



Navigating Opportunities for Smart Capital in an Age of Repriced Development Finance

Discussion Paper No. 2

February 2026



Funded by the European Union



A Product of Nigeria Integrated National Financing Framework

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About the paper

This discussion paper examines how Nigeria can navigate an increasingly repriced global development finance landscape by strategically mobilizing and deploying smart capital. As concessional finance becomes more limited and capital markets more risk-sensitive, the paper argues that Nigeria's development challenge is no longer primarily one of resource scarcity, but of financial architecture, credibility, and institutional coordination. Drawing on insights from Nigeria's Integrated National Financing Framework (INFF) engagements and recent policy reforms, the paper analyzes the structural forces reshaping development finance, including heightened risk perception, elevated cost of capital, and the growing importance of private and institutional investors. The paper explores how Nigeria can reposition public finance as a catalytic tool, leverage domestic and international smart capital, and unlock underutilized assets to crowd in long-term investment for sustainable development. It places particular emphasis on addressing perception-driven mispricing of risk, strengthening institutional and policy coherence, and repositioning subnational governments as bankable actors capable of mobilizing capital for infrastructure, energy transition, climate action, and human capital development. By situating Nigeria's reform momentum within a broader global repricing of finance, the paper offers insights into for aligning development finance with national transformation priorities and advancing progress toward the Sustainable Development Goals.

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01

Introduction:

1. The global financial landscape has diverged sharply from the post-2015 era of multilateral optimism, accelerating in the wake of successive global shocks since 2020. What has emerged instead is a period of structural volatility in which capital is no longer a neutral facilitator of development, but a strategic instrument shaped by geopolitics, climate risk, and macroeconomic tightening. A convergence of shocks-geopolitical fragmentation, persistent high-interest-rate environments in advanced economies, and intensifying climate disruptions, has produced what many analysts describe as a global *polycrisis*, reflecting the interaction of geopolitical fragmentation, climate stress, and macro-financial tightening. This is a fundamental reordering of international financial architecture.
2. Within this repriced order, risk is being reassessed, capital flows redirected, and access to finance fundamentally redefined. Development finance has become increasingly commercialized and conditional, with predictable concessional flows giving way to risk-sensitive capital, performance-based partnerships, and investment-led engagement. For low- and middle-income countries, particularly in Africa, this shift has translated into a persistent *perception premium* - a structural gap between sovereign borrowing costs and measured macro-fiscal indicators, shaped in part by qualitative risk assessments. The consequences are tangible: narrowing fiscal space, rising debt service obligations, and heightened exposure to volatile cycles of liquidity and capital flight. In this environment, development finance is no longer a secondary budget supplement but has become, in many countries, one of the primary constraints shaping development trajectories.
3. These dynamics are unfolding against a stark global financing reality. United Nations estimates suggest that the annual global financing gap for achieving the Sustainable Development Goals (SDGs) could reach nearly \$4 trillion by 2030¹. As a result, a country's ability to anchor its development trajectory increasingly depends on its institutional capacity to navigate this repriced financial order with credibility, coherence, and agility-mobilizing capital beyond traditional aid, and aligning finance with long-term structural transformation.

4. Nigeria stands at the nexus of this transformation. As one of Africa's largest economies, its development trajectory encapsulates both the promise and the precarity of the current global moment. While recent reform momentum signals renewed commitment to macroeconomic stabilization and structural change, Nigeria faces binding fiscal constraint-high public debt, widening deficits, and escalating debt service, that sharply limit the capacity to finance development through conventional public expenditure. These constraints coincide with rising demands for infrastructure, energy, climate action, and human capital investment, intensifying the tension between ambition and available fiscal space.

National development strategy increasingly pivots toward a partnership model in which the private sector is expected to deliver over 70 percent of total investment required to reach the trillion-dollar target.

5. The country's aspiration to build a one-trillion-dollar economy by 2030 is the clearest articulation of its response to this global realignment. This ambition is a strategic necessity, in part, driven by demographic pressures, productivity gaps, and a widening SDG financing shortfall estimated at \$315 billion between 2020 and 2030². Reflecting this reality, national development strategy increasingly pivots toward a partnership model in which the private sector is expected to deliver over 70 percent of total investment required to reach the trillion-dollar target.
6. Yet this ambition coincides with a narrowing fiscal window. With debt servicing crowding out development spending, the space for incremental budgeting has effectively closed. The alternatives, like official development assistance, is also increasingly unreliable and volatile with the geopolitical uncertainty and weak global economy. The financing gap that emerges cannot be bridged through additional sovereign borrowing alone without exacerbating debt-service pressures and macro-financial vulnerability, but demands a decisive shift toward development finance as a catalytic tool-one capable of de-risking investment, mobilizing private and institutional capital, and crowding in non-debt resources at scale.
7. The scale of Nigeria's investment needs underscores the urgency of this shift. In the energy sector alone, the Energy Transition Plan estimates a requirement of \$1.9 trillion by 2060, including an immediate \$10 billion annually to address electricity access deficits affecting households and productive enterprises³. Beyond energy, the country faces an infrastructure financing gap projected to approach \$878 billion by 2040⁴, spanning transport, power, housing, and urban services. While sub-national governments have begun to step into this space, earmarking significant capital expenditures in recent fiscal cycles, these efforts address only a fraction of national requirements, with estimates suggesting the country needs close to \$100 billion annually over the next decade to modernize its infrastructure base.⁵ These estimates are drawn from official national plans and international assessments and should be interpreted as indicative of order of magnitude rather than precise funding requirements.

8. Climate finance further sharpens the structural deficit. Nigeria's Third Nationally Determined Contribution (NDC 3.0) estimates that \$337 billion will be required between 2026 and 2035 to deliver its climate and sustainability commitments, with nearly 80 percent of this financing contingent on international support and innovative financing mechanisms.⁶ Without a fundamental reorientation toward development finance, these commitments risk becoming unfunded mandates, undermining climate security, economic resilience, and long-term growth prospects.
9. Equally binding are Nigeria's human capital constraints. Challenges in investing in education, health, and social protection has created a structural productivity gap, reflected in high learning poverty and weak human capital outcomes. The scale of required investment in social infrastructure far exceeds what can be financed through tax revenues alone, particularly against condition around fiscal consolidation and inflationary pressures. This reinforces a central reality: Nigeria cannot "spend its way" to the SDGs. Development finance must function as a force multiplier, leveraging limited public resources to de-risk markets, mobilize global capital, and translate investment into inclusive growth.
10. It is against this backdrop that this discussion paper is situated. The analysis consolidates insights generated through a series of strategic engagements under Nigeria's Integrated National Financing Framework (INFF), including deliberations of the 2025 INFF Core Working Group Retreat, and high-level policy dialogues convened during the visit to Nigeria, of Dr. Raymond Gilpin, UNDP Chief Economist for Africa. These engagements brought together federal and sub-national policymakers, development partners, private sector leaders, and policy institutions to interrogate how Nigeria can more effectively navigate the repriced global financial order and unlock sustainable development finance at scale.
11. Drawing from these engagements, the paper synthesizes the critical analytical threads and situates them within broader global and regional development finance shifts. It examines the structural forces reshaping development finance; interrogates the dynamics of risk perception and cost of capital that elevate Africa's financing burden; explores the untapped potential of domestic institutional capital, frontier finance, and sub-national financing; and reflects on the institutional coherence required to translate mobilized finance into durable development outcomes.
12. The paper argues that the inter-section of Nigeria's landmark domestic reform momentum and the global repricing of finance presents a narrow but consequential window. If navigated strategically, this moment offers Nigeria an opportunity not only to close its financing gaps but to reposition itself as a continental leader in shaping Africa's response to the emerging development finance paradigm. If missed, the compounding cost of inaction risks pushing the one-trillion-dollar ambition further out of reach, turning the remainder of the decade into a period of foregone transformation rather than accelerated progress.



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Navigating Sources of Development Finance

2.1. Public Finance Beyond the Budget: Leveraging Scale and Impact

13. Public finance can be a critical lever for achieving structural transformation, particularly when deployed to de-risk investment, crowd in private capital, and anchor long-term policy priorities rather than solely to finance recurrent expenditure. In the context of a rapidly evolving global financial architecture, domestic public resources, mobilized efficiently, deployed strategically, and aligned with long-term development priorities, represent both a stabilizing force and a catalyst for systemic change. Historically, public finance in Nigeria has been viewed predominantly through the lens of budget execution, deficit management, and macroeconomic stabilization, despite periodic attempts to introduce program-based and medium-term planning frameworks. While these functions are essential, they often obscure the broader potential of public finance as a tool for development impact. Modern development economics emphasizes that government revenues, expenditures, and investments are not only instruments of stabilization but also levers to influence structural transformation, catalyze private investment, and incentivize innovation.
14. In Nigeria's context, public finance faces a dual challenge and opportunity. On one hand, the country grapples with structural fiscal constraints, including but not limited to a narrow tax base, high debt-service obligations⁷, and gaps in public investment management. On the other hand, the country possesses considerable domestic revenue potential, robust sub-national fiscal structures, and a strategic opportunity to leverage fiscal policy to drive inclusive and sustainable development. Effectively deploying public finance requires a paradigm shift: from treating revenue collection and public expenditure as separate administrative functions to considering them as integrated instruments capable of shaping development outcomes.

Domestic revenue mobilization is the bedrock of fiscal sovereignty and resilience, though its expansion must be calibrated to avoid undermining growth and equity.

15. Domestic revenue mobilization is the bedrock of fiscal sovereignty and resilience, though its expansion must be calibrated to avoid undermining growth and equity. Current tax-to-GDP ratio of about 15.5 percent remain below regional benchmarks for emerging economies, limiting the government’s capacity to fund priority sectors and respond to shocks. Nigeria’s bold tax reforms are critical not only for increasing fiscal space but also for sending a clear signal to both domestic and international stakeholders that country is committed to predictable and sustainable public finance management, provided they are implemented consistently and supported by credible enforcement.

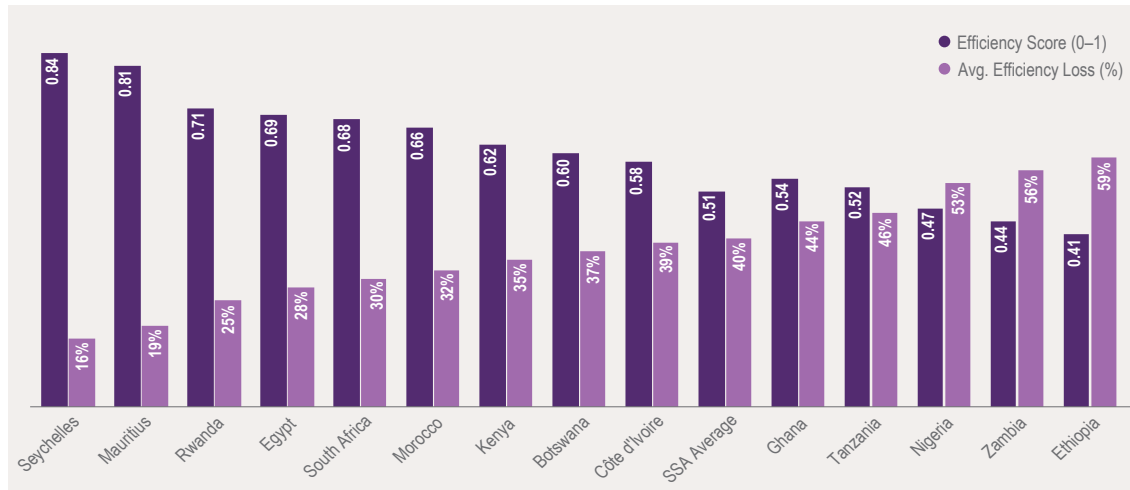
16. Modernizing tax administration through digitalization, data analytics, and automation will substantially improve collection efficiency, but only when accompanied by strengthened enforcement, taxpayer trust, and institutional capacity. Integrating state-level and federal tax systems while preserving sub-national fiscal autonomy will advance equitable tax compliance. Beyond taxation, optimizing revenues from state-owned enterprises, public land assets, and natural resource royalties can generate predictable funding for strategic investments. Transparent frameworks for the management of these resources, combined with performance-based monitoring, enhance predictability and credibility. Nigeria can also mobilize domestic savings for public investment through instruments such as infrastructure bonds, green bonds, and social impact bonds, where macroeconomic stability, credible project pipelines, and transparent use of proceeds are established. Channeling private savings into high-priority development projects while fostering domestic capital market development.

17. Bridging Nigeria’s development financing gap is as much an efficiency challenge as it is a revenue challenge. It is evident that countries lose up to 30 percent of the potential value of public investment to inefficiencies, with losses often higher in emerging economies, with losses often higher in emerging economies with weaker project appraisal and execution systems.⁸ Nigeria’s historical efficiency score, estimated at approximately 0.47 on a scale of 0 to 1⁹, reflects persistent weaknesses in project appraisal, selection, procurement, and execution, limiting the translation of public spending into durable economic and social capital. Improving public investment management to the level of top-performing global comparators could close up to two-thirds of this efficiency gap, effectively doubling the growth and development impact of every naira invested without increasing fiscal outlays.

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fiscal space”: streamlining procurement, reducing institutional overlaps, and lowering administrative costs can unlock substantial resources for priority sectors, particularly human capital and infrastructure. In a context of tight fiscal space and elevated debt service, strengthening efficiency is therefore not incremental reform but a core pillar of Nigeria’s development finance strategy.

Figure 1: Comparing Country-level efficiency loses in Public Investment Management



Sources: Derived from IMF PIMA Assessments (2025/26), African Development Bank (AfDB) Performance & Outlook (2025/26), and OECD Africa’s Development Dynamics (2025).

18. Public investment should focus on catalytic sectors that generate multiplier effects across the economy, including energy infrastructure, digital connectivity, transport logistics, and human capital development, particularly where public intervention can resolve coordination failures or crowd in private investment. Embedding performance metrics into budget design and execution improves transparency and accountability by linking allocations to measurable outputs and outcomes. For example, expenditure on education can be tied not only to enrollment but also to learning outcomes, employability, and innovation capacity. A robust monitoring and evaluation system enables real-time feedback on public investment efficiency. Harmonizing federal and state-level frameworks facilitates a nationwide view of fiscal performance, identifies underperforming projects, and redirects resources to high-impact initiatives, while digital dashboards and open-data platforms enhance transparency and citizen participation. Achieving this requires establishment of performance-based budgeting that link spending with clear performance indicators and development outcomes, while recognizing that institutional capacity and data constraints will require phased implementation.

19. Beyond technical efficiency, the trust of the public in how resources are utilized is essential. For tax reforms and public spending to be effective, citizens must perceive that revenues are managed responsibly, transparently, and in ways that deliver tangible benefits.¹¹ Public confidence reinforces compliance, reduces leakage, and strengthens the social contract, enabling the government

to mobilize additional resources without coercion. This is particularly important in Nigeria, where historical perceptions of mismanagement in public finance have occasionally undermined taxpayer morale and willingness to contribute.¹² Embedding transparency measures, citizen engagement, and accountability mechanisms into fiscal systems reinforces trust and enhances the developmental impact of every naira mobilized.

Fiscal reforms are essential to ensure that public finance serves as a lever for structural transformation rather than a mechanism for short-term stabilization, particularly in an environment of tight fiscal space and elevated debt-service burdens.

20. Fiscal reforms are essential to ensure that public finance serves as a lever for structural transformation rather than a mechanism for short-term stabilization, particularly in an environment of tight fiscal space and elevated debt-service burdens. Nigeria's tax system can be recalibrated to incentivize investment in priority sectors while ensuring equity. Progressive taxation, incentives for green investment, and targeted deductions for SMEs and technology-driven businesses stimulate productivity and economic diversification. Strategic debt management, including optimizing domestic versus external borrowing, debt restructuring where feasible, and using blended finance mechanisms, can reduce vulnerability and free resources for development priorities. States and local governments hold substantial untapped fiscal potential.

On-going efforts to strengthen sub-national revenue mobilization, improve intergovernmental fiscal transfers, and enhance local government financial autonomy are critical in unlocking additional resources for critical investments in health, education, and critical infrastructure. Rationalizing recurrent expenditures and curbing waste ensures that funds are redirected toward sectors with strong developmental multipliers.

21. Aligning public spending with SDGs will enable Nigeria to maximize systemic development impact when SDG tagging is linked to actual budget execution, monitoring, and evaluation rather than declaratory alignment. Public finance can drive multidimensional progress when expenditures are designed to address cross-cutting challenges such as poverty, inequality, climate resilience, and human capital development. Budgets should reflect the SDG framework by allocating resources to sectors where measurable progress on social, economic, and environmental indicators can be achieved. Linking public investments in renewable energy to SDG 7, economic productivity to SDG 8, and social protection programs to SDG 1 ensures a coherent development strategy. Achieving this alignment requires breaking traditional silos in public spending and adopting integrated planning across ministries and agencies, generating synergistic outcomes. For instance, rural electrification programs linked with agricultural mechanization and health service delivery can amplify developmental impact. Results-oriented monitoring systems, including SDG-linked budget tracking and public reporting mechanisms, ensure that expenditures deliver measurable contributions to national and global development targets, enhancing transparency, accountability, and strategic decision-making. Public finance can also be designed to crowd in private capital, amplifying the impact of government resources through strategic guarantees, co-financing arrangements, and blended finance instruments that attract domestic and international private investment into critical sectors.

22. The challenge lies not merely in the quantity of resources mobilized but in the strategic orientation of these resources toward initiatives that generate systemic impact. In a period of global financial volatility and heightened uncertainty, strategically harnessed public finance provides Nigeria with a tool to navigate risks, leverage opportunities, and consolidate the country's position as a leader in Africa's development trajectory.

2.2. The Cost of Capital and the Price of Perception: Should Nigeria Pay More for Comparable Fundamentals?

23. The elevated level and disparity in borrowing costs is rooted in what analysts term the "African premium," a phenomenon whereby African nations pay significantly higher interest rates than non-African peers with nearly identical economic indicators. By 2024 and into 2025, empirical data from the UNDP and other global financial monitors indicated that African countries paid, on average, 1.5 to 2 percentage points more in interest than nations broadly comparable macro-fiscal indicators, even after accounting for conventional risk metrics. UNDP analysis demonstrates that this premium carries a measurable macroeconomic cost: the organization estimates the continent-wide "cost of

subjectivity" in sovereign risk assessment at \$74.5 billion, comprising approximately \$28.2 billion in excess interest payments and \$46.3 billion in foregone financing due to reduced foreign direct investment and capital market exclusion.¹³ The scale of this loss exceeds total official development assistance to Africa in recent fiscal years and is more than twice the annual resources required to reduce malaria by 90 percent, underscoring the macro-critical nature of perception-driven mispricing. For Nigeria, this "perception tax" has historically translated into billions of dollars in excess interest payments-capital diverted from infrastructure and social sectors to satisfy the risk aversion of global portfolio managers. This premium is often justified by rating agencies through "qualitative factors" such as political risk and institutional strength, yet these metrics frequently lag in recognizing active structural reforms, including Nigeria's recent removal of fuel subsidies and the liberalization of the exchange rate.

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24. A comparative analysis with global peers such as Vietnam or Brazil underscores the starkness of this narrative-driven pricing. As of late 2025, Nigeria's debt-to-GDP ratio stands at a relatively manageable level of approximately 40%, a figure that compares favorably with many emerging market peers. Brazil, for instance, has historically maintained a debt-to-GDP ratio exceeding 70%, yet often enjoys more favorable market access and lower spreads due to the perceived depth of its domestic capital markets and long-standing integration into global supply chains. Similarly, Vietnam, with a debt profile and GDP growth rate projected around 6% for 2026 that shares some fundamental commonalities with

Nigeria’s potential, is frequently viewed through a “frontier-to-emerging” lens that rewards policy consistency. In contrast, Nigeria’s “B-” credit rating, despite being shifted to a positive outlook by S&P Global in November 2025, continues to reflect a cautious assessment in which data gaps, institutional risks, and reform durability weigh heavily alongside recent policy improvements. The comparison is not intended to imply equivalence of economic structure, but to illustrate how differences in narrative credibility, market depth, and institutional signaling can translate into materially divergent borrowing costs.

Table 1: Comparative Analysis: The Cost of Perception (2025/2026 Data)

	S&P Credit Rating (Nov 2025)	Debt-to-GDP Ratio (%)	Debt Service-to-Revenue Ratio (%)	10-Year Bond Yield (Approx. %)
Nigeria	B- (Positive)	40%	~65-80%	18% - 21%
Brazil	BB (Stable)	76.50%	~25-30%	11% - 13%
Vietnam	BB+ (Stable)	32%	~15-20%	3% - 5%
Egypt	B (Stable)	83%	~50-60%	25% - 28%
Turkey	BB- (Stable)	24%	~15-20%	24% - 26%

Sources: UNDP 2025 Sovereign Credit Ratings report and live market/multilateral data points as of late 2025; MF World Economic Outlook Database.

25. The impact of this perception is most visible in the debt-service-to-revenue ratio, which remains Nigeria’s most critical fiscal bottleneck. In early 2025, debt servicing costs briefly surged to over 100% of retained revenue during specific fiscal windows, a volatility that global markets have tended to interpret as a sign of terminal fragility rather than a temporary liquidity strain. While peers such as Egypt or Turkey have faced similar currency devaluations and inflationary pressures, they often benefit from more robust geopolitical “safety nets” or more established institutional narratives that prevent their yields from spiking as aggressively as Nigeria’s. This disparity reinforces that Nigeria’s challenge is less one of long-term solvency than of liquidity pressure and credibility during periods of adjustment, where markets consistently price in worst-case assumptions about policy reversals even amid ongoing reforms.
26. Ultimately, the high cost of capital functions as a drag on Nigeria’s private sector, as elevated sovereign yields set a high “risk-free” rate that crowds out affordable credit for domestic firms. Breaking this cycle requires not only sustaining reform momentum but institutionalizing credibility through mechanisms that reduce discretion, enhance transparency, and convert policy signals into legally and financially binding commitments. This also reinforces the need to sustain domestic macroeconomic reforms to improve key economic fundamentals like inflation, exchange rate and financial stability that core variables in investor risk pricing. UNDP’s seminal work on credit ratings in Africa, particularly the 2023 report *Lowering the Cost of Borrowing* and the September 2025 paper *Sovereign Credit Ratings: Perspectives for Africa’s Development*, sets out a coherent reform pathway to address perception-driven mispricing. First, it emphasizes

the institutionalization of inter-agency coherence through permanent Inter-Agency Credit Rating Committees, bringing together the Ministry of Finance, the Central Bank, and the National Bureau of Statistics to ensure that data, policy frameworks, and reform narratives presented to rating agencies are consistent, timely, and credible. Second, it highlights the need to close the “data gap” beyond macroeconomic indicators by systematically collecting and disclosing high-frequency regulatory and governance data, such as information on profit repatriation and contract enforcement, to reduce reliance on subjective expert judgment.

27. Third, UNDP recommends shifting from episodic, mission-driven engagement with rating agencies toward a year-round strategic model, including the use of internal “pre-rating” or shadow assessments, such as those supported through the UNDP-AfriCatalyst Concilium of Advisors, to identify potential red flags early and enable data-backed policy signaling ahead of formal reviews. Finally, the analysis underscores the importance of transitioning from symbolic to structural signaling by codifying fiscal reforms into law, demonstrating revenue resilience through institutionalized digital transparency within the Nigeria Revenue Service.

2.3. Navigating Smart Capital

28. As Nigeria seeks to mobilize Smart Capital at a scale consistent with its ambition of becoming a one-trillion-dollar economy, it is increasingly evident that the 2026 Growth Acceleration and Investment Mobilization Strategy represents a necessary but transitional phase. The reforms underway, macroeconomic coordination, digital revenue infrastructure, financial sector recapitalization, and blended finance instruments, have focused primarily on repairing the plumbing of the financial system. They improve the flow of capital, reduce friction, and enhance confidence, but structural determinants of private wealth behavior, such as long-term policy irreversibility, asset ownership frameworks, and political risk insulation—remain only partially addressed.
29. The next frontier for Smart Capital therefore lies not only in better intermediation, but in reshaping the underlying asset base and incentive structures of the economy. Nigeria sits on a vast stock of dormant public wealth embedded in underutilized land, aging infrastructure, idle industrial estates, and legacy state-owned assets that generate little or no economic return. These assets represent “dead equity”—value that exists on paper but does not circulate, attract investment, or expand fiscal space. The Ministry of Finance Incorporated, alone possesses investment assets, valued at N38.3 trillion, which have not been strategically managed as additional revenue source. Treating them purely as administrative holdings rather than financial instruments has imposed a silent constraint on capital mobilization. A decisive shift would involve progressively transforming selected public assets into investable products through a structured asset financialization programme.

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30. By ring-fencing clearly defined assets with predictable cash-flow profiles and converting them into regulated financial instruments, the state could unlock new sources of liquidity and recycle capital for development, while limiting direct reliance on additional sovereign borrowing. Emerging digital and tokenization technologies may further support fractional ownership and broaden participation where legal and regulatory conditions permit. Fractional ownership would allow domestic family offices, institutional investors, and even middle-class Nigerians to acquire stakes in infrastructure

and productive assets that were previously inaccessible, increasing the possibility too create a secondary market where none existed and anchoring national development in broad-based ownership. The recent reform of MOFI, recapitalization for capital market operators and creation of market enabling institution like Nigeria Consumer Credit Incorporation reflect short-term reform areas. In the long term, orientating these institutions as commercial entity and setting clear performance indicators to ensure alignment with fiscal and commercial interest will be crucial.

31. This reactivation of public assets must be matched by a deliberate strategy to stem the quiet erosion of private wealth and anchor it domestically. Nigeria's millionaire population has declined by nearly half over the past decade, reflecting not just outward migration but real wealth destruction driven by currency devaluation and persistent inflation. In 2025 alone, Nigeria was projected to lose nearly 200 millionaires, potentially relocating close to \$1.5 billion in investable assets abroad¹⁴. For Smart Capital to function at scale, this leakage must be arrested. Wealthy individuals are invariably the first to reallocate liquid assets into foreign currency when domestic value erodes, making macroeconomic stability, particularly a credible path toward Naira stabilization-a foundational requirement rather than a secondary objective.

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32. Within this broader contraction lies a more subtle but equally consequential dynamic: the silent migration of founders and technology elites. A meaningful share of recent high-net-worth outflows is driven by startup founders relocating headquarters to the United States or the United Kingdom to access global venture capital and scale platforms. The implication is not simply capital flight, but the export of future wealth creation. Reversing this trend requires instruments that allow Nigerian entrepreneurs to remain globally competitive while staying fiscally and economically rooted at home.

Targeted founder visas, alongside designated innovation hubs with temporary tax neutrality, would allow startups to scale internationally without severing capital, talent, and tax residency ties to Nigeria.

Table 2: 2026 Wealth Dynamics: Density vs. Migration

	Number of Millionaires	10-Year Growth Rate	Net Migration (2025/26 Est.)	Primary Destination
South Africa	41,100	-6%	-250 (Outflow)	UK, Australia, Portugal
Egypt	14,800	-20%	-100 (Outflow)	UAE, Saudi Arabia
Nigeria	7,200	-47%	-200 (Outflow)	UAE, USA, UK
Vietnam	19,400	+95%	-300 (Outflow)	USA, Singapore, Australia

Sources: Henley & Partners; Global Wealth Database; World Bank¹

33. At the same time, Nigeria’s objective should not be framed as preventing people from leaving. The more instructive benchmark is economies that simultaneously experience outward mobility while rapidly expanding their base of new wealth. Vietnam, for example, has seen millionaire outflows even larger than Nigeria’s, yet its total millionaire population continues to surge because industrialization and digital transformation are creating new wealth faster than old wealth exits.¹⁵ Nigeria’s Smart Capital agenda must therefore be judged not only by its ability to retain existing capital, but by its capacity to accelerate new wealth creation through the industrial, digital, and infrastructure reforms already underway.
34. Nigeria’s Smart Capital agenda could be complemented by the development of a voluntary family office investment framework, providing a clearer legal and regulatory home for domestic private wealth and facilitating structured co-investment alongside institutional and development finance. By offering structured incentives linked to minimum allocations into local infrastructure or first-loss tranches of national projects, the government could mobilize a class of patient, flexible capital uniquely suited to absorbing early-stage risk in sectors critical to structural transformation, including renewable energy and agro-industrial logistics.
35. Yet even with better asset activation and a clearer institutional home for private wealth, the binding constraint for Smart Capital at scale remains political and regulatory risk. For long-term investors, the most difficult risk to price in Nigeria is not market volatility, but the fear of abrupt policy reversals—the so-called pen-stroke risk that can invalidate contracts, alter tariffs, or restructure markets mid-cycle. Addressing this requires moving beyond informal assurances toward a formal system of policy insurance. The establishment of an independent regulatory indemnity fund, governed jointly with development finance institutions and private trustees, would represent a structural innovation in Nigeria’s investment architecture. By providing

¹ Millionaire Population-Africa Wealth Report 2025 (Henley & Partners); Net Migration Flows (2025/26)- Henley Private Wealth Migration Report 2025, 10-Year Growth/Contraction-New World Wealth: Global Wealth Database (2015–2025); Global Peer Comparisons-World Bank “World Development Indicators” (for GDP/Infrastructure Stock)

explicit compensation in cases of arbitrary policy reversal, such a mechanism would convert political risk from an unquantifiable deterrent into a manageable and insurable variable, materially lowering Nigeria's risk premium and expanding the universe of investors able to participate in long-dated projects.

36. These deeper structural shifts build naturally on the digital and institutional foundations already being laid. Nigeria's rollout of the Federal Revenue Optimization Platform (RevOps) in 2026 is a move even advanced peers are watching. By making revenue traceable in real time through digital rails, the country is bypassing the governance and leakage concerns that usually add a trust premium to the cost of capital in emerging markets. When combined with asset financialization, family-office anchoring, and policy insurance, this digital trust infrastructure allows Smart Capital to operate within a system where revenues are visible, risks are shared, and rules are credibly enforced over time.
37. Taken together, this expanded agenda signals a maturation in Nigeria's approach to development finance. The emphasis shifts from mobilizing capital episodically to redesigning the ecosystem in which capital lives, moves, and compounds. By converting dormant public assets into liquid instruments, drawing private wealth onshore with clear incentives, and insulating long-term investments from arbitrary policy shocks, Nigeria can unlock the full depth of its domestic capital base. In doing so, Smart Capital becomes not merely a financing tool, but a structural lever, transforming savings into ownership, risk into opportunity, and scale into sustained economic transformation.

2.4. Making Subnational Governments Bankable

38. As Nigeria confronts tightening fiscal space at the federal level, the question of where development finance can be mobilized at scale becomes as important as how. In this context, subnational governments emerge not simply as implementers of national priorities, but as pivotal balance-sheet actors in their own right. Nigeria's federal structure already locates much of the responsibility for infrastructure, human capital, urban development, and local economic growth at the state and local government levels. Yet the financing model underpinning these responsibilities has not kept pace with their economic weight. Repositioning states as credible financing actors therefore requires a deliberate shift in how subnational governments are conceptualized, from administrative cost centers, dependent on federal transfers to value-creating entities capable of mobilizing capital, managing assets, and underwriting long-term development.
39. Making subnational governments bankable does not imply that all states can or should access capital markets on uniform terms. Persistent differences in fiscal capacity, institutional maturity, and political continuity mean that subnational financing must be approached as a calibrated process rather than a blanket reform. Acknowledging these constraints is essential to designing financing mechanisms that expand investment without undermining fiscal sustainability or amplifying subnational risk.

Repositioning states as credible financing actors therefore requires a deliberate shift in how subnational governments are conceptualized, from administrative cost centers, dependent on federal transfers to value-creating entities capable of mobilizing capital, managing assets, and underwriting long-term development.

Data-driven investment promotion reduces information asymmetries, shortens due-diligence timelines, and shifts investor engagement from speculative interest to actionable deal flow.

40. This shift begins with a recalibration of how state balance sheets are understood and deployed. In a modern development finance framework, a state's credibility is determined less by the scale of its statutory allocations and more by its capacity to convert existing assets into investable value. Land, infrastructure, regulatory authority, labor, and data are economic instruments. When governed transparently and aligned with clear development strategies, they allow states to de-risk investment, crowd in private capital, and move from a posture of fiscal dependence to one of strategic negotiation. Internally Generated Revenue (IGR) functions as operating cash flow, while infrastructure, land, and digital systems constitute growth capital. States that demonstrate fiscal discipline, regulatory predictability, and data credibility are therefore able to reposition themselves from aid-seeking entities to equity-worthy partners in development. In practice, subnational bankability is not a binary condition but a function of four interdependent capabilities: revenue credibility, asset and land governance, project preparation capacity, and access to structured risk-sharing mechanisms. States that demonstrate progress across these dimensions are able to mobilize capital on progressively better terms, while those that do not remain dependent on transfers and ad hoc funding. Bankability, therefore, is earned through institutional performance rather than conferred administratively.

41. Operationalizing this balance-sheet logic increasingly depends on the ability of states to generate, interpret, and deploy high-quality data. With Nigeria's internet data usage projected to surpass 13.2 million terabytes in 2026¹⁶, subnational governments have a significant opportunity to leverage investment intelligence, using big data analytics to track crop yields, mineral occurrences, logistics flows, land use patterns, and consumer behavior, to present real-time, evidence-based investment opportunities to domestic and international investors. Data-driven investment promotion reduces information asymmetries, shortens due-diligence timelines, and shifts investor engagement from speculative interest to actionable deal flow.

42. In this context, investing in digital public infrastructure, land registries, geospatial systems, agricultural and mineral databases, and integrated business registries, is no longer a governance add-on but a core component of development finance strategy. While data visibility does not substitute for sound projects or stable policy, it materially reduces information asymmetries, shortens due-diligence cycles, and allows investors to price risk with greater confidence.

43. It also requires institutional capacity to translate development priorities into market-ready investment opportunities. State Investment Promotion Agencies (SIPAs) must therefore evolve beyond administrative facilitation into commercially oriented deal-origination platforms capable of curating credible project pipelines, coordinating land access and permitting, and engaging investors with clarity and speed. This transition is already visible in Lagos State, which has moved from generic investment promotion to an investment-banking model of development. Through the Lagos **SDGs Deal Book**, the state has packaged 13 investible projects valued at over \$14 billion, spanning affordable housing, urban renewal, water infrastructure, logistics, rail transport, and waste-to-energy, into structured, market-ready opportunities aligned with investor requirements. By translating development needs into a coherent pipeline with identifiable risk and return profiles, Lagos demonstrates how subnational governments can signal credibility, lower transaction costs, and crowd in long-term private capital. Lagos represents an advanced case rather than a universal template. The relevance of its experience lies less in replication of scale and more in the sequencing of reforms, combining fiscal discipline, credible data, project preparation, and ring-fenced financing structures. Other states can adapt these elements incrementally in line with their capacity.
44. Institutional capacity must evolve in parallel with these data systems. As states assume a more proactive role in capital mobilization, State Investment Promotion Agencies (SIPAs) must transition from traditional administrative functions into commercially oriented deal-origination and investor-servicing platforms. Their mandate increasingly includes curating data-backed project pipelines, coordinating land access and permitting, and translating state assets and development priorities into bankable investment propositions supported by credible analytics. For this transformation to scale, it must be embedded within a coherent national institutional architecture. At the federal level, the Nigerian Investment Promotion Commission (NIPC) is well positioned to function as a lead aggregator, setting common data and project-preparation standards, integrating state-level investment intelligence into a national pipeline, and offering global investors a single, credible interface for multi-jurisdictional opportunities. This aggregation role should focus on standards, transparency, and coordination rather than risk absorption. Preserving subnational accountability is essential to maintaining market discipline and avoiding implicit federal backstopping of state liabilities.
45. Global experience illustrates the power of combining asset governance with data-driven investment promotion. Subnational governments that have successfully mobilized large-scale investment have aligned land, regulation, institutional capacity, and data into a coherent value proposition. In India, Gujarat operationalized this approach through the Gujarat International Finance Tec-City (GIFT City), where land provision was paired with a bespoke regulatory regime and targeted incentives, crowding in nearly \$20 billion in investment by 2025¹⁷. In China, Guangdong Province leveraged subnational autonomy and industrial data systems to support the establishment of over 360,000 foreign-funded enterprises, mobilizing more than \$600 billion in cumulative foreign capital¹⁸. In both cases, land and policy were reinforced by data visibility, allowing investors to price risk and opportunity with confidence.

While these figures highlight the scale of unrealized value, unlocking such assets is a medium-term process that depends on legal reform, administrative capacity, and dispute resolution mechanisms rather than rapid financial engineering.

46. Nigeria’s subnational landscape contains a comparable, yet largely unrealized, asset and data frontier. According to 2025 estimates from the Federal Ministry of Housing and Urban Development, Nigeria holds between \$300 billion and \$900 billion in dead capital¹⁹, primarily in the form of unregistered land and undocumented properties. Less than 10 percent of land nationwide is formally registered and titled²⁰, meaning over 90 percent of Nigeria’s land surface cannot be used as collateral for credit or reliably leveraged for formal state revenues. In Lagos State alone, an estimated 70 percent of properties remain unregistered, representing billions of naira in foregone IGR and dormant equity. Without digitized registries and interoperable data systems, these assets remain invisible to markets, reinforcing perceptions of subnational risk.

Table 3: The Landscape of Unrealized Subnational Assets (2025/2026)

Asset Category	Metric	Estimated Value / Impact	Data Source
Dead Capital (Land)	Untapped Equity	\$300B – \$900B	PwC ²¹ / Fed. Ministry of Housing (2025) ²²
Formal Land Titling	National Percentage	< 5% (revised down from 10%)	Minister of Housing (Nov 2025) ²³
Abandoned Projects	National Count	11,856 projects	Nat. Assembly ²⁴ / BudgIT (2025) ²⁵
Asset Devaluation	Stalled Project Value	NGN 20 Trillion	NIQS ²⁶ / BudgIT (2025/26)
Industrial Decay	Moribund Firms	732 – 800+ companies	MAN Industrial Revival Report (2025) ²⁷
Housing Inadequacy	Non-habitable Units	15.2 Million units	National Housing Data Initiative (2025)

47. The inefficiency of subnational balance sheets extends beyond land into industrial and physical assets. The Manufacturers Association of Nigeria reports that at least 732 industrial firms have become moribund over the past decade²⁸, while audits by the National Assembly and civic organizations such as BudgIT have identified 11,856 abandoned or stalled projects nationwide²⁹, valued at approximately NGN 20 trillion. In the absence of consolidated asset registries and performance data, these assets function as negative capital, absorbing resources while generating no return and further undermining investor confidence.

48. Against this backdrop, Lagos State demonstrates how asset governance, institutional capacity, and data credibility can translate into market access. In 2025, Lagos issued a NGN 230 billion Series 4 Conventional Bond³⁰ alongside a NGN 14.8 billion Series 3 Green Bond—the first green bond by an African subnational entity, under a NGN 1 trillion debt programme that was heavily oversubscribed. By combining fiscal discipline with credible project data and ring-fencing proceeds for priority infrastructure, the state has shown that subnational entities can access sovereign-grade development finance when balance-sheet strategy and investment intelligence converge.
49. To mobilize capital at scale, states must deploy targeted de-risking mechanisms to mitigate multifaceted risk profiles, including policy inconsistency and social contingencies. Because subnational governments lack “lender of last resort” status, instruments such as Partial Risk Guarantees (PRGs) and blended finance become essential; recent Nigerian infrastructure reviews show that these account for 23.08 percent of successful de-risking strategies.³¹ Direct instruments, including equity participation and Feed-in Tariffs for renewable energy, allow states to reallocate risk, while partnerships with multilateral development banks and the federal government can shield investors from non-commercial risks—an approach reinforced by the State Action on Business Enabling Reforms programme, which provides a \$750 million incentive pool for states that achieve measurable gains in transparency and regulatory ease.³²
50. The strategic implication is clear. In a repriced global financial order, Nigeria’s development finance capacity will increasingly be determined by the ability of its states to operate as integrated investment platforms, where assets are visible, data systems are robust, institutions are credible, and capital can move with confidence. Strengthened SIPAs, supported by modern data infrastructure and anchored by a federal-level aggregator role for NIPC, provide the connective tissue required to transform fragmented state-level efforts into a coherent national investment ecosystem. In this configuration, development finance shifts from episodic fundraising to continuous market engagement, and Nigeria’s states become engines not only of implementation, but of investable opportunity and sustained value creation.

03

Institutional and Policy Coherence and Effectiveness

51. Nigeria's ability to mobilize development finance at scale increasingly depends on how effectively public institutions align policies, resources, and implementation across national and subnational levels. Capital is inherently selective, flowing to environments where risk-adjusted returns are credible and policy signals are coherent, particularly for long-term and non-speculative investment. Beyond the task of "finding capital," the central policy challenge is therefore to consolidate the institutional landing deck that enables patient, long-term investment to flow in support of national development priorities. As Nigeria's financing landscape expands beyond traditional budgetary resources to include concessional finance, blended instruments, and private capital, coherence across institutions has become a decisive determinant of efficiency, credibility, and developmental impact. This coherence should be understood not as administrative centralization, but as functional alignment, where mandates remain distinct, yet policy signals, data, and financing frameworks reinforce rather than contradict one another.

Macroeconomic stabilization alone is insufficient to sustain long-term capital inflows unless it is accompanied by credible policy sequencing and institutional follow-through that survive political and electoral cycles.

52. Recent macroeconomic normalization efforts, improved fiscal transparency, and renewed engagement with international markets signal a clear recognition of the conditions required to restore investor confidence. Historically, Nigeria's strongest investment performance coincided with periods of macroeconomic stability, often reinforced by favorable external conditions such as high commodity prices; while episodes of volatility have been associated with declining capital inflows and investor retrenchment. As illustrated in the table below, periods characterized by anchored inflation, exchange

rate predictability, and macroeconomic clarity have consistently aligned with higher and more diversified capital importation. Early indications from recent reforms suggest movement toward more sustainable outcomes. Sustaining this trajectory—particularly by anchoring inflation expectations, managing debt sustainably, and maintaining a market-reflective exchange rate—reinforces coordination across public finance, investment promotion, and sector planning, creating a more predictable environment for both domestic and international investors. However, macroeconomic stabilization alone is insufficient to sustain long-term capital inflows unless it is accompanied by credible policy sequencing and institutional follow-through that survive political and electoral cycles.

Table 4: Nigeria: Macro-Stability vs. Investment Performance (2010–2026)

Period	Macroeconomic Context	Average Inflation	Exchange Rate Status	Total Capital Importation (Avg/Yr)	FDI Trend
2010–2014	Stability Era: • Single-digit inflation; • High oil prices.	9.50%	Highly Stable (₦150 – 165/\$)	\$18.5 Billion	Peak Growth
2016–2017	Recession: • 1st major FX crisis; • Oil price crash.	16.50%	Devaluation (₦197 – ₦305)	\$8.2 Billion	Sharp Decline
2020–2022	Volatility: • COVID-19 shocks; • Multiple FX windows.	15.60%	Multiple Rates / Illiquidity	\$7.1 Billion	Stagnant
2023–2024	Reform Shock: • Subsidy removal; • FX unification.	31.20%	High Volatility (Floating)	\$5.9 Billion	Divestment Risk
2025 (Est)	Normalization: • Disinflation begins; • FX backlog cleared.	21.30%	Stabilizing (Market-led)	\$12.2 Billion	Rebound
2026 (Proj)	Sustainability: • Reform consolidation phase.	15.00%	Predictable / Unified	\$16.5 Billion	Diversified FDI

Sources: Central Bank of Nigeria (CBN) - Macroeconomic Outlook Reports; NBS - Capital Importation Reports; World Bank - Nigeria Development Updates; IMF - 2025 Article IV Consultation; NESG - 2026 Macro Outlook.

While policy evolution is inevitable in a dynamic economy, investors value clarity, transparency, and orderly transitions. The growing use of structured policy frameworks, advance communication of reforms, and alignment of investment incentives with national priorities reflects a shift toward more institutionalized policy management.

53. Beyond macroeconomic fundamentals, policy coherence plays an equally critical role in shaping investment behavior and coordinating development finance. While policy evolution is inevitable in a dynamic economy, investors value clarity, transparency, and orderly transitions. The growing use of structured policy frameworks, advance communication of reforms, and alignment of investment incentives with national priorities reflects a shift toward more institutionalized policy management. By clearly articulating priority SDG sectors and pairing them with de-risking instruments and partnership frameworks, government can continue to guide private capital toward areas of highest developmental impact while preserving market dynamism and investor confidence. The credibility of such signaling depends less on the ambition of policy announcements than on their consistency across ministries, agencies, and levels of government, and on the predictability of implementation over time.

Nigeria's Institutional Landing Deck: *Policy Evolution and Investment Behavior*

Era / Reform Milestone	Macroeconomic Context	Policy Coherence and Signaling	Investment Outcome and Behavior
2001–2010: Telecoms & Banking	Stable: <ul style="list-style-type: none"> • Low inflation; • High reserves (\$40B+). 	High Coherence: <ul style="list-style-type: none"> • NCC Act; • Banking Consolidation (₦2B – ₦25B). 	Institutional Boom: <ul style="list-style-type: none"> • Telecoms FDI grew to \$25B+; • Banking sector attracted \$1.17B in 18 months.
2004–Present: Pension Reform (PRA)	Consistent: Created a domestic liquidity buffer.	High Clarity: <ul style="list-style-type: none"> • Contributory scheme; independent PenCom oversight. 	Patient Capital: <ul style="list-style-type: none"> • Pension assets hit ₦19.6T (\$13B+); • primary buyer of long-term FGN Bonds.
2021–2024: Petroleum Industry Act (PIA)	Transition: Shift from subsidy regime to market pricing.	Legislative Consolidation: <ul style="list-style-type: none"> • Unified 50 years of oil laws; established NUPRC & NMDPRA. 	Energy Resurgence: <ul style="list-style-type: none"> • \$16B in new commitments; \$39.9B in approved field development plans.
2023–2025: Electricity Act & Decentralization	Structural Shift: <ul style="list-style-type: none"> • Removal of power subsidies; • cost-reflective tariffs. 	Constitutional Clarity: <ul style="list-style-type: none"> • State governments empowered to regulate local markets; end of federal monopoly. 	Distributed Power: <ul style="list-style-type: none"> • Over \$2.5B in mini-grid and solar pipelines; • state-level power markets emerging (e.g., Ekiti, Enugu).

Era / Reform Milestone	Macroeconomic Context	Policy Coherence and Signaling	Investment Outcome and Behavior
2024–2025: Tax Reform & Revenue Acts	Fiscal Normalization: Target 18% Tax-to-GDP ratio.	Simplification: Nigeria Tax Bill 2024 consolidated 60+ taxes into a streamlined framework.	Reduced Friction: <ul style="list-style-type: none"> • Harmonization of federal and state taxes; • improved “Compliance Ease” for FDI.
2024–2026: INFF & Digital PFM	Sustainability (Proj): <ul style="list-style-type: none"> • Inflation trending to 15-18%; Reserves at \$45B. 	Strategic Signaling: Using the INFF to align the ₦14.1T budget with SDG-bankable projects.	Diversification: <ul style="list-style-type: none"> • Capital imports rebounded to \$5.6B in Q1 2025; • projected \$16.5B total inflow by 2026.

Sources: *Several public reports*

54. Institutional coordination becomes particularly important within Nigeria’s federal governance structure, which deliberately disperses authority for planning, financing, and implementation across multiple tiers of government. This design has strengthened responsiveness to diverse development needs and enhanced subnational ownership of outcomes. At the same time, it places a premium on effective sequencing and information flows. Federal institutions typically lead engagement with multilateral and bilateral partners, establish national financing facilities, and set policy and regulatory frameworks, while state governments carry primary responsibility for implementation in SDG-critical sectors such as infrastructure, health, education, water, and agriculture. Where financing decisions are not fully aligned with subnational implementation readiness—such as fiscal conditions, land availability, or institutional capacity—projects may experience delays or require reconfiguration. These challenges are not structural flaws, but coordination gaps that can be addressed through earlier joint planning and clearer role alignment. These coordination challenges do not represent structural flaws in Nigeria’s federal system, but rather transitional gaps that can be addressed through earlier joint planning, clearer role definition, and shared readiness assessments prior to financing commitments.
55. The growing agency of states in mobilizing development finance directly, through public–private partnerships, subnational borrowing, and engagement with development partners, represents a positive evolution in Nigeria’s decentralization trajectory. However, it also introduces new coordination demands when state-level initiatives evolve alongside federal programmes. Differences in regulatory approaches, fiduciary standards, reporting systems, and project preparation practices can fragment the development finance landscape, complicating aggregation and assessment of cumulative fiscal and developmental impacts. Addressing this requires interoperability rather than centralization: shared standards, common data platforms, and harmonized frameworks that allow diverse actors to operate within a coherent system.

56. Horizontal coordination across ministries, departments, and agencies is equally consequential. Many development outcomes, such as human capital development, climate resilience, energy transition, and economic inclusion, are inherently cross-sectoral. While mandates are clearly defined, incentives and financing structures often remain sector-specific, limiting collaboration in programme design and execution. As a result, development finance may be deployed through discrete projects rather than integrated programmes, reducing multiplier effects and systemic impact. Strengthening horizontal coordination, particularly through joint planning, shared performance metrics, and pooled financing approaches, is therefore central to maximizing the impact of mobilized resources.
57. Infrastructure development illustrates how improved coordination can translate directly into investment outcomes. Ongoing efforts to expand power generation, improve transport corridors, and modernize logistics are already reducing structural bottlenecks. When public infrastructure investments are aligned with investment promotion strategies and private sector engagement, they function as catalysts that lower operating costs, enhance competitiveness, and crowd in private capital. Continued prioritization of these linkages, especially at the subnational level, will further strengthen Nigeria's comparative position relative to peer economies. This alignment is most effective when infrastructure planning is embedded within a medium-term investment framework that links capital expenditure, land use, and private sector participation rather than treated as a standalone public works function.
58. Underlying these reforms is the steady strengthening of governance, transparency, and data systems, which together constitute the trust infrastructure of development finance. Advances in digital public finance management, revenue administration, and open data initiatives are improving decision-making and accountability across institutions. Reliable and accessible data on macroeconomic trends, demographics, and sector performance enable investors to assess opportunities more accurately and allow government to coordinate interventions more effectively across jurisdictions. Sustaining this trust infrastructure requires institutionalizing data integrity, ensuring interoperability across platforms, and protecting transparency gains from reversal during periods of fiscal or political stress.
59. Overall, Nigeria is not starting from a position of institutional fragility, but from one of transition. The key challenge and opportunity is to consolidate recent reforms into a more integrated development finance architecture that aligns macroeconomic policy, sector priorities, and subnational implementation. By strengthening coordination rather than centralization, and by building on platforms such as the Integrated National Financing Framework that are already delivering results in coordination, pipeline visibility, and policy alignment, Nigeria can convert available capital into sustained investment and position itself as a credible destination for long-term finance that supports inclusive and sustainable development.



04

Conclusion

60. In a repriced global financial order defined by structural volatility, geopolitical competition, and heightened risk sensitivity, development has become fundamentally a problem of financial architecture. The central challenge is not the scarcity of capital per se, but the ability to organize credibility, institutions, and assets in a way that allows capital to be mobilized, priced, and deployed at scale. As concessional finance gives way to performance-based and investment-led engagement, Nigeria's progress toward the SDGs will increasingly depend on its capacity to move decisively from being a recipient of fragmented external flows to a sophisticated architect of its own financing ecosystem.
61. Within this context, the paper demonstrates that Nigeria's binding constraint is less one of solvency than of coordination and perception. Elevated borrowing costs reflect not only macroeconomic pressures, but a persistent narrative premium driven by fragmented signaling, institutional silos, and qualitative risk assessments that lag reform realities. Addressing this challenge requires a deliberate redefinition of Nigeria's sovereign narrative, grounded in evidence rather than reassurance. Institutionalized coherence across fiscal, monetary, and statistical authorities offers a pathway to shift market engagement from episodic persuasion to continuous, data-driven credibility, narrowing the perception gap that has historically inflated the cost of capital and constrained fiscal space.
62. At the same time, the analysis underscores that Nigeria's financing frontier lies as much within its existing balance sheet as in external markets. Vast stocks of dormant public wealth embedded in land, infrastructure, and legacy assets represent unrealized fiscal capacity. Treating these holdings purely as administrative inventories has imposed a hidden ceiling on development finance. By reconfiguring public assets into investable instruments, Nigeria can unlock non-debt resources, deepen domestic capital markets, and provide a credible onshore destination for private wealth. In doing so, development finance shifts from reliance on borrowing toward ownership-based participation, aligning national transformation with broad-based asset creation.

63. The paper further establishes that sustainable development finance is inherently territorial. While macroeconomic policy is set nationally, investment ultimately materializes at the subnational level, where infrastructure, human capital, and productive ecosystems are built. Repositioning states as bankable actors, capable of curating market-ready pipelines, deploying digital trust infrastructure, and managing assets transparently, is therefore not optional but foundational. When states operate as credible balance-sheet entities rather than administrative dependents, they become engines of capital absorption, capable of bridging infrastructure and climate financing gaps that far exceed federal fiscal capacity.
64. Crucially, these shifts converge within the Integrated National Financing Framework as the organizing platform for coherence. By aligning federal policy, subnational execution, and private capital engagement within a single financing logic, the INFF provides Nigeria with a mechanism to insulate long-term investments from policy volatility, reduce fragmentation across institutions, and establish a stable landing deck for patient capital. In a global environment where capital increasingly rewards predictability and systems over ambition alone, such coherence becomes a strategic asset.
65. The window to institutionalize these structural changes is narrow but consequential. If seized, Nigeria can do more than close financing gaps; it can reposition itself as a continental reference point for how large, complex economies navigate the emerging development finance paradigm. If missed, the cost will not be measured solely in higher debt service or deferred projects, but in a decade of foregone transformation. The choice before Nigeria is therefore not whether to mobilize more finance, but whether to redesign the system through which finance becomes development.

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About Nigeria's Integrated National Framework

Nigeria's Integrated National Financing Framework (INFF) is a government-owned policy and institutional framework that integrates planning, budgeting, and financing to mobilize and align public and private, domestic and external resources in support of national development priorities and the Sustainable Development Goals in Nigeria. It was officially launched by President Muhammadu Buhari in September 2022 and strengthens coordination across government, improves the effectiveness of public finance, and creates the conditions to crowd in private capital to help close development financing gaps.



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Integrated National
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