

Review

Energy poverty and the leadership question in Nigeria: An overview and implication for the future

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Energy resources remain the key to industrialization of any nation especially when judiciously and effectively harnessed for developmental purposes. More so, energy availability and its proper harnessment is a strong factor in achieving the Millennium Development Goals (MDGs) in Nigeria and other countries. The place of foresighted leadership in all these cannot be overemphasised. Unfortunately, Nigeria is blessed with natural and human resources but lack the foresighted leadership at federal, state and local levels to convert these resources into blessings for sustainable development. This paper is therefore framed within this backdrop, to examine Nigeria's energy poverty and leadership question within the light of their futuristic implications if not addressed on time. Nigeria's current energy crisis/poverty is a symptomatic manifestation of the failure of leadership to honestly addressing the problems facing the power sector.

Key words: Energy poverty, leadership, implications, energy policy.

INTRODUCTION

Energy poverty is the lack of or limited access to energy resources like electricity, gas, fuel, kerosene and diesel. Put differently, supply of energy services and goods fall below demand or expectations. Energy poverty is real and can be observed among students, civil servants, women and others. When a student resorts to the use of candle or lantern due to black out in order to enable him or her do his or her assignment, he/she is going through energy poverty. The household that resorts to the use of generator popularly called "I better pass my neighbour" to supplement electric supply is suffering from energy poverty. The driver who decides to switch off the engine of his car while on motion in order to save some fuel is passing through energy poverty. The housewife who uses firewood or animal dung for cooking because of the high cost of kerosene is suffering from energy poverty. Energy poverty affects both the rich and the poor. Why would a country so blessed with abundant human and natural resources like Nigeria allow its population suffer from energy poverty? Why has the Nigerian energy sector continued to plummet in performance? No doubt the epileptic performance of the energy sector in terms of meeting supply with demand expectations has led to a decline in the living standard of the population and hampered sustainable development in the country.

The leadership question in Nigeria seems to be at the heart of explaining the prevalence of energy poverty in the country. Nothing is working in Nigeria because our leaders lack the integrity, public accountability, transparency, vision and foresightedness needed in the transformation of the country. Most Nigerian leaders are caught in the web of corruption and thus, lack the courage to pursue vigorously the campaign against corruption in the public and private sectors of the country. In a survey of 146 countries in 2004 by Transparency International, Nigeria was rated as the third most corrupt nation in the world (Agba et al., 2009). The need for a foresighted leadership in addressing the problem of Nigeria was raised by Achebe (1983) when he noted: there is nothing wrong with the Nigerian land or climate or water or air or anything else. The Nigerian problem is the inability or unwillingness of its leaders to rise to the responsibility and challenge of personal example which are the hallmarks of true leadership. In other words, social miracles that address the needs of the masses are possible when the country achieve a positive change in character and orientation of its leadership in both public and private sectors.

For the purpose of exposition, the remainder of the paper is organised as follows; the paper takes an

overview of the nature and implications/consequences of Nigeria's energy poverty. Subsequently, we addressed the constraints of the Nigerian energy sector, using the leadership explanatory paradigm. The futuristic implications of energy poverty and failure in leadership were considered while the concluding remarks come last.

Nature and implications of energy poverty in Nigeria

Energy poverty is a perennial social problem affecting most developing countries not just Nigeria alone. Statistics shows that 1.6 billion people (one quarter of the world population) have no access to electricity, 80% of them in South Asia and Sub-Saharan Africa. Four out of five people without electricity live in rural areas of the developing countries. 2.4 billion people in the world lack modern fuels or rely on traditional bio-mass wood, agricultural residues and dung for cooking and heating (Club De Madrid, 2007; IEA, 2002). Energy poverty or crises as Club De Madrid (2007) states, is a major barrier to growth and development in vast areas of the world. This means that many countries wishing to develop and become industrialised, must address their energy challenges and ensure that adequate energy goods and services are provided at affordable cost.

In his forward to the proceedings of the energy policy conference held in 1978, General Olusegun Obasanjo, the then Military Head of State declared as follows: "Energy, in all its ramifications, has finally emerged in our consciousness as a crucial element in this unavoidable industrialization and socio-economic development process (Nigeria Energy Policy-onlinenigeria.com). In a country of about 144 million people with majority living on less than a dollar a day, the implications of energy crisis are becoming unbearable. According to Baker (2008), about 60% of the country's population lack access to electricity for their basic needs. Government financial investments in the energy sector to bail the sector from what Basse (1997) calls "suspended paralysis" have not matched expectations or outputs. For instance, about 16 billion dollars is believed to have been invested in the power sector of the country by the Obasanjo Administration (1999 to 2007) with no tangible improvement or results. This expenditure became a subject of corruption investigation in the Power Sector Committees of the Senate and the House of Representatives led by Honourable Ugbane and Honourable Elumelu, respectively.

Five of the domestic refineries can best be described as sick babies of the Federal Government and they operate far below their processing capacity of 450,000 barrels of oil per day. To alleviate the consequences of this development on the masses, the Federal Government resorted to mass importation of refined petroleum products. For example, it is estimated that the Federal Government spend about 18.6 billion dollars from

2000 to 2006 on importation of refined petroleum products (Baker, 2008). Statistics released recently shows that over 1.8 trillion Naira is spent by the three tiers of government (federal, state and local) on oil subsidy between 2006 and 2008 (Momodu, 2010).

Energy poverty could take the form of inadequate quantity, poor quality and low access to energy despite the abundant endowment of energy resources in the country. For instance, although Nigeria is blessed with large amount of renewable energy resources like hydropower, solar, wind and biomass extensive substitution of poor public electricity supply with highly polluting self-generated power prevail. Also, scarcity of kerosene in most parts of the country combined with rising cost of kerosene per liter has induced greater use of fuel wood for the low and middle income classes with adverse environmental consequences (Iwayemi, 2008).

Diesel shortages coupled with high cost have crippled industrial activities. Moreso, scarcity of petroleum products combined with unpredicted rise in cost of these products has compelled some commercial drivers to carry more than the number of passengers expected by the law. On the part of the government it has resorted to importation of more than 75% of the petroleum products required because of the poor state of our five domestic refineries. Recently, the government is threatening to withdraw the subsidy on petroleum products (which it claimed is gulping billions of naira annually) which means the masses should be prepared to pay more for using the products.

Constraints of energy sector in Nigeria

That Nigeria is currently facing energy crisis despite abundant energy resources shows that, the implementation of the Nigerian energy policy is faulty and its power sector is faced with a number of problems. A critical analysis of these problems shows clearly the failure of both political and administrative leadership. Although Nigeria has a National Energy Commission charged with the responsibility of monitoring and implementing the energy policy of the country, implementation of energy programmes like the case in most developing countries often turn out to be their graveyards as a constellation of powerful forces of politics and administration combine to hinder their effective execution.

Top on the list of these problems is corruption and embezzlement of funds budgeted for the energy sector. The Federal Audit report of 2001 revealed that, the Power and Steel sector lost in just a year more than 4 billion naira through misappropriation (Enuka, 2008). A national survey conducted in 2003 ranked the Power Holding Company of Nigeria (one of the key players in the Nigeria Energy Sector) as second most corrupt public institutions in the country after the Nigeria Police which

ranked as the first (Adekeye, 2003). Sometimes corrupt staff of Power Holding Company of Nigeria cancel bills of customers after payment of between 40 to 50% of such bills as bribe (Okafor, 2008).

Corruption in the Power and Steel sector of the country has prevailed because some of the key leaders in politics and administration are directly or indirectly involved in the misappropriation of funds of the sector. Contracts in the sector are awarded to politicians as compensation for political patronage. These politicians lack the necessary skills/expertise to execute such projects. That the Economic and Financial Crime Commission is currently questioning or instituting a court case of corruption allegations against some politicians serving in the National Assembly and some contractors handling energy projects is a clear indication that, all is not well with the Nigerian energy sector.

It is important to note that promises by past and present governments in Nigeria to address Nigeria's energy crises has not been matched with commitment from the political and administrative leadership of the country. Late President Umaru Musa Yar Adua in his inaugural speech on May 29, 2007 promised to tackle the problem head on and declare a state of emergency in the sector if the situation did not improve. Unfortunately, his health did not allow him to perform. Nevertheless, years after this promise, the country is still navigating between 3000 and 4000 megawatts of electricity, a development that has crippled economic and social activities in the country.

Writing on the role of leadership in poor implementation of public programmes in Nigeria, Agbonifo (1986) observed that most projects are dead ever before they take off and their assassins are usually those at the corridor of power. Contracts fees are inflated and funds mismanaged.

Closely related to the above problems is the challenge of political instability and lack of political commitment in Nigerian governance. This in consequence has affected budgetary allocation in the power sector. According to Adenikinju (2008), low funding remains a bane of the power sector. In view of other demands on its revenues, the government has shown itself unable to continue to shoulder past energy financing responsibilities. From 1974 to 2003, the highest budgetary allocation to the power sector was in 2001 (450 million Dollars). Closely to this was 1979 – 325 million Dollars (Adenikinju, 2008). The persistent change from one government to the other as the case in Nigeria carried with it policy crisis (new government new policy). This affects public projects, in that some elephant projects are introduced while old ones are abandoned by the incoming government.

In the award of contracts in the public sector, due process that would have ensured accountability and transparency are in some cases relegated to the background. For instance, electric power sector report of 2008 reveals that, due process through public tender of

energy contracts was never followed. Contracts were solely awarded by the presidency and the minister of power. Blacklisted companies were awarded electricity contracts which amount to a betrayal of the trust of the Nigerian people saddled with the torture of epileptic power supply.

Other reasons advanced for the poor performance of the power sector include among others: Vandalisation and attack on gas pipelines linked to power stations; indebtedness of Power Holding Company of Nigeria (of several billions of naira) which severally have halted supply of gas to the organization, fictitious electricity bills not based on actual meter reading which have caused consumers to outrightly refuse settlement of bills; poor maintenance of power installations (Nwachukwu, 2007; Atser, 2007; Johnson, 2007; Ikechukwu, 2005; Agbo, 2007; Umuanah, 2005; Oladimeji, 2005).

Implications of energy poverty and failure of leadership in Nigeria

The implications of energy poverty and failure of leadership in Nigeria are multidimensional which are briefly discussed as follows. Energy poverty and the failure of leadership have accelerated the problem of unemployment in Nigeria. In human resource management terms, energy poverty has increased the challenges of human resource managers and employers who are forced to battle with the problem of downsizing the workforce of companies whose survival and growth is dependent on electricity. Some companies in attempt to cope with the situation lay off some of their workers because of inability to meet up with the running cost of doing business (Subair, 2009). In addition, energy crisis has grounded the development of entrepreneurship spirit among youths. According to IEA Bulletin (2002), lack of electricity exacerbates poverty and contributes to its perpetration, as it precludes most industrial activities and the jobs they create.

Energy poverty is one of the contributors to poor health condition and premature death in Sub-Sahara Africa and developing countries. In other words, energy crisis has human resource management implications, in that, it contributes to the poor health conditions of the workers in both private and public organisations. The World Health Organization (WHO) estimates that 2.5 million women and young children in developing countries die prematurely each year from breathing the fumes from indoor biomass stoves. Traditional stoves used in rural and urban areas emit large amounts of carbon monoxide and other toxic gases which account for acute respiratory illness affecting as much as 6% of the world population.

Energy poverty and failure of leadership has human capital development implications. Energy crisis in Nigeria may be considered as a contributory factor to poor academic performance among students in tertiary

institutions. Apart from the fact that lack of regular power supply limits the number of hours spent in reading and doing assignments, it hampers the sourcing of information, as most information centres both in and outside tertiary institutions may not operate to their full capacity, due to low voltage and sometimes absence of power. Energy poverty affects the productivity of workers, in that it demoralises the morale of workers who are compelled to work in anti-productive work environment.

CONCLUDING REMARKS

The nexus between energy and socio-economic development of any nation is strong. Although Nigeria is blessed with abundant renewable energy resources, Nigerians suffer from energy poverty, largely due to corruption and failure of leadership. We readily agree with the view of Costello (2001, cited in Dike, 2004) that Nigeria as a country has enough money to tackle its poverty challenges, if government can win the battle against corruption and mismanagement.

Government must therefore take steps to strengthen the campaign against corruption. Actors in the campaign against corruption must be men of integrity, honesty, accountability and transparency. To address the leadership question in Nigeria, there is need to reorient our leaders to see politics as a call to serve and not to primitively accumulate wealth to the detriment of the country. The bazaar mentality (attitude of quick money making) must be discouraged among present day leaders. To achieve this, the system of recruiting leaders, handling energy issues must be made transparent and devoid of deceit.

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