



PDF II

Policy Development Facility Phase II



↑
Cancer Research
Centre, LUTH
Lagos, supported
by the NSIA

Reducing poverty sustainably, boosting economic activities: selected achievements from PDF II

Policy Development Facility Phase II (PDF II) provided targeted assistance to the Federal Government of Nigeria over a five-year period (2015–2020). It deployed 116 Embedded Advisers (EAs) across 155 projects to support Nigeria's reforms for poverty reduction and economic growth. As a result of PDF II's support across a number of initiatives, including energising economies, green bonds, innovation hubs and the fertiliser initiatives, 27,765 direct, indirect and induced jobs were created. This and other selected achievements showcase PDF II's contribution to pro-poor economic outcomes.

Promoting efficiency across government

Efficiency Unit

A key priority of the Buhari administration is reducing the cost of governance, and PDF II has provided valuable support to the Nigerian government's efforts to ensure ministries, departments and agencies (MDAs) are economically efficient. Technical support for the newly created Efficiency Unit within the Ministry of Finance in 2015 led to savings of ₦ 184.2 billion on the government's top five expenditure items between 2014 and 2017. This was achieved with a thorough review of work processes and practices, and improving government procurement to enhance value for money, leading to a shift in institutional culture.

Price guidelines to enhance the transparency of procurement processes were also redesigned as an electronic web-based 'price checker' (www.bpp.gov.ng/price-checker-portal), launched in 2019,

which features an audit trail and allows vendors of non-customised goods to upload their product features, costs and models. Similarly, an Expense Card Scheme aims to reduce cases of fraud within the public sector.

Through PDF II support:

- £18.5 million was invested to support Nigeria's reform programme.
- 116 EAs were hired to assist Nigeria's Champions of Change on 155 projects.
- ₦ 619 million has been disbursed by the Development Bank of Nigeria to over 300 micro-, small- and medium-sized enterprises (MSMEs), and another ₦ 1.5 billion has been made available for MSMEs.
- ₦ 184.2 billion was saved for the Nigerian government on its top five expenditure items. For every £ the UK government spent on technical assistance, Nigeria was able to save £3,953 in excess expenditure, and an additional £89 to support budgetary expenditure.
- Over ₦ 25 billion was raised in sovereign green bonds.
- A total of 27,765 direct, indirect and induced jobs were supported.

Presidential Enabling Business Environment Council

PDF II advisers have contributed to a national reform process that is supporting the country's entrepreneurs and helping to propel Nigeria up the World Bank's 'Ease of Doing Business' rankings – from 169 in 2016 to 131 in 2019 – in line with the aims of the Presidential Enabling Business Environment Council (PEBEC). Central to improving the business environment has been PDF II's support for a coordinated approach on the part of government stakeholders, formulating and implementing required reforms, and engaging with national and international business stakeholders to update them on progress and obtain feedback. PDF II also commissioned research to develop an evidence base to guide reform, which included operationalising the Executive Order on Improving Transparency and Efficiency in the Business Environment, and the Omnibus Bill, which seeks to remove bottlenecks for businesses.

Generating clean energy

Rural Electrification Agency

As Managing Director of Nigeria's Rural Electrification Agency, a PDF II adviser played a critical leadership role in the implementation of the country's electrification strategy, and boosted its sustainability by securing US\$ 550 million in financing from the World Bank and the African Development Bank. The strategy helped extend an affordable and reliable supply of power to hard-to-reach communities – driving rural economies and the performance of MSMEs. This is expected to encourage additional private sector involvement and investments in power generation for homes and enterprises.

The strategy includes the development of a Rural Electrification Fund, which signed agreements with 26 developers for the disbursement of a ₦ 1.9 billion grant for the execution of mini-grids and solar home systems. The project is expected to create over 400 jobs, provide power to over 43,000 households and businesses, and reduce annual greenhouse carbon emissions by 5,000 metric tons.

The EA also supported and oversaw the Energizing Economies Initiative (EEI), which helped ensure clean, reliable and affordable off-grid energy solutions to MSMEs operating within strategic economic clusters. This private-public initiative provided a stable supply of clean and affordable energy to more than 12,000 shops located within markets in Kano, Lagos and Aba, and supported an estimated 9,000 jobs.

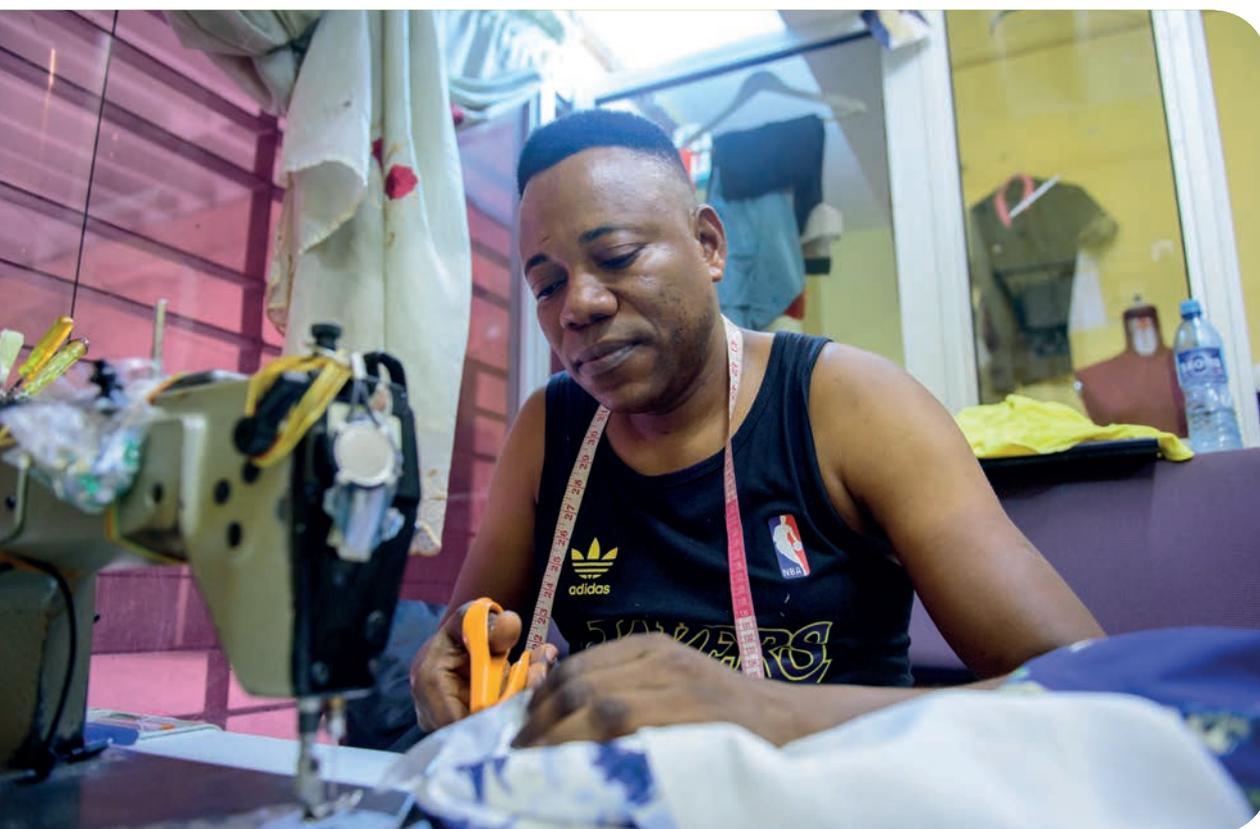
Green bonds

PDF II supported Nigeria to plan, develop and issue Africa's first ever sovereign green bonds. The bonds are now providing critical financing for climate-smart initiatives, supporting the country's climate commitments and driving a new emphasis on pro-poor green development. One of the initiatives to benefit from the issuance of the green bonds is the Energizing Education Programme, which provides up to 12.5 MW of solar energy to nine universities across Nigeria, and also provides training for female students. Upon completion, the initiative will provide off-grid power plants for 37 federal universities and seven university teaching hospitals. It will also distribute power to surrounding communities as a strategy for rural electrification – helping to drive economic activity in these areas.

The pilot and additional green bonds, which were both oversubscribed, raised funds totalling US\$ 71 million. Some of the projects funded by the green bonds in Nigeria have already yielded positive outcomes. Jobs supported by PDF II through this initiative are estimated at about 3,600. The processes that were designed and documented by the EA have not only supported the long-term sustainability of Nigeria's green bond initiative, they are also inspiring similar efforts in other African countries.

Office of the Auditor General of the Federation

PDF II has lent support to ongoing reform efforts that target improved auditing systems and enhanced transparency and accountability within Nigeria's public institutions. Drawing on the experience of the UK's National Audit Office (NAO), which participated in several PDF II-funded missions, the capacity of the Office of the Auditor General of the Federation (OAuGF) has been bolstered so it can fulfil its responsibility of holding MDAs to account and regularise the application of international standard auditing processes. This work has been underpinned by an audit bill and an audit tracker. Further, to entrench a culture of transparency and accountability within the nation's public finance management, PDF II supported the digitisation and modernisation of the Public Accounts Committee of the House of Representatives of the National Assembly. The unveiling of a new computer facility enabled an electronic submission and review system, which has expedited communications and improved the document storage system.



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Sura Market,
energised
under the EEI
programme
of the Rural
Electrification
Agency

Enhancing trade and investment

Nigeria Sovereign Investment Authority

The Nigeria Sovereign Investment Authority (NSIA) overcame early difficulties with the help of a PDF II adviser to strategically communicate its activities, improving its transparency, accountability and credibility. The result was enhanced trust among investors and additional capital contribution of US\$ 500 million from the Federal Government of Nigeria between 2016 and 2017 to invest in critical development projects.

Through PDF II support, review processes, along with financial appraisals, were implemented to enhance the development and management of commercially viable infrastructure projects, including those related to healthcare, rural enterprises, power supplies and vital infrastructural improvements. Furthermore, NSIA management was supported to secure approval for new projects. In particular, support channeled towards the cancer research centre at Lagos University Teaching Hospital, now fully operational, has demonstrated that high-quality healthcare can be provided in Nigeria through the crowding in of private sector capital.

The due diligence provided by PDF II EAs was rewarded with a high transparency rating from the Sovereign Wealth Fund Institute – at 9 out of a possible 10, the only African sovereign wealth fund to receive such a high ranking – and the NSIA subsequently experienced significant improvements in profits, incomes and financial performance.

Trade policy

PDF II helped establish and build the capacity of a Non-oil Export Community of Practice (CoP) towards improving their influence on Nigeria's trade policy and increased exports. Research on trade policy identified challenges and the actions needed to assist ongoing business environment reforms. The Exporter Experience studies provided crucial evidence to the Enabling Business Environment Secretariat (EBES), contributing to a 90-day action plan, part of which resulted in the introduction of an automated electronic NXP process for export.

Efforts are now underway to formalise the CoP and reposition it into a Business Membership Organisation, the Coalition of Non-Oil Exporters (CONEx). Through the Trade Policy Workstream, 10 exporter dialogues were held, including to discuss the gridlock at Apapa ports, which the President himself intervened to resolve. The dialogues served to bridge communication gaps between export-facilitating MDAs and exporters, created a level playing field for discourse on standards and quality infrastructure at regional and national levels, and provided a feedback mechanism for both parties. A PDF II EA also played a critical role in drafting documentation and engaging stakeholders to facilitate Nigeria signing up to the African Continental Free Trade Agreement (AfCFTA), a process completed in July 2019. The partners engaged through the dialogues included individual members of the panel set up by the President to assess the impact of the AfCFTA.

Furthermore, a key recommendation from the South East dialogue on instituting uniform standards and quality assurance led to legislation by the Abia State House of Assembly transforming the Abia State Marketing Management Agency into the Abia State Marketing & Quality Management Agency, to take forward issues of standards and quality for international markets.



About us

Policy Development Facility Phase II (PDF II), funded with UK aid from the UK government, is a flexible, rapid-response facility set up to support Champions of Change in implementing economic and social policies that lead to poverty reduction in Nigeria. Its goal is to provide Champions of Change with improved capacity and evidence to enable them to pursue vital economic and social reforms.

