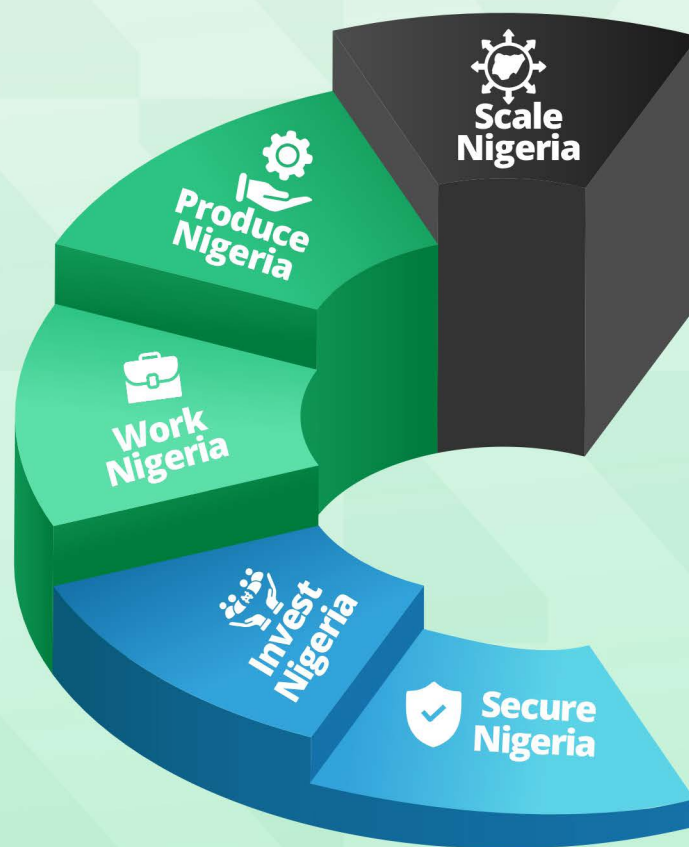


GROWTH THAT WORKS: Delivering Jobs, Productivity And Shared Prosperity



Briefing Material

Contents

01

Secure Nigeria: The Foundation for Work, Production, Investment and Scale

02

Invest Nigeria: Delivering Investment, Shared Prosperity, Welfare and Social Protection

03

Scale Nigeria: Building National Scale Through Productive States

04

Produce Nigeria: Produce Nigeria – Driving Productivity, Industrialisation, and Value Creation

05

Work Nigeria: Building a Job-Rich Economy and Strengthening Labour Absorption

Secure Nigeria: The Foundation for Work, Production, Investment and Scale

At the heart of Nigeria's aspirations for economic transformation lies the imperative of security. A nation where citizens can earn livelihoods productively, businesses can operate competitively, investors can invest with certainty, and enterprises can expand sustainably can only be built on a foundation of safety and stability. Without it, development gains remain fragile, investment confidence diminishes, and the bond of trust between government and citizens is eroded.

Security must therefore be recognised not simply as the defence of territorial integrity or the containment of armed violence, but as a strategic enabler of national resilience and sustainable development. While physical and territorial security remain core responsibilities of the state, a comprehensive security framework must also encompass economic, social, food, energy, health, environmental, digital and human security. Nigeria cannot credibly be considered secure where citizens cannot travel safely, farmers are unable to access their fields, businesses cannot safeguard their assets, or communities lack confidence in justice institutions.

Assessing Security in Nigeria

Nigeria's security landscape is increasingly multidimensional, interconnected and unevenly distributed across geographies. The country confronts a broad spectrum of threats—including terrorism, banditry, kidnapping, communal and separatist violence, oil theft, piracy, cybercrime, urban criminality and attacks on critical infrastructure. These threats are mutually reinforcing and are intensified by structural vulnerabilities such as poverty, unemployment, weak local governance, porous borders, illicit arms flow, land and resource disputes, environmental degradation and the limited reach of public institutions across many rural communities.

Nigeria's standing in global security assessments underscores the scale and persistence of its security challenge. The Global Terrorism Index 2026 reported a marked deterioration in 2025, with **terrorism-related fatalities rising by 46%** to approximately 750 deaths, placing Nigeria **among the countries most affected by terrorism globally** (Ranked 4th on the Global Terrorism Index). Although these figures do not capture the full breadth of insecurity across the country, they signal the sustained threat posed by Boko Haram, the Islamic State West Africa Province and other violent actors.

Nigeria's Performance on the Global Terrorism Index (GTI), 2022-2026

2022		2023		2024		2025		2026	
Rank	Country	Rank	Country	Rank	Country	Rank	Country	Rank	Country
1	Afghanistan	1	Afghanistan	1	Burkina Faso	1	Burkina Faso	1	Pakistan
2	Iraq	2	Burkina Faso	2	Israel	2	Pakistan	2	Burkina Faso
3	Somalia	3	Somalia	3	Mali	3	Syria	3	Niger
4	Burkina Faso	4	Mali	4	Pakistan	4	Mali	4	Nigeria
5	Syria	5	Syria	5	Syria	5	Niger	5	Mali
6	Nigeria	6	Pakistan	6	Afghanistan	6	Nigeria	6	Syria
7	Mali	7	Iraq	7	Somalia	7	Somalia	7	Somalia
8	Niger	8	Nigeria	8	Nigeria	8	Israel	8	D.R. Congo
9	Pakistan	9	Myanmar	9	Myanmar	9	Afghanistan	9	Colombia
10	Cameroon	10	Niger	10	Niger	10	Cameroon	10	Israel

Source: Global Terrorism Index (Institute for Economics and Peace)

Critical infrastructure remains a high-value and increasingly exposed target. Energy assets, telecommunications networks, roads, railways, pipelines, warehouses and logistics corridors face persistent risks from vandalism, theft, sabotage and wider insecurity. Disruptions to telecommunications infrastructure can impair financial transactions, emergency response systems and business continuity, while insecurity across transport corridors increases logistics costs, constrains market access and ultimately drives higher consumer prices.

The impact is particularly acute across agriculture and food distribution. When farmers cannot safely cultivate, harvest or transport produce, food supplies contract and prices rise. This reinforces the direct relationship between physical security and food security, and demonstrates why security policy must be designed and implemented as an integral component of economic policy.

Structural Constraints within Nigeria's Security Architecture

Nigeria's security architecture comprises the Armed Forces, the Nigeria Police Force, intelligence agencies, paramilitary organisations, customs and border authorities, state-level security arrangements, traditional institutions and community-based actors. Alongside these formal structures, many communities also depend on vigilante groups and other informal security providers.

This plurality is not inherently a weakness; a large and diverse federation requires a layered security system that combines national capabilities with local intelligence and contextual knowledge. The strategic deficit lies in weak coordination, inadequate resourcing, limited oversight and insufficient accountability across the system. Mandates frequently overlap, intelligence-sharing remains inconsistent, and preventive capabilities lag behind reactive deployments. As a result, interventions are too often mobilised after attacks rather than informed by integrated early-warning systems and forward-looking risk assessment.

Persistent gaps in personnel strength, training, equipment, welfare, mobility, intelligence collection, forensic capability and institutional accountability further constrain the security sector. Collectively, these weaknesses undermine the capacity of security agencies to anticipate and prevent attacks, protect vulnerable communities, conduct credible investigations and secure successful prosecutions.

Against this backdrop, the debate on state police is strategically significant. Proponents contend that policing closer to communities would strengthen local intelligence, accelerate operational response and improve accountability to citizens. State and community institutions may possess granular knowledge of criminal networks, local disputes and emerging threats that federal agencies cannot readily access. Opponents, however, caution that state police could be politicised or deployed against political opponents, journalists, minority groups and local communities. These risks are credible, particularly where institutional checks, judicial safeguards and accountability mechanisms remain uneven.

The policy choice should therefore extend beyond a binary debate between centralised and decentralised policing. The more consequential question is how to establish a policing model that combines local responsiveness and intelligence with national standards, operational professionalism and enforceable accountability. Any transition to state police must be anchored in constitutional clarity, merit-based and transparent recruitment, independent oversight, minimum training and operational standards, sustainable funding, effective intergovernmental coordination and robust safeguards against political or executive abuse.

Why Interventions Have Not Yet Produced Sufficient Results

Successive administrations have advanced a broad portfolio of military operations, intelligence initiatives, border-security measures, community interventions, socioeconomic programmes and criminal-justice reforms. These efforts have delivered important gains in specific locations and periods; however, translating them into sustained, nationwide improvements remains an ongoing strategic priority.

Several interrelated factors help explain why progress has varied across locations and over time.

01

Fragmented security coordination: Limited integration across intelligence, policing, border management, prosecution and community engagement constrains the effectiveness of security interventions.

02

Weak institutional continuity: Changes in leadership, priorities and operational approaches can disrupt reform momentum and limit the sustained implementation of security initiatives.

03

Insufficient governance in stabilised areas: Security gains are difficult to sustain where government presence, basic services, livelihoods and dispute-resolution mechanisms do not expand quickly enough after areas are stabilised.

04

Low public trust and community cooperation: Gaps in accountability, transparency, professional standards and safe reporting mechanisms can weaken public confidence and limit community-based intelligence gathering.

05

Weak criminal-justice and consequence management: Gaps across investigation, prosecution, adjudication and corrections reduce the certainty and timeliness of consequences for criminal activity, weakening deterrence.

06

Limited criminal-justice capacity and infrastructure: Inadequate forensic capability, case management, witness protection, specialised judicial capacity and correctional infrastructure constrain the system's ability to deliver timely and credible justice.

A comprehensive security strategy should therefore combine the prevention and disruption of violence with effective consequence management. Priority reforms include stronger investigative capability, independent and adequately resourced prosecution, specialised courts where appropriate, robust witness protection, digital case management, correctional modernisation and rehabilitation programmes. The strategic objective is a criminal-justice system that is firm, fair, timely and trusted.

Case Studies and Comparative Lessons – International Experience and Nigerian Implication

Colombia



For decades, Colombia confronted a complex security environment shaped by insurgency, organised crime, narcotics trafficking, rural insecurity and uneven state presence across parts of its territory. Its experience demonstrates that durable security requires the **integration of security operations, institutional reform and socioeconomic** development.

Colombia modernised its police and armed forces, strengthened intelligence capabilities and deepened joint operational coordination. These reforms were embedded within an **integrated model that linked security interventions to infrastructure, public services and an expanded state presence in underserved areas**. International support, particularly through Plan Colombia, provided additional capacity and resources to advance this agenda.

The central lesson is that military pressure, while necessary in some contexts, is insufficient to deliver lasting security. Gains are more sustainable when citizens regard the state as legitimate, capable and responsive. Intelligence-led operations, professional security institutions, community partnership and reliable public-service delivery must therefore operate as mutually reinforcing pillars of security transformation.

Colombia's experience also highlights the need for sustained vigilance. Progress was uneven, and violence later resurfaced in some areas through evolving armed groups and criminal networks. Security transformation should therefore be treated not as a time-bound campaign, but as a long-term institutional endeavour requiring economic inclusion, effective territorial governance and continuous adaptation to emerging threats.

For Nigeria, the strategic implications are clear:

Align peacebuilding interventions with measures that reduce the economic incentives sustaining armed groups and criminal networks.

Prioritise intelligence-led operations and seamless inter-agency coordination, while strengthening safeguards to minimise insider threats and operational compromise.

Institutionalise local communities as active partners in security planning, intelligence gathering and peacebuilding.

Integrate security operations with clear, time-bound plans to restore governance, essential services and economic activity in stabilised communities.

Rwanda



Rwanda's experience underscores the strategic importance of sustaining a visible and effective state presence beyond periods of crisis.

Capable local administration, accessible public institutions and consistent, predictable enforcement can strengthen public confidence and reduce the risk of local disputes escalating into violence.

At the same time, Rwanda's experience highlights the need to balance security and effective state capacity with political openness and the protection of civil liberties. It should not be interpreted as a case for excessive centralisation or constraints

on legitimate dissent. For Nigeria, the relevant lesson is to strengthen institutional capacity while safeguarding constitutional rights, judicial independence, media freedom and democratic accountability.

Taken together, the experiences of Colombia and Rwanda point to five mutually reinforcing foundations of a secure and resilient state: capable institutions, credible justice, effective local presence, intelligence-led prevention and public legitimacy. Sustainable security outcomes depend on advancing these elements as an integrated system rather than treating any one as a substitute for the others.

Strategic Reflection Questions



01

How should state police be structured to strengthen local intelligence, responsiveness and accountability while preventing political interference or misuse?

02

Which institutional safeguards, oversight mechanisms and professional standards are required to embed accountability across the police, military and intelligence services?

03

What systemic constraints prevent arrests from progressing to successful prosecution, and which priority reforms would most effectively strengthen the end-to-end criminal-justice chain?

04

How can government, businesses and local communities establish a coordinated framework for protecting critical national infrastructure?

05

What integrated mix of security, education, employment and public-service interventions would most effectively reduce the vulnerability of young people to recruitment by criminal and extremist networks?

Conclusion

A secure Nigeria is defined not only by the capacity to defeat insurgency or respond to crime, but by the confidence with which citizens can move, work, farm, trade, invest and raise families—assured that their lives, rights and livelihoods are protected by effective and trusted institutions.

Security must therefore be positioned as a strategic foundation for national development, rather than treated as a narrowly defined sectoral responsibility. Work, production, investment and enterprise scale **cannot be sustained where insecurity erodes confidence, weakens institutions and disrupts economic activity**. Nigeria's strategic imperative is to transition from reactive crisis management to preventive, intelligence-led and institutionally accountable security governance.



The task is substantial, but the strategic principle is clear: Nigeria cannot fully unlock its economic potential without strengthening the credibility of the social contract. Securing Nigeria is therefore **fundamental to creating the conditions in which every other national ambition can take root, scale and endure**.

Invest Nigeria – Delivering Investment, Shared Prosperity, Welfare and Social Protection

Investing in Productivity, People & Prosperity

Economic transformation requires more than reform and stability; it depends on sustained investment that converts confidence and opportunity into tangible improvements in productivity and living standards. Within the NES#32 transformation pathway, **Secure Nigeria** establishes the stability and confidence required for economic activity, while **Scale Nigeria** expands the frontiers of production, enterprise growth and market participation. **Invest Nigeria** provides the critical link between these ambitions by mobilising and directing capital towards productive assets, quality jobs, higher incomes and shared prosperity. Investment is therefore not merely a source of finance; it is the principal mechanism through which economic potential is translated into durable economic and social outcomes.

Globally, capital is increasingly concentrated in sectors and ecosystems that shape productivity, innovation and long-term competitiveness. According to UNCTAD’s World Investment Report 2026, global foreign direct investment (FDI) increased by 6% to US\$1.6 trillion in 2025; however, a significant share was concentrated in a relatively small group of economies and strategic sectors, including advanced manufacturing, artificial intelligence infrastructure, semiconductors and critical minerals. Countries that fail to position themselves within these emerging investment ecosystems risk widening productivity gaps and weakening their prospects for industrial transformation.

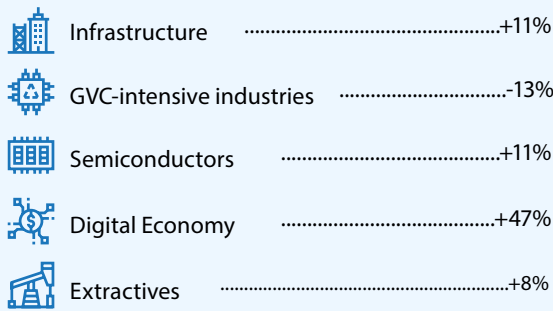
For Nigeria, this global context creates a dual investment imperative. First, the country must mobilise and direct capital towards productive sectors that expand economic capacity, accelerate industrialisation and generate quality employment. Second, it must invest deliberately in human capital through education, healthcare, skills development and effective social protection. Investment in physical assets without corresponding improvements in human capability will constrain productivity, while investment in people without sufficient productive opportunities will limit income growth and employment creation. Delivering inclusive growth therefore requires a coordinated investment strategy that advances productive capacity and human development in parallel, ensuring that economic expansion translates into broad-based improvements in welfare rather than headline growth alone.

The Growth – Prosperity Gap: Why Investment Quality Matters

Nigeria is attracting capital at a significantly higher scale than in previous years; however, the composition of these inflows raises important questions about their capacity to support long-term development. Total capital importation reached US\$23.22 billion in 2025, with a further US\$10.37 billion recorded in the first quarter of 2026. The inflow profile remains heavily concentrated in portfolio investment, which accounted for 85% of capital imported in 2025, while FDI represented only approximately 4%. This imbalance became even more pronounced in Q1 2026, with portfolio investment accounting for 95.1% of total inflows, while FDI represented just 1.3%.

Portfolio investment can deepen market liquidity and strengthen the financial system; however, its typical, short-term nature makes it highly responsive to shifts in macroeconomic and market conditions. FDI, by contrast, is more directly associated with productive asset creation, technology transfer, skills development, export capacity and sustained employment. Nigeria’s strategic imperative is therefore not simply to attract more capital inflows, but to attract, secure and retain long-term investment that expands productive capacity, strengthens competitiveness and delivers durable welfare gains.

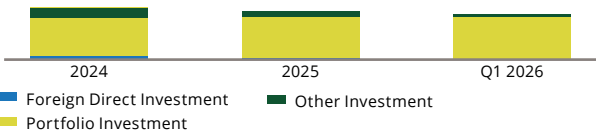
Global % change in Project Value Industries (Global, Project Values)



Source: UNCTAD 2026

Success should not be measured solely by the volume of investment attracted, but by its ability to generate employment, raise incomes, reduce poverty and expand opportunities for participation in the economy.

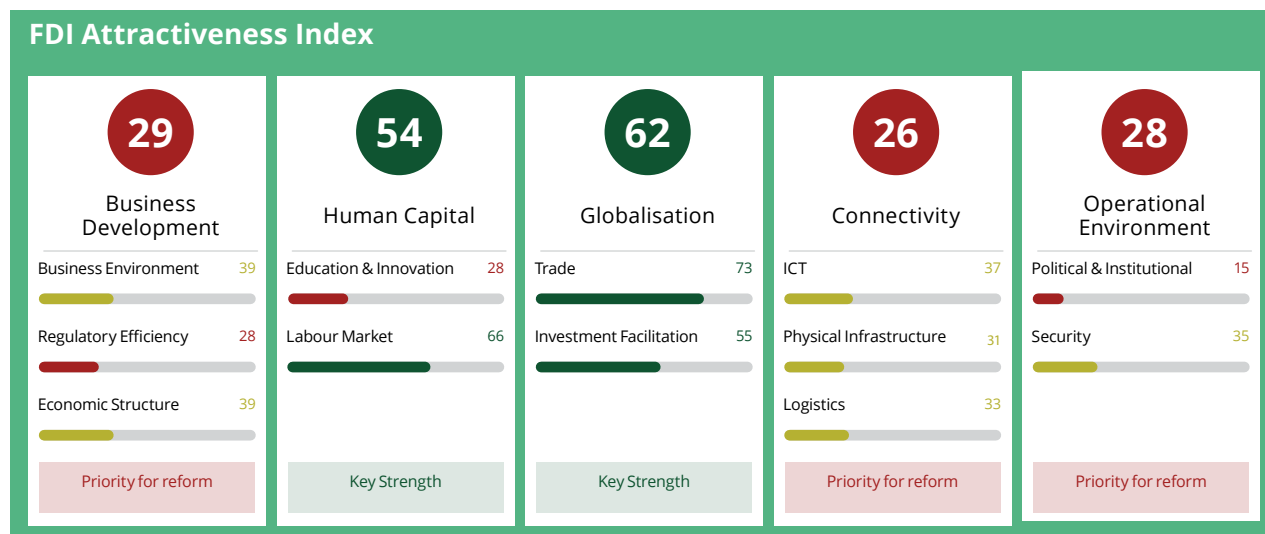
Distribution of Capital Imported into Nigeria



Source: NBS

Assessing Nigeria's Overall FDI Attractiveness

To evaluate Nigeria's FDI proposition, this assessment applies the new FDI Attractiveness Index adopted by the Nigerian Investment Promotion Commission (NIPC) and based on the OECD methodology. The index measures the conditions that shape a jurisdiction's appeal to foreign direct investors across five core dimensions:



Scores range from 1-100.

Note: Composites incorporate additional sub-components and may differ from simple averages.

Source: NIPC FDI Attractiveness Index Methodology

● Strong (50+) ● Moderate (30-49) ● Needs Focus (<30)

A broader assessment of Nigeria's investment proposition reinforces this diagnosis. The 2026 FDI Attractiveness Index highlights Nigeria's comparative strength in Globalisation, where it scores 62 against an African average of 38.5, reflecting the scale of its domestic market, regional influence and underlying investment potential. However, material competitiveness gaps persist across Business Development (29 versus 42.3), Connectivity (26 versus 37.7) and the Operational Environment (28 versus 46.2), and a minor gap in Human Capital (54 versus 57.6). The strategic implication is clear: Nigeria's investment constraint is not a lack of market opportunity, but the cost, complexity and uncertainty of establishing, operating and scaling businesses.

This helps explain why previous investment and reform efforts have produced uneven outcomes. Although macroeconomic reforms have strengthened resilience and improved investor sentiment, weak linkages across investment, industrial

development, skills formation and social protection have constrained their impact on productivity, employment and household welfare. The strategic challenge is therefore not the absence of reform but ensuring that reform translates into broad-based economic opportunity. Investment-led growth cannot deliver sustained welfare gains without complementary investment in human capital. The World Bank's February 2026 report, *Building Human Capital Where It Matters*, estimates that deficits in nutrition, learning and workplace skills are costing Nigeria 111% of future earnings, more than twice the 51% average across low- and middle-income countries.

Accordingly, scaling the National Social Safety Net Programme and expanding targeted financing for health and education must be treated as strategic complements to capital mobilisation and as equally important drivers of shared prosperity.

Case Study: Malaysia's Investment-to-Prosperty Transformation



Having successfully transitioned from a commodity-dependent economy to a diversified manufacturing and services hub, Malaysia was faced with a more complex strategic imperative: sustaining growth while improving job quality, productivity and the distribution of prosperity. Despite significant poverty reduction and deeper integration into global value chains, persistent skills mismatches, uneven income mobility and gaps in education outcomes risked slowing its progression towards high-income status. The policy challenge had therefore evolved beyond attracting investment to ensuring that capital generated inclusive, resilient and sustainable growth.

Strategic Interventions

- Malaysia adopted a coordinated transformation strategy integrating investment promotion, industrial upgrading and social inclusion. It targeted high-value investment in strategic sectors, including semiconductors and advanced manufacturing, while mobilising domestic capital through the Government-linked Enterprises Activation and Reform Programme (GEAR-uP).
- GEAR-uP committed RM120 billion over five years to priority sectors such as semiconductors, digital infrastructure, logistics and healthcare. Crucially, the investment agenda was explicitly linked to social outcomes through living-wage commitments, skills development and targeted support for underserved communities.

Strategic Outcomes

- The strategy delivered measurable investment and employment outcomes. By 2025, GEAR-uP had mobilised RM20.3 billion in domestic direct investment, more than three times the previous year's level.
- The programme also improved the quality and inclusiveness of economic outcomes: 91.7% of nearly 207,000 permanent employees across participating institutions earned at least the national living-wage benchmark of RM3,100 per month. In parallel, RM1.3 billion was channelled to Bumiputera companies, while more than 7,500 students, primarily from lower-income households, benefited annually from scholarship support.

Lesson for Nigeria



Prioritise investment quality and additionality: Target capital that expands productive capacity, creates quality employment, strengthens domestic value chains and generates sustainable economic spillovers.



Align investment with national development priorities: Integrate investment promotion, domestic capital mobilisation, industrial policy, skills development and social protection around clearly defined economic and social outcomes.



Institutionalise outcome-based investment incentives: Tie fiscal and non-fiscal incentives to verified performance indicators, including job creation, local value addition, technology transfer, workforce development and income growth.



Direct capital towards binding constraints: Channel public and private investment towards closing critical infrastructure and connectivity gaps, accelerating agricultural productivity and deepening industrial capabilities.



Adapt the model to Nigeria's operating context: Apply Malaysia's principles of investment-led transformation through solutions calibrated to Nigeria's larger informal economy, demographic dynamics, institutional capacity and development priorities.

Strategic Questions

01

What policy, regulatory and sectoral interventions are required to rebalance Nigeria's capital inflows from short-term portfolio investment towards durable, job-creating FDI in tradable sectors?

02

Which complementary investments in education, health and workforce skills are necessary to ensure that capital inflows translate into productivity, employment and broad-based welfare gains—not GDP growth alone?

03

How should Nigeria scale and strengthen its social protection architecture, including NASSP, to keep pace with investment-led growth and ensure that its benefits are broadly shared?

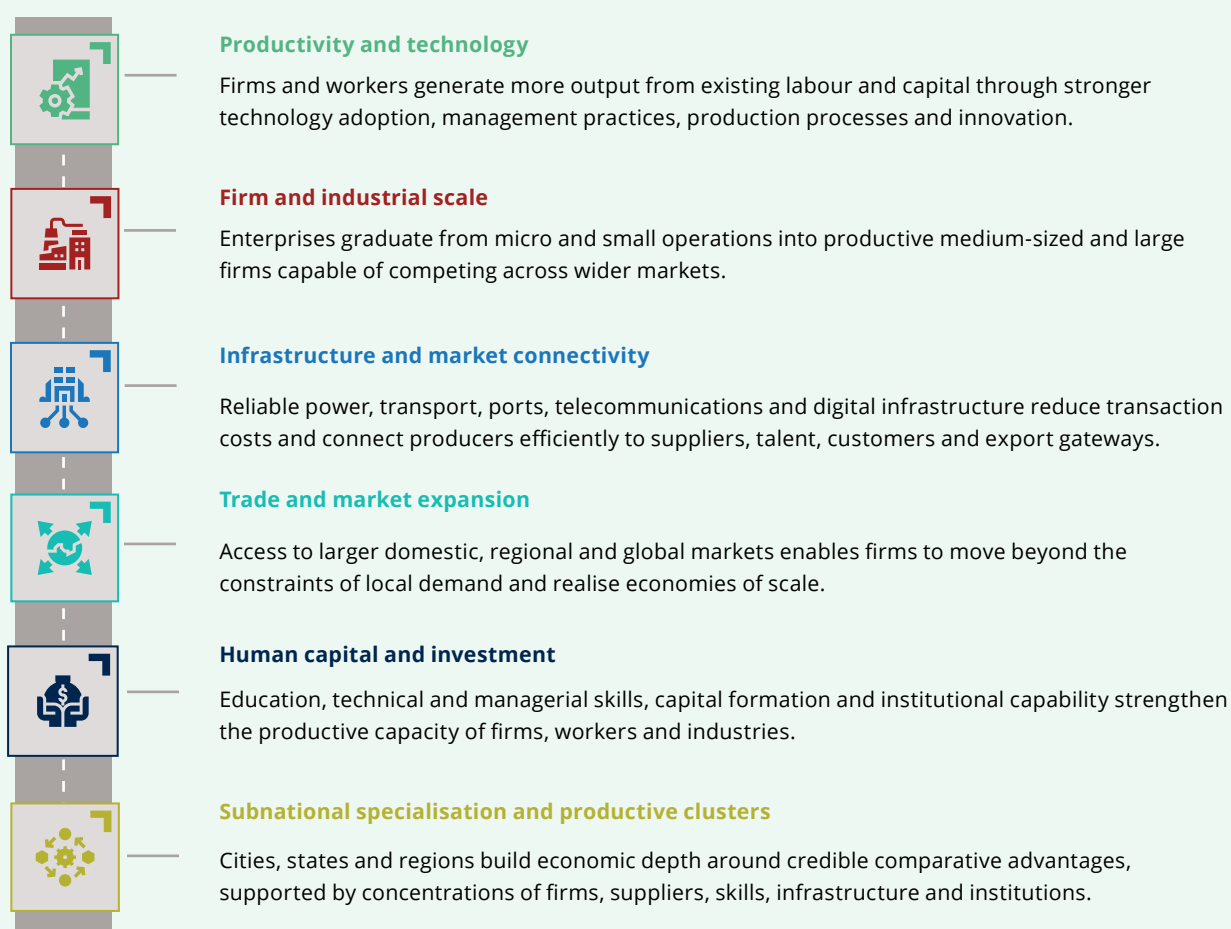
04

What institutional, policy and performance-management reforms are required to measure the success of Nigeria's investment strategy by realised outcomes—such as productive capacity, jobs, value addition and welfare gains—rather than investment commitments alone?

Scale Nigeria – Building National Scale Through Productive States

Economic scale is achieved when an economy can produce value more efficiently and serve progressively larger markets. It extends beyond headline GDP growth: durable scale emerges when productivity, firms, industries, infrastructure, skills, capital and markets operate as a mutually reinforcing system, enabling productive activity to deepen, diversify and expand across the economy.

Economies typically scale through six mutually reinforcing pathways:



South Korea's transformation from a war-affected, low-income and predominantly agricultural economy into a leading industrial and high-income nation illustrates the power of a deliberate, export-led growth strategy reinforced by sustained investment in education, infrastructure and industrial capability. Rather than depend on a single intervention, the country progressively upgraded its productive base—from textiles and light manufacturing in the 1960s, to shipbuilding and other heavy industries in the 1970s and 1980s, and subsequently to automobiles, semiconductors and advanced technologies. Export markets enabled Korean firms to operate beyond the limits of domestic demand, while investment in human capital, productive capacity and technology strengthened competitiveness and accelerated movement up the value chain. This created a virtuous cycle in which stronger capabilities expanded exports, and export success attracted further investment and innovation. The result was sustained economic transformation: annual GDP growth averaged approximately 10% between 1965 and 1973, while per-capita income rose from 6% of the OECD average in 1970 to 89% by 2017, enabling South Korea to attain high-income status.

For Nigeria, the subnational dimension is central to achieving national scale. The 36 states possess distinct combinations of natural resources, human capital, geography, market access and existing economic capabilities; however, these advantages have not consistently translated into specialised, productive state economies. Economic and fiscal activity remains concentrated in a limited number of locations: the same five states that accounted for 23% of the combined GDP of Nigeria's states in 2023 also generated about 60% of total state internally generated revenue in 2024. This concentration highlights the limited depth of productive activity across much of the federation, where deficits in power, transport, logistics, skills, finance, security and market access continue to inhibit firm growth and leave significant economic assets underutilised.

Nigeria's fiscal structure reinforces this imperative. Budget's 2025 State of States report found that gross FAAC allocations accounted for 66% of the year-on-year increase in the combined revenues of the 35 states assessed in 2024. Federal transfers remain an important feature of Nigeria's multi-tiered fiscal system; however, the strategic objective should extend beyond increasing internally generated revenue through greater extraction from an unchanged economic base. Sustainable IGR growth is more effectively driven by deeper economic activity: productive firms create employment, investment and supplier networks, while competitive industries expand markets and exports. Together, these activities broaden the economic base from which public revenues can grow.

Nigeria's scale challenge is therefore also a place-based development challenge. Businesses operate within specific locations where the quality of infrastructure, regulation, institutions, skills and market access determines what they can produce and how far they can grow. National productive capacity will remain constrained if large parts of the country cannot provide environments in which firms and industries can scale. The strategic priority is therefore to develop more states into productive centres of commerce and industry—not by requiring all 36 states to pursue identical strategies, but by enabling each to build economic depth around credible comparative advantages and connect those capabilities to the wider federation.

This specialisation can take multiple forms. Agricultural regions can build integrated ecosystems around processing,

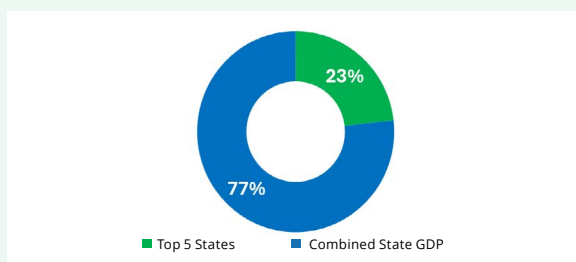
storage, logistics and food manufacturing. Mineral-producing areas can move beyond extraction into beneficiation and downstream value chains. Coastal economies can deepen capabilities in maritime services, logistics and tourism, while other locations develop clusters in manufacturing, textiles, technology, energy, healthcare or the creative industries. The objective is not state-level economic self-sufficiency, but strategic specialisation within an integrated national market.

Recent reforms are expanding the policy space for this approach. The Electricity Act 2023 decentralised key aspects of Nigeria's electricity market, enabling states to establish and regulate intrastate electricity markets. By July 2026, NERC reported that 16 states had fully transitioned to state-level electricity regulation, creating opportunities to align power-market development more closely with local productive priorities and investment strategies. Transport infrastructure can reinforce this process by connecting producers, processors, suppliers and consumers to domestic and export markets. However, infrastructure alone does not create scale: roads become transformative when productive goods move along them; rail generates greater value when it links production centres to markets; and electricity becomes an economic multiplier when it enables firms to produce more reliably and competitively.

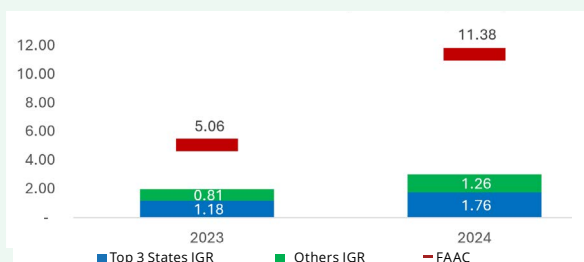
The opportunity is therefore to develop integrated economic corridors rather than isolated projects. Infrastructure should connect productive clusters and enable the comparative advantages of different states to complement one another: agricultural production in one location can supply processing facilities elsewhere; manufacturers can source inputs from neighbouring states; logistics hubs can link these activities to consumer markets and ports; and skills institutions can build capabilities around the industries emerging within their regions. A practical pathway to subnational scale can be framed through five reinforcing actions: states should specialise around credible economic advantages; **Connect those advantages to domestic and international markets; Activate them through investment and capable institutions; Localise value through skills, suppliers and processing capacity; and Expand by reinvesting economic gains in new infrastructure and capabilities.**

The outcome would be a federation of specialised, connected and productive centres whose economic relationships reinforce national competitiveness and scale.

Combined State GDP vs Top 5 States (N'tn)



Revenue Generation and FAAC by States 2024 (N'trillion)



Case Study: China's Place-Based Industrial Transformation



China entered its reform era in the late 1970s with significant regional disparities, limited integration into global markets and an underdeveloped industrial-cluster base. Its strategic challenge was not merely to increase production, but to create locations capable of attracting investment, building industries and connecting firms to larger markets. China responded through a geographically differentiated development model, initially establishing Special Economic Zones in selected coastal locations, followed by economic and technological development zones and a broad network of industrial clusters. These locations combined infrastructure investment, institutional reform, investment promotion, access to foreign capital, workforce development and connectivity to domestic and export markets. Rather than distribute industrial activity uniformly, China enabled selected places to develop deep concentrations of productive capability. As China's development model evolved, it also facilitated the movement of productive capacity beyond the original coastal hubs. In 2010, the government designated the Wanjiaochang City Belt in Anhui as a national demonstration zone for industrial relocation, as rising costs encouraged manufacturing to shift from coastal areas towards central and western regions. Clustering enabled infrastructure, firms, suppliers, workers, skills and investment to reinforce one another. Proximity to specialised suppliers and labour pools reduced transaction costs and deepened productive capability; infrastructure connected clusters to larger domestic and global markets; and competition and knowledge transfer supported technological upgrading.

The mechanism was cumulative: productive locations attracted firms and investment; greater firm concentration strengthened supplier networks, labour pools and skills; and deeper capabilities attracted further investment and expanded market access. Local productive centres consequently became building blocks of national industrial scale. World Bank research estimates that, by 2007, China's economic zones accounted for approximately 22%

of national GDP, 46% of FDI and 60% of exports, while generating more than 30 million jobs. Although these outcomes cannot be attributed to the zones alone, they demonstrate the significant contribution of geographically concentrated productive ecosystems to China's wider economic transformation.

Nigeria must therefore deliberately build place-based productive capability. Comparative advantage becomes economically consequential only when infrastructure, skills, institutions, investment and firms are organised around it and connected to larger markets. The policy focus must move beyond identifying what each state possesses towards building viable productive ecosystems around those assets, while recognising that states will advance through different sectors and at different speeds. National policy should provide macroeconomic stability, strategic infrastructure, market integration and an enabling framework, while subnational governments develop the capabilities required to convert local advantages into productive scale.

Nigeria's next phase of growth requires a more deliberate alignment between national policy and subnational economic development. The Federal Government has a central role in maintaining macroeconomic stability, delivering interstate infrastructure, strengthening national regulation, ensuring security and integrating markets. State governments have an equally critical role in creating competitive operating environments around the economic opportunities within their jurisdictions.

Productive states are key anchors for competitive industries; connected productive states create larger markets, and larger markets enable firms and industries to achieve scale. As these relationships deepen, isolated centres of economic activity can evolve into an integrated national production system.

Nigeria already possesses many of the assets required to achieve scale. The strategic task is to organise, connect and deploy them more productively across the federation.

Strategic Questions for the Summit

01

Which comparative advantages and productive clusters offer Nigerian states the strongest pathways to scale over the next five years, and which binding constraints must be addressed first to unlock their potential?

02

Should Nigeria concentrate infrastructure, skills and investment support around a focused portfolio of high-potential subnational clusters and economic corridors, or pursue broader economy-wide interventions—and what criteria should guide this choice?

03

What respective roles should federal and state governments play in building specialised, connected and competitive subnational economies that collectively strengthen national productive scale?

Produce Nigeria – Driving Productivity, Industrialisation, and Value Creation

Introduction

Production, defined as the creation of goods and services through the efficient deployment of labour, capital, technology, and natural resources, lies at the core of sustainable economic development. A productive economy is not driven by a single sector but emerges from the collective advancement and interconnected growth of critical sectors. According to the World Bank and UNIDO, these foundational sectors include agriculture, which ensures food security and supplies essential raw materials; manufacturing, which enhances value creation, drives industrialization, and facilitates integration into global value chains; energy, which underpins industrial and commercial productivity; and services, which enable production through finance, logistics, distribution, and other business support functions.

Drawing on Rodrik's structural transformation framework and the World Bank's World Development Report, the transition to a production-led economy requires a deliberate reallocation of resources toward higher-productivity sectors, particularly manufacturing and other value-adding industries. Accelerating structural transformation can only be achieved through key levers or enablers, including quality infrastructure, human capital development, technological innovation, access to investment, and a business environment that fosters competitiveness, enterprise growth, and long-term private sector investment.

Global Economic Complexity Index - 2024



Source: Growth Lab Harvard Kennedy School

The Global Economic Complexity Index (ECI), developed by Harvard University, underscores the strong link between productive capacity and long-term economic prosperity. Countries that consistently channel investment into the real sectors of the economy build diversified and sophisticated production bases, enabling them to transition from dependence on primary commodities to higher-value activities across manufacturing, modern services, technology, tourism, and advanced industries. This process of structural transformation enhances productivity, accelerates industrialisation, strengthens export competitiveness,

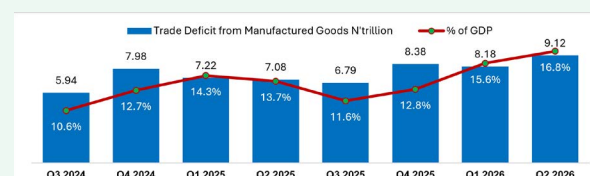
improves resilience to external shocks, and creates sustainable pathways for income growth and quality employment.

Conversely, economies that rank lower on the Economic Complexity Index often exhibit limited economic diversification, weak industrial ecosystems, low levels of value addition, and inadequate investment in productive sectors. These constraints restrict their ability to move up global value chains, enhance competitiveness, and achieve sustained economic growth, leaving them more vulnerable to commodity cycles and external economic disruptions.

Nigeria: A Large Market Without Production Depth

Nigeria's productive capacity remains among the weakest globally. Ranked 142nd out of 146 economies on the 2024 Economic Complexity Index, the country continues to exhibit low export diversification, limited industrial depth, and weak value addition. This reflects a persistent structural challenge: an economy driven more by consumption than production. While recent trade surpluses have improved external balances, they have been driven largely by crude oil exports rather than broad-based productive growth. Manufactured exports remain weak, underscoring limited industrialisation, low export competitiveness, and Nigeria's constrained participation in higher-value global value chains.

Trade Deficit from Manufactured Goods Trade



Source: National Bureau of Statistics

With more than 220 million people, Nigeria has Africa's largest domestic market. This scale offers firms substantial opportunities to expand production, attract investment, lower unit costs and build competitiveness before entering export markets, as demonstrated by industrialising economies such as China, India and Vietnam. Yet Nigeria's market size has not translated into comparable productive capacity: manufacturing value added accounted for only 8.05% of GDP in 2025, well below the global average of approximately 15%, bulk of Nigeria's trade deficit is driven by manufactured goods signalling increased importation and low production.

In essence, Nigeria has the demand profile of a large economy, but not yet the productive capabilities of a major industrial economy.

To address these constraints and shift Nigeria from a consumption-led to a production-led economy, successive governments have introduced several policies and initiatives aimed at strengthening domestic productive capacity, diversifying the economy and promoting local value addition.

- Nigeria Industrial Revolution Plan (NIRP), 2014: Introduced to accelerate industrialisation by expanding manufacturing and value addition across priority sectors, including agro-processing and solid minerals, while leveraging Nigeria's domestic and regional markets.
- Economic Recovery and Growth Plan (ERGP), 2017–2020: Prioritised economic diversification, particularly through agriculture and manufacturing, alongside macroeconomic stability, infrastructure development and improvements to the business environment.
- National Development Plan (NDP), 2021–2025: Provided Nigeria's medium-term development framework, with emphasis on economic diversification, infrastructure, private-sector-led growth, job creation and increased investment in productive sectors.
- Special Economic Zones and industrial clusters: The government has supported SEZs and industrial clusters, including free trade zones, agro-processing zones and other sector-focused clusters, to attract investment, improve infrastructure access, deepen domestic value chains and support industrial development.
- Nigeria First Policy, 2025: Introduced to strengthen domestic production by prioritising Nigerian goods, services and capabilities in government procurement and reducing reliance on imports where viable local alternatives exist.
- Nigeria Industrial Policy, 2025: Provides an updated framework for accelerating Nigeria's industrial development, with a stronger focus on competitiveness, domestic manufacturing, value addition, investment and the development of strategic industrial sectors.

Despite these interventions—from industrial policies to special economic zones—Nigeria's transition to a production-led economy remains constrained by several factors:

- **Infrastructure gaps:** persistent power shortages, weak transport networks and high logistics costs undermine competitiveness.
- **Policy inconsistency:** frequent regulatory changes and weak enforcement erode investor confidence and policy continuity.
- **Limited access to finance:** Limited availability of long-term industrial financing constrains firms' ability to invest, expand capacity and scale production.
- **High cost of capital:** High interest rates and financing costs make productive investment expensive, particularly for manufacturers undertaking capital-intensive expansion.
- **Tariff and trade protection challenges:** Inconsistent tariff structures and limited or uneven protection from cheaper imports can weaken the competitiveness of domestic producers and discourage local value addition.

Case Study: Vietnam



Vietnam's initial post-reform expansion was driven predominantly by domestic demand, with consumption growing faster than the country's export base and productivity. By 1995, private consumption represented 82.2% of GDP, while domestic demand had expanded by 14.7%. The International Monetary Fund characterised the mid-1990s as a period of domestic demand-led growth, underpinned primarily by private consumption and FDI inflows. Between 1993 and 1997, imports increased by 42% annually, significantly outpacing export growth of 29%. The resulting consumption and investment boom, fuelled by strong FDI inflows and imports, ultimately could not be sustained by Vietnam's exports and productivity growth, according to the IMF.

Strategic Policies and Interventions

The Vietnamese government deployed a coordinated set of reforms to strengthen productive capacity, accelerate export growth and deepen integration into global markets:

- **Doi Moi Reform:** Launched in 1986, the Doi Moi programme introduced market-oriented reforms across agriculture, price liberalisation, state-owned enterprises, foreign trade, foreign investment and the financial sector. By the late 1990s and early 2000s, trade liberalisation and export development had become central to Vietnam's growth strategy, while manufacturing-focused FDI assumed an increasingly important role.
- **Five-Year Import-Export Strategy (2001–2005):** The government implemented a structured trade-reform roadmap to reduce tariffs, remove quantitative restrictions and progressively integrate the economy into international trade.
- **2006 Industrial Park Development Plan:** The government formalised and expanded the industrial-zone network, with explicit targets to increase the contribution of industrial parks to industrial output and exports.

Outcomes of Policies and Interventions

- **Doi Moi Reform:** The reforms catalysed rapid economic expansion. According to the World Bank, industrial GDP grew by 13% annually between 1992 and 1998.
- **Five-Year Import-Export Strategy (2001–2005):** During the period, industrial production expanded by 16% annually and exports by 18%, increasing the industrial and construction sector's share of GDP from 37% to 41%.
- **2006 Industrial Park Development Plan:** Industrial parks became a major engine of Vietnam's industrialisation and export growth, contributing 40% of industrial production and 49% of exports during the 2010s. By 2018, Vietnam had developed 376 industrial parks, 86% of which were operational.

Strategic Implications and Takeaways for Nigeria

- **Position foreign direct investment as a deliberate instrument of industrial development:** Vietnam systematically channelled FDI into processing and manufacturing, which accounted for 66.9% of inflows by 2024. By contrast, Nigeria's foreign investment profile remains concentrated in oil and gas, which attracted US\$4 billion in investment in 2025.
- **Integrate industrial zones with enabling infrastructure and logistics:** Vietnam developed industrial parks and economic zones as integrated platforms for attracting FDI, expanding exports and creating employment. By 2018, the country had 376 industrial parks hosting 14,737 projects and employing more than 3.2 million people. World Bank assessments highlight the role of roads, drainage, electricity and water supply in supporting these parks. Conversely, a World Bank assessment of six Nigerian economic zones identified infrastructure as a systemic constraint, particularly power, gas, roads, ports and airports.

Strategic Questions for the Summit

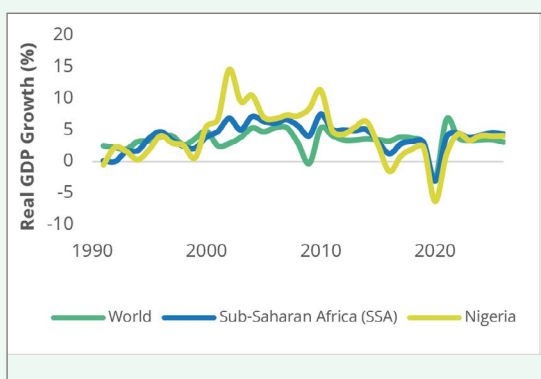
- 
- 01 Which two or three sectors offer the greatest potential to expand productive output, deepen domestic value addition and create quality jobs over the next five years—and which single binding constraint, if addressed first, would unlock the greatest cross-sector impact?
 - 02 How can Nigeria leverage the scale of its domestic market as a platform for globally competitive production and regional exports, rather than remain a captive market for imports—and which policy or investment intervention would accelerate this transition most effectively?
 - 03 If Nigeria attracts FDI at Vietnam's scale, what policy, institutional and commercial conditions are required to build domestic supplier capability and retain greater value locally?

Work Nigeria

Background

Economic growth is a means, not the ultimate goal, of development policy. Countries pursue growth to raise incomes and living standards, reduce poverty and broaden economic opportunity. Yet many foundations of recent growth are weakening amid slower trade and investment, rising protectionism and fiscal fragility. As a result, slowing growth and high unemployment have become pressing concerns for policymakers.

Growth remains below pre-pandemic levels despite recovery

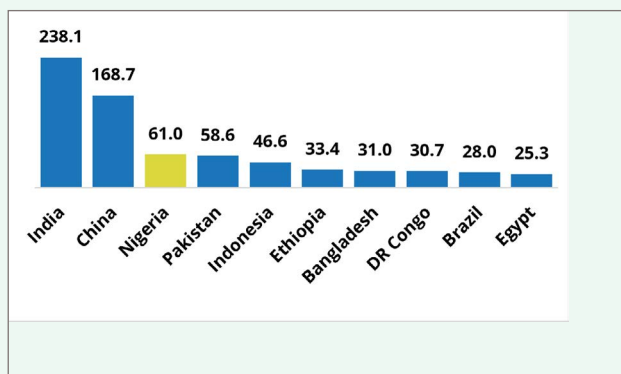


Source: IMF, KPMG Research

Demographic pressures are intensifying the jobs crisis, particularly in Emerging Markets and Developing Economies (EMDEs). While ageing populations have slowed labour-force growth in advanced economies, most EMDEs continue to experience rapid population expansion. The World Bank estimates that 1.2 billion young people in these economies will reach working age by 2035. However, only about 400 million are expected to find employment, while roughly 300 million may remain outside employment, education or training.

The central challenge for these economies is to create enough productive jobs for a rapidly expanding labour force—something current growth rates alone may not achieve. Without urgent action, millions across EMDEs, particularly in Sub-Saharan Africa (SSA), risk remaining unemployed, underemployed or trapped in low-productivity informal work.

Economies with the largest projected youth population in 2035 (Millions)



Source: World Bank, KPMG Research



1.2 billion

Around 1.2 billion young people are set to reach working age in EMDEs by 2035



400 million

Over 400 million of these are forecast to be employed in 2035



300 million

About 300 million would not be in employment, education, or training.

Source: World Bank, KPMG Research

Building a Job-Rich Economy: The Missing Link in Nigeria's Development Journey

Nigeria is at the centre of the employment challenge confronting EMDEs. Despite its youthful demographic profile, the economy has struggled to absorb its expanding workforce into productive employment. At least 3.5 million Nigerians enter the labour market each year, yet job creation continues to lag behind this pace. The World Bank identifies the productive absorption of these annual entrants as one of Nigeria's most persistent development challenges.

Nigeria's employment challenge extends beyond the number of jobs created to their quality and productivity. Although official unemployment appears relatively low under the revised National

Bureau of Statistics (NBS) methodology, the labour market remains overwhelmingly informal and low-productivity. Recent estimates indicate that approximately 93% of employed Nigerians work informally, compared with only about 7% in the formal sector.

Nigeria's jobs deficit reflects several structural constraints. First, growth remains concentrated in sectors with limited employment intensity relative to their contribution to GDP. Second, manufacturing has yet to become the large-scale employer seen in successful industrialising economies because persistent structural bottlenecks continue to weaken competitiveness. Third, education and skills systems remain insufficiently aligned with labour-market demand, creating a widening mismatch between graduate capabilities and employer requirements.

Finally, weak formalisation and limited access to finance constrain the growth, productivity and job-creation potential of Nigeria's MSMEs, which represent the overwhelming majority of enterprises and employ most of the workforce. Fewer than 5% of MSMEs have access to formal credit, compared with approximately 20%–50% in many peer economies, while the sector receives only about 1% of total banking-industry lending. Consequently, many firms remain small and informal, with limited capacity to invest in productivity-enhancing equipment, technology and workforce expansion.

Source: World Bank, NESG, KPMG Research

The economic and social costs of weak labour absorption are significant. When workers remain concentrated in low-productivity activities, aggregate productivity slows, domestic demand weakens, the tax base remains narrow, and poverty reduction becomes more difficult, thereby undermining growth and inclusion simultaneously. The social consequences are equally serious: a growing population of unemployed and economically excluded young people can intensify insecurity, weaken social cohesion and erode trust in institutions.

Reversing this trajectory requires a fundamental reset of Nigeria's development strategy. At the macro level, national planning must prioritise the infrastructure needed to accelerate growth, establish a predictable and enabling business environment underpinned by effective regulation and capable institutions, and intensify the mobilisation of private capital for productive investment.

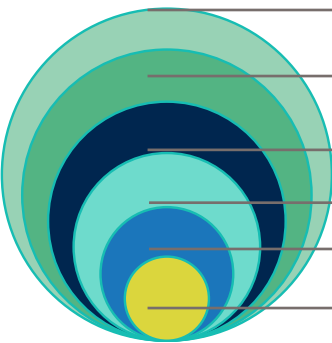
More fundamentally, employment policy must address the underlying drivers of job-rich growth. This requires targeted investment in market-relevant skills, faster expansion of labour-intensive sectors, stronger support for enterprise growth, deeper integration of informal businesses into productive value chains, and more effective institutions, data and accountability. Implemented as a coherent agenda, these priorities can create a virtuous cycle of rising productivity, stronger competitiveness and sustained employment growth.

Nigeria's Job Challenge: Key Numbers That Matter

The pipeline >3.5 million Over 3.5 million Nigerians enter the labour market each year	The Imperative 4.55 million Nigeria needs to create approximately 4.55 million net productive jobs annually over the next five years to maintain the current unemployment rate of 4.3% and improve living standards
The Imperative To achieve this, the share of formal employment has to increase from: 7% → 33% (2024) (2030)	Cost of inaction 30% Unemployment/underemployment rate could rise to 30% by 2030 if jobs are not created in large numbers

Source: NBS, World Bank, US Census Bureau, NESG, KPMG Research

Towards a dynamic, productive and inclusive labour market: critical anchors



- Productivity for Prosperity
- Data, Institutions and Accountability
- Informal Economy Upgrading and Inclusion
- Enterprise-led Growth
- Sectoral Engines of Growth
- Skills for Productivity

Source: NBS, World Bank, US Census Bureau, NESG, KPMG Research

Case Study: Vietnam



Initial Context

Before the launch of the Đổi Mới economic reforms in 1986, Vietnam was predominantly agrarian, with most of its workforce engaged in subsistence agriculture. State-owned enterprises dominated economic activity, non-agricultural employment was limited, productivity remained low and poverty was widespread.

By the early 1990s, Vietnam remained a low-income economy with a substantial share of workers concentrated in low-productivity occupations. Its strategic challenge extended beyond creating jobs to enabling millions of people to transition from agriculture into more productive employment in manufacturing and services.

Strategic Approach

Vietnam responded with a development model anchored in export-led industrialisation, private-sector expansion and large-scale job creation.

- **Market-oriented economic reforms:** The Đổi Mới reforms reduced state control, enabled private enterprise and opened Vietnam to global trade and investment, laying the foundation for sustained, private-sector-led growth and employment.
- **FDI-led industrialisation:** Vietnam channelled foreign direct investment into labour-intensive industries such as textiles, footwear, electronics and assembly. Special economic zones, competitive labour costs and investor-friendly policies established the country as a major manufacturing hub and created jobs at scale.
- **Investment in human capital:** Recognising that industrialisation depended on workforce capability, Vietnam invested substantially in education and skills development. Near-universal primary education, expanded secondary schooling and stronger vocational training created a reliable pipeline of workers equipped for emerging industries.
- **Export-led integration into global value chains:** Trade agreements, export-oriented policies and deeper participation in global value chains made manufacturing exports a key driver of growth and employment, absorbing large numbers of workers transitioning out of agriculture.

Strategic Outcomes

- **Structural transformation:** Between 1991 and 2025, Vietnam fundamentally rebalanced its labour market. Industry's share of employment rose fivefold, from 7% to 35%, while agriculture's share fell from 74% to 25%, reflecting a successful shift from low-productivity farming to higher-productivity industrial and manufacturing activity.
- **Rapid economic growth and rising incomes:** This labour transition was accompanied by sustained economic expansion. Annual GDP growth increased from 3.8% in 1985 to 8.0% in 2025, making Vietnam ASEAN's fastest-growing economy that year. Higher productivity and industrialisation also lifted real GDP per capita more than sevenfold, from US\$595.4 in 1984 to US\$4,308.2 in 2025.
- **Dramatic poverty reduction:** Strong growth and employment creation delivered substantial social gains. The share of people living below the US\$3.00 per day poverty line (2021 PPP) fell from 57.5% in 1992 to 1.6% in 2022, while the national poverty rate declined from 58.1% to 4.2% in the same period. These results demonstrate how Vietnam converted economic transformation into broad-based improvements in welfare and living standards.

Strategic Lessons for Nigeria

Vietnam's experience demonstrates that employment at scale requires an intentional strategy that links structural transformation directly to labour absorption.



Labour-Intensive Manufacturing as a National Priority: Vietnam prioritised industries with high labour-absorption potential, enabling millions of workers to transition out of agriculture. Nigeria should similarly focus industrial policy on labour-intensive sectors where it holds credible comparative advantages, rather than rely predominantly on capital-intensive industries.



Special Economic Zones as Job-Creation Platforms: Vietnam's industrial parks and export-processing zones became powerful platforms for investment and employment. Nigeria should strengthen existing free trade zones and develop targeted industrial clusters connected to ports, transport corridors and priority manufacturing value chains, creating ecosystems in which firms can scale rapidly and hire at volume.



FDI Attraction with a Jobs Lens: Vietnam treated foreign investment not simply as capital, but as a vehicle for technology transfer, export expansion and job creation. Nigeria should adopt a more targeted investment-promotion strategy focused on sectors with high employment multipliers, including agro-processing, light manufacturing, business process outsourcing and renewable energy.



Alignment of Skills Development with Industry Demand: A defining strength of Vietnam's model was the close alignment of education and vocational training with employer demand. Nigeria should strengthen employer-led technical and vocational education and training, apprenticeships and industry partnerships so that graduates acquire skills directly relevant to available and emerging jobs.



Modernisation of Agriculture While Facilitating Labour Transition: Vietnam did not generate employment by abandoning agriculture; it raised agricultural productivity and rural incomes while enabling workers to transition into manufacturing and services. Nigeria can pursue the same dual objective—modernising agriculture to strengthen food security and rural livelihoods while releasing labour into higher-productivity sectors.



Export-Led Growth Model: Vietnam's manufacturing expansion was driven by exports and integration into global value chains. Nigeria's large domestic market alone is unlikely to generate the tens of millions of jobs required over the coming decades. Expanding non-oil exports, deepening participation in regional and global value chains, and leveraging the AfCFTA are therefore essential to widening employment opportunities.



Policy Consistency and Long-Term Commitment: Perhaps the most consequential lesson is Vietnam's sustained commitment to reform over several decades. Job-rich growth emerged from consistent policies that improved the business environment, attracted investment, expanded infrastructure and supported industrialisation. Nigeria will likewise require policy stability, strong institutional coordination and long-term implementation discipline to create employment at the scale demanded by its rapidly growing population.

Questions for Strategic Deliberation



01

Which sectors can best absorb Nigeria's rapidly growing labour force over the next decade, and which policy constraints must be addressed first to unlock investment and employment at scale?

02

How can Nigeria better integrate MSMEs into formal domestic and global value chains, enabling them to move beyond subsistence and become productive, scalable engines of employment?

03

What reforms are needed to create a demand-led skills system in which employers shape curricula, training and competency standards, and how should responsibilities be shared among government, industry and training institutions?

04

Which export-oriented industries offer Nigeria the most credible path to replicate Vietnam's employment gains, and what policy, infrastructure and institutional reforms are needed to make them globally competitive?

 **THE SUMMIT HOUSE**
6, Oba Elegushi Close,
off Oba Adeyinka Oyekan Avenue,
Ikoyi, Lagos
P.M.B 71347, Victoria Island, Lagos

 **ABUJA LIAISON OFFICE**
4th Floor, ProvidusUnity Bank,
Plot 785, Herbert Macaulay Way,
Central Business District, Abuja

 www.nesgroup.org
 summit@nesgroup.org
 +234 1 2952849 | +234-01295
     @OfficialNESG

 **Federal Ministry of Budget
& Economic Planning**
Plot 421 Construction Avenue,
Adekunle Fajuyi Way,
Central Business District, Abuja

 www.nationalplanning.gov.ng
 info@nationalplanning.gov.ng

     @PlanningNG