



REPORT ON 2019 JOINT NIGERIA PPP NETWORK (NPPPN) & PPP UNITS CONSULTATIVE FORUM (3PUCF) MEETING HELD ON THURSDAY, 21ST NOVEMBER, 2019 AT THE TRANSCORP HILTON HOTEL, ABUJA, NIGERIA

1.0 INTRODUCTION

The Infrastructure Concession Regulatory Commission (ICRC) in collaboration with the Afreximbank (Africa Export and Import Bank) and the PAC Capital Limited held a Project Preparation Financing workshop during the joint 2019 meeting of the Nigeria Public Private Partnerships Network (NPPPN) and the PPP Units Consultative Forum (3PUCF). The NPPPN is a platform for all Heads of PPP Units in the States of the Federation under the Chairmanship of the Nigeria Governors' Forum, while the 3PUCF is a platform of Heads of PPP Units in Federal Ministries, Departments and Agencies, under the Chairmanship of the Office of the Head of Civil Service of the Federation.

The workshop, which had an opening, technical and breakout sessions, was attended by participants from the public and private sectors consisting of top government officials, as well as professionals and executives from the private sector.

2.0 THE PROGRAMME

The opening ceremony consisted of a welcome address by the Director-General of the ICRC (Engr. Chidi K. C. Izuwah); opening remarks by the Director General, Nigeria Governors' Forum (Asishana.B. Okauru, Esq., who was represented by Dr. T. A. Shittu) and Head of the Civil Service of the Federation (Dr. Folashade Yemi-Esan, represented by Mr. James Olowofooyeku – Director Special Duties). There were also goodwill messages by the Executive Governor of Borno State, Prof. Zulum Babagana (represented by Permanent Secretary Emat Kois); Chairman Senate Committee on Works, Senator Adamu Aliero; the Minister of Finance, Budget and National Planning, Mrs. Zainab Shamsuna Ahmed (represented by Arch. Isa Halidu). There were also

goodwill messages by the Afreximbank President (Prof. Benedict Oramah) and the Managing Director of PAC Capital Limited, Mr. Eric Okoruwa. The opening ceremony speeches was concluded with a keynote address by the Secretary to the Government of the Federation, Mr. Boss Mustapha (represented by B. O. Ogunmefun). A key feature of the opening session was the presentation by Mr. Kunle Oyinloye, the Group Managing Director of Syfax Limited and former Managing Director of the Infrastructure Bank.

The subsequent technical session was made up of presentations on the APPF by Afreximbank and another presentation on the Corporate profile of PAC Capital. The Sessions came to an end with a break-out session into Energy, Transport and Social Infrastructure, where participants discussed their potential PPP projects. These created opportunities for consultations and networking meetings aimed at shortlisting a pipeline of priority national and sub-national bankable projects on infrastructure delivery in Nigeria.

3.0 SPEECHES / REMARKS AT OPENING CEREMONY

3.1 Welcome Address by DG ICRC, Engr. Chidi K.C Izuwah Snr.

In his opening remarks, he thanked delegates for taking time to attend the event. He quoted:

“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 DG highlighted some activities of the ICRC. According to him, the Defence Industries Corporation of Nigeria (DICON) had signed a \$13 million agreement with a Turkish firm, Sur Corporatewear for the manufacture of military and para-military clothing and accessories under PPP. The Partnership will require Sur Corporatewear to develop made-in-Nigeria brand of textile materials and accessories as well as inject a sum of \$13million required to finance the enterprise.

On the Lekki Deep Seaport project, the DG also informed the audience that the **Lekki Port SPV acting on behalf of partners** Lagos State Government and the NPA recently signed a \$629 million facility with China Development Bank (CDB) for the completion of Lekki Deep Seaport Project; thus .

He stated that financing for PPP projects is not scarce as perceived, but depends on project preparedness and competent management.,

Speaking further, the DG noted that as at 25th June 2019, there were 69 post-contract PPP projects under implementation on the ICRC Projects Disclosure Portal (www.ppp.icrc.gov.ng or www.icrc.gov.ng), which was the first disclosure portal in the world; established in collaboration with the World Bank. As at 31st October 2019, there were 139 pre-contract projects at Development and Procurement phases on the ICRC website (www.icrc.gov.ng). Between 2010 and 2018, under the regulatory guidance of the ICRC, the Nigerian Government has approved PPP projects worth almost \$8 Billion.

As at the end of October 2019, the Commission had granted 9 Outline Business Case (OBC) and 9 Full Business Case (FBC) Compliance Certificates for 2019; bringing the total compliance certificates granted since inception to 76 OBCs and 31 FBCs certificates. The latest of these certificates is the OBC Compliance Certificate for the 22 Teaching Hospitals upgrade and the FBC Compliance Certificate for the Automated Ticketing System for the NRC.

Speaking further, the DG reiterated that ICRC would continue to work very hard to ensure that new PPP governance documents including manuals and guidelines are issued early next year. He noted that ICRC had engaged IDECK of India who developed similar documents for the Indian PPP jurisdiction to do same for Nigeria. ICRC also partnered with the Centre for International Development at the Harvard University for a 15-week intensive online training on Problem Driven Iterative Adaptation (PDIA) programme from February to May this year. Over 95% of ICRC staff completed the course and were awarded certificates of completion.

The DG also made a pictorial presentation of PPP accomplishments at Murtala Mohammed Airport (MMA2), Port Concessions, Garki Hospital Abuja and Three Hydro Power Plants. He outlined other successful PPP projects to include:

- Lekki Deepwater Port (reached Financial Close)
- Federal Ministry of Power Headquarters Rooftop Solar PPP

- Warehouse in a Box Medical Stores
- Nigeria Inland Waterways Agency Onitsha River Port
- Ibom Deepwater Port Close to Commercial Close
- PPP Portals for Micro Small Medium Enterprises, CRFN
- Gurara 1 Hydropower Plant (30MW) Operation & Maintenance Project
- Operations and Maintenance of 19 Silo Complexes across the country
- Abuja Kaduna Kano Pipeline and Central Railway Line Expansion
- Agricultural Farm Mechanization PPP
- ECOWAS Biometric Card PPP project
- Warri Itakpe Line to Warri Deep sea Port

He further highlighted the PPP processes and Life Cycle in Line with the National Policy on Public-Private Partnerships and outlined the roles of the ICRC which include:

- Facilitate, regulate and assist MDAs develop bankable PPP projects
- Issue policy, guidelines, regulations and build capacity
- Assess and evaluate VFM and Risk Management Regime
- Develop a Robust PPP Market
- Take Custody and ensure Compliance with Terms and Conditions of PPP arrangements.

He mentioned the following as key benefits of PPPs:

- Rigorous project preparation – as the focus shifts to developing bankable projects;
- Delivery of a whole life solution – going beyond asset creation and including Operation and Maintenance (O&M);
- Focus shifts to service delivery – construction responsibility is integrated with O&M obligations and together with appropriate quality monitoring and service delivery-linked payments such an arrangement could enhance the levels of service delivery;

- Pragmatic approach to infrastructure development and service delivery – various time bound projects can be integrated under a programme and have a time-bound implementation plan;
- Leads to better overall management of public services – transparency in selection and ongoing implementation.

Speaking further, he noted the following PPP Enabling Environment Support Initiatives:

- Nigeria Integrated Infrastructure Masterplan / The Economic Recovery and Growth Plan (ERGP)
- Presidential Infrastructure Development Fund
- Ease of Doing Business (Accelerated PPP Procurement Process)
- Request for Qualification (RFQ) / Request for Proposal (RFP)
- Single Cabinet Approval
- Annuity PPPs
- Nigerian Sovereign Investment Authority (NSIA) and Third-Party Infrastructure Guarantee Fund (InfraCredit)
- Amendment of ICRC Act
- PPP Units in MDAs
- Governance Documents – IDECK of India
- Federal Roads and Bridges Tolling Policy
- Standardization efforts (Business Case, Contracts etc)

In addition, he explained that the NPPPN was established in 2011 to create a platform for all Heads of PPP Units Nationwide. It is designed to serve as a knowledge and experience sharing forum to upscale the learning curve of Public officers at the sub-national level of government. It also aims to provide standardization of PPP practice and enhance collaboration within and amongst sub national PPP entities nationwide.

The objectives of NPPPN include:

- To share experiences and best practice on PPP across Nigeria

- Provide a focal point for information on PPP in Nigeria through a website and other media platforms. This could include providing a database of PPP projects in development, procurement, or implementation.
- Provide common guidance, standardized contracts and other project documentation.
- Provide a single interface for consultation with the private sector by way of conferences or the Nigerian PPP Forum.

On the other hand, the 3PUCF was inaugurated on Thursday, 5th December 2013 to provide a knowledge and experience sharing platform for Heads of PPP Units in Federal MDAs. The Office of the Head of Civil Service of the Federation chairs the Forum's activities, the Federal Ministry of Finance serves as co-chair, while ICRC serves as the Secretariat. The 3PUCF engages in several activities including:

- Meetings: The 3PUCF holds quarterly meetings and has so far held 23 meetings/forums from inception
- Capacity Building: The 3PUCF provides a forum for capacity building by inviting speakers from the PPP environments to share knowledge and experiences and also showcase aid and technical assistance available to the MDAs. Members also benefit immensely from this because they are given priority as members in our database. Recently we invited concessionaires to present their journey's so far for the benefit of other MDAs to learn from their experiences.
- Networking: The 3PUCF also provides a medium for networking with local and global PPP stakeholders.

The following were listed as challenges to successful PPP implementation in Nigeria

- Budgetary allocation often insufficient to cover responsibilities adequately – especially project development;
- Inconsistency in PPP Project Pipelines (lack of long-term planning);
- Regulatory and enforcement powers in the ICRC Act (Amendment required)

- Inadequate project preparation;
- Technical skills and knowledge gaps – funding to upscale skills – ICRC Infrastructure & PPP Academy.

The DG concluded by rejoicing with and congratulating HE Prof. B. Oramah, President and Chairman of Board of Afreximbank on the award of the Russian Order of Friendship by President Vladimir Putin on 4th November, 2019.

3.2 Director General, Nigeria Governors' Forum (NGF), Mr. A. B. Okauru -. Represented by Dr. L.O.T Shittu, Executive Director Strategy and Research, NGF

The DG, NGF began by welcoming delegates to the event. He stated that the NETWORK which is a collaboration between ICRC and the NGF was established in 2011 to bring together the heads of all PPP agencies in the country for the purpose of providing guidance on PPP project structuring and sharing of experiences.

He noted that the PPP arrangement has become very attractive because of government's depleting resources as a result of low oil revenues. He stated that in the last six years, federation revenues to States declined from NGN3.1 trillion in 2013 to NGN2 trillion in 2015 and NGN1.6 trillion in 2016, before recovering mildly to NGN2.1 trillion in 2017, and then increasing to NGN2.56 trillion in 2018. According to World Bank PPI records, Nigeria has attracted about US\$12.1 billion in PPP investments since 2000, many of which have been concentrated in ports infrastructure – US\$7.2 billion, followed by Electricity (US\$2.6 billion) and Natural Gas (US\$679 million). He regretted however that, an estimated 8.3% of total investment, have either been cancelled or under distress. He noted that even though the NPPPN does not hold as often as required, he hoped that this forum will serve as a boost to the members to resuscitate the forum because doing so will go a long way in helping the states to develop their own PPP framework thereby adapting PPPs as a viable alternative to traditional procurement, especially since government's resources are not enough to meet all critical infrastructure needs.

Continuing, he said the coming together of these groups today will certainly bridge the information gaps in project development, financing, and will enable stakeholders understand what they need to do to ensure that these projects succeed. As the chairman of the NPPFN, the NGF urged delegates to take careful note of all the opportunities that the forum presents, with a view to implementing same in their respective domains. He concluded by thanking the ICRC for their role in putting the event together, and the sponsors for taking Nigeria up on the offer to develop viable projects through PPP.

3.3 Head of Civil Service of the Federation, Dr. Folashade Yemi-Esan - Represented by Mr. James Olowofooyeku, Director Special Duties

The Head of Civil Service of the Federation welcomed delegates to the event, stating that the NPPFN and 3PCUF were both established to serve as platforms where members come together and discuss challenges in their projects, wins, losses, opportunities and possible ways of collaboration with the private sector to develop and deliver infrastructure through PPP.

She noted that over the years, ICRC has been at the forefront of establishing PPPs as the alternative to traditional procurement in Nigeria and ensured that capacity development remains the frontline topic among members of the forum. She added that, most projects have not gone past the development stage due to poor project development, lack of access to financing and limited information on financing options among others. She said that the forum seeks to solve the problems highlighted by helping MDAs and States develop, design and deliver credible, viable and bankable projects through the APPF developed by Afreximbank and financing, provided by PAC Capital. She urged participants at the event to take advantage of the gathering as various stakeholders were present as well as to ask questions that will drive PPPs forward in Nigeria.

In conclusion, she thanked ICRC and the event sponsors for convening this all-important forum and encouraged that the forum be organized more frequently.

3.4 President of Afreximbank, Prof. Benedict Oramah - represented Mr. Kofi Adomako, Director Export Finance

The Afreximbank President welcomed delegates to the event. In his remarks he stated that Nigeria abounds with lots of opportunities for Infrastructure development.

He pointed out that the African continent has moved into a new phase with the start of trading under the African Continental Free Trade Agreement (AfCFTA) as the Trade Agreement would come into force in July 2020. The framework protocol for the AfCFTA inches the continent closer to becoming one of the world's largest free trade areas. According to him, we must rise up to this opportunity.

According to him, Afreximbank was not at the workshop to talk too much but to listen to the stakeholders. He wished delegates a fruitful deliberation and promised that in the course of the meeting, details on the activities of Afreximbank would be given.

Afreximbank was hopeful that deliberations ensuing from this forum would make the Nigerian Government pay serious attention to details in developing PPP projects as well as ensure that its PPP officials have the required knowledge and skills to ensure a balance in private and public sector interests.

He concluded by stating that Nigeria was the best place for the development of the Project Preparation Facility.

3.5 Managing Director, PAC Capital Limited, Mr. Eric Okoruwa

Mr. Okoruwa welcomed delegates on behalf of PAC Capital Limited and their partners, to the august event; the gathering of national stakeholders who are frontrunners in the promotion of the Public-Private Partnership (PPP) Initiatives in Nigeria.

He said that the decision as PAC Capital Limited to co-sponsor the forum with Afreximbank was borne out of the vision to promote and support initiatives geared towards solving the age-long infrastructure deficit in Nigeria and the entire African region. He said that while there was no contention that Nigeria is abundantly blessed

with natural resources, complemented by a sizeable human capital; the country has not been able to optimize its full potential and compete effectively in the regional and global space due to its high level of inefficiencies caused by weak infrastructure amongst others.

He insisted that there was no doubt that access to the right financing is key to achieving infrastructure development and one of the models that has worked effectively globally is the PPP model. Continuing, he said, over the years, Nigeria has embraced this model and it has been adapted within the framework of our peculiarity as a nation and in each state with various legislations. Whereas the PPP model opens access to large pool of funding, they have realized that many projects having inherent developmental potentials still do not attract investment because of their poor project preparation phase. This is the lacuna that this event seeks to address.

He said that they were impressed to see the national regulator of the PPP programme, the ICRC champion and initiate a forum like this where various pipeline projects across all the States in Nigeria would be presented for professional guidance towards structuring and the attraction of financing amongst others. The PAC Capital Limited team in collaboration with Afreximbank were at the event to provide the required support for realization of various projects.

He highlighted that PAC Capital Limited is an Investment Banking firm, reputed as a topnotch Financial Advisory and Fund Arrangement Service provider in Nigeria and across the African region. They work with Afreximbank and a number of other multilateral and regional financial institutions such as African Development Bank, Development Bank of Southern Africa, Africa Finance Corporation, institutional investors, Private Equity firms amongst others to raise the required financing that matches the nature of our client's projects.

He concluded by stating that they believed that this session would be very productive and meet the expectation of all stakeholders and they looked forward to working with all during and after the event.

3.5 Executive Governor of Borno State, Prof. Zillum Babagana - represented by Emat Kois, Permanent Secretary, Ministry of Finance

The Governor welcomed delegates to the event, emphasizing that he was glad to align with the quest to bring development closer to the people by using people themselves to deliver it. According to him, the use of PPP for infrastructure development would free up billions of much needed capital which could be used in the development of other critical sectors that are not as attractive for PPP investments.

He highlighted that in the North-East, the private sector has been at the forefront in the bid to restore stability to communities ravaged by insurgency, and they have achieved giant feats in doing so.

He noted that given the right guidance and planning, he believed that PPPs would help shape the future and will determine what development goes where, stating that with the help of reliable guides like the ICRC and Afreximbank , and capital inflow through PAC Capital Limited, the chances for success were high.

3.6 KEYNOTE ADDRESS

The keynote address was delivered by the Secretary to the Government of the Federation, Mr. Boss Mustapha - represented by Mr. B. O. Ogunmefu, Director Office of the SGF.

The Secretary to the Government of the Federation welcomed the delegates to the event, stating that the event was timely and could not have come at a better time; especially at a time when the current administration is working assiduously towards diversifying the Nigerian economy to a more private sector driven economy. He noted that this was recently reiterated by His Excellency, President Muhammadu Buhari at this year's Independence Anniversary Celebration speech as he had always done at different fora in and outside Nigeria.

He went on to state that the diversification of the economy is a business for all and concerted effort was required to channel the nation's resources towards reviving the

abandoned critical sectors of the economy. He also emphasized that PPP will play a critical role in this; and as a result, charged all PPP practitioners to propagate the advantages of PPP over traditional forms of procurement which he opined are prone to inefficiency and corruption.

He charged the audience to learn through this workshop to move towards the private sector partnerships that are more effective, efficient and innovative.

He commended ICRC for their efforts in making available necessary guidelines required to facilitate PPPs in Nigeria and for providing interactive opportunities such as this workshop to aid PPPs practitioners develop viable and bankable projects. He pointed out that PPPs often fail in Nigeria due to poor structuring of such projects which often discourage investors. He urged all stakeholders to always adhere to guidelines in order avoid project failures and attract both local and international investors to boost the economy.

In conclusion, he stated that this annual forum is a valuable opportunity for PPP experts from the MDAs as well as all States of the Federation to learn and share experiences in developing good, viable and bankable PPP projects in order to access available financing for such projects. He thanked the sponsors and organizers for providing an enabling environment towards driving successful PPPs in Nigeria.

4.0 TECHNICAL SESSION

4.1 AFREXIMBANK PROJECT PREPARATION FACILITY (APPF): ACCELERATING BANKABLE PPP PROJECT DEVELOPMENT IN NIGERIA

The technical session involved a presentation by AfreximBank, who provided a brief introduction and background, followed by an overview of the APPF. He highlighted Africa's infrastructure deficit and the impact on trade. According to AfDB, Africa's infrastructure deficit was between USD 130-170 billion per annum. He explained that infrastructure deficit impedes growth by 4-6%.

They outlined some constraints to Private Sector Participation which included:

- Perception of Risk
- Bureaucracy, Red Tape and Long Preparation Cycle

AfreximBank informed participants that the Project Preparation Facility (APPF) was launched to address the immediate need for project preparation activities in transactions aligned to the Bank strategy. The objectives of the APPF include:

- **Focus:** to enhance the financial sustainability of project preparation for projects that promotes Intra African Trade, Industrialization & Export Development activities
- **Partnership & Collaboration:** To leverage on and partner with other project preparation facilities in the African continent and beyond to support preparation of projects in Africa.
- **Linkages:** to enhance linkages between project stakeholders and project financiers to facilitate the identification and mobilization of project preparation financing.

In conclusion he said that the important take away is to note that project preparation is a long and arduous journey and partnerships are key but Afreximbank is open to support innovative approaches that will structurally transform the continent.

Q & A SESSION

1. Question:

Over 20 out of the 36 states in Nigeria have PPP Legislations. Is having a PPP Legislation a prerequisite for support from Afreximbank or just having a PPP unit would suffice?

Response:

Yes, the State must have a PPP Law to enjoy any form of support from the AfreximBank. The projects that AfreximBank would help to develop are those which are of priority to the Government. The commitment should come from the Government. AfreximBank

would only support projects which the Government has a keen interest in, and there must be key alignment between the developers of the project and the Government.

2. Question:

Commercial bank rates are scary. What is the bank rate for the loan which AfreximBank would give to States?

Response:

The rates would not be punitive. Hypothetically, the bank would adopt 7-8% and this would depend on a case by case basis. 8% is just an umbrella figure. However, it would be investigated further. AfreximBank is a development Bank working through commercial operations.

4.2 PAC CAPITAL LIMITED PRESENTATION

The PAC Capital Limited also made a presentation, basically from their Company Profile.

5.0 BREAK OUT SESSIONS

This session highlighted the critical key projects in various sectors of Energy, Transport and Social Infrastructure; by short-listing priority national and sub-national bankable projects. The session comprised of delegates and critical stakeholders. There was consultation on the development of proposed projects for prioritizing bankable projects on infrastructure delivery in Nigeria. Below are some projects according to sectors, being proposed by States and MDAs in attendance.

Energy

State/MDA	Project(s)	Estimated Cost	Stage
Delta	<ul style="list-style-type: none"> ▪ Coal fire Power Plant Project ▪ Sapele-Industrial City Project ▪ Burutu Port Project 	<p>N/A</p> <p>N/A</p> <p>N/A</p>	Development
Bauchi	Yankari Game Reserve Project	N/A	Development

Federal polytechnic Kaduna	Fertilizer Project	N/A	Development
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Transportation

State/MDA	Project(s)	Estimated Cost
Imo State	International Cargo Airport to be upgraded to a Pan-African Cargo Airport Southeast Regional Railway with Fibre Optic System-300km Truck Transit Park at Obinze and Mgbidi	\$ 5.5 Billion
Kogi	Water Blue Economy (Water transportation, sand mining, tourism, multi-modal transport system)	\$4 billion
Yobe	International Cargo Airport in Damaturu to service the entire Northeast zone Trailer Transit Park Potiskum	N25 billion N22 billion
Anambra (ANSIPA)	Enugu-Onitsha Expressway ~113km	\$564 million
Edo	Benin River Port with 40km access road	\$584 million
Oyo	Light Rail Project	\$70 billion
Nigeria Railway Corporation (NRC)	Land Value Capture	N30 billion
Nassarawa	Abuja-Keffi-Lafia Rail	\$ 80 billion
Enugu	9 th Mile (9M) Logistics Park and Bonded Warehouse Terminal Rehabilitation and upgrade of Enugu Water Scheme- Integrated Water Project	\$50 million \$289 million

Social Infrastructure

State/MDA	Project(s)	Estimated Cost
Katsina	Industrial Park 800 hectares	N3.5 billion (State committed N1 billion)
Nigerian Correctional Services	New Correctional Centre (Land Swap)	N14 billion

Small and Medium Enterprise Development agency of Nigeria (SMEDAN)	They have 23 IDCs (Industrial Development Centres) across the country. They are desirous of converting them into 6 (six) commercial industrial clusters.	Fund to prepare full business case
Kaduna Polytechnic	They require investors to participate in the land swap project.	
Sokoto	Advanced Diagnostic Medical Facility. Require Project preparation facility and project development financing	N8 billion

6.0 CONCLUSION

After the break-out session, it was agreed that all States and MDAs with proposed infrastructure projects, fill and submit the project template provided to ICRC for collation, review and copy the AfreximBank and PAC Capital accordingly.

7.0 RECOMMENDATION

ICRC was designated as the clearing house for all projects to be supported by AfreximBank and PAC Capital.

This report was prepared by the Secretariat of the 2019 Joint NPPPN and 3PUCF meeting.

21st November, 2019