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Abstract. This article discussed the challenges of public policy in the electricity sector in Nigeria. The country has been struggling to generate and distribute it from the middle of 1980s. Due to many reasons that include, population explosion, aging electricity generation and distribution infrastructure, lack of capacity for running public utility firms, corruption, lack of indigenous expertise that could run the firms profitably and lack of political will in by the government, the needs of citizens have not been satisfied. The article is in five parts which include introduction, review of policy reforms in the electricity sector and challenges identified, theoretical framework, findings, conclusion and recommendations. It adopted neo-liberal theory as its theoretical framework. Secondary data were generated and analysed in themes. It argued that if policy makers in Nigeria fail to systematically develop the Nigerian model of neo-liberal policy philosophy, the country will continue to waste time, energy and funds on policies in the electricity sector without commensurate results. It further recommended that the elite and the masses as well as professionals and artisans/craftsmen be involved in generation and implementation of policies in the electricity sector in Nigeria. The government should engage policy analysts as consultants to study critically inputs made by international institutions or bilateral partners in the process of generation, design, implementation and evaluating electricity generation, distribution and consumption model presented to them by foreign partners. Policy formulation mechanism should consider when to automatically roll in or out the state in accordance with the prevailing economic conditions if Nigeria agrees that it has finally settled for neo-liberal economic policies. This will facilitate the emergence of the Nigerian model of neo-liberal economic policy and its attendant positive impact on the needed reform to get affordable and sustainable electric power to the consumer.

Keywords: Neo-Liberalism, Power Policy, Power Sector Reform, Privatisation, Consumption Model

1. Introduction

Nigeria’s capacity to generate, transmit and distribute electricity to her citizens from the mid-1980s has been challenged by population explosion, aging electricity generation, transmission and distribution infrastructure, lack of capacity for running public utility firms, corruption, lack of indigenous expertise who could run the firms profitably, lack of political in satisfying the needs of citizens by the government and inability to raise capital to fund initiatives towards solving this problem.

In a democratic regime the decision of any political party in government on public policy is informed by the worldview of its members, needs and wants of its constituency and the intellectual input of policy analysts. The worldview of members of political party in government is shaped by both domestic international environments. The needs and wants of constituencies are shaped by the aspiration and vision of the elite and then the poor. The level of field research outputs informs the output of previous policies and input into new policies to be generated in the environment. Successive administrations in Nigeria have struggled with public policy implementation with minimal success, leaving the citizens a sense of alienation. If the people feel that they are excluded in the process of governance, it becomes very difficult for the government to succeed in the generation, formulation and implementation of policies. The pertinent question has the government regained the confidence of those “excluded”; the elite and ordinary citizens in the process of governance in
the power sector? This paper will attempt to answer this question. The article is in five parts which include introduction, conceptual clarification, review of related literature, theoretical framework, findings, conclusion/recommendation.

2. Concept of Public Policy

Public policy is “a purposive course of action followed by an actor or set of actors in dealing with a problem or a matter of concern” (Anderson in Sambo 1999:283). It involves the allocation of resources by the authorities. Government policy is “an authoritative plan of action for the promotion and allocation of selected values, which is deemed by governmental authority to be in the common interest of the people. “It consists of general or specific goals which policy makers hope to attain including the general course of action to be followed and the specific means by which the goal is to be pursued” (Sambo 1999:285). The challenge is in this case is that government policy failure concentrates on reform of government and its structures, leaving out the “dependent economic structure” and its corresponding state structure”, which means that lessons were yet to be learnt by successive governments (Sambo 1999: 309). The concept of state structure has to be reconsidered, not as constituents (regional grouping or ethnic entities, but as interest groups in terms of the elite and the masses or as professionals and artisans and craftsmen. This is to reduce the feeling of exclusion from national economic life which is coordinated by the state in the process of governance.

3. Literature Review

In this section, relevant literature on public policy in the electricity power sector in Nigeria from 2001 to 2019 was reviewed. Osakwe (2017) points out that the national electric power policy adopted in 2001 introduced a new dimension to the Nigeria electricity power sector. Many years of struggle with available and affordable electric power supply has weakened the economy and pauperized the masses. The electricity co-operation in Nigeria was created in 1951 the Nigeria Dams Authority which was in charge of hydro-electricity dams was also created in 1962. These two organizations were merged in 1972 to form the national electricity power authority (NEPA). The challenge of having access to affordable electricity supply by Nigerians made NEPA unpopular as such the need for policy aimed at resolving this problem. The Obasanjo administration from inception identified this challenge and in 2001 adopted in national electricity power policy. This policy departed from the government ownership structure. The management and control of electricity supply of the power sector had to give way. The 2001 electric power policy prescribed that, power has to be privatized and a regulator has to be established in order to set rules, codes and process that differ from the previous practice when the government was the sole owner. The electric power sector performed act was signed into law in 2005 and this led to the establishment of the electric Power Holding Company of Nigeria (PHCN). PHCN was later unbonded from the generations company (GENCOS) distribution companies (DISCOS) and a single transmission of power (TCN). The road map for the further reformed in the power sector was launched in 2010 to accelerate the implementation of the reformed being made. The ownership of company was retained by the government while the generation and distribution firms were sold to private companies and were handed over to firms in the 2013 (Osakwe, 2017). A regulator was established in 2005. The regulator is the national electricity regulator commission.

In 2016 another roadmap was unveiled by the Ministry of Power, (by the Ministry of Power Works and Housing) in order to address the challenge of intermittent, insufficient, non-available power supply. A holistic approach designed to bring in new initiative to tinker with policies geared towards demonstrable and measurable policies for uninterrupted, incremental and steady power supply. PWC (2016) report with update reports on the power sector road map provided an outline on the milestones recorded as explained in the table 1.1 below

<table>
<thead>
<tr>
<th>S/N</th>
<th>Year of Policy</th>
<th>Policy/Programme</th>
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<tbody>
<tr>
<td>1</td>
<td>2005</td>
<td>Amendment of electricity Power Sector Reform Act</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Establishment of Nigeria Electricity Regulatory Commission</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Establishment of Power Holding Company of Nigeria</td>
</tr>
<tr>
<td>2</td>
<td>2006</td>
<td>Assets of the Power Holding Company of Nigeria were unbundled along generation, distribution and transmission</td>
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<td></td>
<td></td>
<td>Ten National Integrated Power Project (NIPP) commenced implementation</td>
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<tr>
<td></td>
<td></td>
<td>Establishment of market operation departments of the transmission Company of Nigeria</td>
</tr>
<tr>
<td>3</td>
<td>2008</td>
<td>The body mandated to oversee the progress of unbundling generation and distribution companies were established</td>
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Table 1.1 Outline of activities in Nigeria’s Power Sector
Approval of multi-layer tariff order

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
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<tbody>
<tr>
<td>2010</td>
<td>The national power road map was introduced and the Nigeria Bulk Electricity Trade (NBET) was established. Presidential Taskforce on power reform was established to 2020.</td>
</tr>
<tr>
<td>2012</td>
<td>Management contract agreement was made between the Transmission Company of Nigeria and Utility and asset management Company of Nigeria. Memorandum of understanding were signed on nuclear energy sources.</td>
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<tr>
<td>2013</td>
<td>Commitment of initiative on the construction of 3 stations in hydro-electric sub-sector. Agreement on coal power production partnership were also signed. Infrastructure masterplan (power sector roadmap) launched.</td>
</tr>
<tr>
<td>2014</td>
<td>Renewable energy programme was improved upon. Out of the ten National Integrated Power Project (NIPP) assets were sold completely.</td>
</tr>
<tr>
<td>2015</td>
<td>Establishment of power transitional power market.</td>
</tr>
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</table>

Source: Compiled from PCW’s July 2016 Report

4. Theoretical framework

Neoliberalism was adopted as the framework for analysis of the issue in this article. Liberalism as a precursor of neo-liberalism is a political philosophy that evolved in the seventeenth century through the eighteenth century. The main assumption is that individual liberty has to be achieved through the minimal state. The government has to be liberal politically and economically. The state is expected to provide law and order, but must restrain itself from intervention of markets at both domestic and international levels. This is the laissez-faire principle. It is based on the idea of free market principles with little or no government intervention (Viotti and Kauppi, 2009; Oriakhi and Usifo, 2016).

Premised on the above import and export of good and services are expected to flow across national borders with minimal barriers in other to encourage investment and commerce across border and regions. Liberalism helps capitalism to emerge victorious as such capital flow within and among nations were encourage in trade, investment and commerce in general.

Neo-liberalism according to critics is a theory of wealth accumulation/creation that does not consider how (political and economic) power is distributed through wealth. This means that power is taken from states and transferred to business interests there by portraying it as an evidence of prosperity (Oriakhi and Usifo, 2016). Neo-liberal theorists emerge as the leaders of capitalist political economy and created the new trade, investment and monetary regimes that dictate to developing countries who are already at disadvantage in the world capitalist system (to some extent) in this direction they work towards eliminating subsidies and competitive exchange rates and encourage open market and protection or property rights through regulators.

Multi-national corporations are the faces of neo-liberal theorists in the field of play. They emerge as business personalities who usually take over economic power through domination of markets and advocate for the protection of their right to recoup their investment through regulations that must favour them. The power sector in Nigeria is trying to survive under the liberalisation principles. The sector was initially owned by the state, but due to gross inefficiency, the government tinkered with the idea of privatising and commercialising it as such policies were made towards this direction. The fact that minimal success was recorded brought about a review in the policies and a roadmap for the implementation of the policy was designed, Nigeria is yet to benefit from all the arrangements because it still depends on international instituting driven by neo-liberal principles for the design of policies and programs without accessing thoroughly Nigeria's peculiarities. Dependency in this sense breeds parasite imagination which in turn creates destructive mind-set. In the long run both the parasite and the host will not benefit from the relationship.

5. Challenges in the Power Sector in Nigeria

One of the challenges of the power sector in Nigeria is the involvement of about five government agencies and firms in making input into power generations transmission distribution and of power to the end user. Aside the Federal Ministry of Power, Works and Housing that is tasked with the provision policy and directions. The ministries of solid minerals, water resources and petroleum resources are in-charge of issues of infrastructure building for generation transmission and distribution and also involve other government agencies and local/foreign investors in the power sector value chain.
PCW July 2016 Report, identified for major impediment hindering adequate power supply in Nigeria

(a) Value chain losses – 69% loss in generator, 7% of energy generator
(b) Limited transmission average is loss during transmission and 12% during distribution national grid is limited to just 40% of the country. It is owned by government as such subject to control and not able to attract investors
(c) Supply disruption - violence disrupt supply – pipeline and scares investors
(d) Theft and corruption – Non-transparent ways of revenue collection by personnel of the companies; poor tracking system hinder access to customers who have willingness and the capacity to pay for electricity supply (PCW, 2016).

According to Ajenikoko, Eboda, Adigun, Olayinka, Oni and Adelowo (2018) the roadmap designed for the power sector was part of Infrastructure Master Plan (IMP) which was launched by federal government in 2013. It preceded mid-term report of the transformation agenda. Nigeria planned to make huge investment in road construction, transport, power among other infrastructure. However, the failure of the electricity supply sector in Nigeria led to the self-generation of electricity at residential, industry and commercial sectors. This has negative effect on the environment, dwindling financial resources, reduction in profit for manufacturers and service providers, e.t.c. Energy supply capacity of Nigeria is expected to reach 30,000mw in 2020, and 78,000mw in 2030 if the country has to grow at 10% (Idemudia and Nordstrom, 2016). But we are already in Year 2020 and the plan is not yet half way realised. The question now is what are the challenges facing the sector even after the implementation of privatisation policy.

Idemudia and Nordstrom (2016:11) outline the challenges likely to be faced after the privatization of the electricity power sector:
- Costing that will not likely reflect tariff regime
- Insufficiency of gas supply as a result of inadequate gas infrastructure
- Non-bankable agreement regarding supply of gas
- Decaying transmission line assets and power sub-station
- Bureaucratic bottle-neck in agencies of government
- Foreign exchange rate and issues of currency fluctuation
- Transmission from one administration to another and risk of uncertainty in policy direction of successive administration
- Absence of long-term funding that are affordable
- Criminal vandalization of plants, transmission lines and equipment

The Nigeria Power Sector Recovery Programme documents (2018) also discussed the challenges in the power sectors. They are infrastructure constraints, insufficient end users to tariff, sector cash shortfall, slow pace of loss reduction by DICOS, Ministries, Department, and Agencies (MDAs) debts and sector governance challenge. Infrastructural constraints could be seen in the difference between installed capacity to generate power, which is 13,400mw and but 7,000 mw is available, yet 4,000 mw was made available for supply to customers between 2015-2017.

In addition, the rise in the cost of energy generation, transmission and distribution due to unforeseen infrastructure constraints, money devaluation and inflation and lag in adjustment of tariff (as expected) led to insufficiency in end user tariff. This affected the multi-layer tariff regime expected to tally with sustainable, appropriate tariff trajectory. Furthermore, tariff shortfall of 420 billion naira and market shortfall of 476 Billion Naira cash shortfall in the sector. Thus deficit has accumulated in the sector value chain between February 2015 and December 2016. The performance of DISCO declined between 2014 and 2016 due to absence of investment in rehabilitation of network and metering. Low tariff and lack of improvement in service to customer and also responsible for the high cost recorded. The debt owed by government ministries, department and agencies is estimated to be about 26 billion naira as at December 2016. This is a huge gap that created cash deficit. The challenge of the governance of the sector is a huge deficit in the administration of power sector in Nigeria. There are claims that the electricity industry ion Nigeria has sound policy design and regulatory framework, but its implementation is a major challenge. The government is not consistence in the enforcement of policies and rules (Nigeria Power Sector Recovery Program Document, 2018:7)

Arowolo and Yannick (2017) contend that there is form of regulatory game in the Nigeria power market. This game involves the regulatory and the judiciary at the two ends of the continuum while the government is at the centre. In the middle of the
triangle on the left side is the evidence of lack of cost
reflective tariff designs and on the right side
political programs for subsidy. And at the base of the
triangle on the extreme end on the left is power
companies and consumers at the extreme right. The
market power is at the middle. This has led to the
lack of meaningful progress in the power sector in
Nigeria. The agencies of government and the
consumers of electricity are yet to come to terms with
the privatisation and commercialisation policy due to
undue interference through policy makers, consumer
induced court judgement and apprehension of foreign
investor in making available long term funds for
investment in the sector due to government policies
inconsistency.

From 2016, efforts made by the regulating to increase
electricity tariff in order to motivate investors have
usually led to confrontation with customers. PHCN
staff are either chased or beaten up. The engagement
is that a population with low purchasing power
cannot afford to pay for electricity service that is not
readily available. The investors on the other hand are
replaced on the dilemma of balancing between cost
recovery (in network infrastructure investment
operation maintenance) and under investment
expected in the sector. An instance of resistance from
customers were the protest and law suits filed by
consumers against 45% increase in tariff announced
by the regulatory body which took effect in February
2016. There was a court judgment against the
increase in tariff in July 2016. The review of tariff
was declared illegal. The regulator and the DISCOS
were earlier constraint from acting against consumers
who could not pay the new tariff (Arowolo and
Yannick, 2017).

Oluseyi Akinbulire and Awosope (2012) identify the
issue that are paramount in realization of supply of
available, affordable and sustainable power supply to
a developing country like Nigeria:
- Absence of bankable gas supply agreement
- Power purchase agreement
- Shallow domestic finance
- Inadequate transmission and distribution
facilities
- Fears of foreign investors political interest
- Fear of political reversal
- Consideration of the poor consumers in the
implementation of MYTO regime (multi
you tariff order- MYTO)
- Establishment of reversal and development
center

Given all the challenges mentioned above, considering
the poor consumers in the
implementation of the Multi Year Tariff Order
regime is not too feasible because majority of the
electricity consumers who are at the lower class are
used to cheap tariff. Their living standard and
perception of subsidy is a major challenge. The
finance base of any business is the source of revenue
and if revenue cannot be generated to pay for the
services offered to consumers the business is likely to
fail. There is the notion that if tariffs regime is
retuned to suit the standard of living of the majority
of service users will lead to the success of the
business, particularly the power sector.

6. Findings

This article finds out that from 1999 to 2019, (a
period of 20 years) the government of Nigeria has
been making effort to model the electricity sector in
the fashion of neo-liberal economic system, but the
fact that indigenous companies are yet to have the
huge capital outlay and technical expertise to run the
sector, as such it is yet to find a headway. The critical
mass of citizens is also used to subsidy economy as
such they resist all forms of reforms that tend to pass
the bulk to electricity consumers.

The pertinent question to ask on the challenge in the
power sector in Nigeria is, why do public policies
fail? The response to this question cannot be
exhausted in this article, but the inability of the
government to carryout decisions successfully in
equitable allocation of resource to citizens,
regulation of behaviour of citizens, lack of capacity
in the extraction and utilisation of resources and lack
of capacity to develop a national identity and sense of
community among citizens. The consequences of
failure of public policy in the power sector in Nigeria
are loss of sense of social security, inequality and
relative deprivation. The condition of man in the state
as a formal institution threatens his freedom and
welfare. Unlike the family or society, the state tends
to be too large and it subsumes the hopes and
aspirations of individuals into group interest as such
those in the driver’s seat tend not to comprehend its
working when they assume leadership positions as
politicians. The process of governance takes time and
the time lag would always affect the take off and
implementation of policies. The power sector reform
that is yet to be realised in its target of Year 2020 is
creating atmosphere of social insecurity, inequality
and relative deprivation.

Another issue is that, the dichotomy between the
public and private are constructs being experimented
with in the process of governance. The evolution of
liberal theory shows that states that are guided by its
assumptions rolled back the state in the early times but later realised that they were supposed to role in the state in the period of recession or depression. The importance of welfare of citizens made the state to be engaged in providing basic services for citizens. The state is involved in the provision of basic infrastructure, amenities and goods through subsidy regime and the private sector is involved in this process. Another question that begs for answer is, how can the private sector that believes in profit maximisation be used to achieve this objective without circumventing the process? Economakis, Rizopoulos and Sargaski, (2010:16) in this regard argue that “…there is complex relation implying discriminatory practices in public/private actors’ interactions” which are evident in “political and economic inequality” as well as “relative autonomy of the state and its representative agencies, compared to specific interest groups”. Their position throws light on the challenge of how to operationalise the partition between the public and private.

The foregoing proposition is extended to the argument that the state dominates the private sector and as such is amenable to patronage from the private sector. Disregard for rules and formal procedures in the process of governance makes public policies to fail. The failure of public policy means that the common good is not maintained. The delicate issue is that the common good will now be maintained by loyalty to the institutions and the policies and the people who guarantee it in the state. Policy makers will no longer be committed to the idea of common good. It is not only the poor that perceive the feeling of exclusion but also the rich/elite. Rich people also complain of being excluded after being used. These people are not poor, yet they are scared of what the future has for them in terms of relevance on the political or economic scene. So when they assume leadership (through compensation) they short change the policy process in their personal interest, thereby sabotage the spirit of the common good.

Some scholars have argued that achievements were recorded in the power sector as a result of the reforms carried out by the successive administration. Ogunleye (2016:8) posits that the achievement of the power sector reform is about defining a new national power policy that positions the private sector as driver of the sector on funding, innovation and leadership. The power sector was solely owned and controlled by the government prior to 1999 (2001) when the policy on the reform of the sector was muted by the then Obasanjo administration. Another achievement is about the design of enabling regulatory, policy, and commercial framework for engagement of all stakeholders and sector. The privatisation moves and unbundling of the company in charge of generation, transmission and distribution heralded a new era in the sector with an all engaging and inclusive approach aimed at confronting the challenges in the sector in Nigeria. In addition, the commercialization of the sector is a major achievement that aimed at the easing of burden of total subsidy regime in the power sector. The claim by some analysts that the reform in the electricity power sector has failed totally is over- exaggerated. The achievements recounted above show that despite the challenges experienced in the electricity sector in Nigeria, there are still achievements that point to the fact that the reform is likely to work if carefully reviewed and implemented.

7. Conclusion

The article concludes that if policy makers in Nigeria fail to systematically develop the Nigerian model of neo-liberal policy philosophy, the country will continue to waste time, energy and funds on policies that will continue to fail. And also, that the state is seen as formal institution that threatens the freedom of individuals. Besides, policy makers in new regimes were not able to comprehend the conditions that informed policies initiated from predecessors.

A systematic development of Nigerian model of neo-liberal policies will reduce the consequences of failure of policy inherited from predecessors when it is embedded in the law that such policies must not be abandoned.

8. Recommendations

The article recommends as follows:

- That there is the need to implement power generation technologies that are efficient, attraction of investment by initiating favourable policy, overhaul and maintenance of decaying infrastructure, prompt implementation of well thought and correctly designed power project, scaling up of transmission infrastructures on a steady basis, attraction of private investment in collaboration with the government and adoption of new technologies for effective and efficient supply (PCW, 2016)

- Nigeria must tinker with it in version of liberalism and think deeply on how to design policies that will see to the emergence of a sustainable, efficient and affordable electricity power generation, transmission and distribution to its citizens
and beyond. Genuine entrepreneurs could be raised to proffer solutions to challenge the bedevilling the players in the industry. Rent seekers should be identified and blocked from participating in the sector.

- The concept of state structure has to be reconsidered, not as constituents (regional grouping or ethnic entities, but as interest groups in terms of the elite and the masses or as professionals and Artisans/Craftsmen. This will reduce the feeling of exclusion from national economic life which is coordinated by the state in the process of governance.

- The government should engage policy analysts as consultants to study critically inputs made by international institutions or bilateral partners in the process of generation, designed, implementation and evaluation of policies. This will help in preventing institutional transplant and stimulate critical thinking among policy makers thereby improve the performance in critical sector of the economy.

- And finally, policy formulation mechanism should consider when to automatically roll in or out the state in accordance with the prevailing economic conditions if Nigeria agrees that it has finally settled for neo-liberal economic policies. This will facilitate the emergence of the Nigerian model of neo-liberal economic policy. Laws should put in place to spell out the ways the rolling in and out of the state should be done in order to win the confidence of both the elite and the masses in advancing their fortune and standard of living.

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