



LAGOS STATE
PUBLIC PRIVATE PARTNERSHIP

POLICY AND GUIDELINES

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Schedule 1

TRANSITIONAL GUIDELINES ON PPP PROCUREMENT

DEFINITIONS

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| MDA | Any Lagos State Ministry, Department, or Agency initiating or undertaking a PPP arrangement. |
| PPP (Public-Private Partnership) | A long-term contractual agreement between LASG and a private sector participant for the financing, design, construction, operation, or maintenance of an asset or service where risks, responsibilities, and rewards are shared. |
| Project Viability | The capacity of a PPP project to generate sufficient returns without undue burden on government or users. |
| Stakeholder | Any individual, group, or institution affected by or with an interest in a PPP project. |
| Value for Money (VfM) | An assessment of a PPP project's life-cycle costs, risks, and service quality to ensure efficiency, sustainability, and affordability. |
| Unsolicited Proposal | A PPP proposal submitted voluntarily by a private proponent without LASG request. |

ABBREVIATIONS

| | |
|-------------|---------------------------------|
| PPP | Public-Private Partnership |
| LASG | Lagos State Government |
| MDA | Ministry, Department, or Agency |
| EXCO | State Executive Council |
| RFP | Request for Proposal |
| SPV | Special Purpose Vehicle |
| VfM | Value for Money |

PART I: INTRODUCTION, SCOPE & APPLICATION

1. Lagos State is Nigeria's most urbanized state, home to over 20 million residents, and contributes more than 30% of Nigeria's GDP. Despite this, the State faces persistent infrastructure challenges: traffic congestion, flooding, inadequate housing, unreliable electricity, water scarcity, and waste management crises.
2. These challenges are compounded by limited fiscal revenues and increasing population pressures. Public financing alone is insufficient to meet infrastructure demand.
3. PPPs present a viable strategy for bridging this financing gap by leveraging private sector capital, technology, and management efficiencies.
4. This policy sets out the Lagos State PPP framework to ensure that PPP projects are transparently planned, procured, implemented, and monitored, in line with international best practices.
5. Application: This policy applies to all LASG MDAs and Local Government Councils proposing PPP arrangements for goods, works, or services.

PART II: GOVERNMENT COMMITMENT

6. In the past, key physical, social, and commercial infrastructure across Lagos State – such as roads, bridges, ports, power installations, water supply systems, housing estates, waste management facilities, and urban transport systems – were financed almost exclusively through public funds and managed directly by Ministries, Departments and Agencies (“MDAs”). However, inadequate long-term investment, weak facility management, and rapid urban population growth have led to the progressive deterioration of these assets and inconsistent quality in service delivery. The present state of much of this infrastructure does not fully reflect the needs of Lagos' fast-growing population or its role as Nigeria's commercial hub.
7. In addition, challenges such as poor planning, bureaucratic inefficiencies, and occasional lapses in transparency and accountability have contributed to higher-than-expected costs for maintaining, expanding, and replacing infrastructure assets and services. Moreover, conflicts have arisen between the government's role as a regulator and policy-setter on the one hand, and its role as a direct provider of services on the other. These challenges have often been worsened by fiscal constraints and competing budgetary demands across the State.
8. Public-Private Partnerships (PPPs) provide a sustainable solution to these challenges by separating the government's role as policy-maker, regulator, and client from that of the

operator and service provider. PPPs also reduce the social and economic costs of delays in project delivery, while leveraging private sector capital, innovation, and efficiency to ensure that infrastructure and public services are developed, maintained, and upgraded in a timely, cost-effective manner.

9. The Lagos State Government is committed to addressing the State's infrastructure deficit and improving the quality of public services through a comprehensive development programme that incorporates PPPs in delivering priority projects. These include strategic physical and commercial infrastructure in transportation, housing, energy, ICT, water supply, waste management, and urban regeneration, as well as investments in human capital development through improved education, healthcare, and other social infrastructure that enhance quality of life and inclusivity.
10. To achieve this, the Lagos State Public-Private Partnership Office (PPP Office) has been established under the direct authority of the Executive Governor. The Office is mandated to coordinate, regulate, and centrally process PPP transactions across all sectors of the State, ensuring alignment with the Lagos State Development Plan and the broader vision of making Lagos a resilient, globally competitive mega-city.
11. This policy statement therefore sets out the principles, processes, and procedures to be applied by the Lagos State Government in order to scale up the use of PPPs to address infrastructure gaps, strengthen social service delivery, and ensure sustainable, inclusive growth for all Lagos residents.

PART III: ESTABLISHMENT OF THE LAGOS STATE PUBLIC PRIVATE PARTNERSHIP OFFICE

12. There is hereby established an Agency to be known as the Lagos State Public-Private Partnership Office (hereinafter referred to as the "PPP Office"). The Office shall serve as the central coordinating body for all PPP initiatives in Lagos State, providing leadership, technical expertise, and oversight throughout the PPP project lifecycle.
13. Definition of Public-Private Partnership (PPP): A Public-Private Partnership is defined as a long-term contractual arrangement between the Lagos State Government (LASG) or its Ministries, Departments, and Agencies (MDAs), and a private sector entity, for the design, financing, development (or substantial upgrade/rehabilitation), operation, and/or maintenance of a public asset or service. Under a PPP arrangement: The private partner

bears substantial risk and management responsibility for delivery, performance, and long-term sustainability of the project.

The private partner provides a significant portion of the financing at its own risk, often mobilizing additional resources through debt, equity, or blended financing instruments. The remuneration of the private partner is substantially linked to performance, service quality, and/or demand for the asset or service, ensuring alignment of incentives between the public and private sectors.

The arrangement aims to achieve Value for Money, efficiency, innovation, and long-term sustainability while safeguarding the public interest and ensuring affordability for users.

14. Organisational Structure of the Lagos State PPP Office. The Lagos State PPP Office shall consist of:

A Director-General (DG): The DG shall serve as the Chief Executive Officer of the Office, with overall responsibility for policy implementation, project coordination, and stakeholder engagement. The DG shall be appointed by the Governor of Lagos State and shall report directly to the Governor through the Honourable Commissioner for Economic Planning and Budget.

Administrative Secretariat: A dedicated cadre of officers responsible for corporate services, finance, human resources, legal compliance, and communication. This Secretariat shall provide the institutional backbone for efficient day-to-day administration and coordination of the PPP Office.

Technical Units and Professional Staff: The PPP Office shall maintain a multidisciplinary technical team employed to man strategic units within the organisational structure, including but not limited to:

Project Development & Transaction Advisory Unit – responsible for project origination, feasibility studies, structuring, and transaction management.

Legal & Regulatory Unit – responsible for contract drafting, compliance, and ensuring PPPs are aligned with Lagos State laws and regulations.

Financial & Risk Analysis Unit – responsible for financial modelling, risk allocation, value-for-money analysis, and fiscal impact assessments.

Monitoring, Evaluation & Contract Management Unit – responsible for post-contract oversight, performance monitoring, and ensuring compliance with concession terms.

Stakeholder Engagement & Communications Unit – responsible for consultations with communities, investors, MDAs, civil society, and development partners.

Research, Policy & Knowledge Management Unit – responsible for policy reviews, innovation, capacity building, and serving as a PPP knowledge hub for Lagos State.

Sector Focal Points: To enhance alignment with Lagos’ mega-city development priorities, the PPP Office shall designate sector focal officers for critical infrastructure areas such as transportation, housing, health, education, energy, water, ICT, environment, and urban regeneration.

The Lagos PPP Office shall serve not only as a transaction facilitator but also as a policy driver, regulator, and knowledge centre to ensure that PPPs contribute to Lagos State’s vision of becoming “Africa’s Model Megacity and Global Economic Hub.”

15. The functions of the Lagos State PPP Office shall be as follows:

- a. Prepare and maintain a Lagos PPP Strategic Master Plan and Pipeline, ensuring alignment with the Lagos State Development Plan (LSDP) and sector-specific strategies (transport, housing, waste, energy, health, education, ICT, and urban regeneration).
- b. Ensure that PPP projects initiated by LASG MDAs are well-planned, financially sustainable, socially inclusive, climate-resilient, and generate measurable Value for Money (VfM) for the State and its citizens.
- c. Provide technical, financial, and legal advisory support to MDAs in the development and procurement of PPP projects from initiation through procurement to financial close and implementation.
- d. Advise the Governor and Executive Council on strategic infrastructure and PPP-related matters, including land acquisition, urban redevelopment, coastal protection, flood control, and the integration of federal and state projects in Lagos.

- e. Ensure rigorous independent appraisal of all PPP projects, including pre-feasibility studies, VfM assessments, and economic/financial viability tests, before project commencement.
- f. Guarantee that PPP procurements are carried out using globally recognized, transparent, competitive, and accountable processes, in line with Lagos State Procurement Law and PPP Law.
- g. Monitor and enforce compliance with concession agreements, ensuring that private concessionaires deliver agreed outputs, service quality, and performance standards throughout the project lifecycle.
- h. Undertake research and publish periodic reports on Lagos' infrastructure gaps, PPP market trends, and sector investment opportunities to guide policy, attract investors, and inform citizens.
- i. Ensure that PPP implementation aligns with global best practices following principles of:
 - Prioritizing investments that maximize Lagos' economic competitiveness and job creation;
 - Ensuring affordability, fairness, and sustainability so projects do not overburden future generations;
 - Promoting inclusive growth where benefits are equitably spread across Lagos' diverse communities;
 - Prioritizing citizen welfare, urban resilience, and social equity;
 - Protecting and enhancing Lagos' coastal and urban environment to strengthen climate resilience.

PART IV: POLICY OBJECTIVES

LSG's objectives for PPPs are as follows:

16. Economic Objectives

- I. Accelerate Infrastructure Investment: To catalyse large-scale investments in new infrastructure and ensure the renewal, upgrade, and expansion of existing assets to world-class standards capable of serving the needs and aspirations of Lagos' dynamic population and economy.

- II. Attract Investment and Innovation: To strengthen Lagos' position as Nigeria's commercial and financial hub by attracting international and domestic investors into public infrastructure, and promoting efficiency, innovation, and technological advancement in a cost-effective manner.
- III. Improve Planning and Delivery: To ensure that infrastructure projects are systematically planned, transparently prioritised, and professionally managed to maximise economic returns, while being delivered on time and within budget.
- IV. Efficient Use of Resources: To optimise the utilisation of State resources, ensuring that infrastructure development provides value for money and directly benefits the users of public services.
- V. Urban Regeneration and Renewal: To drive urban regeneration initiatives across Lagos, including the redevelopment of ageing government-owned assets, inner-city areas, and waterfronts, thereby unlocking new economic opportunities and improving the urban landscape.
- VI. Fiscal Sustainability: To ensure that all investment projects provide demonstrable value for money, remain affordable for government and end-users, and do not create unsustainable fiscal burdens.
- VII. Leverage Private Sector Expertise: To harness private sector expertise in project financing, risk allocation, management, planning, and deployment of cutting-edge technologies, thereby enhancing service reliability and efficiency.
- VIII. Support Key Economic Sectors: To improve the availability, quality, and efficiency of critical services in transportation (road, rail, water, and air), housing, energy, ICT, waste management, water supply, logistics, and real estate, thereby enhancing Lagos' economic growth, productivity, competitiveness, and global investment appeal.

17. Social Objectives

- I. Ensure balanced development across all parts of Lagos, in line with State and National Development Plans.
- II. Expand access to quality public services such as education, healthcare, housing, water, transport, and sanitation for residents, visitors, and businesses.

- III. Create more jobs and build skills by encouraging private sector participation in PPP projects.
- IV. Support vulnerable groups – including women, youth, persons with disabilities, and the elderly – and promote gender equality in all projects.
- V. Involve small and medium-sized businesses (SMEs) in PPP projects through supply chains and subcontracting.
- VI. Improve safety, security, health, and overall wellbeing of the people of Lagos.

18. Environmental Objectives

- I. Promote climate-resilient infrastructure.
- II. Invest in flood control, coastal protection, and renewable energy.
- III. Encourage waste-to-energy and recycling PPPs.
- IV. Protect wetlands and waterfronts from uncontrolled exploitation.

PART V: ENABLING ENVIRONMENT

The Lagos State Government is responsible for creating a strong and supportive environment for PPPs. This means ensuring that clear, transparent, and effective legal and institutional frameworks are in place.

The Government will establish the right legal, financial, and institutional systems to make it easier to develop and deliver privately financed infrastructure projects. These systems will focus on:

- **Transparency** – so processes are open and fair,
- **Accountability** – so roles and responsibilities are clear,
- **Fairness** – so all partners and stakeholders are treated justly, and
- **Sustainability** – so projects can deliver long-term benefits to the people of Lagos.

All PPP projects will be identified and developed by the PPP Office, working closely with relevant MDAs and public authorities, and will go through proper review and approval before being included in the State's PPP project pipeline.

19. Legal Framework

The Lagos State Government will review existing laws and, where necessary, propose amendments or new legislation to strengthen the PPP system. The legal framework will:

- I. Establish and empower the PPP Office to advise the Lagos State Government (LASG) and its MDAs on identifying, procuring, and implementing PPP projects.
- II. Ensure the PPP Office is responsible for developing and updating the State's PPP policy over time.
- III. Position the PPP Office as the key driver and promoter of PPPs in Lagos, managing the PPP project lifecycle as a government advisory and coordinating body, not as a contracting entity.
- IV. Require the PPP Office to work with MDAs on economic appraisals, planning, and prioritisation of projects, and to develop a clear PPP project pipeline.
- V. Mandate the PPP Office to manage LASG's interests in PPP arrangements and maintain a central data room with reliable economic and statistical information to guide investors and support informed decision-making.
- VI. Authorise the PPP Office to regulate PPPs in the State, safeguarding the interests of both government and private partners.
- VII. Provide for transparent, competitive, and efficient procurement procedures for PPP projects.
- VIII. Include provisions to protect public infrastructure from vandalism, misuse, and other threats, with appropriate remedies and penalties.
- IX. Ensure that Lagos' PPP framework aligns with broader tax, banking, and corporate laws so that no distortions discourage investment or create unfair advantages or disadvantages for PPP projects.

Financial Framework

20. The Lagos State PPP Office will advise the Government in:

- I. Developing a PPP Investment Strategy to guide planning and prioritisation of infrastructure projects to be financed under PPP arrangements, ensuring alignment with the Lagos State Development Plan.

- II. Establishing sustainable policies on user charges and subsidies so that tariffs are affordable for citizens while remaining attractive and viable for private investors.
- III. Creating procedures to evaluate and manage risks that may arise from PPP contracts, including contingent liabilities, guarantees, partial risk insurance, subsidies, and exposure to exchange rate fluctuations.
- IV. Issuing financial guidance to MDAs on discount rates, inflation, indexation, cost-benefit analysis, and valuation of risks to support transparent and consistent project evaluation.
- V. Ensuring Value for Money (VfM) in the financial structuring of PPP projects, so that the cost to government and users is fair, affordable, and sustainable over the project's life cycle.

Institutional Framework

- 21. The Lagos State Government will ensure that its Ministries, Departments, and Agencies (MDAs) have access to the **right guidance, training, and technical expertise** needed to deliver public services through PPPs. This will reinforce accountability while giving MDAs the tools and resources to properly plan, procure, and manage investment projects efficiently and effectively.
- 22. The State will also ensure that MDAs benefit from **knowledge transfer and capacity building** provided through PPPs. This will strengthen their technical and managerial skills, not only for PPP projects but also for managing other State-owned assets that may not be suitable for PPP arrangements.

PART VI: ROLES AND RESPONSIBILITIES

The following Lagos State Government entities shall have defined roles in the development, approval, implementation, and supervision of PPPs:

Ministries, Departments, Agencies (MDAs), and Local Governments

- 23. MDAs shall:
 - a. Be responsible for identifying and preparing PPP proposals within their respective sectors, except in cases where special procurement methods are approved.

- b. Forward any unsolicited proposals received from private parties to the Lagos State PPP Office for preliminary review and assessment.
 - c. Ensure that all PPP proposals are consistent with the Lagos State Development Plan and the policy priorities of the proposing MDA.
 - d. Appoint a PPP Project Officer (not lower than Director level) who will be responsible for managing the project and will serve as the official liaison between the MDA and the PPP Office.
24. Where a PPP project involves more than one MDA, the participating MDAs shall designate one as the Lead MDA, which will coordinate all communications, applications, and stakeholder engagements in collaboration with the PPP Office.

Lagos State PPP Office

25. The Lagos State PPP Office shall:
- a. Serve as the State's central PPP resource centre, advising the Governor and the State Executive Council (EXCO) on the implementation of PPP policy, including planning, project execution, and regulatory oversight.
 - b. Prequalify and engage external transaction advisers (legal, financial, technical, and environmental) to support the preparation of business cases, procurement processes, negotiations, and contract documentation for PPP projects.
 - c. Provide guidance and technical support to MDAs throughout the PPP lifecycle – from project identification and development to procurement, financial close, and implementation – ensuring alignment with State priorities and international best practices.
 - d. Ensure effective stakeholder engagement, including public consultation on user charges, community interests, and investor perspectives, while assessing overall market appetite for proposed projects.
 - e. Regulate pricing and competition matters through PPP contracts and serve as the initial forum for resolving disputes between the public and private parties.

- f. Build PPP capacity across the State by promoting best practices, training officials, and sharing knowledge with MDAs, private investors, and development partners. The Office shall also serve as the State's PPP Knowledge Centre.
- 26. The Lagos State PPP Office shall be provided with an enabling budget to fund project preparation and procurement, including the costs of external advisers and internal technical experts.
- 27. Where project development costs are to be recovered from the private partner, the PPP Office shall warehouse such costs during procurement and offset them against deposits made by the winning bidder.
- 28. The PPP Office shall review the principles of all proposed PPPs and coordinate approvals required at the different stages of the PPP cycle, ensuring compliance with due process.
- 29. For each PPP project, the PPP Office shall constitute a Project Steering Committee, comprising representatives of the relevant MDAs and other stakeholders, as approved by the Governor or EXCO.

Governor / State Executive Council (EXCO)

- 30. The Governor and the State Executive Council shall be responsible for the final approval and award of PPP contracts, based on the recommendations of the PPP Office, subject to the approval thresholds and procedures in force at the time of award.

Ministry of Finance

- 31. The Lagos State Ministry of Finance shall:
 - a. Ensure that any contingent liabilities from PPPs are properly managed and remain within the Government's fiscal and economic forecasts.
 - b. Play a central role in the public financial management of PPP projects, including evaluation and management of fiscal risks that may arise from PPP agreements.
 - c. Be consulted in advance by the PPP Office and/or MDAs when considering the involvement of multilateral agencies such as the International Finance Corporation (IFC), Multilateral Investment Guarantee Agency (MIGA), African Development Bank (AfDB), or similar institutions providing guarantees or financial instruments.

Ministry of Economic Planning & Budget

32. The Lagos State Ministry of Economic Planning & Budget shall:

- a. Provide advice on budgeting and accounting for PPP projects, ensuring that projected costs – including subsidies, if required – are captured and planned for in a sustainable manner.
- b. Ensure better coordination of infrastructure investment planning, applying rigorous economic appraisal and prioritisation techniques.
- c. Establish a Project Development Fund budget sub-head for the PPP Office. This fund shall cover project preparation costs such as consultancy, feasibility studies, and transaction advisory services. Such costs may later be reimbursed from project financing or capitalised as equity contributions.

Accountant General

33. The Office of the Lagos State Accountant General shall:

- a. Ensure that adequate funds are set aside for government payment obligations under PPP contracts, subject to executive approval.
- b. Manage the Project Development Fund effectively.
- c. Where necessary, establish escrow accounts under agreed independent management to secure PPP-related payments.

Ministry of Justice

34. The Lagos State Ministry of Justice shall:

- a. Review and approve all PPP contracts to ensure legal compliance and protection of State interests.
- b. Serve as a permanent member of the PPP Office Governing structure (or Steering Committees), providing competent and experienced legal support during PPP negotiations and procurement.
- c. Ensure that PPP agreements are drafted to safeguard the rights of the State and provide clear dispute resolution mechanisms.

Federal Government

35. The Federal Government is responsible for delivering and maintaining Federal Infrastructure within Lagos State, such as airports, seaports, railways, and federal highways. The Lagos State Government will:
- a. Continue to **work closely with relevant Federal MDAs** to align investments and avoid duplication.
 - b. Where appropriate, **co-invest alongside private partners** and the Federal Government in projects that improve infrastructure availability and quality in Lagos.
 - c. Prioritise Federal-State collaboration on critical assets that support Lagos' position as Nigeria's economic hub and gateway to global markets.
36. The Lagos State Government shall take into account the concerns of potential private investors, users, and other key stakeholders about the bankability and sustainability of PPP projects. To achieve this, the Government will engage with stakeholders early in the project development process to obtain guidance on what constitutes a viable and commercially sound project.

This consultation will help ensure that projects are well-structured, financially sustainable, and attractive to investors, while also meeting public service needs. By doing so, Lagos State will avoid poorly designed PPPs and strengthen investor confidence in its PPP programme.

PART VII: PROCUREMENT, IMPLEMENTATION & MANAGEMENT

37. Projects that are suitable for PPPs and aligned with the Lagos State Development Plan or sector strategies may be proposed by an MDA or the PPP Office for procurement.
38. The PPP Office shall ensure that all proposed projects are prioritised based on the following criteria:
- a. Value for Money (VfM) – delivering services at optimal cost and quality.
 - b. Needs Analysis – alignment with Lagos' infrastructure and social needs.
 - c. Public Service Obligation – ensuring access and affordability for citizens.
 - d. Project Viability – economic, financial, and technical sustainability.

39. PPP procurement is distinct from traditional procurement because the selection of a preferred bidder and the award of a contract is not based solely on price, but on a combination of technical, financial, and risk-sharing considerations unique to PPPs. Procurement of PPP projects shall therefore be conducted in line with the Lagos State PPP Procurement Guidelines, which form part of this Policy.
40. To encourage innovation and private sector initiative, the Lagos State Government also provides for Unsolicited Proposals – PPP proposals submitted by private proponents without prior advertisement or request. Such proposals shall be subject to rigorous screening by the PPP Office to ensure that they are innovative, financially viable, and in the public interest before consideration.

Contract Negotiation

42. In negotiating a PPP contract with the preferred bidder, the **Project Steering Committee** and the **PPP Office** shall ensure that:
- a. The **duration of the project** is determined based on PPP principles, including:
 - The right of the private partner to recover costs and earn a reasonable profit,
 - The affordability of user fees for citizens, and
 - The economic life-span and maintenance requirements of the project assets.
 - b. Appropriate financial mechanisms are built into the project structure to allow the Lagos State Government (LASG) to share in excess revenues generated by the project where applicable.
 - c. Project risks are clearly identified and allocated to the party best positioned to manage them, in order to achieve optimal risk allocation and minimise long-term costs to the State.
 - d. Formal approvals are secured before LASG makes any commitment involving guarantees, subsidies, or other forms of State support.

Contract Implementation and Management

43. The implementation of PPP contracts shall lie primarily with the Lagos State PPP Office, working in close collaboration with the Ministry of Justice. These institutions shall take overall responsibility for ensuring project success, including compliance with contract

terms and the eventual handover of State assets at the end of the contract period. The Procuring MDA shall cooperate with the private partner to ensure that project objectives are achieved.

44. The Procuring MDA and the PPP Office shall jointly monitor and evaluate performance of PPP contracts to ensure that the State derives the full benefits of the project. This includes linking private partner payments and incentives directly to their delivery of agreed performance standards and service levels.

45. The PPP Office shall establish transition plans and capacity-building measures to ensure a smooth handover of assets or services at the end of each PPP contract. Relevant MDAs shall be adequately trained and equipped to manage the obligations under the contract and ensure continuity in service delivery.

Stakeholders

46. PPP projects involve the participation and interaction of multiple stakeholders. The proposing MDA and the private partner shall therefore engage relevant stakeholders—including host communities, users, investors, regulators, and civil society—at appropriate stages of the procurement and project lifecycle.

47. Stakeholders shall be given the opportunity to contribute positively to project design, development, and implementation. This collaborative approach shall be maintained throughout the lifetime of the project.

48. All Requests for Bids (RFBs) issued by the PPP Office shall require bidders to submit a Stakeholder Communication and Management Plan, detailing how they intend to engage and manage key stakeholders during project execution.

49. The primary responsibility for stakeholder consultation rests with the proposing MDA, working in partnership with the PPP Office. The MDA must also take into account any policy or social issues that may emerge during the consultation process.

Return on Investment; User Fees

50. In a PPP contract, the Procuring MDA may authorize the private partner—in return for fulfilling obligations such as the design, construction, operation, maintenance, or financing

of public infrastructure or services—to enjoy specific rights as stated in the contract. These rights may include the ability to levy, collect, and retain service charges, user fees, or tolls for the use of the public infrastructure or services.

51. The Procuring MDA shall propose, for the approval of the PPP Office, the schedule of service charges, user fees, tolls, or any subsequent revisions. The PPP Office shall ensure that such fees are set with proper consideration for:

- The ability of users to pay,
- The need for affordability and inclusivity, and
- The requirement for the private partner to recover investment costs and earn a reasonable return.

Special Purpose Vehicles (SPVs)

52. The participation of a private partner in a PPP project shall be through a Special Purpose Vehicle (SPV), duly incorporated under Nigerian law, which shall serve as the project company responsible for delivery of the project.

53. Where the Lagos State Government (LASG) is a shareholder in an SPV incorporated by the private partner, or where LASG contributes land, assets, or equity to the PPP project, the following rules shall apply:

- a. LASG's equity shares in the SPV shall be held in trust by the Ministry of Finance on behalf of the State.
- b. All agreements between the Procuring MDA and the private partner shall be signed by both the SPV and the Ministry of Finance, to safeguard the State's financial and legal interests.

SCHEDULE 1

TRANSITIONAL GUIDELINES ON PPP PROCUREMENT

Procurement Methods

54. Public-Private Partnerships (PPPs) in Lagos State may be procured by any of the following methods:

- a. Open Competitive Bidding
- b. Special Procurement or Direct Negotiations

c. Unsolicited Proposals

Open Competitive Bidding

55. The Procuring MDA, in collaboration with the Lagos State PPP Office, shall advertise for Expressions of Interest (EOIs). The advertisement shall include a clear summary of the proposed project, its objectives, and the rationale for pursuing it as a PPP.
56. The PPP Office and MDA shall review all submitted EOIs and pre-qualify bidders based on established criteria, including PPP principles, technical competence, financial capacity, and experience relevant to the project.
57. The PPP Office shall then issue a Request for Proposals (RFP) to the pre-qualified bidders. The RFP shall be accompanied by an Information Memorandum providing detailed project information, objectives, performance expectations, and key terms of engagement.
58. Pre-qualified bidders shall submit their bids to the PPP Office for evaluation under a transparent and competitive process.
59. A Project Steering Committee shall evaluate bids using pre-established criteria. The preferred bidder shall be the party whose proposal best achieves the technical, economic, and social objectives of the project while delivering value for money.

Bidding Provisions

60. The following rules shall apply to all bidding processes:
- a. Every invitation to bid shall be widely advertised at least six (6) weeks before the deadline for submission:
 - i. In at least two (2) national newspapers;
 - ii. On the official Lagos State Government website and the PPP Office portal;
 - iii. For international bids, in at least two (2) internationally recognised journals or platforms, in addition to (i) and (ii) above.
 - b. All bids must be submitted in writing and in compliance with the instructions in the tender documents. Each bid must be signed by an authorised officer of the bidding entity and placed in a sealed envelope (or secure digital submission where applicable).
 - c. All bids shall be submitted in English language.

- d. The authorised procuring entity shall maintain a logbook or electronic register showing the date and time each bid was received, duly signed by the bidder's representative.
- e. Any bid received after the submission deadline shall not be opened and must be returned to the bidder.
- f. No communication shall take place between procuring entities and bidders after publication of a bid solicitation, except as formally provided for in the process.
- g. The period of bid validity shall be as specified in the tender documents.
- h. All advertisements for EOIs and RFPs shall clearly state submission deadlines, timelines for review, and communication of results.
- i. The PPP Office and Procuring MDA shall ensure prompt adherence to timelines at every stage of the bidding process.
- j. All bids must be submitted before the advertised deadline or any formally approved extension.
- k. Where applicable, an RFP may require bidders to submit a bid security to guarantee their commitment. The amount and validity period of the bid security shall be clearly stated in the tender documents.

Examination of Bids

- 61. All bids shall first be examined to determine whether they:
 - i. Meet the minimum eligibility criteria set out in the tender documents,
 - ii. Have been properly signed by an authorised person,
 - iii. Are substantially responsive to the requirements of the tender documents, and
 - iv. Are generally in order.
- 62. The procuring entity may request a bidder to provide clarifications to assist in the examination, evaluation, and comparison of bids. However, no bidder shall be permitted to alter the substance of their bid after submission.

Special Procurement or Direct Negotiations

- 63. The Lagos State PPP Office may, for the purposes of this Policy, recommend the use of special procurement or direct negotiations in circumstances where:

- i. The State is seriously threatened by, or actually confronted with, a disaster, emergency, catastrophe, security threat, or Act of God;
 - ii. The condition or quality of public goods, infrastructure, or State-owned assets may seriously deteriorate unless urgent and necessary action is taken to preserve their value or usefulness;
 - iii. The Governor or the State Executive Council determines that it is more expedient, efficient, or cost-effective to undertake direct action to improve infrastructure or deliver services in a priority sector.
64. Any special procurement must first be recommended by the PPP Office and then approved by the Governor or the State Executive Council.
65. All procurements made under this method shall be carried out expeditiously, with transparency, and in alignment with the State's broader objectives of using PPPs to promote infrastructure development and economic growth.
66. In line with PPP principles, special procurements may, where necessary, be treated as single-source procurements, subject to the approval of the Governor or EXCO.

Unsolicited Proposals

67. Private proponents may submit Unsolicited Proposals (USPs) for PPP projects directly to the PPP Office or a Procuring MDA.
68. An Unsolicited Proposal is defined as a project proposal submitted by a private party to the Lagos State Government that has not been formally advertised or requested.
69. Every Unsolicited Proposal submitted must include the following:
- a. The proponent's name, address, Corporate Affairs Commission (CAC) registration details, valid tax clearance certificate, and contact details of its authorised representative;
 - b. An expression of interest, outlining the motivation for the proposal;
 - c. A concise title and executive summary of the proposed project, clearly stating its objectives, benefits, and alignment with Lagos State's development priorities;
 - d. A description of the technical, financial, and managerial capacity of the proponent;

- e. A preliminary assessment of the project's economic, social, and environmental benefits;
- f. A proposed financing structure, including indicative sources of funding;
- g. Any information on innovative approaches or technologies that the proponent intends to deploy.

Evaluation of Unsolicited Proposals

70. The PPP Office or Procuring MDA shall review every Unsolicited Proposal to determine whether it meets the following criteria:

- a. It includes a **comprehensive feasibility study** demonstrating a clear business case and financial sustainability;
- b. The project involves an **innovative, cost-effective, and unique approach** to delivering infrastructure or public services;
- c. It demonstrates clear alignment with the **Lagos State Development Plan** and sectoral priorities.

Grounds for Rejection

71. An Unsolicited Proposal may be rejected if:

- a. The project can reasonably be developed through conventional open competitive bidding methods;
- b. It does not meet or substantially satisfy the evaluation criteria set out in paragraph 70 above;
- c. It contravenes existing laws, regulations, or public policy of Lagos State or the Federal Government.

Rejection Protocol

72. If an Unsolicited Proposal is rejected, the PPP Office or Procuring MDA shall:

- a. Notify the proponent in writing of the decision and reasons for rejection;
- b. Ensure that the Government does not make use of the intellectual property, designs, or proprietary data contained in the Unsolicited Proposal.

Acceptance Pathways

73. Where the PPP Office determines that an Unsolicited Proposal satisfies the requirements in paragraph 70 above, it may adopt one of the following options:

- a. Convert the proposal into a Competitive Bid Process by preparing project documents and issuing a Request for Proposals (RFP) to ensure transparency, with the original proponent granted a possible “right to match” incentive (if provided for in the PPP policy).
- b. Proceed with Special Procurement or Direct Negotiations, in line with Part C of these Guidelines, where such an approach is justified and approved by the Governor or EXCO.

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