REGIONAL INFRASTRUCTURAL DEVELOPMENT – THE PPP IMPERATIVE

ACTING DIRECTOR GENERAL/ CEO
INFRASTRUCTURE CONCESSION REGULATORY COMMISSION
8th October 2018
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.
Nigeria

POTENTIAL HUB FOR
- Global Finance
- Global Shipping
- ICT
- Aviation
- Etc
Largest Economy in Africa, 26th 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 (1/5th 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
Lessons from India

Compendium on
Public Private Partnership Projects in India

Case Studies
Public Private Partnerships

Creating an Enabling Environment for State Projects

April 2016

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 8th 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
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
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
“…..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.”
Nigerian Legal and Regulatory Framework for PPPs
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
- Transaction Adviser
- Needs Analysis
- PPP Options Appraisal
- Value for Money
- Affordability
- Sustainability
- Prelim Risk Matrix
- Viability/Bankability
- VGF
- OBC
- OBC Approval by FEC

Procurement Phase
- Transaction Adviser
- EoI/RFQ Phase and RFP
- Bidding
- Bidders Conference
- Bid Evaluation
- Value for Money Test
- Preferred Bidder
- Full Business Case by FEC

Implementation Phase
- Independent Engineer
- Monitor Design and Construction
- Commissioning Test
- Verify Output Requirements
- Contract Management

Preparing and Implementing Efficient and Effective PPP Transactions
PPP Procurement Routes
**SOLICITED ROUTE**

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

**UNSOULCITED 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
In Place PPPs

1. MMA2 Domestic Airport
2. 26 Port Terminals
3. Garki Hospital
4. Kainji, Jebba and Shiroro Hydro Power Plants
MMA2 Airport and Ports Concession
Garki Hospital Abuja
Three Large Hydro Power Plants
Current PPPs in Nigeria
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 0 & 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 Guage - Transnet
- New Standard Guage 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 Stadia
- 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 ~ Tegina ~ 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
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)
WA – Nigeria – India Collaboration Opportunities
WA - NIGERIA – INDIA COLLABORATION

- 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
India aggressively applying PPP to complement conventional project delivery

**2002 - 2007**
- USD 222 billion
  - 20% Public
  - 80% PPP

**2007 - 2012**
- USD 514 billion
  - 30% Public
  - 70% PPP

**2012 - 2017**
- USD 1,000 billion
  - 40% Public
  - 60% PPP

Sources: 10th, 11th, and 12th 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

www.vandenbroekconsulting.nl
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