

# Caught Between Theory and Practice: Government, Market and Regulatory Failures in Electricity Sector Reforms

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**Abstract:** The world-wide electricity sector reforms of the early 1990s have revealed the complexities of introducing market driven reforms and making them work in network and infrastructure industries. This paper reflects on the experience to date with the process and outcomes of market-based electricity reforms in less-developed, transition and developed economies. Evidence suggests similar problems facing the electricity sector of these countries though the contexts vary significantly. Many developing and developed economies continue to have investment inadequacy concerns and the need to balance economic efficiency, sustainability and social equity after more than two decades of experience with reforms. We also use case studies of three selected countries that in many respects represent the current state of the reform though they are rarely examined. Nepal, Belarus and Ireland are chosen as country-specific case studies for this purpose. We conclude that the changing dynamics of the electricity supply industry (ESI) and policy objectives imply that reforms evolve continuously and thus remain work in progress making their success or failure a complex function of micro, macro, and institutional factors.

**Keywords** liberalisation, politics, market, reforms

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