

Urban Infrastructure Finance in Nigerian Cities: Main Challenges in a Reformed Economy

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Abstract

Urbanization, as well as increasing demand for adequate urban infrastructure, in Nigerian cities is seemingly an unstoppable process in the country. With a peculiar demographic history and unique urbanization trend, the country has got a dense network of urban centers which infrastructure needs are unequalled elsewhere in Africa. The ongoing economic reforms in Nigeria envisage that urban development funds from federal and state governments should be drastically reduced and gradually removed. However, immediate and remote implications of the reform programs in Nigerian cities, towns and growth centers are continued growth in urban population, socioeconomic activities seeking to locate, relocate or expand their sizes, within the cities. Under this circumstance, urban infrastructure development finance, in a reformed economy, would require a new approach to sustain the tempo of demand. This paper therefore thinks that with the consolidation of democracy and re-qualification of urban environment standards now in trend, one of the most difficult of solutions is the provision of finance for further and higher standards of urban infrastructure development in Nigerian cities. The paper will attempt to underline the inadequacies of current funding pattern and thus proffer solutions available in a reformed economy.

Introduction

In Nigeria, urban population has been linked to the ever increasing national population since the 1950's. With a population of 12 million in 1990, the country's urban population were put at 33.81 million representing about 35.2%. With the beginning of the 21st century, the population of Nigeria has been projected around 130 million people (NWUP (1994). At a projected 2.6% growth rate in national population (Osomo (2004), the area problem in Nigeria is also expected to be on the increase thus placing a strong demand for a more adequate and sustainable solution. Since 1999, democracy and economic reforms have been repositioning Nigerian cities towards more adequate development attention, after a period of economic depression in the 1980's and 1990's that eroded the gains of the 1970's oil boom and

consequently prevented the cities from forging ahead, like many major cities around the world, to be engines of economic growth centers of social change and cultural diversity. These cities attract people from the country side, neighbouring countries and even from around the world. It is a known fact that one of the main challenges of urbanization in Nigeria has been the provision of adequate urban infrastructure, especially housing to the teeming urban population. The word infrastructure conjures up images of concrete roads, steel girders, and metal pipelines. Over the years, it has been identified with huge physical projects, dams, sewage tunnels, super high ways, housing and electric utility plants; such mega projects have involved billions of dollars of capital costs and been evidence of a country's economic growth and prosperity. Infrastructure can be described as social

