

2015

Infrastructure Concession Regulatory Commission
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The Presidency
INFRASTRUCTURE CONCESSION
REGULATORY COMMISSION
NIGERIA



Annual Report Accounts 2015





A REPORT

**OF THE ACTIVITIES
OF THE**

INFRASTRUCTURE CONCESSION REGULATORY COMMISSION

AND

THE AUDITED ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 2015



Infrastructure Concession Regulatory Commission

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HIS EXCELLENCY

MUHAMMADU BUHARI GCFR

PRESIDENT, COMMANDER-IN-CHIEF OF THE ARMED FORCES
FEDERAL REPUBLIC OF NIGERIA



HIS EXCELLENCY

PROF. YEMI OSINBAJO SAN

VICE - PRESIDENT
FEDERAL REPUBLIC OF NIGERIA



HIS EXCELLENCY,
SENATOR KEN NNAMANI, GCON
CHAIRMAN
INFRASTRUCTURE CONCESSION REGULATORY COMMISSION
GOVERNING BOARD



AMINU DIKO
DIRECTOR GENERAL/CEO
INFRASTRUCTURE CONCESSION REGULATORY COMMISSION



GOVERNING BOARD MEMBERS



Senator Anyim Pius Anyim, *GCON*



Mr. Mohammed Bello Adoke, *CFR, SAN*



Dr. Ngozi Okonjo Iweala, *CFR*



Mr. Godwin Emefiele, *CON*



Senator Ken Nnamani, *GCON*



GOVERNING BOARD MEMBERS



Barr. Comfort Sira Wiwa



Mrs. Yabawa L. Wabi, *mni*



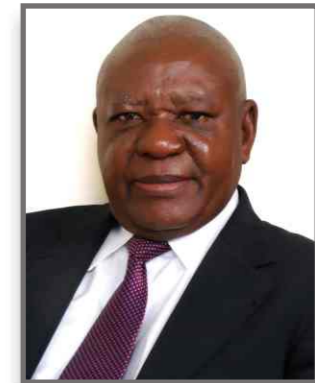
Hon. Musa Elayo Abdullahi



Hon. (Engr.) Janet Febisola Adeyemi



Col. Umar Farouk Ahmed (Rtd.)



Chief (Barr.) A.U. Kanu



Aminu Diko



MANAGEMENT TEAM

Executive Management Team

Mr. Aminu Diko	- Director General
Engr. K. C. Izuwah	- Executive Director PPP Resource Department
Mr. Mike Joe A. Ohiani	- Director, Contract Compliance Department
Mr. Mohammed A. Bamalli	- Director, Support Services Department
Mr. Chiedu Ndubisi	- Technical Adviser to DG/Head, Planning & Research

General Management Team

Mr. Aminu Diko	- Director General
Engr. K. C. Izuwah	- Executive Director PPP Resource Department
Mr. Mike Joe A. Ohiani	- Director, Contract Compliance Department
Mr. Mohammed A. Bamalli	- Director, Support Services Department
Mr. Chiedu Ndubisi	- Technical Adviser to Director General
Mr. Hammed Togunde	- Head, Internal Audit
Mr. Jobson Ewalefoh	- Head, ICT
Mr. Mohammed Barma	- Head, Finance and Accounts
Mr. Emmanuel Onwodi	- Head, Special Projects
Mr. Odili Onu	- Head, Energy/Urban Infrastructure
Mr. Ahmed Abdulrazaq	- Ag. Head, Social Infrastructure
Mr. Olusa Busari	- Ag. Head, Transport Infrastructure
Mrs. Evelyn Okonofua	- Ag. Head, Human Resource
Mr. Olusola Ogunsola	- Ag. Head, Procurement
Dr. Felix Ogbera	- Ag. Head, Monitoring and Compliance
Mrs. Deborah Okafor	- Ag. Head, Media & Publicity



Objective

The key strategic objective for the Infrastructure Concession Regulatory Commission (ICRC) is to accelerate investment in national infrastructure through private sector funding by assisting the Federal Government of Nigeria and its Ministries, Departments, and Agencies (MDA) to implement and establish effective Public Private Partnership's (PPP) procurement.

ICRC Act 2005

The ICRC Act, 2005 bestows on the Commission with functions and powers to:

- ☉ Provide general policy guidelines, rules and regulations;
- ☉ Take custody of every concession agreement;
- ☉ Monitor and inspect PPP projects; and
- ☉ Ensure efficient execution of any concession agreement or contract entered into by the Federal Government.

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GLOSSARY OF TERMS

Act	Infrastructure Concession Regulatory Commission (Establishment, Etc) Act 2005
AfDB	African Development Bank
BASL	Bi-Courtney Aviation Services Limited
AGF	Attorney General of the Federation
BCC	Bi-Courtney Consortium
BOF	Budget Office of the Federation
BPE	Bureau of Public Enterprises
CCD	Contract Compliance Department
CBN	Central Bank of Nigeria
DFBOT	Design, Finance, Build, Operate & Transfer
DFIs	Development Finance Institutions
DG	Director-General
DMO	Debt Management Office
ED	Executive Director
EPC	Engineering Procurement Construction
EoI	Expression of Interest
EPC	Engineering, Procurement and Construction
FAAN	Federal Airports Authority of Nigeria
FBC	Full Business Case
FCT	Federal Capital Territory
FCTA	Federal Capital Territory Administration
FEC	Federal Executive Council
FGN	Federal Government of Nigeria
FIRS	Federal Inland Revenue Service
FMoA	Federal Ministry of Aviation
FMoA&RD	Federal Ministry of Agriculture & Rural Development
FMoF	Federal Ministry of Finance
FMoJ	Federal Ministry of Justice
FMoI	Federal Ministry of Interior
FMoPWH	Federal Ministry of Power, Works & Housing
FMoYS	Federal Ministry of Youth & Sports
FMoCT	Federal Ministry of Communication Technology
FMoICT	Federal Ministry Information, Culture & Tourism
FMoWR	Federal Ministry of Water Resources
FMoITI	Federal Ministry of Industry, Trade and Investment
FERMA	Federal Road Maintenance Agency
FMoT	Federal Ministry of Transport
FMoH	Federal Ministry of Health
GAT	General Aviation Terminal
GDP	Gross Domestic Product
ICD	Inland Container Depot

ICRC/Commission	Infrastructure Concession Regulatory Commission
ICT	Information and Communications Technology
LCC	Lekki Concession Company
LITFC	Lagos International Trade Fair Complex
MDAs	Ministries, Departments and Agencies
MMA	Murtala Mohammed Airport
MMA2	Murtala Mohammed Airport Terminal 2
MoC	Memorandum of Cooperation
MoU	Memorandum of Understanding
NIAF	Nigerian Infrastructure Advisory Facility
NIMASA	Nigerian Maritime Administration and Safety Agency
NIWA	National Inland Waterways Authority
NEPAD	New Partnership for Africa's Development
NEMT	National Economic Management Team
N4P	National Policy on Public Private Partnership
NIMC	National Identity Management Commission
NIIMP	National Integrated Infrastructure Master Plan
NNPC	Nigerian National Petroleum Corporation
NPA	Nigerian Ports Authority
NPPPN	Nigerian Public Private Partnership Network
NPC	National Planning Commission
NRC	Nigerian Railway Corporation
NSC	Nigerian Shippers' Council
NSIA	Nigerian Sovereign Investment Authority
NTIBC	National Trade and International Business Centre
OBC	Outline Business Case
OHCSOF	Office of the Head of the Civil Service of the Federation
O&M	Operations and Maintenance
PDT	Project Delivery Team
PSC	Project Steering Committee
PICI	Presidential Infrastructure Champion Initiative
PPP	Public Private Partnership
RBDA	River Basin Development Authority
RFP	Request for Proposal
ROT	Rehabilitate, Operate and Transfer
SGF	Secretary to the Government of the Federation
TBS	Tafawa Balewa Square
TSGP	Trans-Saharan Gas Pipeline
VGf	Viability Gap Fund
WBI	World Bank Institute

CHAIRMAN'S STATEMENT

It is my pleasure to present the 2015 Annual Report and Accounts of the Commission as required under Section 27(1) of the Infrastructure Concession Regulatory Commission (Establishment, Etc.) Act 2005. My statement is however only limited to the five months ending 29th May 2015 during which period I served as the Chairman of the Governing Board. The Governing Board was dissolved by the Federal Government along with all other Boards on July 16, 2015.

The year 2015, started on a positive note with the nation's newly earned status as the largest economy in Africa and the associated prospects for new investments and more growth opportunities in the economy. However, with the slump in the global market for commodities and the implications for the financial fortunes of governments, it became clear early in 2015 that public private partnerships (PPP) procurement would be increasingly relied upon to fill the emerging funding gaps in infrastructure development in the country.

During the five-months period of our stewardship in 2015, the Commission received a total of 37 proposals and requests from MDAs, of which 15 were for the issuance of Outline Business Case (OBC) Compliance Certificates while two were for the issuance of Full Business Case (FBC) Compliance Certificates. By May 29, 2015 the Commission had issued six OBC Compliance Certificates and one FBC Compliance Certificate. The OBC / FBC Compliance Certificates were issued for the following projects:

OBC

- The Development of Mechanic Villages in the six geo-political zones and
- Reconstruction of the road leading to the Murtala Mohammed International Airport in Lagos.

FBC

- The construction of the Debt Management Office (DMO) Twin Tower Head Office Building and
- The redevelopment of the National Theatre, Iganmu-Lagos.

Another statutory function of the Commission is the routine monitoring of compliance activities of all PPP projects in its custody. Interventions were made in the form of guidance



and advice to both affected MDAs and the private sector Project proponents.

The Commission also participated in initiatives designed to strengthen confidence in the PPP market and further obtain stakeholders buy-in, such as the Tolling Policy, long term infrastructure finance, and inauguration of PPP Units in all MDAs, as approved by Mr. President. One of the main thrusts of the Commission's activities in 2015 was to see to the amendment of the ICRC Act in order to make the Commission an effective regulator for PPPs. A draft Bill was prepared and was being reviewed by all stakeholders. The Governing Board also devoted considerable time in establishing a proper planning process in the Commission to enable it work seamlessly towards discharging its mandate.

To raise the technical knowledge of employees in the Public Service, the Commission began implementing existing Memorandum of Understanding (MOUs) with the Lagos Business School, Kaduna Business School and the Centre for Management Development. The MOUs covered research/publications, development of case studies in PPP, infrastructure regulation, monitoring & evaluation of on-going projects and stakeholder engagements.

During the year under review, the Commission intensified its sensitization campaign to assure wider acceptance and deepen understanding of the PPP procurement option. The Commission also continued to assist state governments to build capacity in structuring PPP transactions through the National Public Private Partnership Network (NPPN) initiative by holding PPP stakeholder fora in Abuja and Lokoja.

As part of its regulatory activities, ICRC carried out monitoring and compliance activities on projects and made valuable interventions. The Commission also worked with the World Bank Institute to develop draft guidance on PPP Contract Disclosure which would allow all Nigerians access to basic information on all PPP contracts. These activities and interventions which provide a clear guide on PPP procurement processes have been posted on the Commission's website for ease of access.

One challenge that weighed down the Commission was poor funding for its operations. The Commission was not funded adequately to provide the effective intervention required for stimulating private sector involvement in the delivery of infrastructure in Nigeria. Several letters were written and engagements made with the Minister of Finance which had resulted in some temporary relief. I am however pleased to note that the President's strong commitment to utilizing the PPP procurement option for infrastructure renewal would help address the funding constraint of the Commission.

The short period of the Boards' stewardship in 2015 witnessed significant progress and achievement for the Commission. I would like to highlight the support and commitment of my colleagues on the Board who made sacrifices in order to steer the Commission's operations toward greater achievements. I also acknowledge the responsiveness and dedication of the Management and Staff in steadfastly implementing its mandate in spite of the operating challenges aforementioned.

Finally, on behalf of the 2nd Governing Board of the Infrastructure Concession Regulatory Commission, I would like to express my profound gratitude to His Excellency, Mr. President for the opportunity to serve.

Signed
Sen. Ken Nnamani, GCON
*Former Chairman, ICRC
 Governing Board*

DIRECTOR-GENERAL'S STATEMENT

Introduction

In the year 2015 the Commission continued to focus on making the Nigerian public-private partnership (PPP) program a success through the statutory pre- and post-contract regulatory guidance to MDAs as they entered into PPP contracts with private sector Project proponents to deliver critical infrastructure services to Nigerians. In the same vein, the Commission provided transaction support and capacity building in many MDAs to assure successful project development, competitive tendering, negotiation and contract execution. I believe that for Nigeria to succeed in establishing a sustainable PPP environment, we must forge partnerships built on trust, and nurture genuine collaborations with various stakeholders. It is however very important that such collaborations are premised on strong legal, regulatory, institutional and financial framework.

PPP and the Challenging Environment

There are different types of procurement arrangements. The first method of government procurement is the traditional Engineering Procurement Construction (EPC) contracts financed from government revenues or loans secured by government. This procurement process is regulated by the Bureau of Public Procurement (BPP). The second method is privatization through which government assets or interests are partly or fully sold to private companies. The Bureau of Public Enterprises (BPE) is the implementing agency for this procurement method. Procurement through PPP, on the other hand, invites private sector Project Proponents to partner with government in developing infrastructure and the amount invested is recoverable over a period of time to be agreed between the two partners. The Commission is mandated by the Act to regulate this process.

A lack of clarity in the enabling laws of the institutions responsible for these three methods of government procurement often brings the Commission into conflict with the other agencies. This phenomenon has been creating uncertainty in the PPP market. Happily, the Hon Attorney General of the Federation (AGF) and Minister of Justice had extensively reviewed the applicable laws and then provided an interim remedy. The AGF had, in a well considered Legal Directive to the respective agencies directed that: "...all concessions made or granted by any MDA or facilitated by



the BPE whether or not under the Public Enterprise Act, must be made in accordance with the provisions of the ICRC Act and subjected to the regulatory authority of the ICRC".

A permanent remedy would however be a legislative intervention. As revealed in the Chairman's Statement, a Bill designed to address these gaps in the enabling law is currently pending in the National Assembly. The amendment seeks to clarify that PPP procurement extends beyond 'concessions', provides the Commission with adequate enforcement powers, and a clear dispute resolution mechanism.

PPP Knowledge Gap

One of the major challenges militating against acceptance of PPP as a procurement option is the knowledge gap that exists in

both the public and the private sectors. The Commission has been given the responsibility of bridging this gap but without commensurate authority to discharge the functions. Sufficient funds was not allocated to run adequate programs and MDAs often fail to send their staff to attend PPP courses recommended by the Commission. Nonetheless, a number of PPP training had been conducted for both ICRC staff and staff of various MDAs. In due course, the Commission would be engaging closely with the Head of Service of the federation to arrange a more structured PPP training for public Servants.

Following the establishment and inauguration of PPP Units in major infrastructure MDAs, the Commission continued to use the PPP Units Consultative Forum it established in 2013 to foster knowledge and experience sharing among public officers. During the year under review, the forum held four meetings that appraised progress of projects in the pipeline, access to funds for project development, and issues relating to the effective coordination of the NIIMP document.

Similarly, the Commission embarked on various capacity building activities designed to reduce the existing PPP skills and knowledge gaps in its staff and MDAs. To this end, basic PPP trainings was organized for a number of Ministries. Six new PPP units were inaugurated, one each in the Nigerian Shippers' Council, National Mathematical Centre, National Primary Health Care Development Agency, and Border Communities Development Agency. Training was part of the inauguration ceremony.

Goals for Year 2015

The Commission's planned activities for 2015 covered both pre- and post-contract regulatory activities; PPP advocacy and market development; institutional capacity development; and more engagements with State governments and other stakeholders in the Nigerian PPP space.

The implementation of the Contract Disclosure Guidance as approved by the Governing Board commenced. The Contract Disclosure Guideline was developed by the Commission in collaboration with the World Bank Institute (WBI) and designed to improve PPP contract disclosure in Nigeria in line with best practice. Some of the objectives are to entrench good governance and accountability in PPP transactions, and to ensure that non-confidential project information and salient features of contracts are easily accessible to the public.

2015 Activities of the Commission

The Commission provided regulatory guidance to MDAs by advising on law & National Policy for Public Private Partnership (N4P), developing and disseminating policies, procedures and guidelines on best practice for effective engagement of private sector in PPPs. It maintained the national PPP project

database, managed flow of projects to the market and served as a center of technical expertise for MDAs/States. It undertook monitoring and compliance visits during the period to Garki Hospital and K a t a m p e D i s t r i c t Infrastructure Projects. The Independent Expert Report on NIMASA Concession on the Provision of Security, Monitoring and Enforcement Operational Platforms was carefully reviewed.

The strong collaboration between the Commission and the MDAs was one of the cornerstones that we continued to value and build upon as we pursue more complex and bigger projects, institutionalize working policies and processes. Following the establishment and inauguration of PPP Units in the major infrastructure MDAs, the Commission initiated the PPP Units Consultative Forum, in 2013, to foster exchange of knowledge and experience among PPP public officers.

Regulatory guidance to MDAs was provided on a number of proposed PPP projects received. The numerous challenges arising from the concession granted by the Federal Government to over 24 Port Terminals in the country was resolved by the Commission.

Also, considerable time was devoted to the challenges arising from the concession granted by NIMASA for the procurement and operation of modern security boats to provide and enforce security in the nation's waterways.

Reforms

The Commission participated in the review of the Tolling Policy White Paper by the Tolling Policy Working Group (TPWG) set up by His Excellency President Muhammadu Buhari GCFR. The Group made critical recommendations that would ensure the success and sustainability of the policy. Another area the Commission focused attention was effort to identifying sources of the long term infrastructure finance for successful PPP arrangements in Nigeria. In this regard, the Commission advocated the utilization of the pension funds, sovereign investment funds, Sukuk (Islamic Finance), etc, for projects that fall within appropriate guidelines.

Outlook for 2016

The price of crude oil in the mainstay of Nigeria's economy reduced by 26% in 2015, creating a hole in the revenue of government and because finding infrastructure, currently, mainly depends on budgetary appropriations, the decline in Government revenue would have diverse impact on infrastructure development. However, the 2016 budget proposal, having allocated about 30 percent of the entire budget or N1.8 trillion to capital expenditure, a significant over 300 per cent increase above the 2015 vote of N557 billion, gives the hope that the fiscal retrenchment of infrastructure might be stemmed.

Given the above scenario, I am optimistic that PPPs would thrive in 2016 as the year would witness increased demand for PPP in infrastructure by governments at the federal and state levels, implying higher tempo of activities for the Commission. Urgent attention, therefore, needs to be paid to addressing the limited scope of the ICRC Act 2005, enactment of PPP enabling sector specific bills, and increased funding to the Commission for the development of regulatory guidelines and monitoring/compliance activities.

Appreciation

I would like to use this opportunity to thank President Muhammadu Buhari, GCFR, for granting me audience in August 2015. One important take away from the meeting was His Excellency's affirmation of his belief in the rule of law. When I mentioned some MDAs discomfort with complying with the provisions of the ICRC Act, Mr. President emphatically stated that any MDA that was unhappy with any provisions of the law was at liberty to recommend necessary amendments, but until that is done, everyone must comply with the law.

I thank his Excellency, the Vice President Yemi Osinbajo,

GCON for initiating the establishment of an Infrastructure Development Fund for the country and for making the Commission a member of the Committee to see the initiative through. I also express my profound gratitude to the Secretary of the Government of the Federation (SGF), Engr. Babachir David Lawal, who provided guidance and support for the activities of the Commission. My appreciation extends to our various stakeholders, particularly the World Bank, AfDB and NIAF for continued technical assistance to the Commission. My gratitude also goes to UBA Capital and the African Finance Cooperation (AFC), who in the year under review, provided capacity building support to the Commission and MDAs at no cost.

Finally, I remain very thankful to the members of the Governing Board led by distinguished Sen. Ken Nnamani, GCON for the hard work, commitment displayed towards the realization of our mandate during the short period they presided over the affairs of the Commission. The Commission owes the modest achievements it recorded in 2015 to its staff who, in spite of the challenging operating environment, continued to strive towards making Nigeria a good market for PPP projects to thrive. May the Almighty God continue to guide our united endeavours.

Signed
Aminu Diko
Director General

ICRC Mandate

In order to harness private sector technical and financial resources for the provision of public infrastructure and service, the FGN enacted the ICRC Act in 2005 and inaugurated the Governing Board in November 2008. Since inauguration, the Commission has been providing MDAs with the necessary guidance to successfully execute infrastructure projects through the PPP arrangement.

According to the ICRC Act, the MDAs have the responsibility for initiating, developing, procuring and implementing PPP agreements, in a transparent and competitive manner that ensures value for money for the Nigerian economy, while putting in place sustainable infrastructure for use by Nigerians.

On its part, the Commission assists MDAs in structuring and implementing PPP projects by providing regulatory guidance, taking custody of all PPP contracts of the FGN, and ensuring compliance with the terms and conditions of the contract. The Commission is also committed to the provision of an enabling environment for the private sector to invest in public infrastructure through safeguarding their investments, while ensuring the delivery of accessible and affordable infrastructure services.

2015 Operating Environment

The operating environment was not helped by the limited scope of the Infrastructure Concession Regulatory Commission (Establishment, etc.) Act 2005. The Act lacked adequate enforcement powers of PPP contracts and dispute resolution mechanism. A Bill to address the identified gaps in the existing law was pending before the National Assembly.

Equally before the National Assembly were some sector specific Bills, which included the following:

- a) Inland Waterways Reform Bill
- b) Ports and Harbour Reform Bill
- c) Railway Reform Bill

- d) Road Sector Reform Bill, and
- e) National Transport Commission

Planned Activities For 2015

The Commission's planned activities for 2015 covered both pre- and post-contract regulatory activities; and PPP advocacy and market development. The pre-contract activities included development of institutional capacity; development of PPP regulations, guidelines and primer; facilitation of PPP transaction of MDAs; and increased engagement with all players in the Nigerian PPP space, including State PPP Units.

The Commission's focus in 2015 also covered the effective monitoring and compliance of all on-going PPP contracts to ensure their efficient implementation, within the confines of the laws, policy and regulations. The Commission further planned to commence the implementation of the PPP Contract Disclosure Guideline as approved by the Governing Board.

Pre-Contract Activities

As part of its pre-contract activities within the period, the Commission provided regulatory guidance to MDAs by developing and disseminating policies, procedures and guidelines on best practices for effective engagement of private sector in PPPs. It also maintained the national PPP project database, managed flow of projects to the market and served as a center of technical expertise for MDAs/States.

Post-Contract Activities

The Commission received a new PPP contract from DMO for its corporate office building in Abuja, bringing the total number of contracts in the Commission's custody to 47. Two concessions by the Nigerian Identity Management Commission (NIMC) were terminated and were in arbitration.

The Commission undertook monitoring and compliance visits during the period to Garki Hospital and Katampe District Infrastructure Projects. It also reviewed the Independent Expert Report on the NIMASA concession on the Provision of Security, Monitoring and Enforcement Operational Platforms.

Governance

Before its dissolution on 16th July 2015, the Governing Board met regularly to provide guidance on the activities of the Commission. Some of the issues on which the Board provided guidance included approval of the Commission's 2015 annual work plan and capacity building plan for MDAs. The Executive Management Committee also met severally during the period under review.

The Commission submitted the 2014 Annual Report and Audited Accounts to the President in line with Section 26(1) of the ICRC Act. It also submitted a memo to Mr. President on "Strengthening the Mechanism for Private Sector Participation in Public Service Delivery in Nigeria." The memo focused on how the Commission could support the Administration's Change Agenda. Following the memo, the President invited the Commission to make a formal presentation on sustainable infrastructure development for Nigeria using PPP as a delivery vehicle.

Policy Related and Strategic Initiatives

In May 2015, the Commission attended the Technical Task Team Workshop of the NEPAD Presidential Infrastructure Champion Initiative held in Cairo, Egypt convened to present an update on the Trans-Saharan Gas Pipeline (TSGP) project. His Excellency, President Muhammadu Buhari, GCFR, was the champion of the project; ICRC was the focal point; while the NNPC is the promoter.

The Commission participated in the following activities designed to strengthen confidence in the PPP market and obtain stakeholders buy-in:

- a) Tolling Policy Formulation
- b) Accelerated Infrastructure Delivery Finance Initiatives
- c) Long Term Infrastructure Finance
- d) Inauguration of PPP Units in MDAs
- e) Project Delivery Teams
- f) Implementation of the National Integrated Infrastructure Master Plan (NIIMP)

Stakeholder Engagements

The Commission liaised with the Embassy of Turkey in Nigeria on PPP knowledge sharing and subsequently participated at the Istanbul

PPP Week International Event. It also interfaced with the African Development Bank and the World Bank on the Nigerian PPP framework and programme.

Human Resource

The Commission promoted 21 staff to different grade levels aimed at repositioning them for greater responsibility.

Finance and Accounts

During the year ended 31st December 2015, the Commission received a total of N193,160,817.17, representing 93.48% of the total overhead expenditure budget of N206,635,500. In addition, it received a Capital Budget of N20,000,000.00, out of the budgeted N40 million.

Challenges

Some of the Commission's challenges included inadequate funds to support MDAs to develop PPP projects and monitor the implementation of PPP contracts.

Conclusion

By the year 2015, the PPP market in Nigeria had expanded due to flow of projects from the MDAs, arising from an increase in knowledge and skills to carry out economic and financial appraisals of projects. Through the efforts of the Commission, MDAs were able to develop bankable projects.

SECTION 1: BACKGROUND

- 1.1. Since the commencement of its operations in November 2008, the Commission has been providing regulatory guidance to MDAs in the areas of project development, procurement and monitoring. It also engaged and coordinated the activities of relevant PPP stakeholders by initiating friendly policies and guidelines for the provision of public infrastructure and services.
- 1.2. As at the end of 2015, twenty new PPP projects were submitted to the Commission by MDAs for regulatory guidance making a total of sixty-two PPP projects at various stages of development.
- 1.3. In addition, the Commission had taken custody of forty-seven PPP contracts under implementation for monitoring and compliance activities.
- 1.4. Six PPP contracts were before the courts, despite concerted efforts by the Commission for amicable settlements, while two PPP contracts were before arbitration.

SECTION 1

BACKGROUND

SECTION 2

ROLE AND MANDATE

SECTION 2: ROLE & MANDATE

- 2.1. In order to harness private sector technical and financial resources for the provision of public infrastructure and service, the FGN enacted the ICRC Act in 2005 and inaugurated the Governing Board in November 2008 leading to the commencement of the Commission's operations, subsequently.
- 2.2. The ICRC Act confers on the Commission the powers and functions to:
- a) Provide general policy guidelines, rules and regulations;
 - b) Take custody of every concession agreement;
 - c) Monitor and inspect PPP projects; and
 - d) Ensure efficient execution of any concession agreement or contract entered into by the Federal Government.
- 2.3. The Act also provides for MDAs to enter into contracts with or grant concession to any duly pre-qualified private sector proponent for the financing, construction, operation, and maintenance of any infrastructure that is financially viable or any development facility of the Federal Government.
- 2.4. Deriving from these mandates, the role of the ICRC consists of four main components:
- Promoting, facilitating, supporting, coordinating and implementing a sound PPP Process; while ensuring that the principles of good governance are applied to all of the functions that form part of it;
 - Providing transaction support and building capacity in all Federal Government MDAs for project development, tendering, negotiation and contract execution;

- Developing guidelines for monitoring contract compliance during construction, operation and contract termination; and
- Collaborating with other agencies,

including similar State-level PPP Units, to implement an integrated national regulatory environment that is conducive to private sector investment in infrastructure projects.

SECTION 3

INSTITUTIONAL STRUCTURE & GOVERNANCE

3.1. Structure and Functions

The Governance and Organizational Structure of the ICRC is designed to facilitate the delivery of the Commission's mandate. The ICRC Act provides for the establishment of a Governing Board for policy formulation and other statutory functions.

The following members from each of the six geo-political zones served the Commission up to 16th July, 2015.

Table 1: ICRC Governing Board members at July 2015

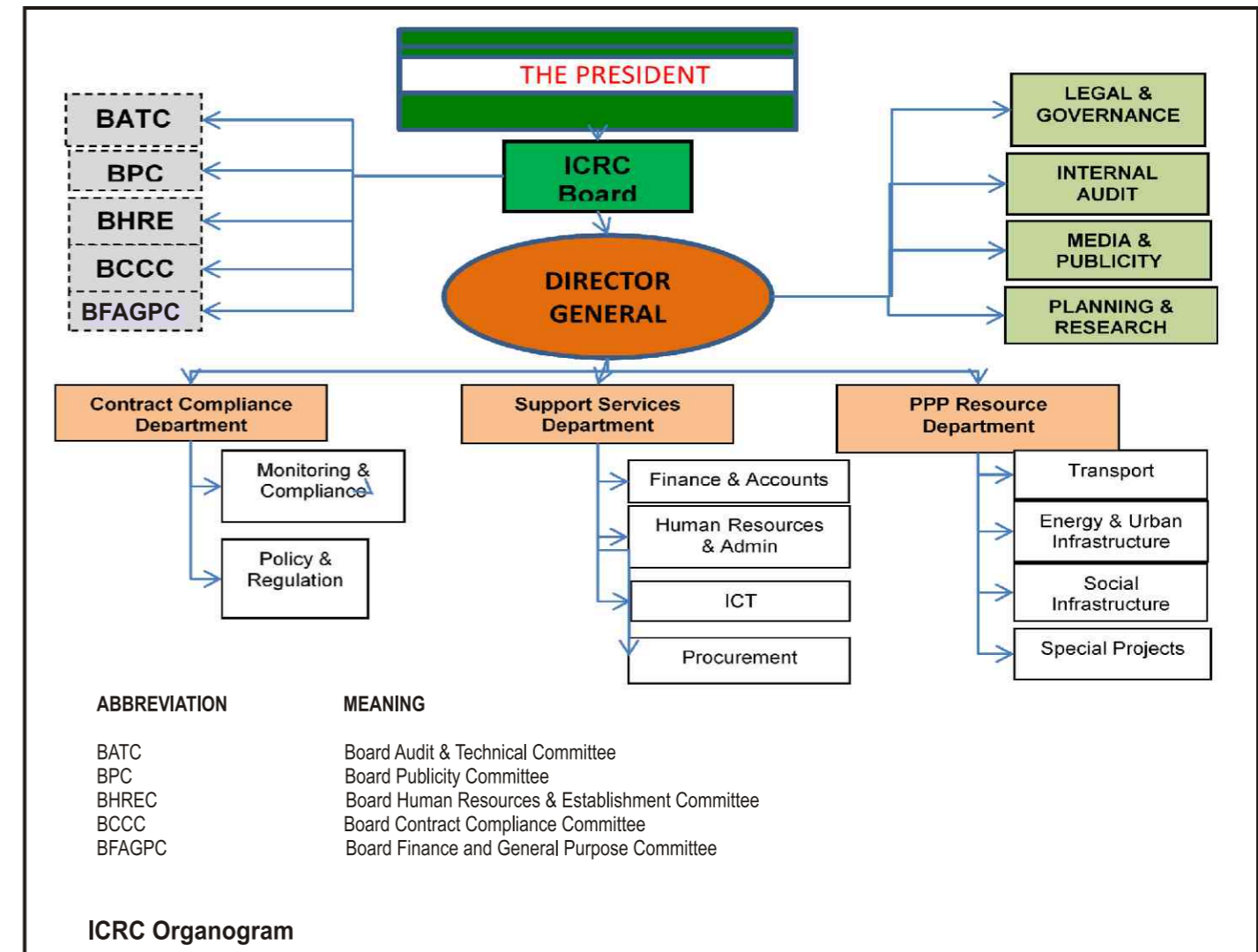
S/No	Name	Status
1	Senator Ken Nnamani, GCON	Chairman
2	Senator Anyim Pius Anyim, GCON (SGF)	Member
3	Mr. Mohammed Bello Adoke, CFR, SAN (AGF)	"
4	Dr. Ngozi Okonjo Iweala, CFR,(CME/HMF)	"
5	Mr. Godwin Emeziele (Governor, CBN)	"
6	Barr. Comfort Sira Wiwa (South-South)	"
7	Hon (Engr.) Janet Febisola Adeyemi (South-West)	"
8	Hajiya Yabawa L. Wabi (North-East)	"
9	Hon. Musa A. Elayo (North-Central)	"
10	Chief (Barr.) A.U. Kanu (South-East)	"
11	Col. Umar Farouk Ahmed (rtd.), OON (North-West)	"
12	Mr. Aminu Diko (DG, ICRC)	Member/Secretary

The Board constituted the following five committees to aid its functions:

- Contract Compliance Committee (oversees activities of the Contract Compliance Department);
- Audit and Technical Committee (oversees the activities of the PPP Resource Department);
- Human Resource and Establishment Committee (oversees issues of human resource, governance, institutional relations, etc.);
- Finance and General Purpose Committee (oversees finance-related matters); and
- Media and Publicity Committee (oversees communication related matters)

3.2. Executive Management

The Director General, Executive Director, two Directors, and Technical Adviser to the DG constitute the Executive Management Team (EMT). The Director General heads the EMT



and reports to the Governing Board. The ED heads the PPP Resource Department while the two Directors head the Support Services and Contract Compliance departments, respectively.

3.3. General Management

The General Management Team (GMT) comprises the Director General and all Heads of Departments and Units.

SECTION 4

KEY ACTIVITIES IN 2015

Some of the Commission's key activities during the period included providing pre- and post-contract regulatory guidance to MDAs in the following areas:

- (a) Supported MDAs in establishing an effective PPP project pipeline aimed at developing the PPP market.
- (b) Provided regulatory guidelines for MDAs to deliver public infrastructure services in line with best practices (see Appendix 1).
- (c) Provided technical support to MDAs in preparing and structuring PPP projects in accordance with work plans and agreed milestones.
- (d) Provided MDAs with PPP training aimed to build staff capacity to prepare, manage, and administer projects (see Appendix 2).
- (e) Monitored PPP projects under implementation and ensured compliance with the contract terms and conditions within the confines of the laws, policy, regulations and other best practices.
- (f) Sustained the advocacy for and engagement of project stakeholders on PPP procurement methods.



Artistic impression of National Theatre



Artistic impression of DMO House



Murtala Mohammed International Airport Road, Lagos

4.1 2015 Pre-Contract Activity

The MDAs submitted additional twenty PPP projects making a total of sixty-two projects at various levels of development, as detailed in Table 2 below.



Artistic impression of Ibom Deep seaport

Table 2: Pre-Contract Activities -PPP Projects Status

SN	PPP PROJECTS	MDA	STATUS
1.	a) Bodo-Bonny Road with a bridge across Opobo channel to the Island of Bonny in Rivers state	FMPW&H	The road/bridge projects were at PPP development phase and the OBC would be submitted for review when completed.
	b) Keffi-Awkwanga-Lafia-Makurdi Road		
	c) Akwanga-Jos Road		
	d) Lokoja-Ajaokuta-Ogbulafor-9th Mile Road		
	e) Dualization of Enugu (9th Mile) - Otukpo - Makurdi Road		
	f) Phase I: 2nd Lagos Outer Ring Road; Tin Can Island - Igando - Lagos/Otta road interchange - Lagos/Ibadan expressway		
	g) Phase II: 2nd Lagos outer ring Road; Lekki - Ikorodu - Shagamu/ Benin expressway		
	h) Construction of a bridge over River Benue at Ibi, Taraba State		
	i) Abuja-Kaduna-Kano Dual Carriage Way		
	j) Shagamu-Benin-Asaba Dual Carriage Way		
	k) Lagos-Badagry-Seme Border Express Way		

2.	Lagos - Ibadan Expressway (£2)	FMoPW&H	The project was procured through Engineering, Procurement and Construction (EPC). A Private Finance Initiative (PFI) was arranged to bridge the EPC funding gap. ICRC granted an FBC Compliance Certificate for this financing arrangement only.
3.	Ilorin -Kaduna Road	FMoPW&H	The project was initially conceived as a PPP but government opted to implement through traditional procurement.
4.	Gombe Container Freight Station	FMoT/N SC	Negotiation between NSC and the preferred TA stalled due to inability of both parties to agree on Payment protocol.
5.	Kirikiri Port Lighter Terminal I & II	FMoT/N PA	Competitive procurement of preferred private investors is in progress
6.	Concession of Onitsha, Oguta, Lokoja and Baro River Ports (with Onitsha as pilot project)	FMoT/NIWA	<ul style="list-style-type: none"> World Bank funded project under the IDA PPP credit facility OBC prepared, reviewed & forwarded to FMoT & NIWA by the FMoF
7.	Narrow Gauge Railway Concession of the Eastern and Western corridors in the Country	FMoT	The government had appointed a TA. The World Bank was supporting the procurement of the TA.
8.	New Railway Alignment in Nigeria Lagos - Shagamu- Ijebu Ode- Ore- Benin City (300km) (standard gauge)	FMoT	The project was in development phase
9.	a) Benin- Agbor-Ogwashi Uku- Asaba-Onitsha -Nnewi- Owerri-Aba with additional line from Onitsha-Enugu-Abakaliki (500km) (standard gauge)	FMoT	The OBCs for the projects were being expected from the Ministry of Transportation.
	b) Ajaokuta(Eganyi)-Obajana-Jakura-Baro-Abuja with additional line from Ajaokuta- Otukpo(533km) (standard gauge)		
	c) Zaria- Funtua- Tsafe- Gusau- Kaura-Namoda-Sokoto-Illela-Birnin Koni (520Km) (standard gauge)		
	d) Lagos -Ibadan- Oshogbo- -Abuja (615KM) (high speed).		

10.	a) The Development of Inland Container Depot (ICD) in Lolo Kebbi State	FMoT/N SC	The NSC commenced the process of appointing a TA based on ICRC's recommendation.
	b) The Development of Inland Container Depot (ICD) in Dagbolu, Osun State	FMoT/N SC	The NSC commenced the process of appointing a TA based on ICRC's recommendation.
	c) The Development of Container Freight Depot (CFS) in Ogwashi-Uku, Delta State	FMoT/N SC	The NSC commenced the process of appointing a TA based on ICRC's recommendation.
	d) The Development of Inland Container Depot (ICD) in Onitsha ICD, Anambra State	FMoT/N SC	The NSC commenced the process of appointing a TA based on ICRC's recommendation.
	e) The Development of Inland Container Depot (ICD) in Nnewi, Anambra State	FMoT/N SC	The NSC commenced the process of appointing a TA based on ICRC's recommendation.
11.	Olokola Deep Seaport	FMoT/N PA	The Project was in Development Stage
12.	Ibom Deep Seaport	FMoT/N PA & Akwa-Ibom State	The Project was in Development Stage
13.	2 nd Niger Bridge at Onitsha/ Asaba	FMoPW&H	The Preferred Bidder (Julius Berger and Nigeria Sovereign Investment Authority (NSIA) and Federal Ministry of Works were in negotiations over the technical and financial arrangements for the projects. Commenced early works.
14.	Apakun- Murtala Muhammed International Airport (MMIA)	FMoPW&H	OBC was reviewed but required additional information.
15.	Badagry Deep Seaport, Lagos	FMoPW&H	OBC certificate of compliance granted
16.	Mabushi District Engineering Infrastructure Development, Abuja.	FCDA	Project was on hold due to ongoing discussion between FCDA and Federal Ministry of Finance.
17.	Marina Quayside Strip Project	FMoPW&H	Final OBC was reviewed but required additional information.
18.	Development of Federal Housing Authority (FHA) Headquarters Building, CBD Abuja.	FMoPW&H/FHA	Process leading to Procurement TA started.
19.	New Eko Development Project (Lagoon City), Lagos	FMoPW&H	Process leading to Procurement of TA started.

20.	a) Gregory Lux Housing Project, Lagos	FMoPW&H	Draft OBC was reviewed and final OBC is awaited
	b) Mainland Heritage Housing Project, Lagos		
	c) Osborne Lux Housing Project, Lagos		
21.	National Stadium Lagos: Upgrade and Management of Facilities	FMoY&S	Process leading to engagement of TA was started.
22.	Athletes Hostel, Abuja: Completion and management of Facilities	FMoY&S	Process leading to engagement of TA was started.
23.	Development of New Towns in Bwari and Kwali in the Federal Capital Territory	FHA	Process leading to engagement of TA was started.
24.	Outer Northern Expressway (ONEX) through Mpape-Gurku-Ado/Gurku-Nyanya to the Federal Capital Territory (FCT), Abuja.	FCDA	Process leading to engagement of T A was started
25.	Automated Parking Centres in Designated Car Parks in the Federal Capital Territory (FCT), Abuja.	FCDA	Process leading to engagement of TA was started
26.	Maintenance & Management of Pedestrian Bridges and Metal Barriers in the Federal Capital Territory (FCT), Abuja.	FCDA	Process leading to engagement of TA was started
27.	Supply, Own and Operate (SOO) of Contingent Owned Equipment to Peace Keeping Missions in Central African Republic (CAR), South-Sudan, Somalia, Sudan (Dafur) and Liberia	FMoI (Police Affairs) & NPF	Process leading to engagement of TA was started P3RD to provide information
28.	Nigerian Prisons Correctional Facilities Land Swap, Industrial Laundry Facility & Integrated Farms	FMI/NPS	TA was in the process of being engaged
29.	Crime and Criminal Network Tracking Systems. (Unsolicited Proposal)	FMI (Police Affairs) & NPF	The Unsolicited proposal was reviewed
30.	Supply, Operate & Maintain Contingent Owned Equipment for Federal Ministry of Defence (MoD).	FMoD	The OBC was reviewed and Compliance Certificate issued
31.	Development of Abuja Medical Mall/City	FMoH	Process leading to engagement of TA was started
32.	Warehouse in a Box (Lagos and Abuja)	FMoH	Process leading to engagement of TA was started
33.	Construction of Staff Housing Estate, Shopping complex and New House Officers Quarters	FMoH/U PTH	Process leading to engagement of TA was started
34.	NIPOST Financial Inclusion	FMoCT	The TA had progressed in the preparation of the OBC
35.	National Arts Theatre, Lagos	FMoIC&T	Negotiations with the preferred bidder (concessionaire) was at advanced stage

36.	Industrial Development Clusters (IDCs)	FMIT&I/ SMEDAN	Process leading to engagement of TA continued.
37.	Mechanics Villages in Six Geo-political Zones & FCT	FMIT&I / (NAC)	Draft OBC was reviewed and final OBC awaited.
38.	Development of Hydroelectric power from existing 10 Small & Medium dams	FMoPW& H	OBC reviews for Lots 2 & 3 were concluded.
39.	Concession of the Dadin Kowa Dam, Gombe, Gombe State	FMWP& H/FMW R	Process leading to issuance of Water Rights Licence and Power Purchase Agreement was at advanced stage.
40.	Development of Ikere-Gorge Dam, Oyo state	FMoPW& H	OBC review had commenced.
41.	Transmission Company of Nigeria - 33/11KVA additional transmission line	FMoPW& H	Formation of PDT and PSC was completed.
42.	Operations and Maintenance of 1,000 Ha commercial irrigation infrastructure at Gurara 1 Dam	FMoWR	OBC certificate of compliance was granted.
43.	Concession of 33 Silo Complexes	FMoA & RD	Procurement of investors was in progress

4.2 2015 Post-Contract Activity

The Commission received a new PPP contract from DMO for its corporate office building in Abuja, bringing the total number of contracts in the Commission's custody to 47. Table 3 shows projects distribution, while Table 4 shows status of PPP contracts under implementation.

The Commission carried out monitoring and compliance activities to Garki Hospital managed by Nisa Premier Hospital Limited and Katampe District Infrastructure Project. In addition, it regularly obtained project updates from the relevant MDAs and Concessionaires.



DG, Mr. Aminu Diko and the ICRC team during a monitoring and compliance visit to Garki Hospital in Abuja

Table 3: PPP Contract Project Distribution

S/No	Project Distribution	Number of Projects	Composition
1	Sea Ports and Marine Services	25	53%
2	Power	2	4%
3	Aviation	3	6%
4	Urban Infrastructure	2	4%
5	Social Infrastructure	2	4%
7	Telecommunication	2	4%
8	Inland Container Depot (ICDs)	6	13%
9	Health	1	2%
10	Marine Security	1	2%
11	Housing	1	2%
12	Information Technology	2	4%
	TOTAL	47	100

Table 4: Post Contract Activities - Status of PPP Contracts under Implementation

S/N	PROJECT	MDAs/CONCESSIONAIRES	DURATION	STATUS
1.	<p>Concession for the Development, Finance, Maintenance, Operate and Transfer of 12 Ports</p> <p>Terminals: 6 in Apapa, 1 in Ijora, and 5 in Tin Can Island.</p>	<p>MDA: Federal Ministry of Transportation/Nigerian Ports Authority (NPA)</p> <p>Concessionaires: Apapa Port</p> <ul style="list-style-type: none"> ▪ Apapa Bulk Terminal Limited for Terminals A & B ▪ ENL Consortium for terminals C & D ▪ Greenview Development Nigeria Limited for Terminal E ▪ APM Terminals Apapa Limited for Container Terminal ▪ AP Moller Finance for Lilypond Container Depot, Ijora <p>Tin-Can Island Port</p> <ul style="list-style-type: none"> ▪ Five Star Logistics Limited ▪ Ports And Terminal Multi-Service ▪ Ports And Cargo Handlings Services Limited ▪ Tin-Can Island Container Terminal Limited ▪ Josepdam Ports Services Limited 	10 to 25 years	<p>The 24 port terminals are at various stages of implementation.</p> <p>Progress</p> <ul style="list-style-type: none"> ▪ Fulfillment of financial obligations (Lease fee, throughput fee, etc.) ▪ Substantial investment in property, plants and equipment; ▪ Health, safety and environmental standard improved; ▪ Implementation of the development plans satisfactory. <p>Challenges</p> <ul style="list-style-type: none"> ▪ Shallow draught of some port access channels ▪ Security challenges at the water front ▪ Inadequate provision of pilotage services

2.	Concession for the Development, Finance, Maintenance, Operate and Transfer of 12 Port Terminals. 3 in Onne, 2 in Portharcourt, 3 in Calabar and 4 in Warri.	Port Harcourt Port <ul style="list-style-type: none"> BUA Ports and Terminals Ltd Port & Terminal Operators Nig Ltd 		<ul style="list-style-type: none"> Poor access/common user roads within/outside the Port; Incessant attacks on developmental projects Poor public utilities (power, water, etc); Problem of wrecks on access channels;
		Onne Port <ul style="list-style-type: none"> Brawal Oil Services Terminal Intels Nig Ltd – FLT Intels Nig Ltd - FOT 		
		Calabar Port <ul style="list-style-type: none"> Intels Nig Ltd – Calabar Terminal Shoreline Logistics Terminal 		
		Calabar Port <ul style="list-style-type: none"> Intels Nig Ltd–Calabar Terminal Shoreline Logistics Terminal Ecomarine Nigeria Ltd 		
		Warri Port <ul style="list-style-type: none"> Intels Nig Ltd Terminal A Intels Nig Ltd Terminal A B Associated Maritime Services Limited (AMS) Julius Berger Services Limited Greenleigh Ports (Terminated) 		
3.	Concession for the Operation and Management of the Garki District Hospital to provide Primary, Secondary and Tertiary Health Care in an efficient and commercially viable manner.	MDA: <ul style="list-style-type: none"> Federal Capital Development Authority Concessionaire: <ul style="list-style-type: none"> NISA Premier Hospital Ltd 	15 Years	Under Implementation Progress <ul style="list-style-type: none"> Completed major renovations Procured modern medical equipment Fulfilled financial obligations Improved quality of service Challenge <ul style="list-style-type: none"> Limited space for expansion to cope with increased number of patients;

4.	Contract to Finance, Maintain, and Develop Building Complexes/Trade Centres (Lagos) Tafawa Balewa Square (TBS) Lagos International Trade Fair Complex (LITFC)	MDA: Federal Ministry of Industry, Trade and Investment/Tafawa Balewa Square Management Board Concessionaire: <ul style="list-style-type: none"> BHS International Limited MDA: Lagos International Trade Fair Management Board Concessionaire: <ul style="list-style-type: none"> AULIC Nigeria Limited 	30 years	Under Implementation, though faced with challenges Progress <ul style="list-style-type: none"> Carried out some renovations Acquired new assets Challenge <ul style="list-style-type: none"> Protracted court cases impacting smooth implementation
5.	Inland Container Depots in Abia State(Isiala-Ngwa), Oyo State(Erunmu-Ibadan), Plateau State (Heipang), Kano State (Zawachiki), Katsina State(Funtua), Borno State (Jauri).	MDA: Federal Ministry of Transportation/Nigerian Shippers Council (NSC) Concessionaires: <ul style="list-style-type: none"> Eastgate Inland Container Depot Ltd Catamaran Logistics Ltd Duncan Maritime Ventures Nigeria Ltd Dala Inland Dry Port Nig. Ltd Equatorial Marine Oil and Gas Company Ltd Migfo Nigeria Limited 	25/30 Years	Under Implementation Progress <ul style="list-style-type: none"> Submitted project designs, drawings, and work schedules Acquired project sites Appointed project consultants Challenge Legacy concessions impacted by the absence of an appropriate legal framework and business case when conceived
6	Provision of data capture services, personalization, issuance and distribution of general multi-purpose cards (GMPC), deployment of card acceptances devices (CADs) – Nationwide	MDA: National Identity Management Commission (NIMC) Concessionaires: Charms Nigeria Ltd OneSecuredcard Limited	10 Years	Projects are in dispute and referred to arbitration.

7	Concession Agreements to develop, upgrade and commercialise TCN's Fibre Optic Telecommunication Infrastructure in Nigeria.	MDA: Federal Ministry of Power, Works and Housing/Transmission Company of Nigeria (TCN) Concessionaires: ▪ Phase 3 Telecom Ltd ▪ Alheri Engineering Services Ltd	15 Years	Under Implementation: Mediation in progress to resolve outstanding issues. Progress ▪ Comprehensive audit of projects implementation on-going. Challenges ▪ Financial obligations not fulfilled; ▪ Project milestones not achieved;
8.	Concession for the Development and Operation of a Deep Water Port in Lekki Free Trade Zone at Ibeju-Lekki, Lagos.	MDA: Federal Ministry of Transportation/ Nigerian Ports Authority/ Lagos State Government. Concessionaire: ▪ Lekki Port LFTZ Enterprise	45 Years	Extension of time to achieve financial close granted Progress ▪ Procured EPC contractor ▪ Completed Basic Design ▪ Finalised Geotechnical Investigations both onshore and Offshore; Challenges ▪ Yet to attain financial close ▪ Poor access road to the project site
9.	Concession to Design, Develop, Finance, Construct, Complete, Test, Commission, Operate, Manage, Maintain & Transfer of the MMA2 Terminal (Lagos)	MDA: Federal Ministry of Transportation /Federal Airports Authority of Nigeria Concessionaire: ▪ Bi -Courtney Ltd	12 Years	Under Implementation, Progress ▪ Airport terminal operational Challenges ▪ Protracted Court case with the project Grantor

10.	Concession for the Acquisition, Installation, Operation and Management of World Class Integrated System in Designated Airports (MMA - Lagos, Abuja & Kano)	MDA: Federal Ministry of Transportation / Federal Airports Authority of Nigeria Concessionaire: ▪ Maevis Nigeria Ltd	10 Years	<ul style="list-style-type: none"> • Concession Terminated. • Case in court.
11.	Concession for the Development of Engineering Infrastructure for Katampe District Phase II (FCT - Abuja)	MDA: Federal Capital Territory Administration/FCDA Concessionaire: ▪ Deanshanger Project Ltd	5 Years	Under Implementation: extension granted for completion of construction work Progress ▪ About 25% construction work attained Challenges ▪ Poor funding of project Escrow account ▪ Work/cost variations ▪ Lenders recall of Sovereign Guarantee ▪ Stakeholder engagement
12.	Concession for the Provision of Security, Monitoring and Enforcement Operational Platforms.	MDA: Federal Ministry of Transportation /Nigerian Maritime Administration & Safety Agency Concessionaire: ▪ Messrs Global West Vessels	10 Years	Under investigation Progress ▪ Procured 18 platforms for project implementation; ▪ Appointed Independent expert ▪ Independent expert's report reviewed

13.	Concession for the Operation, Restoration and Maintenance of Hydroelectricity Power production facilities – Niger State.	MDA: Federal Ministry of Power, Works and Housing/Kainji & Shiroro Hydro Electricity Plc Concessionaire: <ul style="list-style-type: none"> North South Power company Ltd – Shiroro Hydro Plant Mainstream Energy Solutions Ltd – Kainji/Jebba Hydro Plant 	30 Years	Under Implementation. Progress <ul style="list-style-type: none"> Some turbines repaired and re-commissioned Fulfilled financial obligation to government. Challenge Some turbine maintenance
14.	Concession for the Reclamation and Infrastructural Development of Festac Phase II Housing Development Project –Festac Town – Lagos	MDA: Federal Ministry of Power, Works & Housing/ Federal Housing Authority Concessionaire: <ul style="list-style-type: none"> New Festac Property Devt Co. Ltd 	30 Years	Project stalled as a result of a Court case. Progress <ul style="list-style-type: none"> Completed Perimeter/Topographic surveys Completed Sand search studies EIA conducted Concept Master plan/design parameters done Challenges <ul style="list-style-type: none"> Protracted Court case High rate of encroachment on the land; Community interference None delivery of land free of encumbrances None attainment of financial close
15.	Concession for the Design, Finance, Build, Operate, Maintain and Transfer the Debt Management Office’s Corporate Office Building (Abuja)	MDA: The Debt Management Office (DMO) Concessionaire: <ul style="list-style-type: none"> LOH & OR Construction (Nig) Ltd 	30 Years	PPP Contract Signed; Awaiting Financial Close. Progress <ul style="list-style-type: none"> PPP contract executed Project design completed Challenge <ul style="list-style-type: none"> Yet to attain financial close

4.3 Review of National Policy on PPP

A comprehensive review of the National Policy on PPP (N4P) was carried out aimed at fast-tracking the project preparation, procurement and implementation of PPP contracts as well as development of the PPP market. Stakeholders' consultations were being initiated following which the reviewed Policy would be finalized and forwarded to the Federal Executive Council for approval.

4.4 Contract Management and Procedure Manual

The contract management and procedure manual initiated in 2014 was completed in 2015. The Manual articulates the monitoring steps for PPP projects under the Commission's custody.

4.5 Governance

4.5.1 Board Activities



Senator Ken Nnamani GCON, chairman ICRC, during a send-off lunch in honor of Mr. Charles Mordi, representative of CBN Governor on ICRC board

Before its dissolution on the 16th July 2015, the Governing Board met regularly to provide guidance on the activities of the Commission. Some of the key issues on which the Board provided guidance included approval of the Commission's 2015 annual work plan and capacity building plan for MDAs.

Other Board approvals included:

- The draft ICRC Bill (before the National Assembly)
- ICRC Regulations
- The Commission's Annual PPP projects monitoring and compliance plan
- Staff promotion exercise, and
- Management to ensure that NPA and Federal Ministry of Finance handle the Kirikiri Lighter Terminals I&II, Lagos PPP proposed concession in compliance with the National PPP Policy and the ICRC Act, 2005.

4.5.2 Executive Management Committee (EMC)

The EMC met regularly during the period under review to provide strategic direction on key issues such as the 2015 annual work plan and capacity building plans for MDAs and ICRC Staff.

4.5.3 General Management

The General Management Team met regularly to deliberate on the general administration of the Commission.

4.5.4 2014 Annual Report & Audited Accounts

The Commission submitted the 2014 Annual Report and Audited Accounts to the President in line with Section 26(1) of the ICRC Act.

4.5.5 Courtesy Visit to the President

The Commission submitted a memo to His Excellency, President Muhammed Buhari, GCFR on “*Strengthening the Mechanism for Private Sector*”



ICRC Management's courtesy visit to His Excellency, President Muhammadu Buhari, GCFR

Participation in Public Service Delivery in Nigeria" The memo was on how the Commission could support the Government's 'Change Agenda'. It included a brief on the high impact infrastructure PPP projects that could engender inclusive growth, employment opportunities, and enhanced security.

Subsequently, His Excellency Muhammadu Buhari, GCFR invited ICRC to make a



DG, Aminu Diko, presenting ICRC documents to the His Excellency, President Muhammadu Buhari during the courtesy visit.

presentation on the subject. On the 26th August 2015, the Commission led by the Director General and Management staff paid a courtesy visit to the President and made a presentation which focused on ICRC governance structure, functions and mandate, legacy PPP projects and greenfield/brownfield projects being regulated by the Commission. It also showcased some successful PPP projects in other jurisdictions. The Commission sought the President's intervention on some key issues militating against the efficient execution of its mandate, such as: inadequate funding, amendment of the ICRC Act; and institutional capacity for PPP, etc.

The Commission used the opportunity to clarify on some disputed projects as follows:

- a) Lagos International Trade Fair Complex (LITFC): There was alleged breach of contractual terms by both parties (LITFC management and the Concessionaire).
- b) Lagos-Ibadan Expressway: The

Infrastructure Bank had arranged financing to complete the road which would be paid back from tolling proceeds during the maintenance and operation phase.

- c) National Theater, Lagos: A preferred bidder had emerged and negotiations were ongoing.
- d) TCN/Power Transmission: The World Bank PPP Project credit facility was available to TCN for project development.

On the 33 Silo Complexes PPP project, the President directed ICRC to liaise with the State Governments where these silos were located to ensure successful implementation of the project. The President also directed the MDAs to comply with the ICRC Act, Policy and Guidelines.

4.5.6 Jurisdictional Issue between ICRC and BPE

Lack of clarity in the enabling laws of the institutions responsible for different methods of government procurement often brings the Commission into conflict with the other agencies. This phenomenon has been creating uncertainty in the PPP market. Happily, the Hon Attorney General of the Federation and Minister of Justice had extensively reviewed the applicable laws and then provided an interim remedy. The AGF had, in a well considered Legal Directive to the respective agencies directed that **"... all concessions made or granted by any MDA or facilitated by the BPE whether or not under the Public Enterprise Act, must be made in accordance with the provisions of the ICRC Act and subjected to the regulatory authority of the ICRC"**.

A permanent remedy would however be a legislative intervention. As revealed in the Chairman's Statement, a Bill designed to address these gaps in the enabling law is currently pending in the National Assembly. The amendment seeks to clarify that PPP procurement extends beyond 'concessions', provide the Commission with adequate enforcement powers, and a clear dispute resolution mechanism.

4.6 Policy Related and Strategic Initiatives

4.6.1 Trans-Saharan Gas Pipeline Project

In May 2015, the Commission attended the Technical Task Team Workshop of the NEPAD Presidential Infrastructure Champion Initiative held in Cairo, Egypt, convened to present an update on the Trans-Saharan Gas Pipeline (TSGP) project. His Excellency, President Muhammadu Buhari, GCFR, was the champion of the project; ICRC was the focal point; while NNPC, the promoter. The Commission notified NNPC of the willingness of the African Development Bank (AfDB) to fund the services of a Transaction Adviser (TA) for the Ajaokuta Kano section of the Gas Transmission Pipeline.

4.6.2 Tolling Policy Formulation

The Commission participated in the inter-ministerial Tolling Policy Working Group (TPWG) along with members from across the MDAs, including UK DFID-Nigeria Infrastructure Advisory Facility (NIAF) and the World Bank. The TPWG updated the tolling policy White Paper and submitted a draft final to the Office of the Head of Service of the Federation.

4.6.3 Federal Ministry of Finance

The Commission requested funding from the Federal Ministry of Finance under the World Bank PPP credit facility to monitor PPP projects, develop manuals and carry out advocacy. It further requested the inclusion of ICRC regulatory fee structure in all PPP contracts.

4.6.4 Accelerated Infrastructure Delivery Finance Initiatives

The Vice President directed the Commission *"to urgently identify about five key infrastructure projects suitable for Annuity Concession or similar options that do not require immediate funding by the Government"*.

In response, the Commission forwarded the following projects:

- a) Ibadan-Ilorin-Jebba-Mokwa-Tegina-Kaduna Road Federal Ministry of Power, Works & Housing
- b) Shagamu-Benin-Asaba Expressway Federal Ministry of Power, Works & Housing

- c) Enugu-Port Harcourt Expressway Federal Ministry of Power, Works & Housing
- d) PPP High Voltage Electricity Transmission lines (5 Lots) Federal Ministry of Power, Works & Housing
- e) Abuja Medical Mall Federal Ministry of Health
- f) Dasin Hausa Dam, Adamawa State Federal Ministry of Water Resources
- g) New Correctional Facilities Prisons- Federal Ministry of Interior
- h) Dam Projects for Irrigation and Hydro Power - Federal Ministry of Power, Works & Housing
- i) Abuja City Mass Rail Transit Projects (Lot1A and 3)- Federal Ministry of Transportation
- j) Affordable Social Housing Scheme- Federal Ministry of Power, Works & Housing
- k) Rehabilitation, Expansion and Upgrade of Abuja Kaduna- Kano Road (378km)- Federal Ministry of Power, Works & Housing
- l) Rehabilitation, Expansion and Upgrade of Onitsha Enugu Dual Carriageway (122km)- Federal Ministry of Power, Works & Housing.

4.6.5 Long Term Infrastructure Finance

The funding requirement for infrastructure development under the NIIMP could not be arranged from the Nigerian financial system due to prevalent short credit tenor. In the Commission's efforts to attract long term financing for PPP projects, the following initiatives were canvassed:

- a) Utilization of pension funds for infrastructure development
- b) Strengthening local financial institutions to finance projects
- c) Collaboration with the Nigerian Sovereign Investment Authority (NSIA) to provide infrastructure finance including instituting the Nigerian Infrastructure Development Fund, and
- d) Attracting non-interest Finance for infrastructure development

These efforts had started to yield positive results as the National Pension Commission (PENCOM) had approved the use of 20% of

pension reserve funds for infrastructure development.

4.6.6 Inauguration of PPP Units

In line with the Head of Civil Service of the Federation's circular directing MDAs to set up PPP Units, the Commission facilitated the setting-up of PPP units in the following MDAs:

- Nigerian Shippers' Council,
- National Mathematical Centre,
- National Primary Health Care Development Agency,
- Border Communities Development Agency.

4.6.7 Project Delivery Teams

The Commission facilitated the setting up of the following project delivery teams (PDT):

- PDT for the Warehouse in a Box Project under the Federal Ministry of Health
- PDT for the University of Port Harcourt Teaching Hospital (UPTH), Port Harcourt



Inauguration of PPP Unit at the National Primary Healthcare Development Agency and PPP Capacity Building Workshop

4.6.8 PPP Unit Consultative Forum

The Commission initiated the PPP Units Consultative Forum in 2013, to promote exchange of knowledge and experience among PPP desk officers. The Office of the Head of Civil Service of the Federation chairs the Forum's activities while ICRC serves as the secretariat. The Forum held four meetings where members expressed concerns on some issues affecting effective PPP project delivery.



Cross section of participants at the Q2 2015 PPP Unit Consultative Forum in Abuja



Cross section of participants at the Q1 2015 PPP Unit consultative forum in Abuja

4.6.9 Bureau of Public Enterprises

The Commission attended the meetings of Technical Committee of the National Council for Privatization and its Sub-Committee on Power.

4.6.10 National Integrated Infrastructure Master Plan (NIIMP)

The Commission played an active role in the development of NIIMP. The NIIMP was approved by the Federal Government in 2015.

4.6.11 Capacity Building

The Commission supported the following capacity building activities as part of staff professional development:

- a) A two day in-house training on Basic PPP for staff and Youth Corps members
- b) Sponsorship of staff to various conferences as part of their mandatory professional development.
- c) A three-day workshop on IPSAS

4.6.12 Engagement with Development Partners

The Commission engaged with international development partners on PPP capacity programme. The African Development Bank (AfDB) sponsored two staff of ICRC on capacity building held in Maputo, Mozambique.

4.6.13 Other Stakeholder Engagements

The Commission participated in the following stakeholders and PPP advocacy engagements:

- (a) Reviewed documents from the State House on a proposal to create 20,000 Employment Opportunities and produce 11,000 metric tons of rice and wheat, annually, in the Chad Basin through a PPP arrangement.
- (b) Presented a paper at the PPP Water Sector



The DG-ICRC, Mr. Aminu Diko giving an opening remark at the PPP Capacity Building Workshop organised by ICRC for the Federal Ministry of Power

Accrual Accounting for Finance Operators organized by the Office of the Accountant General of the Federation.

- d) Two-day training on understanding Joint Ventures organized by the Nigerian



Cross section of ICRC staff at the in-house Performance Management Training for ICRC Management Staff (GMT)

Institute of Advanced Legal Studies.

- e) In-house training on Digital Photography and Editing for Media & Publicity staff.
- f) Two-day training on Basic PPP for the staff of Federal Ministry of Power.
- g) One-day Performance Management Training was conducted for Management and Supervisors.
- h) Three-day in-house training on Facilitation and Presentation Skills.



Cross section of ICRC staff at the in-house training on Facilitation and Presentation Skills



DG, Center for Management Development... A remark at the in-house training on Facilitation and Presentation Skills

Service Reform Retreat at State House Banquet Hall, Abuja. The theme of the presentation was “*Opportunities in Public Private Partnership in Public Service Provision*”.

- (e) Participated in the International Training on Anti-Corruption Risk Assessment for Government Institutions by the NESG, in Abuja, in January 2015.
- (f) Reviewed proposal to hold Infrastructure and PPP Business Fair in Nigeria by Pontclef Associates Limited.

4.7 Support Services

4.7.1 Overview

The Support Services Department provides Human Resources & Administration, ICT, Finance & Accounts, and Procurement Services to support the attainment of the Commission's mandates.

4.7.2 Activities

- Promotion exercise was conducted of which 21 staff members were promoted to various grade levels aimed a boosting staff morale to perform optimally.
- In line with the Federal Government directive, a verification exercise was carried out to authenticate certificates of staff members.



DG, ICRC - Mr. Aminu Diko during a courtesy visit to he Controller General of the Nigerian Prisons Service, Mr Ekpendu

seminar in January 2015 at Uyo Cross Rivers State.

- (c) Attended a presentation by Odelga Med. in Austria on the proposed construction of a Military Specialist Hospital at Ministry of Defence, in Abuja, on 10th February 2015.

- (d) Presented a paper at a one day Public



DG, ICRC, Mr. Aminu Diko and the ICRC team during a visit of the Nigeria Expanded Trade and Transport Project (NEXTT) of USAID



ICRC In-house creche

- A well-furnished crèche to cater for the needs of nursing parents (staff) in the Commission, became operational.
- The Commission also embarked on the construction of ramps to enhance access into the office premises.
- A consultant was engaged to carry out environmental audit of the office building.

5.1. Funding for the Commission

A key challenge militating against effective discharge of its functions was inadequate funding to monitor the efficient execution of concession contracts and support MDAs in project development. In spite of defending a robust 2016 budget, not only did we not get any increase, but the personnel budget suffered a cut which made it difficult to pay salaries toward the end of the year.

5.2. PPP Guidelines and Primers

Another challenge was the inability to fund the external review of PPP guidelines and primers. These documents were intended to guide MDAs on PPP procurement process. Although, these documents have been developed internally but still requires expert and stakeholder review before it can be published.

These included:

- a) Outline Business Case Guide
- b) PPP Procurement Guide & PPP Primer
- c) PPP Project Appraisal and Selection Guide
- d) Unsolicited Proposals Manual & Guidelines on the Selection
- e) PPP Contract Management Guide

The availability of the above documents would enhance preparation of PPP projects.

5.3. Regulatory & Institutional Environment

The ICRC Act lacked adequate enforcement powers for PPP contracts and dispute resolution mechanism. A Bill to address the identified gaps in the existing law was pending before the National Assembly.

The following sector specific Bills were also before the National Assembly:

- Inland Waterways Reform Bill
- Ports and Harbour Reform Bill
- Railway Reform Bill
- Road Sector Reform Bill, and
- National Transport Commission Bill

5.4. Long Term Funding for Infrastructure Development

The non-availability of long term finances remained a major challenge to sustainable infrastructure delivery in Nigeria.

5.5. Integrating PPP Projects into National Planning Framework

The NIIMP had already been approved by FEC and formed the basis for the selection of PPP projects being proposed or executed by MDAs. Where the infrastructure development plans of MDAs fell outside the NIIMP, it was difficult to carry out a coherent and sustainable

programme of infrastructure development.

6.1 Finance and Accounts

During the year ended 31st December 2015, the Commission received a total of N193,160,817.17, representing 93.48% of the total overhead expenditure budget of N206,635,500. In addition, it received a Capital Budget of N20,000,000.00, out of the budgeted N40 million.

Section 5

CHALLENGES AND CONSTRAINTS

In 2015, the PPP market in Nigeria had expanded due to flow of projects from the MDAs arising from increase in knowledge and skills to carry out economic and financial appraisals of projects. Through the efforts of the Commission, MDAs started developing bankable projects.

The Act lacked adequate enforcement powers of PPP contracts and dispute resolution mechanism. A speedy enactment of the pending ICRC Bill would strengthen regulation of PPP in Nigeria.

The funding requirement for infrastructure development under the NIIMP was estimated at USD3.1 trillion over a 30 year period. About 48% was expected from the private sector and this amount could not be solely sourced from the Nigerian financial market.

New initiatives by the Commission, in collaboration with the Central Bank of Nigeria, Debt Management Office, Nigerian Sovereign Investment Authority, and African Finance Corporation (AFC), to ensure long term financing included the following:

- a) Establishing the Nigerian Infrastructure Development Fund;
- b) Expanding the sources of infrastructure financing beyond the commercial banks, to include local and international project sponsors, local and international banks, local institutional investors, international financial institutions, multilateral financial institutions, bilateral development institutions and export credit arrangement;
- c) Utilizing Pension Funds for infrastructure;
- d) Implementing the Sukuk investment vehicle of Islamic finance for projects that fall within its guidelines;
- e) Using credit enhancements and securitization of project cash flows to make bonds attractive to the investors; and
- f) Establishing appropriate framework for utilizing the abundant financing of ECAs.

Section 6

CONCLUSION AND RECOMMENDATIONS

Appendix I: Nigeria PPP Procurement Process

A PPP over any Federal Government Infrastructure would typically follow the steps below:

1. MDA should identify the Project.
2. MDA should involve and engage with the ICRC prior to commencing any PPP to ensure viability and bankability of proposed projects.
3. MDA should consult and engage with the FMoF prior to commencing PPP projects, in order to minimize the risk and contingent liabilities arising from such projects.
4. MDA would engage a TA through a competitive bidding process as required under the Public Procurement Act of 2007, to produce the report that would show the bankability of the project. This report is called an OBC.
5. The MDA would thereafter forward the OBC to the ICRC for review. Subject to assessment, ICRC would issue an OBC Certificate of Compliance to the MDA or decline issuance and advise the MDA accordingly.
6. The MDA would then submit the OBC along with ICRC OBC Certificate of Compliance to the FEC through the line Minister for approval.
7. If the project is approved by FEC, the MDA's TA would commence a procurement process leading to a competitive bidding process, from which a preferred PPP Project Proponent (Investor) will emerge.
8. Negotiations would thereafter ensue, leading to the conclusion of a FBC document and submission of the FBC to ICRC for review. Subject to assessment, ICRC would issue an FBC Certificate of Compliance to the MDA or decline issuance and advise the MDA accordingly.
9. The MDA would again submit the FBC along with the ICRC Certificate of Compliance to FEC, through the line Minister, for Approval.
10. If the FBC is approved by FEC, this would be followed by the signing of a contract between the MDA and the preferred PPP Project Proponent (Investor). ICRC will thereafter take custody of the contract as Required under the Section 20 of the ICRC Act.

11. Eventually, for the project to take off, the preferred PPP Project Proponent (Investor) must achieve Financial Close.
12. The MDA is required under Section 12 of the Act to supervise the project diligently. On the other hand the ICRC and the MDA are required, under Section 10 of the Act, to conduct regular joint inspections of the project until the end of the contract.

¹ **Outline Business Case:** A document prepared by the MDA's TA that aims to establish the need for the project and its outline parameters and scope, including costs and bankability demonstration.

² **Full Business Case:** A document prepared by the MDA's TA prior to financial closure and award of contract, which provides all the information needed to support a decision to award a contract and commit actual funding, as well as provide a basis for the necessary project management, monitoring evaluation and benefits realization.

³ **Financial Close:** The time when the financial documentation and covenants have been executed with lenders to the project, and conditions precedent have been satisfied or waived. It is now permissible to draw money for project execution

Appendix II: Presentations and Capacity Building in 2015

MDA	SERVICE
PPP Unit Consultative Forum (3PUCF)	Four (4nos) Sessions held per quarter
1. Qtr. 1:	Forum was hosted by the Nigerian Shippers' Council in Abuja on the 5 th March, 2015
2. Qtr. 2:	Forum was hosted by the Federal Ministry of Health in Abuja on 4 th June, 2015
3. Qtr. 2	Forum was hosted by the Federal Ministry of Finance in Abuja on 3 rd September, 2015
4. Qtr. 4	Forum was hosted by the Federal Ministry of Work & Housing in Abuja on 3 rd December, 2015
5. Warehouse in a Box (FMoH)	i. Inauguration of the Project Delivery Team for the Warehouse in a Box Project
6. Warehouse in a Box (FMoH)	ii. RFP for the engagement of a transaction adviser for the warehouse in a box project were issued in December 2015.
7. University of Port Harcourt Teaching Hospital -	i. Inauguration of the Project Delivery Team for the University of Port Harcourt Teaching Hospital (UPTH) PPP Projects.
8. University of Port Harcourt Teaching Hospital	ii. EOIs for the engagement of a Transaction Adviser for the UPTH PPP Projects were submitted and evaluated in December 2015
9. National Mathematical Centre	Capacity Building Programme /Inauguration of PPP Unit
10. Nigerian Shippers Council	Capacity Building Programme /Inauguration of PPP Unit
11. Border Communities Development Agency	Capacity Building Programme /Inauguration of PPP Unit
12. National Primary Health-Care Development Agency	Capacity Building Programme /Inauguration of PPP Unit
13. ICRC In-House Staff	PPP Basic Training
14. Office of Head of Service and Bureau of Public Service Reforms Retreat for Permanent Secretaries and DGs. State House Abuja; Jan 2015	"PPPs and Public Service Transformation for Improved Service Delivery in Uncertain Times"
16. Partnerships at the International Islamic Finance Conference on "Islamic Capital Market, Infrastructure, Sukuk and Asset Management in Africa" - Nov. to Dec, 2015, Abuja.	Infrastructure Development in Nigeria Through Sukuk/Public Private Partnership
17. Istanbul PPP Week November 2015	Nigerian PPP Framework and Lessons
18. African PPP Conference, AMTRADE London. UK. 9-11 November 2015	Promoting infrastructure development through Public Private Partnerships
19. Centre for Management Development. August 2015	Public Private Partnership: Monitoring Policy Implementation
20. The Fifth Plenary Session of The All-Stakeholders' Conference On Fast-Tracking Port Reforms 7 th - 8 th December 2015. Lagos. Nigeria	Speedier Evacuation of Cleared Cargo: Case For Integrated Infrastructure Response
21. The 8th Executive Intelligence Management Course (EIMC) Organized By Institute for Security Studies (ISS), Abuja. 13 th August 2015	Infrastructure & National Development: Implication For National Security
8. Federal Ministry of Water Resources, Uyo, Akwa-Ibom State, January 2015	Regulating PPPs In Nigeria: The Key Performance Indicators

**INFRASTRUCTURE CONCESSION REGULATORY COMMISSION**

ABUJA

Section 7

FINANCIAL SUMMARY

FINANCIAL STATEMENTSFOR THE YEAR ENDED ENDED
DECEMBER 31, 2015**PKF**PKF PROFESSIONAL SERVICES
[CHARTERED ACCOUNTANTS]
ABUJA, NIGERIA

C O N T E N T

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L I S T O F T H E G O V E R N I N G B O A R D M E M B E R S

N A M E S	S T A T U S
Senator Ken Nnamani, GCON	Chairman
Edem U. Okorie (Rep. SGF)	Member
P. Chibueze Okorie (Rep. AGF)	Member
Larai Shuaibu (Rep. FMOF)	Member
Dr. Sarah Alade (Rep. CBN)	Member
Augusto Uwadi Kanu	Member
Comfort Saro Wiwa	Member
Musa Elayo Abdullahi	Member
Yabawa L. Wabi	Member
Janet Adeyemi	Member
Col. Umar F. Ahmed, Rtd	Member
Mr. Aminu Diko	Secretary/Member

MANAGEMENT AND PROFESSIONAL ADVISERS

MANAGEMENT AND PROFESSIONAL ADVISERS

Management

Aminu Diko	<i>Director General/Chief Executive Officer</i>
Michael Ohiani	<i>Ag. Executive Director, Contract Compliance Department / Head Legal & Governance</i>
Engr K. C. Izuwah	<i>Executive Director PPP Resource Centre</i>
Mohammed A. Bamalli	<i>Head, Human Resource & Administration</i>
Desmond Oshenye	<i>Head, Finance and Accounts</i>
Felix Ogbera	<i>Head, Monitoring and Compliance</i>
Kabiru B. Yusuf	<i>Head, Procurement</i>
Olugbenga Odugbesan	<i>Head, Communication</i>
Dada H. Togunde	<i>Head, Internal Audit</i>
Jobson Ewalefoh	<i>Head, Information and Communication Technology</i>
Chiedu Ndubisi	<i>Tech. Adviser to DG/Head of Planning and Research (PRS)</i>

Office

Plot 1270 Ayangba Street, Area 11 Garki, Abuja.

Bankers

Central Bank of Nigeria, Abuja

Auditors

PKF Professional Services,
Chartered Accountants
El-Yakub Place (2nd Floor),
Zakariyah Maimalari Street,
Central Business District,
Abuja.

FINANCIAL HIGHLIGHTS

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 N'000	2014 N'000
PERSONNEL AND OVERHEAD SUBVENTION	954,984	776,570
SURPLUS/ (DEFICIT) OF INCOMES OVER EXPENDITURE	18,806	(30,508)
CAPITAL EXPENDITURE	34,450	17,070
NET ASSETS	1,562,035	1,525,021
CAPITAL SUBVENTION	20,000	19,523

ICRC MANDATE

The Infrastructure Concession Regulatory Commission - ICRC Establishment Act 2005 was enacted to address the huge infrastructure deficit in Nigeria and the poor state of our existing infrastructure. The Act, which established the Infrastructure Concession Regulatory Commission (ICRC), also empowers Federal Ministries, Departments and Agencies (MDAs) to utilize Public Private Partnerships (PPP) as a procurement vehicle of choice where suitable, to rapidly turn around our infrastructural insufficiency. The Act envisages the ICRC to serve as the primary driver agency to catalyze and facilitate engagement of the private sector by MDAs of Federal Government in initiating, developing and implementing PPP projects in a fit-for-purpose, transparent, competitive and sustainable manner that would ensure value for money for the Nigeria economy while putting in place world-class infrastructure for use by Nigerians.

The ICRC Act imbues the Commission with functions and powers to:

- 1 Provide general PPP policy guidelines, rules and regulations
- 2 Take custody of every concession agreement
- 3 Ensure efficient execution of any concession agreement or contract entered into the Federal Government, and the compliance of the parties.

The Act also provides for MDAs to enter into contracts with or grant concession to any duly pre-qualified private sector proponent for the Financing, Construction, Operation, and Maintenance of any infrastructure that is financially viable or any development facility of the Federal Government.

Deriving from this mandate, the role of ICRC consists of four main components:

- 1 Promoting, Facilitating, Supporting and Coordinating the implementation of sound PPP process, while ensuring that principles of good governance are applied to all of the functions that form part of it;
- 2 Providing transaction support and building capacity in all Federal Government Ministries, Agencies and Department (MDAs) for project development, tendering, negotiation and contract execution;
- 3 Developing guidelines for monitoring contract compliance during construction, operation and contract termination and supporting as appropriate the MDAs assigned to this task;
- 4 Collaborating with other agencies, including similar state-level PPP units, to implement a cohesive national legal, policy and regulatory environment that is conducive to private sector investment in Nigeria's infrastructure projects.

REPORT OF THE AUDITORS TO GOVERNING BOARD OF INFRASTRUCTURE CONCESSION REGULATORY COMMISSION FOR THE YEAR ENDED DECEMBER 31, 2015

We have audited the Financial Statements of Infrastructure Concession Regulatory Commission, Abuja for the year ended December 31, 2015 set out on pages **52** to **63**, which have been prepared under the historical cost convention and accounting policies set out on page **56**.

Respective Responsibilities of Governing Board and Auditors

The Governing Board is responsible for the preparation of the financial statements. It is our responsibility as Auditors to form an independent opinion, based on our audit, on those financial statements and report our opinion to you.

Basis of Opinion

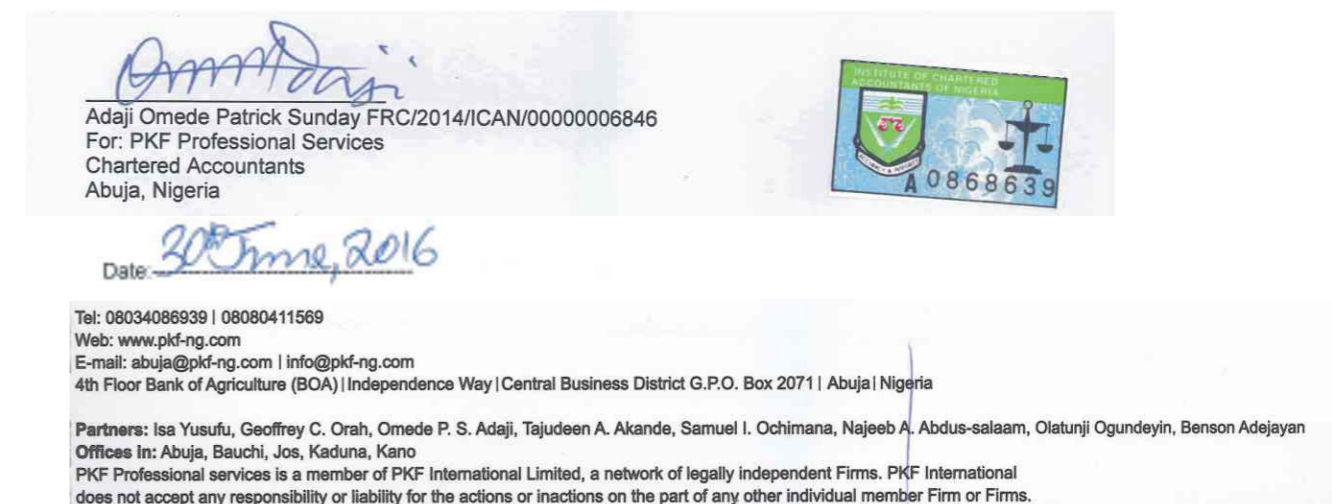
We conducted our audit in accordance with generally accepted auditing standards. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgment made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the Commission's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements, and assessed whether the Commission's books of account had been properly kept.

Opinion

In our opinion,

- The financial statements are in agreement with the books of account, which have been properly kept.
- The financial statements give a true and fair view of the state of affairs of the Commission for the year ended December 31, 2014 and of the deficit and cash flow statement for the year ended on that date and complies with the provisions of the Infrastructure Concession Regulatory Commission Act 2005.



ACCOUNTING POLICIES

The following are the significant accounting policies adopted in the preparation of these financial statements.

1. **Basis of Accounting**

The financial statements are prepared under the cash basis of Accounting.

2. **Fixed Assets**

Fixed assets are stated at cost.

3. **Income**

Income comprises of subventions received from the Federal Government of Nigeria during the year net of transfers to consolidated Revenue Fund, and other internally generated revenue.

4. **Exchange Rates**

Transactions in foreign currencies are translated to the Naira at the rate of exchange ruling at the dates of the transactions.

Foreign currency balances are converted to Naira at the rate of exchange ruling at the balance sheet date and the difference arising therefrom is taken to income and expenditure account.

5. **Stock**

Stocks are stated at lower of cost and net realisable value.

BALANCE SHEET AS AT DECEMBER 31, 2015

	Notes	2015 N'000	2014 N'000
EMPLOYMENT OF CAPITAL			
Fixed Assets	1	1,554,383	1,519,913
Current Assets			
Debtors and Prepayments	2	3,645	5,032
Cash and Bank Balances	3	4,027	76
		<u>7,672</u>	<u>5,108</u>
Net Assets		<u>1,562,055</u>	<u>1,525,021</u>
FINANCED BY:			
Capital Subvention	4	1,459,159	1,439,180
Accumulated Fund	5	102,896	85,841
		<u>1,562,055</u>	<u>1,525,021</u>


.....CHAIRMAN, BOARD OF ICRC


.....DIRECTOR - GENERAL


.....EXECUTIVE DIRECTOR - SUPPORT SERVICES

CASH FLOW STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 N'000	2014 N'000
Cash Flow from Operating Activities		
Surplus/(Deficit) for the year	18,806	(30,508)
Prior Year Adjustments	(1,791)	
Adjustment for items not involving the movement of funds:		
Depreciation	-	-
Operating Excess before Working Capital Changes	17,015	(30,508)
Working Capital Changes		
Debtors	1,387	14,318
Cash Generated from Operations	18,402	16,190
Cash Flow from Investing Activities		
Disposal of fixed assets	-	21,560
Purchase of fixed assets	(34,450)	(17,070)
	(34,450)	4,490
Cash Flow from Financing Activities		
Capital Subvention received	20,000	19,523
Capital Subvention transferred	-	(7,748)
	20,000	11,775
Net increase/(Decrease) in Cash Equivalent	3,952	76
Cash and cash equivalent at January 1	76	-
Cash and cash Equivalent at December 31, 2015	4,027	76
Represented by:		
Cash and Bank Balances	4,027	76

INCOME AND EXPENDITURE ACCOUNT

FOR THE YEAR ENDED DECEMBER 31, 2015

	Notes	2015 N'000	2014 N'000
INCOME			
Recurrent Subventions	6	962,233	754,475
Other Income	7	58,412	19,952
Total Income		1,020,645	774,427
EXPENDITURE			
Salaries and Allowances		752,434	589,942
Travelling and Accommodation Expenses	8	30,783	50,795
Office Materials and Supplies		7,641	5,429
Vehicles Running Cost		5,342	1,846
Maintenance: Furniture/ Equip.		608	448
Maintenance: computers and ICT Equip.		2,797	1,430
Maintenance: Motor Vehicles		8,159	3,448
Maintenance: Office Building		12,867	2,775
Maintenance: Plants/Generators		18,447	10,917
Uniform and Clothings		9,006	8,150
Postages, Telephone and Internet Services		17,515	10,876
Printing and Stationery		3,220	2,432
Insurance		12,388	10,371
Electricity and Water Rates		7,758	5,298
Training Expenses	9	22,082	28,003
Bank /GIFMIS Charges		348	239
Refreshment & Meals		3,665	2,172
Magazines and periodicals		112	131
Subscription		1,661	943
Security expenses		8,556	5,210
Medical/Welfare Expenses		6,676	3,140
cleaning and Fumigation Expenses		9,805	5,913
Board Expenses		31,612	19,712
Advert and Publicity		12,324	7,174
Audit fees and Expenses		2,888	2,888
Consultancy Fees	10	13,144	8,598
		1,001,839	788,279
Surplus/(Deficit) for the year		18,806	(13,852)
Loss on disposal of Motor Vehicles		-	(16,656)
Surplus/(Deficit) of Income over Expenditure		18,806	(30,508)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1	FIXED ASSETS	Land & Buildings N'000	Motor Vehicles N'000	Office Furniture Equipment N'000	Computer & IT Equip N'000	Libray & Books N'000	TOTAL N'000
	Cost						
	As at January 1st	1,196,188	122,261	142,443	54,063	4,958	1,519,913
	Purchases during the year	16,232	11,550	4,248	2,261	159	34,450
	At Dec. 31, 2015	<u>1,212,421</u>	<u>133,811</u>	<u>146,691</u>	<u>56,324</u>	<u>5,117</u>	<u>1,554,363</u>
						2015 N'000	2014 N'000
2	DEBTORS AND PREPAYMENTS						
	Deposit						1,336
	Staff Advances					3,645	3,241
	FIRS - WHT/VAT/PAYE					-	455
						<u>3,645</u>	<u>5,032</u>
3	CASH AND BANK BALANCES						
	Central bank of Nigeria					4,027	-
	Fidelity Bank Plc					-	76
						<u>4,027</u>	<u>76</u>
4	CAPITAL SUBVENTION						
	As at January 1, 2014					1,439,159	1,427,384
	Received during the year					20,000	19,523
						<u>1,459,159</u>	<u>1,446,907</u>
	Transferred to CRF in the year					-	(7,748)
						<u>1,459,159</u>	<u>1,439,159</u>
5	ACCUMULATED FUND						
	As at January 1, 2015					85,861	116,369
	Prior Year Adjustment					(1,791)	-
	Deficit for the year					18,806	(30,508)
						<u>102,876</u>	<u>85,861</u>
6	RECURRENT SUBVENTIONS						
6.1	OVERHEAD SUBVENTION						
	Received during the year					211,060	195,031
	Transferred to CRF in the year					-	(16,989)
						<u>211,060</u>	<u>178,042</u>
6.2	SALARY SUBVENTION						
	Received during the year					753,924	581,539
	Transferred to CRF in the year					(2,751)	(5,106)
						<u>751,173</u>	<u>576,433</u>
						<u>962,233</u>	<u>754,475</u>
7	CONCESSION REVENUE A/C						
	Received from Zenith bank					510	-
	Received during the year					77,202	26,603
	25% Concession fee Transferred to CRF					(19,301)	(6,651)
						<u>58,412</u>	<u>19,952</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

	2015 N'000	2014 N'000
8	TRAVELLING AND ACCOMMODATION EXPENSES	
	Local Travelling Expenses	24,120
	International Traveling Expenses	26,675
		<u>50,795</u>
9	TRAINING EXPENSES	
	Local Training	8,338
	International Training Expenses	19,667
		<u>28,003</u>
10	CONSULTANCY FEES	
	Financial Consulting	4,423
	Legal services	2,600
	Other Professional Services	1,575
		<u>8,598</u>
11	GUARANTEES AND FINANCIAL COMMITMENTS	
11.1	CAPITAL EXPENDITURE	
	Capital Expenditure authorised by the Governing Board but not provided for in the Financial Statements	-
	Capital expenditure authorised by the Governing Board but not contracted was	-
11.2	CONTINGENT LIABILITIES	
	There were no contingent liabilities as at December 31st, 2015 known to management in respect of any litigation involving the Commission.	-
11.3	FINANCIAL COMMITMENTS	
	The Governing Board is of the opinion that all known liabilities and commitments have been taken into account in the preparation of these Financial Statements	-

**STATEMENT OF ACTUAL RECEIPTS AND PAYMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015 N'000	2014 N'000
RECEIPTS		
Cash and bank balances at 1/1/2015	76	-
Capital Subvention	20,000	19,523
Overhead Subvention	211,060	195,031
Personnel Subvention	753,924	581,539
Concession fees	77,202	26,603
Proceed from disposal of Motor Vehicles	-	4,904
Staff Loans and Advances recovery	-	14,308
Other Receipts	510	-
Statutory deduction- VAT refund	-	10
	1,062,772	841,917
PAYMENTS		
Addition to Land & Building	16,232	11,025
Addition to Motor vehicles	11,550	-
Addition to Office furniture & equipment	4,248	3,091
Computer and IT equipment	2,261	2,362
Addition to Books & journals	159	592
Salaries & Allowances	752,434	589,942
Travelling & accomodation	30,783	50,795
Office Materials and supplies	7,641	5,429
Vehicle running costs	5,342	1,846
Maintenance: Furniture & equipment	608	448
Maintenance: Computer & IT equipment	2,797	1,430
Maintenance: Motor vehicles	8,159	3,448
Maintenance: Office building	12,867	2,775
Maintenance: Plant & Generators	18,447	10,917
Postages, Telephone & Internet	17,516	10,876
Printing & Stationery	3,220	2,432
Electricity & Water rates	7,758	5,298
Training expenses	22,082	28,003
Bank/ GIFMIS charges	348	239
Refreshment & Meals	3,665	2,172
Magazines and periodicals	112	131
Subscription	1,661	943
Board expenses	31,612	19,712
Advert and publicity	12,324	7,174
Cleaning & fumigation expenses	9,805	5,913
Audit fees and expenses	2,888	2,888
Carry forward	986,520	769,881

**STATEMENT OF ACTUAL RECEIPTS AND PAYMENTS CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2015**

	2015 N'000	2014 N'000
Brought forward	986,520	769,881
Consultancy fees	13,144	8,597
Uniform and Clothing	9,006	8,150
Security expenses	8,556	5,210
Medical/Welfare Expenses	6,675	3,140
Insurance	12,388	10,371
Staff Loans and Advances	405	-
Overhead Transferred to CRF	-	16,989
Personnel Transferred to CRF	2,751	5,106
Capital transferred to CRF	-	7,747
Concession Revenue A/c transferred to CRF	19,301	6,651
Total payments	1,058,745	841,842
	4,027	76
Represented by:		
Central Bank of Nigeria balance	4,027	76