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Underutilisation of Nigeria's Railway Infrastructure and the Need for Legislative Oversight

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Executive Summary

Nigeria's railway sector has attracted substantial public investment and external borrowing over the past decade, including loans reportedly exceeding $2.5 billion from the China Exim Bank to support rail modernisation and expansion. Despite these commitments, the sector remains underutilised, with limited network coverage, low service frequency, and inconsistent operations across key corridors.

Recent developments show that the Nigerian Railway Corporation (NRC) has commenced the recertification process for the Lagos Rail Mass Transit Red Line following the issuance of a provisional licence. While this reflects ongoing regulatory efforts to ensure compliance with safety and operational standards, it also highlights broader systemic concerns regarding operational readiness, infrastructure functionality, and the overall performance of Nigeria's rail system.

Key issues arise regarding whether the scale of investment in the railway sector is translating into measurable improvements in service delivery. Many rail lines appear to be underperforming, operating below capacity with limited daily trips and restricted service coverage. In addition, there is limited publicly accessible information linking borrowed funds to tangible outcomes such as increased passenger volumes, improved service frequency, or expanded operational networks.

Concerns also persist regarding transparency and accountability in the utilisation of funds, as well as the certification status of rail infrastructure nationwide. There is insufficient clarity on which rail lines are fully operational, which operate under provisional approvals, and whether all existing infrastructure meets established safety and regulatory standards. These gaps raise questions about efficiency, safety, and the long-term sustainability of investments in the sector.

The underperformance of the railway system represents a missed economic opportunity. A functional and efficient rail network is critical for reducing pressure on road transport, lowering logistics and transportation costs, and enhancing national productivity.

Given its constitutional oversight responsibilities, the National Assembly has a critical role to play in ensuring accountability, transparency, and improved service delivery within the railway sector.

Accordingly, the National Assembly, through its Committees on Land Transport and Public Accounts, may consider the following actions:

Invite the Nigerian Railway Corporation and relevant ministries to provide a comprehensive status report on all railway projects, including operational lines, service frequency, passenger volumes, and infrastructure gaps.

Request full disclosure of funds borrowed for railway development since 2019, including disbursement, utilisation, and measurable outcomes, alongside a cost-benefit analysis of major projects.

Seek clarification on the certification status of all rail lines, including compliance with safety and operational standards and timelines for completing recertification processes.

Mandate periodic (quarterly) reporting on train operations, maintenance, and utilisation levels to ensure efficient use of existing infrastructure.

Background:

Nigeria's railway sector has, over the past decade, attracted significant public investment and external borrowing, particularly for the modernisation and expansion of rail infrastructure. Notably, the Federal Government in 2021 secured loans reportedly in excess of $2.5 billion from the China Exim Bank to finance major rail projects across the country[1].

Despite these investments, the railway system remains largely underutilised, with limited coverage, inconsistent operations, and low service frequency in many corridors.

Recent developments indicate that the Nigerian Railway Corporation has commenced the recertification process for the Lagos Rail Mass Transit Red Line, following the issuance of a provisional licence[2]. This process is aimed at confirming compliance with safety and operational standards before full approval is granted.

While this step reflects regulatory activity, it also highlights broader systemic concerns regarding operational readiness, certification processes, and the actual functionality of rail infrastructure nationwide.

Issue:

There is a growing concern that Nigeria's railway sector is not delivering commensurate value relative to the scale of public investment and borrowing.

Many rail projects appear to be operationally limited or underperforming, with low trip frequencies and restricted service coverage. For instance, the Lagos Red Line currently operates a limited number of daily passenger trips, far below its potential capacity[3].

Concerns also persist regarding transparency and accountability in the utilisation of borrowed funds for rail development. Although substantial loans were secured as far back as 2021, and partially repaid, as indicated by the former Minister of Transportation under the administration of

[1] Vanguard (2021, March 31). Rail projects: We've borrowed $2.5bn from China Exim Bank — Amaechi. *Vanguard.* https://www.vanguardngr.com/2021/03/rail-projects-weve-borrowed-2-5bn-from-china-exim-bank-amaechi/

[2] Otongaran, N. (2026, March 27). NRC begins recertification for Red Line operational license. *The Nation.* https://thenationonlineng.net/nrc-begins-recertification-for-red-line-operational-license/

[3] ibid

the late President Muhammadu Buhari[4], there remains limited publicly accessible evidence linking these financial commitments to measurable improvements in service delivery and operational efficiency.

Moreover, the ongoing recertification processes raise critical questions about the status and safety of rail infrastructure nationwide. Specifically, there is a lack of clarity regarding:

- which rail lines are fully operational;
- which are functioning under provisional approvals; and
- whether all existing infrastructure meets established safety and operational standards.

The continued underperformance of the rail sector represents a significant missed economic opportunity. A well-functioning rail system is essential for reducing pressure on road transport, lowering logistics and transportation costs, and enhancing overall national productivity.

Rationale for Legislative Action:

The National Assembly has a constitutional mandate to ensure oversight of public expenditure, infrastructure development, and service delivery.

Legislative intervention is necessary to:

- ensure accountability for borrowed funds and capital investments,
- assess the true operational status of national rail infrastructure, and
- promote policies that unlock the full economic potential of the railway sector.

Recommendations to the National Assembly:

The National Assembly, through its Committees on Land Transport and Public Accounts is respectfully urged to:

1. Invite the Nigerian Railway Corporation, Ministry of Transportation, and relevant agencies to provide a detailed status report on all railway projects in Nigeria, including operational and non-operational rail lines, service frequency and passenger volumes, and current infrastructure gaps.

2. Request a full disclosure of total funds borrowed for railway development since 2019 (including external loans), disbursement and utilisation of such funds, and measurable outcomes achieved relative to these investments. This should include a cost-benefit assessment of major rail projects financed through borrowing.

3. Mandate relevant authorities to provide clarity on the certification status of all rail lines (provisional vs full licence), compliance with safety and operational standards, and timelines for completing pending recertification processes.

[4] Oyero, K. (2021, June 16). FG has repaid $150m out of $2bn Chinese loan —Amaechi. *Punch*. https://punchng.com/fg-has-repaid-150m-out-of-2bn-chinese-loan-amaechi/

4. Request periodic quarterly reporting from the Nigerian Railway Corporation and the Ministry of Transportation on train service frequency, maintenance schedules, and passenger utilisation levels to ensure that existing infrastructure is efficiently utilised and properly maintained.

Conclusion:

Nigeria's railway sector holds immense potential to transform transportation, reduce costs, and stimulate economic growth. However, the current reality of underutilisation, limited transparency, and operational inefficiencies undermines these prospects.

A proactive legislative response is therefore critical to ensure that public investments in rail infrastructure translate into tangible benefits for Nigerians, while also strengthening accountability and long-term sustainability in the sector.

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