

**THE IMPACT OF MONETARY POLICY ON SUSTAINABLE ENERGY FINANCING  
IN NIGERIA (1985 - 2019)**

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**SEPTEMBER, 2021**

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**BY**

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**A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE  
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OF MANAGEMENT AND SOCIAL SCIENCES, COVENANT UNIVERSITY,  
OTA, OGUN STATE, NIGERIA.**

**SEPTEMBER, 2021**

## ACCEPTANCE

This is to attest that this dissertation is accepted in partial fulfilment of the requirements for the award of the degree of Master of Business Administration in the Department of Banking and Finance, College of Management and Social Sciences, Covenant University, Ota, Nigeria

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## **DECLARATION**

**I, ODIGIE GEORGE ISIAAH (19PAG01905)**, hereby declare that this dissertation to the Department of Business Management, College of Management and Social Sciences, Covenant University, Ota, Ogun State was undertaken by me under the supervision of Dr. Benjamin I. Ehikioya. I attest that this dissertation has not been presented either in whole or in part for the award of any degree in Covenant University or any other university. All sources of data and scholarly information used in this study have been duly acknowledged.

**ODIGIE GEORGE ISIAAH**

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**Signature and Date**

## CERTIFICATION

We certify that this dissertation titled '**THE IMPACT OF MONETARY POLICY ON SUSTAINABLE ENERGY FINANCING IN NIGERIA (1985-2019)**' is an original research work carried out by **ODIGIE GEORGE ISAIAH (19PAG01905)** in the Department of Business Management, College of Management and Social Sciences, Covenant University, Ota, Ogun State, Nigeria under the supervision of Dr. Benjamin I. Ehikioya. We have examined and found this work acceptable as part of the requirements for the award of Master of Business Administration (MBA Finance).

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## **DEDICATION**

This dissertation is dedicated to God Almighty for the Grace and strength so far, much more the required wisdom and sound mind towards the successful completion of this study. It is a privilege knowing that All things works for good to those that love God (Romans 8:28). This study is also dedicated to Nigeria and the progress we see ahead.

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## **LISTS OF ABBREVIATION**

<b>AfDB</b>	African Development Bank
<b>BOI</b>	Bank of Industry
<b>CBN</b>	Central Bank of Nigeria
<b>DFID</b>	Department for International Development
<b>ECN</b>	Nigerian Energy Commission
<b>EEI</b>	Energizing Economies Initiative
<b>EPSR</b>	Electric Power Sector Reforms
<b>FSS</b>	Financial Service Strategy
<b>GDP</b>	Gross Domestic Production
<b>GEF-P</b>	Green Energy Fund Programme
<b>ICT</b>	Information and Communication Technology
<b>IEA</b>	International Energy Agency
<b>IRENA</b>	International Renewable Energy Agency
<b>KPMG</b>	Klynveld Peat Marwick Goerdeler
<b>MO</b>	Market Operator
<b>MRR</b>	Monetary Redistribution Rate
<b>NEP</b>	Nigeria Electrification Project
<b>NERC</b>	Nigerian Electricity Regulatory Commission
<b>NESI</b>	Nigeria Electricity Supply Industry
<b>NPSP</b>	Nigeria Power Sector Support Program
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OMO</b>	Open Market Operation
<b>PHCN</b>	Power Holding Company of Nigeria
<b>PTFP</b>	Presidential Task Force on Power
<b>REA</b>	Rural Electrification Agency
<b>REF</b>	Rural Electrification Fund
<b>REN21</b>	Renewable Energy Policy Network for the 21st Century

<b>SAP</b>	Structural Adjustment Program
<b>SDG</b>	Sustainable Development Goal
<b>SEforALL</b>	Sustainable Energy for All
<b>TCN</b>	Transmission Company of Nigeria
<b>UN</b>	United Nation and Development Programme
<b>UNDP</b>	United Nation
<b>UNEPF</b>	United Nations Environment Programme Finance Initiative
<b>USAID</b>	US Agency for International Development
<b>WB</b>	World Bank
<b>WDI</b>	World Development Indicator
<b>WHO</b>	World Health Organization

## **ABSTRACT**

The monetary policy framework is one of the influencing factors of the economy. The energy sector like all other sectors of the economy is influenced by the monetary policy. Thus, the impact of monetary policy on sustainable energy financing in Nigeria was investigated in this study. The study used annual time series data spanning 1985 to 2019. The Auto-regressive distribution lag model was applied to evaluate the variables in the short run. Additional diagnostic tests were performed to determine the model's fitness, including the Heteroskedasticity Test, the Breusch-Godfrey Serial Correlation LM Test, the Normality Test, and the Model Stability Test. The finding shows that domestic credit to the private sector and energy consumption (per capita) has a favorable and significant impact on Gross Domestic Product on energy use. The dependent variable was negatively impacted by the broad money supply, which also was statistically significant. The other variables were positive, but they had no significant impact on Gross Domestic Product per unit of energy used. Thus, the study recommends that the apex bank should improve its monetary policy measures to control the money supply required for potential energy sector investment. This will enhance and contribute to the economic growth and development.

Keywords: Auto Regressive Distributed Lag, broad money supply, Financial institution, Foreign Direct Investment, Gross domestic product, Energy sector