

“Public Private Partnership That Works”

**A Presentation at the
Workshop on Strategic Thinking for Managing Challenging Times &
Creative Financing of Higher Education in Nigeria**

**By J. A. Michael Ohiani
Ag. DG – Infrastructure Concession Regulatory Commission**

Outline



1. Background and Infrastructure Deficit Challenge
2. ICRC, Nigeria's PPP Framework
3. Nigeria's PPP Journey
4. PPPs ~ Key Benefits, Advantages, Critical Success Factors, Support Initiatives
5. Some PPP Experiences From Nigeria
6. Some PPP Accomplishments
7. Case Study of a PPP Project at the University of Abuja
8. Conclusion



Background

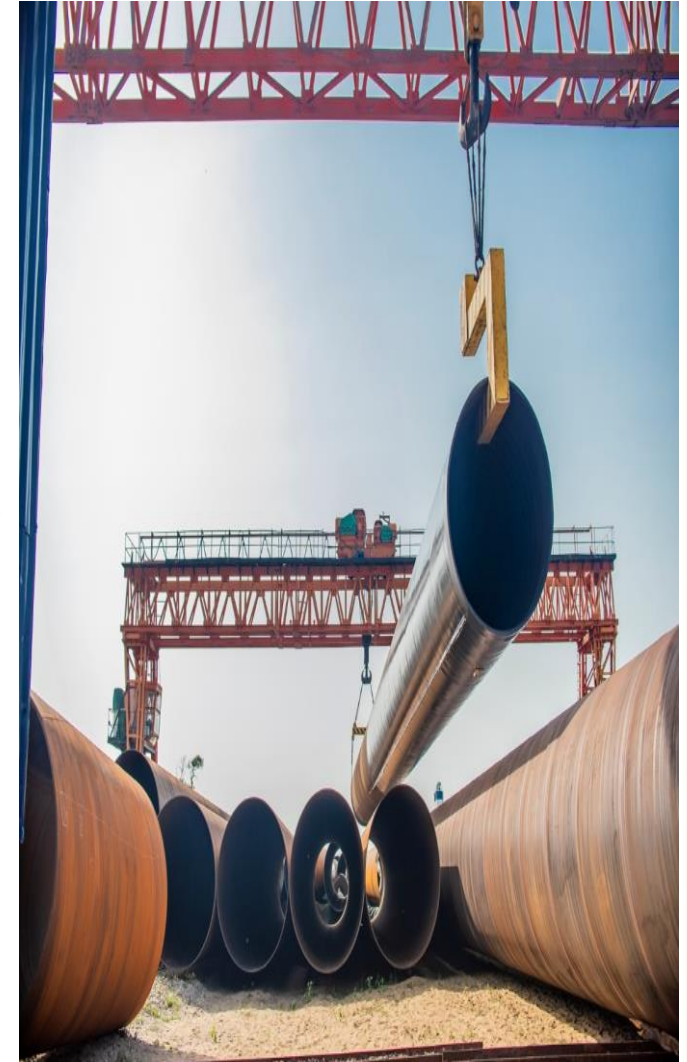


- Nigeria is currently faced with huge infrastructural gap that has hindered its desire to exploit its rich natural and human resources to stimulate its development: For instance, in spite of the country's huge oil and gas, sunlight and hydro resources, Nigeria cannot generate enough electricity to drive its development.
- According to the African Development Bank Group (AfDB) the estimated financing requirement to close Africa's infrastructure deficit amounts to USD 93 billion annually until 2020.
- According to the Debt Management Office of Nigeria, capital investments of over \$100 billion, excluding routine maintenance and operating costs, are required to close the yawning infrastructure gap.
- The adequacy and sustainability of infrastructure helps to determine a country's success or failure in diversifying production, coping with population growth, reducing poverty, improving environmental conditions, etc.

The Infrastructure Deficit Challenge



- ❑ Capital investments in infrastructure have been widely recognized as a veritable route for engendering sustainable economic development and inclusive growth.
- ❑ Linkages between economic growth / sustainability and infrastructure development, are validated by the observation that “**developed economies typically record core infrastructure stock value of about 70% of GDP** (roads, rail, ports, airports, power, water, ICT), with power and transportation accounting for at least 50% of total volume.
- ❑ In contrast to international benchmarks, **Nigeria’s core infrastructure stock is estimated at about 20% to 25% of GDP**, for which the National Integrated Infrastructure Master Plan (“NIIMP”) estimates that about USD33 – 35 billion is required annually over the next 5years to sustain robust economic growth, in the near term, and USD3trillion is needed over 30 years.
- ❑ With fiscal and budgetary funding constraints plaguing governments at all levels, the *cold reality* is that **private participation in infrastructure is an economic necessity**, rather than an optional financing solution, as hitherto considered.

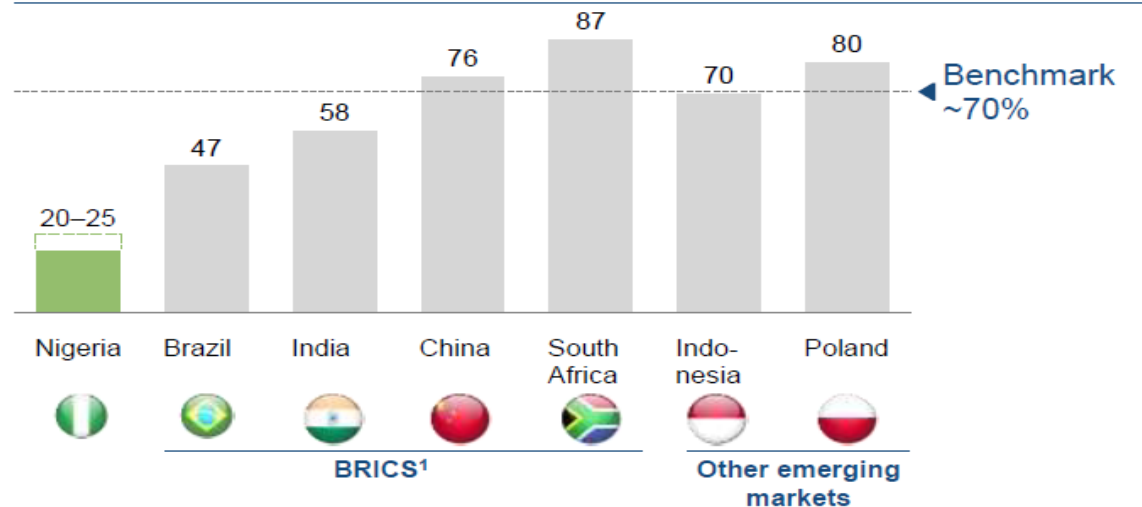


The Investment Gap (The NIIMP)



- ❑ Nigeria's NIIMP states that *developed economies typically record core infrastructure stock (includes roads, rail, ports, airports, power, water, ICT) of value of about 70% of GDP, with power and transportation infrastructure usually accounting for at least half of the total volume*
- ❑ In sharp contrast Nigeria's core infrastructure stock is estimated at about 20% to 25% of GDP (now less than 15% after Naira devaluation.)
- ❑ Nigeria's infrastructure stock is lagging far behind other emerging economies with similar demographics
- ❑ USD 3 Trillion plus projected over 30 years to address our infrastructure challenge

Total core infrastructure stock
% of GDP



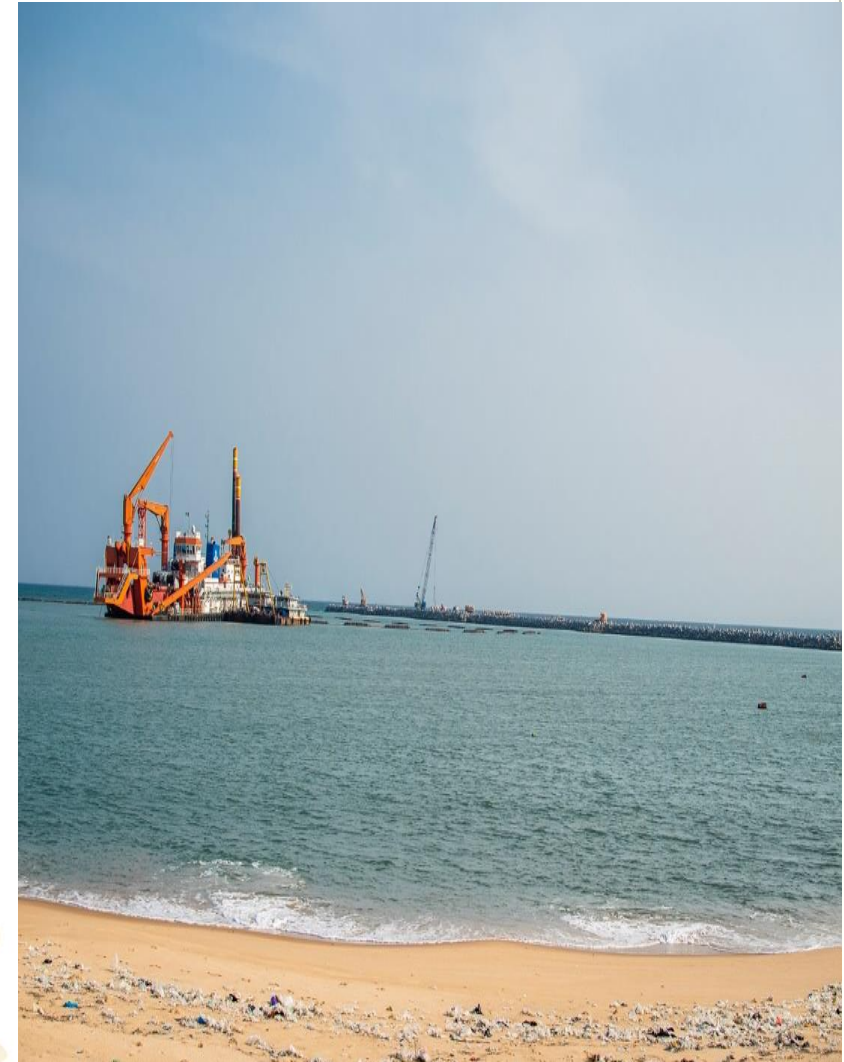
Source: ITF; Global World Index; IHF Global Insight; McKinsey Global Institute analysis

Infrastructure Concession Regulatory Commission



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.

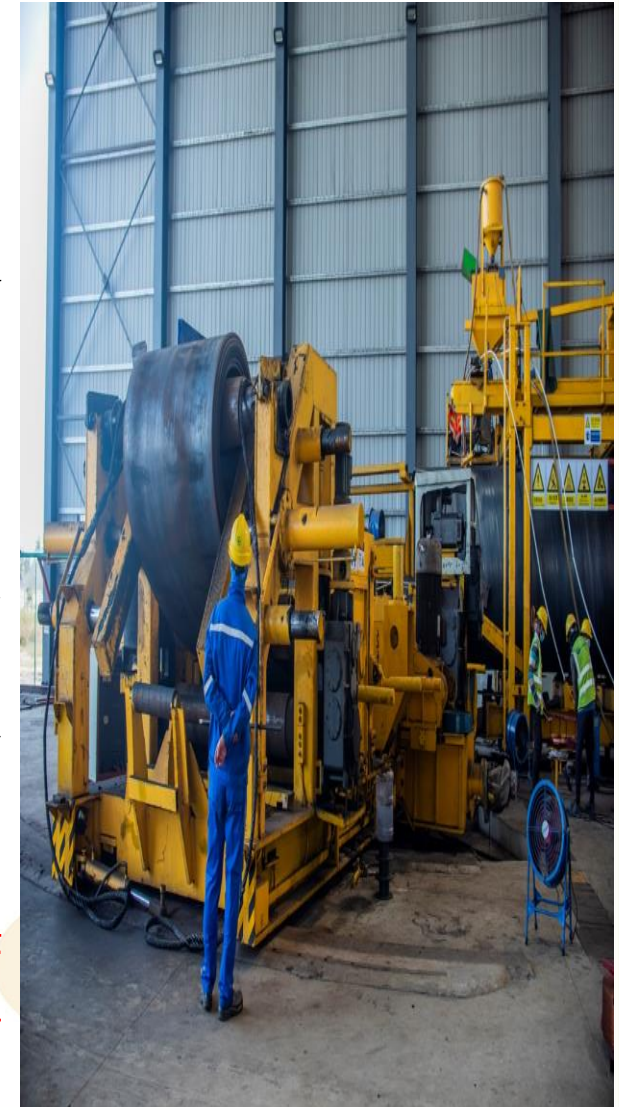
The Act is being amended by the National Assembly to implement improvements observed over the years



The ICRC Act 2005



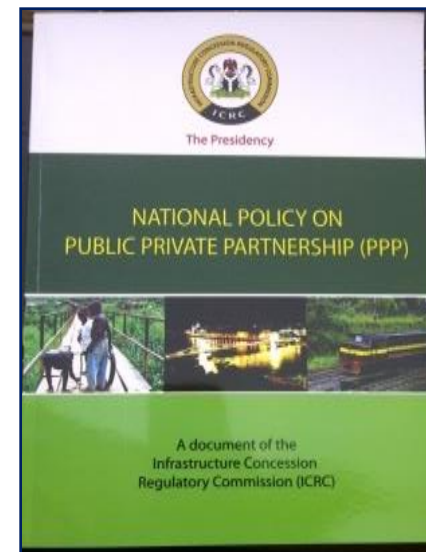
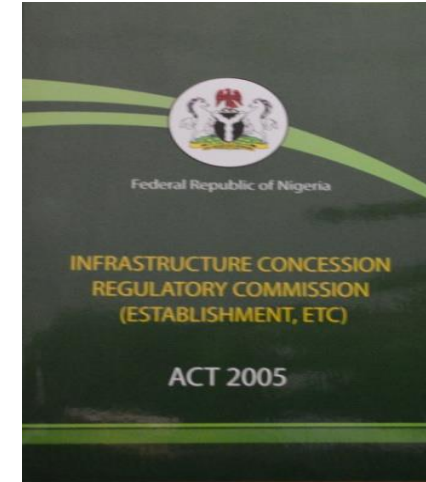
- Establishes the Infrastructure Concession Regulatory Commission (ICRC) Sec. 14.1
- MDAs may enter into a contract with or grant concession to any duly pre-qualified private sector proponent for the financing, construction, operation, and maintenance of any infrastructure that is financially viable 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.**



Nigeria's PPP Framework



- 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 September 2021, there are 73 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 September 2021, there are 175 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 109 Outline Business Case Compliance Certificates to date
- ICRC has issued 43 Full Business Case Compliance Certificates to date

Nigeria's PPP Journey (cont'd)



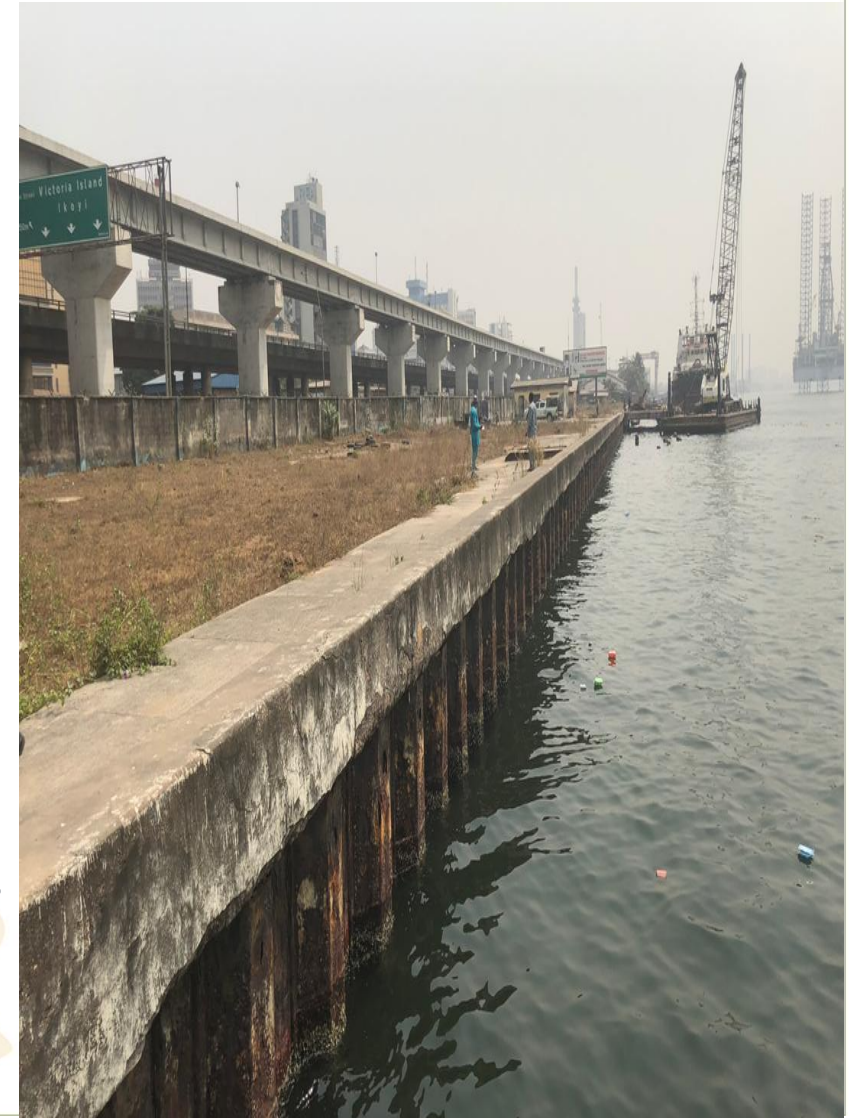
- ICRC gazetted in April 2021, a pipeline of 51 eligible PPP projects. This list outlines the projects that have received Outline Business Case Compliance Certificates, but which do not have identified bidders.
- Due to the need to regularize and document all PPP projects in the country including legacy projects, ICRC issued in 2021 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 established in 2019, a PPP Capacity Building arm known as the Nigeria Institute of Infrastructure and Public Private Partnership (NII3P), to focus on PPP trainings for MDAs



Nigeria's PPP Journey (cont'd)



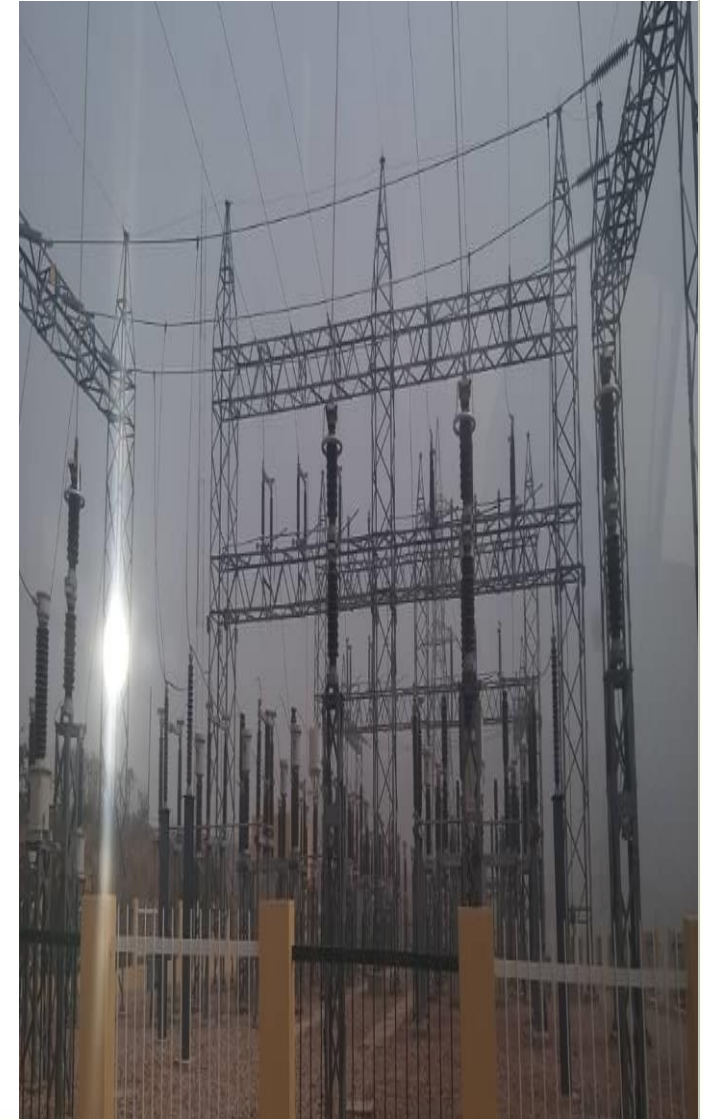
- The Nigeria Public-Private Partnership Network (NPPPN) was established in 2011 through collaboration between the ICRC, Lagos state PPP office, and the Nigerian Infrastructure Advisory Facility (NIAF) to create a platform for all States (sub-nationals) Heads of PPP units nationwide and meets quarterly, under the Chairmanship of the NGF.
- The Public Private Partnership Units Consultative Forum (3PUCF) was established in 2013 as 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 FGN PPP programme, provision of training and educational intervention among others, and meets quarterly', under the Chairmanship of the OHCSF



Key Benefits of PPPs



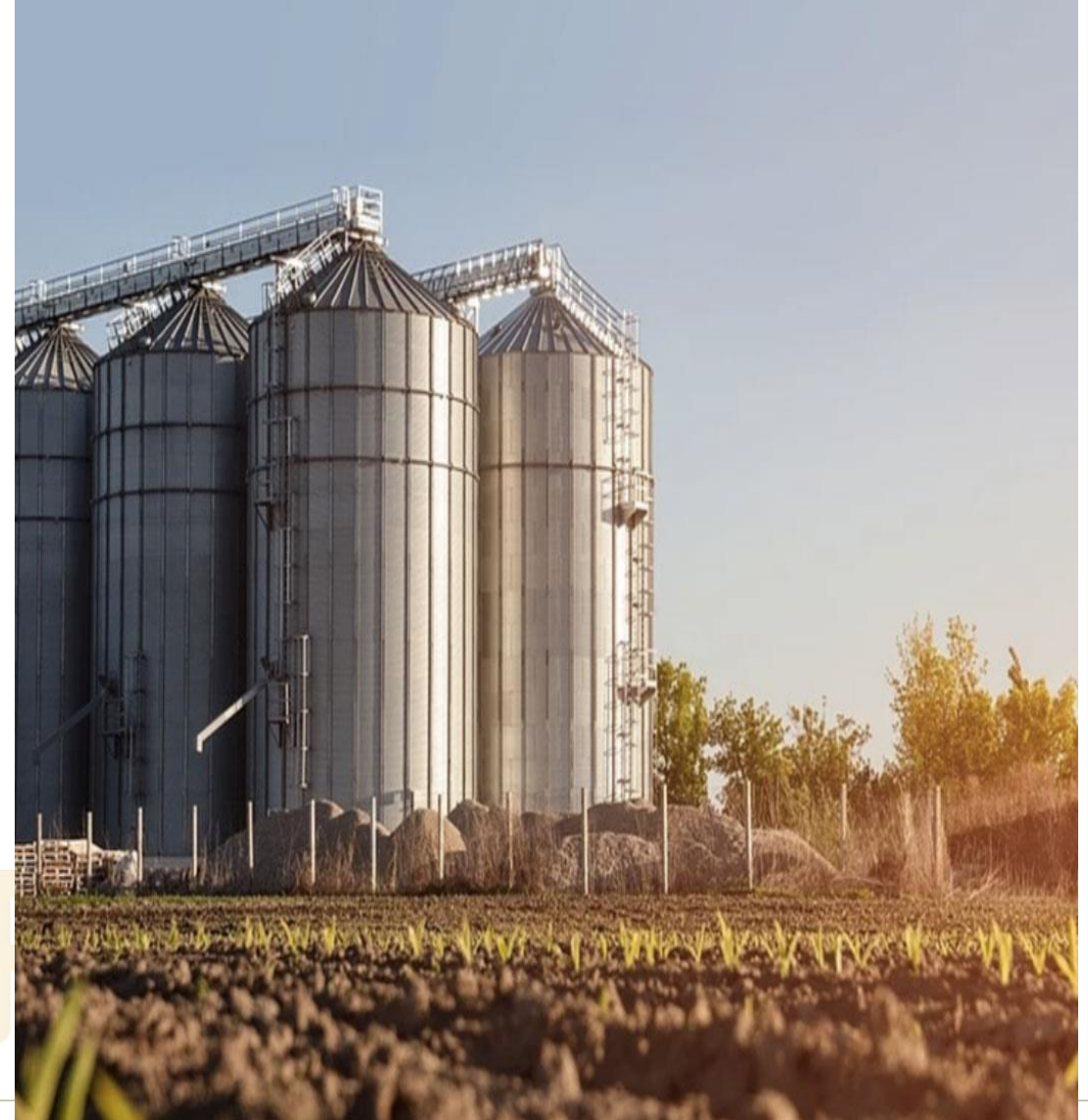
1. Rigorous project preparation – since the focus shifts to developing bankable projects
2. Delivery of a whole life solution – going beyond asset creation and including Operation and Maintenance (O&M)
3. Focus shifts to service delivery – construction responsibility is integrated with O&M obligations 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



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

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)



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

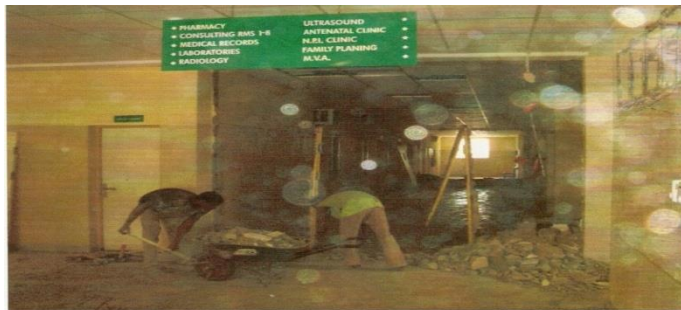
Garki Hospital Abuja



- **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 Hyrdro Power Plants
- **Description:** Concessioneing 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 Power Plant
9. Gurara Hydro O & M
10. AKK Pipeline
11. Farm Mechanization PPP
12. Development of Bonny Deep Water Port

Some PPP Accomplishments – cont'd



13. Concession of 18 Agro – silo projects across the Country
14. Transaction process for the Highway Development Management Initiative (HDMI) across the country
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)

Some PPP Accomplishments – cont'd



- 23. Ekiti State and FGN (NAEC) Collaboration to use atomic energy to reduce Post Harvest Losses
- 24. Establishment of Multi-Specialist Hospitals (MSH) and Intravenous Fluid (IVF) Plants by NNPC Medical Services
- 25. Rail line linking the South South Nigeria with the North East

ICRC

Procedures for Approval of PPP projects



- All PPP projects are approved by the Federal Executive Council before a contract is signed.
- Outline Business case is approved by ICRC and awarded a certificate of Compliance that will enable the MDA proceed to procurement of a PPP component.
- A Full Business case is subsequently submitted for a further review and certification by ICRC
- The Full Business Case and certificate of compliance are then submitted for a final approval by the Federal Executive Council.

ICRC

Case Study of a PPP Project at University of Abuja



- **Project Overview Information:**

The University of Abuja is an institution of higher learning established by the Federal Government of Nigeria vide Decree 110 of 1992 as amended. The University had earlier identified the building of 2Nos 400 room student hostels as one of its signature and priority projects as a means of improving on-campus accommodation through PPP. The project is to be concession for a period of 20 years and would be executed by a private capital to the tune of about **N1.8 Billion Naira**.

Some of the benefits of hostel accommodation include but is not limited to the following:

- **Aiding reading and learning:** living in the hostel and on-campus hostels enhances the desire to read and concentrate on learning. There are fewer distractions as students are less distracted than those in off campus accommodation.

ICRC

Case Study of a PPP Project at University of Abuja – Cont'd



- Security: There have been reported cases of rape, attack, robbery and killing of student living off campus. Students are more secured on campus. This is because institutions maintain security personnel on campus and do monitor the activities of students. Universities have campus police that patrol around the units on every campus.
- Extracurricular Activities: Students in hostels have a greater opportunity of participating in sports, games, club, and other extra-curricular activities.
- National Integration: Students' hostel is a melting pot of culture. What better way to get to learn about other people's beliefs and traditions than to live in an environment in which everyone around you has freedom to express themselves.

Recent Development:

- The Outline Business Case Compliance Certificate was issued on 23rd September, 2020, this certificate is valid for 12 months from the date indicated.
- The University has issued RFQ advert on the 24th November, 2020 in four national dailies which included: The Guardian, Daily Times, Daily Trust, Federal Tenders Journal

Case Study of a PPP Project at University of Abuja – Cont'd



- The RFQ was republished on the 7th of December 2020 with the expected Bid closing slated for the 18th January 2021 and the Commission was represented.
- At the time of bid closing 20 prospective bidders submitted their bid and Bid evaluation Committee commenced their work on 22nd of January 2021.

Next Steps

- The next step to be followed towards the realization of the project are sated below.
 - a) Need for the University to adequately fund the PPP unit to enable it perform its functions efficiently and effectively to achieve the desire result.
 - b) Need for regular training and capacity building for the PPP unit and other project departments
 - c) Need to see the allocated land proposed for the hostel project
 - d) A project completion proposed timeline should be redeveloped by the TA

Case Study of a PPP Project at University of Abuja – Cont'd



PPP OPPORTUNITIES IN UNIABUJA

As PPPs are about equitable risk sharing; innovation; service delivery and private financing, opportunities abound for private sector participation in the University of Abuja.

- Upgrade and Renovation of Staff accommodation and hostel facilities to make them comfortable and conducive with the functional facilities like Power, CCTV, Access control, etc
- Provide a seamless transportation for students within and outside the campus on departure and arrival to the various destination
- Access to good medical facilities while in the campus through the provision of Mobile Medical Unit (MMU)
- Qualitative Catering services
- Use of ICT to enhanced the operations and e-learning

...in conclusion



- PPPs offer the country 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, especially as it offers creative financing of Higher Education in Nigeria
- Project preparation and development is key and PPP also stands for Preparation Preparation Preparation





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