SOE 2026

STATE OF ENTREPRENEURSHIP IN NIGERIA REPORT

Confidence Under Constraint



FATE Foundation

The FATE Institute
RESEARCH POLICY ADVOCACY



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We particularly appreciate the 10,721 entrepreneurs across Nigeria's 36 states and the Federal Capital Territory who participated in the survey and shared insights into their business experiences, performance, challenges and expectations. Their responses provide the evidence in this report.

We recognise the contributions of the research team, survey coordinators, field enumerators, data analysts and enterprise-support organisations involved in data collection, analysis and the preparation of the report.

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FOREWORD

Each year, the State of Entrepreneurship in Nigeria Report (SoE) seeks to capture the lived realities of entrepreneurs building businesses across the country. This year, those realities are reflected in our theme, "*Confidence Under Constraints*".

Nigerian entrepreneurs have remained remarkably optimistic in spite of the odds. Across all 36 states and the Federal Capital Territory, many told us they see opportunity and intend to expand. More are adopting digital tools, and a meaningful number are selling beyond our borders, mostly into other African markets, an early signal of what the African Continental Free Trade Area could unlock. Encouragingly, entrepreneurs now see policy instability as less of a hindrance than in previous years, a sign that efforts toward a more predictable policy environment are being felt.

Yet, confidence is not capacity. Costly finance, unreliable power, insecurity, poor transport and limited support still cap what businesses can achieve. Fewer entrepreneurs now rate the operating environment as good. This reflects caution more than pessimism, from people absorbing high costs every day. Many firms grew their sales, but rarely enough to invest, expand or hire. Skills remain the weakest pillar of our Entrepreneurship Index, and the gap is widest among young, very small businesses. They are the largest group we surveyed, and they are still building the capabilities they need to survive

To move these insights off the page and into policy and practice, three points stand out.
1. Growth must create jobs. Hiring rises sharply as businesses grow in size. Helping firms move beyond nano and micro scale is one of the most direct routes to employment in Nigeria. We do not want jobless growth; we want growth that puts people to work and lifts productivity.
2. Siloed fixes won't work. Too many small businesses are still forced to generate their own power, train their own staff and finance themselves. Because these constraints compound one another, fixing them in sequence lets the unsolved ones wear away the gains. Power, skills, finance and market access must be treated as one coordinated package by government, funders and the private sector.
3. Young firms need deliberate support to survive. Established businesses grew fastest, drawing on experience, customer relationships and stronger market knowledge. Early-stage founders need the equivalent of midwifery: hands-on support that carries them through the fragile early years and into growth and scale.



We hope this report becomes a working tool, not a reference that sits on a shelf. To **policymakers**: entrepreneurs have named security, power and finance as their leading priorities for government action, and the state-level data should help target where reform will matter most. To **development partners and funders**: design programmes that pair capital with capability building and market access, with deliberate focus on the businesses ready to scale. To the **private sector**: open your supply chains, procurement and distribution networks to growing local firms. To **researchers and the media**: use this evidence to keep the experience of Nigerian entrepreneurs at the centre of the national conversation. Be sure to reference hope alongside the challenges

At FATE Foundation, these findings sharpen our own focus on building the skills, capabilities and environment that helps entrepreneurs start, grow, and scale their businesses.

I thank the thousands of entrepreneurs who shared their experiences with us, our partners who made this research possible, and the FATE Institute and SoE team for their hard work and dedication.

Sincerely,
Ayomide Akindolie-Igwe
Executive Director,
FATE Foundation

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EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

Nigeria entered the second half of 2026 with stronger GDP growth, lower headline inflation, a more stable foreign exchange market and an easing monetary stance. These gains had not yet translated fully into lower costs or stronger firm-level conditions.

The 2026 State of Entrepreneurship (SoE) Survey therefore presents a picture of confidence under constraint: entrepreneurs continued to identify opportunities, adapt and plan for expansion, while high energy, transport and borrowing costs, weak demand and limited access to finance constrained productivity, scale and job creation.

The enterprise base remained young and increasingly small-scale

The survey covered 10,721 entrepreneurs across the 36 states and the Federal Capital Territory. Its results point to an active enterprise economy dominated by young owners and very small firms.

- 60.7 per cent of businesses had operated for five years or less.
- 84.3 per cent of respondents were below the age of 40, while 52.1 per cent were women and 39.0 per cent were youth aged 15-29.
- Nano businesses increased from 52.8 per cent in 2025 to 65.1 per cent in 2026. Together, nano and micro firms represented 86.7 per cent of the sample.
- Only 44.4 per cent of businesses were registered.
- New business formation declined from 26.7 per cent to 24.5 per cent. Among new business owners, 59.1 per cent started to earn additional income and 26.5 per cent did so because they could not find a job.



Business growth recovered, while employment remained weak

More businesses reported growth in 2026, supported mainly by market access and demand. The employment response was considerably weaker, making the recovery largely job-light.

- The share of businesses that grew rose from 67.3 per cent in 2025 to 72.2 per cent in 2026.
- Only 26.0 per cent hired additional workers, compared with 25.2 per cent in 2025 and more than 30 per cent in 2022 and 2023.
- Hiring increased with firm size: 20.3 per cent of nano firms hired, compared with 42.5 per cent of small firms and 52.2 per cent of medium-sized firms.
- Limited access to finance was the leading barrier among businesses that did not grow, followed by market access, insecurity and power costs.



Only 26.0 per cent hired additional workers, compared with 25.2 per cent in 2025 and more than 30 per cent in 2022 and 2023.

Women advanced, while youth fell further behind

Female-led businesses recorded stronger growth than male-led businesses, even as women remained concentrated in nano enterprises. Youth-led firms retained a digital advantage, although their finance, skills and growth outcomes weakened relative to older entrepreneurs.

- Growth among female-led businesses reached 74.8 per cent, compared with 69.3 per cent among male-led businesses.
- 71.9 per cent of female-led firms were nano businesses; 22.5 per cent accessed institutional finance and 22.1 per cent hired.
- The percentage of youth-led businesses that reported growth reached 67.2 per cent, compared with 75.3 per cent among businesses led by older entrepreneurs - an 8.1 percentage-point gap.
- 74.7 per cent of youth-led businesses were nano enterprises and only 36.0 per cent were registered.
- Youth access to finance fell from 28.7 per cent to 20.2 per cent, while skills acquisition declined to 38.5 per cent.
- 41.3 per cent of youth reported using artificial intelligence, compared with 30.6 per cent among other age groups.

> Growth among female-led businesses reached 74.8 per cent, compared with 69.3 per cent among male-led businesses.



Confidence remained high as enabling conditions weakened

Entrepreneurs' expectations remained markedly stronger than their assessment of current conditions. This gap captures both the resilience of business owners and the practical limits on their ability to invest and expand.

- Only 44.5 per cent rated the business environment as good or very good, down from 54.0 per cent in 2025.
- 90.1 per cent were optimistic or very optimistic about opportunities over the next year, and 68.7 per cent planned to expand.
- Finance remained the leading business constraint for the fifth consecutive year. Power ranked second and insecurity third.
- Entrepreneurs ranked security, power and finance, in that order, as the leading priorities for government action.
- 69.9 per cent described access to state government support as hard or very hard.
- Only 30.4 per cent rated Federal Government efforts positively, with a similar 30.8 per cent rating for state governments.
- Only 44.6 per cent were aware of the new tax laws; 58.0 per cent found filing or payment difficult and 37.1 per cent reported multiple taxation.
- Only 14.7 per cent of businesses exported; 69.5 per cent of exporters sold to other African countries.

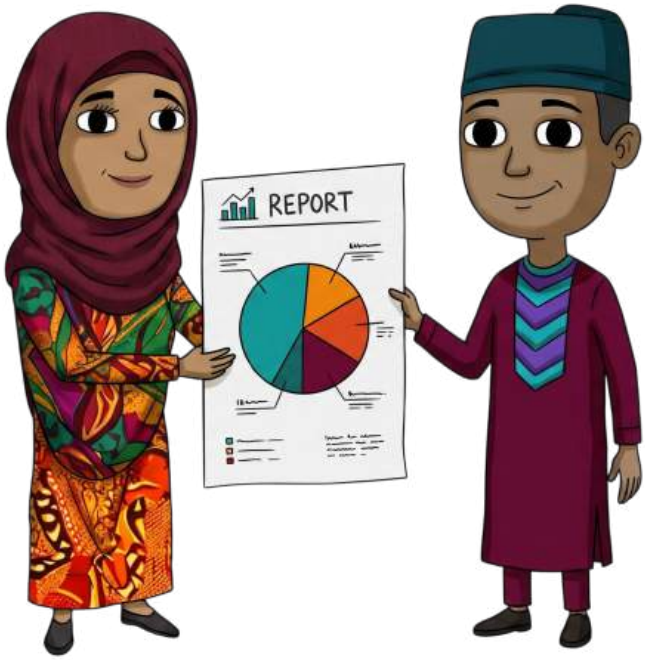


> Only 30.4 per cent rated Federal Government efforts positively, with a similar 30.8 per cent rating for state governments.

The Entrepreneurship Index showed movement without a decisive breakthrough

The Index confirms the report's central finding: opportunity and entrepreneurial effort remained strong, while skills and the enabling environment restricted what firms could achieve.

- The aggregate Index stood at 0.46 (or 46 out of 100), compared with 0.47 in 2025.
- Perception of Opportunities was the strongest pillar at 0.72.
- Innovation and Digital Technology Adoption scored 0.53, while Business Performance stood at 0.46.
- The Enabling Business Environment declined from 0.39 to 0.36.
- Skill Acquisition remained the weakest pillar at 0.21.
- The share of businesses scoring above 0.50 increased from 35.5 per cent to 42.1 per cent, although only 5.6 per cent reached the highest band.
- Katsina recorded the highest state score at 0.68, followed by Bauchi at 0.60, and Sokoto and Rivers at 0.57. Imo (0.28), Cross River (0.30) and Yobe (0.33) recorded the lowest scores.



The share of businesses scoring above 0.50 increased from 35.5 per cent to 42.1 per cent, although only 5.6 per cent reached the highest band.

What the findings mean for Nigeria's entrepreneurship landscape

The findings reveal an entrepreneurship landscape characterised by **confidence under constraint.** Nigerian entrepreneurs remain optimistic, adaptable and willing to expand, but their ambitions are constrained by an operating environment that limits productivity, business growth and job creation. The increasing concentration of nano enterprises, weak employment linkage to business growth and persistent financing and infrastructure challenges show an economy where entrepreneurial activity is not translating sufficiently into enterprise development and economic transformation. The challenge is therefore not simply to create more businesses but to enable existing businesses to become more productive, grow into larger enterprises, access wider markets and generate sustainable jobs. This requires a shift from supporting entrepreneurship primarily as a means of livelihood towards building competitive enterprises capable of contributing meaningfully to Nigeria's economic transformation.

The challenge is therefore not simply to create more businesses but to enable existing businesses to become more productive, grow into larger enterprises, access wider markets and generate sustainable jobs.

Recommendations

The findings call for action by firms and government, supported by financial institutions, business associations, large firms and enterprise-support organisations.

- Businesses should strengthen financial records, separate household and business accounts, use cooperatives and clusters for shared services, adopt technology to solve defined problems, meet buyer standards and prepare for organised hiring.
- Federal and state governments should expand productive finance; lower energy and infrastructure costs; improve security around commercial areas; use procurement to develop suppliers; combine finance, skills, technology and first-hire support in scaling programmes; and simplify tax and programme administration.

Progress should be assessed by firm-level results: lower operating costs, stronger productivity, wider access to finance and markets, movement into higher size categories and sustained job creation.

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INTRODUCTION



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A stronger macroeconomic backdrop

Nigeria entered the second half of 2026 with clearer signs of macroeconomic stabilisation. Real gross domestic product expanded by 4.43 per cent year on year in the second quarter, up from 4.23 per cent in the same period of 2025. Headline inflation fell to 14.63 per cent in September, while greater stability in the foreign exchange market reduced one important source of uncertainty for businesses. Gross external reserves stayed above US$55 billion in late October and monetary conditions also began to ease: in September, the Central Bank of Nigeria (CBN) reset the Monetary Policy Rate to 23 per cent after reductions in the year. Ideally, these developments should create a more favourable condition for enterprise, particularly given the severe price, currency and financing pressures that shaped the previous two years. The key question for enterprise policy is whether these gains are reaching firms with enough depth and consistency to change how they invest, build capabilities, expand and hire.

The transmission challenge

The benefits of macroeconomic stabilisation do not reach firms automatically. Instead, fiscal and exchange rate reforms have brought substantial adjustment costs for businesses and households. The removal of the petrol subsidy, for example, made firms more exposed to fuel price changes. According to the National Bureau of Statistics (NBS), the average retail price of petrol reached ₦1,596.25 per litre in May 2026, an increase of 55.3 per cent year on year. In the same month, the average intra-city bus fare rose to ₦1,431.25, up 38.6 per cent, while the average intercity bus fare reached ₦9,699.55, an increase of 21.9 per cent. Higher transport and food costs squeeze household purchasing power while increasing the expense of moving workers, inputs and finished goods.

> The average retail price of petrol reached ₦1,596.25 per litre in May 2026, an increase of 55.3 per cent year on year.

Energy and finance impose further pressures on businesses. Band A electricity tariffs remained around ₦209.50 per kilowatt-hour across several distribution companies in 2026, while firms without reliable supply continued to pay for generators, fuel, inverters or solar systems. Borrowing also remained costly.The CBN reported an average maximum lending rate of 32.62 per cent in September. For smaller borrowers, fees, collateral requirements and short repayment periods can increase the effective cost of credit further.

Exchange rate adjustment has helped improve confidence and foreign exchange inflows, but depreciation has also raised the naira cost of imported machinery, raw materials and intermediate inputs. Firms experience these pressures through cash flow, operating expenses and the cost of replacing equipment. Household demand remains under strain too, as food inflation stood at 19.59 per cent in September 2026, above headline inflation.

These pressures are especially difficult for nano and micro enterprises, which accounted for 86.7 per cent of surveyed businesses. Many have limited working capital and little bargaining power with suppliers or lenders. Higher energy, transport and financing costs can therefore force owners to reduce inventories, delay investment or postpone hiring. A cost increase that a larger firm can absorb may threaten the viability of a nano enterprise.



Costly adaptation

Nigerian entrepreneurs continue to adapt and find ways to stay afloat or grow their businesses. Some have invested in solar systems, inverters and energy-efficient equipment; others have changed suppliers, reduced product sizes, adjusted prices or relied more heavily on digital sales. By April 2026, the Rural Electrification Agency reported that more than 830,000 solar home systems had been deployed under the DARES project, reaching households and micro-enterprises, including 11,921 women-led businesses. Its Solar for Business window uses energy-as-a-service and lease-to-own models specifically to reduce the high upfront cost of solar equipment for MSMEs and business clusters.

Entrepreneurs are responding in different ways: some invest in solar systems or energy-efficient equipment, while others change suppliers, adjust prices or use digital channels to reach customers. They also look beyond conventional commercial bank loans and continue to explore alternative channels such as microfinance banks, cooperatives, supplier credit and fintech lenders, even as digital platforms can reduce the time and documentation required to borrow. The SoE data show that microfinance institutions and cooperatives remain important sources among firms that obtain finance. While adapting can keep a business afloat, survival should not be confused with rising productivity or competitiveness. The policy challenge is to reduce the cost of coping with shocks, so that firms can invest in capabilities, equipment and new markets.

Government response to address the constraints

The federal government has several initiatives such as the ₦75 billion FGN and Bank of Industry MSME Intervention Fund, which provides loans at 9 per cent, substantially below commercial lending rates. SMEDAN also operates funding, skills, cluster and market access programmes, including a ₦5 billion single-digit lending partnership with Sterling Bank. In the energy sector, DARES and the Solar for Business programme aim to reduce reliance on expensive petrol and diesel generation. These initiatives address constraints, although application windows, eligibility requirements, documentation and available funding limit the number of firms they can reach.

The new tax laws seek to harmonise administration and exempt small companies with annual turnover of ₦100 million or less from company income tax. The 2026 Presumptive Tax Regulations provide a simplified turnover-based regime for informal businesses whose income cannot be reliably assessed. Nano businesses with turnover not exceeding ₦12 million, no fixed premises and no employees are exempt, while covered businesses face a presumptive income tax of 1 per cent of actual or estimated turnover. The framework may reduce arbitrary assessment and encourage record-keeping, though its effect will depend heavily on consistent implementation by federal and state tax authorities.

State governments also shape the enterprise environment through local taxation, permits, markets, transport infrastructure, security coordination and business-support programmes. Lagos State's Employment Trust Fund offers loans to micro and small businesses at 9 per cent, with facilities ranging from ₦50,000 to ₦5 million. Abia State's MSME Competitiveness and Industrial Productivity Programme began with 1,000 participating firms and combines formalisation, skills certification, business development services, branding and market access. These examples show how states can use finance and capability building together rather than treat enterprise support as a grant programme alone.

The 2026 Presumptive Tax Regulations provide a simplified turnover-based regime for informal businesses whose income cannot be reliably assessed.

Many programmes, limited reach

One major challenge is whether these government initiatives reach the majority of firms that are in need of support. In the 2026 survey, 69.9 per cent of entrepreneurs described access to state government support as hard or very hard. Only 30.4 per cent rated Federal Government efforts to improve the business environment as good or very good, with a similar 30.8 per cent rating for state governments. Programme assessment must therefore go beyond the amount announced or the number launched.

With the 2027 election cycle approaching, delivery and continuity become more important. Election periods may delay programmes or create uncertainty about future policy. For firms already facing high costs, such uncertainty can shorten planning horizons and discourage investment. Maintaining macroeconomic gains therefore requires institutions that translate reforms into practical improvements for businesses.

Confidence under constraint

The 2026 survey captures this challenge as 72.2 per cent of surveyed firms reported growth and 90.1 per cent were optimistic about business opportunities over the next year. However, only 44.5 per cent rated current business conditions positively, down from 54.0 per cent in 2025, and only 26.0 per cent hired additional workers.

This is confidence under constraint. Entrepreneurs see opportunities and plan to expand, but costly finance, unreliable power, transport difficulties, insecurity and limited support restrict the scale of their response. Reported growth has not yet translated into widespread hiring. The priority should be to help firms invest, build capabilities, reach markets and create sustained jobs.



INTRODUCTION AT A GLANCE

The entrepreneurship story in 2026: Confidence under Constraint

01 MACRO CONTEXT

A stronger macroeconomic backdrop

- GDP growth strengthened
- Inflation moderated
- FX market became more stable
- Monetary conditions began to ease

02 COST PRESSURES

Firm-level pressures remained intense

- Petrol and transport costs stayed high
- Electricity and self-generation expensive
- Borrowing costs were elevated
- Imported inputs remained costly

03 FIRM RESPONSE

Businesses adapted, but at a cost

- Adjusted prices and suppliers
- Relied on digital & alternative finance
- Invested in solar & energy solutions
- Resilience over productivity gains

04 SURVEY OUTCOME

Survey shows confidence under constraint

- More businesses reported growth
- Optimism remained high
- Hiring stayed weak
- Expansion limited by costs & capability

Against this background, the State of Entrepreneurship in Nigeria 2026 examines whether improving macroeconomic conditions are translating into stronger businesses, greater productive capacity and better employment outcomes

Structure of the report

The report begins with an overview of the survey data. It then examines the 2026 State of Entrepreneurship Index, business performance and job creation, followed by dedicated analyses of female-led and youth-led enterprises. Subsequent sections assess business challenges and opportunities. The concluding sections draw the evidence together and set out policy priorities for turning macroeconomic stabilisation into broader enterprise growth, productivity and employment.





DATA OVERVIEW



Data Overview

The 2026 State of Entrepreneurship (SoE) Survey covers 10,721 entrepreneurs across Nigeria's 36 states and the Federal Capital Territory. The survey presents an enterprise landscape that is young, small-scale and dominated by services.

Table 1: What the 2026 data say at a glance

Indicator	2025	2026	Difference
Businesses under five years	60.0%	60.7%	+0.7 pp
Nano businesses	52.8%	65.1%	+12.3 pp
Female respondents	44.0%	52.1%	+8.1 pp
Youth respondents (15-29)	39.0%	39.0%	+0.0 pp
Registered businesses	46.0%	44.4%	-1.6 pp
Full-time entrepreneurs	73.2%	74.4%	+1.2 pp
New business formation	26.7%	24.5%	-2.2 pp
Businesses reporting growth	67.3%	72.2%	+4.9 pp
Accessed finance	25.6%	23.0%	-2.6 pp
Say the business environment is Good/very good	54.0%	44.5%	-9.5 pp
Optimistic about growth	91.1%	90.1%	-1.0 pp

Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026.

Most firms were young, while the share of new enterprises fell

In 2026, about 60.7 per cent of surveyed businesses had operated for five years or less, a marginal increase from 60.0 per cent in 2025. The share of businesses that are less than one year old fell from 10.6 to 9.1 per cent, while firms aged one to five years increased from 49.6 to 51.6 per cent. Just 12.4 per cent had existed for more than ten years. As with most national enterprise surveys, the sample therefore remains dominated by relatively young businesses.

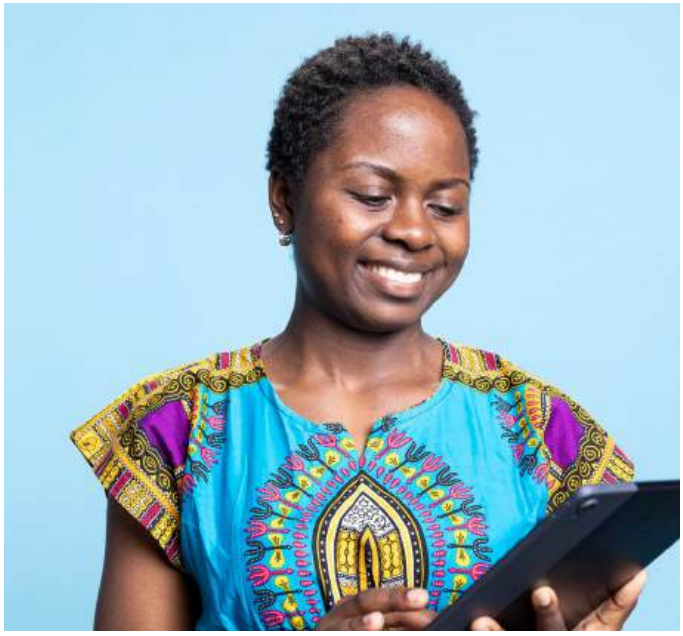
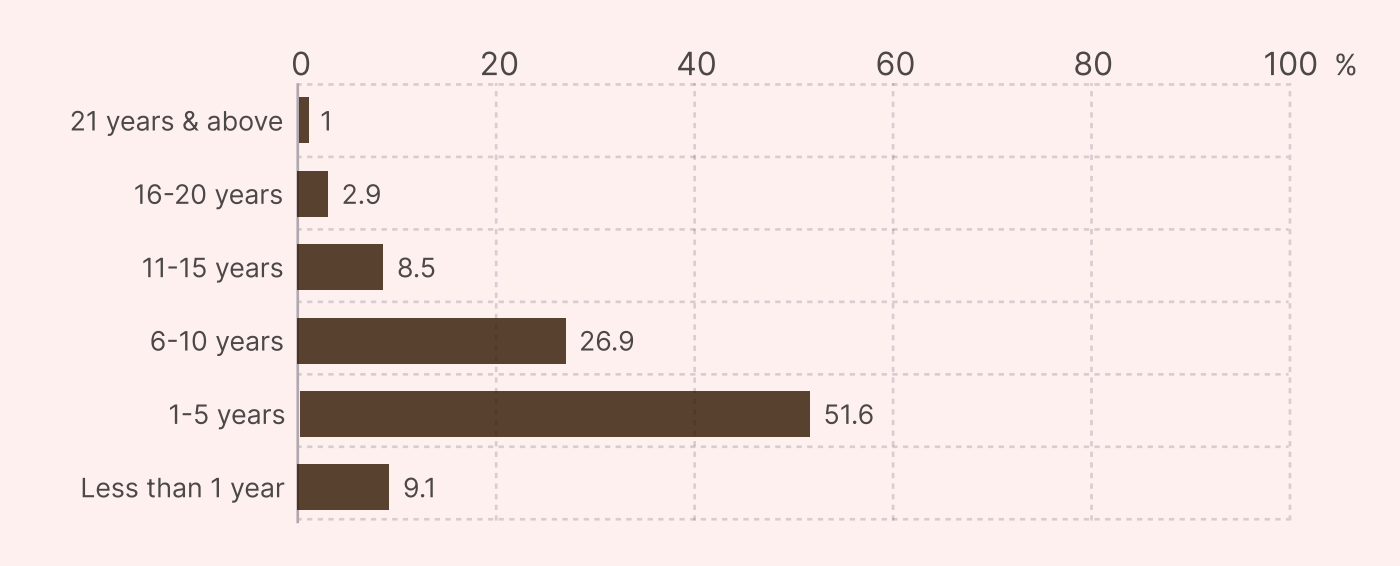


Figure 2: Age of businesses (% of total businesses surveyed)



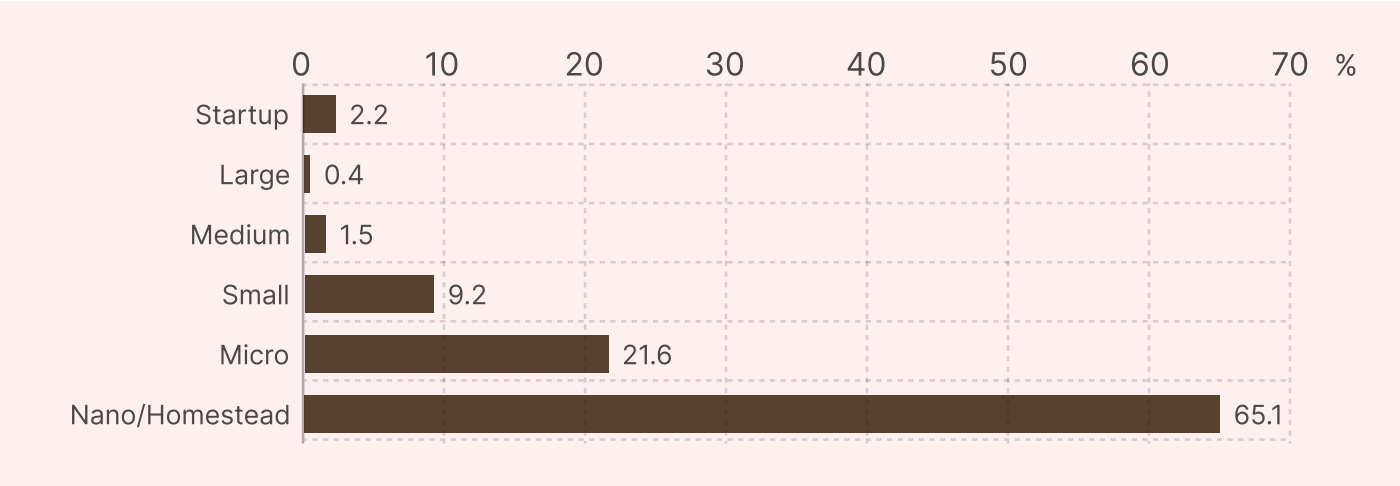
Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Nano firms accounted for nearly two-thirds of respondents

Nano or homestead enterprises accounted for 65.1 per cent of the sample, up from 52.8 per cent in 2025; micro firms accounted for another 21.6 per cent. Small businesses represented 9.2 per cent, medium-sized firms 1.5 per cent and large firms 0.4 per cent, with start-ups accounting for the remaining 2.2 per cent. The concentration of very small businesses matters because limited capital, staffing and market reach can make it harder to invest and expand. The change in shares may also partly reflect differences in the composition of the annual samples.



Figure 3: Size of businesses

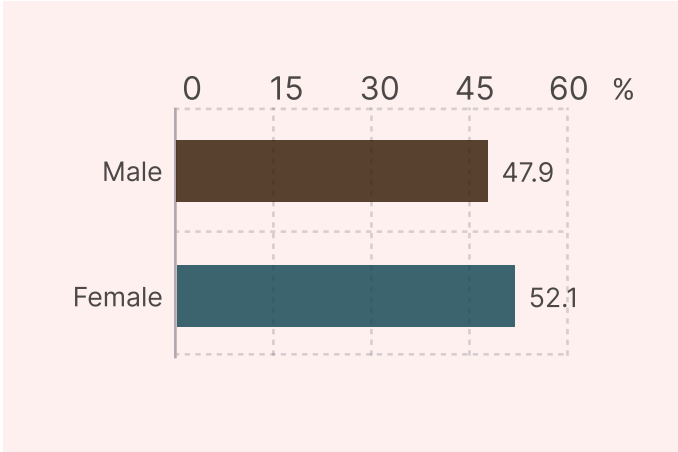


Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Women made up a majority of respondents but remained concentrated in nano firms

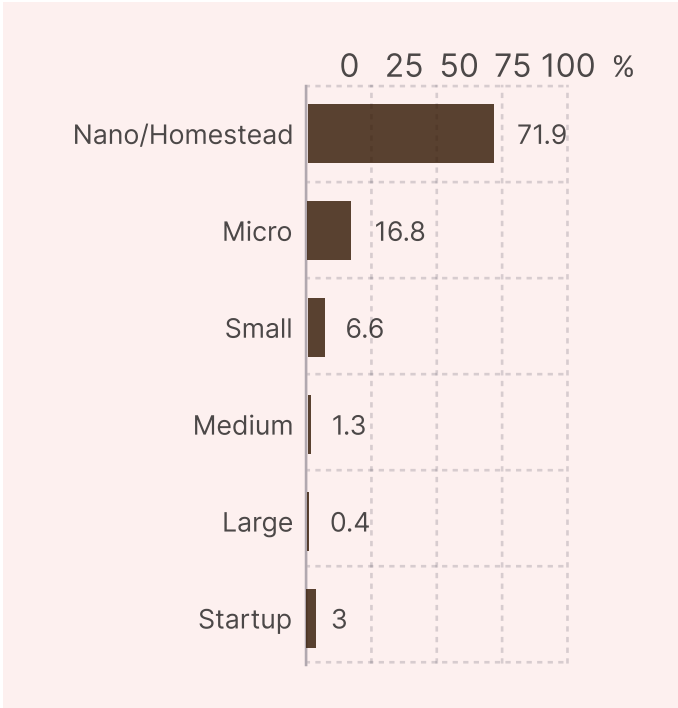
Female-led businesses made up 52.1 per cent of respondents, compared with 44.0 per cent in 2025, and were the majority in 21 states and the FCT. Their participation was concentrated at the smallest firm sizes: 71.9 per cent of female-led businesses were nano enterprises and 16.8 per cent were micro firms. This highlights strong participation alongside a continuing challenge of scaling businesses.

Figure 4: Gender of entrepreneurs (%)



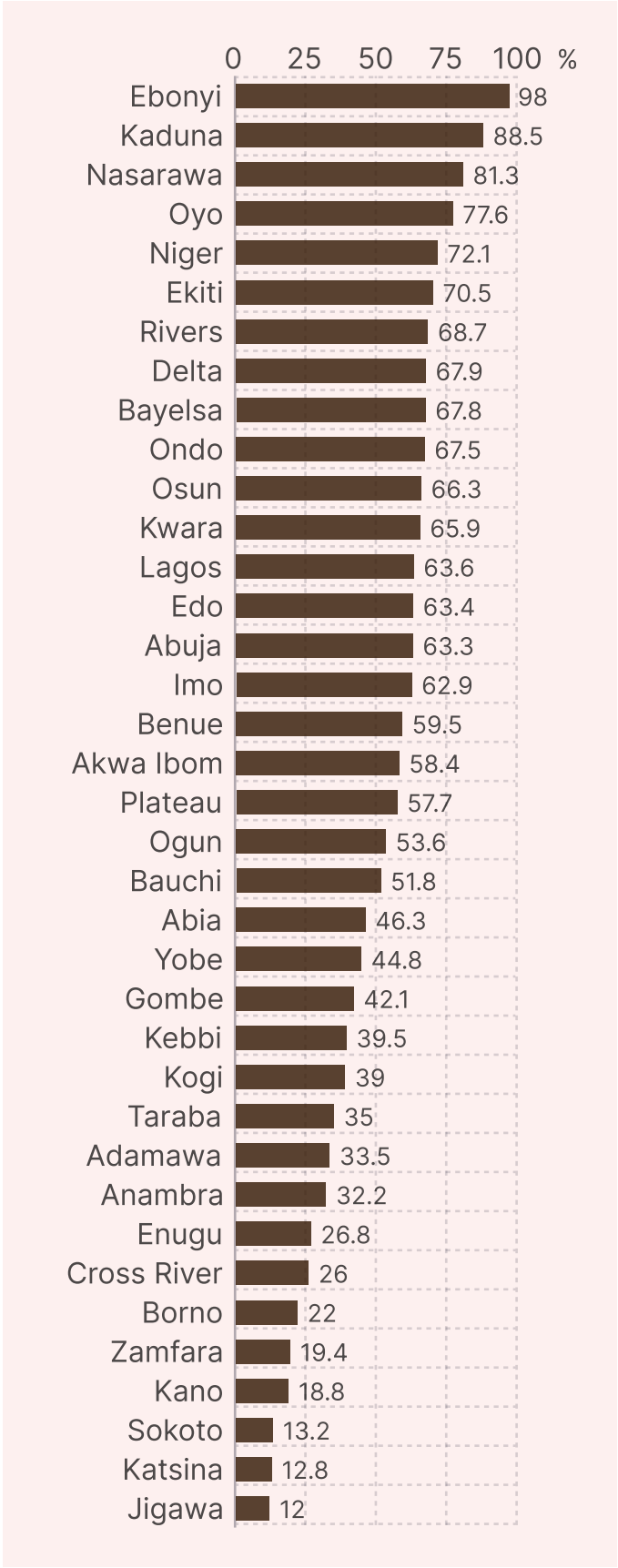
Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Figure 5: Size of female-led businesses (%)



Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Figure 6: Female entrepreneurs by state (%)

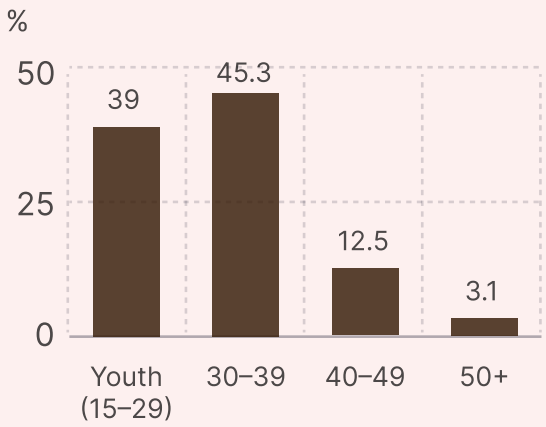


Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Nearly four in five respondents were under 40

Entrepreneurs aged 15-29 accounted for 39.0 per cent of respondents, unchanged from 2025. Another 45.3 per cent were aged 30-39, meaning that 84.3 per cent of respondents were younger than 40. These figures show how central entrepreneurship is to younger Nigerians but the economic payoff depends on whether businesses acquire the resources and capabilities to grow.

Figure 7: Age range of entrepreneurs (%)



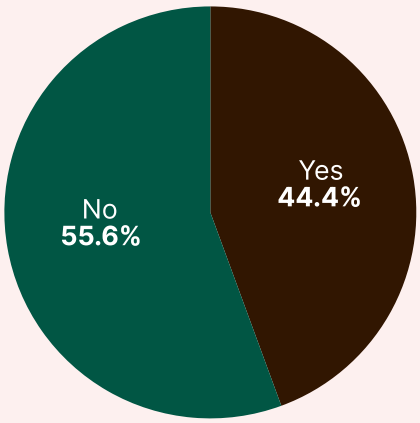
Fewer than half of surveyed businesses were registered

44.4 per cent of surveyed businesses were registered in 2026. Among registered firms, 71.4 per cent reported registration with the Corporate Affairs Commission, 22.4 per cent with SMEDAN and 5.8 per cent with trade groups or associations.

Informality was most pronounced among younger enterprises. About 71.1% of businesses less than one year old were unregistered, compared with 68.2% in 2025. Among businesses aged one to five years, 64.6% were unregistered, slightly above the 63.0% recorded in 2025. State differences were also pronounced: registration exceeded 80% in Katsina, Kwara, Kano and Ekiti and was below 20% in Benue, Rivers, Abia and Imo.

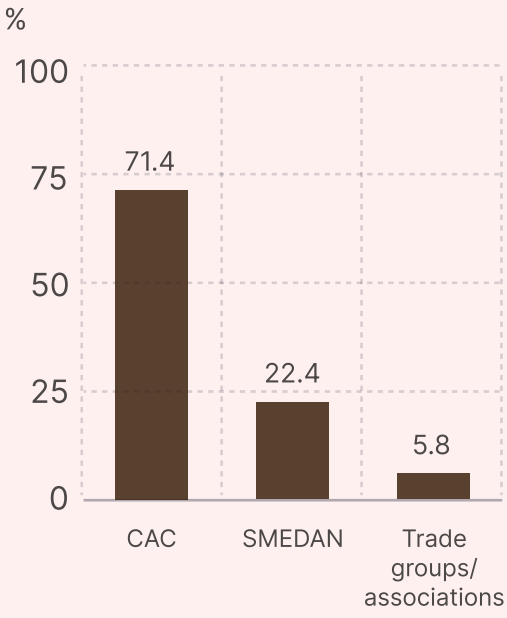
> 44.4 per cent of surveyed businesses were registered in 2026, compared with 46.0 per cent in 2025.

Figure 8: Is your business registered?



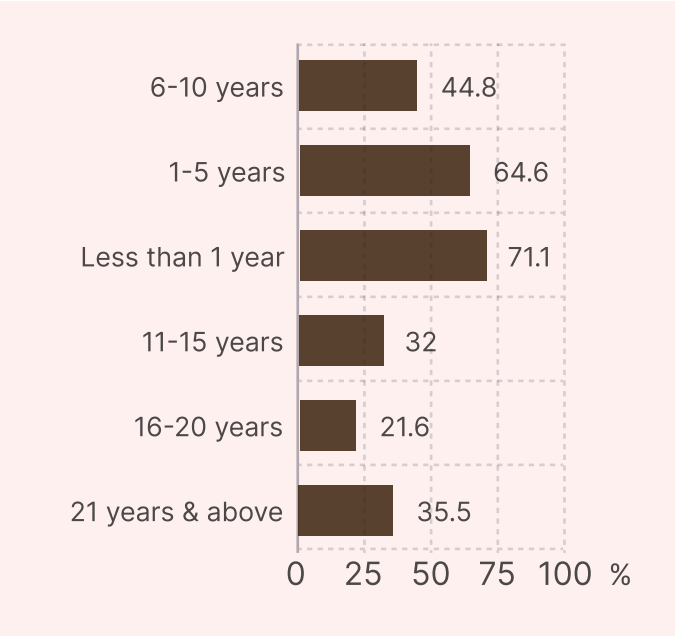
Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Figure 9: Registration body (%)



Source: FATE Foundation State of Entrepreneurship Survey, 2026.

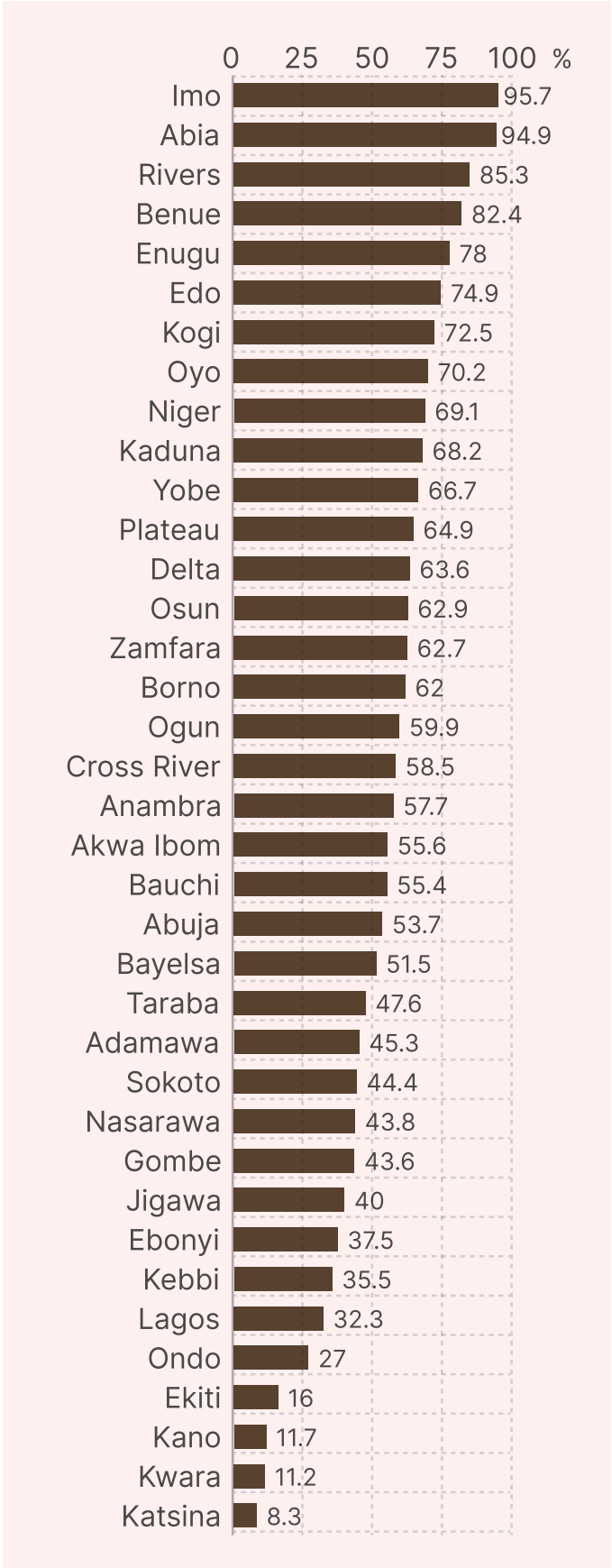
Figure 10: Unregistered businesses by business age (%)



Source: FATE Foundation State of Entrepreneurship Survey, 2026.



Figure 11: Unregistered businesses by state (%)

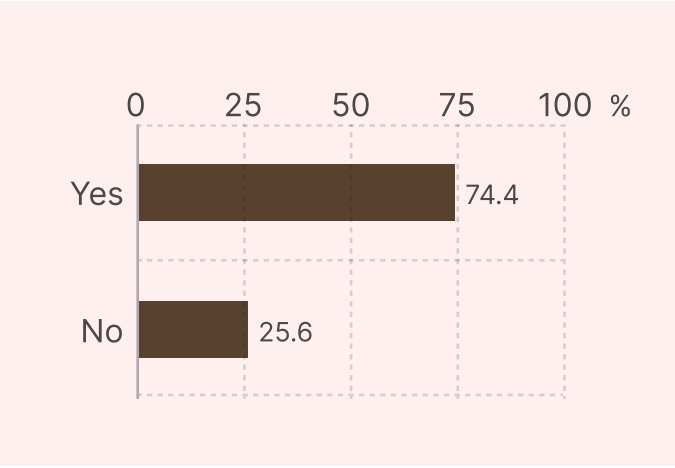


Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Most respondents described entrepreneurship as their full-time activity

74.4 per cent of respondents described themselves as full-time entrepreneurs, compared with 73.2 per cent in 2025. The finding underscores the importance of enterprises as sources of work and income, although it does not establish whether entrepreneurship is the household's principal income source.

Figure 12: Are you a full-time entrepreneur?



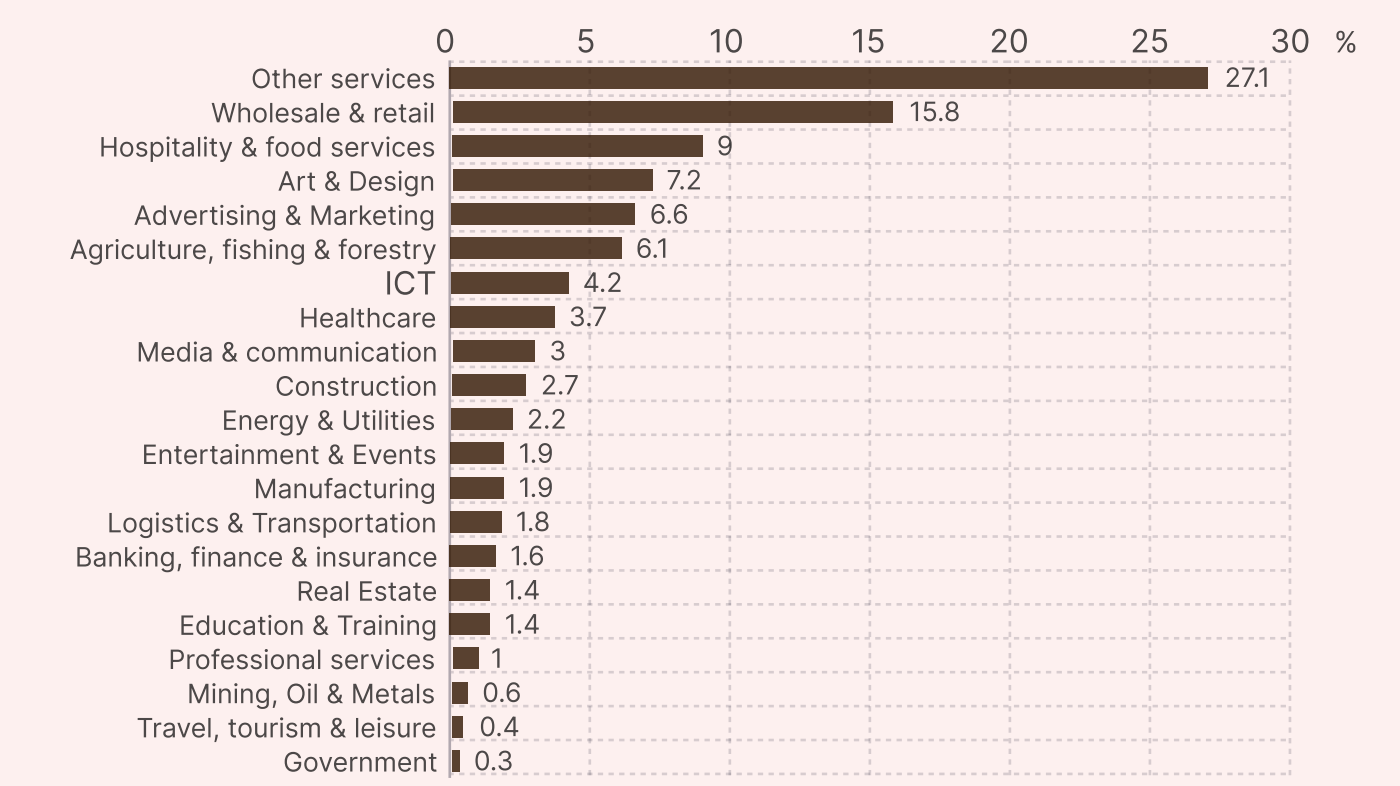
Source: FATE Foundation State of Entrepreneurship Survey, 2026.



Services continued to dominate the enterprise base

Services continued to account for the largest share of businesses in the country. Other services accounted for 27.1 per cent of businesses, followed by wholesale and retail trade (15.8 per cent) and hospitality and food services (9.0 per cent). Manufacturing represented just 1.9 per cent. This composition matters because the types of markets, skills and investment required for expansion differ substantially across activities.

Figure 13: Sector of operation (%)



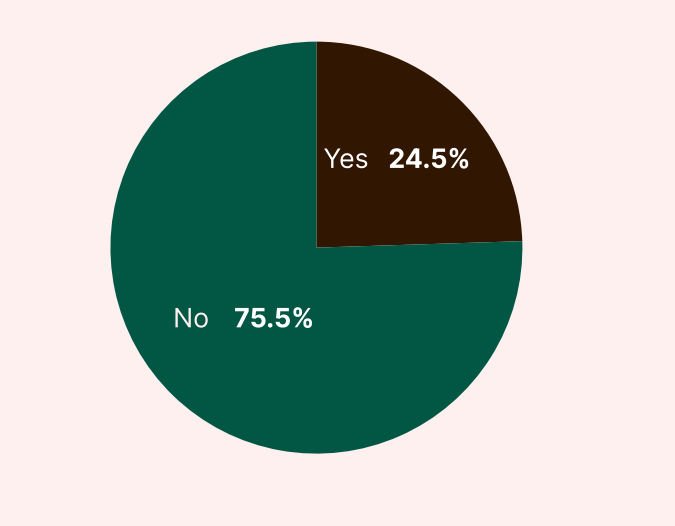
Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Business formation and closures

New business formation slowed

In 2026, 24.5 per cent of respondents reported establishing a new business within the preceding year, down from 26.7 per cent in 2025. This is consistent with the smaller share of firms less than one year old. Financing constraints, input costs and weak demand discussed elsewhere in the report are plausible pressures faced by entrepreneurs.

Figure 14: Did you establish a business in the last one year?



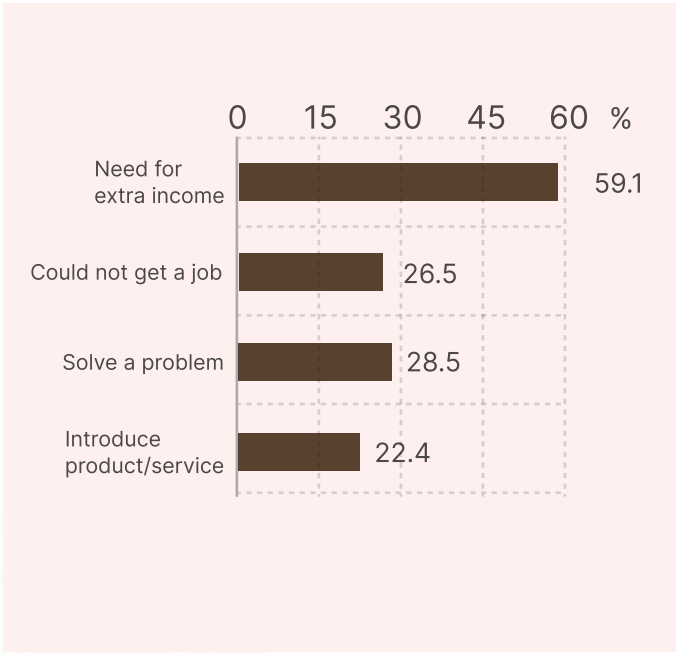
Source: FATE Foundation State of Entrepreneurship Survey, 2026.



New businesses reflected both livelihood needs and opportunity

Among respondents who had established a new business, 59.1 per cent cited the need for additional income, compared with 61.0 per cent in 2025. Another 26.5 per cent said they had been unable to find a job, up from 22.9 per cent. Opportunity-related motives were also present: 28.5 per cent wanted to solve a problem and 22.4 per cent to introduce a product or service. Respondents could select more than one reason, so these shares are not additive. The combination of livelihood and opportunity motives highlights the existence of necessity- and opportunity-driven entrepreneurship.

Figure 15: Reasons for setting up a business (%)



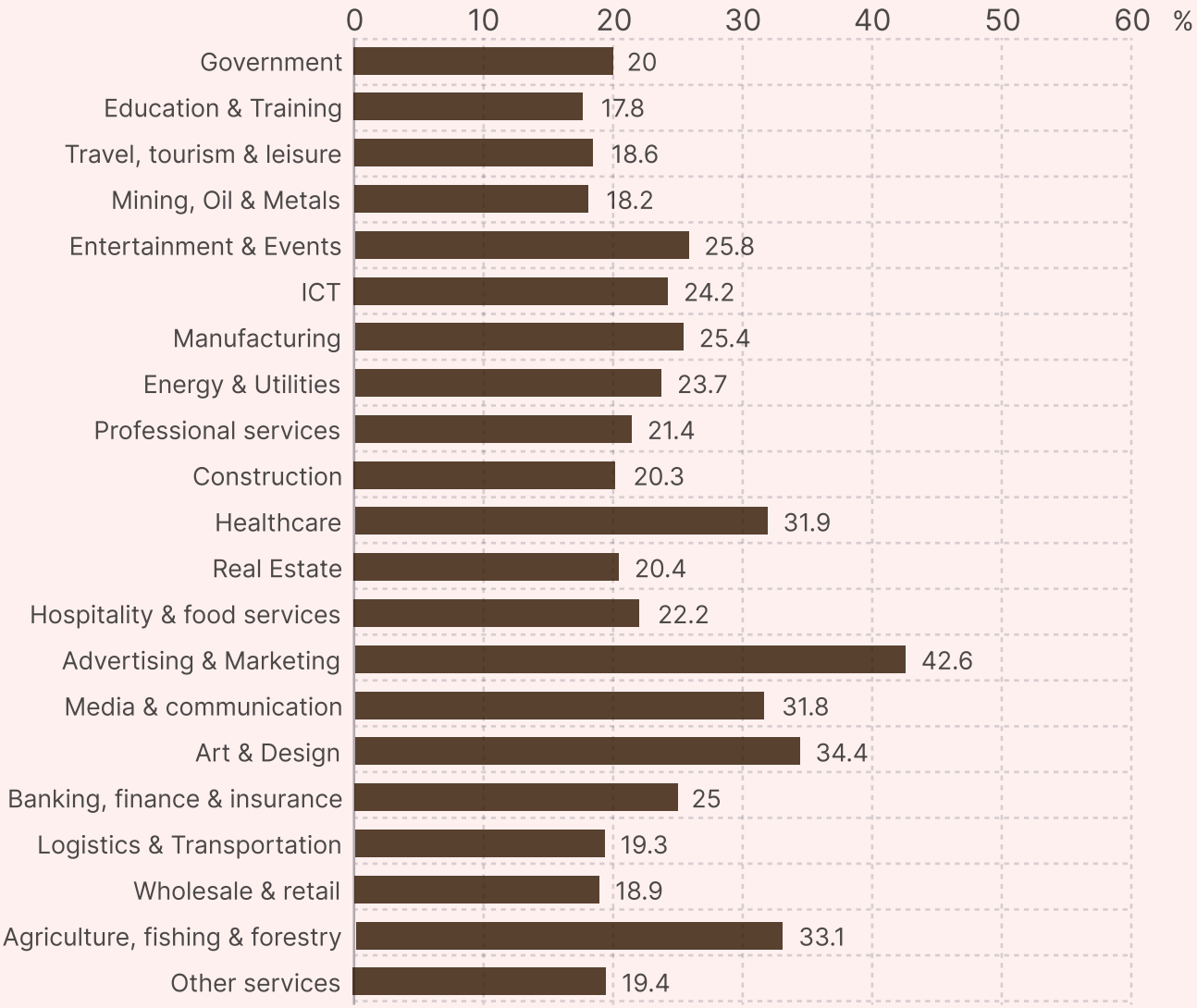
Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Creative and knowledge-oriented activities recorded the highest business birth rates

Advertising and marketing recorded the highest business birth rate at 42.6%, followed by art and design at 34.4%, agriculture at 33.1%, healthcare at 31.9%, and media and communication at 31.8%. Manufacturing recorded a 25.4% birth rate, while ICT stood at 24.2% and energy and utilities at 23.7%. These rates measure the share of businesses within each sector that were established in the last one year.



Figure 16: Business birth rate by sector (%)



Source: FATE Foundation State of Entrepreneurship Survey, 2026.

State-level business formation varied significantly

Among surveyed entrepreneurs, the share reporting that they had set up a business in the last one year was highest in Katsina (89.9 per cent), Kwara (73.1 per cent), Sokoto (64.2 per cent), Bauchi (54.1 per cent) and Gombe (44.1 per cent). Benue (2.4 per cent), Abia (2.6 per cent), Kebbi (4.0 per cent) and Kogi (5.5 per cent) recorded the lowest shares. Among female respondents, the corresponding shares were highest in Katsina (85.7 per cent), Sokoto (76.5 per cent), Kwara (71.3 per cent) and Bauchi (58.3 per cent).

Figure 17: Share of surveyed entrepreneurs who set up a new business in the previous year, by state (%)

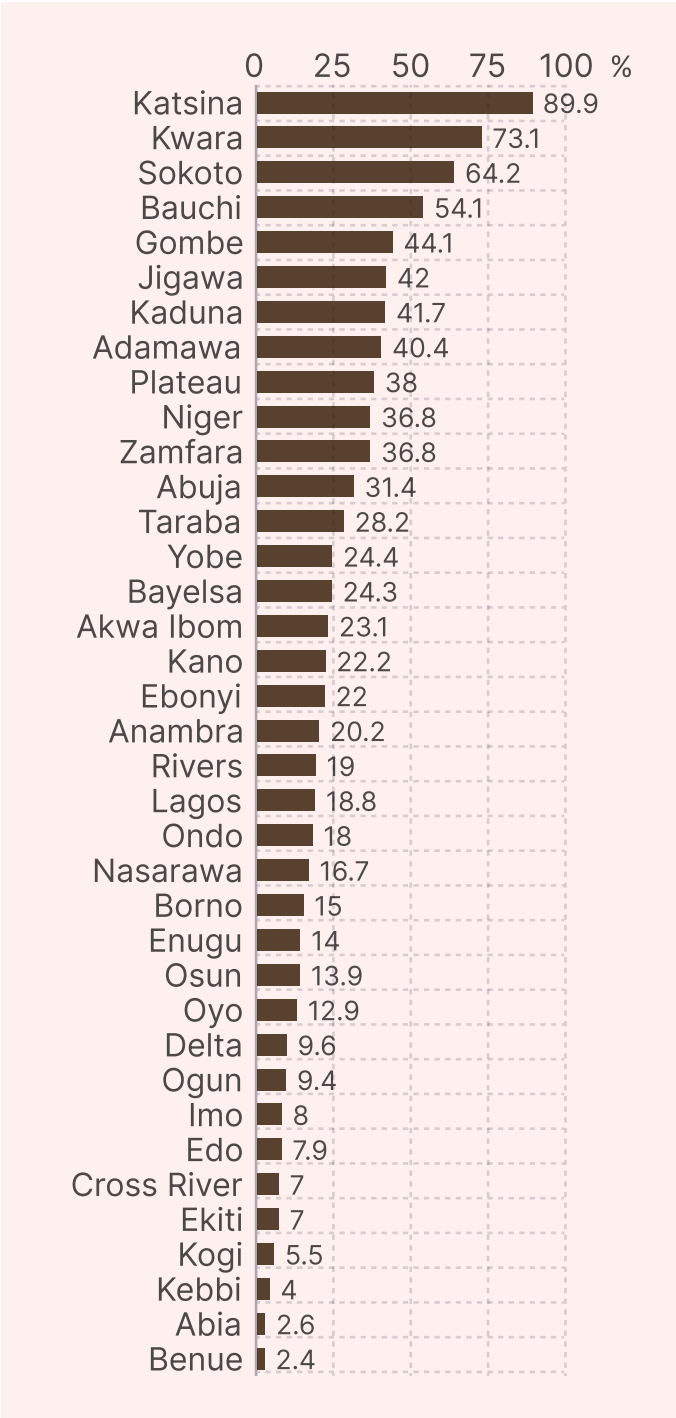
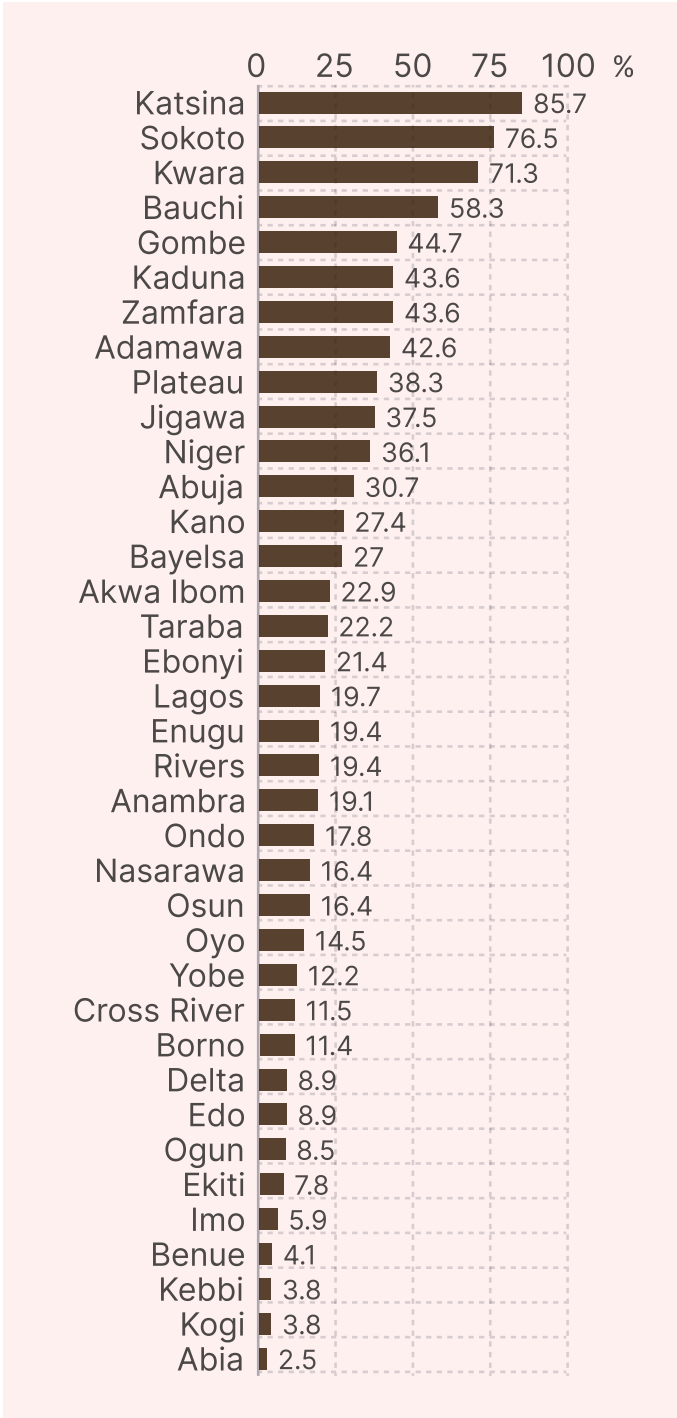


Figure 18: Share of surveyed female entrepreneurs who set up a new business in the previous year, by state (%)

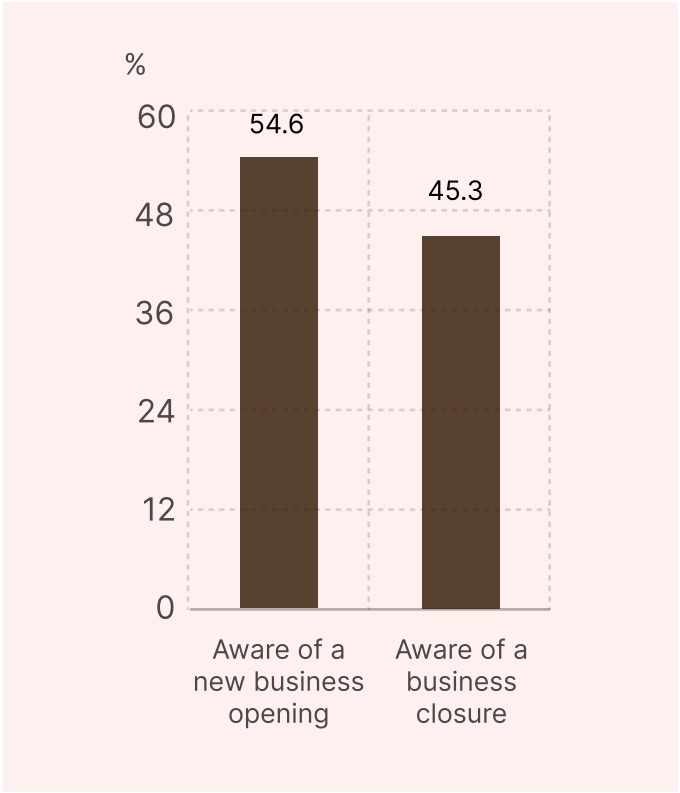


Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Perceived enterprise churn increased in 2026

About 54.6% of respondents were aware of a new business that had opened within the previous year, up from 47.0% in 2025. At the same time, 45.3% were aware of a business that had closed, up from 38.0%. The two indicators therefore moved upward together. This pattern is best interpreted as increased enterprise churn: more visible openings point to continuing entrepreneurial dynamism, while greater awareness of closures signals persistent fragility.

Figure 19: Awareness of business openings and closures (%)



Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Overall, the data show an entrepreneurial economy with considerable entry and dynamism. However, there is limited scale and continuing vulnerability. More surveyed businesses reported growth in 2026, yet access to finance weakened and perceptions of the operating environment deteriorated. The policy priority is therefore not only to encourage business creation, but to improve the conditions that allow firms, particularly nano, female-led and youth-led enterprises, to survive, formalise, raise productivity and grow.





INDICATORS OF ENTREPRENEURSHIP IN NIGERIA



The 2026 Entrepreneurship Index assesses the conditions shaping enterprise performance across Nigeria's 36 states and the Federal Capital Territory. It combines 17 survey indicators into five pillars: Business Performance, Skill Acquisition, Innovation and Digital Technology Adoption, Perception of Opportunities, and the Enabling Business Environment. The analysis is based on 10,721 valid responses.

The 2026 Index provides evidence on the opportunities and challenges shaping entrepreneurship across Nigeria. Its findings offer policymakers, development partners, and private sector stakeholders a basis for assessing progress, identifying gaps across states, and designing targeted interventions to improve business performance, support expansion, and promote sustainable enterprise growth.

How the Index is constructed

Each indicator is normalised between zero and one and combined within its pillar. Business Performance carries 25% of the aggregate score, Skill Acquisition 23%, Innovation and Digital Technology Adoption 21%, Perception of Opportunities 21%, and the Enabling Business Environment 10%. The aggregate Index is the weighted sum of these five pillar scores.

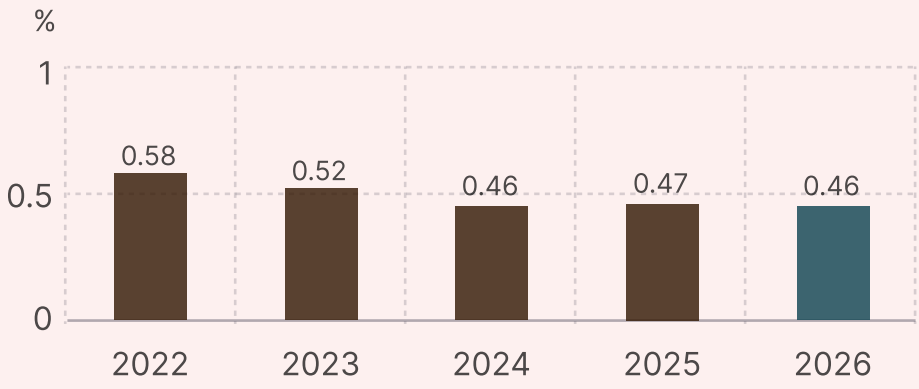
Firm-level scores are classified using the weighted aggregate Index and four exact bands: 0.25 and below; above 0.25 to 0.50; above 0.50 to 0.75; and above 0.75. These boundaries match the labels used in the report and allow a valid comparison with the 2025 distribution.

National results

The aggregate Index stood at 0.46 (out of 1) in 2026, down from 0.47 in 2025. This marginal decline leaves entrepreneurship at a moderate level and shows that the country has not built on last year's slight improvement. Beneath the headline figure, however, the distribution of firms improved: 42.1% scored above 0.50, compared with 35.5% in 2025. This suggests that more surveyed businesses moved into the upper-middle range even though the national average did not rise.



Figure 20: State of Entrepreneurship Index



Note: 1 represents perfect state; 0 represents worse state.

Source: FATE Foundation State of Entrepreneurship Surveys, 2022 - 2026.

In 2026, Perception of Opportunities remained the strongest pillar at 0.72, reflecting continued optimism and expansion intentions. Innovation and Digital Technology Adoption followed at 0.53. Business Performance remained at 0.46, while the Enabling Business Environment declined from 0.39 to 0.36. Skill Acquisition remained the weakest pillar at 0.21.

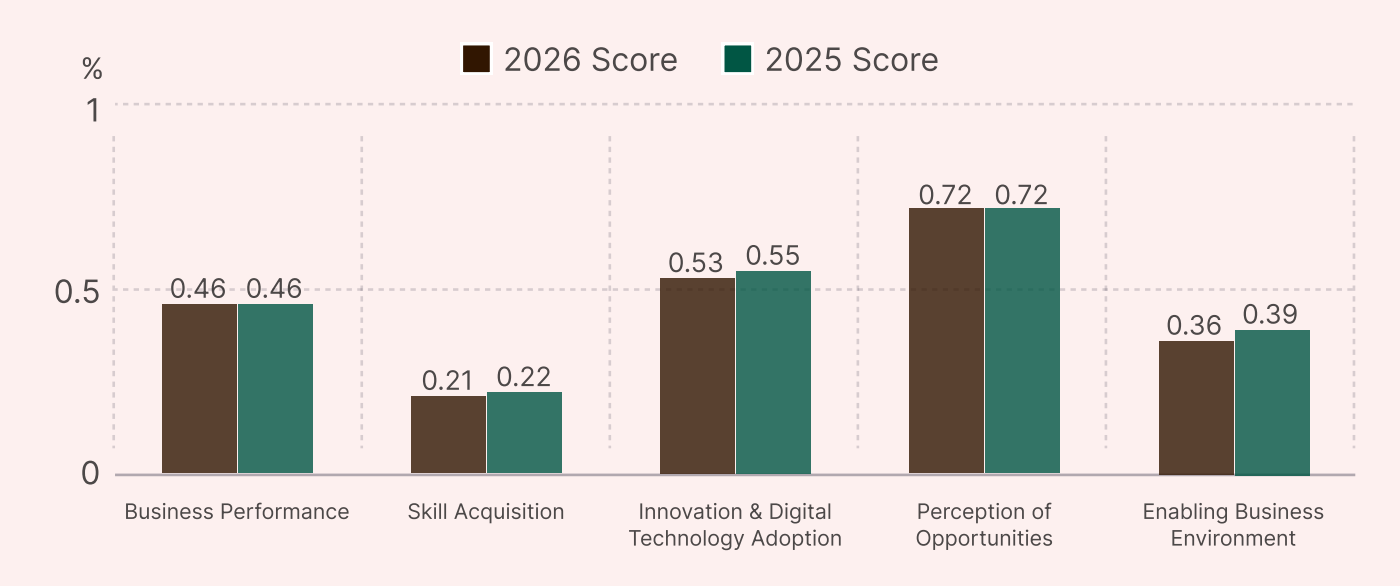


Table 2: Entrepreneurship pillar scores, 2022 to 2026

Pillar	2022	2023	2024	2025	2026
Business Performance	0.50	0.48	0.44	0.46	0.46
Skill Acquisition	0.50	0.48	0.44	0.22	0.21
Innovation & Digital Technology Adoption	0.55	0.58	0.54	0.55	0.53
Perception of Opportunities	0.80	0.64	0.70	0.72	0.72
Enabling Business Environment	0.46	0.39	0.39	0.39	0.36
Aggregate Index	0.58	0.52	0.46	0.47	0.46

Source: FATE Foundation State of Entrepreneurship Surveys, 2022 - 2026.

Figure 21: Entrepreneurship pillar scores, 2025 and 2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026.

The decline in the enabling environment was broad-based across the tracked indicators. Access to finance, awareness of the Movable Collateral Registry, ratings of the current business environment and access to state government support were all weaker than in 2025. The combination of strong optimism and weak enabling conditions captures a central issue in the survey, which is that entrepreneurs remain confident about future opportunities; however, the systems needed to convert that confidence into expansion and employment remain constrained.

Table 3: Index indicator scores, 2026

Pillar	Indicator	Mean	N
Business Performance	Set up a new business within the past year	0.24	10,721
	Aware of a new business opened within the past year	0.55	10,721
	No awareness of a business closure within the past year	0.55	10,721
	Business experienced growth within the past year	0.72	10,721
	Employed new staff within the past year	0.26	10,721
Skill Acquisition	Formal education score	0.13	10,721
	Skills acquired to improve business operations	0.30	10,721
Innovation & Digital Technology Adoption	Introduced a new product or service	0.45	10,721
	Introduced new processes	0.50	10,721
	Uses technology in business operations	0.66	10,721
	Technology contribution to business performance	0.64	7,061
Perception of Opportunities	Optimism about business opportunities	0.74	10,721
	Likely to expand within the next year	0.69	10,721
Enabling Business Environment	Accessed finance from an institution	0.23	10,721
	Aware of the Movable Collateral Registry	0.21	10,721
	Rating of the current business environment	0.60	10,721
	Ease of accessing state government support	0.39	10,721

Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Firm distribution by Index score

The most important change in 2026 occurred within the middle of the distribution. The share of firms scoring between 0.51 and 0.75 rose from 29.7% to 36.4%, while the share between 0.26 and 0.50 fell from 50.8% to 43.8%. The proportion above 0.75 was broadly unchanged at 5.6%, and the share at or below 0.25 increased from 13.7% to 14.1%. Overall, 42.1% of surveyed firms scored above 0.50 in 2026, up from 35.5% in 2025. The shift indicates broader upper-middle performance.



Table 4: Distribution of firms by Entrepreneurship Index score

Index score	2025 firms	2025	2026 firms	2026	Change (pp)
0.25 and below	1,488	13.7%	1,514	14.1%	+0.4
0.26 - 0.50	5,531	50.8%	4,695	43.8%	-7.0
0.51 - 0.75	3,234	29.7%	3,907	36.4%	+6.7
Above 0.75	629	5.8%	605	5.6%	-0.2

Source: FATE Foundation State of Entrepreneurship Survey, 2026.

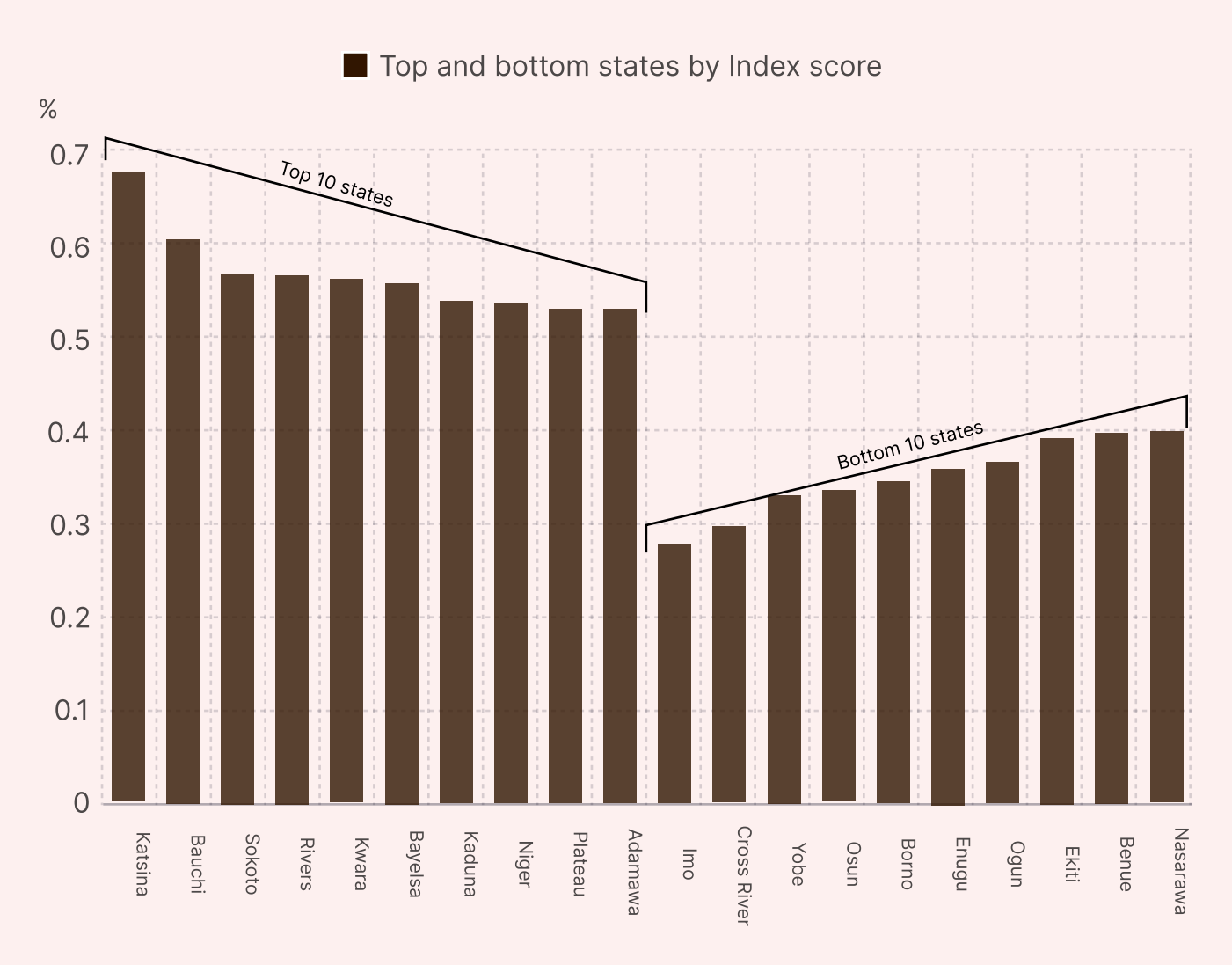
Entrepreneurship Index by state

Katsina recorded the highest aggregate score at 0.68, followed by Bauchi (0.60), Sokoto and Rivers (0.57 each), and Kwara and Bayelsa (0.56 each). Imo (0.28), Cross River (0.30), Yobe (0.33), Osun (0.34) and Borno (0.35) recorded the lowest scores.

Several states moved sharply between the 2025 and 2026 rankings. Rivers, Kaduna, Katsina and Gombe recorded the largest upward movements, while Kogi, Osun, Yobe and Ogun fell most sharply. Imo, Cross River, Yobe, Osun, Borno, and Enugu recorded the lowest scores, indicating weak business environments and limited entrepreneurial growth. Imo was held back by low scores on skill acquisition and perception of opportunities, Cross River by a very low Innovation score and Enugu by weak business performance.



Figure 22: Top 10 and bottom 10 states by aggregate Entrepreneurship Index score, 2026



Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Katsina State's emergence as number one should also be considered alongside recent efforts to support entrepreneurship. In 2026, the state government, through the Katsina State Enterprise Development Agency, launched a programme targeting 14,450 women entrepreneurs with financial and technical support, equipped 1,169 young people with mechatronics skills and business starter packs, and approved an additional 100 businesses for interest-free loans under its partnership with the Bank of Industry. The state also launched the KASEDA Digital Market to help local businesses promote their products and reach customers within and outside Katsina. These initiatives focused on finance, skills, equipment and market access and provide useful context on the state's recent support for enterprise development.



Table 5: Entrepreneurship Index by state and pillars

2026 rank	State	Business Performance	Skill Acquisition	Innovation & Digital Technology	Perception of Opportunities	Enabling Business Environment	2026 Index	2025 Index
1	Katsina	0.715	0.408	0.821	0.744	0.748	0.676	0.420
2	Bauchi	0.595	0.354	0.734	0.860	0.396	0.605	0.600
3	Sokoto	0.605	0.307	0.588	0.720	0.712	0.568	0.510
4	Rivers	0.506	0.224	0.882	0.828	0.286	0.566	0.380
5	Kwara	0.544	0.266	0.678	0.716	0.719	0.562	0.630
6	Bayelsa	0.600	0.335	0.719	0.703	0.318	0.558	0.440
7	Kaduna	0.511	0.286	0.618	0.866	0.339	0.539	0.320
8	Niger	0.518	0.300	0.635	0.861	0.241	0.537	0.580
9	Plateau	0.527	0.296	0.612	0.803	0.336	0.530	0.490
10	Adamawa	0.548	0.253	0.631	0.744	0.462	0.530	0.540
11	Jigawa	0.537	0.322	0.614	0.719	0.339	0.522	0.590
12	Gombe	0.500	0.257	0.592	0.698	0.667	0.522	0.240
13	Anambra	0.523	0.229	0.582	0.839	0.352	0.517	0.540
14	Delta	0.506	0.270	0.591	0.843	0.251	0.515	0.450
15	Zamfara	0.487	0.210	0.469	0.845	0.537	0.500	0.520
16	Abuja	0.496	0.221	0.521	0.759	0.406	0.484	0.430
17	Ebonyi	0.442	0.108	0.661	0.849	0.292	0.482	0.570
18	Lagos	0.469	0.197	0.528	0.845	0.287	0.480	0.590
19	Taraba	0.492	0.208	0.485	0.799	0.382	0.479	0.580
20	Ondo	0.538	0.184	0.606	0.627	0.413	0.477	0.480
21	Edo	0.468	0.173	0.499	0.862	0.224	0.465	0.520
22	Kano	0.423	0.171	0.509	0.691	0.365	0.434	0.520
23	Kebbi	0.498	0.159	0.645	0.442	0.370	0.426	0.400
24	Akwa Ibom	0.460	0.176	0.434	0.718	0.289	0.426	0.430
25	Kogi	0.449	0.132	0.370	0.827	0.275	0.422	0.650
26	Oyo	0.381	0.161	0.482	0.682	0.289	0.406	0.390
27	Abia	0.386	0.227	0.465	0.659	0.172	0.402	0.440
28	Nasarawa	0.459	0.142	0.434	0.623	0.300	0.399	0.410
29	Benue	0.472	0.088	0.487	0.561	0.390	0.397	0.370
30	Ekiti	0.433	0.195	0.358	0.616	0.349	0.392	0.390
31	Ogun	0.409	0.147	0.324	0.657	0.242	0.366	0.510
32	Enugu	0.276	0.306	0.329	0.584	0.282	0.359	0.410
33	Borno	0.340	0.142	0.406	0.516	0.338	0.345	0.490
34	Osun	0.340	0.106	0.359	0.573	0.313	0.336	0.510
35	Yobe	0.337	0.184	0.278	0.537	0.326	0.330	0.510
36	Cross River	0.306	0.090	0.174	0.610	0.357	0.297	0.430
37	Imo	0.337	0.071	0.356	0.366	0.260	0.278	0.310

Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Table 6: Entrepreneurship Index ranking by state, 2025 and 2026

State	2026 rank	2025 rank	Rank change
Katsina	1	27	26
Bauchi	2	3	1
Sokoto	3	16	13
Rivers	4	33	29
Kwara	5	2	-3
Bayelsa	6	23	17
Kaduna	7	35	28
Niger	8	6	-2
Plateau	9	19	10
Adamawa	10	9	-1
Jigawa	11	4	-7
Gombe	12	37	25
Anambra	13	10	-3
Delta	14	21	7
Zamfara	15	13	-2
Abuja	16	24	8
Ebonyi	17	8	-9
Lagos	18	5	-13
Taraba	19	7	-12
Ondo	20	20	0
Edo	21	11	-10
Kano	22	12	-10
Kebbi	23	30	7
Akwa Ibom	24	25	1
Kogi	25	1	-24
Oyo	26	32	6
Abia	27	22	-5
Nasarawa	28	29	1
Benue	29	34	5
Ekiti	30	31	1
Ogun	31	14	-17
Enugu	32	28	-4
Borno	33	18	-15
Osun	34	15	-19
Yobe	35	17	-18
Cross River	36	26	-10
Imo	37	36	-1



Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026.

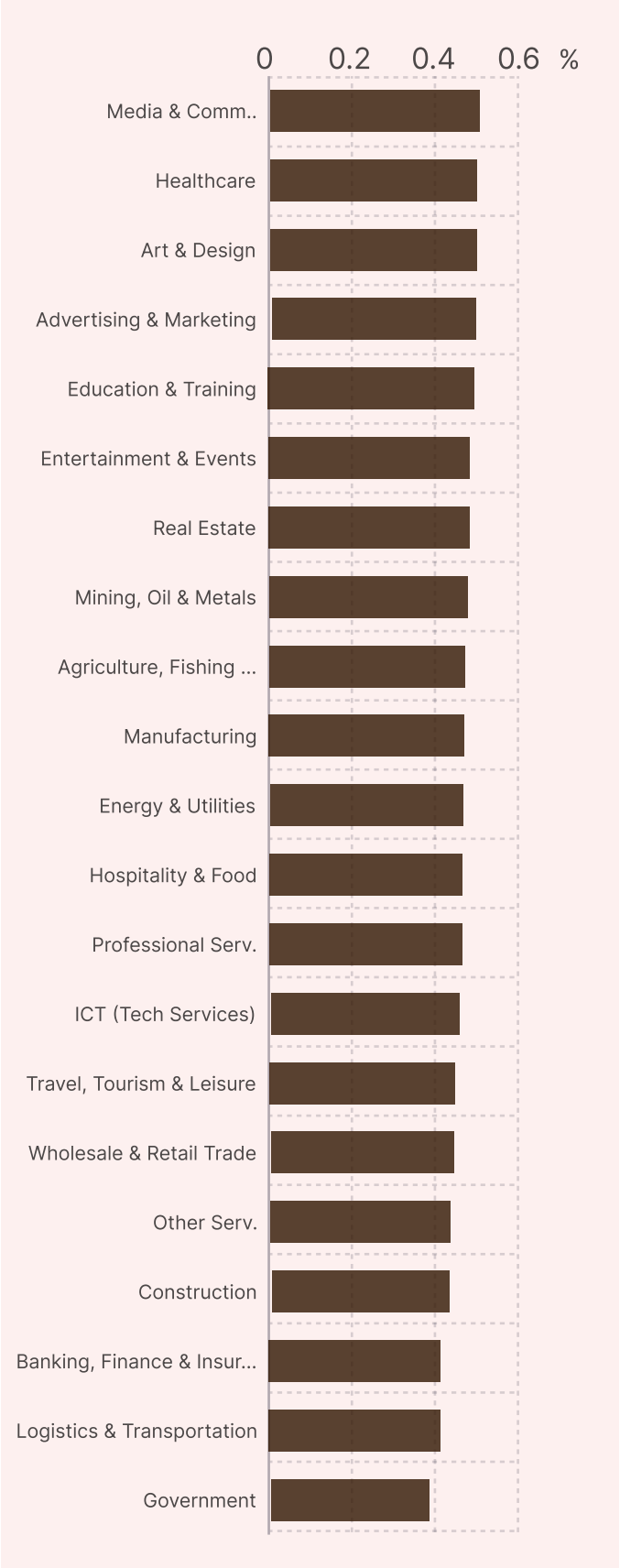
Entrepreneurship Index by sector

Media and Communications recorded the highest sector score at 0.51, followed closely by Healthcare, Art and Design, and Advertising and Marketing at 0.50. Government recorded the lowest score at 0.39. Banking, Finance and Insurance and Logistics and Transportation also recorded relatively low aggregate scores at 0.41.

Differences across sectors were modest as only 0.12 points separated the highest and lowest scores. Perception of Opportunities was the strongest component in most sectors, while Skill Acquisition remained the weakest. Sector rankings with small samples, particularly Government, Travel and Tourism, and Mining, Oil and Metals, should be treated as indicative rather than definitive.



Figure 23: Aggregate Entrepreneurship Index score by sector, 2026



Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Table 7: Entrepreneurship Index by sector, 2026

Sector	Business Performance	Skill Acquisition	Innovation & Digital Technology	Perception of Opportunities	Enabling Business Environment
Media & Communications	0.494	0.281	0.596	0.736	0.408
Healthcare	0.520	0.261	0.578	0.716	0.421
Art & Design	0.492	0.269	0.583	0.733	0.425
Advertising & Marketing	0.509	0.232	0.572	0.721	0.481
Education & Training	0.503	0.276	0.574	0.722	0.356
Entertainment & Events	0.482	0.223	0.590	0.733	0.357
Real Estate	0.479	0.236	0.542	0.732	0.429
Mining, Oil & Metals	0.452	0.277	0.540	0.743	0.344
Agriculture, Fishing & Forestry	0.474	0.240	0.503	0.739	0.397
Manufacturing	0.488	0.232	0.496	0.741	0.381
Energy & Utilities	0.496	0.237	0.519	0.692	0.378
Hospitality, Hotel & Food Services	0.484	0.216	0.520	0.728	0.344
Professional Services (research, consulting, law, etc)	0.443	0.281	0.461	0.743	0.383
ICT (Tech Services)	0.451	0.232	0.539	0.707	0.320
Travel, Tourism & Leisure	0.465	0.203	0.465	0.706	0.404
Wholesale & Retail Trade	0.447	0.179	0.528	0.719	0.310
Other Services (Security service, hairdressing, cleaning services, laundry services etc)	0.436	0.185	0.511	0.703	0.308
Construction	0.463	0.195	0.450	0.689	0.362
Banking, Finance & Insurance	0.416	0.207	0.444	0.637	0.358
Logistics & Transportation	0.423	0.181	0.415	0.683	0.363
Government	0.417	0.177	0.422	0.539	0.405

Source: FATE Foundation State of Entrepreneurship Survey, 2026.

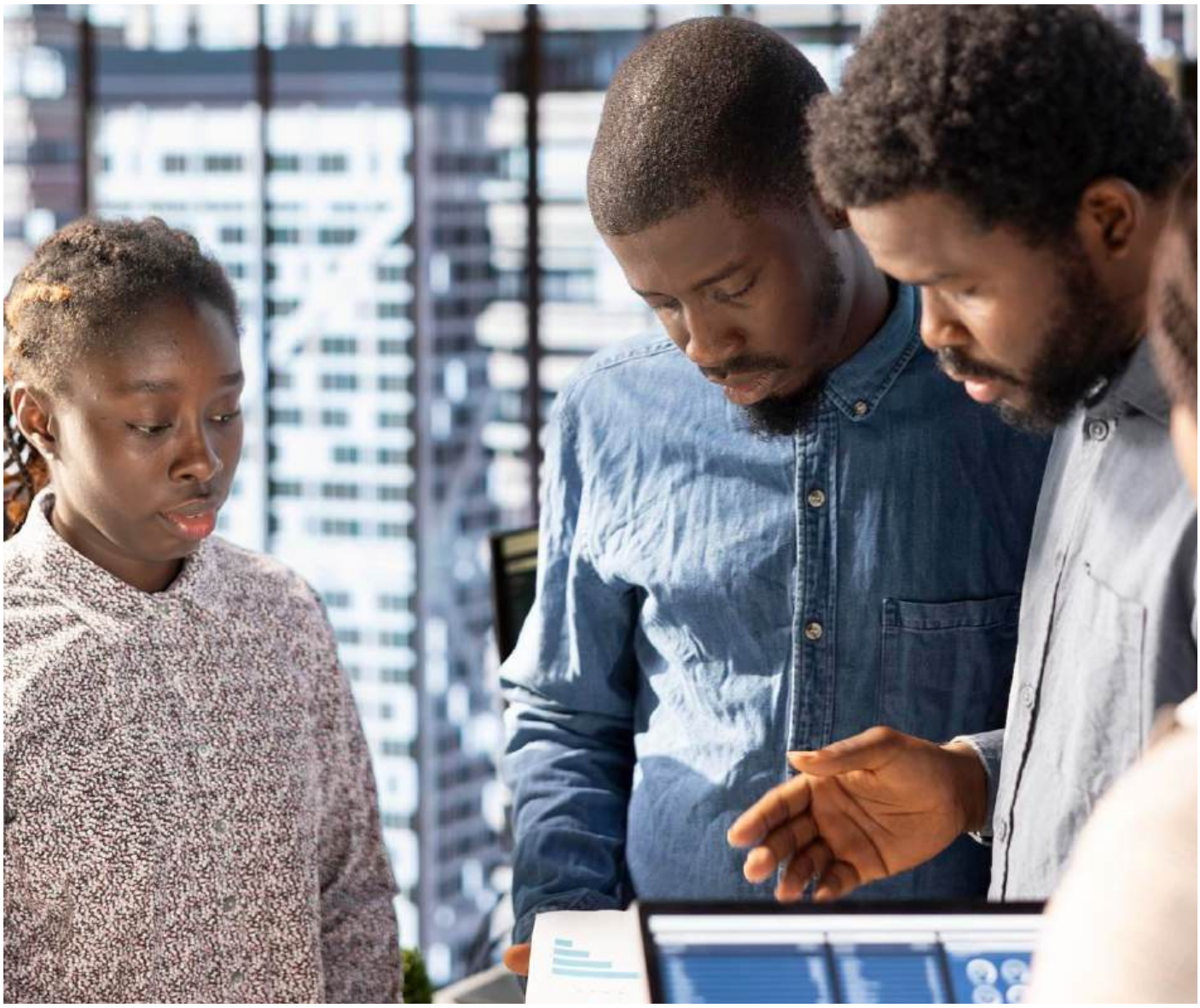


What the Index shows

Findings from the 2026 Entrepreneurship Index show that entrepreneurs remained optimistic and technology adoption continued to support business activity. However, skills, finance and the wider operating environment constrained stronger performance. While the improvement in the upper-middle part of the firm distribution is encouraging, the marginal change in the national score and the small share of firms above 0.75 show that progress has not become broad or deep enough.

The policy priority should therefore strengthen the capabilities and enabling systems that allow firms to expand, hire and compete. This requires better access to productive finance, more reliable infrastructure and power, stronger skills and business-support systems and more effective state-level implementation.







BUSINESS PERFORMANCE AND JOB CREATION







Reported business growth strengthened in 2026, but hiring remained subdued. 72.2 per cent of respondents said their businesses had grown, compared with 67.3 per cent in 2025. Only 26.0 per cent recruited additional workers, and reported net employment remained negative. The results point to a recovery in business activity that has not become employment-intensive.

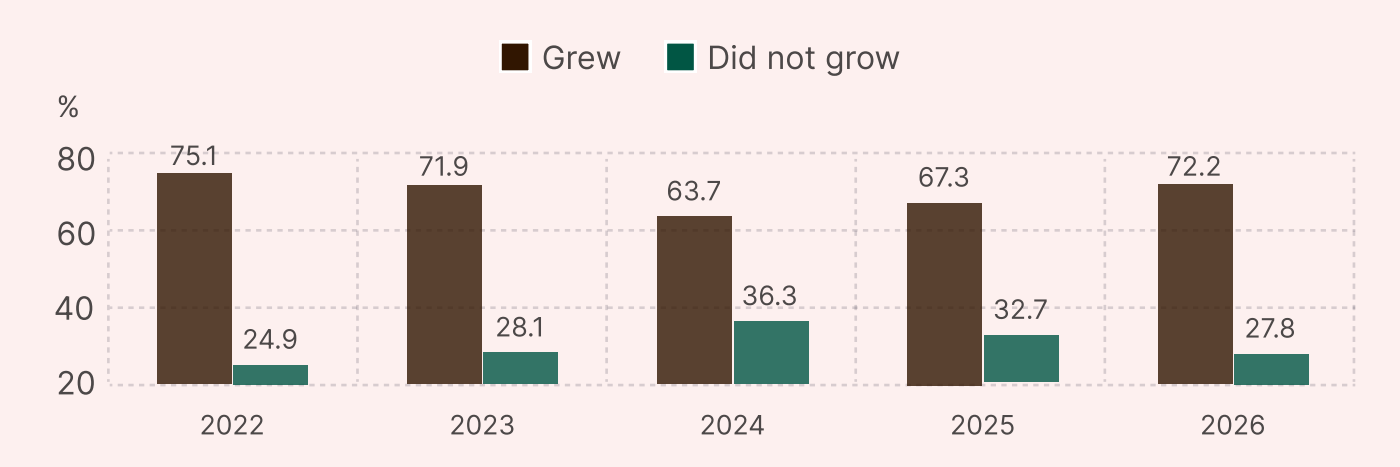
This section examines the incidence and character of business growth, the conditions associated with it, and its relationship with job creation and innovation. Comparisons with earlier editions of the State of Entrepreneurship report describe changes across successive national cross-sections and should not be interpreted as tracking the same firms over time.

Business growth returned to its 2023 level

A total of 7,736 of the 10,721 surveyed firms reported business growth in the preceding year, equivalent to 72.2 per cent. This was 4.9 percentage points above 2025 and 8.5 points above 2024. The share was close to the 71.9 per cent recorded in 2023, though still below the 75.1 per cent reported in 2022. These are shares of surveyed firms reporting growth, rather than measures of aggregate output or productivity.

The improvement coincided with a period in which some key macroeconomic indicators began to stabilise after the sharp adjustments of earlier years. However, the survey does not establish a causal relationship between macroeconomic developments and firm-level growth. The result is better interpreted as evidence that a larger share of businesses could expand activity despite a still-difficult operating environment.

Figure 24: Businesses reporting growth, 2022 - 2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2022 - 2026.

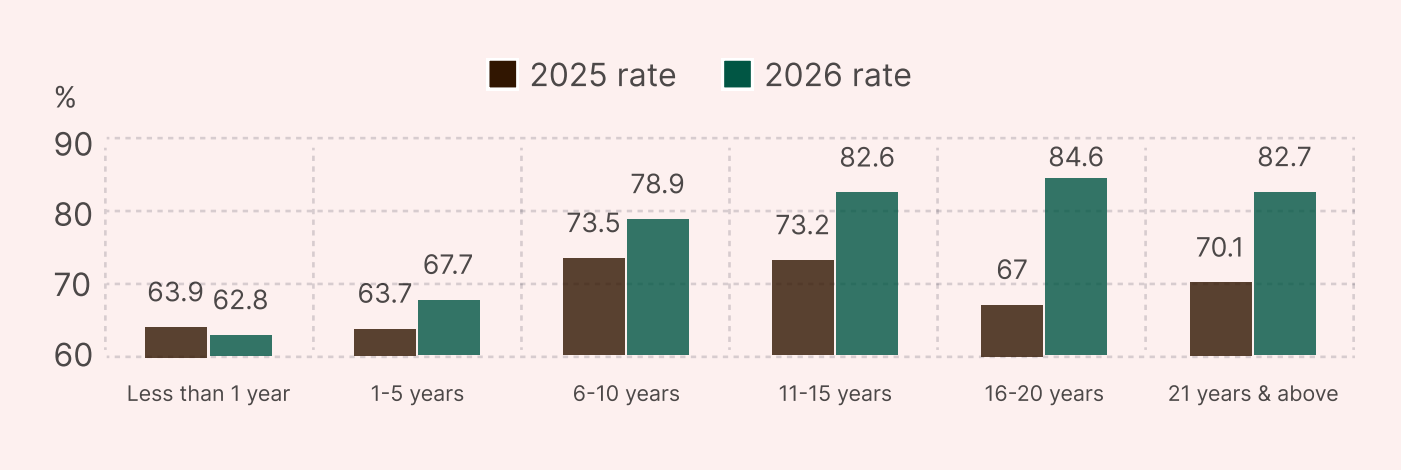
The increase in the share of growing businesses should be interpreted alongside the scale of the gains reported. Among the 7,736 businesses that reported growth, 60.4 per cent recorded revenue growth of 10 per cent or less, including 33.3 per cent whose revenue increased by only 1-5 per cent. 59.4 per cent reported an increase of more than 10 per cent in their customer base. This suggests that many businesses increased their sales, although the increase was often too small to support major investment, expansion or new jobs.

Established firms recorded stronger growth than very young businesses

Growth varied considerably with business age. Only 62.8 per cent of businesses operating for less than one year reported growth, while the rate was 67.7 per cent among businesses aged one to five years. The proportion rose to 78.9 per cent among businesses aged six to ten years and exceeded 82 per cent among firms aged eleven years and above. Businesses aged sixteen to twenty years recorded the highest growth rate at 84.6 per cent, followed by those aged eleven to fifteen years at 82.6 per cent.

The pattern suggests that accumulated experience, established customer relationships, operational routines and stronger market knowledge continue to matter for business expansion. It also underlines the vulnerability of very young firms, which are more likely to be building demand, testing products and absorbing start-up costs.

Figure 25: Business growth by age of business, 2025 and 2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026

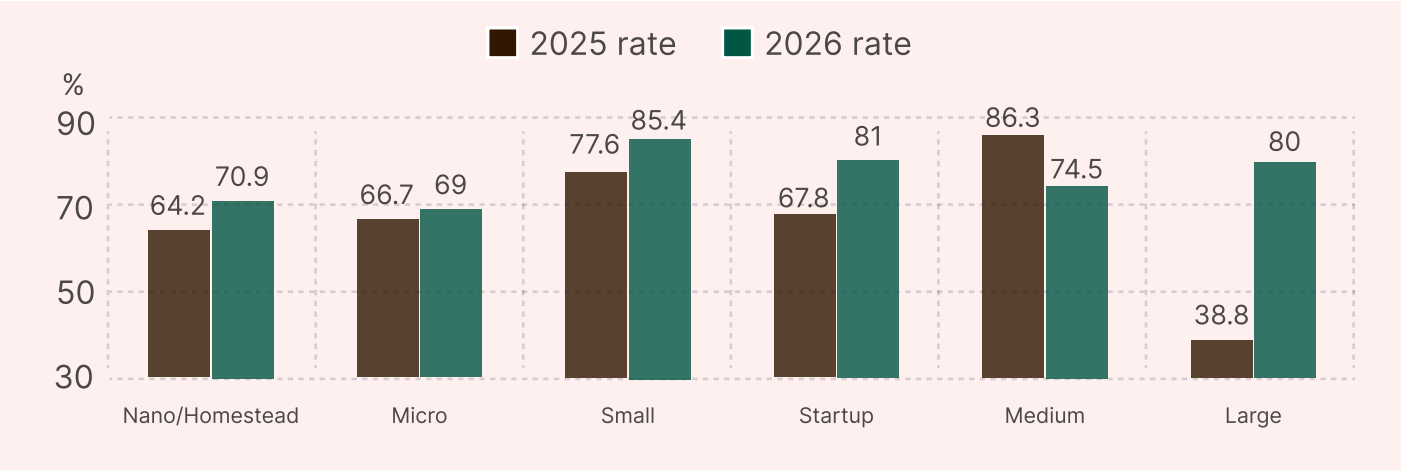
Small businesses and start-ups strengthened while medium-sized firms lost momentum

Small businesses recorded the highest growth rate by business size in 2026, at 85.4 per cent, compared with 77.6 per cent in 2025. Start-ups also improved, from 67.8 per cent to 81.0 per cent. Growth among nano or homestead businesses increased from 64.2 per cent to 70.9 per cent, while the rate among micro businesses rose more modestly from 66.7 per cent to 69.0 per cent.

The picture was different for medium-sized firms as their growth rate declined from 86.3 per cent in 2025 to 74.5 per cent in 2026, although it remained above the rates for nano and micro businesses. Large businesses recorded an apparent increase from 38.8 per cent to 80.0 per cent.



Figure 26: Business growth by business size, 2025 and 2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026.

Growth was broad-based across sectors, with notable gains in manufacturing and tourism

Healthcare recorded the highest sectoral growth rate in 2026 at 82.9 per cent, followed by real estate at 80.3 per cent. Travel, tourism and leisure ranked third at 79.1 per cent, up sharply from 57.3 per cent in 2025, while manufacturing increased from 64.1 per cent to 78.0 per cent. Entertainment and events (78.0 per cent) and hospitality and food services (76.5 per cent) also performed strongly.

Growth in information and communication technology services moderated from 73.4 per cent to 70.1 per cent. Banking, finance and insurance recorded 59.9 per cent, while government-related businesses recorded the lowest sectoral rate at 51.4 per cent.

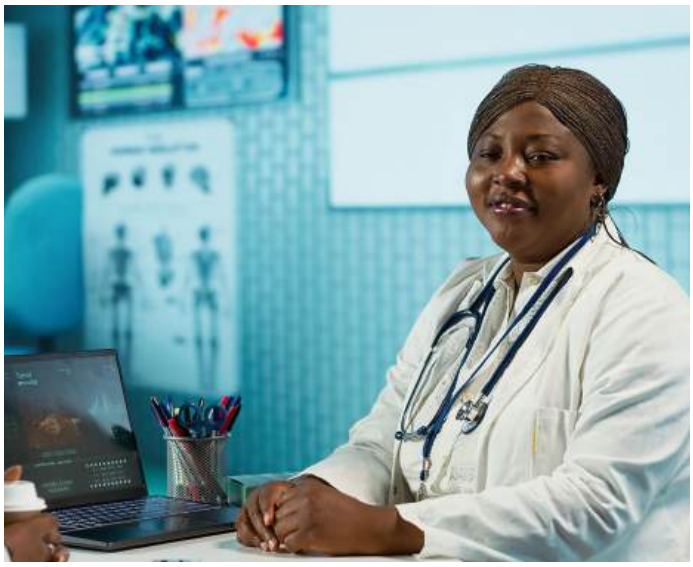
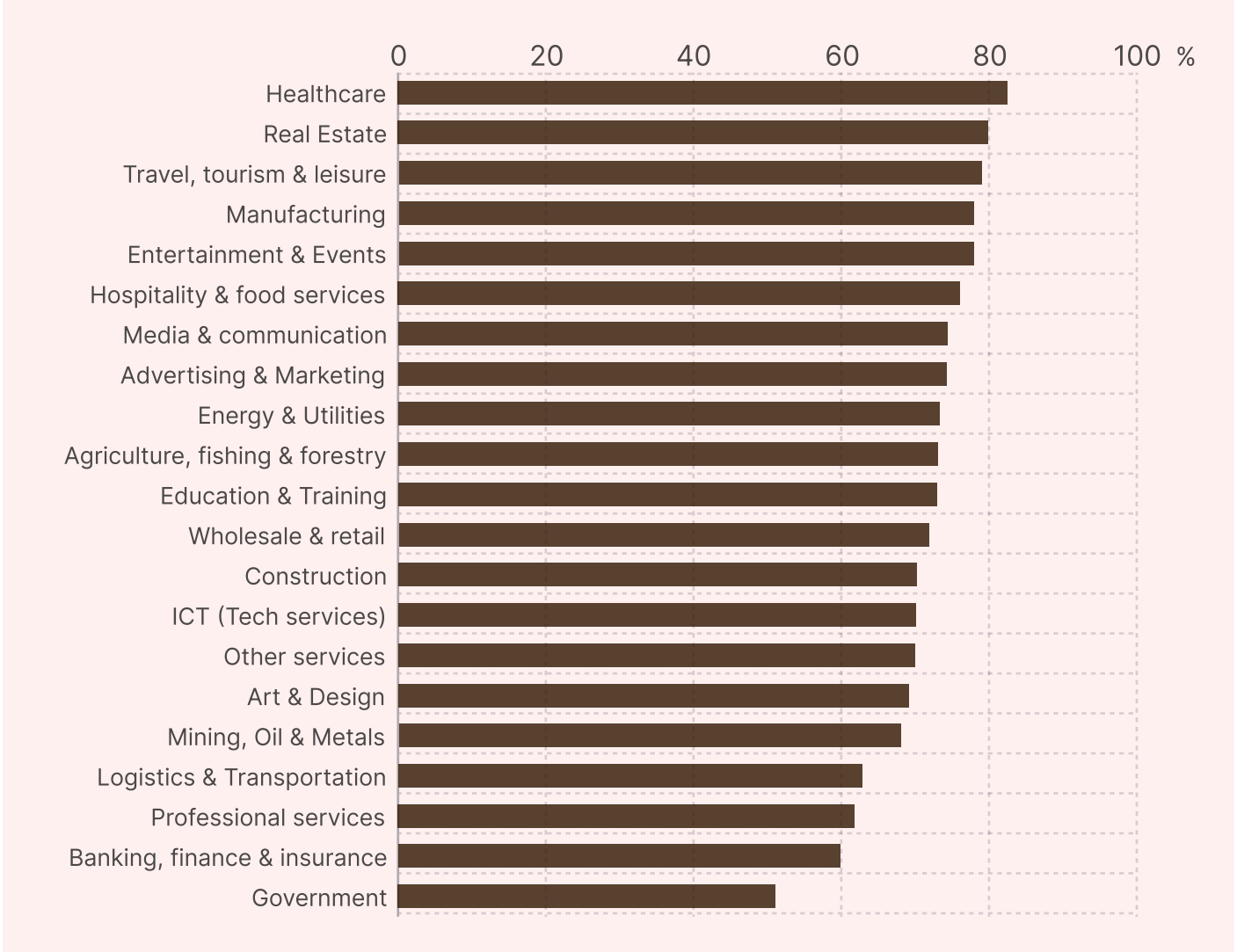


Figure 27: Businesses reporting growth by sector, 2026



Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Customer growth remained common, but profit and cash-flow outcomes softened

Among businesses that grew, the most frequently reported area of improvement was an increase in customers, cited by 57.7 per cent. This was broadly unchanged from 58.0 per cent in 2025. Half of growing businesses reported an increase in profit (50.5 per cent), while 37.4 per cent reported improved cash flow and 35.6 per cent reported higher revenue.

The comparison with 2025 suggests that expanding activity did not always translate into stronger financial outcomes. The share reporting higher profit declined from 53.0 per cent to 50.5 per cent, and the share reporting improved cash flow fell from 41.0 per cent to 37.4 per cent. At the same time, the proportion reporting improved operational performance and productivity increased from 19.0 per cent to 22.4 per cent. Only 19.5 per cent reported growth in employee numbers, 9.8 per cent introduced additional product or service lines as part of their growth, and 4.1 per cent added business outlets.

The comparison with 2025 suggests that expanding activity did not always translate into stronger financial outcomes.



Figure 28: Areas in which growing businesses reported growth, 2025 and 2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Multiple responses permitted.

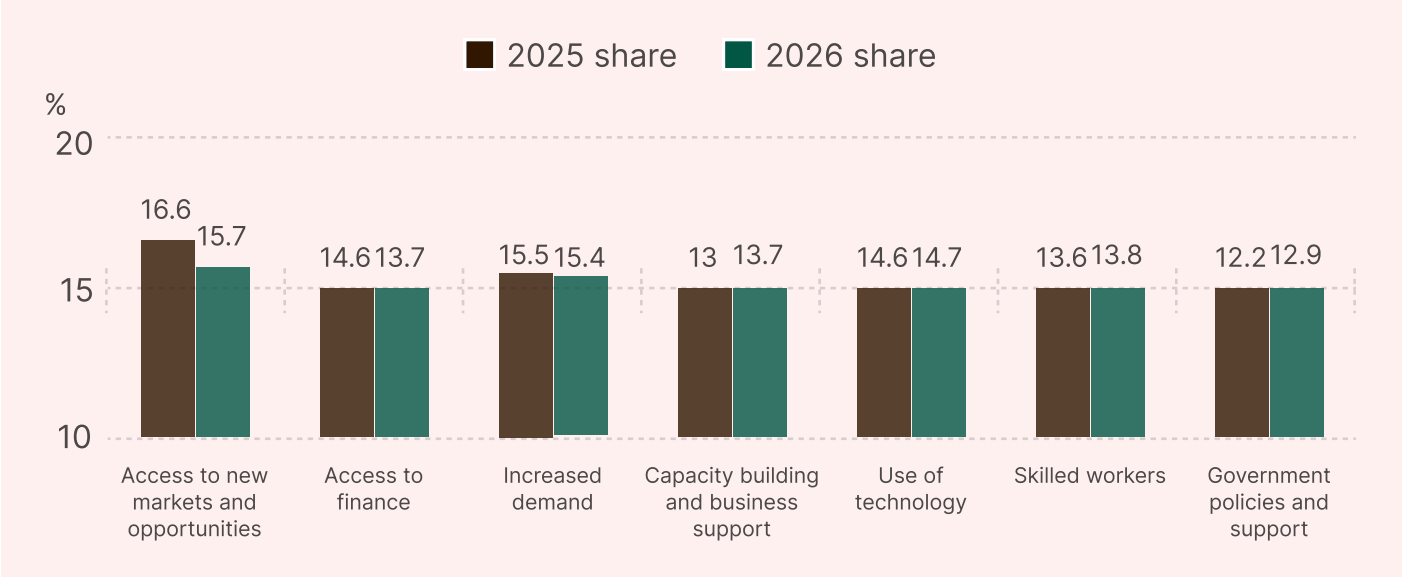
Market access and demand remained the main drivers of growth

Access to new markets and opportunities received the highest aggregate importance score among the drivers of business growth, accounting for 15.7 per cent of the total score. Increased demand followed closely at 15.4 per cent. The use of technology accounted for 14.7 per cent, while skilled workers and both access to finance and capacity building or business support each contributed between 13.7 per cent and 13.8 per cent. Government policies and support accounted for 12.9 per cent.

The narrow spread across the factors is important as growth does not appear to depend on a single input. It reflects the interaction of market opportunity, demand, technology, capabilities, finance and the policy environment. The result also highlights a message from previous SoE reports: **finance matters, but businesses are unlikely to grow sustainably if they lack customers, market connections, skilled people or the capacity to use capital productively.**



Figure 29: Drivers of business growth, 2025 and 2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Shares reflect aggregate importance scores across the listed factors.

Consumer sales remained the main source of business income. 91.3 per cent sold directly to consumers, 47.5 per cent sold to other businesses and 26.1 per cent sold to government. The percentages add up to more than 100 because some businesses sold to more than one group. This shows that most surveyed businesses depend heavily on household spending.



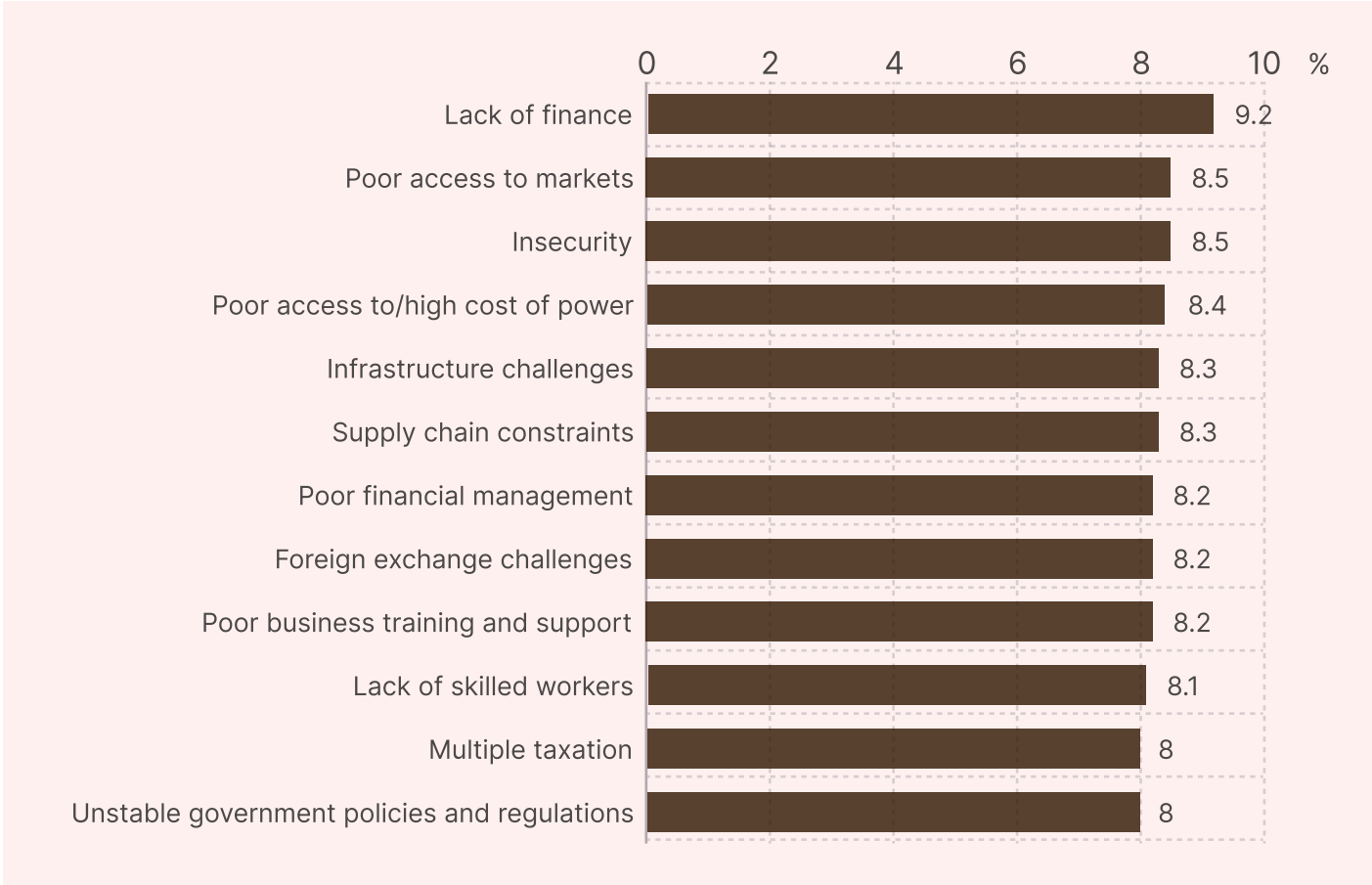
Finance was the leading constraint among businesses that did not grow

For businesses that did not grow, lack of finance had the highest aggregate importance score, representing 9.2 per cent of the total. Poor access to markets and insecurity each accounted for 8.5 per cent, closely followed by poor access to or the high cost of power at 8.4 per cent. Poor financial management, inadequate business training and support, foreign exchange challenges and supply-chain constraints each accounted for about 8.2 per cent to 8.3 per cent.

As with the drivers of growth, the constraint scores were tightly clustered. This indicates that stagnation is hardly explained by one obstacle. Weak financing, limited demand and market access, energy costs, insecurity, infrastructure gaps and internal management weaknesses support one another. The implication is that interventions focused on finance alone may have limited effects unless they also reduce operating costs and strengthen firms' access to markets and capabilities.



Figure 30: Constraints among businesses that did not grow, 2026



Source: FATE Foundation State of Entrepreneurship Survey, 2026. Shares reflect aggregate importance scores across the listed factors.

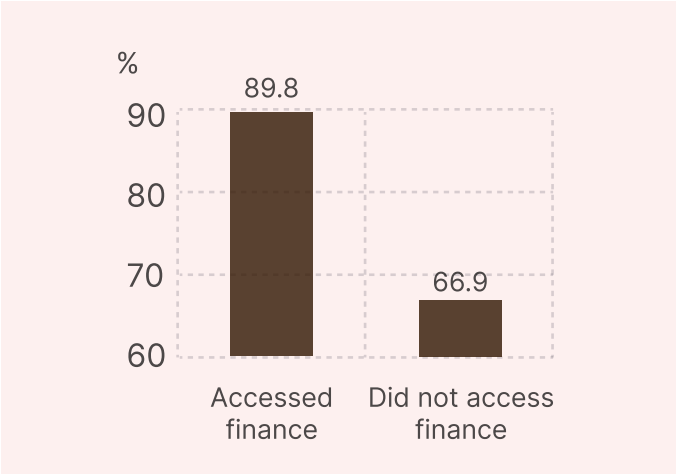
The finance gap reflected low applications as well as limited access

Only 30.7 per cent of businesses applied for institutional finance during the previous year. Among these applicants, 63.3 per cent reported access. Across the full sample, including respondents who did not report an application, 23.0 per cent reported obtaining finance. The finance gap therefore reflects both unsuccessful applications and the large majority of businesses that did not apply, potentially because of high interest rates, collateral requirements, weak records or limited information about available products.

Businesses that accessed finance were more likely to report growth

Growth was reported by 89.8 per cent of businesses that accessed finance, compared with 66.9 per cent of those that did not. This association does not establish causality, although it highlights the importance of finance for firms seeking to invest and expand.

Figure 31: Share of businesses reporting growth, by access to finance.



Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Business growth varied substantially across states

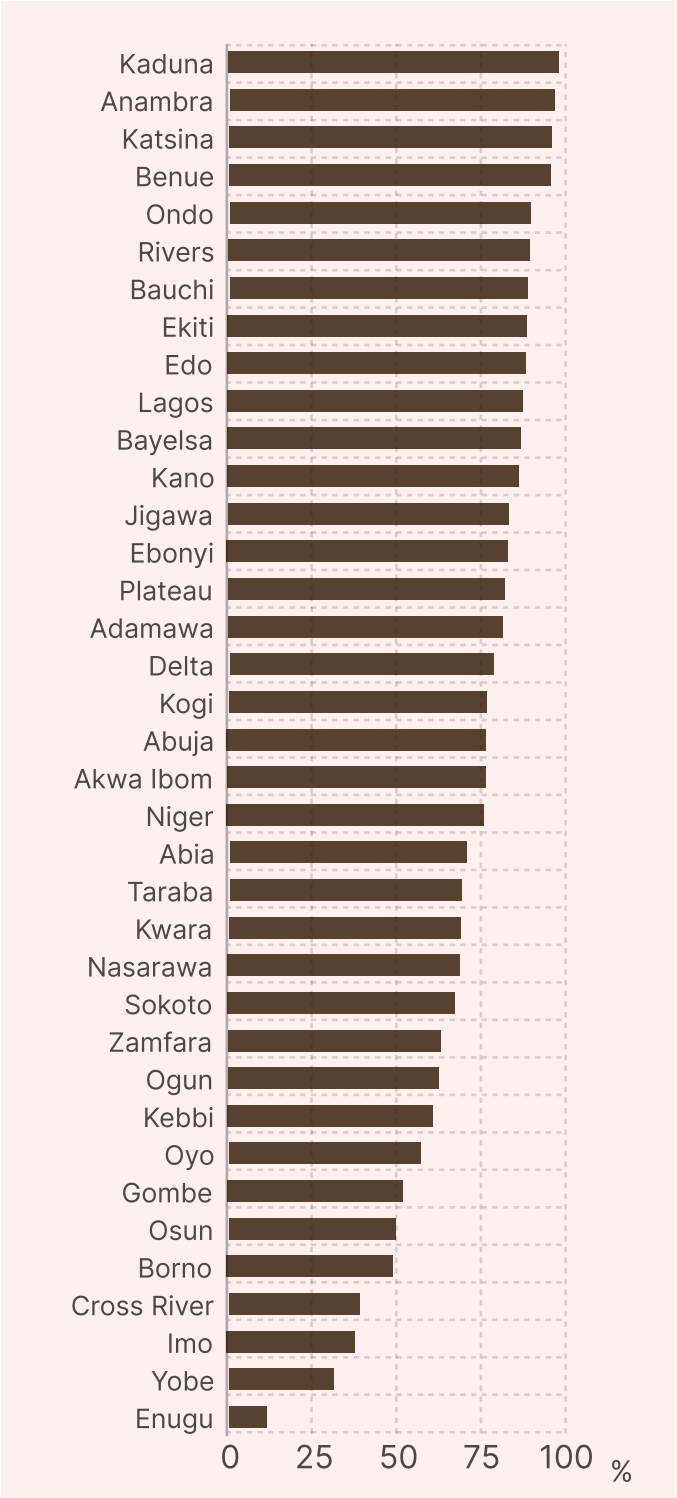
The share of businesses reporting growth exceeded 96 per cent in Kaduna, Anambra, Katsina and Benue. At the other end of the distribution, the rate was 11.4 per cent in Enugu, 31.3 per cent in Yobe, 37.7 per cent in Imo and 39.0 per cent in Cross River. These wide differences may reflect local demand conditions, security, infrastructure, sector mix and the composition of businesses reached during fieldwork

.

State-level results should therefore be treated as descriptive rather than as a definitive ranking of state business environments.

Sample sizes differ across states and the survey was not designed as a longitudinal panel. The estimates are most useful for identifying patterns that merit further investigation and for guiding state-specific analysis alongside information on each state's sectoral composition and operating context.

Figure 32: Businesses reporting growth by state, 2026



Source: FATE Foundation State of Entrepreneurship Survey, 2026.

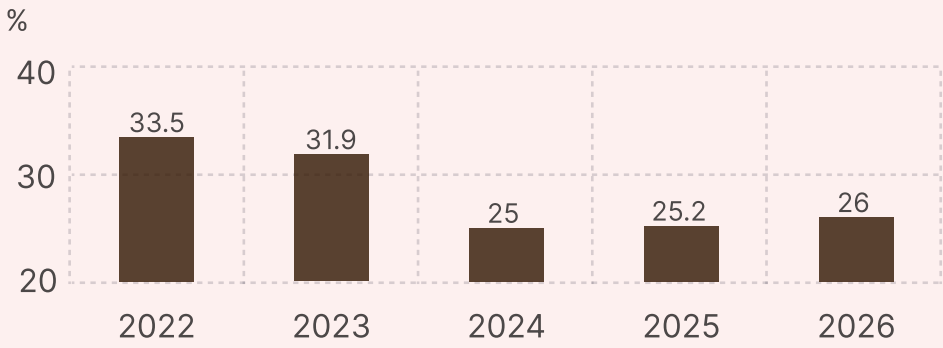
Hiring improved marginally but remained below earlier levels

About 26.0 per cent of businesses hired at least one new employee in 2026, compared with 25.2 per cent in 2025 and 25.0 per cent in 2024. Despite this modest improvement, the hiring rate remained well below the 31.9 per cent recorded in 2023 and the 33.5 per cent recorded in 2022. The recovery in business growth has therefore not yet restored the stronger hiring outcomes observed earlier in the series.



The share of businesses that hired was 20.3 per cent among nano or homestead firms and 33.0 per cent among micro firms. It rose to 42.5 per cent among small firms, 52.2 per cent among medium-sized firms and 57.5 per cent among large firms. Start-ups recorded a hiring rate of 34.1 per cent. The result confirms that hiring increased with business size and also highlights the importance of helping firms move beyond nano and micro scale.

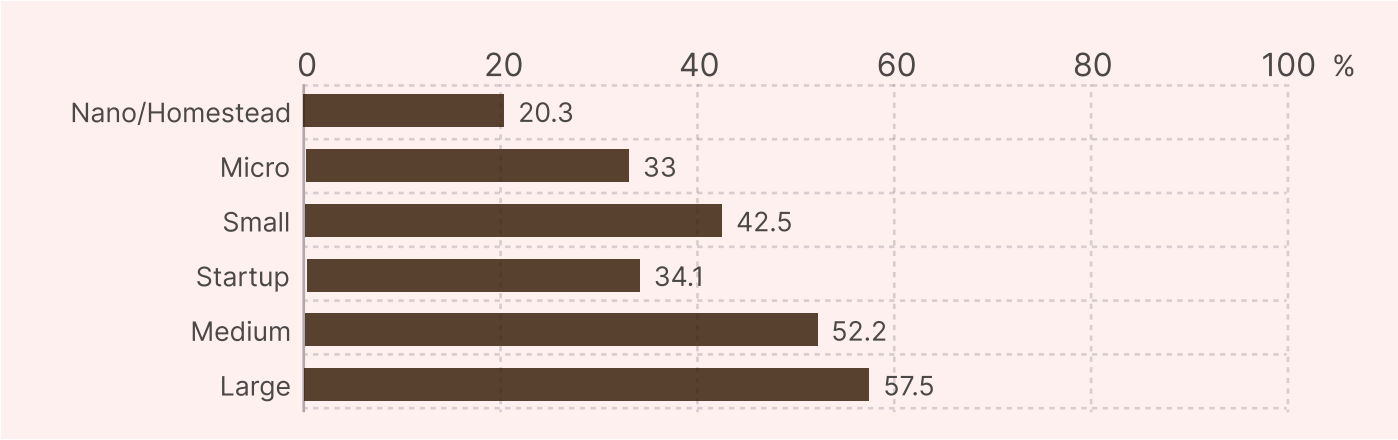
Figure 33: Businesses hiring new staff, 2022 - 2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2022 - 2026.



Figure 34: Hiring rate by business size, 2026



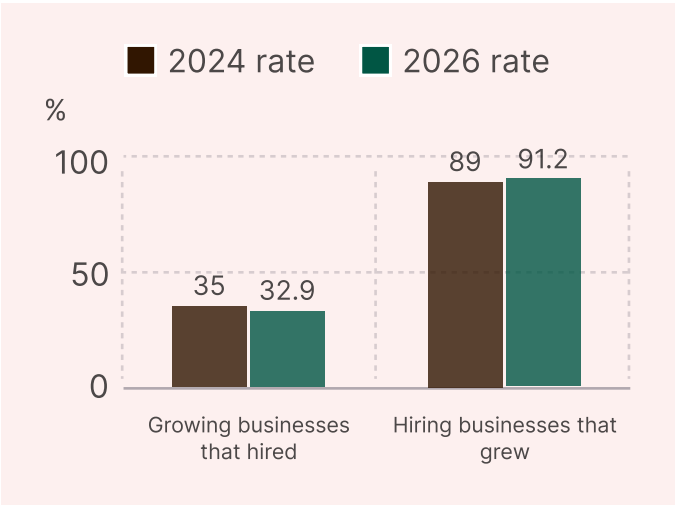
Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Business growth did not automatically lead to hiring

Growth and hiring were associated, but the relationship was far from automatic. Among businesses that hired, 91.2 per cent also reported growth, compared with 89.0 per cent in 2024. By contrast, only 32.9 per cent of growing firms hired additional workers, down from 35.0 per cent in 2024. Most firms that reported growth therefore expanded without recruiting staff.

> Most firms that reported growth therefore expanded without recruiting staff.

Figure 35: Relationship between business growth and hiring, 2024 and 2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2024 and 2026.

This apparent job-light pattern may reflect several factors, including cost pressures, uncertainty, the use of unpaid family labour, greater reliance on technology or outsourcing, and the limited scale of many surveyed businesses. It also helps explain why the strong rebound in the incidence of growth did not produce a commensurate rise in the overall hiring rate.



Surveyed firms reported fewer net job losses

Surveyed businesses reported creating 11,327 jobs and losing 11,831 in 2026, giving a net change of −504 jobs. This compares with a reported net loss of 2,302 in 2025. Full-time positions recorded a net gain of 621, offset by a net loss of 1,125 part-time jobs. These are employment changes reported by surveyed firms, not estimates of economy-wide net job creation.

Table 8: Employment balance among surveyed businesses, 2025 and 2026

Year	Jobs created	Jobs lost	Net change
2025	14,269	16,571	-2,302
2026	11,327	11,831	-504

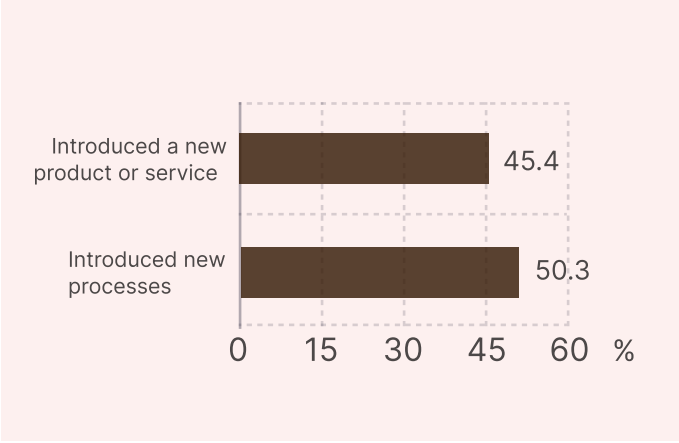
Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026.

The negative employment balance was concentrated among nano or homestead and micro businesses, which reported net changes of -641 and -657 jobs, respectively. By contrast, small businesses recorded a net gain of 830 jobs and start-ups added 123 jobs. The pattern is consistent with the higher hiring rates among firms that have moved beyond the smallest size categories.

Process improvements were slightly more common than product or service innovation

Half of the surveyed businesses (50.3 per cent) reported introducing new processes during the year, while 45.4 per cent introduced a new product or service. The prevalence of process change suggests that businesses were actively adjusting how they operated, potentially in response to cost pressures, technology adoption and the need to serve customers more efficiently. Product and service innovation was also widespread, although the survey does not establish the novelty, scale or commercial success of these innovations.

Figure 36: Business innovation, 2026



Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Digital technology was used mainly for marketing

Technology use was relatively widespread: 65.9 per cent of businesses reported using technology. Among technology users, 74.6 per cent used it mainly for social media and digital marketing, compared with 11.8 per cent for human resource management, 5.1 per cent for inventory management, 3.4 per cent for bookkeeping, 2.9 per cent for logistics and 1.7 per cent for e-commerce. Artificial Intelligence use followed a similar pattern. Among the 34.8 per cent of businesses using AI, 72.2 per cent used it for content creation and only 4.5 per cent used it for financial management or accounting; multiple responses were permitted. Nigerian businesses are becoming more digitally visible, although relatively few have digitised the internal systems that could improve records, cost control, productivity and readiness for finance.

What the business performance findings mean

More businesses reported growth in 2026 across a range of age groups, firm sizes and sectors. Market access, demand and technology were frequently cited among growth drivers, while finance, energy costs, insecurity and access to customers remained constraints for firms that did not grow. The central weakness was the employment response: hiring rose only marginally and the surveyed firms still reported a net loss of jobs. Policy should therefore look beyond the share of firms reporting growth to the quality, sustainability and employment effects of expansion.

The central challenge is therefore to improve the quality, durability and employment intensity of growth. This requires conditions that allow viable firms to move beyond nano and micro scale, invest in productive capacity, reach larger markets and manage energy, finance and capability constraints. The policy recommendations section develops these priorities in greater detail.



PERFORMANCE OF FEMALE-LED BUSINESSES IN NIGERIA



Female-led businesses accounted for 52.1 per cent of the 10,721 businesses surveyed in 2026. Their reported growth rate rose to 74.8 per cent, exceeding the 69.3 per cent recorded among male-led businesses. This improvement, however, did not translate into comparable progress in access to finance, employment or capability development. Only 22.5 per cent of female-led businesses accessed finance, 22.1 per cent hired new employees and 34.8 per cent acquired new skills. The results therefore point to a recovery in activity without an equivalent strengthening of scale and productive capability.

This section examines growth, finance, employment, technology and skills among female-led businesses. Comparisons with earlier State of Entrepreneurship reports describe changes across successive national cross-sections; they do not track the same firms over time.

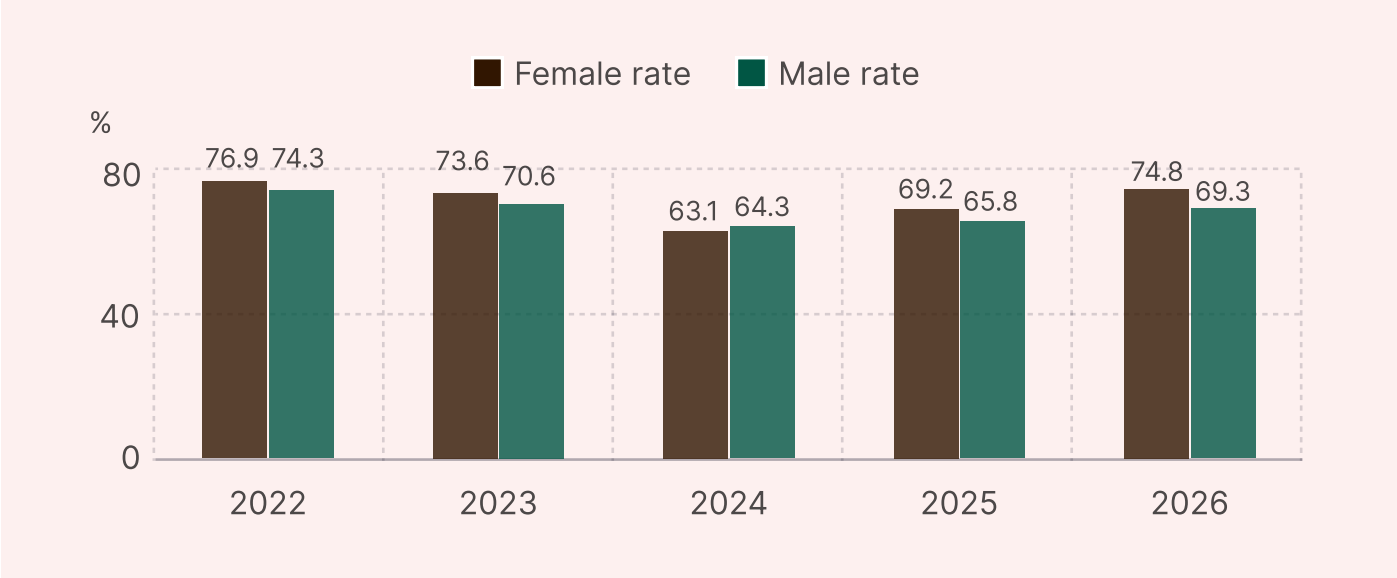
Growth among female-led businesses strengthened for a second year

About 74.8 per cent of female-led businesses reported growth in 2026, up from 69.2 per cent in 2025 and 63.1 per cent in 2024. The 5.6 percentage-point increase restored the female growth rate to near its 2022 level of 76.9 per cent. Growth among male-led businesses also improved, from 65.8 per cent in 2025 to 69.3 per cent in 2026, but remained 5.5 percentage points below the female rate.

The result indicates that female-led businesses were widely able to expand activity despite a difficult operating environment. It does not, by itself, show that they expanded in scale, employment or profitability. Those dimensions must be considered separately, particularly because most female-led businesses remained concentrated in the smallest size category.



Figure 37: Businesses reporting growth by gender, 2022-2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2022-2026.

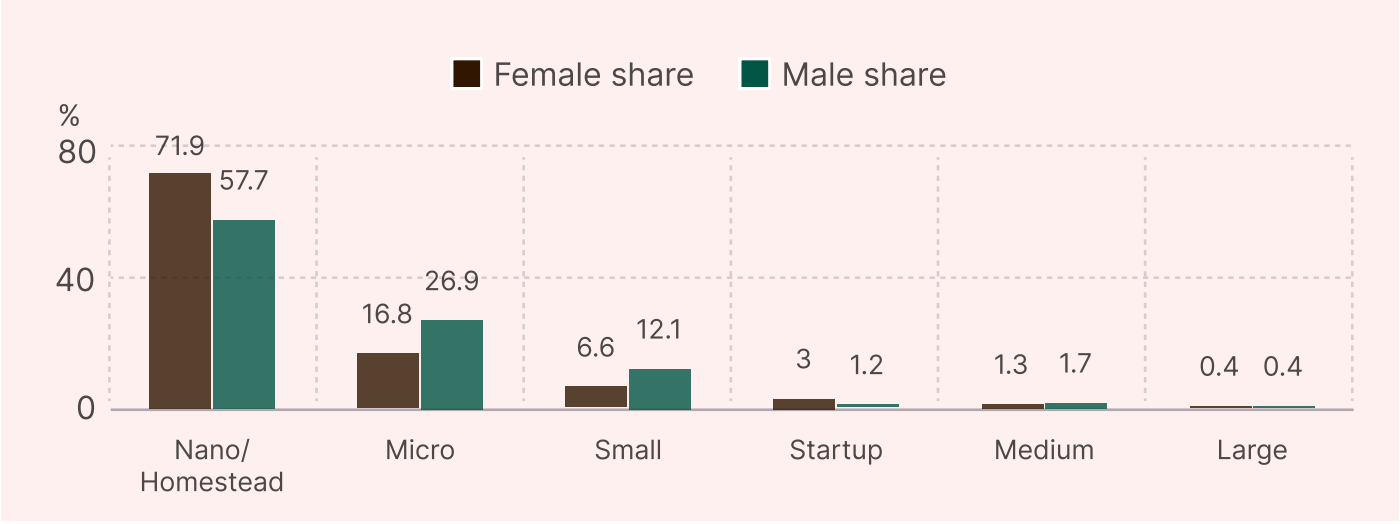
Female-led businesses remained more concentrated at nano scale

Nearly three-quarters of female-led businesses (71.9 per cent) were nano or homestead businesses, compared with 57.7 per cent of male-led businesses. A further 16.8 per cent were micro businesses, while only 6.6 per cent were small and 1.3 per cent were medium-sized. This size profile is important because it shapes firms' financing options, employment capacity and ability to invest in technology and managerial systems.

Within the two largest categories, female-led businesses recorded stronger growth than male-led businesses: 73.6 per cent compared with 67.3 per cent among nano businesses, and 76.3 per cent compared with 64.1 per cent among micro businesses. Results for medium and large businesses should not be generalised because the female samples were only 72 and 22, respectively. These are descriptive associations and do not establish that gender caused the differences.



Figure 38: Distribution of surveyed businesses by business size and gender, 2026



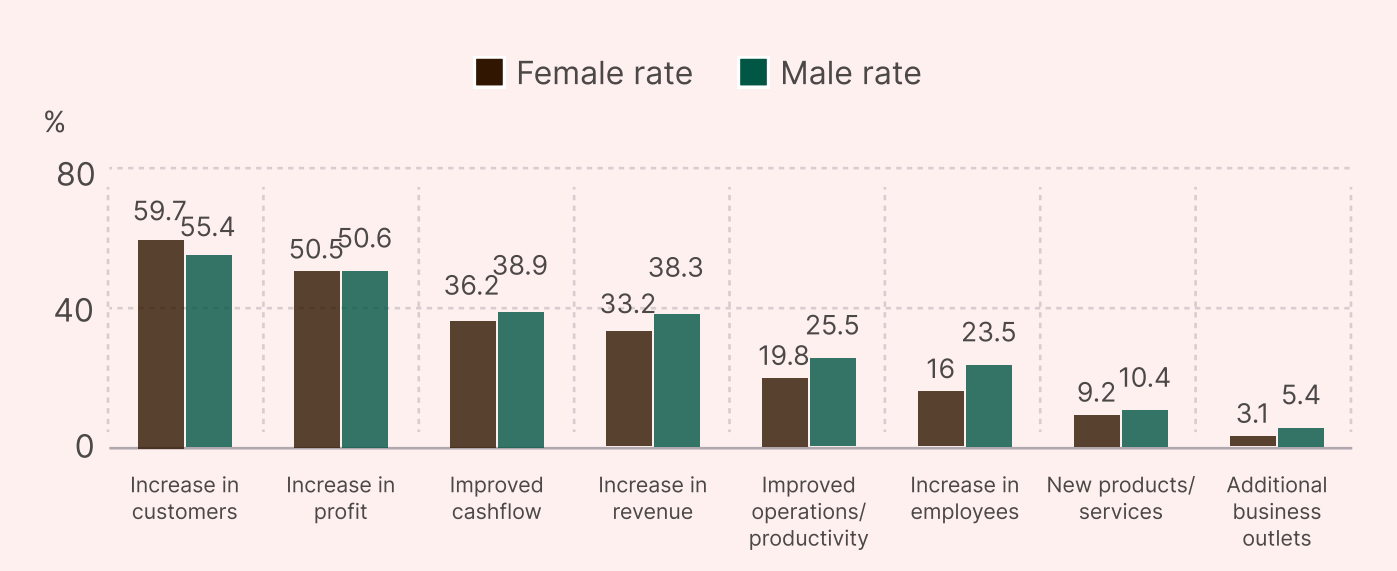
Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Growth was driven principally by customers but was less evident in employment

Among the 4,179 female-led businesses that reported growth, 59.7 per cent recorded an increase in customers and 50.5 per cent reported higher profit. Improved cash flow was reported by 36.2 per cent, while 33.2 per cent reported higher revenue. Fewer businesses reported improved operations and productivity (19.8 per cent), an increase in employees (16.0 per cent), new product or service lines (9.2 per cent) or additional outlets (3.1 per cent).

Compared with 2025, customer growth increased from 56.6 per cent to 59.7 per cent, while the shares reporting higher profit and improved cash flow declined from 52.3 per cent and 38.2 per cent respectively. Employee growth fell from 20.8 per cent to 16.0 per cent. The pattern suggests that broader customer reach did not always translate into stronger cash generation or employment expansion.

Figure 39: Areas in which growing female-led businesses reported growth, 2025 and 2026



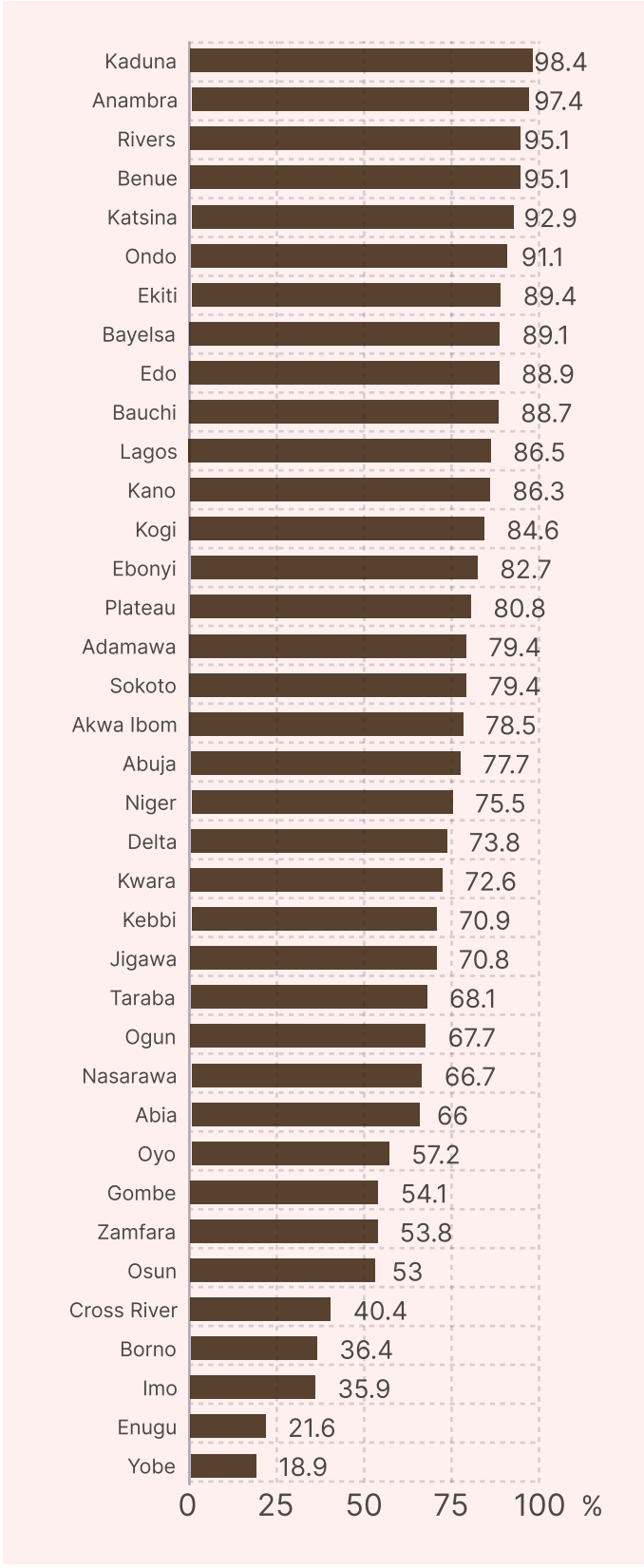
Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Multiple responses permitted.

State outcomes varied widely and should be read with the sample bases

More than 95 per cent of female-led businesses reported growth in Kaduna, Anambra, Rivers and Benue. The lowest rates were recorded in Yobe (18.9 per cent), Enugu (21.6 per cent), Imo (35.9 per cent), Borno (36.4 per cent) and Cross River (40.4 per cent). The differences may reflect local demand, security, infrastructure, sector composition and the profile of businesses reached during fieldwork.



Figure 40: Female-led businesses reporting growth by state, 2026



Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Markets, demand and technology were the leading growth drivers

Access to new markets and opportunities received the highest aggregate importance score among female-led businesses that grew, accounting for 15.9 per cent of the total. Increased demand followed at 15.6 per cent, while technology accounted for 14.8 per cent. Finance, skilled workers and capacity building each contributed about 13.6-13.7 per cent, and government policies and support accounted for 12.8 per cent.

The scores were closely distributed, supporting the view that growth depends on a combination of market opportunity, demand, technology, finance and capability. Relative to 2025, the share attributed to new markets declined from 18.0 per cent to 15.9 per cent, while skilled workers, capacity building and government support became somewhat more prominent.



Table 9: Drivers of growth among female-led businesses, 2025 and 2026

Driver	2025 share	2026 share
Access to new markets and opportunities	18.0%	15.9%
Increased demand	16.0%	15.6%
Use of technology	15.1%	14.8%
Access to finance	14.1%	13.7%
Skilled workers	12.9%	13.6%
Capacity building/business support	12.6%	13.6%
Government policies and support	11.3%	12.8%

Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Shares reflect aggregate importance scores.

Finance led a broad set of constraints among businesses that did not grow

Among female-led businesses that did not grow, lack of finance had the highest aggregate importance score at 9.5 per cent. Poor access to markets followed at 8.6 per cent, while insecurity and poor access to or the high cost of power accounted for 8.5 per cent and 8.4 per cent respectively. Infrastructure, supply chains, foreign exchange, training, financial management, skills, policy instability and multiple taxation each contributed about 8 per cent.

The narrow spread across the constraints indicates that stagnation has multiple causes. Financial exclusion interacts with weak demand, energy costs, insecurity and internal capability gaps. This helps explain why access to finance is necessary but may not be sufficient for sustained growth.



Table 10: Constraints among female-led businesses that did not grow, 2025 and 2026

Constraint	2025 share	2026 share
Lack of finance	11.3%	9.5%
Poor access to markets	9.2%	8.6%
Insecurity	8.0%	8.5%
Poor access/high cost of power	8.3%	8.4%
Infrastructure challenges	7.5%	8.3%
Supply chain constraints	7.7%	8.3%
Foreign exchange challenges	7.9%	8.2%
Poor business training/support	8.2%	8.2%
Poor financial management	8.3%	8.2%
Lack of skilled workers	7.6%	8.0%
Unstable government policies and regulations	8.3%	8.0%
Multiple taxation	7.8%	8.0%

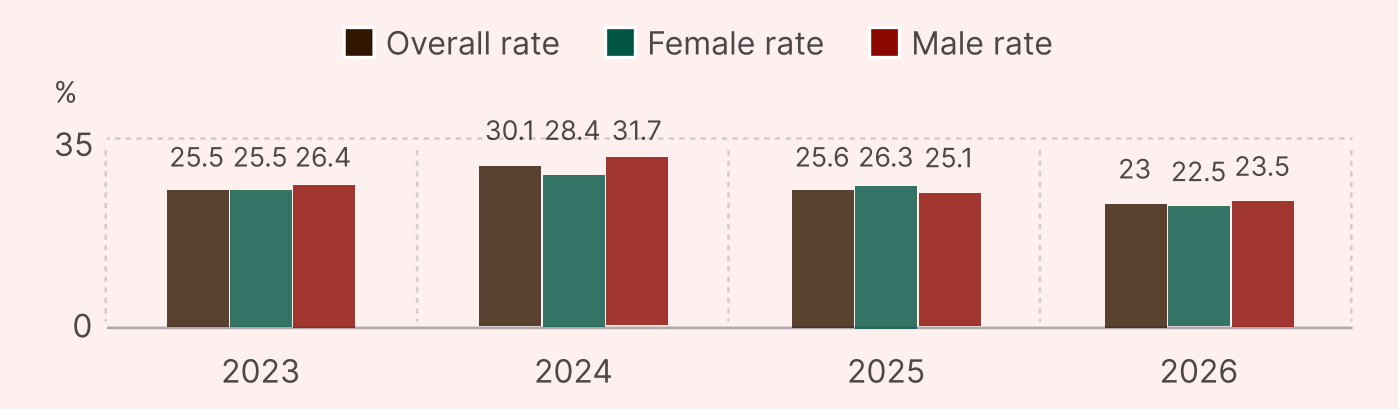
Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Shares reflect aggregate importance scores.

Access to institutional finance declined

Only 22.5 per cent of female-led businesses accessed finance from financial institutions or investors in 2026, down from 26.3 per cent in 2025 and 28.4 per cent in 2024. The 2026 rate was also slightly below the 23.5 per cent recorded among male-led businesses. The fall is notable because finance remained the leading constraint among female-led businesses that did not grow.

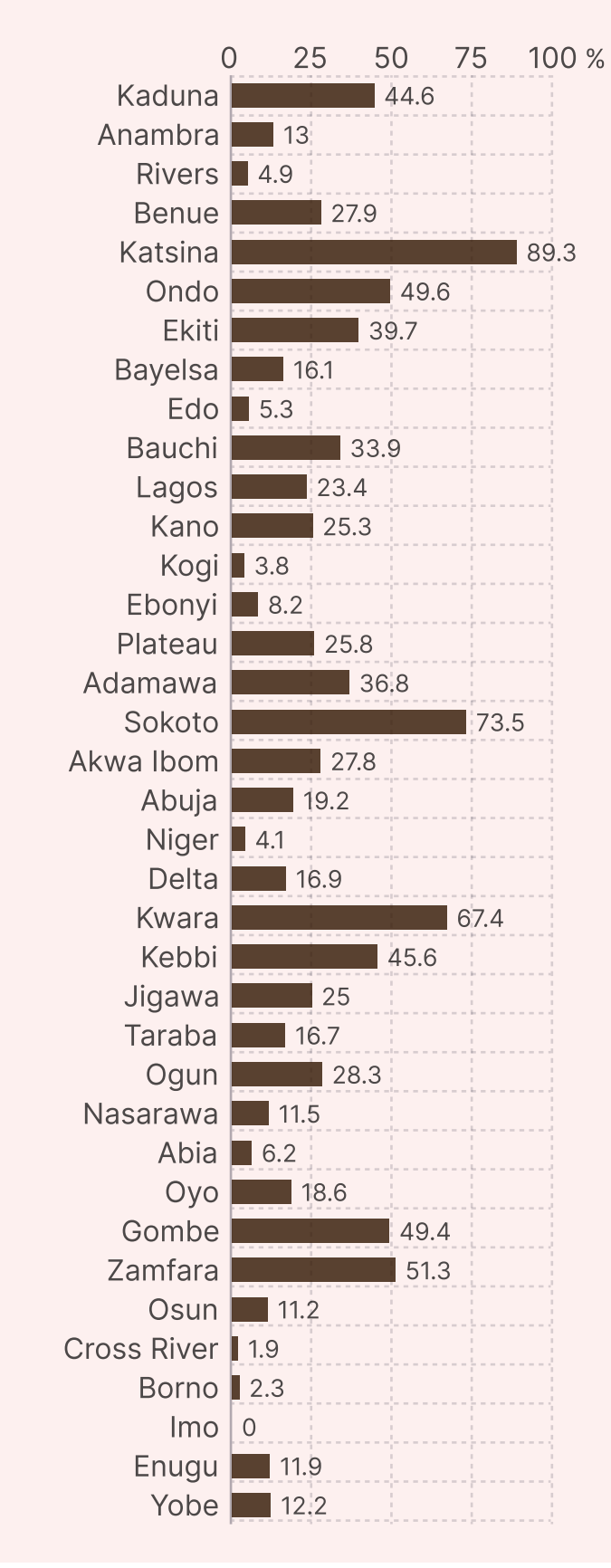
At the state-level, Katsina recorded 89.3 per cent access, Sokoto 73.5 per cent, Kwara 67.4 per cent and Zamfara 51.3 per cent. At the lower end, no female-led respondent in Imo reported access, while the rates were below 5 per cent in Cross River, Borno, Kogi, Niger and Rivers. Several of the highest rates were based on small female samples - 28 in Katsina, 34 in Sokoto and 39 in Zamfara - and should therefore be treated as indicative rather than definitive.

Figure 41: Access to institutional finance by gender, 2023-2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2023-2026.

Figure 42: Female-led businesses accessing finance by state, 2026



Source: FATE Foundation State of Entrepreneurship Survey, 2026.

The price and availability of finance remained the main barriers

High interest rates were reported by 51.7 per cent of female-led businesses, up from 46.9 per cent in 2025. Few available funds affected 34.3 per cent, while 28.9 per cent cited inadequate collateral. Poor financial records and documentation were reported by 20.7 per cent, poor access to funding information by 15.0 per cent and limited equity options by 12.5 per cent. The share citing limited specialised financing fell from 12.0 per cent to 6.7 per cent.

The evidence highlights both supply-side and firm-level constraints. The cost and availability of capital dominate, but documentation, information and collateral also limit access. Responses were not restricted to businesses that had secured finance; they capture perceived financing barriers across the female-led sample.

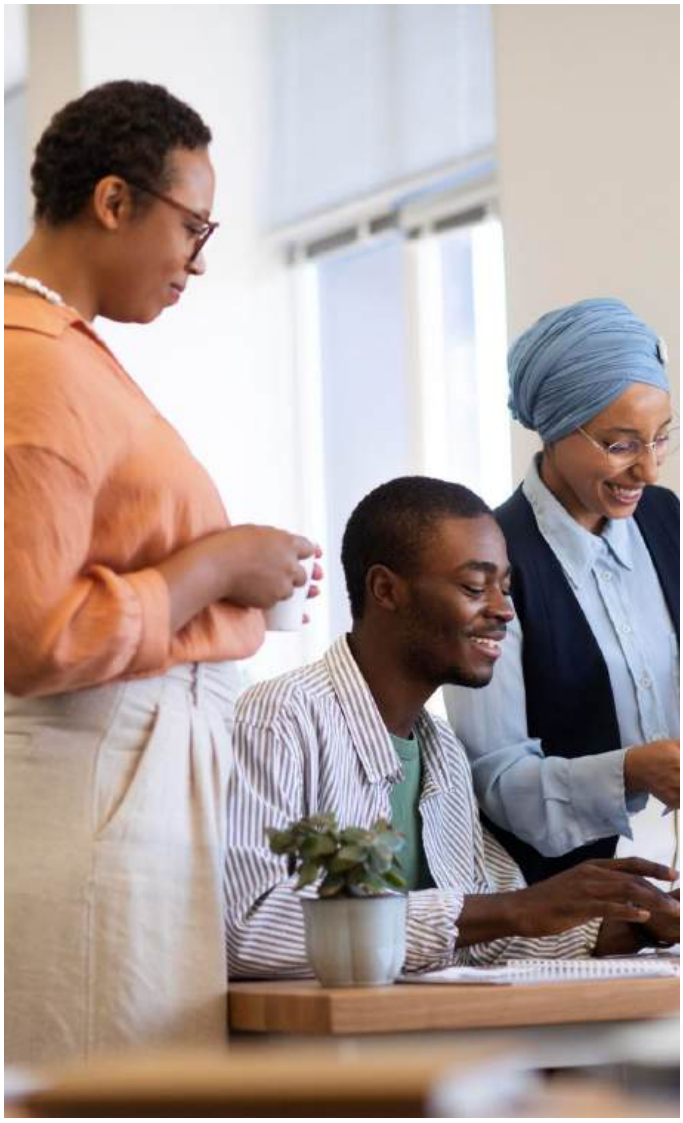
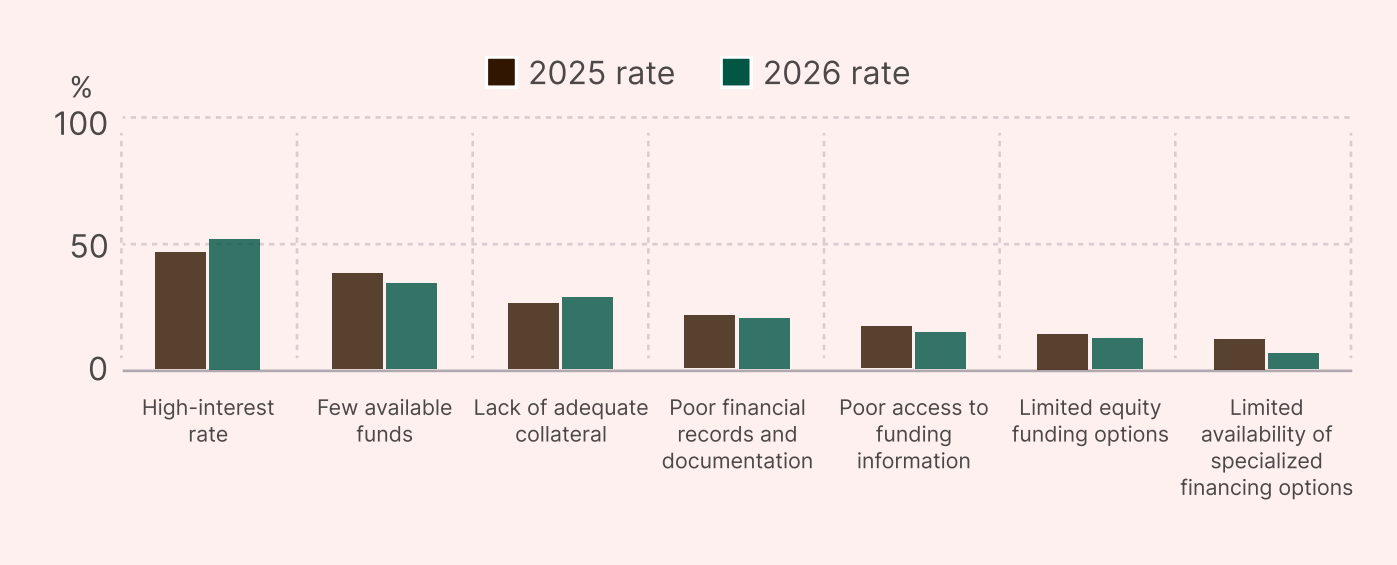


Figure 43: Financing barriers reported by female-led businesses, 2025 and 2026



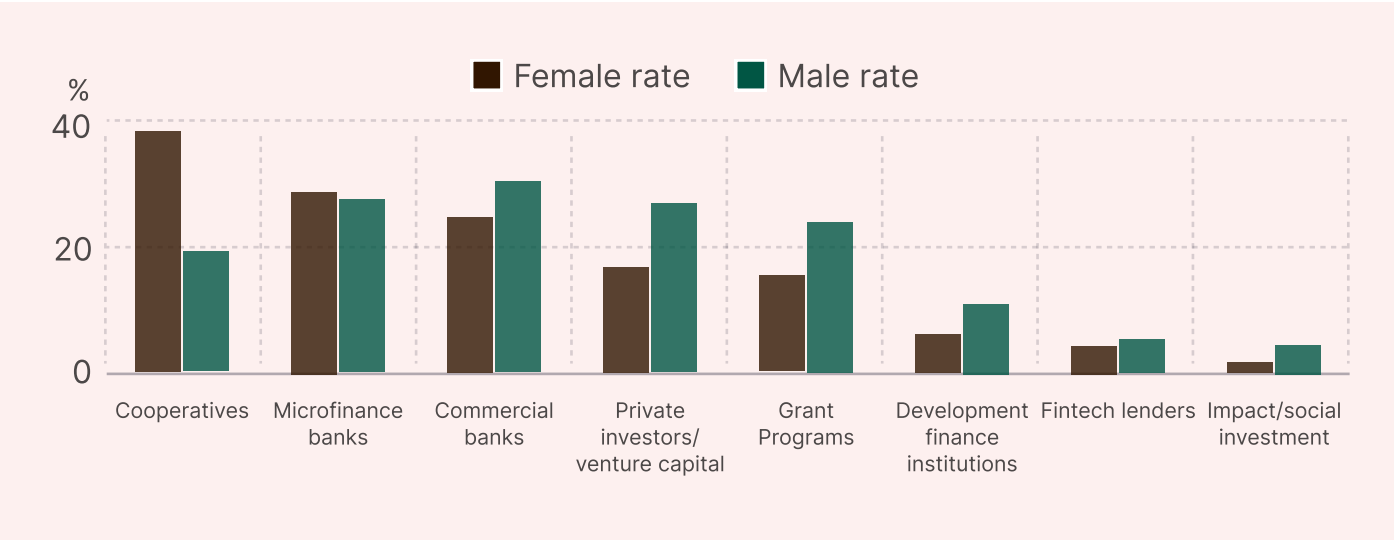
Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Multiple responses permitted.

Female-led businesses relied more heavily on cooperatives

Among female-led businesses that accessed finance, cooperative societies were the most common source, used by 38.5 per cent. Microfinance banks followed at 28.8 per cent and commercial banks at 24.7 per cent. Private investors or venture capital provided finance to 16.7 per cent and grant programmes to 15.5 per cent. Development finance institutions, fintech lenders and impact investment platforms reached fewer than 7 per cent each.

Commercial banks were used by 30.4 per cent of financed male-led businesses and private investors by 27.0 per cent, compared with 24.7 per cent and 16.7 per cent among female-led businesses. Conversely, cooperative finance reached 38.5 per cent of female-led businesses but only 19.3 per cent of male-led businesses. This suggests that collective and community-based mechanisms remain particularly important for women entrepreneurs.

Figure 44: Sources of finance by gender, 2026



Source: FATE Foundation State of Entrepreneurship Survey, 2026. Multiple responses permitted among businesses that accessed finance.

Business growth remained more widespread than job creation

Only 22.1 per cent of female-led businesses hired new employees in 2026, down from 22.5 per cent in 2025 and below the 30.3 per cent recorded among male-led businesses. Although 74.8 per cent of female-led businesses reported growth, just 16.0 per cent of those growing businesses identified employee numbers as an area of growth. Expansion among women-owned businesses was therefore predominantly customer- or revenue-oriented rather than employment-intensive.

Size composition explains part, but not all, of the employment gap. Only 16.6 per cent of female-led nano businesses hired, compared with 25.5 per cent of male-led nano businesses. At micro scale, the rates were closer - 32.1 per cent and 33.6 per cent - while female-led small businesses recorded a higher hiring rate than male-led small businesses.

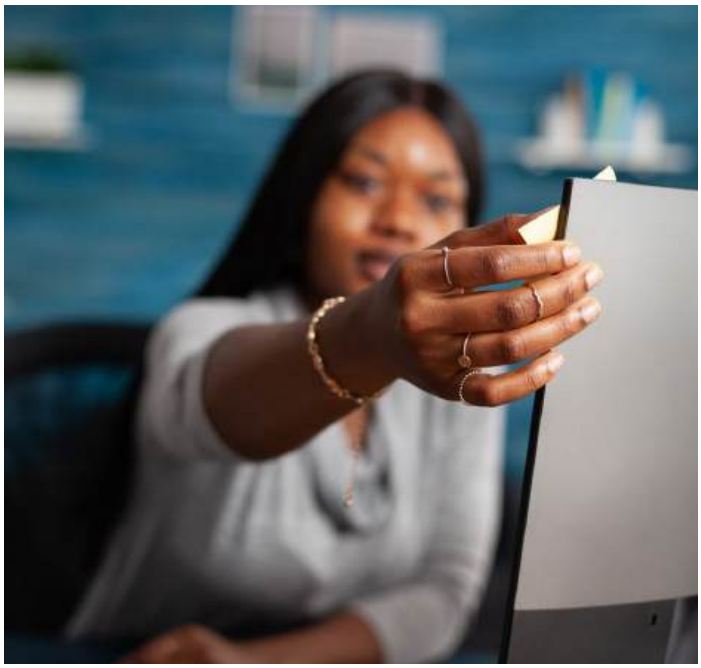
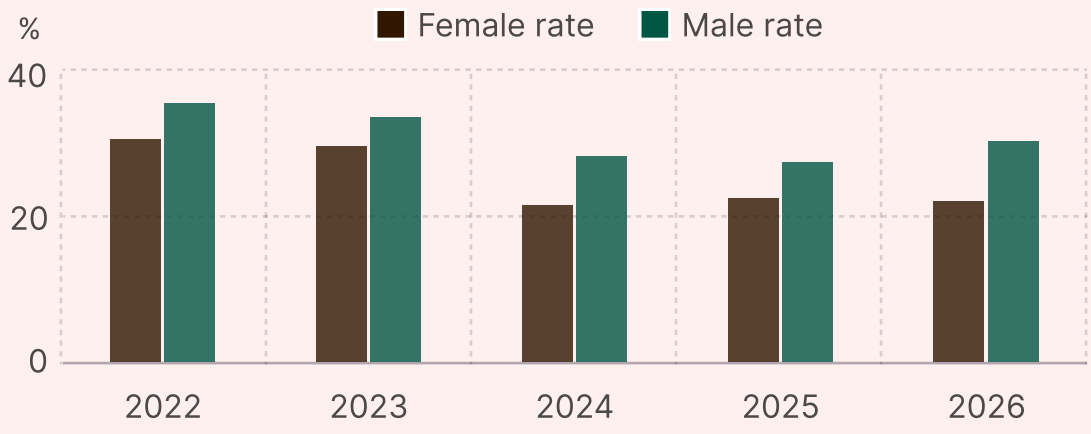


Figure 45: Businesses hiring new employees by gender, 2022-2026



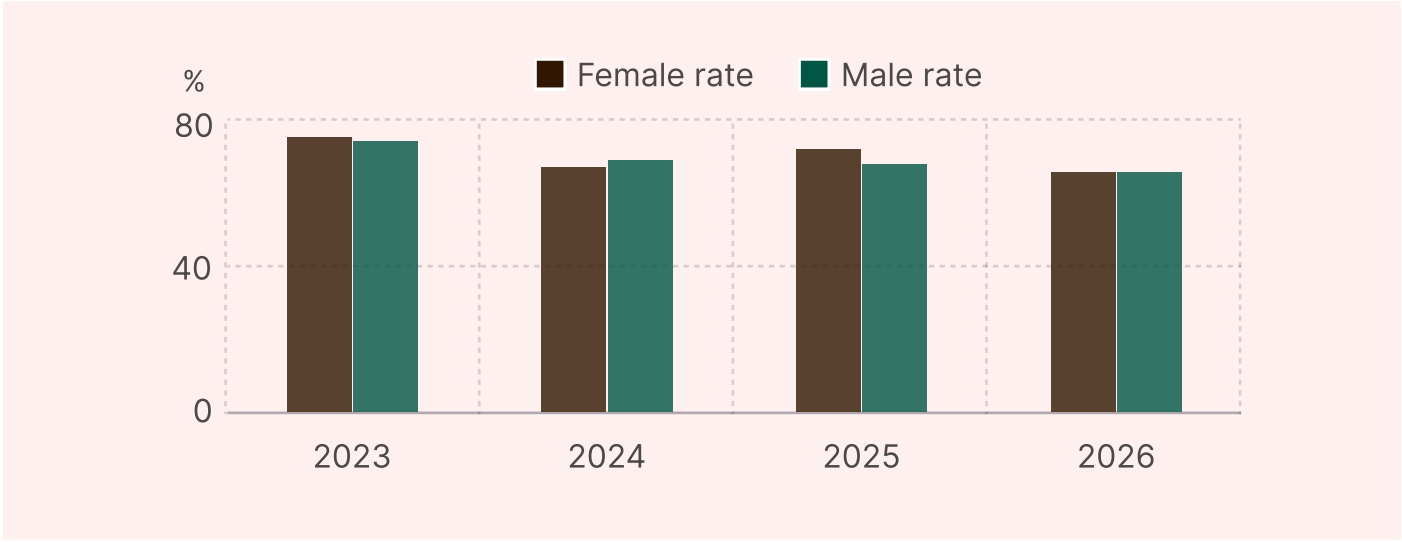
Source: FATE Foundation State of Entrepreneurship Surveys, 2022-2026.

Technology adoption converged across gender, but declined among female entrepreneurs

Technology was used by 65.9 per cent of female-led businesses in 2026, almost identical to the 65.8 per cent recorded among male-led businesses. The female rate nevertheless fell from 72.1 per cent in 2025, while the male rate declined from 68.2 per cent. Among female technology users, social media and digital marketing was the principal recorded application at 84.2 per cent. Human resource management accounted for 7.2 per cent, inventory management 3.4 per cent, bookkeeping 2.2 per cent, logistics 1.7 per cent and e-commerce 0.9 per cent.

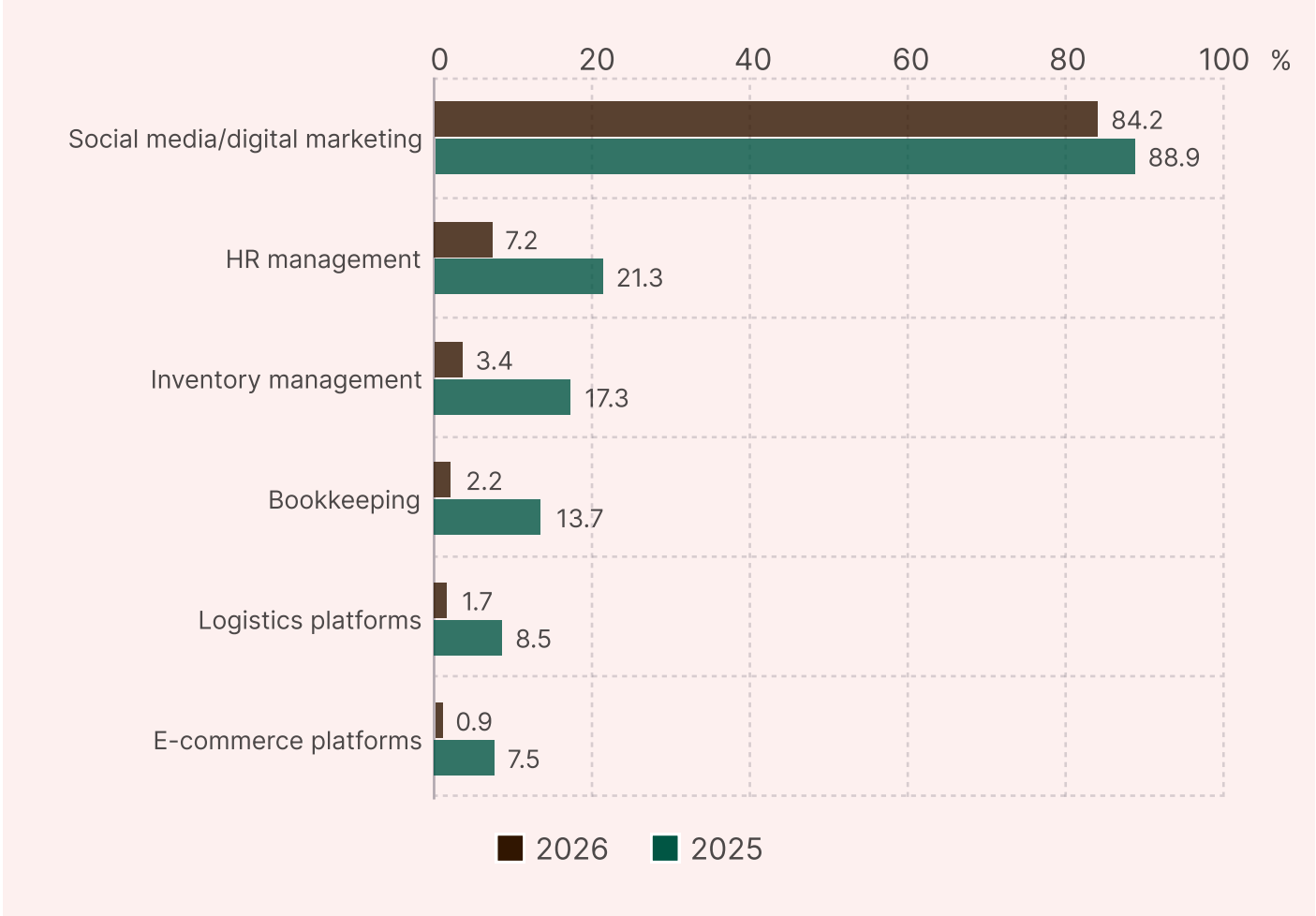


Figure 46: Technology adoption by gender, 2023-2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2023-2026.

Figure 47: Principal recorded area of technology use among female-led businesses, 2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026.

Technology benefits remained concentrated in customer reach

Among female-led businesses using technology, 71.0 per cent reported increased referrals or new customers. Better human resource management was reported by 23.1 per cent, access to new markets by 17.8 per cent and better inventory management by 16.8 per cent. The shares reporting improved fundraising, financial records and operating-cost efficiency were 15.4 per cent, 13.3 per cent and 8.3 per cent respectively.

Each of these reported benefits was lower than in 2025, with the largest decline in operating cost efficiency, from 16.3 per cent to 8.3 per cent. The results imply that digital tools continued to support visibility and customer acquisition more readily than deeper operational or financial transformation.



Table 11: Reported benefits of technology among female-led businesses, 2025 and 2026

Benefit	2025 rate	2026 rate
Referrals/new customers	73.7%	71.0%
Better HR management	27.4%	23.1%
Access to new market	21.4%	17.8%
Better inventory management	21.3%	16.8%
Better ability to raise money	18.9%	15.4%
Better management of financial records	16.4%	13.3%
Operating cost efficiency	16.3%	8.3%

Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Multiple responses permitted.

Cost and capability constrained further technology adoption

Among female-led businesses that did not use technology, 35.5 per cent cited the cost of data, software or applications, while 34.4 per cent cited the cost of devices. Difficulty acquiring digital knowledge affected 26.9 per cent and limited internet access affected 23.4 per cent. A further 19.4 per cent believed their business did not need technology.

Compared with 2025, the shares citing data costs, device costs and digital-skill gaps all increased. At the same time, the proportion saying their business did not need technology fell from 31.9 per cent to 19.4 per cent. This suggests that perceived relevance improved, but affordability and capability became more binding obstacles.

Table 12: Barriers to technology use among female-led businesses, 2025 and 2026

Barrier	2025 rate	2026 rate
Cost of data/software	30.2%	35.5%
Cost of devices	28.1%	34.4%
Digital knowledge gap	18.5%	26.9%
Limited internet access	21.6%	23.4%
My business does not need technology	31.9%	19.4%
Religious beliefs	6.9%	3.4%

Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Multiple responses permitted.

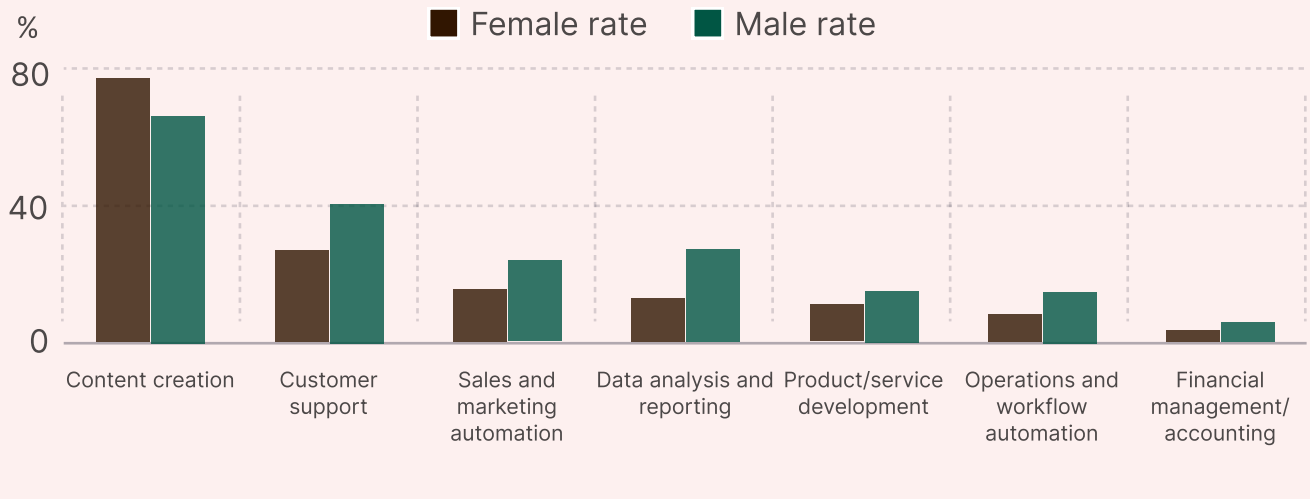
Artificial intelligence adoption was similar by gender, but use patterns differed

About 35.1 per cent of female-led businesses reported using artificial intelligence, compared with 34.4 per cent of male-led businesses. Among female AI users, content creation dominated at 77.5 per cent, followed by customer support at 26.9 per cent, sales and marketing automation at 15.3 per cent and data analysis at 12.8 per cent.

Male-led AI users reported a broader operational mix. They were more likely than female users to apply AI to customer support, data analysis, sales automation, product development, workflow automation and financial management.



Figure 48: Artificial intelligence adoption and uses by gender, 2026



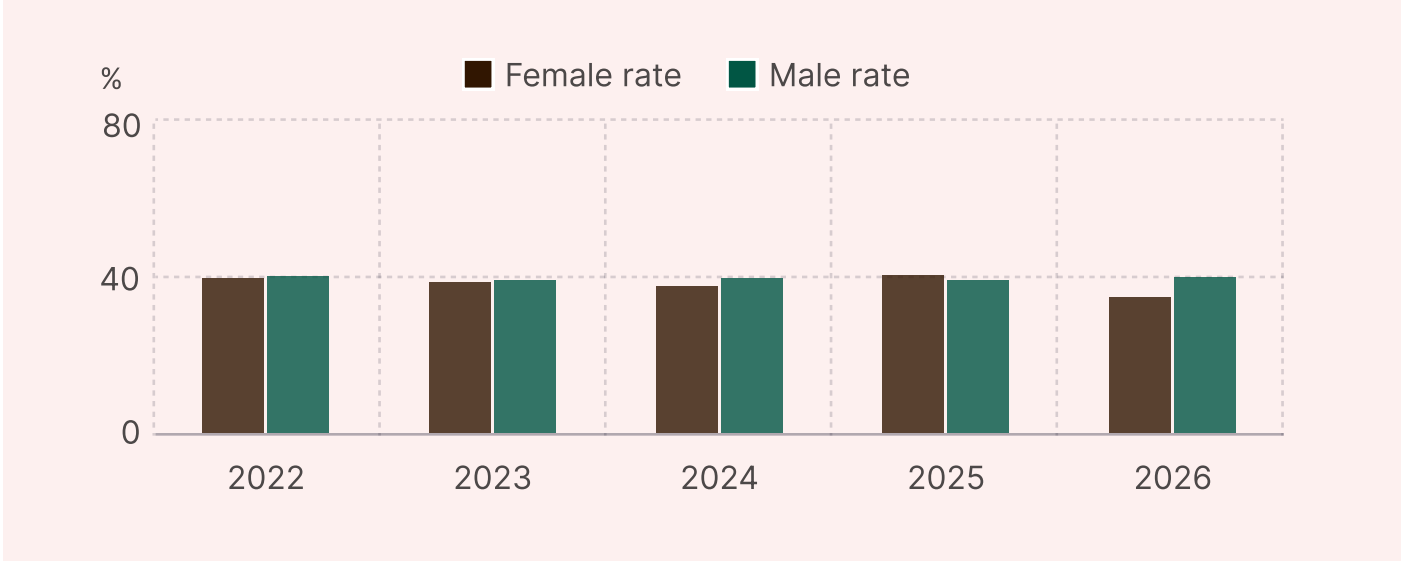
Source: FATE Foundation State of Entrepreneurship Survey, 2026. AI uses are multiple responses among adopters.

Skills acquisition declined among female-led businesses

The share of female-led businesses acquiring new skills fell to 34.8 per cent in 2026 from 40.3 per cent in 2025. Male-led businesses recorded 39.9 per cent, leaving a 5.1 percentage-point gap. The decline is concerning because skills and capacity building were both prominent growth drivers and several financing and technology constraints were linked to firm capabilities.

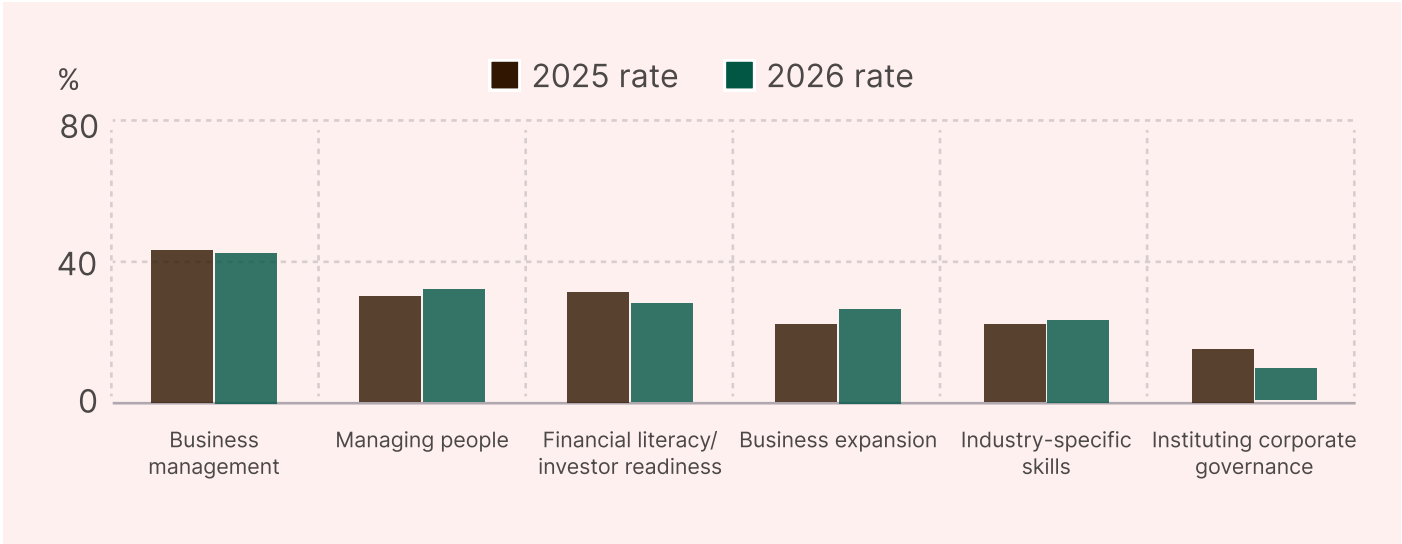
Business management was the most common area of learning among female-led businesses that acquired skills, at 42.3 per cent. Managing people followed at 32.2 per cent, financial literacy and investor readiness at 28.0 per cent, business expansion at 26.3 per cent and industry-specific skills at 23.4 per cent. Corporate governance was reported by 9.5 per cent. Compared with 2025, learning in people management and business expansion increased, while financial literacy and governance declined.

Figure 49: Businesses acquiring new skills by gender, 2022-2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2022-2026.

Figure 50: Skills acquired by female-led businesses, 2025 and 2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Multiple responses permitted.

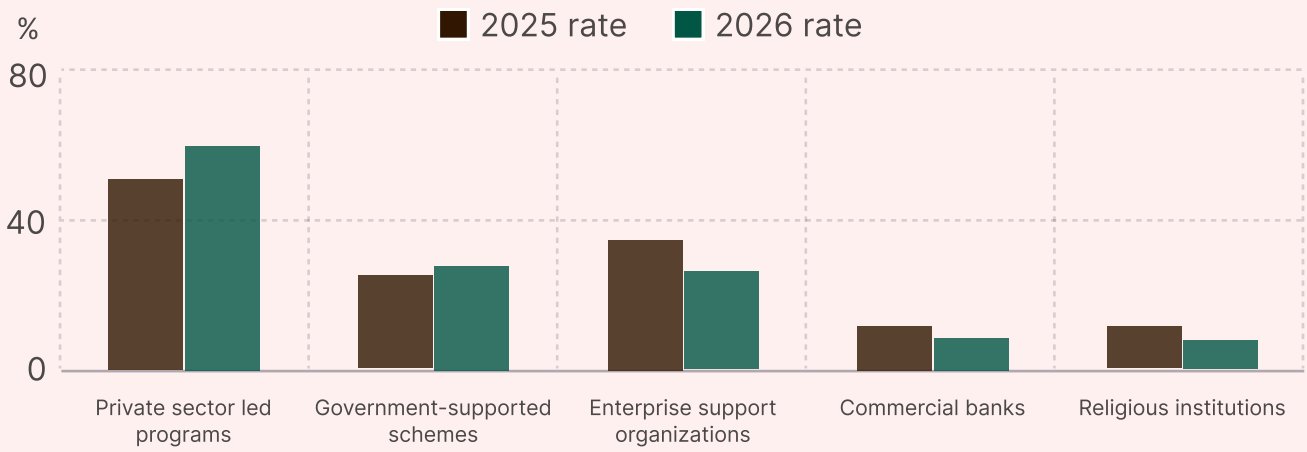
Private sector programmes became the dominant source of skills

Private sector programmes supported 60.0 per cent of female-led businesses that acquired new skills, up from 50.9 per cent in 2025. Government-supported schemes reached 27.8 per cent and enterprise support organisations 26.4 per cent. Commercial banks and religious institutions accounted for 8.5 per cent and 8.0 per cent, respectively.

The increasing role of private providers is positive; however, the decline in the overall share of women acquiring skills suggests that reach remains inadequate. Enterprise support organisations, banks and religious institutions all reached smaller shares than in 2025. Expanding access will require stronger coordination, affordability and programmes aligned with the financing, technology and management needs of nano and micro businesses.



Figure 51: Sources of skills acquired by female-led businesses, 2025 and 2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Multiple responses permitted.

What the findings mean for female-led enterprises

Female-led businesses reported stronger growth than male-led businesses and drew on customer acquisition, market opportunities and cooperatives as important channels of expansion and finance. However, most remained at nano scale, and improved growth was not matched by widespread recruitment. Digital adoption alone cannot resolve constraints in capital, business capabilities and market access.

However, stronger growth coexisted with declining access to institutional finance, weak hiring, reduced skills acquisition and continued concentration at nano scale. The challenge is therefore to convert widespread activity growth into durable improvements in productivity, scale and employment. The policy recommendations section considers how financing, market access, capability development, technology affordability and business support can be better aligned to that objective.



PERFORMANCE OF YOUTH-LED BUSINESSES IN NIGERIA



Business Performance of Youth-led Entrepreneurs

Youth-led businesses, defined as businesses led by entrepreneurs aged 15-29 years, accounted for 39.0 per cent of the 10,721 businesses surveyed in 2026. Their reported growth rate improved to 67.2 per cent, however, the recovery was much weaker than among businesses led by older entrepreneurs, whose growth rate reached 75.3 per cent. Youth-led businesses were also less likely to access finance or hire, while their earlier advantages in technology and skills narrowed. Artificial intelligence was the main exception: youth-led businesses reported substantially higher adoption than other age groups.

This section examines growth, finance, employment, technology and skills among youth-led businesses. Comparisons with earlier State of Entrepreneurship reports describe changes across successive national cross-sections and do not track the same firms over time.

> Youth-led businesses were also less likely to access finance or hire, while their earlier advantages in technology and skills narrowed.

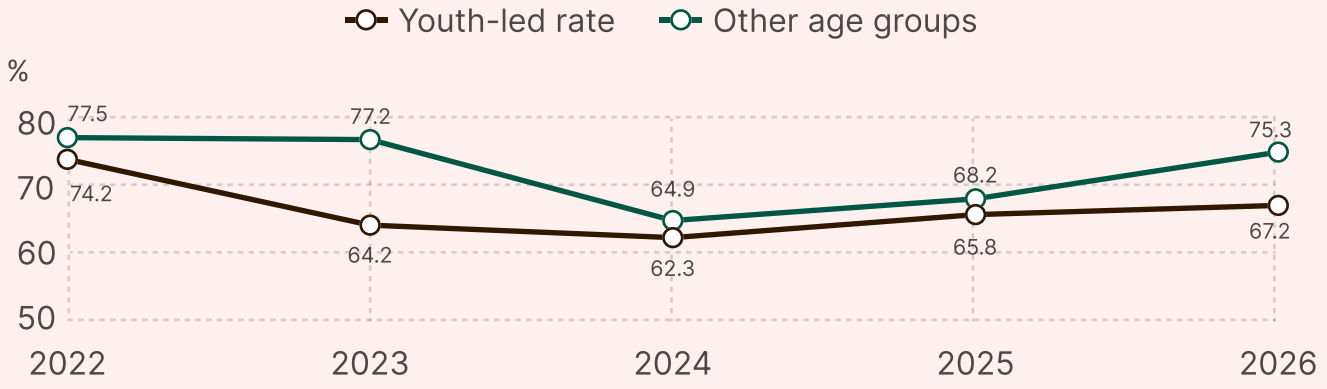
Youth business growth improved modestly but fell further behind older entrepreneurs

About 67.2 per cent of youth-led businesses reported growth in 2026, up from 65.8 per cent in 2025 and 62.3 per cent in 2024. Businesses led by other age groups recovered more strongly, rising from 68.2 per cent in 2025 to 75.3 per cent in 2026. The growth gap therefore widened from 2.4 percentage points to 8.1 percentage points.

While a larger share reported growth than in either of the preceding two years, the concern is that youth-led businesses participated less strongly in the broader recovery, suggesting that age-related differences in scale, finance, business experience and market position may affect firms' capacity to convert improving conditions into expansion.



Figure 52: Businesses reporting growth by age group, 2022-2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2022-2026.

Youth-led businesses remained concentrated at nano scale

Three-quarters of youth-led businesses (74.7 per cent) were nano or homestead businesses, compared with 59.0 per cent of businesses led by other age groups. A further 18.8 per cent were micro businesses. Only 3.3 per cent were small and less than 1 per cent were medium-sized.

The growth gap persisted within the main size categories. Among nano businesses, 68.9 per cent of youth-led firms grew, compared with 72.6 per cent of other firms. The difference was considerably larger among micro businesses, at 56.5 per cent and 75.4 per cent respectively. Youth-led small businesses also recorded a lower growth rate, although their hiring rate was higher than that of other small businesses.

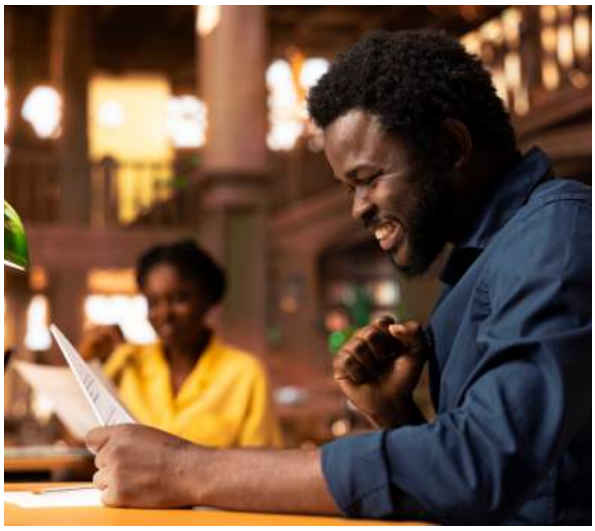
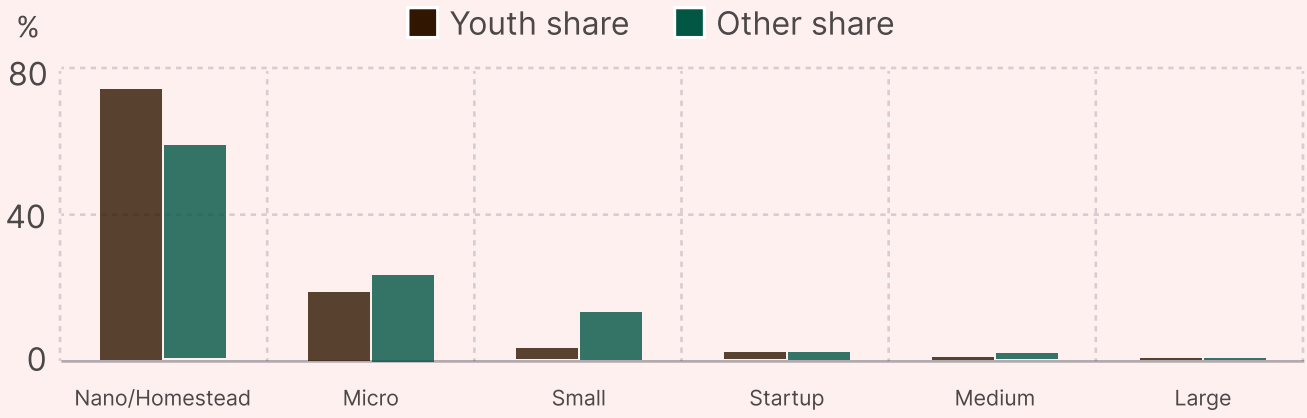


Figure 53: Distribution of surveyed businesses by business size and age group, 2026



Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Table 13: Growth and hiring rates by business size and age group, 2026

Business size	Youth growth	Other growth	Youth hiring	Other hiring
Nano/Homestead	68.9%	72.6%	17.5%	22.7%
Micro	56.5%	75.4%	28.7%	35.2%
Small	78.8%	86.4%	47.4%	41.7%
Startup	76.1%	84.0%	27.3%	38.2%
Medium	82.1%	72.0%	51.3%	52.5%
Large	83.3%	79.4%	83.3%	52.9%

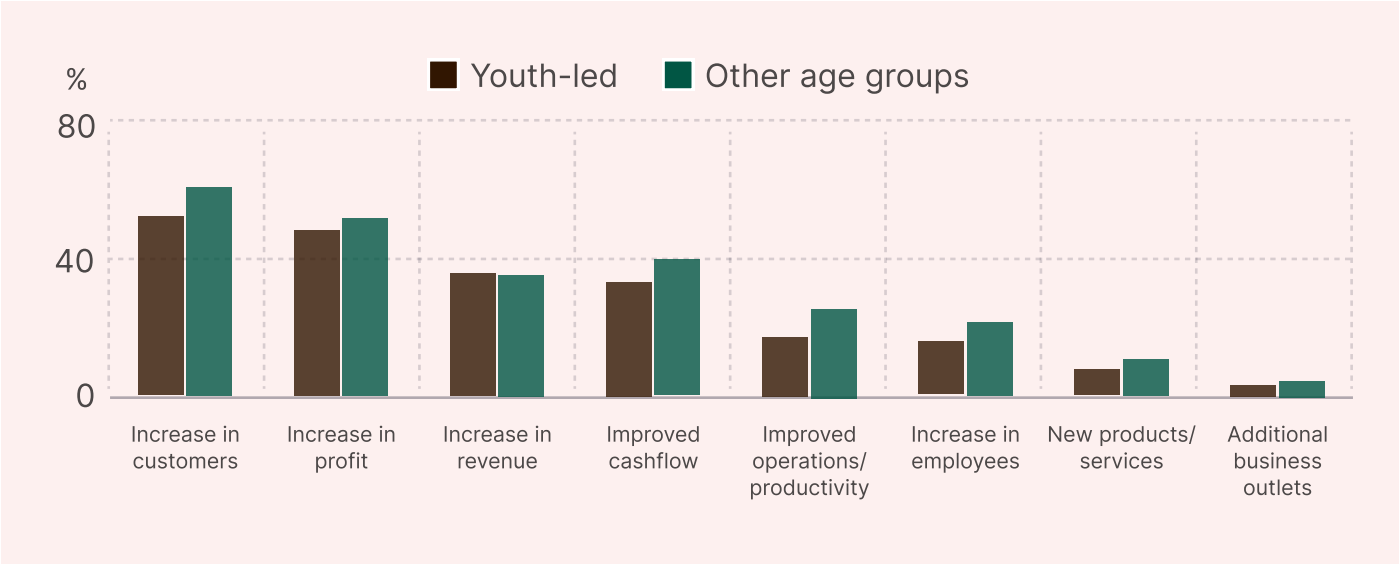
Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Customer acquisition improved but growth remained weak in employment and expansion

Among the 2,813 youth-led businesses that reported growth in 2026, 52.3 per cent recorded an increase in customers, up from 42.8 per cent in 2025. Profit growth increased from 44.2 per cent to 48.4 per cent, improved cash flow rose from 28.6 per cent to 33.1 per cent and higher revenue increased slightly from 35.3 per cent to 35.8 per cent.

These gains were not matched across wider measures of expansion. Only 15.9 per cent reported an increase in employees, down from 20.3 per cent in 2025. New products or services declined from 9.8 per cent to 7.9 per cent, while additional outlets fell from 4.6 per cent to 3.4 per cent. Compared with growing businesses led by other age groups, youth-led firms were also less likely to report customer, profit, cash-flow, productivity or employment gains.

Figure 54: Areas in which growing youth-led businesses reported growth, 2025 and 2026



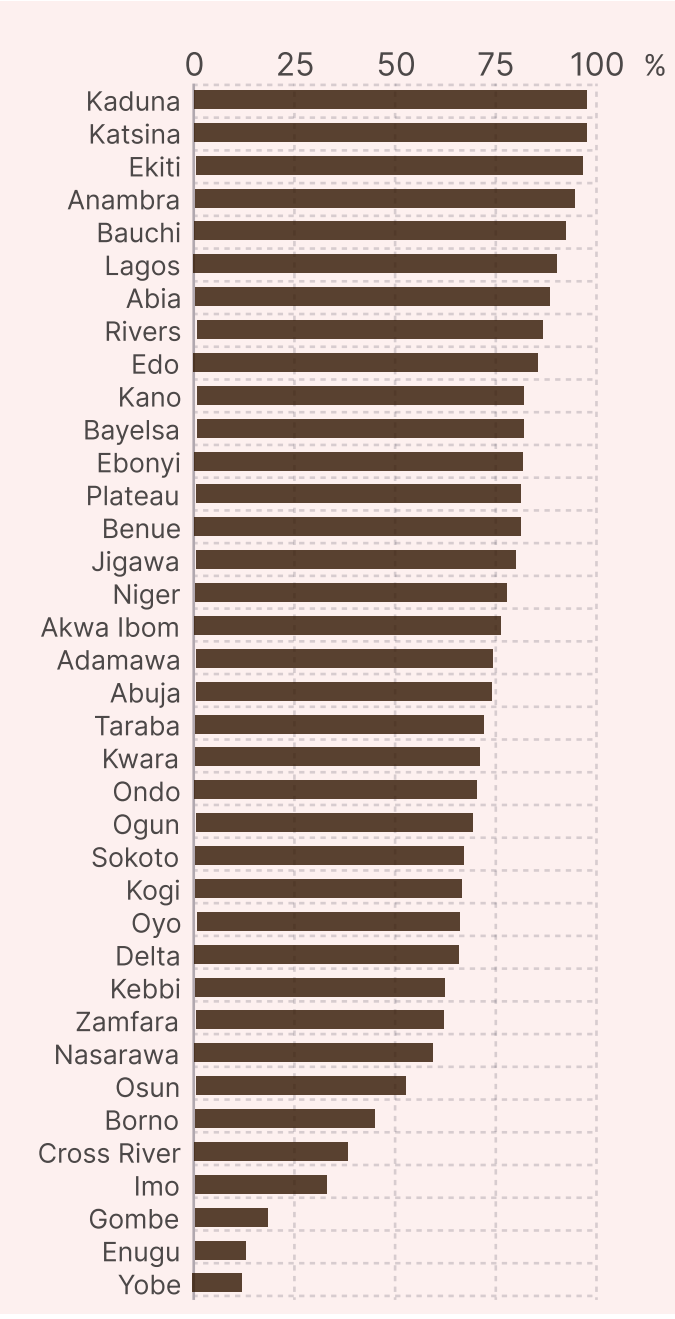
Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Multiple responses permitted.



State growth outcomes varied sharply

Kaduna, Katsina and Ekiti recorded the highest youth-led business growth rates, at 97.9 per cent, 97.8 per cent and 96.8 per cent respectively. The lowest rates were recorded in Yobe (11.7 per cent), Enugu (12.7 per cent), Gombe (18.2 per cent), Imo (32.8 per cent) and Cross River (38.2 per cent). These differences may reflect local demand, security, infrastructure, sector composition and the profile of businesses reached during fieldwork.

Figure 55: Youth-led businesses reporting growth by state, 2026



Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Markets demand and technology were the main growth enablers

Access to new markets and opportunities received the highest aggregate importance score among growing youth-led businesses, accounting for 15.7 per cent of the total. Increased demand followed at 15.3 per cent and technology at 15.1 per cent. Capacity building, skilled workers and finance each accounted for about 13.5-13.8 per cent, while government policies and support accounted for 12.9 per cent.

The composition changed significantly from 2025, when increased demand led at 18.4 per cent and government support accounted for 15.4 per cent. In 2026, market access moved to first place, while the shares attributed to capacity building and skilled workers increased. The narrow spread across the factors indicates that growth depends on a combination of demand, market connections, technology, capabilities and finance.

> In 2026, market access moved to first place.

Table 14: Drivers of growth among youth-led businesses, 2026

Driver	share
Access to new markets and opportunities	15.7%
Increased demand	15.3%
Use of technology	15.1%
Capacity building/business support	13.8%
Skilled workers	13.7%
Access to finance	13.5%
Government policies and support	12.9%

Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Shares reflect aggregate importance scores.

Finance led a broad cluster of constraints among non-growing youth businesses

Among youth-led businesses that did not grow, lack of finance received the highest aggregate importance score at 9.0 per cent. Poor access to markets followed at 8.5 per cent. Power costs, insecurity and infrastructure each accounted for about 8.4 per cent, while financial management, supply chains, business support, foreign exchange, skills, policy instability and multiple taxation were closely clustered around 8 per cent.

Compared with 2025, finance and market access remained the leading constraints but became less dominant. The concentration of the scores indicates that non-growth cannot be attributed to one obstacle. Financing constraints interact with power, security, infrastructure and internal business capabilities.



Table 15: Constraints among youth-led businesses that did not grow, 2025 and 2026

Constraint	2025 share	2026 share
Lack of finance	11.5%	9.0%
Poor access to markets	9.5%	8.5%
Poor access/high cost of power	8.2%	8.4%
Insecurity	8.0%	8.4%
Infrastructure challenges	7.3%	8.4%
Poor financial management	8.3%	8.3%
Supply chain constraints	7.6%	8.3%
Poor business training/support	8.2%	8.2%
Foreign exchange challenges	7.8%	8.2%
Lack of skilled workers	7.5%	8.1%
Unstable government policies and regulations	8.2%	8.1%
Multiple taxation	7.9%	8.1%

Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Shares reflect aggregate importance scores.

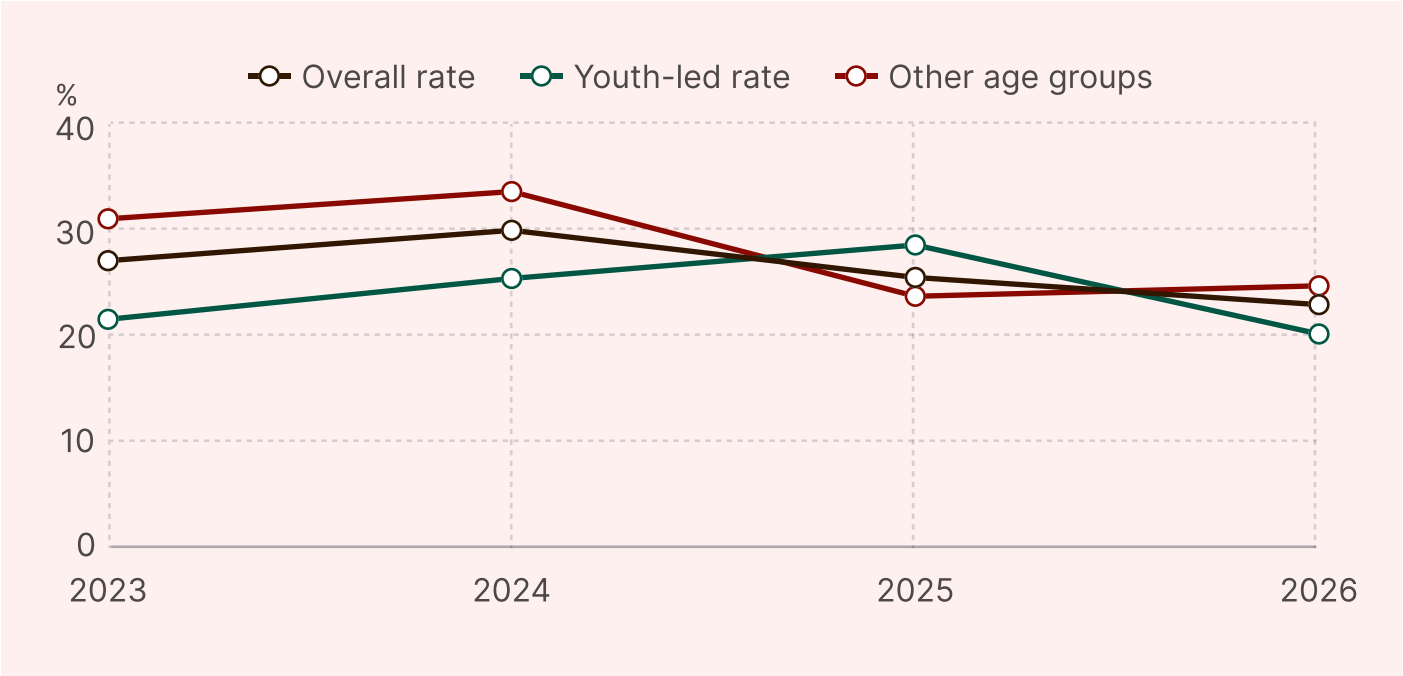
Youth access to finance fell sharply

The share of youth-led businesses accessing finance fell from 28.7 per cent in 2025 to 20.2 per cent in 2026, a decline of 8.5 percentage points. This reversed the improvement recorded between 2023 and 2025. Access among businesses led by other age groups increased from 23.8 per cent to 24.8 per cent, leaving youth-led businesses 4.6 percentage points behind in 2026.

Youth-led businesses were also less likely to apply for finance: 27.0 per cent applied, compared with 33.1 per cent of businesses led by other age groups. Only 36.0 per cent of youth-led businesses were registered, compared with 49.8 per cent among other businesses. These differences identify potential barriers in demand for finance, formalisation and lenders' information requirements.



Figure 56: Access to finance by age group, 2023-2026

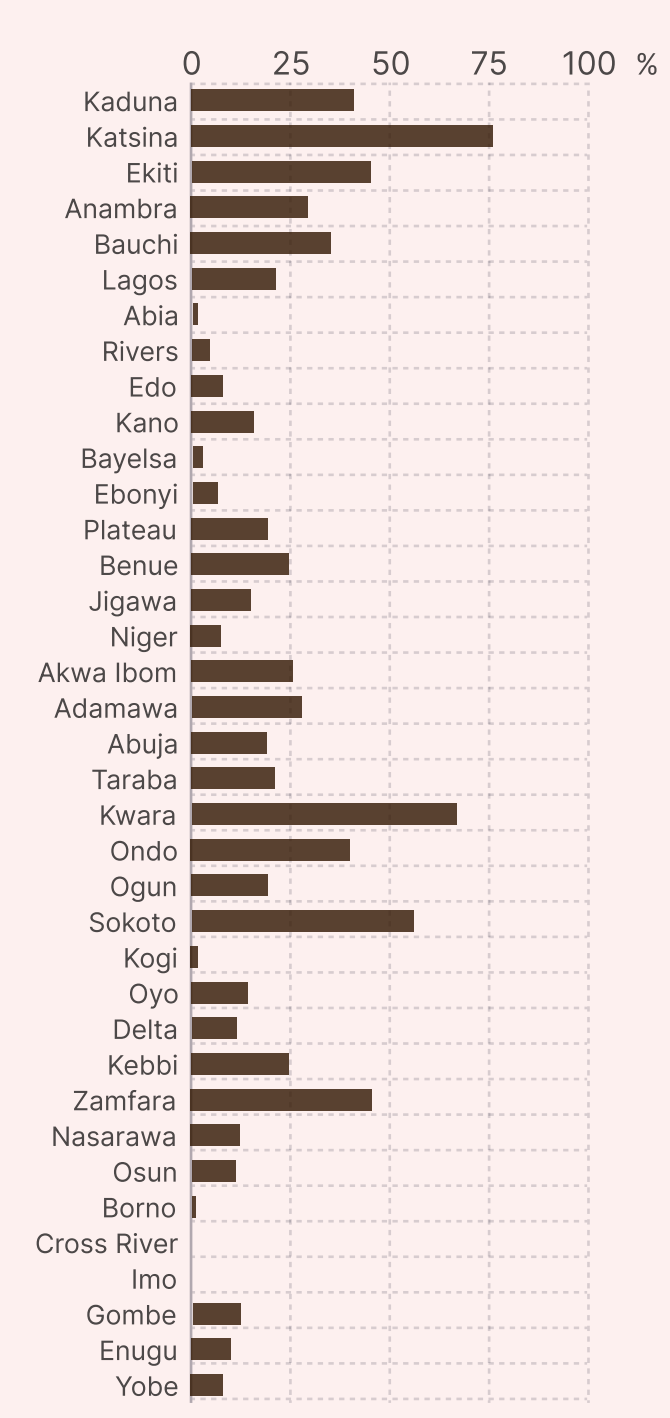


Source: FATE Foundation State of Entrepreneurship Surveys, 2023-2026.

State-level financing access was highly uneven

Katsina recorded the highest youth access-to-finance rate at 76.1 per cent, followed by Kwara at 67.1 per cent and Sokoto at 56.1 per cent. At the lower end, no youth-led respondent in Imo or Cross River reported access, while the rates were 0.9 per cent in Borno, 1.4 per cent in Abia and 2.1 per cent in Kogi.

Figure 57: Youth-led businesses accessing finance by state, 2026



Source: FATE Foundation State of Entrepreneurship Survey, 2026.

The price and availability of finance remained the main barriers

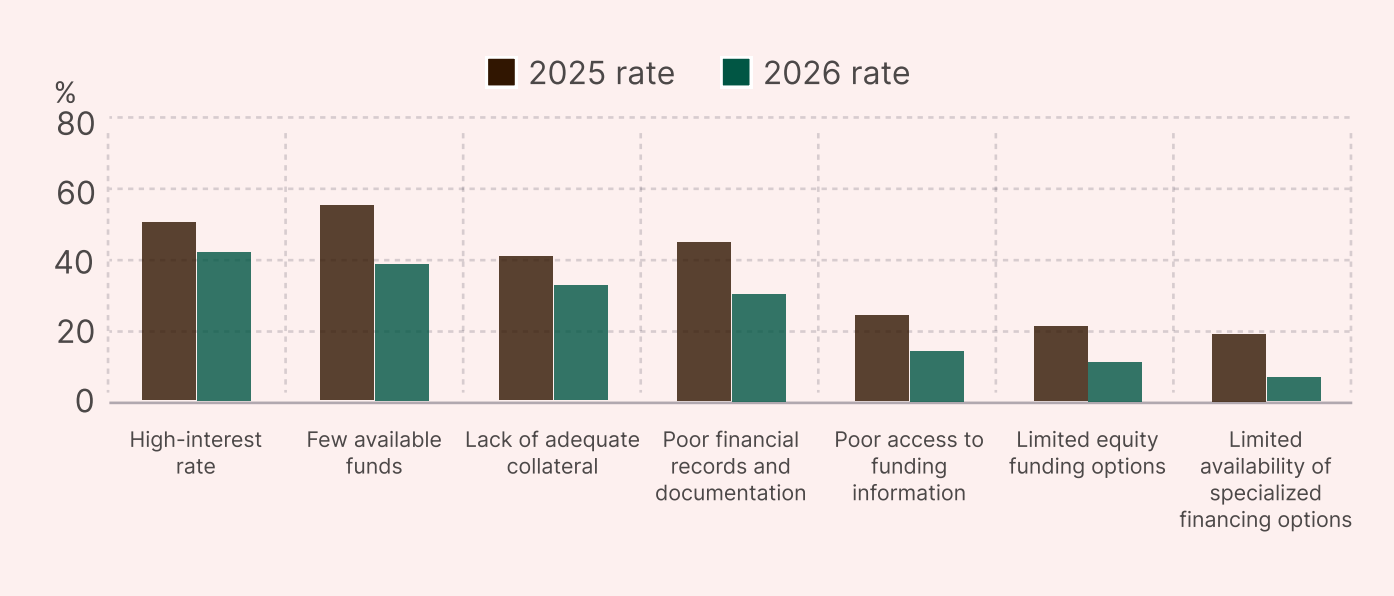
High interest rates were reported by 42.3 per cent of youth-led businesses, followed by few available funds at 38.7 per cent. Inadequate collateral affected 32.8 per cent and poor financial records or documentation affected 30.3 per cent. Poor access to funding information was reported by 14.3 per cent, limited equity options by 11.1 per cent and limited specialised financing by 6.8 per cent.

Each of the seven reported barriers was lower than in 2025, but the fall in actual finance access shows that lower reported prevalence did not translate into an easier financing outcome. The indicators capture different dimensions of the problem: affordability, supply, eligibility, documentation and information.

Poor access to funding information was reported by 14.3 per cent, limited equity options by 11.1 per cent and limited specialised financing by 6.8 per cent.



Figure 58: Financing barriers reported by youth-led businesses, 2025 and 2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Multiple responses permitted.

Youth-led businesses used a diversified mix of financing sources

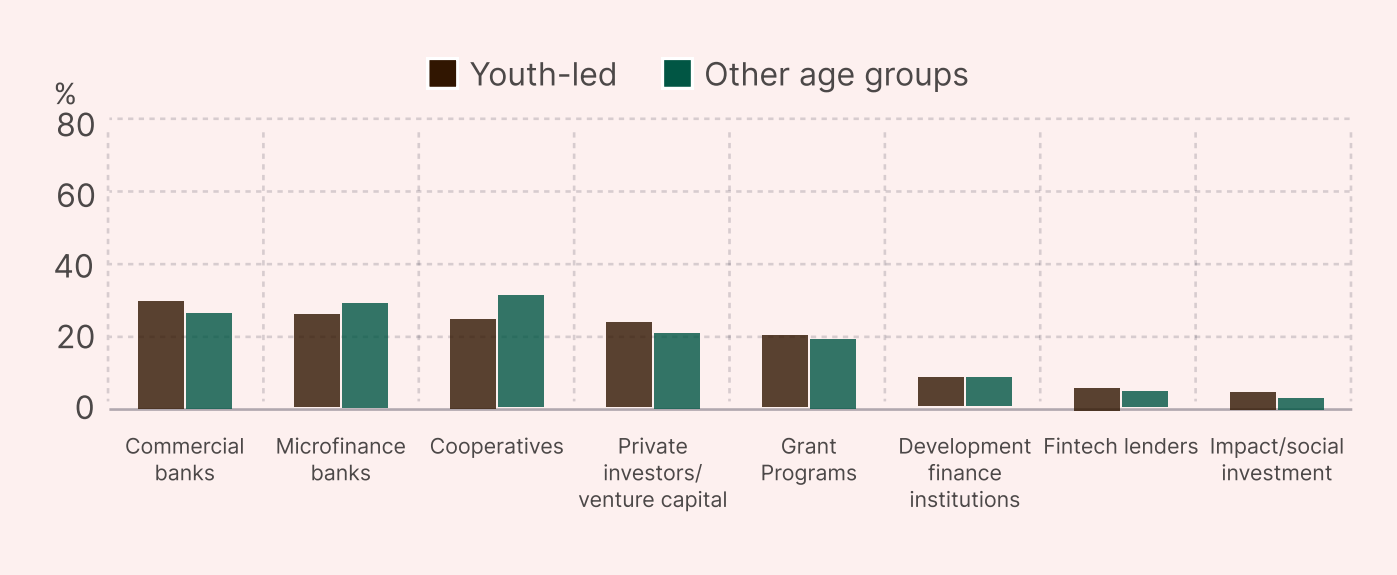
Among youth-led businesses that accessed finance, commercial banks were the most common source at 29.8 per cent. Microfinance banks followed at 26.2 per cent, cooperatives at 24.6 per cent, private investors or venture capital at 23.8 per cent and grant programmes at 20.3 per cent. Development finance institutions, fintech lenders and impact investment platforms each reached fewer than 9 per cent.



Compared with financed businesses led by other age groups, youth-led firms were more likely to use commercial banks, private investors, grants, fintech lenders and impact investment. They were less likely to use cooperatives or microfinance banks. The pattern suggests a somewhat more market- and investor-oriented financing mix among youth who obtained finance, even though overall youth access was lower.



Figure 59: Sources of finance by age group, 2026



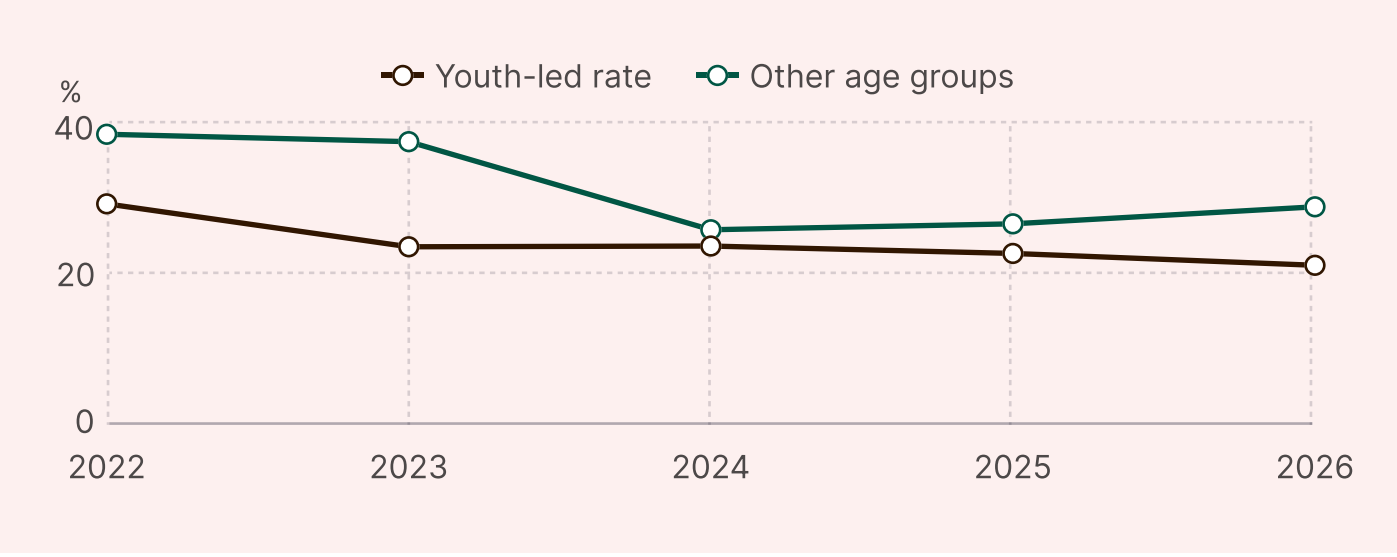
Source: FATE Foundation State of Entrepreneurship Survey, 2026. Multiple responses permitted among businesses that accessed finance.

Hiring declined and the employment gap widened

Only 21.2 per cent of youth-led businesses hired new employees in 2026, down from 22.8 per cent in 2025 and 29.5 per cent in 2022. The hiring rate among businesses led by other age groups rose to 29.1 per cent, creating a gap of 7.9 percentage points. The decline is consistent with the earlier finding that only 15.9 per cent of growing youth-led businesses identified employment as an area of growth.

Business size again provides useful context. Youth-led firms were more concentrated at nano scale, where only 17.5 per cent hired. Youth-led micro businesses recorded a hiring rate of 28.7 per cent, compared with 35.2 per cent among other micro businesses. Small youth-led businesses performed better at 47.4 per cent.

Figure 60: Businesses hiring new employees by age group, 2022-2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2022-2026.

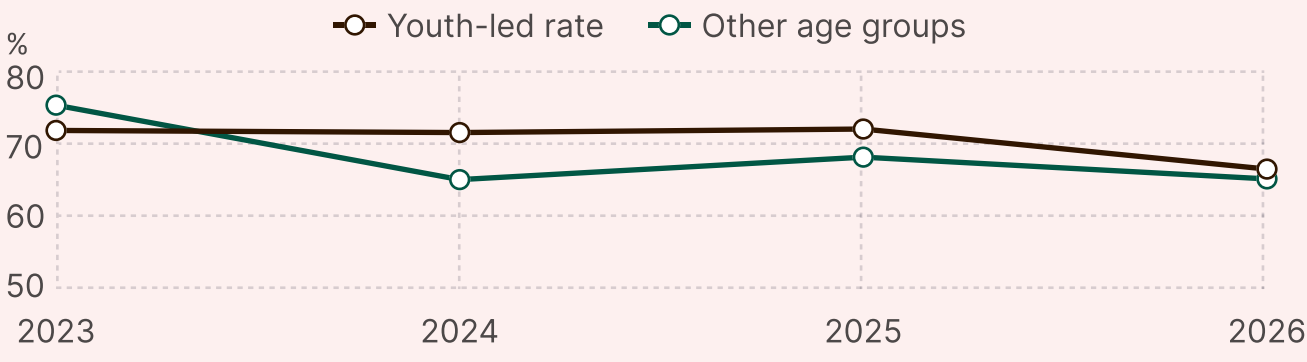
Technology adoption declined and the youth advantage narrowed

Technology adoption among youth-led businesses fell from 72.4 per cent in 2025 to 66.7 per cent in 2026. Adoption among businesses led by other age groups also declined, from 68.4 per cent to 65.3 per cent. Youth-led businesses retained a small advantage of 1.4 percentage points, but it was substantially narrower than in 2025.

Among youth technology users, social media and digital marketing was the principal recorded application at 76.6 per cent. Human resource management accounted for 13.5 per cent, inventory management 4.2 per cent, bookkeeping 2.7 per cent, logistics 1.6 per cent and e-commerce 1.0 per cent.

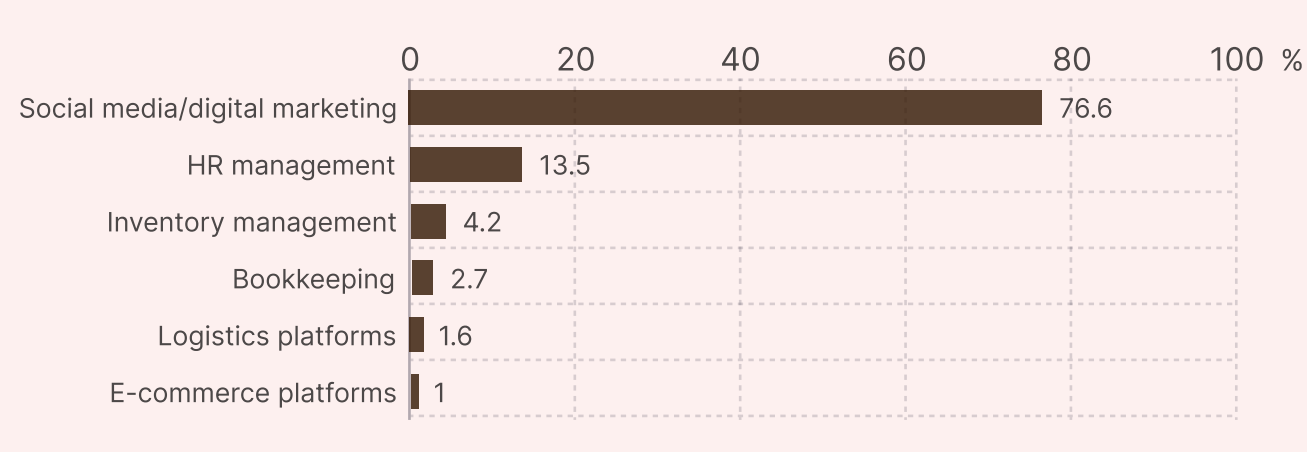


Figure 61: Technology adoption by age group, 2023-2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2023-2026.

Figure 62: Principal recorded area of technology use among youth-led businesses, 2026



Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Technology benefits remained concentrated in customer acquisition

Among youth-led businesses using technology, 71.9 per cent reported increased referrals or new customers. Better human resource management was reported by 26.4 per cent, inventory management by 20.7 per cent and access to new markets by 15.1 per cent. Improved fundraising and financial records were reported by 14.6 per cent and 14.3 per cent respectively, while 8.8 per cent reported lower operating costs.

Customer acquisition increased from 70.0 per cent in 2025, while most operational benefits declined. The share reporting better human resource management fell from 27.5 per cent, inventory management from 23.6 per cent and operating-cost efficiency from 15.8 per cent. This suggests that digital tools continued to support visibility and customer reach more strongly than deeper operational transformation.



Table 16: Reported benefits of technology among youth-led businesses, 2025 and 2026

Benefit	2025 rate	2026 rate
Referrals/new customers	70.0%	71.9%
Better HR management	27.5%	26.4%
Better inventory management	23.6%	20.7%
Access to new market	18.5%	15.1%
Better ability to raise money	18.6%	14.6%
Better management of financial records	16.8%	14.3%
Operating-cost efficiency	15.8%	8.8%

Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Multiple responses permitted.

Data and device costs remained the leading technology barriers

Among youth-led businesses that did not use technology, 45.7 per cent cited the cost of data, software or applications. Device costs affected 36.4 per cent, limited internet access 29.2 per cent and difficulty acquiring digital knowledge 22.6 per cent. A further 17.7 per cent believed their business did not need technology.

Youth non-users were more likely than other age groups to cite data costs, device costs and limited internet access. Other age groups were more likely to report difficulty acquiring technology knowledge or to say that their businesses did not need technology. The contrast suggests that affordability and connectivity are particularly important for younger entrepreneurs, while perceived relevance and skills are more prominent among older groups.

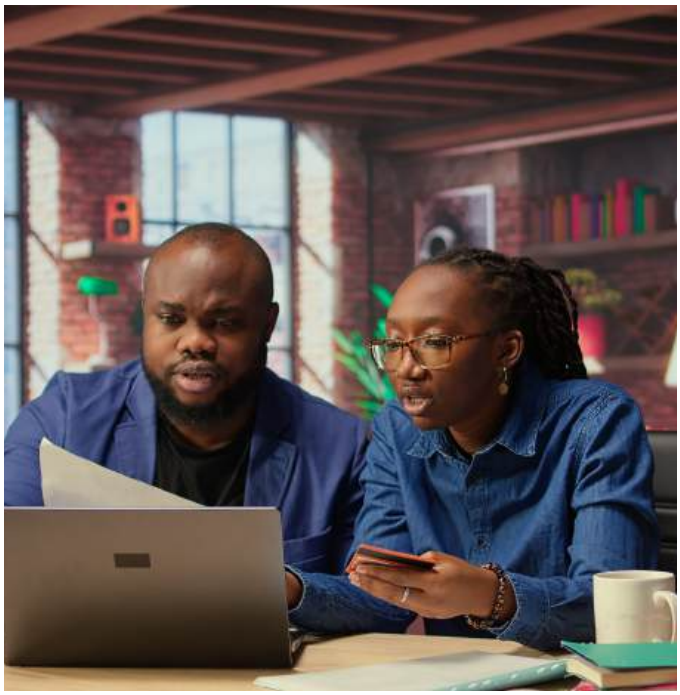


Table 17: Barriers to technology use by age group, 2026

Barrier	Youth Rate	Other rate
Cost of data/software	45.7%	35.1%
Cost of devices	36.4%	32.9%
Limited internet access	29.2%	21.8%
Digital knowledge gap	22.6%	27.5%
My business does not need technology	17.7%	24.7%
Religious beliefs	3.5%	3.4%

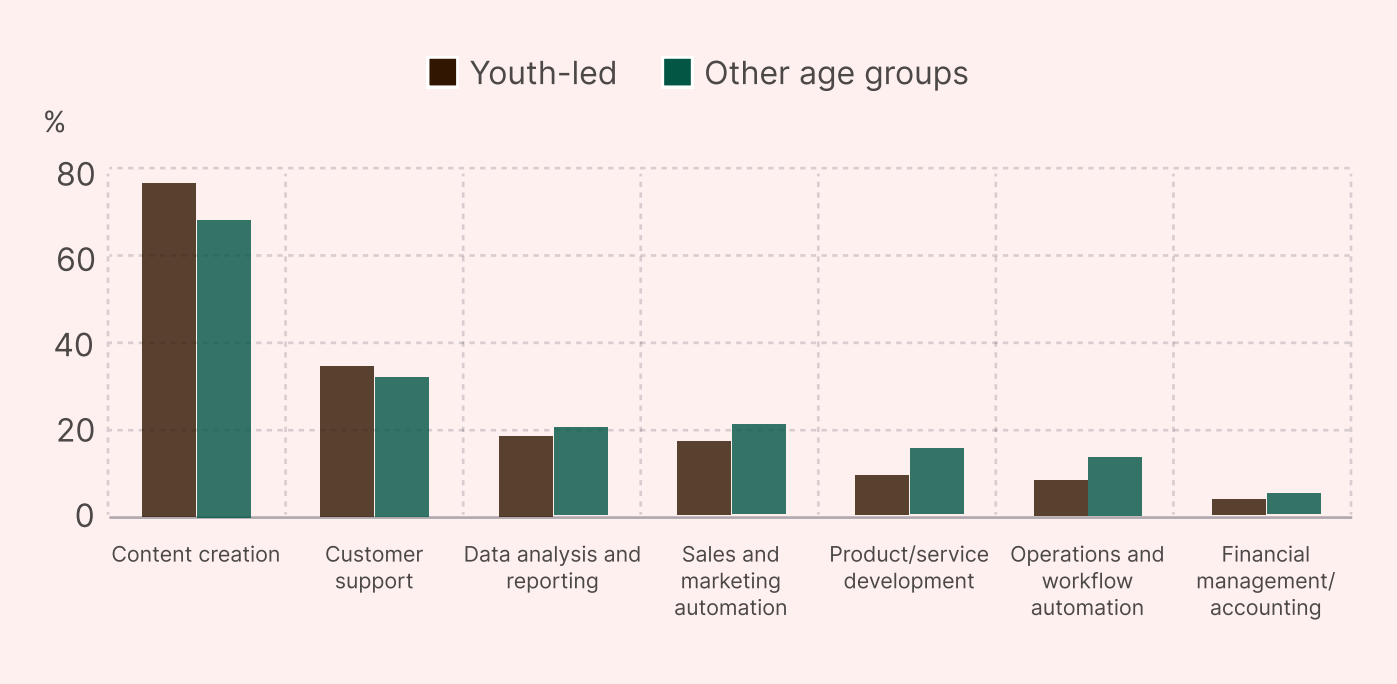
Source: FATE Foundation State of Entrepreneurship Survey, 2026. Multiple responses permitted among businesses that did not use technology.

Artificial intelligence was adopted more widely by youth-led businesses

About 41.3 per cent of youth-led businesses reported using artificial intelligence, compared with 30.6 per cent of businesses led by other age groups. Among youth AI users, content creation dominated at 76.7 per cent. Customer support followed at 34.7 per cent, data analysis at 18.5 per cent and sales and marketing automation at 17.2 per cent.

Youth-led businesses were more likely than other AI adopters to use AI for content creation and customer support, but less likely to use it for sales automation, data analysis, product development, workflow automation or financial management. The findings therefore indicate higher adoption among youth, but not necessarily broader operational integration or greater business impact.

Figure 63: Artificial intelligence adoption and uses by age group, 2026



Source: FATE Foundation State of Entrepreneurship Survey, 2026. AI uses are multiple responses among adopters.



Skills acquisition declined sharply among youth entrepreneurs

The share of youth-led businesses acquiring new skills fell from 49.1 per cent in 2025 to 38.5 per cent in 2026, a decline of 10.6 percentage points. Businesses led by other age groups increased from 33.6 per cent to 36.4 per cent. Youth retained a small advantage of 2.1 percentage points, but the 15.5-point gap recorded in 2025 largely disappeared.

Business management was the most common skill area among youth-led businesses that acquired skills, rising from 38.6 per cent to 47.9 per cent. Financial literacy and investor readiness was broadly stable at 36.0 per cent, while managing people increased from 29.5 per cent to 33.3 per cent. Business expansion rose to 21.1 per cent, while industry-specific skills and corporate governance declined to 17.8 per cent and 11.5 per cent.

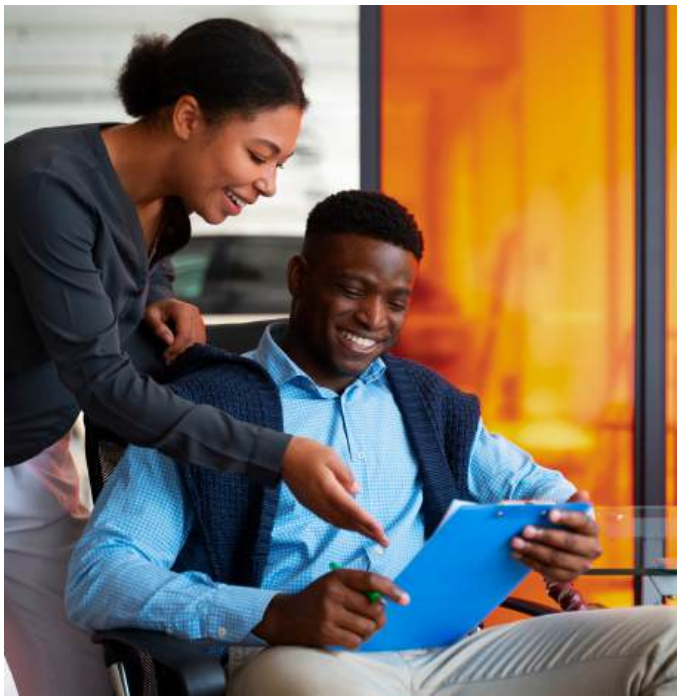
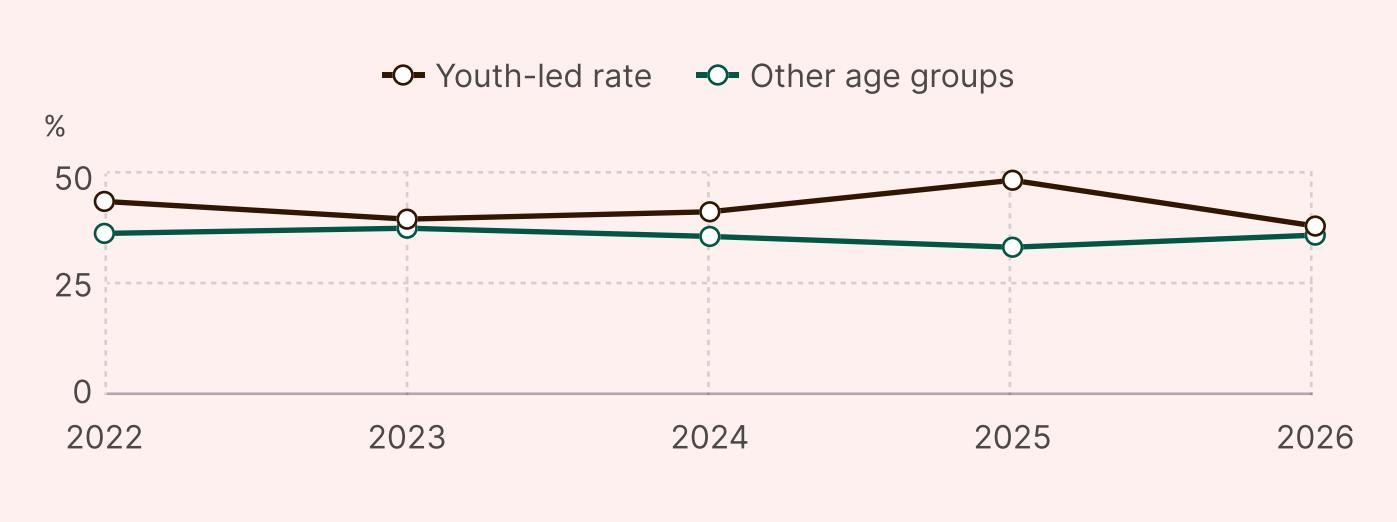


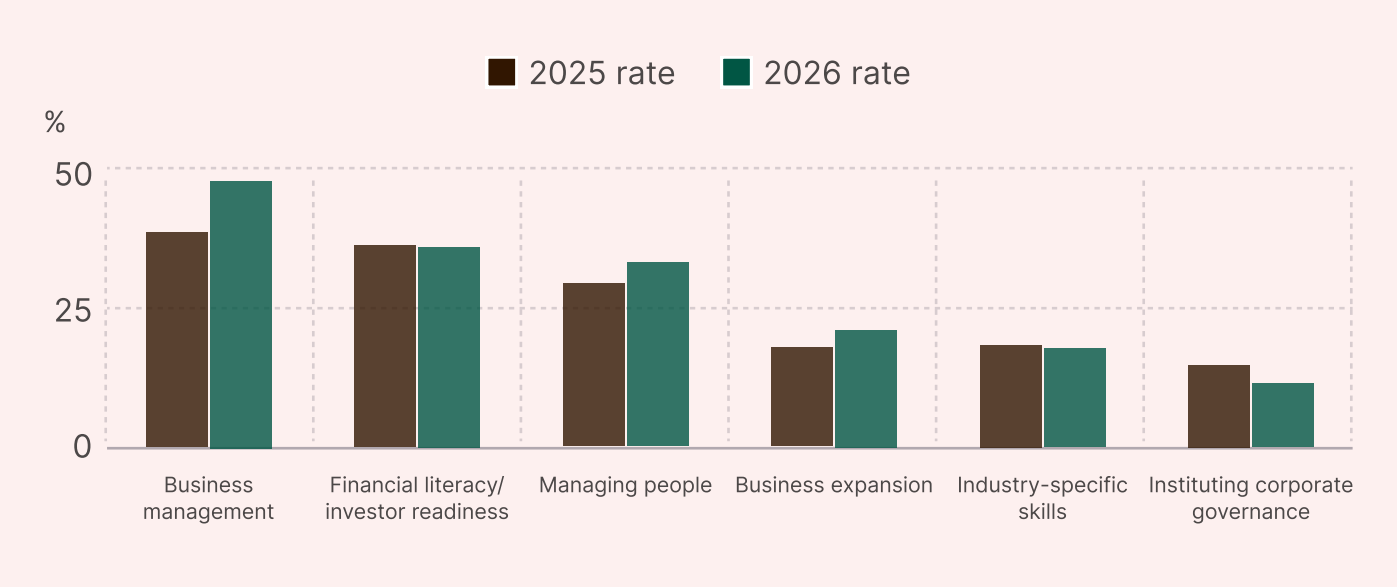
Figure 64: Businesses acquiring new skills by age group, 2022-2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2022-2026.



Figure 65: Skills acquired by youth-led businesses, 2025 and 2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Multiple responses permitted.

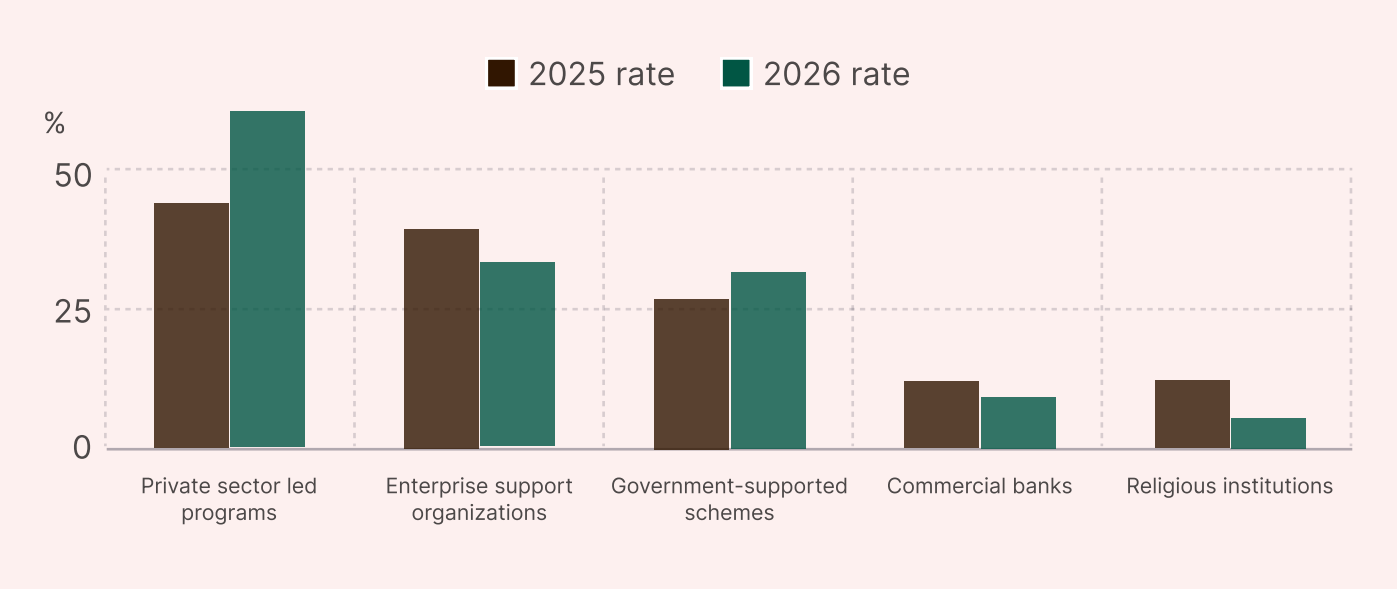
Private sector programmes became the dominant source of youth skills

Private sector programmes supported 60.6 per cent of youth-led businesses that acquired new skills, up from 44.1 per cent in 2025. Enterprise support organisations reached 33.4 per cent, down from 39.5 per cent, while government-supported schemes increased from 26.8 per cent to 31.7 per cent. Commercial banks and religious institutions reached 9.1 per cent and 5.3 per cent respectively.

The growth in private sector and government-supported provision did not prevent the overall decline in youth skills acquisition. This suggests that the issue has to do with the reach, affordability and relevance of available programmes to the large number of nano and micro youth-led businesses.



Figure 66: Sources of skills acquired by youth-led businesses, 2025 and 2026



Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Multiple responses permitted.

What the findings mean for youth-led enterprises

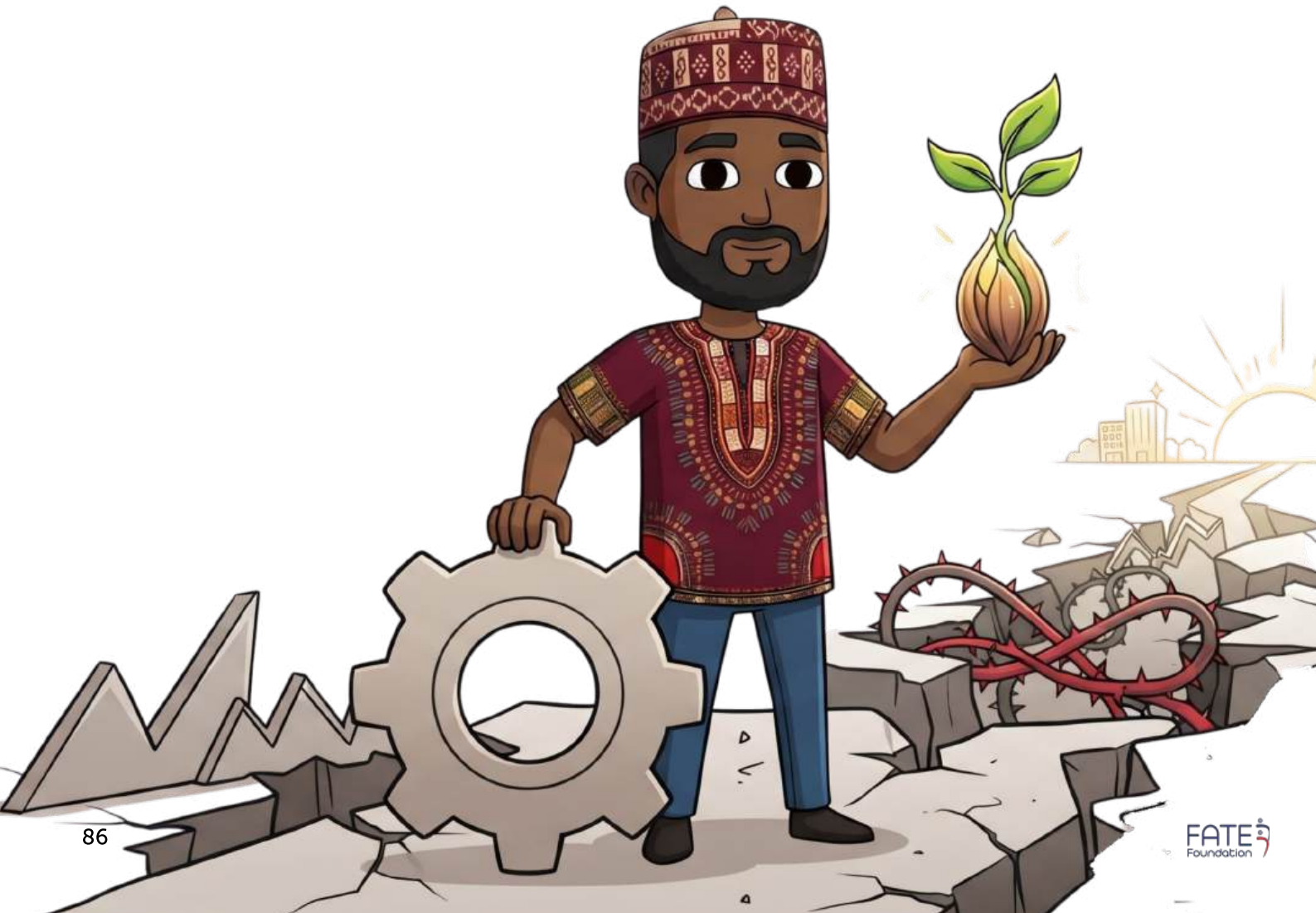
Youth-led businesses continued to report growth and remained relatively active in adopting artificial intelligence and other digital tools. Yet they lagged older entrepreneurs in overall business growth and experienced weaker access to finance and skills acquisition. Their digital advantage is an opportunity, but it does not remove the need for affordable investment, practical skills and better market access.

However, the broader picture weakened relative to other age groups. Youth-led businesses were more concentrated at nano scale, their growth recovery was slower, finance access fell sharply and hiring declined. Technology and skills advantages also narrowed. There is the urgent need to translate young entrepreneurs' digital orientation and market activity into formalisation, productive finance, stronger capabilities, business scaling and employment. The policy recommendations section develops these priorities further.





BUSINESS CHALLENGES AND OPPORTUNITIES



Key Challenges

Nigerian entrepreneurs entered 2026 with confidence in future opportunities but had a less favourable view of present operating conditions. Only 44.5 per cent rated the business environment as good or very good, down from 54.0 per cent in 2025. Nevertheless, 90.1 per cent remained optimistic about opportunities over the next year and 68.7 per cent planned to expand. The key message is therefore one of confidence under constraint, as enterprise ambition remains strong even though businesses continue to face financial, energy, security, market and institutional pressures that may prevent expectations from becoming investment, expansion and employment.

Only 44.5 per cent rated the business environment as good or very good, down from 54.0 per cent in 2025. Nevertheless, 90.1 per cent remained optimistic about opportunities over the next year and 68.7 per cent planned to expand.

Finance remained the leading constraint while power and insecurity regained prominence

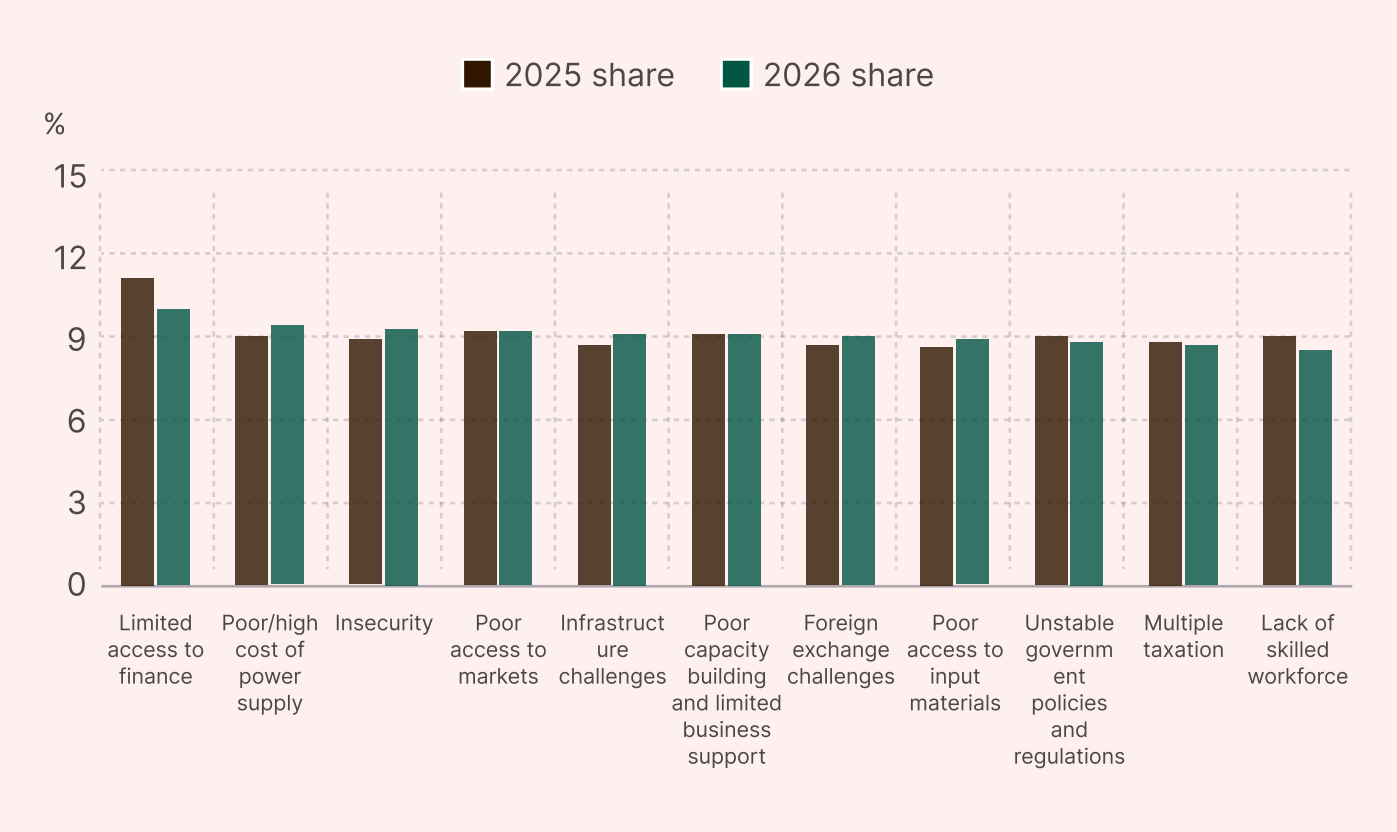
Lack of finance remained the leading constraint in 2026, accounting for 10.0 per cent of the aggregate importance score. Its share declined from 11.1 per cent in 2025; however, it still ranked first for the fifth consecutive year. Poor access to, or the high cost of, power moved from fifth place in 2025 to second in 2026, with its share rising from 9.0 per cent to 9.4 per cent. Insecurity also returned to the top three, increasing from 8.9 per cent to 9.3 per cent.

Poor access to markets ranked fourth at 9.2 per cent, followed by infrastructure challenges and limited capacity building and business support, both at 9.1 per cent. Foreign exchange challenges, input constraints, unstable policies, multiple taxation and skills followed closely.

While finance may determine whether a business can invest, the return on that investment also depends on power, security, infrastructure, demand and access to inputs.



Figure 67: Factors negatively affecting businesses, by aggregate importance, 2025 and 2026 (%)



Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Shares reflect aggregate importance scores.

The ranking shows a persistent financing problem alongside changing operating pressures

The six-year ranking distinguishes persistent constraints from those whose importance has shifted as business conditions changed. Finance has ranked first in every survey since 2022. Power ranked second from 2022 to 2024, fell to fifth in 2025 and returned to second in 2026. Insecurity moved from third in 2024 to seventh in 2025 and back to third in 2026. Unstable government policies moved in the opposite direction, falling from fourth in 2025 to ninth in 2026.

These changes should not be read as evidence that a lower-ranked problem has been solved. Rankings are relative: a factor can fall because other pressures have become more important, even if its severity remains high. Finance and power have remained prominent throughout the surveys, highlighting the need for sustained structural reforms. Meanwhile, the changing rankings of insecurity and policy uncertainty show that policy must also respond to emerging pressures.



Table 18: Ranking of factors negatively affecting businesses, 2021-2026

Rank	2021	2022	2023	2024	2025	2026
1	Inadequate infrastructure	Limited access to finance	Limited access to finance	Limited access to finance	Limited access to finance	Limited access to finance
2	Insecurity	Poor power supply	Poor power supply	Poor power supply	Poor access to markets	Poor/high cost of power supply
3	Multiple Taxation	Multiple Taxation	Unstable government policies & regulations	Insecurity	Poor capacity building and limited business support	Insecurity
4	Poor business support from government	Poor access to markets	Multiple Taxation	Foreign exchange problems	Unstable government policies & regulations	Poor access to markets
5	Limited access to affordable finance	Insecurity	Poor access to markets	Infrastructure challenges	Poor/high cost of power supply	Infrastructure challenges
6	Unstable government policies & regulations	Foreign exchange problems	Poor capacity building and limited business support	Poor access to markets	Lack of skilled workers	Poor capacity building and limited business support
7	Bribery and corruption	Poor capacity building and limited business support	Insecurity	Poor access to input materials	Insecurity	Foreign exchange problems
8	Complex certification processes	Unstable government policies & regulations	Foreign exchange problems	Poor capacity building and limited business support	Multiple Taxation	Poor access to input materials
9	Foreign exchange problems	Infrastructure challenges	Lack of skilled workers	Unstable government policies & regulations	Infrastructure challenges	Unstable government policies & regulations
10		Poor access to input materials	Poor access to input materials	Multiple Taxation	Foreign exchange problems	Multiple Taxation
11		Lack of skilled workers	Infrastructure challenges	Lack of skilled workers	Poor access to input materials	Lack of skilled workers

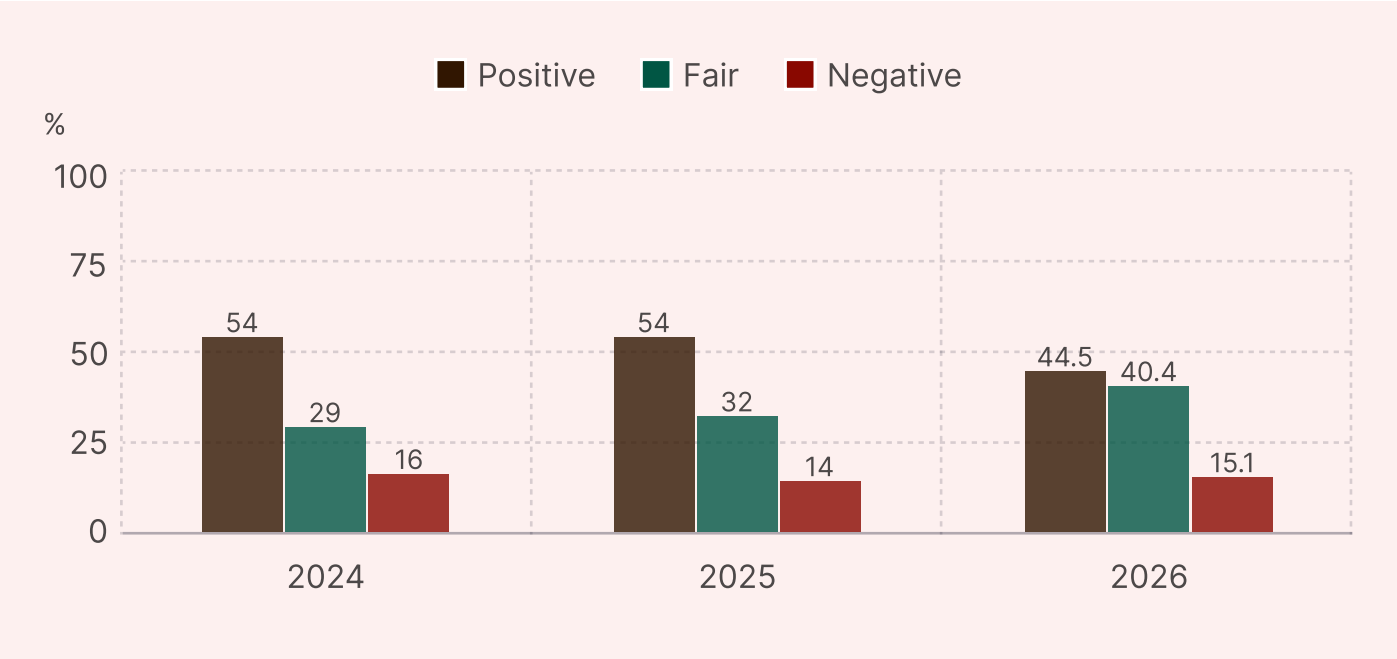
Source: FATE Foundation State of Entrepreneurship Surveys, 2021-2026.

Fewer entrepreneurs described the business environment positively

The share of entrepreneurs rating the operating environment as good or very good fell by 9.5 percentage points, from 54.0 per cent in 2025 to 44.5 per cent in 2026. The proportion choosing fair increased from 32.0 per cent to 40.4 per cent. Negative assessments were broadly stable, moving from about 14.0 per cent to 15.1 per cent.

The change is best understood as an erosion of positive sentiment rather than a broad shift into outright pessimism. Many respondents moved towards a qualified assessment of the environment. This is consistent with a setting in which macroeconomic conditions may be stabilising, while high operating costs, financing and infrastructure constraints continue to shape the day-to-day experience of businesses.

Figure 68: Entrepreneurs' assessment of the business environment, 2024-2026 (%)



Source: FATE Foundation State of Entrepreneurship Surveys, 2024-2026.

Entrepreneurial optimism remained high but expansion plans softened

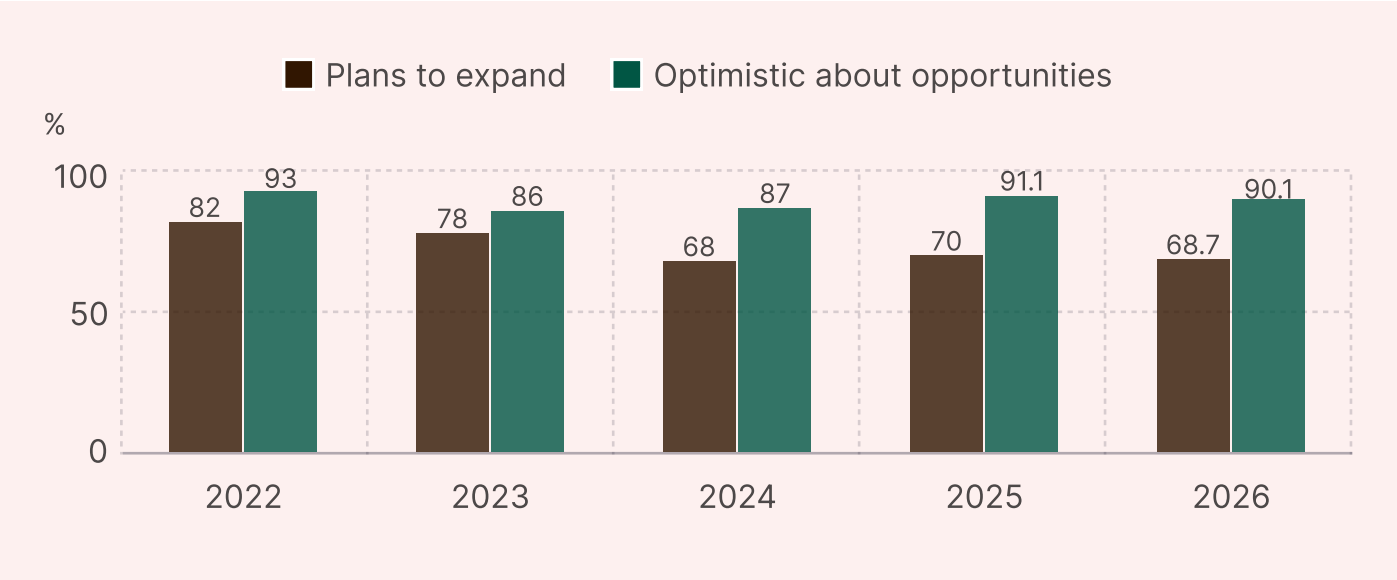
About 68.7 per cent of businesses planned to expand within the next year, slightly below 70.0 per cent in 2025. Expansion intentions have stabilised around this level since the sharp fall from 78.0 per cent in 2023 to 68.0 per cent in 2024. They remain well below the 82.0 per cent recorded in 2022. The result suggests that ambition remains substantial, although fewer businesses expect to expand than in the earlier survey rounds.

Optimism was even more widespread in 2026. A combined 90.1 per cent of entrepreneurs were optimistic or very optimistic about opportunities over the following year, close to 91.1 per cent in 2025. This gap between future optimism and present conditions is analytically important especially as it indicates confidence in demand and opportunity. However, optimism alone does not guarantee expansion. Whether plans materialise will depend on businesses obtaining finance, managing energy and input costs, reaching markets and operating within a predictable policy environment.

Expansion intentions have stabilised around this level since the sharp fall from 78.0 per cent in 2023 to 68.0 per cent in 2024. They remain well below the 82.0 per cent recorded in 2022.



Figure 69: Business optimism and expansion intentions, 2022-2026 (%)

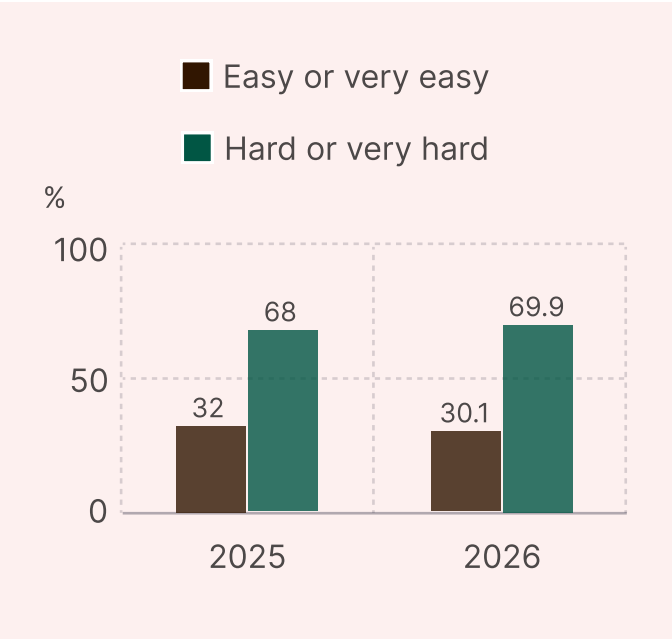


Source: FATE Foundation State of Entrepreneurship Surveys, 2022-2026

State government support remained difficult to access

Seven in ten entrepreneurs described access to state government support as hard or very hard. The combined share rose from 68.0 per cent in 2025 to 69.9 per cent in 2026, while only 8.8 per cent described access as very easy. The figures suggest that the existence of programmes does not necessarily translate into effective access. Information gaps, eligibility requirements, administrative processes and uneven implementation may stand between a programme and its intended beneficiaries.

Figure 70: Ease of accessing state government support, 2025 and 2026 (%)





Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026.

Positive assessments of government efforts declined at both levels

The share rating Federal Government efforts to improve the business environment as good or very good declined from 35.0 per cent in 2025 to 30.4 per cent in 2026. State governments recorded a similar fall, from 37.0 per cent to 30.8 per cent. At both levels, a larger share moved into the fair category, while the proportion giving a negative assessment remained broadly stable. Perceptions varied substantially across states. Positive ratings of state government efforts reached 94.6 per cent in Sokoto, 91.1 per cent in Gombe, 78.5 per cent in Borno and 77.7 per cent in Kwara. They were below 4 per cent in Edo, Kebbi, Abia, Ekiti and Imo.



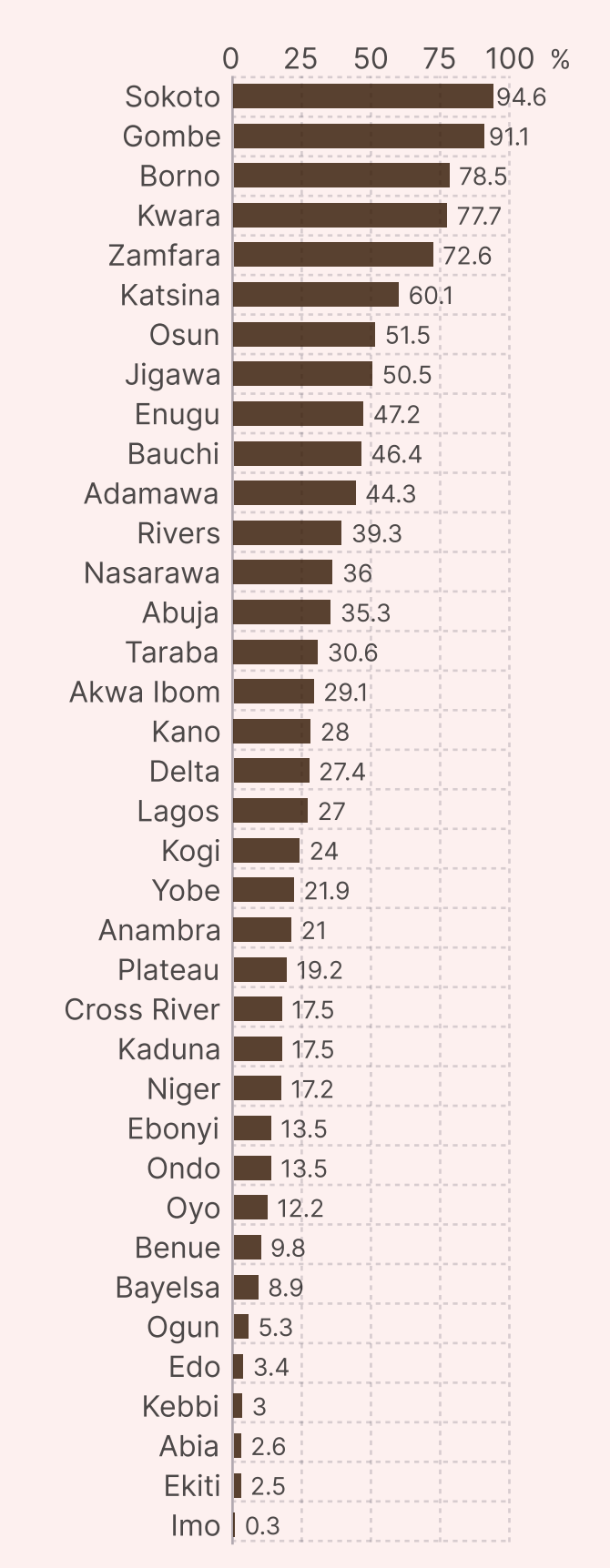
Table 19: Assessment of Federal and State Government efforts to improve the business environment, 2025 and 2026 (%)

Level	Year	Positive	Fair	Negative
Federal	2025	35.0%	29.0%	36.0%
Federal	2026	30.4%	33.9%	35.7%
State	2025	37.0%	30.0%	33.0%
State	2026	30.8%	35.9%	33.3%

Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026.



Figure 71: Entrepreneurs rating state government efforts as good or very good, by state, 2026 (%)



Tax compliance was stable but understanding of the new laws remained limited

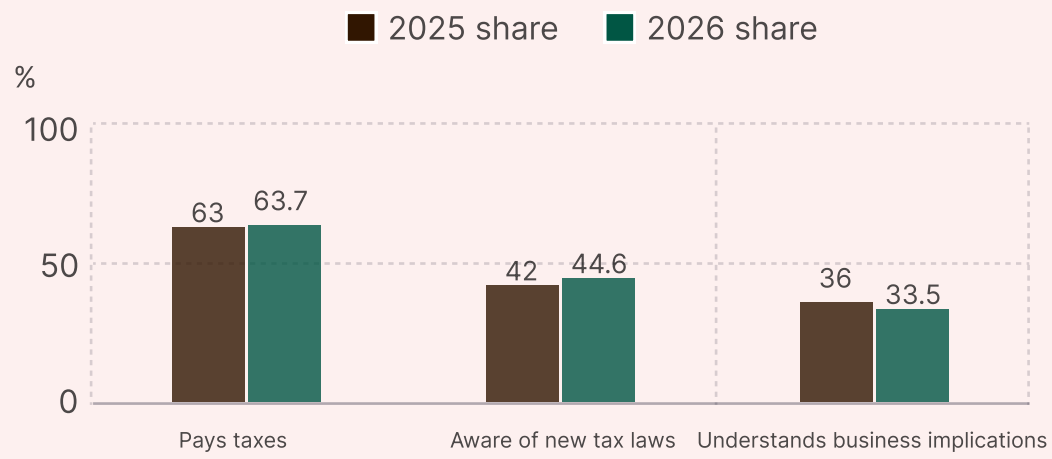
Tax compliance among surveyed businesses stood at 63.7 per cent in 2026, close to 63.0 per cent in 2025. Awareness of the new tax laws increased from 42.0 per cent to 44.6 per cent. However, only 33.5 per cent said they understood how the laws would affect their businesses, down from 36.0 per cent. These measures capture different aspects of the tax system: businesses may continue to meet existing tax obligations while having limited understanding of how the new laws will affect them.

Awareness of the new tax laws increased from 42.0 per cent to 44.6 per cent. However, only 33.5 per cent said they understood how the laws would affect their businesses, down from 36.0 per cent

Administrative frictions remained substantial as 58.0 per cent described paying or filing taxes as hard or very hard, while 37.1 per cent reported multiple taxation. Only 25.4 per cent rated the impact of the new laws as good or very good, 43.7 per cent selected fair and 31.0 per cent rated the impact negatively. These perceptions may reflect both the design of the reforms and uncertainty during implementation; the survey cannot separate the two.



Figure 72: Tax compliance, awareness and understanding, 2025 and 2026 (%)



Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026.

Tax awareness differed sharply across states

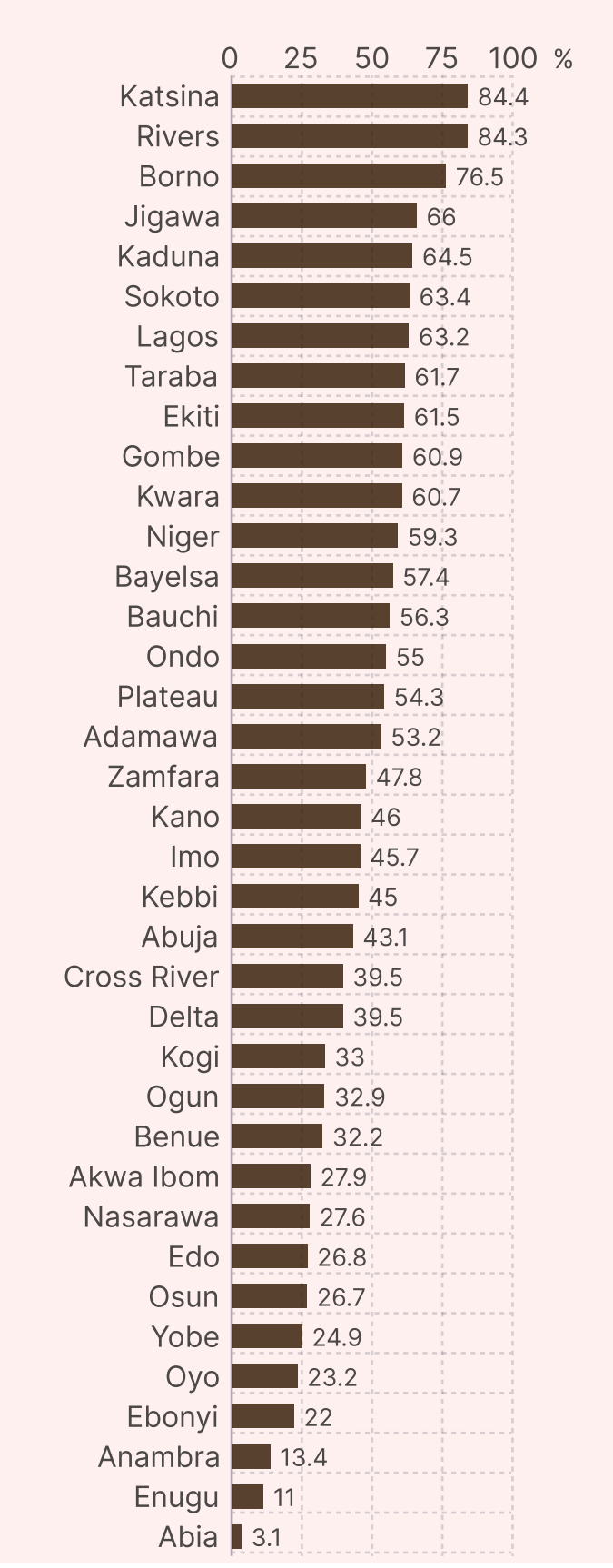
Awareness of the new tax laws was highest in Katsina and Rivers, at 84.4 per cent and 84.3 per cent respectively, followed by Borno at 76.5 per cent. It was lowest in Abia at 3.1 per cent, Enugu at 11.0 per cent and Anambra at 13.4 per cent.

The survey does not establish why awareness differs or changes across states. The pattern may reflect the reach of sensitisation, local business networks, respondent characteristics or sample composition. The practical implication is to identify where communication needs closer examination and where businesses may require clearer, more accessible guidance.

The pattern may reflect the reach of sensitisation, local business networks, respondent characteristics or sample composition.



Figure 73: Businesses aware of the new tax laws, by state, 2026 (%)



Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Export participation remained limited and was concentrated in African markets

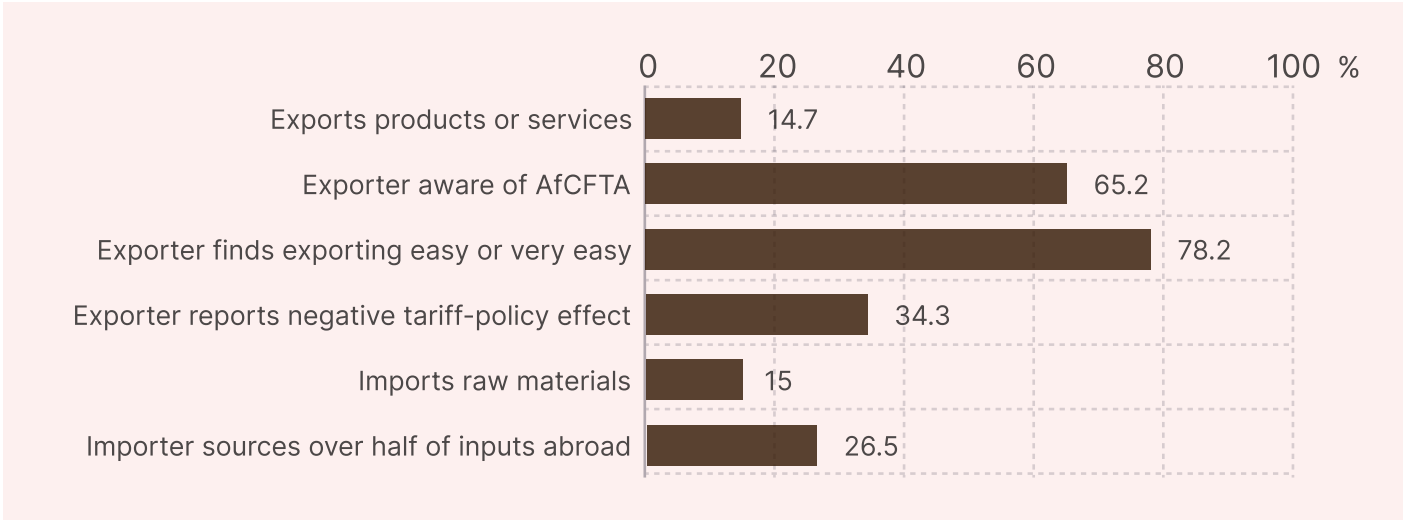
About 14.7 per cent of surveyed businesses reported exporting to other countries. Among exporters, 69.5 per cent sold to other African countries, compared with 16.6 per cent exporting to Europe, 13.5 per cent to North America, 8.7 per cent to South America and 2.4 per cent to Asia. Because exporters could select more than one destination, these shares do not sum to 100 per cent. The concentration in African markets underscores the importance of regional trade facilitation and the African Continental Free Trade Area for Nigerian enterprises.

Among exporters, 69.5 per cent sold to other African countries, compared with 16.6 per cent exporting to Europe, 13.5 per cent to North America, 8.7 per cent to South America and 2.4 per cent to Asia.

About 65.2 per cent of exporters were aware of the AfCFTA and 78.2 per cent described exporting as easy or very easy. The latter result applies only to businesses already exporting and may therefore reflect the experience of firms that have successfully overcome entry barriers. A further 34.3 per cent of exporters reported being negatively affected by changing global tariff policies. On the input side, 15.0 per cent of all surveyed businesses imported raw materials, and 26.5 per cent of importers sourced more than half of their inputs from abroad, leaving this group particularly exposed to exchange rate and international supply conditions.

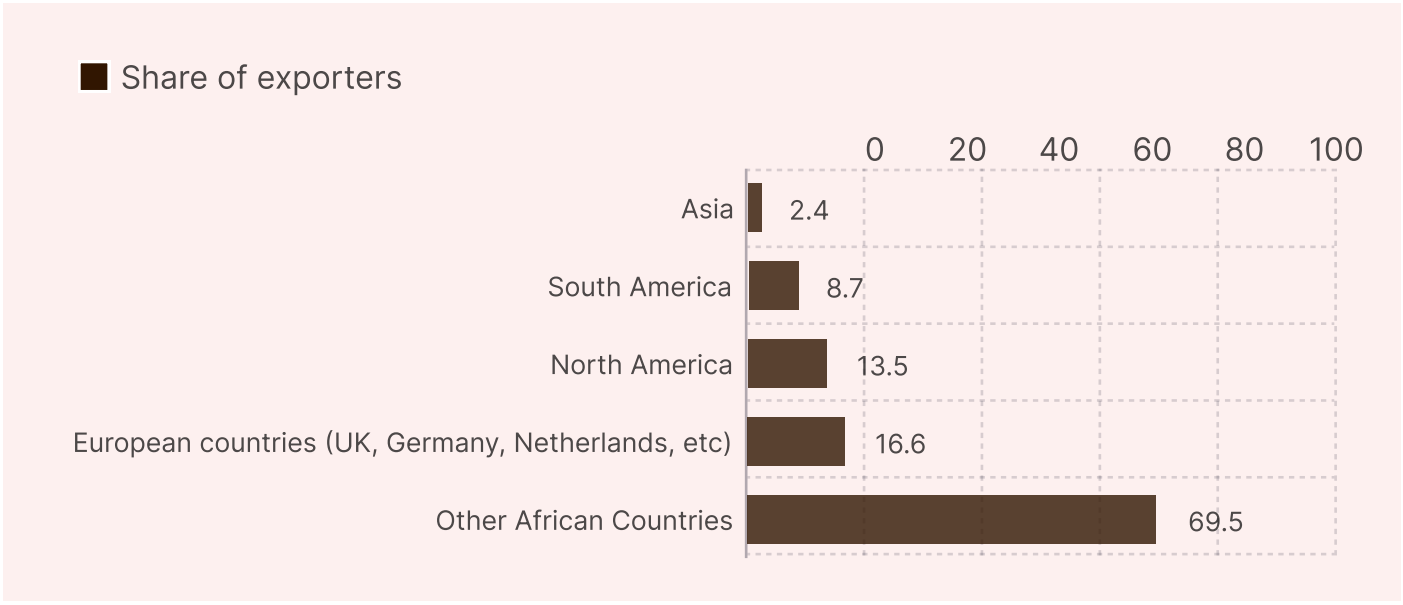


Figure 74: Market participation indicators, 2026 (%)



Source: FATE Foundation State of Entrepreneurship Survey, 2026.

Figure 75: Export destinations among exporting businesses, 2026 (%)



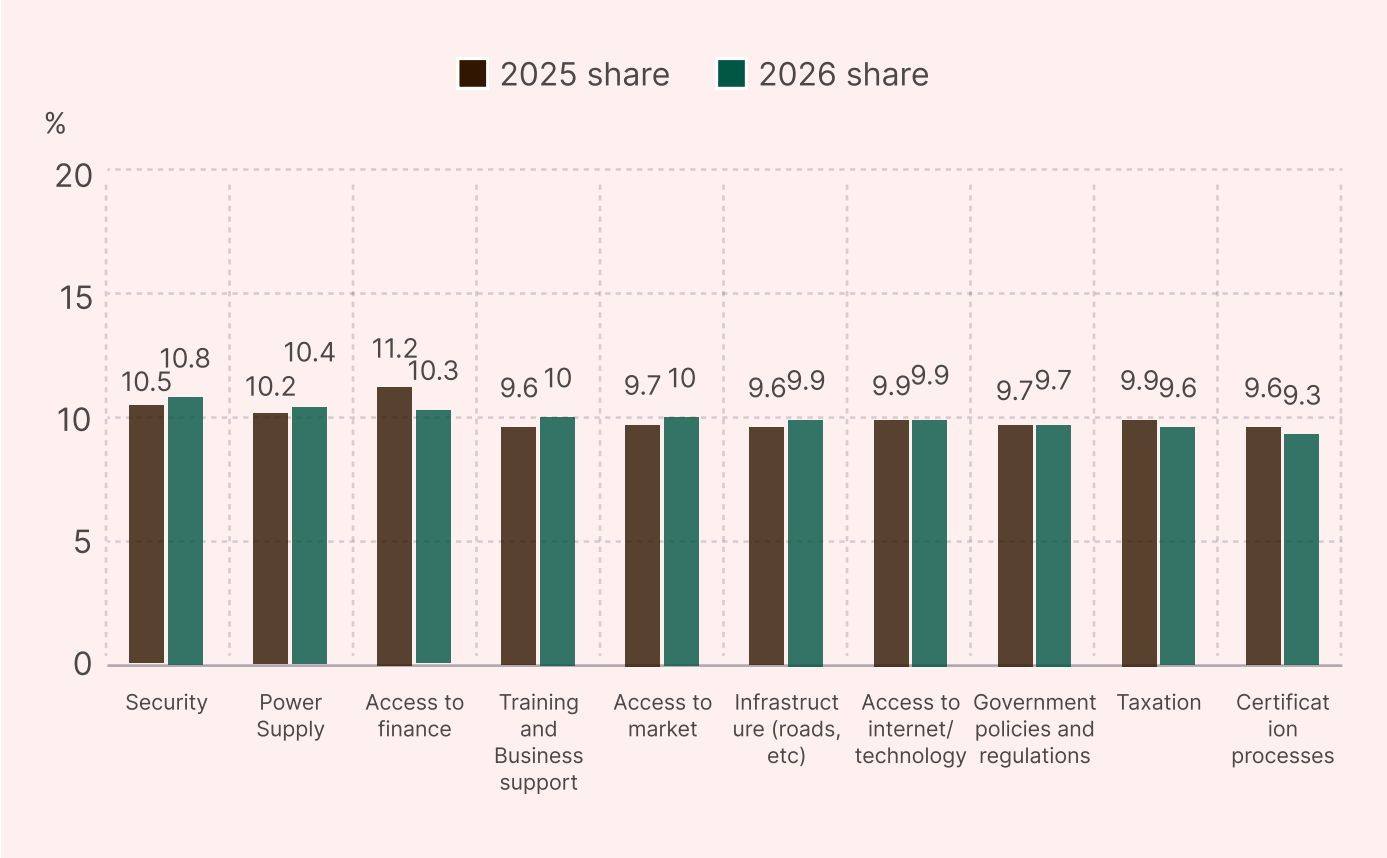
Source: FATE Foundation State of Entrepreneurship Survey, 2026. Multiple destinations permitted among exporters.

Security, power and finance were the leading priorities for government action

Entrepreneurs identified security as the leading priority for government action in 2026, accounting for 10.8 per cent of the aggregate importance score. Power supply followed at 10.4 per cent and access to finance at 10.3 per cent. The same three areas led in 2025, although finance ranked first. Training and business support, market access, infrastructure and digital access formed a second closely grouped set of priorities.

There is a useful distinction between the constraints businesses experience and the issues they want government to address. Finance remained the leading business constraint, however, security became the leading government priority. This may reflect the areas in which entrepreneurs see the strongest need for public action. Overall, the findings point to an enabling environment in which reliable power, security, productive finance, market access and business capabilities must improve together if strong entrepreneurial expectations are to translate into sustained firm growth.

Figure 76: Entrepreneurs' priorities for government action, by aggregate importance, 2025 and 2026 (%)



Source: FATE Foundation State of Entrepreneurship Surveys, 2025 and 2026. Shares reflect aggregate importance scores.





RECOMMENDATIONS



The findings point to a gap between entrepreneurial ambition and the conditions needed to scale. 72.2 per cent of surveyed businesses reported growth and 68.7 per cent planned to expand, but only 26.0 per cent hired additional workers. Finance, power, security and market access remain major obstacles. The priority is to convert confidence into productive investment, stronger firms and sustained job creation.

Businesses can strengthen financial records, management, market access and cooperation with other firms. Government must address the wider costs and risks that individual enterprises cannot solve. The recommendations therefore distinguish actions for firms from those requiring public policy and institutional coordination.

Recommendations for businesses

1. Strengthen financial management and finance readiness

Many businesses remain dependent on retained earnings or short-term informal finance. Weak records also make it difficult for lenders to distinguish a viable enterprise from a high-risk borrower. Better financial management can improve the quality of business decisions and widen the range of financing options available to a firm.

Actionable steps for entrepreneurs and business managers, supported by accountants, bookkeepers, financial institutions and business membership organisations:

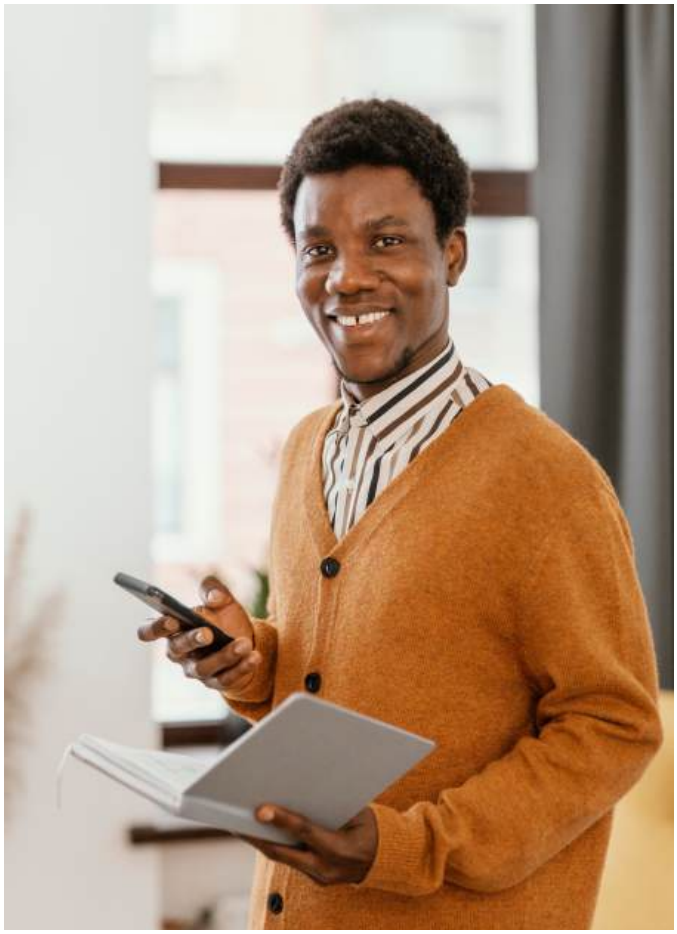
- Separate household and business accounts and maintain monthly records of sales, expenses, inventory, receivables, debt and cash flow.
- Use finance-readiness clinics to prepare a basic financing pack containing registration documents, transaction records, management accounts, existing obligations and a clear statement of how the funds will generate repayment capacity.
- Match the financing instrument to its use: short-term facilities for working capital and longer-tenor finance for equipment, energy systems, technology and expansion.

2. Use cooperation to reduce operating costs

Nano and micro enterprises often pay more because they purchase inputs, energy, logistics and financial services individually and in small volumes. Cooperatives, market associations and business clusters can aggregate demand and improve bargaining power, provided they have transparent rules and credible management.

Actionable steps for entrepreneurs, cooperatives, market associations and business membership organisations, working with energy, logistics, insurance and financial-service providers:

- Aggregate demand for shared solar systems, cold storage, warehousing, transport, broadband, insurance and equipment that individual firms cannot afford efficiently.
- Negotiate group purchasing arrangements for common inputs and supplier credit.
- Create transparent governance arrangements for shared assets and track whether each arrangement reduces costs or improves reliability.



3. Build managerial and technological capabilities around specific business problems

Many businesses remain dependent on retained earnings or short-term informal finance. Weak records also make it difficult for lenders to distinguish a viable enterprise from a high-risk borrower. Better financial management can improve the quality of business decisions and widen the range of financing options available to a firm.

Actionable steps for entrepreneurs and business managers, supported by enterprise-support organisations, training providers, technology companies and tertiary institutions:

- Diagnose the main constraint to performance before selecting training or technology, whether it is pricing, waste, inventory, quality control, customer retention, production planning or cash management.
- Prioritise affordable tools for bookkeeping, payments, inventory, customer management and order fulfilment. Use artificial intelligence only for defined tasks and safeguard customer and commercially sensitive data.
- Combine training with an implementation plan that identifies the practice to be changed, the person responsible and the result expected within three to six months.





4. Diversify markets and meet buyer requirements

Access to new markets and stronger demand were the leading reported drivers of business growth, while poor market access remained a major constraint among firms that did not grow. Firms can reduce dependence on a narrow customer base by combining market development with improvements in standards, packaging, reliability and after-sales service.

Actionable steps for entrepreneurs, business membership organisations and cooperatives, working with anchor firms, retailers, digital platforms, standards agencies and the Nigerian Export Promotion Council:

- Track the share of sales generated by major customers, products and locations and develop a plan for reducing excessive concentration.
- Use customer and competitor information to adapt product quality, quantities, packaging, delivery and payment arrangements to the requirements of target markets.
- Complete the standards, certification and traceability steps required by larger domestic buyers before pursuing supplier contracts.
- Combine digital selling with reliable fulfilment and customer service, and approach export markets only with products that can meet quality, volume, documentation and delivery requirements consistently.

5. Prepare the business for organised hiring

The gap between business growth and hiring suggests that many firms are expanding through longer hours, owner effort or temporary labour rather than building an employment base. A first or additional hire should be linked to a clear production, sales or management bottleneck and supported by basic employment systems.

Actionable steps for growing enterprises, supported by training institutions, business associations and enterprise-support organisations:

- Define the task, expected output, required skill and affordable compensation before recruiting, and introduce written terms and payroll records.
- Use structured apprenticeships, internships and work-based training to develop entry-level workers, with named supervisors and defined learning outcomes.
- Train owners and supervisors in delegation, people management and production planning so that hiring increases capacity rather than adding avoidable overhead.
- Monitor output and revenue per worker, staff retention and skills gaps when deciding whether and where to add jobs.



Recommendations for government

1. Expand productive finance at affordable tenors

Finance remained the leading business constraint for the fifth consecutive year. Only 20.2 per cent of youth-led businesses and 22.5 per cent of female-led businesses accessed finance in 2026. The policy objective should extend beyond loan disbursement to financing investments that improve productivity, resilience and scale.

Actionable steps for the Federal Ministry of Finance, Central Bank of Nigeria, Bank of Industry, Development Bank of Nigeria, state enterprise funds, commercial banks, microfinance banks, cooperatives and regulated fintech lenders:

- Expand partial credit guarantees, wholesale funding and risk-sharing facilities for viable nano, micro and small enterprises, with longer tenors for machinery, energy and technology investments.
- Establish separate windows for working capital and productive investment so that short-term liquidity needs do not crowd out expansion expenditure.
- Scale cash-flow, transaction-data, receivables and movable-asset-based lending and provide practical guidance on use of the Movable Collateral Registry.
- Require participating lenders to disclose total borrowing costs, repayment schedules and collateral conditions in a form that small businesses can understand.
- Publish data on applications, approvals, pricing, repayment and business outcomes by firm size, sector, state, age and gender of the owner.

2. Reduce the cost and improve the reliability of productive energy

Poor or high-cost power supply was the second-ranked business constraint and the second priority for government action. Grid improvements and distributed energy should be planned around productive locations where reliable power can change operating hours, costs, output and employment.

Actionable steps for the Federal Ministry of Power, Nigerian Electricity Regulatory Commission and state electricity regulators, Rural Electrification Agency, distribution companies, state governments, development finance institutions and energy-service companies:

- Prioritise shared solar, hybrid, embedded-generation and energy-efficiency projects for markets, industrial clusters, business parks and agro-processing locations with verified demand.
- Expand energy-as-a-service, lease-to-own, guarantee and blended-finance models that spread upfront costs over the useful life of productive energy assets.
- Publish service performance for commercial feeders and enforce the supply commitments, billing rules and complaint procedures attached to tariff bands.

3. Secure and service productive locations

Security became the leading priority for government action in the survey. Insecurity, poor roads, congestion, weak lighting and inadequate market infrastructure increase losses, transport time and the cost of moving workers and goods.

Actionable steps for state and local governments, the Nigeria Police Force, Nigeria Security and Civil Defence Corps, state security services, ministries of works and transport, and market or cluster associations:

- Map high activity markets, industrial clusters, agricultural production zones and commercial corridors and concentrate security and infrastructure spending around these productive nodes.
- Establish lighting, surveillance, emergency contacts and rapid response arrangements with named responsible agencies and service standards.
- Coordinate road repairs, drainage, traffic management, loading areas, waste services and public transport around major business locations.
- Publish periodic information on incidents, response times and completed infrastructure works in priority commercial locations.



4. Use procurement and supplier development to expand markets

Public and corporate procurement can create demand for smaller firms, although preferential access alone will not build competitive enterprises. Procurement should be linked to supplier development, quality improvement and prompt payment so that firms can learn, invest and meet progressively higher standards.

Actionable steps for the Bureau of Public Procurement, state procurement agencies, ministries and public institutions, large companies, standards agencies, the Nigerian Export Promotion Council and business membership organisations:

- Break suitable contracts into components that capable smaller firms can deliver without weakening quality, transparency or value-for-money requirements.
- Publish procurement pipelines, standard requirements and award information in accessible formats and enforce payment timelines for completed contracts.
- Require anchor firms receiving public incentives to implement transparent local supplier-development plans with measurable capability and sourcing outcomes.
- Evaluate procurement programmes by repeat contracts, productivity, quality performance and supplier graduation.

5. Help viable firms scale and create jobs

From the SoE survey, reported growth did not translate into hiring for most businesses, and the employment gap was widest among nano, youth-led and female-led enterprises. Enterprise programmes should identify firms with evidence of demand and then combine the finance, capabilities, workers and market connections needed to cross the threshold into organised growth.

Actionable steps for the Federal Ministry of Industry, Trade and Investment, SMEDAN, Industrial Training Fund, Bank of Industry, Development Bank of Nigeria, state enterprise agencies, tertiary institutions and private-sector partners:

- Select firms using evidence of demand, management commitment and a credible pathway to productivity and employment growth.
- Bundle growth finance with management support, technology adoption, standards, supplier development and market access rather than offering isolated training.
- Pilot time-bound first-hire incentives and apprenticeships in sectors with credible demand, with safeguards against worker displacement and requirements for retention.
- Provide organizational development support covering financial controls, human resource systems, governance and production planning as firms enter higher size categories.
- Track additional jobs, job retention, productivity, revenue quality and firm survival for at least twelve months after support ends.



6. Make enterprise support easier to find and access

In 2026, 69.9 per cent of entrepreneurs described access to state government support as hard or very hard. Only 30.4 per cent rated federal government efforts to improve the business environment as good or very good, with a similar 30.8 per cent rating for state governments. The immediate delivery task is to make existing support visible and accountable.

Actionable steps for state governors, state MSME and investment-promotion agencies, local governments, SMEDAN, Bank of Industry, Development Bank of Nigeria and business membership organisations:

- Publish a single state inventory of enterprise programmes showing the responsible agency, purpose, eligibility criteria, application period, required documents and contact point.
- Establish physical and digital enterprise support desks that can refer businesses across finance, tax, standards, energy, skills and market access services.
- Adopt common application information so that businesses do not repeatedly submit the same registration and identity documents to different agencies.
- Publish application timelines, selection criteria, beneficiaries and programme results and provide complaint and appeal channels.
- Track programme reach by local government, firm size, sector, gender, age and disability status and use the results to address persistent coverage gaps.

7. Simplify tax compliance and improve regulatory predictability

Only 44.6 per cent of businesses were aware of the new tax laws and 33.5 per cent understood their implications. About 58.0 per cent described filing or paying taxes as hard or very hard, while 37.1 per cent reported multiple taxation. The value of tax reform will depend on whether firms experience clear rules, consistent administration and protection from unauthorised demands.

Actionable steps for the Joint Revenue Board, Nigeria Revenue Service, state internal revenue services, local governments, Corporate Affairs Commission, sector regulators and business membership organisations:

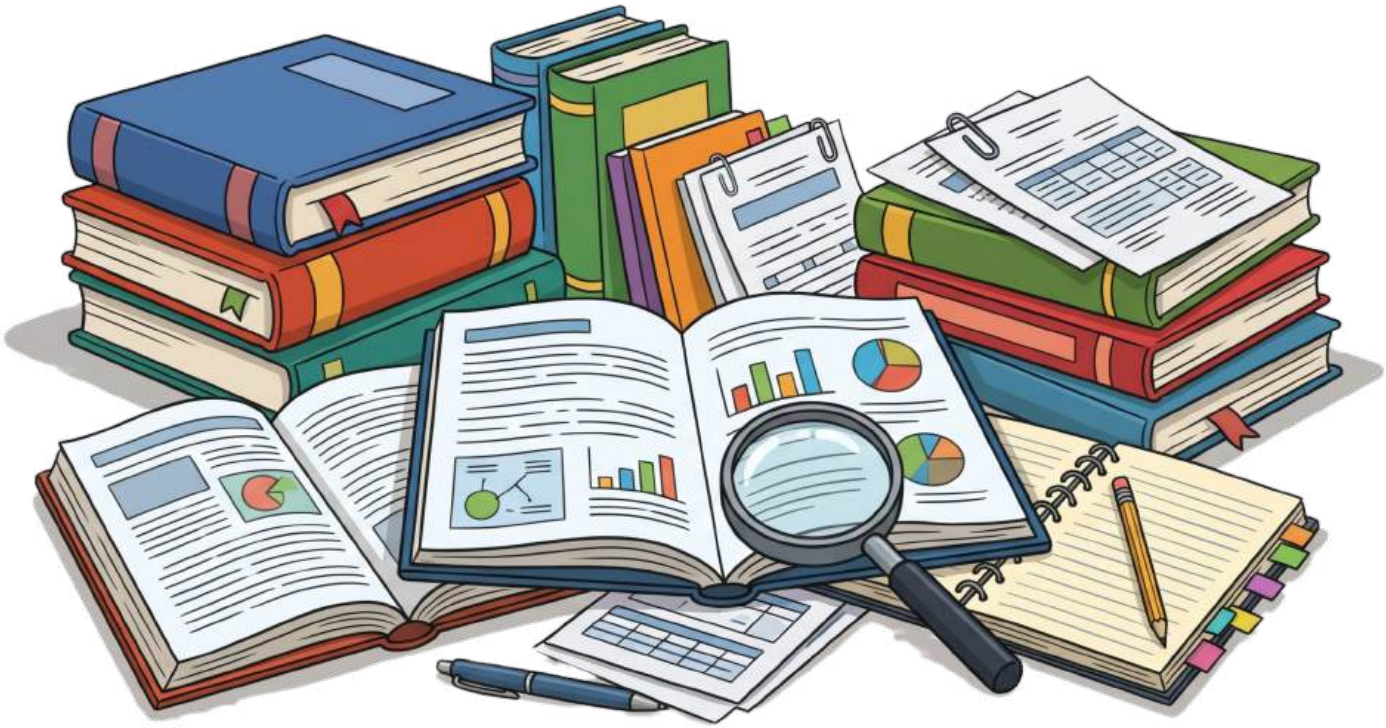
- Issue simple and consistent guidance on small business exemptions, the presumptive tax regime, filing procedures, commencement dates and the responsibilities of each tier of government.
- Publish authorised levies, collection agents and official payment channels and provide a verifiable receipt for every payment.
- Harmonise overlapping state and local levies and establish effective channels for reporting multiple, informal or coercive taxation.
- Coordinate taxpayer education through trade groups, cooperatives, professional advisers, digital channels and local helpdesks, using materials suited to nano and informal businesses.
- Provide adequate consultation and transition periods for major regulatory changes and use data-sharing across agencies to reduce duplicate registration and reporting.

Implementation priority.
Federal institutions should address economy-wide costs; states should provide safe commercial locations, reliable infrastructure and accessible support; and business organisations should aggregate firms and report delivery failures. Progress should be judged by lower operating costs, higher productivity, firm scaling and sustained job creation.





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APPENDIX



Appendix A: Survey Methodology

A.1 Survey Overview and Coverage

The 2026 State of Entrepreneurship in Nigeria Survey provides an assessment of entrepreneurship activities, business performance, operating conditions and development opportunities across Nigeria. The survey covered 10,721 entrepreneurs across the 36 states and the Federal Capital Territory (FCT).

The survey examined several dimensions of entrepreneurship, including business characteristics and formalisation, business growth and employment, access to finance, market opportunities, innovation and digital technology adoption, skills acquisition, and the enabling business environment. It also captured entrepreneurs' perceptions of government policies, institutional support and future business prospects.

The findings provide the empirical basis for the State of Entrepreneurship Report and the construction of the 2026 Entrepreneurship Index. The analysis includes comparisons across business sizes, gender, age groups, states and previous survey editions, where comparable data are available.

A.2 Survey Design and Administration

The survey collected business-level information from entrepreneurs operating across different sectors, locations and enterprise-size categories. Businesses were classified into nano, micro, small and medium-sized, start-ups and large enterprises based on the classification framework adopted for the study.

The survey was conducted in August, 2026. The final number of surveyed businesses was 10,721. Field responses accounted for 100% of respondents. Survey responses were analysed at national and disaggregated levels to identify patterns in entrepreneurial activity, business performance and operating conditions.

A.3 Data Cleaning and Validation

The survey dataset underwent cleaning and validation before statistical analysis. This process included identifying duplicate responses and reviewing the consistency and completeness of observations. The cleaned dataset was subsequently used for descriptive analysis, comparisons across respondent categories and the computation of the Entrepreneurship Index.

A.4 Data Weighting and Analysis

State-level weights were applied in the analysis to account for geographical differences in the survey data. These weights were not assumed to be equal across states. The survey was distributed across four blocks. **Block A** (Lagos, Port Harcourt, Abuja, Kano, and Enugu) was initially set at 550 per state, though Lagos, Rivers, and FCT were executed at 500.
Block B (Ogun, Oyo, Kwara, Edo, Delta, Imo, Abia, Anambra, Akwa-Ibom, Kaduna) targeted 350 per state (with Edo at 300).
Block C maintained a target of 200 per state across 16 states, while **Block D** (Borno, Yobe, Benue, Bauchi, Adamawa) targeted 150 per state. Across all four blocks, the expected target of 10,000 was successfully surpassed, achieving an actual total of 10,721 completed surveys. Respondents consisted everyday NMSMEs with priority for those in business districts.

$$SI_{ki} = \frac{\sum_{1}^{j} X_i}{J_k}$$

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:

$$CI_i\,(weighted) = \sum\,(W_k\ SI_k)$$

Where CI represents Composite Index

Step 3: Compute the composite index:

$$CI\ \ = \sum (CIk\,)$$

Descriptive statistics were used to summarise survey responses, including proportions, distributions and comparisons across groups. Where relevant, results were compared with previous editions of the State of Entrepreneurship Survey to examine changes in business conditions and entrepreneurship outcomes.

Differences across survey years should be interpreted in the context of the corresponding sample composition and methodological procedures.

A.5 Methodological Limitations

The survey provides evidence on entrepreneurship conditions and business experiences across Nigeria. However, several considerations are important when interpreting the findings.

First, survey responses are primarily based on entrepreneurs' reported experiences and assessments, which may be influenced by recall errors, subjective perceptions and differences in interpretation.

Second, the composition of the survey sample may vary across years, states and business categories. Consequently, changes in reported outcomes do not necessarily represent changes among the same businesses over time.

Third, state-level comparisons may be influenced by differences in sample size, business composition and other characteristics not fully captured by the Index. State rankings should therefore be treated as descriptive indicators rather than definitive assessments of state government performance.

Finally, the survey provides a broad assessment of entrepreneurship outcomes but does not establish causal relationships between policy interventions and business performance.

Appendix B: Entrepreneurship Index Methodology

B.1 Overview

The Entrepreneurship Index provides a composite assessment of entrepreneurship performance and conditions in Nigeria. It combines 17 indicators into five pillars capturing the business outcomes, capabilities, opportunities and operating environment of entrepreneurs.

The Index is expressed on a scale of 0 to 1, with higher scores indicating stronger performance across the dimensions measured.

The five pillars are:

1. Business Performance
2. Skill Acquisition
3. Innovation and Digital Technology Adoption
4. Perception of Opportunities
5. Enabling Business Environment

These dimensions provide a broader assessment of entrepreneurship than business formation or business growth alone.

B.2 Index Pillars

Business Performance

This pillar assesses the performance of enterprises based on selected business outcomes. It captures the extent to which entrepreneurial activities translate into business development and growth.

Skill Acquisition

This pillar assesses entrepreneurs' acquisition of skills relevant to operating, managing and developing their businesses. Skills are important for strengthening enterprise capabilities, improving business practices and supporting productivity growth.

Innovation and Digital Technology Adoption

This pillar assesses innovation-related activities and the use of digital technologies in business operations. It reflects the role of technology and innovation in improving enterprise processes, market engagement and competitiveness.

Perception of Opportunities

This pillar captures entrepreneurs' assessments of business opportunities and prospects. It reflects perceived opportunities for enterprise development and expansion.

Enabling Business Environment

This pillar assesses the conditions under which entrepreneurs operate, including relevant institutional, infrastructural and business environment factors. It reflects the external conditions that can facilitate or constrain enterprise development.

B.3 Indicator Scoring and Normalisation

Each indicator is coded or normalised on a scale of 0 to 1, with higher values representing more favourable entrepreneurship outcomes or conditions.

Binary indicators are coded as 1 for an affirmative response and 0 for a negative response, subject to the direction of the indicator. These include business establishment, awareness of new business openings, business growth, employment creation, skills acquisition, innovation, technology adoption, access to finance and awareness of the Movable Collateral Registry.

For negatively oriented indicators, scoring is reversed to maintain a consistent interpretation. Specifically, the business closure indicator measures the absence of

awareness of business closures, so that respondents reporting no awareness of a closure receive a higher score.

Ordinal indicators, including educational attainment, business environment assessments, optimism, technology contribution and ease of accessing government support, are converted into scores between 0 and 1 using the response-category scoring framework established for the Index.

The original Index methodology is retained for 2026 to preserve consistency with previous editions.

B.4 Pillar Weights and Index Aggregation

The overall Entrepreneurship Index is constructed by aggregating scores across the five pillars using the weighting framework adopted for the study.

The composite score can be represented generally as:
[EI = \sum_{j=1}^{5} w_j P_j]
Where:

- (EI) = Composite Entrepreneurship Index
- (P_j) = Score for pillar (j)
- (w_j) = Weight assigned to pillar (j)
- (\sum w_j = 1)

Indicators are aggregated within their respective pillars to produce five pillar scores.

Business Performance (25%)
The pillar is calculated as the arithmetic mean of five indicators:

1. Establishment of a new business within the preceding year.
2. Awareness of a new business opening within the preceding year.
3. Absence of awareness of a business closure within the preceding year.
4. Business growth within the preceding year.
5. Employment of additional workers within the preceding year.

Each indicator contributes equally to the pillar score.

Skill Acquisition (23%)
This pillar combines educational attainment and skills acquisition, using the scoring structure applied in the established Index methodology.

The calculation is:
Skill Acquisition = 0.20 × Education Score + 0.80 × Skills Acquisition Score.

Innovation and Digital Technology Adoption (21%)
The pillar combines four indicators:

- Introduction of a new product or service.
- Introduction of new business processes.
- Use of technology in business operations.
- Contribution of technology to business performance.

The pillar is calculated as the arithmetic mean of the four indicators, using available responses.

Perception of Opportunities (21%)
The pillar is calculated as the arithmetic mean of two indicators:

- Optimism about future business opportunities.
- Intention to expand business operations within the following year.

Enabling Business Environment (10%)
The pillar is calculated as the arithmetic mean of four indicators:

- Access to finance from a financial institution.
- Awareness of the Movable Collateral Registry.
- Assessment of the prevailing business environment.
- Ease of accessing state government support.

B.5 Interpretation of Index Scores

The Index provides a relative assessment of entrepreneurship conditions and performance across the five dimensions. Higher values indicate stronger outcomes within the measurement framework, while lower values suggest areas of weakness or constraint.

The aggregate Entrepreneurship Index for 2026 stood at 0.46, compared with 0.47 in 2025.

Table B1: Entrepreneurship Index Pillar Scores, 2026

Index Pillar	2026 Score
Business Performance	0.46
Skill Acquisition	0.21
Innovation and Digital Technology Adoption	0.53
Perception of Opportunities	0.72
Enabling Business Environment	0.36
Overall Entrepreneurship Index	**0.46**

Source: FATE Institute, State of Entrepreneurship Survey 2026.

The Index should be interpreted as a composite measure of the dimensions included in the study rather than a direct measure of productivity, profitability or economic growth.



B.6 Comparability Across Survey Years

The 2026 Entrepreneurship Index retains the same five pillars, indicator structure, scoring procedures and weighting methodology used in the 2025 edition. No methodological changes were introduced to the construction of the Index.

Accordingly, the 2025 results were retained as published and were not recalculated using a revised methodology.

Appendix C: State-Level Entrepreneurship Index Results

The Entrepreneurship Index was computed for Nigeria's 36 states and the Federal Capital Territory (FCT) to assess geographical differences in entrepreneurship performance, capabilities, opportunities and enabling conditions.

The results show considerable variation in entrepreneurship outcomes across states. Katsina recorded the highest score of 0.68, followed by Bauchi (0.60), Sokoto and Rivers (0.57 each). Imo (0.28), Cross River (0.30) and Yobe (0.33) recorded the lowest scores.

Table C1: State-Level Entrepreneurship Index Scores and Rankings, 2026

Rank	State	N	BP	SA	ID	PO	EB	INDEX	2025 RANK
1	Katsina	218	0.71	0.41	0.82	0.74	0.75	0.68	27
1	Bauchi	222	0.60	0.35	0.73	0.86	0.40	0.60	3
3	Sokoto	257	0.61	0.31	0.59	0.72	0.71	0.57	16
4	Rivers	504	0.51	0.22	0.88	0.83	0.29	0.57	33
5	Kwara	349	0.54	0.27	0.68	0.72	0.72	0.56	2
6	Bayelsa	202	0.60	0.34	0.72	0.70	0.32	0.56	23
7	Kaduna	355	0.51	0.29	0.62	0.87	0.34	0.54	35
7	Niger	204	0.52	0.30	0.63	0.86	0.24	0.54	6
7	Plateau	208	0.53	0.30	0.61	0.80	0.34	0.53	19
10	Adamawa	203	0.55	0.25	0.63	0.74	0.46	0.53	9
10	Jigawa	200	0.54	0.32	0.61	0.72	0.34	0.52	4
10	Gombe	202	0.50	0.26	0.59	0.70	0.67	0.52	37
10	Anambra	357	0.52	0.23	0.58	0.84	0.35	0.52	10
14	Delta	365	0.51	0.27	0.59	0.84	0.25	0.51	21
15	Zamfara	201	0.49	0.21	0.47	0.85	0.54	0.50	13
16	FCT (Abuja)	510	0.50	0.22	0.52	0.76	0.41	0.48	24
17	Ebonyi	200	0.44	0.11	0.66	0.85	0.29	0.48	8
17	Lagos	511	0.47	0.20	0.53	0.85	0.29	0.48	5
19	Taraba	206	0.49	0.21	0.49	0.80	0.38	0.48	7
20	Ondo	200	0.54	0.18	0.61	0.63	0.41	0.48	20
20	Edo	355	0.47	0.17	0.50	0.86	0.22	0.46	11
22	Kano	504	0.42	0.17	0.51	0.69	0.36	0.43	12
23	Kebbi	200	0.50	0.16	0.64	0.44	0.37	0.43	30
24	Akwa Ibom	351	0.46	0.18	0.43	0.72	0.29	0.43	25
25	Kogi	200	0.45	0.13	0.37	0.83	0.28	0.42	1
25	Oyo	410	0.38	0.16	0.48	0.68	0.29	0.41	32
25	Abia	350	0.39	0.23	0.46	0.66	0.17	0.40	22
28	Nasarawa	203	0.46	0.14	0.43	0.62	0.30	0.40	29
28	Benue	205	0.47	0.09	0.49	0.56	0.39	0.40	34
28	Ekiti	200	0.43	0.19	0.36	0.62	0.35	0.39	31
31	Ogun	416	0.41	0.15	0.32	0.66	0.24	0.37	14
32	Enugu	500	0.28	0.31	0.33	0.58	0.28	0.36	28
33	Borno	200	0.34	0.14	0.41	0.52	0.34	0.35	18
34	Osun	202	0.34	0.11	0.36	0.57	0.31	0.34	15
35	Yobe	201	0.34	0.18	0.28	0.54	0.33	0.33	17
36	Cross River	200	0.31	0.09	0.17	0.61	0.36	0.30	26
37	Imo	350	0.34	0.07	0.36	0.37	0.26	0.28	36

Notes: N = number of surveyed businesses; BP = Business Performance; SA = Skill Acquisition; ID = Innovation and Digital Technology Adoption; PO = Perception of Opportunities; EB = Enabling Business Environment. Scores are rounded to two decimal places. Rankings are based on unrounded composite scores; consequently, states displaying the same rounded score may have different ranks.
Source: FATE Institute, State of Entrepreneurship Survey 2026; authors' calculations.


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