



# REGIONAL INFRASTRUCTURAL DEVELOPMENT – THE PPP IMPERATIVE



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# 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.**



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# 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



# Lessons from India



Ministry of Urban Development  
Government of India



Confederation of Indian Industry

## Compendium on Public Private Partnership in Urban Infrastructure

### Case Studies



The World Bank



Government of India  
Ministry of Finance  
Department of Economic Affairs

## Public Private Partnership Projects in India

### Compendium of Case Studies



# Lessons from India



Government of India  
Ministry of Finance  
Department of Economic Affairs



Government of India  
Ministry of Finance  
Department of Economic Affairs

## PPP Guide for Practitioners



April 2016

Public Private Partnerships

Creating an Enabling Environment for State Projects

**DEPARTMENT OF ECONOMIC AFFAIRS  
MINISTRY OF FINANCE  
GOVERNMENT OF INDIA**

# Delhi Terminal 3 PPP – IGIA



- ❖ Terminal building with a size of **5.02 mn Sq ft** which is **8<sup>th</sup> largest terminal in the world**. 34 million passenger capacity.
- ❖ **78 Aerobridges** with 3 numbers A380 compatible which is highest in the world in a single terminal
- ❖ **92 Automatic walkways (Travelators)**. One of the longest Automatic walkways in Asia with 118 meters at Domestic pier.
- ❖ **71 elevators & 34 escalators**
- ❖ 5 level in-line baggage screening system with the capacity to handle 12,800 bags/hour
- ❖ **Energy efficient and environment** friendly terminal. Awarded “Gold” LEED certification (Green building)
- ❖ Construction completion in record 37 months



# MEDICAL MOBILE UNITS (MMU) PPP



***Public Partner – Government of Bihar***

***Private Partner – Spake Systems (14 MMUs), Jaagran Solutions (12 MMUs), Jain Studio (12 MMUs)***

***Objective: To provide primary health facilities to people living in the remote areas of the State. Since there is acute shortage of manpower in government hospitals, the state decided to procure MMU through a PPP. A fixed budget is allocated to be paid to each MMU operator by the State. The MMUs provide the same facilities as a basic hospital. PPP Partners were selected by competitive bidding***



# Cochin Airport and Other Solar



# Conditions for PPP Success



## **PPP Success in other Jurisdictions – India IDFC**

- 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

# Outline



- Leadership Commitment
- PPP Legal and Regulatory Framework
- PPP Procurement Route
- PPPs Experience
- Current PPPs
- Opportunities
- Collaboration Opportunities

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# 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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# Nigerian Legal and Regulatory Framework for PPPs

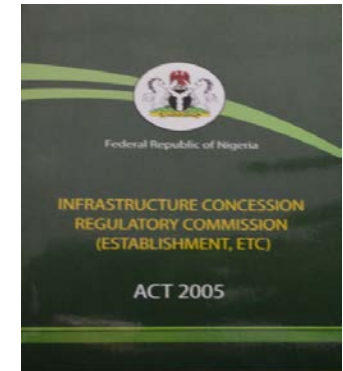
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# Framework for PPP

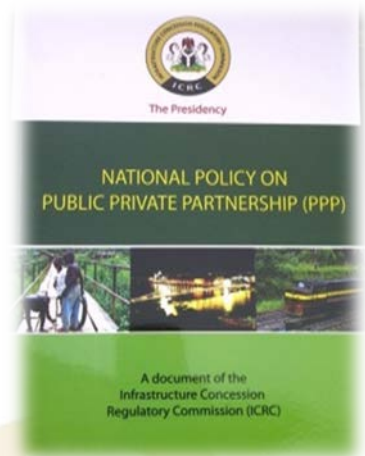


The Infrastructure Concession Regulatory Commission Act (Establishment Etc,) Act 2005.

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

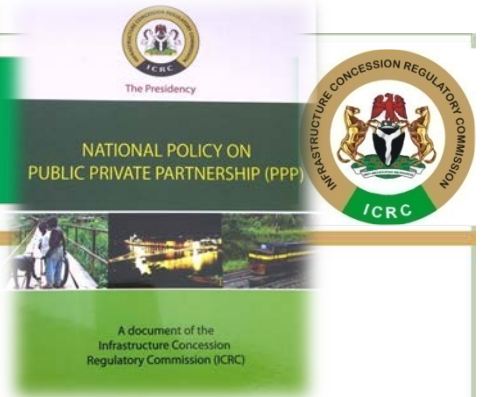


**Annual Report** to the President presented every year in June.

Transparency and Competition



# 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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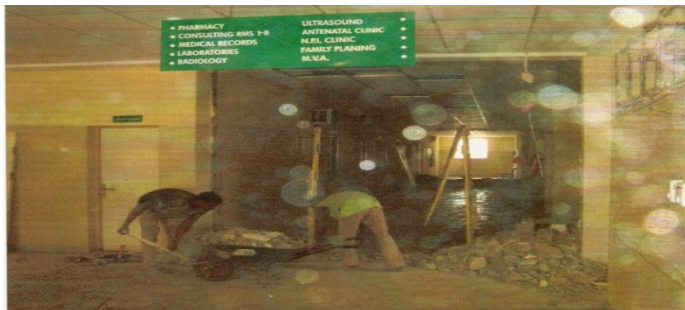
# MMA2 Airport and Ports Concession



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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. Ibom Deepwater Port
7. Dadin Kowa Hydro
8. Gurara Hydro O & M
9. AKK Pipeline
10. 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



# 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 ~ Transnet
- New Standard Gauge Lines – Chinese
- Abuja Light Rail Lots 1A and 3
- Bus Rapid Transit for Cities
- Lagos, Abuja, Kano and Port Harcourt Airports
- Aircraft MRO Facility
- Aviation Leasing Company/NCAT Upgrade
- National Stadium
- Health Facilities – Hospitals, Diagnostics, PHC etc

# Road PPP Opportunities



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

# West Africa Infrastructure Opportunity



- Lagos Abidjan Economic Corridor
- Economic Infrastructure
- Social Infrastructure – Hospitals, Mobile Medical Units
- Renewable Energy – Underserved Areas

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# PPP Support Initiatives



- Nigeria Integrated Infrastructure Master plan
- Presidential Infrastructure Development Fund
- Availability and 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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# WA – Nigeria –India Collaboration Opportunities

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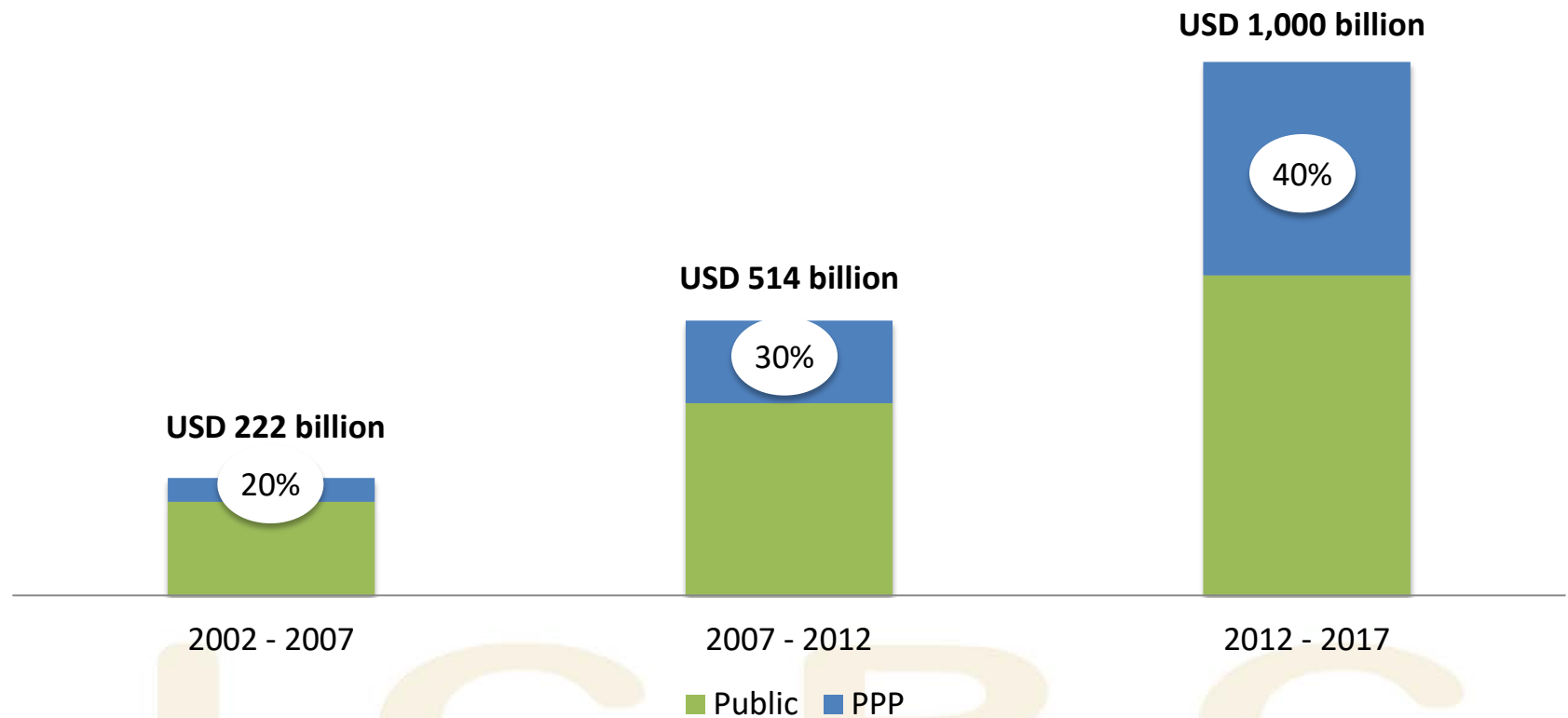


- MoU
- Infrastructure Ecosystem – IDFC, PPP Cell, Sub National PPPs, IIGF, NIIT, IIPDF, IIFC, VGF
- Capacity Building and Technical Assistance
- Infrastructure Pipeline Development
- Infrastructure Project Road shows and Exchange Programs
- Infrastructure Project Pipeline Marketing

# Indian PPP Ambition



**India aggressively applying PPP to complement conventional project delivery**



Sources: 10<sup>th</sup>, 11<sup>th</sup> and 12<sup>th</sup> Five Year Plan

# Indian PPP Framework



Supported by a well established, coherent and cohesive enabling environment

## PPP Program

To date some 450 projects delivered through PPP and governments intends to use PPP for up to 40% of its upcoming infrastructure investments

### Policy Pillar

- Periodic Five Year Plan clearly indicate PPP targets per sector
- Guidance is provided by Guidelines and Model Concession Agreements
- Various state level PPP Laws (Infrastructure Acts) or PPP policy

### Institutional Pillar

- Department for Economic Affairs coordinates and support PPP
- Most States established PPP Cells
- PPP Approval Committee
- Panel of Transaction advisors for expert support
- Nationwide Training program developed

### Financial Pillar

- India Infrastructure Development Fund
- Viability Gap Fund
- Fiscal incentives
- India Infrastructure Finance Company Ltd
- Several state specific funds to facilitate PPP

**Local conditions:** Significant need for infrastructure in a rapidly growing economy hampered by fiscal constraints

Sources: Various publications Government of India



## **INFRASTRUCTURE CONCESSION REGULATORY COMMISSION**

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