

House of Commons Foreign Affairs Committee

Lagos calling: Nigeria and the Integrated Review: Government Response to the Committee's Seventh Report of Session 2021-22

First Special Report of Session 2022–23

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Foreign Affairs Committee

The Foreign Affairs Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Foreign, Commonwealth and Development Office and its associated public bodies.

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First Special Report

On 29 April 2022, the Foreign Affairs Committee published its Seventh Report of Session 2021–22, <u>Lagos calling: Nigeria and the Integrated Review</u> (HC 202). The Government's response was received on 29 June 2022 and is appended below.

Appendix: Government Response

Introduction

As set out in the Integrated Review (IR), Nigeria is a priority partner for the UK. The Government is committed to building a strong partnership with Nigeria, to further our economic, security and people-to-people objectives and support Nigeria's development.

Her Majesty's Government (HMG) will provide the Joint Committee on the National Security Strategy with the first annual update on the IR before summer recess 2022. This will both assess the progress made over the first year of the IR towards its objectives, and also look ahead to the government's priorities. The National Security Council (NSC) oversees delivery of the IR, and the UK Government's strategic approach to our relationship with Nigeria.

Since publication of the Integrated Review in March 2021, the UK has made significant progress against the IR's objectives in Nigeria. The IR sets out our ambition to be a beacon of democratic sovereignty. To this end we have supported the reform of Nigeria's electoral law, critical to delivering more credible elections and consolidating democracy. Ahead of Nigeria's 2023 general elections, we are providing strategic and programmatic support to the Independent National Electoral Commission (INEC) to implement the new law. We are also supporting civil society engagement in and oversight of the elections, and campaigns to increase the participation of young people and women in the democratic process.

The UK's ambition is to sit at the heart of a network of like-minded countries and flexible groupings. Nigeria is a co-member of many such groupings, notably the Commonwealth, but is also active at the UN, where Nigeria voted in support of the UN General Assembly resolution demanding an end to the Russian offensive in Ukraine. We have also collaborated on quality candidates for other important international bodies, such as the International Law Commission, where our mutual support saw dual UK-Nigerian national Professor Dapo Akande elected to the Commission in November 2021.

The IR set out that the UK should lead the advanced economies of the world in green technology; be at the forefront of global regulation on technology, cyber, digital and data; and be a magnet for international innovation and talent. The UK is a long-term supporter of the innovation and tech sectors in Nigeria. During her visit to Nigeria in February, the Minister for Africa, Latin America & the Caribbean announced a £74 million loan, through British International Investment, to help support female entrepreneurs and small businesses in Nigeria. The Minister also announced £10m of UK support to leverage further investment in low carbon energy projects by de-risking them. In the cyber and

digital fields, the UK is supporting the Nigerian government to build cybersecurity capacity, including in fraud detection and enforcement, and the UK is supporting local innovators and connecting them to UK innovators.

The UK's ambition is to show leadership in security, diplomacy and development, conflict resolution and poverty reduction. As detailed below, we are doing this in our training and capacity building for the Nigerian military and programming which directly supports conflict prevention and peacebuilding efforts.

All of this is being supported by senior interactions, with the Minister for Africa, Latin America & the Caribbean visiting Abuja and Lagos in February 2022, the National Security Advisor's participation in the dialogue on Security and Defence, and the Minister for Trade Policy joining the <u>UK-Nigeria Economic Development Forum (EDF)</u> in April 2022. More recently, in May of 2022, Professor Sir Steve Smith, UK International Education Champion, headed the largest ever UK-Government education delegation to Nigeria. The delegation also included the PM's Trade Envoy to Nigeria and Girls' Education Envoy, and the CEO of the British Council.

The Committee made a number of specific recommendations to the FCDO. Our responses follow.

Nigeria as the pilot of Africa

The Committee recommended (paragraph 8) that in the next six months the FCDO develop and publish an integrated delivery plan for Nigeria detailing how the aspirations of the Integrated Review (IR) will be executed in Nigeria. They recommended that this should include realistic and measurable objectives for UK policy in Nigeria over the next five to ten years with clear activities and policies, and that the plan should set out the resources required and which Government departments will be responsible for delivering them.

We partially agree with this recommendation. We agree that there are benefits to a clear and realistic longer-term plan for our approach in Nigeria. However, we do not agree that we should publish a new integrated delivery plan within the next six months.

An internal, cross-government, strategy which guides our approach with Nigeria is already in existence and runs to 2023. This coincides with Nigeria's electoral process, with Presidential elections expected next year. The Integrated Review sets an ambition of developing mutual partnerships which support African-led ambitions, working together to further our shared prosperity goals, our democratic values and our security interests. The recently published International Development Strategy (IDS)¹ also details how we ensure close alignment of UK aid with IR objectives. The result of next year's election in Nigeria could see changes in priorities and our areas of mutual interest. We will therefore look to refresh our internal cross-government strategy post-election. The FCDO will also run a light touch process to develop One-HMG country plans in due course, including for our activity in Nigeria. These plans will be developed in collaboration with the rest of HMG.

Whilst the cross-government strategy which guides our approach to Nigeria will remain an internal document, there are publicly available documents which outline our objectives, and how we are looking to work together to further our Security and Defence Partnership and our Economic Partnership.

On 2 February 2022, the National Security Advisors of the United Kingdom and Nigeria issued a <u>communique</u> following the inaugural dialogue in support of our Security and Defence Partnership. The communique details our shared ambition to work together in cross-cutting areas such as, inter alia, approaches to stabilisation, human rights, women and youth, peace and security, serious and organised crimes, and countering terrorism and violent extremism.

On 26 April 2022, the Minister for Trade Policy of the United Kingdom, the Minister of Industry, Trade and Investment of Nigeria and the Minister of State Finance, Budget and National Planning of Nigeria, held the 7th Ministerial meeting of the United Kingdom-Nigeria Economic Development Forum (EDF). The UK and Nigeria committed to enhancing the bilateral UK - Nigeria trading relationship after the EDF Memorandum of Understanding expires in 2023 and to hold inaugural meetings of the two Financial Services sub-committees in the areas of remittances, forex and mobile money and fintech. Nigeria also committed to signing an e-customs concession to ease pressure at the Lagos port.

The Committee recommend (paragraph 11) that the FCDO should be proactive in encouraging dialogue around any aspects of the UK's colonial legacy, including the future of the Benin Bronzes, which the Nigerian Government feel are yet to be addressed.

We agree with this recommendation. The Government recognises the significance of the Benin Bronzes to Nigeria – these are magnificent works of art and an important part of Nigeria's cultural heritage. The FCDO's Diplomatic Academy, working in conjunction with our Research Analysts and FCDO Historians, have run a series of staff trainings in 2021 and 2022 to enhance understanding of the UK colonial legacy within the FCDO, both at Headquarters and across our overseas network.

Museums and galleries in the UK operate independently of Government and decisions relating to museums' collections are taken by the trustees of each institution. Many of these institutions are already in active and healthy dialogue with the Nigerian authorities. The Benin Dialogue Group has been ongoing since 2007, and the Nigerian National Commission for Museums and Monuments (NCMM) has been in talks with a number of UK museums. The FCDO and the Department for Culture Media and Sport (DCMS) are supportive of these dialogues, and the British High Commission in Abuja (BHC Abuja) has discussed progress with the Nigerian Ministry of Foreign Affairs and leaders in both Edo State and Benin City.

The British Museum is working with Nigerian and other international partners to establish new museums in Benin City, to facilitate permanent displays of objects from the Kingdom of Benin. These would include significant collections of works currently in UK and European museums, as well as historic and contemporary works from across West Africa. The Museum is working in partnership with the Edo Museum of West African

Art (EMOWAA) Trust and other stakeholders in Nigeria, including NCMM, to deliver a major new collaborative archaeology project on the history of the Kingdom of Benin, including remains buried below the proposed site of the new Cultural District.

A number of other institutions, including Bristol City Museum, Manchester Museum, the Royal Pavilion & Museums Trust (RPMT), Glasgow Local Authority Museums and the Church of England have also indicated that they are open to discussions about the future of Nigerian artefacts they hold and we will continue to support this.

The Committee recommend (paragraph 12) that the FCDO make the most of the enthusiasm for engagement amongst the Nigerian community to test various ways of involving diaspora groups in diplomacy. For example:

- a) Ad-hoc focus groups should be convened for contextual input on UK Government policy relating to Nigeria, particularly those relating to issues such as support for Small and Medium Sized Enterprises and those engaging in the creative arts space.
- b) A means be provided whereby Nigerians living in the UK can engage with the Strategic Communications Platform for peacebuilding in the North-East of Nigeria, and other such engagement platforms as they arise.

We partially agree with this recommendation. As the Foreign Affairs Committee's (FAC) report acknowledges, perceptions of the UK amongst Nigerians are generally very good. But we do not take this for granted. The British High Commission in Abuja and Deputy High Commission in Lagos regularly engage with members of the diaspora, and are active in ensuring HMG activity in, and with, Nigeria, is covered in news outlets that have recognised reach in the Nigerian diaspora in the UK. For example, we ensured that both the UK-Nigeria Security and Defence Partnership Dialogues (SDP) and the 7th UK-Nigeria Economic Development Forum (EDF7), were covered by Arise TV and Channels TV – prominent media news outlets with a presence on UK satellite television.

The British High Commission in Abuja has also increased its engagement with Nigerian social media influencers and online publications alongside maintaining strong ongoing engagement with traditional media outlets in Nigeria. This is also helping strengthen reach into diaspora audiences. In-country press releases are regularly shared with influencers and traditional media alike. We are increasing the range of our social media platforms (such as adding regular posts on Instagram and launching a LinkedIn channel in the Autumn of 2021), and the growth in followers of HMG's in-country social media channels is up 20% in the last 6 months – at time of writing, the @UKinNigeria Twitter account has almost 190,000 followers. Figures indicated that over a quarter of engagements with the High Commission's social media content comes from the UK and US, where there are large diaspora communities.

We are actively engaging with members of the diaspora on supporting UK-Nigeria trade, including with the creative sector. We supported a creative sectors trade mission from the UK to Nigeria, which included members of the Nigerian diaspora keen to reconnect and do trade and investment in Nigeria in the music, film and arts sector. Our business and commercial engagement regularly includes Nigerian businesspeople and investors based in the UK doing business in Nigeria and across Africa. Specifically in the context of the EDF7 in London in April, we organised a business-to-business tech event, inviting Nigerian tech

businesses (and Kenyan tech businesses) to meet with UK potential partners, the London Stock Exchange and industry and regulatory bodies in London. Again, participation from members of the Nigerian diaspora was specifically encouraged.

There is no single Strategic Communications platform for peacebuilding in the North-East of Nigeria. Instead, strategic communications is integrated into a number of our programmes in support of peacebuilding. FCDO and some Ministry of Defence projects principally support the Nigerian government and Nigerian Armed Forces to develop capabilities in this area. Projects with civil society organisations like Centre for Democracy and Development also seek to foster improved social cohesion. We also have more sensitive areas of strategic communications programming in the Counter Terrorism space. Our activity is projected to increase with the decision of the FCDO-led Counter Daesh Coalition Comms Cell to pivot the focus of their activities to Africa. Participation by those who have direct knowledge of the impact of conflict and the context for peacebuilding is central to these programmes. However, there is no evidence to suggest that diaspora engagement in particular would make a more meaningful contribution than the participation of resident Nigerians on what is a dynamic, complex and highly localised conflict.

Sustaining strategic advantage through science and technology

The Committee recommended (paragraph 17) that the FCDO prioritise UK Government capacity building support to the Nigerian legal system and legal services for business in Nigeria. Such support will allow UK investors to capitalise on the similarities in corporate law between the two countries as well as de-risking investments.

We partially agree with this recommendation. The FCDO recognises the role of the Nigerian legal system and legal services in both commercial prosperity and criminal justice in Nigeria. Whilst we do not plan to establish a particular new programme of Overseas Development Assistance (ODA) support to the sector at this time, we agree that we should continue to explore opportunities to consider support under the current UK ODA programme ROLE (UK) (Rule of Law UK). ROLE UK aims to strengthen collaboration between the UK and Nigerian judicial systems by supporting a number of partnerships. Examples include collaboration between the Bar Human Rights Committee of England and Wales and Nigerian Bar Association to build the capacity of Nigerian lawyers to address systemic issues impacting the rule of law such as access to justice and the right to a fair trial. The programme has also facilitated webinars with judges from England and Wales, Federal Capital Territories, Sokoto, Niger and Imo states to share experiences of the pandemic's effect on the judicial system and steps taken to keep courts functioning.

Based on our experience and investor feedback, the Nigerian commercial law sector is thriving, with many highly skilled practitioners having UK law firm experience. Feedback from UK firms and investors on the skill sets and capabilities of local Nigerian law firms is consistently very positive. Our assessment is that this sector is not in need of direct capacity building support from the UK. We assess that instead, business to business links, and commercial ties, can and are helping the sector to develop. We are therefore seeking, via the UK-Nigeria Economic Development Forum Working Group, mutual recognition of legal services for UK qualified lawyers (whether Nigerian or British) and UK law firms to be able to practise in Nigeria and vice versa. We are also working on the main barriers

to investment: the foreign exchange regime; customs; and a predictable regulatory system. We do this through a mixture of technical assistance, to show how regulation could be better formed, and lobbying to encourage legal or practical changes (for example to allow a greater number of sectors to have access to Foreign Exchange) that would benefit businesses and help grow the Nigerian economy.

As further requests for support may emerge from the Nigerian side, and when UK ODA budgets allow, we would consider how the UK ODA programme ROLE UK could – if relevant – respond to them, including in areas like commercial cases and wider judicial training.

The Committee thought that the UK Government should be more proactive in initiating programmes that build the capacity of the Nigerian IT workforce and recommended (paragraph 22) that the FCDO lead a pilot skills development programme within the ICT sector that aims to address skills shortages in both Nigeria and the UK, and that the FCDO ensures in all such programmes in rural areas are not side-lined and that candidates from these areas are enabled to participate.

We partially agree with this recommendation. The FCDO agrees on the need to engage proactively in the digital and IT sector and space but would reflect that evidence does not support the need for ODA spend on skills capacity building programmes in that sector.

In depth global FCDO research has found that narrowly focused skills programmes were not as cost effective (in terms of value for money) when compared with other potential ODA programme interventions. Our IT sector interventions have responded to this evidence and therefore now seek to foster innovation and create an enabling environment in which innovators can thrive.

As well as the Digital Access Programme referred to in the report, the UK also has a Skills For Prosperity Programme (S4P) programme which works on technology skills. The design of the S4P programme - to work on skills where there are jobs demanding the skills, rather than assuming that provision of skills will create jobs where they did not already exist - reflects the <u>review</u> of our previous Apprenticeship and Community-Based Skills Training programme, MAFITA.

The MAFITA programme was closed early as the cost per person was high relative to other programmes: it was found to cost about £920 to train a person, or £2,370 per job created in a Nigeria northern skills programme, whereas other programmes showed that they can create long term income routes for the poor for between £20 and £30 per person. The World Bank's David McKenzie has extensively reviewed a suite of evidence on skills programmes and came to the same finding.

Consequently, the S4P programme works with businesses to meet their existing, current demand and create sustainable models for funding IT training, for example through loans. Nigerian state governments such as Edo state are picking up this model and adopting it themselves through their own tech training hubs with potential employers – both onshore in Nigeria and offshore.

In line with the IDS and as the FCDO plans future ODA spending, the UK Government would intend therefore to prioritise work on investment facilitation and proportionate

regulation over support to narrowly focused skills programmes. The impact of arbitrary regulatory decisions and a lack of consultation are the main complaints from tech investors in Nigeria (rather than lack of skilled workers).

The Committee recommended (paragraph 23) that the FCDO could support the Nigerian civil service by creating opportunities for the Nigerian Government to make the most of future skills development programmes:

a) including a quota for trainees in the ICT skills development programme who will return to join the Nigerian civil service at both state and federal level as well as ensuring geographical distribution of trainees from northern and southern states. This programme should be complemented by appropriate FCDO support for NGOs and arms-length bodies currently building capacity in the Civil Service, as well as technology provision, to enable application of newly acquired skills;

b) ensuring the Chevening Scholarship programme has a quota of scholars from the public sector of Nigeria for at least the next three years.

We do not agree this recommendation. The UK Government has supported the Nigerian civil service to build capacity and effectiveness but does not plan to introduce specific quotas for this audience in our skills programming.

The UK Government has provided the Nigerian Government with support in niche, complex IT areas. Examples include: creating systems to monitor road asset management and maintenance (enabling major savings); designing a digital dashboard to monitor and plan power consumption and production; and supporting facilities to monitor the financial markets for risk. The UK is also supporting the Nigerian government to build cybersecurity capacity, including cybercrime detection and enforcement. Much of this support is currently delivered under Pillar 2 of the UK's Digital Access Programme, which focuses on building partner countries' capacity to prevent and respond to cybersecurity risks and harms. The UK has advised the National Communications Council on strategies such as those for broadband and e-government. However, we do not agree with the recommendation to deliver direct training to civil servants on basic IT skills as it is hugely costly and is an issue where the Nigerian Government is well-placed to implement its own solution.

The Chevening scholarships programme prides itself on its success in identifying future leaders and change-makers from around the world and Nigeria remains one of our priority countries. Chevening scholarships remain popular with an average of 9,000 applications a year, including many from members of the public sector. Nigeria, with between 38–50 awards each year, receives one of the largest allocations of scholarships. We have had many Chevening alumni go into the public sector, including a High Court of Justice Judge, the Permanent Secretary at the Ministry of Foreign Affairs, and a Senior Executive of the Central Bank of Nigeria, among others.

The Chevening Secretariat works closely with FCDO posts to identify priority constituencies, including the civil service of Nigeria and many other countries, in order to encourage and support applications from high-potential candidates. However, we do not ring fence awards; our policy to attract and select the best possible applicants through fair and open competition is a globally adhered to standard that sets us apart from others.

The Committee recommended (paragraph 31) that the Government sets out a clear and coherent approach (including how it will be funded) to its partnership with Nigeria on research and training for science and technology in the integrated delivery plan.

We partially agree with this recommendation. As per our earlier response, the FCDO does not plan to publish an 'integrated delivery plan' at this time. However, our science and technology approach is, and will continue to be, reflected within our internal strategic planning documents.

This approach includes the UK Government putting significant resources (£30m) into supporting multilevel interventions targeting stakeholders at the micro and macro levels in Nigeria to strengthen the country's research and technology landscape in a sustainable and equitable way. Micro level interventions aim to strengthen the capability and capacity of the Nigerian population to innovate creative technologies that help deliver priority development outcomes. Our partnerships will be strategic, collaborating constructively with Nigerian stakeholders to identify and deliver impactful investments. At a macro level, we collaborate with Government Departments to improve policy and regulatory frameworks that facilitate better administration of research councils on the one hand and inspire greater technological innovation and commercialisation on the other.

The Evidence Fund, a specific 5-year programme designed to service demand responsive research and evidence needs across geographic Research and Innovation Hubs, also contributes towards delivering data and evidence as well as strengthening UK-Nigeria Science partnerships.

We have also recently supported the Nigeria Start-up Bill, which aims to harness the potential of the country's digital economy through co-created regulations, which will improve the policy and regulatory framework to support growth and competitiveness in Nigeria's Technology Ecosystem. The Bill will also ensure that Nigeria's laws and regulations for start-ups are clear and work for the ecosystem. The UK Government supported funding of engagement with relevant stakeholders across the country through town hall meetings and provided access to research and evidence to harness the existing opportunities for start-ups and address the challenges in the current policy and regulatory framework. This initiative has been endorsed by the office of the Vice President.

The committee recommended (paragraph 33) that the FCDO champion the role of the UK-Nigeria Tech Hub by:

- a) ring-fencing funding;
- b) encouraging collaboration with other government initiatives, such as the Climate Finance Accelerator, to build capacity in the Nigerian finance sector helping green tech start-ups secure seed investment from local sources;
- c) working across Whitehall to better understand the barriers to SME investment in Africa and how to address them.

We partially agree with this recommendation. The FCDO recognises the value and impact of the UK – Nigeria Tech-Hub, as the committee's recommendations set out, but does not commit to follow all parts of the committee's recommendations.

ODA Budget allocations are set by the Foreign Secretary and are designed to provide support across a wide range of projects. We do not plan further ring-fencing of funding. However, the joint FCDO-DCMS Digital Access Programme (DAP) will continue supporting and funding the UK-Nigeria Tech Hub (Pillar 3 of the DAP) for Financial Year 2022–23, and potentially for the rest of the spending review period (to March 2025), subject to final ODA allocations. Longer-term decisions on the UK-Nigeria Tech Hub will depend on HMG's future priorities set against other funding constraints, on the implementation of the FCDO-led IDS published in May 2022 and on the steer provided by the FCDO-DCMS International Technology Strategy (ITS), which is expected to be published in July 2022.

The Digital Access Programme, of which the Tech Hub is part, works closely with other teams in the British High Commission Abuja and Deputy British High Commission Lagos to ensure that HMG raises any market access barriers and business environment problems facing tech SMEs with the Federal Government of Nigeria through the UK-Nigeria Economic Development Forum.

British International Investment (BII) has funded Nigerian tech start-ups indirectly through investing in venture capital funds, such as Nigeria's TL.com. Nigeria's tech sector has benefitted from above average foreign direct investment (FDI) compared to other sectors in the Nigerian economy; start-ups attracted an estimated \$1.27 billion of FDI in 2021 - 44% of the total investment in Africa. The Deputy British High Commission (DBHC) in Lagos is working with incubators and other private sector partners to promote the investment opportunities in Nigeria's tech sector, as well as supporting Nigerian start-ups to access private sector capital from the UK; DBHC Lagos held a matchmaking event with UK partners for Nigerian tech companies in London on 27 April 2022.

The Climate Finance Accelerator (CFA) programme already has a remit to support project proposals from green tech start-ups, provided these meet certain bankability and International Climate Finance (ICF) criteria. One of CFA's potential partners in Nigeria is the Nigeria Climate Innovation Centre in Lagos (an entity first supported by ODA over 10 years ago).

Strengthening security at home and abroad

The committee recommended (paragraph 36) continued, highly focused, support to the Nigerian military in tackling Islamist groups and armed organised criminal groups whilst maintaining the highest standards of human rights; that this effort continues to go hand-in-hand with targeted overseas development assistance and investment to tackle the underlying causes of the conflict.

We agree with this recommendation, which is a continuation of current work streams, and is in line with the commitments the UK Government made at the Security and Defence Partnership dialogue in February 2022.

Under our Conflict, Stability and Security Fund (CSSF) Lake Chad Basin programme, HMG is providing training and capacity building support for the Nigerian military. This aims to increase operational and strategic capability to contain the crisis in the Lake Chad Basin region, and create space for political settlement, stabilisation and longer-term recovery. The training and capacity-building provided is designed to bolster Nigeria's

efforts to respond to terrorism, alongside improving understanding of international humanitarian law and human rights, including on the issue of sexual and gender-based violence.

We agree that efforts to respond to conflict should go hand-in-hand with efforts to address the underlying causes of conflict. Through our programming we are: directly supporting conflict prevention and peacebuilding efforts; promoting inclusive and accountable governance; helping support rural livelihoods and access to basic services; and supporting social protection for the poorest. We also continue to support humanitarian responses. Additionally, we are supporting efforts to build stabilisation and fostering a long-term settlement in the Lake Chad Basin. Collectively, this suite of programming aims to address the long-term root causes of conflict in addition to deescalating and reducing levels of violence in the shorter-term, to allow for longer-term engagement.

Building resilience at home and overseas

The Committee recommended (paragraph 40) that, to maintain a coherent approach, and to maximise the benefits of the multiple initiatives to raise finance and build capacity for projects, the FCDO [should] champion Nigerian-led international climate initiatives with a broader holistic vision, such as the Great Green Wall, contributing where the UK can add value.

We partially agree with this recommendation. The UK supports regional climate initiatives through institutions such as the Green Climate Fund, Global Environment Facility, African Development Bank and the World Bank – we estimate that over \$300m is being put into the Lake Chad Basin climate space from these institutions over the next five years.

However, we assess we can deliver more effective support from our funding through our bilateral programming, where we are supporting effective climate-smart agriculture and land regeneration at a cost of less than £20 per tonne of CO2 equivalent and leveraging large amounts of private sector investment, including from UK companies such as ReGen Farms and potentially international banks such as Rabobank.

We will increase engagement with the multilateral initiatives working on regional multilateral climate programming to share lessons learned from our bilateral programming, and work closely with Nigeria-only programmes such as the World Bank's ACRESAL (Arid Land Programme) to increase its impact and synergises with our own programming.

With regards to climate finance, the committee (in paragraph 42):

a) recommended a review of the support of the various Development Finance Institutions (DFIs) by the Government as well as their methodologies and mandates. Specifically:

- i) How DFIs can enter the project development process at an earlier stage to provide initial project development funding.
- ii) How investment risk thresholds for DFIs can be lowered and how to ensure target percentage rates of return can be used to encourage the support of riskier projects.

- iii) How the time taken to process project proposals can be reduced without compromising due diligence.
- iv) How the culture of DFIs can be more accessible to the private sector community whilst ensuring positive development outcomes the desire to maintain a strong link between project outcomes and development outcomes must not present a barrier to the delivery of sustainable projects.
- b) recommended that the mandates of enabling UK Government programmes are sufficiently flexible to adjust to the results of feasibility studies and changes in the project design rather than requiring developers to shift to a different programme; and that investment initiatives which have flexible project funding pots be prioritised.

We agree on the need to continue to assess how best to support investment. This issue has been heavily studied by the FCDO's International Financial Institutions Department and Private Sector Department, who work closely with DFIs such as the Private Infrastructure Development Group. There are several reports and studies in this area, including one from Convergence, the report of DFI Working Group on Blended Concessional Finance for Private Sector Projects and there are initiatives such as the World Federation of Development Finance Institutions (WFDFI), the International Development Finance Club (IDFC), and The Finance in Common Summit (FICS) which is a partnership of public development banks. It is a complex area.

As each set of investors has different criteria, there is inevitably some fragmentation. There are good examples of collaboration with DFIs and the FCDO, incorporating de-risking so that DFIs and, where appropriate, commercial capital can come in.

BII and the FCDO have recently developed a new Climate Innovation Facility to deploy concessional and blended finance into nascent climate innovations and technologies that don't require pure grant support but are too high risk for traditional investors. BII's blending of concessional with more commercial finance will expand its set of development finance instruments to seed pioneering businesses and models – such as for climate resilient agritech or sustainable forestry solutions – that will mobilise other commercial investors into these climate ventures in the longer term.

BII and the Gatsby Foundation have also recently published a report <u>here</u> on 'Unlocking synergies between private sector development and development finance institutions' to help bridge the gap between donor-funded technical assistance programmes and DFI investment.

A recent blended climate finance example (business case here) is when the FCDO in Nigeria provided £10m of recyclable lower cost, first risk financing to co-invest alongside pension and insurance funds and InfraCredit, in off-grid energy projects aimed at increasing energy access which would otherwise be or are perceived to be too risky for the institutional investors. The first such project is investment in a domestic mini-grid. Future ones could include cold storage to reduce food waste at markets.

The UK's Financial Sector Deepening Africa (FSDA) programme is supporting InfraCredit with technical assistance to enable support for bonds in the affordable energy efficient housing sector. FSDA also supported One Watt Solar to issue a green bond for off-grid energy and One Watt Solar is now likely to issue a second green bond with less support.

HMG is continuing support to the energy sector via the UK Nigeria Infrastructure Advisory Facility (UKNIAF) and the UK Partnering for Accelerated Climate Transitions. Through our UKNIAF programme, we are speeding up the project development process. This finds and screens projects from the Finance Ministry's budget office and Bureau for Public Enterprise and States and helps develop them, then brings in private sector (but also DFIs such as African Development Bank and Islamic Development Bank), for example in relation to sustainable agri-processing zones, food storage or bus rapid transits. The UK's Climate Finance Accelerator also helps coordinate financing in this space and there is a coordinator from the Department for Business, Energy and Industrial Strategy (BEIS) nationally determined contributions (NDC) programme in the Ministry of Environment and Ministry of Finance.

The committee recommended (paragraph 44) that the UK Government works with other international partners to support Nigeria's transition to a low carbon economy. Learning from other initiatives, the FAC recommend that the Government works with the Nigerian Government in a renewed effort to facilitate UK private sector financial support of low carbon ventures such as renewable power solutions and the establishment of the Nigerian green tech sector.

We agree with this recommendation and it aligns with our existing work and approach in this area. The UK Government is supportive of Nigeria's transition to a low carbon economy and is working with international partners to this end, including through our participation in development partner working groups on topics including energy, agriculture and climate. The UK Government is also supporting work to develop Nigeria's Energy Transition Plan, working with the EU, Germany and the World Bank. The World Bank has joined the UK Government in preparing the Energy Integrated Resource Plan which will assess Nigeria's demand and supply for generation, transmission and distribution and off-grid energy for the next 10 years.

The UK Government is helping develop public-private partnership projects for Development Finance Institutions (such as the African Development Bank), as well as the private sector, which will support Nigeria's transition to a low carbon economy. Examples include Lagos Waterways, Ogun and Kaduna bus rapid transits, agricultural storage and sustainable agri-processing zones (Oyo and Kaduna) and sustainable industrial zones in Kano and Kaduna. The UK Government is also supporting Nigeria's green sectors through our Manufacturing Africa programme. This has included supporting analysis on the viability of organic fertiliser using Black Soldier Fly, and support for MaxNG, an electric vehicle firm, to attract investment including from a BII venture capital fund. Manufacturing Africa has also supported Hinckley with its battery recycling, and Auxano (a Nigerian company) with solar panel production. Steamaco is an example of a company supported by DIT, FCDO, the FCDO's Manufacturing Africa and UK Nigeria Infrastructure Advisory Facility programmes. Steamaco has been supported to accredit its smart metering and analytical software to detect energy theft and then to form a joint venture to manufacture the meters in Nigeria.

The UK Government is supporting Nigeria's transition to green energy and has taken the lead in pushing for progress on 14 stalled on-grid solar power plants - two of which have direct UK investment and one of which has Private Infrastructure Development Group (PIDG) financing. These will take time, and there remain challenges associated with Nigeria's on-grid power sector. The UK Government has also actively supported Konexa,

a UK company with a new model of green energy delivery. This support has included a grant, and support to obtain land and permits to operate. Once concluded this will be the largest private sector investment in the grid space in Nigeria for over six years.

The UK Government is also supporting projects focussed on waste management and agriculture, as part of our overall effort to support Nigeria's transition to a low carbon economy. Examples include: our support to Pyrogensys, who received a grant and with advice on its customs challenges – its technology, developed in alliance with Leeds University, creates biofuels and energy from cassava waste; and, with ReGen Farms' (a Devon based company) support to onboard 30,000 farmers in the third poorest state in Nigeria to an artificial intelligence platform which will help regenerate land that is otherwise at risk of becoming desert, supported by the LINKS programme. ReGen is now raising capital to expand its business.

Nigerian rice farmers (rice produces more GHG emissions globally than aviation) are also being advised, by the LINKS programme, on techniques which produce less methane and also use less seeds, water and fertiliser while still increasing yields.

Shaping the international global order of the future

The committee recommended (paragraph 48) that the FCDO support the development of the Afrobeats genre, and other Nigerian creative arts, through:

- a) Funding proposed projects and broadcasters, such as the BBC World Service, aimed at extending the access of Nigerian creative arts to a wider audience.
- b) Supporting initiatives aiming to use the creative arts as a tool for reconciliation, development and empowerment in Nigerian society. Such initiatives should seek to support emerging artists from disadvantaged backgrounds and the approach should be outlined in the integrated delivery plan for Nigeria.
- c) Championing cross-government policies that encourage the cultural exchange between the UK and Nigeria including a track to make it easier for Nigerian musicians to perform in the UK as well as support for creative artists in maintaining the intellectual property rights over their work. The FCDO could consider initiating a UK-Nigeria Creative Arts Hub with DCMS that would allow for greater collaboration between artists. It could also facilitate access for artists to UK organisations which assist in development and training.

We partially agree with this recommendation. The FCDO is supportive of efforts to connect artists in the UK and Nigeria for both commercial and cultural reasons. Collaborations as with the song Peru (sung by Fireboy DML and Ed Sheeran, which reached number 2 in the UK charts and number 1 in the Afrobeat charts) show how active and mutually beneficial the connections are between UK and Nigerian musicians.

The recent UK Government-supported creatives trade mission to Nigeria, led by the UK's Trade Envoy Helen Grant MP, focused on building sector-to-sector connections – including potential ones with the British Film Institute – for film and TV. Another mission is planned for later in 2022, which will look at music and the arts. The FCDO remains committed to encouraging and celebrating the cultural connections between the UK and Nigeria.

Yoruba, Igbo and Pidgin in Nigeria are amongst the 12 BBC World Service language services funded by the FCDO, in addition to existing Hausa and African English services (funded by the Licence Fee). Content is produced locally, and the use of a variety of local languages ensures it is relevant, and accessible to wider audiences. However, the BBC World Service is operationally independent of government and all editorial matters regarding content are for the BBC Board.

The Deputy High Commission in Lagos already co-ordinates the British Council's work with cultural exchanges, such as the 'Connecting' programme that focuses on the growing creative economy sector and fashion, film and animation, connecting artists and creatives from the UK and Nigeria to build connections, capacity, livelihoods and prosperity. The Deputy High Commission ensures this work also aligns alongside other initiatives such as DIT Nigeria's creative industries partnership initiative. We will look at how to make that co-ordination and collaboration more systematic, but we feel enhancing practical co-ordination of existing work would be more effective rather than creating a new creative arts hub.

The committee recommended (paragraph 49) that British Council funding for programmes that demonstrate synergy with the aspirations of the Integrated Review is ring-fenced. Funding for the BBC World Service should be sufficient to ensure that it remains the most popular and reliable source of accurate news and current affairs in Nigeria, as well as a relevant means of promoting cultural exchange.

We do not agree with the recommendation on ring-fencing British Council programming. The British Council's work across the world plays a crucial role in supporting the ambitions of the IR and the IDS. In support of a more interconnected UK with the rest of the world, the British Council draws on its convening power and ability to build long lasting mutual relationships worldwide. The FCDO provides British Council with a block grant and does not ring fence sums for specific purposes.

The British Council in Nigeria's focus and programmes are aligned to HMG's priorities in Nigeria. This is enabled through the close working relationship between the British Council and the British High Commission in country. The British Council Country Director is a member of the High Commission's Senior Leadership Team and contributes to the mission's planning and strategic review.

In line with the IR, Nigeria is a strategic priority country for the British Council, including in Education, and British Council programming in Nigeria supports implementation of the IR and the new IDS.

The 'Connecting' programme in Nigeria focuses on the growing Creative Economy sector and fashion, film and animation, connecting artists and creatives from the UK and Nigeria to build connections, capacity, livelihoods and prosperity. This is an example of how, through arts and culture, the British Council is championing the whole of the UK as an international creative powerhouse.

In the education field, the Council promotes the excellence of the UK's education sectors across the world and drives researchers and students to the UK. For example, through the Innovation for African Universities programme, UK/ Nigeria grant-funded partnerships

have been established to support systemic change between a cohort of 20 institutions and organisations and will scale this initiative by working with and through the Nigerian government.

The Innovation for African Universities programme was also designed and developed by the British Council as part of the Going Global Partnerships programme, to foster the culture of innovation and entrepreneurship within universities and facilitate the development of skills required to build industries, companies, products and services. The project is designed to support the development of Africa – UK University Partnerships that build institutional capacity for Higher Education engagement in entrepreneurship and innovation ecosystems in Nigeria and selected African countries.

The UK Government strongly values the work of the BBC World Service in promoting our values globally through its independent and impartial broadcasting. The IR stated that the BBC's foreign language services are part of what makes the UK a soft power superpower, and the FCDO has agreed to provide £95.84m to the World Service, through the World 2020 programme, for 2022–23. Yoruba, Igbo and Pidgin in Nigeria are amongst the 12 languages funded by the FCDO across the world, with a combined audience of 8.31m people weekly. Global Audience Measure (GAM) data for 2020/21 demonstrates that the BBC is the top-rated international broadcaster on trustworthiness, reliability and depth of coverage.

The committee welcomed the UK Government's efforts to support the Nigerian Government as they address human rights issues, and recommended (paragraph 52) **that this should mean:**

- a) Ring-fencing support to projects that assist the Nigerian Government in its efforts to promote human rights; and speaking out when rights are abused.
- b) The integrated delivery plan should include concrete steps for how the UK Government will support the Nigerian Government in promoting freedom of religion and belief, as well as preventing violence against women and girls, across their engagement activities in Nigeria.

We do not agree with the recommendation to ring-fence support to human rights projects. ODA Budget allocations are set by the Foreign Secretary and are designed to provide support across a wide range of projects. We do not plan further ring-fencing of funding. All ODA spent by HMG in Nigeria supports the advancement of a wide range of human rights, spanning social, economic, political and civil rights as well as specific efforts to advance gender equality, child rights, freedom of religion or belief, and the right to live free from violence. Priority areas of current engagement and programming include: improving the human rights record of the Nigerian security sector; promoting the rule of law; supporting the rights of minority groups in Nigeria; and promoting freedom of religion and belief.

The UK Government condemns all human rights violations or abuses in Nigeria and continues to encourage all parties to work together to enable the people of Nigeria to exercise their rights safely, peacefully and in line with the rule of law. At our inaugural Security and Defence dialogue in February, the UK and Nigerian Governments reiterated our shared understanding and commitment to protecting human rights for all.

Whilst we do not specifically ring-fence funds to advance human rights, we have a number of programme areas which have a particularly direct focus on human rights issues.

The UK Government works closely with the Nigerian Government and international and civil society partners in support of efforts to improve the human rights compliance and accountability of the Nigerian security sector. Increased understanding of International Humanitarian Law is central to our defence training offer to Nigeria and engagement with the Nigerian military. We continue to advocate for police reform in Nigeria and are supporting human rights and protection of civilians training for the police in the North-East (NE). Through the Conflict, Security and Stability Fund (CSSF) we provide support to transitional justice initiatives led by civil society organisations, focussing on promoting dialogue and reconciliation in NE Nigeria. The CSSF also provides funding to support community protection committees in NE Nigeria, which offer a space to discuss protection concerns and facilitate dialogue between civilians and security forces.

The FCDO has also delivered a number of projects aimed at promoting tolerance and understanding in Nigeria, strengthening links and dialogue between civil society groups, religious leaders and religious (and non-religious) groups; and by advocating for responsible journalism.

As per our earlier response, the FCDO does not plan to publish an 'integrated delivery plan' at this time. However, the UK Government will continue to promote Freedom of Religion and Belief and as part of our programming. For example, the FCDO has supported work to train peace ambassadors, including women peacebuilders and strengthening the capacity of faith leaders to engage with youths who are at risk of radicalisation.

Through our Expanding Social Protection for Inclusive Development (ESPID) programme, the FCDO has also supported the development of more sustainable, inclusive, and accountable social protection systems by strengthening the institutional and legislative environment, and the passage of social inclusion and protection policies and laws. This programming focuses on advancing the rights and protection of the extreme poor, children, women, people with disabilities, and those displaced by conflict, violence and disasters, and has included the launch of a Disability Trust Fund in one of our partner states.

Finally, the FAC recommended (paragraph 52) that the UK Government place the Commonwealth at the front and centre of their multilateral approach to diplomacy, trade and cultural exchange with regards to Nigeria.

We agree with this recommendation. Nigeria remains a prominent partner in the Commonwealth. We welcome President Buhari's recent opinion pieces in UK press in which he called for deepened cooperation between Commonwealth countries.

As Commonwealth Chair-in Office since 2018, the UK has played a leading role in helping to deliver the commitments made by Commonwealth Heads of State and Government. With the support of UK funding, many Commonwealth countries, including Nigeria, Uganda and Malawi, have strengthened their legislation concerning human trafficking and modern slavery. Nigeria has also benefitted from commitments made at the Commonwealth Heads of Government in 2018, where the UK pledged an additional £212 million for the Girls' Education Challenge, which has ensured marginalised girls continue to access 12 years of quality education and learning as well as offering a second chance girls

who have either dropped out of school or never had the opportunity to learn. The SheTrades Commonwealth programme connects women entrepreneurs to international markets and investment opportunities, helping enhance the competitiveness of entrepreneurs across Bangladesh, Kenya, Nigeria and Ghana.

In support of the Commonwealth Connectivity Agenda, the UK has worked with Commonwealth partners to encourage intra-Commonwealth trading opportunities, including through our network of Trade Envoys to Commonwealth countries, such as Nigeria.

Nigeria is also engaging with Commonwealth bodies – for instance Nigeria has received support from the Commonwealth Secretariat on the international rules on seabed mining and has actively participated in forums on youth exclusion and on investment.