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PPPs in Action: The Lekki-Ikoyi Link Bridge, Lagos State

Executive Summary

The Lekki-Ikoyi link bridge was conceived in 2008 to solve the traffic bottleneck in the Ikoyi, Lekki/Victoria Island axis. It is a 4-Lane 1.48 Kilometre Bridge connecting the burgeoning Lekki Eti-Osa Axis with the Highbrow Residential Ikoyi. The Lekki Eti-Osa axis is reputed to be the fastest growing real estate corridor in Africa. The volume of traffic on the axis had been higher than the capacity of available roads. It records tremendous growth in the number of people residing or working along the corridor with an estimated population of 1,305,865 and an estimated economic growth rate of 16.4 % p.a. (Lagos State Bureau of Statistics). It is a cable-stayed link bridge, the first of its kind in West Africa, with an iconic design to celebrate Lagos the Mega City of Africa. It is a signature monument that is now the tourist attraction and the new face of Lagos.



1. NIAF support played a very valuable role in providing the Lagos Office of PPP with experienced, practical financial PPP transport project advisory support, including PPP cash flow modelling support, to prepare an Options Study (Business Case) assessing the availability of commercial and financial options open to the Lagos State Government (LASG) for the Electronic Tolling System Operations and Maintenance (ETS O&M) Concession to the private sector.
2. As a follow on, NIAF also supported a detailed review of each option culminating in a recommended option for ETS O&M Concession Commercial Close.
3. The Options Study and NIAF's recommendation were presented to the State's Executive Council and were approved and authorised.

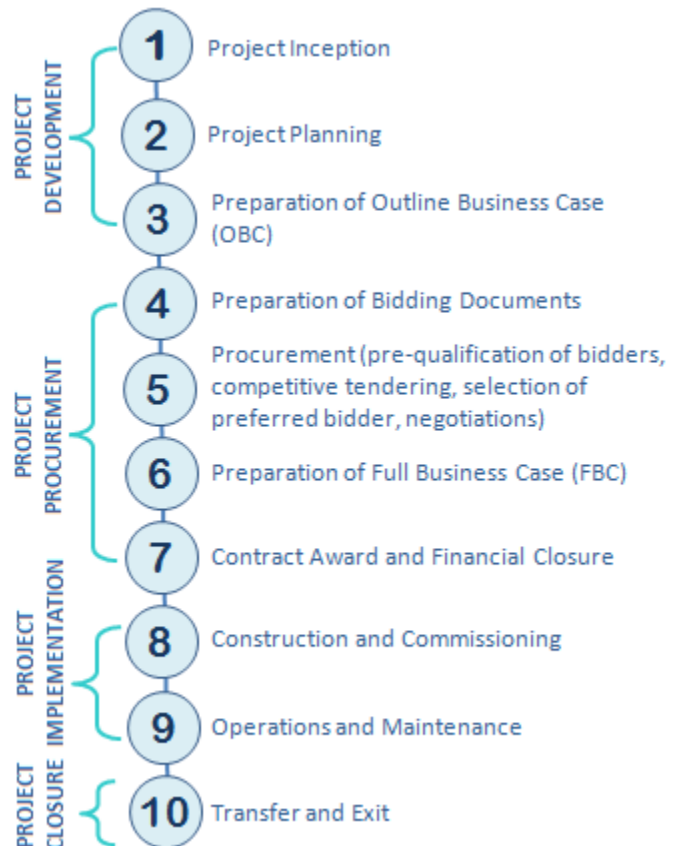
The Rationale for the bridge

- LASG supported by NIAF responded to the need to have a link bridge between Lekki and Ikoyi to relieve severe traffic congestion in the area.
- The need to develop a traffic management scheme to meet the capacity constraint of the bridge and the problems of the exit/entry on Ikoyi into a residential area.
- The LASG needed the toll income amongst others for the maintenance of the bridge as well as provide incidence and emergency response services.
- A judgement had in the intervening period been issued by the Federal High Court at the behest of a lobby group to stop tolling. This judgement had been appealed by the State Government at the Appellate Court . This may however have had financial implications and bad publicity for the LASG PPPs and possible potential ramifications on Federal PPPs, in case it prevailed. In any event the Office of PPP as permitted under the Lagos State PPP Law 2011, confirmed that the collection of tolls was permitted on the Link Bridge, being a properly designated Public Asset on which User Charge is applicable.

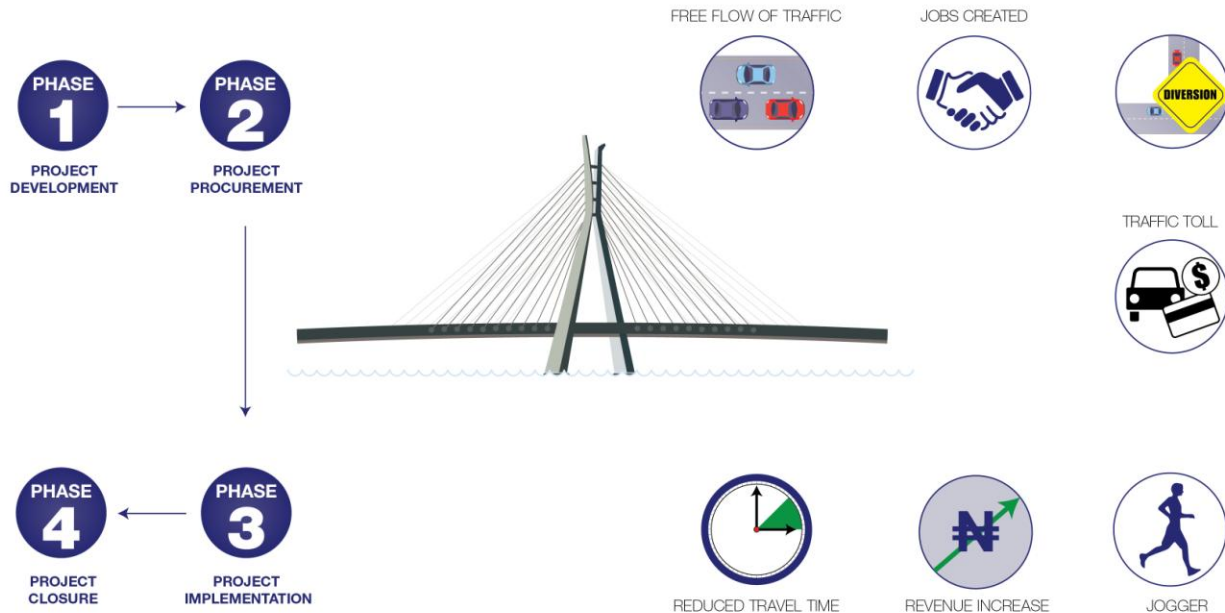


The NIAF Approach

- NIAF has worked alongside the LASG for over 4 years and provided expert support to develop the financial model used for the Options Study which calculated:
 - I. The potential traffic flow on the Bridge and the estimates of diverted traffic from the Expressway.
 - II. The diversion penalties which LASG would need to fund and then share with the Concessionaire of the Bridge, toll income and the advertising revenue LASG needed to meet its diverted traffic liability.
 - III. The traffic management strategy to minimise complaints from Ikoyi residents and keep traffic numbers reasonably within the Bridge capacity without long queues for a number of years.
- NIAF supported the Lagos Office of PPP to issue an RFP on a competitive basis to experienced local/international toll operators, to provide tolling infrastructure operations & maintenance services on a concession basis, whilst bridge structural maintenance would remain the responsibility of the bridge constructor.
- NIAF supported the evaluation of the 3 competitive bids received and the ETS O&M concession award to the Preferred Bidder and the incorporation of an SPV, the Lekki Tolling Company (LTC) as the Concessionaire.



The Outcomes



- The Bridge was constructed and officially opened to tolled traffic in June 2013, providing a world class standard mega city infrastructure.
- The bridge serves as a strategic by-pass along with the Falomo Bridge and Alfred Rewane, Independence Bridge and Ahmadu Bello Way while traffic congestion in the Ikoyi axis has reasonably reduced resulting in shorter travel times for users.
- The toll levels have been accepted by users following a willingness-to-pay/affordability survey, most of whom agree that the toll is justified by amongst others the time and fuel savings and provides value for money.
- The completion of the Lekki-Ikoyi Bridge has resulted in the creation of 700 direct and indirect new jobs in Lagos State
- The Concessionaire, which included international tolling management expertise, has performed within the minimum requirements of the Service Level Benchmarks enshrined in the Concession Agreement.
- The Lekki-Ikoyi Bridge is starting to turn into a leisure, fitness and well-being destination as well as a tourist attraction. Joggers, fun-seekers and cyclists flood the bridge on a daily basis.