

INFRASTRUCTURE CONCESSION REGULATORY COMMISSION



FINANCING DEVELOPMENT FROM WITHIN: UNLOCKING DOMESTIC PRIVATE CAPITAL FOR NATIONAL GROWTH

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Protocols:

- The Executive Governor of Edo State
- Chairman of the event, International Development Expert, Ms. Taiwo Akerele
- Vice Chancellor, University of Benin
- Hon. Commissioner of Finance, Edo State
- Distinguished members of the Nigerian Economic Society
- Esteemed colleagues, students, and guests

Gratitude:

It is a great honour to stand before you today at the third edition of the Nigerian Economic Society (NES) Edo State Chapter's Public Lecture and Policy Colloquium. I sincerely thank the Chairman, Dr. Francis Ilenloa Igberease, and the entire planning committee for extending this thoughtful invitation. I commend the NES for providing a platform for critical discourse on national development priorities, and for maintaining this vital tradition of public discourse around critical economic policy challenges. This invitation holds particular significance for me as a proud alumnus of the University of Benin, an institution that laid the academic foundation for my professional journey. Returning to this distinguished university in this capacity is both a privilege and a deeply personal milestone.

Ladies and Gentlemen,

Welcome to a gathering of ideas, action, and purpose.

Today, Nigeria finds itself at a defining moment in its development journey. We are a nation blessed with immense potential, rich in natural resources, cultural heritage, and above all, human capital. For too long, our national development strategy has leaned heavily on foreign loans, oil revenue, and donor aid. Yet, as oil markets fluctuate, debt servicing escalates, and global aid shrinks under competing priorities, one truth becomes increasingly clear: we must look inward. But in the shadows of that pursuit lies an overlooked truth: Nigeria is not poor - our capital is merely idle, scattered, and untapped.

We must ask ourselves, how can a country with over ₦18 trillion in pension assets, \$20 billion in annual diaspora remittances, and one of the most dynamic informal economies on the continent still be constrained by a lack of capital for roads, hospitals, schools, and power? The answer lies not in what we lack, but in what we have failed to unlock.

From the bustling informal markets of Aba to the vibrant fintech hubs of Lagos, Nigeria is brimming with untapped economic energy. In Aba, entrepreneurs produce goods that serve both local and regional markets, yet remain largely excluded from formal finance. Meanwhile, tech innovators in cities like Lagos and Abuja are driving financial inclusion through mobile-first platforms that bypass traditional banking. These two complementary realities, informal ingenuity and digital innovation, reflect the enormous domestic capital potential within the country. Nigeria holds within it the wealth and enterprise needed to power industries, build infrastructure, and shape a prosperous future.

This public lecture is a call to reimagine development finance as a patriotic, inclusive, and strategic undertaking. It is about building a Nigeria that funds its future, by mobilising the strength, wealth, and will of its people.

The Urgent Need for Sustainable Development Financing in Nigeria

Today, Nigeria stands at a critical crossroads - a nation endowed with extraordinary potential. We are rich in both natural and human resources. With over 200 million people, Nigeria is Africa's most populous country and is projected to become the third most populous nation in the world by 2050. More than 60% of our population is under the age of 25 (World Economic Forum, 2022), offering a demographic advantage that, if properly harnessed, could drive decades of economic growth and innovation. Our land is

fertile, our natural resources vast, including the 10th largest proven oil reserves and abundant reserves of gas, minerals, and arable land. Nigeria is also a regional economic powerhouse, accounting for over 18% of Sub-Saharan Africa's GDP and serving as a gateway to the West African market of over 400 million people.

Yet, despite this abundance, we continue to grapple with chronic under-investment from within in the very sectors that underpin sustainable development; infrastructure, healthcare, education, energy, and innovation. According to the Nigerian Integrated Infrastructure Master Plan, Nigeria requires over \$3 trillion in infrastructure investment by 2050 to meet national targets.

This contradiction between what Nigeria has and what it has achieved reveals a critical truth: *natural wealth through budget funding alone cannot guarantee national progress*. The missing link is not just capital, but the *effective mobilisation and strategic deployment* of capital particularly from within.

In this context, Nigeria must now chart a new course - one that is bold, homegrown, and resilient. And that is what brings us together today: the urgent need to rethink the architecture of development financing by turning our focus inward, toward a powerful yet underutilised resource - domestic private capital.

This public lecture and policy colloquium is more than an academic exercise, it is a call to action. A call to realise that the key to our national transformation is not only in foreign capitals, but also right here, within our markets, our institutions, our investors, and our people.

Understanding the Development Finance Gap in Nigeria

Nigeria's development aspirations are both bold and justified. As Africa's most populous nation and one of its largest economies, Nigeria has laid out ambitious targets in its National Development Plan (2021–2025), Nigeria Agenda 2050, and its commitments under the Sustainable Development Goals (SDGs). These ambitions demand transformative investments in transport, digital infrastructure, education, healthcare, energy, industrialisation, and innovation.

Capital expenditure remains modest as a proportion of total government spending, often constrained by the servicing burden. While multilateral support, concessional loans, and foreign direct investment (FDI) have historically played supporting roles, these sources are increasingly unpredictable, insufficient, and vulnerable to global economic volatility.

Nigeria's public financing model is under immense strain. The reliance on oil revenues, a single commodity, is proving unsustainable. Although oil remains the dominant source of government revenue, its contribution is increasingly threatened by multiple factors—including the global transition to renewable energy, persistent pipeline vandalism, and crude oil theft.

Tax revenues in Nigeria remain low, at just around 10% of GDP, significantly below the Sub-Saharan African average of 17%. This gap limits the government's ability to fund critical infrastructure and social services. However, the present tax reforms signal a bold and necessary shift. Though the results may not be immediate, these reforms lay the groundwork for a more transparent, efficient, and equitable tax system. With consistent implementation and public trust, Nigeria can gradually unlock a more robust domestic revenue base, one that supports inclusive growth and reduces overreliance on external financing. The path may be long, but the foundation for fiscal transformation is being laid today.

In light of these limitations, Nigeria must urgently and strategically move toward unlocking domestic private capital. This is not merely an alternative; it is a powerful and largely untapped engine for national development. With pension assets exceeding ₦18 trillion, annual diaspora remittances surpassing \$20 billion, and vast untapped wealth within the informal sector, Nigeria holds immense domestic financial potential that remains largely underutilised due to limited integration into formal financial systems.

Indeed, the world's most successful emerging economies, India, Brazil, Malaysia, etc., were built not on aid dependency, but on robust domestic capital mobilisation. External capital followed only after strong internal frameworks and investor confidence were in place.

For Nigeria, this is not a theoretical option. It is an imperative. Unlocking domestic private capital is the path to sustainable, inclusive, and self-determined national growth.

The Role of Domestic Private Capital in National Development

Domestic private capital represents a powerful, yet underleveraged engine for Nigeria's economic transformation. One of the key advantages of domestic private capital is its rootedness in the national economy. Domestic capital is more stable and responsive to local realities. It reflects the confidence of Nigerians in their economy and institutions. Mobilising such capital fosters a sense of ownership, civic responsibility, and long-term commitment to national goals.

Private businesses, especially small and medium enterprises (SMEs), contribute significantly to national development through job creation, value addition, and innovation.

Institutional investors, such as pension funds, cooperative societies, and insurance companies, also hold vast potential. Nigeria's pension industry, for instance, now manages assets worth over ₦18 trillion.

Furthermore, diaspora remittances - estimated at over \$20 billion annually - constitute a major source of domestic private capital.

The rise of digital finance and fintech platforms has also created new avenues for mobilising domestic private capital.

In addition, philanthropic capital and high-net-worth individuals (HNWIs) represent a growing force in development financing. As seen in recent years, visionary private investors have played critical roles in funding education, health, and social infrastructure..

Opportunities and Untapped Potential

Nigeria is endowed with a broad spectrum of underutilised financial resources and latent opportunities. These untapped assets span across multiple sectors and financial systems, offering viable pathways to fund inclusive and sustainable growth from within.

One of the most promising areas lies in high domestic savings, which remain largely idle or under-leveraged. Despite economic challenges, Nigeria's vast informal sector and growing middle class contribute significantly to household savings. However, much of this capital remains outside the formal financial system due to limited trust, awareness, and accessibility.

Another key opportunity is financial inclusion, which has improved steadily in recent years through policy interventions and the expansion of mobile banking and fintech platforms. The proliferation of digital wallets and agent banking in rural and underserved communities has broadened access to financial services, enabling millions of Nigerians to save, invest, and participate more fully in the formal economy.

Digital innovations further present a transformative opportunity. The rise of fintech solutions, blockchain-based platforms, and mobile money services has redefined how capital is raised, stored, and invested.

Several African countries have already demonstrated innovative and practical ways of mobilising domestic private capital, offering valuable lessons for Nigeria. For instance, Kenya's M-Akiba initiative allows citizens to purchase government bonds via mobile phones in small amounts, thereby democratising public investment and promoting national savings. This model has deepened financial inclusion while providing the government with a new channel for infrastructure financing.

Similarly, Ghana has built a robust domestic bond market that includes infrastructure and diaspora bonds, reducing its dependence on external borrowing. These instruments have attracted both retail and institutional investors through transparency and consistent returns.

Rwanda's Agaciro Development Fund, a sovereign wealth fund based on voluntary domestic contributions, reflects a homegrown approach to building fiscal resilience and national pride. Each of these cases illustrates the transformative potential of inclusive financial innovation, trust-based public mobilisation, and strategic policy design—principles that Nigeria can adapt to its unique context.

The real challenge for Nigeria is not the absence of capital, but the historical lack of a coherent strategy to unlock, aggregate, and channel domestic resources toward national development priorities. However, recent actions by the government reflect a growing recognition of this reality and a shift toward solutions that harness the country's internal strengths.

From ongoing tax reforms aimed at broadening the revenue base to initiatives focused on improving the ease of doing business, expanding financial inclusion, and revitalising the Public-Private Partnership (PPP) framework, the government is laying the groundwork for a more structured and strategic mobilisation of domestic capital. These efforts demonstrate that Nigeria is beginning to chart a new course—one that places trust in its people and institutions, leverages innovation, and promotes inclusive economic participation.

What is required now is a bold and coordinated push, one that aligns these reforms under a unified national strategy to translate untapped financial potential into real developmental impact. By fostering stronger public-private collaboration and building confidence among local investors, Nigeria can unlock sustainable growth, not by looking outward alone, but by first investing in itself.

University of Benin's Efforts in Unlocking Domestic Private Capital

In the face of dwindling public funding, Nigerian universities are increasingly turning to innovative strategies to mobilise domestic private capital. The University of Benin (UNIBEN) has emerged as a leading example through targeted initiatives that attract private investment, foster partnerships, and empower student entrepreneurship. These efforts reflect a broader institutional commitment to financial sustainability, academic excellence, and national development.

1. **₦1 Billion Grant from ASR Africa Initiative:** In 2021, UNIBEN received a ₦1 billion infrastructure grant from the Abdul Samad Rabiou Africa Initiative (ASR Africa) under its Tertiary Education Grants Scheme. This grant was earmarked for strengthening infrastructure, teaching, and research facilities, and reflects the growing interest of private philanthropists in supporting public education. It also signals confidence in UNIBEN's institutional capacity and serves as a model for attracting private-sector investment into academia.

2. **Strengthening Resource Mobilisation & Financial Sustainability:** During its 2025 Strategic Management Retreat, UNIBEN prioritised "Achieving Financial Sustainability and Operational Efficiency through Strengthening Resource Mobilisation." As part of its Five-Point Agenda, the university is actively courting partnerships with private investors, donors, and philanthropic bodies to reduce overdependence on government funding. This strategic shift aims to reposition UNIBEN as an innovative, financially autonomous institution.

3. **Dynamic Partnerships with Private Sector & Foundations:** UNIBEN's Directorate of Research, Innovation & Development (DRID) has forged strong linkages with private companies, multilateral donors, and foundations, including the African Development Bank, UNDP, and the Green Climate Fund. These collaborations have led to co-funded research projects, innovation grants, and the commercialisation of university research. Such partnerships demonstrate how academic institutions can become conduits for channelling private capital into national development priorities.

By integrating entrepreneurship into the curriculum (e.g., Venture Creation courses), the university is cultivating a start-up culture and attracting capital toward student-led ventures. This model contributes to innovation, job creation, and the development of a knowledge-based economy.

Productive Capital in Action: Insights from Matthew Okpebholo's Investment Footprint

The story of Dr. Matthew Asemota Okpebholo, a distinguished industrialist and philanthropist, offers a compelling case study on how domestic private capital, when guided by vision, patriotism, and purpose, can be a transformative force for national development. From humble beginnings, Dr. Okpebholo built a business empire grounded in manufacturing, real estate, and logistics, with Ray Royal Construction Company and Ray Royal Industries standing as hallmarks of indigenous enterprise. But his contributions go far beyond personal wealth creation; they represent a living model of how productive capital can be used to build industry, create jobs, and invest in communities.

Dr. Okpebholo's industrial investments, particularly in Edo State and other parts of southern Nigeria, have created thousands of direct and indirect jobs across the construction, agriculture, and industrial sectors. At a time when many private capital holders pursue offshore investments or speculative ventures, he chose to reinvest in Nigeria - stimulating local economies, transferring skills, and reducing dependency on imports. His approach reflects a deep belief in value-adding entrepreneurship: not just making money, but making a difference.

Beyond business, his philanthropic legacy is equally remarkable. Through scholarship programs, faith-based initiatives, and community development projects, Dr. Okpebholo has demonstrated that private capital can serve both the public good and economic progress. His commitment to human capital development, especially among youth, mirrors the broader national need for investments in education and vocational skills.

His life's work underscores a critical lesson: visionary private investors are indispensable to national development. They fill gaps where public resources are stretched thin. They take risks, build institutions, and inspire future generations. In an era where Nigeria seeks to unlock domestic private capital for inclusive growth, Dr. Okpebholo stands as a testament to what is possible when indigenous wealth is mobilised for national transformation.

As we envision a Nigeria built from within, we must look to such models, not only to celebrate them but to replicate them. For it is through the leadership of entrepreneurs like Dr. Matthew Okpebholo that we can begin to shift from a consumption-driven economy to a production-oriented, self-reliant nation.

Strategies for Unlocking Domestic Private Capital in Nigeria

Mobilising domestic private capital is essential for Nigeria's inclusive and sustainable development. The following strategies outline a coordinated approach to unlocking this potential:

1. **Strengthening Financial Intermediation and Market Infrastructure:** Nigeria must improve its financial system to channel savings into productive sectors like agriculture, infrastructure, and manufacturing.
2. **Building Investor Confidence through Policy and Regulatory Stability:** Consistent policies, strong legal enforcement, and anti-corruption measures are vital to reducing uncertainty.
3. **De-risking Investments to Attract Institutional Capital:** Pension and insurance funds can support long-term development if investment risks are reduced through government guarantees, blended finance, viability gap funding, and PPP frameworks.
4. **Developing Investment-Ready Project Pipelines:** Creating project preparation facilities, standardising legal frameworks, training officials, and showcasing projects via centralised digital platforms will make opportunities visible, credible, and attractive to investors.
5. **Reforming the Tax and Incentive System to Support Investment:** Stable tax incentives, credits, and exemptions for key sectors, alongside harmonisation across federal and state levels, can improve investment behaviour and boost capital inflow.

into productive ventures.

6. Leveraging Technology and Financial Innovation: Fintech solutions are vital for aggregating capital, expanding financial inclusion, and democratizing investment. Tools like mobile banking, digital wallets, peer-to-peer lending, and blockchain-based platforms lower entry barriers and increase access to formal financial systems.
7. Fostering Public-Private Dialogue and Collaborative Governance: Institutionalised engagement between the government, private sector, civil society, and the diaspora is necessary to align development efforts.

Unlocking domestic private capital is a strategic choice. These strategies can shift Nigeria to a resilient, self-sustained model of growth, anchored in the nation's own wealth and human capital.

Conclusion

Nigeria stands at a critical juncture in its development journey. The challenges before us are vast but surmountable. This discourse has demonstrated that Nigeria can, and must, finance its growth from within. The resources we seek; financial, intellectual and entrepreneurial are not solely abroad. They reside in our savings, our corporations, our informal sector, and in the unwavering spirit of Nigerians at home and abroad.

The government is actively creating an enabling environment to drive growth and innovation. However, unlocking the full potential of this environment demands deliberate and strategic collaboration among stakeholders. With investor confidence steadily rising and regulatory frameworks becoming clearer, the right conditions are being established to foster sustainable development and long-term investment. The private sector must rise beyond short-term gains to long-term national investment. Institutional investors must be encouraged to channel funds into development priorities. And the public must be engaged as active participants in the national transformation agenda.

As we reflect on the future of our nation's development, one truth stands tall: *the wealth we seek is not beyond our borders, but within our grasp*. By unlocking the vast reservoirs of domestic private capital, through visionary policies, strategic partnerships, and a culture of trust, we can chart a path of sustainable growth that is both home-grown and resilient.

No doubt, foreign aid and investments play significant roles, but we must build a strong foundation from within, where local investors are not just spectators but active architects of national progress.

As former President John F. Kennedy wisely said:

—Let every nation know... that we shall pay any price, bear any burden... to assure the survival and the success of liberty. But let us never negotiate out of fear. And let us never fear to negotiate.¶

As a PPP expert, I affirm that foreign investment and development assistance have their place in our development story; they bring technology, expertise, and global linkages. We are not saying *‘NO’* to foreign investors. What we are saying is this: Nigerians must first believe in Nigeria. We must be the first to invest in our future, through entrepreneurship, innovation, and long-term capital commitments.

Let international partners find us not waiting with empty hands, but building with our own. Let them join us, not out of our desperation, but because they see our determination. In the same spirit, let us welcome global partnerships, not from a place of dependence, but from a position of strength.

The future belongs to nations that believe in themselves. Nigeria must now Believe, Invest, and Build. Let us turn our confidence into capital, our resilience into reform, and our ambition into action.

The time to unlock Nigeria's greatness is not tomorrow, it is NOW.