

CPPE ADVISORY NOTE

MITIGATING THE IMPACT OF THE CURRENT ENERGY CRISIS

The ongoing Middle East crisis is already triggering significant volatility in global energy markets, and this is beginning to transmit into higher fuel prices across many economies, including Nigeria. For Nigerian businesses, especially small and medium enterprises, this development is very concerning because energy constitutes a major component of operating costs. Many businesses rely heavily on diesel and petrol generators due to unreliable electricity supply. As fuel prices rise, production costs, transportation costs and logistics expenses are also increasing, putting serious pressure on profit margins and business sustainability.

In the immediate term, businesses need to respond strategically by improving energy efficiency, optimizing generator usage, strengthening logistics planning and gradually diversifying into alternative energy solutions such as solar and hybrid power systems where feasible. Stronger cash flow management and tighter cost control will also be critical in navigating this period of energy price volatility.

For government, the priority should be to ease the structural cost pressures on businesses by improving electricity supply reliability, expanding incentives for renewable energy adoption, and facilitating affordable financing for energy-efficient equipment and solar installations. In addition, strengthening domestic refining capacity and improving macroeconomic stability will help reduce Nigeria's vulnerability to external energy shocks. With the right policy support and proactive business adaptation, the impact of the current energy crisis can be moderated.

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