KATSINA STATE GOVERNMENT

PROJECT FACILITATION FUND GOVERNANCE AND OPERATIONS MANUAL

PREPARED BY

KATSINA STATE INVESTMENT PROMOTION AGENCY



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Acronyms / Abbreviations

BATMIS	Budget Accounting Treasury Management Information System
CA	Contracting Authority
CBN	Central Bank of Nigeria
CL	Contingent Liability
DFI	Development Finance Institutions
DP	Development Partner
FAQ	Frequently Asked Questions
FCCL	Fiscal Commitments and Contingent Liabilities
FGN	Federal Government of Nigeria
FMM	Financial Management Manual
GOM	Governance and Operations Manual
KIPA	Katsina Investment Promotion Agency
KTSG	Katsina State Government
KTSFRC	Katsina State Fiscal Responsibility Commission
KTSMOF	Katsina State Ministry of Finance
ICT	Information and Communications Technology
IPSAS	International Public Sector Accounting Standards
MDA	Ministries, Departments and Agencies
MDB	Multilateral Development Banks
MIS	Management Information System
MTEF	Medium Term Expenditure Framework
M&E	Monitoring and Evaluation
NASB	Nigerian Accounting Standard Board
OAF	Officer Administering the Fund
OAG	Office of the Auditor General
PAM	PFF Audit Manual
PFF	Project Facilitation Fund
PFRM	Project Fiscal Risk Matrix
PPE	Property, Plant and Equipment
PPP	Public Private Partnership
PPP&PC	Public Private Partnership & Privatization Committee
SCOA	Standard Chart of Accounts
SIFMIS	State Integrated Financial Management Information System
SPV	Special Purpose Vehicle
TA	Transaction Advisor
TSA	Treasury Single Account
VFM	Value for Money
VGF	Viability Gap Funding
WB	World Bank

Definition of Terms

Availability Payment	Periodic payments (often quarterly) made by a CA to a private partner in some types of PPP Project. The Availability Payment is made in each period provided that the infrastructure provided by the private partner is 'available' during that period – i.e. it can be used at the specifications agreed upon.
Business Plan	Will refer to the PFF Business Plan.
Budget Circular	Statement from the KTSMOF to KTSG ministries, departments and agencies outlining policy and technical guidelines on how to prepare the budget for the forthcoming fiscal year, including timelines/deadlines and prescribed compilation formats.
Commercial Close	The signing of the Project Agreement between the CA and the selected Private Partner.
Contingent Liability	Obligations that arise from a particular discrete but uncertain future event (i.e. one that may or may not occur) that is outside the control of KTSG.
Contracting Authority	Contracting Authority refers a state department, agency, state corporation or local government which intends to have a function undertaken by it performed by a Private Partner.
Designated Funds	Funds which are unrestricted but earmarked by the PPP & Privatization Committee for use for a specific purpose or use in a specific manner but without legal commitments.
Development Partner	Bilateral or multilateral financing institutions that provide grants and loans to the Government.
Eligibility	Eligibility refers to the right to obtain funding from PFF through satisfaction of the appropriate conditions as defined in PFF Guidelines.
Feasibility Study	A study undertaken to explore the technical, financial, legal, social and environmental feasibility of undertaking an infrastructure or development facility as a Public-Private Partnership.
Financial Close	The signing of final Financing Agreements between the private partner and the providers of financing. This can also sometimes involve signing of direct agreements between the CA and financial providers.
Financing Agreement	An agreement entered into between PFF and a Development Partner with regard to support to PFF.
Fiscal Commitments	A direct liability or obligation incurred by KTGS in support of the implementation of a PPP Project. It takes the form of a defined and quantified undertaking to pay or carry a funding obligation for a feature, phase or item in a PPP Project essential to its development, operation or completion.
Funding Agreement	An agreement entered into under PFF Guidelines as a condition precedent to disbursements from PFF;
Manual	The Project Facilitation Fund Governance and Operations Manual.
Officer Administering the Fund (OAF)	The Officer designated as such under PFF Guidelines to administer PFF.
Private Partner	A party that enters into a Project agreement with a CA and is responsible for undertaking a Project on behalf of the CA.
Project	The design, construction, development or operation of a new infrastructure, asset or facility or the rehabilitation, modernization, expansion, operation or management of an existing Infrastructure, asset or facility.
Project Agreement	Refers to a contract concluded between a CA and a Private Partner and includes any ancillary agreement entered into by the parties in relation to an agreement.
Public-Private Partnership	An arrangement between a CA and a Private Partner under which a Private Partner — (a) undertakes to perform a public function or provide a service on behalf of the CA; (b) receives a benefit for performing a public function by way of- (i) compensation from a public fund; (ii) charges or fees collected by the Private Partner 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 risks arising from the performance of the function in accordance with the terms of the Project Agreement.
Restricted Funds	Funds which are issued to PFF for a specific purpose or use with legal commitments to the same effect.
Special Purpose Vehicle	Refers to a legal entity created for a limited purpose. In the case of PPPs, it's a registered company whose only business is to implement a PPP Project. SPVs are used for a number of purposes including the acquisition and/or financing of a project. SPVs are usually used because they are free from any pre-existing obligations and debts, and are separate to the parties that set them up for accountancy, tax and insolvency purposes. When a PPP Project is awarded the Private Partner must setup a Special Purpose Company (sometimes also referred to as *Vehicle*) for the Project.
Support Window	The category of support available to a Project under PFF.
Transaction Advisor	A person appointed in writing by a CA who has the appropriate skill and experience to assist and advise the CA or the PPP Unit on matters related to a Public-Private Partnership, including the preparation, accession and conclusion of a Project Agreement and Financial Close.
Unrestricted Funds	Funds which are issued to the PFF for use or application at the discretion of the PPP Committee.

1. Introduction

1.1 Overview of the Manual

1.1.1 Purpose and Scope of the Manual

This Governance and Operations Manual (GOM or the 'Manual') sets out the processes and procedures to guide the Project Facilitation Fund's (PFF or the 'Fund') operations and administration, and outlines the policies and regulations governing it. In particular, it provides guidance to the PFF's external and internal stakeholders in their engagement with the PFF and in ensuring full compliance with the applicable regulatory framework as well as requirements of the financiers of the PFF.

This Manual outlines PFF's governance arrangements, financial management and administration, procurement and contract management, performance management, management information systems, and the winding up of the PFF. It also includes in its appendices some tools and templates for implementation of the defined procedures.

The PFF Financial Management Manual (referred to as the "FMM") is anchored to PFF's GOM, and outlines the principles, procedures and processes to be followed for PFF's financial management and administration. A core component of PFF's risk and assurance framework is the audit. Revenues and expenditures of PFF are to be audited annually in accordance with this PFF Audit Manual (PAM).

1.1.2 Basis on the Manual

The PFF Business Plan sets out the need for operational and management procedures for the PFF.

1.1.3 Objective of the Manual

The objective of the Manual is to ensure that there is guidance for the:

i. Oversight of the PFF through a clear governance and administrative structure as well as roles and responsibilities;

ii. Processes and procedures for PFF's internal control and operations;

iii. Compliance with applicable regulatory frameworks as well as financier requirements;

iv. Engagement with Multilateral Development Banks (MDBs) and Development Finance Institutions (DFIs) (referred to as Development Partners (DPs) together), and other financiers of the PFF in providing financing and other forms of support;

v. Contracting Authorities (CAs) and the PPP Unit (within the Katsina Investment Promotion Agency (KIPA)) in seeking funding and other forms of support from the PFF; and

vi. Auditors and other stakeholders in reviewing and assessing the performance of the PFF and its operations.

1.1.4 Users of the Manual

The primary target audience of this Manual includes the:

- KIPA Board, the PPP & Privatization Committee (PPP&PC) (and its sub-committees[1];

[1] This is proposed.

- Officer Administering the Fund (OAF);
- PFF Secretariat and the PPP Unit;
- DPs and other financiers of the PFF;
- Recipients of funds from the PFF; and
- Auditors / evaluators who may seek to assess or evaluate PFF.

1.1.5 Structure of the Manual

This Manual contains ten sections as outlined below:

Table 0-1: Structure of the Manual

Section # and Name	Contents
Section 1 – Introduction	This section gives an overview of the Manual, PFF and its governance arrangements.
Section 2 – Flow of Funds	This section outlines the funds flow processes for the PFF.
Section 3 – Operations of the PFF	This section outlines the operations of the PFF including the key processes for applying, assessing and approving applications to the PFF as well as entering into contracts with beneficiaries of the PFF.
Section 4 – Financial Management	This section outlines the financial management policies and procedures.
Section 5 – Procurement and Contract Management	This section outlines the procedures for procurement planning, undertaking procurement, reporting and contract management for procurements supported by the PFF.
Section 6 – Performance Management	This section outlines the approaches for monitoring and measuring the performance of the PFF.
Section 7 – Management Information Systems	This section outlines the management information systems that the PFF will implement to facilitate the operations of the PFF.
Section 8 – Winding up of the PFF	This section outlines the procedures for winding up the PFF.
Section 9 – Anti-Fraud/ Corruption and Whistleblowing	This section outlines the PFF's stand on corruption and fraud and the processes for reporting such incidences or malpractices. It also provides the guide for ethical behaviour.
Section 10 – Appendices	This section contains templates for the various operations/procedures of the PFF.

1.1.6 Amendments of the Manual

This Manual is a living document and may undergo periodic revisions to reflect the evolving needs of the PFF as well as the emerging regulatory and legislative changes.

Any change to this Manual will aim to enhance its effectiveness. The stakeholders will deliberate on the proposed change and incorporate it into this Manual subject to the approval of the PPP&PC.

The following guidelines will apply in revising the Manual:

i. The PFF Secretariat will continuously review the document to assess its effectiveness during the first year of implementation;

ii. There will be an annual review of the effectiveness of the Manual and a comprehensive review of the Manual where the changes required are significant and/or cross-cutting various sections of the Manual;

iii. There will be an annotated tracking of all amendments to the Manual; and

iv. Feedback from stakeholders using the document is also encouraged and will be directed to the:

{KIPA]
[Contact details of the entity/individual to whom feedback from stakeholders will be sent]

The review procedure will be as follows:

i. The specific stakeholder identifies an issue that requires change;
ii. The stakeholder raises the concern to the Fund Manager;
iii. The Fund Manager collates views on the issue raised and discusses it with the PFF Secretariat. The outcome of the deliberations is shared with the OAF;
iv. The OAF shares the proposed revisions with the PPP&PC or its sub-committees as may be necessary;
v. The PPP&PC reviews the proposals approved by its respective sub-committees and issues its approval or comments; and
vi. The PFF adopts the amendments and circulates the revised Manual to all stakeholders of the PFF.

Parties involved will complete the Manual Amendment Request Form, a template for which has been provided in Appendix A.

1.2 Overview of the Fund

1.2.1 Objective of the Fund

Objective of the PFF is to provide financial support for the implementation of Public Private Partnership (PPP) projects in the form of grants, loans, equity and guarantees.

The PFF will achieve this objective through the following sub-objectives:

1) To meet resource requirements for PFF; and
2) To strengthen the capacity of the PFF to meet stakeholder needs.

1.2.2 Functions of the Fund

Eligible Projects for funding under the PFF will be supported through the following windows:

i. **Window 1** - support to CAs for third party costs in the preparation of PPP projects, including settlement of transaction advisory costs;
ii. **Window 2 -** support to the activities of the PFF Secretariat;
iii. **Window 3 -** provision of Viability Gap Funding (VGF) to Projects; and
iv. **Window 4 -** provision of a source of liquidity to meet Contingent Liabilities (CL) arising from a Project.

In addition, the guidelines provide the categories and conditions for support under each Support Window as follows:

Table 0-2: Support Windows and Categories of Support

#	Window	Funding Areas (Category of Support)	Specific Conditions

#	Window	Funding Areas (Category of Support)	Specific Conditions
1	Support to CAs' third-party Project preparatory costs	Land acquisition, compensation, resettlement and environmental remediation.	
		Consultancy services related to the PPP program including the conduct of sector diagnostic studies, Project proposal development and feasibility studies	
		Conduct of tender processes including Project advertisements, marketing and communications, tender documentation and due diligence	Funding provided is recoverable subject to guidelines issued by PPP&PC
		Transaction and associated advisory services	
		Other Project preparation activities that may arise including organization of workshops or events for stakeholder engagement.	Must be approved by the PPP&PC
2	Support to the activities of the PFF Secretariat	Consultancy and advisory services	The PFF Secretariat will include the activities that require support in the budget of the PFF
		Capacity building programs	
		Purchase of office equipment, systems and associated software	
		Research activities	
		Establishment of knowledge management systems and frameworks	
		Recurrent operation and maintenance costs for the PPP Secretariat	
3	Provision of Viability Gap financing to Projects (in the form of loans, equity and grants)	Construction Grant, including but not limited to construction expenditure, cost of land acquisition, compensation for resettlement and environmental remediation measures to be undertaken after signing of a project agreement	The OAF will regularly advise the PPP&PC on new categories of VGF necessary to enable the PFF to further support the objectives for which it has been established
		Operational Grant, to meet the shortfall between project revenues and the operational expenditure of the project	
		Service Payment (based on service standard) or Availability Payments (for development and maintenance of infrastructure / assets created under a PPP)	
		Demand and Output-Based Payment	
4	Provision of a source of liquidity to	Cannot be handled by MOF under alternative frameworks;	
		Does not arise from a contracted obligation of a CA under a project agreement for	

#	Window	Funding Areas (Category of Support)	Specific Conditions
	meet CL arising from a Project	which a budgetary allocation has already been made; and	
		Materializes out of a KTSG default, which is not recoverable from a CA under a project agreement.	
		Where CL materialising out of KTSG default and not recoverable from a CA under a Project Agreement will be eligible for settlement under the PFF and will not be recoverable	CL arising out of CA default under a Project Agreement will remain the responsibility of the CA to settle, but as a last resort in exceptional circumstances, a CA may apply to the PFF for a recoverable advance in settling such liabilities.

1.2.3 Exclusions to Funding

The following shall not be eligible for support under the PFF:

a. VGF for projects implemented through unsolicited proposals, unless evaluated against a competitive tender process through a Swiss Challenge System and after receiving approval from the MDB providing the funds for the project; and

b. Projects procured before PFF came into operation.

1.2.4 Eligible Entities for Funding

The guidelines define the following entities as eligible for funding.

Figure 0-1: PFF Support Windows



1.2.5 Eligible Projects

The PFF shall support PPP Projects in all the sectors based on the windows provided above and subject to any other regulations, policy or guidelines issued by the PPP&PC or KTSMOF from time to time. In addition, the PFF shall only fund Projects that are approved by the KIPA Board for inclusion in the KIPA PPP Pipeline.

1.2.6 Sources of Funds

The PFF will receive funds from:

i. Annual budget allocations from the KTSMOF

ii. Grants from International donors (either through a Multi-Donor Trust and/or individual donors grants); and

iii. Funds generated internally through the activities of the Fund, such as the repayment of loans extended and the sale of equity stakes acquired in project companies;

iv. Success fees from a Special Purpose Vehicle (SPV);

v. Contingent liability deposits and repayment of recoverable advances from CAs; and

vi. Other approved sources by KTSMOF.

1.2.7 Legal Framework

The operations of the PFF will be pursuant to the regulatory and guiding frameworks as illustrated in the PFF Guidelines (section 2.1.2).

1.3 Governance Agreements

This sub-section outlines the institutional framework and governance arrangement pertaining to the PFF. It clarifies the roles and responsibilities of various stakeholders in the governance and operations of the Fund.

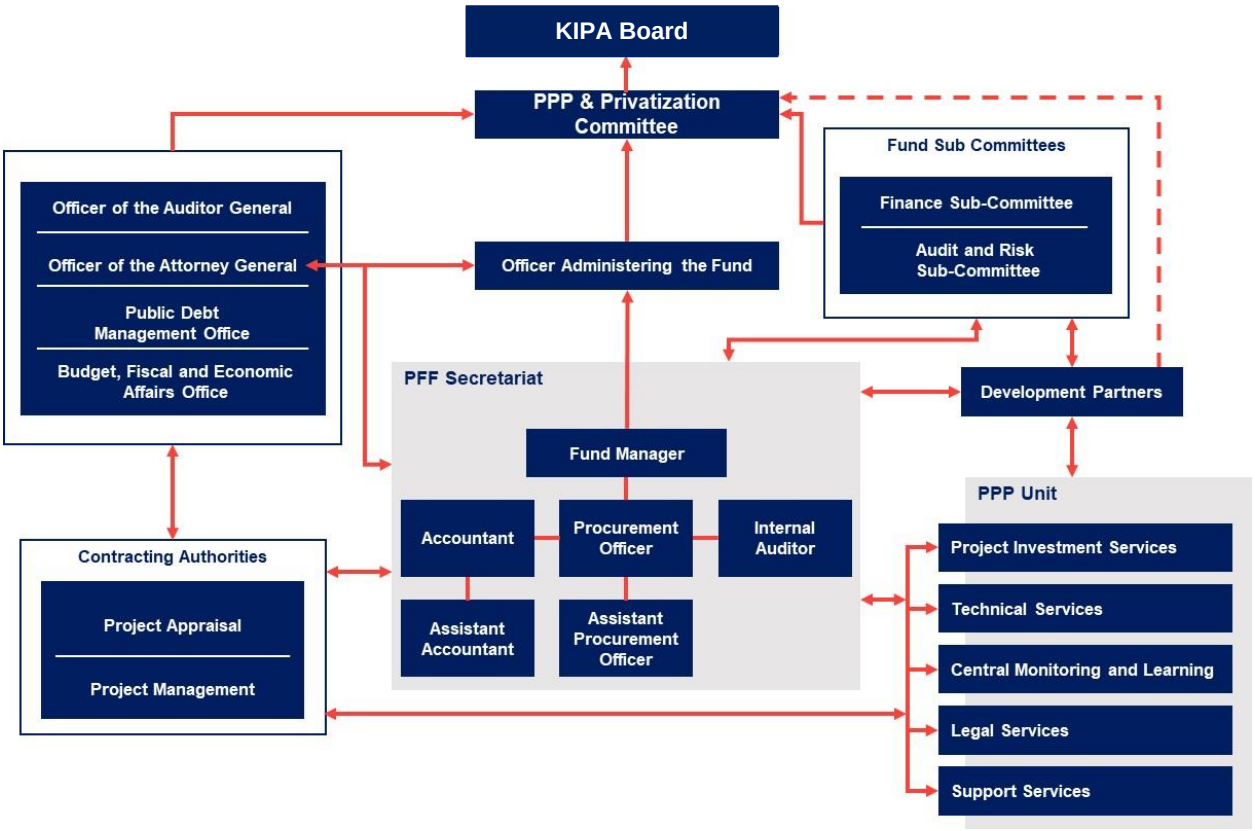
1.3.1 Structure of the Fund

PFF Guidelines provide a schematic structure for the transparent and effective management of the Fund. The structure builds on the existing institutional framework of KIPA and is expected to evolve to meet the functional requirements of the PFF over time.

PPP&PC shall provide oversight of the PFF. PPP&PC may delegate its functions to respective sub-committees established by the PPP&PC. Appendix C of this manual provides the detailed guidelines for the operations of the PPP&PC.

Figure 0-2 below illustrates the PFF governance structure and the relationship with key stakeholders of the PFF.

Figure 0-2: PFF Structure



Stakeholders of the PFF and Respective Roles

The key stakeholders of the PFF include:

Table 0-3: Stakeholders of the Fund and their Roles

#	Stakeholder	Function/Role
1.	Governor	a. Approval of PFF revenue sources and expenditures; b. Approval of allocations to the PFF from KTSG budget; c. Authorize the review of the performance of the PFF after the lapse of 10 years from its establishment; d. Submit a final statement of accounts to Katsina State House of Assembly and to the Auditor General in the event of winding up the PFF; and e. Winding up the PFF.
2.	KIPA Board through the PPP & Privatization Committee (PPP&PC)	a. Overall responsibility for the PFF and oversight; b. Approval of the PFF's policy framework; c. Approval of funding for the PFF Secretariat; d. Approval of evaluation and selection criteria for Project proposals submitted for funding; e. Review and approval of funding applications/agreements; f. Approval of allocations from the PFF; and g. Adoption of the PFF's financial / non-financial reports.

#	Stakeholder		Function/Role
3.	Finance Sub-Committee		a. Ensuring that the PFF maximizes on its impact; b. Review of the PFF's work plan and budget for the year; c. Review of applications for funding and Financing Agreements; d. Monitoring the implementation of PPP Project funded by the PFF and the realization of benefits. e. Leading resource mobilization efforts and monitoring the status of the implementation of the PFF's Business Plan; f. Ensuring that the PFF's revenue is enhanced and protected; g. Engaging DPs; and h. Review and approve the investment of surplus funds.
4.	Audit and Risk Sub-Committee		a. Ensure that PFF resources are used for the intended purpose; b. Oversight of the PFF's internal control framework; c. Evaluating the PFF's risk appetite and ensuring effective risk management by the PFF; d. Ensuring that the PFF policies and rules yield the desired outcome for the PFF; e. Ensuring compliance by the PFF to all regulatory and DP requirements; and f. Review the audit reports and management letters and make appropriate recommendations to the PPP&PC / PFF Secretariat.
5.	OAF		a. Secretariat and technical arm of the PPP&PC; b. Head of the PFF Secretariat – principal administrator of the PFF; c. Advises PPP&PC on matters relating to administration of the PFF; d. Financial and non-financial reporting on the PFF to key stakeholders; e. Resource mobilisation; and f. Overall monitoring and evaluation of the PFF's achievement of its mandate/objectives.
6.	PPP Unit		Provide support services for the Fund including: a. Legal and risk management services; b. Communication; c. Monitoring and evaluation; d. Economics and planning; e. Internal auditing; f. Resource mobilisation; g. Information communication and technology support; and h. Other technical expertise as may be required.
7.	PFF Secretariat	Fund Manager	a. Day to day management of the PFF; b. Support the OAF in execution of duties pertaining to the PFF; c. Management of funding applications; d. Monitoring of PFF's investments; e. Overall financial management of the PFF; f. Monitoring the implementation of Projects funded by the PFF; g. Evaluating the impact of PFF activities and funding advanced to Projects; h. Overall office administration and records management; i. Credit management; j. Performance monitoring; and k. Communication and stakeholder engagement.
		Accountant	a. Financial management, planning and budgeting; b. Disbursements processing and tracking; c. Treasury and cash flow management; d. Establishing financial (internal) controls; e. Overall responsibility for accounting;

#	Stakeholder		Function/Role
			f. Financial reporting; and g. Supporting audit(s) of the PFF.
		Assistant Accountant	a. Accounting; b. Financial reporting; c. Credit management support; and d. Records management.
		Procurement Officer	a. Preparation of the PFF procurement plan; b. Procurement of items to be paid for by the PFF; c. Procurement of TAs on behalf of the CAs; and d. PFF procurement monitoring.
		Asst. Procurement Officer	a. Preparation of procurement reports; b. Undertaking PFF procurement; and c. Procurement records management.
		Internal Auditor	a. Undertaking periodic internal audits according to international standards and in compliance with the relevant rules and regulations.
8.	CAs		i. Recipients of funds; ii. Provide a proportion of funding to the PFF with respect to Contingent Liabilities; iii. Make funding applications in line with the guidelines provided by the PFF and in the prescribed form(s); iv. Meet all the contractual obligations arising out of the Funding Agreement between the PFF and the CA; v. Present budgetary projections of their funding requirements to the PFF for planning purposes; vi. Submit to the OAF annually estimates of Contingent Liabilities from their relevant Projects; vii. Make all agreed upon repayments on advances to the PFF in a timely fashion; viii. Ensure that the funds received from the PFF are used for the intended purpose; and ix. Ensure timely reporting as outlined in the Funding Agreement.
9.	KTSMOF		a. Evaluation of Fiscal Commitments and estimation of Contingent Liabilities; b. Review of Credit and other Financing Agreements and disbursements; c. Issue guidelines on budgeting by the PFF; d. Review of procurement undertaken by the PFF as may be required and procurement disputes resolution; e. Preparation for annual audit of the PFF; f. Review and approve disbursements made from the PFF; g. Internal audit of the PFF; h. Review the PFF's annual financial statements; i. Monitoring assets and liabilities of the PFF; and j. Supporting PFF in financial planning.
10	Office of the Auditor General (OAG)		a. Provide assurance over the PFF; b. Involve the PFF in development of the external audit agenda and scope; c. Present the OAF and PFF Secretariat with an opportunity to respond to audit findings; and d. Provide the PFF with an audit report and management letter.
11	Office of the Attorney General		a. Provides legal support to the PFF as may be required especially in review of Contracts.
12	DPs		a. Provide support to the PFF (monetary or technical); b. Make disbursements to the PFF in a timely manner and in accordance with the agreed upon modalities for disbursement;

#	Stakeholder	Function/Role
		c. Issue no-objections in a timely manner as may be required; d. Provide feedback and insights on better management of the Fund; and e. Establish a proper working arrangement with the Fund as necessary.

1.3.2 Management of the Fund

1.3.2.1 Strategic Oversight

The KIPA Board through the PPP&PC will have ultimate responsibility for the strategic oversight of the PFF. The PPP&PC will provide strategic direction for the PFF through the PFF's Business Plan, which will detail the PFF's strategic focus and key initiatives to achieve its objectives/goals. It will also provide rules for operating the PFF and reviewing the performance of the PFF in line with the PFF's objective(s).

1.3.2.2 Operational Management

The Officer Administering the Fund

[Director of the PPP Unit] will act as OAF[2]. Appendix C of this manual outlines the detailed roles of the OAF.

The PFF Secretariat

A Secretariat will be established to support the OAF in the administration of the Fund – comprising of staff from within KIPA and other Ministries, Departments and Agencies (MDAs) – determined by the OAF in consultation with the Chairperson of the PPP&PC. Appendix D of this manual provides the detailed scope of work for the respective members of the PFF Secretariat.

Table 0-4 below summarises of the roles the PFF Secretariat.

Table 0-4: Role of the Secretariat

Function	Role
Funding Application Management	Issue of funding guidelines and relevant application forms; Desk review / preliminary review of funding applications; and Review of disbursement requests.
Financial Management	Undertaking financial planning and budgeting; Management of cash flows; Processing of disbursements; Undertaking accounting; Investment of surplus funds; and Development of financial reports.
Contract Management	Drafting Funding Agreements; Review of Financing Agreements with DPs; and Contract management of both Financing and Funding Agreements.
Procurement	Development of the Fund's annual procurement plan; Procurement of approved support to the PFF Secretariat; and Procurement of Transaction Advisors and other services on behalf of CAs.

[2] To be confirmed based on feedback from KTSG.

Function	Role
Risk Management	Ensuring regulatory compliance; and Project and investment risks management.
Information and Communications Technology (ICT)	Management of the PFF's Management Information System (MIS); Management of the PFF's website or webpage within the KIPA website; Provision of information for the PFF's knowledge management; and Communication management.
Business Planning	Development and monitoring of the PFF's Business Plan; and Planning of the PFF's investments.
Monitoring, Evaluation and Learning	Monitoring the PFF's performance; and Stakeholder engagement for knowledge management and learning purposes.
Reporting	Reporting to the PPP&PC, KTSMOF, OAG, DPs and other stakeholders through the OAF.

Role of the PFF Secretariat, KIPA

The PFF Secretariat will host and provide support services for the effective functioning of the Fund. These services include:

Table 0-5: Role of the PFF Secretariat

Function	Role
Legal Services	Support in drafting Funding Agreements; Support in managing disputes between parties to the Funding Agreement; Outlining regulatory compliance requirements for the PFF; and Provide overall legal support to the OAF and the PFF Secretariat.
Risk Management Services	Support in evaluation of Project and investment risks faced by the PFF; Support in management of risk arising during implementation of Funding; and Agreements with CAs.
Internal Audit	Support in creating an optimal internal control environment for the PFF
ICT	Support in management of the PFF's MIS; Support in managing the PFF's knowledge management; and Support in managing communications by the PFF.
Economics and Planning	Support in review of the PFF's Business Plan; and Support in review and planning of the PFF's investments.
Monitoring and Evaluation (M&E)	Support in developing the PFF's results framework; and Support in undertaking the PFF's M&E activities.
Resource Mobilisation	Support in developing resource mobilisation material; and Support the OAF in undertaking resource mobilisation for the PFF.
Other Technical Expertise	Support in review of technical areas of Projects that may be linked to disbursements; and Provide general technical support on the PFF.

1.3.3 Fiduciary responsibility

The overall fiduciary responsibility for the PFF lies with the PPP&PC and KTSMOF, through appropriate authority delegated to the Director – PPP Unit who serves as the OAF.

The OAF will be responsible to the PPP&PC and DPs for overall accountability of the PFF, including ensuring that funds are utilized for the intended purpose. These responsibilities include compliance with the requirements for funding specified windows in the Financing Agreements and any conditions and ensures timely and reliable financial reports. The OAF is also responsible for answering any queries that auditors or DPs may have regarding the utilization of funds.

At the PFF Secretariat level, the Fund Manager will support the OAF in the day-to-day operational management of the PFF including funding applications management, financial management, procurement management and monitoring. The Fund Manager will be responsible for accounting, controlling, and reporting on the funds received and disbursed to the various eligible entities. The Fund Manager will implement appropriate and adequate financial management systems to monitor the use of funds. In carrying out this mandate, the Fund Manager will assign the specific day-to-day transaction processing and reporting to the Accountant and the Assistant Accountant.

The OAF/ Fund Manager will ensure that any member of the PFF Secretariat vacating office undertakes a proper hand over of fiduciary records in their custody. The PFF will use the normal KTSG financial management systems and policies as outlined in the financial management section of this Manual.

2. Flow of Funds

1.4 Overview of Key Fund Flow Guiding Principles

The following guiding principles will apply in managing the flow of funds for the PFF:

i. All applications for funds from the Katsina State budget will comply with all relevant rules and regulations. The PFF will submit applications to the KTSMOF-Commissioner of Finance through the Director of Fund Management - and then ratified by the Katsina State Fiscal Responsibility Commission (KSFRC) to ensure it is within the limits of the Medium Term Expenditure Framework (MTEF). The applications will then be forwarded for final approval and authorization by the Governor;

ii. The PFF will adopt the normal KTSMOF fund flow system for accessing funds from the KTSG, DPs and other designated sources;

iii. The PFF will ensure timely release of funds to eligible designated recipients. The PFF will regularly review the flow of funds to ensure efficiency and avoid delays in the disbursement of funds;

iv. The OAF or his designate will approve all drawings from the PFF as per the approved mandate. Any violations of this principle will result in ineligibility; and

v. The PFF will utilize funds for eligible activities and expenditures as per the prescribed windows in this Manual and the respective Funding Agreement.

1.5 Flow of Funds

The PFF will draw funds from various sources. These will form the inflows into the PFF. The PFF will also make payments under various windows; these will form the outflows from the PFF. To facilitate the flow of funds into and out of the PFF, the PFF will operate bank accounts.

1.5.1 Fund Bank Accounts

The PFF will operate two (2) main bank accounts and a facility with respect to the Contingent Liabilities financing. These accounts are as follows:

- PFF Special account(s)[3];
- PFF Operations account; and
- PFF Contingent Liability Reserve Facility (linked to the Operations account).

The purpose of each of the accounts and the facility is as follows:

i. **PFF special account(s):** This is the main collection account for the PFF. DPs will disburse funds from their special/designated account(s) into a special/designated fund account(s) operated by the KTSG and subsequently transferred to the PFF special account(s). In addition, funds from the Katsina State budget will be disbursed from KTSMOF account and then onward to the PFF special account.

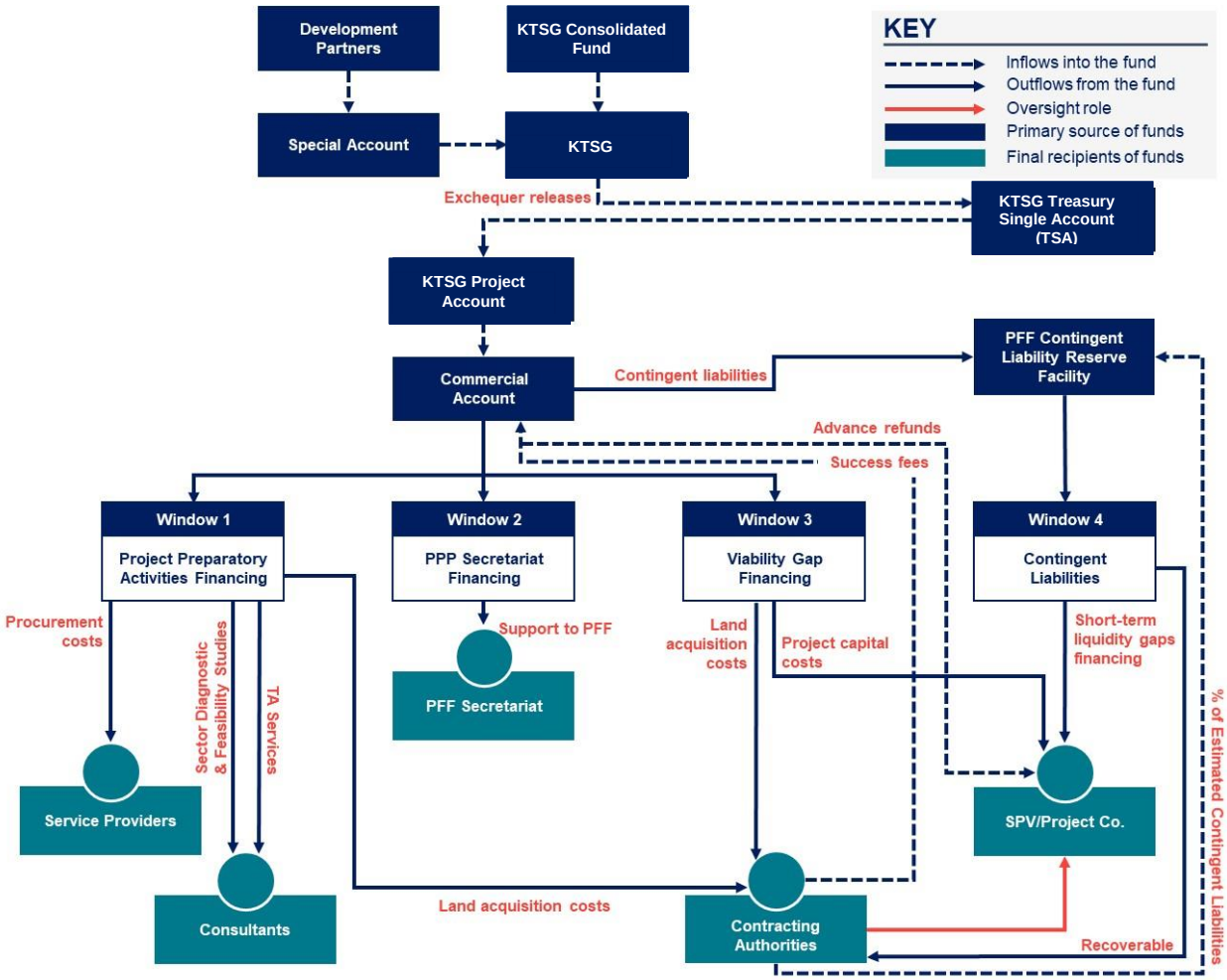
ii. **PFF operations account:** This is the main operations account for the day-to-day transactions processing of the PFF. The PFF will draw funds from the respective PFF special account(s). The PFF will disburse funding to respective windows from

[3] Subject to discussion with KTSG stakeholders, the account may be held in an acceptable commercial bank, linked to the Treasury Single Account.

this account. In addition, the account will collect investment income, success fees and recoverable advances from CAs.

iii. **PFF Contingent Liability Reserve Facility:** This facility shall receive dedicated funds specifically for Window 4 (i.e. Contingent Liabilities financing). The facility shall draw funds from the PFF operations account and respective investment income. KTSMOF will prescribe the maximum balance held in the account. The PFF will invest any surplus funds in short-term investments as guided by the PPP&PC and KTSMOF.

Figure 2-1: Flow of Funds into and out of PFF



1.5.2 Inflows to the Fund

Drawing Funds from Development Partners

The PFF will submit a request for disbursements from the respective DP based on the format prescribed in the Financing Agreement. (In the case of World Bank, the disbursement request is in the form of a withdrawal application using the online platform called Client Connection). The Financing Agreement will also prescribe the reports and other documentation necessary to support the disbursement request.

The following procedure will apply when drawing funds from a DP:

a) Output-based Financing

The Financing Agreement may stipulate that disbursements are contingent on the achievement of certain specific outputs (milestones, results, indicators, etc.). In such cases, the procedure for drawing funds will be as follows:

i. The Fund Manager will prepare a report to the DP providing evidence of the achievement of the specified milestone or result. The evidence may include a report from an independent verification agency confirming the milestone or result as per the agreement with the DP.

ii. The Fund Manager will prepare the draw down request in the prescribed format.

iii. The OAF will review and approve the report, the draw down request and the evidence supporting achievement of the milestone or result.

iv. The Fund Manager will submit the draw down request and supporting evidence to the DP for review and approval.

v. The Fund Manager will respond to any clarifications or queries from the DP satisfactorily.

vi. The DP will disburse funds to the KTSG account.

vii. The Fund Manager will acknowledge in writing the receipt of the funds.

viii. The Fund Manager will record the funds received and pass the appropriate accounting entries to reflect the status and balance of funds arising from the Financing Agreement.

b) Activity-based Financing

The Financing Agreement may stipulate that disbursements will support the completion of various activities as per an approved work plan over a periodic basis. In such cases, the procedure for drawing funds will be as follows:

i. The Fund Manager will prepare a progress report that includes both a technical and financial report at the end of the reporting period specified in the Financing Agreement. The report will highlight the progress in the implementation of various activities stipulated in the Financing Agreement/ approved work plan, as well as the financial resources incurred;

ii. The Fund Manager will prepare the draw down request in the prescribed format, taking into account the PFF account balance, expenses incurred, cash forecast for the following period and the balance of funds attributable to the PFF based on the Funding agreement;

iii. The OAF will review and approve the report, the draw down request and the evidence supporting activities implemented;

iv. The Fund Manager will submit the progress report; draw down request and supporting evidence to the DP for review and approval;

v. The Fund Manager will respond to any clarifications or queries from the DP satisfactorily;

vi. The DP will disburse funds to the KTSG account;

vii. The Fund Manager will acknowledge in writing the receipt of the funds;

viii. The Fund Manager will record the funds received and pass the appropriate accounting entries to reflect the status and balance of funds arising from the Financing Agreement.

c) Other Financing Mechanisms

DPs may have other financing mechanisms depending on their nature of operations. In such cases, the PFF will comply with the requirements for preparing drawdown requests as stipulated in the Funding Agreement with the DP.

Drawing Funds from KTSMOF

The following table illustrates the process of applying for funds from the KTSMOF.

Table 2-1: Procedure for Requesting Funds from KTSMOF

#	Action	Responsible Individual/ Entity
1	Formal letter sent by OAF to KTSMOF.	OAF
2	Planning and Budget Commission verifies the request against approved budget.	Planning and Budget Commission
3	KTSMOF forwards the requisition to the Governor indicating the PFF's bank account/s that the issued amounts will be paid to.	KTSMOF
4	Governor reviews the requisition and approves the funds' release.	Governor
5	Governor returns the approved requisition to the KTSMOF for funds release processing.	Governor
6	KTSMOF receives approved requisition and authorizes the release of funds through official communication to the PFF Sub-Account	KTSMOF
7	KTSMOF informs PFF of release of funds.	KTSMOF
8	OAF authorizes the further release of funds to PFF Sub-account or Contingent Liabilities Reserve Facility.	OAF
9	OAF authorizes payment from PFF Sub-account or the Contingent Liability Reserve Facility.	OAF / Designate

Receiving Payments from Contracting Authorities

CAs may pay into the PFF levies, recoverable advance repayments and proportional payments for estimated CL liquidity financing.

The following table illustrates the process of receiving payments from the CAs.

Table 2-2: Procedure for Requesting Funds from a CA

#	Action	Responsible Individual/ Entity
1	Fund Manager monitors the payments due from CAs based on the obligations in the Funding Agreement and identifies any payments falling due.	PFF – Fund Manager
2	Fund Manager submits a demand note for payment to the CA indicating the amount due and the purpose for which it arises, referencing the appropriate Funding Agreement. The request will also include the PFF's bank account(s) for payment.	PFF – Fund Manager
3	CA receives and verifies request for payment against Funding Agreement.	CA
4	CA reviews requisition and approves funds release following the CAs internal approval protocols.	CA
5	CA releases funds to the PFF account and issues a payment advice to the PFF.	CA

#	Action	Responsible Individual/ Entity
6	Fund Manager verifies the receipt of the payment and reconciles it with the demand note issued to the CA. Fund Manager issues a receipt confirmation or a discrepancy advice to the CA depending on the outcome of the reconciliation.	PFF – Fund Manager
7	Accountant updates the records of the PFF and the account receivable account of the CA.	PFF - Accountant

Drawing Funds from Private Parties

The PFF will receive payments from Private Parties in the form of success fees. The process for tracking and requesting the payment will mirror the process outlined in Table 2-2 above.

1.5.3 Outflows from the Fund

PFF funds will flow out through payments to Support Windows and the respective payees for different forms of payment as outlined in Figure 2-1 above.

Types of Payments from the Fund

Payments made by the PFF will be in line with the Funding Agreement and as such, three types of payments from the PFF may arise:

a) **Lump-sum Payments:** these are one-off payments;

b) **Milestone-based Payments:** these are payments that are dependent on various deliverables and conditions or disbursement linked indicators set out in the Funding Agreement; and

c) **Retainer Fees:** These are payments made for availability of services and may not necessarily be with respect to specific deliverables. There should however be clear timeframes within which such services are offered.

Where the PFF makes payment towards satisfying CL that materialize under a Project at the request of the CA, the CA will repay the PFF in its immediate subsequent budget cycle, except for instances where the Contingent Liability arises out of KTSG default.

Restricted, Unrestricted and Designated Funds

A DP may give funds for a specific purpose or utilization in a specific manner or within a specific period and to a specific Window. The PFF will operate a separate bank account for a Restricted/Designated fund depending on the quantum of the funds and the provisions of the Financing Agreement. The PFF will also treat the Contingent Liability Reserve Facility as a Restricted Fund.

The following conditions will apply to Restricted Funds:

i. Fundraising materials and other communications will not restrict funds from DPs to specific windows.

ii. The PFF will negotiate with the DPs where there remains a balance of Restricted /Designated funds after the achievement of objective for restricting the use of the funds.

iii. The PFF will exhaust the allocations from a Restricted/Designated fund to a specific window prior to expending Unrestricted funds to the said window.

3. Operations of the Fund

1.6 Financing of the Fund

The PFF is a revolving Fund and will undertake measures to safeguard its sustainability and meet the objectives for which it was established. The PFF will achieve this by developing an adequate business planning and resource mobilization strategies.

1.6.1 Business Planning

The PFF will develop a 10-year Business Plan to guide its operations. The PPP&PC will approve the Business Plan. The Business Plan will outline the objectives and sub-objectives of the PFF, its goals for the period of the plan and the specific initiatives / actions to help achieve the intended results.

The Business Plan will be reviewed at the lapse of a 5-year period or earlier in the event of significant changes in the PFF's regulatory framework or operating environment and/or if the PPP&PC wishes to change its strategic direction.

The Business Plan will inform the PFF's annual work plan and the results framework.

The Business Plan shall be reviewed and approved by the PPP&PC as well as DPs based on the requirements of the respective DP Financing Agreement.

1.6.2 Resource Mobilization

The OAF will lead resource mobilization for the PFF supported by the PFF Secretariat. The PFF's Business Plan and the strategies therein will guide the resource mobilization activities of the PFF.

1.6.3 Development Partner Funding

The PFF will seek to mobilize resources from DPs to finance the operations of the PFF. In engaging with the DPs, the OAF will observe the guidance provided by the PFF's financing policy and the principles of partnership.

1.6.4 Financing Policy

The PFF will adhere to the following policy when negotiating and entering into Financing Agreements:

1. All Financing Agreements will be reviewed by the Finance Sub-committee and approved by the PPP&PC;
2. The Financing Agreement will outline whether funds are restricted or unrestricted and the purpose for which Restricted Funds should be used (specific window(s), project(s)/sector use) etc.;
3. Financing Agreements will clearly outline specific conditions and the reporting /compliance requirements;
4. Where such conditions are in conflict with the provisions of this Manual, they will need to be approved by the PPP&PC; and
5. The PFF will adhere to the requirements agreed upon in the Financing Agreement.

Principles for Partnership

a. **Congruence with PFF mandate**: Partnership initiatives and support must be in line with the PFF's mandate, objective, this Manual and PFF guidelines;

b. **Equity:** DPs will seek to promote the best interests of the PFF. DPs will recognize and respect the PFF mandate, values, knowledge, skills and reputation;

c. **Integrity, independence and impartiality**: Partnership activities should not diminish the PFF's integrity, independence or impartiality:

   i. The PFF will enter into partnerships with reputable partners whose focus, programs and methods of operations are compatible with the PFF's mandate and independence; and exhibit an explicit commitment to ethical behavior;

   ii. Partnerships will enhance, but may not diminish, the PFF's credibility as a steward of public funds;

   iii. Partnership agreements will neither imply any right to provide special access to the decision-making process of the PFF nor any right to exercise influence thereon;

d. **Applicability:** Support offered to the PFF may only be considered with respect to the areas of support under the windows of the PFF;

e. **Fairness:** Partnerships will not provide an unfair advantage to any partner. The PFF will not enter into a partnership agreement if it excludes the right to negotiate a similar arrangement with other partners or if it requires the PFF's endorsement of any product or service of a partner;

f. **Transparency**: Partnerships will be transparent in their formation and management. Information on the nature and scope of major partnership agreements and the benefits derived from them must be available to the PFF and its key stakeholders;

g. **Accountability:** The design and implementation of partnership initiatives will ensure that all partners have clear and agreed responsibilities and accountability;

h. **Value addition and mutual benefit:** Partnership activities must add value by aiding in the achievement of the PFF's objectives, increasing the efficiency and/or effectiveness of the PFF's work, *inter alia* by resource mobilization or leveraging mutual synergies;

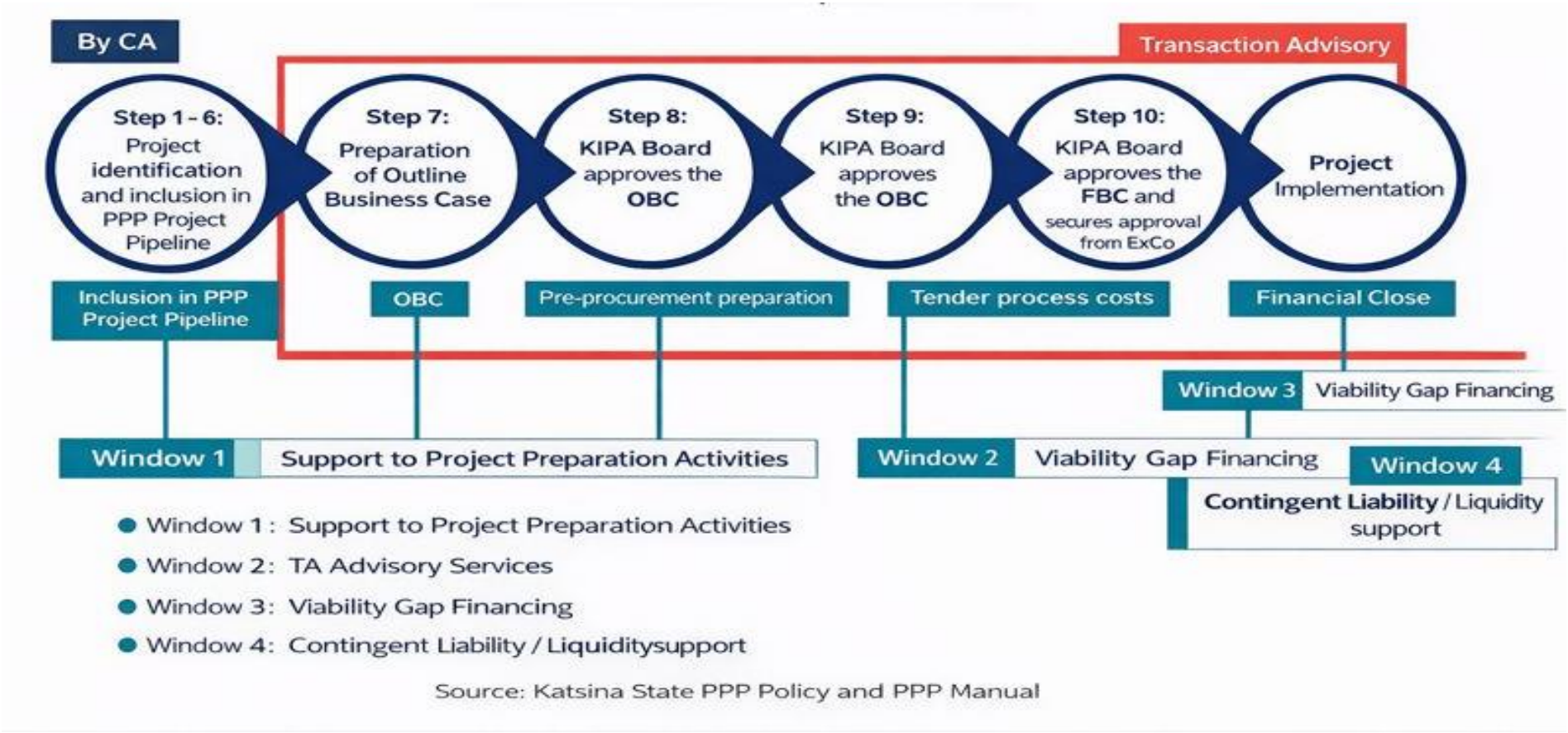
i. **Respecting intellectual property and confidentiality**: There must be prior consultation and agreement between the PFF and the potential partners regarding the ownership of copyright, patent or other intellectual property rights generated through the proposed activities carried out under the Funding Agreement or partnership agreement.; and

j. **Ethical considerations:** In developing partnerships and undertaking resource mobilization initiatives, the OAF, PFF Secretariat and representatives must adhere to the highest ethical standards, avoiding both actual and foreseeable potential conflicts of interest, as well as relationships that give the appearance of impropriety.

1.7 Funding

The PFF shall provide funding to eligible entities namely: the PFF Secretariat under Window 2 and CAs/SPVs under Windows 1, 3 and 4. The PFF shall enter into Funding Agreements with eligible entities that meet the specific eligibility criteria for funding specific activities under each Window. PPP cycle and potential funding areas by the PFF along the cycle are outlined in Figure 3-1 below.

Figure 0-1: PPP Cycle and Funding Areas under PFF



Source: Katsina State PPP Policy and PPP Manual

1.7.1 Funding the PFF Secretariat – Window 2

The funding to the PFF Secretariat shall be subject to the approval of the PPP&PC. However, for efficiency purposes, the PFF Secretariat will seek this approval once every financial year through the budget process. In circumstances where additional funding is required, the supplementary budget process will provide a mechanism for approval.

Management of funding under Window 2 will entail a five-stage process as outlined below:

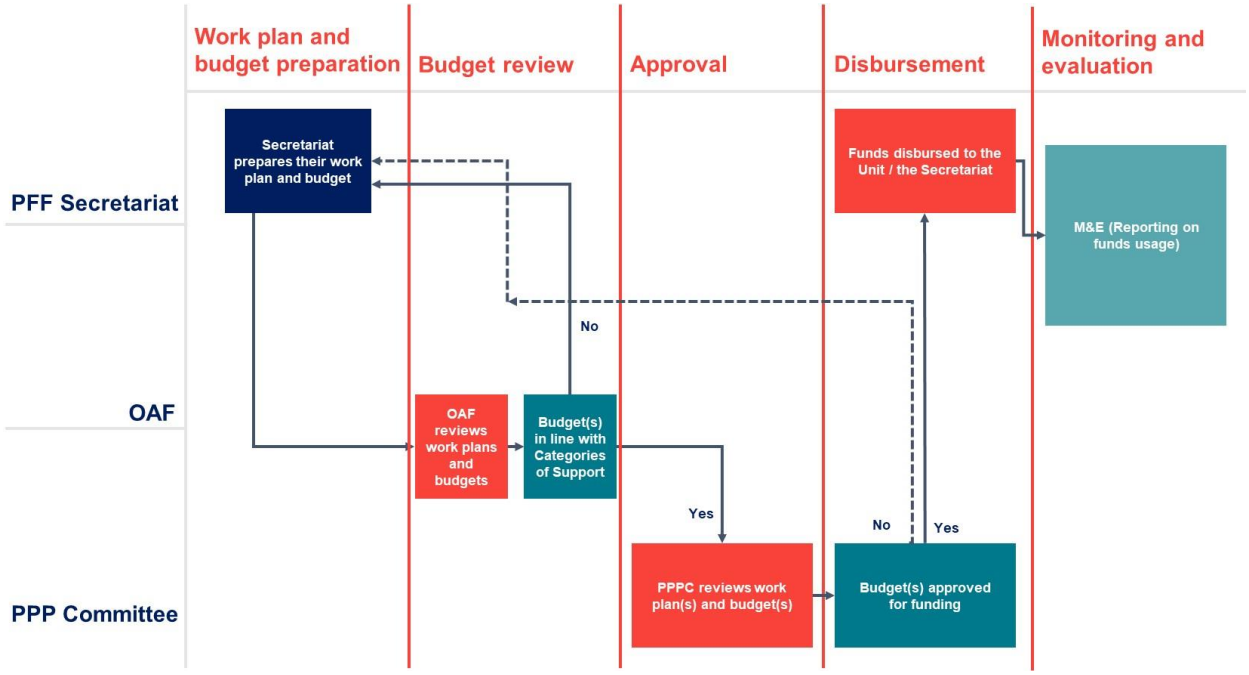
The budget approval procedure will be as follows:

1. The Fund Manager will communicate with the OAF to initiate the preparation of the work plan and budget for the next financial year for the PFF Secretariat;
2. The Fund Manager will collate all inputs of the work plan and budget and present the budget to the OAF for review;
3. The OAF will review and make amendments to the budget for onward submission to the Finance Sub-Committee of the PPP&PC;
4. The Finance Sub-Committee will undertake a detailed review of the budget and ensure that it complies with the categories of funding for the window. The Finance Sub-Committee will also seek appropriate clarifications from the Fund Manager/ OAF and issue their recommendations to the PPP&PC; and

The Fund Manager will disburse the funds. The Accountant will maintain proper books of account to record and track all disbursements/ expenses. In addition, the Fund Manager will monitor the utilization of funds incurred by the PFF Secretariat and ensure that the funds are utilized for the intended purpose.

Figure 0-2 below illustrates the funding process to the PFF Secretariat under Window 2 of the Fund.

Figure 0-2: Process for Application for Funding under Window 2



Transfer of funds to the PFF Secretariat will be through the process outlined below:

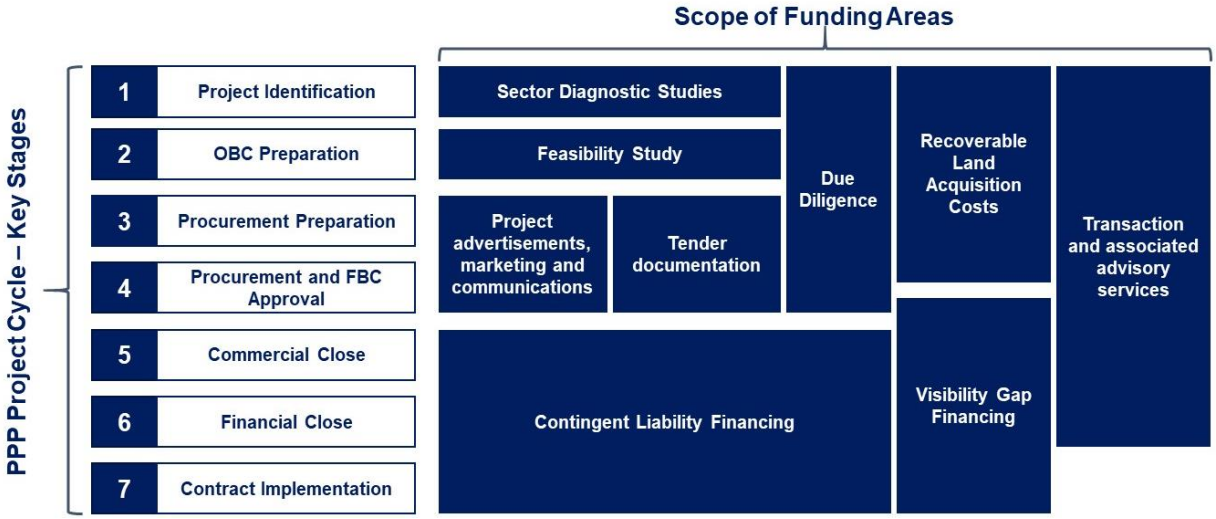
Table 0-1: Process for Release of Funds under Window 2

#	Action	Responsible Individual/Entity	Timeline
1	PFF Secretariat determines its requirements for the year under the categories of support in Window 2.	PFF Secretariat	Annually
2	PFF Secretariat creates the PFF's annual work plan.	Fund Manager	Annually
3	PFF Secretariat creates PFF's annual budget.		
4	PFF Secretariat submits the work plan and budget to OAF.	PFF Secretariat	Annually
5	The OAF reviews annual work plan and budget.	OAF	2-3 days (at least 1 month prior to PPP&PC meeting)
6	The OAF submits the budget and work plan to the PPP&PC for review and approval.	OAF	Annually (or in the respective quarter in the case of supplementary budgets)
7	The PPP&PC reviews the budget and work plan and approves funding for the period in writing.	PPP&PC	2-3 days
8	Disbursement of funds to PFF Secretariat	PFF / KTSMOF	5-14 days
9	Monitoring and Evaluation	PFF Secretariat	Continuous or quarterly based on the activities being financed

1.7.2 Funding Contracting Authorities - Window 1, 3 and 4

The PFF will provide funding to Projects of eligible entities at any time and stage of the PPP Project cycle as outlined in Figure 0-3 below.

Figure 0-3: PPP Project Cycle and PFF Funding Scope



Management of funding under Windows 1, 3 and 4 by the PFF will entail a seven-stage process as outlined below.



The CA will access the funds upon entering into a Funding Agreement with the Fund as illustrated above.

Application for Funding

Eligible entities will submit their applications for funding at any given time during the financial year. The application will be in the prescribed form on the PFF's website.

The application process will be as follows:

i. The CA will download the application form from the PFF's website and populate the application based on their requirements for funding.

ii. The CA will subject the application to their own internal approval process, after which the authorised representatives of the CA will sign the application.

iii. The CA will also collate all supporting documentation for the funding application.

iv. The CA will submit their application for funding through either of the following methods:

   a) The PFF's online portal; or

   b) An email address to be provided to applicants on the PFF's website

On receipt of the funding application, the PFF will:

i. Receive applications for funding and serialise them in a sequential manner. The serial number will provide the unique reference number for the application;

ii. Acknowledge receipt of each application for funding to the CA. The acknowledgement will indicate the unique reference number for tracking the application. In addition, it will provide information relating to the stages of review and the timelines within which a response is expected. The acknowledgement will be in the form of an alert or simple letter of notification;

iii. Assign the application for funding to the relevant Secretariat staff for screening; and

iv. Update file/online portal for each application for funding on its status within the approval cycle.

Managing Applications for Funding

Fund Manager will be responsible for managing the applications for funding. The responsibilities will include:

i. Providing application forms / templates on the Fund's website as well as application guidelines;

ii. Responding to any queries that CAs may have regarding the application process and requirements for funding;

iii. Creating a response to frequently asked questions (FAQs) and avail the same on the Fund's website.

iv. Keeping track of all applications for funding made to the PFF.

The table below outlines the application process, responsibilities and timelines:

Table 0-2: Application Management Process

#	Action	Responsible Party	Timeline
1	The PFF Secretariat provides the *Application for Funding* templates and guidelines on the PFF's website.	Fund Manager	At inception of the Fund and continuously
2	The PFF Secretariat provides information on application for funding and responds to any queries by the CAs.	Fund Manager	Continuously
3	The CA makes an application for funding addressed to the PFF Secretariat.	Project Officer at CA	At any point
4	The Fund Manager receives the application for funding and serializes it sequentially.	Fund Manager	1-2 days
5	CA is notified of receipt of application, the due process to be followed and potential timelines to the outcome.	Fund Manager	
6	Application is submitted for preliminary screening by the PFF Secretariat.	Fund Manager	1 day
7	The PFF Secretariat keeps a record of all applications for funding and the respective outcomes of each application.	Fund Manager	Continuously

Supporting Documentation for Applications

Window 1: CAs will provide the following supporting documents for each category of support required under Window 1.

Table 0-3: Supporting Documentation for Application for Funding under Window 1

#	Funding Areas (Category of Support)	Supporting Documentation
1	Recoverable land acquisition costs	i. Duly filled *Application for Funding* template; ii. Copy of an approved feasibility study, iii. Land acquisition, compensation and resettlement action plans; and iv. An award of compensation.
2	Consultancy services related to the PPP program including the conduct of sector diagnostic studies, project proposal development and feasibility studies	i. Duly filled *Application for Funding* template; ii. Project Officer and list of PDT members; and iii. Project concept note.
3	Conduct of tender processes including Project advertisements, marketing and communications, tender documentation and due diligence	i. Duly filled *Application for Funding* template; ii. Project Officer and list of PDT members; iii. Project screening results; and iv. Copy of an approved feasibility study.
4	Transaction and associated advisory services	i. Duly filled *Application for Funding* template; ii. Project Officer and list of PDT members; and iii. Project concept note.

#	Funding Areas (Category of Support)	Supporting Documentation
5	Other Project preparation activities as may be approved from time to time by the PPP&PC	i. Specific area of funding (category of support) approved by PPP&PC; ii. Duly filled *Application for Funding* template; iii. Project concept note; and iv. Project Officer and list of PDT members.

Window 3: CAs will provide the following supporting documents for each category of support required under Window 3.

Table 0-4: Supporting Documentation for Application for Funding under Window 3

#	Funding Areas (Category of Support)	Supporting documentation
1	Capital grants made to a Project during construction	i. Details of project origination (Solicited or unsolicited) ii. Copy of an approved feasibility study; iii. Copy of approved project report and financial risk assessment report; iv. Project Agreement (where applicable); v. Details of service(s) to be provided by the Project against payment of a tariff or user charge; vi. Copy of the Project's approved financial model; vii. Project Company equity (ownership) details; and viii. Contingent Liability estimate for the Project.
2	Recoverable advances made to a CA	
3	Any other recoverable advances that may be made to a Project under the PFF Guidelines	
4	Loans, equity or other financing arrangement as may be made available to a Project in accordance with a Project Agreement	

Window 4: CAs will provide the following supporting documents for each category of support required under Window 4.

Table 0-5: Supporting Documentation for Application for Funding under Window 4

#	Funding Areas (Category of Support)	Supporting documentation
1	Contingent Liability	i. A copy of the signed Project Agreement; ii. A copy of the approved feasibility study; iii. A copy of the approved Project report and financial risk assessment report; and iv. A copy of the Project's approved financial model.
2	The Contracting authority will also provide evidence/ justification that: • The CL cannot be handled by KTSMOF under alternative frameworks; • The CL does not arise from a contracted obligation of a CA under a Project Agreement for which a budgetary allocation has been made by that CA; and • The CL is materialising out of KTSG default and not recoverable from a CA under a Project Agreement (eligible for settlement under the Fund and not recoverable).	

Screening of Applications

The PFF Secretariat will screen all applications for funding received prior to submission to the Finance Sub-Committee for assessment. The objective of the screening process will be to ensure that the applications submitted to the Finance Sub-Committee meet the primary requirements for assessment.

The PFF Secretariat will screen the applications to check:

i. Administrative compliance – the check will screen for compliance with administrative application requirements of the Fund. This will include:
   - The application is on the appropriate application form and that it is complete in all material aspects;
   - The authorized representative of the CA has approved the application; and
   - The application contains all supporting documentation required for each specific category of funding.

ii. Eligibility of the application – this will entail screening the application for compliance with the eligibility requirements provided in PFF Guidelines. The eligibility check will include:
   - Verification that the entity is eligible for funding under the PFF;
   - Verification that the application for funding is for an eligible category of support under the support windows; and
   - Verification that the Project requiring funding is in the KIPA PPP pipeline.

iii. Compliance with any additional rules set by the PPP&PC from time to time.

Fund Manager will communicate the outcome of the screening process to the CA in writing. The communication will indicate any of the following decisions:

i. **Deferral of the Application**: This will be in a situation where the CA can resubmit the application for funding after addressing the cause of deferral. This could include providing clarifications, missing documentation and completing any missing information or errors in the application for funding;

ii. **Rejection of the Application**: This will be in a situation where the CA cannot resubmit the application for funding due to non-eligibility of the application or non-compliance with the requirements for funding; or

iii. **Submission of the Application for Evaluation**: This will be in a situation where the application for funding meets all the screening requirements.

Fund Manager will submit all applications that meet the funding criteria to the Finance Sub-Committee for assessment.

Fund Manager will maintain a log of all of the applications received and the outcomes of the screening processes. In addition, Fund Manager will provide a report to OAF indicating all the applications received during the month and the outcome of the screening processes.

The process for the screening of applications is outlined below:

Table 0-6: Process for Screening of Applications

#	Action	Responsible	Timeline

		Party	
1	Fund Manager or designate will undertake preliminary screening of the application against the screening checklist.	Fund Manager / designate	2-3 days
2	CA will be notified of the outcome of the preliminary screening and any actions due before resubmission if the application is incomplete, erroneous or unclear.	OAF/Fund Manager	1 day
3	Eligible and complete applications will be sent to the Finance Sub-Committee for assessment	OAF/Fund Manager	1 day
4	A report will be prepared on a monthly basis on detailing the log of all applications for funding and their status	Fund Manager	2 days

Assessment of Applications

Finance Sub-Committee will assess all applications for funding that meet the screening criteria on a first-come, first-serve basis. Finance Sub-Committee may meet physically or virtually to assess the application(s) for funding. The assessment decision will be on the basis of a simple majority. Finance Sub-Committee will document the justification of their decision.

Finance Sub-Committee will assess all applications based on the eligibility and prioritization criteria outlined in the PPP Guidelines, as well as any other rules that are laid down by the PPP&PC from time to time.

Finance Sub-Committee will co-opt additional technical experts in the field of the funding applications under assessment at its own discretion where the input of technical experts may be required. This will ensure that decisions benefit from experts who have appropriate knowledge of the sector and the subject matter under assessment.

Finance Sub-Committee will maintain their own meeting calendar that will allow for flexibly assessing funding applications and making recommendations for approval ahead of the quarterly PPP&PC meetings.

The procedure for assessment will be as follows:

i. Chairperson will review the applications submitted and determine the subject matter experts required to assess the applications for funding. Chairperson will then proceed to constitute the Finance Sub-Committee and recruit the subject matter experts;

ii. Chairperson will distribute the applications to the members and set the timeframe for individual assessment of the funding applications by the respective members;

iii. Chairperson will set up a meeting to deliberate on the outcomes of the individual assessment and pass a vote to determine the applications that meet the conditions for funding;

iv. Chairperson will send all applications that meet conditions for funding to PPP&PC for approval;

v. Chairperson will provide feedback on all applications that do not meet the conditions for funding to Fund Manager. The feedback will enumerate the reasons for rejection, areas of non-compliance or areas that need modifications;

vi. Fund Manager will communicate the results of the assessment to the CAs;

vii. Fund Manager will update the report on the status of all funding applications and share with OAF.

The table below outlines a summary of the assessment process:

Table 0-7: Process for Assessing Applications for Funding

#	Action	Responsible Party	Timeline
1	Application for funding will be received by Finance Sub-Committee for assessment.	Finance Sub-Committee Chairperson	1 day
2	Finance Sub-Committee will determine the requirements for technical experts to include in the assessment team.	Finance Sub-Committee Chairperson	2 days
3	The application will be assessed by Finance Sub-Committee which makes its recommendations.	Finance Sub-Committee Chairperson	5 - 10 days
4	The CA will be notified of the outcome of the assessment (with a basis for rejection if the application is rejected) and any actions due before resubmission if the application is incomplete, erroneous or unclear.	OAF/Fund Manager	1 day
5	Finance Sub-Committee chairperson will submit applications eligible for funding to PPP&PC with recommendations.	Finance Sub-Committee Chairperson	1 day

3.2.2.4 Approval of Applications

PPP&PC will meet at least once every quarter to approve applications for funding. PPP&PC will review the recommendations of Finance Sub-Committee and will approve, defer or reject applications for funding.

PPP&PC will communicate its decision on each application for funding in writing.

PPP&PC may:

a) Approve an application for funding – with or without conditions;

b) Defer an application for funding – subject to certain conditions being met such as in the case of VGF, or subject to availability of funds, where the application meets conditions for funding but there are multiple applications for funding and limited funds available; or

c) Reject an application for funding – where the application for funding does not meet the conditions or eligibility requirements.

PPP&PC will communicate its decision to the PFF Secretariat. Fund Manager will then relay the Committee's decision to the CA and to respective stakeholders as may be applicable.

Table 0-8: Process for Approval of Applications for Funding

#	Action	Responsible Party	Timeline
1	PPP&PC will review the recommendation by Finance Sub-Committee and make its decision on the application for funding in writing based on the funding approval template.	PPP&PC Chairperson	At least once every Quarter
2	PPP&PC will communicate its decision to the CA with a basis for rejection or conditions to be fulfilled prior to funding.	OAF / Fund Manager	1 – 2 days
4	Anticipated funding will be communicated to the relevant department within KTSMOF in the case of recoverable advances for tracking and advice on any conditions that need to be in place prior to disbursement.	OAF / Fund Manager	1 – 2 days
5	PFF Secretariat will communicate the results of the approval process with the CAs.	Fund Manager	1-2 days

1.8 Contracting (Entering into Funding Agreements)

1.8.1 Guidelines for Entering into Funding Agreements

PFF will enter into Funding Agreements with CAs for support provided under each window (and Private Partners as well in the case of VGF) as outlined below:

a) OAF will prepare a Funding Agreement for each funding support provided under PFF except for support provided under Window 2; Support to Window 2 will be as per the explanations in section 3.2.1;

b) Funding Agreement will be between the PFF and the CA that has direct responsibility for a Project to receiving funding. Where such agreement relates to VGF, the Funding Agreement will be a tripartite instrument between the PFF, the CA and the SPV;

c) Disbursements from PFF will not be affected in the absence of a Funding Agreement;

d) All Funding Agreements will only be prepared after PPP&PC issues the approval for funding;

e) Each Funding Agreement will:

(i) Include a dispute resolution mechanism that is appropriate to the nature of the agreement; and

(ii) Provide for an alternative dispute resolution mechanism with judicial proceedings as the last resort.

1.8.2 Procedure for Preparation and Signing off of Funding Agreements

The procedure for preparing and signing off Funding Agreements will be as follows:

a. PFF Secretariat will prepare the Funding Agreement working closely with the legal and risk management functions of PFF Secretariat. The agreement will be consistent with the approved application for funding;

b. OAF will review the draft Funding Agreement prior to submission to the CA;

c. CA will review the draft Funding Agreement and confirm concurrence with it;

d. CA (and the Private Partner in the case of VGF) will enter into a Funding Agreement with the PFF with the respective signatories signing the document;

e. OAF will sign on the side of the PFF; and

f. A duly authorized representative will sign on the side of the CA.

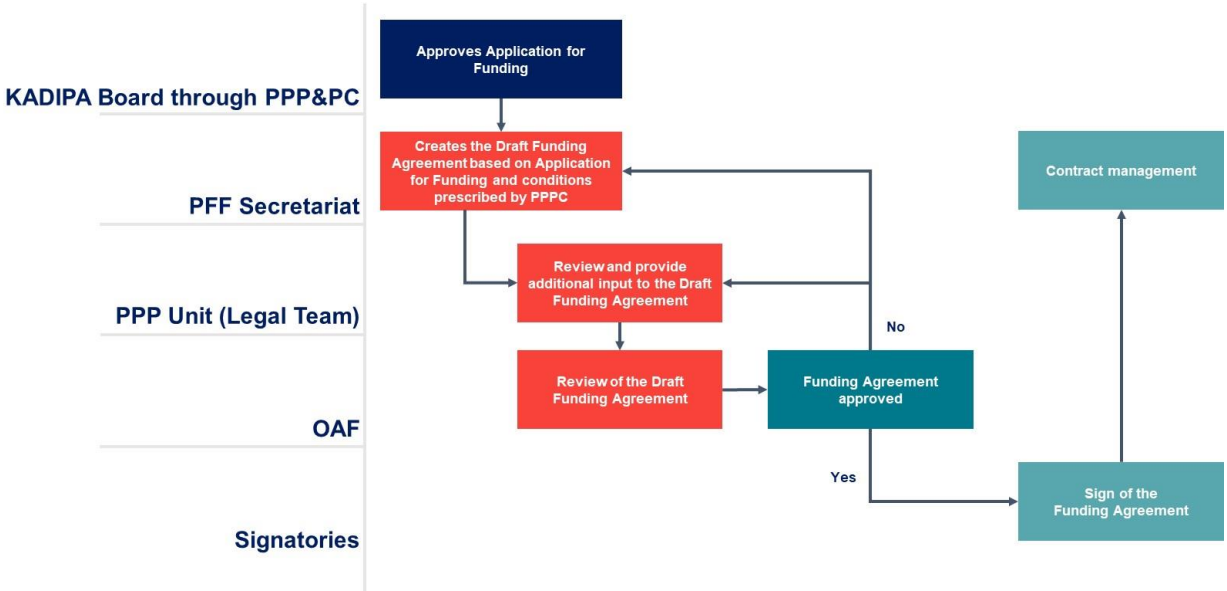


Figure 0-4: Procedure for Entering into the Funding Agreement

1.8.3 Terms and Conditions for Funding

The Funding Agreement will include the following components:

i. Parties to the Funding Agreement

ii. Obligations of the respective parties

iii. Eligibility for funding

iv. Amount and duration of funding

v. Disbursement schedule and requirements if any

vi. The expected completion timeline of the task being funded

vii. Reporting and documentation requirements

viii. Where it is a recoverable advance, the recovery process and terms of conversion to grant.

1.9 Disbursement of Funds

PFF Secretariat will make disbursements to CAs in accordance with the signed Funding Agreement and submission of a disbursement request. All disbursements will be through the prescribed approval thresholds procedures in this Manual.

1.9.1 Pre-requisites and Procedures for Disbursement from the PFF

PFF will undertake prior planning in consultations with the CAs with signed Funding Agreements to ensure that the PFF meets requests for financing in an efficient manner. In this regard, the CAs will make budgetary submissions of their Project to the PFF prior to making

applications for funding. CAs will make the disbursement request pursuant to the procedure, timelines, and conditions laid out in the Funding Agreement as well as the relevant supporting documents.

1.9.2 Receipt and Review of Disbursement Requests

Disbursement Request Handling Procedure at PFF

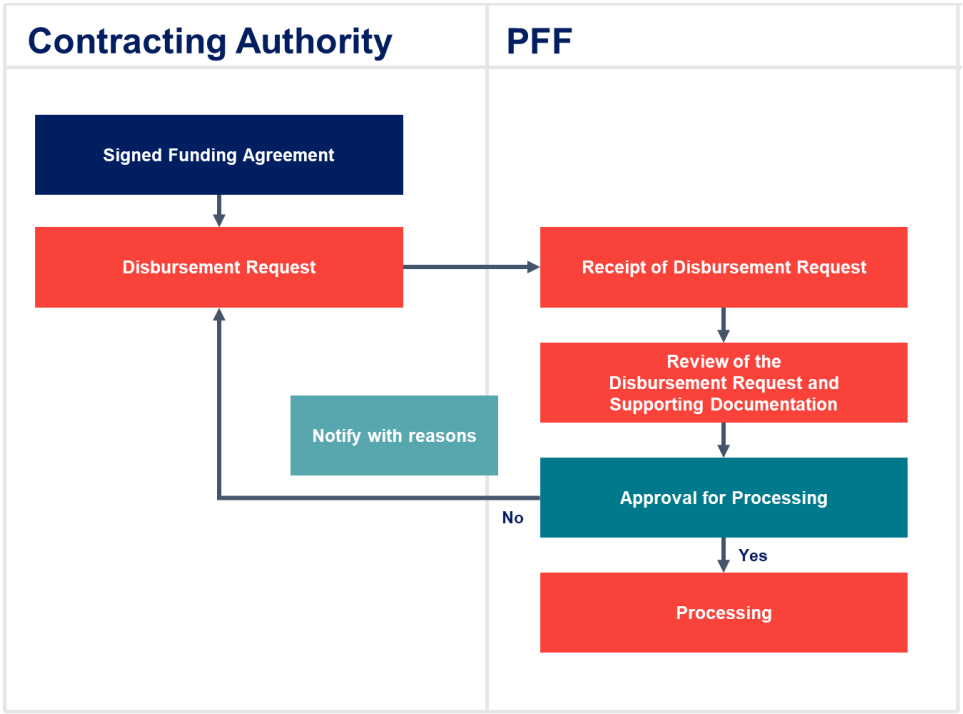
Requests for disbursement will be through the procedure outlined below:

Table 0-9: Process for Disbursement of Funds

Process Step	Process Description	Responsible Officer / Unit / Dept.	Timeline
1	CA will submit their Project financial requirements for the financial year to PFF.	CA	Budget planning/ supplementary budget
2	CA will make a disbursement request.	CA	Based on the Funding Agreement
3	PFF will receive the disbursement request and confirm receipt.	Fund Manager	1-2 days
4	The disbursement request will be processed by PFF Secretariat.	Fund Manager / Accountant	2-3 days
5	A 'no objection' will be sought from DPs or any other stakeholder if required.	Fund Manager	5 days
6	Sign-offs by the signatories will be required for financing.	OAF/Fund Manager	2-3 days
7	Funds will be disbursed by the Accountant.	Accountant	1-2 days
8	Notification of disbursement will be made to the recipient of funds and the respective CA (for Indirect payments).	Fund Manager	1-2 days

The disbursement request handling procedure is illustrated below:

Figure 0-5: Disbursement Procedure



1.9.3 Processing of Disbursements

PFF will ensure the following when processing disbursements:

a. All disbursements will be made be in accordance with the Funding Agreement;

b. Disbursements relating to acquisition of land, compensation and resettlement as well as obligations co-funded by CA will be made to CA;

c. VGF will be paid in accordance with the disbursement schedule set out in the Funding Agreement.

Payment Options

Payments from PFF will be milestone-based. Milestone-based payments are payments made to CAs or third parties based on the achievement of specific milestones (actions, activities or results) as outlined in the Funding Agreement.

Forms of Payment

a) Direct payments - these are payments made directly to CAs.

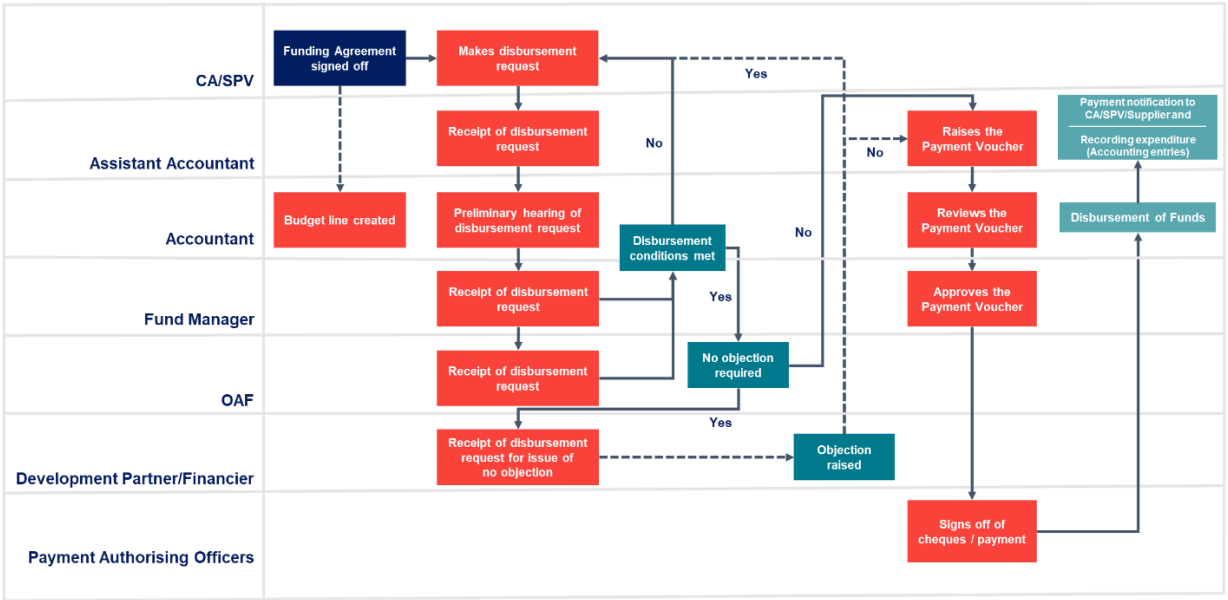
b) Indirect payments – these are payments made to third parties for specific delivery. They may include:

   a. Payments to an SPV/ Project Company;

      i. Payments to Transaction Advisors – these will be accompanied by specific reports, invoice, contract; and CAs specific approval for payment.

The disbursement cycle is illustrated below:

Figure 0-6: Disbursement Cycle



Payments from PFF will be in the form of wire transfers.

CA, or the respective recipient of the funds if not a CA, will be notified when the disbursement has been made.

1.9.4 Disbursement Tracking

a) Maintenance of disbursement schedules – PFF will maintain disbursement reports:

i. For each CA; and

ii. For each Funding Agreement.

The monthly reporting by CA will include a schedule of all disbursements undertaken every month for each window. These will then be reported quarterly by PFF Secretariat to PPP&PC along with the overall PFF status.

b) Disbursement tracking for VGF

i. Disbursements tracking for VGF will entail:

i. Tracking of drawdowns;

ii. Tracking of changes in the Project Agreement that may affect VGF; and

iii. Tracking of overall Project cost in line with VGF.

1.9.5 Treatment of Disbursements in Case of Disputes

Where disputes arise in a Project that threaten the feasibility or implementation of the Project, funding to such a Project may be suspended until such a time as the dispute is resolved.

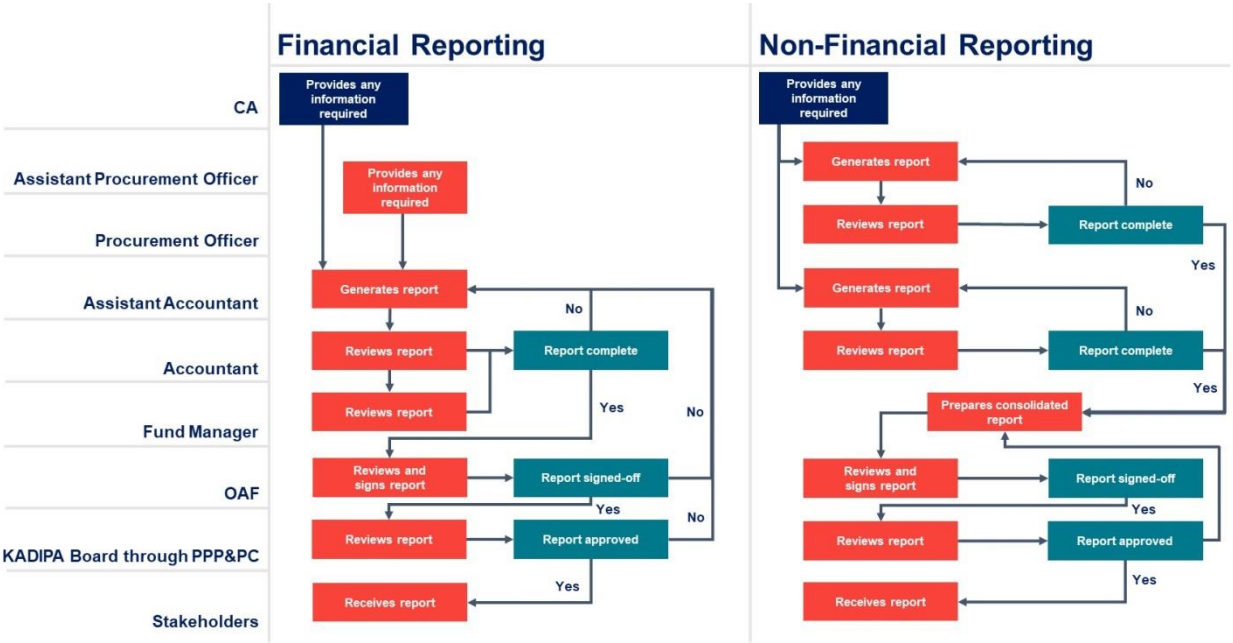
1.10 Monitoring and Reporting

1.10.1 Basis for Monitoring and Reporting

PPP&PC will ensure that PFF undertakes comprehensive and regular monitoring and evaluation of its operations as per the relevant legal and regulatory framework(s) and requirements of its DPs.

PFF will undertake reporting on its activities and funds disbursed/utilized as outlined below:

Figure 0-7: Process for Reporting by PFF



Reporting will be based on a reporting matrix an example of which is outlined below:

Table 0-10: Sample Reporting Matrix

Area	Type of Report	Frequency/ Timeline	Responsibility	Approval	Publication / Recipients
Finance	Quarterly (interim) financial report	Quarterly	Fund Manager / Accountant	OAF	PPP&PC
	Cashflow forecast report	Quarterly	Accountant	OAF	PPP&PC
	Annual financial report (includes budget reporting)	Annually	Fund Manager / Accountant	OAF/ PPP&PC	KTSG, Development Partners, other key stakeholders
	Development Partner fund accountability report(s)	TBD by DP	Accountant	OAF / PPP&PC	Development Partners
Procurement	Quarterly procurement report	Quarterly	Procurement Officer	OAF	PPP&PC
Fund Administration	Applications for funding report	Quarterly	Fund Manager	OAF	PPP&PC
	Fund operational report	Quarterly and Annually	Fund Manager	OAF	PPP&PC
	Technical experts and outsourced services reporting	Quarterly and Annually	Procurement Officer	OAF	PPP&PC
Performance Management	Quarterly fund performance reports	Quarterly and Annually	Fund Manager	OAF	PPP&PC
	Annual fund performance report	Quarterly and Annually	Fund Manager	OAF	All stakeholders of the Fund (published on the Fund's website)

1.10.2 Reporting by Contracting Authorities

CAs will undertake timely reporting based on the reporting schedule that will be outlined in the Funding Agreement.

Reports submitted by CAs will be a true and factual representation of the Projects' actual implementation status and known facts.

1.10.3 Special Considerations

The key areas for monitoring include:

Table 0-11: Key Areas for Disbursements Monitoring per Window

Project Preparatory Support	Funding to PPP Unit	VGF Financing	Contingent Liability Liquidity Support
Specific delivery if pre-financing activities	Funds advanced are used for the intended purpose.	1. The Private Partner maintains the required level of shareholding (more than 50%). 2. The funding advanced by the PFF does not exceed 50% of overall Project costs. 3. That debt and other instruments do not change the equity structure of the SPV.	1. That the Contingent Liabilities do not arise out of specific negligence of the CA to manage risks. 2. The said liabilities do not exceed initial estimates without the KTSMOF's approval. 3. The said risks do not exceed the Project's overall acceptable level of risk.

1.10.4 Procedures for Monitoring and Reporting by CAs on PFF-funded Projects and Activities

Reporting will primarily be undertaken by the Project Officer at the CA. To this end, the Project Officer in liaison with Fund Manager will convene periodic meetings to gauge Project implementation and management of risks, the actual costs of implementation against budget, and timeliness of the delivery of activities based on Project objectives and against target dates contained in the work plan. The frequency of engagement with a Project Officer will be dictated by the demands of the Project (e.g., its size and the technical complexities). Fund Manager will draw up a monitoring schedule for each Project including meeting dates which they circulate to team members. Ideally, reporting will correspond with key milestone dates.

To promote sound quality management and provide an objective measure of whether key performance benchmarks are being met, each Project Officer will also report to Fund Manager on actual output achieved against targets clearly showing the linkage with the metrics specified within the Funding Agreement on a quarterly basis. Further, they will provide a clear and concise summary of the Project's achievements in the quarter.

Project Officers will present quarterly progress reports to OAF. In addition to highlighting results achieved, these reports will also inform the PFF about problems and constraints and Project plans for the next quarter. Further, Project Managers will respond to any queries/concerns and take appropriate action on any instructions/directives issued by the OAF / Fund Manager.

Fund Manager will review quarterly (financial and technical) reports to confirm completeness and compliance. He/she will also substantiate the content of reports by visiting a sample of CAs. PPP Unit's M&E Officer will analyze and extract information from the Project to prepare a consolidated summary report, highlighting areas of particular interest for consumption by OAF and PPP&PC.

At the end of the fiscal year, each Project Team will review the milestones and deliverables agreed on as per the Funding Agreement to assess progress against the indicators set out in the Funding Agreement. If indicators are no longer appropriate or if deliverables and/or milestones have changed, Fund Manager will update the Funding Agreement in liaison with OAF.

As part of the M&E process, OAF will commission an annual independent evaluation of Projects supported by PFF. An annual evaluation will examine the effectiveness of the funding provided by PFF in achieving the Project(s) objectives. It will also identify problems and lessons learnt and make recommendations on next steps.

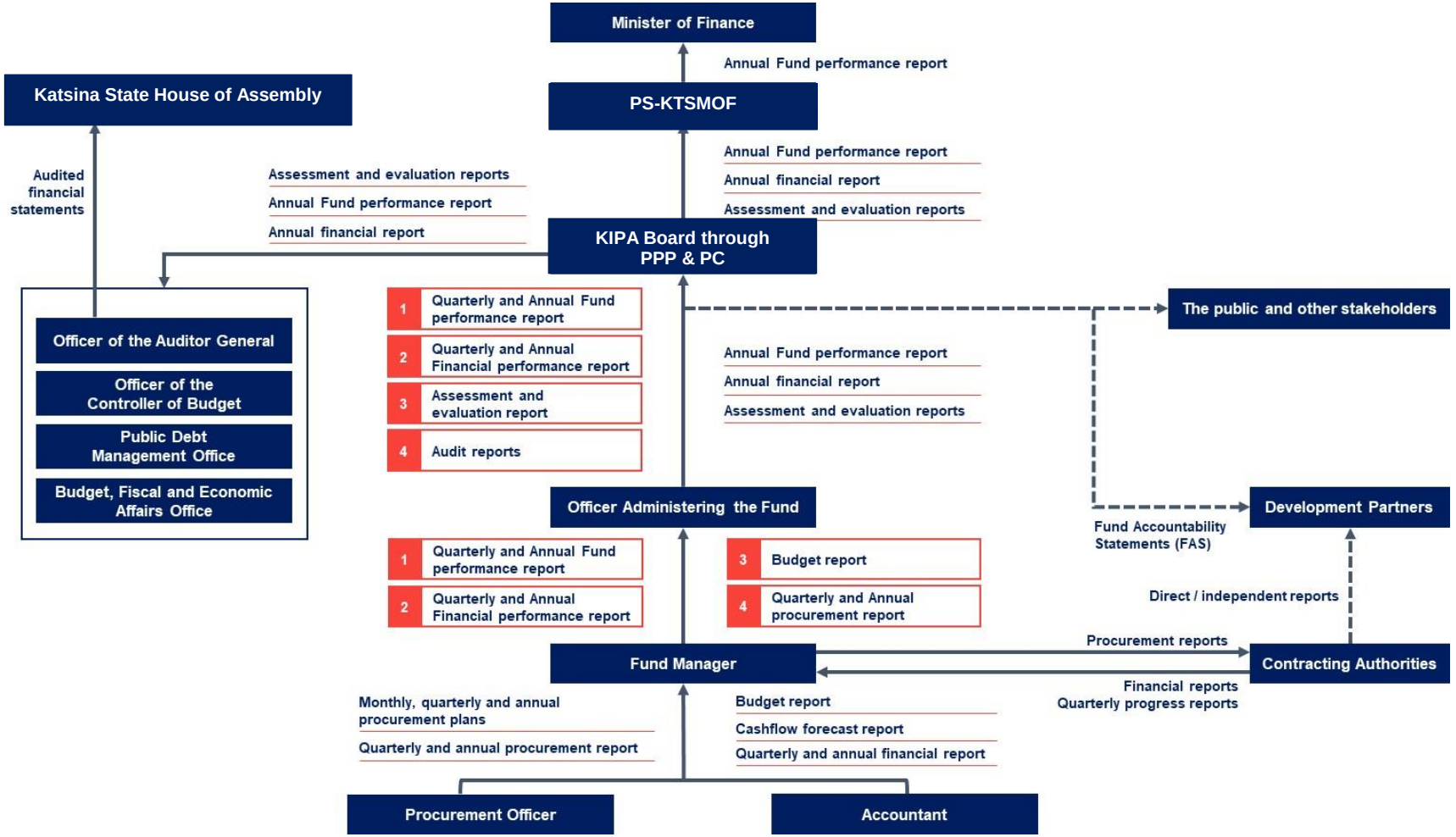
Within three months of the end of every activity being financed in a Project, the Project Team will prepare an implementation completion report. The report will contain: activity results, significant modifications made during implementation, lessons learned, and an account of actual against budgeted expenditure.

Within 12 to 18 months of the end of each Project, PPP&PC must engage an external evaluator to undertake an ex-post evaluation to determine the funded activity's success/failure in terms of meeting objectives, realizing outcomes, delivering quality outputs on a timely basis, maintaining costs within budget and meeting stakeholder expectations. It will also assess the effectiveness and sustainability of interventions (e.g. whether outcomes achieved are sustainable). The evaluation will also assess the funded activity's impact and highlight areas where initiatives have significantly enhanced the Project's overall success, benefits that may have not been anticipated prior to funding, and lessons learned which can provide a basis for developing case studies to inform future funding for related activities.

Reports from CAs will be comprehensive and in a form that can be used to create other reports by the PFF. Where DPs may require direct reporting by the CAs to them, special arrangements will be made to allow for reporting to DPs based on the specific Financing Agreements. Such reporting arrangements will be approved by OAF and will also be issued with a copy of the report(s).

We illustrate below the flow of information and reporting arrangements among PFF stakeholders:

Figure 0-8: Reporting Arrangements and Information Flow among PFF Stakeholders



4. Financial Management

1.11 Introduction

This section outlines the financial management policies and procedures that will govern PFF's financial management.

1.11.1 Overview of Key Financial Management Components/ Elements

Figure 4-1 illustrates the Fund's financial management cycle:

Figure 0-1: Overview of Key Financial Management Elements



1. **Planning and budgeting** - This relates to planning and estimating PFF's resource requirements – how they will be mobilized and expended within given timelines. These two elements will be critical in determining the scope of activities and level of financing required to undertake activities.
2. **Funds flow and disbursement methods** - This relates to the mechanism for ensuring that mobilized funds will be availed in a timely manner and adequately to meet the planned / budgeted PFF needs/ activities. Treasury management will oversee the custody and management of assets and liabilities / commitments, including cash and bank accounts.
3. **Accounting** - This relates to the framework for implementation and feedback for the other financial management elements. It provides a premise for PFF to understand its financial performance, financial position (level of solvency and adequacy of funds to meet its obligations), and whether implementation is on track and funds are being used as intended to achieve PFF's objectives. Accounting systems will be a part of the management information systems that provide accounting information for decision-making. Accounting also forms the foundation for the audit component.
4. **Internal control and oversight** - This comprises of all resources, systems and tools, including people that will help to ensure that PFF functions as intended. Internal

controls will help to prevent errors, misstatements, misappropriations and other forms of fiduciary risk/loss.

5. **Financial reporting** - This will summarize, analyze, and report the financial transactions, assets and liabilities of PFF for purposes of external accountability. It will provide an opportunity for PFF Secretariat to demonstrate their stewardship of resources entrusted to it. It is a critical financing covenant and has a major effect on subsequent availability of funds.
6. **Audit** - This is an independent monitoring component undertaken by external auditors. Audit involves a review of PFF based on the scope of work focused on attestation / certification of annual PFF financial statements. All the other five components of financial management are subject to audit as well.

1.11.2 Financial Management Function

Financial management function will be responsible for:

i. Creating an annual financial management work plan that is aligned to the Business Plan;

ii. Providing fiduciary safeguards and ensuring that there is an optimal internal control environment;

iii. Carrying out all financial management functions;

iv. Ensuring that there is an optimal accounting system in use by PFF;

v. Preparing/Consolidating, reviewing, and signing off on quarterly interim financial reports and financial statements;

vi. Monitoring performance of PFF's revenue sources;

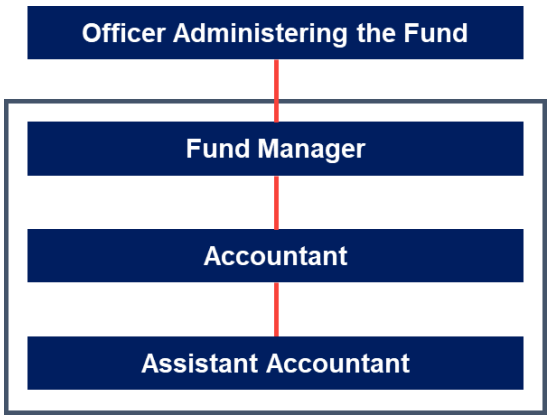
vii. Ensuring that PFF has the right balances for sustainability purposes;

viii. Ensuring that the relevant annual reports and financial statements are submitted to the stakeholders on a timely basis; and

ix. Supporting internal and external audit processes as required.

The financial management function will be structured and staffed as follows:

Figure 0-2: Structure of the Finance Function



1.12 Accounting System and Chart of Accounts

Accounting policies are those specific principles, bases, conventions, rules and practices applied by PFF in preparing and presenting financial statements. Outlined below is an overview of PFF's accounting system and the applicable policies and procedures that will govern PFF's assets, liabilities, revenues and expenditures.

1.12.1 Fund Accounting System

PFF accounting system shall adopt the Accrual Based International Public Sector Accounting Standards (IPSAS) and additional requirements as set out by the Nigerian Accounting Standards Board (NASB).

PFF will keep proper books and records as required by the relevant accounting standards, legislation and as per the guidelines issued by Office of the Accountant General from time to time. PFF shall use the accrual basis of accounting. The accounting system shall adopt double entry accounting. The recording and processing of transactions follow the guidance of the policies outlined in this Manual.

Box 1: Rationale for Accrual Basis of Accounting

PFF will use accrual basis of accounting due to the extensive nature of liabilities and accruals expected to arise from its operations. PFF is highly likely to have liabilities arising from:

- **Recoverable Advances:** PFF is set to issue recoverable advances to CAs in light of short-term liquidity gaps arising from the development of a Project.
- **Contingent Liabilities:** PFF will settle part of CL that may arise in implementation of PPPs. Payments for the same will be in future periods not less than [270] days from the point when the CL materialize.

Use of accrual basis of accounting will ensure that PFF financial statements give a true and fair view of the financial position of PFF.

The PFF reporting shall be in line with the guidelines and would be integrated with the State Integrated Financial Management Information System (SIFMIS). Katsina State uses a bespoke variant of the SIFMIS namely the Budget Accounting Treasury Management Information System (BATMIS).

Financial year of PFF shall align with KTSG financial year.

PFF shall adopt the standard KTSG prescribed accounting books, templates and records to ensure that a clear transaction trail of receipts and payments is in place. These include a cashbook, a vote book, payment vouchers, etc.

1.12.2 Fund Chart of Accounts

PFF will use the KTSG Standard Chart of Accounts (SCOA) and other accounting policies and procedures for recording, classifying, analysing and reporting receipts and expenditures, appropriately modified in accord with the windows of PFF. SCOA will facilitate orderly recording and analysis of accounting data. It will comprise a listing of all accounts recording all PFF transactions and accounting entries. SCOA will draw on the broad categories of the financial statements and the general ledger.

The General Ledger and the financial statements include two broad areas: the statement of financial position and the statement of financial performance. The statement of financial position consists of three broad areas: assets, liabilities and equity. The statement of financial performance has two broad areas which are revenue and expenditure.

It will be the responsibility of the Office of the Accountant General to ensure that all necessary and adequate accounting records and documents are maintained and kept up to date, taking all appropriate and reasonable precautions to guard against damage, destruction of, or falsification of any financial record.

1.13 Financial Policies

1.13.1 Revenue Recognition

Revenue will be recognized as the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets/equity, other than increases relating to contributions from owners (IPSAS 9 and 23). PFF will have two forms of revenues based on IPSAS 9 and 23, specifically revenue from non-exchange transactions and revenue from exchange transactions. These will be defined as below:

1.13.2 Non-exchange Transactions

Non-exchange transactions will be recognized where PFF either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange. (IPSAS 23).

Non-exchange revenue will be recognized when it is probable that future economic benefits or service potential associated with the asset will flow to PFF and the fair value of the asset can be measured reliably. Revenue from Non exchange transactions with other government entities will be measured at fair value and recognised on obtaining control of the asset. If the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the PFF and can be measured reliably.

1.13.3 Exchange Transactions

Exchange transactions will be recognized where PFF receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange (IPSAS 9).

Revenue from exchange transactions will be recognized as and when realized. The recognition will be undertaken when the outcome of the transaction can be estimated reliably. Revenues from exchange transactions include interest income, rental income and income from the disposal of assets.

The PFF will recognise revenue from service rendering by referring to the stage of completion when the outcome of the transaction can be reliably estimated. The stage of completion is measured by reference to labour hours or cost incurred to date.

1.13.4 Preparation of Financial Statements

The annual financial statements will be prepared on an accrual basis in accordance with IPSAS as stipulated by NASB and in accordance with the relevant directives from KTSMOF. The financial statements will be presented in Naira, which is the functional and reporting currency of PFF. In accordance with IPSAS 1 a complete set of financial statements prepared under the accrual principle comprises the following:

a) a statement of financial position (including a statement of assets and liabilities),

b) a statement of financial performance,

c) a statement of changes in net assets/equity,

d) a statement of cash flows,

e) a statement of comparison of budget and actual amounts (if approved budget is made public) and

f) notes to the financial statements, comprising a summary of accounting policies and other explanatory notes.

Financial statements will be prepared under the historical cost principle unless otherwise stated, with the exception of investment in property, financial assets and liabilities, provisions and property, plant and equipment, which are recorded at fair value where the asset was acquired through a non-exchange transaction.

1.13.5 Budget Information

Budget will be prepared on accrual basis. The planned costs and incomes will be presented in one statement. Due to the use of the accrual basis for budgeting, there will be no basis, timing or entity differences that would require a reconciliation between actual comparable amounts and the amounts presented as a separate additional financial statement in the statement of comparison of budget and actual amounts.

1.13.6 Property, Plant and Equipment

Property, Plant and Equipment (PPE) will be stated at cost (expenditure for acquisition of the asset) including transaction costs or valuation less accumulated depreciation and impairment losses. Where significant parts of PPE are required to be replaced at intervals, such parts will be recognized as individual assets with specific useful lives. Repairs and maintenance costs will be recognized as expenditure. PPE acquired through a non-exchange transaction is measured at its fair value at the date of acquisition.

Depreciation will be charged on a straight-line basis over the estimated useful lives of the assets. The annual depreciation will be based on the full acquisition cost of the depreciable asset.

PPE will be derecognized either when assets have been disposed of or when they are permanently withdrawn from use and no future economic benefit or service potential is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset will be recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

Assets used or generated by PFF will be owned by KIPA.

1.13.7 Intangible Assets

Intangible assets will be acquired separately and initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction will be their fair value at the date of the exchange. Following initial recognition, intangible assets will be carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets will not be capitalized and expenditure will be reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets will be assessed as either finite or indefinite.

1.13.8 Financial Instruments

Financial instruments will be initially recognized when PFF becomes party to the contractual provisions of the instrument, and will be classified into various categories depending upon the type of instrument. The classification of the instrument will determine its subsequent measurement (IPSAS 29). Financial assets will be recognized and measured at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate.

After Initial recognition, the financial assets will be measured at their fair value without any deductions for transaction cost it may incur on sale or other disposal. Loan and receivables shall be measured at amortised cost using the effective interest method while held-to maturity. Investments shall be measured at amortised cost using the effective interest method. Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instrument shall be measured at cost.

Impairment losses for a financial asset or group of assets will be incurred only if there is objective evidence as a result of one or more events that occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. PFF will carry out a detailed impairment analysis to determine whether and to what extent an impairment loss will be recognized.

1.13.9 Financial Liabilities

Financial liabilities are contractual obligations to deliver cash or another financial asset to another entity or to exchange financial instruments with another entity (IPSAS 29). These will be classified as financial liabilities at fair value through surplus or deficit or as loans and borrowings as appropriate.

1.13.10 Fiscal Commitments

These are commitments made by a CA or PFF to provide financing under certain conditions or if certain conditions arise. Examples include VGF, Availability Payments, output-based payments and guarantees.

These are commitments made by a CA or PFF to provide financing under certain conditions or if certain conditions arise. Examples include VGF, Availability Payments, output-based payments and guarantees.

a. VGF – PFF Guidelines define VGF as a payment to a Project whether by way of loan, grant, equity or other financial instrument to promote the financial capability of a Project.

b. Availability Payments – Regular payment/subsidy over the lifetime of a Project conditional on the availability of a service or asset. Such payments are usually adjusted with penalties or bonuses based on performance. Availability payments will not be paid from PFF. Contingent liabilities may however arise out of Availability Payments arrangements.

c. Output-based Payments – These are conditional payments on specific performance, activity levels or a result. Examples include payments/subsidy per user of the service e.g. on toll charges per kilometer driven.

1.13.11 Contingent Liabilities

This is a possible obligation dependent on an uncertain future event, or a present obligation for which payment is probable or the amount cannot be measured reliably (IPSAS 19). PFF will not recognize Contingent Liabilities but will disclose any details of contingencies in the notes to the financial statements unless the possibility of economic benefits or service potential is remote.

1.13.12 Provisions

These will be recognized when PFF has an obligation as a result of a past event (IPSAS 19). Provisions will be measured at the best estimate (taking into account risks and uncertainties) of the expenditure required to settle the present obligation. Where some or all the provisions are to be reimbursed, the reimbursement will be recognized as a separate asset when there is certainty of obtaining the reimbursement.

1.13.13 Foreign Currency Transactions

Foreign currency transactions will be accounted for at the prevailing rate of exchange determined by the CBN on the date of the transaction. Foreign currency balances will be translated using the exchange rate prevailing as at the reporting date. Exchange gains and losses will be recognized in the period in which they arise.

1.13.14 Cash and Cash Equivalents

This is cash at hand and cash in bank, short-term deposits or call deposits and other highly liquid investments with an original maturity of three months or less. Cash and cash equivalents will also include recoverable advances falling due in a period less than one year.

1.14 Fund Accounts

The PFF will open and operate ledge sub-account to carry on its operations in line with the guidelines of the Treasury Single Account (TSA). At a minimum, the PFF will operate a PFF CBN Sub-Operations account and the Contingent Liability Reserve Facility.

Each bank account will operate separately and will have its own accounts details in the general ledger and different cashbooks. Each bank account will not operate more than one chequebook concurrently. PFF will retain chequebook counterfoils for future reference and audit. The Accountant will have custodianship of unused and used chequebooks; and hold them in a safe.

The Accountant General or Commissioner of Finance will assume primary responsibility of the PFF Sub -Account in line with the Katsina State TSA Operational guidelines. The KTSMOF shall apply for the opening and maintenance of the PFF Sub-Account.

1.14.1 Bank Payment Authorizing Officers

The bank accounts will be operated in line with the TSA guidelines and following the Operational authorisation structure as outlined in the Katsina State TSA operational guidelines. Bank accounts will be operated with the authorization of bank signatories and as approved by the PPP&PC from time to time. The list of signatories and approval thresholds will be as follows:

Figure 0-3: Payment Authorising Officers and Approval Thresholds

Threshold	Payment Authorizing Officer
Up to [O] NGN	OAF or Designate / Fund Manager / Accountant/ Accountant General / KTSMOF Nominee (Any two can sign)
Above [O] NGN	OAF / Fund Manager/ Accountant General / KTSMOF Nominee (Any two can sign but OAF or Designate is compulsory)

1.14.2 Reconciliations

Objective of bank reconciliation is to ensure recording of all cash and bank transactions in any given period and that cash and bank balances reflect those in the books of account. Bank reconciliations will be prepared on a monthly basis and not later than five working days, after the close each month.

Accountant will also monitor online bank accounts on a daily basis to update any payments received and to identify any unauthorized transactions and charges against the account.

Procedures

a) Assistant Accountant will prepare bank reconciliations on a monthly basis and not later than five working days after the close of each month. The bank reconciliation statement will clearly indicate the bank name, account name/description and number, and account currency of the account. The bank reconciliation will indicate the balance as per PFF's cashbook and an attached copy of the bank statement.

b) Accountant will review the bank reconciliation statement and submit it for approval to Fund Manager.

c) Bank reconciliations will also be undertaken where the responsibilities for bank accounts and/or custody of chequebooks are transferred from one officer to another and during surprise inspections.

d) Accountant will investigate any discrepancies in the bank reconciliations and monitor reconciling items from one period to another, as follows:

I. Uncleared Effects

Assistant Accountant will:

a. Follow up unpresented cheques and effects for subsequent clearance;
b. Prepare a list of all stale cheques and submit it to Accountant for review;
c. Investigate and upon approval by Accountant reverse all stale cheques, if any;
d. Notify the bank to cancel unpresented cheques older than six months and effect a reversal in the cashbook.

II. Uncredited Deposits

Assistant Accountant will reconcile receipts in the cashbook against the bank statement on a monthly basis and identify and investigate uncredited deposits or effects (deposits in transit). Where internet-based banking is used, reconciliations will be every fortnight.

III. Direct Credits

Assistant Accountant will reconcile all direct deposits in the bank statements against receipts in the cashbook daily to identify and compile a list for review by Accountant and raise the relevant accounting entries for approval by Accountant.

IV. Direct Debits

Assistant Accountant will identify all direct debits in the bank statements against the cashbook daily to identify and compile a list for review by Accountant and raise the relevant accounting entries for approval by Accountant. These may represent the following:

a) Standing payment orders,

b) Direct transfer payment orders (e.g. staff salary), and

c) Direct bank charges or commissions.

V. Receipting of Income

PFF's receipts will arise mainly from the payment of success fees, levies and penalties from CAs, receipts from KTSMOF and DPs. These will be received in the following ways:

a) Cash or cheques: PFF will not accept any cash received at its office. All funds will be deposited directly to PFF's sub-accounts (TSA). All cheques will be payable to PFF.

b) Direct bank transfers: these will include online transfer of funds.

The procedure for handling receipts from these sources is as follows:

a) Assistant Accountant will issue a receipt in triplicate for cheques payable to PFF.

b) Assistant Accountant will issue a receipt for direct bank transfers. The deposit advice from the bank will form the basis for raising a receipt and update to the PFF sub-account.

c) Assistant Accountant will issue a receipt to the payer and retain a copy.

VI. Electronic Transfers/ Online Banking

PFF will observe the following guidelines while using online banking;

a) Maintain serialized schedules of electronic transfers (outlining the amounts, transfer instructions, bank account details and all necessary electronic transfer details).

b) Authorization for payments upon receipt of duly approved payment vouchers.

c) Only the authorized bank account signatories will prepare, examine and authorize online transactions.

d) Accountant will convey to the bank duly approved instructions for effecting the transfer.

e) In the event of electronic transfers using online banking: the authorization will only be by the designated bank account signatories. The signatories will ensure safe storage of any authorization tokens or passwords for the bank accounts.

1.14.3 Closure of Bank Accounts

PFF will close a bank sub-account for the following reasons;

- The purpose for operating the bank account has expired. This may arise for example when a Financing Agreement with a DPs ends and as such, the bank account is closed.
- Upon winding up of the PFF.

PFF Secretariat will ensure the following prior to instituting the bank account closing procedures;

1. Pay or transfer all obligations payable from the bank account to another approved PFF account.
2. Pay any balances refundable to the DPs financing the account.
3. Issue an account report and reconciliation on the fund balance for the account.

1.14.4 Procedures for winding up PFF will be as follows;

- Fund Manager will prepare a justification to OAF indicating the reasons for closing a bank account.
- OAF, in consultation with the Finance Sub-Committee, will review the instructions to close the account.
- OAF will present these recommendations to PPP&PC and subsequently KTSMOF for approval.
- Where PPP&PC approves the recommendation to close the account and seeks concurrence with KTSMOF.
  - The Katsina State Executive Council would ratify the Approval
  - The State Assembly will pass the resolution closing the Fund
  - The CBN or DMB will close the TSA PFF Sub-Account
- Once KTSMOF approves the decision to close the bank account, OAF will communicate to the bank in writing PFF's decision to withdraw any remaining balances held by the bank and close the account.
- The bank will then confirm in writing the closure of the account.
- OAF will issue instructions for the removal of the account details from the accounting system.

1.15 Budgeting and Cashflow Management

A budget is an estimate of an entity's sources of funds and expenditure for a future set period. Budgeting entails providing for a particular amount of money in a budget.

Cash flow management refers to the management of inflows and outflows of funds in an entity to ensure that there are no liquidity gaps.

PFF will prepare a budget for each financial year. The budget will be sent to KTSMOF by the deadline prescribed by KTSMOF.

OAF will have overall responsibility for the Fund's budget.

Budgeting will also be undertaken as prescribed by KTSMOF through relevant circulars. Other policies and procedures governing the budgeting process include:

a) IPSAS,

b) Business Plan,

c) PFF Guidelines and

d) Other applicable KTSG policies and guidelines.

Statements to accompany the budget may include:

a) Statement of financial position - Previous two years audited financial statements,

b) Current year forecast,

c) Projected annual estimates for revenues and expenditure for three subsequent years from the current year,

d) Cash flow statement and projections,

e) Schedule of investments of surplus funds,

f) Details of bank accounts and respective balances and

g) The extract of the meeting by the PPP&PC which approved the budget and a list of Committee members in attendance approving the budget.

The key principles that inform planning and budgeting are:

I. **Singularity / wholeness** – whereas support from PFF extends to both CAs and the PFF Secretariat, the support from the PFF must be undertaken as an unfragmented whole implemented by different entities but working towards the realisation of a common goal.

II. **Comprehensiveness** – it is important that no function or implementing part of PFF is omitted from the overall budget.

III. **Alignment** – budget will be aligned to Fund's objectives and focus for the period (Business Plan) and the specific activities that are set to be undertaken (work plan).

IV. **Consensus** – budgeting will be a consultative process with the respective stakeholders to ensure both veracity and consensus on the numbers outlined.

V. **Coding** – PFF will assign budget codes based on the KTSG SCOA.

1.15.1 Budgeting Method

Budget will be prepared on an accrual basis and present the planned costs and expected income in one statement. These will be undertaken based on the Fund's mandate, authorized expenditure and its Business Plan. Business Plan will outline the level of support for the identified and prioritized PPP Projects as per the PFF Secretariat's advice and in line with the Fund's goals. The annual work plan derived from the Business Plan will cite the priorities and key activities for the budgeting period. In addition, the budget will also incorporate the set priorities by KTSG in various sectors for the specific financial year.

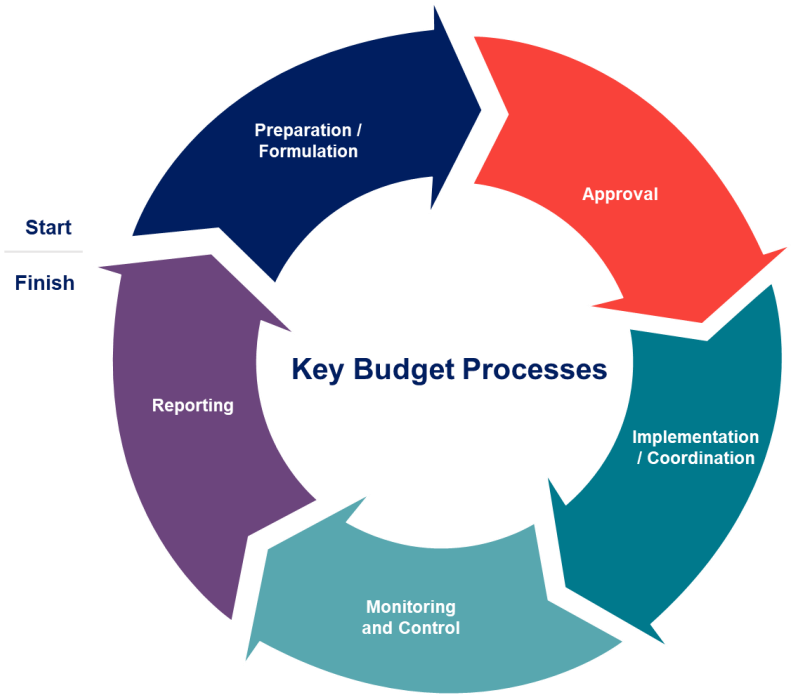
The Katsina State Ministry of Planning and Budget requires the preparation of both the budget estimates and budget projections for the subsequent periods.

1.15.2 Budget Cycle

Budget preparation cycle will follow the KTSG cycle. OAF will issue a budget guideline annually with specific dates for submissions in consultation with PFF Secretariat, KTSMOF, Katsina State Ministry of Planning and Budget and KIPA. PFF will submit the annual work plan outlining key priorities/goals for the year to PPP&PC before the submission of the budget for approval to KTSMOF. The annual budgeting cycle will ensure that there is sufficient time for

PPP&PC to review both the Business Plan, annual work plans and subsequently the budget. PFF will have five key budget processes as outlined below:

Figure 0-4: Key Budget Processes



1.15.3 Budgeting Process

PFF will follow the following procedures when preparing the annual budget;

i. PFF Secretariat will prepare an annual budget based on the applicable rules and regulations and the annual budget guidelines issued by KTSMOF.
ii. At the start of the budget cycle, OAF will discuss with PFF Secretariat, PPP Unit (KIPA), and Finance Sub-Committee:
    a. DPs financial commitments for the period,
    b. Approved Projects for funding and their disbursement schedule as submitted by CAs,
    c. Fund's prospective pipeline of Projects as submitted by CAs,
    d. PFF Secretariat's work plan, procurement plan, and
    e. KTSMOF estimates of Contingent Liabilities for the coming year which will serve as input for the budget.
iii. Overall budget will be determined between KTSG and the respective DPs' contributions whilst the annual budgeting will be in line with KTSG's existing budget framework and timetable as part of the regular budget submission of PFF Secretariat. Approved budgets will be submitted to DPs for reference purposes.
iv. Each of the CAs that seek funding from PFF will submit to PFF annual work plans and procurement plan(s) derived from their Project components within an agreed time every year. These will be reviewed and consolidated into PFF's annual work plan by Fund Manager and PPP Unit's M&E Officer as may be required.
v. Work plan and the applicable Project Cost Table that set out PFF's specific objectives, targets, performance measures and financial plan for the forthcoming financial year, and thereafter will be forwarded to DPs for review and concurrence after approval by OAF.

vi. Approved work plan for the year will be the basis for developing an annual budget and a financial plan for PFF by the last month of the last quarter of each preceding financial year. Financial Plan will lay emphasize funding requirements as well as timing.

vii. OAF will submit PFF's detailed budget and the associated financial plan for approval by PPP&PC before they are submitted to the Governor. A copy of the annual budget will be sent to prospective DPs at least 30 days before the beginning of the applicable financial year.

viii. Once the annual budget is approved, the necessary budgetary control will be put in place to ensure effective monitoring of the activities under the various components of PFF. Accountant will maintain a Vote Book for the expenditures to monitor expenditure levels. No expenditure will be incurred outside the approved budget.

Multi- Year Budgeting

As a result of the long term and contractual nature of PPP Projects, PFF will carry out multi-year budgeting in line with the Katsina State MTEF. PFF will therefore ensure that all PPP Projects to be funded are identified and selected and contracts formalized at the beginning of the financial year and that they are presented as such in PFF's budget.

Budget Revision

Budget revisions will result from recommendations from reviewers or a change in circumstances that may affect the operations of PFF. Under such circumstances, Fund Manager will initiate the revision of the budget by writing to OAF, indicating the revision and the reasons/justification for the revision. Further approval by PPP&PC and Katsina State Ministry of Planning and Budget will be required. Budget revisions comprise budget reallocations and supplementary budgeting to either increase or decrease the amounts budgeted for in PFF's annual budget.

Budget Reallocation

Budget reallocation may arise due to activities being inadvertently over/under budgeted or planned activities not taking place due to circumstances beyond the control of PFF Secretariat. In addition, some planned activities may be postponed for various reasons or some budgeting assumptions may change over time necessitating work plan and / or budget revisions / reallocations within the overall PFF budget. OAF will make a formal written request to PPP&PC to approve the budget reallocation, sufficiently justifying the reasons for the requested revisions/reallocations of funds between and among the appropriated PFF activities or sub-votes in PFF budget for a financial year.

General guidelines for budget revisions will be as follows:

a) There are provisions in PFF budget which, in PPP&PC's and OAF's informed judgement, are unlikely to be utilized or under-utilized during the financial year;

b) A request will be made to PPP&PC by the OAF explaining the reasons for revision/reallocation;

c) The revision does not affect the total budget provisions;

d) The revision may be undertaken as long as the provisions in the budget from which the funds are to be transferred are unlikely to be utilized;

e) The budget revision adheres to DP conditions where the funds are obtained from a DP;

f) Revision is not undertaken from capital to recurrent expenditure;

g) Budget revisions/re-allocations will not exceed ten (10) per cent of the total expenditure approved for PFF for the related financial year; and

h) The revision will not be undertaken where the funds have been earmarked by KTSMOF for a specific purpose and may not be used for another purpose without KTSMOF's approval.

Supplementary Budgeting

OAF will, if deemed necessary, prepare a supplementary budget within the applicable guidelines issued by KTSMOF and prepare revised project budget estimates in the format to be issued by KTSMOF.

Prior to incurring any expenditure under the PFF supplementary budget, OAF will seek the approval of PPP&PC and respective DP(s), as applicable. Where such approval is given, it will be communicated to KTSMOF through a notification which will be copied procedurally to the Auditor General.

The purpose for which approval is sought for a supplementary budget may include:

a) Unforeseen and unavoidable expenditure, in circumstances where no budget provision was made or

b) Unavoidable expenditure, in circumstances where there is an existing budgetary provision which, however, is inadequate.

A supplementary budget may also be sought where planned expenditure cannot be met by budget reallocations. This request will be presented in a format that facilitates comparison with the original budget and will contain all of the information necessary to enable a decision on the request to be reached and will include:

i. The window and broad expenditure category which it is desired to supplement the original sum allocated thereon and any supplements which may have since been added;

ii. Actual expenditure and the outstanding liabilities or commitments against the item on the date when the request is made;

iii. Amount of the supplement required, the reasons why the supplement is necessary and why it has not been possible to keep within the voted provision;

iv. Basis for the calculations underpinning the supplement;

v. Proposed sources of financing for the additional expenditure;

vi. An analysis of the impact of the additional expenditure, or the implications, if any, for the planned outputs and outcomes of the affected Project;

vii. Any implied deviation from PFF Guidelines and financial objectives, if any; and

viii. Latest PFF budget projections.

1.15.4 Budget Implementation

After approval of the budget, the implementation process for the budget will commence and PFF will not incur any expenditure prior to budget approval. This will ensure that PFF expenditures are within the limits set by the budget. The following will be the guidelines for charges against the budget:

a) PFF may incur expenditures on approved commitments within the period, which must have been budgeted for. These commitments must have been by way of the Funding Agreement, contract or purchase order.

b) Expenditures incurred must be chargeable against a specific budget line/ window.

c) No charge will be made against a budget line unless it is in accordance with the purpose for which it was intended.

d) Exhaustion of a budget line and the availability of funds under another budget line do not justify the re-allocation of the charge.

e) OAF will seek approval from PPP&PC for additional expenditure on an exhausted budget line. A summary of all intended utilization on exhausted budget lines will be obtained and presented to PPP&PC for approval.

1.15.5 Budget Monitoring

OAF will be responsible for the monitoring of the budget. To ensure comprehensive budget monitoring, Accountant will prepare the following reports.

1. Monthly Budget Reports: This report will be prepared within ten days after the end of the month under review. It will provide a comparison between the budget for the month against the actual expenditure incurred. It will also include an analysis of the variance, the cause of the variance and remedial action required to minimize deviation from the budget.

2. Quarterly Budget Reports: Quarterly reports will also be generated and reviewed in a similar manner as the monthly reports within ten days of the end of each quarter.

3. Year-end Budget Reporting: Year-end reports will also be generated in a similar manner as the monthly and quarterly reports within 30 days following the end of the year.

All budget monitoring reports will be reviewed by Fund Manager and OAF. However, the Finance Sub-Committee will only review the quarterly and the annual budget monitoring reports. Budgeting templates to be used will be as prescribed by KTSMOF.

1.15.6 Budgeting for Commitments to PPPs (including budgeting for FCCL)

PFF will ensure that PFF's budget includes the multi-year commitments arising from funded Projects and an estimation of contingent liabilities. PFF will ensure that through the support of PFF Secretariat and KTSMOF, CAs implementing PPP Projects have carried out the following:

a) Estimated project costs and revenues, including reviewing alternative contractual schemes for the Project;

b) Quantified Project risks and their financial impact as well as prepared risk mitigation strategies;

c) Evaluated fiscal implications and CL of the Project; and

d) Assessed the bankability of the Project, thereby ensuring the commercial attractiveness of the Project for private investors and financiers.

Every CA will in each financial year remit into PFF a percentage of their estimated Contingent Liability funding requirements in accordance with guidelines issued by PPP&PC from time to

time. Where payments out of PFF are made towards satisfying materialized Contingent Liabilities under a Project at the request of a CA, the said authority will refund PFF in its immediate subsequent budget cycle.

This procedure will enable PFF to sufficiently estimate its revenues and expenditure for supporting the selected PPP Projects both in the short and long-term, thereby ensuring that budgeting is carried out comprehensively. A comprehensive budget by PFF will ensure that:

i. PPP Project financial flows/revenues in terms of the concession fees from Private Parties are adequately estimated;

ii. Success fees from the financial close of Projects supported under PFF are identified in advance, estimated and planned for;

iii. Expenditure to be funded by PFF in terms of VGF, subsidies, CL etc. is adequately estimated.

KTSMOF will assess, manage and monitor all CL arising from Projects and provide estimates of all FCCL.

A CL supported by PFF will not arise from a contracted obligation of a CA under a Project Agreement for which a budgetary allocation has been made by that CA.

1.16 Cashflow and Treasury Management

The objective of cash flow and treasury management is to estimate the financial needs of PFF during a specified period within the financial year. This will enable PFF to optimize its liquidity, make sound financial investments for the future with any excess cash, and reduce or enter into hedges against financial risks.

1.16.1 Procedure for Cashflow Management

Accountant will prepare a six-month cash flow forecast one month before the commencement of the following quarter. When undertaking this activity, Accountant will refer to PFF's annual budget to establish the activities that will need to be undertaken in the next two quarters and the associated costs that are likely to occur.

Accountant will include in the next quarter's cash flow forecast those activities not undertaken in the previous quarter.

Annual cash flow plan will support releases from the Katsina State budget as outlined in the steps below:

i. Fund Manager will prepare and submit an annual cash flow plan (showing quarterly analysis) to OAF for review and approval. This will be based on the approved budget for PFF for the financial year.

ii. Cashflow requirements will be submitted to KTSMOF, and will act as a requisition for funds needed for that financial year.

iii. KTSMOF will issue a circular communicating the cash flow projections agreed with PFF. In the event of cash flow fluctuations, KTSMOF may issue a circular requesting PFF to review and submit revised cash flow projections in line with the guidelines set out in the circular.

1.16.2 Treasury Management

PFF's liquidity will be managed in line with cashflow projections. As a revolving fund, PFF will generate income and recover some of its expenditure. Surplus funds will be determined

quarterly and comprehensively on an annual basis. Choices will then be made on investing the surplus funds in 91-day, 182-day and 364-day treasury bills with PFF's bias towards investment of surplus funds in short-term instruments. Longer term investments may be made in treasury bonds.

Where CL (that do not relate to short-term liquidity gap financing) that should be paid out of the PFF materialize, the PFF will agree to settle them after a period of not less than 270 days to enable the PFF to mobilize the respective resources.

1.17 Income

Revenues for PFF are from non-exchange transactions as well as from exchange transactions. IPSAS 9 and 23 are therefore applicable.

1.17.1 Procedure for Recognizing Income into the Fund

PFF will recognize income depending on the source of funding. The following procedures will be used:

A. Releases from Katsina State Budget

The process for request and receipt of funds from Katsina State budget is as follows:

i. Fund Manager will prepare and submit an annual cash flow plan (showing quarterly analysis) to OAF for review and approval. This will be based on the approved budget for PFF for the financial year.

ii. Fund Manager will submit the cash flow requirements to KTSMOF.

iii. KTSMOF will issue a circular communicating the cashflow projections agreed with PFF. In the event of cashflow fluctuations, KTSMOF may issue a circular requesting PFF to review and submit revised cashflow projections in line with the guidelines set out in the circular.

iv. Funds are disbursed based on the procedure outlined in Section 2.2.2, Table 2-1.

v. Accountant will record the income in the books of PFF.

B. Withdrawal Applications

Where a DP has entered into a Funding Agreement with PFF, Fund Manager will draw funds from the DP using a withdrawal application (or similar depending on various DP requirements) process as prescribed in the Funding Agreement. Key components of the procedure will be as follows:

i. Fund Manager will prepare the prerequisite supporting documentation required by the funder such as a statement of expenditure, evidence of set milestones, etc.

ii. Fund Manager will fill out the withdrawal application form calculating the funds requested, taking into consideration the approved budget, amounts previously disbursed, amounts unutilized in Fund's account(s), etc.

iii. Withdrawal application will be submitted to OAF for approval and submitted to the DP along with the supporting documents required.

iv. Fund Manager will follow up with the DP and respond to any queries arising.

v. Once the funds are received, Fund Manager will raise an acknowledgement receipt and recognize the income in Fund's books.

C. Success Fees

Project development funding is reimbursed by recovering the cost from the private sector partner in success fees. The successful bidder will pay a success fee based either of [_] % of the total Project costs or the actual Project development costs incurred by PFF (reimbursed at 100%) whichever is higher. For Projects that are non-revenue generating, the success fee may be waived by PPP&PC.

Success fees will be payable to Fund upon successful financial close between the CA and the Private Partner. The followings steps will be followed to invoice success fees:

i. Fund Manager will check the amount payable as success fees as agreed in the Funding Agreement ([_] % of total Project cost or reimbursement of costs incurred by the PFF).

ii. Fund Manager will prepare an invoice for success fees and submit it to OAF.

iii. OAF will review the success fees invoice and approve the same.

iv. Fund Manager will send the invoice to the paying entity (CA/ Private Partner).

v. Upon receipt, the paying entity will acknowledge receipt of the invoice and initiate payment processes.

vi. The paying entity will notify PFF upon payment of success fees.

vii. Fund Manager will acknowledge the receipt for the funds by issuing an official receipt.

viii. Fund Manager will recognize the success fee received as revenue in PFF's books.

Success fees will only be recognized as income by PFF when they are earned i.e.:

a. When a Project for which success fees were agreed to in the Funding Agreement has attained financial close;

b. When the amount of the success fee can reasonably be estimated; and

c. When it is probable that the CA is about to pay the success fees to PFF.

D. Other Fees

These fees will be payable to PFF as and when they fall due. The following steps will be followed:

i. Fund Manager will notify the OAF upon discovery of a breach by CA or when such fees are payable.

ii. Fund Manager will then raise an invoice for the fees due and submit to OAF.

iii. OAF will review the invoice and approve it.

iv. Fund Manager will send the invoice to the CA.

v. CA will acknowledge receipt, notify PFF and initiate payment processes.

vi. CA will notify Fund upon payment of the fee.

vii. Fund Manager will record the payment received in the Fund's books.

viii. Fund Manager will acknowledge the receipt for the funds by issuing an official receipt.

1.18 Expenditures

No expenditure will be incurred by PFF that does not pertain to the four (4) support windows mentioned in this Manual. All expenditures will be incurred in line with the approved PFF budget, eligibility criteria and procedures set out in this Manual.

All records of expenditure and commitments will be maintained in accordance with the applicable rules and regulations. All expenditures from PFF will be incurred/committed based on the following:

a. Funds are available and expenditure is within the approved PFF budget;

b. Proposed expenditure is eligible under the Fund/grant/credit/loan agreement for windows with DP support;

c. Expenditure to be incurred is in line with approved PFF policies and procedures; and

d. Where applicable, the DP's No Objection has been obtained for expenditure above the prior review threshold or any other conditions.

Staff approving expenditures must ensure that the account description properly portrays the nature of the expenditure and the component against which the expenditure is to be charged. Under no circumstances will Fund expenditure be incurred for private purposes. In the management of expenditure, the Fund will ensure that there is adequate segregation of duties in relation to the following duties:

a) Making disbursement requests;

b) Receipt of funding / disbursement requests;

c) Review and approval of invoices and other supporting documents for payment;

d) Payment of the invoices/disbursement requests; and

e) Recording and reconciling expenditure.

1.18.1 Payment Process

PFF will recognize and disburse the above categories of expenditure after ensuring that the following minimum requirements are met:

a) An application for the particular funding will be made by the CA to Fund.

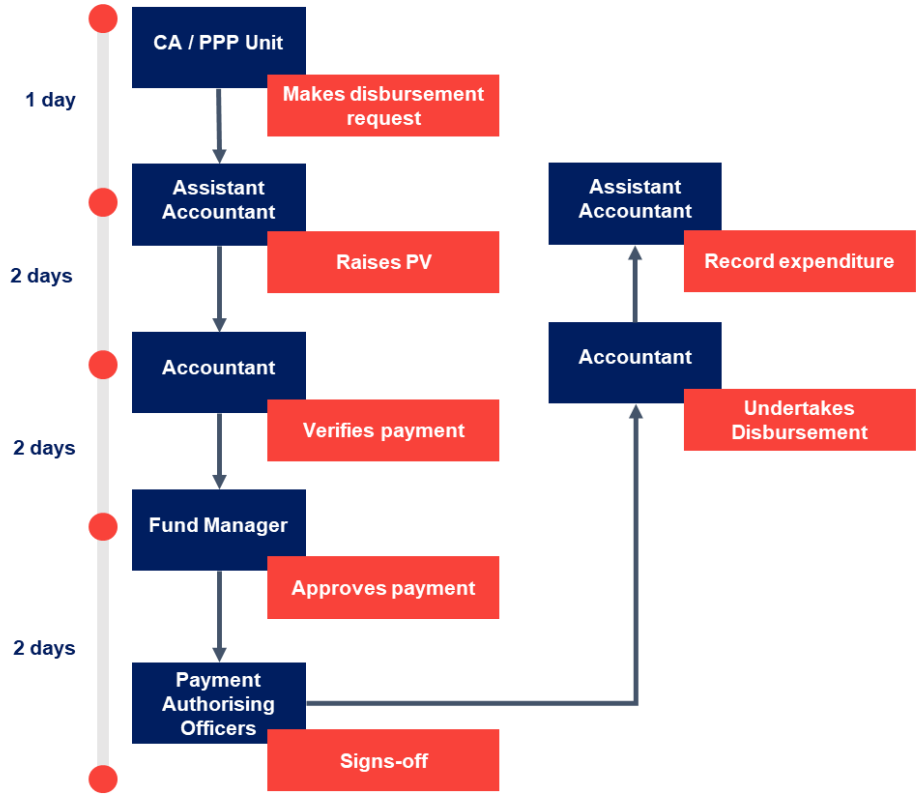
b) Adequate information (Project timelines, tasks, key milestones, relevant documentation, roles and responsibilities and critical decisions and approvals, etc.) on the PPP Project is available through an approved Project proposal.

c) The PPP Project meets the eligibility criteria and prescribed supporting documentation in its funding application and disbursement request.

d) A Funding Agreement between the CA and PFF is in place at the time of the disbursement and the eligible costs are clearly laid out in the Funding Agreement.

The payment procedure/workflow and controls are outlined below:

Figure 0-5: Payment Procedure /Workflow



	Responsibilities	Controls
Expenditure Initiation	The Assistant Accountant checks to see that all prerequisites for disbursement have been met before initiating payment process	• Expenditure in line with budget • Disbursement request must originate from third party • The PV is serialized
Review	The Accountant checks to see that all conditions for disbursement have been met and reviews the supporting documentation	• Supporting documents • Review / validation by the Accountant while initiation was by the Assistant Accountant
Approval	The Fund Manager / OAF reviews and approves the payment. The payment authorizing officers also validate payment before sign-offs	• Segregation of duties • Secondary Review / validation by the Fund Manager • Payment Authorizing Officer (s) also review the payment
Recording	The Assistant Accountant records all disbursements while the Accountant undertakes bank reconciliations	• Segregation of duties • Assistant Accountant records expenditure • Accountant independently undertakes bank reconciliation

1.18.2 Forex Management

PFF may receive funds in different currencies but will maintain its books of account in Naira and US Dollars. The exchange of foreign currency to Naira will likely result in forex differences. The forex differences could be a gain or a loss. Forex losses will affect PFF negatively and as such must be mitigated.

Forex risk management approaches include:

a. **Forward exchange contracts:** This will enable PFF to protect itself from adverse movements in exchange rates by locking in an agreed exchange rate until an agreed date. The transaction is deliverable on the agreed date. This approach will mainly be used where Naira is reasonably estimated to deteriorate as PFF is locked into the contract price, even when the rate movement is advantageous to it. This includes Outright Forward exchange transactions and Non-Deliverable Forward transactions with a maximum tenor of 5 Years;

b. **Foreign currency options:** This will enable PFF to purchase or sell foreign currency under an agreement that allows for the right but not the obligation to undertake the transaction at an agreed future date. A foreign currency option essentially insures PFF against adverse currency movements and would require a premium;

c. **Hedging:** This entails matching any outgoing foreign currency payments against foreign currency inflows received at exactly the same time. This method is only applicable where the inflow and the outflow occur at exactly the same time to provide a 'perfect' hedge. It may however be affected by the uncertainty of timing of the cashflows; and

d. **Foreign currency bank accounts / loan facilities:** These alternative methods of managing foreign exchange risk can be used when the timing of the foreign currency inflows and outflows don't match. Timing issues can be managed by depositing surplus foreign currency in a foreign currency account for later use, or by borrowing foreign currency to pay for foreign currency liabilities/expenses, and then using the foreign currency to repay the loan.

e. **Cross Currency Interest Rate Swaps**: This method of managing foreign exchange risk can be used to lock in exchange rates for a set period of time. It entails the agreement between two parties to exchange interest payments and principals denominated in two different currencies at fixed intervals during the life of a Project or agreement.

1.18.3 Inflation Management

Inflation refers to an increase in the average prices of goods and services in the economy. It may lead to costs escalation for PFF and make a Project unsustainable or lead to conflicts with contractors and suppliers.

In mitigating the risks posed by inflation, PFF will take the following into consideration:

a) **Fixed-cost contracts:** Project costs will be fixed and no cost variations will be allowed with regard to inflation, unless in cases when such costs can be reasonably estimated and an allowance was made for them in the Funding Agreement; and

b) **Inflation-adjusted budgets and cost projections:** PFF will adjust its multi-year budgets for inflation to protect PFF from adverse impact of inflation.

1.19 Fiscal Commitments and Contingent Liabilities

The FCCL Management Framework provides for a clear and systematic budgeting mechanism to ensure timely payment of such direct obligations to improve the credibility of the KTSG's commitments in the eyes of its private partners. This is best undertaken by CAs adopting a multi-year timeframe for fiscal planning and forecasting of their PPP program. PFF is mandated to provide financing for CL. This will be applicable where the liability:

i) Cannot be funded by KTSMOF under alternative frameworks; and

iii) Does not arise from a contracted obligation of a CA where a budget allocation has been made.

All CAs' PPP Projects will adhere to the FCCL requirements of the applicable rules and regulations. To access FCCL support, CAs will ensure that their respective project's OBC and FBC carries an expert-assessed project fiscal risk matrix (PFRM) that quantifies the liabilities associated with the recommended Project configuration and proposes how these liabilities will be managed and the funding requirements.

KTSMOF will in conjunction with the CAs be responsible for annual reviews of CL estimates arising from eligible PPP Projects.

1.19.1 Provisions and Contingent Liabilities

Accounting treatment for Provisions and CL will be guided by IPSAS 9. Provisions can be distinguished from other liabilities such as payables and accruals because there is uncertainty about the timing or amount of the future expenditure required in settlement. A provision will be recognised when;

a) An entity has a present obligation (legal or constructive) as a result of a past event;

b) It is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and

c) A reliable estimate can be made of the amount of the obligation.

PFF will recognise in its statement of financial position all provisions that exist at the reporting date. Fund Manager will raise relevant adjustments by raising journal entries and seek the approval of OAF to recognise the provisions. This will reduce PFF balance as at the end of the financial period.

CL and assets are liabilities and assets that are not recognized because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. However, PFF will disclose (in the notes to the financial statements) for each class of CL at the reporting date a brief description of the nature of the CL and, where practicable:

a) An estimate of its financial effect;

b) An indication of the uncertainties relating to the amount or timing of any outflow; and

c) The possibility of any reimbursement.

1.19.2 FCCL Disclosure and Reporting obligations for CAs

i. On a *quarterly* basis and with regard to all PPP Projects in their portfolio, CAs will provide a report to KTSMOF of the stock and flow of FCCLs. Special care will be taken to highlight *any changes* that may have occurred since the last reporting period or

review and a summary of the quantitative adjustments made to the Project's value that have been occasioned by the occurrence of all risk event(s).

ii. CAs must disclose their aggregate stock and flows of FCCL for all Projects in their portfolio using KTSMOF's standard financial reporting templates and in compliance with standards as set out by the NASB.

iii. In the event that a risk occurs that directly or indirectly impacts or affects the Project's value, sustainability or risk allocation structure, the CAs will submit a revised PFRM together with a brief analysis of the consequential change to the Project's value.

iv. CAs are obligated to ensure the timely submission of their annual consolidated PPP FCCL reports to give KTSMOF sufficient time to compile the aggregated FCCL data for inclusion in KTSG's annual debt management report.

1.20 Recoverable Advances and Loans

1.20.1 Key Principles Governing Issuance of Recoverable Advances

Where advances are made to a CA that will be recovered from future payments, due care will be taken to ensure:

i. **Proportionality** – the amount advanced to a CA will not exceed the amount outlined in the Funding Agreement so as to reduce the risk of default or overpayment in lieu of actual costs;

ii. **Timeliness** – the amount advanced will have clear timelines for recovery and dates for which such payments fall due to PFF or are automatically deducted from outstanding payments;

iii. **Recoverability** – the Funding Agreement will expressly allow for a reimbursement to immediately be made to PFF with regard to an advance payment where a PPP Project is cancelled or does not proceed to the next stage;

iv. **Conversion of recoverable advances to grants** – PPP&PC will have to approve the conversion of a recoverable advance into a grant based on availability of funds or commitments made toward the undertaking for which the recoverable advance was given to the CA. KTSMOF will be informed of all recoverable advances that are converted to grants.

1.20.2 Monitoring Recoverable Advances

PFF will ensure that the recoverable loans and advances are adequately monitored as follows;

a. Assistant Accountant will record all the advances and loan amounts disbursed to a CA on issue of the recoverable loan/ advance;

b. Assistant Accountant will also note the duration when the payments are due and maintain an ageing analysis of the recoverable advances/ loans;

c. Assistant Accountant will issue statements to the respective CA indicating the amounts outstanding and if overdue on a monthly basis;

d. Fund Manager and the Assistant Accountant will review the loan portfolio of PFF and undertake a risk analysis to ensure that the funds are indeed recoverable on a monthly basis;

e. Fund Manager will keep OAF, Finance Sub-Committee as well as Audit and Risk Sub-Committee informed of any risks arising in the management of the loan portfolio;

f. Fund Manager will proactively commence follow up with CAs for payment when the recoverable advances/ loans fall due;

g. Assistant Accountant will recommend to Fund Manager to begin bad debt provisioning where the likelihood of payment becomes doubtful beyond 180 days; and

h. Fund Manager will seek approval from Audit and Risk Sub-Committee and Finance Sub-Committee to seek intervention from KTSMOF, where the debt remains unpaid for more than 360 days.

1.21 Investments

OAF, with the approval of PPP&PC, may invest any of the funds of PFF which are not immediately required for its purposes in such securities KTSMOF may from time to time approve.

1.21.1 Investment Options

PFF will maintain investments that minimize capital losses resulting from diminution of capital value. Investments will be structured in such a manner as to ensure that liquidity requirements are sufficiently met.

In order to earn a fair return relative to the risk assumed, investments will be limited to relatively low risk securities. Investments will therefore be limited to treasury bills and treasury bonds and other obligations whose principal and interest is fully guaranteed by KTSG or Federal Government of Nigeria (FGN) as may be expressly approved by PPP&PC.

1.21.2 Investment Procedures

Investment by PFF will be based on a solid business case.

a) Accountant will outline all idle/surplus unrestricted funds based on cash flow projections for the period concerned and share the same with PFF Secretariat.

b) PFF Secretariat will develop an investment proposal with a clear business case for the investment of the funds and share this with OAF for review.

c) OAF will then share the proposal with Finance Sub-committee for their input before presenting the proposal to PPP&PC for approval.

1.21.3 Investment of DP Funds

Where funds are sourced from a DP, the Fund will abide by the guidelines in the specific Financing Agreement with regard to investing the funds or seek approval from the DP for investing the funds where no guidelines have been provided.

1.22 Surplus

The surplus funds constitute the amount recorded as accumulated surplus in the statement of financial position as at the end of a given financial year and will be revolved into the PFF. Surplus funds will be invested in the manner stipulated in Section 4.11 of this Manual.

1.23 Reporting

1.23.1 Financial Reporting

Financial statements will be prepared in conformity with IPSAS Accrual Basis of reporting as prescribed by the NASB and include:

a) Report of OAF,

b) Corporate Governance Statement,

c) Statement of PPP&PC's Responsibility,

d) Statement of Financial Performance,

e) Statement of Financial Position,

f) Statement of Cash Flows,

g) Statement of Comparison of Budget and Actual Amounts,

h) Accounting Policies and Procedures; and

i) Notes to the Financial Statements.

1.23.2 Financial Reporting Process

Monthly Reporting

Accountant will prepare monthly financial reports which will be reviewed by Fund Manager and forwarded to OAF no later than the 10th of the following month.

The monthly report will comprise the following:

a) Comparative financial statements supported with schedules for the major amounts with brief explanation on the major amounts and variances:
    i) Statement of Financial Position and
    ii) Statement of Financial Performance ;
b) Duly approved bank reconciliations for all bank accounts in the period;
c) Duly reconciled supporting schedules for the following:
    i) details of income/revenue,
    ii) details of expenditures,
    iii) receivables and payables,
    iv) status of outstanding imprest (overall ageing graph, analysis by department, by nature,
    v) fixed assets, and
    vi) average foreign exchange rate along with period gains and losses;
d) Notes providing budget versus actual performance on the following:
    i) Recurrent and development votes,
    ii) Performance by windows, programs and sub-programs, and
    iii) Government grants, subsidies and any external support received during the period.

Quarterly Reporting

Quarterly reporting will be carried out in a similar manner as monthly reporting in three-month cycles.

OAF will prepare a report for each quarter of the financial year in respect of the entity.

The quarterly financial report will:

a) Contain information on the financial and non-financial performance of the entity; and

b) Be in a form that complies with the standards prescribed and published by the IPSASB.

The quarterly financial report for PFF will be in the format present in this Manual. The financial statements will be reviewed by Fund Manager and OAF by the 15th of the following month after the end of the quarter. The quarterly report will be submitted to Finance Sub-Committee and PPP&PC for their review and approval.

Annual Reporting

In preparing the end of year financial reports the following will be observed:

a) Accountant will ensure that:

   i) Appropriate journal entries and book entries have been made to recognize all revenue earned during the year.

   ii) All invoices payment, for goods supplied or services rendered during the year but not paid for have been recognized by way of accrual.

   iii) That all prepayments have been appropriately accounted for.

b) Bank reconciliations will also be undertaken at the end of the period.

The following will be the financial reporting process at the end of each reporting period:

i. Assistant Accountant will ensure that the accounts are appropriately reconciled to the general ledger and all pending entries are cleared in the system.

ii. Assistant Accountant will generate the general ledger and analyse the entries in the report to determine the need for adjustments.

iii. Assistant Accountant will communicate any adjustments required to Accountant who will review the same and seek the approval of Fund Manager or OAF based on the amounts of the adjustment.

iv. Assistant Accountant will post the adjustments in the system and generate the general ledger.

v. Accountant will review the capture of all transactions for the period.

vi. Accountant will ensure that the accounts for the period have been closed and that no further transactions are posted in the system.

vii. Accountant will then prepare the annual financial statements for the period and forward the same to Fund Manager.

viii. Fund Manager will review and approve the financial statements before forwarding the same to OAF for review and approval.

ix. OAF will review the financial statements and present them to PPP&PC for review and approval through Finance Sub-Committee and Audit and Risk Sub-Committees.

OAF will present the approved financial statements to Auditor General and send a copy of the same to KTSMOF, within 90 days after the end of the financial year.

Specialized Development Partner Reports

Where DP(s) require special financial reporting over and above the reporting outlined above, PFF will make arrangements to produce such reports in the prescribed form in the Financing Agreement. Routine progress report(s) will be reviewed by OAF. Semi-annual and annual reports will be reviewed and approved by PPP&PC through Finance Sub-Committee.

1.24 Audit

1.24.1 Internal Audit

PFF will be subject to internal audit as provided for in applicable rules and regulations and the guidelines of the NASB. Director Internal Audit at KTSMOF will have the responsibility of undertaking the internal audit. The internal auditors will be required to comply with the International Professional Practices Framework as issued by the Institute of Internal Auditors.

The Internal Auditor will be independent and will report to PPP&PC via the Audit and Risk Sub-Committee. The internal auditors will have unrestricted access to PFF's records, officials and personnel and to all the premises and properties of PFF.

Internal Audit Directorate of the KTSMOF and Audit and Risk Sub-Committee will establish the modalities of conducting the internal audit and ensure that internal audits are scheduled and conducted regularly.

All the internal audit procedures will be free of any influence by any element in PFF, including matters of audit selection, scope, procedures, frequency, timing and report content. Internal Auditor will therefore not develop or install any systems or procedures, prepare records, or engage in any activity that would normally be audited. Additionally, Internal Auditor will have no operational influence, responsibility or authority over any of the activities they review.

The table below outlines a summary of the internal audit process:

Table 0-1: Audit Process

#	Action	Responsible Party	Timeline
1	Determination of the timeline and scope of the audit.	Audit and Risk Sub-Committee Chairperson / OAF	1 day
2	Preparation for the audit.	Fund Manager	2 weeks
3	Hold an initial meeting with the auditors.	OAF/Fund Manager	On need basis
4	Provide support to the audit process.	Fund Manager	On need basis
5	Obtain responses, clarifications and explanations to audit findings and the management letter.	OAF/Fund Manager	On need basis
6	Hold a close-out meeting with the auditors.	OAF/Fund Manager	On need basis
7	Take action on the audit recommendations.	OAF	On need basis

1.24.2 External Audit

PFF's financial statements will be subjected to an audit carried out by the Auditor General or another external auditor appointed by PPP&PC with written approval of the Auditor General. Financial statements will be submitted to the Auditor General within a period of three months after the end of each financial year.

Auditor General or the appointed external auditor will report on the examination and audit of the accounts to PPP&PC and KTSMOF within a period of six months after the end of the financial year.

The process for dealing with external audits will be same as the internal audits as outlined in Table 0-1 above.

1.24.3 DP Funded Projects

Where a DP is funding a specific window and wishes to undertake a separate audit on the use of funds contributed by the DP, then PFF will prepare and submit for an audit of financial statements subject to the provisions of the Financing Agreement and the normal approval process of financial statements through Finance Sub-committee and Audit and Risk Sub-committee and PPP&PC.

1.24.4 Filing and Maintenance of Documents

PFF will ensure the proper creation, maintenance, use and disposal of records under the Revised Katsina State Audit Law 2021 and in line with International Best Practices. OAF will ensure that all financial and accounting records are well maintained. This will include records held in electronic form.

Management of the filing system and maintenance of records will be a shared responsibility between the various functions of PFF Secretariat. The following will be adhered to with regard to maintenance of records:

a) All entries in the financial records will be supported by duly authorized original documentation;

b) The use of copies / photocopied documents will be discouraged as source documents;

c) A proper filing system will be maintained at all times in such a manner that a sufficient audit trail is always in existence;

d) Documents must be filed in a logical manner and will be referenced uniquely to facilitate enquiries from the general ledger to the source documents;

e) All documents will be stored in a safe place where proper precaution has been taken to prevent loss;

f) Documents for the current year as well as the year immediately preceding the current year will be kept in a secure filing room;

g) Documents for years prior to the previous year will preferably be stored off-site in archives and proper care will be taken in storing the documents in such a manner that it remains easily accessible in case information is required;

h) All confidential documents and contracts as well as documents not in use (such as unused cheque books) will be kept separate and must be locked away in a safe or secure location;

i) All files will be labelled and maintained in a filing room. No documents will leave the filing room without the approval of Fund Manager.

5. Procurement and Contract Management

1.25 Introduction

PFF will support CAs in the procurement of consultants and Private Parties. However, PFF will not enter into contracts on behalf of CAs. The procurement will be undertaken as per the legal and regulatory framework governing public procurement in Katsina State.

This section outlines the procedures for procurement planning, undertaking procurement, reporting and contract management for procurement undertaken by the PFF Secretariat.

1.26 Procurement Planning

PFF will prepare the annual procurement plan, which will be drawn from PFF's annual work plan. Procurement plan will assist in ensuring an effective procurement process including timely tender of bids or proposals, award of contracts and delivery of goods and services required. Procurement plan will be prepared in accordance with the provisions of KTSG public procurement regulations and using the format provided by Public Procurement Authority. Procurement plan will provide the following information relating to each major category of procurement:

a. Number of contracts (broken down or consolidated into packages and lots);

b. Amount for each contract; and procurement methods to be used;

c. Whether procurement requires prior or post review by PPP&PC and DPs where necessary; and

d. Procurement timelines (both planned and actual) ranging from preparation to contract signing.

Through the use of planned and actual dates, Procurement Officer will track procurement activities at various stages. Procurement Officer will update the procurement plan with the actual dates soon after procurement activities are initiated and revise it to reflect actual status.

1.27 Procurement Guidelines and Principles

Procurement will be guided by the following principles:

i. **Value for Money** – PFF will ensure that the procurement process selects providers who offer the best possible holistic value to PFF and its stakeholders taking into account quality, cost, efficiency and economy as well as other salient factors.

ii. **Transparency** - PFF procurement process should to the greatest extent practicable, be transparent in its practices, processes, policies and relationships with all stakeholders, while ensuring protection of confidential information.

iii. **Fairness, equal treatment and non-discrimination** – potential suppliers should be treated fairly and evaluated on the same basis, using the same criteria. Decisions on their selection should be impartial and independent, in particular avoiding conflicts of interest and any kind of bribery.

iv. **Proportionality** – procedures that are undertaken to procure goods and award contracts should be increasingly rigorous the higher the value of the purchase. Differing procurement procedures have been developed with set monetary thresholds to facilitate this principle and should be used for all procurements. Procurements must not be split in an attempt to avoid these procurement procedures.

v. **Integrity** – procurement process should be conducted with a high level of integrity. Participants in the procurement process should act in the best interests of PFF and its stakeholders. They should declare any conflicts of interest and excuse themselves from the process where such conflicts exist.

vi. **Fitness for purpose** – consultants procured must be fit for purpose i.e. having the right level of skills and experience. Relevant checks for fitness for purpose should be embedded in the procurement process. The users or recipients of services being procured should give clear requirement specifications to ensure items procured are fit for purpose.

Procurement Officer will:

a. Ensure fair and equitable treatment of all suppliers who wish to bid;

b. Provide each supplier with the same information regarding a tender and keep their bids confidential;

c. Provide safeguards for the maintenance of a procurement system of quality and integrity; and

d. Require conflict of interest declarations from all participants involved in the procurement process.

1.28 Procurement Methods and Thresholds

PFF may use appropriate procurement methods and thresholds as prescribed in the applicable rules and regulations or by DPs. Due care must be taken to ensure that DPs issue a no-objection on the procurement undertaken on behalf of CAs where specified in the Financing Agreement. The procurement methods that may be applicable include:

Table 0-1: Applicable Procurement Methods

Methods	Processes
Procurement of Consultancy Services	The primary methods of procuring consultants' services are: • Quality Based Selection (QBS) • Quality Cost Based Selection (QCBS) • Selection Under a Fixed Budget (FBS) • Least Cost Based Selection (LCS) • Selection Based Upon Consultants Qualifications (CQS) • Single Source Selection (SSS) / Direct Procurement • Selection of Individual Consultants
Framework Agreements	A framework agreement establishes terms for which a group of individual contracts for one or many services can be fulfilled by one or many suppliers. The framework agreement should however strive to provide the best possible value in line with the reigning market rates for provision of the respective services covered under the agreement.
Competitive Negotiation	Competitive negotiations may be used where: (a) there is a tie in the lowest evaluated price by two or more tenderers; (b) there is a tie in highest combined score points; (c) the lowest evaluated price is in excess of available budget; or (d) there is an urgent need that can be met by several known suppliers. ***Procedure*** (1) Identify the tenderers affected by tie; identify the tenderers that quoted prices above available budget; or identify the known suppliers as prescribed;

	(2) In the case of tenderers that quoted above the available budget, reveal its available budget to tenderers; (3) Invite tenderers whose evaluated prices are not more than twenty-five percent above the available budget; (4) Request the identified tenderers to revise their tenders by submitting their best and final offer within a period not exceeding seven days. *The revised prices must not compromise the quality specifications of the original tender;* (5) Evaluate tenders using evaluation criteria set forth in the tender documents. Evaluation to be conducted by the initial tender evaluation committee; (6) Successful best and final offer will be the best rated tender.

1.29 Procurement Process

Overall procurement process will be as outlined below:

Process Step	Process Description	Responsible Officer / Unit / Dept.	Standard Timelines
1	Understanding of the requirements of CAs.	Procurement officer / Project Officer	At least once every Quarter
2	Procurement planning	Procurement officer	14 days
4	Procurement / Selection of experts	Procurement officer	21-60 days
5	Entering into framework agreements	Procurement officer	7 days
6	Drawdown of services of experts on need basis	Procurement officer	On need basis

1.30 Outsourcing of Services

PFF may from time to time outsource various services based on the operational and strategic needs of the Fund. Basis for outsourcing of services shall be clearly outlined and relevant approval sought from PPP&PC for the outsourcing of the services.

1.30.1 Rationale for Outsourcing of Services

The Outsourcing/Insourcing decision should be based primarily on:

i. Regulatory requirements on outsourcing of services;
ii. Any sensitivities or risks in delivery of the service(s) to be outsourced;
iii. PFF Secretariat's capability and capacity to undertake the function/task/service;
iv. Level of skill(s) required and availability of the required skill(s) in PFF Secretariat/KTSMOF;
v. Costs of undertaking the function in-house versus outsourcing; and
vi. Core competencies that may be availed to Fund through outsourcing such as technology which PFF Secretariat may not have

1.30.2 Management of Outsourced Services

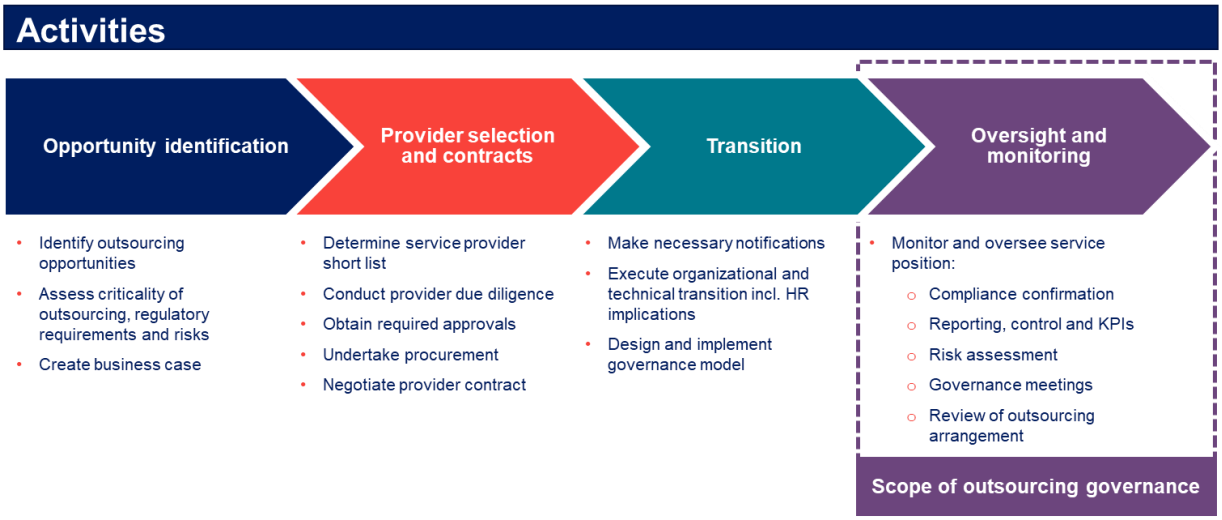
Management of outsourced services shall encompass four key activities which are outlined below:

i. Opportunity identification
ii. Provider selection and contracting
iii. Transition management

iv. Oversight and monitoring

Specific actions for each activity are illustrated below:

Figure 0-1: Key Activities in Outsourced Services Management



Delivery of outsourced services shall be guided by a delivery framework that comprises performance monitoring, periodic review and assessment, incident/ risk management and escalation mechanisms, as well as regulatory monitoring. The framework is outlined below.



PFF Secretariat shall ensure an effective working relationship with service providers through:

#	Component	Sub-components
1	Relationship and performance review	i. Historical performance evaluation (e.g., metrics, KPIs, scorecards); ii. Identification of critical success factors, lessons learning from what has worked well previously in light of potential risks; iii. Early identification of the issues that need to be resolved (two-way dialogue); and iv. Evaluation of whether the provider has fulfilled their contractual obligations as per the implementation timelines.
2	Efficient collaboration	i. Identification of opportunities to improve the relationship, within current scope (two-way dialogue and opportunities); ii. Identification of tool(s)/process enhancements that could further drive efficiencies in products/services being delivered; and iii. Ensuring there is clarity as to the "value-add" that the provider can deliver/offer in the relationship.
3	Opportunities for optimization	i. Identifying capabilities that the service provider(s) own/have that could benefit PFF in line with PFF's strategic/ operational ambitions; and ii. Identifying areas that PFF could "partner" with the provider to create sustainable core competencies.
4	Joint planning	i. Developing the short-term, in-year, joint provider/ issues/ opportunities plan encompassing: a. Prioritization of opportunities/activities; b. Implementation timelines; and c. Resource plans (e.g., people/processes/tools) that may be needed ii. Ensuring clarity as to the goals (quality of service expectations), roles and responsibilities of all the parties involved in delivery of the services including reporting arrangements.

1.31 Contract Management and Administration

Copies of contracts will be kept at the PFF Secretariat. A record will be kept of all issues arising from contracts entered into to inform reporting as well as future contracting.

Contract amendments/ variations – all proposed changes to contracts will be communicated to the CAs with justifications and relevant approvals sought before the changes are made.

Contracts will be a basis of payment and performance / delivery of goods and services will be matched to respective contractual obligations.

1.32 Procurement Records Management

Assistant Procurement Officer will ensure that procurement records are kept in an orderly manner and for the duration prescribed by law and furnish the same in the instance of procurement reviews and audits.

1.32.1 Procurement Audits and Reviews

Procurement Audits

PFF Secretariat may also be subject to annual procurement audits conducted by the relevant public entity/authority. Independent procurement audits may also be conducted by DPs. The scope of the procurement audit may cover the following:

a. Confirmation that the procurement and contracting procedures and processes followed for the Project were in accordance with the applicable rules and regulations or respective DP guidelines;

b. Assessment of technical compliance, physical completion and price competitiveness of each contract in the selected representative sample;

c. Reviewing and giving feedback on contract administration and management issues as dealt with by PFF. For example, the audit would confirm that the contract variations received the necessary approvals and were fully documented;

d. Confirmation that invoices/fee notes received from suppliers were approved and any payments made were recorded in the relevant contract;

e. Assurance that VFM was achieved. The reviewers will comment on the reasonableness of prices; and

f. Identification of any deficiencies in the procurement process or improvements which could be made.

Procurement Reviews

PFF Secretariat and CAs may also be subject to post reviews of all procurement below the agreed thresholds by DPs. A number of documents will be retained by PFF Secretariat and CAs for the purpose of audit and post review. These include:

a. Request from the user who initiated the procurement activity;

b. A copy of the published advertisement(s);

c. A copy of the pre-qualification document and evaluation report (as applicable) and bidding document/request for proposals or invitation to quote and any amendments or clarifications requests;

d. Records of bid openings;

e. Copies of all bids evaluated and any clarifications requested from bidders and responses received;

f. Evaluation report including the recommendation of award;

g. Minutes of any meetings related to the procurement;

h. Copies of all ‘certificates of no objection’ from the World Bank or any other DP (as applicable);

i. Copies of all other communications from bidders, suppliers, contractors, or providers;

j. Any bid and securities documents (in particular, documents relating to the procurement/contract) and record of their return (originals to be stored in a safe);

k. Notice of bid acceptance to the supplier, contractor, or service provider;

l. Signed contract document including any signed contract amendments;

m. All post contract documentation relating to the fulfilment of contract obligations, in particular photocopies of performance securities or advance payment guarantees (originals kept in a safe);

n. Minutes of any meetings related to the contract management, including the contract progress or review meetings, and meetings held with the supplier, contractor or service provider;

o. All documentation evidencing deliveries of supplies or completion certificates in relation to contracts for services or works;

p. Copies of all invoices including papers verifying the accuracy of payments claimed and details of the actual payment authorized;

q. Copies of cumulative payment worksheets evidencing management of all payments made;

r. Copies of any claims made by the procuring entity in respect of any warranty, short supply, damage, and other claims against the supplier, and all claims made by the supplier, contractor or service provider, and decisions thereupon made by PFF Secretariat;

s. All correspondence between the procuring entity and supplier, contractor, or service provider; and

t. All documents authorizing certain tasks, including all submissions to and all decisions of the officer authorizing particular tasks and any decisions related to contract management.

6. Performance Management

1.33 Performance of the Fund

PFF's performance management is pivotal to the achievement of its goals and respective objectives.

1.33.1 Overview of the Fund's Performance Management Framework

PFF's performance management framework will comprise five key aspects:

A. **Planning** – alignment of actions towards a common focus (goal) and cascading to the functional components of a department as well as individuals to ensure specific performance.

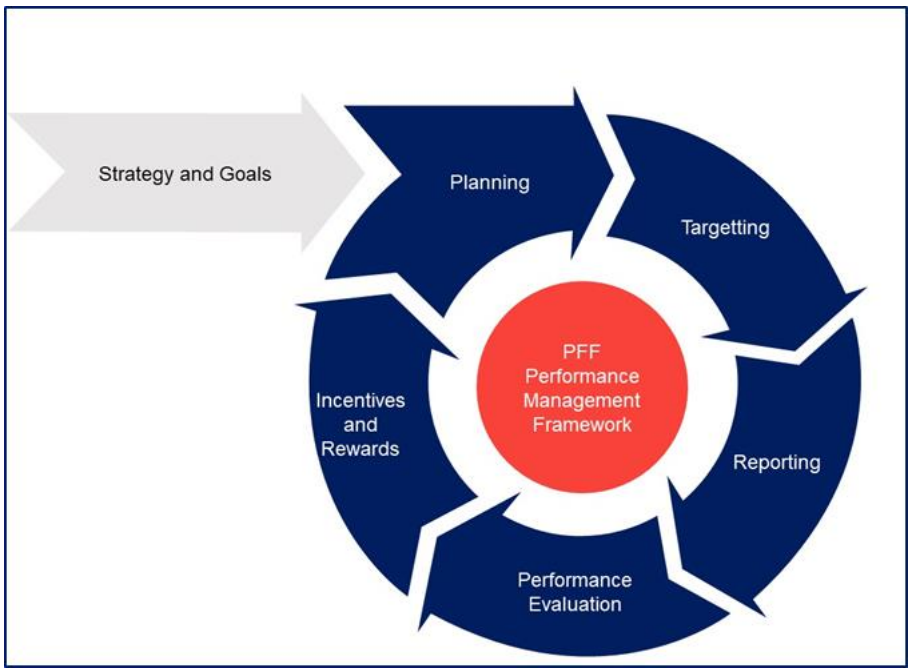
B. **Targeting** – this entails setting goals and determining the indicators for the achievement of those goals. The goals will be set with proper rationalization taking cognizance of the span of control, the timelines, operating environment and level of resources available to realize the goals.

C. **Reporting** – this will entail collecting data on the indicators, inputs and outputs that inform/outline the performance goals.

D. **Performance Evaluation** – whereas performance management is an ongoing process with feedback given in a timely manner to ensure the right action is taken towards achievement of performance goals, there are also two principal checkpoints: a mid-year and annual performance review. These reviews will be objective, factual and conducted under the Balanced Scorecard premise.

E. **Incentives and Rewards** – good performance will be rewarded and bad performance sanctioned.

Figure 0-1: Performance Management Framework



1.34 Staff Performance Management



Performance of PFF and its staff may be evaluated in line with the four broad areas of the Balanced Scorecard as outlined below:

A. Internal Perspective – Fund efficacy (efficiency and effectiveness of operations)

- Quality of services
- Development of optimal operating environment
- Regulatory compliance
- Capacity to deliver

B. Financial Perspective – resource sufficiency and regeneration

- Fund attractiveness – demand driven (need-based) for CAs and ability to attract DPs
- Adequacy of financing – Fund reserves as well as own source vs. external financing
- Level of investment by PFF in CAs
- PFF sustainability – adequacy of funds for execution of PFF's mandate, reserve levels, cost recovery model, management of time lag between investment and funds recovery
- Fund viability – delivery of value to respective stakeholders, cost management / keeping the costs low to make PFF feasible for CAs, conflicts of interest management, maximizing Fund impact

C. External perspective – DPs/CAs satisfaction (Fund attractiveness)

- Achievement of PFF objectives in line with stakeholder expectations
- Effective support, capacity building, knowledge dissemination and engagement with PFF's stakeholders
- Overall impact of PFF on the PPP landscape – success rate of Projects supported

D. Innovation & Growth – PFF's capability to improve/renew itself and stay relevant

- Adaptation to environmental changes and risk management
- Innovation and creation of solutions for various challenges
- Lessons learning – including the application of the respective lessons
- Growth of PFF – financially, and in terms of Projects supported

1.35 Monitoring and Evaluation

Robust M&E is critical for ensuring achievement of results-based financing at Project level, as well as for PFF. PFF's M&E takes a results framework approach to and is based on key PFF objectives established in the Business Plan and principles of results-based management.

1.35.1 Overview of the M&E Framework

M&E framework provides an overview and operational mechanism for PFF and for individual Projects supported by PFF. It also explains the different requirements and responsibilities in M&E and how the results from M&E will be used to inform ongoing and future planning and implementation processes in relation to PFF's operations.

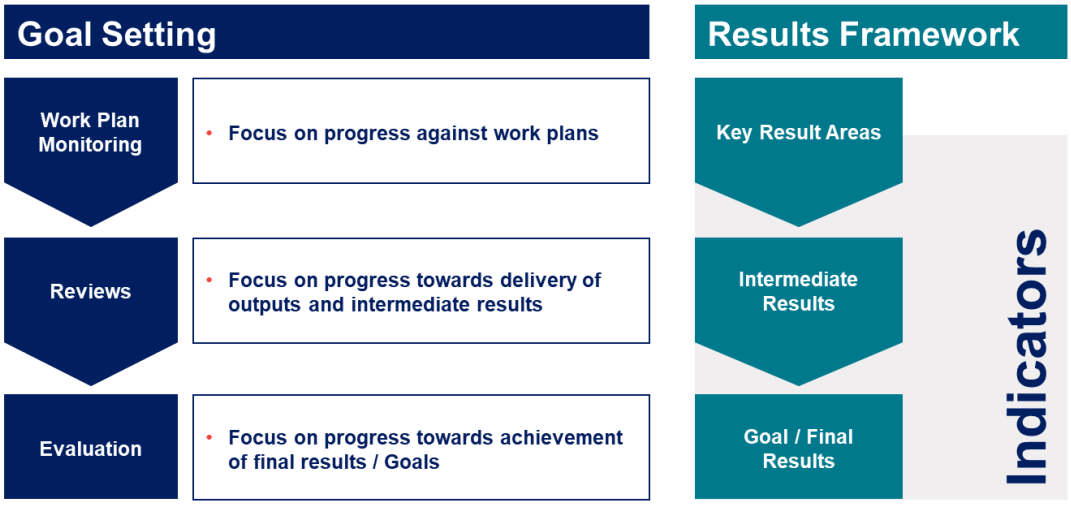
M&E framework also serves as a Results-based Management (RBM) tool for PFF. The purpose of RBM in the context of this framework is to strengthen the efficiency, effectiveness, impact and sustainability of PFF and individual Projects. Progress of each Project and PFF as a whole are measured using a results framework which specifies the hierarchy of results: impact, outcome, expected accomplishments, and outputs/activities.

1.35.2 Objectives of Monitoring and Evaluation

Objectives of PFF M&E framework will be as follows;

i. To measure the performance of PFF against its set objectives;
ii. To provide an effective means of learning from past experience;
iii. To help PFF improve on its service delivery, planning and allocating resources; and
iv. To aid PFF in demonstrating results as part of accountability to key stakeholders.

Figure 0-2: Monitoring and Evaluation Framework



1.35.3 Key Principles Guiding M&E

Key principles that will guide M&E framework will include;

1. PFF will undertake an annual review of its work plan;

2. Status of all outputs in PFF results framework will be reviewed to guarantee;

   i. Delivery is on schedule and implementation is occurring as technically and programmatically planned;
   ii. Impediments and constraining factors (internal and external) to the achievement of results, and risks expected to have a significant effect on the final results are identified for key results areas where progress is deemed unsatisfactory;

iii. Significant differences between actual expenditure and estimated planned costs are identified and explained; and necessary revisions in PFF results framework are identified.

3. Findings will be reviewed and feedback provided to the internal and external stakeholders;

i. Key result areas indicators will be rated “Green,” “Yellow,” or “Red”, reflecting their delivery status;
ii. Result area-specific findings will be consolidated and aggregated by PFF overall goal(s)/ results;

4. Aggregated results status and findings will be submitted to PPP&PC.

1.35.4 Monitoring Procedures for the Fund

a) PPP Unit’s M&E officer will develop the M&E framework for undertaking monitoring and review of the annual work plan and submit it for review by Fund Manager and approval by OAF at the beginning of each financial year.

b) Once the M&E framework is approved, Fund Manager will undertake the monitoring activities on a quarterly basis, following the procedures below:

i. Review the status of PFF activities and KPIs to determine whether they are being delivered/implemented on schedule (as defined in the annual work plan);

ii. Identify and analyze the impediments, risks and constraining factors (internal and external) related to PFF’s key result areas and supported Projects’ performance where progress is deemed less than optimal.

iii. Rate each output as either:

- “Green” indicating progress towards delivery of PFF outputs is as planned, and impediments and risks are not expected to significantly affect progress;
- “Yellow” indicating progress towards delivery of PFF outputs is in jeopardy, and action is required to overcome delays, impediments and risks; or
- “Red” indicating achievement of delivery of PFF outputs is in serious jeopardy due to impediments or risks that are expected to significantly alter progress.

iv. Review actual expenditure (budget execution) against estimated planned costs. The financial reporting will compare costs for actual activities for the current reporting period with the budget for the same period, and in the same currency. Financial reporting will be linked to PFF Key Result Areas indicators as reflected in PFF M&E framework. Financial reporting will also analyze the VFM aspects including the progress of the planned activities against the expenditure incurred.

v. Identify the necessary revisions in the action plans and results of Project; reschedule or revise activities and/or indicators.

c) Fund Manager will prepare the monitoring report and submit for review to OAF.

d) Report will then be submitted to PPP&PC for approval of proposed corrective actions/ interventions.

Evaluation Procedures for the Fund

Annual Evaluation

a. PFF's performance will be evaluated annually in line with PFF's annual work plan and results framework.

b. OAF will cause the annual evaluation to be undertaken in a period not exceeding three months from the close of PFF's financial year.

c. Evaluation will cover PFF's operations, its governance framework and risk management as well as its results framework.

Long-Term Evaluation

PFF's performance will also be evaluated every three years and comprehensively after ten years in line with the broader objectives of PFF.

a. Governor will cause a review to be conducted on the performance of PFF after ten years from the date of establishment of PFF.

b. Review will determine whether PFF has met the objectives for which it was established.

c. Report on the review will be submitted to the Governor for approval.

7. Management Information Systems

1.36 Fund Website

PFF website will be developed as an interactive platform for sharing and accessing information on PFF. Website will provide up-to-date information on the key features and activities of PFF including: PFF's underlying aims and objectives over the short and longer term and the support windows, requirements, processes and procedures. It will also provide information on the governing structure and administration of PFF.

Potential applicants will obtain information on eligibility for participating in specific windows, procedures pertaining to application, evaluation and selection of Projects.

It is intended that PFF website will be used as a key communication channel between PFF Secretariat and prospective CAs or CAs implementing PFF funded Projects. Website will also be used for accessing Fund application material as outlined by PFF Secretariat as well as for uploading funding applications.

PFF website will be designed in three parts at a minimum. One part of the website is in the public domain. This part of the website is unrestricted and accessible to anyone with internet access. The second part of the website is restricted and accessible to only those CAs that have been registered as eligible for participating and have been provided with a username and password by FF Secretariat. Registered CAs will use their username and password to access the private portal where they can upload funding applications and communicate with PFF Secretariat in connection with their applications. The third part of the website is restricted and accessible by PFF Secretariat members only. PPP Secretariat will use this portion for administrative routines including registering and evaluating applications by CAs.

OAF will publish annually on the website the following:

a. Amount and source of money received into PFF, divided by each window;

b. Total number of Projects supported under each window and divided by sector and region; and

c. Any information specifically required to be published in accordance with the requests of DPs.

1.37 Management Information System

Aim of the Management Information System (MIS) will be to automate functions around financial management, Project management and communication of information to different stakeholders. In that case, MIS will specifically automate the following functions:

A. Operations (core business of PFF) – These will be activities around applications for funding, evaluation of funding proposals and disbursement of funds to CAs.

B. Accounting and financial management – All functions involved in issuing funds and accounting for the use of these funds.

C. Electronic document management – One of the major functions of MIS will be to collate all information collected under PFF and categorize it in a way that is efficiently accessible. MIS will have robust document management capabilities to allow users to store and retrieve information items as and when they are required.

D. Customer relationship management – Aim of this feature will be to manage relationships between CAs, suppliers, donors, staff and other stakeholders. It is

important that needs of each stakeholder are clearly defined so that communication made to each group is effective. Aspects to consider here will be the role of each stakeholder group and their information needs. Each stakeholder group will be assigned to a specific team/individual to encourage focus and specialization. This way, a stakeholder group's needs will be handled effectively.

The following key considerations will be followed by PFF in identifying, selecting, implementing and using MIS:

I. Identification of an MIS

In the procurement of an MIS, the following aspects will be taken into consideration:

a) **Functional requirements and user specifications:** PFF Secretariat will outline the functional requirements of each component of PFF's activities and these will be outlined in the system's specifications.

b) **Review of similar systems in use:** PFF Secretariat will review similar systems that may be in use in other similar entities.

II. Procurement of an MIS

In the procurement of an MIS, the following aspects will be taken into consideration:

a) **Compliance with public procurement rules:** Procurement will be undertaken in line with the requirements of the applicable public procurement rules and regulations.

b) **The need for live demonstrations by bidders:** Respective bidders will make live demonstration to the selection committee of the system to present the committee with an opportunity to interact with the system and gauge its capabilities.

c) **VFM considerations:** There will be a clear demonstration of how the MIS will help to achieve VFM for PFF while enhancing PFF's efficacy.

d) **Service level agreements:** Bidders must be willing to enter into service level agreements to guarantee the requisite level of system support.

III. Implementation of the MIS

In implementation of the system, the following critical aspects will be taken into consideration:

a) Training of users: The users of the system will be trained on how to use the system based on their respective mandates with adequate support provided for new staff using the system. In this regard, user guides will be provided for each user group.

b) Pilot implementation / testing: The implementation of the system will include a pilot / test phase before full implementation to minimize risk.

c) Need for data backups: There will be adequate measures in place for data back-up.

d) User evaluation and sign-offs: The users of the system will sign off on the system's roll-out once they are able to effectively use the system as configured.

IV. Monitoring of the MIS

MIS will be monitored regularly for its effectiveness and to be able to make timely adjustments.

a) Post-implementation review: The system will be reviewed post-implementation so as to identify:

   i. Key challenges in implementation (user vs. system challenges);

   ii. Areas that may require refresher training; and

   iii. System components that may require reconfiguration.

b) Annual System Reviews: The system will be reviewed more comprehensively on an annual basis, to evaluate its effectiveness and identify areas / opportunities for improvement. The scope of the review will cover:

i. Technical functionality,

ii. User friendliness,

iii. Support services, and

iv. User satisfaction.

8. Winding up of the Fund

Governor may wind up the Fund with the approval of the Katsina State House of Assembly when they consider that PFF has successfully completed the specific objective for which it was established or where it is deemed incapable of executing its mandate.

1.38 Winding up Procedures

On the winding up of PFF:

a) All proprietary information and related documentation will be annotated and transferred to KIPA;

b) OAF will pay any amount remaining in PFF bank accounts to the KTSMOF;

c) KTSMOF will pay any deficit into PFF bank account(s) from Katsina State budget with the approval of Katsina State House of Assembly;

d) OAF will undertake an inventory of all the assets of PFF. Assets will be transferred to KTSMOF;

e) If at the time of winding up of PFF there are outstanding obligations, such obligations will be transferred to KTSMOF; and

f) A final statement of accounts will be prepared which the Governor will submit to Katsina State House of Assembly and to the Auditor General for audit within nine months from the date of the decision to wind up PFF.

OAF must also ensure that PFF does not enter into agreements for which it is unable to meet its obligations and which would render PFF technically insolvent.

Where PFF is holding funds from a specific DP, OAF will ensure that Governor is fully appraised on the obligations of PFF to the specific DP and comply with the specific requirements on winding up of PFF as agreed in the Financing Agreement.

9. Anti-Fraud/Corruption and Whistleblowing

1.39 Introduction

PFF has a zero-tolerance policy on fraud and corruption. PFF shall not tolerate fraud, corruption and/or bribery by any of its employees, or other third parties that may be carrying out activities for and on behalf of PFF.

All stakeholders engaging with PFF shall notify PFF immediately if there is suspicion or the identification of fraud pertaining to funds administered by PFF.

All incidences of fraud shall be aptly investigated by Internal Auditor with direct reporting to Audit and Risk Sub-Committee.

CAs shall ensure that they have put in place mechanisms to safeguard funds advanced to them by PFF against fraud and corruption.

1.40 Responsibility for the Detection, Prevention and Reporting of Fraud

All stakeholders at all levels are responsible for exercising due diligence and control to prevent, detect and report acts of fraud, corruption or bribery.

It is the responsibility of PFF Secretariat to be familiar with the types of improprieties that might occur in their areas of operation. This responsibility includes being alert to any indication that improper activity, misappropriation or dishonest activity is or was occurring in his or her area and putting in place controls to avoid such occurrences.

It is the responsibility of PFF Secretariat and members of PPP Unit offering services to PFF to conduct PFF's business in such a way as to prevent fraud, corruption or bribery occurring in the course of carrying out their activities both in and outside of the workplace as a representative of PFF and PPP Unit at large.

1.41 Whistleblowing

Any incidences of fraud or corruption shall be reported to OAF with immediate effect through the contact information provided in various documentation and PFF website. A secure email address for the purpose of reporting instances of fraud, corruption or malpractices shall be provided in this regard with select members of Audit and Risk Sub-Committee and appointed members of PFF Secretariat handling the address. The issue escalation mechanisms shall also be outlined for incidences reported.

Whistleblowing policy shall be well communicated to respective stakeholders, and expectation of full adherence by the respective stakeholders clearly stipulated in the terms of engagement.

1.42 Ethical Behavior

OAF and members of PFF Secretariat are expected to adhere to the ethics standards stipulated for public servants.

Appendix A Manual Amendment Request Form

Manual Amendment Request Form

THE PROJECT FACILITATION FUND

PPP UNIT

Governance and Operations Manual Amendment Request Form

Date: _____

Name: _____

Section where amendment is needed:

Current manual procedure and/or wording:

Requested amendment and justification:

Date change request was received: _____

Amendment request is (tick one): _____Accepted _____Denied _____ more information is needed before decision can be made

PFF OAF's Signature: _____

PPP Committee Chairperson: _____

Date changed in manual: _____

Appendix B PPP Committee Guidelines

Introduction

PPP&PC Guidelines have been developed to guide the interactions among PPP&PC, PFF and its stakeholders.

These guidelines provide the framework for effective oversight of the Fund and carrying out of PPP&PC's functions.

In applying the core principles of good corporate governance in the oversight of the Fund, the PPP&PC will ensure:

1. **Accountability**: that PFF has the right operating structure with designated responsibilities, clear decision making, approvals and accountability; and that it reports accurately on its performance and financial undertakings.

2. **Responsibility**: that PFF has the right levels of reporting and responsibility is effectively taken at all levels through proper job descriptions, goal setting and performance management.

3. **Independence**: that mechanisms have been put in place to minimize or avoid potential conflicts of interest, such as through proper disclosure of a direct or indirect interest by a member of PPP&PC or PFF Secretariat in a private, professional or official capacity in any matter being considered by the Fund.

4. **Transparency**: that the necessary information is made available in a candid, accurate and timely manner to enable KTSG and other key stakeholders to easily make meaningful professional analysis of PFF's actions, its economic fundamentals and the non-financial aspects pertinent to its functions/activities.

5. **Fairness**: that the existing systems will be balanced taking into account current and future interests of KTSG and other key stakeholders. Rights of the various stakeholders will be acknowledged and respected.

6. **Discipline**: that PPP&PC and PFF Secretariat adhere to behavior that is universally recognized and accepted to be correct and proper.

7. **Social Responsibility:** that PFF Secretariat will be well-managed so that PFF recognizes and is aware of, and responds to, social issues, placing a high priority on ethical standards.

PFF is committed to implementing and adhering to corporate governance best practice. PPP&PC regards corporate governance as being vital to the success of PFF, as it will ensure appropriate and effective management practices are in place. PPP&PC recognizes that achievement of good corporate governance will ensure PFF's performance is enhanced thereby adding value to KTSG and other key stakeholders.

Committee Size and Membership

PPP&PC's size, membership composition and tenure of its members will be determined following discussions, organized by KIPA, among relevant stakeholders.

Sub-Committees

PPP&PC will establish sub-committees it may consider necessary for the better performance of its functions and exercise of its functions under PFF Guidelines. Sub-committees that will handle the affairs of PFF are:

- Finance Sub-Committee; and
- Audit and Risk Sub-Committee.

PPP&PC will recruit any person whose knowledge and skills are found necessary for the performance of sub-committee functions. PPP&PC may delegate its performance of a particular activity to any member, officer, employee or agent of PPP&PC to carry out.

Ad-hoc Sub-Committees

PPP&PC may form ad-hoc sub-committees with clear terms of reference on a need basis to address any matters arising within PFF or for Projects. These sub-committees will only serve for the duration of the need and should not be permanent.

Role of the Committee

Chairperson will lead PPP&PC and ensure that it is effectively carrying out its duties and responsibilities.

OAF will serve as the Secretary to PPP&PC and head PFF Secretariat ensuring that it meets and achieves PFF's strategic, operating and financial objectives. OAF and PFF Secretariat are accountable to PPP&PC, acting on behalf of KTSG and other key stakeholders.

PPP&PC will oversee the operations of PFF. It will perform the following:

- Approve all applications for funding;
- Approve investment of surplus funds;
- Approve proposals for re-allocations of funds not earmarked for specific purposes within the Fund;
- Approve all operational and management procedures;
- Approve criteria for selection and evaluation of Projects for funding and ensure that only eligible projects are authorized for funding under PFF Guidelines;
- Approve all reporting policies;
- Approve financial statements and management reports;
- Adopt financial statements prepared by OAF; and
- Adopt the non-financial reports and submit them to Governor.

Powers of the Committee

PPP&PC will have powers to:

- Oversee implementation of policies formulated for the operation of PFF;
- Require any information from any party to a Project on any matter relating to a support window; and
- Take custody of Funding Agreements and monitor compliance.

Role of the Chairperson of the Committee

Chairperson will preside over PPP&PC meetings. Their responsibilities will include:

- Providing leadership to PPP&PC;
- Harnessing the collective skills of PPP&PC and PFF Secretariat;
- Guiding PPP&PC decision-making process and where necessary using their casting vote;
- Helping PPP&PC to fulfil the goals it sets by assigning specific tasks to Committee members;
- Establishing procedures to govern PPP&PC's work and ensure PPP&PC fully discharges its duties;
- Ensuring proper flow of information to PPP&PC, reviewing adequacy and timing of documentary materials in support of PFF Secretariat's proposals;
- Organizing and presenting the agenda for regular or special meetings based on directions from Governor and input from members;
- Ensuring adequate lead time for effective study and discussion of matters under PPP&PC's consideration;
- Efficiently conducting meetings to ensure that sufficient time is allowed for discussion of complex or contentious issues;
- Ensuring there are appropriate arrangements for informal meetings beforehand to enable thorough preparation for discussions;
- Carrying out other duties as requested by OAF and PPP&PC, depending on need and circumstances;
- Maintaining close, but independent working relationship with OAF;
- Acting as a liaison between PPP&PC and PFF Secretariat, KTSG, other key stakeholders and public;
- Ensuring effective communication with KTSG and other stakeholder and ensure that the members of the Committee develop an understanding of the views of KTSG and other key stakeholders; and
- Together with OAF, representing PFF to external groups including DPs.

Officer Administering the Fund (OAF)

Director of PPP Unit will be OAF. OAF will perform the following duties:

- Act as a secretary and technical arm to PPP&PC;
- Supervise and control the administration of PFF;
- Prescribe all forms and prepare all funding documentation necessary for proper administration of PFF;
- Prepare estimates of annual revenues and expenditures of PFF and submit it to PPP&PC for adoption;
- Establish proper systems of control and oversight over the operations of PFF;
- Advise and consult with PPP&PC on matters relating to the administration of PFF;
- Advise and consult with Governor on matters relating to the administration of PFF as may, from time to time, be necessary;
- Keep and maintain complete financial records of all Projects supported by PFF;
- Advise PPP&PC on trends and projections relating to the financing requirements of PFF;
- Prepare non-financial performance reports of PFF and submit it to PPP&PC for adoption;
- Cause to be kept proper books and records of PFF and Projects financed by it;
- Prepare, sign and submit to the Auditor General in respect of each financial year and within three months after end of each financial year, a statement of accounts relating to PFF in the form prescribed by the NASB and file a copy with KTSMOF; and

- Furnish any additional information which is proper and sufficient for proper discharge of the mandate of the Auditor General.

In performing the duties listed above, OAF will;

- Comply with the ordinary budget cycle;
- Submit estimates of revenue and expenditure to Governor each year of approval;
- Receive funding requirement estimates from PPP Unit and CAs with respect to VGF and project preparation activities funding in accordance with annual budget cycle in each year; and
- Receive estimates of contingent liability estimates from KTSMOF each year.

Powers of Officer Administering the Fund (OAF)

OAF will have powers to:

- Access any project related data that may be required from CAs in furtherance of its functions;
- Call for any additional information with respect to requests for payments out of Fund; and
- Issue financial management guidelines relating to Fund in consultation with KTSMOF.

Role of Sub-Committees

1. Audit and Risk Sub-Committee

a) Internal Control

- Ensure an effective and efficient internal control system;
- Delegate to management the responsibility of designing, developing, implementing and monitoring effectiveness of internal control systems;
- Receive written assessment of effectiveness of internal control systems from the internal audit function and the external auditor;
- Ensure implementation of changes and recommendations from internal and external auditor by management.

b) Risk Management

- Ensure the development of a policy on risk management that will take into account sustainability, ethics, compliance risks and other risks relevant to Fund.
- Delegate the responsibility of implementing the plan to management;
- Monitor risks taken within the set tolerance and appetite levels;
- Obtain technical advice where necessary;
- Ensure risk assessment is done on a continuous basis; and
- Evaluate performance of the risk management team on a continuous basis.

c) External Audit

- Ensure the books of accounts and financial statements are prepared on a timely basis;
- Ensure that the external audit of the financial statements is completed and submitted within the timelines stipulated in any law and KTSG policies; and
- Ensure an independent, competent and qualified external auditor conducts the annual audit to provide and objective assurance as to whether Fund's financial statements fairly represent its financial position and performance.

2. **Finance Sub-Committee**

- Review the annual work plan and budget;
- Develop the asset allocation policy;
- Review replenishment options for fund/cash deficits;
- Set out the responsibility of managing investment risks;
- Approve investment risk management policy and framework;
- Establish the investment process for excess funds or cash received;
- Assign the responsibility of implementing the investment plan and framework;
- Review investment performance reports for different investment options employed by management;
- Approve funds transfer requests from Fund accounts to approved investment accounts;
- Review investment register prepared by the management team;
- Ensure investments are monitored and advise on roll over options and terms for mature investments;
- Review analysis of the investments generated on a quarterly basis;
- Identify resources and design mechanisms to obtain these;
- Set out the responsibility of obtaining resources to OAF;
- Review performance of the resource mobilization team in obtaining resources;
- Review recommendations suggested by the resource mobilization team for resource mobilization;
- Advise the management on resource mobilization strategies; and
- Present resource mobilization report to PPP&PC.

Committee Meetings

Attendance

Every member will attend meetings regularly and effectively participate in the conduct of the business of PPP&PC. Each member must attend at least three (3) consecutive meetings annually. Where a member is not able to attend, he/she must submit an apology to OAF within reasonable time prior to the meeting. On an annual basis the Chairperson will review the suitability of a member who has failed to attend three consecutive meetings without valid reasons.

All members will attend and vote/abstain from a vote in person and not in proxy.

PPP&PC may invite any person to attend meetings and participate in the deliberations. This person will not have voting rights to items being discussed.

Frequency of Meetings

PPP&PC will meet at least once in every quarter of each financial year. Each meeting will be preceded by at least seven (7) days' notice to every member. Where PPP&PC wishes to change the notice period, at least three quarters of the members must agree to the new notification period.

Agenda Items for Meetings

Chairperson in liaison with OAF will establish the agenda for each meeting. OAF will issue a schedule of agenda subjects to be discussed for the ensuing year (Committee Work Plan or Calendar) at the beginning of each year (to the degree these can be foreseen) which will be discussed at each session, as appropriate. Each member may suggest the inclusion of additional item(s) on the agenda. OAF will share the calendar with the various programs and their funders.

Role of the Chairperson

Chairperson may determine the venue of the meeting. Chairperson will preside over all meetings or the Vice Chairperson in his or her absence. Vice-Chairperson will be elected at the first meeting. This position (Vice Chairperson) will be filled whenever necessary for subsequent meetings. Where Chairperson or Vice chairperson are absent, PPP&PC must appoint a member from among themselves to chair the meeting.

Role of OAF and PFF Secretariat

PFF Secretariat will submit papers to members before meetings. It will provide material that efficiently furnishes the desired information. OAF will play an important role in supporting the effectiveness of PPP&PC by monitoring the policy and procedures are followed. OAF will also coordinate the completion and dispatch of the agenda and briefing materials. OAF will be accountable to PPP&PC, through the Chairperson, on all governance matters.

Committee Presentations

OAF will send papers and presentations on specific items to PPP&PC two (2) weeks in advance. This will enable the members to prepare themselves well in advance and make meetings more effective. For extremely sensitive subject(s), OAF/Chairperson may present the information for the first time at a meeting.

Extraordinary Meetings

Chairperson may call an extraordinary meeting by issuing a written notice of not less than seven (7) days on request from any member. If the particular matter of discussion is urgent, an extraordinary meeting may be called upon giving a notice of less than 7 days. In cases of an emergency, quorum of for a meeting will be Chairperson, OAF and at least two other members to discuss and decide on matters of crucial immediate importance.

Quorum for Meetings

Quorum will be at least half the number of appointed members. Where members present do not constitute a quorum necessary to hold a meeting, or where by exclusion of a member from a meeting, the number of members present fall below the quorum necessary to hold a meeting, PPP&PC will postpone the consideration of the matter in question until there is a quorum.

Committee Decisions

Each member will have a single voting right on the matter being discussed. A question before PPP&PC will be decided by simple majority of the members present and votes cast. Where the vote cast is equal, Chairperson will have a casting vote. OAF will have no voting rights on the matter being discussed.

Conduct of Meetings

PPP&PC will determine rules and procedure of conduct of its business keep minutes of its proceedings and decisions.

Committee Minutes

OAF will keep minutes as a record of the proceedings of every meeting and its sub-committees. Members will confirm the minutes of the preceding meeting at the next meeting. This includes a review of the action items outstanding. Chairperson and Secretary will approve the minutes of the meeting. Secretary will keep a permanent record of the minutes.

Committee Member compensation

Governor will determine the allowances to pay to the members of PPP&PC.

Performance Evaluation

Evaluation of PPP&PC

PPP&PC will have an effective mechanism for evaluating its performance on a continuous basis. It will evaluate its performance at least once per year. This will include an assessment of the effectiveness of PPP&PC, the operations of sub-committees and the contribution of individual members. Chairperson will be accountable to PPP&PC for ensuring that regular assessments of the effectiveness of PPP&PC and its sub-committees, as well as the contribution of individual members, are carried out. Results of the assessment of PPP&PC and its sub-committees will be reported. Results of individual assessments will be given to individual members to help them improve their contribution.

Regular assessment of PPP&PC's effectiveness, and the contribution of individual members, is essential to improve governance practices. The focus of such assessments will be to:

- Assess the way in which PPP&PC operates;
- Check that important issues are suitably prepared for and discussed;
- Measure the actual contribution of each member to PPP&PC's work through his or her competence and involvement in discussions; and
- Ensure that PPP&PC steers PFF to achieve its strategic objectives both in short term and long term.

Evaluation of OAF

Members will conduct a formal evaluation of OAF on an annual basis. Chairperson will communicate results of such an evaluation to OAF. Evaluation process will be based on objective criteria including performance on the functions of PFF, accomplishment of long-term strategic objectives and development of PFF Secretariat. PPP&PC will use the evaluation report in the course of its deliberations when considering the compensation of OAF.

Conflict of Interest

A PPP&PC member will declare any personal or fiduciary interest in a project, proposed contract or any subject matter to be discussed as soon as is practicable after commencement of the meeting to Chairperson. He or she will not take part in consideration or discussion of, or vote on any question touching such matter. Disclosure of interest must be recorded in the minutes of the meeting at which it is made. PPP&PC will mediate on conflict of interests among members and stakeholders.

OAF will responsible for receiving conflict of interest information from staff or consultants and take such action as s/he considers appropriate in each case and submit a report to PPP&PC.

PFF Secretariat will take responsibility for implementing and managing an effective compliance program relating to legal and ethical conduct. Secretary should keep an annual register of conflicts.

Code of Conduct and Ethics

PFF will have a code of ethical conduct with effective reporting and enforcement mechanisms. PFF staff will have a means of seeking guidance and alerting management and PPP&PC about potential or actual misconduct without fear of retribution. Violations of the code will be addressed promptly and effectively.

PPP&PC will ensure all members, OAF, and PFF Secretariat act ethically at all times and adhere to the policies set forth in PFF Code of Ethical Conduct. PPP&PC will receive a report on the level of adherence to the code by staff of PFF and other stakeholders.

PPP&PC will not permit any waiver of any ethics policy for any PPP&PC member. Unethical acts committed by members, management and staff will attract punitive measures including termination as appropriate. PFF Secretariat will also report to the relevant regulatory authorities and other relevant external stakeholders, any unethical acts performed by members, management and staff.

Confidentiality

Every member of PPP&PC will upon assumption of his/her office; take such oath of secrecy.

No member will, without written consent given by or on behalf of PPP&PC, publish or disclose to any person, otherwise than in the course of his/her duties, content of any document, communication or information which relates to, and which has come to his knowledge in the course of duty.

PPP&PC members, will be required to maintain the confidentiality of information entrusted to them by PFF or any other confidential information about PFF that they receive from any source in their capacity as a member, except when disclosure is authorized by PPP&PC or legally required.

Members will be expected to take all appropriate steps to minimize the risk of disclosure of confidential communications coming to them from PFF and of confidential discussions with other members.

All discussions occurring at PPP&PC meetings will be presumed to be confidential to the extent disclosure of them is not legally required.

Members will not use confidential information for their own personal benefit or for the benefit of persons or entities outside PFF or in violation of any laws or regulations.

These responsibilities with regard to confidential information will apply to all members during and after their service on PPP&PC.

For purposes of these guidelines, “confidential information” will be all non-public information relating to PFF, including information that could be useful to Private Partners or otherwise harmful to the PFF’s interests or objectives if disclosed.

Reporting and Disclosures

PPP&PC, will ensure the integrity of PFF reports (financial and non-financial). PFF Secretariat will disclose material information to the relevant KTSG authorities and key stakeholders in

accordance with the prevailing regulations having the force of law in a timely, accurate, understandable and objective manner.

PPP&PC will take the initiative to disclose not only matters required under the regulations having the force of law, but also those of material importance to the decision-making of KTSG and other key stakeholders with respect to such matters.

OAF will ensure that PFF complies with prevailing regulations having the force of law in respect of disclosure requirements.

Whistle Blowing

PPP&PC will ensure there is a whistle blowing policy in PFF. The whistle blowing policy will protect and prohibit victimization of those who disclose or provide information in good faith. PPP&PC will appoint an independent party responsible for receiving and investigating whistle blowing reports and review the findings of this party.

Protection of Members

No action, suit or other proceedings will be brought or instituted personally against any member in respect of any act done in good faith in the course of carrying out their duties.

Appendix D Scope of Work for Key Functionaries of PFF Secretariat

Fund Manager

Fund Manager will be in charge of the day to day management of PFF. Fund Manager will be responsible for ensuring all the functions are performed effectively including regulatory compliance and risk management, review of applications for funding, financial management, procurement, development of Funding Agreements and contract management. Fund Manager will also be in charge of monitoring and evaluation of PFF activities and stakeholder management, ensuring respective documentation are maintained in good order, and that Funding Agreements remain in compliance with the attendant regulatory frameworks. Fund Manager will work closely with PPP Unit, Accountant, Assistant Accountant and Procurement Team which will comprise Procurement Officer and Assistant Procurement Officer to execute the functions of PFF. Main tasks will be as follows:

- Prepare, present and update draft agreements, terms and conditions, forms, committee structures, letters of acknowledgement and other exhibits that may be required as part of setting up the PFF Secretariat.
- Work closely with DPs to determine donor intent and to draft new Funding Agreements or amendments to existing agreements, as well as any additional documentation. Provide information to stakeholders in line with PFF's objectives.
- Ensure Funding Agreements are complete and in compliance with attendant regulatory framework. Review of Financing Agreements, recommend and negotiate changes to Financing Agreements as appropriate to ensure PFF meets the DPs' intent, and is compliant with both the regulatory framework and its internal policies and procedures.
- Approvals of budget, payments, and financial reports. Develop the relevant financial management policies and ensure compliance with the same. Respond to audit queries and action the recommendations made.
- Develop the work plan, performance goals and targets. Monitor performance on a quarterly basis and take corrective action as may be necessary.
- Ensure effective and timely reporting to stakeholders.
- Manage the provision of outsourced services by setting the requisite service standards and implementation framework.
- Manage and update the risk register.
- Facilitate and ensure the timely procurement and delivery of various inputs and technical equipment in collaboration with Procurement Officer and CAs in accordance with KTSG/DP guidelines;
- Supervise financial administration, including the preparation of financial statements, budgets and forecasts.
- Ensure that adequate funding is received in a timely fashion, and is in place for all aspects of PFF's operations.
- Ensure that all assets are used solely for the purpose for which they were procured.
- Monitor compliance by CAs with this Manual.
- Undertake any other functions assigned by OAF.

Qualifications

- A minimum of 15 years relevant experience.

- A masters' degree or Professional Qualification in Accounting.
- Understanding of Government/ Development Partners/ PPPs.
- Fund management experience.
- Monitoring and evaluation experience.
- Stakeholder management experience.

Accountant

Accountant will be responsible for all accounting, internal control and other financial management functions within PFF Secretariat as well as supervision of Assistant Accountant and finance function staff. Main tasks will be as follows:

- Develop and update financial management policies and procedures that will ensure compliance with all applicable financial management regulations/procedures.
- Undertake financial planning and budgeting based on the agreed annual work plan. Preparation of forecasts and cash flow management.
- Process disbursements and ensure prompt release of funds, once approved, to the respective payees.
- Establish and maintain an integrated accounting system for expenditures to ensure smooth flow and constant availability of financial resources and utilizing standard accounting procedures, which will ensure full documentation and recording of sources and uses of funds.
- Periodically review the performance of control functions and where appropriate initiate corrective measures to ensure that internal controls are sufficient and function correctly.
- Develop clear informative methods and media to present financial data, special projects, and studies of a financial nature.
- Evaluate the financial reporting system and accounting procedures, and make recommendations for changes, to procedures, operating systems, budgets, and other financial control functions to Fund Manager.
- Undertake in-house financial management and accounting training and capacity building as necessary.
- Analyze and consolidate financial and management reports in accordance with agreed reporting schedules ensuring correlation between implementation progress and financial performance.
- Present financials statements and reports from all operations to Fund Manager and OAF.
- Supervise the activities of the financial management function of PFF Secretariat.
- Manage bank accounts and provide bank reconciliation statements.
- Prepare financial statements for external audits, Interim Financial Reports (IFRs) and funds applications reports for Designated Accounts.
- Ensure strict adherence to installed internal control systems for all areas of operations and financial management.
- Monitoring of investments.
- Liaise with the internal/external auditors and follow up on audit queries and recommendations documented in management letters.
- Any other duties as may be assigned from time to time by Fund Manager.

Qualifications

- A minimum of 10 years' relevant experience.
- A Bachelor's Degree or Professional Qualification in Accounting.
- Experience managing KTSG and DP funds.
- Investments management experience.

Assistant Accountant

Role of Assistant Accountant will be to maintain all accounting records in line with approved accounting standards and in line with DP and KTSG regulations and initiate transactions and financial recording activities. Main tasks will be as follows:

- Assist in formulating and administering approved general accounting practices.
- Ensure that fiscal and business activities comply with all applicable rules and regulations.
- Draw up annual budgets based on work plans as well as any supplementary budgets together with Accountant.
- Ensure disbursement requests and invoices submitted for payment at PFF Secretariat are promptly attended to and processed.
- Review bank reconciliations and other controls necessary to monitor financial and non-financial assets.
- Record all financial transactions in the relevant financial management and accounting systems and undertake accounts analysis and reconciliation.
- Prepare financial statements, estimates, summaries, and other financial analyses and management reports.
- Render periodic reports (i.e. monthly/quarterly/annually) in the formats approved to Accountant and Fund Manager.
- Prepare payment vouchers, issue receipts, and maintain cash records in accordance with laid down procedures.
- Maintain an Advance Payments Register and monitor advances settlement.
- Prepare monthly bank reconciliations of all PFF bank accounts.
- Maintain relevant books and records.
- Cheque writing and updating the Cheque Issued Register.
- Ensure that all accounting records are updated promptly.
- Support audits, handle correspondence, and maintain files.
- Any other duties as may be assigned from time to time by Accountant.

Qualifications

- A minimum of 5 years relevant experience.
- A Bachelor's Degree or Professional Qualification in Accounting.
- Experience in KTSG and DP accounting.

Procurement officer

Procurement Officer will carry out responsibilities as defined in the applicable rules and regulations as well as this Manual. Procurement Officer's detailed tasks include, but not limited to the following:

- Ensure compliance with the applicable public procurement laws, rules and regulations and this Manual;
- Prepare the annual procurement plan in conformity with the fiscal framework and fiscal policy objectives;
- Procure goods, works and services within approved budget;
- Use PFF resources in an effective, efficient, economical and transparent manner;
- Initiate and prepare contracts with suppliers;
- Implement the procurement and asset disposal process according to the applicable public procurement laws, rules and regulations;
- Submitting preference and reservations schemes implementation report;
- Manage procurement and asset disposal contracts;
- Implement directions as issued by KTSMOF or PPP&PC from time to time;
- Supervise Assistant Procurement Officer; and
- Any other duties as may be assigned from time to time by Fund Manager.

Qualifications

- A minimum 10 years of experience.
- A Bachelor's Degree or Professional Qualification in Procurement.
- Experience in government protocols and operations especially relating to procurement.
- Contract management experience.

Assistant Procurement Officer

Assistant Procurement Officer, under the direction of, and reporting to Procurement Officer will be required to provide procurement support services. More specifically this comprises the following areas of responsibility and specific tasks:

- Provide input into the procurement planning process including an estimation of the procurement needs for CAs.
- Ensure compliance with this Manual and any other laws or regulations governing procurement.
- Ensure procurement records are kept in an organized manner.
- Ensure that contracts are duly implemented in line with their specific provisions and that all changes to contracts are recorded.
- Attend all procurement meetings as may be necessary and take minutes of the meetings.
- Assist in the development of terms of reference, procurement notices and adverts.
- Support procurement audits by providing information as may be required.
- Assist the procurement process including keeping a repository of bidders, bidders' correspondence, award and regret notifications.
- Maintain the database of service providers and keeping a record of deregistered service providers who get blacklisted.
- Support procurement reporting as required.
- Any other functions assigned by Procurement Officer.

Qualifications

- A minimum 5 years of relevant experience.
- A Bachelor's Degree or Professional Qualification in Procurement.
- Experience in government protocols and operations especially relating to procurement.
- Contract management experience.
- Record management experience.

Internal Auditor

The Internal Auditor will undertake periodic internal audits according to international standards and in compliance with the relevant rules and regulations.

Appendix E Project Reporting

Summary of Costs

This template will be used to record costs of a Project for each milestone achieved. It will indicate the actual cost, the budgeted cost and the variance.

Implementation phase (Insert the phase of Implementation)				
Milestones Description (Describe each Milestone activity)	**Actual (NGN)**	**Budget (NGN)**	**Variance (NGN)**	**Comments**
1. Milestone 1				
2. Milestone 2				
Total Phase (insert phase no.)				
Defers (indicate activities deferred and their cost)				
Milestones Description (Describe each Milestone activity)	**Actual (NGN)**	**Budget (NGN)**	**Variance (NGN)**	***State phase deferred to***
3. Milestone 1				
4. Milestone 2				
5. Milestone 3				
Total Phase Defers				
Institutional Summary (Indicate Indirect costs incurred by the Contracting Agency e.g. transport, accommodation etc.)				
Contracting Agency (CA)				
Total				

Financial Report per Milestone

For each Project milestone, the CA will record the following cost items.

Indicate the output expected under this milestone		List the expected deliverables under this milestone		
Record the costs incurred by the implementing entity and other partners under the project		**Actual expense for reporting period (NGN)**	**Budgeted (NGN)**	**Variance (budgeted - actual)**
Contracting Agency	Personnel			
	Travel			
	Daily Living Costs			
	Other			
	Administrative costs			
Grand Total				

Technical Report

Executive Summary
Summary of activities implemented in the phase of the project

Deliverables for the Period			
Table 1: Deliverables for the Project Phase			
Milestone	**Deliverable**	**Supporting Evidence**	**Status**
Output 1: Indicate name of output			
Milestone 1.4: name of milestone	Indicate name of deliverable	Section 3.1 (Indicate section of evidence of deliverable)	Indicate status of implementation
Output 2: Indicate name of output 2			
Milestone 2: name of milestone	Indicate name of deliverable	Section 6.1 (Indicate section of evidence of deliverable)	Indicate status of implementation
Output 2: Indicate name of output 3			
Milestone 3: name of milestone	Indicate name of deliverable	Section 4.1 (Indicate section of evidence of deliverable)	Indicate status of implementation
Milestone 4:name of milestone	Indicate name of deliverable	Section 5.1 (Indicate section of evidence of deliverable)	Indicate status of implementation
Output 3: Progress by Deliverable			
3.1. Milestone 1: Name of Milestone Detailed description of what was done to achieve the milestone, challenges and lessons learnt. **3.2. Milestone 2: Name of milestone** Detailed description of what was done to achieve the milestone, challenges and lessons learnt.			
3.3 Recommendations			
Cross-Cutting Recommendations			
Indicate what can be done to enhance achievement of overall objective of the project.			
Milestone 1		**Milestone 2**	
Indicate specific recommendation to achieve this milestone		Indicate specific recommendation to achieve this milestone	
Output 4: Reflections on Work Plan			
Indicate any changes to the work plan			

Risk Report

Risk Assessment Matrix							
Project Area	**Risk**				**Mitigation**	**Overall risk**	**Potential impact on Milestones**
OUTPUTS	**OUTPUT RISKS**	**Probability**	**Initial Impact**	**Score**	**Mitigation**	**Remaining risk**	**Risk to quarterly milestones**
OUTPUT 1: Indicate the name of the output							
1.1 Indicate the risk	Describe how the risk manifested	High (risks are rated from low, medium to high)		3	Indicate what was done to minimize impact of the risk	Indicate the risk remaining	Indicate impact of risk to achievement of the milestone
OUTPUT 2: Indicate name of output							
1.2 Indicate the risk	Describe how the risk manifested	Low (risks are rated from low, medium to high)		1	Indicate what was done to minimize impact of the risk	Indicate the risk remaining	Indicate impact of risk to achievement of the milestone

Risk Rating Matrix

			Consequences				
			Insignificant Risk is easily mitigated by normal day to day process	**Minor** Delays up to 10% of project plan Additional cost up to 10% of Budget	**Moderate** Delays up to 30% of project plan Additional cost of up to 30% of Budget	**Major** Delays up to 50% of project plan Additional cost of up to 50% of Budget	**Catastrophic** Project abandoned
			1	2	3	4	5
Likelihood	5	**Certain** >90% Chance	**High**	**High**	**Extreme**	**Extreme**	**Extreme**
	4	Likely 50% - 90% Chance	**Medium**	**High**	**High**	**Extreme**	**Extreme**
	3	**Moderate** 10% - 50% Chance	**Low**	**Medium**	**High**	**Extreme**	**Extreme**
	2	**Unlikely** 3% - 10% Chance	**Low**	**Low**	**Medium**	**High**	**Extreme**
	1	**Rare** <3% Chance	**Low**	**Low**	**Medium**	**High**	**Extreme**

Appendix F Reporting Template for PFF

Financial

Annual Expenditure Report by Windows

PROJECT FACILITATION FUND

Financial Monitoring Report				
Uses of Funds by Windows/Delivery Areas				
For the Year Ended [____]				
		Budgeted Amount	**Actual Amount**	**Budget Variance Analysis**
Component	**Component Name**			
Window 1	Project Preparation Support			
Window 2	Support to the PFF Secretariat			
Window 3	Viability Gap Funding			
Window 4	Contingent Liability Funding			
Total				

Quarterly Fund Report by Windows

PROJECT FACILITATION FUND

Quarterly Fund Report by Window

For the Financial Year [____]

		Q1			Q2			Q3			Q4		
		Budgeted Amount	Actual Amount	Variance Amount	Budgeted Amount	Actual Amount	Variance Amount	Budgeted Amount	Actual Amount	Variance Amount	Budgeted Amount	Actual Amount	Variance Amount
Component	**Component Name**	**NGN**	**NGN**	**NGN**	**NGN**	**NGN**	**NGN**	**NGN**	**NGN**	**NGN**	**NGN**	**NGN**	**NGN**
Window 1	Project Preparation Support												
Window 2	Support to the PFF Secretariat												
Window 3	Viability Gap Funding												
Window 4	Contingent Liability												
Total													

Fund Accountability Statement

PROJECT FACILITATION FUND

Fund Accountability Statement

For the Financial Year [____]

Description	**Amount**	**Amount**
Income		
Grants and Donations		
Receipts from Exchequer		
Levies and Tariffs		
Success Fees		
Investments Income		
Miscellaneous		
Total Income		
Funding Support		
Project Preparation		
Support to the PFF Secretariat		
Viability Gap Funding		
Contingent Liability		
Total funding support		
Miscellaneous Expenditure – Other		

Total Miscellaneous expenditure		
Total Expense		
Fund Surplus		
Represented by:		
Cash and Bank Balances		
Debtors and recoverable advances		
Liabilities – Current, fiscal and contingent		
Investments		
Fund Balance		

Technical

Technical Reporting Template

