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Effect of Construction Project Finance on Infrastructure in Ondo and Ekiti state of Nigeria

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Abstract*: Project finance is a method of financing very large capital intensive projects with long delivery period, where the lenders rely on the assets created for the project as security and cash flow generated by the project as source of funds for paying back their dues. The rate of abandonment of public project in Nigeria today is alarming and it calls for attention, one wonders why it almost seven years to construct just a building and even after project handing over its still uncompleted. This research work focuses on effect of construction project finance on infrastructure in Nigeria. Thus the objectives of this work are to identify and assess Stakeholders involved in Project Finance, to identify and assess risk involved in Project finance, to identify and assess process involved in Project Finance. Data for the study were obtained through well-structured questionnaires administered to professionals in the construction industry. A total of 70 questionnaires were distributed in both Ondo and Ekiti State, 45 were suitable for analysis. The data were analyzed using descriptive statistics and presented using frequency and percentage table. The result shows that government is the most important stakeholder in project finance, currency fluctuation was identified as the major risk involved in project finance and construction stage has the highest level of awareness in the project finance process, however preliminary negotiation is the most important. Based on these findings, this research work recommends that government should have more political and technical will towards infrastructure and necessary polices should be put in place by the central bank of Nigeria to control currency fluctuation.*

1. Introduction

Project finance is a method for obtaining commercial debt financing for the construction of a facility Project finance can also be defined as a funding structure that relies on future cash-flow from a specific project as the primary source of repayment with that projects assets, rights, and interest legally as collateral security [23]. The objectives of project financing include delivery of functional projects at agreed time, at acceptable quality and within scope. Construction projects are embarked on to meet some objectives which include the cost of the project, the time in which it can be delivered and the bench-marked standard which determines the values of the projects. If a construction project is not delivered to meet these three constraints of time, cost and quality, the project is unsuccessful. Construction project financing methods must be mutually beneficial to all stakeholders and must be sustainable [16].

Nigeria is the most populous black nation on planet earth and set a great vision to be among the top 20 economics in the world by 2020 with a minimum GDP of $900 billion and a per capital income of no less than $4000 per annum [15] and with the way we have fared so far we seem not to be close in achieving this vision. Project finance as defined by Wikipedia as the long term financing of infrastructure and industrial project based upon the projected cash flows of the project rather than the balance sheet of the sponsors usually, a project financing structure involve a number of equity investors known as 'sponsors' as well as 'syndicate' of banks or others lending institutions, financing in Nigeria has been a major issue over the years and this seem not to have been solved. Lives have been lost, money have been budgeted and re-budgeted and there is no visible change around us.

Nigeria since its inception have always had a government driven economy and this has made the government to be held responsible for whatever is seen in any part of the society, public infrastructure a part is still been held on to by the Nigerian government. Infrastructure is of high importance to any society and in Nigeria the government has not been consistent or sincere about their readiness to release this part of the economy for the expected growth. Oyedele [16] is of the view that government effort to evolve a sustainable method of public procurement have not succeeded primarily because it has been trial and error so far, it was observed by Anna [1] that even when government participate in the PPP they are not always sincerely to keep to their own part of the deal which most time lead to project abandonment as illustrated using the polish government as an example.

All over the world there is always a complain that money is not enough or that money is not circulating

as it ought to and Nigeria has not been different too as the way and how to finance project has been a major problem over the years. The government adoption of several means of project finance has not yielded the desired result, one of the method commonly used is the PPP which has prohibited of additional indebtedness as one of the characteristic as held by Switala [20] as a project progresses a major risk to the completion of the project has been this restriction placed on project fiancé which has an issue to the construction industry even when the environment initiate a good project this risk behind it has been major limitation to completion of project in a situation where the government is not forthcoming their own part and the other parties are not able to borrow money beyond what the sum is at the inception of the project.

The long Process involved in the project finance structure has been a major concern Fred [7] show in his research work the different junction that the project will pass through before it comes to lime light, investors, lenders, equity, project finance department, off-take contract, concession agreement, government, input supplier, input supply contract are some of the branches in the structure as described by Fred [7].

2.1 Construction Project Finance

Construction Project Finance can be characterized in a variety of ways and there is no universally adopted definition. Oyedele [16] described it as herculean task in city development in developing countries and must be tackled if meaningful development must take place. The agitation for construction projects are more in democratic governance while the means of providing them are limited, he further noted that the thirst for construction project which has even become a major campaign strategy for politicians in developing countries and this has made this principle the most available to the government of such countries. Oyedele[16] also shared his view about the objectives of construction project finance this he said include objectives delivery functional projects at agreed time, at acceptable quality and within scope. Construction projects are embarked on to meet some objectives which include the cost of the project, the time in which it can be delivered and the bench-marked standard which determines the values of the project. If a construction project is not delivered to meet these three constraints of time, cost and quality, the project is unsuccessful.

Construction project financing methods must be mutually beneficial to all stakeholders and must be sustainable. Gardner & Wright [8]defined it as the of raising finance on a Limited Recourse basis, for the purposes of developing a large capital-intensive infrastructure project, where the borrower is a special purpose vehicle and repayment of the financing by the borrower will be dependent on the internally generated cash flows of the project, he explained that the Project financing is largely an exercise in the equitable allocation of a project's risks between the various stakeholders of the project.

Anna [1] shed more light on the connection between special purpose vehicle and construction project finance he noted that Project finance is a kind of financing method connected with industrial and infrastructural projects. A specific element of project finance is the necessity of creating special purpose vehicle (SPV). A guarantee for return of capital used to finance project are the SPV's assets also The SPV prepares the plans, becomes responsible for the financing and operation of the project when it is completed he went further to say project's sponsor is just a shareholder of the SPV which carries all the responsibilities connected with the project. Thus, the project finance approach does not burden the sponsor's financial liquidity and does not reduce its credit capacity. Project finance is a structure in which the lender (the provider of capital for the SPV) focuses on the execution of the project and not on the creditworthiness or the track record of the project' s sponsor, in particular the latter's financial conditions and resources, because project finance is a source of funding connected with future cash flow.

2.2 Risk Involved in Project Finance

The construction industry generally has a bad reputation for its work. The industry has a Reputation for time and cost overruns [18]. This bad reputation is due to many reasons. One of them is that construction industry is one of riskiest of all business types [2]. There are many types of risk in the construction contracts; they are: Physical work Delay and disputes, Direction and supervision, Damage and injury to persons and property, External factors, payment, Law and arbitration.

Risk is defined as the exposure to loss/gain, or the probability of occurrence of loss/gain multiplies by its respective magnitude. Events are said to be certain if the probability of their occurrence is 100% or totally uncertain if the probability of occurrence is 0%. In between the extremes the uncertainty varies quite widely [11]. Risks also can be defined as a characteristic of a situation, action, or event in which a number of outcomes a responsible, the particular one that will occur is uncertain, and at least one of the possibilities is undesirable [21]. Zayed & Chang [22] defined risk as the presence of potential or actual constraints that d stand in the way of project performance, causing partial or complete failure either during construction or at time of use. Greene [10] stated that there is no all-encompassing definition of and provided his interpretation of what risk constituents:

Risk= Hazard x Exposure

He defined hazard as the way in which an event can cause harm and exposure as the extent to likely recipient of harm can be influenced by the hazard.

Uncertainty is a situation in which a number of possibilities exist and which of them has occurred, or will occur, is unknown. Considering all risks are uncertain but not all uncertainty is risky Yoe (2000). Risks and uncertainties characterize all activities in production, services and exchange. They affect all the fundamental variables that determine planning, implementation, monitoring, adjustment, behavior and explain choices, and bring about decisions [14]. Any definition of risk is likely to carry an element of subjectivity, depending upon the nature of the risk and to what is applied. Certainty exists only when one can specify exactly what will n during the period that covered by the decision. This is not very common in the construction industry [6]. Other writers see no difference between risk and uncertainty; Education and Learning Wales [4] stated that risk and uncertainty can be defined as follows:

Risk exists when a decision is expressed in terms of range of possible outcomes and when ties can be attached to the outcomes.

Uncertain exists when there is more than one possible outcome of a course of action but the probability of each outcome is unknown. In some situations, the risk does not necessarily refer to the chance of bad consequences. There may be the possibility of good consequences, and it is important that a definition of risk includes some reference to this point. Writers such as Flanagan and Norman [[6] differentiated between risk and uncertainty. Risk has place in calculus of probability, and lends itself to quantitative expression.

Uncertainty by contrast, might be defined a situation in which there are no historic data or previous history related to the situation being considered by the decision maker. Nigel, Anneli & Keith [13] state that in essence risk is a quantity subject to empirical measurement while uncertainty is of a non-quantifiable type. Thus, in a risk situation it is possible to indicate the likelihood of the realized value of a variable falling within stated limits—typically described by the fluctuations around the average of a probability calculus. On the other hand, in situations of uncertainty, the fluctuations of a variable are such that they cannot be described by a probability calculus. The Royal society [10] viewed risk as the probability "that a particular adverse event occurs during a stated period of time, or results from a particular challenge". The Royal Society also state that "as a probability in the sense of statistical theory risk obeys all the formal laws combing probabilities' The problem with statistical theory is that it is only ever a guess, or an approximation of what is to occur.

2.3 Stakeholders Involved in Project Finance

Government

Though local governments generally participate only indirectly in projects, their role is often most influential. The local government's influence might include: approval of the project, control of the state company that sponsors the project, responsibility for operating and environmental licenses, tax holiday supply guarantees, and industry regulations or policies, providing operating concession.

Project sponsors or owners

The sponsors are the generally the project owners with an equity stake in the project. It is possible for a company or for a consortium to sponsor a project. Typical sponsors include foreign multinationals, local companies, contractors, operators, suppliers or other participants. The World Bank estimates that the equity stake of sponsors is typically about 30 percent of project costs. Because project financings use the project company as the financing vehicle and raise non- recourse debt, the project sponsors do not put their corporate balance sheets directly a risk in these often high-risk projects. However, some project sponsors incur indirect risk by financing their equity or debt contributions through their corporate balance sheets. To further buffer corporate liability, many of the multinational sponsors establish local subsidiaries as the project's investment vehicle.

Project Company

Project Company is a single-purpose entity created solely for the purpose of executing the project. Controlled by Project sponsors, it is the center of the project through its contractual by arrange with operators, contractors, suppliers and customers. Typically, the only source of income for the project company is the tariff or throughput charge from the project. The amount of the tariff or charge is generally extensively detailed in the off-take agreement. Thus, this agreement is the project company's sole means of servicing its debt. Often the project company is the project sponsors' financing vehicle for the project, i.e., it is the borrower for the project. The creation of the project company and its role as borrower represent the limited recourse characteristic of project finance. However, this does not have to be the case. It is possible for the project sponsors to borrow funds independently based on their own balance sheets or rights to the project.

Contractor

The contractor is responsible for constructing the project to the technical specifications outlined in the contract with the project company. These primary contractors will then sub-contract with local firms for components of the construction. Contractors also own stakes in projects. For example, Asea Brown Boveri "created a fund, ABB Funding Partners, to purchase stakes in projects where is a contractor, Subscribers to the fund are a mixture of institutional

investors focused on the energy sector, and the financing arms of big contractor"

Capital markets.

Major investment banks have recently completed a number of capital market issues for international infrastructure projects. Through the private placement market, the banks have successfully raised capital from institutional investors. As a consequence, many pundits are biting the capital markets as the instrument of choice for financing emerging markets transactions. The capital market route can be cheaper and quicker than arranging a bank loan. In addition, the credit agreement under a capital market is often less restrictive than that in a bank loan. Furthermore, these financings might be for longer periods than commercial bank lending; might offer fixed interest rates; and can access wider pool of available capital and investors such as pension funds. The disadvantages of capital market financings include: the necessity of preparing a more extensive disclosure document; capital market investors are less likely to assume construction risk; the bond trustee plays a greater role; more disparate investors - not a club of banks; unlike bank debt, proceeds are disbursed in a single lump sum, leading to negative carry costs. Credit agency ratings for project finance transactions, however, are making the capital market route much smoother by making credit evaluations more transparent. Direct equity investment funds .Private infrastructure funds represent another source of equity capital for project financings. Examples of these funds include AIG Asian infrastructure Fund ($1. 1 billion), Peregrine's Asian Infrastructure Fund ($500 million), and Global Power Investments ($500 million) and the Scudder Latin America Infrastructure Fund ($100 million, with target of ($600 million). These funds raise capital from a limited number of large institutional investors. Then their advisory teams screen a large number of infrastructure projects for potential investment opportunities.

Legal advisers

Play a role in assembling project finance transactions given the number of important contracts and the need for multi-party negotiations. Legal advisers also play a role in interpreting the regulatory frameworks in the local countries. From the outset, the project sponsors might work with a financial adviser, e.g., commercial bank, investment bank or independent consultant, to structure the financing for the project.

3.0 Methodology

The target population of the study comprise of professional in the construction industry who have practical experience both in the public and in the private sector of the industry; Quantity Surveyor, Architect, Civil Engineers and Builders within Ondo and Ekiti State. The methodology for the study was done through questionnaires distribution to seek the view of professional in the public and private sector which were self-administered. The questionnaire were structured to focus on general particulars of the professional in terms of qualification (both educational and professional), type of organization whether consulting or contracting, official designation. Structured questions prepared on assessment of stakeholders involved in project finance and also the assessment of risk involved in project finance. Also the process involved in project finance was also measure using the well-structured questionnaire. The method of analysis used for the study include frequency distribution analysis, mean and rank analysis.

4.0 Discussion of Findings

The table 1 shows the result of summary those that attempted the questionnaire. Out of the 45 questionnaire that were collected back 20 of them work with the consulting firm and 25 of them work with the contracting firm meaning that whenever any result seen in this research 44.44% of are the view of professionals from consulting while 55.56% are views from contracting professionals who are in the construction industry. From the table 1 it shows that 48.89% of the respondent are Quantity surveyors and this means that the Quantity Surveyors has the highest quota opinion, 24.44% of the respondent are Architects, 11.11% of the respondent are Civil Engineer and for the Builders too,4.44% of the respondent are contractors. Also, about 50% of those who attended to the questionnaire have more than (10) years' experience.

Table 2 addressed two basic questions in other to give solution to one of the objectives. The first part of the question is measuring the level of involvement of the stakeholders in project finance while the second part measures the level of importance of the stakeholders in project finance. It shows that government has the highest level of importance and also the highest of involvement, government ranks highest in terms of involvement with mean 4.44 and highest in terms of importance with mean 4.55. Project Sponsor or Owner who ranks second in terms of involvement and third in terms of importance with mean 4.12 and 4.22 respectively, it is also clear that the contractor is the one occupying the middle course in terms of importance and it is the third in terms of involvement with mean 4.00 and 4.17 respectively, the bank which is the source of funds for the project has a tally of ranking for both involvement and importance with 3.89 and 4.13 means respectively, the project company is of little importance and has low involvement too in project finance with the same rank sixth with mean 3.88 and 3.86 respectively, the customer is of no importance and no involvement

with the same ranking for both seventh and means 3.34 and 3.83 respectively.

Table 1: Respondent Information

Factors	Variable	Frequency	Percent
Type of organization	Consulting	20	44.4
	Consulting	25	55.5
	Total	45	100
Official Designation	Quantity surveyor	22	48.89
	Architect	11	24.44
	Engineer	5	11.11
	Contractor	2	4.44
	Builder	5	11.11
	Total	45	100
Highest Qualification	OND	1	2.27
	HND	20	45.4
	B.Tech/B.Sc	13	29.5
	M.Tech/M.Sc	10	22.7
	Total	44	100
Years of Experience of Respondent	1-5years	16	35.5
	6-9years	10	22.2
	10-15years	12	26.6
	16-20years	3	6.67
	20yrs above	4	8.89
	Total	45	100
Number of Construction project participated in as a profession	1-5	12	27.2
	6-9	9	20.4
	10-15	9	20.4
	16-20	3	6.82
	Above 20	11	25
	Total	44	100
Number of Construction project involved in that are capital intensive	1-5	15	34.8
	6-9	6	13.9
	10-15	9	20.9
	16-20	2	4.65
	Above 20	11	25.5
	Total	43	100

Table 2: Stakeholders in Project Finance

Stakeholders	**Level of involvement mean**	**Rank**	**Level of importance Means**	**Rank**
Government	4.44	1	4.55	1
Suppliers	3.91	4	4.34	1
Contractor	4.00	3	4.17	4
Project Company	3.88	6	3.86	6
Customers	3.34	7	3.83	7
Banks	3.89	5	4.13	5
Project Sponsor or Owners	4.12	2	4.22	3

Table 3 shows the measurement of the risk involved in Project finance. It measures the level of awareness of the risk; the second part measures the effect of the risk on project finance. It shows that currency fluctuation has the highest level of awareness and also has the highest effect on project finance with mean 4.32 and 4.32 respectively, unforeseen site conditions ranks both second highest in terms of awareness and effect with the same mean 3.87, insurgency/war threat ranks third for both awareness and effect with mean 3.78 for both awareness and effect, delayed payment of contractor ranks fourth for both awareness and effect means 3.77 for both, inflation rate, poor quality, deficiency in drawings are fifth, sixth and seventh with mean 3.52, 3.40, 3.18 respectively while construction accident seems not have any level of awareness and it has no effect with mean 3.12 and ninth on ranking.

Table 3: Risk Involved in Project Finance

Risk	Level of awareness mean	Rank	Effect mean	Rank
Insurgency/War threat	3.78	3	3.78	3
Unforeseen site condition	3.87	2	3.87	2
Currency fluctuation	4.32	1	4.32	1
Inflation rate	3.52	5	3.52	5
Construction accidents	3.12	9	3.12	9
Deficiency in drawing	3.18	8	3.18	8
Delayed payment to contractor	3.77	4	3.77	4
Defective design	3.30	7	3.33	7
Poor quality	3.40	6	3.40	6

Table 4a and 4b assess the process involved in project finance using three different structured questions which were the level of awareness, level of importance and extent of usage of the project finance process. This table shows the extent of usage of the process, the step by step process planned to make project finance more effective. The construction stage has the highest level of awareness with 4.10 and ranked as first in terms of importance and ranked third with 4.03 and highest in terms of usage with mean 4.28 preliminary negotiation has 4.02 as mean for level of awareness ranked as third, 4.18 as mean for level of importance and ranked as first also the usage have a mean of 4.05 ranked as third construction complete is second has in ranking for awareness, importance and usage and has 4.07,4.16

and 4.08 respectively, the sales/ transfer has a mean of 3.10, 3.46, 3.37 and ranked as eighth, seventh and seventh respectively, closure has a mean of 3.77,3.18, 3.26 and ranked as fourth eighth, and eighth respectively. L.A.M & L.I.M means level of Awareness & Level of Involvement mean respectively.

Table 4a: Processes showing L.A.M & L.I.M

Processes/Stages	L.A.M	Rank	L.I.M	Rank
Preliminary Negotiation	4.02	3	4.18	1
Due deligence	3.77	4	3.95	4
Set up SPV	3.42	7	3.82	5
Purchase& Sale agreement signed	3.69	6	3.61	6
Closure	3.77	4	3.18	8
Construction	4.10	1	4.03	3
Construction complete	4.07	2	4.16	2
Sales/ Transfer	3.10	8	3.46	7

Table 4b: Extent of Usage Mean

Processes/Stages	Extent of Usage mean	Rank
Preliminary Negotiation	4.05	3
Due Negligence	3.77	4
Set up SPV	3.54	6
Purchase sale agreement	3.65	5
Closure	3.26	8
Construction	4.28	1
Construction complete	4.08	2
Sales/Transfer	3.37	7

Table 5a shows that high quality of project has a mean of 4.60 and is ranked as first, promptness in project delivery ranks as the second with mean 4.18 which does not influence the financial liquidity and debt ratios has the lowest mean 3.12 and ranked as fifth, all are the positive effect of project finance of infrastructure while table 5b shows the highest negative effect and double expenses due to abandonment has a mean 3.93 ranked first, increased cost of production due to high number of stages involved follow as second with 3.91 mean, collapse of building is the least ranked with 3.43 mean.

Table 5: Effect of Project Finance

Effect of Project Finance	Positive Effect Mean	Rank
High quality of Project	4.60	1
Promptness in project delivery	4.18	2
Reduced burden from the sheet of Government	3.72	3
Risk sharing among all the parties	3.45	4
Does not influence the financial liquidity and debt ratio	3.12	5

The research was able to discover that the government is the most important stakeholders in project finance and also with the highest level of involvement. Fight [5] did not identify the most important neither did he measure their level of involvement; he only identified the parties individually. Switala [20], using a live project in South Africa identifies the project sponsor as the most involved" The project's sponsor is just a shareholder of the SPV which carries all the responsibilities connected with the project. Thus, the project finance approach does not burden the sponsor's financial liquidity and does not reduce its credit capacity. The project's participants are also other entities which are in various ways connected with the project. Such as the recipients (off takers), suppliers, contractors, government agencies or international institutions, like the World Bank. Marcinck [12] and Switala [20] later identified the project sponsor as the most important calling, other stakeholders as" others". And the major reason why the system has not made a head way in Nigeria compared to other developed country where they have a well- structured government system that has a good vision for infrastructural development, if government is meant to be involved most in construction project finance and yet when it comes to our case in Nigeria, the government has not defined a clear vision. This is the reason why it has not really work study like most developed nation in the world today because they were able to assume such state because of their commitment to project finance. No wonder our infrastructure has remained in a state of coma for years.

Also looking at the level of importance, the government yet occupies the leading role putting the major responsibility on government yet not able to live up to expectation just like the old Yoruba adage that says, 'the one made a priest who cannot carry a chicken. Giddy [9] identifies that there are only four major parties to project finance, the sponsors, the banks, the government, he grouped the purchaser and the supplier as a member of one group calling them stakeholders credit, he also did not rather there level of involvement and importance. Gardner & Wright (2010) are of the view that Project risks are usually bifurcated between the construction and operational periods of the project. Lenders are most 'at risk' during the construction period and this is typically the period when most defaults occur. Hence, particular due diligence will be undertaken on the strength and contingent support associated with the construction contract .This research has this about risk: risk are involved in project finance and it was observed that currency fluctuation has the highest effect on project finance and it also has the highest level of awareness, its level of awareness actually corresponds to its effect on project finance in Nigeria as a country. Sorge [19] is of the opinion that projects usually undergo two main phases, construction and operation, characterized by quite different risks and cash flow patterns. Construction primarily involves technological and environmental risks, whereas operation is exposed to market risk (fluctuations in the prices of inputs or outputs) and political risk, among other factors Most of the capital expenditures are concentrated in the initial construction phase, and revenues to accrue only after the project has begun operation. This partly supports what the research discovers. In this work, it became clear that construction has the highest level of awareness. Looking at the extent of usage even when other process might not be effectively used, the construction stage is actually the stage where the whole thing is carried out, making it an indispensable stage in the whole stages of project finance. Preliminary negotiation is the most important because at this stage, it will determine if the project will see the light of day ,a view Sorge [19] & Fight [5] also holds that, there are basically two important stages in project finance which is the construction and development phases, then operation phase, though they did not see a need for preliminary negotiation. Giddy [9] identifies the following as the benefit of project finance, enhanced return, risk showing and diversification, accounting treatment preserves corporate borrowing capacity, assess to long term financing, tax benefit and political Risk mitigation but this research work discovers high quality project as the major effect of an effective use of project finance. When the whole procedures are followed and all participants fully carry out their own quota, project finance is always going to yield a high quality project which at the long run has a great effect on the infrastructural development of the country, if project finance is taken with all seriousness by government as government has been identified as the most important participant in project finance, we would experience a delivery of high quality project in every phase of construction both in building, roads, dams and many more.

5.0 Conclusion and Recommendation

Based on the discussion of the result of this research work, it was found that the government has the highest level of involvement and also the most important out of all the participants in project finance. Currency fluctuation is the biggest risk encountered in Nigeria when project finance structure is been used. Also, construction stage has the highest level of awareness and is the most used stage in project finance while preliminary negotiation is the most important stage in project finance. High quality project is the major effect of good project finance structure and double expenses will surely arise if the processes involved are not dully followed.

It is therefore paramount that government should have more political and technical will towards development of the country, and in doing this, the central bank of Nigeria should be tasked to come up with better polices that will ensure good currency stability such that people investing into our capital project will not be scared off because of our currency instability and uncertainties of doing business in Nigeria. It is being discovered that, investing in projects in Nigeria is as bad as you know only what you see now and you cannot accurately forecast how it will be for the economy in the next few weeks and this discourages investors. Also client should be decisive about what they want early enough to aid good preliminary negotiation, likewise construction stage should be handled with all keenness by all participant involved. Project abandonment will definitely lead to double expenses; all stakeholders must ensure that the process does not fail as abandoning the project will always result in double expenses. If a project that was designed to meet quality standard, save cost and delivered in time is now been abandoned, it will be discovered that all criteria that necessitated the scheme would have been defeated.

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