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Case Summary: Nigerian Infrastructure Advisory Facility

Tags: Investment, Infrastructure, Energy, Programme Design, Case Study



The Programme

Nigeria's power sector value chain suffered from debilitating obstacles such as chronic underinvestment, system inefficiencies, poor planning and skill gaps. The Nigeria Infrastructure Advisory Facility (NIAF), a demand-driven technical assistance programme, supported the Federal Government of Nigeria to address these infrastructure bottlenecks, freeing up non-oil growth in the wider economy. By adopting a unique programme model and politically astute implementation approach, NIAF was able to successfully implement complex power sector reforms, facilitate the creation of Nigeria's first competitive wholesale electricity market and expanded the delivery of affordable and reliable power supply.

Design Features

Demand-led design ensured ownership and alignment with the national policy. NIAF was designed in close alignment with the government's reform agenda, and the programme was able to secure high-level political buy-in for reforms through developing close relationships with key institutions.

Integrated political economy considerations. NIAF effectively used in-depth political economy analysis to engineer consensus around the reform efforts. The programme also used consultants from Nigeria's diaspora community to help understand the operational environment and target advocacy efforts.

Flexible delivery model. The facility model enabled a rapid and flexible response to changing client demands and emerging opportunities and challenges in the institutional landscape. This model relies on a venture capital approach – building from a large number of small sub-projects to rapidly scale up in areas of success – and reduce its intervention failure rate by ensuring lessons learned feed into new intervention design.

Embedded advisors and skills transfer. NIAF facilitated skills transfer through a combination of embedding long-term advisors embedded in ministries and pairing junior mid-level energy professionals with senior expatriate power sector experts to up-skill civil service counterparts.

Key Results



NIAF was integral to Nigeria's successful privatisation process. At the end of 2013, over **70% of Nigerian power was generated and over 40% distributed by privately owned companies.**



The establishment of a competitive market for wholesale power, accompanied by the **introduction of new tariff structure.**



Facilitation of **US\$2.5bn in private sector investment** in the power sector, resulting in an increase in power output, a replacement of diesel generation, and 70% reduction in grid collapses (2013 – 2015).



A **2.2% electricity price decrease** for manufacturing firms, resulting from an increase of power sent into the grid from 2014 to 2015. This lower electricity price has led to a **0.20% larger manufacturing output** associated with a **0.13% growth of GDP** and created **23,300 jobs.**

Lessons Learnt

Integrate political economy analysis: Policy reform is highly conditioned by the political economy environment. Political economy considerations need to be carefully assessed and managed during programme implementation.

Adopt flexibility in programme design: Recognising the dynamic nature of power sector reform programmes, adopt a design and delivery model that can adapt to complex and changing policy and institutional landscapes.

Avoid donor dependency and ensure sustainability: Long-term embedded advisors in ministries provide significant benefits to programmes due to their expertise and understanding of the political context, but this needs to be balanced against the risks of exacerbating donor dependency.

Utilise diaspora experts: Diaspora provides a rich source of politically and culturally informed interlocutors to help navigate political economy of government.

Think about mainstreaming opportunities early on: Mainstreaming of cross cutting themes such as social inclusion and climate and environment needs to be included in the programme design early on.

The Nigeria Infrastructure Advisory Facility was funded by the UK Department of International Development (DFID) and implemented by Adam Smith International. This summary was prepared based on the "Nigeria: Power Policy Reform" case study, which was developed as part of an evidence review for DFID to inform its new Cities and Infrastructure for Growth programme.

If you want to find out more about this case study, please contact iced.programming@uk.pwc.com or read the full case study on the ICED website.