



INFRASTRUCTURE DEVELOPMENT AS A PANACEA TO NATIONAL GROWTH

BEING A PAPER PRESENTED BY THE AG. DG OF ICRC AT THE FELLOWS INVESTITURE OF THE INSTITUTE OF DIRECTORS NIGERIA ON 26th OCTOBER 2017



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OCTOBER 2017

Panacea

In [Greek mythology](#), **Panacea** (Greek Πανάκεια, **Panakeia**) was a goddess of universal remedy. She was the daughter of [Asclepius](#) and [Epione](#). Panacea and her four sisters each performed a facet of [Apollo](#)'s art: Panacea (the goddess of universal health), [Hygieia](#) ("Hygiene" the goddess/personification of health, cleanliness, and sanitation), [Iaso](#) (the goddess of recuperation from illness), [Aceso](#) (the goddess of the healing process), and [Aglæa/Ægle](#) (the goddess of beauty, splendor, glory, magnificence, and adornment).



Panacea Goddess of Universal Health

Panacea was said to have a [poultice](#) or [potion](#) with which she healed the sick. This brought about the concept of the [panacea in medicine](#), a substance meant to cure all diseases. The term is also used figuratively as something intended to completely solve a large, multi-faceted problem.

Panacea (center) administering medicine to a baby (Picture of the Veronese physician J. Gazola as part of a larger woodcut, 1716)

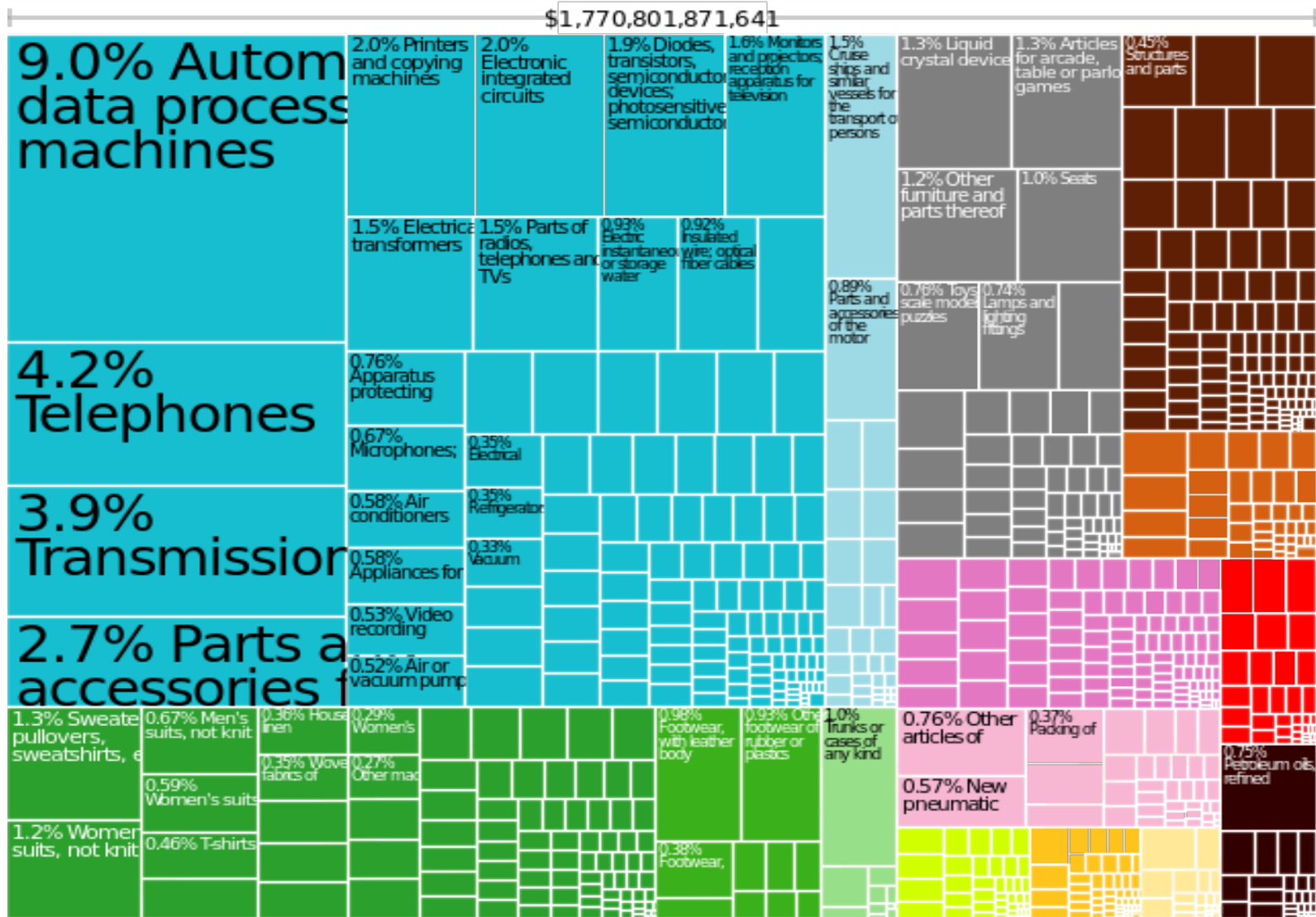
INFRASTRUCTURE ICU – more time more effort



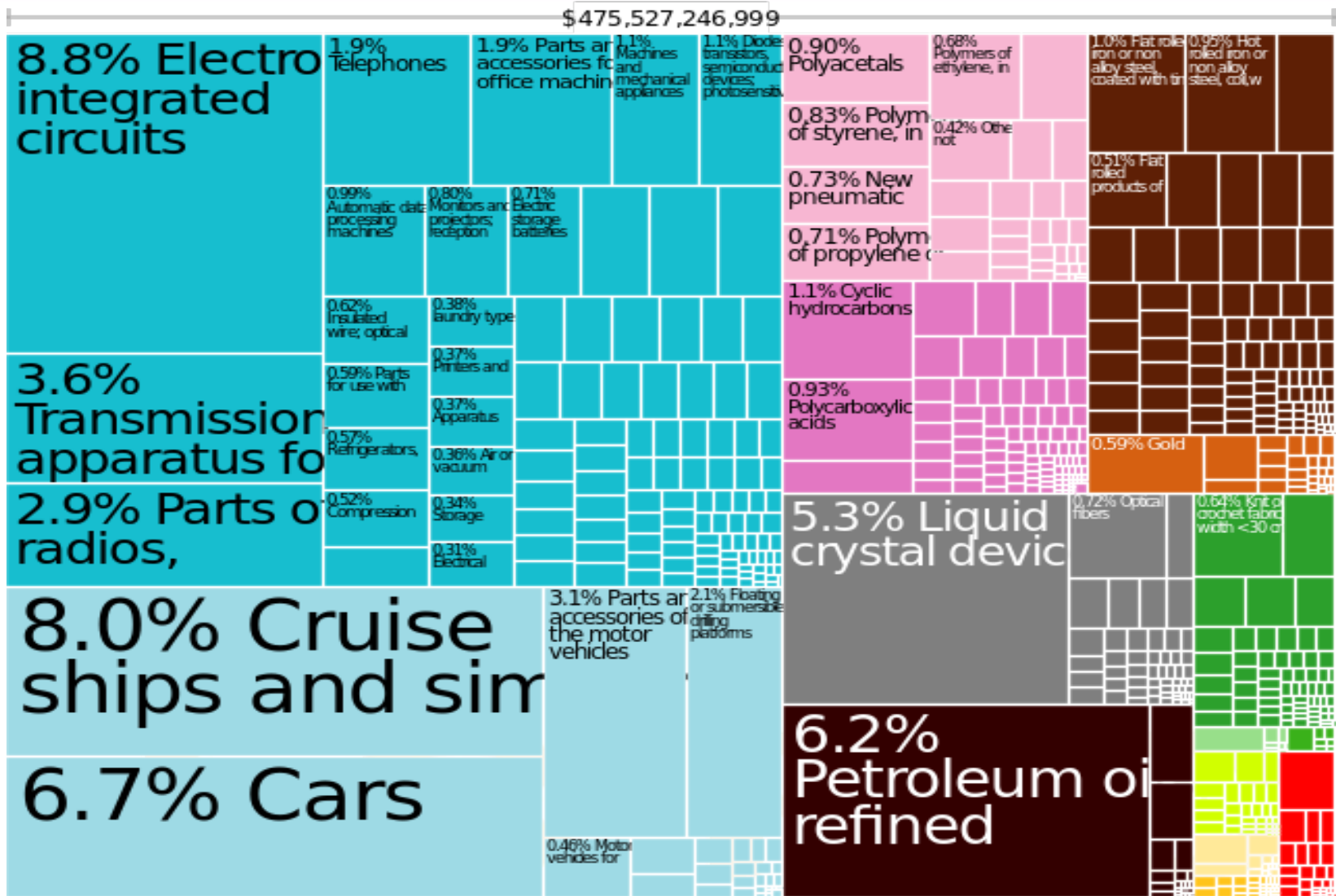
Why do We Have Economic & Development Problems

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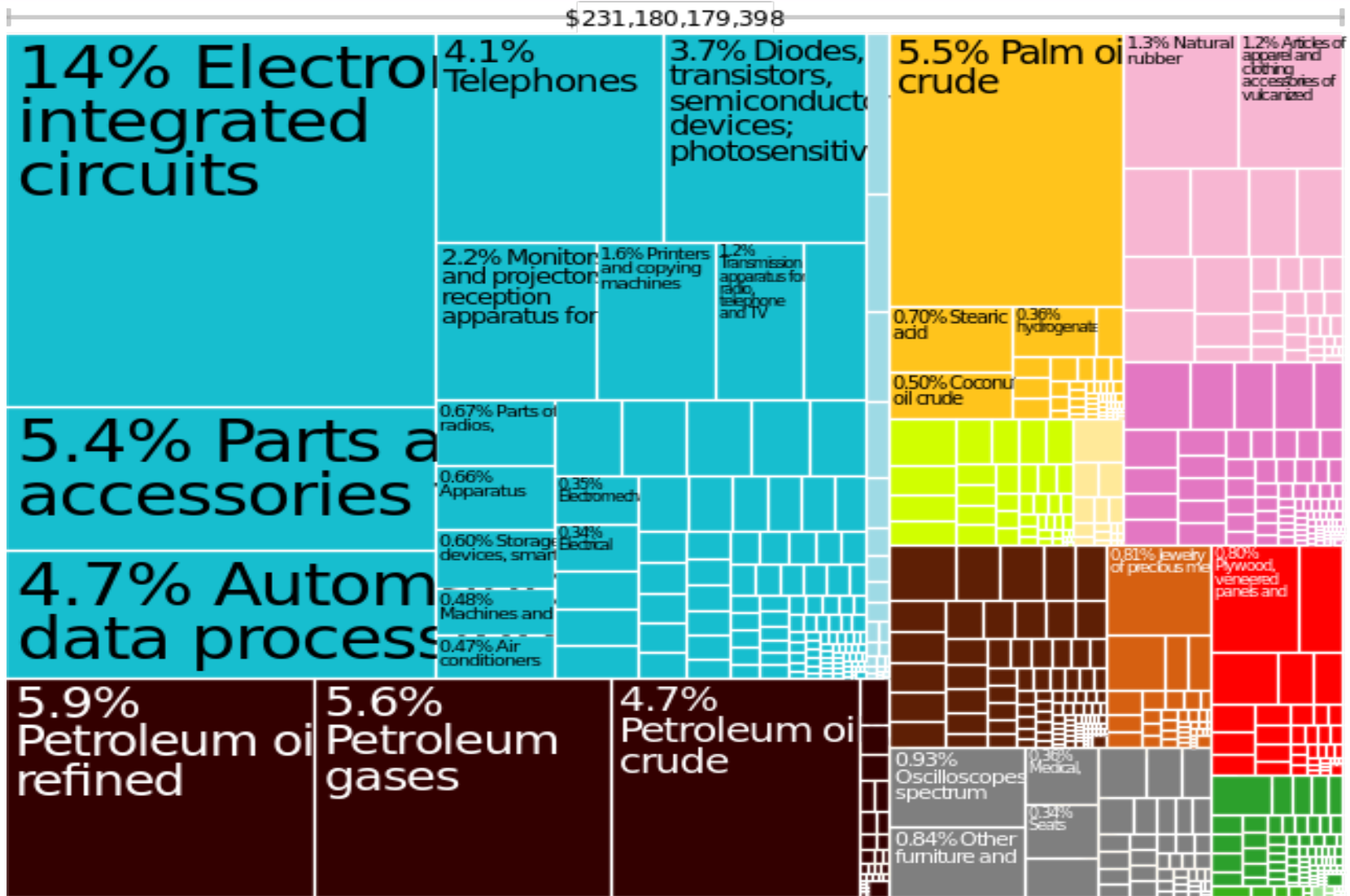
China's Export, 2010



South Korea's Export, 2010



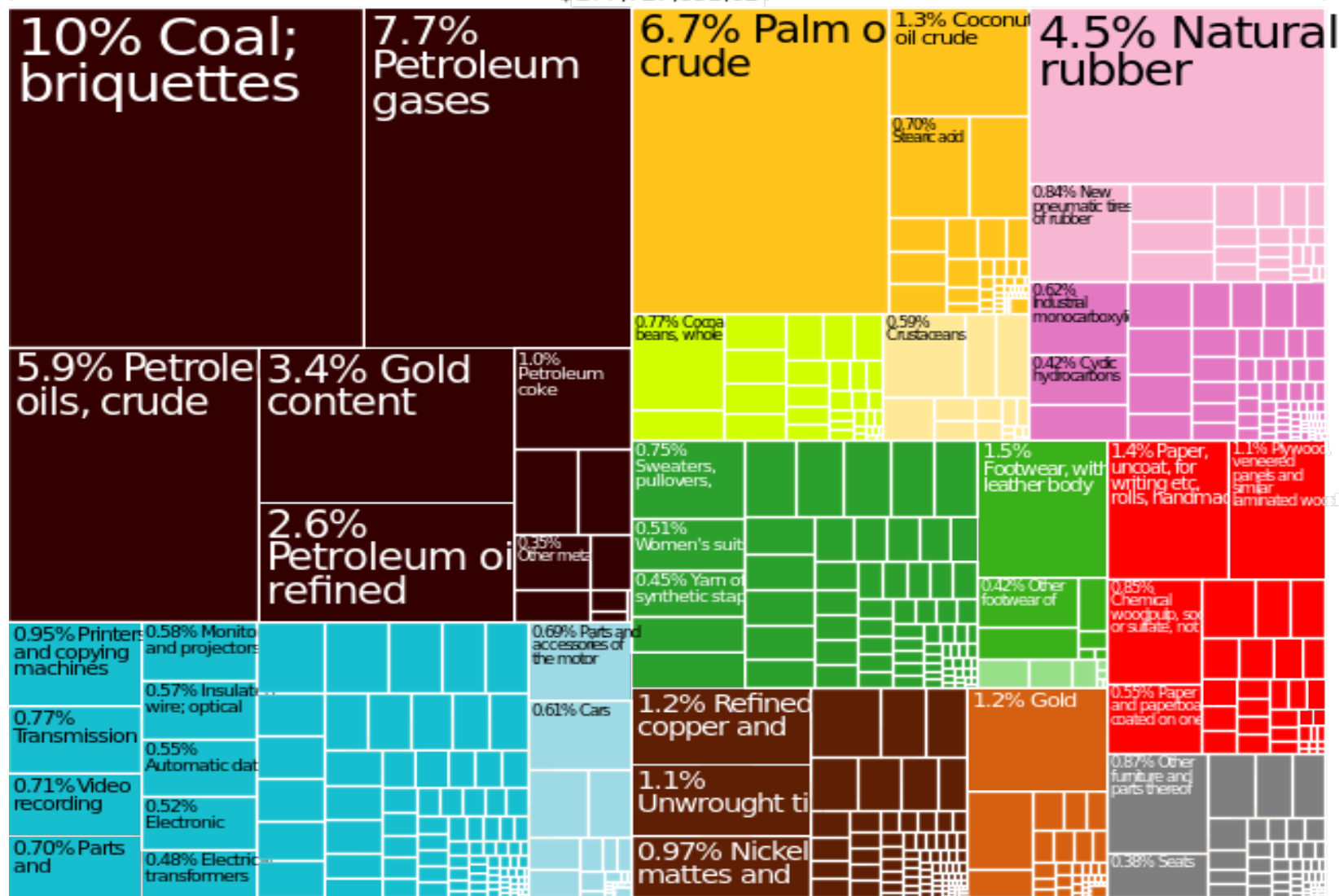
Malaysia's Export, 2010



Indonesia's Export, 2010



\$177,727,831,627



Nigeria's Exports, 2010



\$86,454,231,400

75% Petroleum oils, crud

10% Petroleum gases

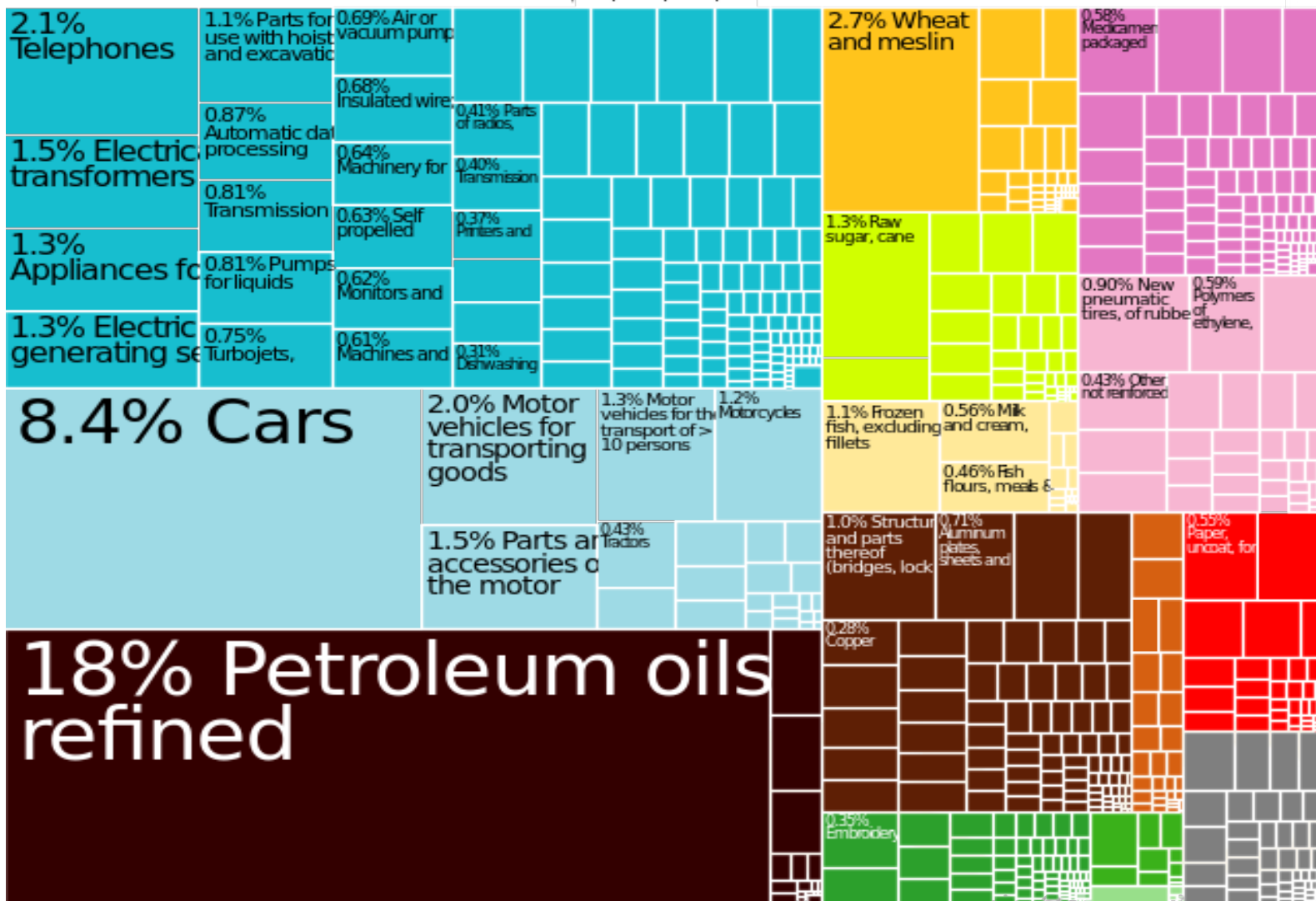
4.7% Petroleum oil refined



Import Structure – Nigeria, 2010



\$36,008,768,188



source: The Observatory of Economic Complexity

How they did it



- Favorable macroeconomic policies
- **Use public funds to leverage private capital (4 to 16 times)**
- Developmental State Approach
 - Deliberate state support for manufacturing sector
 - Notable stories of Samsung and Hyundai in S. Korea
- Agricultural transformation and Value Chain Development (Indonesia, Malaysia and China)
 - Implemented labour intensive manufacturing sector plans and provided **the required infrastructure**
- Human capital development especially in science and technology education
 - Literacy rate was 99% in 2010 in South Korea

State of Majority of our Infrastructure Stock

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Expressway !!!



Small scale IPPs supplied by China

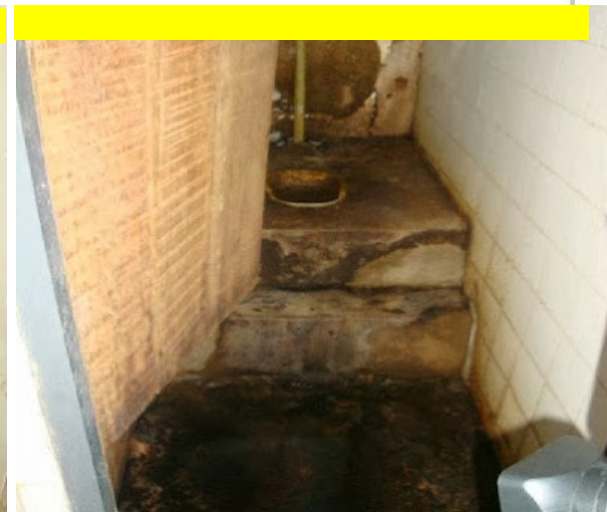


I can still smile





Prisons are better than our Hostels....We need better accommodation...We need better rest rooms





The Nigerian Society of Engineers



NIGERIAN INFRASTRUCTURE REPORT CARD 2015

"Our national infrastructure stock ranks E2 (2.08 out of 5). This particularly poor state constitutes a danger to public safety"

We have a national
infrastructure emergency -
Can Be Changed

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Ethiopia/Djibouti



Kenya



Political Will

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Political 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.”

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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.

Outline



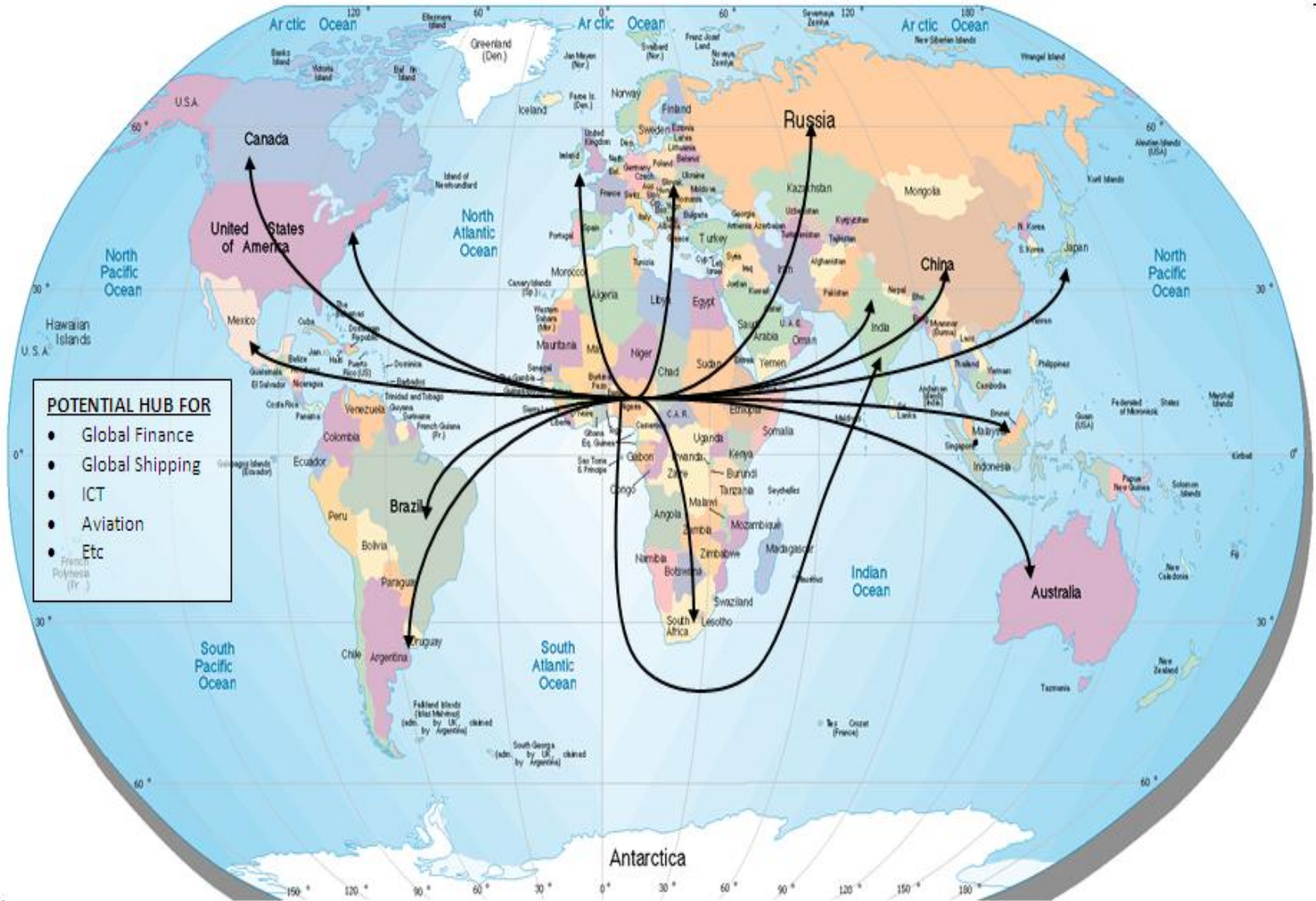
- **Introducing Nigeria**
- **Infrastructure and Growth**
- **Challenges of Infrastructure Financing**
- **Myth Bursting**
- **Lessons from Others**
- **Success in Nigeria**
- **PPP Imperative**
- **Way Forward**
- **Transforming Nigeria**

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Nigeria

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Introducing...Nigeria centre of the world



Africa's Most Formidable CV – Past and Present



- Largest Economy in Africa, Half a Trillion GDP
- First TV Broadcast in Africa
- Mandela hid in Nigeria for 6 months to escape the Apartheid Regime
- Previous longest Bridge in Africa (11.8 Kms) – Egypt now
- 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 – Now 2nd
- Diversifying Economy With Growing Non Oil Sector – 51% Services, Agric 22%, Industry 26%, Oil 15%
- Richest Man in Africa – Aliko Dangote
- Leading Destination for Investment in Africa – UNCTAD
- IF YOU ARE NOT IN NIGERIA, YOU ARE NOT IN AFRICA

Nigeria !!! – Case for Action



- Nigeria is rich in natural resources and boasts a large young ambitious and entrepreneur population.
- Harnessed properly, those advantages could usher in a period of sustained economic growth.
- Unable to translate endowments into efficient essential services such as electricity, water, roads, railways, ports, communications, etc.
- Poor physical infrastructure stymie's attraction of FDI, growth, and competitiveness.
- Nigeria is a monoculture economy - exporting primarily crude oil.
- Advice – Nigeria must address several critical challenges including transportation in order to prosper over the long term -

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Infrastructure + Nigeria = Progress



If you want to grow rich – build a road first (Chairman Mao)

“If Nigeria was a three legged stool I would say its stability and future depends on how well and how fast we tackle the infrastructure problem – the shaky leg of the stool”

World Bank Official



1% increase in infrastructure stock results in a 1% increase in GDP – World Bank

Thoughts on Infrastructure and National Growth



- A developed country is not a place where the poor have cars, it's a place where the rich use public transport (Mayor of Bogota)
- Infrastructure's contribution to GDP in Emerging Economies: 11% to 6% BUT in Nigeria ~ 1 to 3 % (Unknown)
- Infrastructure is the cornerstone of civilization. As the society and economic organizations become complex, the relevance of infrastructure grows

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Infrastructure & Growth



Infrastructure affects economic growth & development through:

- Efficiencies and reductions in costs
- Competitiveness in the international market
- Domestic market development
- Economic Diversification & Structural Changes
- Improvement in welfare and living conditions

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Infrastructure & Growth



Cost Reduction: Infrastructure development contributes to the growth of the economy through its effects on production, investment and employment.

- Productive activities in the real sector utilize infrastructure such as electricity, telecommunications, water, and transport services as intermediate inputs.
- According to the Manufacturers Association of Nigeria (MAN), the cost of power and electricity input alone ranges from 44% to 70% of variable cost in Nigeria.

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Infrastructure & Growth



Global Competitiveness:

- The net effect of the drastic reduction in transportation costs has been to lower the cost of doing business, increase global competitiveness, increase profitability, incomes, employment and the cost, service and quality of international trade.
- Globalization has transformed the traditional organization of production and marketing to the management of logistics ~ leads to cost savings in inventory and working capital and permitting rapid response to changing consumer demands.

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Infrastructure & Growth



Domestic market development:

- Empirical studies in developing countries have reached the conclusion that rural (farm-to-market) roads have a major effect in improving marketing opportunities & reducing transaction costs.
- The marketing of agricultural commodities, excluding the stages of processing, often account for 25-60 percent of final prices for foodstuffs in developing countries – 1/2 marketing costs attributable to transport.
- In Nigeria, e.g. 30-40 percent of the market price of agricultural produce, particularly food crops, consists mainly of transport costs and other incidental services.
- Farm-to-market costs on the rural road network ~ three times as high as what they could be with satisfactory road rehabilitation & subsequent maintenance.

Infrastructure & Growth



Economic Diversification & Structural Changes:

- Infrastructure engenders economic diversification through technological innovation & changes in the structure of production/consumption.
- As with industry, infrastructure has direct effects on production costs & profitability of agriculture, as well as creates significant structural changes on the rural economy.
- Improved rural roads in Thailand, with attendant reduction in transport cost, was found to shift improve access to markets leading to increased prosperity

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Infrastructure & Growth



Economic Diversification & Structural Changes (Continued):

- Infrastructure provides the key to modern technology in practically all sectors.
- While the railroad & electric power brought significant changes in markets and production in the past, these pail in significance compared to recent advances in informatics, digital technology, telecommunications and the growth of the internet.
- These technologies underlie a very large share of production/distribution activities in secondary and tertiary sectors of the modem economy, including commerce, banking, government, and culture and tourism.

Nigeria's Infrastructure

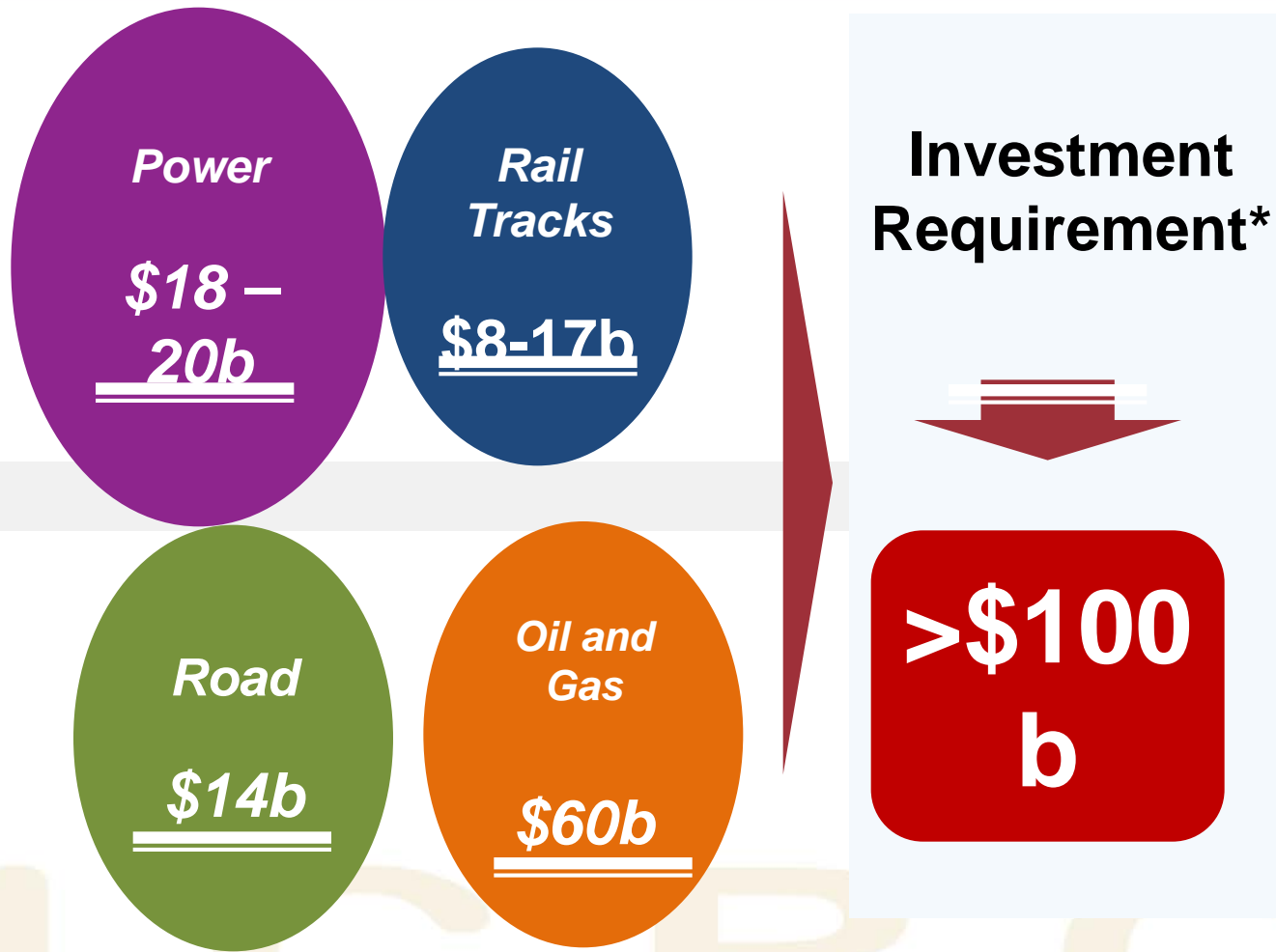


- Poverty alleviation in Nigeria requires an urgent reduction of the inequality in rural and urban infrastructural distribution...more sufficiency of economic and social infrastructure
- This proves the quote from Chairman Mao which I modify thus.....if we do not urgently improve our national infrastructure we will not solve the poverty and inequality problems in our country.
- In Transportation Infrastructure.....The different Transport modes (road, rail, maritime, air and waterways) have specific features and advantages. The overall efficiency and effectiveness of the Transport system depends on the development of these modes and their interfacing/integration.
- Yes there is a nexus between poverty, national development and transportation infrastructure - QED

A Big But

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



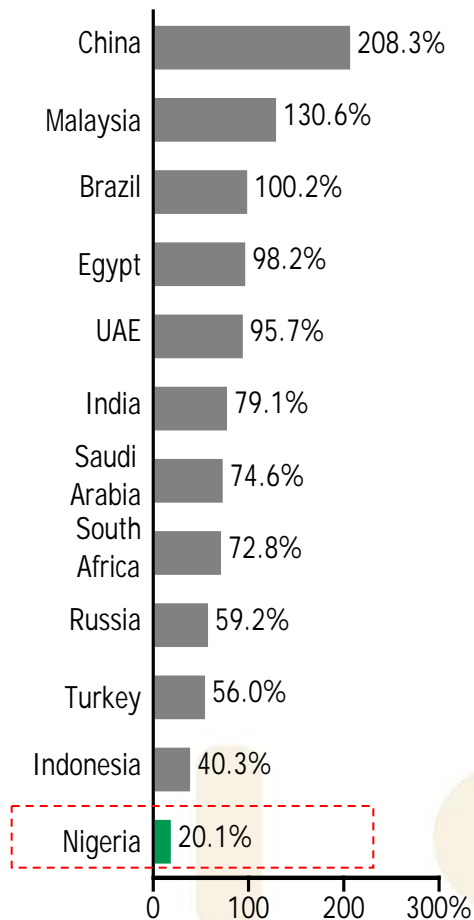
*Sources: Bridging Nigeria's Infrastructure Gap, National Pension Commission – Nigeria

Domestic financial depth: The low performance across key categories of money supply translates to a low domestic financial depth



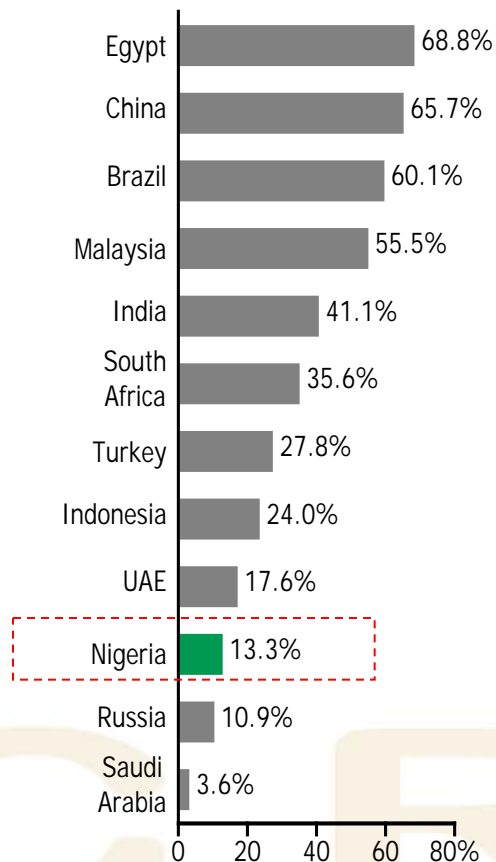
Broad Money

Broad Money in % of GDP



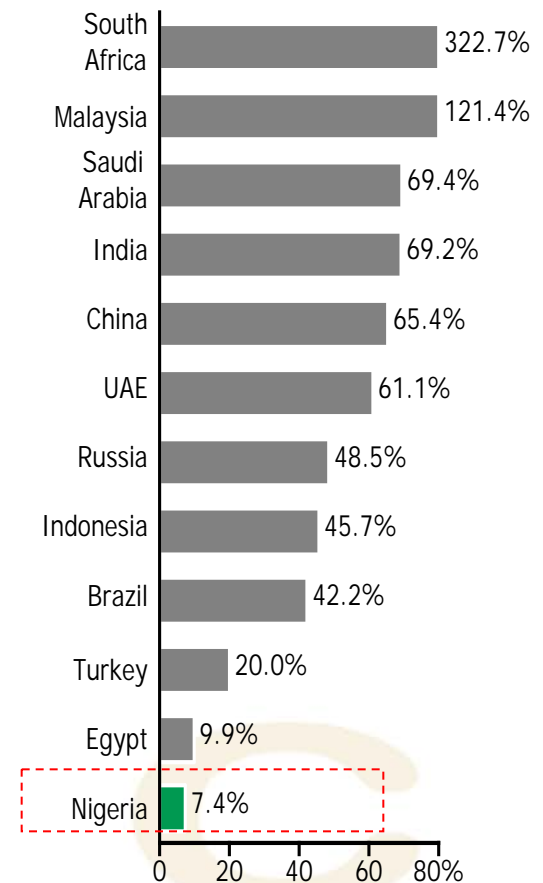
Government Bonds

Government Bonds in % of GDP



Stock Market Capitalization

Stock Market Capitalization in % of GDP

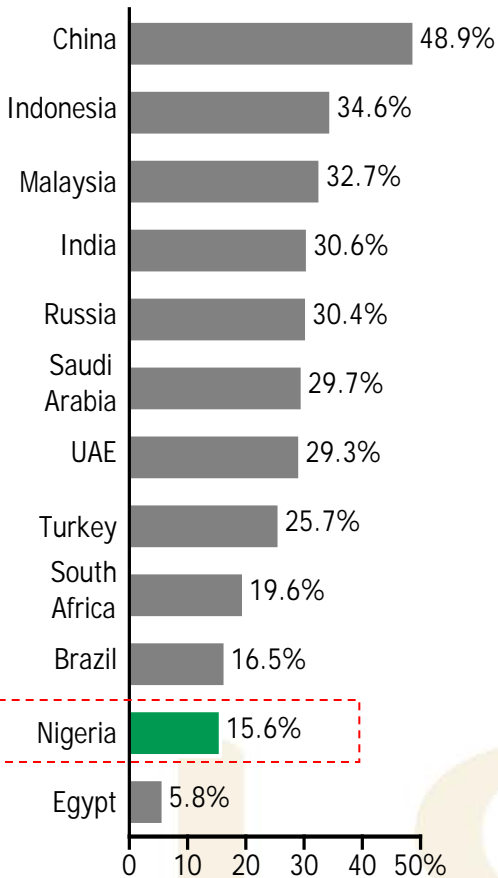


Domestic financial depth: Nigeria fares poorly on domestic savings, investments and government spending vs peers



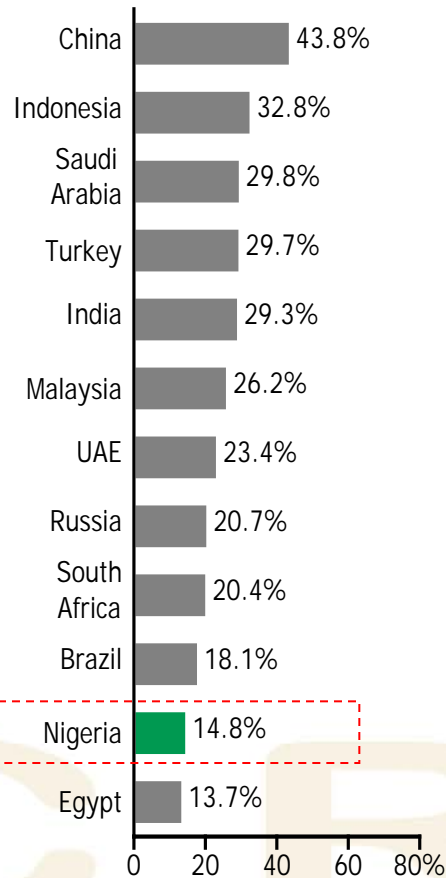
Domestic Savings

Domestic Savings 2015, % of GDP



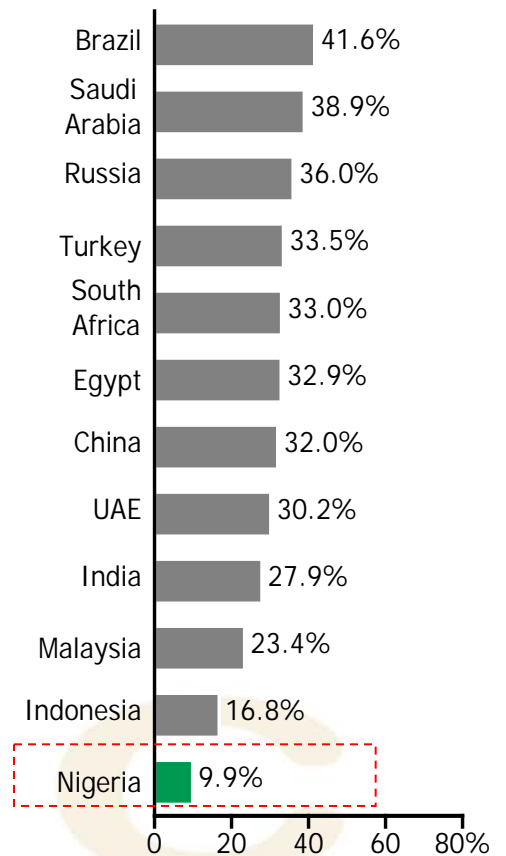
Investment

Investment 2015, % of GDP



Government Spending

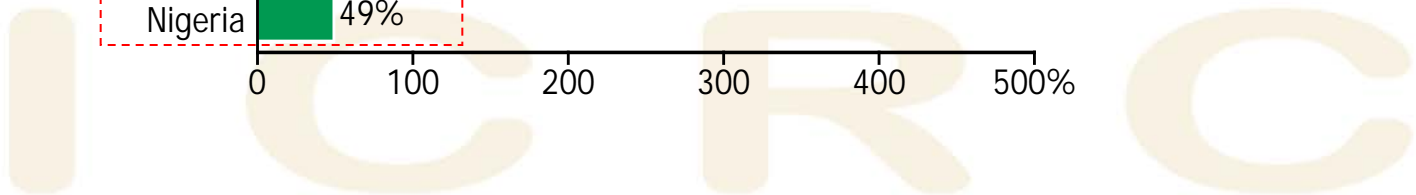
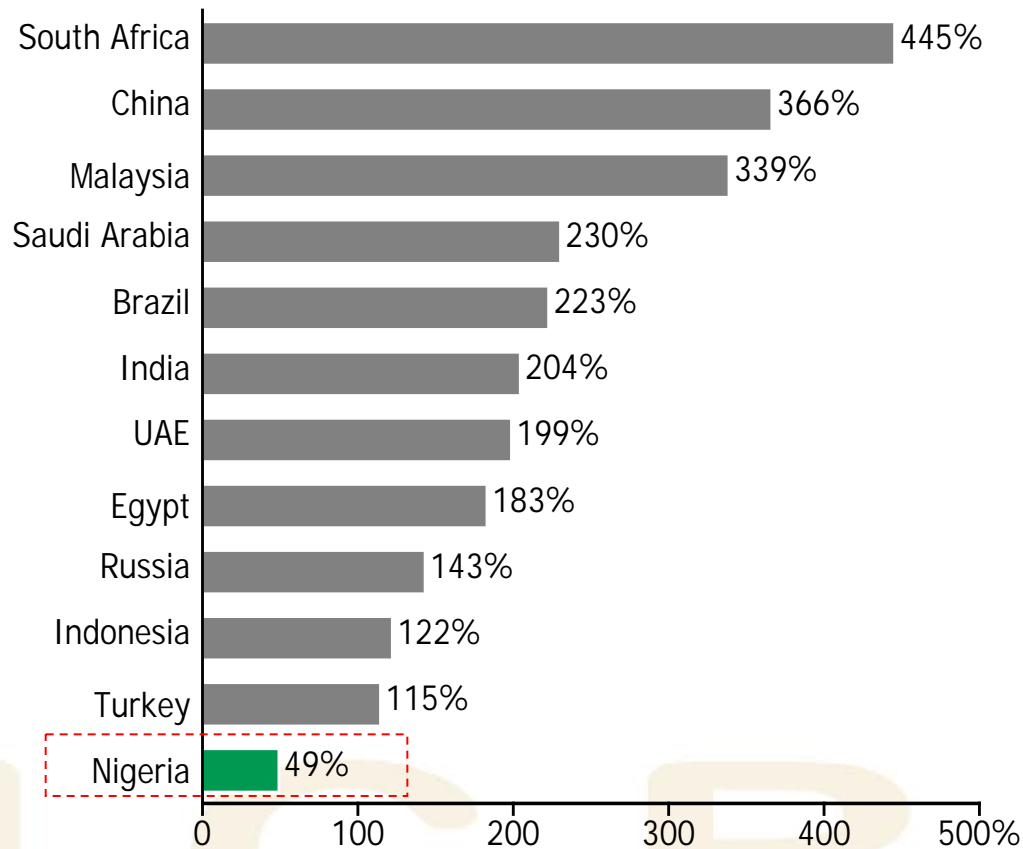
Gov. Spending 2016, % of GDP



Overall Financial Depth is lowest in Nigeria when compared to peers



Overall Financial Depth



Our Challenges and Opportunities

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Time & Cost Comparisons

UNITED STATES



NIGERIA



BURKINA FASO-GHANA



IMPORTS

5 days

\$1,958 USD

19.5 days

\$4,737 USD

7-14 days

\$3,192 USD

EXPORTS

3 days

\$1,583 USD

12.5 days

\$3,041 USD

4-5 days

\$2,451 USD

Units - TEUs (Twenty-foot Equivalent Units)

70%

***“Logistics is not our business
but it is our problem”***

- chorus of major investors in Ikeja, Lagos

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Myth Bursting

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Money is not the problem?



The world invests **\$2.5 trillion** annually in transport, power, water, and telecom

Today



The world needs to invest **\$3.3 trillion** annually just to meet growth forecasts to

2030

How can the world bridge its infrastructure gap?

Find a way to attract the

\$120,000,000,000,000

under management by banks and institutional investors to infrastructure finance through ...

A better pipeline of well-developed projects

Changes to regulation and risk mitigation

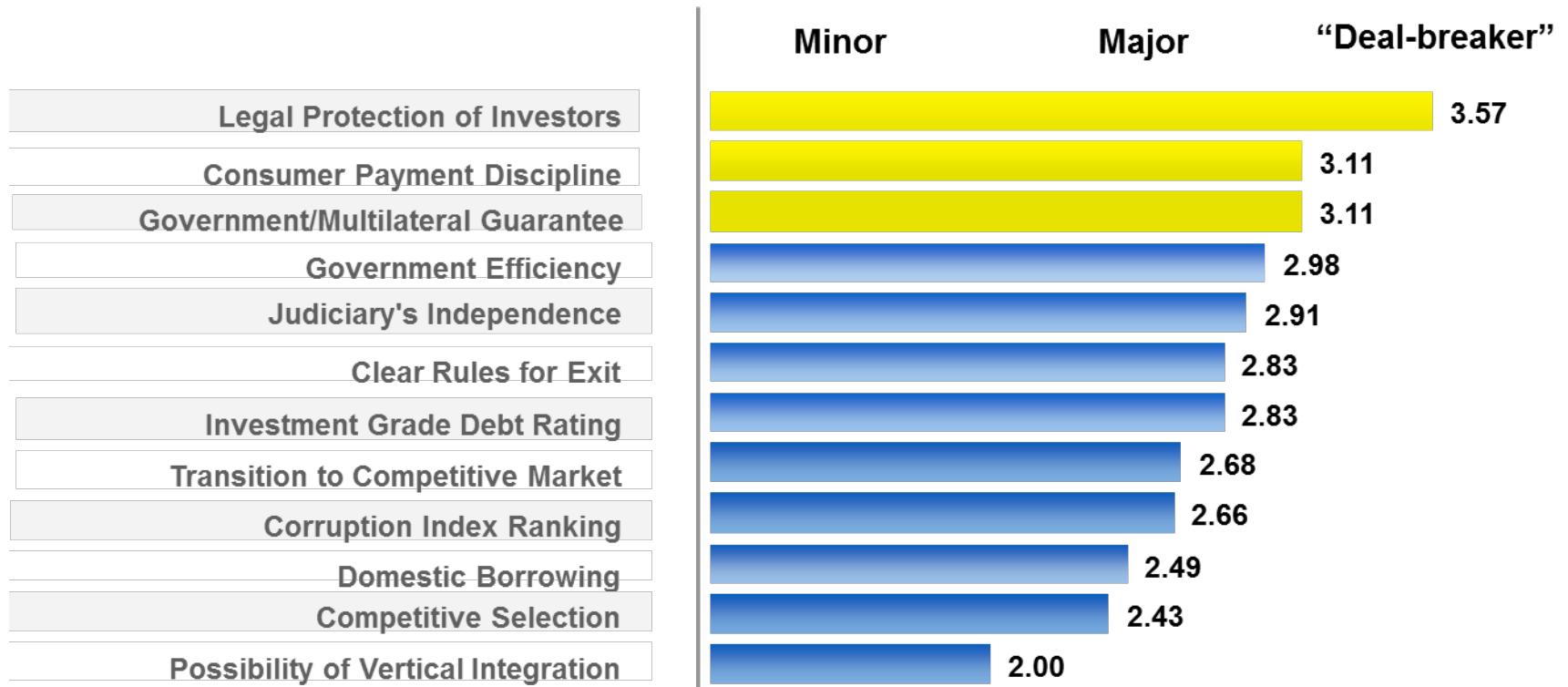
Market facilitation and standardization

Solid cross-border investment principles

Legal Framework key

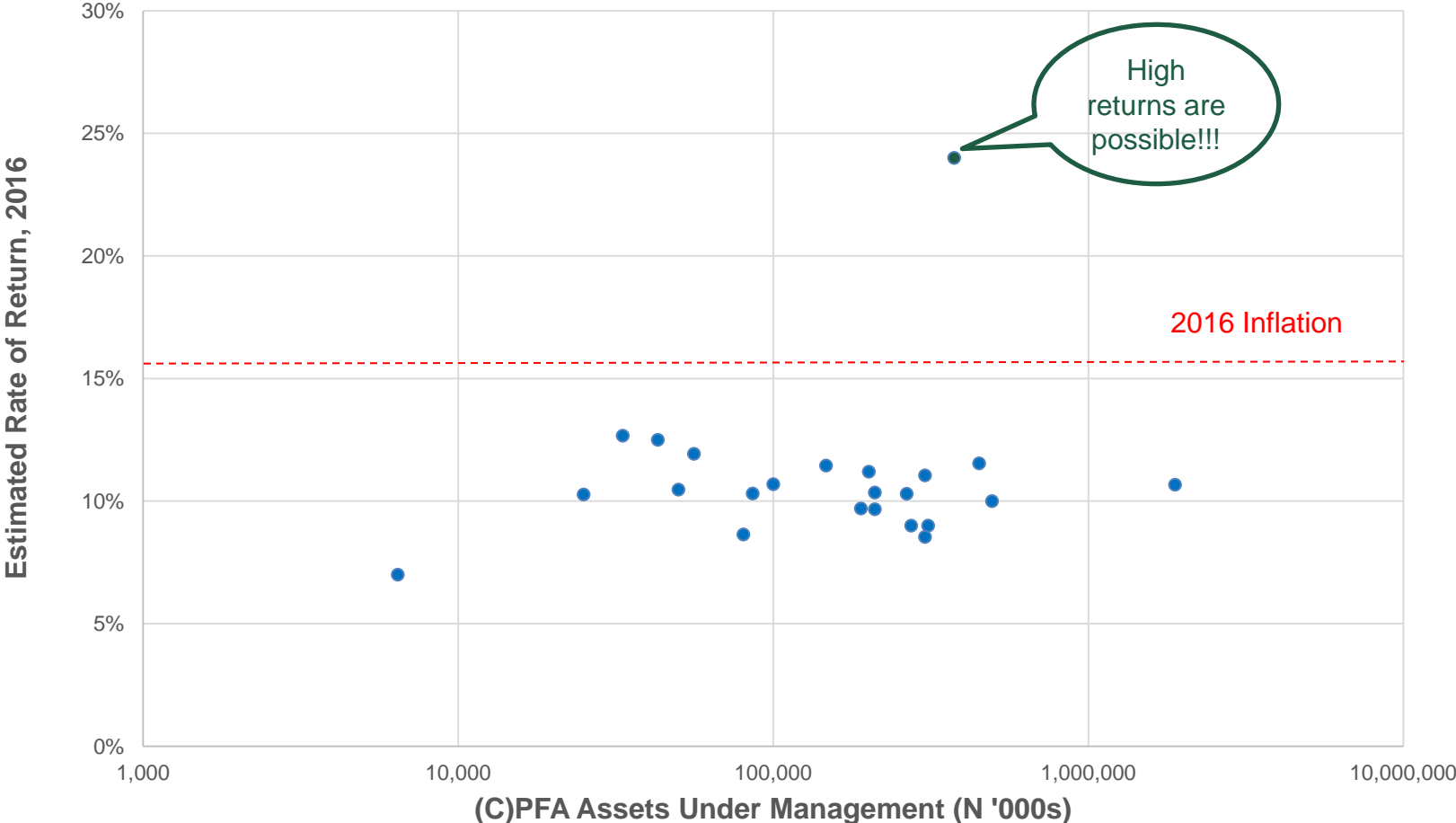
General Principles – Focus on Addressing Killer Risks

- World Bank surveys of investors have repeatedly shown that the issue of 'protection of legal rights' is the primary concern in making decisions as to where to undertake major infrastructure projects



PFA RETURNS

With one exception (C)PFA returns in 2016 were in a small range and below inflation



Herdsmen & Farmers Clashes – Transportation Infrastructure Problems



Lessons from Senegal

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Multi Modal and Connected



Senegal

4 Major Infrastructure Projects in 2 Years



**The Bank financed EUR 185m directly,
facilitating EUR 1.3 billion in investment**

Benefits



Senegal

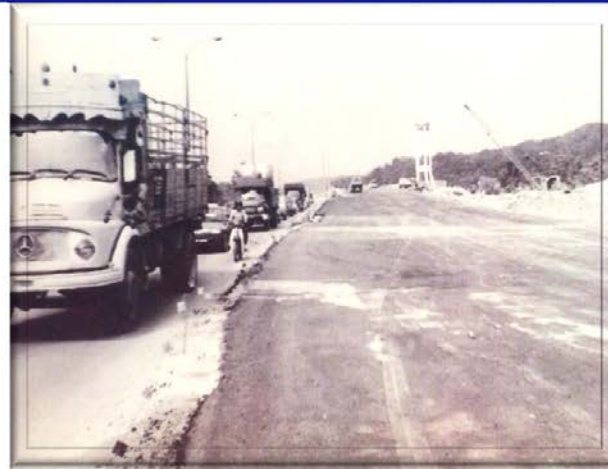
Synergies & Catalytic Effects on Economic Development



Lessons from Malaysia

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MALAYSIAN ROADS : 1970 – 1980



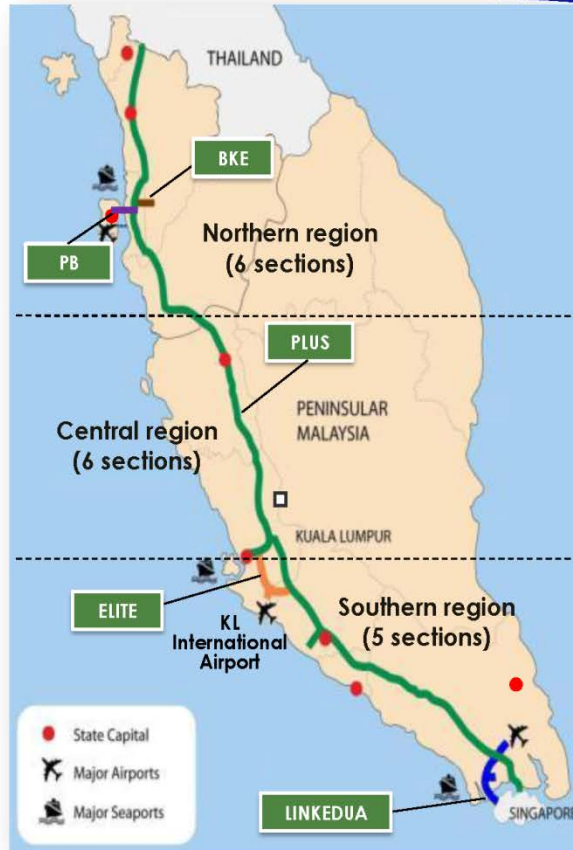
Source: Plus Malaysia Berhad, 2015

Presentation by Plus Berhad to Engr. Chidi Izuwah November 2015

Malaysian economy literally transformed by PPP execution of the North-South Expressway which was converted to a PPP in response to their 1980s financial crises

- Development Stage 1986 – 1988
- Construction 1989 – 1994
- Operation and Maintenance 1994 onwards

AVERAGE GDP GROWTH OF STATES Along North-South Expressway (NSE)

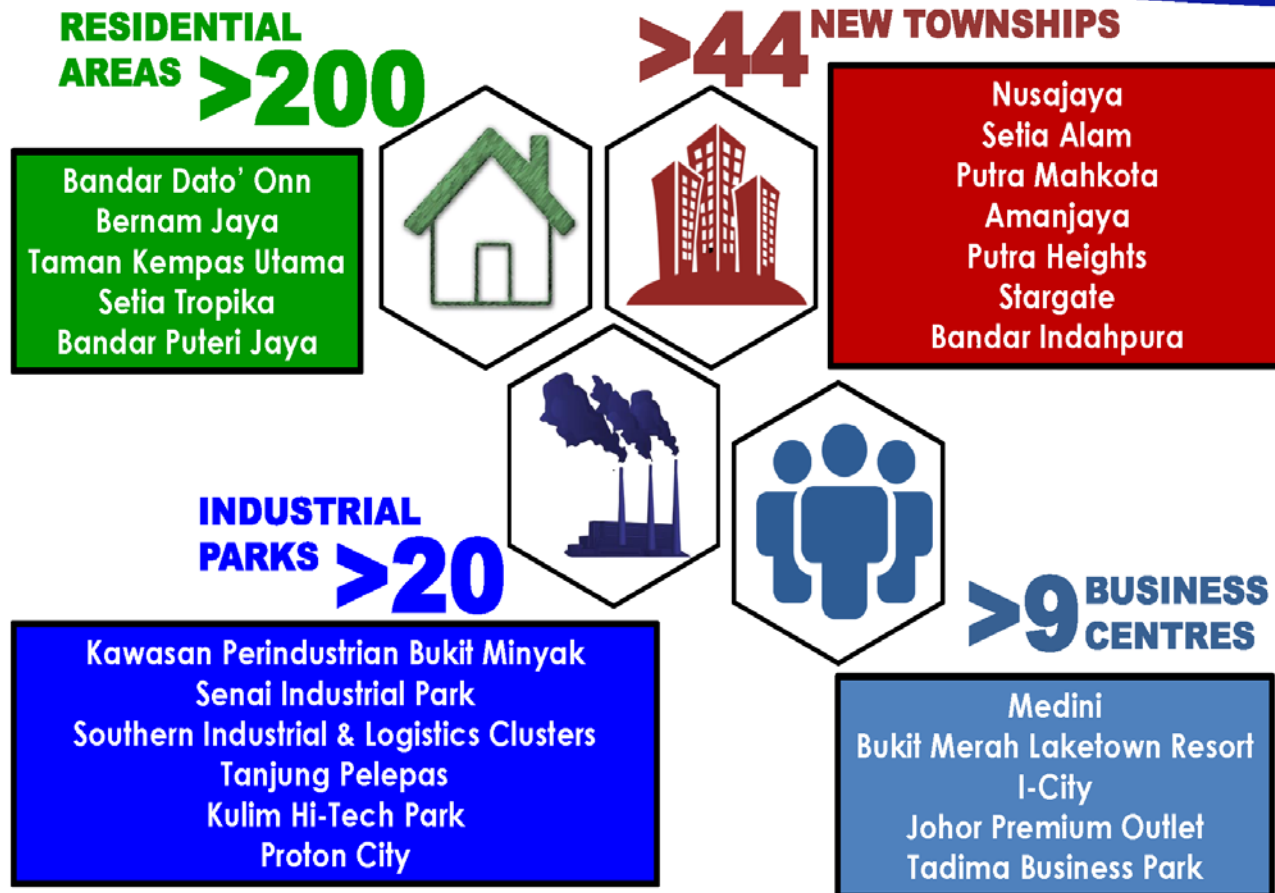


States	GDP GROWTH	
	1989 - 1993	2000 - 2013
	Before	After
Kedah	4.7%	7.5%
Penang	4.5%	7.5%
Perak	4.7%	7.3%
Selangor	5.4%	7.7%
N. Sembilan	3.9%	7.1%
Melaka	4.5%	7.3%
Johor	5.0%	7.7%

Source: Plus Malaysia Berhad, Nov 2015

Presentation by Plus Berhad to Engr. Chidi Izuwah November 2015

NEW TOWNSHIP, INDUSTRIAL PARK, BUSINESS CENTER AND RESIDENTIAL ALONG NSE



Source: Plus Malaysia Berhad, Nov. 2015

Lessons from UAE

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The Aviation Industry - Dubai



Dubai (2 Airports)

- In 2012: Total Passengers processed 57.7 m
- Aviation industry contribution to GDP - 20%; estimated to rise to 32% in 2020
- In 2013: Passengers processed rose to 65.4%
- Connects to 149 cities all over the world
- Generated revenue of \$10.2 billion
- Supported 157,000 jobs
- Industry estimated contribution to GDP to rise to 32% in 2020

Sources: ATAG – Aviation Benefits Beyond Borders, 2014; Oxford Economics: Economic Benefits from Air Transport in Nigeria, 2012

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Understanding Capital



- Capital is a big coward
- Capital is very intelligent
- Capital is fungible
- Telecoms Success in Nigeria
- Turkey
- 3rd Istanbul Airport
- 3rd Bosphorus Bridge
- Izmir to Istanbul Expressway with sea bridge
- Eurasia Tunnel

Success in Nigeria

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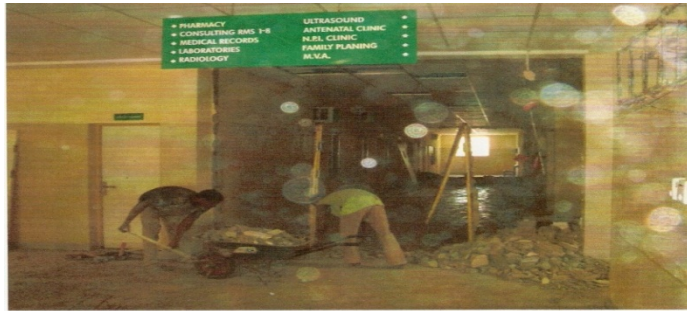
Garki Hospital Abuja



- **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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AFTER



BEFORE



Pre PPP Theatre



PPP Theatre: One Of Our 3 Theatres (June 2015 Cardiac Surgery)



Pre PPP ICU (Non – Existent)



PPP: ICU During June 2015 Cardiac Surgery



PPP ICU (State Of The Art 5 Bedded ICU – February 2016)



PPP ICU (State Of The Art 5 Bedded ICU – February 2016)



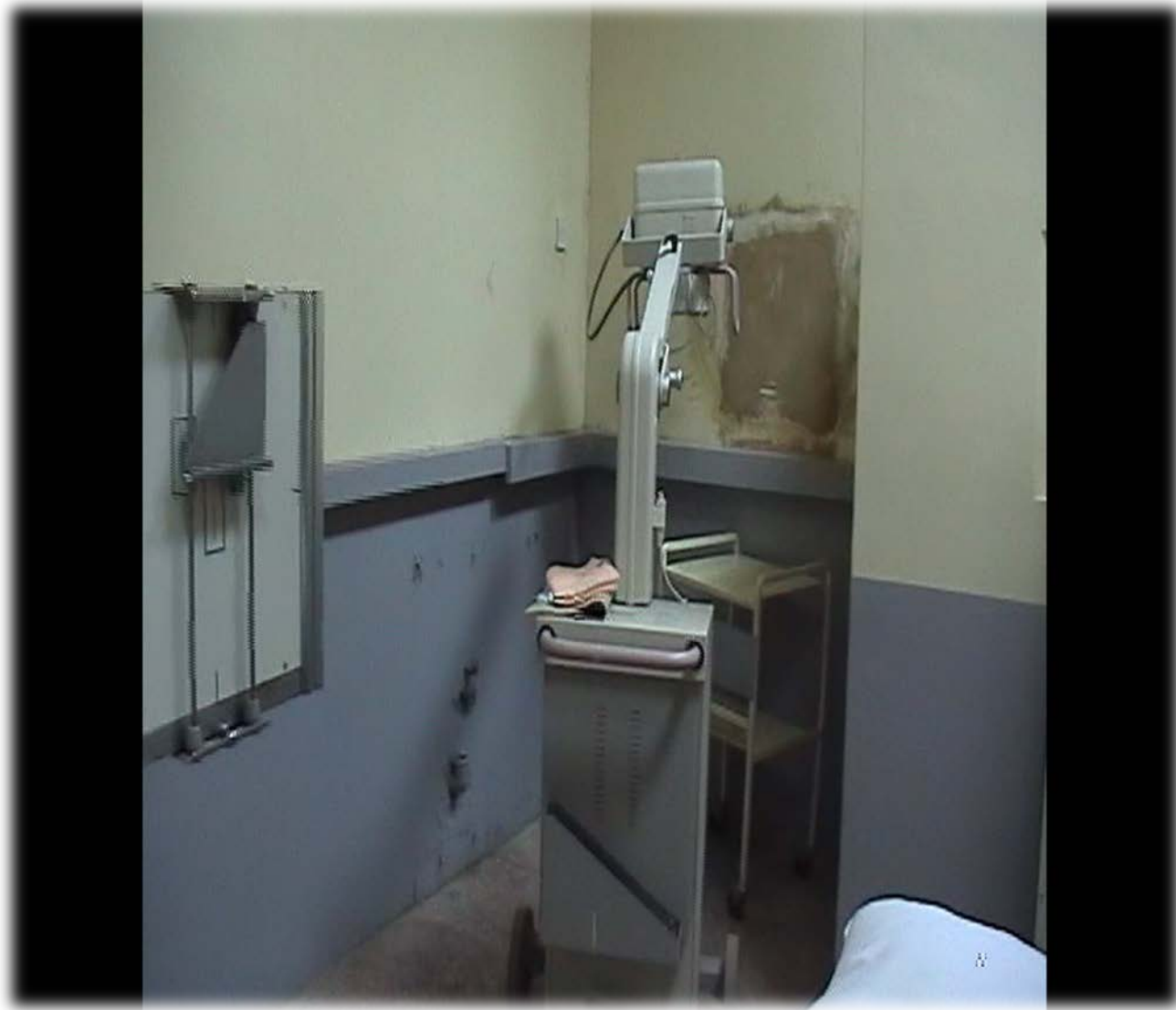
Pre PPP Ward



VIP Ward



Pre PPP Radiology



PPP Radiology (CT Scanner)



Pre PPP Laboratory



PPP – One of our laboratories



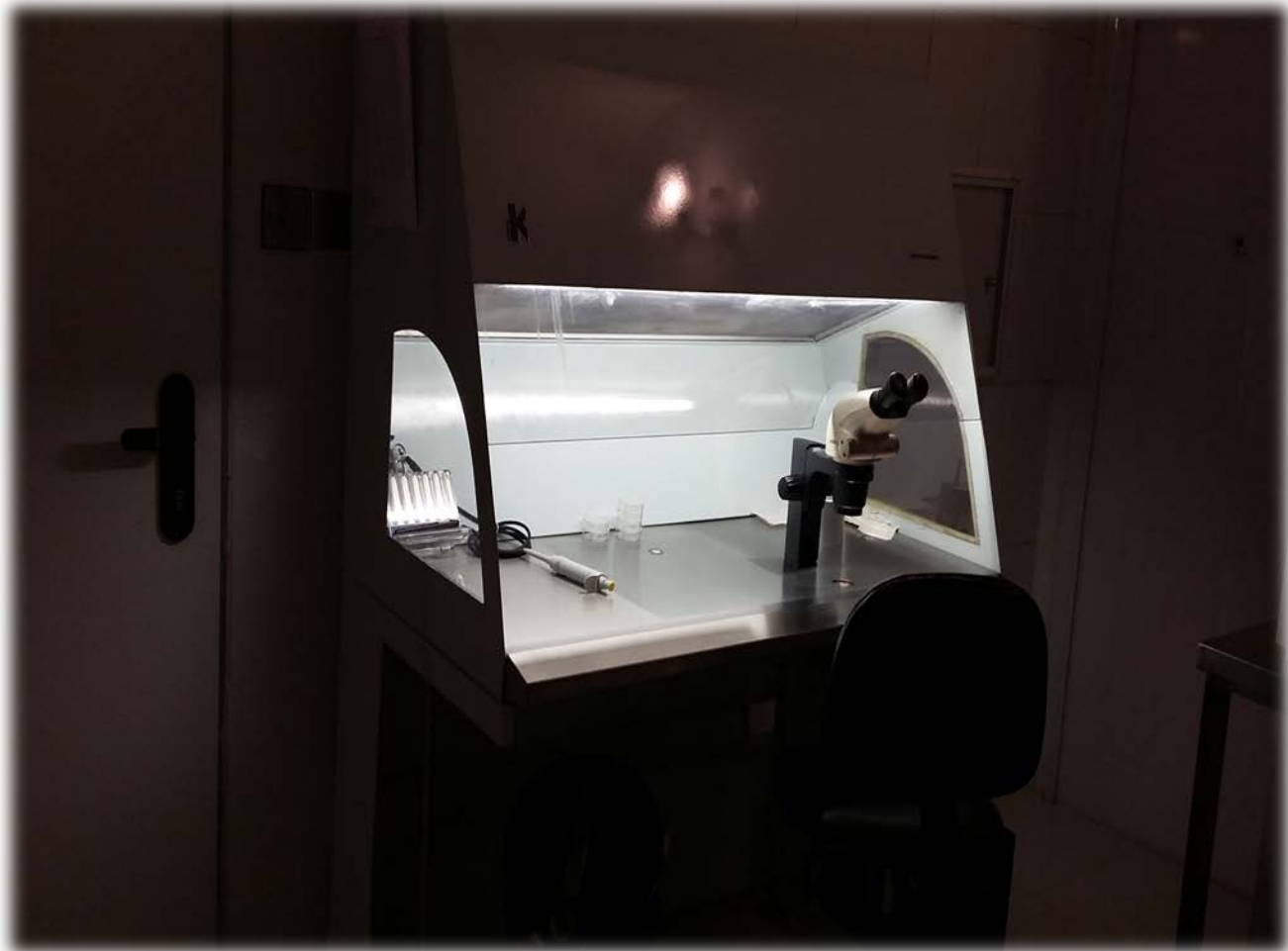
PPP – IVF Examination Room



PPP – IVF Incubators



PPP – IVF



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
- Goal of concession yet to be fully achieved due to external factors and actors

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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Conditions for Success to Grow Infrastructure



Success in other Jurisdictions - India

- A stable policy & regulatory framework – competition/ clear entry criteria, clear role for the private sector, setting of tariffs, use of real estate as incentive
- Contract sanctity
- Long term vision, strategy and plan owned by the government.
- Adequate PPP project development – capacity to develop PPP projects of requisite scale
- Equitable PPP contractual framework – fair risk allocation to all parties
- Transparent selection process ie. competitive bidding
- Reliable revenue sources - sustainability
- Managing the unexpected – implementation & monitoring/ partnership in practice
- This will incentivize PPPs

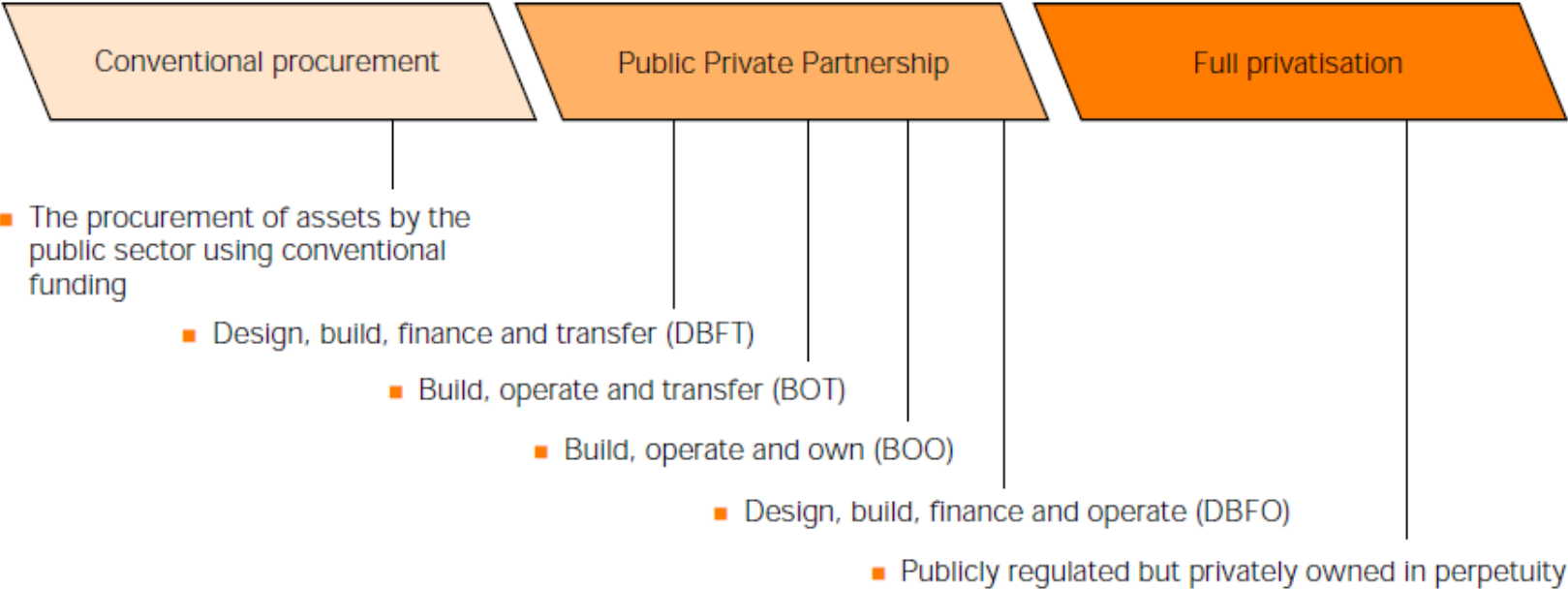
PPP Imperative

I C R C

The PPP Imperative – Procurement Spectrum



PPP represents a balance between state ownership and privatisation as indicated below:



Source: KPMG, KLegal

Public Sector



Risk Spectrum

Private Sector

The PPP Imperative



Definition

A Public-Private Partnership is a **contractual agreement** between a **public agency** (federal, state or local) and a **private sector entity**. Through this agreement, the **skills and assets** of each sector (public and private) **are shared** in delivering a service or facility for the use of the general public. In addition to the sharing of resources, **each party shares in the risks and rewards** potential in the delivery of the service and/or facility (Nat. Council on PPP USA)

Wide
Infrastructure
Gap

Growing
demand for
private sector
participation in
infrastructure

Small and
depleting
Government
resources

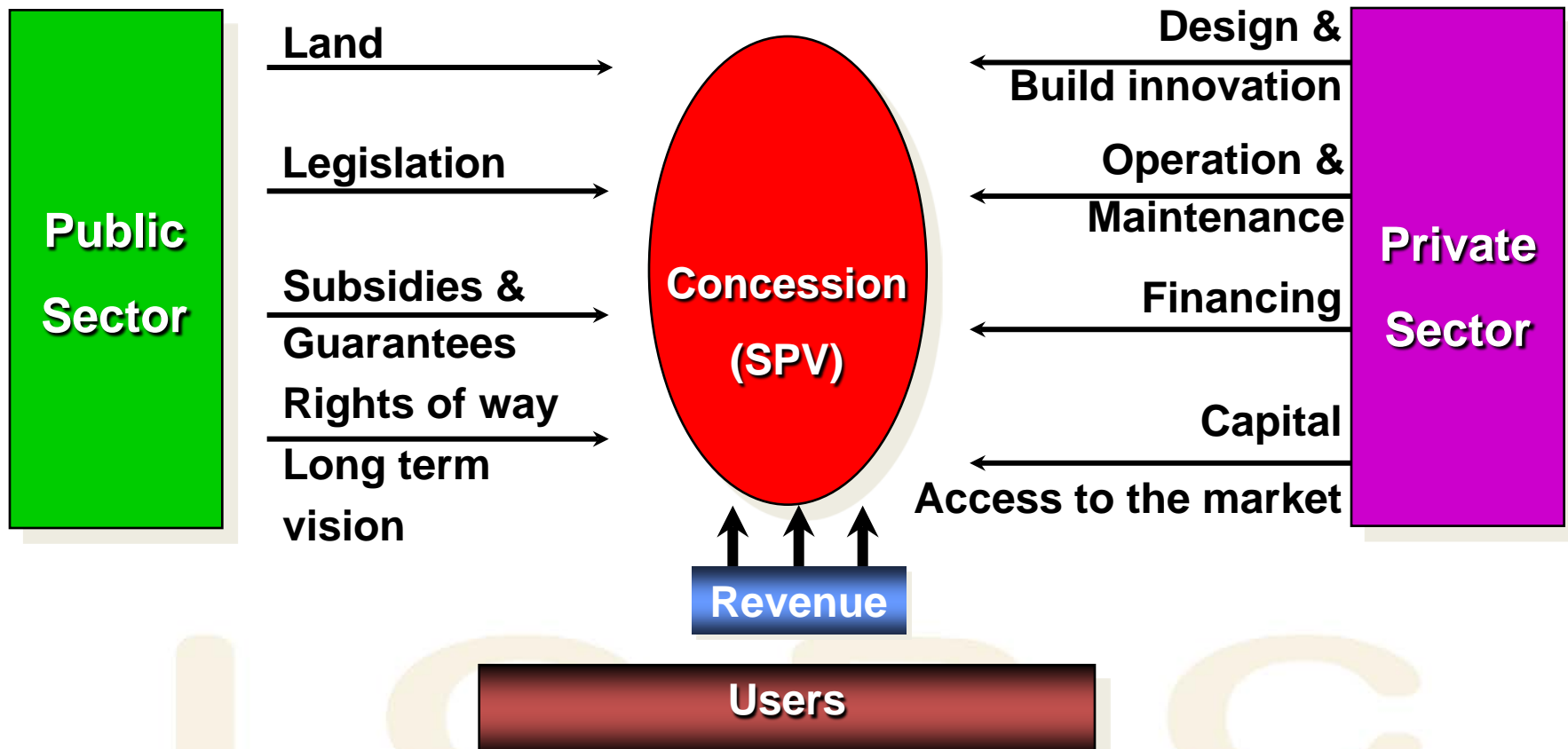
Urgent need for
alternative funding of
Infrastructure

The goal is to combine the best capabilities of the public and private sectors
for mutual benefit

PPP Advantages (1)



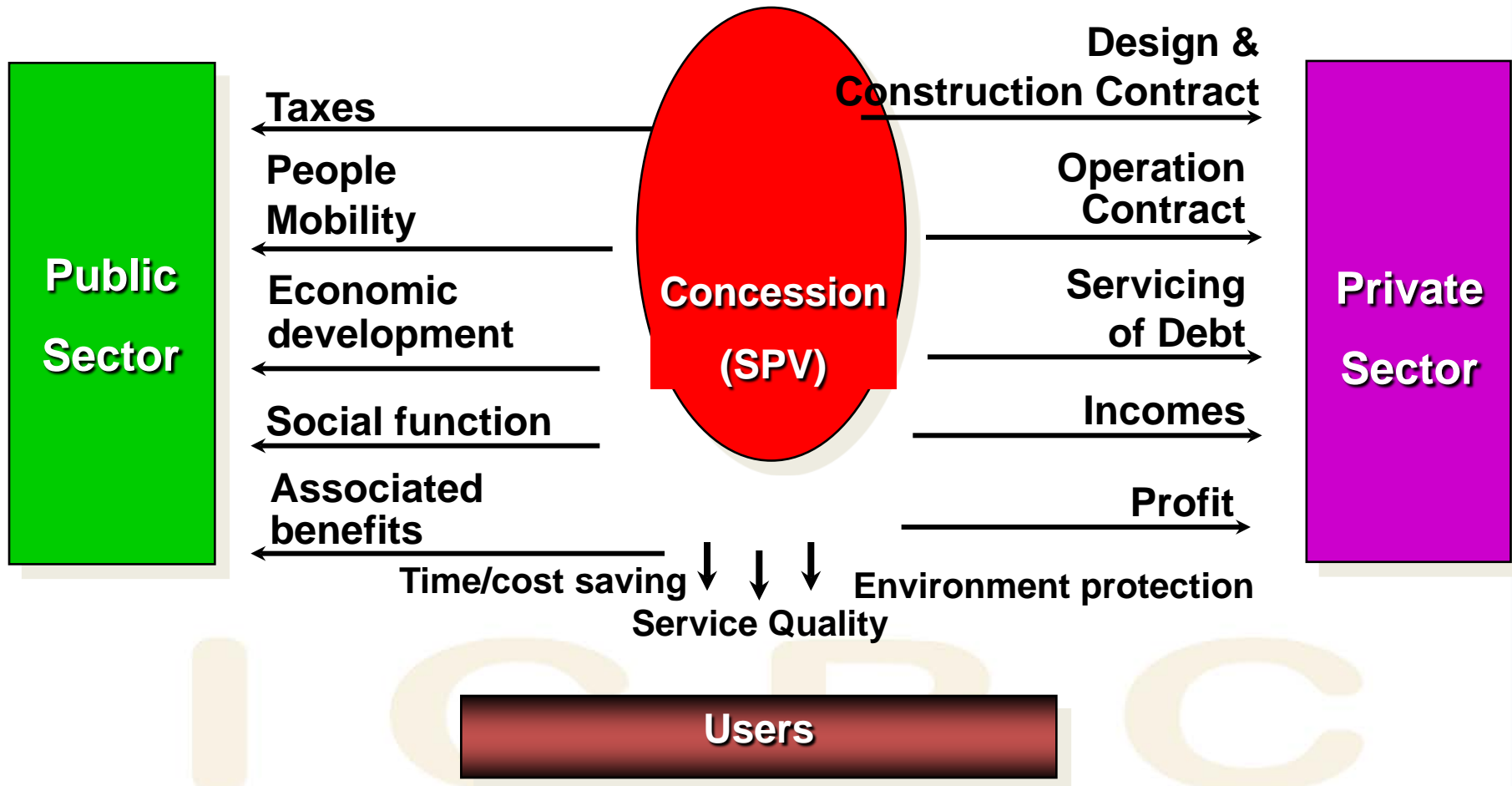
- What each party brings to a PPP



PPP Advantages (2)



- What each party gets from a PPP



Why Public Private Partnerships

- PPPs fill a critical resource and expertise gap in infrastructure procurement, delivery and operation
- PPPs engender accelerated procurement of infrastructure and services (additionality)
- PPPs promote faster implementation of projects, and reduced **lifecycle costs and operations /mtce** due to private sector efficiencies
- PPPs provide for better risk allocation between public and private sectors, thus offering a better and sustainable incentive to perform
- PPPs engender accountability in resource utilization and also improve the overall quality of service
- PPPs often lead to the generation of additional revenue and overall value for money for the entire economy

PPPs are Fundamentally Different

- **Formal contract** between public and private partner (over the years duration the service will be provided) – usually multiple years duration
- Entered through **competitive procurement**
- Using **output specification** – government specifies ‘what’, private sector can define ‘how’
- With suitable **risk allocation** between parties
- Putting **private investment at risk**
- With **regulation or contract management of performance** of the private partner

Example

- Government defines output = connection to let 1,000 vehicles p.d. travel between islands
- Government tenders for best solution over 30 years – e.g. ferry, tunnel, bridge??
- Government enters 30-year contract with private company
- Private company designs, builds, finances bridge, then operates and maintains it for 30-years
- Private company receives payment if the bridge works and is available for traffic
- Government checks on safety and availability
- If the bridge is closed, or unsafe, the private company loses money

What characteristics have PPPs got?



Characterised by the Public Sector:

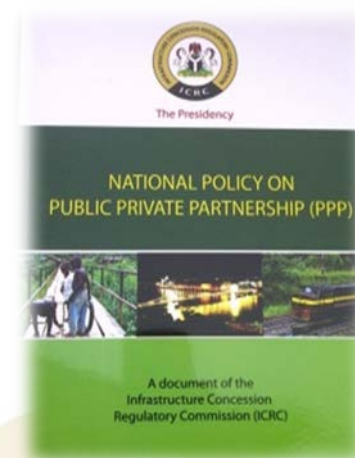
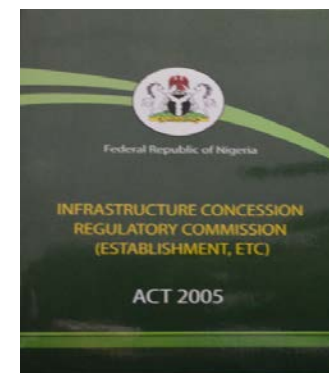
- **Entering into contracts to acquire services, rather than procuring an asset**
- **Specifying the service requirement on the basis of outputs, not inputs**
- **Linking payments to the private sector to the level and quality services actually delivered**
- **Often requiring a 'whole life' approach to the design, building and operation of project assets**
- **Seeking optimal risk transfer to the private sector**
- **Requiring private partner to be responsible for raising some, or all, of investment finance required**
- **Utilising diverse payment mechanisms, such as market revenue, shadow tolls, capacity availability payments and so on**

PPP as a Viable Option



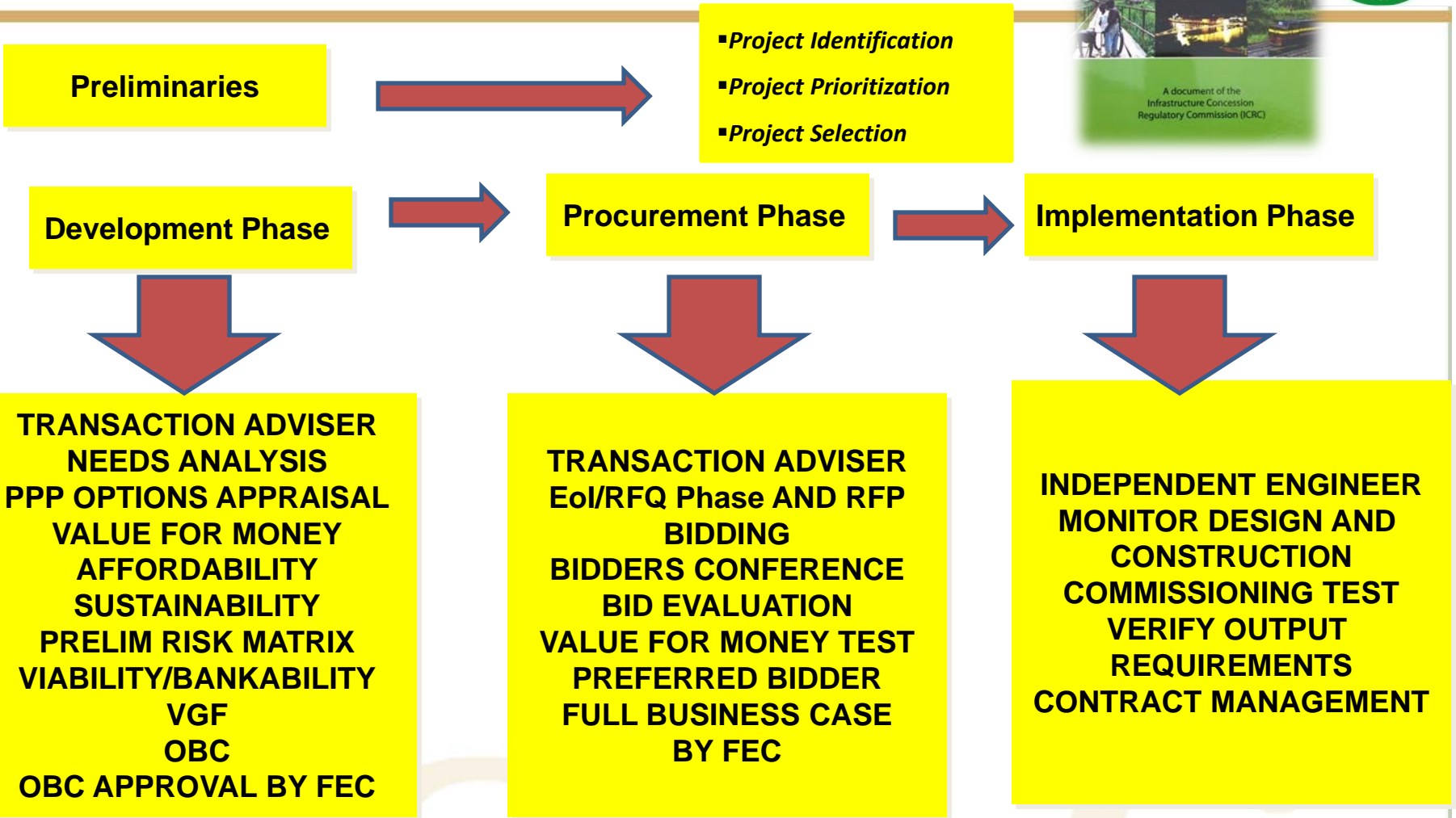
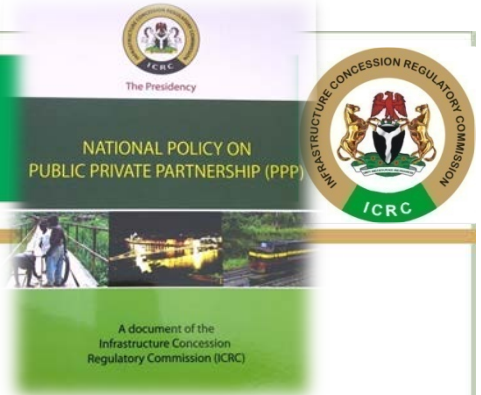
Legal, Regulatory & Institutional Framework

- The Infrastructure Concession Regulatory Commission Act (Establishment Etc,) Act 2005
- In 2009, the Federal Executive Council (FEC) approved a **National Policy on PPP** which provides guidance on PPP project structuring.



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PPP LIFECYCLE in line with National Policy



**PREPARING AND IMPLEMENTING EFFICIENT
AND EFFECTIVE PPP TRANSACTIONS**

The PPP Imperative



- India, South Africa, Malaysia and many developed countries have accelerated their infrastructure provisioning through PPPs.
- With the drastic fall in oil prices and fiscal retrenchment in Nigeria; we must create an enabling environment that would promote PPPs to accelerate transportation infrastructure.
- In the last 18 months Turkey has opened transportation infrastructure projects i.e. third Istanbul bridge, Izmir to Istanbul highway and sea bridge costing over USD 6 Billion.
- These projects would not have been built if the PPP imperative was not adopted by Turkey.

Advantages of PPPs

- Maximizes the use of each sector's strength
- Reduces development risk
- Reduces public capital investment
- Mobilizes excess or underutilized assets
- Improves efficiencies/quicker completion
- Improves service to the community
- Improves cost effectiveness
- Shares resources
- Shares/allocates risks
- Mutual rewards

Way Forward

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World Class Highways



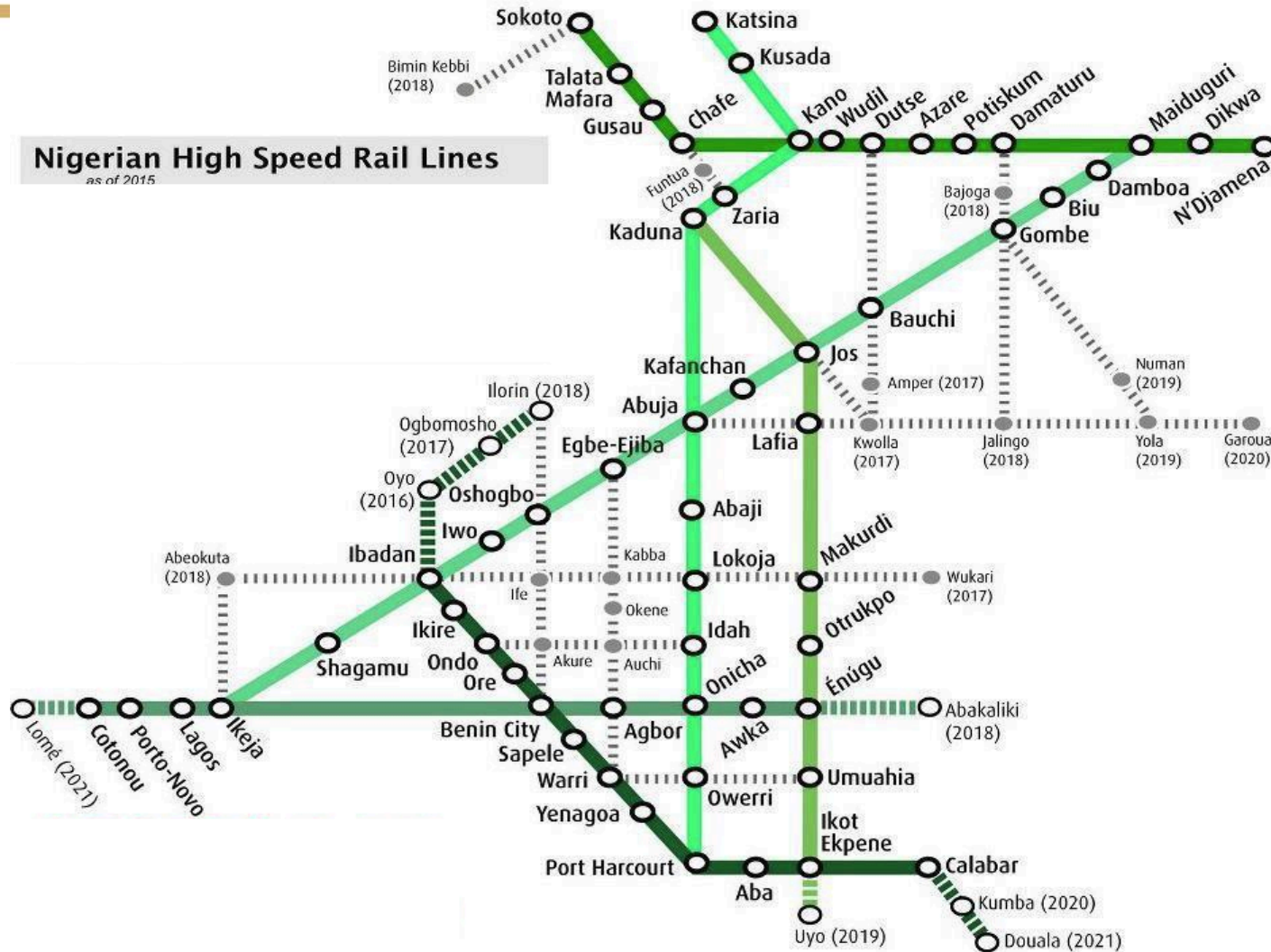
WORLD CLASS AIRPORT HUB



Nigerian Rail Dream



Nigerian High Speed Rail Lines
as of 2015



Key Actions



- Transparency - PPP Web Portal and Removal of Fees
- Panel of Advisers and Agreed Pipeline of Projects
- PPP Infrastructure Development Fund
- We have a national infrastructure emergency and should declare one immediately
- Pull the right resources to address.....war against bad infrastructure (WABI)
- An Executive Legislative Infrastructure Advisory Council (ELIAC) needed
- Presidential Council or National Council on Accelerated Infrastructure Delivery and PPPs – National Consensus, Political Direction...Match words with action
- ICRC is working across ministries under the Leadership of HE President Buhari to provide the stable world class regulatory framework that will drive and accomplish our major Infrastructure Delivery Objectives.
- **DO NOT ASK WHAT NIGERIA'S INFRASTRUCTURE CAN DO FOR YOU...BUT ASK HOW WE CAN PARTNER AND UPSCALE NIGERIA'S TRANSPORTATION INFRASTRUTURE STOCK.**
- Remember that 1% increase in a nation's infrastructure increases GDP by 1%.
- The fastest way to accelerate economic growth in Nigeria is by developing infrastructure.

PPP Support Initiatives



- 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)

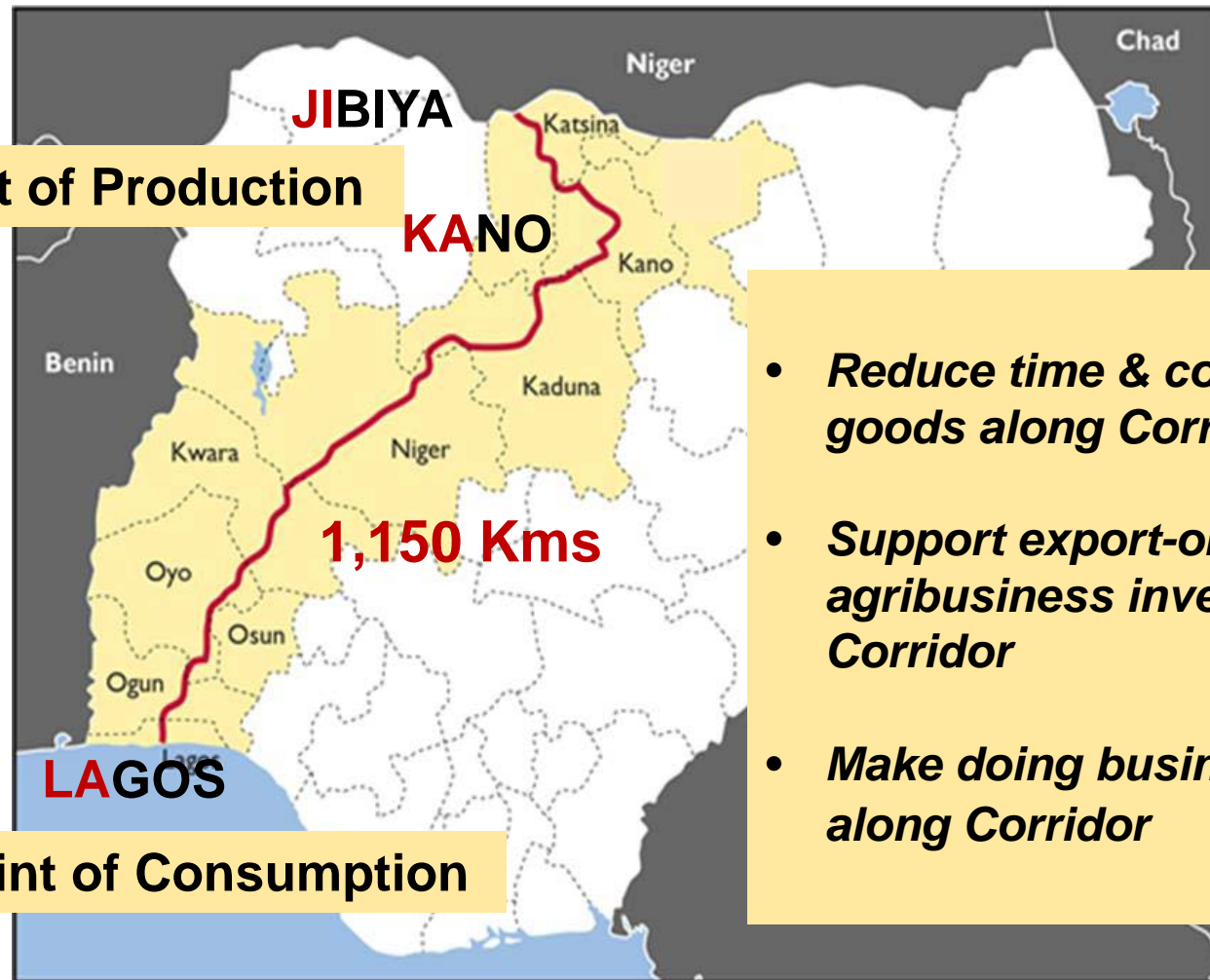
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Road PPP Opportunities



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 East West Road
8. Reconstruction and Upgrade of Aba~Ikot Ekpene ~ Calabar

LAKAJI Corridor



- *Reduce time & cost to transit goods along Corridor*
- *Support export-oriented agribusiness investment along Corridor*
- *Make doing business easier along Corridor*

Point of Production

Point of Consumption

LAKAJI CORRIDOR - transformation



To - Multimodal Trade Expressway

Designated
Zone

Freight-only
airport/s



State Junction/Cluster
Silos, Cold Storage etc.

ROI - Nigeria; 35 %
4th highest in the world !

World average; 7.7%
- UN figures

Ports and ICD 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

Rail, Aviation and FCT Opportunities



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

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- Conceptual Issues in Infrastructure Financing
- Infrastructure Financing Options
- Status of Infrastructure in Nigeria
- Sources of Finance for Infrastructure
- Appropriate Funding Model for Infrastructure
- Challenges
- **Summary & Observations**

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Observations



- Government has traditionally provided for the infrastructure requirement of the country from budgetary appropriations.
- Even at the best of times, annual budgetary appropriations hardly meet expenditure requirement in a timely and sustainable manner.
- Declining financial resources is making this option even less attractive.
- The NIIMP projects an expenditure of US\$3.10 trillion in 30 years, 48% of which will be provided by the private sector.

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Observations



- Private Sector Financing Instruments loans, bonds and equity or a hybrid.
- The stage of an infrastructure development project will determine the optimal mix of instrument and sources.
- The infrastructure financing sources include: local project sponsors, international project sponsors, local banks, international banks, local institutional investors, international financial institutions, multilateral financial institutions, bilateral development institutions and export credit arrangements.
- Credit enhancement is essential to make bonds attractive to the investors.
- The recent agreement between NSIA and GuarantCo will provide such feature as PRG and securitization of project cash flows currently absent in the Nigerian financial system.

Transforming Nigeria is Doable – Transformation here involves more than an incremental or evolutionary change.....we are implying a radical/dramatic/revolutionary change in the course of things for the better.....should lead to improved overall performance that is sustained for all Nigerian's.....if you cannot provide for the many...you cannot protect the few

Everybody Has a Role to Play

DUBAI 1990

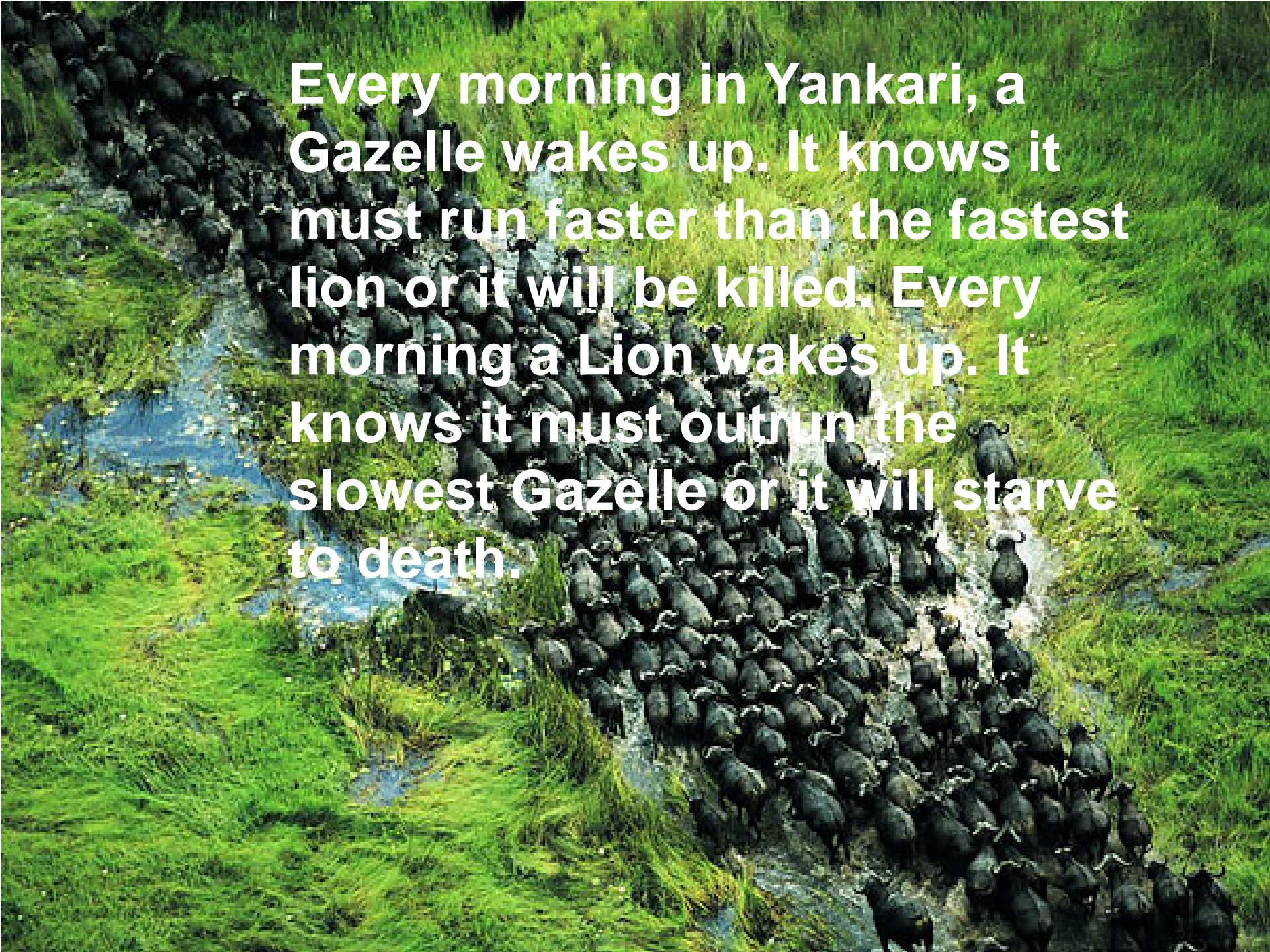


SAME STREET IN 2003



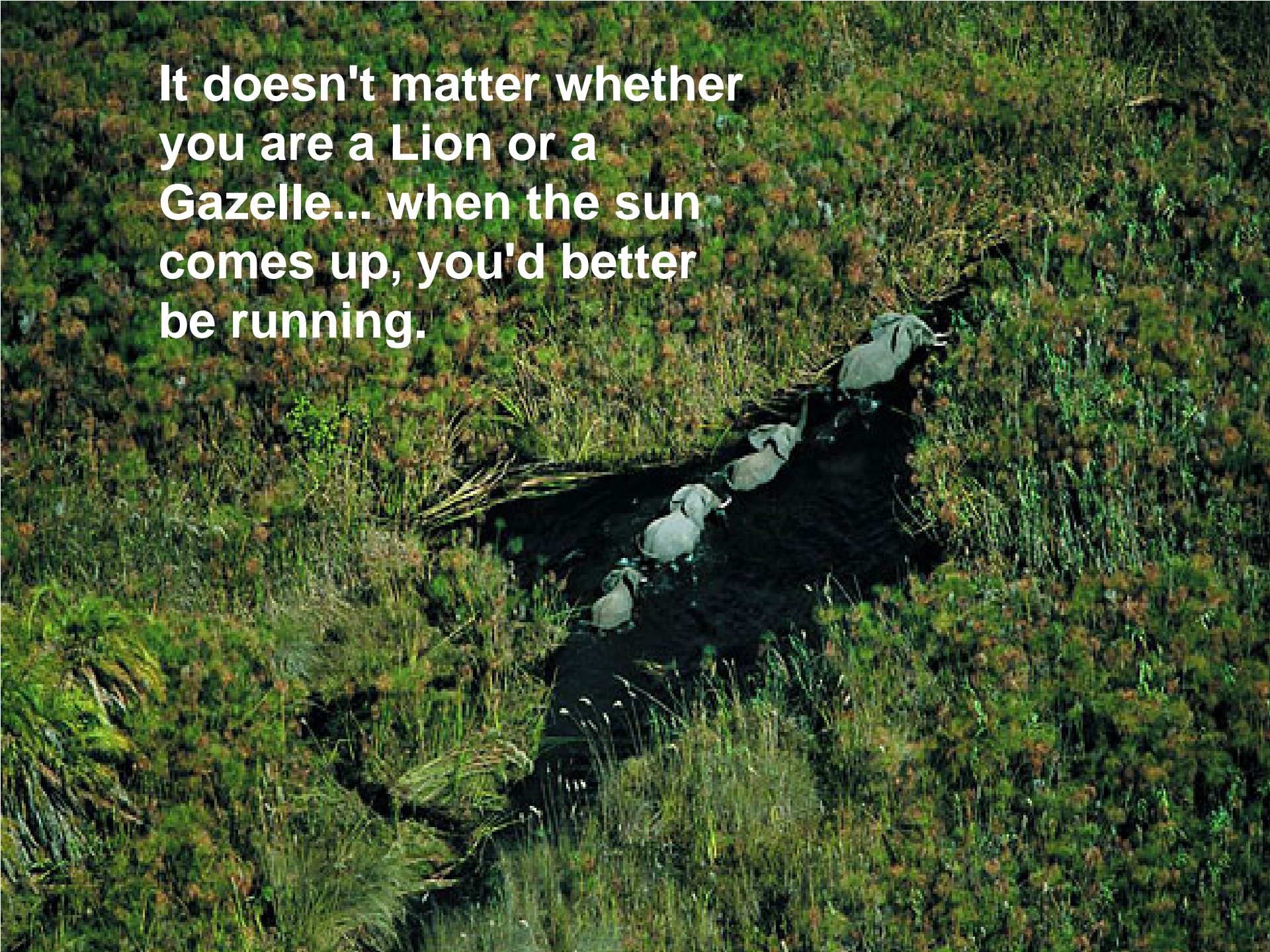
...I have a dream

- Like Martin Luther King Jnr
- I have a dream that very soon every valley of infrastructural challenge in Nigeria shall be overcome and every hill and mountain of infrastructure problem made low, the rough places made plain and crooked winding and pot marked roads made good and straight so that Nigerians can travel from Abeokuta to Ogoja then onto Enugu and Katsina Ala to visit friends in a few hours; I have a dream that very soon Nigerians will take high speed trains from Sokoto to go to Bar Beach, Lagos, Tinapa, Calabar and holiday over weekends; I also have a dream that the North-East region of Nigeria, a region sweltering today from the heat of terror, will one day, be transformed into an oasis of freedom, with constant electricity...I have a dream that then the real glory and possibilities of Nigerian will be revealed for all to see.

A large herd of wildebeest is crossing a river in a savanna landscape. The herd is moving from the top left towards the bottom right, creating a dense line of animals. The river is a mix of blue and white water, with some splashing. The surrounding area is lush green grass and some trees in the background.

Every morning in Yankari, a Gazelle wakes up. It knows it must run faster than the fastest lion or it will be killed. Every morning a Lion wakes up. It knows it must outrun the slowest Gazelle or it will starve to death.

**It doesn't matter whether
you are a Lion or a
Gazelle... when the sun
comes up, you'd better
be running.**





INFRASTRUCTURE CONCESSION REGULATORY COMMISSION

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