



LAGOS STATE PROJECT FACILITATION FUND (PFF) MODEL FRAMEWORK

Prepared by:
Lagos State Government

October 2025



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Executive Summary

The Lagos State Project Facilitation Fund (PFF) is a strategic institutional instrument established by the Lagos State Government in alignment with the State Action on Business Enabling Reforms (SABER) Program of the Federal Republic of Nigeria. Under this national reform initiative, jointly supported by the World Bank—each participating state is required to establish a Project Facilitation Fund to catalyse private investment, enhance infrastructure project readiness, and strengthen institutional capacity for effective public-private partnership (PPP) delivery.

The Lagos State PFF is conceived as a dedicated financing and project-preparation vehicle designed to close the persistent “bankability gap” that often prevents viable infrastructure and PPP projects from reaching financial close. By financing critical early-stage activities such as feasibility studies, environmental and social impact assessments (ESIA), financial modelling, transaction advisory, and market sounding, the Fund enables the State to develop a continuous pipeline of investment-ready projects that are both technically sound and financially viable.

This Model Framework articulates the legal, institutional, governance, and financial architecture required to establish and operationalize the Lagos State PFF. It draws extensively from two key reference documents:

- The Project Facilitation Fund (PFF) Guidance Note and Model Framework (2025), developed under the SABER Program; and
- The Lagos State PPP Manual (2022), which sets out the procedural and institutional framework for PPP development within the State.

Together, these instruments provide the normative foundation for a transparent, rules-based, and performance-driven fund management system. The PFF aims to:

1. Support Lagos State’s drive to attract private and blended capital for priority infrastructure.
2. Institutionalize best practices in project preparation, financial discipline, and risk management.
3. Strengthen the technical and operational capacity of the Office of Public-Private Partnerships (OPPP) and line ministries to originate and deliver bankable projects.
4. Enhance coordination among MDAs, development partners, and private investors.

Ultimately, the Lagos State PFF represents a transformative shift, from reactive project financing to proactive project preparation, anchored in sound governance, fiscal prudence, and strategic alignment with the Lagos State Development Plan (2022–2030).



1. BACKGROUND AND RATIONALE

1.1 Lagos State in Context

Lagos State stands as Nigeria's economic powerhouse, contributing over 30% of national GDP and serving as the country's foremost hub for commerce, logistics, and innovation. With an estimated population exceeding 24 million, Lagos faces the twin challenge of sustaining its growth while addressing an enormous infrastructure and service delivery deficit. The State's infrastructure demand spans across transportation, housing, energy, health, waste management, and science & technology sectors that are essential for maintaining economic competitiveness and improving Lagos resident quality of life.

However, despite substantial public investments, Lagos—like many subnational governments faces binding fiscal constraints. The bulk of annual budgetary allocations is absorbed by recurrent expenditure, leaving limited fiscal space for the capital investments required to bridge the infrastructure gap. This reality underscores the need for innovative financing mechanisms that can attract private sector capital through Public-Private Partnerships (PPPs) and other blended finance instruments.

1.2 The Bankability and Project Preparation Gap

Experience within Lagos and across Nigeria reveals that many projects fail not because of lack of funding, but because they are not properly prepared. Critical preparatory activities such as feasibility studies, legal structuring, environmental assessments, and transaction advisory are often underfunded or fragmented. Without these, projects cannot meet the technical, financial, and regulatory standards expected by investors, development finance institutions (DFIs), or lenders.

The Lagos PPP Manual (2022) identifies project preparation as the most decisive determinant of whether a project will attract credible partners and reach financial close. Yet, most MDAs lack dedicated resources to finance such early-stage work. Consequently, many promising infrastructure ideas remain at the concept stage, unable to progress to the Outline Business Case (OBC) or Full Business Case (FBC) required for PPP procurement and approval.

The **Project Facilitation Fund (PFF)** directly addresses this structural gap. It provides a ring-fenced financial mechanism for supporting the early stages of project development—thereby transforming raw ideas into bankable, investment-ready transactions.



1.3 Alignment with SABER and National Objectives

The creation of the Lagos State PFF is not an isolated reform but part of a broader national transformation agenda under the State Action on Business Enabling Reforms (SABER) Program.

Within the SABER framework, the establishment of a functional PFF is one of the Disbursement Linked Indicators (DLIs) that determine performance-based financing support from the World Bank to participating states. Specifically, this DLI seeks to:

- Improve the investment promotion and facilitation environment at the sub-national level.
- Enhance institutional capacity for PPPs and investment delivery.
- Foster inter-agency coordination in project origination, preparation, and implementation.

By aligning with SABER, Lagos State not only secures access to incentive financing but also reinforces its reputation as Nigeria's benchmark sub-national economy for governance, investment facilitation, and infrastructure innovation.

1.4 Legal and Institutional Context

The Lagos State PFF builds on a robust policy and legal foundation already established under:

- The **Lagos State PPP Law (2011)**, which created the **Office of Public-Private Partnerships (OPPP)** and defined its role in project preparation and coordination.
- The **Lagos State Public Procurement Law (2021)**, ensuring transparency and value-for-money in procurement processes.
- The **Fiscal Responsibility Act (2007)**, mandating fiscal prudence and accountability in public expenditure.

By embedding the PFF within this ecosystem, Lagos is not creating a new bureaucracy but strengthening existing institutions particularly the OPPP and Ministry of Finance to perform their mandates more effectively.



1.5 Purpose and Strategic Value of the Lagos State PFF

The Lagos State Project Facilitation Fund is designed to:

1. **Support Early-Stage Project Development:** Provide financial support for feasibility studies, transaction advisory, and structuring activities required to make projects bankable.
2. **Enhance Fiscal Efficiency:** Reduce the burden of ad-hoc project funding from annual budgets and ensure continuity across political cycles.
3. **Crowd-In Private and Blended Capital:** De-risk projects to attract domestic and international investors, including DFIs and institutional investors.
4. **Promote Standardization and Best Practice:** Ensure all project appraisals follow uniform templates, methodologies, and quality control standards as defined by the PPP Manual.
5. **Institutionalize Knowledge and Capacity:** Build long-term capacity within MDAs through repeated exposure to project preparation processes.

1.6 Expected Outcomes

The operationalization of the PFF is expected to deliver measurable outcomes over the medium term:

- A pipeline of 20–30 bankable PPP projects across key sectors.
- Improved private investment inflows into Lagos infrastructure sectors.
- Enhanced credibility of Lagos State with DFIs and investors.
- Strengthened coordination and technical capacity across MDAs.
- Compliance with the SABER DLI requirements, unlocking performance-based funding from the World Bank.



2. LEGAL AND INSTITUTIONAL FRAMEWORK

2.1 Rationale for a Legal Foundation

A well-defined legal foundation ensures that the Project Facilitation Fund (PFF) is institutionalized, transparent, and credible to investors, Development Finance Institutions (DFIs), and other stakeholders.

The Lagos State PPP Manual (2022) emphasizes that early-stage project preparation is critical for ensuring bankability and compliance with the Lagos PPP Law (2011). To achieve this, the PFF must derive legitimacy from statutory or administrative instruments and operate within Lagos State's financial management and procurement frameworks.

The PFF will therefore:

- Operate under the authority of the Lagos State PPP Law, 2011 (as amended),
- Be co-supervised by the Ministry of Finance and the Office of Public-Private Partnerships (OPPP),
- Comply with the Lagos State Public Procurement Law (2021), Fiscal Responsibility Act (2007), and Audit Law (2020), Lagos State Public Finance Management Law, 2011, Lagos State Revenue Administration Law, Lagos State Debt Management Office law, Lagos State Financial (Control and Management) Law, the Lagos State Annual Appropriation Law, and the Federal Constitution and National Laws.

These legal pillars guarantee proper oversight, auditability, and alignment with the State's Medium-Term Expenditure Framework (MTEF) and Annual Budget process.

2.2 Applicable Legal Instruments and Interlinkages

Instrument	Relevant Provisions	Implication for PFF
Lagos State PPP Law (2011)	Defines OPPP's mandate for project development, appraisal, and implementation.	To establish OPPP as the PFF's host institution. PFF will fund pre-investment activities and transaction support consistent with PPP project cycles.



Lagos State Public Procurement Law (2021)	Regulates procurement of consultancy services and ensures value-for-money.	PFF disbursements and engagements for feasibility studies or advisers will comply with procurement thresholds and Quality and Cost-Based Selection (QCBS) method as stated in PPP Manual.
Fiscal Responsibility Law (2007)	Mandates prudent fiscal management and sustainable borrowing.	PFF transactions must align with fiscal sustainability principles and reporting requirements to MoF and Auditor-General.
Audit Law (2020)	Establishes audit oversight mechanisms.	Ensures periodic independent audits of PFF accounts and projects.
Lagos State Public Finance Management Law, 2011	Governs budgeting, fund management, accounting, and financial reporting in the State.	PFF financial operations, fund disbursements, accounting systems, and reporting must comply with state public finance management standards and treasury control procedures under the Ministry of Finance.
Lagos State Revenue Administration Law,	Regulates how government revenues are collected and managed.	Any fees, recoveries, reimbursements, or success fees generated from PFF-supported transactions must be properly assessed, receipted, and paid into designated government accounts in accordance with revenue administration procedures.
Lagos State Debt Management Office law,	Regulates the management of state debt and contingent liabilities.	PPP projects developed with PFF support that create direct or contingent liabilities must be reviewed, validated, and cleared by the Lagos State Debt Management Office prior to approval or financial close.



Lagos State Financial (Control and Management) Law,	Sets controls over public expenditure and financial accountability.	All PFF expenditures must follow approved authorization limits, internal control mechanisms, and accountability procedures to ensure proper use of public funds.
Lagos State Annual Appropriation Law,	Authorises government spending for each fiscal year.	Annual budgetary provisions must be made for PFF operations and counterpart funding, and all expenditures must remain within approved appropriation limits.
The Federal Constitution and National Laws.	Provides the overarching legal framework for public finance and governance.	PFF operations must comply with constitutional provisions and applicable national laws, ensuring consistency with federal PPP, procurement, fiscal responsibility, and debt sustainability frame



2.3 Legal Pathway for Establishing the PFF

Drawing from the PPP Manual, which recommends incremental institutional strengthening, Lagos State will adopt a two-phased approach:

Phase I: Executive Order Establishment

The Governor issues an Executive Order authorizing the OPPP and MoF to operationalize the Fund. This provides immediate legitimacy and allows for pilot disbursements for PPP pipeline projects already at the Outline Business Case (OBC) stage.

Phase II: Legislative Institutionalization

Within 12–18 months, a formal amendment will be introduced to the PPP Law to establish the PFF as a statutory instrument, embedding:

- Legal personality,
- Dedicated accounts,
- Governance structure, and
- Cost recovery mechanisms.

This two-tier pathway ensures both speed and sustainability, consistent with best practice observed in Lagos's PPP Law development and the national PFF guidance.

2.4 Institutional Anchoring and Oversight

The PPP Manual (2022) outlines that the OPPP serves as the technical secretariat for PPP activities and acts as a one-stop interface between the government and private sector. In this regard, the PFF institutional arrangement will be anchored as follows:



Institution	Role	Key Responsibilities
Office of Public-Private Partnerships (OPPP)	Host Institution	Administers the PFF, manages project screening, ensures technical quality, supervises transaction advisers, and reports to MoF.
Ministry of Finance (MoF)	Fiscal Oversight	Ensures budget integration, fund release control, and audit compliance; co-signs financial statements.
Ministry of Economic Planning and Budget (MEPB)	Strategic Alignment	Ensures PFF activities are aligned with MTEF, MTSS, and State Development Plan.
Office of the State Auditor-General	Audit Oversight	Conducts periodic audits of fund utilization and value-for-money.
Executive Council (EXCO)	Policy Direction	Approves PFF annual work plan and pipeline priorities.

This coordination reflects the institutional harmony required for effective project lifecycle management.



3. VISION, MISSION, AND OBJECTIVES

3.1 Vision

To catalyse a sustainable pipeline of investment-ready infrastructure projects that enhance Lagos State's economic competitiveness and residents' quality of life.

3.2 Mission

To provide sustainable funding and technical support for early-stage project preparation, ensuring that PPP and strategic public investments are well-structured, bankable, and impactful.

3.3 Strategic Objectives

1. Finance feasibility studies, environmental and social impact assessments, and transaction advisory services for key infrastructure projects.
2. Promote project standardization and alignment with the PPP Manual's project cycle (Concept → OBC → FBC → Financial Close).
3. Build the technical capacity of MDAs in PPP design, procurement, and contract management.
4. Strengthen investor confidence through transparent and well-prepared project pipelines.
5. Support sustainable fiscal management by ensuring projects meet value-for-money and affordability tests before procurement.

3.4 Linkage to Lagos State PPP Policy

The effective project preparation is a determinant of project bankability. The PFF therefore becomes a strategic financing tool within the Lagos PPP ecosystem by providing the resources required to execute the steps it prescribes.



4. GOVERNANCE AND OPERATIONAL STRUCTURE

4.1 Guiding Principles

The governance of the PFF will adhere to the following principles drawn from both the PPP Manual and SABER PFF Guidance:

- **Transparency and Accountability** – through audit trails and public disclosures.
- **Efficiency and Timeliness** – simplified approval and disbursement procedures.
- **Professionalism and Integrity** – merit-based selection of projects and consultants.
- **Fiscal Discipline** – expenditure aligned with budget and value-for-money standards.

4.2 Organizational Structure

Tier	Body / Role	Key Responsibilities
Governing/Steering Committee	Chaired by Hon. Commissioner for Finance; includes SA OPPP, HC MEPB, PS MEPB, and two independent experts.	Approves PFF work plan, reviews funding requests, ensures alignment with strategic priorities, and provides oversight.
Fund Management Unit (FMU)	Headed by a Fund Manager (SA OPPP or appointee).	Administers fund operations, issues calls for proposals, conducts due diligence, prepares reports.
Technical Review Panel (TRP) / Investment & Strategy Team	Multidisciplinary experts (legal, engineering, finance, environmental).	Evaluates applications, ensures quality control and compliance with PPP appraisal standards.
Audit and Compliance Unit	Internal auditor and procurement officer.	Monitors procurement and disbursement integrity.



4.3 Decision-Making and Reporting

- Projects under ₦100 million: FMU approval with quarterly report to the Steering Committee.
- ₦100–₦500 million: Requires Steering Committee approval.
- Above ₦500 million: Executive Council ratification.

The FMU will issue quarterly financial and performance reports to both MoF and OPPP Boards, integrating with the PPP Project Dashboard for monitoring.



5. FUND STRUCTURE AND WINDOWS

5.1 Structural Design

The PFF will adopt a hybrid fund structure, combining:

- Non-revolving windows for technical grants and studies; and
- Revolving windows where partial cost recovery is achieved from successful PPPs (e.g., through transaction fees).

The Lagos PPP Manual underscores that project preparation funding must cover early-phase feasibility, pre-FBC, and transaction advisory, which are prerequisites for procurement readiness.

5.2 Funding Windows

Window	Description	Eligible Beneficiaries	Examples
Window A: Project Preparation Support	Finances concept development, pre-feasibility, feasibility, ESIA, engineering designs.	OPPP, MDAs	Transport corridors, industrial parks, tourism hubs etc.
Window B: Transaction Advisory	Engages technical, financial, and legal advisers for PPP structuring.	OPPP	Lagos Blue Line Phase II, Red Line, Lekki Airport PPP, Waste Management Project etc.
Window C: Market Sounding	Supports investor promotion and roadshows.	OPPP	PPP Roundtable, PPP Investors Forum.
Window D: Institutional Capacity	Training, toolkits, and system strengthening.	OPPP, MDAs	PPP certification training, project screening toolkit.
Window E: Viability Gap Funding (VGF)	Provides grants or contingent liability support to enhance project bankability.	MoF, OPPP	Critical Public Infrastructure that has demonstrated the need.



5.3 Disbursement Modalities

Model	Mechanism	Best Practice
Centralised Procurement	OPPP procures consultants and manages contracts directly.	Ensures consistency and quality control in adviser engagement.
Cost-Reimbursement	MDA procures services based on guidelines, reimbursed post-verification.	Builds MDA ownership and accountability.
Co-Financing	Joint funding with donors or private entities.	Common for DFI-supported projects (e.g., AfDB or World Bank).

Disbursement will always be milestone-linked: 40% on inception, 30% on draft output, 30% upon final approval.



6. FINANCING AND SUSTAINABILITY STRATEGY

6.1 Overview

To ensure continuity beyond fiscal years, Lagos State will adopt a multi-source financing model blending public and external funds, consistent with PPP provisions that advocate for project preparation funds.

6.2 Capitalization Sources

Source	Objective	Key Instruments	Illustration
State Budget Allocation	Anchor capital; demonstrates political ownership.	Budget line under MEPB Contingency Vote.	₦15 billion earmarked annually for project preparation.
DFI and Donor Grants	Technical assistance, startup capital.	MoUs with AfDB, FCDO, IFC, or World Bank.	UKNIAF technical support to OPPP.
Private Sector Co-Funding	Cost-sharing and early participation.	Co-development agreements or PPP MoUs.	Funds from investors: Pension funds etc.
Revolving Mechanisms	Success fee recovery at financial close.	Contract clauses embedding “preparation fee recovery.”	1–2% of total project cost reimbursed into PFF.

6.3 Financial Control Mechanisms

- Dedicated sub-account within the State Treasury Single Account (TSA).
- Quarterly reporting to Steering Committee.
- Biannual independent audit by registered auditors.
- Performance dashboard integrated with PPP database.



6.4 Long-Term Sustainability Measures

1. Annual capitalization of at least **3%** of total pipeline investment.
2. Integration of cost recovery clauses in all PPP contracts.
3. Performance-based allocation to MDAs achieving financial close.
4. Strategic partnerships with DFIs for co-financing and training.
5. Continuous improvement through peer benchmarking with countries like India, Brazil.



7. ACCESS, ELIGIBILITY, AND APPLICATION PROCESS

7.1 Purpose and Principles

Access to the Project Facilitation Fund (PFF) shall be governed by a transparent, predictable, and equitable process. Successful PPP development begins with clear project identification and screening, ensuring only economically viable and technically sound projects proceed to preparation and procurement. The PFF operationalizes this principle by providing structured funding and technical support based on defined eligibility and appraisal criteria.

The objectives of the access process are to:

- Prevent arbitrary allocation of funds.
- Align project selection with state priorities and budget frameworks.
- Foster competition, accountability, and value-for-money.
- Encourage proactive project preparation by MDAs.

7.2 Eligibility of Applicants

7.2.1 Eligible Entities

Access to the PFF shall be open to the following entities, subject to verification and endorsement by the Office of Public-Private Partnerships (OPPP):

1. State Ministries, Departments, and Agencies (MDAs):

These constitute the primary applicants for PFF support. They must be the owners or sponsoring entities of infrastructure projects listed in the State Development Plan or Medium-Term Sector Strategy (MTSS).

2. Special Purpose Vehicles (SPVs):

Entities formed pursuant to Section 20 of the PPP Law 2011 to implement specific PPP projects on behalf of the State.

3. Private Project Proponents:

Solicited private entities or consortiums that have been shortlisted through competitive processes under OPPP oversight.

Note: Unsolicited proposals shall not qualify unless approved through the unsolicited process under Part VI of the PPP Manual, which requires submission of a concept paper, value-for-money test, and “no-objection” from OPPP.



7.3 Project Eligibility Criteria

Each project seeking PFF support must satisfy all the following criteria:

Criterion	Description / Requirement
Strategic Alignment	Project must align with the Lagos State Development Plan, MTSS, or a recognized sector strategy.
Public Interest	Demonstrable socio-economic benefit such as job creation, improved access to services, or fiscal efficiency.
Readiness and Maturity	The project must have a concept note and preliminary data adequate for feasibility or transaction preparation.
Potential for Private Sector Participation	Evidence that private investment or co-financing could be attracted upon completion of preparation.
Institutional Commitment	MDA must designate a Project Champion/PPP Desk Officer.
Environmental and Social Compliance	Early screening to confirm compatibility with ESIA and LASEPA guidelines.

Projects that do not meet these criteria shall be returned for reworking with technical guidance from OPPP.

7.4 Application and Approval Process

The application process is deliberately designed to mirror the PPP lifecycle outlined in the Lagos PPP Manual.

Step 1: Call for Proposals

The Fund Management Unit (FMU) shall issue biannual or ad hoc calls for project proposals. Each call shall specify eligible sectors, funding windows, and submission deadlines.

Step 2: Concept Note Submission

MDAs submit a brief concept note detailing:

- Project background and rationale.
- Objectives and scope.



- Preliminary cost estimates.
- Stage of preparation (concept, pre-feasibility, OBC).
- Requested funding window and indicative amount.

Step 3: Preliminary Screening

FMU performs eligibility screening against the PFF criteria. Projects passing this stage proceed to full application, while others receive feedback for improvement.

Step 4: Full Application Submission

Applicants submit detailed proposals, including:

- Technical, economic, and financial justification.
- Budget breakdown by activity and milestone.
- Expected outputs and performance indicators.

Templates for full application are provided in *the Annex*.

Step 5: Technical Review and Due Diligence

The Technical Review Panel (TRP)/Investment & Strategy Team appraises submissions in accordance with the PPP Manual's OBC appraisal requirements.

This may include:

- Value-for-money analysis.
- Economic internal rate of return (EIRR).
- Risk identification matrix.
- ESG screening results.

Step 6: Steering Committee Approval

The FMU compiles an evaluation report for presentation to the Steering Committee.

Approvals are based on:

- Availability of funds.
- Strategic relevance.
- Technical soundness.
- Readiness for implementation.



Step 7: Funding Agreement and Disbursement

A Funding Agreement is executed between the FMU and the beneficiary MDA. The agreement outlines:

- Approved funding amount.
- Disbursement schedule linked to milestones.
- Reporting obligations and cost recovery terms.

Funds are released either:

- Directly to service providers engaged through centralized procurement, or
- To MDAs (under cost reimbursement) upon verified completion of deliverables.

Step 8: Monitoring and Close-Out

- Upon project completion, OPPP verifies deliverables against agreed outputs. A completion certificate is issued, followed by a lessons-learned report.

Stage	Description / Deliverables	Responsible Party
Stage 1: Concept Note	Submission of concept highlighting objectives, scope, and funding required.	Applicant MDA / SOE
Stage 2: Preliminary Screening	FMU reviews eligibility and alignment with state priorities.	Fund Management Unit (FMU)
Stage 3: Full Application	Detailed application with technical scope, budget, timeline, and expected outputs (templates in Annex).	Applicant
Stage 4: Technical Appraisal	Independent review by Technical Review Panel (TRP) per PPP Manual OBC guidelines.	TRP + FMU
Stage 5: Approval & Contracting	Steering Committee approves; funding agreement signed with milestones and disbursement schedule.	Steering Committee



Stage 6: Disbursement & Implementation	Funds released by PPP/MoF to service providers or beneficiary MDA per milestone.	FMU / MoF
Stage 7: Monitoring & Closure	Submission of final deliverables and completion report.	Applicant / FMU

7.5 Cost Recovery and Sanctions

- MDAs that abandon projects without justification will refund the disbursed amount through budget deductions.
- Projects that achieve financial close will repay a proportion (up to 15%) of facilitation costs to the Fund.
- Repeated misuse or non-performance may lead to temporary suspension from future PFF calls.



8. PROCUREMENT AND COMPLIANCE

8.1 Objective

Procurement under the PFF ensures that advisory and preparatory services are obtained in a fair, transparent, and cost-effective manner, consistent with the Lagos State Public Procurement Law (2021) and the procurement principles outlined in the PPP Manual's Chapter 6.

8.2 Procurement Governance

The FMU, operating under OPPP, is the procurement entity for centrally funded projects. However, all activities are subject to review and clearance by Lagos State Public Procurement Agency (PPA). Where donor funding applies, donor guidelines may be harmonized through formal agreement.

8.3 Procurement Steps

1. **Needs Identification:**

The FMU, in consultation with the MDA, identifies required services (e.g., transaction advisory, feasibility study).

2. **Terms of Reference (ToR) Development:**

Clear ToRs are drafted specifying deliverables, duration, and evaluation criteria.

3. **Procurement Planning and Approval:**

A Procurement Plan is prepared and endorsed by the Steering Committee and PPA.

4. **Solicitation:**

Open or restricted Requests for Proposals (RFPs) are issued.

5. **Evaluation and Selection:**

Proposals evaluated using the Quality and Cost-Based Selection (QCBS) or Consultant Qualification Selection (CQS) method as prescribed by the PPP Manual.

6. **Contract Award:**

Successful bidders notified and contracts executed following due diligence.

7. **Performance Monitoring:**

The FMU ensures timely delivery, approves outputs, and manages payments based on milestones.



8.4 Procurement Models

Model	Lead Institution	Funding Flow	Best Used For
Centralized Procurement	FMU/OPPP	Direct payment to consultant	Early pipeline and strategic PPP projects.
MDA-Led	Sponsoring MDA	Reimbursement after FMU verification	Smaller or sector-specific projects and matured MDAs with capacity.
Framework Agreement	FMU maintains a roster of pre-qualified advisers	Call-offs as needed	Rapid response and standardized services.

8.5 Compliance and Oversight

- The Lagos State Public Procurement Agency (PPA) shall second a procurement officer to the FMU for continuous compliance monitoring.
- Independent Procurement Review Committee (IRPC) shall vet contracts above ₦500 million.
- All contracts must include performance clauses and conflict-of-interest disclosures.

8.6 Audit and Disclosure

- Quarterly procurement reports to Steering Committee.
- Publication of awarded contracts and consultant names on the OPPP website within 30 days of award.
- Annual independent procurement audit by the Auditor-General for the State.



9. MONITORING, EVALUATION, AND REPORTING FRAMEWORK (MER)

9.1 Objective

The MER framework is designed to track financial flows, assess performance, and ensure the Fund delivers measurable results in line with SABER Disbursement-Linked Indicators (DLIs).

9.2 Structure of the MER Framework

Level 1 – Fund Performance

Focuses on inputs and outputs:

- Total annual disbursements.
- Number of projects supported.
- Utilization rate and turnaround time.

Level 2 – Project Outcomes

Tracks progress of supported projects through the PPP lifecycle:

- Projects reaching OBC and FBC stages.
- Private capital mobilized (in naira value).
- Projects achieving financial close.

Level 3 – Capacity and Systems

Monitors institutional strengthening:

- Number of MDA officers trained.
- Quality of project documentation.
- Adoption of digital systems.

Level	Indicator Category	Key Performance Indicators (KPIs)	Data Source
Fund-Level	Input & Output	<ul style="list-style-type: none">– Total funds disbursed– Number of projects supported– Timeliness of disbursement	FMU records; MoF reports



Project-Level	Outcome	<ul style="list-style-type: none">– Projects reaching FBC stage– Private capital mobilized– DFI support secured	OPPP Dashboard; PPP Tracking System
Capacity Building	Output / Outcome	<ul style="list-style-type: none">– Officials trained– PPP toolkits developed	OPPP Training Reports

9.3 Data Collection and Reporting Tools

- The FMU will maintain an Integrated Project Tracking Dashboard linked to the Lagos PPP Project Database.
- Each project will have a unique identification code.
- MDAs will submit quarterly progress reports using standard templates.

9.4 Verification and Evaluation

- Independent Verification Agent (IVA) under the SABER framework shall validate reported data.
- The Steering Committee shall review semi-annual performance and recommend corrective actions.
- A mid-term evaluation will be conducted after two years to assess fund efficiency.

9.5 Reporting Schedule

- **Quarterly:** Financial and performance reports to Steering Committee.
- **Bi-Annual:** Consolidated MER report to EXCO and Ministry of Economic Planning and Budget.
- **Annual:** Public Report on PFF impact and performance published on OPPP portal.

9.6 Digital Monitoring

The PFF MER dashboard will be integrated into the Lagos PPP Project Dashboard to enable real-time tracking of:

- Disbursement status and milestone completion.



- Pipeline progress (OBC → FBC → Financial Close).
- KPI visualizations for DFI and SABER verification.

9.7 Learning and Feedback

A biannual “PFF Learning Forum” will convene MDAs, private partners, and donors to share lessons learned and improve procedures.



10. RISK MANAGEMENT AND SAFEGUARDS

10.1 Introduction

Effective risk management ensures that the PFF remains credible, efficient, and resilient to financial and institutional shocks. Safeguards protect both public funds and environmental and social integrity.

10.2 Risk Categories and Mitigation

Risk Type	Description	Mitigation Strategy
Financial	Misallocation or misuse of funds and weak financial controls.	Ring-fencing, audits, and milestone-based disbursements.
Institutional	Duplication of mandates or political interference.	Clear governance charter and defined approval thresholds.
Operational	Poor quality of consultants or delayed deliverables.	Use of pre-qualified consultants and performance-based contracts or bonds.
Political	Policy changes or administrative turnover.	Embed PFF in law; multi-stakeholder board representation.
Reputational	Lack of transparency undermines credibility.	Quarterly publication of disbursements and results.
ESG Risks	Environmental or social non-compliance with ESIA	Mandatory ESIA report and LASEPA clearance.

10.3 Safeguard Instruments

- **Environmental and Social Management Framework (ESMF):** To guide screening and mitigation measures to be adopted for PFF-funded projects.
- **Grievance Redress Mechanism (GRM):** For stakeholders to raise concerns and to handle complaints from affected persons.
- **Audit and Disclosure Policy:** Ensures all financial statements and MER reports are public.
- Periodic risk register review and update every six months.



11. IMPLEMENTATION ROADMAP

11.1 Phased Implementation Plan

Phase	Duration	Key Activities	Lead Agency
Phase I: Establishment	0–6 months	– Executive Order issuance; – FMU setup; – Operational manual finalization.	OPPP / MoF
Phase II: Operationalization	6–18 months	– Capital allocation secured; – First call for proposals; – First batch of projects funded.	FMU / Steering Committee
Phase III: Legislative Integration	18–36 months	– PPP Law amendment; – Revolving fund activation; – Donor partnerships.	MoJ / OPPP
Phase IV: Consolidation and Scale-Up	Beyond 36 months	– Performance evaluation; – Expansion to additional sectors; – DFI co-financing; – Integrate cost recovery mechanism; – Annual MER publication.	OPPP / MoF

11.2 Key Milestones and Deliverables

1. Fund Operational Manual approved by steering committee.
2. First pipeline of 10 projects funded.
3. Annual performance audit completed.
4. PPP Law amendment enacted.
5. Revolving mechanism activated.
6. PFF Sustainability Report published.



11.3 Capacity Building and Partnerships

- Annual PPP/PFF bootcamp for MDAs and local governments.
- Comprehensive training programme for FMU staff and MDA PPP units.
- Peer learning exchanges with countries like India, Brazil and others.
- Collaboration with international institutions (AfDB, IFC, PIDG).

11.4 Communication and Change Management

A communication plan will be developed by OPPP to ensure awareness among stakeholders. This will include:

- Dedicated PFF webpage with downloadable forms and guidelines under the PPP website.
- Quarterly stakeholder newsletters.
- Press releases and publications to enhance transparency and confidence.
- Annual “Infrastructure Investment Forum” showcasing funded projects.

11.5 Monitoring, Review, and Exit Strategy

- A comprehensive mid-term review at Year 3 to assess fund performance, and impact.
- An independent evaluation at Year 5 to inform next phase of capitalization and policy revision.
- Continuous improvement through policy revision based on lessons learned.
- Results integrated into future State Development Plans and PPP reforms.



ANNEXES

ANNEX I – EXECUTIVE ORDER

EXECUTIVE ORDER NO. ____ OF 2025

THE ESTABLISHMENT OF THE LAGOS STATE PROJECT FACILITATION FUND (PFF)

WHEREAS:

1. The Government of Lagos State recognizes the critical need to accelerate infrastructure development, enhance private sector participation, and strengthen the investment promotion environment within the State;
2. The State's long-term development objectives, as articulated in the Lagos State Development Plan (2022–2052), and the Public-Private Partnership (PPP) Law, 2011, require a structured, transparent, and sustainable mechanism to support project preparation and early-stage investment facilitation;
3. The Federal Government of Nigeria, in collaboration with the World Bank, is implementing the State Action on Business Enabling Reforms (SABER) Program, which mandates each participating State to establish a Project Facilitation Fund (PFF) as a precondition for access to performance-based financing;
4. The Office of Public-Private Partnerships (OPPP) is, by law, the principal coordinating agency for PPP project origination, structuring, and implementation in Lagos State, while the Ministry of Finance (MoF) provides fiscal oversight and integration with the State's public financial management systems;

NOW THEREFORE, I, [Name],

THE EXECUTIVE GOVERNOR OF LAGOS STATE,

in exercise of the powers conferred upon me under Sections 5(2)(b) and 6 of the **Lagos** State Public-Private Partnership Law, 2011, and all other powers enabling me in that behalf, hereby order as follows:

1. Establishment of the Project Facilitation Fund (PFF)

1.1 There is hereby established a Fund to be known as the **Lagos State Project Facilitation Fund (PFF)** (hereinafter referred to as "*the Fund*").



1.2 The Fund shall serve as a dedicated financial and institutional mechanism to support the preparation, development, and facilitation of infrastructure and public-private partnership (PPP) projects in Lagos State.

1.3 The Fund shall be a ring-fenced account domiciled within the State Treasury Single Account (TSA) framework, to be administered jointly by the Office of Public-Private Partnerships (OPPP) and the Ministry of Finance (MoF).

2. Objectives of the Fund

The objectives of the Fund shall be to:

- a. Provide financial resources for the preparation of pre-feasibility and feasibility studies, technical designs, environmental and social impact assessments (ESIA), and transaction advisory services for PPP and strategic public projects;
- b. Support early-stage project development to enhance the quality, bankability, and sustainability of infrastructure investments;
- c. Facilitate the engagement of qualified consultants, advisers, and transaction managers in line with the Lagos State PPP Manual and Procurement Law;
- d. Strengthen the institutional capacity of MDAs and the OPPP for project preparation and investment promotion; and
- e. Promote coordination, transparency, and accountability in the management of early-stage project funding.

3. Funding

3.1 The Fund shall be capitalised through the following sources:

- i. Annual budgetary allocations by the Lagos State Government;
- ii. Grants or contributions from Development Finance Institutions (DFIs), donor agencies, and multilateral partners;
- iii. Reflows or recoveries from successfully closed PPP transactions, including success fees or reimbursable costs; and
- iv. Any other lawful source approved by the Executive Council.

4. Governance and Administration

4.1 The Fund shall be governed by a Project Facilitation Fund Steering Committee (PFF-SC), which shall provide strategic direction and oversight.

4.2 The Steering Committee shall comprise the following members:



- Hon. Commissioner for Finance – *Chairperson*
- Special Adviser, Office of Public-Private Partnerships – *Secretary*
- Permanent Secretary, Ministry of Finance
- Hon. Commissioner, Ministry of Economic Planning and Budget
- Representative, Ministry of Justice
- Two Independent Members with experience in project finance, infrastructure, or development economics, appointed by the Governor.

5. Commencement and Duration

5.1 This Executive Order shall take effect from the date of signature by the Governor.

5.2 The provisions of this Order shall remain in force until incorporated into a revised Lagos State Public-Private Partnership Law, as may be approved by the Lagos State House of Assembly.

6. Citation

This Order may be cited as the

“Executive Order on the Establishment of the Lagos State Project Facilitation Fund (PFF), 2025.”

**GIVEN UNDER MY HAND AND THE PUBLIC SEAL OF LAGOS STATE
AT ALAUSA, IKEJA, THIS _____ DAY OF _____, 2025.**

MR. BABAJIDE OLUSOLA SANWO-OLU

Governor, Lagos State

Countersigned:

MR. [Name]

Honourable Commissioner for Finance, Lagos State

Countersigned:

MRS. [Name]

Special Adviser, OPPP Lagos State



ANNEX II: ORGANIZATIONAL STRUCTURE AND GOVERNANCE CHART

2.1 Institutional Overview

The PFF will operate under a three-tier governance structure to ensure transparency, accountability, and efficiency. This is aligned with the governance architecture defined under Sections 4 and 6 of the PPP Law (2011) and the operational model of the OPPP as detailed in the Lagos PPP Manual.

2.2 Organizational Hierarchy

Level 1 – Strategic Oversight

- **Lagos State Executive Council (EXCO)**
Approves annual PFF strategy and major funding allocations.

Level 2 – Governance and Decision-Making

- **Project Facilitation Fund Steering Committee (PFF-SC)**
Provides strategic direction, approves projects, ensures alignment with State priorities.

Level 3 – Technical and Operational Management

- **Fund Management Unit (FMU)**
Day-to-day fund operations, project appraisal, disbursement control, and reporting.

Level 4 – Independent Oversight

- **Audit and Compliance Unit (ACU)**
Ensures fiduciary and procurement integrity, prepares audit reports, and liaises with the Auditor-General.

2.3 Organogram

EXECUTIVE COUNCIL (EXCO)

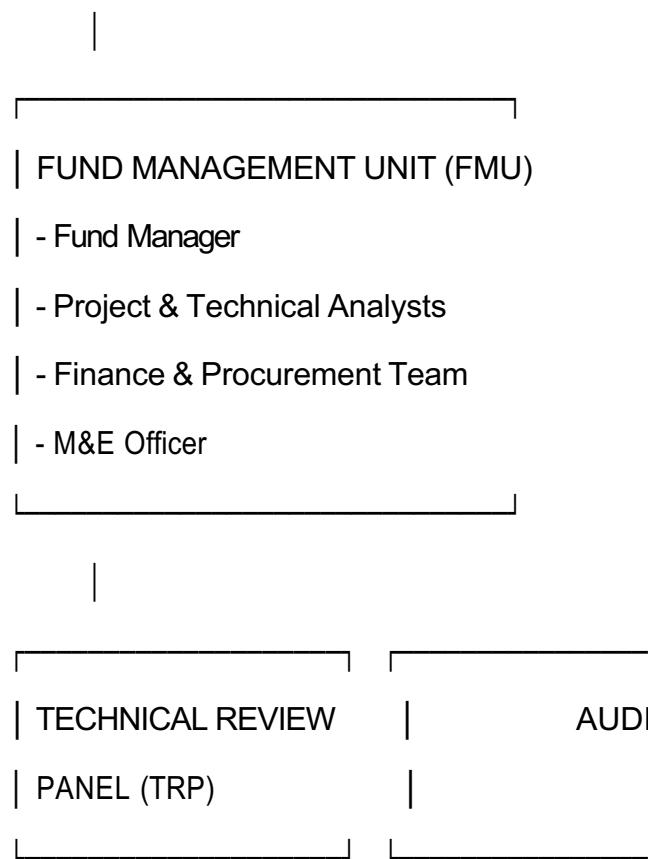


PROJECT FACILITATION FUND STEERING COMMITTEE





OFFICE OF PUBLIC-PRIVATE PARTNERSHIPS (Host Institution)



ANNEX III: FUNDING WINDOWS, DISBURSEMENT MODALITIES AND ELIGIBLE EXPENDITURES

3.1 Summary of Funding Windows

Window	Scope of Activities	Eligible Expenditures
Window A: Project Preparation Support	Pre-feasibility, feasibility studies, ESIA, technical designs.	Consultancy fees, data collection, survey costs, stakeholder consultation workshops.
Window B: Transaction Advisory Support	Legal, financial, and technical advisory for PPP structuring.	Advisory firm fees, transaction data room management, bid document preparation.
Window C: Market Sounding & Promotion	Investor engagement, pre-bid conferences, roadshows.	Printing, logistics, investor conference expenses.



Window D: Institutional Capacity Development	Training and knowledge-building for MDAs and OPPP staff.	Training materials, external facilitators, PPP toolkits, IT systems.
Window E: Viability Gap Funding / Capital Support	Grant and contingent liability assistance for socially critical PPPs.	Partial capital contributions, availability payments, compensation for project-affected persons (PAPs).

3.2 Disbursement Flow

1. Fund approval →
2. Signing of Funding Agreement →
3. Issuance of Disbursement Request Form (DRF) →
4. Verification by FMU →
5. Release of funds →
6. Progress verification and milestone certification →
7. Subsequent tranche release or project close-out.

Note: All disbursements must be milestone-based and supported by deliverable evidence (feasibility report, OBC, FBC, etc.) as defined in the PPP Manual.

ANNEX IV: APPLICATION FORMS AND TEMPLATE DOCUMENTS

4.1 Project Concept Note Template

Title of Project:

Sponsoring MDA:

Contact Person / PPP Desk Officer:

Project Background:

Project Objective:

Scope of Work:

Estimated Cost (N):

Stage of Development (Concept / OBC / FBC):

Expected Impact:

Requested PFF Support Type:

Feasibility Study



Transaction Advisory

Capacity Building

VGF

Proposed Timeline:

Endorsement by Accounting Officer:

Signature: _____

Date: _____

4.2 Full Application Template

Includes sections for:

- Executive Summary
- Technical and Financial Justification
- Implementation Plan and Deliverables
- Budget Breakdown by Milestone
- Environmental and Social Screening
- Counterpart Funding Confirmation
- Declaration and Signature Page

4.3 Sample Funding Agreement

The Funding Agreement between the Office of Public-Private Partnerships (OPPP) and the Beneficiary MDA shall contain:

1. Description of approved project and objectives.
2. Total approved amount and schedule of disbursement.
3. Rights and obligations of both parties.
4. Conditions precedent to disbursement.
5. Performance milestones.
6. Reporting and audit requirements.
7. Dispute resolution and termination clauses.



ANNEX V: SABER VERIFICATION MATRIX

This matrix provides evidence requirements for World Bank verification under the SABER PFF DLI.

ANNEX VI: RISK MANAGEMENT AND SAFEGUARDS CHECKLIST



Verification Parameter	Verification Requirement / Evidence	Responsible Entity	Frequency
Establishment of PFF	Executive Order or Legal Instrument establishing the Fund.	OPPP	One-off
Operational Guidelines Approved	PFF Operations Manual approved by Steering Committee.	OPPP	Annual
Dedicated Bank Account	TSA sub-account in name of “Lagos State Project Facilitation Fund.”	MoF	Continuous
Approved Work Plan	Annual PFF Work Plan & budget approved by EXCO.	Steering Committee	Annual
Disbursement Evidence	Bank statements showing disbursements to eligible activities.	MoF / Auditor-General	Quarterly
Monitoring & Evaluation	MER report and dashboard evidence of active monitoring.	OPPP / FMU	Semi-Annual
Public Disclosure	Published report of funded projects on OPPP website.	OPPP	Annual
Audit Reports	Independent audit report submitted to Auditor-General and NGF.	OPPP / Auditor - General	Annual



Risk Type	Checklist of Actions / Requirements	Responsible Party
Financial Risk	<ul style="list-style-type: none">- Verify TSA account setup.- Conduct quarterly reconciliations.- Maintain dual-signatory controls.	MoF / FMU
Institutional Risk	<ul style="list-style-type: none">- Ensure active Steering Committee.- Document all decisions.- Maintain updated operational manual.	OPPP
Operational Risk	<ul style="list-style-type: none">- Verify consultant prequalification.- Track deliverables via project dashboard.- Apply penalties for underperformance.	FMU / TRP
Environmental & Social Risk	<ul style="list-style-type: none">- Complete ESIA screening.- Obtain LASEPA certification.- Ensure PAP compensation.	MDA / OPPP
Reputational Risk	<ul style="list-style-type: none">- Publish quarterly results.- Ensure open grievance channel.- Enforce conflict-of-interest declaration.	FMU / ACU



ANNEX VII: SAMPLE MONITORING AND REPORTING TEMPLATE

Project Name:

Implementing MDA:

PFF Reference Number:

Funding Window:

Approved Amount: ₦ _____

Reporting Period: _____

Milestone	Target Date	Status	Deliverables Submitted	Remarks / Issues
Feasibility Study Completed	DD/MM/YYYY	<input type="checkbox"/> Completed <input type="checkbox"/> Ongoing	Feasibility Report	
ESIA Approved	DD/MM/YYYY	<input type="checkbox"/> Completed	ESIA Certificate	



Transaction Advisor Engaged	DD/MM/YYYY	<input type="checkbox"/> Completed	Contract Signed	
FBC Submission	DD/MM/YYYY	<input type="checkbox"/> Completed	Approved FBC	
Financial Close	DD/MM/YYYY	<input type="checkbox"/> Completed	Financing Agreement	

ANNEX VIII: ABBREVIATIONS AND DEFINITIONS

Term	Definition
PFF	Project Facilitation Fund
OPPP	Office of Public-Private Partnerships
PPP	Public-Private Partnership
FMU	Fund Management Unit
TRP	Technical Review Panel
VGF	Viability Gap Funding
EXCO	Executive Council
ESIA	Environmental and Social Impact Assessment
DFI	Development Finance Institution
MDA	Ministry, Department, or Agency
SABER	State Action on Business Enabling Reforms

ANNEX IX: REFERENCES

1. Lagos State PPP Law (2011) – Amended Version.
2. Lagos State PPP Manual (2022).
3. Project Facilitation Fund (PFF) Guidance Note and Model Framework, Federal Ministry of Finance – September 2025.
4. Lagos State Public Procurement Law (2021).



5. Fiscal Responsibility Law (2012).
6. Lagos State Development Plan 2022–2030.
7. World Bank SABER Program Implementation Guidelines (2025).