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Privatization of Electricity Service Delivery in Developing Nations: Issues and Challenges

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ABSTRACT

The provision of public utilities and infrastructures particularly electricity by the public sector (Government) especially in the Developing Nations has been heavily criticized. This has been attributed to many reasons including poor electricity supply, poor distribution of service delivery of electricity due to the absence of spatial planning, insufficient government investment into the power industry, ineptitude operation on the part of the technicians, poor administration and managerial control. However, efforts to move away from government ownership, control or participation in this sector of economy towards free enterprise and increased inclusive private sector participation known as privatization, has been adopted as one of the solutions. This paper presents a critical review of privatization practices of alternative Service Delivery approach of selected Asian and African nations. The paper would elicit the common variants of privatization models adopted by these nations and the different implementation strategies which resulted in divergence in effectiveness and efficiency in the service delivery of electricity. The selected Asian countries are; Malaysia, India, and China, while the selected African nations are Nigeria, Cameroun and South Africa. The paper will draw from the literatures the various approaches, concepts adopted, practices, issues and challenges faced by these countries.

1. Introduction

Developing countries adopt privatization due to different needs. While for some countries it was due to financial crises, budget deficits, poor investment in infrastructure and inability of the government to manage the state owned enterprises; for others it was based on need to expand and extend quality services to their growing populace through divestiture, public private partnership, outsourcing and granting of franchise to the private investors (Ghosh, 2001).

Nightingale & Pindus (1997) suggest that, there is no particular meaning of privatization because it has a wide range of coverage in models and methods. Definitively, privatization is the contract with the private sector engaging them in the production and provision of the good and services that were hitherto exclusively provided by the government. It can involve among others, these four dimensions as; trading-off of State owned enterprises to private body; saddling a private business man with the responsibility of providing a certain service; making the users of service publicly provided to pay for cost recovery; or provision of subsidized ticket for affordability of the low-income earners to cope with the privately provided good and services (Sepehr, 2013; England, 2011; Oyebanji, 2010; Robert Poole, 2008).

In the early 1980's Britain under Margret Thatcher's regime started the rise of state owned privatization. It was an attempt towards free market economy originated from the neo-classical and neo-liberal economists 'wealth of nations' by Adam Smith (1937) and Milton Friedman (1955). Resulting from this, both the advanced countries for example the USA, Canada, France, Italy, Spain, Western Europe and developing Asian and Sub-Sahara countries had followed suit, adopting the privatization approach for some of their public service delivery (Hussain, 2014; Sepehr, 2013; Flynn & Asquer, 2013; McKenzie & Mookherjee, 2013; Salimi et al, 2012; Gilroy, 2010; Kosar 2006; Rondinelli & Iacono, 1996).

Basically the forces that gave rise to privatization of public enterprise are drawn from two factors – the push and pull factors. The push factor can be said to be associated with the macroeconomic events occasioned by financial and fiscal crisis and inability to invest on infrastructure facility in most of the developing countries leading to deregulation policy. On the other hand, the pull factor can be said to be associated to situations and conditions such as - attempt to source revenue from sale of state assets to private investors, the lending conditions of the International Financial Institution, the aftermath experiences of the pioneers of privatization, as summarized in Table 1.

Generally, the advantages of privatization at micro level are among others; increase firm efficiency and productivity and acquire skill and expertise to curtail political interference. Whilst at the macro level it generates direct cash from the sale of unprofitable national assets, and the capitalization of local stock markets as new companies list (Flynn and Asquer, 2013; McKenzie and Mookherjee, 2013:2; Government of Guyana, 1994 in Sepehr; 2013; Rufin, 2000). However, while privatization thrive well in the western industrialized countries, it

Table 1 *The push and pull factors of power reforms*

Push factor	Pull factor
Macroeconomic events: 1970 oil crisis, Post-Soviet economy-wide market-based transition (1989), Asian Financial crisis (1997-1998), economy-wide liberalization and reform programs as initiated by the fiscal crisis	Capital raising options: privatization of state assets, green-field private investment.
Limited national fiscal ability: high public debt, utility borrowing as a major proportion of national debt.	Lending for institutional reform: macroeconomic stabilization lending conditional upon power sector restructuring, asset privatization (IMF), liberalization and reform for new power sector loans (World Bank in 1993).
OECD Deregulation: new energy multinationals created as a result of OECD energy sector deregulation, provided investment opportunities for Europe and USA	Spill-over effects from international experiences: learning from pioneering reforms of power sectors in Chile, England and Wales and Norway in the 1980s and early 1990s.
Investments constraints of the power sector: no ability to self-finance, system upgrading and modernization required high projected electricity demand	EU accession: opportunities to benefit from regional integration by reforming the power sector in accordance with the EU Directives

Source: Adapted from Nepal and Jamasb (2012a in Nepal & Jamasb, 2013)

acclaimed a widespread failure in many developing nations (Pavanelli, 2015).

This paper presents a critical review of privatization practices of alternative Service Delivery approach of selected Asian and African nations. The paper would also elicit the common variants of privatization models adopted by these nations and the different implementation strategies which resulted in divergence in effectiveness and efficiency in the service delivery of electricity.

2. Privatization of Power Sector Issues in Selected Asia and Africa Countries

The reasons for privatization approach in the power sector among the developing countries are based on certain differing issues. Some countries like India, China, Cameroon and Nigeria shared similar issues, while Malaysia and South Africa have issues that differ from the former. Privatization is an approach to liberalize and reform the state of the economy. Many countries like India, China, Cameroon and Nigeria have adopted privatization due to financial crisis, investment constraint, conditions imposed by the International Financial Organizations.

India, for example, has adopted the privatization approach since 1991 to address above mentioned issues. Despite the poor performance of public sector undertakings (PSUs), Kapur and Ramamurti (2002), have described the privatization process in India as slow. The connections between the managers and the politicians were seen as the inhibiting factors successful privatization (Makhija, 2006). Megginson and Netter (2001) in support of privatization highlight the many benefits of privatization, as against the loss-making PSUs, external debt crisis, and the support of the International Monetary Fund (IMF).

Compared to India, privatization in China was launched earlier in 1984. Prior to this, leasing and contracting system approach were use to improve the effectiveness of the SOEs (SOE stand for State Owned Enterprises). This was encouraged towards end of 1980, and a regulatory body was established in 1988 (Yao, 2004). The term Gaizhi meaning "changing system" a reflection of privatization begins to unfold. Among the activities privatized are - the primary sector, light industry and heavy manufacturing industry (Aizhu, 2015). Véronique Salze-Lozac'h, (2015) observed the possibility of China being the biggest power purchasing parity (PPP) by 2014.

Compared to India and China, the Nigeria power sector is in a worse situation. Poor performance; weak operating system; engagement of quack; inexperience and unqualified managing team; ill-conceived government policies; unfriendly investment atmosphere and inadequate funding of the government enterprises; form the bases for privatization in Nigeria (Oyetunji, 2013;Olatinwo, et al, 2013; Asika, 1999 in Udoka & Anyingang, 2012; Ajao et al. 2009).

The need for power reform in Cameroon was similar to the above, as it was occasioned by misappropriation and insufficient fund to run the power sector (Kamdem, 2008; Pineau, 2004). Policy options were discussed to increase public investment spending and efficiency, while preserving fiscal sustainability (IMF, 2014). Privatization of electricity was premised on inadequate supply of power in the face of development and economic expansion and the shortage of fund on the part of the government to offset the incurred debt and for expansion of the power sector. Societe Nationale d'Electricity (SONEL), the state power company responsible for the generation and distribution of power for the country, is always being affected by the seasonal fluctuation of water for hydro-generation (IFC Report, 2012). The International Financial Corporation (World Bank Group) was appointed by the government of Cameroon as lead advisor in the privatization process. The IFC play a dual role of preparation and execution of the transaction, whilst at the same time advising the government on the establishment of new electricity legal framework and setting up of regulatory agency. Through the transaction structured by the World Bank it is recorded that the post-tender results had a positive shift in the electricity generation record (IFC Report, 2012), but political interference, weak regulatory body, corruption (Atangana, 2012), distributive defect, unstable tariffs and impact on the people had been the contentious issues in the country (Pineau 2004). Attempt to improve energy in Cameroon led to the taken over of all assets of American Electricity Services by a British Company Eneo, as such, the

Cameroonian electricity company, AES Sonel, was officially renamed as Eneo Cameroun SA (Energy of Cameroon) on September 12, 2014, following the British private equity investment firm, Actis. (businesscameroon.com, 2014).

On the other hand, the reasons for power reforms in Malaysia differ from the forgoing issues. Tenaga Nasional Berhad (TNB) is the only body responsible for the control, generation, transmission, distribution and sale of electricity in the country. The Independent Power producers (IPPs) were only given the competitive bidding in the generation sector in 1993. The state of Sabah Electricity Private Limited came under TNB in 1998 (Zamin, ET. Al. 2013). The Malaysian Electricity Supply Industry (MESI) as sole regulatory body since the government has a larger share of 73% in the power reform (TNB website, 2013). The TNB was the transition name from National Electricity Board of the States of Malaya due to privatization in 1990 under the Electricity Supply Act. Privatization was due to increase in demand for electricity and shortage of fund unlike some other countries in the developing world being occasioned by inefficiency of their power suppliers.

In South Africa, although electricity operability follows the normal vertical integrated form of other countries like Brazil, Nigeria, and India, the provision of electricity is the prerogative of state (Hertzmark, 2012). The reason for power reform is somehow similar to Malaysia, The problem of electricity actually emanated from the provision of electricity at low price to both the industrial and household consumers, leading to the expansion of some of these heavy consumers of power. This coupled with the need to extend electricity to the people cut off by apartheid and the lack of corresponding investment in the sector cause extreme burden to the existing infrastructure. As demand increases and supply lagging behind, it culminated into a situation of power shortage (Hertzmark, 2012).

2. Models of power reform in the selected countries

There are various models of privatization such as -Natural Monopoly, where nobody has the choice of supplier as there is no competition in the generation, transmission and distribution, all are vertically integrated. The Single Buyer, who chooses from various generators (IPPs) and channeled through transmission, distribution and final sale to the customers. The Wholesale Competition where the distribution companies choose to buy directly from generator (IPPs) and channeled to the final customers, and they have access to transmission lines. Finally the Retail Competition where all the customers have choice of supplier with direct access to transmission and distribution lines (Eberhard, 2004). The most common model adopted by Malaysia, Cameroon and South Africa is the vertical integrated Natural Monopoly model while India, China and Nigeria adopted the wholesale competition model.

The wholesale model was adopted by India in 1999 for the states of Haryana, Uttar Pradesh and Andhra Pradesh, where the private investors are allowed to generate and distribute the electricity (Stamminger, 2009). Similarly, China adopted the wholesale model as it becomes liberalized in 1985 when local government and companies were encouraged to invest in the power sector (OECD/IEA, 2006). Wholesale competition model was also adopted in Nigeria by segregating of the power sector into subsectors and allowing the private investors to handle each of these subsectors, from the generation, transmission, to distribution/sale. The Privatization began in December 2010 and by 2013 the Federal Government handed over to private investors i.e. the 11distribution companies (Discos) and 5 generation companies (Gencos).

On the other hand, Malaysia adopted the vertically integrated model the TNB being the single buyer, having control from the generation, transmission, distribution/ sale to the end users. Franchises were given for the electricity suppliers as Independent Power producers (IPPs), it's a kind of partial privatization approach (TNB, 2013). Similarly, power reform in Cameroon were not segregated that is, both the generation, transmission, distribution and sale of the sector were taken as an entity. AES (AES stands for American Electricity Service) becomes the only company in charge of generation, transmission, distribution, and sale of electricity in Cameroon (IFC Report, 2012). It's a kind of natural monopoly and vertically integrated model. South Africa (SA) follows the normal vertical integrated model as Eskom, being the sole provider of electricity from generation, transmission, distribution and sales in the country and has taken this as their exclusive right to supply electricity to the people (Hertzmark, 2012). The government embarks on power reform due to, inefficiency in the distribution sub-sector, restructuring and enhancing maximum integration to the interest of shareholder, low price without corresponding investment, for the empowerment of the black economy and to care for low income and poor household (Pan-African Investment and Research Services, 2011; Jordaan, 2010).

2.1 Government's perspective of Electricity Privatization

The political disposition of the government of each country to electricity privatization is the same in India, China, Nigeria and Cameroon but somewhat differ Malaysia and South Africa who have similar perspective. In the case of India, the government's process for privatization was faulted by Srijan (2009), when he argued that the government is giving out on a franchise the prosperous revenue generating urban areas where there is high density of consumer and the electricity theft is insignificant, instead of the rural areas where there are low consumers, high electricity theft and line losses coupled with deteriorating power utility. This borders on partiality, the lack of transparency and sincerity on part of the government to actually put social welfare in the course of power reforms (Etieyibo, 2011; Srijan, 2009), In the case of Delhi it was corruption and government complicity with the distribution company Distcoms (Purkayastha, 2014).

In a similar dimension, the government imposition of excessive and irregular taxes on the private investors serves as the reason for excessive charges by the private investors in return (Garnaut et al. 2001), and some authors have recognized the absence of the rule of law as the major reason for economic failures in Russia (e.g., Shleifer 1997 in Yao, 2004). However, a good numbers of paradigm shifts are surfacing in China's power reforms (Aizhu, 2015;Jingsheng, 2015;Dupuy &Weston, 2015;RAP, 2013).

In Nigeria privatization of electricity was ill-conceived, as the fundamental issues and challenges bedeviling power supply were not addressed before jumpstarting into reforms, and that account for its colossal failure. While in the interest of the government to provide adequate supply of electricity through reforms, access to quality electricity by the poor majority would not be guaranteed because of the high tariffs (Amadi, 2012; Oyadiran & Akintola, 2013) and poor distributive facilities (Etieyibo, 2011; Batini, 2012).

In Cameroon the need for power reform was premised on misappropriation and insufficient fund to run the power sector. Prior to this, Sonel was already supplying electricity effectively and making profit (Kamdem, 2008; Pineau, 2004). Policy options are discussed to increase public investment spending and efficiency, while preserving fiscal

sustainability (IMF, 2014). Objectives of the Cameroonian government's privatization are highlighted as to: - source revenue from the private sector and gain from their expertise, enhance quality of service, step up effectiveness in the generation, transmission, distribution and sales of electricity for easy accessibility to its productivity in the nearest future, induce competitiveness in its supply, harness the nations water resources potentials and embark on public private partnership of the SONEL's business, (Pineau 2004). The International Financial Corporation (World Bank Group) was appointed by the government of Cameroon as lead advisor in the privatization process.

In contrast, Malaysian motivation to privatization of electricity historically dated back to 1991 with the introduction of Privatization Master Plan. It was a kind of pre-planned framework studded with policy framework for privatization, implementation procedures and setting of priorities between projects to be privatized. The types and modes of privatization adopted are; Government-identified and private initiated approaches (Zamin, et al. 2013). Electricity privatization in Malaysia has been backed up by strong political-will, clear operating procedure, transparent, non-discriminatory, accountability and auditable functions which is being supported by the government has being the secret behind the efficiency and effectiveness of the single buyer model. (Kasim, 2014; Zamin, et al. 2013).

Similarly, the government of South Africa embarks on power reform due to, inefficiency in the distribution sub-sector, restructuring and enhancing maximum integration to the interest of shareholder, low price without corresponding investment, for the empowerment of the black economy and to care for low income and poor household. (Pan-African Investment and Research Services, 2011; Jordaan, 2010).

2.2 Expectations of the franchisees and Regulatory Framework

The expectations from the private investors in the power reforms and operation of the regulatory institutions were other issues that differentiate the outcomes of electricity privatization in the selected countries. While the first four nations of India, China, Nigeria, and Cameroon shared the same experiences, Malaysia and South Africa related a different experience in this respect.

To start with the reason for licensed franchisees of the power sector was to introduce competition into the electricity and enhance effective service delivery. However, this process is not possible with electricity supply as the customers have no freedom of choice (Srijan, 2009). It was also noted that the franchised saddled with the village electricity service delivery were not bothered about the electricity theft, but would instead asked for their share of the action. The shortage of staff of the distribution company also account for no proper monitoring so power theft became rampant in those villages. The distribution companies are not straightforward in their contractual dealings, instead they are funneling money to their sister companies through their exorbitant charges, since they are not accountable because of the monopoly (Purkayastha, 2014). Due consideration of the return on equity which is to be decided by the CERC concerning the tariff did not materialized due to the poor performance of the power sector (Srijan, 2009). The regulatory body was tagged spineless as the electricity regulators having not been able to reform the ailing distribution networks. The regulatory bodies are not independent and actions are taken as dictated by the State governments. Tariffs are not regularized, it is advised that the politicians, regulators and citizens should take into cognizance the imperative of viable tariffs (Srijan, 2011).

In the case of China, given the investment model and the source of funding, it stands as a challenge to any expectation from the private investors. Funding of China power sector is mostly state responsibility rendering operation inefficient and eventually unsustainable. The practice of modern management and technology are slowed down and the reduction in the level of competition in emerging power market is due to lack of foreign investment (OECD/IEA, 2006). The regulatory body is weakened by political interference. There is no independent regulatory body as the State Power Corporation favors its own generators. (OECD/IEA, 2006).

In this respect, Nigeria is equally in a poor state, the new investors in the power sector, particularly the distribution companies, has yet to live up to their high reputation and competence as power supply in many homes in the country has continued to deteriorate without any sign of immediate improvement. The new investors are therefore expected to hit the ground first by concentrating on the total overhauling of the entire structure in the power sector so as to quickly restore the confidence of their esteemed customers who indeed are their partners in progress (Akabogu, 2014). The new National Electricity Regulatory Commission (NERC) has also been established. The establishment of this independent regulatory body is fundamental to the reform program and the objective of attracting private sector investment. But it has not lived to expectation. The need for an independent regulatory body in order to build investor confidence is recognized in the manner by which the members of the Commission are appointed and dismissed as well as the manner in which the Commission is to be funded under the provisions of the Bill.

Finally in Cameroon, the franchise of electricity sector do not follow the established structure of the sector with four sub-sectors (generation, transmission, distribution and retail sales), as stated in the country's electricity law of 1998. Each of these are supposed to be handled by different companies but was given to a single private investor. Accountability and transparency were not ensured giving their incoherent legal frameworks (Pineau, 2004). However, in the case of AES-Sonel its workforce of 4,000 were not affected except for the voluntary 360 workers that agreed on pre-retirement packages (Afrikeco 2002 in Pineau, 2004). The Electricity Sector Regulatory Agency (ARSEL), due to some inhibiting factors such as the privatization structure, electricity law, different decrees and counter decrees, was not effective as the regulatory body. The weak political independence and customer representation in the regulatory body, among others hampered their effective monitoring (IRIN News, 2015; Pineau, 2004).

Whilst in Malaysia, there is one major single buyer and activities that still being controlled by the state. MyPower Corporation a regulatory body was established in 2010 to ensure the delivery of the reform recommendations. In order to ensure transparency and supervisory tendencies, compliance with these rules- Non-discriminatory, Ring-fencing of Accounts, Cost Allocation, Limits on Sharing of Information, Ring-fencing of Operation; were rolled out by the regulatory body (Zamin, ET. Al. 2013).

Similarly in South Africa, both Eskom and the municipal authorities are the principal supplier of electricity among the consumers. While Eskom is supplying directly to the industrial heavy users (Eskom, 2012), the Municipals made almost 60% of their revenue from the distribution (Barnard, 2010). The municipal authorities, however, have been alleged with price manipulations as observed by Marais, (2013), but a kind of ring fenced interventions through the creation of Regional

Electrical Distributors REDs had been provided to checkmate this inflicting burden on the poor household (Herber, 2012; National Planning Commission, 2011;Steyn, 2003). There was creation of National Electrification Regulator (NER) for the protection of consumer's interest and promotion of Electricity Supply Industry (ESI) efficiency. Among its positive influences are "serving the poor" an accelerated national electrification program, a new electricity regulator, restructuring the electricity distributors, Eskom corporatization, a paradigm shift in energy and electricity policy (Eberhard, 2007).

2.3 Performance of power reform in Selected Countries

The overall assessment of power reforms in these countries was inconclusive. While in some countries the performance is a success, in others it has been a failure. For India the performance of the reform has been negative, given the subtle increase of tariffs, and poor financial health condition (Power Engineers, 2014). The ineffective service delivery has often led to the angry citizens taking to the streets in protest against terrible power situation. Some are keeping their businesses on with generator sets and inverter (Jayasekera, 2014; Purkayastha, 2014; Srijan, 2011).

Similarly, in China the outcome of electricity privatization were not uniform between the regions some are successful while others failed. The regional differences in economic development contribute to the effectiveness of the adoption of the same privatization approach. Such differences include difficulty in the implementation of a unified pricing system, economic gaps and provincial issues, imbalance economic growth and different demand of consumption of electricity impacted on the success of privatization.

In the same vein, the performance in Nigeria is also below expectation. The situation is no difference from before privatization. (IseOlorunkanmi, 2014; Okafor, 2014; Akinsulire, 2014; Onwe, 2014; Okekale; 2015) The power sector is described as one of the terrible sector in the world, as generation is far below demand, it has consequently been the inhibiting factor of economic development and national growth (Felix Ayanruoh, 2015)

Similar situation is observed in Cameroon, the performance of power reform have been inadequate as demand outgrow supply. Unstable tariffs, lack of social face value, transparency, and weak non-independent regulatory body, have also contributed to the situation. The foregoing are hinges on corruption in various shade which serve as major cause of power reform failure as it is commonly accepted that corruption is a bane of any development drive (Atangana, 2012)..

However in Malaysia, the performance of power reform is in different dimension. The reformed Single Buyer is reinforced with clear, transparent, and auditable functions and operating procedures which allows for a non-discriminatory level playing field for participants. It is also well complemented by the implementation of competitive bidding while the performance incentive scheme under IBR will ensure efficient operation of SB. In a vertically-integrated environment, these mechanisms encourage efficiency and competition in the generation sector as well as promote confidence in MESI via improved transparency" (Zamin et, al; 2 013).

Table 2 *Issues and Challenges of Privatization in Selected Asia Countries*

India	China	Malaysia	Nigeria	Cameroon	South Africa
• Shortage of equipment in the power sector, KPMG report, (2010). • Existing equipment in deplorable, ailing (Bräuninger, 2013; Batini, 2012; Srijan, 2009). • Regulatory bodies are not independent. • Pricing and tariffs need regularized to meet up with production cost especially in Delhi (Purkayastha, 2014; Srijan 20011). • Non transparency, corruption and absence of policy framework hampered power reform in India (Purkayastha, 2014; Jayasekera, 2014).	• The issues of responsibility gap among the stakeholders in system security. • Complexity in evaluation of grids' huge assets • Depreciation of greater part of the grids' transmission and distribution facility • Wasteful investment in the country's grids due to lack of sufficient research and evaluation • Non-accountability and effective supervision • Lack of financial independent and reform not fully market oriented. (Jingsheng, 2015).	• The issues on Malaysia was a precaution. • The Electricity Commission must be transparent as to the real causes of the outages • There must be no political interference in policy (Ahmad, 2014 Kaur, 2014) • Malaysian Electricity Supply Industry (MESI) has challenges of tightness in fuel supply, industry control and unsustainable tariff structure (Zamin, 2013)	• Poor investment on power sector system facilities for the past decades • Non-maintenance of existing ones leading to deterioration especially in the distribution sub-sector. • Privatization process was ill - conceived and was hurriedly done • Due diligence was not followed, other areas are • The challenge of initial take -off • Funding • Inadequate gas supply • Consumers • Fraudulent practices and unstable users tariffs • Reconciliation of assets and liabilities of PHCN • Workforce, etc. and the outcome of it has been widely criticized among the intellectuals, public officials, and other stakeholders (Oyelami, & Adewumi 2014; Olusuyi ET, Al 2014; Akhalumeh & Ohiokha, 2013; Franklin & Gabriel, 2014	• Poor investment in power sector, (IMF, 2014) • Inadequate power supply, shortage of fund. • Hydro-generation water seasonal fluctuation (IFC Report, 2012; IRIN News, 2015). • Political interference, • Weak regulatory body • Corruption (Atangana, 2012) • Distributive defect, and pricing, are contentious issues in the country leading to public protest at times (IRIN News, 2015; Pineau, 2004). • Non-transparency and due process of the privatization transactions, the stakeholders and intended private investors were in doubt as only one bidder eventually came up (World Bank/IFC Report, 2012; Pineau, 2004; Pineau 2002a) • Inadequate utilization of available resources (AfDB, 2015).	• Provision of electricity at low price to both the industrial and household consumers. These led to the expansion of some of these heavy consumers of power • The extension of electricity to the cut off people by the apartheid and lack of corresponding investment in the sector as demand increases culminate into the experience of power shortage experienced in SA (Hertzmark, 2012). • The challenge of no strong person behind the reform, instability of government has slow the process of power reform in spite of influences.

Table 3 *Power Related Issues in Selected Countries*

Power related Issues	Selected Asia Countries			Selected Africa Countries		
	India	China	Peninsular Malaysia	Cameroon	South Africa	Nigeria
Distribution reforms (Why?)	Inefficiency of SOE	Inefficiency of SOE	Meeting socio-economic demand	Inefficiency of SOE	Meeting socioeconomic demand	Inefficiency of SOE
Government's perspective	Lack of transparency	Lack of transparency	Transparency	Lack of transparency	Transparency	Lack of transparency
Franchisees Performance	Ineffective	Ineffective	Effective	Ineffective	Effective	Ineffective
Regulatory framework	Influenced	Influenced	Independent	Influenced	Independent	Influenced
Business mode	Unbundling	Unbundling	Single Buyer	PPP/vertically integrated	Vertically/ horizontal unbundling	Wholesale competition
Technical aspect	Deficient	Deficient	Efficient	Deficient	Efficient	Deficient

Table 4 *Five Key Principles Measuring Success or Failure of Power Reform*

Five Key Principles Measuring Success	Selected Asia Countries			Selected Africa Countries		
	India	China	Peninsular Malaysia	Cameroon	South Africa	Nigeria
Source of money	Weak	Weak	Strong	Weak	Strong	Weak
Commercial performance	Low	Relative	Good	Low	Good	Low
Customer service & financial health	Weak	Relative	Good	Weak	Good	Weak
Incremental change	Weak	High	High	Weak	Gradual	Weak
Management & accountability	Low	Relative	High	Low	High	Low

Source: Authors' assessment based on available data

Similar to the above the performance of the power sector in South Africa serves as source of economic benefits to the government. However, the need for more competitive environment and pricing system moderation to allow more involvement of private investors in the generation and distribution should be created. Regional distributive networks are needful to protect the interest of the poor household and also cater for the labor intensive industries.

3. Issues and Challenges of Privatization

The issues and challenges garnered from the forgoing discussions were premised on factors related to different types of political institutions and government perspectives prevailing in each country, the kind of regulatory framework established, the state of condition infrastructure facilities and the level of investment in the power sectors over the years. Tables 2 gives the summary of these issues and challenges.

4. Findings

The discourse of privatization of electricity in each country was based on selected power-related issues such as; Distribution reforms, Government's perspective, Expectations of the franchisees, Regulatory framework, Business model and Technical aspect as outlined by Chaudhary (2013). The measuring factors of success and failure of privatization were tabulated to highlight the similarities and differences of privatization practice between the countries. The tables 3, 4 and 5 show the power-related issues in the selected countries.

5. Conclusions

The paper has highlighted the issue privatization policy to electricity supply and the issues and challenges related to the practices of the approach from the operations of the selected countries. It is believed that privatization policy itself is neither good nor bad but depending on condition of the environment where it is been adopted, the political disposition, the government tenacity of purpose to rightly achieve its aims and objectives, and the implementation procedure are primary to the success or failure of the policy as seen explained in the paper. While power reform is a success in some developed countries, it is a failure in most of the developing countries. In the case of Malaysia the government is being precautious before adopting a full blown wholesale power reform. The power reform driving force and model of South Africa and Malaysia from the findings are identical and their performance similar as in table 4, 5, and 6. The motivation to privatize was base meeting up with their expansiveness in demand and economic growth and they actually made a concerted effort at mitigating their challenges. The reason for these disparities are not far-

Table 5 *The Challenges of Privatization*

Challenging Factors	Selected Asia Countries			Selected Africa Countries		
	India	China	Peninsular Malaysia	Cameroon	South Africa	Nigeria
Process	Slow & unstable	Slow & unstable	Stable	Poor	Stable	Poor
Level of Competition	Low	Low	State owned	Low	State owned	Low
Institution Precondition	Bad	Relatively bad	Fair	Bad	Fair	Bad
Investment need	High	High	yes	High	Yes	High
Effectiveness	No	No	Yes	No	Yes	No
Transparency	No	No	Yes	No	Yes	No
Regulatory framework	Weak	Weak	Strong	Weak	Strong	Weak
Operability	Weak	Weak	Good	Weak	Good	Weak
Social value	No	No	Yes	No	Yes	No

Source: Authors' analysis and assessment

fetched, just as the industrialized countries they were well prepared and articulately planned for it. Others like Nigeria, Cameroon, India and China, were either pressurized for their economic depression and chronic budget deficit, presumptuously not tidying up their domestic problematic fundamental issues, venture into reform and become ineffective. Political interference, non-transparency, corruption, among others are amongst causes for the poor performance of power reforms in some of the countries.

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