

# Democratization, Energy Poverty, and the Pursuit of Symmetry

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At a time when political sensitivities and economic realities acknowledge the eradication of energy poverty to be both a moral and material imperative, and in an era where citizens' demands for an expansion and deepening of inclusionary economic and political institutions punctuate the globe, it remains curious that policy makers have not robustly connected the two areas explicitly. For the laws of political ecology are not wholly unlike the laws of natural ecology in the interconnected nature of their object's components and the very potent symbiotic relationships contained therein. The argument advanced in this brief essay maintains that the pursuit of energy service provision runs through the public domains of open deliberation, shared infrastructure and inclusionary governance structures, and that a more defined and symmetrical programmatic treatment of the two would facilitate a more expeditious and effective realization of both. *Apropos* of this, the Electricity Governance Initiative maintains that,

By strengthening electricity governance – the processes, institutions, and actors that shape how such decisions are made – countries can develop more equitable and sustainable electricity policies. Transparent, inclusive and accountable electricity governance can ensure that decisions taken work in the public interest.

Common and central to both the quest for a greater voice in the economic and political affairs that affect our daily lives (here captured in the admittedly contestable term 'democratization'), and the more fundamental need for modern energy services, is the vital role played by institutions, and specifically political institutions. Aristotle captured the dominant role politics plays by referring to it as the 'architectonic science'. More recently, economists Acemoglu and Robinson<sup>1</sup> provide us with a vibrant range of historical examples of how nations flounder or flourish economically depending on the nature of their political institutions. Following a long line of scholarship and empirical analysis, Acemoglu and Robinson conclude

that, 'While economic institutions are critical for determining whether a country is poor or prosperous, it is politics and political institutions that determine what economic institutions a country has.'

The 'discovery' that politics lies at the heart of our social and economic livelihoods is certainly far from surprising. What is startling however is that development professionals and foreign policy practitioners generally have not linked the myriad platitudes and programs designed to encourage good governance and democratization to our multiple policies and projects attempting to significantly expand access to modern energy services to the millions suffering from energy poverty. As a result, the situation in many parts of the world (such as much of sub-Saharan Africa) has remained unchanged over the last three decades. The premise here is that a symbiotic relationship exists between our broader democratization programs and our more narrowly defined energy sector reform programs. If true, then both programs would benefit through some form of intellectual integration and some level of programmatic assimilation. Again, the Electricity Governance Initiative<sup>2</sup> alludes to this required synergy,

Decisions made in the electricity sector have repercussions with fundamental impacts on the public and their interests... Closed political processes and politically powerful groups often give limited attention to sustainable development objectives and public interest in decision making, particularly during sector reform processes.

Historical examples to the contrary notwithstanding, it is generally understood that the eradication of energy poverty (or enhanced access to modern energy services) is best achieved through the development of policy and regulatory environments based on socially inclusive and democratically oriented political institutions. Here one can conceive of processes ranging from tariff setting to efficiency standards for power generation to market bidding rules. The traditional internationally driven approach to supporting developing country electricity markets was

through a theological adherence to market reform and liberalization. The success with that approach was abysmal in general as it fundamentally did not align with the needs of the countries, nor the state of their human and institutional capacity. The failure to conjoin is particularly bedeviling since the history of power reform efforts has been spotty, and energy poverty persists despite its substantial funding levels over the past two decades.

There is a large ongoing discussion around market reform and liberalization in the least developed countries (LDCs). Over the last 20 years many developing countries have adopted far-reaching policies that encourage liberalization and privatization, often at the behest of major international funders and development organizations. While these policies have often improved the 'health' of individual national utilities, with very few exceptions they have not, in themselves, led to dramatic increases in energy access. The benefits of liberalizing these fragile markets are unclear, where it has been ideologically pushed on to these countries, it is often to their detriment, despite good intentions.<sup>3</sup>

The pathologies of past power reform efforts are then well known. However, the ensuing programmatic palliatives have lacked creativity and their results remain sub-optimal. Reviews of the sector reform efforts of the past two decades reveal several important precepts that are widely acknowledged, yet underappreciated. First, reform efforts need to address the specific and unique political, economic and social exigencies found in the host country rather than relying on a formulaic approach. Second, reform efforts are an ongoing process requiring patience and perseverance founded on enduring political commitment. Third, integrating broader environmental and social benefits into the reform process requires a conscious effort at the very beginning of the design stage. Finally, and most importantly, the policy reform process

is a highly charged political process that can disrupt the existing distribution of political, economic and social power.<sup>4</sup>

It is interesting to consider two simple scatter plots (see Figure 1a and b) showing the relationships between access to energy services (as a percentage of overall population) to two governance indicators (regulatory quality and government effectiveness). While the plots seem to imply some positive relationship, it is not, perhaps, as strong as one would intuit. Even at 'full' access the two governance-related indicators show an enormous spread. This makes drawing clear conclusions about their relationship difficult.

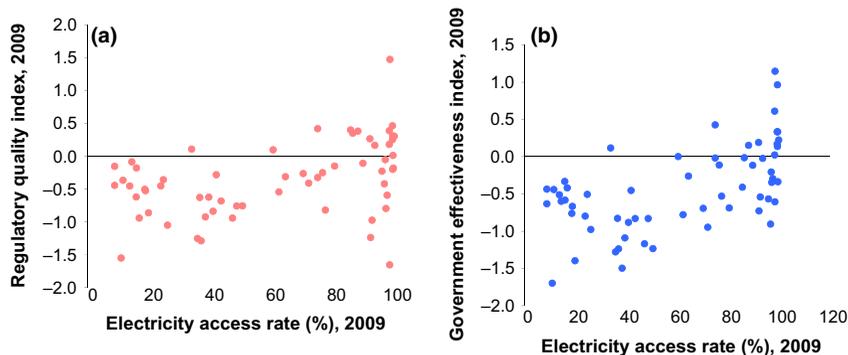
Because power sector reform addresses the legal and governance systems of a country, public and private stakeholder acceptance and consensus (at the national and local levels) is required for its ultimate success. The nature of that success has to also be carefully considered. It is a very different focus in countries

with low levels of access to services and largely poor quality ones. This can sometimes be illustrated in trade-offs between climate change mitigation and energy access goals.<sup>5</sup> Based on the precepts discussed, it is not surprising that sector reform efforts of the past have tended to correspond positively to the prior existence of stable democratic institutions and practices.<sup>6</sup> Conversely, power sector reform efforts in countries suffering a deficiency of social and political institutions central to vibrant democratic cultures have traditionally performed much more poorly, albeit with the noted exceptions. Although it should be noted even in the OECD over the last two decades, power sector liberalization agendas have had very mixed, and often poor, results.

In other words, power sector reform efforts do not take place in a societal vacuum, but rather are directly affected by the surrounding political environment within

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**Figure 1 a and b.** Scatter plots of governance indicators vs levels of energy access.



Source: World Bank data.

which they are expected to take root. As an example, when reviewing the case to help fund the large Medupi coal power plant in South Africa, the World Bank noted, 'self-employment has been hampered not only by the lack of capital and more recently energy, but also the vast spatial barriers erected by the geography of apartheid'. Trying to reform only the energy specific sector within a political system that is wholly occupied with wider issues of wealth creation and economic development is often a clumsy affair if not done holistically. On this, in a review of energy governance across Asia, Nakhoda<sup>7</sup> notes, 'The sector has undergone sweeping reforms over the past decade with the goal of attracting private investment. But these efforts are slowing and stalling as popular and political resistance, and ineffective regulatory regimes contribute to an unfavorable investment climate.'

The fundamental reason for the heretofore disappointing record in energy sector reform is that our programmatic designs in this field are founded on a false epistemology (the use of the third person here denotes primarily the development community). Architects of these reforms – especially when located thousands of miles away – abstract the problem from its broader socio-political context and view the problem primarily if not solely through a techno-economic lens, thereby misinterpreting the constitutive and essential institutional elements inherent in the system. In this case, Charles Lindblom's famous defense of 'muddling through' does not, unfortunately, hold up to scrutiny.<sup>8</sup> Practitioners, even while perhaps acknowledging the political dimension of the problem, are not equipped by mandate, expertise or budget to comprehensively think or act to the degree commensurate with the challenge. They therefore zealously plod along thinking their reform efforts to shift the culture of governance within one seemingly isolated sector within a society will bear healthy fruit while the surrounding governance environment withers. Therefore, a nod to the broader political environment within which energy service provision is being pursued would perhaps reap some programmatic rewards.

And here, contemporary forces provide us with a convenient if complex opportunity. The current wave of citizen uprisings and regime changes roiling the political waters in regions around the world reinforce man's ageless quest for self-determination. Long before the seemingly spontaneous democratic surge best represented by the Arab Spring, bilateral and multilateral development programs dedicated an inordinate amount of time and resources to move nations towards more effective and transparent governance structures often times built on democratic principles and practices. Yet, similar to the mixed results of power sector reform, democracy assistance programs have come under serious criticism as

being anemic and ineffective and in need of rejuvenation and renewal. We acknowledge that while there is potential for democratization and energy programs to complement each other and compensate for each other's limitations, there is also the potential for them to exacerbate each other's inadequacies.

For example, governance development assistance programs within the U.S. State Department and USAID have been criticized for failing to integrate their activities within the greater socioeconomic streams of development as they suffer from the perennial problems of stove piping and isolation. Thomas Carothers, a leading expert on such programs asserts that U.S. democracy assistance programs have been too inflexible, too rigid and too mechanistic and woefully short on innovation.<sup>9</sup> In a more recent report Carothers and co-author Diane de Gramont provide a fruitful assessment of ways in which to improve governance aid that conveniently aligns with the various elements of power sector reform and energy service provision more generally.

The first 'insight' the authors present, echoing Aristotle and anticipating Acemoglu and Robinson (and countless writers in between) is that 'governance deficiencies are primarily political'.<sup>10</sup> The technical assistance and capacity building activities, while important in many cases; do not address the fundamental political issue of who wields political power and how that power is wielded. While this at first glance appears rather obvious, particularly to political scientists, it does reveal the realities of past development assistance programs which have struggled valiantly to 'shield themselves from the sordid perils' of power politics, sequestering their efforts in the realm of rationalism and objectivity. Nevertheless, life's more Hobbesian realities cannot be denied, as anyone who has addressed the programmatic inequities in energy service delivery knows only too well.

Once we acknowledge that all reform efforts – be it in the energy sector or the governance arena writ large – pivots around politics, Carothers and de Gramont's second 'insight' offers a useful suggestion as to how to take advantage of that reality: 'Give attention to demand for governance, not just supply,' since 'people directly suffering the consequences of poor governance are likely to be motivated to help improve it'.<sup>11</sup> Energy poverty and the absence of those various energy services that are the lifeblood of economic and social development frequently has been the spark to the parched kindling of discontent and despair. A programmatic tack that captures the gales of an energized citizenry seeking both its democratic voice and the liberating currents of electricity can be a powerful antidote to the maladies of the current political economy.<sup>12</sup>

Third, Carothers and de Gramont suggest governance development programs 'go local'.<sup>13</sup> This important insight recognizes the global trend of the decentralization and

devolution of political and economic power around the world, while also conveniently acknowledging the policy realities of energy service provision and the variegated loci of energy decision making that ranges from national ministries and parliaments to village leaders and neighborhood associations. A careful alignment of the various access points for determining energy policy with the broader more comprehensive contours of a nation's political geography would find that the strengthening of local institutions could provide the foundational seeds for broader national reform efforts – both in democratization and energy service provision.

Finally, and most poignantly, the report exhorts development specialists to 'mainstream governance' which gets to the heart of the present proposal. As the co-authors point out,

governance stove piping is giving way to an impetus to mainstream governance throughout the assistance portfolio. This push draws on the realization among governance specialists that their work will gain greater traction both within their own bureaucracies and within recipient countries if it is tied directly to concrete socio-economic issues – like bad schools, childhood disease, and lack of food – rather than treated as a self-standing domain measured by somewhat abstract performance indicators concerning administrative efficiency or other 'pure' governance concerns.<sup>14</sup>

In other words, tether the governance reform efforts to a practical endeavor, such as that of energy service provision.

Fundamentally, we have suggested the need to reconfigure our approach, redefine the terms of discourse, and redesign our terms of engagement for both our power sector reform and our democratization efforts. The benefits for the former consists in a comprehensive approach to institution building and good governance that will provide power sector reform efforts the opportunity to address the systemic causes of faltering governance and enfeebled institutional structures. For the latter, using power sector reform as an anchor, or at least a tangible and noteworthy object, of its broader democratization efforts will offer concrete opportunities upon which to build the necessary socio-political institutions, demonstrating the verities and values of public participation. This specific anchor will give political development initiatives the necessary forum whereby both governed and governors can come together and decide the seminal questions of politics: 'who' gets 'what', 'when' and 'how'. As Aristotle told us, politics is a practical, not a speculative science; men and women become political men and women by *doing* political things. And by extension, we become democratic men and women by *doing* demo-

cratic things. Participating in decisions vital to the delivery of energy services provides both procedural and substantive political value.

The partial fusion of power sector reform and good governance/democratization programs will allow individuals qua consumers to come together as individuals qua citizens to practice the fine art of democracy. The habits formed through freely participating in power sector reform efforts ('who' gets 'what' energy services, 'when' and 'how') will surely manifest themselves in other aspects of society including other important infrastructure services such as water, transportation, education and housing. The introduction and adoption of new energy technologies to electrify houses, farms and factories provide an ample opportunity for the formation and cultivation of such habits. Thorstein Veblen refers to technological adoption as changes in the 'habits of thought'.<sup>15</sup> The claim here is that through changes in the 'habits of thought' brought about through the introduction of clean energy technologies, can ultimately lead to what Tocqueville refers to as 'habits of the heart': the acceptance of civil attitudes and behavior.<sup>16</sup> The multiplier effect emanating from an integrated approach will generate a more efficacious dividend from our development assistance funding. Furthermore, there is ample literature demonstrating the positive correlation between the normative value of freedom and development.<sup>17</sup>

However, any form of programmatic integration will require a vastly more informed understanding of both programs than currently exists. We'll need a much more sophisticated understanding of our democratization and good governance programs as well as the various governance characteristics and conditions central to the expansion of energy services to the unserved and underserved. Direct and active involvement at the country level is of course essential. This requires extensive staff level interactions and concerted and prolonged briefings between the programs. Second, high level political support will be vital as bureaucracies often defy innovation and entrenched interests decry perceived territorial encroachment. This pervasive rigidity exists in both the executive and legislative branches and will require thoughtful, yet assertive dialogue to ameliorate. Only the force of political prerogative has the capacity to break through the institutional inertia and the organizational resistance that will likely surface.

Conversations between our democratization and energy access colleagues will need to appreciate the innate resistance to such a blending. This is to be expected as democratization and energy professionals represent different intellectual perspectives and distinct technical skills. Also, additional barriers exist such as budgetary boundaries that thwart integration as well as cognitive cul-de-sacs that inhibit creativity. However, given the magnitude of the challenge and the significance of

the implications, innovation in our programmatic implementation seems worthy of consideration. Admittedly, this is an ambitious experiment, but what development project is not experimental and what are the goals of democratization and the UN's *Sustainable Energy for All* if not ambitious? And frankly, given our success rate over the past several decades in both spheres, more experimentation and greater ambition may well be in order.

## Notes

The views expressed in this essay are solely those of the authors and not of their respective institutions.

1. See Acemoglu and Robinson, 2012, pp. 43, 44.
2. EGI, Benchmarking Best Practice & Promoting Accountability in the Electricity Sector, 2007.
3. See Bazilian, Nussbaumer, Rogner et al., 2012.
4. For example, see Besant-Jones, 2006; and Dubash, 2002.
5. See Bazilian, Hobbs, Blyth et al. 2011.
6. There are exceptions however, with Chile and China being two of the more obvious.
7. See Nakhoda, 2007.
8. See Lindblom, 1959.
9. See Carothers, 2009.
10. See Carothers and de Gramont, 2011, p. 5.
11. See Carothers and de Gramont 2011, p. 8.
12. For examples of important work in this largely ignored area see: Wood, 2005; US Agency for International Development, 2005.
13. Wood, 2005, p. 10.
14. Wood, 2005, p. 13. For an excellent study on the importance of political institutions to development efforts generally and the importance of their integration, see Department of International Development (DFID), 2011.
15. See Thorstein, 1919.
16. See de Tocqueville, 2006.
17. See the now classic formulation of this interrelationship by Nobel laureate, Amartya Sen, *Development as Freedom*, 1999, where he develops, theoretically and empirically, the contention that freedom is both 'the primary end and the principal means of development', p. 145.

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