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Nigeria Private Sector Outlook 2026:

The Productivity Imperative for Nigerian Businesses

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The Productivity Imperative for Nigerian Businesses

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Executive Summary

Nigeria's private sector enters 2026 at a delicate inflection point, transitioning from a period of acute macroeconomic instability to one of fragile but improving stability. While headline indicators such as real GDP growth of 3.9 percent, moderating inflation, and a more stable exchange rate suggest progress, these gains have yet to translate into broad-based, productivity-led expansion at the firm level. The central challenge remains the disconnect between macroeconomic stabilisation and real sector performance.

Private sector performance in 2025 reflects this mixed picture. Business activity stayed in expansionary territory, supported by reforms in the foreign exchange (FX) market and some easing in cost pressures towards the end of the year. Firms showed resilience and an ability to adapt. However, the recovery was neither strong nor broad-based. Structural constraints continue to limit how much businesses can produce, invest, and grow.

The risk environment is also evolving. Beyond the familiar macroeconomic pressures, firms are now contending more directly with market-driven risks. Evidence from the NESG Enterprise Risk Survey (2026) shows that retaining customers is becoming more difficult, as weak purchasing power continues to shape demand. Competition is intensifying, particularly from lower-cost and more agile players, forcing businesses to rethink their value propositions. At the same time, talent shortages are beginning to weigh more heavily on operations, while cybersecurity is emerging as a critical business risk in an increasingly digital operating environment.

Underlying many of these challenges are persistent structural constraints. Energy remains a key constraint to productivity. Unreliable power supply continues to cap production, forcing firms to depend on expensive alternatives that compress margins and reduce competitiveness. Access to finance is another major limitation. High interest rates and cautious lending practices have made it difficult, especially for smaller firms, to invest and expand. These issues are compounded by infrastructure gaps, insecurity, and rising operating costs, all of which continue to shape business decisions.

Looking ahead, 2026 brings both promise and pressure. Demographics, rising demand, digital innovation, and regional trade offer room for growth. Yet firms must navigate a tougher competitive landscape where customer retention, cost discipline, talent, and technology matter as much as macroeconomic conditions. Macroeconomic stabilisation has laid a foundation, but progress now depends on firm-level choices. Companies that secure reliable energy, diversify financing, strengthen supply chains, and invest in people and technology will be best placed to turn resilience into productivity and drive Nigeria's economic transformation.


EXPERIENCE
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Section 1: Introduction

The Nigerian private sector enters 2026 at a key moment, balancing hard-won stabilisation gains with the urgent need for productivity-driven expansion. Over the course of 2025, the macroeconomic environment shifted meaningfully from a period characterised by acute instability to one defined by fragile but improving stability. Key indicators, including a real GDP growth rate of 3.9 percent, suggest that the economy is gradually recovering from previous shocks and policy disruptions. Inflationary pressures moderated relative to prior peaks, exchange rate conditions showed relative improvement, and business confidence began to stabilise.

However, these headline improvements mask a more complex reality for private sector operators. The transmission from macroeconomic stabilisation to firm-level performance remains weak and uneven. Growth remains narrow in composition, concentrated in a limited set of sectors, and insufficiently broad-based to support large-scale employment creation or sustained industrial expansion. For many businesses, operating conditions remain constrained by structural inefficiencies, high input costs, and weak productivity fundamentals. As a result, the recovery narrative is increasingly characterised by divergence, where macroeconomic stability has not yet fully translated into relief at the firm level, as microeconomic pressures remain persistent.

A defining feature across sectors is the persistent production constraint driven by Nigeria's energy and infrastructure deficits. Agriculture and Manufacturing remain central to untapped potential but continue to face significant constraints. Agriculture grew by 2.9 percent in 2025, yet remains exposed to insecurity in food-producing regions and low mechanisation levels. At the same time, frequent grid collapses and high diesel costs forced many firms to operate at only 55–65 percent of installed capacity. This reality makes a decisive shift towards energy decoupling in 2026 unavoidable, as firms can no longer rely on an unstable centralised grid.

The report highlights the growing adoption of captive power solutions, including gas-to-power and solar hybrids, as a necessary pathway to restoring productivity and protecting margins from fuel price volatility. Unlocking growth in 2026 will also require closing critical gaps in productive finance and strengthening local supply chains.

A key feature of this year's outlook is the introduction of Nigeria's Enterprise Risks Survey, which captures business leaders' perspectives on risk likelihood, severity, and expected revenue impact in 2026. One of the most critical insights is the rising constraint posed by talent and skills shortages across all major sectors, from financial services to construction.

Overall, the private sector is stabilising, but it is not yet on a clear path of sustained, productivity-led growth. The gains recorded in 2025 provide an important base, but they are not sufficient on their own to drive broad-based expansion without deliberate action from both policymakers and firms. As 2026 begins, the central challenge is to translate macroeconomic stability into real improvements in production, competitiveness, and firm-level performance. This will depend on how effectively long-standing constraints in energy, finance, skills, and technology are addressed. For firms, the focus will need to shift from managing short-term resilience to positioning for deeper structural gains in an economy that is still moving from stabilisation to durable growth.



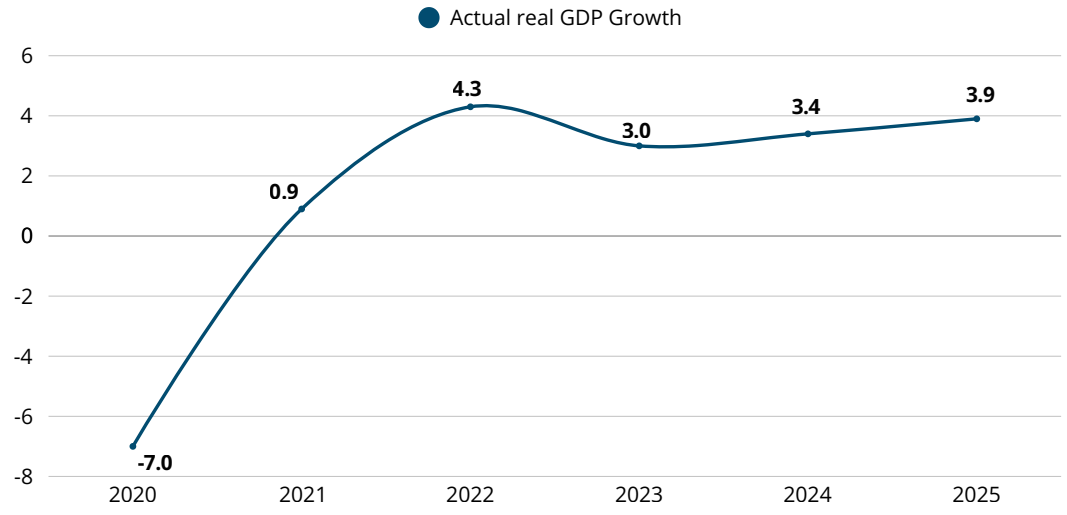

REINSURANCE

Section 2: Nigeria's Macroeconomic Snapshot In 2025

Nigeria's macroeconomic conditions in 2025 can be summed up as yielding gains from stabilisation reforms amid structural fragilities. In 2025, the economy advanced beyond acute instability, achieving a fragile stabilisation across key macroeconomic indicators. This progress was reflected in a steady rise in real GDP growth, moderating inflationary pressures, and robust foreign capital inflows (see NESG, 2026). However, translating these stabilisation gains into broad-based, productivity-driven expansion remained uneven, reflecting enduring structural constraints across key sectors.

Real GDP growth strengthened to 3.9 percent in 2025, from 3.4 percent in 2024 (see Fig. 1). This improvement reflects sustained growth momentum, the gradual impact of macroeconomic stabilisation reforms and sectoral recovery. However, the decomposition of growth reveals a narrow base for the sectoral composition of economic growth.

Fig. 1: Trend of Nigeria's GDP growth rate



Data: NBS | Chart: NESG Research

Agriculture expanded by 2.9 percent in 2025, driven by stronger performance in the Crop Production and Livestock sub-sectors, which together accounted for more than 85 percent of the sector's output. Nonetheless, insecurity in food-producing regions, climate variability, limited mechanisation, and weak access to affordable finance continued to constrain productivity and investment. Given Agriculture's central role in employment and food security, this pace of expansion remained modest—below the level needed to support the country's overall growth.

Driven largely by energy-related activities and select non-manufacturing segments, Industry grew by 4.6 percent in 2025. Manufacturing performance remained subdued at 1.4 percent, reflecting high energy costs, logistics inefficiencies, infrastructure gaps, and constrained credit conditions. As a result, industrial growth failed to deliver the broad-based employment expansion anticipated.

Reinforcing its pivotal role in Nigeria's economic performance, the Services sector grew by 4.1 percent in 2025. This expansion was driven by key sub-sectors, including ICT, Finance & Insurance, and Transportation & Storage, which together contributed 30.7 percent to the overall GDP growth (see Table 1). To sustain this momentum, the government must deepen reforms, ensuring these gains foster productivity and long-term economic resilience.

Table 1: Sectoral Performance in Nigeria (2025, %)

	Contribution to GDP Growth	Sectoral Growth	Share of GDP	
Agriculture	21	2.9	27.6	Growth Drivers
ICT	17.3	6.9	10.1	
Real Estate	13.3	3.8	13.6	
Finance & Insurance	10.1	14.5	3	
Trade	8.1	1.8	17.4	
Oil & Gas	7.4	8.5	0.2	
Construction	5.6	5.5	4	
Transportation & Storage	3.3	16.9	0.8	Growth Stagnators
Manufacturing	3	1.4	8.1	
Professional & Others	1.7	2.8	2.4	
Electricity & Others	1.5	8.5	0.7	
Admin. & Support Services	1.5	3.9	1.5	
Other Mining	1.4	9.7	3.5	
Public Admin.	1.3	2	2.5	
Human & Health	1	2.5	1.6	
Water & Others	0.7	10	0.3	
Arts & Entertainment	0.7	9	0.3	
Accommodation & Food Services	0.5	3.6	0.6	
Education	0.4	2.4	0.7	
Other Services	0.1	0.3	1.4	

Data: NBS | Computation: NESG Research

Disinflation under tight monetary policy shaped Nigeria's macro-financial environment in 2025. For instance, period-average headline inflation fell from 33.2 percent in 2024 to 23.3 percent in 2025, driven by restrictive monetary conditions, reduced exchange rate pass-through, and favourable base effects. Meanwhile, the Central Bank maintained a firmly restrictive stance to anchor expectations and rebuild credibility. The Monetary Policy Rate (MPR) was held at 27.5 percent for most of 2025, before a marginal cut to 27.0 percent in the last quarter of 2025.

Credit conditions deteriorated amid buoyant capital markets in 2025. Private sector credit declined from ₦78.0 trillion in 2024 to ₦75.8 trillion in 2025 (a 2.8 percent contraction), attributable to elevated borrowing costs, stringent bank risk assessments, and subdued demand from manufacturing, agriculture, and trade sectors. Conversely, the Nigerian Exchange All-Share Index advanced 37.7 percent to 102,926.40 from 74,773.77, propelled by enhanced investor confidence, banking recapitalisation prospects, and robust portfolio inflows. This disparity highlights a persistent disconnect between capital market performance and credit transmission to the real economy.

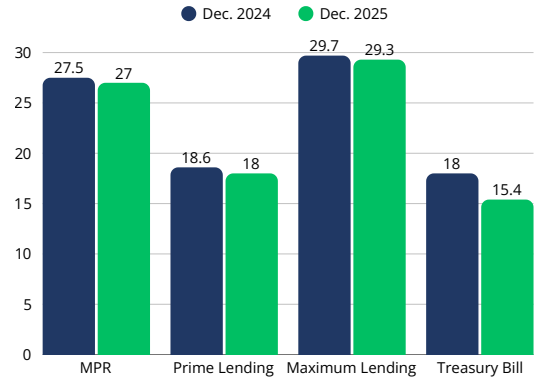
On the fiscal front, fiscal consolidation produced equivocal outcomes against intensifying financing strains. Public debt expanded from ₦144.7 trillion as of December 2024 to ₦159.3 trillion as of December 2025 to finance operations and infrastructure. Fiscal deficit estimates indicate a decline from about 4 percent of GDP in H1-2024 to about 3 percent in H1-2025, underscoring expenditure rigidities notwithstanding revenue augmentation initiatives. Short-term policy calibrations have buttressed financing stability. However, the mounting debt trajectory heightens medium-term sustainability risks without accelerated non-oil revenue mobilisation and productivity growth.

External macroeconomic buffers accrued modestly in 2025. Foreign reserves rose from US$40.9 billion in 2024 to US$45.5 billion in 2025, sustained by augmented oil proceeds, capital inflows, and a disciplined monetary stance. The naira exchange rate stabilised within a ₦1,500–₦1,580/US$ corridor, narrower than 2024 volatility. This accretion fortified exchange rate management and market credibility. Nonetheless, external resilience remains tethered to oil and portfolio dependencies, thereby accentuating the imperatives of export diversification.

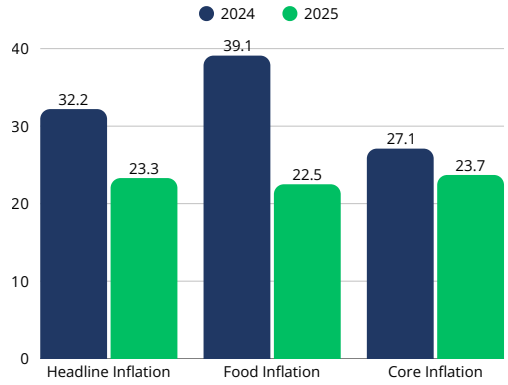
The paramount challenge remains converting fragile stabilisation into inclusive, employment-intensive growth. While external buffers and improved sentiment are encouraging, persistent credit tightening continues to constrain the productive sector. Enduring expansion necessitates reforms to reduce production costs, strengthen value chains, expand access to productive finance, and enhance export competitiveness.

Snapshot of Nigeria's Macroeconomic Environment in 2025

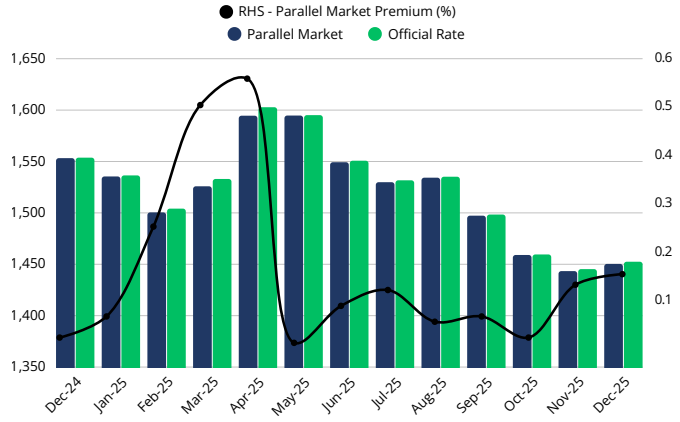
Nigeria's Interest Rates Environment in 2025 (%)



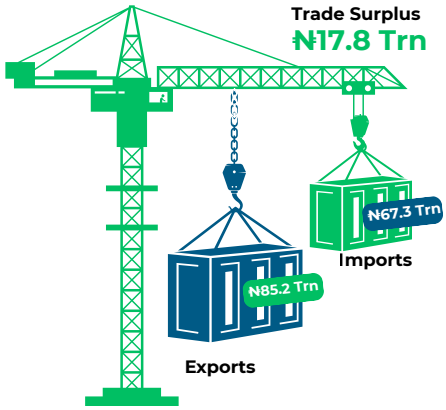
Consumer Price Indices (Average, % change)



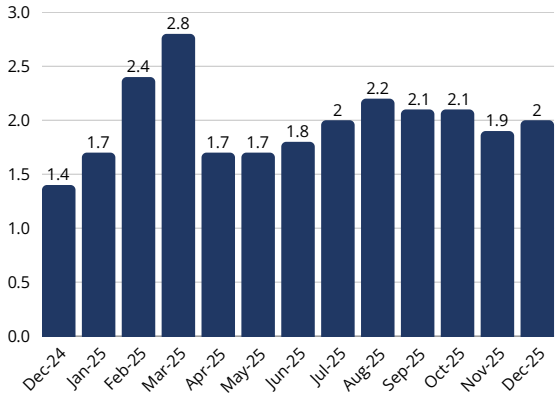
Trend of Exchange Rate Movement - Period Average ($/N)



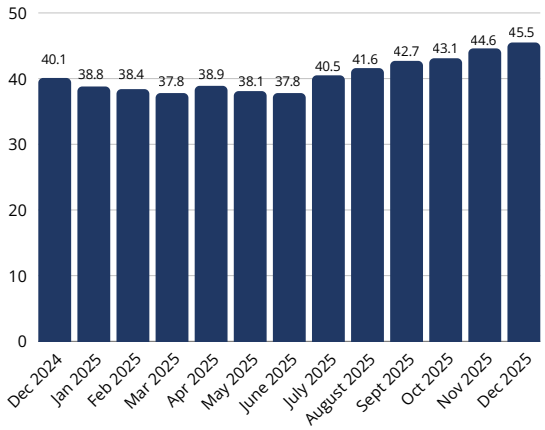
Nigeria's Trade Performance in 2025



Monthly FAAC Allocation by Governments in Nigeria (Naira Trillion)



Gross External Reserves – End Period Value (US$ Billion)



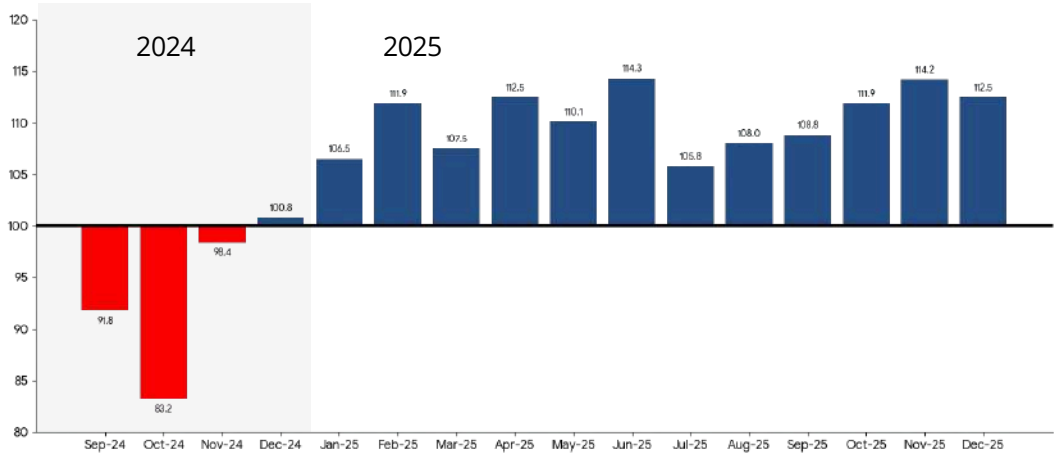


Section 3: State of the Private Sector In 2025

The private sector, reflecting the country's broader business environment, remained predominantly positive in 2025. This favourable business condition stemmed from the combined effects of key economic reforms, including the CBN's sustained foreign exchange reform and interest rate adjustments, undertaken in the year. The accruing gains from these reforms, along with adaptive strategies and cost-minimisation measures, helped improve business resilience in 2025.

Confirming the assessment highlighted above, the NESG Business Confidence Monitor (BCM) index, which gauges current business performance on a scale with index points above 100 signalling expansion, remained in the expansion region throughout the year. According to Fig. 2, the NESG BCM index averaged 109.7, a marked rise from 90.9 in 2024. Though expansionary, these performance levels indicate a weakly positive operating environment in 2025. Notably, business conditions weakened in July 2025, as the BCM index dipped to 105.5 points, its lowest level of the year, partly due to seasonal inflationary pressures and temporary FX volatility.

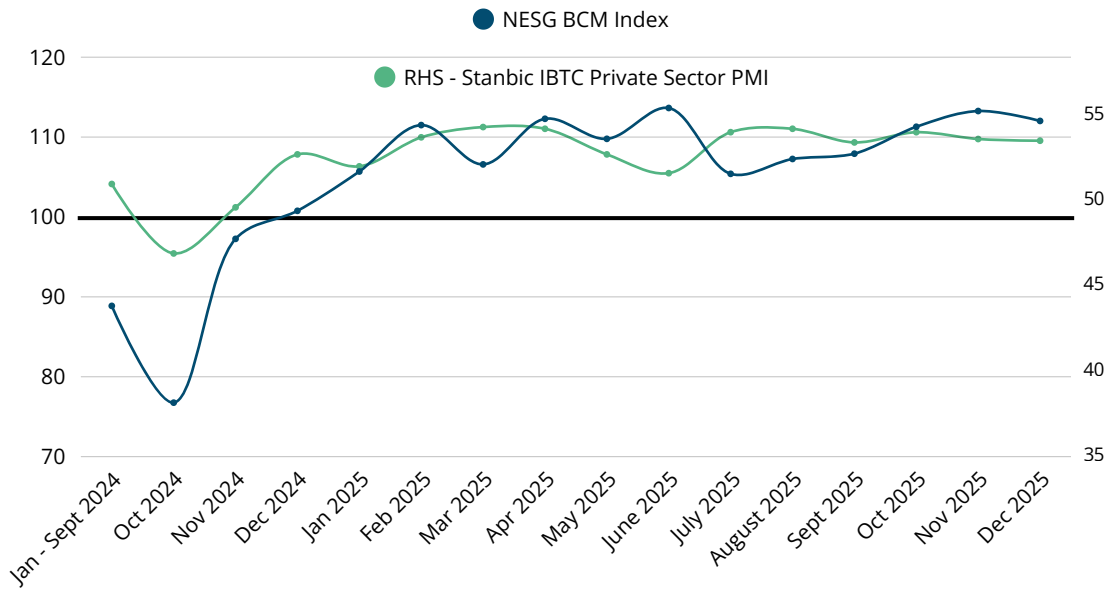
Fig. 2: Nigeria's Private Sector Performance in 2025



Data & Chart: NESG Research

In a complementary assessment, the Private Sector Purchasing Managers Index (PMI) provided further evidence of the expansionary performance in 2025 (See Fig. 3). This finding reinforces the trends captured by NESG's Business Confidence Monitor (BCM), as the Private Sector PMI, consistently above the 50.0 no-change threshold for 10 of 12 months—also signaled an expansionary state of business activities, driven by moderated input costs (rising at the slowest pace since Q4-2024) and subdued operational expenses, thereby creating more operational and financial flexibility for firms to expand production and invest in capacity.

Fig. 3: Nigeria's Private Sector Performance in 2025



Data: NESG & Stanbic IBTC | Charts: NESG Research

Nonetheless, Nigeria's business climate faced significant challenges in 2025. These business growth-inhibiting challenges include irregular power supply, widespread insecurity disrupting logistics chains, limited access to affordable finance amid high lending rates above 25 percent, and rising prices, particularly for office and property rentals, resulting in elevated operational costs that significantly affected business operations, profit margins, production capacity, and cash flows.

Overall, findings from the NESG's BCM and Stanbic IBTC's PMI point to a sustained recovery and expansion of Nigeria's private sector in 2025. This performance reflects meaningful progress in navigating a challenging business and reform environment, despite persistent barriers to long-term growth.

3.1 Performance of Key Components of Private Sector Activities In 2025

As previously established, Nigeria's private sector in 2025 was predominantly in a period of business expansion. However, it is important to do a deep dive into the structural composition of this performance. Across the 14 key metrics of the NESG's BCM index, all were above the 100 index points, indicating expansion and favourable conditions. Trend analysis showed pronounced seasonality and recovery arcs. The first quarter of 2025 started strong, buoyed by post-2024 reform momentum, such as CBN's FX market liberalisation, which stabilised the Naira around ₦1,500-1,580/US$ and eased import costs. The second quarter of the year was a high-water mark across indices (e.g., Financial Results at 155.4 and Cash Flow at 130.5).

Mid-year weakness was most pronounced in July 2025, when more than ten indices recorded troughs (for example Production index fell to 117.9). This period coincided with the dip in the NESG's BCM to 105.5, possibly due to elevated inflationary pressures, increased flooding incidences, and other operational disruptions that intensified business constraints. Conditions improved in the second half of the year. By November 2025, eight indices had reached their annual peaks, signalling a broad-based recovery supported by easing inflation, which moderated to 15.2 percent by December 2025, and modest policy easing by the Central Bank of Nigeria, which reduced the policy rate to 27 percent.

Despite the overall improvement, volatility remained pronounced in certain areas. The Cost of Doing Business Index experienced the sharpest swing, declining significantly from 151.8 in April to 90.5 in December, underscoring persistent structural pressures faced by firms.

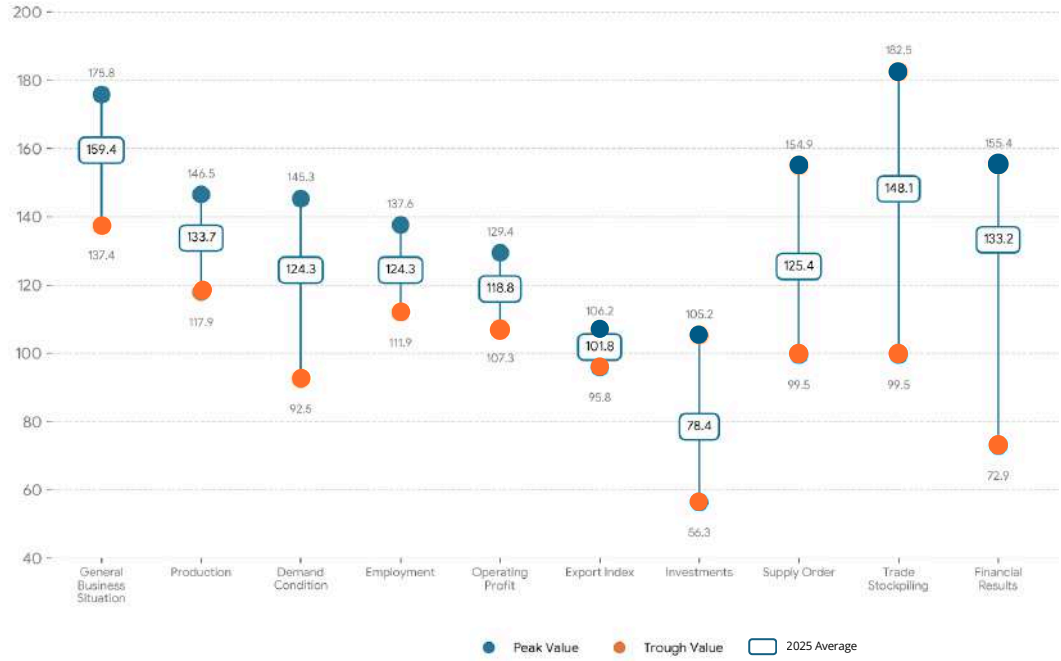
- **The General Business Situation Index** averaged a strong 159.4 points during the year, well above the expansionary threshold. The index stayed in positive territory throughout the period, ranging from a low of 137.4 in July to a peak of 175.8 in November 2025 (see Fig. 4). This sustained performance points to notable resilience in the business environment despite prevailing macroeconomic headwinds. This performance level aligns with NESG's reported 2025 BCM average of 109.7, reflecting the initial gains from reforms, while challenges such as power outages and insecurity persisted.

- **Production Index:** The index averaged 133.7 in 2025, remained above the expansion threshold (100) in all 12 months. It peaked at 146.5 in November (correlating strongly with the general business situation) and reached a low of 117.9 in July. This sustained performance reflects steady output growth, largely tied to reform-driven macroeconomic stability.

- **Demand Condition Index:** Averaging 124.3, the index signalled expansion in 10 months (peak 145.3 in October). However, it dipped below 100 twice (92.5 in March, 98.6 in July), likely reflecting temporary stagnation in consumer income.

- **Employment and Profitability Index:** The employment index averaged 124.3, remaining firmly in expansionary territory across all months, with a peak of 137.6 in April (see Fig. 4). Its strong correlation with the general business index underscores the tight linkage between business confidence and hiring decisions. The Operating Profit Index averaged 118.8, peaking at 129.4 in April, indicating sustained margin resilience despite persistent cost pressures. Together, these trends point to continued job creation and the ability of firms to maintain profitability in a challenging operating environment.

Fig. 4: Performance of Key Components of Business Activities in 2025



Data & Chart: NESG Research

Supporting metrics, such as Supply Order (154.9) and Trade Stockpiling (182.5), peaked in November 2025, indicating proactive inventory buildup amid improving demand. Stanbic IBTC PMI corroborated this, remaining above 50 (expansion) for most of 2025, with output and new orders rising for 13 straight months into year-end, driven by customer demand.

Financial Results index rebounded, showing resilience. Conversely, the Investment Index highlighted persistent financing barriers for SMEs, exacerbated by high interest rates that favour government bonds over private lending, as well as by insecurity and inadequate power supply, which directly inflated the Cost of Doing Business early in the year. NESG's Private Sector Outlook 2025 flagged energy costs, logistics, and infrastructure deficits as major constraints on productivity, yet businesses adapted via digital tools and stockpiling (NESG, 2025a).

Role of Contributing Factors: Enablers and Headwinds

There are three notable contributory factors to the condition of the private sector performance metric highlighted above. These contributory factors played pivotal roles in shaping this performance.

Access to Credit and Cash Flow remained strong drivers of business activity, averaging 127.1 and 124.9, respectively, and staying firmly in the expansionary region throughout the year. Both indicators improved significantly, peaking at 143.6 and 134.3 in November 2025,

supported by CBN's policies, which stabilised banks (new capital rules for 2026). These performances helped stabilise the Export Index, aiding trade amid a commodity price recovery.

Prices Index averaged 79.6 in 2025 and remained below the 100 threshold throughout the year, indicating a moderation in input price pressures. With a negative correlation with the general business index, it moved inversely with business sentiment, suggesting that easing cost conditions supported stronger firm performance. This reflects the slowest pace of price increases since 2023 (based on PMI trends), pointing to a slowdown in inflationary pressures on businesses and improved profit margins.

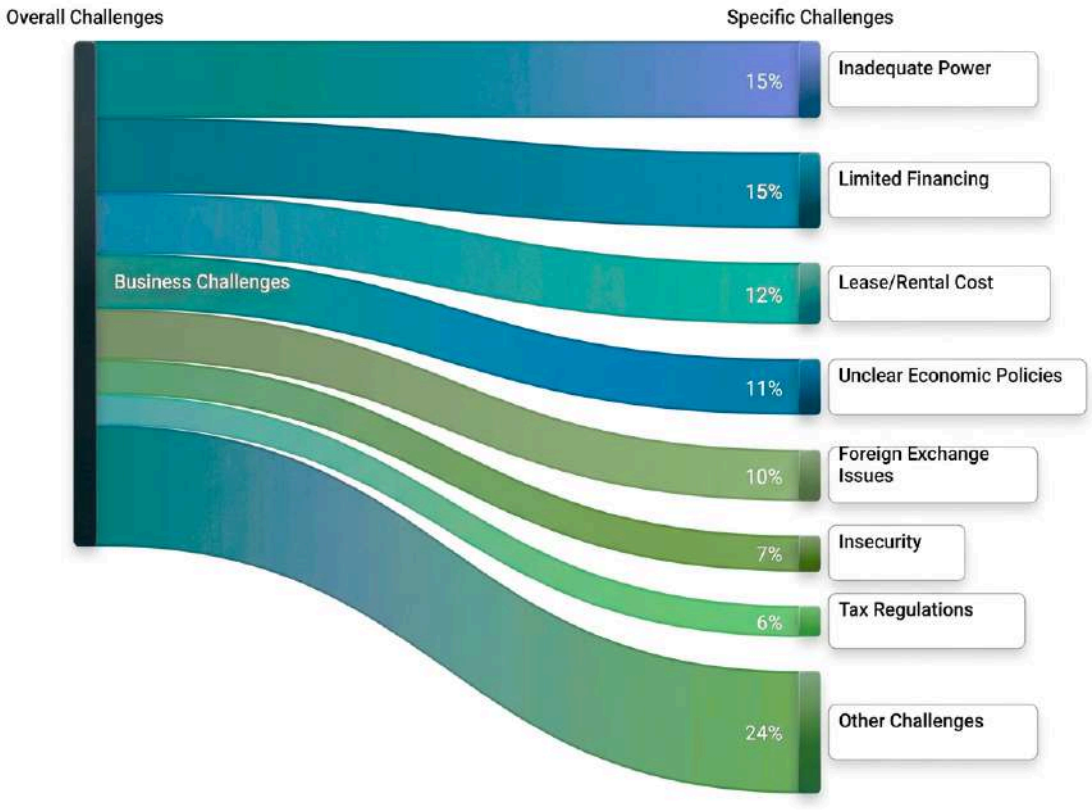
3.2 Structural Barriers and Challenges of Nigeria's Private Sector in 2025

Nigeria's private sector grappled with persistent structural challenges in 2025 that stifled business growth and performance. These issues, drawn from the NESG BCM survey's monthly top-rated constraints data, were ranked by respondents based on the percentage of citations. Together, they captured 60-80 percent of total responses each month, overcoming operational hurdles even as the sector maintained expansionary sentiment.

No single constraint dominated throughout 2025; instead, a core set of four challenges alternated at the top of the risk agenda: inadequate power supply, limited access to financing, scarcity of foreign exchange, and high commercial lease costs. These issues reflected interconnected macroeconomic, infrastructural, and cost pressures that squeezed profit margins, restricted production growth, and discouraged investment.

Fig. 5 aggregates the top three constraints each month, highlighting their intensity and shifts. Power supply and access to finance ranked among the top challenges in 10 out of 12 months. Chronic electricity shortages proved the most persistent, cited by 12–19 percent of respondents monthly and consistently ranking first or second, except in June and December. The constraint peaked at 19 percent in May, severely disrupting manufacturing and SMEs (NESG BCM Reports, January–December 2025). To cope, firms relied heavily on diesel generators at ₦1,200–₦1,500 per litre, driving up operating costs. This directly contributed to production declines, with capacity utilisation capped at 55–65 percent during the year.

Fig. 5: Ranking of Business Challenges in 2025



Data & Chart: NESG Research

Finance barriers intensified over the year, rising from 11-12 percent early on to 17-19 percent in H2-2025 and claiming the top spot in June, September, October, and December. High lending rates (25-30 percent, with the CBN MPR at 27 percent) and collateral demands sidelined SMEs. This dragged the Investment Index (average 78.4, below 100), stalling capital expenditure and contributing to limited job creation amid broader gains.

Foreign exchange liquidity was most pronounced in Q1-2025 (19 percent in January, 16 percent in February), but fell sharply after June 2025 (to 6–9 percent), thanks to the CBN's unification, stabilising the Naira at ₦1,500-1,580/US$. Residual pressures raised importer costs (raw materials up 10-15 percent), but easing freed working capital and supported H2 recovery (e.g., November peaks).

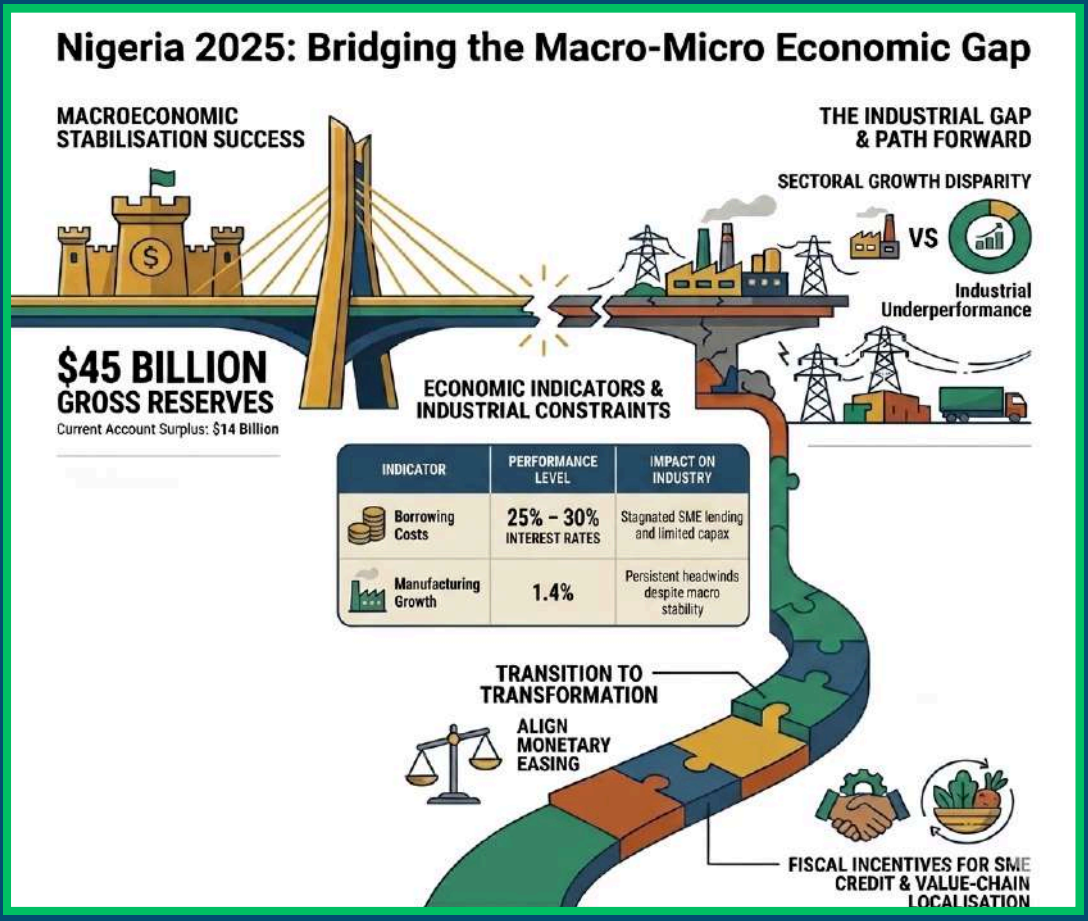
Rental cost spiked mid-year (16 percent in March and November), fueled by elevated rental fees in Lagos and Abuja. This exerted significant pressure on firms' cash flows, contributing to intermittent dips in the cash flow index despite its relatively strong annual average of 124.9.

BOX 1:

Bridging the Gap Between Policy Intent and Industrial Reality

Nigeria's macroeconomic management in 2025 marked deliberate steps towards stability after years of turbulence. Exchange rate unification enhanced transparency and price discovery, bolstering gross reserves to US$45 billion by year-end (up from $40 billion in 2024) and flipping the current account to a US$14 billion surplus. Monetary tightening curbed inflation to 23.3 percent on average in 2025 (from 33.2 percent in 2024). Real GDP grew by 3.9 percent, led by the Oil sector (8.5 percent) and Services (60 percent of expansion).

Yet this macro stabilisation has not fully cascaded to firm-level industrial vigour. NESG Business Confidence Monitor and other reports on Nigeria's business environment reveal persistent headwinds contributing to this reality. In 2025, Manufacturing remained subdued at 1.4 percent growth, Agriculture at 2.9 percent, with real-sector credit contracting amid high borrowing costs (at 25–30 percent) and power/logistics woes. Services proved resilient but skewed towards capital-intensive Finance and ICT sub-sectors, yielding weak employment spillovers. Other non-manufacturing industries also experienced weak growth due to credit squeezes and imported inflation.



This policy-industry disconnect seems to stem from structural frictions. First, macroeconomic reforms or fixes have yet to tame production costs. An increase in electricity outages raised energy bills, port delays/logistics bottlenecks inflated logistics costs, while a high foreign exchange rate burdened import-reliant firms. Second, tightening reduced long-term financing and SME lending, even after recapitalisation, limiting capital expenditure across the sectoral value chain. Third, the timing of reform amplified short-term pain. Naira liberalisation raised import costs before efficiency benefits kicked in.

Bridging this obvious gap requires evolving from stabilisation to integrated transformation. Align monetary easing with fiscal incentives for cost reduction (e.g., port digitalisation), deepen credit via recapitalised banks targeting SMEs, and sequence trade/industrial policies to localise value chains. These measures guarantee strong growth momentum in the Manufacturing and Agriculture sectors in 2026. The window of opportunity demands bold microreforms to build competitiveness, scale production, enhance labour productivity, and create jobs for lasting economic inclusiveness and shared prosperity.


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Section 4: Detailed Sector Diagnostics: Performance and Productivity

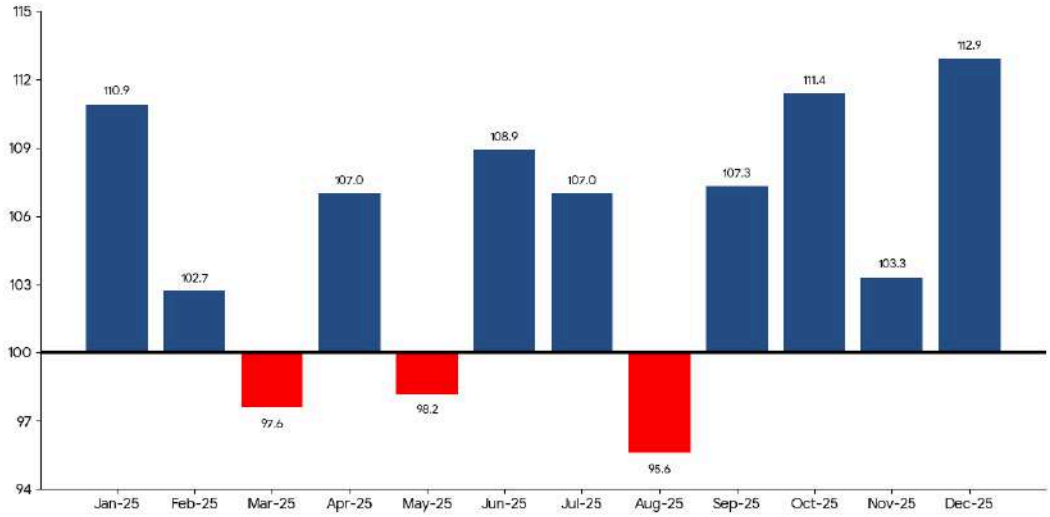
This section provides a detailed diagnosis of growth performance and productivity levels in key sectors of the Nigerian economy in 2025. From our analysis, the sectors highlighted in this part encompass the economic activities identified as driving economic growth, supporting ongoing stabilisation reforms, and enhancing the inclusiveness of growth outcomes in Nigeria.

A. AGRICULTURE SECTOR

Business conditions in Nigeria's agriculture sector mirrored the broader economic expansion in 2025, with NESG BCM indices reflecting a shift from early-year contraction to robust year-end growth. The sector started weakly at 92.4 points in March (below the 100-point threshold), but climbed steadily to 108.9 points by June, entering expansion territory. A brief August dip to 98.7 points gave way to a strong rebound, averaging 107.5 points in Q4 and peaking at 112.9 points in December (see Fig. 6). This upturn aligned with the harvest season, which lifted crop output amid increased demand.

Despite these gains, persistent headwinds continued to constrain the sector. Elevated input costs—partly driven by the removal of fuel subsidies and exchange rate unification—eroded margins, while limited access to finance remained a major challenge. Agriculture continued to rank among the lowest-funded sectors in bank lending, curtailing investments in productivity, mechanisation, and the development of key agricultural value chains.

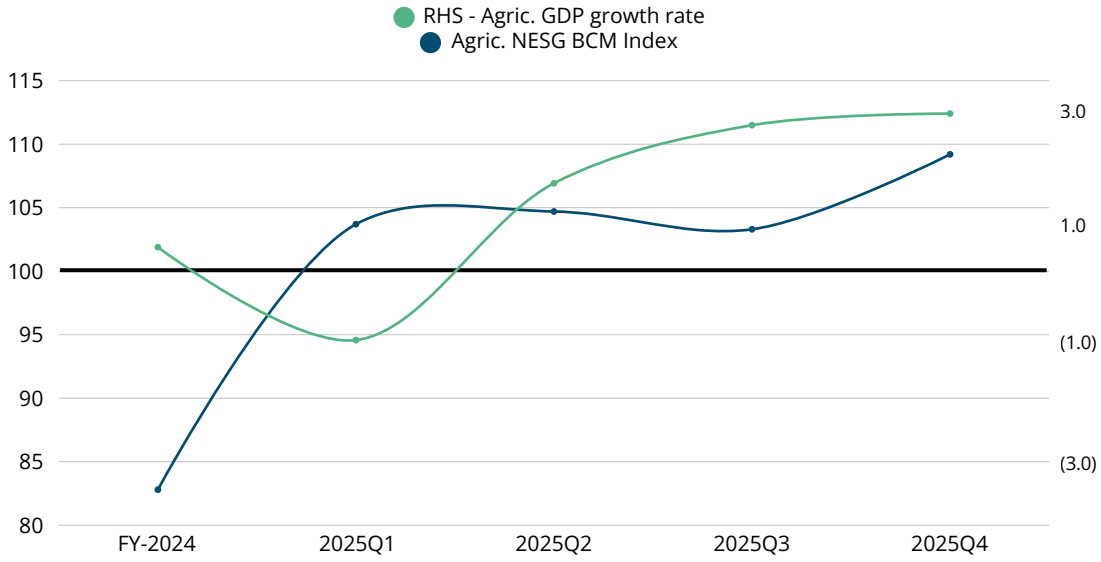
Fig. 6: Performance of Agriculture Businesses in 2025 (NESG BCM Index)



Data: NESG BCM Reports in 2025 | Chart: NESG Research

Nigeria's agricultural sector posted stronger growth in 2025, expanding by 2.9 percent over 1.7 percent in 2024. As Fig. 7 illustrates, this momentum followed a first-quarter dip, with growth accelerating to around 2.8 percent by the second quarter and sustaining this trend into year-end. The NESG BCM Index for the Agricultural sector also echoed this trajectory for 2025. After surging from 2024 lows to 105.0 in early 2025, the index showed that Agriculture businesses weathered the mid-year volatility before climbing to a quarterly high of about 109.0 in Q4-2025, signalling broad sentiment gains.

Fig. 7: Agricultural Sector Growth (percent) and NESG Agriculture BCM Index



Data: NBS & NESG BCM Reports in 2025 | Charts: NESG Research

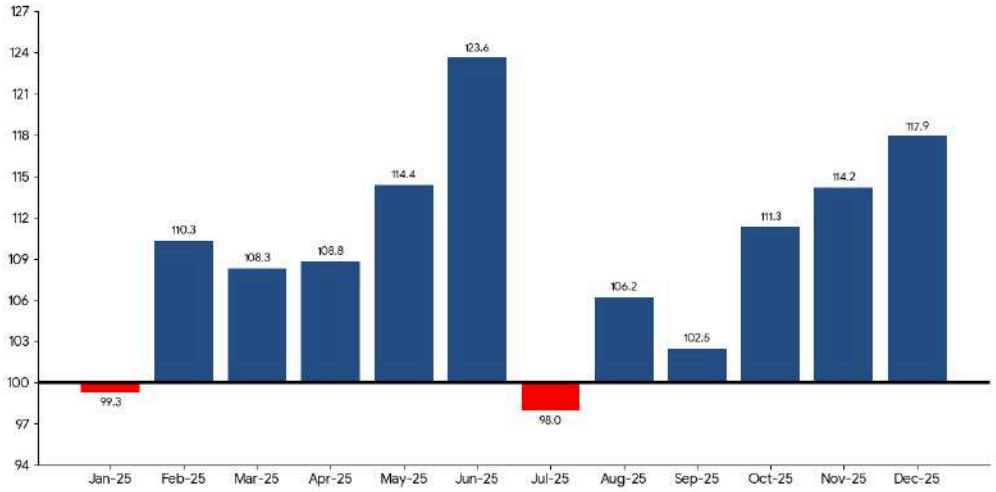
NBS data show that sub-sectoral performances drove the overall uptick. Crop production grew by 3.8 percent in 2025 (from 2.9 percent in 2024), forestry advanced 3.8 percent (from 2.5 per cent in 2024), and Fishing recovered to 1.4 percent growth (from –0.6 percent). Livestock lagged in performance despite moving out of negative growth, but achieved a growth level of 0.1 percent in 2025 from -2.1 percent in 2024.

Even amid resilience, structural hurdles persisted: insecurity, infrastructure gaps such as erratic power supply, low mechanisation, soaring input costs, and recurrent flooding. Domestic output, however, trailed Nigeria's surging food demand. As the world's top cassava producer and a leading source of pineapple, palm oil, cocoa, and sorghum, the country still leans heavily on imports. NBS data show the food and live animals import bill climbing to ₦6.9 trillion in 2025 from ₦6.1 trillion in 2024. This uptick likely stemmed from robust domestic demand amid relative exchange rate stability. Yet, such import dependence signals productivity shortfalls, strains FX reserves, and amplifies vulnerability to global shocks.

B. MANUFACTURING SECTOR

Nigeria's Manufacturing sector continued on a weak recovery path in 2025. Business conditions, however, improved markedly in the second half of 2025. The NESG BCM index for manufacturing rose from 99.3 points in January 2025—within contraction territory—to a peak of 123.6 points in June (see Fig. 8). Although the index dipped briefly in July, it remained in expansionary territory and closed the year at 117.9 points. Performance was largely driven by the three heavyweight sub-sectors—cement, textiles, apparel & footwear, and food, beverages & tobacco. While cement recorded contraction in business conditions for four months during the year, the latter two sub-sectors remained largely in the expansionary territory.

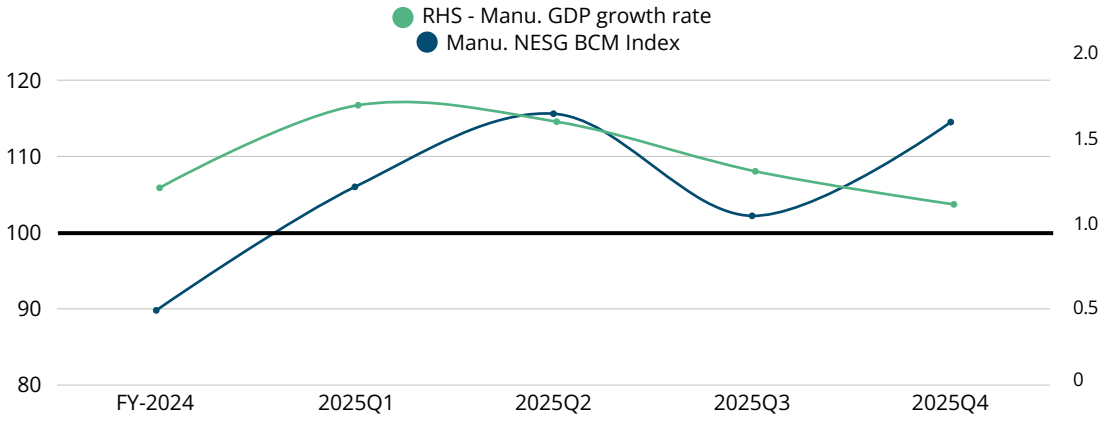
Fig. 8: Performance of Manufacturing Businesses in 2025 (NESG BCM Index)



Data: NESG BCM Reports in 2025 | Chart: NESG Research

As reflected in figures from the National Bureau of Statistics, the Manufacturing sector recorded sluggish growth throughout 2025, expanding by 1.4 percent in the year. This represents a marginal improvement from the 1.2 percent growth posted in 2024 (see Fig. 9). The modest uptick was primarily sustained by strengthened performance in three pivotal sub-sectors: Oil refining (rebounding to a 14.1 percent growth in 2025 from a contraction of -14.7 percent in 2024), Cement (4.8 percent, up from 3.7 percent), and Chemical and Pharmaceutical products (4.1 percent, up from 3.7 percent). Notably, these three segments collectively accounted for 60.0 percent of the manufacturing GDP growth in 2025.

Fig. 9: Manufacturing Sector Growth (percent) and NESG Manufacturing BCM Index



Data: NBS & NESG BCM Reports in 2025 | Charts: NESG Research

Despite this incremental progress, the sector's broader recovery remains stifled by escalating production costs. These expenses are largely attributed to a chronically unreliable power supply, which suffered multiple grid collapses in 2025. Findings from the World Bank (2025a) highlight the severity of this crisis: approximately 82 percent of Nigerian firms reported frequent power outages, forcing 86 percent to rely on expensive fuel-powered generators for basic operations.

The sector further contends with a series of deep-seated structural constraints, including:

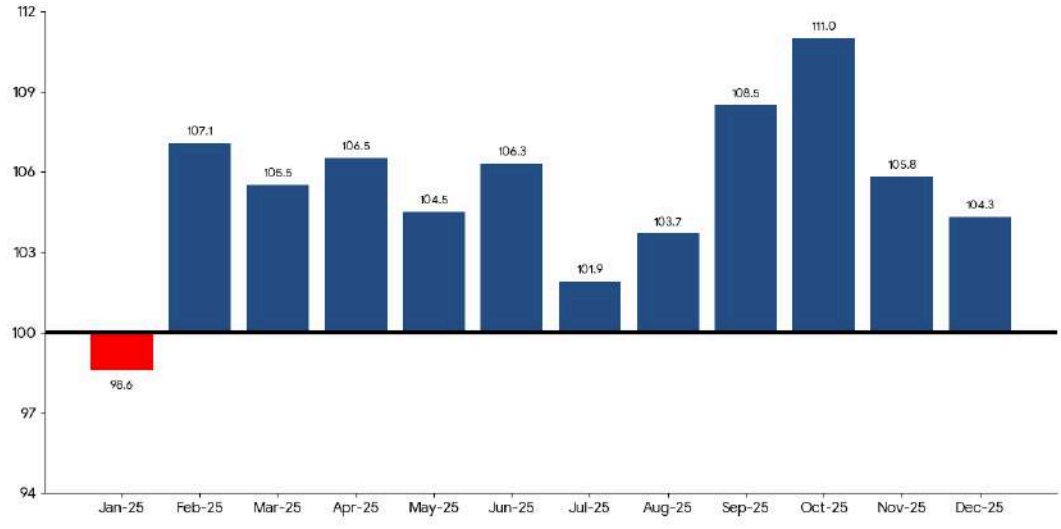
- **Import Dependency:** A heavy reliance on foreign-sourced raw materials.
- **Low Capacity Utilisation:** Currently stagnating at roughly 55-65 percent.
- **Infrastructure Deficits:** Significant logistics bottlenecks and poor transport networks.
- **Policy and Market Pressures:** Inconsistent regulatory frameworks, limited penetration into export markets, and fierce competition from lower-priced imported finished goods.

C. SERVICES

The Services sector has driven two-thirds of economic growth in emerging markets and developing economies over the past three decades. It spans diverse activities, from high-skilled, offshore segments like information and communications technology (ICT) and professional services to low-skilled "contact" services such as retail and hospitality.

As Fig. 10 shows, the Current Business Conditions Index for the Services sector remained expansionary in 2025, except in January. The index rose from 98.6 in January to 111.0 in October before experiencing a slight pullback in the last two months of the year. This resilience was most evident in high-productivity sectors, where performance held up despite rising costs and weak household demand.

Fig. 10: Performance of Businesses in Services Sector in 2025 (NESG BCM Index)

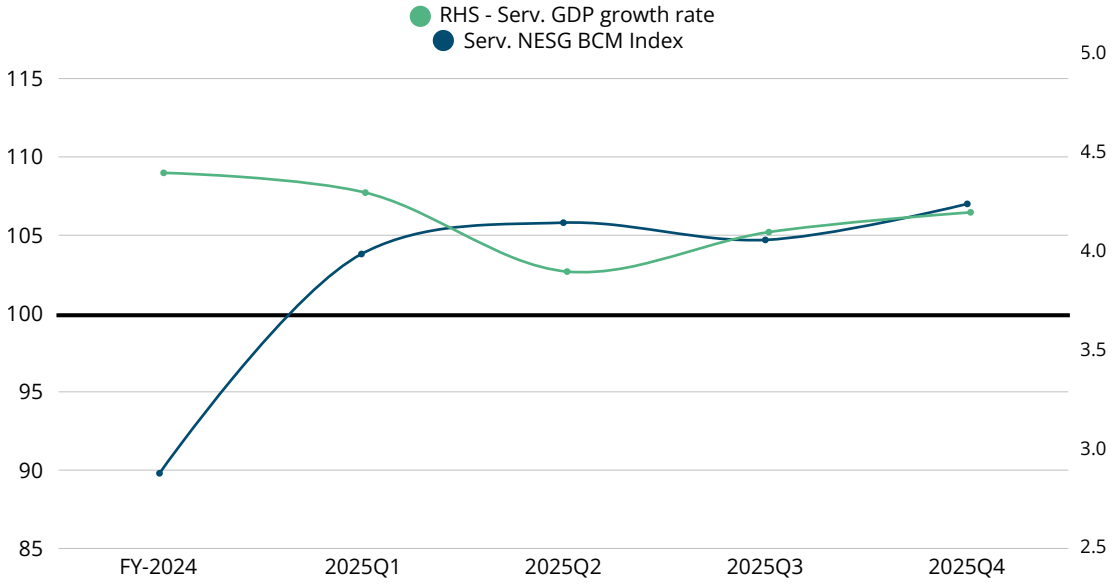


Data: NESG BCM Reports in 2025 | Chart: NESG Research

The sector's GDP pattern also corroborates the performance patterns highlighted by the NESG Services BCM index. In 2025, Services sector recorded an average growth rate of 4.1 percent, down from 4.4 percent in 2024 (see Fig. 11), reinforcing its position as the primary driver of Nigeria's economic expansion. However, growth outcomes varied widely across sub-sectors, revealing persistent structural asymmetries within Nigeria's services ecosystem. High growth momentum was concentrated in sub-sectors including Finance and Insurance (14.5 percent), Arts, Entertainment and Recreation (9.0 percent), Transportation and Storage (16.9 percent), and ICT (6.9 percent).

Moderate growth marked sub-sectors like real estate (3.8 percent), administrative and support services (3.9 percent), and accommodation/food services (3.6 percent), signalling gradual recovery in consumer-oriented and urban activities. In contrast, large, labour-intensive areas lagged: trade grew 1.8 percent; public administration, 2.0 percent; education, 2.4 percent; and human health/social services, 2.5 percent. Other services contracted 0.3 percent, underscoring strain in informal and small-scale operations.

Fig. 11: Services Sector Growth (percent) and NESG Services BCM Index



Data: NBS & NESG BCM Reports in 2025 | Calculations and Charts: NESG Research

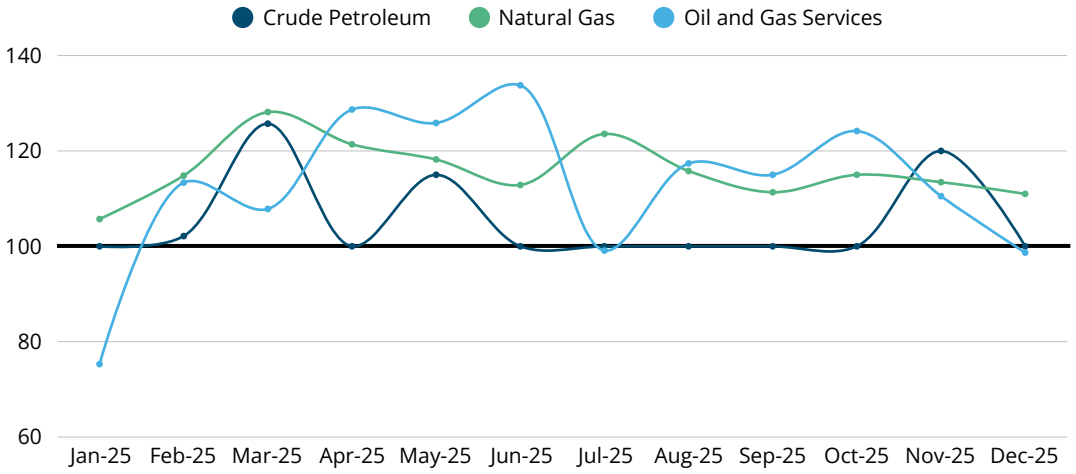
Despite sustained growth momentum in 2025, many Service-based businesses face persistent constraints, including surging operating costs (energy, rents, digital infrastructure), tight SME credit in trade/hospitality, foreign exchange dependence for ICT/professional inputs, subdued consumer spending, and limited product diversification.

D. OIL AND GAS

Business conditions in the Oil and Gas sectors proved mixed in 2025. Crude petroleum saw improved business performance in Q1-2025, peaking at 125.7 points in March 2025 (see Fig. 12). The index hovered near neutral mid-year before re-entering expansion at 120 points in November 2025, weighed by production constraints and multinational divestments. The Gas sub-sector also mirrored this early strength, hitting 128.2 points in March 2025. Performance softened in H2-2025, save a blip in July 2025, closing December at 111 points, due to supply bottlenecks occasioned by the Escravos–Lagos gas pipeline, which constrained feedstock for power generation.

Oil and gas services led with the strongest readings, peaking at 133.8 points in June 2025 (see Fig. 12). Conditions held firm through Q3-2025 but slipped into contraction by December 2025 amid cost pressures, fading investments, and the global energy transition diverting capital from fossil fuels to renewables.

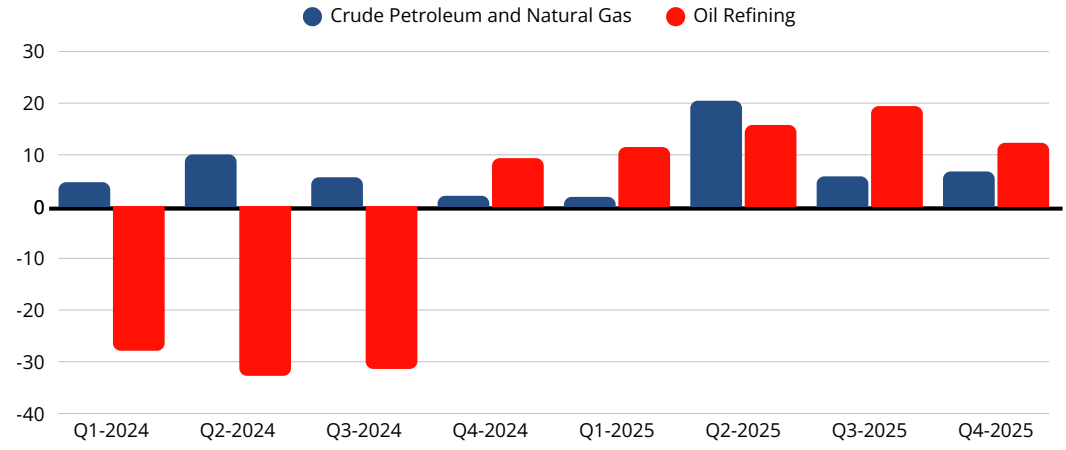
Fig. 12: Performance of Oil & Gas Sector in 2025 (NESG BCM Index)



Data: NESG BCM Reports in 2025 | Chart: NESG Research

Based on National Bureau of Statistics data, the crude petroleum and natural gas sub-sector grew 8.5 percent in 2025, up from 5.5 percent in 2024 (see Fig. 13). This rebound stemmed from domestic crude production rising to 1.65 million barrels per day (mbpd) from 1.48 mbpd (CBN, 2025), fueled by strengthened security that curbed oil theft and vandalism. The Nigerian Upstream Petroleum Regulatory Commission (NUPRC) reported average daily theft losses falling to 9,600 barrels by July 2025, the lowest since 2009 (NUPRC, 2026). Output, however, stayed below the 2.06 mbpd budget benchmark, constrained by underinvestment, ageing infrastructure, and elevated extraction costs.

Fig. 13: Growth Performance of Oil & Gas Sector (percent)



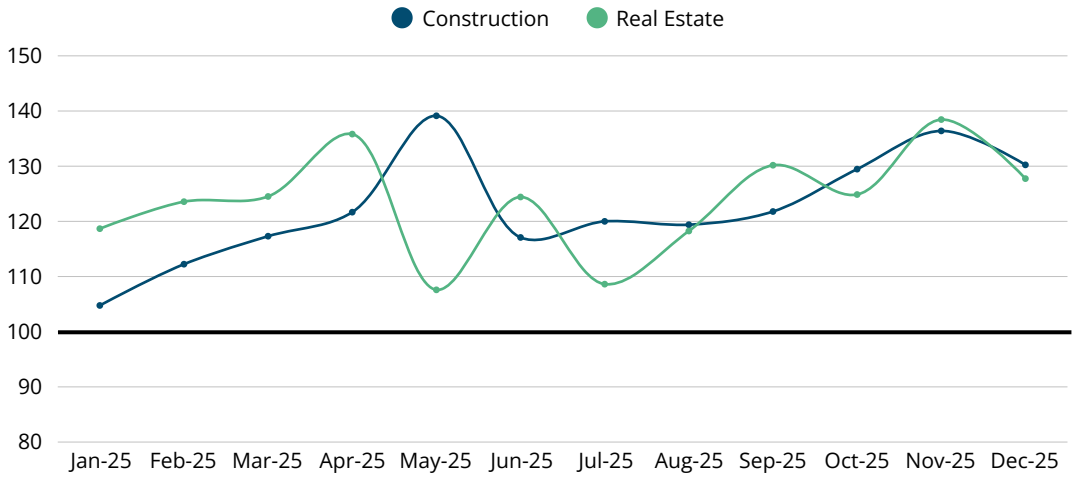
Data: NBS | Charts: NESG Research

The midstream segment, specifically the Oil Refining sub-sector, reversed over six years of recession in 2025, posting a robust 14.1 percent growth following a contraction of -14.7 percent in 2024 (see Fig. 13). This turnaround hinged on the Dangote Refinery's operational ramp-up, offsetting state-owned refineries' chronic underperformance. Domestic refining gains slashed petrol import bills by 32.7 percent between 2024 and 2025.

E. CONSTRUCTION AND REAL ESTATE

The NESG BCM signalled a robust business confidence in Construction and Real Estate, despite headwinds. Construction peaked at 139.1 points in April 2025, up from 132.4 in March and 128.6 in February 2025, before moderating to 134.8 in November and 130.2 in December (see Fig. 14). Real estate remained in the expansionary zone throughout 2025, starting at 112.5 in January, surging to 138.5 in November amid urban demand, and closing at 135.7 in December (NESG BCM Reports, January-December, 2025).

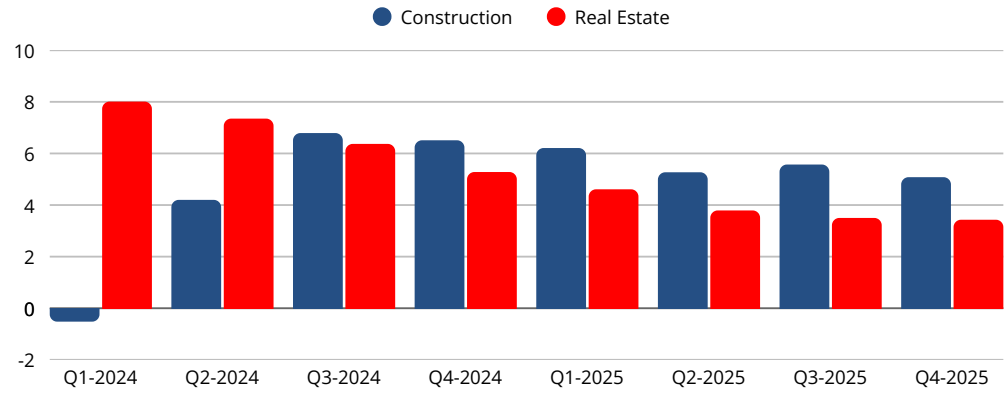
Fig. 14: Performance of Construction & Real Estate Sectors in 2025 (NESG BCM Index)



Data: NESG BCM Reports in 2025 | Charts: NESG Research

The Construction sector recorded an average growth of 5.5 percent in 2025, surpassing its 4.2 percent growth in 2024. As Fig. 15 illustrates, quarterly growth in construction outpaced that in real estate throughout 2025. This expansion stemmed from public infrastructure spending, private real estate surges in Lagos and Abuja, and robust urban commercial projects.

Fig. 15: Growth for Construction and Real Estate (percent)



Data: NBS | Charts: NESG Research

Real Estate grew by 3.8 percent, strengthening its contributions to GDP, but driven more by price inflation and asset revaluations than volume-based housing supply—as evidenced by low residential completions relative to office and mall projects. Urban migration boosted activity, though Q3 softening flagged risks from rising input costs and interest rates. Together, the Construction and Real Estate sectors demonstrated resilience amid headwinds.

BOX 2:

Banking Sector Recapitalisation: Strengthening the Credit Engine

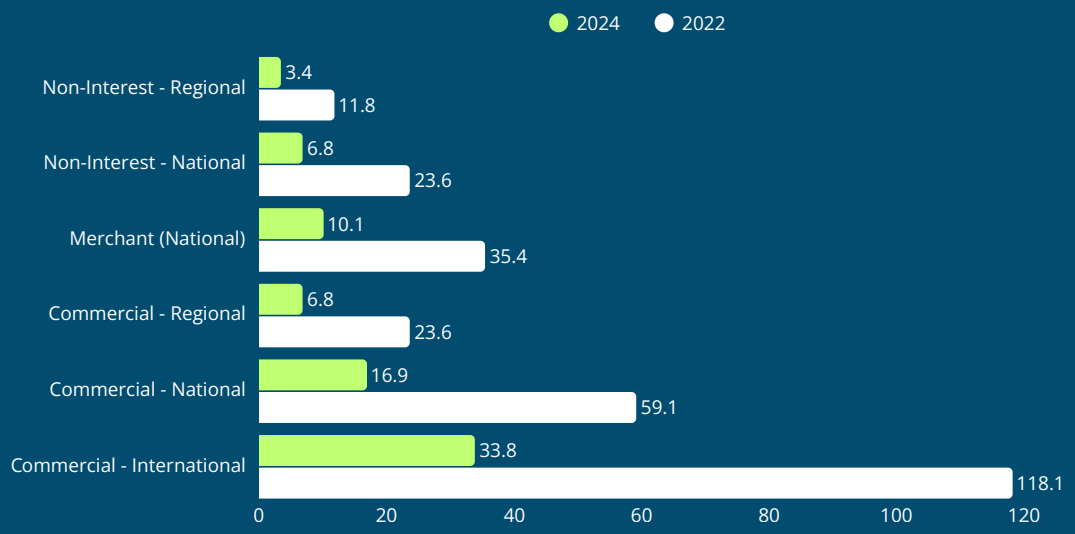
After almost two decades since the last capital base upgrade, the Central Bank of Nigeria (CBN) launched its bank recapitalisation agenda in April 2024, with a deadline of March 2026. The programme raises minimum capital requirements across all banking categories, with increases ranging from 100 to 900 percent. It is designed to strengthen the resilience of the financial system, align regulatory standards with global best practices, enhance banks' capacity to finance large-scale projects, and expand credit to critical sectors of the economy. In response, many banks have mobilised fresh capital through rights issues, public offerings, and injections from parent companies. Remarkably, several Tier-1 institutions have already exceeded the new minimum thresholds. By April 1, 2026, a total of 33 deposit money banks have met their recapitalisation targets.

Recent Banking Recapitalisation

Banks		Minimum Capital (N'Billion)		Percent Increase
	Licence Category	Old	New	
Commercial	International	50	500	900
	National	25	200	700
	Regional	10	50	400
Merchant	National	15	50	233.3
Non-interest	National	10	20	100
	Regional	5	10	100

Meanwhile, the recapitalisation programme was largely precipitated by the sharp devaluation of the Naira. Following the foreign exchange (FX) reforms in mid-2023, Nigeria experienced a significant depreciation of the Naira, from an average of ₦423.3/US$ in 2022 to ₦1,479.7/US$ in 2024. This substantial decline eroded banks' capital bases in dollar terms by 71.4 percent across all categories of banking institutions (see Fig. 16). The erosion of capital in foreign currency terms has important implications for the competitiveness of Nigerian banks—particularly those with international licenses—in sustaining foreign currency operations, managing FX exposures, and accessing global funding markets. Against this backdrop, the recapitalisation initiative is intended to restore capital adequacy, strengthen the soundness and solvency of the banking system, restore investor confidence, and position Nigerian banks to attract higher foreign investment inflows, with the overarching goal of supporting the envisioned US$ 1 trillion economy.

Fig. 16: Dollar Value of the Old Capital Base across Deposit Money Banks (US$ Million)



Note: The average official exchange rates for 2022 and 2024 were used in converting the old capital base across bank categories.
Computation & Chart: NESG Research

Moreover, while the recapitalisation drive is timely and necessary, it does not automatically guarantee that deposit money banks will channel additional resources to the productive sectors of the economy. This is particularly pertinent given that bank lending remains concentrated in a few sectors—most especially, manufacturing and oil & gas. For the initiative to achieve its intended impact, critical structural constraints must be addressed. These include inadequate market information, weak loan recovery and enforcement mechanisms, and fragmented databases on credit quality and borrower creditworthiness, which have long discouraged broad-based lending. Addressing these bottlenecks would incentivise banks to rebalance their portfolios away from relatively risk-free, interest-bearing government securities towards the real sector—especially Micro, Small and Medium-sized Enterprises, which represent about 96 percent of businesses. Such a shift would enhance sectoral productivity, stimulate job creation, and support sustained long-term economic growth.



Section 5: Emerging Economic Opportunities And Risks In 2026

5.1 Key Opportunities

Nigerian businesses face broad and evolving opportunities to accelerate growth and strengthen resilience in 2026. The cross-cutting enablers can be grouped into seven broad categories, with each sector positioned to derive distinct and context-specific benefits. Key drivers of private sector growth and resilience include rising domestic demand, external trade facilitation/exposure, investment and funding opportunities, catalytic government reforms, technology adoption, entrenched sustainability, and improved infrastructure and logistics.

1. Rising Domestic Demand: This assesses the expected domestic demand conditions across sectors, underpinned by Nigeria's growing population, a youthful and increasingly tech-savvy demographic, rapid urbanisation, easing inflationary pressures, and gradually improving purchasing power. Collectively, these dynamics are set to expand the consumer base, deepen market penetration, and enhance revenue opportunities for industry players across the economy.

Sector	Impact Points
Agriculture	Nigeria's rapid urbanisation and sustained population growth are driving strong demand for food products, including rice, poultry, eggs, fish, dairy substitutes, horticultural produce, cassava derivatives, and packaged foods. Notably, fish, the most widely consumed source of animal protein in Nigeria, remains significantly underproduced domestically. This persistent supply gap presents substantial investment opportunities in aquaculture and agro-processing.
Manufacturing	In 2026, demand for manufactured goods is projected to recover modestly, driven by rising consumer needs and gradual stabilisation of purchasing power. Although inflationary pressures are expected to remain elevated, greater exchange rate stability should help ease FX-related input costs, limiting the extent of inflation pass-through. This environment offers manufacturers scope to improve margins and expand output, even within a challenging cost climate.
ICT	Nigeria is widely regarded as Africa's largest ICT market, accounting for a dominant share of the continent's telecom subscribers and a significant proportion of internet usage. Data consumption reached record highs in 2024–2025, reflecting resilient demand for digital services despite elevated cost pressures. This strong and expanding demand base reinforces Nigeria's position as one of Africa's most attractive destinations for ICT investment.

Construction and Real Estate	Demand for construction materials and services is projected to remain robust in 2026, supported by continued investment in housing and transport infrastructure. At the same time, demand for residential and commercial property will remain elevated, given Nigeria's housing deficit.
Creative Economy	Demand for Nigerian creative services is expected to remain strong in 2026, driven by digital expansion, a large and youthful population, and increasing global recognition of Nigerian music, film, fashion, and digital content. These dynamics continue to strengthen export potential and FX earnings in the creative sector.

2. External Trade Facilitation/Exposure: This evaluates export prospects and sectoral exposure to regional and international markets. Although Nigeria's export portfolio remains heavily dominated by crude oil, significant opportunities exist to leverage agro-processing and light manufacturing as pathways to diversification. Expanding these sectors would support broader market access, reduce export concentration risks, and generate multiple and more stable income streams for the economy.

Sector	Impact Points
Agro-industrial	Investment is increasingly shifting from primary crop production towards value-added processing, particularly in soybeans, cassava, and fruit juices. Nigeria's processed juice segment, for instance, represents a high-potential frontier for export-led growth. By processing agricultural produce domestically, firms can leverage opportunities under the African Continental Free Trade Area (AfCFTA), accessing a market of over 1.3 billion people.
Manufacturing	Nigeria's strategic geographic position—serving both coastal West African economies and landlocked Sahelian markets—creates strong prospects for expanding intra-African trade. This positioning supports both import substitution and export expansion across key manufacturing segments. Market access and trade facilitation are particularly critical for sub-sectors such as textiles (export markets), pharmaceuticals (regional healthcare demand), and automotive assembly (intra-regional vehicle trade), where scale and regional integration can significantly enhance competitiveness.

3. Investment and Funding Opportunities: This evaluates the extent to which each sector is likely to attract capital in 2026, from private domestic investors, foreign inflows, and public funding sources. It examines overall investor appetite, the availability and cost of financing, and whether prevailing funding conditions are sufficiently supportive to enable sectoral expansion and sustained growth during the year.

Sector	Impact Points
ICT	Broadband expansion and digital infrastructure remain priority investment areas for inclusive growth, as consistently highlighted by the World Bank (2019, 2020, 2025b). The availability of innovative financing instruments—such as venture capital and venture debt—provides technology startups with alternatives to traditional bank lending, particularly given that the ICT sector accounts for only about 3 percent of total banking credit. Furthermore, the World Bank–supported US$500 million BRIDGE initiative is expected to accelerate broadband penetration and crowd in additional private investment into the sector.
Real Estate	Persistent housing affordability gaps and rising rental yields are expected to sustain investor appetite across affordable housing, short-let assets, and high-growth urban property segments in 2026.
Financial Services (fintech)	Nigeria's fintech ecosystem continues to expand, strengthening financial inclusion and digital payments. In 2024, fintech and digital banking ventures attracted approximately US$1.4 billion in venture capital across Africa, with Nigeria being one of the major contributors to the pool (AVCA, 2025). Fintech platforms (Moniepoint and Flutterwave) provide alternative financing channels for MSMEs, which face limited access to credit from deposit money banks.
Financial Services (Capita Market)	The anticipated listings of Dangote Refinery and NNPC Limited are expected to deepen market liquidity and broaden the investor base in 2026. This could strengthen financial deepening by enabling corporates to raise capital through equity and debt instruments—including commercial papers—on the Nigerian Exchange (NGX), thereby diversifying funding sources for business expansion.
Manufacturing	Investment inflows into manufacturing are expected to rise moderately in 2026, contingent on the effective implementation of tax incentives, improved access to credit following bank recapitalisation, and continued infrastructure upgrades. These factors could strengthen the sector's competitiveness and investment attractiveness.
Creative Economy	The US$617 million Investment in Digital and Creative Enterprises (iDICE) programme—supported by AfDB, IsDB, and AFD—is expected to boost skills development and enterprise growth within the creative ecosystem. In 2026, iDICE is set to launch two additional financing windows: a dedicated creative sector fund and a "fund of funds" to support smaller startups. These initiatives will expand access to innovative financing models, including venture capital and angel investment (PwC, 2026).

4. Catalytic Government Reforms: Key policies, regulatory adjustments, and institutional reforms are expected to shape sectoral performance in 2026. The analysis considers whether these reforms can ease structural constraints, strengthen market incentives, and materially improve operating conditions across industries. Notably, the Nigeria First Policy presents a strategic opportunity to prioritise local procurement and deepen local content development. If effectively implemented, it could reinforce domestic value chains, stimulate both backward and forward linkages, and enhance competitiveness across multiple sectors of the economy.

Sector	Impact Points
Agro-industrial	The Federal Government's export ban on raw shea nuts is intended to stimulate domestic value addition by redirecting investment towards local shea butter processing. Revenue potential in the short term is expected to be significant, with prospects rising sharply over the medium term. If effectively implemented, this policy could catalyse increased capital inflows into agro-processing and deepen industrial linkages within the agricultural value chain.
Manufacturing	FX exposure remains particularly high in pharmaceuticals, plastics, and automotive manufacturing due to heavy dependence on imported raw materials and intermediate inputs. The Nigeria First Policy provides firms with an opportunity to strengthen local supply chains, reduce import dependence, and mitigate foreign-exchange vulnerabilities. In addition, regulatory standards and quality assurance frameworks are especially critical in pharmaceuticals and food processing—where public health considerations are paramount—while in cement and textiles, they are central to competitiveness and market positioning.
Construction and Real Estate	The Revised National Urban Development Policy (2025–2035) is expected to promote coordinated infrastructure planning and sustainable urban growth (PwC, 2026). This policy direction could unlock new investment opportunities in housing, transport infrastructure, and urban development, thereby strengthening growth prospects in the construction and real estate sectors.
ICT	Recent tax reforms have streamlined levies and introduced targeted incentives for technology firms, while the Digital Economy and E-Governance Bill seeks to harmonise regulations governing electronic transactions, data governance, and cybersecurity. The Nigerian Communications Commission (NCC) has complemented these efforts with updated corporate governance guidelines and targeted measures to promote digital trade. Collectively, these reforms are expected to improve regulatory clarity, foster innovation, and enhance ICT competitiveness in 2026.
Creative Economy	Policy priorities in 2025 focused on strengthening intellectual property protection to safeguard creators' rights and improve monetisation, alongside infrastructure support and the mobilisation of public-private partnerships to expand access to finance. Continued implementation in 2026 is expected to reduce film piracy and other intellectual property infringements, thereby improving revenue retention and investor confidence within the creative ecosystem.

5. Technology Adoption: Technology adoption remains a cross-cutting growth enabler, expanding market access, improving operational efficiency, and enhancing productivity across industries. Emerging digital solutions offer particularly transformative potential in agriculture. Innovations such as blockchain-enabled traceability systems, climate-smart advisory platforms, pay-as-you-go irrigation services, and solar-powered cold storage facilities can reduce input fraud, minimise post-harvest losses, and improve farm-level productivity. Beyond boosting yields, these technologies enhance resilience, transparency, and competitiveness across Nigeria's agricultural value chains (NITDA, 2024). More broadly, rising demand for cybersecurity solutions—especially within banking and telecommunications—presents significant growth opportunities in 2026, as digital transactions and data flows continue to expand. In addition, health technology and telemedicine services are gaining momentum, driven by AI-powered diagnostics and digital health platforms. These advancements are reshaping healthcare delivery while creating spillover benefits for the ICT and professional services sectors.

6. Entrenched Sustainability: This dimension recognises that investors increasingly evaluate both financial returns and the social and environmental impacts of their investments. Firms that effectively integrate Environmental, Social, and Governance (ESG) considerations into their operations are therefore better positioned to attract new and diversified sources of capital.

Sector	Impact Points
Energy	Renewable energy—particularly solar—presents a strategic opportunity to address frequent power outages and enhance grid stability. While local production and assembly of solar components are expanding, import dependence remains high. Companies such as Auxano Solar and Forgo Battery Company demonstrate the sector's growing domestic capacity and potential for job creation (REAN, 2021).
Manufacturing (Fast-moving consumer goods segment)	Circular economy and recycling practices offer significant growth potential, helping manufacturers lower raw material costs and reduce environmental impacts. Activities such as lead-acid battery manufacturing and recycling by Union Autoparts Mfg. Co. Ltd illustrate how local value addition and waste management can enhance industrial sustainability and employment (REAN, 2021). Other major Nigerian manufacturers—including Dangote Group, Lafarge Africa, Guinness Nigeria, and Coca-Cola Nigeria—have also achieved notable milestones in circular economy adoption (NESG, 2025b).

7. Improved Infrastructure and Logistics: This dimension enhances market access across sectors by ensuring that goods and services reach areas of high demand efficiently. Reliable infrastructure is critical for improving productivity, reducing operational costs, and enabling cost-effective distribution across almost all sub-sectors of the economy.

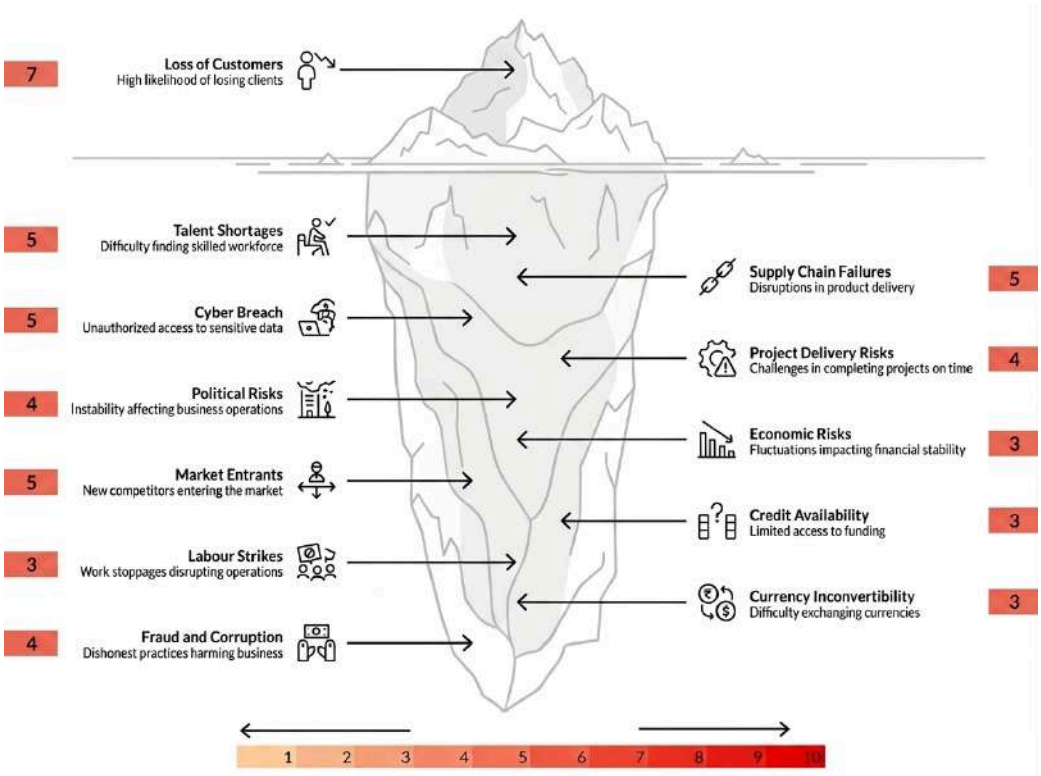
Sector	Impact Points
Agriculture	About 40 percent of farm output is lost to post-harvest waste due to inadequate storage, poor logistics, and weak market linkages (PwC, 2026). This creates investment opportunities in cold-chain infrastructure and efficient logistics, which can reduce losses, stabilise food supply, and ease food inflation in 2026.
Agro-Industrial	The African Development Bank (AfDB) plans to mobilise US$2.2 billion to establish Special Agro-Industrial Processing Zones across 28 states, aiming to strengthen value-chain integration, boost productivity, and generate employment. Over US$500 million has already been disbursed, highlighting early progress and investment potential.
Manufacturing	Industrial clusters and special economic zones (SEZs) are particularly transformative for light industries—such as food, apparel, pharmaceuticals, plastics, electronics, and automotive—by promoting efficiency, shared infrastructure, and market access. Activation of these clusters and SEZs – which enables access to infrastructure and other incentives– is expected to attract significant investment inflows into the manufacturing sector in 2026.

5.2 Key Risks

The Nigerian enterprise landscape in 2026, as reflected in the NESG Enterprise Risk Survey, signals a paradigm shift: market-centric pressures and digital vulnerabilities now eclipse traditional macroeconomic anxieties. Survey data from sectors including oil & gas, agriculture, and financial services identify Loss of Customers and Clients as the paramount threat, with a high likelihood of occurrence (see Fig. 17) . This reflects anticipatory adjustments to eroding purchasing power and volatile demand patterns.

Market Competition trails closely at 5.0 (moderate level), underscoring dual pressures from customer attrition and influxes of local startups and low-cost imports. Enterprises thus confront a 2026 marketplace where viability hinges on price competitiveness and brand resilience. In the digital-operational domain, Cyber and Information Breaches are rated 5.0, emblematic of heightened exposure as firms digitise through cloud infrastructure, making them prime targets for ransomware and data exfiltration. This surpasses many physical disruptions. A cluster of structural risks—talent and skills shortages, supply chain disruptions, and project delivery challenges—remains at a moderate level (4.0), exposing systemic vulnerabilities. The ongoing "Japa" exodus continues to drain skilled labour, while infrastructure gaps undermine logistics and execution capacity. Together, these risks highlight weaknesses that could constrain performance and resilience across industries.

Fig. 17: Nigerian Enterprise Risk in 2026 (Likelihood of Occurrence)



Data: NESG Nigerian Enterprise Risk Survey 2026

Notably, Economic and Regulatory Volatility, such as naira depreciation and inflation surges, registered at a moderate level. This reflects a degree of risk acclimatisation among business leaders who have become accustomed to navigating repeated shocks.

Risks were assessed by both severity and revenue impact to distinguish disruptive pressures from existential threats to firm viability (see Table 2). Economic, regulatory, and market risks emerged as the dominant revenue threat, carrying the highest rating and surpassing standalone severity scores. Macroeconomic shocks—such as policy reversals, subsidy withdrawals, or inflationary surges—cut across cost structures and represent the most significant risk to 2026 bottom lines.

Cyber/information breaches and new market entrants tie at 5 severity, forming a high-stakes duo. Digital vulnerabilities intensify with cloud migrations, amplifying anxieties over reputational harm and data compromise with profound operational fallout. Meanwhile, competitive pressures from agile entrants and import surges threaten longevity in a constricted economy; their revenue impact (4) lags severity, implying defensive manoeuvres remain viable.

Table 2: Risks' Perceived Severity and Impact on Revenue in 2026

	Perceived severity	Impact on revenue/profit
Economic, Regulatory, and Market Risks	4	5
Talent and Skills Input Shortages	4	4
Cost and Credit Availability	3	3
Project Delivery Risks	3	3
Supply Chain Failures	4	3
Cyber/Information Breach	5	3
Overall Political, Crime, Fraud, and Security Risks	3	2
Business New Market Entrants	5	4
Loss of Customers/Clients	4	3
Labour Strikes	2	3
Currency Inconvertibility	2	2
Fraud and Corruption	2	2

Data: NESG Nigerian Enterprise Risk Survey 2026

Talent and skills shortages score 4 in both severity and revenue impact. The "Japa" exodus has evolved from a Human Resource challenge, negatively impacting project delivery and operational continuity.

Currency inconvertibility and fraud/corruption registered relatively low severity and impact (2), signalling a degree of institutional maturation. Firms have increasingly adopted hedging strategies, stronger controls, and risk mitigation frameworks to neutralise these long-standing vulnerabilities. As a result, the 2026 landscape is defined less by internal efficiency gaps and more by exposure to macro-external shocks. Sustained performance will therefore depend on how well firms navigate regulatory volatility and competitive incursions, as revenue trajectories hinge less on operational tweaks than on navigating systemic shocks.

5.2.1 SECTORAL DIMENSIONING OF ENTERPRISE RISKS IN 2026

Nigeria's corporate landscape in 2026 no longer revolves around the singular shocks that defined the early 2020s. Recent sectoral risk assessments point instead to an era of "perpetual friction." The distribution of risks across industries shows that businesses have adapted to managing frequent, low-level crises, yet remain dangerously exposed to deeper structural economic shifts.

High-likelihood risks saturate the landscape, starting with Loss of Customers/Clients at peak levels across Agriculture, Trade, Oil & Gas, Power & Utilities, Construction, Healthcare, and Real Estate (see Table 3). Loyalty to brands will plummet in 2026 as consumers prioritise access to goods and services over quality and taste. New Market Entrants threaten Manufacturing, Construction, Logistics, and FMCG, fuelling the "democratisation of disruption" as agile newcomers enter with low overheads and aggressive pricing.

Cost pressures and constrained credit availability are weighing on ICT and services, in some cases prompting legacy clients to reconsider existing arrangements rather than pursue renegotiation. Sector-specific risks are also becoming more pronounced: fraud and corruption are most evident in Agriculture and Trade; cyber breaches remain a key concern for ICT; talent shortages are particularly felt in Financial Services and ICT; while project delivery challenges are more prominent in Power & Utilities and Logistics & Transportation.

The impact analysis reframes the narrative. Economic, regulatory, and market risks emerge as the most consequential threats to revenue—even where their likelihood appears moderate—placing significant pressure on Trade, Manufacturing, Financial Services, and FMCG. This creates a "black swan"–like tension: firms acknowledge the potential severity of these risks, yet often prioritise more immediate, visible disruptions.

Trade and Manufacturing face additional strain from labour-related disruptions, underscoring that even in increasingly automated supply chains, human factors remain critical to revenue continuity. In Agriculture, the pattern is consistent, with economic and regulatory risks exerting the strongest impact on earnings. Meanwhile, Construction continues to experience elevated overall impacts, although the relative effect of customer attrition has moderated.

Table 3: Sectoral Analysis of Likelihood of Occurrence of Enterprise Risks in 2026

	Economic, Regulatory, and Market Risks	Talent and Skills Input Shortages	Cost and Credit Availability	Project Delivery Risks	Supply Chain Failures	Cyber/ Information Breach	Political, Crime, Fraud, and Security Risks	Business New Market Entrants	Loss of Customers /Clients	Labour Strikes	Currency Inconvertibility	Fraud and Corruption
Agriculture	5	6	3	4	5	7	4	5	8	2	2	8
Manufacturing	4	3	2	6	4	5	4	7	5	4	5	2
Trade	4	4	5	5	4	7	6	2	8	3	3	8
Financial Services	4	7	5	4	3	5	5	5	4	3	4	4
Professional Services	1	5	1	4	5	4	4	5	5	1	4	2
Oil & Gas	4	4	4	4	6	4	4	2	8	2	4	4
Power & Utilities	2	5	2	6	5	5	4	4	8	2	3	2
Construction	2	5	1	4	5	5	3	7	8	3	4	4
Healthcare	3	5	4	6	6	4	6	5	8	1	3	2
Logistics and Transportation	1	4	3	6	4	5	3	7	6	3	3	4
Hospitality	3	6	4	3	5	5	3	5	6	1	4	4
FMCG	2	4	2	5	5	5	6	7	6	4	3	6
Education	3	4	5	2	5	7	4	5	5	4	2	2
Real Estate	3	4	6	3	5	6	6	5	8	5	3	6
ICT	3	6	7	4	5	7	3	5	6	1	2	2

Data: NESG Nigerian Enterprise Risk Survey 2026



Knowledge economy sectors reveal a stark irony between likelihood and impact. ICT and Financial Services confront Talent Shortages and Cyber Breaches, yet revenue damage stays low—they price in attacks and wars, transforming breaches into routine maintenance through resilient redundancies. 2026 infrastructure complexity normalises devastating revenue hits from Project Delivery failures in Power & Utilities and Logistics (see Table 4).

The 2026 risk landscape calls for dynamic resilience rather than a defensive crouch. Firms need to embed macro-hedging as a core discipline: economic and regulatory risks, though only moderately likely, carry outsized impact, making rigorous scenario planning essential, particularly for Trade and Manufacturing. At the same time, organisations must treat human experience as a strategic moat. Elevated risks of customer attrition across sectors underscore the limits of transactional relationships. In sectors such as Healthcare and Hospitality, differentiation will increasingly hinge on personalisation, trust, and sustained engagement—factors that are far more difficult for competitors to replicate.

Table 4: Sectoral Analysis of Impact of Enterprise Risks on Revenue in 2026

	Impact on Revenue											
	Economic, Regulatory, and Market Risks	Talent and Skills Input Shortages	Cost and Credit Availability	Project Delivery Risks	Supply Chain Failures	Cyber/ Information Breach	Political, Crime, Fraud, and Security	Business New Market Entrants	Loss of Customers/ Clients	Labour Strikes	Currency Inconvertibility	Fraud and Corruption
Agriculture	5	2	4	3	4	4	3	3	3	2	2	1
Manufacturing	7	4	3	4	4	1	2	4	4	5	2	2
Trade	8	4	4	3	3	2	3	4	3	5	2	1
Financial Services	7	3	3	3	3	3	4	3	3	4	4	2
Professional Services	5	4	4	3	3	1	2	4	2	3	1	2
Oil & Gas	6	5	3	3	4	5	2	3	2	4	2	2
Power & Utilities	6	5	4	3	3	3	2	5	3	1	2	1
Construction	2	4	4	3	4	5	2	4	4	1	2	2
Healthcare	2	4	2	4	4	4	3	3	2	5	2	1
Logisitcs and Transportation	6	3	3	3	4	3	2	3	4	2	2	2
Hospitality	4	4	3	3	3	3	2	5	4	5	2	2
FMCG	7	4	4	4	4	2	2	4	2	3	1	2
Education	5	2	3	3	4	2	3	5	5	2	1	1
Real Estate	6	4	3	3	3	2	2	3	2	4	1	1
ICT	4	4	3	4	3	3	3	3	4	3	2	2

Data: NESG Nigerian Enterprise Risk Survey 2026

RISK IMPACT ON REVENUE

1 2 3 4 5 6 7 8 9

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Section 6: Strategic Imperatives For Private Sector Leaders

Nigeria's business environment in 2026 demands unflinching adaptation. Recent sectoral risk assessments paint a stark picture. High-likelihood risks threaten to grind daily operations across sectors to a halt. Amid these challenges, private sector leaders must pivot from survival to dominance. This section thus highlights strategies to mitigate identified risks and optimise available business opportunities in 2026.

1. Strategic Energy Decoupling: Transitioning to Off-Grid Solutions

Companies should shift capital expenditure (CAPEX) towards Solar-Hybrid or Gas-to-Power captive plants. This is not just about "going green"; it is about decoupling operational uptime from the national grid's instability. In 2025, the Nigerian private sector operated under a "production ceiling." Despite 3.9 percent GDP growth, average manufacturing capacity was throttled to 55–65 percent due to frequent grid collapses and the prohibitive cost of diesel. By securing independent power sources, firms can regain lost productivity and effectively lower unit production costs, even if fuel prices remain volatile. Businesses must, therefore, view energy not as a utility provided by the state, but as a critical infrastructure to be owned or co-generated.

2. Navigating the "Interest Rate Trap" through Capital Markets

Business leaders should capitalise on Nigeria's capital market growth to ease existing access-to-fund/capital constraints. This involves exploring Commercial Papers (CPs), corporate bonds, or private equity. It is imperative, as traditional bank lending has become a "growth killer" for many, with rates hovering between 25 and 30 percent. For mid-sized firms, 2026 is the year to clean up governance structures to attract institutional investors, allowing for expansion without the suffocating burden of high-interest monthly repayments.

3. Operationalising "Localisation" to Hedge Currency Risks

To mitigate "imported inflation," leaders must audit their supply chains to identify raw materials that can be sourced locally. For businesses in Manufacturing and Trade sectors, "Currency Inconvertibility" and "Supply Chain Failures" ranked as high-impact risks. In 2026, the competitive advantage will go to firms that minimise their FX exposure. This includes entering into long-term off-take agreements with local farmers or intermediate processors to ensure a steady supply of inputs, bypassing the volatility of the global logistics and FX markets.

4. Talent Shielding: Addressing the "Input Shortage" of Human Capital

As high-skilled talent becomes scarce, leaders must adopt Productivity-Linked Compensation. Businesses have identified "Talent and Skills Input Shortages" as a high-impact risk across sectors, particularly in Professional Services, ICT, and Financial Services. This means moving away from flat salaries to performance-based bonuses that keep pace with inflation. In 2026, investing in digital automation is no longer optional; it is essential to safeguard project delivery by reducing dependence on individual roles and ensuring continuity even amid workforce disruptions.

5. Cybersecurity as a Revenue Protection Strategy

For businesses, cybersecurity spending should be viewed as "Revenue Insurance." As this strategy is undertaken, the risk of "Cyber/Information Breach" will move from a technical issue to a top-tier revenue risk. Thus, the focus in 2026 should be on Zero-Trust Architecture and employee training. A single breach in the 2026 landscape—where personalisation and trust are the only things repelling new market entrants—could result in an irreversible loss of market share.



Section 7: Conclusion

The transition into 2026 demands that private-sector leaders move beyond a mere survival mindset towards an aggressive, strategic decoupling. The lessons of 2025 have made it clear that reliance on centralised infrastructure and systems is a bottleneck to private sector growth. To thrive in 2026, businesses must internalise their resilience by investing in off-grid energy solutions and exploring the robust liquidity of the capital markets. By securing independent power and diversifying funding sources, firms can finally break through the production ceilings that have historically limited their scale.

Furthermore, the "Talent and Skills Input Shortage" identified in this report represents a foundational risk that cannot be ignored. In an era where digitalisation is the primary driver of the ICT and Financial Services sectors, the human element remains the most volatile variable. Leaders must prioritise "Talent Shielding" through productivity-linked compensation and accelerated digital automation to mitigate the impact of the ongoing brain drain. Success in 2026 will be defined by those who can harmonise technological adoption with institutional trust, ensuring operational continuity even amid shifting labour dynamics and rising cyber threats.

Ultimately, the 2026 outlook is a call to localise and lead. While the macro-environment remains tethered to global commodity shifts and currency fluctuations, the most successful enterprises will be those that aggressively streamline their supply chains and focus on export competitiveness. The Nigerian market in 2026 rewards the bold—those who view insecurity and infrastructure gaps not as insurmountable barriers, but as problems to be solved through innovation and backward integration. By aligning corporate strategy with the strategic imperatives outlined in this report, the private sector can lead Nigeria's transition from fragile stabilisation to a new era of sustainable, inclusive prosperity.

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For a deeper conversation, collaboration and additional information with respect to this Report, please contact the following:

Dr. Olusegun Omisakin
Chief Economist & Director of Research and Development,
olusegun.omisakin@nesgroup.org

Dr. Joseph Ogebe
Head of Research & Development,
joseph.ogebe@nesgroup.org

Mr. Wasiu Adekunle
Economist
wasiu.adekunle@nesgroup.org

NESG Research & Development
research@nesgroup.org

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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, Unity Bank Tower,
Beside Reinsurance building
Plot 785, Herbert Macaulay Way,
Central Business District, Abuja

www.nesgroup.org
info@nesgroup.org
+234 1 2952849
officialNESG