

## NIAF 2 BRIEFING NOTE

### 1. Overview

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The **Nigeria Infrastructure Advisory Facility (NIAF)** is designed to tackle bottlenecks to the infrastructure development which will spur non-oil growth in Nigeria. The demand-led programme is now in its second iteration, with the first programme running from 2007 – 2011.

- **Sector Coverage:** Power, Capital Projects, Roads & Rail, Northern Growth, Climate Change, Effective Cities
- **Clients:** The Office of the Vice-President, Federal Government Line Ministries, State Governments, the Central Bank of Nigeria
- **Development Partners:** The World Bank, The African Development Bank
- **Contract value:** £97.25m
- **Duration:** 5 years from December 2011
- **Delivery Consortium:** Adam Smith International, Max Lock Centre, Transport Research Laboratory, International Centre for Energy, Environment and Development

### 2. Programme Model

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NIAF is implemented using the facility model, designed to combine venture capital management principles in terms of rapid scalability and value for money with effective aid delivery. The NIAF delivery model has the following key features:

- **Demand led:** Interventions in areas where political will is demonstrated by a client request.
- **Flexible:** The programme has been designed with the flexibility to shift focus rapidly if the opportunity for transformational change arises thanks to a dynamic logframe.
- **Scalable:** Rapid scale up or down to reflect the level of traction an intervention is gaining with a feedback loop which builds in lessons learned and progressively diminishes the risk of failure.
- **Risk bearing:** The venture capital approach requires a high risk tolerance in return for stretch targets offering true transformation – as a result, the programme is only expected to achieve 50% of the logframe.

### 3. Programme Management

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In order to enable the model to work effectively, DFID Nigeria have implemented a governance model which is:

- **Dynamic:** The logframe is a live document which is updated in consultation with an independent panel every six months to reflect changing DFID priorities where new work areas have opened up.
- **Risk sharing:** The programme shares delivery risk with DFID through a retrospective fee adjustment mechanism based on an assessment of performance against expectation as determined by an independent technical panel at output and outcome level every six months.
- **Collaborative:** There is a high degree of DFID advisor input and coordination on technical project detail while the independent Technical Review Panel acts as a governance mechanism offering world class technical guidance to the programme management and DFID every six months.

### 4. Highlights to date

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**Lead development partner throughout the power privatisation process and beyond:** delivery of the most complex privatisation in African history and creation of its first competitive market for wholesale power. NIAF has facilitated \$2.5bn in private sector investment during the privatisation, \$3bn in debt and concessional financing for transmission projects and convened and designed an unprecedented collaboration between the Ministry of Power, Ministry of Petroleum Resources, Nigerian Electricity

Regulatory Commission and the Central Bank of Nigeria to stabilise financial flows in order to provide a stable basis for the Transitional Electricity Market (TEM). Following the 2015 elections, NIAF has supported the incoming administration in the strategic management of the sector through extensive embedded support to the Office of the Vice-President through the Vice-President's Advisory Power Team. In December 2015 a revised multi-year power market tariff structure was announced providing a sustainable basis for the next stage of private sector investment in the sector.

**Supporting democratic change and scaling quickly in roads:** Following the 2015 elections, NIAF reacted swiftly to support democratic transition by making use of the facility model's flexibility to rapidly scale up support in the roads sector, a key priority for the new administration, while re-orienting ongoing work on securing private investment in the national rail sector in line with new national priorities.

**Major traction in capital project budgeting and infrastructure planning:** NIAF has both developed and institutionalised a system of economic appraisal, costing and prioritisation for infrastructure investments across Federal line ministries and state governments. A total of \$1.9bn of capital expenditure has now been either cost screened or project screened by NIAF. In addition to project specific screening support on major national infrastructure priorities (2<sup>nd</sup> Niger Bridge, Lagos-Ibadan Highway), the programme has also developed a comprehensive national infrastructure asset database to support capital budgeting and planning.

**Changing attitudes to climate change:** NIAF supported the Federal Ministry of the Environment's preparations for the COP21 talks in Paris, and is supporting the development of a Climate Change Unit within the ministry supporting access to international climate finance. In addition the programme developed Solar Nigeria, a £37m solar PV project launching public and private markets for solar PV in Lagos, with an additional £12m in ICF scale-up funding for a northern component due in 2016, pending a second successful business case.

**Transforming the urban environment:** NIAF is supporting the Kaduna State Government as it develops the first integrated modern public transport model in Northern Nigeria, in addition the first bus services in Lagos and Abuja have been established with NIAF support and now move over 370,000 people daily. The programme has supported diffused economic growth through its focus on enterprise zones through the critical A2 corridor between Abuja and Kano.

**A deep understanding of how our infrastructure reforms are impacting the vulnerable:** NIAF's ground-breaking work on understanding the long-term impact of power sector investment on poverty alleviation has substantively improved on the existing evidence chain within the wider donor community.

## 5. Details by work area

The section below sets out the major work strands within each sector of operation as well as the principle results recorded to date in those areas:

Sector	Major Works (Ongoing)	Principle Results
Power	<ul style="list-style-type: none"> <li>On-grid power generation and distribution through privately owned GenCos and DisCos</li> <li>Availability of gas for domestic power consumption</li> <li>Transmission capacity support</li> <li>Development of a Transitional Electricity Market</li> <li>Operational sustainability of DisCos</li> <li>Minimising total power system collapses</li> <li>On-grid clean energy generation</li> <li>Increasing daily grid generation</li> <li>Project Management Support for completion of transmission infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>Lead development partner in the launch of Africa's first competitively traded power market readying it for long-term investment</li> <li>Sustainable long-term tariffs safeguarding the poor while enabling investment introduced provisionally in 2014 and second iteration confirmed 2015.</li> <li>Over 130 transmission capacity enhancement projects underway with 22 completed.</li> <li>Lowest ever number of total system shutdowns to date in 2015 – only five.</li> <li>Embedded team now operational under purview of the Office of the Vice-President providing strategic oversight for the sector.</li> <li>Strategic framework developed for state solar IPPs in conjunction with Kaduna State Government.</li> </ul>

<b>Capital Projects</b>	<ul style="list-style-type: none"> <li>• System for the economic appraisal of capital investments in use by MDAs</li> <li>• Support to NSIA in second Niger Bridge project and Lagos-Ibadan Expressway</li> <li>• PPP projects reaching financial closure</li> <li>• Decision support tools for infrastructure project screening</li> <li>• Embedding of infrastructure monitoring and evaluation dashboard</li> </ul>	<ul style="list-style-type: none"> <li>• Projects screened worth a total of \$1.33bn across Federal MDAs.</li> <li>• Training in budget screening approaches and tools given to 181 Federal budget officers.</li> <li>• Concession agreement on second Niger Bridge in final revision.</li> <li>• RFPs for five PPPs issued in addition to three which have already reached financial closure.</li> <li>• Nigeria Asset Decision Support System created and finalised, with agreement to transfer to National Bureau of Statistics.</li> <li>• Director General of the Budget Office has approved the NIAF infrastructure monitoring and evaluation dashboard for rollout.</li> </ul>
<b>Roads &amp; Rail</b>	<ul style="list-style-type: none"> <li>• Rehabilitation and concession of the national railways</li> <li>• Development of a Road Asset Management System</li> <li>• Integrated planning, investment and maintenance decision making structure for national roads</li> </ul>	<ul style="list-style-type: none"> <li>• Launch of the iROADS system within FIRMA at the instigation of the Office of the Vice-President, road and bridge survey data now live and accessible.</li> <li>• Western and Eastern line rail rehabilitation set for completion in 2016. Transaction advisor appointment underway for the national rail concession.</li> </ul>
<b>Northern Growth</b>	<ul style="list-style-type: none"> <li>• Electricity volume delivered to Northern DisCos</li> <li>• Improved municipal service delivery</li> <li>• Prioritisation and screening of capital project investment in Northern state budgeting processes</li> </ul>	<ul style="list-style-type: none"> <li>• Substantial increase in the volume of electricity allocated from the grid to Northern DisCos, now 21.5%.</li> <li>• Over 300,000 beneficiaries of NIAF supported solid waste management reform in Northern cities, half of whom are women and girls.</li> <li>• Prioritised and appraised capital projects for three MDAs in hard infrastructure in Kaduna State's 2016 budget.</li> </ul>
<b>Climate Change</b>	<ul style="list-style-type: none"> <li>• International climate change project funding committed and allocated to projects</li> <li>• Gas flaring reductions</li> <li>• Climate resilience mainstreaming across Federal MDAs</li> </ul>	<ul style="list-style-type: none"> <li>• Support to Ministry of Environment in strategising for COP21 talks in Paris.</li> <li>• Concept note for \$10m of climate finance support submitted to European Energy Fund, and accreditation for Bol through the Adaption Fund.</li> <li>• Solar Nigeria Power rolled out of NIAF with £4.6m DFID TA component and £49m ICF funding.</li> <li>• 62,000 people with access to cleaner energy through the cookstoves programme.</li> </ul>
<b>Effective Cities</b>	<ul style="list-style-type: none"> <li>• Public mass transport schemes for cities</li> <li>• Passenger trips made using public mass transport</li> <li>• Expansion of urban serviced land</li> <li>• Urban environment management agencies established to support city development</li> </ul>	<ul style="list-style-type: none"> <li>• Bus mass transit being delivered in Lagos and Abuja. Light rail to be launched 2016 in Lagos. Transport Options Paper delivered for Kaduna.</li> <li>• Five Nigerian cities implementing serviced land generation programmes: FCT, Kano, Kaduna, Zaria, Enugu.</li> </ul>