

Nigeria

GDP: **\$521.8bn**

Five-year economic growth rate: **25%**

Population: **173.6m**

Total clean energy investments, 2006-2013: **\$140.3m**

Installed power capacity: **8.4GW**

Renewable share: **0.4%**

Total clean energy generation: **N/A**

Top energy authority:

National Energy Regulatory Commission

OVERALL RANKING
2014

22

OVERALL SCORE
2014

1.23

PARAMETER	RANKING	SCORE
I. Enabling Framework	27	1.19
II. Clean Energy Investment & Climate Financing	36	0.38
III. Low-Carbon Business & Clean Energy Value Chains	10	3.30
IV. Greenhouse Gas Management Activities	29	0.99

SUMMARY

Nigeria placed 22nd in *Climatescope* 2014, with a score of 1.23. Its highest rank was 10th on Value Chains Parameter III. Notably, Nigeria's efforts at power sector reforms and the introduction of feed-in tariffs (FiTs) have not translated into major new investment; the country's worst performance was on Clean Energy Investment Parameter II for which it came in 36th.

Investment stood at just \$140m for 2006-13, of which over 70% went into biofuels production facilities. The country's installed generation capacity amounts to 8.4GW overall, though available ca-

capacity is often only a third of that due to issues such as vandalism of gas pipelines, insufficient fuel supply and transmission constraints. In 2013, there was only 31MW of non-large hydro clean capacity, all of it small hydro.

The federal government embarked on privatizing the power sector with the aim of attracting investment to increase generation and improve reliability – it has a target of over \$20bn for generation assets 2014-20. However, there are already questions over the ability of the new private companies to recover their costs.

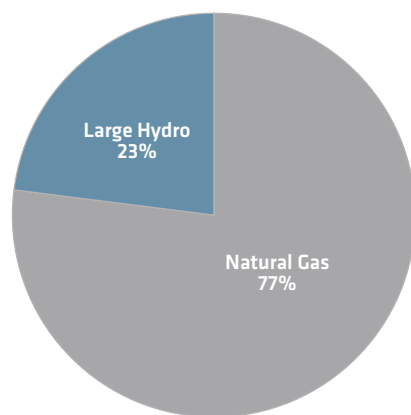
For further information, access www.global-climatescope.org/nigeria

PARAMETERS AT A GLANCE

Nigeria's power sector is on its way to becoming Africa's most liberalized. In November 2013, the national utility's assets, comprising six power-generation and 11 distribution companies, were transferred to the private sector. The country has an independent regulator in the National Electricity Regulatory Commission and a bulk buyer, Nigerian Bulk Electricity Trading (NBET), to act as an intermediary for payments between generators and distributors. As of Q3 2014 the sector had not yet embarked on the transitional phase during which NBET will guarantee all purchases.

INSTALLED POWER CAPACITY BY SOURCE, 2013 (%)

8.4GW total installed capacity



Source: Bloomberg New Energy Finance, Nigeria National Bureau of Statistics, Nigerian Electricity Regulatory Commission, KNUST Energy Center
Note: Some values cannot be graphically represented due to scale, please see source data for the complete numbers

Amid this upheaval, the country's performance on Enabling Framework Parameter I was only average, finishing 27th. Its FiT offers attractive rates but uptake has been hindered by uncertainty: in particular, it could change every five years when the Multi-Year Tariff Order is reviewed. In addition, the Tariff Order policy is only set to last until 2023, raising project risk.

KEY POLICIES

Energy Target	Various targets, including 10% renewable energy by 2020, in the proposed National Renewable Energy Policy, and specific capacity targets under the draft Renewable Energy Master Plan.
Feed-in Tariff	A 15-year fixed tariff for wind, solar, small hydro and biomass, which is revised every five years.
Biofuels	A mandate to blend 10% ethanol with gasoline and 20% biodiesel with diesel.
Debt/Equity Incentives	There is a Rural Electrification Fund that has had operational challenges, while soft loans and grants are proposed in the Renewable Energy Master Plan.
Tax Incentives	A range of tax reductions and import duty exemptions for renewable energy projects are contained in the Renewable Energy Master Plan, which has yet to be implemented.

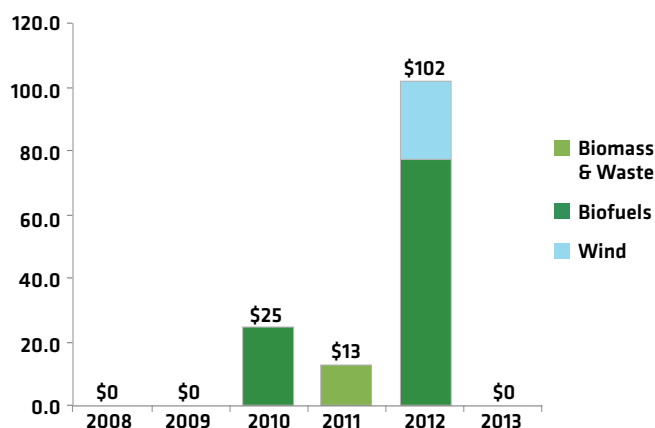
Source: Bloomberg New Energy Finance Policy Library

Uncertainty around both the power sector reforms and the stability of the feed-in tariff is reflected in the country's meager performance attracting clean energy investment (Parameter II). While several projects have been publicly announced, including vast solar installations, no major deals had been closed as of Q3 2014.

The Low-Carbon Business and Value Chains Parameter III yielded for Nigeria its highest ranking in Climatescope, at 10th, with particularly strong biofuel, small hydro and solar value chains in place in the country. Indeed, Nigeria has local solar module manufacturing capacity. It boasts a large proportion of the service providers, as befits an economy of its size.

ANNUAL INVESTMENT IN CLEAN ENERGY, 2008-2013 (\$m)

\$140.3m total cumulative investment



Source: Bloomberg New Energy Finance
Notes: Total investment includes: Asset Finance, Corporate Finance and Venture Capital / Private Equity Commitments.

Nigeria finished 29th on Greenhouse Gas Management Activities Parameter IV, having registered 10 projects (mostly energy efficiency related) under the CDM – the fourth highest number among the African countries in Climatescope. It was rated averagely risky for carbon project development, given the failure of one of its projects and relative length of the project validation process. The country does not have any carbon policy or corporate activity in this area.