Africa’s Leapfrog:

Take-off or Sink

Adapt or Perish

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OUTLINE

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NIGERIA'S BROAD MACROECONOMIC GOALS

NIGERIA'S BROAD MACROECONOMIC GOALS

- $1 trillion economy by 2035?
- Sustainable economic growth, targeting an annual average growth rate of at least 7%
- To be the largest economy in Africa
- One of the top-20 economy in the world with inclusive growth
- Take 100 million people out of poverty
- To insulate the economy from exogenous shocks
- To make Nigeria the most attractive investment destination in Africa
- To achieve these, investment-led strategy supported by government intervention and efficient government expenditure is needed

NIGERIA'S GDP:INVESTMENT-LED STRATEGY

2025

$$Y = C + I + G + (X - M)$$

Y	C	I	G	(X-M)
$278bn	*$166.8bn*	*$72.3bn*	*$11.2bn*	*$27.8bn*
	(60%)	*(26%)*	*(4%)*	*(10%)*

- Real GDP growth rate in Q2'26 = 4.43%
- Annualised real GDP for 2026 = 4.04%
- Higher investment generally increases aggregate demand and can generate a multiplier effect
- **ΔY = Investment Multiplier × ΔI (Keynesian model)**

Investment will be driven by:

- Domestic Investment
- PPP – Infrastructure
- FDI
- FPI = hot money

UNBALANCED GROWTH THEORY – SUCCESS & FAILURES

Unbalanced growth theory proposes concentrating a country's limited resources on strategic sectors rather than trying to develop all industries at the same time **(Propounded by Albert O. Hirschman in 1958)**

Countries where the strategy succeeded

South Korea → **Concentrated resources on strategic industries**

Light manufacturing → heavy industry → chemicals → electronics → automobiles → technology

Taiwan → **Focused on agriculture and labour-intensive manufacturing**

Agriculture → SMEs → manufacturing → exports → electronics → technology

China → **Concentrated investment in infrastructure**

Infrastructure → manufacturing → export industries → electronics → technology → advanced manufacturing

Countries where it failed

Pakistan → **Strategic industrial protection**

Failed to generate sufficiently strong productivity and competitive linkages

Philippines → **Adopted export-oriented and FDI-friendly policies**

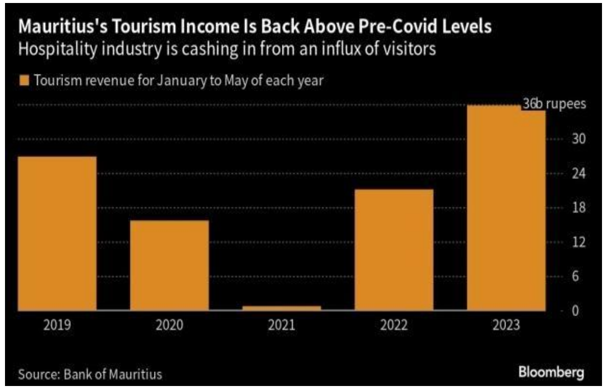
Investment was largely disconnected from local suppliers, skills and technology, the multiplier effect remains limited

UNBALANCED GROWTH THEORY IN MAURITIUS - SUCCESSFUL

Mauritius built up a few sectors with strong potential to generate linkages and then allowed those sectors to pull other activities forward

- Sugar accounted for roughly 22–26% of GDP and more than 90% of export earnings in the 1970s
- Mauritius used the income generated to support human capital, infrastructure and new economic activities

- Manufacturing's share of GDP rose from 4.5% in 1982 to 11.6% in 1986
- Sugar helped finance the next growth engine — textiles/EPZ



- Tourism arrivals increased dramatically from about 240,000 in 1988 to 900,000 in 2008
- Tourism increased 18% in H1'26

The transformation: A shift from a sugar-dependent economy in the 1960s toward an economy based on tourism, manufacturing, ICT and financial services (World Bank)

UNBALANCED GROWTH THEORY IN RWANDA –MODERATE SUCCESS

Rwanda has a state-led investment creating growth poles and linkages, applied a development strategy

- Rwanda concentrated resources on sectors development
- Including tourism, ICT, logistics, finance, manufacturing, agriculture and infrastructure

- Rwanda's growth averaged 7.4% between 2000 and 2023
- GDP grew 8.9% in 2024 and 9.4% in 202
- Tourism became a major growth pole
- Rwanda recorded $2.62 billion in investment across 799 projects
- Including real estate, manufacturing and mining

Limitation

Rwanda still faces low productivity, infrastructure gaps, limited innovation and insufficient job creation (World Bank)

UNBALANCED GROWTH THEORY IN SOUTH AFRICA – INCOMPLETE TRANSFORMATION

- South Africa created strong sectors in mining, minerals processing and manufacturing
- But with limited linkages incapable of generating broad-based structural transformation

- South Africa's development was heavily built around its mineral-energy complex
- Mining → mineral processing → capital-intensive industry → limited employment
- Manufacturing GDP fell to 12% in 2019 from 21% in 1994

- Services became the dominant growth engine
- Accounting for roughly 65% of GDP, while mining, manufacturing and agriculture have become relatively smaller

Limitation

Sophisticated economy, but premature deindustrialisation + high unemployment

UNBALANCED GROWTH THEORY IN NIGERIA - FAILED

- Nigeria largely moved from agriculture to services, bypassing manufacturing

20 years ago:

- Agriculture = 50%
- Services = ⅓

Today:

- Services = 50%
- Agriculture = ⅓

New type of unbalanced growth

- ICT / Telecoms
- Oil refining / petrochemicals
- Construction / infrastructure

Nigeria often experienced

Oil → FX/revenue → imports + government spending → consumption/services

LESSONS FOR NIGERIA

- Nigeria does not need balanced investment across every sector
- It needs strategic investment in sectors capable of creating powerful linkages

Strong framework sector analysis

High-growth + high-linkage sectors = potential growth engines

High-growth + low-linkage sectors = fast-growing but limited economy-wide multiplier

Low-growth + high-linkage sectors = potential bottlenecks that may need policy intervention

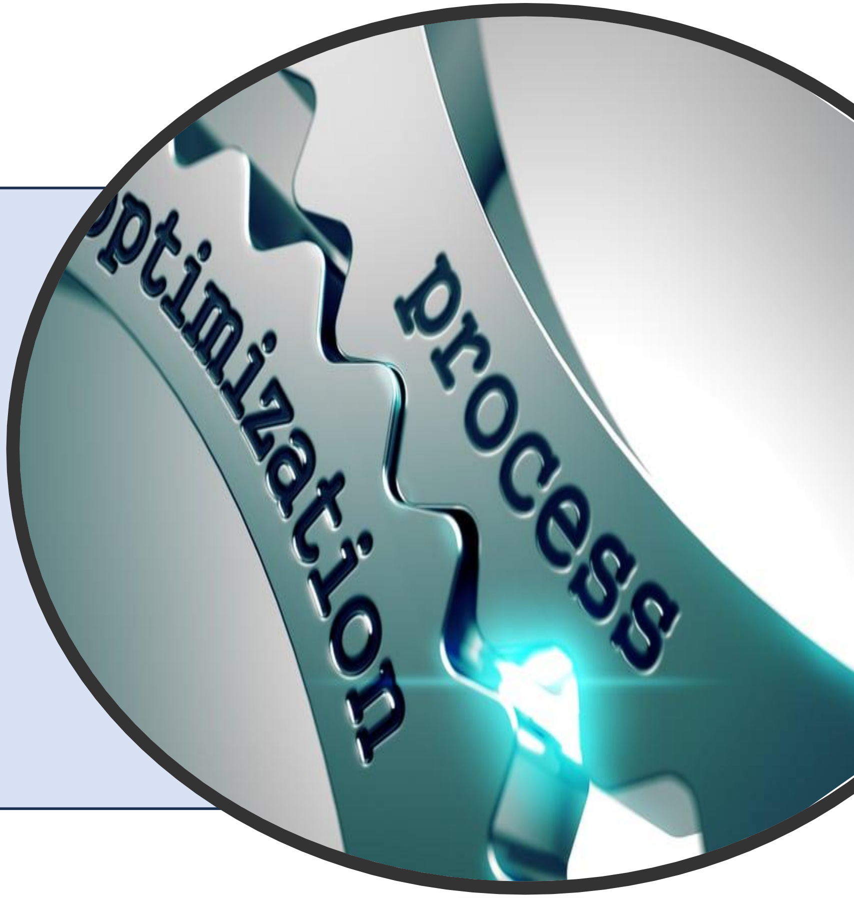
Low-growth + low-linkage sectors = lower development priority

NIGERIA'S NEXT GROWTH DRIVERS

Sector	Quoted companies in the sector	Total market capitalization (₦'trn)
Refining	Aradel Holdings	6.69
Power	Geregu Power, Transcorp Power	3.71
Telecoms	Airtel Africa, MTN Nigeria	40.62

- **POWER — The economy's foundation**
  - Investment → more reliable electricity → lower production costs → higher capacity utilization
  - Nigeria loses an estimated ₦7–10 trillion annually from unreliable electricity (World Bank)
- **REFINING — The industrial multiplier**
  - IMF estimated that Dangote refinery operation could improve Nigeria's current account by about $5.5 billion annually
  - Raise non-oil GDP by around 1.5% in 2026 and create 150,000 direct and indirect jobs
- **TELECOMS — The digital multiplier**
  - For the economy: Connectivity → lower transaction costs → higher productivity → new businesses → formalization
  - For Investors: Investment → subscribers/data demand → recurring revenue → higher valuations/dividends
  - For the Government: Digital economy → wider tax base + better tax collection + formal transactions + reduced cash leakage

UNSHACKLING THE ECONOMY FROM BOTTLENECKS



NIGERIA'S ECONOMIC BOTTLENECKS

Power and energy

Insecurity & Rent-seeking

Infrastructure Deficit

Low productivity & policy unpredictability

Corruption & inefficiency

AREAS OF COMPARATIVE ADVANTAGE

Area	Rationale	Potential
Oil & Gas	Large hydrocarbon reserves	Ver high
Agriculture & agro-processing	Large arable land base, diverse agro-ecological zones and large domestic market	Very high
Fertilizer/petrochemical	Natural gas feedstock, regional agricultural market	Very high
Cocoa	Suitable climate and established production base	High
Mining	Large but underdeveloped deposits of gold, lithium, tin, and others	Potentially high
Regional manufacturing	Large market + Proximity to West African market + AfCFTA	High potential
Creative industries	Cultural influence and established ecosystem	High

Nigeria's advantage is not the absence of opportunities, but the failure to fully exploit them

FROM SHANTY TOWN TO MODERN TOWN

Examples of countries led by investment strategy

Singapore

	1965	2026
Real GDP growth	7.8%	5.9% (Q2’26)
GDP per capita	$500–560	$54,662 by 2013 and $98,814 in 2025
Nominal GDP	$1.0 billion	$603.9 billion (2025)
Unemployment	>10%	2%

Investment strategy:

Infrastructure + FDI-led strategy

Key sectors:

Ports, manufacturing, finance, logistics

Singapore is now a high-income, highly diversified economy in which manufacturing still accounts for more than 17% of GDP, despite its transformation into a major services economy

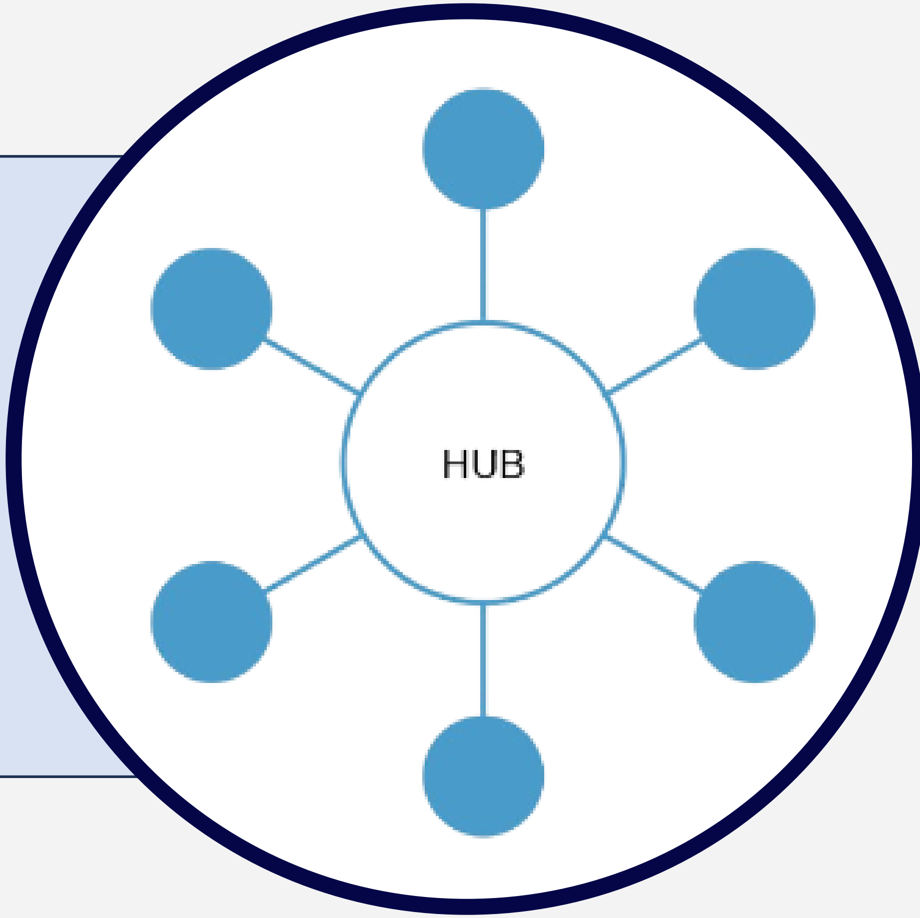
WHAT DOES NIGERIA NEED?

- Regional integration
- Economics of scale
- Investors confidence
- Security
- Private investment
- Government incentive

- Nigeria's growth challenge is increasingly less about identifying opportunities
- But more about removing the constraints that prevent existing productive capacity from scaling

HUB & SPOKE –

THE ECONOMIES OF SCALE



OIL REFINING AS A HUB AND DRIVER OF GROWTH

- Oil refining create backward linkages with crude oil, logistics, engineering and services
- Its outputs support transport, manufacturing, agriculture, aviation and petrochemicals
- Refining activity grew 43.94% in Q2’26

TOP 10 AFRICAN CONGLOMERATES

Rank	Conglomerate / Business Group	Key Sectors	Country	Market Value	Net Worth
1	Dangote Group	Cement, Oil & Gas, Fertilizer, Sugar, Food	Nigeria	$54.6bn	$28.5bn
2	Naspers Group	Technology, Media, E-commerce	South Africa	$40.1bn	$3.6bn
3	BUA Group	Cement, Foods, Sugar, Infrastructure	Nigeria	$18.13bn	$11.2bn
4	Oppenheimer Family / Stockdale Street	Mining, Financial Investments	South Africa	N/A	$10.6bn
5	Sawiris Family / Orascom-linked Businesses	Construction, Telecom, Real Estate, Hospitality	Egypt	N/A	$9.6bn
6	Remgro Group	Financial Services, Healthcare, Industrial, Consumer	South Africa	$6.5bn	$16.1bn
7	Globacom / Conoil Group	Telecommunications, Oil & Gas	Nigeria	N/A	$6.5bn
8	Mansour Group	Automotive, Logistics, Consumer, Financial Services	Egypt	N/A	$4.0bn
9	Mota-Engil Africa	Construction, Infrastructure, Logistics	Africa / Portugal	$1.7bn*	N/A
10	MeTL Group	Manufacturing, Agriculture, Energy, Finance	Tanzania	N/A	$2.1bn

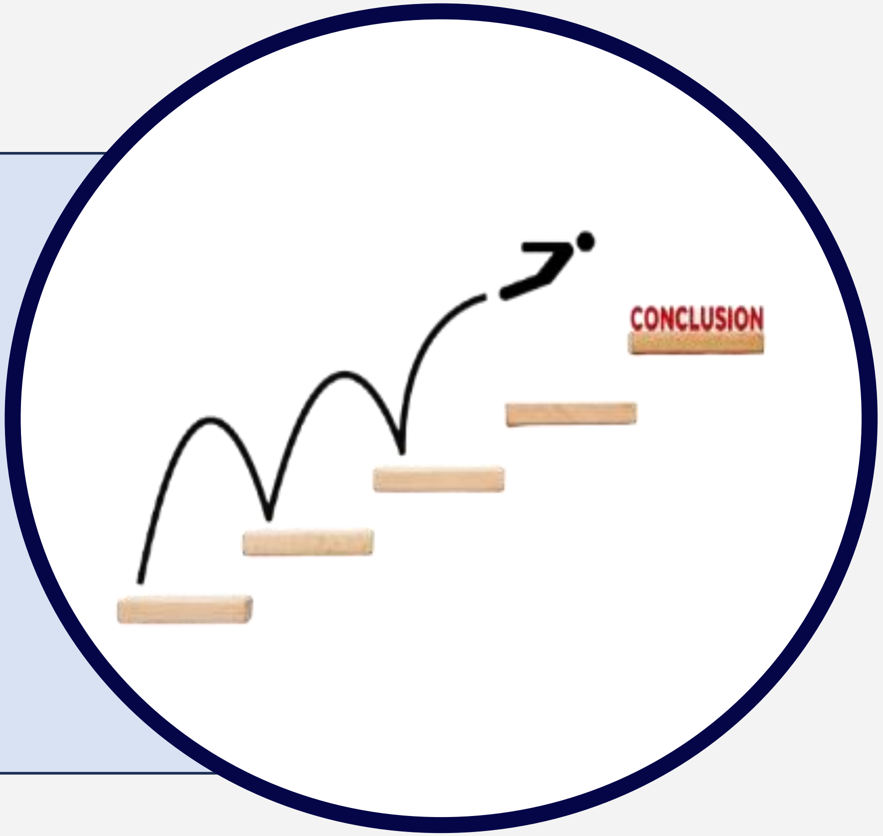
DANGOTE AFRICA INITIATIVE

- **Dangote Cement**
- **Dangote Petroleum Refinery**
- **Dangote Fertiliser**
- **Agricultural Development & Farmer Support**
- **Aliko Dangote Foundation**
- **Infrastructure & Community Development**

BIG OPPORTUNITIES FOR DANGOTE

- Regional investments
- Scale petrochemicals (polypropylene and derivatives)
- Downstream agri-value chain
- Export-led growth
- Fertilizer: leveraging urea scale for global and regional markets
- Pan-African scale – ECOWAS & AfCFTA

CONCLUSION



CONCLUSION

- For Nigeria to become the hub of West and Central Africa
- Nigeria's strongest growth multipliers are sectors with strong backward and forward linkages,
- Creating demand for domestic inputs while supplying critical inputs to other industries
- The opportunity for investment-led growth lies in sectors that can raise productivity, expand productive capacity and crowd in private investment
- Prioritising high-linkage sectors can maximise the multiplier effect of investment and generate broader economic activity across sectors
- Greater investment in transport, electricity, security and governance reforms is essential to reduce business costs, improve productivity and unlock stronger sustainable growth

thank you