

# DECENTRALISING INFRASTRUCTURE DEVELOPMENT:





An Analysis of Nigeria's New Public-Private  
Partnership Approval Framework Under the Tinubu  
Administration.

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## Introduction

Nigeria's infrastructure development landscape has undergone a significant transformation with President Bola Ahmed Tinubu's recent approval of new thresholds for Public-Private Partnership (PPP) project approvals. This policy shift represents a fundamental departure from the previous centralised approach, introducing a more streamlined and efficient framework for infrastructure project delivery. The new directive empowers the Infrastructure Concession Regulatory Commission (ICRC) to implement approval thresholds that allow Ministries, Departments, and Agencies (MDAs) to approve PPP projects valued below specific financial limits without requiring Federal Executive Council (FEC) approval. This development marks a pivotal moment in Nigeria's quest to accelerate infrastructure development whilst maintaining regulatory oversight and ensuring project quality.

## Background and Context of Nigeria's Infrastructure Challenges

Nigeria's infrastructure deficit has been a persistent challenge that has constrained economic growth and development for decades. The country's infrastructure needs span across various sectors including transportation, energy, telecommunications, water supply, and healthcare facilities. As Gross Domestic Product (GDP) per capita fell in Nigeria, more than half of Nigerians sunk below the poverty line, highlighting the urgent need for comprehensive infrastructure development to support economic recovery and growth.

The historical context of Nigeria's infrastructure challenges can be traced to the economic crisis of the 1980s. The capacity of the Nigerian state for exclusive funding of infrastructure was, however, seriously challenged in the early 1980s when Nigerian economy was hit with a severe crisis culminating in the adoption of the IMF and World Bank-inspired Structural Adjustment Program (SAP). This economic downturn necessitated the exploration of alternative financing mechanisms, leading to the gradual adoption of PPP models as a viable solution for infrastructure development.

Previous attempts at implementing PPP frameworks in Nigeria have faced numerous challenges. The experience of PPP in Nigeria has not been a

thing to write home about, with various projects encountering difficulties in implementation, financing, and management. These challenges have included inadequate regulatory frameworks, complex approval processes, and insufficient institutional capacity to effectively manage PPP projects.

## **The New PPP Approval Framework: Key Features and Mechanisms**

The new PPP approval framework introduced by President Tinubu represents a comprehensive reform of Nigeria's infrastructure project approval system. Under this framework, PPP projects valued below ₦ 10 billion for Parastatals/ Agencies and ₦ 20 billion for Ministries will now be approved by respective Project Approval Boards rather than requiring FEC approval. This differentiated approach recognizes the varying capacities and project scales of different government entities.

Projects under ₦10 billion for parastatals and ₦20 billion for ministries can now be approved by newly constituted Project Approval Boards (PABs), as long as they are entirely privately funded. This requirement ensures that government resources are not committed to these projects while allowing for accelerated project delivery. The framework maintains strict oversight through the ICRC, which continues to provide guidelines and certification for all approved projects.

The policy represents a significant departure from the previous system where all PPP projects, regardless of size, were subjected to Federal Executive Council (FEC) approval, resulting in extended processes and limiting the participation of MDAs with small and mid-scale projects. This centralised approach had created bottlenecks that delayed project implementation and discouraged private sector participation in smaller but crucial infrastructure projects.

## Decentralisation Benefits and Expected Outcomes

The decentralisation of PPP approvals is expected to yield several significant benefits for Nigeria's infrastructure development landscape. The new policy decentralizes the approval process, allowing MDAs to approve projects below specified thresholds under ICRC guideline, thereby supporting all scale of projects and encouraging broader private sector investment in PPPs. This approach is particularly beneficial for sectors that require numerous smaller-scale projects, such as healthcare facilities, educational institutions, and local infrastructure development.

The streamlined approval process is anticipated to reduce project development timelines significantly. By eliminating the need for FEC approval for smaller projects, the framework removes a major bureaucratic hurdle that previously caused delays and increased project costs. This efficiency gain is expected to make Nigeria more attractive to private investors who have historically been deterred by lengthy approval processes.

Furthermore, the framework enables greater participation of MDAs in infrastructure development. Previously, many agencies with smaller project portfolios were unable to effectively participate in PPP arrangements due to the complexity and time requirements of the FEC approval process. The new system empowers these entities to pursue infrastructure projects that align with their specific mandates and capacity levels.

## Implementation Mechanism and Regulatory Oversight

The successful implementation of the new PPP approval framework relies heavily on robust regulatory oversight mechanisms. The ICRC retains its central role in ensuring project quality and compliance with established guidelines. PPP projects valued below N10 billion for parastatals and N20 billion for ministries can now be approved internally by project approval boards (PABs), subject to ICRC guidelines and certification. This dual-level oversight ensures that while approval processes are decentralized, quality standards and regulatory compliance remain consistent across all projects.

The framework establishes Project Approval Boards within each MDA to evaluate

and approve projects within their jurisdiction. These boards are expected to have the technical expertise and authority to make informed decisions about project viability, risk assessment, and alignment with organizational objectives. The ICRC provides the necessary guidelines and training to ensure these boards operate effectively and consistently.

A critical component of the implementation mechanism is the requirement for private funding. All projects approved under the new framework must be entirely privately funded, ensuring that government resources are not committed while maintaining the public benefit of infrastructure development. This requirement also helps manage fiscal risks and ensures that projects are commercially viable from the outset.

## **Sectoral Impact and Opportunities**

The new PPP approval framework is expected to have significant positive impacts across various sectors of the Nigerian economy. Healthcare infrastructure stands to benefit considerably from the streamlined approval process, as it enables the rapid development of medical facilities, diagnostic centers, and specialized treatment facilities. The framework is particularly suited to address the urgent need for healthcare infrastructure in underserved areas where smaller-scale projects can make substantial impacts.

The education sector also presents significant opportunities under the new framework. The ability to approve educational infrastructure projects more rapidly will facilitate the construction of schools, vocational training centers, and educational technology facilities. This is particularly important for addressing Nigeria's educational infrastructure deficit and supporting the country's human capital development objectives.

Housing and urban development represent another sector with substantial potential under the new framework. The streamlined approval process will enable the development of affordable housing projects, urban infrastructure, and community facilities that can be implemented more efficiently. This is crucial for addressing Nigeria's housing deficit and supporting sustainable urban development.

## Challenges and Risk Mitigation Strategies

Despite the numerous benefits of the new PPP approval framework, several challenges must be addressed to ensure successful implementation. One primary concern is the capacity of MDAs to effectively evaluate and manage PPP projects. Many agencies may lack the technical expertise and institutional capacity required to assess complex infrastructure projects, potentially leading to poor project selection or inadequate risk management.

To address this challenge, comprehensive capacity building programmes must be implemented to train MDA personnel in PPP project evaluation, risk assessment, and project management. The ICRC should play a central role in providing technical assistance and training to ensure that approval boards have the necessary skills to make informed decisions.

Another significant challenge is ensuring consistent application of standards and guidelines across different MDAs. Without proper coordination and oversight, there is a risk of inconsistent project quality and regulatory compliance. The ICRC must establish clear monitoring mechanisms and regular audits to ensure that all approved projects meet established standards.

Financial risk management presents another important challenge. While the requirement for private funding reduces government fiscal exposure, it is essential to ensure that projects are financially viable and that private partners have adequate resources to complete projects successfully. Robust financial due diligence processes must be implemented to assess the financial capacity of private partners and the commercial viability of proposed projects.

## Comparative Analysis with International Best Practices

The new PPP approval framework in Nigeria reflects several international best practices in infrastructure development and project management. Many developed countries have implemented similar decentralized approaches to infrastructure project approval, recognizing the benefits of empowering local and regional authorities to make decisions about projects within their jurisdictions.

The United Kingdom's approach to PPP projects provides valuable insights for Nigeria's implementation. The UK has developed sophisticated frameworks for evaluating PPP projects at different levels of government, with clear guidelines for risk allocation, value for money assessment, and project monitoring. Nigeria can benefit from adopting similar evaluation methodologies and monitoring systems.

Australia's experience with PPP projects also offers relevant lessons, particularly in terms of capacity building and institutional development. Australia has invested significantly in developing specialized PPP units within government agencies, providing technical expertise and support for project evaluation and management. This approach could be adapted for Nigeria's context to strengthen the capacity of MDAs to manage PPP projects effectively.

The framework's emphasis on private funding aligns with international trends towards reducing government fiscal exposure while maintaining public benefit. Many countries have successfully implemented similar approaches, demonstrating that privately funded infrastructure projects can deliver significant public value when properly structured and managed.

## **Economic Implications and Development Prospects**

The implementation of the new PPP approval framework is expected to have significant positive economic implications for Nigeria. By accelerating infrastructure development, the framework will support economic growth, job creation, and improved productivity across various sectors. Infrastructure development has well-documented multiplier effects on economic activity, and the streamlined approval process will enable these benefits to be realized more quickly.

The framework is also expected to attract increased private investment in Nigeria's infrastructure sector. The reduced bureaucratic burden and faster approval processes will make Nigeria more attractive to international investors and private developers. This increased investment will contribute to economic diversification and reduce dependence on government funding for infrastructure development.



Furthermore, the framework supports the development of local capacity and expertise in infrastructure project management. As more projects are implemented under the new system, Nigerian firms and professionals will gain valuable experience in PPP project development, potentially creating a competitive advantage in the regional market.

The improved infrastructure resulting from the framework will also have broader economic benefits, including reduced transportation costs, improved access to markets, and enhanced productivity. These benefits will contribute to Nigeria's overall economic competitiveness and support the achievement of national development objectives.

## **Conclusion and Future Prospects**

President Tinubu's approval of the new PPP threshold framework represents a significant milestone in Nigeria's infrastructure development strategy. The policy demonstrates a commitment to reform and modernization while maintaining necessary regulatory oversight and quality standards. The framework's emphasis on decentralisation, private funding, and streamlined processes addresses many of the historical challenges that have hindered infrastructure development in Nigeria.

The success of this initiative will depend largely on effective implementation, including adequate capacity building, robust oversight mechanisms, and continued political support. The ICRC's role in providing guidelines, training, and monitoring will be crucial for ensuring that the framework achieves its intended objectives while maintaining project quality and regulatory compliance.

Looking forward, the framework has the potential to transform Nigeria's infrastructure development landscape, enabling faster project delivery, increased private investment, and more effective utilization of government resources. However, continuous monitoring and evaluation will be necessary to identify areas for improvement and ensure that the framework evolves to meet changing needs and circumstances.

The new PPP approval framework represents not just a policy change, but a fundamental shift in Nigeria's approach to infrastructure development.



If successfully implemented, it will contribute significantly to the country's economic development objectives and support the achievement of the administration's infrastructure development goals. The framework's success will serve as a model for other African countries seeking to improve their infrastructure development processes and attract private investment in critical infrastructure projects.

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