

# ENERGY INFRASTRUCTURE FINANCING IN DEVELOPING COUNTRIES AND PROJECT FINANCE .

(NIGERIA ENERGY SECTOR)

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# Energy finance and project financing

1.Nigeria: (a) GDP-\$481.1b; (b) Population.-182.2million- (The World Bank); (c) >60% of population lack clean energy (Kouakou, 2011& Aliyu,2013) . (d) Power generation-3,600MW(Aliyu,2013);Required-20,000MW (Nebo,2015).

Finance gap-\$3-10b p.a.\* 10 years (AfDB 2014 & CBN report, 2013).Refined < 25% of petrol ; while import >75%  
14 years budget<\$6B (Igali, 2015). 7<sup>th</sup> on OPEC crude oil production/pa (OPEC, 2016). Out of 188 countries ranked-divided into 3 index (high, medium and low development index).Nigeria 152-low HDI; 12 mores in West Africa (UNDP Human Development report, 2016)

3.Project finance features: Non-recourse; Guaranteed finance (host government, bilateral/multilateral agencies/export credit agencies).

The main aim of this research work is to critically examine the use of project finance as an alternative source of financing energy projects in Nigeria, in order to contribute solutions to the challenges of deficits in the energy infrastructure that have an effect on economic growth and development in Nigeria.

2.The research aim is to examine the use of the project finance, as an alternative source for financing energy in Nigeria, as well as to contribute to the solutions in the energy infrastructure sector that have an effecting on economic growth and development in Nigeria (diagram-Yescombe, 2014).

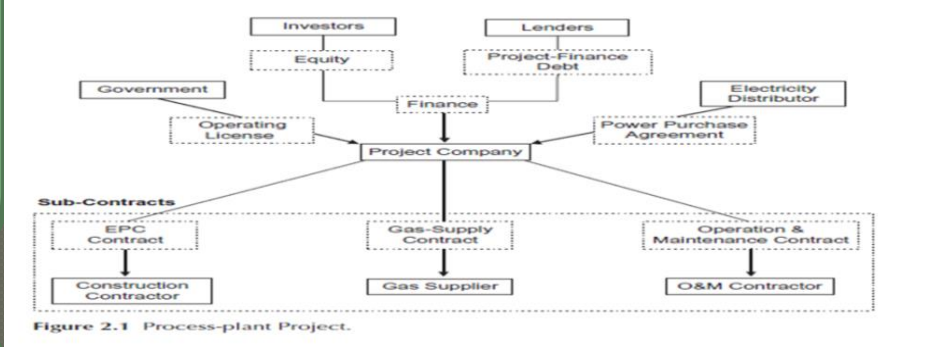


Figure 2.1 Process-plant Project.

4.This study apply a quantitative approach (multiple methods) to the analysis of yearly data for a 25-year period (from 1990 to 2014). Furthermore, deductive approach is also used, whereby existing theory (agency cost/theory) is used to develop hypothesis which will be tested using secondary (econometric), (Sahoo et al., 2012) and primary (via questionnaires/survey) data.

The variables considered are project finance, country risk, income from oil/gas as percentage of GDP, multilateral/bilateral funding, energy project (energy cost/size), corporate finance (loan) and government budget .