

**Written evidence submitted by the African Foundation
for Development (AFFORD) (IRN0032)**

AFFORD Founded 1994 •

UK Charity No: 1104682 • UK Company No: 4772972

Rich Mix Building, 35-47 Bethnal Green Road, Shoreditch, London E1 6LA

Website: www.afford-uk.org Tel: 020 3326 3750

Date: 9 June 2021

From: Onyekachi Wambu, Executive Director, African Foundation for Development (AFFORD), a UK based charity that aims to enhance and expand the contribution the diaspora makes to Africa's development.

To: Foreign Affairs Committee Inquiry on Nigeria

Re: Written Evidence on behalf of AFFORD to the Foreign Affairs Committee Inquiry on Nigeria

1 What are the emerging opportunities for aid and investment in the science and technology sectors in Nigeria? How should the FCDO encourage investment in these sectors, including in small and medium sized enterprises?

1.1 Nigeria is dealing with several severe problems, including governance issues, insecurity, economic instability, and passive ethnic aggression.¹ Alongside there is an exploding youth population, which have led to pressure on jobs. Nigeria's jobs challenge: various forecasts show that Nigeria, already Africa's most populous country, will drive the boom in Africa with an expected population of 790.7 million by 2100. the United Nations already predicts that this will make it "harder" for African governments to reduce poverty and hunger or boost local access to standard health and education. In the case of Nigeria, the population will rise by nearly 300%.

1.2 However, successive governments have not managed to turn the economic situation around to create jobs. This has resulted in sustained emigration of Nigeria's middle-class and young people, typically among its best educated citizens, to Europe and North America, often without the intention of returning. This trend is likely to continue as the population grows and results in more pressure on stretched amenities and infrastructure. More Nigerians will

¹ <https://foreignpolicy.com/2021/03/05/britain-shouldnt-put-its-money-on-a-post-brex-it-rapprochement-with-africa/>

go in search of better economic fortunes, standards of living and education and to pursue opportunities for lives and jobs abroad.²

1.3 This presents a challenge as well as an opportunity for job creation, especially for young people. The Nigerian diaspora can play a crucial role in investment in SME's and job creation in a number of sectors, including the science and technology sectors. The role of the diaspora in developing businesses has increasingly been widely recognised, alongside its catalytic potential in creating sustainable/decent jobs.

1.4 The diaspora is already engaged in Investment into education, apprenticeships, TVET skill and capacity building for women and young people to address significant gaps between what the education system can offer and what is needed to support a thriving science and technology sector. This includes:

- Investment funds dedicated to Green and Circular economy especially agriculture (innovative “agritech”, and “agriprocessing”) start-ups seeking to solve the logistics of food waste in the country and learn how to get produce from the farm to the end consumer in the most efficient and effective manner.³
- Investment to research and improve access to constant source energy and power as actions related to science and technology require.
- Investment to support the development of eco-tourism and heritage tourism linked to tech solutions. The successful outcome of the Ghana “Year of Return” and now “Beyond the Return” initiative shows how targeted programs can transform specific sectors via deploying tech solutions. For example, supporting the Benin City initiative to transform the city into a real and virtual heritage city. Returning “the Benin Bronzes” and developing online based archives and virtual exhibitions of the collections will encourage real time visits, as it did in Ghana, and help the city build its heritage tourism economy which will create jobs and boost the local economy.

1.5 Harnessing Nigeria's fintech potential: Nigeria's youthful population, increasing smartphone penetration, and a focused regulatory drive to increase financial inclusion and cashless payments, are combining to create the perfect recipe for a thriving fintech sector.

1.6 Nigeria has a vibrant and growing tech sector. Large firms are delivering services in healthcare, agriculture, and finance while smaller firms are providing e-commerce platforms and other retail-related services. However, the sector is still relatively young. As Africa's largest economy and with a population of 200 million. Nearly 40 percent of which is financially excluded, Nigeria offers significant opportunities for fintechs across the consumer spectrum, notably within the small and medium-sized enterprise (SME) and affluent segments and, increasingly, in the mass-market segment. While the Nigerian government has made the tech sector a priority, more needs to be done to improve the basics of the business environment. The government and the private sector should also take steps to

² <https://qz.com/africa/1881468/how-fast-is-africas-population-growing/>

³ <https://www.cgdev.org/sites/default/files/new-economy-africa-opportunities-nigerias-emerging-technology-sector.pdf>

increase the participation of women in the tech sector. Finally, digitally savvy, middle-aged and young affluent individuals face poor user experience on products and find the value-added from using financial products underwhelming.⁴

2. How should the FCDO encourage investment in these sectors, including in small and medium sized enterprises?

2.1 Setup dedicated diaspora SME investment and match funding schemes which AFFORD has pioneered through its Diaspora Finance Initiative (DFI) to:

- Support the improvement of the policy, regulatory and business environment by implementing programmes that seek to remove obstacles to doing business.
- Support knowledge and skills transfer/sharing initiatives that facilitate access to technology.
- Improve access to financing which is one of the most pressing issues for many small enterprises (The DFI matched fund diaspora scheme for instance incentivised an additional £350K of diaspora investment into African SMEs, on top of the expected target of £150K.
- Create mentoring and other business support initiatives to improve the management capacity of small and medium sized enterprises.
- Gain access to market: build capacity of small and medium sized enterprises to gain access to national and international markets.

3. What opportunities and challenges do the UK's historic links with Nigeria pose when considering the future partnership between the two countries?

3.1 Opportunities

3.2 Nigeria is today Britain's second largest trading partner in Africa, after South Africa, with trade worth £6 Billion. There is enormous scope for growth. The strong British Nigerian community represents a gateway to enter Nigerian markets. The British Nigerian community is already playing a significant role in real and financial transactions between the UK and Nigeria. For example, many British Nigerians maintain stocks of primarily storable and non-perishable Nigerian products in the UK to either supply the UK market or export to other countries. Meanwhile, Nigeria is the top destination for UK remittances, which makes these the second source (after trade in oil) of foreign revenue from the UK in Nigeria. In general, British Nigerians have advantages over other UK investors in Nigeria, owing to their knowledge of navigating the complex business environment and ease in finding business partners in the country.

3.3 Nigeria offers familiar business practices for UK companies, providing opportunities for the services sector. The use of English as a commercial language is widespread in the country. In addition, it has legal regimes that are compatible with the UK, meaning UK and Nigerian lawyers understand legal complexities in both jurisdictions.

3.4 The UK remains an important destination for Nigerian students attending universities and other tertiary educational institutions. Moreover, an increasing number of Nigerians studying in the UK are generating knowledge in compatible disciplines, such as information technology, law, management and engineering.

⁴ <https://www.mckinsey.com/featured-insights/middle-east-and-africa/harnessing-nigerias-fintech-potential>

3.5 Challenges

3.6 Visa regimes and entry into the UK for Nigerian visitors and students remains an area of concern. The APPG for Africa, the APPG for Diasporas, Development, and Migration, and the APPG for Malawi undertook a joint inquiry into this topic in 2018-2019, with the report launched in January 2019⁵. Drawing on the evidence presented to them, including from the Chief Inspector of Immigration, the APPGs identified six specific challenges faced by Africans in applying for visas to the UK and made the following recommendations to improve the system:

3.7 To improve the application process:

- Introduce an expedited application process for those applicants who currently have to travel to a neighbouring country to apply and/or be interviewed for a visa, recognising the increased difficulties they face because of the lack of a Visitor Application Centre (VAC) in the country of application (low cost).
- Provide clearer and more detailed information to applicants on visa application processes and requirements, especially in terms of supporting documents that must be submitted by the applicant. Greater efforts should be made to make clear the timescales required, such that applicants know if they are submitting an application which is unlikely to be processed before the date of travel (low cost).
- Where decision-making is fully digitized, ensure documents are scanned in the country of application, allowing applicants to keep their documents if they wish (medium cost).
- Increase the number of countries with VACs, or else look to use local FCO facilities, or establish partnership arrangements with other countries to share facilities (higher cost).

3.8 To improve decision-making:

- Strengthen quality control systems for rejection letters before they are issued, in particular to ensure the supporting evidence has been fully taken into account, and that short term Visa Guidance is changed to prevent prejudicial/bias assumptions being taken into account in reasons for refusal letters.
- Where there is clear and compelling evidence that a visit is fully-funded by a credible UK-based sponsor, either remove the requirement for the applicant to submit bank statements and prove affluence, or else publish the evidence-base establishing the causal link between poverty and visa overstays (cost neutral).
- High Commissions and Embassies should be allowed greater input to the decision-making processes as a matter of course. Streamlined processes should be explored to speed up and simplify the process for VIPs (low cost).
- Reinforce the role of the Inspectorate and monitor the implementation of the Inspector's recommendations, together with a more systematic relationship between the Chief Inspector and the relevant Parliamentary Select Committee (medium cost)

3.9 An important and growing issue for the future relationship between UK and Nigeria involves outstanding legacies of empire and colonisation, particularly involving the return of looted cultural artefacts. The most acute of these in the context of Nigeria are the Benin Bronzes,

⁵<https://www.afford-uk.org/wp-content/uploads/2020/01/appg-july-2019-report-on-visa-problems-for-african-visitors-to-the-uk-1.pdf>

looted by British soldiers and sailors on a punitive expedition to Benin City in 1897, and subsequently sold to museums in Europe and North America. The single largest collection of Benin Bronzes is held by the British Museum. The Oba of Benin and the Nigerian Government have made longstanding demands for the artefacts to be returned. And these demands are growing, with other European competitors, such as the Germans, being much more open to return than the UK government.

4. By what mechanisms could the UK government support trade and private sector development in Nigeria and stimulate investment?

4.1 Support Diaspora Investment and Development initiatives through Mobilizing diaspora investments by supporting the reduction of remittance commissions in line with Target 7 of SDG 10c thereby aims to reduce these commissions to 3% by 2030.⁶

4.2 Diasporas have emerged as an important resource in the economic development of their countries of origin. To illustrate how critical these figures are at individual country level– although the figures are contested by the Central Bank, in Nigeria, the amount officially remitted through financial systems in 2018 (\$25.08 billion)⁷ slightly exceeded the entire federal budget for that year (\$25.06 billion).⁸ Beyond their well-known role as senders of remittances, diasporas can also promote trade and diaspora direct investment, create businesses, and stimulate entrepreneurship, and transfer new knowledge and skills. The diaspora can also be an asset to reverse emigration of skilled and talented migrants⁹. FCDO can support these efforts by:

- recognition of the diaspora as significant contributors to Nigeria’s development.
- enabling diaspora contributions and existing interventions to reach further, making more social impact by scaling up successful pilots.
- Supporting the creation of diaspora financial instruments such as diaspora bonds that support the scaling of investment and increased impact.
- Supporting strategic dedicated Nigerian diaspora funding for sustainable job creation and knowledge transfer.
- Attracting more private sector participation in both the financing and provision of key development-related services such as infrastructure and some health services.¹⁰

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

5.1 On the security front Nigeria faces several internal security threats. Violence has devastated the northeast in the form of an insurgency with Islamic State linked groups such as Boko Haram. There is growing unrest in the South-East, and with cattle herders and various communities in the Middle Belt and South of the country. Nigeria has traditionally played a role in conflict resolution and its military has been deployed on peacekeeping operations across the continent. But Nigeria’s

⁶ <https://ideas4development.org/en/to-what-extent-do-diasporas-contribute-to-development/>

⁷ Boyo (2019) ‘CBN claims \$2.6bn, not \$26bn as diaspora remittances’, Vanguard, URL: <http://mif.media/rp-aiw-remittance>

⁸ Nairametrics Research Team (2018) ‘This is Nigera’s 2018 Budget Breakdown’, Nairametrics, URL: <http://mif.media/rp-aiw-nrt>

⁹ <https://ideas4development.org/en/to-what-extent-do-diasporas-contribute-to-development/>

¹⁰ <https://www.enterprise-development.org/wp-content/uploads/DFID-Private-Sector-development-strategy.pdf>

military has been increasingly deployed to tackle its own internal conflicts. Underfunded and overstretched, its military at times struggles to battle better equipped militants.

5.2 Nigeria could benefit from additional assistance through leveraging its diaspora for humanitarian interventions and conflict resolution. Diasporas understand the challenges and issues that lead people to violent conflicts (including poverty, historical injustices, inequality, unemployment, climate change, illegal financial flows, and corruption).

5.3 Support for structured Diaspora humanitarian volunteering programmes mean that diaspora can be utilised as volunteers of humanitarian intervention in pre-crisis dialogue, conflict resolution, crisis management and peace building. This can be achieved within the framework of the African Union's 'Silencing the Guns' initiative to achieve peace and end conflict, extremism, and crime¹¹. The FCDO has experience of supporting successful diaspora volunteering through its funding of the VSO run Diaspora Volunteering Initiative a decade ago. With the impact of the Covid-19 pandemic and the recruiting of Nigerian healthcare professionals to plug labour shortages in the NHS, structured diaspora healthcare volunteers are another resource to reinforce and strengthen at risk and fragile healthcare systems in Nigeria.

Ends

June 2021

¹¹ <https://au.int/en/flagships/silencing-guns-2020#:~:text=In%20the%20framework%20of%20the,initiative%20in%20the%20year%202020.>