



**28TH ANNUAL  
FIDIC AFRICA  
INFRASTRUCTURE  
CONFERENCE**  
Lagos, Nigeria  
15-17 May, 2022  
Eko Hotels & Suites



**T H E M E : \_\_\_\_\_  
INFRASTRUCTURE  
DEVELOPMENT  
IN AFRICA**

**Presentation:**  
**The PPP Model and Infrastructure  
Development in Africa**

**- Abimbola Akeredolu, SAN**

---



# THE PPP MODEL AND INFRASTRUCTURE DEVELOPMENT IN AFRICA

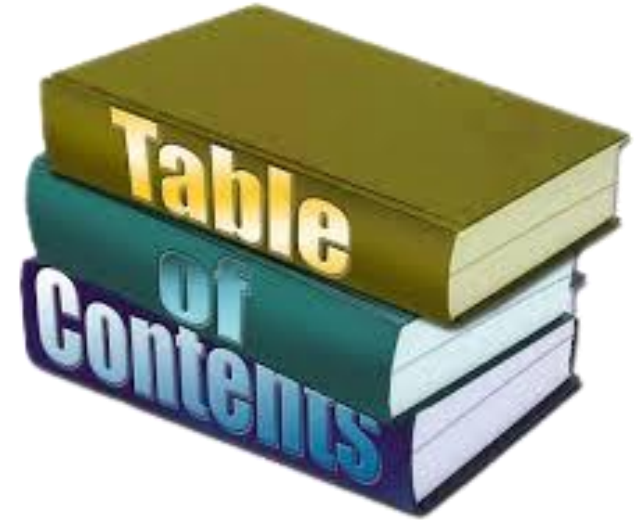


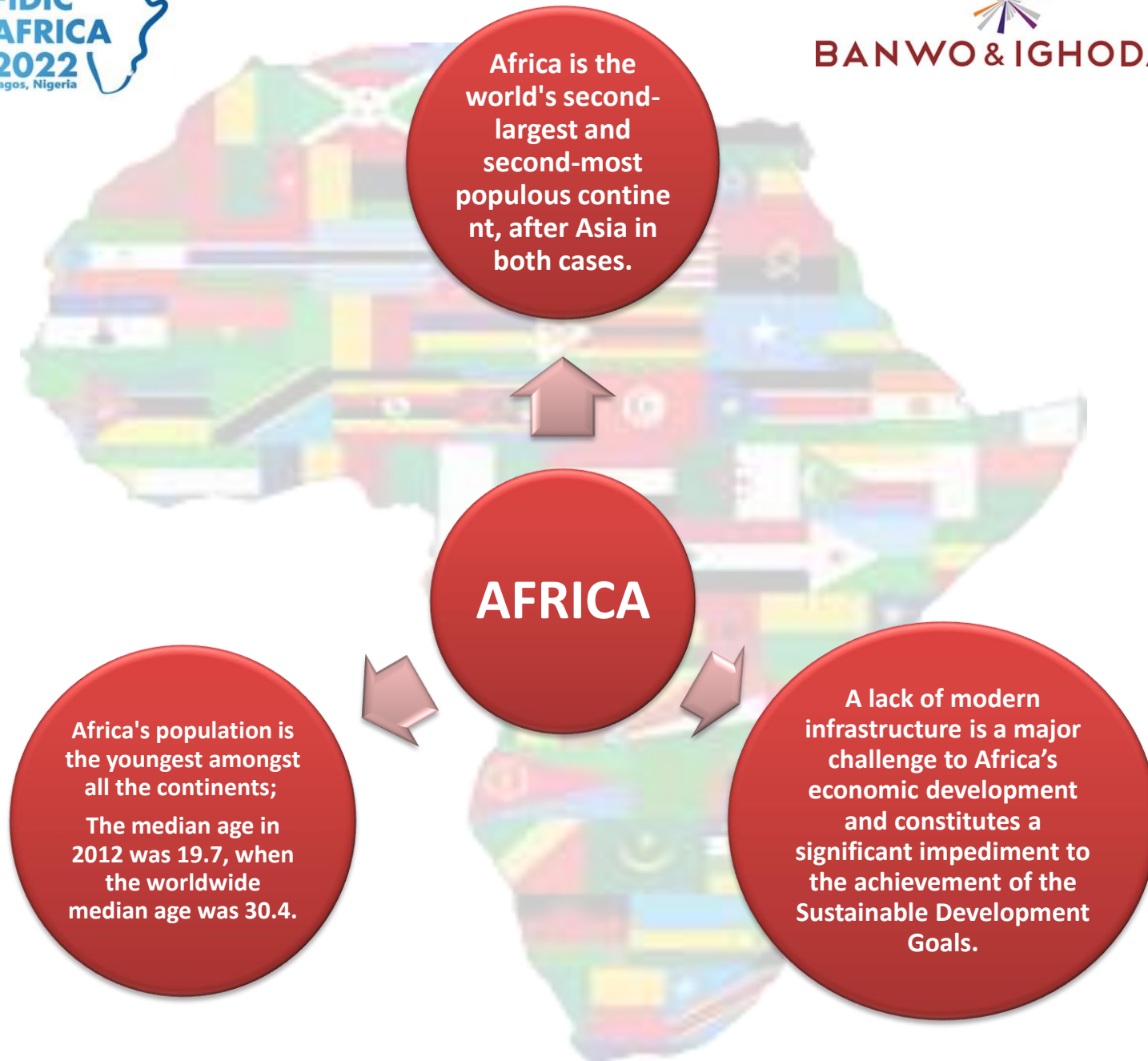
**FIDIC AFRICA 2022  
CONFERENCE**

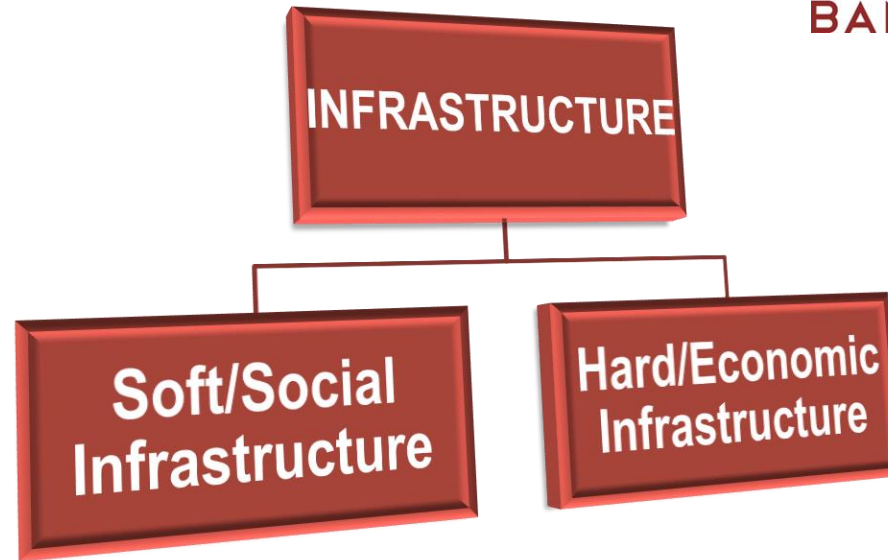


**Mrs. Abimbola Akeredolu, S.A.N. FCIArb.**  
Partner/Head, Dispute Resolution & ADR  
Practice Group  
Banwo & Ighodalo  
Chairman, Board of Directors, LACIAC

- ❖ INTRODUCTION
- ❖ INFRASTRUCTURE DEFICIT
- ❖ PUBLIC-PRIVATE PARTNERSHIPS (PPPS)
- ❖ BENEFITS AND CHALLENGES OF PPPS







### INFRASTRUCTURE DEFICIT

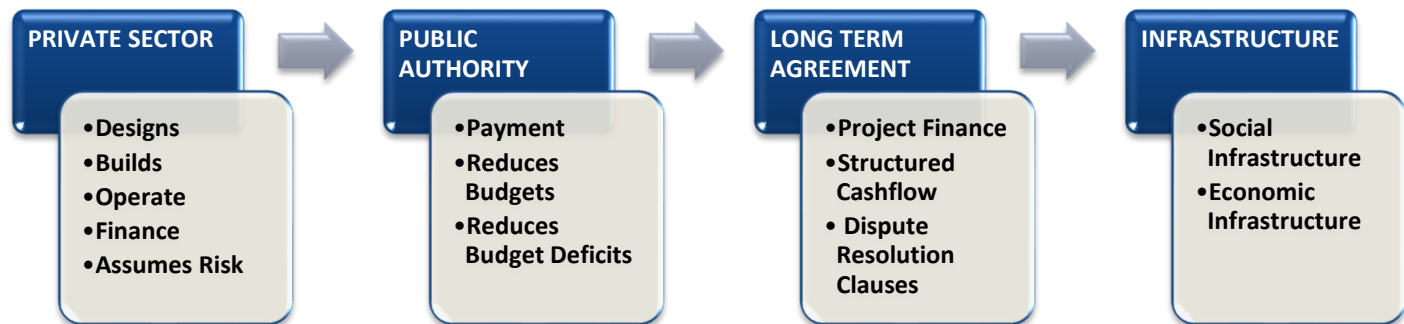
- ❖ Infrastructure is very critical to the advancement of a society as it consists of the basic systems and services that are available to the citizens to utilize in working effectively.
- ❖ Lack of durable infrastructure/weak infrastructure will frustrate economic activities that will lead to stunted growth, deplete wealth and job creation and weaken overall national development on the continent
- ❖ Research conducted by the World Bank reveals that the annual financial requirement for infrastructure in Sub Saharan Africa (SSA) is around US\$93 billion annually for both capital expenditure and maintenance costs, hence the term “infrastructure deficit”.
- ❖ Recently, suggested reports by Oxford Economics, have shown that Nigeria as a country needs between US\$12bn to US\$15bn yearly for a protracted period of six years to meet standard infrastructural requirements.

**Public-  
Private  
Partnerships**

❖ **PUBLIC-PRIVATE PARTNERSHIPS (PPPs) TO THE RESCUE.**

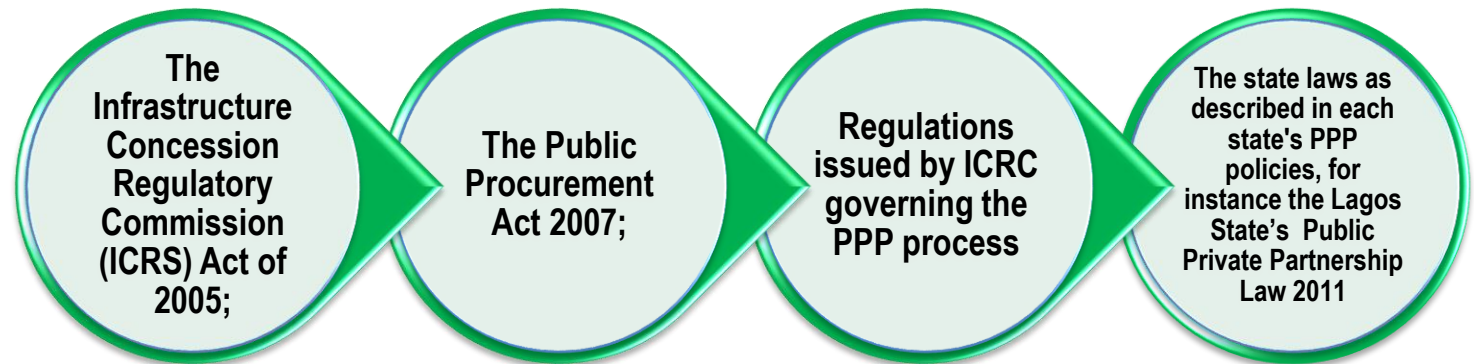
- PPP is a generic term used to describe a myriad of structures that facilitate the participation of the private sector in the provision of public infrastructure and services.
- It involves a contract between a public sector authority and a private party, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project.
- PPP refers to a specific type of arrangement that involves a long-term agreement between a private sector party and a government in which the private sector party designs, builds, finances and operates public infrastructure in exchange for some form of payment.

❖ Features



❖ **RELEVANT PPP LAWS IN NIGERIA**

- ❖ PPP procurements and contracts in Nigeria are currently governed by:



❖ **KEY DRIVERS FOR A SUCCESSFUL PPP ARRANGEMENT**

- ✓ **A credible project proposal/ transparent and efficient procurement**
- ✓ **Real demand for the service**
- ✓ **Environmental & Social considerations**
- ✓ **Multilateral Development Bank Involvement**
- ✓ **Currency fluctuations**
- ✓ **Local content**
- ✓ **Getting the buy-in- of the relevant stakeholders and itemizing the benefits to them**
- ✓ **Enforceability of contracts/respect for sanctity of contracts especially on the government side**

**K  
E  
Y  
  
D  
R  
I  
V  
E  
R  
S**





❖ **EXAMPLES OF PPP ARRANGEMENTS USING NIGERIA AS A CASE STUDY**

❖ **Lekki Toll Road Concession Project, Lagos- State Government Lagos**

- The Lekki Toll Road Concession Project was created to increase the capacity of and improve the condition of the road, and reduce congestion on the route.
- Total funding Raise: N46.8bn. (USD 290m) was raised for the project and Financial Close was achieved at the height of the Global Financial Crisis in November 2008.
- Overall debt-to-equity ratio was 83:17. This indicates that 68% (N31.8bn., USD 197m.) of the funding was obtained from private sector sources, and this scale of private finance was made possible by public sector guarantees at the federal and state levels.

❖ **Domestic Terminal at Murtala Muhammed Airport, Lagos by Bi-Courtney Aviation Services (a subsidiary of Bi-Courtney Limited). Federal Government.**

- A concession to build a new domestic terminal and additional facilities at the MMA2 in Lagos by Bi-Courtney under a contract tenor of 12 years initially, was later extended to 36 years
- The project faced a number of challenges among which were inability to secure a long term financing agreement, and reluctance of FAAN to maintain the project by enforcing use of MMA2 by airlines as required by the PPP agreement, coupled with several claims of breach of contractual rights by both parties.

## ❖ PPP IN SENEGAL

- ❖ A new highway that would ease road congestion had been planned decades earlier but had been shelved because of the cost, complexity, and difficulty of financing. Abdoulaye Wade, elected president in 2000, sought a new solution: **A PPP**.
- ❖ Senegal's newly created agency for Investment Promotion and Major Works led the process of selecting the partner company, overseeing construction, and coordinating implementation with institutions ranging from Senegalese ministries to international development banks and community associations.
- ❖ In addition to identifying and resolving complex technical and financial aspects of the partnership, government planners had to find ways to mitigate the extensive social and environmental impact of the project—including the displacement of 30,000 people from their homes and businesses
- ❖ The plan called for a private company to contribute a portion of the cost of the highway's construction and then to maintain the highway—in exchange for toll revenues—with the rest of the up-front costs borne by the government

CHALLENGES FROM NIGERIA	LESSONS FROM SENEGAL
Lack of transparent and sustainable long-term financing for PPP	<b>Political Commitment</b>
Lack of effective planning and failure to set deadlines	<b>Experienced concessionaire with strong commitment to Senegal</b>
Weak framework to regularly observe and assesses PPP projects	<b>Consensus-building and Stakeholder Engagement</b>
Nonexistence of relevant dispute resolution mechanism for PPP projects	<b>Strong involvement of development institutions</b>

**PUBLIC – PRIVATE PARTNERSHIP**

**B  
E  
N  
E  
F  
I  
T  
S  
&  
C  
H  
A  
L  
L  
E  
N  
G  
E  
S**

<b>BENEFITS</b>	<b>CHALLENGES</b>
Value for money	Financial limitations Corruption, dominance of public companies
Quicker delivery of project:	The lack of continuity in administrative policies by political office holders in the long run
Risk transfer	Frequent political change of office holders and Chief Executives of Regulatory agencies
Increased budget/financing certainty	Lack of sound legal and institutional framework backing Public Private Partnership
Improved service delivery	Premature termination of concession rights by government
Political benefit	
Private sector growth and stability:	
Elimination of corruption	



BANWO & IGHODALO





**FIDIC**  
**AFRICA**  
**2022**  
Lagos, Nigeria