FULL BUSINESS CASE GUIDE

THE PRESIDENCY

Federal Government of Nigeria | Infrastructure Concession Regulatory Commission

The Full Business Case (FBC) guideline serves as a comprehensive document that presents a detailed justification for a proposed project. It aims to provide an in-depth analysis and evidence to support informed choices regarding the allocation of resources. The FBC builds upon the initial OBC, offering a more detailed description of the project.

1.0 Executive Summary

- Concisely present the project's objectives, scope, project cost, procurement process, due diligence, summary of negotiations, stakeholder consultations, and overall conclusion.

2.0 Project Overview and Objectives

- Project Background
- Update the project objectives, scope, outputs, and performance standards.
- Approach and methodology to the initial OBC.

3.0 Detailed Financial Analysis

- Update the financial model with details of the following as agreed during procurement, but not limited to:
  - Cash flow to income
  - Debt coverage
  - Investment and Financing plan
  - Re-investment plan
  - Debt payment
  - Dividend payment
  - Liquid/Total Assets
  - Debt to Total Capital

4.0 Financing Plan

- Present the short, medium, and long-term financial objectives along with the strategies to be adopted to achieve these targets.
- Specify and justify the proposed debt-to-equity ratio for the project, providing the rationale for its suitability and sustainability.
- Provide a verifiable Letter of Support for debt financing from financiers. Download template. (www.icrc.gov.ng)
- Provide a verifiable letter confirming the availability of equity financing from a financial institution. Download template. (www.icrc.gov.ng)

5.0 Risk Management Plan

- Revise the risk register and risk matrix to reflect updated assessments and allocations of identified risks, based on further analysis.
- Update the risk management plan, detailing mitigation strategies, monitoring mechanisms, and contingency arrangements.

6 Business Model

- Update the definition of the primary beneficiaries or end-users and describe how the project will address identified needs.
- Confirm the project's revenue generation approach.
- Validate the proposed pricing strategy.
- Update the list of assets essential for delivering value.
- Update the core activities required to sustain business operations.
- Confirm the relationship between costs, pricing, and overall profitability

7 Procurement Strategy

- Define the procurement approach and process applied.

8 Stakeholder Management Plan

- Update the stakeholder's management plan throughout the project lifecycle.
- Further provide details on mechanisms for communication, consultation, and dispute resolution.

9 Environmental and Social Management Plan (where applicable)

- Outline measures to mitigate environmental and social impacts and ensure compliance with relevant regulations.

10 Due Diligence (DD)

- This section should provide the findings of the due diligence exercise conducted on the preferred bidder or partner(s) as led and coordinated by the ICRC.

11 Contract Negotiations and Draft PPP Agreement

- This section should provide the findings of the due diligence exercise conducted on the preferred bidder or partner(s) as led and coordinated by the ICRC.

12 Project Implementation Plan

- Update the project implementation plan, including timelines, milestones, and responsibilities.

13 Conclusion

- Provide justification for project approval and implementation

THE FULL BUSINESS CASE: EXPLANATORY NOTES

- The **Executive Summary** should give an updated background of the project scope and summary of the Outline Business Case (OBC) and provide a concise overview of the entire FBC, summarizing the key findings, analysis, and conclusion.

- The **Project Overview** section should give a summary background of the project initiation, project objectives, project scope, key performance indicators (KPIs), and desired outputs. The approach and methodology applied while developing the OBC and FBC document should also be included.

- The **Detailed Financial Analysis** section should update the initial financial model of the project, incorporating projected costs, revenue streams, financing arrangements, and sensitivity analysis. It should assess the project's financial viability, affordability, and value for money, considering the time value of money and risk factors.

- The **Financing Plan** section should show the short, medium, and long-term financial goals, and the strategies to be employed to achieve these plans while also justifying the debt-to-equity ratio to be deployed for the project, as well as evidence of a verifiable indicative letter of support for debt-financing from financiers.

- The **Risk Management Plan** section should update the risk register and risk matrix for the identification, assessment, allocation, mitigation, and structuring of risks based on the negotiated terms and any further analysis. It should outline a detailed risk management plan, including specific mitigation strategies, monitoring mechanisms, and contingency plans for each identified risk.

- The **Business Model** section should update how the project creates, delivers, and captures value. It should update the structured approach to understanding the project's operations, revenue streams, etc.

- The **Procurement Strategy** section should convey the procurement approach applied based on the ICRC guidance for selecting the private partner for solicited and unsolicited proposals.

- The **Stakeholder Management Plan** section should update the comprehensive plan for ongoing stakeholder management throughout the project lifecycle. This includes establishing communication mechanisms, conducting consultations, and establishing a dispute resolution mechanism.

- The **Environmental and Social Management Plan** section should outline the updated measures that will mitigate the project's potential environmental and social impacts. This includes ensuring compliance with relevant environmental and social regulations, conducting Environmental and Social Impact Assessments (ESIAs) - if required - with certification from relevant regulatory agencies and developing mitigation and monitoring plans

- The **Due Diligence** should entail a summary of the findings from the due diligence on the preferred bidder and partner(s).

The key areas of consideration include, but not limited to:

- **Financial capacity and stability:** Verify the preferred bidder's financial structure and ability to secure financing.
- **Technical expertise and experience:** Validate the preferred bidder's technical expertise, experience in similar projects, and availability of qualified personnel.
- **Legal and regulatory compliance:** Affirm the preferred bidder's compliance with all relevant laws and regulations, including those related to PPPs, the specific sector, and environmental and social requirements.
- **Management capability:** Validate the preferred bidder's management structure, experience, and track record in managing similar projects.
- **Risk assessment:** Confirm appropriateness of the preferred bidder's approach to risk management and ability to mitigate potential risks.

» The **Contract Negotiations and Draft PPP Agreement** section should include a summary of the negotiation process in an updated draft PPP Agreement with the preferred bidder and partner(s), highlighting key issues resolved, agreed terms between the parties, and any deviation from the original proposal. Develop and establish a contract management plan to track project progress, performance, and compliance.

» The **Project Implementation Plan** section should update the project implementation plan for the project, including defined timelines, milestones, responsibilities of the contract manager and key personnel, payment mechanisms, and verification.

» The **Conclusion** section should contain statements on the justifications/rationale for project approval and implementation.