



## KWARA STATE GOVERNMENT OF NIGERIA

**SUBJECT: KWSG COMMENCES IMPLEMENTATION OF THE KWARA STATE INFRASTRUCTURE FUND (“INFRAFUND KWARA” OR “IF-K”)**

### **Background**

After an infrastructure assessment exercise that was concluded in 2014, the ***Kwara Infrastructure Investment & Finance Strategy*** was created by the then Kwara PPP Office and was approved by His Excellency, Governor Abdulfatah Ahmed for implementation. The main outcomes of the exercise are as follows:

1. Across all the 16 local government areas, an estimated ~~N~~255 billion value of infrastructure deficit currently exists. This deficit spans all sectors, from those upon which human capital development is dependent (education, health and water), to sectors that require both government and private investment in order to boost the State’s productivity and wealth creation (agriculture, solid minerals, power, etc.).
2. The optimal approach after consideration of several factors (finances, use of new procurement and management approaches i.e. public private partnerships, etc.) was to take a modulated approach to meeting the infrastructure financing needs.

After the gaps were identified and the projects prioritized, effective financing mechanisms were evaluated. Immediate short term options such as capital markets and commercial debt were considered and pursued. The short term measure notwithstanding, it was ultimately evident that infrastructure investment should be a constant and almost automatic activity of the KWSG.

Therefore, a more appropriate and continuous savings and investment mechanism solely for infrastructure and related works was required. This is the idea that grew into the vision and planning for the Kwara State Infrastructure Fund (“InfraFund Kwara” or “IF-K”).

At present, the IF-K has been codified into law with His Excellency’s assent to the Kwara State Public Private Partnership Law on June 26, 2015. IF-K’s establishment and operation is therefore an expected outcome of this administration, towards attaining the promises of stable development of Kwara’s residents and businesses.

## **About & Objectives of The IF-K**

The IF-K is conceived as one of the avenues for the closure of the State's current infrastructure gap. It is also a critical vehicle for proactively meeting future infrastructure needs as they evolve.

The main objectives of the IF-K are the following amongst others, with specific focus on Infrastructure development in the short, medium and long term:

- i. To provide a guided, systemic and outward facing **MODEL/Framework** for continuous and consistent infrastructure development of Kwara State;
- ii. To optimally leverage private sector resources for infrastructure development, maximize the State resource allocation policies, inculcate confidence in investors/partners and thus encourage broader and deeper interactions with KWSG from different types of private and non-private partners;
- iii. To promote banking and non-banking financial intermediary participation in infrastructure funding; foster project bankability, provide long term credit enhancements as well as Quality Assurance for assets and services to be procured and most importantly, delivered;
- iv. To promote and Ring-Fence funds allocated for infrastructure investments (including project milestone paybacks) and mitigate against project completion risks; and
- v. To provide incentives and serves as catalyst to mobilizing appropriate private sector capital, efficiency and expertise for the State's infrastructure projects,

## **Current Status:**

The KP<sup>3</sup> Bureau has developed the "***INFRAFund Kwara: Funding & Operating Guide***" being the operational and documented framework to guide the implementation and utilization of the IF-K by all internal and external parties concerned as provided by the Law establishing the IF-K.

The operating guide provides details for operators, investors, and project partners on the permissible ways in which they may partake in the IF-K and interact with one

another. The Guide has been designed with best practices, as well as congruence with other KWSG reforms and strategies in mind.

IF-K is strictly the property of the KWARA STATE GOVERNMENT through the Kwara State Public Private Partnership Bureau (KP<sup>3</sup> Bureau) given that the Law establishing the IF-K is embedded in the Kwara PPP Bureau Law No 7, of 2015.

The Kwara State Executive Council (EXCO) has the first and final oversight function to ensure that all activities are in line with the strategic and policy/tactical infrastructural goals that have been set.

The Fund Managers/Trustee also has a strategy setting role, especially regarding attracting private sector funding. In addition, IF-K will also be guided by an Independent Assessor who will play a project oversight role and thereby lend credence and credibility to projects, processes and outcomes of the IF-K.

**Private Partners' Returns on Participation:**

Stringent criteria have been set for the types of partners that can be engaged through the IF-K. The basis for this are the Kwara PPP Law and the operational framework for the IF-K. Once partners have been selected and their investments incorporated to fund projects, their payback is guaranteed by the funds in the IF-K managed by the Fund Manager/Trustee.

**IMPORTANT NOTICE:**

**Subject to financial close, the IF-K hopes to launch its first project with about \$4.2 Billion private sector capital investment in the Energy sector of the State infrastructure by Q4 2016.**

Thank you.

**YOMI OGUNSOLA**

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