

8 April 2026

Key contacts



Ijeoma Uju
Partner,
Corporate & Commercial
ijeoma.uju@templars-law.com
[@templars-law.com](https://www.instagram.com/ijeoma.uju)



Oghomwen Akpaibor
Managing Counsel,
Corporate & Commercial
oghomwen.akpaibor@templars-law.com
[@templars-law.com](https://www.instagram.com/oghomwen.akpaibor)



Odunayo Ibitoye
Associate,
Corporate & Commercial
odunayo.ibitoye@templars-law.com
[@templars-law.com](https://www.instagram.com/odunayo.ibitoye)

TEMPLARS ThoughtLab

Path to a Digital Economy: *Navigating Nigeria's Data Centre and Cloud Ecosystem*

Introduction

Data is now the backbone of modern economies, and Nigeria's rapid digital transformation has placed it at the centre of Africa's data and cloud infrastructure conversation. Rising internet penetration, accelerating use of artificial intelligence, and widespread digitisation of commerce and public services have driven a sharp increase in demand for local data centres and cloud capacity. With over 107 million internet users and the digital economy contributing an estimated 20% of GDP¹, Nigeria is consolidating its position as West Africa's leading digital hub. Government policy has reinforced this trajectory, most notably through ongoing efforts to invest approximately USD 2 billion in expanding national fibre infrastructure from about 35,000 km to 125,000 km². These developments are unlocking significant opportunities for infrastructure developers, cloud service providers, and long-term capital investors.

This article seeks to examine three core issues shaping Nigeria's data centre and cloud market: (i) the regulatory landscape, (ii) key ecosystem challenges and mitigation strategies, and (iii) emerging investment opportunities.

The Regulatory Landscape for Data Centres and Cloud Infrastructure Services

The regulatory framework governing digital services in Nigeria is both complex and multi-faceted. Nigeria currently does not have a specific law that governs data centre and cloud services. Instead, the sector is regulated through a multi-layered framework spanning data protection, telecommunication, cybersecurity, consumer protection, licensing, and local content.

¹ Department of Commerce United States of America International Trade Administration "Nigeria's Digital Economy" available at <https://www.trade.gov/country-commercial-guides/nigeria-digital-economy>, accessed 26 February 2026.

² *Nairametrics "Digital Economy Contribution to Nigeria's GDP to rise to 21% - Bosun Tijani"* available [here](#).

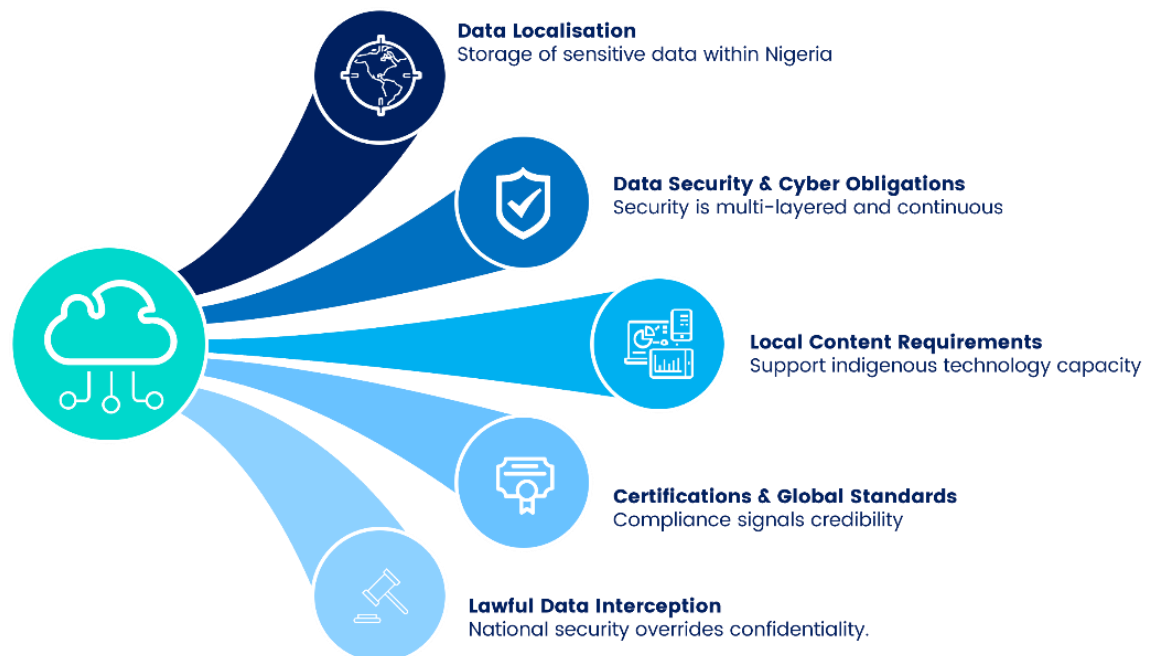
The principal regulators are the Nigerian Communications Commission (the “**NCC**”), the Nigerian Data Protection Commission (the “**NDPC**”), the National Information Technology Development Agency (the “**NITDA**”) and the Federal Competition and Consumer Protection Authority (“**FCCPA**”).

The NCC occupies a pivotal position in the regulatory landscape by virtue of its supervisory authority over telecommunications infrastructure. Although the operation of a data centre in Nigeria does not, at present, necessitate a dedicated NCC licence, ancillary activities falling within the ambit of telecommunications services may give rise to NCC licensing obligations. In particular, the deployment of fibre infrastructure or the provision of services such as internet access or infrastructure colocation would constitute the offering of telecommunications services and, accordingly, require the procurement of the relevant NCC licence.

NITDA is responsible for the regulation and development of information technology in Nigeria and plays a key role in its development. The NITDA Guidelines for Nigerian Content Development in ICT (the “**NITDA Guidelines**”) encourages the growth of the local ICT sector and prioritizes the use of indigenous products and services. It also mandates all data and information management companies to register their products, capabilities, and organization on the NITDA portal³.

The NDPC regulates the processing of personal data in Nigeria under the Nigerian Data Protection Act (the “**NDPA**”). Data centres and cloud service providers meet multiple criteria for being classified as Data Controllers or Data Processors of Major Importance (“**DCMIs/DPMIs**”)⁴ and are required to register with the NDPC and comply with other obligations under the NDPA.

Further Compliance Obligations to Consider



³ Paragraph 7 of the Guidelines for Registration of ICT Service Providers / Contractors for Delivery of IT Services to Ministries, Department and Agencies of the Federal Government of Nigeria.

⁴ A data controller or processor qualifies as a DCMI/DPMI if it meets any of the following criteria: a) It maintains or has access to a filing system (either analogue or digital) for processing personal data, and: (i) Processes the personal data of at least 200 data subjects within a six-month period; or (ii) Engages in commercial Information Communication Technology (ICT) services on any digital device with storage capacity belonging to another individual; or (iii) Processes personal data as an organization or service provider in sectors such as Financial, Communication, Health, Education, Insurance, Export and Import, Aviation, Tourism, Oil and Gas, or Electric Power. OR b) It has a fiduciary relationship with a data subject, requiring it to maintain confidentiality on behalf of the data subject.

Beyond licensing, data centres and cloud operators must also comply with national security and data sovereignty mandates. Key considerations include:

1. **Data localisation:** Frameworks such as the Nigeria Cloud Computing Policy, NITDA Guidelines, NCC and Central Bank of Nigeria (CBN) regulations all embed localisation principles into Nigeria's data governance regime. Sovereign data⁵, certain subscriber and consumer data, bank verification number (BVN) are also required to be stored locally.
2. **Data Security Measures:** Data security obligations are layered across multiple laws and sectoral standards. The Cybercrimes (Prohibition, Prevention, etc.) Act 2015⁶, NDPA, sector-specific frameworks such as the CBN Risk Based Cybersecurity Framework for Banks and Payment Processors all mandate security incident reporting, periodic audits and executive responsibility for cybersecurity strategy.
3. **Local Content Requirement:** NITDA's Guidelines set local content thresholds for IT service providers to support procurements by Ministries, Departments and Agencies (MDAs) of the Federal Government. For instance, an indigenous original equipment manufacturer is required to maintain at least 40% local content value and volume in any segment of the product value chain⁷, an indigenous original design manufacturer may maintain 70%⁸. Although the local content thresholds are not mandatory for all IT service providers operating in Nigeria, the NITDA Guidelines mandate MDAs to procure IT services locally. As such, based on the Guidelines, only IT service providers that are incorporated in Nigeria and are at least 51% owned Nigerians are eligible to provide IT services to MDAs.⁹
4. **Certifications and Industry Standards:** Although not statutorily mandated, industry certifications serve as de facto compliance indicators. Regulators such as NITDA, NDPC, and the CBN expect cloud service providers and data centre providers to adopt globally recognised standards e.g. the International Standards Organisation ISO 27001, Code of Practice for Cloud Privacy ISO/IEC 27018¹⁰ or similar standards.
5. **Interception of Data:** Regulatory authorities may lawfully intercept data in Nigeria. The NCC¹¹, National Security Adviser (NSA) and the State Security Services (SSS)¹² are all empowered under their respective enabling statutes to intercept communications¹³ or request disclosure of such communication or records as deemed necessary in cases of public emergency or in the interest of public safety.¹⁴

⁵Paragraph 13.2 (3) of the NITDA Guidelines.

⁶Section 38 (5) and (6) of the Cybercrimes (Prohibition, Prevention, etc) Act 2015.

⁷Paragraph 9.0 of the NITDA Guidelines.

⁸Paragraph 9.2 (4) of the NITDA Guidelines.

⁹Paragraph 7 of the NITDA Guidelines for Registration of ICT Service Providers / Contractors for Delivery of IT Services to Ministries, Departments and Agencies of the Federal Government of Nigeria.

¹⁰Paragraph 16.0 of the NITDA Cloud Computing Policy.

¹¹Section 148 of the NCA empowers NCC to, in cases of a public emergency or in the interest of public safety, order the interception of communications¹¹ to or from an NCC licensee, person or the public or the disclosure of any such communication or its records.

¹²Section 4 of the Lawful Interception of Communications Regulations 2019 empowers the office NSA and the SSS to intercept any communication where such interception relates to the use of a communications service provided by an NCC licensee to a person in or outside Nigeria.

¹³"Communication" is defined under the NCA as any communication, whether between persons and persons, things and things, or persons and things, in the form of sound, data, text, visual images, signals or any other form or any combination of those forms.

¹⁴Section 148 of the NCA.

Key Ecosystem Challenges and Mitigation Strategies

As with every sector, the Nigerian data centre and cloud services ecosystem has its own unique challenges as the sector faces strong infrastructural, operational and economic challenges some of which include:

a. Power Supply Deficits:

Nigeria's national grid is currently unreliable, suffering frequent collapse (two recorded in January 2026 alone). This compels data centres to rely on self-generated power, typically using costly and environmentally unfriendly diesel or gas generators. This is not only unsustainable but also undermines cost efficiency and the ability to maintain the industry standard 99.99% uptime required by modern data centre clients.

b. Infrastructure Deficit:

Despite Nigeria's digital growth, the ICT sector faces major infrastructure deficit with only 54,000 kilometres of backbone and middle mile fibre deployed with significant duplication and uneven mobile coverage¹⁵. While six submarine cables in Lagos provide over 40Tbps of capacity, less than 10% is utilized¹⁶. Furthermore, Nigeria's 11 operational data centres provide only 30MW of the 600MW required, with 90% of facilities concentrated in Lagos.¹⁷ This imbalance highlights the urgent need for investment in regional connectivity and infrastructure upgrades. To address this, developers and investors should explore land banking strategies in emerging tech clusters like Lekki, Asaba, Enugu and Abuja while leveraging Special Economic Zones (SEZs) and Public-Private Partnerships (PPPs) to develop roads, water, and fibre infrastructure.

c. Foreign Exchange Volatility and Economic Uncertainty

Nigeria's data centre sector is heavily exposed to fluctuations in the Naira-Dollar exchange rate, especially given its reliance on imported hardware and software licences. Persistent inflation and currency instability threaten the viability of investments and operations, prompting calls for capital guarantees from multilateral organisations such as the World Bank and African Development Bank to mitigate risk.

Other challenges include the lack of locally available expertise which slows down expansion and can compromise service quality; and physical attacks and cyber threats which often require investment in robust security protocols to protect their data centre facilities and client data.

Addressing each of these challenges requires a multifaceted approach which also create new opportunities in the sector and allied industries.

Investment Opportunities in the Sector

Regional Data Centres

While Nigeria's data centre ecosystem remains concentrated in Lagos through anchors like Equinix, Rack Centre and Open Access Data Centres¹⁸, significant opportunities exist in underserved regional hubs. Abuja, Port Harcourt, Kano, Abia, and Enugu are prime candidates for regional and 'edge' data centres due to their expanding SME clusters, tech startups, and expanding tertiary-

¹⁵ NCC "Challenges of Technology Penetration in an Infrastructure Deficit Economy (Nigeria Perspective) 2021 available at - <https://ncc.gov.ng/media/1155/view> accessed 26 February 2026.

¹⁶ Ibid at page 19.

¹⁷ Punch Newspaper – "Nigeria Needs Data Centres to Meet Digital Demand - Geniserve" available at <https://punchng.com/nigeria-needs-data-centres-to-meet-digital-demand-geniserve/> accessed 26 February 2026.

¹⁸ Rack Centre, About Rack Centre Nigeria (2025) <https://www.rack-centre.com/about-rack-centre/>; and MainOne MDXi, MDXi Lagos Data Center (2025) <https://baxtel.com/data-center/mdx-i-lagos>

education populations. For investors, these regions offer the dual advantage of meeting growing digital demand while benefiting from lower land and construction costs.

Powering the Digital Backbone

Unlike mature markets where electricity is abundant and stable, Nigerian operators face a trifecta of infrastructure challenges: unreliable grid access, volatile diesel prices, and growing scrutiny over environmental impact. Recent analysis suggests that power accounts for over 35% of total build expenditure¹⁹ in Nigerian data centres, with diesel accounting for up to 70% of backup power OPEX.²⁰ These realities have forced infrastructure developers and investors to innovate around power generation and service delivery, creating two crucial investment pathways: the development of sustainable, distributed power systems and the practice of converting wasted natural gas (flaring) into usable electricity right where computing infrastructure is located. We have, for example, seen a surge of investors seeking to commercialise flare gas around Nigeria to power data centres and digital infrastructure projects.

Also, data centre developers in Nigeria are increasingly integrating diversified and sustainable power solutions into their energy strategies. These solutions provide uptime assurance, mitigate fuel supply risk, and reduce the carbon intensity of operations. The regulatory environment is supportive with Nigeria's Energy Transition Plan (ETP) actively promoting investment in clean digital infrastructure.²¹

Workforce Enhancement and Partnerships

The shortage of skilled professionals in this sector presents a major opportunity. Strengthening workforce development programs to provide talent with essential digital skills will be vital as the sector keeps growing. By investing in these skills, the sector can speed up its transformation and deliver increased benefits to the broader economy. In addition to targeted training initiatives, fostering partnerships between industry, educational institutions, and government can create a more robust talent pipeline. Encouraging apprenticeships, internships, and continuous learning opportunities will help bridge the current skills gap. Furthermore, implementing mentorship schemes and knowledge-sharing platforms can support the ongoing professional development of the workforce. By embracing these strategies, the sector will not only attract and retain top talent but also build a resilient foundation for future innovation and competitiveness.

Conclusion

Nigeria's accelerating digital economy is driving sustained demand for data centre and cloud infrastructure. However, success in this market depends on navigating a complex regulatory environment in which compliance is not incidental but structural to commercial viability. Data localisation, cybersecurity governance, local content requirements, and lawful access regimes all directly influence how projects are financed, structured, and operated. For investors and operators, early regulatory alignment can materially reduce execution risk and cost of capital. As Nigeria continues to position itself as a regional digital hub, those who combine technical capability with regulatory fluency and locally grounded strategies will be best placed to capture long-term value.

¹⁹ Motor Intelligence Report "Nigeria Data Center Power Market Size and Share Analysis- Growth Trends and Forecasts (2025-2030)" available at <https://www.mordorintelligence.com/industry-reports/nigeria-data-center-power-market> accessed 26 February 2026.

²⁰ Ibid

²¹ Federal Republic of Nigeria, Energy Transition Plan 2022 (August 2022) available at - [Teal Photo Nonprofit Impact Report](#)

Furthermore, as the sector evolves, collaboration between private and public stakeholders will become increasingly vital. Initiatives aimed at improving infrastructure, fostering innovation, and developing skilled talent will not only address existing challenges but also open the door to new opportunities across allied industries.

If you require any further clarification, do not hesitate to contact us.