

Written evidence submitted by British African Business Alliance Ltd. (IRN0026)

Terms of Reference.

- What will the vision outlined in the Integrated Review and subsequent Foreign Commonwealth and Development Office priorities for Official Development Assistance spending mean for the UK's policy toward Nigeria? Specifically:
 - What are the emerging opportunities for aid and investment in the science and technology sectors in Nigeria? How should, and is, the FCDO encourage investment in these sectors, including in Small and Medium-sized Enterprises?
 - What opportunities and challenges do the UK's historic links with Nigeria pose when considering the future partnership between the two countries?
 - By what mechanisms could the UK government support trade and private sector development in Nigeria and stimulate investment?
 - How should the FCDO take account of and mitigate potential inhibiting factors to investment (such as corruption, security, human rights abuses)?
- Which states may be strategic partners and competitors in the UK's policy toward Nigeria and how should the FCDO respond? In particular, how should the UK engage with the United States, China, the Commonwealth and the African Union?

Introduction to British African Business Alliance Ltd.

British African Business Alliance (BABA) is a network of Africa-facing business leaders in the UK; coming together to stimulate innovative investment, business partnerships, development projects and the creation of jobs. Developed by business leaders from Uganda Nigeria and UK, BABA started in 2009 and formalised in 2015 as a limited company. It has created networks across the UK and in London to serve the needs of its members.

In 2020, our members signed contracts and agreements worth over \$250m and put in place funding to the tune of \$230m creating new solutions, organisations, services and jobs across Africa.

In the UK, our work covers 4 core services:

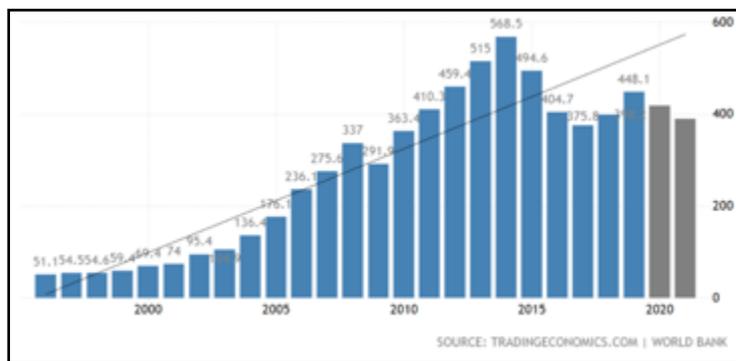
1. **Networking** – Members and VIP guests' network, learn, explore, partner and make introductions. Share strategies and real experiences of doing business in Africa.
2. **Member-2-Member opportunities** - We provide our members with access to:
 - a. **BABA Entrepreneur's Packs** – a collection of ready-made businesses.
 - b. **BABA Market Opportunities** - for UK businesses seeking agents and distributors in African Markets.
3. **British Innovation** – working to identify Skills and Technology that can accelerate African private and public sector projects.
4. **Advisory and Finance** – our professionals help turn members projects into bankable plans.

We have developed Business Networks with African High Commissions and Embassies and we aim to bring together Diaspora Business Leaders, the UK Businesses working in those countries and International Investment and Finance.

Contribution to the Request for Evidence on Development in Nigeria

Economic Performance

In the last 20 years, the Nigerian Economy grew 640% from \$69.4bn (2000) to \$448.1bn (2020), peaking at \$568bn in 2014. The impact of the oil price crisis over the last 7 years has had a profound effect on the country and has stimulated a much belated diversification into



other sectors. Although relatively slow, and constrained by lack of investment, it is also stimulated by the anti-corruption programmes that have been put in place by the current government. Yet, large amounts of cash remain uninvested in the economy and are largely held in low value savings and cash boxes.

The UK and its Relationships with Nigeria

The UK has a unique advantage and could develop an even more constructive relationship with Nigeria by applying its financial and commercial muscle to the development of Nigeria in a manner and style that not only impacts the destination country, but it also brings direct benefits to UK businesses and industries. Once applied to Nigeria this holds potential for application to development programmes in other countries.

The UK enjoys a multitude of relationships with Nigeria, most especially through the 2m (approx.) Nigerians living in the UK, many of whom are naturalised British, as well as those Nigerians here on visas. These qualified and proven relationships could be recognised as an asset to both countries and used as a foundation for an innovative programme of investment and development activities that will reach the grass roots of the Nigerian Economy and not just be allowed to filter down through the wealthy and the Government.

Diaspora Investment Potential

BABA estimates that around 500,000 of the Nigerians in UK have built up available assets through their work and life in UK of around £50,000. From our informal discussion and limited research, we believe that this collection of “rainy day” savings accounts, equity in UK Property and other low value investment activities, add up to around £25 billion, which could be invested into Nigeria, if the appropriate vehicles were to be found.

The History

The history between the two countries is seen at an individual level as generally benevolent. Although, there are factions amongst Nigerians who recognise and react negatively to British activities during the formation of Nigeria and colonial period. The extractive nature of the original relationship is a particular focus. Alongside this, the recognised current need is to develop indigenous businesses and to retain processing profits, in country.

There is yearning for the practical benefits of “things that worked” in colonial times, so it is widely recognised that UK/British Engineering is done well and “worth it” – even if it is a little more expensive. Wise Nigerians also recognise that 60 years on, little blame can be placed at the UK’s door for projects, services and infrastructure that are now fallen into disrepair.

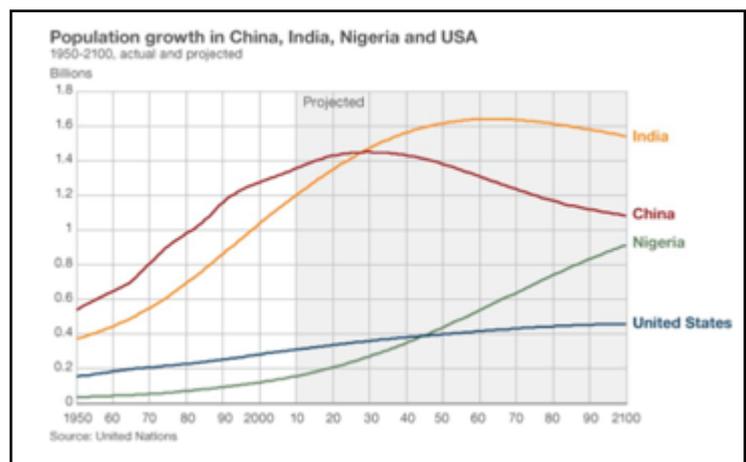
Trust and Confidence amongst Nigerians

One of the major issues in commercial development is a pervasive lack of trust between Nigerians, generally. A fear of being ripped off constrains commercial development and investment and there is recognition that the Government, Banks and even Best Friends can be relied on to exploit ideas brought forward to the detriment of the initiator of the business or the idea. The UK is uniquely placed to help entrepreneurial Nigerians based here to access funding to be applied to the Nigerian Economy through schemes like a “Diaspora Enterprise Investment Scheme” that can sit alongside the UK’s existing EIS and SEIS schemes, used to stimulate investment in UK SMEs.

Critical Issues

There is also a need for Nigeria to reduce imported ‘everyday’ goods and replace them with locally produced goods of similar quantity, saving “food and goods miles” and contributing to local job and wealth development.

The future, where Nigeria’s 200m population is set to double, overtaking the United States in size, in just 28 years, looks bleak. Unless growth can be stimulated in such a way that sustainable jobs are created, undeveloped land is put into good use for agriculture, processing and accommodation the pressures on the economy will increase significantly resulting in increased individual migration for economic survival.



The median age in Nigeria is currently around 18.2 years, less than half that of the UK, and is set to fall further as the population grows, making the need for knowledge, technology and skills transfers immediate and essential, if the well-being of the masses is not to deteriorate further.

Recommendations

British African Business Alliance recommends that the UK Government and its agencies leverage on the connections and capabilities of the Nigerian Diaspora based in the UK. By engaging this well-educated, well-positioned and well-connected community as guides, the UK can stimulate investment activities into viable businesses and development projects at multiple levels, especially the grass roots.

1. **The SME Sector** across Nigeria needs to be stimulated.

- a. There needs to be a level of bias towards rural areas and the regional cities, this will be achieved naturally through agriculture, agri-processing, mining and ore processing – all of these, are core services of UK Companies.
 - b. SME development will require investment into off-grid electrification, water and communications. Mini-grid developments, based on UK technology, will activate commercial engagement way before the proposed Grid extensions contracted with Siemens can be brought into play.
 - c. The replication of commercial services across many hundreds or thousands of towns and villages will bring wealth and well-being into places where there is currently scarcity.
 - d. The development of a large volume of business owners with “a stake in society” will reduce the fraud, corruption and intimidation that flows from largely ungoverned elections and that will add stability to the economy.
2. **Regional Development** – The State Capitals and their supporting towns and cities need to be connected, by road and rail. Some 600,000 square kilometres to the East of Abuja (approx. 2/3rds of the land area of Nigeria and 2.4 times the size of UK), are completely unserved by rail. Around 120m people live in this region and depend on muddy and potholed roads to get their goods to market – and often fail. This will help level-up Nigeria.
 
 3. **Vocational Training and Capacity Development.** Moving beyond schemes like the UK’s Prince’s Trust, young people in Nigeria need training in artisan and agricultural skills so that they can become self-supporting. This capacity will help fund access to health and education by putting money in people’s pockets. British African have developed a business model where this training is initially funded by investments in Real Estate, it is sustained by investments in the businesses of its graduates. Nigeria estimates its current housing shortage is 20m. This programme will lead to the development of a more robust housing stock and increased wealth as individuals take charge of their futures within the SME environment.
 4. **Land Reform and Digital Ownership.** Leveraging the UK’s digital Land Registry would be helpful in validating land as an economic asset in Nigeria and help activate the economic potential of the land surrounding major towns and cities. The large swathes owned by traditional rulers and their communities would be more quickly activated and better valued.
 5. **Partnerships with UK Companies.** The advantage Nigerians in the UK bring, is their ready access to the UK’s technology and funding. By creating worthwhile links with UK companies, relatively easy export contracts can be created, and sales and distribution of UK products can be accelerated as, distribution grows in Nigeria. The 36 States and Federal Capital Territory represent significant markets in themselves, way beyond the reach of companies stationed in Lagos. Where practicable, assembly and manufacturing plants can be created in Nigeria and used as a base for sales development into other west African countries.
 6. **Health and Well-Being.** Conversations with Nigerian doctors and health professionals in the UK, expose both their reasons for practising here and their

reluctance to step back in time, by returning to Nigeria. The lack of diagnostic support facilities, the inability to leverage best practise and leading-edge technology leave many health professionals resigned to working outside their countries. Their investment in training and qualification would be frustrated in the unserved world. British African would propose a programme of Health Infrastructure development creating diagnostic and dialysis clinics within walking distance of the Network of Nigerian Federal Medical Centres and Public Hospitals. This essential step would do much to improve the lot and well-being of the average Nigerian. A programme developed around sport and public recreation spaces within the disciplines of town and city planning would also have a disproportionate and beneficial impact on health and well-being along with the development of wider publicly accessible sports facilities.

7. **Financial Services and Financial Inclusion.** Interest rates in Nigeria remain high, there is a lack of mortgage facilities, and the long-term value of land remains low, except in the major cities. The GDP per head is struggling at \$5,135, well below the world average. \$16,892 and the UK \$46,554. In a world where levelling-up is a new priority, never is this more important than in Africa. Creativity and financial prudence need to combine to create new banking products that are suitable for this rapidly growing population of very poor people. It is not right that banks modelled on the behaviors of Guildford, Dusseldorf, Dijon and Galvaston can be role models for Lakoja, Illorin, Jalingo or Enugu. The people are different, the needs are different, and the values are different. New banking and financial services models are required.

Conclusion

By working with Nigerians in the UK and empowering them to take steps themselves to invest in, develop and grow their own businesses in Nigeria, the UK Government would take the opportunity to optimise its investment into Nigeria. It would focus some of its resource into doing things that people want, but in a manner that adds value to what they are trying to do, already. The economy in Nigeria would see a growth in the SME sector, which is much needed. This is also likely to be the fastest way to create the largest number of jobs.

A by-product of this strategy is that the 0.5% of GDP invested by the UK in development will be supplemented by the co-funding individuals and companies bring to such activity.

At the same time, larger infrastructure projects, identified and brought forward with the Nigerian Government, could provide UK businesses with exceptional opportunities for growth. The private sector must come to the fore, leading such projects with world financial institutes standing behind them, to deliver services in Public Private Partnerships, but where the public engagement is through the Nigerian Government's Provision of Land, Permits Licenses and a benevolent Legal Structure.

The critical point comes in recognising that it is not only in the developed world where Black Lives Matter, but it is also across the Continent of Africa, where better management, appropriate technology and appropriate funding could make a major difference to the well-being of the population of the continent.

It is a continent that requires a model development and the application of the best brains in the world.

British African Business Alliance Ltd, its members, networks and partners stand ready to work with the UK Government to bring forward such projects and opportunities as may be relevant.

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