KATSINA STATE GOVERNMENT

PUBLIC – PRIVATE PARTNERSHIP POLICY

KATSINA INVESTMENT PROMOTION AGENCY

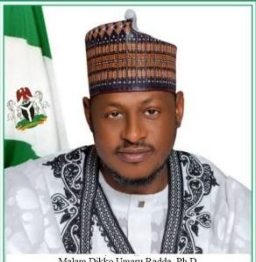
DECEMBER, 2023

TABLE OF CONTENTS

ACRONYMS AND GLOSSARY OF TERMS

BOO	*Build Own Operate*
BOT	*Build Operate and Transfer*
EoDB	*Ease of Doing Business*
EOI	*Expression of Interest*
ExCo	*Executive Council*
ESIA	*Environmental and Social Impact Assessments*
FBC	*Full Business Case*
FDI	*Foreign Direct Investment*
ITM	*Instruction to Bidders*
KIPA	*Katsina Investment Promotion Agency*
KTPPA	*Katsina Public Procurement Agency*
KTSG	*Katsina State Government*
MDAs	*Ministries, Departments and Agencies*
MoF	*Ministry of Finance*
MTEF	*Medium Term Expenditure Framework*
NPV	*Net Present Value*
OBC	*Outline Business Case*
O&M	*Operations & Maintenance*
PSC	*Project Steering Committee*
PDT	*Project Delivery Team*
PIM	*Project Information Memorandum*
PPP	*Public - Private Partnership*
PSC	*Public Sector Comparator*
P&BC	*Planning & Budget Commission*
RFQ	*Request for Qualification*
SDP	*State Development Plan*
SIP	*Sector Implementation Plan*
SPV	*Special Purpose Vehicle*
VfM	*Value for Money*
VGF	*Viability Gap Funding*

GOVERNOR'S MESSAGE



Malam Dikko Umaru Radda, Ph.D
Executive Governor
Katsina State

I am delighted to announce the successful development and launch of the Katsina State Public-Private Partnership (PPP) Policy. This important document establishes clear guidelines for effective collaboration between the government and the private sector, aiming to promote transparency, accountability, and efficiency in delivering impactful projects for the benefit of our citizens.

The policy results from tireless collaboration between public and private sector stakeholders, reflecting our shared commitment to fostering sustainable development. It outlines systematic procedures for initiating, evaluating, and implementing PPP projects, emphasizing stakeholder engagement, risk management, and performance monitoring.

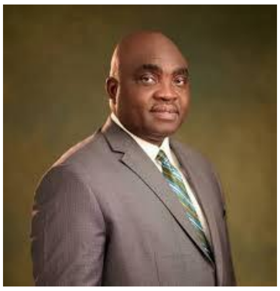
By adhering to these principles, we aim to attract investments, drive innovation, and achieve long-term social and economic benefits for the State. This policy is a testament to our dedication to creating an enabling environment for mutually beneficial partnerships.

I extend my gratitude to all who contributed to this milestone and encourage active participation in upcoming workshops to enhance its implementation. Together, let us build a prosperous future for Katsina State through strong public-private cooperation.

Thank you for your continued support, and I look forward to our collective efforts in advancing the State's prosperity through effective public-private partnerships.

Malam Dikko Umaru Radda PhD,
The Executive Governor,
Katsina State.

FOREWORD



I commend the Government of Katsina State for its visionary development and adoption of the Public-Private Partnership (PPP) Policy. This transformative initiative highlights the State's commitment to addressing infrastructure gaps, fostering economic growth, and enhancing service delivery through innovative and sustainable means.

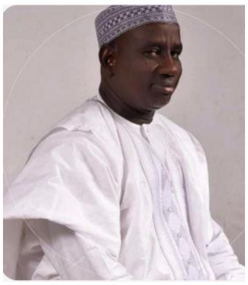
Public-Private Partnerships provide a strategic approach to leveraging private sector expertise, innovation, and capital to meet infrastructure and development goals effectively. The Katsina State PPP Policy establishes a transparent, fair, and competitive framework that aligns with global best practices, ensuring accountability while attracting local and international investments.

The policy's emphasis on inclusivity, environmental sustainability, and opportunities for SMEs underscores the government's dedication to equitable and long-term socio-economic progress. It is a bold step toward creating resilient infrastructure, driving economic growth, and improving the quality of life for all citizens.

I urge all stakeholders to collaborate in implementing this landmark policy, which I believe will catalyze investment, job creation, and sustainable development across the State.

Dr. Jobson Oseodion Ewalefoh,
Director General,
Infrastructure Concession Regulatory Commission.

ACKNOWLEDGEMENT



Under the distinguished leadership of Governor Malam Dikko Radda PhD, CON, the Katsina State Investment Promotion Agency has successfully developed a comprehensive Public-Private Partnership (PPP) Policy, a framework aimed at fostering collaboration between the public and private sectors to drive sustainable development and economic growth.

The Agency sincerely appreciates Governor Malam Dikko Radda for his visionary leadership and unwavering commitment to creating a conducive business environment. We also thank His Excellency the Deputy Governor, Malam Faruk Lawal Jobe, Chairman of the State Ease of Doing Business Council, for his strategic guidance in shaping this initiative.

We extend special recognition to the Infrastructure Concession Regulatory Commission, particularly Director General Mr. Joe Aniku Machael Ohiani, Mrs. Hamamatu, and Dr. Amanze Okereke, for their technical expertise and support.

Gratitude is also due to Shamsu Adamu, Abdulmalik Saadu Kogari, Dr. Haroun Abba Gana, and Mr. Folahan for their contributions to drafting the policy framework. The insights and guidance of Mr. Eghosa from the Nigeria Governors' Forum and the support of the Presidential Enabling Business Environment Council have been invaluable.

The Agency acknowledges Honourable Bashir Tanimu Gambo, Commissioner of Finance, for his financial stewardship, and Dr. Jumoke Oduwale for her pioneering efforts in advancing the SABER Initiative, which informed this policy.

Finally, we thank the World Bank for its financial support and appreciate the contributions of the Ease of Doing Business Council and technical committee members. Your efforts have laid a strong foundation for the successful implementation of this transformative initiative.

Ibrahim Tukur Jikamshi fce, fcicn.
Director General,
Katsina State Investment Promotion Agency.

EXECUTIVE SUMMARY

The Katsina State Government (KTSG) has recognized the vital role that modern infrastructure plays in driving socio-economic progress. However, the growing demand for infrastructure and limited public funding necessitates innovative solutions. To address these challenges, the KTSG has adopted Public-Private Partnerships (PPPs) as a strategic mechanism to bridge the infrastructure gap and enhance service delivery across the state.

This PPP Policy Framework provides a comprehensive strategy for identifying, structuring, and implementing PPP projects in key sectors such as transportation, energy, water, healthcare, education, agriculture, and tourism. Through this policy, the KTSG seeks to leverage the expertise, financial resources, and technological innovation of the private sector to deliver cost-effective, efficient, and sustainable infrastructure. The policy aims to create a favorable investment environment, fostering transparency, competition, and accountability to attract both local and international investors.

The adoption of PPPs will allow the government to optimize resource allocation, share risks, and enhance the quality and delivery of public services. Key objectives include improving roads, expanding access to electricity in rural farming and mining areas, accelerating connections to the national grid, and easing urban and rural transportation. The policy is designed to ensure that private sector participation aligns with the state’s long-term developmental goals and is governed by a clear, robust legal framework.

By creating a transparent, efficient, and innovation-driven PPP ecosystem, the KTSG aims to stimulate economic growth, generate employment, and improve the quality of life for its citizens. This strategic approach to infrastructure development is essential for unlocking new opportunities, ensuring sustainable growth, and advancing the state’s broader economic objectives. Through this policy, the KTSG is poised to transform infrastructure challenges into opportunities for long-term development and prosperity.

INTRODUCTION

Compelling Need for Private Sector Investment

Infrastructure is the backbone of socio-economic progress, and its development is crucial for advancing the prosperity of Katsina State. However, the growing demand for modern infrastructure, coupled with constraints on public financing, necessitates innovative solutions. Recognizing this, the Katsina State Government (KTSG) has embraced Public-Private Partnerships (PPPs) as a strategic tool to bridge the infrastructure gap and improve service delivery.

Traditionally, infrastructure development in Katsina relied heavily on public funding, with the government shouldering the long-term risks of managing assets. While effective, this approach has its limitations, particularly in a world where technological advancements, efficiency, and capital are often better harnessed by private sector expertise. PPPs represent a progressive shift, allowing the government to collaborate with private entities to leverage their resources, innovation, and efficiency in delivering projects.

The benefits of PPPs extend beyond financial relief. By integrating private sector capabilities, the State can achieve cost-effective, technologically advanced, and well-maintained infrastructure. However, the complexities inherent in PPP projects demand a thoughtful approach to balancing private sector profitability with public sector objectives and ensuring risks are equitably distributed to secure mutual gains.

The Katsina State PPP Policy provides a comprehensive framework for identifying, structuring, and implementing PPP projects across key sectors such as transportation, energy, water, health, education, agriculture, and tourism. Aligned with the Katsina State Development Plan and Sector Implementation Plans (SIPs), this policy is a blueprint for sustainable and inclusive development.

Katsina State is actively positioning itself as an attractive destination for both local and international investors. Recognizing the competitive landscape for Foreign Direct Investment (FDI), the government is committed to fostering an investment-friendly climate that emphasizes transparency, efficiency, and accountability. This policy signals the State’s resolve to create an ecosystem where businesses thrive while public needs are met.

A robust legal and regulatory framework underpins this initiative, offering clarity and confidence to investors while enabling the government to navigate the complexities of PPP arrangements effectively. This foundation ensures that partnerships are not only viable but also sustainable, aligning with the long-term goals of the State.

Through this policy, Katsina State seeks to redefine its development narrative, leveraging private sector investment to address infrastructure challenges and fuel economic growth. The government’s commitment to innovation, inclusivity, and sustainability reflects its vision of building a future where public-private collaboration drives progress and enriches the lives of its citizens.

With this forward-thinking policy, Katsina State is poised to transform challenges into opportunities, creating an enduring legacy of development, partnership, and prosperity.

Unlocking Public-Private Partnerships: A Strategic Imperative

Public-Private Partnerships (PPPs) are structured contractual agreements between public and private entities to design, finance, implement, and manage projects or services traditionally provided by the public sector. In the context of Katsina State's developmental priorities, PPPs are viewed as transformative instruments that align with the State's commitment to sustainable growth and efficient resource utilization.

By adopting PPPs, the Katsina State Government seeks to harness the expertise, innovation, and financial resources of the private sector to address infrastructure challenges and enhance service delivery. This strategic approach promotes competition, operational efficiency, and collaborative synergy, creating a robust platform for accelerated economic development.

The adoption of PPPs is driven by compelling factors, including:

1. **Optimized Resource Allocation**: PPPs enable the government to leverage private sector capital, freeing up public resources for other critical needs.

2. **Innovation and Expertise**: Private sector participation introduces advanced technologies and specialized knowledge, improving project quality and delivery timelines.

3. **Risk Sharing**: PPPs distribute risks equitably between public and private partners, enhancing project viability and sustainability.

4. **Enhanced Service Delivery**: With the private sector's operational efficiency, PPPs ensure the delivery of high-quality infrastructure and services.

5. **Economic Growth Stimulation**: By attracting investment and fostering competition, PPPs contribute to job creation, business growth, and overall economic expansion.

The Katsina State Government recognizes the pivotal role PPPs can play in achieving its developmental objectives. By embedding this model within its policy framework, the State aims to unlock new opportunities, address pressing infrastructure demands, and pave the way for a resilient and prosperous future.

REASONS FOR UTILIZING PUBLIC-PRIVATE PARTNERSHIPS

The Katsina State Government (KTSG) recognizes Public-Private Partnerships (PPPs) as a transformative approach to fostering economic growth, enhancing service delivery, and optimizing resource utilization. PPPs create new commercial opportunities, stimulate competition in public service provision, and attract private investment. They also contribute to the development of local financial markets by encouraging equity and debt financing while allowing the government to focus on policy formulation, strategic planning, and regulatory oversight.

By leveraging the private sector's operational role, PPPs help establish a more competitive and diverse supplier market, improve public service efficiency, and reduce service delivery costs. This model harnesses the strengths of both the public and private sectors, ensuring better value for money and superior outcomes for the citizens of Katsina State.

Operationally, PPPs offer numerous advantages, including:

- **Efficiency Gains**: Improved resource utilization and reduced operational costs.
- **Enhanced Asset Quality**: Better infrastructure design, construction, and maintenance.
- **Customer Focus**: Clearer alignment with the needs and expectations of service users.
- **Accelerated Project Delivery**: Faster implementation of critical infrastructure projects.

PPPs enable Ministries, Departments, and Agencies (MDAs) to concentrate on their core functions, reallocating savings generated through private sector efficiencies to expand and improve essential services. Furthermore, PPPs provide a mechanism to advance infrastructure investments, circumventing budgetary constraints that might otherwise delay development.

Innovation lies at the heart of successful PPP projects. KTSG is committed to encouraging creativity in project implementation while ensuring that the processes evolve to reflect lessons learned, technological advancements, and the dynamic environment in which infrastructure is developed and financed.

To achieve these goals, KTSG will continuously monitor, review, and refine its PPP Policy, ensuring alignment with broader development objectives and maintaining an adaptable framework that meets the evolving needs of the State. This strategic approach underscores KTSG's dedication to sustainable growth, efficient governance, and improved quality of life for its citizens.

DEFINITION OF PUBLIC-PRIVATE PARTNERSHIPS

Public-Private Partnerships (PPPs) are agreements where the public sector engages the private sector to manage public services or undertake infrastructure projects such as transportation, energy, water, agriculture, and communication, aiming to enhance efficiency, expand accessibility, and elevate service quality. These projects, being capital-intensive, strain public finances, particularly in developing nations with limited resources. Hence, governments seek alternative funding sources, such as private investment through PPPs, which have proven effective in improving infrastructure access and service delivery over decades.

According to Section 3 of KIPA's Law 2024 (as amended), Public Private Partnership or PPP means an arrangement between a contracting authority and a private party under which a private party:

a) Undertakes to perform a public function or provide a service on behalf of the contracting authority;
b) Receives a benefit for performing a public function by way of:
    i) Compensation from public funds;
    ii) Charges or fees collected by the private party from users or consumers of a service provided to them; or
    iii) A combination of such compensation and such charges or fees; and
c) Is generally liable for risk arising from the performance of the function in accordance with the terms of the project agreement.

Recognizing the diverse landscape of PPP arrangements characterized by distinct purposes, service scopes, legal structures, and risk-sharing modalities, the government acknowledges the existence of various PPP schemes. The two main types of PPP schemes are:

- **Output and Performance-Based Contracts:** The public sector retains a significant role in the partnership project, either as the main purchaser of the services provided or as the main enabler of the project. It purchases services and specifies the service outputs/outcomes required as well as the performance criteria for payments, with performance below these standards leading to deductions from service charges payable by the public sector to the private provider. The private party commonly provides the design, construction, operation, maintenance, and financing for the partnership project, and is paid according to performance. Risks are identified, priced, and placed with the party best able to bear and manage them at the lowest cost.
- **Concessions:** Predominantly prevalent in developing countries, concessions entail the private sector's comprehensive involvement in designing, building, operating, maintaining, and financing a project, thereby assuming a substantial portion of the associated risks.

The selection of a specific PPP arrangement for a project hinges on the government's policy within the relevant sector and the potential value for money that can be generated under such an agreement. This nuanced understanding ensures that PPPs are tailored to specific circumstances, promoting effective collaboration between public and private entities for optimal service delivery and risk management.

CHARACTERISTICS OF PUBLIC-PRIVATE PARTNERSHIPS

The government acknowledges the paramount importance of establishing specific pre-conditions within the policy framework for Public-Private Partnerships (PPPs) to ensure the successful delivery of outcomes. These critical pre-conditions encompass several key dimensions:

Institutional Framework for Effective PPP Implementation

The government commits to instituting unambiguous institutional functions to facilitate the seamless implementation of PPPs within the state. While allowing for institutional flexibility to foster experimentation and innovation, a primary focus is on preventing delays for public bodies with existing capacity. The overarching objective is to create an institutional framework fostering improved coordination, enhanced planning of infrastructure, greater accountability for public investment, transparent regulation, and procurement of services. Recognizing the potential evolution of institutional roles over time, the government acknowledges the pivotal roles certain public institutions will play in the PPP program.

Legal and Regulatory Adaptations for PPP Evolution

Acknowledging the potential barriers posed by political and regulatory risks, the government expresses its intention to review and, where necessary, amend regulations and legislation to align with emerging trends in PPP structures within the state. This strategic initiative aims to establish a comprehensive set of legal instruments, general principles, and rules for PPP procurement, creating a standardized approach across various sectors.

Ensuring Affordability in PPP Implementation

PPP options must be financially viable for both the government and the public, taking into account competing priorities and commitments. The core value of PPPs lies in better resource management, improved risk allocation, and more efficient, cost-effective service delivery. While the private sector may finance and deliver infrastructure and services through PPPs, the ultimate payment responsibility falls on users or taxpayers. As such, affordability remains a key consideration. The government is committed to a thorough selection process for potential PPP projects, ensuring that all choices align with its policy priorities and objectives.

Value for Money

For the Government's PPP infrastructure program to succeed, projects must demonstrate clear "value for money," meaning private sector services should be more cost-effective than public sector alternatives, considering the risks transferred. PPPs will be pursued when they offer better value and affordability. All procurement decisions will be merit-based, with proposals undergoing thorough economic and financial analysis. Value for money will consider service outcomes, risks transferred, and costs to the government and users. When achievable, PPPs can deliver significant benefits in design, service quality, and cost efficiency.

Capacity Building for PPP Stakeholders

Recognizing the transformative potential of Public-Private Partnerships (PPPs) for the state, the government places significant emphasis on capacity building for all stakeholders involved in the PPP process. A focused effort will be made to increase awareness and understanding of PPPs across all sectors, fostering informed policy development and constructive dialogue. Resources will be allocated to Ministries, Departments, and Agencies (MDAs) to ensure effective implementation of PPP projects. The success of the PPP program depends on developing and retaining the requisite skills and expertise within the public sector. To this end, the government is committed to transforming the Katsina Investment Promotion Agency (KIPA) into a PPP center of excellence. This will be achieved through rigorous training programs and external support, enhancing KIPA's capacity to lead the PPP initiative, manage procurement, facilitate approvals, and oversee the regulation and adaptation of operational PPP projects.

SCOPE OF THE POLICY

This policy will apply to all infrastructure and service provision projects undertaken by the State or Local Governments, which directly or indirectly contribute to achieving the overarching objectives outlined in the State Development Plan (SDP). The Sector Implementation Plans will identify projects and programs within each Ministry, Department, and Agency's Medium and Long-Term Action Plans that are deemed suitable for Public-Private Partnerships (PPPs) in infrastructure development.

THE GOAL AND OBJECTIVES OF THE POLICY

The goal of this policy is to leverage Public-Private Partnerships (PPPs) to enhance the availability and efficiency of infrastructure services, surpassing the outcomes achievable through traditional public sector procurement methods. To achieve this, the Government aims to pursue the following key objectives.

Economic

- To ensure infrastructure projects are strategically planned, prioritised, and managed to maximise economic returns while being delivered on time, efficiently, and cost-effectively.
- To utilize PPPs as a key driver in implementing the State Development Plan (SDP) and subsequent development initiatives, aligning with urban and local development strategies.
- To accelerate investment in new infrastructure and upgrade existing facilities to meet the public's needs and expectations.
- To ensure all investment projects deliver value for money, with costs to the government remaining affordable.
- To enhance the reliability of public services by leveraging private sector expertise in financing, risk management, project planning, and innovative technologies, ensuring better value for money in infrastructure provision.
- To improve the availability, quality, and efficiency of critical services such as power, water, and transport, driving economic growth, productivity, competitiveness, and market access.
- To expand the capacity and diversity of the private sector by offering opportunities to both Nigerian and international investors and contractors, fostering efficiency, innovation, and flexibility.
- To manage fiscal risks arising from PPP contracts within the Government's broader financial and budgetary framework.
- To optimise the use of state assets for the benefit of all public service users.

Social

- To release public finance resources for investment in necessary social services.
- To increase access to quality public services for all members of society.

- To enhance the employment generation potential and diversity of the state economy.
- To ensure that user charges for new or improved public services are affordable and provide value for money.
- To respect the employment rights and opportunities of existing employees and to ensure that any redundancy or other social safety net issues are resolved before final project approval.
- To enhance the health, safety, and well-being of the public.
- To cater to vulnerable groups and promote gender equality.
- To encourage the direct or indirect participation of small and medium-sized enterprises in PPP projects.
- To enhance social integration and inclusive growth.
- Address the needs of vulnerable groups and gender-related issues.

Environmental

- To protect and enhance the natural environment.
- To minimize greenhouse gas emissions and other pollutants.
- To enhance opportunities for clean and resilient growth.

THE IMPLEMENTING PRINCIPLES

The Government shall promote and maintain the following principles when implementing PPP projects in the state:

Competition

The PPP procurement process will be conducted through a competitive bidding procedure to ensure transparency and identify the most advantageous proposal. This approach aligns with global best practices, facilitating support from both local and international financial institutions and grant-funding organisations. To fully harness the benefits of competition, the process will aim to attract multiple bidders, which is typically achieved through a transparent, two-stage procurement process. The first stage, pre-qualification, will identify bidders with the necessary qualifications to submit fully priced proposals. A shortlist will be formed based on established selection criteria, ensuring only the most capable candidates remain. In the second stage, the number of bidders will be narrowed down through a comprehensive evaluation of technical and financial submissions, ultimately identifying the Preferred Bidder.

Transparency

The government recognizes that participating in the two-stage bidding process for PPP contracts can be costly for companies. To encourage meaningful participation, companies must have confidence in the process's transparency. To foster this confidence, the government will clearly outline the criteria for selecting the successful bidder at the outset, when advertising the scope of works or services required. This will enable potential bidders to make informed decisions about whether to engage in the competition and, if they choose to participate, to maximise their chances of submitting a competitive and successful bid.

Fairness

The same principles that demand transparency also underpin the need for fairness. All bidders, or potential bidders, will have equal access to the same information regarding the requirements of the PPP project and the procurement process. The criteria for selecting the shortlist of bidders and evaluating bids will be applied consistently to ensure a level playing field, aiming to achieve the best possible outcome without favoring any particular bidder or group.

To attract international investors to Katsina, the government will ensure that bids are widely advertised and open to both international and Nigerian companies. Project information will be accessible to a global audience, and domestic preference clauses will not apply to PPP projects.

INSTITUTIONAL FRAMEWORK FOR PUBLIC PRIVATE PARTNERSHIPS

Government agencies play a critical role in ensuring the successful implementation of PPPs, with the support and satisfaction of all stakeholders and beneficiaries. Primarily, the Government is responsible for creating a conducive environment for PPPs, which includes establishing transparent and effective legislative and institutional frameworks. Additionally, the Government is tasked with conducting the necessary planning to assess the suitability of the PPP model for specific projects. The legislative framework governing PPPs in Katsina State assigns distinct roles and responsibilities to various entities. To ensure accountability, checks and balances, and oversight throughout the decision-making process, multiple government bodies are involved in the PPP process from inception to completion. These entities include:

Katsina State Executive Council

The State Executive Council is the competent approving authority for decisions relating to development and final approval of the PPP Projects Pipeline.

Katsina Investment Promotion Agency

The Katsina State Investment Promotion Agency (KIPA) is responsible for formulating and issuing guidelines on PPP policies, processes, and procedures, including those related to concessions. As the State's center of expertise in PPPs, KIPA collaborates closely with relevant Ministries, Departments, and Agencies (MDAs) to identify potential PPP projects and serves as the primary liaison with the private sector to facilitate communication regarding State policies and programs.

KIPA plays a key role in monitoring the effectiveness of the Government's policies and processes and provides independent advice to the State Executive Council (SEC) on the development of projects through the PPP model. It assesses whether projects submitted for SEC approval meet regulatory requirements.

While the management of PPP agreements lies with the relevant MDA as the contracting authority on behalf of the government, KIPA’s Contract Monitoring Unit is tasked with overseeing compliance with the terms and conditions of the contracts by both parties. Additionally, KIPA maintains a comprehensive PPP project database and ensures the proper custody of all PPP agreements as mandated by legislation.

Ministries, Departments and Agencies (MDA)

Ministries, Departments, and Agencies (MDAs) are responsible for managing public infrastructure and services, as well as overseeing their own resources. They develop long-term plans for infrastructure investment and maintenance, which are integrated into the Katsina State Development Plan being prepared by the Ministry of Budget and Economic Planning. In this process, MDAs, in collaboration with KIPA, identify areas where Public-Private Partnerships (PPPs) offer superior value for money compared to other procurement methods and incorporate these insights into the relevant MDA's Investment Strategy. The MDAs are guided by the Ministry of Budget and Economic Planning, in collaboration with KIPA, on the criteria to be used for measuring value for money and assessing associated risks.

Katsina State Ministry of Finance (MoF)

The Ministry of Finance (MoF) plays an important role in public financial management of PPP projects, and in evaluating and managing fiscal risks that may emerge from PPP agreements. The MoF ensures that the forecasted costs for the KTSG including any subsidies that may be required to make a project viable are affordable over the full life of the contract. Together with the relevant MDA, it also reviews the costs and contingent liabilities as the project design and risk valuations are refined during the project preparation and procurement phases.

Katsina State Ministry of Budget and Economic Planning

The Katsina State Ministry of Budget and Economics was created in an attempt by the State Government to ensure that governance is rooted in planning. Its vision is to be the primary agency of government that facilitates efficient and effective mobilisation, planning, allocation, and utilisation of resources for the socio-economic transformation of Katsina State and its mission is ensuring continuous and dynamic socio-economic policies through prudent and equitable resource management in Katsina State.

Katsina State Ministry of Justice

Its vision is to be the public Legal Service that Promotes Integrity, Values Innovation and a tradition where merit is the primary key to advancement and its mission is to work together, to serve the people by Professional and Ethical Standards that promote Access to Justice regardless of Socio-Economic class and to attract, develop, motivate and retain the best law officers within supportive work environments. The Ministry is focused on Law Reform and Legislative Initiatives, especially in the area of Public Law and improvement of the Legal Environment to promote economic activities.

THE LEGISLATIVE FRAMEWORK FOR KATSINA STATE

The Katsina State Government (KTSG) requires due process to be followed for any form of procurement involving the KTSG and any of its Ministries, Departments, and Agencies (MDAs). PPP procurement in Katsina State is governed by the following legislation:

- The Katsina State Investment Promotion Agency Law 2024 (as amended)
- Katsina State Bureau of Public Procurement (SBPP) Law, 2017.
- Any regulation or Executive Order that may be issued by the Governor governing the PPP process.

These laws and regulations establish the requirements for competition and private sector involvement in public procurement, while also outlining the necessary approvals for PPP procurement. Through this legislation, the State Government provides assurance to investors that all contracts executed in accordance with these laws are legally binding and enforceable, ensuring that investors can recover their expected returns, provided they adhere to the terms of the PPP contract.

The objectives of these laws are to:

- Ensure that public authorities are empowered to enter into agreements for the implementation of privately financed infrastructure projects and that they can contract public services functions to private companies.
- Ensure that the regulation and licensing of public service operators and operations is transparent, timely, and effective.
- Provide appropriate remedies for protecting the safety and integrity of public infrastructure from vandalism and other criminal activity.
- Ensure that there are no distortions created by existing tax, banking, company, or any other laws that would bias the investment decisions of public authorities for or against PPP as a procurement option, or would distort the commercial decisions of PPP investors, contractors, or operators.
- Provide for transparent, efficient, and competitive procurement procedures for PPP-type contracts that encourage innovation from bidders, and allow dialogue to optimise the allocation of risks between the contracting parties.
- Ensure that there is an effective dispute resolution process that can operate independently and promptly to provide alternative procedures such as arbitration and expert determination.

- ❖ Ensure that the proposed institutional and financial framework for PPP is consistent with the corresponding legislation proposed or enacted in Katsina State.

The Enabling Environment

The Government will review and update the relevant laws and regulations to establish clear requirements for competition and private sector participation in public procurement, specifying the necessary approvals for PPP procurement. Through these measures, the Government assures investors that all contracts executed in compliance with these laws will be legal, enforceable, and provide investors the ability to recover their expected returns, subject to adherence to the terms of the PPP contract.

To ensure an efficient and expedited PPP procurement process, the Government intends to grant the Katsina State Investment Promotion Agency (KIPA), with support from the State Executive Council, full responsibility and oversight over the process to avoid unnecessary delays. KIPA will align its procurement processes with the Katsina Public Procurement Act and manage the process in accordance with the guidelines outlined in the PPP Policy.

By fostering a conducive environment for PPPs and offering fair returns to private investors for assuming project risks, the Government aims to leverage PPPs to complement limited public resources, while still providing the majority of investment funding for infrastructure projects. Recognizing the need to adapt policies and, where necessary, introduce or amend legislation, the Government is committed to encouraging greater private sector participation in public service delivery and attracting private capital to fund the country’s infrastructure and services. The Government will:

- Provide a clear policy and regulatory framework for PPPs, ensuring transparency and fairness in contract awards and dispute resolution.
- Collaborate with international development institutions to reduce financing costs.
- Ensure that procurement processes are fair, transparent, well-managed, and compliant with relevant legislation.
- Strengthen capacity and skills within the public sector to enhance project management effectiveness.
- Communicate plans and policies clearly to the public and investors, and work with the Federal Government to maintain a consistent approach to PPPs.

NEW FRAMEWORK FOR PUBLIC-PRIVATE PARTNERSHIPS

The Government will put in place a legal, financial, and institutional framework that will promote and facilitate the implementation of privately financed infrastructure projects by enhancing transparency, fairness, and the long-term sustainability of projects. It will apply lessons learned in any further refinement of its policy and the associated legal, financial, and regulatory frameworks. It will disseminate this knowledge and experience throughout the public sector and continue to build capacity in MDAs in the planning, procurement, and management of PPP projects. It will ensure that its economic policies provide a stable and predictable environment for investors. Ultimately the new laws and regulations will create the following:

Legal Framework

- Empower public authorities to enter into agreements for the implementation of privately financed infrastructure projects, allowing the delegation of statutory functions to private entities.
- Ensure transparent, timely, and effective regulation and licensing of public service operators and their operations.
- Provide appropriate safeguards to protect public infrastructure from vandalism and other criminal activities, ensuring safety and integrity.
- Eliminate distortions in existing tax, banking, corporate, or other laws that may bias public authorities' investment decisions for or against PPP procurement, or distort the commercial decisions of PPP investors, contractors, or operators.
- Establish transparent, efficient, and competitive procurement procedures for PPP contracts that foster innovation among bidders and facilitate dialogue to optimize risk allocation between contracting parties.
- Implement an effective dispute resolution process that operates independently and expedites procedures, offering alternative mechanisms such as arbitration and expert determination.
- Ensure that the institutional and financial framework for PPPs, including the issuance of guarantees, partial risk insurance, or other financial instruments by or through the Federal Government, aligns with the Federal Fiscal Responsibility Act and the Katsina State Fiscal Responsibility Law.

Financial Framework

The Government will strengthen its Medium-Term Expenditure Framework (MTEF) and the Sector Implementation Plans (SIPs) of its Ministries, Departments and Agencies to:

- Provide guidance to MDAs on the renewal of the State Development Plan that will provide a planning tool for the prioritisation of infrastructure financed from public funds that will also include a 5-year PPP Projects Pipeline to be financed through PPP contracts.

- Issue guidance to all public authorities and provide support and advice on discount rates, indexation, and inflation, techniques for measuring costs and benefits, and the valuation of risks.

- Allocate responsibility for monitoring any contingent liabilities and risks that arise from PPP contracts and any sub-sovereign or other guarantees, partial risk insurance, subsidies, or exchange rate volatility.

- Ensure that its policies on user charges and tariff subsidies are sustainable and meet the needs of both investors and users.

PUBLIC-PRIVATE PARTNERSHIPS AND PLANNING

KIPA, in collaboration with the Planning and Budget Commission, will identify a list of potential PPP projects and, with the Commission's support, establish criteria for the preparation and screening of projects to prioritize a 5-year PPP project pipeline. These evaluations will determine the suitability of projects for further development and implementation under a PPP arrangement. The assessments will outline recommended actions for subsequent steps, including detailed analysis, risk structuring, review, and potential tendering of each project. In establishing these priorities, KIPA and the Commission will consider the following factors:

- The State's investment priorities and its short-term to long-term goals for the development of infrastructure in a sustainable manner;

- Where PPPs are likely to offer better value-for-money over other forms of public procurement;

- The current resources, project management capacity, and efficiency of the private sector.

The PPP Projects Pipeline Plan will be periodically updated by KIPA in alignment with the criteria established in collaboration with the Planning and Budget Commission and will be integrated into the relevant Sector Implementation Plans. Unsolicited proposals from the private sector will undergo the same review process as outlined in the established criteria and will be procured in accordance with this Policy once they are included in the PPP Projects Pipeline.

PUBLIC-PRIVATE PARTNERSHIPS AND REGULATION

The Government does not intend to establish independent regulatory bodies for pricing and competition matters. Instead, an economic regulatory framework will be incorporated into PPP contracts, with arbitration and tribunals utilized for dispute resolution. Post-contract monitoring of safety and environmental compliance will fall under the jurisdiction of the Katsina Environmental Promotion Agency (KEPA).

KIPA will continue to engage with the private sector and relevant stakeholders to explore reforms that remove barriers and enhance the efficiency of PPP arrangements.

WORKING WITH THE FEDERAL GOVERNMENT

The Government recognizes the Federal Government's responsibility for delivering national infrastructure, including power, railways, major ports, airports, and interstate roads. It will continue to collaborate with the relevant Federal Ministries, Departments, and Agencies to ensure investments are directed towards the development and enhancement of federal infrastructure assets within the State. In executing its own PPP projects, the Government will align its approach with the evolving Federal and Katsina State PPP policies. Where appropriate, and in agreement with the Federal Government, the State will invest directly alongside private investors to support infrastructure projects that align with the long-term interests of the State.

Furthermore, the Government acknowledges that some State projects may require Federal guarantees to attract international financing. These projects will adhere to the Federal approval process, including the approval of the Federal Executive Council.

STAKEHOLDER CONSULTATION AND PARTICIPATION

The Government shall take into consideration the concerns of potential private sponsors, users, and other key stakeholders over the lack of bankability of PPP projects by consulting with such key stakeholders as early as possible, to solicit their guidance on what is and is not a sustainable, commercially viable project, before final decisions are taken regarding project structure and design. This will assist the Government in finding a solution to the problem of poorly structured, unsustainable PPP projects.

THE PROJECT CYCLE

The standard PPP process to be adopted by the government shall take the following steps:

Project Development

- Identification of need and ranking of projects in the PPP Pipeline;
- Budget allocation in the MTEF and SDP.

Pre-Feasibility Study

- Systematic appraisal of technical solutions to the identified need.
- Preparation of economic, social, and environmental cost-benefit analysis, and an Environmental Impact Assessment, if required.
- Value for Money (VfM) and affordability testing of different procurement options.
- Preparation of financial analysis.
- Approval of Outline Business Case (OBC) by the KIPA Board before the commencement of procurement.

Procurement

- Creation management structure by KIPA and project teams consisting of relevant MDA staff.
- Appointment of Transaction Advisers through a competitive and transparent procurement process, with a clear audit trail for the selection of bidders and the evaluation of bids.
- Preparation of an Information Memorandum and bid documentation.
- Market consultation, if appropriate.
- Selection of investors through a competitive and transparent procurement process, with a clear audit trail for the selection of bidders and the evaluation of bids.
- Approval of Full Business Case (FBC) by the KIPA Board before the decision to award a contract.

Implementation

- Monitoring of design and construction, and subsequently operation and maintenance to ensure compliance with the required service standards.
- Contract service supervision and management, performance monitoring and change management.
- Monitoring of payments against services delivered and any contingent liabilities.

Maturity

- Inspection and preparation for the handover of any public assets in accordance with the specified requirements, if appropriate.
- Analysis of future service delivery options and further procurement, if appropriate.
- Contract close and recording of lessons learned.

The government will provide further guidance through the PPP Policy on the effective management of each phase of a PPP project.

UNSOLICITED PROPOSALS

The Government is committed to fostering innovation across various sectors. Recognizing that private companies are often well-positioned to identify infrastructure demand and develop creative solutions, KTSG aims to encourage greater innovation in the delivery of infrastructure and public services. A central objective of this policy is to promote unsolicited PPP proposals from private sector developers. When an unsolicited proposal is received, the relevant MDA will forward it to KIPA for a comprehensive review and then submit it to the Planning and Budget Commission for inclusion in the PPP Pipeline and relevant Sector Implementation Plans (SIPs).

While all unsolicited proposals will be subject to rigorous transparency and competitive processes, the Government will allow for certain procurement advantages to benefit private proponents. The goal is to strike the right balance between encouraging private sector ideas and maintaining the transparency and efficiency inherent in a competitive tender process. Although unsolicited proposals will be considered on a case-by-case basis, they will remain the exception, primarily reserved for projects that present genuine innovation or utilize proprietary technology.

CONCLUSION

This Policy Framework outlines the policies and processes that the Government will implement to attract new investment in Katsina's public infrastructure. By adopting this framework, the Katsina State Government aims to leverage Public-Private Partnerships (PPPs) to rehabilitate and expand the state's infrastructure, stimulate economic growth, generate employment, and achieve the state's broader economic development objectives. The PPP policy will engage the private sector to support the state's public works program, with an immediate focus on the rehabilitation and expansion of roads, improving electricity access to key farming and mining centers through rural electrification, accelerating connection to the national grid, and improving urban and rural transportation. The Government is committed to creating a credible PPP legal framework that aligns the interests of both the public and private sectors, ensuring mutually beneficial outcomes throughout the term of the agreement.