

# State of Entrepreneurship In Nigeria 2025 Report





# 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 (FIFP).

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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# FOREWORD

I welcome you to FATE Institute's 2025 State of Entrepreneurship in Nigeria Report. This edition marks the fifth year of this vital national research series and is the 35th evidence-based report from the FATE Institute, strengthening our role as the key resource for enterprise development policy.

This year's report comes at a crucial junction for the nation. Nigeria is currently navigating a period of intensive monetary, fiscal, and tax reform—including significant monetary policy tightening, foreign exchange unification, subsidy removal, and the passage of four recent tax reform bills. The ultimate success of these sweeping measures rests heavily on the resilience and adaptive capacity of our Micro, Small, and Medium Enterprises (MSMEs). This report offers a comprehensive and timely analysis of how these enterprises have coped in the last year with the high-cost operating environment shaped by these changes.

## A Signal of Cautious Recovery

The 2025 State of Entrepreneurship Index, calculated at 0.47 out of 1.0, reflects the first marginal increase recorded since 2022. This positive shift is driven by a subtle but important increase in the Perception of Opportunities and the wider adoption of Digital Technology.

These findings send an encouraging signal that supports the reform trajectory: 91% of entrepreneurs maintain confidence in their business prospects, with over half (54%) rating the overall business environment as "good" or "very good." This resilience, particularly evident in women- and youth-led enterprises, demonstrates the MSME sector's inherent potential to turn macroeconomic stability into tangible, inclusive economic growth.

## Urgent Priorities

The data clearly indicates that the nature of the obstacles facing entrepreneurs is evolving. While critical issues like power supply remain central, the most pressing structural challenges are now institutional and market-related. Entrepreneurs cite access to affordable credit, policy certainty, and security as the top areas requiring immediate government action.

The journey toward industrialization is not simply about capital; it is about establishing regulatory coherence, strengthening infrastructure, and reducing the policy volatility that undermines business planning.



This report provides the precise data needed for policymakers to effectively tackle these institutional hurdles, allowing MSMEs to move beyond day-to-day survival and unlock their full productivity and competitive potential.

As FATE Foundation celebrates its 25th anniversary this year, we renew our commitment to generating the evidence essential for informed policy and evidence based. This report is a key resource for all stakeholders—policymakers, investors, private sector leaders, and researchers—who are dedicated to building a more inclusive, resilient, and prosperous future.

I urge you to engage deeply with the insights in these pages and join us in driving the next critical phase of reforms to help Nigerian enterprises thrive.

Sincerely,  
**Adenike Adeyemi**  
Executive Director,  
FATE Foundation

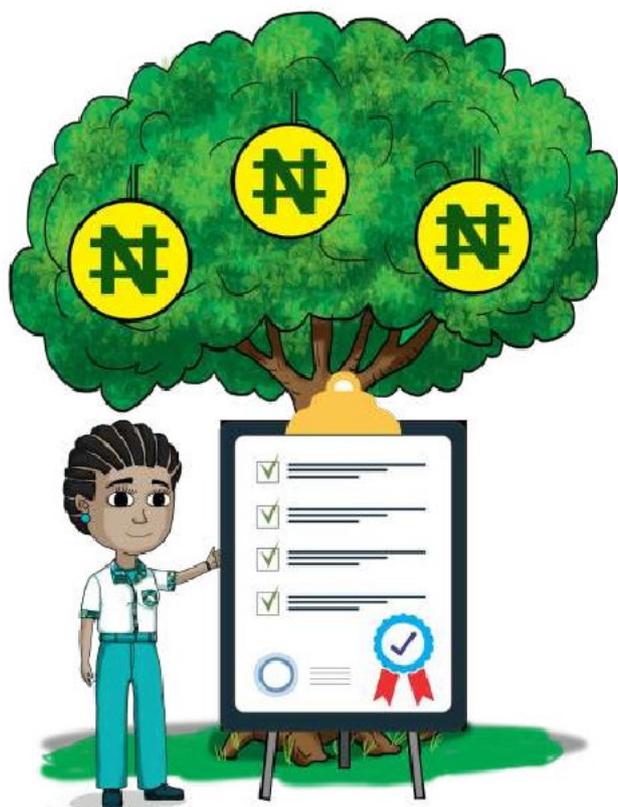
# EXECUTIVE SUMMARY



## EXECUTIVE SUMMARY

The State of Entrepreneurship (SoE) Report 2025 provides a comprehensive overview of Nigeria's entrepreneurial landscape, tracking performance, challenges and opportunities among nano, micro, small and medium-sized enterprises (NMSMEs). Now in its fifth edition, the report builds on four years of evidence to assess how Nigeria's macroeconomic reforms and evolving business environment are shaping enterprise growth, job creation, technology adoption and resilience.

Using data from the 2025 State of Entrepreneurship Survey, which covered 10,882 businesses across all 36 states and the FCT, the report presents Nigeria's State of Entrepreneurship Index and provides analyses of female and youth-led enterprises, net job creation, key constraints facing businesses, opportunities and policy recommendations. The 2025 edition offers timely insights into how entrepreneurs are adapting to economic reforms and what actions are needed to enhance the growth of small businesses in the country.



## KEY FINDINGS

### 1. The State of Entrepreneurship Index

In 2025, the State of Entrepreneurship Index for Nigeria stood at 0.47 out of 1.0, a marginal increase from 0.46 in 2024. This is the first time the Index has increased since its inception in 2022, reflecting a modest improvement in Nigeria's entrepreneurial landscape. Three of the five pillars – Perception of Opportunities, Innovation & Digital Technology Adoption and Business Performance – improved slightly, while Enabling Business Environment and Skill Acquisition remained weak. Entrepreneurs continue to display optimism (0.72) and growing technological adoption (0.55), but business performance (0.46), enabling environment (0.39) and skills acquisition (0.22) remain below average, highlighting persistent structural and institutional challenges.

Overall, the Index suggests that entrepreneurs are adapting through innovation and cautious optimism but still require stronger policy support, especially in access to finance, skills training and regulatory consistency. Addressing these constraints will be key to transforming entrepreneurial energy into broad-based job creation and productivity growth.

Entrepreneurs continue to display optimism (0.72) and growing technological adoption (0.55), but business performance (0.46), enabling environment (0.39) and skills acquisition (0.22) remain below average

### 2. Performance Across Sub-Nationals

At the sub-national level, Kogi (0.65), Kwara (0.63) and Bauchi (0.60) emerged as the top performers, driven by improved business performance, innovation and enabling conditions. Lagos, Jigawa and Taraba also ranked high, reflecting stronger adaptation to reforms and better access to support systems.

Conversely, Gombe (0.24), Imo (0.31) and Kaduna (0.32) lagged significantly, constrained by weak infrastructure, poor access to finance and limited entrepreneurial support. Overall, the results reveal a growing regional divergence, with several northern states showing improvement while some southern states experienced declines. This raises the need for more balanced and inclusive policy interventions across Nigeria's states and the FCT.

Conversely, Gombe (0.24), Imo (0.31) and Kaduna (0.32) lagged significantly

### 3. Net Job Creation Among Small Businesses

The 2025 State of Entrepreneurship Survey revealed that Nigeria's small businesses reported a net job loss in the past year. Out of 10,882 firms surveyed, one in four hired new full-time staff and about one in five added part-time workers, mostly at the micro scale. In total, 14,269 jobs were created (9,083 full-time and 5,186 part-time), while 16,571 were lost, resulting in a net figure of about 2,300 jobs. This pattern shows a sector marked by resilience but also fragility. While entrepreneurs continue to generate employment despite high operating costs, weak demand and constrained access to finance, many businesses are also losing workers. Most new hires were limited to one to three employees per business, suggesting that firms are adapting to survive rather than expanding significantly.

Out of 10,882 firms surveyed, one in four hired new full-time staff and about one in five added part-time workers, mostly at the micro scale

### 4. New Businesses Created

Business formation improved modestly in 2025, signalling a recovery in entrepreneurial activity after two years of slowdown. About 26.7% of respondents reported starting a new business, up from 24% in 2024, though still below pre-2023 average of 30%. The improvement suggests that entrepreneurs are gradually adapting to Nigeria's reform landscape, striving to survive and scale. The data show that entrepreneurship in Nigeria remains largely necessity-driven, as 61% started businesses to earn extra income and 23% due to a lack of paid employment. The good news, however, is that innovation-led ventures are increasing, albeit at a slow pace. There was also a notable increase in business formation in northern states such as Kwara, Jigawa and Yobe, highlighting emerging regional dynamism and the growing participation of youth and women entrepreneurs in the region.

About 26.7% of respondents reported starting a new business, up from 24% in 2024, though still below pre-2023 average of 30%



## 5. Female-led Businesses

Female entrepreneurs accounted for 44% of surveyed businesses in 2025, down slightly from 48% in 2024 but still above pre-2023 levels. This reflects sustained but uneven gender participation in Nigeria's enterprise landscape. Women-led firms continued to dominate the nano and micro segments, where entry barriers and capital requirements are lower, while their representation in medium and large enterprises remains limited. Despite financing and market access challenges (only 26.3% of female entrepreneurs accessed finance from an institution), 69.2% of female-led firms reported business growth, outperforming male entrepreneurs (65.8%). This growth was driven largely by increased market opportunities, improving demand and digital adoption. Northern states such as Jigawa, Kwara and Adamawa recorded the highest female business birth rates, signalling a geographic rebalancing as women in emerging regions gain access to microcredit, digital tools and empowerment programmes. The data point to growing inclusivity but highlight the need for sustained financial and institutional support to strengthen the contribution of female entrepreneurs to economic growth and development.



Despite financing and market access challenges (only 26.3% of female entrepreneurs accessed finance from an institution), 69.2% of female-led firms reported business growth, outperforming male entrepreneurs (65.8%)

## 6. New Businesses Created

Youth-led enterprises recorded improvements in 2025, with 65.8% reporting growth, an increase from 62.3% in 2024. While some of these businesses continue to trail older entrepreneurs, their performance reflects improved access to finance and stronger technology adoption. Growth was most pronounced in Kogi, Kano and Zamfara, underscoring expanding opportunities across regions. Profitability and customer acquisition remain the main growth drivers, though limited funding, high interest rates and weak financial documentation persist as key barriers. Overall, young entrepreneurs are demonstrating resilience, leveraging digital tools and private-sector-led skill programmes to sustain competitiveness in a challenging macroeconomic environment.

Growth was most pronounced in Kogi, Kano and Zamfara, underscoring expanding opportunities across regions.

## 7. Key Challenges and Perception of Opportunities

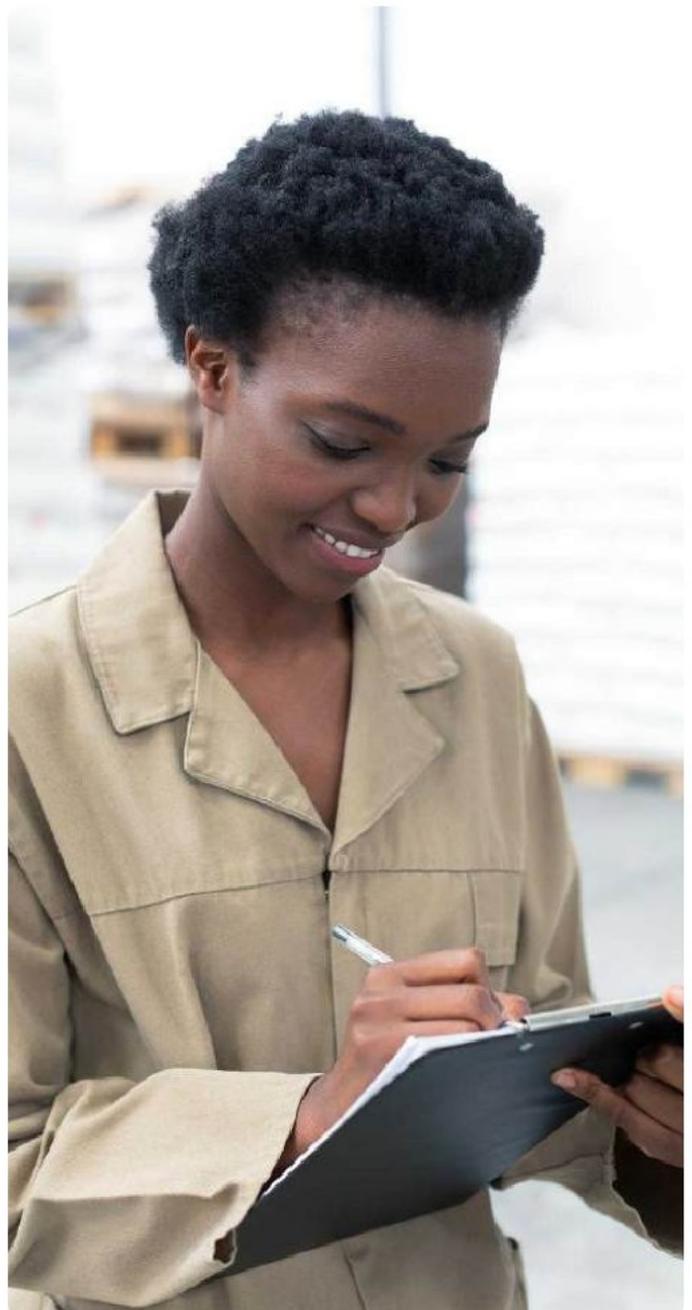
Entrepreneurs in 2025 faced an evolving set of challenges, with access to finance remaining the most binding constraint for the fourth consecutive year, followed by poor access to markets, weak business support and policy instability. While power supply issues dropped in ranking, 51% of businesses still spend the most on grid electricity, reflecting both improved availability and high energy costs. Overall, structural challenges are shifting from infrastructure bottlenecks to institutional and market-related barriers. This calls for reforms in credit access, regulatory coherence and capacity building. Despite these challenges, 91% of entrepreneurs remain confident about business prospects, supported by early signs of macroeconomic stability. Over half (54%) rated the business environment as "good" or "very good", indicating cautious confidence in Nigeria's recovery trajectory despite persistent cost pressures.

Despite these challenges, 91% of entrepreneurs remain confident about business prospects, supported by early signs of macroeconomic stability.

## 8. Recommendations

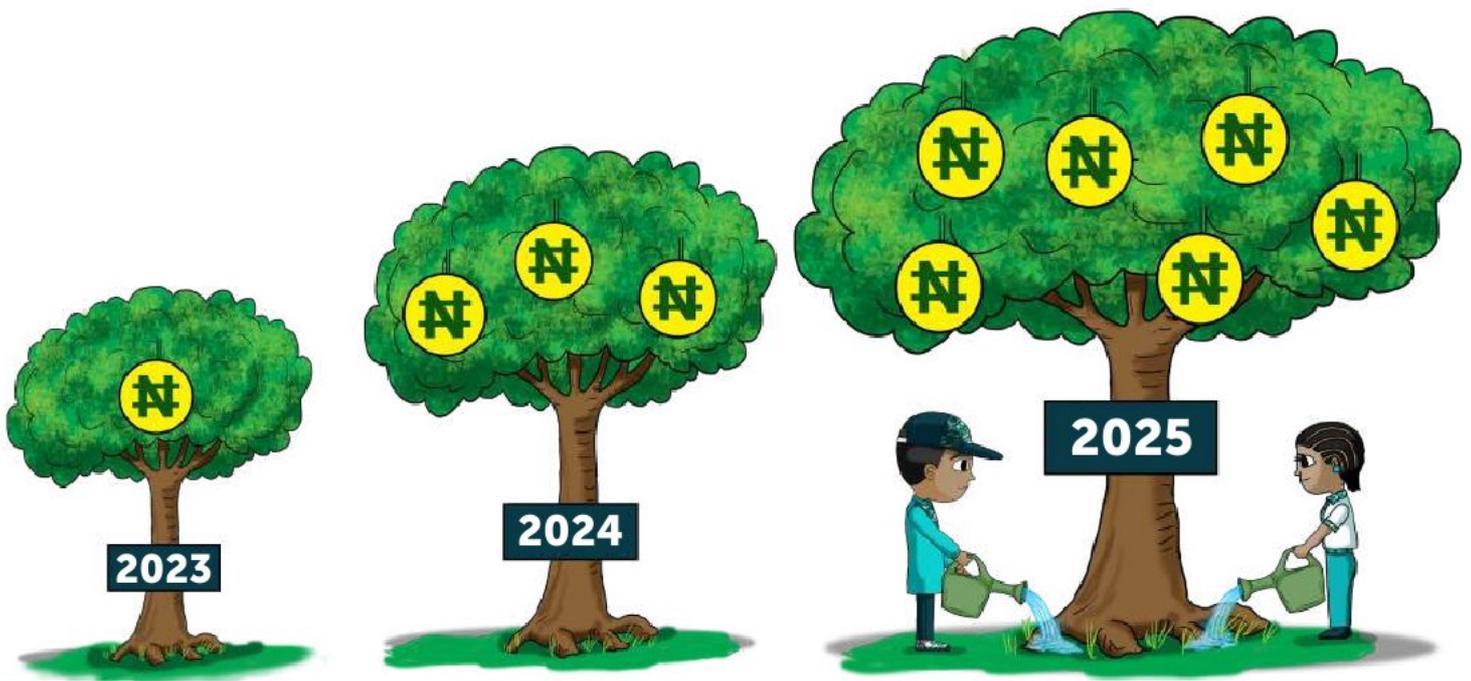
Nigeria's entrepreneurs continue to operate in a stabilising but high-cost environment shaped by high inflation, a weaker currency and elevated interest rates. The 2025 SoE Survey highlights clear policy priorities, such as access to finance, security, stable government policies and power supply, as the top areas requiring urgent government attention. Strengthening enterprise resilience will require targeted reforms that expand affordable financing, enhance infrastructure availability and reduce policy uncertainty. At the same time, improving capacity building, market access and tax awareness will be essential to unlock productivity and competitiveness. For entrepreneurs themselves, success in this evolving environment depends on adaptation, embracing digital tools, formalising operations and collaborating through networks to scale impact and remain resilient.

The 2025 SoE Survey highlights clear policy priorities, such as access to finance, security, stable government policies and power supply, as the top areas requiring urgent government attention.





# INTRODUCTION



## INTRODUCTION

In 2025, the Nigerian economy continued to recover after years of macroeconomic instability and policy realignment. Following the rebasing of Nigeria's Gross Domestic Product (GDP) by the National Bureau of Statistics (NBS), real GDP growth accelerated to 3.4%

in 2024 from 3.0% in 2023 - the strongest expansion in four years. In the first half of 2025, the economy grew by 3.7%, much higher than 2.9% in the same period of 2024, motivated by improved crude oil production and an expansion of the services sector.

Figure 1: Quarterly Real GDP Growth



Source: National Bureau of Statistics

While this growth reflects rising investors' confidence and the impact of ongoing structural reforms, it has not yet translated into broad-based welfare improvements. The country's per capita income fell sharply from US\$2,143 in 2023 to US\$1,036 in 2024, reflecting the erosion of real incomes due to high inflation and a weaker currency. By September 2025, the inflation rate, which averaged 33.2% in 2024, had eased to 18%, due to methodological changes and the moderation of prices of some goods (NBS, 2025b). However, inflationary pressures remain elevated. Prices of essential goods and services continue to rise faster than household incomes, constraining consumption and limiting the purchasing power of millions of Nigerians. As a result, more individuals have been pushed into the informal economy, engaging in survivalist activities rather than productive entrepreneurship.

These contrasting economic outcomes - a gradually stabilising macroeconomic environment and struggling consumer demand - have implications for the entrepreneurial ecosystem.

Entrepreneurs continue to operate in a challenging environment marked by high input costs, a weaker currency, low consumer spending, high energy costs, infrastructure deficits and limited access to affordable finance. These factors reduce margins and limit the ability of businesses to scale significantly. Despite these challenges, Nigerian entrepreneurs continue to demonstrate remarkable resilience and adaptability, innovating across sectors, leveraging technology and adapting business models to sustain operations and contribute to national output.

For instance, in response to high energy costs, many firms are embracing decentralised energy solutions, such as solar mini-grids, embedded power systems and shared generation facilities. Others are deploying digital tools to expand market reach, automate processes and manage costs more efficiently. The rapid adoption of social media marketing, digital payments and online trading platforms is helping enterprises expand their reach, improve record-keeping and supply-chain management. The intersection of technology adoption, smart energy solutions and local value-chain deepening is a key feature that defined enterprise growth in 2025.

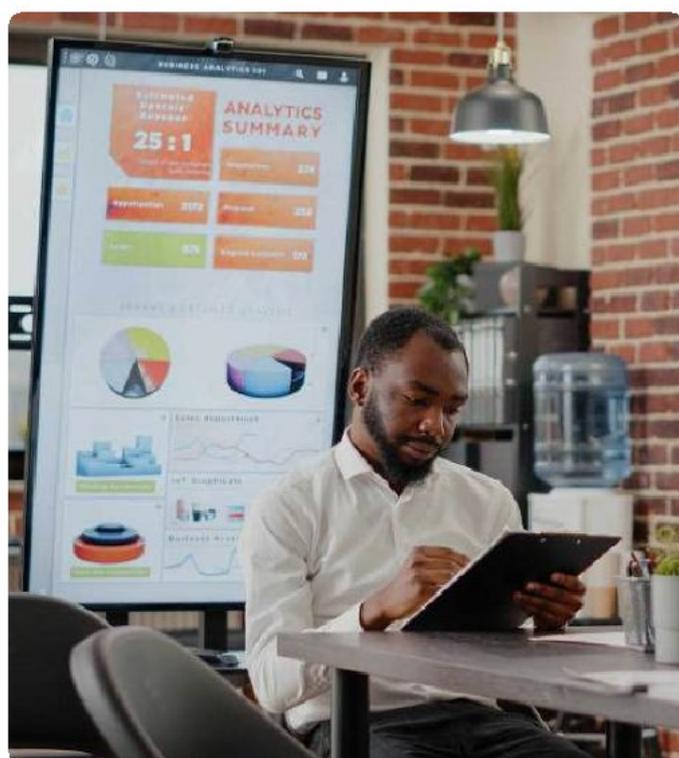
Notwithstanding these adaptation strategies, persistent constraints continue to limit the expansion of many nano, micro, small and medium-sized enterprises (NMSMEs) in Nigeria. Commercial lending rates above 30% discourage borrowing, pushing many entrepreneurs toward alternative financing channels such as fintech credit, supplier financing, cooperative lending and retained earnings. Although inflation moderation raises hopes for a reduction of the anchor interest rate by the Central Bank of Nigeria (CBN), structural barriers such as poor credit profiling, collateral challenges and underdeveloped securitisation continue to constrain financial inclusion. Security challenges remain acute, particularly in northern and agrarian regions, where conflict and banditry disrupt production and trade. In urban areas, entrepreneurs contend with overlapping taxes and inconsistent regulations, all of which increase the cost and complexity of doing business.

Still, the ingenuity of Nigerian entrepreneurs remains the economy's most important asset. The 2025 State of Entrepreneurship in Nigeria survey reveals that entrepreneurs are adapting through innovation, tighter cost control and stronger engagement with formal trade groups and associations. Youth-led and female-led businesses, in particular, are demonstrating agility, creativity and technology use, despite resource constraints. This suggests that entrepreneurship remains the most immediate channel through which macroeconomic reforms can translate into real economic inclusion.

The central question for 2026 is whether Nigeria's economic stabilisation momentum can evolve into sustained, broad-based growth for small businesses. Achieving that outcome depends on how effectively policy reforms align with entrepreneurial capacity, institutional quality and access to finance. This report rides on that premise. It reviews entrepreneurial performance across sectors and states, analyses gender and youth dynamics, and explores how macroeconomic shifts are influencing micro-level enterprise behaviour. It concludes with policy recommendations focused on resilience and inclusive growth, arguing that Nigeria's recovery will ultimately be judged not by its aggregate growth figures but by how well its entrepreneurs transform, expand and create more opportunities in the economy.

The 2025 State of Entrepreneurship in Nigeria survey reveals that entrepreneurs are adapting through innovation, tighter cost control and stronger engagement with formal trade groups and associations.

The next section provides an introductory analysis of the 2025 State of Entrepreneurship Survey, highlighting key insights on the age of business, business size, ownership structure by gender, etc. The report then proceeds with the 2025 State of Entrepreneurship Index, which provides an empirical assessment of the entrepreneurial landscape across Nigeria's 36 states and the Federal Capital Territory. Subsequent sections explore business performance and growth drivers, performance of female-led and youth-led businesses, challenges and opportunities in the business environment and recommendations.





# DATA OVERVIEW

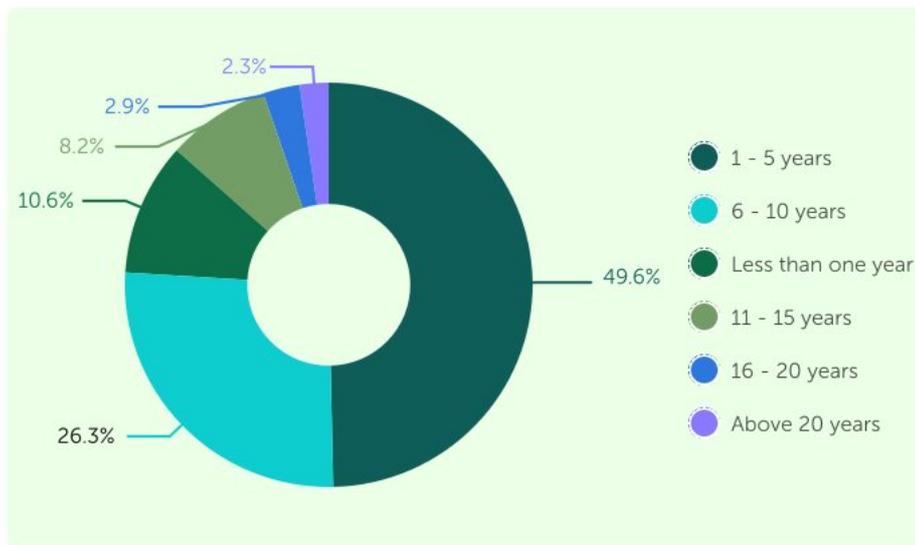


## DATA OVERVIEW

The 2025 State of Entrepreneurship Survey shows that 60% of businesses are less than five years old i.e. 10.6% are less than a year old and 49.6% have operated between one and five years. This indicates that the entrepreneurial ecosystem remains youthful and dynamic and shows a consistently high rate of new business formation amid macroeconomic volatility. When compared with last year, it represents a decline from 65% in 2024, suggesting that the pace of new business formation has slowed.

This moderation may reflect the combined effects of inflationary pressures, elevated borrowing costs and rising operating expenses, which have constrained start-up formation and survival.

Figure 2: How long has your business been in existence?



Conversely, the share of more established firms (above 10 years) remains small - 13% in 2021 compared to 13% in 2025 - indicating persistent challenges in enterprise longevity and scale-up potential.

The data suggest that while entrepreneurial entry remains vibrant, business maturity and survival remain limited. Poor access to finance, infrastructure constraints and high input costs are major factors preventing many firms from maturing into medium-sized enterprises.

Table 1: How long has your business been in existence?

	Less than 5 years	6-10 years	11-15 years	16-20 years	Above 20 years
2021	49%	31%	13%	5%	2%
2022	50%	34%	11%	2%	2%
2023	65%	25%	6%	3%	1%
2024	65%	25%	6%	2%	1%
2025	60%	26%	8%	3%	2%

### Nano and micro enterprises continue to dominate Nigeria’s business landscape

Nano and micro enterprises remain the backbone of Nigeria’s business landscape. In 2025, nano businesses – those with one or two employees or assets valued at N3 million or less – accounted for more than half (52.8%) of all enterprises surveyed. Micro businesses follow closely (27.9%), while small and medium enterprises make up a much smaller share (16.9%). Start-ups and large businesses together account for less than 5% of all enterprises.

This structure has remained essentially unchanged over the past four years, underscoring Nigeria’s limited transition from subsistence-level entrepreneurship to higher-value, growth-oriented enterprise. The dominance of nano and micro businesses highlights the persistence of informality, low capitalisation and restricted access to finance and technology. These findings highlight the continued need for targeted interventions to help micro and nano firms evolve into sustainable small and medium-sized enterprises.

### Male-led businesses continue to dominate, but female participation in entrepreneurship remains resilient

56% of surveyed businesses are male-led, compared with 44% for females. There is a decline in female participation from 48% in 2024, though still higher than the 43% recorded in 2023. Over the last five years, female ownership fluctuated between 39% and 48%, peaking in 2024 before declining slightly in 2025. Female entrepreneurs have continued to expand their presence in the nano and micro segments, where capital requirements are lower and entry barriers are minimal. However, their representation in medium- and large-sized enterprises remains low, suggesting limited scalability. The sustained gender gap in ownership structure highlights the need for policy measures that can address financing and institutional challenges that disproportionately affect female entrepreneurs.

Figure 3: What is the size of your business?

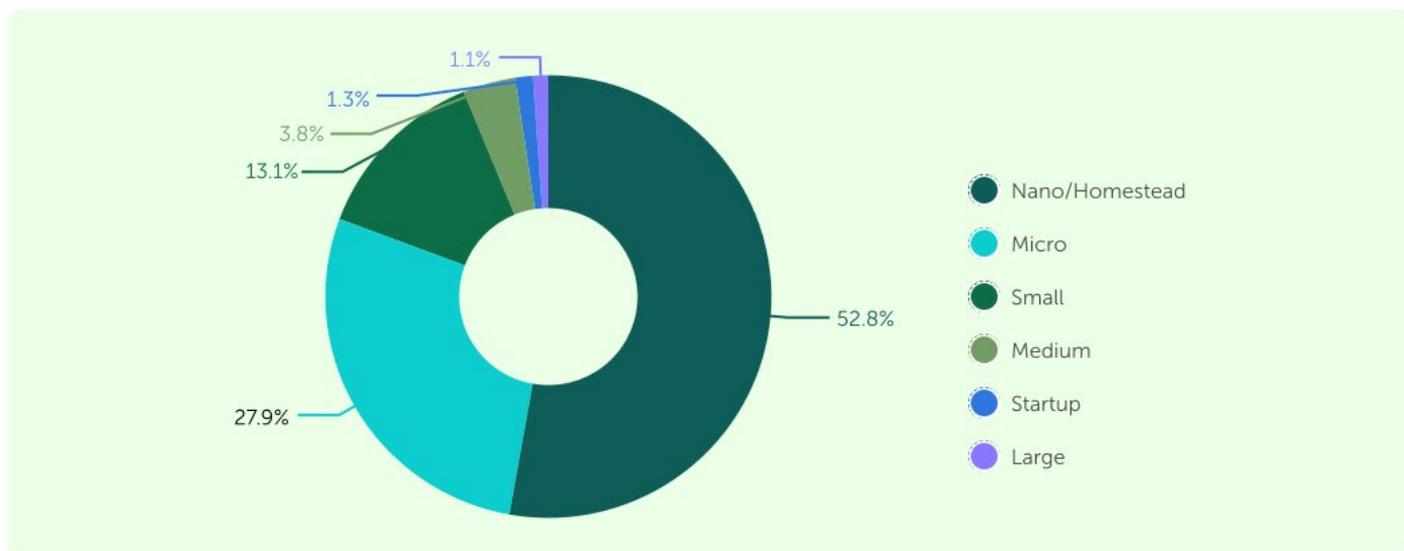


Figure 4: Business Ownership by Gender (2025)

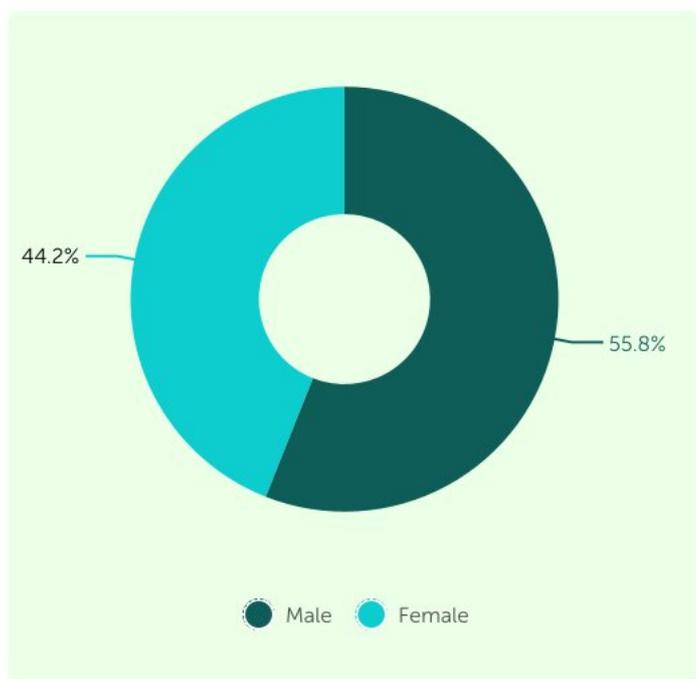


Figure 5: Distribution of Female-led Businesses by type of Business (2025)

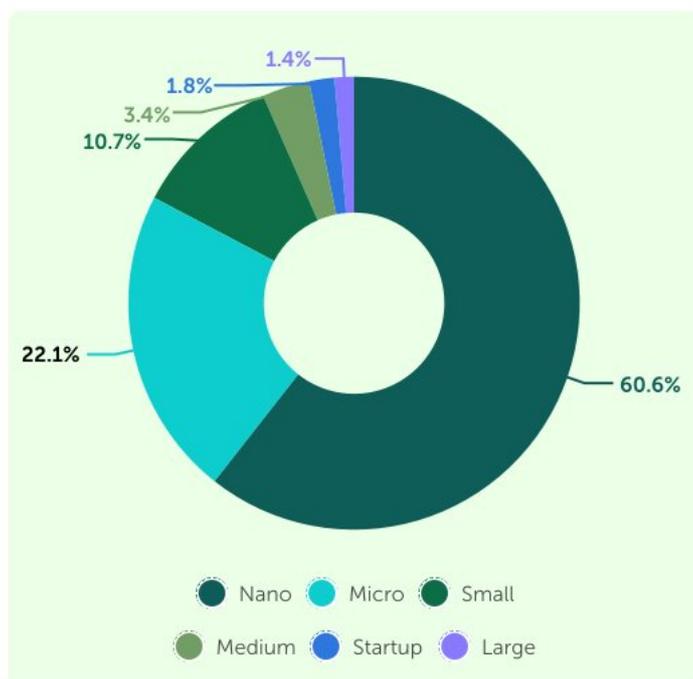


Table 2: Business Ownership by Gender (2021 – 2025)

	2021	2022	2023	2024	2025
Male	57%	61%	57%	52%	56%
Female	43%	39%	43%	48%	44%

**Female entrepreneurship remains geographically diverse, with northern and south-eastern states showing stronger gains in participation in 2025**

Female participation in business ownership is increasingly widespread across Nigeria, though regional disparities persist. In 2025, 14 states (including Lagos and Ogun) recorded a higher proportion of female-led businesses than male-led, slightly below the 16 recorded in 2024 but above the nine observed in 2023. States such as Jigawa, Ekiti, Lagos, Imo and Niger maintained their strong female representation, while Zamfara, Kwara, Plateau and Ebonyi featured prominently in total female business ownership. Bayelsa recorded an equal share in 2025.



The South West and North Central regions lead the expansion of female entrepreneurship, primarily driven by necessity-based ventures and community-led trading activities. In contrast, several North Western states, including Sokoto, Kaduna, Katsina and Kebbi, remain male-dominated, reflecting cultural, educational and institutional constraints that limit women’s business participation. Overall, these regional trends underscore that female entrepreneurship is no longer confined to southern urban centres. The gradual increase of women-led businesses in northern and middle-belt states demonstrates the growing inclusivity of Nigeria’s enterprise landscape.

**Age of Business Owners and Entrepreneurship**

backbone of enterprise creation. This is despite the decline in their overall share in business ownership. In 2025, 38% of entrepreneurs were aged 15-29 years, down from 44% in 2024. Despite this decline, the data show that entrepreneurship continues to serve as a critical employment and income pathway for Nigeria’s young population amid persistent labour market pressures.

Participation among older cohorts has expanded gradually, reflecting a more diversified entrepreneurial base. Individuals aged 30-39 years accounted for 44% of business owners, the same as in 2024, while those aged 40-49 years increased from 9% in 2024 to 14% in 2025. This increase was not due to new business formation by entrepreneurs in this age group, as they accounted for only 3% of businesses that are less than a year old. Rather, it reflects the ageing of existing entrepreneurs who have remained in business over time, highlighting the gradual maturation of Nigeria’s entrepreneurial base.



Figure 6: Respondents by Gender across states (% of total number of businesses)

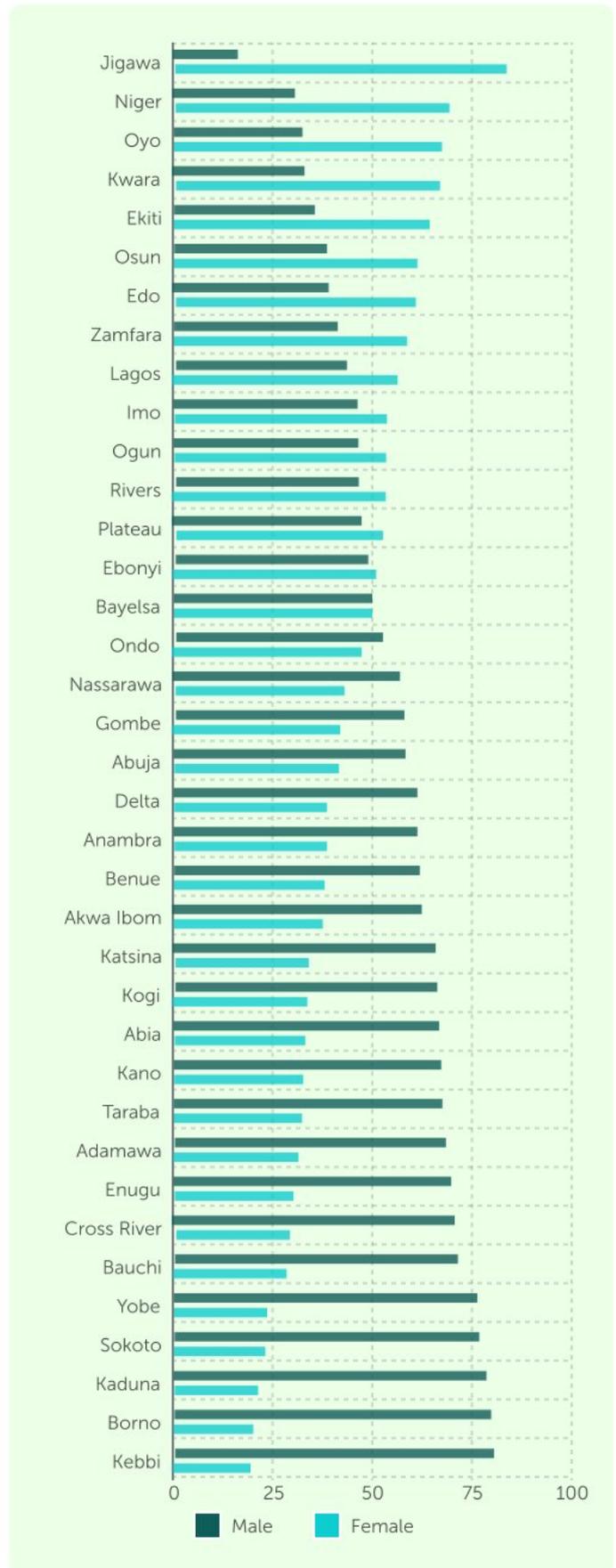
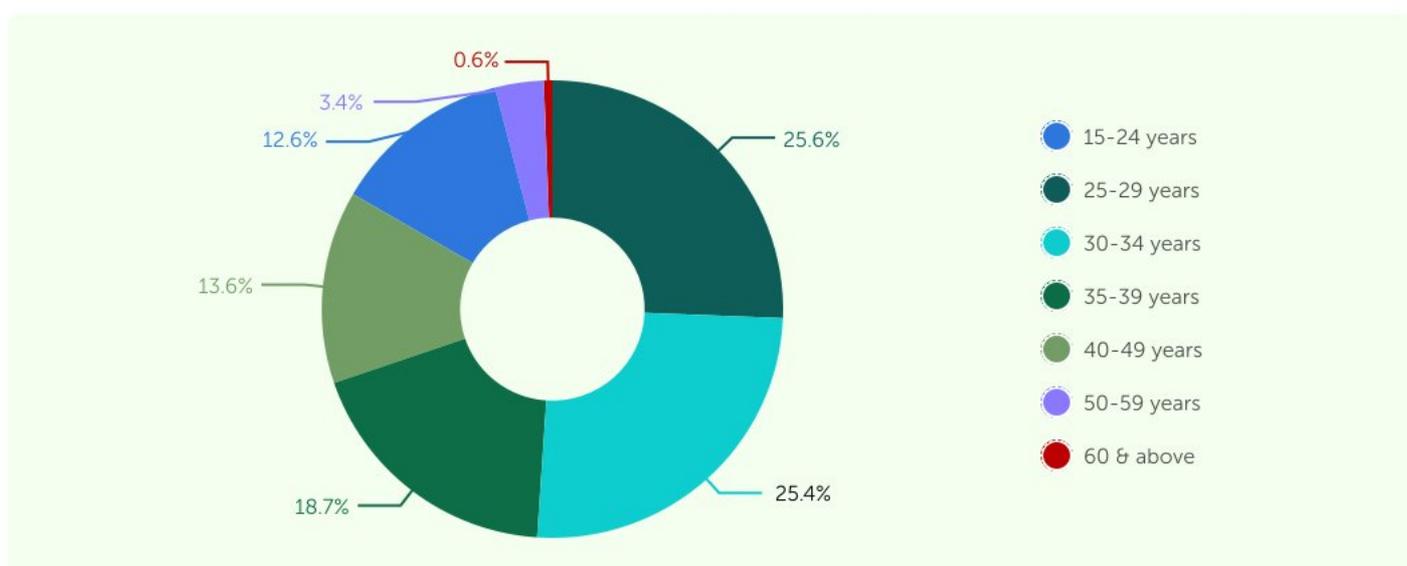


Table 3: Age Range of Entrepreneurs

	2021	2022	2023	2024	2025
15 - 29 years (Youth)	39%	29%	42%	44%	38%
30 - 39 years	47%	51%	47%	44%	44%
40 - 49 years	10%	16%	8%	9%	14%
50 years & above	3%	3%	3%	3%	4%

Figure 7: Age Range of Entrepreneurs (2025)



**Business formalisation records improvement but remains low**

The 2025 State of Entrepreneurship Survey indicates a modest improvement in business registration after several years of decline. In 2025, 46% of Nigerian entrepreneurs reported their businesses being formally registered, up from 42% in 2024. Despite this slight improvement, the data reveal that more than half (54%) of enterprises still operate informally.

The trend over the past five years reveals a steady decline in business registration since 2021, reflecting the widening gap between start-up formation and formalisation. The modest recovery in 2025 suggests that more entrepreneurs are beginning to engage with regulatory agencies, aided partly by digital registration platforms introduced by the Corporate Affairs Commission (CAC). Nevertheless, informality remains deeply entrenched, especially among nano and micro businesses that dominate the entrepreneurial landscape. This pattern is due to both structural and behavioural constraints: limited access to information, mistrust in public systems and the cost–benefit trade-off of registration.

Figure 8: Is your business registered?

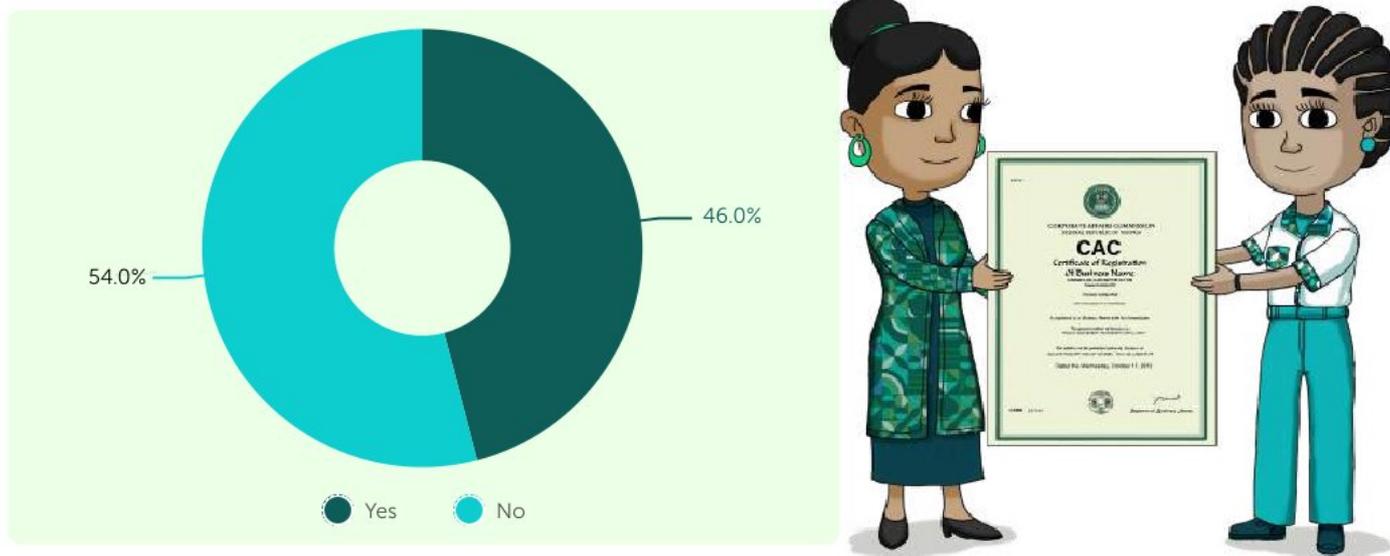


Table 4: Is your business registered?

	2021	2022	2023	2024	2025
Yes	56%	49%	47%	42%	46%
No	44%	51%	53%	58%	54%

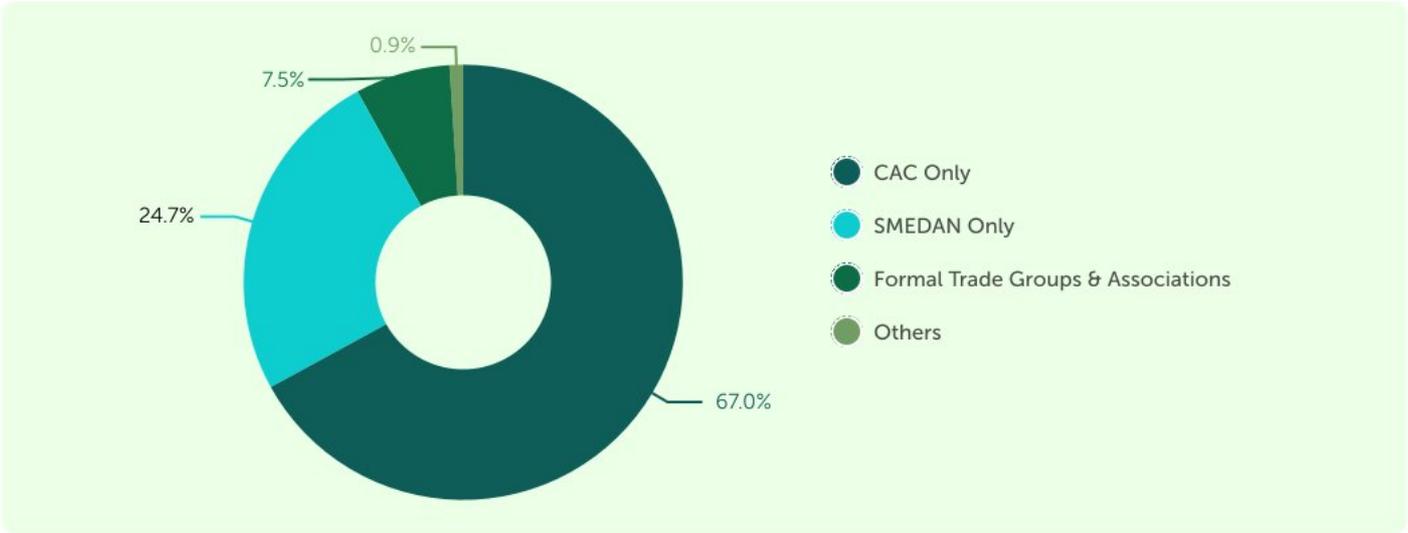
**Most formal businesses are registered with the Corporate Affairs Commission**

Among businesses that reported being registered in 2025, the Corporate Affairs Commission (CAC) remains the dominant registration body. The majority of registered enterprises – over two-thirds – are registered with the CAC, consistent with patterns observed in previous years. Meanwhile, the data also show gradual diversification in registration. A growing share of businesses is now registered with the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and other formal trade groups and associations. The share of entrepreneurs who are registered with SMEDAN increased from 19.1% in 2024 to 24.7% in 2025. Likewise, the share of registration with formal trade groups and associations increased to 7.5% in 2025 from 6% in 2024.

The rise in registrations with cooperative societies and local trade associations indicates that many small firms continue to seek semi-formal recognition, particularly in sectors where trust-based networks and community validation substitute for full legal formalisation.

The share of entrepreneurs who are registered with SMEDAN increased from 19.1% in 2024 to 24.7% in 2025. Likewise, the share of registration with formal trade groups and associations increased to 7.5% in 2025 from 6% in 2024.

Figure 9: If yes, which body are you registered with?

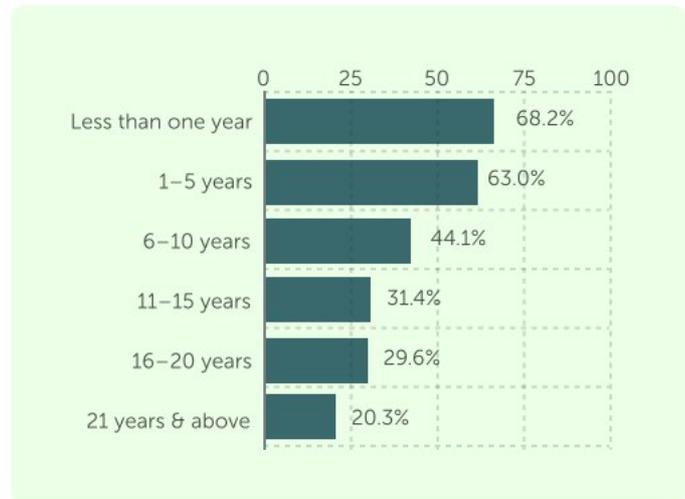


**Older businesses show higher registration rates**

The 2025 State of Entrepreneurship Survey reinforces the strong link between business longevity and formalisation. Newly established enterprises remain the least likely to be registered, though signs of improvement are emerging. In 2025, 68.2% of businesses less than one year old were unregistered, an improvement from 82% in 2024. Similarly, the share of businesses under five years old operating informally declined marginally (63%) compared with the previous year (64%), suggesting growing awareness and adoption of registration processes among early-stage entrepreneurs.

Overall, the 2025 findings mirror the pattern observed in 2024, with marginal gains in registration among newer and older enterprises. Nevertheless, persistently high unregistered rates among younger firms underscore structural barriers, including procedural costs, limited incentives and the low perceived value of registration.

Figure 10: Unregistered businesses by years of operation as a percentage of total businesses in each category



**Informality remains widespread across Nigeria, with northern and south-eastern states recording the highest concentration of unregistered businesses in 2025.**

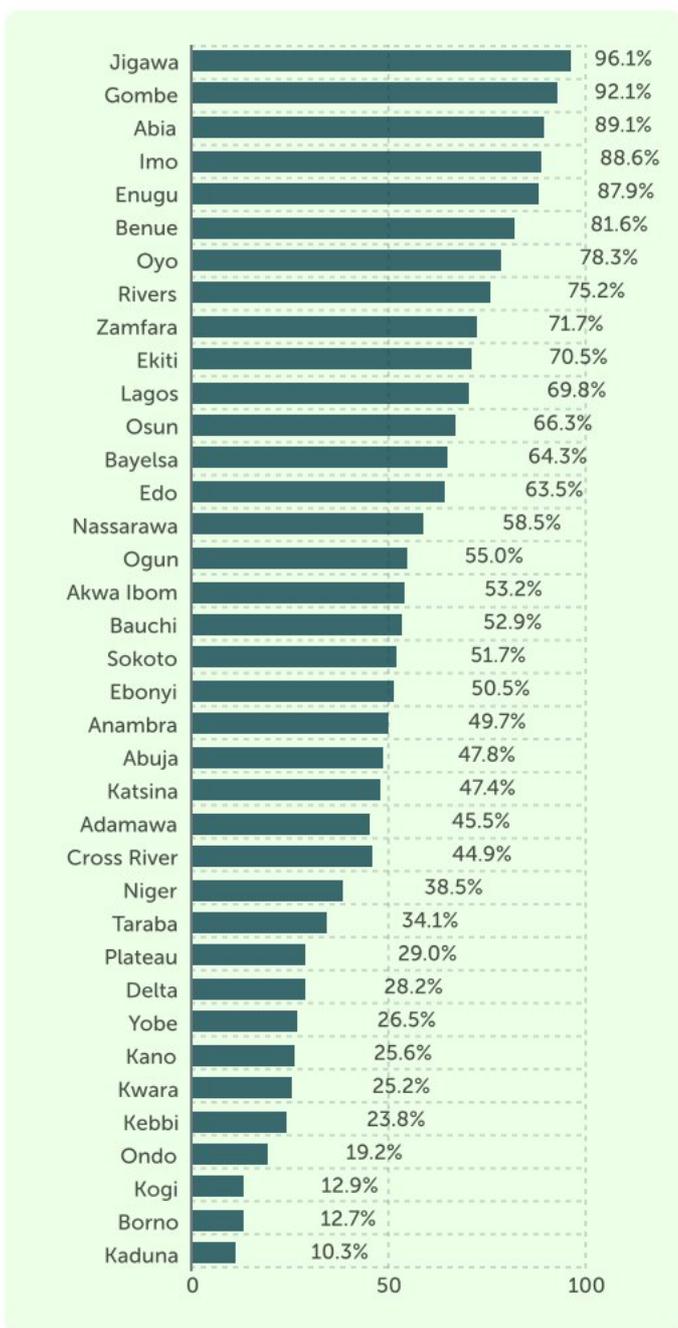
There are significant variations in business formalisation across states, highlighting persistent geographical and institutional disparities. States such as Jigawa (96.1%), Gombe (92.1%), Abia (89.1%), Imo (88.6%) and Enugu (87.9%) recorded the highest shares of unregistered businesses, indicating informality in parts of the North and South East. These states face typical structural constraints, including limited access to registration services and weak institutional enforcement.



At the other end of the spectrum, states such as Kaduna (10.3%), Borno (12.7%), Kogi (12.9%), Ondo (19.2%) and Kebbi (23.8%) reported the lowest levels of unregistered enterprises, demonstrating stronger engagement with formal registration channels. Kaduna's low informality rate, in particular, reflects active collaboration with the Corporate Affairs Commission (CAC) to promote formalisation through mobile registration and SME support schemes.

Compared with 2024, the overall national picture shows a marginal improvement in business registration, particularly in parts of the north-west and north-central regions. Lagos and Rivers, however, saw a modest rise in unregistered enterprises in 2025 – 69.8% and 75.2%, respectively – suggesting that macroeconomic headwinds and higher operating costs may have constrained the formalisation of new businesses. The 2025 results confirm that formalisation remains uneven and regionally concentrated.

Figure 11: Unregistered businesses as a percentage of total businesses in each State

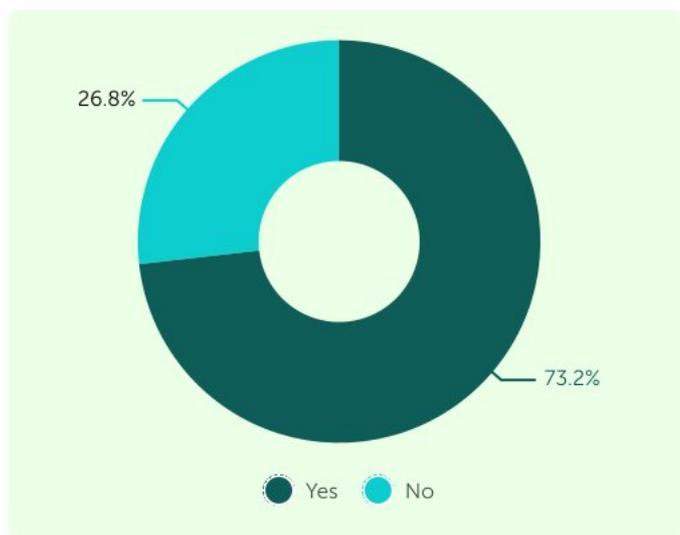


### Full-time entrepreneurship improved slightly in 2025 relative to last year

A larger share of Nigerian entrepreneurs are now fully dedicated to their businesses, signalling resilience and renewed confidence after a period of volatility. In 2025, 73.2% of respondents identified as full-time entrepreneurs, compared with 68% in 2024. This modest rise suggests that more business owners are committing fully to their ventures, amid inflationary pressures, rising input costs and constrained consumer demand.

The increase in full-time engagement reflects the shrinking of formal job opportunities elsewhere; therefore, many entrepreneurs appear to be focusing on their business operations to earn a living. Conversely, 26.8% of entrepreneurs reported combining their business with other activities, such as part-time work, consulting or education, mainly to diversify income streams and manage risk.

Figure 12: Are you a full-time entrepreneur?



### Most Entrepreneurs have a Bachelor’s Degree and a Secondary School Certificate

Nigerian entrepreneurs are relatively well-educated, reflecting the strong link between education and business formation in the country. In 2025, 31.4% of entrepreneurs held a bachelor’s degree, while 18.5% possessed an Ordinary National Diploma (OND) and 15.6% a Higher National Diploma (HND). Collectively, these groups account for over 65% of all business owners, underscoring the strong influence of formal education on the entrepreneurship landscape in Nigeria.

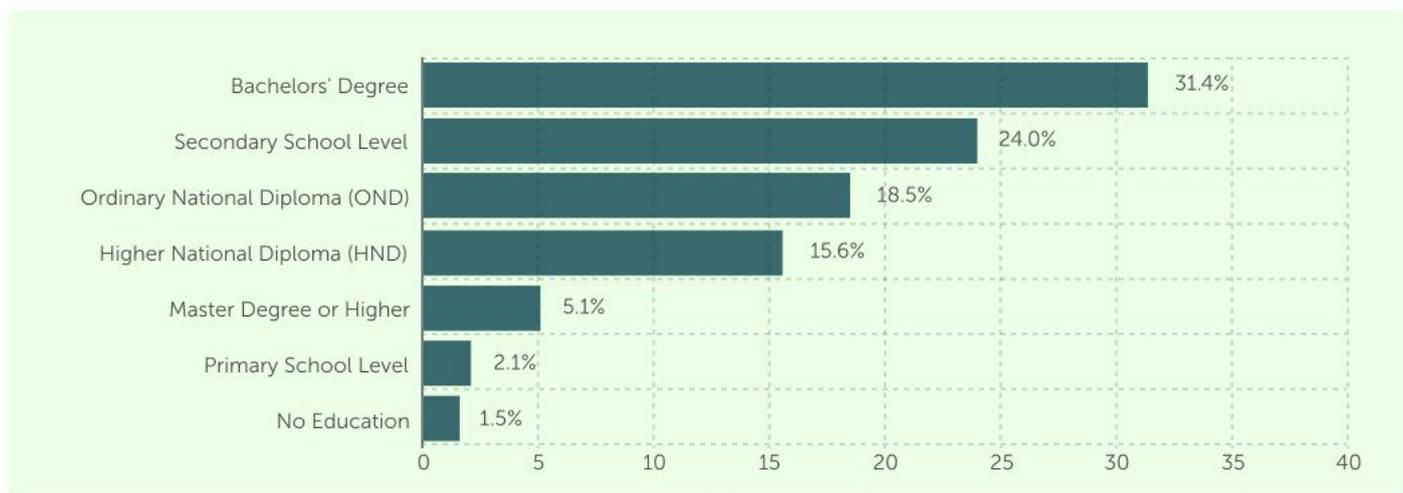
In 2025, 31.4% of entrepreneurs held a bachelor’s degree, while 18.5% possessed an Ordinary National Diploma (OND) and 15.6% a Higher National Diploma (HND).

The dominant share of entrepreneurs with university and diploma-level education reflects a continuing trend of educated youth entering entrepreneurship due to limited formal employment opportunities. At the same time, those with secondary school education (24%) remain a significant segment, particularly in trade, services and small-scale manufacturing.

The data also reveal that only 1.5% of business owners have no formal education, an increase from 1% in 2024, while the share with a Master’s Degree or higher (5.1%) increased. The findings suggest that while education remains an important enabler of entrepreneurship, the challenge lies in translating educational attainment into productive enterprise performance. Strengthening entrepreneurship education, vocational skills and access to business incubation can help bridge the gap between knowledge and enterprise outcomes.



Figure 13: Highest level of education among entrepreneurs



### Trade and personal services continue to dominate Nigeria's enterprise landscape, while technology and manufacturing sectors show steady but limited expansion

By sector, trade and informal services dominate the entrepreneurial landscape in Nigeria, though signs of gradual sectoral diversification are emerging. In 2025, wholesale and retail trade accounted for 14% of all businesses, while other services, including security, hairdressing, cleaning, and related household services, remained the single largest category at 21.4%. Together, these low-capital sectors represent over one-third of all enterprises, underscoring the persistence of low-margin and survival-oriented businesses in the economy.

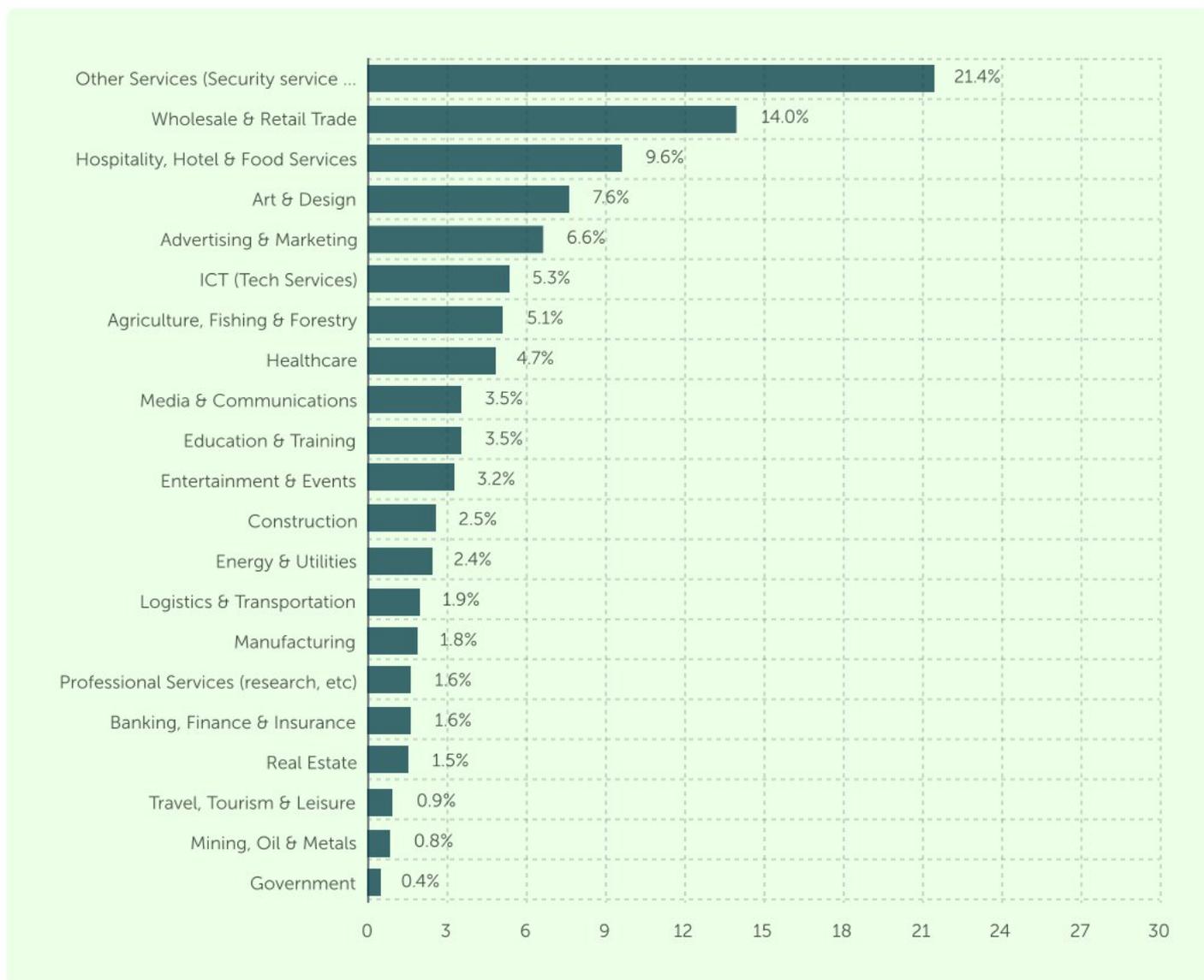
The hospitality, food and accommodation sector (9.6%) retained its position as the third-largest sector, benefiting from post-pandemic recovery in local tourism and lifestyle spending. Meanwhile, creative industries such as art and design (7.6%), advertising and marketing (6.6%) and ICT (5.3%) continue to expand, albeit from a small base. These sectors, largely youth-led, reflect Nigeria's gradual shift toward digital and innovation-driven entrepreneurship.

Manufacturing (1.8%) and agriculture, fishing, and forestry (5.1%) remain underrepresented. Persistent challenges, ranging from power shortages and poor infrastructure to restricted access to finance and markets, continue to constrain the productivity of these sectors.

The education (3.5%) and healthcare (4.7%) sectors also sustained modest growth, driven by rising demand for private services amid gaps in public provision. Overall, while 2025 data reveal diversification into creative, ICT and service sectors, the predominance of trade and informal services underscores Nigeria's continued dependence on small-scale, low-capital enterprises.



Figure 14: Sector of Operation



## Enterprise Birth and Mortality Rate

**Business formation improved slightly in 2025, signalling cautious entrepreneurial recovery after a period of slowdown.**

Relative to last year, there is a modest increase in business formation, as 26.7% of respondents reported setting up a business within the past year (2024: 24%). Although still below pre-2023 levels, when new business creation averaged 30%, the improvement signals renewed entrepreneurial activity in the country.

Between 2022 and 2024, Nigeria experienced a sustained decline in enterprise creation, mainly due to macroeconomic headwinds, currency volatility and reduced consumer purchasing power. The recent recovery, though modest, indicates that entrepreneurs are adapting to the economic environment, leveraging emerging opportunities in the service, creative and technology sectors. Sustaining the upward trend in business formation will require consistent macroeconomic stability, deeper financial inclusion, and targeted policy support for start-ups, especially youth- and female-led enterprises

Figure 15: Did you set up a business within the past year?

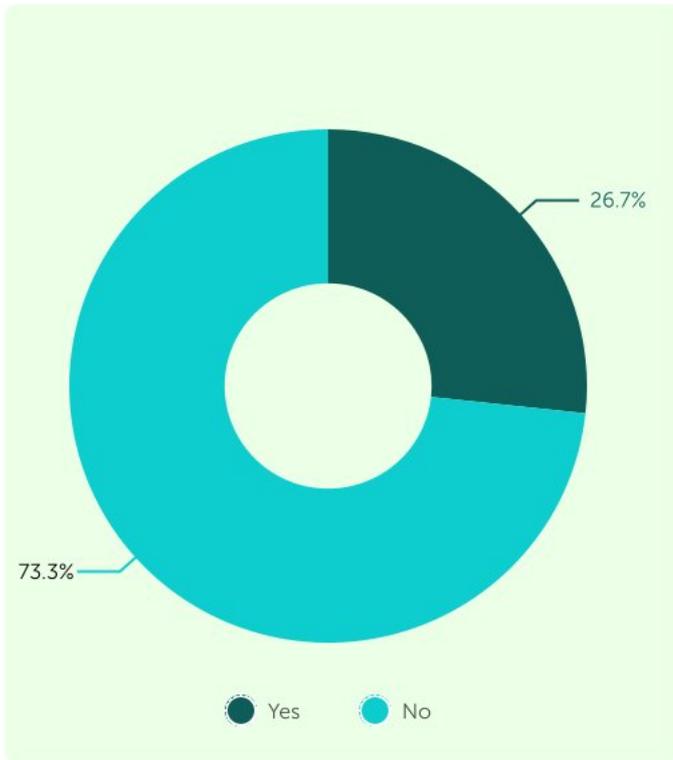
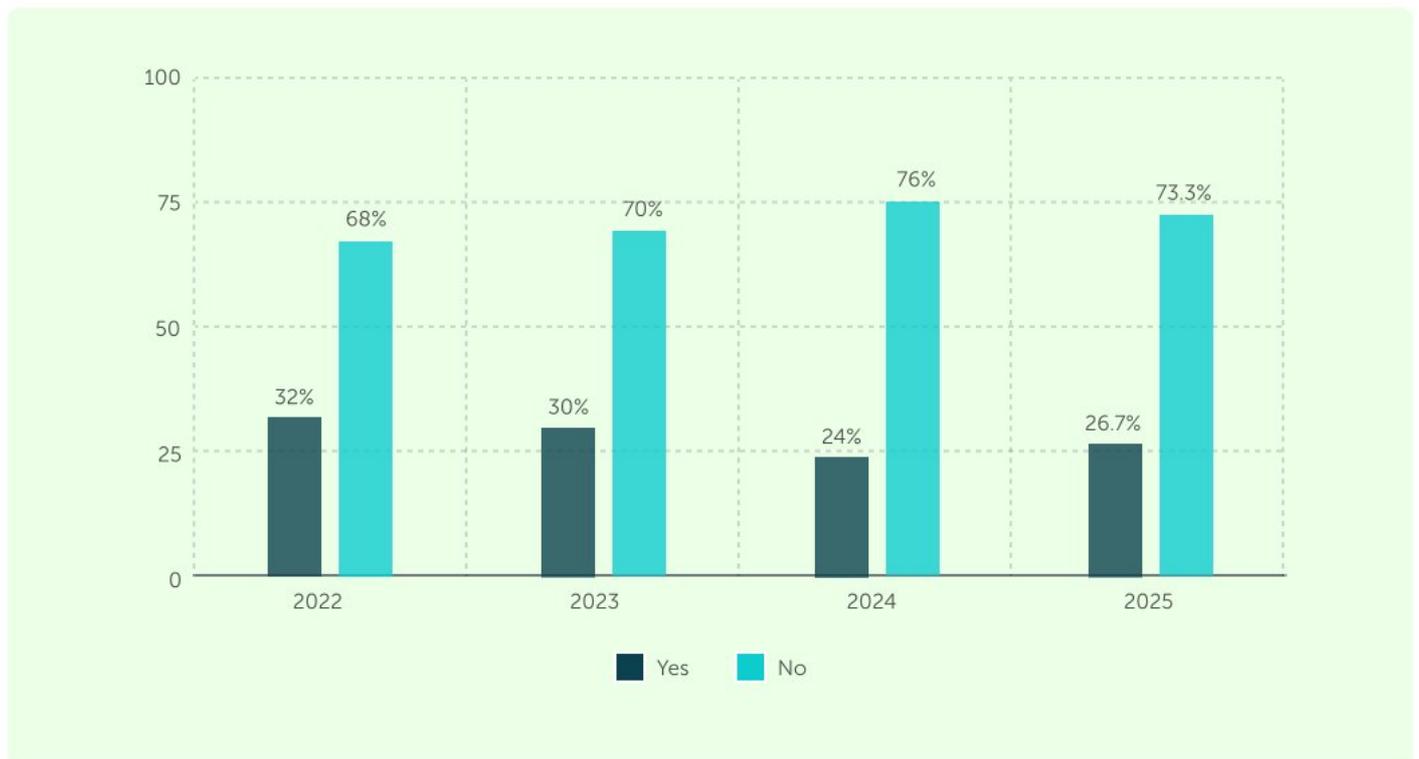


Figure 16: Did you set up a business within the past year?



**Entrepreneurship in 2025 remained largely necessity-driven, with income needs and unemployment continuing to shape new business formation.**

The need for extra income is the most common reason why many Nigerians establish a business. This means that entrepreneurial motivation in Nigeria remains largely necessity-driven, though an emerging share of entrepreneurs is motivated by innovation and problem-solving. Specifically in 2025, 61.0% of entrepreneurs cited the need for extra income as their primary motivation for starting a business, up from 52% in 2024, confirming that income diversification remains the dominant driver of entrepreneurship.

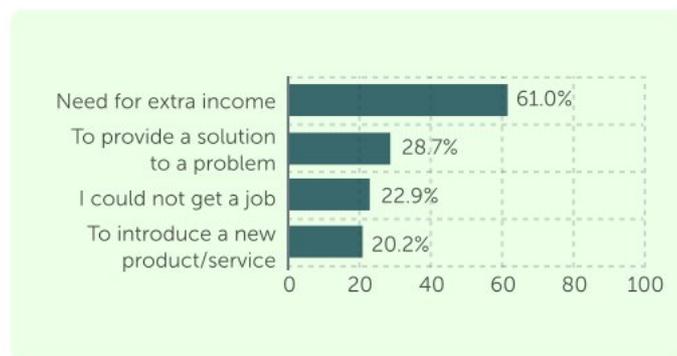
Specifically in 2025, 61.0% of entrepreneurs cited the need for extra income as their primary motivation for starting a business

A further 22.9% reported that they could not secure paid employment, up from 13% in 2024. This reflects the persistent struggle with rising unemployment and underemployment, particularly among youth and graduates. Meanwhile, 28.7% of respondents started businesses to provide solutions to societal or market problems, increasing from 21% in 2024. This shows a consistent but modest base of innovation-driven entrepreneurs. Only 20.2% said they started businesses to introduce new products or services, underscoring that opportunity-driven entrepreneurship is still emerging.

When compared with 2024 figures, the findings indicate that while the share of necessity-driven entrepreneurship remains high, there is gradual growth in problem-solving and innovation-led motivations.

To shift the balance toward opportunity-driven entrepreneurship, policymakers need to strengthen access to finance, mentorship and market infrastructure that can enable entrepreneurs to scale ideas beyond subsistence levels.

Figure 17: If yes, why did you set up a business?



**Advertising & Marketing led new business formation in 2025**

In 2025, new business formation is increasingly concentrated in creative, service-oriented and digital sectors, reflecting the growing role of innovation and youth participation in Nigeria’s enterprise landscape. Advertising and marketing recorded the highest business birth rate at 48.2%, followed by government contracting-related ventures (41.7%), healthcare (36.0%) and agriculture, fishing, and forestry (34.9%).

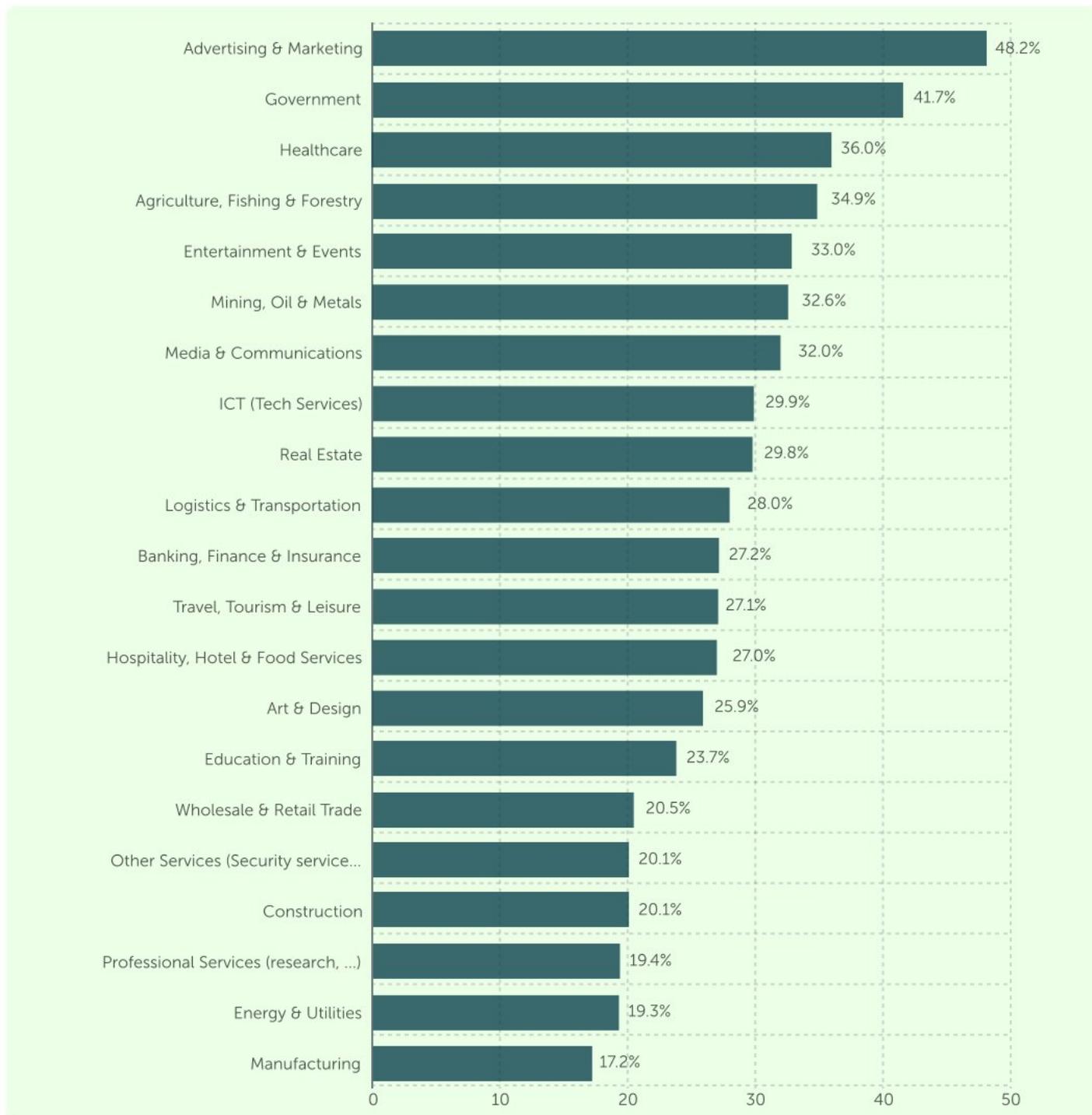
The ICT sector (29.9%), media and communications (32.0%) and entertainment and events (33.0%) continue to attract new entrants, sustaining the digital momentum observed in 2024. The sustained vibrancy in these industries reflects increased adoption of digital tools, remote work and online commerce. Likewise, education and training (23.7%) and hospitality (27.0%) maintained steady growth, buoyed by evolving consumer needs and private investment in skills and leisure markets.



In contrast, traditional production and infrastructure sectors such as manufacturing (17.2%), construction (20.1%) and energy and utilities (19.3%) registered comparatively lower business formation rates in 2025. This continues the pattern from 2024, reflecting ongoing structural challenges such as high input costs,

regulatory bottlenecks and weak access to industrial finance that limit start-up activity in capital-intensive sectors. Overall, the data reveal a gradual transformation in Nigeria’s entrepreneurial structure, with new ventures gravitating toward creatives, services and technology rather than heavy industry.

Figure 18: Business Birth Rate by Sector (% of new businesses in each sector)



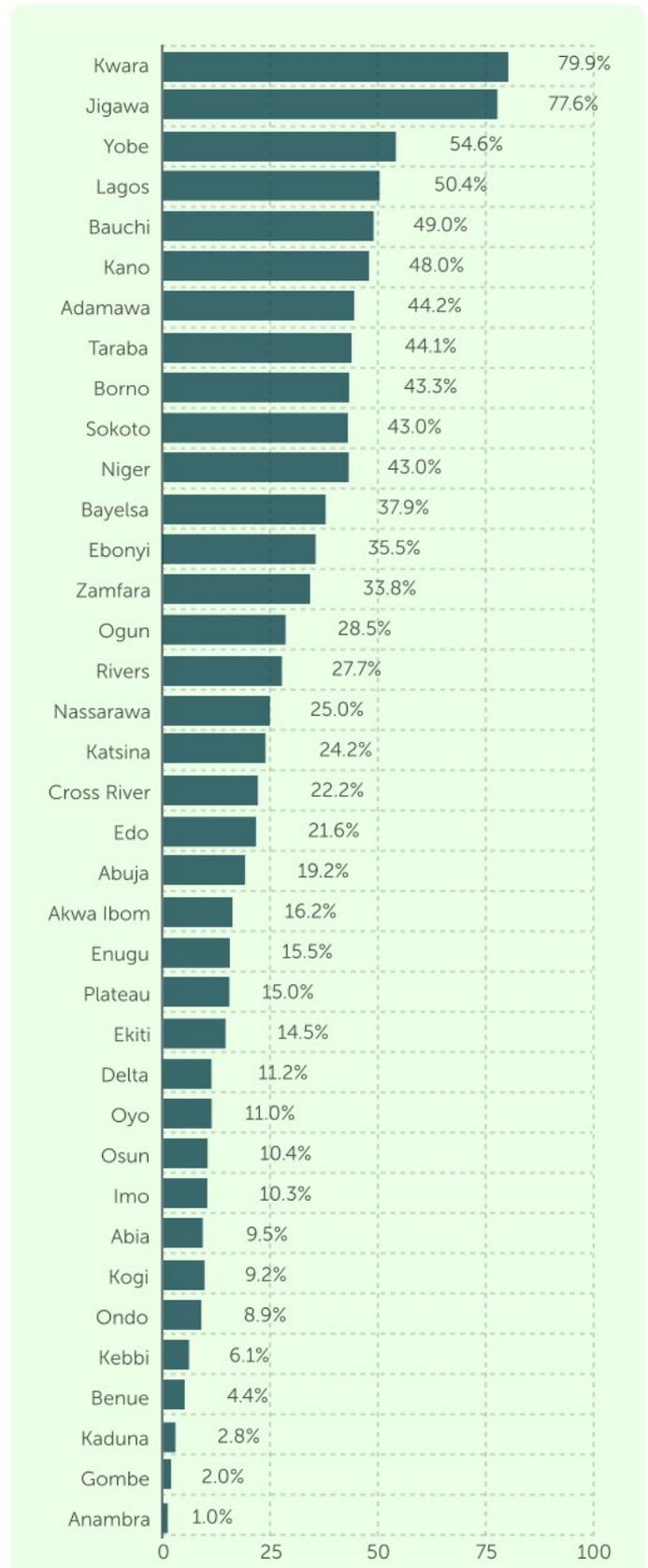
**Northern states recorded the highest new business formation rates in 2025, while new entrepreneurship activity slowed across the South-East and South-West**

The Northern states recorded the highest rates of enterprise creation in 2025. Kwara (79.9%), Jigawa (77.6%) and Yobe (54.6%) recorded the highest business birth rates, indicating increased entrepreneurial activity. States such as Lagos (50.4%), Bauchi (49.0%) and Kano (48.0%) also posted above-average birth rates, reflecting ongoing expansion in urban and semi-urban markets driven by youthful populations and growing access to digital business tools.

In contrast, several states with very low new business creation include Anambra (1.0%), Gombe (2.0%) and Kaduna (2.8%). This was followed by Benue (4.4%), Kebbi (6.1%), and Ondo (8.9%). A broader comparison with outcomes in 2024 suggests that regional entrepreneurship dynamics are becoming more dispersed, with new business formation increasing in previously underrepresented Northern and Middle Belt states. This pattern may also reflect the impact of policy incentives and targeted entrepreneurship programmes implemented by state governments in Northern Nigeria, alongside improved internet connectivity and outreach for business registration.



Figure 19: Business Birth Rate by State (% of businesses in each state)



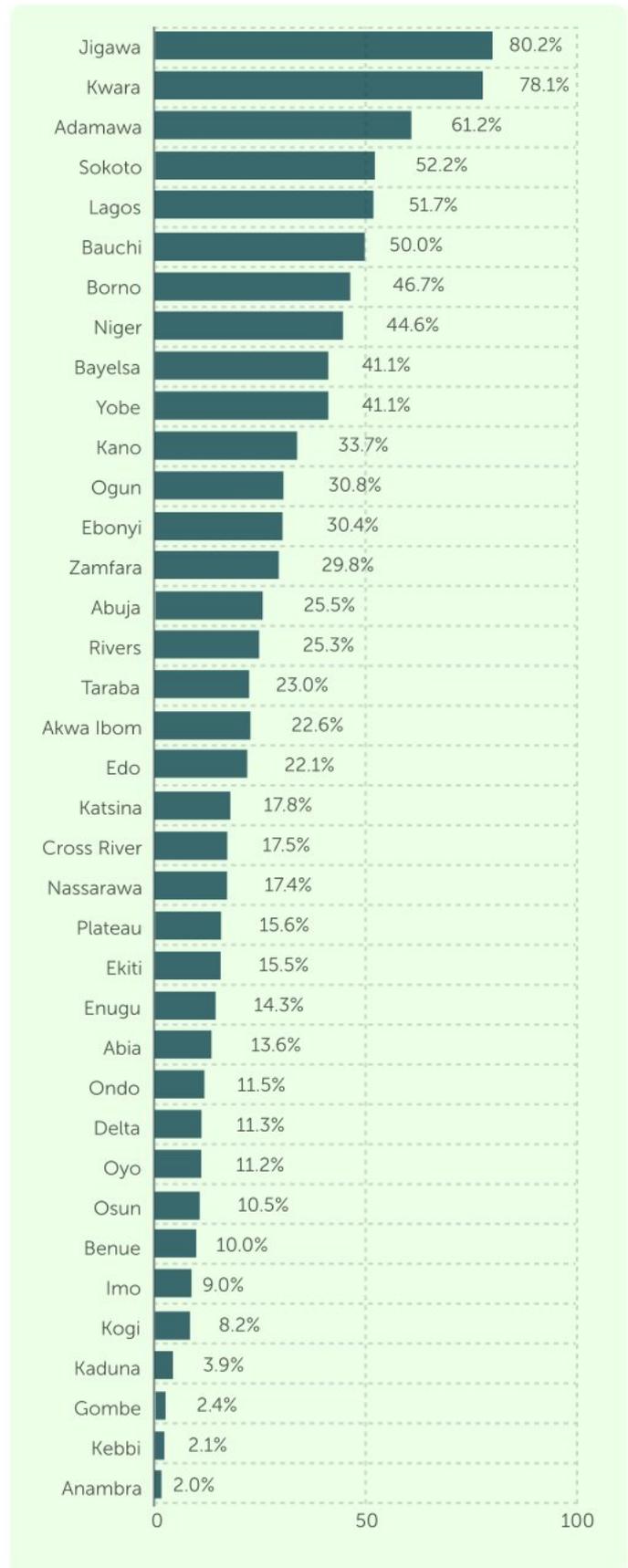
**Female business formation accelerated in Northern states in 2025, narrowing the gender entrepreneurship gap**

There is a notable increase in female-led business creation across northern Nigeria, signalling growing inclusion and dynamism among women entrepreneurs. Eight out of the top ten states with the highest female business birth rates are located in Northern Nigeria. States such as Jigawa (80.2%), Kwara (78.1%), and Adamawa (61.2%) recorded the highest female business birth rates, far exceeding the national average. The rising female participation in enterprise across emerging regions is driven by expanding digital access, local empowerment programmes and state-level microcredit schemes.

Conversely, female entrepreneurial activity remained subdued in several southern states – Anambra, Imo, Oyo and Osun, among others. Anambra (2.0%), Kebbi (2.1%), and Gombe (2.4%) recorded the lowest rates of new female-led businesses, while Kaduna (3.9%) and Kogi (8.2%) also lagged behind the national average. Overall, the findings underscore a geographical rebalancing of women’s entrepreneurship. While southern states still host a larger share of established female enterprises, the North is emerging as the new frontier for female business formation. Compared with 2024, this marks a positive shift toward social and economic inclusion.



Figure 20: Female Business Birth Rate (% of female-led businesses in each state)

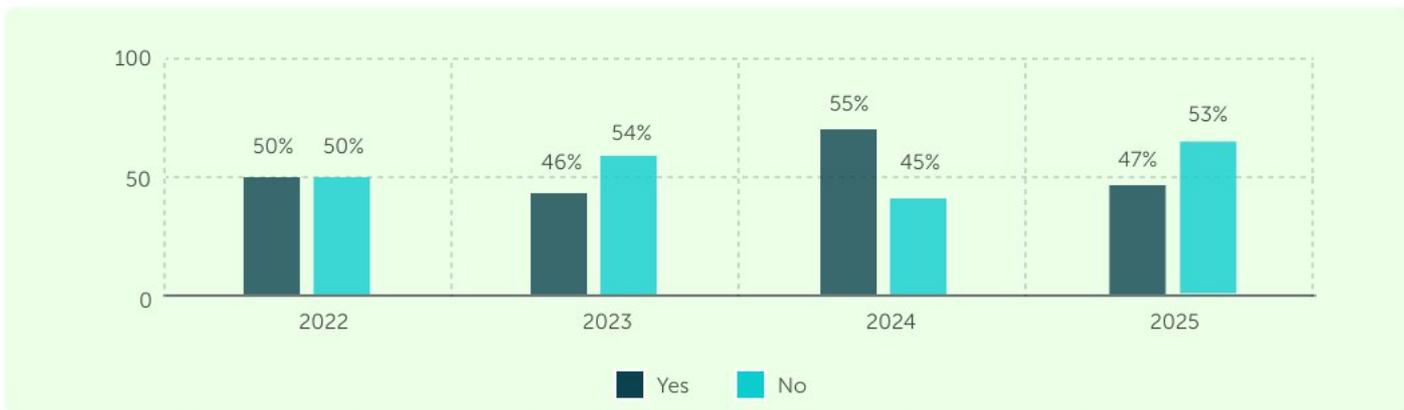


### Awareness of new business openings declined in 2025

In 2025, 47% of respondents reported being aware of a new business established within the past year, down from 55% in 2024. Although more people are starting businesses, these ventures are increasingly less visible,

with limited public reach or market impact. Entrepreneurs are increasingly operating on smaller scales, often from home or through informal digital platforms, which reduces local visibility.

Figure 21: Are you aware of a new business that was opened within the last one year?

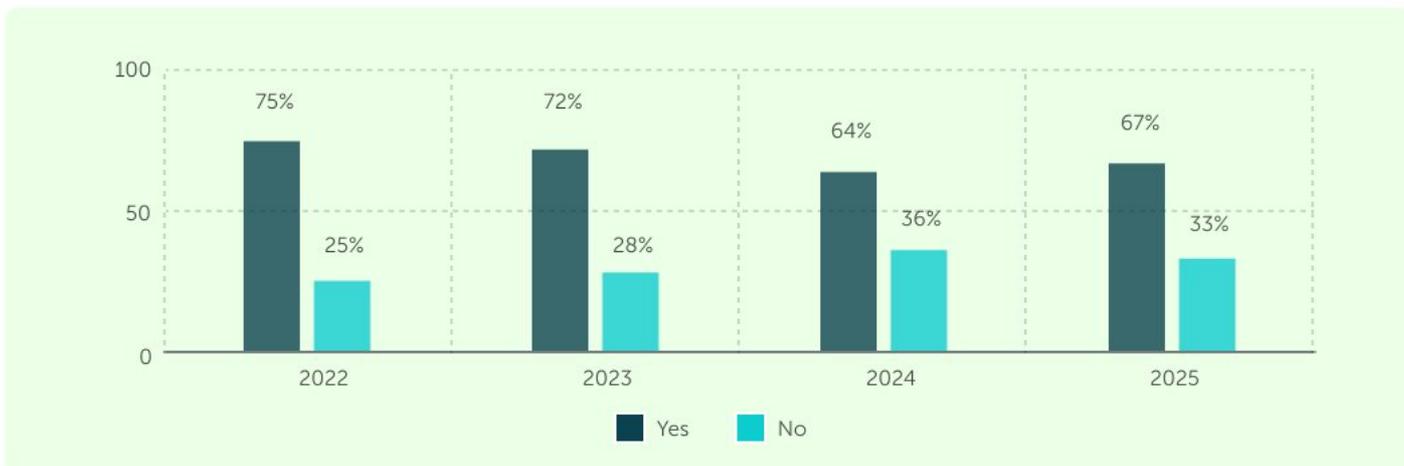


### Decline in perceived business closures suggests improved enterprise resilience despite a challenging economic environment

On business mortality, only 38% of respondents were aware of a business that had closed within the past year, compared with 50% in 2024, 55% in 2023, and 63% in 2022. This consecutive decline suggests that Nigerian businesses are becoming more resilient, adapting to challenging macroeconomic conditions through diversification, digitalisation and operational efficiency.

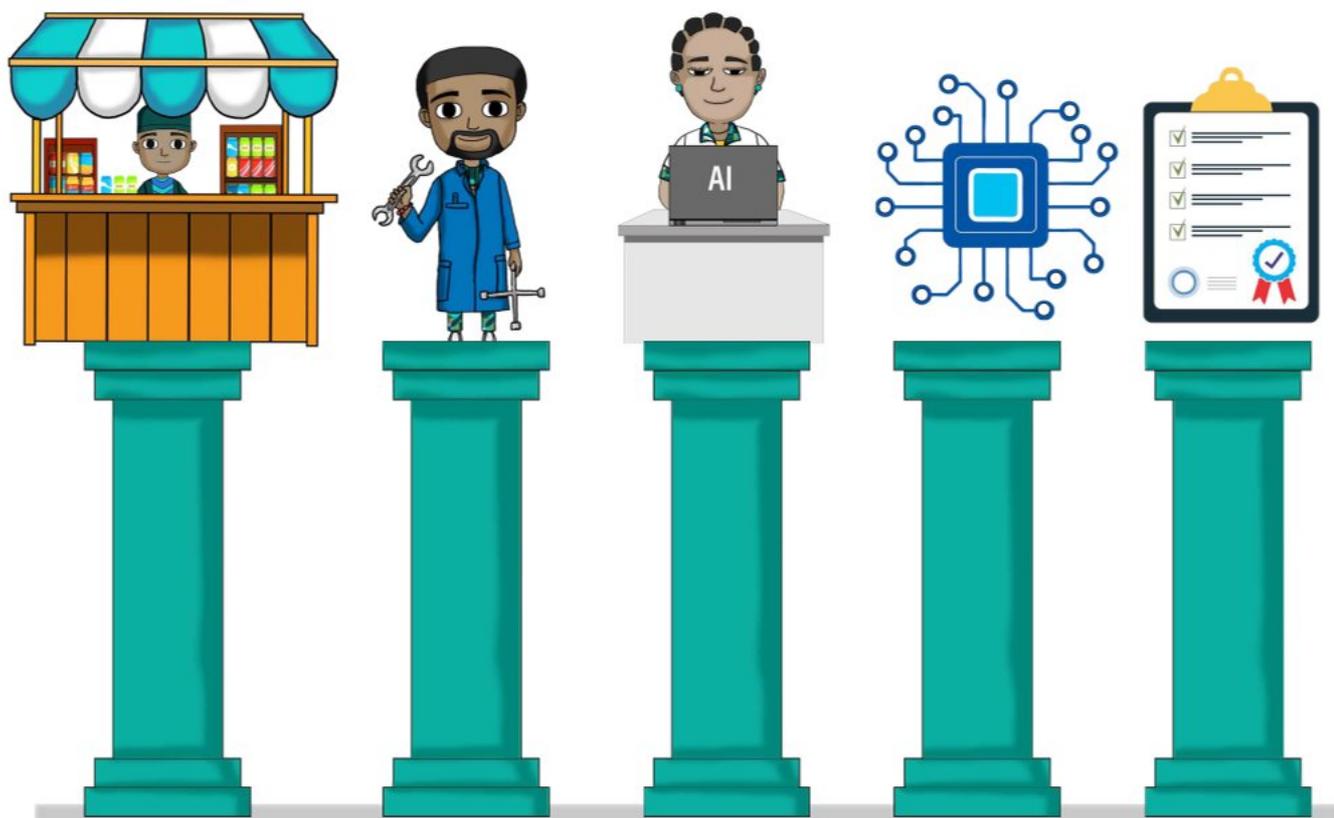
Compared with 2024, the decline in business closures suggests an improving entrepreneurial climate. Overall, the findings point to a relatively healthier entrepreneurial environment, with fewer visible business failures and growing adaptation capacity among Nigerian entrepreneurs. Sustaining this trend will depend on continued improvements in infrastructure, access to finance and policy stability to ensure small businesses can consolidate recovery gains.

Figure 22: Are you aware of any business that has shut down within the last one year?





# INDICATORS OF ENTREPRENEURSHIP IN NIGERIA



The 2025 State of Entrepreneurship Index offers an assessment of the entrepreneurial landscape across Nigeria’s 36 states and the Federal Capital Territory. The Index is structured around five key pillars: Business Performance; Skill Acquisition; Innovation & Digital Technology Adoption; Enabling Business Environment and Perception of Business Opportunities. The five pillars are further broken down into seventeen indicators, reflecting responses from entrepreneurs and business owners.

The Index is structured around five key pillars: Business Performance; Skill Acquisition; Innovation & Digital Technology Adoption; Enabling Business Environment and Perception of Business Opportunities.

Each pillar captures the multifaceted nature of entrepreneurship in Nigeria. The Business Performance pillar measures business growth, expansion and job creation. Skill Acquisition measures the extent of continuous learning and capacity building among entrepreneurs. Innovation & Digital Technology Adoption evaluates the integration of technology and the introduction of new products and processes. Enabling Business Environment reflects access to finance and the overall operating conditions for businesses. Lastly, Perception of Opportunities gauges entrepreneurs’ outlook and confidence for the year ahead.



Innovation & Digital Technology Adoption evaluates the integration of technology and the introduction of new products and processes.

Table 5: Indicators of Entrepreneurship

Pillars & Assigned Weight	Indicators
<p><b>Business Performance</b></p> <p><b>Weight: 25%</b></p>	<ul style="list-style-type: none"> <li>• Did you set up a business in the last one year?</li> <li>• Are you aware of a new business that was opened in the last one year?</li> <li>• Are you aware of any business that has shut down in the last one year?</li> <li>• Did your business experience any growth in the last one year?</li> <li>• In the past one year, did you employ a new staff?</li> </ul>
<p><b>Skill Acquisition</b></p> <p><b>Weight: 23%</b></p>	<ul style="list-style-type: none"> <li>• What is your highest level of education?</li> <li>• Have you had to acquire skills to better run your business in the last one year?</li> </ul>
<p><b>Innovation &amp; Digital Technology Adoption</b></p> <p><b>Weight: 21%</b></p>	<ul style="list-style-type: none"> <li>• Did you introduce a new product and/or service in the last one year?</li> <li>• Did you introduce new processes to improve your business performance in the last one year?</li> <li>• Do you use technology in the course of carrying out your business operation?</li> <li>• Rate the use of technology to improve your business performance over the past one year</li> </ul>
<p><b>Perception of Opportunities</b></p> <p><b>Weight: 21%</b></p>	<ul style="list-style-type: none"> <li>• How optimistic or pessimistic are you about business opportunities in the next one year?</li> <li>• Are you likely to expand your business operations in the next one year?</li> </ul>
<p><b>Enabling Business Environment</b></p> <p><b>Weight: 10%</b></p>	<ul style="list-style-type: none"> <li>• Have you been able to access financing from financial institutions for your business over the past year?</li> <li>• Are you aware of the Movable Collateral Registry initiative by the Government?</li> <li>• How would you rate the business environment where your business is currently operating?</li> <li>• How would you describe accessing support from your state government?</li> </ul>

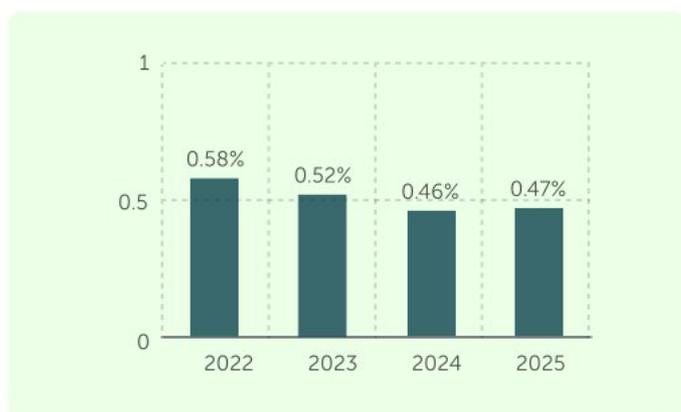
### The Entrepreneurship Index: Results and Interpretation

The State of Entrepreneurship Index for 2025 was 0.47 out of 1.0, representing a below-average score but a marginal improvement from 0.46 in 2024. The modest improvement reflects entrepreneurs' cautious optimism amid ongoing macroeconomic stabilisation efforts and structural reforms. Three out of the five pillars (Perception of Opportunities, Innovation & Digital Technology Adoption and Business Performance) recorded slight improvement in their scores, suggesting that the impact of reforms in the foreign exchange market, subsidy removal and fiscal consolidation may be easing gradually.

The remaining two pillars (Enabling Business Environment and Skill Acquisition) maintained their position relative to last year. The remaining two pillars (Enabling Business Environment and Skill Acquisition) maintained their position relative to last year.

Overall, entrepreneurs in Nigeria rated the Perception of Opportunities and Innovation & Digital Technology Adoption pillars above average, with scores of 0.72 and 0.55, respectively. In contrast, Business Performance (0.46), Enabling Business Environment (0.39), and Skill Acquisition (0.22) recorded below-average ratings.

Figure 23: State of Entrepreneurship Index\*



\* 1 represents perfect state; 0 represents worse state.



Table 6: State of Entrepreneurship Index by Pillars (2022 – 2025)

Pillars	Score				Rank			
	2022	2023	2024	2025	2022	2023	2024	2025
Perception of Opportunities	0.80	0.64	0.70	0.72	1	1	1	1
Innovation & Digital Technology Adoption	0.55	0.58	0.54	0.55	2	2	2	2
Business Performance	0.50	0.48	0.44	0.46	3	3	3	3
Skill Acquisition	0.48	0.47	0.22	0.22	4	4	5	5
Enabling Business Environment	0.46	0.39	0.39	0.39	5	5	4	4
Overall Index	0.58	0.52	0.46	0.47				



The Business Performance pillar is driven by business growth (0.67) and awareness of business closures (0.62). However, new business start-ups (0.27) and employment of new staff (0.25) remained weak, indicating slow business expansion and job creation (See Box 2 for a review of net jobs created). Performance under the Skill Acquisition pillar remained low, with limited formal education (0.13) and low investment in skills to improve business operations (0.32).

The Innovation & Digital Technology Adoption pillar was driven mainly by the increased use of technology in operations (0.70), while the introduction of new products and processes stood at 0.46 and 0.48, respectively. Entrepreneurs expressed strong optimism as shown in the Perception of Opportunities pillar, with high confidence in future business prospects (0.75) and readiness to expand operations (0.70).

The Enabling Business Environment pillar showed mixed outcomes: the general current business environment scored 0.63, access to government support had a score of 0.41, while access to finance and the awareness of Movable Collateral Registry both scored 0.26.

The Aggregate Index for 2025 stood at 0.47, compared to 0.46 in 2024. This shows a slight improvement but still a moderate state of entrepreneurship in Nigeria.

The marginal progress underscores the resilience of entrepreneurs amid ongoing macroeconomic reforms. However, sustaining this positive trajectory will require tackling persistent structural bottlenecks, particularly in skills development and the business environment, to unlock productivity gains and strengthen the NMSME's overall contribution to economic growth.

#### Firm Distribution by Entrepreneurship Index Score

Table 7 presents the distribution of firms by their entrepreneurship index scores for 2025. 50.8% of businesses scored between 0.26 and 0.50, indicating that most firms performed moderately and may still be in a recovery or growth transition phase. About 29.7% of firms scored between 0.51 and 0.75, showing that nearly one-third of the businesses are performing above average and demonstrating resilience in their operations.

However, 13.7% of firms scored 0.25 and below, suggesting that a segment of businesses is still struggling significantly, possibly due to weak sales, poor market conditions, or limited access to resources. Only 5.8% of firms scored above 0.75, reflecting that a small proportion of businesses are achieving high performance levels and operating successfully.

Table 7: Distribution of firms by Entrepreneurship Index score

Index Score (Range)	Frequency	Percent
0.25 and below	1488	13.7
0.26 - 0.50	5531	50.8
0.51 - 0.75	3234	29.7
Above 0.75	629	5.8
Total	10882	100.0



### Entrepreneurship Index by States

Across states, Kogi (0.65), Kwara (0.63) and Bauchi (0.60) emerged as the top performers, reflecting strong outcomes across business performance, innovation, and enabling environment pillars. Lagos (0.59), Jigawa (0.59), Niger (0.58) and Taraba (0.58) also ranked high, driven by innovation and opportunity perception scores.

Anambra (0.54), Ebonyi (0.57), Adamawa (0.54) and Edo (0.52) showed moderate performance, with room for improvement in skill acquisition and access to finance. Conversely, Gombe (0.24), Imo (0.31), Kaduna (0.32), and Benue (0.37) recorded the lowest scores, indicating weak business environments and limited entrepreneurial growth. Overall, while some states demonstrated strong entrepreneurial activity and optimism, others continue to lag due to low skill development and restricted access to enabling resources.



Table 8: Entrepreneurship Index by State

Business Location	Business Performance	Skills Acquisition	Innovation & Digital Technology Adoption	Perception of Opportunities	Enabling Business Environment	Aggregate Index
Kogi	0.48	0.45	0.87	0.87	0.60	0.65
Kwara	0.57	0.40	0.73	0.78	0.73	0.63
Bauchi	0.59	0.33	0.74	0.82	0.49	0.60
Jigawa	0.60	0.38	0.75	0.77	0.38	0.59
Lagos	0.53	0.38	0.65	0.81	0.65	0.59
Niger	0.54	0.32	0.73	0.90	0.27	0.58
Taraba	0.59	0.31	0.69	0.89	0.33	0.58
Ebonyi	0.53	0.28	0.66	0.92	0.40	0.57
Adamawa	0.54	0.27	0.64	0.76	0.49	0.54
Anambra	0.51	0.10	0.68	0.98	0.41	0.54
Edo	0.51	0.25	0.58	0.89	0.25	0.52
Kano	0.50	0.26	0.56	0.76	0.59	0.52
Zamfara	0.54	0.26	0.60	0.78	0.31	0.52
Ogun	0.49	0.24	0.61	0.83	0.30	0.51
Osun	0.42	0.14	0.66	0.85	0.55	0.51
Sokoto	0.47	0.29	0.62	0.68	0.51	0.51
Yobe	0.49	0.30	0.60	0.70	0.51	0.51
Borno	0.45	0.30	0.54	0.69	0.48	0.49
Plateau	0.51	0.22	0.50	0.74	0.50	0.49
Ondo	0.52	0.14	0.67	0.65	0.36	0.48
Delta	0.42	0.25	0.55	0.70	0.25	0.45
Abia	0.49	0.10	0.46	0.83	0.24	0.44
Bayelsa	0.47	0.14	0.47	0.80	0.24	0.44
Abuja	0.42	0.21	0.52	0.66	0.33	0.43
Akwa Ibom	0.37	0.19	0.45	0.79	0.36	0.43
Cross River	0.43	0.19	0.42	0.72	0.38	0.43
Katsina	0.50	0.17	0.49	0.55	0.42	0.42
Enugu	0.29	0.23	0.44	0.74	0.42	0.41
Nasarawa	0.43	0.19	0.47	0.61	0.31	0.41
Kebbi	0.49	0.14	0.56	0.46	0.32	0.40
Ekiti	0.42	0.14	0.49	0.58	0.29	0.39
Oyo	0.36	0.16	0.50	0.63	0.26	0.39
Rivers	0.39	0.15	0.40	0.65	0.25	0.38
Benue	0.46	0.11	0.57	0.37	0.35	0.37
Kaduna	0.28	0.12	0.27	0.63	0.35	0.32
Imo	0.37	0.12	0.38	0.41	0.22	0.31
Gombe	0.28	0.06	0.23	0.37	0.26	0.24

Table 9 presents the top and bottom ten states based on their aggregate entrepreneurship index scores for 2025. Kogi (0.65) ranked highest, followed by Kwara (0.63) and Bauchi (0.60), reflecting strong business performance, innovation, and enabling environments. Other states among the top ten are Jigawa (0.59), Lagos (0.59), Taraba (0.58), Niger (0.58), and Ebonyi (0.57) also demonstrated solid entrepreneurship outcomes driven by innovation and optimism.

On the other hand, Gombe (0.24), Imo (0.31), and Kaduna (0.32) recorded the weakest performance, showing limited entrepreneurial activity and poor enabling conditions. Other low-performing states are Benue (0.37), Rivers (0.38), and Ekiti (0.39), which are all below average.

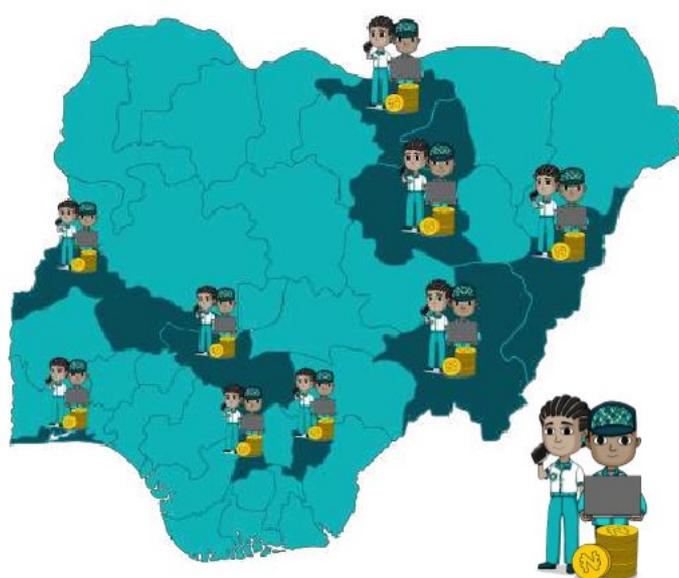


Table 9: Top 10 states and bottom 10 states

Rank	Business Location	Aggregate Index	Rank	Business Location	Aggregate Index
1	Kogi	0.65	37	Gombe	0.24
2	Kwara	0.63	36	Imo	0.31
3	Bauchi	0.60	35	Kaduna	0.32
4	Jigawa	0.59	34	Benue	0.37
4	Lagos	0.59	33	Rivers	0.38
6	Taraba	0.58	31	Ekiti	0.39
6	Niger	0.58	31	Oyo	0.39
8	Ebonyi	0.57	30	Kebbi	0.40
9	Anambra	0.54	28	Nasarawa	0.41
9	Adamawa	0.54	28	Enugu	0.41

Table 10 compares the ranking of the index by states for 2025 and 2024. The result shows that in 2025, Kogi State maintained a strong performance, topping the ranking with an index of 0.65, unchanged from the previous year. Kwara (0.63) and Bauchi (0.60) followed closely, both recording notable improvements from 2024. States such as Jigawa, Lagos, Niger, and Taraba made significant progress, moving from lower ranks in 2024 to the top ten in 2025, reflecting increased entrepreneurial activities and enabling conditions.

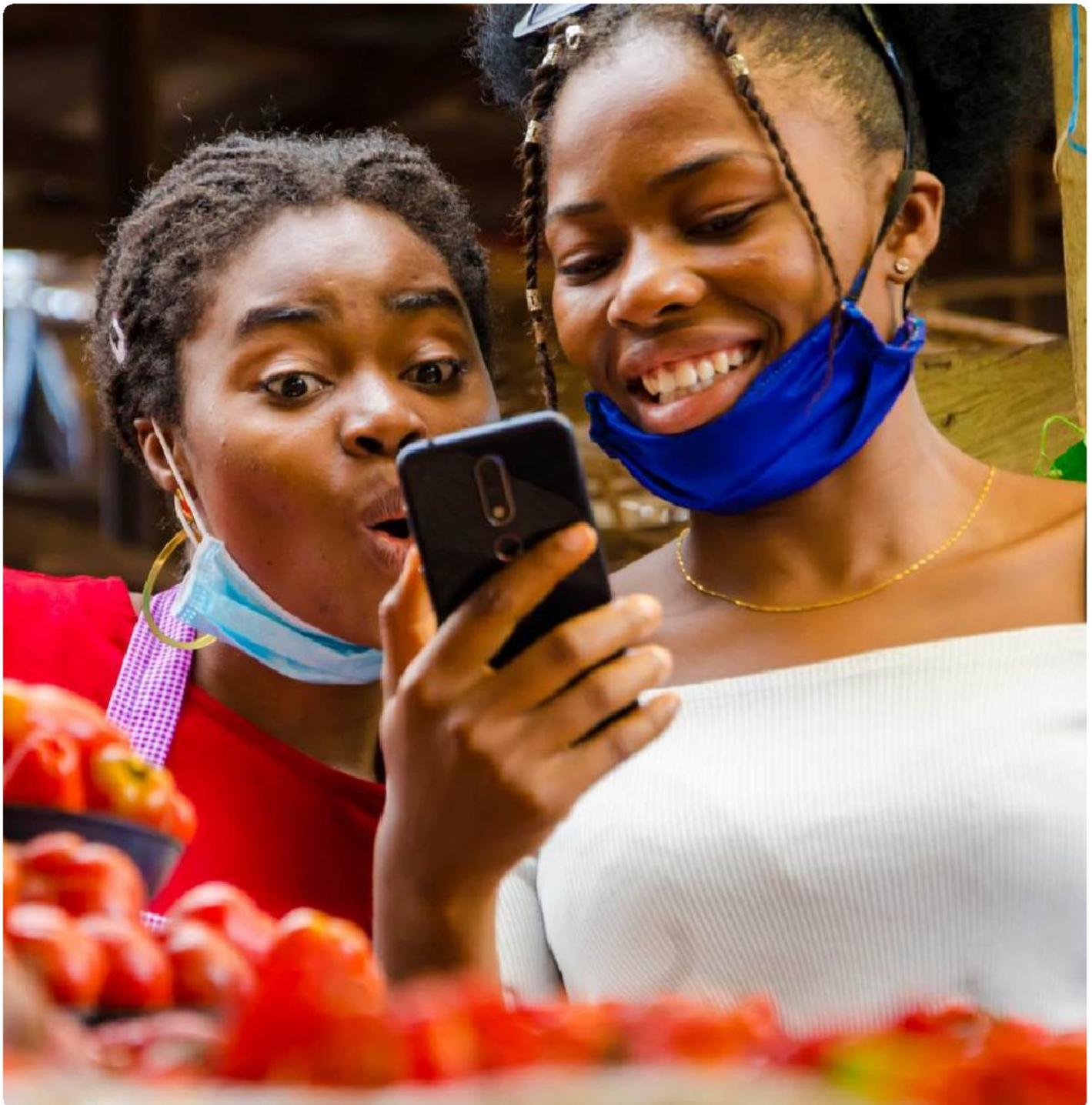
Jigawa, Lagos, Niger, and Taraba made significant progress, moving from lower ranks in 2024 to the top ten in 2025.

Table 10: States Index Performance: 2025 versus 2024

State	2025		2024	
	Rank	Aggregate Index	Rank	Aggregate Index
Kogi	1	0.65	3	0.65
Kwara	2	0.63	4	0.59
Bauchi	3	0.60	7	0.54
Jigawa	4	0.59	28	0.37
Lagos	4	0.59	17	0.45
Niger	6	0.58	35	0.28
Taraba	6	0.58	31	0.36
Ebonyi	8	0.57	1	0.77
Adamawa	9	0.54	16	0.48
Anambra	9	0.54	1	0.77
Edo	11	0.52	14	0.51
Kano	11	0.52	24	0.39
Zamfara	11	0.52	37	0.12
Ogun	14	0.51	7	0.54
Osun	14	0.51	25	0.38
Sokoto	14	0.51	20	0.43
Yobe	14	0.51	25	0.38
Borno	18	0.49	11	0.52
Plateau	18	0.49	7	0.54
Ondo	20	0.48	15	0.49
Delta	21	0.45	20	0.43
Abia	22	0.44	22	0.42
Bayelsa	22	0.44	6	0.55
Akwa Ibom	24	0.43	19	0.44
Cross River	24	0.43	36	0.27
FCT	24	0.43	11	0.52
Katsina	27	0.42	11	0.52
Enugu	28	0.41	34	0.29
Nasarawa	28	0.41	28	0.37
Kebbi	30	0.40	23	0.41
Ekiti	31	0.39	17	0.45
Oyo	31	0.39	5	0.56
Rivers	33	0.38	28	0.37
Benue	34	0.37	25	0.38
Kaduna	35	0.32	10	0.53
Imo	36	0.31	33	0.31
Gombe	37	0.24	32	0.34

On the other hand, Anambra and Ebonyi, which led in 2024, dropped to 10th and 8th positions, respectively, suggesting a slowdown in performance. Zamfara, Kano and Cross River showed a remarkable recovery from the bottom in 2024 to mid-level positions in 2025.

At the lower end, Gombe, Imo, and Kaduna ranked lowest in 2025, with Gombe scoring 0.24, indicating persistent challenges in business growth and enabling conditions. Overall, the 2025 results show improved performance in northern states, while some southern states experienced declines in their entrepreneurship indices.



### Box 1: What Influenced the Performance of Kogi and Kwara in the Index?

In the past year, Kogi State has implemented far-reaching reforms that have strengthened its business climate, improved revenue generation and fostered innovation. The introduction of land and tax administration reforms, through the creation of the Bureau of Lands, automation of the tax system and centralized billing, has enhanced transparency, accountability and ease of doing business. These, coupled with improved security and infrastructure development, have created a friendly environment for businesses. The state's acquisition of 30 mineral titles and restructuring of its fiscal system are ongoing efforts to diversify its economy and boost internally generated revenue.

Over the years, Kogi has attracted high-value investments in strategic sectors. The presence of major industries such as Obajana Cement, along with its leading role in cassava and cashew production, underscores its growing industrial and agricultural

potential. Furthermore, Kogi's participation in digital and innovation-driven initiatives like the Community of the 3 Million Technical Talents (3MTT) programme has positioned the state as an emerging technology and entrepreneurial state. The civil service's digital transformation, through e-payment systems, ICT capacity building and adoption of the new national minimum wage, has improved governance transparency. While the state has made some progress in the past few years, key areas to strengthen include support for female-led businesses, skills training for entrepreneurs and incubation programmes to nurture existing entrepreneurs in the state. In the past year, the government of Kwara State has intensified reforms aimed at strengthening the business environment, promoting innovation and driving inclusion.

Through the State Action on Business Enabling Reforms (SABER) programme, the state has digitized construction permits and automated land administration via the Kwara Geographic Information Service (KW-GIS), a reform now recognized nationally for enhancing transparency and investor confidence.



Sources: Punch Newspaper, Kogi State Government House, Kwara State Government House, Entrepreneurs Surveyed in Respective States

Fiscal discipline and improved procurement processes earned Kwara the "Procurement Reform State of the Year 2025" award, reinforcing public trust and governance efficiency. Strategic investments in infrastructure, including the Ilorin Smart City, housing projects and major road networks, have improved logistics and urban connectivity, while the growth of the ICT sector, driven by digital infrastructure investment, has boosted innovation and job creation. Collaboration with Olam Company, under the Kwara State Soybean Sustainability Program, coupled with agricultural revitalisation and the hosting of the North-Central Zonal Conference of Women and Youth in Agribusiness and Entrepreneurship, underscores Kwara's expanding economic base and commitment to gender-inclusive development.

The state has also prioritised human capital and skill development as key enablers of sustainable growth. Through initiatives like the International Vocational Technical and Entrepreneurship College (IVTEC) and National Skills Qualification programs at Kwara Polytechnic, many youths have been trained in ICT, automotive technology, welding, hospitality and entrepreneurship, combining classroom instruction with industrial attachment for practical experience. These efforts, alongside inclusive programs such as the AGILE initiative targeting 1,200 girls for skill acquisition, have strengthened employability and expanded the entrepreneurial ecosystem in the state.

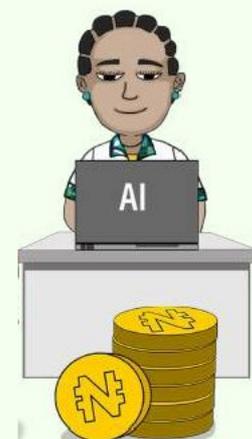


Table 11: States Ranking: 2022 – 2025

State	2025	2024	2023	2022
Kogi	1	3	2	35
Kwara	2	4	14	25
Bauchi	3	7	8	2
Jigawa	4	28	19	29
Lagos	4	17	10	11
Niger	6	35	34	30
Taraba	6	31	35	36
Ebonyi	8	1	23	9
Adamawa	9	16	14	17
Anambra	9	1	21	31
Edo	11	14	10	7
Kano	11	24	1	20
Zamfara	11	37	37	33
Ogun	14	7	24	17
Osun	14	25	36	17
Sokoto	14	20	31	23
Yobe	14	25	33	27
Borno	18	11	4	14
Plateau	18	7	7	4
Ondo	20	15	13	20
Delta	21	20	24	3
Abia	22	22	24	34
Bayelsa	22	6	5	6
Akwa Ibom	24	19	32	32
Cross River	24	36	29	26
FCT	24	11	6	36
Katsina	27	11	17	11
Enugu	28	34	24	27
Nasarawa	28	28	24	20
Kebbi	30	23	29	23
Ekiti	31	17	8	11
Oyo	31	5	17	15
Rivers	33	28	12	15
Benue	34	25	14	9
Kaduna	35	10	3	8
Imo	36	33	22	1
Gombe	37	32	19	4

## Entrepreneurship Index by Sector

Table 12 presents the entrepreneurship index by sector. Businesses in the Government sector (0.55) and Healthcare (0.53) sectors lead overall, reflecting strong performance across all sub-pillars. Other sectors that performed above average include Advertising & Marketing (0.53), Entertainment & Events (0.51) and ICT (0.51), indicating growing innovation and optimism in these industries.

Sectors such as Manufacturing (0.47), Education & Training (0.47), Professional Services (0.47), and Construction (0.47) recorded moderate performance, suggesting stable but gradual progress. Meanwhile, sectors like Wholesale & Retail Trade (0.44), Energy & Utilities (0.44) and Art & Design (0.45) showed below-average performance, pointing to structural challenges and a tight business environment.

Table 12: Entrepreneurship Index by Sector

Sector	Business Performance	Skill Acquisition	Innovation & Digital Technology Adoption	Perception of Opportunities	Enabling Business Environment	Aggregate Index
Advertising & Marketing	0.51	0.30	0.63	0.73	0.45	0.53
Agriculture, Fishing & Forestry	0.48	0.26	0.53	0.73	0.40	0.48
Art & Design Art & Design	0.44	0.23	0.52	0.68	0.37	0.45
Banking, Finance & Insurance	0.46	0.23	0.55	0.65	0.38	0.46
Construction	0.45	0.24	0.55	0.72	0.41	0.47
Education & Training	0.46	0.23	0.51	0.73	0.45	0.47
Energy & Utilities	0.43	0.19	0.50	0.72	0.36	0.44
Entertainment & Events	0.48	0.27	0.60	0.75	0.47	0.51
Government	0.53	0.32	0.59	0.76	0.59	0.55
Healthcare	0.52	0.26	0.59	0.79	0.52	0.53
Hospitality, Hotel & Food Services	0.47	0.22	0.52	0.71	0.37	0.46
ICT (Tech Services)	0.48	0.26	0.62	0.75	0.42	0.51
Logistics & Transportation	0.43	0.22	0.51	0.67	0.42	0.45
Manufacturing	0.44	0.21	0.59	0.71	0.40	0.47
Media & Communications	0.47	0.27	0.58	0.75	0.44	0.50
Mining, Oil & Metals	0.47	0.19	0.57	0.65	0.47	0.47
Professional Services (research, consulting, law, etc)	0.43	0.25	0.51	0.75	0.44	0.47
Real Estate	0.46	0.24	0.56	0.75	0.45	0.49
Travel, Tourism & Leisure	0.43	0.25	0.50	0.71	0.43	0.46
Wholesale & Retail Trade	0.43	0.17	0.53	0.73	0.32	0.44
Other Services (Security service, hairdressing, cleaning services, laundry services etc)	0.43	0.19	0.54	0.72	0.33	0.45



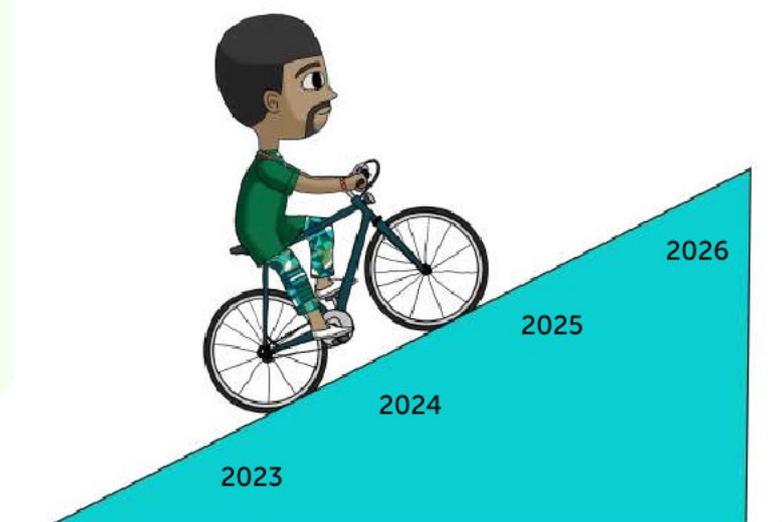
### Conclusion

The 2025 State of Entrepreneurship Index reflects a cautiously improving but fragile entrepreneurial landscape in Nigeria. The slight increase in the Index to 0.47 points to entrepreneurs' resilience amid tight monetary conditions (high interest rate environment), exchange rate adjustments and subsidy reforms. While optimism and digital adoption remain bright spots in the Index, poor performance in skills development, access to finance and the business environment continue to constrain growth. This reveals that businesses are adapting and innovating to survive, but remain weighed down by structural bottlenecks that must be addressed for sustained progress.

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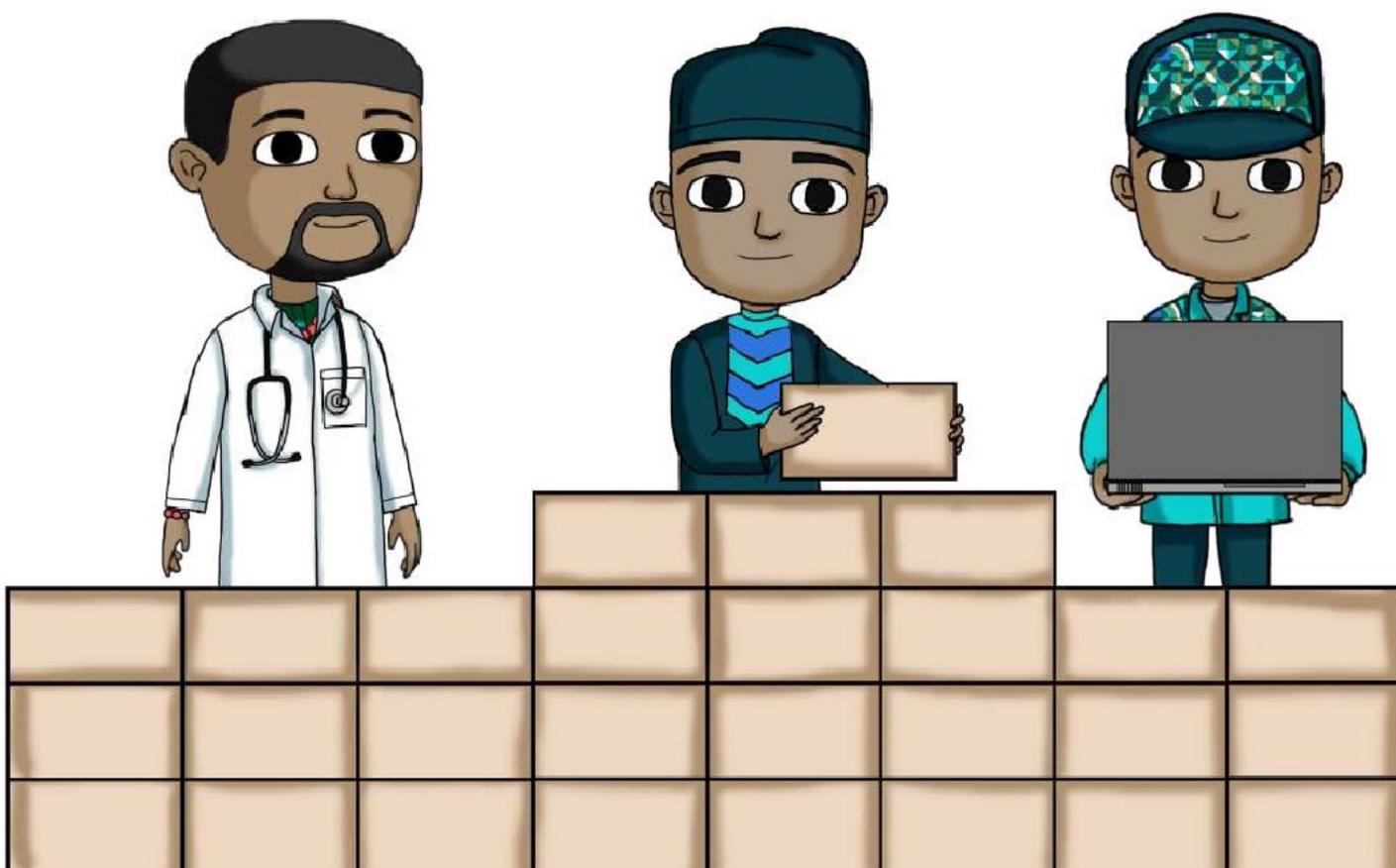
### Actionable Steps

- Federal and State governments, as well as BMOs, need to strengthen skills development through targeted entrepreneurship and technical training programmes.
- The government, working with relevant stakeholders, need to improve access to affordable finance and streamline credit delivery for small businesses.
- State governments need to improve the business environment by providing better infrastructure, streamlining regulations and implementing other ease-of-doing-business reforms.
- The government, development partners, BMOs and the private sector need to expand digital inclusion initiatives to help entrepreneurs leverage technology for efficiency and market reach.





# BUSINESS PERFORMANCE AND GROWTH DRIVERS

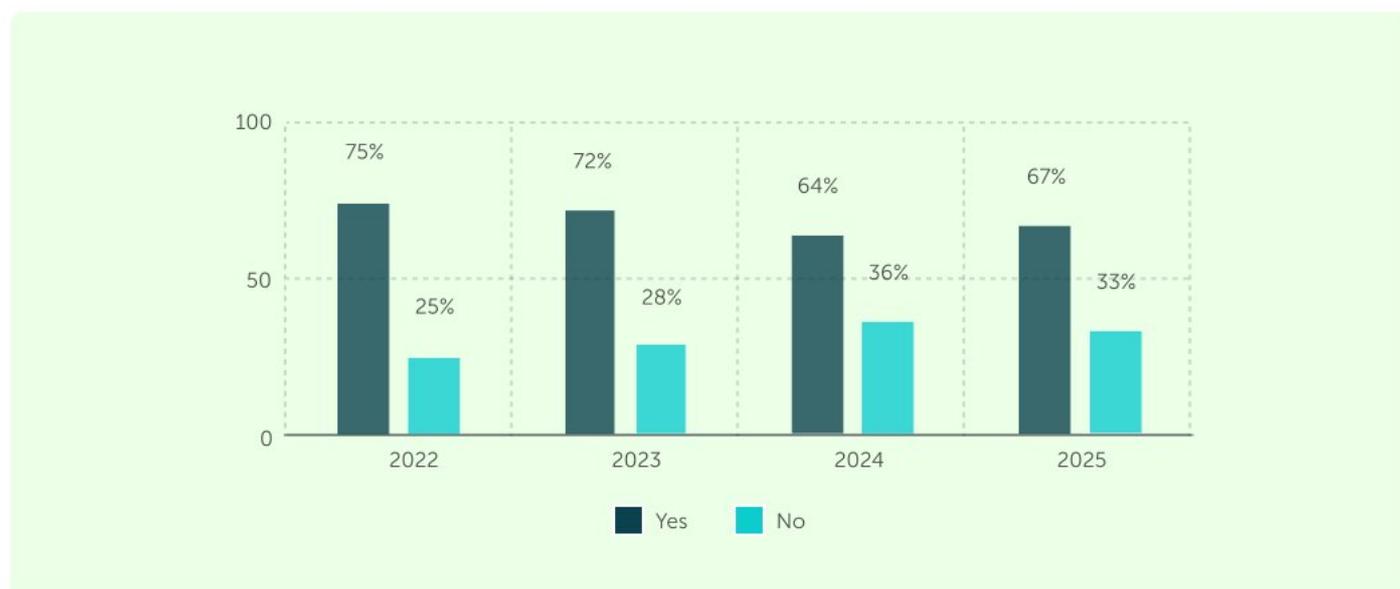


**Business growth rebounded slightly in 2025, signalling cautious recovery after last year’s slowdown.**

In the 2025 SoE Survey, 67% of Nigerian businesses reported growth over the past year, up from 64% in 2024, though still below the pre-reform levels of 72% in 2023 and 75% in 2022. This modest recovery reflects a mix of adaptive strategies and improving market resilience. It underscores the entrepreneurial agility and innovation capacity within Nigeria’s private sector, even in a challenging environment. Compared with 2024, the proportion of businesses that did not experience growth declined slightly to 33%, indicating that while a sizeable number of firms continue to struggle, contractionary pressures may be easing.



Figure 24: Did your business experience any growth in the last 1 year?

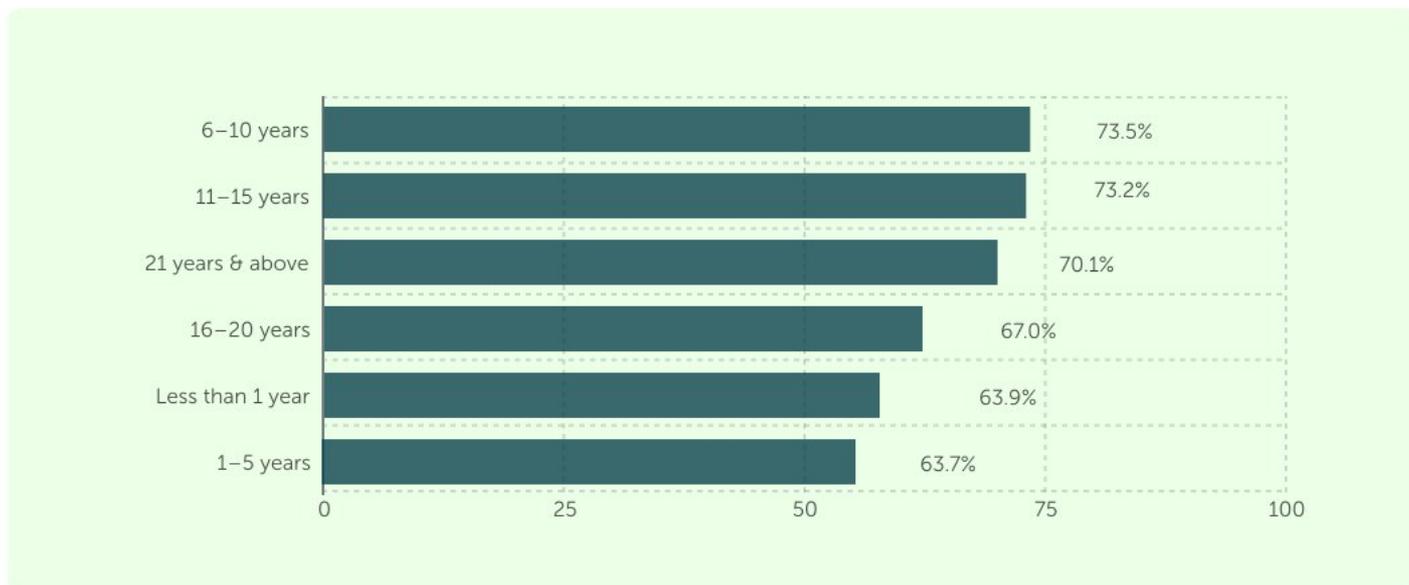


**Older, more established businesses showed stronger growth in 2025, while younger firms continue to face challenges.**

Older enterprises demonstrated higher resilience and expansion capacity than newer ones. In 2025, 73.5% of firms operating for 6-10 years and 73.2% of those aged 11-15 years reported growth, marking the highest growth rates across all age categories. Similarly, 70.1% of businesses older than 21 years experienced growth, underscoring the strength of long-established firms in navigating Nigeria’s volatile business environment.

In comparison, younger firms - those less than one year old (63.9%) and between one and five years old (63.7%) – recorded lower growth rates. Relative to 2024, the pattern remains largely consistent: growth is most prevalent among middle-aged and long-standing enterprises, while new ventures struggle to scale. This indicates that experience, established market linkages and operational continuity are key drivers of business growth in Nigeria.

Figure 25: Businesses that experienced growth by year(s) of operation (% of businesses in each category)



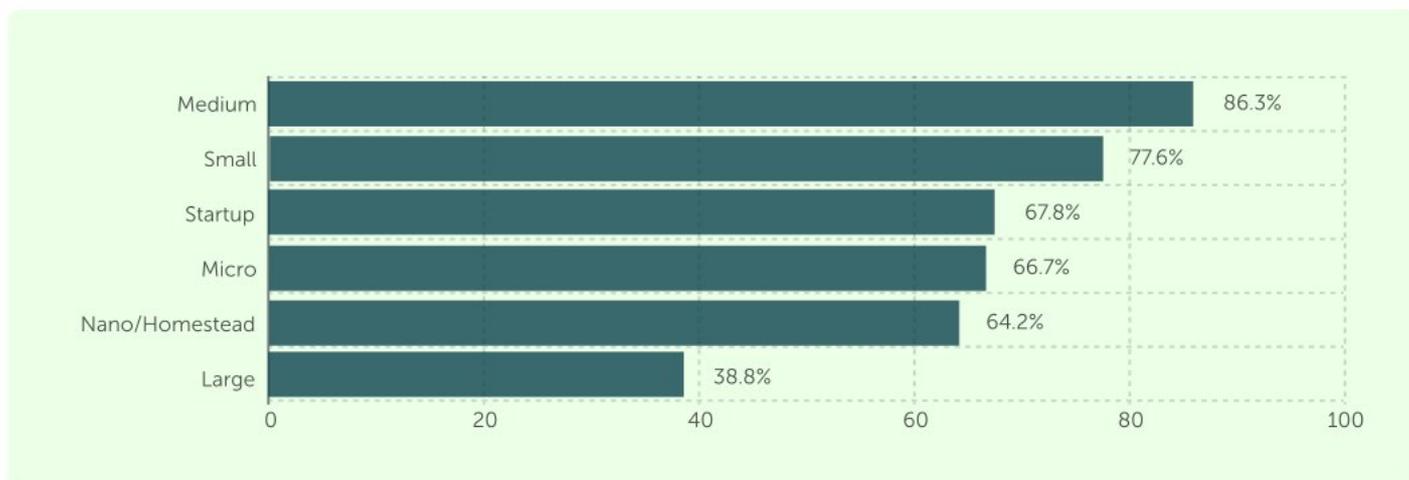
**Growth performance is mixed across business size**

In 2025, 86.3% of medium-sized businesses and 77.6% of small businesses reported growth, substantially higher than other categories. Start-ups and micro enterprises also recorded encouraging outcomes, with shares of 67.8% and 66.7%, respectively. Their performance marks a modest improvement over 2024, supported by rising digital adoption, greater market access through e-commerce, and expanding informal-sector linkages.

Likewise, 64.2% of nano or homestead businesses recorded growth, though these businesses faced growth constraints.

Large firms had the lowest share of firms that reported growth in 2025 (38.8%), a sharp decline from 91% in 2024. This underperformance likely reflects persistent macroeconomic headwinds, including high borrowing costs, a weaker currency and supply chain disruptions.

Figure 26: Businesses that experienced growth (% of businesses in each category)

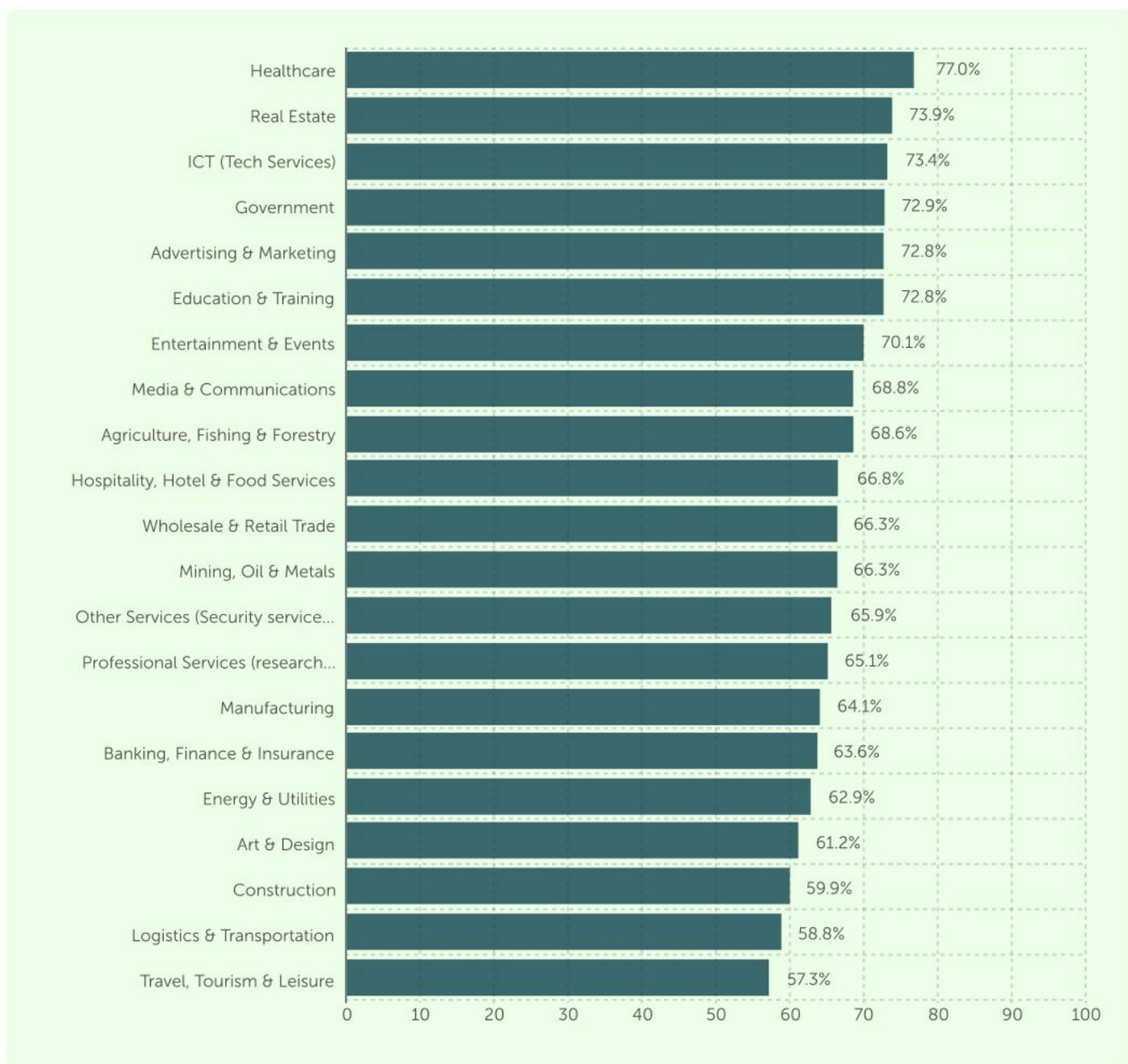


**Healthcare, real estate and ICT sectors led business growth in 2025, reflecting expanding demand for essential and knowledge-driven services**

Growth momentum was strongest in service-oriented and knowledge-intensive sectors, highlighting shifting market opportunities within Nigeria’s business landscape. The healthcare sector (77.0%) recorded the highest growth rate in 2025, followed by real estate (73.9%), ICT (73.4%) and government contracting-related services (72.9%).

These sectors benefited from high domestic demand, population growth and digital adoption, underscoring their resilience amid broader macroeconomic challenges. Advertising and marketing (72.8%) and education and training (72.8%) also performed strongly, reflecting the continued expansion of Nigeria’s creative economy and investment in skills development. Entertainment and events (70.1%) and media and communications (68.8%) sustained healthy growth, driven by content creation, online media consumption, and youth participation.

Figure 27: Business growth by sector (% of businesses that grew in each sector)



**Customer growth remained the leading driver of business performance in 2025, though overall expansion slowed amid economic pressures.**

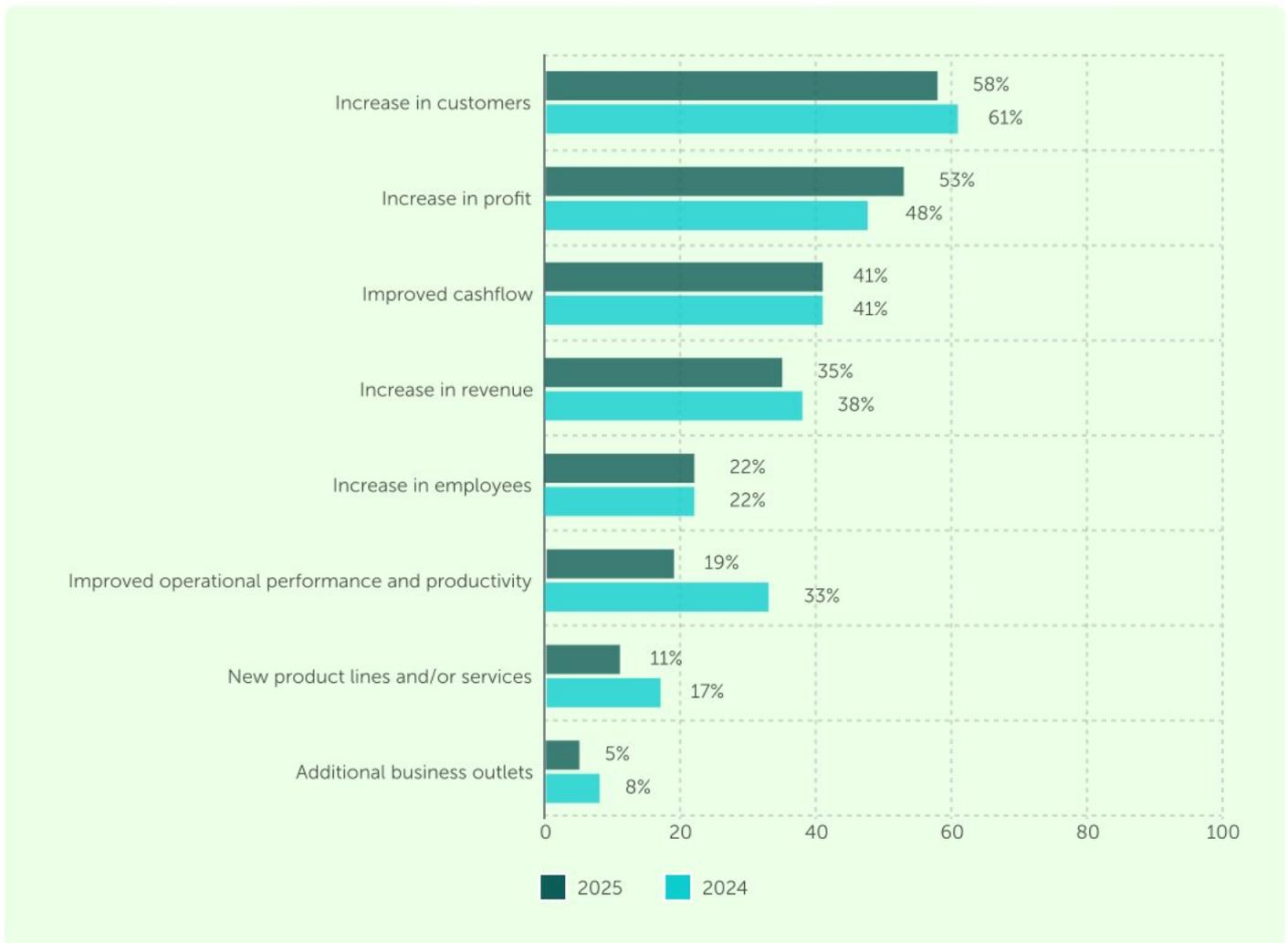
Customer growth remained the primary driver of business expansion, though its momentum softened from the previous year. In 2025, 58% of entrepreneurs reported an increase in customers, slightly down from 61% in 2024, underscoring the continued importance of market reach and customer retention as key engines of growth. This suggests that, despite constrained consumer spending, many businesses were able to maintain or modestly expand their customer base through digital engagement and targeted marketing.

Profitability also increased, with 53% of entrepreneurs recording increased profit, up from 48% in 2024, while 41% reported improved cash flow, maintaining the same level as the previous

year. These gains highlight a growing focus on financial discipline and cost efficiency, as entrepreneurs prioritised stability over aggressive expansion. Meanwhile, 35% reported higher revenue and 22% reported increased employment, indicating that job creation remains relatively flat despite profit growth.

Indicators linked to innovation and operational expansion did not perform better in 2025. Only 19% of entrepreneurs improved operational performance, down from 33% in 2024, and 11% introduced new products or services, compared with 17% previously. Similarly, just 5% opened additional outlets, down from 8%, reflecting a more cautious approach to physical expansion amid high inflation and financing constraints.

Figure 28: Areas where entrepreneurs experienced growth (% of entrepreneurs whose businesses experienced growth)





Overall, the findings depict an entrepreneurial landscape anchored on customer retention and profitability rather than new market entry or diversification. Strengthening innovation capacity, access to affordable finance, and market linkages will be key to translating this customer-led growth into sustainable enterprise expansion.

**Market expansion and rising customer demand were the primary drivers of business growth in 2025, supported by the adoption of technology**

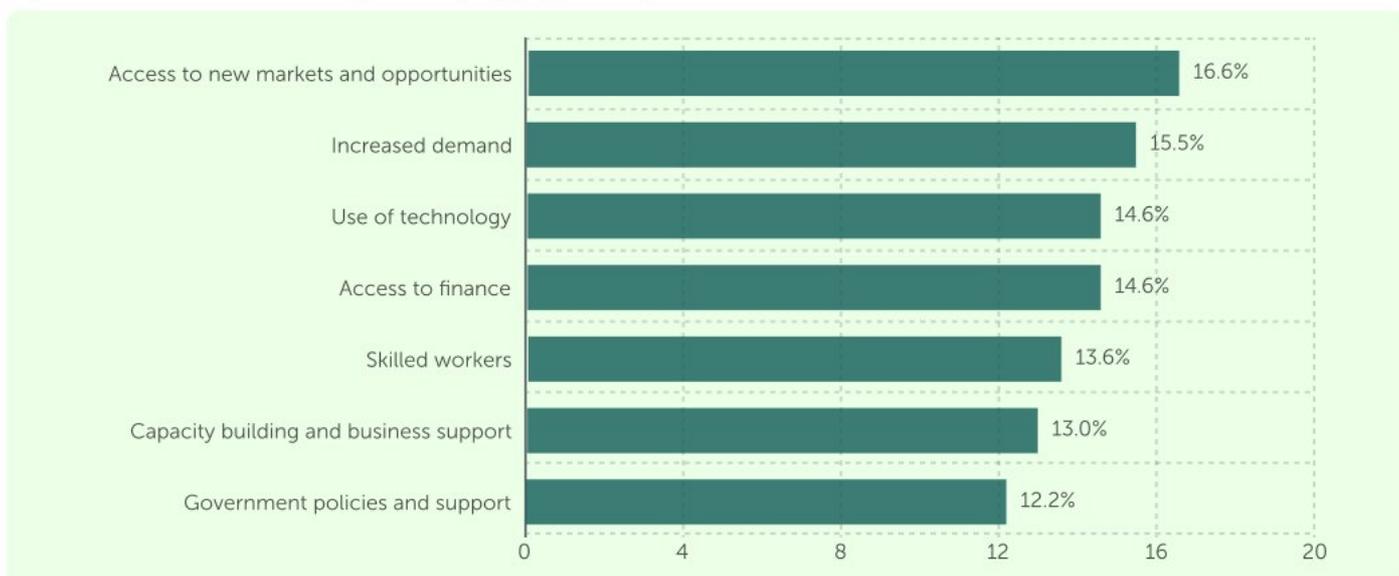
Market expansion and customer demand continue to drive business growth across Nigeria. Access to new markets and opportunities was the main driver (16.6%), followed closely by increased demand (15.5%). Furthermore, access to finance (14.6%) and the use of technology (14.6%) jointly represent the next tier of growth enablers, underscoring how digital tools and improved financial inclusion are supporting scale and operational efficiency.

Skilled workers (13.6%) and capacity building (13.0%) also feature prominently, reflecting growing recognition of human capital as a competitive advantage.

Meanwhile, the contribution of government policies and support, though substantial at 12.2%, remains the least influential factor, indicating limited direct policy support for entrepreneurs.

When compared with 2024, the pattern shows a narrowing gap between structural enablers (finance, technology, skills) and market factors, suggesting a more balanced business growth landscape. Entrepreneurs are increasingly leveraging both internal capacities and external opportunities to sustain expansion. Strengthening institutional support and public-private coordination could further enhance this synergy.

Figure 29: Drivers of business growth by aggregated importance (%)



**Access to finance, limited market reach and inconsistent policy remain the top constraints to business growth in 2025**

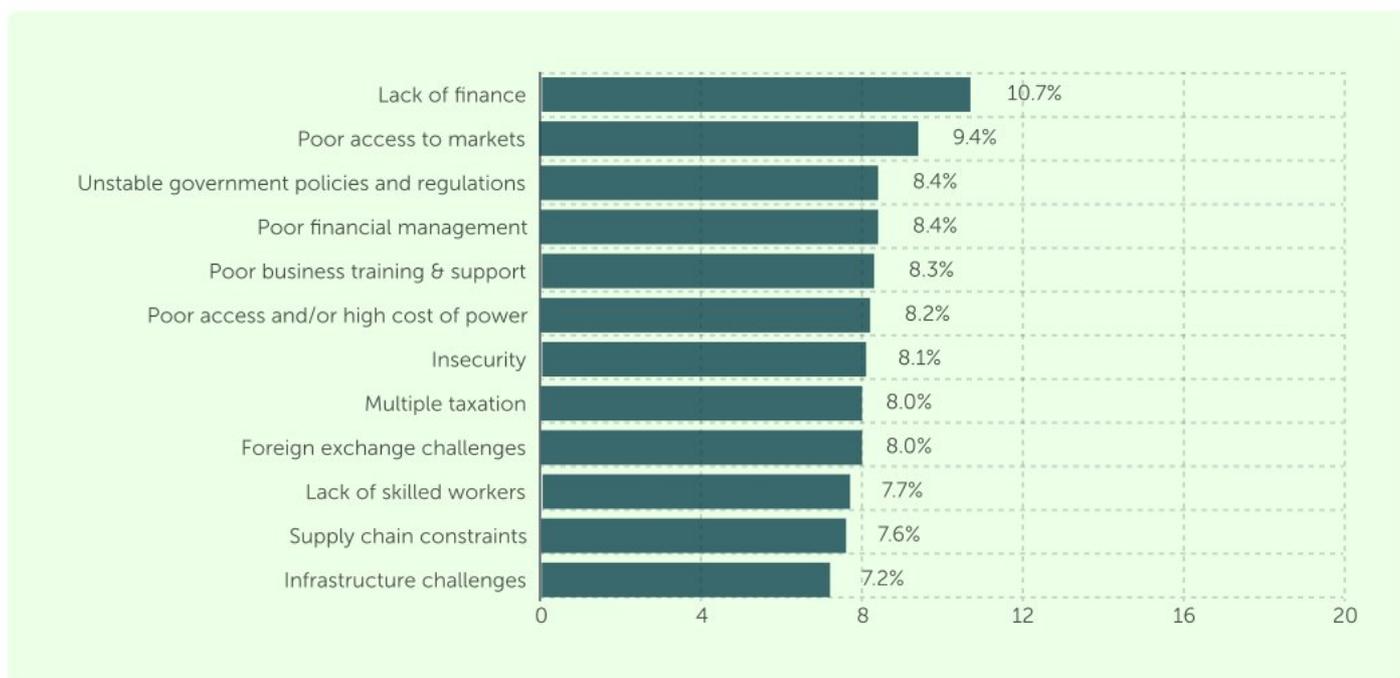
As with previous years, limited access to finance remains the most critical factor preventing business growth in Nigeria. Despite modest improvements in financial inclusion efforts, entrepreneurs still face difficulties accessing affordable credit, particularly given high interest rates and collateral demands. Furthermore, poor access to markets (9.4%) and unstable government policies (8.4%) rank next, underscoring structural barriers that limit sales expansion and discourage long-term investment. Other factors, such as poor business training (8.3%) and poor financial management (8.4%), further constrain operational efficiency, indicating persistent capability gaps among small and micro enterprises.

Infrastructural weaknesses and energy costs remain systemic bottlenecks. Poor access to reliable power (8.2%) and insecurity (8.1%) continue to undermine productivity, especially for firms in rural or conflict-prone regions. Similarly, multiple taxation (8.0%) and exchange rate volatility (8.0%) exacerbate cost pressures and create an unpredictable operating environment.

There are some changes in the ranking of factors that constrained business growth when compared with 2024. While the top two factors (limited access to finance and poor market access) remain unchanged, poor power supply, foreign exchange challenges and insecurity were relegated from the top 5 in 2025. Unstable government policies and regulations, poor financial management and poor business training & support ranked third, fourth and fifth, respectively.

Poor access to markets (9.4%) and unstable government policies (8.4%) rank next, underscoring structural barriers that limit sales expansion and discourage long-term investment.

Figure 30: For businesses that did not experience growth, what factors prevented your business from growing?



### Box 2: Net Job Creation Among Small Businesses in 2025

The 2025 State of Entrepreneurship Survey reveals a balance between job creation and job losses among nano, micro, small and medium-sized businesses in Nigeria in the past one year. About one in four businesses (25% of 10,882 businesses surveyed) reported hiring new full-time staff during the year, while around one in five (18-20%) employed part-time workers.

Among those hiring, many employed one to three workers. 70% of full-time hires and nearly 68% of part-time hires were limited to between one and three employees. On average, each hiring business added 3-4 full-time and 2 part-time workers, highlighting the nano and micro-scale nature of employment generation in Nigeria's enterprise landscape.

Collectively, NMSMEs surveyed created 14,269 jobs (9,083 full-time and 5,186 part-time jobs) during the year, highlighting their role as engines of employment despite constrained growth conditions. However, 16,571 (8,539 full-time and 8,032 part-time) employees exited during the same period, resulting in a net employment contraction of about 2,302 jobs across the sample of 10,882 businesses.



Table 13: Employment Dynamics Among Small Businesses in Nigeria

Indicator	Full-Time	Part-Time	Total
Jobs Created	9,083	5,186	14,269
Jobs Lost	8,539	8,032	16,571
Net Employment Change (Jobs Created - Jobs Lost)	544	-2,846	-2,302

While the data point to resilience in business operations, they also highlight the fragility of job sustainability among NMSMEs. Jobs are being created by a few firms, but at the same time, more jobs are being lost. Issues such as high operating costs, limited access to finance and weak but improving consumer demand continue to limit firms' capacity to retain workers. Most hiring occurred at the micro-scale level – one to three employees per business – indicating cautious expansion. The overall picture reflects a sector that is staying afloat, rather than expanding. Entrepreneurs are adapting to survive amid a stabilising but demanding economic environment.



# PERFORMANCE OF FEMALE-LED BUSINESSES IN NIGERIA



**Female-led businesses outperformed male-led enterprises in 2025, marking a modest rebound in growth momentum**

In the 2025 State of Entrepreneurship Survey, 69.2% of female-led businesses reported growth during the year, compared with 65.8% of male-led businesses. This represents an improvement over 2024, when 63.1% of female-led firms recorded growth. It indicates renewed resilience among women entrepreneurs despite challenging economic conditions. This performance suggests that female entrepreneurs are demonstrating stronger adaptability in navigating market and financial constraints. Many women-led ventures are concentrated in consumer-driven sectors such as retail, hospitality and services, which have benefited from post-reform demand recovery.



Figure 31: Businesses that recorded growth by gender (% of respondents)

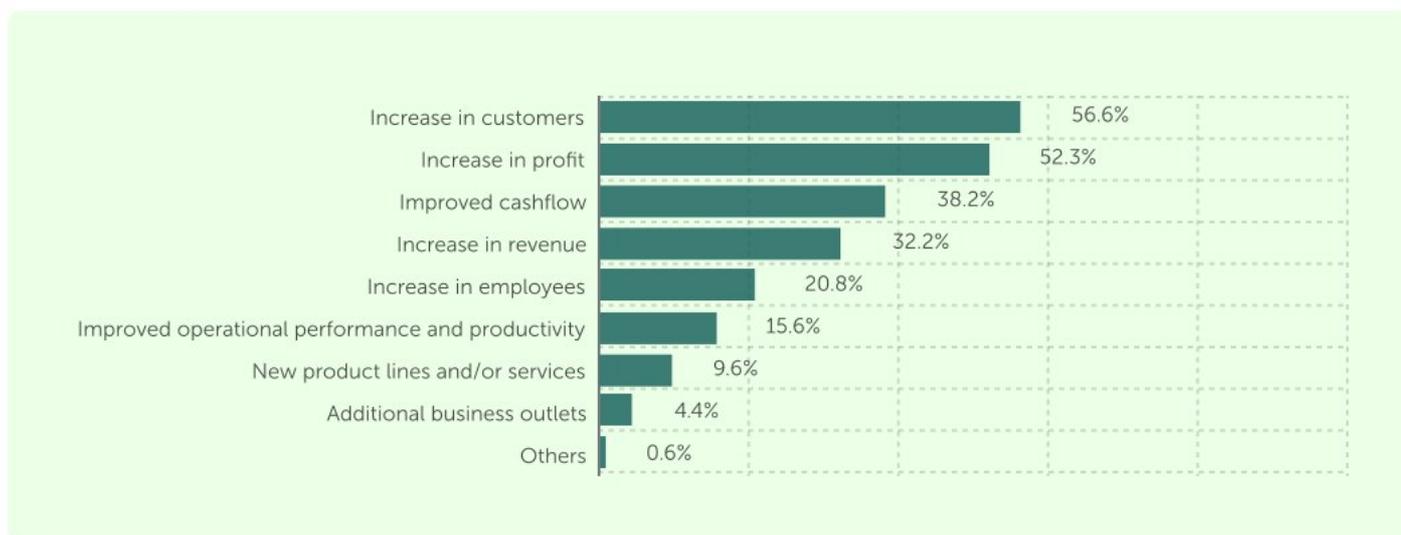


**Increase in customers and profit are primary growth areas for female-led businesses in 2025**

Female-led enterprises recorded their strongest gains in customer acquisition and profitability. About 56.6% of female entrepreneurs identified an increased customer base as the key growth area, while 52.3% reported higher profits. These outcomes highlight strong demand-side resilience among female entrepreneurs.

Other growth areas include improved cash flow (38.2%) and higher revenue (32.2%), though both are slightly lower than the 2024 levels, reflecting ongoing cost pressures and limited access to scale-enhancing finance. Employment expansion (20.8%) and productivity gains (15.6%) remain moderate, indicating that while female entrepreneurs are stabilising their operations, growth is yet to translate into significant enterprise scaling and job creation.

Figure 32: Growth areas of female-led businesses (% of female-led businesses that recorded growth)



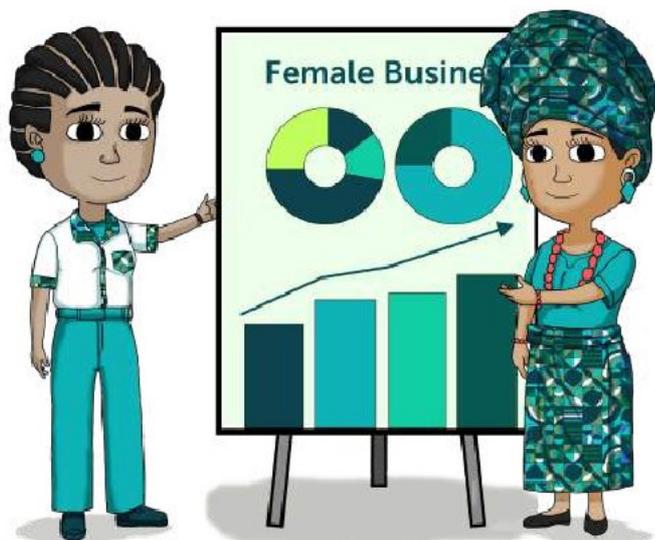
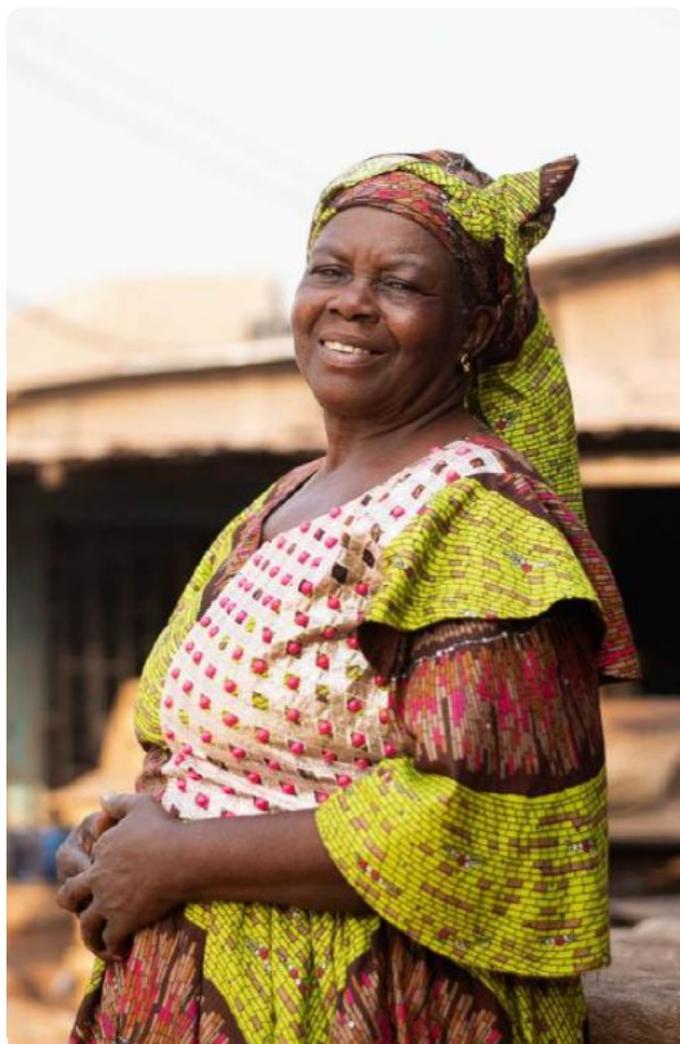
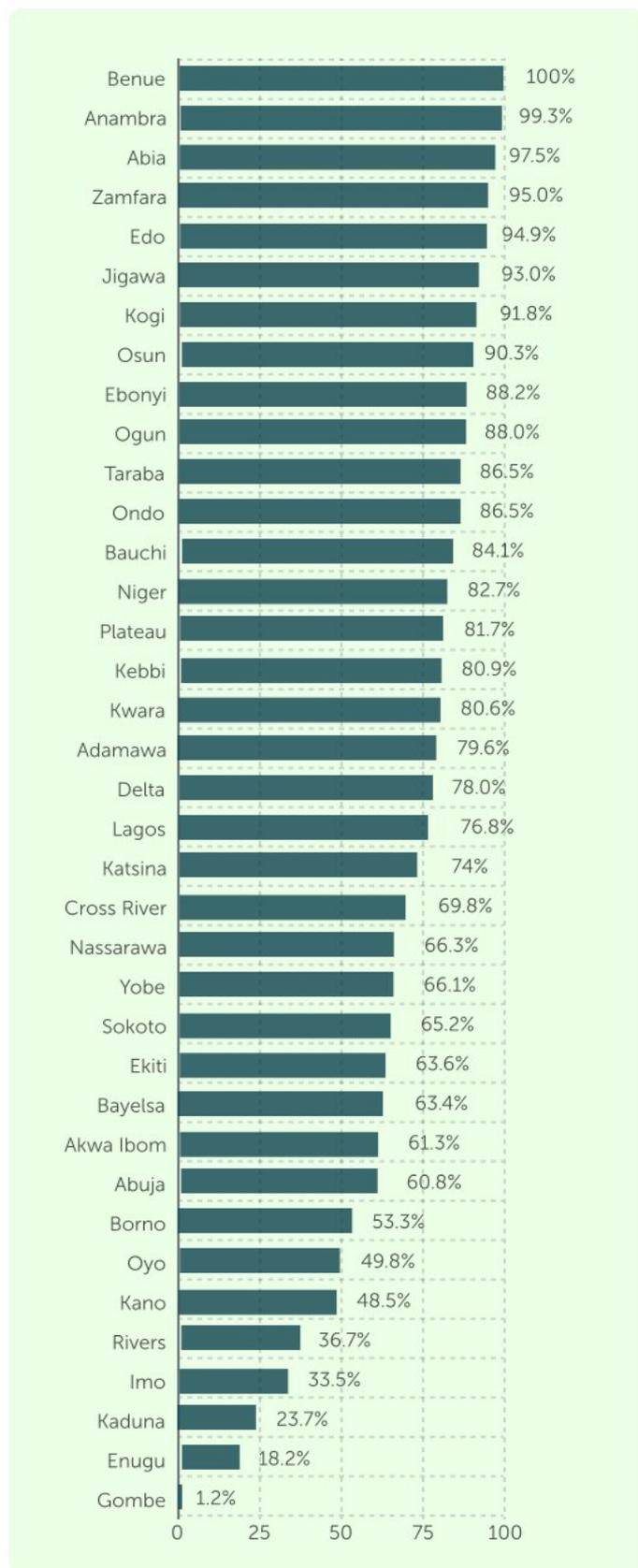
**States in North Central and South East had the highest share of female-led businesses that experienced growth in 2025**

Female-led businesses continue to demonstrate resilience across several regions, with exceptional performance in Benue (100%), Anambra (99.3%) and Abia (97.5%), where nearly all women entrepreneurs reported business growth. These states, together with Zamfara (95%) and Edo (94.9%), make up the top five states, reflecting a convergence of improved market participation, local demand and targeted state-level support for women in business in some states.

States such as Anambra, Kogi, Edo and Ogun maintained their high rankings relative to last year, while fewer female-led enterprises in Kaduna (23.7%), Oyo (49.8%) and a few other states recorded growth in 2025. Generally, North Central states, such as Kogi (91.8%), Niger (82.7%), and Kwara (80.6%), recorded strong outcomes, indicating that women-owned businesses outside the major commercial centres are increasingly contributing to Nigeria’s entrepreneurship landscape. This diversification highlights the growing inclusivity of Nigeria’s entrepreneurial ecosystem and raises the need for state-level policies that reinforce these gains by improving infrastructure, promoting gender-sensitive financing and expanding market access programmes.



Figure 33: Female-led businesses that recorded growth by states (% of female respondents)

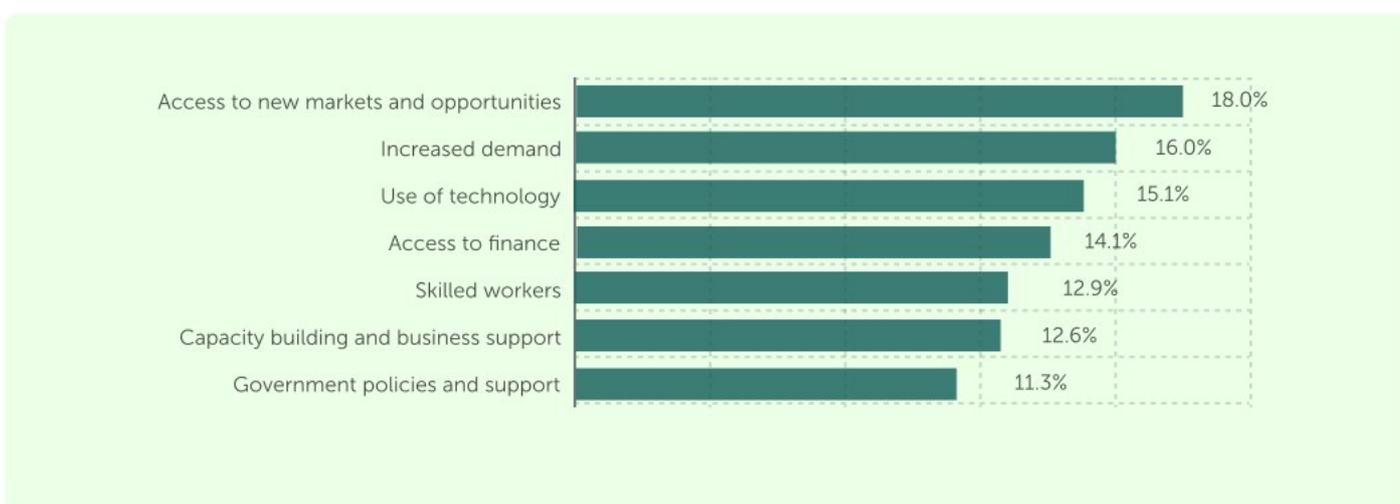


**Market access, rising demand, and technology adoption remain the strongest enablers of female-led business growth in 2025.**

The growth of female-led enterprises in 2025 was primarily influenced by access to new markets and opportunities (18.0%), increased demand (16.0%) and the use of technology (15.1%). Based on the weighted ranking of growth drivers, these three factors received the highest composite scores, indicating their relatively stronger influence on business performance among women entrepreneurs.

Together, they account for nearly half of the total weighted importance assigned to all growth enablers, underscoring the growing commercial orientation and adaptability of female-owned businesses. Government policies and support, with a share of 11.3%, ranked lowest, suggesting that public interventions are yet to achieve a measurable impact among female-led enterprises. The findings suggest that women entrepreneurs are increasingly leveraging digital tools, expanding into new customer segments and utilising technology to enhance visibility, efficiency and competitiveness.

Figure 34: Drivers of growth of female-led businesses by aggregated importance (%)



**Access to finance and markets remains the most significant constraint to the growth of female-led enterprises in 2025**

The main barriers to growth for female-led businesses were lack of finance (11.3%) and poor access to markets (9.2%), confirming that women entrepreneurs continue to face systemic challenges in scaling their operations. These two factors alone accounted for one-fifth of all factors that mitigated business growth, highlighting persistent funding gaps and limited reach into profitable market segments. Other critical impediments include poor access and high cost of power (8.3%), unstable government policies and regulations (8.3%), poor business training and support (8.2%), and insecurity (8.0%). Notably, foreign exchange challenges (7.9%) and multiple taxation (7.8%) also weigh heavily on profitability, particularly for trade and services that rely on imported inputs.

A few changes were observed relative to 2024. Insecurity and foreign exchange issues, which ranked second and third, respectively, in 2024, no longer featured among the top five constraints in 2025. Meanwhile, unstable government policies and regulations moved up to fifth place, reflecting growing concern among entrepreneurs about the unpredictability of the policy environment and its impact on planning, investment and business confidence



Although women entrepreneurs maintained a slightly higher access rate than men in 2025, both groups experienced a decline from the previous year. The overall access rate fell from 30.1% to 25.6%, indicating broader liquidity constraints affecting small and medium enterprises. For female-led businesses, this drop has greater implications, as access to finance consistently ranks among the top growth enablers and, conversely, among the major barriers to expansion.

The persistence of low financing rates among women entrepreneurs highlights the need for sustained investment in gender-focused financial inclusion models. Initiatives such as collateral-free loans, guarantee schemes and tailored financial literacy programmes can enhance women’s capacity to secure and manage capital effectively.

For female-led businesses, this drop has greater implications, as access to finance consistently ranks among the top growth enablers and, conversely, among the major barriers to expansion.

**Access to finance for female entrepreneurs remains highly uneven across states, with Osun, Kwara and Kogi emerging as leaders in 2025**

There are wide disparities in access to finance for female-led businesses across states. Osun (82.3%), Kwara (70.0%) and Kogi (54.8%) recorded the highest access rates, suggesting more favourable local financing ecosystems and possibly greater outreach of microfinance and cooperative lending structures. These states stand out as strong performers in enabling women’s financial inclusion, with rates above the national average of 26.3%.

Moderate access levels were also reported in Ondo (53.1%), Yobe (51.8%), Lagos (51.4%) and Adamawa (51.0%), indicating that both southern and northern states are producing positive examples of improved financial access for women entrepreneurs.

Osun (82.3%), Kwara (70.0%) and Kogi (54.8%) recorded the highest access rates, suggesting more favourable local financing ecosystems and possibly greater outreach of microfinance and cooperative lending structures.

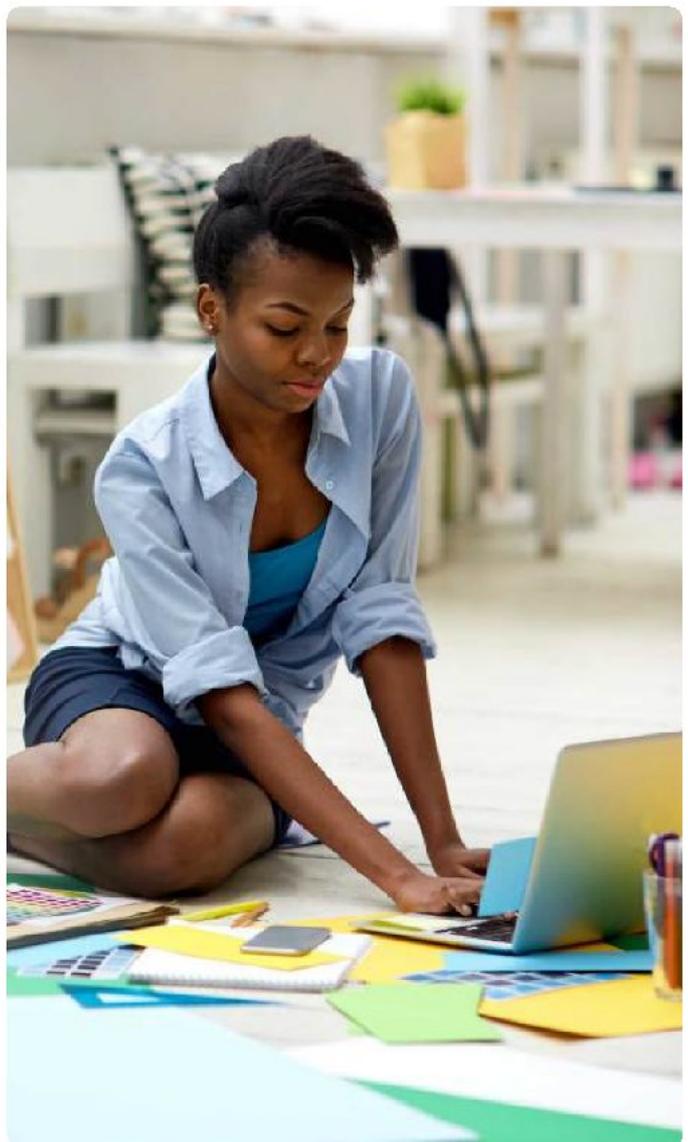


Figure 35: Factors that mitigated business growth of female-led businesses (% share of aggregated importance) in 2025



### Access to finance for female-led businesses declined slightly in 2025

In 2025, only 25.6% of surveyed entrepreneurs accessed finance from an institution in the past one year, a decline from 30.1% in 2024. 26.3% of female-led businesses reported accessing finance, representing a marginal improvement over male-led enterprises (25.1%) but a decline from the 28.4% recorded in 2024. This decline interrupts the upward trend observed between 2023 and 2024, when access to funding improved significantly for both genders. The decline reflects high interest rates, reduced lending appetite by financial institutions and limited participation of women in formal credit channels.



Figure 36: Access to finance by female-led businesses (% of respondents)



At the other end of the spectrum, Bayelsa (4.5%), Rivers (4.2%), Gombe (3.5%), Abia (1.7%) and Imo (0%) recorded the lowest level of access to finance, reinforcing the disparity in financial inclusion for women entrepreneurs across Nigeria. The persistence of low-access states highlights gaps in financial infrastructure, collateral requirements and awareness of available funding mechanisms.

Compared to 2024, these disparities have intensified. While some states have made notable progress, several others, particularly in the South-East and Niger Delta, have fallen further behind. The contrast between Osun (82.3%) and Imo (0%) underscores the need for urgent state-level financial inclusion strategies targeting female entrepreneurs, especially in underserved regions.

The persistence of low-access states highlights gaps in financial infrastructure, collateral requirements and awareness of available funding mechanisms.

**High interest rates and limited funding pools remain the leading barriers to finance for female-led businesses in 2025**

Female entrepreneurs in Nigeria continue to face significant financing challenges. High interest rates and limited availability of funds were identified by 46.9% and 38.4% of female respondents, respectively, as the top obstacles in 2025. These findings mirror those of 2024, when similar constraints dominated the financing landscape. Other notable challenges include inadequate collateral (26.6%) and poor financial records and documentation (21.6%), both of which limit women entrepreneurs' ability to secure formal loans. While digital lending and cooperative models have gained traction in some states, the data suggest that these solutions remain too limited to offset systemic gaps in formal credit access.

Figure 37: State-level Access to Finance (% of female respondents)

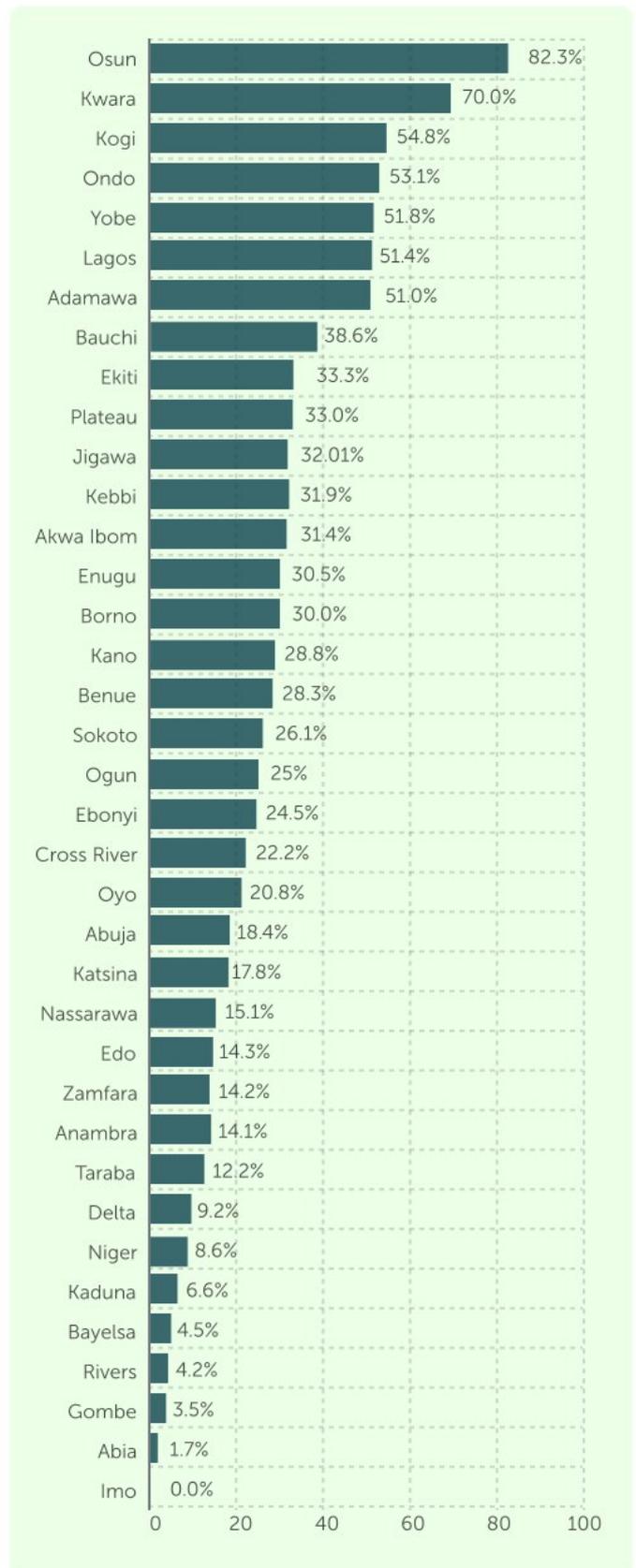
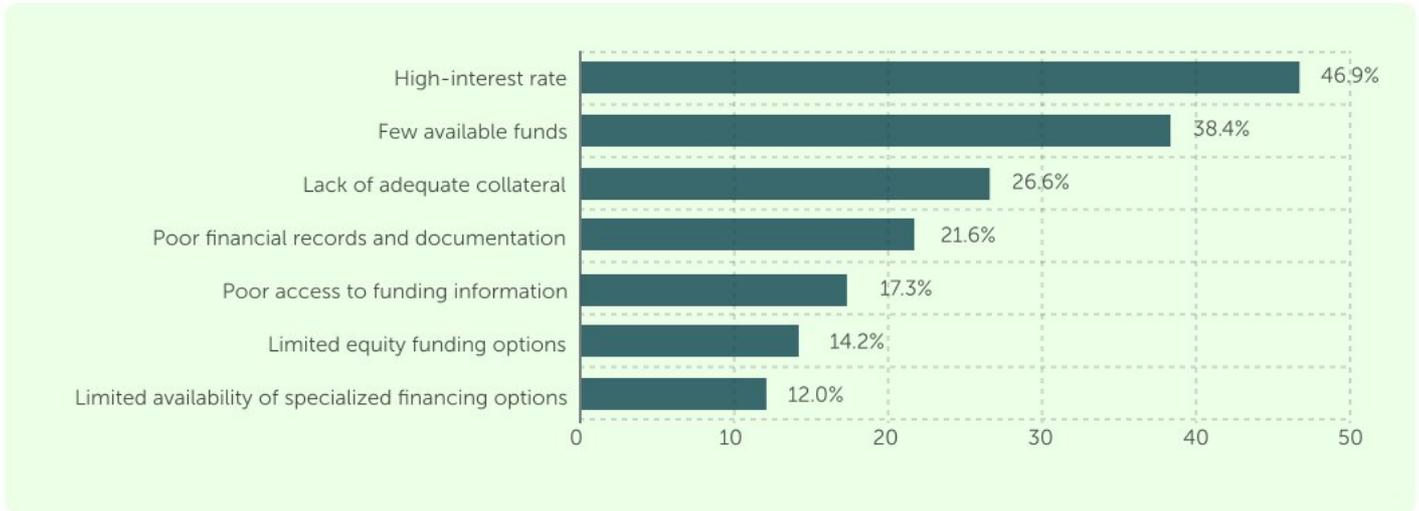


Figure 38: Challenges associated with raising finance for female-led businesses in Nigeria (% of female-led businesses)



**Female-led businesses maintained modest job creation momentum in 2025**

22.5% of female-led businesses reported employing new staff, a marginal increase from 21.5% in 2024. This slight improvement signals a stabilisation of employment activity among women entrepreneurs after two consecutive years of contraction. However, the rate remains well below pre-2023 levels, when female-led job creation averaged around 30%.



Figure 39: Businesses that employed new staff over the past year by gender (% of respondents)



The data suggest that while female-owned enterprises are gradually recovering from the economic headwinds of previous years, hiring remains constrained by limited access to finance and persistent cost pressures. Compared with male-led businesses (27.4% in 2025), women entrepreneurs are still less likely to expand their workforce, reflecting their smaller operational scale and greater exposure to financing and market access barriers

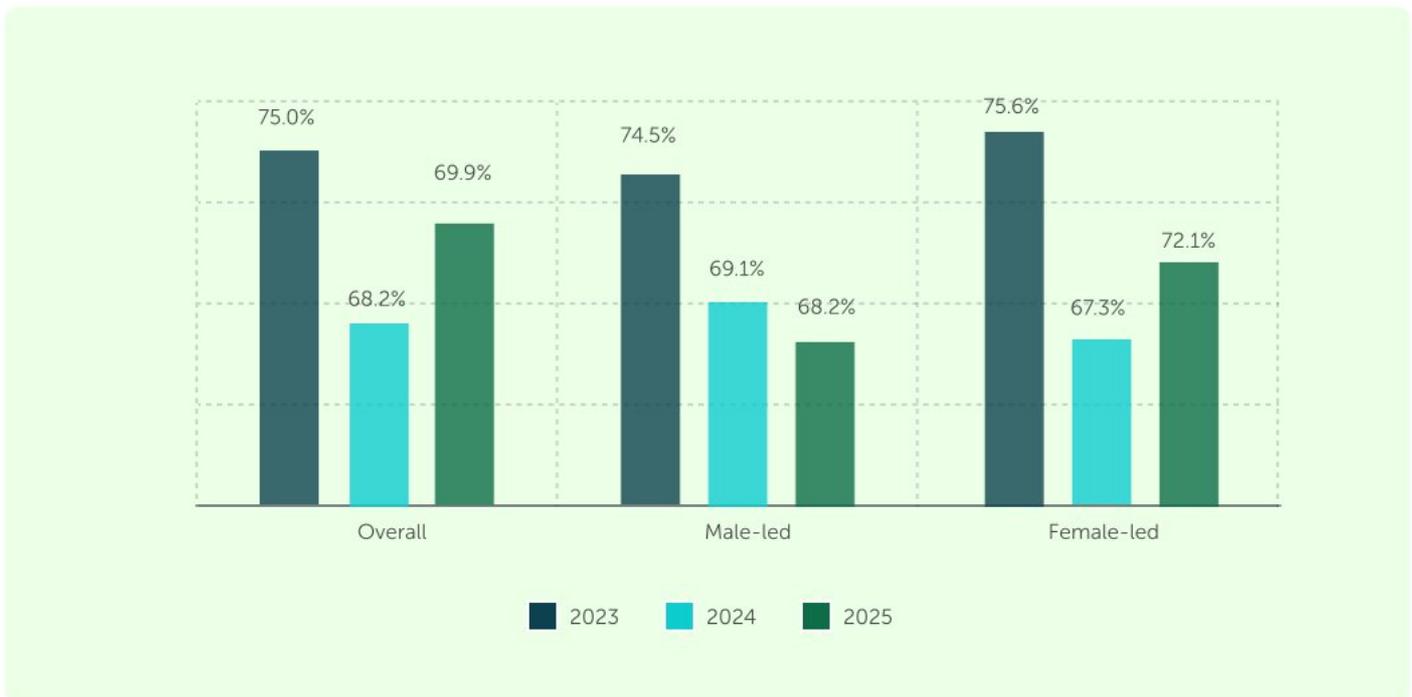
Compared with male-led businesses (27.4% in 2025), women entrepreneurs are still less likely to expand their workforce, reflecting their smaller operational scale and greater exposure to financing and market access barriers

**Female-led businesses strengthened their digital uptake in 2025, outpacing male-led enterprises in technology adoption**

72.1% of female-led businesses reported adopting technology in their operations, marking a clear improvement from 67.3% in 2024. This demonstrates growing digital confidence among women entrepreneurs. Female-led businesses overtook their male counterparts (68.2%) in technology adoption for the second time since this indicator was introduced. This shows increasing reliance on digital tools to sustain business performance and customer engagement.

The broader trend indicates that technology remains a key resilience mechanism for female-led enterprises, particularly in retail and creative sectors, where digital platforms facilitate access to customers and markets. The rising adoption rate among female entrepreneurs aligns with previous findings, which showed that technology was cited as a significant growth driver. The upward shift marks a renewed drive among female-led firms to adapt to changing market realities.

Figure 40: Technology adoption by businesses by gender (% of respondents)



**Social media remains the dominant channel of technology adoption among female-led businesses, while operational digital tools show gradual uptake.**

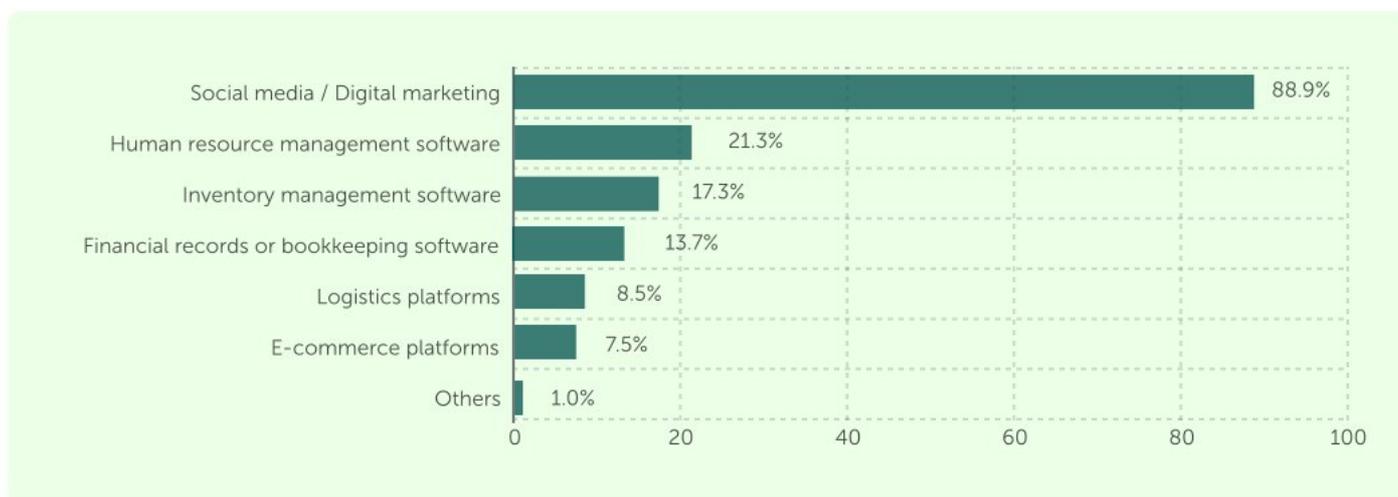
The majority of female-led businesses (88.9%) reported adopting technology primarily social media and digital marketing platforms, reaffirming the central role of online engagement in driving visibility, customer acquisition and sales. This finding is consistent with previous years. It shows that women entrepreneurs continue to rely on accessible, low-cost digital tools that enable market reach without significant capital investment.

Beyond social media, the adoption of business management tools is gradually expanding.

About 21.3% of female-led businesses use human resource management software, while 17.3% utilise inventory management systems, reflecting growing awareness of efficiency-driven digital solutions. Similarly, 13.7% reported using financial records or bookkeeping software, a modest but essential shift towards formalisation and improved financial accountability.

The adoption of logistics (8.5%) and e-commerce platforms (7.5%) remains limited, suggesting that while women entrepreneurs are increasingly leveraging technology for marketing and communication, their integration into end-to-end digital business operations is still evolving.

Figure 41: Areas of technology adoption by female-led businesses (% of female-led businesses)



**Technology adoption continues to have the most significant impact on female entrepreneurs, driving customer growth and market expansion.**

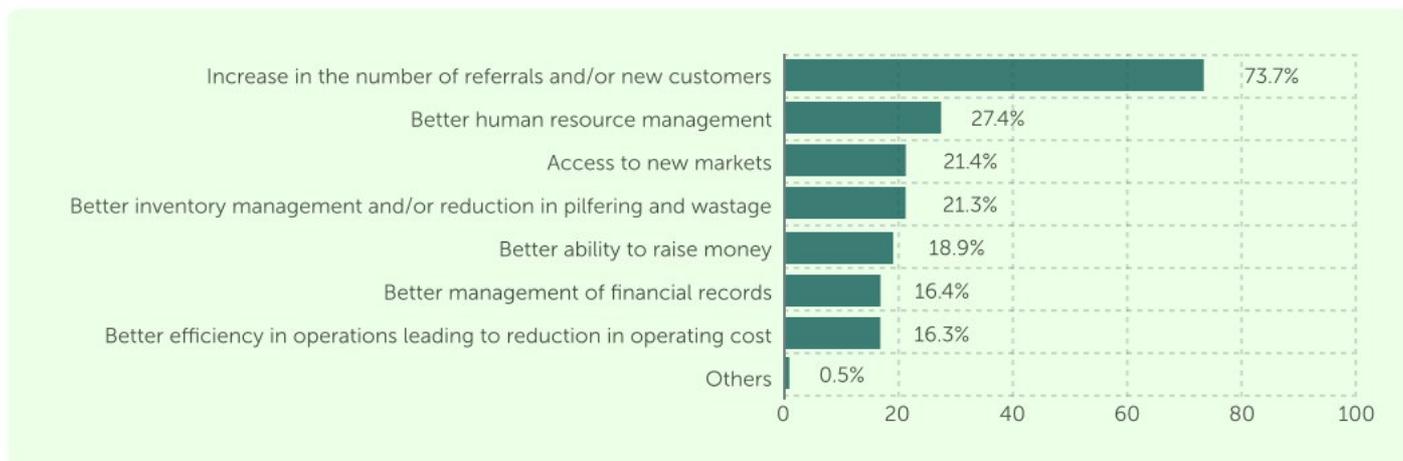
73.7% of female-led businesses reported that adopting technology increased referrals and new customers, confirming that digital engagement remains the most significant benefit of technology use for women entrepreneurs. This aligns with the dominant reliance on social media and digital marketing platforms (88.9%) previously highlighted. Female entrepreneurs are increasingly leveraging these channels to attract new clients, deepen brand visibility and sustain customer relationships at low cost.

Other notable impact areas include better human resource management (27.4%), access to new markets

(21.4%) and improved inventory management or reduced wastage (21.3%). These outcomes point to a gradual integration of technology into business administration and supply chain processes. Better ability to raise capital (18.9%) and improved financial record management (16.4%) suggest that digital tools are also enhancing transparency and creditworthiness, albeit slowly.



Figure 42: Impact areas of technology adoption by female-led businesses (% of female-led businesses)



### High data costs and limited digital literacy remain key barriers to technology adoption among female entrepreneurs in 2025

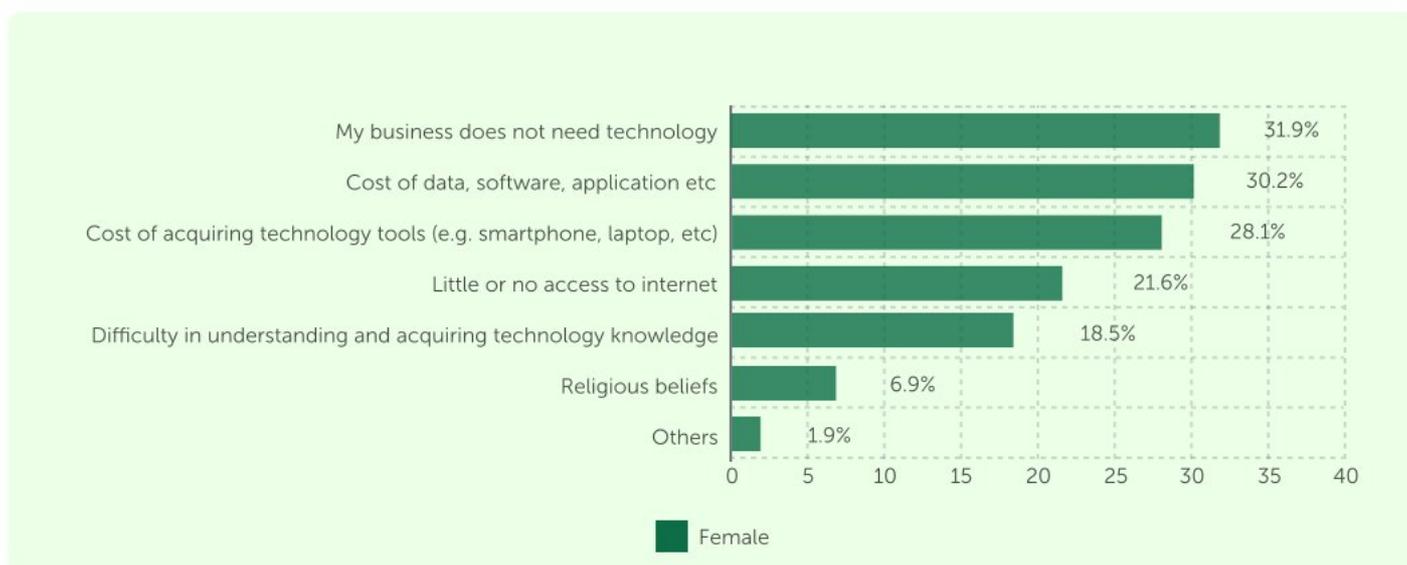
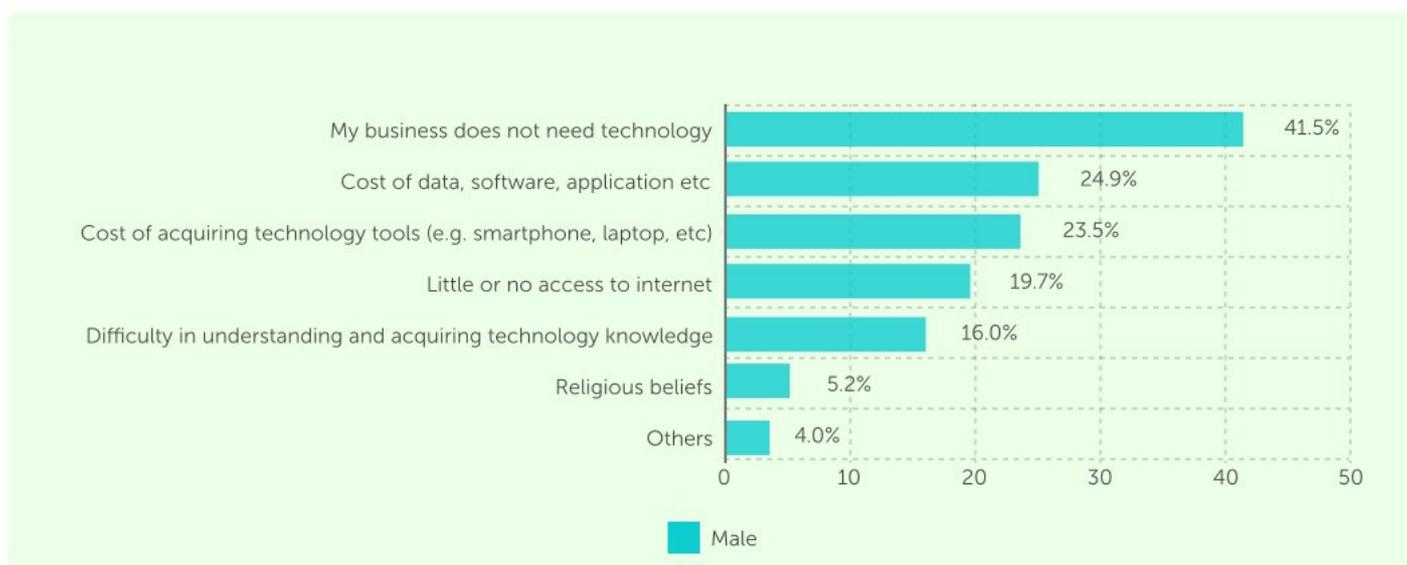
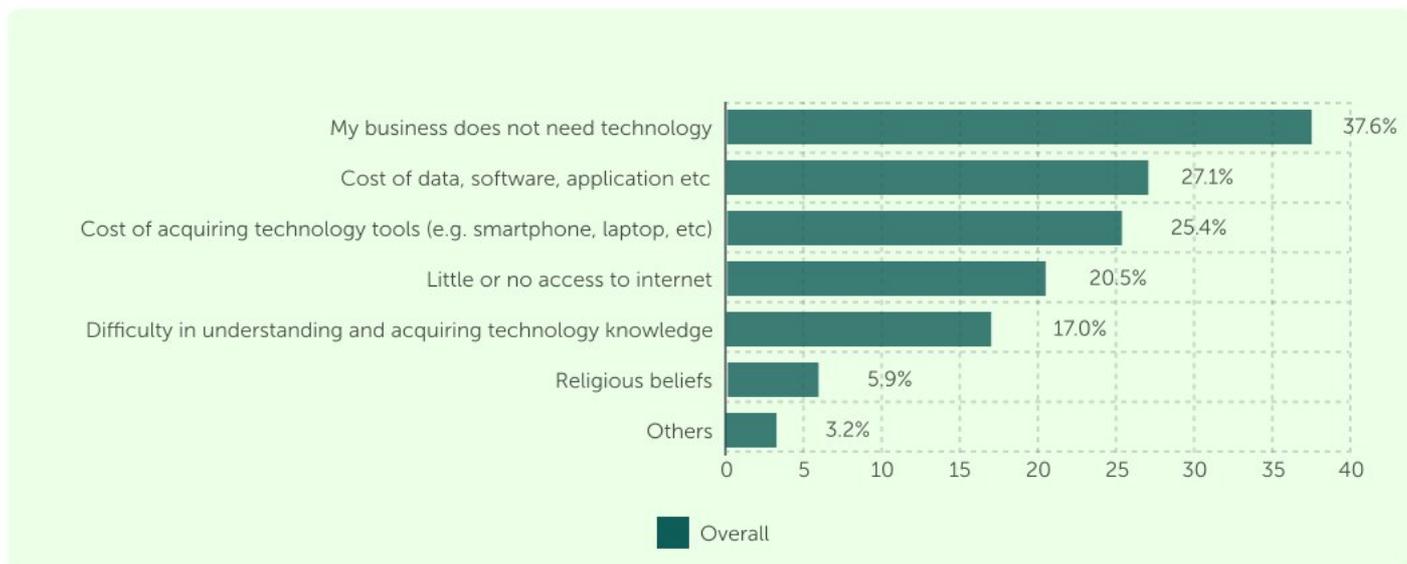
Despite rising digital uptake, many female entrepreneurs still face significant challenges in adopting technology. In 2025, the most frequently cited barriers among women-led businesses that could not adopt technology were the cost of data, software, and applications (30.2%), and the cost of acquiring technology tools such as smartphones and laptops (28.1%). These financial constraints reinforce the affordability gap that continues to limit women's participation in Nigeria's growing digital economy. Other factors include limited Internet access (21.6%) and difficulty in understanding or acquiring technology knowledge (18.5%). These findings mirror the patterns in 2024, showing that while more women are integrating digital tools into their operations, a significant proportion remains excluded due to the cost of acquisition, infrastructural and skills-related barriers.

Notably, fewer women than men believe that their "business does not need technology" (31.9% vs. 41.5%), suggesting that female entrepreneurs increasingly recognise the relevance of technology but lack the resources or capacity to leverage it fully. Factors such as religious beliefs (6.9%) and other reasons (1.9%) played minimal roles in explaining non-adoption.

Targeted measures, such as subsidised data, access to affordable devices and tailored digital literacy programmes, can accelerate female entrepreneurs' transition to technology-enabled operations, particularly in underserved regions.



Figure 43: Factors inhibiting the adoption of technology by gender (% of respondents that did not adopt technology)



**Skills acquisition among female entrepreneurs improved in 2025, surpassing male participation for the first time since 2022**

40.3% of female-led businesses reported engaging in skills-acquisition activities, up from 37.5% in 2024, signalling a renewed commitment to personal and business capacity development. This improvement contrasts with the previous year’s decline and marks

the first time since 2022 that female participation in skills training slightly exceeded that of their male counterparts (39.0%). The overall national average also rose marginally to 39.6%, suggesting an increase in training and capacity-building engagements. The renewed participation of women in training reflects the increased availability of digital learning platforms, donor-funded entrepreneurship programmes, and state-level initiatives targeting women’s economic empowerment.

Figure 44: Skills acquisition by gender (% of respondents)

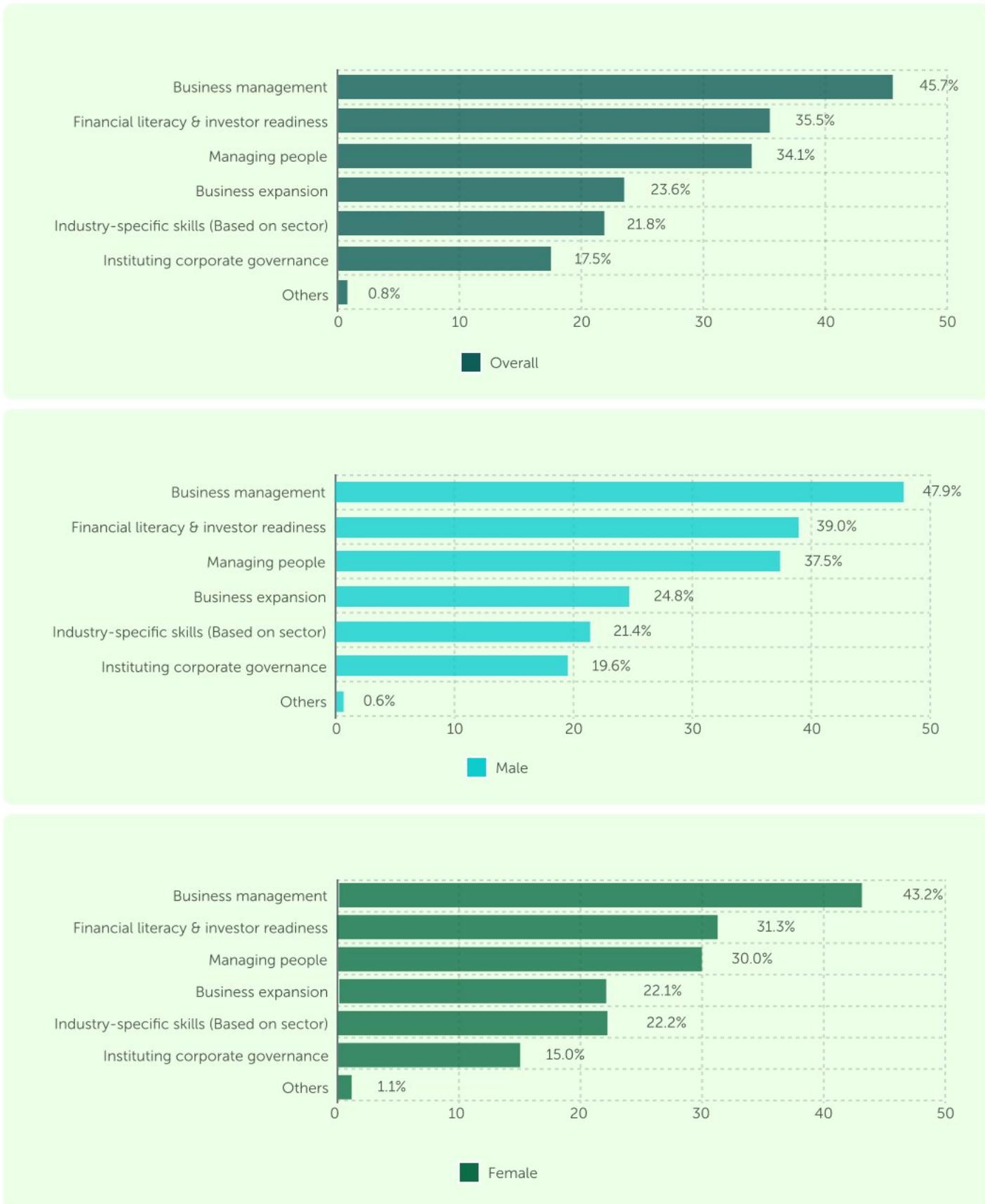


**Female entrepreneurs focused on acquiring business management skills**

The majority of female entrepreneurs focused on acquiring business management skills (43.2%), financial literacy and investor readiness (31.3%) and managing people (30.0%). These areas have consistently ranked among the most sought-after skills, confirming that women entrepreneurs are aligning their development priorities with the operational realities of their businesses.



Figure 45: Areas of skills acquisition by gender (% of respondents who acquired skills)



**Private sector-led initiatives remain the dominant source of skills acquisition for female entrepreneurs**

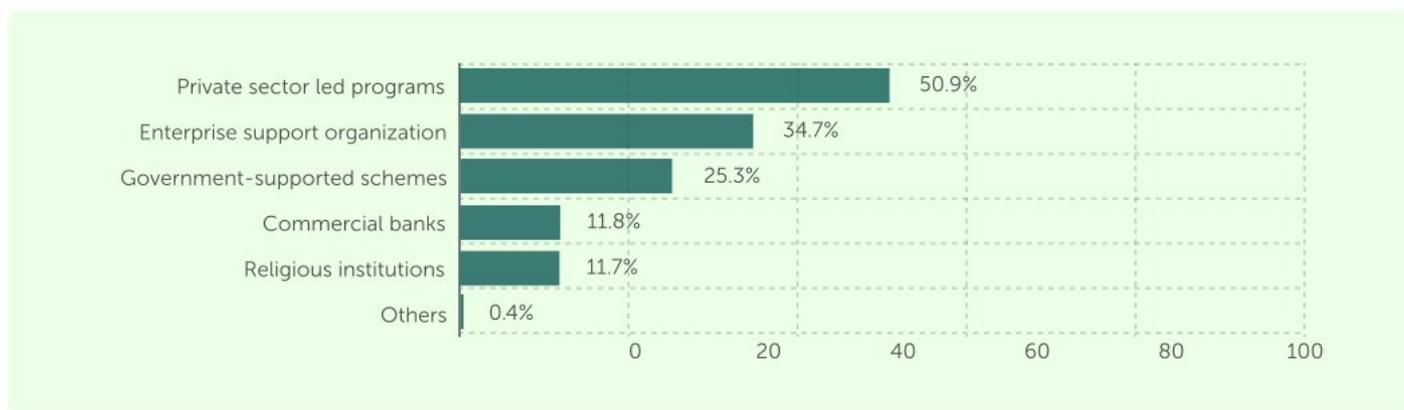
In 2025, the majority of female entrepreneurs (50.9%) acquired skills through private sector-led programmes, reaffirming the private sector’s central role in driving capacity development for women in business. This continued dominance reflects the growing ecosystem of corporate training initiatives, business accelerators and partnerships between development institutions and private firms that target female entrepreneurs.

Enterprise support organisations (34.7%) and government-supported schemes (25.3%) followed as significant sources of training, suggesting that public and non-profit interventions are becoming more visible in addressing women’s capacity needs.

Meanwhile, commercial banks (11.8%) and religious institutions (11.7%) also contributed modestly to training, reflecting niche engagement channels for financial and community-based empowerment.

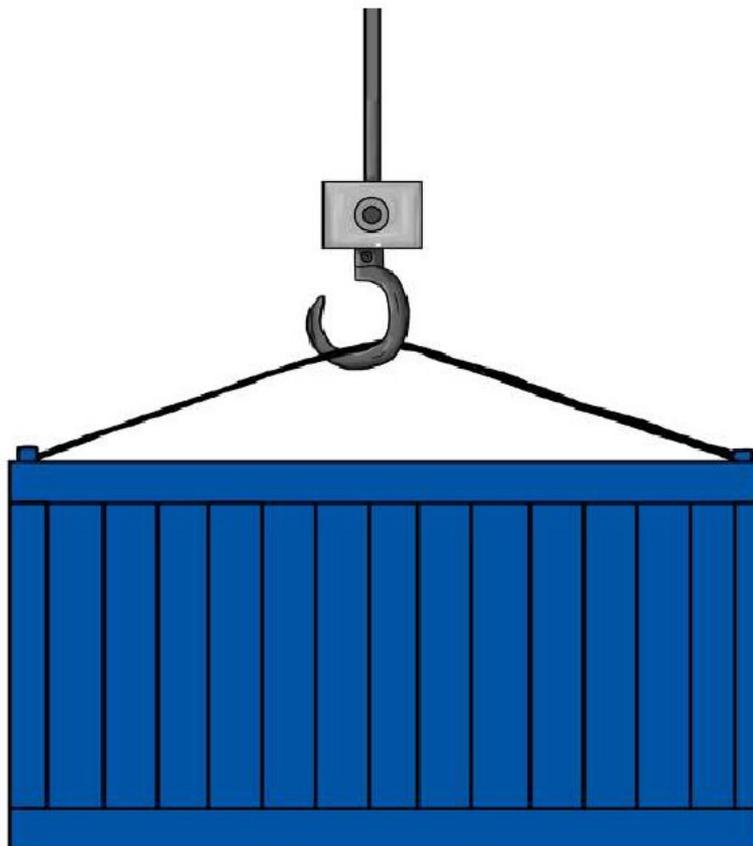
The overall pattern highlights an evolving capacity development landscape in which private-led and hybrid models transfer skills more effectively than traditional state interventions. However, ensuring equitable access across regions, especially in rural or low-income communities, will require deeper collaboration between the private sector, government and civil society.

Figure 46: Sources of skills acquisition by female entrepreneurs (% of respondents that acquired skills)





# PERFORMANCE OF YOUTH-LED BUSINESSES IN NIGERIA



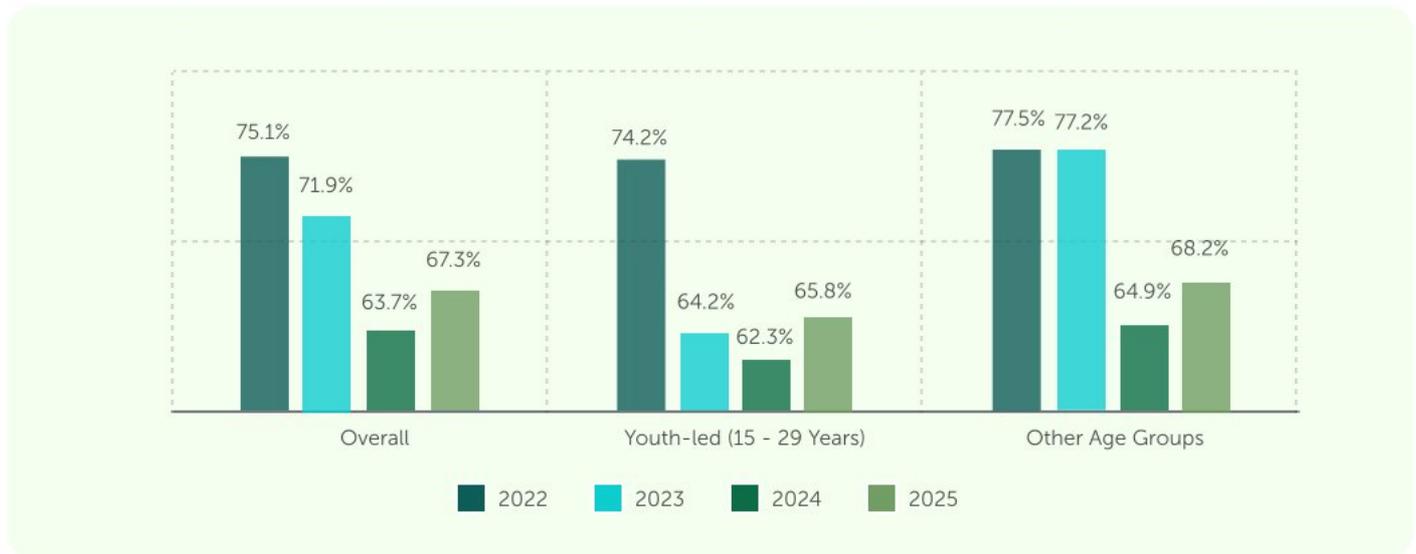
## Youth-led businesses experienced a moderate recovery in 2025

According to the 2025 SoE Survey, 65.8% of youth-led businesses experienced growth, up from 62.3% in 2024. This shows that the business performance of entrepreneurs aged 15-29 years is improving after two consecutive years of decline. The improvement aligns with broader recovery trends, as the overall proportion of growing enterprises increased to 67.3% in 2025.

Despite the improvement, youth-led businesses continue to trail slightly behind older age groups (68.2%) in growth performance.

This gap highlights the structural challenges young entrepreneurs face, including limited access to finance, insufficient managerial experience and restricted market reach. To consolidate this progress, targeted support, especially in access to affordable finance, mentorship and digital infrastructure, will be essential in sustaining the upward trajectory of youth-led enterprises.

Figure 47: Businesses that recorded growth by age group (% of respondents)



### Profitability and customer growth remain the strongest growth areas for youth-led businesses in 2025

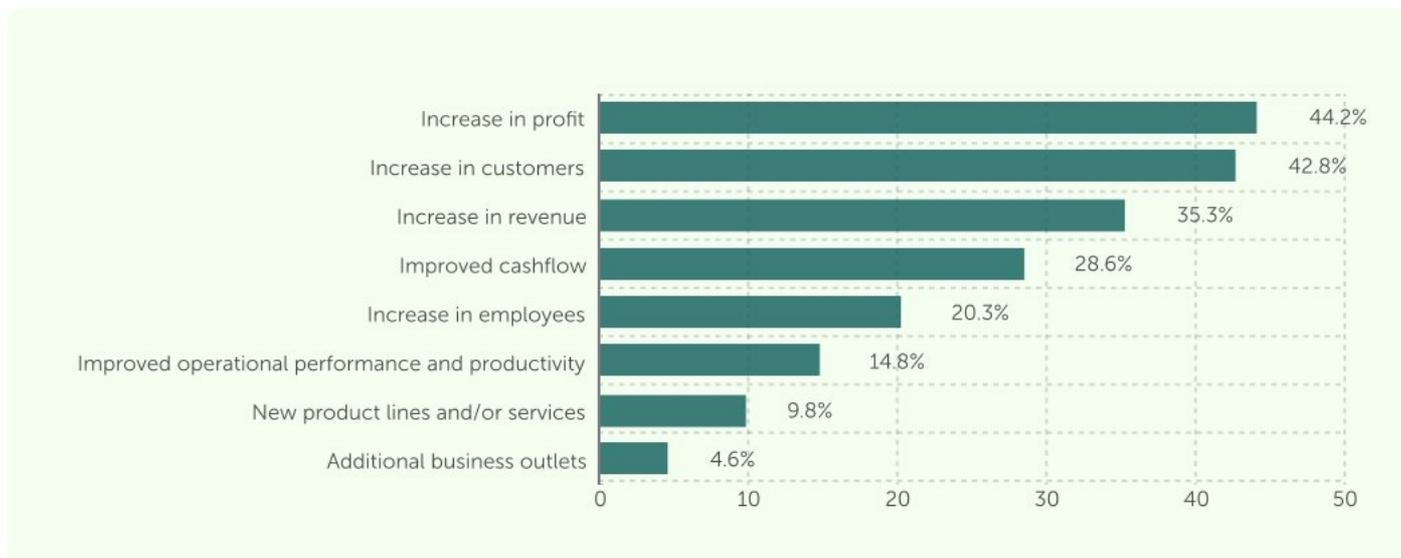
Youth-led businesses continue to anchor their growth primarily on profitability and expansion of their customer base. About 44.2% of youth entrepreneurs reported increased profits, while 42.8% reported increased customer base, confirming that revenue and market expansion remain central to their business success. These figures mirror the patterns in 2024, where customer acquisition and profitability emerged as key growth areas for youth-led businesses.

Other notable growth dimensions include increased revenue (35.3%) and improved cash flow (28.6%).

Similarly, 20.3% of youth-led businesses expanded their workforce, while 14.8% achieved enhanced operational performance and productivity. Only a few businesses reported introducing new product lines (9.8%) and creating additional business outlets (4.6%).

Similarly, 20.3% of youth-led businesses expanded their workforce, while 14.8% achieved enhanced operational performance and productivity.

Figure 48: Growth areas of youth-led businesses (% of growing youth-led businesses)



**Youth-led business growth in 2025 was strongest in the North Central states**

There are variations in the performance of youth-led businesses across Nigeria. Kogi (100%), Kano (96.4%) and Zamfara (95.8%) emerged as the top-performing states. These states, alongside Anambra (95.2%), Edo (95.1%) and Delta (92.0%), demonstrate expanding opportunities for young entrepreneurs in both northern and southern regions, reflecting a more geographically balanced entrepreneurship landscape than in 2024. Strong growth was also observed across Osun (90.6%), Benue (90.5%) and Abia (90.9%).

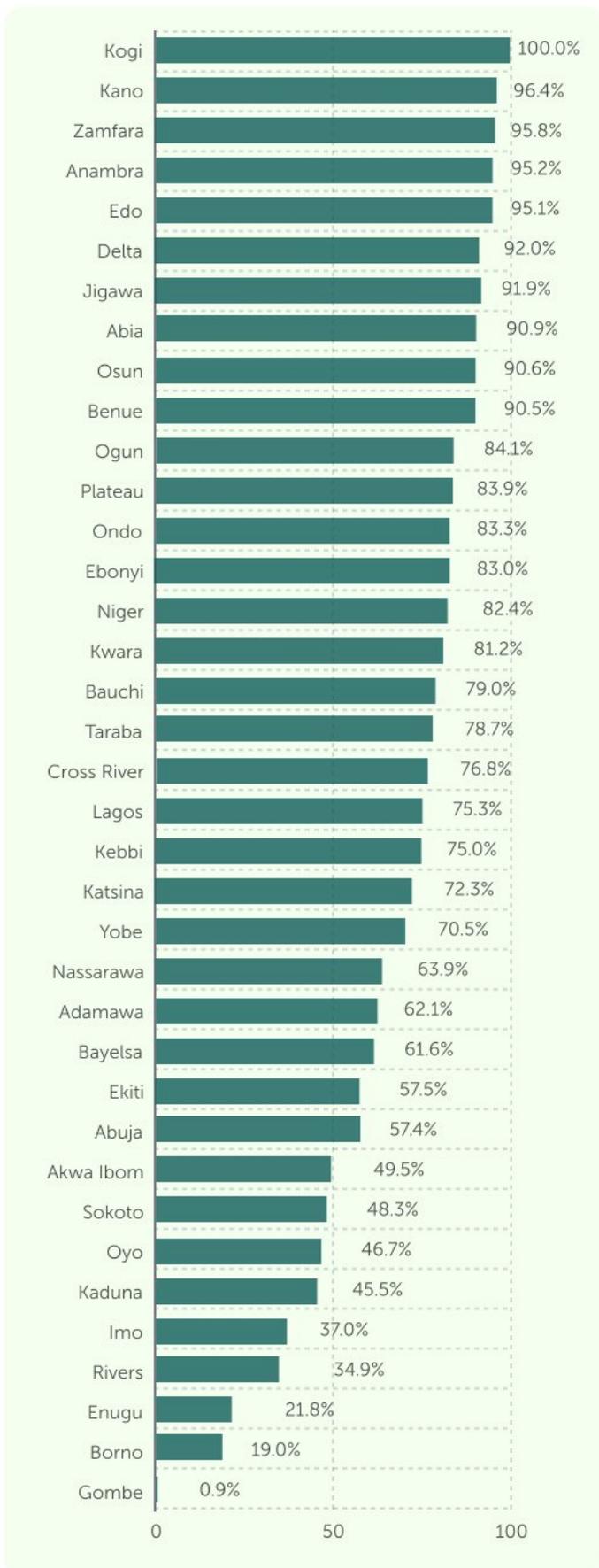
Meanwhile, key commercial centres such as Lagos (75.3%) and Ogun (84.1%) maintained moderate growth, suggesting that while these hubs remain essential, other states are catching up in terms of youth-led enterprise dynamism. At the lower end, youth-led business growth was weakest in Gombe (0.9%), Borno (19.0%) and Enugu (21.8%).

When compared with 2024, these regional disparities have widened slightly, although the growth expansion in North Central states, particularly Kogi, Benue, and Kwara, points to improving conditions outside traditional economic hubs. The emerging pattern suggests that young entrepreneurs are becoming key actors in some states, leveraging small-scale innovation and informal networks. Targeted state policies on youth financing, digital entrepreneurship and local value-chain integration will be vital to sustaining this growth trajectory.

At the lower end, youth-led business growth was weakest in Gombe (0.9%), Borno (19.0%) and Enugu (21.8%).



Figure 49: Youth-led businesses that recorded growth by states (% of youth respondents)



**Increased demand, supportive policies and the use of technology were the strongest growth drivers for youth-led businesses in 2025**

The growth of youth-led businesses was driven primarily by increased demand, government policies and support and use of technology, which accounted for 18.4%, 15.4% and 15.2% of aggregated importance, respectively.

Together, these three factors accounted for nearly half of the total score assigned to growth drivers, highlighting a favourable shift toward a more enabling environment and the growing influence of digital tools in youth enterprise performance.

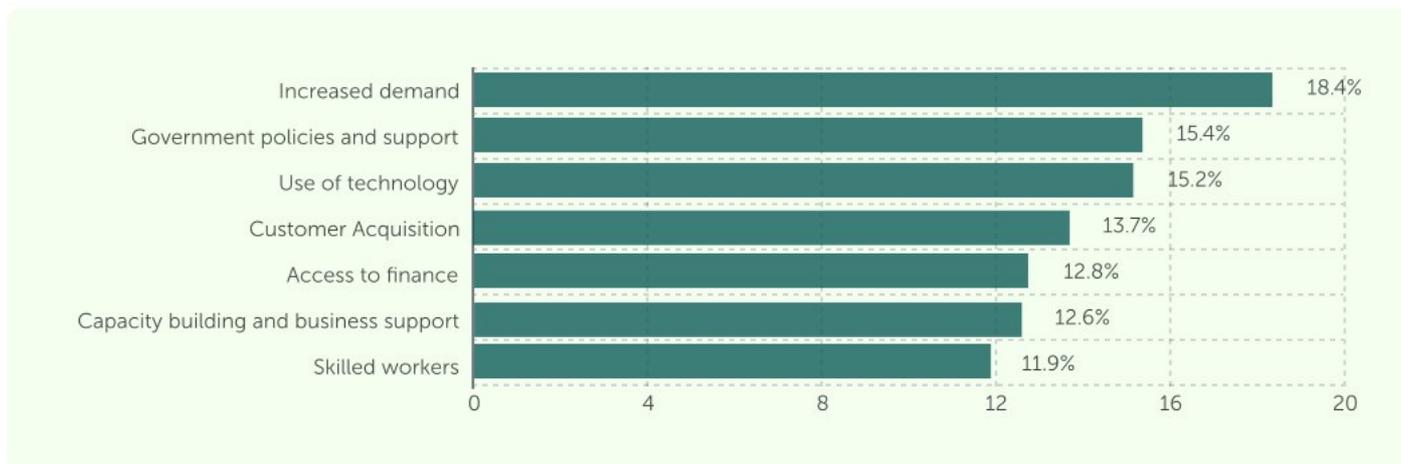
The importance of increased demand reflects expanding market opportunities for youth entrepreneurs, particularly in sectors such as retail, services and digital commerce, where young people are most active. Meanwhile, as earlier findings indicate, technology adoption continues to serve as a catalyst for operational efficiency and customer acquisition.

**Other factors** - access to finance (12.8%), capacity building (12.6%), and skilled workers (11.9%) - remain critical but secondary enablers. Their relatively lower ranking indicates that while structural support for youth entrepreneurs has improved, foundational challenges persist in financing and workforce quality.

Access to finance (12.8%), capacity building (12.6%), and skilled workers (11.9%) - remain critical but secondary enablers.



Figure 50: Drivers of growth for youth-led businesses by aggregated importance (%)

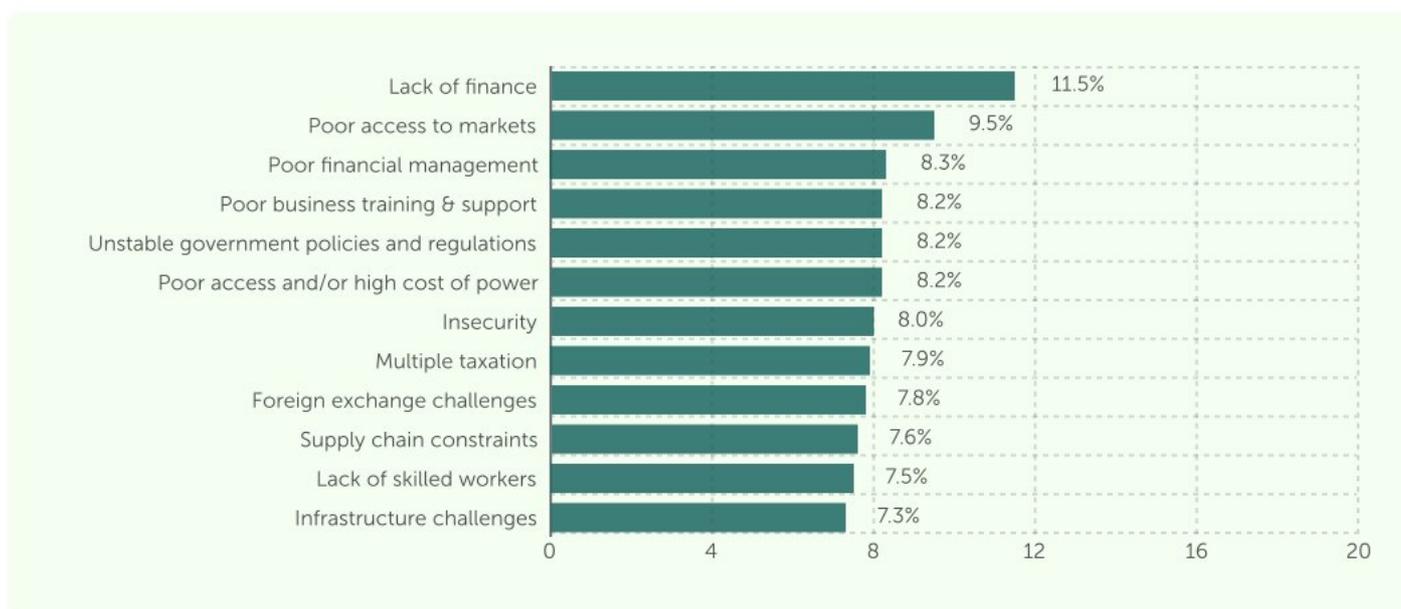


**Lack of finance and limited market access are key factors that mitigated business growth among youth entrepreneurs in 2025**

In the 2025 SoE Survey, two major factors limited the growth of youth-led businesses in Nigeria - limited access to finance (11.5%), up from 8.6% in 2024, and poor access to markets (9.5%), an increase from 8.32% in 2024. While limited access to finance highlights the vulnerability of young entrepreneurs to liquidity and credit constraints, especially amid high interest rates and tighter lending conditions, poor access to markets reflects structural barriers such as limited market information, distribution bottlenecks and weak integration into formal value chains. Although these challenges are not new, their growing weight relative to other factors highlights the difficulties youth-led enterprises face in scaling operations and reaching sustainable demand.



Figure 51: Factors that mitigated business growth of youth-led businesses by aggregated importance (%)

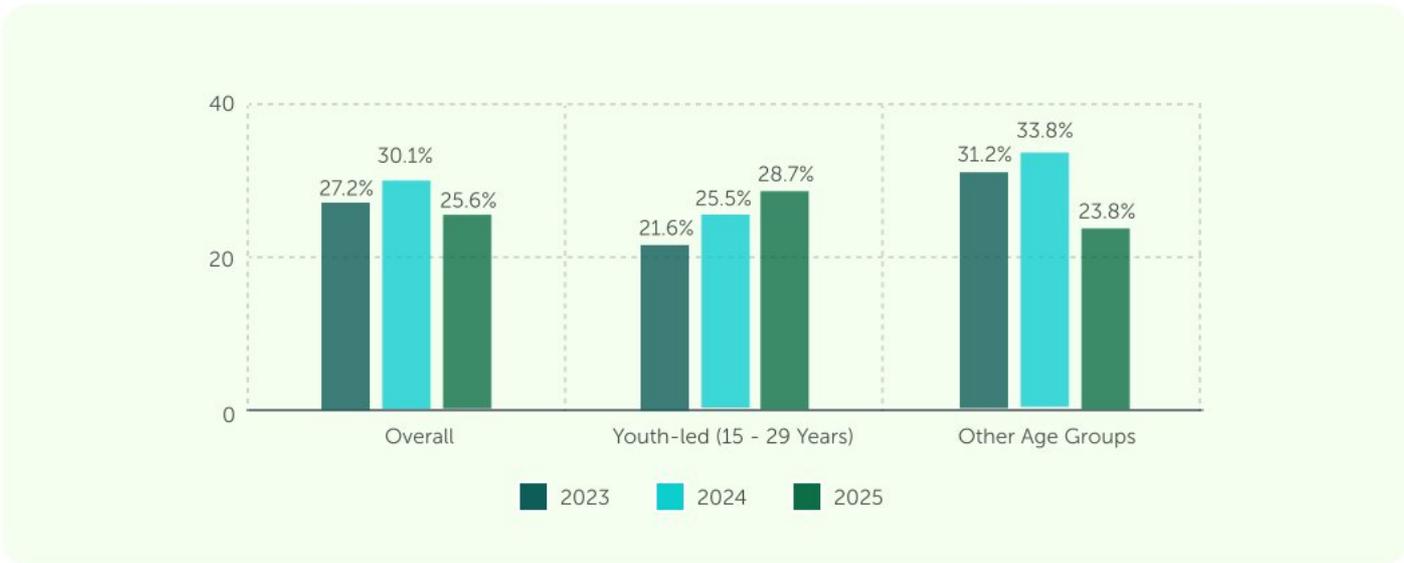


**Access to finance improved for youth-led businesses in 2025, reversing the previous year’s decline and outperforming other age groups**

28.7% of youth-led businesses reported accessing finance, up from 25.5% in 2024, marking a sustained improvement in access to finance among young entrepreneurs.

This contrasts sharply with a 10-point decline among other age groups, whose access dropped from 33.8% in 2024 to 23.8% in 2025. The improvement for youth businesses reflects the growing responsiveness of financial institutions and support schemes targeting younger entrepreneurs, possibly aided by increased digital lending platforms and startup-focused interventions.

Figure 52: Access to finance by youth-led businesses (% of respondents in each category)



**Youth entrepreneurs in Kano, Osun and Kwara recorded the highest access to finance in 2025, but significant state disparities persist across Nigeria**

In 2025, Kano (90.4%), Osun (81.1%) and Kwara (72.6%) emerged as the top three states where youth-led businesses accessed finance, reflecting strong local financial ecosystems and youth-targeted enterprise programmes.

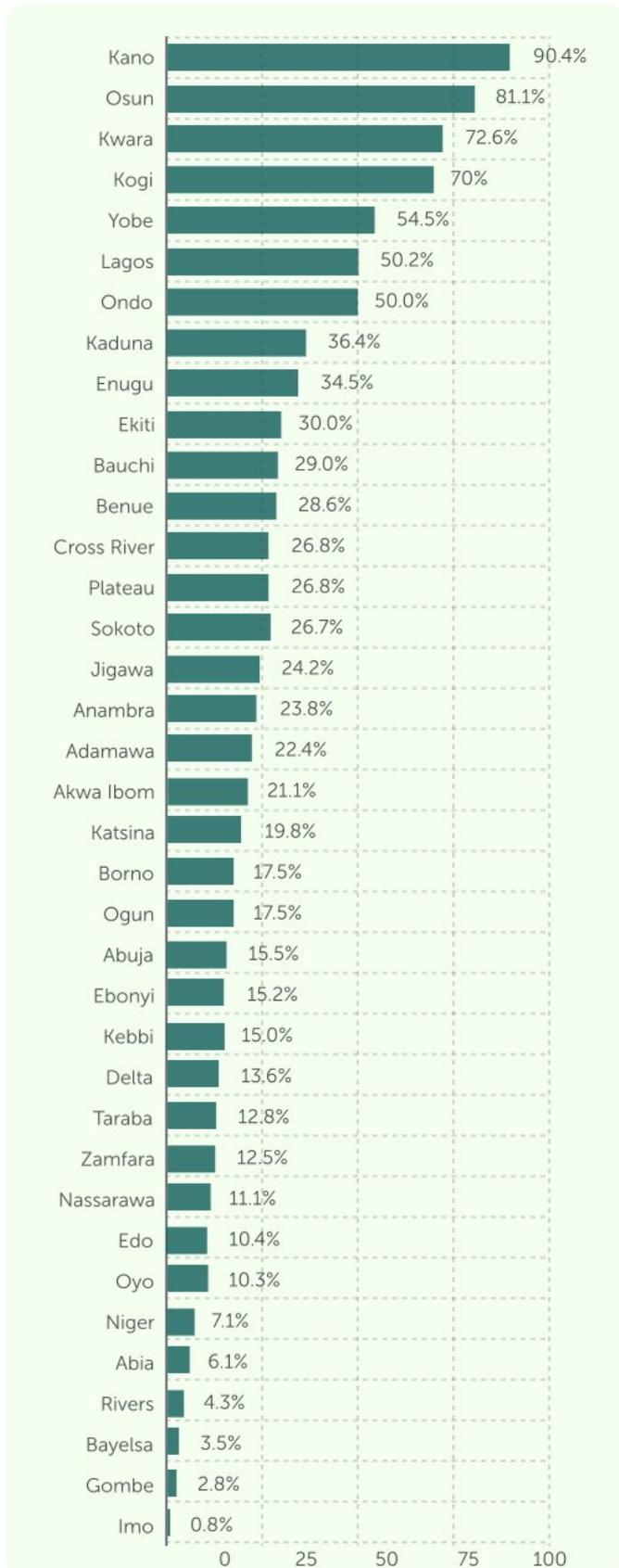
These figures sharply contrast with states such as Imo (0.8%), Gombe (2.8%), and Bayelsa (3.5%), where access remains almost negligible. This spatial imbalance highlights uneven penetration of credit facilities and differing levels of institutional and market support across Nigeria’s subnational economies.

State-level inequality remains a policy concern, suggesting that achieving inclusive access will require decentralised credit schemes, expanded digital finance and state-driven enterprise support frameworks.

These figures sharply contrast with states such as Imo (0.8%), Gombe (2.8%), and Bayelsa (3.5%), where access remains almost negligible.



Figure 53: State-level access to finance for youth-led businesses (% of youth respondents)



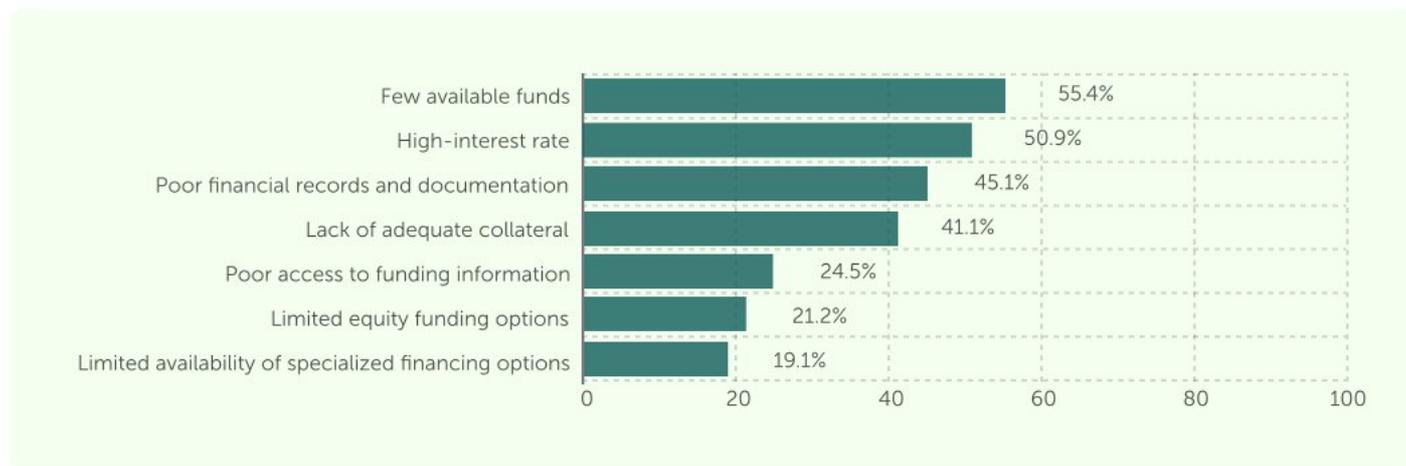
**Limited funding availability, high interest rates and weak financial documentation remain the top financing barriers for youth-led businesses in 2025**

Key factors such as limited available funds (55.4%), high interest rates (50.9%) and poor financial records (45.1%) were the leading challenges youth entrepreneurs faced in raising finance. These constraints reflect the structural weaknesses in Nigeria’s enterprise finance ecosystem, where youth-led firms often struggle to meet the collateral and documentation requirements of formal lenders. The limited availability of accessible funding windows and youth-oriented loan schemes further compounds these challenges.

The prominence of collateral constraints (41.1%) underscores the mismatch between youth asset ownership and traditional lending models, while poor access to funding information (24.5%) and limited equity or venture options (21.2%) suggest limited development of alternative financing channels. The findings reinforce the need for innovative financial solutions, such as expanded credit guarantees, simplified microloan documentation and digital credit scoring, to address the unique financing challenges young entrepreneurs face.



Figure 54: Challenges of raising finance by youth-led businesses in Nigeria (% of youth-led businesses)

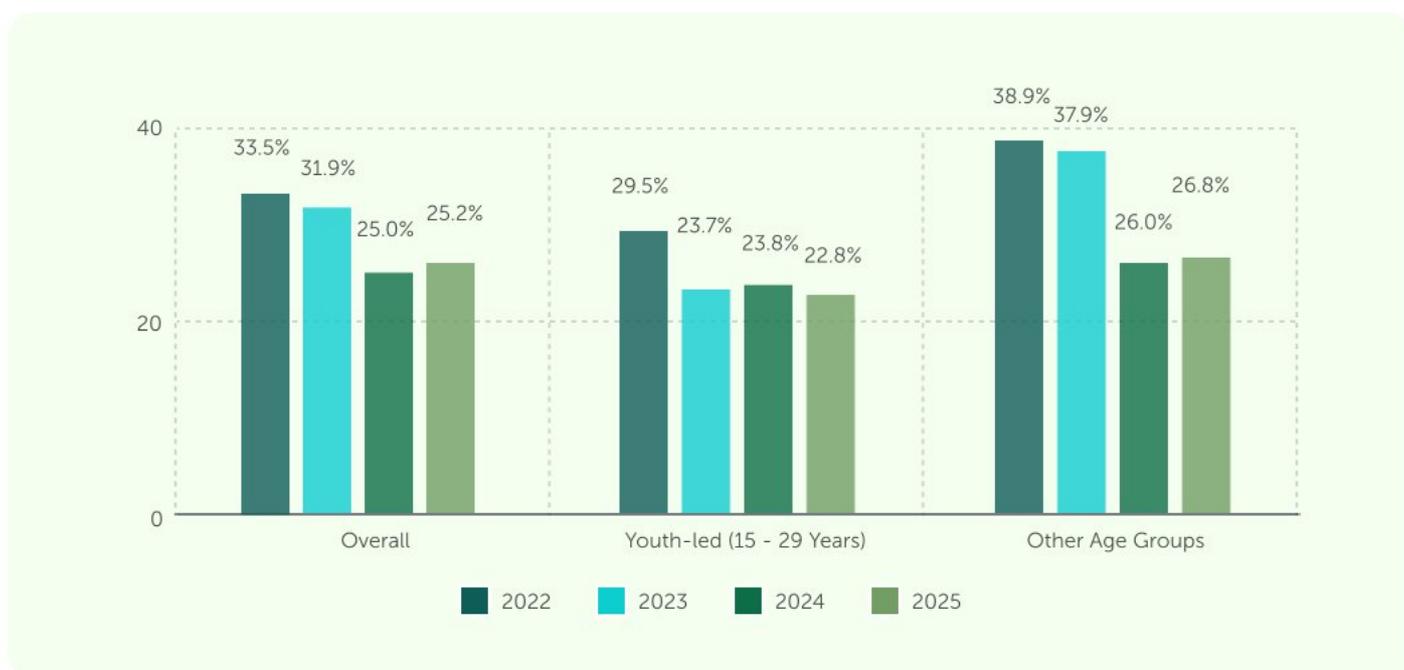


**Fewer youth-led businesses employed new staff, relative to last year**

In 2025, only 22.8% of youth-led businesses reported employing new staff, slightly below 23.8% in 2024 and well under the 26.8% recorded for other age groups. This marginal decline continues the post-2022 slowdown in youth-driven job creation, reflecting limited business expansion and tighter operating margins within youth enterprises.



Figure 55: Access to finance by youth-led businesses (% of respondents in each category)

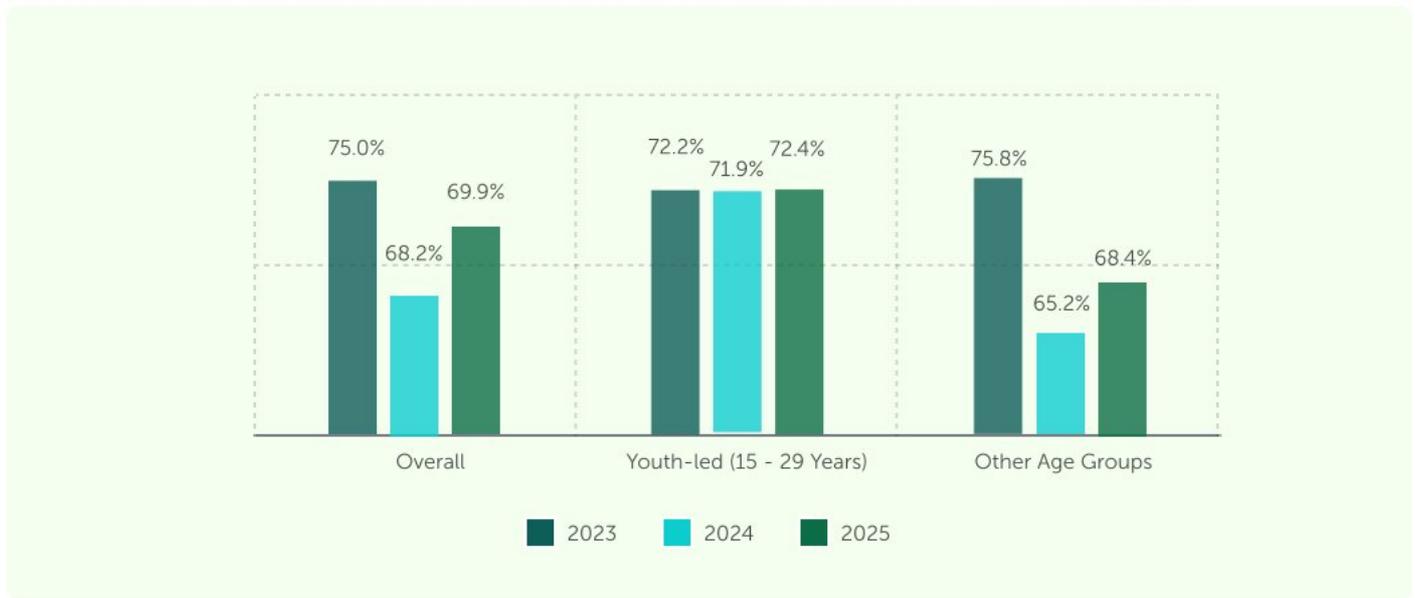


**Technology adoption among youth-led businesses remained the highest in 2025, showing stronger digital uptake than other age groups for a second consecutive year**

The SoE Survey shows that 72.4% of youth-led businesses adopted technology, slightly up from 71.9% in 2024 and higher than the 68.4% recorded among older entrepreneurs.

This continued edge highlights young entrepreneurs' relative adaptability and digital literacy, which sustain their competitiveness despite broader economic pressures. While overall technology adoption across all businesses improved modestly from 68.2% in 2024 to 69.9% in 2025, the widening gap between youth-led firms and other firms reinforces the role of age-related technological affinity in shaping business performance.

Figure 56: Businesses that employed new staff over the past year by age group (% of respondents)



**Digital marketing remains the dominant area of technology adoption among youth-led businesses, reflecting their customer-centric growth strategies.**

87.8% of youth-led businesses adopted social media and digital marketing tools, reaffirming their preference for cost-effective, high-reach digital platforms. This mirrors the 2024 trend, where digital visibility was central to youth enterprise operations. The consistent dominance of social media underscores its importance as both a marketing and customer engagement channel, particularly in a tight economy where traditional advertising and distribution are costly.

Beyond marketing, adoption of back-office technologies such as human resource management (23.4%), inventory management (16.4%) and financial bookkeeping software (13.9%) remains modest, suggesting that many youth-led enterprises still prioritise customer acquisition over internal process optimisation.

E-commerce (7.5%) and logistics platforms (7.7%) continue to gain traction but remain underutilised relative to the previous year. Strengthening digital capacity in these functional areas could enhance efficiency, transparency and scalability for youth enterprises.

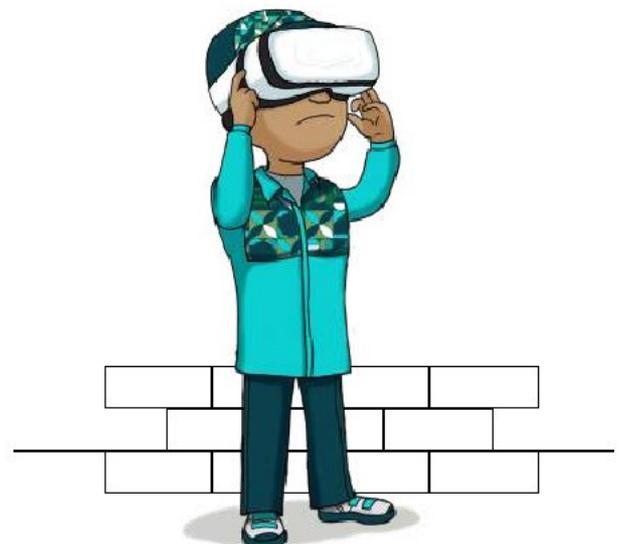
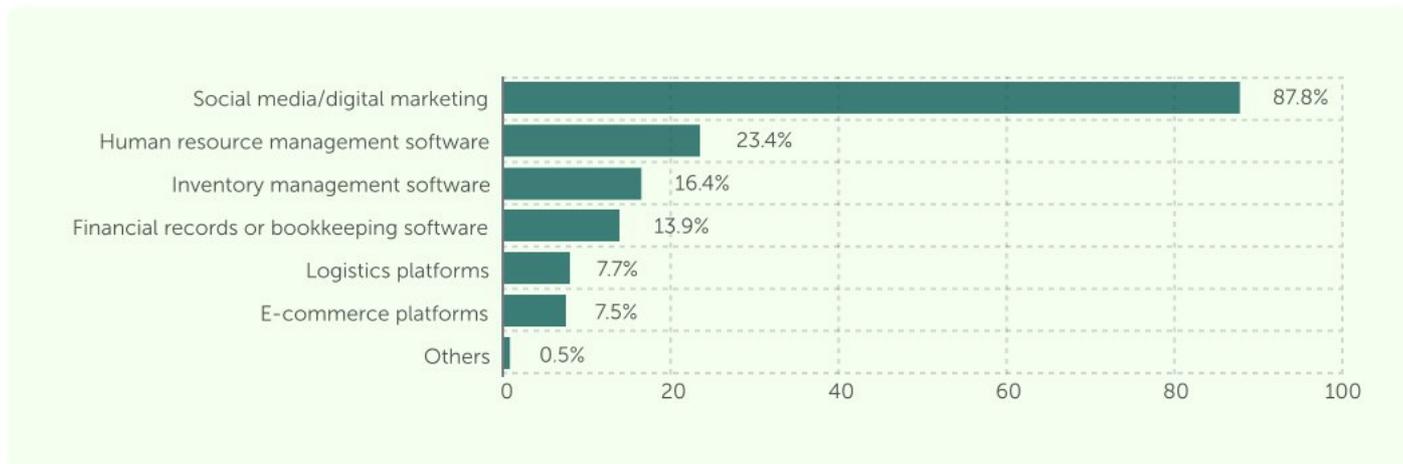


Figure 57: Areas of technology adoption by youth-led businesses (% of youth-led businesses)

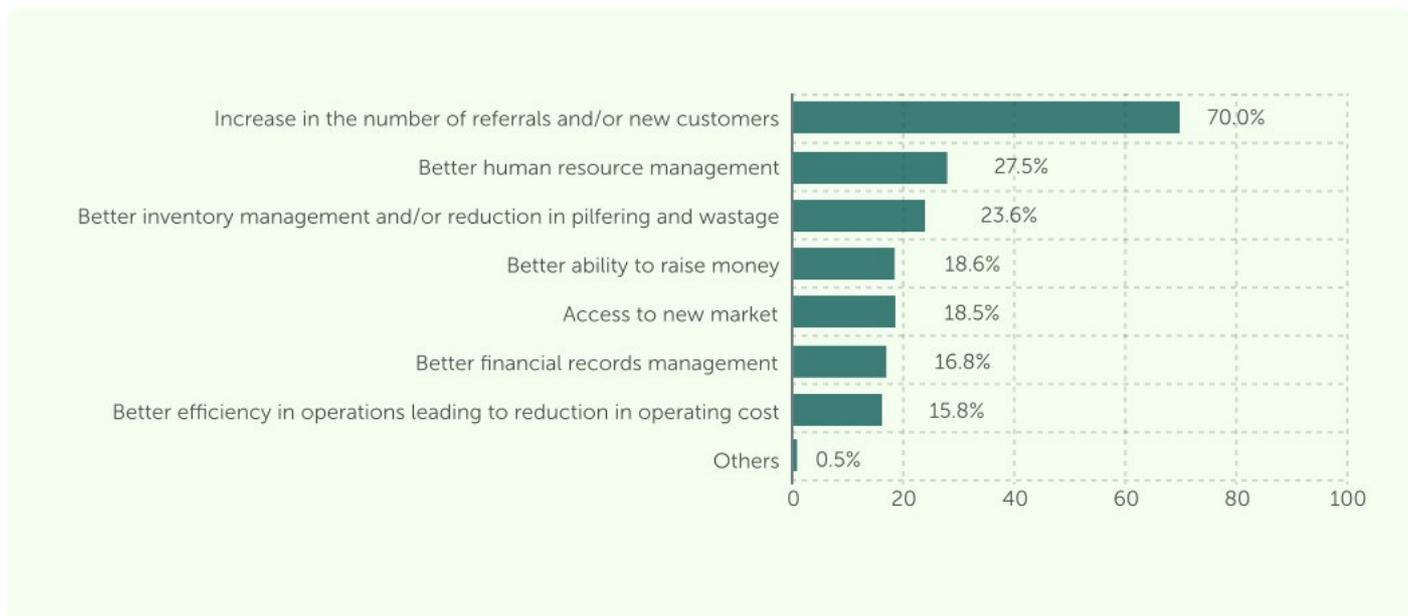


Technology adoption among youth-led businesses continues to drive customer acquisition and operational improvement, consolidating its role as a growth enabler.

In 2025, 70% of youth-led businesses identified an increase in customer referrals and new customers as the most significant impact of technology adoption, underscoring its centrality to market expansion and brand visibility. This finding is consistent with 2024 trends, when technology-driven marketing and customer engagement were important to young entrepreneurs.



Figure 58: Impact areas of technology adoption by youth-led businesses (% of youth-led businesses)



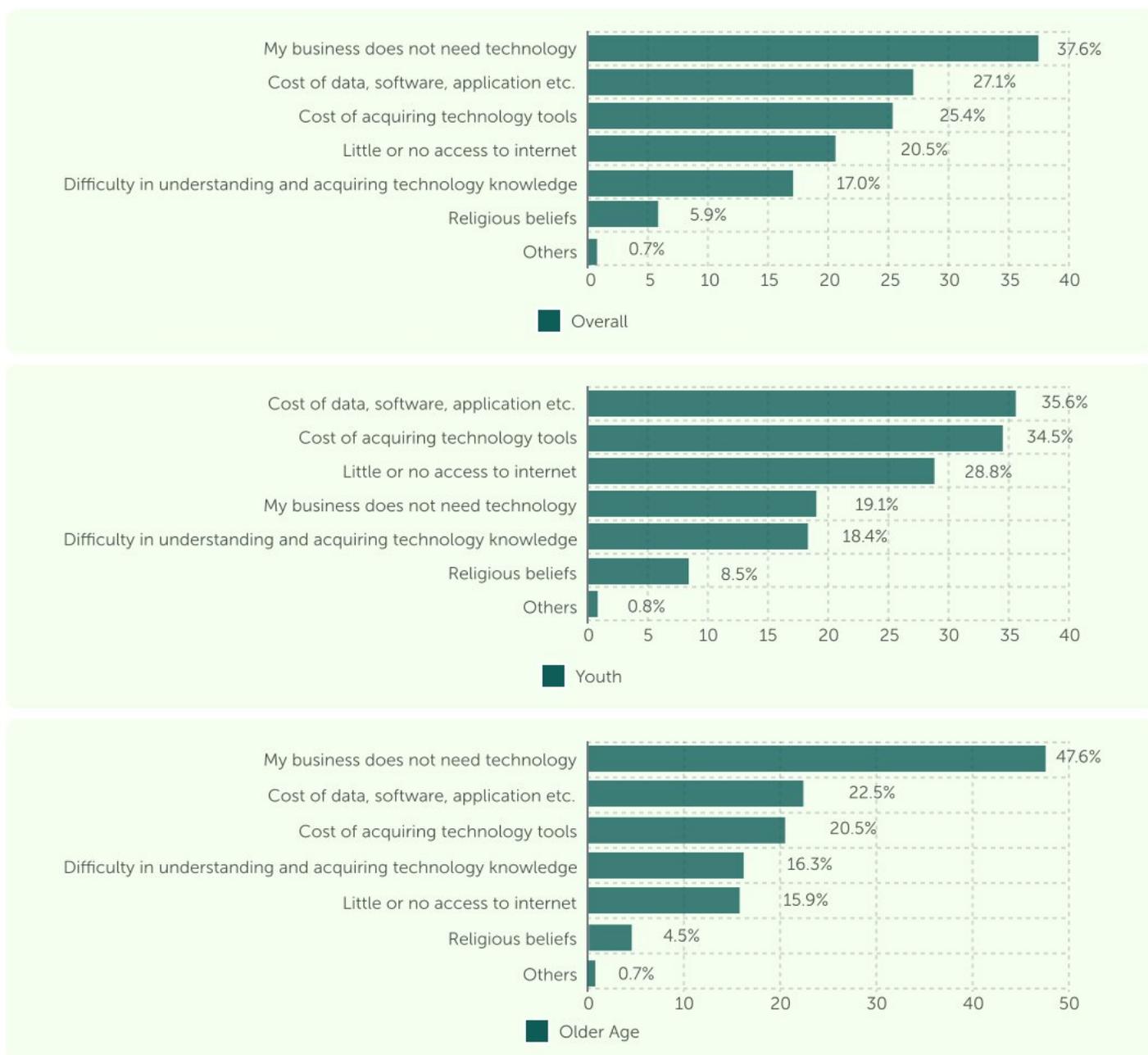
**Youth entrepreneurs face higher financial and access barriers to technology adoption compared with older entrepreneurs**

Among youth-led businesses (15–29 years), the most cited reasons for not adopting technology are the costs of acquiring technology tools (34.5%) and data, software and applications (35.6%). These financial barriers are significantly higher than those reported by other age groups, where only 20.5% and 22.5% identified these as obstacles, respectively.

Youth also report limited internet access (28.8%) and difficulty understanding or acquiring technology knowledge (18.4%) more frequently than older counterparts (15.9% and 16.3% respectively).

Interestingly, older entrepreneurs are more likely to state that their business does not need technology (47.6%) compared with youth (19.1%), indicating that resistance among older entrepreneurs is largely strategic rather than resource-constrained.

Figure 59: Factors inhibiting the adoption of technology by age group (% of respondents that did not adopt technology)



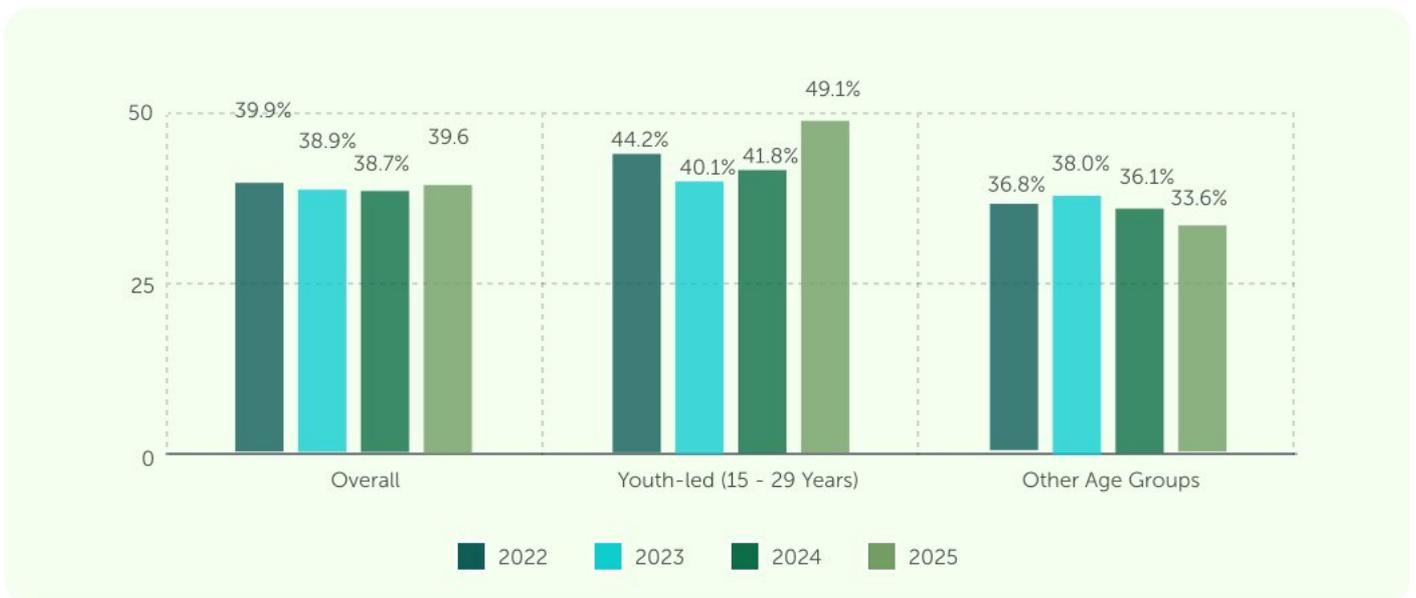
**Youth-led businesses are increasingly investing in skills acquisition, outpacing other age groups.**

Skills acquisition among youth-led businesses (15–29 years) has grown steadily over the period, rising from 44.2% in 2022 to 49.1% in 2025. This trend contrasts sharply with other age groups, whose engagement in skills development declined from 36.8% in 2022 to 33.6% in 2025. The overall rate of skills acquisition remained relatively stable around 39–40%, reflecting the combined effect of increasing youth participation and stagnation among older entrepreneurs.

The data show that younger entrepreneurs are more proactive in acquiring new skills, potentially reflecting greater openness to innovation and technology adoption. By contrast, the decline among older entrepreneurs may indicate either satisfaction with existing competencies or lower perceived returns on further skills development.



Figure 60: Skills acquisition by age group (% of respondents)



**Youth-led businesses prioritise business management and financial literacy in skills acquisition.**

Among youth-led businesses, the top areas of skills acquisition are business management (38.6%) and financial literacy & investor readiness (36.4%), followed by managing people (29.5%). Industry-specific skills (18.3%) and business expansion strategies (18.0%) are moderately pursued, while instituting corporate governance (14.7%) and other minor areas (0.4%) are least targeted.

This pattern indicates that younger entrepreneurs are focused on building foundational managerial and financial competencies critical to early-stage enterprise growth and investment readiness. Compared with older entrepreneurs, youth appear to be more strategic in targeting skills that can directly enhance operational efficiency and access to capital. The emphasis on managing people and financial literacy also suggests that the youth recognise the need to professionalise business operations and improve organisational resilience.



**Youth-led entrepreneurs rely primarily on private-sector and enterprise support programmes for skills development**

Among youth-led businesses, the most frequently cited sources of skills acquisition are private-sector-led programmes (44.1%) and enterprise support organisations (39.5%). Government-supported schemes account for a smaller but notable share (26.8%), while commercial banks (12.0%) and religious institutions (12.2%) play a limited role.

This distribution highlights strong youth engagement with structured, market-oriented learning platforms that equip learners with practical, business-relevant skills. The predominance of private-sector and enterprise-led initiatives in skills development may also reflect greater awareness among youth of the opportunities that enhance operational efficiency, access to finance and investor readiness.

Figure 61: Areas of skills acquisition by age group (% of respondents who acquired skills)

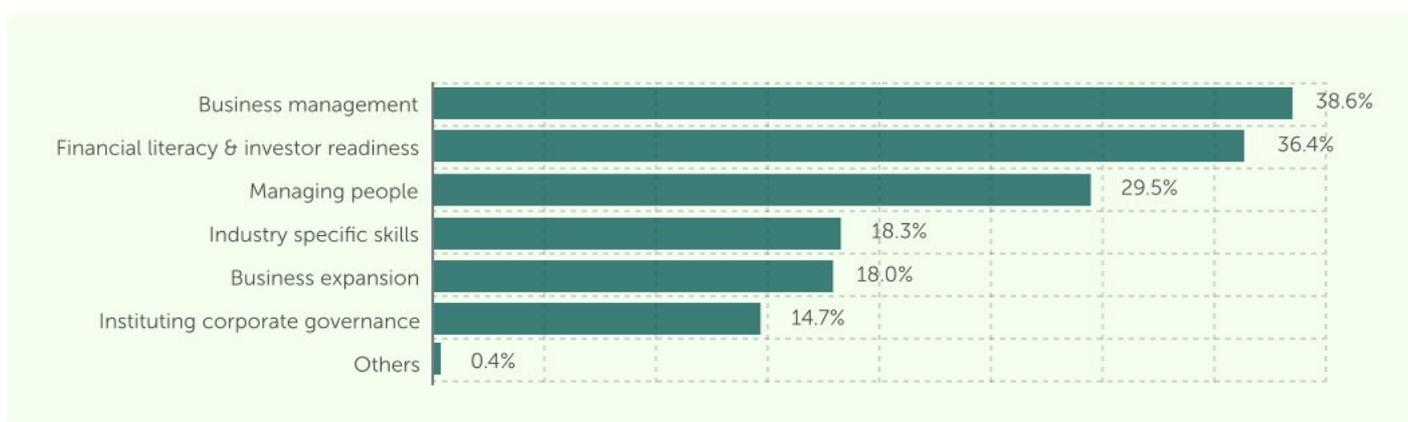
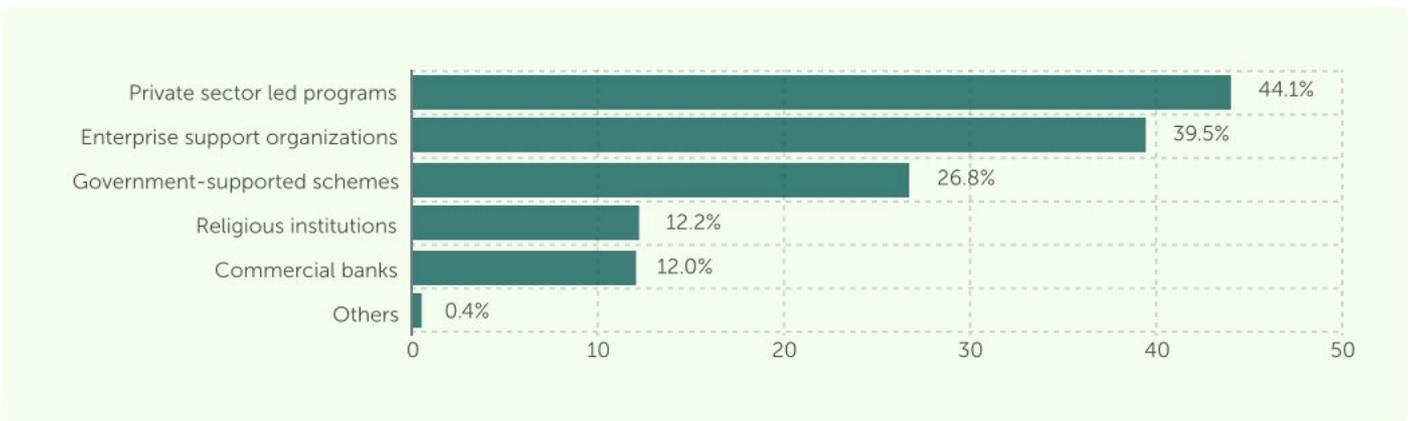


Figure 62: Sources of skills acquired by age group (% of respondents who acquired skills)

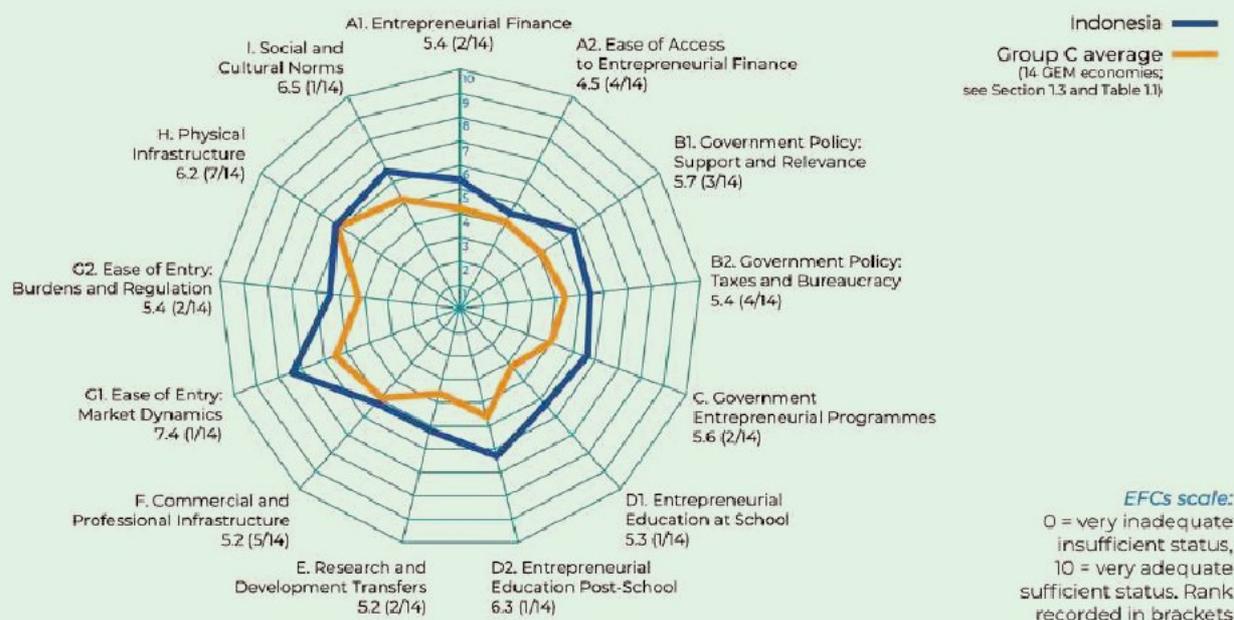


**Box 3: Benchmarking Nigeria – Insights from Indonesia’s Entrepreneurship Ecosystem**

Indonesia provides useful lessons for Nigeria on how sustained reforms and digital transformation can strengthen the entrepreneurial environment in large emerging economies. Recent initiatives such as the Job Creation Law (“Omnibus Law”) have streamlined regulations and reduced bureaucratic barriers, while targeted programmes have expanded MSMEs’ access to finance, training, mentoring and markets. The government’s strong drive for digitalisation, through improved infrastructure, support for e-commerce and incentives for innovation, has further boosted enterprise growth and competitiveness.

The Global Entrepreneurship Monitor (GEM) 2024/2025 Report ranks Indonesia among the top 10 economies on the National Entrepreneurial Context Index (NECI) with a score of 5.7, only slightly below its 2023 score of 5.8. Out of 13 Entrepreneurial Framework Conditions assessed, 12 are rated sufficient ( $\geq 5.0$ ), indicating a broad-based enabling ecosystem. The strongest conditions include Ease of Entry: Market Dynamics, Entrepreneurial Education Post-School, Physical Infrastructure, and Social and Cultural Norms. The country’s performance reflects high societal support for entrepreneurship and solid post-school training systems.

Figure 63: Indonesia’s Entrepreneurial Framework Conditions

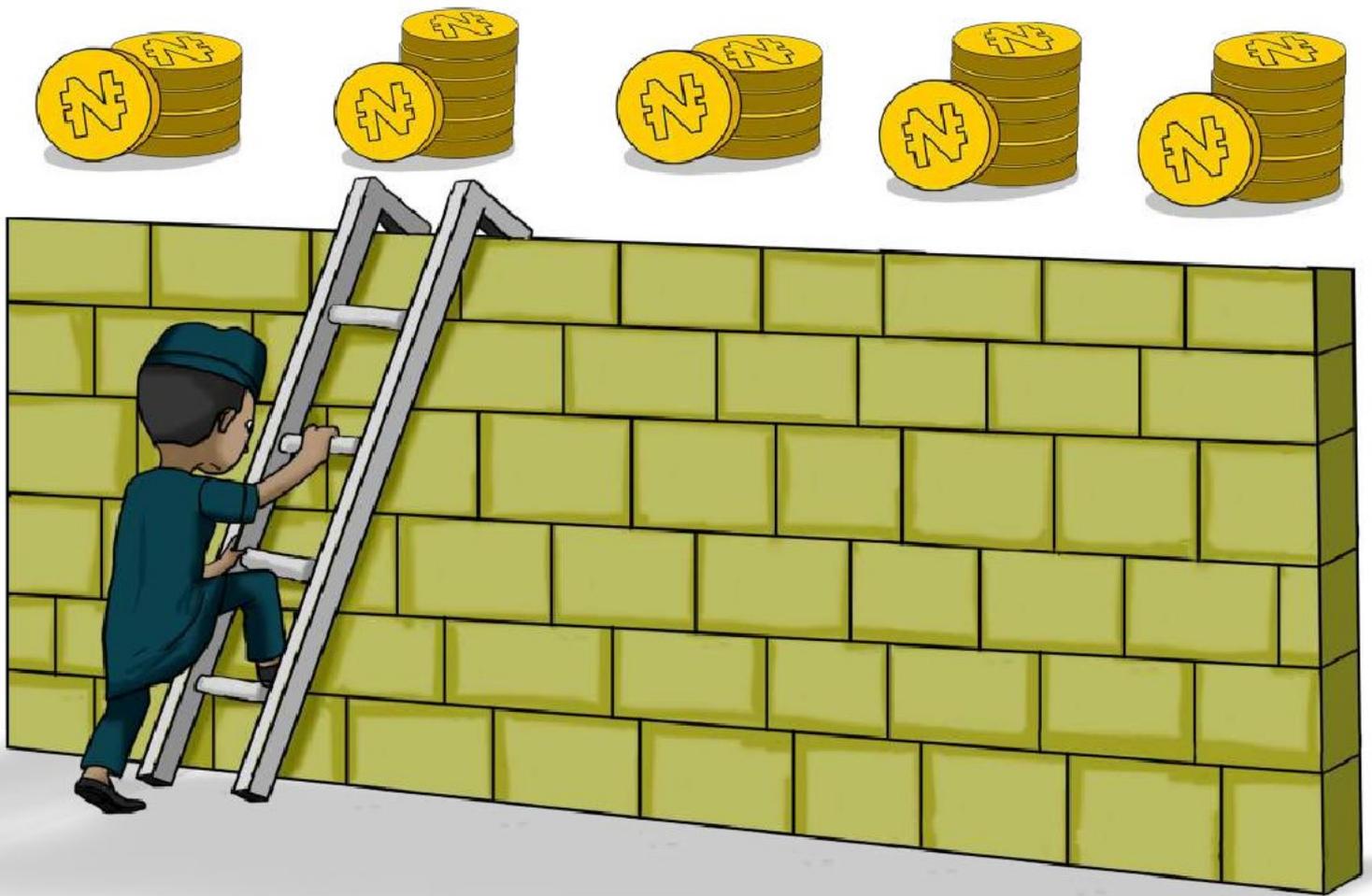


Access to finance remains the weakest link, with a score of 4.5, showing that funding barriers persist despite strong overall performance. However, Indonesia’s emphasis on education, innovation and digital readiness has positioned it as a model of entrepreneurial resilience. Its experience demonstrates that coordinated reforms, supportive culture and investment in human capital can accelerate the transition from informal to competitive enterprise development. Nigeria can learn from this approach in deepening its own entrepreneurship ecosystem.

Source: Global Entrepreneurship Monitor, 2025



# THE BUSINESS ENVIRONMENT IN NIGERIA: CHALLENGES AND OPPORTUNITIES

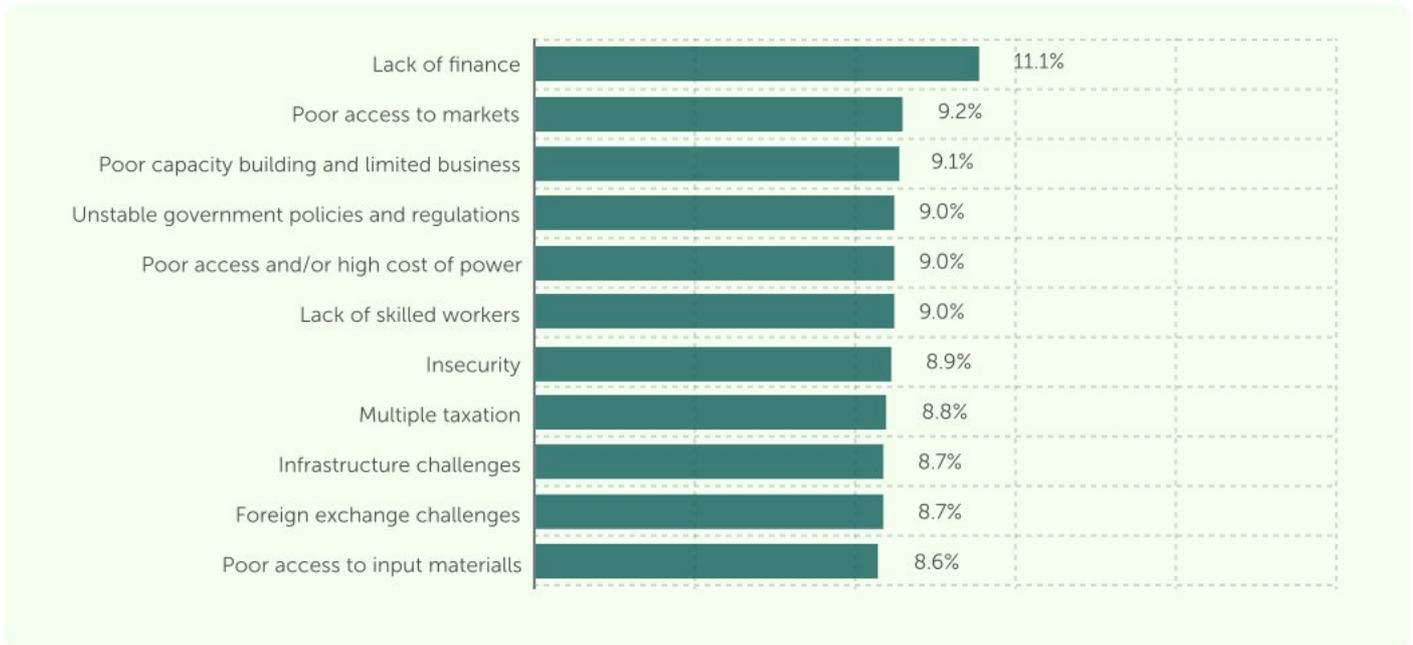


## Key Challenges

There is a remarkable shift in the factors that negatively affected businesses in 2025. While lack of finance maintained its top position for the fourth consecutive year, three other factors made it to the top five. These are poor access to markets, poor capacity building and limited business support and unstable government policies and regulations. Poor/high cost of power fell to fifth position from second in the previous year, suggesting an improvement in power availability, partly due to the categorisation of customers into different bands and increased private generation capacity.

However, data from the 2025 survey show that electricity from the national grid remains the dominant source of energy spending for most businesses. 51% of respondents spend the most on electricity from the national grid, compared with 35% who rely primarily on petrol or diesel and 16% who use renewable energy sources such as solar inverters. While this suggests improved grid utilisation, the continued dependence on fuel-based generation highlights lingering gaps in reliability and affordability. The growing investment in renewable energy reflects a gradual shift toward cost efficiency and sustainability as businesses adapt to energy challenges.

Figure 64: Which of the following factors have negatively impacted your business in the last one year?



This changing composition of business constraints shows a gradual structural transition from infrastructure and security bottlenecks to market access, skills and policy-related challenges. Entrepreneurs now face more institutional and demand-side barriers reflecting the evolving nature of Nigeria’s business environment.

Notably, insecurity, foreign exchange volatility and infrastructure challenges, which dominated the list in 2024, became less prominent in 2025. Their lower rankings suggest that while these issues persist, entrepreneurs are either adapting to them through resilience strategies such as localisation of supply

chains and digital operations, or shifting attention toward more immediate barriers to growth and expansion. We believe the latter option is most likely the case.



Over the five years (2021–2025), three themes stand out:

- Access to finance remains the most binding constraint, reflecting structural weaknesses in credit access, collateral systems and high lending rates.
- Power supply challenges and policy uncertainty continue to shape business risks, despite recent reforms.
- Market access and skills gaps are emerging as the next frontier of constraints, particularly as more firms digitalise and attempt to scale.

Overall, these findings emphasise that the constraints entrepreneurs face are becoming more complex and multi-dimensional. They are shifting from traditional infrastructure deficiencies to institutional and capability-related challenges. Addressing these will require not only financial interventions but also coherent regulatory frameworks, investment in business support systems and policies that strengthen enterprise competitiveness.

Table 14: Which of the following factors have negatively impacted your business in the last one year? (2021 - 2025)

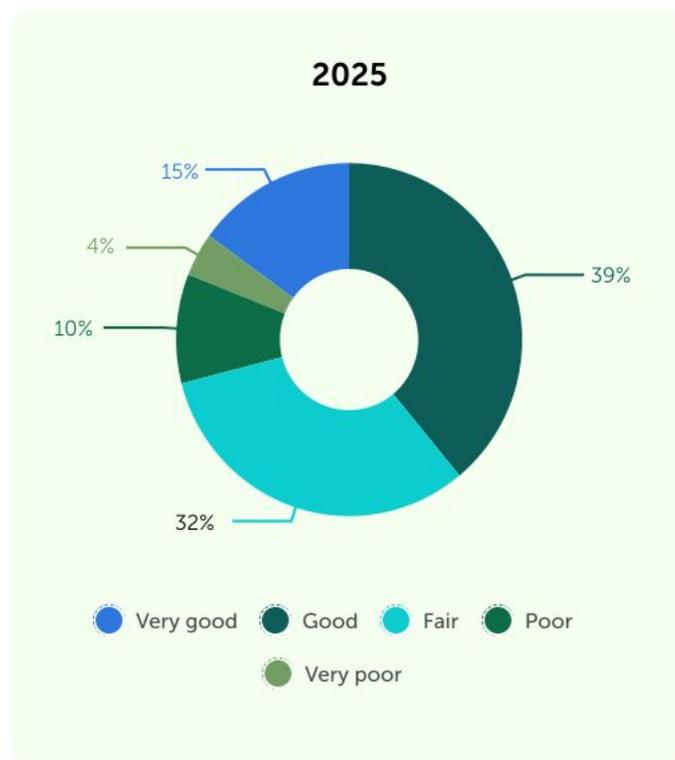
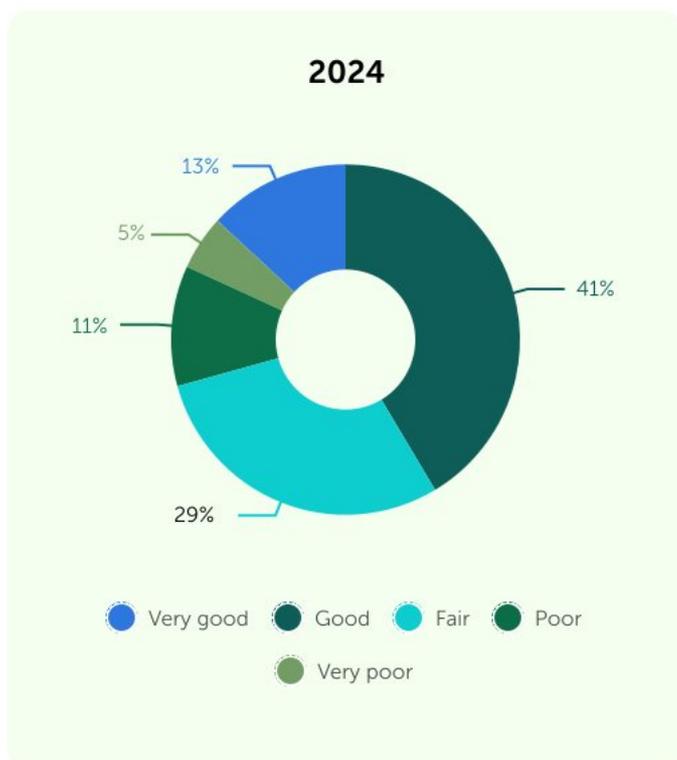
Rank	2021	2022	2023	2024	2025
1	Inadequate infrastructure	Limited access to finance			
2	Insecurity	Poor power supply	Poor power supply	Poor power supply	Poor access to markets
3	Multiple Taxation	Multiple Taxation	Unstable government policies & regulations	Insecurity	Poor capacity building and limited business support
4	Poor business support from government	Poor access to markets	Multiple Taxation	Foreign exchange problems	Unstable government policies & regulations
5	Limited access to affordable finance	Insecurity	Poor access to markets	Infrastructure challenges	Poor/high cost of power supply
6	Unstable government policies & regulations	Foreign exchange problems	Poor capacity building and limited business support	Poor access to markets	Lack of skilled workers
7	Bribery and corruption	Poor capacity building and limited business support	Insecurity	Poor access to input materials	Insecurity
8	Complex certification processes	Unstable government policies & regulations	Foreign exchange problems	Poor capacity building and limited business support	Multiple Taxation
9	Foreign exchange problems	Infrastructure challenges	Lack of skilled workers	Unstable government policies & regulations	Infrastructure challenges
10		Poor access to input materials	Poor access to input materials	Multiple Taxation	Foreign exchange problems
11		Lack of skilled workers	Infrastructure challenges	Lack of skilled workers	Poor access to input materials

### Perception of the Business Environment

Entrepreneurs' perception of the business environment showed marginal improvement in 2025, reflecting early signs of macroeconomic stabilisation and policy realignment. The share of respondents rating the environment as "very good" increased from 13% in 2024 to 15% in 2025, while those describing it as "good" fell slightly from 41% to 39%.

These two categories account for 54% of respondents in 2025, suggesting that over half of Nigerian entrepreneurs view the business environment as either good or very good. Negative perceptions also declined slightly: "poor" ratings fell from 11% to 10%, and "very poor" from 5% to 4%, suggesting that the share of entrepreneurs facing severe operating difficulties has narrowed.

Figure 65: How would you rate the business environment where your business is currently operating?



Overall, these shifts signal an improvement in sentiment, likely influenced by greater macroeconomic stability, exchange rate reforms and easing inflation. However, the persistence of relatively high "fair" responses shows that while conditions are improving, the business climate remains fragile, shaped by cost pressures, policy uncertainty and uneven reform outcomes across sectors and regions.

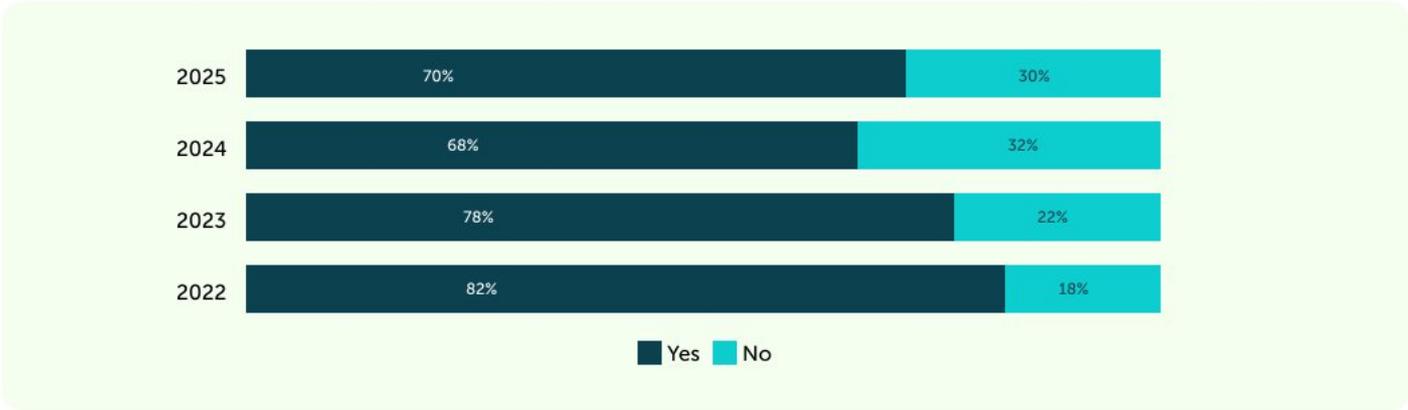
### Business Opportunities and Outlook

Despite the challenging environment, entrepreneurs in Nigeria remain optimistic about the future. In 2025, 70% of businesses expressed plans to expand operations within the next year, up slightly from 68% in 2024 but below the pre-2023 levels (78% in 2023

and 82% in 2022). This moderate rebound suggests that while the macroeconomic environment remains challenging, entrepreneurs are beginning to respond positively to market opportunities.



Figure 66: Are you likely to expand your business operations within the next one year?



Complementing this, optimism strengthened in 2025. The share of respondents describing themselves as “very optimistic” about business opportunities increased from 30% in 2024 to 36% in 2025, while “optimistic” responses remained high at 55.1%. Over nine in ten entrepreneurs (91.1%) maintained a positive outlook for 2025, the highest since 2022. Meanwhile, pessimism declined, as only 7.4% were pessimistic and 1.5% very pessimistic, down from a combined 12% in 2024. In summary, entrepreneurs appear to be regaining confidence in Nigeria’s reform trajectory.

Over nine in ten entrepreneurs (91.1%) maintained a positive outlook for 2025, the highest since 2022.

Figure 67: How optimistic or pessimistic are you about business opportunities in the next one year?



In terms of support from the government, entrepreneurs continue to face significant challenges in accessing meaningful government support, particularly at the subnational level. About seven in ten businesses (68%) described accessing state government support as either hard (47%) or very hard (21%), while only 11% found it very easy. This highlights the disconnect between state-level entrepreneurship programmes and the intended beneficiaries, reflecting issues of awareness, bureaucracy and uneven implementation.



Figure 68: How would you describe accessing support from your state government?

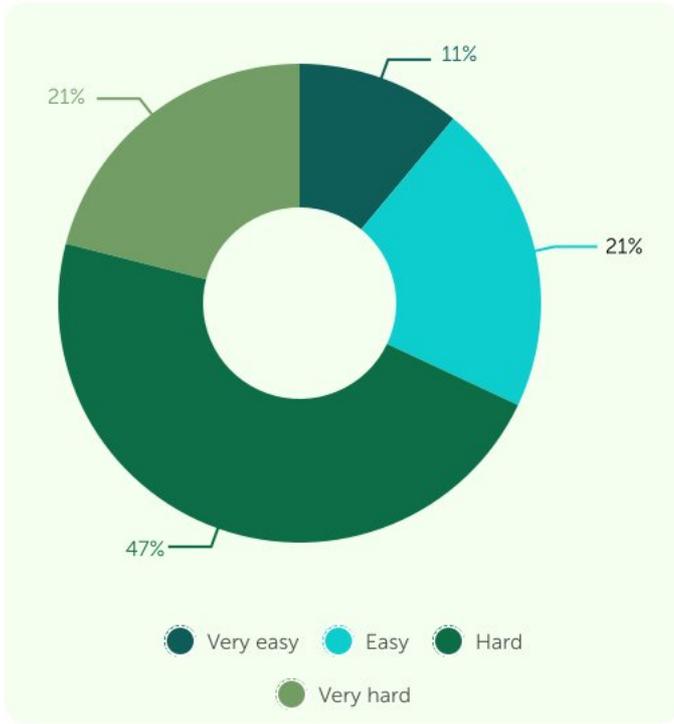
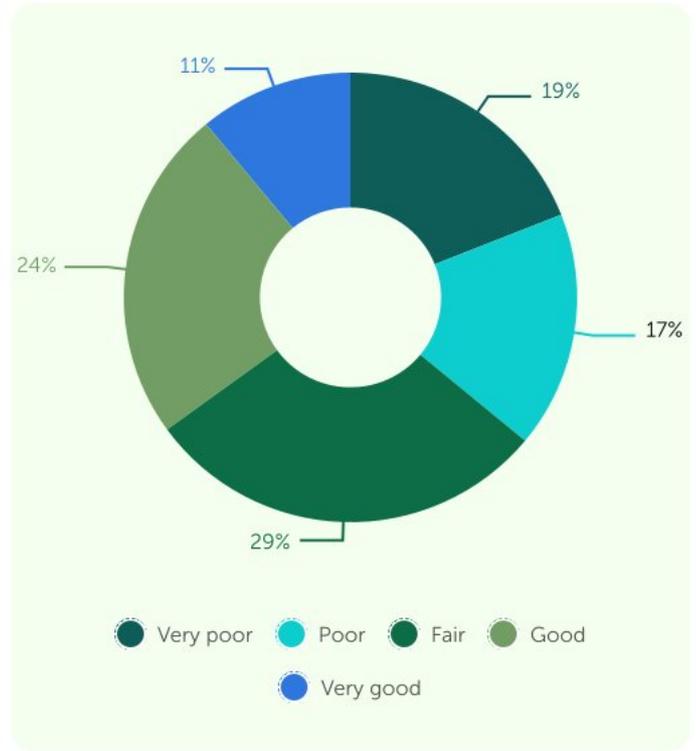


Figure 69: How would you rate the current Federal Government administration in improving the business environment in the last one year?

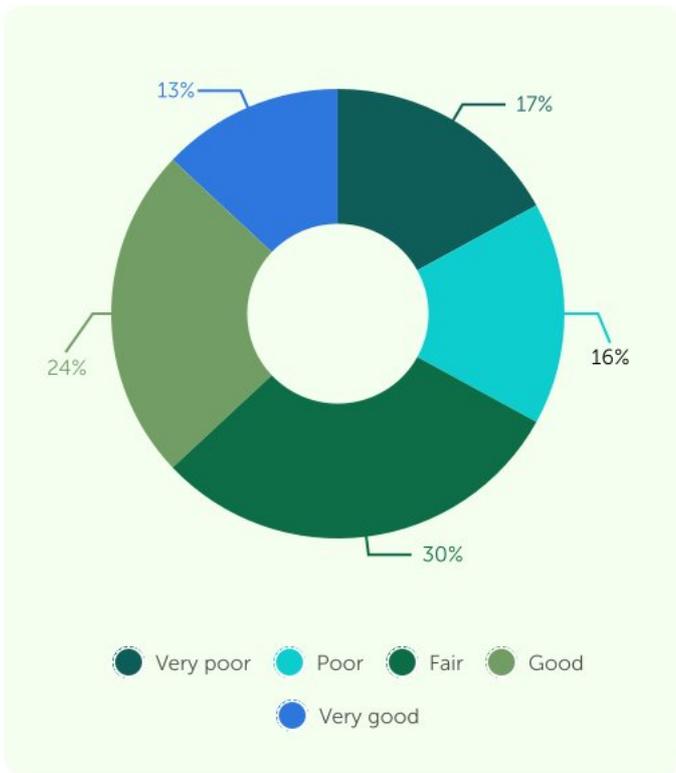


The perceptions of government effectiveness in improving the business environment also remain mixed. At the federal level, only 11% of entrepreneurs rated performance as very good, with a combined 48% rating it as fair or good. This suggests that while recent macroeconomic reforms and policy shifts may be positively viewed by some, their impact on small businesses remains limited.

At the state level, the pattern is similar. A combined 54% rated the environment as fair or good, while 33% described it as poor or very poor. These responses highlight marginal improvements but continued fragility in the business climate, with policy gains yet to translate into tangible benefits for small enterprises.



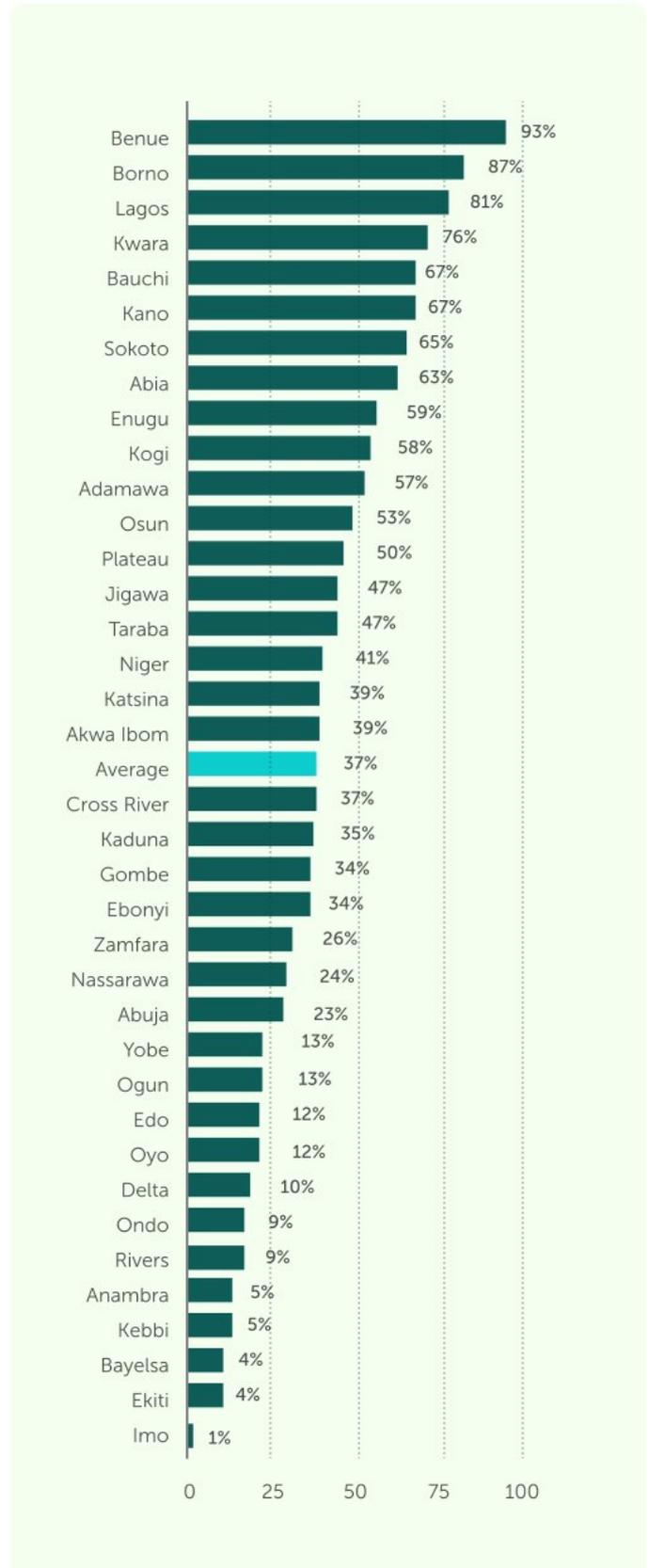
Figure 70: How would you rate your current State Government administration in improving the business environment in the last one year?



Still at the state level, the perception differs across states. 93% of entrepreneurs in Benue rated the state government’s efforts in improving the business environment as good and/or very good. Other states with high positive rankings include Borno (87%), Lagos (81%) and Kwara (76%). Only 1% of entrepreneurs surveyed in Imo and 4% in Ekiti rated the efforts of their state governments as good or very good.

Overall, the findings point to a fragmented institutional support system where entrepreneurs acknowledge some progress but continue to struggle with accessibility, consistency and credibility of government interventions. Also, a few reform-driven states stand out despite broader struggles to deliver a predictable and enabling business climate.

Figure 71: How would you rate your current State Government administration in improving the business environment in the last one year? (Percentage of respondents who chose good or very good)



**Box 4: Awareness and Compliance with the New Tax Policy**

In June 2025, President Bola Ahmed Tinubu signed four Tax Reform Bills into law - the Nigeria Tax Act (NTA), Nigeria Tax Administration Act (NTAA), Joint Revenue Board Act (JRBA) and the Nigeria Revenue Service Act (NRSA). These Acts represent a major milestone in Nigeria’s fiscal reform agenda, aiming to harmonise tax laws, create a uniform legal and operational framework, establish an autonomous national revenue agency and enhance cooperation among revenue authorities across all levels of government.

Tax compliance among small businesses improved modestly in 2025, with 63% of entrepreneurs reporting that they pay taxes, an increase from 39% in 2024 and 55% in 2023. However, awareness and understanding of the new tax policy remain limited: only 42% of respondents said they were aware of it, and just 36% understood how it would affect their businesses.

Figure 72: Do you pay your taxes?

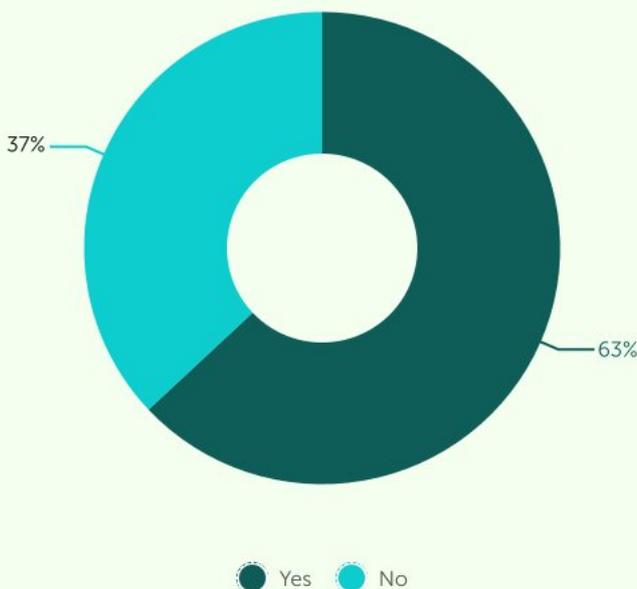
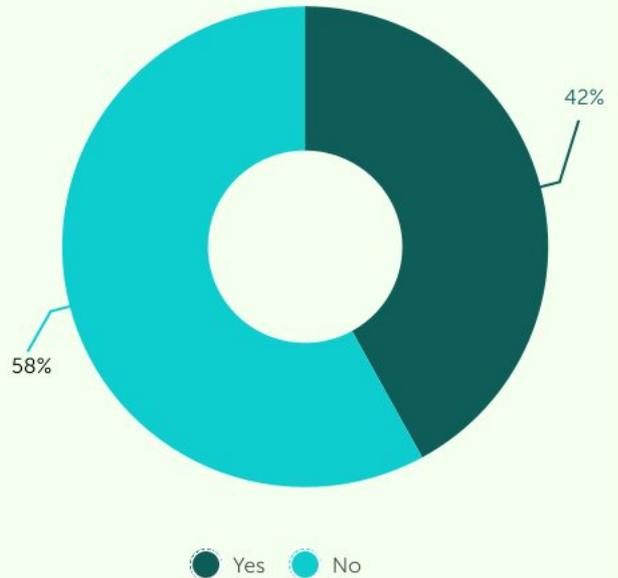


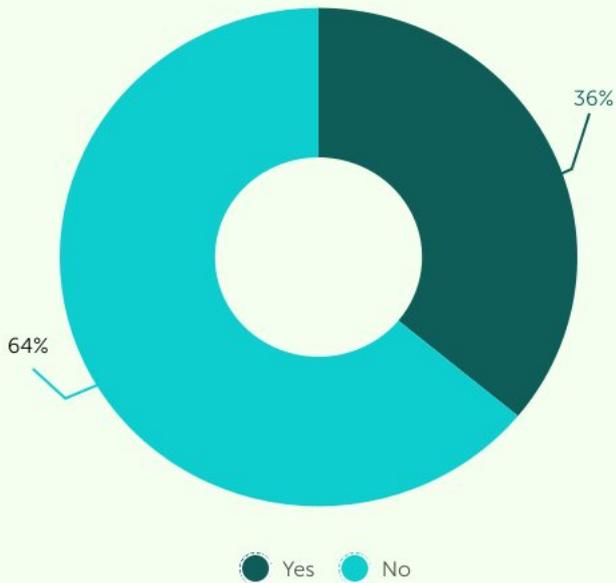
Figure 73: Are you aware of the new tax policy?



At the state level, Kogi (97%), Bauchi (72%), and Kano (70%) recorded the highest awareness levels, while Abia (1.4%), Jigawa (12%) and Edo (12%) ranked lowest. Overall, while compliance is improving, the data highlight the need for broader sensitisation and taxpayer education to ensure effective implementation of the reforms.



Figure 74: Do you understand how this new tax policy will affect/impact your business?



At the state level, Kogi (97%), Bauchi (72%), and Kano (70%) recorded the highest awareness levels, while Abia (1.4%), Jigawa (12%) and Edo (12%) ranked lowest. Overall, while compliance is improving, the data highlight the need for broader sensitisation and taxpayer education to ensure effective implementation of the reforms.

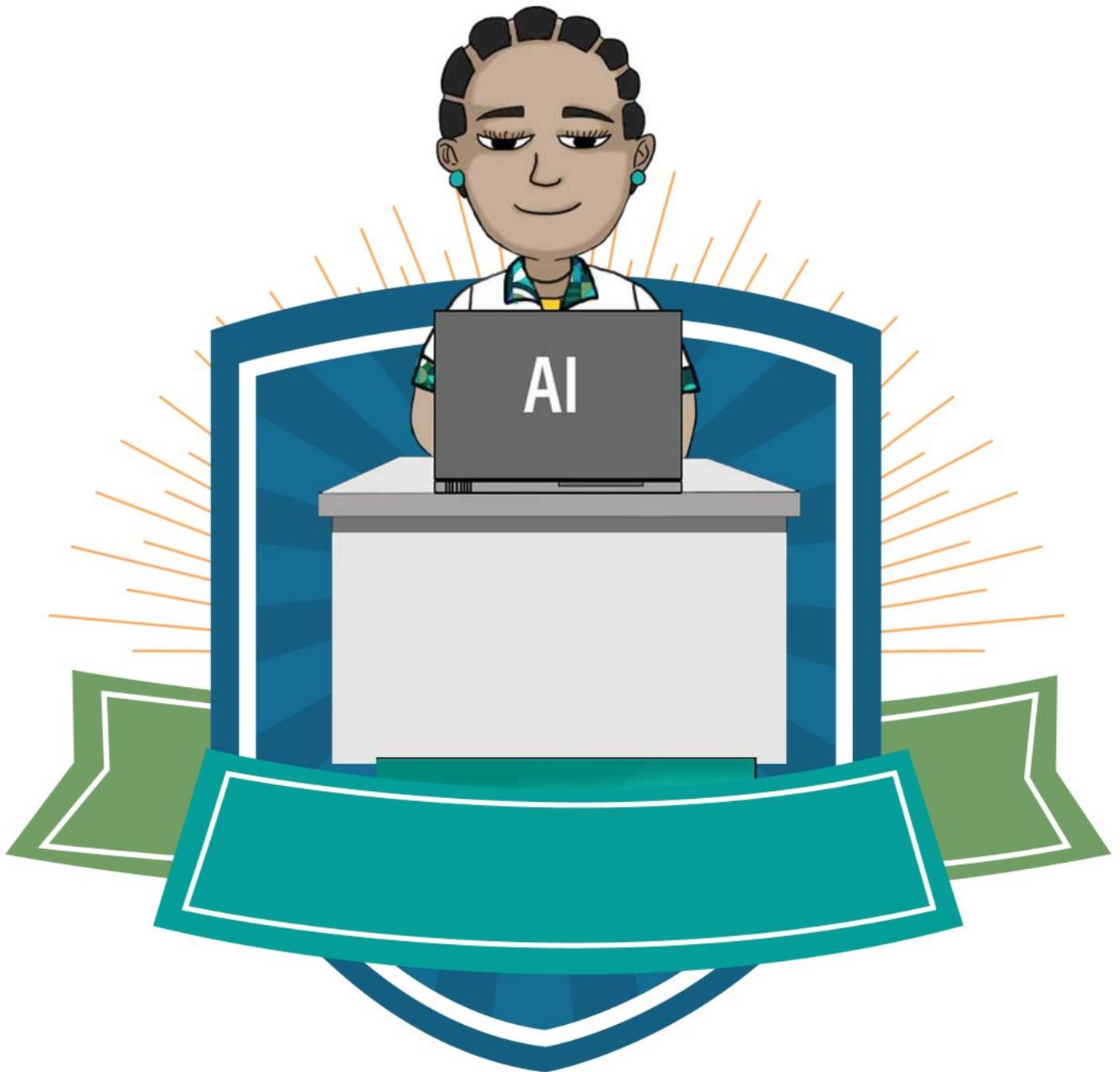


Figure 75: Are you aware of the new tax policy? (% of businesses that are aware of the policy in each state)





# RECOMMENDATIONS

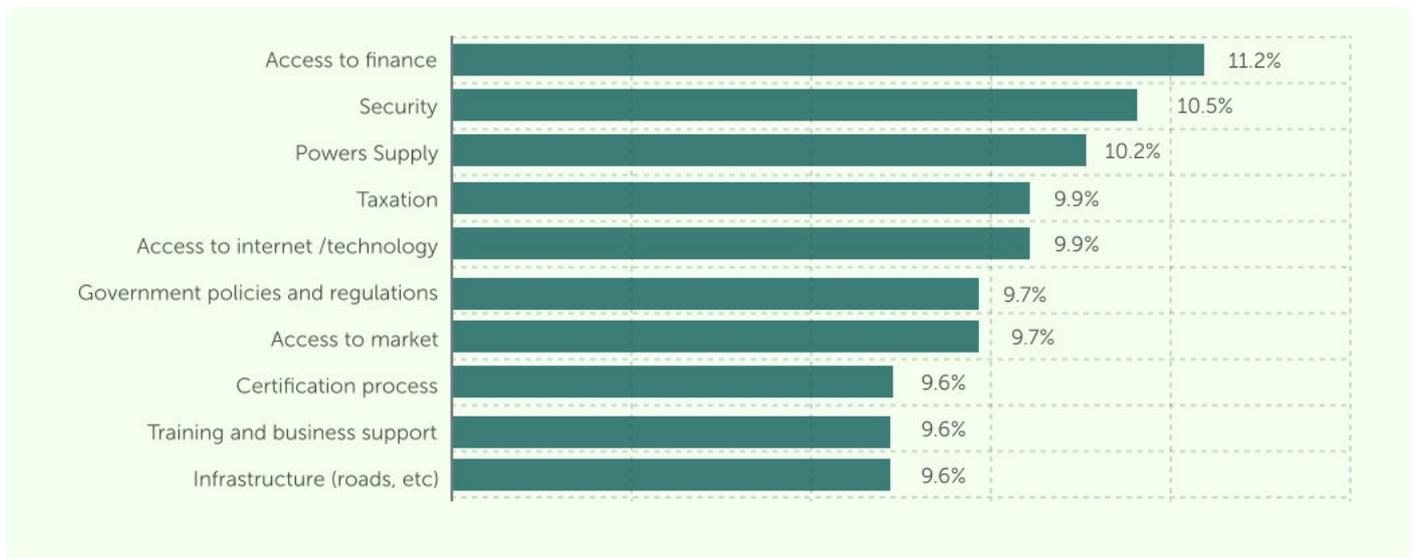


## Recommendations

Nigeria’s macroeconomic environment, though stabilising, still faces several challenges of high inflation, a weaker currency, high interest rates and elevated input costs. These pressures have eroded margins and limited the capacity of small enterprises to invest, expand or hire. While ongoing reforms signal a commitment to stabilisation and long-term growth, their short-term effects have strained the operating environment for entrepreneurs. In this context, strengthening enterprise resilience requires a mix of targeted policy interventions, improved infrastructure and innovative business support mechanisms.

From the 2025 SoE survey, entrepreneurs identified access to finance, security and power supply as the most critical areas for the government to improve the business environment. While the top three factors remained unchanged from last year, their order shifted, with access to finance overtaking security and power supply as the most pressing priority for entrepreneurs in 2025. These priorities reflect the structural and operational challenges constraining enterprise growth across Nigeria. Addressing them requires coordinated efforts between policymakers, financial institutions and the private sector to create a supportive environment for small businesses in the country.

Figure 76: What area do you strongly recommend the government focus on to improve the business environment?



The following recommendations highlight key policy and enterprise-level actions to strengthen Nigeria's entrepreneurial ecosystem.

### Enhance Access to Finance for Small Businesses

Limited access to finance remains a significant challenge for many nano, micro, small, and medium-scale enterprises in Nigeria, as only 25.6% of respondents accessed finance from formal institutions in 2025. Expanding financial inclusion for small businesses will not only improve survival rates but also enhance their contribution to employment and GDP.

#### Actionable Steps for Federal Government, State Governments and DFIs:

- Expand credit guarantee schemes and collateral-free lending programmes targeted at women- and youth-led enterprises.
- Incentivise financial institutions to increase SME lending through tax credits and performance-based rewards.
- Deepen collaboration between FG, state governments, DFIs and fintech platforms to broaden access to affordable financing.
- Partner with women's associations, cooperatives and fintech platforms to deepen outreach and financial literacy among informal and rural women entrepreneurs.



### Improve Business Support and Capacity Building

Entrepreneurs continue to identify poor capacity development and limited access to business support as key barriers to growth. Many lack the technical, managerial and digital skills required to navigate complex markets. Strengthening enterprise support systems will enable small businesses to improve productivity, competitiveness and resilience in a rapidly evolving business environment.

#### Actionable Steps:

- State governments should strengthen state-level enterprise development agencies to provide technical assistance, mentorship and market linkage support to small businesses.
- FG and SG should scale up entrepreneurship training programmes focused on digital adoption, financial management and productivity enhancement.
- FG & SG should integrate entrepreneurship modules into existing vocational and tertiary education curricula.
- Establish peer networks and incubation hubs for female entrepreneurs to exchange knowledge and collaborate on scaling strategies.

### Reduce Policy Uncertainty and Strengthen Subnational Reforms

In the survey, entrepreneurs cited unstable government policies and regulatory uncertainty as major constraints to business growth. Frequent policy shifts and overlapping regulations erode confidence and raise operating costs. Therefore, ensuring a predictable policy and regulatory environment will enhance investor confidence, reduce business risks and create a more stable foundation for firms to grow sustainably.

#### Actionable Steps:

- Institutionalise public-private dialogue platforms at the state level to ensure consistent feedback between government and entrepreneurs.
- Align state business environment reforms with the national tax and investment frameworks for policy coherence.
- Publish annual national and state-level competitiveness and ease-of-doing-business reports to promote accountability and peer learning – FG and SG.
- FG & SG need to implement protection mechanisms against multiple taxation and informal levies, which often affect smaller, women-owned businesses more severely.

### Expand Market Access Opportunities

Poor access to markets ranked as the second topmost challenge for entrepreneurs in 2025, reflecting limited distribution networks and high logistics costs.

Expanding market access, both domestic and export, will enable small businesses to scale, integrate into value chains and benefit from Nigeria's growing consumer base and regional trade opportunities.

#### **Actionable Steps for Federal and State Governments:**

- Promote local content and value chain integration by linking small firms with larger industries and export markets.
- Support digital marketplaces and trade fairs that showcase Nigerian products and services.
- Strengthen cross-border trade facilitation and logistics infrastructure to enable MSMEs to reach new customers efficiently.

### Strengthen Awareness and Communication on Tax Reforms

Despite the passage of four major tax reform laws in 2025, awareness and understanding of the new framework remain low among entrepreneurs. Only 42% of surveyed entrepreneurs were aware of the new tax policy, and just 36% understood its implications. Strengthening communication and taxpayer education is therefore critical to improving compliance, reducing misinformation and ensuring that entrepreneurs can fully benefit from a simpler and more transparent tax system.

#### **Actionable Steps Federal Government:**

- Launch coordinated nationwide campaigns through business associations, trade groups and state agencies to explain the new tax laws and their implications for small businesses.
- Develop simplified, multilingual guides and visual materials that highlight key provisions of the four new tax Acts.
- Establish helpdesks or digital portals at the state level to provide real-time information and support to taxpayers.



### Enhance Infrastructure and Energy Reliability

While the high cost of power dropped slightly in ranking in 2025, it remains a major obstacle for small businesses, especially in manufacturing and services. Improving access to affordable and reliable energy, along with better transport and digital infrastructure, is critical to lowering production costs and enabling competitiveness across Nigeria's regions.

#### **Actionable Steps for Federal and State Governments:**

- Promote decentralised energy solutions by supporting solar mini-grids, embedded generation and renewable energy partnerships tailored to industrial clusters and business parks.
- Expand public-private investments in power and transport infrastructure, prioritising road connectivity, logistics hubs and energy access in high-productivity zones.
- Provide targeted incentives such as tax credits or grants for businesses that adopt clean or alternative energy technologies to reduce dependence on the grid.

### **Recommendation for Business Member Organisations (BMOs): Deepen Research, Advocacy and Enterprise Support**

Business Member Organisations (BMOs) such as FATE Foundation, Chambers of Commerce and enterprise support networks play a pivotal role in strengthening Nigeria's entrepreneurial ecosystem. To maximise their impact, they must go beyond direct enterprise support to shape the broader policy and knowledge landscape. This involves evidence-based advocacy, targeted training and strategic partnerships to amplify the voice and capacity of entrepreneurs.

#### **Actionable Steps:**

- **Deepen Research and Data Generation:** Invest in research and policy intelligence to generate evidence that informs advocacy and guides both public and private sector decision-making.
- **Strengthen Advocacy and Policy Engagement:** Champion reforms that address financing barriers, multiple taxation and market access constraints through sustained dialogue with policymakers and regulators.
- **Expand Training and Capacity Building:** Develop targeted training for entrepreneurs on digital transformation, financial management and regulatory compliance, tailored to regional and gender-specific needs.
- **Facilitate Collaboration and Knowledge Exchange:** Foster networks among entrepreneurs, investors and policymakers through forums, mentorship programmes and peer-learning platforms.
- **Enhance Monitoring and Evaluation:** Track the effectiveness of interventions and publish periodic reports that highlight progress and emerging challenges within the entrepreneurship ecosystem.

### **Recommendations for Entrepreneurs: Prioritise Adaptation, Formalisation and Collaboration**

Entrepreneurs must strengthen business resilience by adapting to digital tools, formalising their operations and collaborating within networks or value chains. Entrepreneurs need to embrace technology for record-keeping, marketing and payments, as this can lower costs and expand market reach. Formalisation enhances access to finance and policy support. Building partnerships with peers, cooperatives and associations helps share knowledge, reduce risks and increase bargaining power.





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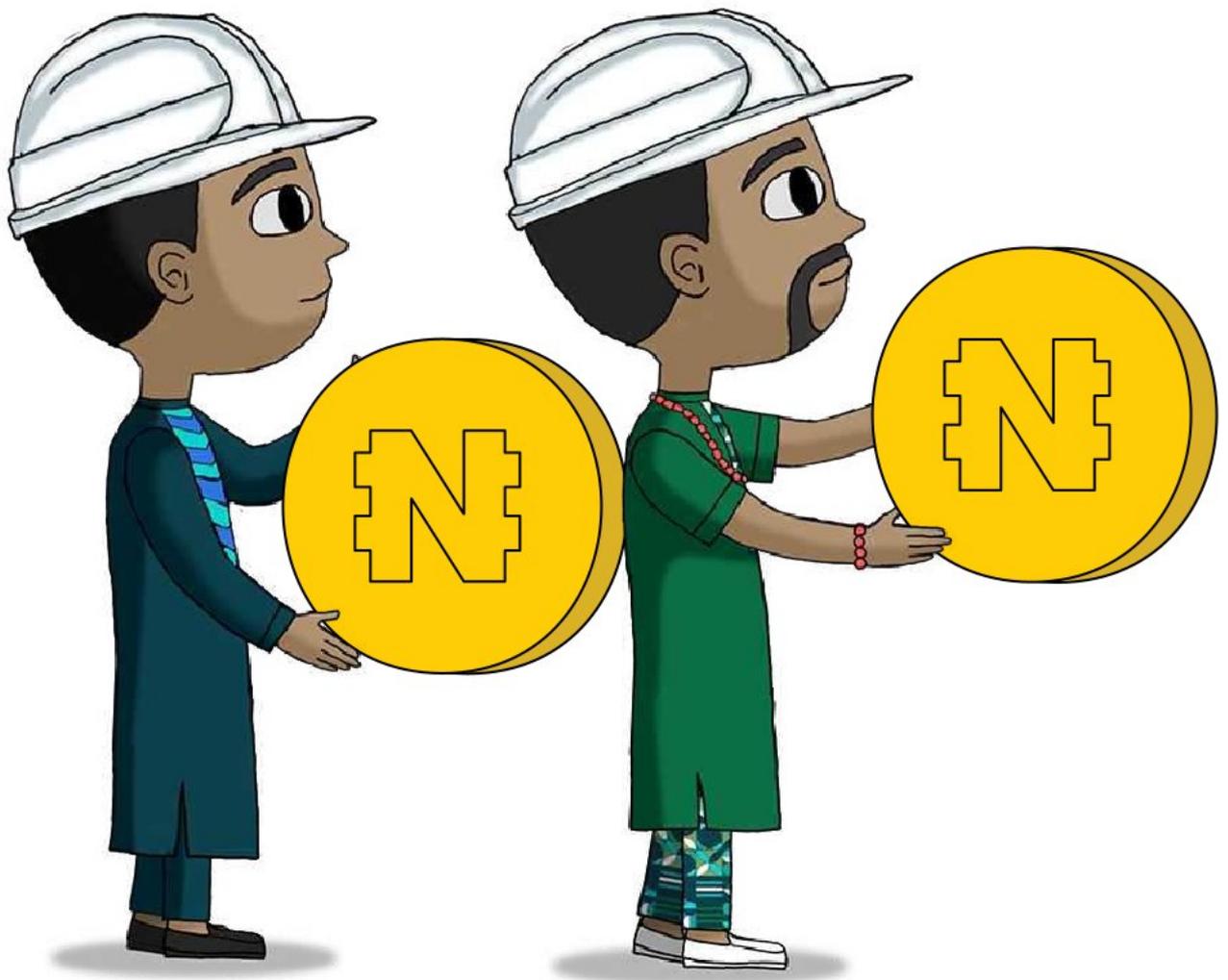


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# APPENDIX



### Methodology Note

The FATE Institute conducted the 2025 State of Entrepreneurship survey of business establishments across several states and the Federal Capital Territory in Nigeria for this study. A nationally representative sample of 10,000 business establishments was selected. Establishments cut across formal and informal sectors and were located in both rural and urban areas. The businesses in this study are captured under 21 sectors of the economy.

The survey was executed through a physical questionnaire. The primary objective of the survey was to provide data support towards the mapping of the State of Entrepreneurship in Nigeria. Other objectives included capturing data on key business trends, survival and death rates of businesses, access to finance, and multiple taxation, as well as highlighting key challenges and perceptions of entrepreneurs on the business environment.

The survey was conducted in August and September 2025. The final number of surveyed businesses was 10,882, which exceeded the initial sample of 10,000. Field responses accounted for 100% of respondents. After completion, the data were lodged, validated, cleaned up and analysed in line with the objectives of the report. Two main statistical software - MS Excel and SPSS were used in the analysis.

### State of Entrepreneurship Index: Methodology

The computation of the Nigerian Entrepreneurship Index 5.0 is based on successive aggregation of mean scores covering the five pillars of entrepreneurship used in this report – skills acquisition, innovation and technology adoption, business performance, perception of opportunities and enabling business environment. At every aggregation level (pillar), the aggregated measure is computed using the average of scores of its components. The Entrepreneurial Index (EI) score is the average score of the five pillars of measurement. Using the EI score, which ranged between 0 and 1, a distance to perfect score is computed by deducting the EI score from the ideal state of 1. A reverse scoring technique is used, depending on how the indicator question is constructed. Additionally, indicators under a pillar are weighted, where necessary, to capture changes in condition within the last one year where there are indicators that measure changes in condition that are likely to take longer periods to happen. This methodology change only affects the skills acquisition pillar.

Individual indicators are first transformed - normalised into a progress score between 0 and 1 to measure the transition to a perfect score (ideal state) of 1. Weights, rounded to 1 decimal place, are applied to the five pillars.

The steps below capture the computation process.

#### Step 1: Compute the sub-index:

$$SI_{ki} = \frac{\sum_1^j X_i}{J_k}$$

Where k represent each pillar(sub-index);  
J represents each component in a sub-index;  
X represents observations  
i represents each respondent

#### Step 2: Compute the composite index (weighted) for States and national:

$$CI_i (\text{weighted}) = \sum (W_k SI_k)$$

Where CI represents Composite Index

#### Step 3: Compute the composite index:

$$CI = \sum (CI_k)$$

# ACKNOWLEDGEMENTS

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**Design:** ClueBox

