



SOKOTO STATE REGULATION FOR THE ESTABLISHMENT AND OPERATION OF THE STATE PROJECT FACILITATION FUND (PFF)

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Commencement: 15th day of November, 2025

Preamble

WHEREAS the Governor of Sokoto State, by the Sokoto State Project Facilitation Fund Executive Order, 2025, established the Sokoto State Project Facilitation Fund to support the preparation, development and implementation of Public-Private Partnership projects in the State;

AND WHEREAS it is necessary to provide a detailed institutional, financial and operational framework for the management, utilisation and accountability of the Fund, consistent with the Executive Order and the laws of the State;

NOW THEREFORE, the following Regulation is hereby made:

Part I: Preliminary Provisions

1. Short Title and Commencement

This Regulation may be cited as the Sokoto State Project Facilitation Fund (PFF) Regulation, 2025, and shall come into effect on the 15th of November, 2025 on approval by the State Executive Council, and shall be published in the Sokoto State Official Gazette.

2. Definitions and Interpretation

In this Regulation, unless the context otherwise requires

- a. **“Agency” or “PPP Unit”** means the unit, directorate or agency designated by the Governor to coordinate Public-Private Partnerships in Sokoto State, which administers the Project Facilitation Fund;
- b. **“Contracting Authority”** means any Ministry, Department, Agency, State-Owned Enterprise (SOE), Special Purpose Vehicle (SPV), or other legally authorised entity of the State Government responsible for the identification, preparation, procurement, implementation, or management of a public infrastructure or public-private partnership project. It is the institution that enters into the PPP agreement with the private partner and is responsible for ensuring project preparation, compliance with PPP procedures, performance monitoring, and delivery of services throughout the project lifecycle.
- c. **“Eligible Project”** means any public infrastructure or public-private partnership project that meets the criteria defined under Part IV;
- d. **“Executive Order”** means the Sokoto State Project Facilitation Fund Executive Order, 2025;
- e. **“Funding Agreement”** means the legally binding agreement entered between the Host Institution (or the Agency administering the Fund) and a beneficiary Contracting Authority, which sets out the terms and conditions under which financial support is disbursed from the Project Facilitation Fund (PFF).

- f. **“Fund Management Committee”** means the Project Facilitation Fund Committee established under section 6 of the Executive Order, constituted as provided in Part III of this Regulation, to oversee the management and strategic direction of the Fund;
- g. **“Governor”** means the Executive Governor of Sokoto State;
- h. **“Host Institution”** means the PPP Unit, within which the Fund is domiciled and through which the PFF Secretariat operates;
- i. **“Implementing Authorities”** means the Ministries, Departments, Agencies, State-Owned Enterprises, Special Purpose Vehicles, or any other duly authorised entities of the State Government responsible for the execution, coordination, and oversight of activities financed under the Fund, including procurement, technical supervision, safeguards implementation, financial accountability, and reporting obligations in line with the approved Funding Agreement and applicable State laws and regulations;
- j. **“Ministry, Department, or Agency (MDA)”** means any entity of the State Government authorised to develop or implement public projects;
- k. **“PFF Secretariat”** means the technical and administrative support unit established under Part III to manage day-to-day operations of the Fund, including processing funding applications, contract management, financial administration, and performance reporting.
- l. **“Project Facilitation Fund”** means the dedicated financing mechanism established under section 3 of the Executive Order and administered under this Regulation to support project preparation, viability enhancement, and contingent liability management to advance public infrastructure and PPP projects to investment readiness;
- m. **“Project Preparation”** includes pre-feasibility studies, feasibility studies, environmental and social assessments, transaction advisory services, and related due diligence;
- n. **“Public-Private Partnership (PPP)”** means a contractual arrangement between a public authority and one or more private sector entities for the design, financing, construction, operation and/or maintenance of infrastructure or public assets, in which significant project risks and rewards are allocated to the private party for a defined period, as defined under any Law of the Sokoto State House of Assembly regulating Public-Private Partnerships and, pending its enactment, the Sokoto State Public-Private Partnership Policy;
- o. **“State”** means the Government of Sokoto State;
- p. **“Total Pipeline”** means the aggregate estimated capital investment of all PPP projects approved by the State Executive Council for development in the financial year under consideration;
- q. **“Transaction Adviser”** means an individual consultant, consulting firm, or consortium engaged to provide specialised technical, financial, legal, commercial, or environmental and social advisory services, or any related support for the development, structuring, procurement, and/or financial close of a Public-Private Partnership (PPP) or other private sector participation project, including support in feasibility studies, project documentation, market sounding, negotiations, and preparation of transaction agreements.
- r. **“Transaction Advisory Services”** include legal, financial, technical, and commercial services required to structure, negotiate, and close a PPP or investment transaction;

- s. **“Viability Gap Financing (VGF)”** means targeted financial support provided to improve the commercial viability of a project by covering part of the capital or preparatory costs;

3. Legal Authority for the Regulation

This Regulation is made by **Ahmed Aliyu Sokoto**, Governor of Sokoto State, with the approval of the State Executive Council and on the recommendation of the Fund Management Committee, pursuant to section 5(2) of the Constitution of the Federal Republic of Nigeria 1999 (as amended) and sections 3, 6 and 39 of the Sokoto State Project Facilitation Fund Executive Order, 2025, and all other powers enabling the Governor in that behalf. It provides the institutional and operational framework for the establishment, operation and administration of the Project Facilitation Fund in Sokoto State, and shall be read subject to the Executive Order, the Appropriation Laws and any other Law of the Sokoto State House of Assembly.

4. Objectives of the Regulation

The objectives of this Regulation are to -

- a. establish a transparent and efficient mechanism for preparing and developing bankable public infrastructure and investment projects;
- b. provide financial and technical support for project identification, feasibility studies, transaction structuring, and related due diligence;
- c. enable targeted interventions such as Viability Gap Funding (VGF), capital grants, contingent liability support, and other pre-investment obligations to enhance project bankability;
- d. strengthen the capacity of contracting and implementing authorities to originate, prepare, and implement viable public-private partnership (PPP) and investment projects; and
- e. promote private sector participation by de-risking early-stage project development and catalysing sustainable investment in priority sectors.

5. Application and Scope

This Regulation shall apply to:

- a. All PPP contracting and implementing authorities, including Ministries, Departments and Agencies (MDAs) of the Sokoto State Government, seeking financial or technical assistance from the Project Facilitation Fund (PFF);
- b. Public Private Partnership (PPP) projects identified under the State Infrastructure Development Plan, Medium-Term Expenditure Framework (MTEF), or other government-approved programmes; and
- c. Eligible preparatory, development and implementation activities undertaken to enhance the quality, bankability and successful delivery of projects.

6. Guiding Principles

The administration and utilisation of the Project Facilitation Fund shall be governed by the following principles:

- a. **Transparency and Accountability:** All allocations, disbursements, and reporting under the Fund shall be conducted in an open and auditable manner. There shall be public disclosure of non-confidential information relating to the Fund flow, Fund management, Fund application, appraisal and approval of funding application likewise risk management amongst other disclosure requirements.
- b. **Value for Money:** Fund resources shall be deployed only for projects that demonstrate clear economic, social, and financial benefits;
- c. **Environmental and Social Safeguard:** Project selection shall consider human rights, equitable geographic distribution, gender inclusion, climate and environmental responsibility.
- d. **Fiscal Prudence:** All disbursements shall align with the State's fiscal framework and debt sustainability policies;
- e. **Partnership Orientation:** Collaboration among government, private sector, and development partners shall be promoted to leverage resources and expertise;
- f. **Sustainability:** The Fund shall be managed to ensure continuity, replenishment, and long-term impact.

Part II: Establishment and Domicile of the Project Facilitation Fund

7. Establishment of the Project Facilitation Fund

The Project Facilitation Fund established under section 3 of the Executive Order (hereinafter referred to as "the Fund") shall operate as the financing mechanism of the Sokoto State Government for project facilitation in accordance with this Regulation.

8. Domicile of the Fund

The Fund shall be domiciled within the PPP Unit, under the supervision of the Fund Management Committee and the overall oversight of the Ministry responsible for Finance, and shall operate in accordance with the Executive Order, this Regulation and other applicable laws and guidelines.

9. Purpose of the Fund

The Fund shall be used exclusively to finance eligible activities required to advance priority infrastructure and public-private partnership projects from conceptualisation to bankability and investment readiness.

10. Fund Duration and Continuity

- a. The Fund shall be a permanent facility subject to periodic review every three (3) years.
- b. The Fund shall continue in operation until dissolved or restructured by an amendment to this Regulation or by repeal of its enabling authority.

- c. All commitments, disbursements, and agreements made prior to any such repeal or restructuring shall remain binding in accordance with their terms.

Part III: Fund Management Structure

11. Fund Management Committee

- a. There shall be a Fund Management Committee responsible for strategic oversight, approval of funding requests, fund allocation, and periodic performance monitoring of the Project Facilitation Fund.
- b. The Project Facilitation Fund Committee established under section 6 of the Executive Order shall serve as the Fund Management Committee, and shall consist of the following members, provided that any nominee of an ex-officio member shall not be below the rank of Director:
 - i. the Commissioner responsible for Finance, who shall be the Chairman;
 - ii. the Commissioner responsible for Budget and Economic Planning;
 - iii. the Attorney-General and Commissioner for Justice, or a nominee;
 - iv. the Head of the PPP Unit;
 - v. the Accountant-General of the State or a representative not below the rank of Director
 - vi. the Director-General of the Sokoto State Debt Management Office, or a representative;
 - vii. the Managing Director of the Sokoto State Investment Company Limited, or a representative
 - viii. two other persons of proven integrity with expertise in infrastructure finance, law or engineering, appointed by the Governor, at least one of whom shall be from the private sector.
- c. The Fund Management Committee shall also include two (2) persons of proven integrity with expertise in infrastructure finance, law or engineering, at least one of whom shall be from the private sector, appointed by the Governor to strengthen the objectivity and technical quality of decision-making.
- d. The Secretary of the Fund Management Committee shall be the Officer Administering the Fund and Head of the PFF Secretariat. The Secretary shall be responsible for convening meetings, maintaining records, and facilitating communication, but shall not possess voting rights in Committee decisions.

12. Appointment and Tenure of the Members of the Fund Management Committee

- a. The ex-officio members of the Fund Management Committee shall serve by virtue of their official positions and shall be formally inaugurated by the Governor or a delegated authority following the confirmation of their institutional nominations.

- b. The members appointed under Regulation 11(c) shall be appointed by the Governor on the basis of merit and demonstrated competence, and shall serve on a part-time basis for a term of three (3) years, renewable once, in accordance with section 6(3) of the Executive Order.
- c. All other members of the Fund Management Committee, apart from the Officer Administering the Fund, shall serve on a part-time basis by virtue of their offices, for as long as they hold those offices.
- b. Any member of the Fund Management Committee may resign, or be removed or disqualified from continued service, in accordance with the Executive Order, the Civil Service Rules of the State or other applicable public service regulations.

13. Functions of the Fund Management Committee shall include:

- a. Approving annual work plan, business and financial plan.
- b. Approving annual procurement plan of the Fund.
- c. Approving the estimates of annual revenue and expenditure of the Fund and recommending the estimates for State Executive Council Approval.
- d. Ensure that annual estimates of revenue and expenditure for all funding windows include cumulative commitments for the financial year.
- e. Approving financial statements and management reports
- f. Approving project applications and disbursements
- g. Ensuring only eligible projects are authorized for funding.
- h. Evaluating the Fund's risk appetite and setting the risk thresholds for the Fund.
- i. Authorising allocation from the Fund.
- j. Approving proposals for re-allocation of funds not earmarked for specific purposes within the fund.
- k. Approve and review investment of surplus funds in the Fund.
- l. Setting performance benchmarks and evaluation criteria;
- m. Approving policies, guidelines, frameworks, and templates for the operation of the Fund.

14. Establishment of Sub-Committees

- a. The Fund Management Committee may establish one or more sub-committees to carry out, on behalf of the Fund Management Committee, some of its technical functions as the Fund Management Committee may determine.
- b. A sub-committee established under this section shall consist of such number of persons, not necessarily members of the Fund Management Committee, for a duration as may be determined by the Fund Management Committee,
- c. A decision of a sub-committee shall be of no effect until it is confirmed by the Fund Management Committee.

15. Appointment of the Officer Administering the Fund

- a. The Officer Administering the Fund, who shall also be the Fund Manager under section 7(2) of the Executive Order and the Head of the PFF Secretariat, shall be appointed by the Governor on the recommendation of the Commissioner responsible for Finance, after consultation with the Head of the PPP Unit and the Fund Management Committee, and shall be a person with not less than ten (10) years' experience in public finance, project finance or infrastructure development. The Officer may be:
 - i. a newly appointed individual with requisite qualifications and professional experience in public-private partnerships, infrastructure finance, or fund management
 - ii. the serving Head of the PPP Unit;
 - iii. a designated Director-level officer within the PPP Unit; or
 - iv. a dedicated Fund Administrator with demonstrable expertise in finance infrastructure, PPP transactions, and fund management.
- b. Where the appointee does not already hold a statutory or substantive leadership position within the PPP Unit, the appointment shall be for a single term of four (4) years, renewable once based on performance and subject to reappointment through the same process.
- c. Notwithstanding paragraph (b), where the Officer Administering the Fund is the serving Head of the PPP Unit, he or she shall serve in that capacity by virtue of office and shall not require a separate appointment or distinct term under this Regulation.
- d. In such instances, the administration of the Fund and the leadership of the PFF Secretariat shall constitute an additional responsibility of the Head of the PPP Unit, exercised concurrently with his or her primary duties for the duration of the substantive appointment.

16. Functions of the Officer Administering the Fund

The day-to-day administration of the Fund shall be the responsibility of an *Officer Administering the Fund*. The Officer shall:

- a. Coordinate fund operations in line with approved procedures;
- b. Serve as Secretary to the Fund Management Committee;
- c. Advises the Fund Management Committee on matters relating to administration of the Fund
- d. Coordinate the development of annual workplan
- e. Coordinate the development of business and financial plans
- f. Ensure compliance with financial, non-financial and procurement requirements and regulations;
- g. Coordinate the development funding agreements and documentation necessary to effectuate disbursement from the Fund.
- h. Ensure establishment of proper systems of control and oversight over operations of the fund.
- i. preparation of budget estimates for annual revenue and expenditure of the Fund.

- j. Coordinate the preparation of quarterly, annual financial and non-financial performance reports;
- k. Ensuring that the PFF maximizes on its impact.
- l. Liaise with MDAs, consultants, and technical partners.

17. PFF Secretariat

- a. There shall be established a PFF Secretariat to provide technical and administrative support to the Officer Administering the Fund and the Fund Management Committee.
- b. The Officer Administering the Fund shall be the Head of the PFF Secretariat
- c. The PFF Secretariat shall:
 - i. Develop and monitor annual workplans for the Fund
 - ii. Develop and monitor business and financial plans for the Fund
 - iii. Develop and monitor annual procurement plans for the Fund.
 - iv. Develop and publish with approval of the Fund Management Committee guidelines and procedures for making and processing applications made under the Fund by contracting authorities.
 - v. Prepare Funding Agreements and documentation necessary to effectuate disbursement from the Fund.
 - vi. Conduct procurement for the Fund.
 - vii. Receive and process applications for funding support;
 - viii. Coordinate procurement of consultants and transaction advisors;
 - ix. Monitor project implementation and reporting requirements;
 - x. Monitoring the implementation of PPP Project funded by the PFF and the realization of benefits.
 - xi. Maintain financial and operational records of the Fund;
 - xii. Support knowledge management and capacity building of MDAs.
- d. The PFF Secretariat shall be staffed with professionals in legal, financial, and technical, and procurement functions, either as full-time staff or seconded from relevant MDAs or partners.

Part IV: Eligibility and Application

18. Funding Windows

The Fund shall operate through four (4) Funding Windows designed to support different stages and needs of project preparation, facilitation, and risk management across the Public-Private Partnership (PPP) lifecycle, as follows:

a. Window 1: Support to Contracting Authorities for Project Preparation

This Window shall provide financial support to Contracting Authorities to meet eligible third-party costs incurred in the preparation of PPP projects, including project

identification, feasibility studies, transaction advisory services, procurement processes, land acquisition-related studies, and other approved project preparation activities. Support under this Window may be provided on a recoverable or non-recoverable basis, subject to the terms and conditions approved by the Fund Management Committee.

b. Window 2: Support to the Operations of the PFF Secretariat

This Window shall provide funding for the operational, institutional, and administrative requirements of the PFF Secretariat necessary for the effective management of the Fund and the development of a sustainable PPP pipeline. Eligible expenditures shall include staff capacity development, advisory services, systems and tools, research and knowledge management, and other approved operational costs, in accordance with an annual work plan and budget approved by the Fund Management Committee.

c. Window 3: Provision of Viability Gap Funding to Projects

This Window shall enable the Fund to provide Viability Gap Funding and other approved financing instruments to eligible PPP projects that are economically or socially justified but not fully commercially viable on a standalone basis. Support under this Window may include capital grants, recoverable advances, loans, equity contributions, or other financing mechanisms approved by the Fund Management Committee and documented in the relevant Project Agreements.

d. Window 4: Provision of Liquidity for Contingent Liabilities

This Window shall provide a structured source of liquidity to address eligible Contingent Liabilities arising under approved PPP Project Agreements, where such liabilities cannot be accommodated within existing State fiscal frameworks. Support under this Window shall be subject to validation and approval by the Fund Management Committee and shall not substitute for the primary fiscal responsibility of Contracting Authorities, except as may be expressly approved under exceptional circumstances.

19. Eligible Projects and Activities

a. Eligible projects must:

- i. Originate from or be endorsed by State Government MDAs or Special Purpose Vehicles formed in line with the State PPP Framework to implement specific PPP projects on behalf of the State;
- ii. Align with the State Development Plan, Sectoral Strategies, or medium-term investment priorities;
- iii. Be intended for private sector participation through Public-Private Partnership (PPP), Private Finance Initiative (PFI), Development Finance Institution financing,

or blended finance instruments, provided these do not rely solely on public financing.

- b. Unsolicited proposals shall not be eligible for support under the Project Facilitation Fund (PFF), in line with the State's commitment to competitive and transparent project origination. Notwithstanding the above, an unsolicited proposal may qualify for PFF consideration only if it has been duly approved through the Unsolicited Proposals Process defined in the State Public-Private Partnership (PPP) Framework. Such approval shall require:
 - i. Formal submission of the proposal to the PPP Unit;
 - ii. Demonstration of unique intellectual property, proprietary technology, or demonstrable innovation not otherwise available in the open market;
 - iii. Completion of a value-for-money (VfM) assessment conducted or validated by the PPP Unit;
 - iv. A competitive tendering process to determine the final private sector partner, in accordance with applicable procurement and PPP laws; and
 - v. Endorsement by the Fund Management Committee that the project meets eligibility and strategic alignment criteria under this Regulation.
- c. The Fund shall not be used to finance proposal development costs for unsolicited projects prior to their approval under the process described above.
- d. **Eligible Activities include:**
 - i. Identification, scoping, prioritisation, and preliminary screening of infrastructure and PPP projects based on State development plans, sector strategies or medium-term investment priorities;
 - ii. Pre-feasibility and feasibility studies, including technical, economic, financial, institutional, and risk analysis, including other specialist studies such as demand assessments, asset evaluation, and related;
 - iii. Preparation of Outline Business Cases (OBCs) and Full Business Cases (FBCs), including reviewing and updating of existing studies to meet applicable PPP guidelines, investment criteria, or funder requirements; integration of climate, gender, and social inclusion considerations; and/ or alignment with sectoral regulations and financial viability thresholds.;
 - iv. Environmental and Social Impact Assessments (ESIA), Environmental and Social Management Plans (ESMP), climate risk screening, and other safeguards-related documentation;
 - v. Legal and institutional reviews, regulatory due diligence, and project structuring options analysis, including recommendations on PPP modalities;
 - vi. Market sounding, stakeholder consultations, investor roadshows, transaction packaging, and promotion of investment opportunities;

- vii. Development of procurement documentation such as Requests for Qualifications (RfQs), Requests for Proposals (RfPs), and draft concession or service agreements;
- viii. Financial structuring support, including viability gap assessments, funding strategies, blended finance analysis, and PPP bankability assessments;
- ix. Engagement of qualified Transaction Advisers to support project appraisal, conduct of studies, transaction structuring, market sounding, procurement, contract negotiation, and financial close.
- x. Land acquisition-related studies, preparation of resettlement frameworks or Resettlement Action Plans (RAPs), and compensation for Project-Affected Persons (PAPs);
- xi. Design, evaluation, and provision of contingent liability instruments (e.g., government guarantees, availability payment structures, and termination compensation clauses) to enhance investor confidence and mitigate project risks subject to the State Fiscal Commitment and Contingent Liability Management Framework;
- xii. Provision of capital grants or Viability Gap Funding (VGF) for projects that are socially and economically important but commercially marginal, subject to appropriate fiscal safeguards and value-for-money assessments;
- xiii. Coverage of other pre-investment obligations critical to de-risking or accelerating project readiness, including deep stakeholder engagement processes, legal compliance measures, and baseline data collection for complex projects.
- xiv. Operating Expenditure of the PFF Secretariat ;
- xv. Capacity building and institutional strengthening for Contracting Authorities and relevant PPP actors, including training, technical assistance, peer learning, knowledge exchange, and development of standardised tools or templates to support improved PPP project preparation and delivery.

20. Exclusions

The Fund shall not finance:

- a. Physical infrastructure or capital project implementation costs except those relating to capital grants or VGF;
- b. Operating expenditures of MDAs (Except the PFF Secretariat) or political offices;
- c. Completed studies or retroactive reimbursements;
- d. Projects that lack official State endorsement or are outside formal investment plans;
- e. Political, non-transparent, or non-bankable projects with unclear development logic.

21. Prioritisation Criteria

Projects shall be prioritised based on:

- a. Strategic fitness with State development Plans, sector strategies or medium-term investment priorities;
- b. Potential value for money of the project.
- c. Development Impact, especially in job creation, inclusion, and service delivery;
- d. Environmental, Social and Governance (ESG) Alignment;
- e. Bankability and Financing Prospects;
- f. Readiness of contracting authority, including project lead designation and internal coordination;
- g. Funding Leverage, including DFI interest, private co-financing, or philanthropic participation.
- h. Quantum of the Viability Gap Funding and its impact on the continued availability of the Fund to support other eligible projects or activities.
- i. The extent to which a contracting authority can co-fund the requested support.
- j. Compliance history of the contracting authority and track record of effective use of the Fund.

22. Application and Approval Process

Applications to the Fund shall follow a structured process:

- a. Submission via a standard application form;
 - i. Applications submitted in respect of unsolicited proposals shall not be processed unless accompanied by documented evidence of compliance with the Unsolicited Proposals Process as outlined in Section 19b and in line with the State PPP Framework.
- b. Screening by the PFF Secretariat for completeness and eligibility;
- c. Technical Appraisal and Due Diligence by the PFF Secretariat or the assigned Transaction Adviser or Sub Committees of the Fund Management Committee;
- d. Review and Approval by the Fund Management Committee;
- e. Disbursement in line with defined milestones and submission of a signed Funding Agreement.

23. Funding Agreement

The Funding Agreement shall define, amongst others, the following:

- a. Project details and funding objectives
- b. Scope of funding support (activities, components)
- c. Disbursement structure (lump-sum, milestone-based, reimbursable, etc.)
- d. Monitoring and reporting obligations
- e. Fiduciary safeguards, audit provisions, and conflict resolution mechanisms

- f. Claw-back and Refund Obligations

24. Monitoring, Evaluation, and Learning (MEL)

- a. The Fund shall implement a state-wide MEL Framework to:
 - i. Track progress of supported projects toward bankability;
 - ii. Evaluate value-for-money in fund disbursement;
 - iii. Identify recurring constraints in the project pipeline;
 - iv. Generate lessons and data to refine the State's project facilitation strategy.
 - v. Improve assessment and operation frameworks including policies, guidelines, manuals, and tools used by the Fund.
 - vi. Inform capacity building programme for staff of the PFF Secretariat.
 - vii. Establishment of a robust knowledge management system to support the operation of the Fund.
- b. Periodic MEL reports shall be compiled by the PFF Secretariat and submitted to the Fund Management Committee and any other as may be prescribed by this regulation or subsequent administrative instruments issued thereof.

Part V: Financial Provisions and Fund Flow

25. Accounts of the Fund

- a. The Fund shall maintain distinct accounts opened by the Accountant-General of the State in accordance with the Financial Regulations of the State and the Treasury Single Account (TSA) arrangements of the State.
- b. These accounts shall include:
 - i. A PFF Reserve or Holding Account for capital contributions and investment income
 - ii. A PFF Operating Account for day-to-day disbursements;
 - iii. Other project-specific sub-accounts, if required.
- c. All inflows and outflows shall be appropriately coded and recorded for transparency, auditability, and reporting.

26. Capitalisation of the Fund and Replenishment

The Fund shall be capitalised and replenished through one or a combination of the following sources:

- a. Seed capital as may be appropriated by the State government;
- b. Annual budget appropriations from the State government;
- c. Grants or technical assistance from Development Finance Institutions (DFIs), donor agencies, or philanthropic partners;

- d. Returns on fund investments, including interest, capital gains, success fees, guarantee fees from Contingent Liability support, amongst others.
- e. Private sector contributions earmarked for project development.

Subject to appropriation by the Sokoto State House of Assembly, the Fund shall in each financial year be capitalised to not less than three per cent (3%) of the Total Pipeline, in accordance with sections 8 and 9 of the Executive Order.

27. Payment into the Fund

- a. All approved contributions shall be paid into the Fund accounts promptly upon approval.
- b. Where required, an inflow shall be accompanied by payment advice specifying the source, purpose, and applicable funding window or project.

28. Withdrawal from the Fund

- a. Subject to section 120 of the Constitution of the Federal Republic of Nigeria 1999 (as amended) and the applicable Appropriation Law, withdrawals shall be made only in accordance with:
 - i. Approved project proposals;
 - ii. Executed Funding Agreements;
 - iii. Disbursement schedules tied to deliverables.
- b. Each withdrawal shall be supported by:
 - i. A disbursement request form;
 - ii. Verified milestone completion or invoice;
 - iii. Internal PFF Secretariat recommendation;
 - iv. Fund Management Committee approval (where required).
- c. No withdrawal shall be made for ineligible activities or without adequate documentation.

29. Budgeting, Accounting and Reporting

- a. The PFF Secretariat shall be responsible for preparing an annual budget for the Fund, which shall detail projected income, proposed allocations across eligible project development activities, administrative costs, and contingencies. This budget shall be submitted to the Fund Management Committee for review and approval before the beginning of each fiscal year.
- b. The PFF Secretariat shall maintain a comprehensive accounting system in accordance with accrual-based accounting principles or any other public financial management standards acceptable to the State Government, including State's Fiscal Commitment and Contingent Liability Framework and any other relevant State regulation or guideline, and aligned with international best practices or partner DFI requirement.

- c. The PFF Secretariat shall prepare quarterly and annual financial statements for the Fund, clearly disclosing:
 - i. Opening and closing balances;
 - ii. All sources of income and disbursements, including interest and returns from investments;
 - iii. Project-by-project fund allocations, commitments, and disbursements;
 - iv. Actual expenditures against approved budgets and variance analysis.
- d. The financial reports and budget performance updates shall be submitted to:
 - i. The Fund Management Committee;
 - ii. The Ministry responsible for Finance and the Ministry responsible for Budget and Economic Planning;
 - iii. The State Executive Council and the Public Accounts Committee of the Sokoto State House of Assembly, as may be required under applicable fiscal laws and regulations.
- e. The PFF Secretariat shall ensure timely publication of summary reports for transparency and public accountability and shall cooperate fully with internal and external auditors appointed to review the Fund's financial activities.
- f. All budgeting and reporting shall be guided by the Fund's approved Operational Guidelines and aligned with the relevant provisions of the public financial management and fiscal responsibility laws and frameworks of Sokoto State.

30. Audit

- a. The Fund shall be subject to:
 - i. **An annual audit by the Auditor-General for Sokoto State in accordance with section 125 of the Constitution of the Federal Republic of Nigeria 1999 (as amended) and section 27 of the Executive Order, and, where the Fund Management Committee so decides, an additional external audit by an independent certified audit firm appointed from the list approved by the Office of the Auditor-General;**
 - ii. **Internal audits conducted quarterly or semi-annually by the Internal Audit Unit of the PPP Unit or of the Ministry responsible for Finance.**
- b. Audit reports shall cover:
 - i. Financial and non-financial performance of the Fund.
 - ii. Compliance with this regulation;
 - iii. Fiduciary risks (including financial, operational, compliance and reputational risks)
 - iv. Recommendations for improvements.

- c. All audit findings shall be disclosed to the Fund Management Committee and any other as may be required by this regulation or law of the State.

31. Financial and Procurement Regulations

- a. All financial transactions of the Fund shall adhere to applicable State Financial Regulations and Public Financial Management Laws.
- b. Procurement activities funded through the PFF shall comply with the State's Public Procurement Law and international best practices.
- c. The PFF Secretariat shall maintain a procurement plan and contract register for all engagements financed by the Fund.
- d. Where external partners or DFIs are involved, applicable donor procurement and fiduciary requirements shall be integrated into the Fund's implementation protocols.

Part VI: Risk Management and Safeguards

32. Risk Mitigation Measures

- a. The Fund shall maintain a robust risk management framework to identify, assess, and mitigate financial, operational, compliance, and implementation risks.
- b. Key risk mitigation instruments to be issued by the PFF Secretariat and approved by the Fund Management Committee shall include:
 - i. Due diligence protocols for all applicants and funded entities;
 - ii. Risk-sharing arrangements (e.g., insurance, partial guarantees);
 - iii. Phased disbursements based on milestone achievement;
 - iv. Conflict of interest disclosures and declarations;
 - v. Conditions for refund or claw-back of PFF funding;
 - vi. Fiscal risk mitigation measures
- c. The PFF Secretariat shall prepare an annual Risk Register outlining key risks, likelihood, potential impact, and proposed mitigants, to be reviewed by the Fund Management Committee.

33. Environmental and Social Safeguards

- a. All projects and activities financed under the Fund shall be subject to environmental, climate and social screening to determine potential impacts.
- b. The Fund shall comply with:
 - i. Applicable State and National environmental laws and policies (e.g., NESREA Act, Environmental Impact Assessment Act);
 - ii. Guidelines of key development partners, if co-financed;

- iii. Global best practices on Environmental and Social Risk Management (ESRM), including gender, disability, and inclusion safeguards.
- c. The PFF Secretariat shall designate a Safeguards Officer to ensure full integration of ESG standards across the Fund's operations.

34. Anti-Corruption and Fiduciary Requirements

- a. The Fund shall adhere to zero tolerance for fraud, corruption, money laundering, and unethical practices.
- b. The Fund shall maintain:
 - i. A Code of Ethics for the Fund Management Committee members and PFF Secretariat staff;
 - ii. Whistleblower protection mechanisms;
 - iii. Procedures for conflict-of-interest disclosure and recusal.
- c. All financial transactions shall be documented and subject to verification and audit.
- d. Any violation of fiduciary rules shall attract sanctions, including suspension of disbursements, termination of funding, or legal referral in line with rules and codes established by the Fund Management Committee.
- e. The Fund shall cooperate with relevant anti-corruption agencies

Part VII: Miscellaneous Provisions

35. Amendments to the Regulation

- a. This Regulation may be amended, varied or revoked by the Governor, with the approval of the State Executive Council, on the recommendation of the Fund Management Committee.
- b. Proposed amendments must be subject to stakeholder review and legal vetting prior to formal approval.

36. Transitional and Savings Provisions

- a. From the commencement date of this Regulation, any guidelines or guidance notes previously issued by the PPP Unit or the Ministry responsible for Finance relating to project preparation funding shall cease to have effect.
- b. In the event of any inconsistency between the provisions of the Executive Order or any Law of the Sokoto State House of Assembly and this Regulation, the provisions of the Executive Order or the Law shall prevail.

- c. In the event of any inconsistency between the provisions of this Regulation and the State PPP Policy, the provisions of this Regulation shall prevail.
- d. In the event of any ambiguity in the interpretation of this Regulation, the interpretation that promotes transparency, accountability, and efficient fund utilisation shall prevail.
- e. The PFF Secretariat shall be responsible for issuing official clarifications and interpretations upon request.

37. Issuance of Governance and Operations Manual

- a. The PPP Unit will develop, maintain and periodically update a comprehensive Governance and Operations Manual to operationalise the provisions of this Regulation and provide procedural direction for the effective administration of the Project Facilitation Fund.
- b. The Manual will set out detailed procedures relating to, but not limited to:
 - i. project eligibility screening and prioritisation;
 - ii. submission, evaluation, and approval of funding applications;
 - iii. procurement and contract management under Fund-supported activities;
 - iv. disbursement modalities and financial controls;
 - v. monitoring, reporting, and evaluation; and
 - vi. risk management, safeguards compliance, and performance measurement.
- c. The Manual will be subject to review and approval by the Fund Management Committee and will become binding on all Fund beneficiaries and participating State entities upon its issuance.
- d. Revisions to the Manual will be made where necessary to reflect changes in national or State policy direction, Fund governance improvements, or emerging best practices, provided that all amendments are approved by the Fund Management Committee and documented in an official record.
- e. Where conflict arises between the Manual and this Regulation, the provisions of this Regulation will prevail.

38. Citation of Precedent Laws

This Regulation shall be read in conjunction with:

- a. the Constitution of the Federal Republic of Nigeria 1999 (as amended) and the Sokoto State Project Facilitation Fund Executive Order, 2025;
- b. the Public Procurement Law, the Financial Regulations and any Fiscal Responsibility Law of Sokoto State for the time being in force;
- c. any Law of the Sokoto State House of Assembly regulating Public-Private Partnerships and, pending its enactment, the Sokoto State Public-Private Partnership Policy; and the Land Use Act, the Environmental Impact Assessment Act and the Nigeria Data Protection Act 2023.

MADE at Sokoto this 15th day of November, 2025, with the approval of the State Executive Council.



Ahmed Aliyu Sokoto *P.hD FCNA*
Executive Governor,
Sokoto State of Nigeria.