Redefining PPP Financing for Efficient Service Delivery in Nigeria

October 2024

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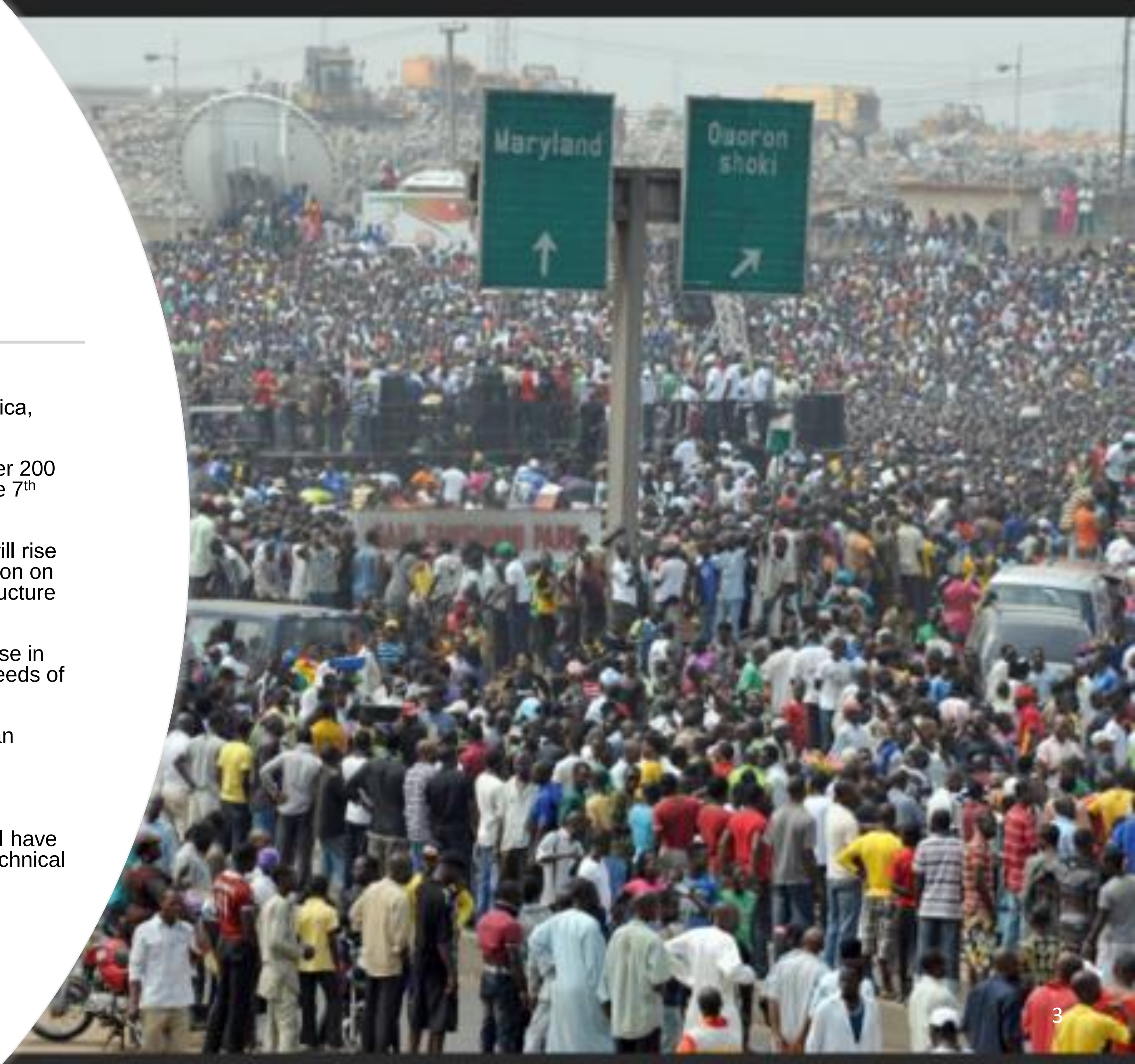
Introduction

- Nigeria is an Investor's haven due to its position as the Giant of Africa, strategically located with easy access from across the Continent.
- The country boasts of a teeming and fast-growing population of over 200 million people, which is the largest on the African Continent and the 7th largest in the World.
- According to United Nation's estimates, the population of Nigeria will rise to 411 million by 2050, making Nigeria the third most populous nation on earth, after China and India. Hence, the need for additional infrastructure cannot be overemphasized.
- The steep rise in population will have to be matched with an increase in critical infrastructure which will cater for the social and economic needs of the People.
- According to the 2020 National Integrated Infrastructure Master Plan (NIIMP), Nigeria requires, between the years 2020 and 2043, total infrastructure investments estimated at $2.3 trillion, to raise its infrastructure stock to the international benchmark of 70% of GDP.
- These funds are not necessarily available to government, and it will have to supplement with private sector investment and also rely on its technical expertise to close the gap.



Introduction …

- The Federal Government of Nigeria has created the necessary enabling Environment for Private Sector investment in the Country by providing the legal and regulatory framework to guide PPP procurement and implementation.
- It has further shown political will through the approval of PPPs at the Federal Executive Council (which is the highest decision-making body of the Country) and has opened up the Nation’s abundant resources for investment by the private sector, both local and international.
- The FGN also provides a number of economic stimuli to investors such as tax incentives, pioneer status, special economic zones, guaranteed unrestricted repatriation of funds for foreign investors and so on.

The ICRC ACT, VISION AND MISSION

The Infrastructure Concession Regulatory Commission, ICRC, is established under Section 14(1) of the Infrastructure Concession Regulatory Commission (Establishment Etc.) Act, (the ICRC Act) 2005, to regulate Public Private Partnership (PPP) endeavors of the Federal government aimed at addressing Nigeria's physical infrastructure deficit.

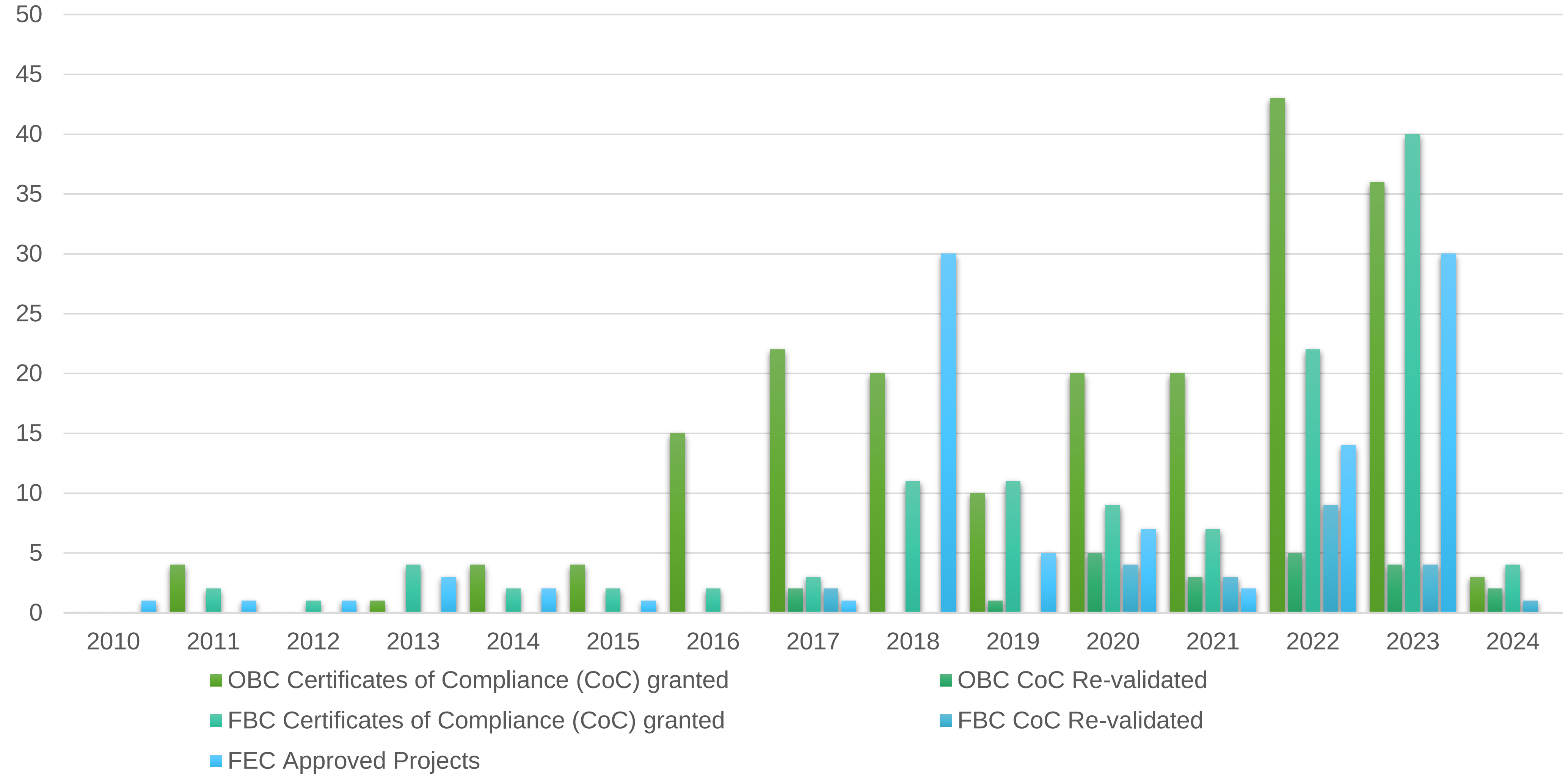
Vision:

To be a credible regulatory institution in the development of public infrastructure and services through Public Private Partnership and for the creation of wealth and economic planning.

Mission:

Ensure efficient Infrastructure Service provision to achieve value for money, public interest, transparency and competition.

Compliance Certificates Granted and FEC Approved Projects (2010 - 2024)



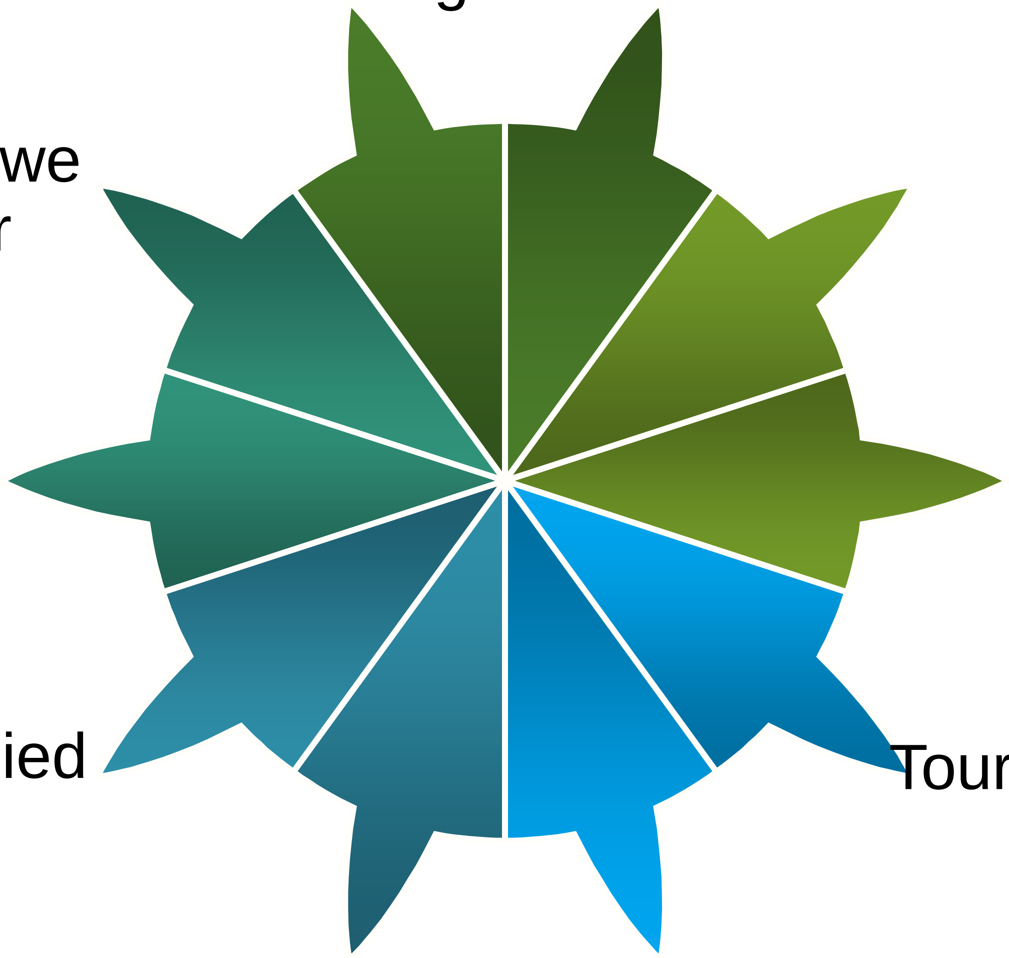
EXECUTED PPP PROJECTS WITH COSTS

S/N	PROJECT NAME	PROJECT DESCRIPTION	SECTOR	COST
1	E-Customs	• The Scope of the project includes the development, implementation, deployment, operations, support, management and maintenance of the complete automation of the Nigeria Custom Service business processes and procedures and the application of ICT in all aspects of the Nigerian Customs administration; and includes all works, services and equipment.	INFORMATION TECHNOLOGY AND COMMUNICATION INFRASTRUCTURE SECTOR	USD480 million
2	Lekki Deep Sea Port	• This project is for the Development and Operation of Deep-Water Port (Lekki, Lagos) under a Build, Own, Operate and Transfer (BOOT. • The Public Private Partnership [PPP] model is based on the following sharing structure: o Federal Government represented by NPA – 5% o Lagos State Government where port is located – 20% o Private Investor/manager – 75% • The Project was conceptualized to reduce congestion at the existing ports and boost trade. • The Concession is for a period of 45 years	Port Sector-Nigeria Port Authority	US$ 1.2 Billion
3	Kainji-Jebba	• The project is for the Operation, Maintenance, Design and Sales of electricity produce and refurbish or repower or replace or expand the Kainji and Jebba Hydro Power Station with Kainji and Jebba plants have an installed capacity of 1338 MW. • Kainji has 760 MW capacity but designed for 960 MW while Jebba has 578.4 MW. • The Kainji Dam is located in Borgu LGA of Niger state. • The Concession is for a period of 30 Years.	Energy Sector- Federal Ministry of Water Resources	US$701,716,645.75

EXECUTED PPP PROJECTS WITH COSTS

S/N	PROJECT NAME	PROJECT DESCRIPTION	SECTOR	COST
4	Kashimbila	• This project is for the concession of the operations and maintenance of the 40MW kashimbila hydro power plant. The hydropower component of the Kashimbila multipurpose dam was conceptualized and designed to accommodate other benefits of the multipurpose dam which is the hydropower. • The Kashimbila multipurpose dam is located in katsina ala river in Taraba State. • The concession period if 15 years	Energy Sector- Federal Ministry of Water Resources	N7.68billion (which includes cost of; plants, equipment's, transmission, spare parts, contingency fund)
5	Garki Hospital	• The project is to upgrade, develop, manage, operate and maintain the Garki Hospital. • The aim of the project is to provide primary, secondary, and tertiary health care in an efficient and commercially viable manner. • The Concession is for a period of 15 Years.	Health Sector- Federal Capital Territory Authority	Project Cost: **N1,186,805,089.00**
6	Zungeru HydroPower	• The National Council on privatization is desirous of exploring PPP options for the operations and maintenance of the Zungeru 700MW hydro power plant in Zungeru, Niger State. • The key project features are: o 113m high and 2800m long dam o A powerhouse at the dam toe o A spillway rated 11,795/s o 330KV switchyard o Four 300Kv transmission line circuits o Tailrace channel o 30km access road o Transmission line • The concession period if 30 years	Energy Sector- Bureau of Public Enterprise	$160,523,974 (Debt 70% and equity 30%)

The PPP Opportunities in Nigeria



Agric. & processing

1 Housing Sector

- Green housing projects
- Smarty city housing
- Slums development and redevelopment
- Student housing
- Workforce mass housing

2

Power Sector

- Solar power plants
- Wind energy projects
- Hydropower projects
- Biomass and waste-to-energy projects

3 Aviation Sector

Aviation

- Development of Maintenance, Repair, and Overhaul (MRO) Facilities
- Air Cargo and Logistics Hubs
- Installation of Advanced Air Traffic Management Systems
- Development of Airport Hotels and Retail Centers
- Airport Security and Surveillance Systems
- Digital Transformation and Smart Airport Initiatives

4

Sector: Transport and Logistics

Transport & Logistics

- Development of Inland Dry Ports
- Expansion of Seaports and Modernization of Port Facilities
- Urban Mass Transit Systems
- Railway Infrastructure Development
- Development of Logistics Parks and Warehousing Hubs
- Smart Transport Systems and Traffic Management
- Coastal and Inland Waterways Transport
- Intermodal Transport Systems

5 Healthcare Sector

- Specialized Hospitals
- Primary Healthcare Centers
- Secondary & Tertiary Healthcare Centers
- Local Drug Manufacturing
- Herbal and Alternative Medicine Production
- Telemedicine Platforms
- Health Information Systems (HIS)
- Medical Equipment Production
- Medical Equipment Leasing Services
- Stand-alone Diagnostic Centers

6 Solid Minerals Sector

- Gold Mining Projects
- Gold Refining Projects
- Cement Manufacturing Plants
- Limestone Quarrying
- Iron Ore Mining
- Steel Production Plants

7 Agriculture & Agro-processing Sector

- Rice Farming
- Cassava farming
- Rice Milling Plants
- Cassava to Starch/Ethanol
- Garri Processing
- Beef Production
- Dairy Farming

8

Information and Communications Technology Sector

- Broadband Infrastructure Expansion
- Data Centers and Cloud Services
- Smart Cities and E-Governance Platforms
- Fintech Solutions and Digital Payments

9

Waste Management & Recycling Sector

Waste-to-Energy Plants

Data Centers and Cloud Services

Organic Waste Composting

10 Tourism and Hospitality Sector

- Eco-tourism Development Projects
- Cultural and Heritage Tourism
- Adventure Tourism (Rock Climbing, Hiking, and Safari)
- River Cruise and Waterfront Development
- Luxury Safari Lodges and Wildlife Tours

The New Strategic Direction of the ICRC

Time bound delivery

The ICRC would prioritize efficiency in project execution. The goal is to deliver maximum value to critical stakeholders and interest groups within the shortest possible timeframe. The Commission would ensure that all projects, services, and deliverables are completed and delivered within the established time frames to enhance efficiency, meet stakeholder expectations, and deliver the dividends of democracy to Nigerians. This requires meticulous planning, effective resource allocation, and a relentless focus on project milestones..

Inter-agency collaboration

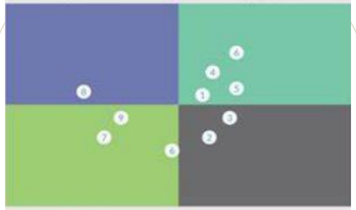
To achieve the mandate of the Commission as well as the directive of the President, the ICRC must foster strong and effective partnerships with other Ministries, Departments and Agencies (MDAs) and stakeholders in Nigeria to enhance coordination, resource utilization, and achievement of strategic objectives of government. By working collaboratively, the ICRC can leverage synergies, share human resources, and create a more impactful infrastructure development ecosystem. The collaborative efforts would be transparent, with clear accountability structures for all stakeholders.

Service delivery optimization

While pursuing new projects, the country must not neglect our existing infrastructure. We must prioritize extracting maximum service delivery from our current assets through effective maintenance, and upgrades. The country needs to enhance the efficiency and effectiveness of service delivery through continuous improvement and optimization practices.

Strategic partnerships

The ICRC would shift our focus from portfolio investments to attracting specialist, capital-ready partners for our critical infrastructure projects. The ICRC would build and maintain effective strategic partnerships to leverage resources, expertise, and opportunities for mutual benefits. This approach would leverage private sector expertise and funding, accelerating project delivery while mitigating risks.



Project categorization

The ICRC would develop a robust categorization framework for infrastructure opportunities, based on complexity, impact, size, timeframe, and resource requirements to ensure appropriate management and allocation of resources.

Innovative financing

The country must be proactive in exploring innovative financing mechanisms to mobilize private sector capital. The ICRC would explore and implement innovative financing solutions to support projects and initiatives, ensuring financial sustainability and efficiency. We would leverage private sector expertise and investment for public projects and services and help in enhancing the funding of infrastructure in Nigeria.

Areas of Support

1. Facilitate investments into PPPs and the attraction of investors with the financial capacity to carry out viable project.

2. Collaborate to convene PPP Summits where potential investment opportunities would be showcased.

3. Provide capacity to develop PPP project categorization framework – based on complexity, impact, size, timeframe, and resource requirements – for Nigeria.

4. Provide capacity to develop of Standardized PPP projects monitoring templates for Nigeria. This would ensure continuous improvement and optimization practices.