

This document is a brief report of the Nigeria Infrastructure Building Conference convened by Cowrie partners in association with the UK Trade & Investments and held in Lagos on Tuesday September 27, 2016. The Conference showcased to local and international investors the various investment opportunities presented by Nigeria's infrastructure deficit.

## REPORT OF THE NIGERIA INFRASTRUCTURE BUILDING CONFERENCE 2016.

Victoria Island Lagos, Tuesday  
September 27, 2016

*Cowrie Partners*

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**INTRODUCTION:**

Nigeria continues to make important strides towards improving much of its infrastructure. The ports reforms and terminal concessions now attract private investment on a scale unprecedented in Africa. Amidst great challenges, the power sector reforms have crossed a very significant bridge with the handover of the unbundled power generation and distribution companies to private investors and the implementation of a new tariff structure. Bold liberalization measures in the ICT sector have resulted in widespread mobile services, and major private investments in the development of a national fibre-optic backbone. Challenges persist however in a number of areas. The power sector still suffer shortfalls in power supply and in sector liquidity. There is the water and sanitation sector's lack of development, the relatively poor condition of Nigeria's road networks and the need to support the country's aviation industry and the transport sector in general. According to a recent World Bank Report, addressing these infrastructure challenges will require sustained expenditure of almost \$14.2 billion per year over the next decade. There is therefore a need to mobilize various sources of financing, including the private sector, local banks and International Financial Institutions with the view of increasing the financing envelope for infrastructure. In view of the forgoing, Cowrie Partners in association with UK Trade & Investment organized the second edition of the Nigeria Infrastructure Building Conference to focus on sustainable sources of infrastructure funding in Nigeria.

## **THE CONFERENCE:**

The Nigerian Infrastructure Building Conference 2016 was held at the Abora-Mazonia Suite, Eko Hotels & Suites, Adetokunbo Ademola Street, Victoria Island, Lagos, on the 27<sup>th</sup> of September 2016. In attendance at the Conference were the Honorable Minister of Transportation, Rt. Hon. Chibuike Rotimi Amaechi, CON and Mr. Ahmed Bashir, MBE, Ag. British Deputy High Commissioner/Director UKTI who led a Trade Delegation of infrastructure focused companies from the UK to the Conference. Also present was the representative of the Office of the Vice President, Mr. Mukhtar Tijani. The Transport Sector was represented at the highest executive management levels by the CEO of the Nigerian Railway Corporation and Directors from the Shippers Council, National Inland Waterways and the Federal Airports Authority. The Power Sector had CEOs/representatives from Generating Companies (GenCos), Distribution Companies (DisCos) as well as various government agencies such as the Nigerian Bulk Electricity Trader (NBET), and the Nigerian Electricity Regulatory Commission (NERC) responsible for the regulation and development of the electricity industry. The oil and gas sector was represented by the CEO of the Nigerian Gas Processing & Transportation Company (NGPTC). Representing the organised private sector was Mr. Muda Yusuf the DG of the Lagos Chamber of Commerce & Industry. The Finance and Banking sector was represented by the MD/CEO of The Infrastructure Bank, Mr. Adekunle AbdulRazaq Oyinloye and a host of Heads of Infrastructure Desks of Nigerian Banks.

Also in attendance as invited guests were Mr. Biodun Disu, MD Philips Projects Center, Dangote Industries, Olaniwun Ajayi LP, PriceWaterhouseCoopers Limited, Tesla Power Solution, GHI Assets, Saro Africa, Skipper Seil, Niger-Delta Power Holding Company, ExxonMobil, GTL Group, Union Bank PLC, Lekki Worldwide Investments, Wole Olanipekun and Co, New Bridge Capital, Trident Oil and Gas and other important dignitaries and guests.

## **OPENING CEREMONY:**

The welcome remarks for the opening ceremony was given by Mr. Ahmed Bashir, MBE, Ag. British Deputy High Commissioner/Director UKTI, welcoming delegates to the 2016 edition of the Nigerian Infrastructure Building Conference and on the themes of the willingness of the British Government to invest in Nigeria. This was followed by a Keynote speech by Rt. Hon. Chibuike Rotimi Amaechi, the Honorable Minister of Transportation and a Vote of Thanks by

Ms. Ibiwonke Idowu, Conference Co-coordinator, Cowrie Partners. All the speakers alluded to the fact that there exists an infrastructural development deficit in Nigeria, and that the time has come to make deliberate strides towards improving Nigeria's infrastructure. They opined that indeed, there were a lot of opportunities in infrastructure building in Nigeria. In his Keynote Speech, the Honorable Minister of Transportation Rt. Hon. Chibuike Rotimi Amaechi highlighted opportunities in the transport sector, especially in the development of road infrastructure, the inland water ways and the Nigerian railway network. He reiterated that Nigeria was a land of opportunities, and that we are open to doing business with credible and verifiable investors. Ms. Ibiwonke Idowu in her Vote of Thanks outlined some the areas that the Conference would address including, focusing on sustainable sources of infrastructure funding.

### **THE POWER SECTOR ROUNDTABLE: HOW DO WE LIGHT UP NIGERIA? - ADDRESSING THE PRESSING ISSUES.**

The first session of the conference took a look at various means of providing sustainable power for Nigeria with the aim of addressing pressing issues in lighting up the country. Panelists at this session included the representatives from the Office of the Vice President: Mr. Mukhtar Tijani, Special Assistant to the Vice-President on Power, Mrs. Sheri Adegbenro of Eko Electricity Distribution Co., Dallas Peavey Jr., MD/CEO Egbin Power PLC and Mr. Yesufu Alonge Head, Power Procurement and Power Contracts NBET. The session was moderated by Afolabi Ojosu Conference Coordinator, Cowrie Partners. At the session, the first panelist Mr. Yesufu Alonge discussed the plan of the government to expand generation capacity in the electricity sector and diversify the Nigerian energy mix to include solar power generation and other renewables. He reiterated that NBET recently signed 14 Power Purchase Agreements (PPAs) for solar powered generation, which signifies that the government is open to investments in renewables in Nigeria. He said that this will enhance grid stability, especially in the north. He further opined that renewable generation technologies are increasingly getting cheaper, and that this will help in reducing the cost of power on the consumers in the long term. Mr. Mukhtar Tijani discussed the policy of the government in providing incremental power supply and their determination to follow through with power projects focusing on grid and off grid developments. He said that the government is currently planning to provide on-grid/off-grid power generation in 40 Nigerian universities using Independent

Power Projects under a Public Private Partnership (PPP) arrangement. He opined that this will not only help make sure that there is availability of electricity in these universities, but would further ensure that the communities in which these universities are located enjoy access to on-grid/off-grid power. The third panelist, Mrs. Sheri Adegbenro who represented the MD of Eko Electricity Distribution Company (Eko Disco) highlighted the strides Eko Disco has been making in the distribution sector of the power industry. She mentioned that Eko Disco has entered into Bilateral Agreements to ensure adequate supply to their distribution area. She informed that these agreements have not commenced due to the need to first reinforce their network. She further highlighted opportunities for investors as Eko Disco is open to partnering with investors who are willing to build embedded generation stations. She also expressed the view that the issues of huge Collection and Technical losses, and a sustainable tariff for electricity need to be resolved in order to light up Nigeria. The Fourth Panelist, Mr. Dallas Peavey Jr., MD/CEO Egbin Power PLC highlighted opportunities in power generation in Nigeria. He discussed the current plans by Egbin Power to generate about 10 to 12 MW using Solar PV and also through alternative sources. He said that Egbin Power PLC will integrate its in-house systems to use this power with the remaining sent to the national grid. He also expressed Egbin Power PLC's intention to add an additional 1500 MW to its generation capacity. He however highlighted the issues in power generation that we need to address to light up Nigeria. He opined that we need to solve issues with militancy in the Niger-Delta to ensure availability of gas, and also an urgent need to stabilize the electricity generation frequency across the country. He said Egbin has had to shut two of its generators with a combined capacity 440 MW due to frequency issues. Intervening from the audience, the MD of the Nigerian Gas Processing & Transportation Company, Mr. Tunde Bakare informed that in February of 2016, before the advent of the current issues leading to gas constraints, there was a generation peak of 5,200 MW with availability of gas to generate more, but that due to limitation on the capacity of the grid, the generation companies had to cap generation. He also opined that the current issues of frequency imbalance has led to generation companies jettisoning gas, and that the militant attacks on gas supply lines were issues the Nation needed to address to ensure gas availability. Also intervening from the audience, Mr Abimbola Onafowokan of Power Systems opined that there is a need to do an actual Technical Loss and Commercial Loss study of the distribution companies as we cannot continue to use

assumptions of what these losses are to calculate what rates/tariffs are to be paid by Nigerians under the Multi Year Tariff Order (MYTO).

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**BUSINESS-TO-BUSINESS MEETINGS BETWEEN NIGERIAN BUSINESSES AND THE TRADE DELEGATION FROM THE UNITED KINGDOM TOOK PLACE ALONG WITH THE TEA BREAK.**

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**THE TRANSPORT SECTOR DIALOGUE: ENHANCING PRIVATE SECTOR PARTICIPATION**

Mr. Muda Yusuf, DG, Lagos Chamber of Commerce and Industry who opened discussions with an overview of the investment opportunities in the transport sector opined that Public Private Partnership is the way forward for infrastructure development in Nigeria. He also emphasized the need for upholding the integrity and sanctity of contracts in order to encourage investors. He concluded by encouraging new investors to ensure that they carry out due diligence and effective and efficient risk analysis in the sector that they plan to invest in.

Panelist Chief C.C Agu representing the Executive Secretary Shippers Council spoke about the Intelligence traffic research carried out due to the gridlock at the Apapa road and pointed out the need for a trucking terminal to ease the problem on the Apapa route and that same applies to the other truck parks nationwide as most of the trucks are parked on the roads even when there is no business. He also mentioned that the Shippers Council is an economic regulator for the maritime sector and there has been some sort of sanity since the Council started monitoring economic activities in the sector, although there have been hiccups as regards fines. He further stated that Nigeria will only thrive when there is competition in every sector an example being the telecommunication sector. Comparing offloading rates of containers at the Ports in Republic of Benin and Ghana to Nigeria as well as the amount of days it takes to clear goods at the ports, it appears that the rates in Nigeria was the highest. The number of days to clear goods in Nigeria is 25 days while it is 10 days in the Republic of Benin and 10 days in Ghana. He advised that private sector investors should create competition as obtains in other climes in the Maritime sector to drive rapid development.

Panelist: Mr Muazu Sambo. Area Manager, Lagos. Lagos Area Office Nigerian Inland Waterways represented Mr B.G. Mustapha, MD National Inland Waterways Authority.

He started off by stating the amount of income derived from the transportation of cargo via waterways transport in developed countries and the climate friendliness of waterways transport due to lesser carbon emissions. He further educated the audience on the plans underway as to inland waterway transport infrastructure development in various parts of Nigeria. He mentioned the dredging of the River Niger and the creation of ports at Onitsha and Lokoja to boost business activities and provide safe transport alternatives to Nigerians. He also highlighted areas that investors should look into. These include the area of waterways safety and security, an institute to train waterways officials, dredging and maintenance facilities, just to mention a few. Conclusively, he encouraged investors by stating that of the 36 states in Nigeria 28 states can be linked by waterways transport if harnessed and developed properly. This fact alone is a major reason for the private sector players to look closely at the opportunities in inland waterways.

Panelist: Mr Tony Okpaise representing Engr. Saleh Dunoma, MD, FAAN, laid particular emphasis on Public Private Partnership. He mentioned recent achievements of the sector in the near completion of some of the airports, such as the multi-level car park at the Lagos airport, and the renovation of the airport in Abuja, Port Harcourt and Kano, as well as completion of two hangers. He pointed out areas that investors should look into in the aviation sector. These include hospitality (building of hotels, restaurants, leisure areas and building of inter rail system to link the international airport to the local airport in Lagos, just to mention a few. He further encouraged aggressive private sector investment in the aviation sector as this has proved to be the way forward with the recent efficiency and effectiveness witnessed as a result of concessions in the aviation sector.

Panelist: Engr F.E Okhiria, Acting Managing Director Nigerian Railway Corporation mentioned the recent milestone achievements in the Nigerian Railway sector with the commissioning of the Kaduna to Abuja rail. He also mentioned that they have more travel demand in that axis than was initially anticipated, which signifies that Nigerians seek a more convenient means of transportation. He mentioned that coaches have been ordered to add to the existing coach plying the Kaduna-Abuja route.

He reiterated that the development of the railway sector in Nigeria brings about development in the areas that they have been created, he cited areas like Iddo, Ebutte –Metta, Oyingbo and Dugbe as examples. He also made mention of other railway axis that are currently

undergoing reconstruction and will be functional and fully operational by the first quarter of 2017. They include the Ibadan-Ilorin route and the Port Harcourt - Warri route while the Lagos- Kano route is functional. He also mentioned that the government is paying adequate attention to the rail system in order to move people and goods and decongest the roads. He stated further that the private sector is welcome and should approach the Nigeria Railway Corporation to facilitate investment in all aspects of the railway sector value chain. He mentioned that the software development for train ticketing should be considered as an investment area as well as the development of terminals and related relaxations spots. Attention should also be paid to the security and training of railway personnel and continuous maintenance of railway facilities.

The following questions were asked by the audience and treated:

*Question: What are the safety measures put in place in the inland waterways transport sector to ensure that boat mishaps do not occur and how is the issue of sea piracy going to be tackled as the Nigerian waterways are known to be one of the most unsafe means of transportation?*

Answer: The issue of security along the inland waterways is on the front burner and is taken seriously. The Nigerian Inland Waterways Authority especially the Lagos Area Office ensures that all boat passengers wear the life jackets provided. Boats are required to carry the standard number of passengers to avoid overloading as well. The success story is that in the last eighteen months there has not been any record of a boat mishap or accident in the areas covered by the NIWA Lagos Area Office.

As regards pirates on the waterways a Bill is at the second reading at the National Assembly. This Bill will handle the case of pirates when passed into law. Till then, the inland waterways police will continue to play its role.

*Question: What is the Nigerian Railway Corporation doing about the safety of lives and property along the rail lines to prevent vandalism and hoodlums that climb the top of the trains to commute from one end of Lagos to the other?*

Answer: The Nigeria Railway Corporation has a team that ensures the safety of lives and property on its coaches. As regards climbing the top of the train that has become a norm in



some parts of Lagos, the Corporation is making plans to replace the coaches with coaches that cannot be climbed.

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## **AFTER THE PANEL DISCUSSIONS, THREE PAPERS WERE PRESENTED:**

### **1. What role can debt play in Infrastructure Projects?**

Mr. Adekunle AbdulRazaq Oyinloye the MD/CEO of The Infrastructure Bank, explained the life cycle of an infrastructure project, features/attributes of infrastructure bank loans, global significance of bank loans in infrastructure financing, recent landmark infrastructure projects supported by bank lending, current trends, the role of DFIs and how we can sustain the momentum. He informed that The Infrastructure Bank is working on a way to finance metering for Electricity Distribution Companies in Nigeria, this he said would be called the Nigerian Metering Fund. According to him, the fund would facilitate the provision of meters to electricity customers. This will in turn promote transparency and accuracy in the measurement of customer electricity usage and billing. On recent landmark infrastructure projects supported by bank lending, he mentioned:

- a) the Lagos – Ibadan Expressway (2014) N167 billion road financing via a Private Finance Initiative, N50 billion First Tranche, Financed by N25bn Federal Government allocation and N25bn (50%) by a consortium of local commercial banks.
- b) Telecomm infrastructure financing: Smile Telecommunications (2015), US\$ 315 million syndicated multi-tranche term expansion facility. Syndicate included DFIs, Export Credit Agencies, International lenders as well as local (Nigerian) commercial banks.
- c) Power Infrastructure Financing: Azura IPP (2016), US\$876million project financed Greenfield IPP, US\$190 million in Equity Financing, US\$686 million (78%) in debt financing, Bank loans totaling US\$354 million were deployed, Local (Nigerian) bank tranche amounted to \$120m.

### **2. Insurance & other Risk Management instruments for Infrastructure**

Engr. Jacob Adeosun, Executive Director, Industrial Risks Protection Consultants who spoke on the topic opined that several infrastructural intentions have remained a mirage and dream.

A lot of them failed from conceptual and design stages while considerable numbers end up as abandoned projects. A significant number of completed ones are unable to operate or deliver near expected capacities. The reason for the forgoing is that in today's complex and rapidly changing global environment, any project whose risk is not adequately managed is doomed to fail at one point or another in its life cycle. In his opinion, maintenance of security of lives and assets; and political stability are the first and most important risk management imperative for investment and development. This he said is the number one responsibility of a Country Head. He was also of the opinion that for Nigeria to develop infrastructure-wise, we need to combat corruption and enthrone good corporate governance culture in both the public and the private sectors *but more critically in the Public Sector*. He said these will ensure that resources are wholly utilized for intended purposes efficiently to achieve projected targets based on the fact that investors abhor territories bedeviled with corruption and lack good corporate governance.

### **3. What is delaying Broadband Roll-out in Nigeria?**

Dr. Emmanuel Ekuwem- CEO, Teledom International Ltd/ former National President of the Association Of Telecommunications Companies of Nigeria (ATCON) who spoke on this telecom sector hot topic took time to highlight the benefits of broadband in the educational sector and in combatting crime. He gave the interesting example of smart classrooms which allows a student to partake live in a class remotely from anywhere in the world so far as the student has been given the requisite login details.

#### **CONFERENCE RESOLUTIONS:**

The resolutions of the Conference are contained in a Communiqué issued on September 27, 2016 which is available from Cowrie Partners.

**Cowrie Partners**

**Lagos, September 27, 2016.**