ALVAN JOURNAL OF SOCIAL SCIENCES (AJSS)
FACULTY OF SOCIAL AND MANAGEMENT SCIENCES
ALVAN IKOKU FEDERAL UNIVERSITY OF EDUCATION, OWERRI

https://ajsspub.org/publications
VOLUME 2, ISSUE 1, 2025
ISSN: 1595-5842
E-ISSN: 3043-5463

RESEARCH ARTICLE

POLITICS OF CHINA'S LOAN AGREEMENTS AND INFRASTRUCTURAL DEVELOPMENT IN NIGERIA, 2010-2023

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ABSTRACT

Recent developments in Nigeria-China relations have evolved into a phase of intricate and extensive economic interactions. These resulted in the execution of eleven concessional loan agreements, amounting to approximately USD 3.121 billion for infrastructure development. The rising Chinese financial assistance to Nigeria has sparked a contentious debate regarding the disproportionate relationship between the influx of loans and the actual infrastructural development observed. This study sought to analyse the influence of China's loan agreement politics on the development of Nigeria's transport sector from 2010 to 2020. The study was guided by these research questions. Has the bilateral financing agreement on the transport industry between Nigeria and China advanced the development of the nation's air and rail infrastructures from 2010 to 2023? Did the conditionality of China's loans compromise the national sovereignty of Nigeria throughout the study period? The research employed an ex-post-facto design. The research employed original documents, policy studies, and expert interviews for data acquisition. The analysis of the study was based on the theory of complex interdependence. The research indicated that Chinese funds funded the development of all four terminals at the international airport, and work on the Nigeria Railway renovation projects had begun, with some planned lines finished and currently operational. China's loan conditionality threatens the national sovereignty of Nigeria during the study period. The study called for setting up a think tank to come up with and suggest policy frameworks for better interactions with China and Nigeria among others

Keywords: China-Nigeria relations, loan agreements, infrastructural development, sovereignty, Conditionality.

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Received: 25/12/2024; **2025 Revised:** 26/1/2025 **Accepted:** 20:01/2025; **Published:** 15/03/2025

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1. 0. INTRODUCTION

China launched the Belt and Road Initiative (BRI) in 2013, a global development strategy that aims to enhance connectivity and collaboration across Asia, Africa, Europe, and beyond through significant infrastructure investments. The program comprises two primary components: the Silk Road Economic Belt, linking China to Europe via Central Asia, and the 21st Century Maritime Silk Road, connecting China to Southeast Asia, Africa, and Europe through maritime routes (Fallon, 2015).

Infrastructure development is fundamental to the BRI, including areas like transport, electricity, telecommunications, and urban construction. China aims to enhance commerce, foster regional integration, and augment its global influence through these initiatives. A fundamental characteristic of the BRI is its dependence on loan-based funding mechanisms, frequently orchestrated by Chinese state-owned institutions, including the Export-Import Bank of China and the China Development Bank. These banks extend loans to member nations, facilitating the financing of extensive infrastructure initiatives, including railways, ports, highways, and power plants (Hurley et al., 2018).

The BRI presents considerable opportunity for poor nations to rectify infrastructure deficiencies; yet, its loan-centric strategy has ignited discussions concerning debt sustainability, sovereignty threats, and transparency issues. Critics contend that Chinese loans frequently include stipulations that benefit Chinese contractors and workers, which raises apprehensions regarding local capacity development and economic reliance (Brautigam, 2020). Advocates, however, emphasize the transformative potential of these investments by stimulating economic growth and enhancing connectedness. Besides economic goals, the BRI advances China's strategic interests by augmenting its geopolitical clout and establishing new markets for its products and services. The project corresponds with national objectives, including the use of surplus industrial capacity and the preservation of economic growth (Summers, 2016). The BRI embodies a multifaceted interaction of economic, political, and geopolitical factors that influence its effects on participating nations.

Nigeria confronts a substantial infrastructure deficit, presenting a formidable obstacle to its socio-economic advancement. In comparison to its population and economic potential, the nation's infrastructure remains inadequately developed, with significant deficiencies in transportation, electricity, water supply, and telecommunications. The African Development Bank (AfDB) asserts that Nigeria must allocate roughly $100 billion each year for the next ten years to address its infrastructure deficit; however, real expenditures have persistently fallen short of this figure (AfDB, 2018). This deficiency has resulted in elevated corporate expenses, constrained industrial development, and diminished quality of life for citizens. Transportation infrastructure, especially roads and railways, constitutes a significant challenge. More than 70% of Nigeria's roads are in a state of disrepair, obstructing the effective transportation of goods and services (World Bank, 2020). The power sector suffers from significant deficiencies, producing an average of 4,000 MW of electricity for a population surpassing 200 million. This persistent energy deficit hampers industrial operations and escalates dependence on costly private generators (IEA, 2021).

https://ajsspub.org/publications VOLUME 2, ISSUE 1, 2025
ISSN: 1595-5842 E-ISSN: 3043-5463

Nigeria has sought foreign financing to build extensive infrastructure projects in response to these concerns. Diminished oil earnings and a high debt service-to-revenue ratio restrict the government's budgetary capacity, making foreign loans essential. International financiers, notably China, have emerged as significant contributors to Nigeria's infrastructure development. Loans from Chinese institutions have financed projects like the Abuja-Kaduna railway and the Lagos-Ibadan railway, both essential for enhancing connectivity and economic integration (Brautigam, 2020). Although these loans offer essential financing, they have ignited discussions around sustainability and transparency. Critics emphasize the dangers of debt dependency and the possible erosion of sovereignty if Nigeria fails to fulfill repayment commitments. Proponents contend that these investments yield a transformative effect by generating employment, improving productivity, and promoting sustained growth (Zhai, 2018).

Nigeria's dependence on foreign loans highlights the necessity of resolving governance challenges, improving public-private partnerships, and implementing sustainable finance strategies to reduce the risks associated with external borrowing while leveraging its advantages for infrastructural advancement.

The primary aim of the paper is to critically analyze the effects of Nigerian-China loan agreements and infrastructure development in Nigeria from 2010 to 2023 (to examine the political dynamics of China's loans to Nigeria and their impact on infrastructural development and national sovereignty). Consequently, the study was directed by the subsequent research questions: Has the bilateral loan agreement on transportation sector between Nigeria and China facilitated development of the country's air and rail systems during 2010 to 2023? Did China's loan conditionality jeopardise the national sovereignty of the Nigerian state during the period under study?

2.0. THEORITICAL FRAMWORK AND CONCEPTUALISATIONS

2.1. Theoretical Framework

We used complex interdependence theory as a suitable analytical framework in this study. The term signifies the enhancement and intricacy of interstate relations. In 1925, Raymond Leslie Buell coined the phrase "complex interdependence" to describe the emerging order among economies, civilizations, and races (Buell, 1925). Richard N. Cooper's 1968 publication popularized the concept. The intricate networks of economic interdependence reduce state authority and amplify the influence of transnational non-state entities (Cohen, 2008; Oatley, 2019). Keohane and Nye (2011) formulated the notion of complex interdependence in international relations as a critique of political realism. The hypothesis posits a strong connection between states and their outcomes. Keohane and Nye critiqued political realism by examining the irrevocable transformation of international politics resulting from the growing complexity and interdependence among states (Crane and Amawi, 1997; Keohane and Nye, 2011). Theorists acknowledged the emergence of complex transnational links and interdependence among countries and civilizations, as the significance of military force and power balancing diminished yet persisted as essential. Keohane and Nye coined the term "interdependence"

ALVAN JOURNAL OF SOCIAL SCIENCES (AJSS)
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to differentiate it from reliance, thus enhancing the comprehension of power dynamics in politics and the interactions among international actors (Keohane and Nye, 2011).

We implemented the idea in our analysis and discovered that neither Nigeria nor China possesses absolute control over their natural resources, which underpins their economic connections. Consequently, they must foster a degree of interdependence to protect their disparate natural resource allocations. There exists a degree of complementarity between the two nations. China, as an industrializing country, necessitates oil-derived energy services, whereas Nigeria, as a developing economy with inadequate infrastructure, needs Chinese loans to address infrastructural demands and products from Chinese firms to satisfy fundamental human requirements. It is essential for the two nations to cultivate bilateral relations in this manner.

3.0. Methodology

The study adopted the Ex-post-facto research design. The study used primary documents, policy analyses, and expert interviews for data collection. The study's analysis was founded on the complex interdependence theory. Data were analyzed using thematic content analysis, and logical deductions. Tables were used to further illustrate the points where necessary.

4.**0. DISCOURSES**

4.1. Overview of China-Nigeria loan Agreements (2010-2023)

From 2010 until 2023, China provided multiple loans to Nigeria, mainly for infrastructure projects. As of 2020, Nigeria's cumulative debt to China reached $3.121 billion, representing roughly 3.94% of the nation's overall public debt during that period. This rose to $4.73 billion by 2023, reflecting an increase of $800 million over three years (DMO, 2020, Regtech Africa, 2023, Boston University Global Development Policy Centre (BUGDPC), 2024). These loans were concessional, with an interest rate of 2.5% per annum, a 20-year duration, and a 7-year grace period. The Debt Management Office designed the terms to minimize Nigeria's debt servicing expenses and provide extended payback options. Numerous agreements incorporate "project-tied" terms, ensuring repayment via profits produced by the financed projects or alternative assets. Despite the lack of consistent disclosure of explicit collateral terms, international concerns exist regarding the seizure of assets, such as ports or essential infrastructure, in the event of defaults (Regtech Africa, 2023).

A substantial portion of the loans facilitated rail modernization, encompassing the Abuja-Kaduna, Lagos-Ibadan, and Abuja-Kano lines; the expansion of major airport terminals in Abuja, Lagos, Port Harcourt, and Kano, road infrastructure such as the Abuja-Keffi-Makurdi road renewable energy initiatives, including solar and hydropower projects, secured financing (DMO, 2020, BUGDPC, 2024). Most agreements mandated Nigeria to contribute 15% of the project cost, while China would finance the remaining 85%. Chinese firms, including the China Civil Engineering Construction Corporation, frequently linked the loans to specific infrastructure projects. Although the projects have enhanced Nigeria's infrastructure, international worries regarding potential overdependence on China and the strategic influence stemming from these loans have been expressed (Regtech Africa, 2023).

ALVAN JOURNAL OF SOCIAL SCIENCES (AJSS)
FACULTY OF SOCIAL AND MANAGEMENT SCIENCES
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https://ajsspub.org/publications VOLUME 2, ISSUE 1, 2025
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These loans have enabled essential advancements in Nigeria's transport and energy infrastructure while highlighting the necessity of efficiently managing debt sustainability (BUGDPC, 2024).

The loans exclusively target specific infrastructure initiatives, such as trains, airports, and highways. These agreements frequently include the use of Chinese contractors, such as the China Civil Engineering Construction Corporation, for project implementation. China often allocates funds in installments corresponding to project milestones. Nigeria must fulfill its obligation to provide counterpart finance, typically 15% of the total project cost, before China releases the remaining 85% (Regtech Africa, 2023). The loans adhere to Nigeria's Fiscal Responsibility Act of 2007, mandating the granting of external loans under concessional conditions with extended amortisation periods. This diminishes the financial burden on the Nigerian government relative to market-rate financing (DMO, 2020). China's heightened risk aversion has resulted in the prioritization of strategic projects, highlighting investments in sectors such as transportation and energy. Recent years have witnessed a transition toward smaller renewable energy initiatives to reduce financial risk (BUGDPC, 2024).

4.2. Political dynamics and motivations behind China’s loans

(a) China’s strategic interest in Nigeria: China’s motivations for financing Nigerian infrastructure

China's objectives for funding infrastructure projects in Nigeria from 2010 to 2023 arise from the confluence of geopolitical, economic, and strategic energy factors.

Funding Nigeria's infrastructure serves as a strategy for China to enhance bilateral relations, obtain political favour, and augment its influence in Africa. Nigeria, the largest economy and most populous country in Africa, is a vital collaborator in China's Belt and Road Initiative (BRI), which seeks to establish a global trade and connectivity network (Regtech Africa, 2023, BUGDPC, 2024). Also, through investments in Nigeria, China enhances its leadership role among developing states and challenges Western myths over its involvement in Africa. This corresponds with its overarching policy of forming partnerships within multilateral venues such as the United Nations and the African Union (BUGDPC, 2024).

Infrastructure initiatives generate demand for Chinese products, services, and knowledge. Chinese contractors and suppliers, such as the China Civil Engineering Construction Corporation (CCECC), receive the majority of Chinese loans, ensuring that China reaps the economic benefits (DMO, 2020, Regtech Africa, 2023). Equally infrastructure financing enhances access to Nigeria's abundant natural resources, especially oil and natural gas. Enhanced infrastructure, including railways and ports, facilitates the efficient movement of products; hence, it strengthens bilateral trade (BUGDPC, 2024).

Nigeria is a significant oil producer, whereas China is largely dependent on oil imports to support its expanding economy. Through the financing of critical projects, China ensures sustained energy supply while developing infrastructure that improves the efficiency of energy exports (DMO, 2020, Regtech Africa, 2023). Again to mitigate excessive dependence on Middle Eastern energy sources,

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China's investments in Nigeria facilitate the diversification of its energy portfolio, consistent with its global energy security objectives (BUGDPC, 2024).

China's emphasis on infrastructure aligns with the developmental aspirations of African states. Through the provision of concessional loans and prominent infrastructure projects such as railways and airports, China positions itself as a dependable development partner (DMO, 2020). Despite ongoing apprehensions regarding loan sustainability, China has tactically participated in negotiations to refinance or finalize postponed projects, as exemplified by the Abuja-Kano and Port Harcourt-Maiduguri railway deals (Regtech Africa, 2023).

Future Market Positioning: By bolstering Nigeria's infrastructure, China establishes itself as a pivotal participant in Africa's prospective economic development. This is essential for sustaining influence on a continent anticipated to accommodate a substantial portion of the global population and economic activity by 2050 (Regtech Africa, 2023, BUGDPC, 2024).

(b) Nigeria's political and economic agenda in accepting Chinese loans

Nigeria's choice to take Chinese loans from 2010 to 2023 arises from urgent political and economic necessities, chiefly to rectify infrastructural deficiencies, improve public services, and promote economic growth. Thus:

Nigeria faces significant infrastructure deficiencies, particularly in the areas of transportation and electricity. Chinese loans associated with infrastructure projects, such as the Abuja-Kaduna and Lagos-Ibadan rail lines, as well as airport expansions, assist in mitigating these deficiencies. Enhanced infrastructure is essential for economic integration and national connectedness (DMO, 2020, BUGDPC, 2024). Conventional lenders such as the World Bank or International Monetary Fund frequently enforce rigorous conditions. China's concessional loans, characterized by low interest rates and prolonged payback terms, provide Nigeria with more accessible financing for infrastructure initiatives (DMO, 2020, RegTech Africa, 2023).

Projects like the Abuja Light Rail and renovation of railway networks boost urban mobility, alleviate road congestion, and give accessible transit options for inhabitants. These advancements are essential for enhancing the quality of life and reducing the cost of conducting business (DMO, 2020, Regtech Africa, 2023). Chinese-funded energy initiatives, such as solar farms and hydropower facilities, seek to alleviate Nigeria's persistent energy deficits. Dependable energy sources are crucial for residential consumption, industrial development, and energizing the service sector (BUGDPC, 2024).

Chinese loans finance infrastructure development, which generates substantial employment opportunities during construction phases. Projects generate enduring economic advantages by facilitating trade and commerce via enhanced logistics networks (DMO,2020). Enhanced infrastructure increases Nigeria's attractiveness to domestic and international investors. Functional railways and ports diminish transportation expenses, thereby promoting industrial expansion and competitiveness (Regtech Africa, 2023). Nigeria seeks to diminish its reliance on oil revenues through

ALVAN JOURNAL OF SOCIAL SCIENCES (AJSS)
FACULTY OF SOCIAL AND MANAGEMENT SCIENCES
ALVAN IKOKU FEDERAL UNIVERSITY OF EDUCATION, OWERRI
https://ajsspub.org/publications VOLUME 2, ISSUE 1, 2025
ISSN: 1595-5842 E-ISSN: 3043-5463

an emphasis on infrastructure and energy initiatives. Improved infrastructure bolsters sectors such as agriculture, manufacturing, and services, thereby diversifying the economy (DMO, 2020, BUGDPC, 2024,).

Unlike loans from Western financial institutions, Chinese loans frequently lack governance and policy reform stipulations, providing Nigeria greater autonomy over project implementation and management. This flexibility is politically desirable to Nigerian authorities (BUGDPC, 2024).

4.3. Nigeria-China Loan Agreements and Transportation Infrastructure Development

(a) Chinese loans and Nigeria's international airports' terminal construction

In 2013, the Federal Government collaborated with the Chinese government through the CCECC to construct four international airport terminal projects. The projects comprised the construction and refurbishment of terminals at the Nnamdi Azikiwe International Airport in Abuja, the International Airport in Port Harcourt, the Mallam Aminu Kano International Airport in Kano, and the Murtala Muhammed International Airport in Lagos. The four projects are financed with a $500 million loan from China's Export-Import Bank and a $100 million loan from the Federal Government obtained through the Debt Management Office at an interest rate of 5.37 percent (Abiola, 2019).

China Civil Engineering Construction Corporation (CCECC) successfully upgraded four international airports in Nigeria using funds from the China Export Import Bank and the Nigerian government. Nigeria is steadily addressing the infrastructural deficit in the aviation sector. The establishment of the four new terminals reflects Nigeria's progress toward attaining global aviation standards in terms of facilitation, passenger processing, and service delivery in conformity with international best practises. Aviation is widely acknowledged as a growth stimulant.

Table 1: *Chinese-built airport terminals in Nigeria*

Projects	Amount	Passenger Capacity	Condition	Contractor
Port Harcourt Int'l Airport	$500 Million	7 Million	Completed and inaugurated	CCECC
Nnamdi Azikiwe Int'l Airport	$500 Million	15 Million	Completed and inaugurated	CCECC
MMIA Int'l Airport	$500 Million	14 Million	Completed and inaugurated	CCECC
MAKIA Int'l Airport	$500 Million	7 Million	Completed and inaugurated	CCECC

Source: Authors' Compilation, 2024.

(b) China Loan Agreements and Nigeria Railway Modernization

China Civil Engineering Construction Company (CCECC), a subsidiary of China Railway Construction Company, was involved in a number of infrastructure projects across the country, including the Lagos airport expansion, numerous road projects, and the Abuja and Lagos inner-city light rail projects, which were all financed by concessional loans from China's Exim Bank. Two notable standard-gauge rail (SGR) projects in the railway sector were funded by Chinese capital. The

ALVAN JOURNAL OF SOCIAL SCIENCES (AJSS)
FACULTY OF SOCIAL AND MANAGEMENT SCIENCES
ALVAN IKOKU FEDERAL UNIVERSITY OF EDUCATION, OWERRI

https://ajsspub.org/publications
VOLUME 2, ISSUE 1, 2025
ISSN: 1595-5842
E-ISSN: 3043-5463

first project involved the improvement of the Western trunk line between Lagos and Kano, which eventually replace the colonial track. The second was the construction of Abuja-Kaduna rail line.

Table 2: ***Nigeria-China contractual investment in rail projects 2010-2020***

Project	Contractor	Year	Amount (in USD)	Financer	Status
Lagos to Kano narrow guage (1,128km) Lagos-Jebba and Jebba-Kano.	CCECC and Costain Plc.	2011	$70 million Lagos-Jebba and another $70 million, for Jebba- Kano (bringing the total to $140 million).	China and the Nigrian government.	Lagos-Jebba completed in 2012 and handed over. Jebba-Kano still on-hold .
Abuja-Kaduna rail line (186km)	CCECC	2011	$874 million.	Chinese government provided $500 million and Nigeria government sourced for balance of $374 million.	Completed and inaugurated in July 2016.
Lagos-Ibadan railway modernization project (156.65km, double track line).	CCECC	2012	$1.49 billion	Soft loan from China	Completed and inaugurated in June 2021.
Coastal Railway Calabar-Lagos (1385km).	China Railway Construction Corporation Limited.	2014	$13.1 billion	Nigerian government (15%) and the Chinese government (85%).	Stalled for now.
Kano light railway line with a total of 74.3 km. To be done on two phases.	China Railway Construction Corporation Limited (CRCC).	2016	$1.85 billion.	Loan from China.	Ongoing.

Source: Authors' Compilation, 2024.

4.4. Economic and Socio-political impact of Chinese financed infrastructure project

https://ajsspub.org/publications VOLUME 2, ISSUE 1, 2025
ISSN: 1595-5842 **E-ISSN:** 3043-5463

(a) Economic impact on Nigeria's development

China's engagement in financing infrastructure initiatives in Nigeria has profoundly affected the nation's economic development, impacting employment generation, commerce, and industrial production. The contributions of these programs are complex, yielding both beneficial and detrimental results.

China's infrastructure initiatives have generated both direct and indirect employment possibilities in Nigeria. Chinese enterprises frequently engage Nigerian workers during the building, maintenance, and operational phases of projects. The construction of the Lekki Deep Sea Port and the Abuja-Kaduna Railway has generated millions of employment opportunities for Nigerians (Fola, 2020). Similarly, Faithful Hope-Ivbaze, acting General Manager, Corporate Affairs, Federal Airports Authority of Nigeria, stated that the new Murtala Muhammed International Airport terminal was anticipated to generate approximately 300,000 direct and indirect jobs, as well as improve the convenience and comfort of passengers at the Lagos airport. During the construction phase of the Abuja- Kaduna railway project, an annual average of 2,391 local workers were hired, with a total of 16,738 local jobs produced over the project's lifetime. Since the project's inception, around one thousand jobs have been created, including NRC employees, railway police, security guards, cleaners, and railway daily maintenance personnel. During construction and the 1000-day safe operation, the project indirectly created around 150,000 jobs, especially in the fields of material production, subcontracting, equipment manufacturing, and related services. Through Abuja Rail Mass Transit, this train project is seamlessly connected to the international airport, satellite city, and industrial zone, thereby reducing traffic congestion on existing municipal roadways (Businessday, 2019).

Chinese infrastructure investment in Nigeria has profoundly influenced trade by enhancing transport and logistics systems. The development of roads, railways, and ports improves the efficiency of transporting commodities inside Nigeria and to global markets. The Abuja-Kaduna Railway has diminished transportation expenses and duration, enhancing domestic commerce (Akinola, 2022). Not only was the impact of these Chinese rail loans evident, but it was also observable. For instance, the Abuja-Kaduna Rail Line had become an essential route of transportation between Abuja and Kaduna. The Abuja-Kaduna Railway Project, which has improved the investment climate, increased business trade, travel, and freight transit between the country's two largest cities, has created a significant transportation link between the capital city Abuja and the vital industrial city Kaduna. It also contributed to economic growth along the railroad and in the adjacent areas (Businessday, 2019). China-financed Lekki Port aims to enhance Nigeria's trade capacity by providing a modern deep-sea port capable of handling large-scale international trade, including exports from Nigeria's oil, agriculture, and industrial sectors (Iwuoha, 2023). Murtala Muhammed International Airport is the principal airport in Nigeria, with the greatest number of aviation activities and the greatest output. As a hub airport for international passenger traffic, Murtala Muhammed International offers Nigerian people and businesses improved access to their numerous destinations, with increasing frequency and lower fares. Such a hub-and-spoke network boosts the country's air transport system connectivity, which adds to high levels of international and domestic trade, economic output, and Nigeria's gross domestic product (Nwaogbe, 2013).

ALVAN JOURNAL OF SOCIAL SCIENCES (AJSS)
FACULTY OF SOCIAL AND MANAGEMENT SCIENCES
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https://ajsspub.org/publications VOLUME 2, ISSUE 1, 2025
ISSN: 1595-5842 **E-ISSN:** 3043-5463

While it is true that Nigeria and many African nations suffer from substantial infrastructure deficits, Chinese monies have helped finance the construction of new international airports in Abuja, Lagos, Port Harcourt, and Kano. Modern airports function as global hubs and entry points, connecting cities, regions, and even countries. Digital technology is accelerating the current smart revolution in the aviation industry. Smart airports that are fully connected and data-driven played a more critical and central role in the global economy's development. As the window and business card of Nigeria's major cities, the new terminals built at these four major airports not only improved Nigeria's national image, but also acted as hubs for intercontinental aviation in West Africa, thereby fostering economic growth in many regions of the country. In addition, the construction of the new Abuja airport terminal, the Abuja-Kaduna railway, and the Abuja light rail contributed to the seamless connection of the air-rail transfer, significantly enhancing passenger travel experiences, enhancing the investment climate, and promoting local economic and social development.

The industrial sector in Nigeria has experienced the impact of Chinese infrastructural development. Enhanced road, rail, and energy infrastructure have diminished transportation expenses for firms, thereby bolstering the competitiveness of local industry. The stablishment of energy initiatives, including coal and gas power plants financed by China, has significantly enhanced Nigeria's power supply, crucial for industrial production (Adebayo and Zhang, 2023).

Table 3: ***Aviation infrastructure expansion and socioeconomic consequences.***

S/N	Aviation infrastructure development	Socio-economic impacts
1	Four new airports terminals	Employment of individuals both directly and indirectly
2	Four new airports terminals	Engages with other economic sectors
3	Four new airports terminals	Reduces distance’s friction; facilitates the movement of a large number of individuals
4	Four new airports terminals	Deliveries of Goods and Services to the populace on schedule
5	Four new airports terminals	Improve living conditions; facilitates social cohesion and integration
6	Four new airports terminals	Increase the convenience and utilisation of public transportation
7	Four new airports terminals	Greater access to markets, schools and hospitals
8	Four new airports terminals	Increasing wealth creation and revenue generating

Source: Authors’ Compilation 2024

According to the table above, there are numerous significant socio-economic benefits of air transport operation in Nigeria, such as employment of people directly and indirectly, engagement of other sectors of the economy, and reduction of friction of distance; multitude movement of people, on-time deliveries of goods and services to the population, and improvement of the standard of living; ease of social cohesion and integration by broadening people's leisure and cultural opportunities; and improvement of the standard of living.

https://ajsspub.org/publications VOLUME 2, ISSUE 1, 2025
ISSN: 1595-5842 E-ISSN: 3043-5463

Table 4: ***The jobs created by the Abuja-Kaduna railway alone***

S/No.	Period	Number of jobs
1	Period of construction	16736
2	At commencement of operation	534
3	1000 days operation	1000
4	Indirect job	150,000

Source: Authors' Compilation, 2024.

(b) Social and Environmental Impact

Infrastructure projects in Nigeria funded by China, although economically transformational, have resulted in significant social and environmental repercussions. These encompass community dislocation, ecological damage, and diverse local responses.

Extensive infrastructure initiatives frequently necessitate land procurement, leading to community displacement. The Lekki Deep Sea Port project displaced many residents from adjacent fishing and agricultural areas. Numerous impacted households indicated that they received little compensation and resettlement assistance, undermining their livelihoods and cultural connections to the land (Adebayo and Zhang, 2021). The development of the Zungeru Hydropower Plant displaced more than 47,000 residents, with reports indicating delays in compensation and inadequate provisions for alternative livelihoods, resulting in deteriorated socio-economic conditions for many (Olatunji, 2022). The obstacles of relocation have incited anger among displaced communities, resulting in protests and legal disputes. Critics contend that the insufficient involvement of local stakeholders during the planning phases intensifies the social costs associated with these initiatives (Imoh and Chukwu, 2023).

The environmental impacts of Chinese-funded initiatives in Nigeria are considerable, encompassing issues such as deforestation and water contamination. The establishment of the Zungeru Hydropower Plant necessitated the inundation of thousands of hectares, hence disrupting ecosystems and diminishing biodiversity in the impacted regions (Ahmed et al., 2023). The Lekki Port Project similarly resulted in the destruction of mangroves, jeopardizing marine biodiversity and the livelihoods of local fishing communities (Adebayo & Zhang, 2021). Furthermore, several projects, including the Mambilla Hydroelectric Power Project, have elicited apprehensions regarding soil erosion and the enduring effects on agricultural production. Environmental organizations have condemned the inadequacy of comprehensive environmental impact studies (EIAs) and the feeble enforcement of mitigation strategies (Ogunley and Huang, 2022).

Furthermore, as a result of the high risks on the Abuja-Kaduna motorway, which are posed by kidnappers, armed robbers, and other types of criminals, rail services have seen an increase in ridership, which has been attributed to its safety, comfort, convenience, and perhaps affordability, which have attracted many commuters. On April 22, 2019, this project had been functioning securely

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ISSN: 1595-5842 E-ISSN: 3043-5463

for one thousand days without any passenger fatalities or traffic problems, while transporting more than 1.5 million passengers (Businessday, 2019).

There have been a variety of local responses to these initiatives. Certain communities embrace the economic prospects associated with infrastructure development, including enhanced mobility and possible employment generation. Communities adjacent to the Abuja-Kaduna Railway project have gained enhanced mobility and market access (Akinola, 2022). Nevertheless, some communities articulate dissatisfaction with unmet work commitments, inadequate remuneration, and environmental deterioration. In areas impacted by initiatives like the Zungeru Hydropower Plant, demonstrations and litigation have underscored the disjunction between project developers and local communities. Communities frequently perceive exclusion in decision-making processes, which engenders mistrust and opposition (Imoh and Chukwu, 2023).

The social and environmental ramifications of Chinese-funded infrastructure initiatives in Nigeria highlight the necessity for more inclusive and sustainable development strategies. Effective stakeholder participation, equitable pay, and stringent environmental protections are crucial to mitigate negative effects and secure enduring advantages.

(c) The implications of accumulating debt from Chinese loans on Nigeria's fiscal sustainability.

The growing dependency on Chinese loans for infrastructure development in Nigeria poses substantial risks to the nation's fiscal sustainability and economic autonomy. Although these loans have funded essential projects, their conditions and repayment frameworks provoke apprehensions regarding long-term economic autonomy and fiscal stability.

The proliferation of Chinese loans has significantly augmented Nigeria's external debt, exerting pressure on the government's budgetary capability. In 2023, Nigeria's external debt reached about $41 billion, with Chinese loans being almost 10% of the total (DMO, 2023). These loans frequently feature non-concessional terms, such as elevated interest rates and abbreviated repayment durations, in contrast to multilateral lenders like the World Bank (Okoye and Zhang, 2022). Debt servicing has emerged as a significant budgetary encumbrance, with Nigeria allocating over 90% of its GDP to debt payments in 2023. This constrains the fiscal capacity for essential investments in education, health, and social welfare, impeding development and intensifying inequality (Eze and Adeyemi, 2023). The escalating debt-to-GDP ratio, anticipated to attain 35% by 2025, heightens the likelihood of debt crisis and default (IMF, 2023).

The framework of Chinese loans frequently links debt repayment to earnings from natural resources or money generated by projects. Nigeria committed crude oil income to get loans for the Zungeru Hydropower Project and additional infrastructure (Adewuyi and Wang, 2021). This approach constrains Nigeria's capacity to manage its resources and secure advantageous trade agreements, compromising economic autonomy. Moreover, provisions in Chinese loan agreements frequently encompass waivers of sovereign immunity concerning essential assets in the event of repayment arrears. This could potentially expose Nigeria to asset seizures, a situation similar to the conflicts

https://ajsspub.org/publications VOLUME 2, ISSUE 1, 2025
ISSN: 1595-5842 **E-ISSN:** 3043-5463

involving Chinese loans in other countries like Zambia (Akinleye, 2022). Such provisions have raised apprehensions over the diminishment of Nigeria's sovereign decision-making authority.

(d) Chinese loans and infrastructure projects influence on domestic politics in Nigeria

Chinese loans and infrastructure initiatives have exerted considerable influence on the political landscape, election dynamics, and public perception in Nigeria. These projects, chiefly in transportation, energy, and public services, have impacted domestic political agendas, altered electoral results, and moulded public perceptions of governmental efficacy.

Chinese-funded infrastructure initiatives have emerged as a pivotal element of Nigerian political agendas, for successive administrations. Politicians leverage the advancement or finalisation of prominent projects such as railways, airports, and power plants to illustrate their dedication to national development. This enhances their political capital, especially during election cycles (DMO, 2020). Politicians often underscore infrastructure development in their platforms, particularly during re-election campaigns. The development of big projects financed by Chinese financing serves as a concrete, observable emblem of advancement that may be utilised in political campaigns. The administration of President Muhammadu Buhari emphasised the continuing rail projects financed by China during the 2019 election, portraying them as significant accomplishments (BUGDPC, 2024).

By emphasising substantial infrastructural initiatives, Nigerian leaders may attract both urban and rural constituents. The prominence of Chinese-funded projects can influence public perception, as constituents often link infrastructural advancement with competent government. Railway projects and road construction financed by China have emerged as vital advantages for incumbents, particularly in rural regions where enhancements in mobility are seen as essential for economic development (Regtech Africa, 2023). This dynamic can influence the electoral narratives in national and state elections.

The public impression of Chinese loans is predominantly favourable when infrastructure projects are finished punctually. Nigerian populace predominantly regard these initiatives as vital for the nation's growth, particularly in areas with inadequate infrastructure. Railways have diminished journey durations and expenses, but new airports and terminals have improved connection (DMO, 2020, Regtech Africa, 2023). Nigerians recognise the benefits of infrastructure projects, although there is an increasing understanding of the political and economic ramifications of Chinese loans. Public opinion is frequently polarised between individuals who perceive loans as essential for development and others who regard them as a possible jeopardy to national sovereignty and financial stability (BUGDPC, 2024).

The Nigerian government frequently characterises its association with China as a component of a comprehensive initiative to modernise the nation's infrastructure and enhance economic development. The government's narrative underscores the imperative of Chinese loans to achieve the nation's development objectives, contending that the absence of such financing would result in project delays or unaffordability (Regtech Africa, 2023).

ALVAN JOURNAL OF SOCIAL SCIENCES (AJSS)
FACULTY OF SOCIAL AND MANAGEMENT SCIENCES
ALVAN IKOKU FEDERAL UNIVERSITY OF EDUCATION, OWERRI

https://ajsspub.org/publications VOLUME 2, ISSUE 1, 2025
ISSN: 1595-5842 **E-ISSN:** 3043-5463

Summarily, Chinese loans and infrastructure initiatives significantly impact Nigeria's political scene. Politicians leverage these initiatives to enhance their public image and political viability, while the public recognises the concrete advantages of upgraded infrastructure. Nonetheless, apprehensions regarding debt sustainability and sovereignty endure, rendering the relationship with China a double-edged sword in political debate and popular sentiment.

4.5. The China's loan conditionality and Erosion of sovereign control

Chinese loan deals with Nigeria frequently incorporate provisions concerning waivers of sovereign immunity and collateral arrangements. These provisions have considerable ramifications for Nigeria's sovereignty, especially in the case of default.

> *There are two methods for capturing and enslaving a nation. One is by force of arms, while the other is by debt. John Adams, 1829.*

The history of China's borrowing arrangements with other nations has often left a bitter taste in one's mouth. China's debt-trap diplomacy has been repeatedly characterised as a global colonisation campaign. For the bulk of countries to whom China has extended credit, there have been complaints and tales of woe. Chinese loans to Sri Lanka, Papua New Guinea, the Maldives, Pakistan, Malaysia, Mongolia, and the Republic of Kazakhstan, among others, have resulted in defaults and Chinese acquisition of the assets of these countries.

Article 2.2 specifies that the annual interest rate applicable to the loan is two percent (2%). The applicable amount for the management charge is 0.25 percent (0.25%). The applicable rate for the commitment charge is 0.25 percent (0.25%). According to Article 2.3, the facility's maturity length is two hundred and forty (240) months, of which the Grace Period is eighty-four (84) months and the Repayment Period is one hundred sixty-two (162) months.

This seeming conduct is commonly known as debt trap diplomacy. Debt trap diplomacy has a lengthy history in Chinese diplomacy. Debt-trap diplomacy is the purposeful extending of loans to a debtor nation with the ostensible intent of extracting economic or political concessions from the nation when it is unable to repay its obligations. It is mostly linked with China and is considered as exploitative by the majority of people. China has been dragging Nigeria into an unsustainable level of debt for the current and future generations.

Article 2.5 of the Government Concessional Loan Agreement between the Federal Ministry of Finance, Budget, and National Planning on behalf of the Federal Republic of Nigeria and the Export-Import Bank of China on the Nigeria Railway Modernization Project (Lagos to Ibadan Section), states that the goods, technologies and services purchased by using the proceeds of facility shall be purchased from China preferentially. On this basis, Chinese firms imported a variety of equipment and labourers for the project. Note that even secretaries were brought from China for the project. The bulk of Nigerians were employed in manual labour. It is indisputable that China uses these loans to increase its exports of goods and services at the expense of Nigeria. Despite the counterpart funding, the Nigerian government accepted that the contractors had a 100 percent execution right on the

https://ajsspub.org/publications VOLUME 2, ISSUE 1, 2025
ISSN: 1595-5842 E-ISSN: 3043-5463

projects because China was financing them through the CCECC. This suggests that the resources and expertise are imported from China, thereby undermining local industry and employment. Beijing offers cash for the project and draws a non-competitive proposal so that only its own business is permitted to perform the task. If creditors acquire 100 percent execution rights to the extent that our citizens are denied access to employment opportunities that contribute to GDP growth, it is appropriate to question the BRI's position. When a government enters into a loan agreement under sane conditions, the people's interests are surely prioritised. Not like this have Nigerian governments negotiated loan agreements with China.

The public procurement Act of 2007 part iv section 16 (1) c-f ; provides that subject to any exemption allowed by this Act, all public procurement shall be conducted, (c) by open competitive bidding; (d) in a manner which is transparent, timely, equitable for ensuring accountability and conformity with this Act and regulations deriving therefrom; (e) with the aim of achieving value for money and fitness for purpose and (f) in manner which promotes competition, economy and efficiency. The aforementioned violates Nigerian procurement law. To ensure that the government and the public obtain value for their money, the legislation mandates a competitive bidding process for all procurements. This rule exempts only acquisitions undertaken for exigencies, which Chinese deals were not. By requiring Chinese firms to carry out projects related to their loans, the Chinese circumvent this restriction, and our government helps them. Clearly, our government has never adhered to Nigeria's public procurement laws when it comes to projects sponsored by Chinese loans. Such agreements pose a number of concerns relating to exploitation. The Chinese have meticulously planned their neocolonial programmes, but the bulk of Nigerians and government officials are still unaware of this. In reality, Nigeria could accomplish these projects more affordably without sacrificing quality if it opened the contract and selected the most qualified contractors. Due to the fact that they determine them on their own, projects financed with Chinese financing generally have high costs.

Article 8 (1) of the Loan Agreement between Nigeria and Export-Import Bank of China (EXIM Bank) contains lethal terms that will the sovereignty of Nigeria to China. The contentious clause in the loan agreement states, the borrower hereby irrevocably waives any immunity based on sovereign or other grounds for itself or its property in connection with any arbitration proceeding pursuant to Article 8(5), with the enforcement of any arbitral award pursuant thereto, with the exception of the military assets and diplomatic assets. These rules make it harder for Nigeria to protect important state assets from lawsuits if something goes wrong.

The inclusion of sovereign immunity waivers and collateral provisions in loan agreements jeopardizes Nigeria's sovereignty in several respects. Upon default, Nigeria may relinquish ownership of important assets, such as natural resources or infrastructure projects, to Chinese corporations. This situation has transpired in other nations, including Sri Lanka, Sri Lanka defaulted on loans used for the construction of Hambantota Port, resulting in a debt-for-equity swap in 2017. This arrangement granted China Merchants Port Holdings a 99-year lease on the port (Eze and Oladipo, 2023). In Zambia, there were pervasive concerns that the Chinese government might assume control of the Kenneth Kaunda International Airport following the country's challenges in managing its debt

https://ajsspub.org/publications VOLUME 2, ISSUE 1, 2025
ISSN: 1595-5842 **E-ISSN:** 3043-5463

obligations. Although the acquisition did not occur, the public outcry and ambiguity underscored the dangers linked to collateralized debt instruments (Okoye and Wang, 2023). Chinese loans linked to the funds generated by the Mombasa Port funded the Standard Gauge Railway (SGR) project in Kenya. Reports indicated that in the event of default, China might assume control of the port. Despite the Kenyan government's denial of these assertions, the incident highlighted the dangers associated with collateral-backed loans and the possibility of strategic asset forfeiture (Adewuyi, 2021).

According to Article 8.7 of the 2017 loan agreement, the borrower must maintain all terms, conditions, and standards of fees under or in connection with this agreement strictly confidential. The Borrower shall not, unless compelled by applicable law, divulge to any other person, without the Lender's prior written consent, any information disclosed pursuant to or in connection with this Agreement. Despite the fact that these sophisticated contract clauses safeguard Chinese creditors and allow potentially high-risk nations to obtain crucial loans, they can also cause issues. For instance, secrecy agreements restrict individuals in China and the borrowing nations from learning about the loan and holding their respective governments accountable for the loans (Usman, 2021, Aljazeera, 2021). This clause of the contract also contradicts the Freedom of Information Act. It is sad that the Nigerian government has consented to this since, as a result of this clause, little information about these projects is often made public for critical examination during the conception stage. Those who conceptualised the Lagos-Ibadan railway were therefore unaware of the obstruction that would slow it down.

Certain Chinese agreements contain clauses mandating that Nigeria prioritize loan repayment over other financial commitments. This constrains Nigeria's policy flexibility and may contradict current legislation on public financial management. Eventually, these limits may require modifications to national economic strategies to align with international commitments (Olawale and Zhang, 2023). The erosion of policy autonomy committing future earnings or conceding operational rights to essential infrastructure may limit Nigeria's capacity to independently formulate economic and policy decisions, as these agreements favour creditors' interests above national priorities (Akinyemi, 2022). The lack of transparency in these agreements has engendered popular skepticism and political turmoil. Critics contend that such stipulations erode Nigeria's sovereignty and challenge the accountability of governments that sign these agreements (Olatunji, 2023).

Not only does Nigeria's relationship with China have economic consequences, but also political and ideological ones. Can Nigeria legitimately pursue an independent foreign policy with which China disagrees? Clearly, the response is unfavourable. In April 2016, President Buhari travelled to China with six state governors and nine ministers and returned with an offer for a $6 billion development loan. On January 11, 2017, Nigeria broke diplomatic connections with Taiwan, closed its Abuja office, and released a joint statement with China confirming its commitment to the One China policy as the basis of its strategic collaboration with her the previous month (The Cable, 2017).

Can Nigeria criticise China's national security law and Hong Kong's breaches of human rights? If the exiled Tibetan leader Dalai Lama wished to visit Nigeria over China's objections, would Nigeria still grant him a visa? China and Nigeria are ideologically and politically interwoven due to Nigeria's

https://ajsspub.org/publications VOLUME 2, ISSUE 1, 2025
ISSN: 1595-5842 E-ISSN: 3043-5463

financial dependence on China. A debt-dependent strategic relationship with China, however, is servitude and not in Nigeria's best interests!

On the basis of Nigeria's loan arrangement with China, the essential question is whether Nigeria can legitimately surrender her sovereignty. In essence, the terms of a loan are always contingent, which might compromise the sovereignty of a nation. Since the conditionality is imposed by the creditor and accepted by the borrower, there is no way any conditionality does not infringe upon national sovereignty in some way. Certain components of sovereignty, including the exercise of authority, are relinquished directly or indirectly in the case of a country's default.

In this regard, the state is consequently not fully sovereign. While the clause in Article 8 (1) of the loan agreement does not relinquish Nigeria's sovereignty (as in the sense of autonomous statehood) to the People's Republic of China, the ripple effects of China's excessive credit advances to Nigeria caused Nigeria to lose her sovereignty, as in the sense of merely exercising power or authority. Sovereign immunity waivers and collateral arrangements in Chinese loans provide a dual challenge for Nigeria. Although these measures ensure protection for lenders, they render Nigeria vulnerable to asset confiscation and a diminishment of sovereignty.

5.1. CONCLUSION AND RECOMMENDATIONS

5. Conclusion

Between 2010 and 2023, China's loan agreements with Nigeria demonstrated a combination of economic aspiration and political leverage, situated within the broader framework of China's Belt and Road Initiative (BRI). The following are the principal insights related to the political and economic aspects:

China emerged as a major financier of Nigeria's infrastructure initiatives, encompassing railways (such as the Abuja-Kaduna and Lagos-Ibadan rail lines), roadways, electricity facilities, and information and communication technology. These initiatives sought to rectify Nigeria's infrastructure shortfall and stimulate economic development. Loans were predominantly concessional, extended by entities such as the Export-Import Bank of China. Interest rates frequently ranged from 2% to 3%, accompanied by prolonged payback durations of up to 20 years and grace periods. Nigeria arranged certain loans as resource-backed agreements, tying repayments to its natural resources, including crude oil. This method linked loan agreements to Nigeria's export profits, eliciting apprehensions regarding long-term financial viability. As of 2023, Nigeria's indebtedness to China amounted to roughly $4 billion, constituting a minor fraction of its overall debt portfolio. Nonetheless, apprehensions emerged over transparency, repayment risks, and increasing reliance on Chinese financing.

China established itself as a crucial partner in Nigeria's growth through the loans. Regular high-level interactions highlighted the strategic significance of the alliance. China's engagement included not only money but also scholarships, training initiatives, and cultural exchanges. This fostered goodwill among Nigerian elites and bolstered China's reputation as a development partner. In contrast to

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https://ajsspub.org/publications VOLUME 2, ISSUE 1, 2025
ISSN: 1595-5842 **E-ISSN:** 3043-5463

Western loans, Chinese loans imposed fewer conditions for governance and human rights. Nonetheless, there existed unspoken expectations for political endorsement of China's policies (example, the One-China policy) in global forums. Provisions in certain loan agreements, such as waivers of sovereign immunity in cases of default, ignited domestic discussions. Critics expressed concerns regarding the possible transfer of national assets under Chinese control; however, the government consistently minimized these threats.

Although infrastructure development enhanced connectivity and economic opportunities, excessive dependence on Chinese financing heightened Nigeria's vulnerability to external shocks and volatile commodity prices. Critics contended that China's increasing economic influence could constrain Nigeria's policy independence, particularly in the event of defaults or necessitated renegotiations. China's involvement in Nigeria has strengthened its influence in West Africa, establishing it as a conduit for extensive regional economic integration and augmenting China's geopolitical presence.

China's loans to Nigeria from 2010 to 2023 posed a dual challenge, facilitating crucial infrastructure development while simultaneously raising concerns about sovereignty, debt sustainability, and economic dependency. Comprehending and tackling these factors is essential to Nigeria's future policy decisions

5.2. Recommendations

Based on the aforementioned findings, the study hereby recommends the following for Nigeria to effectively manage its debt, safeguard its sovereignty, and balance infrastructure needs with sustainable finance:

Nigeria should establish a think tank charged with formulating and recommending policy frameworks for optimising economic and diplomatic cooperation with China. As a matter of fact, Nigeria should make a concerted effort to enhance and elevate its strategic cooperation with China. To achieve this, Nigeria needs to implement the required economic changes and place a greater emphasis on good governance and leadership challenges. Also, the Nigerian government should promote Build Operate and Transfer (BOT) models for projects, utilising both domestic and international firms. The Chinese government should be contacted on a BOT contract for all railway and airport developments.

Nigeria should establish a joint committee of the Ministries to evaluate the loan terms and the entire project concept, and where possible renegotiate for more favourable conditionality. It behoves on Nigeria to advocate for the elimination of clauses that jeopardize critical national assets as collateral, engage proficient legal and financial consultants to get equitable conditions in loan contracts as well a incorporate provisions that facilitate debt restructuring during financial crises or economic downturns. The Nigerian government should seek to lessen its reliance on Chinese firms and items, which limit its bargaining power in terms of financial conditions and design and development flexibility, by diversifying its funding sources. Moreover, policymakers should analyse the economic advantages of proposed projects to confirm they yield adequate returns for loan servicing and ensure that projects

https://ajsspub.org/publications VOLUME 2, ISSUE 1, 2025
ISSN: 1595-5842 **E-ISSN:** 3043-5463

promote not only employment, but also the long-term transfer of skills and knowledge that would bring additional upstream sectors and jobs from China to Nigeria, in addition to hardware technology.

Nigerian state should enhance Debt Management Frameworks. It has to augment the capability and autonomy of the Debt Management Office (DMO) to oversee, assess, and negotiate loans. And adhere to debt Transparency by consistently disseminate comprehensive disclosures on public debt, encompassing loan conditions, payback timelines, and associated hazards. Efforts should be made to enhance Anti-Corruption Initiatives. This can be achieved through creating autonomous entities to supervise the allocation of borrowed capital to avert diversion and mismanagement and establishment of avenues for individuals to monitor advancements on projects financed by debt.

Before initialling, signing, ratifying, and domesticating an agreement that creates obligations for the Government and People of Nigeria, it must always be comprehended. Nigeria does not adhere to the Monist School of Thought in International Law, but rather the Dualist School of Thought. After the exchange of ratification instruments, a bilateral agreement enters into force immediately.

Competing Interest

The author had declared that no conflicting interest existed regarding this paper.

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