

Beyond the Hustle: Nigeria's Industrial Reawakening





ABOUT THE FATE INSTITUTE

The FATE Institute is the research, policy and advocacy arm of FATE Foundation which leads innovative thinking and creates platforms to enable idea exchange and problem-solving strategies to foster sustainable entrepreneurship in Nigeria.

Since inception in 2015, the FATE Institute has published 14 thought leadership reports on Nigeria's Micro, Small and Medium Enterprises (MSMEs) and entrepreneurs; hosted an annual Policy Dialogue on Entrepreneurship; and in 2021 launched a quarterly Policy Workshop series.

The Institute recently developed the Enterprise Data Map platform to track data and insights within the ecosystem, and also launched the FATE Institute Fellows Program (Alumni).

The FATE Institute is a member of the Global Entrepreneurship Research Network (GERN), Aspen Network of Development Entrepreneurs (ANDE) West Africa and also the Facilitator of the Nigerian Economic Summit Group (NESG) MSME Community of Practice.



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How to cite:

How to cite: Adeyemi A., Nwaokolo A., Erumebor W., Agunloye O. (2025). Beyond the Hustle: Nigeria's Industrial Reawakening. The FATE Institute, Lagos.

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FOREWORD

As FATE Foundation marks 25 years of shaping Nigeria's entrepreneurship ecosystem, this milestone presents an opportunity to reflect deeply on our nation's enterprise journey and the structural challenges that continue to constrain productivity, competitiveness, and scale. After two and a half decades of supporting entrepreneurs, one reality remains undeniable: Nigeria cannot unlock broad-based prosperity without fixing the systemic gaps that limit the growth of its Micro, Small, and Medium Enterprises (MSMEs).

Today, global economic dynamics are shifting, from free-trade globalization toward protectionism, reshoring, and industrial security. Advanced economies are re-anchoring production at home, while developing regions are racing to build competitive industrial foundations. For Nigeria, industrialization is no longer optional. It is urgent.

Nigeria's entrepreneurial dynamism is widely acknowledged, with almost 40 million MSMEs powering daily economic activity. Yet, nearly 97% of these enterprises operate at the nano or micro level, with very few transitioning upward into small and medium-sized businesses. The result is a wide base of survival enterprises, a substantial "missing middle," and only a small cluster of large firms. Without transforming nano and micro enterprises into productive, growing firms that plug into industrial value chains, Nigeria cannot industrialize.

Despite several attempts at industrialization, national development plans and decades of policy conversation, our manufacturing base remains shallow, productivity remains low, and millions of entrepreneurs continue to operate below their potential. This report, *Beyond the Hustle: Nigeria's Industrial Awakening*, emerges from the recognition that real industrialization will not be achieved by focusing solely on large industries or headline reforms. It requires a bottom-up transformation that empowers the enterprises that form the backbone of our economy.

To achieve this, Nigeria needs a clear, inclusive, and time-bound national vision, anchored in disciplined execution and continuity across administrations. This report provides a thoughtful assessment of Nigeria's industrial trajectory over the last thirty years, examining the structural patterns, premature deindustrialization, weak value chains, and shallow business growth pathways, that have shaped our current reality.



More importantly, it proposes a practical and actionable framework built on five critical pillars:

- Placing MSMEs at the center of industrial policy design
- Investing in productive and reliable infrastructure
- Expanding patient, affordable finance
- Building industrial capabilities and firm-level skills
- Strengthening coordination, institutions, and policy coherence

Our hope is that this report serves as a catalyst. We invite government leaders and policymakers, private and development sector players, academics, the media, and entrepreneurs to reimagine industrialization from the ground up. By working together, we can nurture enterprises that grow, scale, create jobs, deepen value chains, and contribute meaningfully to national competitiveness.

With a draft national industrialization policy already taking shape, we believe this report offers timely insights that can enrich its final design, ensuring that Nigeria moves beyond aspirational statements toward sustained execution, accountability, and measurable impact.

By unleashing the productive potential of millions of entrepreneurs, Nigeria can position itself as a competitive, inclusive, and resilient industrial economy for decades to come.

Amaka Nwaokolo

Director & Head, The FATE Institute
FATE Foundation

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Industrialisation remains one of Nigeria's most enduring policy ambitions. For decades, the country has created development plans and implemented reforms, strategies and programmes aimed at diversifying the economy away from oil dependence. However, manufacturing's share of real Gross Domestic Product (GDP) has declined from over 20% in the early 1990s to less than 9% in 2024. Building on previous studies¹, this report, *Beyond the Hustle: Nigeria's Industrial Reawakening*, argues that the country's approach to industrialisation has been overly focused on big industry and macro-level incentives, while neglecting the small firms that form the backbone of productivity growth and employment. True industrial transformation requires the development of small-scale producers, given their important role in the economy.

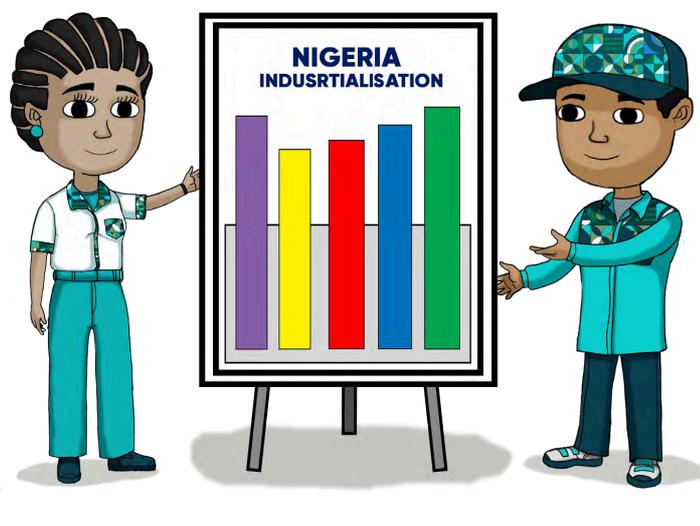
The report traces Nigeria's industrial performance from 1990 to 2025, identifying five key patterns: premature deindustrialisation, employment growth without productivity gains, weak export performance and exclusion from global value chains, limited execution of industrial policies and zones and the persistence of a "missing middle", a case where there are a few large conglomerates and millions of survivalist enterprises. These findings reveal an economy that has struggled to translate industrial ambition into broad-based firm-level competitiveness.

The political economy of rent seeking and policy discontinuity has further constrained industrial progress. Despite these challenges, there are several areas where progress has been achieved. The cement industry has achieved self-sufficiency, and Nigeria is now a net exporter of the product. Oil refining has seen new investments in the last decade. Although these remarkable improvements are still driven by large firms, they show what coordinated policy and private investment can achieve.

The report sets out a new framework for reigniting Nigeria's industrial engine through five pillars:

1. Placing small firms and clusters at the centre of industrial strategy.
2. Providing productive infrastructure and secure industrial corridors.
3. Reforming finance to support firm upgrading rather than short-term liquidity.
4. Building industrial capabilities through technology, skills and cluster competitiveness, leveraging the African Continental Free Trade Area (AfCFTA) Agreement.
5. Strengthening institutional coordination and delivery mechanisms to ensure policy continuity and measurable results.

"Domestic Product (GDP) has declined from over 20% in the early 1990s to less than 9% in 2024."

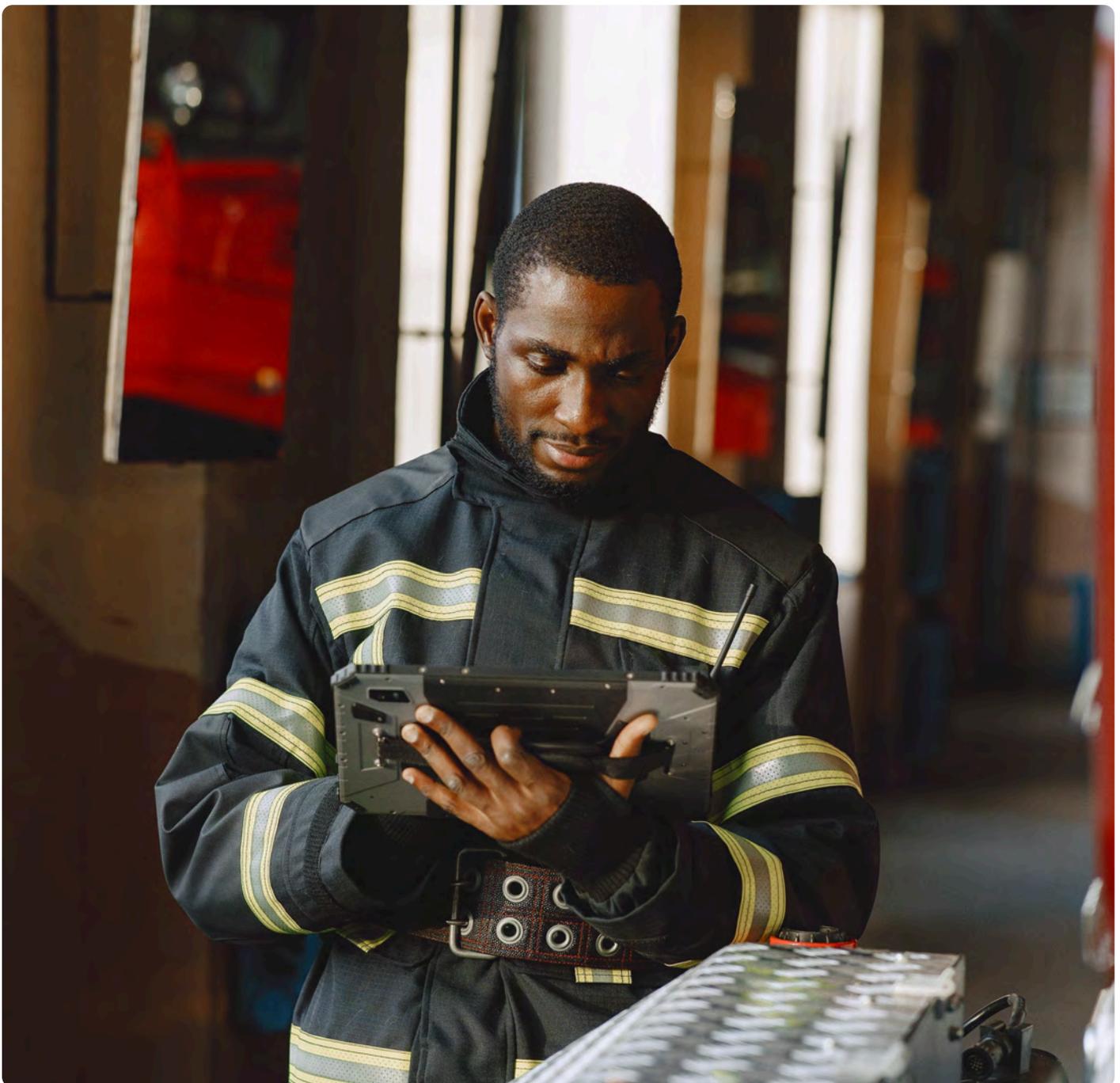


[1] This report builds on the study: Erumebor W. (2025). *Structural Transformation, Productivity Growth and Employment in Nigeria*. PhD Thesis, SOAS, University of London. DOI: <https://doi.org/10.25501/SOAS.00547729>

The final section outlines concrete recommendations for government, the private sector, business member organisations (BMOs), academia and development partners. These include aligning industrial policy with the realities of nano, micro, small and medium enterprises (NMSMEs), investing in power and logistics for clusters, developing tiered financing frameworks and embedding industrial monitoring systems tied to firm outcomes. If effectively implemented, these measures can transform Nigeria into an industrial powerhouse, driven by the productive energy of millions of small firms.

THE CRUCIAL MESSAGE OF THE REPORT

Nigeria's industrialisation will not be built by a few large firms alone. It will depend on enabling millions of small, productive enterprises across regions, sectors and value chains. These firms must be supported by better infrastructure, smarter finance, stronger capabilities and coordinated institutions that turn policy into action. Nigeria must create the missing middle.





I INTRODUCTION



Industrialisation is one of the most important pathways for achieving economic transformation, productivity growth and sustainable job creation. Countries that have successfully moved from low to middle and high-income status did so through deliberate expansion of the industrial sector, linking small firms to larger domestic and global value chains. As noted by Hauge & Chang (2019), except for a few resource-rich countries and financial havens, no country has achieved high and sustainable living standards without developing its manufacturing sector. This highlights the importance of industrialisation in raising the income of a populace and ensuring overall development.

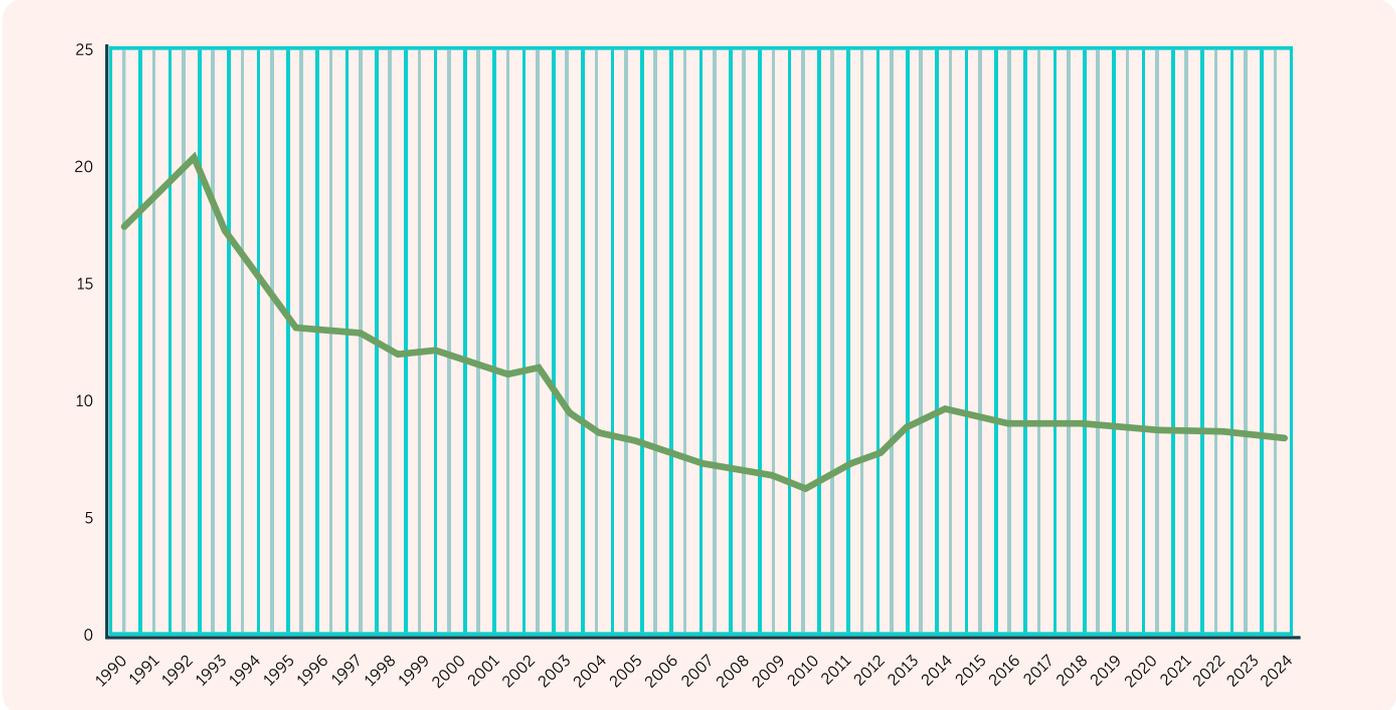
Across the world today, industrial policy is back at the centre of economic strategy. Governments are realising that markets alone cannot drive industrial transformation, technological upgrading or job creation. China's remarkable rise to become the world's manufacturing hub was driven by targeted industrial policies that combined export promotion, local content requirements and technological learning. In recent times, the United States has re-embraced industrial policy through the CHIPS and Science Act and the Inflation Reduction Act, both of which are designed to revive domestic manufacturing and strengthen supply chains. The United Kingdom and the European Union are also implementing industrial policies to enhance the competitiveness of local firms and create employment opportunities.

With these contexts, the message is clear: industrialisation cannot be left to the invisible hand of the market; it must be steered by the visible hand of the state.

“In Nigeria, the need to industrialise has been highlighted prominently in every national development plan and several government programmes since independence.”

The country has implemented multiple strategies, from import substitution policies of the 1970s to more recent export-oriented approaches, industrial parks and special economic zones. Despite these strategies, Nigeria has yet to industrialise. The manufacturing sector's contribution to real gross domestic product (GDP) and exports remains at single digits, productivity remains low and the creation of decent, mid-to-high productivity jobs has been slow.

Figure 1: Nigeria's Manufacturing Value Added Share of GDP(%)



Source: UNIDO

One major reason for this limited progress lies in how industrialisation has been pursued. Nigeria's industrial policy has traditionally focused on macro-level and large-scale interventions, including initiatives such as creating export processing zones, building industrial estates and restricting trade to support domestic firms. While these initiatives may be important, they often do not cater for the nano, micro, small and medium-sized enterprises (NMSMEs) that make up over 90% of businesses in Nigeria, employ the majority of the workforce and should serve as the backbone of local production systems. Take Nigeria's manufacturing sector, for instance. Data from the National Bureau of Statistics and Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) showed that 73% of workers in the sector were self-employed in 2017, while the ownership structure of firms in the sector was mostly sole proprietorship in 2021 (NBS, 2018 and SMEDAN, 2021). Given the current form of manufacturing, where many businesses operate at the subsistence level, the sector, in its current form, cannot drive economic transformation that Nigeria desperately needs (Erumebor, 2025).

"73% of workers in the sector were self-employed in 2017, while the ownership structure of firms in the sector was mostly sole proprietorship in 2021 (NBS, 2018 and SMEDAN, 2021)"

The outcome is an industrialisation model that is top-down and dependent on large firms and foreign investments, but not so much on small businesses. By contrast, in several countries that have industrialised, particularly those in East Asia, industrial policies focused not only on attracting and retaining large investments in strategic sectors, but also on providing support for small firms. These firms were supported to upgrade, innovate and scale, and they became the foundation of industrial ecosystems, generating jobs, supplying larger firms and driving technological diffusion across regions.

Is Industrialisation Possible Without Vibrant Small Firms?

Nigeria's industrialisation framework, though it acknowledges the importance of small businesses on paper, has not effectively delivered transformative support to small firms, which are important for inclusive and sustainable economic growth. The most recent comprehensive industrial policy - the Nigerian Industrial Revolution Plan (NIRP), launched in 2014 - proposed the establishment of small industrial parks and clusters and initiatives to improve access to finance and strengthen value chains to enhance local production. However, like many earlier strategies, the NIRP never materialised into implementation. A combination of policy inconsistency, weak institutional coordination and limited monitoring capacity has meant that most of its initiatives remained on paper.

The institutional architecture supporting industrial policy, from finance to technology and regulation, is not designed to engage, monitor and upgrade small businesses. Agencies such as the Bank of Industry (BOI), SMEDAN and others have made notable efforts, but their programmes are often compliance-driven and do not cover the majority of small businesses across the country. According to the BOI 2024 annual report, only 15.3% (N78.2 billion) of the total credit disbursed (N510.9 billion) in the year was allocated to micro, small and medium enterprises (BOI, 2025). If medium-sized firms are excluded, the share becomes lower. SMEDAN's MSME survey released in 2021 showed that most NMSMEs are informal, rely on personal savings and family (79%) for finance, and less than 2% said they had benefited from SMEDAN (SMEDAN, 2021). Consequently, most NMSMEs remain trapped in low-productivity activities, with limited access to technology, markets and finance, which are needed for them to scale.



“According to the BOI 2024 annual report, only 15.3% (N78.2 billion) of the total credit disbursed (N510.9 billion) in the year was allocated to micro, small and medium enterprises (BOI, 2025).”

Overall, these patterns reveal a structural gap between policy intention and industrial outcomes. Without vibrant small industries forming the backbone of value chains across sectors, the vision of inclusive and sustainable industrialisation will remain elusive in Nigeria. For Nigeria to industrialise, the policy and institutional focus must shift towards many small industries, building industrial capacity from the bottom up.



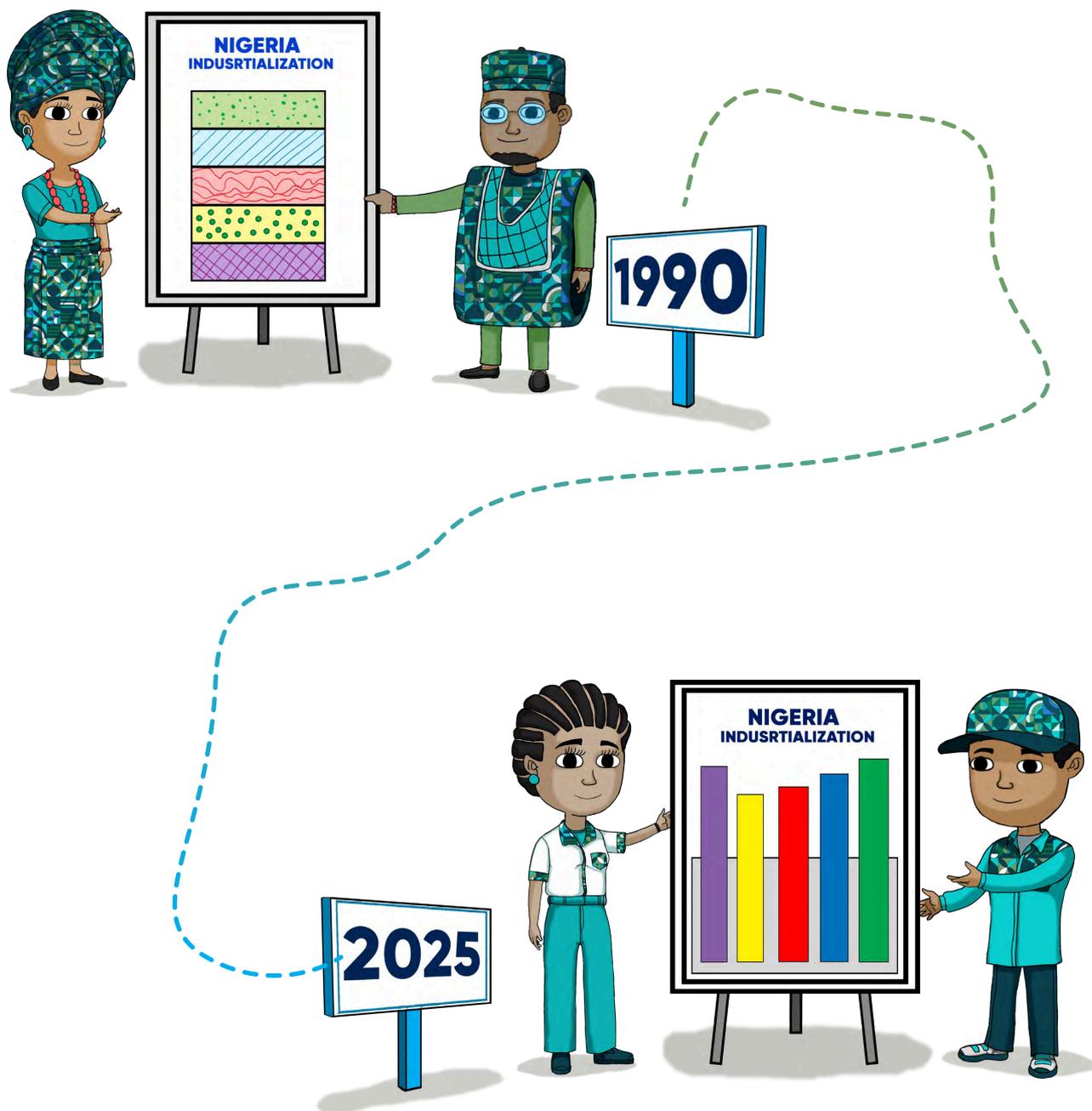
The imperative to industrialise through the expansion and upgrading of small businesses remains clear. No country has achieved broad-based prosperity without building a strong base of small and medium-scale industries. Nigeria's path to industrialisation must therefore rest on unlocking the potential of its nano, micro, small and medium-sized enterprises (NMSMEs) to drive growth and productivity. Some reasons why small businesses are crucial in the economy include:

- **Job creation:** Small businesses remain the largest employers in Nigeria, absorbing millions of workers. The expansion and upgrading of these firms offer the most sustainable route to addressing key challenges of unemployment and underemployment.
- **Raising competitiveness:** Industrial upgrading at the firm level enhances productivity, product quality and cost efficiency, all essential for competing in domestic, regional and global markets.
- **Sustainability:** Strengthening small firms across regions can reduce geographic imbalances in industrial activity, promote resource-efficient production and foster more resilient local economies.
- **Building capability:** Upgrading small enterprises improves technical know-how, managerial skills and innovation capacity, which are the real foundations of long-term industrial competitiveness.
- **Value chain development:** Small firms play key roles such as supplying inputs, providing services and creating backward and forward linkages that support larger industries in local economies.

This report examines Nigeria's industrialisation challenge through the lens of nano, micro, small and medium enterprises. It analyses how industrial policy and institutional structures have evolved, the extent to which they have supported or constrained NMSMEs and what lessons can be drawn from successful international experiences. It also outlines practical policy directions for building a bottom-up industrialisation strategy, one that places small enterprises at the centre of Nigeria's industrial journey.



MAPPING NIGERIA'S INDUSTRIAL PERFORMANCE (1990-2025)



Industrialisation remains a central pillar of sustained economic transformation. For Nigeria, a resource-dependent economy with one of the world's fastest-growing populations, the ability to convert resource wealth into a diversified industrial base has been a persistent policy ambition since independence. However, despite multiple industrialisation blueprints, successive reforms, and episodic spurts of growth, Nigeria's manufacturing sector has underperformed in both regional and global comparisons. This section presents the evidence around five themes. For each point, we present the relevant Nigerian evidence, and then use benchmarks from countries such as China, Indonesia, India, Mexico, Brazil, South Africa, Egypt and Algeria to illustrate the contrast in outcomes and the inferences that follow.

THEME 1: THE DECLINING SHARE OF MANUFACTURING REFLECTS PREMATURE DEINDUSTRIALISATION

Nigeria's manufacturing story has not been impressive in the last three decades, as the country's capacity to generate sustained industrial growth has weakened. In 1992, manufacturing value added (MVA) per capita was US\$323, with the sector accounting for 20.3% of GDP. By 2023, MVA per capita had fallen to approximately US\$210, while the sector's share of GDP had dropped to 8.6% (and further to 8.4% in 2024). This is not the structural reallocation that accompanies industrial upgrading, as experienced in several East Asian countries that industrialised during this period. It is a decline of what should have been the country's engine of development.

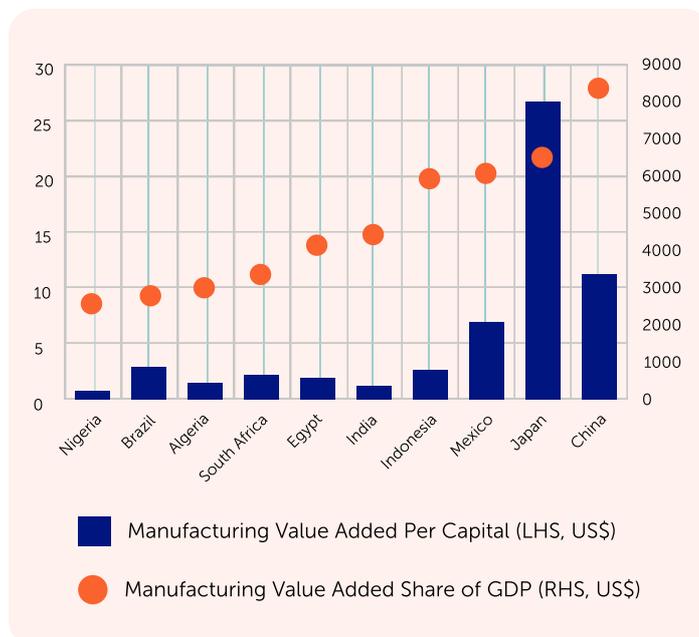


Figure 2a: Nigeria's Manufacturing Value Added



Source: UNIDO

Figure 2b: Peer Manufacturing Value Added (2023)



Source: UNIDO

Benchmarking Nigeria against other economies provides further context on the sector's performance. In 2023, China's manufacturing share was around 28%, with MVA per capita above US\$3,390. Indonesia and Mexico maintained manufacturing shares close to 20%, and MVA per capita of US\$833 and US\$2,090, respectively. Algeria, a comparable hydrocarbon economy, achieved about US\$467. Nigeria has not only failed to catch up but has fallen short of where it was three decades ago.

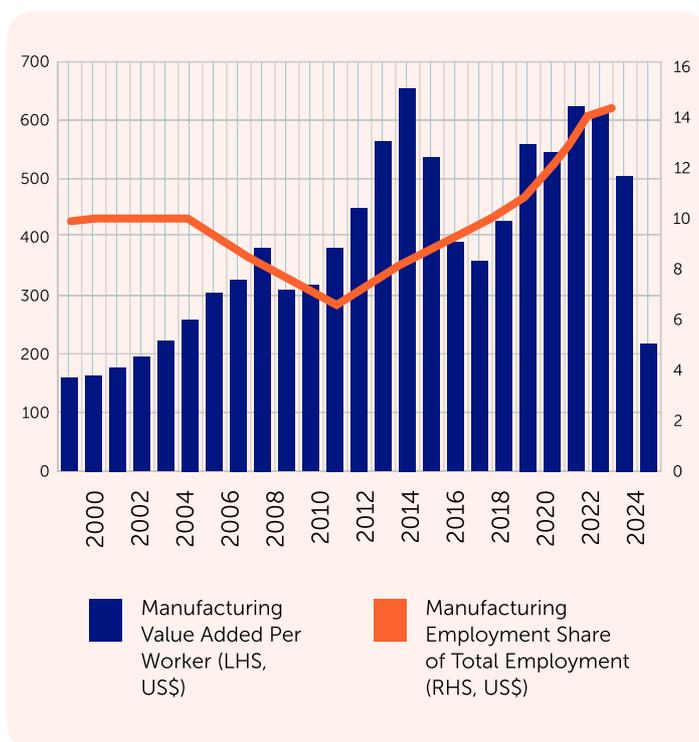
"In 2023, China's manufacturing share was around 28%, with MVA per capita above US\$3,390. Indonesia and Mexico maintained manufacturing shares close to 20%, and MVA per capita of US\$833 and US\$2,090"

This pattern of de-industrialisation without a prior strong industrial sector is symptomatic of a development process that bypassed small-scale manufacturing. While other countries built industrial depth through a strong network of small and medium firms, Nigeria's policy emphasis remained at the macro level. Key areas where progress has been recorded – cement, food and beverage and oil refining – are driven by large firms. The result was a thin layer of large manufacturers atop a vast informal base of small traders and artisans with minimal technological upgrading or linkage to formal value chains. This signals an economy that missed a standard developmental transition: a growing manufacturing base that would have supported productivity growth and export diversification.

THEME 2: EMPLOYMENT WITHOUT PRODUCTIVITY

One interesting paradox in Nigeria's industrial story is the marginal increase in manufacturing employment without a corresponding rise in productivity. Over the past two decades, the number of people working in manufacturing has increased, but the value generated per worker has not. The data show that manufacturing employment rose from approximately 9% in the early 2000s to roughly 14% in 2023 (see Figure 3a); however, manufacturing value added (MVA) per worker has remained low. From a high of US\$678 in the late 1990s, it fell to US\$162 in 2000, recovered to US\$661 in 2014 and fell to US\$224 in 2024 (see Figure 3b).

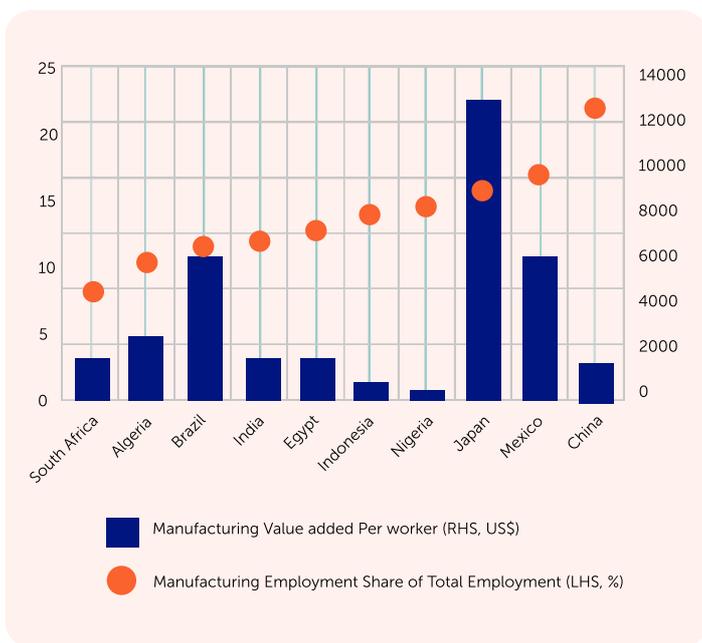
Figure 3a: Nigeria's Manufacturing Value Added Per Worker vs Manufacturing Share of Employment



Source: UNIDO, WDI



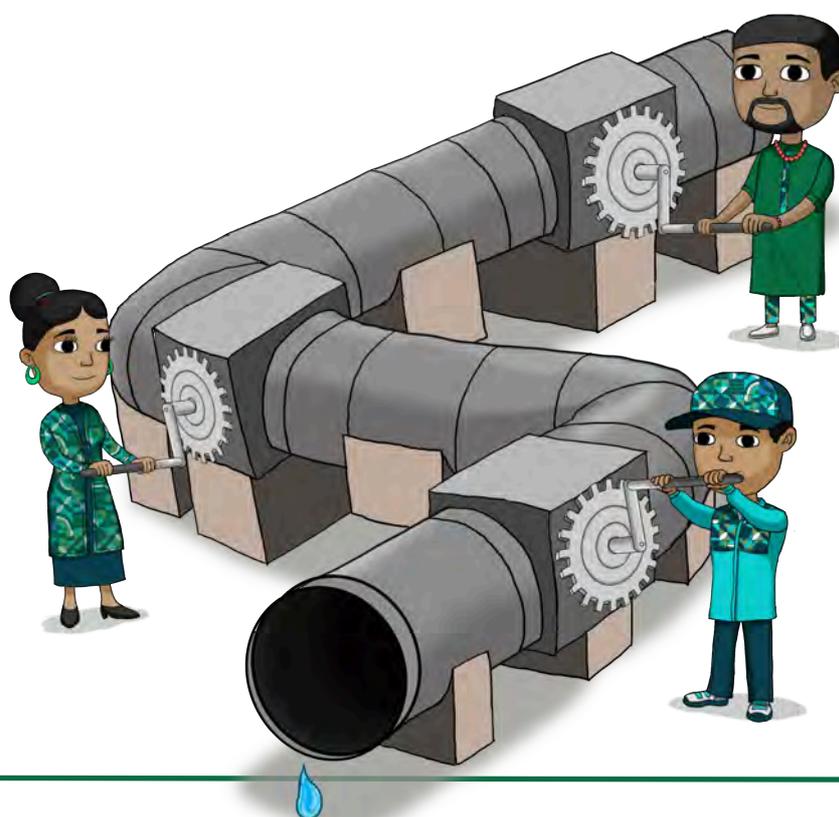
Figure 3b: Peer Manufacturing Value Added Per Worker vs Manufacturing Share of Employment (2023)



Source: UNIDO, WDI

In other words, more Nigerians are working in factories and agro-processing centres, but each worker is producing less value than before. This pattern contrasts sharply with the experience of industrialising economies in Asia and elsewhere, where job expansion was accompanied by rising productivity. For instance, India's MVA per worker reached US\$1,811 in 2023, while Indonesia's stood at US\$804, and South Africa's at US\$1,805, all combining rising employment with higher output per worker (See Figure 3b).

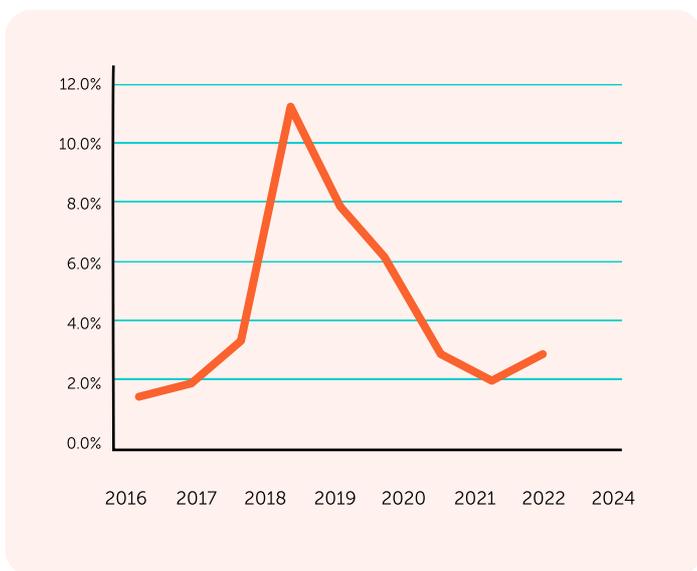
In Nigeria, much of the increase in manufacturing employment has occurred in micro and small-scale enterprises, but these firms are constrained by limited access to modern machinery, unstable electricity, high energy costs and limited access to affordable finance. Many operate in low-technology, labour-intensive subsectors such as food processing, furniture, textiles, leather, etc. While these firms absorb workers, they often lack the capital and technical support needed to improve efficiency or scale up production. The result is what can be described as "employment without productivity", i.e. labour absorption at low levels of efficiency rather than the productivity-led structural change that drives sustained growth.



THEME 3: LOW EXPORT PROFILE AND WEAK PARTICIPATION IN GLOBAL VALUE CHAINS (GVCS)

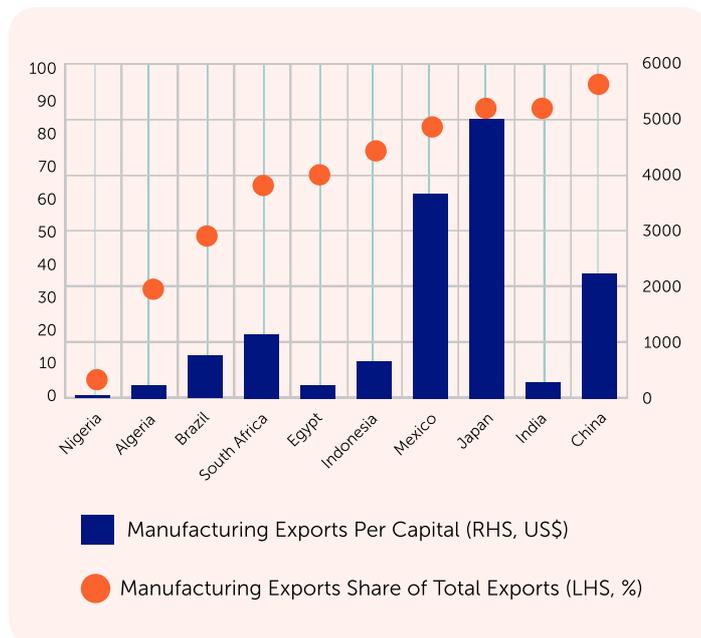
One important measure of industrial maturity is the increase in manufactured exports, which shows whether a country's firms can compete, learn and grow beyond domestic borders. On this theme, Nigeria's record has been quite disappointing. Over the past two decades, the country's manufactured exports have remained small, volatile and structurally weak. Data from the National Bureau of Statistics Foreign Trade Reports showed that manufactured goods exports averaged 4.4% of total goods exports in the last 9 years (2016-2024). Its share was 2.5% in the first half of 2025. Nigeria's exports remained skewed towards crude oil and other oil products, indicating the need for diversification and growth of manufactured goods export. During this research, entrepreneurs who export were asked how easy or difficult it is to export their goods to other countries as part of the 2025 State of Entrepreneurship survey, their responses were profound. 54% of respondents said it was hard or very hard to export, while 46% said it was easy or very easy. Essentially, many Nigerian entrepreneurs find it difficult to export their goods to other countries.

Figure 4a: Nigeria's Manufactured goods Export as a Share of Total Exports



Source: UNIDO, WDI, NBS

Figure 4b: Peer Manufacturing Export Indicators (2023)



Source: UNIDO, WDI, NBS

Comparative evidence reinforces the underperformance of manufacturing exports. In 2023, Mexico's manufactured exports per capita stood at US\$3,752, China's at US\$2,257, Indonesia's at US\$686 and South Africa's at US\$1,117, compared to Nigeria's per capita export, which is below US\$100. In those economies, manufactured goods make up between 70% and 95% of total exports. Also, countries such as Ethiopia, Morocco and South Africa have extensive participation in global value chains (GVCs) in areas such as textiles & apparel and automobiles. By contrast, a tough business environment makes it difficult for Nigeria to attract large players in the GVC space.



This low export profile can be linked to the structure of Nigeria's enterprise base. The majority of its manufacturers are small and medium-sized firms that struggle to meet export standards, scale production or integrate into global value chains (GVCs). Most firms produce for the local markets, where margins are narrow and quality requirements are less demanding. In addition, Nigeria has a weak technological base in manufacturing. Much of the medium-to high-tech output comes from a narrow range of industries such as cement and petrochemicals, rather than from sectors that drive innovation and learning like electronics, machinery or pharmaceuticals. The country's manufacturing, therefore, lacks the technological depth and firm-level capability required for competitiveness in global markets. This is in addition to challenges associated with complex export procedures and border/port charges and strenuous processes. Without targeted support for technology upgrading, quality certification and market access, these firms will be effectively shut out of the export economy.

The implication is that while many peer economies used export-oriented industrialisation to drive learning-by-doing and technology transfer, Nigeria pursued an inward-looking model built on import restrictions and incentives. Specifically for small manufacturers, export finance is limited, logistics costs are high, and compliance with foreign quality standards is difficult without institutional support. As a result, Nigeria's manufacturing exports remain dominated by a handful of large firms in cement, processed foods and basic consumer goods, while many smaller producers remain locked out of regional and global markets.

THEME 4: INDUSTRIAL POLICY WITH LIMITED EXECUTION - ZONES, INFRASTRUCTURE AND THE MISSING LINKAGES

Nigeria's industrialisation journey is marked by ambitious policy design but poor execution. Since the late 1970s, successive governments have launched industrial estates, export processing zones (EPZs), and special economic zones (SEZs) as strategies for industrialisation, foreign investment and export diversification. By 2023, over 40 zones had been formally licensed but only a few - such as Lekki Free Trade Zone, Calabar EPZ, and Onne Oil and Gas FTZ - are active, with about 541 enterprises in all the zones. Even among these, results in job creation, exports and domestic linkages remain limited.

"By 2023, over 40 zones had been formally licensed but only a few - such as Lekki Free Trade Zone, Calabar EPZ, and Onne Oil and Gas FTZ - are active, with about 541 enterprises in all the zones."



Comparative experiences show what is possible. The Shanghai Free Trade Zone (SFTZ) in China has over 50,000 member companies^[1], while zones in Nigeria collectively have less than 1000 companies. China's Shenzhen transformed from a fishing village to a manufacturing hub within two decades of SEZ designation, while Ethiopia's Hawassa Industrial Park integrated local suppliers into global apparel chains within five years.

The underperformance of these zones in Nigeria reflects broader systemic challenges. Many zones lack reliable power, water and road connectivity; customs procedures remain cumbersome; and overlapping regulatory jurisdictions create uncertainty for investors. What is missing is the integration of these zones with local supply chains and small firms, to ensure these small firms benefit from spillovers in skills, inputs and technology.



This gap is amplified by Nigeria's wider infrastructure problem. Despite decades of reform, electricity generation has hovered around 4,000-6,000 MW for a population of over 220 million, far below the scale needed for industrial take-off. Transport and logistics constraints add to the challenge. Less than 30% of Nigeria's 195,000 km road network is paved, rail services are minimal and port inefficiencies continue to inflate trade costs.

"Despite decades of reform, electricity generation has hovered around 4,000-6,000 MW for a population of over 220 million, far below the scale needed for industrial take-off."

For small businesses, these deficits determine their survival. High energy costs and logistics challenges keep most small manufacturers informal, unproductive and disconnected from supply chains. While SEZs and industrial estates were meant to serve as hubs for efficiency and scale, many have yet to achieve this objective.

The lesson is clear: industrial policy without execution capacity cannot deliver transformation. Building more zones is not the solution. The government must ensure that existing zones function as productive ecosystems linked to domestic small firms. Without this, Nigeria will continue to have industrial estates and zones with limited impact on the rest of the economy.

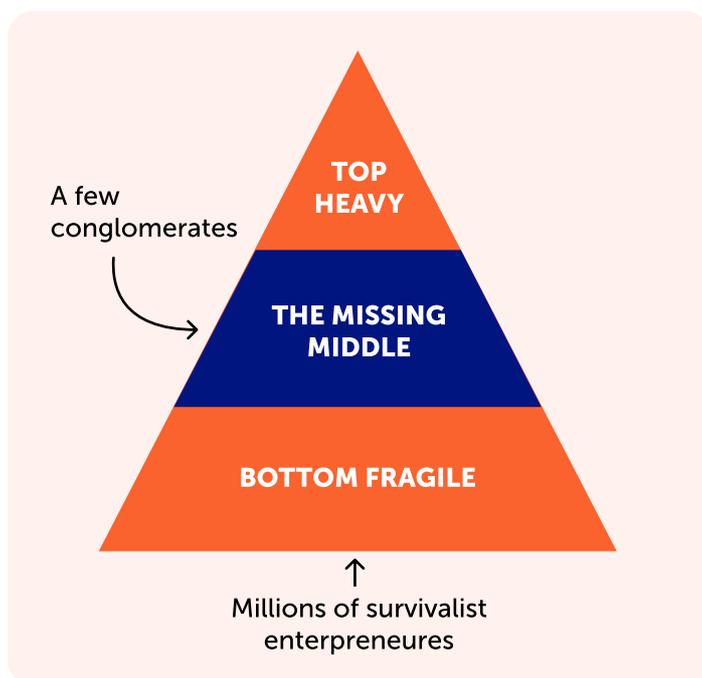


[1] <https://rpc.cfainstitute.org/en/research/cfa-magazine/2018/the-shanghai-free-trade-zone-continues-its-growth#:~:text=Launched%20in%202013%2C%20the%20Shanghai,kilometer%20area%20of%20the%20city>

THEME 5: THE MISSING MIDDLE - NMSMES AND NIGERIA'S INDUSTRIAL STRUCTURE

Nigeria's industrial structure is such that there are a few large conglomerates at the top, millions of nano and micro enterprises at the base, and a thin layer of dynamic medium-sized firms in between. According to the SMEDAN/NBS (2021) MSME Survey, NMSMEs account for over 96% of businesses and 84% of employment in Nigeria. In 2021, there were 1.9 million NMSME manufacturing firms in Nigeria but medium-sized firms accounted for only 1%. Most firms operate in low-productivity, informal activities such as shoemaking and small-scale food processing, which absorb labour but generate little technological learning or productivity growth.

Figure 5: The Missing Middle

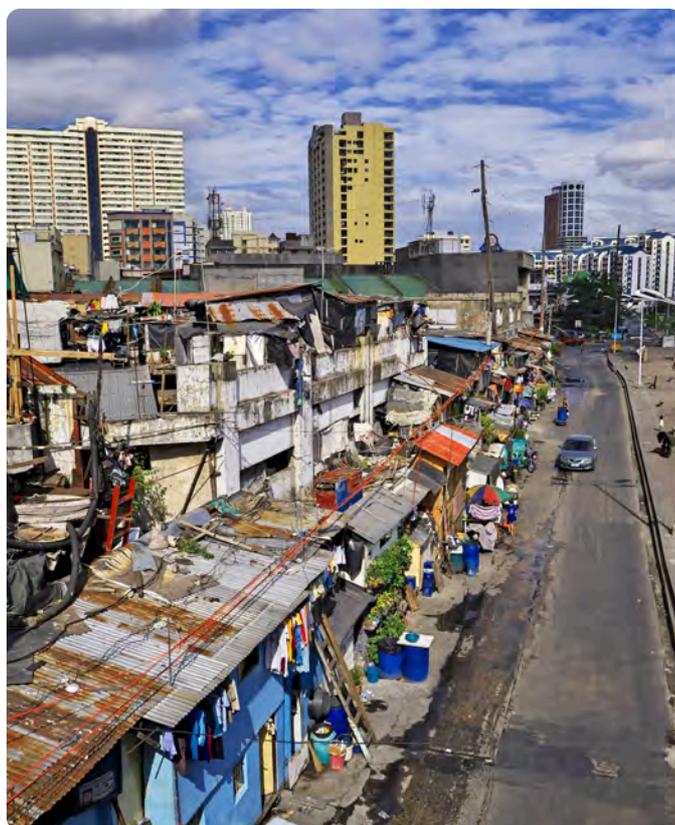


Only a small fraction of these enterprises ever grow into medium-sized firms, reflecting the high barriers to scale. The reasons are well-documented: high financing costs (with SME lending rates often above 30%), unreliable power supply, multiple taxes, weak business development services and fragmented industrial linkages. As a result, most firms operate at subsistence levels, unable to invest in machinery, hire skilled workers or expand into new markets (See Erumebor, 2025).

This “missing middle” undermines Nigeria’s industrial deepening. While large firms such as Dangote, BUA and a few multinationals dominate capital-intensive sectors like cement and beverages, the absence of medium-sized firms, the kind that connects large corporations and small producers, means that knowledge, technology and market access rarely trickle down the value chain.

The East Asian experience shows that medium-sized firms played a key role in industrial transformation. In Taiwan and South Korea, medium firms emerged as suppliers and subcontractors within industrial clusters, gradually upgrading through learning, innovation and export exposure. They served as the backbone of dynamic ecosystems that continuously absorbed workers and raised productivity.

In Nigeria, the absence of such firms in large numbers means that industrialisation is both top-heavy and bottom-fragile, i.e. dominated by a few conglomerates and millions of survivalist entrepreneurs. For industrialisation to be inclusive and sustainable, Nigeria must deliberately build the middle of the pyramid by supporting high-potential small firms to grow, formalise and integrate into supply chains. This requires a patient industrial policy that prioritises firm upgrading, local supplier development, and targeted incentives that reward productivity.



Spotlight
FATE Foundation
Pioneer Entrepreneur



Celestina Utoro
Founder, Catyna Ventures Ltd
(Interior & Cultural Design Industry)

Interviewer: Tell us about yourself and how your business began.

Celestina Utoro: My name is Celestina Utoro, founder of Catyna Ventures Ltd. We started as a sole proprietorship but are now transitioning into a limited company to expand. I attended several FATE Foundation programmes - AEP 26 (2008), EEP 26 (2018) and EEP 24 (2019). During that period, a fire incident destroyed everything we owned, but the support from FATE Foundation, especially from Adenike, helped us rebuild and stay focused. We received the YOUWIN Women Grant in 2018, which marked a major turning point for us.

Interviewer: What does Catyna Ventures do, and what makes your products unique?

Celestina: We design and install window blinds, but our unique niche is cultural blinds made with Adire and other African fabrics. Our goal is to blend interior design with Nigeria's cultural heritage - using fabrics from across the country, not just Adire or Ankara. We were among the early innovators in the Adire blinds space. However, access to markets remains a major challenge; often, success depends on connections rather than innovation.

Interviewer: What have been the biggest challenges in growing your business?

Celestina: Access to finance was a huge barrier until I won the YOUWIN grant. But today, I think the bigger challenge is not money, it's structure. Many entrepreneurs lack proper systems, governance and partnerships to scale. Without structure, even with funding, businesses collapse once the capital runs out. Another challenge is collaboration. Too many entrepreneurs are too scared to collaborate with others. In this industry, we can only grow through partnerships and shared vision.

Our industry is still manual, which limits productivity. Without industrial-scale manufacturing or technology, we can't produce in large quantities. Infrastructure is weak. There are also cultural barriers that I experienced. I once tried to collaborate with Adire producers in Abeokuta, but faced cultural and bureaucratic barriers. Industrialisation should break these divides; innovation shouldn't depend on where you come from.

Interviewer: Looking back 25 years ago, what do you think Nigeria has missed or failed to do to industrialise?

Celestina: The biggest mistake is neglecting manufacturing. No country can grow without it. For example, we import most of the cotton used in Adire and that drives up costs. Nigeria should invest in local cotton farming, textile production and industrial clusters. We have talent and creativity, but we need the systems and infrastructure to scale.

Interviewer: If you were designing Nigeria's new industrial policy today, what are the top priorities you would focus on?

Celestina: Policies must be fair and locally relevant. You can't promote industrialisation while overtaxing producers. We need tax reliefs, better logistics, affordable power and transport policies that reduce costs. And we must stop copying Western models. Nigeria needs policies that reflect its own realities and people. Industrialisation will only work when we build policies for our context.

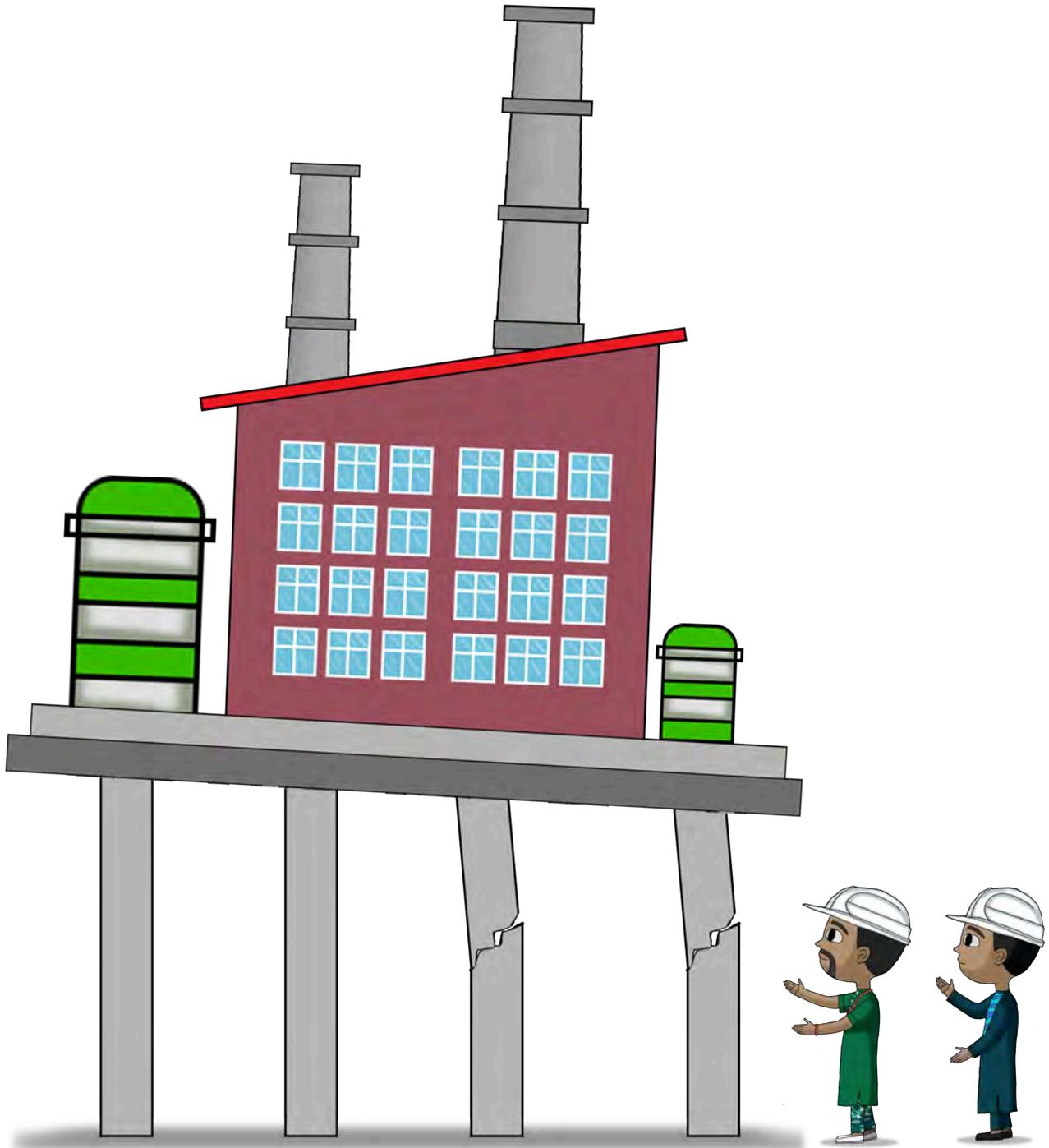
Interviewer: What advice would you give young entrepreneurs?

Celestina: Be intentional about your goals, your network and your circle. Structure your business early and seek mentorship. Believe in your vision, collaborate with like minds and focus on creating wealth, not survival. Build systems that outlive you.





WHY IS NIGERIA NOT INDUSTRIALISED YET?



Nigeria is a country richly endowed with natural resources, has a large and growing domestic market and has experimented with multiple industrial policies since independence. However, as shown in the previous section, Nigeria's manufacturing value added has remained below 10%; manufactured exports are negligible compared to those of its peers and competitiveness rankings remain weak. Despite numerous development plans such as the National Economic Empowerment and Development Strategy (NEEDS), Vision 20:2020 and the Nigeria Industrial Revolution Plan (NIRP), the country has struggled to achieve sustained industrial growth.

The core question, therefore, is not whether Nigeria has had policies on industrialisation, but why those policies have not translated into tangible outcomes. This section interrogates the underlying constraints, exploring why industrialisation has remained elusive despite efforts by the government.

The Policy Question: Good Policies, Weak Implementation or Wrong Priorities?

Since the return to democracy in 1999, every administration has launched its own blueprint for industrial development, from the National Economic Empowerment and Development Strategy (NEEDS) to Vision 20:2020, the Nigeria Industrial Revolution Plan (NIRP), the Economic Recovery and Growth Plan (ERGP) and more recently, the National Development Plan (2021-2025). Each of these plans promised to diversify the economy away from oil dependence and raise manufacturing's share of GDP. However, after more than two decades, manufacturing remains below 10% of GDP and exports are still dominated by crude oil.

"Each of these plans promised to diversify the economy away from oil dependence and raise manufacturing's share of GDP."



Nigeria's industrial policies have been large on aspiration and short on institutional discipline and continuity. NEEDS focused on macroeconomic stability and private-sector participation, but its implementation tilted more toward oil and telecoms. Vision 20:2020 set bold targets for industrial growth but lacked the financing mechanism, accountability and coordination between federal and state initiatives. The NIRP in 2014 was an extensive industrial strategy, which identified priority sectors and promoted backward integration. However, political transitions, fiscal shocks due to lower oil prices in 2015 and weak follow-through stalled implementation.

Overall, there has been a consistent pattern, where each new governments prefer to start afresh rather than build on existing frameworks. This has created a cycle of policy resets that prevent long-term institutional learning and limit long-term private sector commitments. As seen in several Asian countries, from Singapore to Indonesia, Malaysia, etc., industrialisation requires continuity and credibility, but Nigeria's approach has often been episodic and reactive. Even when policies are technically sound, the capacity to implement, monitor, evaluate and ensure inter-agency coordination remains weak. The ERGP, for example, sought to merge macroeconomic recovery with structural transformation but was undermined by power shortages, logistics bottlenecks and fiscal constraints.

Beyond these national plans, there have also been sectoral policies such as the National Automotive Industry Development Plan, Backward Integration Policy (BIP) in the cement and sugar sectors and MSME-focused interventions through the Bank of Industry. While the BIP recorded success in cement due to the strong capabilities of entrepreneurs to transition from importation to local production and the importance of industry players to ruling elites for political financing^[3], gains were limited in the sugar industry and other segments.



The deeper issue is that Nigeria's industrial policies have been mostly designed from the top down, with limited understanding of how firms actually learn, upgrade and compete. Industrialisation has been treated as a series of macro targets and incentive schemes rather than as a process of capability building for thousands, if not millions, of firms. Consequently, large projects and sectors receive attention while small and medium enterprises, where most jobs and innovations come from, suffer from neglect. In all of these, it is clear that policy design alone does not drive industrialisation. Institutional discipline, learning and firm-level support do. Until Nigeria implements strategies that nurture productive and high-potential firms, industrial policy will continue to produce impressive documents but limited transformation across the board.

“Even when policies are technically sound, the capacity to implement, monitor, evaluate and ensure inter-agency coordination remains weak.”

Macro-Bias versus MSME-Led Industrialisation

Another feature of Nigeria's industrialisation trajectory is its overreliance on macroeconomic levers while neglecting the micro-foundations of industrial growth. Past strategies have typically prioritised tariff protection, foreign exchange allocation and incentives designed to attract foreign direct investment and support large firms. Nano, micro, small, and medium enterprises (MSMEs), which form the backbone of the economy, have received relatively limited attention. Over the years, there has been limited focus on “getting the firms ready” through capability building, technology upgrading and institutional support.

[3] See <https://www.tandfonline.com/doi/full/10.1080/00220388.2025.2456904#abstract>

As highlighted in the previous section, this macro bias has produced an industrial structure that is both top-heavy and bottom-fragile: a few large conglomerates at the top and millions of micro and survivalist enterprises at the base, with very few scalable firms in between. MSMEs feature prominently in policy documents but rarely in the design of industrial instruments. Support for small firms tends to take the form of short-term credit schemes or one-off grants, often accessed by only a few firms. For instance, while PwC (2024) estimated a US\$32.2 billion (equivalent of N48 trillion) MSME financing gap, only 1.2% of total credit to the private sector was allocated to small-scale enterprises.

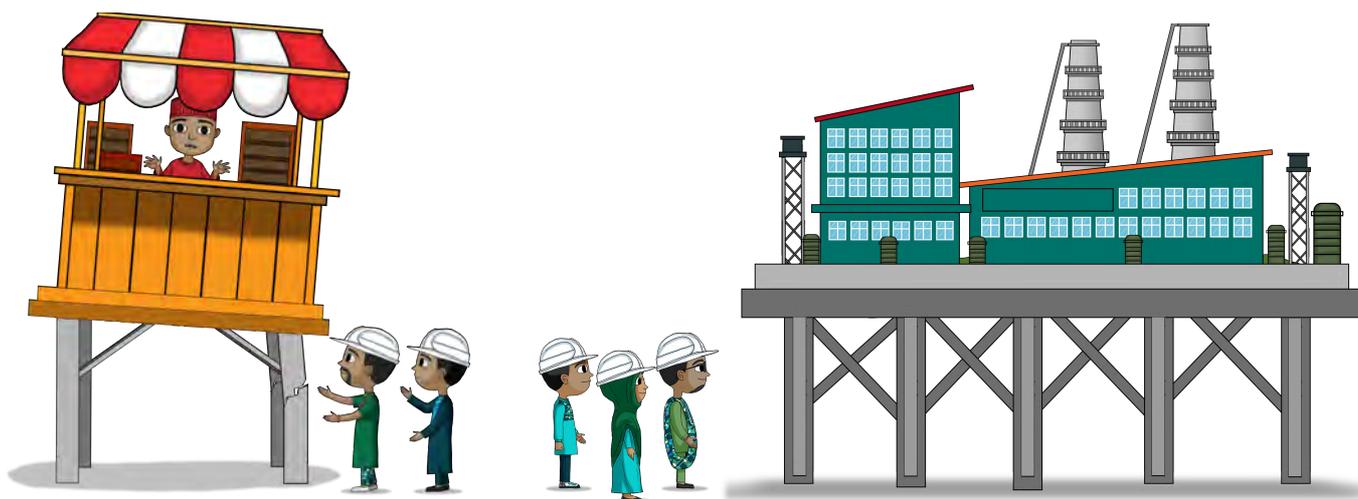


Table 1: Commercial Banks' Loans to Small Scale Enterprises

Year	Total Deposit Money Banks' Credit to Private Sector (N'billion)	Total Deposit Money Banks' Credit to Small Scale Enterprises (N'billion)	Share of SME Loans to Total Credit (%)
2014	13,179.60	116.07	0.12
2015	13,568.54	2.95	0.10
2016	16,500.15	10.75	0.07
2017	16,193.86	10.75	0.07
2018	15,438.60	44.82	0.29
2019	17,436.99	123.93	0.71
2020	19,818.38	62.51	0.32
2021	22,026.37	83.74	0.38
2022	26,177.15	93.45	0.36
2023	39,293.15	465.37	1.18

Source: CBN Statistical Bulletin (2023)

This neglect has weakened Nigeria's capacity to build integrated value chains, expand industrial clusters and generate the broad-based employment that thriving NMSMEs can deliver. The outcome is a shallow industrial base, highly vulnerable to external shocks and unable to sustain competitiveness in global markets.

In putting together this report, a conversation with one of the interviewees, who is a furniture maker, highlights the challenge of weak value chains and the neglect of small firms.

"The outcome is a shallow industrial base, highly vulnerable to external shocks and unable to sustain competitiveness in global markets."

"I have over 400 consumables, and all these consumables have to come in for me to be able to produce what I produce. I can't produce the foam, fibre, fabric, nails, screws, paint, chemicals – it is not possible.

The sad thing about it is that nobody is producing any part of this value chain. I think maybe 10% of my consumables are produced locally from scratch with local materials. The rest - if I'm not importing it, somebody else is importing it. And after 37 years {of doing this business}, it is still like that.

I've travelled all over the world - China, Turkey, Spain - and we see their factories, their production, their industrial parks, and we see how small they are and what they're producing out of this small space."

(Interviewee 1, Sept 2025).



By contrast to Nigeria's experience, several emerging economies have deliberately embedded small enterprises into their industrialisation pathways. India's cluster-based SME policies in Gujarat and Tamil Nadu facilitated technology diffusion, shared infrastructure and global market access. Indonesia's linkages between small and large firms in the textiles and automotive industries created domestic supply chains that strengthened competitiveness. In Mexico, SME integration into North American manufacturing through the maquiladora model transformed local producers into export-ready suppliers.

For Nigeria, industrial policy is mostly formulated at the federal level, often designed without the institutional mechanisms to identify, monitor and upgrade firms. Nigeria needs to improve the productivity of small businesses; otherwise, large industrial projects will continue to operate as stand-alone projects, disconnected from domestic value chains.

Specific Constraints to Industrialisation in Nigeria

Nigeria's slow industrial development reflects several structural constraints that cut across finance, markets, skills, technology and infrastructure. These challenges are mutually reinforcing: limited finance prevents firms from investing in modern machinery; weak infrastructure raises production costs; skill shortages constrain productivity; and poor market

access reduces incentives for upgrading. Overall, they sustain an environment where most firms remain small, informal and uncompetitive.

Nigeria's slow industrial development reflects several structural constraints that cut across finance, markets, skills, technology and infrastructure. These challenges are mutually reinforcing: limited finance prevents firms from investing in modern machinery; weak infrastructure raises production costs; skill shortages constrain productivity; and poor market access reduces incentives for upgrading. Overall, they sustain an environment where most firms remain small, informal and uncompetitive.

Limited Access to Finance: Access to long-term, affordable finance remains the most binding constraint to industrial expansion. In the State of Entrepreneurship report, it is consistently ranked by small businesses as the topmost challenge that limits their growth. Commercial lending rates often exceed 30%, and the tenor of most loans is under three years. Development finance institutions such as the Bank of Industry (BOI) and the Development Bank of Nigeria (DBN) have improved access modestly, but the scale remains limited. According to BOI's 2024 Annual Report, only 15.3% of total credit disbursed (₦78.2 billion out of ₦510.9 billion) went to MSMEs (BOI, 2025). The result is a manufacturing sector that operates largely with obsolete equipment, inadequate working capital and little capacity for technological upgrading.



Limited and Fragmented Markets: The domestic market is large but fragmented, with weak purchasing power limiting demand for manufactured goods. Regional integration under the Economic Community of West African States (ECOWAS) and the African Continental Free Trade Area (AfCFTA) Agreement presents opportunities, but Nigeria has yet to leverage them due to competitiveness gaps.

According to the 2025 State of Entrepreneurship survey conducted by The FATE Institute, which surveyed over 10,800 NMSMEs across Nigeria, only 31% of respondents said they are aware of the AfCFTA. Export performance is heavily skewed toward oil, with manufactured exports just around 2% of total exports (NBS, 2025). In contrast, Indonesia and Vietnam transformed their industrial sectors through export-oriented strategies, building capabilities in textiles, electronics and other sectors.

“Export performance is heavily skewed toward oil, with manufactured exports just around 2% of total exports (NBS, 2025)”

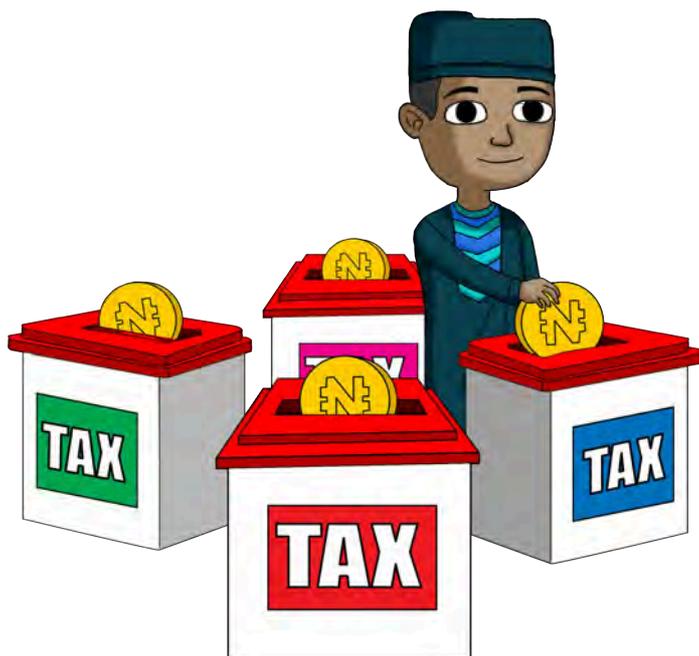
Multiple Taxation: Small businesses pay numerous taxes and levies to state and non-state actors, which raise their costs and limit competitiveness. In the course of this research, entrepreneurs interviewed expressed dissatisfaction with the tax system in Nigeria. According to an interviewee,

“ There was another time when the state government wanted to know whether I had a borehole at the factory. I've been at this location for 18 years and we don't have government water. We have always operated on borehole water. They now want to come and tax me for supplying my own water? They brought a tax bill, a registration bill for your borehole of 150,000 naira. I told them: You will have to physically carry me to jail. You cannot tax me. You can tax me if you give me water and I refuse to use it. But you cannot tax me if you have not given me water and you are taxing me for providing my own water.

(Interviewee 1, Sept 2025).

”

There is an expectation that this challenge of multiple taxation will end with the commencement of the new Tax Act on January 1, 2026. However, unless state governments, local governments and non-state actors are effectively integrated into the implementation process, overlapping taxes and informal levies are likely to persist in different forms, limiting the growth of businesses.



Skills Gap: The skills gap is another major constraint. Nigeria's educational system produces large numbers of graduates but there is a disconnect between educational output and industrial needs. Technical and vocational education and training (TVET) is underdeveloped, and firms often report difficulties in finding skilled technicians, machinists and engineers. As a result, Nigerian manufacturing remains concentrated in low-skill segments, with limited presence in higher-technology sectors.

Technology and Innovation Deficits: Nigeria lags in technological adoption and innovation. Research and development spending is below 0.5% of GDP, far lower than the global average. Industrial research institutes are underfunded and disconnected from the needs of the private sector. This has resulted in a manufacturing sector that remains locked into low-productivity processes, unable to compete with peers that have invested heavily in upgrading technology.

Policy Inconsistency and Weak Implementation: Even when policy direction is sound, weak coordination and poor implementation capacity erode impact. Industrialisation frameworks are often replaced with each administration, preventing institutional learning. Overlapping mandates between federal agencies such as BOI, SMEDAN, NIPC, and FMITI create fragmentation rather than synergy. Monitoring and evaluation systems focus less on firm performance or productivity outcomes.

Infrastructure and Input Costs: Nigeria's infrastructure gap is perhaps the most visible barrier to industrial growth. Power supply is still less than 5 GW for a population of over 220 million, forcing firms to rely on self-generation at a much higher cost. Poor transport networks, port congestion and logistics bottlenecks add multiple layers of cost. These factors have made Nigerian manufacturers among the least competitive in Africa. Beyond physical infrastructure, the high cost of imported inputs, driven by weak local value chain and forex volatility, further weakens profitability and capacity utilisation. As recounted by one of the interviewees, on how imported inputs raise production cost:

“We are buying cotton {from abroad} and you know the dollar rate, so that's why Adire is very expensive, the production cost is very high because we don't grow cotton yet. So we have to start growing cotton plantations if we really want to take it to the next level and really empower the grassroots people in that space, so that people will be very much interested in creativity”

(Interviewee 2, Sept 2025).

Notwithstanding these challenges, it is important to highlight that there are areas where progress has been made in Nigeria's industrialisation journey. The cement industry is a notable success story, with Nigeria transitioning from importing to being a net exporter of the commodity. Investments in petroleum refining are beginning to reshape the downstream sector, while incremental improvements in power supply for Band A consumers have enhanced reliability for some industrial users, although high energy cost is still an issue. The cables and electrical components industry is also expanding, driven by increasing local demand. These examples demonstrate that with the right policy alignment, sustained investment and institutional discipline, progress in industrialisation is achievable.

The Political Economy of Industrialisation

At the heart of Nigeria's industrialisation challenge lies a political economy problem, which shapes how policies are designed, implemented and derailed. From the experiences of Asian countries that have improved industrial outcomes, industrialisation requires a state that is not only capable but also developmental. A state that can set clear priorities, enforce accountability and align incentives across public and private actors. Nigeria's state, however, has often been fragmented, with limited capacity to sustainably implement industrial policy.

Since the 1970s, rents from oil have created incentives for elite groups to capture state resources rather than invest in productive industrial activity. Industrial policy initiatives are frequently hijacked by vested interests that benefit from tariff protection or foreign exchange allocations without reinvesting in productive capacity. Programmes are often underfunded, weakly monitored and abandoned before results emerge. This dynamic has led to the rise of firms that exist primarily to extract state rents rather than build competitive industries.



Countries that industrialised successfully embedded discipline and reciprocity into state-business relations. In South Korea and Taiwan, firms that received state support were required to meet export or performance targets. China tied credit access and fiscal incentives to technological upgrading. Even Indonesia, with a complex political landscape, managed to institutionalise monitoring mechanisms that held firms accountable for investment outcomes.

In Nigeria, these enforcement structures are often lacking in the implementation of industrial policies. Industrial support programmes rarely include performance benchmarks, and monitoring focuses on disbursement rather than productivity or job outcomes. Coordination mechanisms between federal and subnational governments remain weak, while agencies such as the Bank of Industry, SMEDAN and NIPC could improve synergy.

These challenges have harsh consequences for small businesses. The absence of credible institutions means MSMEs face the burden of limited access to finance and a regulatory environment shaped by extortion and elite interests. As recounted by Interviewee 1 (Sept 2025),

“ I had opened a restaurant as a side thing. The restaurant, unfortunately, was very bad timing - I closed it down in about six months. I had hired 35 people; 35 people lost their jobs in six months.

The government officials did not allow me to even germinate. You should be able to go to a business and say "okay, this is new, what can we do to nourish this business to thrive?" That was not the case. It was harassment, harassment, harassment.”

Without reforming how policies are implemented and the role of regulatory agencies, efforts to promote MSME-led industrialisation will struggle to gain traction.

Nigeria is not short of industrial ambition, as seen in previous development plans and policy documents. What appears to be missing is alignment, consistency and credible execution. Over the years, well-designed policies have been undermined by weak institutions, elite capture and a neglect of the small businesses that form the backbone of production and employment. The result is an undiversified economy that is yet to industrialise. Nigeria's next phase of industrialisation must begin from the bottom by empowering the millions of small and medium manufacturers whose growth, upgrading and integration can drive a more inclusive and resilient industrial economy.



Spotlight
FATE Foundation
Pioneer Entrepreneur



Yinka Osobu
Chief Executive Officer,
CMC Interiors & Furniture

Interviewer: Please tell us about yourself, your name, your background, and what you business does.

Yinka Osobu: My name is Yinka Osobu, CEO of CMC Interiors. I've been in this business for 37 years, building it from scratch. I'm a furniture manufacturer - we make all furniture items except doors. I handle bespoke projects for hotels, schools and homes, and also have a retail line. It's been rewarding but very challenging. I expected to be on cruise control by now, but the environment makes that impossible. I'm at a transition stage, thinking of either selling or handing over. Sadly, my children aren't interested and that says a lot about how the trade is still undervalued in Nigeria.

Interviewer: Have you thought about pivoting into a different sector over time?

Yinka: In my first 25 years, I didn't. I was focused on growing what I knew. I sometimes wish I diversified, but my strength has always been production. Our industry is like fashion, where consumer taste changes quickly. Homes are smaller and people prefer minimalist furniture. So we must constantly adapt to trends and remain relevant.

Interviewer: What are the main challenges you face in your line of business?

Yinka: My biggest constraint is human resources. Skilled labour is almost non-existent. In the past, we had carpenters from Benin Republic and Togo, but they've stopped coming. Nigerians don't want to do this work and our trade schools have collapsed. Even graduates applying for admin or accounting roles lack the basics. I now work directly with trade schools - we take students on internships and involve their parents to improve accountability. That's helped a bit.

Another challenge is the supply chain. I use over 400 consumables to make furniture - foam, fabric, nails, screws, chemicals. Hardly any of these are made locally. Every one of those consumables could be a small factory employing people. After 37 years, we're still importing almost everything. That's why industrialisation is crucial.

Interviewer: How did access to finance affect your ability to expand and grow your business operations?

Yinka: I've never borrowed a naira in 37 years. I've grown organically, reinvesting profits and maintaining quality. I know many entrepreneurs chase scale, but I believe in

sustainable growth. Borrowing is risky when projections are unreliable. My philosophy is: grow at a pace that keeps you healthy and in control.

Interviewer: In what ways have government policies and regulations helped or hurt your business?

Yinka: Policies change too often and are rarely enforced. Furniture is supposedly contraband, yet imported furniture fills the market. The government should enable businesses not stifle their growth. There are endless inspections, levies and harassment. Even water tax, imagine being billed for using your borehole when the state doesn't provide water. These things drain entrepreneurs.

Interviewer: When you look back 25 years ago, what do you think Nigeria missed or failed to do industrially?

Yinka: We failed to make the environment conducive for production. Every farmer should be part of a value chain that processes and adds value to raw output. But Nigeria exports raw materials and imports finished goods. The real problem is weak implementation, good policies exist but never mature. Industrialisation demands patience and consistency, and we have had neither.

Interviewer: If you were designing Nigeria's new industrial policy today, what are your top three priorities?

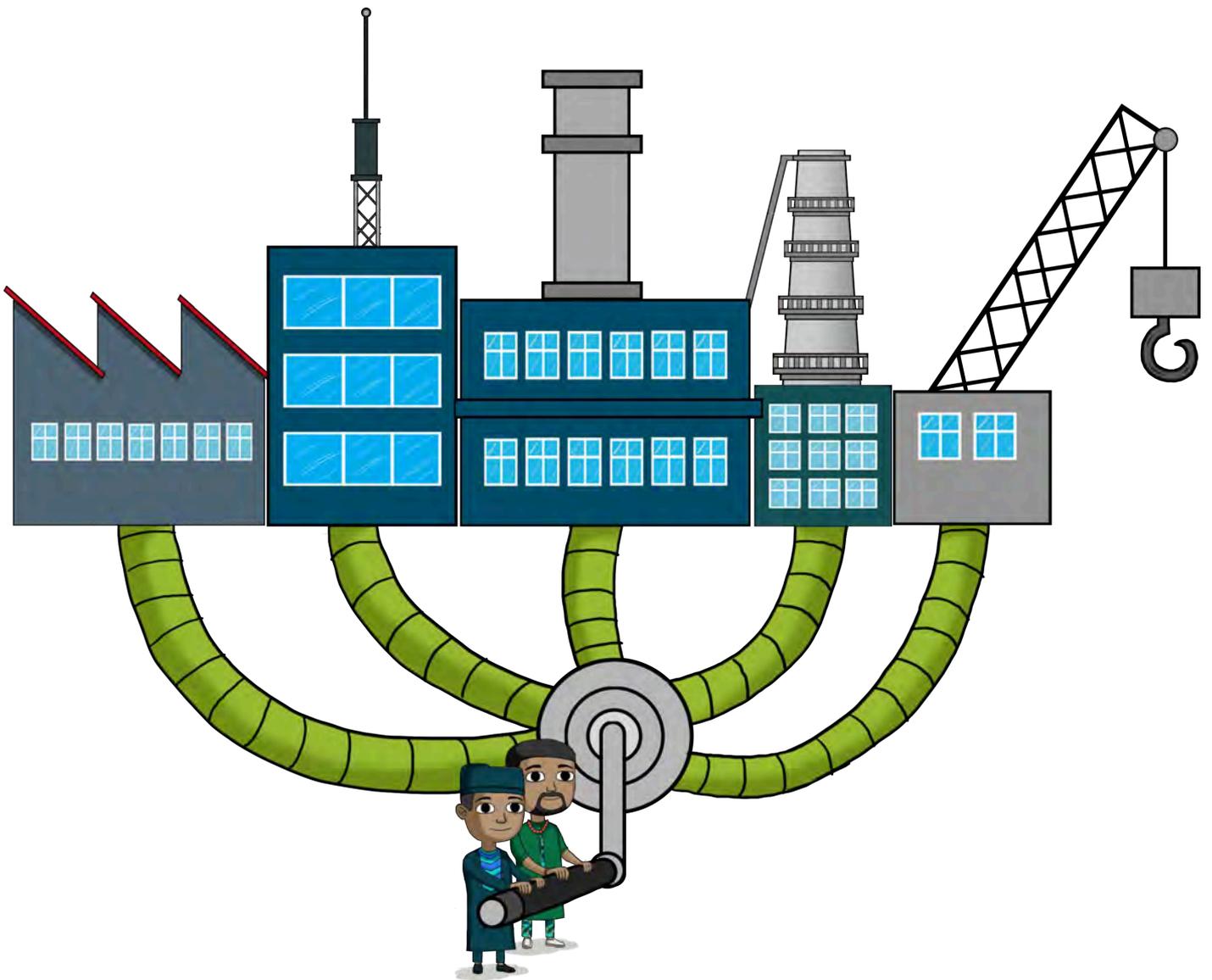
Yinka: First, bring in younger people, they have new ideas and energy. Second, stabilise monetary policy so money retains value. Third, broaden infrastructure beyond roads. Power, water, recycling and housing are just as critical. Industrial policy must support production, not paperwork.

Interviewer: You mentioned retirement. What would be a satisfying legacy for you?

Yinka: My biggest joy would be seeing young people take over, either my children or my staff. I still believe Nigeria offers opportunities, but we must fix the basics and restore respect for production work. I hope the next generation rediscovers that dignity.



REIGNITING NIGERIA'S INDUSTRIAL ENGINE



Introduction: Building an Industrial Future for Nigeria – What Success Looks Like

Nigeria's industrial future must be competitive and inclusive. Industrialisation cannot depend solely on large conglomerates or foreign investors, nor can it emerge from fragmented small-scale production with limited industrial upgrading or linkages. Industrialisation must combine both, i.e. strong anchor firms and vibrant networks of small and medium producers. The Nigerian government must create a system where learning, productivity and innovation reinforce one another.

Industrial success for Nigeria should mean more than a few dominant firms or a rising manufacturing output as a share of GDP. It should mean an economy where small and growing enterprises can scale, supply larger firms and export competitively across Africa and beyond. It should mean a deepened value chain and industrial clusters in every region, from leather and textiles to light engineering and agro-processing, supported by reliable electricity, affordable finance, skilled workers and connected markets.

Figure 6: What Industrial Success Should Look Like

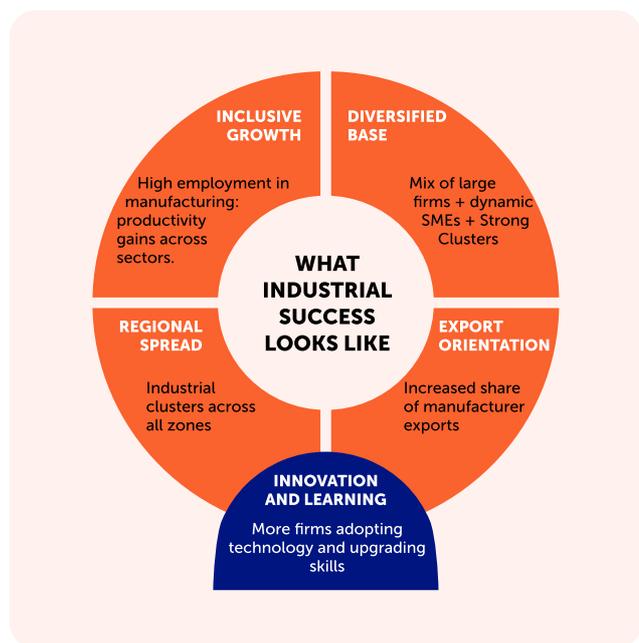


Table 2: Industrial Targets by 2035

Indicator	Today	Target (2035)
Manufacturing share of GDP	~8%	~20-24%
Manufacturing exports share	2-3%	~20%
Average productivity growth	1.5%	>3.5%
Formal manufacturing firms	278,985	>1 million

One major lesson from three decades of reform is that macroeconomic stability and incentives alone cannot drive industrial transformation. Without productive firms and coherent institutions, Nigeria will continue to grow without transforming. This calls for a new strategy that goes beyond announcing industrial plans to building industrial capabilities at scale, particularly for the nano, micro, small and medium enterprises (NMSMEs) in the country.

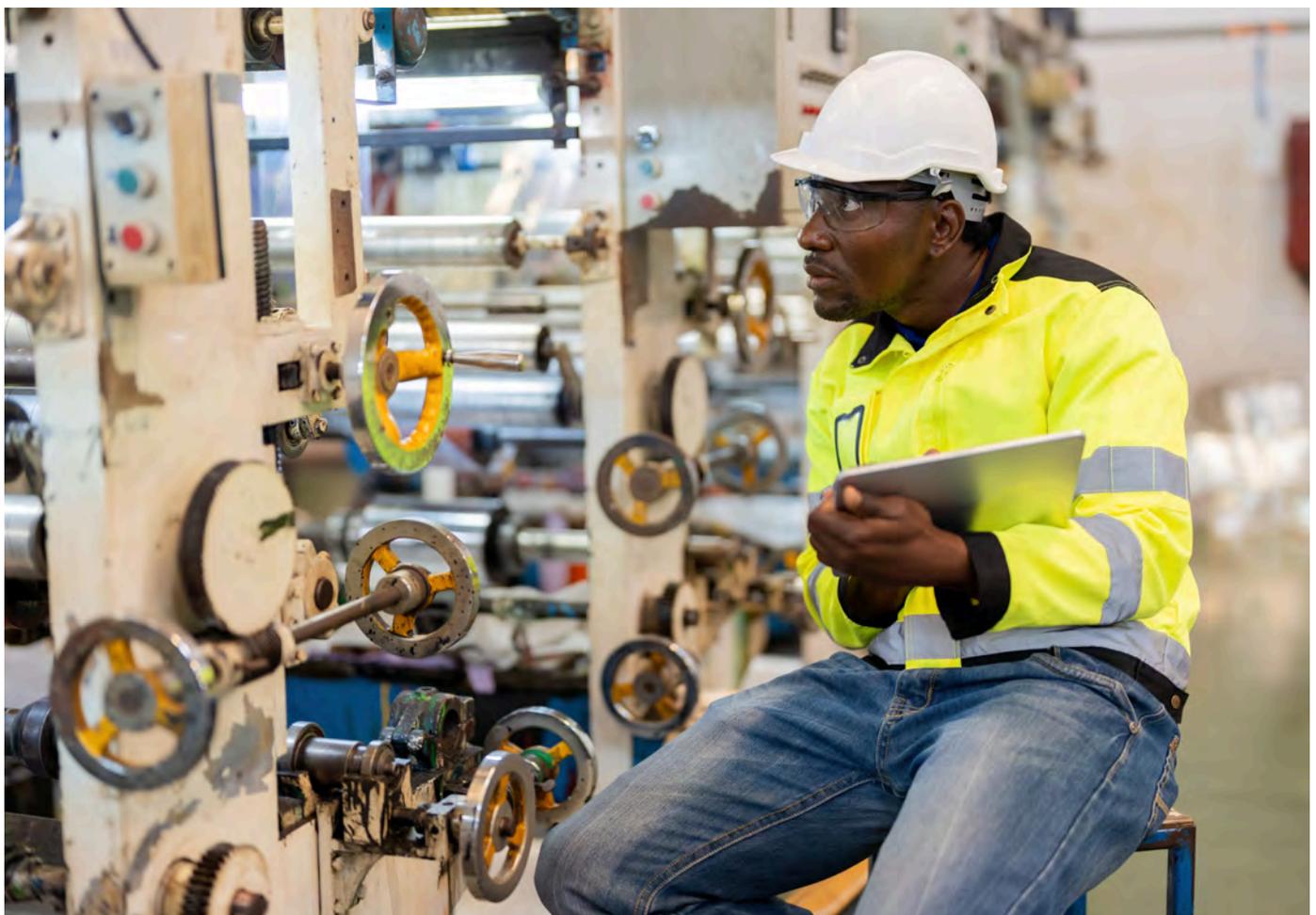
This chapter explores how Nigeria can reignite its industrial engine by rethinking the design, focus and delivery of industrial policy. It outlines a new framework that recognises NMSMEs as the foundation of a resilient industrial base, not as peripheral players but as drivers of transformation alongside larger firms.



Table 3: The Five Pillars of Nigeria's New Industrial Strategy (Building Industrialisation from the Bottom Up)

No	Pillar	Strategic Focus	Core Objective
1	Small Firms at the Centre	Reorient industrial policy around NMSMEs and clusters	Make industrialisation inclusive and broad-based
2	Productive Infrastructure	Power, logistics and security for industrial connectivity	Reduce firm-level costs and unlock competitiveness
3	Financing and Firm Upgrading	Financing and incentives for productivity growth	Shift finance from disbursement to capability building
4	Industrial Capabilities & AfCFTA Readiness	Cluster development, technology and skills for export competitiveness	Build firms that can learn, innovate and trade
5	Institutional Coordination & Delivery	Align federal, state and agency actions through performance-based systems	Ensure continuity, coordination and accountability

Source: Adapted from Erumebor W. (2025)



A New Industrial Strategy: Small Firms at the Centre

Nigeria's industrial future will not be built solely by a few large firms. Success will depend on the collective dynamism of thousands of nano, micro, small and medium-sized enterprises scattered across regions, sectors and value chains. For decades, Nigeria's industrial strategy has been centred on large firms: attracting substantial investments, offering fiscal incentives to conglomerates and creating industrial zones designed for foreign investors and medium to large-sized domestic firms. These efforts have yielded pockets of success in specific areas but have failed to result in broad-based industrialisation. The next phase requires a shift from this approach to one that prioritises many small industries.

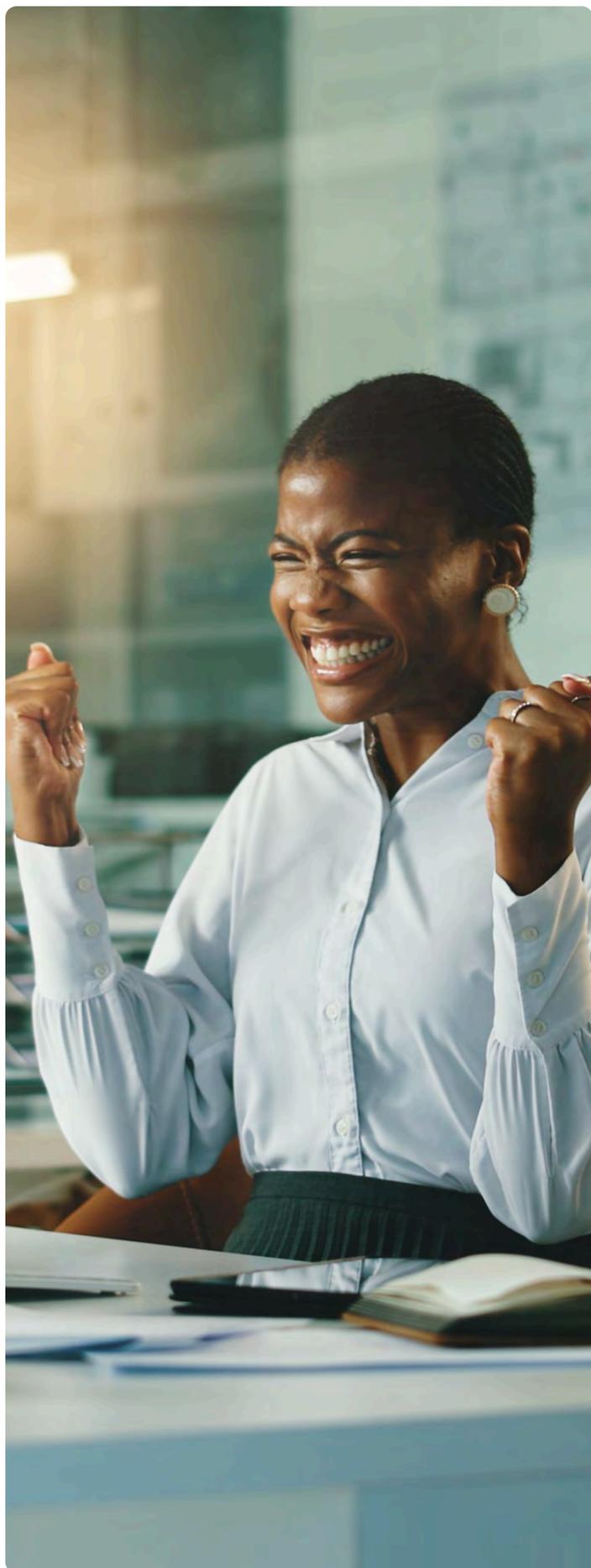
This new paradigm recognises that industrialisation is a process of accumulation, learning and upgrading of firms of all sizes. It recognises that small firms are not peripheral but are the industrial engine where employment, innovation and local value addition are created. Across Nigeria's 41 million NMSMEs is where industrial renewal can happen, as these firms can be producers of goods at scale, suppliers of inputs to larger firms and service providers that sustain larger industries. Our small firms cannot continue to operate in silos, with weak linkages and limited support to grow, learn or compete.

Why Small Businesses Must Be at the Centre

Small businesses are the connective piece of any economy. They supply intermediate goods, provide specialised services and absorb labour at scale. In East Asia, SMEs were treated as part of the same industrial ecosystem and were linked to large firms, embedded in clusters and continuously upgraded through learning and technology transfer.

Nigeria must therefore move from just supporting small firms to placing them at the core of the country's industrial strategy. That means:

- Upgrading - facilitating access to modern machinery, technology and technical know-how.
- Linking - integrating small firms into value chains with larger firms through supplier development and clustering.
- Scaling - enabling successful micro and small enterprises to transition into medium-sized firms through finance, market access and other business services.



Box 1: Lessons from East Asia: Upgrading and Clustering

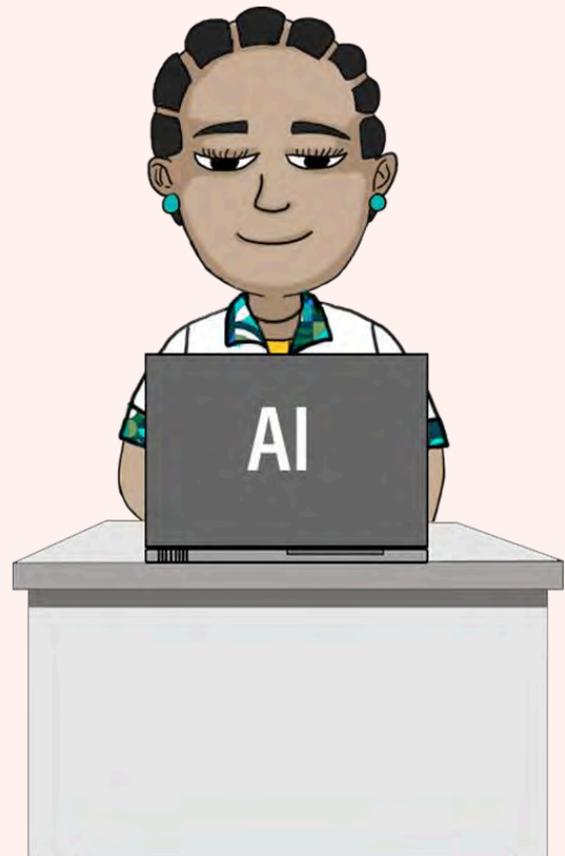
East Asian economies provide some useful lessons on industrialisation for a country like Nigeria. In Taiwan and South Korea, SME upgrading programmes targeted sectors with potential for technology absorption - electronics, textiles and machinery. These programmes were supported by coordinated state support for finance, skills and research & development.

“In Taiwan and South Korea, SME upgrading programmes targeted sectors with potential for technology absorption - electronics, textiles and machinery.”

Japan's Monozukuri, “art of making things” highlighted the importance of process, precision and a culture of care, pride and the development of both product and producer.

It institutionalised supplier development, ensuring that small firms could meet the quality standards of large manufacturers. Indonesia and Malaysia built industrial clusters that allowed SMEs to share infrastructure, access common services and achieve economies of scale.

These experiences show that the most successful industrialisers did not just focus on large-scale heavy industries. They also nurtured thousands of small, interconnected producers that learned, adapted and grew together. Nigeria can implement a similar strategy by aligning its industrial policy, infrastructure investment and financing systems around the goal of enabling small firms to upgrade, scale and compete.



Addressing Structural Constraints: Infrastructure, Power, Logistics, and Security

Industrialisation cannot thrive in an environment where energy costs are extremely high, where there is inadequate infrastructure, where goods cannot move efficiently from farm to market or where insecurity disrupts production and trade. If industrialisation is to happen, Nigeria must build systems to support productive clusters, value chains and small industries.

Power for Productive Clusters

A new industrial strategy must therefore prioritise cluster-based energy solutions, including mini-grids, embedded generation and renewable energy for industrial parks and enterprise zones. Programmes such as the Rural Electrification Agency's Energising Economies Initiative, which powers market clusters, provide a model that can be replicated at scale. While the expansion of the national grid and distribution networks is important, localised power for productive use should be prioritised.

Roads and Connectivity for Value Chains

The focus here should shift from building isolated highways to creating "industrial connectivity corridors" where agriculture/raw material zones are linked to clusters and clusters to ports. State governments, working with the private sector and other stakeholders, can prioritise infrastructure-for-value-chain development. For instance, roads/rails that link a cassava belt to an agro-processing hub or a leather cluster to a port create more value for industrial production.

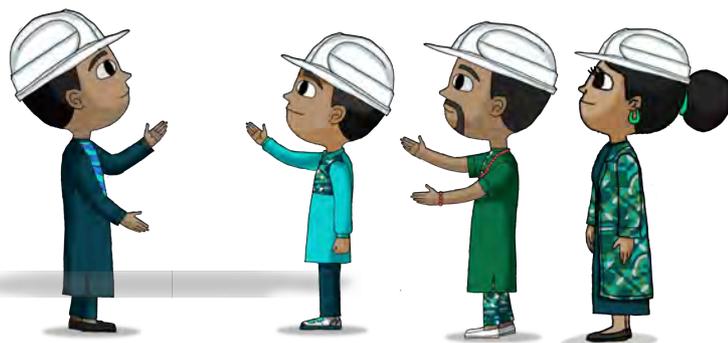
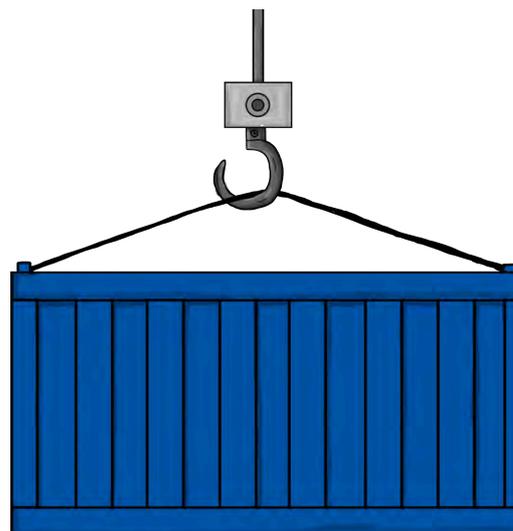
Ports, Logistics and Trade Facilitation

The high cost and inefficiency associated with moving goods within and across Nigeria remain a major obstacle to small producers. In addition, port congestion and lengthy clearance times raise trade costs and discourage export-oriented manufacturing. Going forward, Nigeria must decentralise logistics and port infrastructure by promoting dry ports and inland container depots in key production zones across the country. Digitising trade facilitation to reduce delays, simplifying the export procedures and creating awareness on the regional and continental trade deals, including the AfCFTA, are important for competitiveness in the AfCFTA era.

"In addition, port congestion and lengthy clearance times raise trade costs and discourage export-oriented manufacturing"

Security for Enterprise Zones and Transport Corridors

Insecurity is a major constraint to investment in certain areas in the country. Ensuring security for enterprise zones, clusters and transport corridors must become part of industrial policy through coordinated policing, local intelligence and technology-enabled surveillance systems. Security is beyond a law-and-order issue. It should be viewed as a productive input and given the utmost importance.



Financing Industrialisation and Firm Upgrading

Access to affordable and patient capital remains one of the biggest constraints to Nigeria's industrialisation. In addition to the high cost of finance, there are challenges relating to how it is designed, structured, who it reaches and what it rewards. If Nigeria is to industrialise from the bottom up, finance must shift from supporting survival to financing the upgrading of firms.

A new approach to industrial finance must go beyond loan disbursement to financing that builds firms' capabilities over time. This means designing financial instruments that reward productivity, innovation and firm upgrade. For instance:

- Performance-based lending, where interest rebates or additional loans are tied to improvements in productivity or exports.
- Supplier credit and invoice financing to help small firms meet purchase orders from larger firms without cash-flow bottlenecks.
- Credit guarantee schemes, particularly for SMEs in clusters, to de-risk lending and crowd in commercial banks.

Building Financial Institutions for Firm Learning

In addition to funding assets and businesses, finance must fund learning. Countries that have successfully industrialised have embedded finance within broader programmes for technology upgrading, export promotion and expansion of the industrial sector. Nigeria can replicate this by linking finance to technical assistance, skills acquisition, mentorship and business development services. The goal is to create a financial system that follows firms through their growth journey, supporting them to innovate, formalise and scale. When finance is structured to reward productivity, linkages and learning, it becomes a tool for industrial transformation.

"The goal is to create a financial system that follows firms through their growth journey, supporting them to innovate, formalise and scale."



Box 2: Industrial Deepening through Enterprise Networks - Japan and South Korea

Japan and South Korea's industrial success was built on a deliberate network structure that integrated large firms with smaller suppliers and subcontractors. In post-war Japan, the keiretsu system, which consists of loosely connected corporate groups such as Mitsubishi, Sumitomo and Toyota, established pyramidal production structures where thousands of SMEs served as precision suppliers. By the 1970s, more than 60% of Japan's manufacturing employment was in firms with fewer than 300 workers, yet these firms were technologically sophisticated and closely linked to large exporters.^[4] Government agencies such as the Ministry of International Trade and Industry (MITI) coordinated this ecosystem through finance, technology diffusion and procurement preferences.

"By the 1970s, more than 60% of Japan's manufacturing employment was in firms with fewer than 300 workers, yet these firms were technologically sophisticated and closely linked to large exporters"

South Korea followed a similar but more centralised path through the chaebol model: large conglomerates like Samsung, Hyundai and LG backed by state-directed credit and export targets. However, the *chaebols* depended heavily on extensive subcontracting networks of SMEs that handled component manufacturing and logistics.

The Small and Medium Industry Promotion Corporation, established in 1979, provided technology upgrading and linkage support. By the late 1980s, SMEs accounted for nearly 99% of industrial firms and 55% of employment, illustrating how coordinated industrial policy could sustain both scale and inclusiveness.^[5]

The experience of Japan and South Korea shows that industrial transformation depends not only on large industrial champions but also on the integration of smaller firms into structured value chains, supported by finance, technology and long-term industrial coordination.



[4] Ministry of Economy, Trade and Industry (METI), Japan. White Paper on Small and Medium Enterprises in Japan. https://www.chusho.meti.go.jp/sme_english/whitepaper/whitepaper.html

[5] Park, H. J. (2001). Small Business in Korea, Japan, and Taiwan. *Asian Survey*, 41(5), 846-864. <https://library.fes.de/libalt/journals/swetsfulltext/14218810.PDF>

Strengthening Industrial Capabilities and Leveraging the AfCFTA

Strengthening industrial capabilities is an essential feature of industrialisation. For Nigeria, this means focusing on the ability of firms to produce at scale, meet quality standards, innovate and access regional and global markets. The African Continental Free Trade Area (AfCFTA) Agreement presents an opportunity for Nigerian firms. Unfortunately, only a few firms are aware of these opportunities and have the right capabilities to leverage them.

Building such capabilities requires a deliberate focus on firm learning, clustering, technology adoption and skills upgrading. The creation of an industrial extension programme, where technical experts work directly with firms and clusters, can assist small manufacturers to improve their processes, product quality and productivity. The connection of technical experts and firms was central to East Asia's success, as government agencies actively supported small businesses to upgrade and tap into the export market.

Technology adoption must also emphasise results. Small firms need affordable access to machinery, digital tools and technical support to modernise operations. Partnerships between research institutes, polytechnics and industrial clusters can drive innovation in designing appropriate technologies for industries. On skills development, Nigeria must invest in technical and vocational education and align outcomes with industrial demand, prioritising machine operation, fabrication, quality control and maintenance.

Under the AfCFTA, competitiveness will depend not on tariff preferences but on how ready Nigerian firms are. Nigerian NMSMEs must be supported to meet continental standards through certification, packaging and branding programmes. Export readiness clinics can help bridge the capability gap between small producers and larger manufacturers. The Nigerian Export Promotion Council, SON and other key institutions have important roles to play in improving export quality and access to foreign markets.



Box 3: Cluster-Based SME Upgrading and Technology Diffusion: Taiwan and China

Taiwan and China offer another model, rooted in decentralised clusters and technology diffusion rather than large conglomerates. Taiwan's industrialisation from the 1960s was driven by export-oriented SMEs operating in dense regional clusters, particularly in electronics, bicycles and machinery.

The government established the Small and Medium Enterprise Administration (later the SME Bureau) in 1981 to provide extension services, subsidised R&D and export marketing support. The Industrial Technology Research Institute (ITRI) served as a national innovation hub, linking firms to new technologies. As of the mid-1980s, SMEs contributed over 40% of Taiwan's manufacturing output, over 60% of exports and over 70% of employment.^[6]

“The Industrial Technology Research Institute (ITRI) served as a national innovation hub, linking firms to new technologies”

China adapted this model after the 1980s reforms. Township and Village Enterprises (TVEs) acted as the foundation for rural industrialisation, employing more than 130 million people by the mid-1990s.^[7] As market reforms deepened, China created Special Economic Zones (SEZs) such as Shenzhen and Suzhou, combining foreign direct investment (FDI) with local SME participation.

The government's Spark Program (launched in 1986) and the Torch Program (launched in 1988) expanded technology diffusion, industrial parks and university–enterprise linkages, becoming key drivers of technological development through the 1990s and 2000s. By 2020, SMEs accounted for over 60% of China's GDP, 70% of innovation, and 80% of employment.^[8]

Taiwan and China demonstrate how industrial policy can evolve from large-scale reforms to bottom-up cluster development. Rather than treating MSMEs as peripheral, they became the main vehicles for technological learning, innovation, and export integration.



[6] Park, H. J. (2001). *Small Business in Korea, Japan, and Taiwan*. *Asian Survey*, 41(5), 846-864. <https://library.fes.de/libalt/journals/swetsfulltext/14218810.PDF>

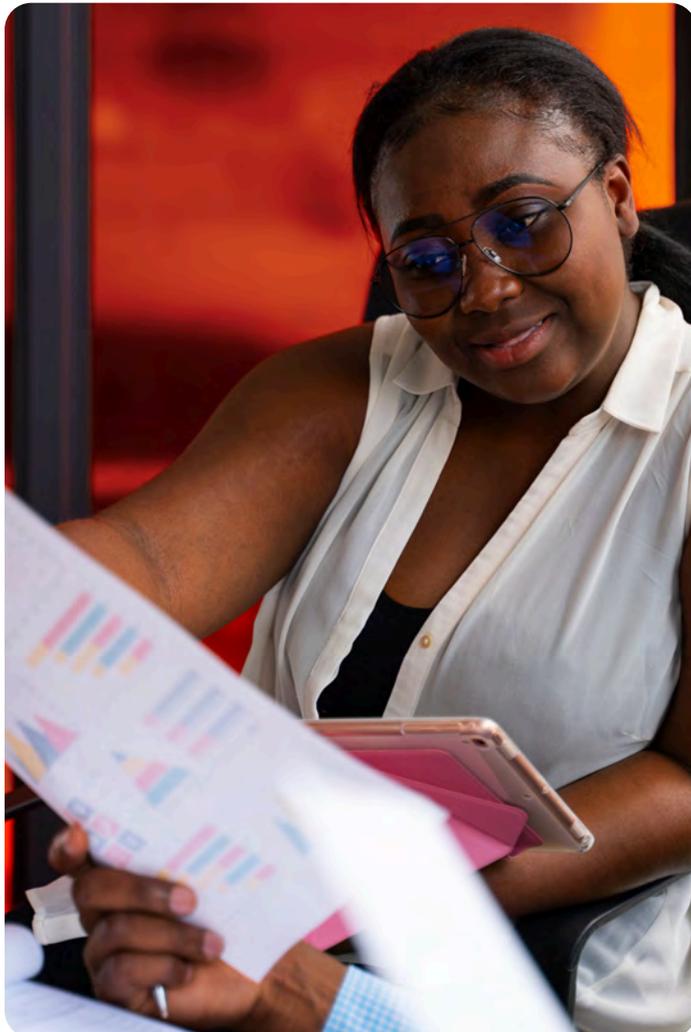
[7] Zou, W. (2003). *The Changing Face of Rural Enterprises*. *China Perspective*. <https://journals.openedition.org/chinaperspectives/773>

[8] Meng, W. (2022, July). *Impacts of the COVID-19 Pandemic on Chinese SMEs and Countermeasures*. In *2022 2nd International Conference on Enterprise Management and Economic Development (ICEMED 2022)* (pp. 843-848). Atlantis Press. https://www.researchgate.net/publication/361856088_Impacts_of_the_COVID-19_Pandemic_on_Chinese_SMEs_and_Countermeasures

Institutional Coordination and Implementation

No industrial strategy succeeds without capable institutions. The capacity of the state to implement industrial policy programmes, monitor firms' performance, and reward successful firms is important to the success of industrial policy. In Nigeria, what is missing is a mechanism to coordinate, monitor and learn across the ecosystem. Without such a mechanism, even well-designed interventions hardly attain their objectives.

The Nigerian state must evolve to become an enabler of competitiveness. This means focusing on improving coordination, policy learning and feedback loops with the private sector. Industrialisation is a long-term project that requires consistency across political cycles. The institutions that deliver it must therefore be designed to outlast political administrations, adapt to changing realities and remain anchored on measurable indicators.



At the federal level, Nigeria needs a National Industrial Monitoring & Evaluation Framework that is tied to firm outcomes. Such a framework should not only track funds disbursed or industrial projects but also monitor how firms are performing, learning and upgrading. Indicators should capture productivity improvements, firm transition rates (from nano to micro to small), export readiness cluster job creation and local sourcing of intermediate inputs. To make this work, each participating agency, such as the Bank of Industry, SMEDAN, Standards Organisation of Nigeria, should provide real-time data into a central industrial information system that follows firms across their growth journey. The Presidency, along with the Ministry of Industry, Trade and Investment should play a leading role in designing and implementing such a framework.

“Such a framework should not only track funds disbursed or industrial projects but also monitor how firms are performing, learning and upgrading.”

At the subnational level, State Industrial Councils need to be created and chaired by the state governor. This Council should comprise key ministries, development finance institutions, private sector representatives and other stakeholders. The Council would provide strategic direction, ensure alignment of funding and infrastructure priorities, oversee monitoring and evaluation based on measurable productivity and firm-upgrading indicators as well as strengthen collaboration between state and federal initiatives on industrialisation. In addition, key government ministries that are responsible for industrialisation must be well-resourced and headed by competent professionals with clear key performance indicators.

Spotlight
FATE Foundation
Pioneer Entrepreneur



Adetola Adebawale
Lead Tailoring Consultant,
Wapa Textile and Garment Manufacturing

Interviewer: Tell us about yourself, your name, background, and role in your business.

Adetola Adebowale: My name is Adetola Adebowale, and I'm the lead tailoring consultant at Wapa Textile and Garment Manufacturing. The business has existed for over 19 years. We've evolved from manual sewing machines to industrial, semi-automatic and computerised equipment, serving individuals, corporates and multinationals. The journey has been full of challenges but that is what entrepreneurship is about.

Interviewer: Comparing the size of your business when you started to what it is today, what significant changes have occurred?

Adetola: We began at the subsistence level, just to survive. Through FATE Foundation programmes, I learned how to build structure and strategy. We expanded beyond fabric tailoring into rubber and leather, giving us a competitive edge. That transformation is what defines our growth.

Interviewer: What inspired you to go into business, and what was the business climate like when you started?

Adetola: My inspiration is personal. My father, a trained technologist, lost his job during the 1980s retrenchment. Watching his struggle, I vowed to acquire a skill I could rely on. My mother was a seamstress, so fashion became my path. When I started full-time in 2008, the economy was stable, naira traded around ₦100 - ₦120 to the dollar, and margins were high. But over time, profits shrank as customers sought cheaper imports.

Interviewer: What have you observed in your sector and Nigeria's entrepreneurship ecosystem over the past 25 years?

Adetola: Other sectors have modernised- fintech, music, film, but fashion manufacturing hasn't. We still use 1970s equipment. Our textile industry barely exists, and most accessories are imported. Over 70% of what Africans wear comes from Asia. Even globally, two companies, YKK and SGS, dominate zip manufacturing, earning over \$15 billion annually. Nigeria can build such capacity if we take industrialisation seriously.

Interviewer: What were the main obstacles you faced in building and scaling your business?

Adetola: The biggest challenge is people, poor work culture and loyalty issues.

We train staff for years, only to see them leave. We now work with a 2.5-5-year cycle for employees and bring in new talent regularly. Infrastructure is another problem: power and fuel costs are crippling, and customers expect local products to be cheaper than imports. Access to finance is also difficult with interest rates of 25-30% making industrial loans unrealistic.

Interviewer: Have you benefited from government-backed support programmes?

Adetola: Yes. Between 2012 and 2015, we received grants from the World Bank, MTN Nigeria and IFC through the Ministry of Trade. We've also partnered with UNDP, USADF and state governments. These helped us move from subsistence to micro-scale and expand to multiple locations in Lagos.

Interviewer: Looking back 25 years, what do you think Nigeria failed to do industrially?

Adetola: Two things. On the government side, policy execution. We've had brilliant ideas but poor follow-through. On the private side, entrepreneurs often chase the limelight instead of scaling sustainably. We need disciplined leadership in both public and private sectors.

Interviewer: What would you have done differently, knowing what you know now?

Adetola: I'd have started with trading, built a customer base, and then gone into manufacturing, a reverse integration model. Manufacturing is capital-intensive and demanding; trading builds stability first.

Interviewer: What does a truly industrialised Nigeria mean to you?

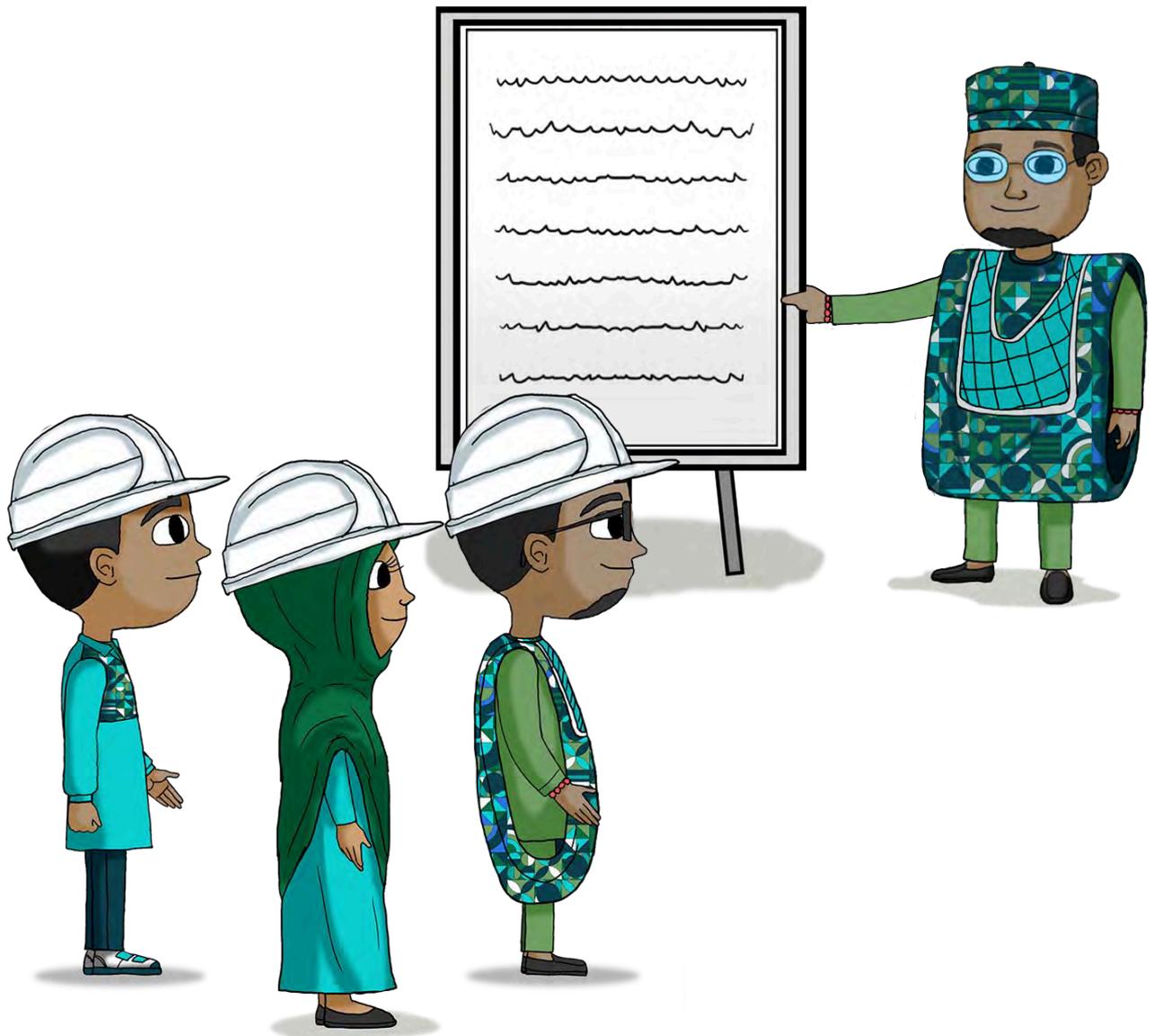
Adetola: It means producing competitively, powered by smart technologies and strong value chains. The diaspora market alone is worth more than Africa's combined GDP. We must tap into it. Industrialisation must be digital, export-focused and youth-driven.

Interviewer: What advice would you give to the next generation of entrepreneurs?

Adetola: Move fast, learn deeply and build globally relevant skills. Invest in people, technology and emotional discipline. And most importantly, patronise Nigerian-made products. That's how we build a self-sustaining industrial future.



RECOMMENDATIONS



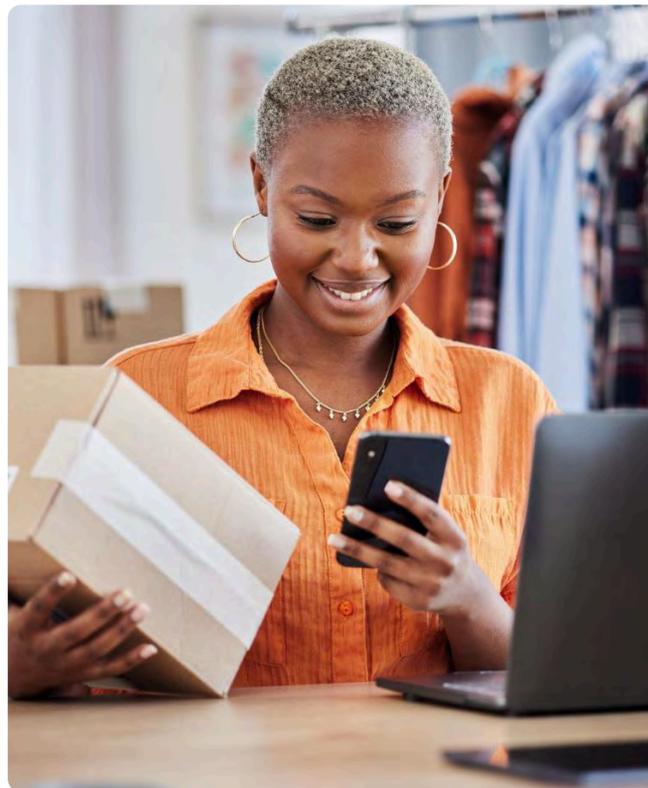
Nigeria's industrial future will depend on execution. It will rely on the ability to translate good plans into measurable outcomes. The previous section highlighted what needs to change and why Nigeria must shift toward small firm-centred industrialisation, productive infrastructure, better financing, firm capabilities and stronger institutions. This section brings those insights together into a concise set of recommendations. It highlights what the government, the private sector, business member organisations (BMOs), academia and development partners must do to move from policy intent to impact. Each recommendation identifies actionable steps that can be implemented immediately to accelerate industrialisation, raise productivity and build a more inclusive economy.

Recommendation 1: Reorient Industrial Policy to Put Small Firms at the Centre

Nigeria's industrialisation strategy must deliberately prioritise nano, micro, small and medium-sized enterprises (NMSMEs) as the foundation of a diversified and inclusive industrial economy.

Actionable Steps:

- Adopt a "many small industries everywhere" approach that promotes regional cluster development.
- Align federal and state policies to integrate NMSMEs into industrial value chains.
- Design and enforce incentives that reward firm productivity, upgrading and local sourcing.
- Sponsor legislation that mandates the development of an industrial plan that will run for a specific time period to avoid policy gaps.
- State governments need to design development and industrial plans that prioritise NMSMEs.
- Business Member Organisations (BMOs) should provide continuous advocacy for MSME-centred policies.
- Private firms should invest in supplier networks and local sourcing and adopt inclusive procurement policies.



Recommendation 2: Build Productive Infrastructure for Industrial Connectivity

Infrastructure development in Nigeria should be guided by industrial priorities. The goal is to connect production zones, clusters and markets by creating reliable power, a better transport system, good roads and security.

Actionable Steps:

- Prioritise industrial corridors that link raw material zones to manufacturing clusters and export routes.
- Expand embedded and renewable energy solutions for enterprise clusters.
- Strengthen security in industrial parks and along key transport routes.
- Implement infrastructure-for-industry partnerships between governments, BMOs and private investors.



Recommendation 3: Expand Access to Finance for Firm Upgrading

Finance must shift from disbursement-driven interventions to developmental finance that supports learning, productivity and firm graduation.

Actionable Steps:

- Develop a tiered financing architecture for different firm sizes, from microcredit to long-term capital.
- Introduce performance-based lending for small manufacturers. Review the lending operations of development finance institutions such as the Bank of Industry, the Development Bank of Nigeria, among others, to align them with key productivity metrics.
- Link financing with skills development, market access, mentorship and other business development services. Financial institutions must provide businesses with a complete development package to enable them to scale and upgrade.
- Mobilise pension, insurance and diaspora funds into productive investment windows.
- Encourage private financial institutions to design NMSME-friendly instruments with credit guarantees.

Recommendation 4: Strengthen Industrial Capabilities and Cluster Competitiveness

Improving firm capabilities in areas such as technology, skills and innovation is essential for industrialisation. Building capabilities requires stronger linkages between firms, research institutions and training centres.

Actionable Steps:

- Support existing clusters in Aba, Kano, Ogun, etc. (e.g., leather, garments, agro-processing) with targeted infrastructure and R&D.
- Establish regional "skills-for-industry hubs" and technology extension programmes for small business owners.
- Implement supplier development schemes that link small firms to large manufacturers.
- Align technical and vocational education curricula with industry demand.



Recommendation 5: Leverage the AfCFTA for Market Expansion

The AfCFTA provides access to Africa's US\$3.4 trillion market, but only competitive firms can benefit. Nigeria must prepare its enterprises to meet standards, scale and compete.

Actionable Steps:

- Create export readiness and certification programmes for NMSMEs and align export and trade policies with AfCFTA rules.
- Establish trade support desks in BMOs and industrial clusters across the country.
- Facilitate regional partnerships for value chain integration across borders.
- Promote branding and quality assurance for "Made-in-Nigeria" products.
- Streamline export procedures, border agencies, and hasten the creation of a single export window.

Recommendation 6: Strengthen Institutional Coordination and Policy Delivery

Industrialisation requires institutional consistency across political cycles. The focus should be on coordination, data-driven learning, and accountability for results.

Actionable Steps:

- Operationalise a National Industrial M&E Framework tied to firm outcomes.
- Build a digital Industry Management Information System (MIS) to track firm performance.
- Establish delivery scorecards for key agencies, reviewed quarterly.
- Institutionalise policy learning through public-private industrial policy labs.

Recommendation 7: Foster Collaboration Across Government, Private Sector, BMOs and Academia

No single actor can drive industrialisation alone. Effective partnerships must align public policy, business practice and research.

Actionable Steps:

- Convene regular policy dialogues bringing together MDAs, BMOs, private sector and research institutions.
- Encourage universities and polytechnics to work directly with industrial clusters on applied research.
- BMOs should act as feedback channels between the government and firms.
- Promote evidence-based policymaking by funding industrial research and firm-level data systems.

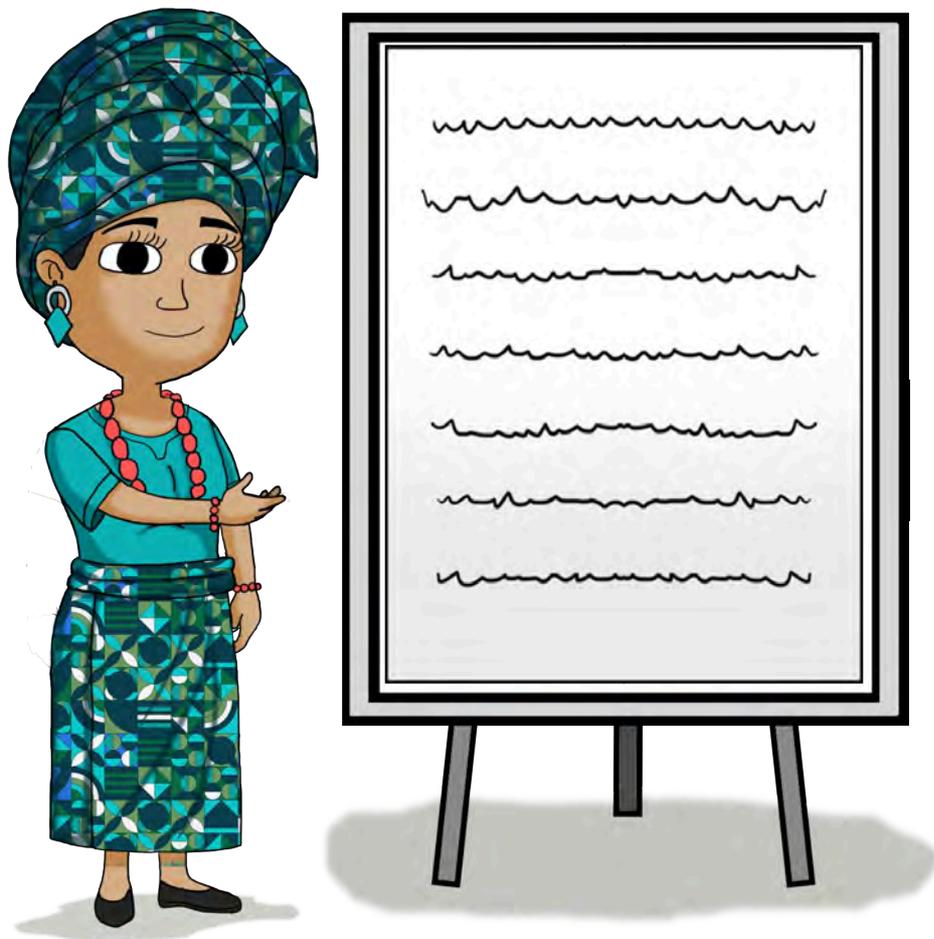


Implementation Matrix: Shared Responsibilities for Industrialisation

Recommendation	Government	Private Sector	BMOs	Academia / Research
1. Reorient Industrial Policy to Put Small Firms at the Centre	Prioritise NMSMEs in all industrial strategies; integrate cluster-based planning into the National Development Plan.	Invest in supplier networks and local sourcing; adopt inclusive procurement policies.	Advocate for MSME-focused reforms and track policy implementation.	Provide research and data to identify viable clusters and growth sectors.
2. Build Productive Infrastructure for Industrial Connectivity	Develop industrial corridors linking production zones to markets; ensure stable power and transport for clusters.	Co-invest in infrastructure-for-industry partnerships and embedded energy.	Facilitate dialogue between firms and policymakers on infrastructure bottlenecks.	Conduct impact studies on industrial connectivity and logistics costs.
3. Expand Access to Finance for Firm Upgrading	Establish tiered finance windows via BOI, DBN; provide credit guarantees for MSMEs; Introduce performance-based lending for small manufacturers.	Partner with DFIs to develop sector-specific financing instruments.	Promote financial literacy and link members to funding opportunities.	Evaluate financing models and their effects on firm productivity.
4. Strengthen Industrial Capabilities and Cluster Competitiveness	Provide shared infrastructure and R&D funding to existing clusters.	Upgrade machinery, skills, and technology within clusters; mentor smaller firms.	Coordinate cluster associations and support certification.	Develop applied research and innovation for local industrial needs.
5. Leverage the AfCFTA for Market Expansion	Align export and trade policies with AfCFTA rules; support certification and standards infrastructure.	Scale production and meet export quality standards; pursue regional partnerships.	Create AfCFTA trade desks for SMEs; train members on cross-border trade.	Conduct research on competitive advantage and value chain integration.
6. Strengthen Institutional Coordination and Policy Delivery	Implement a National Industrial M&E Framework tied to firm outcomes; publish quarterly industrial scorecards.	Provide regular data and feedback to public agencies; participate in performance reviews.	Track government commitments and promote accountability.	Support data systems and policy evaluation mechanisms.
7. Foster Collaboration Across Sectors	Convene multi-stakeholder industrial dialogues; institutionalise industry-academia partnerships.	Engage in policy design and provide data on firm challenges.	Serve as bridge institutions linking government, firms and researchers.	Translate research findings into policy tools and training curricula.



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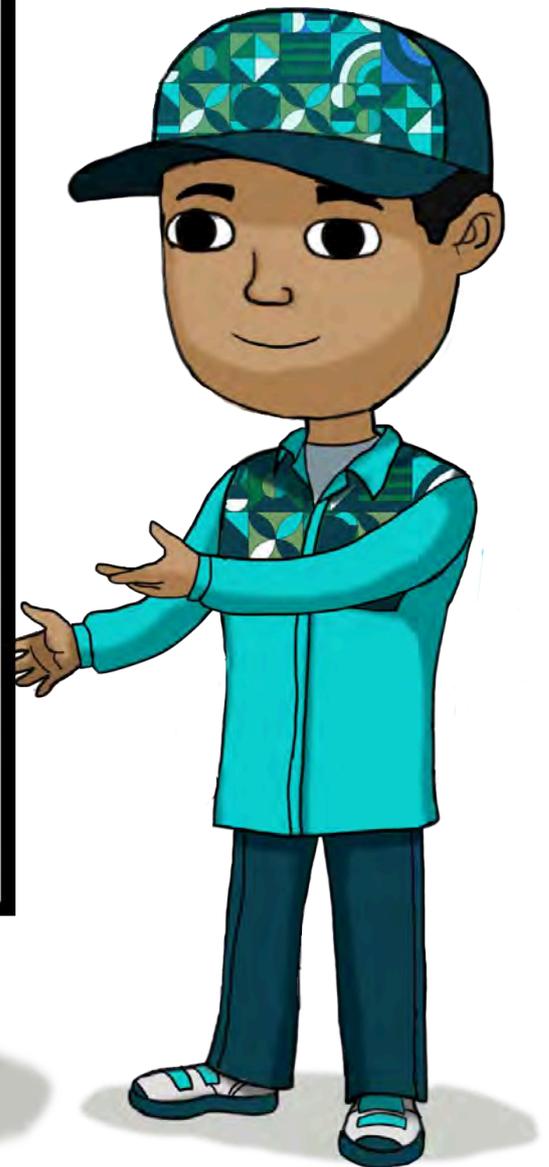
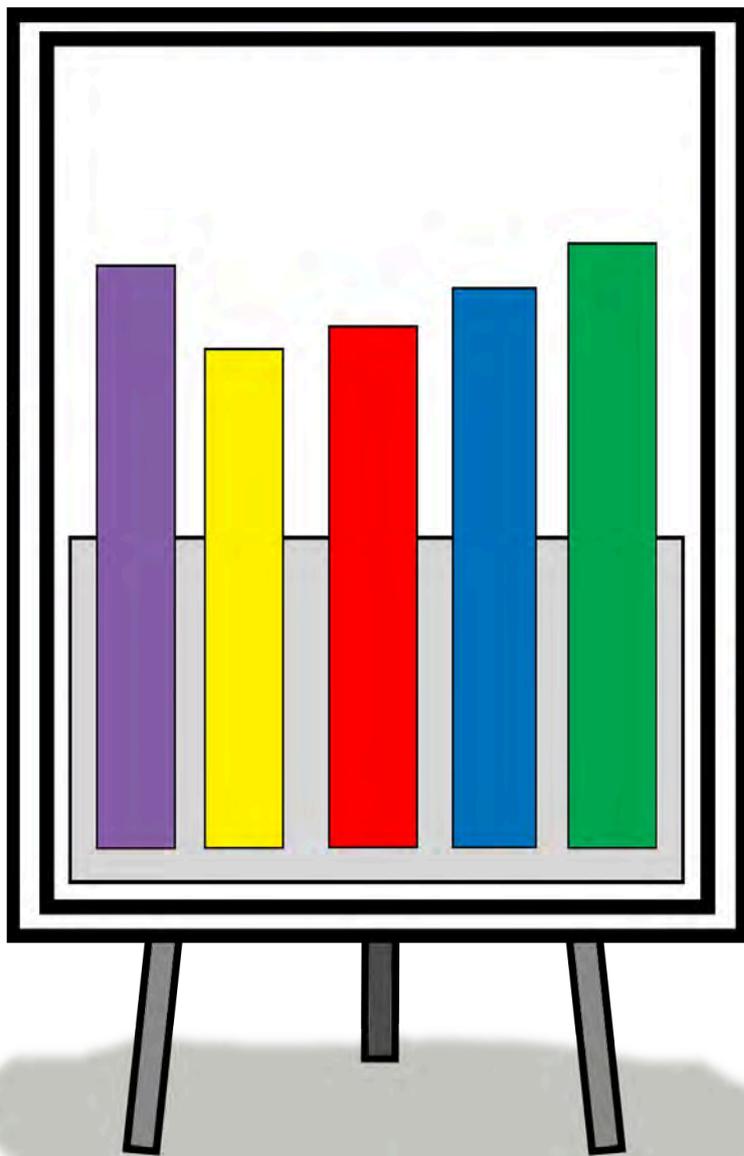
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APPENDIX



APPENDIX

This report benefited from the insights and experiences of FATE Foundation Alumni, who shared practical perspectives on doing business in Nigeria. Their contributions provided valuable context on the realities faced by entrepreneurs, from navigating regulatory challenges and accessing finance to sustaining operations in a challenging business environment. The table below highlights the six alumni whose voices helped enrich the analysis of this report.

	Name	Company	Focus Areas	Date of Interview
1	Abimbola Azeh	Mona Matthews	Produce Luxury Leather Goods Brand	September 17, 2025
2	Adebukunola Baruwa	Yembar Ventures	Manufacture wax crayons	September 22, 2025
3	Adetola Adebowale	Wapa Textile and Garment Manufacturing	Textile and Garment Manufacturing	September 17, 2025
4	Celestina Utoro	Catyna Ventures Ltd.	Produce Cultural Window Blinds	September 16, 2025
5	Oluwafemi Oludare	Vicsam Nigeria Enterprise	Supply of food items – beef and all cow products	September 22, 2025
6	Yinka Osobu	CMC Interiors & Furniture	Furniture Manufacturing	September 26, 2025

