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CREATING MARKETS IN NIGERIA

Crowding in the Private Sector: Nigeria's Path to Faster Job Creation and Structural Transformation

Executive Summary

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EXECUTIVE SUMMARY

Given its resource endowments and market opportunities, Nigeria is uniquely placed for strong economic growth. Nigeria is rich in agricultural and mineral resources. Its population of about 200 million people presents a huge market—the largest in Africa—for domestic production. In addition, a large segment of Nigeria's labor force is young and entrepreneurial—5.3 million people entered the labor force in 2018 alone. Moreover, market access to other member countries of the Economic Community of West African States (ECOWAS) and the wider African region offers opportunities to Nigeria's private enterprises.

However, Nigeria's resource endowments and opportunities have not translated into sustained economic growth and shared prosperity for its citizens. Gross domestic product (GDP) growth, which averaged 8.4 percent per year in the first decade of the 2000s, has slowed considerably, to around 2 percent in 2018, well below the average for many of Nigeria's peers. Poverty has increased, with nearly half of the population living in extreme poverty (that is, below US$1.90 per day). Nigeria now hosts the largest number of poor people in the world—surpassing India in 2018. The rate of unemployment has also risen, reaching 23 percent in 2018. Likewise, underemployment of labor—at around 20 percent—is rising. Indeed, Nigeria's economic performance and development outcomes are diverging from regional averages and on its current trajectory the country is expected to further lag. Compounding Nigeria's challenges is the strong regional disparity in development outcomes: poverty rates, and human capital indicators—such as adult literacy, primary school enrollment, and health outcomes—in the northern zones of the country are significantly worse than those in the southern zones.

The prediction for development outcomes is worrisome and creates a case for urgent action for faster economic growth and job creation. Prior to the COVID-19 pandemic, the number of people living in extreme poverty was projected to reach 120 million (or 45 percent of the population) by 2030. The pandemic and impending recession could further increase the poverty rate and reduce Nigeria's economic and development outcomes. Estimates suggest that Nigeria needs investments worth 6–8 percent of GDP and 40 to 50 million higher-income and higher-productivity jobs by 2030 to reduce poverty and to help create a more prosperous Nigeria.

High dependency on crude oil exports has contributed to increasing poverty and inequality. Nigeria's oil and gas sectors generate on average more than half of fiscal revenues and nearly 90 percent of the nation's exports. Although a series of reforms in the early 2000s helped to raise productivity and growth (especially in the services sector) and increased non-oil contribution to GDP to 90 percent (compared with 68 percent in the late 1990s), the oil and gas sectors continue to dominate Nigeria's economy. High dependency on oil exposes the country's growth performance to the boom and bust cycle of oil prices, which creates economic uncertainty and dissuades investment. The shock of the unprecedented collapse in oil prices during the COVID-19 pandemic comes on the heels of a weak recovery from the 2014–16 oil price crash, which led to dramatic revenue shortfalls and debt buildup and precipitated the recession of 2016. Also, oil dependency will deepen the imminent recession from the fallout of COVID-19. Moreover, the challenging governance framework of Nigeria's oil industry, together with increased competition in the global oil industry, and traction with curbing the use of fossil fuels because of climate change effects, will diminish the oil sector's long-term contribution to the economy. In the absence of adequate fiscal buffers and low non-oil revenues, public finance will become increasingly vulnerable to oil price shocks, hampering the government's ability to invest in needed infrastructure and to provide vital services. The recent oil price crash during the first quarter of 2020—precipitated by the failure of two major producers (Saudi Arabia and Russia) to reach an agreement on production cuts and the subsequent oil price war, and the outbreak of the COVID-19 pandemic, which has devastated global oil demand—reinforces the argument that an over-dependency on oil exports creates substantial risk to Nigeria's public finances.

Equally, Nigeria's weak economic policy framework has impeded growth and development. Government policies and programs in the real sector (for example, the 2011–15 Agriculture Transformation Agenda and the 2007 National Integrated Industrial Development Strategy) that were developed to promote growth, drive non-oil exports, and create jobs have been poorly designed, inconsistent or short-lived, and weakly implemented. Moreover, important reforms under the 2017–20 Economic Recovery and Growth Plan (ERGP) have been delayed. As a result, targets for output diversification, growth, and job creation have not been met. For example, manufacturing value-added (MVA) has fallen dramatically during the past 20 years and is well below the MVA of regional peers such as Côte d'Ivoire and Ghana, while GDP growth—projected under the ERGP to average about 4.6 percent a year (2017–20) and to peak at 7 percent by 2020—is well below this target. In addition, the 3.75 million new jobs expected to be created annually under the ERGP have not materialized.

These policy challenges, which also reflect weak institutions, are eroding the social contract between the government and the private sector and are creating a difficult business environment in Nigeria. Nigeria lacks strong institutions that can deliver public services and economic opportunities efficiently and effectively and this has led to a high cost of doing business—to the detriment of the private sector. Consequently, the trust between the government and the private sector has eroded over the years. While improving, Nigeria's business environment ranks 131 out of 190 countries on the 2020 World Bank Doing Business Index, well below its aspirational peers. Also, foreign direct investment (FDI) to Nigeria has progressively declined since 2011, reaching about US$2 billion in 2018—the lowest level since the early 2000s. Ghana has now overtaken Nigeria as the largest recipient of FDI in West Africa.

Leveraging the World Bank's Systematic Country Diagnostic (2019) for Nigeria, this Country Private Sector Diagnostic (CPSD) argues that Nigeria must focus on a wider private sector–led growth strategy based on its considerable factor endowment and market opportunities. Addressing the deficiencies in Nigeria's policy framework and its infrastructure sector that are stifling growth would enable the Nigerian private sector to create millions of quality jobs for its rising population, mitigate Nigeria's economic vulnerability by diversifying exports, and reduce inequality and instability by driving economic activity in underdeveloped regions.

Three key features of Nigeria's economy uniquely position the country for a strong non-oil sector growth that leverages the private sector. First, the country's rich agricultural and mineral resource base provides the opportunity to significantly expand food manufacturing and resource-based manufacturing, especially in the lagging North. Second, Nigeria's relatively large, fast-growing, and urban domestic population, and regional integration with ECOWAS, provide a ready market base for Nigerian food products, consumer goods, building materials, and services (such as financial, transportation, and digital). Third, with a large, young entrepreneurial population, Nigeria is well-positioned to increase productivity and innovation through digital entrepreneurship.

SECTOR OPPORTUNITIES

There is significant potential for accelerating growth and export diversification through increased private investment in sectors such as agribusiness, mining, manufacturing, and the digital economy.

Agribusiness can be transformative for Nigeria, especially for the northern zones. Nigeria has excellent agroclimatic conditions that could support the cultivation of a wide range of agricultural products across the various regions of the country. There is an abundance of arable land (82 million hectares), less than half of which is currently under cultivation, and an abundance of water resources, including large bodies of surface water, rainfall, and three of the eight major river systems in Africa. These conditions are ripe for the development of crops, such as cassava, citrus, cocoa, sesame, sugarcane, and tomato. These crops offer significant opportunities for private investment, based on value addition and intensity of processing, and offer opportunity for significant multiplier effects on employment and wealth generation, especially in the lagging northern part of the country. At the current low processing levels, businesses in the cocoa and sesame industries have significant potential to add value. Equally, cassava is a versatile product, with derivatives being used for alcohol, animal feed, flour, fuel (ethanol), starch, and sweeteners, all of which are possible areas for further processing. Cocoa beans and sesame seeds are already two of Nigeria's top non-oil exports (representing 17 percent and 16 percent of non-oil exports, respectively, in 2017); with further support they could help Nigeria achieve its objective of export diversification. Cash crops like citrus, cocoa, and sesame provide cash incomes, thus increasing the levels of disposable income for Nigeria's poorest households and helping to improve food security. The northern region has a comparative advantage in the production of four of the six crops—citrus, sesame, sugarcane, and tomato—given its suitable climatic and soil conditions.

Nigeria's more than 40 mineral deposits, including clay and kaolin, coal, gold, gypsum, iron ore, lead and zinc, phosphate, and tin, across 500 locations, could generate billions of dollars in revenues and create jobs in commercial mining all over the country. Bitumen, gold, iron ore, and limestone are some of the most highly valued minerals in the country. Presently, quarrying dominates the **mining** sector's output, accounting for more than 90 percent of it. Products such as granite, gravel, marble, sand, and other construction materials are in high demand locally because of a combination of a growing housing deficit and infrastructure development projects. The metal ores subsector, which accounts for less than 10 percent of output, is growing especially fast—recording a growth rate of 22.8 percent between 2016 and 2018.

Manufacturing presents opportunities for growth, especially via the development of fully functioning free zones/special economic zones (FZs/SEZs). Given the significant demand for and the availability of raw materials, subsectors such as chemicals, leather, and construction materials could significantly contribute to job creation, absorbing the labor that could be lost because of increased efficiencies in agricultural productivity. The chemicals sector presents attractive opportunities for private investment. Chemicals, including medicaments, polymers of ethylene and propylene, pneumatic tires of rubber, insecticides and fungicides, mixtures of odiferous substances, and mixed fertilizers, accounted for 9.5 percent (or about US$3 billion) of Nigeria's imports in 2017. Those chemicals can be produced in Nigeria because several of them are products of petroleum or natural gas. The leather industry, already a top foreign currency earner and critical job creator, has the potential to grow further. In addition, an abundance of construction materials, such as granite, marble, and sand, combined with a growing domestic demand for affordable housing to support Nigeria's growing population, makes the construction subsector ripe for investment.

Digital entrepreneurship can accelerate the pace and inclusiveness of economic activity and has the potential to contribute to Nigeria's economic transformation. According to the Nigeria Digital Economy Diagnostic Report by the World Bank, currently Nigeria is capturing only a fraction of digital-enabled growth and it needs to strategically invest in the foundational elements of its digital economy to keep pace. Nigeria's thriving community of technology entrepreneurs includes one of the biggest e-commerce markets in Africa—estimated at $12 billion—with 87 Nigerian platforms and 2.9 million employees. Fintechs have flourished and innovation hubs have doubled in the past two years. Digital financial services (DFS), which remain largely untapped opportunities, offer significant benefits through enhanced financial inclusion, especially in rural areas, and digital entrepreneurship.

To fully harness the potential of these sectors, Nigeria will need to address some critical constraints:

- **Agribusiness**: Improve access to quality input, skills, machinery and modern agricultural technology, and market information, all of which can be private sector driven, by developing agricultural digital ecosystems and through various social enterprises. Provide access to finance, including through value-chain digitization. Develop agriculture-specific infrastructure such as irrigation and storage through a public–private partnership (PPP). Promote successful business models like community block farming, which helps to de-risk agribusiness for smallholders. Develop agriculture insurance to support farmers during adverse climate events.
- **Mining**: Develop geological and geophysical data for commercial mining in conjunction with the private sector. Improve geoscience skills and knowledge by increasing institutions offering specialized training. Develop financing for mining including the leasing sector to provide access to necessary equipment. Formalize artisanal mining; and operationalize the Community Development Agreement of the Mining Act to minimize hostilities and disruptions to mining.
- **Manufacturing**: Develop FZs/SEZs by updating the regulatory framework. For chemicals, implement policies that support the consistent supply of gas and feedstock, such as the gas flare prohibition and punishment bill and the national Gas Flare Commercialization Programme, as well as moving to market-based gas pricing. For leather, formalize raw leather producers to strengthen their capacity

for handling and processing raw hides and skins using enhanced technology and collection and treatment facilities, and to increase their access to finance. For construction materials, improve regulation and the management of quality to enhance competitiveness.

- **Digital/information and communication technology sector**: Harmonize right of way policy for critical digital infrastructure and review national spectrum policy to optimize usage. Additional policy measures are needed to promote DFS; to continue to prioritize the digitization of government payments, social transfers, and tax collections; to increase digital literacy; and, to enhance digital skills.

More broadly, the growth of these sectors and the wider private sector has been stymied by a number of cross-cutting constraints.

Key cross-cutting constraints

Private firms identified the weak economic policy framework, which was manifested in various macroeconomic, trade, and financial sector challenges, as a critical cross-cutting constraint to private sector development and investment. Surveys, including the World Economic Forum's (WEF) Executive Opinion Survey of the Global Competitiveness Report (2017) and the World Bank's enterprise survey (2014), also cite infrastructure deficiencies (especially in the power sector) as one of the top constraints. In the interviews conducted in preparation for this CPSD report, private sector representatives added insecurity, corruption, anti-competitive practices in some key industries, poor human capital development, and inefficient land administration to the list of important constraints.

1. Weak economic policy framework

In the context of the macroeconomic environment, fiscal and exchange rate policies, especially in the aftermath of the 2014–16 oil price shock, have in some cases distorted markets and created uncertainty for investors. Nigeria's fiscal envelope is too small (largely because of low non-oil revenues) to efficiently deliver public services that can make the private sector more competitive. Furthermore, some government expenses such as petroleum subsidies are inefficient. Since 2017, the Central Bank of Nigeria (CBN) has been operating multiple foreign exchange windows, which have distorted private sector activities. Reform measures will involve, on the fiscal side, greater mobilization of non-oil revenues and a review of inefficient spending. Following through on unifying all CBN-administered exchange rates into a single market-driven window is needed to eliminate market distortions and allow exchange rate flexibility.

Trade policies stymie the export competitiveness of the industrial sector and encourage smuggling. Nigeria has a protectionist trade regime, which limits opportunities and raises costs for the private sector. The absence of a coherent trade policy for an extended period led to an uncoordinated protectionist trade regime spearheaded by monetary, fiscal, and bureaucratic agencies. These policies include non-tariff measures (NTMs) such as the CBN's restriction of foreign exchange for importing 43 goods; the import prohibition list on 23 "prohibited" products and 21 "absolutely prohibited" products imposed by the Nigeria Customs Service; and bureaucratic rules in favor of local content requirements, especially in the oil and gas and information and communication technology (ICT) sectors, which are incompatible with World Trade Organization (WTO) rule. Policy options include the development of a new trade policy; tariff measures such as substituting import bans with tariffs; and reforming NTMs to focus on phasing out distortionary NTMs, such as foreign exchange restrictions and import prohibitions.

Some policies and practices restrict access to bank services. Domestic credit to Nigeria's private sector—about 10.5 percent of GDP in 2019—is well below peers like South Africa (139.0 percent) and the average for Sub-Saharan Africa (about 45.5 percent). Few firms, mostly large ones, can access credit because of the limited availability of medium- to long-term credit tenors, high collateral requirements, and high interest rates, especially for micro, small, and medium enterprises (MSME). Commercial banks are reluctant to lend to MSMEs at affordable rates as a result of (a) the existing unlevel playing field and market distortions resulting from the CBN's subsidized development finance initiatives, (b) the government's crowding out of the private sector, (c) relatively incomplete financial information and infrastructure, (d) a weak debt resolution and loan recovery framework, (e) a weak microfinance sector, and (f) MSMEs' lack of technical capacity to make successful loan applications.

To address these issues, the following steps should be taken, among others: (a) Careful assessment of the effectiveness of CBN's subsidized development finance schemes in the medium term. This assessment should reorient schemes in such a way to address key risk factors influencing MSME lending and market-based pricing, and should identify financially sustainable solutions to encourage the banking sector to engage in risk-based pricing of financial products; (b) the government should look to balance external and domestic sources for its financing to avoid crowding out the private sector; (c) the coverage of the credit bureau should be extended to include a larger segment of the bankable population through integrating nontraditional credit providers into the credit reporting system, including leveraging technology available with mobile money operators; (d) the government should prioritize the development of stand-alone legislation to address current deficiencies in the insolvency framework to better protect creditors' rights; (e) the CBN should overturn its reversal of the decision to lower the minimum capital requirement for subtier 2 unit microfinance banks (MFBs) and revert to earlier minimum capital requirements, and require higher minimum capital requirements for new licenses for MFBs, and (f) the government should promote financial literacy and the digitization of financial records of MSMEs and support the deployment of incentive-based business information platforms, to improve access to finance.

2. Infrastructure deficiency

Infrastructure gaps are a major deterrent to private sector growth and overall economic development in Nigeria. The country has long struggled with poor access to and an unreliable power supply. About 60 percent of Nigeria's population has access to electricity, lower than most peers and the average for lower-middle-income countries at 86 percent. Most households and businesses receive less than five hours of power per day. The inconsistent electricity supply has driven most businesses to acquire inefficient diesel-powered generator sets that are two to three times more expensive than power from the grid or to adopt nascent off-grid solutions largely delivered through solar power systems. The poor maintenance of power plants, the limited capacity of the existing gas pipeline, payment risks to gas producers due to market liquidity constraints, transmission system losses due to limited wheeling capacity, and a non-cost reflective tariff regime, have all been identified as key culprits in Nigeria's power sector challenges. Although the government partially privatized power assets, the desired efficiency improvements in electricity delivery have not materialized. Fiscal constraints resulting from the 2020 oil price shock and the COVID-19 pandemic are exacerbating the implications of the delayed implementation of the 2017 Power Sector Recovery Plan (PSRP). The Order on Transition to Cost Reflective Tariffs in the Nigerian Electricity Supply Industry has set the framework to transition to cost-reflective tariffs by June 30, 2021.

Off-grid solutions have the potential to provide households and businesses access to electricity. However, their large-scale adoption is hindered by limited demand assessment, high cost structure, limited technical expertise, and a lack of customer awareness and trust of solar powered solutions. Full implementation of the PSRP is required to stabilize the grid power market. In addition, several measures could help to increase supply of and demand for off-grid solar: (a) a review of import duties on off-grid components to ensure the fair treatment of importers of components and developers, while also encouraging local content development; (b) better engagement with distribution companies in mapping clusters suitable for off-grid solutions; (c) investment in training last-mile technicians to support off-grid solar companies; and, (d) reducing the overall cost of installation and maintenance.

Addressing the infrastructure gap requires significant investment, which the government alone cannot meet. Nigeria needs to invest US$3 trillion in infrastructure over the next 30 years—about US$100 billion annually until 2045. However, the government's capacity to mobilize resources, allocate them effectively, manage innovative funding models, and provide oversight for infrastructure is weak. There is enormous scope for public-private partnerships. These partnerships could potentially represent 40 percent of Nigeria's infrastructure needs, but currently they are not extensively used. To unleash PPPs, the law governing them needs to be reviewed to clearly state roles and responsibilities of each institution, including identifying a lead institution to drive PPPs, considering their capacity and convening power. Furthermore, the government's capacity to develop PPP projects should be enhanced. Successful implementation of PPPs would require supporting states and line ministries; and setting up a project preparation facility with adequate funding and technical assistance for project preparation in areas such as engineering, legal, and structured financing.

Other constraints

Market-based competition and anti-monopoly policy are perceived to be weak in Nigeria. A high concentration across many key markets reflects the impact of government interventions and raises barriers to entry. Regulatory obstacles to competition exist in various sectors such as agribusiness (seed and fertilizers), manufacturing (polyethylene terephthalate, cement), and ICT (digital and financial services). The passage of the Competition Act in 2019 provides the opportunity to develop a functional framework to curb anticompetitive firm behavior, such as abuse of market dominance and cartels, and to achieve competitive prices for consumers. Successful implementation of the Competition Act will depend on the new Federal Competition and Consumer Protection Commission (FCCPC) being able to operate independently.

Land-based investments in Nigeria are undermined by ambiguous and inconsistent land administration. Two pieces of legislation govern the use and development of land: the Land Use Act (LUA) of 1978, which is incorporated into the 1999 constitution and governs land ownership rights and transactions; and the Urban and Regional Planning Act, Decree No. 88 of 1992, which provides a framework for land management. Despite the adoption of LUA more than 40 years ago, the regulations necessary to further guide states and guarantee consistency in implementation of the law still have not been enacted. In addition, the co-existence of customary and religious land practices with these statutory land laws results in confusing frameworks of land administration. Legal reforms are needed. In the absence of these reforms, innovative instruments such as the Land Acquisition and Resettlement Framework and the Framework for Responsible and Inclusive Land-Intensive Agriculture should be considered.

Governance challenges such as ongoing conflicts (for example, the Boko Haram insurgency) and corruption are having devastating consequences. The World Bank Group has placed Nigeria on its list of fragile and conflict-affected situations for 2020. Conflicts limit opportunities for private investment, gainful employment, and infrastructure development. Private enterprises in agribusiness and mining sectors, especially those located in the northern region, point to insecurity as the main threat to their enterprises. Nigeria is ranked 144th out of 180 countries on Transparency International's Corruption Perception Index 2018. About 30 percent of firms report experiencing at least one request for bribe payment—higher than the 25 percent average for Sub-Saharan Africa. Corruption hinders efficient public service delivery and investment and distorts the Nigerian private market. The current government has shown a keen interest in tackling these issues. The deployment of digital technology to government processes and procedures will help to increase transparency and reduce corruption.

Nigeria's poor human capital outcomes adversely affect labor quality, productivity, and economic growth. In light of the COVID-19 pandemic, these poor outcomes may be exacerbated without appropriate interventions. The government's low expenditure on health and education contributes to a large skills gap. The quality of education is poor in Nigeria; adult literacy rates are lower than in peer countries. In 2016, government expenditure on health was 0.6 percent of GDP in Nigeria—South Africa's was 4 percent, Côte d'Ivoire's was 2 percent, and Ghana's was 2 percent. Not surprisingly, Nigeria significantly lags peers on key maternal, nutrition, and child health service indicators. More funding and equipment are needed for the government technical colleges. Equally important is broadening the scope of the National Skills Qualification Framework to include more sectors. As Nigeria seeks to move its health systems toward universal health coverage, policy makers must identify and ensure appropriate roles for private providers and health markets. Doing so will require a synergistic relationship between the public sector and the private sector with the implementation of a deliberate policy and a strategic framework with tailored solutions to local environments.

These constraints, together with cumbersome and expensive procedures, reduce the incentive to formalize business activity, resulting in the highest rate of informality in Sub-Saharan Africa and low productivity. A large shadow economy has developed that is a constraint to economic growth. Nigeria's private sector—although large and vibrant—is predominantly informal and operates at relatively low levels of productivity within an uncompetitive market. Despite the existence of several multibillion dollar domestic and foreign firms, informal MSMEs—numbering more than 40 million—dominate Nigeria's enterprise landscape, account for 84 percent of the total labor force, and contribute 48.5 percent to nominal GDP and about 7.3 percent of export revenues. Only about 58 percent of firms in Nigeria formally registered at the time they started operations, compared with 84.1 percent in Sub-Saharan Africa as a whole. Reducing the cost and the number of procedures for registering a business could help to incentivize firms to formalize.

This CPSD can be a source of additional insight to guide policy makers during President Muhammadu Buhari's second term and the recovery from the COVID-19 pandemic and oil price shock. The CPSD's recommendations are key inputs into the IFC's Country Strategy for Nigeria and the World Bank's Country Partnership Framework. The following table summarizes important actions suggested by this CPSD.

KEY CONSTRAINTS	SUGGESTED ACTIONS
Weak macroeconomic and financial policy framework	Fiscal, monetary, and exchange rate policies • Follow through on unifying all CBN-administered exchange rate windows into a single market-driven window. • Introduce comprehensive tax policy and administration reforms (for example, establish consolidated/harmonized state revenue codes and expand electronic tax payments). • Bolster fiscal responsibility framework and intergovernmental fiscal coordination by incentivizing states to fully implement the 22-point Fiscal Sustainability Plan. Trade policies • Update Nigeria's Trade Policy Framework. • Reform tariff measures: simplify multiple duties and charges on imports and substitute import bans with tariffs. • Reform NTMs: review existing NTMs for their distortionary impact and phase out foreign exchange restrictions on 43 imported goods by CBN and phase out import prohibitions on 44 products by the Nigeria Customs Service. Banking sector policies • Discontinue CBN's subsidized development finance initiatives. • Balance external and domestic sources for government financing to avoid crowding out the private sector. • Integrate nontraditional credit providers into the credit reporting system to increase the coverage of credit bureaus. • Enhance creditors' rights by prioritizing the development of stand-alone legislation to address deficiencies in the insolvency framework and by establishing specialized commercial and small claims courts with a clear mandate to adjudicate commercial cases expeditiously. • Overturn the CBN's reversal of the decision to lower the minimum capital requirement for subtier 2 unit MFBs and revert to earlier minimum capital requirements. • Promote financial literacy, the digitization of financial records of MSMEs and support the deployment of incentive-based business information platforms.

Infrastructure deficiencies	**POWER** Grid • Ensure the implementation of the Power Sector Recovery Plan (PSRP). An interministerial strategic team may need to be established to oversee the implementation of the PSRP. Off-grid • Review import duties on off-grid components to ensure the fair treatment of importers of components and developers. • Support distribution companies in mapping of clusters suitable for off-grid solutions. • Develop community engagement programs for mini-grid operators within the host community. • Invest in training last-mile technicians to support off-grid solar companies and to lower the costs of installation and maintenance. Public-Private Partnerships • Review public-private partnership (PPP) law to make sure it clearly states the roles and responsibilities of each institution, considering the capacity and convening power of each one. • Develop a PPP pipeline based on sector assessments to create a roadmap for mobilizing private financing. • Enhance the capacity to develop PPP projects in government through technical/financial support to state governments and line ministries.
SECTOR OPPORTUNITIES	**SUGGESTED ACTIONS**
Agriculture	• Incentivize disruptive technologies in agribusiness, including through social enterprises and value-chain digitization, to allow farmers access to quality inputs. • Support community block farming and/or aggregate farmers into cooperatives and outgrower plans to improve productivity and farmers' bargaining power. • Invest (through PPPs) in critical infrastructure (cold storage, warehouses, and transportation systems) that allows for reduction in postharvest losses. • Adopt the framework for agriculture insurance.
Mining	• Develop geodata policy and data protocols to support the transparent use of and the dissemination of geodata to potential investors. • Develop an ecosystem of financing, including the leasing sector. • Formalize artisanal mining (for example, through a gold purchase program). • Operationalize the Community Development Agreement of Mining Act to minimize hostilities and the disruption of mineral exploration.

Manufacturing	• Special economic zones: Update the regulatory framework for SEZs. • Chemicals: Implement policies that support the consistent supply of gas and feedstock, such as the gas flare prohibition and punishment bill and the national Gas Flare Commercialization Programme, as well as move to market-based gas pricing. • Leather: Prioritize the availability of chemicals for improved leather production and promote formalization in the primary segment to improve technical capability and quality. • Construction materials: Improve quality and standards to enhance competitiveness.
ICT/digital economy	• Harmonize "right of way" policy across the country for consistency. • Optimize spectrum management, by reallocating used spectrum. • Implement the Strategic Roadmap for a Digital ID System in Nigeria. • Remove the overlap of responsibilities between different entities responsible for regulating the ICT sector. • Continue to accelerate the digitization of government payments, social transfers, and tax collections, including via a related awareness and training program. • Advance digital literacy in the economy, both for youth and adults.

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