

MARKET ASSESSMENT OF THE NIGERIAN TRANSPORT & LOGISTICS INDUSTRY

RESEARCH CONSULTANT

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Backed by these strong institutional partners, InfraCredit holds a 'AAA' domestic credit rating, positioning it as a highly credible and secure participant in Nigeria's financial market. InfraCredit's mandate is not to provide direct loans, but to serve as a credit guarantee provider. By offering irrevocable and unconditional guarantees on debt instruments issued by infrastructure project sponsors, InfraCredit significantly enhances the creditworthiness of such instruments. This mechanism allows infrastructure companies—whether in power, transport, data centres, or other critical sectors—to attract investment from local institutional investors such as pension funds and insurance companies.

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About the Study

This study was commissioned by InfraCredit with the objective of developing a comprehensive sector report on the Transport and Logistics industry in Nigeria. The report aims to provide a detailed evaluation of the sector’s current structure, operational dynamics, and policy environment, while also assessing its competitive landscape and key value chain actors.

A core component of the study is to identify the growth opportunities, investment drivers, and structural challenges within the sector, with particular focus on how infrastructure gaps, regulatory frameworks, and public-private partnerships influence sectoral performance. In addition, the study examines the role of Special Economic Zones (SEZs) as critical enablers of trade logistics, supply chain efficiency, and regional connectivity.

By offering both quantitative analysis and qualitative insights, this report is intended to serve as a strategic knowledge product for investors, policymakers, infrastructure sponsors, and development finance institutions seeking to catalyse investment and innovation in Nigeria’s transport and logistics ecosystem.

In-Scope	Out-Scope
Road Transportation	Commercial Passenger Transportation
Rail Transportation	Aviation
Port	Bike and cab hailing Logistic services
Special Economic Zones	



Table of Contents

Nigerian Macroeconomic Environment	10
Near-Term Outlook of Key Macroeconomic Indicators for Nigeria	11
GDP Growth and Sectoral Structure	12
Freight Sector Implications and Investment Signals	14
Overview of the Nigerian Transport & Logistics Sector	16
Overview	17
Historical Context	18
Industry Dynamics	19
Industry Structure and Key Trends	20
Road	21
Road Freight: Dominant, Indispensable, Yet Distorted	21
Fleet Characteristics and Cost Drivers	23
Major Intercity Expressways (HDMI) and Tolling	24
Emerging Trends in Road Freight	29
Rail	30
Overview of Nigerian Rail Industry	30
Risks and Challenges Facing the Industry	33
Key Trends and Recent Developments	34
Port	35
Overview of the Nigerian Port Industry	35
Industry Characteristics	38
Key Risks and Challenges Facing the Industry	40
Key Trends and Recent Developments	42
Special Economic Zone (SEZ)	45
Market Context and Sector Structure	45
Trends and Strategic Gaps in Nigerian SEZs	46
Institutional Architecture and Governance Gaps	47

Competitive Landscape	53
Competitive Environment	54
Key Players and Strategies	57
Logistics	57
Other	63
Adjacent Infrastructure and Support Players	65
Industry Economics	65
Revenue Sources	69
Cost Structure	70
Asset Structure	72
Trade Dynamics	72
Funding Dynamics	73
Other Financial Information	74
SWOT Analysis	77
Strengths	79
Weaknesses	80
Opportunities	81
Threats	83
Regulatory Requirements	85
Outlook	86
Outlook	87
Appendix	89

List of Figures

Figure 1	Nigeria Macroeconomic Dashboard	11
Figure 2	Composition of GDP in 2025	12
Figure 3	Modal Share of Freight Transport in Nigeria (2023)	18
Figure 4	Timeline of Nigeria's Logistics Reform Milestones (1960-2025)	18
Figure 5	Estimated Share of Total Cost	23
Figure 6	Revenue of the Nigerian rail industry (₦millions)(Q1'2021 - Q3'2024)	32
Figure 7	Key Risk Factors and Challenges Facing the Nigerian Rail Industry	33
Figure 8	Key Trends in the Industry	34
Figure 9	Size of Sea Shipping in Nigeria	37
Figure 10	Major Players within Nigeria's Port Industry	38
Figure 11	Industry Characteristics of Nigerian Ports	38
Figure 12	Key Risk Factors and Challenges Facing the Nigerian Port Industry	40
Figure 13	Key Trends in the Industry of the Nigerian Port Market	42
Figure 14	Main Operational Free Zones in Nigeria	45
Figure 15	Timeline of Nigerian SEZ Development and Regulatory Evolution	48
Figure 16	Basis of Competition for the Nigerian Transport & Logistics Sector	55
Figure 17	Strategies, Strengths and Weaknesses of GPC Energy & Logistics Limited	57
Figure 18	Strategies, Strengths and Weaknesses of Transport Services Limited	57
Figure 19	Strategies, Strengths and Weaknesses of Sednawanger Limited	58
Figure 20	Strategies, Strengths and Weaknesses of Fortune Global	58
Figure 21	Strategies, Strengths and Weaknesses of LADOL	59
Figure 22	Strategies, Strengths and Weaknesses of AMG Logistics	59
Figure 23	Strategies, Strengths and Weaknesses of Intels Nigeria Limited	60
Figure 24	Strategies, Strengths and Weaknesses of Supermaritime Group	60
Figure 25	Strategies, Strengths and Weaknesses of BHN Logistics	61
Figure 26	Strategies, Strengths and Weaknesses of APM Terminals	61
Figure 27	Strategies, Strengths and Weaknesses of PTML	62
Figure 28	Strategies, Strengths and Weaknesses of Sifax Group	62
Figure 29	Strategies, Strengths and Weaknesses of GIGL	63
Figure 30	Strategies, Strengths and Weaknesses of DHL Nigeria	63
Figure 31	Strategies, Strengths and Weaknesses of Lagos Free Zone	64
Figure 32	Strategies, Strengths and Weaknesses of MDS Logistics	64
Figure 33	Strategies, Strengths and Weaknesses of LAMATA	65
Figure 34	Strategies, Strengths and Weaknesses of Nigerian Railway Corporation (NRC)	65
Figure 35	Strategies, Strengths and Weaknesses of China Harbour Nigeria Operation and Maintenance Company Limited	66
Figure 36	SWOT Analysis of the Nigerian Logistics & Transport Industry	78

List of Tables

Table 1	Sample Cost Breakdown for Lagos-Kano Trip	23
Table 2	HDMI Corridor Summary table	27
Table 3	Summary Table of Some Key Players and Their Roles	32
Table 4	Freight-Centric SEZ Comparisons	47
Table 5	Comparative Operational Insights across Five Strategic Zones in Nigeria	49
Table 6	SEZ Freight-Readiness Matrix	50
Table 7	Porter's 5 Forces Analysis of Logistics & Transport	54
Table 8	Breakdown of the Transport & Storage Sector GDP (₦ Billion)(2019 – 2025)	69
Table 9	Contribution of the Sub-Sectors of Transport & Storage (2019 – 2025)	69
Table 10	Key Policies and their effects on the Logistics Industry	84
Table 11	NPA Statistics on Ocean-going Vessels(2021-2024)	90
Table 12	NPA Statistics on Ship Traffic Across Nigerian Ports (2021 – 2024)	93

List of Text Boxes

Text Box 1	The Implications of the New Tax Reform Bills on Special Economic Zones	52
Text Box 2	The Reality of CNG Adoption in Nigeria Today	71

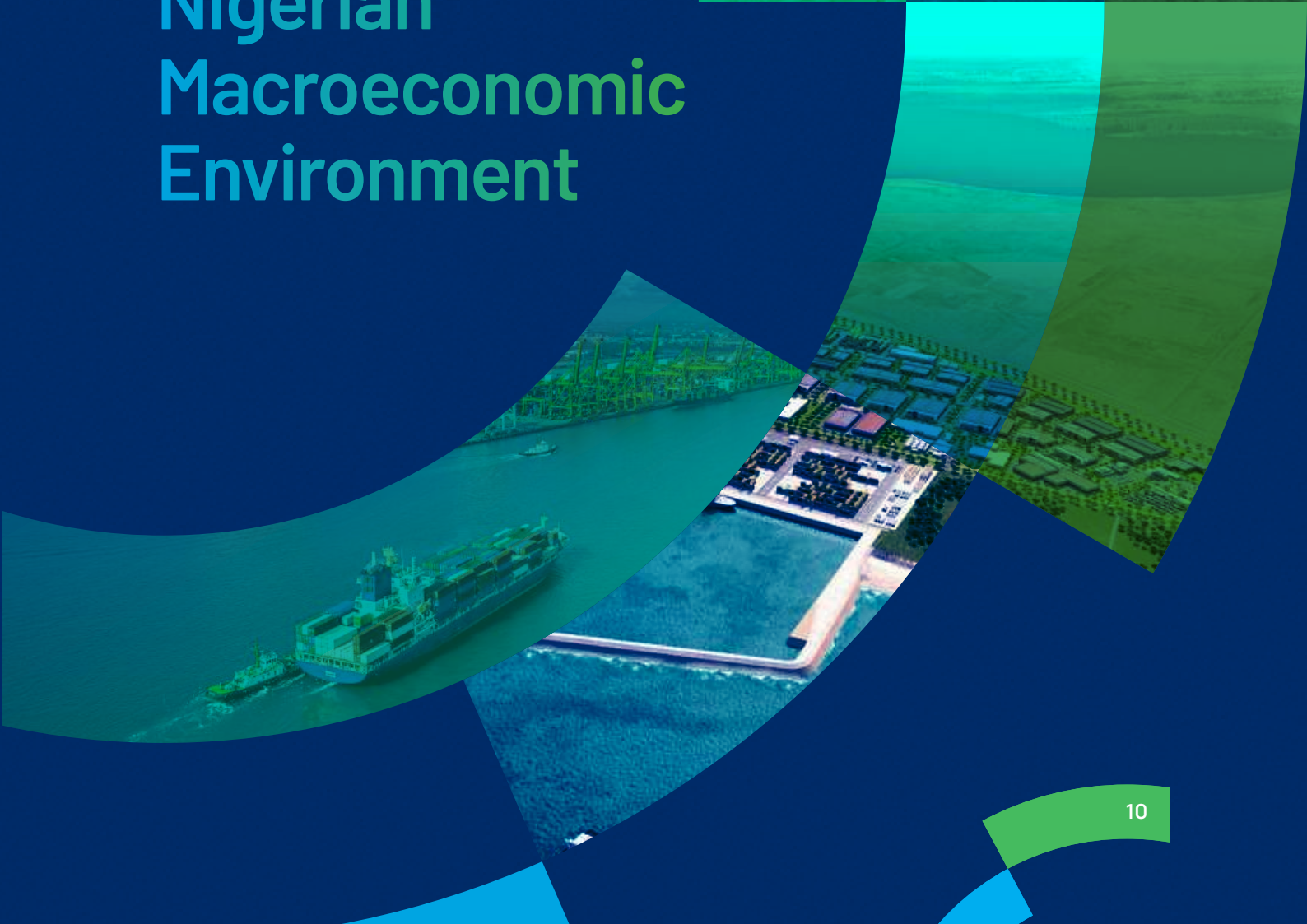
List of Abbreviations

Abbreviation	Full Description of the Abbreviation
3PL	Third Party Logistics
AfCFTA	African Continental Free Trade Area
BOI	Bank of Industry
BPE	Bureau of Public Enterprises
CBN	Central Bank of Nigeria
CCECC	China Civil Engineering Construction Corporation
CNG	Compressed natural gas
CRFFN	Council for the Regulation of Freight Forwarding in Nigeria
CVFF	Cabotage Vessel Financing Fund
ECOWAS	Economic Community of West African States
EPTs	Export Processing Terminals
ERGP	Economic Recovery and Growth Plan
ETO	Electronic Call-Up System
FERMA	Federal Roads Maintenance Agency
FMCG	Fast-moving consumer goods
FMOT	Federal Ministry of Transportation
FRSC	Federal Road Safety Corps
FTZ	Free Trade Zones
FX	Foreign Exchange
GDP	Gross Domestic Product
GE	General Electric
GHG	Greenhouse Gas
HDMI	Highway Development and Management Initiative
ICD	Inland container depots
IMO	International Maritime Organisation
LASG	Lagos State Government

Abbreviation	Full Description of the Abbreviation
MPR	Monetary Policy Rate
NARTO	National Association of Road Transport Owners
NBS	National Bureau of Statistics
NCIS	Nigeria Integrated Customs Information System
NDP	National Development Plan
NEPZA	Nigeria Export Processing Zones Authority
NIMASA	Nigerian Maritime Administration and Safety Authority
NIMP	Nigeria Integrated Infrastructure Master Plan
NITDA	National Information Technology Development Agency
NIWA	National Inland Waterways Authority
NPA	Nigerian Ports Authority
NRC	Nigerian Railway Corporation
NSC	Nigeria Shipper Council
OGFZA	Oil and Gas Free Zones Authority
PPP	Public-private partnerships
RFID	Radio Frequency Identification
RTEAN	Road Transport Employers Association of Nigeria
SEZ	Special Economic Zone
SME	Small and medium-sized enterprises
VIO	Vehicle Inspection Officers

01

Nigerian Macroeconomic Environment



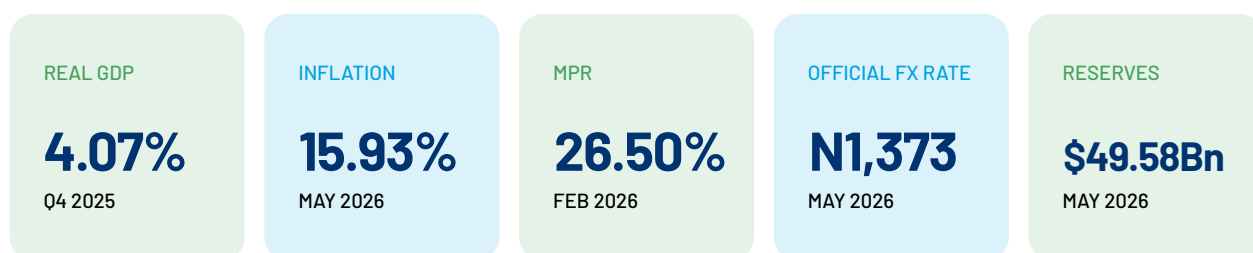
01

Near-Term Outlook of Key Macroeconomic Indicators for Nigeria

Nigeria's macroeconomic outlook in 2026 is shaped by the effects of ongoing policy realignment following the removal of fuel subsidies and the unification of the foreign exchange (FX) market in mid-2023.

These reforms, while bold and market-affirming, have introduced significant macroeconomic volatility, evidenced by persistent inflation, sharp naira depreciation, elevated interest rates, and chronic fiscal tightness. The economic reforms of the federal government aim to stabilise the economy and restore investor confidence. However, operational distortions and cost shocks continue to weigh on real sector performance, particularly freight-reliant subsectors where FX-linked inputs, energy, and capital costs are key cost drivers.

Figure 1: Nigeria Macroeconomic Dashboard



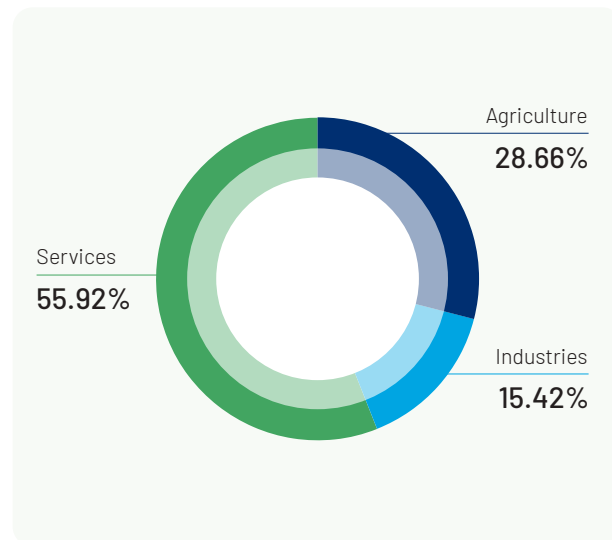
GDP Growth and Sectoral Structure

Real GDP grew by 4.07% in Q4 2025, marginally higher than the 3.76% growth recorded in Q4 2024, indicating steady momentum amid a harsh macroeconomic climate. Nonetheless, persistent challenges, including high inflation, foreign exchange instability, and low public capital investment, continue to limit the country's full growth potential.

A review of the sectors reveals that the services sector led overall growth in 2025, expanding by 4.15% year-on-year and accounting for 55.92% of GDP, reflecting the primacy of growth of ICT, financial services, and trade in Nigeria's economic structure. Agriculture grew by 4.0% during the period, supported by continued sector activity but moderated by elevated input costs and insecurity in major production zones. The oil sector demonstrated a stronger year-on-year performance, recording growth of 8.50%, up from 5.54% in 2024. Nonetheless, the sector experienced a quarter-on-quarter contraction of 6.30%, underscoring the continued impact of oil theft, underinvestment, and deteriorating pipeline infrastructure on production levels.

Non-oil GDP, accounting for 96.47% of the total economy, remains the dominant sector. Within this, the trade sector and manufacturing are central to logistics value chains. However, both sectors are highly exposed to vulnerabilities stemming from fuel price volatility, foreign exchange-driven import inflation, and infrastructure deficits—factors that continue to inflate supply chain costs and compress margins.

Figure 2: Composition of GDP in 2025



Source: NBS

The freight logistics ecosystem underpins output in each of these non-oil segments. For instance, food transport costs are a major determinant of retail inflation, while intermodal linkages are critical for export-oriented manufacturers. This structural interdependence suggests that credit-enhanced logistics infrastructure — particularly those embedded in high-output trade and manufacturing clusters — may offer outsized productivity multipliers and cost-smoothing effects.

Inflation and Input Cost Pressure

As of May 2026, Nigeria's headline inflation edged up to 15.93% on a year-on-year basis, according to the National Bureau of Statistics (NBS). This represents a marginal increase from the 15.69% recorded in April 2026, marking the second consecutive monthly uptick. Nonetheless, the figure represents a dramatic moderation from the same period a year earlier.

Headline inflation stood at 26.82% in May 2025, a decline that reflects both genuine price stabilisation and the effect of the CPI basket rebasing, now benchmarked to a new base year of 2024 with a weight reference period of 2023.

Food inflation came in at 16.96% on a year-on-year basis in May 2026, significantly lower than the 24.55% recorded in May 2025. Core inflation, which strips out volatile food and energy prices, stood at 16.82% year-on-year in May 2026, down sharply from 24.92% recorded in the corresponding period of 2025. While these aggregates point to a broad disinflationary trend, they continue to mask significant price distortions across specific logistics inputs. Sectoral data from independent trackers such as the Lagos Trade Hub, NARTO, IPMAN, and private logistics operators indicate that freight input inflation remains severe.

Despite headline CPI moderation, logistics sector inflation remains highly elevated – driven by FX-linked import pricing, energy costs, and distribution bottlenecks.

Diesel prices averaged ₦2,474.69/litre in April 2026 (up from ₦1,722.45/litre in April 2025)¹.

FX and Interest Rate Dynamics

As of May 2026, the naira is trading at approximately ₦1,375 per US dollar on the official Nigerian Foreign Exchange Market (NFEM) window – a meaningful appreciation from the ₦1,585/US\$ recorded in May 2025 and a tangible sign of the progress made since the foreign exchange unification of mid-2023. The premium between the official and parallel market rates has remained narrow, with currency traders attributing

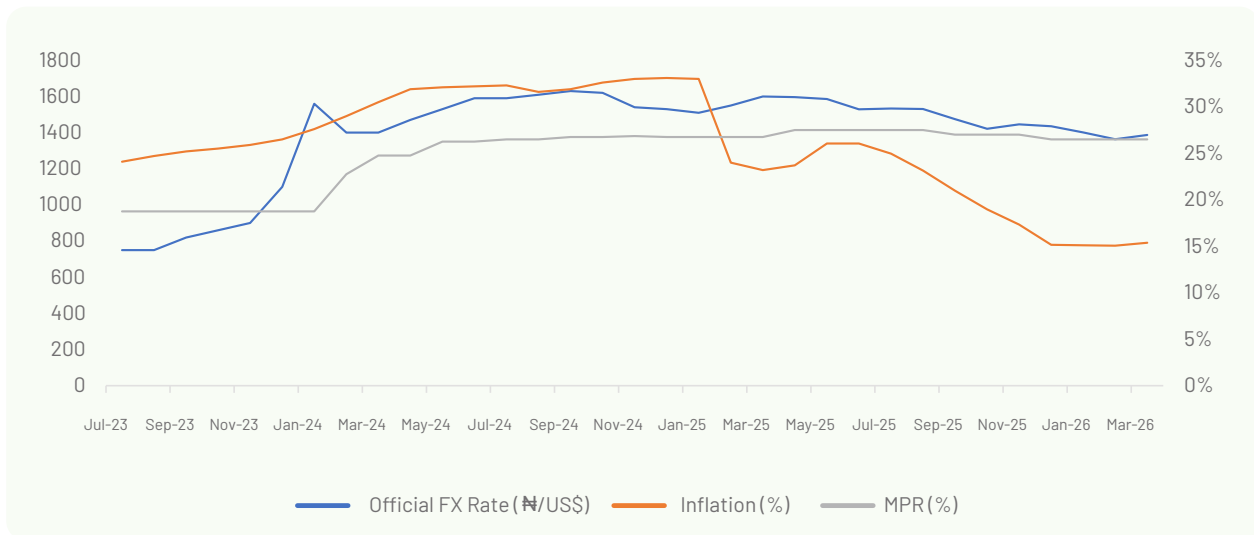
the compression to improved foreign exchange supply and continued CBN reforms aimed at stabilising the market.

While the naira's recovery and stronger external reserves have improved the macroeconomic environment, some effects of the 2023–2025 depreciation cycle persist, particularly in logistics and other import-dependent sectors. Tyres, spare parts, and lubricants remain somewhat exposed to FX pressures due to procurement lags and contracts priced at earlier exchange rates, although these pressures are gradually easing. Shipping costs also remain above their pre-unification naira equivalent but continue to trend downward.

On monetary policy, the CBN held the Monetary Policy Rate (MPR) at 26.5% at its May 2026 meeting, following a 50-basis-point reduction in February 2026, the first rate cut after an extended tightening cycle. This leaves cumulative net tightening since June 2023 at 825 basis points. Commercial lending rates remain elevated at about 34.5% but are expected to decline gradually as inflation moderates. While the MPC's decision to hold rates reflected caution amid recent inflation increases, the broader policy stance has shifted toward a measured easing cycle, which should progressively lower financing costs across the logistics and transport sector.

The combination of FX volatility and elevated interest rates is throttling logistics capital expenditure (capex) – from fleet renewal to warehousing finance – and widening the bankability gap for most corridor-based freight infrastructure.

1 National Bureau of Statistics: Automotive Gas Oil (Diesel) Price Watch AGO [<https://microdata.nigerianstat.gov.ng/index.php/catalog/158>]



Fiscal Conditions and Fuel Price Effects

Fuel deregulation remains a key reform anchor for the Federal Government. Since the subsidy removal in mid-2023, average petrol pump prices have surged to a range of ₦1,200 and ₦1,300/litre in Lagos, the Country's commercial capital, and over that threshold per litre in several northern and South-Eastern states. While the policy has reduced the fiscal burden of subsidies, projected savings (which was estimated at \$7.5 billion annually²) have been disproportionately channelled into recurrent expenditure. According to the Budget Office, debt service accounted for about 30% of federal expenditure in 2025, while personnel costs for MDAs took up another 17-18%³. Only about 31.6% of total federal spending was allocated to capital expenditure — well below the threshold required to meet infrastructure financing needs, especially for freight corridor upgrades.

Over 70% of federal savings from subsidy reform were absorbed by debt service and personnel, limiting logistics investment leverage.

Freight Sector Implications and Investment Signals

Freight Cost Inflation

According to the NBS, Automotive Gas Oil (Diesel) Price Watch, diesel averaged ₦2,474.69/litre in April 2026⁴. The surge in diesel prices, combined with foreign exchange-linked increases in the costs of tyres, spare parts, and lubricants, has led to a significant rise in corridor freight rates. These increases have compressed haulage margins across key dry cargo lanes, especially northbound agricultural corridors where return loads are irregular and fuel recovery rates are low. The impact is especially pronounced for bulk and long-haul dry cargo operators, undermining cost efficiency across agro-based supply chains.

² Nairametrics [<https://nairametrics.com/2024/11/25/fuel-subsidy-removal-saves-nigeria-7-5-billion-annually-presidency/>]

³ <https://budgetoffice.gov.ng/index.php/2025-appropriation-bill>

⁴ National Bureau of Statistics: Automotive Gas Oil (Diesel) Price Watch AGO [<https://microdata.nigerianstat.gov.ng/index.php/catalog/158>]

Capex Deferral and Warehousing Pressures

FX-denominated inputs such as prefabricated steel structures, cold storage units, bonded enclosure fencing, and digital inventory management systems have experienced 25-30% YoY inflation⁵. Combined with lending rates over 30%, warehouse refurbishment and expansion plans are being shelved or downsized, with long-term implications for corridor consolidation and agro-export storage capacity.

Emerging Credit-Relevant Investment Zones

Federal capex constraints and tightening project finance conditions have created room for selective risk-sharing in corridor-aligned logistics projects. Freight infrastructure with measurable volume throughput – such as inland container depots (ICDs), bonded yards, truck marshalling hubs, and clean fuel logistics platforms – offer infrastructure credit guarantee potential where revenue stability is underpinned by bilateral usage contracts or anchor tenancy.

The convergence of diesel, tyre, and warehousing inflation justifies credit enhancement for corridor-based freight platforms – particularly where throughput covenants can be linked to financing.

Conclusion

The Nigerian macro environment remains volatile, but signs of gradual stabilization are emerging. While tight monetary policy, FX liberalisation, and fuel subsidy removal are driving short-term cost pressures, they also lay the groundwork for medium-term investment opportunities. Strategic investments in corridor-linked freight infrastructure, especially those supported by blended finance mechanisms and risk-sharing instruments, offer high-impact potential. These projects are most viable where commercial flows are backed by reliable volume data and bolstered by credit enhancement tools, positioning logistics as a critical enabler of inclusive growth and trade competitiveness.

⁵ Lands of Nigeria: 2025 Nigerian Construction Cost Index: Cement, Labor & Material Prices [<https://landsofnigeria.com/2025-nigerian-construction-cost-index-cement-labor-material-prices/>]

02

Overview of the Nigerian Transport & Logistics Sector



02

Overview

Nigeria's transport and logistics sector is the circulatory system of its economy, underpinning the movement of goods, services, and people across its 36 states and neighbouring West African markets.

In a country where supply chains traverse over 1,000 km between key consumption and production centres, logistics performance is a make-or-break determinant of macroeconomic competitiveness.

With over 90% of freight moved by road, despite just 28,980 km (15%) of Nigeria's 195,000 km road network being paved, the system suffers from infrastructural imbalance and modal distortion⁶. According to the

Federal Road Maintenance Agency (FERMA), fewer than 30% of paved roads are in good condition, with recurrent axle-load violations and inadequate drainage worsening deterioration⁷. Meanwhile, inland waterways handle under 2% of national freight due to limited navigability and poor intermodal linkages⁸. Rail freight share remains below 3% despite recent upgrades⁹.

6 Stears: Rethinking Roads in Nigeria. <https://www.stears.co/article/rethinking-roads-in-nigeria/>

7 Federal Roads Maintenance Agency.: FEMA firms up agenda for 2025. <https://ferma.gov.ng/>.

8 Nigeria Inland Waterways Authority. Boat Mishaps-Tackling Inland Waterways Challenges. <https://allafrica.com/stories/202409160132.html?>

9 Business Day: Rail haulage still struggles to gain traction. <https://businessday.ng/uncategorized/article/rail-haulage-still-struggles-to-gain-traction-despite-1-5bn-lagos-ibadan-line/?>

Figure 3: Modal Share of Freight Transport in Nigeria (2023)



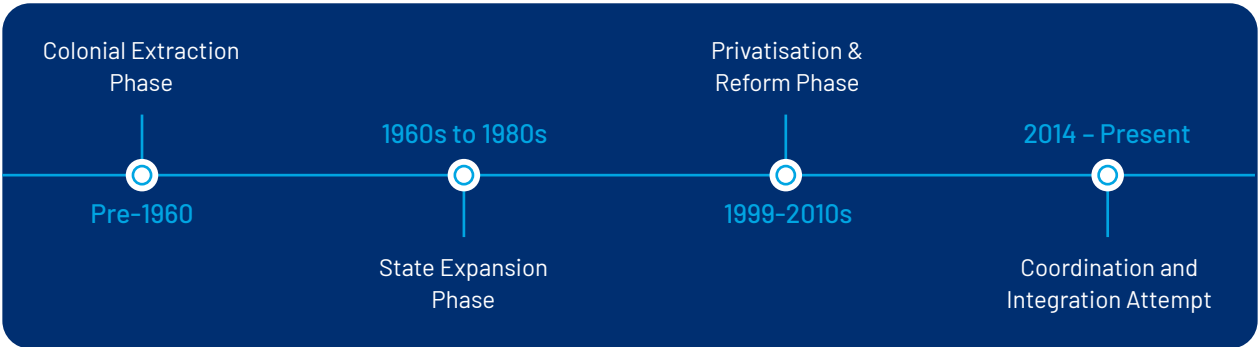
The sector remains structurally informal. An estimated 80–85% of logistics activity is handled by micro-operators – informal truck owners, independent agents, and market-based brokers – who function without enforceable standards. This results in unpredictable delivery timelines, inflated costs due to informal fees, and safety risks. Formal third-party logistics (3PL) operators remain constrained to industrial enclaves like Lagos-Ibadan, Port Harcourt-Aba, and Kano-Kaduna.

Nonetheless, the sector is showing signs of transition. Bonded parks, container depots, digital scheduling platforms (e.g. ETO), and weighbridge compliance systems are being piloted and scaled, particularly on high-volume freight corridors. These emerging systems, when properly linked to institutional enforcement and throughput visibility, hold the potential to support investable logistics platforms.

Historical Context

Nigeria’s transport evolution can be divided into four structural phases:

Figure 4: Timeline of Nigeria’s Logistics Reform Milestones (1960–2025)



Source: Agosto & Co. Research

- 1. **Colonial-Extractive Phase (Pre-1960):** Infrastructure development focused on export flows, particularly rail corridors built to transport groundnut, cocoa, tin, and palm oil to southern ports. Inland waterways were used seasonally without long-term commercial or intermodal plans.

2. **State-Expansion Phase (1960s–1980s):** The First–Fourth National Development Plans focused on road building, creating the trunk A and B road systems which is still in use today. However, limited multimodal integration, inconsistent maintenance, and capacity imbalances emerged early.
3. **Privatisation & Reform Phase (1999–2010s):** The 2006 Port Reform Programme improved terminal turnaround times and customs automation. However, inland connectivity remained disconnected. The Railway Master Plan aimed to revitalise standard gauge lines, with mixed progress.
4. **Coordination and Integration Attempt (2014–Present):** The Nigeria Integrated Infrastructure Master Plan (NIIMP, 2014–2043) and the National Development Plan (2021–2025) both recognised the need to align infrastructure investment with sectoral development. However, delivery has been uneven. Projects like Inland Container Depots (ICDs), multimodal terminals, and bonded logistics parks are still constrained by fragmented regulation and funding shortfalls.

Industry Dynamics

The transport and logistics sector in Nigeria is defined by five interlocking dynamics:

1. **Modal Distortion:** Over 90% of freight relies on roads, causing congestion, high vehicle operating costs, and route fragility. Rail and waterways carry less than 5% combined, mostly limited to Port Harcourt–Aba and Lagos–Ibadan freight pilots.¹⁰
2. **Corridor Risk Concentration:** Five arterial routes – Lagos–Ibadan, Lagos–Onitsha, Port Harcourt–Enugu–Kano, Kano–Kaduna–Abuja, and Apapa–Ojota – account for over 70% of logistics traffic.¹¹ However, less than three have complete axle-load enforcement coverage or rest-stop infrastructure.
3. **Inflationary Pressures:** Freight costs range from ₦42–₦47 per tonne–km in Nigeria versus ₦21–₦28 in Kenya and ₦15–₦19 in Morocco¹². Informal levies and diesel price fluctuations are major contributors.
4. **Institutional Fragmentation:** Overlapping mandates exist between Nigerian Shippers Council (NSC), Nigerian Ports Authority (NPA), National Inland Waterways Authority (NIWA), Nigerian Railway Corporation (NRC), and Federal Road Safety Corps (FRSC). There is no real-time corridor-level command and control framework. Pilot platforms like Electronic Truck Call-Up System (ETO) and Electronic Register & Information System (ERIS) show promise but remain siloed.
5. **Investment Signalling:** Emerging logistics assets – including bonded aggregation parks in Kano and Funtua, dry ports in Ibadan and Jos, and digital truck terminals in Apapa – are increasingly visible. With improved corridor governance and better throughput measurement, such assets may begin to demonstrate the characteristics necessary for long-term commercial viability.

10 Businessday: New Chinese rail service to ease port congestion. <https://businessday.ng/maritime/article/new-chinese-rail-service-to-ease-port-congestion-cut-logistics-costs-for-international-traders/>

11 Businessday: Top 10 highroads shaping Nigeria's economy. <https://businessday.ng/news/article/the-top-10-highroads-shaping-nigerias-economically/>

12 Mordor Intelligence: Nigeria Freight and Logistics Market Size. <https://www.mordorintelligence.com/industry-reports/nigeria-freight-and-logistics-market>

03

Industry Structure & Key Trends



03

Road

Road Freight: Dominant, Indispensable, Yet Distorted

Road freight accounts for more than 90% of goods movement across Nigeria, reflecting not only its logistical primacy but also the absence of viable alternatives.¹³

The national rail network remains underdeveloped, inland waterways are constrained by seasonal variability and underinvestment, and pipeline infrastructure is largely limited to oil and gas corridors. As such, the country's logistics burden rests overwhelmingly on its road network.

This dependence, however, comes with systemic trade-offs. According to The Cable, out of Nigeria's 195,000-kilometre road network, only about 28,980km (15%) is paved, and over two-thirds of that is in poor or fair condition.¹⁴ Freight corridors such as Lagos-Ibadan-Kano and Port Harcourt-Makurdi-Jos are routinely congested, poorly maintained, and subject to inconsistent axle-load enforcement – resulting in a network prone to rapid degradation and high operating costs.

The implications are far-reaching: deteriorating infrastructure increases fuel consumption and maintenance costs, reduces delivery reliability, and contributes to a logistics cost structure that is among the highest in sub-Saharan Africa, with benchmark estimating Nigeria's average logistics costs around 30% of product value¹⁵, compared to Asia which have an input of only 8% on transport and logistics. Across Africa, transport costs are among the highest globally.

13 KPA: Transportation in Nigeria: Understanding the Distribution Channels [https://kpapakpa.com/distribution-channels-understanding-transportation-in-nigeria/#:-:~:text=The%20road%20network%20is%20very%20important%20in%20Nigeria,the%20road%20network%20to%20businesses%20cannot%20be%20over-emphasized.]]

14 The Cable: 2024 Appropriation Bill: Who fights for the orphan, FERMA? [https://www.thecable.ng/2024-appropriation-bill-who-fights-for-the-orphan-ferma/]]

15 Vanguard: Transportation responsible for 30% of cost of goods and services [https://www.vanguardngr.com/2019/07/transportation-responsible-for-30-of-cost-of-goods-and-services-hassan-bello/?utm_source=chatgpt.com]

For instance, the cost of transporting goods within Africa can be up to five times higher per unit distance than in the U.S.¹⁶ These figures reflect compounded inefficiencies in transport, warehousing, customs, and informal payments. These inefficiencies are most acutely felt in perishable supply chains, consumer retail distribution, and agricultural off-take, where time and route certainty are critical.

What follows is an assessment of how Nigeria's road freight segment is structured – who participates, how it is organised, and where structural bottlenecks lie.

The organisational structure of Nigeria's road freight market is highly fragmented and informally governed – meaning that coordination of freight activity is largely facilitated by informal brokers, transport unions, and local syndicates, rather than by regulatory institutions or national logistics frameworks.¹⁷ At its core, lies a vast ecosystem of micro-operators, who own 1–3 vehicles and constitute a very large percentage of all haulage activity. These players often operate outside formal logistics contracting frameworks, instead relying on direct shipper contacts, transport unions, or informal brokers who match loads and destinations.

At the middle tier are small and medium-sized fleet operators who manage between 5 and 50 trucks. These firms are typically registered businesses and engage in repeat servicing of agro-allied firms, cement manufacturers, fast-moving consumer goods (FMCG) distributors, or importers clearing goods at major seaports. Some are affiliated with regional freight unions or platform-based consortia (such as Kobo360 or Truckr) that offer digital scheduling and trip assurance services.

At the apex is a small cohort of integrated logistics companies, including multinational third-party logistics providers (3PLs) and large domestic players such as Red Star Express and GIG Logistics. These firms offer end-to-end logistics solutions encompassing warehousing, customs brokerage, cold chain services, and intercity delivery. These companies offer full-chain logistics services including warehousing, customs clearing, cold chain, and inter-city delivery. However, despite their sophistication they account for a relatively small percentage of total freight moved by road in Nigeria.

This skewed structure affects how capital, technology, and compliance spread across the system. For example, while 3PLs are better placed to adopt Compressed Natural Gas (CNG) for fuelling or fleet telematics, most micro-operators struggle to qualify for vehicle finance or meet axle-load enforcement standards.

Moreover, the influence of unions and informal associations such as the National Association of Road Transport Owners (NARTO) and Road Transport Employers Association of Nigeria (RTEAN) is strongest at the micro-tier, often substituting for regulatory oversight in terminal queuing, pricing norms, and dispute resolution.

With over 90% of goods moved by road, Nigeria's logistics backbone is both essential and overburdened—strained by poor infrastructure, fragmented operators, and systemic inefficiencies that drive costs up and reliability down.

16 International Growth Center: Beyond borders: Making transport work for African trade [<https://www.theigc.org/publications/beyond-borders-making-transport-work-african-trade?.com>]

17 The Street Journal: Industry Players On How To Tackle Cargo Bottlenecks, Haulage [<https://thestreetjournal.org/industry-players-on-how-to-tackle-cargo-bottlenecks-haulage/?com>]

Fleet Characteristics and Cost Drivers

The majority of trucks on Nigerian roads are aged, imported, and unfit for long-haul use. According to Dr. Boboye Oyeyemi, the Corps Marshal, Federal Road Safety Corps (FRSC) 90% of articulated trucks plying the roads are overaged vehicles that are not roadworthy.¹⁸ The combination of poor maintenance culture, substandard spare parts, and unregulated emissions significantly affects fuel efficiency and reliability.

Following Nigeria's transition from a fixed to a floating exchange rate regime in 2023, the naira depreciated significantly by as much as 40% according to the World Bank.¹⁹, causing a sharp rise in diesel prices, which increased by around 43.67%, rising from ₦1,722.45/litre in April 2025 to over ₦2,400/litre in 2026²⁰. Logistics providers now report that diesel accounts for a larger percentage of operating costs on key routes.

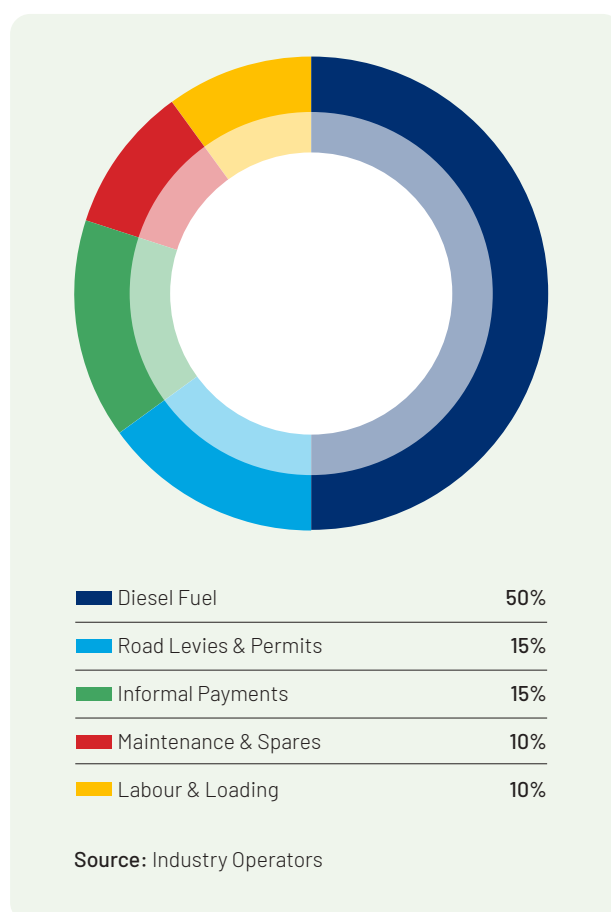
Haulage costs have also been inflated by informal payments at security checkpoints. According to the Foundation for Investigative Journalism, haulage truck drivers can pay as much as ₦2,500 per stop in illegal payments across inter-state routes.²¹

Table 1: Sample Cost Breakdown for Lagos–Kano Trip

Cost Component	Estimated Share of Total Cost
Diesel Fuel	50%
Road Levies & Permits	15%
Informal Payments	15%
Maintenance & Spares	10%
Labour & Loading	10%

Source: Agosto Market Intelligence

Figure 5: Estimated Share of Total Cost



18 Oriental News Nigeria: Truck Crashes: 90% of articulated vehicles over-aged – FRSC Corps Marshal [<https://orientalnewsng.com/truck-crashes-90-of-articulated-vehicles-over-aged-frsc-corps-marshal/>]

19 Business Day: Naira among worst performing currencies in Sub-Saharan Africa – World Bank [<https://businessday.ng/news/article/naira-among-worst-performing-currencies-in-sub-saharan-africa-world-bank/>]

20 National Bureau of Statistics: Automotive Gas Oil (Diesel) Price Watch AGO [<https://microdata.nigerianstat.gov.ng/index.php/catalog/158>]

21 Foundation for Investigative Journalism: We Traced Policemen Collecting Bribes from Interstate Food Transporters. An ASP Said the IGP Knew About It [<https://fij.ng/article/we-traced-policemen-collecting-bribes-from-interstate-food-transporters-an-asp-said-the-igp-knew-about-it/>]

CNG Adoption

Recently, Nigeria has been pushing hard to get its public transportation to swap petrol and diesel for compressed natural gas (CNG). Under the Presidential CNG Initiative, launched in 2023, the government hopes to convert one million vehicles by 2027²². The promise is alluring: fuel that is cheaper than petrol, less polluting and, crucially, abundant in a country that flares much of its natural gas. To encourage take-up, Abuja is offering subsidies and even free conversions for commercial fleets. The scheme is not only about cleaner transport. Officials see it as a way to create jobs and to spur investment in supporting infrastructure, from conversion workshops to filling stations. Several state governments and private firms have joined in, giving the project early momentum.

Following the removal of the fuel subsidy in 2023, the Federal Government of Nigeria earmarked ₦100 billion from its ₦500 billion palliative budget to support the Presidential Compressed Natural Gas Initiative (PCNGI). The facility, offered at a concessional rate of 9% with a 60-month tenor, is intended to ease the transition to cleaner fuels while cushioning households and businesses from higher transport costs.

Rather than funding direct conversions, the credit line is geared primarily towards the acquisition of new CNG-powered vehicles, particularly buses, though it sits alongside other PCNGI incentives such as free or subsidised conversions for commercial operators. Disbursement runs through participating financial institutions, positioning the programme as both a fiscal support measure and a lever for accelerating Nigeria's energy transition.

The facility is open to qualifying logistics and transport firms, with emphasis on those that can scale CNG adoption for public benefit. While no exhaustive public list of beneficiaries exists, the following categories

and examples have been identified as eligible or actively seeking/participating based on government announcements, partnerships, and reported conversions:

- Long-Distance Bus Operators (e.g., Members of the Association of Luxury Bus Owners of Nigeria - ALBON)
- Freight and Haulage Logistics Firms
- Firms with high-volume passenger services
- Other Commercial Fleet Operators

In October 2024, the Federal Government of Nigeria (FGN) approved a ₦122 billion investment through the Midstream and Downstream Gas Infrastructure Fund (MDGIF) to support the nationwide development of critical gas infrastructure, including CNG-related projects. Established under the Petroleum Industry Act (2021), the MDGIF is designed to catalyse private sector-led growth in gas processing, transportation, storage and distribution. The funding will be channelled to six indigenous companies – Asiko Energy Holdings Limited, Femadec Energy Limited, Ibile Oil and Gas Corporation, Nsik Oil and Gas Limited, Rolling Energy Limited, and Topline Limited – selected based on the operational track records and alignment with national gas infrastructure objectives. These companies operate across multiple geopolitical zones, underscoring the government's commitment to inclusive economic development and regional integration.

Major Intercity Expressways (HDMI) and Tolling

Major intercity expressways – Highway Development and Management Initiative (HDMI) or motorway-grade

²² <https://nairametrics.com/2025/01/17/fg-launches-campaign-to-convert-10000-commercial-vehicles-into-cng-in-10-weeks/>

corridors) forms the backbone of Nigeria's long-haul road freight network, carrying the bulk of containerised imports and high-value agricultural and mineral flows between ports, production zones and consumption centres. Key corridors include Lagos-Ibadan, Benin-Onitsha (East-West spine), Kano-Kaduna, Port access roads serving Apapa and Tin Can Island, and the Abuja-Makurdi corridor.

Abuja-Keffi-Akwanga-Lafia-Makurdi



The Abuja-Keffi-Akwanga-Lafia-Makurdi road is operational as a tolled highway under Nigeria's Highway Development and Management Initiative (HDMI). The tolling on this 227.2km road commenced in February 2025²³ as part of a 25-year concession agreement with private partners to ensure maintenance and repay a loan from China Exim Bank. This project marks a significant shift in Nigeria's road infrastructure strategy, moving towards a public-private partnership (PPP) model to address persistent funding and maintenance challenges.

The Abuja-Keffi-Akwanga-Makurdi highway is a crucial economic link between the Federal Capital Territory and the North-Central region. The government officially launched tolling operations on this road in February 2025. This initiative is a core component of the HDMI, which aims to concession over 5,000 km of federal highways to private companies. The concessionaire,

a partnership led by China Harbour Operations and Maintenance Company, is responsible for the road's operation and maintenance. Toll revenue from this corridor is primarily designated for the repayment of a \$460.8 million loan used for the road's rehabilitation and upgrade.

This move reverses the 2004 decision to abolish toll gates and signals the government's commitment to creating a sustainable, user-funded system for road infrastructure. Despite the new system, recent flooding and maintenance issues on the road have highlighted the ongoing challenges in ensuring consistent road quality and reliable infrastructure, which the government is now addressing by holding the concessionaire accountable.

Lagos-Ibadan



The Lagos-Ibadan corridor is Nigeria's busiest road freight and passenger artery outside metropolitan Lagos. It carries the bulk of containerised traffic heading inland from Apapa and Tin Can Island, as well as heavy commuter flows between Lagos and the commercial nodes to the north. Over the last decade the corridor has been subject to phased widening and rehabilitation works; parts have been reconstructed to dual carriageway standards, with additional upgrades at key interchanges. Traffic volumes are high and growth is driven by port throughput, regional commerce and

²³ <https://punchng.com/fg-unveils-toll-gates-on-abuja-makurdi-road-charges-n500-n1600/>

peri-urban development, making the corridor attractive for tolling or PPP upgrades. Key constraints include chronic congestion at port approaches, high incidence of axle overloading, and political sensitivity around introducing broadly applied tolls. Bankable models are likely to combine segmented user-pay sections for high-traffic stretches, availability payments for politically sensitive segments, and investment in weighbridges and enforcement to protect pavement life and revenue.

Benin–Onitsha (East–West spine)



The Benin–Onitsha axis (part of the broader East–West freight spine) links southern ports and production zones with inland industrial and commercial centres in the Southeast and North-central states. The corridor is strategically important for flows of agricultural produce, manufactured goods and containers transiting between coastal ports and inland markets or transit hubs. Condition along the spine is mixed: several sections have been rehabilitated while others suffer from deferred maintenance, leading to variable travel times and safety outcomes. Tolling is currently limited, but the corridor is well-suited to segmented concessioning – allowing higher-demand sections to be tolled while lower-traffic stretches receive availability or government-funded maintenance. Security hotspots and localised pavement deterioration are principal risks that must be addressed with coordinated maintenance programs, improved enforcement of axle-load regulations, and targeted safety interventions.

Port access roads (Apapa, Tin Can)



Roads linking the ports of Apapa and Tin Can Island to the wider federal highway network are critical chokepoints for Nigeria's trade logistics. These access roads see high concentrations of heavy goods vehicles and frequent queuing which undermines port efficiency and increases truck operating costs. Typically, these approaches are not tolled because of political sensitivity and the operational complexity of capturing revenue from port cargo flows; instead, interventions have focused on operational reforms (e.g., port gate processing), periodic rehabilitation, and limited pilot schemes for truck transit fees or dedicated truck lanes. Opportunities exist for targeted investments that segregate port-bound heavy vehicles (dedicated truck lanes), implement electronic distance-based charging or truck transit fees, and improve staging/parking logistics – measures that could be structured as PPPs with port authorities and principal logistics operators sharing revenue or cost savings.

Kano–Kaduna and Northern corridors

Northern corridors such as Kano–Kaduna and feeder links to major northern markets serve agricultural, agro-processing, and light industrial supply chains. Compared with southern corridors, traffic densities are lower, and the corridors demonstrate more variability in pavement quality; however, they remain essential for regional economic integration and cross-border trade to Sahelian markets. Tolling has been limited to date due to lower revenue potential and institutional priorities for federal maintenance spending, but

selective tolling or availability-payment concessions could be viable where traffic volumes are stable (e.g., near industrial clusters or border crossings). Key risks include security incidents in certain areas, maintenance funding shortfalls, and seasonal deterioration; investment packages should therefore combine strengthened O&M funding, local stakeholder engagement, and risk-sharing structures that reflect lower baseline traffic levels.

Table 2: HDMI Corridor Summary table

Corridor	Operational Status	Tolling Status	Strategic Freight Role	Key Risks
Abuja–Makurdi	Rehabilitation completed on major sections; operational for through traffic on upgraded sections	- Limited formal tolling - No comprehensive toll concession	Connects FCT to Middle Belt agricultural and mineral areas; alternative north–south freight route	- Weak axle-load enforcement - Limited weighbridge coverage
Lagos–Ibadan	Major rehabilitation/expansion ongoing/completed in segments	No tolling yet; however, the federal government plans to toll it as soon as rehabilitation is complete ²⁴	Primary port-to-interior corridor for container flows from Apapa/Tin Can	- Congestion at port approaches - High traffic supports user-pay models with availability hybrid
Benin–Onitsha (East–West spine)	Some sections have been upgraded with some level of patchy maintenance	Limited tolling; potential for segmented concessions	Key east–west freight corridor linking southern ports to inland markets and industries	Security issues in parts, mixed pavement quality; segmented concessioning feasible
Port access roads (Apapa, Tin Can)	Operational but frequently congested; recurring rehabilitation	Not tolled	Critical for container export/import flows; high HGV concentration	Severe congestion, truck queuing, port gate inefficiencies; potential for dedicated truck lanes and truck transit fees
Kano–Kaduna / Northern corridors	Varies by section; some upgraded sections	Limited tolling	Links agricultural and industrial zones to northern markets and ports via transshipment	Lower traffic density vs Lagos corridors; security and maintenance funding risks

Source: Agosto Consulting Compilation

²⁴ <https://nairametrics.com/2025/02/26/fq-to-introduce-tolls-on-lagos-ibadan-expressway-after-phase-1-completion/>

The Lagos-Calabar Coastal Highway



The Lagos-Calabar Coastal Highway is a major infrastructure project spanning approximately 700 km from Victoria Island in Lagos to Calabar in Cross River State, passing through Ogun, Ondo, Delta, Bayelsa, Rivers, Akwa Ibom, and Cross River states. It's designed to enhance logistics, trade, tourism, and connectivity along Nigeria's southern coast, with features like dual carriageways, concrete pavements for durability, and integrated rail tracks in some sections. The project, managed by the Federal Ministry of Works and executed by Hitech Construction Company, began in March 2024 and is funded through a mix of government budgets, loans (e.g., a \$747 million facility from Deutsche Bank for Section 1), and potential tolling. Total estimated cost is around N15-16 trillion, with an overall expected completion by 2031-2032 (an 8-year timeline from start). Progress has been phased, with some environmental and demolition controversies, but it remains a priority for reducing travel times and boosting freight movement between the Southwest and South-South regions.

First Stretch: Victoria Island to Eleko Beach



This initial phase covers about 47.47 km, starting from Ahmadu Bello Way (near Victoria Island) and extending to Eleko Junction (near Eleko Beach) within Lagos State. A 30 km subsection was commissioned by President Bola Tinubu on May 26-31, 2025 (reports vary slightly on the exact date), marking it as complete and operational for traffic²⁵. This commissioning allowed vehicles to begin using the paved portions as of September 2025²⁶, primarily for local and intra-Lagos logistics, though full integration with broader networks is ongoing.

The remaining portions of this phase are at advanced stages, with approximately 70-80% completion reported earlier in 2025²⁷, including paving, grading, and bridge work at key points like Eleko Junction. Challenges like rainy season delays and swampy terrain have been noted, but concrete reinforcement is being used for longevity.

The segment extending beyond the Lekki Deep Seaport into Ogun and Ondo States is crucial for validating the Lagos-Calabar Coastal Highway's mandate as a cross-regional corridor. This link, approximately 55 kilometres long, begins where the first stretch ends and runs toward the border of Ogun and Ondo states. The development of this stretch is expected to unlock the

²⁵ <https://guardian.ng/featured/tinubu-commissions-30km-of-lagos-calabar-coastal-highway/>

²⁶ Market Intelligence

²⁷ <https://www.thecable.ng/phase-one-of-lagos-calabar-highway-70-complete-says-umahi/>

coastal areas of Ogun State, transitioning from Epe to Odomi, and eventually connecting to Elaquet, significantly opening new areas for coastal tourism, housing schemes, and agro-logistics operations. According to Nigeria's Minister of Works, David Umahi, construction of the second stretch has begun and is expected to be completed in eight years²⁸.

Implication for Logistics Industry

This stretch could reduce congestion on existing routes like the Lagos-Ibadan Expressway for coastal-bound freight, potentially cutting travel times by 20-30% for goods moving toward the Lekki Free Trade Zone or Dangote Refinery. However, full benefits await completion, as current usage is limited to lighter vehicles in some areas due to ongoing construction.

Emerging Trends in Road Freight



While structural challenges continue to define the road freight sector, several forward-looking trends are beginning to take shape, hinting at the sector's potential to modernise and reposition as a more efficient logistics enabler.

Alternative Fuels: The Presidential CNG Initiative launched in 2023 aims to shift public and commercial transportation fleets toward compressed natural gas (CNG). While adoption remains nascent in the freight segment, early trials by large FMCG distributors and Lagos-based fleet operators signal potential for gradual uptake, especially with fuel price volatility creating economic incentives. The Federal Government has allocated ₦100 billion in soft credit to logistics firms for CNG conversions.

Third-Party Logistics (3PL) Service Expansion: The formal 3PL market is experiencing a wave of service expansions. Established players are expanding warehousing capacity and integrated transport services in Lagos, Ogun, and Abuja. This is driving a shift from fragmented, trip-based dispatching to contract-based route servicing, especially for temperature-controlled goods, pharmaceuticals, and consumer goods. Analysts project an 8.98% CAGR in the Nigerian 3PL (Third-Party Logistics) industry between 2025-2033 (Market Report Analytics, 2024)

28 <https://www.arise.tv/umahi-lagos-calabar-coastal-highway-advancing-simultaneously-across-five-states/>

Digitisation of Compliance and Fleet Monitoring: The FRSC is piloting e-logs, GPS tracking devices and vehicle condition monitoring systems on major routes. While limited in scale, such interventions, if nationally deployed, could reduce overloading incidents and improve safety compliance. Radio Frequency Identification (RFID) tagging and fleet telematics are being gradually adopted by mid-tier logistics firms.

Increased Focus on Driver Welfare and Certification: Amid growing concerns over road safety and driver fatigue, some states (e.g., Lagos, Kaduna) are requiring commercial fleet drivers to undergo periodic mental health checks and defensive driving recertification. These measures are increasingly being tied to roadworthiness renewals — an incentive structure that could enhance professionalism over time.

Urban Delivery and Micro-Fleet Growth: Driven by rising e-commerce and last-mile retail demand, there is a surge in three-wheeler and van-based urban freight services. While largely informal, platforms like Kwik and GoKada are expanding service aggregation models. These fleets are typically more fuel-efficient and operate in congested areas traditional trucks cannot access.

Rail

Overview of Nigerian Rail Industry



Rail transport plays a key role in the movement of goods and persons across different parts in Nigeria, significantly contributing to the nation's economic development.

Nigeria's rail freight sector is predominantly operated by the Nigerian Railway Corporation (NRC), a state-owned enterprise under the Federal Ministry of Transportation. The Nigerian Railway Corporation holds exclusive rights to operate the nation's railways, overseeing both passenger and freight services. The Nigerian Railways was established in 1912, by the merger of the Lagos Government Railways and the Baro-Kano railway. However, it became an autonomous public corporation created by the Nigerian Railway Corporation Act (1955). Nigeria's rail network runs diagonally from the southwest (Lagos) to northeast (Nguru), and from southeast (Port Harcourt) through Kafanchan to the northeast (Maiduguri)²⁹.

The network consists of 4,332 track kilometres, characterised by sharp curves and steep gradients in many sections. It comprises both cape gauge and standard gauge lines, with several key routes and branch lines serving different regions. The cape (also known as the narrow) gauge network, spanning approximately 3,505 km is largely in poor condition due to inadequate maintenance³⁰. The two main cape gauge lines are the Western line, which runs from Lagos on the Bight of Benin to Nguru in Yobe State (1,126 km), and the Eastern Line, connecting Port Harcourt in the southeast to Maiduguri in Borno State. These are supplemented by branch lines such as the Linking Line (Kaduna to Kafanchan), Ifaw-Ilaro, Minna-Baro, Zaria-Kaura Namoda, Kuru-Jos, and Baro-Kano. The network also includes rehabilitated segments like Lagos-Jebba, Jebba-Kano, Port Harcourt-Aba-Enugu-Makurdi, Warri-Itakpe and Kuru-Bauchi-Gombe-Maiduguri.

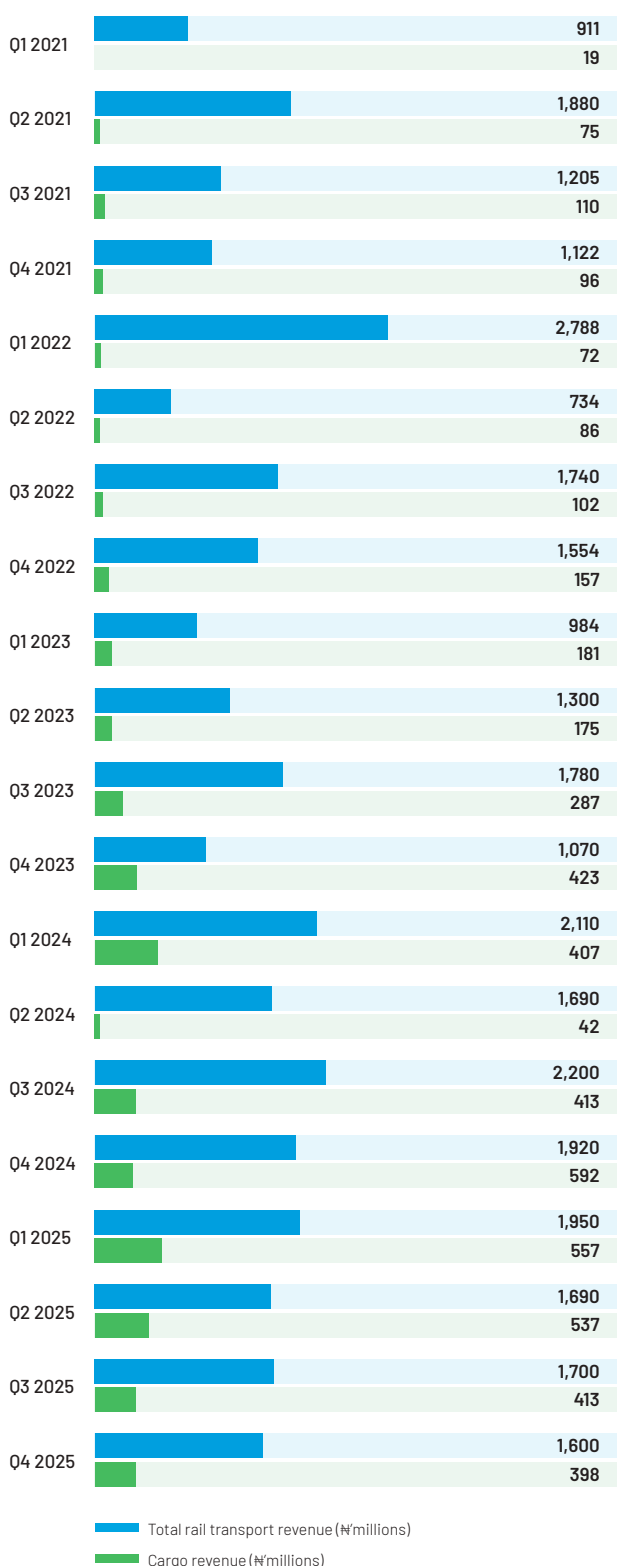
In contrast, standard gauge lines—such as the Abuja-Kaduna line and the Lagos-Ibadan line—are newer, more efficient, and capable of higher speeds and heavier freight loads. Notably, the Abuja-Kaduna standard gauge line alone generated as much revenue in 2019 as the entire cape gauge network, underscoring the superior commercial viability of standard gauge for both passenger and freight transport. The Nigerian government is prioritising the expansion of standard gauge lines to replace or supplement older routes, aiming to boost freight capacity, operational efficiency, and safety, while some cape gauge lines are being rehabilitated. The NRC does not yet connect to the rail network of neighbouring countries. However, there are ongoing and planned projects such as Kano-Maradi routes, linking Nigeria to Niger Republic.

The Nigerian rail industry is poised for continued growth, bolstered by ongoing infrastructure projects, rehabilitation and expansion policy reforms aimed at enhancing operational efficiency, as well as attracting private sector investment. These can be attributed to improved rail infrastructure, increased public confidence, and heightened road insecurity, which encouraged more commuters and businesses to use rail services. The government is currently prioritising investments for the expansion of standard gauge lines and improved intermodal connectivity. The NRC is expected to capitalise the rising demand for reliable and cost-effective transportation solutions across the country.

29 Nigerian Railway Corporation/ <https://www.bpe.gov.ng/nigerian-railway-corporation/>

30 https://en.wikipedia.org/wiki/Rail_transport_in_Nigeria

Figure 6: Revenue of the Nigerian rail industry (₦'millions)(Q1'2021 – Q3'2025)



Source: Nigerian Bureau of Statistics

The Nigerian rail industry is shaped by a mix of public institutions, international contractors, and private sector partners, each playing a crucial role in the sector's ongoing modernisation and expansion. The NRC serves as the primary operator and regulator, overseeing both legacy and new rail lines across the country. The federal government provides strategic direction, funding, and policy support, while also facilitating major international partnerships and investments, particularly from China.

China Civil Engineering Construction Corporation (CCECC) has emerged as the dominant construction firm in the rail segment, responsible for building and rehabilitating key standard-gauge lines such as the Abuja-Kaduna and Lagos-Ibadan routes, with Chinese financing underpinning these projects. Other international players include Sino Hydro, which participates in consortium-led infrastructure upgrades, and Mota-Engil, a Portuguese contractor currently building the Kano-Maradi railway, highlighting a growing diversification of foreign involvement in the sector.

Table 3: Summary Table of Some Key Players and Their Roles

Key Players	Roles/ Contribution
Nigerian Railway Corporation (NRC)	Serves as the national rail operator, policy and public-private partnerships facilitator.
China Civil Engineering Construction Corporation	Major construction contractor and project execution.
Sino Hydro	Construction and infrastructure rehabilitation.
Julius Berger	Local construction partner
Transnet	Logistics and rail operations (consortium partner)
CRRC Corporation Limited	Rolling stock supplier and local manufacturing
Private operators	Operations under NRC's track access framework

Source: Augusto Consulting Market Intelligence

NRC reported total earnings of ₦2.4 billion in the last quarter of 2025 (Q4, 2025). Passenger services generated ₦1.60 billion, down 16.3% from Q4 2024, as passenger numbers dropped by 9.32% to 940,476 travellers. However, freight transport also expanded, with 110,480 tons of goods moved (a 16.6% year-on-year increase) and revenue from cargo transport growing by a meagre 1.58% to ₦391.64 million ³¹.

Risks and Challenges Facing the Industry

Figure 7: Key Risk Factors and Challenges Facing the Nigerian Rail Industry



Source: Agosto Consulting Market Intelligence

Inadequate Funding

Despite allocations such as the ₦41.49 billion earmarked for rail projects in the 2025 federal budget ³², stakeholders and the Minister of Transportation have consistently highlighted that these funds are grossly insufficient to meet the vast infrastructure and modernization needs of the sector. The ministry struggles with a funding gap exacerbated by dwindling national revenues, which delays project execution and limits the ability to procure rolling stock, maintain tracks, and upgrade signalling and security systems. The reliance on annual budgetary appropriations and difficulties in securing counterpart funding through loans further restrict sustained investment.

Operational Inefficiencies and Technical Failures

Operational inefficiencies and technical failures also pose major challenges to the country's rail industry. For instance, the Warri-Itakpe Train Service suffered a major engine failure in April 2025, resulting in a 72-hour suspension and stranding passengers in a remote area. Such incidents expose weaknesses in maintenance regimes, emergency response capabilities, and equipment reliability. Many rail lines still operate with aging infrastructure, obsolete equipment, and insufficient rolling stock, which reduce service quality and reliability, discouraging patronage.

Limited Rolling Stock and Capacity Constraints

This restricts the volume and frequency of freight and passenger transport. The co-existence of narrow-gauge lines – which cannot handle heavy cargo loads as effectively as standard gauge lines – alongside new standard gauge lines create operational complexities. This also limits seamless network integration.

³¹ Nigerian Bureau of Statistics [Rail Transportation Data (Q4 2025)]

³² Nairametrics/ FG Allocates ₦41.49 billion for Rhttps://nairametrics.com/2025/01/05/fg-allocates-n41-49-billion-for-rail-projects-in-2025-budget/

Security Threats

Security issues such as vandalism, theft of rail infrastructure, and encroachment on railway land increase maintenance costs and compromise safety. These issues deter investment and complicate operations, especially in vulnerable regions.

Historical Neglect and Bureaucratic Challenges

These challenges have left the Nigerian rail industry underdeveloped. For decades, government focus shifted away from rail toward road transport and oil exports, leading to underinvestment and deterioration of rail assets. Bureaucratic inefficiencies, corruption, and administrative delays have slowed project implementation and discouraged private sector participation. These institutional weaknesses complicate efforts to modernise and expand the rail network.

Key Trends and Recent Developments

Figure 8: Key Trends in the Industry

Comprehensive Five-Year Reform Plan
Urban Rail Expansion
Increased Private sector Participation
Significant Government Investment
Technological Modernisation

Source: Agosto Consulting Market Intelligence

Comprehensive Five-Year Reform Plan

The Nigerian rail industry is currently undergoing several significant trends that collectively point to a transformative phase aimed at modernising and expanding the sector to global standards. Central to these trends is the Nigerian Railway Corporation's(NRC) ambitious five-year comprehensive reform plan, which seeks to overhaul the nation's rail infrastructure and operations under the federal government's Renewed

Hope Agenda. This plan includes the development and imminent unveiling of a detailed railway master plan designed to drive the creation of a world-class, multi-modal rail system across Nigeria.

Urban Rail Expansion

Another notable trend is the expansion of rail connectivity to boost economic integration and freight logistics. The Ministry of Transportation has prioritised projects like the commissioning of a 62 KM rail corridor linking Port Harcourt and Aba, designed to connect eastern ports with inland markets and facilitate trade. The rehabilitation of the Lagos-Kano narrow-gauge railway for freight movement has also revived commercial activities between Lagos Port and Kano's Dala Inland Dry Port, underscoring rail's role in enhancing supply chains. Moreover, the government is addressing environmental concerns by promoting cleaner energy solutions, such as the partnership with the Presidential Initiative on Compressed Natural Gas (CNG), which has introduced CNG-powered buses to key transport unions, signalling a shift towards sustainable transport.

Increased Private Sector Participation

Private sector engagement is increasing significantly, as evidenced by the surge in contract bids for NRC projects—803 firms applied in 2025 compared to 524 in 2024—reflecting growing confidence in the sector's prospects under current reforms. This heightened interest is partly driven by renewed vigour in completing strategic lines like the Kano-Maradi railway, slated for completion in 2026, which will further expand rail coverage and economic reach ³³. The NRC is also tackling operational challenges such as track washouts caused by heavy rains, focusing on civil works, bridges, and culverts to improve service reliability.

33 <https://environmentafricamag.com/2025/05/07/nrc-witnesses-surge-in-2025-contract-bids-with-803-applications/>

Significant Government Investment

Significant government investment underpins these reforms, with the 2025 budget allocating ₦41.49 billion specifically for NRC-managed rail systems. This funding targets the completion of major standard-gauge lines such as Abuja-Kaduna and Lagos-Ibadan, rehabilitation of the Itakpe-Ajaokuta rail line, construction of 12 new station buildings, procurement of rolling stock, and installation of advanced security measures like acoustic surveillance on key routes. In addition, ₦146.14 billion in counterpart funding supports the Lagos Green Line Metro Rail Project, a 68km network connecting the Lekki Free Zone to Marina ³⁴, highlighting the scale and ambition of urban rail expansion.

Technological Modernization

Technological modernization is also a key focus. The NRC plans to introduce new train technologies and upgrade infrastructure to enhance safety, efficiency, and customer satisfaction. This includes expanding electric rail services, improving signalling systems, and deploying modern rolling stock, which align with global best practices and environmental sustainability goals.

Port

Overview of the Nigerian Port Industry

The Nigerian port industry, also known as Nigerian maritime industry, is a major catalyst for economic development due to Nigeria's coastline spanning over 850km and an inland waterway of over 3,999km.



The Nigerian maritime industry plays a pivotal role in the Nigerian economy, contributing significantly to trade, transportation and job creation. Given that a significant portion of Nigeria's international trade flows through its

³⁴ NRC promises rail sector reforms in Nigeria in five years - Nairametrics

seaports, these seaports represent a vital component of the nation's infrastructure for facilitating the transportation of goods and freight domestically and internationally, handling over 95% of the volume of Nigeria's international trade ³⁵. Nigeria is situated near the Gulf of Guinea and the Bight of Benin and blessed with a natural maritime endowment. It also includes an exclusive economic zone of over 200 nautical miles, capable of supporting a vibrant intra-regional trade ³⁶.

The port industry includes all enterprises engaged in the business of designing, constructing, manufacturing, acquiring, operating, supplying and maintaining vessels and other port related operations such as stevedoring, and port terminal operations. In Nigeria, port infrastructure consists of a network of seaports and related facilities such as berths, wharves and terminals, along with operational equipment like cranes, tugboats and dredgers. The Nigerian ports are managed by the Nigerian Port Authority (NPA), and they include: Lagos Port Complex, Tin Can Island Port Complex, Onne Port, Port Harcourt Port, Calabar Port, Warri Port and Lekki Deep Sea Port. Most of Nigeria's import-export trade activities are concentrated in the Lagos ports, which handled approximately 90% of the nation's total trade in 2025. Specifically, Lekki deep seaport has recorded a 40.6% ³⁷ year-over-year growth, handling an estimated record of over 300,000 TEUs throughput for 2025 ³⁸.

Lekki Deep Seaport, Nigeria's first fully automated deep-water port, began commercial operations in 2023 with a rapid growth trajectory, handling approximately

48,253 TEUs and berthing 51 vessels within its first eight months. Furthermore, the port berthed 276,611 TEUs from 94 vessels in 2024, recording over 100% growth. By mid-2025, throughput had surged to an estimated 287,000 TEUs out of the projected 500,000 TEUs for the year ³⁹, signalling a major shift in Nigeria's shift in Nigeria's port industry landscape. This sharp acceleration is driven by congestion at legacy ports, deeper berths and improved connectivity, and has made Lekki port a rising hub for container traffic. However, this rapid growth introduces significant uncertainty for future projections, as the port's performance trends have yet to stabilise and remain sensitive to factors such as infrastructure expansion, inland evacuation systems, customs reform as well as global trade flows.

Nigeria's maritime transport accounts for 98.79% of total exports in Nigeria. The surge in trade volumes underscores Nigeria's growing significance in global maritime commerce, further reinforcing the sector's pivotal role in the nation's economic landscape. The Nigerian maritime industry's potential contribution to the nation's GDP is currently estimated at \$44 billion annually ⁴⁰. This underscores the industry's resilience and its pivotal role in bolstering the Nigeria's economic activities. Nigeria's total annual freight cost is estimated between US\$5 billion and US\$6 billion annually. Moreover, the Nigerian Port Authority reported a total cargo throughput of 129.3 million metric tons in 2025, marking a 25% increase from 103.6 million metric tons in 2024, fuelled by the robust performance of the Lekki deep seaport. Furthermore, container traffic

35 NIMASA/ https://nimasa.gov.ng/wp-content/uploads/2019/08/nigerian_maritime_industry_forecast.pdf#:~:text=With%20over%2095%20percent%20of%20Nigerian%20trade%2C,and%20development%20in%20Nigeria%20cannot%20be%20overemphasised.&text=From%20our%20analysis%2C%20we%20expect%20total%20fleet,4.08%20in%202018%20and%204.41%20in%202019

36 Proshare/ <https://proshare.co/articles/nigeria-maritime-industry?menu=Economy&classification=Read&category=Transportation>

37 <https://guardian.ng/business-services/lekki-port-accounts-for-40-6-of-nigerias-cargo-throughput-amid-24-8-surge/>

38 Premium Times/ <https://www.premiumtimesng.com/promoted/800182-lekki-freeport-terminal-redefining-nigerias-maritime-landscape-with-unparalleled-performance.html>

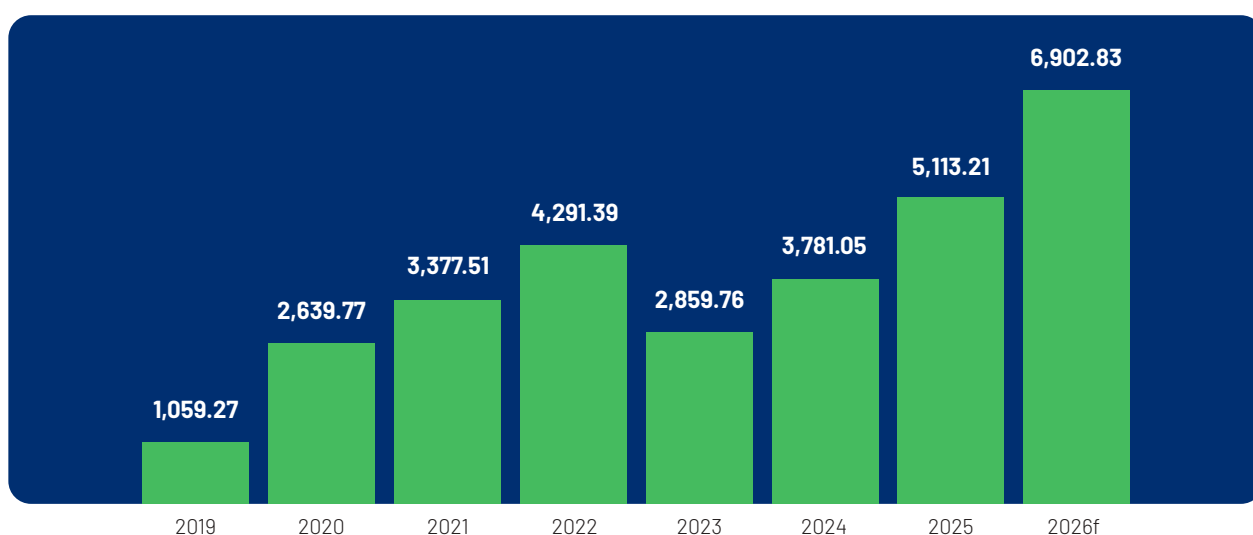
39 Punch/ <https://punchng.com/lekki-port-handles-287000-containers-in-six-month-official/>

40 This Day Live/ <https://www.thisdaylive.com/index.php/2024/12/10/nimasa-nigerias-maritime-industry-poised-to-contribute-44bn-to-gdp-annually/#:~:text=The%20maritime%20stakeholders%20noted%20that,and%20unlock%20the%20industry's%20potential.>

rose by 25.7% to 2.1 trillion TEUs in 2025, driven by a 32.8% leap in import-laden boxes and a 205.8% spike in transshipment volumes that positions Nigeria as a redistribution hub for West and Central Africa ⁴¹.

Furthermore, Nigeria's maritime industry recorded several significant developments that bolstered its operational efficiency and international alignment. The Lekki Deep Sea Port completed its first full commercial year, handling over 200,000 TEUs and welcoming some of the largest vessels in West African waters, significantly easing congestions at the legacy ports ⁴². Nigeria also ratified six key International Maritime Organisation (IMO) instruments, reinforcing its regulatory commitment to global maritime practices. In addition, the Ministry of Marine and Blue Economy has directed the disbursement of \$360 million Cabotage Vessel Financing Fund. Despite these developments, the industry growth continues to be stifled by various challenges such as infrastructural deficits, long turnaround port time, security concerns among others. To address the port infrastructure concerns, the Nigerian Port Authority has unveiled a US\$1 billion reconstruction plan targeting key port complexes including Apapa, Tin Can Island, Onne, Calabar and Warri ports.

Figure 9: Size of Sea Shipping in Nigeria



Source: Nigerian Bureau of Statistics

The Nigerian port industry is structured around regulatory bodies, private terminal operators, logistics companies and maritime service providers. The Nigerian Port Authority is the primary regulator of overseeing port operations, regulating tariffs and facilitating port infrastructure development. There are other regulators within the maritime industry such as the Nigerian Maritime Administration and Safety Authority (NIMASA), Nigerian Shippers Council and Nigerian Custom Service.

There is also a wide array of private operators, ranging from multinational corporations to established local firms. Major international players such as MSC Group, CMA-CGM and International Container Terminal Services contribute to a more consolidated top end of the freight and port logistics, facilitating cargo movement and

⁴¹ <https://businessday.ng/news/article/npa-2025-report-reveals-export-led-trade-expansion/>

⁴² X-Raying Lekki Deep Sea Port's First-year of Commercial Operations | This Day | X-Raying Lekki Deep Sea Port's First-year of Commercial Operations - THISDAYLIVE

clearance. Meanwhile, other companies like ENL Consortium, APM Terminals and Intels Nigeria Limited are expanding their influence in port terminal operations. This multi-stakeholder environment enables port efficiency and necessitates better coordination for overcome challenges such as port congestions and security concerns.

Figure 10: Major Players within Nigeria’s Port Industry



Source: Agosto Consulting

Industry Characteristics

Figure 11: Industry Characteristics of Nigerian Ports



Source: Agosto Consulting

Concession-Based Operations

The Nigerian port industry transitioned from a government-managed to a concession-based (landlord) model in 2006, where the Nigerian Port Authority retains ownership of port infrastructure and acts as a regulator, while terminal operations and management are contracted to private sector entities for a specified period, usually ranging from 10 to 25 years. These private operators are responsible for cargo handling, terminal management and equipment procurement. The reform was executed through a bidding process supervised by the Bureau of Public Enterprises (BPE) in 2006, resulting in the concessioning of 25 terminals across six major ports. Examples of concessioned terminals include APM Terminals, which operates the Apapa Container Terminal under a 25-year agreement and handles over 50% of Nigeria’s container traffic. PTML, a Grimaldi Group subsidiary, operates a large Roll-on/Roll-off terminal at Tin Can Island, specializing in automobile imports, while Ports & Cargo Handling

Services Ltd, a SIFAX Group subsidiary, manages a multipurpose terminal at Tin Can Port. ENL Consortium operates Terminals C and D at Apapa Port, focusing on bulk cargo such as cement and wheat. This model, also known as public-private partnerships (PPP), has attracted significant private sector investments and efficiency in some major port terminals.

Dominance of Apapa and Tin Can Island Ports

The Apapa and Tin Can Island Ports collectively handle over 70% of the country's maritime cargo traffic, making them principal gateways for international trade. Their prominence is rooted in strategic location, extensive infrastructure, and proximity to key industrial and commercial hubs. Apapa Port, managed in part by APM Terminals under a long-term concession, is Nigeria's oldest and busiest port, renowned for its large container and bulk cargo throughput. Tin Can Island Port, situated just a few kilometres away, complements Apapa by handling a significant volume of roll-on or roll-off (RORO) cargo, general goods, and containers. The concentration of trade at these ports has resulted in significant infrastructure development, including modern container terminals, bonded warehouses, and off-dock facilities. However, this dominance has also exposed structural weaknesses. Chronic traffic congestion, deteriorating road networks, and limited rail connectivity around the Lagos port corridor have led to delays, inefficiencies, and increased logistics costs. While the federal government has made efforts to diversify port usage by developing deep-sea ports in Lekki, Onne, and Akwa-Ibom, Apapa and Tin Can Island Ports remain the fulcrum of Nigeria's port operations.

Gradual Digitalisation and Reform Efforts

Historically, Nigerian ports have been plagued by manual processes, bureaucratic delays, and a lack of coordination among port agencies, all of which have contributed to cargo delays, high demurrage charges, and increased turnaround times. To address this, the Nigerian Port Authority, in collaboration with other stakeholders, has embarked on a digital transformation

agenda aimed at improving transparency, reducing human interference, and aligning with global best practices. A central component of this digitalisation drive is the implementation of the Electronic Call-Up System (ETOS) for truck scheduling into the Lagos Ports. Managed by the NPA in partnership with the private sector, ETOS aims to manage traffic flow, eliminate extortion, and reduce the perennial gridlock caused by indiscriminate truck movement around the Apapa port corridor. While the system has faced teething issues such as non-compliance and technical glitches, its gradual enforcement is reshaping how logistics operators access the port environment.

In addition, there are efforts to move towards a National Single Window system—a digital platform that allows traders to submit regulatory documents at a single location and interface. The Nigerian Customs Service is also in the process of automating its clearance procedures, with the adoption of tools like the Nigeria Integrated Customs Information System (NICIS II). These reforms are expected to significantly reduce cargo dwell time, increase the ease of doing business, and curb corruption by minimising human contact.

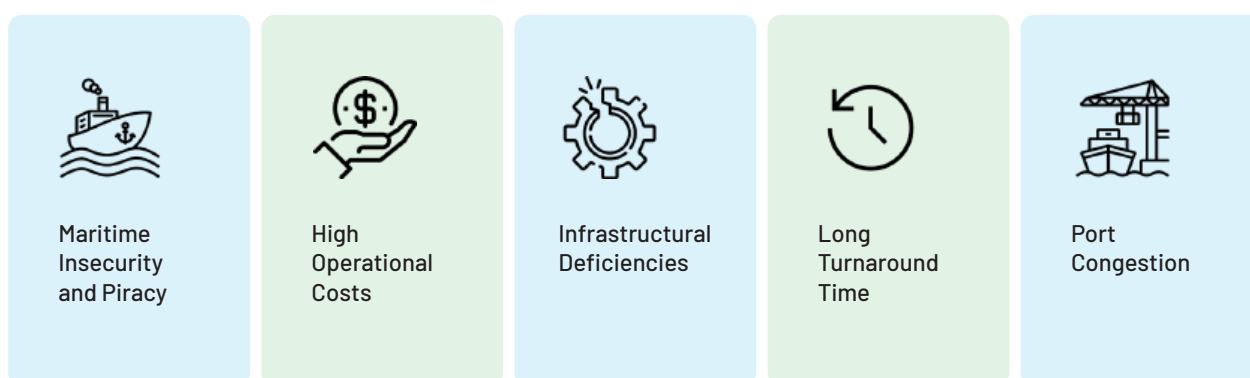
Regional Importance

Nigeria's ports, particularly the Lagos ports, Onne, Warri, Port Harcourt and Calabar Ports, play a vital role in facilitating trade for neighbouring countries such as Niger, Chad, Mali and parts of Cameroon. Their regional prominence is largely due to Nigeria's sheer market size and commercial influence—as Africa's most populous country and largest economy. It acts as a magnet for imports, exports and trans-shipment activities. Furthermore, Nigeria's port infrastructure and road networks, though in need of upgrades, are still relatively more developed than those in some neighbouring countries especially the landlocked states. This makes them the preferred option for traders and shippers moving goods to and from landlocked West African states. According to the Nigerian Ports Authority (NPA), transit cargo to nearby countries through Nigeria's

ports, although fluctuating, remains a significant aspect of port throughput and an opportunity for revenue growth. The regional importance of Nigeria's ports is also reinforced by their inclusion in international shipping routes and the presence of international logistics players. Lagos ports, for example, are regular stops on major Asia-West Africa-Europe shipping routes. In addition, Nigeria is a member of regional organisations like the Mano River Union and ECOWAS, both of which promote regional integration and cross-border trade, expanding the functional catchment of Nigerian ports.

Key Risks and Challenges Facing the Industry

Figure 12: Key Risk Factors and Challenges Facing the Nigerian Port Industry



Source: Agosto Consulting Market Intelligence

Maritime Insecurity and Piracy

The Nigerian port industry is exposed to significant risks due to the persistent activities of pirates, thieves, and kidnappers. The Gulf of Guinea and its surrounding ports remain particularly vulnerable to various criminal activities, ranging from piracy and armed robbery to poaching. Piracy and armed robbery at sea resurged in 2024. Notably, there were 79 pirate incidents in the Bonny waterways, between July and September 2024 ⁴³. The implication of the lingering insecurity challenges is a significant loss of revenue in the industry through ransom payments, insurance premiums, re-routing ships, security payments losses to the oil and fishing industry, and high cost of security escort services. According to NIMASA, Nigeria has paid over \$1.5 billion in the past three years alone to Lloyd's of London, Protection and Indemnity (P&I) insurance, and other foreign insurance firms ⁴⁴. NIMASA also indicates that these high premiums are in part due to the War Risk Insurance (WRI), – an additional surcharge due to Nigeria's high-risk evaluation – charged on in-bound cargo to Nigeria.

⁴³ Nigerian Maritime Industry 2024 in Review | Mondaq | <https://www.mondaq.com/nigeria/marine-shipping/1573916/nigerian-maritime-industry-2024-in-review/>

⁴⁴ NIMASA: NIMASA'S Crusade to end War Risk Insurance Premiums to save Nigeria over \$400 billion annually. [<https://nimasa.gov.ng/nimasas-crusade-to-end-war-risk-insurance-premiums-to-save-nigeria-over-400-billion-annually/>]

Long Turnaround Time

Shorter turnaround times at ports translate to significant cost savings for shippers and carriers by minimising infrastructure investments and inventory holding costs. According to a 2023 report by the International Maritime Organisation (IMO), vessels at Nigerian ports experience an average turnaround time of approximately 12 to 15 days—substantially longer than the global benchmark of 4 to 7 days ⁴⁵. Legacy ports like Apapa and Tin Can Island continue to experience congestion, leading to slow vessel clearance and discouraging imports due to extended delivery times. This congestion disrupts business cycles and negatively impacts cash flow. Efficient ports with shorter turnaround times are more attractive to shippers and carriers. Continued efforts to address congestion at legacy ports are crucial for the overall growth and competitiveness of the Nigerian maritime industry.

High Costs of Port Operations

Importers face an array of taxes and levies posed by both federal and state revenue collection agencies, which cumulatively drives up the cost of importation. Inefficient clearance processes—often characterised by manual documentation and arbitrary inspections—extend cargo dwell times and reduce overall port efficiency. These inefficiencies directly affect Nigeria's global trade competitiveness, making its ports less attractive compared to regional counterparts.

Port Congestion

This is another major challenge, particularly in the Apapa and Tin Can Island ports in Lagos, which handle over 70% of Nigeria's maritime trade. These ports experience chronic gridlock due to poor traffic management systems and limited truck holding bays.

This congestion leads to increased turnaround times, high demurrage charges, and elevated logistics costs. Moreover, the lack of a fully functional multimodal transportation system compounds this issue. Inland ports and rail networks are underdeveloped, putting additional pressure on road transport, which is both inefficient and overburdened.

Infrastructural Deficiencies

Many of Nigeria's ports suffer from aging infrastructure, inadequate cargo handling equipment, and poorly maintained facilities, some of which date back to the colonial era and have seen limited upgrades. A major point of concern is poor hinterland connectivity. The road networks leading to the ports are often in deplorable condition, resulting in severe traffic gridlock, particularly along the Apapa corridor. This creates significant delays in cargo evacuation, increases turnaround time for ships, and drives up logistics costs. For example, it can take trucks several days—sometimes over a week—to access port terminals due to congested routes and inadequate truck parks. These delays translate to higher demurrage charges and reduce Nigeria's attractiveness as a logistics hub. Moreover, there is a critical infrastructure gap that lies in cargo handling and port automation systems. Many terminals lack modern scanning equipment, efficient cranes, and digitalised documentation systems, resulting in manual processing that slows operations and increases the potential for corruption. The limited depth of some port channels, such as in Calabar and Warri, also restricts access for larger vessels, which forces shippers to divert cargo to other regional ports with deeper drafts and more efficient operations.

45 Nigeria's Maritime Sector Faces Crisis Amid Empty Container Challenges | Punch | <https://punchng.com/nigerias-maritime-sector-faces-crisis-amid-empty-container-challenges/#:~:text=A%202023%20report%20by%20the%20International%20Maritime%20Organisation,higher%20than%20the%20global%20average%20of%204-7%20days>

Key Trends and Recent Developments

Figure 13: Key Trends in the Industry of the Nigerian Port Market

Disbursement of \$360 Million Cabotage Fund
2050 Decarbonisation Targets
Significant Development of Port Infrastructure
Barge Services to Off-docks in Nigeria
Major Upgrades and Innovations at Onne Port
Increasing Play by Lekki Deep Sea Port
Relaunch of Apapa-Moniya Standard Gauge Rail Link to Apapa Port

Source: Agosto Consulting Market Intelligence

Nigeria Commences Disbursement of \$360 Million Cabotage Fund

On April 28, 2025, Nigeria's Minister of Marine and Blue Economy, Adegboyega Oyetola, directed the Nigerian Maritime Administration and Safety Agency (NIMASA) to commence the disbursement of the \$360 million Cabotage Vessel Financing Fund (CVFF) ⁴⁶. The CVFF, established under the Cabotage Act of 2003, is designed to assist local ship owners in acquiring vessels ⁴⁷. Prior attempts to release the funds encountered delays, leading to industry scepticism. Following the Minister's directive, NIMASA's Director-General, Dr. Dayo Mobereola, confirmed that the funds will be disbursed within the next 4 months, with plans to collaborate with banks for efficient distribution. This move has been met with optimism for maritime stakeholders, who place significant importance on transparency and strict adherence to regulations in ensuring the fund's successful implementation.

International Maritime Organisation Urges Nigeria and Global Shipping Industry to Meet 2050 Decarbonisation Targets

The International Maritime Organisation (IMO) has urged Nigeria and 175 other member states to adopt the measures outlined in its 2023 Greenhouse Gas (GHG) strategy to achieve net-zero emissions in the maritime sector by 2050 ⁴⁸. The IMO's call highlights the urgent need for global action to decarbonise the shipping industry, with a particular focus on reducing CO₂ emissions from the diesel-powered operations and substandard vessels. IMO's secretary-general, Arsenio Dominguez, emphasised three main priorities for 2025, which are decarbonisation, maritime security and seafarer welfare. Moreover, he advocated for diversity, especially in promoting female representation in maritime leadership roles.

Significant Development of Port Infrastructure

In March 2025, the Nigerian Ports Authority (NPA) unveiled a comprehensive strategy to modernize the nation's port infrastructure, aiming to enhance competitiveness under the African Continental Free Trade Area (AfCFTA) ⁴⁹. The Managing Director, Dr Abubakar Dantsoho, emphasized the urgency of repositioning Nigerian ports to prevent the diversion of trade to more efficient regional hubs, to align with the vision of establishing Nigeria as Africa's maritime logistics hub. Some key initiatives include the Port Modernization Project, targeting the rehabilitation of aging infrastructure at major ports such as Lagos Port Complex and Tin Can Island Port Complex.

A major emphasis is being placed on automation, with the deployment of modern Ship-to-Shore cranes and

⁴⁶ Renewed Hope for Local Shipowners as Oyetola Directs Disbursement of 360m Cabotage Fund | Leadership | <https://leadership.ng/renewed-hope-for-local-shipowners-as-oyetola-directs-disbursement-of-360m-cabotage-fund/>

⁴⁷ FG Directs NIMASA to begin Disbursement of Cabotage Vessel Financing Fund | Vanguard Nigeria | FG directs NIMASA to begin disbursement of Cabotage Vessel Financing Fund - Vanguard News

⁴⁸ IMO Tasks Nigeria and Others on 2050 Maritime Decarbonisation Target | Guardian Nigeria | <https://guardian.ng/business-services/maritime/imo-tasks-nigeria-others-on-2050-maritime-decarbonisation-target/>

⁴⁹ Nigeria Upgrades Ports Facilities To Enhance Trade Competitiveness | Vanguard Nigeria | <https://www.vanguardngr.com/2025/03/afcfta-nigeria-upgrades-ports-facilities-to-enhance-trade-competitiveness/>

the upgrade of quay aprons aimed at improving container handling efficiency and reducing vessel dwell times⁵⁰. The Lekki Deep Sea Port has already demonstrated the impact of such advancements by significantly boosting cargo and vessel volumes, with comparable infrastructure projects advancing in Badagry, Akwa-Ibom, and Calabar. Additionally, the Nigerian Ports Authority (NPA), in partnership with the Nigeria Customs Service, has approved the development of six Export Processing Terminals (EPTs) within the Lagos region to enhance exports⁵¹. These terminals will handle the pre-processing and certification of export cargoes prior to their arrival at the ports. Furthermore, the adoption of the Truck E-Call Up System has streamlined cargo evacuation, significantly easing traffic congestion along port access routes.

Major Upgrades and Innovations at Onne Port

Significant developments are underway at Onne Port, highlighted by the recent inauguration of a comprehensive US\$115 million upgrades at APM Terminals' West Africa Container Terminal (WACT) by Vice President Kashim Shettima. This investment features extensive yard expansion, state-of-the-art equipment, and enhanced security systems, aiming to boost operational efficiency, safety, and service delivery, while reinforcing Onne's role as a key trade hub in West Africa⁵². Complementing this, the Nigerian Ports Authority (NPA) is preparing to implement an Electronic Call-Up System at Onne Port to automate truck traffic management, integrate seamlessly with the Port Community System and National Single Window, and support sustainable energy use. These initiatives respond to the port's unprecedented growth in vessel and cargo traffic, positioning Onne as the largest oil and gas logistics base in West and Central Africa and further cementing its strategic importance in Nigeria's maritime sector⁵³.

Increasing Play by Lekki Deep Sea Port

Lekki Deep Sea Port, which began commercial operations in April 2023, has quickly established itself as a key player in Nigeria's maritime sector. According to NPA Statistics, the port recorded 67 ocean-going vessel calls with a Gross Registered Tonnage (GRT) of 3,222,621 tonnes, reflecting its growing capacity and strategic importance. Lekki Port can handle up to 2.5 million containers annually and has already managed over 100,000 containers and facilitated more than 25,000 transshipments within its first year⁵⁴. It has also accommodated large vessels, including the largest ship to enter Nigerian waters and the first LNG-powered vessel. The port's advanced infrastructure, including a 153-capacity pre-gate truck park and non-intrusive scanners for cargo processing, supports efficient operations and positions Lekki as a leading transshipment hub in West Africa. Furthermore, Lekki Port handled 48,253 TEUs and berthed 51 vessels in its first eight (8) months of commercial operations. Subsequently, in the first full year of operations, Lekki Port recorded over a 100 percent growth in containers berthed with 276,611 TEUs from 94 vessels by the end of 2024. These developments underscore Lekki Port's rapid rise and its critical role in expanding Nigeria's port capacity and modernizing the industry.

50 AfCFTA: We're Modernizing Nigerian Ports to Enhance Competitiveness – Dantsoho - Ships & Ports

51 Nigeria Upgrades Ports Facilities To Enhance Trade Competitiveness | Vanguard Nigeria | <https://www.vanguardngr.com/2025/03/afcfta-nigeria-upgrades-ports-facilities-to-enhance-trade-competitiveness/>

52 Ships & Ports/ Shettima Inaugurates US\$115m APM Terminals WACT Upgrade/ [https://shipsandports.com.ng/shettima-inaugurates-US\\$115m-apm-terminals-wact-upgrade/](https://shipsandports.com.ng/shettima-inaugurates-US$115m-apm-terminals-wact-upgrade/)

53 Ships & Ports/ NPA Set to Implement Electronic Call-Up System at Onne Port/ <https://shipsandports.com.ng/npa-set-to-implement-electronic-call-up-system-at-onne-port/>

54 Lagos Free Zone/ <https://www.lagosfreezone.com/media/news-events/news-article/nigerias-leki-port/>

Relaunch of Apapa-Moniya Standard Gauge Rail Link to Apapa Port

In February 2025, the Nigerian Railway Corporation (NRC) and APM Terminals officially relaunched the Apapa-Moniya freight rail service, linking Apapa Port Complex and the NRC freight yard in Moniya, Ibadan. Moreover, APM Terminals is currently completing two additional standard-gauge lines to make them three, facilitating greater throughput. This marks a significant advancement in Nigeria's port logistics, thereby reducing the reliance on congested roads, and boosting export volumes. Strategically, the Federal Government has taken the momentum further with a \$45.3 million feasibility and engineering design project to link all four western seaports, which are Apapa, Tin Can, Lekki and the planned Badagry deep seaports, directly linked to the hinterland rail network, and ultimately to the Lagos-Kano-Maradi rail corridor. These developments signal a systemic pivot toward efficiency and resilience in Nigeria's maritime trade.

Barge Services to Off-Docks Terminals in Nigeria

Barge services are essentially short-haul waterway transport of containers between seaports (mainly Apapa and Tin Can) and inland container depots or "off-docks terminals". They emerged as a response to severe road congestion around Lagos ports, where trucking delays could stretch for days. Barge operators bypass road congestions, decongest port yards, and allow customs and clearing processes to take place at less crowded inland depots. Although barge-to-off-docks operations are largely concentrated in Lagos, some other Nigerian ports also make use of these services, such as Onne port, Warri port and Calabar port to move petroleum products, off-field supplies and some bulk cargo to off-dock storage facilities. Looking ahead, the strategic roll-out of standard gauge railway connections, such as the recently relaunched Apapa-Moniya (Ibadan) freight service and the proposed extensions to Lekki, Tin Can and Badagry ports, has the potential to reduce the dependence on barge-off docks operations to avoid road congestion in Lagos.

Nonetheless, the improvement of port-rail connections will not end the use barge-to-off docks operations in Nigeria. Rail expansion will only reduce Lagos' exclusive dependence on barges, but will not eliminate their broader role in Nigeria's multimodal supply chain. Barges will remain useful for short-haul redistribution within Lagos and for destinations not easily accessible by rail, such as shuttling to Ikorodu or off-dock depots. Furthermore, barge-to-off docks operations will remain a common practice in other ports outside Lagos, particularly for those in the Niger Delta region, where barges are vital in bulk cargo and oil and gas supply chains rather than avoiding traffic. Hence, there is a strong likelihood of a multi-modal integration across the rail services, road transport and barge-to-off-docks operations in the future. Barges will evolve into a supplementary logistics option within the Lagos maritime ecosystem.

Special Economic Zone (SEZ)

Market Context and Sector Structure

Special Economic Zones (SEZs) are areas within a country established by the government to foster positive economic development, normally subject to different and more favourable economic regulations than other regions within the same country. SEZs operate under distinct policies related to trade, customs, banking, and labour regulations, offering tax incentives and exemptions to attract, as well as encourage businesses to establish operations within the zones. They are instrumental in attracting both local and foreign investments, acting as catalysts for economic growth, job creation, and industrialisation.

Special Economic Zones (SEZs) constitute a core feature of Nigeria's industrial and logistics framework, positioned to drive trade competitiveness, decongest ports, and catalyse regional value chains. While over 50 SEZs have been licensed in Nigeria since the early 1990s, only a limited number have transitioned beyond initial land clearing and infrastructure roll-out. According to NEPZA, only 27 of these zones are operational, and 18 of them are located in Lagos. What exists today is a fragmented patchwork of zones with varying levels of governance, freight integration, and investor traction.

Figure 14: Main Operational Free Zones in Nigeria

Key Players	Roles/ Contribution
Adamawa State	Sebore Farms EPZ
Akwa Ibom State	ALSCON EPZ
Cross River State	Calabar Free Trade Zone (CFTZ)
Delta State	AHL Energy Free Trade Zone
Federal Capital Territory	Centenary City, Newrest Airline Services & Logistics Free Zone
Kano State	Kano Free Trade Zone
Kogi State	GC Export Industrial Park
Lagos State	Lagos Free Zone, Newrest Airline Services & Logistics Free Zone, Snake Island Integrated Free Zone, Ladol FTZ, Lekki FTZ, Nigeria Aviation Handling Company ("NAHCO") FTZ, Nigeria International Commerce City (Eko-Atlantic), Dangote Industries Free Zone Development Company, Alaro City Development Free Zone Company, Quits Aviation, Flour Mills of Nigeria, NASCO Free Trade Zone, Itana Free Zone Management
Ogun State	Celplas Industries Free Zone, Ogun Guangdong FTZ, Flour Mills of Nigeria FTZ, Industrial Platform Remo Free Zone (ARISE Integrated Industrial Platform)

Source: Nigeria Export Processing Zones Authority, Agosto Consulting Market Intelligence

From an industry structure perspective, the SEZ segment in Nigeria is governed by a multi-layered institutional framework comprising NEPZA (for general free zones), OGFZA (for oil and gas-related zones), and a growing array of subnational and privately licensed developers. However, there is no unified authority to harmonise standards, monitor performance, or sequence of infrastructure delivery across zones. This results in inconsistent rule application, regulatory gaps, and weakened investor confidence.

Within the broader transport and logistics architecture, SEZs have failed to operate as freight-optimised nodes. A significant proportion are located away from high-volume freight corridors and lack the physical infrastructure (such as bonded terminals, intermodal yards, and last-mile linkages) needed to anchor cost-efficient supply chains. This has contributed to underperformance and low zone occupancy across inland and sub-regional SEZs. To elevate their function from industrial enclaves to strategic logistics platforms, a recalibration of zoning policy and investment criteria is required.

This section evaluates current SEZ structure, institutional design, and performance dynamics, while highlighting emerging trends and reform pathways that could reposition SEZs as a freight-aligned economic asset class.

Trends and Strategic Gaps in Nigerian SEZs

The current state of SEZs must be understood through three operational prisms: (1) how the zones were initially structured and capitalised; (2) the alignment of zone-level infrastructure with national transport corridors and port systems; and (3) the real-world experience of developers and tenants in navigating multiple regulators, tax authorities, and logistics bottlenecks.

The implementation history of flagship zones like Calabar FTZ (established in 1992) and LADOL (approved in 2001) reveals recurring friction points: years-long gestation periods, delays in utility connections, multiple taxation conflicts, and absence of integrated customs/bonded terminal frameworks. While some zones, such as Lagos Free Zone, have benefited from co-located deep seaports and investor-funded internal roads, others like the Abuja Technology Village or Idu Industrial Zone remain in conceptual limbo despite public capital outlays. The Abuja Technology Village, for instance, has faced over 15 years of stalled execution, with illegal encroachments and lack of utilities impeding development as recently as 2024⁵⁵.

These trends are not coincidental. They reflect a structural absence of freight-centric SEZ policy design. For example, Nigeria's SEZ masterplan does not overlay zone development on freight corridor density or value chain traffic flow – leading to the proliferation of zones in low-flow areas such as parts of Nasarawa and Ebonyi. Moreover, most SEZs lack embedded third-party logistics (3PL) licensing regimes, bonded warehouse infrastructure, or throughput-calibrated incentives. These missing enablers have weakened Nigeria's attractiveness to integrated supply chain actors⁵⁶.

Comparative experiences reinforce this point. In Ghana, the Tema Free Zone is co-located with the country's busiest port and has a single customs window, easing the movement of goods into the port within hours⁵⁷. Kenya's Naivasha Inland Container Depot is directly linked to the Nairobi–Mombasa Standard Gauge Railway, offering freight-efficient linkages from port to hinterland and transshipment facilities for Uganda and Rwanda⁵⁸. In contrast, even Nigeria's better-positioned SEZs, such as Ogun–Guangdong and Calabar, struggle to benefit from their proximity to trade routes due to regulatory fragmentation, delays in generated electricity transmission, and the absence of bonded freight terminals. According to NEPZA, as of February 2025, only 27 of 50 gazette free

55 Wike Asks Illegal Occupants of Abuja Technology Village to Vacate - NEWS AGENCY OF NIGERIA

56 World Bank Document

57 Tanger Med Engineering/ FREE INDUSTRIAL ZONE IN TEMA, GHANA - tme

58 Naivasha SEZ | sezauthority.go.ke

trade zones are operational – with over 20 zones either dormant or in prolonged gestation⁵⁹.

Furthermore, the Dangote Fertiliser Plant, while technically located within the Lekki FTZ, illustrates the gap between mega-project siting and freight integration. Fertiliser trucks travel over 1,000 km to northern Nigeria without consolidated backhaul or storage facilities, increasing logistics costs by over 20% and creating inefficiencies in national input delivery.

Table 4: Freight-Centric SEZ Comparisons

SEZs	Location Efficiency	Logistics Readiness	Infrastructure Density
Lagos Free Zone (Nigeria)	High	High	High
Lekki FTZ (Nigeria)	High	Moderate	High
Kano FTZ (Nigeria)	Moderate	Low	Low
Ogun-Guangdong Zone (Nigeria)	Moderate	Moderate	Moderate
Jebel Ali Free Zone (UAE)	Very High	Very High	Very High
Shenzhen SEZ	Very High	Very High	Very High
Dube Trade port (South Africa)	High	High	High
Tanger Med SEZ (Morocco)	High	High	High

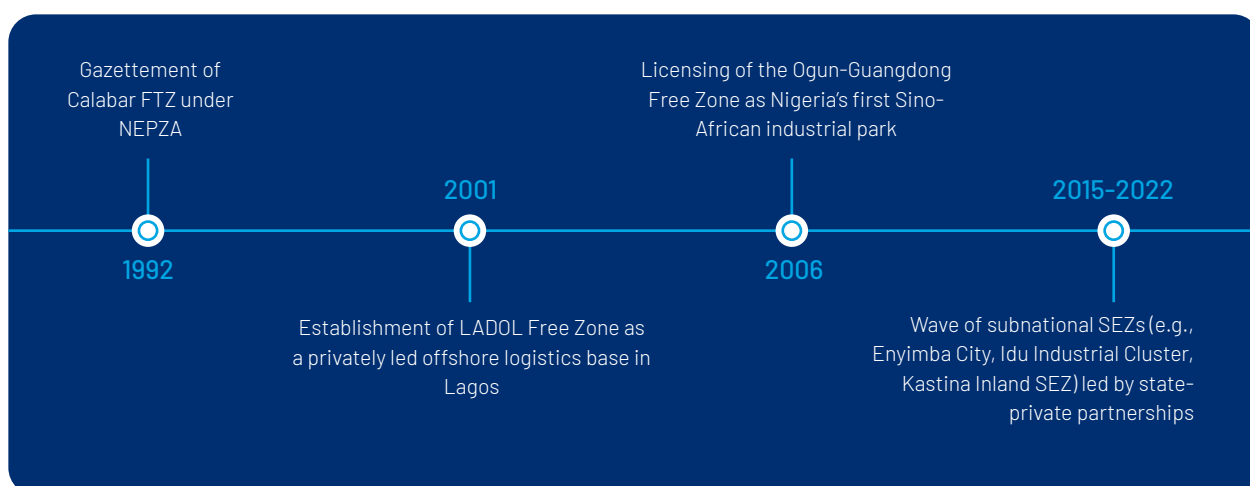
Source: Agosto Consulting Market Intelligence

The Industrial Platform Remo Free Zone (IPRFZ), a public-private partnership between ARISE Integrated Industrial Platforms (IIP) and Ogun State government, is strategically located in Sagamu with close proximity to Lagos, major highways, and the Gateway International Agro-Cargo airport. It is designed with logistics readiness in mind, featuring an inland container depot and streamlined custom processes, supported by integrated utilities and services for industrial operations. However, it is not yet fully operational.

Institutional Architecture and Governance Gaps

Nigeria's SEZ regulatory architecture is shaped by a decentralised, multi-agency structure that has evolved in silos since the 1990s. At the federal level, the Nigeria Export Processing Zones Authority (NEPZA), established in 1992, oversees general manufacturing and mixed-use SEZs, while the Oil and Gas Free Zones Authority (OGFZA), created in 2001, regulates petroleum-related industrial enclaves. In parallel, various state governments and private consortia have obtained SEZ licences, creating a fragmented governance landscape. Key milestones in this institutional evolution include:

59 NEPZA To Revive 20 Non-Operational Trade Zones – MD • Channels Television



While this layered growth reflects demand for subnational industrial development, it has also introduced regulatory duplication, inconsistent standards, and weak performance tracking. There is no unified authority with oversight over zone implementation timelines, investment actualisation, freight logistics integration, or service quality. According to NEPZA's own estimates, only 27 of 50 approved SEZs are active as of Q1 2025⁶⁰.

Furthermore, no institutional mechanism exists to align SEZ development with national freight infrastructure planning. For instance, the Nigerian Railway Corporation (NRC), Nigerian Ports Authority (NPA), and Federal Ministry of Transportation (FMOT) do not have a formal seat in SEZ site selection or approval processes. This disconnect has led to the proliferation of zones far removed from existing port systems, container yards, and inland freight terminals – undermining cost-to-serve metrics for investors.

Kenya's Special Economic Zones Authority (SEZA), by contrast, centralises SEZ planning, infrastructure co-financing, and investor licensing – and has linked all zone approvals to anchor freight corridors, such as the SGR-linked Naivasha Inland SEZ ⁶¹.

⁶⁰ NEPZA To Revive 20 Non-Operational Trade Zones – MD • Channels Television

⁶¹ Naivasha SEZ | sezauthority.go.ke

Figure 15: Timeline of Nigerian SEZ Development and Regulatory Evolution



Source: Agosto Consulting Market Intelligence

Case Diagnostics: Operational Realities Across Leading Zones

An examination of Nigeria's leading SEZs reveals significant variation in freight alignment, occupancy levels, and infrastructure integration. These differences reflect broader structural deficiencies in planning, execution, and institutional coordination. The table below captures comparative operational insights across five strategic zones.

Table 5: Comparative Operational Insights across Five Strategic Zones in Nigeria

Zone	Ownership	Freight Connectivity	Anchor Infrastructure	Operational Gaps
Lagos Free Zone	Tolaram Group	Deep seaport (Lekki Port)	A 12 MW power station, Truck park, Lekki deep seaport	Delays in intra-zone movement and evacuation of goods from zone to inland destinations, lack of seamless integration with rail transport, limited local value chain integration
Lekki FTZ	PPP (LASG & Chinese JV)	Lagos Green Line Rail project (connecting Marina to Lekki FTZ)	Power generation facility, dedicated logistics corridor, access to Lekki-Epe express way	Underdeveloped inter-zone integration with Lagos Free Zone, limited transport links, lagging internal utilities
Onne OGFZ	Federal (OGFZA)	Deepwater terminal (eastern axis)	Fabrication yards, offshore terminals	Redundant permitting layers, poor inland evacuation options
LADOL	Privately held	Offshore quay, Lagos port interlinks	FPSO integration, quay deck	Limited multimodal links, no bonded transit integration
Calabar FTZ	Federal (NEPZA)	Marginal port, underused airport	Road/port combo (non-dredged)	Dredging delays, investor exits, inactive tenants
Ogun-Guangdong FTZ	PPP (State-Private JV)	Lagos-Ibadan corridor	Clustered SMEs, trunk road link	No bonded warehouse, inconsistent utilities, tax interface issues

Source: Agosto Consulting Market Intelligence

Note: Among the zones analysed, Lagos Free Zone has the highest freight alignment potential but still experience delays intra-zone movement and evacuation of goods from zone to inland destinations. Onne and LADOL remain strategically vital to the oil and gas supply chain.

Several cross-cutting operational realities emerge:

- **Power unreliability** remains a consistent friction point, with developers forced to build and maintain embedded generation assets, raising costs by 18–30%.
- **Logistics fragmentation** – Out of all of the zones examined, only Lagos Free Zone currently operates as an integrated freight ecosystem. The Lagos Free Zone provides access to the Lekki deep sea port, with embedded customs management and faster clearance process, particularly for tenants operating within the zone. However, most of the free zones in Nigeria lack consolidated warehousing, third party logistics (3PL) presence, or coordinated customs management.
- **Investor onboarding delays** – multiple SEZs still lack single-window clearance mechanisms, leading to average start-up lags of 12–24 months post-licensing.

Inland ports such as Onitsha (through waterways) and dry ports like Ibadan (through rail) are meant to serve as vital logistic backbones for special economic zones (SEZs), enabling manufacturers and exporters to bypass Lagos port congestion. Onitsha waterways could support free zones and industrial clusters in the Southeast, while Ibadan dry port is strategically positioned to serve free zones in Ogun state such as Ogun-Guangdong zone, through the Lagos-Ibadan standard gauge railway. However, insecurity, inconsistent dredging of River Niger and unreliable barge operations limit the effectiveness of Onitsha port, while delays in operationalising Ibadan and other inland container depots imply most SEZs still depend heavily on trucks.

Furthermore, water-based mass transit and haulage in Nigeria hold major potential but remain underutilised. On the Lagos Lagoon, ferries could ease urban congestion and improve worker access to hubs like the Lekki Free Zone, yet safety concerns, poor integration with other transport modes and high fares limit uptake. Along the River Niger and Benue corridors, barges could transport agricultural produce and solid minerals affordably, from Nigeria's interior to coastal ports, boosting agro-focused SEZs and inland industries. However, weak cargo consolidation systems and inconsistent dredging constrain their effectiveness. With proper investment in waterways, terminals, and safety regulation, both passenger and cargo water transport could become critical complements to Nigeria's SEZ-driven industrial strategy.

For an infrastructure credit guarantee provider, this presents a dual opportunity: (1) de-risk the development of logistics infrastructure (bonded terminals, rail sidings, truck parks) within strategic SEZs through structured guarantees, and (2) crowd-in co-financing for SEZ-linked corridors where freight density is already emerging – such as the Ogun-Lagos corridor, the Port Harcourt-Aba axis, and the Funtua dry port cluster.

Table 6: SEZ Freight-Readiness Matrix

SEZs	Infrastructure Depth	Logistics Integration	Freight Throughput Potential
Lagos Free Zone	Well-developed	Well-developed	Well-developed
Lekki Free Trade Zone (LFTZ)	Above average	Above average	Well-developed
Onne Oil & Gas Free Zone Onne (OGFZO)	Well-developed	Well-developed	Well-developed
Ogun Guangdong Free trade Zone	Above average	Adequate, but requires upgrades	Adequate, but requires upgrades
Calabar Free Trade Zone (CFTZ)	Adequate, but requires upgrades	Adequate, but requires upgrades	Adequate, but requires upgrades
Kano Free Trade Zone	Adequate, but requires upgrades	Adequate, but requires upgrades	Adequate, but requires upgrades

Source: Agosto Consulting market Intelligence

Note: Lagos Free Zone (LFZ) and Onne Oil & Gas Zone lead in freight readiness due to direct port access, industrial integration, and strong investor participation. Moreover, Onne OGFZ freight potential could be significantly improved subject to the rehabilitation of Port Harcourt-Aba narrow gauge rail. Lekki FTZ benefits from proximity to Lekki Port but is still developing full logistics maturity. Kano and Calabar FTZs have good regional positioning but are limited by inland access and slower modernization.

Strategic Outlook and Reform Priorities

To reposition SEZs as functional logistics and export enablers within Nigeria's industrial landscape, future reforms must pursue freight-centric alignment, data-driven governance, and outcome-based infrastructure investment.

1. Establish Corridor-Linked SEZ Policy Framework

Nigeria must adopt a zoning regime aligned with major freight and trade corridors (e.g. Lagos-Kano, Port Harcourt-Aba, Kaduna-Kano, Benin-Makurdi). Freight density and multimodal access should become prerequisite criteria for zone designation. Ethiopia's Hawassa Industrial Park illustrates how such spatial alignment with national rail can reduce inland freight costs by up to 30%.

2. Integrate SEZ Development into National Transport Planning

NPA, NRC, FRSC, and NIWA should be formally incorporated into SEZ pre-approval and operational planning processes. Zone siting, layout and infrastructure provisioning should be coordinated with corridor-level infrastructure and inland terminal masterplans.

3. Deploy Structured Infrastructure Guarantees for SEZ Logistics Assets

Strategic assets – including bonded truck terminals, internal rail sidings, CNG fuelling bays and warehousing – should be prioritised for credit enhancement and long-term debt guarantees. This can potentially de-risk investor entry and improve the viability of low-traffic or inland SEZs, especially SMEs. Pilot corridors could include the Lagos–Abeokuta–Ibadan axis and Port Harcourt–Aba dry port corridor.

4. Harmonise Compliance, Licensing and Fiscal Interfaces

Fragmented compliance regimes between NEPZA, OGFZA, State Inland Revenue Services and local councils undermine operational efficiency. A unified portal linking licensing, customs, fiscal incentives and logistics documentation will significantly reduce onboarding friction and attract serious logistics investors.

5. Institutionalise Throughput-Based Incentive Structures

Fiscal and land-based incentives should be tied to verified throughput milestones – such as container volume handled, tonnage exported, or warehouse utilisation rates. Morocco's Tangier SEZ ties tax holidays to export-linked KPIs, which boosts performance monitoring and zone credibility (OECD, 2022).

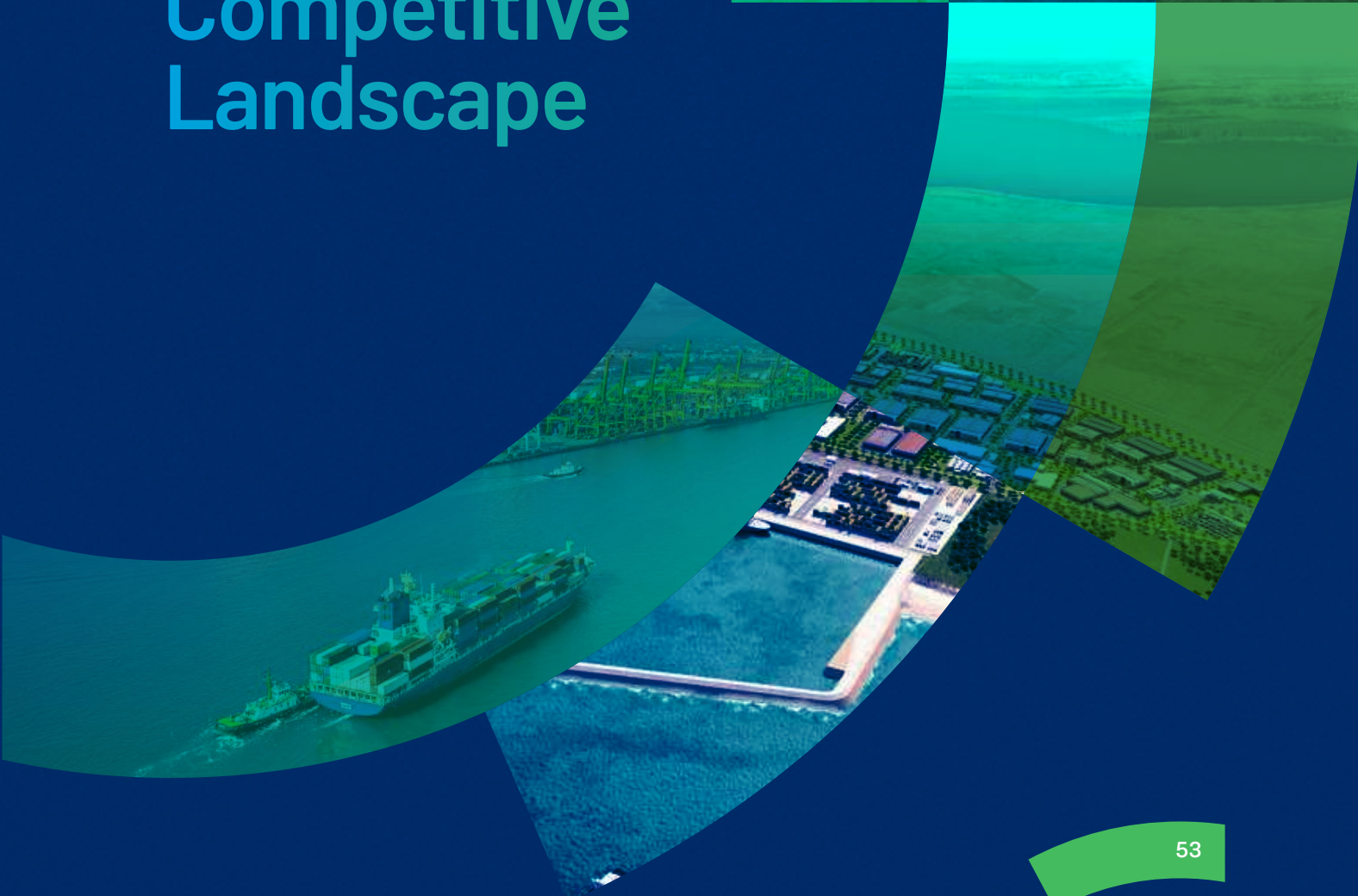
A freight-anchored SEZ strategy backed by infrastructure credit guarantees could unlock US\$1.5–2.5 billion in zone-linked investment and reduce lead time to gateway ports by up to 30% within the next 5 years (Agusto & Co, 2024).

Text Box 1: The Implications of the New Tax Reform Bills on Special Economic Zones

- The new Tax Reform Bill marks a significant shift in the taxation of entities operating within Nigeria's Free Trade Zones (FTZs), ending the previous blanket tax exemptions that covered federal, state, and local taxes, including income tax and VAT. Under the new regime, entities whose entire profit derives from exports remain fully exempt, but those with at least 25% of sales within Nigeria's customs territory will be fully taxed, while those with 75% export profit qualify for proportional taxation based on domestic sales.
- The Bill also introduces a 15% tax on profits for multinational groups or companies with turnovers exceeding ₦20 billion, even if they operate in FTZs. Additionally, transactions between FTZ entities and Nigerian resident companies are subject to transfer pricing rules, requiring arm's length pricing to avoid income attribution to resident companies. These reforms compel FTZ businesses to reassess their tax positions and compliance strategies in light of a broader tax base and reduced exemptions.

04

Competitive Landscape



04

Competitive Environment

Porter's Five Forces

Table 7: Porter's 5 Forces Analysis of Logistics & Transport

Forces	Comments	Ratings
Bargaining Power of Suppliers	The power of suppliers in the logistics sector, including fuel providers, vehicle manufacturers, and technology providers, varies. Limited suppliers for certain specialized services can increase their bargaining power. For logistics companies, switching costs can be moderate.	Moderate to High
Bargaining Power of Buyers	With the rise of digital platforms, buyers in Nigeria are increasingly informed about available services and pricing. This transparency enhances their bargaining power.	High
Threat of New Entrants	While the market has significant potential, challenges such as regulatory requirements, capital investment, and infrastructure deficits can deter new players. Established companies benefit from economies of scale, making it difficult for new entrants to compete on price and service quality.	Moderate
Threat of Substitutes	Alternatives such as rail transport, air freight, and even informal transport methods (e.g., motorcycles) can substitute traditional road transport.	Moderate
Competitive Rivalry	The logistics and transportation industry in Nigeria is characterised by intense competition. Numerous players, ranging from small local operators to large multinational firms, vie for market share.	High

Basis of Competition

The basis for competition in the industry is shaped by both structural inefficiencies and evolving customer expectations. Key sources of competitive advantage include:

Figure 16: Basis of Competition for the Nigerian Transport & Logistics Sector



Source: Agosto Consulting

Technological Integration and Digital Solutions

Logistics companies that deploy advanced tracking technologies—such as IoT-enabled platforms—are steadily earning the trust of clients by offering real-time visibility into shipment movement and minimising uncertainty. Transparency breeds confidence, particularly in markets prone to operational inefficiencies. The integration of digital tools for route optimisation, predictive maintenance, and demand forecasting has also begun to redefine operational efficiency. These innovations not only cut delivery times and costs but also enhance reliability, allowing firms to do more with less.

Proximity to Port and Trade Gateways

Geographic positioning remains a structural competitive advantage in transport and logistics. Operators with terminals in close proximity to major ports—such as Lagos' Apapa container terminal—command premium pricing through faster cargo turnaround and reduced inland transport costs. Secondary advantages accrue to firms securing strategic land near border crossings

or airport cargo zones, particularly for time-sensitive shipments. In Nigeria where road congestion plagues supply chains, this proximity advantage compounds, allowing nearby operators to offer superior reliability. However, the benefits must be weighed against rising (port-adjacent real estate) costs and potential overconcentration risk during port-specific disruptions.

Customer Experience and Service Reliability

The industry's shift from cost-centric to service-led competition has elevated performance metrics as key differentiators. On-time delivery rates above 98%, real-time shipment visibility, and proactive exception management now define category leaders. Premium clients increasingly favour integrated platforms offering seamless booking-to-invoicing experiences over fragmented service providers. This trend has spurred investments in customer portals with AI-automated documentation, particularly among operators serving high-value industries like pharmaceuticals or automotive.

Cost Efficiency and Pricing Innovation

Margin preservation demands relentless operational discipline, with top performers employing fuel hedging strategies, predictive maintenance systems, and load optimisation algorithms. The most sophisticated operators deploy dynamic pricing engines that adjust rates based on real-time capacity utilization, fuel price fluctuations, and shipment characteristics. Value-added service bundling—such as combining freight forwarding with customs clearance or cargo insurance—has emerged as a margin-protection tactic. However, the rise of digital freight marketplaces has increased price transparency, forcing traditional operators to justify premium pricing through demonstrable service advantages or niche capabilities.

Service Specialisation and Niche Expertise

Market fragmentation persists through specialized verticals that resist pure cost competition. Operators handling temperature-sensitive pharmaceuticals, hazardous materials, or oversized project cargo maintain pricing power through certification barriers and operational know-how. The oil and gas sector particularly rewards firms with expertise in modularized heavy lift operations, while e-commerce logistics demands mastery of high-volume parcel sorting and reverse logistics. Successful specialists develop proprietary methodologies—whether for perishable goods' cold chain integrity or fragile art transport—that generalists struggle to replicate. This specialization creates moats against both low-cost competitors and integrated giants, though requires continuous reinvestment in equipment and training.



KEY PLAYERS AND STRATEGIES



LOGISTICS



GPC ENERGY AND LOGISTICS LIMITED

FOUNDED  2009	ADDRESS  4b, Regina Coker Street, Off Alhaji Ko-foworola Crescent, Ikeja, Lagos	COVERAGE  Nationwide
SERVICES  - Warehousing - Transportation - Fleet Management - Local and International Procurement Services	STRATEGIES  - GPC offers Energy procurement advisory to its Clients Combines fuel supply with transportation for efficiency - The Company offers clients improved logistics tracking systems to track goods-in-transit.	
STRENGTHS  - An expansive truck fleet facilitates deep market reach across the country. - Established presence in Nigeria's energy and logistics sectors.	- Operating a fleet of 861 vehicles - Strong partnership with blue-chip companies such as Flour Mills, Nestle, Guinness and Nigerian Breweries	
WEAKNESSES 		

Figure 17: Strategies, Strengths and Weaknesses of GPC Energy & Logistics Limited

Source: Agosto Consulting Market Intelligence



TRANSPORT SERVICES LIMITED

FOUNDED 2001	ADDRESS 14A/14B, Adedeji Adekola Close, Off Freedom Way, Lekki Phase 1 – Lagos	COVERAGE Nationwide, Ghana
SERVICES  - Oil and Gas Trucking Services - Logistics solutions for agricultural and fast-moving consumer goods - Fleet Management Services	STRATEGIES  - Uses modern systems and processes in providing efficient logistics solutions to our customers. - The company also operates a state-of-the-art Drivers’ Training School in Calabar, established in partnership with the Federal Road Safety Corps (FRSC) and Lafarge Africa Plc	
STRENGTHS  - TSL operates across five strategic locations in Nigeria - Owens 20% stake in natural gas distribution company - Operating a fleet of over 750 vehicles, including specialized aircraft refuelers.	Strong partnership with top brands in Nigeria such as Guinness, Lafarge and Total	
WEAKNESSES Considerable exposure to the oil and gas sector		

Figure 18: Strategies, Strengths and Weaknesses of Transport Services Limited

Source: Agosto Consulting Market Intelligence



SEDNAWANGER LIMITED

FOUNDED	ADDRESS	COVERAGE
 2009	 6 Moses Nnoli Drive, Mende, Maryland, Lagos	 Nigeria, worldwide
SERVICES - Supply Chain Management - Freight Forwarding - Warehousing - Transportation - Procurement - Distribution		
STRATEGIES - Leverages regional distribution hubs and centralized warehousing to ensure product availability and reduce stock-outs. - Use technology and rigorous transporter evaluation to ensure safe, reliable, and on-time delivery. - Strong focus on cost reduction and operational efficiency for clients		
STRENGTHS - Over 20 years of hands-on experience in logistics and supply chain management across diverse industries. - Transparent billing and fast customs clearance services at all Nigerian sea and airports. - Regional presence with hubs in Americas, Europe, Hong Kong, and China to consolidate shipments and reduce shipping costs.		
WEAKNESSES Limited scale compared to larger multinational logistics firms.		

Figure 19: Strategies, Strengths and Weaknesses of Sednawanger Limited

Source: Agosto Consulting Market Intelligence



FORTUNE GLOBAL

FOUNDED	ADDRESS	COVERAGE
 2006	 15, Fatai Irawo Street, Ajao Estate, Lagos State	 Nigeria Kenya Ghana Benin Houston
SERVICES - Oil & Gas/marine Logistics - Air Freight - Sea Freight - Warehousing & Distribution - Inventory Management - Heavy Duty Haulage Services - Free Zone Custom Operations (cargo handling and delivery)		
STRATEGIES - Actively expanding its operations beyond the Nigerian market - Offers a comprehensive suite of logistics services, providing end-to-end logistics solutions to its clients		
STRENGTHS - Fortune Global has a service network in over 100 countries, with offices in key international hubs like Houston (USA) and China, facilitating global shipment coordination and SME import/export activities. - Multi-modal capability by combines sea, air, and land logistics. - Adopts digital tracking systems to ensure operational efficiency and transparency.		
WEAKNESSES Heavy reliance on Lagos port for import/export operations leads to congestion and high logistics costs, impacting efficiency for FGS and its clients		

Figure 20: Strategies, Strengths and Weaknesses of Fortune Global

Source: Agosto Consulting Market Intelligence

LADOL

FOUNDED	ADDRESS	COVERAGE
 2000	 Lagoon View Gardens - 2 Oyinkan Abayomi Drive Ikoyi, Lagos	 Africa, United Kingdom
SERVICES  - Logistics and Construction Equipment - Berthing and Vessel Handling	STRATEGIES  - Offers support services-such as a 1,000-meter quay, fabrication yards, accommodation, and medical facilities-all located within a secure free zone. - The Company is expanding its operations to cater to diverse sectors including agriculture, manufacturing, technology, and healthcare sectors, reducing its reliance on just oil & gas.	
STRENGTHS  - Its operations deliver significant cost reductions for clients, enhancing Nigeria's competitiveness as a hub for deep offshore operations - LADOL provides a one-stop-shop for multinational industrial and oil and gas companies operating in West Africa.		
WEAKNESSES Reports of hostility and conflict with foreign investors may impact LADOL's reputation as a business-friendly free zone		

Figure 21: Strategies, Strengths and Weaknesses of LADOL

Source: Agosto Consulting Market Intelligence


AMG LOGISTICS LIMITED

FOUNDED	ADDRESS	COVERAGE
 2014	 7, Creek Road, Apapa, Lagos	 Nigeria
SERVICES  - Ocean Freight - Road/Truck Freight - Full Load Air Freight Customs Clearing - Warehousing - Custom Clearance - Concierge Services - Transportation of Perishables	STRATEGIES  - AMG Logistics offers a full suite of logistics services, including custom clearance services - The company has established partnerships with major global air carriers and shipping lines. (e.g. DSV Global Transport and Logistics) - AMG emphasizes tailor-made solutions, adapting to specific client requirements, especially for project cargo, oversized loads, and urgent shipments.	
STRENGTHS  - Office located in close proximity to the port in Lagos - With offices and vehicles in Lagos, Abuja, and Port Harcourt, AMG ensures swift and efficient local and national deliveries - The company has developed expertise in serving the oil	& gas sector, providing logistics support for exploration, production, and project cargo. - Proven ability to manage complex, oversized, and hazardous cargo for large-scale projects, offering planning, risk assessment, and execution.	
WEAKNESSES While AMG has a strong Nigerian presence, its size and resources may limit its ability to scale rapidly compared to larger multinational logistics firms		

Figure 22: Strategies, Strengths and Weaknesses of AMG Logistics

Source: Agosto Consulting Market Intelligence



LOGISTICS



INTELS NIGERIA LIMITED

FOUNDED



1982

ADDRESS



Onne, Rivers State, Nigeria.

COVERAGE



Nigeria and Sub-Saharan Africa

SERVICES



- Oil & Gas Logistics Support
- Cargo Handling
- Port Management
- Equipment Leasing

STRATEGIES



- Provide integrated, tailor-made solutions that allow clients to outsource logistics and focus on core activities.
- Intels has invested in developing world-class port facilities

STRENGTHS



- Owns and operates world-class port facilities and oil service centres in Nigeria's Free Trade Zones.
- Long-standing partnerships with multinational oil companies such as Chevron, Total, ExxonMobil, and Oando.
- Over three decades of experience in the sector

WEAKNESSES

- High Dependence on Oil & Gas Sector
- Partial ownership by a politically exposed person (PEP), which may result in political threats



Figure 23: Strategies, Strengths and Weaknesses of Intels Nigeria Limited

Source: Agosto Consulting Market Intelligence



SUPERMARITIME GROUP

FOUNDED



1994

ADDRESS



Plot 270 Trans Amadi Industrial Layout, Port Harcourt

COVERAGE



Nigeria and International markets (through partnerships)

SERVICES



- Freight Forwarding
- Customs Brokerage
- Warehousing and Distribution
- Project Cargo and Heavy Lifting
- Oil & Gas Logistics
- Supply Chain Management
- Port Agency and Shipping
- Consulting Services

STRATEGIES



- Strategically located in major Nigerian ports including Port Harcourt, enabling proximity to clients and operational hubs.
- Leveraging digital tools to improve tracking, documentation, and communication with clients.
- Strengthening presence in key Nigerian ports and expanding services across West Africa.

STRENGTHS



- Over 25 years of experience in Nigerian and West African logistics markets.
- Full spectrum of logistics services under one roof, facilitating seamless supply chain management
- Proven track record supporting multinational oil companies and complex project logistics

WEAKNESSES

- High operational costs



Figure 24: Strategies, Strengths and Weaknesses of Supermaritime Group

Source: Agosto Consulting Market Intelligence



BHN LOGISTICS

FOUNDED	ADDRESS	COVERAGE
 1948 (BECAME PART OF TOLARAM IN 1991)	 Km-31+300, Lagos Ibadan expressway ,Mowe Ogun state	 Nigeria, Worldwide
SERVICES  - Haulage and Transportation Services - Warehousing and Distribution - Fleet Management and Maintenance - Expert Goods Handling	STRATEGIES  - Diversified Logistics and Transport services - Adopts high technology for freight processes - Transitioning into CNG powered vehicles to reduce operational costs.	The trucks are sourced from five different Original Equipment Manufacturers (OEMs), which allows BHN to mitigate risks associated with over-dependence on any single brand.
STRENGTHS  - Member of the Tolaram Group gives them strong competitive advantage - Transparent shipping - Over 30 years of experience	- BHN boasts a robust fleet of over 1,700 vehicles - Wide range of clientele including Indomie, Nigerian Bottling Company (Coca-Cola), Chivita, and Reckitt Benckiser	
WEAKNESSES About 45% of the company's revenue comes from its parent company - Tolaram		

Figure 25: Strategies, Strengths and Weaknesses of BHN Logistics

Source: Agosto Consulting Market Intelligence



APM TERMINALS (IN NIGERIA)

FOUNDED	ADDRESS	COVERAGE
 2006	 Tin Can Island Port, Apapa, Lagos	 Lagos, and presence/operations at other Nigerian and West African ports through concession arrangements
SERVICES  Container terminal operations, stevedoring, yard management, value-added services (vessel planning, digital throughput services), terminal handling equipment provision	STRATEGIES  - Leverage global shipping network to attract transshipment and liner services. - Invest in terminal efficiency (equipment, IT systems) to reduce vessel turnaround and container dwell time. - Pursue partnerships with port authorities and logistics providers to capture import/export volumes.	
STRENGTHS  - Global operator expertise, scale and shipping network integration. - Access to advanced terminal operating systems and investment capacity. - Established relationships with major container lines		
WEAKNESSES - Exposure to local congestion, port access constraints and regulatory unpredictability. - Operational limits imposed by land access and hinterland infrastructure bottlenecks.		

Figure 26: Strategies, Strengths and Weaknesses of APM Terminals

Source: Agosto Consulting Market Intelligence



LOGISTICS



PORT & TERMINAL MANAGEMENT LIMITED (PTML)

FOUNDED  2005	ADDRESS  W	COVERAGE  Lagos, and presence/operations at other Nigerian and West African ports through concession arrangements
SERVICES  Container terminal operations, stevedoring, yard management, value-added services (vessel planning, digital throughput services), terminal handling equipment provision	STRATEGIES  - Operate and manage terminal concessions through efficiency gains and service contracts. - Offer integrated terminal services to shipping lines and cargo owners. - Pursue upgrades and private investment to increase berth throughput.	
STRENGTHS  - Local market knowledge and relationships with port stakeholders. - Experience managing terminal operations under Nigerian port regulatory environment		
WEAKNESSES Vulnerability to port access congestion and regulatory changes.		

Figure 27: Strategies, Strengths and Weaknesses of PTML

Source: Agosto Consulting Market Intelligence



SIFAX GROUP

FOUNDED  2005	ADDRESS  54 Ware House Rd, Apapa, Lagos	COVERAGE  Lagos, and presence/operations at other Nigerian and West African ports through concession arrangements
SERVICES  Shipping agency, terminal operations, logistics, freight forwarding, shipping lines agency services, haulage, haulage & payload logistics, port services	STRATEGIES  - Diversify maritime and logistics services across agency, terminal operations and haulage. - Expand regional footprint and service integration (end-to-end logistics). - Leverage private sector relationships with shipping lines and port operators.	
STRENGTHS  - Established Nigerian maritime brand with diversified services. - Local operational expertise and network across Nigerian ports. - Ability to offer end-to-end logistics solutions to shippers.		
WEAKNESSES Competition from multinational logistics and terminal operators.		

Figure 28: Strategies, Strengths and Weaknesses of Sifax Group

Source: Agosto Consulting Market Intelligence



OTHER PLAYERS



GOD IS GOOD LOGISTICS (GIGL)

FOUNDED 2012	ADDRESS 1 Wole Ariyo Street, Lekki Phase 1, Lagos	COVERAGE Nationwide, with regional expansion into Ghana and the United States
SERVICES  Express courier, haulage, e-commerce logistics, last-mile delivery	STRATEGIES  - GIGL leverages technology to streamline parcel tracking and customer engagement. - Investing heavily in digital platforms and app-based logistics services.	
STRENGTHS  - A compelling brand - Robust digital infrastructure - Extensive Domestic Network		
WEAKNESSES - High operational costs - Occasional delays in peak seasons 		

Figure 29: Strategies, Strengths and Weaknesses of GIGL

Source: Agosto Consulting Market Intelligence



DHL NIGERIA

FOUNDED 1979	ADDRESS DHL House, International Airport Road, Mafoluku, Lagos	COVERAGE Nationwide and international
SERVICES  International and domestic courier, freight forwarding, e-commerce logistics, supply chain solutions	STRATEGIES  - Leverages an extensive international network to deliver services and solutions across multiple jurisdictions. - Maintains consistent service delivery standards through robust infrastructure and operational excellence. - Builds trust by ensuring high system uptime, operational continuity, and rapid issue resolution. - Minimises friction and cost in cross-border engagements by leveraging advanced technology and strategic partnerships.	
STRENGTHS  - Strong International Brand - Operational Efficiency and Scalability - Attracts strategic alliances, franchise opportunities, and high-value clients by virtue of brand prestige and visibility. - Real-Time Data Analytics and Insights		
WEAKNESSES - Premium pricing - Limited flexibility for small local clients 		

Figure 30: Strategies, Strengths and Weaknesses of DHL Nigeria

Source: Agosto Consulting Market Intelligence



OTHER PLAYERS



LAGOS FREE ZONE

FOUNDED	ADDRESS	COVERAGE
 2002	 Ibeju-Lekki, Lagos	 Nationwide and international
SERVICES - Logistics and Warehousing Solutions - Customs and Trade Facilitation - Industrial and Manufacturing Support (cold-storage facility) - Business Support and Investment Facilitation		
STRATEGIES - Leverages proximity to Lekki Deep Sea Port. Integration with port through Unified Customs Area Command reduces clearance time when compared to Apapa. - Development of cold chain facilities, which supports export of perishables like mangoes and fish. - Adoption of digital platforms for real-time cargo tracking and automated documentation.		
STRENGTHS - High-quality internal road networks - Regulatory incentives as a FTZ leading to operational efficiency - Real-Time Data Analytics and Insights - Presence of strong local and international brands such as Dangote, Guala Closures, and BC Fibre.		
WEAKNESSES - Limited skilled labour and service providers in refrigerated logistics. - High setup costs for SMEs may deter local agribusiness exporters from fully participating.		

Figure 31: Strategies, Strengths and Weaknesses of Lagos Free Zone

Source: Agosto Consulting Market Intelligence



MDS LOGISTICS

FOUNDED	ADDRESS	COVERAGE
 1965	 Plot 32, Kudirat Abiola Way, Oregon, Lagos	 Nationwide
SERVICES - Warehousing - Haulage and Transport - Specialized Pharmaceutical Logistics - Supply Chain Management - Customs Clearance and Freight Forwarding		
STRATEGIES - MDS fosters deep client relationships by tailoring services to specific needs, by providing bespoke cold chain solutions for agricultural and pharmaceutical clients - Investments in advanced tracking systems, IoT, and integrated logistics platforms enhance visibility and efficiency. - Strategic Partnerships such as UACN DP World and Promasidor.		
STRENGTHS - With 46 distribution centers across 28 states, MDS connects over 400 cities, ensuring robust market access for agricultural and consumer goods - The DP World partnership provides access to global best practices		
WEAKNESSES High Operational Costs		

Figure 32: Strategies, Strengths and Weaknesses of MDS Logistics

Source: Agosto Consulting Market Intelligence



ADJACENT INFRASTRUCTURE AND SUPPORT PLAYERS



LAGOS METROPOLITAN AREA TRANSPORT AUTHORITY (LAMATA)

FOUNDED



2002

ADDRESS



KM 15, Lagos-Badagry Expressway, Ojo, Lagos

COVERAGE



Lagos

SERVICES



- Manages Lagos Rail Mass Transit (LRMT) network (Blue, Red, Green lines). Oversees Bus Rapid Transit (BRT) and non-motorized transport (e.g., walkways).
- Policy direction and regulation for urban mobility.
- Infrastructure development via PPPs.

STRATEGIES



- Develop seven rail lines under 30-year Strategic Transport Master Plan (STMP).
- Integrate rail, BRT, and water transport for seamless mobility.
- Secure private financing (e.g., CCECC, Alstom) for rail projects.
- Promote sustainable urban transport with pedestrian and green initiatives.

STRENGTHS



- Pioneering urban rail in Nigeria (Blue Line operational since 2023).
- Strong state government support and clear policy framework.
- High ridership (583,000 passengers in Blue Line's first four months)

WEAKNESSES

- Project delays due to funding shortages and government changes.
- Limited coverage beyond Lagos, constraining regional impact



Figure 33: Strategies, Strengths and Weaknesses of LAMATA

Source: Agosto Consulting Market Intelligence



NIGERIAN RAILWAY CORPORATION (NRC)

FOUNDED



1955

ADDRESS



Railway Compound, Ebute-Metta, Lagos

COVERAGE



Across Nigeria

SERVICES



- Passenger Services
- Freight and Haulage Services
- Mass Transit/Commuter Services

STRATEGIES



- Modernize with Standard Gauge
- A strong focus on freight

STRENGTHS



- Growing passenger demand
- Strong government support and clear policy framework.
- Exclusive right of way

WEAKNESSES

- Despite recent investments, the corporation remains chronically underfunded
- Ageing Infrastructure
- Security Vulnerabilities



Figure 34: Strategies, Strengths and Weaknesses of NRC

Source: Agosto Consulting Market Intelligence



ADJACENT INFRASTRUCTURE AND SUPPORT PLAYERS



CHINA HARBOUR NIGERIA OPERATION AND MAINTENANCE COMPANY LIMITED

FOUNDED



1994

ADDRESS



Plot 1682, Sanusi Fafunwa Street, Victoria Island

COVERAGE



Lagos, Abuja and Port Harcourt majorly, with sites across the country.

SERVICES



- Port and Harbour Engineering
- Road and Bridge Construction
- Railway Construction
- Airport Infrastructure
- Operations and Maintenance

STRATEGIES



- Leverage Chinese Financing
- Develop Long-Term Concessions
- Local Partnerships and Content

STRENGTHS



- Technical Expertise and Scale
- CHEC is known for its ability to deliver complex projects within relatively aggressive timelines

WEAKNESSES

- Over-reliance on Government Contracts

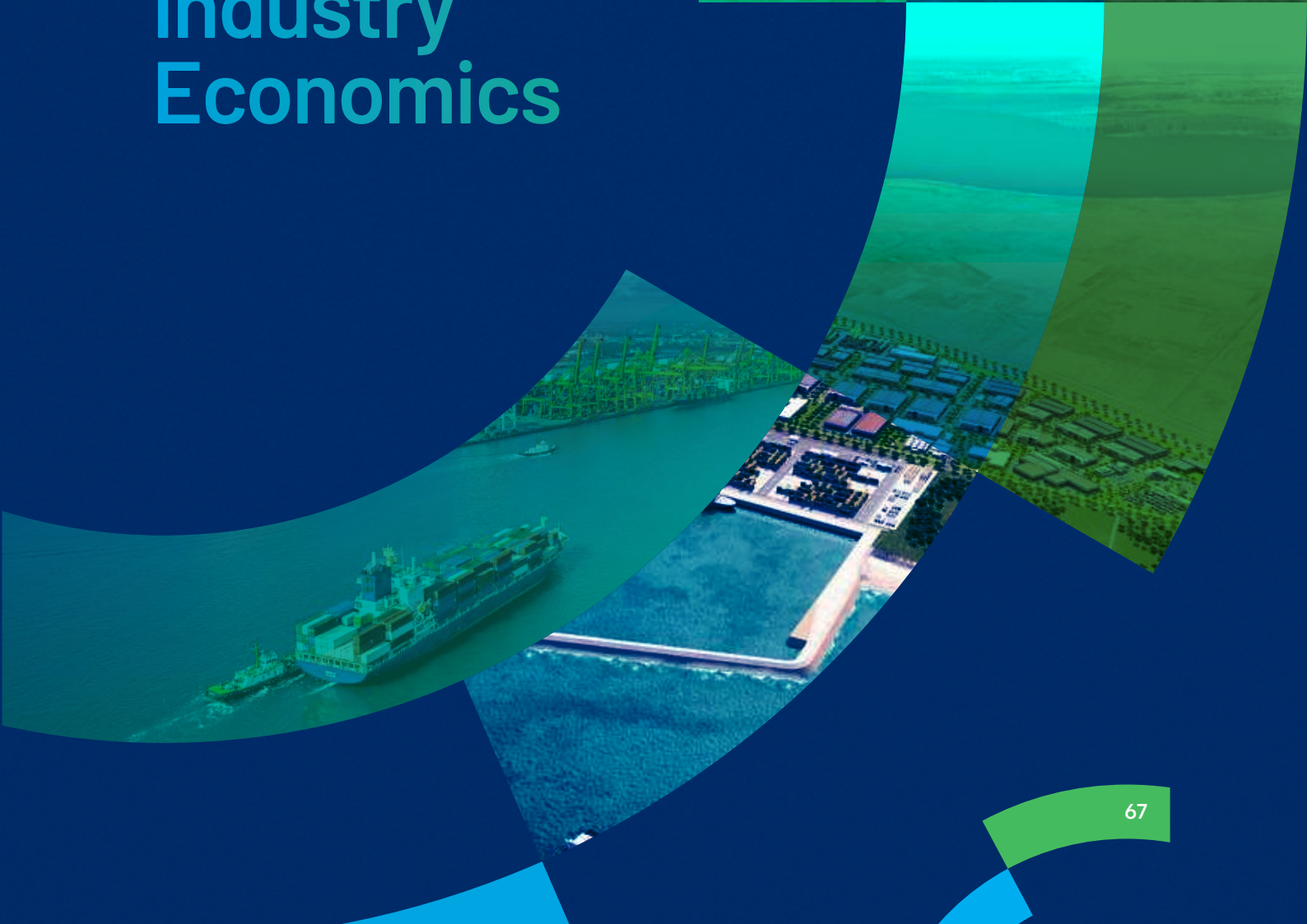


Figure 35: Strategies, Strengths and Weaknesses of China Harbour

Source: Augusto Consulting Market Intelligence

05

Industry Economics



Industry Economics

In a breakdown of Nigeria's Gross Domestic Product (GDP), the transport and storage sector, which is representative of the logistics industry, is further simplified into six sub-sectors: road transport, rail transport and pipeline, water transport, air transport, transport services, and post and courier services. Of these six sub-sectors, the road transport segment plays a crucial role in the broader Nigerian transport and storage sector, characterised by road transport being the most used pathway for the movement of people and goods across the country.

The significant importance of the road transport sub-sector is clearly highlighted by its contribution to the transportation and storage sector of GDP, which stood at ₦906.8 billion in 2019 and has maintained an annual growth dynamic since then (except in 2023), placing the sector's market size at ₦3.32 trillion as at the end of 2024. In our view, the decline in 2023 can be attributed to the removal of fuel subsidy in May 2023, which caused the average price per litre of petrol to increase from ₦238.11 in May 2023 to ₦545.83 in June 2023. By the end of the year (December 2023), the average per litre of petrol had increased to ₦671.88. This unprecedented increase in petrol prices was announced immediately after President Bola Tinubu's inauguration on May 29, 2023, resulting in a long adjustment period that was reflected in the decline. Furthermore, even though the road transport sub-sector and the overall transport & storage sector has recovered from the decline in 2023, the performance

achieved in 2024 still falls short of 2022 values, indicating persistent pressure on the transport sector's performance. This can again be attributed to the rising price of petrol which further increased year-on-year by 76.99% to ₦1,189.12 per litre in December 2024.

However, the sector experienced a breakthrough in 2025, recording ₦4.05 trillion in GDP contribution. This performance was largely attributable to higher passenger yields, as escalating air travel costs pushed up fares, while robust logistics demand from expanding e-commerce activities and FMCG distribution networks provided an additional source of growth.

The table highlighted below shows the performance of the transport & storage sector, including a breakdown of the sub-sectors.



Table 8: Breakdown of the Transport & Storage Sector GDP (₦ Billion) (2019 – 2025)

	2019	2020	2021	2022	2023	2024	2025
Road Transport	906.87	2,368.88	3,042.84	3,876.25	2,183.50	2,947.23	4,054.08
Rail Transport & Pipelines	0.18	0.24	0.33	0.37	0.5	0.97	1.21
Water Transport	4.91	8.6	9.41	11.54	168.3	227.87	264.43
Air Transport	83.53	151.05	206.54	268.67	215.61	258.99	323.71
Transport Services	48.87	89.46	94.12	107.74	83.33	99.71	101.98
Post and Courier Services	14.91	21.54	24.27	26.82	208.52	246.28	367.8
Total	1,059.27	2,639.77	3,377.51	4,291.39	2,859.76	3,781.05	5,113.21

Source: National Bureau of Statistics

In a further review of the transport & storage sector, we highlight the road transport sub-sector's significant contribution, which has ranged from 84-90% between 2019 and 2025. With this timeline as our review period (2019 – 2025), the road transport sub-sector delivered peak contribution to the transport & storage sector in 2021 and 2022 at 90.1% and 90.3% respectively but has since witnessed a decline owing to factors highlighted above.

In addition, we note that while the road transport sub-sector has declined in performance, other sub-sectors have experienced increased performance, especially in the last two years. For example, the air transport sub-sector's contribution grew from 6.3% in 2022 to 8.7% in 2023, which further increased to 20% and 25% in 2024 and 2025 respectively. We opine that the rise in the air transport sub-sector's contribution can be associated with the popularity of emigration in recent years, which continues to enjoy strong demand even amidst tight macroeconomic environment.

Table 9: Contribution of the Sub-Sectors of Transport & Storage (2019 – 2025)

	2019	2020	2021	2022	2023	2024	2025
Road Transport	85.6%	89.7%	90.1%	90.3%	86.7%	84.2%	80.0%
Rail Transport & Pipelines	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.00%
Water Transport	0.5%	0.3%	0.3%	0.3%	0.4%	0.5%	0.7%
Air Transport	7.9%	5.7%	6.1%	6.3%	8.7%	9.9%	10.3%
Transport Services	4.6%	3.4%	2.8%	2.5%	3.4%	4.5%	5.2%
Post and Courier Services	1.4%	0.8%	0.7%	0.6%	0.8%	0.9%	1.1%

Source: National Bureau of Statistics

However, when examined vis-à-vis the Nigerian economy, the logistics Industry's performance remains stagnated. To buttress this claim, we compared the size of the Industry relative to the Nigerian economy which translates to a proportion of between 1.5-2.2% for the period of 2019 to 2025. Specifically, we note that the highest rate of contribution from the logistics Industry during our review period was in 2022 (2.2%), an increase from 1.9% in 2021 (which followed a 1.7% in 2020), before declining to 1.5% in 2024 and 2025. This stagnation was caused by a variety of factors broadly summarised as the poor state of the Nigerian economy, that is, the growth of the transportation and logistics Industry is directly proportional to economic growth. Key factors affecting the Industry may, however, include lack of quality infrastructure, particularly road deterioration, insecurity, insufficient professional drivers and unsafe driving behaviours.

In the same vein, following our engagement with Industry operators, we note that there are only about 80,000 – 100,000 trucks (30-ton size) in Nigeria today; a figure, operators note to have existed since 2017. Of the total number of trucks, operators highlight that only about 10% are owned by standard transport companies, implying the highly fragmented nature of the transport and logistics Industry. Accordingly, this makes it difficult to effectively estimate its size, as most players are small private companies with no legal obligation to publish their financial records. Overall, Augusto Consulting has leveraged its industry knowledge as well as meetings with operators within the Nigerian transport Industry to provide an opinion on the economics of the Nigerian transport and logistics Industry. The review of the industry economics is focused on its revenue sources, cost structure, asset structure, trade dynamics and funding dynamics

Revenue Sources

The Nigerian transport and logistics Industry generates revenue from multiple streams – formal and informal activities alike. While formal activities include freight and haulage services, informal activities refer to small goods and passenger transportation. The dominant stream of income comes from road transport, which remains the most accessible and widely used mode of movement, accounting for up to 90% of all goods movement. Income is generated from full truckload and less-than-truckload services, serving industries such as agriculture, manufacturing, fast-moving consumer goods (FMCG), petroleum products and retail. In addition to the income earned from traditional transport services, logistics companies also generate revenue from service fees related to courier and last-mile delivery which have grown significantly due to the rise of e-commerce platforms like Konga and Jumia; warehousing and storage devices; freight forwarding and inventory management. For instance, we recall from an Industry player operating primarily in the oil and gas industry that a baseline cost of ₦2/litre (commonly referred to as the throughput charge) is charged to warehouse petroleum typically for a minimum holding period of 30 days. Beyond the expiration of the 30-day period, a roll-over fee (usually discounted from the original price is charged).

In another light, we learnt that for a 30-ton truck travelling from Lagos to Kano (one of the farthest major cities from Lagos in Nigeria), an average price of ₦2.5 million is charged for a trip, with an average of three trips made in a month. Following our earlier assertion of about 80,000 – 100,000 trucks in the Nigeria transport Industry, it can however be estimated that the Industry generates between ₦600 billion to ₦750 billion monthly, placing annual revenue at around ₦7.2 trillion to ₦9.0 trillion.

Cost Structure

The transport and logistics Industry faces high operational costs in line with current macroeconomic vagaries and other operational bottlenecks. Fuel expenses, particularly diesel and petrol costs, account for a significant portion of the total cost structure, usually up to between 40-60%. Tyres also represent a sizeable proportion of operators' total cost structure (considered the second-highest cost element) with most operators choosing to replace at least one tyre every month. Common tyre brands include BF Goodrich (costing up to ₦950,000), Dunlop (costing up to ₦600,000) and Michelin (costing up to ₦490,000) according to Tyreman – an online tyre retailer. Personnel costs, Finance costs and other costs, including toll fees and other informal settlements also contribute to the total cost structure of operators. While personnel costs continue to weigh significantly on operators' cost structure in line with current macroeconomic conditions necessitating that staff members are paid higher wages, finance costs which continue to exist as a component of the overall cost structure is becoming increasingly unpopular with Industry players amidst the high interest rates environment – MPR at 26.5% as at May 2026. Operators particularly cite the difficulty to effectively use loans as the precursor for staying away from new long-term obligations. Similarly, other costs and fees would typically vary per location and size of trucks, for instance in operator highlighted paying between ₦30,000 and ₦40,000 per offloading in Onitsha while the same costs just about ₦5,000 – ₦7,000 in Abuja.

TextBox 2:

The Reality of CNG Adoption in Nigeria Today

To address the challenges associated with rising fuel costs, Compressed Natural Gas (CNG) has emerged as a viable alternative fuel in Nigeria. CNG is increasingly being positioned as a significantly more cost-effective and lower-emission substitute for traditional fuels, supporting both cost-reduction objectives and the global imperative for decarbonisation.

The economic case for CNG adoption in Nigeria is compelling. As of April 2025, a standard cubic metre (SCM) of CNG cost approximately ₦230 and could power a vehicle for about 10 kilometres. In comparison, the same distance would require an estimated ₦891 worth of petrol, translating to a cost saving of approximately 74%. This substantial reduction in fuel expenditure is particularly attractive to commercial transport operators and fleet owners, for whom fuel constitutes a major operating cost.

Despite these benefits, the adoption of CNG in Nigeria remains gradual due to several structural and economic challenges. The country's CNG infrastructure is still relatively limited and largely concentrated in the South-West and South-South regions, reflecting the location of existing gas pipelines and compression facilities. Consequently, access to refuelling stations remains inadequate across many parts of the country, constraining wider adoption.



The high upfront cost of CNG vehicles also presents a significant barrier. New CNG-powered trucks typically cost between ₦90 million and ₦100 million, compared to ₦65 million to ₦70 million for conventional diesel trucks. Industry operators note that the business case for CNG becomes less attractive in the current operating environment, where many transport companies struggle to achieve monthly truck utilisation levels above 2,000 to 3,000 kilometres. According to one operator in the road transport and logistics sector, fleets generally need to average at least 4,000 kilometres per month before the economics of switching to CNG become sufficiently compelling.

In addition to vehicle acquisition costs, conversion expenses remain a challenge for operators seeking to retrofit existing vehicles. Conversion costs currently range from approximately ₦600,000 to ₦1.5 million per vehicle. While the Presidential CNG Initiative (Pi-CNG) has introduced concessional financing arrangements and subsidised or free conversion programmes for selected categories of commercial vehicles and ride-hailing operators, affordability remains a concern. This challenge is further exacerbated by the sector's reliance on imported conversion kits, which are susceptible to foreign exchange volatility.

Notwithstanding these challenges, several large corporates have begun to demonstrate the commercial viability of CNG adoption at scale. Notably, Dangote Cement Plc, Nigeria's largest cement manufacturer by production, has committed to transitioning its logistics operations from diesel-powered trucks to CNG-powered vehicles, with plans to deploy approximately 1,500 CNG trucks across its Nigerian operations. The company intends to progressively replace its diesel fleet with cleaner and more cost-efficient alternatives, a move expected to significantly reduce fuel costs, lower carbon emissions, and improve the sustainability of its nationwide distribution network.

Beyond its cement operations, its sister company, Dangote Petroleum Refinery has also made substantial investments in CNG-powered transportation. In 2025, the refinery commenced the rollout of a fleet of 4,000 CNG-powered trucks to support the nationwide distribution of refined petroleum products. The investment, estimated at over ₦720 billion, represents one of the largest private-sector commitments to CNG transportation infrastructure in Africa. The initiative is expected to reduce logistics costs, improve fuel distribution efficiency, and minimise the environmental impact associated with petroleum transportation.

The significance of the Dangote Industries' investment extends beyond its direct operational benefits. As one of Nigeria's largest industrial conglomerates, the Group's large-scale adoption of CNG serves as a strong demonstration of the fuel's commercial viability for other fleet operators, logistics companies, manufacturers, and transport businesses. Such investments help stimulate demand for refuelling infrastructure, encourage further investments in gas distribution networks and vehicle conversion centres, and accelerate the development of Nigeria's broader CNG ecosystem.

Overall, while infrastructure limitations and high upfront costs continue to constrain the pace of adoption, increasing private-sector investments—particularly by large industrial players such as the Dangote Group—are helping to build confidence in CNG as a sustainable and economically viable transportation fuel. These developments are expected to play an important role in advancing Nigeria's energy transition objectives and supporting the country's broader "Decade of Gas" agenda.

Vehicle Type	Conversion Costs (N'000)
Tricycle	600 – 650
Four-cylinder Engines (65 litres tank)	900 – 950
Six-cylinder Engines (70 litres tank)	1,000 – 1,150
Eight-cylinder Engines (70 litres tank)	1,200 – 1,450

Source: Agosto Consulting Insights

Asset Structure

The asset structure of the Nigerian transport and logistics market varies significantly depending on the operating model. Haulage, and shipping firms tend to be asset-heavy, requiring substantial capital investment in trucks, trailers, aircraft, vessels, and warehousing infrastructure. These high-value fixed assets are essential to their operations and often determine their market competitiveness. However, in recent years, an asset-light approach has gained ground, especially among technology-enabled logistics start-ups. These companies rely on third-party asset ownership while providing software and digital platforms to coordinate logistics activities, thereby reducing their capital exposure. Warehousing and distribution centres also represent strategic infrastructure in urban logistics with companies like Artee Group and GIG Logistics expanding their warehousing networks, yet they are still generally underdeveloped outside major commercial hubs such as Lagos, Ogun, Port Harcourt and Abuja.

Maritime logistics depend on a mix of government-managed ports (under the control of the Nigerian ports authority) and private terminals. Older ports like the Apapa and Tincan ports have historically dominated the scene and have started to display a high degree of operational inefficiencies – taking up to three days to load trucks at times according to Industry sources. The introduction of the Lekki Deep Sea Port serves as a breath of fresh air, shifting away

from old systems and the kind of inefficiencies that currently exists in older ports. According to Industry sources, it would typically take about three hours for a truck to load at the Lekki Deep Sea Port. Overall, the transport and logistics industry had its highest proportion of assets as PPE, typically up to 60%, trade debtors amounted to up to 15% in line with the Industry norm of extending credit days to customers, while other assets including cash & equivalents and spare parts accounted for the remaining 25%.

Trade Dynamics

Nigeria's logistics sector is shaped by both domestic and international trade flows. Locally, the movement of agricultural and other manufactured goods and petroleum products, drives demand for transport services. A key consideration in the local transportation of goods is the poor state of Nigerian roads, which in many cases can lengthen a journey expected to last three days to up to eight days, leading to significant loss of lead time and affecting operational efficiency. In addition, while night travels are generally favoured by road logistics companies internationally as the roads are less congested during that time, the high level of insecurity in Nigeria has meant that many road logistics companies now put a ban on night travel, further adding to the issue of operational efficiency. However, Industry players note the completion of the

Abuja-Kaduna road as well as the Second-Niger bridge (both in May 2023) as well as the ongoing construction of the Lagos-Calabar coastal project as net positives for the local movement of goods and a step in the right direction for the Nigerian logistics Industry.

Internationally, the country relies heavily on imports (electronics, machinery, pharmaceuticals) and exports (crude oil, cocoa, cashew nuts), with ports serving as critical gateways. Due to the high volume of imports compared to exports, the logistics system often suffers from backhaul inefficiencies, where trucks return empty after delivering goods to inland locations, increasing operational costs. Cross-border trade with neighbouring countries such as Benin, Niger, and Cameroon is significant but faces challenges like smuggling and inconsistent customs regulations. Although, adoption has been slow since its founding in 2018, the African Continental Free Trade Area (AfCFTA) presents an opportunity to expand intra-African trade, provided that supporting infrastructure and regulatory coordination improve. We note that the new global trade dynamics ushered in by a wave of America First policies under the Trump Administration may be the push African leaders need to look inward and prioritise self-sufficiency which would in turn support intra-African trade as well as support growth of the local logistics Industry.

Funding Dynamics

The Nigerian transport and logistics market faces structural financing challenges, especially among informal and small-scale operators. A significant portion of the Industry is self-financed, with operators relying on personal savings or small-scale loan systems (like cooperative societies) to purchase vehicles and fund operations. For larger companies owning a fleet of vehicles, access to credit is available through commercial loans or asset leasing arrangements, though the high-interest rate environment in Nigeria presents a serious barrier. The emergence of

technology-enabled logistics company has also drawn the interests of private equity and venture capital firms thereby creating a new capital pool for logistics founders. Most notable is Kobo360's total fundraising (equity and debt financing) of \$85.32 million across four fundraising rounds. Similarly, Haul247, an end-to-end digital logistics platform that connects companies with haulage and warehousing assets, raised \$3 million in 2023, while Renda raised \$1.9 million in a pre-seed round in 2024. However, access to private equity funds is becoming more difficult especially as exit cases become rarer due to Nigeria's weak macroeconomic environment particularly the significant depreciation of the exchange rate over the last two years.

Overall, financing remains a key challenge to operators in line with the capital-intensive nature of operations. While government and development financing initiatives like the intervention funds from the Central Bank of Nigeria (CBN) and the Bank of Industry (BOI), aim to support the Industry, slow disbursements and bureaucratic hurdles persists.





OTHER FINANCIAL INFORMATION

Corporate Bond Issuances



TRANSPORT SERVICES LIMITED 10-YEAR CORPORATE INFRASTRUCTURE BOND

Transport Services Limited (“TSL” or “the Company”), a leading Nigerian transport and logistics operator, successfully issued a ₦12 billion Series 1 Senior Guaranteed Fixed Rate Infrastructure Bond under its ₦50 billion programme. Backed by InfraCredit’s ‘AAA’ guarantee, the issuance secured “AAA” ratings from Agusto & Co. and DataPro Limited, marking the first-ever 10-year bond by a company in Nigeria’s transport and logistics sector.

The bond was issued on 6 October 2020, with maturity on 6 October 2030. It carries a 10% fixed annual coupon, paid semi-annually, and includes a two-year moratorium on principal repayment. Principal amortisation began on 6 April 2023 and will continue bi-annually until final maturity.

Investor reception was strong, with oversubscription by 18 institutional investors, including 11 pension funds. This demonstrates confidence in TSL’s business model and the strength of InfraCredit’s guarantee, while also contributing to deepening Nigeria’s domestic debt capital markets.

Proceeds are being deployed to refinance short-term loans, improving liquidity and reducing refinancing risks by converting short-term debt into long-term fixed-rate obligations. The financing also supports TSL’s sustainable expansion across its key sectors including FMCG, cement, agro-processing, and oil & gas logistics.

This landmark issuance underscores InfraCredit’s role in mobilising long-term domestic capital for infrastructure and highlights the growing participation of local institutional investors in infrastructure financing. It also enhances Nigeria’s transport infrastructure, supporting broader economic growth and livelihoods.





GPC ENERGY AND LOGISTICS LIMITED 10-YEAR CORPORATE INFRASTRUCTURE BOND

GPC-SPV Company PLC (a special purpose vehicle for GPC Energy & Logistics Ltd) issued a ₦20 billion Series 1 Senior Guaranteed Fixed-Rate Infrastructure Bond under a ₦50 billion programme. The issuance was fully guaranteed by InfraCredit and was accorded a “Aaa / AAA” long-term rating (affirmed by Agosto & Co. and DataPro), reflecting the credit quality of the InfraCredit guarantee rather than the sponsor’s standalone credit.

The bond was priced at a 13% fixed coupon, with an issue date of 23 November 2021 and maturity on 23 November 2031 (10-year tenor). The security was admitted on FMDQ Exchange, providing a secondary-market venue for price discovery and liquidity.

The Series 1 Bond was oversubscribed by 25.3%, attracting nine institutional investors including domestic pension funds, evidence of demand from long-term local institutional investors seeking well-rated domestic investments.

The proceeds from the debt issuance were passed through to GPC to acquire additional trucks (the transaction would provide up to 220 trucks) and to refinance existing foreign-currency-denominated loans, thereby better matching the currency of the company’s revenue with its debt obligations and lowering FX exposure. The fleet expansion and refinancing together are expected to support the business scaling efforts, improve operational efficiency and support job creation (creating around 360 direct and indirect jobs).

The issuance is noteworthy for Nigeria’s logistics sector, given that a first-time issuer raised long-term domestic financing at scale and demonstrates InfraCredit’s catalytic role in crowding-in pension funds to infrastructure assets.





OTHER FINANCIAL INFORMATION



CRANEBURG EKS

20-YEAR CORPORATE INFRASTRUCTURE BOND

Craneburg EKS Motorway Company Plc, a special purpose vehicle established by Craneburg Construction Company Ltd., successfully issued a ₦32.50 billion, 20-year Senior Guaranteed Fixed-Rate Infrastructure Bond to finance the first phase of the Ado-Ekiti Ring Road Project. The bond, fully guaranteed by InfraCredit, secured a “AAA” long-term rating from rating agencies and was admitted to listing on the Nigerian Exchange (NGX) in July 2025. This transaction marks one of the longest-tenor corporate infrastructure bonds in Nigeria, underscoring InfraCredit’s role in mobilising long-term capital for critical infrastructure.

The bond was issued at par (₦1,000 per unit) on 23 April 2025 and matures in April 2045. It carries a fixed coupon of 22% per annum, with semi-annual payments every April and October. The first coupon will be paid in October 2025. An initial moratorium was granted on principal repayment, after which the bond will amortise through equal semi-annual instalments until maturity. This structure allows Craneburg EKS sufficient time to complete the road project, ramp up operations, and generate toll revenues before commencing principal repayments.

Proceeds are being deployed to finance the design, build, finance, operate, and maintain (DBFOM) of a 17.84 km dual carriageway toll road, which forms the first phase of the planned 68 km Ado-Ekiti Ring Road Project. The project is expected to significantly reduce travel time, improve connectivity, enhance road safety, and open access to key economic developments in Ekiti State, including the cargo airport, agro-processing zones, and knowledge economy hubs. It is also projected to create jobs during both construction and operation, contributing to local economic development.

The issuance attracted strong participation from domestic institutional investors, including pension funds, trustees, and banks, highlighting growing investor appetite for long-term, high-quality infrastructure assets when supported by credible credit enhancement. While the 22% coupon reflects investor concerns over long-dated naira inflation and project risks such as traffic volumes and maintenance, the InfraCredit guarantee was critical in de-risking the transaction and enabling its success.

Strategically, the Craneburg EKS bond demonstrates how state-linked infrastructure projects can mobilise private sector capital through the domestic debt market. By securing long-term local currency funding, the bond mitigates foreign exchange risk, supports Nigeria’s infrastructure financing agenda, and deepens the capital market by expanding the pool of investable “AAA”-rated assets. For Ekiti State, the project represents a transformative investment in transport infrastructure, while for investors it provides stable returns on a guaranteed basis over a 20-year horizon.

06

SWOT Analysis

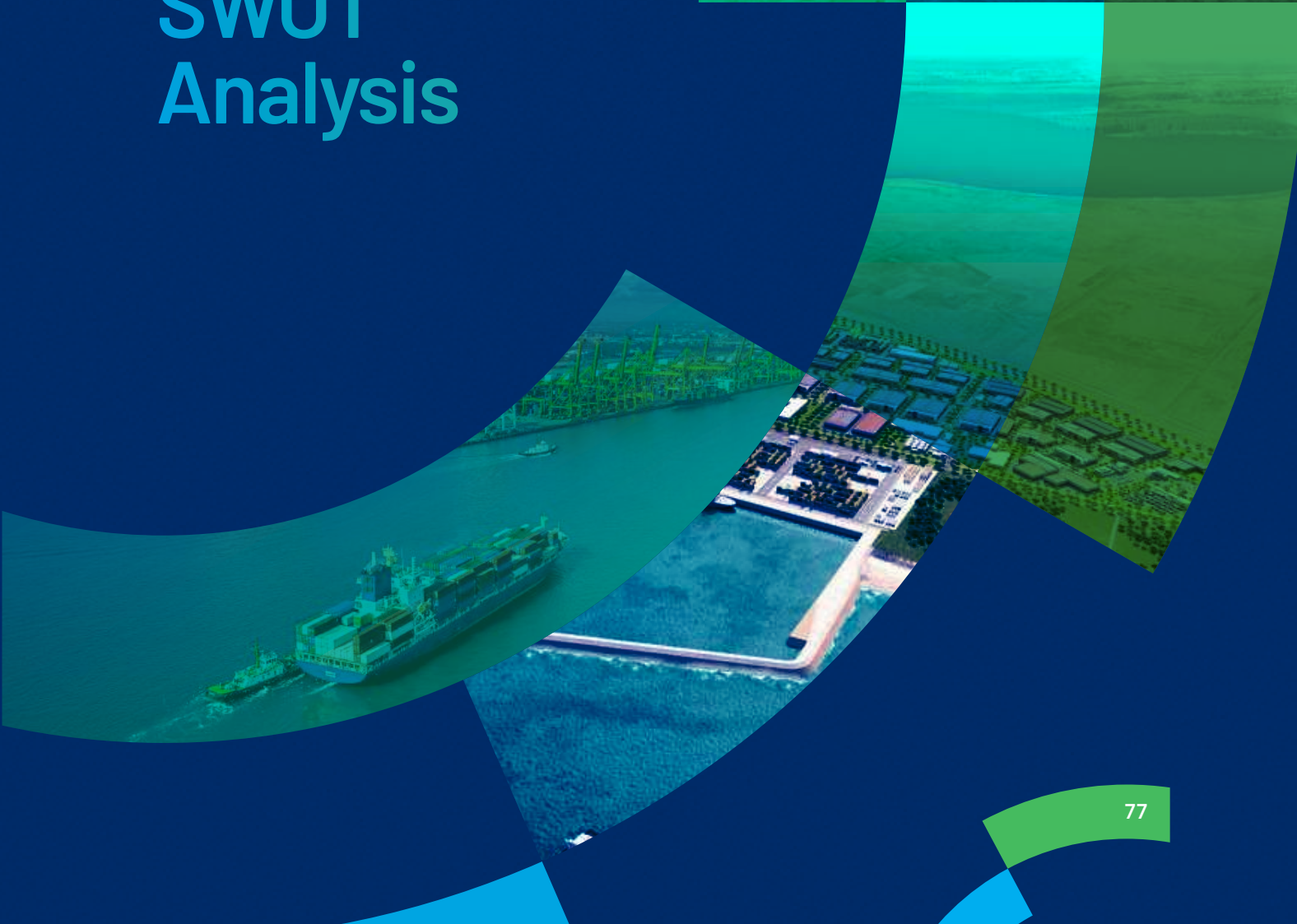




Figure 36: SWOT Analysis of the Nigerian Logistics & Transport Industry

Strengths	• Strategic Location • Large Customer Base • Multimodal Momentum • Entry of Private Platforms
Weaknesses	• Infrastructural Deficit • Institutional Fragmentation • Aging Fleet & Financing Constraints
Opportunities	• AfCFTA & ECOWAS Integration • Digital Freight Platforms • PPP Pipeline Development • LNG-CNG Transport Transition and E-Commerce & Urban Distribution Growth • Revamping Freight Lines and Tying Them to Ports • Road Concession
Threats	• Macroeconomic Volatility • Security & Insurance Risks • Flood Exposure • Labour Strikes

Source: Agosto Consulting

STRENGTHS

Strategic Location

Nigeria's coastal position on the Gulf of Guinea offers a critical gateway to trans-Atlantic shipping routes, enabling efficient maritime trade. In addition, its proximity to landlocked countries in West and Central Africa—like Niger, Chad, and Mali—makes it a regional logistics hub for inland freight, enhancing its role in cross-border trade and transit corridors.

Large Consumer Base

With a population exceeding 220 million—the largest in Africa—Nigeria presents a massive domestic market that drives demand for logistics services. Rapid urbanisation fuels the need for efficient last-mile delivery, warehousing, and fast-moving consumer goods (FMCG) distribution, making the sector attractive to investors and solution providers.

Multimodal Momentum

Nigeria's logistics sector is shifting from road dominance towards integrated multimodal transport. Inland dry ports, standard gauge rail projects like Lagos–Kano and Port Harcourt–Maiduguri, and corridor-based PPPs are enhancing cargo flow, reducing seaport congestion, and improving inland connectivity. These developments signal growing investment and structural reform across the logistics value chain.

Entry of Private Platforms

Innovative logistics platforms like Kobo360 and the expansion of Maersk's inland services are revolutionising the sector. These firms are promoting digitisation, real-time traceability, and supply chain transparency, boosting operational efficiency and regional competitiveness.

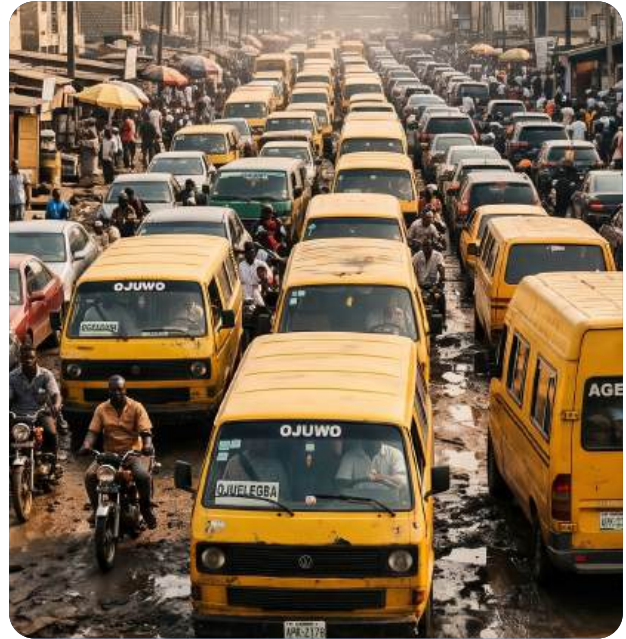


Truck Crashes: 90% of articulated vehicles over-aged – FRSC Corps Marshal - Oriental News Nigeria

WEAKNESSES

Infrastructure Deficits

A significant portion of Nigeria's transport infrastructure remains in a state of disrepair. Over 68% of federal and state roads are classified as being in poor or fair condition, contributing to delays, vehicle damage, and elevated transportation costs. Critical port access roads—especially around Lagos ports—are heavily congested and poorly maintained, reducing turnaround times for cargo. In addition, key rail corridors and rural logistics routes suffer from decades of underinvestment, hindering multimodal connectivity and excluding large portions of the agricultural value chain from efficient market access.



Institutional Fragmentation

The regulatory landscape governing transport and logistics is highly fragmented. Oversight is distributed among various federal and state-level agencies, leading to duplicated levies, inconsistent policy enforcement, and overlapping mandates. This fragmentation creates bureaucratic bottlenecks and discourages private sector participation due to regulatory unpredictability. For example, trucking firms may face multiple taxes and checkpoints across a single state, eroding profit margins and reducing efficiency.

Ageing Fleet & Financing Constraints

The operational fleet of trucks in Nigeria is largely outdated. Over 80% of heavy-duty trucks in circulation are more than 15 years old, contributing to frequent breakdowns, reduced safety, and higher fuel consumption. Despite rising demand for logistics services, small and medium-sized enterprises (SMEs) face limited access to affordable financing options for fleet renewal or expansion. High interest rates, lack of structured leasing models, and minimal credit support from financial institutions impede fleet modernization and limit the scalability of logistics businesses.



Truck Crashes: 90% of articulated vehicles over-aged – FRSC Corps Marshal - Oriental News Nigeria

OPPORTUNITIES

AfCFTA & ECOWAS Integration

Nigeria stands to benefit significantly from the African Continental Free Trade Area (AfCFTA) and ongoing ECOWAS regional integration efforts. With the right logistics reforms and trade facilitation policies, Nigeria can position itself as the primary logistics and distribution hub for West Africa. Its extensive port infrastructure (e.g., Apapa, Tin Can, Lekki Deep Sea Port) and proximity to key industrial clusters provide a strong foundation to anchor regional trade corridors, attract manufacturing investment, and support value-added export activities.

Digital Freight Platforms

The emergence of digital freight matching and aggregator platforms like Kobo360, Truckr, and others is transforming traditional logistics operations. These platforms enable real-time load tracking, dynamic pricing, route optimisation, and smart financing for truck operators, improving fleet utilisation and reducing empty hauls. By promoting data-driven decision-making, they enhance transparency, reduce logistics costs, and enable SME participation in broader supply chains.

PPP Pipeline Development

Nigeria is witnessing increased activity in public-private partnerships (PPPs) aimed at modernizing logistics infrastructure. The concessioning of inland dry ports, truck transit parks, logistics terminals, and rail assets offers a compelling opportunity for private sector investment and operational excellence. These PPP projects not only ease the government's fiscal burden but also pave the way for better service quality, asset maintenance, and long-term capital inflow into the sector.

LNG-CNG Transport Transition

The planned transition from diesel to dual-fuel (LNG-CNG) locomotives presents a major cost-saving and environmental opportunity. With freight rail transport costs projected to fall by up to 40%, this shift could revive long-haul rail cargo, improve margins for logistics operators, and reduce the heavy reliance on road freight. Furthermore, lower emissions and cleaner energy use align with Nigeria's broader energy transition goals and climate commitments, making the logistics sector more attractive to impact and ESG-conscious investors. Our medium-term outlook is that there will be a greater transition to CNG fuelling by passenger and logistics companies in a bid to manage fuelling costs and also remain competitive. Thus, there have been significant transitions to CNG powered trucking by big organisations such as Dangote Refinery and the Lagos State Government .



Fuel Distribution: Dangote Refinery Rolls out CNG Trucks <https://dailytrust.com/fuel-distribution-dangote-refinery-rolls-out-cng-trucks/>
News Agency of Nigeria: Lagos unveils 150 CNG trucks to boost food logistics. [<https://nannews.ng/2025/07/23/lagos-unveils-150-cng-trucks-to-boost-food-logistics/>]

Revamping Freight Lines and Tying Them to Ports

The rapid rise of e-commerce platforms and digitally driven retail is transforming Nigeria's logistics landscape. Growing demand for faster delivery and regional warehousing—especially beyond Lagos in cities like Abuja, Port Harcourt, and Kano—is driving decentralised logistics networks. This shift presents opportunities for last-mile delivery innovation, investment in urban fulfilment hubs, and tech-enabled supply chain solutions tailored to Nigeria's emerging consumer markets.

Revamping Freight Lines and Tying Them to Ports

Nigeria's outdated freight railways have left trucks as the dominant mode of cargo transport, driving up logistics costs and overburdening highways. Revitalizing the rail network and integrating it with key seaports could transform trade flows, lower manufacturing input costs, and strengthen exports. The Lekki Deep Sea Port, completed in 2022, demonstrates this potential, especially if linked by rail to inland hubs, allowing Nigeria to recapture cargo currently routed through Ghana and Togo under AfCFTA. Ongoing modernization of eastern ports like Onne and Calabar further signals a strategic shift toward efficient, technology-driven logistics.

For investors, opportunities lie in PPPs to develop dedicated freight corridors, which could halve

transit times, reduce road maintenance costs, and cut emissions. Such reforms could add 1-2% to GDP growth, supported by rising demand from e-commerce and intra-African trade.

Road Concessions

While rail is transformative, roads remain the backbone of Nigeria's logistics network, carrying over 90% of domestic freight and passenger traffic. The opportunity here lies in innovative financing and management models to overcome the government's fiscal constraints.

Initiatives like the Highway Development and Management Initiative (HDMI) are a textbook example of a public-private partnership (PPP) designed to attract investment. Under this model, the government concedes commercially viable federal road corridors to private firms. These firms then undertake the financing, reconstruction, and maintenance of the roads over a long-term period, recouping their investment through tolls and other managed right-of-way activities (e.g., advertising, service stations).

The economic logic is sound. It shifts the burden of funding from the public treasury to private capital, introduces efficiency and higher standards in road management, and guarantees a steady revenue stream for maintenance, breaking the cycle of build-and-decay. For investors, this offers a stable, long-term asset class with predictable returns, provided the tolling structure and traffic volumes are commercially viable.



THREATS

Macroeconomic Volatility

The sector remains highly exposed to Nigeria's volatile macroeconomic environment. In 2024, the naira depreciated by over 40%, significantly increasing the cost of imported vehicles, spare parts, and logistics equipment. Simultaneously, the removal of fuel subsidies caused diesel prices to increase significantly, escalating transport and distribution costs across the value chain. These pressures erode the profitability of logistics firms, increase the cost of goods to end consumers, and undermine the sector's competitiveness in regional trade.



Flood Exposure

Nigeria's transport infrastructure is increasingly threatened by extreme weather events, particularly seasonal flooding. Several federal roads are rendered impassable during the flood season, disrupting national supply chains and causing severe delivery delays. Despite these risks, there is currently no robust climate resilience framework for transport and logistics infrastructure, leaving the sector vulnerable to future disruptions. This lack of preparedness increases the long-term operational risk for logistics service providers and infrastructure investors.

Labour Strikes

Recurring strikes by customs officials, port workers, and other critical logistics personnel continue to cause major disruptions across Nigeria's transport system. Strikes often result in temporary port closures, cargo clearance delays, terminal congestion, and financial losses for logistics firms and their clients. The unpredictability of industrial actions creates operational uncertainty and reputational risk for both domestic and international shippers, undermining confidence in Nigeria as a reliable trade and distribution hub.



Table 10: Key Policies and their effects on the Logistics Industry

Policy or Regulation	What It Intends to Do	Why It has not fully worked yet	Why It has not fully worked yet
National Transport Policy (2017)	Establish a national framework for integrated multimodal development (road, rail, water, air); promote private sector participation and connectivity; ensure safety and environmental sustainability.	The document is a policy guideline, not a legally binding statute. It lacks institutional enforcement and is poorly integrated into state-level plans. Reference to it in transport project design is limited.	Without statutory force, the policy cannot provide the legal assurances required for structured infrastructure investments including those needing corridor-level predictability and harmonization.
Nigeria Integrated Infrastructure Master Plan (NIIMP, 2014–2043)	A 30-year roadmap outlining national infrastructure needs, including for transport. Targets over \$3 trillion in investment across energy, transport, housing, ICT.	Very ambitious in scale but underfunded. Not synchronized with annual budgets. Lacks detailed sub-sector breakdowns for freight-specific logistics platform.	Offers long-range signalling but remains too high-level and aspirational to underwrite bankable project pipelines or regulatory design.
Economic Recovery and Growth Plan (ERGP, 2017–2020)	Focused on diversifying Nigeria's economy, revitalizing infrastructure, and improving business environment. Included rail and road upgrade targets.	ERGP expired in 2020 and was replaced by the National Development Plan. Few logistics-specific KPIs were tracked or published. Impact was modest on freight networks.	Generated some momentum for public capex but did not deliver enduring reforms in logistics regulatory coherence.
National Development Plan (NDP, 2021–2025)	Successor to ERGP. Emphasizes industrialization, digital infrastructure, and job creation. Includes ambitions for logistics performance and rural access.	Still unfolding. Early implementation shows weak inter-agency coordination. Corridor-level enforcement and data-sharing not addressed structurally.	As the current planning document, it offers entry points for corridor infrastructure financing - if tied to measurable outputs and policy enforcement.
Port Economic Regulation (2015)	Designated the NSC as interim port economic regulator, to curb arbitrary charges, enforce standard pricing, and promote user fairness.	NSC's mandate lacks legislative backing. Conflicts with NPA and NIMASA persist. A proposed replacement bill has drawn criticism over duplication and unclear cost-benefit justification (Business Day; Punch).	The absence of a legally binding economic regulator creates pricing ambiguity at ports, disrupting planning certainty for multimodal freight corridors.
National Land Transport Policy (Draft, 2023)	Seeks to codify axle-load limits, improve road–rail linkages, and formalize sub-national transport governance.	Not yet ratified. Has not been mainstreamed into budget planning or procurement systems. Consultations ongoing as of 2023. (Science Nigeria)	Would enhance enforceability of corridor-based axle-load enforcement, which is critical for large freight platforms — but remains in draft limbo.
ICRC Act (2005)	Oversight of inland waterways (NIWA) and maritime safety and cabotage (NIMASA).	Operate largely in isolation from land-based logistics systems. Scheduling systems not integrated.	Absence of data-sharing and multimodal alignment deters cross-platform investment — particularly in coastal or inland multimodal freight flows.

Source: Agosto Consulting

REGULATORY REQUIREMENTS

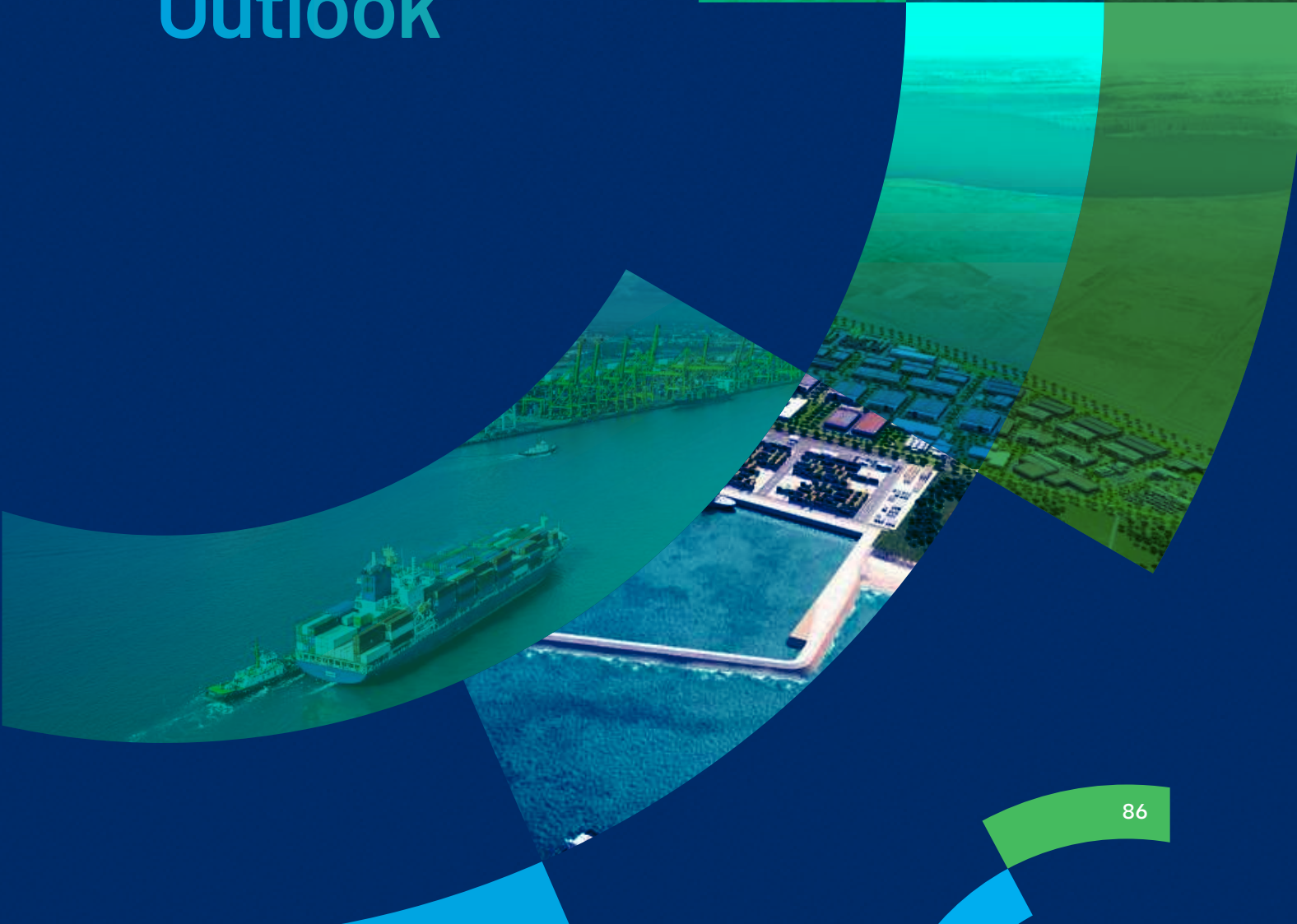
Operators in Nigeria's freight logistics sector must navigate a maze of compliance requirements spanning national, state, modal, and corridor jurisdictions. Key regulatory requirements include:

- **Axle-Load Compliance:** Operators must ensure their vehicles comply with the Highway Axle Load Control Policy (2018) to prevent road damage and enhance safety. This requires mandatory weigh-ins at designated weighbridges along freight corridors before and after trips. However, the limited number of operational weighbridges and inconsistent enforcement compel operators to proactively maintain axle loads within legal limits to avoid penalties and minimize vehicle wear.
- **E-Permit Systems & Call-Up Compliance:** Freight operators are required to use electronic call-up and scheduling platforms, such as the Nigerian Port Authority's ETO system, for port access and cargo movement. To comply, operators must register on the platform and regularly update their schedules to ensure smooth entry and reduce congestion. However, low adoption rates present challenges, necessitating investment in training and digital infrastructure to effectively integrate with these systems.
- **Vehicle & Driver Licensing:** All vehicles must be registered and licensed by the Vehicle Inspection Officers (VIO) and the Federal Road Safety Corps (FRSC), with valid roadworthiness certificates and driver licenses. Regular inspections and adherence to safety standards are mandatory, requiring operators to maintain proper documentation and ensure that drivers are adequately trained and certified. However, overlapping federal and state jurisdictions often lead to multiple levies, so operators should budget accordingly and actively engage with authorities to streamline compliance processes.
- **Bonded Warehouse Accreditation:** Warehousing facilities used for bonded storage must be certified by the Nigeria Customs Service (NCS) to handle customs-cleared goods. Operators are required to apply for accreditation, comply with prescribed security and operational standards, and undergo periodic audits to maintain certification. However, lengthy processing times often pose significant challenges, making it essential for operators to submit applications early and engage proactively with customs officials to avoid delays in onboarding new warehouse capacity.
- **Terminal & Inland Port Licensing:** Operators managing terminals or inland dry ports must obtain licenses from the appropriate regulatory bodies—NIWA for inland waterways and jetties, and the Nigerian Shippers' Council (NSC) for inland dry ports. Compliance with safety, environmental, and operational standards set by these authorities is mandatory. However, regulatory overlaps often create challenges, requiring operators to maintain clear and continuous communication with all relevant agencies to prevent disputes and ensure uninterrupted operations.



07

Outlook



Outlook

Nigeria's logistics and transport sector is navigating a critical transition point, facing persistent operational inefficiencies while holding considerable promise due to the country's expanding trade activity and demographic momentum. At the domestic level, the sector is hindered by deteriorating road conditions, severe port congestion, and underdeveloped rail infrastructure. These constraints substantially inflate logistics costs. Nevertheless, rising consumption and an uptick in manufacturing activity are steadily expanding the demand for reliable logistics services, placing greater urgency on the need for systemic reform and investment.

A significant structural change affecting the sector is the removal of fuel subsidies, which has dramatically increased operational costs. Transport costs surged by as much as 60% following subsidy removal, severely compressing profit margins for logistics operators and triggering price hikes across supply chains. Trucking, which remains the dominant mode of freight movement within Nigeria, is particularly affected. The sector suffers from multiple structural challenges, including the prevalence of unauthorised checkpoints, harassment by non-state actors along the highways, growing insecurity on interstate corridors, and an aging fleet with limited capacity to absorb rising demand. In the international domain, the impact of these inefficiencies

is most starkly visible at Apapa Port, where there are delays stemming from daily congestion. In contrast, the operationalisation of the Lekki Deep Sea Port offers a glimpse into a more efficient future, providing the deep-water infrastructure needed to handle modern cargo vessels and diversify port access beyond Lagos.

Emerging digital platforms and strategic infrastructure projects offer a path to transformation. Start-ups like Kobo360 are leveraging technology to optimise domestic trucking operations through real-time tracking, route optimization, and load-matching algorithms, thereby improving fleet utilisation and reducing idle time. Meanwhile, infrastructure developments such as the Dala Inland Dry Port in Kano are designed to decentralise cargo processing from Lagos, easing port congestion and facilitating trade flows to and from northern Nigeria and the Sahel region. The anticipated completion of the Lagos-Kano rail corridor, part of broader rail modernisation efforts, is particularly significant. Once operational, it has the potential to shift a meaningful share of cargo from road to rail, reducing transit time and freight costs, and improving reliability.

Internationally, the implementation of the National Single Window system—a digital interface aimed at harmonising and streamlining customs processes—could significantly enhance port efficiency. By

reducing cargo clearance times from several weeks to a few days, it holds the potential to increase throughput, reduce demurrage charges, and improve Nigeria's competitiveness relative to West African peers such as Ghana and Côte d'Ivoire. However, its success will depend on full integration across agencies and consistent application at all entry points.

Going forward, the future of Nigeria's transport and logistics sector will be defined by its ability to resolve longstanding structural impediments while seizing opportunities arising from continental trade

liberalisation and rising intra-African commerce. Domestically, targeted interventions such as road rehabilitation, expansion of freight rail infrastructure, and regulatory reforms to reduce unofficial levies and checkpoints will be essential. Internationally, leveraging Nigeria's participation in the African Continental Free Trade Area (AfCFTA) could position the country as a manufacturing and logistics hub for West Africa, provided port modernisation, customs efficiency, and corridor connectivity are prioritised.



08

Appendix





APPENDIX I

Table 11: NPA Statistics on Ocean-going Vessels (2021-2024)

NATIONALITY	2021		2022		2023		2024	
	TOTAL		TOTAL		TOTAL		TOTAL	
	NO	GRT	NO	GRT	NO	GRT	NO	GRT
American	1	16,809	2	22,126	3	23,169	4	30,892
Antiguan	33	403,697	32	349,837	34	427,291	36	452,426
Bahamese	106	2,517,652	86	2,340,307	81	2,262,703	83	2,318,572
Bangladeshi	3	72,553	-	-	1	34,748	1	34,748
Barbados	9	224,525	11	194,742	13	329,006	15	379,622
Belgian	67	4,830,592	17	1,365,122	9	359,264	6	239,509
Belize	14	240,518	10	171,213	3	52,696	3	52,696
Bermudan	230	18,915,463	213	16,746,502	206	15,784,165	203	15,554,299
British	-	-	2	59,359	5	141,236	8	225,978
Cambodian	15	55,837	-	-	-	-	-	-
Camerounian	20	101,778	16	74,007	3	9,579	5	15,965
Cayman Isl.	10	272,526	5	130,776	7	183,152	10	261,646
Chinese	9	243,575	10	283,368	17	516,622	22	668,570
Cook Island	2	33,190	13	251,963	3	63,246	5	105,410
Colombian	-	-	-	-	1	6,088	3	18,264
Comoran	2	12,226	1	6,088	-	-	-	-
Cote d'Ivoire	1	4,703	-	-	-	-	-	-
Croatian	1	30,638	1	29,735	-	-	-	-
Curacao	6	54,444	18	196,336	2	13,227	4	26,454
Cypriot	66	733,642	69	1,176,829	37	602,633	35	570,058

NATIONALITY	2021		2022		2023		2024	
	TOTAL		TOTAL		TOTAL		TOTAL	
	NO	GRT	NO	GRT	NO	GRT	NO	GRT
Danish	56	1,015,760	31	603,249	22	348,593	25	396,128
Dominican Rep.	1	3,835	1	7,522	8	201,734	9	226,951
Dutch	42	288,930	27	232,383	28	180,778	29	187,234
Estonia	-	-	-	-	1	21,024	2	42,048
French	17	470,352	7	204,880	6	208,767	7	243,562
Gabonese	-	-	1	1,015	-	-	-	-
German	4	40,436	7	162,225	8	456,421	10	570,526
Ghanaian	2	1,998	-	-	3	3,116	5	5,193
Gibraltar	14	393,171	1	23,528	-	-	-	-
Greek	42	2,200,897	37	2,273,791	38	1,718,442	40	1,808,886
Helenic	7	218,132	9	307,545	5	161,002	4	128,802
Hondurian	3	92,938	1	24,576	1	1,856	2	3,712
Hong Kong	156	5,618,001	130	4,813,749	144	4,894,337	155	5,268,210
Indian	-	-	-	-	5	134,713	7	188,598
Indonesian	-	-	4	93,589	1	29,463	1	29,463
Isle Of Man	6	75,574	3	169,358	8	198,557	13	322,655
Italian	141	5,743,890	122	3,798,374	103	4,550,110	115	5,080,220
Ireland	-	-	-	-	1	25,248	1	25,248
Jamaican	1	7,578	-	-	-	-	-	-
Japanese	2	152,792	3	129,162	4	484,503	5	605,629
Kuwait	-	-	-	-	1	115,541	1	115,541
Korean	-	-	3	69,963	1	11,534	1	11,534
Latvian	-	-	1	7,207	2	12,408	2	12,408
Liberian	852	20,618,778	747	19,468,864	791	21,892,478	810	22,418,340
Lithuanian	8	48,107	6	34,491	2	10,168	2	10,168
Luxembourg	2	68,098	3	73,230	5	198,697	6	238,436
Malaysian	1	8,482	-	-	4	203,722	4	203,722
Maltese	190	5,480,396	205	6,994,101	268	10,503,735	268	10,503,735
Marshall Is.	733	19,770,779	644	17,198,196	509	14,696,186	511	14,696,186
Mexican	-	-	-	-	11	343,307	11	343,307
Moroccan	-	-	-	-	1	9,474	1	9,474
Moronic	3	72,864	-	-	2	41,718	2	41,718
Myanner	1	3,941	-	-	-	-	-	-
Netherlands	12	180,838	12	107,206	18	243,370	18	243,370

NATIONALITY	2021		2022		2023		2024	
	TOTAL		TOTAL		TOTAL		TOTAL	
	NO	GRT	NO	GRT	NO	GRT	NO	GRT
Nigerian	417	9,342,051	416	9,437,551	390	8,843,034	390	8,843,034
North Korean	-	-	-	-	3	84,745	3	84,745
Norwegian	19	741,433	31	558,139	33	763,910	33	763,910
Pakistani	1	4,900	3	85,337	2	58,730	2	58,730
Panamanian	434	11,661,872	500	14,109,545	469	13,344,505	469	13,344,505
Peruvian	-	-	-	-	-	-	-	-
Philippino	3	62,561	3	35,091	2	124,089	2	124,089
Polish	2	6,299	-	-	-	-	-	-
Portuguese	59	1,572,867	61	1,442,198	53	1,470,002	53	1,470,002
Russian	15	123,347	13	145,174	5	160,825	5	160,825
Sao Tome	-	-	-	-	1	29,234	1	29,234
Senegalese	-	-	-	-	1	41,567	1	41,567
Sierra Leone	-	-	-	-	3	37,961	3	37,961
Singaporean	247	10,359,679	235	9,901,011	271	11,766,327	271	11,766,327
Slovakian	-	-	-	-	1	9,611	1	9,611
South African	-	-	-	-	1	60,552	1	60,552
South Korean	6	348,062	-	-	9	228,314	9	228,314
Spanish	7	687,976	4	324,136	6	475,235	6	475,235
Sri Lankan	-	-	-	-	1	65,748	1	65,748
St. Kitts & Nevis	4	6,304	1	1,662	2	35,448	2	35,448
St. Vincent	3	67,102	8	132,088	4	57,385	3	57,385
Swedish	-	-	-	-	-	-	-	-
Swiss	-	-	4	129,692	3	96,945	2	96,945
Thai	2	37,505	-	-	-	-	-	-
Togolese	11	120,366	-	-	6	131,865	6	131,865
Turkish	2	28,472	-	-	7	157,191	7	157,191
Tuvalu	5	122,739	4	52,162	5	81,465	5	81,465
Vanatuan	5	37,813	2	35,068	1	28,322	1	28,322
Vietnamese	1	28,015	1	34,094	-	-	-	-
Unspecified	7	40,882	6	64,918	4	62,707	4	62,707
Total	4,141	126,741,180	3,803	116,684,380	3,709	120,925,544	3,791	142,690,000

Source: Nigerian Ports Authority, Agosto Consulting

APPENDIX II

Table 12: NPA Statistics on Ship Traffic Across Nigerian Ports (2021 – 2024)

YEAR	APAPA		TIN CAN ISLAND		RIVERS		ONNE		CALABAR		DELTA		LEKKI		TOTAL	
	NO	GRT	NO	GRT	NO	GRT	NO	GRT	NO	GRT	NO	GRT	NO	GRT	NO	GRT
2021	1,080	26,893,200	1,128	34,994,941	355	6,430,871	685	39,125,200	182	4,193,739	670	13,487,836	-	-	4,100	125,125,787
2022	1,095	29,259,853	1,085	34,156,767	358	6,492,862	658	35,534,732	163	3,676,777	598	11,247,162	-	-	3,957	120,368,153
2023	1,061	32,429,896	998	33,153,896	310	5,991,692	654	33,508,527	158	3,528,801	543	11,824,845	67	3,222,621	3,791	123,660,278
2024	1,018	32,564,389	933	31,309,209	301	6,009,847	692	34,727,283	139	3,044,138	546	8,646,306	387	24,822,365	4,016	141,123,537



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