



FINANCING NIGERIA'S INFRASTRUCTURE

- The PPP imperative

BEING A BACKGROUND PAPER FOR THE GLOBAL INFRASTRUCTURE FACILITY ADVISORY COUNCIL MEETING



Engr. Chidi K. C. Izuwah, Snr.
ACTING DIRECTOR GENERAL
INFRASTRUCTURE CONCESSION REGULATORY COMMISSION
OCTOBER 2017

Political Will

ICRC

Leadership Commitment



EXCERPTS OF SPEECH OF PRESIDENT MUHAMMADU BUHARI ON AUGUST 23, 2015

“.....We also have a **huge infrastructure deficit** for which we **require foreign capital and expertise to supplement** whatever resources we can marshal at home. In essence, **we seek public private partnerships** in our quest for enhanced capital and expertise.”

I C R C

Leadership Commitment



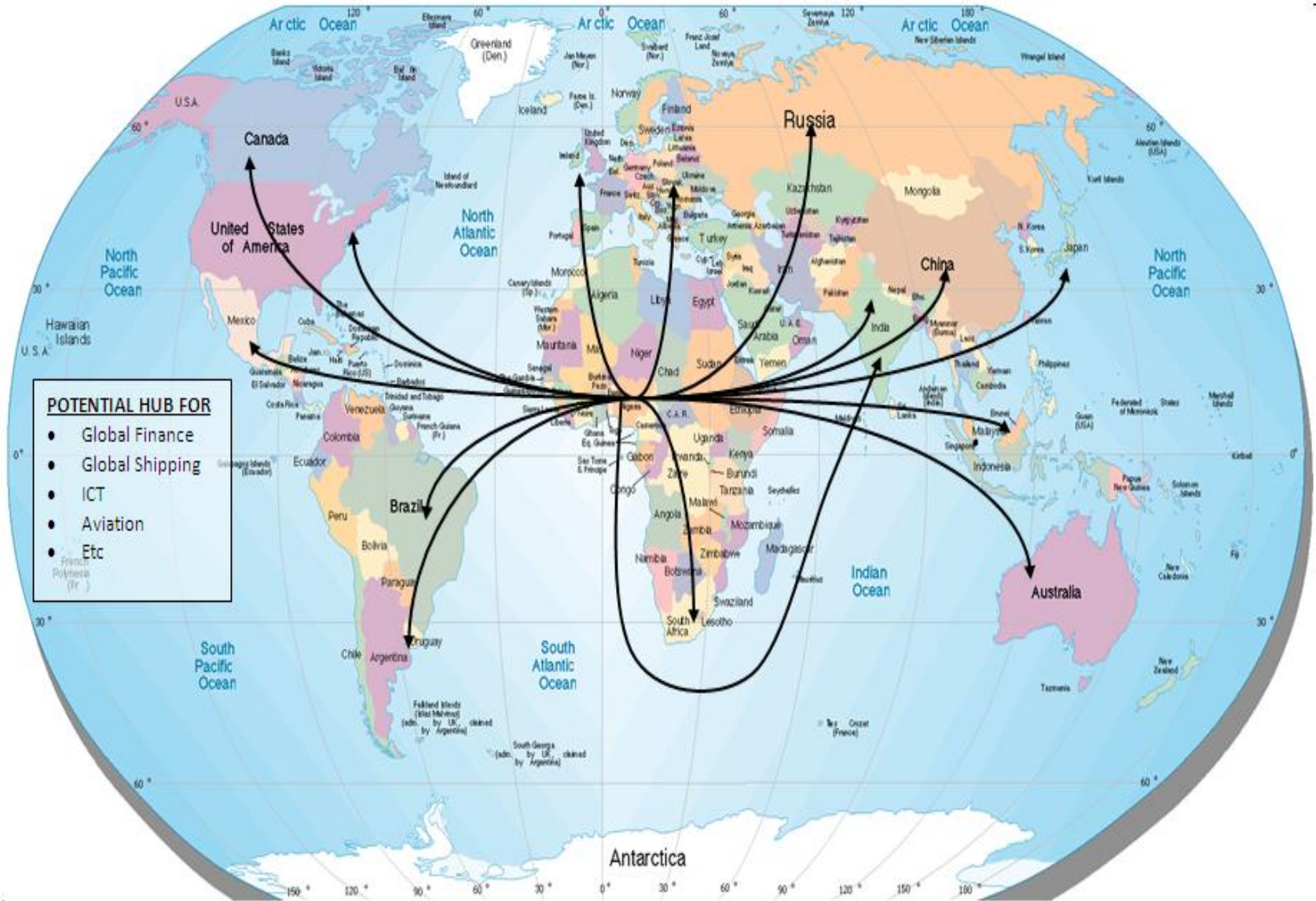
Excerpts of speech of His Excellency
Vice President Yemi Osinbajo
AT 10th Year Anniversary Lecture of Crescent University,
Abeokuta, Ogun State
June 11, 2016

.....the Buhari Administration will tackle corruption in all sectors of the economy and establish a sufficient tax culture. The Administration will encourage **Public-Private Partnerships** ensuring a **transparent framework** that reduces the bottlenecks in doing business.

Nigeria

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Introducing...Nigeria centre of the world

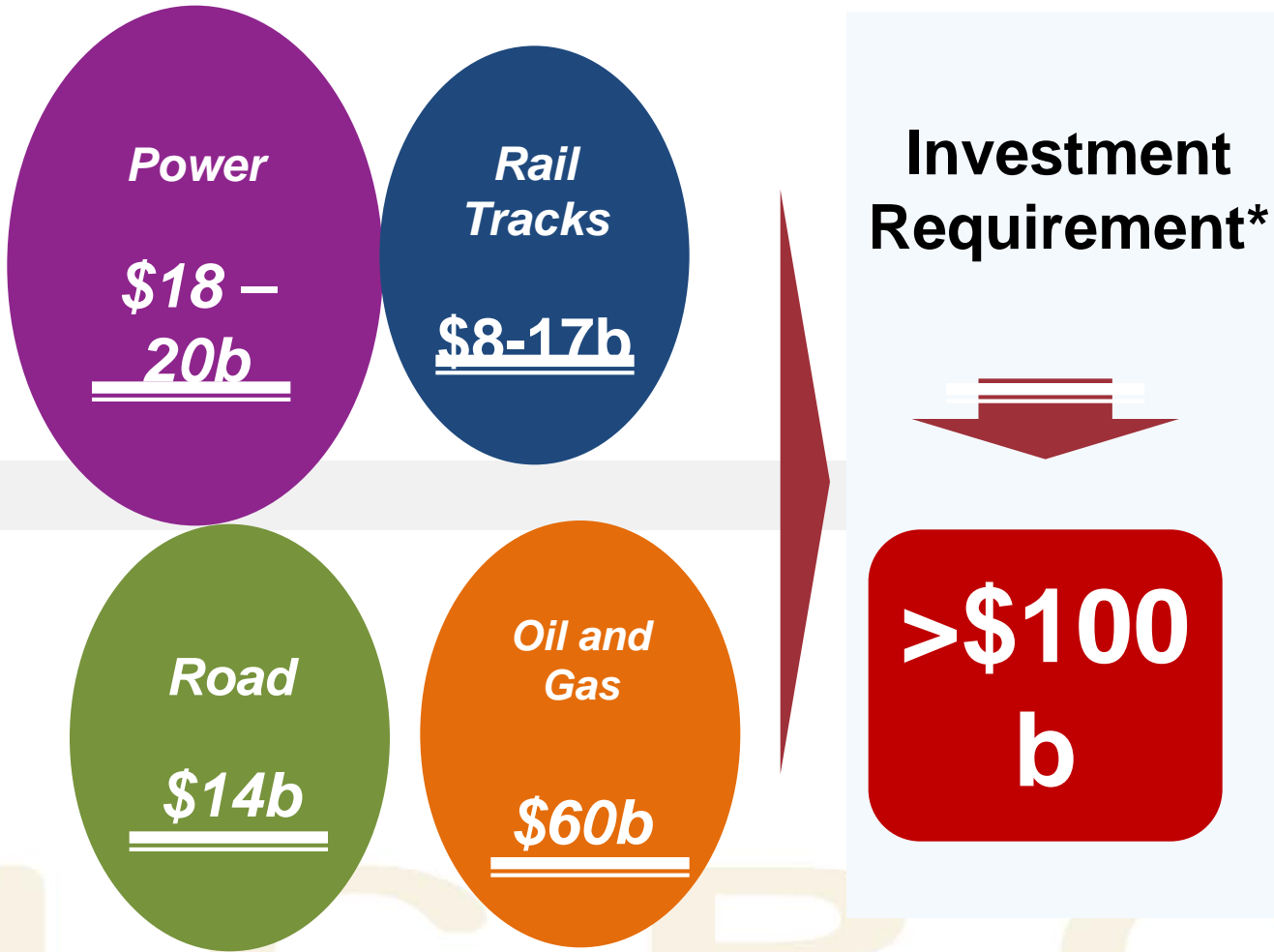


Africa's Most Formidable CV – Past and Present



- Largest Economy in Africa, 26th - IMF 2016
- First TV Broadcast in Africa – WNTS 1959 IEEE Explore Library
- Mandela hid in Nigeria for 6 months to escape the Apartheid Regime – Vanguard Dec 2013 Chief Mbazulike Amaechi his host
- 2nd Longest Bridge in Africa (11.8 Kms) – 1990 World Atlas
- Largest Black Country in the World – 170 Million (1/5th of Africa's Population)
- Largest Entrepreneurial Population in Africa, Large Mobile Phone User Base
- Third Largest Movie Industry in the World – NBS
- Diversifying Economy With Growing Non Oil Sector – 51% Services, Agric 22%, Industry 26%, Oil 15%
- Richest Man in Africa – Aliko Dangote – Forbes Nigerian Finder 2017
- Leading Destination for Investment in Africa – UNCTAD
- IF YOU ARE NOT IN NIGERIA, YOU ARE NOT IN AFRICA – Prince Alwaleed Saudi Arabia

Nigeria requires over \$100 billion for infrastructure development over the next six years...



*Sources: Bridging Nigeria's Infrastructure Gap, National Pension Commission – Nigeria

PPP Success in Nigeria

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Garki Hospital Abuja

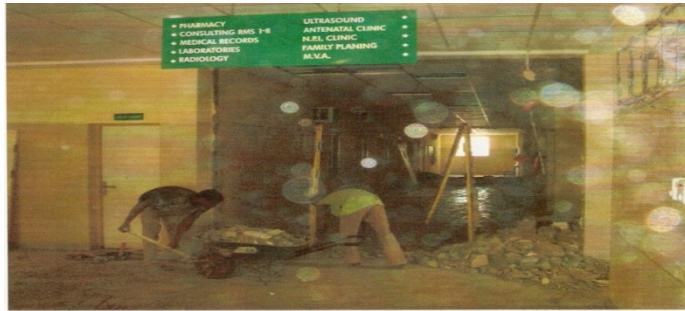


- **Client: FCT Health and Human Services**
- **Sector: Social Infrastructure- Health Sector**
- **Year the project was signed: 2007**
- This was concession to NISA Premier Hospital Ltd in 2007 for a period of fifteen years (15yrs).
- The introduction of a public private partnership (PPP) arrangement in the hospital has been very effective in the delivery of services. The hospital performed its first successful heart surgery in July 2013 and also performed three (3) successful kidney transplants on the same day in November 2013. The hospital ranks in the top 50 of all evaluated hospitals in Nigeria.



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GARKI HOSPITAL, ABUJA - PPP



AFTER



BEFORE



Port Terminals



- Major Ports reform in 2004, to improve clogged, inefficient, and very expensive ports.
- Experienced private operators engaged through Concessions to rehabilitate and manage 24 port terminals
- Months after the concession of the Apapa-Lagos container terminal, delays for berthing space had dwindled, and shipping lines reduced congestion surcharge from \$525 to \$75, saving the Nigerian economy significant sums

Lessons

- Risk allocation should consider Government Capacity to deliver (channel depth, wrecks)
- The transaction lead agency should be the grantor who remains accountable for services
- Success requires an integrated approach (Roads, Customs, Rail, Security, State Government)



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Nigeria's Legal and Regulatory Framework for PPPs

Introducing The ICRC



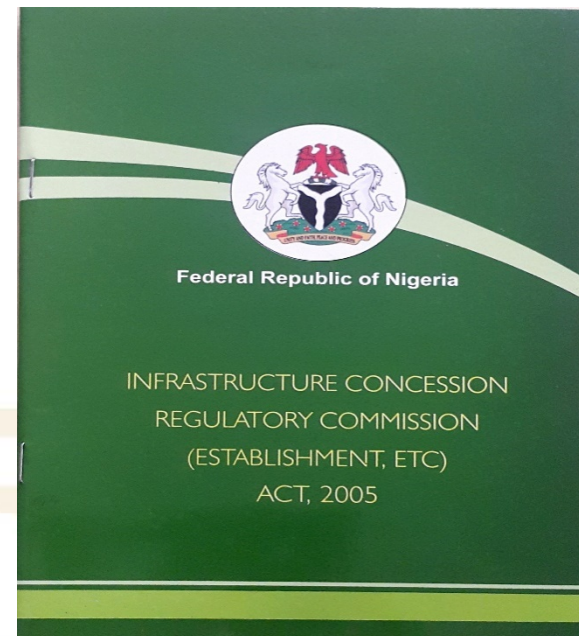
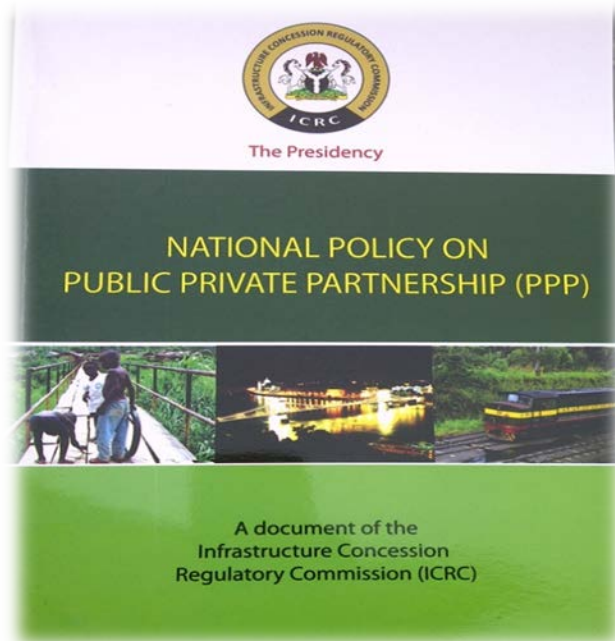
- The ICRC is the Federal Government's agency for the:
- ✓ regulation of Public Private Partnership (PPP) procurement, as well as
 - ✓ development and implementation of a sustainable PPP framework towards
 - ✓ development of brownfield and greenfield infrastructure for the benefit of Nigerians

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Nigeria's PPP Framework



- The Infrastructure Concession Regulatory Commission (Establishment, etc.) Act 2005.
- National Policy on PPP (N4P)
- WWW.ICRC.GOV.NG – TO DOWNLOAD



The ICRC Act 2005



- Establishes the Infrastructure Concession Regulatory Commission (ICRC) **Section 14.1**
- Ministries, Department & Agencies (MDAs) may enter into a contract with or grant concession to any duly pre-qualified private sector project proponent for the financing, construction, operation, and maintenance of any infrastructure of the Federal Government. **(Section 1.1)**
- Empowers the ICRC to:
 - Provide general policy guidelines, rules and regulations.
 - Take custody of every concession agreement entered by the Federal Government
 - Ensure efficient execution of any concession agreement or contract entered by the Federal Government.

ICRC's Role

WHAT ICRC DOES...

- **Pre Contract Regulation by:**
 - **Ensure Bankability of PPP Projects**
 - **Policy, Guidelines, Regulations, and Capacity Building**
- **Post Contract Regulation by:**
 - **Monitoring projects and ensuring compliance with contracts**

WHAT OTHERS DO

- **Project Initiation – MDA responsibility**
- **Determine Output Requirements – MDA responsibility**
- **Serve as Contracting Authority – MDA responsibility**
- **Approve Projects – FEC responsibility**

PPP LIFECYCLE in line with National Policy



- Project Identification
- Project Prioritization
- Project Selection

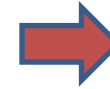
Preliminaries



Development Phase



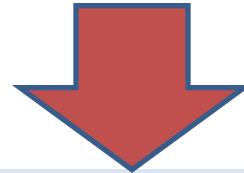
Procurement Phase



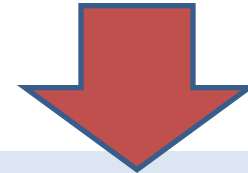
Implementation Phase



TRANSACTION ADVISER
NEEDS ANALYSIS
PPP OPTIONS APPRAISAL
VALUE FOR MONEY
AFFORDABILITY
SUSTAINABILITY
PRELIM RISK MATRIX
VIABILITY/BANKABILITY
VGF
OBC
OBC APPROVAL BY FEC



TRANSACTION ADVISER
EoI/RFQ Phase AND RFP
BIDDING
BIDDERS CONFERENCE
BID EVALUATION
VALUE FOR MONEY TEST
PREFERRED BIDDER
FULL BUSINESS CASE
BY FEC



INDEPENDENT ENGINEER
MONITOR DESIGN AND
CONSTRUCTION
COMMISSIONING TEST
VERIFY OUTPUT
REQUIREMENTS
CONTRACT MANAGEMENT

THE KEY PPP PRINCIPLES BEING DRIVEN BY ICRC

- **Value for Money**
Ensure project appraisals take into account not only cost but also risks and service quality
- **Public interest**
Adequate and prior consultation with stakeholders.
- **Output requirements**
The Concept of “**verifiable service standards**” to be used as basis for output or performance based specifications.
- **Transparency**
Transparency in all procurements is key requirement of the law.
- **Risk allocation**
Risks allocated to the party best able to manage them.
- **Competition**
The law requires that no project is procured without subjecting it to competition.
- **Capacity to deliver**
Ensure Project Proponents wishing to partner with government to deliver and operate infrastructure have the capacity to handle the responsibility.

Flagship Project

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Ongoing PPP Project



- **Project Description:** Develop 65 hectares of the 134 hectares fallow land around the theatre.



Re-development of National Arts Theatre, Lagos

Will be The Nigerian Entertainment City – via PPP



Re-development of National Arts Theatre, Lagos

Way Forward

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Ports and ICDs - Opportunities



- Kirikiri Port Lighter Terminal I & II, Lagos.
- Lekki Deep Water Port
- Ibom and Bakassi Deepwater Ports
- Badagry Deep Sea Port
- Ontisha Inland Container Depot (ICD), Anambra State
- Asaba Container Freight Station (CFS), Delta State
- Nnewi Inland Container Depot, Anambra State
- Gombe CFS, Gombe State
- Dagbolu Inland Container Depot, Osun State
- Lolo Inland Container Depot, Kebbi State

Road - PPP Opportunities



1. 2nd Niger Bridge
2. Lagos Ibadan Expressway
3. Rehabilitation and upgrade of 368 Km Shagamu~Benin~Asaba Expressway
4. Reconstruction and Upgrade of Abuja – Kaduna – Kano Dual Carriage Road
5. Reconstruction and Full Dualization of Ibadan – Ilorin ~ Tegna ~ Kaduna Highway
6. Reconstruction and Upgrade of Enugu to Port Harcourt Expressway
7. Reconstruction and Upgrade of Aba~Ikot Ekpene ~ Calabar

Rail, Aviation and FCT - Opportunities



- NRC Narrow Guage
- New Standard Guage Lines
- Abuja Light Rail Lots 1A and 3
- Bus Rapid Transit for Cities
- Lagos, Abuja, Kano and Port Harcourt International Airports
- Aircraft MRO Facility

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Energy - PPP Opportunities

- Gurara I Hydro Power Plant (30 MW), Kaduna State
- Gurara II Hydro Power Plant (300 MW), Niger State
- Dasin Hausa Dam, Adamawa State

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Energy PPP Opportunities



Ten Small and Medium Dams in 3 Lots

LOTS	DAMS
Lot 1	<ol style="list-style-type: none">1. 10MW Oyan dam, Ogun State,2. 6MW Ikere Gorge dam, Oyo State3. 450KW Owena dam, Ondo State.
Lot 2	<ol style="list-style-type: none">1. 3MW Bakolori dam, Zamfara State2. 500KW Kampe dam, Kogi State3. 1MW Doma dam, Nasarawa State.
Lot 3	<ol style="list-style-type: none">1. 4MW Jibia dam, Katsina State2. 300KW Zobe dam, Katina state3. 10MW Tiga dam, Kano state4. 10MW Challawa Dam, Kano State

Health Sector PPP Opportunities



- Abuja Medical City and Abuja Medical Mall
- Warehouse in a Box
- Phase III Teaching Hospital Rehabilitation – covering 7 Teaching Hospitals
- Co-location Initiatives (Diagnostics, Radiology etc)

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Other Opportunities



- 23 Industrial Development Clusters
- National Trade and International Business Centre
- National Stadium Lagos
- National Stadium Abuja Athletes Hostel
- Marina Water Front Development Lagos
- Gurara I Irrigation
- 33 Silo Complex
- Irrigation and Fish Farming Complexes Across the Country

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PPP Support Initiatives



- ICRC PPP Contracts Disclosure Web Portal LIVE !!!!!
- Nigeria Integrated Infrastructure Masterplan
- Nigeria Infrastructure Development Fund
- Annuity PPPs
- Nigerian Sovereign Investment Authority (NSIA) and Infra Credit Guarantee Fund
- PPP Units in MDAs
- Federal Roads and Bridges Tolling Policy
- Standardization Efforts (Business Case, Contracts etc)

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INFRASTRUCTURE CONCESSION REGULATORY COMMISSION

Plot 1270 Ayangba Street, Near FCDA Headquarters,
Area 11, Garki, Abuja – Federal Capital City.

Phone: +234 9-4604900, E-mail: info@icrc.gov.ng

Website: www.icrc.gov.ng