

## **Written evidence submitted by the Central Association of all Nigerians in the UK (IRN0016)**

### **Proposals to the UK House of Commons Foreign Policy Select Committee on Foreign Aid and Investment in Nigeria**

#### **Background**

Our organisation, the Central Association of all Nigerians in the UK (Canuk) is the umbrella body of all UK based Nigerian community associations. Canuk works with the Nigeria High Commission to cater for the welfare of Nigerians in the UK and impact positively on the situation in Nigeria, our home country.

Canuk welcomes all moves by the Foreign Commonwealth and Development Office (FCDO) to encourage investment in Nigeria and will work with the agency to encourage both foreign and direct investment (FDI) and diaspora investment. Indeed, many UK diasporans are willing to invest in Nigeria but need assurances that their investments will be protected.

#### **Introduction**

Nigeria like many emerging markets, has continued to face diverse social and economic challenges. These include inadequate public spending on education and healthcare, high unemployment, low incomes, high levels of poverty, rising insecurity, kidnapping, and cyber crime, to mention just a few.

According to the African Development Bank, Nigeria has an annual infrastructural investment deficit of \$100bn. For 2021, Nigeria's total annual budget is a paltry \$33bn, while her gross domestic product is on \$400bn. This is highly inadequate to cater for the needs of an estimated 200m people.

It is necessary to look at the budgets of similar sized nations to see the magnitude of the problem of Nigeria. Pakistan (\$65.7bn), Brazil (\$611.3bn), Indonesia (\$128.5bn).

As Nigerians in Diaspora, we take the view that substantial local and foreign direct investment (FDI) to create jobs, enhance manufacturing and add value to our primary commodities before exporting them, will solve a lot of the problems in Nigeria. It will be great to create additional 20m jobs under a massive industrialisation programme that will drastically reduce the youth employment, crime and insecurity currently bedevilling Nigeria.

In Nigeria today, about 10.5m children are out of school. Nigeria has over 3.2m internally displaced persons (UNHCR). Nigeria also has the highest number of people living in poverty in the world as about 89m Nigerians live on less than \$1.9 a day, which is the United Nations threshold for poverty.

With about 40% of Nigeria's population living in extreme poverty, it is therefore no surprise that Nigeria is currently ravaged by a myriad of related social problems. To address these concerns, there is a massive need for the injection of Foreign Direct Investment. It is very important that Britain takes a lead in increasing its trade relationship with Nigeria which will be beneficial for both countries.

#### **Corruption**

One major factor that has been blamed for the poor standards of living in Nigeria is the massive corruption in the public sector. For instance, Abu (2015) submitted that corruption is deep-rooted in

almost every segment/section of the Nigerian economy including the various arms of government, including the executive, legislature and judiciary.

Nigeria's ruling All Progressive Congress (APC) won the 2015 and 2019 presidential elections on the promise that it will tackle corruption head-on, fight insecurity as well as develop the economy. In addition, President Muhammadu Buhari has repeatedly said that "if Nigerians do not kill corruption, corruption will kill Nigeria".

It is not surprising therefore, that the government is investigating several cases of corruption involving government officials such as the alleged embezzlement of over \$2bn that was meant to prosecute the war against insurgency and Boko-Haram by cabinet members and high-ranking government officials. Many of these are associates of the previous administration run by the People's Democratic Party (PDP) under Goodluck Jonathan.

Recently, the government's anti-corruption fight paid-off as two former state governors were convicted and sentenced to 14 years in prison each on account of defrauding and embezzling funds. A few weeks after a former Taraba governor, Jolly Nyame, was jailed 14 years for fraud, the Federal Capital Territory High Court found former Plateau State governor, Joshua Dariye, guilty of fraud.

Also, the conviction and imprisonment of the former Delta State governor, Chief James Ibori's was due to significant collaboration between the UK Crown Prosecution Service and the Nigerian government.

The private sector has also been found guilty of corrupt organisational practises, as certain businesses were allegedly complicit in the siphoning and laundry of funds stolen by government officials. In line with this, many bank executives have been arraigned and a number of them have been convicted.

Similarly, foreign firms operating in Nigeria such as Halliburton and Sagem have been fingered in corruption related cases in the past. Moreover, the various reports of reputable international organisations such as the Transparency International, Political Risk Service Group and the World Bank, have all suggested that corruption thrives in Nigeria, with public officials using their power of office primarily for private gain and enrichment.

Despite the high level of corruption in Nigeria, little has been done to empirically examine the determinants of this scourge. However, a recent study by Akinpelu, Ogunseye, Bada and Agbeyangi (2013) on the determinants of corruption in Nigeria deserves some commendations.

## **Recommendations**

### **(Where Britain Can Help)**

What measures can the UK commit to as a means of addressing Nigeria's ongoing socio-economic challenges.

### **Support for Diaspora Organisations**

There are hundreds of Nigerian Diaspora organisations that are focused on attracting investment, technology transfer, capacity building and development into Nigeria. Most of these sectors based, professional, cultural, women, youth, states, regional or Welfare based organisations are members under the Central Association of Nigerians in the UK. There are also hundreds of NGOs, investment and business associations that work on developing the trade relationship between Nigerian and the UK. In most cases, many of these organisations work independently and often without governmental

support. We strongly recommend that British institutions work with these organisations to help strengthen their operations.

### **Healthcare**

It will be mutually beneficial and helpful if British investors can join in providing state-of-the-art health facilities (based on NHS type standards) in chosen states or regions (each of the six geo-political zones) of Nigeria. This will reduce medical tourism to foreign countries.

Selected Nigerian hospitals should be affiliated to identified NHS trusts for the provision of care, healthcare governance, continuing education, and telemedicine.

Help can be given to train healthcare staff in the following areas

Administrators

Doctors

Nurses

Pharmacists

Support healthcare workers

Technicians (laboratories, IT, radiographers, etc)

Healthcare Analysts

This will go an exceptionally long way in ensuring that Nigerians, especially women, children and the elderly have access to quality health care.

### **Energy**

There is a need for massive investment into the Nigerian energy sector. Solar power technology is quite advanced in the UK and private companies should be encouraged to take advantage of the need in Nigeria to meet the country's energy demands. We look to provide this by private investment, but the capacity building can be funded through aid. As a result, there is a great need for the re-evaluation of the existing power supply strategy and the implementation of a new strategy. This is an investment that could be managed from any part of the world.

### **Agriculture**

Nigerian farmers need incentives, but it is important that any help to grassroots farmers should be done by:

(a) Going through farmers' associations and cooperatives

(b) Working with Diaspora organisations and farming experts

To ensure that aids get to farmers, bogus middlemen should be eliminated, and donors liaise directly with the farmers. This can be ensured by evidence-based confirmation of land ownership or land leases, such receipts of transactions.

In addition, we would require large expanses of land for agricultural practices. Farmers can then be employed to farm the land (or in animal husbandry as the case may be) using modern techniques.

Alternatively, pieces of the land can be allotted to willing farmers who lack the resources to personally buy their own land.

Whatever aid or facility is put in place, Canuk would suggest that strict measures are put in place to ensure transparency and accountability at every stage.

### **Technology transfer**

Over the years, there has been some collaboration with the UK in the science and technology sectors but one of the main challenges hindering its rate of advancement is the framework for technology transfer.

In Nigeria, there is so much emphasis and priority on university qualifications while vocational training for technical skills have been ignored. There is a need for the establishment of more vocational colleges in Nigeria.

In spite of the strict elimination process applied by Nigeria's Joint Admission and Matriculation Board (JAMB), there are 170 publicly and privately owned Universities in Nigeria churning out over 50,000 graduated annually. As a result, there are many graduates who are either unemployed because there are no corresponding jobs or unemployable because they acquire certificates which they cannot defend.

We take the view that technology transfer is key because investment in technical and vocational training will help address unemployment and curb crime. To achieve this, vocational centres can be set up in different local governments.

According to the World Economic Forum, Nigeria also has to embark on a massive sustainable technical education programme in order to equip and bring its workforce to international standards with skills and knowledge that can compete favourably in the 4<sup>th</sup> Industrial revolution (Digital Age) as well as creating relevantly skilled manpower that can “successfully attract the investment required for growth” (WEF, 2019)

This technology education initiative if implemented as it was in Asia, will position Nigeria to be self-reliant in the manufacturing and in the production of consumer goods and commodities, thus cutting Nigeria's import bill. This framework can be used for a range of sectors ranging from plantation agriculture technology infrastructure to public transport infrastructure, and information technology infrastructure, among others

Canuk wishes to recommend the strategy of engagement used by the Netherlands in collaborating with Nigerians to embark on certain projects in Nigeria. This strategy provides an inclusive, technically strategic and collaborative approach, which can provide the Nigerians in diaspora with the opportunity to “give back” specific technical knowledge to their fatherland with committed resources from both parties.

We can also add other components to this strategy, to further contextualise it for a more sustainable approach in the short and long-run to provide solutions and positive impact in Nigeria.

### **Technical and vocational education training centres**

(a) We would recommend the establishment of a UK/ Nigeria partnership to create technical and vocational training centres. There are many people who cannot get into the university because the system cannot accommodate everyone even if they wanted to and such an initiative will provide them with alternative career paths.

(b) Tech hubs are emerging opportunities. Lagos has had a number of tech hubs such as Co-creation, 360 Creative etc and the results have been tremendous. Investment in tech hubs will yield results. Grants and loans can be made available for people who through the tech hubs or vocational centres. The graduation process could include candidates making a pitch for start-up loans for their businesses.

### **Corruption, insecurity and human right abuses**

In Nigeria, the challenges posed by corruption are herculean. Penalties for corrupt practices such as insider-dealing (Section 115 Investment and Security Act) are overtly lenient when compared with what obtains in other countries (Onele, 2016, United States Securities and Exchange Commission Litigation, 2006).

Furthermore, suggestions put forward in 2018 that an urgent review be conducted regarding the requirement of a company having a minimum of N200bn to qualify for listing on Nigeria Stock Exchange, is a barrier denying numerous companies the opportunity to spread ownership risk to numerous shareholders, leaving market control in the hands of the powerful few.

### **Peace and stability**

Nigeria is ranked ninth on the World Fragile States Index and third on the Global Terrorism Index, just below Afghanistan and Iraq. Independent research showed that about 2,539 persons were killed in 654 attacks between 2017 and 2020 (Jose Luis Bazan, 2020).

Statistics provided by Nigerian national newspaper *Vanguard*, showed that 1,525 persons were killed in the ongoing violence within the first six weeks of 2021. Insecurity has continued to spread across Nigeria like wildfire. This insecurity has been linked partly to activities of bandits and partly to political instability, while in some quarters, the two are not mutually exclusive.

Nigeria's current constitution has been openly challenged as being unitary in nature, as opposed to the federal system which the different indigenous groups that make up the country desire for the entity Nigeria. These agitations have resulted in spreading acts of violence, as the current unitary structure is rapidly giving rise to ethnic mistrust.

Canuk would contend that the United Kingdom as Nigeria's former colonial administrator, has a moral obligation to intervene where possible to encourage the positive resolution of the current impasse in the country.

### **Conclusion**

The Nuruden study examined the determinants of corruption in Nigeria from 1984 to 2016 and concluded that the main causes of corruption in Nigeria include limited economic development, a lack of political rights, restricted civil liberties, high military expenditure, exorbitant rents and a lack of openness. Greater economic development, more civil liberties and openness, as well as reductions in military expenditure reduce corruption, while increases in rents and greater political rights encourage corruption in the long-run.

### **Recommendations**

[1] Based on these findings, this study recommends policies that will promote economic development, civil liberties, accountability and openness, including reducing the reliance on the oil sector to curb corruption in Nigeria. In particular, government and policymakers should employ policies to promote economic development. This can be achieved via increased investment in public works and infrastructure.

[2] Efforts should be made to boost and sustain the growth of domestic production of goods and services, which will lead to employment creation and income-generating opportunities.

[3] While one would expect that a policy of reducing military expenditure is required to curb corruption, the ongoing security challenges and attacks on many communities by insurgents, including kidnapping, among other factors, demand an increase in military spending in Nigeria. Proper funding of the military will help to restore peace in Nigeria.

Relative peace will promote economic activities and raise income over the long term. As stated earlier, when people earn better incomes the temptation to be involved in corrupt practices will be greatly reduced. In addition, government should ensure that due process is followed during contracts bidding, approvals and awards with respect to military procurements.

[4] Efforts should be geared towards diversifying the economy to reduce Nigeria's reliance on the oil sector as a major revenue earner. The state-owned Nigerian National Petroleum Corporation should be encouraged to embrace transparency and accountability in its entire operations. This will result in a reduction in rent-seeking behaviour and corrupt practices, which have become a common feature of the oil sector in Nigeria.

[5] Nigeria's government should take steps to open up the economy more and expose domestic firms to foreign competition. Competition will in turn reduce rent-seeking behaviour and corruption.

[6] The UK, as the creator and formal colonial administrator of the entity known as Nigeria should make investment in the country a major foreign policy objective. Bodies such as the Confederation of British Industry should set itself ambitious investment targets on Nigeria and in turn, the UK government should offer tax rebates, export credits and other inducements to encourage British companies to invest in Nigeria.

### **Executive Summary**

This is the first time in memory that the Nigerian community represented by the Central Association of Nigerians in the UK (Canuk) has been called upon for such a task. This is a clear demonstration of the fact that the efforts of Nigerians living in the country to form a cooperative unified community with a voice and with the power to influence policy processes and outcomes, is finally yielding fruits and the UK government has come to recognise the importance of such efforts. Also, Nigerians in diaspora contribute \$25billion to the Nigerian economy. In this context it is therefore absolutely right for the UK Nigerian Diaspora to be consulted by the UK Foreign Policy Select Committee for proposals and suggestion of viable Aid and Investment projects in Nigeria.

Over the past 20 years, the population of Nigerians in the UK (or British Nigerians) has been rising steadily at a fast rate. According to figures by the Office of National Statistics, OSN, based on 2011 census, there are 300,000 Nigerians living in the United Kingdom. However, many believe the

number is closer to an estimated 2million when factors such as citizens of Nigerian origin or parentage (mostly second and third generation Nigerians) who identify as British-Nigerians who have emigrated into the UK and naturalised since 2011 and of course the undocumented, are taken into consideration.

While there is no official number for this segment of the British population, the fact that Nigerians in the UK form arguably the largest African, if not largest black ethnic group in the BAME population, cannot be overlooked. This group also includes a large number of citizens gainfully employed and contributing to the UK economy as taxpayers.

The Nigerian UK diaspora also joins the global Nigerian diaspora which annually contributes an estimated \$25bn into the Nigerian economy through remittances, family aid and support, gifts and investment projects. This is a quite a sizeable figure that ideally should bring a sizeable amount of power.

This is why it is only too right for the Nigerian UK diaspora to be consulted by the UK House of Commons Foreign Policy Select Committee for proposals and suggestions of viable aid and investment projects in Nigeria.

That Nigeria is currently being faced with a myriad of socio, political, economic and administrative problems cannot be overemphasised. However, the report produced by the Canuk Foreign Policy Committee has focused on listing key sectors of the economy that require urgent attention.

Such sectors include early, primary and post-primary education, power generation, effective health care system, sustainable transportation, provision of clean portable water, provision of good roads network, law and order, and security. The poverty level in Nigeria is far more debilitating and widespread than what is often portrayed in the media as there is a high unemployment level especially among the youth and university graduates, with several resorting to menial jobs or petty trading.

Nigeria is mainly a cash-in-hand economy with many people such as petty traders, market retailers, technicians and small businesses relying on daily income for sustenance and the average daily net income for people who fall into that category is less than £10. As a result, many families are unable to afford for their children the quality education provided by private pre-school or primary institutions.

Many public schools across the country are poorly or inadequately equipped as the place for any quality of formative years education. A great majority of them have dilapidated, outdated and unsafe infrastructures and buildings uncondusive for any kind of learning. There is a great need for a nationwide revamping of primary school educational and infrastructural facilities so that all kids of school age in the country can enjoy quality publicly funded education in clean and safe environments because many kids who miss out on school, end up on the streets as petty criminals, rent boys and touts.

However, with a good start and a good quality educational background in their formative years, such children would progress to higher or vocational education which will empower them with skills and knowledge to become productive members of the society. But for this to be realistic, there is a great need for the creation of jobs and employment opportunities so that graduates and young people leaving school or universities can have relatively good rewarding jobs to fall back on.

An ambitious investment in infrastructural development such as public buildings, sewage, water, libraries, communications, local and national public transport (aviation, railroads, highways) power and energy will not only provide a significantly improved standard of living for the citizens but will also create jobs for young and local people across the country and enhance the country's economic development.

Many of these infrastructures are closely aligned with and are reliant on good electricity supply and that has been one of the major failures of successive governments in Nigeria. An average home has less than four hours electricity supply a day and most of the population rely on power provided by electricity generators, which are responsible for the high level of emissions and environmental pollution across the country, giving rise to the potential damage to health and the rise in the number of respiratory diseases such as asthma.

There is a serious and priority need for investment in Nigeria's power sector as the viability of several other sectors such as communications, transport, healthcare and manufacturing largely depend on constant supply of energy.

Nigerians, particularly those in the diaspora are more aware of the importance of civil responsibility or constitutional rights. This awareness is what also informs the motive of citizens or citizen groups such as Canuk to make demands on the government when they are seen as not performing.

Canuk is extremely excited at the prospect of the UK government, through the UK Foreign Affairs Select Committee on Foreign Aid seeking proposals and suggestions for veritable and verifiable projects and initiatives to invest in the country. In the same vein, we are also genuinely concerned that such assistance does truly go to the very places that they are intended and not elsewhere.

Therefore, Canuk is positioned to stand as an arbiter to facilitate communication, openness and accountability between the UK government and other stakeholders who will be tasked with allocating, managing, monitoring and evaluating all nature of financial, professional, or humanitarian aid provided by the UK Foreign Affairs Select Committee on Foreign Aid to Nigeria.

There are five key questions to assist the FCDO in apportioning this aid and investment.

**How should the FCDO encourage investment into Nigeria?** We believe the FCDO should aid sectors that would impact on the lives of ordinary Nigerians particularly the youth. Hence, we have identified revamping of schools and development of vocational education and skill acquisition centres. FCDO could part fund projects with organisations in the private sector. FCDO could also partner with Nigerian state Governor's initiative projects to part fund and kick start such projects. Canuk can play a trustee role in such projects.

**What are the opportunities and challenges posed by the UK historic foreign links?** While some Nigerian's point an accusing finger at Britain for creating a hybrid nation of different cultures and religions which has caused tribal and ethnic tensions culminating in the terrible civil war. Many others still respect Britain as the mother of nations and there is a willingness to trust the UK. Nigerians are incredibly resourceful, intelligent, respectful talented and have a willingness to learn. Nigeria is in the same time zone with London and produces English speaking highly literate graduates that would easily fit into the UK labour force abroad. This means British firms could have subsidiaries in Lagos producing to the same standard as London.

**By what mechanism should the UK government support trade and private sector development?**

To support private sector development, we have identified several key major infrastructure investment projects which the UK could support such as a national fast speed rail, local east-west shipping ports and electricity production. Secondly if the UK government can be seen to engage constructively with Nigerian government to help develop “open government” and local accountability this could re-build trust between Nigerians and hence reduce tensions, producing a more conducive private sector trade environment.

Other mechanisms may include working with the Nigerian government to review import and export taxes on devices or equipment for development.

**How should they take into account inhibiting factors such as corruption?**

At all stages there is always a need for auditing and audit trail to track standards of deliverables and payments. We envisage a need to engage with management consultant or again link the standards to UK based parent firms and UK based legal practice.

**Which states or countries should be strategic partners or competitors to the UK in this venture?**

Nigerian government system is ambitiously based on the United States of America system of government. There is also a close relationship with the United States; therefore, partnership with the USA would be helpful. Secondly there are huge infrastructure projects being already being executed by Chinese companies, therefore there is a need to compete with China in any tendering process.

That Nigeria is currently being faced with a myriad of socio, political, economic, and administrative problems cannot be overemphasised. However, the report produced by the Canuk Foreign Policy Committee has focused on listing out key sectors of the economy that require urgent attention. There is a serious and priority need for investment in Nigeria’s power sector as the viability of several other sectors such as communications, transport, healthcare, and manufacturing largely depend on constant supply of energy.

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