HOUSE OF COMMONS

Foreign Affairs Committee

Oral evidence: Implementing the Integrated Review in Nigeria, HC 202

Tuesday 14 December 2021

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Watch the meeting

Members present: Tom Tugendhat (Chair); Neil Coyle; Stewart Malcolm McDonald; Henry Smith.

Questions 64 - 88

Witnesses

I: Monique Barbut, Former Executive Secretary, United Nations Convention to Combat Desertification (UNCCD).

II: Robbie Marwick, CEO and Founder, Savo Project Developers; and Andrew Skipper, Partner and Head of Africa Practice, Hogan Lovells, and Co-Chair, UK Government Africa Investors Forum.

Examination of witness

Witness: Monique Barbut.

Q64 **Chair:** Welcome to this afternoon's session of the Foreign Affairs Committee. We are very lucky to have with us Monique Barbut. Would you please introduce yourself briefly?

Monique Barbut: Hello. I am President of the French WWF, but before that, I had an extensive international career, having been Vice-President of the World Bank and worked under the Secretary-General of the UN. Prior to that, I had a career in the civil service of France.

Q65 **Chair:** Thank you. May I start by asking about the nature and severity of the environmental challenges facing Nigeria and other countries in the southern Sahel?

Monique Barbut: Let me take a few minutes to paint the picture as I see it. While I was in the UN, I was the executive secretary of the UN convention to combat desertification, so I have ideas about this question. As you all know, the Sahel—Nigeria is in that region—has always been characterised by heavy climatic variation and very irregular rainfall. By 2050, temperatures in that region will be warmer by 3° to 5°, which is way beyond the 1.5° that we are talking about in Glasgow, for example. Those numbers—the 3° to 5°—are given by the IPCC.

Over the coming 20 years, by 2040—in a very short period of time—the population of the G5 countries, which are Burkina Faso, Chad, Mali, Mauritania and Niger, will double from 80 million to 160 million. Nigeria alone is likely to have more than 300 million people by 2040; today, it is at about 200 million. The combined effect of population growth, land degradation, deforestation, continuous cropping and other grazing, reduced rainfall, a lack of coherent environmental policies and misplaced development priorities have contributed to transforming a large proportion of the Sahel, including Nigeria, into barren land. Up to 80% of the region's land is today considered degraded, and about 60% of the population of this area rely solely on the land for their survival, so you can see that there could be disaster coming up.

Population growth and resource scarcity are linked to conflict in the region. Specifically, we have seen many conflicts between farmers and pastoralists. In 2015 alone, there were heavy fights and a lot of deaths. So the only solution we have—the only answer—has been to put in a lot of armed force to contain the civil unrest that we can feel. France alone, if you take just the year 2015, has invested massively in the Sahel region, and just on military operations spent more than €650 million in just one year.

Also in Nigeria we have seen that the lack of investment is linked very much to the overreliance on oil. The oil sector accounted for 75% of export revenues for Nigeria, 50% of all Government revenue. So the full economy of Nigeria is linked to the price of oil, which is not a price that the Government of Nigeria controls; it is linked to the international market. At the same time, there have been a lot of revenue losses when oil prices have gone down. We see now that Nigeria’s debt service-to-revenue ratio is as high as about 70%—so, clearly a very degraded environmental situation with a lot of consequences on the economy and the stability of the region.

Q66 **Chair:** The impacts that you have spoken about include serious amounts of population movement in the areas bordering the Sahel. I know you have been very involved in the Great Green Wall and co-operation between the Prince of Wales and the President of France. Would you talk a little bit about how that project, and maybe others, would not only help to stabilise the desertification you spoke about, but also help the communities that would otherwise be left vulnerable?

Monique Barbut: Either we keep on investing massively in security in a very straightforward way, like having the army there, or we decide to go for a green programme of development in that region. The Great Green Wall initiative is interesting because, first, it is an initiative that has been asked for by the Africans. For the last 30 years, all the Governments of that region of the world have been asking for a regional programme of that type. Clearly, what we are looking at is progress that builds on five pillars. One is agriculture—food security—linked to the private sector; also, by looking to the agricultural sector, to the sectors that are given some revenue but not just assuring survival of the farmers. The second is, how do we also protect biodiversity and restore ecosystems? One of the reasons we are looking at that question is that it is also a very important way to make sure that you fight against future pandemics, like the one we have seen, and biodiversity and ecosystem protection is a huge part of that protection.

The third item is try to make sure that in the big programme we link climate and energy, with an important accent on renewable energy, knowing that for the time being most poor people rely only on deforestation for their energy. We can build much better, specifically with solar energy.

Fourth is work on the stability of the governance of those countries. For example, all those countries, including Nigeria, have poor land tenure policies. Of course, if there is no clear property of land, it is very difficult to stabilise population in certain places. All that has to be linked to a big programme of capacity building in the four areas I have just talked about. Globally, this is the big programme that has been designed. The Prince of Wales in particular is being very active in the first pillar of the programme, which is to make sure that we can attract the private sector into the agriculture and food security aspects of the Great Green Wall. He has now been joined by the Bezos Foundation, and we hope to try to build something between those two groups in that sector.

Q67 **Chair:** What role do you think climate finance, which was so spoken about in Glasgow the other day, could play in mitigating and adapting the environmental challenges that Nigeria is facing?

Monique Barbut: Climate finance is a complicated subject, because adaptation is what most of those countries need really, because with an increase in temperature of 3° to 5°, we either have to do something to make sure that people can stay in their countries or they will have to migrate. So adaptation finance is the most important. Unfortunately, it is the area that sees the least amount being disbursed. There is still a lot to do to make sure that the big countries, specifically the G7 countries, invest massively in adaptation finance.

At the same time, Nigeria has been one of the countries best served by the climate finance that exists today. Just for the Great Green Wall programme, for example, Nigeria's share of the $7 billion that we have identified is $2.2 billion. Clearly, Nigeria is well served in terms of dollars, but at the same time $2.2 billion for a population of 200 million people still does not match the scale of the problems the country is encountering.

Q68 **Henry Smith:** Thank you for joining us this afternoon. In relation to the mobilising of climate finance for Nigeria, would you say that COP26 was a success?

Monique Barbut: I would not put it like that, because they were not real pledges at COP26, but one major breakthrough in Glasgow was that for the first time the role of nature-based solutions was considered in the climate discussion. If you want money to flow to Africa, you have to put that equation into the game. If you talk only about energy, the best deal will never be done in Africa. It is important to enter the questions of nature, deforestation and land degradation into the equation of climate finance. That was the interesting and important aspect of Glasgow. It said, "Actually, yes, climate finance should also flow to the programmes linked to nature-based solutions." That was not the case until then.

Q69 **Henry Smith:** What do you think the likely impact of any progress will be on Nigeria in particular?

Monique Barbut: I have been working with the different Governments of Nigeria for the past 15 years, and I have to say that they are very conscious of the question of the environment and the implication it has for their economy—and also on their stability. Nigeria has seen massive movement of population in the last 15 years—massive flows of people from the north of Nigeria to the Lake Chad area because of the conditions. When I say massive, we think that about 7.5 million people have been obliged to move around. When you have such massive movements, of course you have huge instability. I will not go into the whole story of Boko Haram again, but it is very much linked to that.

Nigeria is very conscious that something should be done. We were just talking a few minutes ago about the Great Green Wall initiative, and the President of Nigeria has now taken the role of president of the initiative, to which 11 countries belong. I am sure that you will hear about it and that they will try to fight as much as they can in future COPs so that the first recognition in Glasgow that land biodiversity must come into climate finance, you will see happening again and again, with countries like Nigeria pleading for that.

Q70 **Henry Smith:** Thank you. Following on from COP26, obviously, the UK presidency of that continues for a while yet. In the remaining period of that presidency, what do you think the priorities of the British Government should be?

Monique Barbut: For me, there are two different types of priorities. The first one is that the UK is putting a lot of resources into climate change. It is, if my memory is right, about £11 billion spent on programmes for the next five years, so a large amount of money. The EU is doing about the same—a large amount. There is one country that is not there, which is the US, and clearly, one of the priorities of the UK Government following Glasgow should be making sure that our friends from the US also pay into the basket. It cannot be just the Europeans paying. That is for one.

The second thing is that, for the time being, we have had difficulties to have the UK as the Government enter really big programmes in Africa on the climate issue. With the responsibility that the UK has today as the president of the conference of the parties until next year, and the fact that a country like Nigeria is now at the head of the Great Green Wall initiative, and also the fact that the Prince of Wales' foundation is so interested in following up, I really think that it would be good to see the UK investing maybe more into those issues—in that part of Africa, which is the Sahel—globally.

Q71 **Henry Smith:** That leads very nicely on to my next question—my final one, Mr Chairman, if I may. Could you briefly describe the potential benefits to Nigeria of the Great Green Wall project?

Monique Barbut: I think that it will force along a very important thing, which is to increase the agricultural production of Nigeria. In the 1960s, the north part of Nigeria was producing enough food to feed all Nigeria, and they were net food exporters. Today, they have lost almost all their agriculture in the north of Nigeria, because of many droughts on the one hand and also the fact that Nigeria has not followed so much on helping the farmers, being more interested in what was happening in the south of Nigeria with the oil production. The Great Green Wall, by again putting a focus on the rural area, will help Nigeria look for its own food security once again.

Secondly, it will also help to diversify the economic model by creating a value chain and trying to get out of the reliance on oil prices of today. Thirdly, by going to an agriculture that could be based on, in particular, agroforestry, Nigeria could fight its land degradation and its massive deforestation by restoring ecosystems. Fourthly, and very importantly, it will allow Nigeria to reduce emissions. We think that by doing such a heavy programme on the land, they could reduce their emissions by 20% to 40%. Once again, we should never forget that soil is one of the best ways to sequester carbon, and by massively investing in agroforestry, you can massively reduce your emissions.

Fifthly, it will help climate resilience, which we were talking about. It will help Nigeria to adapt to climate change. This is immensely important for all of us. Ten years ago, we did a study with the UK Ministry of Defence that showed that if nothing was done to fight land degradation in that part of Africa, about 60 million people from the Sahel would be obliged to migrate. We need to stabilise this population, so climate resilience should be a top priority for all of us, and this programme will help. It is also a fabulous way to create jobs. We think the Great Green Wall programme has the capacity to put about 20 million young people to work in 11 countries. That programme is to all our advantage. Finally, it is also a way to build the first economic programme of co-operation among those countries themselves.

Henry Smith: I am grateful for that comprehensive response.

Q72 **Stewart Malcolm McDonald:** Thank you for joining us this afternoon. What is your assessment of the UK Government's approach to mobilising public and private climate finance, and how does that effort compare with other countries?

Monique Barbut: The UK Government has always been a good student. It has always been one of the countries at the forefront of investing in climate finance. It so happens that I have been the chairperson and CEO of the Global Environment Facility, which is one of the two multilateral tools disbursing climate finance in the world. I have to say that the UK has always been as good as the best in that area and specifically in the multilateral system. For all kinds of reasons, the UK has decided to invest massively through the multilateral system and you can see that in the presence of UK civil servants in those multilateral institutions.

I also note that the UK Government have very intelligent and innovative tools to help the private sector to invest. It is one of the rare countries that I know that agrees to take the risk to ensure that we can have the private sector in fields of activities where they would not go otherwise. Let me give you a concrete example. A few years ago, I decided that we should have a fund that could invest massively in developing countries in land restoration. We went through a tender, and Natixis won the tender—a private sector fund. They raised $300 million from investors into that fund, making it the largest fund in the world for environmental questions not related to energy. But in order to make sure that the fund could invest in the poorest countries of the world, there was a need to have grant money to buy the risk of the $300 million coming from the private sector. DEFRA was one of the first institutions to answer positively, and put in at that time £12 million into the fund to buy part of the risk. Today, the fund is the one working the best; it is the largest, and there will be a second and third one pretty soon.

Those actions are very important. There are very few public donors that agree to do what the UK Government have done. That is very important. The only thing I am sorry about is that the efforts linked to Africa should be wider. Today, the target of UK climate finance is not Africa—clearly, it is not. I can understand that if you look at the climate in general, because if you want to reduce emissions massively, it is not to Africa that you will go, because they do not emit that much. At the same time, the consequences of climate change will be the heaviest in Africa. We need to look at that, because it has consequences for our lives in Europe. This is where there should be a little shift from the UK. The instruments are right; the level of financing is right as far as I am concerned, but I would like to see a little more focus on that part of the world, looking at the adaptation questions.

Q73 **Stewart Malcolm McDonald:** Thanks for that. May I come to the OPL 245 oilfield? It has been suggested by some in Nigerian civil society that Nigeria should be paid not to develop that oilfield. What are your thoughts on that? Is that a sensible or viable way of ensuring that that oil is kept in the ground?

Monique Barbut: Clearly, when you look at what oil has been for Nigeria, it has, in certain aspects, boosted the economy, but at the same time, it has created massive pockets of poverty in some parts of Nigeria. Today, I have a lot of mixed feelings about those questions on oil. Okay, Nigeria does not need it—if they go for exploitation, it is basically for export. The problem is that, up to now, Nigeria has not shown that that export of oil was being reintroduced in the largest part of the economy and, in particular, for the poorest part of the population. Yes, I have sympathy for those who are saying, "Let's not go for that oil. Let's help Nigeria invest in other sectors and activities, particularly in whatever will ensure the food security of that country."

Again, in 10 years, there will be 300 million people there, so the most important thing for that part of Africa is to make sure that they assume their own food security. Otherwise, you will have food riots again, like those we have seen in the last 15 years in other parts of the world, such as Egypt, Tunisia and other countries. That leads to massive insecurity. That is going to happen. If there is no massive investment in the land and in food systems in Nigeria, there will be a huge problem.

I would be in favour of trying to discuss that with Nigeria—in the same way that we have with South Africa on coal—to go for a comprehensive situation on the needs of Nigeria's population, and to make a deal with the Nigerian Government to help them to ensure that they obtain what is really needed by the population rather than the benefit from the oil going to very few people.

Chair: I will close by thanking you very much indeed for being so generous with your time and so full in your answers. You have covered not only what we were looking for but much more besides, and you have given great context. Thank you also for your work on the Great Green Wall, which I know has a lot of support in the UK.

Monique Barbut: Thank you so much.

Examination of witnesses

Witnesses: Robbie Marwick and Andrew Skipper.

Q74 **Chair:** Welcome back to this afternoon's sitting of the Foreign Affairs Committee. We are very lucky to have with us Mr Marwick and Mr Skipper. Would like to introduce yourselves briefly?

Robbie Marwick: My name is Robbie Marwick. I am CEO of Savo Project Developers. We support investment in Africa.

Andrew Skipper: I am Andrew Skipper. I am head of the law firm Hogan Lovells' Africa practice. I am also co-chair of the UK Government's Africa investors group and a member of the working group on legal services for the UK-Nigeria economic development forum.

Q75 **Chair:** Thank you. Mr Marwick, could I start with you? Can you give us a picture of what the management of sustainable projects in Nigeria looks like?

Robbie Marwick: I will make two points. I will talk through the structure of the projects, so you can understand how it all develops. Secondly, there is the element of being practical in your sustainability ambitions.

I will start with a typical project that we work on. We tend to do project finance and infrastructure developments. We get involved right at the beginning and support a project from idea through to financial close and execution. That means normally three stages to a project. These things aren't quick. You tend to be raising a lot of capital and if you are doing something interesting, it tends to be quite complex, particularly in the sustainability world, where the concepts are not well-adopted assets or asset practices that everyone has seen before.

There are typically three stages. You have the project development stage, where you are essentially taking an idea, making sure that it makes sense commercially and then trying to make it investment-ready. This can take anything from six months to two years—sometimes even longer.

The second phase of a project is when you have raised the initial investment and you are ramping the project up. You are moving it from being a very high-risk, often zero-revenue opportunity to something that has stable and recurring income and often has reached some sort of steady state in terms of customers or utilisation. An example would be an industrial park, where at the beginning you have no tenants, but by the time you get to the steady state, you have perhaps 80% utilisation. That period can take anything from a few years to five or seven years.

The final stage of financing is when you have a project that has achieved the steady state, it has a proven track record and it has stable revenue streams. At that point, you can switch and refinance to basically bring in capital from lower risk investors, who have a longer timeframe. This is the typical conversion into debt, pension funds and that type of thing.

In the sustainability world, all of this is more complicated, because the models are not necessarily ones that people have seen; also, you tend to have a greater difficulty in proving the market case to show that this is going to work.

The second thing I wanted to mention is that in terms of making a project sustainable in somewhere like Nigeria, you have to be very practical about what you want to do. We always talk about embracing our transition approach. What I mean by that is that you can't start off with obligations that are too cumbersome, and you can't have this idea—well, I guess, you should challenge the idea that somewhere like Nigeria should leapfrog what we have done elsewhere. Essentially, if you take some of the projects we do in Nigeria, there is a lot of conversation right now that gas, for example, shouldn't be used, because ultimately it is not a renewable energy source and eventually we will have entirely green energy sources. But gas is fundamental to the Nigerian economy right now; it is also where a lot of people have invested in their capex, so the idea that you would not invest in gas projects basically isn't practical for the projects on the ground.

What I recommend, and what I think the Committee should think about here, is that from a sustainability point of view, you are not necessarily going to get to gold-standard sustainability on day one. You need to have something practical that makes sense for the project and then have a transition plan or development plan that allows that project and the company the opportunity over time to improve its sustainability outcomes as the project matures, as the operations and standards increase. Therefore, from an investment point of view, a Government point of view and a policy-making point of view, we need to be very careful not to create cumbersome obligations that prevent projects from getting off the ground because they are not gold-standard sustainability on day one. We need to recognise that transition approach.

Q76 **Chair:** Fantastic. Thank you very much indeed. Mr Skipper, what do you think the top three barriers are that investors come up against when investing in such initiatives in Nigeria? I can certainly guess a few of my own, but I would be very interested in your perspective.

Andrew Skipper: Yes, there are a few. I have picked three areas, which are not necessarily traditional areas. I have picked our reputation—the UK's reputation with Nigeria.

Q77 **Chair:** That is a barrier?

Andrew Skipper: Potentially, at the moment. There is also perceived risk—their reputation with us—and also some hard risk areas like currency, bankable projects and things like that.

First, as I am sure you will all know, there is an African proverb that says that we are given two ears and one mouth for a reason, and that is pretty apposite, because one of the things we need to do is listen more. I have been listening to a number of my friends in Nigeria and talking to them in advance of this, so to an extent, I will be talking out of my conversations from that. The message is consistent. First, when I said, "We're going to be talking about Nigeria," they said, "What's it got to do with you?" which was interesting. I explained that it was in the context of our relationship, and they thought that was fine, therefore.

Q78 **Chair:** I think maybe I should be clear in response: this is nothing, as it were, to do with Nigeria. It is everything to do with Britain. Our job is to hold the UK Government to account, not the—

Andrew Skipper: Exactly, and I explained that. What they have said is that there is a very strong base of positive sentiment towards the UK and Britain for historical, cultural, economic and legal reasons, and all my contacts acknowledge that. Many leading Nigerians, as you will know, have been educated in the UK. They educate their children here, they have property here, they live here and do business here, and in the legal profession—which I am part of—many contracts in Nigeria remain underpinned by English law. The relationship between our professions is extremely good. I am on that EDF, and it is a very good relationship, and we are developing business.

However, I think it is fair to say that recent history has not played particularly well. In Africa generally, and in Nigeria in this case particularly, the decisions on covid restrictions have incensed them, especially the recent red list decision which takes you through Christmas, potentially—although I am seeing that it may not now. I attended the celebration of the new high commissioner's presentation of credentials last week: he is not happy, and he is a very reasonable man. You have these sorts of issues, and to an extent things like the $9 billion arbitral decision relating to P&ID, for example, which has resulted in people outside our high commission in Abuja complaining about it.

A combination of the Integrated Review with slightly less focus on Africa, the reduction in ODA, the West's approach to vaccines, and the fair transition point—which my friend here was talking about, in terms of leapfrogging through gas—has created the impression for some of my friends in Nigeria who are leading businesspeople that the UK's view is, "What's in it for me?" For those who are passionate about Africa—like myself—and about Nigeria and its relations with the UK, this is a disappointing sentiment. This is not me saying this: it is them saying this to me, and I do not think it reflects the reality of the situation in terms of our approach, both as a private sector and, frankly, as Government—many of us committed to building business confidently on a mutual and respectful basis, and this includes many within the new FCDO, the DIT and the MOJ who I speak to frequently.

So, what can the Government do? They can continue what they are doing in collaboration with the private sector, perhaps delivering an even clearer and more consistent positive message. I see that Vicky Ford has written very positively today in *The Times,* which I think is great: her commitment to progressing that needs to be welcomed. There are good examples of what the UK Government are doing and should do more of, it seems to me, to deal with this, which I think is a misconception. I will come on to the other misconceptions, which may be around the other way.

We've got the recent rebranding of CDC to BII. I wish people did not just use letters, but that, I believe, is British International Investment, or the other way around, and that is good. The investment summit of 2020, which I helped organise, and the conference in 2021 were great examples of reaching out and getting people engaged. On 20 January I am sure you will all be tuning in to the next Africa Investment Conference, which will focus on clean tech, looking at both the private and public sectors. All this is, perhaps surprisingly with the time available, very much supported by No. 10. Working with the private sector, there is an Africa investors group, which is the one I co-chair, set up by Emma Wade-Smith, the previous trade commissioner, and followed up excellently by Al Long, her successor. That is a positive way of getting feedback.

The question is how the genuine efforts of the UK public and private sector can be presented in a way that reflects what they are and then pushed forward in the way that I know is planned for CDC/BII and others in the future. Maybe we will pick up on that later. I do not know whether you want me to pause there. Sorry; I feel passionately about Africa. I feel strongly about this being something that is easily changeable to reflect what we are actually doing.

Chair: You are not speaking out of turn at all. We are conducting this inquiry because Africa in general and Nigeria in particular matter enormously to the United Kingdom. It is not just a question of Nigeria's importance within Africa and its growing population but, as you rightly identified, the historic connections and the large diaspora community. We were very lucky because our first foreign trip as the Foreign Affairs Committee was to Neil's constituency of Southwark, where we went to meet members of the Nigerian diaspora. It would have been to Nigeria, but for the restrictions that we all have.

Andrew Skipper: I hope you took in some art while you were there.

Q79 **Chair:** It was not that kind of trip. You made a point about obstacles to be overcome, and certainly a perception sometimes that what some people see as a continuing colonial attitude and what others see as simply interfering is something that has come up in the past and has been raised in different ways. I will put it on the record absolutely clearly: this is not an inquiry into how Nigeria conducts itself, either as a Government or a business or a civil society. This is an inquiry into how the UK should engage with Nigeria and how the UK should change its practices, not how Nigeria should or should not change practices.

On that basis, I was going to follow up—

Andrew Skipper: That was point No. 1.

Chair: I was going to follow up and ask for your next two points.

Andrew Skipper: I will try to be briefer. The second point relates to perceived risk. It is what we think about Nigeria in terms of business and culture. There is no one engaged in Africa who does not understand the existence, if not the detail, of the issues facing Nigeria at the moment in terms of security, corruption, currency and certainty, not least as a federal state with historic and built-in conflict. But there is so much more to it than that. As your previous speaker talked about, there will be 300 million people. It is a fantastically diverse and incredibly entrepreneurial country. In one part of it there could be something going terribly wrong, whereas in the rest of it, it could be fine.

We need to understand that we need to build deep and respectful relationships, because without deep and respectful relationships, you cannot do business in Africa. That is something that I think we are quite good at in the UK. Increasingly, the people in our high commissions and embassies around the world are making, in my view, a significant difference. Certainly in the last two to three years, I would say there has been a significant change in our ability to understand what is working on the ground. I think the trade commissioner idea was, for example, a good one.

Also, there are a number of other places in the world that have issues, and a lot of people invest in them. It is a matter of understanding them and making sure that people really get to grips with what is going on. As we obviously cannot do business in a corrupt way, because you will get fined 269 million or whatever it is, it is in everybody's interest to make sure we do it properly and in everybody's interest to make sure that we help. One of the areas where I think we are really focusing now is in capacity building, ranging from the military training, which was mentioned in the Integrated Review, through to key sectors of legal training and structural support in terms of technical advice. I would love to talk about the Great Green Wall later, but we will probably run out of time. I think this will all crystalise when you look at what the African Union is talking about: the new paradigm, which it wants to bring to Africa. It is essentially about Africans adding value in Africa and for Africa. We have no choice but to work in the context of the African continental free trade agreement, which will insist on the transfer of intellectual property under the rules of origin, and to work together with people in Nigeria and elsewhere in order to develop that. Yes, things are challenging, but there are a lot of challenging things in the world. We can do business and we have to do business, because Africa itself will be a major supply chain hub. We have to be there, and if we are there, we have to be in Nigeria.

The third one is stuff you have probably heard about before. Currency risks are really significant. With a volatile currency, you have massive concerns about bankable projects and what de-risking projects means. My view on that is probably similar to that of Mr Marwick: the private sector should take risk, but there are elements of risk that the DFIs and the public sector should take, particularly up front, to deliver a project that is not necessarily bankable but is certainly investable, in order to take that forward. I know that this is really being looked at hard by the UK in the context of the G7. You will probably have read what they said about development finance recently, and I was involved in discussions with them about that. There are all those things. With the BBBW side of things, it is very important that we carry on doing that. There are a lot of project risks and things, but to be honest, I suspect you have heard about them all before.

Q80 **Chair:** Before we go to Neil, I will just follow up. The areas of de-risking that you have spoken about are largely there for corporate investors, which is perfectly understandable. You will have seen some of the efforts that BII made in its previous incarnation as CDC, and various areas where ODA has taken risk. This is not a Nigerian example, but there is the manufacturing plant for vaccines in Senegal, which I think has now been accredited to British standards level. The accreditation was paid for and supervised by the British embassy in Senegal, and the work there means that there have now been subsequent investments. Do you see significant opportunity for the UK to provide the base capital on which others can then build—taking the first risk, doing the accreditation and making sure that others can move in?

Andrew Skipper: Yes. A lot of the operational risk still has to go to the private sector, which has to do deals with local government to make sure it gets offtakes underpinned and things like that. But there is an element of just getting it off the ground in the way you are describing. It is much more appropriate. The "d" does stand for development, and it should be putting in money to do that.

Robbie Marwick: I will just pick up on that point, because I think it is the key point that the Committee and Mr Skipper have touched on. It is about the perception of risk and how we manage the risk. We have executed about $40 million of transactions in Nigeria in the last two years, and there are two very specific issues that we face all the time in raising capital. The first one is for the projects themselves when we are getting them off the ground. As I mentioned, these projects take some time, and often the sponsor, private sector, individual family business or entrepreneur does not have the money to keep a project going for one year, two years or three years, so some sort of flexibility around development funding is key.

The UK does this quite well. You have InfraCo Africa, which provides direct equity investments on a commercial basis. You have technical assistance facilities, such as Manufacturing Africa, TradeMark East Africa and so on, which all provide some level of grant funding. But what we continuously find on the ground is that the availability of this funding is too time-consuming. It takes maybe two years to go through the process to get approved for equity development funding. If you are looking for grant funding, there will be a six, nine or 12-month process to get this approved. What I have seen work very well from other Governments is having more flexible funding pots. A group called P4G—Partnering for Green Growth and the Global Goals—provides, essentially, venture capital-style funding to infrastructure and green projects, and it can do that very quickly. The UK is not part of that group, but I could see something in

Nigeria where you have localised, flexible funding pots that can support projects. That could be very helpful.

The second thing we see is that investors—CDC as well as other DFIs—are always looking for mature, sizeable, ideally risk-free projects that they can put money into. This basically doesn't exist as a concept, so there needs to be some workaround, in my mind, for the mandate flexibility and the flexibility for these organisations to invest in things that will fail. When we raise investment, we tend not to be able to access DFI-style funding because projects are too risky, so instead we end up going to private equity funds and high net worth individuals and basically de-risk the venture using private funding so that DFIs or other types can come in afterwards. For me, that is exactly the wrong way round. The reason why we see that is because, while the DFIs are happy to take a lower return, which is great later on, they are not happy to take higher risk. My position here is that a UK Government who want to be truly impactful need to change their mindset and actually be comfortable to invest in entrepreneurs' and businesses' ideas in the knowledge that they may fail. If you have a 100% success rate, it means you are not taking big enough risks. That would be my No. 1 piece of advice.

Chair: That's a very good piece of advice.

Q81 **Neil Coyle:** I want to come in on the question about barriers. In the other sessions, including with some of the business reps who were there in Southwark, some of the issues identified as potential barriers were the perception of security risks, the fear of corruption and the very real issues with energy and its stability. You did not mention them in your initial answers. What influence do those concerns have over your work and partnerships?

Andrew Skipper: Sorry, I think I mentioned the security issue. It is similar to Mozambique, I guess, and some places that are very long and big. Clearly, the security issues are a concern, as they would be in a number of other countries. If you are doing business in the south, in Lagos, you have to be careful, but it is doable. On the corruption side, there is corruption, but if you manage the deals you are doing properly, you do not have to get involved in it.

We do business around the world in countries where there is a reputation for corruption—sometimes bigger and sometimes lesser than in African states. We, our clients and business have to be extremely careful when dealing with this. That is definitely true. To that extent, it is a barrier in the sense that you have to do the due diligence and check it out, but it does not stop you doing deals. Monique Barbut, who spoke about the Great Green Wall, raised a really interesting point. As the Sahel gets worse, obviously security becomes more challenged if people need to move for all sorts of reasons. The Great Green Wall is a good example of how you might deal with that. In terms of pure business, I would say it is manageable at the moment, but clearly that could get worse in a number of places in Africa—Mozambique, for example. Does that answer your question?

Q82 **Neil Coyle:** Yes. I think the point is whether there is more that the UK Government could be doing to try to diminish those risks. I appreciate what you say.

Andrew Skipper: Okay. I take the point. I thank that on the security side, it is probably your Chairman's side more than mine, I suspect. But I believe that the UK Government are supporting the training of the military in the north of Nigeria, which—without interfering with the local politics, which I think would be a mistake—seems to me to be a good idea.

There are a range of initiatives on what you might call rule of law, which take place regularly. For example, on the legal side, the MOJ has been reaching out in a way that it never did several years ago into west Africa and Nigeria, and I help them with a couple of things.

So, we are developing some mutual training on the legal side, because if you look at what is happening in places like South Africa or elsewhere, you see that the rule of law and the judges are really important to maintaining that.

The extent to which we can help with corruption? I don't know—that is the answer.

Robbie Marwick: Maybe I can just add to that. I cannot talk about the macro-security issues, but the fact that I cannot talk about it proves the point that you were making, Andrew, that it is really a localised or geographic-specific issue. When I first arrived in Lagos my first time, I was given a security detail—multiple men with machine guns, etc. Never once again have I ever seen them or used them or had need for them, and I have been doing business there now for five or six years. But the perception when you arrive is that it is a very risky country.

There are areas that are risky and the Government is doing as the Government is, but I think from a perception point of view there is definitely work that the UK can do, as it is doing through conferences etc. to help people to understand. Ultimately, however, everything is manageable and it is not really anywhere near as risky as people say.

I guess the second piece—Andrew mentioned power, which we didn't touch upon. So, access to power is a huge issue. It is incredibly difficult to get reliable power, not because there is not enough power in-country but because the grid is not good enough; it is not reliable.

By and large, we do captive power projects. One of the things that makes some of our developments attractive to investors is that we actually bring captive power solutions, so that you can have stable and secure power. So there are ways that you get round this and it essentially just becomes a cost of doing business, as opposed to a barrier to business.

I guess that would be it.

Andrew Skipper: Just to pick up on the power point, it goes back to what is going on in the Sahel as well, with the reforestation and things like that.

If you don't have power, you can't industrialise, and if you don't industrialise, you can't have jobs, and if you don't have jobs, you get the problems we could well have. So, a focus has to be on getting power into Africa and into Nigeria if we want to avert those problems.

All the other things—the clean tech, and things like that—are really important, but if you don't have power then a lot of those things become impossible, I would say. That would be something to focus on and it is something that obviously a lot of our businesses and our funds are focusing on.

Robbie Marwick: Sorry—there is one more thing that I just remembered. Something that the UK is doing extremely well and should continue to do is our legal system; Andrew has mentioned it already. Ninety per cent. of the deals we work on use the UK as the basis for disputes and we have one right now, and it's been a huge dispute for a number of years, which is now being settled in the UK courts, because the legal system is respected internationally and can work for multiple investors. The more we can do to make that accessible to people and to maintain that position, the better. That is something we can do immediately. I guess the question ultimately would be, "Are we really doing well for Nigeria if we bring all the legal cases to the UK, as opposed to supporting the Nigerian justiciary basically to deal with it themselves?" But right now it's a huge value that we bring and it is something that is recognised and appreciated, I think, in almost every transaction I have worked on.

Neil Coyle: Thank you.

Q83 **Stewart Malcolm McDonald:** Gentlemen, thanks for your time this afternoon and for coming before us. As the Chairman rightly says, this is about how the UK interacts with Nigeria. May I ask for your assessment on how China interacts with Nigeria and give us a view of where you think perhaps they are outplaying the United Kingdom, where they are perhaps overstretching themselves, where their mechanisms are successful and where they are unsuccessful?

Robbie Marwick: China is very active in Nigeria, as it is across most countries in which I have worked in Africa. I think we all know the advantages that China has. They are quick, flexible and very good at bringing scale and integration to what they do. The Government will support an industry to set up, and then that industry will become a cluster that other people come around. They develop their own industrial parks etc. The downsides and risks are also very well known. I will not go into the political debt obligations piece and the soft power piece, but from a project level, there is often a view of an insular approach to business that doesn't create a lot of value for the actual economy etc.

The UK currently has some advantages that people prefer when they come to work with the UK. There is trust. There is the sustainability element. There is the access to markets that having a UK investor supports. Having a UK institution is very attractive to a lot of Nigerian companies and other companies that I have worked with, because ultimately it provides you with a level of political protection as well. We have one company in Egypt, actually, who are specifically looking for a UK institutional investor, because they want to have some support in case anything goes wrong.

These benefits, though—particularly the sustainability one and the trust one—are, I think, not going to last forever. If we look at what China is doing today, China is becoming the leader in green technologies. They are jumping ahead of everybody else and they are bringing that technology and know-how with them. I think the types of advantages and distinctions that we see are dissipating and the position of the UK as a trusted leader, with market access, is going to disappear if we do not become better at moving quickly and actually supporting Nigerian companies to get off the ground.

Andrew Skipper: I would agree with much of what was just said. I think that the issue around time taken is a really difficult one, because the west—for want of a better word—does take its time to make decisions as to whether to go ahead with a project, and by the time it has made those decisions, somebody else has got in there. You can speed it up a bit, but you have to deal with, for all the reasons we were just talking about, some of the barriers. You have to do that; otherwise, you get into really deep trouble. So you have to offer a combination of things. I think this is something where the UK needs to do the work with the G7 and others to work on structures and projects that it can do in collaboration with others. At the moment, it's a highly competitive market for our money and our influence, whether it's China, Russia or wherever. We could, if we wanted to, ask our Prime Minister to go dancing at Fela Kuti's Shrine, like President Macron did. It's these sorts of things. Getting out there and building—I'm not even joking, actually, because I think those are the sorts of things that are needed.

Chinese investment is probably not as big in Nigeria as it is in some other places. They are focusing on strategic areas—rail links and things like that—and they are doing it in the public and the private sector. But they do it in a way that is acceptable to the local Government, so it's not for us to say it's right or wrong. They are doing it, and we need to persuade them to do it with us if that's what we want to do.

Q84 **Stewart Malcolm McDonald:** Who would you say, then, is the UK's biggest competitor in that sense?

Andrew Skipper: I think there is no one particular competitor; there is just a lot of—it will be interesting to see where the DFC, for example, goes under the Biden Administration. They have a lot of money; they have a lot more flexibility. But I think—I may be proved wrong—that they will try to do it in collaboration with others; they will try to partner with others, like the BII, in a way that is good, particularly coming out of the G7. So I am relatively optimistic. If you look at the different macroeconomics at the moment between China and everywhere else in terms of where the cash flows are going at the moment, I think that there is an opportunity now for the UK and others to take it forward. But there has to be a very clear strategy, a clear focus. As the UK, we need to focus, and I think we are starting to focus. I think that the CDC people—I spoke to Nick O'Donohoe the other day—are focusing on particular countries and particular sectors. We can't do everything and we need to make sure we get it right. But don't be under any illusions. It's a competitive market. Just because we are who we are does not mean to say we're going to get the deals, and has not done for a while.

Robbie Marwick: I would also say that it is hard to know who the UK's competitors are. I do not even know what the UK's private sector strategy is in Nigeria. If someone were to ask me where we have won or lost, I would not know, because I do not know what the UK is actually trying to achieve, if that makes sense.

Q85 **Stewart Malcolm McDonald:** Can I ask for your views on perceptions? The UK currently performs better than China. When it comes to overall attractiveness, the UK sits at 85% and China sits at 72%. That is from Ipsos MORI polling carried out at the behest of the British Council. Among young Nigerians, there is a much deeper interest in the UK than China—the UK is at 63% and China is at 39%.

Levels of trust for China have declined, with a perception of a damaging impact of cheap Chinese goods on domestic manufacturing. There is a perception of over-reliance on Chinese goods and workers. Levels of trust there have all gone down. Do you think that is likely to continue? As you have just said, we cannot just assume that because we are the UK this good will will last forever. As two people with deep experience of Nigeria, I am interested in what your thoughts on that polling are and where it might go in years to come.

Robbie Marwick: I am not surprised to hear the poll figures. I would assume, or hypothesise, that there is quite a big difference between the public perception and decision-maker perceptions of what is going on. You hear stories told anecdotally. Nigeria basically banned rice imports for a while to try and support local development. That created a rice shortage. I remember hearing people say that China is making plastic rice capsules out of waste plastic and that they are flooding the market. So families would go to buy rice, boil it and then it turns into plastic. I doubt that was true, but that is the kind of thing that gets sent around.

Also, where people do practices that are not necessarily correct, people may blame it on the Chinese and say, "Oh, it wasn't us. It was a surprise to us. It was cheap Chinese practice." There is definitely a popular perception of low-quality, devious Chinese business practices. There are also stories of very high-level corruption things going on. For example, products enter the market through the mainland and then swamp the Nigerian market with fakes and so on.

What does that mean, and is it going to continue? My own view is that, for the people who are actually making investment decisions, there is a much more nuanced understanding of what the Chinese bring, how they bring it and also the UK and what it brings. I see those two things converging—not in the public sphere, but in the decision-making sphere. We are distinct, but I think that the things that people care about are not necessarily the cultural heritage we have or the public perceptions.

Andrew Skipper: I take a slightly different angle on it. Certainly, young Nigerians are where it is at, and will become more so. They are highly entrepreneurial, highly focused on tech and, frankly, culture. They are focused a lot more on art and the things that we are really good at. The more we can engage with them, the better. You can look at, for example, Yinka Shonibare, who has recently set up his own workshop in Lagos. You see Sokari Douglas Camp's work down in Westminster. There is a lot of Nigerian work really taking hold here.

This might be an area where we can do better, but we have an amazing diaspora of Nigerians in this country who are very enthusiastic about this country and their own country. Working with them, as I do in a number of cultural areas, is just inspirational. Those are the sorts of areas where I think we can get really good traction.

Q86 **Stewart Malcolm McDonald:** We did a whole session on Nigerian culture and music.

Chair: We did, and I will repeat my request to be an extra in a Nollywood production. Having recently re-watched "King of Boys", I must say—

Andrew Skipper: I hope you all went to the 1-54 art exhibition.

Chair: Can I just say, Mr Skipper, that I think I could do a very good corrupt English lawyer as an extra in "King of Boys"—

Stewart Malcolm McDonald: I think you could as well.

Chair: There we go. There are any number of lowlifes—

Andrew Skipper: I hope none of my friends are watching.

Q87 **Chair:** I am a huge fan.

Before we close, may I ask one final question—by way of apology from me, if you wouldn't mind starting Mr Skipper and then I'll ask Mr Marwick—about investors? Do they find the various initiatives of the UK Government to support overseas investment in the UK easy to navigate? We have heard of the BII and various forms of trade envoys and other elements in which DIT and the Foreign Office are helping. Is this working? Is this constructive?

Andrew Skipper: Yes. If you had asked me four years ago when I started looking at this— I've written down FCDO, Home Office, DIT, PIDG, GuarantCo, UK Finance, MOJ in my sector, CDC, BII, and BEIS as well—it's a bit confusing, and I have worked there. The Government have worked really hard, particularly in the past three years, to pull that together and present a clearer product to the market. One of the areas in which we have tried to do that, in terms of the Africa Investors Group, is to work with the Government in their summits and conferences to ensure that when we are talking about, let's say, how to fund a project, we start off by the UK side of it saying, "This is what we have to offer," and then you mix and match it in that way. I hope that is making a difference. This is complicated for all sorts of reasons that you in Parliament will know better than I do, but I think it is working pretty well.

A good example is the Ministry of Justice, which is not historically something you would think of as one of the leading exporting ministries. They are fully behind the legal services committee of the UK-Nigeria EDF, which is chaired by the excellent Helen Grant, and we are taking that forward, because legal services are a significant contributor to the Exchequer and, for the reasons my friend here said, working well helps. They have been doing their virtual trade missions, which I have not seen before, and just presenting in a way that says, "This is what Government can do to help you when you're out there in the market doing these things." That has to be good news.

We haven't talked about what is coming back but, in my sector, it was quite interesting when one of the leading Nigerian law firms actually set up a significant office in London. That is interesting in terms of getting investment back, so I'd say yes.

Robbie Marwick: Overall, I would agree. I think the UK is doing a good job, but there are things that we can do better. I always take it from a very specific project-level view. If you are trying to actually get an investment off the ground, at the project development level there are quite a few different UK facilities that I have worked with: Manufacturing Africa, Partnerships For Forests, TradeMark East Africa, and InfraCo, as I have mentioned before. I think, overall, this is great. We do have one of the most flexible and adaptive approaches, but the types of issues that I consistently see often involve how the UK structures one of these support facilities, which is to say, "We're going to hire a consortium with specific people that have specific roles, and then for the next three years only those organisations can provide support to projects."

It is very difficult to work out exactly what you need at day one when you do this tender process, so you can have a great set of consultants, but they don't necessarily have the technical expertise or some of the nuanced expertise you need to actually get a project investment-ready. However, because of the tendering set-up, they are not able to bring that expertise in. They are limited by what they can do.

I have seen things work very well. With the Partnerships For Forests group, the way that they work is that they have project officers who are able to deploy flexible budget to a specific project based on what that project needs. They have a set of consultants that run the whole thing and find and identify investments, but then they actually have project-specific budgets that they can deploy. I would love to see more of that happening overall, because it gives that flexibility to meet the need of the project in hand.

At the investment level, the UK is doing a very good job. PIDG, for example, is a great integration of many different levels: InfraCo, GuarantCo, Emerging Africa Infrastructure Fund. This basically allows you as a project to get the full life cycle. That is something that nobody else does to the level that we do, which is awesome. We also have much more flexible long-term funding. UK Climate Investment is a UK initiative of £200 million, which is amazing because they were able to invest in projects for 20 to 25 years. I know of no other investors who are able to do that. That is very unique.

Overall, the UK is doing really well but, again, it comes back to these questions about that ability for investing in things that are going to fail, that ability to take risk, and that flexibility of approach, so that when a project does not meet the mandate that someone has been given, they are actually still able to work with them instead of being bounced back and told to find a different UK Department, area or some such, because that is when it gets very difficult. But overall I think the UK is doing well.

The one thing I would say is that this is also a policy consistency piece, which will help all these areas. I remember about two years ago we had a project set up and everything looked very good, but then the UK Government reduced our overseas commitments, and we then lost that future funding, which had not been committed but was in the pipeline. That stalled a lot of projects that were expecting that. I think the UK has had a bit of a blip here, but getting that consistency of policy and funding is super-important so that everyone who is working under the UK is working to the same outcome. Overall, I think we're doing a good job.

Q88 **Chair:** I have to say that I know that various people will be pleased to hear that. They don't always hear good news from our Committee, so I am sure they will be pleased to receive that. With your permission, I will pass on thanks to our Trade Secretary for that work.

Thank you for your contributions. As this inquiry progresses, if you think there are areas to which you would like to add information or detail, we would be grateful to receive it. And, as I say, if you know of anyone who is looking for an extra in a Nollywood show, do just call.

Andrew Skipper: You do need to watch the "Great Green Wall" documentary by Inna Modja that was presented at COP26. It is fantastic.

Chair: I will look out for that.

Robbie Marwick: I will ask a few people, but I will get back to you if there is someone. Be careful what you wish for.

Chair: Absolutely. Thank you very much indeed for this afternoon's session.