

# Infrastructure Concession Regulatory Commission



## Overcoming Infrastructure Challenges to boost Manufacturing Activities in Nigeria

Delivered at the 35<sup>th</sup> AGM of the Manufacturers' Association of Nigeria (Imo/Abia Chapter)

By

**Barr. J. A . Mike Ohiani**  
**Director General / CEO, ICRC**  
2<sup>nd</sup> September, 2022

# MAN Programme Card



**MANUFACTURERS ASSOCIATION OF NIGERIA**  
**IMO/ABIA BRANCH**

*Cordially invite you to her*



**THEME:**  
**OVERCOMING INFRASTRUCTURE CHALLENGES TO  
BOOST MANUFACTURING ACTIVITIES IN NIGERIA**

**Date:** Friday September 2nd 2022

**Venue:** Gold Crown Hotel Ltd, PH Rd. Ow. Imo State

**Time:** 12:00 noon Public Session

**Host**

**Dr Jude ELUMA MSc, Ph.D, LL.M, BL**  
Chairman Imo/Abia

**Organizer**

**Prince Obasi Uba Jnr.**

Vice Chairman (09091111170)

**Guest Speaker**

**Mr Mike Joe A. Ohiani**

DG Infrastructure Concession  
Regulatory Commission ICRC



- Infrastructure & Manufacturing
- The Infrastructure Investment Gap
- Public Private Partnerships
- PPP LIR Framework in Nigeria
- Infrastructure Concession Regulatory Commission
- Nigeria's PPP Journey

# INFRASTRUCTURE & SOME QUOTES

***“Infrastructure is the biggest challenge to growing the Nigerian economy, Vision 20:2020 is not possible without a significant up scaling of Nigeria's infrastructure”***

HE Chief Ernest Shonekan

If you want to become rich, build a road first – Chairman Mao

1% increase in infrastructure stock results in a 1% increase in  
GDP – World Bank

# INFRASTRUCTURE

## SOME DEFINITIONS ~ INFRASTRUCTURE

- Infrastructure refers to those physical structures that facilitate the production of goods and services, without themselves being part of the production process.
- Often referred to as the ‘stock of capital goods’, they include highways, airports, harbors, utility production and distributive systems, water and sewer systems, communication networks and energy networks.
- An access road to an agricultural community facilitates speedy evacuation of agricultural products, but does not form part of the agricultural process itself.

## ...the paradox of the Nigerian economy

- Nigeria's potential for economic development is stymied by a huge infrastructure deficit, particularly in transport and power.
- Nigeria is the 13<sup>th</sup> largest oil and gas producer, yet lacks fuel to generate electricity
- The cost of doing business in South Africa is 2% of sales compared to 16% in Nigeria (World Bank ). Most of these on-costs are infrastructure related.
- Agriculture contributed over 40% of real GDP 2007 and 45% of real GDP growth in 2008, whereas oil and gas respectively contributed only 18% and 6 per cent.
- Manufacturing represents only 4% of real GDP and manufactured goods account for 25% of the total value of imports compared to 1% for petroleum products.

# INFRASTRUCTURE AND DEVELOPMENT

## STATE OF INFRASTRUCTURE IN NIGERIA~ 1

- Nigeria is a major oil producer and exporter over four decades;
- Over this period, expenditure on infrastructure is over 14 trillion naira;
- Nigerian's stock of basic infrastructure remains obsolete, dilapidated and poorly maintained;
- Where they exist, they are inadequate, unreliable and provide only limited coverage;
- Water supply, sewerage, sanitation, drainage, roads, electricity, waste disposal and most urban infrastructure, all suffer from years of serious neglect and under-funding;
- Periodic and routine maintenance, which ought to be the most cost-effective infrastructure spending, is almost zero.
- There is limited private sector participation due largely to weak or non-existent legal, institutional and regulatory frameworks





# .....SCHOOLS



IC

Where We May be



Where We Want To Be





## Where We Are



## Where We Want To Be



IC

3/18/2010



## Where We Are



## Where We Want To Be



IC

# WATER SUPPLY





# Power Supply



# Manufacturing & Infrastructure



Manufacturing is “a system of value-creating activities required to develop, produce and deliver goods and services to customers. Activities may stretch from R&D at one end to recycling at the other.” Key in this definition is a process of transforming inputs into a finished product

Two important points need to be made about this definition of manufacturing. First, whilst these are considered finished products of a particular process, they are also often used as intermediate inputs into other finished products. Computers are inputs into transportation equipment manufacturing, chemicals are used in agricultural production, fabricated metals are used in construction, and so on.

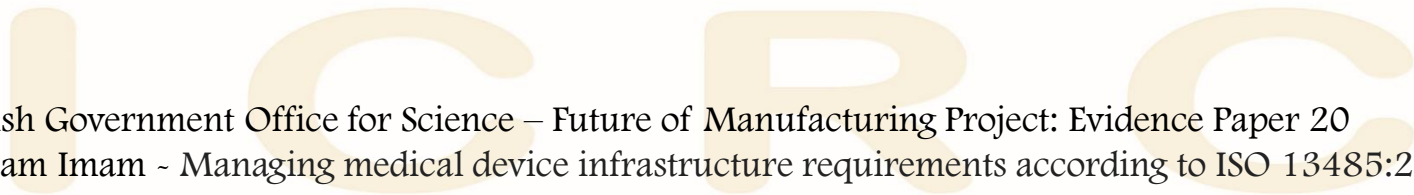
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# Manufacturing & Infrastructure



Infrastructure" refers to long-lived and costly capital assets often with complex design architectures that are required for economic growth and development in the public and private sectors(1)

The manufacturing, design, or supply of any product or service needs an infrastructure – without infrastructure, no firm can carry out its activities. Infrastructure includes buildings, workspaces, utilities, process equipment, instruments, information technology systems, and transportation mechanisms(2)



Source: 1. British Government Office for Science – Future of Manufacturing Project: Evidence Paper 20  
2. Wasam Imam - Managing medical device infrastructure requirements according to ISO 13485:2016

# Infrastructure Challenges to Manufacturing in Nigeria



Manufacturing industries in Nigeria are faced with a lot of infrastructural challenges. The main issue that hinders manufacturers in Nigeria is the access to uninterrupted power supply.

The use of alternative power such as Diesel generators can exorbitantly increase the cost of production by a magnitude which discourages manufacturers.

Other infrastructural issues faced by the manufacturing companies include bad roads, poor storage facilities.

These factors largely cripple the productivity of the manufacturing sector.

Source: <https://infoguidenigeria.com/15-problems-nigeria-manufacturing-sector-solutions/#:~:text=Production%20%26%20Manufacturing~,15%20Problems%20Of%20Nigeria%20Manufacturing%20Sector%20And%20Possible%20Solutions,~Popular%20opinion%20says>

# Some Recommended Solutions



The government should endeavour to provide adequate infrastructure like electricity, good road network, rail and water transport facilities, improved communication infrastructures to facilitate the production and movement of goods.

**This leads us to the current situation.....**

Source: <https://infoguidenigeria.com/15-problems-nigeria-manufacturing-sector-solutions/#:~:text=Production%20%26%20Manufacturing~,15%20Problems%20Of%20Nigeria%20Manufacturing%20Sector%20And%20Possible%20Solutions,~Popular%20opinion%20says>



# The Investment Gap

Investment required to meet V20:2020 targets in key sectors;

Power: Generate  
40,000MW by 2020

▪ **\$35 billion  
required**

Railways:  
Rehabilitate existing  
lines and build new  
lines

▪ **\$13 billion  
required**

Ports: Develop a deep  
Sea Port and improve  
services in existing  
Ports

▪ **\$5 billion  
required**

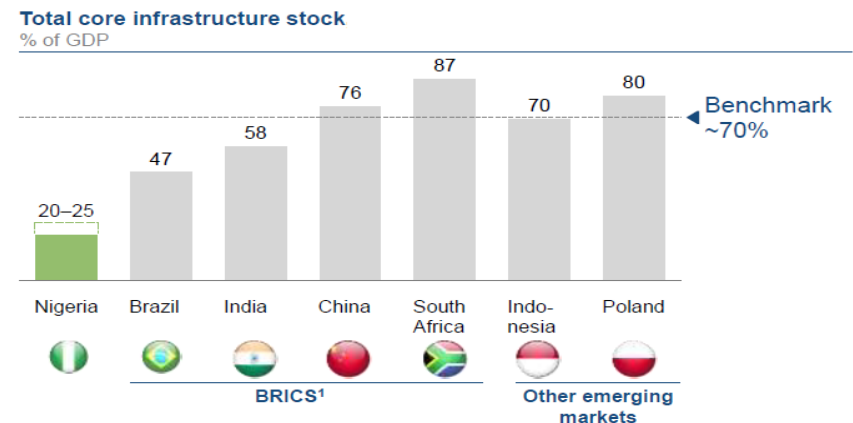
Roads: coastal road  
and other key  
Highways

▪ **\$3.5 billion  
required**

- Required investment is beyond Public sector Resources
- Catalysing Private Sector financing is Inevitable
- Concessions (and other forms of PPP) are unavoidable

# 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



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

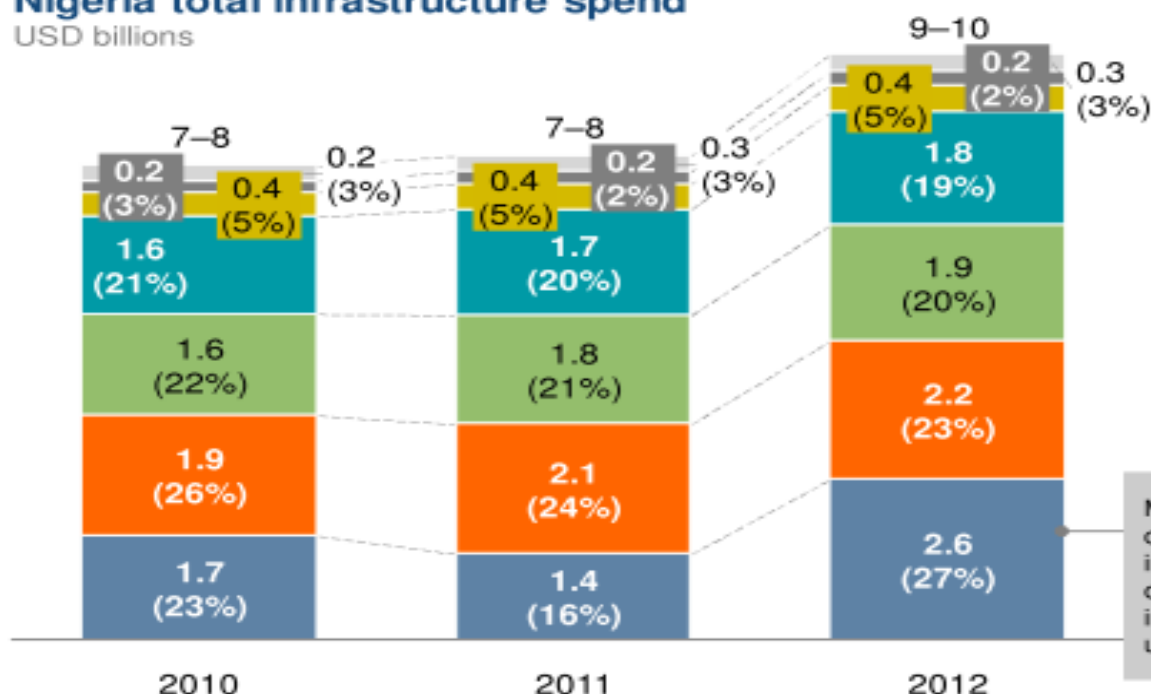
## Nigeria currently spends USD 9–10 billion p.a. on infrastructure

Vital Registration & Security
  Social Infrastructure
  Agriculture, Water & Mining
  IC

Housing & Regional Development
  Energy
  Transport

### Nigeria total infrastructure spend

USD billions



**Public spend** (at both federal- and State-level) represents ~54% of total investment in infrastructure (predominant in Transport or Energy). **Private investment** (~46% of total) predominant in ICT (>90%) [see page 31]

Most of spend increase in 2012 coming from communication infrastructure, as private operators ramp-up investments in network expansion and upgrade (e.g., 3G, back-haul)

SOURCE: NIP; AfDB; States Infrastructure & Regional Development TWG; Governors Forum

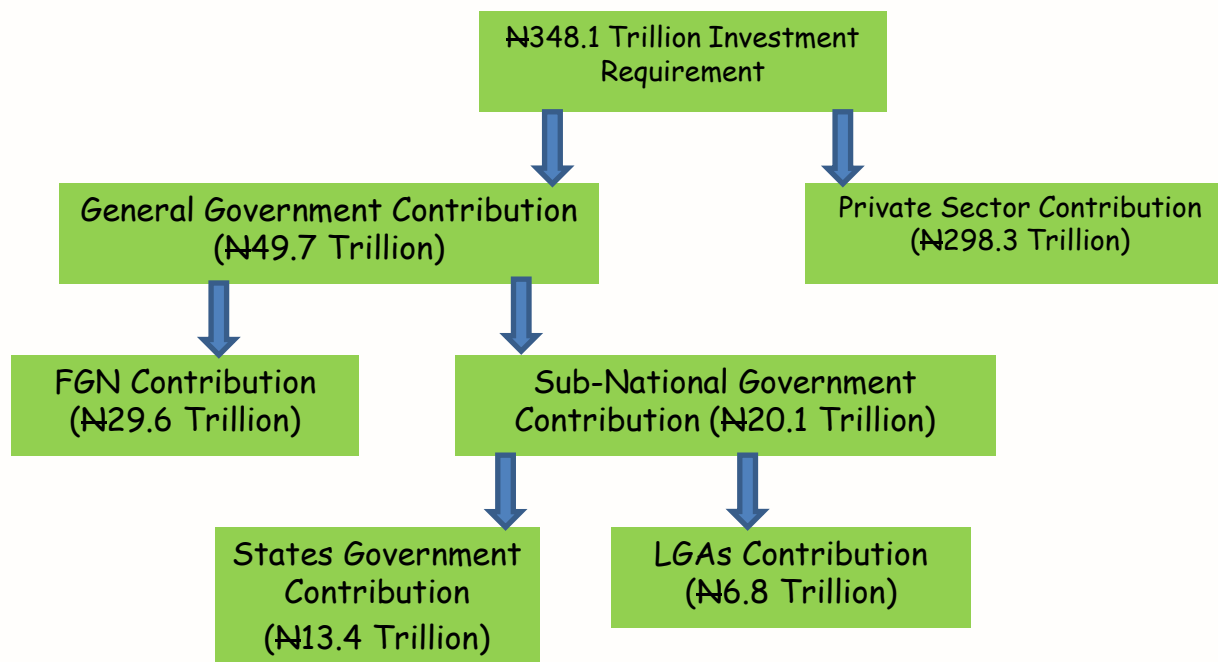
# The Nigerian Infrastructure Scorecard Report 2017



- The overall rating of Nigeria's infrastructure was Nigeria's infrastructure was F1 – Unfit for Purpose. This rating is a further drop by 2 points from E2 in the previous rating carried out 2 years ago (2015). This rating generally portrays a perceived decline in the state of Nigeria's infrastructure.
- As it was observed in the previous edition, operations and maintenance standards for existing infrastructure is unfit for purpose dropping from a poor state (E2) in 2015 to F2 in 2017. Perhaps, this can be deduced to be responsible for the decline in infrastructure rating from previous rating due to the non-existing maintenance standard in place.

(The above is part of the Executive Summary on page 20 of the Scorecard, as published by the Nigerian Society of Engineers)

# Mid-Term National Development Plan 2021 – 2025



## Financing the Plan: Planned Investment

—  
Source Federal Ministry of Finance, Budget & National Planning, 2021



# The Revised NIIMP (2020 – 2043)



In June 2022, the Federal Ministry of Finance, Budget and National Planning launched the revised National Integrated Infrastructure Master Plan (NIIMP 2022) which showed a requirement of an investment of about USD 2.3 trillion within 23 years (2020 – 2043) to bridge the infrastructure gap

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# Some Present Options to the Government



- Borrow more Funds
- Seek further repatriation of national funds
- Seek further foreign intervention
- Raise more bonds, Sukuk, etc.
- More Tax Credit schemes
- Further Privatization of SOEs
- Public Private Partnerships – solicited proposals

# Some Present Options to the Private Sector



- Engage in infrastructure development as part of the larger and long term goal
- Value chain production processes
- **Government Public Private Partnerships – solicited and unsolicited proposals**

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# Definition of PPP

A Public-Private Partnership is a contractual agreement between a public agency (federal, state or local) and a private sector entity. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility (Nat. Council on PPP USA)

Wide  
Infrastructure  
Gap

Growing demand  
for private sector  
participation in  
infrastructure

Small and  
depleting  
Government  
resources

Urgent need for  
alternative funding of  
Infrastructure

The goal is to combine the best capabilities of the public and private sectors for mutual benefit

# PPPs are Fundamentally Different

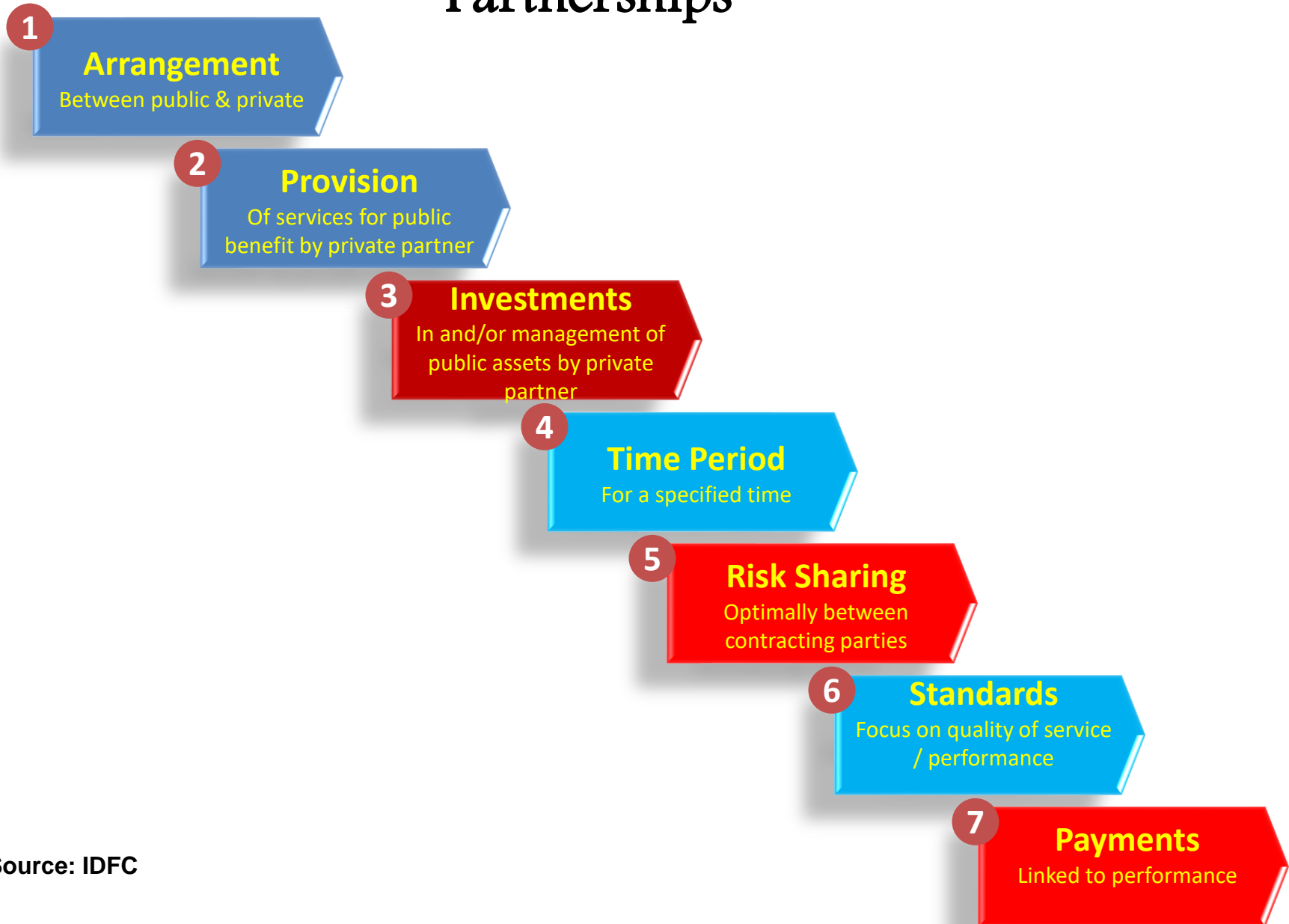
- Formal contract between public and private partner (over the years duration the service will be provided) – usually multiple years duration
- Entered through competitive procurement
- Using output specification – government specifies ‘what’, private sector can define ‘how’
- With suitable risk allocation between parties
- Putting private investment at risk
- With regulation or contract management of performance of the private partner

## Example

- Government defines output = connection to let 1,000 vehicles p.d. travel between islands
- Government tenders for best solution over 30 years – e.g. ferry, tunnel, bridge??
- Government enters 30-year contract with private company
- Private company designs, builds, finances bridge, then operates and maintains it for 30-years
- Private company receives payment if the bridge works and is available for traffic
- Government checks on safety and availability
- If the bridge is closed, or unsafe, the private company loses money



# 7 Essential Conditions That Define Public Private Partnerships



# Public Private Partnerships

## ... Key principles from National PPP Policy

- **Value for Money**  
Cost, risks and service quality
- **Public interest**  
Adequate consultation with end-users and other stakeholders
- **Output requirements**  
Clear and verifiable service standards for output specifications.
- **Transparency**  
Transparency and probity can reduce concerns over corruption.
- **Risk allocation**  
Risks allocated to the party best able to manage them.
- **Competition**  
Ensuring and enforcing adequate competition procedures & laws.
- **Capacity to deliver**  
Partners must have adequate capacity to deliver and manage the EPC & commercial processes

# PPP PROJECTS MUST BE BANKABLE & AFFORDABLE

- $IRR > \text{Weighted Average Cost of Capital}$ 
    - $RoE > \text{Shareholders Requirement}$
  - $\text{Debt Service Cover Ratio} > \text{Bankers or Lenders Requirements}$ 
    - $\text{Loan Life Cover Ratio} > \text{Bankers or Lenders Requirements}$
- Focus on not just comparative but competitive advantage !!

Ideas don't get funded bankable projects get funded.

You must take to market projects with robust cash flows and cost reflective returns

# What a PPP is & what it is not

**1. PPP is not privatisation or disinvestment**

**2. PPP is not about borrowing money from the private sector**

**3. PPP is more about creating a structure**

... in which greater value for money is achieved for services

... through private sector innovation and management skills

... delivering significant improvement in service efficiency levels

**4. This means that the public sector**

... no longer builds roads, it purchases kilometres of maintained highway

... no longer builds prisons, it buys custodial services

... no longer operates ports but provides port services through world class operators

... No longer builds power plants but purchases power

# Why Public Private Partnerships

- PPPs fill a critical resource and expertise gap in infrastructure procurement, delivery and operation
- PPPs engender accelerated procurement of infrastructure and services (additionality)
- PPPs promote faster implementation of projects, and reduced **lifecycle costs and operations /mtce** due to private sector efficiencies
- PPPs provide for better risk allocation between public and private sectors, thus offering a better and sustainable incentive to perform
- PPPs engender accountability in resource utilization and also improve the overall quality of service
- PPPs often lead to the generation of additional revenue and overall value for money for the entire economy

# Characteristics of PPPs

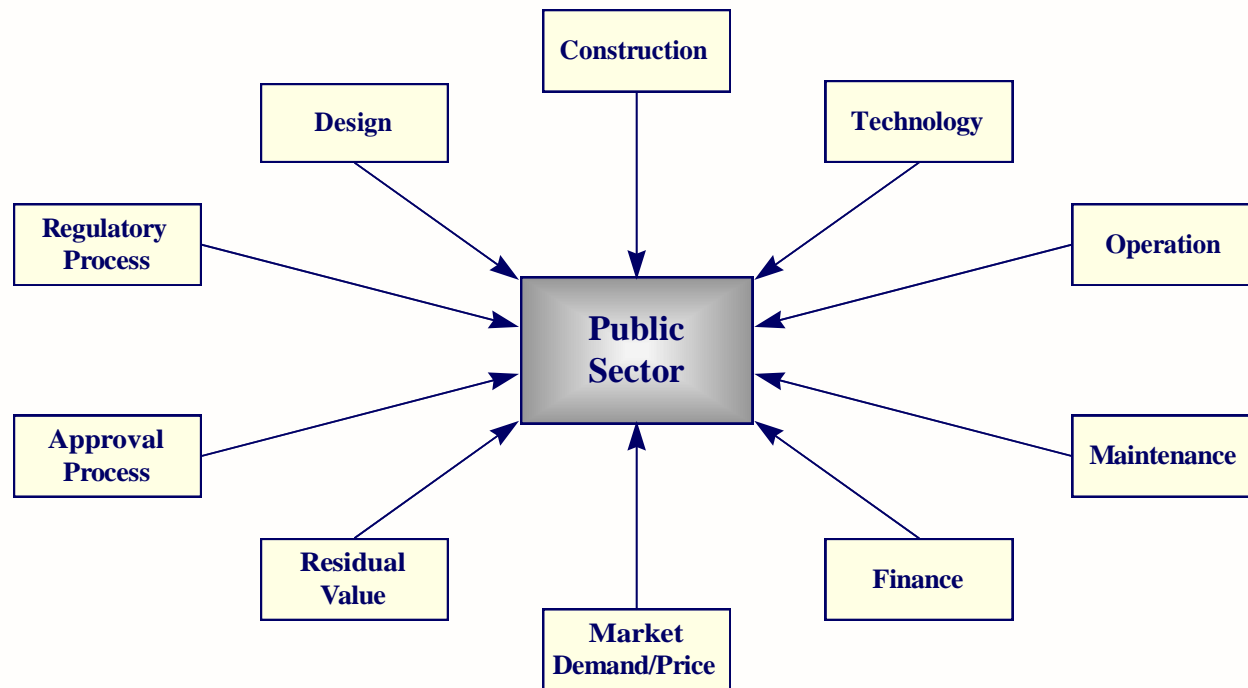
## Characterised by the Public Sector:

- Entering into contracts to acquire services, rather than procuring an asset
- Specifying the service requirement on the basis of outputs, not inputs
- Linking payments to the private sector to the level and quality services actually delivered
- Often requiring a 'whole life' approach to the design, building and operation of project assets
- **Seeking optimal risk transfer to the private sector**
- Requiring private partner to be responsible for raising some, or all, of investment finance required
- Utilising diverse payment mechanisms, such as market revenue, shadow tolls, capacity availability payments and so on

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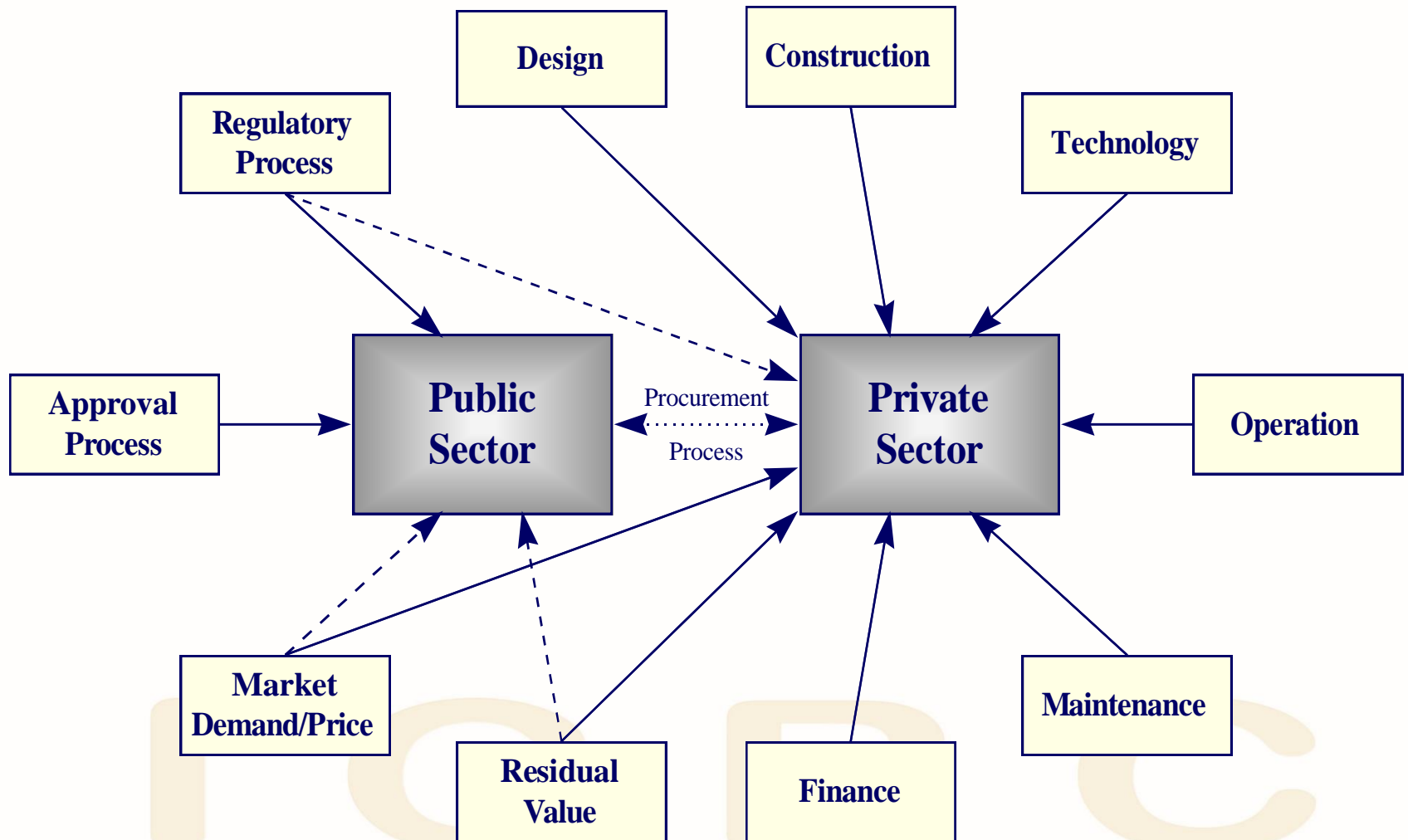


# Traditional Risk Allocation



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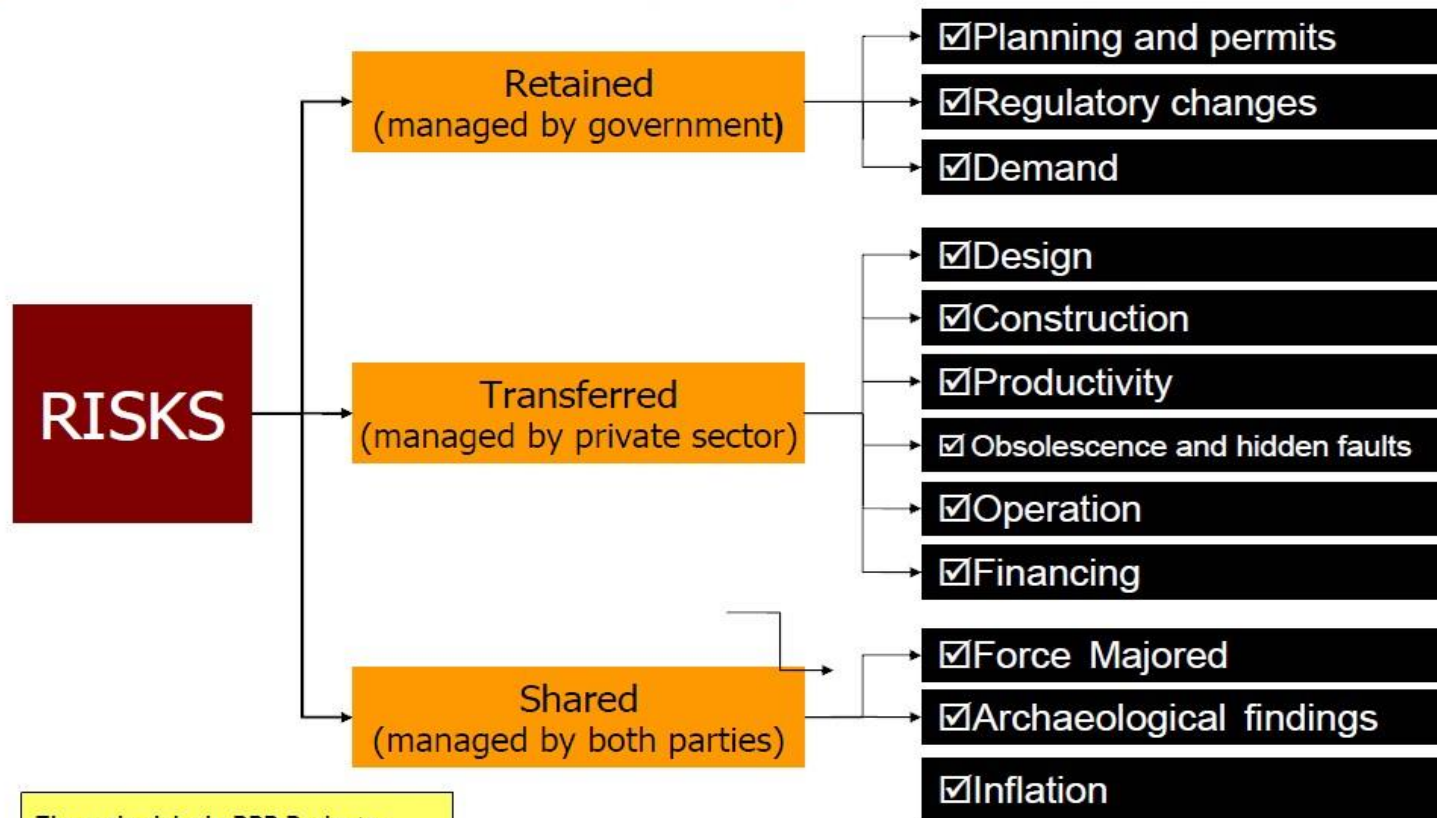
# PPP~ Risk Allocation



# Risk Allocation in PPP Projects

## Financing Infrastructure Projects

### PPPs



The main risks in PPP Projects-  
design, building, operation and  
financing, are trasferred to private  
sector.

# Typology of PPPs

## FINANCIALLY FREE STANDING PROJECTS

*Examples* - Toll Roads/ Bridges, Telecom services, Port projects

1. Role of public sector ~ planning, licensing & statutory approvals
2. No financial support/ payment is made by government
3. Revenues are through levy of user charges by the private sector

## PROJECTS WHERE GOVERNMENT PAYS FOR SERVICES

*Examples* - Roads ~ annuity/ shadow tolls, power ~ under PPAs. In UK ~ prisons, education, health services, defence related services

1. Private sector paid a fee (tipping fee), tariff (shadow toll) or periodical charge (annuity) by Government for providing services
2. The payment is made against performance
3. There may be demand risk transfer – either in part or whole

**Note that:** In both cases, the design, financing, construction and O&M risks are fully that of the private partner

## HYBRID STRUCTURES

*Example* – toll road project with either viability gap payment by government or annuity payment based road contract with tolling rights

1. Combine the financially free standing nature – levy of a user charge – with payment by the public entity
2. Payment could be as a viability gap subsidy or an annuity payment

# Forms of PPPs

## ■ Service contracts:

- ✓ Private sector contracted for specific tasks
- ✓ Capital investment and ownership of the asset is by the public sector
- ✓ Public entity pays the private company for provision of services but retains the commercial risk

## ■ Management contracts:

- ✓ Private sector manages the utility but does not finance it
- ✓ Capital investment and ownership are retained by the public
- ✓ Public entity pays private manager a fixed management fee
- ✓ Commercial risk is held by the public

## ■ Lease:

- ✓ Private sector manages the utility and finances the O&M
- ✓ Capital investment and ownership are retained by the public
- ✓ Private operator collects revenues and pays to the public entity a fixed fee
- ✓ Commercial risk is shared

# Forms of PPPs

- **Concession:**
  - ✓ Private operator manages the utility and finances new investments as well as O&M
  - ✓ Capital investment is made by the private operator but ownership is retained by the public
  - ✓ Private operator collects revenues and may pay a concession fee to the public entity
  - ✓ Commercial risk is borne by the private operator
- **BOT ( and other variations e.g. BOOT, BTO, DBOT, DFBOT, etc)**
  - ✓ Private operator builds new infrastructure, operates it for fixed period and transfers it to public sector
  - ✓ Capital investment is made by the private operator, but ownership is by both at different points in time
  - ✓ Public utility pays private operator for services provided by the new asset
  - ✓ Commercial risk is usually private, but could also be shared



# Types of PPP's – Alphabet Soup

- ▶ **BOT** – Build Operate Transfer
- ▶ **BOOT** – Build Own Operate Transfer
- ▶ **DBF** – Design Build Finance
- ▶ **DBFO** – Design Build Finance Operate
- ▶ **DBO** – Design Build Operate
- ▶ **BLT** – Build Lease Transfer
- ▶ **BTO** ~ Build Transfer Operate
- ▶ **DBFOM** – Design Build Finance Operate Manage
- ▶ **Leasing**
- ▶ **Operations or Management Contracts**
- ▶ **Cooperative Arrangements**
- ▶ **LROT** – Lease Renovate Operate Transfer
- ▶ **DCMF** – Design Construct Manage Finance
- ▶ **BOOR** ~ Build Own Operate Remove

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# 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

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## Need for PPP Legal, Institutional & Regulatory Frameworks

- To facilitate investments in PPP arrangements
- Reduce transaction costs on the part of the public agency
- Ensure appropriate regulatory controls
- Enable the efficient and speedy resolution of contract disputes
- Make PPP arrangements possible and functional

Typically defined in laws, regulations; policy documents, guidance notes, capacity building and through the design of PPP contracts.

# Summary of PPP LIR Framework

FOR SUCCESSFUL INVESTMENT,  
WE NEED

Policy; Objectives; Roadmap

Legal and Regulatory Framework

Institutional Framework & Capacity

Coherent Planning Framework

Human Capital Development

Infrastructure Financing Framework

**LEADERSHIP COMMITMENT & POLITICAL WILL**



# Leadership Commitment and Political will



## EXCERPTS OF SPEECH OF PRESIDENT MUHAMMADU BUHARI, GCFR

“.....We also have a **huge infrastructure deficit** for which we **require foreign capital and expertise to supplement** whatever resources we can marshal at home. In essence, **we seek public private partnerships** in our quest for enhanced capital and expertise.” – 23<sup>rd</sup> August, 2015

“To maximise impact, we shall continue to increasingly welcome and encourage private capital for infrastructural development through Public Private Partnerships” – 1<sup>st</sup> October, 2019

# Leadership Commitment and Political will



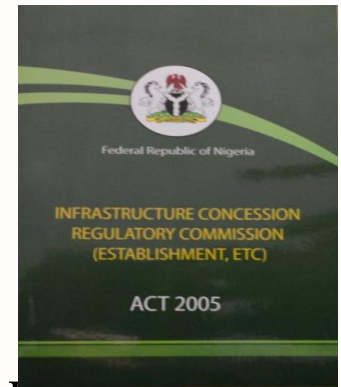
Excerpts of speech of His Excellency  
Vice President Yemi Osinbajo  
AT 10th Year Anniversary Lecture of Crescent University,  
Abeokuta, Ogun State  
June 11, 2016

...the Administration will encourage **Public-Private Partnerships** ensuring a **transparent framework** that reduces bottlenecks in doing business.

- Presidential Circular of September 2013 directing All MDAs to engage with the **FMoF** and **ICRC PRIOR** to commencing PPP projects.
- MDAs to establish PPP units

# Infrastructure Concession Regulatory Commission Act, 2005

- The ICRC Act, 2005 is the **PRIMARY** legislation guiding PPPs in Nigeria. Its jurisdiction covers PPPs executed by the Federal Government. Some **key** provisions are:
  - MDAs may enter into contracts or grant concessions to private party for the financing, construction, operation, and maintenance of any Federal Government infrastructure that is financially viable, Section 1(1)
  - Establishes ICRC, its Powers and Functions, Section 14, 19 & 20
  - Competitive bidding for projects and Exceptions, Section 4 & 5
  - Recovery of investment, Section 7
- develop the guidelines, policies, and procurement processes for PPP
- sets out processes and procedure for applying for and securing concessions in Nigeria
- provides a basic framework in the form of guarantees of profitability of PPP projects
- contracts completed in compliance with the Act will be legal and enforceable



# Role of ICRC

The ICRC was established to:

- Regulate Public Private Partnership (PPP) by:
  - a. Guiding MDAs in structuring PPP transactions for both **greenfield** and **brownfield** infrastructure – Pre-Contract regulation
  - b. Taking custody of all executed agreements and ensuring compliance with the terms and conditions of such contracts – Post-Contract regulation
- Issue regulations and guidelines to ensure efficient PPP transactions
- Collaborate with state governments to develop sustainable framework for PPP



# Functions and Powers of ICRC

- **Functions** – Section 20
  - Take custody and of every PPP contract/concession agreement and monitor compliance.
  - Ensure efficient execution of any PPP contract/concession agreement entered by the Federal Government.
  - Ensure compliance with the ICRC Act
- **Powers** – Sections 10, 19 & 34
  - Power to inspect
  - Power to provide and manage general policies and guidelines of the Commission
  - Power to make regulations

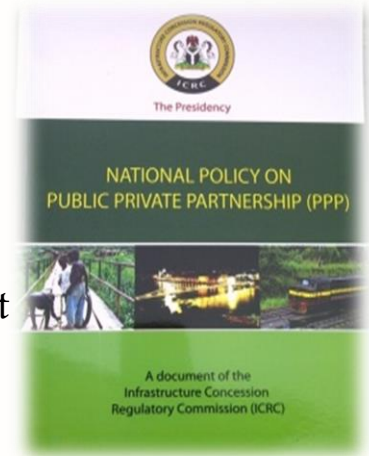
# What Others Do

- Initiate PPP projects – **MDA responsibility**
- Develop the Projects – **MDA responsibility**
- Approve PPP projects – **FEC approves**
- Enforce court judgments over PPP transactions – **Law Courts' Mandate**

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# National Policy on Public Private Partnership

- In April 2009, the Federal Executive Council (FEC) approved a **National Policy on PPP** which provides guidance on PPP project development, structuring and implementation.
- The Policy sets out:
  - The government objectives and commitments with regards to PPP
  - The Key principles of PPPs in the Nigerian context
  - The government's role in the creation of an enabling environment
  - The processes in the PPP project lifecycle



Establishes the:

- PPP Resource Centre – policy, advisory and transaction structuring
- Compliance Committee – to take custody of agreements and monitor compliance

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# Nigeria's PPP Journey



- As at July 2022, there are 77 post-contract PPP projects under implementation at the ICRC Projects Disclosure Portal ([www.ppp.icrc.gov.ng](http://www.ppp.icrc.gov.ng) or [www.icrc.gov.ng](http://www.icrc.gov.ng)). The portal is the first disclosure portal in the world, established in collaboration with the World Bank.
- As at July 2022, there are 197 pre-contract projects at different Development and Procurement stages at the ICRC website ([www.icrc.gov.ng](http://www.icrc.gov.ng)).
- Between 2010 and 2021, under the regulatory guidance of the ICRC, the Nigerian Government has approved PPP projects worth more than USD 17 Billion.
- As at July 2022 ICRC has issued 135 Outline Business Case Compliance Certificates to different MDAs, confirming bankability to proceed to procurement
- As at July 2022 ICRC has issued 58 Full Business Case<sup>52</sup> Compliance Certificates to different MDAs, in order to obtain Federal Executive Council approval to sign PPP contracts

# Nigeria's PPP Journey



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.

For 2022, ICRC intends to gazette another pipeline of 56 eligible and bankable PPP projects, worth about USD 22 Billion by Q2, 2022



# Nigeria's PPP Journey (cont'd)



- 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
- The NII3P is involved in Basic, Intermediate and Advanced PPP trainings, as well as Short courses in Infrastructure Development ~ on topics including but not limited to Project Finance, Capital Market, Arbitration and other legal issues, Banking, Risk Management, Financial Modelling, Project Management, etc; with resource persons drawn from experienced industry experts.
- The Institute is collaborating with reputable organizations to deliver the global APMG Certified PPP Professional courses on Foundation, Preparation and Execution; and is also undertaking an MBA in PPP training programme, in collaboration with Malaysia University of Science and Technology



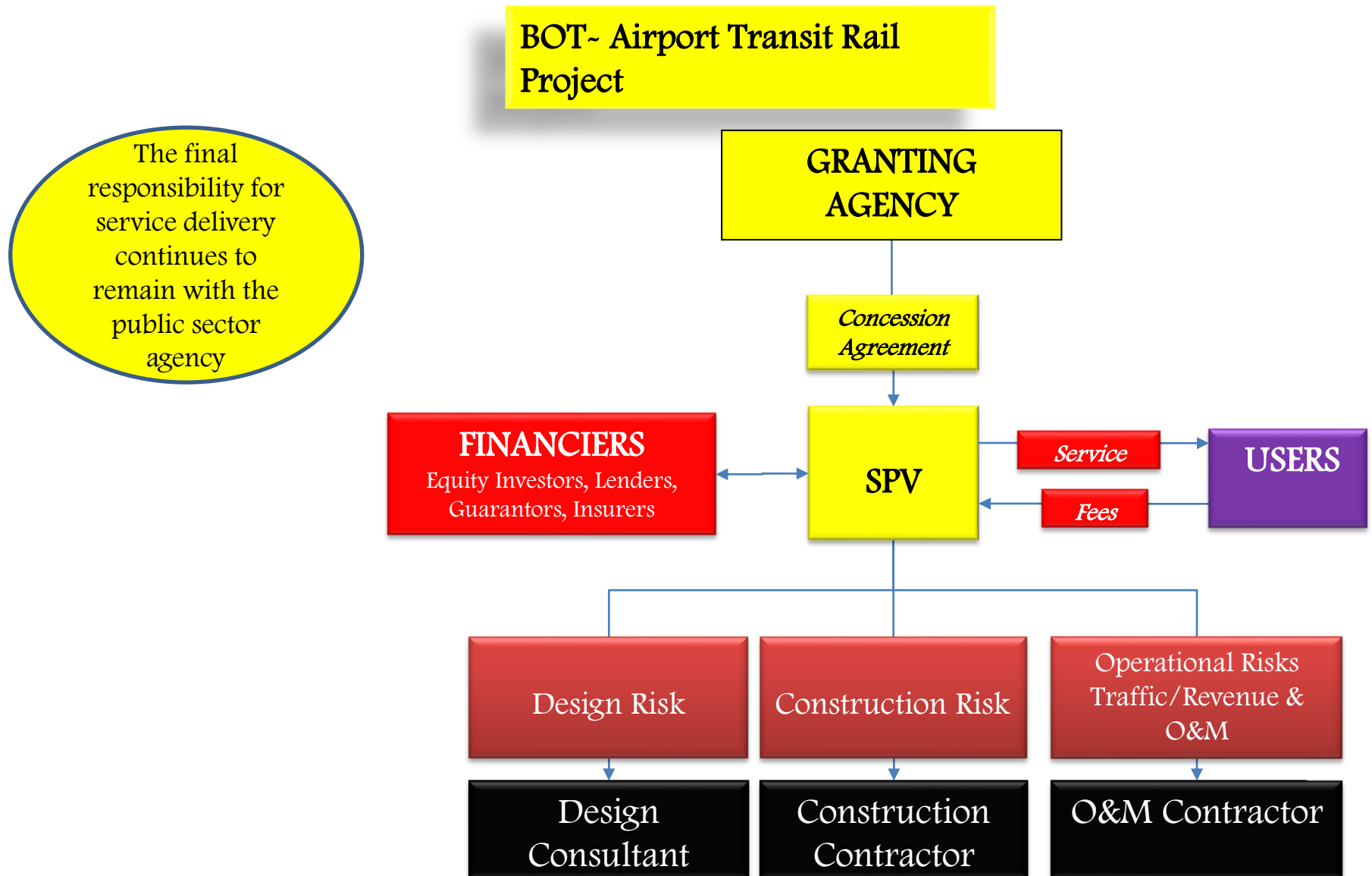
# Nigeria's PPP Journey (cont'd)



The ICRC coordinates the activities of the **Nigeria Public Private Partnership Network (NPPPN)**, a platform for all States Heads of PPP Units nationwide, as well as the **Public Private Partnership Units Consultative Forum (3PUCF)**, a forum for Heads of PPP Units in Federal Ministries, Departments and Agencies; 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

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# Typical Structure of Public Private Partnerships



# PPP LIFECYCLE in line with National Policy



NATIONAL POLICY ON  
PUBLIC PRIVATE PARTNERSHIP (PPP)



A document of the  
Infrastructure Concession  
Regulatory Commission (ICRC)

**Preliminaries**

- *Project Identification*
- *Project Prioritization*
- *Project Selection*

**Development Phase**

**Procurement Phase**

**Implementation Phase**

TRANSACTION ADVISER  
NEEDS ANALYSIS  
PPP OPTIONS APPRAISAL  
VALUE FOR MONEY  
AFFORDABILITY  
SUSTAINABILITY  
PRELIM RISK MATRIX  
VIABILITY/BANKABILITY  
VGF  
OBC  
OBC Certification by ICRC

TRANSACTION ADVISER  
EoI/RFQ Phase AND RFP  
BIDDING  
BIDDERS CONFERENCE  
BID EVALUATION  
VALUE FOR MONEY TEST  
PREFERRED BIDDER  
FULL BUSINESS CASE  
BY FEC

INDEPENDENT ENGINEER  
MONITOR DESIGN AND  
CONSTRUCTION  
COMMISSIONING TEST  
VERIFY OUTPUT  
REQUIREMENTS  
CONTRACT MANAGEMENT

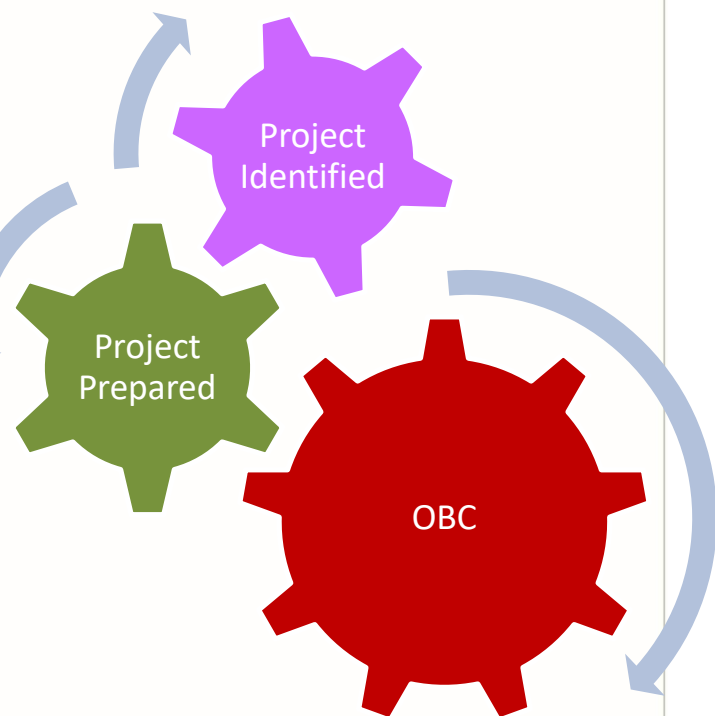
**PREPARING AND IMPLEMENTING EFFICIENT  
AND EFFECTIVE PPP TRANSACTIONS**

# The Nigerian PPP Framework



## ... The SOLICITED PPP Process -1

1. Project identification by MDAs
2. MDA's engages ICRC prior to commencing PPP to ensure viability and bankability of proposed projects.
3. MDA's consult and engage with the FMoF to structure financing prior to commencing PPP projects
4. MDA engage Transaction Adviser (TA) as required under the Public Procurement Act of 2007. Prepares for Outline Business Case (OBC) ICRC reviews OBC/issues OBC Certificate of Compliance



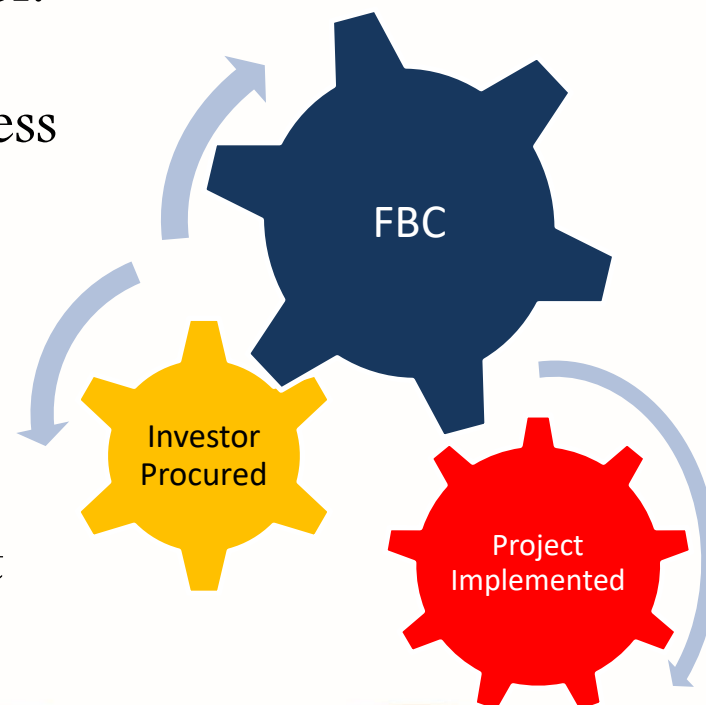


# The Nigerian PPP Framework



## ... The SOLICITED PPP Process II

5. Upon OBC Certification, MDA's/TA commence procurement of private partner.
6. Upon procurement, MDA negotiates with preferred investor and submit Full Business Case (FBC) to ICRC for FBC Certificate of Compliance.
7. MDA submit FBC to FEC for approval.
8. Upon approval, PPP contract is signed and ICRC takes custody
9. MDA and preferred PPP Project Proponent (Investor) achieve Financial Close.
10. ICRC and the MDA conduct regular joint Inspections of the Project until the end of the contract.



# Procuring PPP Project / Concessionaire: Unsolicited Route



- **An unsolicited proposal** is a written proposal for a new or innovative idea that is submitted to an agency on the initiative of the submitter for the purpose of obtaining a contract (or other agreement) with the government, and that is not in response to an RFP, broad agency announcement, or any other government-initiated solicitation or program.
- Unsolicited proposals are not requested by a government
- These proposals usually originate within the private sector in the absence of a publicly announced tender.
- These proposals typically come from companies with ties to a particular industry—such as developers, suppliers, and financiers

# 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



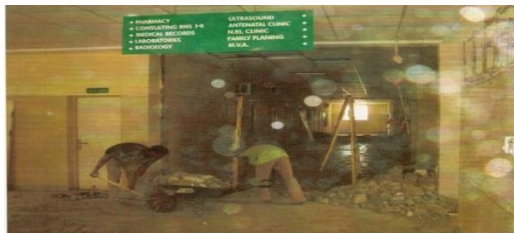
- **Client:** FCT Health and Human Services
- **Sector:** Social Infrastructure~ Health Sector
- **Year the project was signed:** 2007
- This was concession to NISA Premier Hospital Ltd in 2007 for a period of fifteen years (15yrs).
- The introduction of a public private partnership (PPP) arrangement 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:** 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



ICRC

# 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)

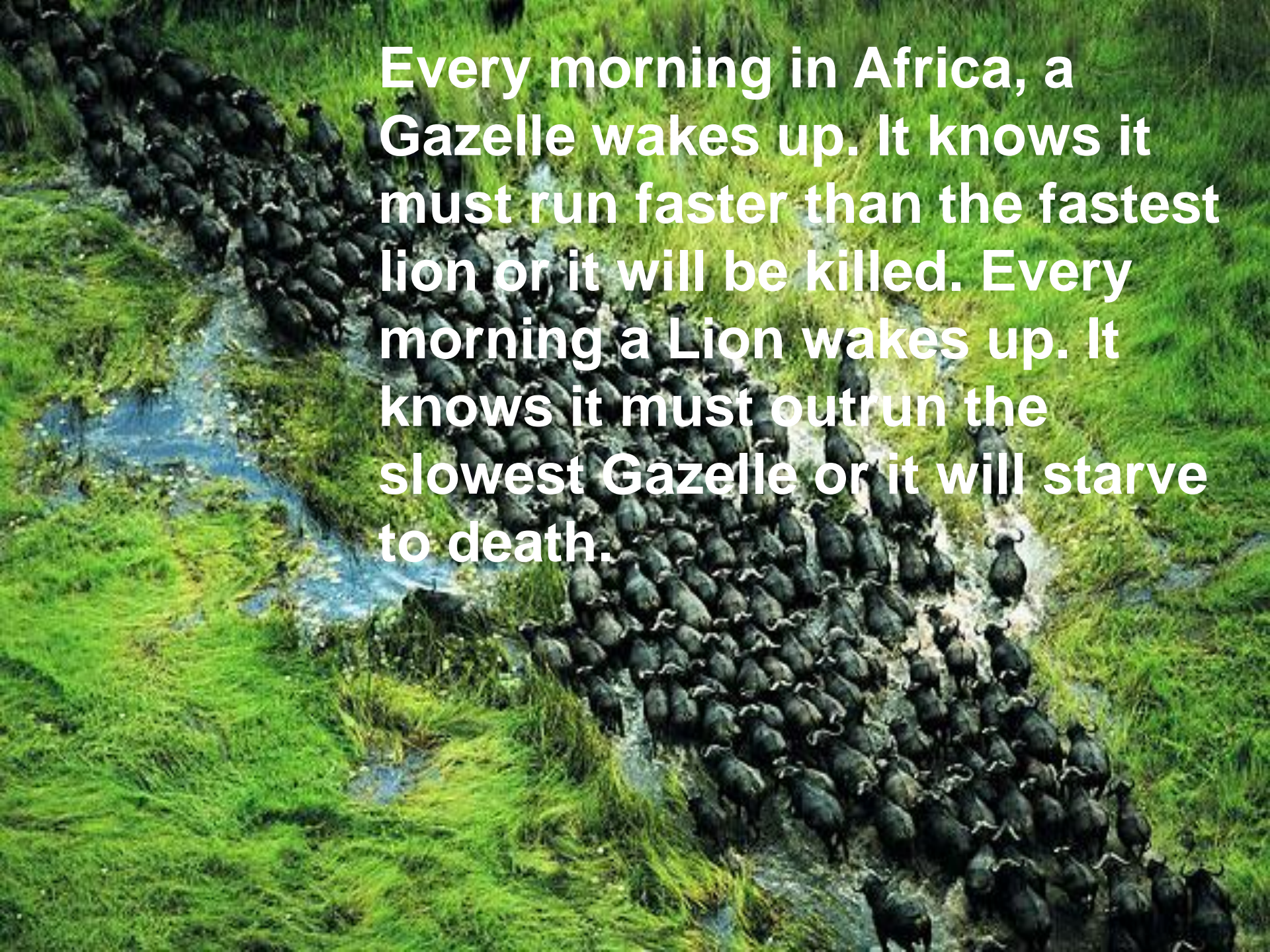
# PPP Support Initiatives



- 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

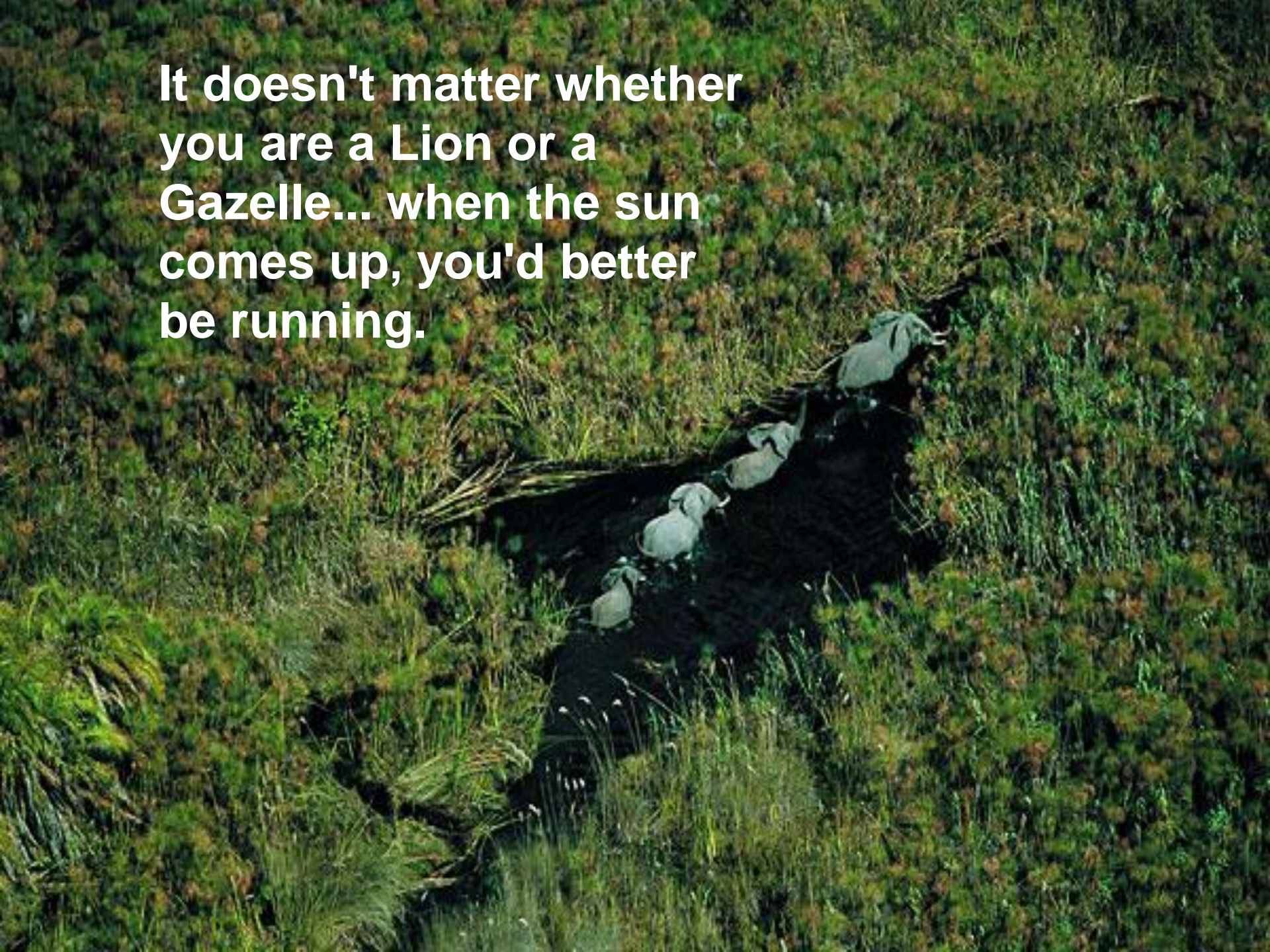


A large herd of wildebeest is crossing a river in a savanna landscape. The herd is dense and stretches across the width of the river, with some animals wading in the water and others on the grassy banks. The background shows a vast, open plain with scattered trees and a clear sky.

Every morning in Africa, a Gazelle wakes up. It knows it must run faster than the fastest lion or it will be killed. Every morning a Lion wakes up. It knows it must outrun the slowest Gazelle or it will starve to death.



**It doesn't matter whether  
you are a Lion or a  
Gazelle... when the sun  
comes up, you'd better  
be running.**







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