



## OYO STATE INVESTMENT PROMOTION & PUBLIC PRIVATE PARTNERSHIP AGENCY (OYSIPA)

### **DEVELOPING AN EFFECTIVE PUBLIC-PRIVATE PARTNERSHIP (PPP) FRAMEWORK FOR OYO STATE**

#### ***1. Introduction***

Public-Private Partnerships (PPP) are collaborative arrangements between government entities and private sector companies to finance, build, and operate projects that serve public needs. This framework is vital for addressing infrastructure deficits, improving service delivery, and fostering economic growth. For Oyo State, Nigeria, a well-structured PPP framework is essential to achieve these objectives, considering the state's strategic position in the southwestern region of the country and its potential as a hub for agricultural, industrial, and educational activities.

#### ***2. Objectives of the PPP Framework***

The primary objectives of developing an effective PPP framework for Oyo State include:

- **Infrastructure Development:** Accelerating the construction and maintenance of critical infrastructure such as roads, healthcare facilities, water supply systems, and educational institutions.
- **Economic Growth:** Stimulating local economic activities by attracting private investments and creating employment opportunities.
- **Efficiency in Service Delivery:** Leveraging private sector expertise to improve the quality and efficiency of public services.
- **Risk Management:** Distributing risks between the public and private sectors to ensure sustainability and minimize the burden on the state's finances.
- **Transparency and Accountability:** Ensuring clear and transparent processes in project selection, implementation, and monitoring.

#### ***3. Key Components of the PPP Framework***

To develop an effective PPP framework, the following key components should be considered:

##### **3.1 Legal and Regulatory Framework**

- **Legislation:** The law of the House of Assembly cited as The Oyo state Investment and Public Private Partnership Agency (OYSIPPA) law 2019 ...Establish a robust legal framework that defines the roles, responsibilities, and rights of all parties involved in PPPs. This should include clear guidelines on project procurement, contract management, dispute resolution, and termination procedures.
- **Regulatory Authority:** Set up an independent regulatory body to oversee PPP projects, ensuring compliance with legal provisions, maintaining transparency, and safeguarding public interest. Under the OYSIPPA Law enacted in 2019 the agreement between the government and a person, firm or company or limited liability partnership for construction, maintenance or operation and management of public assets, and facilities over a given period of time including but not limited to the following types of arrangements;
  - *Design build operate and transfer*
  - *Build own operate and transfer*
  - *Build lease and transfer*
  - *Rehabilitate operate and transfer*
  - *Joint development agreement*
  - *Operation and maintenance*

### 3.2 Institutional Framework

- **PPP Unit:** Establish a dedicated PPP unit within the state government to coordinate PPP initiatives. This unit should have the capacity to manage the entire project lifecycle, from conception to implementation and monitoring.
- **Capacity Building:** Invest in training and capacity building for government officials and stakeholders to enhance their understanding of PPP processes and improve decision-making.
- **Stakeholder Engagement:** Develop a mechanism for engaging all relevant stakeholders, including local communities, businesses, and civil society organizations, to ensure broad-based support for PPP projects.

### 3.3 Financial Framework

- **Funding Mechanisms:** Identify and establish sustainable funding mechanisms for PPP projects, including government budget allocations, private investments, and multilateral loans or grants.
- **Risk Allocation:** Design a clear risk allocation model that ensures risks are shared appropriately between the public and private sectors, minimizing the financial burden on the state government.
- **Revenue Generation:** Develop revenue generation strategies, such as user fees or tariffs, to ensure the financial viability of PPP projects.

### 3.4 Project Selection and Prioritization

- **Needs Assessment:** Conduct a thorough needs assessment to identify priority sectors and projects that align with the state's development goals.

- **Feasibility Studies:** Ensure that comprehensive feasibility studies are conducted for each project to assess technical, financial, environmental, and social viability.
- **Project Pipeline:** Develop a pipeline of bankable PPP projects, ensuring a balanced portfolio that addresses critical infrastructure gaps.

### 3.5 Monitoring and Evaluation

- **Performance Metrics:** Establish clear performance metrics to evaluate the success of PPP projects, focusing on outcomes such as quality of service, financial sustainability, and social impact.
- **Regular Audits:** Implement regular audits and reviews of PPP projects to ensure accountability and compliance with contractual obligations.
- **Feedback Mechanisms:** Create feedback mechanisms that allow for continuous improvement of the PPP framework based on lessons learned from ongoing and completed projects.

## 4. Challenges and Mitigation Strategies

### 4.1 Challenges

- **Political Risks:** Changes in government policies or leadership can affect the continuity and success of PPP projects.
- **Limited Institutional Capacity:** Inadequate capacity within government agencies to manage complex PPP projects.
- **Financing Constraints:** Limited access to finance, particularly for large-scale infrastructure projects.
- **Public Opposition:** Resistance from local communities or other stakeholders due to perceived negative impacts.

### 4.2 Mitigation Strategies

- **Political Commitment:** Ensure strong political commitment at all levels of government to support PPP initiatives.
- **Capacity Enhancement:** Invest in building institutional capacity through training, technical assistance, and partnerships with experienced entities.
- **Innovative Financing:** Explore innovative financing options, such as blended finance and public guarantees, to attract private sector participation.
- **Stakeholder Engagement:** Engage in continuous dialogue with stakeholders to address concerns and build trust in the PPP process.



Folami Said Olatilewa  
Director-General (OYSIPA)

Date: 11/09/2023