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## THE CHALLENGE OF INFRASTRUCTURE DEVELOPMENT AND ECONOMIC DIVERSIFICATION IN NIGERIA

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### ABSTRACT

It is a known fact across the globe that for a country to attain growth and development, its economy has to be diversified. The recent and current experience of economic recession and drop in the price of oil in the world market has opened the eyes of many countries including Nigeria to the need for economic diversification. Economic diversification has a lot of benefits which helps in attaining solid economic growth. However, as good and beneficial diversification is, it has its own challenges. The paper examines infrastructure development as a major challenge to economic diversification in Nigeria. The paper examines the situation of infrastructure in Nigeria as well as the benefits and challenges of infrastructural development in Nigeria. The paper also examines the current economic situation and outlook in Nigeria and the reasons for economic diversification as well as the challenges of economic diversification in Nigeria. The study utilizes primary and secondary data for its findings. Data were collected through administration of questionnaire on stakeholders in infrastructure and economic development and were analyzed using descriptive statistics. The study revealed that inadequate/lack of infrastructure is a major challenge to economic diversification. The paper then concluded by pointing out that economic diversification will be a mere mirage if concerted efforts are not concentrated on the development of infrastructure in Nigeria and that the challenges of inadequate/lack of infrastructure, corruption and high capital requirement/accessibility to finance should be looked into and tackled headlong

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**Keywords:** *Infrastructure, Infrastructure Development, Economic Diversification, Economic Growth*

## **INTRODUCTION**

Infrastructure is the basic physical and organizational structures needed for the operation of a society like industries, buildings, roads, bridges, health services, governance and so on. It is the enterprise or the products, services and facilities necessary for an economy to function (Sullivan and Sheffrin, 2003). Infrastructure can be described generally as the set of interconnected structural elements that provide framework supporting an entire structure of development. It is the means of achieving an objective or set of objectives and also includes the objectives. It is an important term for judging a country, region or state's and individual's developments/status. The term typically refers to the technical structures that support a society, such as roads, water supply, sewers, electrical national grids, telecommunications, and so forth, and can be defined as "the physical components of interrelated systems providing commodities and services essential to enable, sustain, or enhance societal living conditions" (Fulmer, 2009). Viewed functionally, infrastructure facilitates the production of goods and services, and also the distribution of finished products to end-users (markets), as well as basic social services such as schools and hospitals; for example, roads enable the transport of raw materials to a factory (American Heritage Dictionary, 2009). In military parlance, the term refers to the buildings and permanent installations necessary for the support, redeployment, and operation of military forces (Department of Defense Dictionary, 2005).

It is fairly settled in the literature that infrastructure plays a critical and positive role in economic development. Infrastructure interacts with the economy through multiple and complex processes. It represents an intermediate input to production, and thus changes in infrastructure quality and quantity affect the profitability of production, and invariably the levels of income, output and employment. Moreover, infrastructure services raise the productivity of other factors of production (Kessides, 1993). The provision of infrastructure in most developing countries is the responsibility of the government. This is because of the characteristics of infrastructure investment. First, infrastructure supply is characterized by high set-up cost. Its lumpiness and indivisibility precludes the private sector from investment. Second, its indirect way of pay-off, coupled with its long gestation period, makes it generally unattractive to private investors. Moreover, provision also generates externalities that the producer may not be fully able to internalize in the pricing structure. Thus, in the face of other numerous competing, less risky and more

familiar investment opportunities offering the promise of higher and quicker returns, few private investors are willing to embark on infrastructure investment (Ajayi, 1995).

## STATEMENT OF RESEARCH PROBLEM

Infrastructure plays a critical and positive role in economic development of any Nation. Infrastructure development in Nigeria has a lot of challenges. Economic diversification will not be feasible without massive infrastructural development.

## AIM AND OBJECTIVES

The aim of the research is to assess infrastructure development as a major challenge to economic diversification in Nigeria. The objectives of the study are:

1. To assess the challenges of infrastructure development in Nigeria.
2. To identify the challenges of economic diversification in Nigeria.
3. To examine infrastructure development as a major challenge to economic diversification in Nigeria.

## LITERATURE REVIEW

### INFRASTRUCTURE SITUATION IN NIGERIA

Nedozi, Obasanmi and Ighata (2014) opined that Infrastructure development is one of major elements of structural reforms in developing economy like Nigeria because of its expected large economic and social impact. The Infrastructural report of Nigeria just like any third world country is nothing to write home about. The housing situation is in a sorry state both quantitatively and qualitatively (Agbola, 1998; Ajanlekoko, 2001; Nubi, 2000; Onibokun, 1996 Oyedele, 2006). Most infrastructures are now decayed and need repair, rehabilitation or replacement. Government is the system that plans, organizes, controls and supervises the people who are resident in an area in other for all to have conducive-environment for living and a sense of belonging. Governments have the power to put in place all measures that it deem fit will make an environment beneficial for living for everybody.

Infrastructure could be **Social Infrastructure** (education, health, recreation, housing and so on); and **Physical/Economic Infrastructure** (roads, electricity, telecommunication and so on). The role of infrastructure is widely analysed as very vital to household and firms as availability and quality of infrastructure result in different decisions to

invest and may influence migration, business establishment location.(Nedozi, Obasanmi and Ighata, 2014)

## **THE BENEFITS OF INFRASTRUCTURE IN NATIONAL DEVELOPMENT**

Demand for infrastructure is said to expand significantly in the decades ahead, driven by major factors such as global economic growth, technology progress, urbanization and growing congestion.(Nedozi, Obasanmi and Ighata, 2014). The African Development Bank (ADB) has made infrastructure development a cornerstone in its development agenda with regional member countries (TMSA, 2012). The Bank recognizes that lack of adequate social and economic infrastructure is one of the key constraints to short- and medium- term poverty reduction in Africa, and has thus been a major force in private and public sector infrastructure development through the provision of financial and technical resources. The following among others are the benefits of infrastructure in national development:

1. Infrastructure is the medium of production of goods and services and forms the national asset of any nation.
2. According to Kathmandu Final Workshop Report (2009), infrastructure can help solve four problems: social; health and environment; development; and, economics.
3. A region's infrastructure network, broadly speaking, is the very socio-economic climate created by the institutions that serve as conduits of trade and investment.
4. An improvement in regional infrastructure is one of the key factors affecting the long-term economic growth of a region.
5. Infrastructure affect production and consumption directly, it also creates many direct and indirect externalities.
6. It also involves large flows of expenditure, thereby creating additional employment thereby reducing crime level.
7. Studies have shown that infrastructure can have a significant impact on output, income, employment, international trade, and quality of life.
8. Infrastructure development can reduce stress and promote good health.

## THE CHALLENGES OF INFRASTRUCTURE DEVELOPMENT IN NIGERIA

Oyedele (2012) pointed out the challenges of infrastructure development in Nigeria to include:

1. **Dearth of Visionary Leaders:** Visionary leaders are the builders of a new dawn, working with imagination, insight, and boldness. They present a challenge that calls forth the best in people and brings them together around a shared sense of purpose. Visionary leaders are change agents. Nigeria contains few change agents and therefore lacks the needed infrastructure to develop the nation.

2. **Demand and supply:** Due to poor performances of most past leaders in the area of infrastructure provision, the agitation for infrastructure development overwhelms the provision. With a land mass of 9,110,000 square kilometers of land and over 150,000 million people, Nigeria has a total road network of 193,200KM. This comprise of 34,123KM federal roads, 30,500KM state roads and 129,577 KM local government roads. Unfortunately, over 70% of the federal roads are in bad state of repair. In the area of housing, Nigeria requires about 17 million housing units and 60 trillion naira in order to meet its housing needs.

3. **PESTLES Analysis:** The challenges of infrastructural development in Nigeria can be discussed under PESTLES Analysis. Challenges infrastructural development can be:

**Political** (political stability, policy formulation), **Economic** (interest rate, inflation, currency exchange rate, price fluctuation etc), **Social**(workforce diversity including cultural difference, age difference), **Technology** (machineries which are used for the execution of projects), **Legal, Environmental and Safety.**

While some countries have been able to implement individual projects to alleviate those difficulties, Nigeria does not have common strategic targets for infrastructure development. Good governance is crucial for ensuring the effective and efficient provision of infrastructure. This is largely because, firstly, good governance means that resource allocations will reflect national developmental priorities and thus respond to societal demands.

4. **PARETO Analysis:** Pareto analysis is a statistical method in decision making that is used for the identification of a specific number of tasks that produce major impact. It uses the Pareto Principle (which is also called the 80/20 rule). It originated the idea that by doing specific 20% of the work, you can generate 80% of the benefits of doing the whole job. In terms of quality improvement, a large majority of defects (80%) are

produced by a few key causes (20%). This is also known as the vital few and the trivial many. In project management, 80% of project delays are caused by 20% of tasks etc. It can also mean that 80% of the tasks are done by 20% of the workforce. The people in charge should strive to improve the number of workforce that are genuinely working.

5. **Development Matrix** : The four requirements of any physical infrastructure projects are: design, finance, technology and management. The appropriate designs that will ensure value for money are not adopted. The finance is not adequate, is procured at high interest rates and financial management is lacked by most Nigerian contractors. The technology of construction is scarce and the management of infrastructure is lacking. The maintenance culture of Nigerians is poor thereby allowing most projects to decay.

6. **Capital Flight, Capital Sink and Capital Stagnancy**: Infrastructure development projects in Nigeria suffer from capital flight, capital sink and capital stagnancy. A lot of materials and managerial services are procured outside the country. The contracts are full of loop-holes that allow leakages of funds. In some cases, there are over-design for the designers to earn more professional fees which are percentage of the contract sum. Capital stagnancy due to abandoned projects are also rampant.

7. **Project Management** : Project management approach in project delivery evolved in the late fifties in the United States of America (USA) when it was first used by the American Army for military projects execution. The success recorded through project management approach in the Defense sector led to its establishment as a reliable method of project delivery in other sectors like construction, manufacturing, health Information Technology (IT), media, pharmaceutical, education and entertainment (Oyedele, 2012). The approach was introduced into United Kingdom (UK) in the early sixties. Countries like Hong Kong, Malaysia, Canada and Ireland have adopted this approach, but it is still unpopular in developing countries, especially in Nigeria. Risk management is necessary for all Nigerian projects.

8. **Procurement Method**: The procurement methods being adopted are prone to criticisms. The Public Finance Initiatives, especially the Concession Method and Public/Private Partnership (PPP) are questionable and seems to mortgage others who are not part of the arrangement to the scheme's future.

9. **Corruption**: Corruption does not only raise the price of infrastructure, it can also reduce the quality of, and economic returns from, infrastructure investment. The corruption in Nigeria is very high and

unbearable for effective infrastructural development. The BPP has saved the country a whopping sum of N216.6 billion during the 2010 Appropriation year from its review of contract processes before the issuance of Certificate of No Objection.

### **Economic Diversification**

Economic diversification is a process of broadening the range of economic activities both in the production and distribution of goods and services which does not necessarily entail increase in output but it enhances stabilization of economies by diversifying their economic base. Traditionally, economic diversification has been used as a strategy to transform the economy from using a single source to multiple sources of income spread over primary, secondary and tertiary sectors, involving large segment of the population. The objective has been "to improve economic performance for achieving sustainable growth, for example, building resilience against fluctuations in extra regional economic activity, reducing vulnerability to income loss due to volatility of product price on the international market, creating job opportunities and alleviating poverty" (Nourse, 1968).

Structural models of economic development hold that "countries should diversify from primary exports into manufactured exports in order to achieve sustainable growth" (Chenery, 1979; Syrquin, 1989). It then means that economic diversification is any strategy adopted by a nation to reduce the vulnerability of its economy to shocks detrimental to it by spreading and increasing productivity from primary to secondary and even tertiary products (export). Chinecherem (2015) noted that a significant bottleneck for economic development in many countries of the region is its poor physical infrastructure. Essential services such as electric power, water, roads, railways, ports, and communications have been neglected, especially in the rural areas. Nigeria ranks among the most richly endowed nations of the world in terms of natural, mineral and human resources. Nigeria has a variety of both renewable and non-renewable resources, some of which have not yet been effectively tapped. Solar energy, probably the most extensive of the underutilized renewable resources, is likely to remain untapped for some time, and the vast reserves of natural gas produced with crude oil have yet to be fully utilized (Akpan, 2009 & Olumola, 2006). Before the discovery of oil in 1956 in Nigeria, Nigeria was famous in her agrarian economy through which cash crops like palm produce, cocoa, rubber, timber, ground nuts, were

exported, thus making Nigeria a major exporter in that respect. Also, Nigeria had 19 million heads of cattle, the largest in Africa. At present, Nigeria is no longer a major producer of groundnuts (peanuts), rubber, and palm oil. Cocoa production, mostly from obsolete varieties and overage trees, has nevertheless increased from around 180,000 tons annually to 350,000 tons.

### The Economic Situation of Nigeria

According to the Nigeria Economic Outlook of September 19, 2017, the table shows the economic situation in Nigeria from 2012 to 2016.

#### Nigeria Economy Data

	2012	2013	2014	2015	2016
<a href="#">Population (million)</a>	165	169	174	179	184
<a href="#">GDP per capita (USD)</a>	2,708	2,944	3,182	2,677	1,976
<a href="#">GDP (USD bn)</a>	446	498	553	479	363
<a href="#">Economic Growth (GDP, annual variation in %)</a>	4.2	5.5	6.2	2.8	-1.6
<a href="#">Consumption (annual variation in %)</a>	0.0	21.1	0.6	1.5	-
<a href="#">Investment (annual variation in %)</a>	2.8	4.2	13.4	-1.3	-
<a href="#">Industrial Production (annual variation in %)</a>	1.5	0.0	5.5	0.3	-5.7
<a href="#">Unemployment Rate</a>	7.6	7.1	4.8	4.3	5.0
<a href="#">Fiscal Balance (% of GDP)</a>	-1.3	-1.4	-0.9	-1.6	-
<a href="#">Public Debt (% of GDP)</a>	12.5	12.6	10.6	12.1	18.6
<a href="#">Money (annual variation in %)</a>	16.4	1.3	20.6	5.9	16.8
<a href="#">Inflation Rate (CPI, annual variation in %, eop)</a>	12.0	8.0	8.0	9.6	18.6
<a href="#">Inflation Rate (CPI, annual variation in %)</a>	12.2	8.5	8.1	9.0	15.7
<a href="#">Policy Interest Rate (%)</a>	12.00	12.00	13.00	11.00	14.00
<a href="#">Exchange Rate (vs USD)</a>	156.2	160.0	183.0	199.1	304.7
<a href="#">Exchange Rate (vs USD, aop)</a>	158.8	159.2	165.2	197.9	256.1
<a href="#">Current Account (% of GDP)</a>	4.2	4.0	0.2	-3.2	0.8
<a href="#">Current Account Balance (USD bn)</a>	18.9	20.1	1.3	-15.4	2.7
<a href="#">Trade Balance (USD billion)</a>	40.9	43.8	21.0	-6.4	-0.5
<a href="#">Exports (USD billion)</a>	94.3	95.1	82.6	45.9	34.7
<a href="#">Imports (USD billion)</a>	53.4	51.4	61.6	52.3	35.2
<a href="#">Exports (annual variation in %)</a>	-2.9	0.8	-13.2	-44.4	-24.4
<a href="#">Imports (annual variation in %)</a>	-14.1	-3.8	19.9	-15.0	-32.7
<a href="#">International Reserves (USD)</a>	44.2	43.6	34.5	29.1	25.8
<a href="#">External Debt (% of GDP)</a>	1.5	1.8	1.8	2.2	3.1





### Reasons for Diversification Of Nigeria's Economy

Nigeria's current population is estimated as 170million people yet suffers a huge deficit of employable human capital given the limited access to schools as she holds 17.5% of global out of school ratio. With an 80 million hectares of arable land which is grossly underutilized given its 17 million (N59.5tn: \$279.5B) housing deficit, 50 calories of daily food shortage. The country has over 40 minerals spread across 450 locations in the country and these minerals have remained hugely untapped given that only 2 of them contribute about 5% to the 14.7% mining and exploration contribution to the 2013 GDP. The growth model has weaknesses, however, and increasing economic diversification is paramount. Our economy has experienced a downward trend since the over 40% slump in oil prices, resulting in lower foreign revenue generation for the nation as oil and gas makes up about 85% of it commodity exports. As a matter of fact, there is an urgent need for the Nigerian government to begin looking into diversification of the economy so as to attain solid and sustainable economic growth. Greater diversification would reduce exposure to volatility and uncertainty in the global oil market, help create private sector jobs, increase productivity and sustainable growth, and establish the

non-oil economy that will be needed in the future when oil revenues start to dwindle.

The export potential of cash crops such as cocoa, groundnut, cashew among others, has seriously diminished due to poor infrastructure and mismanagement of the Agricultural sector which before the 1970 oil boom formed 70% of Nigeria's export. Today, Nigeria is no longer a major exporter of cocoa, groundnut, rubber, and palm oil. It is amazing how a nation that was once the biggest poultry producer in Africa now has its total output reduced from 40 million birds annually to about 18 million. The truth of the matter is that agriculture has suffered from years of neglect, poorly conceived government policies as well as lack of basic infrastructure such as power, roads, water supply, storage facilities so on. The three main sectors in need of major investments and reforms for Nigeria to attain faster economic growth rate and improvement on the GDP Per Capita according to Sarumi and Anyanwu (2017) are:

1. UTILITIES: Power Generations, Electricity T & D, Gas, Water, Telecommunication
2. TRANSPORTATION: Rail, Roads, Airports, Sea Ports
3. SOCIAL: Hospitals, Schools, Recreational Centers

Opportunities in economic diversification include among others Foreign exchange earnings, Jobs creation, hence reduced unemployment rates & Business Development., Private sector development, Rural Development (Urbanization) leading to faster development, Transfer of technical expertise hence employable human capital increases, Corporate Social Responsibility would further enhance development of social infrastructures which would benefit the community as a whole.

### **Challenges of Economic Diversification in Nigeria**

Nigerian government has made some efforts in the diversification of the economy. But government policies in this area have not been effective due to a number of challenges which include: macroeconomic orientation, poor infrastructure, weak economic institutions, poor corporate governance, poor educational orientation, endemic corruption and insecurity (Anyaechi, and Areji 2015). Economic diversification has the propensity to meet the basic requirement for sustainable development like meeting the poor's basic needs which revolves around provision of job, food, health, clothing and shelter by opening diverse avenues of

economic activity which accommodates broad spectrum of people (Anyaehe and Areji, 2015)

**1. Macroeconomic Orientation** The nation's economy does not stress productivity. It emphasizes sharing of wealth and who gets what. This orientation is deepened in the nation's psyche by the easy revenues gotten from extraction of natural resources, especially petroleum. There is a dearth in investment of resources on long term productive ventures. Loans from both government and private sectors operate on high interest rate and can only be economically used for only short term projects. Hence, most of the loaned funds are used for trading (especially importation) which involves high turnover. This affects investing on the industrialization of the economy. Again, most of the nation's revenue revolves around the political class who wastes it on luxurious life style and patronage of foreign goods. This accounts for the government's waste of resources on bogus white elephant projects that are never finished and when finished cannot be maintained. The main stream of the economy, the business and working class, is deprived of the necessary resources to encourage skill acquisition, industrialization and productivity. Nigerian political office holders are among the highest paid while her workers are among the list paid in the world. Hence, her professionals and other elites abandon their areas of specialization and either juggle for political positions or leave the country for a better condition of service. There is urgent need for the nation to re-channel her resources towards productivity and not bureaucracy. The national resources should be channeled towards creating productive jobs and industrialization. The importation of foreign goods should be restricted to what is necessary to give indigenous industries the opportunity to strive.

**2. Poor Infrastructure:** Development and diversification of Nigerian economy face the challenge of poor economic and social infrastructure. Bad road network, erratic power supply, scarce potable water, poor healthcare facilities, poor transportation and communication network, scarcity of investible fund, and poor and unstable educational system are among the main constraints to economic development and diversification of the economy. The nation needs to invest its resources wisely on technological development, skill acquisition and human development, and

provision of economic and social infrastructure for her to be on the path of sustainable development. Improved infrastructure will create ample opportunity for her population to be innovative and productive which will boost production of goods and service for both local consumption and export.

- 3. Poor Corporate Governance and Institutions:** To kick-start the economy, the government needs to be seriously committed to the course. There is poor state of corporate governance and institutions in the country due to poor ethical standards in both public and private organizations which frustrate the achievement of the goals of different economic and social policies. Nigerian government has over and over resolved to embark on economic development and diversification but most of the policies yielded marginal effect as they were truncated along the course due to weak institutions and political instability occasioned by personal and sectional interests.
- 4. Endemic Corruption and Mismanagement of Resources:** The endemic nature of corruption in Nigeria makes it very difficult to effectively manage the nation's economy and sustain any policy that will transform the economy. The economy and its policies are corruptibly sabotaged to satisfy individual or sectional interests. The huge earnings of the nation end in private hands. They do not make significant impact on the living standard of the people or on the economic fortune of the nation. Nigeria is a place where there are millionaires and billionaires who have no line of business but are only friends to the government. They employ no body and produce nothing to justify their wealth. It is the endemic corruption that denies the nation the most needed revenue for infrastructural and economic development.
- 5. Poor and Unstable Educational System:** The Nigerian educational system is tailored to bureaucracy and not to productivity. Nigerian educational system produces educated graduates without skills. Certificate acquisition is treasured above skill and productivity. It is unfortunate that the nation is playing down skill acquisition and technological institutions for universities. This has led to massive pool of unemployed graduates which continue to strain the economy. The educational system needs to be restructured to produce the right graduates with requisite skills for the economy. Again, the educational system has to be well funded to create the

enabling environment for academic exercise and put an end to incessant disruptions of academic activities.

The following as challenges facing economic diversification in Nigeria:

1. High Capital Requirement/ Accessibility to finance
2. Inadequate Human Capital
3. Inadequate / lack of infrastructure (Power, roads, water supply, and so on
4. Inadequate/ non-existent risk protection scheme for farmers
5. Competition with imported produce
6. Government bureaucracy as taxes on production are high and rising while subsidies on products are falling.
7. Importation of raw materials is still comparably high as local supply are grossly inadequate to meet manufacturing demands
8. Insufficient demand for local products

## METHODOLOGY

In achieving this research work, a field survey was carried out by the administration of structured questionnaires for data collection. 60 questionnaires were administered on stakeholders in infrastructure and economic development which relatively mean a sample size of 60 out of which 56 were returned. This represents about 93.33% of the sample size. The data collected from the questionnaires was analyzed using appropriate statistical method of analysis, which includes using the statistical package for social sciences (SPSS) and Descriptive analysis

## DATA PRESENTATION

### Infrastructure situation in Nigeria (Attention)

Attention	Mean	Rank
Need replacement/ overhaul	4.88	1st
Need repair/rehabilitation	4.38	2nd
New ones needed	4.13	3rd
Manageable	3.38	4th

From the table, respondents are of the opinion that infrastructure in Nigeria need a general overhaul while some are of the view that the existing ones need rehabilitation. Others are of the opinion that new infrastructures are needed in the country.

### Infrastructure situation in Nigeria (Quantity)

Quantity	Mean	Rank
Inadequate	4.38	1st
Grossly inadequate	4.38	2nd
Adequate	2.38	3rd

From the table, infrastructure situation in Nigeria in terms of Quantity is not adequate.

### Benefits of Infrastructure

Benefits	Mean	Rank
Infrastructure can have a significant impact on output, income, employment, international trade, and quality of life	4.63	1st
Physical/Economic Infrastructure (roads, electricity, telecommunication and so on) enables effective economic activities that grows GDP and per capital income	4.50	2nd
The quality of social infrastructure (education, health, recreation, housing and so on) affects urbanization which is directly proportional to GDP.	4.25	3rd
Infrastructure involves large flows of expenditure, thereby creating additional employment	4.00	4th
Infrastructure development can reduce stress and promote good health.	4.13	5th
Lack of adequate social and economic infrastructure is one of the key reasons for poverty	4.13	6th
Infrastructure is the medium of production of goods and services and forms the national asset of any nation.	3.77	7th

From the table, it will be seen that infrastructure can have significant impact on output, income, employment, international trade, and quality of life. It also revealed that Physical/Economic Infrastructure enables effective economic activities that grows GDP and per capital income.

### **Challenges of Infrastructural Development**

Challenges	Mean	Rank
Demand for infrastructure overwhelms its supply	4.75	1st
Political environment (political stability, policy formulation and politics of the project environment both within and without)	4.75	1st
Corruption	4.75	1st
Capital Stagnancy:( due to abandoned projects)	4.13	4th
Dearth of Visionary Leaders	4.00	5th
Physical environment (topography, geology and climatology).	4.00	5th
Economic environment (interest rate, inflation, currency exchange rate, price fluctuation etc.)	4.00	5th
Technology environment (machineries which are used for the execution of projects).	3.88	8th
Capital flight (A lot of materials and managerial services are procured outside the country).	3.88	8th
Capital Sink (The contracts are full of loopholes that allow leakages of funds).	3.88	8th
Improper project management.	3.88	8th
Improper project procurement method.	3.88	8th
Safety and security of resources on site, that is, human, material and financial.	3.50	13th
The appropriate designs that will ensure value for money are not adopted	3.13	14th

From the table, the major challenge facing infrastructural development is the fact that demand for infrastructure overwhelms its supply, followed by the challenge of the political environment and corruption.

### Challenges of Economic Diversification

Challenges	Mean	Rank
Inadequate / lack of infrastructure	5.00	1st
Endemic corruption	4.88	2nd
High Capital Requirement/ Accessibility to finance	4.38	3rd
Insecurity	4.00	4th
Competition with imported produce	4.00	4th
Insufficient demand for local products	4.00	4th
Government bureaucracy	3.75	7th
Weak economic institutions orientation poor corporate governance	3.50	8th
Inadequate/ non-existent risk protection scheme	3.50	8th
Importation of raw materials	3.25	10th
Poor educational orientation	3.25	10th
Inadequate Human Capital	2.88	12th

From the table, inadequate/lack of infrastructure is a major challenge to economic diversification followed by corruption and high capital requirement/accessibility to finance.

### FINDINGS

It will be seen from the foregoing that as good as economic diversification is, infrastructure development remains a major challenge to its realization. Infrastructure in Nigeria is not adequate and the existing ones need a general overhaul while some need rehabilitation. Infrastructure development is very key to economic development but has its numerous challenges in Nigeria as revealed by the study. For economic diversification to bear its much desired fruit in the country, infrastructure development has to be taken serious.

### CONCLUSION

It will be seen from the foregoing that as good as economic diversification is, infrastructure development remains a major challenge to its realization. Infrastructure development in Nigeria has its numerous challenges as revealed by the study. For economic diversification to bear its much desired fruit in the country, infrastructure development has to be taken serious.



Nigerian government, at all levels, should urgently create an enabling environment that will favour diversification of the economy that will de-emphasize mono-economy system and pay more attention to heterogeneous economy, government must have the political will to do the needful and develop a heterogeneous economy. The clarion call for diversification should not only be government's responsibility. Other stake holders must cooperate and collaborate with the government to make this dream a reality. Lastly, if Nigeria diversifies her economy, it will increase her Gross Domestic Product and Internally Generated Revenue for sustainable economic development. The challenges of inadequate/lack of infrastructure, corruption and high capital requirement/accessibility to finance should be tackled headlong.

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