



THE PRESIDENCY

INFRASTRUCTURE CONCESSION REGULATORY COMMISSION

Plot 1270, Ayangba Street, Near FCDA Headquarters, Area 11, Garki, Abuja, Nigeria.

Tel: +234-9-4604900; E-mail: info@icrc.gov.ng; Website: www.icrc.gov.ng.

ICRC/HQ/MIN/06/VII/68

12th May 2023

Honourable Minister
Federal Ministry of Transport
Bafra Dapcharima House
Central Business District
Abuja



RE: DIGITALIZATION OF NIWA BUSINESS PROCESSES (E-NIWA) AND DESIGN AND IMPLEMENTATION OF ENTERPRISE REVENUE OPTIMIZATION AND MANAGEMENT SYSTEMS (E-ROMS)

ISSUANCE OF FULL BUSINESS CASE (FBC) CERTIFICATE

1. We acknowledge your letter referenced FMT/0952/S.4/1/194 dated 4th May 2023 transmitting the Full Business Case report for the Digitalization of NIWA business processes (E-NIWA) and design and implementation of enterprise revenue optimization and management systems under a Public private partnership arrangement. The Commission appreciates the efforts of the Federal Ministry of Transportation (FMOT) and the Nigerian inland Waterway Authority (NIWA) to partner with the private sector in the realization of this project.

2. In line with the Infrastructure Concession Regulatory Commission (ICRC) public-private contract regulatory role, the Commission has reviewed the FBC submitted by the FMOT and have declared that the Full Business Case substantially satisfies the requirements of the ICRC (Establishment and Etc.) Act, 2005 and National Policy on Public Private Partnership (2012).

3. Project Description and Justification

The submission is an unsolicited submission by P2I Technologies Limited that was transmitted to the Commission by the Federal Ministry of Transport. The submission highlights the benefit of deploying digital transformation and automation for NIWA processes and activities. The project scope includes the following:

- Defining the fractional requirements for the developing NIWA to be a thought leader in waterways management across Africa by adopting automation, digitalization and emerging opportunities for improved revenue generation
- Developing a detailed project plan including timelines, milestones, and resource requirements
- Identifying potential risks and mitigation strategies

b. Project Objectives/Benefits

The E-NIWA project would improve digital transformation and automation of NIWA's business processes for improved revenue generation. The objectives include:

- i. **Streamlining And Optimizing Business Processes:** The project aims to identify and streamline key business processes within the National Inland Waterways Authority (NIWA) to increase efficiency and productivity. Automation of some of these processes can help to eliminate manual errors and reduce the time required to complete tasks.
- ii. **Integration of Technology:** The project aims to integrate technology and automation in NIWA's operations, including using modern software and systems to improve communication and collaboration among different departments and stakeholders.
- iii. **Improving Data Management:** Digital transformation can help to improve data management within NIWA by providing a centralized and secure platform for data storage, retrieval, and analysis. This can help to enhance decision-making and improve overall performance.
- iv. **Enhancing Customer Service:** Digital transformation can help NIWA to improve customer service by providing real-time information and feedback to customers, reducing response times and improving overall satisfaction levels.
- v. **Cost Reduction:** The project aims to identify opportunities for cost reduction through automation and digital transformation, such as reducing the need for paper-based documentation and manual data entry.
- vi. **Training And Capacity Building:** The project may involve training and capacity building for NIWA staff to ensure they have the necessary skills to use the new technologies and systems effectively.

c. PPP Options Analysis

The submission stated that based on the evaluation of different PPP options, and the peculiarity of this concession, Build-Operate-Transfer scheme shall be preferred to ensure that the project is properly executed and the vision for improved revenue optimisation and management will be achieved through PPP.

d. Concessionaire

P2E Technologies Limited is a licensed Data protection complaint organization (DPCO) based in Abuja and is amongst the only 26 licensed organizations in Nigeria. P2E technologies Limited is looking forward to partnering with the NIWA to digitally transform its operations.

e. Financing and Financial Modelling

- i. **Project Cost** – The total project cost is estimated at N7bn. The proposed project cost is to be spent between capital expenditure, software expenditure and administration and revenue assurance and consultancy services. The breakdown is thus Capital Expenditure; N1.9bn, Software Expenditure & Administration; N2.2bn and Revenue Assurance & Consultancy Services; N2.9bn.
- ii. **Project Financing** – The project is proposed to be financed with 70% equity (N4.9bn) and 30% debt (N2.1bn).
- iii. **Revenue** – Total revenue to be generated by NIWA was stated at N2.8tn, with N1.78tn deemed the incremental revenue generated due to the implementation of the e-NIWA project. The concessionaire's share of revenue of 30% of incremental revenue is calculated as N534.57bn for the 30 years concession period.

- iv. **Key Indices** – From the submission, the cost of equity was 13% and the cost of debt was 15%, while the project WACC was given as 14%. The project IRR was given as 28% and NPV of N51.42bn. The Equity IRR was computed as 24%, and NPV of N32.6bn. The Project discounted payback period was calculated at 7years, and the Equity discounted payback period was given as 5years. Minimum DSCR is 0.03x which occurred in the 2nd year of the project.
- v. **ICRC Fee**- This was captured as 2% of Concessionaire revenue, this totalled N3.83bn for the 30 years proposed concession period.

f. Concession Period

In the FBC submission, a 30 year concession period was proposed, at which time the proponent must have recouped its investments in terms of meeting its financial obligations.

g. Competition/Transparency

The project will be implemented under the regulatory guidance of the ICRC Act 2005 and the requirements of the National Policy on Public Private Partnership.

h. Intellectual Property

The company, P2E Technologies Limited would be deploying its unique revenue optimization and management systems towards digitalising NIWA operations for better service delivery.

i. Stakeholder Engagement

The FBC identified the Federal Ministry of Transportation, Nigerian Inland Waterways Authority, and the Infrastructure Concession Regulatory Commission as key project stakeholders. There is need for continuous stakeholders' consultations to ensure hitch-free project deployment and implementation in compliance with the requirements of the ICRC (Establishment, etc.) Act, 2005, the National Policy on PPP and other relevant legislations.

j. Project Risk

A detailed assessment of the project risks was undertaken to identify, allocate and provide mitigation strategies. Significant to the project include technical, completion, operations, political, and exchange rate risks, amongst others.

The Risk matrix establishes project specific risks associated with the service delivery and methods to manage or mitigate the risks. The business justification further demonstrates that the risks have been allocated optimally to parties that are best able to manage the risks.

k. Recommendations

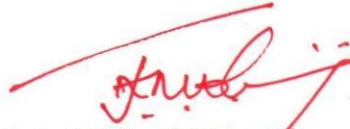
- i. The financial model as presented indicates that the project is financially viable with project IRR at 23% against a WACC of 13.1%, the equity IRR also shows a viable rate of 16%.
- ii. The financial model indicates that the project is bankable with a minimum DSCR of 2.6x and average DSCR of 5.94x.
- iii. We suggest a maximum concession period of 15 years considering the payback period for both the project and equity is 7 years and 5 years respectively.

- iv. The financial model submitted substantially meets the commission's requirement for the issuance of an FBC certificate.

3. Based on the findings listed above, the Commission issues to the Federal Ministry of Transportation a Full Business Case (FBC) compliance certificate for the digitalization of NIWA business processes (e-NIWA) and design and implementation of enterprise revenue optimization and management systems (e-ROMS) under a Public Private Partnership (PPP) arrangement at an initial capital investment currently modelled at total **investment capital of N7billion for a concession period of 15 years.**

4. We, hereby request the Honourable Minister to present the FBC to the Federal Executive Council (FEC) for approval in compliance with the ICRC Act, 2005 and the National Policy on PPP and thereafter, ensure that the relevant concession agreement is vetted and endorsed by both the ICRC and the Ministry of Justice before commercial close.

5. Honourable Minister, please accept as always, the assurances of our highest regards.



J. A. Michael Ohiani
Director General/CEO



The Presidency

INFRASTRUCTURE CONCESSION REGULATORY COMMISSION

FULL BUSINESS CASE COMPLIANCE CERTIFICATE

for the

**DIGITIZATION OF NIWA BUSINESS PROCESSES (E-NIWA) AND
DESIGN AND IMPLEMENTATION OF ENTERPRISE REVENUE
OPTIMIZATION AND MANAGEMENT SYSTEMS (E-ROMS)**

To: The Federal Ministry of Transportation (FMoT)

Project Description: The Digitalization of NIWA Business Processes (E-NIWA) and design and implementation of enterprise revenue optimization and management systems (E-ROMS) **under a PPP arrangement.**

1. The Infrastructure Concession Regulatory Commission (ICRC) has reviewed the Full Business Case (FBC) submitted by the Federal Ministry of Transportation for the Digitization of NIWA Business Processes (E-NIWA) and design and implementation of Enterprise revenue optimization and management systems (E-ROMS) under a PPP arrangement with **Messrs. P2E Technologies Limited** for a period of fifteen (15) years.
2. Based upon an assessment and review of the FBC and all information available, this Compliance Certificate confirms that the submission is in substantial compliance with the ICRC Act, 2005 and the National Policy on Public Private Partnerships.
3. In view of the fact that the mitigating conditions for the projects may change over time, this Compliance Certificate is valid for **6 calendar months** from the date indicated below within which period the project should be presented to the Federal Executive Council (FEC) for approval.

Issued on 12th May, 2023

J. A. Michael Ohiani
Director General/CEO
ICRC