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**SUSTAINABLE INFRASTRUCTURE FINANCING
AND DEVELOPMENT**

Financing sustainable infrastructure projects is a crucial aspect of driving national economic development while addressing environmental and social challenges. As nations strive for sustainable growth, innovative financing and investment strategies are essential to fund and support infrastructure initiatives that promote economic prosperity, social well-being, and environmental stewardship. Some key areas to be considered include; Public private partnership, development Banks. Infrastructure investment funds, Project Bundling, community engagement and Stakeholder Alignment.

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Functions of a Government Ministry in the past

Policy Making, & Infrastructure Sector Plans

Regulation, performance Monitoring & Tariff -Setting

Ownership & Contracting long-term infra. assets

Operation, Maintenance of Infra. Networks &
delivery Services



Infrastructure Reforms

Policy Making, & Infrastructure
Sector Plans

Government
Ministries

Regulation, performance
Monitoring & Tariff -
Setting

Independent
Sector/Utility
Regulatory Bodies



Ownership &
Contracting long-
term infra. assets

State-owned Infra.
Asset Holding Coy
(AHCs), procuring
entities



Operation, Maintenance
of Infra. Networks &
delivery Services

Private Sector investors,
operators & lenders

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Private Sector investors,
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PPP

Structuring Government's desire to provide infrastructure services into a business opportunity that is attractive to the private sector





Investors
& lenders

Risks

Business
Opportunity

Profit

The diagram consists of four main elements: a large green arrow pointing right, a red oval, a green rectangle, and a dark green oval. The arrow is labeled 'Investors & lenders'. The red oval is labeled 'Risks'. The green rectangle is labeled 'Business Opportunity'. The dark green oval is labeled 'Profit'. The arrow points towards the 'Risks' oval, which is positioned between the arrow and the 'Business Opportunity' rectangle. The 'Profit' oval is located below the arrow and the 'Risks' oval.

Investors & lenders

Risks

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Opportunity

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Equity Investors

1. Sweat Equity investors . These are the Project developers or sponsors. They take on the major responsibilities of project development and operations.

2. Operational Equity Investors They are involved in the construction and operational decisions of the projects

3. Financial Investors (or passive investors). Most equity finance are from them. They are less involved in the strategic and operational decisions of the projects

Lenders

Lenders have lower risk appetite than Investors.

Lenders' most important consideration is the certainty of debt repayment, either directly through the project's cash flow (the primary source of repayment), or indirectly through a third-party credit enhancement such as a guarantee.



Unacceptable Risk | Acceptable Risk

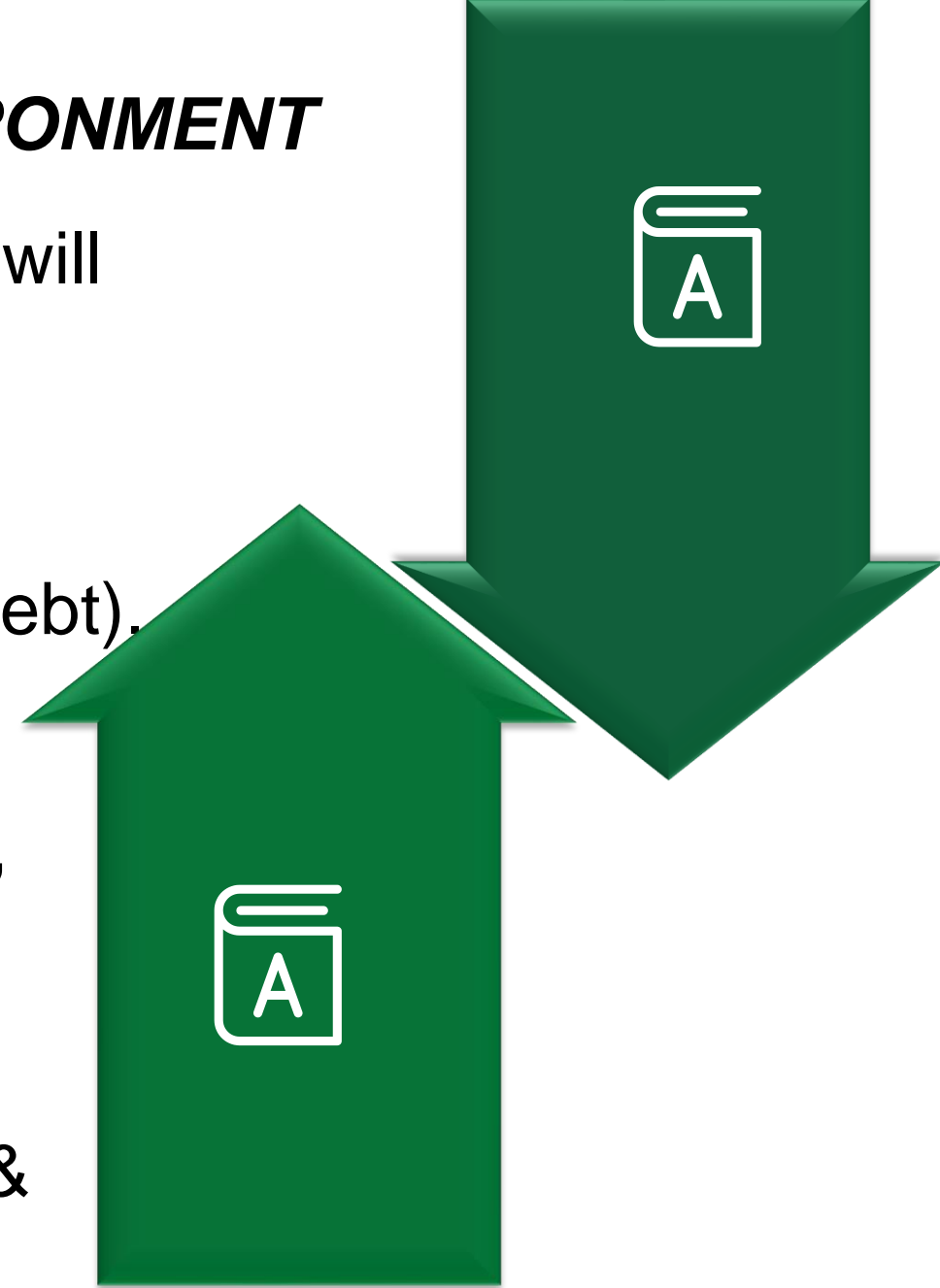
Unacceptable Profit | Acceptable Profit

What is the Way forward?



HOW TO CREATE AN ENABLING ENVIRONMENT

- (1) Top political support with the Political will
- (2) Legal & Regulatory framework
- (3) Access to private finance (equity & debt).
De-risking & Credit Enhancement
- (4) Revenue streams, profitable, steady,
sustainable & capable of strong growth.
Credit Enhancement.
- (5) Selection, preparation, procurement &
Implementation of good projects.



Access to private finance (equity & debt). Credit Enhancement

- Reduce Demand Risk – Minimum Demand/Revenue Guarantee
- Raise Tariffs & commitment to do so
- Decrease O & M Costs
- Increase Equity Investment
- Establish Reserve Account
- Establish Contingent liability Account



Access to private finance (equity & debt). 2

- Create additional sources of revenue
- Create “Mezzanine” Financing/Subordinated Debt
- Extend the Debt Term
- Partial Credit Government Guarantee i.e., on a tranche of the Project debt
- Partial Risk Guarantee - MAGA
- Government Guarantees, Force Majeure, etc



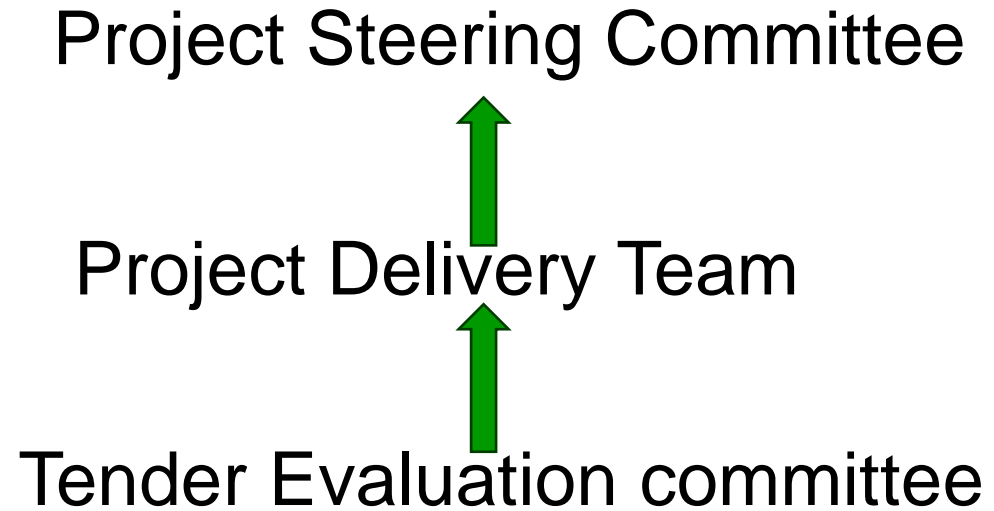
Access to private finance (equity & debt).

- Borrow with Grace Period
- Defer Principal Payments
- Viability Gap Funding (VGF)
- Output Based Aid (OBA)



Access to private finance (equity & debt). 3

● Establish Governance structure



PPP Unit



THANK YOU
FOR
LISTENING



CREATED USING
BooToon

THANKS



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