

# **THE ROLE OF PPP UNITS**

# Presentation Outline



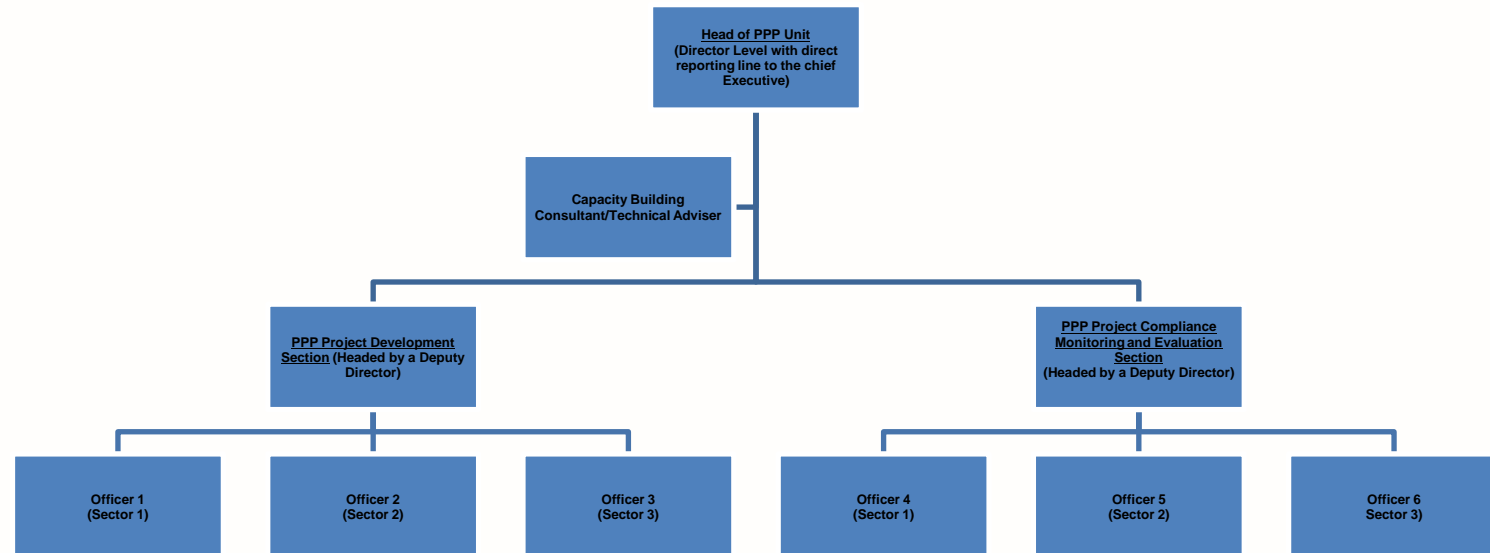
- Governance Structure
- Functions of PPP Units in MDA
- Qualification
- Staffing requirements
- Role of Project Delivery Team and Project Steering Committee

ICRC

# Governance Structure



- The Head, PPP Unit is to be headed by an experienced and competent officer not below GL. 16 in the Federal Civil Service.



ICRC

# Functions of PPP Units in MDAs



- **Identifying, prioritizing, selecting and developing framework** for Public-Private Partnership projects in compliance with the ICRC Act 2005 and National PPP Policy (N4P)
- Assessing the current status and **performance** of key infrastructure in relevant sectors
- **Negotiating/re-negotiating** of all PPP projects using financial models to ensure viability
- **Analyzing** all PPP projects with a view to determining the participation of each party in the **procurement** arrangement
- **Evaluating projects** in the Capital budget and suggesting those that can be undertaken through PPP

ICRC

# Functions of PPP Units in MDAs (cont)



- Ensuring that all PPP projects are included in the mid-term Expenditure Framework of the MDA
- Preparing **Terms of Reference (ToR)** for PPP consultants and Transaction Advisers (TA) to conduct PPP project screening analysis, Outline Business Case (OBC) and Full Business Case (FBC) studies and other PPP specific tasks
- Reviewing PPP transaction studies ie. OBC, **Public Sector Comparator (PSC)**, value for money and PPP risk allocation structures
- Ensuring effective knowledge transfer from TA to the PPP Unit and on the job training for PPP unit staff to ensure long term capacity of the PPP Unit.
- Reviewing financial and risk assessment for all PPP transactions
- Evaluating unsolicited PPP proposals from private sector partners

ICRC

# Functions of PPP Units in MDAs (cont)



- Assessing, evaluating and managing pre and post-contract PPP activities
- Assisting policy makers in developing the required strategies for increased private sector participation in infrastructure service, including contract monitoring e.g the board and management of NPHCDA
- Provide secretarial support to the project delivery team and project steering committee
- The PPP unit should constantly liaise with the Infrastructure Concession Regulatory Commission (ICRC) on conceptualization, appraisal, negotiation and implementation of PPP projects for necessary advice and guidance
- The Head, PPP unit should attend the quarterly Public Private Partnerships Consultative forum (3PCUF) organised by ICRC and prepare quarterly progress report
- Any other assignment relevant to the functions of the Unit assigned by the Accounting Officer/Chief Executive Officer of the organization

# Qualification



- Must have a higher degree in Economics, Banking & Finance, Accounting, Engineering, Project Management or a related field from a reputable institution with at least fifteen (15) years post graduation cognate experience
- Minimum of 5 years' experience with analyzing, structuring and financing PPP transactions
- Have a demonstrable knowledge of international PPP best practice and be very conversant with the Nigerian PPP Regulatory framework as outlined in the ICRC Act of 2005 and the National Policy on PPP (N4P).
- Should have been in management or senior management for a minimum of 2 years
- Experience with advising on PPP policies, institutional development, legal & regulatory frameworks and training

ICRC

# Qualification



- Experience with conducting and reviewing Public Sector Comparator and Value for Money for PPP projects including investment appraisal and due diligence reviews for infrastructure service projects
- Ability to conduct on-the-job training and to transfer key PPP project and transaction management skills to other members of the PPP unit team
- Must be able to lead large teams with complex task requirements
- Must be able to analyze and solve complex problems
- Must be able to engage with public and private sector stakeholders at the highest level
- Must be a strong team player, have a balanced personality with excellent oral and written communication and interpersonal skills
- Comfortable with public speaking

I C R C



# Staffing Requirements



- The PPP unit should have the following staff:
  - Project Officers
  - Procurement Officers
  - Legal Officers
  - Monitoring and Compliance Officers

I C R C

# Role of Project Delivery Team



- Review relevant existing reports, studies, etc necessary to become familiar with the proposed project.
- Review all documents on the concession of the project prepared by the transaction advisers, bidders, etc, as may be required.
- Meet regularly to consider matters referred to it by the key stakeholders, and transaction advisers on the project.
- Develop a framework for the procurement of advisory services that might be required in the concession process, in accordance with the ICRC guidelines.
- Assist in setting-up Data Room and site visits.
- Support procurement of the concessionaire, in accordance with the ICRC guidelines. Generally work with the project team and adviser, through coordination of activities, contacts with government and agencies to facilitate early delivery of the project

ICRC

# Role of Project Delivery Team



- Ensure compliance with the ICRC Act, 2005 and the National Policy on Public-Private Partnership (PPP) in the overall project implementation
- Ensure that adequate Social and Environmental Impact Assessments are undertaken for the project.
- Assist in interfacing with key stakeholders for the actualization of the concession exercise
- Support the team and play a key role in the negotiation of the Concession Agreement.
- Assist in the preparation of status reports to facilitate early decision making by the steering committee
- Propose the best mode of delivering the bankable project as a PPP Project.
- Carryout any other functions that may be assigned to it by the Project Steering Committee separately or jointly to actualize the concession exercise

# Role of Project Steering Committee



- Approve the concession framework for the project developed by the Project Delivery Team (PDT);
- Approve the procurement of technical consultants (e.g., Transaction Advisers, etc);
- Approve technical, financial and legal considerations that are deemed necessary for a successful preparation and execution of the Concession project;
- Advice and provide high level support to the MDA (Project team) and the PDT in the concession project management;
- Approve the activities of the MDA, PDT and take decisions that would facilitate the concession of the project;

ICRC

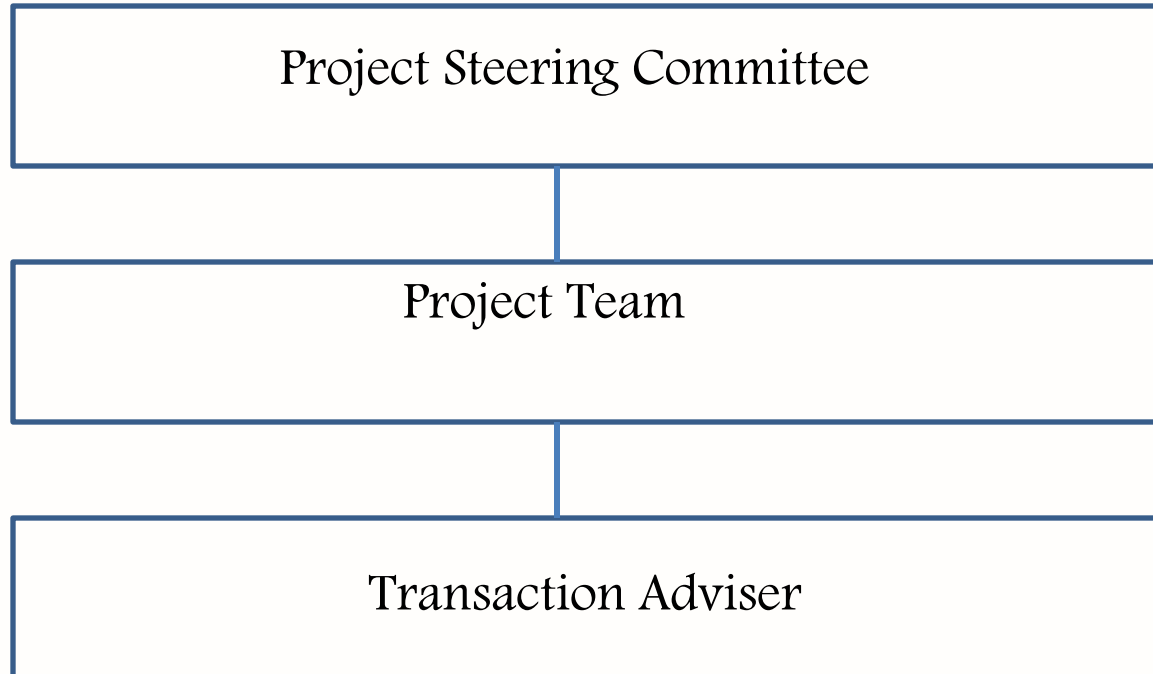
# Role of Project Steering Committee



- Assist the concessionaire in obtaining all clearance like environmental clearance, approvals and permits as might be necessary;
- Brief the Honourable Minister or the MDA CEO from time-to-time on the activities of the Steering Committee, progress and challenges of the concession exercise;
- Consider the role of other key stakeholders and ensure that they are engaged early in the development of the Project and their cooperation/participation secured ahead of time;
- The Project Steering Committee is to be chaired (usually) by the Permanent Secretary or Chief Accounting Officer of the MDA

ICRC

# PPP Governance in line with N4P



ICRC

# **THE ROLE OF TRANSACTION ADVISERS**

# What will be the Role of Advisors?



For public procuring authorities (Authorities), the expertise required to undertake PPP projects is both diverse and specific. The expertise commonly needed spreads over various fields such as technical, finance, legal, market/demand, tax, accounting and insurance.

The “**theoretical**” knowledge required also needs to be complemented with practical deal-making experience in areas such as project management or contract negotiation.

I C R C

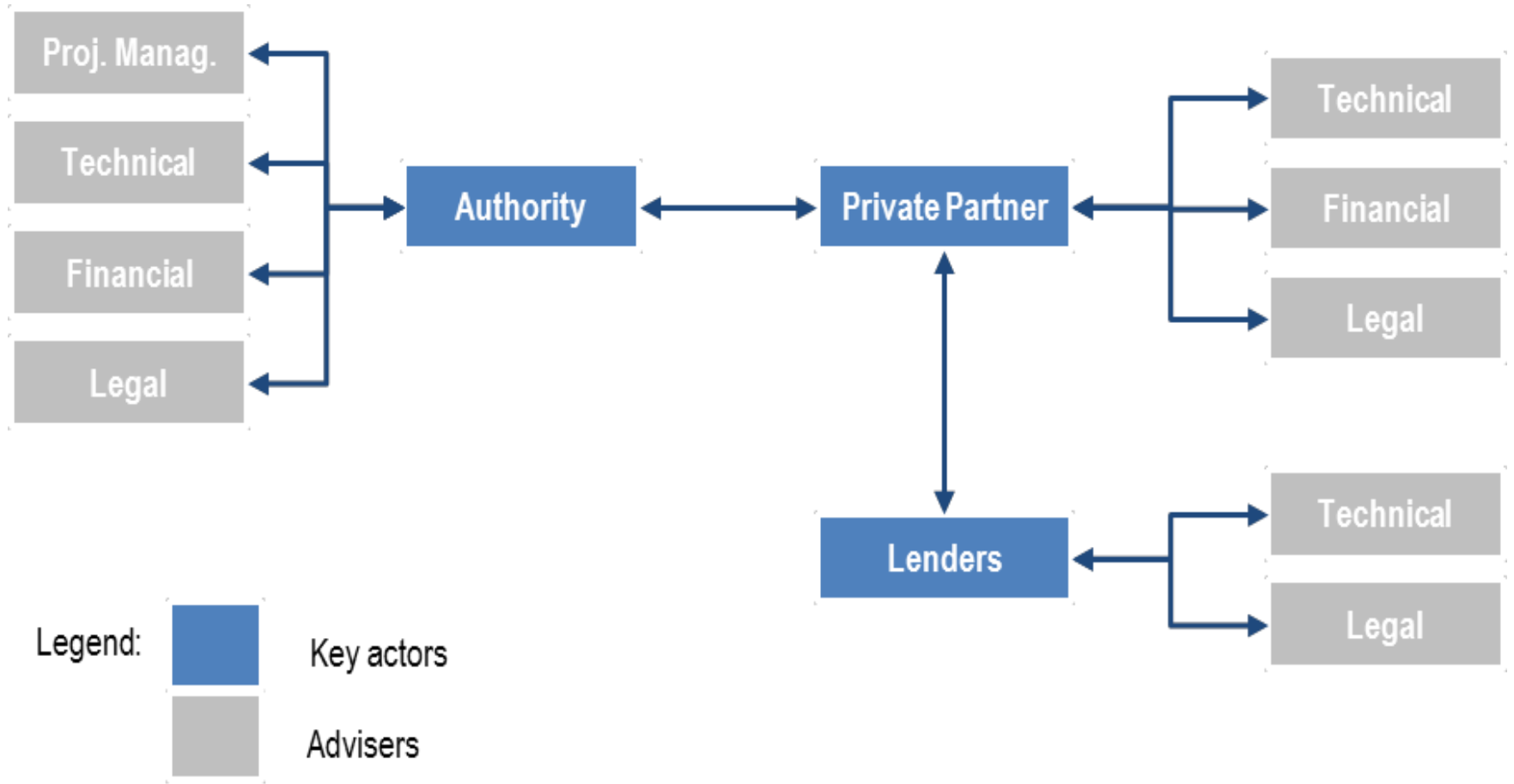


# What will be the Role of Advisors?



- Expertise
- Experience
- Network
- Credibility
- Work Load Reduction
- Time Management
- Project Management
- Process Management

ICRC



These are private sector companies who have acquired high level of recognition and competence as advisers in

- Preparing,
- Implementing and
- Managing PPP projects.

Most of them advise public sector clients as well as private sector clients.

# The entities providing PPP advisory services typically are



- **law firms** usually experienced in public/administrative law matters as well as business, financing and tax issues;
- **financial advisory companies** that may be (i) part of an international accounting and advisory group/network, (ii) investment banks or (iii) smaller entities specialising in PPP or public service management;
- **technical firms** that are often specialised by sector (transport, social infrastructure, etc.); and
- **public entities**, such as national or sectorial PPP units that have been tasked and staffed to advise on projects.
- Some advisers may offer a broader PPP service beyond legal/financial/technical boundaries and may therefore act as multidisciplinary advisers and experts in project management.

# What is the optimal length of advisory contracts



- **Short-Term Contracts: e.g. Pre Contract**
- **Medium Term Contracts: Pre & Post Contract**

I C R C

# What is the optimal length of advisory contracts



Two main approaches can be taken:

**Medium-term contracts** –from the early Preparation stage to the operational phase

- The advisory contract would typically include: (i) a binding phase covering

The feasibility studies and assessment of the PPP option, as well as (ii)

Conditional phases that may be firmed up according to project developments.

The advantages of this approach include: (i) a contract size that may foster competition at the procurement stage, (ii) a better overall service as the adviser will know the project from the outset, (iii) a long-term collaboration between the Authority's project team and the adviser, which may lead to a stronger partnership (e.g. work approach, trust).

However, long-term contracts can have disadvantages such as: (i) the risk of getting biased advice because of the adviser's desire to see the project continuing and ultimately procured as a PPP and (ii) the difficulty of changing adviser if performance is not satisfactory.

ICRC

# How to set-up a multidisciplinary team



Two main approaches exist for contracting advisers:

- The **Integrated Contract** – The MDA launches a single procurement procedure to appoint a consortium of advisers.
- The main advantages are:
  - (i) a lighter process,
  - (ii) less involvement in coordinating the team of advisers during the assignment, thereby limiting, for the MDA, the interface risk between the various advisers and
  - (iii) more assurance that it will benefit from balanced advice.

The main disadvantages are:

- (i) less competitive pressure among advisers because of the difficulties of setting up consortia and
- (ii) the risk of having to compromise on quality to obtain a comprehensive team of advisers at the expense of not getting the best in each field.

# How to set-up a multidisciplinary team



**Separate contracts** – The MDA launches a procurement procedure for appointing each adviser.

- In between these two approaches, many **mixed solutions** are possible, such as mandating the technical adviser under a separate contract and appointing the legal and financial advisers as a consortium.
- The ultimate decision must be taken case by case considering (i) the local advisory market (e.g. the number of advisers, their experience), (ii) the resources available within the Authority (both in terms of quantity and quality) and (iii) the features of the project.
- It is however advisable that **inexperienced MDAs select more integrated approaches as these may limit interface and management risks for the MDA.**

ICRC



# Which procurement procedure to follow?



- To select advisers, MDAs must follow a fair and transparent process. EU legislation allows four procurement options: open procedure, restricted procedure, negotiated procedure and competitive dialogue.
- In practice, given the typical scope and size of advisory assignments for PPP projects and the conditions required to use the negotiated procedure and competitive dialogue, Authorities will normally choose between the open and restricted procedures.
- The **restricted procedure** allows for an early selection of credible bidders and may be recommended where possible. It limits the cost of analysing a potentially high number of proposals and allows the MDAs to focus on offers submitted by those firms more likely to perform the services satisfactorily.





## **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](mailto:info@icrc.gov.ng)

Website: [www.icrc.gov.ng](http://www.icrc.gov.ng)