



Political Economy of Reform and Regulation in the Electricity Sector of Sub-Saharan Africa

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Mahmud I. Imam, Tooraj Jamasb, Manuel Llorca

Abstract As part of their electricity sector reforms, Sub-Saharan African countries have established independent regulatory agencies to signal legal and political commitment to end self-regulation and provision of service by the state. The reforms aimed to encourage private investments, improve efficiency, and extend the service to the millions who lacked access to it. However, after nearly two and half decades of reforms, these expectations have not been met and the electricity sectors of these countries remain undeveloped. There are anecdotes that these outcomes are due to poor design, non-credible, unpredictable regulations, and political interference. This paper investigates the performance of the reforms in the context of government political ideology. We use a dynamic panel estimator and data from 45 countries from 2000 to 2015 to analyse the role of ideological differences in the effect of independent sector regulation on access to electricity and installed capacity. We find negative impact from independent regulatory agencies on installed capacity in countries with left-wing governments, while in countries with right-wing governments we find positive effects on capacity. Also, we find negative impact on access in countries with left-wing governments, while we find no significant impact for countries with right-wing governments. The results have interesting policy implications for private sector participation, increased generation capacity and access rates especially in countries with left-wing governments.

Keywords Independent regulation; electricity sector reform; government ideology; dynamic GMM; Sub-Saharan Africa.

JEL Classification D73, Q48, L51, L94, O55, P16

Contact Corresponding author: Economics Department, Nigerian Defence Academy Kaduna, Nigeria.
Tel. +234 8060874471. Email: kachalla2021@gmail.com.

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