. The decrease is primarily due to lower interest payments, resulting from falling domestic interest rates and a stronger cedi (leading to lower interest payments on debts denominated in USD when revalued in cedi terms), along with improved fiscal discipline.

As of July 2025, the public debt has decreased by 15.65%, reaching GHS 628.8 billion. The debt-to-GDP ratio currently stands at 44.9%, down from 61.8% in December 2024. This improvement is largely attributed to the impact of the cedi's appreciation on external debt, although there has been some accumulation of domestic debt. This debt level is significantly lower than the IMF's target of 55% for 2028, indicating a positive trend in debt sustainability. External debt constitutes 48.5% of the total debt stock, while domestic debt makes up the remainder.[57]

As a result, there is potential for further upgrades to Ghana's credit rating as investor confidence increases. In June 2025, Fitch upgraded Ghana's credit rating to B- with a stable outlook. Additionally, the IMF has disbursed a total of USD 2.28 billion following five successful staff-level reviews and is set to provide another USD 385 million.

The 2026 budget tagged "Resetting for Growth, Jobs and Economic Transformation" has been presented. The budget is premised on several assumptions some of which include a GDP growth rate of 4.8%, an inflation rate of 8% (+/-2%) and a fiscal deficit of 2.2% of GDP. Some key policy highlights include the Big Push Infrastructure Programme, renewed commitment to fiscal discipline, sustained public expenditure rationalization and revenue mobilization drive. The above, coupled with the macroeconomic stability achieved in 2025, will partly help the government achieve the desired transformational growth and job creation.[58]

54 https://www.bog.gov.gh/treasury-and-the-markets/treasury-bill-rates/

55 The EIU

56 BoG, EIU, Deloitte Research

57 https://www.bog.gov.gh/wp-content/uploads/2025/09/Monetary-Policy-Report-Sept-2025.pdf

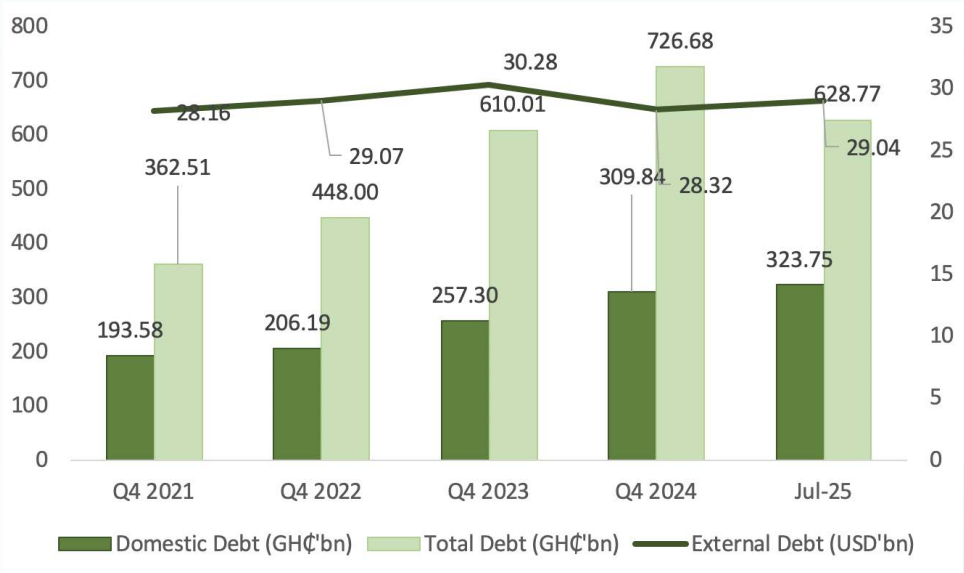
58 https://www.deloitte.com/content/dam/assets-zone1/gh/en/docs/services/tax/2023/gh-deloitte%27s-analysis-of-2026-budget-statement-of-government-of-ghana.pdf



Outlook and Risks

Ongoing efforts to achieve debt sustainability face lingering risks. The recent depreciation of the cedi may undermine some of the gains made, potentially slowing the pace of debt sustainability. To counter these challenges, the government needs to increase capital spending while continuing its fiscal consolidation. Effective resource planning and mobilization, recent macroeconomic improvements, and enhanced collaboration between the public and private sectors are crucial for establishing a resilient foundation and ensuring sustained economic recovery.

Chart 16: Ghana's Debt Stock



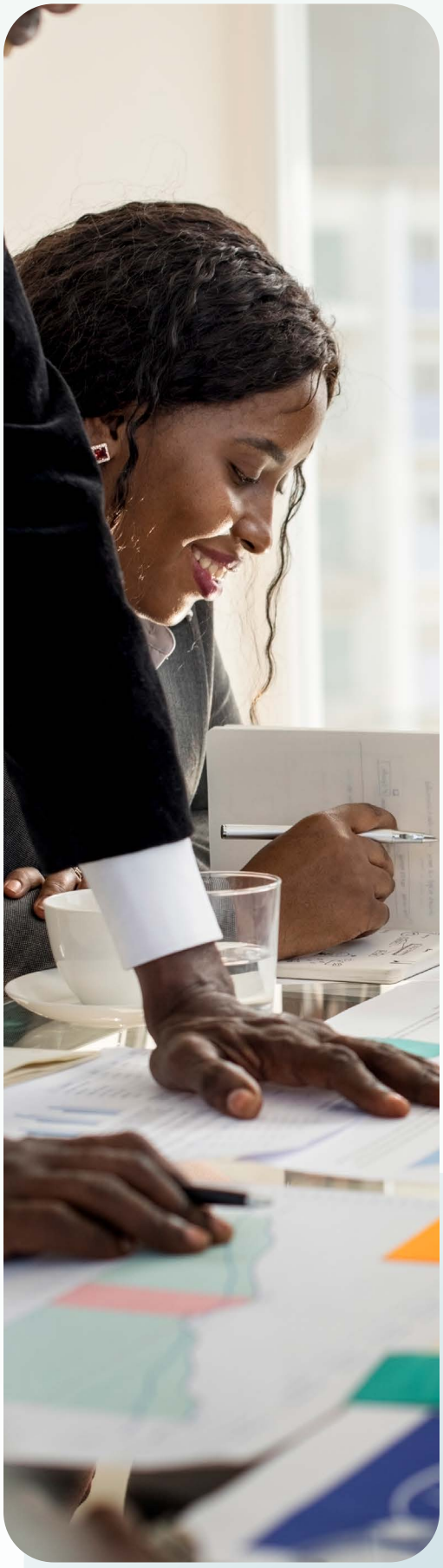
59

59 https://www.mofep.gov.gh/index.php/public-debt/annual-public-debt-report

3.0 West Africa Industry Watch: Trends and Outlook



Financial Services



1. Banking sector recapitalisation

The CBN's recapitalization program has become a defining regulation in Nigeria's banking sector. From January to July 2025 alone, banks raised approximately NGN 800 billion in new capital, in addition to about NGN 1.7 trillion raised in 2024, as they work to meet the March 31, 2026 deadline.[60] The initiative aims to strengthen banks' resilience to macroeconomic shocks, enhance their ability to underwrite larger credit flows, and encourage consolidation within the sector. This could lead to mergers, acquisitions, or the downgrading of licenses for weaker banks. However, compliance with these new requirements is creating challenges for smaller banks, increasing liquidity constraints, and putting pressure on their cost of capital. The sector is currently in transition: stronger players are preparing for larger-scale operations, while smaller banks are racing to raise capital or reassess their business models.

2. Insurance Reform (NIIRA 2025)

On 5 August 2025, the Nigerian Insurance Industry Reform Act 2025 (NIIRA 2025) was signed into law, replacing the Insurance Act of 2003. This marks the most significant overhaul of Nigeria's insurance sector in over two decades. The new Act introduces stricter capital requirements, expands license categories (including life, non-life, and reinsurance), mandates digitization, and enforces stronger consumer protection and claims handling standards. It also aligns the insurance industry with the national objective of achieving a USD 1 trillion economy by 2030. For example, the minimum capital requirements have been significantly increased: life insurance minimums have risen from NGN 2 billion to NGN 10 billion, non-life insurance from NGN 3 billion to NGN15 billion, and for reinsurance firms, the minimum is now NGN 35 billion.[61] The goal of these changes is to create a well-capitalized and globally competitive insurance industry capable of handling large-scale risk exposures. However, these new requirements also put immediate pressure on many domestic insurers to recapitalize, merge, or restructure. As a result, the National Insurance Commission (NAICOM), the regulatory body, may face challenges in enforcement and monitoring as the sector undergoes this transition.

3. Pension Reform 2.0

In September 2025, the National Pension Commission (PenCom) issued a revised minimum capital requirement for Pension Fund Administrators (PFAs) and Pension Fund Custodians (PFCs), marking the beginning of what could be termed "Pension Reform 2.0." According to the circular dated September 26, 2025, PFAs with assets under management (AUM) below NGN 500 billion are required to hold a minimum of NGN 20 billion. Those with AUM exceeding NGN 500 billion must hold NGN 20 billion plus 1% of the excess AUM. Special-purpose PFAs are required to hold NGN 30 billion[62]. On the other hand, PFCs must maintain NGN 25 billion plus 0.1% of assets under custody (AUC). Compliance with these requirements is mandated by December 31, 2026. This reform reflects the increasing complexity of pension fund operations and the rising AUM of Nigeria's contributory pension scheme. It aims to strengthen long-term institutional investment capacity and encourages the inclusion of alternative assets, such as infrastructure and private equity, thereby contributing more significantly to national development.[63]However, the elevated capital requirements may also accelerate consolidation within the pension industry, raise entry barriers, and impose additional capital-raising challenges for existing players.

60 Finance in Africa (2025) – https://financeinafrica.com/insights/nigerian-banks-raise-recapitalisation-race/57 https://www.mofep.gov.gh/index.php/public-debt/annual-public-debt-report

61 NIIRA (2025) – https://naicom.gov.ng/wp-content/uploads/2025/10/NIGERIA-INDUSTRY-INSURANCE_052600.pdf/

62 PenCom Circular (2025) – https://www.pencom.gov.ng/wp-content/uploads/2025/09/Revised-Regulatory-Capital-Requirement-for-PFOs-September-24.pdf

63 Reuters (2025) – https://www.reuters.com/world/africa/nigerias-pension-fund-seeks-diversify-with-focus-infrastructure-2025-04-11/

4. Emerging Regulation & Other Key Events

In addition to these sector-specific reforms, 2025 has seen a surge of regulatory initiatives focused on fintech and digital finance, financial inclusion, data protection, and risk governance. For instance, fintech regulations have been enhanced with stricter oversight on digital payments, the introduction of frameworks for virtual asset service providers (VASPs), and the establishment of data controller obligations under the Nigeria Data Protection Act (NDPA).[64] Regulators are prioritizing cybersecurity, open banking, mobile money infrastructure, and the integration of digital identities such as the National Identity Number (NIN) and the Bank Verification Number (BVN) linkages as key enablers of financial inclusion.[65] Other regulatory measures, including tax policies, withholding tax on interest income, and credit guarantee schemes, reflect a more active supervisory environment. These "horizontal" reforms are facilitating broader structural changes: increased digitalization, improved governance, enhanced transparency, and greater institutional participation in long-term finance.

Outlook

As we look ahead, the increasing regulatory activity across banking, insurance, pensions, and fintech suggests a more robust and competitive financial ecosystem. The banking recapitalization effort is likely to lead to further consolidation, resulting in fewer but stronger institutions with enhanced risk management capabilities. Insurance companies are expected to pursue mergers and acquisitions to meet the NIIRA 2025 requirements, while the pension sector will likely see a shift toward fewer but more capitalized PFAs capable of engaging in alternative investments. Additionally, the fintech and data protection frameworks will continue to influence innovation, particularly in payment systems, customer verification, and cybersecurity, which will enhance financial inclusion while ensuring regulatory compliance. Overall, 2025 signifies a shift from simply drafting frameworks to actually implementing them. By 2026-27, the financial landscape is anticipated to demonstrate stronger governance, improved investor confidence, and increased mobilization of institutional capital, setting the stage for sustained economic and financial stability.



64 5Global Legal Insights (2025) – https://www.globallegalinsights.com/practice-areas/fintech-laws-and-regulations/nigeria

65 Federal Ministry of Finance (2025) – https://finance.gov.ng/fg-reaffirms-commitment-to-expanding-financial-inclusion-through-digital-identity

Energy

1. Gas monetization and downstream value addition

West Africa is currently undergoing a strategic transformation by leveraging its abundant natural gas reserves to create both export opportunities and foster domestic industrialization.[66] Key "Gas-to-X" projects, along with landmark facilities like the Dangote petrochemicals in Nigeria, are central to this shift. They provide manufacturers and commercial entities with cleaner, more reliable, and cost-effective energy alternatives to traditional diesel or heavy fuel oil. This transition significantly reduces operational costs and enhances energy security across the region.

The corporate and investment divisions of several major banks play crucial roles in this evolution by financing essential gas infrastructure and supporting the shift toward dual-fuel and renewable energy systems. Guided by ESG principles and innovative financing models, these banks help West Africa utilize gas as a transitional bridge to a low-carbon future, thereby strengthening economic competitiveness and attracting global investments.

Furthermore, the Dangote Refinery has rapidly altered regional trade dynamics by reducing dependency on imported refined products. This, in turn, helps stabilize local currencies by alleviating pressure on foreign exchange markets[67]. The refinery also serves as a catalyst for the growth of new petrochemical industries, including fertilizers and plastic feedstocks, which broadens the region's industrial base and supports economic diversification. Collectively, these developments are positioning West Africa as a more resilient and competitive player in the global energy and manufacturing landscape.

2. IOC divestment and rise of indigenous E&P players

International Oil Companies (IOCs) are continuing their strategic divestment from mature onshore assets in Nigeria. This trend is allowing capable "super power" indigenous firms, such as Seplat Energy, First E&P, Renaissance, and Oando, to take ownership of these assets[68]. As a result, the transition has attracted over USD 5.5 billion in new investments such as Shell's offshore development and has increased national crude oil production by approximately 200,000 barrels per day (bpd), as a result of the government's efforts at addressing the security situation in the Niger Delta, demonstrating renewed confidence in the sector. In tandem with these changes, the Nigerian Upstream Petroleum Regulatory Commission (NUPRC) is implementing a framework to secure over USD 400 million in decommissioning and abandonment liabilities, ensuring responsible asset transfers and a more sustainable transition.[69] There was also a major shake up within the regulatory space, with the resignation of the chief executives of major petroleum agencies, the NUPRC and the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA), following a petition filed by the President of the Dangote Group, Aliko Dangote. The names of their replacements have been submitted to the Senate for confirmation.

3. Acceleration of critical minerals value addition

The global energy transition has led to an increased demand for minerals such as lithium, cobalt, copper, and manganese, which are essential for batteries and renewable technologies. In response, West African governments are adjusting their policies to require more local processing and refining of these minerals instead of exporting them as raw ores.

This approach is attracting significant FDI in midstream facilities, such as smelters and refineries. This investment is creating high-value jobs and fostering advanced industrial capabilities. By adding value locally, the region is positioning itself as a strategic player in the global supply chain for critical minerals, while also supporting economic diversification and sustainable industrial growth.

4. Refinancing of debt to stabilize the power sector

In August 2025, the Nigerian government approved a plan aimed at stabilizing the country's power sector by refinancing USD 2.61 billion owed to 27 power generation companies from 2015 to 2023. This debt has hindered investment and constrained growth in the sector[70]. The refinancing strategy includes the issuance of bonds and other financial instruments, which will allow repayment obligations to be spread over time and ease the immediate financial burden. This initiative is part of broader reforms in the sector, including a 35% reduction in electricity subsidies and tariff increases for urban consumers. These changes are projected to save the government approximately NGN 1.1 trillion (USD 718.58 million) annually. By addressing these longstanding financial challenges, the plan aims to improve liquidity and support sustainable growth in Nigeria's power industry.

Outlook

The trends mentioned earlier are anticipated to continue through 2026, supported by ongoing investments in gas monetization and the enhancement of downstream value. Projects like the Dangote Refinery are expected to improve energy security and promote industrial growth. Additionally, the ongoing divestment by IOCs and the emergence of capable local operators are likely to enhance local capabilities and production efficiency. Furthermore, the refinancing of Nigeria's power sector debt and the implementation of tariff reforms could lead to broader modernization of the sector and attract private investment.

66 https://www.cnbcafrica.com/2025/fuelling-industrial-growth-and-development-in-west-africa

67https://www.dangote.com/our-business/oil-and-gas/

68 https://apanews.net/nigeria-woos-global-investors-with-200000bpd-5-5bn-oil-divestment-gains/

69 https://www.nuprc.gov.ng/nuprc-sets-stage-for-safeguarded-divestments-ensures-smooth-transition-of-oil-assets/

70 http://businessday.ng/news/article/nigeria-approves-2-6-billion-electricity-sector-debt-refinancing-plan/

3.3 Consumer

1. Macroeconomic adjustments and rising demand for indigenous products
Recent improvements in monetary policy have contributed to relative stability in inflation and foreign exchange rates across West Africa. However, consumers continue to prioritise essential goods such as food, healthcare, and household staples over discretionary spending. This shift in consumer priorities has resulted in increased demand for affordable, locally produced products.

In response, businesses are adopting strategies like value-based pricing and customizing product design, packaging, marketing, and supply chains to align with local preferences. This approach allows companies to connect with regional identities, build stronger consumer relationships, and potentially reduce costs. Focusing on local production can also meet consumers' needs for affordability while supporting regional economic growth.

Companies that effectively align their offerings with these evolving consumer preferences will be better positioned to maintain competitiveness in the West African market.

2. Products miniaturisation
Manufacturers across West Africa are increasingly introducing mini-packs and smaller product options to enhance affordability and cater to low-income consumer segments. This trend, commonly referred to as the "sachet economy," has been well established in Nigeria and is now gaining traction in neighbouring markets. By offering products in smaller, lower-cost variants, fast moving consumer goods (FMCG) companies can maintain and even grow consumption levels despite widespread constraints on consumer purchasing power.

Miniaturisation not only drives higher volume sales and deeper brand penetration but also enables businesses to access rural and underserved markets where affordability is a primary concern. This approach has become a critical strategy for sustaining market share and supporting business resilience in the face of economic constraints.

However, the proliferation of single-use packaging associated with miniaturised products has raised significant environmental concerns. Public awareness and regulatory scrutiny are increasing, prompting businesses to explore more sustainable alternatives, such as recyclable or reusable packaging. In the medium term, this is expected to drive innovation in packaging solutions and may result in new industry standards.

3. Growth in digital commerce
The rapid expansion of digital commerce is fundamentally transforming the consumer industry in West Africa. Innovation in the fintech sector, particularly the rise of mobile banking, digital wallets, and online payment platforms, have made it easier for consumers to access goods and services, regardless of their location or traditional banking status.

Consumer-facing businesses, including retailers and FMCG companies, are leveraging digital channels to reach a broader and more diverse customer base. E-commerce platforms and social commerce enable brands to engage directly with consumers, offer personalised experiences, and streamline the purchasing process. This shift also fosters greater price transparency, empowering consumers to make more informed decisions.

For businesses, adopting digital commerce may translate into more efficient operations, reduced reliance on cash, and the ability to gather real-time consumer data to inform product development and marketing strategies. Companies that embrace digital transformation are better positioned to respond to changing consumer preferences and capture growth in both urban and rural markets.

4. Increased mergers and acquisitions (M&A) deals
In 2025, Nigeria recorded 13 M&A deals, an increase from the 9 transactions announced in 2024. Majority of these transactions occurred in the consumer and retail sector. Notably, one of the key M&A activities was the acquisition of Chi Limited by UAC of Nigeria Plc in October 2025.

Outlook

The consumer landscape in West Africa is undergoing significant changes due to factors such as macroeconomic stabilisation, a growing preference for indigenous products, the miniaturisation of goods, and the rapid expansion of digital commerce. These trends are compelling businesses to adapt through localisation, innovative packaging, and digital transformation, among others.

In 2026, companies that remain agile and responsive to evolving consumer needs will be best positioned to thrive.

3.4 Technology, Media and Telecommunication

1. Infrastructure sharing

Telecom operators have begun forming agreements to share their mobile phone and fibre network infrastructure. For example, MTN Group and Airtel Africa signed a deal to share their infrastructure in Nigeria and Uganda. Additionally, T2, formerly known as 9mobile, entered into an infrastructure-sharing agreement with MTN. These telecom operators are adopting this model to improve cost efficiencies while also expanding their service coverage to areas that are often considered economically unviable for developing separate infrastructure. Mobile Virtual Network Operators (MVNOs) are also benefiting from this infrastructure-sharing approach, as it facilitates quicker and easier market entry, faster deployment, and financial sustainability.

2. Surge in local data center development

The telecommunications sector in West Africa, and Africa as a whole, is witnessing a surge in investments aimed at developing local data centers. This trend is fueled by the growth of the digital economy, an increased demand for digital infrastructure, and the expansion of fintech and e-commerce. Favorable regulations and clear policy direction are also contributing to this growth. Key players driving this trend include, but are not limited to, Airtel, which is investing USD 120 million to construct a 38MW hyperscale data center in Eko Atlantic City, MainOne, which has been acquired by Equinox, MTN Nigeria, which recently launched the Sifiso Dabengwa Data Centre that has achieved Tier III certification[71], and PAIX, which is operational in Ghana and Kenya and expanding to Senegal. Additionally, Google plans to establish cloud regions across the continent, including in Kenya and Nigeria.[72] Despite this momentum, challenges such as inconsistent power supply, high construction and operational costs, regulatory bottlenecks, and a shortage of technical talent may hinder the pace of growth of local data center development.

3. Artificial Intelligence (AI) boom

Telecommunications operators are increasingly leveraging AI to improve customer engagement and enhance the overall experience of their customers. Additionally, there is a growing collaboration between the public and private sectors, highlighted by the rise of innovation hubs and tech incubators. Ghana is gaining recognition as a regional innovation center, currently hosting over 120 tech hubs, incubators, and accelerators. The Ghanaian government has also launched 20 AI Africa Labs and signed multiple agreements, including a USD 1 billion deal with the United Arab Emirates (UAE) to establish the Ghana-UAE Innovations and Technology Hub.[73] In Nigeria, the AI Collective Ecosystem has been established to promote inclusive innovation, collaboration and sustainable development of AI in the country.

4. Fiber expansion

Industry players are boosting their investment in order to expand fiber capacity, enhance broadband services, and accelerate digital transformation. For example, Nigeria is planning to improve its existing 35,000 km fiber optic cable network by adding an additional 90,000 km.[74] Private sector companies, such as Airtel and MTN, are also increasing their efforts and investments in rolling out their 5G networks. However, fiber cuts continue to pose a significant challenge for the telecom industry.

5. Better collaboration between the public and private sectors

The ongoing collaboration between the public and private sectors is driving the growth of digital innovation. Several initiatives have emerged from these partnerships, including the Ghana Digital Economy Outlook 2025, the launch of the Ghana Artificial Intelligence Practitioners' Guide, and a Digital Skills Project. In Nigeria, the Nigerian Data Exchange has been introduced alongside the Council for Creative Technology Futures.

Outlook

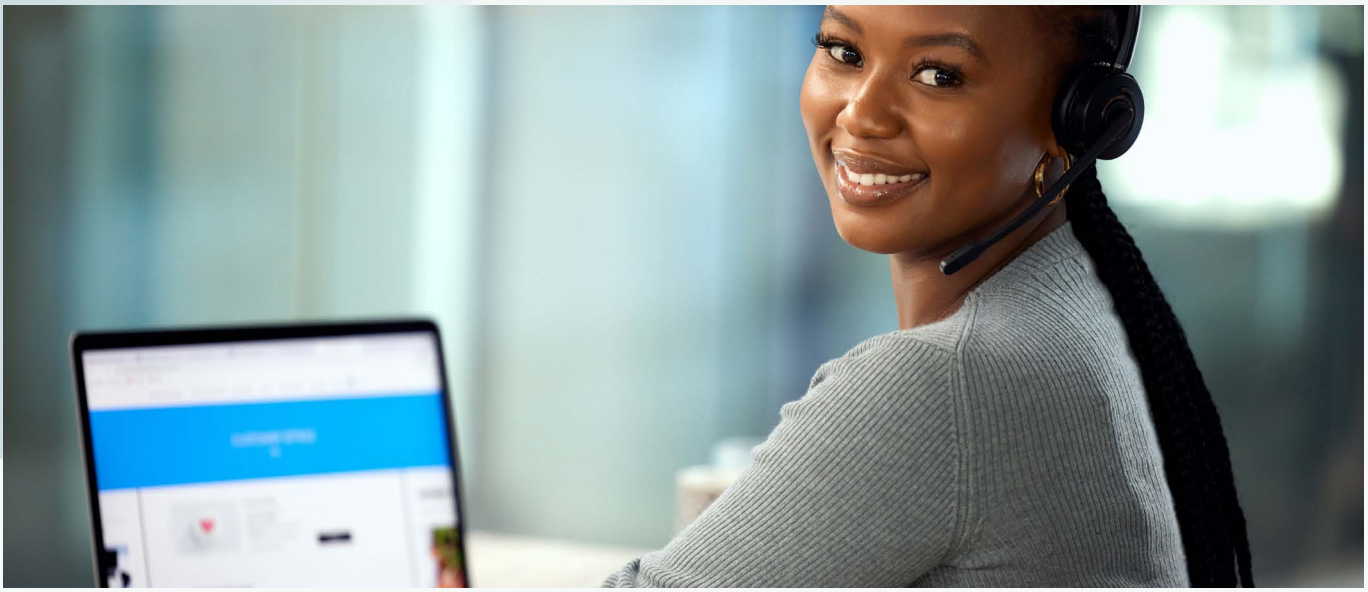
The trends mentioned above are expected to continue in 2026, with incremental growth anticipated. The industry is set to see an increase in data capacity as investment in areas such as infrastructure upgrades, cybersecurity frameworks, and data center development rises. As digital transformation progresses, cybersecurity concerns will also grow. The Nigerian Communications Commission has developed a comprehensive cybersecurity framework that is scheduled to take effect in 2026, aimed at enhancing Nigeria's digital economy. Furthermore, artificial intelligence will continue to be utilized as an innovative tool to improve efficiency across various sectors and industries in the region.

71 https://news.broadcastmediaafrica.com/2025/10/03/nigeria-mtn-achieves-tier-iii-certification-for-data-centre/

72 https://constructionreviewonline.com/commentary/data-center-construction-projects-are-springing-up-in-africa-the-new-frontier/

73 https://thevoiceofafrica.com/2025/06/04/ghana-and-uae-sign-1-billion-deal-to-build-africas-largest-ai-and-tech-hub/

74 https://guardian.ng/business-services/how-90000km-fibre-backbone-project-will-stimulate-broadband-growth/



3.5 Public Sector

1. Fiscal reforms and FAAC allocations increase

Under the current administration, significant fiscal reforms—including the removal of the fuel subsidy and adjustments to foreign exchange—have led to increased revenue flows to both state and local governments. This is evident in the rise of the Federation Account Allocation Committee (FAAC) disbursements from 2024 to 2025. In the first half of 2025, the monthly average of FAAC gross revenue was NGN 2.58 trillion, up from NGN 2.07 trillion in 2024, marking a 33.3% increase over the previous year. The disbursement for October 2025 reached NGN 2.1 trillion, which was allocated as follows: NGN 711.31 billion to the federal government, NGN 727.17 billion to states, NGN 529.95 billion to local governments, and NGN 134.96 billion to oil-producing states as the 13% derivation from mineral revenue.[75] As a result, both the national and sub-national governments in Nigeria now have greater fiscal capacity, allowing for increased engagement with the private sector on development-related projects.

2. Digital government systems expansion

Digital adoption has expanded across public service operations to enhance efficiency, promote transparency, and improve service delivery. For example, the One-Stop-Shop initiative launched by the Nigeria Customs Service in September 2025 aims to significantly reduce clearance time from 21 days to just 48 hours.[76] Similarly, as part of a broader digital tax-administration reform, the Federal Inland Revenue Service (FIRS) introduced a national e-invoicing platform known as the Merchant-Buyer Solution (MBS) for large taxpayer transactions in August 2025, successfully onboarding over 1,000 organizations within the first two weeks.[77] The increased digital adoption in managing government processes will lead to shorter processing times and lower transaction costs. Additionally, it opens up a growing market for operations and systems integration, software development, and other services related to digital governance.

Outlook

The growth of private-sector-led delivery models is anticipated as the national government continues to prioritize efficiency and digital transformation. With states now having more fiscal space, there should be a shift towards more Public-Private Partnerships (PPPs), outcomes-based service delivery, and private-led execution of development projects. Additionally, the tightening of donor budgets, along with increasing expectations for transparency and measurable outcomes, means that Nigerian public-sector programs will need to meet higher standards of reporting, monitoring and evaluation (M&E), and digital readiness.

75 FG, States, LGCs Share N2.103 Trillion from A Gross Total of N3.054 Trillion for The Month of September 2025 – Federal Ministry of Finance
76 CUSTOMS_e-NEWSLETTER_SEP_2025.pdf
77 FIRS - Simplifying Tax, Maximizing Revenue

Life Sciences and Health Care

1. Increased M&A transactions driven by public-private partnerships (PPPs)
As PPPs gain popularity in the Nigerian healthcare sector, they are driving consolidation across the value chain. Government-supported initiatives, such as infrastructure investments and innovative service delivery models, have resulted in an increase in mergers and acquisitions. Companies are acquiring niche players to enhance their portfolios and capitalize on synergies, particularly in areas like diagnostics, hospital management, digital health platforms, and pharmaceutical distribution.

2. Tax reform for LSHC
The LSHC industry is significantly affected by the new Tax Acts. Medical and pharmaceutical products, which were previously exempt from VAT, are now classified as zero-rated. The deductible research and development (R&D) expense limit has also been revised from 10% of profit to 5% of turnover. For many LSHC companies, including those in telemedicine and digital healthcare, this could mean a higher deductible R&D expense. Another notable change is that proceeds from the sale or transfer of R&D outcomes are now taxable. As a result, strategic alliances and collaborative arrangements will become increasingly important for reducing financial burdens while maximizing innovation and commercialization potential. Advocacy for favorable tax policies remains crucial.

3. Regulatory strengthening and quality assurance improvements

Regulatory agencies, such as the National Agency for Food and Drug Administration and Control (NAFDAC), are adopting stricter inspection protocols and pursuing international certifications, including those from the World Health Organization and the Pharmaceutical Inspection Co-operation Scheme. The goal is to improve product quality and safety in pharmaceuticals and medical devices. Companies face increasing pressure to comply with global standards; failure to do so may result in market delays and penalties.

4. Expansion of digital health ecosystem
Investments are increasingly being directed toward telemedicine platforms, AI-driven diagnostics, electronic health records (EHRs), and mobile health applications. Both startups and established companies are developing scalable solutions that target chronic disease management, reproductive health, and mental wellness.

Outlook

In 2026, there is likely to be significant growth in telemedicine, AI-driven diagnostics, and mobile-first platforms, building on the momentum from 2025. New PPPs are expected to emerge in the development of tertiary hospitals, diagnostic labs, oncology centers, and specialized facilities. Joint ventures between the government and private investors will promote innovation, operational efficiency, and shared risk models, particularly in regions lacking adequate infrastructure.
Insurance coverage may increase to 50% or more as reforms advance and as more flexible, performance-linked reimbursement models are introduced. This shift will encourage a move toward value-based care, moving away from the traditional fee-for-service model. Additionally, we anticipate stricter regulatory compliance across the healthcare ecosystem, with companies being held to higher standards in drug manufacturing, medical device registration, and clinical trials. There will likely be more inspections, implementation of digital tracking systems, and alignment with global frameworks such as those established by the World Health Organisation and the International Organisation for Standardization. These developments could also open up opportunities for Nigeria's pharmaceutical industry to engage in exports.



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