



TALKING POINT: ON THE IMPLEMENTATION OF AN INTEGRATED SECURE TRACK AND TRACE SOLUTION FOR NIGERIA UNDER A PPP ARRANGEMENT (26th SEPTEMBER, 2022)

Protocols

1. The Management and Staff of the Infrastructure Concession Regulatory Commission (ICRC) commends the unflinching effort of the Federal Ministry of Finance, Budget and National Planning (FMFBNP) desire to engage the private sector for the Implementation of an Integrated Secure Track and Trace Solution under a Public-Private Partnership (PPP) arrangement.
2. The ICRC is an agency of the Federal Government of Nigeria responsible for the development and implementation of Public Private Partnership (PPP) and we are indeed pleased to be part of this laudable project.
3. The Honourable Minister may wish to be aware that the ICRC has been an active partner to the Ministry and we remain steadfast in working with you to bring select PPP projects, on the National PPP Pipeline, to fruition.
4. An Integrated Secure Track and Trace Solution is a system for monitoring in real time the movement of products throughout all stages of the supply chain – from production or import sites to retail outlets – and for identifying where illicit activity has occurred.
5. The proposed solution when implemented will allow the Federal Government of Nigeria to establish effective and non-intrusive controls on a broad range of markets, such as goods and services subject to excise duty, and goods subject to conformity with health, safety and quality standards namely tobacco, alcoholic beverages, beer, sweetened beverages, and telecommunications. Additionally, the solution aims to reduce the levels of counterfeiting, substandard quality, tax evasion and under-declaration in these markets.
6. Objectives/Benefits of the proposed project are as follows: of the project is to
 - a. Implementing a Solution for goods and services subject to excise duties and conformity certification;
 - b. Achieve absolute compliance with applicable regulations that govern goods and services subject to excise duties and conformity certification;

- c. Stem illicit trade and revenue leakages;
- d. Improve revenue generation for the Government;
- e. Ensure circulation of high-quality goods and services;
- f. Achieve economies of scale and synergies amongst Ministry's Agencies;
- g. Enhance technology and knowledge transfer;
- h. Generate employment opportunities.

7. PPP Option Analysis

Based on the OBC, the implementation of the proposed Integrated Secure Track and Trace Solution is based on a Build-Operate-Transfer (BOT) model, with a transfer to the governmental authority at the end of the contract.

8. Project Cost:

The initial investment cost is estimated as **\$152m** comprising of **\$111m for production control equipment, \$8m for IT infrastructure for central data repository, \$6m for spare parts and supply chain equipment, \$4m for office facilities and equipment, and \$23m for working capital.**

9. Concession Period:

The Private Partner would finance, develop, and operate the System over a concession period of **20 years** and transfer the System infrastructure to the government at the expiration of the concession period, during which they would be entitled to recoup the investment in terms of meeting financial obligations through the charges from the provision of the secure track and trace services

10. Based on the findings and our review of the business case, the Commission issues the Federal Ministry of Finance, Budget & National Planning an OBC Certificate. As is required by the ICRC, for the project to obtain the Full Business Case (FBC) certificate of compliance, full negotiations on the project should be carried out with the project proponent.

11. As part of the procurement process and in compliance with the Secretary to the Government of the Federation (SGF) directive via Circular referenced SGF/S.52/III/652 dated 11th January, 2017, that all procuring entities to always conduct post-qualification/due diligence on recommended company for consideration for award of contract, due diligence would be carried out on the project proponent and other necessary mandatory compliance checks to further guarantee the integrity of the proponent's capacity to deliver both technically and financially.

12. After the conclusion of negotiation and due diligence with the private partner, the FMFBNP will submit a Full Business Case (FBC) report with an updated financial model

which is required to be submitted to the ICRC for review and certification before presentation to the Federal Executive Council (FEC).

Thank you and God bless you all.