

THE STATE, PUBLIC PROCUREMENT REFORMS AND BUDGET IMPLEMENTATION IN THE POWER SECTOR IN NIGERIA, 1999-2012

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Abstract

This paper explored the interface of the character of state in Nigeria, the public procurement reforms and budget implementation in the power sector in the light of the acute electric power crisis experienced in the country from 1999 to 2012. In doing this, the paper relied substantially on documentary method of data collection, content analysis and core assumptions of the Marxist theory of the post-colonial state. Thus, the paper implicated primitive capital accumulation underlying capital budget implementation in the power sector in Nigeria as a defining element of the lacuna and contradictions in the procurement reforms and capital budget investments in the sector. The penchant in actualizing the avowed covert and overt interests by the custodians of the state in Nigeria explained the logic of the successive Federal Executives' interference in the procurement procedures of the power sector and poor developments and expansion in the electric power generation infrastructures in the country. As a means of entrenching efficiency in contract procurement and overall capital budget implementation in the power sector, the paper recommended policy effort aimed at the establishment of independent procurement institution with the mandate to regulate the procurement activities in all sectors of the economy in line with the Nigeria's Public Procurement Act.

Keywords: State, Procurement Reforms, Budget, Budget Implementation, Power Sector

Introduction

Public procurement is at the heart of budget implementation. Budget is a statement of income and expenditure and an indication of the government's expenditure priorities in a fiscal year. Budget implementation establishes a link between budget appropriations, the release and spending of the appropriations and expected outputs in the priority areas. As an important stage in budget implementation, public procurement is a procedure that ensures that goods, services or works as captured in the national budget are secured at the best possible cost to meet the needs of the procuring entity in terms of quality, quantity, time and location. The underlying principle of public procurement is that a competitive process must be instituted by the procuring entity to ensure that the function is discharged honestly, fairly and in such a manner that ensures the efficient utilization of public resources and value for money (Ezekwesili, 2005).

Contrarily, budget implementation and public procurement have remained channels for cementing the Nigeria's distributive slant and patronage system through surreptitious handing out of government contracts to political followership, as the experience in the power sector of the economy has aptly and overtly demonstrated. In fact, from 1960, through the years of launching of the various ambitious national development plans, and the period of expedient use of contract awards for execution of national projects, to the return of democratic governance in 1999, budget implementation and public procurement in Nigeria were inextricably dogged in inefficiency and political chicanery; with 60 kobo lost to corrupt practices out of every ₦1 spent by the successive governments (Onyema, 2013).

In a swift response to this apparent rift associated with public procurement and expenditure management and to redress their grave implications on the provision of basic infrastructures in Nigeria, the Federal Government under President Obasanjo initiated several reform measures. Essentially, the reform measures

were aimed at restructuring the patterns of public expenditure management in order to ensure prudent fiscal management in all sectors (including power sector) in Nigeria. Hence, the World Bank was licensed in 2000 by the Obasanjo civilian Administration to study the Financial Systems (FSs) and general procurement-related activities in the country. The essence was to assist the government with a process of enthroning efficiency, accountability, integrity and transparency in government procurements and Financial Management Systems (FMSs) (Ekpenkhio, 2003). Based on this, the Country Procurement Assessment Report (CPAR) and Procurement Reforms (PRs) were produced and instituted in Nigeria. The high points of the reforms were the enactment of 2007 Public Procurement Act (PPA). Clearly, the objectives of the PPA include:

...to promote accountability, transparency, value for money, standards and practices, competition and professionalism in the Nigerian public procurement process and practice; the aim of which is to ensure the efficient delivery of public infrastructure and services in a way that offers value for money (Ayo, 2010:11)

Encapsulated in the PPA is the Budget Monitoring and Price Intelligent Unit (BMPIU), established to ensure oversight functions of monitoring procurements and implementation and tracking of projects across the country. The BMPIU was also established to play a vanguard role in ensuring fiscal transparency, strict compliance with Federal Government (FG) guidelines on Due Process Certification (DPC) as it concerned budgeting for and procurement of facilities, services and contracts at appropriate costs. In more specific terms, the overall mission of the Budget Monitoring and Price Intelligence Unit (BMPIU) is:

To use Due Process (DP) mechanism to establish transparent, competitive and fair procurement system, which is integrity driven, encourages spending within budget and ensures speedy delivery of projects, while achieving value for money without sacrificing quality and standards for the Federal government of Nigeria (Ezekwesili, 2005).

In line with the procurement reforms, and to achieve the policy thrust and targets of increasing electric power generation capacity from 1,859.8MW in 1999 to 4,000MW in 2004, 10,000MW in 2007, and 15,000MW in 2010; transmission from 5,838 MVA to 9,340 MVA; and distribution from 8,425 MVA to 15,165 MVA in 2007 in Nigeria, several capital budgets (totaling about \$16 billion outside extra budgetary expenditures between 1999 and 2007) were appropriated and implemented in the country's power sector. The capital expenditures were meant to facilitate the building of new and overhauling of the old infrastructures along the value chain of power generation, transmission and distribution. These notwithstanding, most of the power projects, especially those under National Integrated Power Projects (NIPP), were not completed and those completed lacked the basic gas pipelines necessary to supply gas to fire the turbines; leading to only 40 percent of Nigerians having access to electric power supply in 2007 (*Newswatch*, June 1, 2009).

Though modest efforts were made towards reversing the power situation in Nigeria by Presidents Yar'Adua and Goodluck Jonathan, especially with increased capital investments in the rehabilitations of the existing domestic power plants and government approval for the building of a Super Grid of 765kv, with the overall capital expenditure standing at ₦2.8 trillion in 2012, power generation, transmission and distribution capacities of the existing domestic power plants remained very low. Besides, there was a wide disparity between the electric power demand and supply in the country; with over 80 million people not served with electricity. Per capita consumption of electricity was at mere 100kw/hr despite abundant energy potentials of Nigeria (*CBN Statistical Bulletin*, 2012). In the light of this, the paper is focused on the investigation of the state, public procurement reforms and budget implementation in the power sector in Nigeria, from 1999 to 2012.

Conceptual issues on the state

The state is central to public procurement reforms and budget implementation. This is because the twin public acts are undertaken within the context of the state. Therefore, the understanding of the meaning of the state, and perhaps its nature as proffered by scholars, is very essential in facilitating the understanding of the major contentions of the paper.

Because of its strategic importance, issues pertaining to the state as they affect the variations in meaning and purpose dominate political literature. For instance, Igwe (2007:416-417) sees the state as:

Creature of the basis, and most decisive element of the superstructure of society, with class and politics its major attributes, and government its primary agency...the most comprehensive political organization of society, a culmination of man's struggle in a settled life, embodying and expressing the common interests of the dominant class within the system, and of its derivative ruling class within the government, both of whom are able to attain and sustain such pre-eminence by various designs, including the ultimate application of authoritative force.

In the light of the above, Lin (1939:6) defines state as “a territorial human society which exercises, through a government, supreme coercive power over individuals and groups within it for the purpose of regulating and maintaining a general hierarchy of social values and institutions.” To Laski (1980:iii):

The state, it is argued, is, in fact, the supreme coercive power in any given political society; but it is, in fact, used to protect and promote in that society the interest of those who own its instruments of production. The state expresses a will to maintain a given system of class relations. It does so by the use of its supreme coercive power to that end

Likewise, Novak (1969:10) contends that:

The state is the product of irreconcilable class conflict within the social structure, which it seeks to regulate on behalf of the ruling class. Every state is the organ of a given system of production based upon a predominant form of property ownership, which invests that state with a specific class bias and content. Every state is the organized political expression, the instrument of the decisive class in the economy.

Other scholars that see the state as the expression of the interest of the dominant class include Alavi (1973), Ekekwe (1985), Ake (1985), Miliband (1969) and Ibeanu (1998).

Beyond its Western liberal connotations as a human creature necessitated by the imperativeness of orderly conducts and social existence in society, the state is seen in the paper as an outcome of class antagonisms and a clear representation of the common and primitive interests of the triumphant, dominant and decisive class. The state is thus, a territorial contraption expressing the interest and rule of the dominant class as legitimized by constitution, code of laws and existence of government.

Theoretical Framework

This paper derives its theoretical strength from the core assumptions of the classical Marxist theory of the Post-colonial state. We consider the theory most appropriate because of its analytical strength and utility in explaining and predicting the cause-effect of the class character of the pre-capitalist state and domination of one class by the other by the means of primitive capital accumulation through state machineries in alliance with the western capitals. More so, the theory provides more insight, and highly relevant in explaining the dynamics of theoretical postulations by the western liberal scholars that the state is not only class neutral and free from conflicts between classes, but exists to foster the overall interest of the members of society through equitable distribution of the commonwealth.

Contrarily, Marx and Engel (1971) believe that the state is totally immersed in constant class struggle within and between the various institutional groups that makes it a reality. For according to them:

The material basis of the state is relatively scarce. Relative scarcity is a condition in which the productivity of labor enables a group of people to produce a surplus, that is, an amount of goods—food, clothes, tools—that is more than enough to enable them to survive, yet not enough to allow everyone to live in true abundance. When productivity reaches such a point, society divides into classes: (a) the vast majority, who spend most of their time working, while receiving an amount of goods (or monetary equivalent) that barely enables them

to live; and (b) a tiny minority who exploit the majority—that is, appropriate surplus and live in luxury without performing productive labor. The division of society into classes in turn gives rise to state (Marx and Engel, 1971:20).

What the above implies according to Engels (1942: 283) is that:

As the state arose from the need to hold class antagonisms in check, but as it arose, at the same time, in the midst of these classes, it is, as a rule, the state of the most powerful, economically dominant class, which, through the medium of the state, becomes also the politically dominant class, and thus acquires new means of holding down and exploiting the oppressed class. Thus, the state of antiquity was above all the state of slave owners for the purpose of holding down the slaves, as the feudal state was the organ of the nobility for holding down the peasant serfs and bondsmen, and the modern representative state is an instrument of exploitation of wage labor by capital.

Expatriating further, Novak (1969) contends that the state is the product of irreconcilable class conflict within the social structure, which it seeks to regulate on behalf of the ruling class. Every state is the organ of a given system of production based upon a predominant form of property ownership, which invests that state with a specific class bias and content. Every state is the organized political expression, the instrument of the decisive class in the economy.

Other scholars such as Alavi (1973), Ekekwe (1985), Ake (1985), Miliband (1969) and Ibeanu (1998), among numerous others, have further developed and employed the classical Marxist theory of the post-colonial state in the analysis and understanding of the developmental peculiarities of the post-colonial states found mainly in the Third World countries, including Nigeria. The crux of their argument is that, as products of imperialism and subsequently colonialism, the inability of these colonized states after political independence to make a sharp break from colonial style of administration that was predicated on surplus extraction, left them with no other options than to be unmindful integrated into the developmental patterns and strategies akin to that of the colonialists. Hence, Ekekwe (1986) contends that the post-colonial state rests on the foundation of the colonial state whose major pre-occupation was to create conditions under which accumulation of capital by the foreign bourgeoisie in alliance with the ruling elite would take place through the exploitation of local human and other natural resources. He identifies the major difference between capital accumulation in advanced capitalist states and post-colonial states thus:

The difference between the two forms of capitalist state is that whereas the state in the advanced capitalist formations functions to maintain the economic and social relations under which bourgeois accumulation takes place, in the periphery of capitalism, factors which have to do with the level of development of the productive forces make the state, through its several institutions and apparatuses, a direct instrument for accumulation for the dominant class or its element (Ekekwe, 1986:12)

Along this line of contention, Alavi (1973) notes that the pattern of historical development of western societies and colonial societies are quite different. In western societies according to him, there was the creation of the nation states by the indigenous bourgeoisies in the wake of their ascendance to power, to provide a framework of law and various institutions, which are essential for the development of capitalist relations of production. However, in colonial societies, the process was significantly different. It was a situation of imposition of the western capitalist states on the colonial states with its attendant consequences. This apparent distortion and dislocation of the fundamental economic structure of the postcolonial states during colonial era were to impact negatively on the people concerned at the wake of political independence. In fact, one of the basic consequences of this, as Ake (1985) has noted, is that the post-colonial state has very limited autonomy. This means that the state is institutionally constituted in such a way that it enjoys limited independence from the social classes, particularly the hegemonic social class, and so, is immersed in the class struggles that go on in the society. The post-colonial state according to him is also constituted in such

a way that it reflects and mainly caters for a narrow range of interests; the interests of the rapacious political elite with subordinate relationship with foreign capital.

For Ibeanu (1998), the colonial state, due to the distinct colonial experience at the stage of extensive growth of capital in which they emerged, did not strive for legitimacy as the *raison d'être* for their constitution was “principally for conquering and holding down the peoples of the colonies, seen not as equal commodity bearers in integrated national markets, but as occasional petty commodity producers...” (Ibeanu, 1998:9). As a result of this, he observes that:

There was no effort made to evolve, routinize and institutionalize principles for the non-arbitrary use of the colonial state by the colonial political class. And when in the post-colonial era this state passed into the hands of a pseudo capitalist class fervently seeking to become economically dominant, it becomes, for the controllers, a powerful instrument for acquiring private wealth, a monstrous instrument in the hands of individuals and pristine ensembles for pursuing private welfare to the exclusion of others (Ibeanu, 1998: 9-10).

He maintains that the abiding assault on democracy in Nigeria should be located in the character of the Nigerian state as institutions that have continued to undermine democracy are genealogically inscribed in it. In fact, the seeming neutrality of the state in moderating the political struggle in post-colonial states is an illusion.

Miliband (1977) contends that a state, however independent it may have been politically from any given class, remains, and cannot in a class society but remain the protector of an economically and politically dominant class. The state according to him could not afford to be neutral since it has low economic base and the only leverage it has is to use the instrumentalities of the state for primitive accumulation

Marxist theory of the post-colonial state has provided us with insightful and broad theoretical bases for a deeper explanation and understanding of the crisis that dogged public procurement reforms and budget implementation in the power sector in Nigeria between 1999 and 2012. As a by-product of British colonialism that has helplessly preserved the highly disarticulated and docile socio-economic and political structures of its predecessors, the state in Nigeria combines the functions of serving as a major instrument of primitive capital accumulation through the state agencies and machineries (including the national budget) with that of being a direct instrument of class formation and domination.

These post-colonial characters of the state in Nigeria, which to a large extent defined the nature of the content and direction of Nigeria's economy, procurement reforms and budget implementation, were strikingly implicated in the Federal Executive interference and arm-twist of the procurement procedures of the power sector, which were noted to undermine timely completion of power generation projects in Nigeria within the period under study. The interference, which manifested in the approval of waiver and issuance of certificate of no objection to preferred contractors in the award of contracts for the construction of NIPP power stations; the sidestepping of Due Process (DP) in the award of contracts for the supply of turbines and spare parts; and award of contracts to unregistered contractors for the construction of hydro and thermal power generation projects was facilitated by the domiciliary of the Bureau for Public Procurement (BPP) and Budget Monitoring and Price Intelligence Unit (BMPIU) in the presidency.

As expected, the consequences of this malfeasance in the contract procurement procedures of the power sector were award of contracts to close allies of the members of the Federal Executive Council and delay in the repair and maintenance of the hydro and gas thermal stations and shortage in their installed and generating capacities. Besides, there were cost over-runs and outright abandonment of power generation projects such as Zungeru and Mambilla hydro power projects and cases of fraud and inefficiency in contract award for the supply of turbines and spare parts. As noted by the Elumelu Federal House Committee on Power Probe Report (2008):

Although the work of the committee is strictly that of fact-finding, a natural consequence of the finding of the committee is the inevitable indictment of individuals and companies for fraud, corruption, embezzlement of funds, inefficiency and waste in the management and

application of public funds. This has been clearly established by the committee. Some of the individuals and companies in the power sector between June 1999 and May 2007 qualify for much starker sanctions for economic and financial sabotage of the country (Elombah, 2009:2).

Specifically, the House Committee confirmed that the FG under President Obasanjo approved the sum of N2.544 trillion (\$16 billion) for the power sector between 1999 and 2007 with little or nothing to show for it. Also, a Presidential Review Panel on the National Integrated Power Project, NIPP, in a presentation to the National Economic Council (NEC) in 2009, revealed that as at 2007, the NIPP got N1.627 trillion, plus the N318 billion Federal Government's counterpart funding for the Mambilla Hydro Power project, and N222.6 billion (\$1.4 billion) for additional nine turbines. The panel however revealed that only N489.72 billion (\$3.08 billion) was funded and scrutinized with advance payment guarantees from first class Nigerian banks and Letters of Credits issued by the CBN (Abubakar, 2008). President Obasanjo, Senator Liyel Imoke (former Minister of Power and Steel), and Alhaji Abdulhamid Ahmed (former Minister of state for Energy) were identified by the Panel as brains behind the waiver of Due Process. It noted that although the justification for the waiver was to fast-track completion of the power projects, the waiver became the major plank that facilitated payments to contractors and consultants that failed to perform at the expense of the nation and power industry (Presidential Review Panel Report on the National Integrated Power Project, 2009).

Expectedly, the Obasanjo Administration's set target of adding at least 10, 000MW of electricity to the national grid in 2007 could not be realized; with the actual installed and generation capacities of 7011.6MW and 2623.1MW per hour respectively and only 40 percent of Nigerians having access to electric power supply in 2007 (Newswatch, 2009). Though President Yar'Adua in pursuit of his Seven-Point economic and political Agenda invested a total of N628.29 billion in the sector in 2009 fiscal year, the power crisis in Nigeria subsisted; with less than 50 per cent of Nigeria's population having access to the national grid due to inadequate power generation, transmission and distribution networks (Abubakar, 2008). The firm resolve of President Jonathan administration in full privatization of the power sector in 2012 was therefore seen as the best option. In the light of the foregoing, the Marxist theory of the post-colonial state is highly relevant in explaining the problems associated with procurement reforms and budget implementation in the power sector in Nigeria.

Nigeria's Power Sector in Perspective

The electricity undertaking in Nigeria was officially established under the jurisdiction of the colonial Public Works Department (PWD) in 1946 to take over the responsibility of electric supply in Nigeria that was hitherto under the Nigerian Electricity Supply Company (NESCO) established in 1929 (*Nigeria Power Review Report*, 1985). The passage of the Electricity Corporation Ordinance (15) in 1950 and subsequent establishment of the Electricity Corporation of Nigeria (ECN) in 1951 culminated in the establishment of other relevant bodies like the National Electric Power Authority (NEPA) in 1972 to oversee the construction and maintenance of electric power infrastructures along the three value chains of power generation, transmission and distribution in Nigeria (*Nigeria Power Review Report*, 1985). The Federal Ministry of Power (FMP) is empowered with various departments as the policy making arm of the Federal Government on matters dealing with the provision of electricity in the country. The Ministry is mandated to develop and facilitate the implementation of policies for the provision of adequate and reliable power supply. It has its mission in providing the nation with adequate and reliable power supply by implementing generation, transmission and distribution projects in the sector (*Annual Report of the Federal Ministry of Power*, 2011).

From mid-80 till 1999, the power sector in Nigeria was in a comatose; ostensibly defied all possible measures put in place for its fixation. As Nwoke and Omoweh (2006:12) had rightly observed:

Virtually, all the production units of electricity power generating, transmission and distribution stations, which were installed as turn-key projects and which were planned to rely wholly on imported spares, had broken down. Though Nigeria is endowed with natural gas, petroleum and coal, among other raw materials for the generation of electricity, the power stations still face acute shortage of these basic

inputs. The resultant effect is persistent power outage, which in turn, has crippled virtually all sectors of the country’s economy.

As a result of this inefficiency that characterized the Nigeria’s power sector, in terms of the gap between electric power demand and supply in the country, several reform measures were put in place in 1999. Generally, the reform agenda in the power sector were driven essentially by the need to remove legal, commercial and regulatory obstacles to private sector participation and investment in the sector. In addition, the reforms were geared towards increased access to electricity services; improved efficiency, affordability, reliability and quality of services, and increased private sector investments to stimulate economic growth (*Annual Report of the Federal Ministry of Power*, 2011). Furthermore, the reform programmes were aimed at opening up the electricity supply sector to massive injection of private sector funds by incentivizing the industry through a potpourri of initiatives, chiefly the privatization of the sector, enthronement of strong legal and regulatory regime and adoption of cost-reflective pricing (Nwadioko, 2012).

The reforms were prosecuted under the auspices of the National Council on Privatization (NCP); the Electric Power Reform Implementation Committee (EPIC); the draft National Electric Power Policy (NEPP); the Nigerian Electricity Regulatory Commission (NERC); the Electric Power Sector Reform (EPSR) Act, among others. Generally, efforts at mainstreaming the private sector in Nigeria’s drive for energy security, efficiency and sufficiency saw the advent of Emergency Power Producers (EPP), Independent Power Producers (IPPs), Private Power Producers (PPPs), Build Operate and Transfer (BOTs) initiatives, and National Integrated Power Project (NIPP) (Nwadioko, 2012). Tables 1 and 2 depict timeline of reform measures and reform institutions and roles in the power sector.

Table 1: Timeline of reform measures in the power sector in Nigeria, 2001-2008

| S/N | REFORM MEASURES | DATE |
|-----|--|----------------|
| 1 | The Electric Power Reform Implementation Committee (EPIC) was inaugurated by BPE resulting in Federal Executive Council (FEC) approving the NEPP, which recommended the following: establishment of a sector regulator; privatization of the electric power sector; and a market trading design and new rules, codes and processes | September 2001 |
| 2 | The passage of EPSR Act by the Federal Legislature. The Act outline the framework of the reforms as follows: unbundling the state owned power entity into generation, transmission and distribution; provide for the transfer of assets, liabilities and staff of NEPA to PHCN and then to successor generation, transmission and distribution companies; create a competitive market for electricity services in Nigeria; and set up an independent regulator | March 2005 |
| 3 | Transformation of NEPA into PHCN Plc as a holding company for the assets, liabilities, employees, rights and obligations of NEPA. The process of incorporation of PHCN was equally concluded. | March 5, 2005 |
| 4 | NCP by an Order published in a Federal Gazette gave July 1, 2005 as initial transfer date of assets, liabilities and staff of NEPA to PHCN. | April 2005 |
| 5 | Inauguration of NERC as the sector regulator | October 2005 |
| 6 | Incorporation of the 18 new successor companies comprising 6 generation companies, 1 transmission company and 11 distribution companies | November 2005 |
| 7 | Approval of Market Rules to guide the operations in the electricity industry by NERC | 2008 |
| 8 | Approval and establishment of Rural Electrification Policy developed by the BPE | 2006 |
| 9 | Transfer of assets, liabilities and staff of PHCN to the successor companies | July 1, 2006 |

Source: Onagoruwa, B. (2011). “Reforms of Power Sector Will Transform Lives of Nigerians.” Retrieved on 24th April 2013 from: www.thenigerianvoice.com

Table 2: Reform institutions and roles in the power sector, 1999-2012

| S/N | Institutions | Roles |
|-----|---|---|
| 1 | Market Operations | Oversee the market and commercial arrangement |
| 2 | System Operations | Oversee dispatch and grid control |
| 3 | Nigeria Electricity Liability Management Company | To manage legacy liabilities and stranded assets |
| 4 | Nigeria Electricity Bulk Trading Company | Manage existing PPAs and new procurement of power in the transition |
| 5 | Electricity Management Services Limited | Carry out consulting services such as logistics and meter testing |
| 6 | National Power Training Institute of Nigeria | Provide world class training to support the utilities manpower |
| 7 | National Electricity Regulatory Commission | Oversee regulation and market surveillance |
| 8 | National Council on Privatization and Bureau for Public Enterprises | Derive the reform and liberalization of the power sector |
| 9 | Rural Electrification Agency | Provide access to reliable and affordable electricity supply for the rural dwellers |

Source: Bureau of Public Enterprises (2012). *Annual Report*, Abuja: Bureau of Public Enterprises

The high point of the reforms was the unbundling of Power Holding Company of Nigeria into eight (18) successor companies, 6 Generation Companies (Gencos), a sole Transmission Company (Tansco), and 11 Distribution Companies (Discos). As part of reform measures, the 6 domestic electric power generation plants and 11 Distribution Companies (Discos) in Nigeria were fully incorporated as Public Liability Companies in 2006 (*Annual Report of the Federal Ministry of Power*, 2012). Tables 3 and 4 depict electric power generation and distribution companies in the power sector in Nigeria

Table 3: Domestic Power Generation Companies in the power sector in Nigeria, 2012

| S/N | Generation Company | Plant Type | Location | Installed Capacity (Mega Watts) | Year Built | Year Incorporated |
|-----|---------------------------------|------------|--------------|---------------------------------|------------|-------------------|
| 1 | Afam Power Plc | Thermal | Rivers state | 987.2 | 1962 | 2006 |
| 2 | Egbin Power Plc | Thermal | Ogun state | 1,320 | 1985 | 2006 |
| 3 | Kainji/Jebba Hydro Electric Plc | Hydro | Niger state | 1,330 | 1968/85 | 2006 |
| 4 | Sapele Power Plc | Thermal | Delta state | 1,020 | 1978 | 2006 |
| 5 | Shiroro Hydro Electric Plc | Hydro | Niger state | 600 | 1990 | 2006 |
| 6 | Ughelli Power Plc | Thermal | Delta state | 942 | 1966 | 2006 |

Source: Nigeria Electricity Regulatory Commission (2012). *Regulations for Independent Electricity Distribution Networks*. Abuja: Nigeria Electricity Regulatory Commission

Table 4.: Power Distribution Companies in Nigeria, 2012

| S/N | DISCOS | Percentage Load Allocation | Areas Covered (States) |
|-----|--|----------------------------|-----------------------------------|
| 1 | Abuja Electricity Distribution Company Plc | 11.5% | FCT, Niger, Kogi, Nassarawa |
| 2 | Benin Electricity Distribution Company Plc | 9% | Edo, Delta, Ondo, Ekiti |
| 3 | Eko Electricity Distribution Company Plc | 11% | Lagos South |
| 4 | Enugu Electricity Distribution Company Plc | 9% | Enugu, Imo, Anambra, Abia, Ebonyi |

| | | | |
|----|--|-------|---|
| 5 | Ibadan Electricity Distribution Company Plc | 13% | Oyo, Ogun, Osun, Kwara |
| 6 | Ikeja Electricity Distribution Company Plc | 15% | Lagos South |
| 7 | Jos Electricity Distribution Company Plc | 5.5% | Plateau, Benue, Bauchi, Gombe |
| 8 | Kaduna Electricity Distribution Company Plc | 8% | Kaduna, Zamfara, Sokoto, Kebbi |
| 9 | Kano Electricity Distribution Company Plc | 8% | Kano, Gigawa, Katsina |
| 10 | Port Harcourt Electricity Distribution Company Plc | 6.5% | Akwa-Ibom, Cross River, Rivers, Bayelsa |
| 11 | Yola Electricity Distribution Company Plc | 11.5% | Adamawa, Borno, Taraba, Yobe |

Source: Transmission Company of Nigeria (2012). *Monthly Energy Balance Sheet, October*. Abuja: Transmission Company of Nigeria

The Transmission Company of Nigeria (TCN) was incorporated in November 2005 under a structured management. The transmission system had the capacity to transmit about 6,662.3MW at 330kV and 8,238.2MW at 132kv as portrayed in the following transmission network data as of 31st October, 2012: 5,515.35km of 330 kV of transmission lines; 6,881.49km of 132kV of transmission lines; 33No. 330/132kV substations with total installed transformation capacity of 7,838MVA (equivalent to 6,662.3MW); 106No. 132/33/11kV Substations with total installed transformation capacity of 9,692MVA (equivalent to 8,238.2MW); the average available capacity on 330/132kV is 7,514MVA and 9,097MVA on 132/33kV which is 95.9% and 93.7% of installed capacity respectively; and average transmission loss is 8.5% (*Annual Report of the Federal Ministry of Power, 2012*).

Though from 1999 to 2012 many electric power transmission projects were executed to facilitate electric power transmission capacities in Nigeria, especially in the rural areas, it is however worthy of note that most of the projects remained largely uncompleted and in most cases abandoned (*Roadmap for Power Sector Reform, 2010*). Additionally, in July 12, 2010, the Presidential Task Force on Power (PTFP) was provided with a list of outstanding abandoned transmission projects under the management of PHCN and NIPP. The list consisted of 113 transmission projects in total. The total cost of the outstanding transmission projects was in the region of USD 1,914,258,956 million and the projects were overdue for completion by 6 years (*Roadmap for Power Sector Reform, 2010*). Thus, deriving from the experience in Rural Electrification Project of the Federal Government, Nnaji (2010:12) noted that:

..To critics who wonder if there is need for an agency like the Rural Electrification Agency (REA), it is appropriate to bring to their knowledge that there are about 2,000 communities in Nigeria without electricity. There were about 1097 REA projects at various stages of completion when the agency went into limbo in 2009 following a reported N5.2billion fraud. Besides, contractors executing REA projects are owed N3.4billion, with some of them now dead and others in penury; some have lost their properties used as collateral to obtain bank loans

Consequently, the Rural Electrification Project's mission in providing access to reliable and affordable electricity supply for the rural dwellers was stalled; with rural and urban poor depending wholly on fuel wood and self-electric power generation for domestic and economic activities. Besides, as of 2012, only 40% of Nigerian populace had access to electric power supply (*CBN Statistical Bulletin, Vol. 18, 2012*).

Nigeria's Public Procurement Reforms: An Overview

Ostensibly, the procurement reforms in Nigeria were necessitated by the events that trailed the government procurement businesses prior to the return of democratic governance in the country in 1999. In fact, based on wide spread corruption in Nigeria, lack of uniformity and effective regulation and coordination of public procurement, conducting government procurement business degenerated so much by the year 1999; with mismanagement of public funds and ineffective delivery of public services being highly entrenched in the country. As President Obasanjo (2004:12) had rightly observed:

... Until 1999, Nigeria had practically institutionalized corruption as the foundation of governance. Hence institutions of society easily decayed to unprecedented proportions as opportunities were privatized by the powerful. This process was accompanied, as to be expected, by the intimidation of the judiciary, the subversion of due process, the manipulation of existing laws and regulations, the suffocation of civil society, and the containment of democratic values and institutions. Power became nothing but a means of accumulation and subversion as productive initiatives were abandoned for purely administrative and transactional activities. The legitimacy and stability of the state became compromised as citizens began to devise extra-legal and informal ways of survival. All this made room for corruption.

This was due to the fact that no serious attention was paid to public service rules, financial regulations and ethics and norms because of selfish reasons (Oguonu, 2005). Table 5 shows manifestations and impact of public procurement practices in Nigeria prior to democratic inception in 1999.

Table 5: Manifestations and impact of public procurement practices in Nigeria prior to democratic inception in 1999

| Limitation | Manifestation | Impact |
|----------------------------|---|--|
| Limited Competition | <ul style="list-style-type: none"> • Secrecy in sharing procurement information with limited or no advertising • Lack of transparency • Limited and ineffective public bidding • Unclear evaluation and award criteria • Wrongful exclusion of qualified bidders • Political interference and control in contract awards was predominant. • Selective Tendering, Sole Source Contracting, contract price negotiations, were dominant practices rather than exceptions. | <ul style="list-style-type: none"> • Absence of any form of participation of non-state actors in the procurement process. • Hijack of the implementation of the public procurement by a few. • Erosion of standards leading to poor implementation of procurements and outputs. |
| | <ul style="list-style-type: none"> • Absence of procurement planning. • Limited or no prioritization • Limited mandates given to tender boards • Excessive advance payments • Delay in execution and cost over-runs • Delay, uncertainty and sometimes non-payment for jobs done. | <ul style="list-style-type: none"> • Non-implementation of projects leading to stagnated development. |
| Absence of Value for Money | <ul style="list-style-type: none"> • Inflation of prizes and costs. | <ul style="list-style-type: none"> • Widespread public sector and corporate corruption stemming from a skewed procurement process |

| | | |
|---|---|---|
| <p>Limited Regulation of Procurement Procedures</p> | <ul style="list-style-type: none"> • Absence of independent supervision and verification of compliance • Absence of data base of standard prizes • Absence of transparent periodic reviews and evaluation. • Lack of access to information by citizens and other non state actors and groups. | <ul style="list-style-type: none"> • Increased corruption as a result of failed oversight and management of the procurement process. • Lack of inter and intra agency coordination in public procurement. • Lack of standards and uniformed practices. |
|---|---|---|

Source: World Bank (2007). *Nigeria-Country Procurement Assessment Report (CPAR)*. Washington: World Bank

Arising from the above shortcomings in the procurement practices in Nigeria, there was therefore an urgent need for procurement reforms and enthronement of Due Process (DP) in the Nigerian public sector so as to move the system forward. Interestingly, the Federal Government initiated the Public Procurement Reform (PPR) as part of its Economic Reform (ER) agenda designed to restore Due Process in the award and execution of federal government contracts. The reforms seek to achieve legal and regulatory reforms, as well as the harmonization of standards and practices and to achieve transparency, competitiveness and value for money in public procurements (Ezekwesili, 2005). As part of the procurement reforms, the Budget Monitoring and Price Intelligence Unit (BMPIU) was established in 2001. The Budget Monitoring and Price Intelligence Unit (BMPIU) serves as a vanguard of ensuring fiscal transparency, strict compliance with Federal Government guidelines on Due Process Certification as it concerns budgeting for and procurement of facilities/services/contracts at appropriate costs (Ezekwesili, 2005).

The mission of the Budget Monitoring and Price Intelligence Unit (BMPIU) is to use Due Process Mechanism (DPM) to establish transparent, competitive and fair procurement system, which is integrity driven, encourages spending within budget and ensures speedy delivery of projects, while achieving value for money without sacrificing quality and standards for the Federal government of Nigeria. For realization of the BMPIU objectives, the government put in place the regulatory functions for regulating standards including the enforcement of harmonized bidding and tender documents, Certification functions for certifying Federal-wide procurements in categories of Resident Due Process Team certification (projects with a threshold of between N1.0 million and N50 million) and Full Due Process Certification (Projects above N50 million at various stages), Monitoring functions to supervise the implementation of established procurement policies and Training and advisory functions to co-ordinate relevant training programmes (Ezekwesili, 2005).

Thus, following the passage and enactment of Public Procurement Act in 30th May and 4th June 2007 respectively, the Bureau of Public Procurement (BPP) was established and charged with the responsibility to, amongst others, provide Legal and institutional framework and Professional Capacity for public procurement in Nigeria. The Bureau for Public Procurement (BPP) is a body corporate with objectives in:

- Harmonization of existing government policies and practices on public procurement and ensuring probity, accountability and transparency in the procurement process
- Establishment of pricing standards and benchmarks.
- Ensuring the application of fair, competitive, transparent, value-for money, standards and practices for the procurement and disposal of public assets and services ; and
- Attainment of transparency, competitiveness, cost effectiveness and professionalism in the public sector procurement system (*Public Procurement Act No. 4, 2007:4*).

- To formulate the general policies and guidelines relating to public sector procurement for the approval of the Council (*Procurement Act No. 4, 2007:4-5*).

In essence, the major strands of the public procurement reforms include the following:

- Regulation of procurement: Institutional regulation through the Bureau for Public Procurement (BPP) established under the Public Procurement Act.
- Standards: The establishment of common standards in procurement planning, methods, execution, enforcement and review.
- Access to information and participation: The Act allows for citizens to request for documents relating to procurement process as well as participate as observers in the proceedings.
- Fighting corruption. The Act makes provisions that will not only set standards but will also identify and punish corrupt practices and unethical activities related to public procurement proceeding (*Public Procurement Act No. 4, 2007:4*)

To ensure that issues relating to public procurement in Nigeria are carried out within the framework of a well established governing body, the Procurement Act proposed the establishment of the National Council on Public Procurement (NCP) with a high level organ and membership appointed by the President with approval powers on issues relating to the administration and management of public procurements (*Public Procurement Act No. 4, 2007:6*). However, the scope of application of the Procurement Act entails that procurement of goods, works and services by the Federal Government and its agencies or any procurement by any other entity or government in Nigeria of which at least 35% of the amount for funding the procurement will be sourced from the Federal Budget (*Public Procurement Act, 2007, section 15*).

General Rules and Conditions for Conducting Public Procurement in Nigeria

General rules and conditions for conducting public procurement in Nigeria include the following:

- Compliance with laid down thresholds set from time to time by the Bureau.
- Procurement must be based only on procurement plans supported by prior budgetary appropriations.
- The procuring MDA must obtain a certificate of “No Objection” to “Contract Award” from the Bureau if the value of procurement falls above the set threshold (limits).
- The procurement must be by open competitive bidding (subject to some exceptions).
- Promote transparency, timeliness and accountability.
- Promote economic competitiveness, efficiency and value for money.
- Adherence to the procedures and time-line laid down in this Act from time to time by the Bureau (*Public Procurement Act, 2007, section 7(1)*).

General Rules of the Procurement Process

All communications and documents issued by procuring entities and the Bureau are expected to be in English language and should be in writing or such other forms as the Bureau may stipulate. Records of procurement activities include that:

- Procuring entities must keep electronic and file (hard copy) records of contracting for at least 10 years from the date of contract award.
- Within 3 months of the end of each financial year, procuring entities shall transmit all procurement related records to BPP showing the parties, date and value of contract as well as other information relating to the procurement proceedings that BPP may request.
- Procurement related activity records are open to public inspection, on payment of fees prescribed by BPP unless classified (*Public Procurement Act, 2007, section 16 (10)-(11)*).

Table 6: Approving authority for public procurements

| | |
|---|-------------------------------|
| APPROVING AUTHORITY FOR PUBLIC PROCUREMENTS | |
| Type of Government Institution | Approving Authority |
| A Government Agency, Parastatal, or Corporation | A Parastatals Tenders Board |
| A Ministry or Extra-Ministerial entity | The Ministerial Tender Board. |

Public Procurement Act, 2007, section 18:14

Obviously, the procurement reforms since 1999 have recorded laudable achievements, especially in providing procurements templates to procuring entities and saving Nigeria billion of naira. Despite the achievements, procurement practices in Nigeria have been inundated with enormous and daunting challenges, including political interference and corruption.

Contract Procurement Procedures and Capital Budget Implementation in the Power Sector

As earlier noted, the Budget Monitoring and Price Intelligence Unit (BMPIU) and the Bureau for Public Procurement (BPP) were established and domiciled in the Presidency as part of procurement reforms in Nigeria to oversee/regulate all the contract procurement procedures of all procuring entities and sectors in the country, including power, to ensure that all contracts are procured in the most transparent manner and in strict compliance with the Federal Government guidelines on Due Process Certification as it concerns budgeting for and procurement of facilities/services/contracts at appropriate costs (Ezekwesili, 2005). Contrarily, the domiciliary of the BMPIU and BPP in the Presidency with less emphasis on the establishment of the Regulatory Council, the National Council on Public Procurement (NCPP), as provided by under the Public Procurement Act (PPA) invariably provided the successive Federal Executives with the vantage, as well as ill-equipped task of contract administration, which inevitably created a space for political interference and arm-twist of the contract procurement procedures of the power sector along these important lines: advertisement and solicit for bids in adherence to the Procurement Act and guidelines as issued by the BPP; invitation of two credible persons representing a private sector organization and a non-governmental organization working in accountability and anti-corruption agencies as observers in procurement process; receive, evaluate and make a selection of the bids received in adherence to Procurement Act and guidelines issued by the BPP; obtain approval of the approving authority before making an award; debrief the bid losers on request; resolve complaints and disputes if any; obtain and confirm the validity of any performance guarantee; obtain a “Certificate of No Objection” to contract award from the Bureau, if activity is within the approved threshold; execute all contract agreements; and announce and publicize the award in the format stipulated by the Act and guidelines issued by the Bureau (*Annual Publication of the Federal Ministry of Power, 2012: 48*).

Consequent upon this malfeasance in procurement procedures of the power sector, inefficiency and corrupt practices in contract procurement and overall capital budget implementation characterized the sector from 1999 to 2012. As World Bank Report (2007) rightly observed:

...Though the BPP was established to oversee/regulate all the contract procurement procedures of the MDAs, the fact that the Regulatory Council as provided by under the Public Procurement Act was not established, Nigeria’s Federal Government was invariably provided with the vantage and ill-equipped task of contract administration, with its implications in inefficiency and corrupt practices in contract procurement

and overall capital budget implementation in the power sector (*Tell*, March 16, 2009: 48-49),

As a corollary to the above, in a closing remarks on the interim field oversight report of the Federal House of Representative Committee on the 2011 budget implementation, the Speaker of the House, Aminu Tambuwal, acknowledged this shortfall in the establishment of the BPP and contract procurement and administration in the power sector when he noted that:

The composition of the Public Procurement Council provided by under the BPP Act 2007 is very critical to capital budget implementation. The sanctity of extant legislation and respect for the rule of law are critical hallmark of true democracy. We therefore, once more, call on Mr. President to expeditiously constitute this council so as to free the Federal Executive Council from the task of contract administration, so they can concentrate on more sublime issues of their constitutional role and responsibility. Incidentally, the present constitution of the BPP has been identified as a major bottleneck to effective capital budget implementation in the power sector (*Daily Independent*, February 20, 2012:13).

Even when the contract procurement procedures as provided by the PPA and BPP in terms of advertisement and solicit for bids, evaluation and selection of bids, among others, were observed in the contract procurement, the award of the contracts were determined by the parochial interest of the Federal Executive and their close local and foreign allies (*Tell*, March 16, 2009). Thus, according to Federal House of Representatives Committee on Power Probe Report (2008):

Although the work of the committee is strictly that of fact-finding, a natural consequence of the finding of the committee is the inevitable indictment of individuals and companies for fraud, corruption, embezzlement of funds, inefficiency and waste in the management and application of public funds. This has been clearly established by the committee. Some of the individuals and companies in the power sector between June 1999 and May 2007 qualify for much striker sanctions for economic and financial sabotage of the country (<http://www.newswatchngr.com/index.php>).

Continuing, the report notes that in a large number of instances, contracts costs were routinely and massively inflated up to 100 per cent. “Most troubling was the extreme low performance level. In most projects, contractors collected billions of naira and disappeared from projects, while most project consultants maintained a conspirational silence” (*Tell*, March16, 2009: 49). Table 7 shows breakdown of the appropriations and capital funds released to power sector

Table 7: Breakdown of the appropriations and capital funds released to power sector from 1999 to 2012

| S/N | Appropriations To Power Sector (Billion N) | Actual Amount Released (Billion N) |
|------|--|------------------------------------|
| 1999 | 11.206 | 6.698 |
| 2000 | 59.064 | 49,785 |
| 2001 | 103.397 | 70.927 |
| 2002 | 54.647 | 41.196 |
| 2003 | 55.583 | 5.207 |
| 2004 | 54.647 | 54.647 |
| 2005 | 90.283 | 71.889 |
| 2006 | 74.308 | 74.3 |
| 2007 | 100 | 99.8 |
| 2008 | 156 | 112 |
| 2009 | 89.5 | 87 |
| 2010 | 172 | 70 |
| 2011 | 125 | 61 |
| 2012 | 197.9 | 53.5 |

Source: Authors compilation from: *Federal Ministry of Finance (1999-2012) & Central Bank of Nigeria Statistical Bulletin (1999-2012), Budget Office of the Federation (1999-2012), Ministry of Power (1999-2012).*

Table 7 shows a nominal and consistent increase in the capital spending in the power sector. The allocations to the sector were in addition to extra-budgetary expenditures and intervention funds by donor agencies to cushion the effects of the shortfalls in expenditure for the sector. However, the nominal increase in capital spending for the rehabilitation and building of new electric power generation stations in two sets of public sector action-steps in response to the power crisis in 1999 (the period of infrastructure rehabilitation, 1999-2004) and infrastructure expansion, 2004-2012) - a major part of which was implemented under the National Integrated Power Project (NIPP)-could not translate into capacity expansion and utilization of the domestic electric power generation plants in Nigeria, as illustrated in table 8

Table 8: Installed and available capacities of electric generation plants in Nigeria, 2006

| Site | Type | Installed capacity (Mega Watts) | Available capacity (Mega Watts) | No. of units/year built |
|---------|-------------|---------------------------------|---------------------------------|-------------------------|
| Afam | Thermal | 700 | 488 | 18 |
| Delta | Thermal | 812 | 540 | 20 |
| Egbin | Thermal | 1320 | 1100 | 6 |
| Ijora | Thermal gas | 66.7 | 40 | 3 |
| Sapele | Thermal | 1020 | 790 | 10 |
| Jebba | Hydro | 540 | 450 | 6 |
| Kainji | Hydro | 760 | 560 | 12 |
| Shiroro | Hydro | 600 | 600 | 6 |
| Orji | Thermal | 60 | - | 4 |
| Others | Diesel | 46 | 18 | - |

Source: Okoro, O.I., Govenda, P. and Chikuni, E. (2006:20) “Power Sector Reforms in Nigeria: Opportunities and Challenges,” *Proceedings of the 4th International Conference on Domestic Use of Energy*. Cape Town: South Africa

As depicted by table 6.5 above, there was huge gap between the installed and generation capacities of the domestic power plants. The average capacity utilization of the power plants dropped from 37.6% in 2006 to 37.4% in 2007. This was despite the coming on stream of the Rivers State-owned Omodu and the new Omotosho power plants. The aggregate electricity generation at 2,623.1MW per hour fell by 0.6% compared with the decrease of 5.7% in 2006. The decline was attributed to poor maintenance and non-replacement of non-functional parts (CBN, 2007). Table 9 illustrates in detail, installed and generation capacities of the domestic power plants and energy consumption in Nigeria from 1970 to 2012.

Table 9: Energy generation and consumption in Nigeria, 1970-2012

| Year | Installed Capacity (Mega Watt) | Total Generation (Mega Watt) | Capacity Utilized % | Industrial | % Total | Street Lighting | % Total | Residential | % Total | Total | Proportion Total Generation Consumed |
|------|--------------------------------|------------------------------|---------------------|------------|---------|-----------------|---------|-------------|---------|-------|--------------------------------------|
| 1970 | 804.7 | 176.6 | 21.9 | 91.4 | 62.9 | - | - | 53.9 | 37.1 | 145.3 | 82.3 |
| 1971 | 804.7 | 215.4 | 26.8 | 114.9 | 63.5 | - | - | 66.2 | 36.5 | 181.1 | 84 |
| 1972 | 786.7 | 255.4 | 32.5 | 138.2 | 65.5 | - | - | 72.9 | 34.5 | 211.1 | 82.6 |
| 1973 | 670.6 | 299.7 | 44.7 | 146.1 | 62.8 | - | - | 86.6 | 37.2 | 232.7 | 77.6 |
| 1974 | 721.0 | 261.1 | 36.2 | 163.2 | 61.3 | - | - | 103.0 | 38.7 | 266.2 | 100 |

| | | | | | | | | | | | |
|------|--------|--------|------|-------|------|-------|------|-------|------|--------|------|
| 1975 | 926.2 | 395.4 | 42.7 | 200.4 | 62.9 | - | - | 118.3 | 37.1 | 318.7 | 80.6 |
| 1976 | 1125.2 | 468.7 | 41.7 | 214.6 | 58.0 | - | - | 155.2 | 42.0 | 369.8 | 78.9 |
| 1977 | 1114.2 | 538.0 | 48.3 | 253.0 | 58.1 | - | - | 182.7 | 41.9 | 435.7 | 81 |
| 1978 | 1793.7 | 522.7 | 29.1 | 157.7 | 31.3 | 93.5 | 18.5 | 253.2 | 77.9 | 504.4 | 96.5 |
| 1979 | 2230.6 | 710.7 | 31.9 | 160.3 | 34.8 | 77.9 | 16.9 | 221.9 | 48.2 | 460.1 | 64.7 |
| 1980 | 2430.5 | 815.1 | 36.5 | 199.7 | 37.2 | 94.1 | 17.5 | 243.1 | 45.3 | 536.9 | 65.9 |
| 1981 | 2430.0 | 887.1 | 36.5 | 121.0 | 30.2 | 21.3 | 21.3 | 193.6 | 48.4 | 335.9 | 45.1 |
| 1982 | 2902.1 | 973.9 | 33.6 | 262.0 | 38.4 | 79.1 | 11.6 | 344.5 | 50.6 | 685.6 | 70 |
| 1983 | 2856.8 | 994.6 | 34.8 | 254.4 | 36.5 | 84.3 | 12.1 | 358.0 | 51.4 | 696.7 | 70 |
| 1984 | 3178.0 | 1025.5 | 32.3 | 217.2 | 34.7 | 81.7 | 13.1 | 326.6 | 52.2 | 625.6 | 61 |
| 1985 | 3695.5 | 1166.8 | 31.6 | 259.8 | 36.2 | 85.6 | 11.9 | 372.0 | 54.9 | 717.4 | 61.5 |
| 1986 | 4016.0 | 1228.9 | 30.6 | 280.5 | 33.3 | 84.7 | 10.1 | 476.6 | 52.6 | 841.8 | 68.3 |
| 1987 | 4548.0 | 1286.0 | 28.3 | 294.1 | 34.5 | 90.2 | 10.6 | 468.6 | 53.9 | 852.9 | 66.3 |
| 1988 | 4548.0 | 1330.4 | 29.3 | 291.1 | 34.1 | 118.6 | 13.9 | 443.8 | 50.2 | 853.5 | 64.2 |
| 1989 | 4548.0 | 1462.7 | 32.2 | 257.9 | 26.4 | 195.3 | 20.0 | 523.6 | 48.5 | 976.8 | 66.8 |
| 1990 | 4548.0 | 1536.9 | 33.8 | 230.1 | 25.6 | 217.6 | 24.2 | 450.8 | 48.5 | 898.5 | 58.5 |
| 1991 | 4548.0 | 1617.2 | 35.6 | 253.7 | 26.8 | 254.1 | 26.8 | 459.3 | 51.9 | 846.6 | 58.5 |
| 1992 | 4580.0 | 1693.4 | 37.0 | 245.3 | 24.7 | 266.1 | 26.2 | 481.6 | 52.5 | 993.0 | 58.6 |
| 1993 | 4548.6 | 1655.8 | 36.4 | 237.4 | 20.8 | 311.6 | 27.3 | 592.4 | 51.3 | 1141.4 | 68.9 |

| | | | | | | | | | | | |
|------|--------|--------|------|-------|------|-------|------|--------|------|--------|------|
| 1994 | 4548.6 | 1772.9 | 39.0 | 233.3 | 21.3 | 306.7 | 28.0 | 575.0 | 50.1 | 1115.0 | 61.0 |
| 1995 | 4548.6 | 1810.1 | 39.8 | 218.7 | 20.3 | 279.6 | 26.0 | 552.6 | 50.3 | 1050.9 | 59.5 |
| 1996 | 4548.6 | 1854.2 | 40.8 | 235.3 | 22.8 | 280.0 | 27.1 | 518.0 | 51.4 | 1033.3 | 55.7 |
| 1997 | 4548.6 | 1839.8 | 40.4 | 236.8 | 23.5 | 264.5 | 26.2 | 508.3 | 51.5 | 1009.6 | 54.9 |
| 1998 | 4548.6 | 1724.9 | 37.9 | 218.9 | 22.5 | 253.9 | 26.1 | 500.0 | 51.0 | 972.8 | 56.4 |
| 1999 | 5580.0 | 1859.8 | 33.3 | 191.8 | 21.7 | 236.8 | 26.8 | 455.1 | 51.1 | 883.7 | 47.5 |
| 2000 | 5580.0 | 1738.3 | 31.2 | 223.8 | 22.0 | 274.7 | 27.0 | 518.8 | 51.0 | 1017.3 | 58.5 |
| 2001 | 6180.0 | 1689.9 | 27.5 | 241.9 | 21.9 | 298.3 | 27.0 | 564.5 | 51.1 | 1104.7 | 65.4 |
| 2002 | 6180.0 | 2327.3 | 36.2 | 146.2 | 11.5 | 372.6 | 29.3 | 752.8 | 59.2 | 1271.6 | 56.8 |
| 2003 | 6130.0 | 6180 | 38.8 | 196.0 | 12.9 | 417.9 | 27.5 | 905.6 | 59.6 | 1519.5 | 63.4 |
| 2004 | 6130.0 | 2763. | 45.1 | 398.0 | 21.8 | 489.3 | 26.8 | 938.5 | 51.4 | 1825.8 | 66.1 |
| 2005 | 6861.6 | 2779.3 | 40.5 | 182.3 | 9.7 | 496.6 | 26.5 | 1194.3 | 63.8 | 1873.1 | 67.4 |
| 2007 | 7011.6 | 2623.1 | 37.4 | - | 2.2 | - | 26.7 | - | 51.3 | 2245.5 | 85.6 |
| 2008 | 7011.6 | 2623.2 | 38.4 | 1823 | 2.2 | - | 27.8 | - | 48.4 | 2234.5 | 85.6 |
| 2009 | 6522.8 | 2811.1 | 46.5 | - | 3.4 | 546.5 | 27.8 | 1293.4 | 50.5 | 2254.4 | 88.7 |
| 2010 | 7023.9 | 3800.1 | 55.5 | 2843 | 4.4 | 546.5 | 28.9 | 2356.5 | - | 2354.4 | 89.8 |
| 2011 | 6611.9 | 3200.1 | 46.5 | - | 4.4 | - | 27.6 | 2356.5 | 50.5 | 2354.4 | 88.7 |
| 2012 | 6611.9 | 3200.4 | 46.5 | - | 4.4 | 546.5 | 27.6 | 2356.5 | 50.5 | - | 88.7 |

Source: Central Bank of Nigeria (2012). *Annual Statistical Bulletin*, Abuja: Central Bank of Nigeria

Perhaps more worrisome was side-stepping of Due Process in contract award and execution in the power sector; with its negative consequences in performance of contractors/consultants and timely completion of projects. This was particularly so with the execution of electric power generation projects embarked upon by former President Obasanjo under the National Integrated Power Project (NIPP). For instance, Marubeni International, the oldest Japanese energy company in Nigeria was scored very low in its performance in respect of LOT 1 (Calabar), LOT 4 (Sapele) and LOT 6 (Eyan/Ihovbor) power stations projects. Energo of Nigeria Limited was reported of complicity in the over-scoping of NIPP’s transmission project and acquiescence in accepting underserved payments totaling over N13 billion and for non-diligent prosecution after receiving payments representing about 100% of what the actual project cost should be for the actual scope, 167 kilometer (km) instead of the contracted 240 kilometer (km) (Elomba, 2012). President Obasanjo, two former Power and Steel Ministers-Olusegun Agagu and Liyel Imoke, the former Central Bank of Nigeria (CBN), Prof Charles Soludo, the former Accountant General of the Federation, Ibrahim Dankwambo and former Minister of State for Energy, Alhaji Abdulhamid Ahmed, among other top officials of the Ministry of Power were identified as the culprits in the waiver of Due Process (Federal House of Representatives Committee on Power Probe, 2008). Table 10 shows list of power generation plants conceived in 2004 under National Integrated Power Projects (NIPP).

Table 10: List of power generation plants conceived in 2004 under NIPP

| Project | Location | Capacity (MW) | Commencement date/expected date of completion |
|-----------------------------|-------------------|--|---|
| Alaoji Power Station | Abia State | 4x112.5MW (ISO 125MW) | Dec. 20,2005/Dec 19,2008 |
| Ihovbor Power Station | Edo State | 4x112,5MW (ISO 126 MW) | Dec. 20,2005/Dec 19,2008 |
| Calabar Power Station | Cross River State | 5x112,5MW (ISO 126MW) | Dec. 20,2005/Dec 19,2008 |
| Egbema Power Station | Imo State | 3x112,5MW (ISO 126MW) | Dec. 2006/Dec. 2007 |
| Gbarain Power Station | Bayelsa State | 2x112,5MW (ISO 126MW) | Dec. 2006/Dec. 2007 |
| Sapele Power Station | Delta State | 4 x 112,5MW (ISO 126MW) | Dec. 20,2005/Dec 19,2008 |
| Omoku Power Station | Rivers State | 2 x 112,5MW (ISO 126MW) | Dec. 20,2005/Dec 19,2008 |
| Ikot Abasi Power Station, | Akwa Ibom | 2 x 112,5MW (ISO 126MW) (replaced later by Ibom Power Station) | Dec. 20,2005/Dec 19,2008 |
| Geregu II Power Station | Kogi State | 434MW | Dec. 20,2005/Dec 19,2008 |
| Omotosho II Power Station | Ondo State | 4 x 112,5 (ISO 125MW) | Dec. 20,2005/Dec 19,2008 |
| Olorunsogo II Power Station | Ogun State | 4 x 125MW and 2 x steam 125MW | Dec. 20,2005/Dec 19,2008 |

Source: Olugbenga, T. k., Abdul-Ganiyu, A.J., Philips, D.A. (2012:32) “The Current and Future Challenges of Electricity Market in Nigeria in the Face of Deregulation Process.” *2nd International Conference on Comprehensive Energy Net, Robotics and Telecom*

As of 2012, most projects as shown in table 9 were not completed and completed ones such as Geregu Power Station and Omotosho II Power Station, among others, lacked basic infrastructures necessary for the supply of gas to fire the turbines, and thus, were lying fallow (*News Agency of Nigeria report, June 15, 2012*). Figure 1 depicts Geregu Power Station as of 201

Figure 1: Geregu Power Station as of 2012



Source: Iroko, M. (2012). “Five NIPP Projects Abandoned in Kogi”. Retrieved on 1st March 2012 from: <http://www.zimbio.com/Nigeria>

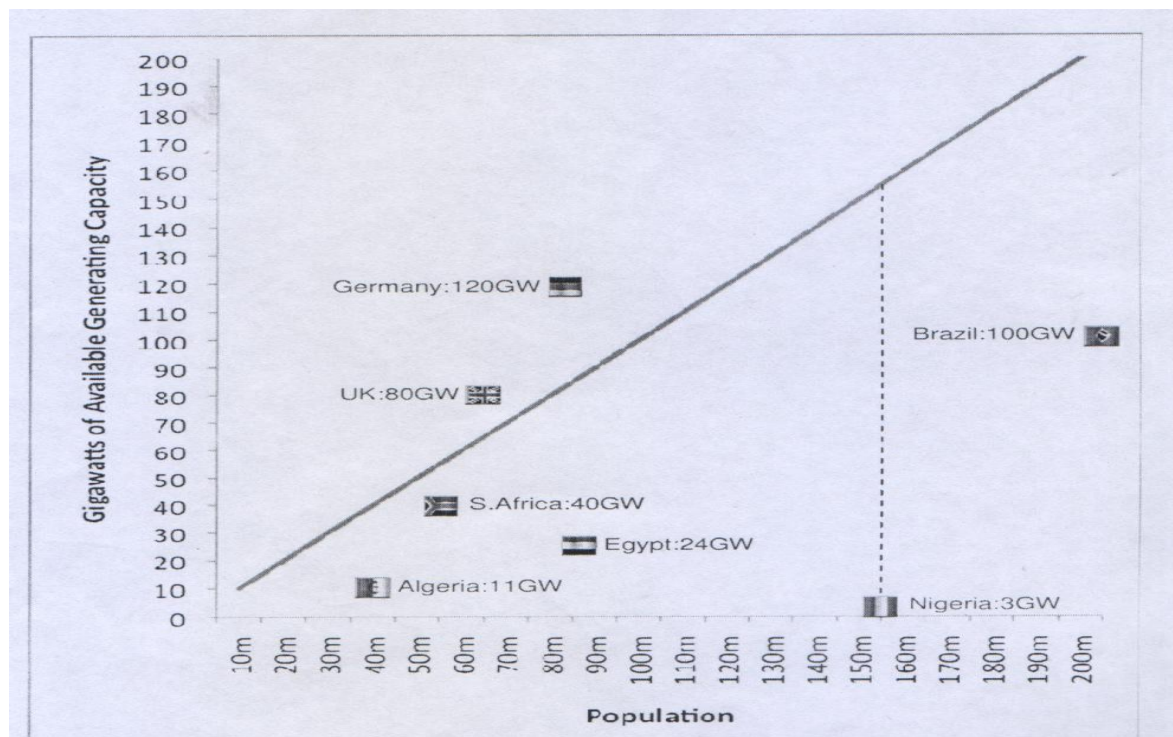
Geregu power station as depicted by figure 1 was one of the NIPP generation plants conceived in 2004. It is a simple cycle gas turbine plant located in Lokoja, Kogi state, with a total installed capacity of 414MW. It has three (3) units, each with capacity to generate 138Mw. Though the plant was completed and commissioned on the 26th of February 2007, the planned commercial operation of the first units, GT13, GT12 and GT11 in 19th March 2007 was stalled by absence of gas supply infrastructures. Thus, the plant and some other such electric power generation and supply projects in Nigeria were abandoned (*News Agency of Nigeria report, June 15, 2012*).

Against the foregoing fraudulent procurement practices and capital spending in the power sector, it was not surprise therefore that Federal Government’s set target of adding at least 10, 000MW of electricity to the national grid in 2007 could not be realized; with the actual installed and generation capacities of 7011.6MW and 2623.1MW per hour respectively and only 40 percent of Nigerians having access to electric power supply in 2007(*Newswatch, June 1, 2009*). Late President Yar’Adua observed the phenomenal gap between capital expenditures in electric power generation projects and power output in Nigeria when he noted with respect to the 2008 fiscal year that:

While we are targeting 6000MW by 2009, the \$16billion invested in the sector between 2000 and 2007 has not translated into power generation, transmission and distribution, so we are exercising caution to ensure that any further funds to the sector would translate into production and delivery of energy to ordinary Nigerian. Our strategy is that we will deliberately not put money for power projects in the 2008 Appropriation Bill because we are wary of injecting funds that could end up not achieving the targeted result (Abubakar, 2008:2).

Consequently, nominal drop in public capital expenditure was recorded in the 2008 and 2009 fiscal years. Though the power sector received increased capital allocation in 2010 fiscal year in preparation for the full privatization of the sector, the power generation and distribution crisis in Nigeria remained unabated, with per capita electric consumption standing at mere 100kw/h in 2012. In comparative sense as of 2012, Brazil had 100,000 MW of grid-based generating capacity for a population of 201 million people. South Africa had 40,000 MW of grid-based generating capacity for a population of 50 million people. As of August 2012, the peak generation supplied by Nigeria’s PHCN was just 3,804 MW for a population of 150 million people (*Presidential Task Force Report, 2012*). Figure 2 depicts comparative Gigawatts available generation capacity of Nigeria and other Countries.

Figure 2: Comparative Gigawatts available generation capacity of Nigeria and other Countries
Source: The Presidency (2010). *Presidential Task Force Report*. Abuja: The Presidency



The immediate logical cost of the generation - demand gap was that self-generation of electricity (from diesel and petrol generators) was conservatively estimated at a minimum of 6,000 MW (i.e. more than twice the average output from the grid during 2009). Moreover, half the population (and the vast bulk of the country's poor) had no connection whatsoever to the national grid. The consequence of this yawning gap was that, although the regulated (average and levelized) tariff was just N8.5/kWh, the poor was paying more than N80/kWh burning candles and kerosene; manufacturers were paying in excess of N60/kWh on diesel or LPFO generation; everyone else was paying around N50-70/kWh on self-generation (diesel or petrol). The result was that Nigerians as a whole spent between 5 and 10 times as much on self-generated light and power as they did on grid-generated electricity (*Presidential Task Force Report*, 2012).

Conclusion and Recommendation

This paper explored the state, public procurement reforms and budget implementation in the power sector in Nigeria. In doing this, the paper derived its analytical strength from the core assumptions of the Marxist theory of the postcolonial state, documentary method of data collection and content analysis. Thus, the paper implicated primitive capital accumulation underlying capital budget implementation in the power sector in Nigeria as a defining element of the lacuna and contradictions in the procurement reforms and capital budget investments in the sector. The penchant in actualizing the avowed covert and overt interests by the custodians of the state explained the logic of the successive Federal Executives' interference in the procurement procedures of the power sector and poor developments and expansion in the electric power generation infrastructures in Nigeria. In view of this, and in order to entrench efficiency in contract procurement and overall capital budget implementation in the power sector, we recommend policy effort aimed at the establishment of independent procurement institution with the mandate to regulate the procurement activities in all sectors of the economy in line with the Nigeria's Public Procurement Act.

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