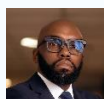


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TEMPLARS ThoughtLab

Privately Initiated Infrastructure Proposals: A Strategic Pathway for Infrastructure Delivery in Nigeria

Introduction

Nigeria's infrastructure deficit, with an estimated infrastructure financing gap of approximately \$3 trillion over the next thirty (30) years¹, remains one of the most significant impediments to the country's economic growth and social development, but, traditional public procurement methods alone cannot bridge this chasm.

Against this backdrop, private-sector unsolicited proposals, formally known as Privately Initiated Infrastructure Proposals (PIIPs) for public-private partnerships (PPP), may be utilised for accelerating infrastructure development and offering innovative solutions that government agencies might not have independently conceived.

Unlike conventional procurement processes where governments determine public infrastructure needs and solicit bids, PIIPs allow private entities to proactively identify opportunities, develop proposals, and present them to relevant government authorities for infrastructure projects that were not previously identified or prioritised by the government.²

This article discusses the legal and regulatory framework, opportunities and key considerations in the use of PIIPs by private sector entities and investors ("**Proponents**").

¹The Punch Newspaper, 'Funding Concerns Linger as FG Tackles Infrastructure Gaps'. Available at <https://punchng.com/funding-concerns-linger-as-fg-tackles-infrastructure-gaps/>. Accessed 11 November 2025.

² Public-private partnerships can take several forms, such as concession contracts, build-operate-transfer arrangements, service contracts, management contracts, and lease contracts, but only the first two usually matter for unsolicited proposals because they justify the kind of upfront investment or concept development that unsolicited proposals are meant to bring.

Legal and Regulatory Framework for PIPs in Nigeria

In Nigeria, the general legal framework for PPP projects is primarily governed by the Infrastructure Concession Regulatory Commission Act of 2005 ("ICRC Act") and subsequent regulations, while the Infrastructure Concession Regulatory Commission (ICRC) regulates PPPs in Nigeria.

The ICRC PPP Regulations, 2014 contain the main procedural rules that guide how federal-level PPP projects are implemented in Nigeria, while the National Policy on Public-Private Partnerships, revised in 2021, provides additional guidance on the government-centred objectives and initiatives under the PPP model.

Our focus: *the Unsolicited PPP Procurement Process Guide, released in August 2025* (the "**2025 Guide**"), directs how PIIPs are processed, evaluated, and potentially transformed into bankable projects. Specifically, the framework requires that unsolicited proposals demonstrate innovation, technical superiority, or unique advantages that justify bypassing competitive procurement processes.

An exception would be that where States of the federation have their own PPP regulatory framework, State-level processes may differ from the 2025 Guide³. However, for States without clear PPP frameworks, PIIPs may be evaluated under federal rules or an ad hoc basis.

PIIP Process in Nigeria⁴

Under the 2025 Guide, the process for PIIPs is required to be in the sequence below:

- a. **Project Development and Preparation Phase:** The Proponent is required to submit an Outline Business Case (OBC), Financial Model (FM), and draft PPP Agreement to the relevant Ministry, Department or Agency (MDA), accompanied by a non-refundable fee based on the assumed cost of the project, as delineated below:

Project Cost (NGN) (USD Equivalent) ⁵	Proposal Fee (NGN) (USD Equivalent) ⁶
Below ₦10 Billion (Approx. US\$6.9 Million)	₦10 Million (Approx. US\$6,900)
Above ₦10 Billion and below ₦20 Billion (Approx. US\$6.9 – US\$13.8 Million)	₦20 Million (Approx. US\$13,800)
Above ₦20 Billion and below ₦100 Billion (Approx. US\$13.8 – US\$68.8 Million)	₦50 Million (Approx. US\$34,400)
Above ₦100 Billion (Approx. Above US\$68.8 Million)	₦100 Million (Approx. US\$68, 800)

³ Lagos State (Amended, 2015), Kaduna State (2016), and Rivers State (2009), among others, have enacted distinct legislative frameworks regarding unsolicited proposals.

⁴ ICRC, 'Unsolicited PPP Procurement Guide'. Available at <https://www.icrc.gov.ng/wp-content/uploads/2025/08/UNSOLICITED-PPP-PROCUREMENT-GUIDE.pdf> Accessed 12 November 2025.

⁵ Calculated at ₦1,454/USD (Nigerian Foreign Exchange Market rate reference rate of 20 November 2025).

⁶ Calculated at ₦1,454/USD (Nigerian Foreign Exchange Market rate reference rate of 20 November 2025).

The MDA is required to evaluate the submission and, if satisfied, submit the OBC, FM, draft PPP Agreement to the ICRC for review. Following the review, the ICRC issues an OBC Certificate of Compliance to the MDA.

- b. Procurement and Implementation Phase:** Following the issuance of the OBC Certificate of Compliance, the Proponent is required to post a Project Bond in favour of ICRC, in any form, value, and conditions determined by the ICRC.

The ICRC also conducts a due diligence review of the Proponent and its partner(s) to validate their financial and technical capabilities and to evaluate the practicability of executing the submitted proposal either through a Swiss Challenge Process, Modified Swiss Challenge, or Direct Negotiations.

This is followed by the requirement for submission of a Full Business Case (FBC) by the private entity;⁷ issuance of a Certificate of Compliance by the ICRC; approval by the MDA's Project Approval Board⁸ or Federal Executive Council (FEC),⁹ as applicable; vetting of the negotiated PPP Agreement by the Federal Ministry of Justice; and execution of the PPP Agreement.

Advantages of Privately Initiated Infrastructure Proposals

The government's acceptance of PIIPs reflects the acknowledgement that public authorities may lack the capacity, resources, or specialised knowledge to identify all viable public infrastructure opportunities.

For investors, the following advantages in taking up such opportunities are worth considering:

- a.** PIIPs give Proponents a true first-mover advantage, enabling them to define the project's initial scope, scale, and direction before it becomes publicly visible;
- b.** They enable the Proponent to shape the concept, influence both technical and commercial design, and showcase capability before competitors emerge;
- c.** They open the door to better access to data, clearer insight into government priorities, and the ability to structure the project in a way that aligns with the Proponent's financing and delivery strategy; and
- d.** They also allow the Proponent to shape the project's narrative, whilst framing the assumptions, feasibility logic, design rationale, and preferred delivery approach of the project.

Key Considerations in PIIP Processes

a. Risk Allocation and Financial Sustainability

The success of infrastructure projects originating from PIIPs critically depends on appropriate risk allocation and financial sustainability. Major risks would include political and regulatory

⁷ A document prepared by the MDA's technical adviser prior to financial closure and award of contract, which provides all the information needed to support a decision to award a contract and commit actual funding, as well as provide a basis for the necessary project management, monitoring evaluation and benefits realisation.

⁸ The Project Approval Board is the body responsible for the approval of PPPs within the approved thresholds.

⁹ It is noted that major projects require FEC approval, which is discretionary and subject to political, budgetary, and policy considerations beyond technical merits. To this extent, section 2 (2) of the ICRC Act provides that: "The projects mentioned in Subsection (1) of this section shall be submitted to the Federal Executive Council for approval on the recommendation of the relevant sector, ministry or agency prior to entering into any contract under Section 1 of this Act."

risk (which may arise in different forms such as changes in government, policy reversals, regulatory unpredictability, and inconsistent contract enforcement); and security risk (which may affect project implementation and operations).

Additionally, financial modelling for PIIP-based projects will incorporate sensitivity analyses that test project viability under various scenarios, including economic downturns, currency fluctuations, affordability for end-users and changes in underlying assumptions, to ensure sustainable arrangements.

b. Environmental and Social Sustainability

Infrastructure projects arising from PIIPs must meet rigorous environmental and social sustainability standards. Nigeria's Environmental Impact Assessment Act and international standards such as the Equator Principles¹⁰ should guide this evaluation.

c. Subnational Consideration and Submission

Apart from federal-level infrastructure projects, unsolicited proposals offer significant potential for state and local government infrastructure development because States face even more acute capacity constraints than the federal government.

d. Investment Protection

Notably, Nigeria has Bilateral Investment Treaties (BITs) with several countries including China and the United Kingdom. Foreign investors from treaty countries will benefit from investment protections and access to international arbitration. Also, the Nigerian Investment Promotion Commission (NIPC) guarantees unconditional transferability of funds¹¹ and investment protection against nationalisation or expropriation without fair compensation, to investments registered with it.¹²

Conclusion

Unsolicited proposals in Nigeria offer significant opportunities for infrastructure development and commercial returns but require sophisticated understanding of Nigeria's complex regulatory, political, and commercial environment.

However, Proponents who invest time understanding Nigerian realities, build genuine partnerships with local stakeholders, and structure proposals addressing Nigeria's specific constraints and opportunities, can develop transformative infrastructure projects that deliver commercial success and impact.

If you require any further clarification, do not hesitate to contact us.

¹⁰ They are a set of minimum standards for due diligence and monitoring aimed at emphasizing the requirement to mitigate environmental and social risks of financing large scale projects, encourage responsible risk decision-making and ensure that projects are such that have positive impact on the natural environment and the affected communities.

¹¹ Section 24 of the NIPC Act.

¹² Section 25 of the NIPC Act.