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3 Industries that Can Create Wealth in Nigeria



Nigeria can leverage its creative industries, trust-enabling platforms, and the IT sector to generate new wealth.

Nigeria is home to both Africa's largest economy and its [largest](#) population of people living below the poverty line. While the country's multibillion dollar petroleum industry has driven GDP up in the last decade, the [millions](#) of Nigerian's living in poverty are a sign that economic growth has not benefited all parts of the economy. Agriculture employs many poor Nigerians. Despite growth in the sector, it has been too slow to raise incomes. These challenges have led the Nigerian government and private sector alike to recognize the need to diversify from the extractives sector and create broad based wealth for Nigerians. They can start by looking at three sectors that can drive mass wealth creation: the creative industries, commodity exchanges, and IT services.

While Nigeria's creative and cultural industries (CCI) already play an important role in the Nigerian economy, their full potential remains untapped. The sector is on track to generate [\\$1 billion](#) in export revenue this year and bring in crucial foreign currency. The CCI sector has an added benefit over the natural resource sectors since CCI products are non-rival goods. This means that the local consumption of a movie or a song, for example, does not prevent the export of that same song to international markets. This allows Nigerian CCI products like songs, movies, and books to generate wealth indefinitely. Startups in this industry include [Talent Exchange and Infrastructure \(TALENT\)](#) and [Carry1st](#).

The CCI sector drives job growth and employs millions of Nigerians in complex value chains. Nollywood, Nigeria's film industry, produces an average of forty films a week and directly employs [300,000](#) Nigerians. Nigeria's upcoming fashion industry is perhaps the best example of old value chains meeting new ones: designers are [using](#) local cotton to create garments being modeled at international fashion weeks. The fashion industry directly employs and benefits farmers, distributors, designers, and more.

As is typical in many developing countries, Africa has a deficit of trust across its formal value chains due to the lack of trust-enabling systems such as identification, enforced laws, security, and standards (for instance, 74% of countries in Africa still use manual and error-prone identity registration methods with an average national identity registration rate of 40%; World Bank, 2017). This trust deficit impedes the flow of business, leading to a continued reliance on informal systems which have a high level of trust and acceptance.

Given the trust gap, there is a large opportunity to invest in companies that create systems enabling trust, collaboration and innovation in African markets. To succeed, an investor must identify the key players in value chains and invest in a system that allows them to trust each other due to a transparent set of rules that are easily enforceable.

For example, much of Nigeria's agriculture production is still dominated by smallholder farmers who have low yields. Their efficiency is hobbled by the lack of access to inputs like quality seeds and fertilizers. The disconnect between farmers and factors of production exists even though there are plenty of banks ready to lend and fertilizer and seed firms ready to sell their goods. The lack of trust among all parties mean that banks will not lend to farmers due to the lack of identity and credit systems, and farmers will therefore not buy seeds and fertilizers at scale due to a lack of capital.

Digital Trust-enabling platforms act as exchanges and marketplaces, allowing for transparent pricing which benefits both buyers and sellers whether the commodity is Soybeans or [cars](#). In addition to reducing transaction costs, exchanges help cut out middlemen which leaves sellers with more capital to reinvest into their businesses and hire.

A financial or commodities market infrastructure like an exchange can lead to the creation of financial products that enables savings and derisks transaction. For example, [AFEX](#), a Nigerian commodity exchange began tracking agricultural commodity prices, building the first commodity price index in West Africa and is now offering a platform that producers, processors and investors can transact seamlessly, and with trust embedded. Nigerian farmers face in procuring agricultural inputs like seeds and fertilizers by unlocking access to finance as well as providing forward contracts that helps the farmer hedge against market and price risks upon harvest. The benefits of exchanges can apply to other parts of the Nigeria economy as well. [Cars45](#) is a digital marketplace for used cars that allows users to buy, sell, and swap cars. This is an example of how an exchange can help the average Nigerian unlock value in the form of an unused car that they can now sell and get the best price for.

Nigeria can leverage its status as a [multi-billion-dollar](#) tech hub to develop its IT sector and become a global IT services destination. Github, a leading software development platform, recently [reported](#) that Nigeria is home to the fastest growing developer community on their platform. The country has benefited from companies like [Gebeya](#) which brought world-class training and job opportunities to budding African programmers. [Decagon](#) is promoting a similar model of training the next generation of African developers. Nigeria's growing supply of programmers will likely be met with rising [demand](#) from the country's constantly expanding

tech [hubs](#). The potential of the business-to-business or enterprise software sector is also good news for the country's ITC sector. African companies are expected to spend [\\$3.6 trillion](#) on B2B services in 2025. Nigeria is well-positioned to be part of this growth given the coexistence of traditional industries and B2B tech startups. The combination of a growing local talent pool and a bustling B2B sector means that the IT sector can drive economic growth for decades to come, A continued plan for diversification of the Nigeria economy must include an intentional plan to strengthen creative industries, commodities exchanges and other trust-enabling digital platforms, and promote locally built enterprise software IT services. Nigeria can ensure a decade of prosperity and reduce its reliance on crude oil exports by shifting its attention to these three promising opportunities.

Our next Wealth Creation article will focus on the importance of a well-developed real estate market.

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