

Improving Communications of the NIGERIAN SOVEREIGN INVESTMENT AUTHORITY (NSIA)

UK Aid's support towards the establishment of NSIA commenced in April 2010 under PAK, (predecessor programme to PDF) through two long-term placements (finance and legal) in the Federal Ministry of Finance. The support was extended to November 2011 to ensure the successful operational launch of the NSIA - with an emphasis on promoting successful operations in line with the NSIA Act 2011. The NSIA was successfully established in May 2011. Its main objectives include, building a savings base for the Nigerian people, enhancing the development of infrastructure, providing stabilisation support at times of economic stress, and carrying such other matters as may be related to its objectives.

In 2015, the NSIA suffered great opposition from the political class who claimed that it's set up was a political arrangement of the Goodluck Jonathan government with no legal backing. The state governors argued that ceding such funds from the Excess Crude Account accruing to the entire federation to NSIA was illegal and therefore that the funds be shared among the 3 tiers of government and NSIA scrapped. When the President Muhammadu Buhari government took over power on a mantra of fighting corruption, NSIA was accused of not being able to account for \$700m out of its \$1.5bn seed capital thereby smearing the credibility of the NSIA as an institution.

ABOUT US

Policy Development Facility Phase II (PDF II) is a flexible, rapid-response programme funded by the UK Aid Department for International Development (DFID). The primary objective of PDF II is to provide targeted assistance to support Nigeria's 'champions of change' across the Federal Government to implement economic and social reforms that lead to poverty reduction. This is done through the provision of high quality organisational support and high quality policy research to build the evidence base for this support.

ROAD TO CHANGE



Discussions were held with Peter Ackermann, the Chief Investment Officer and member of the executive management of NSIA. He revealed that the organisation was in need of a communication expert who could be aggressive, pushy but patient; one who could manage on-going crisis as it relates to image redemption and management of the NSIA. The NSIA acknowledged that it would be difficult for an organisation with a poor image to attract co-investors hence the request to UK Aid to fund a communications Adviser. Building on the earlier support of PDF, PDF II engaged a communications Adviser in July 2015. Upon his engagement, the Communications Adviser began engaging with the Nigerian publics and critical stakeholders with a view to increasing awareness, understanding and support for NSIA's strategy, programmes and interventions. The support of the Adviser helped to manage the bad publicity by engaging the political class in a constructive and strategic manner.

Through continuous engagement, all key stakeholders including the National Economic Council came to fully understand and appreciate the significance of NSIA's role as a tool of fiscal discipline. As a result, support for the NSIA both in terms of approvals and capital contributions have increased. The issue of the reputation and credibility of NSIA as well as its accountability for the funds was addressed adequately to the extent that when the Authority organised its first Governing Council meeting in November 2015, the famous opponents of NSIA became its biggest advocates. After that council meeting, an additional capital contribution of \$250 million was voted to NSIA by the Federal Government of Nigeria.



KEY CHANGES

NSIA has grown from being a relatively unknown organization, to a credible body that is not just a tool for fiscal discipline but also a trusted development partner for implementing and facilitating projects. Investors who are considering bringing in foreign direct investment and are seeking to invest in real estate and other infrastructural projects or agriculture, are now more willing to do so working with the NSIA.



Growth in Profit, Investment Income and Financial Performance – in 2016, total comprehensive income increased to N26.3 billion representing a 67% growth; investment income grew by 47% to close at N5.8 billion and total assets recorded a growth of 20% to close at N213.66 billion at year-end.



Proactive Crisis Management - With the support of the Adviser, the organisation developed an effective strategy for crisis management, not only by putting out corrective statements in its defence but also by proactively engaging with the public to sustain and deepen working relationships through its networks and partnerships. The discussion with one of the NSIA executive directors affirmed that before PDF II's support to NSIA, the organisation had little or no interaction with the press but now there are regular press briefings and NSIA is now consulted by media agencies before stories are published by the press.

High Transparency Rating by Sovereign Wealth Institute – NSIA received a score of 9/10 points by the Linaburg- Maduell transparency index administered by the Sovereign Wealth Institute. This makes it the only Sovereign Wealth fund in Africa to be ranked alongside the likes of, UAE, South Korea, Brazil and Malaysia. The Adviser's support contributed significantly to this because of his role in helping to put together and publish the quarterly and annual reports for NSIA. As part of his role, he also gave the reports wide circulation through multiple channels of communication.



Increased Awareness and Support for NSIA's Strategy, Programmes and Interventions -

Communication support provided by the Adviser served as the vehicle for increasing awareness and understanding by the public and critical stakeholders. This translated into greater support of NSIA's Strategy, Programmes and Interventions. From November 2015 to date, there have been zero negative reports on the NSIA. There has also been increased legislative support for the Authority and international interest evidenced by foreign media coverage (Wall Street Journal and CCTV News amongst others).



High Impact Project Management [Agriculture] -



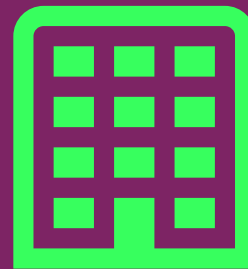
- The NSIA in partnership with Ogun State Government and Lafarge Africa Plc signed a Memorandum of Understanding for the joint development of Ogun State Forest Landscape Restoration Project, the project combines land restoration with business development objectives.



- NSIA is co-sponsoring the Fund for Agricultural Finance in Nigeria (FAFIN) which is a private equity fund that provides financial assistance, capacity building, and technical assistance to selected SMEs in the Nigerian agribusiness sector aimed at driving agricultural transformation. Through investments in the dairy, edible oils, poultry and cassava value chains, FAFIN has created over 500 new jobs - 50% of which are occupied by women and youth - and has improved the lives of over 1,000 small holder farmers and their families by supporting innovative business incentives and out-grower schemes.



- Presidential Fertilizer Initiative – the Adviser coordinated public sensitization programmes providing the public the reasons for NSIA’s involvement in this initiative, helping them to move past previous antagonisms that were felt with some who have vested interests in fertiliser. Through this initiative they have raised awareness of lower cost fertilisers for farmers.



- Development of Enabling Institutions: Infrastructure Credit Enhancement – A major challenge, which prevented holders of pools of capital such as pension funds from investing in infrastructure as an asset class was the absence of a system for credit enhancement. Working with GuarantCo, NSIA incubated the Infrastructure Credit Guarantee Company Limited, InfraCredit; a company tasked with fixing this gap in the industry and unlocking capital for infrastructure investment. The adviser assisted in laying the groundwork for positioning the company and ensuring stakeholders understood the significance of such an entity in Nigeria’s financial services landscape.

By engaging the Communications Adviser, through the support of PDF II, NSIA have been able to re-gain public acceptance and increase credibility in the eye of its critical stakeholders such as co-investors. They have moved beyond the poor public image they once held, and the non-functional website which represented them, something the Adviser helped to resolve. The Executive Director affirms that the interaction between the Adviser and NSIA has helped to strategically position NSIA as envisioned by top-level management.