

Sector Reforms and Institutional Corruption: Evidence from Electricity Industry in Sub- Saharan Africa

EPRG Working Paper 1801

Cambridge Working Paper in Economics 1801

**Mahmud I. Imam, Tooraj Jamasb, and Manuel
Llorca**

We analyse the impact of corruption and two key aspects of electricity sector reforms, such as the creation of independent regulatory agencies and private sector participation, on several performance indicators in Sub-Saharan Africa. We find that corruption reduces technical efficiency of the sector and constrains the efforts to increase access to electricity and national income. However, some negative effects are offset where independent regulators are established and privatisation is implemented. Our findings suggest that well-designed reforms not only boost economic performance of the sector, but also reduce the negative effects of macro-level institutional deficiencies, such as corruption, on performance indicators.

Keywords electricity sector reform; corruption; Sub-Saharan Africa; panel data; dynamic GMM.

JEL Classification Q48, D02, K23, D73

Contact mahmud.i.imam@durham.ac.uk
Publication January 2018, updated May 2018