



INFRASTRUCTURE CONCESSION REGULATORY COMMISSION

SPEECH BY ENGR. CHIDI K. C. IZUWAH, DIRECTOR GENERAL, ICRC AT THE PRESENTATION OF FULL BUSINESS CASE (FBC) COMPLIANCE CERTIFICATE

FOR THE NIGERIA CORRECTIONAL SERVICE (NCS) SHOE, GARMENT AND LEATHER FACTORIES

Protocol

Controller General, Nigerian Correctional Service
NCS Management Team
Ladies & Gentlemen

I am pleased to be here today to present the Full Business Case Compliance Certificate in respect of the proposed NCS Shoe and Garment Factories, Aba, Abia State and, the Janguza Tannery Factory, Kano, Kano State under PPP arrangements. I would like to start by congratulating the Honourable Minister of Interior, the entire staff of the Ministry and NCS management for the achievements so far recorded towards establishing the shoe, garment and tannery factories in Abia and Kano States respectively through a Public-Private Partnership (PPP) arrangement.

CG Sir, as you are already aware, the proposed PPP arrangement between NSC and Erojim Investments Limited (a local company) and its technical partner, Poly Technologies Inc., Beijing, China, is aimed at establishing a world-class factory using the most modern technology and quality inputs to produce high quality shoe, garments and leather products to meet the demand of NCS and other Ministries, Departments and Agencies (MDAs) whose personnel wear uniforms and make use of other accessories.

This project was competitively procured using the very proven ICRC Swiss Challenge PPP bidding method. This process involves subjecting the private sector initiated proposal to competition to create value for money while ensuring that the private sector takes significant financial risk and creates the efficiency needed to ensure that the project is delivered to time and specifications. The ICRC played a key role as part of her mandate to ensure that the

Nation attracts the required private investment to build our infrastructure stock to further bridge the infrastructure gaps across the country in line President Muhammadu Buhari's commitment to private sector led economic development and inclusive growth.

While I wish to sincerely commend the Comptroller General and his wonderful team for their support, permit me CG to mention the immense support we received from the Head of the PPP in the NCS. It is worthy of mention that the ICRC team worked tirelessly with the Head, PPP Unit in the NCS – Mrs. Christie Obinatu, whose steadfastness and commitment to duty ensured that we achieved our various execution plans. She chaired the various team meetings and spent time coordinating the various stakeholders across the MDAs to ensure that we achieve the result we are seeing of today.

I am delighted to state that the successful start-up of this PPP project will no-doubt lead to the revitalization of Nigeria's shoe, garment and leather industries in compliance with the Federal Government's local content policy initiative encouraging MDAs to look inwards in meeting their basic needs.

As part of the ICRC review process, a due diligence team comprising representatives of the Ministry of Interior (MOI), Nigerian Correctional Service (NCS), Infrastructure Concession Regulatory Commission (ICRC), Federal Ministry of Finance, Bank of Industry and the Transaction Adviser travelled to China in December 2019. The purpose of the trip to China was to ascertain the claims made by Erojim that their technical partner, Poly Technologies based in Beijing has the requisite technical and managerial capacity to provide support for the realization of the proposed factories. The due diligence team also visited Poly Technologies shoe and garment factories in Wenzhou City, China to see the factories' layouts, equipment and interface with the personnel of the respective factories.

In addition, a due diligence was conducted on the Bank of Industry (BOI) Nigeria, the project debt component financier in February 2020 where the BOI expressed its willingness to financially support the project based on terms and conditions to be agreed upon. At the end of the due diligence visit, the team was convinced that Erojim has the technical expertise, managerial capacity and financial resources to invest in the Shoe, Garment and Tannery factories.

CG Sir, the ICRC, upon careful review of the Full Business Case (FBC) report has issued this FBC Compliance Certificate to the Ministry/NCS for the project. The next stage towards actualization of this project is for the CG through the Honourable Minister to secure Federal Executive Council (FEC) approval to enable NCS sign the PPP contract and achieve immediate take-off of the project upon financial close. The project will bring an immediate investment of **N5.089 billion** made up of 80% debt and 20% equity with “**Zero**” financial contribution by the government. This would lead to the creation of 1,290 direct jobs, multiples of indirect jobs locally and savings on foreign exchange demand to procure uniforms abroad amongst other significant benefits to the country.

The key project drivers and benefits include:

- a. The shoe, garment and tannery factories are the best remedy for unemployment because they are labour intensive and create jobs for the masses.
- b. Nigeria has a rich history of livestock and cotton farming, make the shoe, garment and tannery value chain factors enhancement for Nigeria.
- c. Nigeria’s large population, strategic geographical location, ECOWAS membership, and Government’s incentives for the shoe and garment industries which makes this investment compelling.

I will like to conclude by saying that the achievements recorded in course of developing this PPP project is due to the economic reform agenda of His Excellency, President Muhammadu Buhari and we look forward to a formal ground-breaking ceremony to signal the take-off of the project in Aba, Abia State and Kano, Kano State respectively by His Excellency President Muhammadu Buhari very soon.

Once again, I say a big congratulations to you sir and God bless the Federal Republic of Nigeria