

# Evidence submission from the Institute of Development Studies (IRN0005)

## About the Institute of Development Studies

The [Institute of Development Studies](#) (IDS) is a global research and learning organisation for equitable and sustainable change. IDS is ranked best international development policy think tank (2020 Global Go To Think Tank Index) and first in the world for development studies with the University of Sussex for the fifth year running by the QS University Rankings.

This submission draws on the expertise of researchers from across the Institute of Development Studies, including the [International Centre for Tax and Development](#) (ICTD) and the [Coalition for Religious Equality and Inclusive Development](#) (CREID). For further information relating to this evidence submission please contact: Sophie Robinson, External Affairs Manager, [s.s.robinson@ids.ac.uk](mailto:s.s.robinson@ids.ac.uk) or +44 (0)1273 915763.

This submission includes evidence relating to trade opportunities, sustainable private sector investment, tax systems, science and technology policy, and human rights abuses and closing civic space.

### 1) By what mechanisms could the UK government support trade and private sector development in Nigeria and stimulate investment?

#### Identifying mutually beneficial trade opportunities

While progress has been made for UK-Africa trade, cooperation and collective action towards [strengthening trade partnerships](#) will be important for better aligning trade policy priorities with development goals. There is an ongoing need for enhancing trade capacity building in Nigeria that continues to struggle with inefficient customs procedures and requirements, issues with corruption at border posts, agricultural products to meet international standards, and quality of physical infrastructure. The UK as a global leader in these areas, could continue its support of capacity building, aligning also with the WTO with the new chief trading roots to Nigeria; implementing a more participatory approach, also covering new areas such as [data governance](#), involving enhanced partnerships with businesses and communities.

The UK's unilateral Generalized System of Preferences (GSP) allows it to apply a preferential tariff regime to Nigeria, but there is a need to re-evaluate the current rules for preference removal (i.e. graduation) as Nigeria is potentially affected and could [lose GSP preferences in mineral products](#). These currently account for 13% of the UK's GSP imports from Nigeria.

Structured engagements can generate important business-to-business exchange and help identify mutually beneficial and inclusive trade and investment opportunities. These could be channelled through different and complementary mechanisms, including:

- the UK's involvement in [triangular cooperation for trade and investments](#)
- through UK and Nigeria business councils
- linking with activities of the UK's [development finance institution](#), CDC
- Ex-ante assessments to identify '[winners](#)' and '[losers](#)' from expanding trade and investments between UK and Nigeria, and to understand likely effects on development outcomes such as skills, jobs, and poverty.

#### Private sector development

*(Please note the evidence below is relevant for but not based on research specific to Nigeria)*

All countries need to develop a private sector that employs people, pays salaries and taxes, and so facilitates broad-based economic growth. There are various challenges for the country looking for further development and for the UK looking for potential opportunities. One challenge is to identify points of access, and particularly to identify where opportunities exist to work with companies that genuinely create incomes and jobs for the population as a whole. This may include looking at new sectors such as tech-based businesses, or by understanding how to drive investment into areas of the country currently being ignored. Donor support to entrepreneurship in technology and creative industries is a viable strategy, particularly with a focus on youth who are often well qualified but without job opportunities.

Economic development will empower through jobs and livelihoods, if these are made available where people can access them, for example, through more decentralised PSD programming. A focus on SMEs can help, given that SMEs are likely to be closest to low-income populations. SMEs generally lack business planning and management capacity, governance processes and access to finance, however, and improving the local business eco-system overall could help achieve results at scale. Efforts may include supporting and creating access to finance, legal accounting services, human resources services, cold chain and storage facilities in agriculture, developing funding streams for SMEs using approaches different from the standard challenge fund or micro-finance model used elsewhere e. Regulatory reform at sub-national level could be another opportunity. Enabling civil society to hold local business to account and to strengthen the engagement capacity of both local business and local populations could also help deliver more equitable and inclusive growth.

In addition, a broader ecosystem of infrastructure, services and value chain partners are often absent, meaning SMEs are unable to profit from new market opportunities. Sustainable and scalable interventions will enable promising businesses to access skills, know-how and finance (e.g. business excellence centres, business accelerators, export promotion), as well as addressing coordination challenges. Supporting rural clusters is one route to reaching multiple businesses via local infrastructure and service provision. Working with the grain would mean identifying sectors or locations where changes is feasible (e.g. not dominated by cartels).

1. **‘Work with the Grain’**<sup>[1]</sup>: Advice published by the Cameron Commission on State Fragility and Growth<sup>[2]</sup> resonates here. It argues strongly that international donors should support gradual progress towards legitimate and capable institutions, even if judged ‘suboptimal’, and avoid pushing for unachievable objectives and unrealistic timetables. In prioritising the many possible reforms, working with a skilled counterpart within the government, who has the power and will to act, is a key success factor. Political economy analysis is therefore not only an important element of economic programme design, but arguably should be prioritised over more technical analysis (e.g. growth diagnostics).
2. **Assess the relationship between PSD and conflict/peace, and the role of donors within this:** The relationship between PSD, economic growth and peace/conflict is complex. Need to be cautious of simplistic assumptions that donor economic development initiatives are a significant driver of peace, while also recognising that ill-conceived initiatives can fuel tensions. The conclusion to be drawn is not that donors should disengage from economic development in conflict affected regions – inclusive and conflict-sensitive economic development is important

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<sup>[1]</sup> See Levy, B. (2014) *Working with the Grain: Integrating Governance and Growth in Development Strategies*, Oxford: Oxford University Press.

<sup>[2]</sup> Commission on state fragility, growth and development (2018), *Escaping the Fragility Trap*, LSE/Oxford/IGC.

for poverty reduction. However, their potential to do harm should be considered up front and closely monitored.

3. **Take an adaptive approach:** The complexity faced by countries undergoing multiple political, economic and conflict dynamics should not be underestimated. Flexible programming can respond to changing contexts. It can also support PSD efforts that more overtly tackle sensitive issues (e.g. gender, corruption) while at same time monitoring for potential harm and changing course accordingly.

Finally, there is a need to see PSD as an element of a wider development approach, integrated with work on governance and conflict, and not a set of activities in itself. Excellent political economy analysis should be central.

### **Reforming tax systems**

For the UK to effectively support long-term development and investment efforts in Nigeria, then it will need to support efforts to develop more effective, equitable and accountable tax systems. This is a central issue with regards to development efforts in Nigeria, given that (a) revenue collection in Nigeria is extremely weak, undermining a variety of aspects of development, (b) the government continues to orient towards the oil price as a benchmark for spending even though non-oil revenues have moved ahead of oil since 2016, and (c) recent shocks seem to have created some momentum for revenue reform in some places. In particular, conversations around property tax, accountability and equity, research-led policymaking and tax optimisation, rather than an exclusive focus on maximisation, are all areas in which UK government programmes have been active and have added value and capacity. This includes the IDS-based International Centre for Taxation and Development, which is FCDO-funded and from which this section of evidence is drawn from.

### **2) What are the emerging opportunities for aid and investment in the science and technology sectors in Nigeria?**

#### **General: the importance of Science and Technology policy**

Science, technology and innovation policy is central to supporting sustainable development in a time where just and equitable forms of economic growth depend on the capacity of accessing and creating new knowledge.

New technological knowledge is crucial to support the creation of new sectors and access and develop the technologies that at the present are central to the dynamism of the rest of the economy. These are for instance the information technologies, new materials and biotechnology. The performance of old traditional sectors, like agriculture, education and the government, and the new ones like biomedicines or digital services, depend on the capacities developed in association with these new technologies.

Innovation policy is important to support firms that aim to upgrade productive capacities and to reach international markets, developing new products and services. These firms are the ones that will be able to generate genuine, well paid jobs. It is also important for the development of institutions that support these firms. It is also important to generate the rules and institutions that shape processes of economic growth e.g. through standards, property and ownership rights, labour laws, etc. These rules facilitate coordination among key actors for innovation, create a collective vision of what should be done and how, and thus contribute to shaping the market in which firms operate (Kline and Rosenberg, 1986; Metcalfe and Ramlogan, 2008; Soete, Verspagen, & ter Weel, 2010).

This is important for all types of countries, but particularly for the less developed, and the countries in conflict that face a history of restricted access to new knowledge, limited

capacity to exploit it, and generate it and a common vision about the direction of development. In these countries, science and technology policy can play an important role in aligning conflicting interests of different actors behind mission-oriented policies, oriented to address major challenges like zero hunger, full employment.

### **Science and technology policy for transforming knowledge systems to support the development goals**

It is widely appreciated that the urgency and scale of the interconnected challenges set out in the UN's Sustainable Development Goals (SDGs), require systemic change across societies, and that consequently we need transformational pathways of development (Leach et al. 2018). This in turn requires knowledge that is also transformative, in terms of its focus, and in terms of how it is produced and mobilised for impact and change (IGS 2019).

Transformative knowledge will need to be produced in ways that are more inclusive and inter/trans-disciplinary, with the social sciences and humanities as equal partners with natural sciences, challenging the power relations that shape knowledge production agendas and resource allocation decisions (Ely and Marin 2017; Marshall et al. 2018; Scoones et al. 2020).

Transformative knowledge requires transformative science systems, but nurturing these poses several challenges, for example, developing new global models of resource mobilisation and new forms of collaboration between global funders and the science systems of low and middle-income countries (LMIC). The science systems of LMICS face particular pressures to support the global agenda of transformative socio-economic-environmental change to meet the SDGs, and beyond, while also responding to a range of urgent national economic and social priorities and problems.

Tensions concerning the political economy of agenda setting and funding in LMIC science systems sit on top of a long-recognised set of problems concerning the difficulty in most LMICs of translating new knowledge produced within national science systems into solutions that improve peoples' lives and livelihoods (Arocena and Sutz 2002). These challenges are seriously exacerbated by an increasingly uncertain world, subject to unprecedented disruptions and shocks (e.g. COVID-19) - with considerable ambiguities about how best to respond.

In LMICs, science, technology and innovation (STI) investments from countries, including the UK, will need to be closer aligned with multiple development priorities and build upon and support novel transformational processes and development pathways (Frost et al. 2019; 2020; Leach et al. 2012). For this to happen new patterns of governance, participation and cooperation will be required that encourage a wide set of stakeholders to steer the priorities for STI investment and capacity building, and the outcomes that these seek to achieve.

### **3) How should the FCDO take account of and mitigate potential inhibiting factors to investment (such as corruption, security, human rights abuses)?**

#### **Human rights abuses and closing civic space in Nigeria**

Evidence gathered by Institute of Development Studies research identifies areas of human rights abuses and closing offline and online civic space, which the Nigerian state has sought to further close under the cover of the Covid-19 pandemic. There is also concerning evidence regarding the discrimination and insecurity of religious minorities in Nigeria, again exacerbated during the pandemic. These are all factors that the FCDO and the UK government should take account of and could potentially inhibit investment.

Recent evidence from the FCDO-funded Action for Empowerment and Accountability (A4EA) research programme found that in Nigeria autocratic behaviour surged and democratic freedoms were excessively restricted during the pandemic last year. The new study 'Navigating Civic Space in a Time of Covid', monitored civic space in Nigeria and found that while restrictive measures to protect public health were necessary, Covid-19 was also used as a cover for curtailing offline and online freedoms integral to democratic debate and civic action, including implementing emergency measures without time limits, and silencing or eliminating critics.

Pre-pandemic, Nigeria was already experiencing a tightening of civic space, with a history of clamping down on civil society organisations, media and activists directly critical of state authorities. Evidence from the new research shows the pandemic has exacerbated these existing trends in Nigeria, with a closing down civic space both offline and online, and authorities seeking to undermine and silence critical voices.

Working with local partners and civil society in Nigeria, the researchers found that legal regulations were used to increase state control of digital spaces and limit free expression. Press freedom in Nigeria has also been put under pressure with voices critical of government particularly hard-hit, with media outlets and journalists singled out for targeted suppression or attack.

Where restrictions on movement and gatherings were put in place, the report found that these were not applied equally, with different political parties, social classes, religions and livelihood groups experiencing differential treatment. In all three countries the already familiar tactic of forced disappearance also continued, and the researchers say were arguably made easier by stay-at-home orders. Even as the first wave of transmission waned, securitisation of the pandemic deepened, restrictive legislation was extended, and individual activists and dissenters were punished for protesting.

For further information please see the full report '[Navigating Civic Space in a Time of Covid](#)'

### **Digital rights abuses**

The African Digital Rights Network, based at IDS undertook research in Nigeria last year that identified increased police violence against peaceful street protestors, closing civic space and the right to protest. With their freedom of opinion and freedom of expression under attack in offline spaces, millions of Nigerians go online to use social media to protest and hold government accountable. The recent #ENDSARs campaign against police brutality is a clear illustration of this opening of online civic space and it is well documented in the [Nigerian Digital Rights Landscape Report](#).

However, the challenge of online protest is that it leaves digital traces for state security forces to track citizens. As the report shows, the Nigerian government has invested heavily in artificial intelligence-based technologies from the Chinese tech giant Huawei which allows it to conduct mass surveillance on citizens' mobile and internet conversations. By this means voices critical of the government can be targeted for attack online by government trolls or targeted offline by the police.

The future of digital rights in Nigeria depends partly on the laws that govern digital spaces. Laws can be used to either protect or diminish the right to privacy, opinion, and speech. This Digital Rights report argues that the interpretation of existing laws in Nigeria have had the effect of discouraging civic participation and that proposed news laws contain even more ominous clauses.

For further information please refer to the IDS [Nigeria Digital Rights report](#)

### **Religious marginalisation and discrimination in Nigeria**

Research by the IDS-led Coalition for Religious Equality and Inclusive Development on the impacts of Covid-19 on religious minorities in Kaduna and Plateau States in Nigeria found many areas of concern. Intersecting vulnerabilities for religious minorities in Nigeria, such as poverty, gender inequality and sectarian or location-specific discrimination and insecurity, were all exacerbated and felt more acutely during the pandemic. The research showed that a health response to Covid-19 in Nigeria alone is insufficient and highlighted the abuse that religious minorities experience.

It records that many religious minorities risk Covid-19 infection, harassment, violent attack and kidnapping to find food for their families. It happens because these most vulnerable minorities are not afforded sufficient protection by local statutory service providers.

On-going militant herder attacks, banditry, and kidnapping in Plateau and Kaduna States continue to drive displacement of villagers into urban areas, away from their farms and livelihoods. This has exacerbated the impact of the pandemic on all, and especially on Christian families. All the Christian men and women participants identified their most pressing issue during the pandemic as insecurity. They have experienced targeted attacks on their villages during the pandemic, resulting in loss of life, displacement, loss of livelihoods, and ongoing insecurity and trauma. During lockdown in both States, internally displaced Christians faced constant fear, hunger and distress. Internally displaced Muslims also experienced deprivations, in particular women struggling alone to feed their children.

The ongoing security challenges in North and North-Western Nigeria and in the distribution of aids and palliatives during the pandemic were highlighted as priority issues. These challenges could also present barriers to investment. Without peace there will be no development. In Plateau and Kaduna States, the intractable security challenges have intersected with the deprivations of the Covid-19 pandemic and lockdown to create enormous hardship, poverty, hunger, and loss of life amongst religious minority groups. Since Covid-19 began, there have been increased cases of violence and encroachments on religious rights, as evidenced by the Christian men and women in Plateau and Kaduna, and the comparator group of Fulani Muslims in Miango, Plateau.

The CREID research recommends that development policies for Nigeria consider how religious inequalities intersect with other inequalities (religion, class, gender, age), within and beyond the context of Covid-19. In particular, to make policies that could help women, both as religious minorities and as victims of gender discrimination, even within their religious groups and their own families, other issues such as lack of education and lack of financial independence should also be considered.

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