

CLIMATE INVESTMENT FUNDS

CTF INVESTMENT PLAN

Nigeria

Nigeria is Africa's most populous country, with a heavy urban concentration: six major Nigerian cities have populations of five to more than 10 million people. The mega-city of Abuja is the largest city in sub-Saharan Africa and the sixth largest city in the world, with a population today of over nine million and a projected population of 25 million by 2020.



The continent's third largest economy, Nigeria is endowed with sufficient energy resources to meet its development requirements, with the world's sixth largest reserve of crude oil, and extensive gas, lignite and tar sand reserves. However, it also has one of the least energy-efficient economies in the world. To respond to this, the country is committed to reduce greenhouse gas emissions while promoting economic development.

The CTF Investment Plan (IP) is a broad business plan by the Federal Government of Nigeria which supports its low-carbon growth objectives and priorities. The IP identifies transformational programs which will help support key activities to accomplish the country's mitigation goals, particularly in transport and industry.

These sectors were selected for the IP because both are end-users of energy and central to the country's economy, development and environment. The CTF investment creates an opportunity to de-link emissions growth from rapidly growing urbanization and economic development, while providing citizens with safe, reliable and affordable alternatives.

Through the IP, CTF resources will be used to stimulate investment in downstream opportunities that lead to the use of cleaner, more efficient alternatives for industry and transport, creating near-term impact and visible efficiency measures and a longer-term opportunity for scale-up of sustainability. Improving the efficiency and sustainability of transport and industry will lead to greater competitiveness and improved quality of life on a reasonable timescale.

ELEMENTS OF THE NIGERIA CTF INVESTMENT PLAN

Sustainable Transport:

Expansion of Bus Rapid Transport in Lagos; improved bus transit systems in Kano and Abuja; rehabilitation of rail infrastructure; and increase in inland water transport and sea transport

Clean Energy and Financial

Intermediation: Energy efficiency in commercial sector; increased renewables use including small-scale hydropower and solar-electric options; supply-side options, especially rehabilitation of oil refineries and power plants, combined-cycle technologies, and cogeneration at industrial facilities; catalyzing markets for clean energy through financial intermediaries (FIs).

NIGERIA CTF INVESTMENT PLAN*

CTF financing: **\$250 million**

Est. co-financing: **\$1.067 billion**

* The Nigeria CTF Investment Plan has been endorsed by the CTF governing body and projects and programs identified in the Plan will be considered for funding when resources become available.

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Transportation

In this sector, the IP focuses particularly on expanding Bus Rapid Transport in Lagos; improving bus transit systems in Kano and Abuja; rehabilitating rail infrastructure; and increasing inland water transport and sea transport.

With CTF support, the three principal cities of Lagos, Kano, and Abuja will strengthen their bus-based mass transport provision, allowing them to effectively respond to demand for mobility while reducing the number and energy intensity of vehicles on the streets. Such investments will help improve circumstances for the urban poor in the three cities by enhancing their accessibility and reducing transport prices.

Expanding urban transportation choices, shifting modal distribution, and improving vehicle operating conditions will not only contribute to a better quality of life for Nigeria's citizens, but will create an opportunity to leapfrog efforts to bend the country's emissions trajectory.

Clean Energy and Financial Intermediation

In this sector, the IP focuses on improving energy efficiency in the industrial sector; increasing renewables use including small-scale hydropower and solar-electric options; and supply-side options, especially rehabilitation of oil refineries and power plants, combined-cycle technologies, and cogeneration at industrial facilities.

Catalyzing sustainable energy through Financial Institutions (FIs): CTF-funded interventions can have a transformational impact on the carbon footprint of the country through projects directly and through FIs. For transformation to occur in Nigeria's clean energy sector, FIs will need to become active as credit providers and promoters of project implementation at scale.

Catalyzing markets for energy efficiency will create an opportunity for increased competitiveness for Nigeria's industry, leveraging private sector capital to scale-up investments in a reasonable timeframe. The FI initiative will help overcome financing and market barriers for low-carbon investments through financial incentives, risk

products or lines of credit, institutional and market based capacity building and advisory services programs.

The IP will help industries become more efficient by switching to low-carbon and cleaner fuels and by encouraging industrial energy efficiency measures, including cogeneration of electricity and heat. These investments will also help businesses migrate to a more competitive cost structure. For energy service companies and industries that want to make the transition to a cleaner, cheaper and more competitive future, catalyzing downstream markets for clean energy through CTF support to commercial banks provides an important area for transformative investment in Nigeria and an important pathway toward growth with a low carbon footprint.

What is the CTF?

The Clean Technology Fund (CTF) is a multi-donor trust fund created in 2008 as part of the Climate Investment Funds (CIF) to provide scaled up financing for the demonstration, deployment and transfer of low carbon technologies that have a significant potential for long-term greenhouse gas emissions (GHG) savings. CTF resources amount to \$4.5 billion pledged by donors (Australia, France, Germany, Japan, Spain, Sweden, United Kingdom, United States). The CTF supports a selected series of investment plans that meet the criteria of significant GHG emissions savings, demonstration potential at scale, development impact and implementation readiness.

Emphasis on private sector solutions, including involvement of commercial banks

For Nigeria's dynamic private sector to successfully implement low carbon projects, long-term credit on affordable terms must be available. This creates an excellent opportunity and a platform for the CTF to help strong banks with a good track record, proven risk management and corporate governance systems to diversify their products and support transformation of Nigerian industry through the growth of markets for clean energy and an efficient transport sector.

