



# PUBLIC PRIVATE PARTNERSHIP – AN IMPERATIVE FOR NIGERIA'S DEVELOPMENT



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A black and white photograph of a young African child in profile, looking towards the right. The child's arm is extended across the frame, with hands clasped. A large, stylized map of Africa is superimposed over the child's arm, with a sunburst effect emanating from the center. The word "AFRICA" is written in large, bold, white capital letters, with the map of Africa integrated into the letter "A". Below "AFRICA" is the text "INVESTMENT FORUM" in smaller white capital letters. Below that is the text "AFRICA'S INVESTMENT MARKET PLACE" in even smaller white capital letters, preceded by a vertical yellow line.

**AFRICA**  
INVESTMENT FORUM  
AFRICA'S INVESTMENT MARKET PLACE

  
AFRICAN DEVELOPMENT BANK GROUP  
GROUPE DE LA BANQUE AFRICAINE  
DE DEVELOPPEMENT

# Infrastructure Possibilities



**AMERICA HAS GOOD ROADS, NOT  
BECAUSE AMERICA IS RICH, BUT  
AMERICA IS RICH BECAUSE IT HAS  
GOOD ROADS - John F Kennedy Former  
US President.**

**The implication of this quote from the 60s  
is an eternal economic truism. No country  
can become economically buoyant without  
good infrastructure especially a good road  
network.**

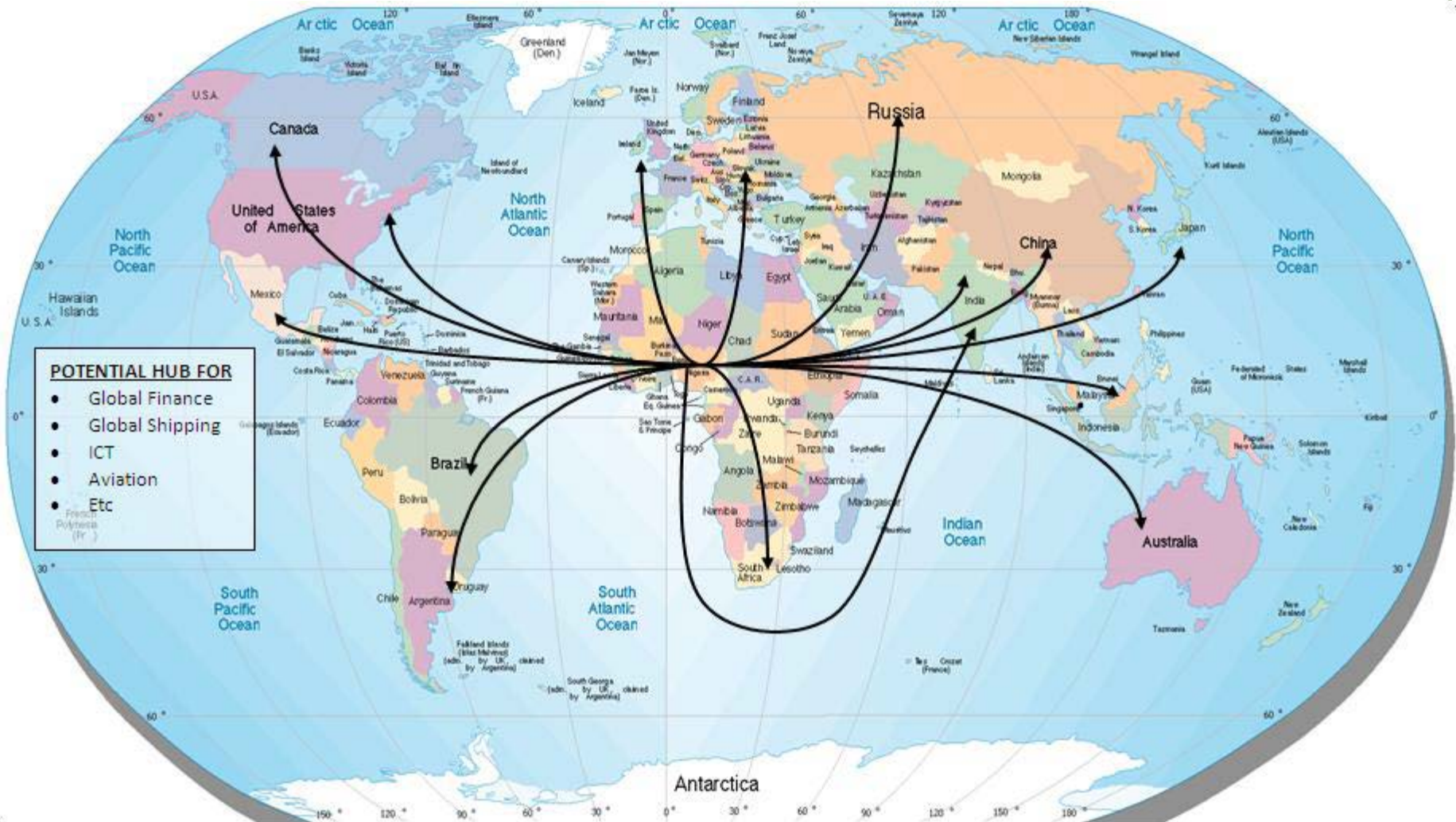


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# Nigeria



# Africa's Most Formidable CV – Past and Present



- ❑ Largest Economy in Africa, 26<sup>th</sup> Largest Economy in the World, 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 (1/5<sup>th</sup> 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

# Outline



- Nigeria – Case for Action
- Leadership Commitment
- National Carrier Opportunity
- PPP Legal and Regulatory Framework
- PPP Procurement Route
- PPPs Experience
- Current PPPs
- Opportunities
- Collaboration
- Final Words

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# Nigeria !!! – Case for Action



- ❑ Nigeria is rich in natural resources and boasts a large young ambitious and entrepreneurial population.
- ❑ Harnessed properly, these advantages could usher in a period of sustained economic growth.
- ❑ We are unable to translate our factor 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.
- ❑ **BCG Advice** – Nigeria must address several critical challenges in order to prosper over the long term
- ❑ Improvement in Nigeria's poor infrastructure would have an immense impact on education, health and the economy



# 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.”

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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.

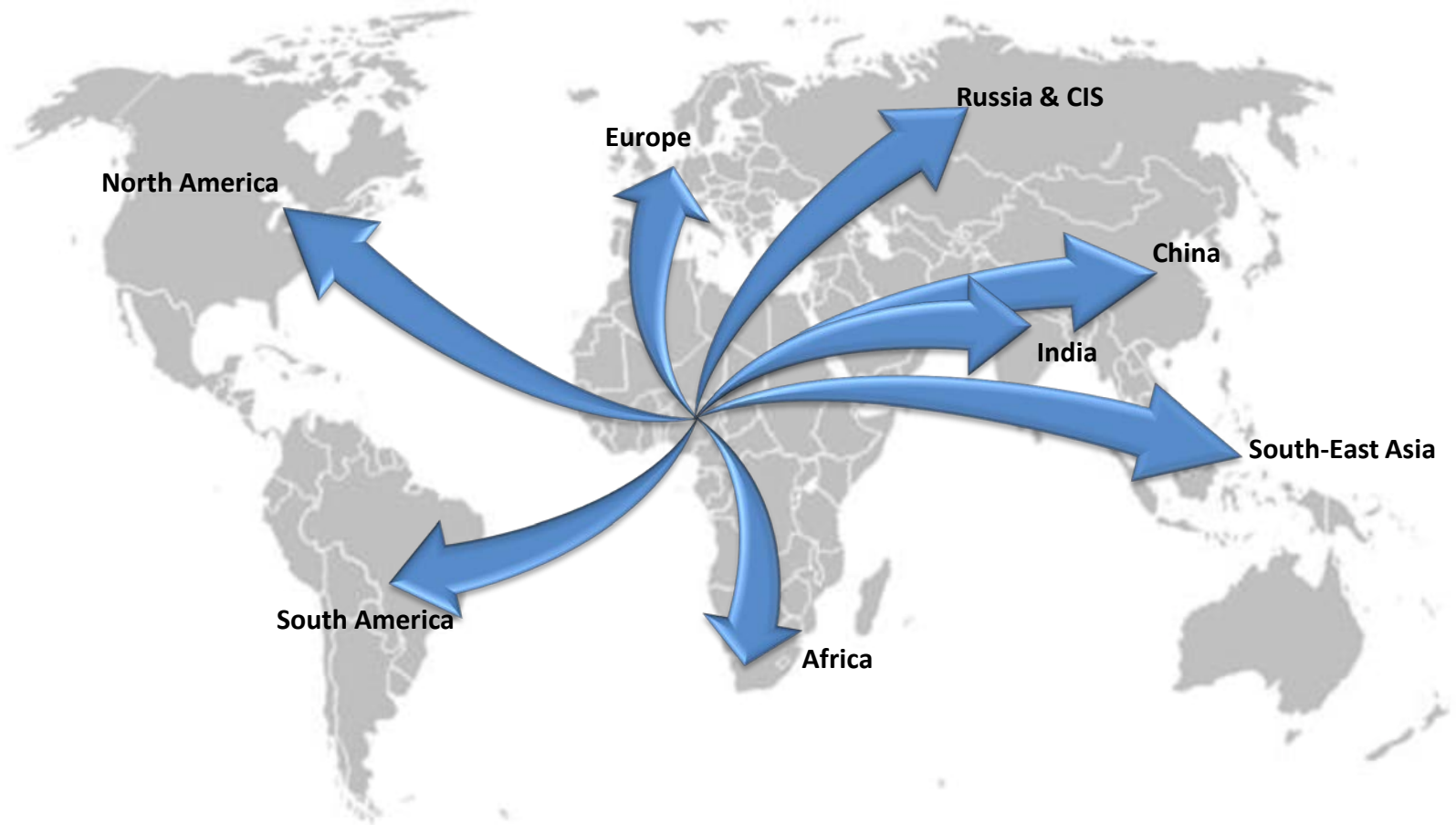
# **Nigeria's new national carrier huge PPP opportunity**

**The Emirates Group in Dubai started about 40 years ago with 2 old B737**

**In 2016/17 they accrued revenues of 25.8 Billion USD with 150,000 employees**

**In comparison, Nigeria in 2016/17 sold on average 1.4 Million Barrels per day, at a rate of 40 USD per barrel = 20.4 Billion USD per year.**

Abuja and Nigeria are strategically located at the crossroads of global international trade





# 18<sup>th</sup> July Farnborough Air Show



# Procurement



## Two Stage RFQ/RFP

1. July/August – Teaser/RFQ/Info Memorandum
2. August/September – RFP/Draft Contract
3. October/November – Full Business Case/FEC Approval
4. December – Airline Starts

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# Nigerian Legal and Regulatory Framework for PPPs

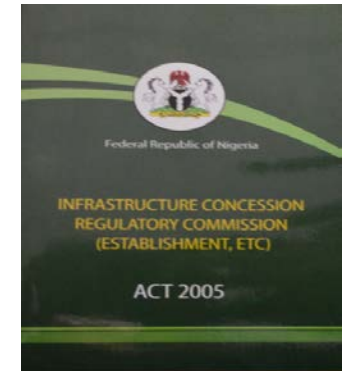
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# Framework for PPP



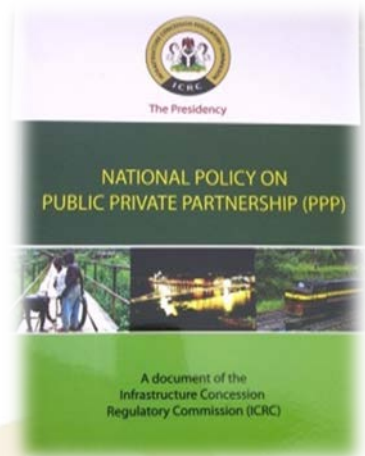
The Infrastructure Concession Regulatory Commission Act (Establishment Etc,) Act 2005.

In 2009, the Federal Executive Council (FEC) approved a **National Policy on PPP** which provides guidance on PPP project structuring.



Presidential Circular of September 2013 directing All MDAs to engage with the FMoF and ICRC **PRIOR** to commencing PPP projects. MDAs to establish PPP units

**Annual Report** to the President presented every year in June.



Transparency and Competition



# Framework for PPP



## ICRC's Functions:

- ❑ Regulate Public Private Partnership (PPP) procurement by:
  - a. Guiding MDAs in structuring PPP transactions for both **green field** and **brown field** infrastructure – Pre Contract regulation
  - b. Taking custody of all executed agreements and ensuring compliance-Post Contract Regulation
- ❑ Issue PPP regulations and guidelines
- ❑ Collaborate with state governments to develop a sustainable national framework

# Framework for PPP

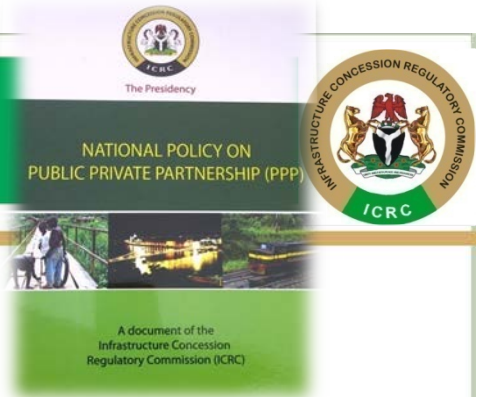


## The PPP Process:

- Knowledge, experience and skills required to go through PPP phases:~
  1. PPP Project Initiation,
  2. PPP Project Development,
  3. PPP Project Procurement,
  4. PPP Project Implementation
  5. Asset return

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# PPP Lifecycle in line with National Policy



**Preliminaries**

- *Project Identification*
- *Project Prioritization*
- *Project Selection*

**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

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

# PPP Procurement Routes

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## SOLICITED ROUTE

- Well prepared bankable projects to Market
- Transparent and Competitive Bidding
- May Require Government Funding Support
- Timely Financial Closure Required

## UNSOLICITED ROUTE

- Bankable Business Case by Project Proponent
- Must be part of strategic plan of government
- Indicative Funding Available
- Negotiate or Subject to Competition via Swiss Challenge etc
- No Government Funding Support

# PPP Experience ~ Nigeria

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# In Place PPPs



1. MMA2 Domestic Airport
2. 26 Port Terminals
3. Garki Hospital
4. Kainji, Jebba and Shiroro Hydro Power Plants

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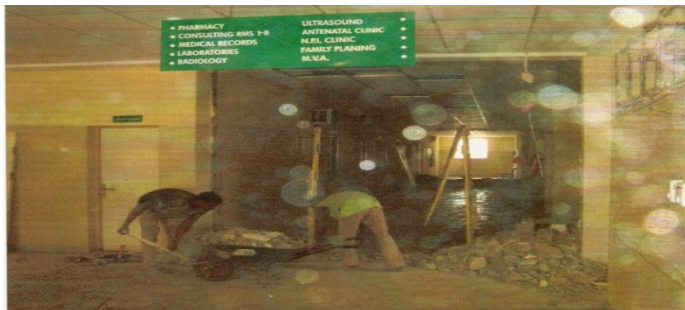
# MMA2 Airport and Ports Concession



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# Garki Hospital Abuja



**AFTER**



**BEFORE**





# Three Large Hydro Power Plants



# Current PPPs in Nigeria

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# PPP Recent Accomplishments



1. Lekki Deepwater Port Flag Off
2. FMWPH Rooftop Solar PPP
3. Warehouse in a Box Medical Stores
4. NIWA Onitsha River Port
5. Kiri Kiri Terminals I and II Modernization
6. Lilypond Terminal Conversion to Agro Processing and Export
7. Ibom Deepwater Port
8. Dadin Kowa Hydro
9. Gurara Hydro O & M
10. AKK Pipeline
11. Farm Mechanization PPP

# Lekki Deepwater Port - Flagship PPP





# Ibom Deepwater Port - Flagship PPP



## IDSP PHASE 1 & 2 CONCEPTUAL LAYOUT





# Ware House in Box - Flagship PPP





# Dadin Kowa Hydro - Flagship PPP



# Flagship PPP Project - National Theatre - Lagos



- Development of 65 hectares fallow land around the 134 hectares theatre complex. Completed in 1976 for FESTAC in 1977.



Re-development of National Arts Theatre, Lagos



# Nigeria Entertainment City - Lagos



Re-development of National Arts Theatre, Lagos

# Ports and ICD Opportunities



- 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
- Badagry Deep Sea Port
- Bonny Deepwater Port
- Bakassi Deepwater Port

# Rail, Aviation and FCT Opportunities



- NRC Narrow Gauge ~ GE
- New Standard Gauge Lines – Chinese
- Abuja Light Rail Lots 1A and 3
- Bus Rapid Transit for Cities
- Lagos, Abuja, Kano and Port Harcourt Airports
- **National Carrier & Aircraft MRO Facility**
- **Aviation Leasing Company/NCAT Upgrade**
- NNPC Pipeline and Depot System
- National Stadium
- Health Facilities – Hospitals, Diagnostics, PHC etc



# Road PPP Opportunities



1. 2<sup>nd</sup> 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 ~ Tegina ~ 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

# PPP Support Initiatives



- Nigeria Integrated Infrastructure Masterplan
- Presidential 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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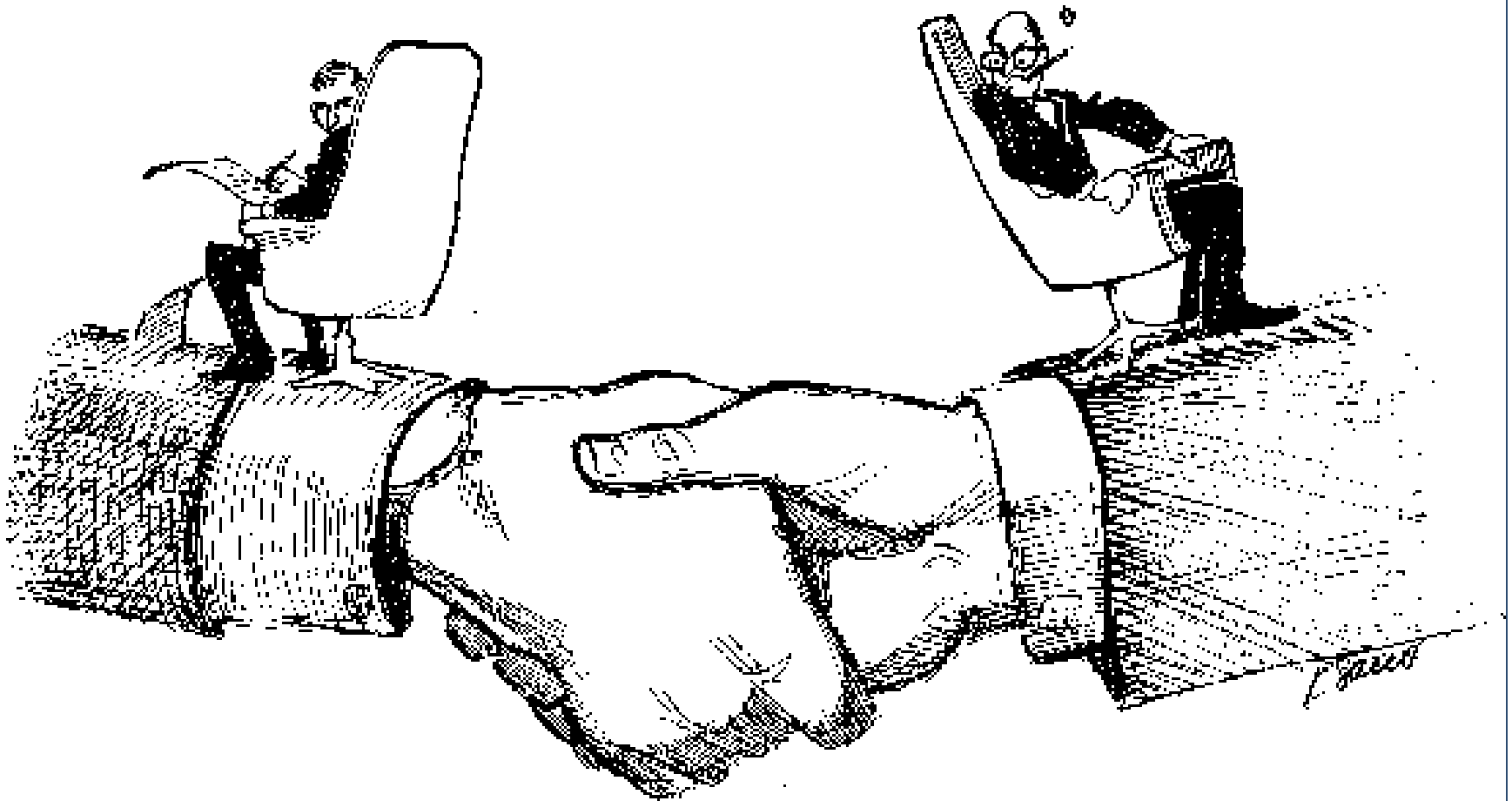
# NIGERIA – ICRC – AIF COLLABORATION



- MoU
- Capacity Building and Technical Assistance
- Pipeline Development
- Project Roadshows and Exchange Programs
- Project Pipeline Marketing

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# Final Words - Honest Advise !!!!!



Public-private partnerships take a lot of work.

# Jeff Delmon's PPP Advisory - 1



- Learn PPP by doing
- Use Small Steps without being timid
- Learn from the experiences of others without being dogmatic
- Keep it Simple
- PPP policies should be clear, comprehensive yet flexible
- Keep the legal framework simple and clear
- Do not use the legal framework to second guess the PPP contract by creating rights and obligations at law that should be addressed in the contract on agreed terms
- Make sure the different roles are allocated and that the systems works...ideological purity is less important
- Institutions are only as good as the people in them
- Strong consistent leadership is key
- A robust value for money assessment and transparent competitive procurement can protect the government
- Do not cut corners in procurement
- Invest in the PPP preparation phase

# Jeff Delmon's PPP Advisory - 2



- Be clear to bidders about what you want
- Be cautious when selecting the winning bid...if its too good to be true
- Select good PPP able projects....garbage in garbage out
- Prepare the government to play its role from project development to expiry
- Be ready for challenges
- Consider all stakeholders
- Be proactive
- Renegotiation can be an opportunity
- Get good advice
- Government support can improve project viability
- Avoid perverse incentives
- Contingent support can be a powerful instrument but
  - Risk borne by government must be assessed honestly and managed carefully
  - Do not take too much risk away from the private sector they must have a skin in the game so they are motivated to solve problems when they arise

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# Conditions for PPP Success



## PPP 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



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