

**Neo-Liberal Public Sector Reforms and Global Electric Capitalism in Selected Arab States and Sub-Sahara African Countries**

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**Abstract**

**Purpose** – The purpose of the paper is to investigate the privatisation process of the electricity sectors in the selected Arab States and Sub-Saharan African countries.

**Design/methodology/approach** – This paper adopted a qualitative study to probe the roles of supranational aid institutions, nation-states and transnational electricity companies in the promotion of global electric capitalism in the selected Arab States and Sub-Saharan African countries.

**Findings** – The study revealed that supranational aid agencies and their associates had significant roles in influencing nation-states, especially in developing countries, to create enabling legal and regulatory environments to support transnational corporations to spread global electric capitalism. It was also revealed that globally-oriented local elites were instrumental in linking their nation-states to transnational corporations.

**Practical implications** – This paper demonstrates how supranational aid agencies, working with their associates, exert influence to developing countries to open up their electric power space to transnational corporations in the pursuit of global electric capitalism.

**Originality/value** – The paper provides evidence of the strong relations between supranational aid agencies and transnational corporations in the spread of global capitalism.

**Keywords:** Global electric capitalism, neo-liberal public sector reforms, electric power reforms, supranational aid agencies, transnational corporations, nation-states, Jordan, Kuwait, Uganda and Nigeria.

**Paper type:** Research paper

**Introduction**

Globalisation is one of the ways in which capitalism traverses time and space (Stiglitz, 2006). In fact, there has been a shift in focus from locally-organised development to internationally-managed development (Robinson, 2012) in which capital should be allowed to move freely across national boundaries in well-coordinated circuits of

accumulation (ibid, 2012). The global capitalists target cheaper means of production, less competitive operating environments with weak or no regulations at all (Stiglitz, 2006). At the centre of the global capitalism drive are the supranational institutions, such as the World Bank, DFID, IMF, JICA and others, whose roles are to regulate the global economic order (Sklair, 2002) by prescribing the “rules of the game” and “best practices” intended to promote global circuits of accumulation (Robinson, 2007, 2012). In addition, the emergence of transnational corporations (TNCs) has increased the rate at which capital moves across territories, especially in developing emerging countries where capital is in short supply and inevitably needed for economic development (Stiglitz, 2006). These TNCs are usually assisted by supranational institutions which coerce national governments, especially in developing and emerging economies, to adopt rationalised macroeconomic policies, based on the neo-liberal agenda, under what is usually known as “*Washington Consensus*” (see Gore, 2000).

The neo-liberal agenda usually involves removing barriers within national economies to allow easy movement of global capital (Stiglitz, 2006). For instance, privatisation, liberalisation and deregulation are integral part of the neo-liberal agenda intended to open up national economies to the network of global circuits of accumulation (Robinson, 2007, 2012). The nation-states, thus, are lured to seed the management of national development to the TNCs (Gore, 2000). The TNCs are usually endowed with hefty resources which they can “throw around”, especially in developing and emerging economies in order to gain unlimited access to lucrative and virgin opportunities for wealth accumulation (Stiglitz, 2006), which emerge out the global macroeconomic policies sponsored by supranational institutions (Robinson, 2007; 2012) and ratified by enabling legislations of the nation-states (Sikka, 2008). The TNCs can even bribe national governments to create conducive frameworks for their operations (ibid, 2008).

Electricity is an essential resource for socio-economic development, especially for emerging and developing countries and thus, was provided directly by nation-states through state-owned corporations (Beder, 2005). However, it was construed that this state capitalism was detrimental for the promotion of global capitalism (ibid, 2005), hence a number of supranational institutions have been advocating for nation-states,

especially in emerging and developing countries, to relinquish the responsibility of managing electricity corporations and remain only on policy formulation and monitoring (Afrol, News, 2010), which roles are rarely properly managed or captured by transnationally-oriented local elites for their self-interests (Beder, 2005). The management of the electricity business has been, in most countries worldwide, been ceded to the global capitalists (ibid, 2005) under the guise of better provision of services, through competition (Hitchin, 2011; Al-Asaad, 2008), but ultimately to expand global circuits of accumulation (Robinson, 2012), usually at the expense of the poor masses (Beder, 2005).

Global capitalism is associated with the emergence of local elites who think transnationally (Robinson, 2012). Their roles are paramount in lobbying national governments to establish enabling operating environments for the promotion of global circuits of accumulation (Beder, 2005). The local elites have connections with the supranational institutions and the TNCs with vested interests of partaking in the international economy (Sikka, 2008), usually at the expense of national development interests (Beder, 2005).

Reforms in electricity sectors have been experienced in different countries, in both developing and developed countries, with varying models. The common characteristics of reforms in the electricity sectors, especially in developing countries, have been identified as creating several companies to separate generation, transmission, distribution and regulation regimes (Al-Asaad, 2008; Hitchin, 2011). The major precursors for the reforms in the electricity sectors across nations have been noted as:

- i. Poor economic and financial performance, especially of developing countries;
- ii. Problems associated with state-run electricity utilities;
- iii. Reducing on electricity tariffs;
- iv. Attracting private investments in the electricity sectors;
- v. Widening access to electricity;
- vi. Creating an efficient and environmentally sustainable energy sector (Haque, 2002; Williams, et al, 2006; Jamasb, et al, 2014; Nigeria, 2013).

Hitherto the reforms in the electricity sector, national governments monopolised the production and supply of electricity, through controlling generation, transmission, distribution and regulation activities (Al-Asaad, 2008; Hitchin, 2011; IseOlorunkanmi, 2014). This state capitalist mode of production was seen by critics as inefficient in management and delivery of electricity and was causing unnecessary heavy costs on national governments (Al-Asaad, 2008; Hitchin, 2011; Jamasb, et al, 2014).

Thus, privatisation reforms were geared towards stimulating competition within the electricity sector, making it financially viable to private capital and creating an enabling environment for private investments to enhance global circuits of accumulation (IseOlorunkanmi, 2014; Williams and Ghanadan, 2006; Robinson, 2012).

The purpose of the paper was to investigate the privatisation process of the electricity sectors in the selected Arab States and Sub-Saharan African countries. Specifically, the paper:

1. Probed the roles of supranational institutions in creating the necessary connections and negotiations to promote global electric capitalism in the selected Arab States and Sub-Saharan African countries.
2. Examined the responses of national governments of the selected Arab States and Sub-Saharan African countries in the privatisation processes of electricity sectors.
3. Investigated the transnational electricity companies and their connections with supranational institutions and globally-oriented local elites in the promotion of global electric capitalism in the selected Arab States and Sub-Saharan African countries.

### **Theoretical Perspective and Prior Studies: Public Sector Reforms and Global Electric Capitalism Neo-Liberal Public Sector Reforms**

Public sector reforms originated from developed countries where political leaders were under pressure to contain the levels of public expenditure and taxation (Zhang et al,

2006). The common argument was that the state was being overburdened by providing quality public services amidst dwindling resources to support them (Haque, 2002).

For the case of developing countries, there were both “push and pull” factors. The push factors included, among others, poor performance of state-run electricity utilities leading to high costs; failure to expand access to electricity; constant power outages; inability to raise adequate funding for investment and maintenance costs; increasing demand for electricity (Zhang et al, 2006, Nigeria, 2013; Kuwait, 2010).

The pull factors resulted from the good lessons learnt from other countries that had pioneered the reforms, such as Chile, England, Norway, etc (Zhang et al, 2006. These success stories were being advocated for by supranational aid agencies, such as the World Bank and IMF (Haque, 2002; Jamasb, et al, 2014; Williams and Ghanadan, 2006). Supranational agencies directly influenced the adoption of neo-liberal reform policies through their conditionalities for financing, especially for poor nations (Zhang et al, 2006; Haque, 2002; DfID-Uganda, 2014; DfID-Nigeria, 2004; DfID-MENA, 2015), and indirectly through their technical guidance of their consultations and expertise given to developing countries (Williams and Ghanadan, 2006; House of Commons – International Development, 2010).

Electricity reforms, both in developed and developing countries, were intended to create changes in the sector structures to bring in new actors and a new institution framework to organise and regulate the provision of electricity (Zhang et al, 2006). In specific terms, the electricity reforms were intended to bring about efficiency and growth in national economies by: introducing private capital investments to free public resources to other critical areas of the economy (Haque, 2002; liberalising markets to permit easy entry into what used to be state monopolies (Jamasb, et al, 2014; Williams and Ghanadan, 2006; Stiglitz 2006 and introducing new regulatory frameworks, which are “insulated” from politics, to give assurance to global investors that conducive environments exist in which global capitalism would survive (Zhang et al, 2006).

### ***Overview of Global Capitalism***

Capitalism has been evolving in the way it manifests and traverses space and time (Stiglitz, 2006). For instance, slave trade was a form of capitalism in which the perpetrators directly and compulsorily source for free labour to achieve their capitalist gains. Further, the colonial era witnessed powerful nations acquiring territories in search for raw materials and markets for their industrial produce (ibid, 2002). In the post-colonial era, capitalism took up new forms in which powerful nations created several supranational agencies to occupy various spaces with the primary agenda to promote global capitalism under the guise of enhancing socio-economic and political development, especially of poorer countries (Sklair, 2002; Williams and Ghanadan, 2006).

In developing countries, there exist unequal relationships where the social, political and economic agendas are set by western capitalists with ultimate object of surplus accumulation (Stiglitz, 2006). For instance, Stiglitz (2006:6) intimated that:

“Western countries have pushed poor countries to eliminate trade barriers, but kept up their barriers, preventing developing countries from exporting their agricultural products and depriving them of desperately needed export income”.

Thus, the linkages that exist between the developed and developing countries are established and maintained for surplus accumulation (Sklair, 2002). Within the global economy, the key agent is the transnational capital which is rooted in the transnational corporations, supranational agencies and transnational elites (Robinson, 2007, 2012). The transnational corporations are key actors in the global capitalist social structure and they influence the political and social agendas of both their home and host governments (Detomasi, 2006; Stiglitz, 2006; Otusanya, et al. 2012). Hence, global capitalism shifts the power to influence local and foreign agendas from nation-states to transnational corporations (Bakre, 2006<sup>1</sup>; Korten, 2001; Sklair, 2002).

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<sup>1</sup> For instance, Bakre (2006) argued that transnational corporations have become powerful agents in the global capitalism at the expense political, socio-economic and environment considerations of the masses in the developing countries. The exploitative mechanisms of global capitalism are usually at the expense of the local masses (Bakre, 2006; Stiglitz, 2006).



Fig.1 Framework for Conceptualising Global Electric Capitalism in Developing Countries

The above theoretical framework presents key actors in the spread of global electric capitalism in the context of developing countries. These are supranational aid agencies, transnational corporations, and national governments. The following sub sections elucidate the role of these actors in the global circuits of accumulation:

### ***Supranational Aid Agencies and Global Capitalism***

In order to achieve their capitalist intentions, supranational agencies have been preoccupied in prescribing a number of public sector reforms construed as precursors to socio-economic development of poorer nations (Robinson, 2007; 2012). For instance, the structural adjustment programmes (SAPs) of the IMF of the 1990s were intended to resolve economic crises, especially in developing countries (Chitto et al, 2009; Larbi, 1999; Haque, 2002). In addition, the neo-liberal policies of the World Bank were intended to roll-back the state from the direct provision of tessential social services and entrusting them to the private sector (ECA, 2003; Haque, 2002; Jamasb, et al, 2014). In other words, the neo-liberal agenda of the World Bank marked the shift from state to market capitalism (Gore, 2003; Williams and Ghanadan, 2006). According the neo-liberalists, state intervention was construed as dysfunctional to the provision of public

services (ECA, 2003) due to bureaucracies, inefficiencies, corruption, and lack of market motivation (Jamash, et al, 2014). Neo-liberal economic policies sought to transfer the responsibility of the provision of the public services to the market, while the states concentrate on policy making and regulatory roles (Hood, 1991; 1995; Williams and Ghanadan, 2006).

Earlier advocates of global capitalism contend that multinational corporations are attracted by low costs, highly controlled and less demanding labour, and less repressive political regimes (London and Ross, 1995; Stiglitz, 2002). For instance, London and Ross (1995) fail to acknowledge the role of supranational agencies, such as World Bank, Danida, DFID and IMF, in creating an enabling environment in less developed countries for transnational corporations to accumulate capital (see Jamash, et al, 2014).

The aid agencies play significant roles in directing the flow of capital from developed to less developed countries (Stiglitz, 2006; Williams and Ghanadan, 2006). This is usually achieved through the proxy of development assistance extended to less developed countries, which inter alia, involve the adoption of neo-liberal economic policies (London and Ross, 1995). For instance, in 1993, at the peak of most public sector reforms in developing countries, the World Bank's lending policy required national governments to show commitment to commercialisation, privatisation, competitive structures, tariff increase and subsidy elimination (Williams and Ghanadan, 2006). All these lending requirements were designed to make power sectors, especially in developing countries, attractive to foreign private investments, especially from transnational corporations (Jamash, et al, 2014; ECA, 2003; Haque, 2002).

Supranational agencies usually employ their associates as professional advisors in entrenching their "best practices" (see Kasumba, 2009, 2013). For instance Kasumba (2013) revealed that supranational agencies, such as the World Bank, Dfid and others had used professionals, such as Ernest and Young to advise the government of Uganda to adopt the Integrated Financial Management Systems (IFMS). Professionals are used to enhance the spread of global capitalism (ibid, 2013; Robinson, 2012; UNECA, 2007).



### **Supranational Agencies and Transnational Corporations**

Although, supranational agencies claim that the neo-liberal policies, such as (privatisation, deregulation and liberalisation) are intended to create efficiency and effectiveness in service delivery (Hood, 1991, 1995; Williams and Ghanadan, 2006). On contrary they [policies] are seem as strategic intentions to establish conducive socio-economic environment to attract the flow of capital from developed to less developed countries, with a view of amassing wealth at the expense of the poor masses (Robinson, 2007; 2012; Jamasb, et al, 2014).

The liberalisation of economies in the developing countries, on the recommendation and coercive influence of supranational agencies, implied a shift from state to market and global capitalism (ECA, 2003; Williams and Ghanadan, 2006), with friendly operating conditions (Robinson, 2007; 2012). However, the private sectors of the developing countries either had no capacities (in terms of finance and human) or were not trusted to play a central role in the market competition for public services, such electricity (Williams and Ghanadan, 2006). Instead, transnational corporations, usually operating on the shoulders of supranational agencies, dominated in the wealth extraction from the highly vulnerable developing countries (Karlner, 1997; Williams and Ghanadan, 2006).

For Karlner (1997:135) states that:

“For example, net disbursements by the World Bank totalled just over \$7 billion in 1993. But borrowing countries paid out nearly an equivalent amount of money in contracts (\$6.8 billion) to corporations from the 24 core countries, including the United States, Great Britain, Germany, France and Japan.....leaving only marginal positive cash flows into the coffers of recipient countries”.

In addition, Karlner (1997) argues that the development assistance rendered by supranational agencies for infrastructure projects, such as roads, power, etc, only serve as a springboard for further capital investment by transnational corporations. These projects usually lead to undesirable social and environment issues (Bakre, 2006). For instance, in 1996 the World Bank sponsored consultants to provide technical guidance to unbundle India's Orissa State Electricity Board and to expedite the divesting of its assets, eliminating subsidies and raising of electricity tariffs (Williams and Ghanadan,

2006). This was in preparation for privatisation process in which AES, a transnational electricity corporation from United States, purchased one of the distribution companies using a World Bank financing package of US\$ 997 million (ibid, 2006).

Another scenario that illustrates the relationship between supranational agencies and transnational corporations is in policy formulation (Karliner, 1997). For instance, the World Bank and IMF policies of the 1980s (SAPs) were geared towards deconstructing the poor countries from managing their economies to achieve advantages for transnational corporations (Williams and Ghanadan, 2006). The development assistance from the World Bank and IMF were on conditions that the recipient countries adopt neo-liberal economic policies, such as privatisation, deregulation and liberalisation of economies in order to remove barriers for the entry of transnational corporations into developing economies in order to accumulate capital (Haque, 2002).

### ***The Transnational Corporations in a Globalised Environment***

Neo-liberal economic policies gave rise to global capitalism, where capital would look for jurisdictions where it would flourish, especially in the low-cost, weakly regulated and poorly socially and politically organised economic spaces, where they can place profit above everything else (Williams and Ghanadan, 2006; Stiglitz, 2006)<sup>2</sup>.

Transnational companies are usually richer than most countries, especially in developing countries and have hefty resources that they could deploy to create enabling operating environments in which they could reap from abundantly (Bakre, 2006; Sikka, 2008).<sup>3</sup> The ability to amass a lot of wealth enables them to influence the political and economic agendas of their operating environments. For instance, Stiglitz (2006) argues that any form of state regulation or taxation which is not in the favour of transnational

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<sup>2</sup> For instance, Stiglitz (2006) noted a number of corporate behaviours which are intended to maximising profits at the expense of lives of communities in which they operate. He provides examples of US cigarette companies which campaigned that there was no scientific proof that smoking was bad for health. In addition, Stiglitz (2006) illustrates the case of Monsanto's seed project that produced plants which could not bear seeds that could be replanted which made communities to rely on the seeds from the project for their seed inputs.

<sup>3</sup> For instance, in 2004, the revenues of US General Motors were \$191.4 billion greater than the GDP of more than 148 countries (Stiglitz, 2006: p.187).

corporations is likely to be resented by them. This could be in form of shifting their capital in territories which are likely to be considered favourable.

Stiglitz (2006) further provides that bribery and corruption is another strategy through which transnational corporations achieve their capitalist interests (see also Otusanya, et al, 2012). He cites that mining and oil companies reduce their cost of acquisition and operations by bribing government officials for concessions (see Nigeria). Bribery enables transnational corporations to reduce their costs and receive enormous favours, such as being shielded from internal and external competition (Bakre, 2006; Williams and Ghanadan, 2006). For instance, in Uganda, transnational corporations get free land for their operations, whereas the indigenous capitalists have to pay large sums of money to acquire land.

Secondly, transnational corporations have several incentives, such as tax holidays, concessions under the guise of attracting foreign direct investments (FDI) (Haque, 2002); the ability to raise the prices of goods and services rendered at will (see Williams and Ghanadan, 2006); evading environmental and safety regulations (Stiglitz, 2006).<sup>4</sup> However, the competition for FDIs by developing countries makes them highly vulnerable to the corporate behaviours which target lower costs of production and less regulation. Bribes are not only provided for contracts in return, but also to shape policy which favours the capitalists (Stiglitz, 2006; Otusanya, et al, 2012). For instance, in the US companies offer hefty sums of dollars are paid to political parties to secure benefits when they gain political power (Stiglitz, 2006). They can sponsor to influence bills which ease their operating conditions.

However, the transnational corporations cannot gain great prominence in influencing the agenda of their host countries and becoming indispensable key players in global capitalism without the support of the nation-states and their associated globalised local elites, which are illuminated in the subsequent sections of this paper.

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<sup>4</sup> For instance, in Thailand and Peru, corporations threatened to withdraw their capital and transfer it somewhere if environmental regulations were enforced (Stiglitz, 2006).

***The Nation-State Actions in the Global Capitalist Society***

In order for the supranational agencies and transnational corporations to traverse socio-economic and political spaces, the roles of nation-states are paramount (Robinson, 2012; McDonald, 2009). The actions of nation-states are also important in the spread of global capitalism (McDonald, 2009). This is usually done by creating conducive environment to attract global capitalists (Williams and Ghanadan, 2006). For instance, The Financial Times of August 26<sup>th</sup> 2010 quoted the President of Nigeria, Goodluck Jonathan inviting foreign investors to Nigeria to partake in one of the largest privatisation processes in power in Africa, with potential investors expected from countries like Canada, Turkey, Saudi Arabia, India and China (The Financial Times, 26th August 2010).

In order to attract foreign direct investments, nation-states usually create enabling operating environment (McDonald, 2009). For instance, it has been argued that the adoption of privatisation and deregulation by nation-states, especially in the developing and emerging economies, were intended to establish a safe landing ground for global capitalism (Beder, 2005). In addition, the legislation on tax holidays for foreign direct investments provides opportunity for transnational corporations to extract wealth from developing countries at the expense of the poor (Stiglitz, 2006).

The theory of the state helps in illuminating the enabling role of the nation-state in the distribution of power in a given society (Bakre, 2006). Globalisation has altered a number of relationships that existed in the society (Beder, 2005). For instance, there has been a shift in the relationships between markets, states and social structure (Williams and Ghanadan, 2006). In addition, globalisation has transformed global capitalism and the role of the state (Chittoo, et al, 2009). For example, global capitalism has become increasingly “ungovernable” as markets are detached from institutions and the state is losing power over its territory (Weiss, 2000), especially in the developing world. Transnational corporations are gaining more power over the political, social and

economic agendas, especially of the host governments where they operate (Detomasi, 2014; Stiglitz, 2006; Beder, 2005)<sup>5</sup>.

The emerging role of the nation-state is that of a principal-agent of global capitalism by establishing and maintaining conducive operating environment for global capital accumulation (Williams and Ghanadan, 2006). The nation-state is used as an instrument of domination of society and a mere actor in the global capitalism (Bakre, 2006; Beder, 2005; Robinson, 2012). The role of the nation-states in regulating political and socio-economic activities within their boundaries has been minimised and ceded to transnational corporations (Sklair, 1995). The transnational corporations play an active role in regulating domestic and international economic policies through corporate lobbies (Beder, 2005). The nation-states surrender their regulatory roles to transnational corporations because they have to compete to attract foreign direct investments (FDIs) which are desperately needed for their developmental projects (Chittoo et al, 2006).

### **Methodology**

A qualitative case study approach was used to generate rich insights into how global electric capitalism permeate different jurisdictions under the guise of privatisation strategies, the processes which are always high on agendas of supranational institutions, such The World Bank, DfID, IMF, JICA and others, which apparently were embraced wholesale by nation-state actors of developing countries.

An extensive review of records and documents and case studies was undertaken to establish the roles of supranational agencies in creating enabling socio-economic and political environment for the promotion of global electric capitalism; and their explicit connections with transnational corporations who invest in electricity sectors in the selected developing countries. This was augmented by investigations into how the national governments of the selected countries responded to the pressures mounted by

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<sup>5</sup> For instance, Beder (2005) argued that transnational corporations have power resources to influence the policy-making agenda of nation-states, especially the weak ones, in order to secure increased tariffs (see also, Hall, 2007).

the supranational agencies and the motivation to shift modes of production from state capitalism to global electric capitalism.

Two Arab countries (*Jordan and Kuwait*) and two African countries (*Uganda and Nigeria*) were selected for the study. The rationale was that all the countries adopted similar models, except for Kuwait, for the privatisation of their electricity sectors, which implies that the macro dynamics for the reforms may have emanated from same or similar sources. Secondly, the decision to reform the electricity sectors of the selected countries started around the same time, especially during the genesis of the structural adjustment programmes (SAPs) and neo-liberal reform agenda which were spearheaded by supranational agencies, such as the World Bank, IMF and others.

Archival documents and records were accessed and analysed to investigate how global electric capitalism permeated the electricity sectors of the selected countries. The documents included official loan and aid agreements between supranational aid agencies and the countries that formed this study (for instance, see, World Bank, 2000, 2001). In addition, other documents and records from the websites of transnational corporations, supranational agencies and statutory institutions that countries established, with development assistance, to oversee the implementation of the privatisation of power companies were accessed and analysed to inform this study.

It is hoped that the findings of this study would add to the extant literature on the dynamics and implications of the privatisation processes of state-owned corporations under the neo-liberal policies fronted by supranational institutions. In addition, it is expected that this paper will contribute to theory on the roles of supranational institutions, transnational corporations, and the nation-state machinery in promoting global capitalism.

## **Background to the Case Studies**

### **Jordan**

From 1999 onwards Jordan witnessed macroeconomic recovery programmes that focused on fast tracking of the privatisation process and a rapid integration of Jordanian

economy in the global economy (Alissa, 2007). Among the several objectives of privatisation in Jordan was the transfer of ownership of public enterprises to the private sector in whole or in part, such as selling stocks listed on the Amman Stock Exchange. (Orieqat and Saymeh, 2013). Other forms of privatisation included franchise agreements, leases and management contracts. Among the privatised companies, included the Irbid District Electricity Company (Orieqat and Saymeh, 2013).

### **Kuwait**

The post-independence period of the State of Kuwait was characterised by the establishment of state-owned enterprises (SOEs) (ibid, 2012, WTO, 2012). The idea behind state-owned enterprises was that there was lack of capacity of the indigenous private sector to fund big investment ventures (WTO, 2012). After the Kuwait's liberation from the Iraqi invasion in 1991, an intensive reconstruction programme was initiated which consumed most of its financial reserves (Sartawi, 2012). In addition, and for the first time, the Kuwait government had to solicit for financial resources from international financial markets (ibid, 2012).

In order to address the strain on the national budget, the government decided to divest some of its SOEs and to reduce its investment in them (Madzikanda and Njoku). In addition, the government of the State of Kuwait established public private partnerships (PPP) programs to increase private sector participation in infrastructure development (Kuwait, 2010). This was a deliberate strategy to mitigate the challenges of increasing demand for electricity in Kuwait and the aging power infrastructure which the government could not easily address (Sartawi, 2012).

### **Uganda**

Prior to reforms, Uganda had a public sector which was bloated, inefficient and drained significant amount of scarce financial resources from national treasury (Baffoe, 2000). With limited scope of foreign financing, it became apparently difficult for the government of Uganda to provide the essential social services (Birungi *et al*, 2000). This led

prompted IMF and World Bank to recommend the Structural Adjustment Programmes (SAPs) in 1981 (Baffoe, 2000; Bigsten, 2000; (Twaddle and Hansen, 1988).

After the capturing of state power in 1986, the National Resistance Movement (NRM) government, with dire need for legitimacy from leading international donor community, reintroduced the SAPs in 1997. These were actively implemented in 1992. Among the major components of the macro economic reforms included the privatisation of public enterprises (Ngororamo, 1997; Kingston *et al*, 2011). One example of the drive to privatise public enterprises was to unbundle the formerly state-owned Uganda Electricity Board (UEB) into 3 separate companies to generate, transmit and distribute electricity in Uganda (Maweje, 2013).

## **Nigeria**

With the above unfavourable macro-economic conditions, the Federal Government of Nigeria adopted austerity measures in 1982 (Ogbonna, 2012; Anyanwu, 1992). However, the measures did not yield significant impacts. In 1986, Nigeria undertook full blast Structural Adjustment Programmes (SAPs) with the object of minimising public expenditure and introduction of private sector-driven economic growth and development (Anyanwu, 1992; Nigeria, 1986). However, the SAPs increased the inflationary tendencies as the increased the quantity of domestic currency needed for exchange for international currencies due to the devaluation of the Naira (*Nigerian Currency*) (Anyanwu, 1992; Federal Government of Nigeria, 1986).

The IMF and World Bank had used SAPs as conditionalities for accessing development finance (Goff, 2003). SAPs were intended to promote markets as engines of economic development (Ogbonna, 2012; Federal Government of Nigeria, 1986).

Before structural reforms, the public sector of Nigeria was underperforming and was putting heavy burden on its financial resources (Anyanwu, 1992). In particular, the state-run enterprises were costly; usually poorly managed; undermined by rampant corruption and rent-seeking tendencies; and heavy losses arising from their operations and



requiring government subventions to make them good (Okonjo-Iweala and Osafo-Kwaako, 2007).

One of the major structural reforms in Nigeria was the privatisation process of its state-owned enterprises (Ogbonna, 2012; Anyanwu, 1992; Federal Government of Nigeria, 1986). Okonjo-Iweala and Osafo-Kwaako (2007) argue that the privatisation process in Nigeria was timely to rescue the ailing state enterprises and also to insulate them from rampant corruption and to mitigate financial losses to the Federal government of Nigeria. The privatisation reforms were accompanied by deregulation policies which were intended to create enabling frameworks for private sector participation, especially in the electric power sector, in pursuit of global accumulation of capital in Nigeria (Anyanwu, 1992; Federal Government of Nigeria, 1986).

### ***Supranational Aid Agencies and Global Electric Capitalism***

Developing countries, particularly in Arab States and Sub-Sahara Africa have been playing fields for a number of international aid agencies in the reforms process of power sectors. This section, therefore, provides some evidence of the capitalist roles of international aid agencies in the privatisation of power sectors, under the guise of development assistance, in the Arab States of Jordan and Kuwait and the Sub-Sahara African countries of Uganda and Nigeria.

Notably, international aid agencies, especially the World Bank, DfID and IMF have significantly influenced the privatisation processes of power sectors in many developing countries, including those Arab States and Sub-Sahara Africa, which have ended in the hands of business associates of the same agencies purporting to provide the development assistance, which evidence is hereunder provided country by country.

#### **Jordan**

The privatisation of the Jordanian power sector is traced from 1981, with the World Bank under the 4<sup>th</sup> Power Project extending development assistance to the Hashemite Kingdom of Jordan with US \$ 25 million, of which US \$ 5 million was extended to the Jordan Electricity Authority (JEA) and the balance US \$20 million to the Jordan

Electricity Power Company (JEPCO) (World Bank, 1981). This development assistance was with a co-funding from Kuwait Fund of US \$ 18 million, all of which were intended to enhance a rapid development of the power subsector in preparation for privatisation (World Bank, 1981).

In 1993, the World Bank provided a loan of US \$ 80 million (under the Energy Sector Adjustment Loan) with a co-funding of US \$ 80 million provided by Overseas Economic Co-operation Fund (OECF) of Japan (World Bank, 1993). In addition, Japan also provided a grant of Japanese ¥131.7 million (equivalent of US \$ 1.0 million) under the Japanese Policy and Human Resources Development (PHRD) Grant (World Bank, 1993). The objectives of the project, among others were:

- a) To rationalise energy prices and improve sector finances;
- b) To enhance sector restructuring by improving institutional and legislative frameworks for:
  - i. Corporate commercial operations in the power and oil/gas subsectors;
  - ii. Separating and transparent regulation of the power subsector;
  - iii. Competition among power utilities;
  - iv. Private sector investment and participation in power generation and distribution (World Bank, 1993).

The Japanese International Co-operation Agency (JICA), a Japanese supranational aid agency also played a significant role in the electric power sector reforms in Jordan. For instance, the Government of Japan and JICA supported various fields, including power sector, with 3.8 million dollars, including training more than 2,200 Jordanians in Japan and dispatched more than 1,400 experts and volunteers to Jordan (JICA, 2014). In addition, the Japanese Official Development Assistance (ODA) contributed to the capacity building of Jordanians. For instance, in the message for the Chief Representative of JICA Jordan Office, Mr Shokichi Sakata, he said:

“Japanese Official Development Assistance (ODA) to Jordan electricity sector is one of the most important fields of JICA’s co-operation to enhance the capacity of electricity sector people through

extra ordinary efforts of Jordanian counterparts, JICA experts, Embassy of Japan in Jordan and JICA Jordan Office staff" (JICA, 2014).

### **Kuwait**

After the Gulf War in 1991, Kuwait embarked on power sector reforms. This followed the increasing demand for electricity, most presumably, for reconstruction purposes (Kuwait, 2010). Faced with limited financial resources and coupled with dilapidated infrastructure, the State of Kuwait could not support the heavy investments required to improve the provision of the needed electricity, but sought to engage the private sector (Kuwait, 2010).

The intervention of international aid agencies in funding power sector reforms in Kuwait is traced in the implementation of the first PPP project (Az Zour North Independent Water and Power Producer (IWPP) project). The Japanese Bank for International Corporation (JBIC) provided a co-financing of US \$ 1.43 million ([www.sumitomocorp.co.jp](http://www.sumitomocorp.co.jp)). In addition, Japanese international commercial banks provided insurance for loan of business funds by the Nippon Export and Investment Insurance (NEXI) (ibid).

### **Uganda**

Like the Arab States, the World Bank with other international development agencies, has been instrumental in influencing reforms in the power sector in Uganda. The World Bank has sponsored a number of projects within the power sector in Uganda, all of which were intended to champion the private sector in financing and infrastructural development with the sector.

In December 1988, the government of Uganda signed a Development Credit Agreement with the World Bank (IDA) to fund a reform and divesture program under the Uganda Public Enterprises (PE) project (World Bank, 1988). The project became effective in 1989 and among others, the project had a reform strategy of reducing the direct role of the government in the economy and to promote and develop efficient and competitive sector (World Bank, 1988).

In 1991, the World Bank provided development assistance under the Third Power Project to the government of Uganda (World Bank, 1991). The objectives of the Project were:

- a. Improving the safety of the existing Owen Falls Dam/ Nalubaale;
- b. Expanding power generation by building another dam (1km from the Owen Falls Dam) with a capacity of 102mW, later changed to 200mW;
- c. Capacity building for UEB (and restructuring its tariffs- price of electricity to consumers) and for the Ministry of Energy. The planned project cost was US \$ 300 million and the project was launched in 1991 (ibid, 1991)

In 2000, the World Bank, again extended a development assistance of SDR 36.2 million (equivalent of US\$ 48.5 million) to the Republic of Uganda under the 4<sup>th</sup> Power Project (Privatisation and Utility Sector Reform Project) (World Bank, 2000). The Project objective was to improve the quality, coverage and economic efficiency of commercial and utility services, through privatisation, private participation in infrastructure (PPI) and an improved regulatory framework (World Bank, 2000, p.2). In addition, the project was aimed at establishing a fully operational (i.e. enactment of legislation and its institutionalisation) sector regulatory agency in electricity (ibid, 2000, p.2).

In order to enhance the institutionalisation of “best practices” in electricity sector, the World Bank sought to bring in qualified and specialised experts to advise the government of Uganda on the sector reforms necessary to allow entry of the private sector, particularly in such areas as overhaul of the sector’s legal and regulatory mechanisms, preparation of bids, and negotiations with winning bidders (World Bank, 2000). These included among others, Fieldstone Private Capital Group<sup>6</sup>, an international investment bank which provides independent advice to companies and governments on privatizations, asset acquisitions and disposals, corporate strategy and finance, project finance and restructuring in the utilities and infrastructure industries ([www.fpcg.com](http://www.fpcg.com)). Secondly, World Bank sought the services of Hunton & Williams

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<sup>6</sup> Fieldstone is an investment bank specializing in the energy and infrastructure sectors ([www.fpcg.com](http://www.fpcg.com), accessed on 6/5/2015).

lawyers to advise the government of Uganda in preparing appropriate legal frameworks to support the entrenchment of the privatisation process of the electric power sector ([www.hunton.com](http://www.hunton.com)). Finally, PA Consulting firm was deployed to advise on the technical issues on electricity ([www.paconsulting.com](http://www.paconsulting.com)).

## **Nigeria**

In 2001, the Federal Republic of Nigeria secured a credit to the tune of SDR 90.2 million (US\$ 114.29 million equivalent) from the World Bank for a privatisation support project (World Bank, 2001). The development objectives included, among others:

- a. Supporting transparent and effective implementation of the Federal Government of Nigeria's privatisation program...
- b. Creating an enabling environment for private sector participation and competition in infrastructure services, mainly in electric power (World Bank, 2001).

It was argued that the achievement of the above objectives would lead to the following:

- a. Expanded private investment and improved efficiency in non-oil sectors, which hitherto had been dominated by the public sector;
- b. Private participation in the sectors that were traditionally reserved for public enterprises, especially in power sectors and others (World Bank, 2001).

The components in the Project included, setting up a Bureau of Public Enterprises Institutional Support (with US\$ 57.2 million). This was intended to finance and strengthen the government institutions responsible for implementing privatisation program and sector reforms. This included technical advisory support with the identification and secondment of long-term international advisors (World Bank, 2001). The Bureau of Public Enterprises played significant role in the privatisation process in Nigeria (Nigeria Public-Private Partnerships Manual, 2012).

The UK's Department for International Development (DFID) has been instrumental in influencing the power sector reforms in Nigeria. According to annual reports for DfID it is estimated that over £ 100 million of UK aid has been spent to support energy

privatisation in Nigeria (Global Justice Now, 2015). Most of the funding has been spent on hiring consultants to help in the implementation of the power reform processes (ibid, 2015). For instance, Adam Smith International of the UK, a consulting company, and a think tank of the Adam Smith Institute has been instrumental in advising the Nigerian government on the privatisation of the electricity. Funded by the DfID, Adam Smith International helped in setting up of the Nigeria Infrastructure Advisory Facility (NIAF), which ensured that legal agreements are complemented with strong political will and sound technical assistance through the process of implementation (Adam Smith International, 2015). Adam Smith was a biggest supplier of DfID (House of Commons – International Development, 2010).

Similarly, it was reported by the UK's House of Commons – International Development Committee that DfID, through its NIAF, worked with the World Bank in Nigeria and that it had contributed significantly to the Nigeria's power sector reforms (House of Commons – International Development, 2010).

### ***Nation-States Responses to Global Electric Capitalism from Aid Agencies***

International aid agencies, most especially the World Bank, IMF, DfID and others have played a critical role in exerting external pressure to reform the power sectors of developing countries, either directly through development financial assistance or indirectly using international experts prescribing the “best practices”. Notwithstanding, there were internal pressures as well which influenced the power sector reforms in the countries in this study. Notably, the inability for the public sector to provide the required investments in the power sector. This was coupled with the conditionality of the international aid agencies to support developing countries only which had embraced the power sector reforms which included private sector participation (Williams and Ghanadan, 2006; Jamasb, et al, 2014; ECA, 2003; Haque, 2002).

This section, therefore, provides evidence of how different nation-states in this study responded to both the internal and external pressures to reform the power sectors.

## **Jordan**

Like other developing countries, Jordan had both internal and external pressures to reform its power sector. As a response to the above pressures, the Hashemite Kingdom of Jordan put in place policies, laws and regulations, with financial and technical assistance from various international aid agencies and their associated technical advisors.

In 1991, the government of Jordan embarked on privatisation process of its power sector by unbundling of the power subsector with National Electric Power Company's (NEPCO) shares in Jordan Electricity Power Company (JEPCO) and IDEPO transferred to Jordan Investment Corporation (JIC) with the intent to sell off the JEPCO's shares to the private sector (World Bank, 1991). In addition, JEPCO was restructured into generation, transmission and distribution companies (World Bank, 1991). The Government of Jordan was advised to seek private sector investment in generation and distribution (ibid, 1991). The World Bank provided technical assistance to the Government of Jordan to privatise power generation plants (ibid, 1991).

In 1996, the government of Jordan enacted the Law No. (10) of 1996, "the General Electricity Law ("1996 GEL"). Under the 1996 GEL, the Government took its first step in privatizing the national electricity industry by converting the Jordan Electricity Authority to a public shareholding company called the National Electric Power Company (NEPCO). The GEL also provided for the issuance of licenses for the generation of electricity to private companies by the Council of Ministers (Jordan, 1996)

In 1999, an amendment to 1996 GEL was made to create a Regulatory Commission under the General Electricity Law No.13 of 1999. In 2001, the Electricity Regulatory Commission of Jordan (ERC) was established under the General Electricity Law No.13 of 1999 to regulate the electricity sector in Jordan (Jordan, 2001).

In 2002, the New Electricity Law ("2002 GEL") was enacted but became effective in 2003. The Law governed the operations of the separated power generation and distribution companies, as well as the Jordanian Electricity Regulatory Commission

(Jordan, 2002). The Law clarified the role and functions of the Commission as an independent agency responsible for regulating the power sector in three areas: - generation, transmission and distribution (ibid, 2002).

In 2002, the government of Jordan restructured and privatised the electricity sector. The reforms of 2002 led to the establishment of independent company per activity as follows:

- i. Central Electricity Generating Company: - mandated with the generation of electricity in Jordan.
- ii. National Electric Power Company: - A state-owned company mandated with buying electricity from generating companies and selling it to distribution companies.
- iii. Electricity Distribution Companies: - Charged with the distribution of electricity. 3 separate companies were formed and mandated to distribute and supply electricity in Jordan. These were:
  - a. Electricity Distribution Company (EDCO). This was a wholly government-owned public shareholding company.
  - b. Irbid District Electricity Company (IDECO):- A public shareholding company in which NEPCO was the majority shareholder.
  - c. Jordan Electricity Power Company (JEPCO).

The above restructuring of the electric power in Jordan was carried out in preparation for the privatisation process.

## **Kuwait**

Since 2008, the State of Kuwait has been reforming its power sector to support private sector participation, especially in the generation of electricity. This was achieved through enacting several legislations to pave way in the regulation of private sector power provision.

In 2008, the State of Kuwait enacted the Public-Private Partnership (PPP) Law (Law No. 7/2008). The Law combines the objective of attracting private-sector participation based



on competitive and transparent rules with the social objective of ensuring that the economic benefits of private investment are shared with Kuwaiti citizens (Kuwait, 2008). In addition, in 2008, the State of Kuwait established the Partnership Technical Bureau (PTB) as a focal point agency of the PPP program, in charge of the financial and technical evaluation of PPP Projects. Established under Article 12 of Law No. 7/2008, it is involved in all phases of the Project, from inception to financial close (Kuwait, 2009). In 2010, a new IWPP Law (Law No. 39/2010) was enacted by the State of Kuwait to provide a legal framework for setting up the implementation requirements to be applied to firms wishing express interest in power and desalination projects in the wider framework of PPP (Kuwait, 2010). In order to operationalise the provisions of the PPP Law and the IWPP Law, the State of Kuwait established a public joint stock company with 40% of the shares offered to a private developer (Kuwait, 2010).

In March 2011, 11 consortiums comprising of 23 companies applied for PPP projects to purchase further 50% of shares in a public joint stock company. In February 2012, the Partnership Technical Bureau selected a consortium consisting of the UK/French IP-GDF Suez, Sumitomo of Japan and a local firm AH Sager and Brothers as successful bidders for project (Al-Zour North IWPP) ([www.sumitomo.jp](http://www.sumitomo.jp)).

Further, Kuwait Government enacted the Law No. 116/2014 regulating Public Private Partnerships set the foundation for the implementation of infrastructure PPP projects in Kuwait. The PPP Law combines the objective of attracting private-sector participation based on competitive and transparent rules with the social objective of ensuring that the economic benefits of private investment are shared with Kuwaiti citizens. The PPP Law establishes a legislative framework to promote and facilitate PPPs in public infrastructure and land-based development projects (Kuwait, 2010).

International experts on power sector played a significant role in shaping the power sector reforms in Kuwait. For instance, in March 2013, the Partnership Technical Bureau appointed a consortium comprising of BNP Paribas, Chadbourne & Parke, and

Laymey International to provide advisory services for a new power project in Al Khiran (Kuwait, 2010).<sup>7</sup>

Both projects (Al-Zour North and Al Khiran) demonstrated the deliberate efforts of the State of Kuwait in implementing the privatisation of the power sector using the PPP framework. It is worth noting that the State of Kuwait adopted a model of reforms that provided the Ministry of Energy and Water with significant control over its power sector (Kuwait, 2010).

### **Uganda**

The decision to reform the power sector in Uganda was motivated by the inefficiencies that existed in the vertically integrated state-owned Uganda Electricity Board (UEB). UEB required substantial investments in infrastructure to be able to be in tandem with the ever increasing demand for electricity, which the government of Uganda could not easily mobilise from its coffers. Instead, with financial and technical assistance from aid agencies, such as the World Bank, IMF, DfID and others, the government of Uganda had to resort to private sector for the required funding and investment in power sector (World Bank, 1991, 1999, 2001).

This section presents evidence of how the government of Uganda responded to the internal and external pressures to promote private sector participation in the power sector.

In the early 1990s, the Government of Uganda adopted the economic liberalization policy. This policy was intended to reduce government expenditure on the public sector and to adopt a strategy of private sector participation in the economic sectors, particularly in the power sector.

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<sup>7</sup> A consortium of BNP Paribas (financial and lead), Chadbourne & Parke (legal) and Lahmeyer (technical) was awarded a consultancy to advise on the procurement of Kuwait's first independent water and power project. (<http://www.globalwaterintel.com/global-water-intelligence-agazine/archive/11/4/general/bnpp-consortium-takes-kuwaiti-advisory-contract.html>)

In 1993, with financial and technical assistance from aid agencies and consultants, the Government of Uganda enacted the Public Enterprises Restructuring and Divestiture (PERD) Statute (Uganda, 1993). This Statute provided the enabling legislation for privatization and utility reforms (ibid, 1993). Among other things, The PERD Statute, 1993:

- ❖ Provided guidelines for reforms and divestiture;
- ❖ Classified public enterprises for divestiture and reforms;
- ❖ Established the institutional framework for policy implementation (Uganda, 1993).

In order to implement the objectives of the PERD Statute, the Government of Uganda created the Privatisation and Utility Sector Reforms Project (PUSRP) in the Ministry of Finance Planning and Economic Development (MoFPED).

Prior to the reforms in the power sector in Uganda, electricity was under the control of Uganda Electricity Board (UEB), a vertically integrated state-owned utility corporation. The UEB assumed the regulation role of the power sector and a monopoly to generate, transmit and distribute electricity in Uganda (Uganda, 1964). In addition, UEB managed the export of power to neighbouring countries of Kenya, Tanzania and Rwanda.

In June 1999, the Government of Uganda formulated the Power Sector Restructuring and Privatization Strategy (PSRPS) with the following objectives:

- ❖ To make the power sector financially viable and efficient;
- ❖ To meet the growing demands for electricity and to increase area coverage;
- ❖ To improve the reliability and quality of electricity supply;
- ❖ To attract private capital and entrepreneurs;
- ❖ To take advantage of export opportunities (Uganda, 1999).

In November 1999, the Government of Uganda repealed the 1964 Electricity Act, which hitherto had established the UEB as a vertically integrated state-owned parastatal, and replaced it with a new Electricity Act of 1999 (Uganda, 1999).

The main objectives of the 1999 Electricity Act were to:

- ❖ Remove the monopoly of UEB and thus enabling private participation in the power sector;
- ❖ Provide for regulation through the Electricity Regulatory Authority (ERA), and
- ❖ Permit the privatisation of UEB.

The 1999 Electricity Act was one of the outputs of the development and technical assistance provided by the World Bank (see Uganda, 1999). Thus, the power sector reforms in Uganda were premised on two main legal frameworks: The PERD Statute, 1993 and The Electricity Act, 1999.

Further, the Government of Uganda established a Utility Reform Unit (URU) in the Ministry of Finance, Planning and Economic Development, as a lead agency for privatization with technical advice from international power consultants. URU worked in collaboration with the Ministry of Energy and Mineral Development, a sector ministry.

The Electricity Act, 1999 included a clause of the need of establishing of an electricity regulatory body (Uganda, 1999). In April 2000, the Government of Uganda set up the Electricity Regulatory Authority (ERA) to regulate the provision of electricity in privatised environment. The establishment of the ERA was with financial and technical assistance provided by the World Bank and its associated international technical advisors. For instance, Hagler Bailly Services, Inc. were appointed as privatisation advisors. On 26<sup>th</sup> April, 2000 the members of the Electricity Regulatory Authority were appointed.

In April 2001, with support from the World Bank and its associates, the Government of Uganda started on the process of unbundling of the UEB by the creation of four successor companies to take over the former's assets and liabilities as follows:

1. Uganda Electricity Generation Company Ltd (UEGCL) that owns the two major hydroelectric power plants at Nalubaale (180MW) and Kiira (200MW).
2. Uganda Electricity Transmission Company Ltd (UETCL) which owns and operates the transmission infrastructure above 33KV.
3. Uganda Electricity Distribution Company Ltd (UEDCL) that owns and operates the distribution network at 33KV and below.

4. Uganda Electricity Board (UEB) (Statutory Corporation) that remained in place in order to wind up.

Like with other countries that formed this study, the Government of Uganda decided to privatise the power generation and distribution functions. Meanwhile, the transmission of electricity was left in the control of the state. In this regard, the government, through tender processes that were managed and negotiated by international aid agencies and their international consultants, awarded 20- year concessions to the following successor companies:

In 2002, Eskom (U) Ltd, owned a South African Enterprises (Eskom Enterprises) was granted a 20-year concessions to maintain and operate the Kiira and Nalubaale hydroelectric power stations owned by UEGCL. The agreement required Eskom (U) Ltd to generate and sell all the electricity to UETCL (state-controlled). (Eskom, 2010).

In 2004, the Government of Uganda signed a concession with Umeme Ltd, a consortium of Globeleq (now known as Actis Infrastructure), a commercial arm of Commonwealth Development Corporation (CDC) of the UK's Department for International Development (DfID), and Eskom Enterprises, to manage the electricity distribution network owned by UEDCL. The Lease and Assignment Agreement also required to collect revenues from all connected customers based on the tariff set by the Electricity Regulatory Authority (ERA) (globeleq.com). The Agreement provided an obligation to Umeme Ltd to make minimum investments in system rehabilitation and reinforcement (globeleq.com). Further, Umeme Ltd had the obligation to return control of assets, including all new investments to UEDCL at the end of the lease with a payment for any un-depreciated new assets (globeleq.com).

## **Nigeria**

Like other developing countries, the Federal Republic of Nigeria had both internal and external pressures to reform its power sector (Nigeria, 2010). It responded to the pressures by creating enabling policies and legislations with support from international development agencies and their associates (see World Bank, 2001).

Prior to 2001, the generation, transmission and distribution of power in Nigeria was under the management and control of Nigeria Electric Power Authority (NEPA). In 2001, with aid of the World Bank, the government of Nigeria established a new policy and regulatory framework for the power sector (ibid, 2001). The policy framework and legislation sought to establish the Nigeria Electric Regulatory Commission (NERC), as an autonomous regulatory agency (ibid, 2001). The World Bank supported the Nigerian government to prepare the implementation rules and regulations for the commencement of NERC (World Bank, 2010).

In 2007 the government of Nigeria began to restructure the National Electric Power Authority (NEPA), a formerly vertically integrated state-owned power parastatal, to establish separate generation, transmission and distribution companies, and design of wholesale distribution marketing operations, through the provision of advisory and consulting services. The advisors and consultants were seconded and recruited by international agencies. For instance, Adam Smith International, a UK consultancy company provided advisory and consulting services in the power reforms process in Nigeria (Adam Smith International, 2015).

In addition, the government of Nigeria undertook to privatise the power generation and distribution entities, like it was with Uganda, and in March 2005, the Electric Power Sector Reform Act (EPSRA) which was a significant achievement in supporting privatization of electricity in Nigeria (Nigeria, 2005). In May 2005, the Bureau for Public Enterprises established the Power Holding Company of Nigeria (PHCN) and in July 2005, all assets, liabilities and staff of NEPA were transferred to PHCN in preparation for the restructuring of the power sector.

In November 2005, 18 PHCN successor companies were incorporated and on 1<sup>st</sup> July 2006, PHCN's assets and liabilities were transferred to successor companies of which 11 were distribution companies, 6 generation companies and 1 transmission company (Global Justice Now, 2015; Nigeria, 2013) (see Table 1 below). However, due to

national politics, the process of privatisation stalled until the election of President Goodluck Jonathan in 2011.

	<b>Successor Companies</b>	<b>Licence Type</b>
1	Abuja Electricity Distribution Company Plc	Distribution
2	Benin Electricity Distribution Company Plc	Distribution
3	Eko Electricity Distribution Company Plc	Distribution
4	Enugu Electricity Distribution Company Plc	Distribution
5	Ibadan Electricity Distribution Company Plc	Distribution
6	Ikeja Electricity Distribution Company Plc	Distribution
7	Jos Electricity Distribution Company Plc	Distribution
8	Kaduna Electricity Distribution Company Plc	Distribution
9	Kano Electricity Distribution Company	Distribution
10	Port Harcourt Electricity Distribution Company Plc	Distribution
11	Yola Electricity Distribution Company Plc	Distribution
12	Egbin Power Plc	Generation
13	Kainji Hydro Electric Plc	Generation
14	Sapele Power Plc	Generation
15	Ughelli Power Plc	Generation
16	Shiroro Hydro Electric Plc	Generation
17	Afam Power Plc	Generation
18	Transmission Company of Nigeria	Transmission

Table 1: PHCN Successor Companies

It is argued that the success of a privatisation process in any country depends, to a greater extent, on the political will. For instance, while launching the 2010 Roadmap for Power Sector Reforms (“Roadmap”), President Goodluck Jonathan pledged that his administration would see to the successful delivery of the reform milestones embedded in the Roadmap (Nigeria Roadmap, 2010). The “Roadmap” further underscores the importance of strong legal and institutional foundations as critical success factor for the realisation of the privatisation process in Nigeria (ibid, 2010).

***Transnational Corporations' Capitalist Relations with Aid Agencies and Globally-Oriented Local Elites***

Transnational Corporations cannot easily traverse the global space to accumulate capital without the strong hand of supranational aid agencies, their associates (international advisors/experts) and globally-oriented local elites> This section provides some evidence of the strong capitalistic relations between transnational corporations, their associates and globally-oriented local elites.

**Jordan**

This subsection presents some evidence of how transnational corporations in Jordan were linked to aid agencies and local elites.

In the first instance, the Central Electricity Generating Co. was privatized on 20/9/2007, as agreement of selling (51%) of the shares of CEGCO was signed in favor of "ENARA" Energy Arabia, a company established of by Jordan Dubai Energy, the energy in investment arm of Jordan Dubai Capital, the government has kept 40% of CEGCO, while the possession of the Social Security Investment Unit. The signed agreements have entered into force as of 18/10/2007. (ERC, 2007). Enara (Energy Arabia) has announced the purchase of 51 per cent of Jordan's Central Electricity Generating Company (CEGCO) for \$320 million. The deal was considered to be the first privatisation activity in Jordan's energy sector. The transaction gave JD Energy; Malakoff, the Malaysian electricity giant; and the Athens-based Consolidated Contractors Company (CCC), represented by Enara, a 51 per cent stake (TradeArabia News Service, September 26, 2007).

U.S. Trade and Development Agency has signed with Electricity Companies in Jordan three agreements for financing feasibility studies to upgrade electricity distribution systems of companies operating in Jordan for a total price of \$ 1.56 million. The Agreement was signed by Stuart Tones, the U.S. ambassador to Jordan on behalf of U.S. Trade & Development Agency; and Marwan Boshnag, Director General of Jordanian Electricity Company, Ahmed Thiyabat, Director General of Irbid Governorate



Electricity Company and Eng/Mohammad Freihat, Director General of Electricity Distribution Company (<http://www.jepco.com.jo>) accessed on 22<sup>nd</sup> May 2015.

It was reported in a press conference following the signing of the Agreement, that the US Ambassador Jones said that the grant expressed the commitment of the government of the U.S. and the private sector in Jordan to work together to upgrade and improve power infrastructure in Jordan and reduce dependence on imported power resources (<http://www.jepco.com.jo>) accessed on 22<sup>nd</sup> May 2015.

It was also noted that U.S. Trade & Development Agency had worked with a large group of sectors and had made strong commitments in the last few years to support the development of power sector in Jordan. Further, the Agreements formed the sixth grant made by the Agency to the electricity power sector including the transfer and distribution of electricity in addition to generating solar power. According to a statement made by the two parties, the grant was to cover 90 % of the value of each study while the remaining 10 % will be covered by the electricity distribution companies (<http://www.jepco.com.jo>) accessed on 22<sup>nd</sup> May 2015).

The United States Energy Association (USEA) conducted the third executive exchange for Distribution Utility Executives from Jordan under the partnership funded by the United States Agency for International Development (USAID) from May 8 to 15, 2010 (USAID/USEA, 2010). Seven executives from Electricity Distribution Company (EDCO), Irbid District Electricity Company (IDECO), Jordan Electric Power Company (JEPCO) and Kingdom Electricity Company (KEC) met with Sacramento Municipal Utility District (SMUD) and Tacoma Power to continue discussions on energy efficiency programs and review the training programs as implemented at both U.S. utilities as were discussed in the previous two exchange visits (USAID/USEA, 2010).

The Jordan Electric Power Company (JEPCO), Electricity Distribution Company (EDCO) and Irbid District Electric Company (IDECO) completed the first executive exchange under their new partnership from May 25 June 4, 2009 in Massachusetts, California and Washington, DC. The Jordanian Distribution Utility Partnership was

created to improve energy efficiency programs, reduce distribution losses and improve regulatory affairs in Jordan. The distribution utilities' partnership was sponsored by the United States Agency for International Development (USAID) and organized by the United States Energy Association's (USEA) Energy Utility Partnership Program (EUPP) (USAID/USEA, 2009).

Meanwhile, the message from the Managing Director of NEPCO, Eng. Abdelfattah Aldaradkah emphasised that:

“Over the last decades, NEPCO (National Electric Power Company) together with JICA played a key role in developing the electricity sector in the region and as a part of the fruitful Japanese-Jordanian partnerships.....” (JICA, 2014)

He further added that:

“NEPCO could not ignore the clear imprints of JICA in the development of NEPCO in different aspects starting from their participation in several technical studies by delegation of experts from Japan.” (JICA, 2014)

Likewise, On March 20<sup>th</sup> 2007 Mitsui & Co., Ltd. (Mitsui) announced that its affiliate company, AES Jordan PSC - a project company owned 40% by Mitsui and 60% by AES Oasis Ltd (AES Oasis, a subsidiary of AES Corporation), entered into a 25-year Power Purchase Agreement with National Electric Power Company (NEPCO) of the Hashemite Kingdom of Jordan on February 25, 2007 and signed US\$225 million financing agreements for the Amman East Power Project on March 15 2007. The financing was provided by Japan Bank for International Cooperation (JBIC), Overseas Private Investment Corporation (OPIC, US governmental financial institution) and Sumitomo Mitsui Banking Corporation as Commercial Bank supported by a World Bank Partial Risk Guarantee for Commercial Bank portion. JBIC and OPIC support the improvement of infrastructure in Jordan, a country located between Iraq and Israel, and the contribution the project will make to stable peace in the Middle East region. (<https://www.mitsui.com/jp/en/release/2007>).

Furthermore, Mitsui & Co., Ltd. ("Mitsui", Head Office: Tokyo, President & CEO: Masami Iijima) and AES Corporation ("AES"), one of the largest power companies in the United States, through a jointly established project company, entered into a 25-year Power Purchase Agreement ("PPA") with National Electric Power Company ("NEPCO") of the Hashimite Kingdom of Jordan on December 17, 2012. The total project cost was approximately US\$ 350 million and the project company is indirectly owned 40% by Mitsui and 60% by AES (<https://www.mitsui.com/jp/en/release/2012>).

In a related development, Mitsui & Co., Ltd. and The AES Corporation ("AES"), through a jointly-established project company, announced on July 10, 2014 the commencement of commercial operations at a 241 MW tri fuel fired diesel engine power plant located in Al-Manakher, 25 km east of Jordan's capital city, Amman. The electricity generated by the newly-built plant was to be supplied to National Electric Power Company ("NEPCO") of the Hashimite Kingdom of Jordan, based on a 25-year Power Purchase Agreement ("PPA") dated December 17, 2012. The total project cost was approximately US\$350 million and the project company is indirectly owned 40% by Mitsui and 60% by AES (<https://www.mitsui.com/jp/en/release/2014>).

AES Corporation is an American Power Company with connections with the World Bank (2001). For instance, Sven Sandström, former Managing Director of the World Bank and former CEO of Hand in Hand International, since retiring from the World Bank, Sandström has been a director of AES Corporation, chaired funding negotiations for the African Development Bank and the Global Fund to Fight AIDS, TB and Malaria, and been Council member and Treasurer of the International Union for the Conservation of Nature (World Bank, 2001).

### **Kuwait**

The case of Kuwait also has transnational corporations that are connected to aid agencies and local elites as illuminated below:

For instance, Sumitomo Corporation (Head Office: Chuo-ku, Tokyo; President and CEO: Kuniharu Nakamura), in collaboration with GDF SUEZ (Head Office: Paris) and

Abdullah Hamad Al Sagar & Bros. Corp. (Head office: Kuwait. Hereinafter, the three companies were collectively referred to as “the Consortium”) signed the loan agreements and principal contracts, including a long-term energy conversion and water purchase agreement with the Ministry of Electricity and Water of Kuwait, for the Az-Zour North Independent Water and Power Producer (IWPP) project, which is the first Private Public Partnership (PPP) project in Kuwait (Kuwait, 2012)

The Consortium has reached an agreement after negotiations since it was selected as a preferred bidder in February, 2012. The total project cost, including the construction cost, is expected to be around US\$ 1,800 million. 20 percent, or US\$ 360 million, will be covered by capital investment, 60 percent of which will be contributed by the Kuwaiti government, and 17.5 percent each by Sumitomo Corporation and GDF SUEZ. Additionally, Sumitomo Corporation and GDF Suez have established an operation and maintenance (O&M) company to be committed to the O&M of the project. The remaining US\$ 1,430million of the project cost was co-financed by the Japan Bank for International Cooperation (JBIC) and international commercial banks through the project financing scheme. A part of the financing which was done by Japanese commercial banks was covered by the insurance for loan of business funds by the Nippon Export and Investment Insurance (NEXI) ([www.sumitomocorp.co.jp/english/news](http://www.sumitomocorp.co.jp/english/news): 13<sup>th</sup> December 2013).

It is worth noting that Kuwaiti law is prescriptive as to the shareholding requirements. There is a clear public policy objective of ensuring participation in projects by Kuwaiti shareholders as a means of wealth sharing between the state and its citizens. Under the BOT law, for projects whose value is over KWD 250 million and for most projects whose value is over KWD 60 million, 50% of the shares in a project company must be placed for public subscription through an IPO. ([http://www.chadbourne.com/Kuwait\\_BOT\\_Market\\_projectfinance/](http://www.chadbourne.com/Kuwait_BOT_Market_projectfinance/): accessed on 22<sup>nd</sup> May 2015).

## Uganda

In the case of Uganda, the power sector reforms witnessed a model of single generator, single transmitter and single distributor. The private firms that were awarded contracts to operate and manage electricity in Uganda after the privatisation process had strong linkages with or were subsidiaries of transnational corporations and aid agencies.

For instance Eskom (U) Ltd was awarded a 20-year concession from 2002 to operate and manage the generation of power from two hydroelectric dams of Nalubaale and Kiira. Eskom (U) Ltd is a subsidiary of Eskom Enterprises (Pty)<sup>8</sup> Ltd., a South African owned power company.

Eskom Enterprises (Pty), of South Africa formed a consortium with Globeleq (now referred to as ACTIS Infrastructure) to bid for and won a concession to be the sole distributor of electricity in Uganda, under Umeme Ltd. Eskom has its head office in Johannesburg, with satellite operations located across South Africa. It maintains a small office in London, primarily for quality control of the equipment being manufactured in Europe for the capacity expansion programme ([http://financialresults.co.za/2012/eskom\\_ar2012/divisional-report/eskom-enterprises-soc-limited-group.php](http://financialresults.co.za/2012/eskom_ar2012/divisional-report/eskom-enterprises-soc-limited-group.php)).

Umeme Ltd was awarded a 20-year concession electric power distribution from 2004 from the Uganda Electricity Distribution Company Ltd (UEDCL). A consortium between Eskom Enterprises and Globeleq (now ACTIS) a Commonwealth Development Cooperation (CDC)<sup>9</sup> a commercial wing of the UK's Department for International Development (DfID).

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<sup>8</sup> Eskom Enterprises (Pty) Ltd was formed in 1999 to carry out the non-regulated electricity related activities of Eskom in South Africa, and all its other energy and related activities outside South Africa.

<sup>9</sup> Founded in 1948, CDC is the UK's Development Finance Institution (DFI) wholly owned by the UK Government. It is the world's oldest DFI with a history of making successful investments in businesses which have become industry leaders thereby having enormous impact on the private sector in their country and region as well as improving the lives of many, many individuals ([cdcgroupp.com](http://cdcgroupp.com)).

The international law firm of Chadbourne & Parke represented Globeleq, Eskom Enterprises and Umeme Ltd in a deal which enables Umeme to manage and operate the electricity distribution system in Uganda under a 20-year concession agreement with the Government. Umeme, a joint venture between Globeleq and Eskom Enterprises, is 56% owned by Globeleq and 44% by Eskom Enterprises.

Globeleq is the fastest growing operating power company solely focused on the emerging markets of Africa, the Americas, and Asia. Eskom Enterprises is a subsidiary of the South African electric utility Eskom Holdings which supplies approximately 95% of the power used in South Africa and approximately 50% of the electric power consumed on the African continent (<http://www.chadbourne.com/newsevents>).

However, in 2006, the shareholding from Eskom Enterprises was relinquished and Umeme Ltd became wholly owned by Globeleq (now Actis Infrastructure).

There is evidence of the relationships between Umeme Ltd and international aid agencies. In the first place, DfID has been instrumental in supporting various public sector reforms in Uganda. DfID has provided budget support to Uganda (DfID-Uganda, 1998; DfID-Uganda, 2014). DfID was an early mover, providing budget support to the Education Sector Investment Plan in 1998 (DfID-Uganda, 1998)<sup>10</sup>. In addition, in 2006, DfID funded the Financial Accountability Programme (FAP) (DfID-Uganda, 2006).

Furthermore, there has been financial dealings between transnational corporations and international development agencies. For example, in 2009, with the help of Actis, Umeme Ltd secured a loan from the International Finance Corporation (IFC) of the World Bank to invest in the distribution network ([umeme.co.ug](http://umeme.co.ug)).

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<sup>10</sup> For instance, on 2 October 1998 International Development Secretary Clare Short today announced the largest ever single grant for education from the Department for International Development. Speaking from Blackpool, Ms Short announced that the grant of £67 million to Uganda would be spent over the next five years in support of the country's Education Sector Investment Plan. (<http://reliefweb.int/report/uganda/ukdfid-clare-short-announces-%C2%A367-million-education-uganda>) accessed on 28<sup>th</sup> May 2015.

Furthermore, according to the Committee Report on the Interim Review of Electricity Tariff, the Government of Uganda was reported to have provided a weak team that negotiated with Globeleq for the distribution concession (Saleh Report, 2009). However, the Report argues that the negotiating team was helped by the World Bank, which had posited that it had the “best negotiators” on energy sector agreements in poor countries. Meanwhile CDC Globeleq was represented by Chadbourne & Parke, the Firm’s multinational partnership in London ([www.chadbourne.com/newsevents](http://www.chadbourne.com/newsevents)).

In order to underscore the enabling role of the World Bank in the deal with CDC Globeleq, all negotiations and renegotiations were conducted in Washington DC (Saleh Report, 2009).

The Saleh Report also raised issues with the role of Mr Paul Mare which it referred to as a Trojan Horse. The Report further argues that Mr Pau Mare was appointed the Managing Director of the Uganda Electricity Board (UEB) (1999-2001). This was during the time the power sector reforms were being initiated in Uganda. After unbundling of UEB into five successor companies of generation, transmission, distribution, UEB Asset Management and Electricity Regulatory Authority (ERA). Mr Mare became the Managing Director of the generation company (UEGCL) in 2001 and distribution company (UEDCL) (2004-2004). When the distribution concessions were awarded to Umeme, Mr Mare became its first Managing Director (2004-2009).

Mr Mare over the said period was an employee of Eskom Enterprises of South Africa (Saleh Report, 2009). For instance, the Report further revealed that by the time Umeme were awarded concessions from UEDCL, the total electricity losses were at 28%. However, Umeme inflated the technical and commercial losses at 40%, thus being able to get higher rebates (refunds on losses) of 10 to 12% (Saleh Report, 2009). Each 1% in losses was worth UGX 10 billion per year. Therefore, at a rebate of 10%, Umeme would bag UGX100 billion annually.

In April 2012, Umeme protested to the World Bank against ERA’s proposal that it should reduce losses to 26.6 per cent by the end of 2012. The distributors said reducing losses

to 26.6 per cent would have had an “adverse impact on its finances” (The Daily Monitor, 25<sup>th</sup> December 2012). The Ad hoc Committee of Parliament on Energy in an October 2012 report claimed that Umeme lacked the commitment to lowering distribution losses significantly because it is compensated through the loss-allowance when computing the tariffs (ibid, 2012). However, the capital accumulation by Umeme had full support from the World Bank (see Gore, 2002; Sikka, 2008).

Further, it has been noted that international aid agencies, such the World Bank, extend loans directly to transnational corporations to support their private capital accumulation. For instance, on July 13, 2009—IFC<sup>11</sup>, a member of the World Bank Group, announced that it was to provide a \$25 million loan to Umeme to help the Ugandan electricity distribution company improve the quality of its service and connect up to 20,000 new customers annually in a country where many people still lack electricity (<http://ifcext.ifc.org/IFCExt/pressroom>: accessed on 21 May 2015).

IFC’s loan was to contribute to Umeme’s \$50 million investment program for 2009 and 2010. As part of the program, Umeme was to upgrade its existing equipment and provide new electricity connections. The company currently supplies power to over 300,000 customers (ibid, 21<sup>st</sup> May 2015).

Other than providing financing in forms of loans, it was revealed that some international aid agencies, through their associates own stakes in transnational corporations. For instance, on Tuesday, 6<sup>th</sup> November, 2011, the International Finance Corporation (IFC) confirmed its participation in Umeme’s share sale, a day before close of the Ugandan power distributor’s initial public offering ([www.businessdailyafrica.com](http://www.businessdailyafrica.com): accessed on 21<sup>st</sup> May 2015).

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<sup>11</sup> IFC, is a member of the World Bank Group, creates opportunity for people to escape poverty and improve their lives. We foster sustainable economic growth in developing countries by supporting private sector development, mobilizing private capital, and providing advisory and risk mitigation services to businesses and governments. In related development, in December 2001 the World Bank’s IFC provided US\$ 115 million to AES corporation, the largest independent power producer in the world, for the construction of the Bujagali dam in Uganda (World Bank, 2001).



## **Nigeria**

In this study, Nigeria had the highest number of successor companies that took over assets and liabilities from NEPA. These were 11 distribution companies, 6 generation companies and 1 state-owned transmission company.

This section presents some evidence of the insider connections between transnational power companies in Nigeria and international aid agencies.

For instance, Taleveras won the bid to acquire Afam Power Plc with an offer of US \$ 260.05 million (PHCN, 2013). Taleveras consortium is made up of Alstom Nigeria Limited, an indigenous company involved in the supply, operation and maintenance of power turbines; Alstom Group, a French company involved in power generation and transport; and Taleveras Petroleum Trading BV, a British West Indian company involved in physical trading of crude oil and refined petroleum products. The Rivers State Government also has a stake in the consortium.

In another development, the Integrated Energy Distributing and Marketing Ltd. consortium acquired the two distribution companies (Ibadan and Yola Distribution Companies). The consortium is chaired by a former Head of State, Gen. Abdulsalami Abubakar. It is also owned by Mr. Tunji Ayeni and Dr Shola Ayandele. Ayeni is the Chairman of Skye Bank, plc. Skye Bank is a leading financial institution in Nigeria, ranked among the top 10 banks. The consortium paid US \$ 126.75 million for Ibadan and \$ 44.25 million for Yola (PHCN, 2013).

The Integrated Energy entered into a technical partnership with the Manila Electric Company (MERALCO), the Philippines largest distributor of electric power to manage its technical facilities.

Meanwhile, Transcorp/Woodrock consortium acquired the Ughelli Power Plant through a debt financing facility arranged by African Finance Corporation (AFC), United Bank for Africa Plc (UBA), First City Monument Bank (FCMB) and Fidelity Bank. Transcorp Ughelli Power Limited (TUPL) is a subsidiary of Transnational Corporation of Nigeria Plc

(Transcorp). The company is a leader in the Nigerian power space and drives Transcorp's strategic interests in the Power sector. On September 25, 2012, TUPL won the bid for the acquisition of Ughelli Power Plc, one of the six power generation companies of the Power Holding Company of Nigeria (PHCN) privatised by the Federal Government of Nigeria. On August 21, 2013, TUPL made full payment of US\$300 million to the Bureau of Public Enterprises (BPE), representing 100 per cent of TUPL's bid price for the plant (Nigeria, 2013).

### **Discussion of Findings**

This study set out to probe the roles of supranational institutions in creating the necessary connections and negotiations to promote global electric capitalism in the selected Arab States and Sub-Saharan African countries. Secondly, it sought to examine the responses of national governments of the selected Arab States and Sub-Saharan African countries in the privatisation processes of electricity sectors. Lastly, it investigates the transnational electricity companies and their connections with supranational institutions and globally-oriented elites in the promotion of global electric capitalism in the selected Arab States and Sub-Saharan African countries.

The findings from this study have indicates that supranational agencies, such as the World Bank, DfID, JICA, IFC, and others have used their lending criteria to prescribe electric sector reform processes intended to introduce private sector participation in vital sectors of developing countries (Chitto, et al, 2009; Larbi, 1999; Haque, 2002). For example, the World Bank has been instrumental in shaping the power reform processes in developing countries that included the privatisation of power sectors (World Bank, 1981, 1993, 1988, 1991, 2000; ECA, 2003; Jamasb, et al, 2014) using development assistance. This development assistance was mainly to prepare these countries, especially the developing countries, to open up their power sectors to private sector participation, in which they showed direct and indirect interests (Robinson, 2007; 2012; Williams and Ghanadan, 2006). For instance, the development assistance to the Jordanian government in 1993 under the Energy Sector Adjustment Loan, was intended to restructure the power sector in Jordan by improving the institutional and legislative

frameworks to allow private sector investments and participation in the power generation and distribution (World Bank, 1993; Robinson, 2007; 2012; Williams and Ghanadan, 2006).

For the case of Uganda, the World Bank in 2000 provided a development assistance to Uganda under the Fourth Power Project (Privatisation and Utility Sector Reform Project) (World Bank, 2000). The purpose of the development assistance was, among others, to enhance private sector participation in infrastructure and an improved regulatory framework, as a spring board to entrench global electric capitalism (Robinson, 2007; 2012; Williams and Ghanadan, 2006). What emerged out this assistance was the unbundling of the former Uganda Electricity Board (UEB) into separate successor companies, which were later on acquired by private companies that had linkages with supranational agencies (Williams and Ghanadan, 2006; Robinson, 2012).

Similarly, in 2001, the World Bank provided development assistance to the Federal Republic of Nigeria, which was meant, among others, to create an enabling environment for private sector participation and competition (World Bank, 2001). This assistance was directed towards hiring consultants to help in the implementation of the power sector reforms (ECA, 2003; Chitto, et al, 2009). Furthermore, the World Bank development assistance was critical in the setting up of the Bureau of Public Enterprises in Nigeria (BPE). BPE also played a key role in strengthening the government institutions charged with the privatisation process (Haque, 2002; Jamasb, et al, 2014). This was achieved through technical advisory support from international advisory and experts, who invariably acted as associates of the supranational agencies and the transnational corporations which acquired the privatised power companies (Robinson, 2012; House of Commons – International Development, 2010).

In a related development, DfID, a UK's international development aid agency, was also instrumental in supporting the energy privatisation process in Nigeria (Global Justice Now, 2005). For instance, DfID funded the Nigeria Infrastructure Advisory Facility (NIAF), which ensured that legal agreements were complemented with strong political will and sound technical assistance in preparation for transnational corporations, helped

by their globally-oriented national elites, participated in the Nigeria's power sector reforms (Robinson, 2012; House of Commons- International Development, 2010).

For the case of Kuwait, the World Bank was not directly involved in the privatisation process of the power sector. However, the Japanese Bank for International Co-operation was directly involved in supporting the first PPP project (Az Zour North Independent Water and Power Project).

The role of international advisors/technical experts, which were supported by supranational agencies, have been crucial in the power sector reforms, especially in developing countries (House of Commons – International Development, 2010, JICA, 2014). For instance, in Jordan, international technical experts were deployed by JICA to enhance the capacity of the electricity sector, in a way to support or create an optimistic environment for the private sector (JICA, 2014; House of Commons – International Development, 2010). In addition, in the case of Uganda, Mr Mare, who was an employee of Eskom at the same time seconded to be the Managing Director of Uganda Electricity Board (UEB) just before its privatisation, was instrumental in manipulating data that was used as the basis for negotiating for distribution concession for Umeme Ltd, for which he became the first Managing Director (Bakre, 2006; Sikka, 2008).

Further, the World Bank underscored the role of international experts as “change agents” in the institutionalisation of “best practices” in the power sectors in developing countries (House of Commons – International Development, 2010). For instance, in the case of Uganda, the World Bank sought services of qualified and specialised international experts to advise the government of Uganda on the necessary power sector reforms to attract private sector participation in furtherance of global electric capitalism (Robinson, 2012; Bakre, 2006). The experts mainly targeted the reforms in the legal and regulatory frameworks, preparation of bid documents and negotiations with winning bidders (World Bank, 2000), which in a way was instrumental in entrenching global electric capitalism in developing countries, especially in the Gulf Arab countries and Sub-Saharan African countries (Williams and Ghanadan, 2006).

Although, supranational aid agencies, such the World Bank and DfID would claim that the international experts on the power sectors provided independent advice to national governments and transnational companies on the “best practices” of privatisation of power sectors, it could not overrule the fact that they had influences on the choices of the “participants” from the private sectors that acquired electricity concessions or privatised electricity companies (Robinson, 2007; 2012; Jamasb, et al, 2014; Karliner, 1997; Sikka, 2008; Bakre, 2006). For example, it was noted from this study that the World Bank associates in form of international experts on power sectors in Uganda had an upper hand in negotiating a “skewed” power deal in which Umeme Ltd (a private power distributing company with direct links with DfID) was selected as a winning bidder for the 20-year power distribution concession from the Uganda Electricity Distribution Company Ltd) (Robinson, 2007; 2012; Bakre, 2006; Karliner, 1997).

Similarly, international experts from the Adam Smith International of the UK, who were funded by the DfID, were influential in determining the destiny of the power sector reforms in Nigeria (House of Commons – International Development, 2010). These experts play a central role in advising the government of Nigeria on the “best practices” of the power sector reform process, mainly specifying the need for private sector participation, subscribing to the thinking of most international aid agencies (Robinson, 2007; 2012; Jamasb, et al, 2014; Karliner, 1997).

The coercive development assistance from supranational agencies, coupled with the influential roles of international experts, significantly shaped how nation-states responded to both internal and external pressures to the reforms in the power sectors of developing countries (Haque, 2002; Karliner, 1997; Stiglitz, 2006; Williams and Ghanadan, 2006).

In all cases of this study, it was observed that one of the most significant responses to the pressure to reform the power sectors was in changing the legal and regulatory frameworks (Zhang et al, 2006). This was done with full support from supranational aid agencies and their associates (Haque, 2002; Karliner, 1997; Stiglitz, 2006; Williams and Ghanadan, 2006). Prior to the power sector reforms, most developing countries, had

vertically integrated state-owned power utilities (ECA, 2003; Haque, 2002). With the pressure to introduce private sector participation in the power sectors, it was deemed necessary to change the legal and regulatory regimes to support the reforms (Zhang et al, 2006; Larbi, 1999), and in real terms to create an enabling legal environment in which global electric capitalism could not be challenged (Robinson, 2012). For instance, a number of legislations were enacted to repeal the earlier ones that had restricted private sector entry in power sectors (see Kuwait, 2008; 2010, 2014; Jordan, 1996, 2002; Uganda, 1993, 1999, 2000; Nigeria, 2005)

The international experts were influential in advising in the enactment of the enabling legislations that supported the privatisation of power sectors in developing countries (Williams and Ghanadan, 2006; JICA, 2014; ECA, 2003). In the cases of Jordan, Uganda and Nigeria, the new legislations enabled the unbundling of the formerly vertically integrated state-owned power utilities into successor companies, as a precursor for privatisation of the generation and distribution functions of the sectors, which invariably, seemed to be attractive to the private sector (ECA, 2003; Robinson, 2012). However, for the case of Kuwait, the management and control of the power sector remained with the State under the Ministry of Energy and Water, although the Independent Water and Power Projects (IWPP), which were established under the PPP Laws were run by the private sector (Kuwait, 2010).

This study has also revealed that some transnational corporations that acquired either concessions or directly acquired privatised electricity companies had capitalist relations with supranational aid agencies that funded the power sector reforms (Robinson, 2007, 2012; Stiglitz, 2006; Gore, 2000; Karliner, 1997) and or their globally-oriented local elites (Robinson, 2012; Sikka, 2008; Beder, 2005). For the case of Uganda, it was revealed that Umeme Ltd (a private power distribution company was linked to the DfID's UK supranational aid agency (House of Commons – International Development, 2010), through its commercial wing the Commonwealth Development Co-operation (CDC) and Globeleq (now known as ACTIS Infrastructure). The DfID had been a powerful international aid agency in Africa and Arab States for some time, especially in the sector of governance (DfID-Uganda, 2014; DfID-Nigeria, 2004; DfID-MENA, 2015).

Similarly, it was revealed that supranational aid agencies had been directly involved in funding transnational power corporations that had acquired privatised companies in the developing countries (Williams and Ghanadan, 2006; Sikka, 2008). For instance, it was revealed by the Committee on the Interim Review of Electricity Tariff in Uganda that, with the help of ACTIS, Umeme Ltd had secured a loan from the International Finance Corporation (IFC) of the World Bank to enable it support its activities of enhancing their capital accumulation intentions in Uganda (Robinson, 2012). Furthermore, in order to demonstrate their interests in global electric capitalism, IFC participated in buying shares from Umeme Ltd when the latter put up its IPO (Haque, 2002; Sikka, 2008).

In addition, the World Bank had helped the government of Uganda to negotiate the power deal with Globeleq (see, Saleh Report, 2009; Stiglitz, 2006). The World Bank acknowledged that at the time of negotiations, the Uganda government lacked expertise to negotiate a “good” deal. Instead, the World Bank provided its “best” negotiators to conclude the deal with Globeleq, which culminated in Umeme Ltd being awarded a 20-year power distribution concession in Uganda (ibid, 2009). According to the evidence, the deal was skewed in favour of Globeleq in that they overstated the power losses from 28% to 40% in order to ensure that Umeme would secure higher rebates from the government of Uganda (ibid, 2009; Sikka, 2008; Bakre, 2006). However, when the Electricity Regulatory Authority proposed to Umeme to reduce the power losses to 26.6% by 2012, Umeme protested to their “godfather” the World Bank for intervention (Haque, 2002; Gore, 2000; Karliner, 1997).

On the other hand, the Nigeria’s power sector restructuring posited the highest number of successor companies to PHCN (18 in total). Unlike the cases of Uganda and Jordan, the acquisitions of the successor companies were done with full participation of globally-oriented and influential local elites, who had various international connections and associates (Sikka, 2008; Robinson, 2007, 2012; Stiglitz, 2006; Karliner, 1997; Beder, 2005). For instance, Taleveras consortium acquired the Afam Power Plc. The consortium had an indigenous local firm (Alstom Nigeria Ltd), which was a subsidiary of Alstom Group, a French company involved in power generation (Robinson, 2012).

Similarly, the Integrated Energy Distributing and Marketing Ltd consortium was chaired by a former Head of State of Nigeria, Gen Abdulsalami Abubakar. The Integrated Energy consortium created connections with Manila Electric Company (MERALCO), a Philippine largest distributor of electric power so as to join them in the global electric capitalism in Nigeria (Robinson, 2007, 2012; Stiglitz, 2006; Karliner, 1997; Sikka, 2008).

Likewise, the Transcorp/Woodrock Consortium which acquired the Ughelli Power Plant in Nigeria was financed by the Africa Finance Corporation (AFC), among other equity providers. This meant that the AFC had vested interests in partaking in the global electricity accumulation, through the dividends they expected (Robinson, 2007, 2012; Stiglitz, 2006; Sikka, 2008).

What is interesting in this study is that all electricity transmission companies in Jordan, Uganda and Nigeria remained under the control of their nation-states. This could be construed to mean that no private sector wanted to participate in the acquisition of power transmission companies, and that their acquisition would not easily enable the capital accumulation due to the expense and capital outlay involved in transmitting electricity (Robinson, 2012; Karliner, 1997; Sikka, 2008).

In conclusion, this study has revealed that supranational aid agencies, such as the World Bank, DfID, IMF, JICA and others directly and indirectly through their associates (international experts and advisors), supported transnational corporations to gain access to the privatised electric power sectors in developing countries. This was made possible after the supranational aid agencies coerced, through their conditionality for development assistance, nation-states, especially those regarded as “poor nations” to open up their electric power sectors to transnational corporations in which they had vested interests. Similarly, it was also revealed that globally-oriented local elites played a significant role in connecting their nation-states to the transnational corporations based on their earlier created linkages. In sum, supranational aid agencies, together with their associates, under the guise of expert advisors, and globally-connected local elites, were instrumental in the spread of global electric capitalism under the pretext of electric power reforms in developing countries.



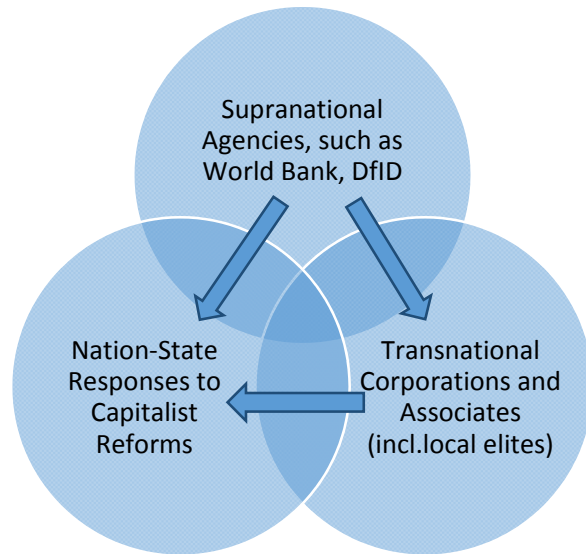


Fig 2: Interconnection between various actors in global electric capitalism

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