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## Issues and Challenges of Power Sector Reforms in Nigeria: The Political Economy Approach

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### ABSTRACT

The post-colonial status and the formation of the Nigerian state have no doubt, redefined it as a neo-patrimonial, pseudo-capitalist and dependent entity. Its forceful integration into the global capitalist ideological orbit could be predicated on the historical antecedents of its colonial heritage. The rentier nature of its political economy had further broadened the basis of capital accumulation through the enlistment of the Nigerian political class interest. The Nigerian economic crises that persist in varying degrees have equally precipitated a number of reform policies by the successive governments in finding the alternative to the economic crises. One of such is the power sector reform with the critical infrastructural gaps despite the continued interventions over the years. There are quite emerging robust literature to support the engaging debates on the nature and character of the Nigerian pervasive economic crises. This paper, interrogates and historicizes the power sector reform policy and undertakes a careful examination of the implications of the privatization exercise as purportedly implemented under the current reforms and its far-reaching effects amidst the exacerbating social crisis of pervasive poverty and the near-absence of effective regulatory mechanism to curtail the exploitative tendencies against the Nigerian mass of electricity consumers. It is also in the contention of this paper that, the post-privatization era in the power sector is still riddled with a plethora of challenges as mostly crystallized by the poor service delivery and the exploitation of electricity consumers.

### INTRODUCTION

It is appropriate to begin our discourse on a significant premise of the post-colonial Nigeria state and its forceful integration into the global capitalist ideological orbit. There is perhaps, a powerful nexus of justifications to explain the nature of the post-colonial Nigerian state and policies to its political history and the pattern of asymmetrical integration into the Western capitalist ideological system. With the eventual departure of the British colonial government in 1960, the Nigerian political economy, as with most other African countries, became subordinated and rentier in orientation. The new political leadership in Africa was bedeviled by the arduous tasks of post-independent challenges with the propelling quests for the development of the emerging African economies and most significantly, the concentration on massive production of primary produces for the international market.

However, in a bid to further sustain the tempo of the post-independence economic revolution and development, the Nigerian state like many other African countries had unavoidably resorted to the use of Public Enterprises (PEs) as a measure of resource mobilization, allocation and for the acceleration of the economic development agenda beginning from 1950s through the 1960s (Ojobo, 2005).

It is also apposite to affirm that the dominant roles of the state in the post-colonial economies of the developing countries of mostly, Africa have been the acceptable political economy norms given the compelling historical exigencies and the dialectics of their formations as post-

colonial entities. This political economy perspective, in a more explicit historical ground had been built on the logic of the Keynesian and Monetarist macro-economic models which also gained currency and became the most rationally embraced intellectual assumptions for state intervention in the European economy since the post-1930 global economic recession.

Without going into the dialectics of the post-colonial states in Africa and for the avoidance of the possible epistemological trappings on the inherent contradictions of their political economies, there is perhaps, a very strong movement in these hard times of economic crises of global dimension for a redefinition of the primary role of the state. The pivotal place of the state in all matters relating to collective socio-economic and infrastructural development has come under much assessment with the need for intellectual interrogation. The traditional roles of the state in terms of creating conducive socio-political and economic climate through the provisions of amenities and security remain uncontested. The central place of the state in the attainment of these objectives is being challenged, and has also become susceptible to the vagaries of the emerging realities.

The changing role of the state has become very compelling also, given the enormous tasks of galvanizing the economy and its basic intricacies for a sustainable economic recovery and reconstruction agenda. The major proponents of the economic liberalization agenda and the dominant International Financial Consortium of the World Bank/ IMF had advanced the argument of minimal involvement of the state on the very logic of the

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obvious eroding capacity of the state in the attainment of some of its traditional roles and most especially, in the core areas of social service delivery.

## METHODOLOGY

This paper is essentially literature-based and has extensively explored relevant theoretical as well as some empirical literature which have remarked the topical issues of policy reforms while taken into cognizance, the trajectories of electricity power sector reforms in Nigeria.

## LITERATURE REVIEW

The public service which, in much of the developing economies as Nigeria, serves as the only state instrument in the attainment of these objectives is equally not to the task (Yahaya, 1992). The arguments for the withdrawal of the state particularly, in the power sector of the economy could therefore, sound reasonably logical and acceptable in the compelling exigencies of the realities of the global political economy.

Flowing from the argument of the Public Enterprises (PEs) in the drive for resource mobilization and allocation for national socio-economic development as in consonance with the Keynesian economic model, it was further argued that as Developing Countries migrated towards economic maturity, their Public Enterprises would continue to play dominant role in the economic development. With the diversified involvement of the state in the key sectors of the economy, the Public Enterprises particularly, in Nigeria have also had wider span of interest cutting across agricultural and allied industry, mining, manufacturing, banking, insurance/ financial service delivery, telecommunication/ courier delivery services, oil and gas, power/ energy and in many other array of service delivery ventures.

Imperatively, it was estimated that at the turn of 1980s, there were about 3000 Public Enterprises in Africa with countries as Cote D'Ivoire, Ghana and Nigeria having 5.24%, 6.32% and 20.96% respectively (Swanson and Wolde-Semait, 1989). The number of Public Enterprises in Nigeria as at 1983 was put at about 110 with specific sectoral emphasis in transport, aviation, shipping, oil and gas, vehicle assembly and general manufacturing (Anyebe, 2002).

In spite of the plethora of Public Enterprises and the huge public investment by the Nigerian state, there were equally challenges of acute failure in terms of service delivery and their inability to make commensurate returns on investment as obtainable in the private sector of the economy. The Nigerian state, as reported, has expended the stupendous sum of over N356 Billion on its Public Enterprises from where little or no returns were recorded on such investments (Ighodalo, 2001: 87). The contemporary perspective therefore, holds the contention that there is need for withdrawal of the state against the wasteful investment of the public funds that could be better utilized in the provisions of critical public utilities like education, health care facilities, roads etc.

The introduction of Structural Adjustment Programme (SAP) in 1986, as part of the policy prescriptions of the IMF/World Bank consortium by the Babangida regime left the Nigerian state with no option than to further consider the sustenance of the privatization component of SAP. The Babangida regime had pursued privatization policy of the Public Enterprises to foster prudence and fiscal discipline, disengage the state from the accumulation process and redress the inefficient nature of public sector enterprises (Momoh, 1995).

The power sector reform which is the focus of this paper also forms the major agenda on the entire public sector reforms of the Nigerian state. The policy trajectory of power sector reforms in Nigeria has, in the observation of many development scholars been largely tainted with such distortions and contradictions that are inimical to the collective will of the Nigerian state. Beginning with the National Integrated Power Project (NIPP) scheme under the aggressive rehabilitation of power infrastructures programme which took place between 1999 and 2004, has the ambition of enhancing the generating capacity through the construction of additional thermal stations across the country.

With the eventual transfer process of the power sector under the government-led NIPP (National Integrated Power Project) to the private sector arrangement of the IPP (Independent Power Project) and the abysmal level of performance in terms of service delivery, the new ownership and control regime have further substantiated the argument of the neo-patrimonial structure of the Nigerian state. The argument which hinged the reform policy on the logic of efficiency and appropriate allocation of resources is equally flawed considering the magnitude of the decadence in the operations of the new private sector led power generation and distribution system in Nigeria.

## Nigerian Policy Reforms: The Theoretical Explorations

Political economy literature is replete with contending theoretical expositions related to policy reforms. This paper shall however, be resting first, on the theoretical construct of Karl Marx dialectical materialism which also affirms the contention that historical circumstances are at the end result of a continuous class struggle between groups in any society. Karl Marx (1968) had predicated his argument of class conflict between "the mode of production" and "the relations of production", where the mode of production conditions the social, political and intellect life processes in general. This also refers to how the means of production were acquired and the social relations that exists between men also resulting from their connectedness with the process of production. This equally emphasizes "the importance of domination, exploitation, struggles and control between classes in any mode of production" (Aina, 1986:4).

It could be argued further that, the state remains the only instrument through which the interests of the bourgeois are promoted and protected under capitalism. With the

established hierarchy of the societal structure emanating also from the norms of the structure of production and distribution in material and spiritual life, this in a way, has ensured the unequal exploitative tendencies and led to the widening class system of groups in the society.

Situating the Marxian dialectical materialism to policy reforms particularly, in the Nigerian power sector, it could be inferred that this is also in line with the dictates of the Western Capitalist ideological orientation in the deliberate severance of the ownership of the means of production as a collective patrimony of the state to private ownership.

This however, represents the ideological strategy of the Nigerian indigenous capitalist class (the local bourgeois) working in concert with their foreign collaborators in acquiring the controlling stakes of the previously state-owned enterprises. Ojobo (2005) also noted that, with the aggressive drive for profit motives and efficiency in the acquired public enterprises, the privatization policy most especially, as it has occurred through the power sector reforms, has led to massive disengagement of workforce, frequent hike in the tariff rates of the electricity to the Nigerian consumers and distorted the erstwhile democratic industrial environment previously enjoyed by the workforce in the electricity sector.

Though, despite the absence of consensus of scholars on the nature of the economic crisis of the Nigerian state (Aboyade; 1976, Williams; 1980, Nnoli; 1981, Onimode; 1983, Usman; 1983, Bangura; 1991, Olukoshi; 1991, Adedeji; 1993, Olukoshi; 1995), the crisis could however, be attributed to both the bourgeois and radical conceptions. The bourgeois had opined that the economic crisis of Nigeria have emanated largely out of absence of accountability, transparency, good governance and endemic corrupt practices (Seteolu and Obiyan; 2007). This explanatory framework had been hinged on the Keynesian and Monetarist paradigms as a panacea to the capitalist crisis which had engulfed the Europe and the envisioning of the role of the state in the post crisis period. Though, these models had equally differed on the role of the state with the contradictions of the dominant role of the state in addressing the economic downturn and the reduction of the state interventionism. The argument on the reduction of state interventionism had formed the fulcrum of the contending post-Cold War international economic system and the development administration policy thrust of the Western International Financial Institutions.

One could however, note an obvious historical lacuna deliberately created in the bourgeois analysis of the Nigerian economic crisis. The crises of political corruption, lack of accountability and good governance have all been perceived as the aftermaths of the skewed integration of the Nigerian state as earlier argued, into the international economic system. This pattern of asymmetric integration and relationship compelled the subservient status of the Nigerian state and its political economy, its vulnerability to the vagaries of international

shock, the deliberate destruction of its cottage industrial capacity, the suppression of the local technological potentialities and initiatives, the disruption of its subsistent farming system and promotion of the cash crop based agricultural system as a ready purveyor of the major industrial composites for the Western capitalist economy. The colonial economic structure fostered emergence of a local comprador class that organized the Nigerian economy for capitalist exploitation (Seteolu and Obiyan; 2007).

The radical approach on the other hand, looks at the materialist interpretation of the historical trajectories of a political economy, the class nature of the capitalist crisis and state, and the character of the local and foreign bourgeois classes. The radical perspective had appraised the contradictory relations of capital and labour within the context of class struggle. Scholars such as Ake (1978), Williams (1980), Onimode (1983), and Ihonvbere (1989) have advanced the arguments on the forms and implications in the capitalist system. The very nature of the capitalist state has thus, provided a fertile intellectual ground for the useful explanatory framework on the contradictions of the Nigerian power sector reforms policy. The political economy literature is replete with different analytical frameworks on the crisis of the dependent capitalist state. These include the neo-patrimonial, urban coalition and compradorial theories (Bates; 1981, Hyden; 1983, Sandbrook; 1985, Onimode; 1992).

The neo-patrimonial theory examines the nature of politics in the developing states as Nigeria in terms of the prevalence of state becoming subordinated to personal rule, communal aspiration and the distribution of patronage. The prevalence of identity politics in the much of the developing post-colonial societies and patronage are thus attached to the primordial considerations. The nature of economic activities in Africa is considerably based on these primordial attachments that span the community, religion and family lineage. These are reflective of the intricate linkage of the nature of the post-colonial state which in itself, is not of the organic outcome of the peasant economic system. The state crisis has been attributed to the conflict between the logic of a modern state predicated on exchange relations and the traditional society intrinsically linked to affectionate relations. Resultantly, and in the cause of this conflict, the ruling class in Africa lacks the capacity to construct structures capable of fostering effective and efficient governance system (Ntalaja; 1989: 116, Ake; 1994: 7).

The neo-patrimonial theory has found expression in the right analytical framework for the state crisis in Africa. This is likely so, because of its adequate emphasis on the process of state formation, the absence of a formidable national bourgeois class, and the wide perception of the emergence of larger than life men in African continent (Beckam; 1988: 20, Adesina; 1995). This theory equally situates the Nigerian state, as a product of historical struggle. With the pervasive corruption, the brazen

plundering of the common patrimony coupled with the endemic governance deficit that characterizes the polity in Nigeria. The neo-patrimonial theoretical perspective draws an impression of a linkage between the institutional interest of the state and the interest of those who manage the state in Africa as very tenuous (Mamdani; 1992: 20). The neo-patrimonial perspective however, fails to query the persistence of the status-quo by the African ruling class. Presumably, the political status quo structures are well in line with the accumulation tendencies of the ruling elites.

The urban coalition theory rests on the argument of the apparent failure of the agricultural system in Africa. The theory contends that, the ruling class deliberate exploit of the state apparatuses to accumulate the surplus on agriculture to meet their selfish interest, and garner the support of the urban-coalition groups. The repressive instrument of the state is, thereby, deployed to suppress the reactions of the peasant-rural groups (Bates; 1981: 112). The urban coalition theory has been widely adopted by the Western Lending Institutions as the World Bank in their many justifications for the imposition of reform measures as part of their conditionalities in the adjusting states.

The theory affirms the importance of socio-political context of economic policy as opposed to a strict perception of the development crisis as purely technical issue. It however, fails to take the cognizance of the structure of the global economy, the asymmetry trade relations and their far-reaching implications for the political economy of the African states.

Perhaps, the philosophical underpinnings of the African policy reforms have been linked to several factors such as the increasing foreign debt, inaccessibility to soft concessional loans and increasing interest rates, the inimical role of the Multinational Corporations, mass decapitalization and local displacement (Beckam; 1988: 30, Onimode; 1992: 10). The peripheral state nurtures the continuous emergence of the dominant class, which is also ill equipped to curtail local capitalist tendencies. The endemic underdeveloped characters of the capitalist system and the weak civil society have been linked to these wanton tendencies of the peripheral state. The peripheral state attunes its local economy to the commanding interest of capitalist accumulation in the core capitalist state and this presupposes that, the character of the post-colonial state and its reforms system are mere policy-appendages of the political economy of the centre (Amin; 1999: 309-310).

### **The Historical Trajectories of Power Sector Reforms in Nigeria**

One of the major challenges with which the Third Republic Civilian administration had to contend with, is the problem of obvious deficits in the basic infrastructural system of the Nigerian state. The power sector which perhaps, remains at the centre of any nation's development had been in a very critical situation with a gross decline in the supply of electricity to all categories

of consumers. The challenges faced by the then power sector operating monopoly came largely, in the areas of gross low generation capacity, inadequate transmission and distribution facilities, poor and dilapidated infrastructures, high technical losses, vandalism among other myriads of challenges

In response to the alarming situation, the Federal Government embarked on an aggressive rehabilitation project of the power sector facilities in the country between 1999 and 2004. This formed part of the National Integrated Power Project (NIPP) that was aimed at boosting electricity generating capacity with the construction of additional thermal stations across the country. The Federal Government subsequently granted licenses to private operators in the efforts towards decentralizing and privatizing power sector under the Independent Power Projects (IPP). The Independent Power Project (IPP) is a component of the Infrastructural Expansion phase with the sole aim of generating and distributing electricity to the all categories of consuming public.

With the enactment of the Electricity Power Sector Reform Act (EPSRA) in 2005, the Federal Government began what can be described as the holistic process of the power sector in the country. The power reform Act had outlined the framework for effective reform in the sector with the following items on its agenda:

- Unbundling the National Electricity Power Authority (NEPA) into separate entities of power generation, power transmission and power distribution.
- Provision of the necessary enabling instrument for the appropriate transfer of assets, liabilities and personnel of NEPA to Power Holding Company of Nigeria (PHCN).
- Subsequent transfer of PHCN personnel to successor companies in the generation, transmission and distribution entities.
- Evolving a competitive market system for the electricity services in Nigeria.
- The establishment of an independent power sector regulatory framework.

The reform process eventually took off in 2005 with the unbundling of the defunct government owned NEPA into eleven (11) distribution companies, six (6) generation companies, and a single transmission company with the incorporation of the Power Holding Company of Nigeria (PHCN). The reform, as earlier noted had granted the operating power to transmit electricity to a single subsidiary and granting the six generation companies and independent power producers to in turn sell electricity to the eleven distribution companies. The major mandate of the distribution companies is to ensure supply of electricity within their designated catchment areas.

Regrettably, the laudable objectives of the Electric Power Sector Reform Act 2005 (EPSRA 2005) and as peculiar with policies in Nigeria as a result of the endemic patron-client relationship of the Nigerian polity could not be appropriately actualized and thus, the objectives were

resisted by obstacles as the problem of appropriate pricing regime; failure of compliance with EPSRA provision on bulk purchasing window; the financial stability of the bulk purchasers/ distribution companies; and the disputed industrial issues on the settlement of the severance packages of the inherited personnel. Other issues also revolved around the uncertainties surrounding the operations of Nigerian Electricity Liability Management Company (NELMCO); the prolong concessioning of the Transmission Company of Nigeria; the concern over the licensing of the power generation and distribution companies and the inconsistency observed in the enactment of the Electric Power Sector Reform Act (EPSRA) (Joseph, 2014).

Because of the usual inconsistency in the policy making and implementation in Nigeria, the power sector reform also suffered some setbacks with about two years' interregnum of inactivity in the pursuance of its agenda. The administration of President Goodluck Jonathan however, resuscitated the reform process with the Power Sector Road Map in August, 2010. The Jonathan administration had set a new agenda for the power sector reform on the threshold of a carefully outlined timetable as follows:

- December, 2010 (The commencement of the Privatization of the Power sector)
- July, 2012 (Submission of Bids by the interested Investors)
- October, 2012 (Approval of Bids by the National Council on Privatization)
- January, 2013 (Completion of Negotiations for the Bids)
- February, 2013 (Completion of Industry Agreements)
- March, 2013 (Payment of 25% Shares Sale Purchase)
- August, 2013 (Payment of 75% Shares Sale Purchase)

Following the successful completion of the initial phase of the power sector privatization initiative on the 1st of November, 2013, the Federal Government handed over the eleven Distribution companies (DISCOs) and the five Generation Companies (GENCOs) previously under the control of the defunct Power Holding Company (PHCN) to private investors who had bidden for them. The total amount realized from the ownership transfer of these power companies were appropriately put by the Bureau of Public Enterprises (BPE) at \$2.525 Billion with GENCOs raking in \$1.269 Billion and DISCOs \$1.256 Billion in the sales proceeds for the Nigerian state.

The graphical analysis of the whole ownership transfer of these privatized electricity companies had equally revealed the neo-patrimonial pattern of the Nigerian political economy considering the processes of the transfer and the caliber of the new owners. Some of the bidder-companies had strong affiliations with the Nigerian power elites and are either acting in concert or being used as fronts in the privatization exercise. The breakdown of the preferred bidders as duly approved by the National Council on Privatization (NCP) indicates that, Kann Consortium won Abuja DISCO for \$168

million; Vigeo Power Consortium got Benin DISCO for \$129million; WestPower& Gas got Eko DISCO at \$135million; Interstate Electric Limited got Enugu DISCO at \$126 million; Integrated Energy for Ibadan DISCO at \$169 million; NEDC/ KEPCO for Ikeja DISCO at \$131 million; Aura Energy Limited got Jos DISCO at \$82 million; SahelianPower SPV Limited for Kano DISCO at \$137 million; 4Power Consortium for Port-Harcourt DISCO at \$124 million; and Integrated Energy Distribution and Marketing got Yola DISCO at \$59 million.

For the Generation Companies (GENCOs), the preferred bidders include: Amperion for Geregu Plant at \$132 million; Mainstream for Kainji Plant at \$50.76 million with commencement fee of \$237,870 million; North South got Shiroro Plant at \$23.60 million with commencement fee of \$111 million; Transcorp/ Woodwork got Ughelli Plant at \$300 million and CMEC/ Eurafric for Sapele Plant at \$201 million (Johnson, 2014).

With the new ownership pattern of these acquired power companies, our earlier argument on the neo-patrimonial nature of the Nigerian political economy could be very apt going by the profiles of the prominent individuals as General Abdulsalam Abubakar, a former military head of state, Mr. Femi Otedola, an oil and gas magnate with strong affiliation to the corridors of power, Mr. Tony Elumelu, another banking guru and chairman of the UBA group, Colonel Sani Bello (Rtd), a former high ranking military officer and one time military governor, Sir EmekaOffor, a leading politician and businessman among other notable elites having stakes in these new electricity companies.

This arrangement had further corroborated the high level of suspicions with which many Nigerians had exhibited with the power sector reforms policy. In fact, many Nigerians were also of the opinion that the whole ownership transfer exercise was embarked upon without considering its far reaching implications for both the Nigerian state and the citizens.

## RESULT AND DISCUSSION

### Issues and Challenges in the Nigeria's Power Sector Reforms

Observers have noted with much reservations, the unfolding aftermaths of the power sector reforms policy in Nigeria. Many have perceived the power sector reforms from the perspective of the persisting policy prescriptions of the Western capitalist institutions of IMF/ World Bank. The policy on power sector reforms reflects the dominance of the neo-liberal ideology as the basis of capitalist reproduction. It is the hegemony of the capitalist economic and political governance frameworks. The philosophical underpinning of the power sector reform policy in Nigeria is also anchored on the logic of a rather triumphant Western ideology in a more reflective unipolar international political system where the capitalist economic philosophy dictates the tempo of the global political economy.

However, our point of departure in this argument lies in the application of the philosophy of economic heterodoxy in the whole reforms exercise which also advocates a strong synergy of the public and private economic systems within the context of a supervisory role of the state, and the democratization of the decision-making process through dialogue, consultation, debate and compromise. The power sector reforms in Nigeria could be appraised given the following highlighted issues and challenges as follows:

Despite the eventual privatization of the power sector in 2013 and the expected improved service delivery by the new operators, the nation's electricity generating capacity had rather plummeted from about 4,517.6 Mega Watts recorded in December, 2012 to about 3,670 Mega Watts in January, 2014. The electricity generation forecast also stood at 12,800 Mega Watts while the actual electricity generation into the national grid was 3,585.32 Mega Watts per Hour.

In a report of the opinion poll survey conducted in 2014 (Joseph, 2014), electricity supply worsened in the fourth quarter of the year 2013, at the immediate period of the privatization exercise. Though, the report had indicated optimism on the part of Nigerians with the hope of improved service delivery. This had on the other hand, been predicated on the initial challenges faced by the Transmission Company of Nigeria as the new power entity had required about \$4.4 Billion to enhance its operation in terms of increasing capacity to the estimated capacity of 16,843 Mega Watts by 2018 (Joseph, 2014). The current situation in the country is alarming as electricity generation continues to plummet beyond bearable level. Generation and distribution have dropped drastically, without any respite even from the state regulatory apparatuses in rekindling the hope of the Nigerian electricity consumers.

Similarly, because of the huge capital outlay required in the power sector, the new investors had acquired the unbundled power companies with facilities from various financial institutions which have also proven to be quite inadequate in financing the hugely investment in the sector. The Nigerian state had repeatedly intervened through injection of funds to assist the new operators meet up with the challenge of funding the power projects across the country.

The Bureau of Public Enterprises had similarly justified the huge capital requirements of the sector in that, the Distribution Companies (DISCOs) would require about \$357.7 Million in 2013 alone. The huge financial challenges of the DISCOs are quite been reflected in the obvious deficits of power infrastructures in meeting up with the increasing challenges of electricity distribution. The continuous intervention of the Nigerian state however, and particularly, in the provision of bail-outs to the new operators also points to the argument of the whole privatization exercise in the power sector as a mere neo-patrimonial arrangement purportedly created to serve the interests of the new bourgeois class.

Further to the challenges of funding and the peculiar operating modalities of the modern power generating system in Nigeria which is thermal-based, the problem of constant gas supply to generate electricity has posed a major inhibiting factor. The scourge of vandalism and rural banditry especially in the Niger Delta area of Nigeria has contributed to the chronic failure in the constant supply of electricity to all categories of the consuming public. Perhaps, the construction of some new thermal stations as Alaoji (1,074 Mega Watts), Egbema (338 Mega Watts), Geregu (848 Mega Watts) and Omotosho (786 Mega Watts) by the Obasanjo administration did not put into consideration the constant supply of gas to these new thermal stations. The situation has had adverse effects on the performance of these stations in the generation of electricity across the country. The power supply situations in Nigeria have become somewhat of a national embarrassment due to the poor state of electricity supply by the DISCOs to the categories of consumers.

The perennial crisis in the Niger Delta and its attendant consequences on the socio-economic well being of the Nigerian state is at best a reflection of the class struggles. The rational handling of the social citizenship question within the context of the Nigerian political economy has the potential to renew the post colonial social contract between the governing class and the Nigerian citizenry (Seteolu and Obiyan, 2007).

The persistent crises in the Niger Delta region and the willful sabotage activities of vandals have most times affected power supply in Nigeria due to the frequent attacks by vandals and saboteurs on oil and gas installations across the country. The crisis no doubt, has the capacity to paralyze other vital sectors of the economy. There are strong economic indications which have supported this assertion. Many small and medium scale industrial ventures have closed shops due to deteriorating power situation while the big industrial outfits are relocating to other neighbouring countries as result of the increasing cost of generating power supply through alternative sources. Operators in the private sector have attempted several self-engendered palliatives aimed at assuaging the catastrophic effects of the dwindling power situations in the country through other cost-cutting measures as down-sizing of their workforce, provisions of alternative sources of power supply among other self-engendered palliatives by the private sector operators but all to no avail.

Again, despite the EPRSA 2005 provision for the establishment of an institutional regulatory framework of Nigerian Electricity Regulatory Commission (NERC), to undertake monitoring and regulation of the sector, ensuring compliance with the market rules and issuance of operating licenses. The problems of pricing and end user tariffs have constituted another serious operating lacuna in the power sector in Nigeria. The use of Multi Year Tariff Order (MYTO) pricing regulatory regime has not offered any respite to the electricity consumers

but has rather generated industry-regulation crisis. The electricity pricing regime of MYTO offers the operators a periodic review window of pricing adjustment based on some significant economic variables as the prevailing exchange rates, capital and operating expenditure requirements among others. Though, the logic of economic liberalization and deregulation allows the state to set a price ceiling in order to attract more players into the deregulated sector of the economy as this is also quite evidenced in the telecommunication sector of the economy. The insensitivity of the Nigerian state to the unwholesome and inappropriate pricing regulation in the power sector is quite antithetical to the socio-economic well being of the Nigerian public.

Though, a strong argument of inappropriate electricity pricing regime in the Nigerian electricity market has been advanced to also be below production costs level. The industry, further to the argument is barely able to generate enough revenue in meeting up with its operating costs. But one may also quickly dismiss this argument on the illogic of its assumption on many grounds. For instance, many categories of electricity consumers are still being billed on estimated consumption without any measure or parameter to determine the actual consumption by the consumers despite the dwindling quality of service delivery by the operators. There have been wide cases of electricity consumers being slammed with heavy monthly tariffs even when there was no electricity supply by the distribution companies. With the privatized electricity industry in Nigeria, there seems to be an obvious failure of regulation on the part of NERC (Nigerian Electricity Regulatory Commission) as the sole Nigerian state institutional mechanism saddled with the responsibility of ensuring fair treatment of all categories of electricity consumers.

As Borenstein (2008) opined, if income challenged groups are to enjoy the benefits of power supply, the policy makers must set affordable tariffs below production costs or introduce an explicit subsidy regime. This argument could be validated considering the wide variation existing between the income level and the general inflationary trends in the Nigerian socio-economic milieu. Given the periodic window of tariff regime adjustment by the power sector operators, it is very much certain that most Nigerian consuming public might not be able to afford the high tariffs coupled with the prevailing economic challenges in the country except, there is a state intervention in the forms of subsidy as rightly opined.

Another critical issue of concern in the political economy of power sector reforms in Nigeria could be rightly discerned in the controversies of reconciling the assets and liabilities of the erstwhile state owned PHCN in the pre-privatization exercise. While many hold the contention that the unbundled PHCN was poorly managed despite the huge government investment and which also alluded to its subsequent transfer to successor companies. The Nigerian Electricity Management Company (NELMCO) was set up by the Federal Government to ensure the

management and appropriate transfer of its assets and liabilities in the transfer deal. Observers have however, picked holes in the whole transfer arrangement as being short of transparency and objectivity that are required in such asset management transactions. It is assumed that, the assets of the PHCN were far much than they were valued before their eventual transfer to the successor companies.

The government of Chief Olusegun Obasanjo alone was reported to have expended the huge sums of \$16.Billion in the installations of modern power generating facilities of his administration's power sector reforms agenda with no significant result on such investments. The purported undervaluation of the assets of the defunct PHCN was therefore, part of the many contradictions of the Nigerian state. The privatization exercise has been perceived largely, as a deliberate policy of the Nigerian ruling elites to also ensure the neo-patrimonial arrangement as obviously exhibited in the assets and liabilities transfer deals particularly, in the favor of the business elites and new operators of the electricity facilities who are also mostly collaborators of the Nigerian political ruling elites.

As part of the problem of assets and liabilities of the power sector reforms, the inherited workforce of the erstwhile state-owned PHCN and have had their post-privatization career future in the successor companies being seriously jeopardized. Though, most of the disengaged workforce of the defunct PHCN were reported to have been paid off their severance allowances by the Nigerian government while the new successor companies similarly re-absorbed those that were still found to be technically and professionally relevant.

The major occupational crisis that has been noted in this arrangement also lies in the fact that, many of the re-absorbed staff became subjects of exploitation of the new bourgeoisie-owners of these successor electricity companies. There are also reported cases of breach of the extant labour regulations concerning the engagement of the re-absorbed workforce with unwholesome labour practices been perpetrated by the new electricity supply companies. These ugly and unwholesome labour practices are quite similar to the prevailing situations in most other previously privatized sectors like banking and telecommunication where the emerging class of Nigerian capitalists and business elites has dominated with controlling stakes.

The prevailing labour practices such as contract staffing, third-party employment system and casualization have become the norms in their exploitative tendencies and are widely embraced by the Nigerian bourgeois class as cost-optimization and profit maximization measures at the detriment of the Nigerian working class in these privatized sectors. These have in many ways too, precipitated several issues of sabotage by the workforce, acting in concert with some of the disengaged staff of the defunct PHCN who are now mostly found idle and posing serious threat to the operations of the successor companies.

With the assumption of the current civilian administration of President Muhammadu Buhari on 29th of May, 2015, many Nigerians had hoped for a more transparent and efficient-driven service delivery in the power sector though, with the initial improvement in the quality of service delivery by the power operating companies in Nigeria. The initial appointment of the former governor of Lagos state, Mr. Babatunde Fashola as the Minister saddled with the responsibility of superintending over Works, Housing and Power had further rekindled the confidence of the Nigerian public on the hope of improved service delivery in the power sector. But paradoxically, the development from power sector has not projected an objective and clear road map indicative of any serious measures towards improving the quality of service.

The Minister had rather, in line with the neo-patrimonial thoughts, than assuring the consuming public of improved service delivery and the need to ensure appropriate pricing mechanisms by the power sector operators, came up with official pronouncements in the defence of the arbitrary tariff regimes and the exploitative tendencies of the new electricity distribution companies.

Imperatively, it is rather illogical to assume that the private ownership and control of business undertakings inherently guarantee efficient and effective management of resources. The public sector failure and the inefficient dispositions are not universal when juxtaposing this argument from a comparative perspective, and quite frankly, the public sector institutions can be more productive and efficient. The Nigerian political economy landscape has only provided the fertile grounds for the primitive accumulation tendencies which are deliberately orchestrated by the client-patron super structures of the Nigerian political system. In the contention of Seteolu and Obiyan (2007), the challenge of social citizenship, however, makes it imperative to sustain a state that intervenes in the productive process and service delivery. The inherent social distortions and the underdeveloped nature of the Nigerian state require the intervening, albeit regulatory role of the state to ensure adequate protection of citizens' interest, social provisioning and improved social capital.

## CONCLUSION

From the perspectives of the political economy crisis of the Nigerian state, this paper had appraised the power sector reforms policy in Nigeria, focusing largely, on its far-reaching implications in the widening of the gaps between the Nigerian masses and the emerging capitalists class. It attempted a logical correlation between the externally imposed reforms agenda particularly, by the IMF/ World Bank consortium under the guise of the much touted Structural Adjustment Programme (SAP). The liberalization policy and specifically, the privatization of the key sectors of the Nigerian economy such as power sector, constitutes a major component of SAP agenda with the reconfiguration of the pseudo-capitalist system,

the hegemony of neo-liberalism, liberalization and deregulation. The Nigerian political economy of power sector was appraised quite expectedly, within the context of the inherent socio-economic indices and ecological intricacies which are equally problematic to the political class and the autonomy of the state. The obvious failure of the reforms policy in the power sector to address the basic socio-economic conditions precipitating the policy has rather, prompted a general feeling of despair within the Nigerian populace, increase the strong perception of alienating state, total disdain for the Nigerian ruling elites and perhaps, engendering a wide range of public discourse on the possible alternative policy measure in this particular regard.

The sustained discourse on the alternative policy measure for the failure of the privatized power sector has largely emanated from the wider public outcry in repudiation of the pervasive role of the Western Capitalist Institutions in deepening anti-people policies within the Nigerian state. As a component of the IMF economic policy measures, the power sector reforms in terms of its privatization process has not only further impoverished and worsened the conditions of the Nigerian populace, it has also delegitimized the state as a result of its declining capability to respond to its traditional role of providing social needs while at the same time eroded the modest socio-economic gains of the Nigerian state prior to the wide adoption of the liberalization policy beginning with the Structural Adjustment Programme (SAP).

The Nigerian state ought to have addressed the challenges of the dwindling fortunes of the Public Enterprises with the adoption of a more proactive alternative policy measure that can partially or rather holistically, assuage the mounting problems of their mismanagement, funding, and general well-being and consequently, the problem of poverty, unemployment, infrastructural deficits and the general economic dilemma of the Nigerian state. The alternative policy measure also requires a more transparent process of the transfer of the Public Enterprises from the government to the individual stakeholders in a manner that equally reflects common ownership particularly, through the stock exchange market. This measure will also prompt a modest reflection of the economy to stimulate growth and development while strengthening the industrial capacity of the Nigerian economy. The continued sustenance of the subsidy regime particularly, in the vital social services delivery industry as the power sector must be maintained in order to enrich the content of social citizenship, and correspondingly enhance the commitment of the populace to the Nigerian state (IDEA, 2000: 167-168).

Literature on political economy is replete with enormous discourses on the nature and dynamics of Africa's crisis of underdevelopment particularly, with the pervading effects of globalization ( Bairoch, 1996; Callaghy; 1997, Heredia, 1997; Bush and Szeftel, 1998; Dembelle, 1998). On the other hand, the pro-globalization scholars in the mould of Bembe and Fukuyama had perceived the

hegemony of capitalism mostly, in relations to African political economy as a positive development. However, their positions have equally received strong critiques largely from other scholars as Nabudere, Amin, Onimode, Heredia and Olukoshi with opposing views. They have opined that the adoption of economic reforms such as in the power sector in much of the developing countries of Africa, Asia and Latin America are strong indicating factors of capitalist expansionism and pervasive globalization.

The process of globalization creates the hegemony of global capital and capitalist values, which are replicated in the peripheral states (Seteolu and Obiyan, 2007). There is a strong contention that, the core capitalist principles of liberalization, deregulation and privatization are part of the policy prescriptions of the core capitalist centres to the crisis-ridden peripheral states in the developing countries to addressing their perennial economic crisis. These conditions propel the integration of the adjusting states into the skewed international economic system, externalize their fiscal policies and also stunt the emergence of a national bourgeoisie class (Onimode, 1991).

The trend of globalization no doubt, has compelled the need to do some reappraisal of the state in the wake of the widening gaps existing between it and the citizens. It is equally necessary to evolve a more nationalistic bourgeoisie class within the context of a democratic interventionist state with the capacity to re-define the nature and form of engagement with the critical global institutions and actors in order to redress the perceived imbalances of the international political economic landscape through unfettered partnership (Olukoshi, 2002; Nzongola Ntalaja, 2005).

The power sector reforms policy in Nigeria is a reflection of the continued subjugation of the Nigerian state to the vagaries of the Western capitalist ideology and in the whole, a measure of forceful integration with the sole intention of deepening the crisis of underdevelopment. This paper calls for an alternative policy measure that weighs in a more robust and transparent process for the genuine actualization of the desired goals in the power sector of the Nigerian economy. It is assumed that the crisis of development which has precipitated the changing role of the Nigerian state is a political question that also requires the critical appraisal of the state institutions to respond adequately to the emerging challenges while ensuring the effective mobilization of the citizenry towards supporting the political economy policies of the Nigerian state.

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