3rd Quarter 2018

ICRC Bulletin

NIGERIA PPP FRAMEWORK

Promoting the Culture of Transparency, Competition and Fidelity in Private Sector Participation in Infrastructure Development

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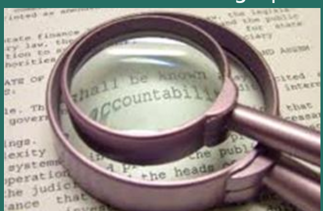

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Editor's Desk

According to Andrew Carnegie, a Scottish-American industrialist, "***The only irreplaceable capital an organization possesses is the knowledge and ability of its people. The productivity of that capital depends on how effectively people share their competence with those who can use it.***"

In the delivery of public infrastructure in our contemporary world, Public-Private Partnership (PPP) has generated huge interest around the globe. This might be due to the fact that PPP project procurement process is devoid of either exclusive public ownership and delivery of services or privatization. This balanced approach is what makes PPP distinct and successful in most developed nations.

The Infrastructure Concession Regulatory Commission (ICRC) provides the professional platform and guidance for successful PPP projects in Nigeria. This therefore necessitates the need to disseminate knowledge for smarter and more efficient PPP projects. In ensuring this, the third quarter edition is carefully packaged to enrich the knowledge of our readers on PPP with a focus on the efficient delivery of public services that affect every human life.

We are grateful to the Ag. Director – General, Engr. Chidi K.C. Izuwah, Snr and other members of staff who contributed to enrich the content of this edition. The members of staff include Mr. Dada Hammed Togunde, Director, Internal Audit; Dr. Felix Ogbera, Head, Policy & Regulations; Mr. Busari Olusa, Head, Energy and Urban Infrastructure; Mr. Monday Williams, Contract Compliance Department; Abubakar Bambale, Special Projects Department; and Mrs. Shola Elias-Fatile, Editor.

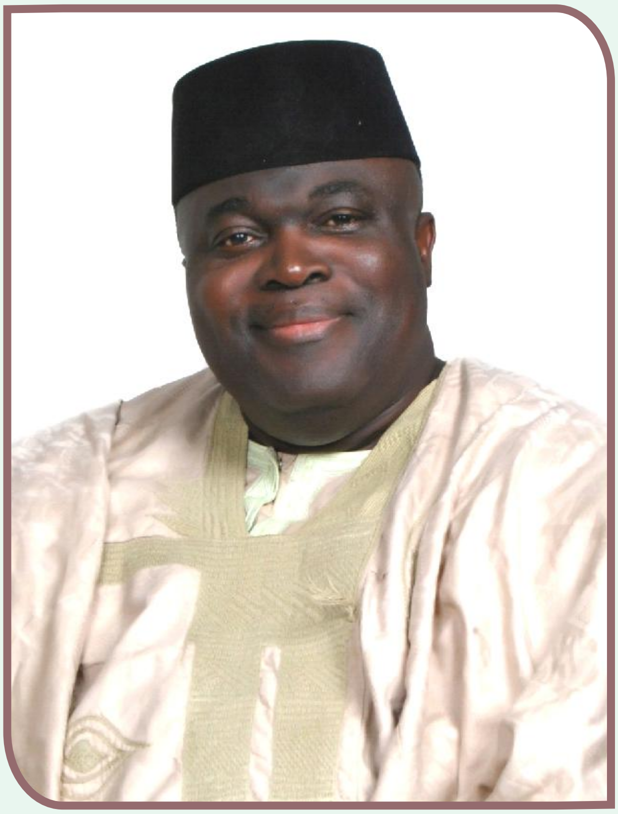
We encourage all members of staff and stakeholders to submit articles for publication in our subsequent editions.

Shola Elias-Fatile (Mrs.)

Editor

Director General's Desk

There is no rule that stipulates that the private sector investor has to be imported 'foreign'. It can be proudly indigenous 'by Nigerians, for Nigerians'.



In every country, there are two major components of infrastructural development that Public Private Partnership basically focuses on. These key areas are Economic and Social infrastructure.

Economic infrastructure consists majorly of the provision of public utilities, public works and transportation. Public utilities include the provision of uninterrupted power supply across the country, telecommunications, water supply, sanitation, sewage, solid waste collection & disposal and postal services. Public works ensures the provision of good roads, canals for irrigation, dams and drainage. Transportation is an important all-encompassing aspect that is central to the development of any country. It involves the provision of urban transportation, railways, ports, water ways, airports and air transportation.

Social infrastructure includes healthcare, education, housing and prisons.

Notably, there has been appreciable increase in PPP projects in both economic and social infrastructure. These are pointers to the fact that Nigeria is on the right track to becoming an infrastructure sufficient nation. The Commission has continuously worked with MDAs in ensuring that either new infrastructure is developed or existing ones are revamped to international standards.

These efforts notwithstanding, the infrastructural gap is still undeniably wide. Bridging the gap requires huge financial investment. I would therefore humbly use this medium to call on our very successful Nigerian billionaires to consider investment either in economic or social infrastructure. PPP is about partnership between the public and the private sector. There is no rule that stipulates that the private sector investor has to be "imported" or 'foreign". It can be proudly indigenous "by Nigerians, for Nigerians'. This is therefore a call to the successful business men and women in our dear country to consider partnering with the public sector. The MMA2 in Lagos and Garki Hospital in Abuja among others are examples of indigenously managed Public Private Partnership deals. Interested indigenous investors have my highest commitment that ICRC will work vigorously and professionally in ensuring that Nigerias investment are protected.

May God bless the Federal Republic of Nigeria and bless ICRC.

Engr. Chidi K. C. Izuwah, Snr.
Ag. Director- General, ICRC

Nigeria's PPP Framework:

Promoting the Culture of Transparency, Competition and Fidelity in Private Sector Participation in Infrastructure Development

Dada Hammed Togunde
Director, Internal Audit Department, ICRC

Increasingly, Public Private Partnership (PPP) programmes are being established by governments across the world as a means to deliver and maintain infrastructure, as well as to deliver assets and services.

The existence of a legal and administrative regime which permits Public Private Partnership provides for a clear and transparent procurement process. In both civil and common law jurisdictions, government needs to consider what additional legislation may be required in order to facilitate and permit PPP arrangements. These are expected to ensure that contracting authorities have the legal capacity and authority to enter into PPP contracts (not acting "ultra vires") and the PPP arrangements are legally permitted.

> *It is often said that the efficiency and success of PPP Framework depends on the project it delivers. In reality, without a strong framework, private sector parties are unlikely to invest time and resources, in participating in PPP Project procurement process.*

PPP is a long-term contract between a public party and a private party, for the development and/or management of a public asset or service, in which the private agent bears significant risk and management responsibility through the life of the contract. Remuneration is significantly linked to performance, and/or the demand or use of the asset or service (World Bank 2014).

PPP Framework

PPPs involve complex process management of fronts (political, fiscal, financial, and social) that require a pragmatic approach in order to establish a recurrent option for appropriate projects. As in any realistic action with long-term aim, a framework is necessary.

The "PPP framework refers to policies, procedures, institutions, and rules that together define how PPPs will be implemented. It specifies how they will be identified, assessed, selected, budgeted for, procured, monitored, and accounted for (World Bank 2014). The PPP framework is sometimes described as a group of sub-frameworks for specific elements surrounding the governance of PPPs. In this case, the PPP policy or PPP legal framework is another element of the framework.

Most countries with successful approach have built their program on a sound PPP framework. Establishing a clear framework publicly communicates the government´s commitment to PPPs (World Bank, 2014). It also defines how projects will be implemented, ensuring good governance of the PPP tool in which transparency, competition, fidelity, helping to generate private sector interest and public acceptance on PPPs are all embedded.

The complexity of the tool makes it highly advisable to standardize processes and documents, which will save time and effort in the preparation, implementation and structuring of tasks that are extraordinarily demanding. It is also advisable to homogenize those processes to ensure that the conditions to procure the PPPs are met (for any PPP within a specific jurisdiction). The nature of PPPs, in the sense of committing budget resources in the long-term (most of the time, beyond the term of a legislature) under the expectation of extracting higher efficiency in net terms, clearly requires a proper and specific governance approach as a responsibility of the government in managing public resources.

In addition, and especially when adopting (as advisable) a programmatic approach, it is paramount to attract and retain the interest of the private sector. This requires the existence of a proper and strong governance approach by means of a stable and durable framework. The framework must be underpinned by official documents that bind the participants who will operate under the framework. Some authors even define the framework by describing the very documents and laws that de-limit and govern the framework. The approach chosen will mainly depend on two factors, the legal system or legal tradition of the country. This has to do with countries with common law systems versus countries with civil code traditions, the degree of development and PPP experience.

Understanding Nigeria's PPP Framework

Nigeria's PPP Legal, Policy, Institutional and Operational Framework

The Nigeria Public Private Partnership (PPP) Framework is a robust set of legal, policy, regulations and guidelines founded on the core principle of good governance in the public sector. The Federal Government of Nigeria (FGN) requires due process to be followed for any form of procurement involving the Government and any of its Agencies, Ministries, Parastatals.

Procurement of PPP Projects or Concessions need to comply with the National Policy for Public Private Partnership.

Legal and Regulatory Framework

A regulatory framework encompasses all laws, regulations, policies, binding guidelines or instructions, other legal texts of general application, judicial decisions, and administrative rulings governing or setting precedent in connection with PPP. In this context, the term policies refers to other government issued documents that are binding on all stakeholders, that are enforced in a manner similar to laws and regulations, and that provide detailed instructions for the implementation of PPPs.

However, the adopted definition for PPP in Nigeria by the ICRC is;

PPP is a contractual agreement between a public agency (federal, state or local) and a private sector entity. Through this agreement, the skills and assets of each sector (public and private) are shared in delivering a service or facility for the use of the general public. In addition to the sharing of resources, each party shares in the risks and rewards potential in the delivery of the service and/or facility.

Laws and regulations set out the requirements for transparency, competition, and fidelity and private sector participation in all public procurement and also specify the necessary approvals required for PPP procurement. The legislation assures investors that all contracts completed in compliance with stipulated laws and procedures.

The Infrastructure Concession Regulatory Commission (Establishment, ETC) Act, 2005.

The Nigeria Public Private Partnership (PPP) Framework is a robust set of legal, policy, regulations and guidelines founded on the core principle of good governance in the public sector.

The principal legislation governing the PPP procurement in Nigeria is the Infrastructure Concession Regulatory Act, 2005 (otherwise known as ICRC Act). It governs the participation of the private sector in financing, construction, development, operation, or maintenance of infrastructure development of the Federal Government through concessions or contractual arrangements.

The prime assurance to the private party about the legal capacity and authority of the public agencies to enter into partnership is provided in section 1(1) of the ICRC Act. The Act empowers any Ministry, Agency, Corporation or Body to enter into a contract with or grant concession to any duly pre-qualified project proponent in the private sector for the financing, construction, operation or maintenance of any infrastructure that is financially viable or any development facility of the Federal Government in accordance with the provision of the Act.

This provision confers legal status on Government Agencies to enter into PPP arrangements with the private sector entities and provide comfort for any private party desirous of having contractual relationship with the public sector entity provided the arrangements follow the provisions of the ICRC Act.

Under the Act, the Government of Nigeria has established the Infrastructure Concession Regulatory Commission (ICRC) to develop guidelines. Policies, and procurement processes for PPP projects in Nigeria. The establishment of an independent Commission (ICRC) gives loud expression to the commitment of the Government to Transparency, Openness and Sincerity in the National PPP Programme. It further asserts, to private parties, the Integrity of the National Framework.

"Good governance requires integrity, objectivity, transparency, and accountability, built on a foundation of honesty. These principles are the core values that guide the establishment of the PPP framework in Nigeria"
Dada Hammed Togunde
Director, Internal Audit Department, ICRC

The Transparency of the National Framework is reinforced by section 2(4) of the ICRC Act which provides that eligible projects should be published in the Federal Gazette and at least three national newspapers having wide circulation in Nigeria and such other means of circulation by ICRC prior to the commencement of procurement phase.

Furthermore, at the commencement of procurement, Section 4(1) of the ICRC Act provides that Federal Government Ministry, Agency, Corporation or body concern shall, by publication in at least three national newspapers having wide circulation in Nigeria, and such other means of circulation, invite open competitive public bid. The Fidelity of the Framework is strengthened by section 11 of ICRC Act which provides that no agreement reached shall be arbitrarily suspended, stopped, cancelled or changed except in accordance with the provision of the Act, this is a strong demonstration of the country's commitment to the sanctity of contract.

Furthermore, Section 7(1) of the ICRC Act provides that any project proponent or contractor who enters into any contract for financing, construction, operation or maintenance may, subject to the provisions of the concession contract, recover his investment. Authentication of project cost and establishment of Special Concession Account are other testimonies of good governance.

Public Procurement Act, 2007

The Public Procurement Act, 2007 (PPA) regulates the operations of traditional procurement in the country. The procurement of Transaction Advisers (TAs) for PPP projects and the procurement of private party are currently regulated by Public Procurement Act.

The Act established the National Council on Procurement (NCP) and the Bureau of Public Procurement (BPP) as the regulatory authorities for monitoring and oversight of Public Procurement in Nigeria. Both the NCP and BPP act as key stakeholders discharging important responsibilities at various stages of the PPP procurement process. The provisions of Public Procurement Act are applicable to the procurement of goods, works and services.

The Act has also harmonized the existing government policies and practices by regulating, setting standards, developing the legal framework and professional capacity for Public Procurement in Nigeria. The fundamental principles in PPP are transparency, public interest and value for money.

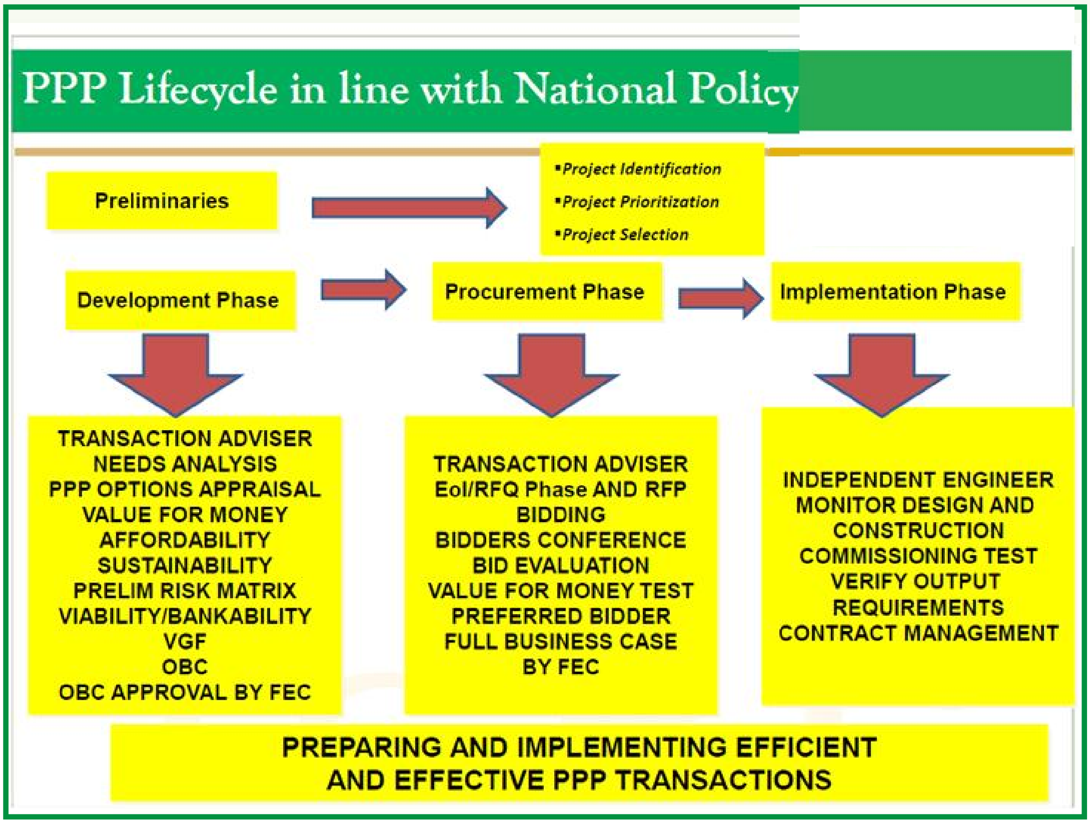
Company and Allied Matters Act, 1990 (CAMA)

This is another important law which regulates the registration, incorporation and operations of businesses and corporate bodies, to guide the formation of a Special Purpose Vehicle (SPV) for PPPs, if necessary. Also, sectoral laws which provide for licenses and permits are important.

Regulations and Guidelines

In exercise of the Powers conferred on the Infrastructure Concession Regulatory Commission by the Act, regulations were developed by the Commission in collaboration with Nigerian Infrastructure Advisory fund (NIAF), an agency of Department For International Development (DFID), to provide clarity; give effect; and for the due administration of the provisions of ICRC Act. Guidelines were developed to provide clarity and establish tools and models required for various analyses.

The Commission developed a simplified PPP procurement process (12 Steps) which succinctly identifies and provides regulatory guidance to the public and private parties on the tasks and procedural sequence throughout the PPP delivery phases. The Regulations apply to all Public Private Partnerships undertaken by a contracting authority for the purpose of development and maintenance of public infrastructure assets and facilities and the provision of public utility and social sector services.



National Policy on Public Private Partnership

The National Policy on Public Private Partnership (N4P) was developed by ICRC and approved by the Federal Executive Council (FEC) in 2009. The National Policy on Public Private Partnerships in Nigeria lays down the Institutional, Legal and Financial framework for the implementation of a project on the PPP basis in Nigeria. The policy outlines the roles and responsibilities of the various stakeholders, describes the PPP process, as well as the funding and the governing mechanisms for such projects.

Institutional Framework

The Government created an institutional framework that reinforces the accountability of MDAs of the Federal Government for the delivery of public services within their areas of responsibility. It ensures access to appropriate guidance, training, expertise, and resources to plan, procure and manage investment projects efficiently and effectively.

The Institutional Framework ensures that the Federal projects go through a rigorous appraisal procedure to establish the economic and financial viability of the projects before the project sponsor (MDA) begins a competitive and transparent procurement process.

Ministry, Department and Agencies (MDAs)

The MDAs prepare long-term plans for infrastructure investment and maintenance which has been incorporated into the National Integrated Infrastructure Master Plan (NIIMP).

MDAs in consultation with the ICRC identify where PPP is likely to offer better value for money over other forms of public procurement and this will be factored into the Investment Strategy of the relevant MDA. The MDAs are guided for the criteria to be adopted for measuring the value for money and assessment of the risks associated. Following FEC approval of a PPP Project, the relevant Accounting officer of an MDA will sign the contract and is accountable for meeting the project objectives.

ICRC maintains A PPP project database, including a PPP project Disclosure Portal and also retains custody of all PPP agreement as required by the legislation.

Infrastructure Concession Regulatory Commission (ICRC)

The Infrastructure Concession Regulatory Commission is responsible for developing and issuing guidelines on PPP policies, processes, and procedures (including those for concessions). The Commission is a national centre for expertise in PPP. ICRC works closely with relevant MDAs to identify potential PPP Projects, and acts as interface with the private sector to promote communication on national policies.

The Commission monitors the effectiveness of Government policies and provides independent advice to the Federal Executive Council (FEC) on the development of projects through the PPP route. ICRC provides an opinion, through the issuance of Certificates of Compliance, to FEC on whether projects submitted for FEC approval meet the requirement of the regulations.

ICRC maintains a PPP project database, including a PPP Project Disclosure Portal and also retains custody of all PPP agreement as required by the legislation.

National Planning Commission

The National Planning Commission (NPC) is responsible for the preparation of the Federal Government national development plan, based on the sector plans of the MDAs.

To this end, NPC has prepared an Integrated Infrastructure Master Plan (NIIMP) covering all forms of procurement that will be financed in whole or in part from the Federal Budget. The document identifies the portion of infrastructure that will be financed either by borrowing, public treasury or PPP.

NPC is a centre of expertise for

the provision of tools and methodologies for economic appraisal of projects to be included in the National Development Plan. It develops procedures for cost-benefit analysis of projects. It measures the economic benefits and uses this data to prioritize projects with highest economic or social return.

Federal Ministry of Finance (FMoF)

The Ministry of Finance plays an important role in public financial management of PPP projects, and evaluating and managing fiscal risks that may result from PPP agreements.

The Ministry ensures that the forecasted costs for the Government including any subsidies that may be required to make a project viable are affordable.

Cost and contingent liabilities are reviewed and risk valuations are refined. Together with the relevant MDA, it also reviews the costs and contingent liabilities as the project design and risk valuations are refined during the project preparation and procurement phases.

Debt Management Office

The operation of the Debt Management Office (DMO) is governed by the Debt Management Office Act, 2003. The DMO plays an important role in monitoring liabilities created by the Federal PPP projects and those of the state projects that require Federal guarantees.

The office ensures that the contingent liabilities created by PPP projects are manageable within the Government's economic and fiscal forecasts. It also advises the FEC on the approval of individual projects. DMO takes lead in developing a range of financial instruments that are required to manage financial risks in PPP projects.

Accountant General of the Federation

The Government, through the Office of the Accountant General of the Federation, ensures that funding for payment obligations incurred through a Federal PPP contract is safeguarded to ensure prompt payment.

Operations Framework

Operation framework in PPPs consists of the tools, methodologies, guidelines, and other procedures designed to manage the development, procurement and implementation of PPP projects at maturity. This includes the bidding process, evaluation of bids and contract negotiation, framework for the management of unsolicited proposals, project governance, discount rates and the model for assessment of fiscal commitments and contingent liabilities.

Equally significant to the principle of transparency is the adoption of International Public Sector Accounting Standard (IPSAS) by the country. IPSAS 32, Service Concession Arrangements: Grantor establishes the accounting and reporting requirements for the grantor in a service concession arrangement. IPSAS 32 intention is to create symmetry with International Financial Reporting Interpretation Committee (IFRIC) 12 on relevant accounting issues. The Standard provides for the recognition and measurement of a service concession asset, recognition and measurement of liabilities, it also includes the treatment of revenues and expenses.

Presentation and disclosure in the financial statements from the grantor point of view is also provided in the Standard. The transparency of the National Framework is further buoyed by the launch of a web based disclosure portal in collaboration with World Bank in 2017. The portal ensures the disclosure of relevant information on every PPP contracts entered into by Federal government.

The framework is investor friendly with appropriate balance that protects the right of the public to good, fair and affordable services. The NIIMP is an important document that investors can use to guide their participation in the robust PPP market of the country.

REFERENCES

Infrastructure Concession Regulatory Commission (Establishment, etc) Act, 2005
NIAF ICRC Draft PPP Manual | NIAF ICRC Draft Regulation
Public Procurement Act, 2007
National Policy on Public Private Partnership
Guidance on PPP Contractual Provision: 2017 International Bank for Reconstruction and Development.
Nigeria Integrated Infrastructure Master Plan (NIIMP)
Economy Recovery and Growth Plan (ERGP)
The APMG PPP Certification Guide, Book of Knowledge.

FUNDAMENTAL PRINCIPLES OF PPP

Value for Money	Appraisal takes account not only cost but also risks and service quality. The Government will test value for money by comparing the costs at Net Present Value (NPV) of PPP proposals against a value for money benchmarked. The benchmark will usually be an estimate of the cost of providing an equivalent service through public finance.
Public Interest	Consideration for public interest requires the following; • adequate consultation with end -users and other stakeholders prior to the initiation of an infrastructure project; • effective and strategic communication and consultation with the general public, customers, affected communities, and stakeholders, with a view to developing mutual acceptance and understanding of the objectives of the public and private parties. • Private sector contractors in the provision of vital services to communities should be mindful of the consequences of their actions. Socially unacceptable outcomes should be properly mitigated.
Risk Allocation	The principle here is to optimize rather than maximize the transfer of risks to the private contractor. Risks will be allocated to the party best able to manage them. This therefore determines the chosen method of private sector involvement and responsibilities, which will in turn be based on an assessment of the public interest.
Output Requirements	The PPP option is based on specified output specifications in terms of verifiable service standards to be met on the basis of output or performance-based specification.

FUNDAMENTAL PRINCIPLES OF PPP ... Contd

Transparency	**Transparency is a requirement of all government procurements including PPP projects. It includes the following;** • **It must be safeguarded. The finance implications of sharing responsibilities for infrastructure with the private sector fully understood.** • **High standard of public and corporate governance, transparency and the rule of law, protection of property and contractual rights, all provide the required push for the participation of the private sector.** • **Public authorities will take effective measures to ensure integrity and accountability. Ensure appropriate procedures to deter, detect and penalize corruption.** • **PPP project contracts are designed to guarantee procedural fairness, non-discrimination, and transparency;** • **No party will be engaged in bribery, gain control over assets (gain an unfair advantage), attempt to win favors. All actors will observe commonly agreed principles and standards of responsible business conduct.**
Competition	Business activities are subject to appropriate commercial pressures, no barriers to entry, implement and enforce adequate competition laws
Capacity to Deliver	Authorities responsible for privately operated infrastructure must have the capacity to manage the commercial processes involved and to partner on an equal basis with their private sector counterparts. Strategies for private sector participation in infrastructure will be disseminated and objectives shared through all levels of government and relevant pats of the public administration. Training will be provided to transfer relevant skills and understanding to those involved in projects, including decision makers.
Engaging the Market	Projects to be procured within this policy must have the formal approval of the Federal Executive Council (FEC) before the involvement of the private sector. Public authorities will communicate clearly the objectives of infrastructure policies and will put in place mechanism for consultation between the public and private partners regarding these objectives. They will disclose all project relevant information, including the condition of existing infrastructure, and the standards of performance they require, together with proposed penalties for non - compliance as part of the procurement process. ***(C) Culled from National Policy on Public Private Partnership***

ICRC Wins two Prestigious Awards

With respect to Transparency, Freedom of Information (FOI) (for the Second time, 2017 & 2018) and Public Service Innovation

- On the 28th September, 2018 the Commission for the second time won the FOI Compliance and Transparency Ranking Award. Out of 187 Nigerian public service institutions assessed by the Public and Private Development Centre (PPDC), ICRC came joint first with the Corporate Affairs Commission (CAC).

- ICRC also won the Public Service Innovation Award by the PPDC for the globally acclaimed ICRC PPP Disclosure Web Portal.

Re-launch of the Nigeria Public Private Partnership Network (NPPPN)

The Infrastructure Concession Regulatory Commission (ICRC) in collaboration with the Nigerian Governors Forum (NGF) successfully re-launched the NPPPN in Abuja on 27th September 2018.

The NPPPN was established as a collaborative platform for knowledge and experience sharing amongst PPP agencies at the Federal and Sub-national level. The network also provides capacity building for PPP project development, procurement and implementation as well as championing the standardization of sub-national PPP guidelines and practices.

At the event the ICRC and NGF, signed an MOU to drive PPP at the sub-national level of Nigeria.

Key objectives of the MoU

- Convening of the Nigerian Public Private Partnership Network (NPPPN) on regular Basis.
- Infrastructure and PPP knowledge sharing and capacity development at the sub national level.
- Infrastructure & PPP policy analysis and strategy development including issuance of case studies and policy papers.
- Engaging with government at the national and sub national level, private sector, and civil societies on infrastructure, PPP issues and economic policies in Nigeria.
- Actively driving real time and real life impactful economic and social infrastructure delivery in Nigeria via PPPs.

Public Private Partnership (PPP) in Hydro-Power Sector in Nigeria

Busari Olusa
Head, Energy and Urban Infrastructure - ICRC

Introduction

Nigeria's erratic electricity supply has lingered for decades despite various attempts by successive governments at improving the supply. The poor electricity supply has driven up the cost of production leading to high cost of finished goods and services.

Nigeria is estimated to have a total installed electricity generation capacity of 8,644 MW, although the peak generation is much lower at around 4,000 MW. The reasons for the shortfall in generation can be attributed to the inadequate fuel supply to thermal plants which constitute over 80% of the installed capacity, hydrological factors for hydro power stations, maintenance outages at power plants and transmission & distribution outages. The peak demand is forecasted at 12,800 MW. When seen against the available power of less than 4,000 MW, it can be noticed that there is a peak load shortage of more than 8,000 MW. As a result, the available generation capacity is less than one-third of the total peak demand for electricity.

Energy planning experts using modern energy modeling tools has estimated that for the Nigerian economy to grow at a rate of 10 percent, the country's electricity requirement by 2020 will be of the order of 30,000 MW, and by 2030 it will be 78,000 MW.

There exists significant potential for sustainable growth in the economy, but in order to achieve accelerated growth and sustainable development, the country needs to invest in the power sector, where low availability of power is currently a major obstacle. The Nigeria's per capita power consumption is now only 151 kilowatts hour (kWh) per year, and indeed one of the lowest in Sub-Saharan Africa. The sector is currently inhibited by value chain losses, limited transmission coverage and supply disruptions as well as theft and corruption. Based on ongoing projects, the per capita power consumption in Nigeria will only reach 433 kWh per year in 2025, and given the requirements of the economy and the population, there is a critical need to drive higher power availability.

Nigeria's current power supply is from a mixture of sources. As at 2015, thermal power mainly oil and gas constituted the majority of power generation, at 82 per cent hydropower made up a further 17.8 per cent with limited contributions by non-hydropower renewable sources making up the remainder. Constant and adequate power supply is an important condition for industrialization and various attempts by successive Nigerian governments at rapid economic growth have been hampered by energy infrastructure deficit gap.

Rationale for PPP in Hydropower

Hydro power is a clean, efficient & dependable source of electric power at affordable prices. The technology for small hydro is mature and has been in use for decades. The compact nature of a small hydro power project causes a limited impact on the flora and fauna of the project area, has no displacement or rehabilitation impact on human population in the region. Since the dam, the reservoir and the structures of the hydro power project are already in place, no incremental impact on the population is expected due to the rehabilitation of the hydro power project. As a result of all the above mentioned there is the need to attract Private sector technical expertise and financial resources for the generation and distribution of power to industrial and domestic consumers. The Federal Government through the Ministry of Power, works and Housing (Power Sector) is developing the following high impact PPP hydropower plants projects.

Omi-Kampe Hydropower Plant (2MW):

The Omi Kampe dam on the Oyi River in Kogi state of Nigeria was built to serve the primary purpose of irrigating nearly 8,000 Ha land along the alignment of the water supply network. The nearly 2 km long dam has a catchment area of 1,642 Km2, and bounds a reservoir with storage capacity of 250 million cubic meters (MCM). The dam can be accessed via a 12 Km road connected to the Egbe-Isanlu federal Highway. A small hydro power project has been proposed on the Omi dam to utilize the water stored in the reservoir more effectively and it has the capacity to generate 2MW.

The PPP Model is Build Own Operate Transfer (BOOT) and the Concession is for the period of 30 years.

Status of the Project: A Preferred Bidder has emerged through a competitive bidding process. The Full Business Case (FBC) of the project has been reviewed and FBC Certificate of Compliance has been granted to enable the Federal Ministry of Power, Works and Housing (FMPWH) seeks Federal Executive Council (FEC) approval to enter into contractual relationship with the Preferred Bidder.

Ikere Gorge (6MW)

Ikere Gorge Dam is one of the two large dams constructed by the authority, as part of the master plan for the comprehensive development of water resources potentials of the basins of Ogun River. The dam was planned to generate 3750 units per hour of electricity through turbines. The project has Installed capacity of 6MW and estimated Annual Energy Generation of 34,891,000 kwh. The PPP Model is Rehabilitate, Operate and Maintain for 30 years concession period.

Project Status: A Preferred

Bidder has been procured for the project and FBC Certificate of Compliance has been granted by ICRC to enable FMPWH obtain FEC approval.

Zobe Hydropower Plant (300KW)

Zobe Dam is located on the Karaduwa River, a tributary of the Rima River, 15 km south of Dutsin- Ma, in Katsina State. Currently, there are over ten (10) settlements around Zobe Dam with 10,000 households without access to electric power supply. The total capacity of the power plant is 300KW. The PPP Model is Rehabilitate, Operate and Transfer for a period of 30 years.

Status of the Project: A Preferred Bidder has been procured through a competitive procurement process. The Full Business Case Compliance Certificate has been granted by ICRC to enable FMPWH obtain FEC approval for the project.

Jibiya HydroPower Plant

Jibiya HydroPower Plant (4MW)

Jibiya dam is located on Gada River, Jibiya, Katsina State. The total capacity of the power plant is 4MW. A Preferred Bidder has been procured through a competitive procurement process. The Full Business Case Compliance Certificate has been granted by ICRC to enable FMPWH obtain FEC approval for the project

Bakolori Hydropower Plant (3MW)

Bakolori Hydropower plant is located on Bakolori Dam, Zamfara State. It has a total capacity of 3MW. A Preferred Bidder has been procured through a competitive procurement process. The Full Business Case Compliance Certificate has been granted by ICRC to enable FMPWH obtain FEC approval for the project.

RFP Bid Opening and Evaluation Ibom Deep Seaport

The Request for Proposal (RFP) bid opening and evaluation exercise for the Ibom Deep Sea Port project (IDSP) held on 17th September 2018 in Lagos by the IDSP Ministerial Project Development and Steering Committee (MPDSC).

After the completion of the PPP bid evaluation, the next step would be selection of the preferred and reserved bidders. IDSP project is a key initiative of the Federal Ministry of Transport and the Nigerian Ports Authority (NPA) aimed at rapidly developing port capacity in other parts of Nigeria to alleviate port congestion in Lagos.

Ibom Deep Sea Port is strategically located and accessible through major existing and planned transport infrastructure such as airport, railway lines and federal and state road networks. The location will strategically serve the West and Central African Region including Sao Tome, Equatorial Guinea, Cameroun, Angola, Gabon, Congo, Niger, and Chad. It is well positioned to offer a value proposition superior to other ports in the region. No port in the West African region has yet to be established as a major transshipment hub. It is a cargo gateway for the vast south-south, south-eastern, north central and north eastern Nigerian markets as well as markets in West and Central Africa. It is strategically located in the South East of Akwa Ibom State in South-South Nigeria. Akwa Ibom is located in the coastal south-eastern part of the Federal Republic of Nigeria.

This project is an initiative that aligns with the aggressive industrialization of Akwa Ibom State Government which is done through a PPP arrangement under the strict guidance of the ICRC Establishment Act 2005 and National Policy for Public Private Partnership (N4P).

The Port is developed on a Design, Build, Finance, Maintain, Operate and Transfer (DBFMOT) basis.

Strategies For Effective Corporate Sustainability

Shola Elias-Fatile, *ICRC*

The "**Sustainability revolution**"' is creating a deep and enduring shift in people's consciousness (Edwards, 2005).

Sustainability now appears to be the strategic imperative of the new millennium and is building momentum similar to the excellence, quality, and re-engineering movements of the late 20th century (Galpin, &Whittinton, 2012).

Corporate sustainability has been defined as meeting the needs of a company's direct and indirect stakeholders without compromising its ability to meet the needs of future stakeholders (Dyllick and Hockerts 2002).

There is an increasing interest of developing the business sector towards sustainability as corporations play a vital role in achieving this sustainable development can be a source of success, innovation, and profitability for companies. A strategic framework for identifying threats and opportunities and implementation strategy are core necessities.

The corporate focus we now see on sustainability could be said to be triggered by an appreciable public interest, changes in legislation, pressure from stakeholders, including communities and non-governmental organizations (NGOs).

Organizations are prompted to formulate viable policies that are implemented strategically because of concern for their reputation, competitive advantage; profitability, relevance and their position in the industry have all compelled even the most reluctant managers to undertake sustainability efforts.

In developing viable and sustainable strategy that will span through decades, the leadership of every organization should see it as important and crucial as strategies for core issues that are of grave importance to the organization. Seeing sustainability as a one time event carried out once or twice or as an intervention may not even be sustainable.

The success in today's global, interconnected economy springs from the fast and efficient exchange of information. Sustainable competitive advantage is no longer rooted in physical assets and capital, but in strategic and effective channeling of intellectual capital. Most clever organizations inculcate it into their day to day activities in which line staff are involved in the policy formulation and implementation. This is projected as a competitive strategy.

Effectively and successfully tackling sustainability by leaders could also involve fruitful global collaboration by business leaders in the same industry facing familiar challenges. This collaboration

Corporate sustainability management focuses on innovation, stakeholder requirements, efficiency as well as effectiveness of business processes. Integration of sustainability issues is a strategic task; the foundation of sustainability activities and strategies in the organizational culture is an essential precondition for success (Lankoski, 2007).
This strategy should be carefully formulated by the leadership team and implemented by every single member of staff, their positions notwithstanding to ensure accountability, efficiency, durability and effectiveness.

will form a consortium of ideas, knowledge and strategies that would enervate the unpleasant situations and challenges. Business leaders should collaborate on a global scale to ensure the impact for positive global change is effective, remarkable and sustainable. An example is the World Business Council for Sustainable Development (WBCSD) which consists of about 200 world business leaders, mainly CEOs, working together for global sustainability (Senge, Smith, Kruschwitz, Laur, & Schley, 2010).

The role of the public and private sectors regarding sustainable development has usually been discussed as responsibility to society, whereby responsibility is defined as a need to eliminate negative effects of operations. Therefore, leaders of organizations are to see their sustainable contribution as first an individual responsibility to the society and most importantly, their organizations contribution to sustaining the environment for future generations.

Corporate sustainability could be viewed as a three-legged stool, triple bottom line, or the three Ps which are people, planet and profit. The framework for corporate sustainability consist of different management levels; **the normative level** which has the objective of ensuring and enhancing the legitimacy of corporate activities by stakeholders and society; **the strategic management level** that has the objective of effectiveness, i.e. of determining the long-term goals; whereas **the operational management level** has the objective of efficiency, implementing normative and strategic goals within all corporate activities (Ulrich, 2001).

The framework is supported by instruments for identifying, implementing, and controlling sustainability. It combines three organizational basic variables which are organizational structure, formal management instruments, and organizational culture.

STRATEGIES FOR CORPORATE SUSTAINABILITY

Absolute workforce engagement is one basic strategy that fosters sustainability in every organization whether public or private. Employee's engagement is one of the core central elements of transforming a firm's sustainability mission, strategy, and values into measurable results. An organizations leadership and performance strategy regarding sustainability can motivate employees to go beyond their regular work schedules to a higher commitment level. This undoubtedly enhances productivity; elevate revenues, innovation and customer satisfaction. When employees are fully involved in the organization's sustainability strategy, they proactively identify, communicate and pursue opportunities to execute the strategy.

Corporate sustainability is not corporate intervention but one that involves all members of staff in policy formulation and strategic decisions. One of the ways to achieving this is building of trust. When employees have an unfeigned trust in their leader, sustainable strategies are wholly implemented by members of staff.
Trustworthiness has been found to be a key attribute of leaders in sustainable organizations.

Developing a viable framework is highly essential to deal with inherent challenges of sustainability. In developing this policy, corporations need to identify opportunities, threats, implement, control, and improve corporate sustainability strategies.

Sustainability is a global mega-trend. One challenge for organizations is being able to continuously adapt the shift in conventional management thinking and over-reliance on top-down, hierarchical, risk-based approaches to managing within complexity. It encourages bottom-up ideas and thinking to flourish; establishing an all-pervasive value-led work ethic whilst guiding and coaching.

Leadership then becomes empowering others to make effective and timely decisions. Strategic leaders unleash human potential by instilling trust through authenticity, clarity of purpose and openness to continual learning. Over-arching bureaucratic mechanisms no longer assist emergent organizational evolution hence the role of leadership is to actively encourage effective communications with clarity of understanding of how to act and interact.

Absolute involvement of employees from the beginning is essential and not the usual bureaucratic procedures that ignore a certain level of employees.

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WORKSHOPS MEETINGS CONFERENCES TRAININGS SUMMITS SYMPOSIUMS

International Monetary Fund (IMF) on follow up mission to the Commission



Stakeholder engagement with Abuja Transport & Aviation Correspondents Association (ATACA)


General Electric (GE) Team on fact finding visit to the Commission


WORKSHOPS MEETINGS CONFERENCES
TRAININGS SUMMITS SYMPOSIUMS

Controller General of the Nigerian Fire Service on courtesy visit to the Commission

Courtesy Visit from MD, NIGCOMSAT to the Commission

WORKSHOPS MEETINGS CONFERENCES TRAININGS SUMMITS SYMPOSIUMS

ICRC's booth at the 2018 COREN 27th Engineering Assembly

ICRC Management team presenting the 2018 Africa Investor Award to the Secretary to the Government of the Federation (SGF) Mr. Boss Mustapha

IP3 in partnership with ICRC trains Government personnel on identification and design of bankable Public-Private Partnership (PPP) Projects

WORKSHOPS MEETINGS CONFERENCES TRAININGS SUMMITS SYMPOSIUMS

Q3 3PUCF

The 3rd quarter Public Private Partnership Unit Consultative Forum (3PUCF) for Ministries, Departments and Agencies which held in Abuja was hosted by the Federal Ministry of Agriculture and Rural Development.

In this quarter's meeting, knowledge sharing was focused on social infrastructure and the Warehouse in a Box project was the theme of discussion.

Public Private Partnership Unit Consultative Forum (3PUCF) is a knowledge based platform for PPP birthed by Commission. This initiative is to provide an active avenue whereby MDAs can acquire knowledge on PPP procurement process, share ideas and challenges. Since its inauguration in December 2013, 3PUCF holds quarterly meetings. The Office of the Head of Civil Service of the Federation is the chair of the Forum; the Federal Ministry of Finance is the co-chair, while the Commission serves as the secretariat. The forum has been a huge success and has witnessed active and committed participation from MDAs.

"The only thing that would redeem mankind is cooperation". - Bertrand Russell

MOUs in the Quarter

ICRC signs MOU with Global Maritime and Ports Services PTE Limited (GMAPS)

Nigeria: Closing the Infrastructure Gap Through Effective PPPs

Dr. Felix Ogbera, Head, Policy & Regulation- ICRC

It is globally acknowledged that efficient infrastructure services remained the bedrock of any meaningful economic growth and development. Europe, America and the Asian continents were able to attain their enviable level of progress because due attention was, and is still being given to the development of functional infrastructure.

Today, Nigeria is rated among nations with high infrastructure deficits. The economy is persistently weakened by numerous constraints which inhibit the nation's productive capacity and its ability to create jobs and reduce poverty. The impact is felt in the low living standard and general well-being of the people - a situation which has been linked to several years of infrastructure decay, corruption and gross mismanagement of the nation's human, material and financial resources.

Studies have shown that Nigeria needs to invest about $10 billion annually over the next 10 years for it to significantly reduce its infrastructure gap. However, considering the dwindling revenue from oil and increasing resources needed to curtail the harmful activities of insurgency and insecurity in the country in order to restore peace and encourage economic growth, the goal of bridging the nation's infrastructure deficit may never be attained without effective and sincere collaboration with the private sector. Indeed, the plunge in commodity prices, especially crude oil, had led to sharp fall in the nation's revenue, and this has made Nigeria and oil exporting countries to face hard times, a situation that necessitated the need not only to diversify the economy away from oil but to tap into and leverage the huge benefits of PPPs in addressing the

It is important to note that the real sector of any economy depends basically on efficient infrastructure services such as good roads, constant power supply, and efficient transportation network to effectively contribute to the economic life of a nation. The standard of living of a country's citizens can only witness true improvement where there are effective healthcare services, functional education infrastructure like good class rooms, hotels and hygienic environment. Portable water is also sin-qua non to the healthy living of the citizenry.

infrastructure gap in the country.

According to the International Finance Corporation (IFC), developing countries need about $2 trillion a year to modernize infrastructure and at least $100 billion a year to tackle climate change. Such finances far exceed the available resources of individual governments or institutions. The IFC further stated that public-private partnerships (PPPs) can make a significant difference in the quest for infrastructure growth in developing country, as it has the potential to unlock much more than finances but can also bring in expertise and efficiency, helping government ensure that resources are wisely allocated in addressing the most urgent challenges of development.

In the light of these circumstances, the Federal Government of Nigeria (FGN) established the Infrastructure Concession Regulatory Commission (ICRC) in November, 2008 and also launched the National Policy on Public-Private Partnership (N4P), which was approved by the Federal Executive Council in April 2009 to chart a way forward for the involvement of private investors in the provision of national infrastructure. The policy seeks to foster and expand the availability of private equity and commercial sources to satisfy the yawning for physical infrastructure in the country as a possible way of enhancing real sector productivity, employment generation and overall reduction in the poverty level in the country.

The Commission provides general policy guidelines, rules, and regulations for Public Private Partnership (PPP) implementation in Nigeria. Promoting, facilitating and monitoring efficient implementation of PPP projects in Nigeria with the objective of achieving better value for money, improved infrastructure services, and enhancement of economic growth are core functions. The Commission is therefore strategically positioned to champion FGN's desire at accelerating investment in national infrastructure development through attracting private sector funding by assisting the FGN and MDAs to implement and establish an effective PPP procurement framework.

Indeed, it is globally acknowledged that the public and private sectors can work together in new and innovative ways to deliver public services. Usually in the past, key public service assets in Nigeria, such as roads, power stations and water treatment plants were not only financed from public funds but also managed and operated by public agencies or ministries. Lack of funding and poor management often resulted in the progressive deterioration of these assets and in poor quality services that do not reflect the needs of the public. Often, costs have been greater than expected because of corruption, poor planning and inefficiency.

Also, sometimes there are conflicts between government's role in regulating services and enforcing compliance with its own standards or regulations, and its role in providing the services. Management of these services has frequently been made difficult by inadequate budgets. PPP addresses these conflicts and the perennial lack of adequate funding to maintain assets properly. It separates the government's role as customer or regulator from the role of the service provider. PPP also allocates project risks between the government and the private sector in a way that minimizes cost and creates strong incentives for efficiency in management and quality of service delivery.

Aside from the overwhelming benefits of ensuring efficiency in the implementation of public projects and providing value for money, PPP is equally critical especially at such a time as this when the President Buhari's led administration is institutionalizing a system of transparency and accountability in the life of our nation. PPP can therefore be applied in virtually all sectors of the economy where the aim is to provide effective and efficient services to the citizens.

The IFC highlighted further the benefits of PPP to include sharing of risk and reward amongst public and private stakeholders. According to the Corporation, government


Lekki Deep Water Port, Lagos State


Shiroro Hydro Electric Power Plant, Niger State


Garki Hospital, Federal Capital Territory

establishes project goals while the private sector takes responsibility for achieving them. The PPP project is Structured so that the private partner's profit depends on achieving government objectives. The government retains ownership of the infrastructure and is responsible for ensuring citizens receive adequate services from the private sector partner. Payment on delivery and risk sharing help keeps the private partner focused on delivering quality public services.

There are physical evidences of countries that have successfully utilized PPP in growing their national infrastructure. Popular amongst these countries are Australia, Netherlands, India, Canada, South Africa, etc who have used PPPs in developing basic infrastructures like roads, airport, hospitals, academic institutions, water resources, power generation, etc. In Nigeria, a few examples of infrastructure developed or maintained through PPP exist, such as, the MMA2, Garki Hospital Project in Abuja, Lekki DeepWater project, Kainji and Shiroro Hydro Electricity projects, and some sea port terminals across the country.

We however, need to take a cue from the success stories of many developed societies by truly appreciating the dynamics of PPPs and applying same to the benefits of the citizens.

No nation can truly be great without workable, qualitative and affordable infrastructure services. If Nigeria must live up to its bidding in the committee of nations, there must be true commitment towards infrastructure growth and development. Political office holders must exhibit political will towards supporting the current administration's drive at bridging the infrastructure gap in the country.

The PPP model however has its own challenges, which has been very visible in developing economies. For instance, in Nigeria, the model is overtly constrained by bottlenecks inherent in the system which include but not limited to arbitrary cancellation of PPP contracts by political office holders, lack of respect for terms and conditions of contract agreements, disrespect for court orders, policy summersault and the get-it-now syndrome which has affected the growth and development of PPPs in Nigeria.

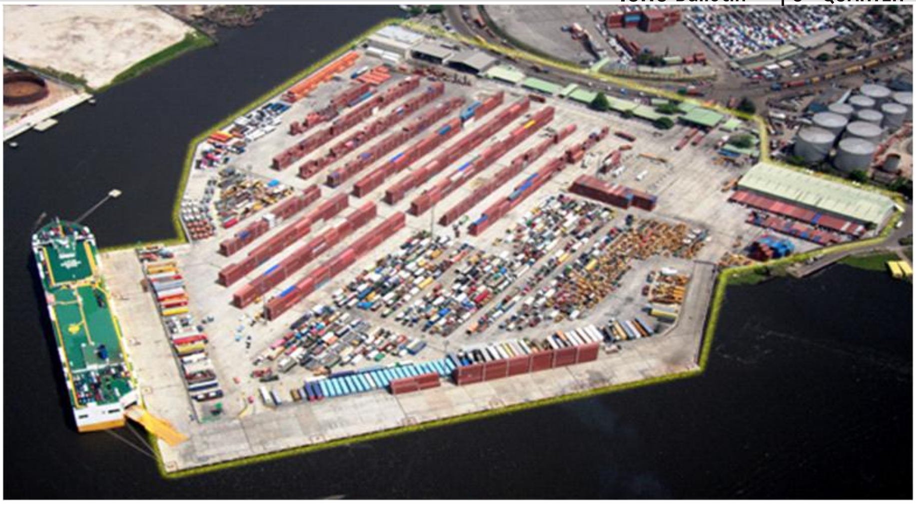
Considering the huge domestic and foreign debt profile of the Nigerian government, and the amount needed to upgrade public infrastructure in the country, leveraging the option of PPPs is imperative.

Consequently, the surest and safest alternative is the effective and maximum utilization of Public Private Partnership which has been applied in many developed countries to grow their infrastructure. In partnering with the private sector, government must strengthen the existing legal and institutional framework to support the process. The regulatory capacity of the ICRC must also be strengthened to enable it effectively deliver on its mandate.

The ICRC Act, 2005 should be urgently reviewed in line with current reality and the Commission should be given adequate resources to execute its functions and responsibilities efficiently.

True sincerity of government in growing infrastructure in the country can further be demonstrated through consistent economic policies that support nation's growth and development. Suffice to say, the National Infrastructure Master Plan must be brought to fore and keyed into by all MDAs in the country.

The future is bright if stakeholders in both public and private sectors can synergize efforts to reap the enormous benefits of PPPs in the interest of Nigeria and Nigerians.



Tincan Island Multi Services Container Terminal, Lagos State

MMA2 Terminal, Lagos State

CRITICAL SUCCESS FACTORS OF THE PPP MODEL

- **PPP projects must fit into the country's overall strategic development plan.**
- **The legal and regulatory frameworks for PPP must ensure protection and comfort for both the public and private parties.**
- **Institutional framework must provide support and incentives for effective implementation.**
- **There must be adequate risk allocation, measurable performance indicators, and flexibility to adapt to change. This is in addition to the need to mobilize finance from well capitalized investors who seeks longer-term returns.**
- **Public stakeholders must realize that major successes in the area of infrastructure PPP projects require perseverance and long-term commitment by governments to achieve a meaningful paradigm shift. This will provide an extended period of time for private operators to build trust and buy into PPP model. At the long run the projects will certainly yield improved services at lower cost to the government if allow to survive its gestation period.**

Source: World Bank Group for the G20 Investment and Infrastructure Working Group in February 2014

The Complexity of PPP *Implementation*

Stefan Verweij, Geert R. Teisman, &Lasse M. Gerrits

Project implementation takes place in a dynamic socio-physical context in which unforeseen events occur (Gerrits, 2012). Unforeseen events often have an impact on implementation. PPP projects are no context-independent "islands" but rather open. Naturally, contingency plans in PPPs are drafted to deal with dynamical contexts. These plans are repositories of expectations on which project managers build their daily activities (Söderholm, 2008, p. 81). They help managers to focus and they guide their actions. By the same token, plans also neglect expectations as they cannot foresee all possible future eventualities. There are real limits to prediction and planning capacities, no matter how much information is processed (Gerrits, 2012). Consequently, some events will be unforeseen which challenges implementation.

The extent to which an event is unforeseen depends on the position of the people involved. Events even can be unforeseen by one person and expected by someone else. This does not diminish their potential disruptive effect on implementation, as long as those working in project implementations did not recognize its coming. Unforeseen events are non-stochastic and out of reach of contingency planning, because contrary to planning for stochastic events in terms of risks, the likelihood of their occurrence is unknown and undetermined.

It is useful to distinguish between two categories of unforeseen events (Van Gils et al., 2009). Events can originate from physical sources, like unstable ground conditions. They can also originate from social sources, such as dissatisfied stakeholders (e.g., citizens, municipalities, or other governmental organizations) or changing laws and regulations. Aaltonen and Sivonen (2009) argued that "stakeholder related conflicts and incidents are among the most significant unforeseen risks in projects implemented in challenging environments" (p.131). During implementation, stakeholders are mostly concerned with the influence of construction activities on their daily routine activities and life style. Managers often respond to unforeseen events by trying to control them through aiming to nullify their effect on the implementation process. This response is identified as an internally oriented focus on the project. It is rooted in traditional management models focusing on structure, administrative systems and the execution of plans. The general thrust is on speeding up implementation, mainly by explaining and promoting the project interest.

The management persists on achieving predetermined goals despite unforeseen events. Communication follows a DAD strategy (decide, announce, and defend). Alternatively, an externally oriented response can be followed, emphasizing interaction with the societal environment. Possible solutions are sought together with stakeholders. The management is receptive toward unforeseen events, and communication takes a DDD strategy (dialogue, decide, and deliver). Because of its stakeholder oriented nature, this response can be applied in response to social events. Another dimension of the management response concerns the way public and private partners are involved in the response. We discern three possibilities. Some events are responded to by the public partner; others are responded to by the private partner. This depends on how risks and responsibilities are perceived and allocated in the PPP. A third option is that the partners develop a joint response (Verweij & Gerrits, 2015).

Management responses to events produce outcomes. The most common variables for measuring project outcomes are efficiency and value-for-money. These, however, can hardly be used in situations wherein projects have not yet been delivered. Nevertheless, the quality of the implementation process needs to be assessed. This can be done by inquiring whether and to what extent actors are satisfied with the implementation process. These outcomes can be different things: stakeholder satisfaction, incurred costs, time schedule, partner's behavior, and the perceived quality of mutual relations are the main outcomes during implementation processes (Verweij, 2015c).

The indicators that are most important to a manager's satisfaction depend on the position of the specific manager in the project. For example a stakeholder manager will be more concerned with stakeholder satisfaction as well as the specific event at hand (e.g., some events in implementation have no effect on costs or the time schedule).

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SUMMARY OF OBC CERTIFICATES ISSUED Q3 2018

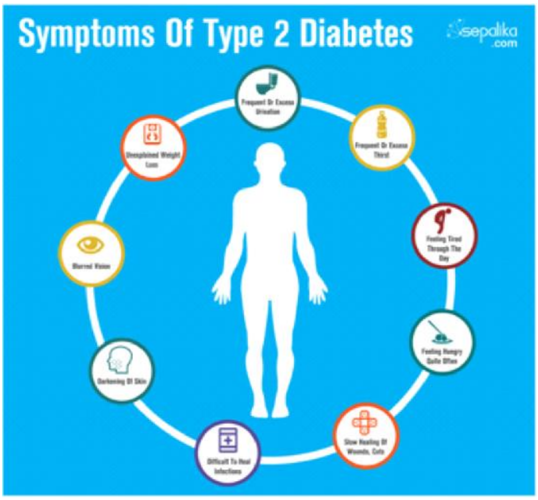
MDA	Project Summary	DATE
Federal Ministry of Transportation (Aviation)	Establishment of a National Carrier	6th July, 2018
Federal Ministry of Health	Development of Photovoltaic System for University of Benin Teaching Hospital	2nd August, 2018
Nigerian Shippers' Council	Concession of Truck Transit Park in Obollo-Afor Enugu State	16th August, 2018
Rural Electrification Agency	Provision of hybrid solar systems	20th August 2018

SUMMARY OF FBC CERTIFICATES ISSUED Q3 2018

MDA	Project Summary	DATE
Federal Ministry of Health	Warehouse in a Box	6th Sept 2018
Rural Electrification Agency	Provision of hybrid solar systems	20th August 2018

Can patients with type II diabetes become type I?

Diabetes mellitus (DM) is a metabolic disorder that identified by hyperglycemia. It is generated due to disorder in insulin secretion. The disorder in carbohydrate, fat, and protein metabolism that is related to diabetes are due to deficient action of insulin on the target tissues. Type I is an autoimmune disease recognized by total destruction of the pancreatic β-cells so it is identified by insulin deficiency and requires insulin injection for it to survive. The causes of type 1 diabetes can either be due to immune or idiopathic reason. The immune is the ultimate common sort of type 1 diabetes. Patients with this sort are teeny, whilst the cause of Type II is insulin resistance and it is cured via the administration of synthetic drugs.



Type II diabetes is the generality common form of diabetes and it exist in 90% of the cases. It is identified by tissue resistance to insulin which is combined with a relative deficiency in insulin secretion. Insulin is already produced by the β- cells in the patient however; it is inadequate to overcome the resistance that causes the blood glucose to increase. The impaired insulin action also affects lipid metabolism, leading to increased free fatty acid flow and triacylglycerol levels and decrease the good lipid high-density lipoprotein (HDL). Individuals with type II diabetes do not have ketosis.

Pathogenesis of type I diabetes

Body have an ultimate reduction of insulin secretion and are prone to have ketoacidosis, this is due to T-cell mediated pancreatic islet β-cell destruction, which happen at a variable rate, and becomes clinically symptomatic when 90% of pancreatic beta cells are destroyed. Persons with diabetes have increased hazard of developing type 1 and can often be identified by the measurement of diabetes associated with auto antibodies, genetic markers and glucose tolerance testing.

Pathogenesis of type II diabetes

It is obvious that the link between pathological insulin secretion and action which results in the metabolic defect which classified as type II diabetes is complex. Both of β cell dysfunction and insulin resistance are important in the pathogenesis of type II diabetes. In advanced diabetes, there is a hyperglycaemia but, insulin levels are analogue to those of non-diabetic controls. This can be explained in two ways: a given insulin level is less efficient to lower blood glucose level providing evidence for the importance of insulin resistance; alternatively, higher glucose concentrations in disease are only able to elicit the same level of insulin secretion, implicating the importance of β cell dysfunction. The impairment of the body's capability to respond to insulin is the first demonstrated abnormality in diabetes, then pancreatic exhaustion occurs. This is supported by the observation that some normoglycaemic subjects display an insulin resistance of a level comparable with that of diabetic subjects.

There has been a trend to increasing the number of type II diabetes amongst children in the last decade which has been related to obesity and physical inactivity. This suggests that in the 21st century insulin resistance reveals serious health problem. The question here is can patients with type II diabetes become type I? It is believed that type II diabetes can't turn into type I diabetes, as the two conditions have different causes and this is true. We have another opinion as we know type II diabetes is a progressive condition. Overtime, the pancreas become lazy and people with type II diabetes may finally require insulin for their treatment. So, patients with type II diabetes should practice regular exercise as exercise plays an important role in the prevention and controls insulin resistance, prediabetes, gestational diabetes mellitus, type II diabetes, and diabetes-related health complications.

Weight loss is the most important thing you can do to control your blood glucose levels by allowing the insulin to be more effective and reducing insulin resistance. It should be less than ideal weight as belly fat creates hormones and other chemicals that can cause health problems, as insulin resistance, high blood pressure, and heart disease. Moreover, people with type II diabetes should constantly monitor their blood glucose level, take medications regularly and diet should consume more of high-fiber- low-fat foods.

Conclusion

Patients with type II diabetes should practice regular exercise as exercise plays an important role in prevention. It controls insulin resistance, type II diabetes, and diabetes-related health complications; they also should restrict their weight to control their blood glucose levels by allowing the insulin to be more effective and reducing insulin resistance. Always monitor glucose level, take diabetes medication regularly. Diet should be more of high-fiber, low-fat foods and avoid takeaway food as the pancreas of type II diabetes become more lazy and people with type II diabetes may finally require insulin for their treatment.

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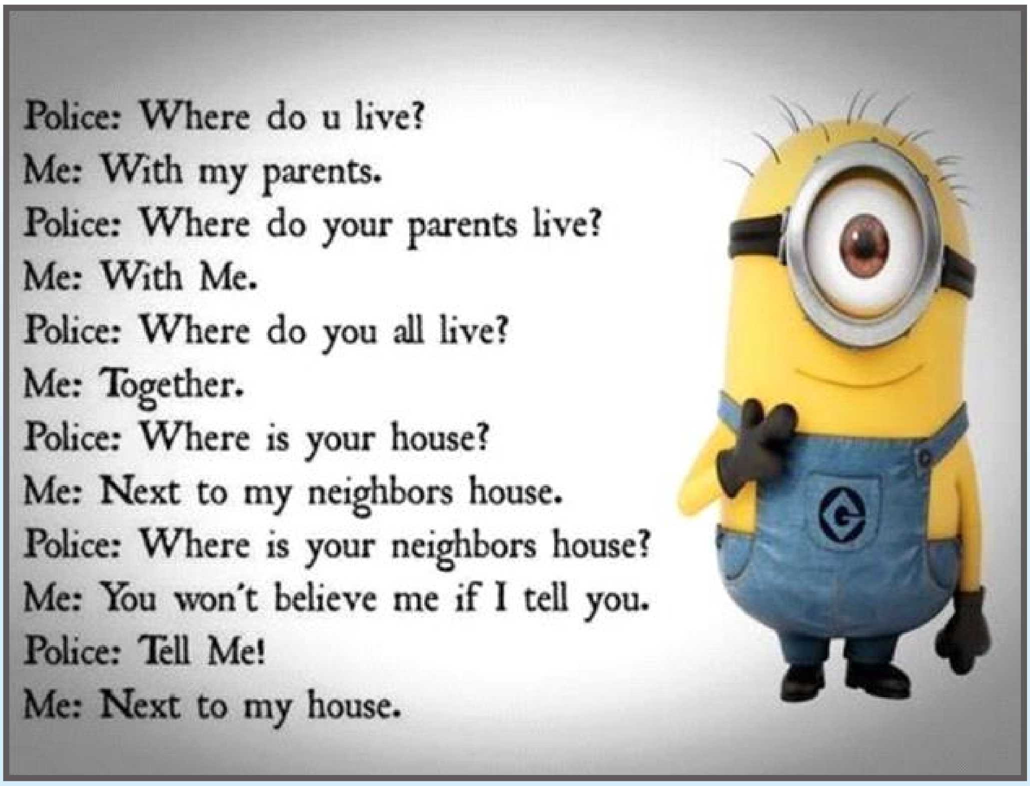
Source: https://www.openaccessjournals.com/articles/can-patients-with-type-ii-diabetes-become-type-i-12337.html

Lighter  Note



About The Publication

ICRC Bulletin is a quarterly newsletter of the Infrastructure Concession Regulatory Commission under the Presidency of the Federal Republic of Nigeria. This newsletter is a useful tool for communication and is part of the Commission's thrust to engage staff and stakeholders by providing timely, accurate and knowledgeable information on its activities.

We value your views, contributions and opinion. For enquiries, comments and suggestions on this issue, you may email us at **info@icrc.gov.ng**

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ICRC Strategic Objective

The strategic objective of the Infrastructure Concession Regulatory Commission (ICRC) is to mobilize and accelerate private investments in national infrastructure by enabling the Federal Government of Nigeria through her Ministries, Departments, and Agencies (MDAs) to establish and implement effective Public Private Partnerships (PPPs).

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