

LOCATING THE BELT AND ROAD INITIATIVE IN NIGERIA'S RENEWED HOPE AGENDA: IMPLICATIONS FOR GLOBAL HUMAN SECURITY

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In the dynamic landscape of global geopolitics and economic development, the Belt and Road Initiative (BRI) has emerged as a transformative force, redefining international relations, trade and fostering connectivity among nations. Disappointedly, the world has a large infrastructural gap constraining trade, openness and future prosperity. Multilateral development banks (MDBs) are working hard to help close this gap. Most recently China has taken a giant step towards strengthening international relations, trade and fostering connectivity, a plan known as the BRI. China and economies that have signed co-operation agreements with China on the BRI (henceforth BRI-participating economies) have been rising as a share of the world economy.

At 2018 Beijing Summit of the Forum on China-Africa Cooperation, Nigeria officially joined the BRI and since then, the country has strategically positioned the BRI within its Renewed Hope Agenda, recognizing the multifaceted implications it holds for the nation's socio-economic growth and, consequently, its role in contributing to global human security. The agenda is a comprehensive framework designed to address historical challenges, stimulate economic growth, and enhance the overall well-being of its citizens. At the heart of Nigeria's embrace of the BRI lies recognition of the initiative's potential to address critical gaps in the country's infrastructure.

As Africa's most populous nation and the largest economy, Nigeria faces the challenge of bridging infrastructural deficits that impede sustainable development. The BRI, with its emphasis on building roads, ports, and energy infrastructure, aligns with Nigeria's development needs, offering a pathway to modernization and enhanced economic productivity. Moreover, the BRI presents Nigeria with an opportunity to diversify its trade partnerships and reduce dependency on traditional economic alliances. By participating in the BRI, Nigeria aims to integrate itself into a global economic network, fostering trade and investment ties with a diverse array of nations. As Nigeria strategically locates the BRI within its Renewed Hope Agenda, the implications for global human security become increasingly salient. The interconnectedness fostered by the BRI extends beyond mere economic benefits, impacting various facets of human security such as political stability, social cohesion, and environmental sustainability.

A BRIEF REVIEW OF NIGERIA INFRASTRUCTURAL GAP

Over the years, inadequate infrastructure is one of the major constraints to Nigeria sustained economic growth and development. This conclusion was based on the reports of various development plans such as *National Vision 20:2020* and *the Economic Recovery* and

Growth Plan (ERGP), 2017-2020. The reports among others, consistently point to high infrastructure gap as one of the factors that seriously undermined the country's economic performance over the years. For instance, the country's infrastructural gap as a percentage of GDP stood at 1.2% while the quality of infrastructure remains 39.7 in a score of 100 in 2016. These data indicate the existence of weak infrastructure necessary to spark the path to sustainable growth and development. Over the years significant efforts have been made to address these challenges. One of those efforts is the increasing budgetary allocation for infrastructural development as contained in ERGP. These efforts aim at expanding the power sector infrastructure to achieve at least 10 GW of operational capacity, and investing massively in transportation infrastructure. An attempt towards the implementation of this policy resulted to increased allocation of at least 30% to capital projects in the Federal Annual Budgets since 2016. This effort notwithstanding, the budgetary allocation is far below the actual expenditure needed to meet the country's infrastructural needs as indicated in Figure 1.

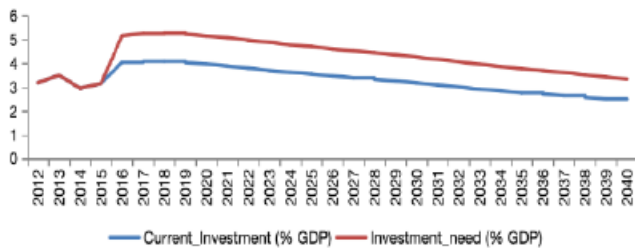


Figure 1: Forecast of Nigeria Infrastructural Spending, 2012-2040 (% of GDP)
 Source: Global Infrastructural Outlook, 2023. <https://outlook.gihub.org/countries/Nigeria>

The forecast clearly indicates the current trend of investment is far below the country's investment needs over the forecast periods. Specifically, in 2016 the current trends indicated that current investment stood at 4.05% against the 5.17% required for closing the infrastructural gap. Between 2016 and 2040, the forecast of investment need stood at 4.41% of GDP against the current investment that is equivalent to an average of 3.32% per year.

This implies that the current investment will continue to fall short of the country's infrastructural needs. This explains the poor ranking of the country in global competitiveness.

In 2019 Global Competitiveness Index Report on quality of infrastructure, Nigeria ranked the 130th position out of 141 countries in the list with a score of 48.33 points out of 100 coming behind Egypt (52nd), South Africa (69th), and Algeria (82nd). In another recent report, the 2020 Africa Infrastructure Development Index (AIDI) developed by African Development Bank to evaluate the status and progress of infrastructure development across the continent, also indicated that Nigeria recorded an index of 23.27 falling behind 23 other African countries.

A forecast of sector by sector analysis of the level of investment for each of the major components of infrastructure further established a clear gap between the current level of investment and the country's investment needs.

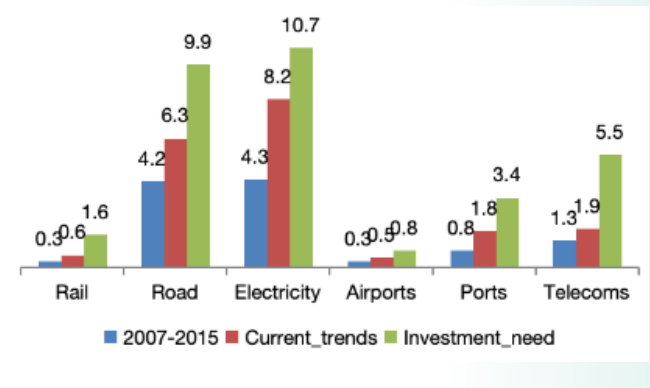


Figure 2: Average Annual Investment (Billion US\$, 2015 prices and exchange rates).
 Source: Global Infrastructural Outlook, 2023. <https://outlook.gihub.org/countries/Nigeria>

On the average, investments on all the sectors increased from the 2007-2015 average annual expenditure as shown in Figure 2. However, investments on airport and rail attract least amount of investment with \$0.5 billion and \$0.6 billion respectively, as current investments against \$0.8 and \$1.6 billion investment need respectively. Spending needs are greatest for electricity and roads, which together account for \$20.6 billion for the forecast period under the investment need scenario and

\$14.5 billion under the current trends scenario. The gap between the two scenarios is proportionately greatest in the roads and telecom sectors, where investment needs for each of the two sectors are \$3.6 billion greater than the estimated spending under current trends.

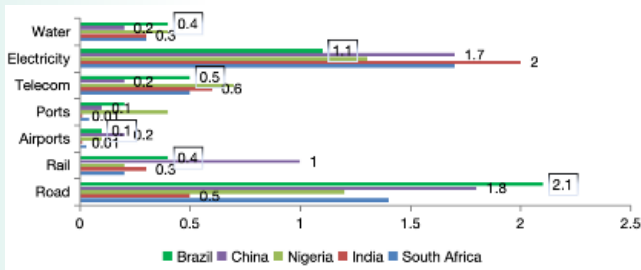


Figure 3: Infrastructure Investment Need, 2016-2040 (% of GDP)
 Source: Global Infrastructural Outlook, 2023. <https://outlook.gihub.org/countries/Nigeria>

A comparative analysis of the emerging economies infrastructure needs vary by region. Figure 3 indicates that the investment need for Nigeria is about 0.4%, 0.6% and 0.4% of its GDP for water, telecom and ports sectors respectively, far above the investment need for China, India, South Africa and Brazil, while in term of ports, rail and road Nigeria lag behind China, Brazil and South Africa with investment need of 0.1%, 0.2% and 1.2% of its GDP respectively. This suggests that Nigeria is most likely to lag behind their peers in terms of the fund dedi-

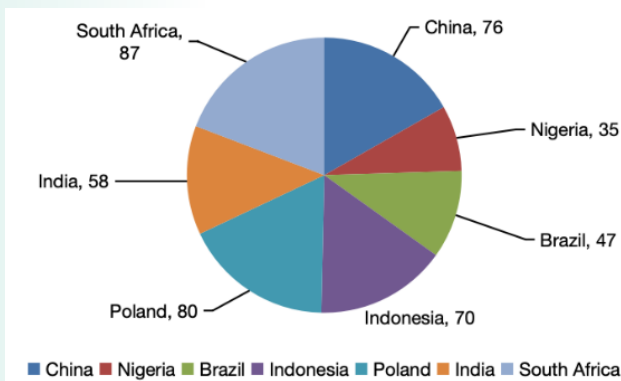


Figure 4: Infrastructural Stock in Selected Countries (% of GDP, 2016)
 Source: Global Infrastructural Outlook, 2023. <https://outlook.gihub.org/countries/Nigeria>

cated to infrastructural investment on rail and road. This scenario underscores the low level of infrastructural stock (measured by infrastructural stock as % of GDP) and the country ranked at the bottom of the table.

As shown in Figure 4, the total stock of infrastructure in Nigeria is equivalent to 35% as a percentage of its GDP, lower than other comparator countries such as India that has 58%, China with 76% and South Africa with 87% of their GDP in 2016. Based on international benchmarks, every developed country typically is expected to have “core infrastructure” stock (roads, rail, ports, airports, power, water and ICT) equal in value to about 70% of GDP, with power and transportation infrastructure usually accounting for at least half of the total value. Disappointedly, Nigeria stock of infrastructure is far below the world bench mark as shown in Figure 4. Surprisingly not, the percentage of total income committed to infrastructural development equally underscores the poor scores recorded by the country in term of logistic performance. Using Logistics Performance Index between the periods of 2007-2022 as a measuring yardstick, Nigeria recorded the least score among all the countries in the list (see Figure 5). A critical look at Figure 5 further revealed that the effectiveness of Nigeria infrastructural investment is not only lower than that of China, Brazil, Indonesia but the performance has equally be on a steady decline commencing from 2014 up to 2022.

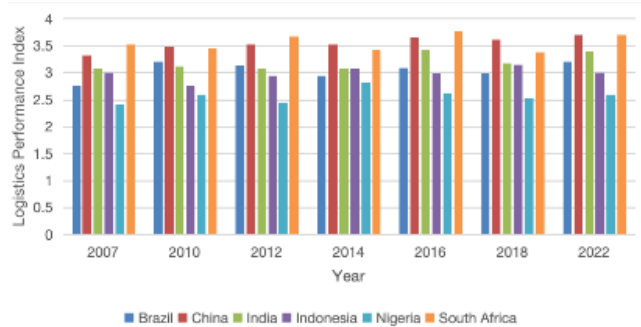


Figure 5: Logistics Performance Index: Overall (1=low to 5=high), WDI, 2023.

For instance, in 2014 the country recorded and overall score of 2.81 (in a score of 1=5), and by 2022 the performance declined to 2.56 (see Figure 6) while China has continued to maintain a sustainable improvement in

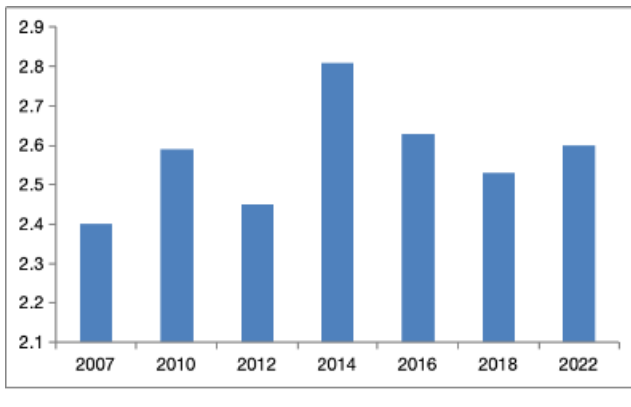


Figure 6: Nigeria Logistics Performance Index: Overall (1=low to 5=high), WDI,

Source: World Development Indicator, 2023

its logistic performance index. This implies apart from insufficient funds dedicated to infrastructural development in Nigeria, the performance of the available infrastructural facilities is grossly inefficient (see Figure 5).

It needs to be noted that in the next 10 years, Nigeria's population is expected to expand significantly from its current estimate of about 190 million to almost 264 million. This is likely to exert profound future demand for infrastructure expansion to reduce congestion and strain on existing networks. Without drastic improvements in Nigeria's core infrastructure, the prospects for economic growth and development will be severely compromised. Therefore, Nigeria needs to invest heavily in infrastructure in order to put in place basic utility and transport networks. However, the country might likely face the greatest challenges in terms of institutional factors and access to finance.

THE BRI AND THE GLOBAL HUMAN SECURITY

Over the years, Nigeria has been tagged as the sleeping giant due to its inability to harness the full spectrum of economic opportunities because of infrastructural constraints and poor logistic performance as evidenced in Figure 4 and 5 respectively. To unlock Nigeria's untapped potential and fostering economic diversification, the country needs to take advantage of vast infrastructural projects proposed under the BRI. This collaborative infrastructure projects will not only ensure a dynamic exchange of ideas, technology, expertise and economic development, but also facilitates mu-

tual understanding and contributes to the socio-cultural enrichment of both nations. Amidst the promises of economic growth and cultural exchange, the implications for global human security cannot be overlooked.

Human security entails peace, development and human rights and their interrelationship, without downplaying the critical essence of economic, political, civil, social and cultural rights. The interlinkages between development and peace in human security are direct, but can provide a "back door" towards human and ethnic rights within states. Achievement of human security requires policies that are people-centred, comprehensive, context-specific and prevention-oriented that strengthens the protection and empowerment of all people and all communities. This has been treated cautiously by China at the conceiving stage of the BRI. Human security has remained a herculean task for Nigeria and by extension Africa continent. With a high population growth rate estimated between 2.4% and 2.7%, Nigeria's current growth performance is insufficient to make an impact on unemployment and poverty rates. Available data from NBS showed that unemployment rate remains high, increasing from 23.1% (20.9 million) in Q3 2018 to 33.3% (23.187 million) in Q4 2020. Under-employment rate, however, equally increased slightly from 21.2% to 22.8% equivalent to 15.915 million people during the same year. In terms of poverty, report by NBS indicates that 82.9 million Nigerians are poor equivalent to 40.1% of the total population (excluding those in Borno State) while in 2022, 63% of the total population are multi-dimensionally poor. This high rate of unemployment and poverty could be attributed to poor performance of manufacturing sector and human capital development. Available data from World Bank Development Indicators showed that the quality of human capital remain low, with a score 0.018 (in a score of 0-1) in 2020 compares to China and Indonesia that recorded scores of 0.65 and 0.54 respectively. In terms of manufacturing sector performance, the performance of manufacturing sector measured by value added as a percentage of GDP declined from 21.2% in 2017 to 20.1% in 2020.

This poor macroeconomic outcomes could be attributed to weak infrastructures, while the crises of COVID-19 pandemic further exposes the weaknesses of Nigeria infrastructural facilities. The pandemic equally presents great opportunities to build a strong and resilient economy through infrastructural development.

However, the Global Infrastructure Hub estimated that Nigeria's total infrastructural investment needs between 2016 and 2040 will require about US\$ 878 billion, translating to about US\$35 billion per year. Clearly, the required infrastructural fund is far beyond financial inflow of Federal government alone considering the fact that the economy is heavily dependent on the oil and gas sector which are vulnerable to shocks in the international energy markets.

The BRI is aimed at opening up of the regions and roads for infrastructural development, investment opportunities, economic cooperation and empowering weaker nations to have infrastructure and compete effectively in global market. Hence, connectivity enhanced by infrastructure is a critical pathway for human security. This is the rationale behind the BRI which will fight poverty among global population, enrich nations, and integrate humanity for shared future. Therefore, the BRI presents an opportunity for Nigeria to fix its infrastructural decay and unlock its growth potentials and that of Africa as a whole. Through BRI, Nigeria has been able to enter into various bilateral agreements with China targeting infrastructural development.

The Abuja-Kaduna Railway section is the first section of the Nigerian Railway Modernization Project, using China railway technical standards and connecting the capital city of Abuja, Niger and Kaduna states, with a total length of 186.5 km and a maximum speed of 150km/h. Abuja Rail Mass Transit Project (Phase 1) as the first light rail in West Africa is another project signed between CCECC and the Federal Capital Territory Administration (FCTA). During construction of the rail an estimate of 20,000 local staff were employed while about 1000 direct jobs and over 200,000 indirect jobs were provided through the project mostly in areas of material production, subcontracting works, and equipment manufacturing and related services. Another major project of the BRI in Nigeria is the Lagos-Calabar coastal railway project. The project as initially negotiated was \$11.917 billion. The contract was later renegotiated and came up with a cost of \$ 11.117 billion and to be funded through China Exim Bank among other financial institutions that finance the Belt and Road project.

The agreement between Nigeria and other African countries with China was based on willingly signed developmental agreements. Hence, the cooperation is not aimed at exploitation but carried out in a manner

of mutual benefit and win-win in line with the theory of International Development Cooperation. This is because China and Nigeria, Africa or the entire world, have one major goal, which is mutual or collective benefit of the cooperation/collaboration that binds them together. Collaboration with China under the BRI offers the opportunity for technology transfer and knowledge sharing. This can play a crucial role in upgrading Nigeria's technological capabilities and fostering innovation and human capital development. Access to advanced technologies can improve efficiency across various sectors, from service sector to manufacturing, resulting in increased productivity and competitiveness on the global stage. Nigeria, as a major player in the West African region, could leverage the BRI to enhance regional integration. Strengthening economic ties with neighbouring countries can lead to a more stable regional environment, promoting peace and security. The BRI's focus on connectivity aligns with Nigeria's potential role as an economic hub in West Africa, further contributing to the country's macroeconomic stability.

Investment in physical infrastructure such as power and transportation through Nigeria-China economic relations are critical to development of industries, mechanized Agriculture for meaningful development. The potentials in the agricultural sector to bring about the much desired structural transformation of Nigeria cannot be overemphasized. Hence, among other critical areas of investment, a promising sector that Nigeria can leverage upon to reduce the menace of unemployment given its natural comparative advantage is the agricultural sector. Investment in Agricultural sector will bring about the much desired structural transformation of Nigeria economy. However, the quantum of China's investment in such a critical sector in Nigeria remains insignificant. An index to measure such investment is the hectares of Land acquired for agricultural projects. According to China-Africa Research Initiative, available data indicate the existence of about 50 model farms in Nigeria. This further reveals very little commitment in this sector from China when compared to investments in oil exploration and construction. As at 2022, the Chinese agricultural sector (primary production) contributes about 7.8% to GDP and employs about 240 million workers while share of service sector to GDP was 52.3%. A greater commitment to this sector by both trading partners would not only address the problems of structural rigidity in Nigeria but also reduce the



Photo: Xinhua

- ▲ A ceremony is held marking the completion of the first phase of the Lagos Rail Mass Transit Blue Line project undertaken by China Civil Engineering Construction Corporation in Nigeria's southwestern state of Lagos, Dec. 21, 2022. This is a picture of a light rail train captured on the same day in Lagos, Nigeria.
- ▶ Guests are invited to take a trial ride on the Mass Transit light rail train in Lagos, Nigeria, Dec. 21, 2022.



Photo: Xinhua

rate of unemployment.

While the potential benefits are evident, it is essential for Nigeria to manage the associated risks, particularly in terms of debt burden. BRI projects are often funded through loans, and careful negotiation of terms is crucial to ensure that the debt burden remains manageable. However, the pattern of providing infrastructure in Nigeria through China's financial resources creates an issue of debt accumulation. Transparent financial practices and effective risk management are vital to avoid potential problems and ensure the sustainability of the collaboration.

Conclusively, Nigeria's decision to join the BRI is rooted in the recognition of the urgent need to address its significant infrastructure gaps. The country's infrastructure deficit, as highlighted in various reports and analyses, poses a considerable challenge to sustained economic growth and development. The existing trends in infrastructure spending, as depicted in figures and forecasts, reveal a persistent shortfall in meeting Ni-

geria's infrastructure needs, leading to a lower global competitiveness ranking and logistical performance. The BRI, spearheaded by China, presents a promising avenue for Nigeria to bridge its infrastructure gap and unlock its economic potential. The BRI aligns with Nigeria's development needs, particularly in the areas of roads, ports, and energy infrastructure. The strategic integration of the BRI into Nigeria's Renewed Hope Agenda underscores its multifaceted implications, extending beyond economic benefits to encompass aspects of global human security, political stability, social cohesion, and environmental sustainability. Critical to the success of BRI is effective institutional framework, particularly a public service dedicated to excellence and efficiency and supportive of reforms. 🇳🇮