



THEME : “ Post Covid-19 Infrastructure Financing in Nigeria: The Capital Market Option”

By J. A. Michael Ohiani

Ag. DG – Infrastructure Concession Regulatory Commission presented at Deutsche Asset Management 1st Qtr Infrastructure Dialogue

In 2005, The ICRC Act was passed to bring about renewed hope in the quest for critical infrastructural development in Nigeria through the use of alternative sources of funding, by attracting private investment capital into infrastructure development. This enables the Private Sector to effectively partner with the Public sector in the provision of critical infrastructure, which the government was unable to provide due to pressure on scarce revenue, through a clear framework which provides regulatory guidance.

. The Act is being amended by the National Assembly to implement improvements observed over the years

ICRC

The ICRC Act 2005



- Establishes the Infrastructure Concession Regulatory Commission (ICRC) Sec. 14.1
- MDAs may enter into a contract with or grant concession to any duly pre-qualified private sector proponent for the financing, construction, operation, and maintenance of any infrastructure that is financially viable or any development facility of the Federal Government. (Section 1.1).
- Empowers the ICRC to;
 - Provide general policy guidelines, rules and regulations.
 - Take custody of every concession agreement entered by the Federal Government
 - Ensure efficient execution of any concession agreement or contract entered by the Federal Government.
- **Section 11 (Arbitrary Variation etc) No agreement reached in respect of this Act shall be arbitrarily suspended, stopped, cancelled or changed except in accordance with the provisions of this Act.**

PPP Framework Nigeria

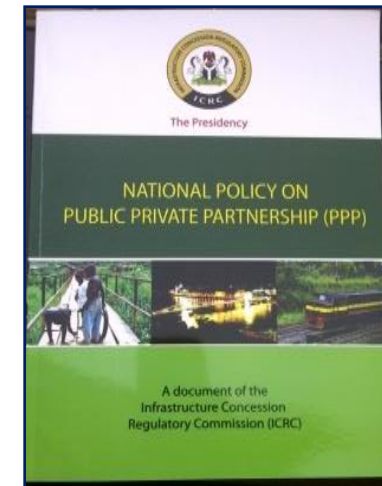
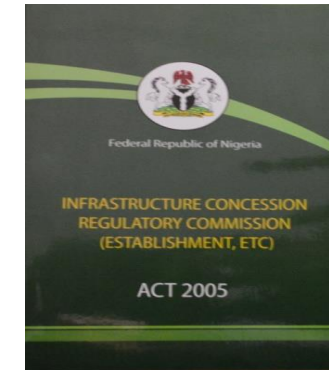


Common Law Jurisdiction – Framework
Precedes the ICRC Act

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

National Policy on PPP (N4P)

Regulations, Guidelines and Circulars.



Nigeria's PPP Journey



- As at March 2022, there are 77 post-contract PPP projects under implementation at the ICRC Projects Disclosure Portal (www.ppp.icrc.gov.ng or www.icrc.gov.ng). The portal is the first disclosure portal in the world, established in collaboration with the World Bank.
- As at March 2022, there are 183 pre-contract projects at Development and Procurement phases at the ICRC website (www.icrc.gov.ng).
- Between 2010 and 2020, under the regulatory guidance of the ICRC, the Nigerian Government has approved PPP projects worth more than USD8 Billion.
- ICRC has issued 121 Outline Business Cases to date
- ICRC has issued 48 Full Business Cases to date

Nigeria's PPP Journey (cont'd)



- ICRC has gazetted the pipeline of eligible PPP projects. This list outlines the projects that have been certified by the MDA's and approved by the Ministry of National Planning as part of the National Infrastructure Master Plan.
- Due to the need to regularize and document all PPP projects in the country including legacy projects, ICRC has issued a regulatory notice to all MDAs to submit details and contracts of all existing PPPs to the custody of ICRC as stated in the ICRC Act.
- ICRC has established a capacity building arm known as the Nigeria Institute of Infrastructure and Public Private Partnership (NII3P), to focus on PPP trainings for MDAs

ICRC

Nigeria's PPP Journey (cont'd)



- The Nigerian Public-Private Partnership Network [NPPPN] was established in 2011 through collaboration between the Infrastructure Concession Regulatory Commission (ICRC), Lagos state PPP office, and the Nigerian Infrastructure Advisory Facility (NIAF) to create a platform for all states heads of PPP units nationwide and meets quarterly
- The Public Private Partnership Units Consultative Forum (3PUCF) is a forum designed to provide a platform for Heads of PPP Units in Federal MDAs for knowledge and experience sharing; ensuring symmetry of effort towards institutionalizing the Federal Government's PPP programme, provision of training and educational intervention among others, and meets quarterly.

Key Benefits of PPPs



1. Rigorous project preparation – since the focus shifts to developing bankable projects
2. Delivery of a whole life solution – going beyond asset creation and including Operation and Maintenance (O&M)
3. 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
4. It is possible to adopt a programmatic approach to infrastructure development and service delivery – various time bound projects can be integrated under a programme and have a time-bound implementation plan
5. Can lead to better overall management of public services – transparency in selection and ongoing implementation

Advantages of PPPs



- Maximizes the use of each sector's strength
- Reduces development risk
- Reduces public capital investment
- Mobilizes excess or underutilized assets
- Improves efficiencies/quicker completion
- Improves service to the community
- Improves cost effectiveness
- Shares resources
- Shares/allocates risks
- Mutual rewards

ICRC

The Investment Gap – Crossing the Bridge



- In the NIIMP, the Private sector is expected to cover 46% of required spend with PPPs playing a key role
- In June 2021, the Federal Ministry of Finance, Budget and National Planning hosted the 2021 to 2025 mid term bilateral engagement plan with the MDAs, represented by the Ministers on their capital expenditure programmes. A key outcome of the engagement is the acceptance of PPPs as a key option to treasury financing of capital projects

ICRC

Nigeria's PPP Journey: Road to a New Future



ICRC gazetted in April 2021, a pipeline of 51 eligible and bankable PPP projects, worth over USD 17 Billion

This list contains the projects from different economic sectors which have been granted the Outline Business Case Compliance Certificates, but which do not have identified bidders.

ICRC

Some PPP Experience From Nigeria

ICRC

MMA2 Airport Concession



- BOT contract agreement between the Federal Airports Authority of Nigeria (FAAN) and Bi-Courtney Limited (BCL)
- Original agreement signed in April 2003 (mainly granting concession to BCL)
- A supplementary agreement signed in June 2004 (mainly increasing construction period from 18months to 33months)
- An addendum Agreement signed in February 2007 (mainly extending concession period from 12 to 36 years)
- Main areas of Dispute:
 - Operation of the GAT by FAAN
 - The Tenure of the Concession (36 Years)
 - The Exclusivity Clause in the agreement
- Lessons
 - Inadequate Experience in Public and Private sectors
 - Political Involvement at the implementation level.
 - Asymmetry of knowledge between concessionaire and Government; No financial model and traffic risks not properly evaluated
 - Not enough due diligence by contracting authority
 - Project Development not thorough



ICRC

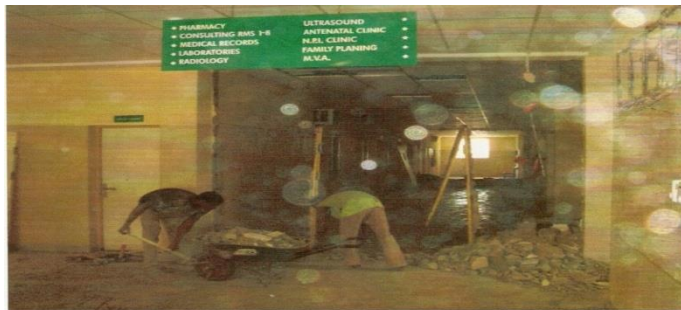
Garki Hospital Abuja



- **Client:** FCT Health and Human Services
- **Sector:** Social Infrastructure~ Health Sector
- **Year the project was signed:** 2007
- This was concession to NISA Premier Hospital Ltd in 2007 for a period of fifteen years (15yrs).
- The introduction of a public private partnership (PPP) arrangement in the hospital has been very effective in the delivery of services. The hospital performed its first successful heart surgery in July 2013 and also performed three (3) successful kidney transplants on the same day in November 2013. The hospital ranks in the top 50 of all evaluated hospitals in Nigeria.



(Cont...)



AFTER



BEFORE



Hydro Power Plants



- **Client:** Federal Ministry of Power
- **Project Name:** PHCN 3 Large Hydro Power Plants
- **Description:** Concessioneering of Kainji, Jebba and Shiroro in partnership with BPE
- **Preferred PPP Model:** Concluded



- **Client:** Federal Ministry of Power
- **Project Name:** Small and Medium Hydro Power Projects
- **Description:** Hydro Power generation of up to 43 mega watts from existing Ten (10) Small and Medium dams
- **Preferred PPP Model:** Rehabilitate/Build Operate Transfer (RBOT) model



Some PPP 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

ICRC

Some PPP Accomplishments – cont'd



12. Development of Bonny Deep Water Port
13. Concession of 18 Agro – silo projects across the Country
14. Transaction process for the Highway Development Management Initiative (HDMI)
15. Presidential Initiative on Custom Modernization “E-Customs Project
16. Abuja – Kaduna railway ticketing PPP
17. The Naval Ship Dockyard, Lagos
18. Development of National Fire Data Repository Centre
19. Deployment of Police Specialised Services Automation project
20. Development of Port Harcourt Railway Industrial Park
21. Rehabilitation, Expansion and Operation of the Nigerian Correctional Service Shoe, Garment and Leather Factories
22. Development, deployment and management of Automated Customs Gateway Portal for Import Duty Exemption Certificate (IDEC) and Imported Vehicle identification Number Registration (VREG)

PPP Support Initiatives



- Nigeria Integrated Infrastructure Masterplan
- Nigeria 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)

ICRC

Critical Success Factors for PPPs



ACCESS TO CAPITAL

Availability of long tenor private capital

INSTITUTIONAL FRAMEWORK

Public sector competence and expertise
to ensure efficient and
effective detailed preparation of projects and
faithful
implementation of transactions

SUCCESSFUL PPPs

POLITICAL WILL AND TRANSPARENT POLICY

A PPP 'Champ' with the transparency
Track record and power to make it
happen cleanly

LEGISLATION

To enable private sector participation in an
efficient and effective manner

...in conclusion



- PPPs offer the Nigeria a dependable and sustainable funding option, increased accountability, accelerated infrastructure provision and faster implementation of projects.
- Nigeria's huge infrastructure deficit is an opportunity to partner on a win win basis with the private sector in virtually all economic and social infrastructure spaces.
- Project preparation and development is key and PPP also stands for Preparation Preparation Preparation

conclusion



God Bless Nigeria and us all.

J. A. M Ohiani

Ag. DG/CEO

ICRC



INFRASTRUCTURE CONCESSION REGULATORY COMMISSION

Plot 1270 Ayangba Street, Near FCDA Headquarters,
Area 11, Garki, Abuja – Federal Capital City.

Phone: +234 9-4604900, E-mail: info@icrc.gov.ng

Website: www.icrc.gov.ng