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Privitisation of power sector and poverty of power supply in Nigeria: A policy analysis

Enojo Audu [1*], Salisu Ojonemi Paul [2], Abraham Ameh [1]

[1] *Department of Public Administration, Nnamdi Azikiwe University Awka, Nigeria*
[2] *Department of Public Administration and Local Government, University of Nigeria, Nsukka-Nigeria*

Abstract

Protagonists of neoliberalism do contend that privatisation is the antidote to ailing state-owned enterprise. However, the privatisation of Nigeria's electricity sector is not without its' challenges. This study therefore critically assesses the challenges facing the power sector reform programme in Nigeria. Data for the study were mainly elicited from relevant secondary sources. The paper adopted 'Elite Theory' and discovered elite conspiracy as sabotage in power problem. The study reveals that the privatisation of the electricity industry in Nigeria is tainted with the challenges of lopsided bidding process which has produced private power firms that are linked to the nation's ruling elite but which lack the capital and cognate experience to effectively run the power sector; exorbitant electricity tariffs in the face of epileptic power supply; and a regulatory agency that is hesitant to apply appropriate sanctions to defaulters in the electricity industry. The study therefore concludes that these challenges largely explain why the power sector reform programme in Nigeria has not translated to significant improvement in the nation's electricity supply. It is proffered among many others that there should be amendment of the enabling Power Sector Reform Act, 2005 to prevent manipulation in subsequent bidding process, proper scrutiny for cognate experience, technical know-how and financial capacity of prospective power firms in subsequent bidding process, and ensuring that electricity tariff framework is absolutely automated with the provision of pre-paid meters to all electricity consumers.

Keywords: Privitisation; Power Sector; Policy Analysis; Nigeria

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[*] Corresponding author. *E-mail address:* enojomay@gmail.com

1. Introduction

At independence in 1960, Nigeria was universally acknowledged as having a credible potential for economic prosperity, social progress and sustainable development (Oshionebo, 2004). Nonetheless, cognisance was not taken of the fact that no country has ever attained sustainable development without generating the necessary electric power needed to drive its small, medium and large scale industries and economy. Power supply in Nigeria has assumed a dimension that both children and adults alike perceived it as an additional poverty to that of basic needs –food, shelter and clothing. In an emphatic observation of Makoju (2013);

> *"Everyone will agree that one problem that has plagued this nation...as a sovereign state has been the power problem. Finding a lasting solution to the power problem has therefore always been high on the agenda of every Nigerian leader... As at 1975, Nigeria's electricity infrastructure was very rudimentary, with generation capacity a mere 500MW while the transmission network basically consisted of a single stretch of 330KV lines. Most cities either had limited supply from diesel power stations or no electricity."*

Since 1972 until the early part of 1998, electricity generation, transmission and distribution in Nigeria had been a monopoly of the Federal Government-owned electric utility body known as the National Electric Power Authority (NEPA). However, a combination of factors such as inadequate funding, institutional corruption, and excessive political interference along with poor managerial and operational strategies implied that electricity supply during the era of NEPA was abysmal (Adoghe et al., 2009). Consequently, the Electric Power Sector Reform (EPSR) Act was assented to by the Nigerian Federal Government in 2005. The essence of the reform was the liberalisation, deregulation and privatisation of the nation's power sector in order to engender stable and uninterrupted power supply in the country.

As a corollary to the foregoing, Nigeria's power sector privatisation programme was consummated in 2013 with the emergence of eleven (11) privatised electricity distribution companies (DISCO's) and six (6) privatised electricity generation companies (GENCO's) respectively (Isah and Peterside, 2014). In spite of the privatisation of Nigeria's power sector, the industry is still plagued with sundry issues which generate a great cause for concern. Such issues include the bidding process that preceded the emergence of the core private power investors; the apparent dearth of capital on the part of the private power companies; the controversial electricity tariff charged by the power distribution companies (DISCO's); the extent to which the newly privatized power industry is properly regulated; and the seeming non-improvement in the nation's electricity supply. It is against the foregoing backdrop that this study becomes imperative.

2. Statement of the problem

In FRN Document at 50 (2010), most of the power sector's infrastructure was built in the 1970s and 1980s and since then the country has suffered from the impact of poor quality and limited availability of electricity supply – which has impacted negatively on national development. Presently, Nigeria encounters serious energy crisis due to declining electricity generation from domestic power plants which are basically dilapidated, obsolete, unreliable and in an abysmal state of disrepair, representing the poor maintenance culture in the country and gross inefficiency of the public utility provider (Ikeme and Ebohon, 2005). In virtually all countries of the world, Governments have made attempts to make state-owned enterprises function effectively, efficiently and profitably, hence, the concept of privatisation. According to Laleye (2011), privatisation has numerous objectives, implicit amongst which is to initiate the process of the gradual cessation to private sector of public enterprises and utilities that, by the nature of their operations and other socio-economic factors are best performed by the private sector. Consequently in 2005, the Electric Power Sector Reform (EPSR) Act was enacted by the Nigerian National Assembly, and thus culminated in the privatisation of electricity generation and distribution in the country which actually began in November, 2013.

Electricity shortages have become a way of life in Nigeria (El-Rufai, 2013). Though power supply in Nigeria has been privatised, evidence abounds that electricity supply in the country leaves far much to be desired as majority of Nigerians still experience perennial power outages. In the view of Makoju (2013), despite of the unique endowment in energy sources, Nigeria has failed to meet the yearnings of her teeming population for adequate, stable reliable and affordable electricity to drive the economy. As Eze (2016) noted for instance, three years after the privatisation of the power sector, Nigerians are yet to witness any significant improvement in electricity supply in the country. Also, according to the Global Energy Network Institute (2014), much parts of Nigeria still do not have access to electricity notwithstanding the privatisation of the sector. In the same vein, a statement released on March 3rd 2017 by the Federal Ministry of Power, Works and Housing asserted that the electricity distribution companies have not met its expectation of improving customer services across the country. From the foregoing, this study therefore intends to identify;

i. the transparent and competitive nature of the bidding processes,
ii. the financial resources of the private power companies,
iii. the extent at which the electricity tariffs reflects supply,
iv. the regulation of the privatised power sector, and
v. the degree at which the privatisation has translated into significant improvement in electricity supply in the country.

3. The implication of the study

The findings of this study would serve as a useful guide to the Bureau of Public Enterprises (BPE) which is responsible for implementing the policies of privatisation and commercialisation in different sectors of the Nigerian economy. This study would invariably give the Bureau the necessary direction on how the privatisation programme in the power sector could be effectively fine-tuned and restructured.

The study would also be of immense benefits to critical stakeholders in Nigeria's privatised electricity industries such as the Nigerian Electricity Regulation Commission (NERC), the privatised Electricity Generation Companies (GENCOs) and Electricity Distribution Companies (DISCOs) as well. It would assist these stakeholders in ensuring that the challenges facing Nigeria's power sector reform programme are effectively curbed.

The adoption of Elite Theory in this study has also provided a theoretical basis upon which future researches would be carried out pertaining to the privatisation of some public utilities as well as other sub-sectors of the nation's economy.

4. A reconsideration of the objectives of privatisation

Privatisation is a concept that lends itself to numerous definitions and interpretations. In its narrow sense, it means the transfer of ownership of public enterprises into private hands (Abba, 2008). In a much broader context, it involves a deliberate government policy of stimulating economic growth and efficiency by reducing state interference and broadening the scope of private sector activity through one or all of the following strategies: divestment, delegation, displacement and decentralisation (Ezeani, 2004).

According to Lalaye (2011), privatisation could be total or partial. Fully privatised public enterprises are those to which the government surrenders its ownership entirely. The partially privatised public enterprises are those that the government considers strategic and wants to keep under its supervision through minority shareholding. Obadan (2000) summarised the objectives of privatisation as follows:

i. Improving economic efficiencies against the background of poor economic performance of public enterprises.
ii. Reducing government interference in the economy.
iii. Creating popular capitalism and fostering economic equity through broad ownership of businesses by wider shares and asset acquisitions.
iv. Creating favourable investment climate for both foreign and local investors.
v. Developing the capital market and deepening the financial system.
vi. Reducing the administrative burden of the government.
vii. Providing the opportunity to introduce competition in the society.

In the view of Obadan (2000), for the privatisation program to be successful, the political leadership must show a high level of commitment to such programme. He also posited that excessive interference in the privatisation process as well as deviation from established rules do compromise the success of the privatisation programme. In the same vein, Ezeani (2004) indicated that where there is lack of transparency in the privatisation exercise, there is likely to be a popular outcry against it, which can threaten the programme. According to Shirley (1988), cited in Ezeani (2004), when tangible or visible benefits do not accompany privatisation, the society may become discontent, which in turn could lead to agitation for the discontinuation of the exercise. Other factors critical to the success of privatisation include the existence of appropriate policy environment; adequate communication and public information; sincere effort by government to secure workers' confidence and support for the privatisation programme (Obadan, 2000; Ezeani, 2004; Laleye, 2011).

5. The hurdles of privatisation and power sector transformation

> *Nigeria's electric power sector requires substantial reform if the country's economic development and poverty alleviation program is to be realised. This understanding is behind the reform programme recently initiated by the Nigerian government with the goal of privatising the National Electric Power Authority (NEPA) monopoly.*
>
> (Ikeme and Ebohon, 2005)

Despite the actual and potential benefits of the privatisation programme to the Nigerian economy, it has been derailed by many factors. According to Abba (2008), lack of clear focus, improper implementation, poor strategy, low investor knowledge, fragmented shareholding structure and undue politicisation of the privatisation process, are some of the for the failure of the privatisation programme in Nigeria. Also, Ezeani (2004) pointed out that privatisation of public enterprises may lead to a situation whereby the assets and wealth of a nation may be concentrated in the hands of a few wealthy people in the society thereby giving them the leverage to exploit the poorer segments of the society. This assertion is aptly captured in Nigeria's privatisation experience in which case, high-net-worth individuals like Aliko Dangote, Jimoh Ibrahim, Wale Adenuga, Femi Otedola and Aminu Dantata are the major beneficiaries of the privatisation programme, leaving the vast majority of poor Nigerians with the short end of the stick in the privatisation process. This scenario inevitably widens the already huge gap between the rich and the poor in the country. Critics of privatisation contend that since it is driven primarily by the profit motive, the management of privatised enterprises inexorably resort to increasing the prices and tariffs of items produced and services rendered beyond the reach of the have-nots who constitute the vast majority of the population in sub-Saharan Africa (Obadan, 2000). That privatisation is synonymous to increase in price is hardly disputable in the nation's privatisation experience.
Isah and Peterside (2014) acknowledged that the privatisation of the power sector in Nigeria produced the following adverse effects: retrenchment of many Power Holding Company of Nigeria (PHCN) workers; increase in electricity without a corresponding increase in electricity supply; hijacking of the privatisation programme by the political and economic elite; proliferation of power sector investors who have no cognate experience in the power sector.

The evolution of the power sector reform in Nigeria could be subsumed into the following phases:

- In 1998, the electricity (Amendment) Decree 1998 and the National Electric Power Authority (NEPA) (Amendment) Act 1998 were passed, terminating the monopoly status of NEPA and inviting private sector participation in the electricity sector.
- The Electric Power Reform Implementation Committee (EPIC) was inaugurated by the Bureau for Public Enterprise (BPE) and resulted in the Federal Executive Council approving the National Electric Power Policy in September 2001 which recommended the privatisation of the electric power sector and the establishment of an independent power sector regulator.

- In March 2005, the Federal Legislature passed the Electric Power Sector Reform (EPSR) Act. The Act contains the following provisions:
    i. Unbundle the state-owned power entity (NEPA) into generation, transmission and distribution.
    ii. Set up the Power Holding Company of Nigeria, Plc. (PHCN) to take over the assets, liabilities, rights, obligations and employees of NEPA.
    iii. Set up the Nigeria Electricity Regulation Commission (NERC) as the independent regulator of the power sector.
- In November 2005, PHCN Plc. incorporated 18 new successor companies comprising 6 generation companies (GENCOs), 1 transmission company (TCN) and 11 distribution companies (DISCOs).
- In 2008, market rules to guide the operations in the electricity industry were approved by the Nigeria Electricity Regulatory Commission (NERC).
- In July 2012, the Federal Government entered into a management contract with the Manitoba Hydro International Nigeria Limited (MHINL) for the management of the transmission company of Nigeria.
- By November 2013, 11 successor distribution companies (DISCOs) and 6 generation companies (GENCOs) were handed over to the successful private power bidding companies, thereby, consummating Nigeria's power sector reform (Adapted from www.nigeriaelectricityprivatization.com/?page/id/2016=2).

5.1. Theoretical framework

The study adopts the elite theory as a theoretical foundation to explicate the root causes of some of the challenges facing the power sector reform programme in Nigeria. The elite theory is a socio-political theory whose origins lie most clearly in the writings of Gaetano Mosca, Vilfredo Pareto, Robert Michels and Max Weber. The central theme of the theory is that the hierarchical organisation of social and political institutions in the society allows a minority –the elites, to monopolise power in the society and consequently utilize such powers to reflect their preferences and values (Higley, 2010). The elite theory argues that all societies are divided into two main groups: a ruling minority (The Elite) and the ruled majority. This theory suggests that the ruled majority are apathetic and ill-informed about public policy; therefore, it is the minority governing elites that take public policy decisions in different sectors of the society thereafter persuade the ruled majority to accept such policy decisions (Alfa, et'al, 2004). The almost inevitable implication of this theory is that government policies and programmes are subtly formulated and implemented to maximise the values and interests of the elite and to some extent, at the detriment of the masses (we emphasised).

5.2. Theoretical application

According to Ayodeji (2012) cited by Isah and Peterside (2014), most of the core investor companies in Nigeria's power sector are owned by the few political elites and their fronts. It is observed in Nigeria that such elites include politicians, top bureaucrats, traditional and religious leaders, and top government contractors. El-Rufai (2013) vividly pictured this situation when he said:

> *"My Enron experience was an education of sorts... Well informed and trusted friends put pressure on me to look the other way because they were advisers or consultants to Enron, or were potential beneficiaries in the transaction... (which) was inimical to national interest, negatively impacts the long–term viability of NEPA and threatened the reforms of the electricity industry were neither important nor relevant to their position. I saw starkly how government officials were willing to pervert the interest of the country to impress foreigners, or obtain preferences for those they thought were their kinsmen. It was an early sobering experience and an appreciation of the reigning dictum of every one for himself and no one for the country."*

This shows clearly that the nation's minority elite have a tight grip on the privatised power sector. It is, however, pathetic that some of these power companies have no experience in the power sector and little or no capacity at all to manage the country's electricity sector. It is also instrumental to note that the domination of the private power companies by the nation's political and economic elites and their fronts is an indictment on the transparency and openness of the bidding process for the successor power companies. This clearly shows the reality of the implication of the elite theory on Nigeria's privatised electricity industry.

The outrageous electricity tariff imposed on Nigeria by the privatised power companies despite erratic power supply in the country, the unwillingness by these companies to provide pre-paid electricity meters to most Nigerians and the apparent reluctance by the Nigerian Electricity Regulation Commission (NERC) to apply appropriate sanctions in the face of these obvious infractions, show clearly that these private power companies are affiliated to the ruling elite in the country who are simply above the law. This made NEPA as was then known to be a den of monumental corruption and malpractice which were deep and widespread (Obasanjo, 2011).

From the foregoing, it is safe to conclude that some of the seeming challenges facing the newly privatised electricity sector in Nigeria such as the excessive political interference in the bidding process for the successor power companies; lack of managerial/operational capacity of the power companies, outrageous electricity billing; poor regulation of the industry by the NERC; and the non-refusal of Government ministries, department and agencies to pay electricity bills, are attributable to the manipulation of the power sector reform to suit the preferences, values and interests of the ruling elite.

6. Methodology

This study relies on the intellectual analysis of the relevant secondary data sources such as journals, textbooks, newspapers and online publications in discussing the research fundamentals, and drawing logical conclusions from them thereof.

7. Discussion of findings

7.1. There was absence of transparent and fair play in the bidding processes

According to the then Director General, Bureau of Public Enterprises (The body responsible for implementing Nigeria's policies on privatisation and commercialisation), Bolanle Onagoruwa, there were 207 prequalified bidders for the electricity distribution and generation companies comprising 80 for the DISCOs, 87 for the thermal GENCOs and 40 for the hydro GENCOs. Also, the names of all the prequalified companies were published in two national daily newspapers. In addition, each of them was sent letters indicating the revised timeline for the bidding process (Onagoruwa, 2011). At face value, this seems to convey some measure of competitiveness and transparency in the bidding process for the DISCOs and GENCOs. However, several sources have queried the transparency and fairness of the bidding process that preceded the privatisation of the PHCN successor companies in Nigeria.

According to Brock and Eboh (2012), four of the electricity distribution firms covering Jos, Kano, Port Harcourt and Yola only had one approved bidder each –lack of competition. They also pointed that many of the companies involved in the bids had little or no power sector experience. This position was also corroborated by Ayodeji (2012) cited in Isah and Peterside (2014); Sunday (2016). Both acknowledged that most of the newly privatised power companies are owned by the few political elites in the country and their fronts. They also emphasised that apart from the fact that these companies do not have successful track records of electricity management, some were set up for the sole purpose of bidding for the energy blocks.

Also, the issue of the credibility crisis plaguing the power sector privatisation process was also brought to the fore when the Governors of Delta, Edo and Ekiti States publicly criticised the choice of Vigeo Power Consortium –the preferred bidder for the Benin Electricity Distribution Company. According to Adams Oshiomole, the then Governor of Edo State, a company whose current service territory was $500km^2$ had no technical capability to operate a $57000km^2$ service territory in an area like the Niger Delta region without any local knowledge of the troubled area (Oluwaseun, 2013).

7.2. The companies have no sufficient financial Resources to meet the massive capital requirement

Nigeria's electricity sector requires huge capital to rehabilitate the transmission and distribution networks in order to be robust enough to meet the nation's demand for electricity. This will inevitably require additional capital from the new private power companies most of which would be obtained from leading banks in the country since these power firms do not have enough capital requirement. According to Nervin (2012) about $10 billion/annum is the estimated required investment needed to turnaround the electricity supply chain in the country. He observed further that the total asset size of Nigeria's leading banks is about $2.94 billion dollars which is grossly inadequate to meet the funding requirement of the nation's power sector. It is instructive to note that sequel to the privatisation of the 11 DISCOs and the 6 GENCOs the new owners mobilised short term funds from local banks to finance the acquisition of these hitherto federal Government-owned assets thereby overstretching the capacity of the local banks who are now putting pressure on the core investors to service their obligations. This has actually put the investors in a financial trouble between servicing the loans and providing the funds to effectively operate the facilities they require to provide quality supply of electricity to the public (Tsavar, 2016).

In the same development, the fiscal incapacity of the private power firms in Nigeria is brought to the fore by the disbursement of 213 billion naira loan to the power generation (GENCOs) and distribution (DISCOs) companies which was subsumed into four batches beginning from the first quarter of 2015 –just under two years after the government sold the power assets to the private sector. These loans were stabilisation/intervention funds giving to the private power companies to enable them upgrade and refurbish their equipment and acquire new ones so as to improve service delivery (www.nairametrics.com/why-cbn-is-giving-discos-and-gencos-n213b-loan). It is therefore obvious that the GENCOs and DISCOs have no capital wherewithal required before their entry into the electricity generation and distribution business in Nigeria.

7.3. Electricity tariff does not reflects the supply

People's access to adequate to adequate and reliable electricity is a critical national development strategy (FRN at 50, 2010). Therefore, one of the cardinal objectives of the power sector reform in Nigeria is to ensure that consumers of electricity are commensurately billed for the level of electricity they are provided with by the DISCOs. Conversely, incidents of arbitrary electricity billing are still prevalent in Nigeria's privatised power industry. In the findings of their research, Ikeme and Ebohon (2005) observed that efforts at reform will not yield the desired result if the current end-user inefficiency is not constrained. This is accentuated by the inaccessibility of most consumers of electricity in Nigeria to the pre-paid metering device. Almost three years after the Nigeria Electricity Supply Industry (NESI) was taken over by the private sector, latest figures released by the Nigerian Electricity Regulatory Commission (NERC) shows that about 50% of electricity consumers are still without pre-paid meters which are critical to ensuring that electricity consumers pay for the level of energy they consume (www.nigeriaelectricityhub.com/?p=6237). As a result of the foregoing, it is instructive to note that many consumers of electricity in Nigeria are giving overestimated bills despite the worsening state of power supply, worst still, the power firms are less concerned about the erratic electricity situation in the country because they are making money whether they supply electricity or not (www.punch.ng/electricity-drops-zero-six-times-one-month). This development amounts to exploitation and negation of consumer rights.

According to Asu (2016), even after the privatisation of the power sector in Nigeria, consumers continue to complain about slow distribution of pre-paid meters, receipts of crazy estimated billings, unstable electricity supply and relatively high tariffs. The new ten-year tariff approved by the Nigerian Electricity Regulatory Commission (NERC) which took effect from February 2016, and which brought about an average of 40% increase in electricity has generated intense debate and reactions amongst Nigerians. The general consensus of opinions among Nigerians is that there is no correlation between the quality of service delivery, electricity supply and the increment of tariff (Yekeen, 2016). Also, Ugwuanyi, (2016) quoted the president of a consumer rights group in Nigeria, Consumer Right Advancement Organisation (CRADO), Adeolu Ogunbanjo that even prior to the recent increment in electricity tariff in the country on February 1 2016 by the NERC, Nigerians had been paying the highest tariff per kilowatt of electricity in Africa and contiguous regions. He queried the rationale behind this increase especially as the DISCOs have continued to exploit Nigerians by the estimated and crazy billing system for majority of consumers, while deliberately refusing to make available pre-paid meters.

7.4. There is no effective and fair regulation of the privatised power sector

The Nigerian Electricity Regulatory Commission (NERC) is the independent regulatory agency created by the Electric Power Sector Reform Act, 2005. The commission is mandated to carry out these main functions:

i. monitoring and regulation of the electricity industry in Nigeria;
ii. issuance of licences to market participants; and
iii. ensuring compliance with market rules and operating guidelines (www.nergcg.org /index.php/about-us).

However, even a cursory observation reveals that numerous infractions, non-compliance with extant rules and regulations, arbitrariness and impunity still persist in the Nigerian electricity industry. Such malfeasance, according to Ojo (2016), in the industry include: the unwillingness of the electricity companies to provide prepaid meters to ensure appropriate pricing of electricity; relatively high tariffs in the face of unstable electricity supply; load rejection by distribution companies and refusal of consumers particularly Government ministries, departments and agencies at all levels to pay for electricity consumed.

In spite of all these overt malpractices, the NERC has been unwilling to enforce its authority as a regulator by applying appropriate penalties and sanctions. This has resulted in laxity in compliance with the rules and regulations instituted by the agency. It has also emboldened the operators to run the sector in whichever way that suited their own interests to the detriment of the Nigerian power consumers (Ameh, 2006). Corroborating this point, Nigeria's House of Representatives' Committee on Power while presenting its report on the non-renewal of Manitoba's TCN management contract in June 2016, criticised the Nigerian Electricity Regulatory Commission (NERC) noting that it has performed below expectations in playing its regulatory role in the power sector (www.energymixreport.com/reps-panel-urges-non-renewal-manitoba-tcn-contracts-slams-nerc.com).

7.5. The privatisation of the power sector in Nigeria has not translated into significant improvement in electricity supply

In 1999 before the power sector reform in Nigeria, Onagoruwa (2011) wrote that the average daily electricity generation was 1750 Megawatts (MW) for an estimated 90 million people were without access to grid electricity in the country. Three years after the privatisation of Nigeria's power sector, the facts and figures speak for themselves. As at June, 2016, total power generation in the country was 1580.6Megawatts (MW). This is partly attributable to occasional system collapse and vandalism of pipelines that supply gas to the thermal stations (www.naija.247news.com/2016/03/nigeria-electricity-supply-collapses-generation-sinks-to-1580mw/). Also, according to the International Energy Agency's (IEA) Africa Energy Outlook, 93million out of Nigeria's 170 million people lack access to electricity (www.information.com/2014/010/93-million-people-have-access-to-electricity-in-nigeria.html). In the same vein, the Nigerian Association of Energy

Economists (NAEE) indicated that 45% of the Nigeria's population is currently connected to the national grid and regular supply is still restricted to just 25% of the population (www.information.com/205/11/only-25%-nigerians-has-access-to-regular-power-supply.html).

As Asu (2016) perceived, the National electricity grid completely collapsed 11 times in the first 5 months of 2016 thereby worsening the power black-out being experienced in many parts of the country with several consumers without electricity for lengthy hours. He further identified constraints/load rejection by the distribution companies, water management/maintenance and recent attacks on gas- pipelines in the Niger-Delta as factors limiting electricity in the post-privatisation era in Nigeria's power sector. According to a poll conducted by NOI polls limited in 2015, an average of 62.6% of Nigerian households saw no improvement in power supply to their households between 2013 and 2015 despite the privatization exercise carried out in the sector (www.naij.com/417191-67-percent-of-nigerians-have -no-power-supply.html).

8. Conclusion and recommendations

8.1. Conclusion

> *In order to meet the challenges of economic management, it is imperative for countries to continually revise their policies and restructure the institutional framework for implementation.*
>
> (Oshionebo, 2004)

The essence of privatisation is to extricate government interference and its excesses from the operations of hitherto State-owned utilities while they are being managed by private entrepreneurs. Despite the privatisation of Nigeria's electricity industry, it is still plagued by numerous challenges. This study therefore brings into limelight some of these challenges such as;

i. the manipulation of the bidding process for the electricity distribution and generation companies (DISCOs and GENCOs) in favour of the ruling elite and their fronts;

ii. the paucity of capital at the disposal of the private power firms; and

iii. the exorbitant electricity tariff across the country in spite of erratic power supply, and

iv. the unwillingness of the Nigerian Electricity Regulatory Commission (NERC) to sanction some of the players in the nation' power industry despite their obvious malfeasance.

The major deduction from this study is that the foregoing factors have prevented Nigeria's power sector reform from achieving its key mandate, which is the significant improvement in the nation's electricity supply.

8.2. Recommendations

Having identified and examined the power sector reform programme in Nigeria and obstacles facing the Nation's privatised electricity industry, the following recommendations would suffice:

i. The Electric Power Sector Reform Act, 2005 should be amended to prevent the ruling elites, their business affiliates and fronts from hijacking subsequent tender and bidding process to their advantage.
ii. Subsequent bidding process in the power sector should take cognisant of the cognate experience, technical know-how and financial capacity of the prospective bidding power firms in order to prevent private investors with questionable cognate experience, poor technical ability and weak fiscal base from dominating the nation's power sector.
iii. The electricity industry should be made attractive to foreign investors and lenders who can meet the massive capital requirement of the industry.
iv. The Nigerian Electricity Regulatory Commission (NERC) in conjunction with the electricity distribution companies (DISCOs) should agree on a deadline after which most if not all electricity consumers in the country would not be billed unless they are provided with pre-paid meters. This will mitigate the prevalent incidence of estimated/outrageous billing.
v. The Nigerian Electricity Regulatory Commission (NERC) should not hesitate to enforce its authority as a regulator by applying appropriate penalties and sanctions to those who violate the rules, regulations and guidelines of the electricity market. This will reduce the level of impunity and arbitrariness in the nation's power sector.

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