

# OUTLINE BUSINESS CASE GUIDE



## Federal Government of Nigeria | Infrastructure Concession Regulatory Commission

The Outline Business Case (OBC) Guideline provides a structured framework for presenting the essential information required to determine whether a project should advance to the next stage of the Public-Private Partnership (PPP) procurement process. The OBC should be prepared in a clear, comprehensive, and evidence-based manner, following a standard format that covers the following:

### 1. Executive Summary

- Concisely present the project objectives, project rationale, project scope, feasibility assessment, business model, project cost, value for money, and overall conclusion.

### 2. Project Overview

- Project Background
- Project Objectives
- Project Scope
- Approach and methodology for the OBC.

### 3. Strategic and Policy Context

- Demonstrate alignment of the project with national and sectoral plans, strategies, and policies.
- Highlight the project's contribution to broader development goals.

### 4. Problem Definition and Needs Analysis

- Clearly articulate the problem or need that the project seeks to address.
- Conduct a comprehensive needs assessment, incorporating demand analysis and stakeholder consultations.
- Define the anticipated project benefits and establish relevant performance metrics.

### 5. Feasibility Assessments

- Conduct detailed feasibility studies covering, but not limited to the following:
  - Technical feasibility
  - Commercial feasibility
  - Economic feasibility
  - Legal feasibility
  - Fiscal feasibility
  - Environmental feasibility (for projects that are brownfield, environmental audit and impact assessment are required)
  - Social feasibility
- Summarize the key findings and recommendations of each feasibility study.

### 6. Risk Management

- Identify, define, and assess potential project risks.
- Develop a risk register and risk matrix to categorize risks based on their likelihood and impact.
- Propose a preliminary risk allocation structure between the public and private parties.
- Propose mitigation strategies for the allocated risks.

## **7. Business Model**

- Identify the primary beneficiaries and end-users and describe how the project will meet their needs.
- Determine the project's revenue generation approach.
- Establish the pricing strategy.
- Identify the assets necessary for delivering value.
- Define the core activities required for business operations.
- Analyze how costs relate to pricing and profitability.

## **8. Value for Money (VfM) Assessment**

- Conduct a VfM analysis using a Public Sector Comparator (PSC) or other appropriate methodology.
- Quantify the VfM benefits of the PPP option relative to traditional procurement methods.
- Assess non-financial benefits (such as accelerated delivery, enhanced service quality, and innovation) and include findings in the qualitative analysis.

## **9. PPP Options Analysis**

- Compare PPP structuring and delivery models based on value for money, risk allocation, and other relevant factors.
- Evaluate different contractual frameworks (DFBOT, BOT, BOOT, etc.)
- Provide justification for the preferred model based on the analysis conducted.

## **10. Preliminary Financial Analysis**

- Develop a preliminary financial model, including but not limited to the following:
  - Cash flow to income
  - Debt coverage
  - Investment and Financing plan
  - Re-investment plan
  - Debt payments
  - Interest Rate
  - Dividend payments
  - Liquid/Total Assets
  - Debt to Total Capital

## **11. Proof of Technical and Management Capability (Applicable to Unsolicited Proposals)**

- Firm/Consortium Profile
- Management experience and qualifications
- Evidence of relevant project experience and project outcomes
- Evidence of duly signed Technical Service Agreement (where applicable)
- Evidence of duly signed Consortium Agreement. Download template ([www.icrc.gov.ng](http://www.icrc.gov.ng))
- Sworn Affidavit of all Consortium shareholders. Download template ([www.icrc.gov.ng](http://www.icrc.gov.ng))
- Download and complete the Model Due-Diligence Schedule; to be submitted along with the OBC submission ([www.icrc.gov.ng](http://www.icrc.gov.ng))

## **12. Proof of Financial Capability (Applicable to Unsolicited Proposals)**

- Verifiable letter of support from the financiers. Download template ([www.icrc.gov.ng](http://www.icrc.gov.ng))
- 3 years most recent audited financial statements of the firm/consortium.
- Evidence of financial assets schedules from the most recent years' audited financial statements.

### 13. Stakeholder Management Plan

- Conduct stakeholder mapping to identify all relevant stakeholders
- Provide evidence of market sounding and consultations, particularly for an unsolicited proposal
- Outline a plan for ongoing stakeholder engagement throughout the project lifecycle.
- Describe mechanisms for communication, consultation, and dispute resolution.
- Prepare a comprehensive Stakeholder feedback report.

### 14. Project Implementation Plan

- Outline the proposed project implementation schedule, highlighting key milestones and timelines.
- Identify potential challenges and propose corresponding mitigation strategies.

### 15. Conclusion

- Provide conclusions on the justifications/rationale for the project.



# THE OUTLINE BUSINESS CASE: EXPLANATORY NOTES

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- » The **Executive Summary** should provide a concise overview of the project's key objectives, strategic and policy context, the problem addressed, options considered, business model, results of the feasibility assessments, proposed risk allocation, preliminary financial analysis, value for money assessment, implementation plan, and overall conclusion.
- » The **Project Overview** section should provide a detailed background of the project initiation, clearly state the project objectives and scope, and present a comprehensive justification for selecting the PPP as a procurement option. The approach and methodology used in developing the OBC should be clearly outlined.
- » The **Strategic and Policy Context** section should demonstrate the project's alignment with relevant national and sectoral strategies and policies, as well as its potential contribution to broader developmental goals (e.g., economic growth, social inclusion, environmental sustainability, etc.).
- » The **Problem Definition and Needs Analysis** section should clearly articulate the problem or need the project aims to address. It should also include a comprehensive needs assessment that considers current and future demand, incorporates stakeholder perspectives, and is supported by relevant data or evidence while also detailing the anticipated benefits of addressing the identified problem.
- » The **Feasibility Assessments** section should present the detailed findings from the feasibility studies conducted for the project. Each study (technical, commercial, economic, fiscal, environmental, social, legal, etc.) and any other relevant assessments should be presented separately, summarizing the key findings, affordability, willingness-to-pay, potential challenges, and proposed mitigation measures.
- » The **Risk Management** section should include the development of a risk register and risk matrix to identify, clearly define, and assess potential project risks, categorizing them by likelihood and potential impact. It should also propose a preliminary risk allocation between the public and private sectors, considering each party's capacity to manage specific risks effectively. The section should also outline appropriate risk mitigation strategies.
- » The **Business Model** section should identify how the project creates, delivers, and captures value. It should provide a structured analysis of the project's operations, revenue streams, cost structures, and key resources.
- » The **Value for Money (VfM) Assessment** section should conduct a rigorous VfM analysis using an appropriate methodology, such as the Public Sector Comparator (PSC). This analysis should quantify the VfM benefits of the preferred procurement option relative to alternatives. The assessment should also incorporate qualitative benefits, such as accelerated delivery, enhanced service quality, innovation, and other relevant factors.
- » The **PPP Options Analysis** section should compare PPP structuring and delivery options based on value for money, risk allocation, and other relevant factors. It should evaluate different contractual frameworks, such as Design-Finance-Build-Operate-Transfer (DFBOT), Build-Operate-Transfer (BOT), Build-Own-Operate-Transfer (BOOT), and others. The section should provide a clear justification for the preferred model based on the analysis conducted.

- » The **Preliminary Financial Analysis** section should develop a preliminary financial model for the project, encompassing estimated costs, projected revenues, potential financing options, and any other pertinent considerations. It should assess the project's commercial and financial viability as well as its potential to deliver value for money.
- » The **Proof of Technical and Management Capability** (Applicable to Unsolicited Proposals) section should demonstrate the ability of the firm or consortium to manage and implement the project. The Proponent is to provide all previous relevant project experience and outcomes along with any Technical Service Agreement (TSA) and Consortium Agreement entered with partners (where applicable).
- » The **Proof of Financial Capability** (Applicable to Unsolicited Proposals) section should demonstrate the ability to finance the project. This includes the provision of a purpose-specific Lender's verifiable letter of support, Lender's financial analysis to demonstrate the bankability of the project, 3 years of most recent audited financial statements, evidence of financial assets schedules from the most recent year's audited financial statements, and proof of equity guarantee.
- » The **Stakeholder Management Plan** section should present the stakeholder mapping that identifies potential stakeholders and summarizes the outcomes of engagements. It should outline a comprehensive plan for ongoing stakeholder engagement throughout the project lifecycle. This includes identifying key stakeholders, establishing communication mechanisms, conducting consultations, establishing a dispute resolution mechanism, and a detailed stakeholder feedback report.
- » The **Project Implementation Plan** section should outline the proposed project implementation schedule, detailing key milestones, timelines, and assigned responsibilities. It should also identify potential challenges and recommend mitigation strategies to resolve them.
- » The **Conclusion** section should present a clear statement of the project's justification and rationale, including a recommendation for the project to proceed to procurement as a Public-Private Partnership (PPP).

