

# Pathways to Growth: Improving Access to Markets for Nigerian Entrepreneurs





# ABOUT THE FATE INSTITUTE

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

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

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

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



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# FOREWORD

Over the past three years, the FATE Institute has consistently published the annual State of Entrepreneurship in Nigeria report, providing a comprehensive assessment of entrepreneurial activities across the 36 states in Nigeria and the FCT. The report identifies key challenges faced by entrepreneurs and offers actionable recommendations to address them.

In last year's edition, poor access to markets emerged as one of the top five challenges, alongside limited access to finance, multiple taxation, infrastructural deficiencies, unstable policies, and unreliable energy supply. These findings align with insights from other entrepreneurship-focused reports within the ecosystem, highlighting the systemic nature of these barriers and the urgent need for coordinated interventions.

To better understand the access to market gap, this report adopts a comprehensive, in-depth approach to analyze the challenges, identify root causes, and propose targeted strategies to enhance outcomes. Highlighting the critical role access to markets plays in enabling MSMEs to reach their potential, this report provides evidence-based recommendations to bridge existing gaps and serves as a call to action for policymakers, industry leaders, development partners, and stakeholders across all sectors.

Access to Market is not just about enabling MSMEs to sell products and services. It is about creating an ecosystem that will sustain them and support them to thrive. From overcoming logistical bottlenecks and leveraging digital platforms to strengthening value chains and addressing regulatory constraints, this report examines the multifaceted strategies needed to support Nigerian MSMEs. It also emphasizes the importance of inclusive policies that prioritize youth, women, and other marginalized entrepreneurial groups, ensuring that no one is left behind in the journey toward economic prosperity.

This report also proves the resilience and ingenuity of Nigerian entrepreneurs. It underscores their potential to contribute to economic diversification, drive innovation, and position Nigeria as a leading player in regional and global trade. The insights and recommendations presented here also provide guidance for creating a vibrant and competitive MSME sector that will catalyze sustainable development and economic growth.

As we embark on this shared mission to improve market access for MSMEs, please remember that the success of our MSMEs is not only crucial to the economy but also to the future prosperity and well-being of all Nigerians.

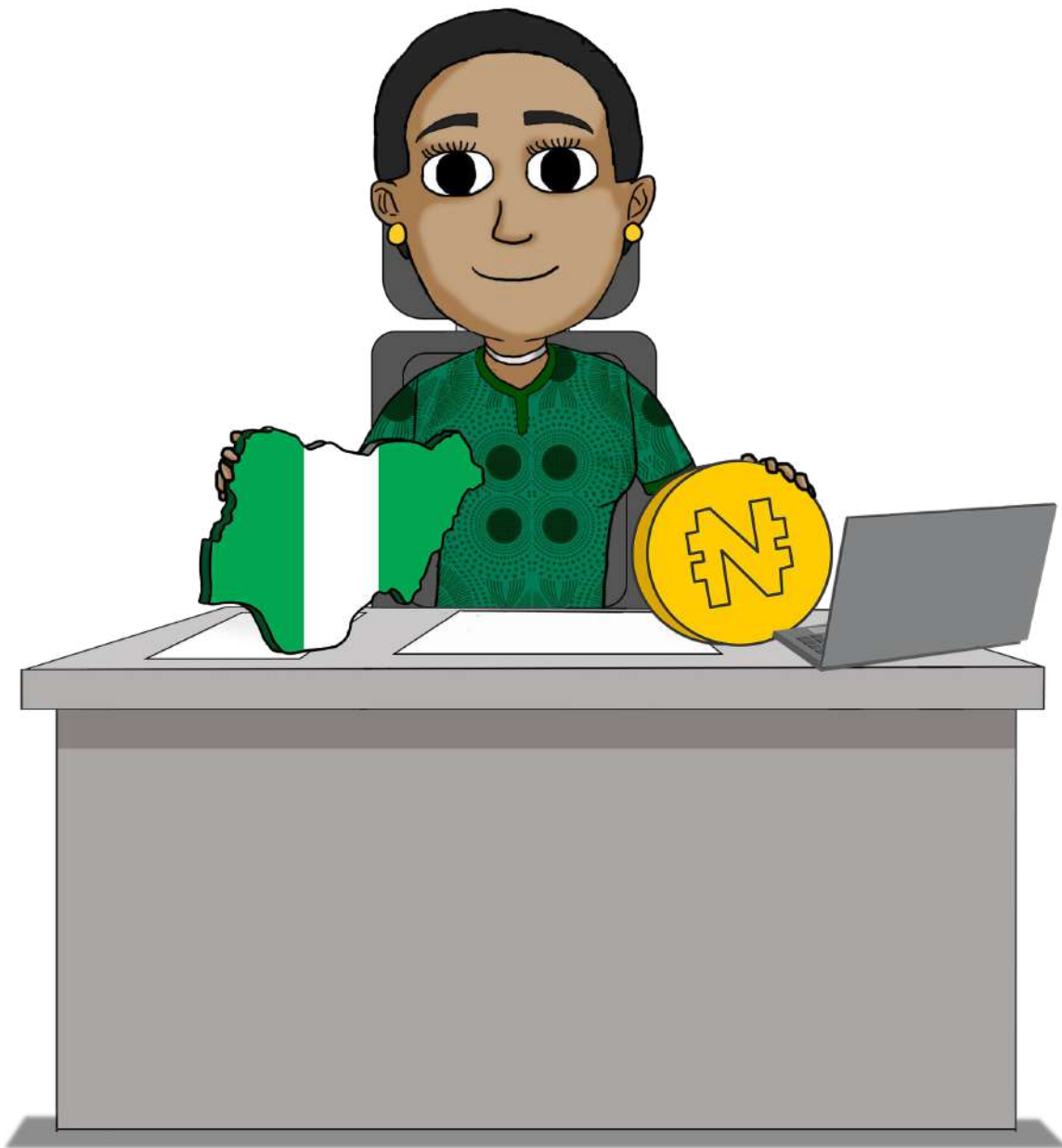


By working together, we can build an environment where every entrepreneur has the opportunity to succeed, scale, and contribute to Nigeria's economic transformation.

**Amaka Nwaokolo**

Director & Head, The FATE Institute  
FATE Foundation

# EXECUTIVE SUMMARY



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This report provides a comprehensive analysis of the market access challenges and opportunities for Nigeria’s Nano, Micro, Small, and Medium Enterprises (NMSMEs) across the domestic and export markets. For the fourth year in a row, the Fate Institute conducted the State of Entrepreneurship (SoE) Survey in 2024, which covered 10,595 businesses across the 36 states and the Federal Capital Territory (FCT) in Nigeria. The survey obtained the views of entrepreneurs on the challenges and opportunities associated with access to market as well as recommendations to improve market access in Nigeria.

## Importance of Market Access

Nigeria’s large and growing population presents vast economic potential, yet limited access to market among NMSMEs hinders their growth and sustainability. Insights from entrepreneurs revealed market access as a critical factor that determines the performance of NMSMEs in Nigeria. For instance, among businesses that reported growth in the past year, access to market ranked as the number one factor that enabled this growth. These businesses were able to increase their customer base by extending their reach to new markets despite the challenging business environment. Conversely, for businesses that did not grow, limited market access was among the top three barriers to growth. This indicates the importance of market access for NMSMEs in Nigeria.



## Challenges of Market Access

Within the domestic economy, some factors that limit market access include limited information on market opportunities, high transportation costs, inadequate infrastructure, and financial constraints. While insufficient market data hampers strategic decision-making, impacting product development and competitiveness, the removal of fuel subsidies has raised transport costs for many businesses, limiting market reach and productivity. In addition, poor infrastructure - unreliable power supply and poor state of roads - adds to operational difficulties for these businesses. Other factors such as high borrowing costs, multiple taxes and complex registration processes also limit access to the domestic market.

For the export market, findings from the survey showed that only 12% of surveyed businesses export their products. Gender disparities were evident, with only 11% of female-led businesses (14% for male-led) engaging in export, mainly targeting diaspora communities. Analysis of the survey showed an interesting link between business informality and export - 95% of unregistered businesses do not export their products, while 78% of businesses that export their products are registered. This correlation indicates that informality may be a major barrier to accessing international markets.

For the export market, findings from the survey showed that only 12% of surveyed businesses export their products. Gender disparities were evident, with only 11% of female-led businesses (14% for male-led).

A major challenge associated with low exports among Nigerian businesses is the lack of awareness of the opportunities in the export market. For instance, only 17% of entrepreneurs were aware of the African Continental Free Trade Area (AfCFTA), an important trade agreement which is expected to boost intra-African trade. The lack of awareness of such an important trade deal by many entrepreneurs suggests the limited preparedness of exporters to take advantage of existing and future export opportunities. Furthermore, stringent international standards, limited export financing, weak infrastructure – ports and border access roads, and complex regulatory hurdles are key factors that limit the participation of Nigeria’s NMSMEs in export.

Only 17% of entrepreneurs were aware of the African Continental Free Trade Area (AfCFTA), an important trade agreement which is expected to boost intra-African trade.

## Government Initiatives to Improve Market Access

To address these barriers, the Nigerian government has introduced several initiatives aimed at improving market access for NMSMEs. The Business Facilitation Act 2022 mandates streamlined port operations, 24-hour service at the ports, and dedicated export terminals for agricultural products. The Nigerian Export Promotion Council (NEPC) has rolled out programmes such as "Go Global, Go Certification" to enhance product quality and export readiness. Financial institutions such as the Bank of Industry (BoI), Bank of Agriculture (BoA), Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) and the Development Bank of Nigeria (DBN) also provide financing, capacity building and mentorship to existing and potential exporters. Despite these efforts, challenges in compliance, funding, and implementation across regions persist.

## Opportunities for Market Access

Despite these challenges, there are significant opportunities for small businesses to expand market access both domestically and internationally. In Nigeria, the large, youthful population, rapid urbanisation, and the booming digital economy present valuable avenues for NMSMEs to reach new consumer segments. To capitalise on this, businesses should increasingly adopt e-commerce, digital payments, and online marketing. Additionally, entrepreneurs can leverage support from government agencies like the BoI and DBN, which provide financing, training, and mentorship. In the export market, initiatives such as the African Growth and Opportunity Act (AGOA) and the AfCFTA offer duty free access to the U.S. and expanded trade across Africa respectively, while the diaspora market and creative industries create further growth opportunities. The Nigerian Export Promotion Council’s programmes, including the Export Expansion Grant, also provide financial incentives and capacity building to boost global competitiveness. Entrepreneurs must leverage these programmes to scale their businesses and reach markets within and outside Nigeria.

## Recommendations

To improve market access, the report recommends establishing government-funded business development hubs across Nigeria to provide tailored support, including access to finance, business structuring, and market opportunities for NMSMEs. In addition, enforcing compliance with the Business Facilitation Act, 2022 to reduce bureaucratic obstacles and leveraging public procurement to support local businesses are key strategies. Raising awareness about trade agreements like AfCFTA and AGOA is essential in helping businesses capitalise on these opportunities. Addressing infrastructure challenges is foundational for business resilience, while adherence to international standards is critical for global competitiveness. Expanding access to affordable finance and digital resources is vital to help NMSMEs scale and broaden their market reach.



# INTRODUCTION - MARKET ACCESS LANDSCAPE FOR NMSMES IN NIGERIA

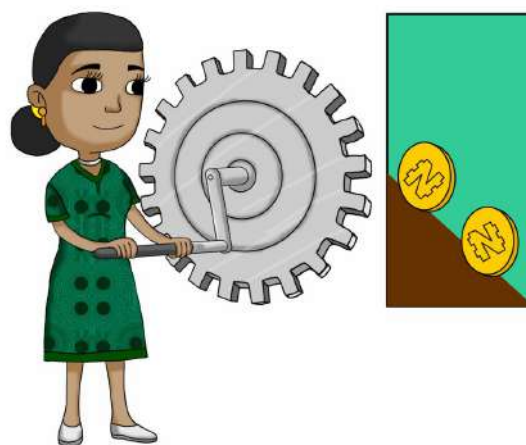


Nigeria's population is estimated at 237 million in 2024, making the country one of the most populous countries in the world. With a GDP of N229 trillion<sup>1</sup>, which translates to US\$363 billion in 2023, Nigeria is among the largest economies in Africa. Although per capita income has been on a downward trend in the last few years, mainly due to a depreciating currency, Nigeria is still viewed as a country with a large market. Many large firms, including multinationals, see opportunities in Nigeria's sizeable market, abundant natural resources, diverse and affordable workforce, and strategic coastal location, which enhances its role as a gateway to many Sub-Saharan African countries.

For nano, micro, small and medium enterprises (NMSMEs) in Nigeria, poor market access is one of the most significant challenges these businesses face. In the past three years, in the State of Entrepreneurship (SoE) Reports, Nigerian entrepreneurs have ranked poor access to market among the top 3 challenges faced by their businesses. Although the problem of poor access to market ranked 7th in 2024<sup>2</sup> due to the emergence of pressing challenges of insecurity, exchange rate depreciation and limited infrastructure, this, in no fashion, means that the access to market challenge is less important. When we examined businesses that reported growth in the last one-year, improved market access was the most important factor that drove their growth. On the flip side, among entrepreneurs whose businesses did not grow, a significant share cited poor market access as a major inhibitor, only third to limited access to finance and insecurity. These suggest that improving market access is crucial to the growth and sustainability of businesses in Nigeria.

The market access challenge for small businesses has several dimensions.

**First** are the problems associated with the domestic market, which include inadequate infrastructure, poor power supply, limited access to finance, high transport costs and poor storage facilities. The limited availability of quality physical infrastructure such as roads, rail and ports influences the competitiveness of nano, micro, small and medium businesses. This is in addition to poor power supply and limited access to affordable finance. In the past year, Nigerian businesses have had to struggle with frequent collapse of the national grid<sup>3</sup>, the removal of petrol subsidies which has raised transport costs and a high lending rate, which hovers at 30%+. Not only do these problems raise the operating cost of small businesses they also confine these businesses to their local environment, thereby limiting their ability to grow and scale.



In the State of Entrepreneurship (SoE) Reports, Nigerian entrepreneurs have ranked poor access to market among the top 3 challenges faced by their businesses.

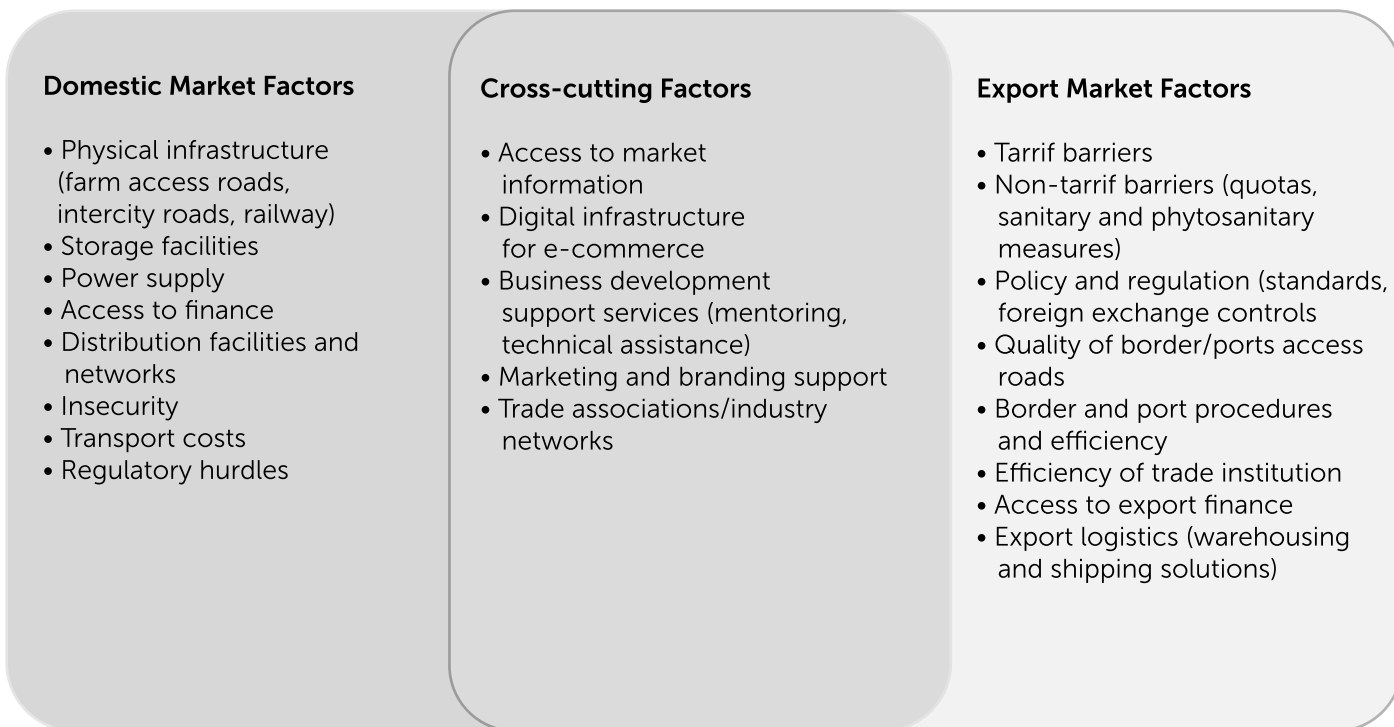


<sup>1</sup> See NBS GDP Report: <https://nigerianstat.gov.ng/elibrary/read/1241549>

<sup>2</sup> This ranking captured the views of businesses that experienced growth and those that did not in the past year

<sup>3</sup> As at Nov 7 2024, Nigeria's national grid had collapsed 11 times in 2024. See <https://www.arise.tv/nigerias-power-grid-collapses-for-11thtime-in-2024-raising-concerns/#:~:text=The%20collapse%20of%20Nigeria%27s%20single,and%20resultant%20losses%20and%20pains.>

Figure 1: Framework for Enhancing Market Access for Small Businesses in Nigeria



**Second** are factors associated with the export market, which prevent businesses from reaching consumers or markets outside the country. These include tariff and non-tariff barriers, alongside limited export infrastructure, weak institutions, government policies and regulations, etc. As a result of these challenges, very few Nigerian businesses, especially NMSMEs, export their products. This is reflected in the low share of exports in GDP (16%) and non-oil exports in total exports (8.7%) in 2023<sup>4</sup>. Responses from the 2024 SoE showed that only 12% of businesses surveyed export their products to other countries. This is despite the benefits associated with exports. Several studies have linked firms’ efficiency with their ability to export, particularly because exporting firms benefit from self-selection and learning by exports. While the self-selection hypothesis argues that more productive firms tend to engage in export, learning by exports states that exporting firms tend to accrue benefits from knowledge exchange, which makes them more productive<sup>5</sup>. Many businesses in Nigeria, therefore, cannot reap the benefits of knowledge acquisition and improved efficiency associated with exports due to the low market access.

**Third** are factors that are common to entrepreneurs in the domestic and export markets, some of which include limited access to information on markets, marketing and branding and digital infrastructure for e-commerce. Most business owners in Nigeria are not aware of relevant trade initiatives and/or schemes that aim to improve access to both the domestic and foreign markets. This challenge often arises as a result of weak sensitization on trade initiatives by government agencies or due to a lack of participation in trade networks on the part of entrepreneurs. As revealed by the 2024 SoE Survey, only 17% of entrepreneurs were aware of the African Continental Free Trade Area (AfCFTA) Agreement. Other challenges, such as poor marketing and branding and weak digital infrastructure, tend to limit the exposure of small businesses both within and outside the country.

As revealed by the 2024 SoE Survey, only 17% of entrepreneurs were aware of the African Continental Free Trade Area (AfCFTA) Agreement.

<sup>4</sup> See National Bureau of Statistics (2024a). Foreign Trade in Goods Statistics 2024Q2. <https://nigerianstat.gov.ng/elibrary/read/1241553>  
<sup>5</sup> For detailed discussions, see [https://scholar.harvard.edu/files/haidar/files/economic\\_modelling\\_tp.pdf](https://scholar.harvard.edu/files/haidar/files/economic_modelling_tp.pdf) and <https://www.oecdilibrary.org/docserver/9789264275683-en.pdf?expires=1730912121&id=id&accname=guest&checksum=8B586F86E74B77E3CBCBD54E4E466B4A>

Amidst these challenges, some of which are beyond the control of small business owners, entrepreneurs are increasingly adopting technology and e-commerce/digital marketing channels to gain new customers and extend their coverage. The rise and increased adoption of digital channels such as Jumia, Konga, and Jiji, as well as social media platforms such as Facebook, Instagram, and X, have facilitated market access for many small business owners. From the 2024 State of Entrepreneurship Survey, 77% of entrepreneurs who used technology said it helped them access new markets and customers in the past year. As many more businesses adopt technology in coming years, we envisage improvements in market access, although this will remain skewed towards the domestic market.

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Notwithstanding the progress made on technology adoption, the core traditional constraints such as inadequate infrastructure, tariff and non-tariff barriers, and inadequate storage and distribution network, among others, must be addressed if small businesses must grow and contribute meaningfully to the Nigerian economy. This is because small businesses in Nigeria tend to be disproportionately affected by these constraints relative to larger firms. The potential for NMSMEs to leverage opportunities in Nigeria’s domestic and export markets in light of the AfCFTA is huge. Against this background, Nigeria needs a proactive set of actions to address these constraints and enhance the competitiveness of NMSMEs, which are supposedly the engine room of growth and development. Government policy responses should include investment in key physical infrastructure, improving the quality of trade institutions and implementing trade and industrial policies that seek to strengthen Nigeria’s place in the global economy. Finally, access to business support services, including finance, bookkeeping, knowledge and skills, and information, are fundamental to improving the competitiveness of small businesses in the country.

The rest of this report analyses the views of entrepreneurs on the importance and specific challenges of market access, government Initiatives to improve market access, the opportunities for market access and key recommendations.





# WHAT ENTREPRENEURS ARE SAYING ABOUT THE ACCESS TO MARKET



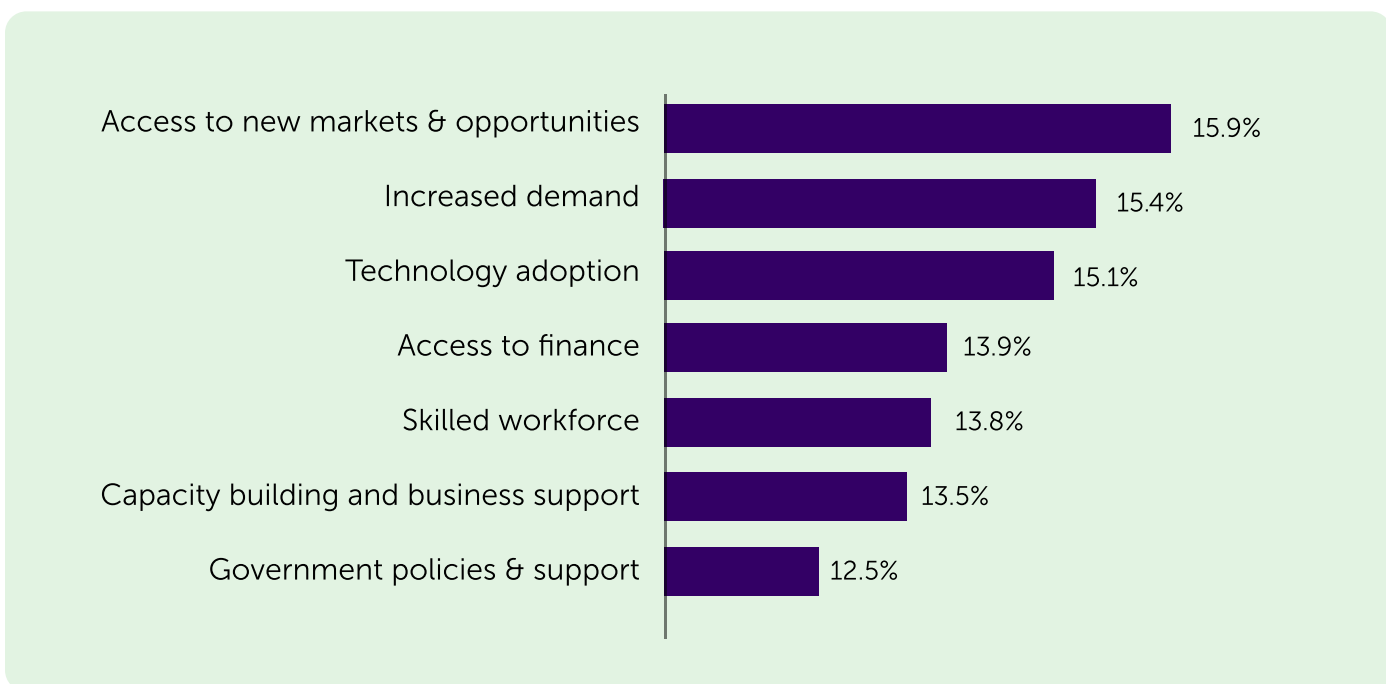
The State of Entrepreneurship (SoE) Survey has become a formidable tool for gauging the views and performance of entrepreneurs on issues that have impacted their businesses in the past year. In 2024, the SoE Survey explored the challenge of access to market and how Nigerian entrepreneurs are coping with this problem. This section discusses the views of these business owners, who are spread all over the country and across different sectors of the economy.

## HOW IMPORTANT IS MARKET ACCESS FOR BUSINESSES?

Access to markets is a key driver of performance for nano, micro, small, and medium enterprises (NMSMEs) in Nigeria. In the 2024 State of Entrepreneurship (SoE) Survey, market access was identified as the most critical growth factor for businesses during the year (see Figure 2). For entrepreneurs, market access is more than just an opportunity; it enables income diversification, strengthens supply chains, supports economies of scale, and fosters innovation. By opening new channels for revenue growth, market access also plays a pivotal role in improving profitability and overall business resilience.

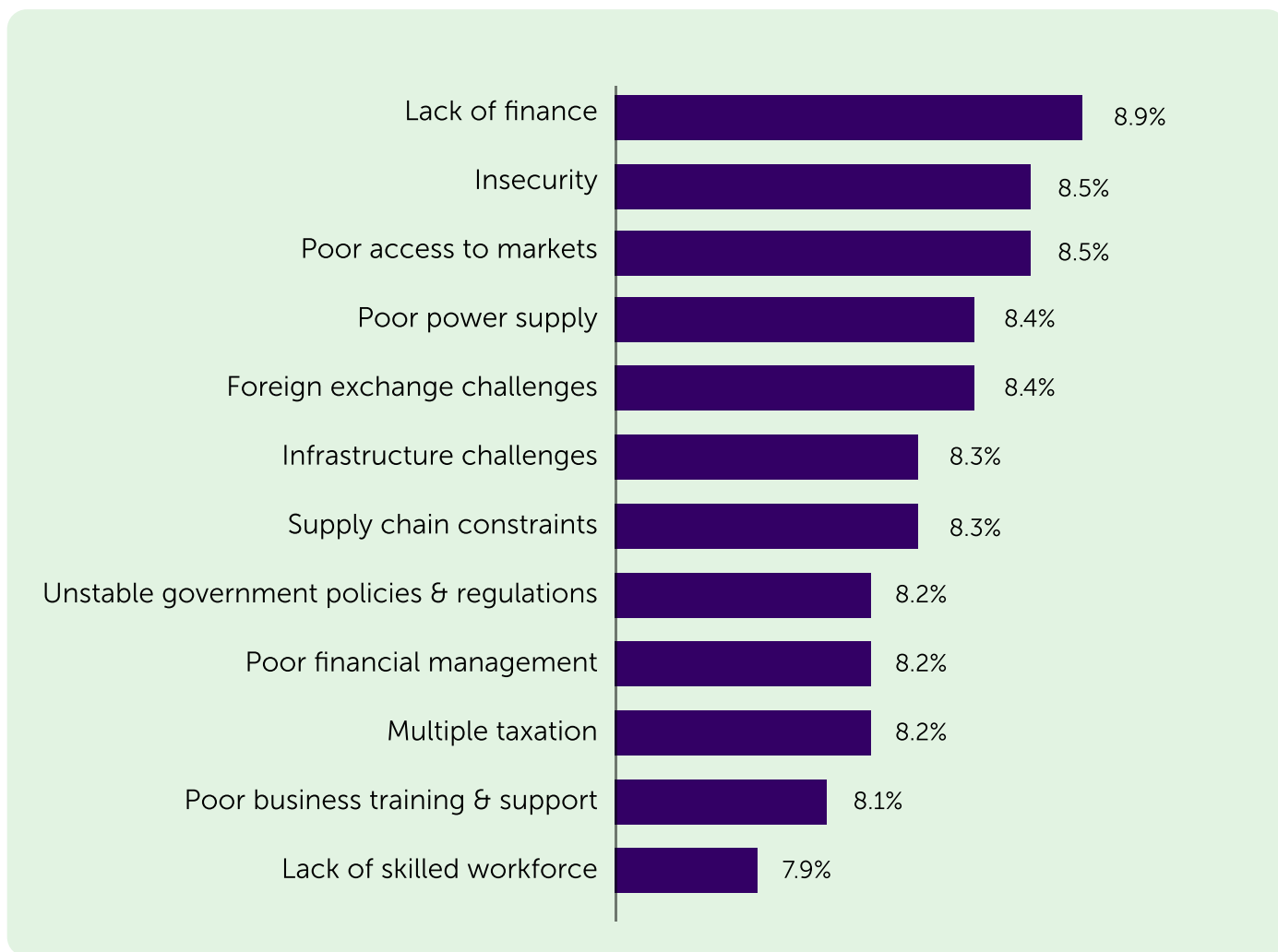


Figure 2: If your business experienced growth in the last one year, what factor(s) do you think contributed to your business growth? (Ranked responses)



Despite the important role of NMSMEs in Nigeria’s economy, poor market access remains a significant challenge for many businesses. Among businesses that did not experience growth, limited market access was identified as the third most critical barrier to growth after lack of finance and insecurity (see Figure 3). These factors are deeply interconnected, as both funding constraints and security issues further hinder market opportunities, underscoring the need for a holistic approach to addressing these challenges.

Figure 3: What factor(s) do you think mitigated your business growth? (Ranked Responses)



## Gender and Market Access

The majority of female-led businesses operate in the domestic market. According to the 2024 SoE Survey, only 11% of female-led businesses export their goods, lower than that of male-led businesses (14%). Of those female-led businesses that export, a significant 71% target Nigerian diaspora communities, which they believe will continue to grow. However, only 13% of female-led businesses reported being aware of the African Continental Free Trade Area (AfCFTA)

Agreement, indicating a crucial gap in access to information on available trade opportunities. The Nigerian Export Promotion Council (NEPC) has registered 29,000 exporters since 2016, of which 4,000 are women-led businesses. From 2018 to 2024, approximately 7,800 women entrepreneurs received support through the NEPC’s dedicated hub to enhance their export capabilities<sup>6</sup>. Nevertheless, more targeted support is needed to enable female exporters to expand into new markets, enhance their competitiveness, and fully leverage trade agreements like the AfCFTA.

<sup>6</sup> See <https://www.thisdaylive.com/index.php/2024/03/18/okonjo-iweala-ayeni-harp-on-export-trade-to-boost-economy/>

Figure 4: Do you currently export your products/ services? (% of Respondents)

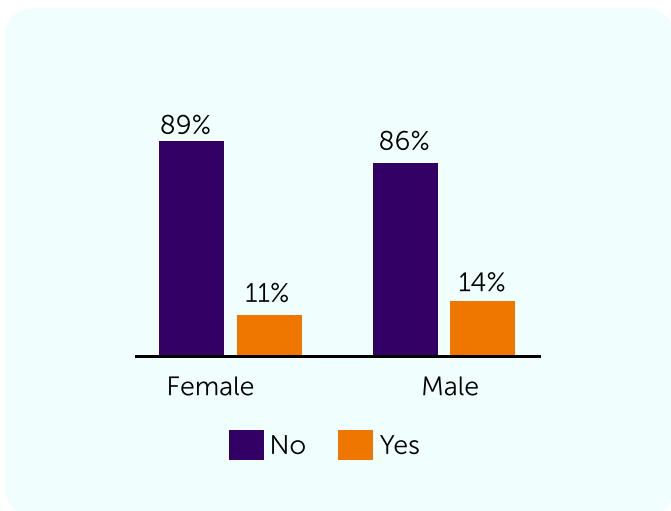


Figure 5: Are you currently exporting to Nigerians living abroad (diaspora)? (% of Respondents)

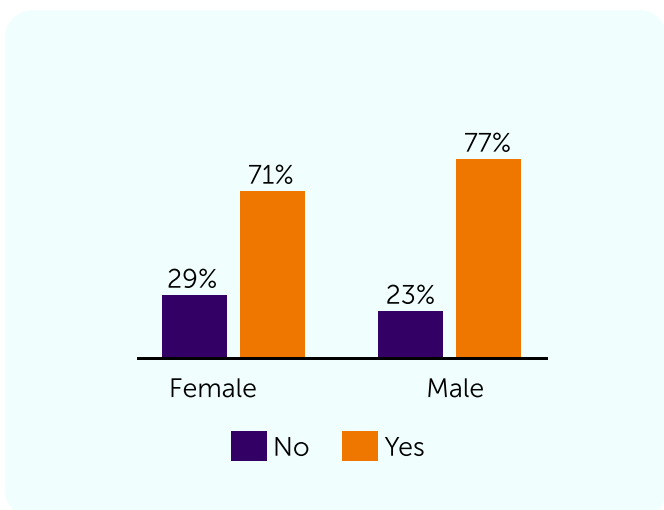
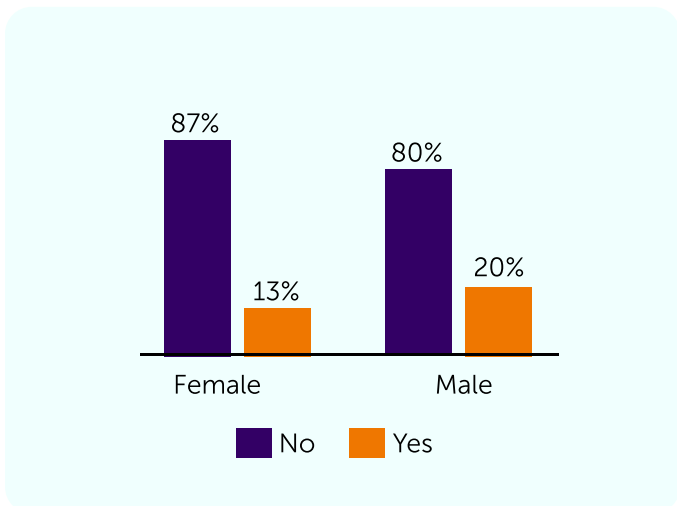


Figure 6: Are you aware of the African Continental Free Trade Area (AfCFTA) Agreement? (% of Respondents)



## Informality and Market Access

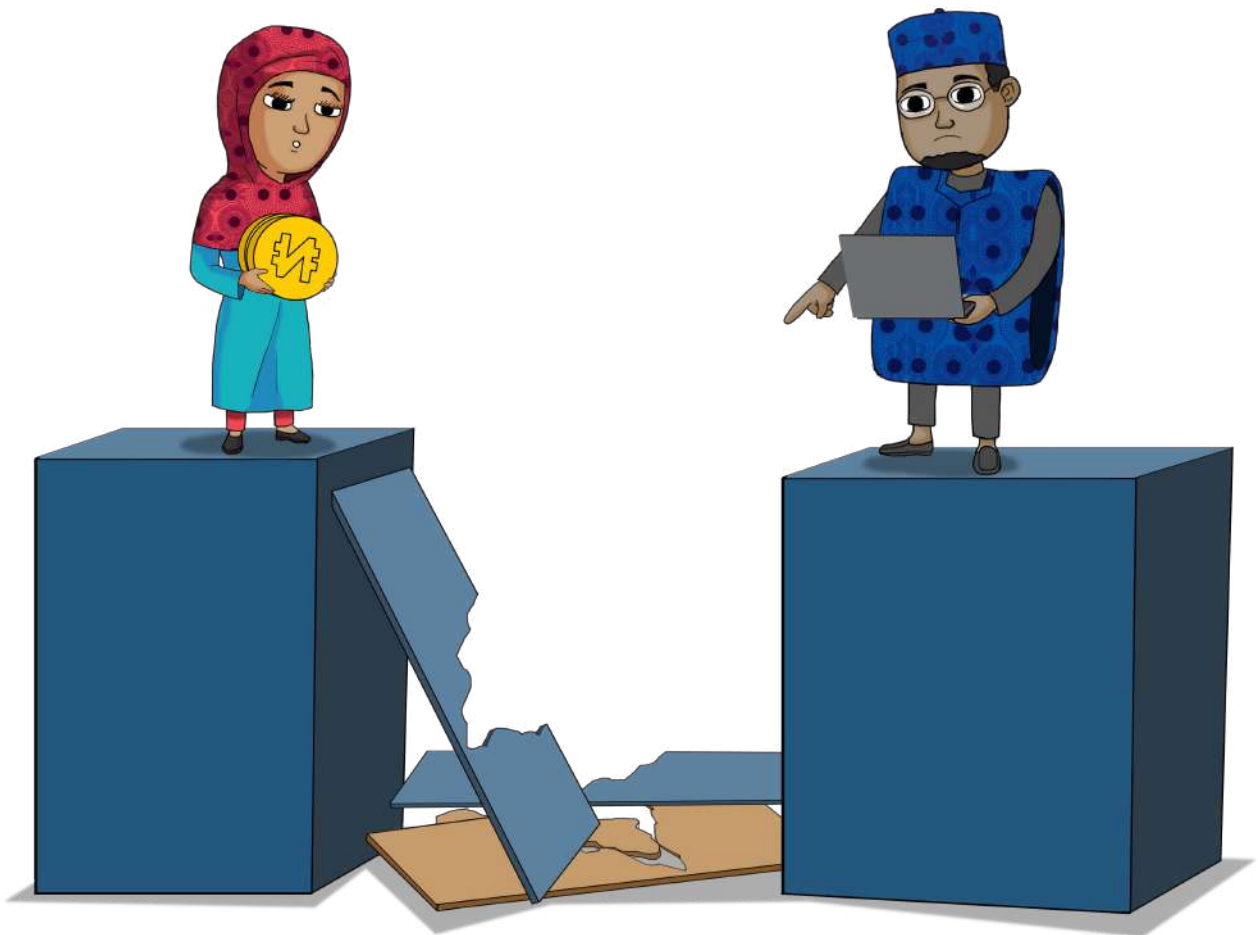
The informal sector is an essential part of Nigeria's economy, contributing significantly to GDP and employment, particularly in agriculture and services. According to the International Labour Organization (ILO), the informal sector includes economic activities by workers and units that are either unregistered or insufficiently regulated, lacking the formal structures and documentation required by authorities. In Nigeria, the sector accounts for 46.3% of GDP, with 96.9% of business enterprises operating informally, according to SMEDAN and the National Bureau of Statistics (NBS). These informal enterprises provide 87.9% of employment and contribute 6.2% to exports.

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Despite the sector's economic contributions, the predominance of informal businesses presents challenges for market access. The 2024 SoE Survey reported that informality rates are particularly high among youth and female-led businesses, at 70% and 67%, respectively. This high degree of informality limits access to formal markets, government procurement, financial services, and business networks, as well as to international markets. For example, the SoE Survey found that 95% of unregistered businesses do not export, while 78% of exporting businesses are registered, underscoring the impact of informality on scalability and growth. The challenges associated with informality, such as restricted access to finance, technology, and business information, limit the competitiveness and market reach of Nigeria's NMSMEs.



# MARKET ACCESS CHALLENGES FOR ENTREPRENEURS IN NIGERIA



The challenge of access to markets is not mainly a function of consumer demand for products and services. According to the 2024 SoE, only 9% of entrepreneurs reported that the demand for their products and services is low or very low. The majority of entrepreneurs reported that the demand for their products and services remains moderate, high, or very high. This suggests that the key challenge is not about the demand for goods and services but rather how policymakers can address supply-side constraints to meet this demand. We discuss market access challenges from the perspectives of the domestic and export markets.

## Domestic Market

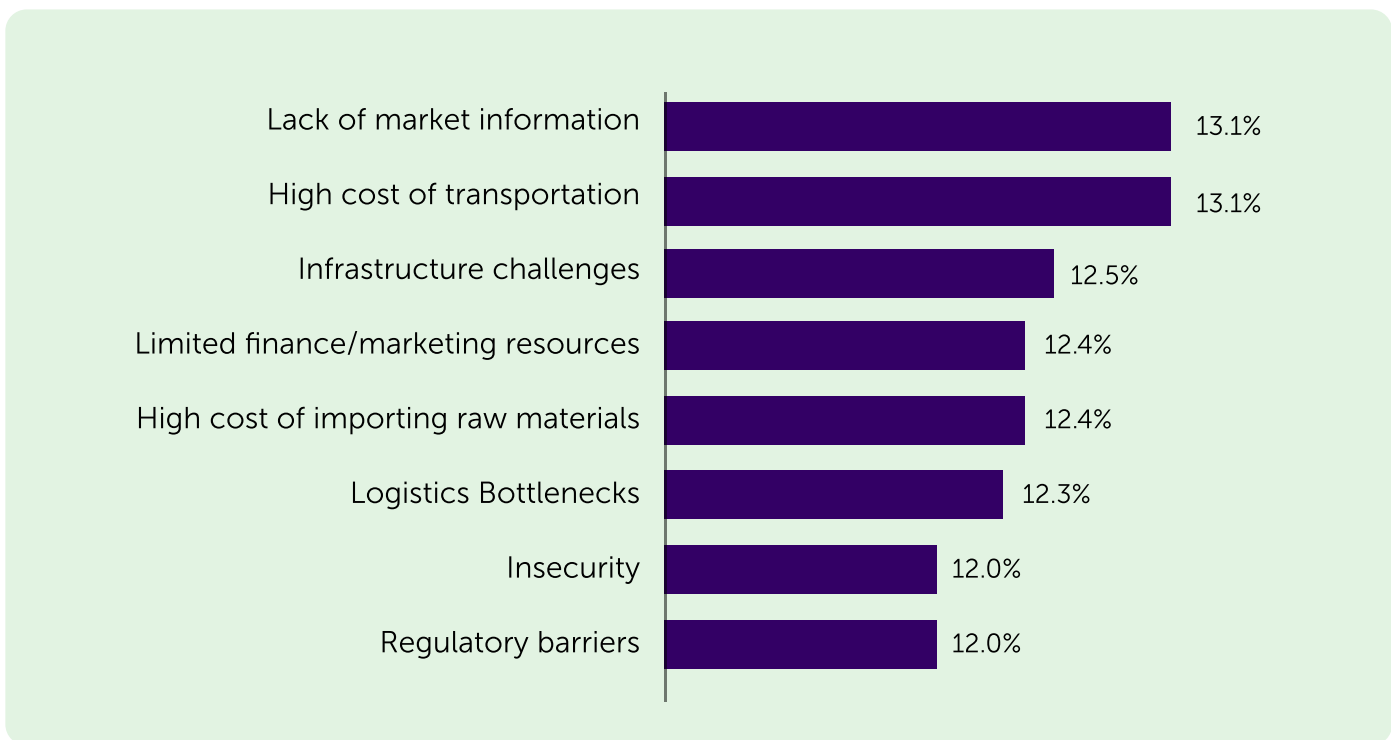
In dimensioning the problem of poor market access, entrepreneurs were asked to identify factors that inhibit market access in the domestic economy. Lack of market information and high cost of transportation emerged as the two main barriers for businesses. Some of these factors are discussed below.

**Limited access to market information:** Poor access to market information significantly limits the capacity of Nigerian NMSMEs to compete and expand into new markets. Alongside high transport costs, inadequate market information is one of the most critical barriers to domestic market access (see Figure 7). From the 2024 SoE Survey, social and traditional media ranked as the top sources of market information for Nigerian entrepreneurs. Despite the numerous benefits associated with technology adoption, these sources tend to provide limited depth and actionable insights on market access. Without reliable information, entrepreneurs struggle to make informed decisions on product development, pricing, and production volumes, hindering their ability to scale. Additionally, the lack of information can hinder access to finance, as lenders often require thorough market analysis to make funding decisions. Insufficient customer insights also weaken competitive positioning and undermine marketing strategies. Closing this information gap is essential for empowering NMSMEs to grow sustainably and build resilience.



Without reliable information, entrepreneurs struggle to make informed decisions on product development, pricing, and production volumes, hindering their ability to scale.

Figure 7: What are the most significant barriers to accessing the domestic market for your business? (Aggregated Importance of Ranked Responses)



**High cost of transportation:** Since mid-2023, when the President announced the removal of the petrol subsidy, entrepreneurs have had to struggle with rising transport costs - the price of petrol rose significantly from a nationwide average of ₦626 per litre in September 2023 to ₦1,030 in September 2024. This increase has driven up operating expenses, limiting the ability of businesses to expand into new markets. According to data from the SoE Survey, 96% of entrepreneurs reported that the rising operational costs have hindered their ability to compete locally and explore new markets. Consequently, many businesses are now focused on survival rather than market expansion.

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**Infrastructure Deficiencies:** Nigeria lags in infrastructure development relative to other emerging economies. The World Bank estimates that Nigeria requires US\$100 billion over the next thirty years to bridge this infrastructure gap. The African Development Bank’s Africa Infrastructure Index reported Nigeria’s score at 24.9 points in 2022 (see Table 1). While noting some recent improvements in infrastructure investment, Nigeria still falls significantly behind countries like South Africa and Egypt, which scored 81.67 and 89.91 points, respectively, in the same year. Hence, Nigerian entrepreneurs lack the essential infrastructure for efficient production and distribution within and outside the country. They contend with frequent power outages, inadequate road networks, inefficient rail systems, congested ports, limited warehousing, and an overall weak logistics system. These issues severely disrupt business operations, increase costs, and reduce competitiveness, thus restricting entrepreneurs’ ability to access markets effectively.

Table 1: Africa Development Bank’s Africa Infrastructure Index (score over 100)

	2015	2019	2020	2022
Egypt	85.62	87.23	88.39	89.91
South Africa	75.90	78.43	79.34	81.67
Ghana	25.44	29.51	30.13	31.81
Senegal	24.59	28.30	29.22	31.30
Nigeria	20.45	23.28	24.18	24.90

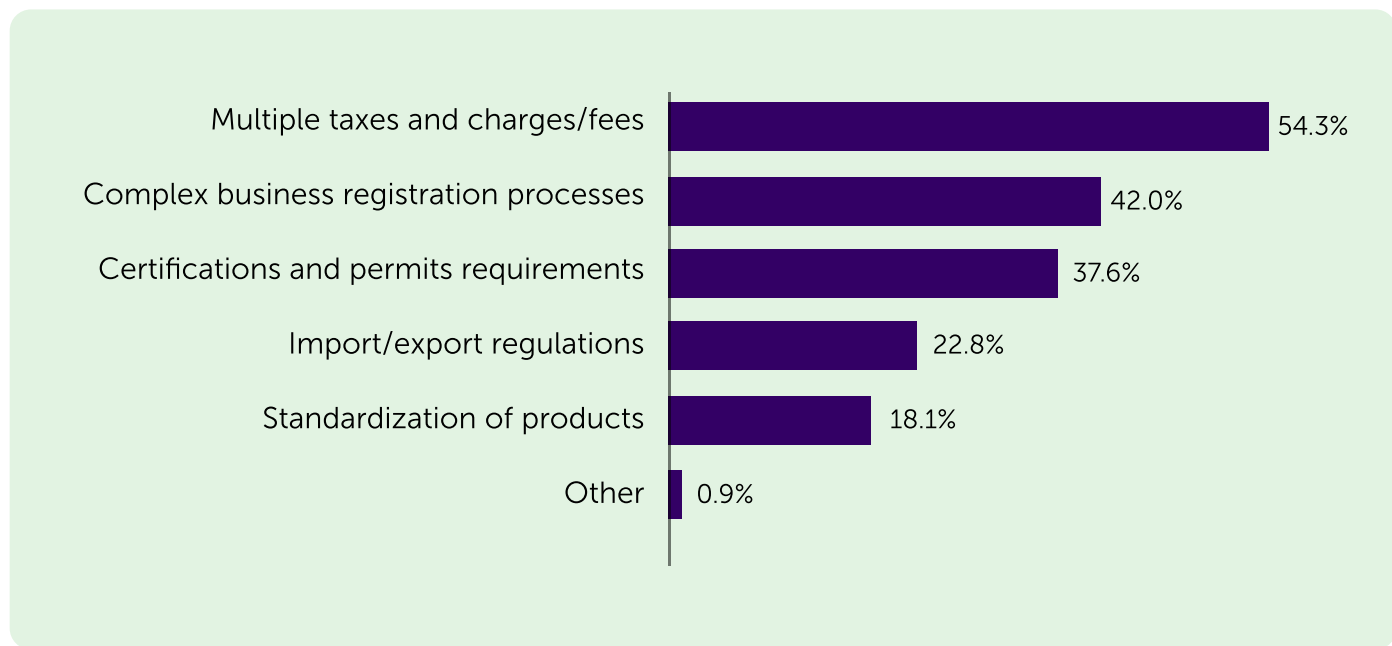
**Limited Access to Finance:** Poor access to finance is a major barrier to market access for Nigerian entrepreneurs. According to the SMEDAN/NBS MSME Survey, only 15.4% of businesses in Nigeria secure loans, with most businesses relying on personal savings, family support, and cooperatives/Esusu for funding. Similarly, the 2024 SoE Survey reported that only 25.5% of entrepreneurs accessed funds from financial institutions. With high interest rates at 30-35%, borrowing is a costly option, as entrepreneurs are discouraged from obtaining funds needed for business growth, market expansion, or marketing initiatives. This limited access to affordable financing significantly hinders the ability of NMSMEs to scale and compete.

SoE Survey, 54.3% of entrepreneurs identified multiple taxes, charges, and fees as the most pressing regulatory obstacles hindering their market access, while 42.0% cited complex business registration processes. These challenges discourage business formalisation, thus, restricting NMSMEs’ ability to tap into larger markets.

**Regulatory and Bureaucratic Bottlenecks:** Businesses in Nigeria encounter significant bureaucratic challenges due to inconsistencies in policies and regulations, multiple taxation, corruption, high cost of regulatory compliance, and the pervasive influence of non-state actors. According to the 2024



Figure 8: Regulatory Barriers to Accessing the Domestic Market (% of respondents)



## Export Market

While certain challenges affecting domestic market access also limit export opportunities, Nigerian entrepreneurs face unique obstacles in accessing international markets. These include stringent international standards and certifications, which require substantial investment to meet the requirements. Inefficiencies in export logistics, including lengthy port processes, inadequate port facilities and delays, pose significant barriers to export. Other export-specific challenges include macroeconomic instability, limited access to export financing and trade support, limited information on export procedures and opportunities and low production for export. Collectively, these issues restrict the ability of Nigerian businesses to compete in global markets. According to the 2024 SoE Survey, only 12.3% of Nigerian entrepreneurs exported their goods and services in 2024, with the majority targeting the African market.

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Figure 9: Do you currently export your products /services? (% of respondents)

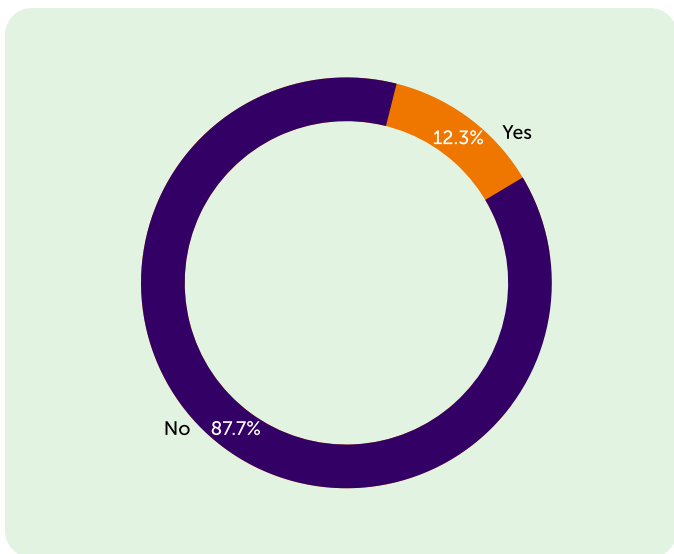
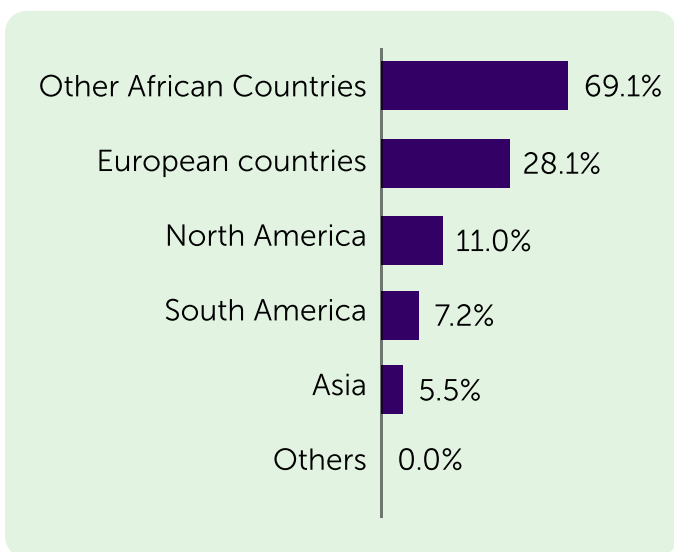


Figure 10: Which regions do you export to? (Ranked responses)



Food and Drug Administration and Control (NAFDAC) and some private firms operate accredited testing laboratories in Nigeria, these facilities are limited and insufficient to serve businesses nationwide. Entrepreneurs incur substantial transport and other costs to access these laboratories, increasing their costs. Additionally, issues such as corruption and lack of coordination among government agencies hinder the acceptance of Nigerian goods in international markets. Consequently, many Nigerian NMSMEs are unable to capitalise on export opportunities to advanced markets in Europe, Asia and The Americas.

**Insufficient export infrastructure and facilities:**

Limited infrastructure, insufficient export facilities, and underperforming trade-related institutions render Nigerian NMSMEs uncompetitive and hinder their access to international markets. Entrepreneurs contend with congested ports, prolonged delays, and bureaucratic hurdles. Frequently, shipments are held for months at the ports because government agencies with overlapping export oversight fail to agree on requirements. According to the Executive Secretary of the Nigerian Shippers Council (NSC), about 60% of export-bound containers spend close to 20 days and more before clearing. This constitutes time wastage when compared with other countries in ECOWAS (Anagor-Ewuzie, 2024). Furthermore, border and port access roads are not in good shape while key institutions such as the Nigeria Customs Service (NCS) continue to underperform. In 2023, the agency ranked 34 out of 39 Ministries, Departments, and Agencies (MDAs) on the compliance of ease of doing business reforms. These challenges elevate freight and storage costs for small businesses. Thus, exporting from Nigeria becomes costly and logistically challenging, reducing the global competitiveness of Nigerian products and limiting NMSMEs’ access to foreign markets.

**Key Challenges**

**Stringent International Standards and Certifications:**

To access international markets, particularly in advanced economies like the United States and the European Union, Nigerian NMSMEs must comply with various stringent standards, certifications, and regulatory requirements. For instance, agribusinesses in Nigeria need to meet Sanitary and Phytosanitary (SPS) Standards to ensure food safety. This is challenging for many Nigerian NMSMEs, as they often lack access to modern equipment, laboratories, training, and infrastructure necessary to meet these high standards. Although the National Agency for

Nigeria Customs Service (NCS) continue to underperform. In 2023, the agency ranked 34 out of 39 Ministries, Departments, and Agencies (MDAs) on the compliance of ease of doing business reforms.

**Limited access to export financing and trade support:**

Trade finance is essential for NMSMEs aiming to enter the export market. However, Nigerian NMSMEs face major hurdles in securing the financial support needed for international trade. High interest rates and the overall cost of credit in Nigeria make it almost impossible for NMSMEs to obtain export credit guarantees or financing from commercial banks. While institutions like the Nigerian Export Promotion Council (NEPC), Nigerian Export-Import Bank (NEXIM) and the African Export-Import Bank (AFREXIM) offer some support, their reach is limited, leaving the majority of Nigerian NMSMEs without adequate access to export financing. This severely restricts their ability to compete in international markets.

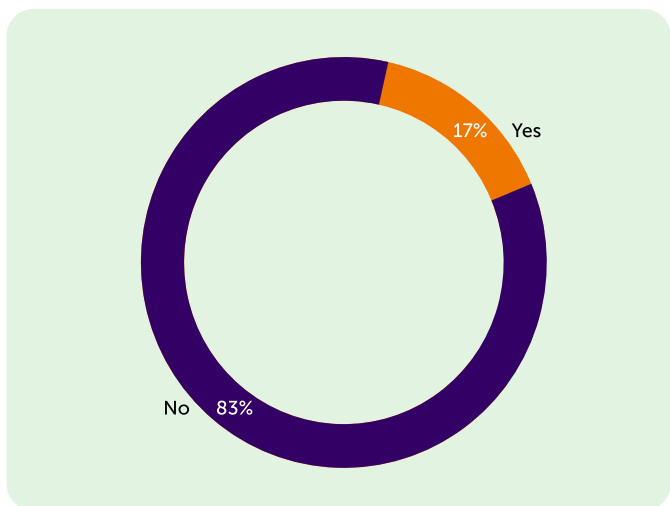
**Macroeconomic instability:** Nigerian NMSMEs face considerable challenges from the country’s macroeconomic instability, characterised by exchange rate volatility, high inflation, and elevated borrowing costs. These factors drive up operating expenses and reduce the profitability of Nigerian businesses, weakening their competitive position globally. Although a weaker currency could potentially enhance export competitiveness, the rising input costs, fuel prices, and insecurity have increased production costs, offsetting this benefit. Consequently, NMSMEs encounter slim profit margins in the export market due to fluctuating economic indicators, which discourage sustained participation in international trade.



**Lack of information and awareness of export procedures and opportunities:** Many Nigerian NMSMEs lack the crucial information needed to access the export market. They often have a limited understanding of standards, export procedures, tariffs, quotas, and insights into potential destination markets. Additionally, these entrepreneurs miss the benefits of trade agreements like the African Continental Free Trade Area (AfCFTA) due to low awareness. For example, only 17% of entrepreneurs surveyed in the 2024 SoE Survey were aware of the AfCFTA. This knowledge gap prevents NMSMEs from utilising reduced tariffs, simplified customs procedures, and other incentives provided by such agreements.

Only 17% of entrepreneurs surveyed in the 2024 SoE Survey were aware of the AfCFTA.

Figure 11: Are you aware of the African Continental Free Trade Area (AfCFTA)



**Low production scale and capacity:** Most Nigerian NMSMEs operate on a small scale, with limited resources and networks to effectively promote their products abroad. Despite the opportunities in international markets, these businesses struggle to meet international standards, build recognized brands, and secure the marketing skills and budgets needed for a robust presence in foreign markets. This restricts their ability to scale up production and limits their competitiveness on a global scale.



# ARE THERE SPECIFIC GOVERNMENT INITIATIVES TO IMPROVE MARKET ACCESS IN NIGERIA AND ABROAD?



The Nigerian government has enacted various measures aimed at improving the business landscape for nano, micro, small and medium enterprises, targeting challenges that have long limited access to market. Key among these is the creation of the Business Facilitation Act 2022, which aims to ease doing business in Nigeria and ensure efficiency and transparency of government Ministries, Departments and Agencies (MDAs). While the Act extensively covers reforms on the business environment, there are specific regulations to improve market access for small businesses. For instance, it mandates the harmonisation of the operations of port agencies into a single interface station to ease processes and fast-track the clearing of goods. This interface should capture, track and record information on all goods arriving and departing Nigeria, which should be shared with the head of the relevant offices and the National Bureau of Statistics weekly.

The Act also mandates the establishment of dedicated export terminals for agricultural products at each port in the country. This initiative is expected to improve market access and enhance Nigeria's competitiveness in international markets by streamlining the export process, reducing congestion and delays, and improving the efficiency of agricultural exports. In addition, ports were mandated in the Act to maintain a 24-hour operation to improve access and support trade. On processes, the Act calls for the creation of a technology-supported single window to enable traders to submit documentation for importation, exportation or transit to a single entry point. The Nigeria Port Authority is expected to ensure operations in all ports are harmonised through a single window.

The Act makes several amendments to the Standards Organisation of Nigeria (SON) Act No. 14, 2015, including establishing a quality assurance system that covers the certification of factories, products and laboratories. If properly implemented, this provision will improve the credibility of Nigerian products and ensure they meet international standards, enhancing their acceptance in global markets. SON was also mandated to compile and publish an inventory of products requiring standardisation in Nigeria.

Since the Act was approved by the Senate in 2022, progress in implementing these mandates has been mixed. According to the 2024 Half-Year Compliance Report from the Presidential Enabling Business Environment Council (PEBEC), there was full compliance regarding the creation of dedicated export terminals for agricultural products at ports.

However, compliance was lower for 24-hour port operations, and non-compliance was reported in establishing a unified interface station at Export Processing Terminals. These discrepancies indicate the uneven execution of key reforms intended to streamline and facilitate export processes in Nigeria.

Over the years, the Nigerian Export Promotion Council (NEPC) has played an important role in supporting Nigerian exporters. The Council has launched initiatives such as "Go Global, Go Certification," "Export4Survival," "Operation Double Your Export," and "Export 35 Redefined" to promote product certification and value addition and enhance key Nigerian exports. In 2022, the NEPC certified 36 SME exporters to strengthen the international appeal of Nigerian products and provided sponsorship for 154 MSMEs to obtain HACCP, FDA, HALAL, and ISO22000 certifications between 2020 17 and 2022. In 2023, the NEPC launched the Youth for Export Programme (YEP) to equip 2,000 young exporters with the skills and expertise needed for international trade<sup>7</sup>.



In 2022, the NEPC certified 36 SME exporters to strengthen the international appeal of Nigerian products and provided sponsorship for 154 MSMEs to obtain HACCP, FDA, HALAL, and ISO22000 certifications between 2020 17 and 2022.

<sup>7</sup> See <https://nepc.gov.ng/blog/2023/08/17/nepc-launches-youth-export-programme-yep/>

The NEPC has expanded market access for Nigerian products abroad by opening Trade Houses in Lome, Nairobi, Cairo, and Hunan Province (China) to facilitate the export of Made-in-Nigeria products and promote seamless transactions between Nigeria and these countries. The NEPC’s Women in Export Development Programme has also supported around 7,800 women entrepreneurs since 2017, with dedicated women desk officers in all regional and state offices. Initiatives such as the Export Expansion Grant and Export Development Fund (EDF) to boost export capacity have also been implemented, although concerns such as limited coverage and payment delays have been occasionally raised by stakeholders.

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Beyond the NEPC, institutions such as the Bank of Industry (BoI), Bank of Agriculture (BoA), Development Bank of Nigeria (DBN), and the Small and Medium Enterprises Development Agency of

Nigeria (SMEDAN) provide a range of business support services – financing, capacity development, mentorship, and market linkages – to NMSMEs. Programmes like the NMSME Survival Fund and the Economic Stabilization Programme offer NMSMEs grants, training, and subsidised loans to expand their market access.

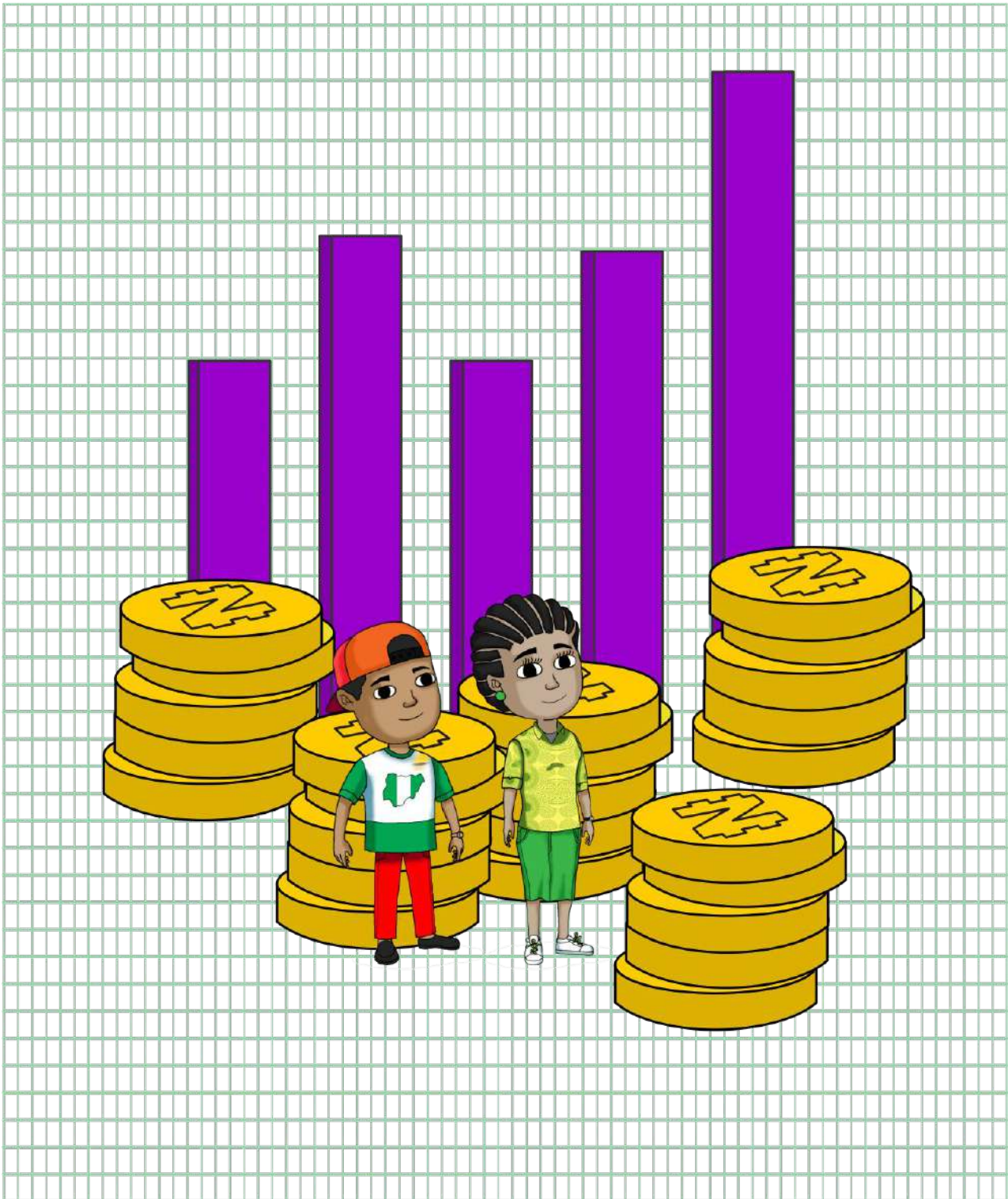
Despite these efforts, several challenges persist, including limited geographic coverage of many of the initiatives, overlapping roles among government MDAs, and limited monitoring and evaluation of the impact of these initiatives. Notably, with the Business Facilitation Act 2022, the absence of sanctions for non-compliant institutions remains a significant obstacle to the ease of doing business reforms in Nigeria.

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# WHAT ARE THE OPPORTUNITIES TO IMPROVE MARKET ACCESS?



While market access remains a significant challenge for NMSMEs in Nigeria, opportunities are emerging as government reforms, technological advancements, and international trade agreements create new pathways. For sustained growth, addressing the infrastructural, regulatory, and financial barriers that hinder market participation is crucial, particularly for informal NMSMEs. Encouraging formalisation and leveraging digital tools will help Nigerian NMSMEs scale and access domestic and foreign markets effectively.

**In the domestic market, Nigeria’s rapidly growing population and increasing urbanisation present opportunities that local businesses should explore.**

Nigeria’s large and rapidly growing population, estimated at over 237 million, offers a vast opportunity for domestic market access, particularly for NMSMEs. This demographic trend, which fuels demand across various sectors, is a substantial consumer base for NMSMEs that often lack the resources for international market entry. With over 60% of the population under 25, the market will expand further, as young people are typically open to new brands, innovative products, and tech-driven services. This will benefit NMSMEs in sectors like technology, retail, education, and entertainment. In addition, Nigeria’s high urbanisation rate creates consumer hubs, allowing NMSMEs to operate efficiently with lower logistics costs and better infrastructure access relative to rural areas. These factors present huge opportunities for NMSMEs to grow and scale amidst the broader doing business challenges.

With over 60% of the population under 25, the market will expand further, as young people are typically open to new brands, innovative products, and tech-driven services.

The digital economy provides Nigerian NMSMEs with substantial opportunities for market access, helping them overcome traditional limitations of scale and geography. With growing smartphone penetration and internet access, businesses can now reach a nationwide audience, including remote areas, at a faster pace and lower costs. E-commerce platforms support product showcases, payments, and logistics, connecting NMSMEs with previously unreachable consumers and expanding their domestic market reach. Digital financial services simplify transactions, while fintech enables secure, instant payments, encouraging frequent purchases. Social media marketing allows targeted, cost effective brand visibility, while tech-enabled platforms facilitate partnerships with other businesses and suppliers, strengthening operational capacity. Ultimately, as more businesses key into the digital economy, we expect these businesses to grow and scale, reaching a diverse customer base, and promoting economic inclusion in the process.



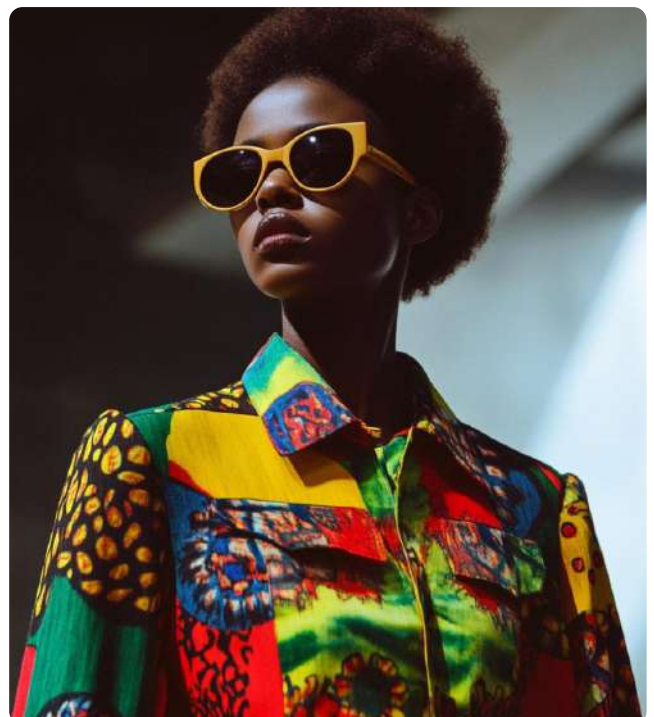
**A few government institutions and initiatives have sought to improve market access for small businesses in Nigeria.** Public institutions like the Bank of Industry (BoI), Development Bank of Nigeria (DBN) and the Small and Medium Enterprises Development Agency of Nigeria (SMEDAN) provide finance and capacity building to small businesses across the country. While we continue to advocate for better recapitalization of these institutions and better coverage of their initiatives, entrepreneurs need to constantly seek opportunities and make efforts to access relevant initiatives of these institutions.

**In terms of exports, Nigerian businesses need to be aware of and plan to take advantage of relevant trade agreements and initiatives.** In this regard, two major initiatives include the African Growth and Opportunity Act (AGOA) and the African Continental Free Trade Area (AfCFTA). AGOA is a US trade policy that allows eligible sub-Saharan African countries to export a range of goods to the US dutyfree. This allows Nigerian NMSMEs to access the large and lucrative US market, enhancing their export 19 potential. Through AGOA, Nigerian MSMEs can export products like textiles, agricultural goods, and manufactured items without facing high tariffs, making them more price-competitive and attractive to US buyers. This tariff exemption can lower production costs, allowing Nigerian businesses to scale their operations and invest in meeting international standards. Additionally, AGOA supports capacity building programmes and partnerships aimed at helping African businesses understand US market standards, improve product quality, and meet regulatory requirements. This assistance is critical for Nigerian MSMEs, as many lack resources for certifications and quality control necessary for global trade. Ultimately, AGOA provides a pathway for Nigerian MSMEs to expand internationally and support economic growth.

Through AGOA, Nigerian MSMEs can export products like textiles, agricultural goods, and manufactured items without facing high tariffs, making them more price-competitive and attractive to US buyers.

The African Continental Free Trade Area (AfCFTA) aims to enhance intra-African trade by reducing tariffs, harmonising policies, and facilitating cross-border investment among 54 member states. With a market of over 1.3 billion people and a GDP of over \$3 trillion, AfCFTA is the world's largest free trade area, offering significant growth potential. The agreement seeks to eliminate tariffs on 90% of goods, ease non-tariff barriers, and create unified standards, fostering a more predictable business environment. For Nigerian businesses, particularly NMSMEs, AfCFTA opens many opportunities for market access in the export market. Providing tariff-free access to other African nations allows Nigerian businesses to expand beyond the local market, reaching a much larger continental market without facing the high tariffs that have previously limited exportation. The enlarged market access enhances the sales and profitability of businesses. It promotes cross-border partnerships and knowledge sharing, making it easier for Nigerian businesses to meet diverse market standards and access Africa's expanding consumer base.

In July 2024, Nigeria launched the Guided Trade Initiative under the AfCFTA, signalling Nigeria's official commencement of trade under the preferential trade regime. Nigeria's President noted that the initiative is expected to unlock an estimated \$50 billion in economic opportunities for Nigerian businesses. It is, therefore, crucial for businesses to seek information about the trade deal and leverage opportunities therein<sup>8</sup>.



<sup>8</sup> Businesses can find resources on the AfCFTA here: <https://ngrafcta.gov.ng/blog/>

Furthermore, the Nigerian diaspora market represents a substantial opportunity for expanding exports, given its size, purchasing power, and demand for locally sourced goods and cultural products. Nigerians living abroad are estimated at 15 million in countries like the United States, the United Kingdom, Canada, and parts of Europe. They maintain strong cultural ties to Nigeria and a consistent interest in Nigerian-made products such as foods, fashion, arts, and beauty products. This demand creates a natural, loyal customer base for Nigerian NMSMEs that can provide goods that comply with quality and regulatory standards in these foreign markets. This market can also help Nigerian businesses build brand recognition abroad by establishing a strong presence within the diaspora and gaining credibility to attract non-Nigerian consumers. This makes the Nigerian diaspora market an immediate opportunity for Nigerian NMSMEs to access the foreign market.

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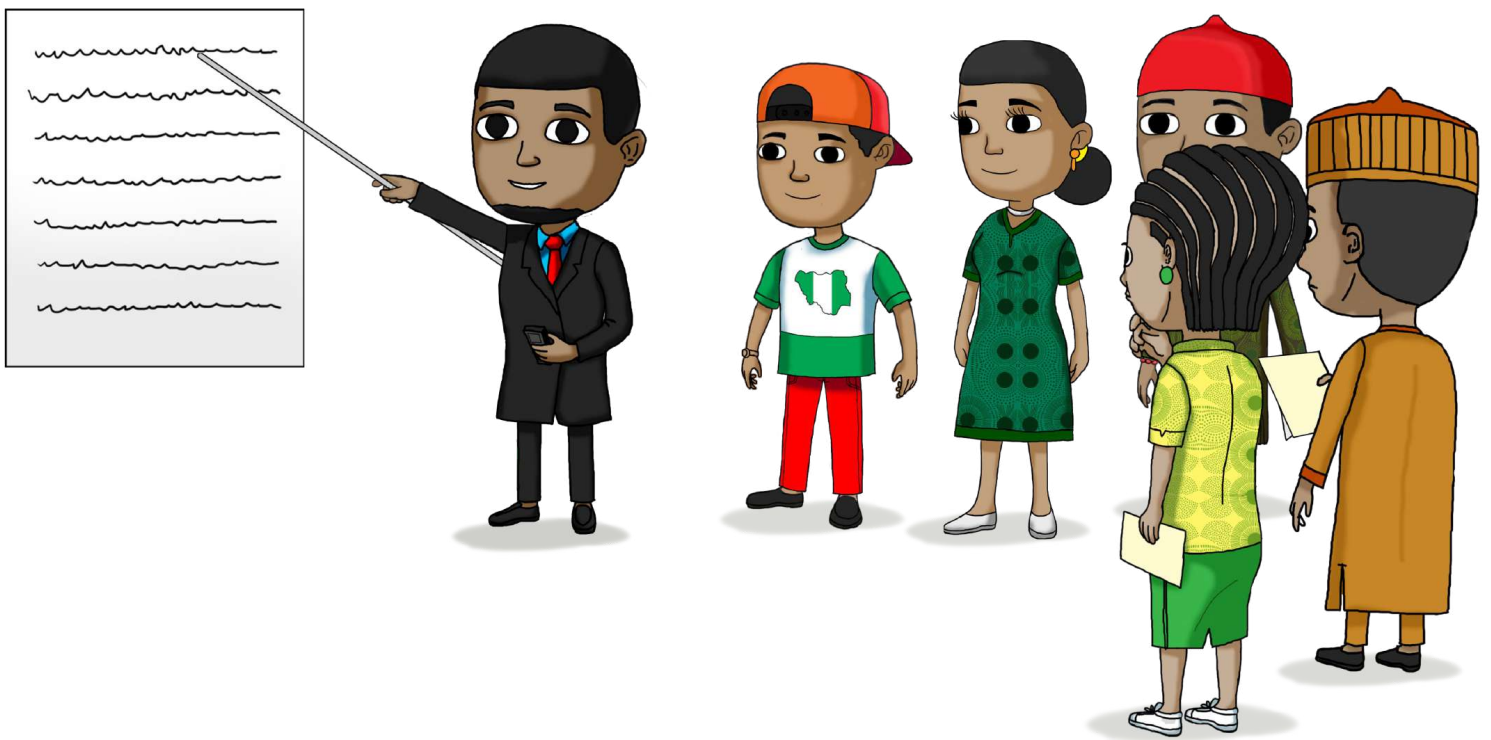


Nigeria's creative industry is also a major export market opportunity. This is driven by Nigeria's rich and diverse cultural heritage and increasing global acceptance of African creativity across music, film, fashion, visual arts, and literature. Afrobeats have gained international recognition, with several Nigerian artists reaching global audiences. Likewise, Nollywood, Nigeria's film industry, is also thriving on global platforms like Netflix, promoting Nigerian culture and stories. Nigerian designers are capitalising on the demand for African-inspired fashion, gaining visibility through international fashion events. Visual arts, including paintings and crafts, are attracting global collectors, supported by collaborations with international galleries and participation in art fairs. Digital platforms enable creators to market directly to international audiences, while cultural tourism initiatives like festivals and exhibitions attract foreign visitors, enhancing market access. Collaborations with international artists and brands promote cross-cultural exchanges, improving visibility and innovation. Overall, the diverse offerings of Nigeria's creative industry are increasingly appealing to global consumers, allowing Nigerian creatives to access export markets.

Finally, NMSMEs need to leverage export support initiatives by the Nigerian Export Promotion Council (NEPC) to improve value addition and enhance international market access. The Export Expansion Grant (EEG) is a key initiative to encourage Nigerian businesses to expand their export activities by offering financial incentives. The EEG provides eligible exporters with rebates based on the value of their exports, effectively reducing the cost of production and enabling NMSMEs to price their products competitively in international markets. Besides, the Export Credit Certificate (ECC) serves as a tax credit instrument that exporters can use to settle federal tax obligations, reducing financial strain and enhancing profitability. Meanwhile, the Export Development Fund (EDF) offers grants to assist with export market research, trade fairs, and capacity-building activities, equipping NMSMEs with insights and resources to understand and enter foreign markets. Additional NEPC initiatives, such as capacity-building programmes and partnerships, provide NMSMEs with training and support on export requirements, market research, and product development. Together, these programs enable Nigerian NMSMEs to meet international standards, access financial resources, and build competitiveness, ultimately improving their ability to access and succeed in global markets



# KEY RECOMMENDATIONS



Improving access to markets is essential for Nigerian nano, micro, small, and medium enterprises (NMSMEs) to survive, expand, and enhance productivity. In an environment where limited market access continues to constrain business growth and competitiveness, targeted measures are crucial to unlock new opportunities and empower these businesses. From the responses of entrepreneurs, improving access to finance, training and market information are key recommendations to improve access to both the domestic and export markets. These and other recommendations are discussed below.

Figure 12: What kind of support would help you improve your competitiveness in the domestic market? (% of total responses)

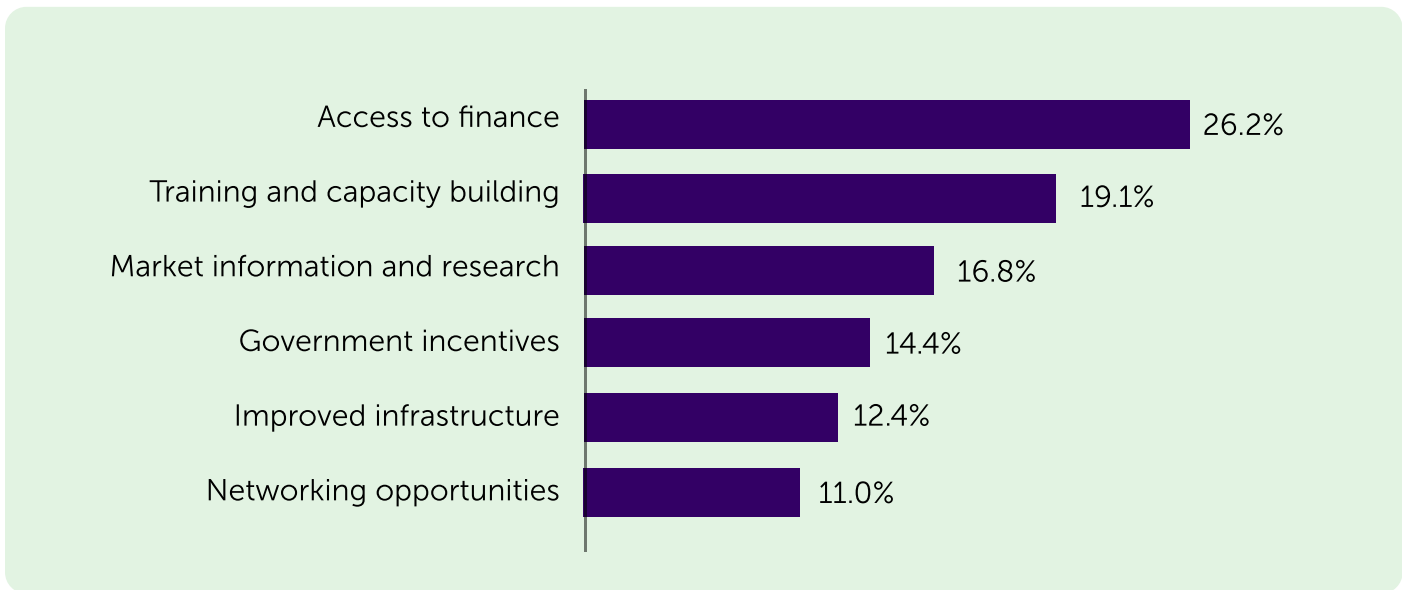
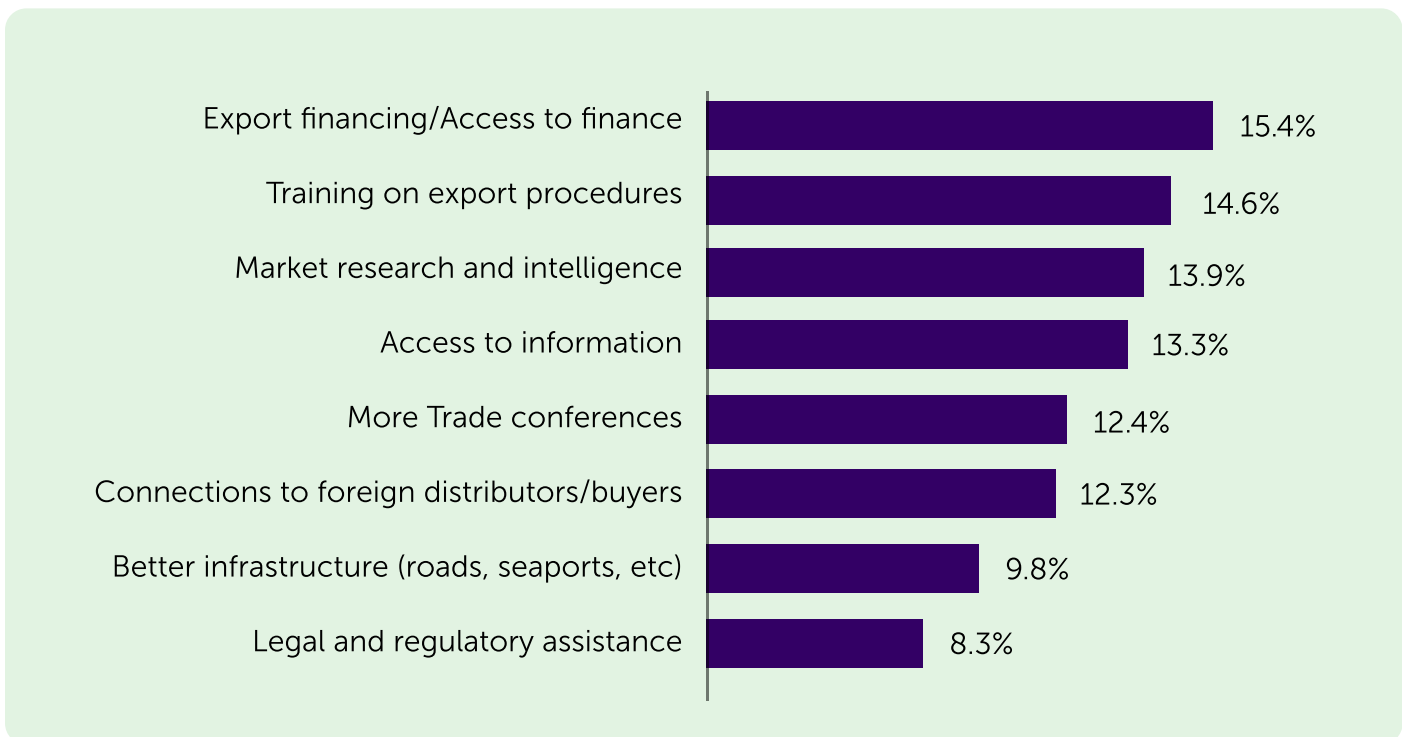


Figure 13: What support do you need to improve your access to export markets? (% of total responses)



### Establish Government-Funded Business Development Hubs Across the Country

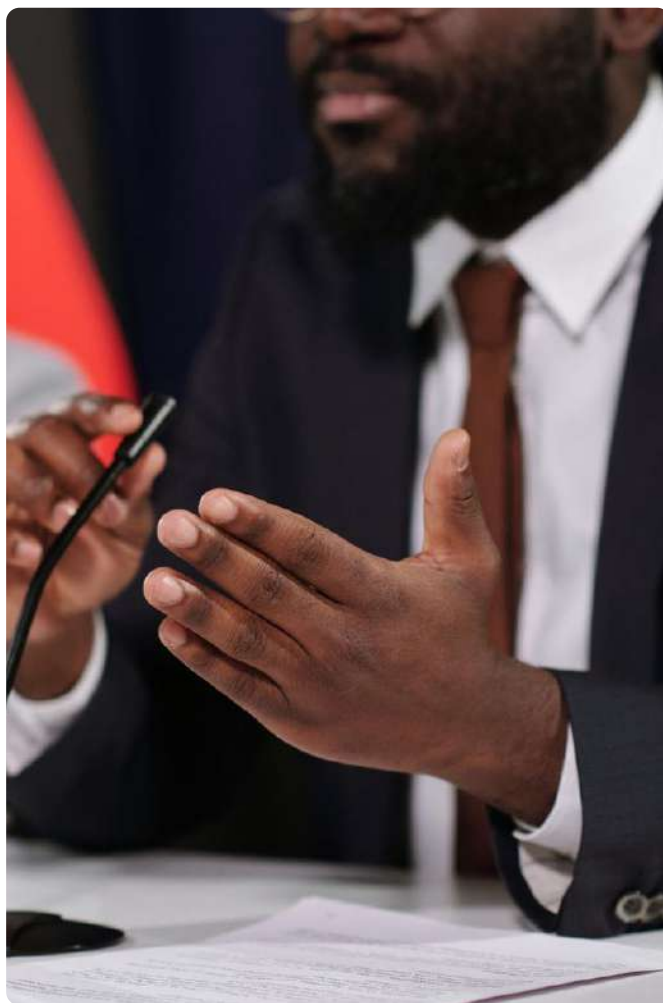
Small businesses in Nigeria require coordinated, targeted support to grow and scale effectively. Business development hubs, established across the country, could offer subsidised support tailored to the unique needs of entrepreneurs.

**Actionable Steps:** The government should partner with business development and financial institutions to set up these hubs across Nigeria's six geopolitical zones. Business development organisations can contribute technical expertise and programme design, while the government can provide funding. Key services of these hubs would include business structuring, market information, access to finance, and resource linkages. These hubs will enhance the competitiveness of local businesses and boost their market reach across and beyond Nigeria.

### Implement the Business Facilitation Act 2022

The Act contains essential provisions aimed at streamlining regulations and processes and expanding market access, particularly by mandating government agencies to facilitate a more business-friendly environment. However, certain agencies have shown non-compliance with key provisions. For example, PEBC's 2024 Half-Year Performance Report highlights non-compliance regarding the establishment of a unified interface station at Export Processing Terminals at the Ports. Such an interface is critical in streamlining port procedures and enhancing non-oil exports.

**Actionable Steps:** The Presidency need to introduce and enforce sanctions for heads of agencies that fail to comply with the Act's provisions, ensuring accountability and more effective implementation of reforms. In addition, PEBC needs to facilitate regular workshops or interagency meetings to address implementation challenges, share best practices, and foster a culture of collaboration. These sessions can help agencies understand how compliance in their area contributes to broader economic goals. Finally, creating public awareness of the Act is crucial in ensuring citizens and businesses can hold the government accountable. When businesses are informed, they can demand for better services, creating bottom-up pressure for compliance.



### Use public procurement to grow local businesses

Nigeria relies heavily on the importation of essential items. Each year, government budgets allocate significant resources for procuring goods such as vehicles, computers, printers, and stationery, much of which is imported. By leveraging public procurement, the government can create substantial market opportunities for local nano, micro, small, and medium businesses, fostering growth and reducing dependency on imports.

**Actionable Steps:** The federal and state governments should commit to allocating a dedicated portion of their procurement budgets to nano, micro, small, and medium-sized businesses in Nigeria. This would ensure that substantial demand exists for locally produced goods, promoting scale and competitiveness in domestic production. Additionally, a "Buy Made-in-Nigeria" campaign could reinforce public support for locally-made goods in the country.

### Create Awareness of Key Trade Agreements such as the AfCFTA and AGOA

Many Nigerian businesses are unaware of major trade agreements that could unlock new market opportunities. For instance, the 2024 State of Entrepreneurship (SoE) Survey found that only 17% of entrepreneurs knew about the African Continental Free Trade Area (AfCFTA), an important agreement that is reshaping intra-African trade. Increased awareness of such agreements, including the African Growth and Opportunity Act (AGOA), is essential for Nigerian businesses to access and maximise these opportunities.

**Actionable Steps:** The government, in collaboration with stakeholders, should create a comprehensive awareness campaign targeting key trade agreements like the AfCFTA and AGOA. Leveraging diverse media channels such as television, radio, and social media would be important in reaching a wide audience of entrepreneurs across the country. In addition, tailored workshops and online resources can further aid entrepreneurs in understanding the specific benefits and requirements of these trade agreements, fostering participation and market expansion.

### Address infrastructure and power supply deficits

The frequent collapse of the national grid, coupled with the poor state of farm, border, and port access roads, significantly limits market access and reduces the competitiveness of Nigerian businesses. Stable power and reliable infrastructure are foundational to business growth and market reach, yet these remain critical gaps for many local enterprises.

**Actionable Steps:** The implementation of the Electricity Act 2023, which decentralises the power sector, presents a key opportunity for states to attract private sector investment into energy projects that can stabilise power supply. State governments should pursue partnerships with private investors to deliver power projects in their states/regions. The Federal Ministry of Works should prioritise maintaining and upgrading essential road infrastructure rather than launching new large-scale, costly projects that may never be completed. Ensuring regular power supply and improved road access will strengthen business resilience and support market access.



### Ensure Compliance with Relevant Standards and Certifications

Compliance with international standards and certifications is essential for the acceptability and competitiveness of Nigerian products abroad. Many Nigerian exporters struggle to meet these standards due to limited access to testing facilities, high costs, and a lack of clarity on compliance procedures.

**Actionable Steps:** Exporters should prioritise adherence to the specifications of target markets by investing in research, quality control, and product testing. Clear guidance on testing procedures must be provided, with a strong emphasis on following the processes without shortcuts. Government support is also crucial, particularly through partnerships with private accreditation bodies like NiCERT and Global Good Agricultural Practices (GAP), to establish more testing laboratories. In addition, reducing testing costs and providing financial support for nano, micro, and small businesses in product testing and certification can improve export readiness and enhance Nigeria’s global trade presence.



### Improve Access to Finance and Technology for Small Businesses

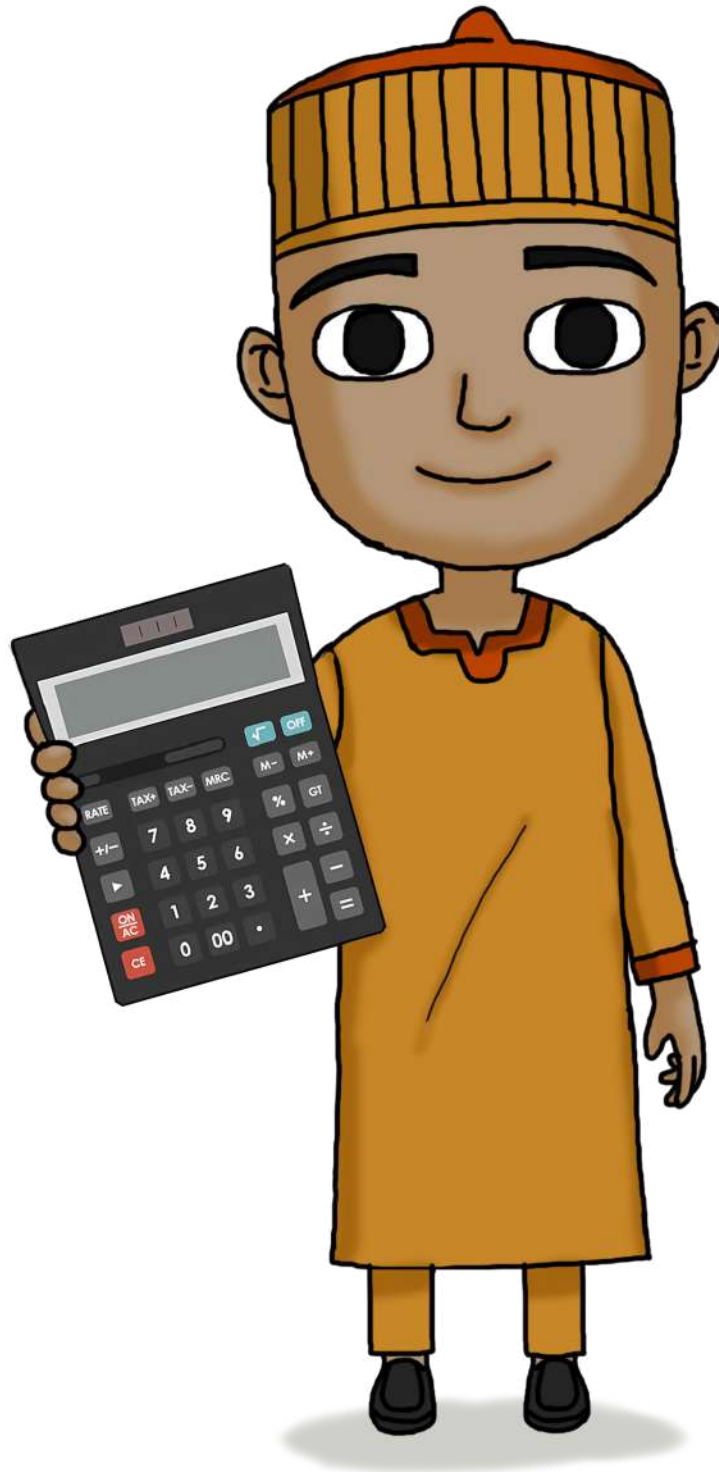
Access to affordable finance and modern technology is crucial for Nigerian businesses to grow and extend their reach. However, many lack the funding needed to scale up and adopt innovative technologies.

**Actionable Steps:** Development financing should be scaled up, prioritising businesses with high growth potential. The government can achieve this by recapitalising development finance institutions like the Development Bank of Nigeria and the Bank of Industry to expand their lending capacity. With regard to existing export finance facilities, the government needs to ensure transparency by publishing a list of exporters that have received these funds as well as their impacts on the country’s non-oil exports over time. Additionally, the establishment of accessible tech hubs across the country to support small businesses in acquiring digital skills and leveraging technology is crucial. Partnerships between government and technology companies can facilitate access to affordable software, equipment, and digital tools, enabling small businesses to tap into new markets, and drive productivity and efficiency.





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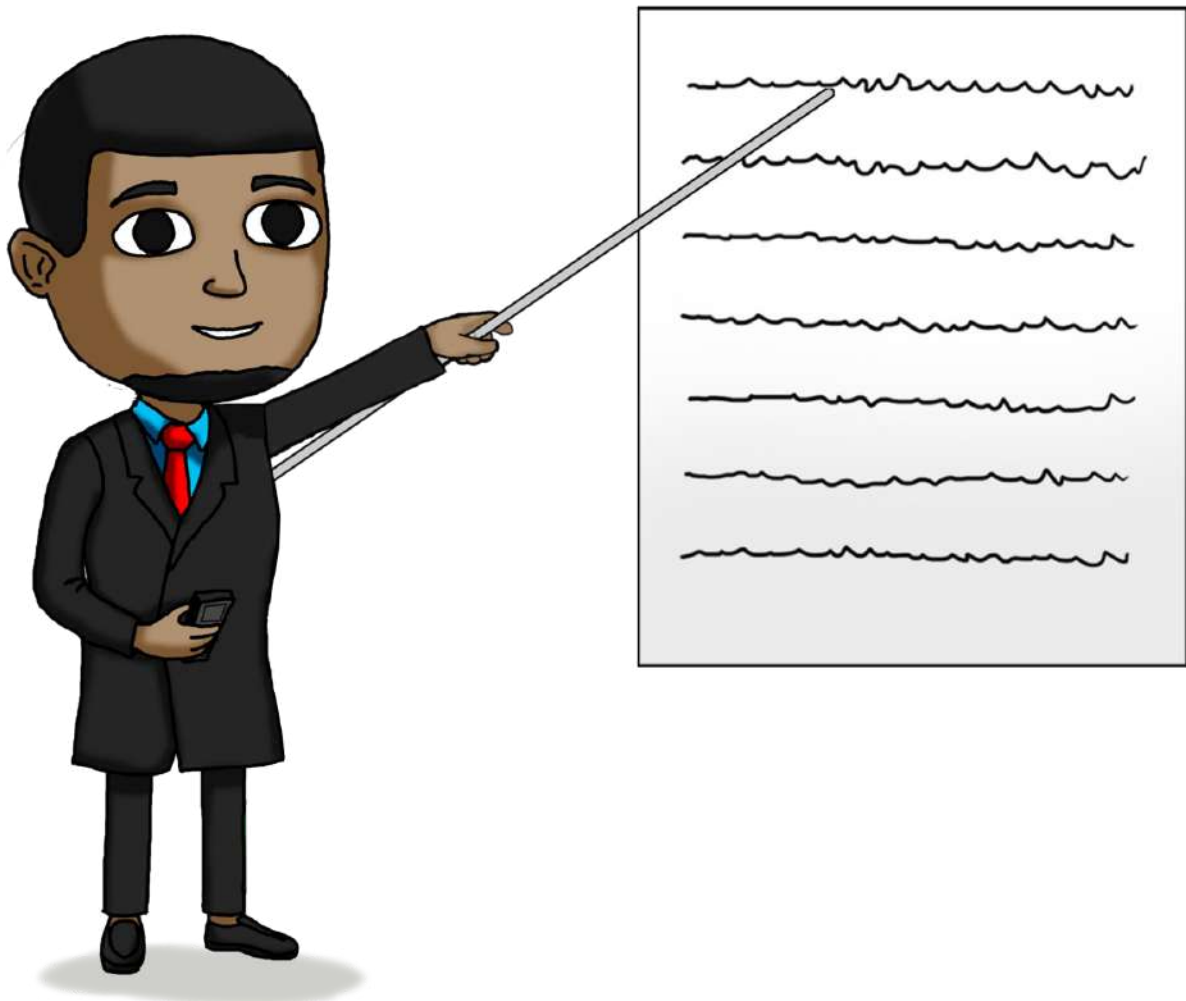
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# APPENDIX



# APPENDIX

## Methodology Note

The FATE Institute conducted the 2024 State of Entrepreneurship survey of business establishments across several states and the Federal Capital Territory in Nigeria for this study. A nationally representative sample of 10,000 business establishments was selected. Establishments cut across formal and informal sectors and were located in both rural and urban areas. The businesses in this study are captured under 21 sectors of the economy.

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

The survey was conducted in August and September 2024. The final number of surveyed businesses was 10,595, which exceeded the initial sample of 10,000. Field responses accounted for 99.66% of respondents while online responses had the remaining share of 0.34%. After completion, the data were lodged, validated, cleaned up and analysed in line with the objectives of the report. Two main statistical software - MS Excel and SPSS were used in the analysis.

