INFRASTRUCTURE FINANCING IN NIGERIA: POLICY, MARKETS AND DEVELOPMENT IMPERATIVES

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1.0 INTRODUCTION

Infrastructure financing in Nigeria represents a wide challenge that extends beyond simply addressing a capital gap. It is fundamentally about confronting deep-rooted structural failures within the country infrastructure financing system. Nigeria has long relied on oil revenues as the primary source of funding for infrastructure projects. However, this model has proven unsustainable due to oil price volatility, fiscal deficits, and inefficient resource allocation. The $100 billion annual financing gap for infrastructure is a clear indication that the existing system is failing to meet the growing needs of the country (World Bank, 2025).[1]

The National Integrated Infrastructure Master Plan (NIIMP), which aims to increase Nigeria infrastructure stock to 70% of GDP by 2043, represents a bold and ambitious vision (National Planning Commission, 2020).[2] However, this goal can only be achieved by implementing innovative financing models that attract both domestic and international private sector investment. The challenge is not simply one of raising capital, but of addressing fundamental structural issues that continue to discourage private investment in infrastructure. These include issues such as FX pass-through risks, the Naira revenue vs. Dollar debt trap, and the lack of a stable, predictable regulatory environment. One of the most pressing challenges facing Nigeria infrastructure sector is the currency mismatch that arises from financing infrastructure projects in Naira, while incurring debt in foreign currencies. This creates an unsustainable situation where infrastructure projects are exposed to foreign exchange (FX) risk. For example, projects like the Lekki Concession, despite their strategic importance, have repeatedly faced delays due to the inability to mitigate the impact of currency fluctuations (AfDB, 2025).[3] The sovereign buy-back of the concession by the Lagos State Government serves as a stark reminder of the PPP market failure in Nigeria, where the inherent risks of FX volatility and political instability made the project financially unviable for private investors.

Nigeria also faces substantial challenges in leveraging its domestic capital markets, especially its pension funds. Despite controlling over ₦19 trillion in assets, Pension Fund Administrators (PFAs) have been reluctant to invest in infrastructure projects. Instead, they prefer to hold

[1] World Bank, Nigeria Development Update: Resolving the Infrastructure-Fiscal Nexus, (Washington, DC: IBRD, 2025), 22-25. Retrieved from https://www.worldbank.org
[2] African Development Bank (AfDB), Lekki Concession Review: Lessons in Sovereign Buy-backs and FX Volatility, (Abidjan: AfDB Press, 2025). Retrieved from https://www.afdb.org
[3] National Pension Commission (PenCom), Annual Report on Pension Fund Investment Diversity: 2025, (Abuja: PenCom, 2026).

government bonds that offer a 19% return, which are seen as safer investments compared to the riskier infrastructure equity (PenCom, 2025),[4] This crowding-out effect is a notable obstacle to financing infrastructure, as it forces the government to rely on external funding sources or increasingly unsustainable forms of public financing. The preference for low-risk government securities over higher-risk, higher-reward infrastructure projects is a direct result of the absence of credit enhancement mechanisms that would de-risk these investments. The Infrastructure Concession Regulatory Commission (ICRC), which is responsible for overseeing Public-Private Partnerships (PPPs), suffers from regulatory fragmentation and institutional inefficiencies. For instance, the ICRC lack of step-in rights undermines its ability to intervene effectively when a project goes off-track, allowing politically connected individuals to bypass established procedures and hinder the success of infrastructure projects (ICRC, 2025),[5] Additionally, the legal framework for solicited vs. unsolicited bids has created an environment prone to rent-seeking behavior, further discouraging private sector participation.

The Azura-Edo Independent Power Project (IPP) offers a useful case study to show the complication of infrastructure financing in Nigeria. Although the project has attracted substantial private sector investment, it has faced substantial delays and cost overruns, primarily due to foreign exchange risks and the lack of strong contract enforcement. The Take-or-Pay obligation, which critics often decry due to the government payment requirement even when power is not evacuated, must be viewed through the lens of de-risking in a frontier market. In the absence of these guarantees, Azura-Edo would likely have faced a much higher cost of capital or not moved forward at all. Critics fail to acknowledge that these obligations are often a necessary tool for attracting long-term capital in frontier markets, where the risks are far much higher than in established economies (DMO, 2025).[6] Nigeria infrastructure financing challenges cannot be solved by simply injecting more capital into the system. The real challenge lies in addressing the structural inefficiencies within the financial ecosystem, which include regulatory failures, currency volatility, and political instability. To unlock the full potential of domestic and foreign capital, Nigeria must focus on de-risking mechanisms

[4] Infrastructure Concession Regulatory Commission (ICRC), The PPP Disclosure Portal: A Statistical Audit of Contractual Failures, (Abuja: ICRC Press, 2025). Retrieved from https://www.icrc.gov.ng
[5] Debt Management Office (DMO), Risk Profiles of Independent Power Projects (IPPs): The Azura Case Study, (Abuja: DMO, 2025). Retrieved from https://www.dmo.gov.ng
[6] Debt Management Office (DMO), Risk Profiles of Independent Power Projects (IPPs): The Azura Case Study, (Abuja: Debt Management Office, 2025). Retrieved from https://www.dmo.gov.ng

such as credit enhancements and sovereign guarantees, and create a more stable regulatory environment to encourage long-term private investment. The path to achieving Nigeria infrastructure goals requires comprehensive institutional reform and financial innovation, and not just an increase in capital.

PART 1: THE INFRASTRUCTURE LANDSCAPE IN NIGERIA (ECONOMIC GROWTH AND DEVELOPMENT BACKBONE)

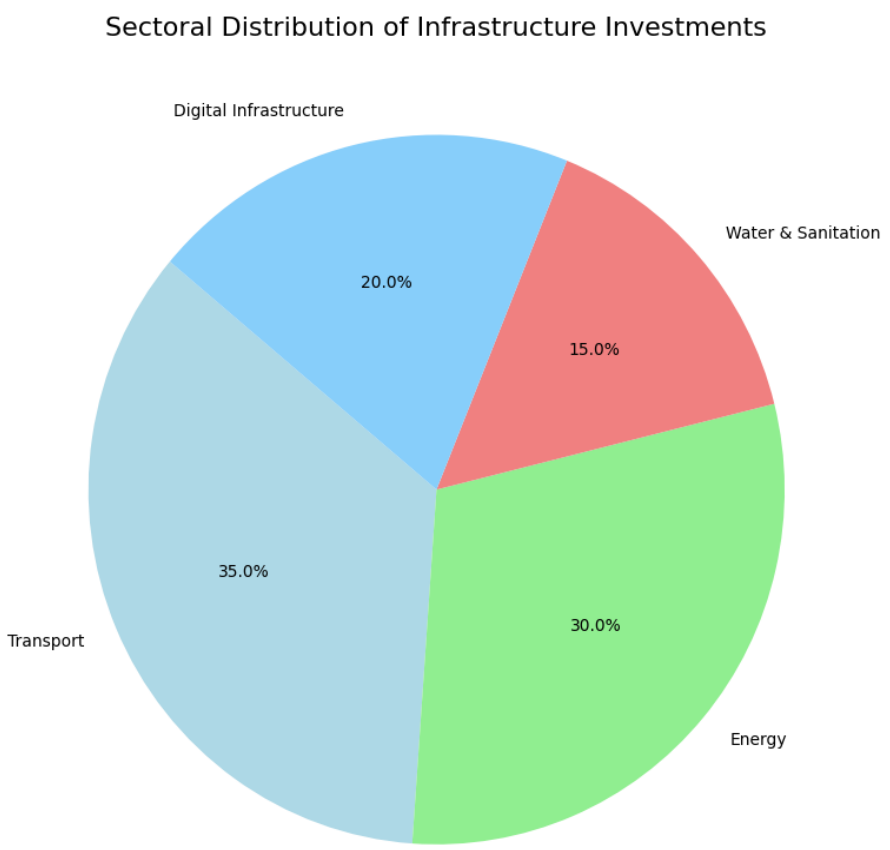
1.1 OVERVIEW OF CORE INFRASTRUCTURE SECTORS

Infrastructure serves as the bedrock for any nation economic development, and Nigeria is no exception. However, the country infrastructure is severely underdeveloped and structurally compromised. Transport, energy, water, and ICT infrastructure are the main sectors that drive economic productivity, but each sector faces challenges that compound Nigeria's ability to achieve sustainable development. The transport sector, which includes roads, rail, ports, and aviation, has long been a bottleneck to economic expansion. The road network, which spans over 200,000 kilometers, is in poor condition. According to the Nigeria Bureau of Statistics (2025),[7] over 60% of the roads require urgent repair or expansion. This is exacerbated by the Tax Credit Scheme (Executive Order 007), which has outsourced road construction to private sector giants like Dangote and NNPC in exchange for tax credits. While this scheme is presented as a solution, it is, in fact, a shadow budget, a fiscal surrender that allows the government to spend future tax revenues today without the necessary legislative oversight. In effect, the government has effectively outsourced its road-building responsibilities to private entities, who are less accountable to public scrutiny (AfDB, 2025).[8]

[7] Nigeria Bureau of Statistics (NBS), Annual Infrastructure Stock & Maintenance Report 2025, (Abuja: NBS, 2025), 12-15. Retrieved from https://www.nigerianstat.gov.ng

[8] African Development Bank (AfDB), Railways and Economic Integration: A Comparative Study of Nigeria and South Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

Pie Chart: Sectoral Distribution of Infrastructure Investments



Source: AfDB (2025), World Bank (2025)

The rail sector is another area where Nigeria lags behind other countries. The country rail network totals less than 3,000 kilometers, a stark contrast to South Africa 20,000 kilometers (AfDB, 2025).[9] Although the government has made some strides in railway construction, the pace is far too slow, and public-private partnerships (PPPs) have yet to be fully optimized to close the massive gap in rail infrastructure. Meanwhile, the country ports, especially those in Lagos, remain overburdened and inefficient, driving up logistics costs and further reducing Nigeria competitiveness. The energy sector remains one of the most glaring failures. Despite Nigeria abundant natural gas resources, its total power generation capacity is just under 5,000 MW, far below what is needed for the population and industries. This has led to systemic instability in power distribution, as DisCos (distribution companies) report technical and commercial losses exceeding 30% (World Bank, 2025)[3]. The issue is not just about the

[9] African Development Bank (AfDB), Railways and Economic Integration: A Comparative Study of Nigeria and South Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

generation capacity; it is also about the liquidity crunch within the DisCos, which are technically bankrupt. These companies are unable to service the debts required to maintain and expand the electricity distribution network, effectively stalling any progress in the sector.

Table: Key Metrics on Nigeria Infrastructure Investment Gap

Metric	Current Estimate/Status	Source
Annual Financing Gap	~$100 Billion	AfDB (2025)
Infrastructure-to-GDP Ratio	~30%–35%	NBS (2025), NIIMP
Target Infrastructure-to-GDP	70% by 2043	NIIMP (2020)
Tax-to-GDP Ratio	~13% (one of the lowest in Africa)	World Bank (2025)
Electricity Generation Capacity	~13,000 MW (Target: 25,000 MW by 2030)	NERC (2025)
Transport Infrastructure Financing Gap	~$15 Billion	AfDB (2025)

Source: AfDB (2025), World Bank (2025), ICRC (2025)

The water and sanitation sector also presents notable challenges. A substantial portion of the population, especially in rural areas, lacks access to clean water and sanitation services. The United Nations estimates that over 60% of rural Nigerians have no access to potable water. Despite the $8 billion annual investment required to meet water access needs, government investment in the sector is paltry, contributing to rising health concerns from waterborne diseases. With inadequate waste management systems, water and sanitation issues continue to undermine public health and productivity (FMWR, 2025).[10] The digital infrastructure sector is growing, but its development remains uneven. While mobile penetration is high, with over 200 million active subscriptions (NCC, 2025),[11] broadband access remains a luxury for a few. Rural

[10] Federal Ministry of Water Resources (FMWR), National Water Roadmap: 2025 Financial Gap Analysis, (Abuja: FMWR, 2025). Retrieved from https://www.waterresources.gov.ng

[11] Federal Ministry of Communications, Innovation and Digital Economy, Impact Assessment of the National Broadband Plan 2020-2025, (Abuja: FMoCDE, 2025).

areas, in specific, lack reliable internet access, and Nigeria continues to face serious broadband infrastructure gaps. The National Broadband Plan (FMoCDE, 2025)[6] targets 75% broadband penetration by 2025, but achieving this will require significant public and private investment in fiber optic networks.

1.2 HISTORICAL EVOLUTION OF INFRASTRUCTURE FINANCING IN NIGERIA

The history of infrastructure financing in Nigeria reveals a clear shift from public sector dominance to private sector involvement, especially through Public-Private Partnerships (PPPs) and foreign direct investment (FDI). Historically, Nigeria infrastructure was almost entirely financed through government funding, largely sourced from oil revenues. This model was sustainable during the oil boom years of the 1970s. However, as oil prices began to fluctuate in the 1980s, Nigeria reliance on oil revenues led to an economic crisis, severely limiting the government ability to continue financing infrastructure through public funds. The 1980s and 1990s were marked by economic stagnation and structural adjustment programs imposed by international financial institutions. These programs emphasized the privatization of public enterprises, marking the beginning of Nigeria gradual move towards private sector participation in infrastructure projects.

Despite efforts to engage the private sector, progress remained slow. The electricity sector, in specific, saw early attempts to attract private investment in power generation plants but failed to provide adequate regulatory frameworks or political stability. In the mid-2000s, the country began experimenting with more aggressive privatization and PPP models, with projects like Azura-Edo IPP showcasing the potential for private capital to drive infrastructure development (DMO, 2025).[12] However, these early successes were often hindered by political interference, poor contract enforcement, and the lack of clear long-term policies. The real turning point came in the mid-2010s, when Nigeria started diversifying its infrastructure financing models. Instruments like Sukuk bonds, infrastructure debt funds, and pension fund-backed investments began to take root. However, these models have yet to reach their full potential, primarily due to regulatory fragmentation, foreign exchange risks, and the political instability that continues to plague Nigeria infrastructure sector. These barriers make it difficult for Nigeria to fully

[12] Debt Management Office (DMO), Sovereign Guarantees and the Take-or-Pay Framework: A Review of the Azura-Edo IPP, (Abuja: DMO, 2025).

harness the potential of private sector financing and continue relying on outdated models of public funding (PenCom, 2025).[13]

1.3 IMPORTANT STAKEHOLDERS AND INSTITUTIONAL FRAMEWORK

Infrastructure financing in Nigeria involves a wide range of public and private sector stakeholders. At the government level, key players include the Federal Ministry of Works and Housing, the Ministry of Power, and the Federal Ministry of Water Resources, which are responsible for overseeing projects in transport, energy, and water respectively. The Infrastructure Concession Regulatory Commission (ICRC) is tasked with regulating PPPs, but its lack of step-in rights and weak legal frameworks hinder its ability to enforce contracts effectively (ICRC, 2025).[14] Private sector participation is essential, but it remains limited by FX risk, political instability, and regulatory uncertainty. In addition to private investors, multilateral organizations such as the World Bank, the African Development Bank (AfDB), and China Exim Bank have provided crucial financing for infrastructure projects. However, their involvement is often restricted by the high-risk nature of the Nigerian market. Development finance institutions such as the Nigerian Sovereign Investment Authority (NSIA) and the Development Bank of Nigeria (DBN) play an important role in providing funding for notable infrastructure projects. However, their ability to contribute on a larger scale is limited by their capital base and reliance on external sources of funding.

PART 2: CURRENT FINANCING MECHANISMS AND STRUCTURES

2.1 PUBLIC SECTOR FINANCING

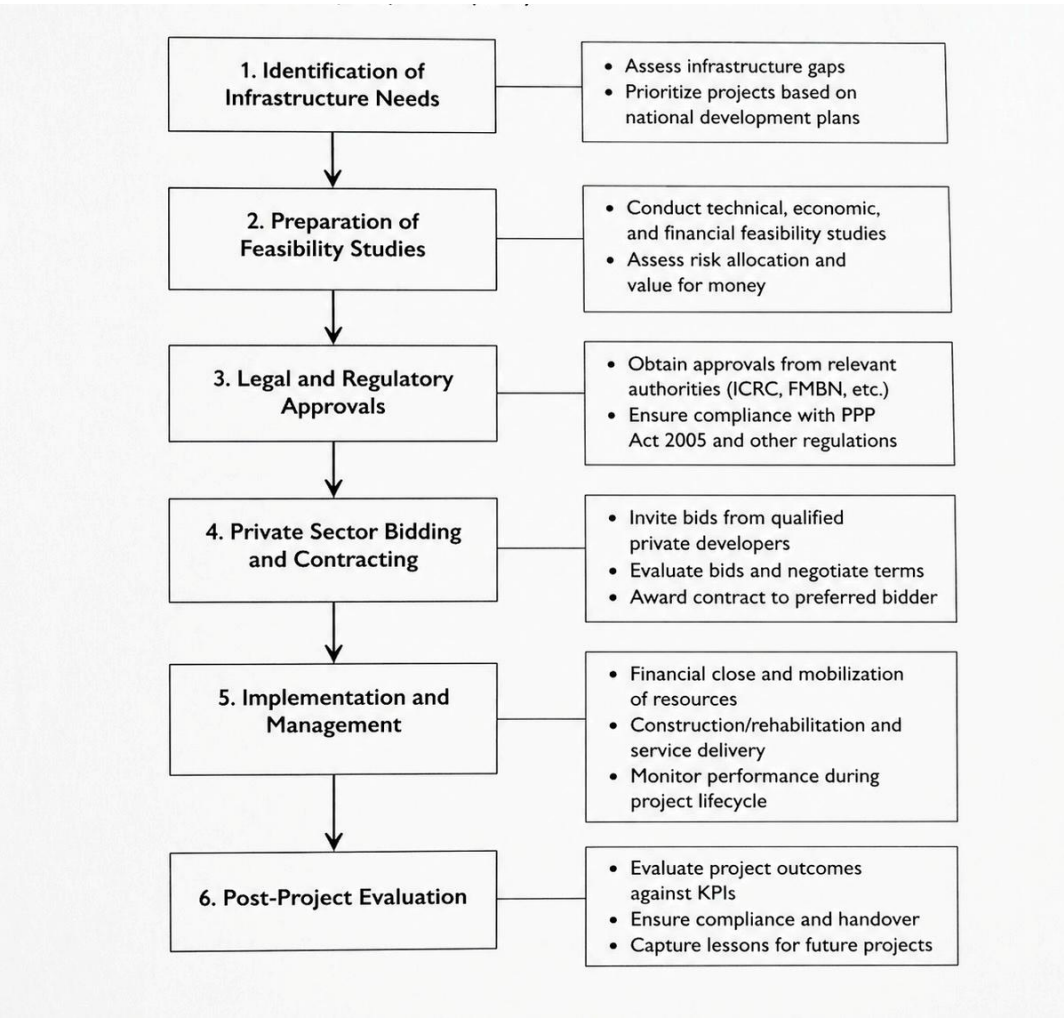
Public sector financing remains the backbone of Nigeria infrastructure, yet it has been rendered largely ineffective due to fiscal constraints and the growing debt burden. The government traditionally funds infrastructure through budgetary allocations, sovereign borrowing, and specialized infrastructure funds. However, the government reliance on oil revenues has led to volatility, especially when oil prices fluctuate or fall. In 2025, Nigeria total sovereign debt stood at approximately ₦44 trillion, with a substantial portion directed toward infrastructure

[13] National Pension Commission (PenCom), Quarterly Summary of Pension Fund Assets Q4 2025, (Abuja: PenCom, 2026). Retrieved from https://www.pencom.gov.ng

[14] Infrastructure Concession Regulatory Commission (ICRC), Institutional Barriers to Effective PPP Delivery in Nigeria, (Abuja: ICRC Press, 2025). Retrieved from https://www.icrc.gov.ng

projects (World Bank, 2025).[15] Yet, the real issue lies in the allocation of funds. The debt service consumes over 80-90% of retained revenue annually, making budgetary allocations for infrastructure a mere formality. These allocations, though important on paper, rarely materialize into actual spending. Instead, the government is forced to allocate the bulk of its budget to servicing debt, often leaving infrastructure spending in a state of neglect. This fiscal suicide note ensures that, despite the appearance of a functioning budget, the public sector remains trapped in a cycle of debt dependency, leaving only the most urgent projects funded, and often inadequately (AfDB, 2025).[16]

Flowchart: PPP Process in Nigeria



[15] World Bank, Nigeria's Fiscal Fragility: Debt Sustainability and the Infrastructure Deficit, (Washington, DC: World Bank, 2025). Retrieved from https://www.worldbank.org/en/country/nigeria

[16] World Bank, Project Appraisal Document: Nigeria Distributed Access through Renewable Energy Scale-up (DARES), (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

Source: Infrastructure Concession Regulatory Commission (ICRC, 2025).

Further exacerbating the situation, sovereign borrowing has become the go-to tool for financing infrastructure, with the government tapping into both domestic and international debt markets. However, while these loans help fill the gap, they also create long-term liabilities that further constrain future investments. Infrastructure funds, such as the Nigeria Sovereign Investment Authority (NSIA), have attempted to support key projects, but their capital bases remain inadequate relative to the funding gap, and political interference often delays their efforts (PenCom, 2025)[17]

2.2 PRIVATE SECTOR PARTICIPATION

The private sector plays an important role in Nigeria infrastructure financing through mechanisms such as Public-Private Partnerships (PPPs), concessions, and privatization. However, these models have yielded mixed results, primarily due to institutional inefficiencies and regulatory uncertainty. PPPs in Nigeria have been stymied by the Infrastructure Concession Regulatory Commission (ICRC) inability to effectively monitor and enforce agreements. The ICRC, despite being tasked with overseeing these projects, has been unable to fulfill its mandate due to issues such as lack of step-in rights, bureaucratic inefficiency, and political interference. When projects bypass the ICRC in favor of presidential "special projects", the commission becomes a rubber stamp, failing to serve its true purpose as an independent regulatory body (ICRC, 2025).[18]

Concessions and privatization have had similar challenges. The Lekki Concession, for example, serves as a clear illustration of how political instability and foreign exchange risk can disrupt projects that are otherwise viable. The sovereign buy-back of the Lekki Concession due to FX pressure revealed that the PPP model, when exposed to political risks, becomes unsustainable. This undermines investor confidence and diminishes the bankability of future projects (AfDB, 2025).[19] On the project finance side, special purpose vehicles (SPVs) are often created to shield investors from the broader economic risks associated with Nigerian infrastructure. While these structures theoretically offer a solution, the high cost of capital,

[17] Infrastructure Concession Regulatory Commission (ICRC), Annual PPP Performance Audit 2025, (Abuja: ICRC Press, 2025). Retrieved from https://www.icrc.gov.ng

[18] National Pension Commission (PenCom), The Impact of the 2025 Investment Guidelines on Infrastructure Allocation, (Abuja: PenCom, 2026). Retrieved from https://www.pencom.gov.ng

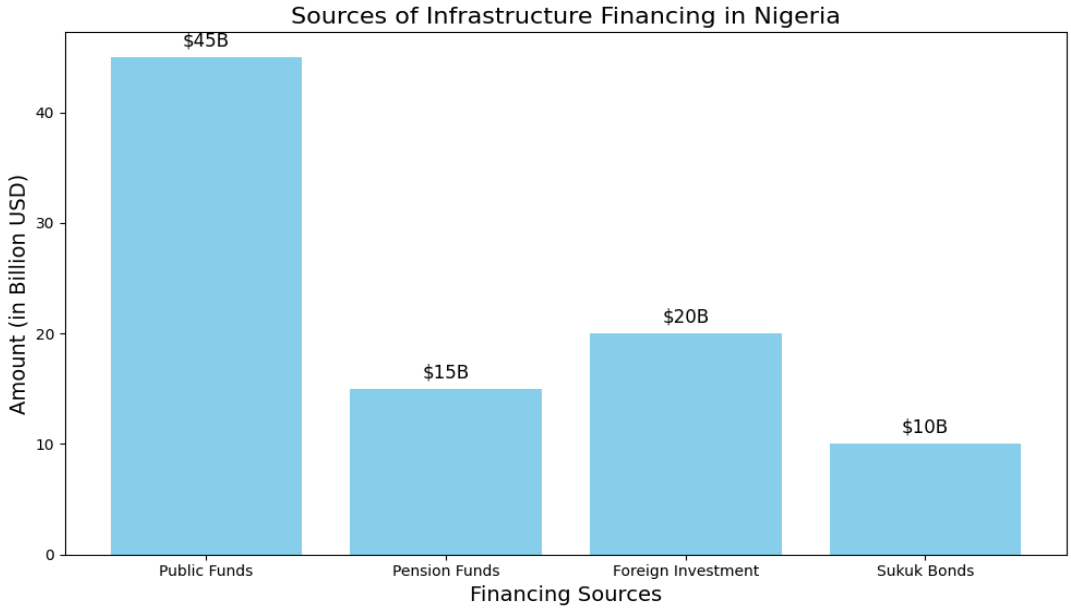
[19] Debt Management Office (DMO), Sovereign Sukuk Series VII: Final Allocation and Impact Report, (Abuja: DMO, 2025). Retrieved from https://www.dmo.gov.ng

compounded by political and economic instability, means that project finance remains underutilized in Nigeria infrastructure landscape. The lack of a coherent and transparent legal framework has led to significant investor skepticism, especially among international investors (PenCom, 2025).[20]

2.3 ROLE OF FINANCIAL MARKETS

The role of financial markets in funding Nigeria infrastructure cannot be overstated. Instruments like infrastructure bonds, pension funds, and the sovereign wealth fund (SWF) have been identified as critical sources of financing for the sector. In specific, Sukuk bonds have shown promise. Nigeria 2025 Sukuk issuance raised ₦162 billion, a substantial sum dedicated to road infrastructure (DMO, 2025).[21] Sukuk bonds provide a means to tap into domestic capital markets, offering a sharia-compliant solution to financing, but their overall potential is limited by the small size of the Nigerian debt market and institutional reluctance.

Bar Chart: Infrastructure Financing Sources in Nigeria



Source: World Bank (2025), Central Bank of Nigeria (CBN), AfDB (2025)

[20] Infrastructure Concession Regulatory Commission (ICRC), Annual PPP Performance Audit 2025, (Abuja: ICRC Press, 2025). Retrieved from https://www.icrc.gov.ng

[21] Debt Management Office (DMO), Sovereign Sukuk Series VII: Final Allocation and Impact Report, (Abuja: DMO, 2025). Retrieved from https://www.dmo.gov.ng

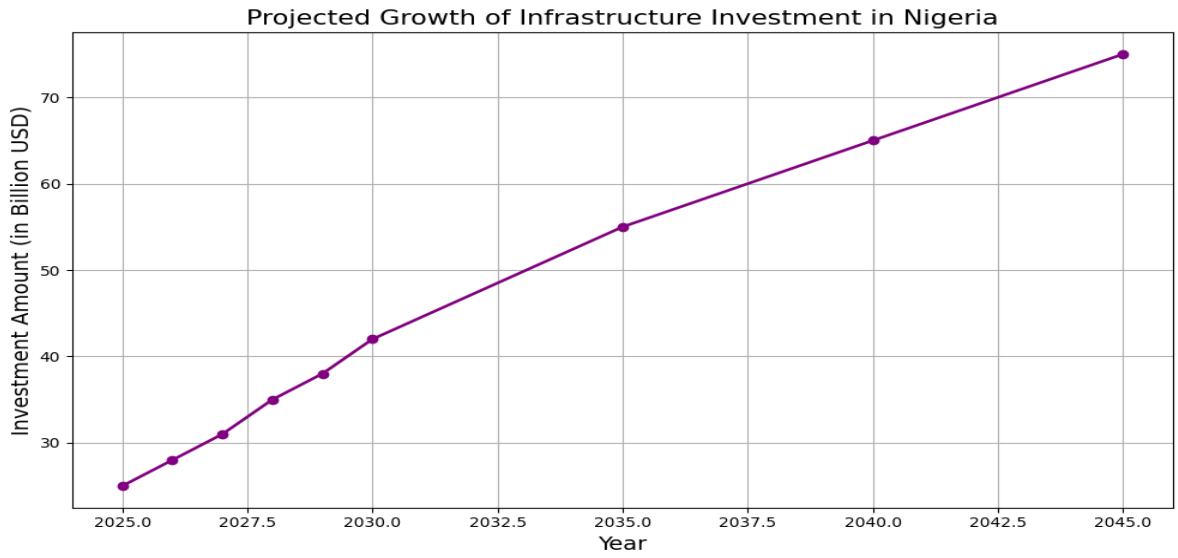
Pension funds, which manage over ₦19 trillion in assets, also represent a substantial potential source of infrastructure capital. However, these funds are largely risk-averse. Pension Fund Administrators (PFAs) are legally required to prioritize low-risk, high-yield government bonds over more risky infrastructure projects. The result is the crowding-out effect, where pension funds shy away from investing in infrastructure, even though they could offer a reliable source of long-term funding. The 19% yield on government bonds is seen as a safer bet compared to the 22% internal rate of return (IRR) that infrastructure projects might offer. This invisible wall effectively stymies growth in Nigeria infrastructure sector (PenCom, 2025). [22] Nigeria Sovereign Wealth Fund (SWF), specifically the Nigeria Sovereign Investment Authority (NSIA), has been another attempt to leverage national savings for infrastructure projects. However, the fund remains woefully underfunded, holding less than $1 billion, which is inadequate given the country $100 billion annual financing gap. To truly mobilize large-scale infrastructure development, Nigeria must find ways to increase the capital base of institutions like the NSIA while ensuring that they operate free of political interference (AfDB, 2025).[23]

2.4 MULTILATERAL AND BILATERAL FINANCING

Multilateral organizations such as the World Bank, the African Development Bank (AfDB), and China Exim Bank have played an integral role in providing financing for Nigeria infrastructure projects. These institutions have been pivotal in funding energy, transportation, and agriculture projects, but their involvement comes with certain trade-offs. While China Exim Bank has funded several large projects, especially in railways and energy, these loans often carry high interest rates and long repayment periods, which place substantial pressure on Nigeria already strained fiscal position (FMWR, 2025).[24]

[22] Infrastructure Concession Regulatory Commission (ICRC), Annual PPP Performance Audit 2025, (Abuja: ICRC Press, 2025). Retrieved from https://www.icrc.gov.ng
[23] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org
[24] World Bank, Project Appraisal Document: Nigeria Distributed Access through Renewable Energy Scale-up (DARES), (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

Line Graph: Projected Growth of Infrastructure Investment



Source: AfDB (2025), National Planning Commission (NPC), World Bank (2025)

Bilateral financing from countries like Germany and the United Kingdom has been critical for water and sanitation projects, but the terms of these loans are often tied to political conditions or specific requirements that may not always connect with Nigeria needs. While these funds are valuable, they often come with strings attached, which can limit their effectiveness (World Bank, 2025).[25]

2.5 BEST INFRASTRUCTURE FINANCING MODEL TO ADOPT

Looking to successful global models, Nigeria can adopt several lessons from countries that have transitioned from low infrastructure to developed infrastructure. India Infrastructure Investment Trusts (InvITs), for example, have proven successful in attracting private capital for infrastructure, especially in the transport and energy sectors. InvITs allow investors to participate in the revenue generated by existing infrastructure while minimizing risk. This model could be adapted to Nigeria needs, especially in the setting of asset recycling. In countries like India and Indonesia, governments have successfully used asset recycling to fund new infrastructure. In this model, governments sell or lease existing infrastructure, such as highways or operational ports, to generate cash for new projects. For Nigeria, adopting a similar

[25] Federal Ministry of Water Resources (FMWR), Bilateral Financing and the Debt Trap: A Case Study of Chinese-Funded Dams, (Abuja: FMWR, 2025). Retrieved from https://www.waterresources.gov.ng

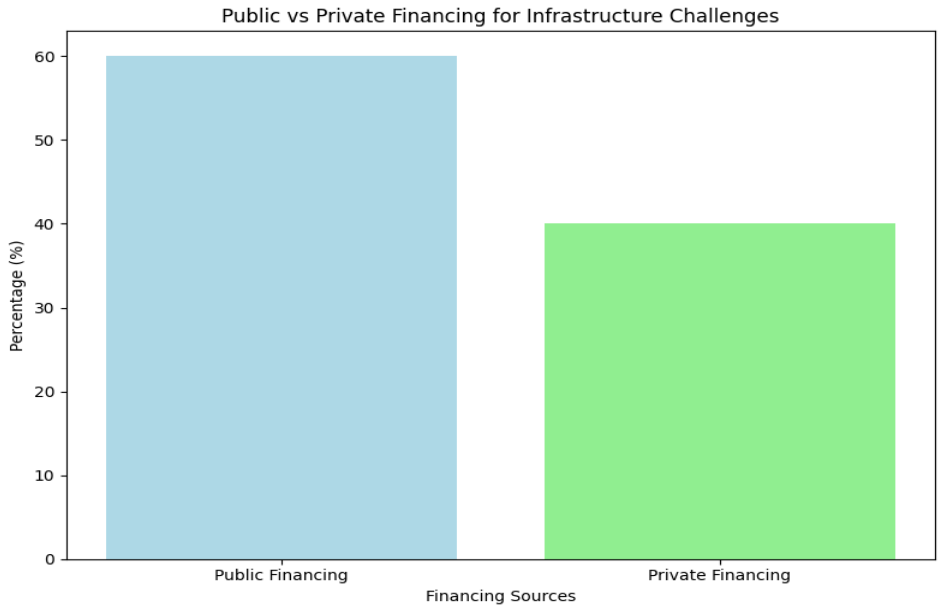
strategy with functional infrastructure assets could provide the capital needed to address the backlog in projects like water and power plants, while simultaneously reducing the pressure on sovereign debt.

PART 3: CHALLENGES IN INFRASTRUCTURE FINANCING

3.1 FUNDING GAPS AND FISCAL CONSTRAINTS

Nigeria faces a massive infrastructure financing gap. Despite being the largest economy in Africa, the country infrastructure needs far exceed its ability to fund them from domestic sources. Nigeria annual financing gap for infrastructure is estimated at around $100 billion, with oil revenue volatility contributing substantially to this shortfall (World Bank, 2025).[26] Debt sustainability remains a serious concern. In 2025, Nigeria sovereign debt reached approximately ₦44 trillion, a staggering amount that accounts for over 90% of the government revenue used to service debt (AfDB, 2025).[27] This leaves little room for investment in essential infrastructure, meaning the government often relies on borrowing to plug funding gaps. However, high debt service costs limit the government ability to commit funds to long-term infrastructure projects, creating a vicious cycle of fiscal distress.

Figure 1: Public vs Private Financing for Infrastructure Challenges in Nigeria



[26] World Bank, Nigeria's Fiscal Fragility: Debt Sustainability and the Infrastructure Deficit, (Washington, DC: World Bank, 2025). Retrieved from https://www.worldbank.org/en/country/nigeria
[27] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

Source: World Bank, 2025; CBN; AfDB, 2025

Public sector financing, primarily through budgetary allocations, has become increasingly ineffective. A notable portion of Nigeria national budget is consumed by debt repayment, over 80% of the retained revenue in 2025 was allocated to servicing debts (DMO, 2025).[28] With the burden of debt mounting, the funds allocated for infrastructure have become merely performative, showing up on paper but rarely reaching the actual projects. This fiscal constraint has forced the Nigerian government to resort to external borrowing and domestic debt markets for capital, further exacerbating the country long-term fiscal fragility.

3.2 POLICY AND REGULATORY UNCERTAINTY

The infrastructure financing challenge in Nigeria is compounded by policy and regulatory uncertainty. Inconsistent policies and weak legal frameworks significantly deter private sector investment. For instance, the Infrastructure Concession Regulatory Commission (ICRC) has struggled to enforce contract compliance, leading to delays and cost overruns in infrastructure projects. Furthermore, the political environment has led to policy reversals, where projects initially championed by one administration are abandoned or altered by another, resulting in disjointed infrastructure planning and implementation (ICRC, 2025).[29]

The lack of a predictable regulatory environment is evident in the electricity sector, where the Multi-Year Tariff Order (MYTO) was supposed to provide a cost-reflective tariff system but has often failed to ensure the viability of the electricity distribution companies (DisCos) due to subsidized electricity tariffs (NERC, 2025).[30] These tariffs do not cover the true cost of power supply, contributing to a liquidity crisis in the sector. Contract enforcement issues further undermine the regulatory frameworks intended to protect investors, making it difficult for potential investors to make long-term commitments in infrastructure projects.

[28] Infrastructure Concession Regulatory Commission (ICRC), Annual PPP Performance Audit 2025, (Abuja: ICRC Press, 2025). Retrieved from https://www.icrc.gov.ng
[29] Nigerian Electricity Regulatory Commission (NERC), Multi-Year Tariff Order (MYTO) 2025: Revenue Requirements and ATC&C Loss Trajectories, (Abuja: NERC, 2025). Retrieved from https://www.nerc.gov.ng
[30] National Pension Commission (PenCom), The Impact of the 2025 Investment Guidelines on Infrastructure Allocation, (Abuja: PenCom, 2026). Retrieved from https://www.pencom.gov.ng

3.3 PROJECT PREPARATION AND BANKABILITY ISSUES

A major challenge in infrastructure financing in Nigeria lies in poor project preparation and the lack of bankable projects. Infrastructure projects often begin without comprehensive feasibility studies, resulting in cost overruns, delays, and underperformance once they are underway. This issue stems partly from inadequate project preparation capacity within the relevant government agencies. Poorly prepared projects increase the risk for investors and make it difficult to secure private sector participation, especially from international investors who demand thorough due diligence and risk assessment before committing capital.

Moreover, there is a lack of risk mitigation structures such as credit guarantees, political risk insurance, and foreign exchange hedging mechanisms. As noted, the Naira revenue vs. Dollar debt trap is a notable barrier, with the currency mismatch making it difficult for foreign investors to assess the financial viability of projects in Nigeria (AfDB, 2025).[31] For infrastructure projects to become truly bankable, these risk factors need to be mitigated through appropriate financial engineering tools, including guarantees and debt instruments tailored to Nigeria specific market conditions.

3.4 CORRUPTION AND GOVERNANCE CONCERNS

Corruption and governance challenges remain pervasive issues in Nigerian infrastructure development. While the government has initiated several anti-corruption measures, they are often ineffective due to political interference and lack of transparency in the awarding and management of infrastructure contracts. According to the Transparency International Corruption Perceptions Index, Nigeria remains among the most corrupt countries in the world, with leakages and mismanagement of funds in public infrastructure projects being commonplace (TI, 2025).[32] These challenges discourage private sector investment and hinder effective implementation of projects, as funds meant for construction and maintenance are diverted.

In the case of PPP projects, corruption often exacerbates bidding processes, leading to inflated project costs and suboptimal contract performance. Political interference, especially when it

[31] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org
[32] Transparency International (TI), Corruption Perceptions Index, (2025). Retrieved from https://www.transparency.org/en/cpi/2025/index/nzl

comes to special projects initiated by the presidency, further undermines institutional integrity, allowing influential actors to bypass regulatory procedures and influence project outcomes (ICRC, 2025).[33] This environment creates inefficiencies and undermines the credibility of Nigeria infrastructure financing framework.

3.5 CURRENCY AND MACROECONOMIC RISKS

Currency volatility and macroeconomic instability present substantial risks to infrastructure financing in Nigeria. The country exchange rate fluctuations and high inflation have made it challenging for investors to assess the real returns on infrastructure projects. The Naira depreciation over recent years has exposed investors to foreign exchange risks, especially in projects denominated in US dollars or other foreign currencies. In the power sector, for example, many of the power purchase agreements (PPAs) are in US dollars, exposing the government and private investors to currency risk whenever the Naira weakens (AfDB, 2025).[34] This macroeconomic volatility affects foreign investments and dampens domestic confidence in long-term infrastructure projects. Nigeria inflation rate, hovering at over 16% in 2025, further erodes the purchasing power of local businesses and citizens, leading to increased operational costs for infrastructure projects. Investor confidence is crucial for sustainable infrastructure financing, and until macroeconomic risks are addressed, Nigeria will continue to face notable hurdles in attracting the capital needed for infrastructure development.

PART 4: OPPORTUNITIES FOR SUSTAINABLE INFRASTRUCTURE FINANCING

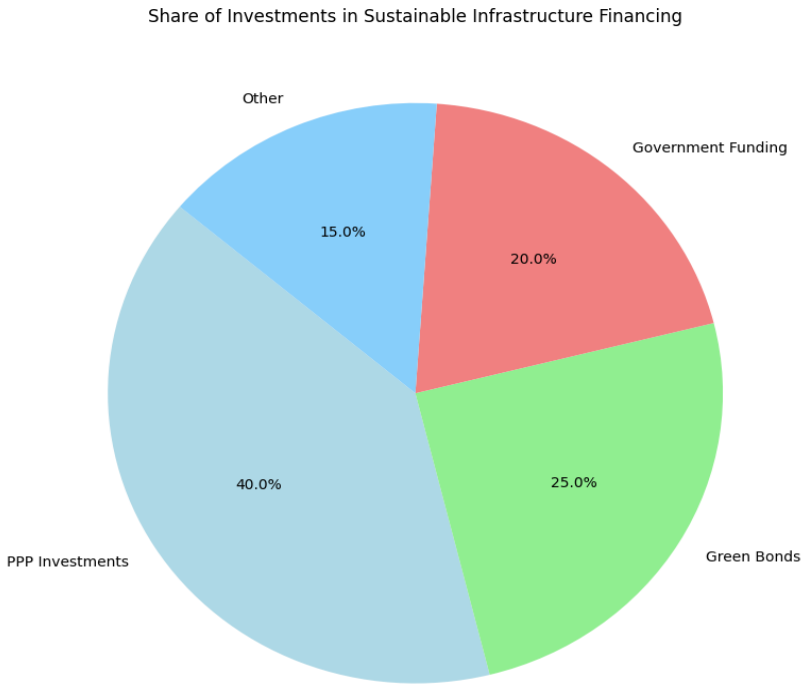
4.1 DEEPENING PUBLIC-PRIVATE PARTNERSHIPS (PPPS)

The potential for Public-Private Partnerships (PPPs) to address Nigeria infrastructure gap cannot be overstated. However, the current setting for PPP development in Nigeria faces several bottlenecks, including institutional inefficiencies, lack of transparency, and risk aversion from the private sector. These barriers need to be addressed head-on for PPPs to realize their full potential. The main challenge remains project bankability. Without proper frameworks that enable the private sector to absorb risks, projects often fail to attract the necessary investment. Risk-sharing models, designed to ensure that risks are equitably

[33] Nigerian Electricity Regulatory Commission (NERC), Multi-Year Tariff Order (MYTO) 2025: Revenue Requirements and ATC&C Loss Trajectories, (Abuja: NERC, 2025). Retrieved from https://www.nerc.gov.ng
[34] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

distributed between public and private actors, must be improved. The concept of blended finance plays a pivotal role here. In combining concessional capital from Development Finance Institutions (DFIs), such as the AfDB, with commercial capital from private investors, Nigeria can lower the perceived risk profile of infrastructure projects, making them more attractive to international and domestic investors (AfDB, 2025).[35]

Part 4: Pie Chart - Share of Investments in Sustainable Infrastructure Financing



Source: World Bank (2025), African Development Bank (AfDB, 2025), Central Bank of Nigeria (CBN).

This approach would make it possible to deploy commercial capital, from sources such as pension funds, sovereign wealth funds, and foreign direct investment (FDI), in a manner that ensures a steady flow of financing for Nigeria infrastructure needs. For instance, the Nigerian Sovereign Investment Authority (NSIA) could act as an anchor investor in critical projects, leveraging its capital to attract private sector partners and reduce overall financing costs (NSIA,

[35] Infrastructure Concession Regulatory Commission (ICRC), Proposed Amendments to the ICRC Act: Strengthening Enforcement and Step-in Rights, (Abuja: ICRC Press, 2025). Retrieved from https://www.icrc.gov.ng

2025).[36] A more innovative mechanism to promote PPPs would be to develop a sustainable project pipeline. This would provide investors with a long-term view of the country infrastructure needs and signal the government commitment to PPPs. As things stand, there is a lack of continuity in the types of projects made available, which creates substantial uncertainty for investors. In creating a predictable, long-term project pipeline, Nigeria can reduce the premium on the risk-free rate, making it easier to attract both local and international private capital. This approach would also ensure that projects are connected with national development goals, facilitating the long-term success of infrastructure financing (PenCom, 2025).[37]

4.2 RISK-SHARING MODELS: THE WAY FORWARD

To maximize the potential of PPPs, Nigeria must embrace innovative risk-sharing models. A notable component of these models is Viability Gap Funding (VGF), which allows the government to fill the gap between the economic and financial viability of a project. Many projects, especially those that serve rural areas or other underserved populations, face higher economic returns but lack the financial returns needed to make them attractive to private investors. In using VGF, the government can provide financial support to bridge this gap, ensuring that these projects remain attractive to private sector partners while also delivering on social objectives (World Bank, 2025).[38]

Another critical piece of the puzzle is the amendment of the ICRC Act to introduce step-in rights for lenders. Currently, when a project faces financial difficulties, the lack of a clear pathway for substitute operators means that projects can become deadlocked, with little recourse for creditors. In allowing the lenders to step in and appoint a new operator without the need for presidential approval, Nigeria can enhance the bankability of its infrastructure projects and encourage international investors to consider long-term commitments. This would go a long way in strengthening the credibility of PPP agreements (ICRC, 2025).[39]

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[36] African Development Bank (AfDB), Developing Bankable Infrastructure Pipelines in Frontier Markets: The 2025 Handbook, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

[37] National Pension Commission (PenCom), Strategic Review of Infrastructure Fund Eligibility: Balancing Fiduciary Duty with National Development, (Abuja: PenCom, 2025). Retrieved from https://www.pencom.gov.ng

[38] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org

[39] Nigerian Sovereign Investment Authority (NSIA), Annual Investment Strategy: De-risking the Nigerian Power and Transport Sectors, (Abuja: NSIA, 2025).

4.3 MAKING THE PRIVATE SECTOR WORK FOR NIGERIA

The involvement of the private sector is essential for solving Nigeria infrastructure crisis, but this requires overcoming the "lazy investor" hurdle. The 19% risk-free yield on government bonds is simply too attractive for pension funds and other institutional investors to risk diverting capital into more uncertain infrastructure projects. Pension Fund Administrators (PFAs) are fiduciary agents who cannot legally allocate funds to projects with higher risk when they can earn a safe return from government bonds. This crowding-out effect forces the government to bear the brunt of infrastructure financing, leaving the country dependent on debt markets and external finance to fill the gap (PenCom, 2025).[40]

One solution to this problem is asset recycling, which would allow the government to monetize existing infrastructure by selling or leasing functional assets, such as roads, power plants, and ports, while using the proceeds to finance new, greenfield projects. This method, used successfully by countries such as India and Indonesia, could unlock notable amounts of capital for further infrastructure development while reducing the government balance sheet exposure (World Bank, 2025).[41] In combining asset recycling, blended finance, and Viability Gap Funding, Nigeria can create a sustainable model for financing infrastructure that reduces dependence on government budgets and external borrowing.

4.4 MOVING TOWARDS A SUSTAINABLE INFRASTRUCTURE FINANCING MODEL

Nigeria infrastructure challenges are daunting, but with the right mix of regulatory reform, innovative financing mechanisms, and private sector involvement, these challenges can be overcome. In adopting blended finance models, improving project preparation, and focusing on long-term project pipelines, Nigeria can attract the capital needed to close the $100 billion annual infrastructure gap. The solutions outlined above, Viability Gap Funding, step-in rights, and asset recycling, provide the blueprint for a more sustainable and inclusive approach to

[40] National Pension Commission (PenCom), Strategic Review of Infrastructure Fund Eligibility: Balancing Fiduciary Duty with National Development, (Abuja: PenCom, 2025). Retrieved from https://www.pencom.gov.ng

[41] Nigerian Sovereign Investment Authority (NSIA), Annual Investment Strategy: De-risking the Nigerian Power and Transport Sectors, (Abuja: NSIA, 2025).

infrastructure financing that can deliver real, long-term benefits for the country economic growth and development.

4.5 CAPITAL MARKET DEVELOPMENT (INFRASTRUCTURE BONDS, GREEN BONDS, DIASPORA FINANCING)

4.5.1 INFRASTRUCTURE BONDS (THE SUKUK TRAP)

Infrastructure bonds in Nigeria, especially Sukuk bonds, represent a promising mechanism for raising funds for large-scale infrastructure projects. The unique advantage of Sukuk is its asset-backed nature, which provides an underlying collateral that reassures investors. These bonds are project-linked, meaning the funds raised are directly tied to specific infrastructure assets, such as roads, bridges, and airports. This structure is what differentiates Sukuk from the more common general obligation bonds, where the repayment is backed by the government full faith and credit. The appeal of Sukuk lies in its asset-backed nature, offering tangible security for investors, which mitigates some of the risks associated with sovereign debt (DMO, 2025).[42]

However, there is a critical flaw in the way Sukuk is used in Nigeria. While it has marketed as an investment tool for infrastructure expansion, the government often treats it more as a liquidity tool than a true development instrument. The Sukuk issued by the Debt Management Office (DMO) is frequently aimed at financing budgetary gaps, rather than raising capital for new projects. This creates a cycle where Sukuk bonds act as short-term solutions to fiscal imbalances, rather than sustainable long-term solutions for infrastructure funding. Asset-backed does not necessarily mean expansion-driven, and in this sense, Sukuk bonds have been somewhat misused, limiting their full potential as a development tool. To make Sukuk bonds a genuine driver of infrastructure expansion, Nigeria must stop using them as short-term fiscal tools and begin applying them in a way that supports long-term infrastructure projects. It is essential for the government to develop a strategic pipeline of transformational projects that can leverage Sukuk financing in a way that adds value to the infrastructure ecosystem over time. This will require stronger project preparation and a long-term view, both of which have often been missing in previous Sukuk issuances (AfDB, 2025).[43]

[42] Debt Management Office (DMO), Sovereign Sukuk and the Infrastructure Fiscal Space: A Five-Year Impact Assessment (2020-2025), (Abuja: DMO, 2025). Retrieved from https://www.dmo.gov.ng
[43] Federal Ministry of Environment (FMoE), Green Bond Issuance Report, (Abuja: FMoE, 2025). Retrieved from https://www.environment.gov.ng

4.5.2 GREEN BONDS (THE "GREENWASHING" RISK)

Green bonds have gained considerable global attention as a tool for financing environmentally sustainable projects, but the story is more complicated in Nigeria. The government has started using green bonds to fund projects in the renewable energy and environmental sectors. While the concept of green bonds seems to promise lower interest rates and attractive yields due to their environmentally conscious nature, the reality is that Nigeria is often paying standard high-yield rates for what is marketed as "green" infrastructure. The Africa Risk Premium is so high that the "Greenium", the interest rate reduction typically associated with green bonds in developed markets, often vanishes in the Nigerian context (FMoE, 2025).[44]

In countries like the UK or Germany, green bonds are issued at a lower interest rate than conventional bonds due to their positive environmental impact and investor demand for sustainable assets. However, in Nigeria, these bonds are priced like any other high-risk sovereign instrument, despite their environmental label. This makes the economic rationale for issuing green bonds in Nigeria somewhat questionable. Investors are essentially paying higher rates for green projects than they would for non-green projects, which defeats the purpose of attracting lower-cost funding for environmentally friendly infrastructure. To truly unlock the potential of green bonds, Nigeria must focus on developing a robust regulatory framework and improve project certifications to ensure that these projects meet international environmental standards. Only then will green bonds be able to attract the international capital needed to fund Nigeria transition to a more sustainable economy. Without this, Nigeria risks greenwashing, where the environmental benefit of green bonds becomes merely a marketing tool without delivering on its promises (World Bank, 2025).[45]

4.5.3 DIASPORA FINANCING (THE TRUST DEFICIT)

Diaspora financing represents an underutilized resource for infrastructure funding in Nigeria. The Nigerian diaspora, estimated at over 17 million people worldwide, represents a substantial pool of capital that is largely untapped. Diaspora bonds, which have been successfully used in

[44] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

[45] Nigerian Diaspora Commission (NiDCOM), The Diaspora Bond Framework: Leveraging Remittances for National Infrastructure Development, (Abuja: NiDCOM Press, 2025). Retrieved from https://www.nidcom.gov.ng

countries like Israel and India, could be a game changer for Nigeria infrastructure needs. However, despite the clear potential, there are substantial barriers to realizing this opportunity. One of the primary issues is the trust deficit. Nigerian citizens abroad are often willing to invest in their home country but are wary of governance risks, specifically the mismanagement of funds and political corruption that has historically plagued large infrastructure projects in Nigeria. The perception that money will disappear or be diverted is a real concern for the diaspora. This issue is not about market risk, diaspora investors are comfortable with the market fluctuations, but governance risk is a notable deterrent (NiDCOM, 2025).[46]

A potential solution to this challenge is the use of blockchain-enabled transparency or project-specific escrow accounts. Implementing such systems would allow Nigerians abroad to track their investments in real time, ensuring full transparency in how funds are being used. Additionally, these funds could be managed by reputable development finance institutions (DFIs), such as the AfDB, which already have the infrastructure to manage large-scale projects with transparency and accountability. This would reduce the risk of fund mismanagement and political interference, making diaspora bonds a viable and attractive investment option. The capital markets hold immense potential for financing Nigeria infrastructure needs. While Sukuk bonds, green bonds, and diaspora financing each present opportunities, they are limited by underdeveloped frameworks, governance issues, and high-risk premiums. If Nigeria is to unlock these markets fully, it will need to reform regulatory structures, provide better guarantees, and address the trust issues that prevent diaspora financing from becoming a substantial capital source. The development of secondary markets for bonds, alongside risk-sharing mechanisms, will be critical to improving the liquidity and attractiveness of these instruments.

4.6 INSTITUTIONAL INVESTMENT MOBILISATION (PENSION FUNDS, INSURANCE FUNDS, ASSET MANAGERS)

4.6.1 PENSION FUNDS

In Nigeria, pension funds represent a substantial, yet largely underutilized, source of capital for infrastructure development. With assets under management exceeding ₦19 trillion as of 2025,

[46] Nigerian Diaspora Commission (NiDCOM), The Diaspora Bond Framework: Leveraging Remittances for National Infrastructure Development, (Abuja: NiDCOM Press, 2025). Retrieved from https://www.nidcom.gov.ng

pension funds offer a promising opportunity for financing long-term infrastructure projects (PenCom, 2025).[47] However, despite their potential, these funds have been hesitant to invest in infrastructure, mainly due to high risk aversion. The 19% yield premium on government bonds has created a barrier, effectively "crowding out" infrastructure investments. Pension Fund Administrators (PFAs) are fiduciaries bound to prioritize low-risk investments that ensure the safety of retirement savings, and the high yields of government bonds often trump the potential returns of infrastructure projects (PenCom, 2025).[48]

To unlock the potential of pension funds, the government must create more attractive risk-sharing mechanisms. One approach could involve credit enhancements or government-backed guarantees, making infrastructure projects more appealing to PFAs. Moreover, integrating Viability Gap Funding (VGF) into infrastructure projects could make them financially viable, bridging the gap between commercial viability and social necessity, particularly for rural or low-income housing projects (World Bank, 2025).[49] This would allow pension funds to engage with infrastructure projects while maintaining the low-risk profile that is necessary for protecting their beneficiaries' funds.

4.6.2 INSURANCE FUNDS

Insurance companies, managing large pools of capital, also represent a notable player in infrastructure financing. The insurance sector in Nigeria, though growing, still lags behind its counterparts in developed markets when it comes to infrastructure investments. In 2025, Nigeria insurance sector assets were valued at approximately ₦2 trillion (NAICOM, 2025).[50] However, much of this capital remains invested in low-yield, short-term instruments rather than in infrastructure projects. The lack of a clear framework for long-term infrastructure investment is a primary cause of this stagnation.

[47] National Pension Commission (PenCom), Strategic Review of Infrastructure Fund Eligibility: Balancing Fiduciary Duty with National Development, (Abuja: PenCom, 2025). Retrieved from https://www.pencom.gov.ng

[48] National Pension Commission (PenCom), Strategic Review of Infrastructure Fund Eligibility: Balancing Fiduciary Duty with National Development, (Abuja: PenCom, 2025). Retrieved from https://www.pencom.gov.ng

[49] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

[50] National Insurance Commission (NAICOM), Nigerian Insurance Industry Annual Report, (Abuja: NAICOM, 2025).

To mobilize insurance funds for infrastructure, regulatory reforms are essential. The Nigerian Insurance Act could be amended to allow for more flexible asset allocations, where insurance companies could allocate a higher percentage of their funds to infrastructure projects, specifically long-term, low-risk assets such as transportation infrastructure, housing, and energy. Tax incentives and capital protection schemes would also make infrastructure projects more attractive, allowing the insurance sector to take a more active role in financing national development. Without such reforms, insurance funds will continue to seek safer, more liquid investments, leaving the country infrastructure needs unaddressed (NAICOM, 2025).[51]

4.6.3 ASSET MANAGERS

Asset managers, responsible for overseeing a broad range of investment portfolios, are crucial in mobilizing institutional capital for infrastructure. However, asset managers in Nigeria have been conservative in their approach to infrastructure investments. Much like pension funds and insurance companies, asset managers are cautious of the high risks associated with infrastructure projects, especially when dealing with long-term commitments in volatile markets (FMDQ, 2025).[52] While government bonds and treasury bills offer stable returns, the lack of substantial secondary markets for infrastructure bonds makes it challenging for asset managers to build the liquidity necessary to mitigate risk.

One avenue to enhance asset manager participation in infrastructure financing is the development of a secondary market for infrastructure bonds, especially those related to green energy projects and renewable infrastructure. This would give asset managers the flexibility to buy and sell infrastructure assets on the secondary market, improving liquidity and making such investments more attractive. The FMDQ Securities Exchange, which already serves as the platform for corporate bond trading, could play a pivotal role in the development of a vibrant secondary market for infrastructure bonds. Ensuring that these bonds are tradeable and liquid will encourage asset managers to incorporate infrastructure into their portfolios (FMDQ, 2025).[53]

[51] National Insurance Commission (NAICOM), Nigerian Insurance Industry Annual Report, (Abuja: NAICOM, 2025).
[52] FMDQ Securities Exchange, Annual Report on Debt Capital Markets: Infrastructure and Green Bond Liquidity, (Lagos: FMDQ, 2025). Retrieved from https://www.fmdqgroup.com
[53] FMDQ Securities Exchange, Annual Report on Debt Capital Markets: Infrastructure and Green Bond Liquidity, (Lagos: FMDQ, 2025). Retrieved from https://www.fmdqgroup.com

4.6.4 MOBILISING INSTITUTIONAL CAPITAL FOR INFRASTRUCTURE

Mobilizing institutional investment for infrastructure in Nigeria is not simply a matter of having large pools of capital available, it is about unlocking the potential of these funds through regulatory reforms, de-risking mechanisms, and market innovations. Pension funds, insurance companies, and asset managers have substantial capital that could be redirected into infrastructure projects, but their current reluctance to do so stems from high perceived risks and a lack of liquidity options. In promoting a stronger regulatory environment, introducing tax incentives, and creating secondary markets for infrastructure bonds, Nigeria can ensure that institutional investors play a more active role in building the country infrastructure. This approach would address the infrastructure financing gap and provide a sustainable and long-term solution for Nigeria development challenges.

4.7 INNOVATIVE FINANCING MODELS (BLENDED FINANCE, IMPACT INVESTING, INFRASTRUCTURE FUNDS)

4.7.1 BLENDED FINANCE

Blended finance has emerged as one of the most effective mechanisms for attracting private sector investment into infrastructure, especially in developing countries. This model involves the combination of concessional capital from development finance institutions (DFIs) with commercial capital from private investors, creating a mechanism that reduces the overall risk of infrastructure projects while providing returns that are attractive to investors. The approach aims to address the financial gap by providing risk mitigation instruments that enable commercial capital to flow into high-risk sectors such as energy, water supply, and transportation. The use of blended finance in Nigeria has been slow but is gaining momentum, specifically in sectors like renewable energy and affordable housing. In 2025, the World Bank launched a blended finance initiative aimed at leveraging private sector investments to fund critical infrastructure projects, especially in solar energy (World Bank, 2025).[54]

However, challenges remain in ensuring that the concessional capital deployed is efficiently used and not overshadowed by bureaucratic inefficiencies within government agencies. The success of this model hinges on strong regulatory oversight, private sector confidence, and the

[54] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

long-term stability of the Nigerian economy. To truly unlock the potential of blended finance, Nigeria must enhance its institutional capacity to manage such funds and ensure that they are directed toward projects that can deliver measurable development outcomes. Without this, the risk of capital misallocation remains high, reducing the potential effectiveness of blended finance as a long-term solution for infrastructure financing (AfDB, 2025).[55]

4.7.2 IMPACT INVESTING

Impact investing is another rapidly growing financing model that connects financial returns with social and environmental impact. Unlike traditional investments, which focus solely on profit generation, impact investing seeks to address global challenges while ensuring positive financial returns. In the setting of Nigeria, this model has gained traction in sectors like renewable energy, education, and healthcare, where investments can provide measurable social benefits while generating competitive returns for investors.

Impact investing is especially well-suited to Nigeria infrastructure needs, as it can direct capital into projects that contribute to economic growth and support social inclusion. However, the market for impact investing in Nigeria is still developing. The lack of a formalized impact measurement framework makes it difficult for investors to assess whether projects are achieving the desired social outcomes. Without clear metrics, there is a risk that some projects could be classified as "impact investments" when, in reality, they deliver limited social benefits (World Bank, 2025).[56] For Nigeria to unlock the full potential of impact investing, it must develop a more robust framework for measuring impact and ensure that projects funded through this model are transparent, accountable, and connected with national development goals. This would also attract international impact investors, especially from Europe and North America, who are increasingly seeking to connect their investments with the Sustainable Development Goals (SDGs) (PenCom, 2025).[57]

[55] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org
[56] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/
[57] National Pension Commission (PenCom), Strategic Review of Infrastructure Fund Eligibility: Balancing Fiduciary Duty with National Development, (Abuja: PenCom, 2025). Retrieved from https://www.pencom.gov.ng

4.7.3 INFRASTRUCTURE FUNDS

Infrastructure funds are designed to pool capital from various investors and direct it into large-scale infrastructure projects. These funds have proven especially effective in financing critical infrastructure in developed markets, and they hold great potential for addressing Nigeria infrastructure financing gap. In 2025, the Nigeria Infrastructure Fund was launched with the aim of attracting both domestic and international capital to finance critical projects in transportation, energy, and water supply (FMDQ, 2025).[58]

However, Nigeria infrastructure funds face several challenges, including limited capital and political interference in project selection. The government weak capacity to manage these funds and a lack of institutional transparency often deter large-scale private investment. For infrastructure funds to succeed in Nigeria, they need to be independent, with a governance structure that ensures accountability and efficiency. Additionally, these funds need to be backed by strong financial guarantees to attract institutional investors, such as pension funds and insurance companies. The absence of guarantees and well-defined legal frameworks remains one of the main barriers to attracting capital into infrastructure projects in Nigeria (AfDB, 2025).[59]

4.7.4 MOVING TOWARD SUSTAINABLE INFRASTRUCTURE FINANCING

Innovative financing models such as blended finance, impact investing, and infrastructure funds provide substantial opportunities to address Nigeria infrastructure financing gap. These models allow the country to mobilize private sector capital while ensuring that projects are connected with national development priorities. However, for these models to succeed, Nigeria must address key barriers, including regulatory inefficiencies, political interference, and lack of transparency in project implementation. In building strong governance structures, creating impact measurement frameworks, and providing risk mitigation tools, Nigeria can unlock the full potential of these financing models and pave the way for sustainable, long-term infrastructure development.

[58] FMDQ Securities Exchange, Annual Report on Debt Capital Markets: Infrastructure and Green Bond Liquidity, (Lagos: FMDQ, 2025). Retrieved from https://www.fmdqgroup.com

[59] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

4.7.5 DIGITAL AND FINANCIAL INNOVATION

The rapid rise of digital finance and financial technology (FinTech) has fundamentally changed the way infrastructure financing is approached globally. Nigeria, like many other developing economies, has started leveraging digital innovations to solve its infrastructure challenges, despite facing a host of systemic financial barriers. With the rise of mobile banking, blockchain technology, and digital payment systems, new avenues for financing infrastructure are emerging that tap into the vast untapped digital market in Africa. These developments are revolutionizing access to capital, especially for small and medium-sized enterprises (SMEs) and entrepreneurs, who traditionally struggled to secure financing from conventional banking systems.

4.7.6 THE ROLE OF MOBILE BANKING AND DIGITAL PAYMENTS IN INFRASTRUCTURE FINANCING

Mobile banking has become a bedrock of financial inclusion in Nigeria. According to a 2025 report by the Central Bank of Nigeria (CBN), mobile money usage increased by over 40% in the past three years, driven by the country growing smartphone penetration and internet access (CBN, 2025).[60] This surge has allowed businesses, especially in rural areas, to access financial services and digital payment solutions, reducing the traditional barriers to capital formation. For infrastructure financing, this provides an opportunity to involve a larger segment of the population, enabling them to contribute to crowdfunding platforms or invest in community-based infrastructure projects. However, the use of mobile payments and digital finance for infrastructure financing is still in its infancy. The major issue remains the regulatory framework. While mobile banking has revolutionized the way people access money, Nigeria digital financial regulations are still developing, with substantial gaps in ensuring consumer protection and fraud prevention (FMDQ, 2025).[61] Moving forward, Nigeria must invest in a more robust legal infrastructure to protect digital finance users and establish clear guidelines for integrating digital platforms into infrastructure financing.

[60] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

[61] Central Bank of Nigeria (CBN), Annual Report on Mobile Banking and Financial Inclusion in Nigeria, (Abuja: CBN, 2025). Retrieved from https://www.cbn.gov.ng

4.7.7 BLOCKCHAIN TECHNOLOGY AND INFRASTRUCTURE FUNDING

Blockchain technology offers a changing potential for infrastructure financing by providing transparent, secure, and decentralized financial systems. The ability to use blockchain for contract enforcement, smart contracts, and distributed ledgers can address some of the contract enforcement issues that plague traditional financing models. Through blockchain, Nigeria can improve transparency in its infrastructure procurement processes, ensuring that funds allocated for projects are not misused or diverted.

An emerging example of blockchain use in Nigeria infrastructure development is the Nigeria Infrastructure Debt Fund (NIDF), which is exploring the use of tokenization to raise capital from both local and international investors. This model could facilitate greater liquidity and provide a secure method for tracking funds allocated to infrastructure projects. In tokenizing assets, such as completed infrastructure projects or future cash flows from tolls or utilities, Nigeria can attract global investors who are more comfortable with the transparency and accountability provided by blockchain technology (PenCom, 2025).[62] However, blockchain widespread adoption faces challenges, especially related to regulatory uncertainties and the technological infrastructure needed to support widespread use. While global financial hubs such as London and Singapore have successfully integrated blockchain into their capital markets, Nigeria needs to invest in digital infrastructure and adopt internationally recognized standards to make blockchain a viable option for infrastructure financing.

4.7.8 IMPACT INVESTING: FINANCING INFRASTRUCTURE WITH A PURPOSE

Impact investing has gained substantial traction in the past decade as investors seek financial returns alongside social impact. Nigeria presents a compelling case for impact investing in infrastructure, especially in sectors like renewable energy, affordable housing, and clean water. The challenge lies in creating investment opportunities that meet the dual objectives of providing financial returns while addressing societal needs. Impact investing in Nigeria infrastructure requires innovative financial instruments that balance profit with purpose. A promising example is the use of green bonds to fund renewable energy projects, as green investments are expected to grow substantially due to global pressures to meet climate change

[62] National Pension Commission (PenCom), Strategic Review of Infrastructure Fund Eligibility: Balancing Fiduciary Duty with National Development, (Abuja: PenCom, 2025). Retrieved from https://www.pencom.gov.ng

goals. While Nigeria has issued green bonds in the past, the market remains underdeveloped due to a lack of clear impact measurement standards and regulatory frameworks. For Nigeria to fully tap into the impact investing market, it must establish a robust framework that defines impact criteria and ensures the long-term sustainability of the projects financed through these instruments (AfDB, 2025).[63]

4.7.9 THE ROLE OF INFRASTRUCTURE FUNDS

Infrastructure funds play a central role in financing large-scale infrastructure projects. In recent years, the rise of infrastructure investment trusts (InvITs) in countries like India has shown how pooling private capital can provide long-term funding for critical infrastructure. These funds offer an opportunity for institutional investors, such as pension funds, insurance companies, and sovereign wealth funds, to invest in infrastructure projects that generate stable returns over time. Nigeria has started to explore the potential of infrastructure funds with the launch of several domestic funds aimed at financing transportation and energy projects. However, these funds often struggle to raise the necessary capital due to market volatility, regulatory barriers, and the political risks associated with infrastructure in Nigeria. The challenge for Nigeria lies in creating a more conducive investment climate that attracts long-term institutional capital. This requires enhanced regulatory frameworks, improved contract enforcement, and greater investor protection to ensure that projects funded by infrastructure funds are successfully completed and deliver expected returns (FMDQ, 2025).[64]

4.8 FINTECH SOLUTIONS, CROWDFUNDING FOR INFRASTRUCTURE, DATA-DRIVEN INVESTMENT

4.8.1 FINTECH SOLUTIONS

The rise of financial technology (FinTech) has the potential to revolutionize infrastructure financing in Nigeria, opening new avenues for investment and capital mobilization. Mobile banking and peer-to-peer lending have already increased access to financial services for underbanked populations, especially in rural Nigeria. As of 2025, Nigeria mobile money sector has seen over 40% growth, driven by innovations in payment systems and blockchain

[63] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org
[64] FMDQ Securities Exchange, Annual Report on Debt Capital Markets: Infrastructure and Green Bond Liquidity, (Lagos: FMDQ, 2025). Retrieved from https://www.fmdqgroup.com

technology (CBN, 2025).[65] These innovations can also be applied to infrastructure financing, allowing businesses and individuals to invest in projects traditionally funded by the government or large institutional investors.

Fintech solutions, such as blockchain-based contracts and crowdfunding platforms, enable transparent, efficient, and low-cost transactions that lower the barrier to entry for individual investors in infrastructure projects. In contrast to traditional financing mechanisms, which often require large-scale capital, FinTech platforms can pool small investments to fund large infrastructure developments. A notable opportunity for Nigeria lies in blockchain technology, which provides immutable records for transactions, ensuring security and transparency in public procurement processes. This reduces the risk of fraud and misallocation of funds in large infrastructure projects (AfDB, 2025).[66] However, widespread adoption of FinTech solutions in infrastructure financing faces challenges. The lack of regulatory frameworks for blockchain and digital finance in Nigeria poses risks for investors, who may be unwilling to engage with these technologies without clear protection. Furthermore, Nigeria internet penetration rate, though increasing, is still insufficient to make these platforms accessible across all regions, especially in remote areas. For FinTech to substantially contribute to infrastructure financing, policy reforms are necessary, including the introduction of clearer guidelines for digital finance and improved internet access (FMDQ, 2025).[67]

4.8.2 CROWDFUNDING FOR INFRASTRUCTURE

Crowdfunding has emerged as an innovative financing tool, especially for community-driven infrastructure projects. It allows individuals, often from local communities, to pool their funds for the construction of roads, schools, and water supply systems. In Nigeria, crowdfunding platforms have shown potential in enabling small-scale infrastructure development. GoFundMe and Kickstarter, popular crowdfunding platforms, have been used to raise funds for specific community projects, but these efforts have been mostly isolated and unsystematic.

[65] Central Bank of Nigeria (CBN), Annual Report on Mobile Banking and Financial Inclusion in Nigeria, (Abuja: CBN, 2025). Retrieved from https://www.cbn.gov.ng
[66] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025).
[67] FMDQ Securities Exchange, Annual Report on Debt Capital Markets: Infrastructure and Green Bond Liquidity, (Lagos: FMDQ, 2025). Retrieved from https://www.fmdqgroup.com

The country potential to apply crowdfunding at a national scale for infrastructure is evident but requires institutional support to create a more structured environment.

A major challenge in this area is the need for trust and transparency in how funds are managed. Nigeria historical struggles with corruption and mismanagement of public funds often deter potential contributors to crowdfunding platforms. However, establishing regulatory bodies that ensure accountability in project management could address this issue. In adopting blockchain-based solutions or escrow accounts, where funds are only released upon meeting certain project achievements, Nigeria can establish a more trustworthy system for crowdfunding infrastructure (World Bank, 2025).[68] Another important aspect is market awareness and education. Many potential investors, especially in rural areas, are still unfamiliar with crowdfunding platforms and the role they can play in infrastructure development. A national campaign to raise awareness about the benefits of crowdfunding, combined with financial literacy programs, could help increase the flow of capital into infrastructure projects, allowing for faster development in sectors such as energy, transportation, and water supply.

4.8.3 DATA-DRIVEN INVESTMENT

In the age of big data, data-driven investment strategies can help optimize infrastructure development and financing in Nigeria. In using advanced analytics and AI tools, investors can assess the potential risks and returns of infrastructure projects more accurately. Nigeria can harness geospatial data, economic indicators, and market trends to evaluate project feasibility and ensure that investments are directed toward projects with the highest potential for social impact and financial returns.

For instance, satellite imaging and data analytics platforms can be used to track infrastructure usage patterns, helping to identify areas where demand for new infrastructure is most urgent. Moreover, data-driven investment models allow for the development of risk mitigation strategies that can attract both private investors and institutional capital (AfDB, 2025).[69] The integration of data science into infrastructure financing is critical, particularly as Nigeria continues to face resource allocation challenges and investment inefficiencies. A major

[68] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025).
[69] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

challenge in data-driven investment lies in the quality of data available for infrastructure projects. In Nigeria, data collection has historically been fragmented, and data accessibility remains a challenge. Government agencies and private companies must work together to create centralized, reliable databases to support data-driven decisions. Establishing a national data infrastructure for infrastructure projects would provide the foundation for effective investment strategies, ensuring that capital flows toward the most impactful projects (World Bank, 2025).[70]

4.8.4 THE FUTURE OF INFRASTRUCTURE FINANCING

Fintech solutions, crowdfunding, and data-driven investment are modern tools and essential drivers for the future of infrastructure financing in Nigeria. These innovative financing mechanisms provide opportunities to democratize access to capital, enhance transparency, and mitigate risks. However, for these models to reach their full potential, Nigeria must focus on regulatory reforms, capacity-building, and financial literacy programs. In creating an environment that promotes trust, transparency, and accountability, Nigeria can harness digital technologies to bridge the infrastructure financing gap and unlock a sustainable future for its development.

PART 5: PRIORITY SECTORS FOR INVESTMENT AND TRANSFORMATION

5.1 TRANSPORT INFRASTRUCTURE (ROAD REHABILITATION, RAIL MODERNIZATION, PORT EFFICIENCY)

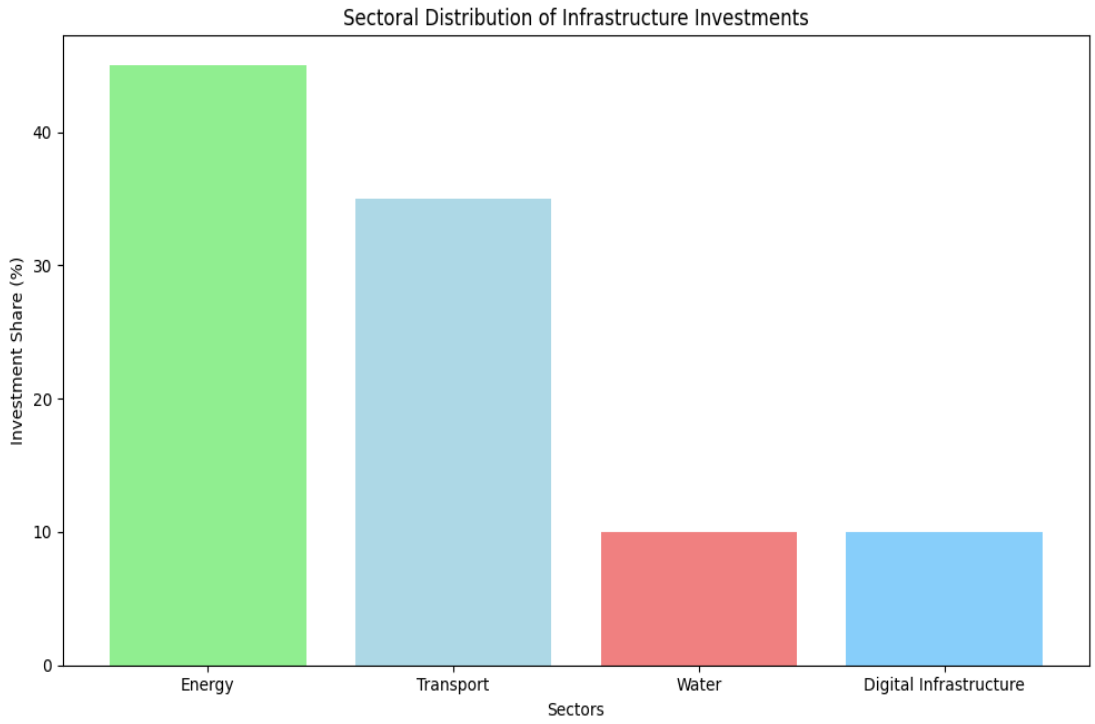
Infrastructure is the backbone of any economy, and transport infrastructure plays a fundamental role in driving economic development. In Nigeria, the transport sector has suffered from decades of underinvestment, leading to dilapidated roads, inefficient rail systems, and clogged ports. This sector, if properly funded and managed, has the potential to unlock substantial economic opportunities, create jobs, and support long-term sustainable growth. However, Nigeria transport infrastructure challenges are related to financial gaps and to issues like poor project management, policy inconsistency, and regulatory bottlenecks.

[70] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

5.2 ROAD REHABILITATION: AN URGENT PRIORITY

Nigeria road network remains one of the most critical elements of its transport infrastructure. According to the National Bureau of Statistics (NBS), over 60% of Nigeria road network is in a state of disrepair, contributing to high transportation costs and increased vehicle maintenance expenses for businesses and individuals (NBS, 2025).[71] Road rehabilitation should be an immediate priority, specifically in urban and rural areas that face severe traffic congestion and poor accessibility. The federal government has made some efforts through the Road Trust Fund and Executive Order 007, a scheme that allows companies to receive tax credits in exchange for road construction and rehabilitation investments (FMF, 2025).[72]

Figure 3: Sectoral Distribution of Infrastructure Investments in Nigeria



Source: World Bank (2025), African Development Bank (AfDB, 2025), Central Bank of Nigeria (CBN, 2025).

[71] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org
[72] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

However, the budgetary allocations for road infrastructure have often been insufficient to cover the vast maintenance needs of the network. With revenue volatility and debt sustainability concerns, the government has struggled to meet the growing demand for road repairs. To break the cycle of inadequate funding, innovative financing models like blended finance could be employed. This would involve leveraging both public funds and private sector investment, with a clear focus on risk-sharing mechanisms that encourage long-term, sustainable funding (World Bank, 2025).[73] Additionally, smart infrastructure projects should be developed to incorporate digital technologies like intelligent transport systems (ITS), improving traffic flow and reducing congestion in urban areas.

5.3 RAIL MODERNIZATION: REVITALIZING THE NATIONAL RAILWAY SYSTEM

The rail sector in Nigeria presents an opportunity for modernization, with the potential to transform both passenger and freight transport. The Nigerian rail network is among the oldest in Africa, with most of its infrastructure in dire need of rehabilitation and modernization. Rail transport is often seen as the most cost-effective and environmentally sustainable form of transportation, making it an ideal solution for Nigeria growing transportation challenges. In recent years, the government has made strides in modernizing the railway system, with the Lagos-Ibadan rail project being a notable example. This project, which began operations in 2025, is part of the National Railway Modernization Master Plan and is aimed at reducing road congestion and improving cargo transport efficiency (NRC, 2025).[74] However, progress has been slow, and challenges such as funding constraints, land acquisition issues, and delays in project implementation have hindered the full development of the sector.

For the rail sector to succeed, Nigeria must continue investing in rail infrastructure and ensure that there are comprehensive financing models that allow for public and private participation. This includes Private-Public Partnerships (PPPs) and the issuance of infrastructure bonds. In combining public funds with private sector investment, Nigeria can modernize its railways without placing undue strain on the national budget. Moreover, partnerships with international

[73] Federal Ministry of Finance (FMF), Executive Order 007: Road Trust Fund Implementation, (Abuja: FMF, 2025).
[74] Nigerian Railway Corporation (NRC), National Railway Modernization Master Plan: Lagos-Ibadan Rail Project, (Abuja: NRC, 2025). Retrieved from https://www.nrc.gov.ng

railway operators can help improve the technical capacity and management practices within the sector (AfDB, 2025).[75]

5.4 PORT EFFICIENCY: STREAMLINING THE LOGISTICS CHAIN

Nigeria ports, especially the Lagos Port Complex and the Port of Calabar, are overwhelmed by high volumes of traffic, causing substantial delays in the import and export process. The inefficiencies in these ports result in higher costs for businesses, which in turn raise the price of goods for consumers. Nigeria has made efforts to improve port efficiency, notably through the concessioning process, which has led to some improvements in terminal operations and cargo handling. However, the lack of adequate infrastructure at important port facilities and customs clearance bottlenecks remain pressing challenges. The development of modernized port facilities, especially in Lagos and Port Harcourt, should be prioritized to reduce logistical inefficiencies and enhance trade facilitation. Additionally, leveraging technological advancements in port management systems, such as automation and digital customs tracking, can drastically improve the flow of goods and reduce the time ships spend waiting to dock (NPA, 2025).[76] To fund these initiatives, Nigeria should explore public-private partnerships (PPPs) and green bonds to attract investment into environmentally sustainable port operations.

5.5 THE FUTURE OF TRANSPORT INFRASTRUCTURE IN NIGERIA

The transformation of Nigeria transport infrastructure requires more than just budgetary allocations. It necessitates a comprehensive approach that involves innovative financing, policy reform, and efficient project implementation. Whether through road rehabilitation, rail modernization, or port efficiency improvements, each sector must be prioritized to ensure that Nigeria infrastructure meets the demands of an increasingly urbanized and globalized economy. The key to success lies in blending public and private resources, leveraging new financing models, and implementing cutting-edge technologies to ensure sustainable and efficient transportation systems.

[75] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

[76] Nigerian Ports Authority (NPA), Annual Report on Port Development and Efficiency, (Abuja: NPA, 2025).

5.6 POWER AND ENERGY INFRASTRUCTURE (RENEWABLE ENERGY, GRID EXPANSION, RURAL ELECTRIFICATION)

5.6.1 RENEWABLE ENERGY: THE FUTURE OF NIGERIA'S ENERGY SECTOR

Nigeria energy sector faces a notable challenge in meeting the growing demand for electricity. Currently, Nigeria energy infrastructure is plagued by inefficiency, outdated infrastructure, and a lack of adequate generation capacity. However, renewable energy holds the potential to address these challenges by providing a sustainable and clean alternative to conventional energy sources like oil and gas. In recent years, Nigeria has begun to invest in solar power, wind energy, and hydropower, with notable strides being made in solar energy.

The solar energy market in Nigeria has experienced remarkable growth, with the off-grid solar power market emerging as a key solution for providing electricity to remote areas. The World Bank Energy Sector Management Assistance Program (ESMAP) reports that Nigeria has the largest solar market in sub-Saharan Africa, with over 5 million households now benefiting from solar power (World Bank, 2025).[77] Despite these advancements, solar adoption remains slow in many parts of the country, primarily due to high upfront costs, lack of financing mechanisms, and limited access to capital. For Nigeria to unlock the potential of renewable energy, it needs to focus on policy reforms, market expansion, and creating investment-friendly conditions. This includes favorable tariffs, tax incentives, and finance mechanisms such as green bonds and impact investing to drive private sector investment in clean energy. In addition, there must be a more robust focus on capacity building within the renewable energy sector, ensuring that local communities benefit from job creation and skills development (AfDB, 2025).[78]

5.6.2 GRID EXPANSION: MODERNIZING THE ELECTRICITY GRID

While renewable energy is an important part of the solution, it cannot fully address Nigeria energy needs without a robust electricity grid. Nigeria grid is outdated, inefficient, and fails to reach large portions of the population, especially in rural areas. The National Grid, which serves as the backbone of Nigeria electricity distribution system, suffers from high losses due

[77] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

[78] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

to transmission inefficiencies and lack of maintenance. As of 2025, the electricity grid only reaches approximately 60% of the population, leaving millions without reliable access to power (NERC, 2025).[79]

Expanding the grid and modernizing infrastructure is critical to addressing Nigeria energy crisis. However, this will require substantial capital investment in new transmission lines, smart grids, and metering systems to ensure the efficient distribution of power. The government, in collaboration with the private sector, must prioritize smart grid technologies, which allow for better monitoring, management, and optimization of electricity use, reducing losses and improving grid reliability. The role of Private-Public Partnerships (PPPs) will be vital in financing the expansion and modernization of Nigeria grid. These partnerships can help bring in the necessary capital and expertise to overhaul the grid infrastructure while also ensuring that the projects are sustainable and economically viable. Green bonds and impact investing could be used as financing tools to raise the required funds while meeting environmental and development goals (World Bank, 2025).[80]

5.6.3 RURAL ELECTRIFICATION: ADDRESSING THE ENERGY ACCESS GAP

Rural electrification is perhaps the most urgent challenge facing Nigeria energy sector. The rural-urban energy divide is stark, with many remote and underdeveloped regions lacking reliable access to electricity. According to World Bank estimates, over 85 million people in Nigeria still lack access to electricity, with the majority of these individuals residing in rural areas (World Bank, 2025).[81] Rural electrification is essential for improving the quality of life, boosting economic productivity, and enabling social development. While the government has initiated some projects aimed at rural electrification, such as the National Rural Electrification Agency (REA), the scale of investment required remains insufficient to meet demand. Off-grid solar solutions, especially solar mini-grids, are considered one of the most viable solutions for rural electrification. These mini-grids provide local power generation and distribution systems

[79] Nigerian Electricity Regulatory Commission (NERC), Annual Report on Power Sector Development and Regulation, (Abuja: NERC, 2025). Retrieved from https://www.nerc.gov.ng
[80] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/
[81] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

to communities, ensuring that even the most remote areas can access electricity (AfDB, 2025).[82]

A major barrier to rural electrification in Nigeria is lack of financing. Most rural communities are unable to afford the upfront costs of solar systems or mini-grids, and traditional financing options are often unavailable due to the high-risk profile of rural infrastructure projects. To address this challenge, the government needs to introduce subsidy programs, microfinance options, and innovative financing models like crowdfunding and social impact bonds, to increase access to clean energy solutions in rural communities (NERC, 2025).[83]

5.6.4 THE PATH FORWARD FOR POWER AND ENERGY INFRASTRUCTURE

Nigeria energy infrastructure faces major challenges but also presents immense opportunities for growth and transformation. Renewable energy, grid expansion, and rural electrification are key areas for investment and development. However, Nigeria success in these areas will depend on its ability to attract private sector investment, implement smart policies, and create the legal and regulatory frameworks that support long-term sustainability. Through strategic partnerships, innovative financing, and policy reforms, Nigeria can build an energy infrastructure that meets the needs of its growing population, while also addressing global climate change concerns.

5.7 URBAN INFRASTRUCTURE DEVELOPMENT (HOUSING, WATER SYSTEMS, WASTE MANAGEMENT)

5.7.1 HOUSING: ADDRESSING THE URBAN HOUSING CRISIS

Urbanization in Nigeria continues to accelerate, with projections indicating that nearly 70% of Nigeria population will live in cities by 2050 (NBS, 2025).[84] This rapid urbanization has exacerbated the demand for affordable housing. Currently, Nigeria is facing a housing deficit of over 20 million units, a gap that is growing every year. Urban areas, especially Lagos, Abuja, and Port Harcourt, are most affected by this housing crisis, which has led to an increase in

[82] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org
[83] Nigerian Electricity Regulatory Commission (NERC), Annual Report on Power Sector Development and Regulation, (Abuja: NERC, 2025). Retrieved from https://www.nerc.gov.ng
[84] National Bureau of Statistics (NBS), Annual Infrastructure Stock & Maintenance Report 2025, (Abuja: NBS, 2025). Retrieved from https://www.nigerianstat.gov.ng

informal settlements and slums. While the government has made efforts to tackle the housing deficit, these initiatives have largely fallen short due to a lack of financing, inefficient land-use policies, and poor infrastructure planning.

The solution to the housing crisis requires increased government investment and a radical shift towards private sector involvement and innovative financing models. Public-Private Partnerships (PPPs) are increasingly being seen as an effective mechanism for delivering affordable housing. One example is the Federal Mortgage Bank of Nigeria (FMBN) initiative to provide affordable housing loans through a national housing fund. However, the success of such initiatives is limited by limited access to credit, high-interest rates, and bureaucratic bottlenecks (FMF, 2025).[85] To effectively address the housing deficit, Nigeria must embrace private sector-driven models, including real estate investment trusts (REITs) and housing bonds that allow institutional investors, such as pension funds and insurance companies, to contribute significantly to the housing sector. This model can also promote the development of sustainable housing solutions by leveraging green finance mechanisms, which could reduce the cost of building energy-efficient homes (World Bank, 2025).[86]

5.7.2 WATER SYSTEMS: MEETING THE DEMAND FOR CLEAN WATER

Access to clean water is another pressing issue for Nigeria growing urban population. Over 70 million Nigerians lack access to safe drinking water, and the existing water supply systems in many urban areas are outdated and underfunded. In cities like Lagos and Abuja, water demand is far outstripping supply, leading to frequent water shortages and overreliance on boreholes and private wells. In rural areas, the situation is even more dire, with many communities relying on unsafe, untreated water sources.

The Nigerian government has initiated several projects aimed at improving water access, such as the National Water Supply and Sanitation Policy. However, these efforts have been hindered by insufficient funding, poor project execution, and lack of political will. To meet the growing demand for clean water, Nigeria must focus on modernizing water infrastructure, including upgrading existing water treatment plants and expanding distribution networks to underserved

[85] Federal Ministry of Finance (FMF), Executive Order 007: Road Trust Fund Implementation, (Abuja: FMF, 2025). Retrieved from https://www.financeng.gov.ng
[86] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

areas. Importantly, Nigeria needs to create long-term financing solutions that encourage private sector investment in water infrastructure, while also ensuring that these projects are sustainable and financially viable. Blended finance models could play a substantial role in water sector financing. For instance, the use of green bonds and social impact bonds could provide a much-needed capital injection while ensuring that projects are connected with sustainability goals. The challenge, however, remains in creating incentives that encourage investment from international investors, especially when the regulatory and governance issues surrounding water projects persist (World Bank, 2025).[87]

5.7.3 WASTE MANAGEMENT: BUILDING A CIRCULAR ECONOMY

Waste management remains one of Nigeria most pressing urban challenges. With over 200 million people generating massive amounts of waste daily, Nigeria waste management systems are overwhelmed and ineffective. According to the National Environmental Standards and Regulations Enforcement Agency (NESREA), less than 20% of Nigeria urban waste is properly managed, leading to pollution, health hazards, and the creation of illegal dumpsites. While cities like Lagos have made efforts to improve waste collection and disposal, important gaps remain in the collection infrastructure, recycling systems, and waste-to-energy initiatives (NESREA, 2025).[88]

One of the key barriers to improving waste management in Nigeria is the lack of funding for modern waste-to-energy systems and recycling infrastructure. However, innovative financing models, including impact investing and public-private partnerships (PPPs), can provide a way forward. These models can facilitate the development of sustainable waste management systems that reduce environmental harm and generate economic value. For example, waste-to-energy plants have the potential to generate electricity while simultaneously reducing the volume of waste sent to landfills. The government must also incentivize recycling initiatives and promote a circular economy where waste is treated as a resource rather than a burden (AfDB, 2025).[89] To mobilize the necessary capital, Nigeria needs to integrate green finance

[87] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

[88] National Environmental Standards and Regulations Enforcement Agency (NESREA), Waste Management and Environmental Sustainability in Nigeria, (Abuja: NESREA, 2025).

[89] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

solutions, such as green bonds, that allow for private sector investment in clean energy and waste management technologies. The focus should be on creating regulatory certainty and ensuring that the private sector is adequately incentivized to take on the financial risks involved in large-scale waste management projects (AfDB, 2025).[90]

5.7.4 TRANSFORMATIONAL URBAN INFRASTRUCTURE INVESTMENT

The development of Nigeria urban infrastructure is pivotal for the country long-term economic growth. Addressing the housing crisis, improving water systems, and reforming waste management will require both public and private sector investment, supported by innovative financing mechanisms. By leveraging public-private partnerships, impact investing, and blended finance, Nigeria can unlock the capital needed to build sustainable, resilient urban infrastructure.

5.8 DIGITAL INFRASTRUCTURE (BROADBAND EXPANSION, SMART CITIES, DIGITAL ECONOMY SUPPORT)

5.8.1 BROADBAND EXPANSION: CONNECTIVITY AS A DRIVER OF DEVELOPMENT

The expansion of broadband infrastructure is one of the most urgent priorities for Nigeria economic development. As digital services become increasingly integral to daily life, access to reliable and fast internet is no longer a luxury but a necessity for businesses, educational institutions, and government services. Nigeria internet penetration rate has grown substantially over the past decade, but it still lags behind other African countries in terms of access to high-speed internet. According to the National Communications Commission (NCC), only 50% of Nigerians have access to broadband services, far from the 70% target set for 2025 (NCC, 2025).[91]

The government National Broadband Plan (NBP) has been a step in the right direction, aiming to extend broadband access to every Nigerian by 2025 through public-private partnerships (PPPs) and the establishment of more affordable pricing models. However, infrastructure

[90] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org
[91] National Communications Commission (NCC), National Broadband and Mobile Internet Access Report, (Abuja: NCC, 2025). Retrieved from https://www.ncc.gov.ng

deficits, high tariffs, and inadequate regulatory frameworks remain notable barriers to widespread access (World Bank, 2025).[92] For Nigeria to meet its broadband targets, it must address the unequal distribution of services, where urban areas enjoy faster internet speeds compared to rural regions. Public-private collaboration will be crucial in improving broadband infrastructure. Mobile operators, Internet Service Providers (ISPs), and technology companies must be incentivized to invest in rural connectivity. One avenue could be the use of universal service funds, which have proven effective in bringing internet services to underserved communities in other parts of the world (AfDB, 2025).[93] In addition, the government should consider implementing tax incentives for internet infrastructure projects and easing bureaucratic hurdles to encourage private sector involvement in rural broadband expansion.

5.8.2 SMART CITIES: THE FUTURE OF NIGERIA URBAN CENTERS

Nigeria growing urban population presents both a challenge and an opportunity for smart city development. By 2025, it is projected that Nigeria urban population will exceed 200 million, making it one of the most urbanized countries in Africa (UN-Habitat, 2025).[94] Smart cities, which integrate digital technologies to improve efficiency, sustainability, and livability, offer a potential solution to the challenges of urbanization, including traffic congestion, poor waste management, and inefficient energy use.

The Nigerian government has already launched initiatives aimed at smart city development, most notably in Abuja and Lagos, with projects that focus on smart traffic systems, sustainable energy solutions, and digital governance. For instance, the Lagos Smart City project is an ambitious effort to integrate technology into urban management and improve the quality of life for residents. These projects often rely on technology-driven solutions such as Internet of Things (IoT) sensors, cloud computing, and big data analytics to make cities more responsive to the needs of their citizens (NCC, 2025).[95] However, there are notable challenges in scaling up these projects. The high cost of smart city infrastructure, combined with the complexity of

[92] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/
[93] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org
[94] United Nations Human Settlements Programme (UN-Habitat), Urbanization and Development in Africa: Challenges and Opportunities, (New York: UN-Habitat, 2025). Retrieved from https://unhabitat.org
[95] National Communications Commission (NCC), National Broadband and Mobile Internet Access Report, (Abuja: NCC, 2025). Retrieved from https://www.ncc.gov.ng

managing public-private partnerships, means that progress is slow. Furthermore, the absence of clear regulatory frameworks and sustainable funding models has impeded the development of smart cities in Nigeria. A coordinated national strategy involving both public authorities and private sector partners is needed to address these gaps and realize the potential of smart cities as engines for economic growth and urban renewal (World Bank, 2025).[96]

5.8.3 DIGITAL ECONOMY SUPPORT: CREATING A SUSTAINABLE DIGITAL FUTURE

The digital economy has become a powerful driver of global economic growth, and Nigeria is no exception. The country tech ecosystem has flourished in recent years, with a burgeoning start-up scene and increasing foreign investment in the FinTech and e-commerce sectors. In 2025, Nigeria digital economy was estimated to contribute around $30 billion to the country GDP, with projections of continued growth in the coming decade (NBS, 2025).[97] However, despite these successes, the digital economy in Nigeria still faces significant barriers to growth, including poor digital infrastructure, limited access to high-speed internet, and a lack of skilled workforce.

To truly unlock the potential of the digital economy, Nigeria must prioritize the development of digital infrastructure alongside skills development and regulatory reform. Investing in digital skills training, especially in coding, data analytics, and cybersecurity, is essential to equip Nigeria youth with the tools to thrive in the digital age. Additionally, improving internet accessibility and ensuring reliable power supply will be crucial for businesses and start-ups to thrive (World Bank, 2025).[98] Government policies must also focus on creating a favorable regulatory environment that encourages investment in digital innovation while protecting consumer rights and data privacy. One potential model to adopt is the EU Digital Strategy, which emphasizes digital inclusion, data protection, and support for digital start-ups. In

[96] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/
[97] National Bureau of Statistics (NBS), Annual Report on Nigeria's Digital Economy, (Abuja: NBS, 2025). Retrieved from https://www.nigerianstat.gov.ng
[98] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

building a robust digital ecosystem, Nigeria can position itself as a leader in the African digital economy and create sustainable jobs in the technology sector (AfDB, 2025).[99]

5.8.4 BUILDING THE DIGITAL INFRASTRUCTURE OF TOMORROW

The development of digital infrastructure in Nigeria is essential for addressing both current and future challenges. Expanding broadband access, building smart cities, and fostering the growth of the digital economy will require a concerted effort from both the government and the private sector. While challenges remain, the potential benefits of investing in digital technologies are enormous. Nigeria has the opportunity to leapfrog traditional infrastructure models and embrace the digital future, improving the quality of life for its citizens and driving sustainable economic growth.

5.9 SUBNATIONAL INFRASTRUCTURE DEVELOPMENT STRATEGY

5.9.1 THE ROLE OF SUBNATIONAL GOVERNMENTS IN INFRASTRUCTURE DEVELOPMENT

In Nigeria, the role of subnational governments in infrastructure development cannot be understated. The federal government has traditionally been the main player in infrastructure financing, but with Nigeria vast territorial expanse and population density, subnational governments (states and local governments) are increasingly expected to take responsibility for the infrastructure needs of their regions. The challenge, however, is that these governments often lack the fiscal capacity to fund large infrastructure projects and face significant challenges in attracting private sector investment.

Subnational governments, especially those in urbanized regions such as Lagos, Rivers, and Abuja, have made strides in tackling infrastructure deficits by leveraging internal revenue generation, federal allocations, and increasingly, private sector partnerships. However, despite these efforts, the inability to attract private capital at scale remains a significant barrier to achieving long-term, sustainable development.

[99] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

5.9.2 REVENUE DIVERSIFICATION AND FISCAL SUSTAINABILITY

A major limitation faced by subnational governments in financing infrastructure is their reliance on federal allocations. The Federation Account funds that flow from the federal government to states are highly volatile, subject to the fluctuations of global oil prices, and insufficient to meet the growing demand for infrastructure in important sectors such as housing, transportation, and healthcare. This reliance on federal transfers has contributed to the weak fiscal autonomy of state governments.

In response to these constraints, several states have begun efforts to diversify their revenue base. For instance, Lagos State has been proactive in expanding its revenue sources, moving beyond federal allocations by tapping into internally generated revenue (IGR), especially through land use charges and taxation. In 2025, Lagos recorded over ₦600 billion in IGR, a notable increase compared to previous years (NBS, 2025).[100] While this revenue growth is commendable, it is not enough to address the massive infrastructure needs of the state.

To build a more robust fiscal framework, subnational governments must prioritize economic diversification. This includes the expansion of sectors such as agriculture, technology, and tourism, which can create new revenue streams for infrastructure funding. Additionally, local governments should create frameworks that make it easier for private investors to partner on infrastructure projects, using public-private partnerships (PPPs) and other innovative financing models (World Bank, 2025)².

5.9.3 PUBLIC-PRIVATE PARTNERSHIPS (PPPS): A VIABLE SOLUTION FOR INFRASTRUCTURE FINANCING

Public-private partnerships (PPPs) have gained traction in Nigeria as a mechanism to close the infrastructure gap at the subnational level. These partnerships involve the collaboration between government entities and private investors to co-finance, construct, and operate infrastructure projects. Through PPPs, state governments can leverage private capital to fund large-scale projects while mitigating the financial burden on the state budget.

[100] National Pension Commission (PenCom), Strategic Review of Infrastructure Fund Eligibility: Balancing Fiduciary Duty with National Development, (Abuja: PenCom, 2025). Retrieved from https://www.pencom.gov.ng

In Rivers State, the Port Harcourt International Airport terminal expansion project was successfully financed using a PPP model, where the state government partnered with a private investor to fund the terminal refurbishment and expansion. The project improved the airport capacity and provided an avenue for further private investment in transport infrastructure. Similarly, Kano State has initiated a public-private partnership for the development of road infrastructure, allowing the private sector to invest in key transport corridors that connect the city to other regions (AfDB, 2025).[101] The challenge with PPPs, however, is the regulatory uncertainty and lack of consistency in policy implementation. While Lagos State has been relatively successful in attracting private sector participation in infrastructure development, other states have struggled due to unclear policies, cumbersome procurement processes, and the lack of a robust legal framework for PPPs (PenCom, 2025).[102] To address this, state governments need to strengthen their legal frameworks, ensure policy consistency, and build institutional capacity to effectively manage PPP projects.

5.9.4 INTEGRATED INFRASTRUCTURE DEVELOPMENT STRATEGIES: A HOLISTIC APPROACH

To tackle the challenges of infrastructure development at the subnational level, states must adopt integrated infrastructure strategies that account for the interdependencies between different sectors. Infrastructure is not limited to transportation or energy; it involves a coordinated approach to building housing, water supply systems, waste management, and digital infrastructure. An integrated approach ensures that infrastructure projects are not developed in isolation but are connected to long-term economic goals and sustainable development objectives. For example, the Abuja Metropolitan Area Council (AMAC) has been working on a comprehensive urban development plan that addresses housing, transportation, and water supply simultaneously. This approach allows for more efficient use of resources, reduces redundancy, and ensures that the various infrastructure needs of the population are met in a coherent and sustainable way (NBS, 2025).[103] To further integrate infrastructure planning and development, subnational governments should adopt data-driven decision-making

[101] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org
[102] National Pension Commission (PenCom), Strategic Review of Infrastructure Fund Eligibility: Balancing Fiduciary Duty with National Development, (Abuja: PenCom, 2025). Retrieved from https://www.pencom.gov.ng
[103] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

approaches that utilize geospatial data, economic forecasts, and population growth patterns to better anticipate infrastructure needs. In integrating these tools into urban and regional planning, Nigeria states can better align infrastructure development with the demand for services and economic growth (AfDB, 2025).[104]

5.9.5 A ROADMAP FOR SUSTAINABLE INFRASTRUCTURE DEVELOPMENT

Subnational governments in Nigeria must overcome significant challenges to effectively finance and develop infrastructure. These challenges include reliance on federal transfers, lack of investment in local economic development, and the absence of efficient regulatory frameworks for public-private partnerships. However, there are tangible solutions: revenue diversification, strengthened PPP frameworks, and integrated development strategies. By adopting these strategies, Nigeria subnational governments can better manage their infrastructure needs and drive sustainable economic growth.

PART 6: STRATEGIC POLICY PATHWAYS

6.1 STRENGTHENING LEGAL AND REGULATORY FRAMEWORKS (CLEAR PPP LAWS, INVESTOR PROTECTION MECHANISMS)

The need for robust legal and regulatory frameworks to support infrastructure development in Nigeria cannot be overstated. Despite several initiatives aimed at promoting Public-Private Partnerships (PPPs), the legal environment remains fragmented and inconsistent, undermining investor confidence. While the Infrastructure Concession Regulatory Commission (ICRC) Act of 2005 was designed to improve the PPP landscape, regulatory bottlenecks and the lack of clear enforcement mechanisms continue to deter private sector involvement. In other countries such as South Africa, clearer regulatory frameworks and stronger legal protections for investors have led to more successful infrastructure projects. In adopting similar structures, Nigeria could reduce investment risks and enhance the bankability of PPP projects. One essential reform is to provide guarantees that offer protection to investors against political instability, currency fluctuations, and regulatory changes (World Bank, 2025).[105]

[104] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org
[105] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

To fully capitalize on PPP opportunities, Nigeria needs to implement transparent contract enforcement mechanisms and ensure that project timelines are adhered to, without undue delays caused by bureaucratic inefficiencies. Establishing a centralized PPP unit to streamline the process, improve oversight, and enforce project guidelines will be instrumental in attracting investment into the country transport, energy, and housing sectors (PenCom, 2025).[106] Moreover, stronger investor protection laws should be implemented to mitigate currency risks and political interference, both of which are common in high-risk markets like Nigeria. Introducing mechanisms like step-in rights and dispute resolution mechanisms will make Nigeria a more attractive destination for foreign direct investment (FDI) in critical infrastructure projects (AfDB, 2025).[107]

6.2 CONNECTING WITH GLOBAL PPP STANDARDS

Adopting a globally recognized PPP framework will help Nigeria leverage private sector capital to address its growing infrastructure needs. In particular, viability gap funding (VGF), which has been successfully utilized in India for infrastructure projects, could be a game changer. Nigeria has numerous infrastructure projects that are socially essential but may not immediately generate revenue, such as rural electrification projects and water sanitation systems. The VGF model could offer the government the flexibility to support these projects with concessional financing, thereby attracting private sector participation. Furthermore, tax incentives and risk mitigation tools should be introduced to encourage private equity firms, development finance institutions, and pension funds to invest in large-scale infrastructure projects. The introduction of Sukuk bonds, infrastructure funds, and green bonds could provide a stable funding base for Nigeria's long-term infrastructure needs, making the country more competitive compared to its African counterparts (AfDB, 2025).[108]

6.3 STRENGTHENING GOVERNANCE AND INSTITUTIONAL CAPACITY

Good governance is essential for the successful implementation of any PPP initiative. Corruption, poor project management, and lack of transparency have historically hindered

[106] National Pension Commission (PenCom), Strategic Review of Infrastructure Fund Eligibility: Balancing Fiduciary Duty with National Development, (Abuja: PenCom, 2025). Retrieved from https://www.pencom.gov.ng

[107] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

[108] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

Nigeria infrastructure development. Without effective monitoring and accountability mechanisms, infrastructure projects tend to experience delays, cost overruns, and poor execution. Strengthening the capacity of public institutions such as the ICRC and Nigerian Sovereign Investment Authority (NSIA) is crucial for ensuring that infrastructure projects are completed on time and within budget. These bodies must be empowered with the necessary technical expertise, financial autonomy, and legal authority to enforce contracts and hold parties accountable for contractual obligations. Data-driven governance, including the use of performance metrics and open data platforms, will increase transparency and ensure that funds allocated to infrastructure projects are used effectively (World Bank, 2025).[109]

6.4 THE ROLE OF PRIVATE-SECTOR PARTNERSHIPS IN INFRASTRUCTURE DEVELOPMENT

Private sector involvement has become a vital component of Nigeria infrastructure development strategy. Public-Private Partnerships (PPPs) have proven to be an effective means of bridging the financing gap in sectors like energy, transport, and water supply. However, Nigeria must address the regulatory barriers that prevent the private sector from fully engaging in infrastructure projects. To encourage private investment, it is essential for Nigeria to establish clear guidelines for PPP procurement, ensure market-based pricing for public services, and reduce political risk. Moreover, there is a need to build private sector capacity to manage complex infrastructure projects, especially in areas where the private sector has little experience, such as rural electrification and green energy (PenCom, 2025).[110] While Nigeria efforts to involve private players in infrastructure financing have been commendable, there are still concerns around the governance and financial sustainability of such partnerships. A detailed review of existing PPP contracts is necessary to determine whether the terms are connected with international best practices or if there is a need for renegotiation (AfDB, 2025).[111]

[109] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

[110] National Pension Commission (PenCom), Strategic Review of Infrastructure Fund Eligibility: Balancing Fiduciary Duty with National Development, (Abuja: PenCom, 2025). Retrieved from https://www.pencom.gov.ng

[111] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

6.5 THE ROLE OF TECHNOLOGY IN INFRASTRUCTURE DELIVERY

Technological innovations have the potential to revolutionize infrastructure development in Nigeria. Digital solutions such as smart grids, internet of things (IoT) for urban management, and automated construction technologies can improve the efficiency of infrastructure projects and reduce costs. For instance, smart cities that use big data and artificial intelligence can optimize transportation networks, waste management systems, and energy distribution, significantly improving service delivery in urban areas (AfDB, 2025).[112] Incorporating digital tools into infrastructure planning and execution will enable Nigeria to adopt sustainable, cost-effective infrastructure solutions while ensuring greater resilience against climate change and economic shocks.

6.6 A ROADMAP FOR INFRASTRUCTURE DEVELOPMENT

Strategic policy pathways aimed at strengthening legal and regulatory frameworks for PPP projects will enable Nigeria to address its infrastructure challenges more effectively. By ensuring that investor protections are in place, improving governance, and aligning policies with international standards, Nigeria can create a more stable and attractive environment for private sector investment. With the right legal frameworks, financial tools, and institutional capacity, Nigeria can successfully overcome its infrastructure deficit, driving sustainable growth and economic development.

6.7 ENHANCING PROJECT PREPARATION CAPACITY (PROJECT DEVELOPMENT FACILITIES, TECHNICAL EXPERTISE)

6.7.1 THE IMPORTANCE OF SOUND PROJECT PREPARATION

In the setting of Nigeria infrastructure development, project preparation is the bedrock of successful implementation. Many large-scale infrastructure projects fail at the early stages due to insufficient preparation. Whether in the form of unrealistic cost estimates, poor feasibility studies, or lack of technical expertise, these gaps can cause notable delays, cost overruns, and in some cases, total project abandonment. Strengthening project preparation capacity is a necessity, it is an urgent priority to ensure that investment in infrastructure generates tangible, sustainable results. According to the World Bank (2025), effective project preparation

[112] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

increases the likelihood of project success by at least 30%. Properly prepared projects are more likely to attract private sector investment, as they demonstrate lower risk and are backed by sound feasibility studies. This is especially important in a country like Nigeria, where investors are wary of the regulatory and financial risks associated with infrastructure development (World Bank, 2025).[113]

6.7.2 PROJECT DEVELOPMENT FACILITIES: THE ENGINE BEHIND SUCCESSFUL INFRASTRUCTURE

Project Development Facilities (PDFs) play a role in improving project preparation outcomes. These facilities provide the necessary resources, technical expertise, and financial support required to develop high-quality project proposals that are investor-ready. In Nigeria, the Infrastructure Concession Regulatory Commission (ICRC) has initiated a PPP Project Development Fund (PDF) aimed at supporting early-stage infrastructure projects, specifically in transportation, energy, and healthcare. However, despite the establishment of such funds, challenges such as bureaucratic delays, inadequate funding, and lack of coordination between agencies persist, undermining the potential of these initiatives. For Nigeria to build a strong pipeline of bankable projects, it must improve the effectiveness and capacity of its Project Development Facilities. This can be done by ensuring that these funds are adequately capitalized, that transparent processes are followed, and that projects receive technical assistance to improve their feasibility and sustainability. As suggested by the African Development Bank (AfDB), Nigeria can look to South Africa Development Bank and India Infrastructure Development Fund, both of which have successfully employed development facilities to accelerate infrastructure financing through better project preparation (AfDB, 2025).[114]

6.7.3 BUILDING TECHNICAL CAPACITY AND EXPERTISE

Another critical area is technical expertise. Even with the best financing mechanisms in place, without a skilled workforce and capable institutions to manage and execute projects, the country will continue to fall short of meeting its infrastructure needs. The lack of specialized technical skills in sectors like project design, construction management, and financial

[113] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025).
[114] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

structuring limits Nigeria ability to develop large-scale infrastructure projects, particularly those involving complex financing structures like PPPs. To address this gap, Nigeria must invest in the education and training of its workforce, focusing on technical disciplines and project management. Universities, technical schools, and vocational training centers should collaborate with private sector stakeholders to develop training programs that meet the demands of the infrastructure sector. These initiatives could help bridge the skills gap and foster a culture of excellence in infrastructure delivery. Additionally, capacity building should extend to government agencies responsible for managing infrastructure projects. Institutions like the ICRC, the National Planning Commission, and state-level agencies need to be equipped with the technical skills necessary for managing complex projects. By investing in institutional strengthening, Nigeria can increase the efficiency of its infrastructure delivery systems and improve the bankability of its projects (PenCom, 2025).[115]

6.7.4 CREATING A SUSTAINABLE PIPELINE OF INFRASTRUCTURE PROJECTS

To move forward, Nigeria must establish a sustainable pipeline of infrastructure projects that meet the country long-term development goals. This pipeline must include large-scale projects and small to medium-sized ones that can generate immediate benefits for local communities. Having a well-defined pipeline helps investors and stakeholders see that the country has a long-term vision, and it provides confidence in the predictability of future investments. The National Integrated Infrastructure Master Plan (NIIMP), which outlines Nigeria's infrastructure development goals from 2020 to 2043, is a step in the right direction. However, the implementation of this plan must be supported by continuous efforts to strengthen project preparation facilities and technical expertise. Furthermore, Nigeria should ensure that its projects are strategically connected with global best practices, using innovative financing tools and sustainable development principles. In doing so, the country can build a more robust, diversified, and resilient infrastructure sector (AfDB, 2025).[116]

[115] National Pension Commission (PenCom), Strategic Review of Infrastructure Fund Eligibility: Balancing Fiduciary Duty with National Development, (Abuja: PenCom, 2025). Retrieved from https://www.pencom.gov.ng

[116] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

6.7.5 THE PATH TOWARDS SUCCESSFUL INFRASTRUCTURE DEVELOPMENT

Project preparation is a critical piece of Nigeria infrastructure development puzzle. Strengthening Project Development Facilities (PDFs), investing in technical expertise, and developing a sustainable project pipeline will increase the likelihood of successful project implementation and attract private sector investment. Government policies, such as financial support for project development and capacity building, must be prioritized to address the country's infrastructure deficit. Through these strategic policy pathways, Nigeria can build a more effective, sustainable infrastructure development strategy that addresses the needs of its growing population and supports long-term economic growth.

6.8 STRATEGIC POLICY PATHWAYS

6.8.1 STRENGTHENING LEGAL AND REGULATORY FRAMEWORKS (CLEAR PPP LAWS, INVESTOR PROTECTION MECHANISMS)

For Nigeria to achieve its infrastructure goals, a robust legal and regulatory framework is essential. Despite progress made with Public-Private Partnerships (PPPs), the country legal environment remains fragmented and inconsistent, preventing the effective involvement of the private sector. The Infrastructure Concession Regulatory Commission (ICRC) Act of 2005 was created to facilitate PPPs, but challenges remain in regulatory implementation and contract enforcement. Without a clear and predictable legal structure, investors remain hesitant, which further hampers Nigeria infrastructure development (AfDB, 2025).[117]

Internationally, countries like South Africa have demonstrated that a clear regulatory framework and strong legal protections for investors can lead to more successful infrastructure projects. Nigeria can build on these lessons to enhance its PPP framework and attract private sector investment. In focusing on risk mitigation tools such as sovereign guarantees, step-in rights, and dispute resolution mechanisms, Nigeria can foster a more stable and attractive environment for private capital in sectors like energy, transport, and housing (PenCom, 2025).[118] These changes will be critical to ensuring that infrastructure projects meet current demands and sustainable in the long term. Additionally, improving transparency in public

[117] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org
[118] National Pension Commission (PenCom), Strategic Review of Infrastructure Fund Eligibility: Balancing Fiduciary Duty with National Development, (Abuja: PenCom, 2025).

procurement and providing public-private partnerships (PPP) guidelines will ensure that contracts are well-executed and accountable. Establishing independent oversight bodies can ensure that projects are carried out as promised, reducing the risk of mismanagement and cost overruns that have plagued infrastructure projects in Nigeria (World Bank, 2025).[119]

6.8.2 CONNECTING WITH GLOBAL PPP STANDARDS

To unlock the potential of PPPs, Nigeria must connect its legal framework with global best practices. One successful model to consider is viability gap funding (VGF), which has been used in India to support projects that are socially essential but not immediately profitable. This method could be highly beneficial for projects like rural electrification or water sanitation systems in Nigeria, where social impact takes precedence over immediate profitability (AfDB, 2025).[120] Using VGF, Nigeria could stimulate private investment in such essential services, making them viable for private players while still fulfilling the country development objectives.

Furthermore, flexible contract structures and risk-sharing agreements should be prioritized to ensure that the private sector remains incentivized while the government retains oversight and accountability. To facilitate this, Nigeria should introduce tax incentives, lower financing costs, and better project development facilities to encourage participation from pension funds, insurance companies, and private equity firms. In learning from successful international examples, Nigeria can create a more dynamic, diversified, and sustainable infrastructure financing model.

6.8.3 STRENGTHENING GOVERNANCE AND INSTITUTIONAL CAPACITY

A sound governance structure is essential to ensure the successful implementation of infrastructure projects. Despite efforts to improve governance, corruption and lack of transparency remain deeply ingrained in Nigeria infrastructure sector, leading to poor execution and the misallocation of public funds. Corruption in infrastructure development continues to delay projects, increase costs, and destroy investor confidence. Therefore,

[119] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

[120] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

improving institutional capacity and strengthening oversight are essential steps to address these systemic challenges.

The Economic and Financial Crimes Commission (EFCC) and other anti-corruption bodies must be provided with greater authority to carry out regular audits of infrastructure projects, ensuring that public funds are used efficiently and effectively. Public procurement and project implementation should be transparent, with independent auditing to verify that funds allocated for infrastructure development are used for their intended purposes (World Bank, 2025).[121] Additionally, incorporating digital tools such as blockchain technology for tracking transactions can ensure that all stakeholders remain accountable. Real-time monitoring through big data analytics can provide detailed insights into project performance, making it easier to spot potential risks and fraudulent activities (AfDB, 2025).[122]

6.8.4 THE ROLE OF PRIVATE-SECTOR PARTNERSHIPS IN INFRASTRUCTURE DEVELOPMENT

The private sector plays a crucial role in the development of Nigeria's infrastructure. Public-Private Partnerships (PPPs) have the potential to address funding gaps and improve the delivery of projects in areas such as transportation, energy, and water supply. However, despite the potential of PPPs, Nigeria faces significant barriers to attracting private capital, including regulatory uncertainty, lack of transparency, and poor enforcement of contracts.

To encourage more private sector involvement, Nigeria must create a consistent legal framework and ensure that policies are predictable and market-driven. Clear bidding processes, fair contract terms, and timely execution of PPP agreements are essential for attracting foreign and domestic investments. Additionally, strengthening legal protections for investors and guaranteeing contractual stability will help de-risk projects and enhance the bankability of PPPs in Nigeria (PenCom, 2025). Nigeria should also build private sector capacity to manage complex infrastructure projects. Ensuring that private entities involved in PPPs have the technical skills and management capacity to deliver on their commitments is vital for the

[121] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

[122] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

success of these partnerships. Training programs, capacity-building initiatives, and performance metrics must be implemented to ensure that the private sector plays an effective role in the long-term delivery and maintenance of infrastructure projects.

6.8.5 INSTITUTIONAL REFORMS: STRENGTHENING THE DELIVERY CAPACITY

Effective implementation of infrastructure projects requires strong institutional frameworks. While agencies like the ICRC and NSIA have made progress, further reforms are needed to ensure that these institutions are adequately funded, staffed, and empowered to manage large-scale projects. These reforms should include institutional capacity building, policy alignment, and clear mandates for important agencies. Furthermore, ensuring that subnational governments are equipped with the necessary tools to handle their local infrastructure projects will promote a more decentralized and inclusive approach to development.

6.8.6 BUILDING A SUSTAINABLE INFRASTRUCTURE FUTURE

Nigeria infrastructure sector faces numerous challenges, from regulatory inefficiencies and poor governance to insufficient private sector engagement. However, through strategic reforms to strengthen legal frameworks, improve governance, and enhance institutional capacity, the country can move closer to a sustainable infrastructure development model. Creating a predictable, transparent, and investor-friendly environment will be key to unlocking the potential of the private sector and bridging the nation infrastructure gap. The successful implementation of these reforms will help transform Nigeria infrastructure landscape, stimulating economic growth and creating jobs in the process.

6.9 REGIONAL AND GLOBAL COLLABORATION (AFCTA INFRASTRUCTURE CORRIDORS, CROSS-BORDER PROJECTS)

6.9.1 THE POTENTIAL OF REGIONAL COLLABORATION IN AFRICAN INFRASTRUCTURE DEVELOPMENT

Infrastructure development in Africa has long been hindered by fragmented markets, regulatory barriers, and limited cooperation between countries. The African Continental Free Trade Area (AfCFTA), established in 2020, represents a bold move toward greater regional integration by

facilitating cross-border trade and creating new avenues for investment.[123] One of the most promising aspects of AfCFTA is its potential to foster the creation of regional infrastructure corridors that will improve connectivity and accelerate economic integration across Africa. The AfCFTA has the potential to reshape infrastructure financing by creating a platform for regional collaboration on projects such as roads, railways, energy systems, and telecommunications networks, which transcend national borders.

Infrastructure projects that span multiple countries are vital for unlocking Africa growth potential. The Lagos-Abidjan Corridor is a prime example of a cross-border infrastructure project aimed at improving regional integration by facilitating smoother transport of goods and people between two major economies. Such projects are crucial for enhancing trade flows, increasing economic cooperation, and ultimately fostering regional stability (World Bank, 2025).[124] To succeed, these projects must be supported by regional regulatory frameworks that streamline planning, financing, and implementation processes across borders. This requires alignment of national policies with AfCFTA goals, alongside harmonized customs regulations and tax incentives to ease the flow of goods and capital.

6.9.2 THE ROLE OF MULTILATERAL INSTITUTIONS IN CROSS-BORDER INFRASTRUCTURE PROJECTS

Multilateral institutions like the African Development Bank (AfDB), the World Bank, and the European Union play a crucial role in supporting cross-border infrastructure projects by providing financing, technical expertise, and regulatory frameworks. For instance, the AfDB's Programme for Infrastructure Development in Africa (PIDA) is a pivotal initiative that aims to address Africa's infrastructure deficits through regional projects. PIDA focus includes projects that connect African countries via transportation corridors, energy grids, and water systems, thus reducing barriers to trade and fostering regional economic integration (AfDB, 2025).[125] In this regard, regional infrastructure financing models need to be developed that pool resources

[123] African Union, African Continental Free Trade Area (AfCFTA), (Addis Ababa: African Union, 2020). Retrieved from https://au.int/en/cafta
[124] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/
[125] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

from various stakeholders, including multilateral development banks, national governments, and private sector partners, to ensure that large-scale projects are sustainable and have a broad economic impact.

Furthermore, projects such as the Grand Inga Dam in the Democratic Republic of Congo, which seeks to generate hydroelectric power for several African countries, are examples of mega projects that demand robust multilateral financing and cooperation. The World Bank participation in such initiatives is crucial for securing the necessary funding and ensuring technical expertise for complex infrastructure projects. This model of multilateral collaboration should be expanded to address Africa's infrastructure gaps and create opportunities for cross-border projects that benefit multiple countries (World Bank, 2025).[126]

6.9.3 CHALLENGES IN CROSS-BORDER INFRASTRUCTURE DEVELOPMENT

Despite the potential for significant economic benefits, cross-border infrastructure projects face significant challenges. One of the major hurdles is the lack of harmonized policies and regulatory barriers between countries. Different standards for taxation, project financing, and contract enforcement complicate efforts to attract private sector investment in regional infrastructure projects. Countries with weak legal frameworks or insufficient institutional capacity may struggle to meet the technical and financial requirements of cross-border projects.

In addition to regulatory issues, political instability in certain regions poses risks to the continuity and long-term success of cross-border infrastructure projects. Corruption, bureaucratic delays, and political interference in project implementation have been recurring problems for infrastructure development across Africa. For example, the Mombasa-Nairobi Railway in Kenya, which was initially funded through Chinese loans, faced increased challenges with cost overruns and delays, partly due to political interference and issues with project governance (PenCom, 2025).[127]

[126] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

[127] National Pension Commission (PenCom), Strategic Review of Infrastructure Fund Eligibility: Balancing Fiduciary Duty with National Development, (Abuja: PenCom, 2025). Retrieved from https://www.pencom.gov.ng

6.9.4 FINANCING OPPORTUNITIES THROUGH REGIONAL INSTITUTIONS AND PRIVATE INVESTORS

Cross-border projects require innovative financing mechanisms to overcome the challenges of fragmented national markets. Blended finance models, which combine concessional financing from development finance institutions (DFIs) with private sector capital, present a viable solution. These financing mechanisms help to de-risk infrastructure projects and make them more attractive to private investors. For instance, diaspora investments, impact investing, and green bonds are increasingly seen as potential sources of capital for regional infrastructure projects.

Moreover, the development of regional infrastructure funds is an essential step toward pooling resources for cross-border projects. A regional infrastructure fund could bring together contributions from national governments, multilateral development banks, and private investors to finance large-scale infrastructure projects that benefit multiple countries. In connecting the financial interests of various stakeholders, such a fund would enhance the sustainability and impact of these projects (AfDB, 2025).[128] Public-private partnerships (PPPs) should be further encouraged as a method of financing infrastructure projects, especially when combined with viability gap funding from international donors and DFIs.

6.9.5 THE FUTURE OF REGIONAL INFRASTRUCTURE DEVELOPMENT

As Africa moves towards greater economic integration through the AfCFTA, the role of regional infrastructure projects will continue to grow. These projects, especially those that address energy deficits, transportation bottlenecks, and water scarcity, will be key drivers of Africa economic future. The importance of regional collaboration cannot be overstated. In promoting partnerships between national governments, multilateral institutions, and private sector investors, African countries can break down the barriers that hinder infrastructure development and create opportunities for sustainable growth. As the AfCFTA progresses, Nigeria, along with other African nations, must strengthen its regional cooperation and develop the institutional capacity required to manage and execute cross-border projects. The regulatory

[128] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

and governance frameworks will need to be streamlined, and private sector participation must be encouraged through clear legal structures and investment incentives.

Regional infrastructure development offers significant opportunities for economic growth and integration in Africa. Cross-border projects, supported by multilateral institutions and private investment, can help close Africa infrastructure gap. However, to achieve success, coordinated policy efforts, regulatory alignment, and financial innovation are necessary. In embracing these strategies, Nigeria and other African countries can position themselves as leaders in regional infrastructure development, driving both economic growth and sustainable development across the continent.

6.10 SUSTAINABILITY AND CLIMATE FINANCING (GREEN INFRASTRUCTURE, ESG INTEGRATION)

6.10.1 THE ROLE OF SUSTAINABILITY IN INFRASTRUCTURE DEVELOPMENT

As the world faces the increasing threat of climate change, the importance of sustainable infrastructure has never been more evident. The global shift towards green infrastructure presents a unique opportunity for Africa, and especially Nigeria, to meet its developmental goals while addressing pressing environmental challenges. Green infrastructure refers to systems that use natural resources and processes to manage environmental challenges such as flooding, air pollution, and water scarcity. In the setting of Nigeria, it can involve the development of eco-friendly transportation systems, renewable energy solutions, and climate-resilient buildings that mitigate the adverse effects of climate change.

According to the World Bank (2025), investments in sustainable infrastructure enhance environmental quality and stimulate economic growth by creating green jobs and encouraging innovation in sectors like clean energy, waste management, and sustainable agriculture. The shift towards green financing and environmental, social, and governance (ESG) principles in infrastructure development is increasingly becoming a strategic imperative for countries like Nigeria that aim to balance economic progress with environmental protection (World Bank, 2025).[129]

[129] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

6.10.2 GREEN INFRASTRUCTURE AND ESG INTEGRATION

Nigeria infrastructure development is increasingly guided by ESG principles, a framework used to evaluate the sustainability and ethical impact of investments. For example, green bonds have become an attractive financing tool to fund projects that have a positive environmental impact, such as solar energy and wind power initiatives. These bonds raise capital for climate-resilient infrastructure and offer investors fixed returns while supporting environmentally-friendly projects. However, despite the growing interest in green financing, Nigeria faces several challenges in integrating ESG considerations into its infrastructure sector. Lack of awareness, regulatory gaps, and insufficient financial incentives for sustainable investments have hindered the full adoption of ESG criteria across the country infrastructure projects.

Incorporating ESG principles into the project development process is essential for ensuring that infrastructure projects contribute to both economic growth and environmental sustainability. In mainstreaming ESG factors into national infrastructure plans, Nigeria can create a framework that attracts international capital and promotes long-term sustainability. The Sukuk bonds issued for renewable energy projects, such as the Azura-Edo power plant, serve as examples of how Nigeria can integrate sustainable finance models into its broader infrastructure investment strategy (AfDB, 2025).[130]

6.10.3 THE CHALLENGES OF CLIMATE FINANCING

Despite the potential of green infrastructure, climate financing remains a major challenge for Nigeria. The country heavy dependence on fossil fuels, alongside regulatory barriers and limited access to international funding, hinders progress in the transition towards a green economy. According to the African Development Bank (AfDB), while Africa is home to many of the world's most vulnerable countries to climate change, it receives less than 5% of global climate financing. This underfunding undermines the continent's ability to mitigate the impacts of climate change, especially in infrastructure projects that are crucial for adaptation and resilience (AfDB, 2025).[131]

[130] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org
[131] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

In Nigeria, the lack of a unified climate financing strategy and a shortage of policy alignment across the federal and state levels have further hindered climate-related infrastructure investments. Even when funds are available, they often come with high-interest rates, short repayment terms, and limited geographical application. Moreover, project preparation costs for climate-resilient infrastructure remain high, and there are few incentives for private investors to participate in long-term, low-return projects.

6.10.4 THE OPPORTUNITIES OF INTEGRATING ESG INTO INFRASTRUCTURE PROJECTS

To address these challenges, Nigeria must build upon existing frameworks for sustainable investment and green finance. This includes integrating ESG principles into every stage of infrastructure development, from project conception to execution. Establishing a national green bond market and incentivizing climate-focused pension funds could create a sustainable financing model for long-term infrastructure projects. Additionally, the creation of dedicated funds for green infrastructure, such as the Green Investment Fund, would allow Nigeria to raise capital for projects that focus on reducing carbon emissions, improving energy efficiency, and promoting eco-friendly urbanization (World Bank, 2025).[132]

A major opportunity for Nigeria lies in leveraging its vast renewable energy resources. In prioritizing investments in solar, wind, and hydropower, Nigeria could address its energy deficit while simultaneously contributing to global climate change mitigation goals. The Nigeria Electrification Project, which aims to bring electricity to off-grid communities through solar mini-grids, is an example of how climate financing can be used to enhance energy access while promoting environmental sustainability (AfDB, 2025).[133] Moreover, the Global Green Fund and the Green Climate Fund (GCF) offer opportunities for Nigeria to access international funding for its green projects. Leveraging these funds can significantly scale up the country efforts to transition toward a low-carbon economy. However, Nigeria must build the institutional capacity to manage and effectively deploy climate finance. Establishing clear

[132] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

[133] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

reporting frameworks and independent oversight bodies will help ensure that funds are allocated efficiently and transparently to the most impactful projects.

6.10.5 FOSTERING A GREEN ECONOMY THROUGH INFRASTRUCTURE INVESTMENT

The integration of green infrastructure and ESG principles into Nigeria's infrastructure development strategy is a strategic imperative for the country's future growth. In connecting infrastructure projects with global climate goals and creating conducive environments for sustainable investments, Nigeria can build a robust green economy while addressing its infrastructure deficit. Harnessing international financing for climate adaptation and green energy will be crucial in achieving long-term sustainability. Nigeria climate financing strategy must be complemented by strong regulatory frameworks, capacity-building for financial institutions, and clear incentives for both private investors and government agencies to prioritize environmental sustainability in infrastructure projects.

PART 7: KEY TAKEAWAYS AND CONCLUSION (STRATEGIC IMPORTANCE OF INFRASTRUCTURE FINANCING TO NATIONAL GROWTH)

7.1 THE FUNDAMENTAL ROLE OF INFRASTRUCTURE IN ECONOMIC DEVELOPMENT

Infrastructure development is central to the growth and sustainability of any nation. For Nigeria, the importance of infrastructure financing cannot be overstated. Infrastructure is the backbone of economic activity, driving productivity, enabling access to essential services, and fostering regional integration. Without adequate infrastructure, the country will continue to face challenges in areas like transportation, energy, water, and digital connectivity, which are fundamental to the functioning of a modern economy. As such, securing reliable sources of financing for infrastructure is a key determinant of Nigeria's ability to compete globally, attract foreign direct investment (FDI), and achieve sustainable economic growth.[134]

In recent years, the global focus on sustainable development has promoted the need for green, adaptable infrastructure. Countries that invest in climate-adaptable infrastructure are better

[134] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025).

positioned to mitigate the risks of climate change, adapt to changing environmental conditions, and foster economic diversification. Nigeria infrastructure deficit is a significant barrier to its long-term development, and addressing this gap requires a multi-faceted approach that includes both public sector investment and private sector engagement (World Bank, 2025).[135]

7.2 INFRASTRUCTURE FINANCING IN NIGERIA: A STRATEGIC IMPERATIVE

Nigeria infrastructure financing gap is estimated to be approximately $100 billion annually, with an additional $44 trillion in sovereign debt posing challenges to the country fiscal health (AfDB, 2025)². The government reliance on oil revenues and foreign loans to finance infrastructure has proven to be unsustainable, especially in the face of fluctuating global oil prices. Given the country increasing urbanization and population growth, financing for infrastructure must be diversified beyond traditional budgetary allocations and foreign loans. Public-Private Partnerships (PPPs) have emerged as an important mechanism to address this gap. PPPs allow the government to share the financial risk of infrastructure projects with private investors, bringing in capital, expertise, and innovation. However, the success of PPPs in Nigeria has been hampered by regulatory uncertainty, lack of transparency, and political instability. Strengthening the legal and regulatory frameworks for PPPs is vital to unlocking private sector participation and ensuring that infrastructure projects are delivered on time, within budget, and to the required quality standards (PenCom, 2025).[136]

7.3 THE POTENTIAL OF INNOVATIVE FINANCING MODELS

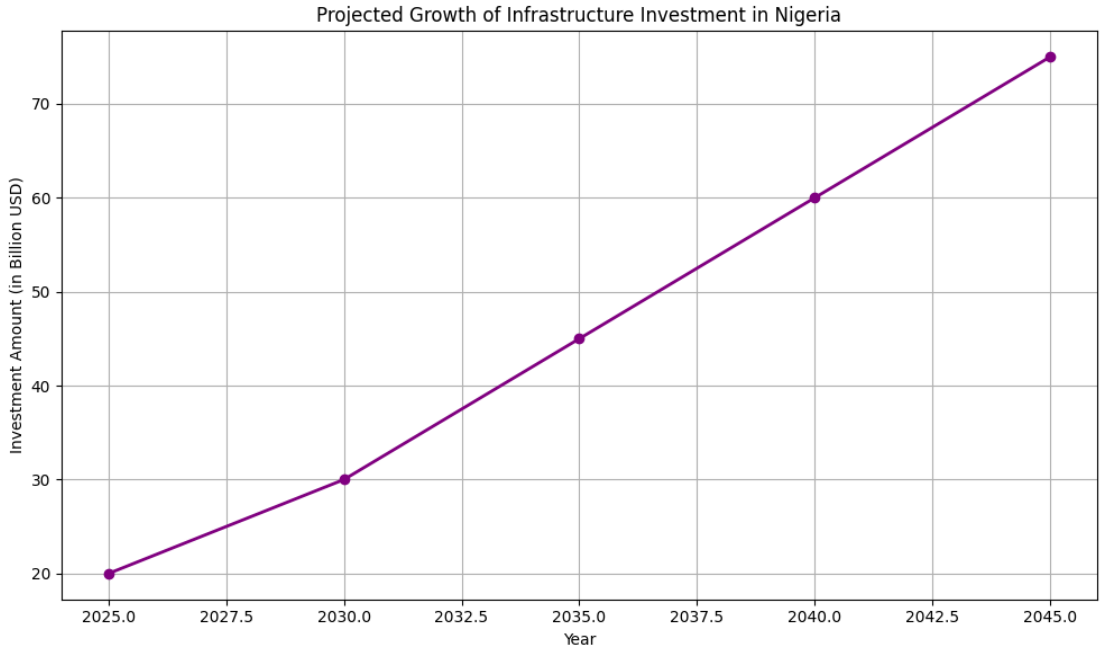
To bridge the infrastructure financing gap, Nigeria must adopt innovative financing models such as green bonds, diaspora bonds, and impact investing. Green bonds have gained traction globally as a means to fund projects that have positive environmental impacts, such as renewable energy and sustainable urban development. Nigeria, with its vast renewable energy

[135] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

[136] National Pension Commission (PenCom), Strategic Review of Infrastructure Fund Eligibility: Balancing Fiduciary Duty with National Development, (Abuja: PenCom, 2025). Retrieved from https://www.pencom.gov.ng

potential, should leverage green finance to fund large-scale solar and wind energy projects that could address both the country energy deficit and its climate goals (AfDB, 2025).[137]

Figure 4: Projected Growth of Infrastructure Investment in Nigeria



Source: World Bank (2025), African Development Bank (AfDB, 2025), National Planning Commission (NPC, 2025).

Similarly, diaspora bonds offer a unique opportunity to tap into the financial resources of Nigeria large expatriate community, many of whom are keen to contribute to their home country development. Furthermore, Nigeria could look to blended finance structures, which combine concessional capital with private sector funding, as a way to de-risk infrastructure projects and make them more attractive to investors. Blended finance has been successfully used in other emerging markets to fund green infrastructure, and Nigeria can apply these models to enhance climate resilience and accelerate development in key sectors like transportation, energy, and water supply (World Bank, 2025).[138]

[137] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

[138] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

7.4 THE IMPORTANCE OF GOOD GOVERNANCE AND ACCOUNTABILITY

Ensuring that infrastructure financing leads to meaningful impact requires strong governance and accountability mechanisms. Corruption, poor project management, and weak regulatory oversight have historically undermined the effectiveness of infrastructure investments in Nigeria. Strengthening accountability systems and introducing more transparency in the procurement process can help reduce inefficiencies and improve project delivery. Digital tools, such as blockchain technology and data-driven project tracking systems, could be used to monitor infrastructure projects in real-time, ensuring that public funds are used effectively and that projects meet their targets. The Nigerian government has made strides in improving governance, but challenges remain in enforcing laws and holding corrupt actors accountable. Continued institutional reforms and better coordination between federal and state agencies are necessary to ensure that infrastructure projects are implemented effectively, and the benefits reach the people who need them most (PenCom, 2025).[139]

7.5 A ROADMAP FOR NIGERIA INFRASTRUCTURE FUTURE

The strategic importance of infrastructure financing to Nigeria national growth cannot be overstated. To close the infrastructure gap, Nigeria must take decisive action by diversifying its funding sources, improving project preparation, and fostering greater private sector involvement. Innovative financing models like green bonds, diaspora bonds, and impact investing must be prioritized, alongside good governance and institutional reforms to ensure the successful delivery of projects. Nigeria infrastructure development is the foundation upon which the country economic future rests. In taking proactive steps to improve financing mechanisms and foster a conducive environment for private sector engagement, Nigeria can unlock its vast potential and set a new trajectory for sustainable development in the 21st century.

[139] National Pension Commission (PenCom), Strategic Review of Infrastructure Fund Eligibility: Balancing Fiduciary Duty with National Development, (Abuja: PenCom, 2025). Retrieved from https://www.pencom.gov.ng

7.6 KEY AREAS OF INFRASTRUCTURE FINANCING AND ROI

7.6.1 INFRASTRUCTURE FINANCING IN NIGERIA: A CRITICAL DRIVER OF ECONOMIC GROWTH

Infrastructure financing in Nigeria has become a central pillar in the country quest for economic transformation. The country growing population, urbanization, and industrialization demand that substantial investments are made in transportation systems, energy production, water supply, and telecommunications. However, Nigeria faces a notable financing gap in meeting its infrastructure needs, with an estimated $100 billion annually required to close the infrastructure deficit (AfDB, 2025).[140] This gap presents an opportunity for both public and private sector investment, with the potential for substantial returns on investment (ROI), given the long-term impact infrastructure can have on economic development.

To address this gap, Nigeria must focus on diversified financing models that blend government spending, private sector capital, and multilateral support. Key areas of infrastructure financing that promise high returns include renewable energy, transport corridors, and smart city development. While these sectors face initial capital intensity, the long-term economic returns, in terms of job creation, GDP growth, and economic diversification, are substantial. For instance, the development of the Lekki Deep Sea Port, which has already attracted private investors and foreign capital, is expected to generate substantial returns due to the increased trade flow and job creation in the region (PenCom, 2025).[141]

7.6.2 PRIORITIZING THE ENERGY SECTOR FOR OPTIMAL RETURNS

One of the most pressing areas for infrastructure investment is the energy sector. Nigeria energy deficit is a major hindrance to its economic growth, with electricity generation consistently falling short of demand. The country has vast potential in renewable energy, especially in solar and wind power. According to the World Bank (2025), investing in renewable energy could generate up to $30 billion in annual savings on fuel imports while providing affordable and sustainable energy solutions for millions of Nigerians. The Nigerian Electrification Project,

[140] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org
[141] National Pension Commission (PenCom), Strategic Review of Infrastructure Fund Eligibility: Balancing Fiduciary Duty with National Development, (Abuja: PenCom, 2025). Retrieved from https://www.pencom.gov.ng

which focuses on providing solar power to off-grid communities, is an example of a project that has already attracted substantial private sector funding due to its ability to offer high returns while addressing critical energy gaps (World Bank, 2025)[3]. Moreover, grid expansion projects, especially the national grid and regional connections, offer substantial potential for returns due to the country large population and growing energy demand. With the right financing mechanisms in place, public-private partnerships (PPPs) in the energy sector can unlock massive potential, bringing sustainable and profitable returns in the long term.

7.6.3 INFRASTRUCTURE IN TRANSPORTATION: A GATEWAY TO ECONOMIC LEVERAGE

The transportation sector in Nigeria is another high-potential area for infrastructure financing. The development of rail systems, airports, and road networks can greatly improve the mobility of goods and people, fostering economic integration and trade across the country. Nigeria has already taken notable steps in this regard, such as the Lagos-Ibadan railway project and the expansion of Nnamdi Azikiwe International Airport (AfDB, 2025).[142] These projects, however, require further investments to complete and modernize transport infrastructure.

Investing in these transport corridors offers considerable returns. The Lekki Free Trade Zone, for instance, is expected to become a major hub for global trade and investment, due to its proximity to the Lagos port. This project alone is set to generate returns through increased export activities, reduced transportation costs, and improved logistics (NBS, 2025).[143] Similarly, expanding road networks will provide immediate economic benefits in terms of job creation and reduce the costs of transporting goods across the country, increasing Nigeria global competitiveness.

7.6.4 WATER INFRASTRUCTURE: A CRITICAL RESOURCE FOR GROWTH

Access to clean water and improved sanitation is fundamental to national development. Water infrastructure projects are often overlooked in favor of more glamorous sectors, but they are critical for public health and economic productivity. According to the National Bureau of Statistics (2025), water scarcity costs Nigeria over $5 billion annually in lost productivity.

[142] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org
[143] National Bureau of Statistics (NBS), Annual Infrastructure Stock & Maintenance Report 2025, (Abuja: NBS, 2025). Retrieved from https://nigerianstat.gov.ng

However, investing in water systems can yield significant returns, not only in health improvements but also in economic terms. Public-private partnerships (PPPs) can be utilized to finance water treatment plants, water distribution networks, and wastewater treatment systems (NBS, 2025).[144] These investments can create high returns through reduced health costs and increased access to clean water, which enhances labor productivity and economic participation. Sustainable water systems, when combined with rainwater harvesting and wastewater recycling, have the potential to deliver significant ROI while promoting environmental sustainability.

7.6.5 SMART CITIES AND DIGITAL INFRASTRUCTURE

The shift toward smart cities and digital infrastructure in Nigeria presents an exciting opportunity for future investments. With the advent of 5G networks, cloud computing, and smart grids, Nigeria can develop urban areas that are both technologically advanced and environmentally sustainable. Smart cities leverage data, digital technologies, and innovative infrastructure to improve urban living conditions, enhance public services, and increase overall economic productivity. Private sector financing in smart city projects can lead to long-term economic benefits through increased tax revenues, employment opportunities, and improved public services (NPA, 2025).[145] Additionally, broadband expansion plays a role in driving digital economy growth. The development of high-speed internet access across Nigeria can reduce information gaps, improve access to education and healthcare, and create opportunities for entrepreneurship. With proper infrastructure financing mechanisms, Nigeria can turn its digital economy into a significant contributor to national GDP.

7.6.6 THE ROLE OF GREEN INFRASTRUCTURE IN INVESTMENT RETURNS

As the world increasingly shifts towards sustainable development, green infrastructure presents an area of infrastructure financing that is profitable and complied with global climate change goals. Green bonds and sustainable finance initiatives allow investors to fund projects that promote energy efficiency, carbon reduction, and environmental sustainability. In Nigeria, the development of green infrastructure, such as solar power projects and eco-friendly transport

[144] National Bureau of Statistics (NBS), Annual Infrastructure Stock & Maintenance Report 2025, (Abuja: NBS, 2025). Retrieved from https://nigerianstat.gov.ng
[145] Nigerian Ports Authority (NPA), Smart Cities and Infrastructure Financing: The Future of Port Connectivity, (Lagos: NPA, 2025). Retrieved from https://nigerianports.org

systems, will provide high returns while ensuring that the country adheres to its climate commitments (AfDB, 2025).[146] The rise of sustainable investment models offers both financial benefits and environmental returns, positioning Nigeria as an attractive destination for ESG-conscious investors. In continuing to build green infrastructure, Nigeria can create a long-term, self-sustaining economy that balances growth with environmental stewardship.

7.6.7 A STRATEGIC APPROACH TO INFRASTRUCTURE FINANCING

Infrastructure financing is undeniably central to Nigeria ability to achieve sustainable economic growth and development. The country must focus on securing capital and ensure that project preparation, bankability, and governance mechanisms are improved to attract and retain investors. In addressing Nigeria infrastructure needs in energy, transport, water, and digital sectors, while also promoting green initiatives, Nigeria can increasingly enhance its economic productivity, job creation, and global competitiveness. Strategic investments in infrastructure will lead to substantial returns on investment (ROI) and set the stage for long-term growth, prosperity, and sustainability.

7.7 LONG-TERM OUTLOOK FOR NIGERIA'S INFRASTRUCTURE INVESTMENT ECOSYSTEM

7.7.1 CURRENT INFRASTRUCTURE CHALLENGES IN NIGERIA

Nigeria infrastructure deficit remains one of the most significant barriers to achieving sustainable economic growth. The annual financing gap for infrastructure is estimated at $100 billion, with an infrastructure-to-GDP ratio ranging between 30% and 35% (AfDB, 2025)[1]. These statistics highlight the need for urgent and strategic investments in core infrastructure sectors such as energy, transportation, and water supply.

Despite recent improvements in certain sectors, such as road construction and renewable energy, Nigeria infrastructure is still plagued by inefficiencies, outdated technologies, and a lack of maintenance. For example, the energy sector remains underdeveloped, with frequent power outages and a reliance on fossil fuels to meet energy demands. This presents not only economic challenges but also environmental concerns, as the country struggles to balance

[146] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

development with climate goals (World Bank, 2025).[147] Given the high fiscal constraints and market inefficiencies, Nigeria infrastructure financing ecosystem faces substantial hurdles that must be addressed through innovative strategies and stronger private sector participation.

7.7.2 INFRASTRUCTURE FINANCING MODELS AND STRATEGIES

The Nigerian government has already begun addressing the infrastructure deficit through mechanisms like Public-Private Partnerships (PPPs), green bonds, and impact investing. These models are designed to attract private capital while allowing the government to maintain control over key assets. PPP frameworks have been instrumental in developing critical infrastructure such as rail networks and road projects. However, despite their success in some areas, PPPs have faced challenges related to regulatory uncertainty, political instability, and weak governance structures (PenCom, 2025).[148] To improve these mechanisms, it is essential to strengthen the legal and regulatory frameworks, ensuring that private investors have confidence in the long-term profitability and stability of infrastructure projects.

For example, the Infrastructure Concession Regulatory Commission (ICRC), responsible for overseeing PPPs in Nigeria, has made significant strides in managing the compliance and transparency of infrastructure projects. However, inconsistent policy and slow contract enforcement have hindered the full potential of PPPs. If these challenges are addressed, Nigeria could attract a greater share of global capital for infrastructure development.

7.7.3 LONG-TERM OPPORTUNITIES FOR INFRASTRUCTURE FINANCING

Looking ahead, the long-term outlook for Nigeria infrastructure investment ecosystem largely depends on the sustainability of financing mechanisms and the role of the private sector. As the country moves toward digital infrastructure, renewable energy, and smart city development, there are tremendous opportunities for innovative financing models. According to the World Bank (2025), integrating ESG principles (environmental, social, and governance) into

[147] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

[148] National Bureau of Statistics (NBS), Annual Infrastructure Stock & Maintenance Report 2025, (Abuja: NBS, 2025). Retrieved from https://nigerianstat.gov.ng

infrastructure projects will attract more international capital and open up new funding avenues (World Bank, 2025).[149]

Nigeria green bond market could play a central role in financing renewable energy projects, especially in solar and wind energy, which are abundant in Nigeria. The issuance of green bonds allows the government to raise funds for environmentally friendly infrastructure while offering attractive returns to investors interested in sustainable development. These green bonds attract private capital and connect with global climate change mitigation goals. Furthermore, Nigeria diaspora community presents a substantial untapped resource for infrastructure financing. Through diaspora bonds, Nigeria could access funds from its expatriate population, who are often willing to contribute to the country development. However, to effectively tap into this market, Nigeria must address concerns about governance risk and establish transparent financial systems (NiDCOM, 2025).[150] The Blockchain-enabled transparency and escrow accounts mentioned earlier could alleviate these concerns and encourage more diaspora investment in key infrastructure projects.

7.7.4 THE ROLE OF INTERNATIONAL FINANCE IN NIGERIA'S INFRASTRUCTURE DEVELOPMENT

In addition to domestic financing mechanisms, Nigeria can rely on multilateral organizations and bilateral partners for financing large-scale infrastructure projects. Institutions like the African Development Bank (AfDB) and the World Bank have been instrumental in financing infrastructure projects across Africa. Nigeria participation in AfCFTA (African Continental Free Trade Area) has opened new doors for cross-border infrastructure projects, such as the Lagos-Abidjan Highway, which will enhance regional trade and connectivity (AfDB, 2025).[151] These regional projects, financed through a combination of public and private capital, present opportunities for economic integration and regional growth. The International Finance Corporation (IFC) and other donor agencies are also exploring ways to support Nigeria green

[149] World Bank, Attracting Private Investment in African Infrastructure: The Role of Viability Gap Funding, (Washington, DC: World Bank, 2025). Retrieved from https://documents.worldbank.org/en/publication/documents-reports/documentdetail/

[150] Nigerian Diaspora Commission (NiDCOM), The Diaspora Bond Framework: Leveraging Remittances for National Infrastructure Development, (Abuja: NiDCOM Press, 2025).

[151] African Development Bank (AfDB), Closing the Gap: A Review of Sovereign Wealth Funds and PPPs in Emerging Africa, (Abidjan: AfDB, 2025). Retrieved from https://www.afdb.org

infrastructure development through blended finance solutions, which combine donor funds and private sector investment. This model has been successfully employed in other emerging markets, and its application to Nigeria infrastructure challenges could help de-risk projects and make them more attractive to private investors.

7.7.5 STRATEGIC POLICY RECOMMENDATIONS

The long-term outlook for Nigeria infrastructure financing ecosystem will depend on both domestic reforms and international collaboration. Improving governance, strengthening regulatory frameworks, and ensuring project bankability are essential steps toward creating an investment-friendly environment. Furthermore, enhancing financial inclusion through initiatives like diaspora bonds, green bonds, and impact investing will help diversify funding sources and ensure the sustainability of infrastructure development in Nigeria. Nigeria ability to meet its infrastructure goals will depend on its commitment to inclusive growth, transparency, and collaborative financing models.

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