



Challenges in Infrastructure Financing for Greenfield Projects in Nigeria

Takeaways, challenges and areas of
improvement in context of
development of Lekki Deep Sea
Port



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CHALLENGES

1. Value Realisation

2. Perceived Risk

3. Development Stage Financing

4. Participation by Local Investors



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Value Realisation

Developing a private sector lead infrastructure portfolio in Nigeria that is focused on greenfield opportunities can take many years, requiring perseverance and an appetite for realizing returns over a much longer period. The risk also gets enhanced due to relatively weak institutional frameworks and underdeveloped capital markets



Perceived Risk

Because of multitude of factors such as macroeconomic pointers, FX stability and EODB (ease of doing business) standings, the perceived riskiness of an infrastructure project is higher in Nigeria which leads to additional challenges in raising debt and equity capital



Development Stage Financing

An institutional ecosystem to support pre-development stage expenses of an infrastructure project might further boost private sector participation by providing capital support when the odds of success are perceived to be slimmest



Participation by Local Investors

Participation by local funds and institutional investors together with international players might enable risk mitigation by better aligning with the interests of the local government



Project Specific

- 1. Obtaining Statutory Permits:**
- 2. Infrastructure Support Arrangements**
- 3. Obtaining FEC Approval, FGN Guarantee and ICRC Ratification**
- 4. USD-NGN FX Stability**



Obtaining Statutory Permits

A total of 38 permits from more than 15 different agencies were required for a Port Development project, lack of a single-window system was an impediment

Duration : 3 years



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Infrastructure Support Arrangements

Had to face immense struggle in coordinating with various stakeholders in order to get a concrete and committal support for timely provision of connecting road infrastructure and the work stream is continuous in nature and is still under progress.

(This has a direct bearing on the Project Bankability)

Duration :2 years



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Obtaining FEC Approval, FGN Guarantee and ICRC Ratification

Together with NPA, we had to drive and undertake immense groundwork for obtaining ratification from Federal Executive Council and ICRC so that the FGN Guarantee could be issued

Duration: 2 years



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USD-NGN FX Stability

For any infrastructure project that relies upon international financing, FX availability, convertibility and stability are pivotal for creating a bankable business plan.

(This has a direct bearing on the Project Bankability)

Duration: 4 years



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