

**AN EXAMINATION OF UNITED STATES AID APROPOS THE ENERGY SECTOR  
OF GHANA**

**BY**

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**(10551974)**

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AFRICAN STUDIES DEGREE**



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## DECLARATION

I hereby declare that, except for the references to other people's work which have been duly acknowledged, this work is a result of my own research work, done under supervision, and has neither in part nor in whole been presented elsewhere for another degree.

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## ABSTRACT

This thesis seeks to examine critically the extent to which the contemporary governance of electricity development is shaped by global and national policy frameworks and the influences of transnational companies on the privatization of infrastructure. In recent times, there has been significant shifts in investments from donors and transnational corporations towards energy infrastructural development in Africa with the sole purpose of increasing energy access and ensuring energy security. Energy insecurity in Africa has been a growing concern for both household and businesses. This is coupled with increasing tariffs and poor power service delivery leading to the inability of the power sector to meet the needs of the consumers. There is much focus on Africa due primarily to its potential energy, land and natural resources which constitutes new frontiers of accumulation within the global economy and also due to the problem of energy insecurity. The need to improve power infrastructure has been promoted and undertaken by western investors and donors in partnership with the United States. They advocate liberalization of power markets and privatization of power infrastructure as the basic approach to achieving energy access for all. The study argues that although power infrastructural development targets energy access among citizens, it also serves the interest of investors. Thus, this thesis explores infrastructure development through investigating the discrepancy between discourses and practices in the development of power infrastructure and employs the Power Africa Initiative as a case study in demonstrating the interplay of western investors and donors and the promotion of their interests in the development paradigm of African countries.

## DEDICATION

I dedicate this work to:

Madam Theresah Nuworgah

Mr. Eric Kpakpo Baddoo

Professor Kojo S. Amanor

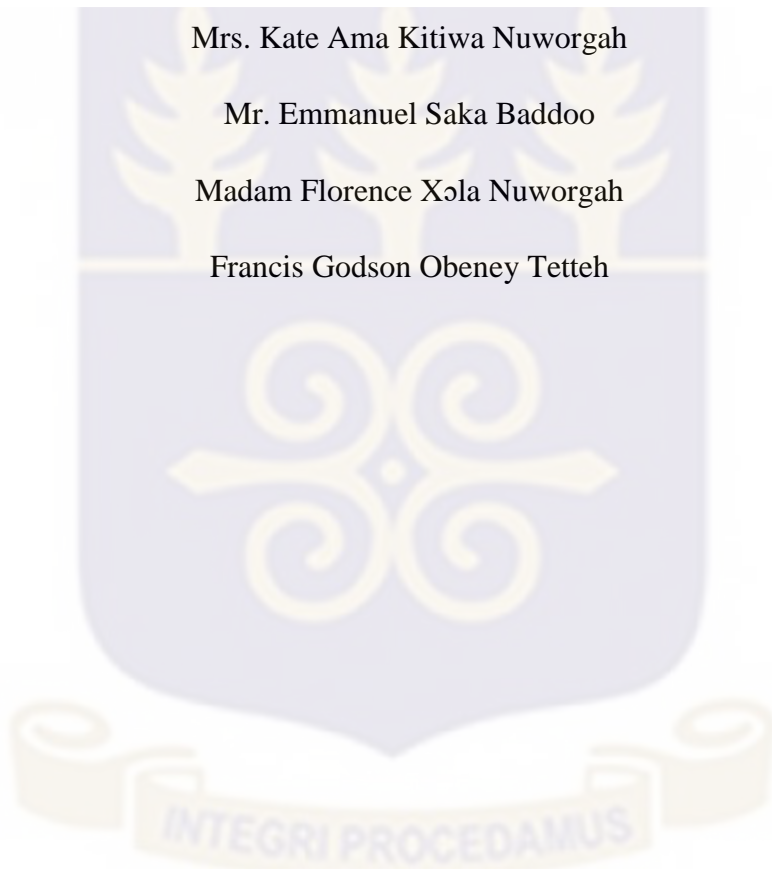
And to the memory of:

Mrs. Kate Ama Kitiwa Nuworgah

Mr. Emmanuel Saka Baddoo

Madam Florence Xola Nuworgah

Francis Godson Obeney Tetteh



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## LIST OF ABBREVIATIONS

ACEP	African Centre for Energy Policy
ACP	Africa, Caribbean and Pacific
ADB	African Development Bank
AEEP	Africa EU Energy Partnership
AFRICOM	Africa Command
AGOA	African Growth and Opportunity Act
AVRL	Aqua Vitens Rand Ltd
CPP	Convention People's Party
CSOs	Civil Society Organizations
DANIDA	Danish International Development Agency
EC	Energy Commission
ECG	Electricity Company of Ghana
EECI	Energie Electrique de la Cote d'Ivoire
EIB	European Investment Bank
ESI	Electricity Supply Industry
EU	European Union
GDP	Gross Domestic Product
Ghana National CAP of Water	Ghana National Coalition against the Privatization of Water
GRIDCo	Ghana Grid Company
GSE	Ghana Stock Exchange
GT&P	Ghana Post and Telecommunications Corporation
GWC	Ghana Water Company
IEA	International Energy Agency
IFIs	International Financial Institutions
IMF	International Monetary Fund
IPPs	Independent Power Producers
ISODEC	Integrated Social Development Centre

MCC	Millennium Challenge Corporation
NEDCo	Northern Electricity Department Company
NEPAD	New Partnerships for Africa's Development
NES	National Electrification Scheme
NGOs	Nongovernmental Organizations
OECD	Organization for Economic Co-operation and Development
PAI	Power Africa Initiative
PPP	Public-Private Partnership
PSWU	Public Service Workers Union
PURC	Public Utilities Regulatory Commission
PUWU	Public Utility Workers Union
REP	Rural Electrification Project
SAPs	Structural Adjustment Programmes
SNEP	Strategic National Energy Plan
SSNIT	Social Security and National Investment Trust
TICO	Takoradi International Power Company
TUC	Trades Union Congress
TWN-Africa	Third World Network- Africa
USAID	United States Agency for International Development
USPAI	United States Power Africa Initiative
VALCO	Volta Aluminum Company Ltd.
VRA	Volta River Authority
WAGP	West Africa Gas Pipeline
WTO	World Trade Organization

## CHAPTER ONE

### INTRODUCTION

Energy is significant in an economy because it provides services to meet many basic human needs (Madlener and Alcott 2009, Bell et al. 2008, Goldemberg et al. 1988, 1985, Cecelski 1985). It is regarded as the engine necessary for driving economic development of any nation, whether developed or developing (Stern 2011, Mahadevan and Asafu-Adjaye 2007, Yergin 2006, Munasinghe 1989, Nordhaus 1979). Its effective and uninterrupted access plays an important role in enhancing the livelihoods and living conditions of individuals in the country.<sup>1</sup> According to the World Energy Outlook Special Report (2014: 19-24), energy removes barriers to improved healthcare, improved education, improved economic opportunities and, longer life especially to those who have access whereas to those who do not have access, it becomes a major limitation on their social and economic development. Largely, no one scholar disputes or undermines the significance of energy to the survival of a given economy. There are various sources from which we derive energy. These are biomass, wind, sun (solar), fossil fuel, tidal wave, water (hydro), among others (Howe and Knowland 1977). These sources are processed into diverse forms of energy, significant among them is the electrical energy (Falk, Herrmann and Schmid 1983).

Electricity, as a form of energy, has demonstrably created an enormous impression on development due to its convenience and versatility for the home, commerce and industry. After its birth in the 1880s in the United States, it became a very important asset, which spread to the rest of the world as it became an essential commodity to the functioning of modern technological systems (Hill, O'Keefe and Snape 1995). Electricity, thus, became an economic

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<sup>1</sup> Republic of Ghana et al., "Ghana Sustainable Energy for All Action Plan," (Accra, 2012). This is a national action plan to increase energy capacity and energy access to all citizens.

input and asset. This led to the need for expansion of power sources in all countries for the basic benefit of economic growth and industrialization. Independent African Countries such as Ghana, in her early years after independence, under the leadership of Kwame Nkrumah undertook the Volta River Project (VRP) to expedite industrialization as he believed and professed that electricity is the basis for industrialization (Nkrumah 1961).

Electricity expansion is a capital intensive venture which requires prospective future investment capital. Although many African countries saw the need to obtain electricity and expand its access, there were various impediments which were inevitable due to the huge investments it requires (Byrne and Mun 2003, Berrie 1967). As a result, there is a shortfall in Africa's economic growth and a substantial deficit in energy infrastructure (IEA 2014). As local investments were inadequate, many developing countries turned to foreign investments as viable solution to energy problems.<sup>2</sup>

Foreign investments in Africa emerged during the era of the Cold War as both the West and East allocated significant sums of funds to support developmental projects, especially infrastructure, which was a prequel to establishing foothold and sphere of influence with the African continent (Olsen 1998, Wood 1986). Ghana's VRP was one of such developmental projects which attracted investments from both power blocs (Hilton 1966).<sup>3</sup> Governments of other independent states were recipients of such foreign investments as they were the sole provider and administrator of infrastructure (Poole 1996). In the past decades, there have been significant changes in the interests of foreign investors and donors leading to a change in the

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<sup>2</sup> Minister of Energy and Petroleum and Minister of State Responsible for Development Authorities (Office of the President) Minister of Finance, "The Second Compact of the Millennium Challenge Corporation (Mcc) Operated by the Millennium Development Authority (Mida) of an Amount of Five Hundred and Thirty-Five Million, Five Hundred and Sixty-Five Thousand United States Dollars (Us \$535,565,000.00) from the United States of America and the Government of Ghana," ed. JOINT MEMORANDUM TO PARLIAMENT(ACCRA, 2014)

<sup>3</sup> See also Office of the Historian United States of America, "Foreign Relations of the United States, 1955–1957, Africa, Volume XVIII," (1955-1957), [https://history.state.gov/historicaldocuments/frus1955-57v18/pg\\_182](https://history.state.gov/historicaldocuments/frus1955-57v18/pg_182)

modus operandi of governments especially in developing countries (Mkandawire 2009, Santiso 2001, Morgenthau 1962). In recent times, the need for infrastructural development in developing countries has attained momentous cognizance on the international front especially amongst foreign investors and donors. This time, energy infrastructure (electricity) turn out to be prominent.<sup>4</sup> According to the IEA World Energy Outlook Special report (2014: 13), Africa is rich in energy resources but poor in energy supply. Energy security has been a major concern for many developing economies especially in the Sub-Saharan African region. Interestingly, the concern about energy security has set itself as a global policy agenda with much attention to Sub-Sahara Africa (Meierding 2011, Kalicki and Goldwyn 2005). According to the World Bank's Africa's Pulse (2012: 2-5), economies in Sub-Saharan Africa are experiencing steady growth due to high domestic demand and commodity prices. However, various governments initiate policies in order for them to diversify their economies and safeguard growth. The move to implement these policies for economic expansion presents an opportunity for countries with infrastructural surplus and expertise in infrastructural development to come to their assistance. In administering assistance to deficient infrastructural economies, there is the promotion of private partnership in the provision and administration of infrastructure which implies that governments' of developing economies may not necessarily have to be solely responsible for the provision and management of infrastructure. As such, the United States (US), under the Obama administration, has sought to establish a policy priority, a benchmarked, multi-year, market-driven and strategy based programme of power-capacity building aid and development partnership. The US has put together measures to help increase access to electricity in the Sub-

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<sup>4</sup> Minister of Energy and Petroleum and Minister of State Responsible for Development Authorities (Office of the President) Minister of Finance, "The Second Compact of the Millennium Challenge Corporation (Mcc) Operated by the Millennium Development Authority (Mida) of an Amount of Five Hundred and Thirty-Five Million, Five Hundred and Sixty-Five Thousand United States Dollars (Us \$535,565,000.00) from the United States of America and the Government of Ghana," ed. JOINT MEMORANDUM TO PARLIAMENT(ACCRA, 2014)

Saharan African region in order to induce economic development, reduce poverty and expand US and other international trade and investment in Africa.

### **Problem Statement/ Hypothesis**

Power infrastructure in Ghana has received much attention in recent times. This may be due to the recurrent power disruption in the economy. The need to improve power infrastructure has been promoted and undertaken by western investors and donors in partnership with the United States. However, there has been greater concern from development activists, Small and Medium sized Enterprises (SME's) and household, about this initiative being spearheaded by private investors. The problem here is that although power infrastructural development targets energy access among citizens, it also serves the interest of investors. The existing erratic power supply in Ghana has been a major factor in the shutdown of many businesses. Immediate interventions have resulted in the increase in power tariffs for which many businesses and households have become financially constrained and cannot afford the cost. There is looming fear that private investments and management of the power sector will hinder energy access through cost instead of expanding it.

This dissertation examines the extent to which the contemporary governance of electricity development is shaped by global and national policy frameworks and the influences of transnational companies on the privatization of infrastructure. It seeks to investigate the changing framework of investments in infrastructural development and the push for privatization of infrastructure and the impact of these changes on the power sector in Africa. It also attempts to appraise the recent shifts in development paradigm in juxtaposition to the promotion of interests of investors and aid donors towards infrastructural development in Africa. The study focuses on the Power Africa Initiative as a case study in demonstrating the

interplay of western investors and donors and the promotion of their interests in the development paradigm of African countries.

### **Theoretical Framework**

Infrastructural development has resurfaced in the international development agenda for Africa in recent times, as a necessary precondition for attracting business investment. The purpose of this study is to examine the extent to which the contemporary governance of electricity development are shaped by global and national policy frameworks and the influences of transnational companies on the privatization of infrastructure. The study seeks to understand the relationship between foreign investments in infrastructure and the advancement of privatization of infrastructure. This will enable us to appreciate the processes that shape the infrastructural sector. The study focuses on the interplay of factors that influence the development of power infrastructure in Ghana.

There have been various reports from the World Bank and other international organizations indicating that Africa possesses numerous energy resources but lacks energy security as a result of ineffective management of power infrastructure which has led to a decline in growth of the economy (IEA 2014, Rosnes and Shkaratan 2011, Tanguy 2010, Briceno-Garmendia and Estache 2004). For these international organizations, power is a necessity as such, everyone has the right to access power and utilize power. Therefore, the inability of governments to provide energy access is a major constraint on the attainment of economic growth (Bayliss and Fine 2007). It has been assumed that due to the inadequacies in the managerial role of the government in providing energy access, there should be an opportunity for privatization of power infrastructure in order to ensure effective management and promote energy security (Auriol and Aymeric 2009, 2007, Bayliss and Fine 2007 ). The basic problem here is that

power infrastructural development in Ghana may not necessarily be targeted at creating energy access or energy security but it may be an avenue for the creation of investment wealth for private investors. This study is situated within the purview of the anthropology of modernity and development, where the primary emphasis lies on the operations adopted by western investors and donors in promoting energy infrastructural development in Ghana. This is because, modernity in Africa, is shaped by two main factors, economics and development which have always been examined through theories and intervened upon from outside the continent (Mohanty and Russo 1991). Although this perspective has received a number of critiques from scholars such as Mohanty (1991), among others, Escobar (1995) is of the view that there is the need to explore the profound political, economic and cultural effects of a global Western dominated system over the developing countries. The practice of government in many African economies have been characterized by the position of trustees whose role are geared towards promoting the good of others. As such, Trusteeship, is expressed to refer to the way in which crafters and implementers of development programs occupy the role of trustee for the interests and well-being of others (Cowen and Shenton 1996). African governments have over the years, assumed the role of trustees in the development of infrastructure leading to the advancement of various interventions in maintaining infrastructure efficiency for the benefit of the people. The campaign for a change for 'new trustees' by private investors and donors, regarding infrastructure development and management within the power sector, only goes to question the disparity between what is required of the trustees from the people they represent and the approach these trustees undertake in maintaining the efficiency of the sector. For this reason, the theory of trusteeship enables us to critically assess this defect in the activities of the stakeholders. The study is also set within the field of Foucault's governmentality (Foucault, 1991). The influx of western investors and donors together with their packages for power

infrastructure development seem to underscore that the conceptualization of such programs seem to divert from the imminent challenges facing the sector. As such the enrollment of such programs may lead to a creation of an unresponsive economy where access to energy is decreased, defeating the purpose for which the program was enrolled.

The study explores infrastructure development through investigating the disparity between discourses and practices. A development project from the basics of its conception, design, shaping, financing and justification stands in contraposition to the project itself as it exists or will exist in practice for the people it was designed for. The inquiry into the development of electricity infrastructure becomes very important because it is the foundational apparatus upon which the experience of modernity has been constituted since the late nineteenth century. Thus, the anthropological approach to power develops from the integration of energy, development and political power or governance at both local, national and international levels. This creates socio-technical worlds, in which social, natural and technical processes are present at every aspect of human activity (Mitchel 2011). The anthropological approach to power therefore purports and investigation into the level of intimacy of electrical power in the daily activities of man. This implies that, it is very important for the structures needed for efficient administration of power infrastructure to be available and active in serving the needs of the people. The absence or malfunctioning of such services creates a gap in access to energy which invariably has an effect on the performance of the daily activities of the people. In most cases, this leads to unproductivity across all other sectors of the economy. Interventions to enhance the functionality of power infrastructure, in certain instances, decreases the rate of energy access in the economy. When this happens, anthropologists argue that there is the 'need to call people back to reality' (Segers 2009, Escobar 1977). Ferguson (1990: 17), indicates that anthropologists do not presuppose that a structure simply represents or expresses objective

interests. They understand that structures are multidimensional, polyvalent and often contradictory and that economic functions and ‘objective interests’ are constantly positioned simultaneously and may be indiscernible to those who even conceptualized the structure. What do western donors and private investors say about Africa’s infrastructural deficit? What are they proposing as a solution to address this infrastructural deficit? The United States as a world leading donor, under the Obama administration launched the Power Africa Initiative (PAI). This initiative has an operational value of reforming and improving the challenging power sector environment of developing countries within the Sub-Saharan region by employing technical aid, grants, export and trade credit services, and loans capital from various U.S. agencies (Meincken 2012).<sup>5</sup> The purpose of the PAI is to increase African access to electricity and power services because, according to the IEA (2014: 27), there is very minimal rate of access to electricity in the Sub-Saharan African region due to poor security of power supply and high cost of power generation. Could this be the true intention of the United States or is this a discursive diversion? Karekezi and Kimani (2002) assert that reforms, generally, have enhanced generation capacity as well as financial performance in other services. However, there are various challenges that reforms have not yet resolved. These include; poor performance at both transmission and distribution ends, increased access to electricity by the poor and, increased local participation within the power sector (Haanyika 2006, Barnes and Floor 2003). Knowing very well that there is scarce data on how operational and systematized power sector reform can be fashioned to confront these challenges especially access of electricity to the poor, it is fair to investigate and ascertain the conditions that have led to the launching of the PAI and assess it as measure to achieving the purpose for which it was

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<sup>5</sup> See also Powering Africa, "Increasing Access to Power in Sub-Saharan Africa [Electronic Resource]," *Access mode: <http://www.whitehouse.gov/the-press-office/2014/08/05/fact-sheet-powering-africa-increasing-access-power-sub-saharan-africa>; USAID, "Power Africa Annual Report July 2014," (2014).*

launched. Rosnes and Vennemo (2012) examine the cost of providing electricity to Africa. By employing an optimization model that links the electricity demand to Sub-Saharan Africa, they concluded that the investment cost of providing electricity to Sub-Saharan Africa is relatively high. However, they maintain that much as the electricity trade increases the investment cost estimate advantageously, it provides a high return to African countries and is generally economical (Rosnes and Vennemo 2012, 2009, Rosnes and Shkaratan 2011). Similarly, the PAI has estimated the cost of providing electricity to Africa and conclude that with more than hundred (100) private sector partners, multilateral and bilateral partners, they are set to expand access to electricity throughout sub-Saharan Africa. The issue here is who benefits from these investments? It is true that these investments may help promote energy access in Africa, but have we considered the investment returns? What mode are these private investors and western donors going to adopt in ensuring their investment returns. What will be the impact of these investments and their repayment on the economy of Ghana? The activities of ‘those who know best’ become an aspect of enquiry because their undertakings within the sector does not go in line with the aspirations and requirements of the people they represent. As such, we employ theory of trusteeship to ensure an understanding of the approaches and the role of the stakeholders within infrastructural sector development.

Trusteeship is referred as the determination of one source of agency, to advance and unfold the capacities of another (Murray Li 2007, Cowen and Shenton 1996). According to Murray Li (2007: 5), the thesis of trusteeship is not to subdue the efforts of others; but to improve and refine their ability to operate, and as well direct it. This means that trustees are meant to be facilitators of growth and development of individuals and not to instruct individuals on how they live. The ability to intervene with the intention to solve the problems that arise in the society is the aim trusteeship. However, concern about the following: “who has the

capability?"; "Who has the right?"; "And on what basis are these rights conferred?" are critical questions on the subject of trusteeship. There have been a number of discourses on trusteeship but one that has evolved with development after the World War II has been state trusteeship. Hegel develops three principal stages of development where he maintains that the third principal stage corresponds to the state and this was the highest form of consciousness. According to Hegel, the presence of civil society denotes that the state is 'non-existent' which leads to the need to create a state to solve the problem of chaos within the economy. It is as a result of this chaos within the economy that the demand for a state becomes imminent. According to Cowen and Shenton (1996: 411), development has increasingly been abstracted from history, but banal references to social, political, institutional 'structures' cannot resolve the difficulty. They cannot do so because if the goals are made concrete in the way our writers suggest, there then arises the old fallacy of development consistently evaded by modern textbooks. This fallacy is revealed at the same moment as any goals of development are stated. To be able to decide upon policy, to have the desire, knowledge, ability and capability to do what it takes, principally, is to have completely achieved what are routinely stated to be central goals of development. That which should be imagined as the aspiration for development is assumed to be actually present, in a set of necessarily real conditions, for development to be designed before it happens. Regarding trusteeship, Cowen and Shenton (1996) indicate the reason for its rejection. They state that trusteeship was rejected due to its colonial significance and that what inherently recurs is the original mid-nineteenth-century variation of trusteeship uncorrupted by imperialism. However, Rapley (2007), indication of postwar period development thought was directed essentially to the unanimous understanding that economies needed more state intervention. Thus the state became the main agents of national infrastructure

and development.<sup>6</sup> The set objectives of state policy to attaining development must have at least the following objectives. These are; ‘to increase the availability of basic needs; to provide more jobs and education to generate self-esteem; and to expand choice in order to free the individual and nation from dependence’ (Cowen and Shenton 1996: 415). These and other objectives come together to prescribe the values needed for development. However, the implementations of these values become mere administrative tasks for the intention of development. As such, the core responsibilities of trustees and their practices or activities run parallel. As such, it is important to ask, if trustees are actively involved in ensuring the advancement of development, then why poverty, unemployment and inequality? State intervention involved the establishment of state-owned enterprises such as water, electricity, communication, factories, farms and other facilities (Moss 2007). In Africa, the availability of these infrastructure was to promote industrialization, however, the hope of industrializing failed to materialize. There was intense backlash on the state as contributing to the failure of the development of African economies (Moss 2007). The alternative to state intervention was to promote free market and privatization, allowing for individual investors to be trustees for infrastructural development (Bayliss and Fine 2007, Auriol and Blanc 2007). It should be noted that the concept of privatization is much larger than just the changing of ownership. It extends to the amassing of wealth from the sale, halting any form of public subsidies and helping improve the contribution of the company to the economy through new management, investment and technology (Megginson and Netter 2001, Baird 1999). The concerns of this study are – what conditions the change in trusteeship for infrastructural development? Who is benefitting, the trustee or the people intended to enjoy energy access? The role of the trustees and their activities in the development of the economy require this study to equally examine the

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<sup>6</sup> John Rapley again stated that the need for more state intervention in the economy influenced both developing and newly independent countries to reinforce their confidence in the state.

rationalization of governmental practices by applying the concept of governmentality because, if poverty, unemployment and inequality have become 'less severe, then beyond doubt this has been a period of development for the country concerned. If one or two of these central problems had been growing worse...it would be strange to call the result 'development' (Cowen and Shenton, 1996: 415).

The theory of governmentality was introduced by Foucault as a guideline in analyzing historical reconstructions of various forms of government (Foucault et al. 1991, Lemke 2001, 2002, Murray Li 2007).<sup>7</sup> Foucault indicates that it is not possible to analyze the technologies of power without an investigation and breakdown of the rudimentary element of political rationality underpinning them. In this theory, Foucault illustrates 'how the modern sovereign state and the modern autonomous individual codetermine each other's emergence' (Foucault et al.1991, Senellart 1995). Governmentality is concerned with the 'art of government, or more specifically, how people are made governable through the examination of "the conduct of conduct"' (Murray Li 2007: 12). This serves as a method of studying the composition of governance with reference to particular representations, knowledge and expertise regarding that which is to be governed (Murray Li 2007). According to Wendy Larner and William Walters (2004: 3-10), this understanding of the concept of governmentality emphasizes the intricate link between thought and government. Thus in any form of a government, such as the government of a business, a state, or of an individual's health and wellbeing, 'the practice of government involves the production of particular 'truths' about these entities'(Larner and Walters 2004). It is the production of particular 'truths' about the power sector in Ghana and in Africa in general that this study seeks to investigate. How has these 'truths' impacted on the power sector in Ghana? The manner in which the government has managed the power situation in Ghana

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<sup>7</sup> See also (Garland 1997, Senellart 1995)

ranging from a 'blaming game' to promises, only translates to increasing the problem of energy access and energy insecurity. That notwithstanding, the government in all circumstances retells its intention to fix the power situation. Management of the sector must translate in the effectiveness of the sector and this, according to the World Bank could be achieved through 'good governance' (Abrahamsen 2000: 49). Thus, "good governance", according to the World Bank is about how to best coordinate the power of command and power of production in order to attain the essential object of obtaining and earning health, wealth, and happiness of the people. Foucault argues that the power of governance employs both the power of discipline and sovereignty and thus, there is not going to be a replacement of a society of sovereignty by a disciplinary society and the immediate replacement of a disciplinary society by a society of government. This is what underpins the concept of governmentality. Hence, the applicability of this theory to the study is to understand how government stands to control both the situation in the power sector and the people they represent. The theory also aids the researcher to examine the method of governance as applied to the power sector and the overall impact on the power sector.

The combination of theories concerned with the anthropology of modernity and development, and trusteeship and governmentality, place the study within the framework of Foucauldian Postmodernism through which we examine the extent to which the contemporary governance of electricity development are shaped by global and national policy frameworks and the influences of transnational companies on the privatization of infrastructure.

## **Objectives and Research Questions**

The overriding objective of the study is to examine the extent to which the contemporary governance of electricity development is shaped by global and national policy frameworks and the influences of transnational companies on the privatization of infrastructure.

The main research questions comprise the following:

- What are the main types of contractual relations and governance frameworks that are coming into existence between transnational corporations and government (or national power sector organizations) to facilitate private sector service delivery and the commercialization of the power sector?
- Does privatization lead to the inclusive use of power or does increasing commercialization and the profit motive result in the exclusion of the poor from power consumption and a new scramble for resources in Africa?
- How have civil society organizations advocated for popular demands and reacted to these private investments within the energy sector and to what extent does this influence policy and make it more responsive to popular needs?

## **Literature review**

The World Bank report (1999/2000) indicates that there are basic elements that promote the growth of economies. Progress from an agrarian to a manufacturing and services economy leads to the influx of skilled labor and a web of coordinating corporations which in turn promotes economic growth. This in other words is referred to as urbanization (World Bank 1999). However, the report seem to neglect the contribution of the rural areas to the very make-up of the entire urban world. This is to contend that any given economy may have both an urban and a rural sector whose activities come together to boost economic growth. As urban

centers begin to grow, governments are more inclined to providing infrastructure leading to largescale public infrastructure investments. To boost economic activities in the economy, it requires interregional telecommunications, roads, transport and electricity (Falk, Herrmann and Schmid 1983). Electricity has demonstrably created an enormous impression on development due to its convenience and versatility for the home, commerce and industry. After its birth in the 1880s in the United States and all of Europe, it became a very important asset which spread to the rest of the world as it became an essential commodity to the functioning of modern technological systems (Hill, O’Keefe and Snape 1995). According to Byrne and Mun (2003: 48-76), electricity was regarded as ‘metatechnology’ because it shaped contemporary development patterns. In most industrialized countries, electricity has largely been dependent on largescale power plants and transmission and distribution systems that produce and supply electricity at relatively cheap prices (Wamukonya 2003). However, electricity production and supply has not been devoid of problems: expensive largescale plants and equipment, and other social inequalities such as the neglect of some areas in the distribution of electricity leading to energy poverty especially within Sub-Saharan Africa (World Bank 1999). According to the World Bank Annual Report (2015: 18-19), there has been a tenaciously constant energy poverty crisis especially in the “high energy deficit” regions of Sub-Saharan Africa and South Asia, where two-thirds of the World Bank Group’s energy funding is targeted. The report indicates that Sub-Saharan Africa, with a population of about 1 billion, consumes only 145 terawatt hours of electricity a year, which is in correlation to about one light bulb per person for three hours a day. This has led the Bank Group’s energy funding direction to emphasize expanding access to modern energy services, and intensifying energy efficiency benefits and renewable energy development. To ensure that energy poverty be eradicated, some scholars such as Berrie (2000) contend that certain factors must be taken into consideration. These are –

energy management, energy efficiency, energy conservation and the environment. However, he posits that developing countries such as Ghana do not have sufficient resources to manage these factors except with outside assistance.

### **Traditional Aid and Foreign Investments Discourses for Growth**

Aid has been viewed differently from various lenses of development activists and scholars. The framework of aid, according to many proponents such as Craig Burnside, David Dollar, Bill Gates, among others, is primarily to promote economic growth in aid recipient countries and contend that it is a prerequisite for development.<sup>8</sup> Irrespective of the conclusion that aid proponents proffer, there are certain distinctions indicating that scholars or proponents have focused on certain characteristics within recipient countries. Burnside and Dollar (2004) argue that, policies that have fiscal inclination, mostly have a great effect on growth within a given economy. As such in their Policy Research Working Paper titled '*Aid, Policies and Growth*', they indicate that 'Aid has an absolute favorable influence on growth in developing countries with good fiscal, monetary and trade policies. However, they present a proviso which maintains "that 'aid appears not to affect policies systematically either for good or for ill. Any tendency for aid to reward good policies has been overwhelmed by donors' pursuit of their own strategic interest" (Burnside and Dollar 2004). It is, therefore, conclusive to indicate that the more aid flows to a given developing economy, the greater it is increasing growth. The World Bank's assessment of aid efficiency rests on institutional development. A developing economy with high institutional capacity development attracts more aid because of transparency, effective and appropriate aid disbursement and allocation. In this regard, the World Bank remarked that, aid works best in a high quality public institution milieu (Santiso 2001). This assertion has gained

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<sup>8</sup> Other proponents include: (Gita Steiner-Khamsi 2008) , Bill Gates, <https://www.gatesnotes.com/Energy/Powering-the-Fight-Against-Poverty>.

the attention of both political scientists and economists who, support the importance of strong public institutions, but argue that strong public institutions may not necessarily cause development in a given economy (Ndulu and O'Connell 1999).<sup>9</sup> Effective public institutions are more often a result of development than a cause of development (Moss, Pettersson and Van de Walle 2006). The Centre for Policy Analysis, in a paper, 'Reflections on Aid and Debt Management in Ghana' made the claim that most successful countries have undertaken reforms with the support of immense foreign financial assistance. As such, aid is necessary for development especially for a developing economy (Sowa 2001). Svensson (1999) added that democratic recipient countries have been positively influenced by aid and have, nonetheless, attained economic growth as compared to those countries with diminutive political and civic sovereignty. The relationship between aid and development, has resulted in many contradictions and inconsistencies, allowing some scholars to suggest that aid has a negative bearing on development. Scholars such as Dambisa Moyo (2009, 2010, 2011, and 2012), Akhand Hafiz and Kanhaya Gupta (2002) share the view that aid is the main reason for underdevelopment especially in developing countries. The seminal work of Dambisa Moyo (2009) argues that the idea of aid as a tool in increasing growth of developing countries is a myth because the postwar development paradigm of many African states have been bedeviled with escalated poverty levels and a relentless decline in growth which results in immeasurable suffering for many Africans (Moyo 2009). Moyo (2009) maintains that the sole dependence on aid by developing countries has led to the spread of corruption and poverty. Ravi Kanbur (2000) argues that aid in its entirety has failed Africa, aid conditionality is fruitless in Africa and that there is very limited chance of repossession of Africa from this failure within current

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<sup>9</sup> See also (Haggard 1990, Evans 1995, Herbst 1990, Acemoglu et al., 2004, Sachs 2005, Rodrick 2003)

institutional arrangements.<sup>10</sup> Aid conditionality and debt undermine the claim that aid bolsters growth in a good policy environment because, according to Ravi Kanbur (2000), aid does not, in the first place, induce good policy environments to emerge, least of all, to promote growth. Rajan and Subramanian (2008) indicate that there is no evidence that aid thrives in a good policy or geographical environment or that certain models of aid are more functional than others. The IMF and World Bank together with many aid donors have applied conditionality to their aid flows which is primarily aimed at promoting conducive policy environment in the various recipient countries (Rajan and Subramanian 2008, Kanbur 2000). The discourses above throw more light into understanding the framework of the Power Africa Initiative, which focuses on aid in providing universal energy access in Sub-Saharan Africa. The whole initiative is centered on aid, funding or investment from private entities from both local countries and international organizations. Its approach focuses on partnership, driven by the private sector and supported by host country governments, multilateral and bilateral donors (USAID 2014). This initiative presents itself as a case study for development activists interested in aid and its associated effects within developing countries to fully examine because, it encapsulates all the embodiments of aid: reforms, privatization, technical support, institutional capacity building, private investment, trade expansion, among others.

#### **Emerging Trend in Foreign Aid and Investment for Growth**

The Africa Competitiveness Report (2015) manifests as a vision to enlighten and promote policies that can aid the reconstruction of African economies. This is through a collaboration with the African Development Bank, the Organization for Economic Co-operation and Development (OECD), the World Bank Group, and the World Economic Forum where areas

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<sup>10</sup> See also Rajan and Subramanian (2008).

that require policy and investments are highlighted with the basic intention of ensuring Africa's sustained growth. The Report deals with obstacles and challenges that prevent African economies from attaining their full potential such as the service sector, with the ultimate motive of assessing how to reap the full benefits of this increasingly prominent sector as well as its ramifications for structural transformation (World Economic Forum 2015). The first chapter of the report focuses on assessing Africa's competitiveness, its opportunities and challenges to transforming Africa's economies which concludes that:

'Most African countries find themselves in a development stage where basic requirements—such as sound institutions and macroeconomic policies, adequate infrastructure, and a healthy and educated workforce—will be necessary to establish a solid basis for sustainable growth. Yet these are the areas that constitute some of the biggest gaps with other regions. *The continent's persistent infrastructure deficit and poor education outcomes as well as its difficulties in providing the right set of skills to match the needs of its businesses constitute the most important barriers to transforming African economies.* This is particularly significant in view of the shifts of employment toward the service sector over the past two decades and the region's rapidly growing workforce. In this context, investments in public goods ranging from infrastructure to education and health are needed (World Economic Forum 2015: 24).

Investments in Africa, especially for infrastructure development, has recently seen intense improvements (Zafar 2007, Ake 2001). Over the past two decades, many African governments have struggled to support their economies by providing and maintaining infrastructure and infrastructural services (Zafar 2007, Ake 2001). The common reason given regarding low investments in Africa is that Africa is an unfavorable location and that economies in Africa are not growing and are not viable for investments (Wahid, Sawkut and Seetanah 2009, Artadi and Sala-i-Martin 2003, Pigato 2001). In recent times, the story is quite different. Africa is home to seven of the ten fastest growing economies in the world over the past ten years (Agola 2016, Munoz 2013). It is without doubt that this has caused many donors and investors such as the United States of America and China together with their firms, to turn to Africa as a favorable location for investment opportunities (Munoz 2013). Development activists refer to the present situation of the influx of western donors and investors on the African continent as the ‘New Scramble for Africa’ (Carmody 2011, Southall and Melber 2009). Donors, private investors and their companies’ compete for control over natural resources and markets, in order to ensure economic access. According to Michael Rubin of the American Enterprise Institute, ‘the new battle for Africa does not deploy strong-arm tactics, it is now a soft power game: economic and humanitarian aid, interest-free loans, preferential trade agreements and investments in infrastructure are currency across a continent that is, for the world's established and emerging powers, seemingly up for grabs’ (Carmody 2011, Southall and Melber 2009).

### **Electricity Access and Consumption for Growth**

Scholars such as Rosnes and Vennemo (2012), evidently acknowledge the problem of cost in providing electricity access in Africa. They indicate that hydropower reserves are often located far from population centres which adds further cost since there are vast areas to be covered by

the grid. That notwithstanding, donors and private investors who advocate for energy access are prepared to pick up a share of the bill. How much is the cost to providing power supply and access in Africa? Rosnes and Vennemo (2012) estimate the cost of providing electricity to Sub-Saharan Africa, as well as the costs of political interventions for trade and electricity access by building an optimization model that, for each country of Sub-Saharan Africa, describes the electricity demand and the opportunities for electricity generation and trade with other countries. They indicate in their conclusion that economic growth is an important driver of the market demand from industry, the public sector and households. However, the relationship between electricity consumption and economic growth has remained questionable. Wolde-Rufael (2004) investigate the long run and causal relationship between electricity consumption and economic growth for 17 African countries. Although they developed a model in examining the causal relationship between electricity consumption and economic growth, they did not provide a definite stand on the existence or nonexistence of this causal relationship.

#### **✚ Different Methods and Different Approaches in Perspective (Aid Electricity in Development)**

The World Bank undertook a rural electrification project to extend electricity to rural areas in the Asia, Latin America and Africa regions. Loans for rural electrification increased by the 1980s with the objective that rural electrification greatly improves the quality of life (World Bank 2008). However, concerns have veered towards the beneficiaries of rural electrification with primary emphasis on how it has intensified various economic activities (Cook 2011). The purpose for rural electrification has been to link development to productive use of energy as such Paul Cook (2011) reviews literature on the role and relation of rural infrastructure to economic growth and development by examining socioeconomic issues underlying rural

electrification development in developing countries. The World Bank adopted a 'least cost' approach which was necessary to secure the financial viability of both the rural electrification program and the beneficiaries of the program (World Bank 2008). In this way, community driven development were centered in the very poorest areas. In spite of this, the World Bank indicates that the connection charge is the challenge that prevents the poor from gaining access to electricity. Although the World Bank has over the years changed focus to support rural electrification projects, funding or financial sustainability has been a difficulty. However, the Bank suggests that a more comprehensive approach to the issue of financial sustainability is required, focusing not just on tariff reform, but also on explicit recognition of the possible need for subsidies and improving system design and revenue collection (World Bank 2008).

Conversely, the African continent has been identified as an energy hub or source which has led to the importation of 'green' electricity by the European Union (Showers 2011). The European Union, in their quest to alleviate imminent energy shortages, partnered with the African Union to undertake an energy for all project which is targeted to be attainable by 2020. The Africa EU Energy Partnership (AEEP) provides a framework which focuses on structured political dialogue and cooperation between the African Union and the European Union particularly on energy issues of critical importance, which are more inclined to the priorities of both Africa and Europe. Africa and the EU are dedicated to provide political leadership in order to create a favorable environment for energy trade and investment in infrastructure, and to organize adequate resources for the application of the set objectives of the AEEP.<sup>11</sup> The main objective

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<sup>11</sup> SDGAction737, "2020 Targets of the Africa-Eu Energy Partnership (AEEP)," <https://sustainabledevelopment.un.org/partnership/?p=737>.

of this partnership is to achieve real and resourceful goals by 2020 on energy access, security, renewable energy and energy efficiency.<sup>12</sup>

The objectives as described by these programs hope to aid Africa to secure energy access and energy security. However, individual African countries have only entered a lower zone of generation, transmission and distributing electricity to their citizens. Measures are often undertaken by governments to increase electricity generation capacity to meet the growing population. However, these measures undertaken by the various governments have not met the needs of the people. Countries have plunged into cataclysmic power failures which have affected the economic activities with the nation state, of which Ghana is no exception. All things considered, it is without fail to indicate that the problem with infrastructural development especially power may be that interest of investors takes precedence over the objective of the project.

### **Methodology**

The study employs an approach which is focused on gaining an understanding on the impacts of both discourses and practices on infrastructural development. This methodology is appropriate because we appreciate the social and economic processes that emerges as a result of people's relationship to electricity. With this approach, the use of journals, official institutional documents and policy briefs and statistical data from the libraries, development assistance offices of the United States of America and Ghana, the Energy Commission of Ghana, the Ministry of Energy and Power, the head office of the Electricity Company of Ghana (ECG), the Volta River Authority (VRA) and Ghana Grid Company (GRIDCo) served as reference points to drawing analysis on the issues engulfing the power sector of Ghana. The various documents

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<sup>12</sup> The United Nations, "Sustainable Developmentknowledge Platform," <https://sustainabledevelopment.un.org/partnership/www.africa-eu-renewables.org>.

of these development organizations and secondary sources are interrogated to develop both a historical account of various interventions within the power sector in Ghana, the networks mobilized by these interventions from residential consumers to multinational service providers and investors, and the development and political discourses that accompany these interventions at the international and national level.

The methodology is to interrogate how forms of knowledge come about together with the power relations, social practices and forms of subjectivity which exists in such knowledges and the relationship between them. The methodology leads the study to focus upon questions of how some discourses have shaped and created significant structures that have been accepted as the truth and which dominate social structure and organization, while other discourses are marginalized and subjugated. Discourse analysis presents an opportunity to examine various discourses and challenge and resist hegemonic practices that are not promoting the development of society. The research interrogates these various documents of development organizations and secondary sources and documents the discursive and concrete aspects of infrastructural development and examine the ways in which particular priorities and defined problems have come to dominate infrastructural development agenda.

Interviews were conducted with major stakeholders of the country's power services to shed light on the nature and modes of operation of the power sector in promoting development and energy access. These stakeholders include: the Director of Generation Project of the Millennium Development Authority (MiDA); Mawunyo Rubson, the Director of Research of the Power Sector Ministry; John Nuworklo, Mr Chris Anaglo of the office of Renewable Resources; Power Sector Ministry, the Deputy Director at the Ministry of Foreign Affairs and Regional Integration; Alexander Ben-Acquaah, and the Coordinator of Third World Network-

Africa; Dr. Yaw Graham. The USAID declined all requests to conduct an interview regarding their position and approach to providing energy access in Ghana.

### **Structure of the Study**

This dissertation is made up of five (5) chapters. Chapter two examine new relationships that evolve between government and transnational corporations as a result of the investments these transnational corporations make in promoting the development of a state. The chapter also takes into account the conditions that accounts for the changes in investments in infrastructural development within the international political milieu and how this leads to changes in the approach to implementing infrastructural projects in Africa.

Chapter three examines privatization of infrastructure and its effects on the economy. The study seeks to investigate whether privatization leads to an inclusive use of power or to increasing cost or does its profit motive lead to the exclusion of the poor on the basis of cost. The study undertakes a survey of the development of power in Ghana and the reactions of stakeholders in maintaining effective infrastructure within the country especially power. This chapter considers the history of power generation, transmission and distribution and its impact in the development of infrastructure in the country indicating the rate of infrastructural development with the aid of electricity. Indicating the challenges facing the power sector, the chapter examines the role of the private sector and its effects on the development of power infrastructure.

Chapter four assesses how the civil society organizations has reacted to these private investments and interventions in the power sector. It also examines how the civil society organizations have advocated for popular demands for the benefit of all within the economy.

Chapter five serves as a summary and concluding commentary of the study.

## CHAPTER TWO

### GLOBAL TRANSFERENCE IN INFRASTRUCTURAL DEVELOPMENT

#### Introduction

Infrastructural development has been described as the ‘soul’ of industrial development which consequently connotes economic growth and development. Infrastructure is perceived to be public capital that reflects the basic services that form the basis of the economy and without which production and commerce cannot exist. These include: roads, railways, ports, energy, communication, schools, and hospitals, among others. The availability and provision of these amenities in world politics and governance has been the responsibility of the state. However, in recent times, there has been an attempt to open up infrastructure provisioning to the private sector and to alliances between the state and the private sector. Within this context policy formulation and implementation becomes the deliberation of a wide range of actors within and outside of the state sector, private sector and state actors, which extend from local-level bureaucrats to global conventions and initiatives (Keeley and Scoones 2003). This is reflected in frameworks such as the Public-Private Partnership (PPP) and Private Investments such as the Millennium Challenge Corporation (MCC), Africa Growth and Opportunity Act (AGOA), the Africa Command (AFRICOM), among others. These rearrangement are lately gaining firm footing in developing economies especially Sub-Saharan Africa (SSA) within the power sector leading to the influx of transnational corporations within the region. This chapter examine the new relationships that evolve between government and transnational corporations as a result of the investments these transnational corporations make in promoting the development of a state. The chapter also accounts for the changes in investments in infrastructural development within

the international political milieu and how this leads to changes in the approach to implementing power infrastructural projects in Africa.

### **Development Thinking in Perspective**

Development thinking employs the state as the conventional unit of development (Cowen and Shenton 1996). This is because the concern of development is with how society should be organized. The state come into being to establish order and progress, reflecting the highest form of consciousness (within a Hegelian framework) (Hall et al. 2013, Cowen and Shenton 1996). Development doctrines undergo certain changes which characterize the dominant conditions and consciousness within society at particular times, which reflect the interest and perceptions of the dominant factions within global and national politics (Bull 2012). On the international front, leading powers within the world are at the forefront of advancing doctrines of development which are intended to ensure that other nations subscribe to support such approaches. This has been the technique in shaping development thinking in the global world. For instance, development thinking from the 1940s to the 1970s conceptualized the state as holding responsibility to provide social, economic and environmental amenities for the development of the economy (Cowen and Shenton 1996). Within this period, many African countries gained independence and in order to establish their authority and control over the nation state, they undertook to provide certain basic infrastructure to promote growth and the living standards of the people (Moss 2007). From the 1970s onwards the dominant framework of new liberalism has supported the extension and deregulation of global markets, private ownership and control, and the rolling back of the state (Goodman 1992).

## **Infrastructure and Development**

Developing infrastructure in most countries is the first and primary need because infrastructure advances the ability of the economy to alleviate limitations to growth and poverty reduction and enhances effectiveness in the activities of individuals within a nation-state. Infrastructure development, according to Agénor (2010: 3), is basic to economic development and growth because infrastructure is that which connects the economy to the outside world through which trade and commerce thrives and which ensures improvement in the quality of life. Infrastructure development has become an essential part of various development paradigm mainly because its sectors such as power, water, transport, among others become inputs for production within the productive sectors of the economy namely; agriculture, manufacturing, health among others (Esfahani and Ramírez 2003). Agénor (2010) presents an argument for development based on public infrastructure as the central agency of growth where he employs human capital accumulation and endogenous technological progress as determining variables and output of infrastructure development. He asserts that the proportion of increase in growth depends on the interplay between infrastructure, health and savings. As such, infrastructure boosts the economy's ability to bring about health services, and larger admittance to health services enriches workers' productivity and output. Thus, the aggregation of human capital is fundamentally as a result of better quality of effective labor.

Agénor (2010) espouses the interconnectedness of the delivery system of infrastructural assets. He claims it is important to have a joint availability or operation of all components of the infrastructure network in order to obtain efficiency and positive externalities. Thus, if infrastructure provision has attained a certain height, it automatically compels producers or the productive industry to employ modern technology leading to a rapid increase in growth and sustained advancements in productivity.

Although most scholars agree to the economic importance of the provision of infrastructure, the concern has been with efficiency of service in meeting the needs of the people. This has led to a reassessment of the management of infrastructure and infrastructural services leading to a promotion of privatization of infrastructure or a joint collaboration of both the state and the private sector. Agénor (2010) advances that, the switch in technology due to the availability of an appreciable level of infrastructure, if endogenized, will refine the development process and bring the critical role of the state in promoting private sector growth to the fore. However, many donors, investors and international organizations have been entirely unsympathetic to this position because, they argue that, the state at any and every level, is just not efficient at running large infrastructural projects (Ndou 2004, Bing et al. 2005). They also argue that government is not able to identify suitable projects to undertake that serve the needs of the people. These arguments are used to justify the push for privatization of state infrastructure for efficient administration and benefits. Other advocates, knowing very well the state cannot entirely be eliminated, have called for a partnership between the state and private investors to develop infrastructure.

The issue of urbanization comes to the fore as it has been the dominant demographic trend throughout the globe. Regarding infrastructural development, many countries have not been in good standing with the maintenance and development of urban infrastructure leading to a shortfall in meeting the emerging standards of urbanization (Koppenjan and Enserink 2009, Ichimura 2003). This, according to Koppenjan and Enserink (2009), is owing to a lack of government revenue and to a focus of local governments and private project developers on economic growth and their dominance in profitable activities such as property development and not less profitable public infrastructure.

Savas and Savas (2000) assert that Public-Private Partnerships (PPP) are advocated as a way of meeting urban infrastructure needs within a framework of a collaborative responsibility between government and the private sector for development. Government and the private sector have indeed been working over the years to provide infrastructure and services. However, there needs to be a coordinated approach within a policy framework that guarantees the security of private sector investments (Grimsey and Lewis 2007). The PPP framework became popular in both developed and in developing countries as a result of the effects of the 2008 global financial crisis. Recognizing the importance of investment in infrastructure to securing economic growth, and facing intense constraints on public resources and fiscal discipline, the state turned to the private sector as an alternative source of funding to supporting the provision of infrastructure (Ng and Loosemore 2007, Grimsey and Lewis 2007). In recent times, a number of countries are enshrining PPP within development policy frameworks.

In Africa, South Africa has the greatest progressive experience of PPP with over fifty collaborations in both development and implementation at the national level. Ghana has, as a policy document embraced PPP and this was launched in June 2011 by the Minister of Finance and Economic Planning in which they stated that “the PPP is a contractual agreement between a public entity and a private sector party, with clear agreement on shared objectives for the provision of public infrastructure and services traditionally provided by the public sector” (Grimsey and Lewis 2007). The PPP champion and advisor to the President, Dr. P. V. Obeng indicated that government does not have the available capital and resources to undertake various necessary projects in the country. As such, there is the need to encourage the engagement of the private sector to partner with Government in an uninterrupted and well-coordinated manner to carry out such projects. It is imperative for Ghana to be a part of the international production system towards the attainment of a certain pedestal in the geo-political

space. In order to achieve this, infrastructural development need to be readily available and far advanced to enable enterprises in the country become highly competitive within the international market. Government identifies PPP as a mechanism to assemble all resources from the private sector for infrastructure development and service delivery at a comparatively favourable cost. PPP, according to Dr. P. V. Obeng, is one of the positive and advantageous means of leveraging the capacity, capability and energy of the private sector to facilitate Government development and set objectives. This enables the general public to benefit from easy access to a well-functioning infrastructure (Bing et al. 2005). There seem to be a growing concern as to the state of ownership for these public infrastructure that are established from the PPP. This has led to the accepted belief of privatization of state owned infrastructure. For instance, the Power Africa Initiative and the Compact II of the MCC incorporate PPP programmes into national infrastructure development. However, privatization seem to be the operational result of these programmes. The 'market based' reforms that accompany these programs seem to hand over the sector to the donors and transnational corporations who are helping out to securing energy access in Africa (Wamukonya 2003).

### **Electricity Expansion in Africa**

The United Nation's Sustainable Development Goal (SDG 7) point towards Africa's need for obtaining affordable, reliable, modern and sustainable energy with primary emphasis for ensuring access to all because, energy is vital to every facet of economic development (Helgason 2016, Griggs et al. 2013). This has led to many governments, firms and international financial institutions making huge investments within the Sub-Saharan African region (Zafar 2007). US companies have committed \$14 billion in new investments in clean energy, aviation, banking and construction (General Electric Report 2010). Chinese, Brazilian, and the European Union companies are also increasing investments in Africa. All these investments are

essentially to increase access to markets and natural resources on the continent. This is what is referred to as the ‘new scramble for Africa’ (Frynas and Paulo 2007, Mahtani 2008, Kinyanjui 2013).

The new scramble for Africa focuses on trade in services such as banking, aviation, construction, communication, and land and natural resources, among others. Energy as an economic input falls with the service category because it involves generation, transmission and distribution. The global trade regime essentially emphasizes the need to push for infrastructural development which will simply require exchange of skills and expertise and the ultimate ability for donors and investors to gain foothold in market operations (Miller 1995, Winham 2005). The power sector of the entire Sub-Saharan region of Africa possesses mainstream infrastructure deficit which delivers access to only a fraction of the population. As of 2011, Africa’s generation capacity was 147 GW and with an average growth of 8% in energy demand, the region’s generation value is entirely inadequate to support any industrial and economic growth (Foster and Briceño-Garmendia 2009).<sup>13</sup> Although Africa possesses significant amount of energy resources which are untapped, it has not been able to channel these resources to generate power for industrial growth and development (IEA 2014).

### **Investment and Competition**

The influx of companies’ from the United States, the European Union and China only go to confirm the immeasurable interest they have in investing in the oil and gas sectors in Africa. The EU has granted a significant financial support to Africa’s power sector. The primary focus of the EU in recent times, has been to promote renewable energy. As such, the EU’s investments in Africa have been to support Africa to contribute to the global energy mix by the

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<sup>13</sup> See also Rosnes and Shkaratan (2011), Rosnes and Vennemo (2012, 2009), IEA (2014)

use of renewable energy. The European Investment Bank, which is regarded as the one of the world's largest lenders, has devoted its investments to renewable energy and has provided about EUR 3bn for renewable energy project in Africa, Caribbean and Pacific (ACP) countries (Stanic 2014, 2016).

China has also made significant strides in investments in Africa. China's foremost center of attention has been the promotion of gas infrastructure and power projects. Much of China's attention has been on hydroelectric power schemes (Thrall 2015, Galadanchi 2016). In nine African countries, ten major hydroelectric dams were constructed and financed by the Chinese in 2007 (Thrall 2015, Galadanchi 2016). A significant example was the financing of the Bui dam which was constructed by the Chinese with a loan agreement reached by both the Chinese company and the government of Ghana. Five hundred and sixty-two million dollars was used to finance this project (Brautigam 2011).

The United States like the other competitors have adopted several soft power strategies by providing investments in infrastructure and also granting aid to support various projects within the Sub-Saharan African region (Lyman 2014). The United States government have developed programs such as Africa Growth and Opportunity Act (AGOA), Millennium Challenge Corporation (MCC), among others to provide financial support to African economies (Makwerere and Chipaike 2012). Under the MCC Compact II in Ghana, focus has moved towards energy or electricity expansion. The ultimate programme is the launching of the Power Africa Initiative in 2013 by President Obama. This programme is primarily geared to expand Africa's electricity access (Herscowitz and Buzzard 2015).

Developing countries may not, for all intents and purposes, integrate into this global trade regime, which, for these developing countries, may lead to the unequal trade. The United

States, China, the European Union, the World Bank, among other powers are extensively galvanizing for infrastructural development. Developing countries such as Ghana, Tanzania, Ethiopia, among others have experienced some infrastructural improvements in investments from companies that belong to these ‘powers’. These infrastructural developments have come about due to certain initiatives being administered by these ‘powers’. Significant among these initiatives is the Millennium Challenge Corporation (MCC). The MCC is an independent U.S. foreign aid agency whose central aim and objective is to enhance economic growth and reduce poverty. It has set various trajectories in achieving their purpose. These are the good governance, PPP and the poverty alleviation approaches. What the MCC does is that it incentivizes good governance by providing large grants to governments of low-income countries that have demonstrated a strong commitment to sound policy practices. In this way, the MCC is able to partner with these governments to select and implement effective development programs and then also, the MCC is able to plan for future poverty alleviation programs (Banerjee et al. 2007). In Tanzania, for instance, MCC is funding three activities under their energy sector. These are: transmission and distribution systems rehabilitation and extension, Zanzibar Interconnector activity and Subsidy pilot activity for connections to the line extensions. This is in partnership with the Tanzanian government with the overall objective of improving economic growth and poverty reduction (Chaplin et al. 2011).

### **Privatization: Increasing Energy Access?**

Privatization in developing countries emerged as a result of the debt crises and worsening fiscal budget of the 1980’s and early 1990s (Adam et al. 1992). In Ghana, for instance, state owned enterprises, according to the World Bank were regarded as a mere waste on the country’s resources. As such, the IMF and World Bank required the government of Ghana to implement policies to divest most of these state owned enterprises to privately owned enterprises. The

period of the 1980s and 1990s were the era of the spread of democracy. The World Bank argued that it was important for developing countries to practice democracy as a system of governance in order to develop. Thus, development was regarded as the end product of democracy. The concept of good governance became a defining feature of democracy which encompassed institutional and bureaucratic efficiency and accountability. Many developing countries attempted series of economic and political liberalization programs which was prescribed by the good governance agenda, in order to attain development. Prominent among these were the Structural Adjustment Programs (SAPs) which was implemented in Ghana in the 1980s. Although these programs were implemented, the desired result of development was not realized. The implementation of the SAPs led to the problems of unemployment, poverty and inequality. As a result, there was rapid deterioration of democratic standards in many African countries because the economic adjustment programs impeded rather than facilitated the institutionalization and consolidation of democratic principles and procedures (Abrahamsen 2000). It has however become clear that the implementation of the SAP has had implications for governance in Africa affecting primarily the democratic aspirations of the peoples of Africa in the formulation and operationalization of efforts at economic reform. The telecommunication sector in Ghana was one sector that moved from a government controlled telecommunication market to a more liberalized market. According to Haggarty, Shirley, and Wallsten (2003: 3-5), the introduction and increase of competition in Ghana's telecom sector was as a result of the poor conditions and services it provided which led to the telecom sector being classified as inefficient. There was also the decline in equity as foreign exchange losses increased. In addition, the already subsidized international charges and local tariffs were swiftly diminishing which led to the government intervening by directly transferring funds to support the sector. The government took this initiative – of transferring funds – to continually administer. Due to

the large sums involved, the government was faced with a dilemma whether to increase consumer tariffs to save the sector or cede control to a private entity. The government then adopted an alternative to break up the sector and attach to other sectors (Haggarty, Shirley, and Wallsten 2003). This move heightened the already existing crisis in the sector and as a result, Ghana telecom was sold to Vodafone. The problem however was the disregard of the landline telecommunication services and immediately resorting to mobile network communication services which was more economically viable. Kweku Dadzie, Political Coordinator of the Convention People's Party added that some individuals in government were bent on benefitting from the sale of the sector. He remarked that the documents presented to the Inter-Ministerial Committee indicated that Social Security and National Investment Trust (SSNIT) had expressed the will to operate a fiber optic network in the country which will not only benefit the telecommunication sector but also the electricity sector since the Volta River authority had interest in the utilization of the fiber optic. This offer was rejected and GT was sold to Vodafone without the slightest consideration of local interest. Kweku Dadzie concludes that Governments would ignore all available options for an equitable national advantage as a result of individual benefit from the transaction.<sup>14</sup>

Privatization, however, is reemerging with a different perspective. Private investments, in recent times, are targeted towards large scale development initiatives which, in their view, will boost economic growth and improve the lives of the citizens of independent states. Investments in these large scale development initiatives are to enable these investors and donors and transnational corporations to provide services to recipient governments for which they can

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<sup>14</sup> Kweku Dadzie, "Sale of Government Assets". Paper presented at the Freedom Centre on November 28, 2012. Accessed at: <https://consciencism.wordpress.com/2012/11/29/sale-of-government-assets/>.

obtain profit and returns on their investment. The major focus is now to ensure high returns on investments and create conditions to attract investment rather than on the needs of citizens.

### **Conclusion**

Western governments and International Financial Institutions consider Africa as a fast growing continent with many energy resources. As such the need to invest in these resources stem from the position that investment returns are assured and secured. Western governments and other countries in the race for the new scramble are aiming to transform these energy resources for Africa in order for them to establish strategic trade market opportunities. This in turn implies that Africa's need for energy security has been turned into an opportunity for investors to make high profits in Africa. This chapter has explored the intricacies surrounding the investments investors, donors and transnational corporations make in an attempt to ensure economic development in developing countries. We have seen how the commercial services of these transnational corporations will lead to a new framework for the control, ownership and administration of infrastructure in Africa.

The implementation of these large scale development initiatives by African countries is primarily to ensure that African markets are open to international trade in services. When these investors access the markets of African countries, they gain the ability and authority to set up their companies within recipient countries which confers upon them the sole right to undertake all projects concerning the investments they have made. In other words, for the control, maintenance and execution of all projects regarding the power sector would be duly undertaken by these corporations. This undermines the potential capacity of local firms and small-scale industries to participate in development and creates the problem of inequality, unemployment and poverty. Having explored the mechanisms of these donors and transnational corporations

and their investments, we then need to investigate the effects of privatization and private investments on both the power sector and the entire populace. We again need to understand whether increasing privatization may lead to increasing energy access and an all-inclusive use of power in the country.



## CHAPTER THREE

### GHANA POWER SECTOR FOR DEVELOPMENT: PRIVATIZATION AND INCREASE IN ENERGY ACCESS

#### Introduction

The vision of the Republic of Ghana on the power sector is to ensure equal opportunities to and universal access to energy and energy services for all citizens of Ghana and for export to other countries who may be in need of power (Ministry of Energy 2010). The objectives of the power sector are framed in terms of developing infrastructure for the production and supply of adequate energy services to meet the national requirement and for export; to ensure universal access as well as the efficient and reliable supply of energy services; to ensure that energy is produced and supplied in a form that has no adverse health, safety and environmental impact and also to guarantee that energy is produced, transported and used in an efficient manner. In developing a framework for examining national energy policy I build upon the analysis of Olssen's (2006) technologies of governance. Olssen (2006) argues that "political reason constitutes an ideology and discourse that was created as a response to problems of a definite historical period while technologies of governance relates to the instrumental level and embraces the means by which particular policies are devised and implemented". Keely and Scoones (2003), argue that present policy frameworks are the result of the upshot of interrelationships between different groups with varying political interest. As such, "what different groups or classes of actors believe and do about a policy question is a reflection of their interests". Grindle and Thomas (1991) and Hill (1997), identify the different groups within which these interactions prevail. They assert that these interactions are "between classes, different interest groups within society, different interest groups within the state and also

between different factions within the state and the international community or some combination of these groups (Grindle and Thomas 1991, Hill 1997). This interplay within policy processes remains actively evident within the power sector of the economy of Ghana. For the case of Ghana, the measures undertaken in an attempt to resolve power crisis in the country seem to follow a particular trend which seems to either justify the presence of a crisis or the creation of a crisis in order to advance a policy that will serve as both a 'solution' and the political interest of the groups and stakeholders within the sector. The power sector in Ghana and in other African countries has, in recent times, received significant amount of funds from donors and private investors whose sole ambition is to resolve the problems of energy insecurity in Africa. Their involvement and investments have prompted the need to privatize power infrastructure in order to ensure operational efficiency and increase access to energy for economic growth and development.

This chapter examines the effects of privatization of power infrastructure on the economy of Ghana. The chapter investigates why private donors and transnational corporations are requiring from African governments and policy makers to privatize power infrastructure. It is important to ascertain whether privatization will lead to an inclusive use of power or it will only increase cost of power leading to an exclusion of the poor to accessing power. The chapter is divided into two parts. The first part deals with the approach stakeholders within the power sector, have adopted to maintaining an efficient power supply and energy access tracing historically power generation, transmission and distribution and its impact in the development of infrastructure in the country. The second part explores the activities of private investors and transnational corporations and the reasons why they think their approach to developing power infrastructure is more efficient.

## Gold Coast and Electricity

Before the birth of the Volta River project, the first government sponsored electricity supply in Ghana was established in 1914 which solely depended on imported fuel.<sup>15</sup> In 1925, a report from Kitson indicated that there were several rivers in Ghana which were most promising sources of hydroelectric power. The rivers mentioned in the Kitson report included: the Black Volta, White Volta, Red Volta, Sissibi, Kulpawn, Daka, Torme, Tain, Wowo, Puru, Afram Tano, Ankobra, Huni, Pra, Offin, Adra Anum, Pawm (Prampram), Akurum, Wurubong and Asoboni. A hydrological survey was conducted to examine the stream flow of the rivers.<sup>16</sup> In 1954, the electricity department selected a few sites as forming a fair cross section of potential hydroelectric sites. The electricity department recommended that it is necessary to keep hydrological records of these rivers in order that their potentialities may be more accurately assessed.<sup>17</sup> However, the department concluded that there is sufficient hydropower potentiality in Ghana to meet all industrial, agricultural and domestic demands for many years to come.<sup>18</sup> Supply of electricity was developed in phases. From the 1914, electricity supply system was managed and operated by the Gold Coast Railway Administration which was purposely directed towards the operations of the railway system in Sekondi.<sup>19</sup> From Sekondi, the supply system was extended to Takoradi in 1928 which also served the needs of the railway system. The electricity supply was extended to the entire public and was managed by the Public Works Department (PWD). Initially, direct electrical current supply was limited to Accra in 1922. By 1924, the PWD staggered current supply to Accra and by 1926, supply was extended to Koforidua, then to Kumasi and other municipalities. On October 1, 1927, a fully operational

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<sup>15</sup> PRAA/RG 7/1/2150, 'Hydroelectric Potentialities of the Rivers in Ghana'.

<sup>16</sup> Ibid.

<sup>17</sup> PRAA/RG.7/1/2329; PRAA/RG 7/1/2150, "Hydroelectric Potentialities of the Rivers in Ghana.

<sup>18</sup> PRAA/RG.7/1/2329; see also Amoah (2005).

<sup>19</sup> Ibid.

power station was established which did run on imported fuel.<sup>20</sup> From 1927 through to 1955, power stations were established at Cape Coast (1932), Swedru (1948), Bolgatanga (1948), Dunkwa (1948), Oda (1948) and Keta (1955) (Amoah 2005). These power stations were established to enable smooth power transmission in the country. The first successful and most celebrated transmission of electric power was from Tema to Nsawam.<sup>21</sup> In 1947, an electricity department was created to oversee the operations of the public electricity supplies. Under the management of the electricity department, a diesel power plant was constructed in 1956 with a capacity of 1.95 MW.<sup>22</sup> The power plant was regarded as the largest diesel station in Black Africa (Amoah 2005).

### **Structure of Ghana's Power Sector**

The provision of electricity in Ghana has been the exclusive responsibility of the Ministry of Energy now Ministry of Power as it is responsible for formulating policies associated with the electricity sector and as well ensuring the implementation of those policies (Mensah-Kutin 2002). Before the 1990s, the Electricity Supply Industry (ESI) was dominated by hydropower which was the sole source of power generation (Amoah 2005). Power generation was however extended to include thermal, gas and solar sources (Amoah 2005). The stakeholders of the power sector comprise the following; regulatory, generation, transmission and distribution entities, all of which are state owned and state driven organizations (Energy Commission 2012). The Volta River Authority (VRA) and the Bui Power Authority are in charge of generation, Ghana Grid Company (GRIDCo) manages the transmission of electricity and the Electricity Company of Ghana (ECG) and the Northern Electricity Department Company (NEDCo) administers the distribution of power within the country. The Energy Commission

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<sup>20</sup> PRAA/RG.7/1/2329; PRAA/RG.7/2/329

<sup>21</sup> PRAA/RG.7/2/329; PRAA/RG 7/1/2150, "Hydroelectric Potentialities of the Rivers in Ghana.

<sup>22</sup> PRAA/RG.7/1/1657; PRAA/RG.7/2/329

(EC) and the Public Utilities Regulatory Commission (PURC) are regulatory agencies who were not involved in the generation of electricity in Ghana (Bacon and Besant-Jones 2001, Williams and Ghanadan 2006). These years have been described as very significant years in the Ghanaian economy because the state plunged into major economic reform especially infrastructural development (Tsikata 1999). In the energy sector, the first power crisis in 1981, created the awareness and realization of diversifying Ghana's electricity-generation mix (Karekezi and Kimani 2002, Wamukonya 2003). Following the 1981 energy crisis, energy sector reform expanded to include:

- ❖ The state owned generation and transmission company, the Volta River Authority (VRA) was to be unbundled into separate generation and transmission entities;
- ❖ Independent Power Producers (IPPs) would be allowed to enter the market;
- ❖ The state owned distribution company, the Electricity Company of Ghana (ECG) would be horizontally unbundled and its successors privatized; and
- ❖ An independent regulator was to be established (Karekezi and Kimani 2002).

Independent Power Producers became part of the generation structure and led to the operation of a joint ownership of the Takoradi International Power Company (TICO) by the VRA and the TAQA. Other Independent Power Producers (IPPs) in Ghana include: AVIOR Energy, Genser Energy, and Cenpower Generation (Amoah 2005).

## **Power Generation, Transmission and Distribution in Ghana**

By an Act of Parliament established in 1961, VRA became the sole major power generation company in Ghana (Asibey 1972).<sup>23</sup> The central objective of the electricity supply system is to meet the customer demands for energy and this starts with generation. The VRA's primary function was ensure not only generation of hydro electrical power but also transmission and distribution. Thus, the VRA constructed and operated a transmission system for the supply of electrical energy for industrial, commercial and domestic use (VRA 1978). The first generation station was commissioned and in 1965, electrical power was set to commercial enterprise. The justification for the sale of electricity on commercial basis was rooted in the statement presented to the national assembly on the Volta River Project by Kwame Nkrumah. He stated that:

‘The proposed dam will provide a steady flow of water sufficient to generate from Akosombo alone electricity more than twenty times greater than the total installed capacity of the Electricity department in 1960. If electricity is to be sold economically, the price will have to be calculated by dividing the annual outgoings of the project, which include loan servicing, by the number of units of electricity actually sold. Therefore, the Volta project would be uneconomical if it sold electricity only to the Electricity department and did not have another major customer to reduce the initial cost of power by sharing the bill’ (Noer 1984).<sup>24</sup>

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<sup>23</sup> See also the Ghana Sustainable Energy for All Action Plan. This could be accessed from the Energy Commission.

<sup>24</sup> See also ‘A Statement by Osagyefo Dr. Kwame Nkrumah to the National Assembly’, February 21, 1961 on the Volta River Project. Document obtained from Dr. Yaw Graham.

Moreover, the original plan of the Volta River Project was accepted and completed by the stakeholders due to its reasonable economic operation by means of selling and providing power in contributing to Ghana's development (VRA 1978). Since the first unit at Akosombo Generating Station was commissioned, production of electrical power on commercial basis started in 1965, and the Akosombo Generating Station has administered and provided Ghana, and its neighboring countries, with stable and steady source of electrical power (VRA 1978). As electricity production and access has become a reality to the independent Ghana, the purpose for which it was established was set in motion: industrialization (Noer 1984).<sup>25</sup> Nkrumah designated this reality as a first step to industrialization. He indicated that, the provision of power and transmission system will clear away one major stumbling block in the way of the country's rapid industrialization. Adding that power will be made available and accessible to any industry once the scheme is built. This significantly implies that there will be available power to drive machinery, to process materials, to provide refrigeration and preservation, to operate chemical processes and, to smelt aluminum and other materials.<sup>26</sup> As such, rapid industrialization became a necessary mechanism and was spread throughout the country's major cities which consequently led to the increase in the demand for power (Rapley 1997).<sup>27</sup> In 1968, electricity demand peaked at 540 GWh and it became inevitable to expand Akosombo. The Akosombo Expansion Project which also was the Phase II of the Volta River Project, was to provide additional generating machines to support and meet the growing demand of electricity. Two generating plants were added to the already four existing generating

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<sup>25</sup> See also 'A Statement by Osagyefo Dr. Kwame Nkrumah to the National Assembly', February 21, 1961 and March 25 1963 respectively on the Volta River Project. Document obtained from Dr. Yaw Graham.

<sup>26</sup> Ibid.

<sup>27</sup> See also United States of America, Office of the Historian on the Subject 'U.S. Relations with Ghana; Prime Minister Nkrumah's Visit to the United States.' Accessed at: <https://history.state.gov/historicaldocuments/frus1958-60v14>.

plant of the Akosombo dam to mark the completion of the phase II of the expansion project in 1972 (VRA 1978).

In order to reduce power outages, maintain electricity access and contribute to economic growth and development of the citizens of Ghana, the Kpong hydroelectric project was launched and the Kaiser Engineers and Constructors Incorporated in 1971, spearheaded the feasibility studies needed for the establishment of the dam. The Kaiser Engineers and Constructors Incorporated indicated in their findings that the Kpong hydroelectric dam was the most economical generation source after Akosombo (VRA 1978).

It was not until 1975, the VRA decided to pursue the establishment of the Kpong hydroelectric project following the recommendations of the feasibility findings and report of the Messrs Acres International Limited and the Messrs Shawinigan Engineering Company Limited which corroborated that of the Kaiser Engineers and Constructors Incorporated survey (VRA 1978). The Kpong Hydroelectric project was completed by the end of 1981 which also signified the completion of the third phase of the Volta River Project. The first generating unit was commissioned on the 14 September 1981 while the remaining three were commissioned by the end of the year. The formal opening of the dam was in 1982 (VRA 1981). Even when the Kpong Hydro-electric capacity was expected to be fully committed, the Authority, with the approval of the Government, arranged for the Snowy Mountain Engineering Corporation of Australia to review the U.S.S.R detailed feasibility study of the Bui Hydro-electric Site, and to update the technical and financial information. The study was financed by the Australian Government. The study was completed and an interim report was submitted before the end of 1976 (VRA 1982, 1981). The report which was finalized in 1977 confirmed the construction of the Bui Hydro-electric Project as the most economically and technically advantageous to meet

the country's power requirements in 1983 and recommended its construction (VRA 1983). A draft Memorandum of Understanding between Australia and Ghana concerning arrangements for Australian assistance for the design stage of the Bui Hydro-electric Project was therefore prepared for the review by the Ghanaian Authorities. In 1983, final designs for the Project were completed. However, responses from Governments and financial institutions contacted for assistance to finance the project were not encouraging. Moreover, in view of the world recession and its consequential adverse effect on the country's economy, the project, as envisaged, was found to be unaffordable. It was therefore decided to review the Project as part of the Generation Planning Study implying the abrupt halt of the project (VRA 1983). Ghana continued to maintain and operate its hydroelectric dams as the main source of electricity while conducting studies on alternative sources for generating electricity. In one of the recommendations of studies conducted in 1987 into Ghana's Gas and Gas Liquids Utilization, it was indicated that it would be economically attractive to develop the North Tano gas field to supply natural gas for power generation (VRA 1986, 1985, 1984). While further studies continued on that subject, the feasibility of revitalizing the Saltpond gas field operations and the design of the pipeline from Half-Assini to the VRA Substation at Takoradi were also examined. In 1988, a draft report on the reactivation of the Saltpond gas field for electricity generation was submitted by Acres International Limited of Canada, Consultants to the Authority, for review. In the same year, the Authority studied the feasibility of using solar energy to supply electricity to water treatment plants and clinics, as well as provide energy for domestic and commercial use, in remote small communities. A proposal on the subject, by BP Solar International, was reviewed by the VRA for possible future implementation on a trial basis at some location on the Lower Volta (VRA 1991).

In 1991, a contract for the White Volta Hydroelectric Prefeasibility study was awarded to a consulting firm from France, Coyne and Bellier. The study was to assess the potential for hydro-electric and multi-purpose development of the three sites on the White Volta- Pwalugu, Kulpawm and Daboya, and to also provide relevant data to guide the Authority's strategy for the future expansion of generation activities (VRA 1991, 1990). As part of the alternative measures for power generation, a 330 MW Combined Cycle Thermal Plant was commissioned at Aboadze near Takoradi in 1999. This was due to the fact that, the country's need and requisition for electricity surpassed the collective supply from the already commissioned hydro generation stations. Through a joint-venture partnership between the VRA and CMS Energy of Michigan, USA, a 220 MW simple cycle thermal plant was also commissioned in the year 2000 at the same site (VRA 2002).

Power Sector Reform was undertaken in 2005 which led to an extensive revision of the VRA Act restricting the mandate of the authority to generation of electricity (GRIDCo 2012). The transmission function has been separated into an entity, designated as Ghana Grid Company (GRIDCo). The Northern Electricity Department (NED), has been transformed into the Northern Electricity Distribution Company (NEDCO), a subsidiary of VRA (GRIDCo 2012). The amendment had a principal role of creating an enabling environment to attract independent power producers (IPPs) onto the Ghana energy trade market. The Bui Project resurfaced and in 2007, Act 740 established the Bui Power Authority to oversee the development of the hydroelectric power project on the Black Volta River at Bui and any other potential hydroelectric power sites on the Black Volta River (VRA 2010, 2009). Negotiations were underway to pave way for the construction of the Bui dam. The Dam was estimated to cost US\$ 622 Million. This was funded in part by the government of Ghana and the Chinese Exim Bank. China's low-interest loans for Bui Dam aided in the commencement and completion of the

project despite the energy ministry's resolve to diversify energy supply. According to Chen, Goldstein and Orr (2009), Bosshard (2010), Chinese construction companies are increasingly able to win contracts abroad especially in Africa due to their environmental and social standards which are low compared to the other OECD competitors which enables these Chinese companies to deliver projects at lower cost. Hensengerth (2011) examines the Interaction of Chinese institutions with host governments in dam construction specifically the Bui dam in Ghana. He indicates that in 1999 the government established a Bui Development Committee along with a Bui Development Secretariat to screen for suitable candidates for the development of the Bui project. Consequently, the government, represented by the Volta River Authority, signed a Memorandum of Understanding with Halliburton Brown & Root. The Volta River Authority then authorized a consulting firm BKS Acres in 2001 to conduct an Environmental Impact Assessment. This, environmental impact assessment, was never completed. However, in 2001, Fink (2005), notes that the government cancelled the Memorandum of Understanding with Halliburton Brown & Root 'for reasons that remain unclear' and aborted plans for Bui dissolving the Bui Development Committee, and announced that it would be economically appropriate to opt for such thermal power sources as natural gas. In 2002, the government established a new Bui Development Committee to begin preparations and call for tenders for the establishment of the Bui project. Again, for reasons unknown to the public, the tendering procedure was unsuccessful.

As a result, President Kufuor then asked China and Russia for assistance. Later in 2005 the government announced that the Chinese government had expressed willingness to extend funding for Bui and that Sinohydro had agreed to build the dam. The World Bank reported that the bid to finance and construct the Bui dam by Sinohydro in Ghana was unsolicited by the Ghanaian government (World Bank 2008, 108). The Ministry of Energy and Sinohydro then

signed a Memorandum of Understanding on the construction of Bui, Funding was expected to come from the China Exim Bank (Fink 2005, 71). The Prime Minister of China announced during the 2006 summit of the Forum on China-Africa Cooperation in Beijing, that the Chinese government was commitment to fund the Bui Dam. Act 740 was passed in 2007, establishing the Bui Power Authority and dissolving the Bui Development Committee and Bui Development Secretariat. The Bui Power Authority set to work and was given full responsibility for planning, executing and managing the Bui project (Zigah 2009, 25). After a long-standing impasse, planning on the construction of the Bui project began in 2008 with the Sinohydro Corporation, a state owned Chinese construction firm who, through an international bidding reserved the right to undertake the project (Aidoo 2010). It is worth noting that it took over 50 years for the Bui Hydroelectric project to materialize. The dam was completed and commissioned in 2013 (Mettle 2011).

In recent times, renewable energy has gained the attention of a lot of governments due to the expensive nature of hydroelectric power (VRA 2014, 2013, 2012). As such, the VRA has developed a number of plants in Tema. These include a 126MW Tema Thermal 1 Power Plant, an 80MW Mines Reserve Plant, both commissioned in 2008: A 50 MW Tema Thermal 2 Power Plant commissioned in 2010; and the development of a 220MW Thermal Power Plant, originally located at Kpone, near Tema, but eventually to be moved to Domunli in the Western Region on account of the expected gas processing facilities from the Jubilee Oil Fields. Together this will bring the total installed thermal generation capacity to 1,136MW (VRA 2012, 2011). The Authority also commenced the planning of additional development of 100-150 MW of wind power, commenced in 2012 at locations in the southern part of the country where conditions are favorable—and up to 12 MW of solar power generation in the next three years in the northern part of the country, where the resource is abundant –beginning with the

construction of the first 2 MW solar plant, commissioned in 2012. The Authority began feasibility studies for the development of 140 MW of hydro dams at Pwalugu and Juale in the Northern Region in 2012 (VRA 2012).

After many years of managing and maintaining the Volta River Project, the country undertook an inter-connection project with neighboring countries (VRA 1978). In 1970, work on the Togo/Dahomey transmission lines was started. Negotiations for the financing and engineering for the Akosombo Tema third double circuit transmission line also commenced. On 16<sup>th</sup> April, 1971, an Italian firm, Itaconsult S.P.A, was appointed consultants for the construction of the third double circuit transmission line from Akosombo to Tema. However, the contract for its supply and construction was awarded to Messrs. Sadelmi Cogepi. Work on the construction of the line delayed because arrangements for the financing of the contract from Italy could not materialize and VRA had to use their own funds. The line was completed and handed over to the Authority in October 1975 (VRA 1978). The line also known as the main line of the Third Double-Circuit from Akosombo to the Volta substation, was energized early 1976. An additional Double-Circuit Line from Volta substation to smelter substation to cater for VALCO's increased load demand was completed in December 1975 (VRA 1978). A study was conducted which was to find the feasibility of the interconnections between Ghana and her neighboring countries. The study of the inter-connection of the electric system of Ghana and Ivory Coast was completed in 1977 and was found feasible for an inter-connection to be made between the two power systems, on the basis of a two-way inter-change, to the mutual benefit of the two countries (VRA 1978). In 1978, arrangements for implementing the interconnection of the two power systems of Ghana and the Ivory Coast was almost completed with the finalization of financing negotiations jointly, by the Authority and Energie Electrique de la Cote d'Ivoire (EECI), with the African Development Bank (ADB) and the European

Investment Bank (EIB) (VRA 1978, 1982). The Joint Committee for the Ghana/Ivory Coast Electrical Systems Interconnection Project was inaugurated on 29<sup>th</sup> April, 1980. In 1983, the Interconnection between Ghana and Ivory Coast was completed and energized. The Ghana and the Ivory Coast networks were synchronized on 9<sup>th</sup> May, 1984 (VRA 1984). However, power and energy exchanges between VRA and EECI began as radial feed on 27<sup>th</sup> February, 1984. 317,136,500Kwh were exported to the Ivory Coast and 6,440,500Kwh were imported to Ghana. The net annual export to Ivory Coast was therefore 310,696,000Kwh. Together with the power authorities of Togo, Benin and Nigeria, a contract for a study of the feasibility of interconnecting the electrical systems of their countries was jointly awarded to Danish Power Consult of Denmark and Swedpower of Sweden. The benefits to be derived were that they will provide systems of security, reliability and flexibility maintenance schedules through short-term power exchanges (VRA 1985, 1984).

Planning and design studies on the supply of electricity to the various regions and capital cities were in progress and in 1975, the Volta region received its fair share of electricity supply (VRA 1987). A feasibility report was submitted in 1977 by Messrs. Lahmeyer of Germany for the review of the Authority. This was reviewed by the VRA and the ECG and in 1978, the draft Agreement for Engineering Services, for the implementation of the project, was forwarded to the Public Agreements Review Committee for approval (VRA 1987). In 1980, a start was made on implementing the first phase of the Volta Region electrification project with a loan of DM 28million from the German Government (VRA 1980). The Authority's policy to extend transmission system to all regions of the country took a more concrete shape in 1981. Tendering and contract awards were completed on Phase One of the Volta Region electrification project. In this phase, transmission line to Togo and Benin were to be tapped at Asiekpe to supply Ho, Kpando, Hohoe, Peki and surrounding areas. It was the hope that the

people of the Volta Region will be connected to Volta power by 1984 (VRA 1980). The first phase of the Volta Region electrification project was formally inaugurated on 10<sup>th</sup> December, 1983. The 95km. 69KV line from the new High Tension Station at Asiekpe to Ho, Kpeve and Kpandu was completed and commission in the same year. Aflao Feeder Project which involved the construction of a 20KV feeder from the substation at Lome, Togo to Aflao, Ghana and associated terminal transformer station was completed and commissioned in 1983. It supplied power to the Border Post at Aflao, Denu and its neighbourhood. Transmission was improved through the Substation Expansion Programme (VRA 1984, 1983). In 1975, all the transformers, with the exception of one of the Takoradi, which was damaged in transit, and Kumasi were successfully commissioned. Due to an anticipated high load growth from 1978 to 1990, a substation expansion programme was planned (VRA 1987). The programme consisted of increasing the transformer capacity at New Tema, Tarkwa and Cape Coast substations. It also included the replacement of the bulk oil Circuit Breakers with SF<sub>6</sub> gas Circuit Breakers at the Konongo and Nkawkaw Substations and the provision of supervisory control and line protection at Konongo Substation (VRA 1991).

A start was also made on a study for the second phase which was to cover the southern area. In 1982, a 161KV Transmission line from Dunkwa to Asawinso in the Ashanti Region was also completed and commissioned as well as the third Volta-Achimota 161KV transmission line. Also, in 1984, the Authority commissioned study into the feasibility of extending the transmission to the Brong Ahafo, Northern and Upper Regions (VRA 1984). The feasibility study and design were scheduled to be completed early in 1982 to enable further consideration to be given to other stages of the project. In 1984, the Authority decided to proceed with the implementation of the Northern Electrification and System Reinforcement Project which is to supply electricity to the Brong Ahafo, Northern and Upper Regions (VRA 1984). The Project

comprised of two phases which were to be implemented simultaneously. Phase I comprised of the grid reinforcement and extension from Kumasi to Sunyani through Techiman, with connections to Wenchi and Berekum.

Phase II is the 161KV line section from Techiman to Bolgatanga through Tamale with connections to Bawku and Navrongo (VRA 1985, 1984). Each phase had been packaged into several contracts in accordance with the Project's financing plan and the requirements of the financing agency. The Project was advertised internationally in October, 1986 and tender documents for eight out of the ten contracts were issued to interested Bidders. The other two were to be issued in 1987 (VRA 1987). The Authority completed its program for the takeover of the operation of the ECG in the Brong Ahafo, Northern and Upper regions on 1<sup>st</sup> July, 1987. The Northern Electricity Department (NED) of the Authority, which is responsible for the power generation and distribution operations in the areas taken over, carried out a program of repairing and rehabilitation of existing diesel generating sets at most of the stations, thus significantly improving power supply to the areas served by those stations (VRA 1987). Civil and electro-mechanical works at the Kumasi, Techiman, Sunyani and Tamale Substations were completed and the Substations were commissioned in 1989. In 1990, in the Brong Ahafo region, the national grid substations at Berekum, Wenchi and Mim were commissioned. The transmission line between the Akwatia and the New Obuasi substation were constructed and energized (VRA 1990). In 1991, Power extensions from the national grid to some district capitals were formally inaugurated. These took place at Goaso, Bechem, Techiman, and Dormaa Ahenkro all in the Brong Ahafo region and Yendi in the Northern region. In addition, the Aflao-Anloga-Sogakope 34.5KV line was commissioned, thereby making it possible to supply power from the national grid to those places and to Keta. The Bogosu substation which

was constructed to supply power for gold mining activities in the Bogosu area was completed in 1991 (VRA 1991).

VRA had a transmission system made up of 39 substations and approximately 4,000 kilometres of transmission lines that cover the entire country as of 2004. The transmission system is also interconnected with the national electricity grids of La Cote d'Ivoire, Togo, and Burkina Faso. On 22<sup>nd</sup> August, 1969, an agreement was signed in Lome for the sale of Akosombo power to Togo and Dahomey. On 23<sup>rd</sup> December 1972, VRA started supplying electric power to Togo and Dahomey (VRA 1978).

### **Electric Power and Economic Development**

Many scholars such as Twerefou (2007), Dramani, Francis and Tewari (2012), Odhiambo (2014), Kwakwa (2014) and Cromwell (2016) have investigated the causal relationship between electrical power and economic development in Ghana. Twerefou (2007) indicates that although there is a substantial interrelationship between energy consumption and economic growth but the subject of “causality” remains unanswered in Ghana. However, there is an assertion that sufficient supply of electrical power can guarantee a higher level of economic growth and development (Cromwell 2016). Other scholars such as Wolde-Rufael (2006), Yoo (2005), Shiu and Lam (2004), and Ghosh (2002) who examined the same correlation between electricity consumption and economic growth in other African and Asian countries hold the belief that the supply of electrical power is a fundamental requirement for economic and social development. Kwakwa (2014), argues that demand for energy is influenced by socioeconomic factors at both micro and macro levels, including other factors such as industrialization, urbanization, policy change and industrial capacity and efficiency. He adds that there is the emergence of a recognizable relationship between the supply and consumption of electricity

and economic growth (Kwakwa 2014). According to the West Africa Network for Peacebuilding (WANEP) policy brief, the Bank of Ghana in 2015, indicated that the country's Gross Domestic Product growth had decreased from 7.3% in 2013 to 4.2% in 2014 due in particular to energy supply limitations and increasing input cost. The economy of Ghana is highly dependent on hydro-electricity as such if the economy undergo any transformation, it has consequent effects on the demand for electrical power. The main issue in Ghana has been the inability of electricity infrastructure to meet the needs of the Ghanaian populace leading to power failures and load shedding. This has large negative ramifications on the other sectors of the economy such as health, employment, investments, and businesses.

### **Power Crises**

Ghana's power sector has suffered a number of setbacks in different degrees and these have led to unpredictable effects in the economy. Ghana's power crises first started from 1982 to 1984 when there was a drastic reduction in the generation of power (Amoah 2005). During this period, the country, together with two neighboring countries, Togo and Benin, depended solely on the Akosombo power plant for power supply. The shortage in the power supply was attributed to the continuous drought in the Sahelian region leading to a consequential effect on the Volta basin. Further investigations into the crisis led to examining the operations of VALCO. It was identified that the aluminum smelter consumed a significant amount of the power supply, 370MW. Immediate measures from both the government and the Authority was first and foremost, reduce power supply to VALCO from 370MW to 20MW and to as well reduce power supply to residential, commercial and industrial consumers. As part of the measures undertaken was the commissioning of a research team under the auspices of the Volta River Authority to conduct a survey into sustaining power production and supply in Ghana and to define power infrastructure investment. The recommendations from the research team

indicated that the Tema Diesel Power Plant should be rehabilitated and also, a thermal power plant be constructed. Another solution to the crisis was the establishment of the West Africa Gas Pipeline (WAGP) which was an agreement between Ghana, Nigeria, Benin and Togo (Huq 1989). Regardless of all these developments, a series of power crisis emerged from 1998 to 2000, and from 2006 to 2007 (Amoah 2005). The 1992 to 2000 crisis was again attributed to drought in the sub region due to the El Nino climatic phenomenon. Other measures were taken which included; a load shedding program throughout the country, leasing out operations of the diesel power plant and again negotiating the reduction in energy consumption of VALCO (Amoah 2005). Regarding the 2006 to 2007 power crisis, poor rainfall was the major cause. Some other reasons included the malfunctioning of power plants and thermal power generators. The current crisis started in August 2012 when it was reported that there was a fault on the West Africa Gas Pipeline which affected their operations. This resulted in an abrupt cut off of natural supply of gas from Nigeria to the thermal power plants in Ghana. Other reasons given to the public by the Authority included: poor rainfall into the Volta Lake, maintenance on thermal plants and lack of funds for procurement.

### **Policy Processes in the Power Sector: Altercations and Alliance**

After the overthrow of Kwame Nkrumah, various successive regimes could not in any capacity neglect the benefits of the Volta River Project. As such many projects were undertaken to either improve or support electricity production and distribution in Ghana. The Acheampong administration, for instance, increased the capacity to 912 MW by adding two more turbines to the Akosombo dam. Dr. Hilla Limann's administration also undertook the construction of the 160 MW Kpong Hydropower facility to complement the Akosombo Dam which was later commissioned by Flt. Lt. Jerry John Rawlings. Under Rawlings, the PNDC was committed to engage in major electricity expansion projects as he indicated that:

The PNDC and the people of Ghana recognize the primary importance of energy, both for industrial development and for domestic use. We are determined to pursue a vigorous energy policy. The development of the hydro-electric potential of the country is a major part of that policy.<sup>28</sup>

As such, the first project undertaken by the PNDC was to diversify electricity generation sources which led towards thermal sources of electricity generation. One was located at Aboadze. The regime also constructed the 550MW thermal power plant ending the one-way generation of electricity in Ghana.<sup>29</sup> This was the highest generation of electricity in Ghana after the Akosombo dam. The NPP Kuffour administration spearheaded the Bui Dam project with a capacity of 400 MW. Ghana's cocoa was used as guarantee to secure a loan from the Chinese government to finance it. Retrofitting works together with additional turbines were added to the Akosombo Dam boosting its generation capacity to 1020 MW. The Chinese government in collaboration with the Kuffour-led administration launched the Sunon-Asogli Kpone Power Plant which was to provide 560MW of electricity supply. This was a private sector initiative by the Shenzhan Energy Group Limited and the China Africa Development Fund to support the efforts of the government in ensuring energy security.<sup>30</sup> The Bui dam project finally came to reality under the Mills administration. The Mills administration added

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<sup>28</sup> Interview with the Director of Generation Project of the Millennium Development Authority (MiDA), Mr. Mawunyo Rubson on the 6 October 2016; Ghanaian Chronicle (Accra), **Ghana: Akosombo Crippling the Economy**, September 11, 2006

<sup>29</sup> Interview with Director of Research of the Power Sector Ministry, Mr. John Nuworklo on the 27 September 2016

<sup>30</sup> Interview with Mr Chris Anaglo , personnel at the office of Renewable Resources, Power Sector, on the 29 September 2016; Interview with Director of Research of the Power Sector Ministry, Mr. John Nuworklo on the 27 September 2016

the T3 project in 2013, which was financed by the Canadian government.<sup>31</sup> The John Mahama administration commissioned the 400MW Bui Dam and the T3 project in 2013 and also a 2MW Navrongo Solar farm.<sup>32</sup>

Almost all successive governments after Kwame Nkrumah have tackled issues surrounding the power sector either by adding on to existing energy infrastructure or by creating an enabling environment for energy investment. However, these various initiatives have not considerably been effectively viable to sustaining or eliminating the dangers of power crises within the country. A World Bank report of 2013 indicated that there are two basic challenges that emerge from forces that are external to the power sector: the lack of adequate secured quantities of reasonably priced fuel for power generation, and the lack of adequate public funds to finance the sector's investment requirements (Mathrani et al. 2013). According to the World Bank, these challenges have been further worsened by the poor technical and financial performance of the Electricity Company of Ghana (ECG) and the Volta River Authority (VRA), due to certain policies and practices that critically damage the financial well-being of ECG, VRA and Ghana Grid Company Limited (GRIDCo) (Enu 2014, Mathrani et al. 2013). As such, key recommendations by the World Bank include the following: firstly, that all future power sector plans should be based on this understanding that large scale private sector investment is essential to generation; and secondly, the performance of ECG, VRA needs improvement and also gas based power generation is much more expensive than hydro generation and oil based generation will be much more expensive than gas based generation. These among many other recommendations were made to improve the performance of the energy sector in Ghana (Mathrani et al. 2013).

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<sup>31</sup> <http://www.vra.com/resources/facts.php>, Power Generation: Facts and Figures, accessed on the 13 December 2016, 17:05 GMT

<sup>32</sup> [http://www.vra.com/our\\_mandate/solar\\_energy.php](http://www.vra.com/our_mandate/solar_energy.php), Solar Energy, accessed 13 December 2016, 17:00 GMT

Ghana's qualification into the second compact of the Millennium Challenge Corporation (MCC), was another measure government signed on as a last resort to resolving the energy crisis. A team of economic analysts from the United States Agency for International Development (USAID), the MCC and the Ghana government conducted research into the obstacles to economic growth in Ghana. The outcome of the research indicated three primary areas of constraints: insufficient and unreliable electrical power, lack of access to credit and insecure land use rights. The government of Ghana selected the power sector as the key area of interest and intervention for the second compact.<sup>33</sup> The programme for the second compact consists of six major projects. These are:

1. The ECG financial and operational turnaround project;
2. The NEDCo financial and operational turnaround project;
3. The regulatory strengthening and capacity building project;
4. Access project;
5. The power generation sector improvement project;
6. The energy efficiency and demand side management project.

The program approach was modeled on the constraint analysis conducted which indicated that, Ghana is expected to make a total of US\$ 4.7 billion of investments to enable it to attain some form of upgrade in its current power infrastructure. However, the analysts remarked that it is not only the availability of infrastructure that will increase reliability and accessibility in the supply of electricity but also the efficient functioning of entities within the power sector.<sup>34</sup> The

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<sup>33</sup> See Minister of Energy and Petroleum and Minister of State Responsible for Development Authorities (Office of the President) Minister of Finance, "The Second Compact of the Millennium Challenge Corporation (Mcc) Operated by the Millennium Development Authority (Mida) of an Amount of Five Hundred and Thirty-Five Million, Five Hundred and Sixty-Five Thousand United States Dollars (Us \$535,565,000.00) from the United States of America and the Government of Ghana," ed. JOINT MEMORANDUM TO PARLIAMENT(ACCRA2014), Interview with the Director of Generation Project of the Millennium Development Authority (MiDA), Mr. Mawunyo Rubson on the 6 October 2016

<sup>34</sup> Ibid.

five-year energy compact with Ghana will ensure the creation of a financially viable power sector that will serve the needs of the citizens. The compact carries along with it a total investment of \$498 million.<sup>35</sup>

### **Power Africa, a Cause for Privatization?**

The United States government has developed a new model of development which predominantly involves the government and private sector working together with the aim of bolstering world economies, boosting domestic capacity and facilitating a more prosperous and sustainable path for developing societies (Power Africa 2014, Meincken 2012). Private sector development and involvement in development processes has been a defining feature of United States development paradigm which has translated into the development initiatives that are being operated in many developing countries. Some of these programs are: African Growth and Opportunity Act (AGOA), Millennium Challenge Corporation (MCC) Compacts I and II, among others. Under the MCC Compact II, policies to be implemented include: the introduction of private sector participation in ECG and the Northern Electricity Distribution Company; undertake regulatory strengthening and capacity building; support access electricity by small and medium scale enterprises for electricity; essential assistance to the government of Ghana to establish a sustainable, market-oriented gas sector, among others.

The Power Africa Initiative was launched in 2013 by President Obama with the sole aim of doubling access to electricity across the Sub-Saharan African region and help bring electricity to homes and businesses. Power Africa Initiative, according to the United States Coordinator, is a gesture to the African economies indicating United States readiness to remove the obstacles standing in the way of opportunity in developing the energy sector and ensuring a brighter future for all. This is to be effectively achieved through partnership of both the government and

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<sup>35</sup> Ibid.

the private sector. The aim of Power Africa is to reform and improve the challenging power sector environment within the Sub-Saharan region by employing technical aid, grants, export and trade credit services, and loans capital from various U.S. agencies. This is purposely to increase African access to electricity and power services because, according to the IEA, there is very minimal rate of access to electricity in the Sub-Saharan African region due to poor security of power supply and high cost of power generation. The World Bank argues that Africa's lack of power inhibits her economic production, growth and commerce affecting other sectors of the economy such as education, health, agriculture, among others (Eberhard et al. 2008). The Power Africa Initiative (PAI) undertakes seven basic approaches to achieving their set goals and objectives: 1) transaction support; 2) power sector reform advocacy; 3) legal assistance; 4) energy service delivery capacity building; 5) private sector finance and investment mobilization; 6) regional electricity and energy trade expansion; 7) support for low emission energy development and clean energy (Cook 2015). With these program approach strategies, Africa is bound to experience access to electricity which will be a means for access to opportunity and the chance for African economies to flourish. Power Africa is primarily focused on increasing access to electricity in Sub-Saharan Africa dwelling on Africa's history of lack of power infrastructure (Cook 2015). During the colonial era, economic policies embarked on by colonial governments did not entirely centre on electrical system development. Areas where power development became inevitable were European settler populations (Boahen 1985, Falola and Jennings 2005, Showers 2011). However, large-scale power development initiatives were spearheaded to boost industrial growth and improve the lives of citizens of independent states (Tsikata 2006). After a few years, economic stagnation, following the world economic recession, became a characteristic feature of many developing countries. This limited the transformational effect of the large scale projects for power

development within these countries leading to unmet power needs (World Bank 1984). According to Powell and Starks (2000), new technologies in electricity are drastically reducing cost. Nevertheless, transmission costs are still a major impediment to power expansion and access. They argue that although power may be available, access may be limited to only a few power consumers. Power Africa seeks to employ new technologies to providing power infrastructure in Sub-Saharan Africa. However, the question of cost becomes evident. Report from the USAID indicates that about \$15-\$20 billion in annual investment would be needed to achieve universal energy access. It is however important to understand what 'Access' to electricity means in order to place the prime objective of the Power Africa Initiative (PAI) in perspective. There are two basic terminologies regarding access. These are: access and access rate. Access is the process of getting electricity to the population for whatever purposes (Galiana and Ilic 1998). Access rate refers to the degree to which a nation is able to penetrate its country side with electricity. This also stands for penetrating factor (Galiana and Ilic 1998). There is however a difference between access and access rate. Although many African countries suffer from access to electricity, the main issue is the percentage of the population that gains the opportunity to access electricity. It is globally accepted that the attainment of 90% or more of penetration factor automatically underscores as the realization of universal access.

The promotion of reforms within the power sector of African economies by transnational corporations and donors are based on the premise that market operations for the supply of electricity could run the sector efficiently. Recent interventions and developments in the power sector spearheaded by the government have led to popular discontent from the consumers of electricity due to increase in tariffs. The arguments for the liberalization of the electricity market brings into focus the problem of cost and access. Powell and Starks (2000) argues that

one response to these general concerns is that a well-functioning power sector is crucial to macroeconomic stability and growth. However, the objectives of policy reforms are to resolve the issues of poverty, unemployment and inequality in society. Thus, the success of market liberalization depends upon the ability to reduce the cost of provision and on extending access to those who cannot currently afford electricity.

Access to electricity by all within the country has been an instrumental measure required for economic development which has been fervently pursued by various governments. Energy policies and programs have been rolled out to ensure long-standing reliability and security of energy supply to improve socioeconomic growth and development within the country. The first of such programs was the Rural Electrification Project (REP) which started in 1972 and was referred to as a comprehensive rural development policy. The main purpose of the programme was to increase electricity access to the rural people. Electricity was extended to every region and to small rural communities through grid extension. Concern about the success of the programme became a general issue due to the unavailability of quantitative data on the percentage of individuals who gained access to electricity from the programme. In 1989, the National Electrification Scheme (NES) was introduced to extend the reach of electricity supply to all parts of the country over a 30-year period from 1989 to 2020. The scheme was committed to increase electricity access communities with a population above 500 by the year 2020. As of 1990, 4,200 communities were qualified for the connection to the national grid. The entire program was divided into five phases. The first phase covered the period 1990-1995. Within this period, district capital towns and villages received electrification. The following phases of the NES, Phases two to four, i.e. 1996 to 2010, was subjected to a five year interval scheme based on the economic viability of the projects. In 2006, the Energy Commission developed a Strategic National Energy Plan (SNEP) for the period 2006 to 2020. The goal of SNEP is to

contribute to the development and enhancement of a sound energy market that would provide efficient, sufficient, and applicable energy services for Ghana's economic growth and development through the formulation of an all-inclusive plan that will identify a clear path for the development, efficient management and utilization of energy and energy resources available to the country. This plan was financially supported by the Danish Government. SNEP was developed to be a far-reaching method of assessing the available energy sources and resources of the country and how to siphon them economically and timely to guarantee a dependable and adequate energy supply for improved and self-sustaining economic growth, with explicit objectives to establish a productive national infrastructure for energy planning and also create a conscious reference framework for the development of the energy sector. In 2010, the National Energy Plan was revised to produce the Energy Sector Strategy and development Plan. This outlined programs and projects with indicative funding sources, timelines and verifiable indicators to facilitate monitoring and evaluation of projects. Many other programs have been rolled out within the power sector. However, there seem to be a cut off in the implementation of the project and the attainment of the set objectives of these programs. These only promote the expansion and establishment of state power, in a similar fashion to what Ferguson (1990) terms as the anti-politics machine, the expansion of bureaucratic power in the name of development. It is also for this reason that Western governments and their international financial institutions teaming up with some other African governments and their institutions such as NEPAD to advance for the takeover or the establishment of partnership with the state to control public utilities. This significantly implies an 'invasion' by transnational firms especially into the infrastructural sector leading to a loss over national control over energy policy. This has manifested in the power sectors due to the numerous tremendous challenges that has clouded the development of power and the ability to increase energy access.

In investigating United States investment policy in Africa and also the global scheme of the corporate energy interests, Power Africa Initiative has been evolving since the first term of the Clinton's administration and has involved the deployment of a wide range of reinforcing policy regimes and instruments from World Trade Organization (WTO) rules and negotiations on services to the African Growth and Opportunity Act (AGOA). Ghana, however, has experienced strong and largely inclusive growth over the past two decades. This transformation in growth was due to the start of oil production in 2010. According to the World Bank, to address these challenges will critically depend on complementing extractive industries with diversified, private sector-led growth in labour intensive industries. As such, for the government to develop the manufacturing sector and increase agriculture, it must depend on the gas and oil resources which will require significant investments in infrastructure. In this way, there is the removal of all barriers to economic growth and human development. This chapter has indicated that Ghana's significant shortage in electricity supply and access is due to low water levels in the reservoir of the Akosombo hydroelectric plant, low and erratic gas supplies from Nigeria through the West Africa Gas Pipeline, low availability of thermal generation plants due to lack of maintenance and equipment failure, and lack of funding or financial support. Lack of electricity access is a huge additional cost burden on the economy which primarily affects poorer households and microenterprises in the informal sector due to their inability to secure an alternative source of electricity supply. This remains a barrier to economic growth that adversely affects the profitability and sustainability of businesses in the country.

Although electricity access is about 76%, as of 2013, energy access still remains problematic. The government of Ghana, in salvaging the financial health and performance of sector, keeps increasing tariffs on purchases on electricity. The deterioration of the power sector has been

due largely to the poor revenue collection by the Electricity Company of Ghana (ECG) which has transformed to negatively affect the financial resources of the entire power sector. The unresponsive cash flow through the distribution of power from the ECG leads to an inability to meet their financial obligations to the power providers. As such, although there can be enough generation of power, distributing this power becomes problematic as the distribution entity, ECG, is financially unstable as it does not obtain a 100% return on the distribution of power. This invariably implies that reasons apportioned to the developments of erratic power supply and insecurity derives largely from funding problems rather than the low water level within the dam. That notwithstanding, the deployment of programmes to redefine the power sector has been for the most part towards the distribution sector of the power infrastructure. In order not to skew the development of the power sector, such programs have developed a holistic approach in strategizing progressive enhancement of the entire power sector of the country dealing with both generation, transmission and distribution such as Power Africa Initiative and the Compact II of the MCC. Research undertaken by donors and investors together with some stakeholders of the power sector point to the suppressing nature of power sales by the ECG. They again identified that ECG's operational and financial performance is critical for the sustainability of the entire energy sector value chain. Thus, if ECG is not able to enhance its revenue collection performance, then, energy access is unattainable. Another outcome from the research indicates that the nonpayment for electricity by public bodies remains an integral impediment to the successful transformation of the sector as the government is unable to reimburse the ECG leading to over fifty percent of the total consumer base being unaccounted for while costs in power purchases have increased significantly. All these factors go to affirm the firm resolve of actors who are in favour of privatization or PPP. As such various interventions quickly take shape within the framework or either privatizing the assets or establishing a PPP in

administering the asset. The Compact II of the MCC required the government of Ghana to first settle the arrears to ECG and secondly, through aid, require the government of Ghana to proceed with introducing private sector participation (PSP) especially in the ECG. Ghanaian workers made up of staff of ECG, VRA, GRIDCo, Public Utility Workers Union (PUWU) and Public Service Workers Union (PSWU), have strongly opposed the plan of government to privatize ECG. These workers indicate that the government's approach to the energy crisis which allows for the restructuring of the ECG is wrong. The workers state that the essential challenge in Ghana's energy sector is a deficiency in generation and that should be dealt with urgently. The minister of Power, Dr. Kwabena Donkor, in a press conference in February 2015, justified the remarks from the workers. This implies that there is no need to privatize ECG if the primary cause is a shortfall in generation. It also enforces that there is a discursive diversion on the investments into the power sector other than the intended set objective.

### **Conclusion**

Providing efficient and reliable electricity on sustainable basis requires careful planning. Although the government of Ghana has, in times past, made reforms in an attempt to promote energy access and infrastructural development, the challenges within the sector seem to be reoccurring. In this chapter, I have explored the effects of privatization of power infrastructure on the economy of Ghana and investigated why private donors and transnational corporations are requiring from African governments and policy makers to privatize power infrastructure. The push for privatization is not only an avenue for these private investors and transnational corporations to accumulate returns on their investments but also, because electricity is expensive in Ghana due to inefficient management, poor revenue collection and powerful government agencies not paying for the electricity they consume. The underlying assumptions for privatization as an alternative is that, privatization in itself results in efficiency and low

costs. However, examples of privatization of utilities from the industrial countries shows that it often results in high costs, large profit for industry, while the state still assumes the risk of failure since it is still responsible for the provision of services to the population. The inefficiency of present administration of electricity does not mean that it can only be efficiently run by the private sector. If the state is corrupt what is not to guarantee that it will not regulate the industry in a corrupt way taking kickbacks from the private sector (as in the current Brazilian crisis), while allowing poor service delivery to the population. Thus the actual performance of the state in running electricity is compared with a mythical privatized sector, rather than the actual experience of private sectors in managing public utilities.

Secondly, donor interactions with stakeholders of the state has been to win the state to their side as they use their financial assistance as leverage to influence investment and policies. As such the present relations between donors and state actors and the modes of processes of contractual agreements, introduce privatization through the backdoor, under the face of state enterprises. As a result, government become both a partner and beneficiary in privatizing which undermines its ability to monitor transparently.

Accusations about the inefficiency of Ghanaian power industry by donors is not carried out neutrally but follows the mobilization of networks and forces for privatization including transnational organizations in Power Africa. Therefore these are political discourses for bringing about change not neutral technical prescriptions, although they attempt to *depoliticize*<sup>36</sup> their roles and interests. Thus they tend to undermine democracy and the participation of citizens in development decision-making. The civil society organizations, however, express concern about the implementation of policies and the contractual arrangements of development initiatives in the country. The next chapter examines the role of

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<sup>36</sup> See Ferguson, *The Anti-Politics Machine: 'Development', Depoliticization and Bureaucratic Power in Lesotho*.

the civil society and how they have advocated for popular demands and also interrogate how they have reacted to these private investments within the power sector. To what extent will the activities and role of the civil society organizations influence policy and make it more responsive to popular needs.



## CHAPTER FOUR

### THE ROLE OF CIVIL SOCIETY ORGANIZATIONS IN THE 'INCREASING ENERGY ACCESS AGENDA'

#### Introduction

In the previous chapter, we examined how the push for economic development through trade liberalization and privatization of infrastructure by donors and transnational corporations within the African continent has been an alternative due to the inefficient management and corruption of infrastructure in Ghana. Although there likely may be increasing access to electricity, concern from household, small-scale enterprises and other development actors rests on the cost which invariably, may be a burden for the poor. Some civil society organizations in Ghana have reacted to government decision to privatize state infrastructure on the basis that it is a threat to public accountability, democratization, and equitable development. Civil society, within the neoliberal framework, emerges as the key link between economic liberalization and democratization, representing the locus of economic growth and vitality as well as the seedbed of democracy. Abrahamsen (2000), however, holds a contra view. She argues that civil society cannot be seen as either inherently democratic or undemocratic, rather, its character may vary across time and space. Civil society organizations are diverse in their size, income and activity. Some are small and poor, and others are donor funded and have a greater ability to lobby the government and international organizations (Lewis and Kanji 2009). This chapter examines the role of civil society organizations in questioning the transnational investments within the energy sector. It also investigates the reactions of these civil society organizations to the push to privatize power infrastructure in Ghana by these transnational corporations. Have civil

societies in Ghana been advocating for popular demands? How have their activities influenced policy and decision making in the infrastructural sector?

### **The Civil Society and Civil Society Organizations**

Mohan & Stokke (2000) argue that there is now a high level of agreement regarding the importance of popular participation of the civil society for social change and empowerment which has led to an unprecedented emphasis on local civil society in development studies and practice. The civil society is regarded as a ‘countervailing power’ to the state, a way of curbing authoritarian practices and corruption (Abrahamsen, 2000: 52). Andrew et al. (2000) asserts that, civil society organizations (CSOs) come about in the 1990s as authoritative and prominent actors within the development paradigm. CSOs now have a major responsibility in the provision of basic services in many countries. The IMF uses the term “civil society organization” to refer to the wide range of citizens’ associations that do support basic livelihood and provide services, benefits and or political influence groups within society and exist in all member countries. CSOs could include faith-based associations, labour unions, local community groups, nongovernmental organizations (NGOs), philanthropic foundations, and think tanks Regarding the recognition of civil society organizations (CSOs) in this context, a United Nations report describes CSOs as ‘the prime movers of some of the most innovative initiatives to deal with emerging global threats’ (UN 2004). Mohan and Stoke (2000), Clayton, Oakley and Taylor (2000) define the term Civil Society as the: ‘intermediate realm situated between state and household (excluding family, friends and business), populated by organized groups or associations which are separated from the state’. They are autonomous in dealing with the state, and are formed voluntarily by members of society to protect or extend their legitimate interests, values or identities (Opoku: 2007:7). Although the World Bank and IMF indicate that the best way to strengthen civil society is to reduce the role of the state and expand

the scope of market forces which is expected to decentralize decision making to include grass root organizations and private initiatives, Foucault holds a contra view. Lemke (2002) indicates that Foucault argues in his discussions of neo-liberal governmentality that the so-called “retreat of the state” is only a continuation of government. Neo-liberalism becomes a system through which there is the restructuring of power relations in society. There is the transformation of politics where there is the displacement from formal to informal techniques of government which allows for the appearance of new actors on the political arena of governance, creating a total change in the relations between state and civil society. Lemke (2002: 56) writes:

“This encompasses on the one hand the displacement of forms of practices that were formerly defined in terms of nation state to supranational levels, and on the other hand the development of forms of sub-politics ‘beneath’ politics in its traditional meaning. In other words, the difference between state and society, politics and economy does not function as a foundation or a borderline, but as element and effect of specific neo-liberal technologies of government”.

### **Civil Society and Infrastructure Development**

According to Calabrese (2008: 35), CSOs are very involved in many privatization and public private partnership programs in infrastructure. Their presence and role in both local and global political environment coincides with rent-seeking stakeholders whose sole aim is to ensure reform for privatization. In many countries, such as India, South Africa, Ghana, among others, civil society has opposed tariff increases, drastic staff reductions and exclusion of the poor. These emerge as a result of privatizing infrastructure and the CSOs have directed their

criticisms to the International Financial Institutions (IFIs) and transnational corporations (Opoku 2007, Lemke 2002).

The contributions of civil society to the development paradigm forms a part of the dynamic practise of democracy. The more civil society grows within a given economy, is a clear indication of the poor performance of the state in providing the needs of the people. Landell-Mills (1992) gives an explanation for the growth of civil society stating that the growth of such voluntary associations is in large part a reflection of the state's curtailment of services in accordance with structural adjustment programmes. As such, as the African state has become unable or unwilling to deliver basic services and infrastructure to its citizens, more and more people have come to rely on private initiatives thus, the vacuum left by the state has been taken over by the private initiatives which goes to support the discourse contending that the state is an alien oppressor to the development and enhancement of democracy. The conceptualization of civil society proceeds from an understanding of state and society where the state is made identifiable with power and civil society is associated with the realm of freedom and liberty. Thus power and exploitation become the sole preserve of the state while the rolling back of the state, it's economic and social services symbolize an expansion of democracy and freedom. However, according to Abrahamsen (2000), such a narrow understanding of power gives rise to the rather romantic representation of civil society as implicitly democratic and the mere existence of organizations outside the state is assumed to be sufficient to limit the power of the state and enforce a transition to democracy. This is because not all associations are involved in any self-conscious political intention or action and as such, they do not seek to limit the reach of the state or influence its policies. That notwithstanding, the view that the civil society is regarded as a 'countervailing power' to the state, a way of curbing authoritarian practices and corruption seem to actually be the case for many developing countries following the wave of

increase in infrastructural development and the push for privatization of infrastructure by donor and investors in recent times.

In Ghana, a number of civil society groups have come out strongly against the government's plan to privatize the ECG. The civil society groups include: the Public Utility Workers Union (PUWU) and the Public Service Workers Union (PSWU). Workers of the ECG reacted to government's privatization decision by furiously undertaking an industrial action at their offices. South Africa is also another example of workers staging a demonstration against the government's attempt to privatize the electricity company. In an interview I conducted with Dr. Yaw Graham, Coordinator of Third World Network- Africa (TWN-Africa), he indicated that the plan to privatize ECG was based on the following: poor management, low income accumulation and also ECG has 60% of its customer base as public entities. He stated that the poor revenue collection by the ECG has impacted the cash flow in the entire power sector which is making it difficult for ECG to meet its payment obligations to VRA, GRIDCo and the independent power producers (IPPs). This has resulted in VRA being unable to generate electricity, GRIDCo is 'jobless' since there is no power to be transmitted and ECG keeps increasing tariffs on power purchases in order to accrue enough capital to meet her financial responsibility to both VRA, GRIDCo and the IPPs.<sup>37</sup>

The MCC requires government to privatize the ECG in order to ensure efficiency and make it attractive for private investment. This will be achieved once ECG is cleansed of all the debt she owes and that of what government owes it. This invariably means that, 'while government will not pay bills to keep ECG alive, it will urgently do so to prepare it for privatization'.<sup>38</sup> He again stated that the weakening of the ECG has had adverse effect on the generation (VRA) and

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<sup>37</sup> Interview with Dr Yaw Graham, Coordinator of the Third World Network-Africa, 13 October 2016

<sup>38</sup> Interview with Dr Yaw Graham, Coordinator of the Third World Network-Africa, 13 October 2016

transmission (GRIDCo) entities respectively as a result of policy making within the power sector. However, the government, together with the MCC is willing to construct a policy that will ensure and assure profits for the private firms who will take ECG's assets and sell power through the ECG. Based on these factors, he expressed no shock at the manner in which the MCC agreement was signed.

Other civil groups have also joined the fray to fight against the government's intention to privatize ECG. A delegation of five members from the Convention People's Party (CPP), Prof Badu Akosa, Ms Dede Amanor-Wilks, Naa Kordai Assimeh, Mr Kingsley Kwasitsu, and Dr Adolph Lutterodt, filed a suit in November, 2016 against the Attorney General, the Minister of Power and the ECG as defendants.<sup>39</sup> They asked the court to grant an order of perpetual injunction directed at the defendants restraining them, their principals, agents, privies, workers from carrying out any operations or activities geared towards the privatization or dismemberment of the ECG in any way or manner as intended by the government. Other groups such as the Public Utilities Workers Union (PUWU), supported the move by the CPP, as they believed that the attempt to privatize will be unfavorable to the fortunes of the ECG. Both groups contend that if the government should pay what it owed the ECG, there would be no need for privatization.<sup>40</sup>

The Trades Union Congress (TUC) have also expressed their discontent on government's intention to privatize ECG. Dr. Kofi Asamoah, the Secretary General of the TUC remarked at the 11th quadrennial delegates' conference of the PUWU in Kumasi, that, 'government should come out and tell us where the concessions have worked, otherwise, our checks on the African

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<sup>39</sup> <http://www.myjoyonline.com/politics/2016/june-7th/prof-akosa-battles-a-g-in-cpp-suit-against-ecg-privatization.php>, Prof. Akosa battles A-G in CPP suit against ECG privatization, 07-06-2016; 03:06:40:pm. Accessed on 15 December 2015, 14:25 pm

<sup>40</sup> Ibid., Interview with Dr Yaw Graham, Coordinator of the Third World Network-Africa, 13 October 2016

continent and a few external countries outside the Africa countries have shown that the concession or the concessionaire or whatever they call it has not worked as being it is being propagated'.<sup>41</sup>

Although, many civil society organizations stand against the privatization of energy infrastructure, there are some that support the government. The Africa Centre for Energy Policy (ACEP) for instance, do not only agree to government's decision to privatize ECG, they go a step ahead to propose other methods government can employ in privatization. The ACEP is proposing that a transfer of at least 51 percent stake of the Electricity Company of Ghana (ECG) assets to a strategic partner through the Ghana Stock Exchange (GSE) would be a more appropriate option far better than the present concession agreement which has forced workers to undertake an industrial strike action. The Head of Policy at ACEP, Dr Ishmael Ackah, added that per the action of the workers of ECG, government should reconsider their decision and adopt other forms of privatization. He again stated that "if you are addressing the ECG challenges, then you have to look at the financials, and ensure that whatever decision you take will bring in money to pay the debts and to do investments to reduce distributional losses".<sup>42</sup> ACEP argues that the reforms in ECG must be targeted at raising sufficient capital for the company, introducing new business strategies to address the level of inefficiencies and financial difficulties of the company and most importantly, eliminating government interference. ACEP believe strongly that, government, under the MCC, must fully adhere to its

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<sup>41</sup> <http://www.myjoyonline.com/news/2016/October-28th/tuc-opposes-planned-bidders-conference-for-ecg-privatisation.php>, **TUC opposes planned bidders conference for ECG privatization**, 28-10-2016; 08:10:38: am. Accessed: 16 December 2016, 10:45am; **MiDA postpones Bidders Conference; opposition against ECG PSP heightens** - See more at: <http://citifmonline.com/2016/10/31/mida-calls-off-bidders-conference-opposition-against-ecg-ppsp-heightens/#sthash.WPWO9StP.dpuf>, accessed 16 December 2016, 11:02am

<sup>42</sup> <http://www.graphic.com.gh/business/business-news/acep-proposes-privatisation-of-ecg-through-stock-exchange.html>, **ACEP proposes privatization of ECG through stock exchange** by JESSICA ACHEAMPONG, 13 SEPTEMBER 2016, Accessed 16 December 2016,11:15am; <http://www.myjoyonline.com/business/2016/august-18th/acep-survey-reveals-ghanaians-want-ecg-privatisation.php>, **ACEP survey reveals Ghanaians want ECG privatization**, 18-08-2016, 11:08:52:pm, Accessed 16 December 2016, 15:07 pm

plan to pay off its share of the debts of ECG over five years. In order to validate their claim for supporting the privatization of ECG, ACEP undertook a survey which revealed in that more than 80% of Ghanaians want the Electricity Company of Ghana to be privatized.<sup>43</sup> The Executive Director of the energy think tank, Dr Amin Adams, said Ghanaians attributed their desire for an ECG privatization to the need for reliable power supply, affordable power, and a proactive power policy.<sup>44</sup>

The privatization of infrastructure is not new to the economy of Ghana. Water infrastructure has also been privatized in times past where the government and Aqua Vitens Rand Ltd (AVRL) entered an agreement to manage the country's water resources. After pressure from workers and civil society organizations, the government had to renegotiate and reclaim the Ghana Water Company (GWC) in 2011.<sup>45</sup>

The Ghana National Coalition against the Privatization of Water (Ghana National CAP of Water) was formed under the auspices of the Integrated Social Development Centre (ISODEC) during the National Forum on Water Privatization which took place in Accra, from May 16-19, 2001. At the end of the forum, they issued a communiqué titled *Water is not a Commodity! Water is Life and Life is for all!* In this statement, they revealed that the Ghanaian people are struggling to stop the privatization of water and as such called upon organizations and individuals all around the world to pledge their support to help prevent the privatization of water. They added that the World Bank was attempting to force the Government of Ghana to privatize water as a conditionality for further access to aid. As a consequence, five multinational corporations had placed their bid for the acquisition of urban water service in

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<sup>43</sup> Ibid.

<sup>44</sup> Ibid.

<sup>45</sup> <https://www.tni.org/en/article/post-privatisation-challenges-public-water-ghana>, **Post Privatization Challenges of Public Water in Ghana**, 23 June 2014. Accessed 17 December 2016, 08:33am

Accra. Assessing the capacity of these corporations, they revealed that most of them have a track record of social irresponsible acts that affect the very fabric of community life and individual livelihood.<sup>46</sup>

The Ghana National CAP of Water, in response to the World Bank declared that water is a basic human right, very vital to human life to which every person is entitled. As such, it should not be sold in the market place as an economic good. They again added that citizens have the right to effectively take part in the framing of public policies which basically affect their livelihood such as the control of water, and that government has an obligation to enforce this right.<sup>47</sup>

These among many other principles led the organization to adopt the following objectives in order to ensure that water does not undergo privatization. The organization set out to: “organize a broad-based campaign to guarantee that all Ghanaians have access to affordable and sufficient portable water by the year 2010, ensure that the right to water is particularly assured under the Constitution of the Republic of Ghana, establish that the ownership, control and management of water and water services stay within public hands, promote public awareness about the privatization process, and promote alternative solutions to the problems militating against universal access to water including problems of public management efficiency”.<sup>48</sup>

Other CSOs such as the Concerned Ghanaians for Responsible Governance, Occupy Ghana, among others are concerned about the problems of public management inefficiency and the

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<sup>46</sup> [http://www.africa.upenn.edu/Urgent\\_Action/apic-060401.html](http://www.africa.upenn.edu/Urgent_Action/apic-060401.html), **Ghana: Water Privatization, 06/04/01**, Accessed 17 December 2016, 08:33am

<sup>47</sup> <https://www.citizen.org/article/open-letter-concerned-citizens-around-world-support-ghana-national-coalition-against>, **Open Letter from Concerned Citizens around the World in Support of the Ghana National Coalition against the Privatization of Water**, Accessed 17 December 2016, 08:33am

<sup>48</sup> <http://www.comminit.com/natural-resource/content/ghana-national-coalition-against-privatisation-cap-water>, **Ghana National Coalition against the Privatization (CAP) of Water**, 23 June 2014. Accessed 17 December 2016, 08:33am

worsening economic situation in the country. These groups have one main objective which is to pressure the government through a campaign of civic engagement and mobilization solely aimed at bringing more concerned Ghanaians together to spur the kind of action needed to reverse the rapidly deteriorating economic situation and to enhance the quality of political discourse.<sup>49</sup>

## **Conclusion**

In this chapter, the activities of civil society organizations, have portrayed an act in the public interest where they served as whistle-blowers, holding institutions and individuals to account. However, other CSOs and think tanks that are being funded by these multinationals who are interested in owning state infrastructure support the views of their sponsors. That notwithstanding, the role of civil society organizations in Ghana is very important and useful for the survival of the development of the country as they are not only concerned about liberalization and decentralization of state role and authority, but engage in political actions and activities that seek to influence state policies for the attainment of economic development and the eradication of poverty, unemployment and inequality.

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<sup>49</sup> I refer to the activities of #Occupy Ghana and other civil society groups. See <http://www.occupy.com/tags/occupyghana>.

## CHAPTER FIVE

### **CONCLUSION: SEEING THROUGH ENERGY INFRASTRUCTURE DEVELOPMENT**

The study's primary focus was to gain an understanding on the impact of both policy discourses and practices on infrastructural development in Ghana. This became a subject for inquiry due to the shifts in investments towards power infrastructural development globally. In recent times, Africa is receiving significant investments from donors with the objective of providing energy access to all African peoples and ensuring energy security. Due to this global shift in favor of privatization of infrastructure to ensure economic growth and development, the study examined the extent to which the contemporary governance of electricity development is shaped by global and national policy frameworks and the influences of transnational companies on the privatization of infrastructure. The research was based on three thematic areas. The first concerned the contractual relations and governance frameworks between transnational corporations and governments or national power sector organizations. The second theme concerns the effects of privatization of infrastructure within the economy, and the third relates to the role of the civil society in advocating popular demands. The study concludes that the commercialization of power supply markets is a defining feature of the contemporary governance of electricity globally. This creates a dissonance between the contractual interactions and processes government and donors undergo in promoting energy access and the objectives underlying the contracts. Having identified commercialization as underpinning electricity governance, investors are concerned about their returns on investments and on minimizing risks. This results in pressures to privatize infrastructure and create a favourable environment for investment, which distorts the initial articulation of objectives concerned with inclusive development and access of poor to modern infrastructure. The need to privatize does not stem from the need to promote energy access but from the primary motive of ensuring

returns on investments made within the sector. This study does not constitute an argument against investments by donors and private investors for power infrastructural development in Ghana. As Berrie (1967) and (Landell-Mills 1992), has indicated, outside assistance is a necessary tool for developing countries to manage power infrastructure. However, the study's course of analysis is one that seeks to appreciate the processes that shape the infrastructural sector development and also the interplay of factors that influence the development of power infrastructure in Ghana.

The Foucauldian Postmodernism framework allows for the objectivity and truth regarding discourses and practices of the contemporary governance of electricity development to be deconstructed by investigating generally, whether liberalism, free markets and technology are social accomplishments that can be appreciated and enjoyed by all peoples and cultures (Hicks, 2004). Postmodernism renounces the reason and the individualism that the whole enlightenment world relies upon. As such the essentials of postmodernism are the opposite of modernism. For instance, instead of valuing individualism in values, markets and politics; postmodernism calls for communalism, solidarity and egalitarian restraints. This is because, while the modern world continues to advance the virtues of reason, freedom and progress, its methodologies reveal a different account. Rorty (1983) summarizes the postmodernism mission as figuring out what to do 'now that both the age of faith and enlightenment seem beyond recovery'. One of the cultural themes of postmodernism concerns "whether the West is leading the rest of the world to a freer and more prosperous future – or whether it's heavy-handed intrusiveness in foreign policy and its command of the international financial markets are exporting McJobs to non-western nations, locking them into the system and destroying their indigenous cultures" (Hicks, 2004).

As discussed in chapter 2, the rate at which infrastructural development has increased especially within the African continent emanates from the notion that Africa is a fast growing continent with much potential energy, land and natural resources, which constitute new frontiers of accumulation within the global economy. To enjoy this advantage in the global economy, donors and other international financial organizations have advanced discourses on integrating energy, development and political power or governance at both local, national and international levels. In this way, developing economies will welcome any form of investments that are geared towards power expansion and energy access. However, investments made by these transnational corporations, in the energy sector ensure that African markets are open to international trade in services which enable them to render commercial services to African governments which, in large part, leads to the advancement of private control, ownership and administration of infrastructure.

Chapter three examined the disparity between discourses and practices on the development of energy infrastructure. Anthropologists have always realized that representation is ultimately based on practice, on 'what people do' (Leeuwen 2009). The development of energy infrastructure in Africa by donors does not only entail discourses supporting its rationalities, but also discursive practices that are detrimental to the sustenance of the African economy. The strategies adopted by the state in resolving the energy crisis only constitute governmentalist techniques to reduce the problem to narrow technical issues in order to facilitate legitimation and policy efficiency and the maintenance of power. Is that what the people they are governing expect from them? The implementation of state policies within the power sector in Ghana has led to the inefficient management of the sector coupled with corruption, which has formed the fundamental basis for donors to advocate for privatization of the power sector. However, the discourses of donors and transnational corporation within the sector do not attempt to hold the

state accountable but promote the divestiture of public energy resources and advance their privatization. They work to mobilize forces within the state and the other transnational organizations to advance the need for privatization, under the huge and unproven assumption that privatization in itself results in efficiency and low cost. In practice, this is never the case as examples of privatization of utilities from many industrialized countries have shown higher costs to consumers following privatization and large profits for industries that enjoy monopoly positions (Harvey 2005, Leys 2001). Thus donor and international investor support acts as a tool to ‘invade’ the market economies of Africa and open them to commercial investment, and governance reforms serve to depoliticize the political and economic undertones that bring about economic change and present them as technical interventions.

Reviewing the intricacies of discourse and practices, I look at how the activities of both government and the donors undermine democracy and the participation of citizens in development decision making. These actions however, have led to opposition from civil society organizations to the privatization of ECG. Civil society organizations are essentially demanding that users of electricity should, under democratic principles, be involved in the decision-making process regarding formulation of policies for the sector.

In sum, the ‘increasing energy access agenda’, which is being heralded by donors and transnational corporations, like that of the United States Power Africa Initiative (USPAI), is one that may lead to the exclusion of people from policies and the implementation of privatization policies that alienate the end users from participating in deciding the institutional frameworks of power service-delivery to the public. The incessant drive to increasing commercialization of power and to promote its control by transnational corporations

undermines attempts to develop a new framework of power delivery through democratic consultation with citizens and users.



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