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A REPORT ON

THE STATE OF CLIMATE FINANCE IN NIGERIA

CODE
connecteddevlopment.org

OXFAM

ACKNOWLEDGEMENTS

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Designed by Ikechukwu 'Aces' Ojibe. Aces Concepts

This paper was written to inform public debate on climate finance, climate action, and proffer policy options which can inform decision making around local and subnational climate governance and civil society roles for tracking climate funds in Nigeria.

For further information on the issues raised in this paper please email **infonigeria@oxfam.org**

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Cover Photo: Men on Boat on Water in Village during Flood by Safari Consoler on Pexels.

FOREWORD

As the immediate past Minister of State for Budget and National Planning, I am pleased to introduce this timely and informative report on international climate finance in Nigeria. In an era where climate change poses one of the most significant risks to our planet, the need to understand the financial mechanisms that support climate action cannot be over stressed. This report, produced by Connected Development (CODE) in partnership with INKA Consult and Oxfam, sheds light on the ecosystem of international climate finance in Nigeria from 2015 to 2021. It sheds illuminating light on both the progress the country has made thus far in its endeavours and highlights the substantial gaps that remain to be addressed.

The report offers a comprehensive analysis of the funds allocated for climate-related projects, the management of these resources, and the role of citizens and civil society in shaping climate finance governance.

The findings and recommendations presented in this report are essential reading for policymakers, civil society organizations, and private sector stakeholders committed to addressing the climate crisis in Nigeria.

It calls for a collective commitment to rethinking financial strategies, enhancing institutional capacities, and fostering inclusive dialogue around climate action. The insights presented herein are not just data points; they represent a clarion call for action to secure a sustainable future for Nigeria and beyond.

I hope this report will inspire stakeholders at all levels to engage proactively in climate finance discussions, advocate for equitable funding mechanisms, and prioritize investments that not only address climate change but also promote social equity and economic resilience.

As we strive to build a more climate-resilient future for Nigeria,

I encourage all stakeholders to use this report's findings and recommendations to inform their climate decision-making and advocacy efforts.

Prince Clem Ikanade Agba CON
Immediate Past Minister of State for Budget and National Planning (2019-2023)
Federal Government of Nigeria

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Acronym	Full Meaning
AfDB	African Development Bank
AFOLU	Agriculture, Forestry and Land Use
A&R	Adaptation and Resilience
CBN	Central Bank of Nigeria
CCF	Climate Change Fund
CFA	Climate Finance Accelerator
CNG	Compressed Natural Gas
CSO	Civil Society Organization
COP	Conference of the Parties
DAC	Development Assistance Committee
DMO	Debt Management Office
ECOWAS	Economic Community of West African States
ERGP	Economic Recovery and Growth Plan
ETF	Enhanced Transparency Framework
FME	Federal Ministry of Environment
FGN	Federal Government of Nigeria
GDP	Gross Domestic Product
GHG	Greenhouse Gas
GNI	Gross National Income
IMF	International Monetary Fund
IPCC	Intergovernmental Panel on Climate Change
MDA	Ministries, Departments and Agencies of the Federal Government of Nigeria
MRV	Monitoring, Reporting and Verification
NBS	National Bureau of Statistics
NbS	Nature Based Solutions
NCCC	National Council for Climate Change
NEMA	Nigeria Emergency Management Agency
NESREA	National Environmental Standards and Regulations Enforcement Agency
NDCs	Nationally Determined Contribution
NGN	Nigerian Naira
ODA	Official Development Assistance
OECD	Organization for Economic Cooperation and Development
UNFCCC	United Nations Framework Convention on Climate Change
USD	US dollars
WB	World Bank
WRI	World Risk Index

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Executive Summary

Young man carrying a child through a flooded street by DIALO Photography on Pexels

Children stand in a flood water in Borno State, Nigeria ***by UNICEF/Vlad Sokhin***

SUMMARY

This report is conducted by Connected Development (CODE) in partnership with INKA Consult from Denmark. It provides an overview of international climate finance for Nigeria from 2015 to 2021. The study also looks at the climate finance management system and evaluates the participation of citizens and civil society in climate finance planning and monitoring in Nigeria.

a. Amounts of climate finance Nigeria has received:

A total of 828 climate-related projects were committed to Nigeria in the period 2015-2021, amounting to 4.928 billion USD in climate finance. This equates to an average of 118 projects per year and an average climate finance per year of 704 million USD. The number of projects peaked in 2020 with 230 projects, but there has been a decrease in the total amount of climate finance committed to Nigeria. Despite reports from OECD, the grant equivalent which stands at 2.5 billion USD and the actual reception of international climate finance for climate action is far from sufficient for Nigeria to fulfill its ambitious climate goals for NDCs estimated to be 177.7 billion USD annually. The top sectors funded by the climate finance provided to Nigeria were Agriculture, Forestry and other land uses (AFOLU), Energy, Water and Sanitation, Education, and Financial Services.

The World Bank (3.17 billion USD -64%), France (616 million USD - 13%), EU (321 million USD - 7%), EIB (207 million USD - 4%), and AfDB (155 million USD - 3%), are the top five providers for Nigeria and are among providers who committed over 10 million USD over the period of 2015-2021. Additionally, the Green Climate Fund (GCF) (99 million USD - 2%), US (82 million USD - 2%), UK, (53 million USD - 1%) and Germany (49 million USD - 1%) also committing significant amounts of finance.

Nigeria's international climate finance was 2.5 billion USD (52%) for adaptation, 2.09 billion USD (43%) for mitigation and 282 million USD (6%) for cross-cutting projects. Of the total amount provided between 2015-2021, top international providers for adaptation and mitigation (plus 50% cross-cutting) were the World Bank (adaptation 52 % 1.8 billion USD; mitigation 42% - 1.3 billion USD), France (adaptation 51% - 311 million USD; mitigation 49% 304 million USD), the EU (adaptation 22% -70 million USD; mitigation 78% - 250 million USD), EIB (adaptation 96% - 199 million USD; mitigation 4% - 7 million USD), UK (adaptation 48% - 25 million USD; mitigation 52% - 27 million USD), USA (adaptation 61% - 50 million USD; mitigation 39% - 31 million), AfDB (adaptation 49% - 76 million USD; mitigation 51% - 78 million USD) and the Green Climate Fund (adaptation 0%; mitigation 100% - 99 million USD).

Majority of climate finance for Nigeria were provided as concessional loans (debt). In the 4.928 billion USD provided

as international climate finance for Nigeria, 3.7 billion USD (75%) were committed as concessional loans (debts) while a significantly low proportion of 580 million USD (i.e. 12%) were offered as concessional grants. The non-concessional component of Nigeria's climate finance was 597 million USD (12%). Higher proportions of concessional grants were reported in the early years as concessional debts increased significantly in 2018 (799 million), 2020 (1.3 billion) and 2021 (1.03 billion).

This dimension of climate finance further adds to Nigeria's tight debt portfolio. Nigeria commits a significant part of her GDP to debt servicing and interest repayments on loans with current debt levels at 108 billion USD and external debt at 41.59 billion USD. This amounts to over 37 % of Nigeria's GDP committed to debt servicing and loan repayments. Moreso, analysts argue that Nigeria's creditor outlook has also changed in about two decades with multilateral and private creditors leading as providers instead of traditional bi-lateral creditors (e.g. Paris Club). Multilateral creditors share of total external debt in Nigeria has increased since 2005 from 13% to 48% by 2020 (i.e. total of 1.43 trillion USD in 2020), while private creditors have also increased within the same period from 10% to 38% reaching 1.12 trillion USD in 2020. On the other hand, bilateral creditors who accounted for over 70% of Nigeria's external debt in 2005 has declined to 14% with 426 billion USD provided in 2020. Nigeria has also increased the portion of its total budget committed to debt servicing from 21.2 % of total budget in 2015 to 27.3% which diverts funds earmarked for other social services (e.g. healthcare, education and insurance) thereby reducing the fiscal space for climate action. With Nigeria's climate finance landscape dominated by international funding, public finance for ambitious Nationally Determined Contributions (NDCs) is constrained by interest rate risks and debt repayments. This can put further strain on public debt, impacting spending in other key sectors.

b. Management of Nigeria's climate finance:

While the Climate Change Act (CCA), 2021, National Climate Change Policy, and the National Adaptation Framework (NASPA-CCN) provides for the ground for cross-sectorial implementation of climate initiatives, the newly established National Council on Climate Change (NCCC) is designated "with powers to make policies and decisions on all matters concerning climate change in Nigeria", according to CCA, 2021." The Council is also saddled with the responsibility of coordinated implementation of sectorial targets and guidelines for the regulation of GHG emissions and other anthropogenic causes of climate change under the mechanism of the Climate Change Fund (CCF) which is yet to become operational.

Funding from bilateral and multilateral organizations, usually in the form of Official Development Assistance (ODA), is transferred directly to the central government budget. But sub-national governments are technically guaranteed, via the Concurrent List of the 1999 Constitution (as amended), direct access funding from international providers, a strategy few have fully exploited. The capacity gaps within sub-national levels, as some have not articulated a proper policy framework for climate action, limits their abilities to develop technical proposals to access climate finance (like the GCF) with very few exceptions.

Recent estimates on domestic investments to climate actions indicates this is negligible at 19% of total Nigeria's climate finance landscape while multilateral and bilateral climate investments continuously outperform at combined 76% mobilized resources. Opportunities to increase this exists by leveraging private finance (e.g. Green Bonds) and unlocking more climate bankable projects across the country using Nigeria's Development Bank, the National Sovereign Investment Authority, Bank of Industry and systems which share the risk of such projects between governments and investors.

In response to its strong commitment to sustainable development, Nigeria has updated its NDCs (2021-2030) as the basis for unlocking its policies, strategies and action plans. This setting has attracted significant investments in some sectors like water (USD 54 billion), oil & gas (USD 1.5

billion USD) and power (USD 2 billion) between 2015-2021. Although with marginal progress, these NDCs initiatives are primarily funded by donors and lines of credit while estimates indicate national budgets cover around 14% for NDCs implementation. There are key NDCs projects which are set over long-term horizons and implemented through external supports. These include the Energizing Education programme, Gas flare commercialization programme, and the Agro-Climate Resilience in Semi-Arid Landscapes (ACReSAL). Annual budgets to finance NDCs and other climate action are often generic or contain budget lines like "Administrative expenditures" under capital projects overshadowing the number of climate adaptation and mitigation projects.

To monitor climate finance and inform climate change policy, tracking and reporting climate change spending systematically, reliably, and annually will be useful. However, Nigeria is yet to fully implement such a system for decision making. Lagos State might be among the few sub-national stakeholders who have implemented such a tracking and reporting system with the development of her climate adaptation and resilience plan (LCAR).

c. CSOs and local communities:

Knowledge levels of local communities about climate change are still low. Moreso, the dearth of information and data about climate finance is limited. The major opportunity to demand information about budget for climate goals in Nigeria often comes after a climate crisis (e.g. natural disasters), then public outcry is usually heightened on the use of climate funds. In climate frontline communities, sub-national and local authorities do not inform people adequately, and if they do, the information is often not clear. The blame cannot reset squarely on local authorities, as persistent capacity issues often abound.

Civil society organizations (CSOs) often participate in climate change policy co-creation, validation, and implementation in Nigeria through workshops and meetings organized by climate focused ministries, departments and agencies (MDAs). Their perspectives and the community shared experience help shape direction of climate change policy making. The use of innovative systems to tell human angle stories and increase community governance interests in transparency and accountability for climate funds has been the bedrock of Connected Development (CODE). The "Follow the Money" model is utilized by CODE in community townhall meetings, awareness campaigns, and simplification of public information on government spendings, while the NOMtrac tool provides opportunity for communities to nominate and track climate resilient projects in their communities. Between 2022-2023, the Community Media Collaboration for Climate Justice (CMCCJ), utilized these mechanisms to train frontline communities on how to track funds allocated to climate resilient projects, with CODE amplifying their findings using media channels. Other civil societies groups have deployed systems like local government climate budget training to support capacity and scorecards which documents sub-national funding arrangements and preparedness for climate finance.

d. Recommendations:

For the government:

Enhance Policy and Budgetary Integration: Policymakers should prioritize climate considerations in annual budgets through training and stakeholder engagement.

Strengthen Sub-national Climate Action: Sub-national governments need support to develop and implement climate policies and action plans.

I***mprove Local Government Capacity***: Local governments should be empowered with the mandate, resources, and capacity to address climate change at the local level.

Strengthen Climate Governance: Develop robust climate governance frameworks, including budget tagging mechanisms, to ensure effective implementation of climate initiatives.

Mobilize Domestic Resources: Reduce reliance on international climate finance by investing in domestic resources and prioritizing climate-resilient infrastructure.

Foster International Cooperation: Seek international partnerships to mobilize climate finance and build capacity.

For the Private Sector:

Invest in Green Finance: Financial institutions should expand their portfolios to include green bonds and other sustainable finance instruments.

Disclose Climate Risks: Increase transparency on climate-related financial risks to inform decision-making.

Invest in Climate-Resilient Technologies: Support the development and deployment of technologies that enhance climate resilience.

For Nigerian CSOs:

Advocacy and Accountability: Advocate for fiscal accountability by ensuring climate finance flows are monitored and transparently utilized. Engage in policy debates to increase discourse on climate finance and include diverse perspectives. Support community-led adaptation initiatives to foster grassroots resilience through mapping of resource allocation shortages.

Establish a Climate Finance Hub: Create a platform for knowledge sharing, collaboration, and capacity building among stakeholders, including ministries, multilateral organizations and community based organizations.

Enhance Public Awareness: Raise public awareness about climate finance and fiscal justice. This can include educational initiatives that can empower communities and community based organizations to understand and engage with climate finance mechanisms.

Foster Collaborative Initiatives: Collaborate with government and the private sector to implement climate finance initiatives, leveraging diverse expertise and resources to achieve more effective climate solutions.

Support Research and Development: Invest in research to develop innovative climate finance instruments to monitor climate funds. Review climate finance reports published by government stakeholders and follow up on investments and allocations laid out in these reports.

Introduction

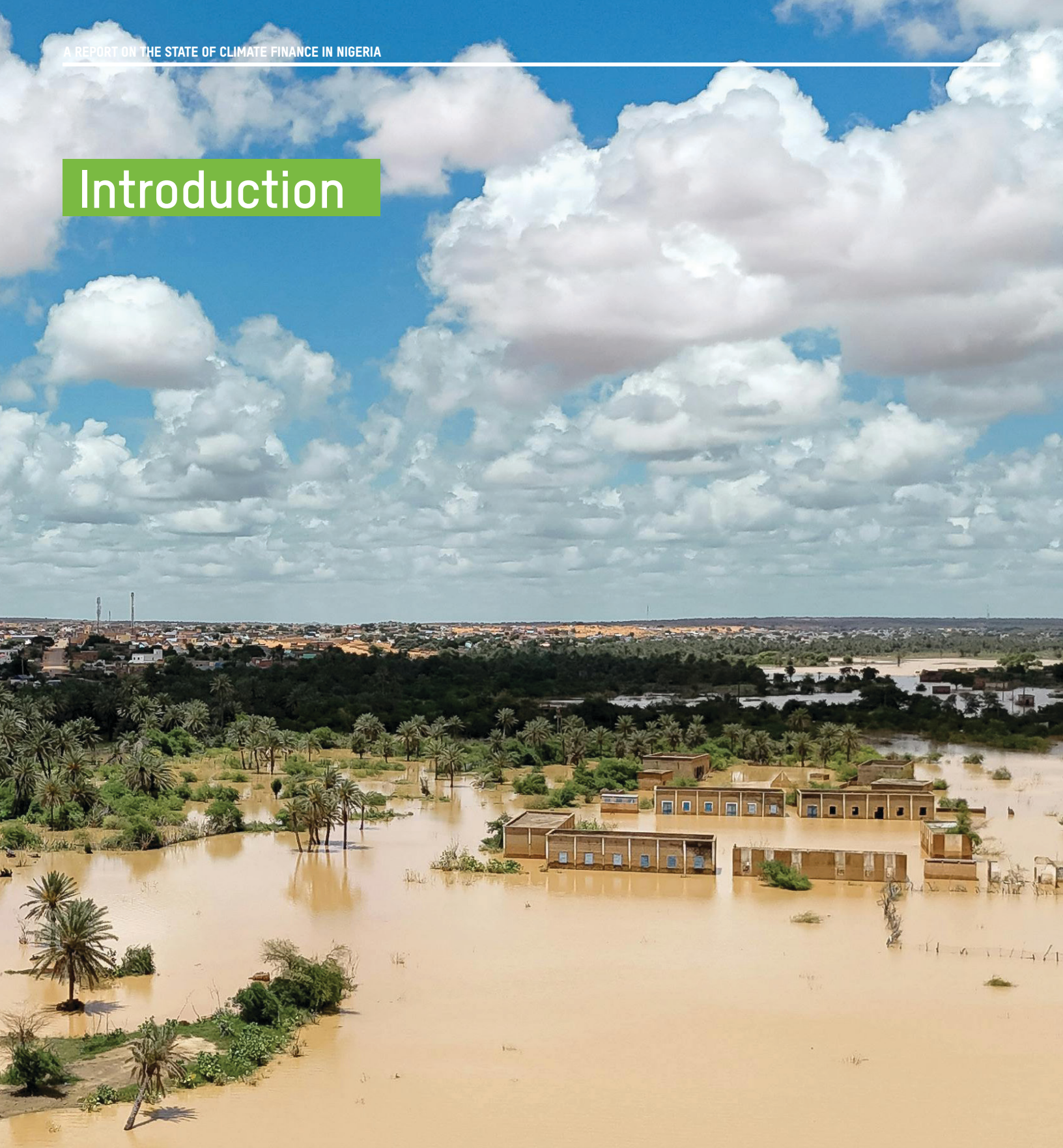

Photo by Ben Khatry/Pexels

1. Introduction

1.1 Introduction to the Report

The need to present an overview of the international and national finance landscape for climate mitigation and adaptation in Nigeria can never be overstated. This report does that by providing contextualized information which analyzes multilateral and bilateral flows from provider countries from 2015 to 2021. Connected Development (CODE) with partnership support from Danish INKA Consult and Oxfam, presents an overarching position of climate finance landscape in Nigeria. This study also covers country specific peculiarities of Nigeria, proposed and implemented institutional frameworks for climate finance management systems and evaluates the participation of citizens and civil society in climate finance planning and monitoring in Nigeria.

The purpose of this scoping study is to develop climate financing information towards ensuring meaningful and informed participation of citizens in social and financial accountability of climate finance with a focus at both national and local levels. By providing strategic documentation of resources and information on climate finance in Nigeria, this study will help inform partners and Oxfam's current and future climate finance programming and advocacy in Nigeria. Specifically, this report aims to:

1. Provide analysis, commonalities, and lessons learnt from the Nigerian national (and external reports) that can be used by civil society at the country level to inform their monitoring and advocacy work on government's climate action planning, budgeting and spending.
2. Inform national climate budget monitoring and advocacy work, including an overview of the current state of play in Nigeria and the most promising examples/tools to hold governments accountable for just and transparent spending of national and international climate finance.

1.2 Research Background

Since the 2015 Paris Climate Agreement and subsequent agreement by developed countries during COP15 to commit 100 billion USD annually by 2020 towards climate action in developing countries (like Nigeria), international financial resources have targeted climate adaptation, mitigation, and cross-cutting innovations. The OECD 2022 report on climate finance mobilized from developed countries puts actual releases at 80.4 billion USD in 2019 and 83.3 billion USD in 2020; while the most recent OECD report does state that the 100 billion goal was met for the first time in 2022.[1] Oxfam estimates that reported figures represent an overestimation based on reporting practices.[2] Oxfam estimates that the 'real value' of financial reports provided to developing countries like Nigeria is much lower than the OECD estimates when taking into account the climate-relevance of the projects and the grant equivalent value of non-grant instruments. In 2020, the year when the 100 billion USD annual goal should have been met, Oxfam estimates that the real value of support provided was 21-24.5 billion USD. Clearly, there is a difference in evaluation of the quality and quantity of reported climate finance committed to developing countries. Furthermore, despite COP agreements which seek to achieve a balance between climate mitigation and adaptation finance, in practice (at least considering the 2019-2020 global average of 66.3 billion USD), these funds target mostly climate mitigation efforts at 59% , with adaptation receiving 33% of climate finance and cross-cutting innovations at 8%.

Nigeria is ranked among the top 10 most vulnerable countries to climate change. As a country prone to several climatic impact drivers (e.g. aridity, mean temperature increase, rising sea levels, heavy precipitation) resulting in climate hazards and livelihood deterioration, the majority of her population reside (estimated at 46 million) in areas considered high-risk to climate crises with others (estimated 53 million) requiring relocation due to the 0.5 meter increase in sea-level. To

[1] OECD (May, 2024), Developed countries materially surpassed their USD 100 Billion climate finance commitment in 2022 - OECD. Retrieved online from https://www.oecd.org/en/about/news/press-releases/2024/05/developed-countries-materially-surpassed-their-usd-100-billion-climate-finance-commitment-in-2022-oecd.html. Also see OECD (2024), Climate Finance Provided and Mobilized by Developed Countries in 2013-2022, Climate Finance and the USD 100 Billion Goal, OECD Publishing, Paris, https://doi.org/10.1787/19150727-en.

[2] See Oxfam (July, 2024), Rich countries overstating the "true value" of climate finance by up to 88 billion USD, says Oxfam. Retrieved online from https://www.oxfam.org/en/press-releases/rich-countries-overstating-true-value-climate-finance-88-billion-says-oxfam

combat the growing climate crisis, the government estimated cost for adaptation and resilience (A&R) puts required funding at a minimum of 120 billion USD up till 2030[3]; with the cost of inaction reaching over 30% of Nigeria's GDP by 2050. Considering Nigeria's limited fiscal space, the AfDB estimates climate financing needs at 247.3 billion USD, with stakeholders reporting annual inflow between 1-2 billion USD for 2019 and 2020.

1.3 Structure of Research

The primary content of this study after this chapter consists of six chapters as follows:

Chapter 2: Methodology

Chapter 3: International Finance for Climate Change Mitigation and Adaptation in Nigeria

Chapter 4: Climate Finance Planning and Management in Nigeria

Chapter 5: Decentralized Climate Finance and Participation of Citizens and Civil Society in Nigeria

Chapter 6: Conclusions and Recommendations

A group of Children playing in a body of water. ***Photo by Awoyomi Ayodeji on Unsplash***

[3] FGN (n.d), Climate adaptation country compacts: Federal Republic of Nigeria. Prepared by NCCC, AfDB, and Global Center for Adaptation. Retrieved online from https://natccc.gov.ng/publications/Nigeria%20Climate%20Adaptation%20Country%20Compacts.pdf

Methodology

Photo by Stephen Olatunde/Unsplash

2. Methodology

2.1 Desk Research

2.1.1 Document Reviews

This report involved conducting a desk review of relevant policy documents, reports, and publications which covered broad areas of climate finance in Nigeria. These documents emanated from a wide range of stakeholders including government agencies, international organizations, research centers, national policy influencing agencies, and local agencies documenting overall response to climate finance and its linkage to sustainable development in Nigeria. The desk review also covered legal frameworks, policies, climate action implementation frameworks developed by the Federal government and subnational components. These resource materials served as important references for the research team to have a contextual grasp of Nigeria's climate commitments and to develop this narrative report. Some of the main documents reviewed include:

Legal and policy documents related to the implementation of climate adaptation, mitigation and cross-cutting initiatives in Nigeria, such as the Climate Change Act, 2021; National Climate Change Policy, 2021-2030; National Adaptation Plan Framework, 2020; National Adaptation Strategy and Plan of Action for Climate Change in Nigeria (NASPA-CCN); Nigeria's Nationally Determined Contributions, 2021 update, States' climate action plan and policy, National and sub-national budgets/audited reports (2015-2023), etc.

Research reports by Nigerian and international organizations, such as Oxfam, OECD, World Bank (WB), NDCs Partnership, Climate Policy Initiative, African Policy Research Institute, Society for Planet and Prosperity, Center for Climate Change and Development, etc.

Other publications by independent researchers and civil society organizations working around climate finance and tracking government expenditures.

2.1.2 Data Analysis

This study utilized data from the OECD's Climate Change: OECD DAC External Development Finance Statistics dataset of the OECD's Creditor Reporting System (CRS), for Nigeria with focus on the years 2015-2021 (OECD, 2023).

This database provides publicly available project-level data on climate-related development finance and contains two broad categories of climate finance:

1. Activities provided and reported by developed countries with climate change objectives and
2. The outflows of climate finance from multilateral organisations.

Taking the *Climate Change: OECD DAC External Development*

Finance Statistics dataset as a point of departure, it is possible to arrive at estimates of climate finance totals.

Included in the dataset is donor-reported information on financial instruments (grants, loans), type of finance (concessional or non-concessional) and the sector targeted. Also included are policy makers for climate change mitigation and climate change adaptation (Rio markers) as well as gender (gender equality markers) which identify whether the reported development assistance targets these objectives.

The policy makers for climate and gender operate on a three-tier scoring system where a score of principal (2) is assigned when the objective is fundamental in the design or motivation of the activity, a score of significant (1) is assigned when the objective is important but not the fundamental driver or motivation, and not targeted (0) is assigned when the activity has been screened against but found not to target the objective in any significant way. A blank value implies that the activity has not been screened.

2.1.3 Data Processing

Further calculations by INKA have been added to the OECD-CRS dataset to provide the requisite information for analysis of this report.

Adjustment for developed countries share of multilateral donors' finance

The OECD climate finance statistics recipient perspective dataset includes multilateral provider outflows (rather than inflows as contained in the provider perspective). As this data incorporates all outflow data reported by multilateral institutions, it includes multilateral finance generated from all sources (i.e., finance paid in by developed country parties, as well as that paid in from developing countries, raised from financial markets, raised from earnings on investments, etc.).

To ensure only finance relevant to the 100 billion USD pledge[4] is included in analysis, the multilateral outflow data is corrected to include only the share attributable to developed countries. To do so, the percentage share attributable to developed country as reported by the OECD-DAC (OECD, 2022) is applied to each individual outflow activity according to the multilateral institution.

Rio Marker accounting methodology

For Rio-marked data, depending on the Rio marker score, a percentage of the overall budget of the project can be considered relevant to climate change mitigation and/or adaptation. There is no uniform standard coefficient applied to a budget to assess the proportional relevance, and a range of coefficients between 1% and 100% are applied by nations to projects with a 'significant' score. To create a standardised dataset, in this analysis the OECD data is adjusted so that a Rio marker score of 'significant' results in a financial adjustment of 40%. Thus, the percentages used are 0%, 40% and 100% for scores of not targeted (0), significant (1) and principal (2), respectively.

Grant equivalence calculations

Concessional and non-concessional loans require repayment.[5] Despite this, the face value of the loan is often reported as climate finance (i.e., a 10 million USD loan is reported as the same amount of climate finance as a 10 million USD grant). However, it is possible to estimate the grant equivalence of these loans to give a clearer picture of the total net flow of climate finance that better considers re-flows from loan repayments and provides a better proxy of the net benefit to Nigeria.

[4] Developed countries have committed to a collective goal of mobilising 100 billion USD per year in climate finance by 2020

[5] The terms of the repayment are reliant on the specific terms and conditions of each loan

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The methodology used in this analysis to calculate grant equivalent values is defined by the OECD (OECD, 2016):

- Grants and equity and shares in investment vehicles have a grant equivalence of 100% and are thus counted at their face value.
- For concessional loans and other debt instruments a grant equivalent value is calculated. Grant equivalent values are calculated by multiplying the face value figure by an estimate of the grant element of given donors' provision of concessional climate-related loans. The grant element calculation is described in full detail in Oxfam Shadow Report.[6]
- Non-concessional instruments in both bilateral and multilateral finance are estimated to have zero direct assistance value and a grant equivalence of 0%. While some finance defined as 'non-concessional' may include some level of concessionality, it is not generous enough to, in the case of bilateral finance, be categorized as ODA, and as such is not counted as assistance due to the burden that debt places on developing countries.

2.2 Interviews

To further contextualize information obtained from desk reviews, the research team held interviews with government agencies, civil society organizations, and leading experts conversant with the implementation of Nigeria's climate change programmes (including at sub-national levels). Additional interviews were conducted with private institutions mobilizing additional resources for climate finance in Nigeria. These interviews aimed to gain better insights into the landscape of budgeting and mobilization of climate resources in Nigeria.

Federal Secretariat, Abuja ***Photo by Truman Tyoden on Unsplash***

[6] Oxfam Shadow Report, 2023

International Finance for Climate Adaptation and Mitigation

Photo by Jide Ojediran -CODE/Flickr

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3. International Finance for Climate Adaptation and Mitigation

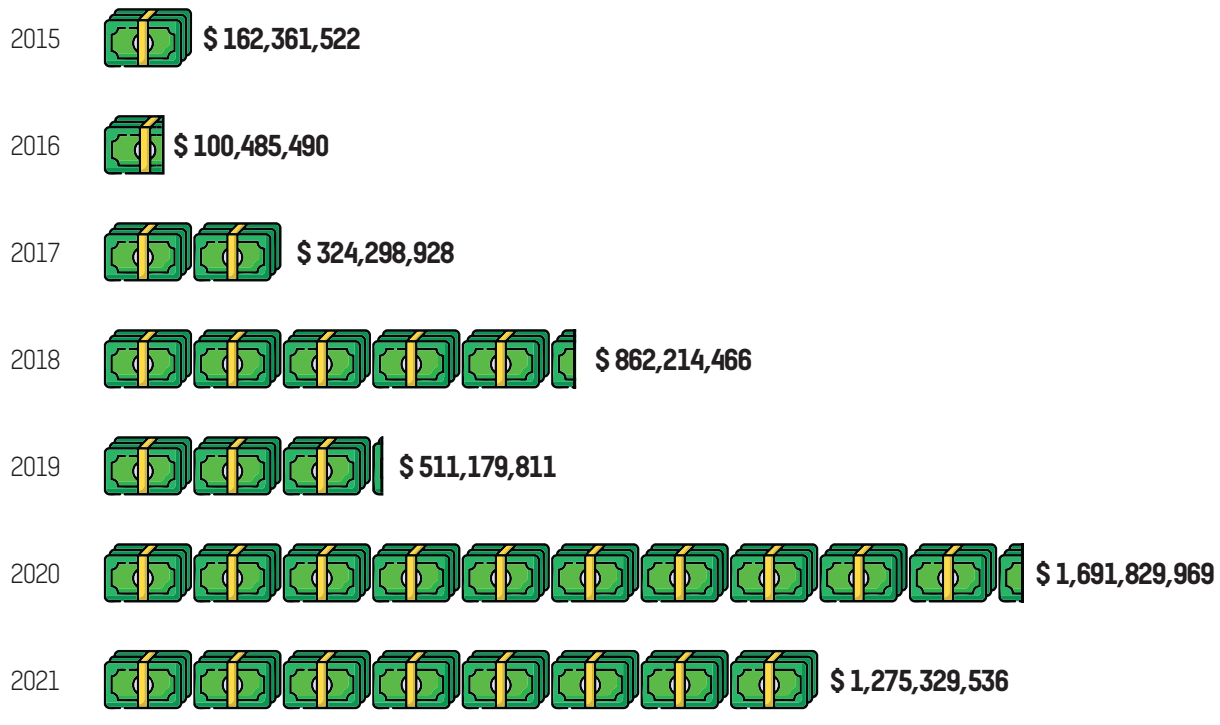
3.1 International Climate Finance Received by Nigeria

3.1.1 Total Amount of Climate Finance Received

Globally, within 2015-2021, Nigeria is reported to have received 4.928 billion USD in international public finance for climate financing. This amount is reported to have been committed across 828 climate-related projects, indicating a national annual average of 704 million USD towards climate financing, with an average of 118 projects per year, representing the most in West Africa. This suggests a significant increase in 2013-2019, wherein Nigeria and Senegal received the most international public climate finance in West Africa at 407 million USD and 375 million USD, respectively.[7] This amount, when considered in terms of per capita, shows that Nigeria ranks among the worst countries (due to her relatively large population), as on average, a Nigerian receives around 2 USD annually for climate finance. Estimates from the government indicate that Nigeria needs 17.7 billion USD annually to achieve its NDCs targets and fulfill its Paris Agreement commitments to reduce carbon emissions, which means on average 81 USD per capita would be needed. From this, we can assume that more Nigerians are exposed to the risks and effects of climate change since adequate climate finance does not cover most of her population's needs.

OECD data on climate finance shows an annual increase in climate financing support, with 2018 and 2020 recording a significant increase at 862 million USD and 1,691 million USD, respectively. However, international climate financing dropped sharply immediately after these periods as shown in Figure 3.1

Figure 3. 1: Total Climate Finance Committed to Nigeria, 2015-2021



Source: INKA Consult's calculations using Climate Change: OECD DAC External Development Finance Statistics dataset

[7] See Oxfam (Sept.2022), Oxfam Briefing Paper- *Climate Finance in West Africa: Assessing the state of climate finance in one of the world's regions worst hit by climate crisis.*

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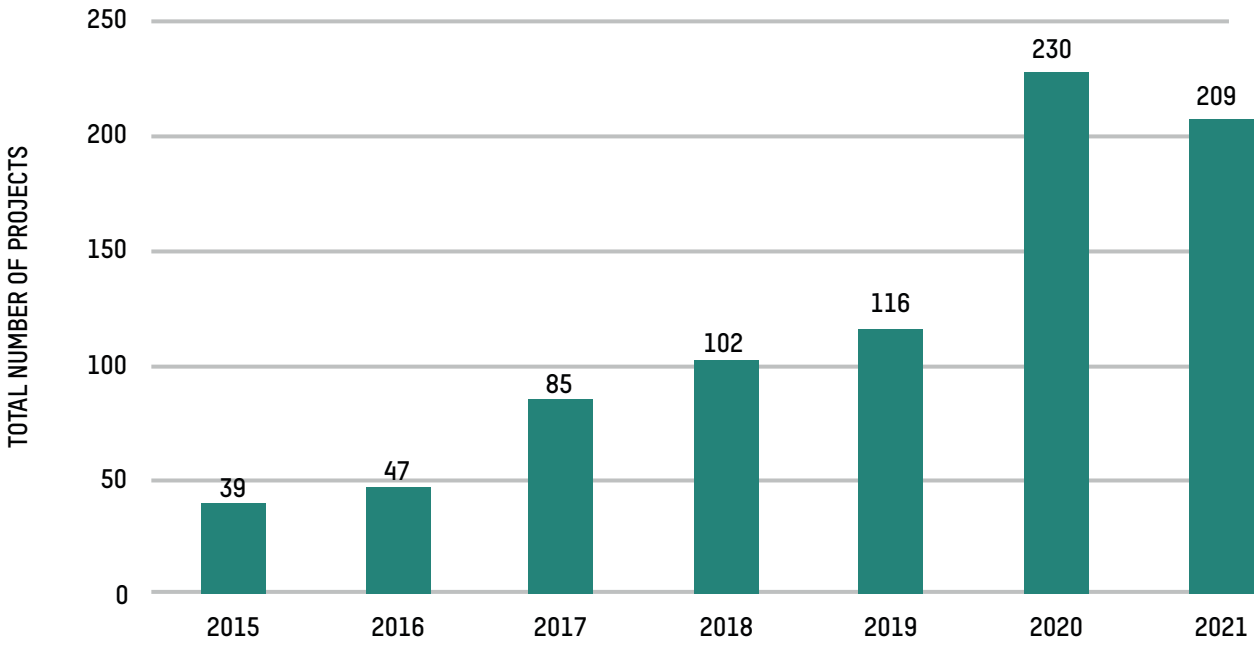
Since 2015, the number of projects has significantly increased with more investment into climate related projects. In Figure 3.2, we see that the number of projects reported in 2020 reached 230 and in 2021 this was at 209, showing impressive progress compared to earlier years (i.e. 2015-2017) which record 39 and 85 projects respectively.

Figure 3. 2: Total Number of Climate-related projects reported in Nigeria, 2015-2021



Source: INKA Consult's calculations using Climate Change: OECD DAC External Development Finance Statistics dataset

3.1.2 Climate Finance Providers

The major source for climate finance in Nigeria was from multilateral development banks which accounted for 72% of climate finance between 2015-2021. Within this period, bilateral providers accounted for 24% of total climate finance provided to Nigeria, while other multilateral organizations (like International Fund for Agricultural Development, Global Environment Facility General Trust Fund, Food and Agricultural Organization) provided for 4% of Nigeria's international climate finance. Among the top providers of climate finance in Nigeria were the World Bank – 3.170 billion USD (64%); France -616 million USD (13%); EU Institutions (excluding the EIB) -321 million USD (7%); and the European Investment Bank (EIB) -207 million USD (see Table 3.1). Significant continental support towards climate financing also came from the African Development Bank (AfDB) to Nigeria within this same period. The AfDB committed 155, 360, 563 million USD covering a total of 10 projects representing 3% of the total climate finance provided to Nigeria within the same period.

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Table 3. 1: Nigeria's Climate Finance Sources (2015-2021)

Provider	Number of projects committed 2015-2021	Total climate finance committed 2015-2021 (USD)	% of total climate finance committed 2015-2021	Average USD per project
WB	120	3,170,451,160	64%	26,420,426
France	29	616,422,601	13%	21,255,952
EU Institutions (excl. EIB)	14	321,362,538	7%	22,954,467
EIB	5	207,298,964	4%	41,459,793
AfDB	10	155,360,563	3%	15,536,056
GCF	1	99,000,000	2%	99,000,000
United States	182	82,442,227	2%	452,979
United Kingdom	51	53,089,753	1%	1,040,976
Germany	46	49,841,538	1%	1,083,512
IFAD	14	38,255,262	1%	2,732,519
GEF	57	29,444,190	1%	516,565
CIF	1	29,270,700	1%	29,270,700
Norway	9	24,474,579	0%	2,719,398
Japan	75	15,776,781	0%	210,357

Source: INKA Consult's calculations using Climate Change: OECD DAC External Development Finance Statistics dataset

Between 2020 and 2021, many of these primary contributors continued to play a significant role in providing climate finance to Nigeria (see Table 3.2). The largest providers of climate finance during 2021-2021 were: the World Bank committing 2.298 billion USD, France - 259 million USD, European Investment Bank (EIB) -199 million USD, AfDB -58 million USD.

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Table 3. 2: Overview of finance by the providers that have committed over 10 million USD in climate finance to Nigeria in the period 2020-2021

Provider	Number of projects committed 2020-2021	Total climate finance committed 2020-2021 (USD)	% of total climate finance committed 2020-2021	Average USD per project
WB	63	2,298,795,633	77%	36,488,820
France	11	259,446,600	9%	23,586,055
EIB	1	199,430,200	7%	199,430,200
AfDB	2	58,688,793	2%	29,344,396
EU Institutions (excl. EIB)	4	53,234,036	2%	13,308,509
United States	138	32,556,157	1%	235,914
Japan	44	14,806,365	0%	336,508
IFAD	2	11,612,142	0%	5,806,071
United Kingdom	26	10,417,457	0%	400,671

Source: INKA Consult's calculations using Climate Change: OECD DAC External Development Finance Statistics dataset

3.1.3 Adaptation-Mitigation Balance

Majority of the sources of international climate funding are expected to align with Nigeria's NDCs climate action covering five priority areas which include:

- **Energy**: with the focus on decentralizing renewable, especially off-grid solar PV and multi-cycle power stations, to give energy efficiency of 2% per year (30 % by 2030) and to introduce the use of natural gas rather than liquid fuels
- **Oil and Gas**: with the focus on ending gas flaring through improved enforcement of gas flaring restrictions
- **Agriculture**: with a focus on promoting climate-smart agriculture and reforestation and stopping the use of charcoal for household cooking and heating in relation to deforestation.
- **Transportation**: focusing on achieving a modal shift from air to high-speed rail, moving freight to rail, upgrading roads, and improving urban transit.
- **Commerce and Industry**: with emphasis on benchmarking technology standards against international best practices for industrial energy usage, along with promoting the adoption of green technology in industries.

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OECD data indicates that international climate financing support to meet Nigeria's NDCs have been somewhat evenly distributed as seen in Figure 3.3, with adaptation finance projects at 52% (costing 2.549 billion USD), mitigation finance projects at 43% (costing 2. 095 billion USD), and cross-cutting finance projects at 6% (costing 282 million USD) from 2015-2021.

Figure 3. 3: Total Climate Finance breakdown committed to Nigeria by objectives

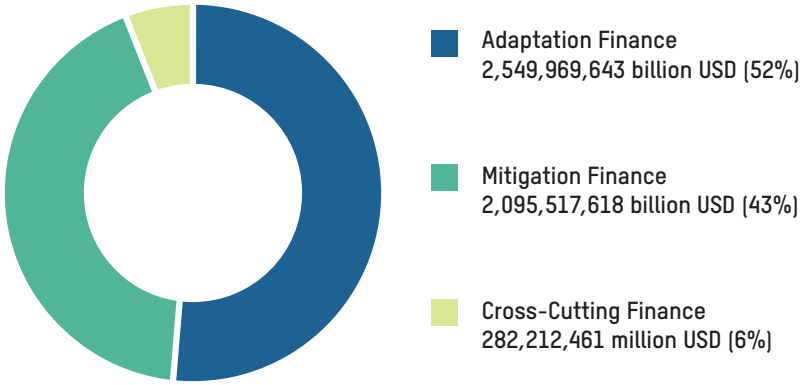
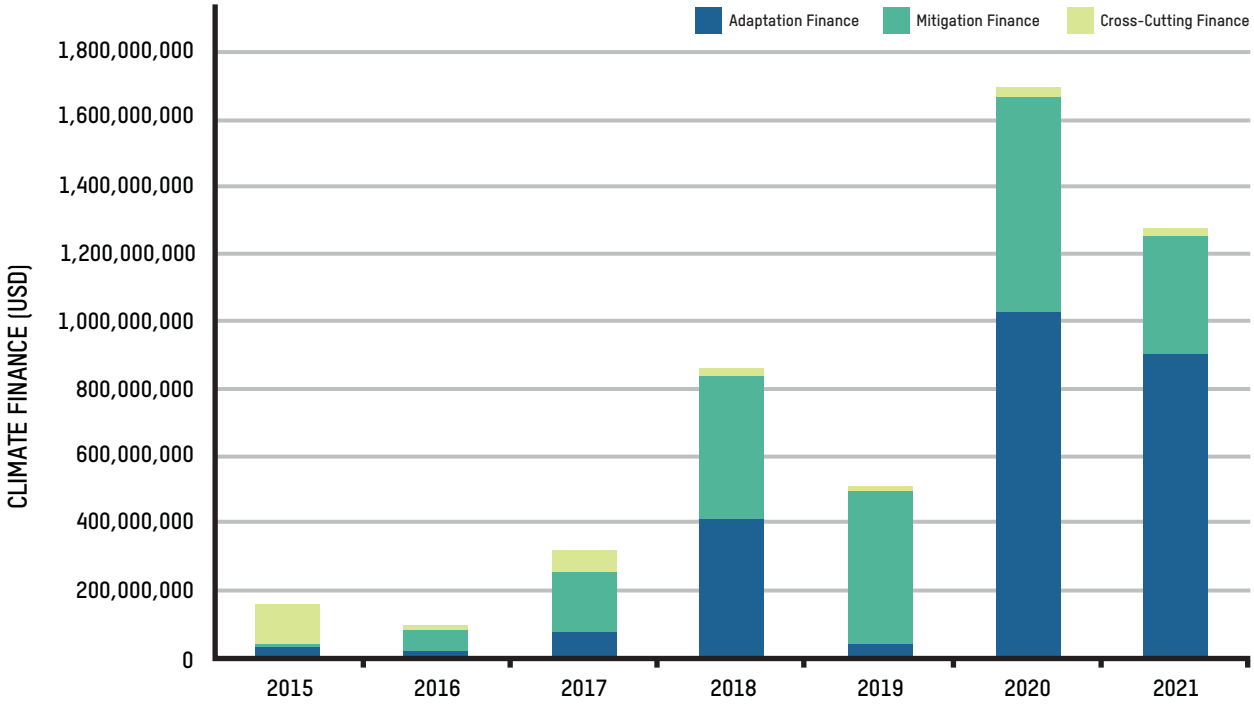


Figure 3. 4: Climate finance committed to Nigeria each year in the period 2015-2021, broken down by objective.



Source: INKA Consult's calculations using Climate Change: OECD DAC External Development Finance Statistics dataset

Figure 3.4 provides a breakdown of international climate finance vis-a-vis adaptation and mitigation objectives committed over the seven year period. This data shows that adaptation finance represented around 25% of international climate finance provided to Nigeria from 2015-2017 and only peaked at 61% in 2020 and 71% in 2021. While mitigation finance grew significantly

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from 4% in 2015 and peaked in 2019 (89%) but declined again to within 30% in 2020 and 2021. Cross cutting climate finance investments were mostly significant in 2015 (71%) but has since maintained around 2-3% committed annually since 2018. Across international climate finance providers who provided over 10 million USD to Nigeria in the period of 2015-2021, higher shares were committed to adaptation finance by the World Bank, France, the EIB, the United States, IFAD and Japan as seen in Table 3.3.

Table 3. 3: Proportion of climate finance provided to Nigeria that was reported as targeting climate change adaptation and climate change mitigation in the period 2015-2021, by provider. Data shown for the providers that committed over 10 million USD during this period.

Provider	Adaptation Finance + 50% cross-cutting		Mitigation Finance + 50% cross-cutting		Total
	USD	%	USD	%	
WB	1,853,162,184	58%	1,317,288,976	42%	3,170,451,160
France	311,509,084	51%	304,913,517	49%	616,422,601
EU Institutions (excl. EIB)	70,402,505	22%	250,960,033	78%	321,362,538
EIB	199,430,200	96%	7,868,764	4%	207,298,964
AfDB	76,555,052	49%	78,805,511	51%	155,360,563
GCF	0	0%	99,000,000	100%	99,000,000
United States	50,635,687	61%	31,806,540	39%	82,442,227
United Kingdom	25,379,487	48%	27,710,266	52%	53,089,753
Germany	8,920,808	18%	40,920,730	82%	49,841,538
IFAD	38,255,262	100%	0	0%	38,255,262
GEF	6,422,091	22%	23,022,099	78%	29,444,190
CIF	0	0%	29,270,700	100%	29,270,700
Norway	9,343,837	38%	15,130,742	62%	24,474,579
Japan	15,303,964	97%	472,817	3%	15,776,781

Source: INKA Consult's calculations using Climate Change: OECD DAC External Development Finance Statistics dataset

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3.2 Biggest Donors and Top Climate Financed Projects in Nigeria (2016-2021)

A breakdown of the biggest climate finance providers and projects (year-on-year) in Nigeria, shows that multilateral funds from the World Bank and the African Development Bank (AfDB) continued to lead the way with bilateral finance provide by France also constituting a significant portion of top climate financed projects committed to specific sectors of Agriculture, Forestry and other Land Uses (AFOLUs), Energy, Education, and financial services (see Table 3.4). The information below also presents the top adaptation and mitigation projects provided by the top two international providers of climate finance in Nigeria and the African Development Bank (AfDB). In 2018, the World Bank committed over 195 million USD to adaptation projects in the agriculture and land resources sector to combat erosion with the "Nigeria Erosion and Watershed Project" as the primary project and recording the highest for that year. Within the same year, the World Bank also committed the most climate finance to a mitigation project in the energy sector in form of electric power

Female Cassava farmer weeding her farm. ***Photo by Tomiwa Ogunmodede on Unsplash***

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Table 3. 4: Top Climate Financed Projects in Nigeria (Adaptation, Mitigation, Cross-Cutting), 2016-2021

Year	Type	Source	Project Title	Concessional/ Non Concessional	Sector	Sub-Sector	Financial Instrument	Amount (USD) millions
2016	Adaptation	WB	THIRD NATIONAL FADAMA DEVELOPMENT PROJECT (FADAMA III)	Concessional and developmental	IV.2. Other Multisector	Rural development	Debt instrument	258,930
	Mitigation	France	FASEP 1062-DEMONSTRATEUR ECLAIRAGE PUBLIC SOLAIRE	Concessional and developmental	II.3. Energy	Solar energy for centralised grids	Grant	483,247
2017	Adaptation	WB	REGIONAL DISEASE SURVEILLANCE SYSTEMS ENHANCEMENT (REDISSE) PHASE II	Concessional and developmental	III.1. Agriculture, Forestry, Fishing	Livestock/ veterinary services	Debt instrument	31,296,006
	Mitigation	WB	AGRO-PROCESSING, PRODUCTIVITY ENHANCEMENT AND LIVELIHOOD IMPROVEMENT SUPPORT PROJECT	Concessional and developmental	III.1. Agriculture, Forestry, Fishing	Agricultural inputs	Debt instrument	3,375,680
	Adaptation	AfDB	POTATO VALUE *****	Concessional and developmental	III.1. Agriculture, Forestry, Fishing	Agricultural policy and administrative management	Debt instrument	2,586,430
	Adaptation	AfDB	POTATO VALUE *****	Concessional and developmental	III.1. Agriculture, Forestry, Fishing	Agricultural policy and administrative management	Debt instrument	2,586,430

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2018	Adaptation	WB	NIGERIA EROSION AND WATERSHED MANAGEMENT PROJECT	Concessional and developmental	III.1. Agriculture, Forestry, Fishing	Agricultural land resources	Debt instrument	195,565,226
	Mitigation	WB	NIGERIA ELECTRIFICATION PROJECT	Concessional and developmental	II.3. Energy	Electric power transmission and distribution (centralised grids)	Debt instrument	144,221,421
2019	Adaptation	WB	SECOND ACE IMPACT	Concessional and developmental	I.1. Education	Education policy and administrative management	Debt instrument	2,848,230
	Mitigation	WB	SECOND ACE IMPACT	Concessional and developmental	I.1. Education	Higher education	Debt instrument	3,366,090
	Adaptation	AfDB	PIDACC/BN-NIGERIA	Concessional and developmental	IV.1. General Environment Protection	Environmental policy and administrative management	Debt instrument	7,743,215
	Mitigation	AfDB	NIGERIA ELECTRIFICATION PROJECT	Not concessional or not primarily developmental	II.3. Energy	Energy policy and administrative management	Debt instrument	73,381,581
2020	Adaptation	WB	NIGERIA: COVID-19 ACTION RECOVERY AND ECONOMIC STIMULUS PROGRAMME	Concessional and developmental	III.1. Agriculture, Forestry, Fishing	Agricultural development	Debt instrument	110,764,500
	Mitigation	WB	POWER SECTOR RECOVERY PERFORMANCE BASED OPERATION	Concessional and developmental	II.3. Energy	Electric power transmission and distribution (centralised grids)	Debt instrument	309,277,500

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	Adaptation	France	RÉHABILITATION DE PISTES RURALES ET RENFORCEMENT DE LA COMMERCIALISATION DES PRODUITS AGRICOLES DANS 13 ETATS DU NIGÉRIA	Concessional and developmental	III.1. Agriculture, Forestry, Fishing	Agricultural services	Debt instrument	227,920,228
	Mitigation	France	AU NIGERIA, PROPARCO ACCOMPAGNE IEFCL, UNE SOCIÉTÉ PRODUCTRICE D'ENGRAIS, POUR RENFORCER SA COMPÉTITIVITÉ ET AMÉLIORER SON PROCESS DE PRODUCTION	Concessional and developmental	II.3. Energy	Natural gas-fired electric power plants	Debt instrument	9,307,087
	Cross-Cutting	France	PROGRAMME ACE IMPACT	Concessional and developmental	I.1. Education	Education policy and administrative management	Debt instrument	16,401,564
	Adaptation	AfDB	NIGERIA - COVID-19 RESPONSE SUPPORT PBO	Not concessional or not primarily developmental	I.6. Other Social Infrastructure & Services	Higher education	Debt instrument	56,322,428
	Mitigation	AfDB	NCEF -INFRACREDIT	Not concessional or not primarily developmental	II.4. Banking & Financial Services	Environmental policy and administrative management	Debt instrument	2,366,364
2020	Adaptation	WB	AGRO-CLIMATIC RESILIENCE IN SEMI-ARID LANDSCAPES (ACRESAL)	Concessional and developmental	III.1. Agriculture, Forestry, Fishing	Forestry policy and administrative management	Debt instrument	493,204,110
	Mitigation	WB	NIGERIA DISTRIBUTION SECTOR RECOVERY PROGRAMME	Not concessional or not primarily developmental	II.3. Energy	Electric power transmission and distribution (centralised grids)	Debt instrument	138,989,123

Source: OECD DAC External Development Finance Statistics dataset

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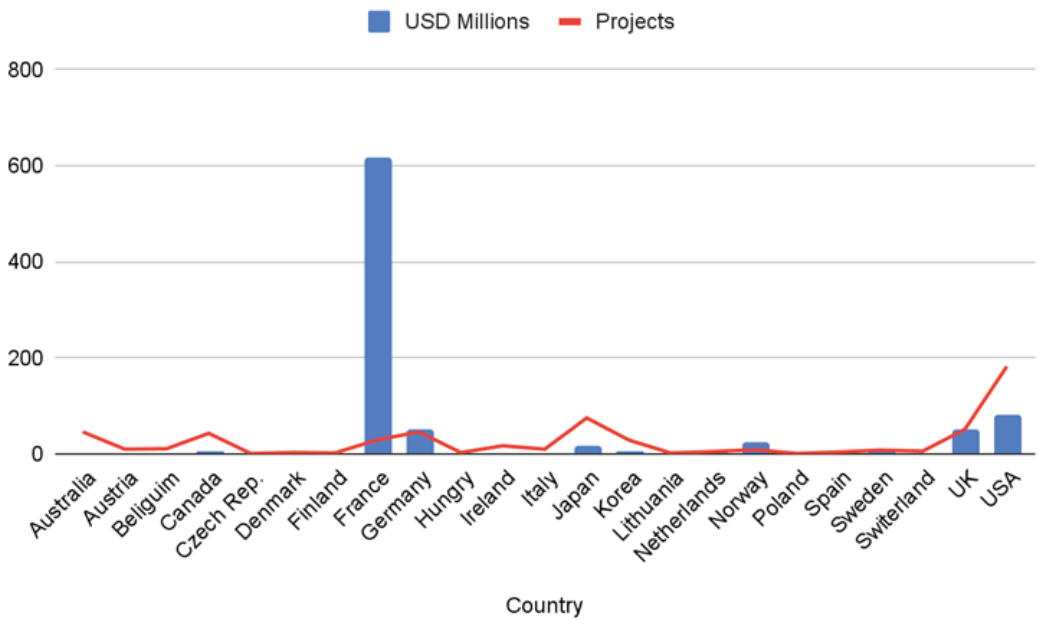
transmission and distribution grids by providing over 144 million USD to the "Nigeria Electrification Project." The AfDB also contributed significantly to top climate finance projects in 2019 and 2020. These contributions were between adaptation and mitigation projects within the environmental policy management and financial services sectors. The continental body in 2020 invested over 2 million USD in mitigation project to support "infrastructure financing in local currency and local corporate debt capital markets deepening in Nigeria"[8] aimed at improving Nigeria's capacity to guarantee more infrastructure bonds especially for green and climate aligned projects. The previous year (i.e. 2019), AfDB led adaptation climate finance investment in Nigeria to the tune of 7.7 million USD towards the "Programme for Integrated Development and Adaptation to Climate Change in the Niger Basin -PIDACC/NB'' which aims to address drivers of increased fragility of ecosystems by implementing a series of integrated and comprehensive actions that reduce the silting of the Niger River, improve natural resources management and enhance the population's ability to adapt to climate change. In the same year, bilateral climate finance provided by France also constituted a significant portion of mitigation climate finance projects in the agriculture, energy and education sectors. France provides over 227 million USD to the agricultural sector via the "Rehabilitation of rural roads and strengthening of marketing of agricultural products in 13 states of Nigeria '' project and over 9 million USD for the support of fertilizer production in 2020.

3.3 Bilateral Agreements Frameworks for Climate Finance

Nigeria utilized its strategic partnerships within bilateral agreements to attract additional climate finance. Such partnerships covered a range of countries across Europe and Asia. Among such include Australia, Belgium, Canada, Denmark, France, Hungary, Japan, Korea, Lithuania, Netherlands, Poland, Sweden, the United Kingdom and the United States. A breakdown of the total amount of climate finance provided between 2015-2020 using these bilateral agreements with countries and outcome projects from these agreements are listed below:

Figure 3. 5: Climate Bilateral Partnership, Amounts Attracted and Projects (2015-2021)



Source: Researchers computation from OECD data

[8] See Nigeria-Infrastructure Credit Guarantee Company Limited (Infracredit) website, at http://mapafrica.afdb.org/en/projects/46002-P-NG-H00-019

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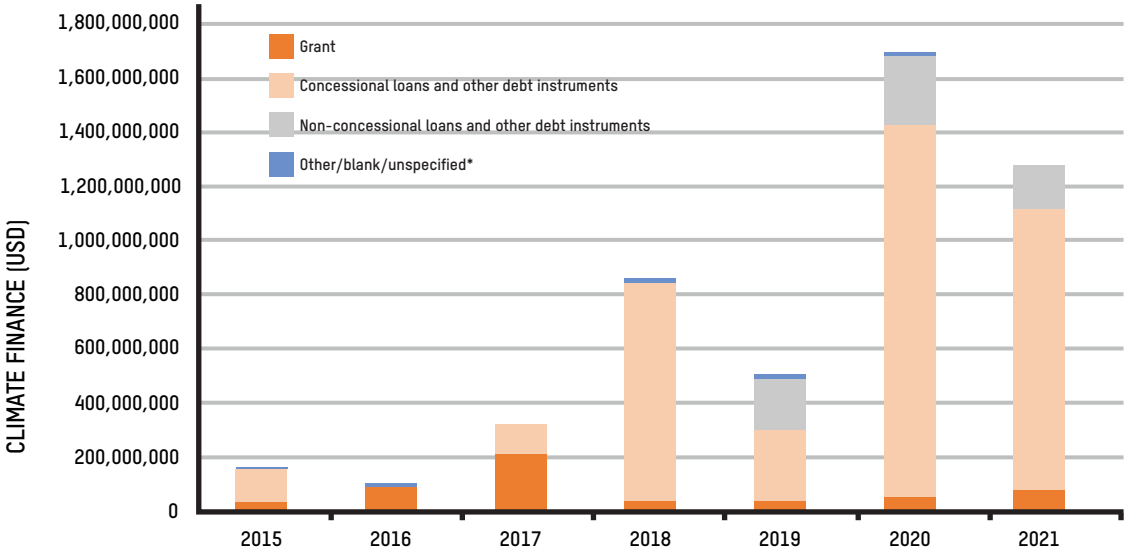
3.4 Financial Instrument Breakdown of International Climate Finance

3.4.1 Financial Instruments

Climate finance received by Nigeria within the period of 2015-2021 was classified as concessional (below market rate finance provided by MDBs and funds) and non-concessional (market-based interest rate and substantially less generous terms). This climate finance received by Nigeria was mostly in the forms of grants, loans (and other debt instruments) and small amounts of equity. Finance committed in DAC statistics can be classified as concessional by definition, according to requirements defined by the OECD.[9]

Within the 2015-2021 period, a significant proportion of the total 4.928 billion USD provided in climate finance to Nigeria was as concessional loans and other debt at 75% amounting to 3.707 billion USD (see Table 3.5). On the other hand, grants provided as financial instruments were at 580 million USD representing 12%. Also, 597 million USD was provided through non-concessional loans or other instruments on terms not generous enough to qualify as ODA under OECD definitions while equity shares as financial instruments were less at 1%.

Figure 3. 6: Climate finance committed to Nigeria per year in the period 2015-2021 by financial instrument.



The trajectory of climate finance and the types of financial instruments provided to Nigeria within 2015-2021 shows year-on-year difference. A relatively high proportion of climate finance was provided as grants in earlier years, making up 98% of climate finance in 2016 and this decreased to 66% in 2017. By 2021, grants as part of climate finance instruments had dropped to 7%. For concessional loans and debt instruments, which peaked in 2020, Nigeria received more climate finance support via debt instruments in 2018 (i.e. 799 million USD), 2020 (i.e. 1.374 billion USD) and 2021 (1.033 billion USD), constituting 93%, 81%, and 81%, respectively of total finance within these years. A notable feature of these financial instruments showed that concessional debts recorded a 66% decline between 2018-2019, and a 32% decline between 2020-2021. Nigeria also recorded the most grants between the period in 2016 and 2017, when a total of 98 million USD and 213 million USD, respectively, were received via grants (See Figures 3.7 & 3.8).

[9] OECD (2022), Public Climate Finance Provided: An Analysis of Financial Instruments. Retrieved from https://www.oecd-ilibrary.org/sites/286dae5d-en/1/3/2/index.html?itemId=/content/publication/286dae5d-en&_csp_=46b868d4f630525e4ccc5f67e501847f&itemIGO=oecd&itemContentType=book

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Figure 3. 7: Grants: Concessional Finance Instruments Received by Nigeria

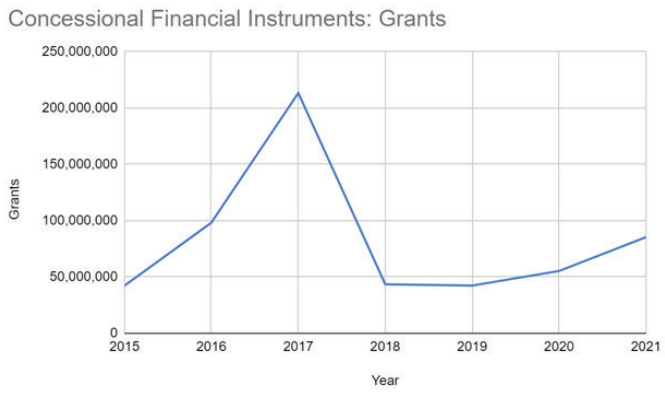
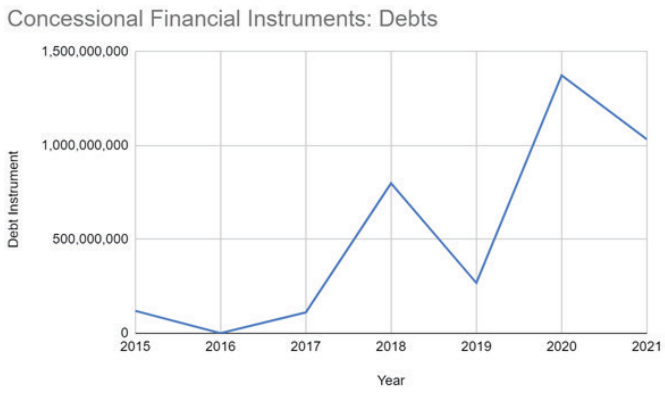


Figure 3. 8: Debts and Loans: Concessional Finance Instruments Received by Nigeria



Source: Calculations from OECD DAC External Development Finance Statistics dataset

A girl carries water to her shelter at an IDP camp in the Nigeria's northeast ***Photo by UNICEF/KC Nwakalor***

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Table 3. 5: Breakdown of Nigeria's Climate Financial Instruments

	Concessional						Non-Concessional				Not Specified	
	Grant		Debt Instrument		Equity and Shares in Collective Vehicles		Debt Instrument		Blanks		Debt Instruments	
Year	USD	%	USD	%	USD	%	USD	%	USD	%	USD	%
2015	42,267,235	26%	119,650,582	74%		0%					443,705	0%
2016	98,199,496	98%	959,000	1%		0%					1,326,993	1%
2017	213,349,798	66%	110,949,130	34%		0%						0%
2018	43,528,300	5%	799,296,712	93%	14,634,722	2%	4,754,732	1%				0%
2019	42,312,415	8%	268,463,735	53%	13,515,594	3%	178,005,507	35%	8,882,561	2%		0%
2020	55,285,161	3%	1,374,061,185	81%	4,364,630	0%	258,118,993	15%				0%
2021	85,354,067	7%	1,033,413,354	81%		0%	156,562,115	12%				0%
Total	580,296,472	12%	3,706,793,698	75%	32514946	1	597441347	12	8882561	0	1,770,698	0%

Source: INKA Consult's calculations using Climate Change: OECD DAC External Development Finance Statistics dataset

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The reception of non-concessional financial instruments of climate funds differs. Specifically, Nigeria began receiving most of these funds (via debt and loans) in 2018. In this year, Nigeria received over 4 million USD which constituted 1% of the total climate finance received from external partners within the year. Non-concessional debts and loans peaked in 2019 when Nigeria received over 178 million USD which constituted 35% of climate finance Nigeria received in that year. Since then (i.e. 2021-2020), around 12-15 % of total climate finance to Nigeria was in the form of non-concessional debts and loans.

3.4.2 Grant Equivalence

Climate finance provided to Nigeria showed differences in terms of the grant equivalent and face value reported by the international providers. The grant equivalent estimate of climate finance - i.e. the real support value provided - is 2.552 billion USD, a 48% difference in the total face value 4.927 billion USD reported by international climate finance providers between 2015-2021. The percentage difference between the reported face value and grant equivalent figures have risen since 2017 and were particularly high in 2019 and 2020 at 66% and 55% respectively. The largest difference in the absolute amount of climate finance committed occurred in 2020, with a discrepancy of 928 million USD. As shown in Table 3.6, the reported face value of climate finance reached over 1.6 billion USD in 2020. However, it is estimated that only about 800 million USD was actually provided to Nigeria as climate finance. The effect of taking the grant equivalent measure changes over the years is due to the relative proportions of grants and loans.

Table 3. 6: Face value climate finance and grant equivalent estimates for Nigeria in the period 2015-2021

Year	Face value total climate finance (USD)	Grant equivalent (USD)	Difference in face value and grant equivalent finance (USD)	% Difference in face value and grant equivalent finance
2015	162,361,522	93,550,051	68,811,471	-42%
2016	100,485,490	99,086,912	1,398,577	-1%
2017	324,298,928	273,798,289	50,500,639	-16%
2018	862,214,466	493,644,401	368,570,065	-43%
2019	511,179,811	172,427,113	338,752,698	-66%
2020	1,691,829,969	763,061,852	928,768,117	-55%
2021	1,275,329,536	656,831,652	618,497,884	-48%
Total	4,927,699,722	2,552,400,270	2,375,299,452	-48%

Source: INKA Consult's calculations using Climate Change: OECD DAC External Development Finance Statistics dataset

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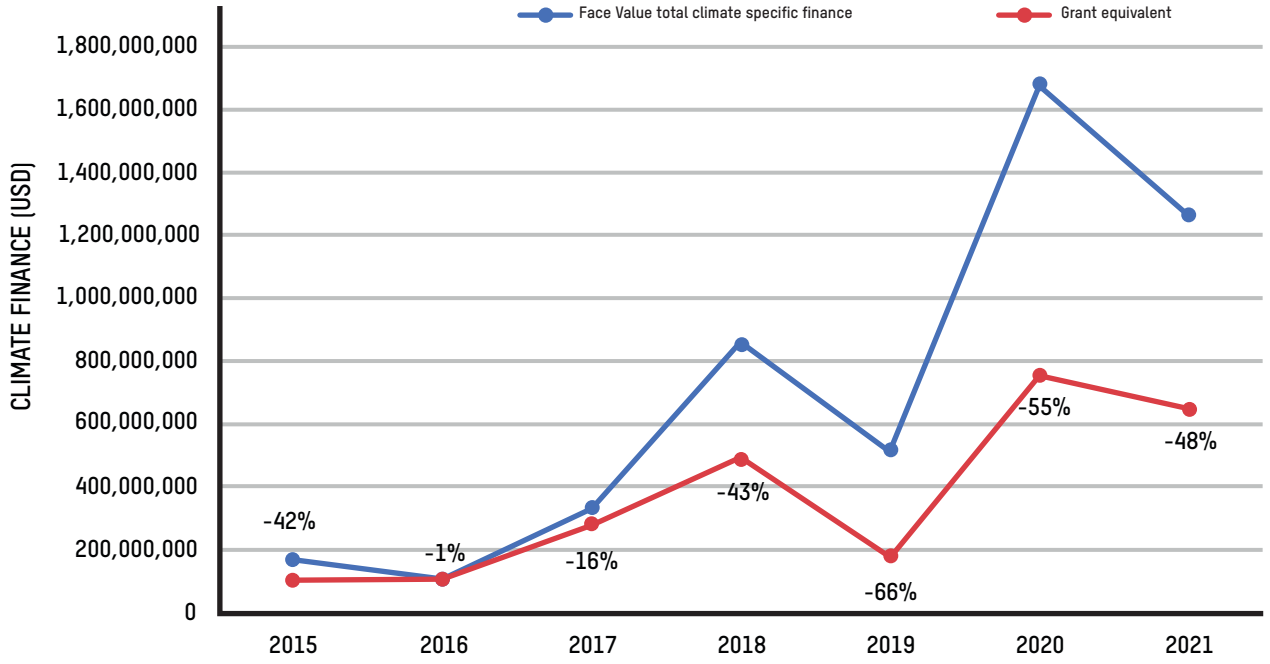
As shown in Figure 3.9 only between 2016 and 2017 was the difference between the face value and estimated grant equivalent figures below 1 %. In 2016, the face value and grant equivalent of international climate funds provided to Nigeria were closely matched with just a 1% difference (the total face value of the reported climate finance amounted to 100 million USD, while the grant equivalent stood at 99 million USD).

Figure 3. 9: Face value climate finance and grant equivalent estimates for Nigeria in the period 2015-2021. Data labels show the % difference in face value and grant equivalent finance.



Source: INKA Consult's calculations using Climate Change: OECD DAC External Development Finance Statistics dataset

Among international providers of climate finance to Nigeria, such difference between face value and grant equivalent was also reflected. The providers with the largest difference between the reported face value and grant equivalent estimates are the GCF, EIB, AfDB (see Table 3.7) due to the large amounts of finance these providers report as non-concessional loans and other debt instruments. All finance provided by GCF and 99% of the finance reported by the EIB is reported as non-concessional (the remaining 1% was reported with unspecified concessionally). The AfDB reports 88% of finance as non-concessional and 12% as concessional. As a result, the difference between the face value and grant equivalent finance committed by these three providers is more than 90%.

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Table 3. 7: Face value climate finance and grant equivalent estimates for Nigeria by provider

Provider		Face value total climate finance (USD)	Grant equivalent (USD)	Difference in face value and grant equivalent finance (USD)	% Difference in face value and grant equivalent finance
GREEN CLIMATE FUND	GCF	99,000,000	0	99,000,000	-100%
European Investment Bank	EIB	207,298,964	486,942	206,812,022	-100%
	AfDB	155,360,563	10,421,796	144,938,767	-93%
	France	616,422,601	268,286,063	348,136,539	-56%
THE WORLD BANK	WB	3,170,451,160	1,633,517,036	1,536,934,124	-48%
CIF CLIMATE INVESTMENT FUNDS	CIF	29,270,700	15,947,576	13,323,124	-46%
IFAD INTERNATIONAL FUND FOR AGRICULTURAL DEVELOPMENT	IFAD	38,255,262	20,982,946	17,272,315	-45%
	Norway	24,474,579	15,592,018	8,882,561	-36%

Source: INKA Consult's calculations using Climate Change: OECD DAC External Development Finance Statistics dataset

3.4.3 Nigeria's Debt Profile and International Climate Finance

Like most developing countries facing increased debt due to economic challenges, Nigeria's debt obligations (domestic and external) stand at 108 billion USD[10] in 2023 according to the Debt Management Office (DMO). However, the National Bureau of Statistics (NBS) puts this at 114.3 billion USD.[11] The share of external debt which most non-concessional climate loans are part of is about 36.38% of Nigeria's debt profile which stands at 41.59 billion USD in 2023 (see Figure 3.10). Nigeria has faced a dwindling fiscal position which still remains precarious. In 2016, Nigeria experienced her first economic recession since the 1980s with the economy contracting by 1.6% due to oil production shocks and negative global oil prices. The COVID-19 pandemic further plunged Nigeria into recessions in 2020 with a further fall in private investments and heightened bottlenecks that hindered productivity in Nigeria's economy. These deficits caused a decline in government resources thereby ensuring a debt-to GDP ratio of over 36% in 2021. Public finance provided via Central Bank 'Ways and Means"[12] also increased that by the end of 2022, the Nigerian government's debt owed to its Central Bank was 55 billion USD, raising its public debt to over 37% of its GDP.

[10] Debt Management Office (DMO), Nigeria's Total Public Debt Portfolio As at March, 2023

[11] Nigerian National Bureau of Statistics (NBS) 2023, Nigerian Domestic and Foreign Debt Q3.

[12] Loan facilities used by the Central Bank of Nigeria (CBN) to finance the government during periods of temporary budget shortfalls.

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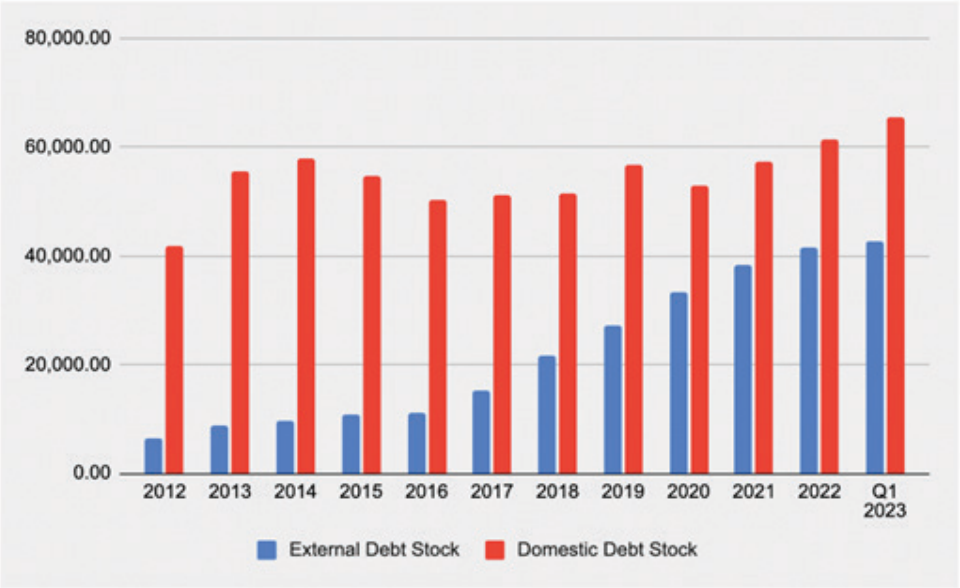
Table 3. 10: External and Internal Debt Stock of Nigeria, 2012-Q1 2023 (USD Millions)



Source: Debt Management Office, Nigeria

Information from the World Bank's International Debt Statistics suggests that the creditor landscape for the majority of Nigeria's external borrowing has also changed in the last decade.[13] Bilateral creditors (e.g., the Paris Club) which had accounted for 77% of the country's total debt in 2005, declined to 14% at 426 billion USD in 2020, while the concessional component of these bilateral loans stood at 11% (47.7 billion USD). Within the same period, multilateral and private creditors' share of external debt increased from 13% to 48% to reach 1.43 trillion USD (for multilateral creditors); and from 10% to 38% to reach 1.12 trillion USD (for private creditors) in 2020.[14] The concessional component of multilateral loans has also increased within this period and stands at 56% (see Figure 3.11). Such structured change is important to the dynamics of climate finance landscape in Nigeria in two-folds. Firstly, multilateral and private creditors typically offer these loans at higher interest rates and shorter maturity/grace periods compared to bilateral creditors. Secondly, this impedes Nigeria's ability to finance its development agenda (including climate finance) with direct correlation to ability of developing countries (like Nigeria) to re-pay for loans (e.g. concessional and non-concessional debts) which remains a significant source for climate finance in Nigeria. The trend of debt and borrowing does impede Nigeria's ability to finance different aspects of its development agenda (including climate finance) with significant finances allocated for debt servicing and loan repayments. In 2022, it was estimated by the IMF that over 90% of Federal Government's revenue went for interest payments[15] while the government's budget of 2023 earmarked 29% for debt servicing. From these terms, Nigeria is positioned to her pre-2005 levels with significant amounts allocated to debt servicing which has tripled in more than 13 years from 42.6 billion USD in 2009 to 156 billion USD, and is projected by the World Bank to increase to 325 billion USD by 2025.

[13] See World Bank International Debt Statistics. Also see Ekereuche, et al. (2024), Debt for Climate and Development Swaps in Nigeria, African Economic Conference

[14] Ekereuche, et al. (2024), Debt for Climate and Development Swaps in Nigeria, African Economic Conference,

[15] IMF (Feb, 2023), Nigeria: IMF Country Report No. 23/93

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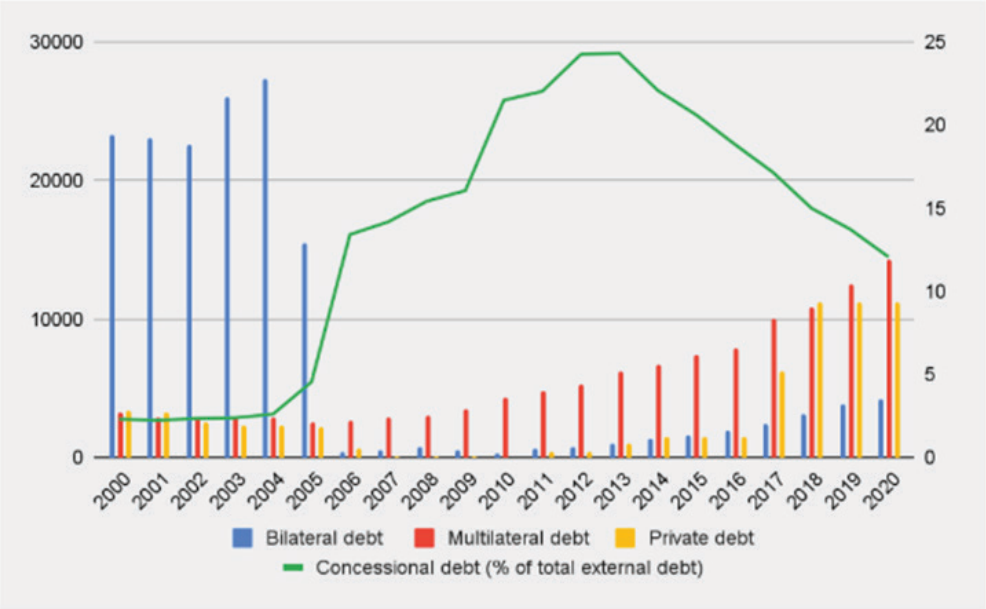
Figure 3. 11: Nigeria's volume of debt disaggregated by creditors, (USD Million), concessional debt, percent (%) -2000 - 2020



Source: Ekereuche, et al (2024) using information from International Debt Statistics, 2021
Note: The figures do not include private debt or domestic debt. Only debt publicly and publicly guaranteed by the government is covered.

Nigeria's fiscal landscape alongside her climate vulnerabilities places significant pressure on her debt risk profile to invest in climate adaptation and mitigation strategies while unlocking additional sources of climate finance due to her risk-rating index. With lower annual budgets committed to sectors like education, health and infrastructure than required to tackle the impact of climate change, Ekereuche, et al (2024) find that "rising climate vulnerabilities call for higher finance, which is likely to result in increasing the country's debt" and pushing Nigeria "...towards high-risk region given the limited access to concessional finance." This study's conclusion was arrived at after considering indicators of (i) World Bank Risk index for climate disaster risk, (ii) GEF benefits index for Biodiversity, (iii) External debt as a share of GNI, (iv) Economic service payment of public & publicly guaranteed debt; and justify the "viability of debt-for-development swaps" and carbon pricing policy as a strong case with creditors to link debt financing with additional spending on inclusive growth while attempting to enhance climate adaptation and mitigation investments.

Given this position and the increasing trend for concessional loans, we computed the grant equivalence and grant element of concessional climate finance loans, as a component of multilateral, private, and bilateral loans provided to Nigeria. Under such conditions, factors like interest rate, discount rate, grace period, loan maturity, and the loan's face influenced calculations of the net present value (NPV) of concessional loans provided for some climate finance projects in Nigeria. Focus also covered the value received by the borrower or the effort extended by the lender. To compute the present value of concessional loans, we discounted all associated financial transactions using a specified discount rate, which is vital in determining the concessionality. This discount rate is typically set to reflect market conditions, either for the lender or the recipient.[16] The results of these calculations were applied to some climate financed projects across Nigeria presented in text box 1.1.

[16] The OECD's Development Assistance Committee (DAC) applies discount rates of 6%, 7%, or 9% for UMICs, LMICs, or LDCs, respectively, to adjust for the time value of money. Although the applicability of these rates is debated, they are used here to align with OECD DAC reporting standards.

Box 1. 1: Concessionality of World Bank and African Development Bank Loans to Nigeria

World Bank Livestock Productivity and Resilience Support Project

One pertinent example is the World Bank's Livestock Productivity and Resilience Support Project in Nigeria, financed through the International Development Association. The loan, signed on November 7, 2022, amounts to 500 million USD over 30 years, including a 5-year grace period where no principal is repaid. The fixed interest rate is 1.25% per year, accompanied by a 0.75% annual service charge on the withdrawn credit balance. Additionally, a commitment charge of 0.5% per year applies to the unwithdrawn balance. However, assuming the entire 500 million USD is disbursed on the loan's effectiveness date (February 5, 2023), no commitment charges are incurred.

The amortization schedule specifies biannual principal payments, with 1.65% repaid from April 1, 2027, through October 1, 2046, and 3.40% from April 1, 2047, through October 1, 2051. Given Nigeria's LMIC status, a 7% discount rate is applied. This results in total undiscounted repayments of 678.1 million USD, a grant equivalent of 231.7 million USD, and a grant element of 46.3%. In practical terms, this means that the borrower effectively receives 46.3% of the loan amount as a grant, while repaying the remainder under market conditions with an assumed interest rate of 7%.

AfDB Urban Water Reform and Akure Water and Sanitation Project

Similarly, the African Development Bank provided financing for Nigeria's Urban Water Reform and Akure Water and Sanitation Project. Approved in November 2019 and effective from March 2020, the loan amount is 104.2 million USD, with the first disbursements made in May 2020 and the final ones expected by June 2025. Without detailed disbursement information, it is assumed that disbursements occur biannually in equal amounts between these dates.

The loan terms include a maximum duration of 25 years, with an 8-year grace period, under a fully flexible interest rate structure. The Project Appraisal Report lists a funding cost of -0.1% per year, a lending margin of 0.8% per year, a maturity premium of 0.2% per year, and a base rate tied to the 6-month LIBOR, reset semi-annually. At the time of the loan agreement, the 6-month LIBOR was 2.19%, resulting in an initial interest rate of 3.18%. The loan also includes a 0.25% annual commitment charge on the unwithdrawn balance and a 0.25% front-end fee on the total loan amount. As of now, the 6-month LIBOR has risen to 3.83%, increasing the total interest rate to 4.79%.

Using a 7% discount rate and the interest rates from the loan agreement date, total undiscounted repayments are 153.8 million USD, with a grant equivalent of 27.5 million USD and a grant element of 26.4%. However, applying the current LIBOR rate increases total repayments to 179.9 million USD, reducing the grant equivalent to 15.8 million USD and the grant element to 15.2%. This change, driven by rising market rates, has increased loan repayments by up to 26.1 million USD (17.0%), while the grant equivalent has decreased by 11.7 million USD (42.5%), and the grant element has dropped by 11.2 percentage points.

Source: INKA Consult

Box 1. 2 "Not All Finance Is Created Equal: Loans, Grants & Concessionality

Climate finance can be provided as grants, but also as loans, equity or other financial instruments such as guarantees, with varying "favorability" of that finance for a developing country recipient. Loans and other non-grant instruments come with requirements on the recipient to meet repayments. About half of the climate finance provided by the EU and its Member States are provided as loans.

Many developing countries are now so burdened by debt repayments to both international and domestic loan issuers, that the European debt network, Eurodad considers the current situation "the worst debt crisis the world has ever seen". Eurodad finds that debt servicing is absorbing on average 38% of budget revenue across developing countries. For Africa, these numbers increase to 54%. Rising debt costs not only limit the ability of developing countries to mitigate and adapt to climate change, but also strain vital public resources needed for development. UNCTAD has warned that about 3.3 billion people — almost half of humanity — now live in countries that spend more money paying interest on their debts, than on education or health."

Source: ***Excerpts from Assessing International Climate Finance by the EU and member States: Key Insights from Shaping the New Climate Finance Goal (June, 2024) P.38***

Interestingly, the indebtedness at state level also affects their ability to raise alternative climate finance like the Green Bonds (see page 64). This might be significant in areas of confidence of investors, and their ability to climate proof annual budgets by targeting/tagging public expenditure to attract further finance for climate projects. Expert interviews with the NCCC indicate that the intersection of debt profiles of states and Green Bonds in Nigeria is "still a learning curve", as efforts to properly harness such systems are still underway. So, for sub-national governments like Lagos State, with one of the highest records of sub-national debt of over 570 million USD (i.e. 960 billion NGN), balancing such fiscal space with robust climate action plans and strategies for funding as key outcomes during successive COP meetings geared towards attracting further climate investments.

3.5 Gender Integration in International Climate Finance Projects

The impacts of climate change are often experienced differently depending on gender. Differential impacts can be exacerbated by women's socioeconomic status and unequal access to decision-making processes and resources. It is therefore important that climate-related projects are responsive to the unique needs of different genders and integrate gender equality considerations in their design, goals, budget, and delivery. The need for gender mainstreaming in climate action and the need to advance full, equal, and meaningful participation of all genders is recognized in the Paris Agreement and the establishment of the Gender Action Plan at COP23.

As shown in Figure 3.12, of the 4.928 billion USD reported to OECD-DAC by donors in the period 2015 to 2021, 1% was assigned a gender marker of principal and 16% was assigned a gender marker of significant. The latter indicates projects that do not focus on gender as a fundamental objective but within which it is nonetheless considered important. The remaining project finance was screened but found to not target gender equality as either a principal or significant objective (14%), or the entry was left blank in reporting, implying it has not been screened (69%).

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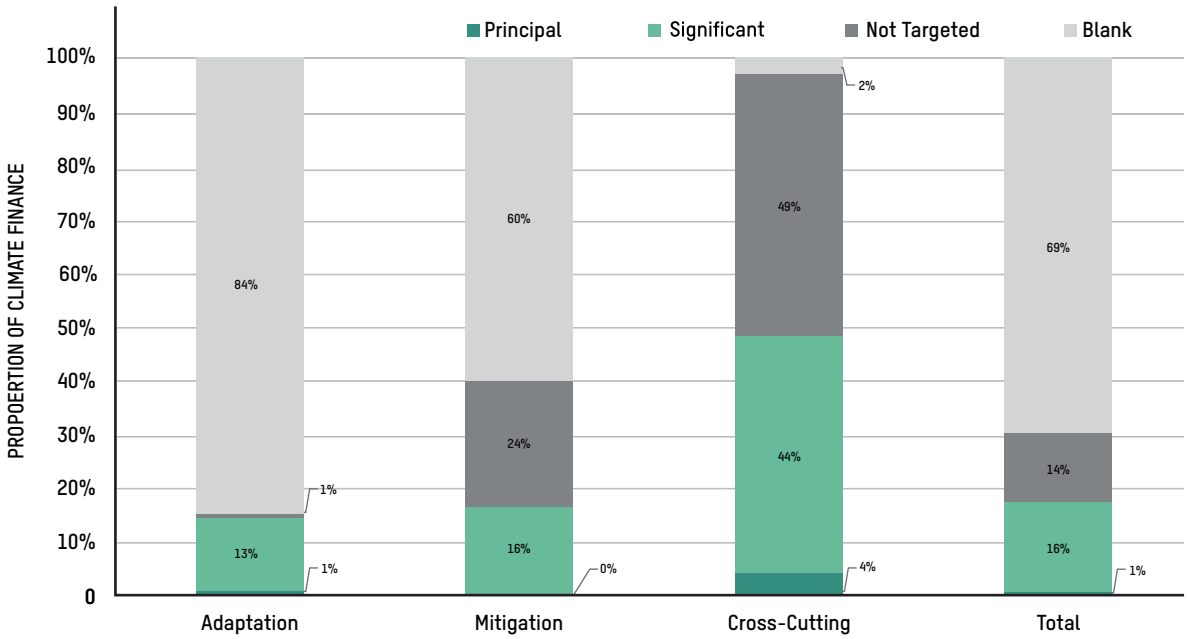
Figure 3. 12: The percentage of climate finance reported as committed to Nigeria in the period 2015-2021 with assigned gender markers, broken down by objective



Mitigation and adaptation finance both have very low levels of gender integration. Of the total mitigation finance committed in the period, 0% was reported with a gender marker of principal and 16% with a gender marker of significant. Similarly, for adaptation finance, 1% was reported with a gender marker of principal, and 13% with a gender marker of significant. The projects marked cross-cutting have a higher proportion of gender integration, with 4% of finance assigned a gender marker of principal and 44% assigned a gender marker of significant.

Gender integration has also varied year on year. The proportion of adaptation finance assigned a gender marker of significant has ranged from 98% in 2015 to as low as 2% in 2021 (see Figure 3.13). The proportion of mitigation finance assigned a gender marker of significant has ranged from 47% in 2018 to as low as 0% in 2015 (see Figure 3.14).

Across all years for both adaptation and mitigation finance, the proportion of finance with a gender marker of principal has remained extremely low. For adaptation, in all years except for 2018, the proportion of finance with gender as a principal objective has been 0%. For mitigation, the proportion of finance with gender as a principal objective has ranged between 0-1%.

Indeed, in the seven-year period just 35 projects in total have been assigned a gender marker of principal with a total of 47 million USD of finance. A summary of the projects with a reported gender marker of principal and over 1 million USD in climate finance is provided in Table 8.

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Table 3. 8: Overview of projects with reported gender equality marker of principal and over 1 million USD finance committed to Nigeria in the period 2015-2021

Year	Provider Type	Provider	Project	CRS identification number	Concessionality	Adaptation objective	Mitigation objective	Sector	Financial instrument	Adaptation (USD)
2018	Multilateral development bank	**WB**	NIGERIA FOR WOMEN PROJECT	2018034048	Concessional and developmental	Climate components	Climate components	I.5. Government & Civil Society	Debt instrument	9,692,134
2018	Multilateral development bank	**WB**	NIGERIA FOR WOMEN PROJECT	2018034051	Concessional and developmental	Climate components	Climate components	I.1. Education	Debt instrument	7,091,805
2018	Multilateral development bank	**WB**	NIGERIA FOR WOMEN PROJECT	2018034052	Concessional and developmental	Climate components	Climate components	IV.2. Other Multisector	Debt instrument	5,200,657
2016	DAC member	**United States**	EVIDENCE TO ACTION (E2A) - MATERNAL AND CHILD HEALTH	20169007463	Concessional and developmental	Principal	Principal	I.3. Population Policies/ Programmes & Reproductive Health	Grant	0
2016	DAC member	**United States**	EVIDENCE TO ACTION (E2A) - FAMILY PLANNING AND REPRODUCTIVE HEALTH	20169007450	Concessional and developmental	Principal	Principal	I.3. Population Policies/ Programmes & Reproductive Health	Grant	0
2017	DAC member	**United States**	EVIDENCE TO ACTION (E2A)	2017018084A	Concessional and developmental	Principal	Principal	I.3. Population Policies/ Programmes & Reproductive Health	Grant	0
2018	DAC member	**United States**	EVIDENCE TO ACTION (E2A)	2018012959B	Concessional and developmental	Not targeted/ Not screened	Principal	I.3. Population Policies/ Programmes & Reproductive Health	Grant	0

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Figure 3. 13: Reported gender marker for adaptation finance in Nigeria in the period 2015-2021

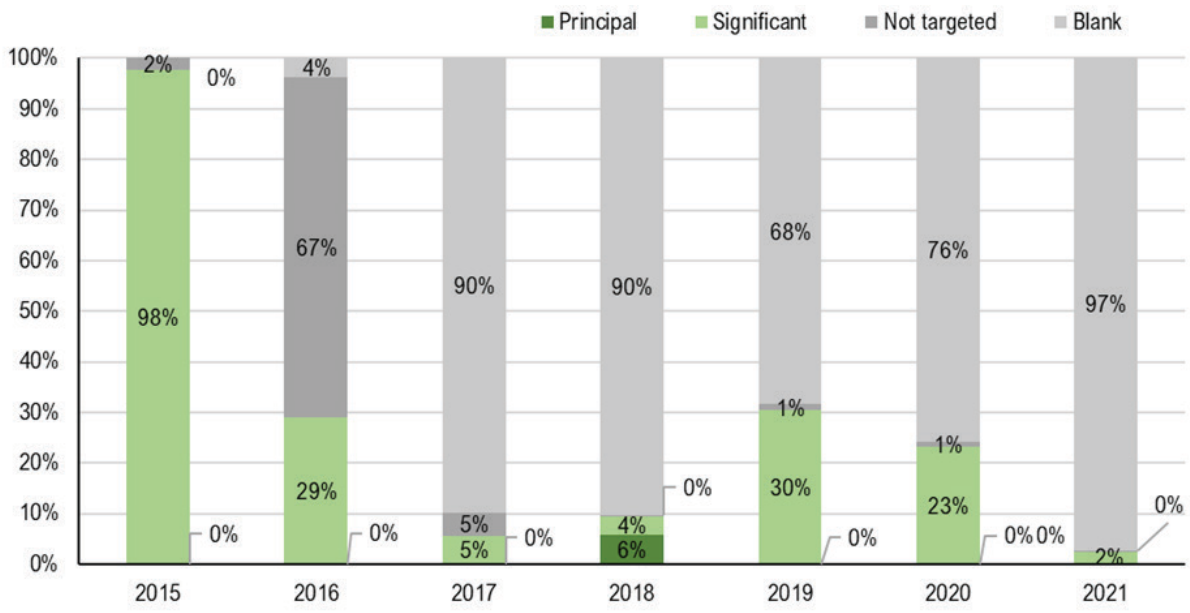
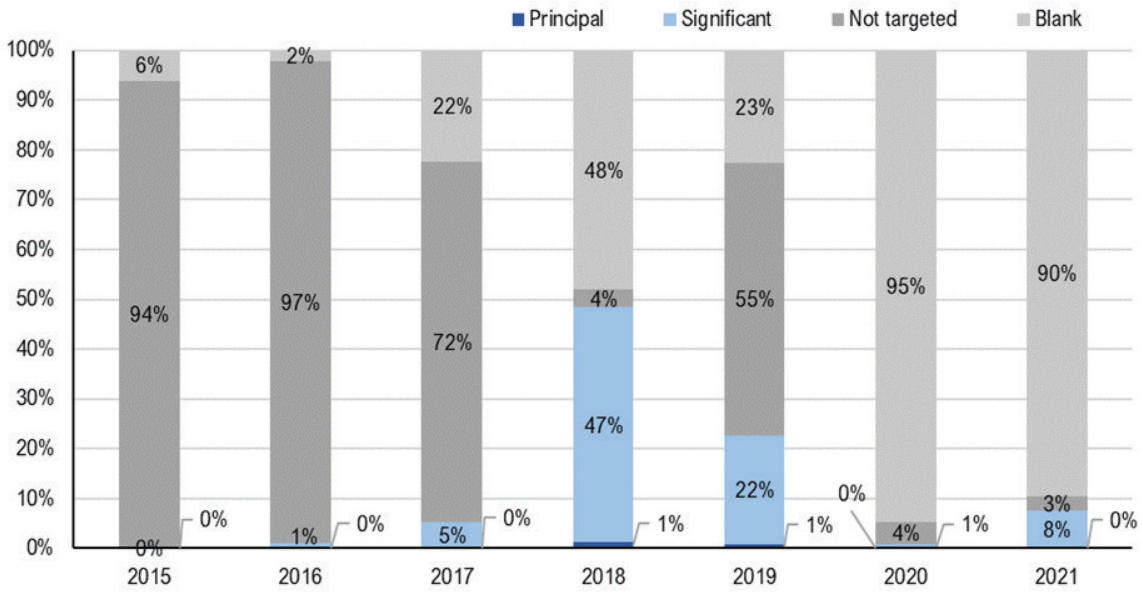


Figure 3. 14: Reported gender marker for mitigation finance in Nigeria in the period 2015-2021.



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2019	DAC member	**United States**	EVIDENCE TO ACTION (E2A)	2019010381A	Concessional and developmental	Not targeted/ Not screened	Principal	I.3. Population Policies/ Programmes & Reproductive Health	Grant	0
2019	DAC member	**United States**	EVIDENCE TO ACTION (E2A)	2019010381B	Concessional and developmental	Not targeted/ Not screened	Principal	I.3. Population Policies/ Programmes & Reproductive Health	Grant	0
2018	Multilateral development bank	**WB**	NIGERIA FOR WOMEN PROJECT	2018034053	Concessional and developmental	Climate components	Climate components	II.5. Business & Other Services	Debt instrument	1,181,968
2018	Multilateral development bank	**WB**	NIGERIA FOR WOMEN PROJECT	2018034048	Concessional and developmental	Climate components	Climate components	I.5. Government & Civil Society	Debt instrument	0
2021	Other multilateral	**Adaptation Fund**	SCALING-UP CLIMATE-RESILIENT RICE PRODUCTION IN WEST AFRICA	2021000008_10	Concessional and developmental	Principal	Not targeted/ Not screened	III.1. Agriculture, Forestry, Fishing	Grant	1,076,923

Bilateral providers are required to assign gender-equality markers to each activity reported to the OECD. Of all the bilateral climate finance provided to Nigeria, most has been reported as not targeting gender as either a principal or significant objective (56%). A small amount was not screened (1%) while 42% of bilateral climate finance was reported with a gender equality marker of significant and 2% with a gender equality marker of principal.

Multilateral providers are not required to gender-mark their finance reported to the OECD; however, some organisations elect to. Most multilateral development bank finance was reported as not screened for gender (93%), 6% was reported with a gender marker of significant and 1% with a gender marker of principal. The other multilaterals have slightly higher proportions of gender integrated finance, with 1% of climate finance reported with a gender marker of principal and 50% reported with a gender marker of significant. The remainder of the finance from these institutions was not screened (69%) or screened and found not to target gender (14%).

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Table 3. 9: Proportion of finance committed to Nigeria with assigned OECD Gender Equality marker. Note: Multilateral providers are not mandated to mark their finance, while bilateral providers are.

Provider type	Total finance (USD)	Principal	Significant	Not targeted	Not screened (blank)
Bilateral	1,197,535,055	2%	42%	56%	1%
MDBs	3,533,110,686	1%	6%	0%	93%
Other Multilaterals	197,053,980	1%	50%	0%	49%
Total	4,927,699,722	1%	16%	14%	69%

3.6. Sector Breakdown on International Climate Finance

The primary purpose of each project is indicated in the OECD-DAC defined sectors. The top sectors funded by the climate finance provided to Nigeria in the period 2015-2021 were agriculture, forestry and fishing (1494 million USD), energy (1356 million USD) and water supply and sanitation (366 million USD).

Mitigation finance focused primarily on activities in energy (62%), transport and storage (10%) and agriculture, forestry, and fishing (9%). All other sectors accounted each for less than 5% of total mitigation finance. Adaptation finance focused primarily on agriculture, forestry, and fishing (50%) and water supply and sanitation (12%), other social infrastructure and services (9%) and other multisector (9%). All other sectors accounted each for less than 4% of total adaptation finance. Cross-cutting finance primarily targeted other multisector (37%), other social infrastructure and services (21%), energy (11%) and agriculture, forestry, and fishing (8%).

People stranded on a half-submerged road Photo by Fatai Campbell/Associated Press

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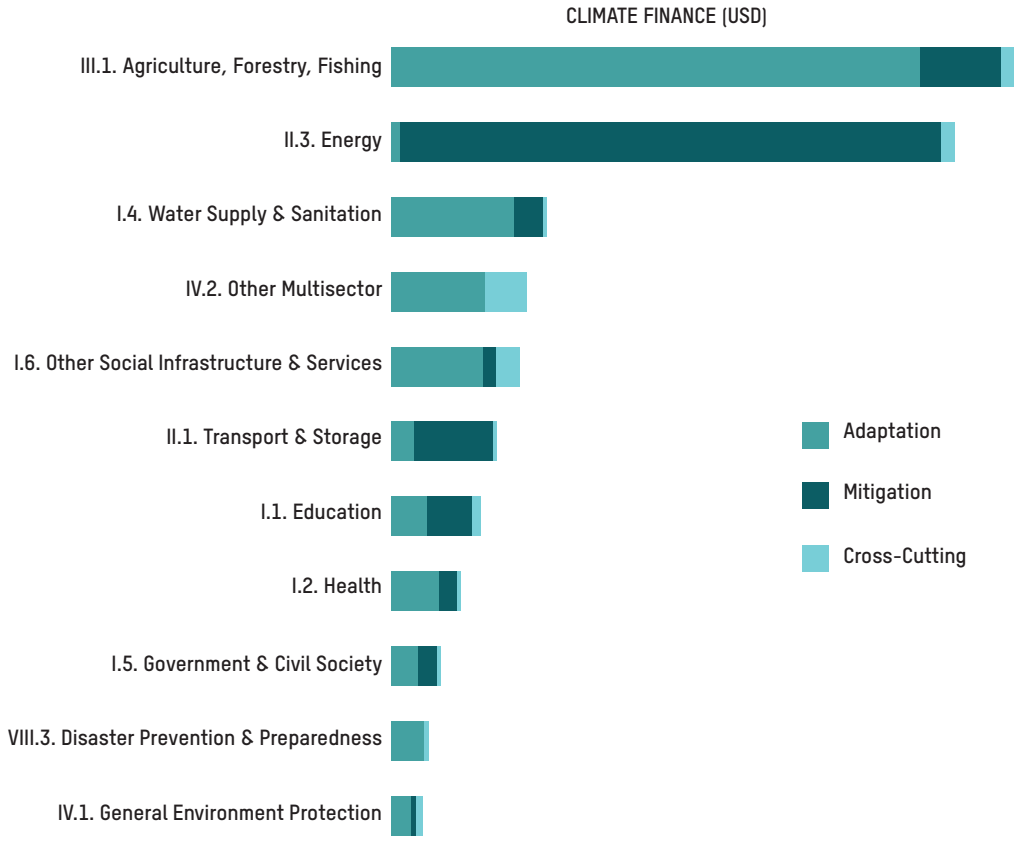
Table 3. 10: Climate finance in Nigeria by sector for the period 2015-2021. Shown are the sectors with over 50 million USD in climate finance.

Agriculture, Forestry, Fishing	Energy	Water Supply & Sanitation	Other Multisector	Other Social Infrastructure & Services	Transport & Storage
$ 1.5 Billion (30%)	$ 1.36 Billion (28%)	$ 366 Million (7%)	$ 326 Million (7%)	$ 307 Million (6%)	$ 248 Million (5%)

Education	Health	Government & Civil Society	Disaster Prevention & Preparedness	General Environment Protection	Population Policies/ Programmes & Reproductive Health
$ 209 Million (4%)	$ 162 Million (3%)	$ 111 Million (2%)	$ 83 Million (2%)	$ 73 Million (1%)	$ 52 Million (1%)

Figure 3. 15: Climate finance committed to Nigeria in the period 2015-2021 by sector and objective.



Climate Finance Planning and Management in Nigeria

Pensive black boy with weathered wheelbarrow- Photo by Dapo Abideen/Unsplash

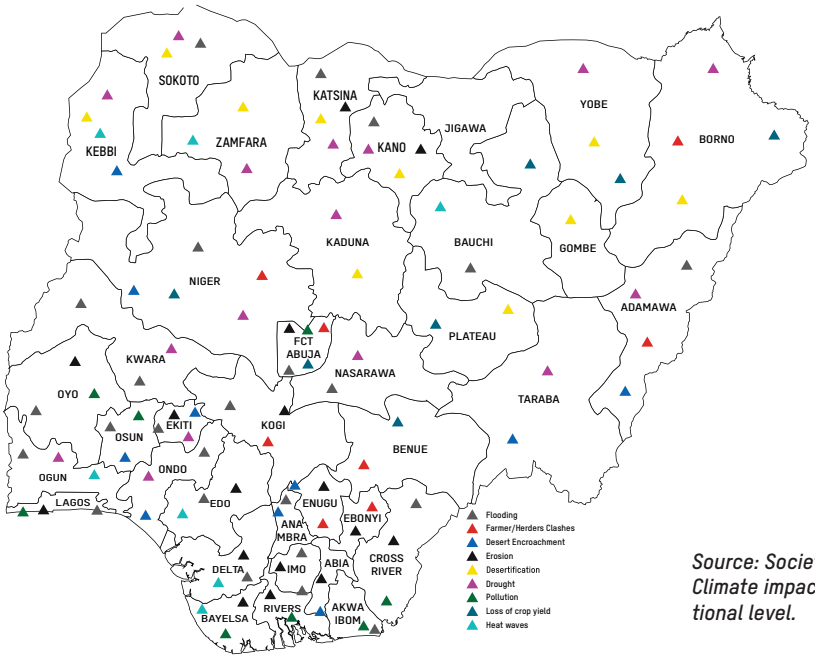
4. Climate Finance Planning and Management in Nigeria

4.1 Climate Risks, Vulnerabilities and National Planning

Like many developing countries, Nigeria is exposed to risks resulting from climate change. As Africa's most populous country with a teeming population of over 218 million, unfortunately, the annual per capita spending on its population to mitigate the effects of climate change represents one of the lowest globally at 2-3 dollars. Analysis of risks associated with climate change indicate these are far-reaching and are closely related to issues of hunger, disease burden, migration, conflict and insecurity across the country. Nigeria has witnessed rising temperatures alongside hotter and drier seasons thereby affecting sectors like agriculture and public health. Coastal cities are increasingly faced with risks of rising sea levels, while erosion remains a significant risk within southern and eastern parts of the country. These changes have contributed to reduction in Nigeria's rich biodiversity reduction, species losses and changes in malaria patterns across the country. Rain distribution has also changed causing increased flooding in most parts as well as droughts, desertification and land degradation in the northern parts of the country. Risks associated with changing rain distributions also include agricultural cycle changes, crop yield reductions, migrations, and farmer-herders clashes.

Estimates for the cost of these risks are expected to rise to 450 billion USD by 2050 if steps (policy/development plan adjustments, additional resources, etc.) are not taken. With an increased population projected by the World Bank to reach 400 million by 2050, Nigerians are highly vulnerable to the impacts of climate change, but also represent one of the largest emitters of GHG emissions in Africa. As a country dependent on fossil fuel, Nigeria produced 129 metric tons of CO2 in 2022 alone, representing the highest in Africa.[17] The need to diversify its export revenue places significant pressure on existing financial resources required to limit the high emissions of CO2 from fossil products. These risks are spread across parts of the country with different areas having specific climate impacts and challenges. States within the same ecological zone often face the similar climate impacts like droughts, desertification, forced displacement and flooding. As shown in Figure 4.1, climate risks and vulnerability at state-level are experienced and shared across the country.

Figure 4. 1: Climate Impacts and Vulnerability in Nigeria Across 36 States and the Federal Capital Territory (FCT)



Source: Society for Planned Prosperity (2023), Climate impacts, policies, and action at subnational level.

[17] See https://globalcarbonatlas.org/emissions/carbon-emissions/

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In 2012, without adaptive strategies, central and southern parts of Nigeria experienced perennial floods resulting in 16 billion USD losses.[18] With the average number of floods experienced by Nigerians increasing significantly, livelihoods were affected due to intensive rainfalls and excessive water from Lagdo dam in Cameroon, impacting livelihoods of Nigerians across 34 states. Such floods occurring again in 2022 has been a key driver for forced migrations, vector/water borne diseases (e.g. malaria, cholera), human mobility and displacement of many families. Estimates from the International Organization for Migration (IOM) indicate that over 4 million people (including 1.9 million children)[19] in Nigeria have experienced direct impacts from such floods, with places like Anambra, Bayelsa, Adamawa, Jigawa, Bauchi, and Kogi States regarded as hotspots. Beyond floods, overall climate impacts affect the agriculture sector with crop yields as 1% of farmlands are irrigated thus reducing and adding to increased food insecurity.

The National Determined Contribution (NDCs) represents the Nigerian government's strategic plan to attend to the increasing climate risks and vulnerabilities associated with changes in the environment and climate. Estimates from the government indicate that Nigeria needs 17.7 billion USD annually to achieve its NDCs targets and fulfill its Paris Agreement commitments to reduce carbon emissions. To achieve this, over the last decade there has been improvement in the policy framework for Nigeria's transmission to a net zero emission society.

4.2. Policy and Legal Framework on Climate Finance Planning, Implementation and Management

4.2.1 Nigeria's Climate Change Act, 2021

Before 2021, strategic coordination for climate financing in Nigeria was not clearly documented. However, the passage of Nigeria's Climate Change Act (CCA) of 2021, provided a framework for mainstreaming climate actions while ensuring carbon budgeting. The current CCA covers the period of 2021-2030 and is more comprehensive than the previous CCA in its goal setting of GHG emissions reduction and net zero targets, as well as mainstreaming gender in climate action and protecting vulnerable communities. This law also set the basis for an institutional framework for the National Council on Climate Change (NCCC), which is charged with the responsibility of making policies concerning climate change in Nigeria. This body also is saddled with the responsibility of mainstreaming and the implementation of sectoral targets and guidelines for the regulation of GHG emissions in Nigeria. This she does alongside close collaboration and partnerships with different ministries (e.g. collaborating with the Ministry of Trade to mainstream national policies towards carbon trading; collaboration with the Federal Inland Revenue Service -FIRS - towards developing a policy for carbon tax; collaboration with the Nigerian Sovereign Investment Authority toward the development of Nigeria's sovereign green bonds to meeting Nigeria's NDCs). The council closely collaborates with the Federal Ministries of Environment and National Planning to set a Carbon Budget -approved quantity of acceptable GHG emissions over a specific time. This budget is also periodically reviewed in line with Nigeria's NDCs for approval by Nigeria's Federal Executive Council (FEC). In consultation with the Ministry of Environment, the NCCC is expected to publish guidelines for measurement, reporting and verification of national emissions.

The Climate Change Fund represents a strategic medium for the coordination of all of Nigeria's climate financing sources, which is also within the purview of the NCCC. The council is also expected to coordinate further mobilization (local or international) and utilization of funds towards the implementation of Nigeria's climate Action Plan. With Nigeria's tight fiscal space and increasing debt profile, the NCCC is also important in developing strategies alongside states (i.e., subnational governments) for "restructuring existing debt, refinance and direct savings towards climate interventions within their budgets".[20]

[18] Verisk Maplecroft. (2016). Climate Change Vulnerability Index. https://www.maplecroft.com/risk-indices/climate-changevulnerability-index/

[19] Stromsta, R. (May, 2024), The Impact of flooding on youth marginalization and human mobility in Nigeria, International Organization for Migration (IOM) Blog. Also see Punch Nigeria, (July, 2023), Flood may sack over 4 million Nigerians, say IOM.

[20] Ugochuku, O. & Okereke, C. (2022) Nigeria: The potential role of the Climate Act in Catalyzing Climate Finance. Society for Planet and Prosperity Report

The Act also provides a framework for facilitating green budgeting for projects in Nigeria across a range of stakeholders (including Legislative Constituency projects -which represent a deal between both arms of government (the executive and legislature) to increase public infrastructure even in rural areas). The expectation for this is that it provides a platform for ministries, departments and agencies (MDAs) to budget and design smart, clean and green projects to attract further international financial support. Data-driven decisions also represent a key feature of Nigeria's Climate Change Act. By supporting projections and vulnerability mapping on climate impact, it has the potential to drive the appropriations process and factoring Nigeria's commitment to NDCs. However, allocation of financing is primarily present within the specific sectoral plans under this policy, such as Nigeria's Energy Transition Plan (2021), which is the basis for the commitment to net zero by 2060 at COP26 in Glasgow. In the plan, around 410 billion USD in incremental funding per annum (around 1.9 trillion USD in total) is said to be needed to fund the transition between 2021 and 2060.

4.2.2 National Climate Change Policy for Nigeria, 2021-2030 (Revised)

Developed as a strategy to harness all policy outcomes and efforts towards "promot[ing] a low-carbon, climate-resilient and gender-responsive sustainable socio-economic development" (See NCCP, 2021) in Nigeria, the national climate change policy provides a policy framework for the multi-sectoral and dynamic climate adaptation and mitigation initiatives in Nigeria. This covers a wide range of the country's efforts towards addressing the challenges associated with climate change. These include integrating "climate change into the national development process for effective response" and identifying opportunities in emerging climate finance markets which could add further resources to Nigeria for meeting its emissions targets. In order to achieve this reviewed version, the policy adopts a "Review Approach" which involves closer engagements with a long list of stakeholders (Federal, MDAs, private sectors, community) even at state levels using workshop consultants and questionnaires. It also builds on a parallel process using the Nationally Determined Contributions (NDCs) to generate policy statements to drive interventions.

Nigeria's climate change policy intends to harness resources to target the following sector-specific investments:

- Key sectors for mitigation include agriculture, forests, and land use (AFOLU), agriculture, energy and transport with the aim of reducing GHG emissions and removing carbon from the atmosphere.
- Key sectors for adaptation include agriculture and food security, forests and biodiversity, water resources, and health, focusing on the sectors most vulnerable to Climate Change.
- Identification of the most vulnerable groups to Climate Change, including those living in coastal areas and farmers, as well as acknowledging the adverse impact on women.

It is estimated that the overall implementation of the country's NDCs will require around 142 billion USD in the next decade. However, the policy does not cover a breakdown of expected costs within each sector.

4.3. Adaptation Plan Framework

4.3.1. National Adaptation Plan Framework

With support from the NAP Global Network, Nigeria developed her National Adaptation Plan (NAP) framework in 2020. This was developed to "facilitate the management of the medium- and long-term adaptation needs of the country in a coherent and coordinated manner." This framework is hinged on estimates provided in Scenario A2 contained in the Intergovernmental Panel on Climate Change (IPCC) Emission Report and the earlier NASPA-CCN (2011). It estimates that the impact of climate changes to Nigeria without adapting is expected to cost between 6 and 30% of the country's GDP by 2050 (i.e. between 100 billion to 460 billion USD). The NAP is designed to facilitate

Nigeria's medium- and long-term adaptation needs in a coherent manner which guides the development, coordination and implementation of various policies, plans, strategies and legalization required to address Nigeria's adaptation needs.

The objectives of this adaptation framework is outlined as follows:

- Clarify the country's approach to its NAP process. This includes articulating the country's vision of climate change adaptation, its adaptation objectives, the principles that will guide adaptation actions, roles and responsibilities among relevant stakeholders. It is also a reference point for bringing together various adaptation planning efforts from different sectors and scales of decision making (i.e., national, states, and local governments).
- Align the NAP process with existing policies (e.g., Economic Recovery & Growth Plan [ERGP], NASPA-CCN, National Climate Change Policy Response and Strategy [NCCPRS]), strategies, and adaptation research.
- Focus on specific themes that are particularly relevant and/or unique to Nigeria's context

This framework also covers a sectoral approach for attaining its objectives while identifying the Department of Climate Change (DCC) in the Federal Ministry of Environment (FME) as responsible for coordinating its implementation. By identifying adaptation priorities and monitoring their implementation, the role of the DCC also guides the direction for mobilization of climate finance towards achieving national climate adaptation objectives. The framework also recognizes the need for a broader institutional framework which involves the private sector, non-governmental actors to incentivise and facilitate access to climate finance for adaptation. It also emphasizes stronger collaborations among ministries, departments and agencies (MDAs) to align programmes, policy and implementation thus reducing overlap and duplication of efforts geared towards Nigeria's climate adaptation objectives.

4.3.2. The National Adaptation Strategy and Plan of Action on Climate Change (NASPA-CCN)

Designed since 2011, the National Adaptation Strategy and Plan of Action on Climate Change (NASPA-CCN) provides the strategy wherein adaptation considerations and implementations are part of larger goals for cross-sectoral sustainable development in Nigeria. Nigeria's NASPA-CCN provides the scope and direction for harnessing international climate finance and investments into adaptation needs for climate action. Envisioned within this strategy is the approach towards reducing climate vulnerability and enhancing adaptive resilience capacity across economic sectors. As a strategic goal, the NASPA-CCN leverages the collaboration of a large range of stakeholders -Federal, State, Local Governments, civil society, private sector, communities, and individuals - to achieving the following objectives:

- Improve awareness and preparedness for climate change impacts
- Mobilize communities for climate change adaptation actions
- Reduce the impacts of climate change on key sectors and vulnerable communities
- Integrate climate change adaptation into national, sectoral, State and Local Government planning and into the plans of universities, research and educational organizations, civil society organizations, the private sector and the media.

Nigeria's NASPA-CCN is guided by overarching principles which builds on international and regional efforts aimed at enhancing adaptation to climate change as well as the need to support Nigeria's transmission to low carbon economies while recognizing the place of a flexible and participatory framework involving all relevant stakeholders. Flexibility allows for constant review of Nigeria's adaptation strategy every five years in order to meet with updated knowledge and experience gained during implementation.

The NASPA-CCN represents a robust document which converges strategies, recommended policies, programmes and measures geared towards climate adaptation in sectors of agriculture, freshwater resources, forests, biodiversity, health and sanitation, human settlements and housing, energy, transportation and communications, industry and commerce, disaster, migration, and security, livelihoods, vulnerable groups, and education. Supportive roles played by CSOs in development of adaptation strategies which should spur improved climate finance targeting these strategies are properly detailed in the NASAP-CCN. This is broken down into sector-specific actions which covers (i) awareness creation using community radio to educate Nigerians around a range of issues (e.g. training for adaptation programmes and climate sensitive business); (ii) constant participation in policy reviews; (iii) assisting communities to develop adaptive projects and assist the development of community risk reduction plans and activities (iv) conduct research to monitor, review and interpret outputs on adaptive programmes introduced by government.

Box 1. 3 Climate Crisis linked to Humanitarian Crisis in Northern Nigeria -Spotlight Initiative

"If you look at the Northeastern part of Nigeria, there are only few civil society organizations focusing on climate financing despite the northeastern part of Nigeria was devastated by Boko Haram Insurgency. [While[] there are a lot of humanitarian interventions, most people do not understand the link as to why some aspect of that the Boko Haram Incident was as a result of a climate crisis in the Lake Chad region. But civil society primarily focused more on humanitarian interventions than to explore links to how accountability of climate financing in terms of resource for the Lake Chad region is a cause of forced migration and conflicts. Among the civil society organization I believe there is a need to understand that if we tackle the climate issue in our region, some of our current problems will be drastically reduced."

Source: ***Interview with Spotlight Initiative***

4.4 Implementation of the National Determined Contribution and Nigeria Energy Transition Plan

Climate finance for projects has been implemented alongside Nigeria's NDCs - (National Determined Contributions) Implementation Framework, which serves as a useful tool to monitor and gauge how climate change projects align with achievements on overall NDCs targets. A breakdown of these climate projects' outputs and outcomes according to the NDCs Partnership can be found in Table 4.1.

Table 4. 1: Description of NDCs Implementation Framework Outcomes and Outputs

	Outcomes	Outputs
1	Increase renewable electricity generation capacity	1.1 Additional renewable grid capacity 1.2 Increase off-grid renewable energy capacity 1.3 Increase in captive/self-generation 1.4 Increased use of Solar Home System
2	Improve Urban and Rural Street Lightings	2.1 Solar Street Light
3	Improve Energy EfficiencyW Measures	3.1 Increase energy efficiency system using low-GWP
4	Increase Gas Utilization	4.1 Reduce gas flaring 4.2 Reduce gas losses due to fugitive methane leaks
5	Improve household access to clean cooking	5.1 increased use of LPG 5.2 increased use of improved cook stoves
6	Improved Transportation System	6.1 An improved transportWW system - increased use of Bus Rapid Transit (BRT) 6.2 Increased use of CNG trucks and buses 6.3 Reduce fossil fuel consumption and emission limits in vehicle
7	Improve the use of smart agriculture and enhance agricultural produce	7.2 Enhance quality seed distribution 7.3 Improved irrigation and water management
8	Enhance sustainable forest management	8.1 Increase intensive afforestation/reforestation activity 8.2 Enhance Forest restoration by recovering degraded areas expanding forest cover

9	Integrated and sustained waste management services	9.1 Waste-to-Energy (WtE) plants 9.2 Landfill gas utilisation 9.3 Increase waste to wealth schemes through recycling of waste 9.4 Increase waste to wealth schemes by encouraging production of solid fuel from Waste 9.5 Build capacity of educational institutions on waste management 9.6 Access to loans and microcredits for women to engage in small- scale waste management projects
10	Integrated water resources management	10.1 Ensure national water security through water conservation practices, wetlands restoration, water storage and efficient water use 10.2 Improve the resilience of water supply and sanitation infrastructure 10.3 Increase Investment in the sector

Source: Partnership Plan Narrative, 2023

Analysis of Nigeria's climate-financed projects using OECD data from the dimension of support provided by leading contributors (i.e. World Bank, France and AfDB) shows that reported projects covered sectors identified in Nigeria's NDCs and National Climate Change Policy. Specifically, climate funds were mostly provided under concessional arrangements and covered sectors like Agriculture, Forestry and other Land Uses (AFOLUs), Energy, Education and the private sector. During the pandemic (in 2020), the World Bank also provided climate funds to the tune of 110,764,500 USD to support adaptation efforts for the agricultural sector due to the impact of the pandemic.

Overall, obtaining data (at least nationally after 2015) on the direction and status of these projects has remained cumbersome. Analysis from other organizations (like NDCs Partnership- which provides technical and financial knowledge resources to accelerate climate action) presents other dimensions to access climate finance in Nigeria. Based on monitoring and reporting of ongoing and planned climate finance projects between 2020 and 2030, the NDCs Partnership indicates that, within the framework of Nigeria's NDCs, the water sector receives the largest share of financing with a budget of 54,857,660,438 USD. This represents approximately 93% of the total funding for existing and planned activities.[21] This sector has, since 2020, received the most climate finance and that is expected -due to Nigeria's National Action Plan for the Revitalization of Water Supply, Sanitation, and Hygiene- to continue to rise. According to NDCs Partnership analysis, Nigeria's power sector received the second largest amount of climate finance support for projects at 3% (2,310,445,051 USD) as shown in Figure 4.2. This period saw an increased investment into mini-grids (across the country) although such investment has not translated to a

[21] Partnership Plan Narrative (May, 2023), NDC Partnership Plan Narrative - Nigeria

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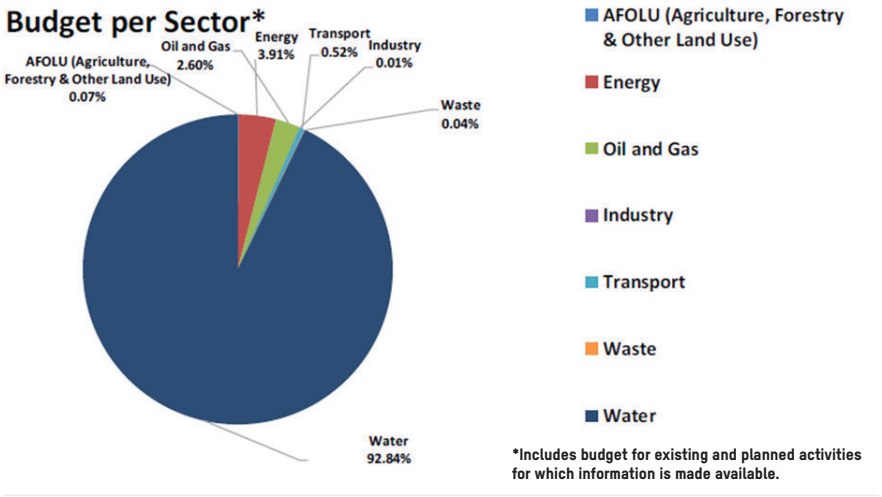
significant increase in the power generation of Nigeria. Investments in the oil and gas sector also stood out within this period at 1% (1,536,093,000 USD), while this period also recorded a decline in the budget of Agriculture, Forestry, and Other Land Use Energy (AFOLU) projects across Nigeria.

Figure 4. 2: Project Budget Per Sector



Source: Partnership Plan Narrative, 2023

A plausible explanation for this proffered by NDCs Partnership is that these sectors are private sector-driven, however, there exists an opportunity for data and information sharing to properly document the extent and nature of climate-financed projects within these sectors.

Figure 4. 3: Detailed Data from NDCs Partnership Dashboard for Nigeria (2020-2023)

	Number of Projects (where status and focus are confirmed)					Budget*
Focus	Planned	Ongoing	Concluded	Indicative	Without Support	
Adaptation	69	6	0	1	0	$ 54,923,305,952
Mitigation	29	313	142	14	0	$ 4,152,081,686
Cross-Cutting	3	2	1	0	0	$ 10,215,900

	Number of Projects					Budget*
Sector	Planned	Ongoing	Concluded	Indicative	Without Support	
AFOLU (Agriculture, Forestry and Other Land Use)	9	10	0	0	0	$ 41,615,086
Energy	13	298	141	13	0	$ 2,310,445,051
Oil and Gas	1	2	0	2	0	$ 1,536,093,000
Industry	1	0	0	0	0	$ 6,735,000
Transport	8	1	0	0	0	$ 307,981,864,
Waste	3	7	0	0	0	$ 25,073,098
Water	66	3	2	0	0	$ 4,857,660,438

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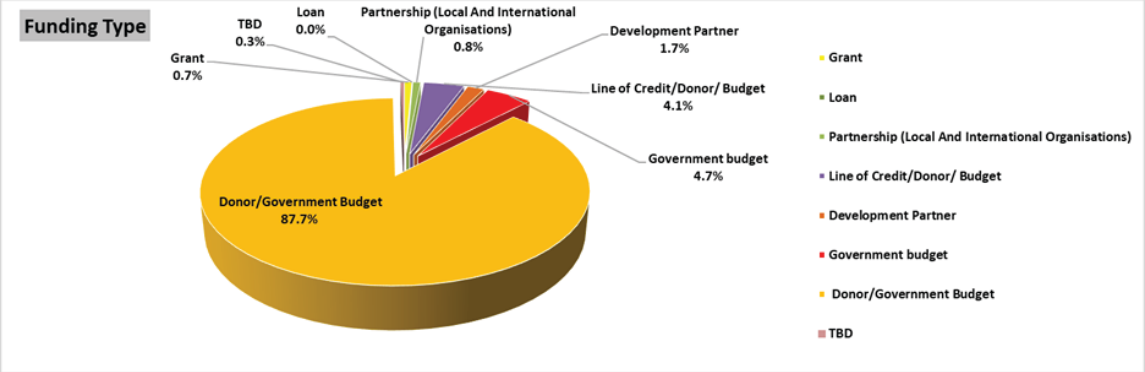
In order to harness the benefits of climate-financed projects, there is the basic assumption that Nigeria's policy environment for these projects needs to be housed under a strategic umbrella 'roof' which brings together all policies for effective coordination.[22] This has the potential to give greater coordination and direction for climate financing projects in Nigeria.

4.4.1. Funding for Nigeria's NDCs

Funding Nigeria's NDCs remains a daunting task which stakeholders argue cannot be left alone to the government. A combination of funding strategies which speaks to the different requirement could be adopted. This would include private investments, increasing domestic budgets (even at sub-government levels), and developing sound technical proposals to access larger international markets and creditors. However, data on funding sources between 2020-2023 indicated by respective MDAs shows that most of the finance provided for NDCs (over 87.7%) were obtained from (international) donors/government budgets. Figure 4.4 also indicates that 4.7% of NDCs funding is from the Nigerian government annual budget from 2020-2023. Lines of credit and financial support also provided by development partners also constituted less but significant support for the NDCs funding at 4.1 and 1.7% respectively.

Figure 4. 4: Funding Type for NDCs Projects in Nigeria



Source: Partnership Plan Narrative, 2023

Overall, the dimensions and type of funding available for Nigeria's NDCs, appear to be skewed towards donor budgets and lines of credit with national budgets and grants constituting a limited source for funding NDCs at 4.7 and 0.7% respectively as seen in Figure 4.4. By the Nigeria's government's plan, domestic budget is expected to constitute 14% of financing the NDCs between 2020-2030, but with a significant reduction in donor/government budgets and lines of credit from donors to 40 and 34% respectively (see Figure 4.5). The intending funding strategy also hopes to phase out loans, development partner funding and TDB to 0%.

[22] Onuoha, et al (2021), An Assessment of Nigeria's Implementation of Its Original Nationally Determined Contributions (NDCs) and Its Implications for its Revised Version. Center for Climate Change and Development

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Figure 4. 5: Intended Funding Type within NDCs Implementation period (2020-2030)

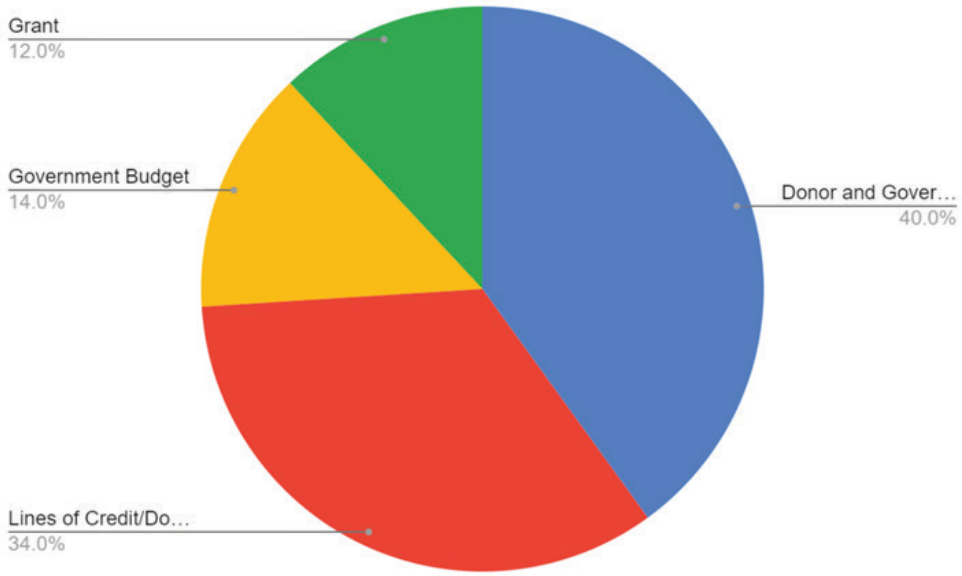

Photo by UNEP Disasters & Conflict/Flickr

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4.4.2. Key NDCs Projects

(i) Increase renewable energy projects: In line with NDCs' objective of increasing renewable energy generation by 80% by 2025, projects like the *Energizing Education Programme*[23] under the Rural Education Agency (REA) that is generating roughly 92MtCo2eq and seeks to achieve energy efficiency by targeting improved decentralization of renewable generation of especially off-grid solar PV and multi-cycle power stations. This project provides renewable energy for 37 Federal Universities and 7 University Teaching hospitals across Nigeria. It includes the provision of an independent power plant, updating existing distribution infrastructure, and street lighting. Significant funding for this project (i.e. Phase 1) was provided by the Federal Government leveraging the Green Bond. For subsequent phases, it is funded by the Nigeria Electrification Project in partnership with the World Bank and the African Development Bank. Interviews with the NCCC indicate that this strategy of funding alternative and sustainable energy in Nigeria was the first in Africa looking to leverage Green Bonds and private finance to provide solar and hybrid power sources to Nigerian tertiary educational institutions.

(ii) Oil and Gas: Projects: This includes projects which seek to significantly reduce the amount of gas flaring in the country by partnering with private organizations towards achieving Nigeria's NDCs target of ending gas flaring by 2030. Financing of projects under this objective comes under the Nigerian Gas Flare Commercialization Programme, which started in 2016 and is aimed at selling previously flared gas to the private sector for conversion to CNG, LNG, and LPG. However, clarity on the commencement of this project is still murky. In 2021, the Nigerian government also launched the National Gas Expansion Programme, which aimed to deliver over 1 million autogas vehicles in 2021. While the national budget does not cover the source of funding for these projects, an examination into international climate funds via OECD data shows some of these projects are reported as bilateral funds (from Austria in 2017, and France in 2020) provided using concessional financial instruments.

4.4.3 Nigeria's Energy Transition Plan

Nigeria's Energy Transition Plan was borne out of Nigeria's commitment to carbon neutrality by 2060 in terms of energy consumption. The foundation of this plan started in 2021 after COP 26 in Glasgow. The plan hopes to mobilize extra resources to the tune of 23 billion USD from financiers, donors and others towards Nigeria's Energy Transition plan. To drive this plan, strategies involve targeting five (5) sectors (power, cooking, oil and gas, transportation and industry) which contribute about 65 per cent of Nigeria's total emissions. Key objectives of this plan include:

- Lead Africa's just, inclusive and equitable energy transition: evidenced by Nigeria raising over 10 billion USD in financial commitment to kickstart Nigeria's energy transition plans by COP 27.
- Setting up both financial and institutional frameworks to allow Original Equipment Manufacturing (OEM) spearheaded by the local private sector in the production/ assembly of key technologies such as solar panels, inverters, solar standalone systems and electric vehicles by 2025.
- Improve the implementation of technical assistance arrangements that enable knowledge sharing on the deployment of electric vehicles (EVs), carbon markets, and transitional pathways beyond oil and gas.

This ambitious energy transition strategy would cost Nigeria about 410 billion USD (see Figure 4.6) in incremental funding (and 1.9 trillion USD in total) as the cost of energy transition between 2021 and 2060. This amounts to an annual expected spending of 10 billion USD to achieve Nigeria's energy transition targets. Beyond this cost, the plan also has the potential to increase gas commercialization in Nigeria by reducing gas flaring and an opportunity to create about 840,000 jobs by 2060.[24] Figure 4.7 indicates where most of the expected finance is expected to target. Accordingly, power generation (270 billion USD) and infrastructure (135 billion USD) capital expenditure (CAPEX) is expected to significantly increase in Nigeria with the implementation of this plan.

[23] This project was funded by the World Bank. See Rural Electrification Agency, Energizing Education: A Rural Electrification Initiative Also See an example of Livelihood Restoration Plan Report for a Nigerian University.

[24] See Federal Government of Nigeria (FGN) (March, 2022) Investing in Nigeria's Energy Transition Opportunity

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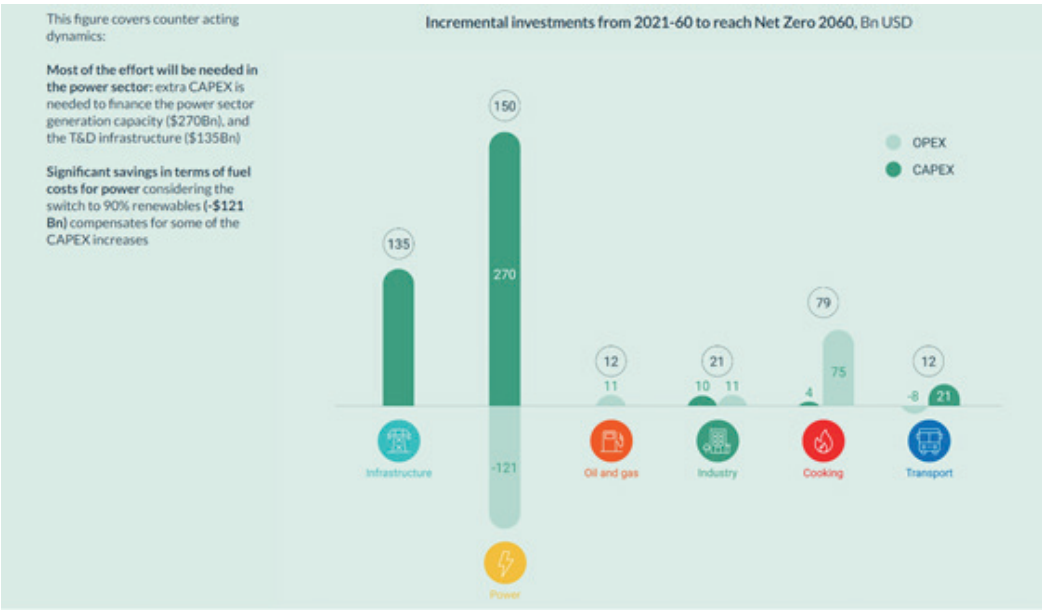
Figure 4. 6: Anticipated Climate Finance Required to move from Incremental cost from Business as Usual (BAU) to Net Zero 2060

Source: Nigeria Energy Transition Plan website

Figure 4. 7: Sectoral Breakdown of Incremental Investments from 2021-2060 showing areas for Anticipated Investments to reach Net Zero by 2060



Source: Nigeria Energy Transition Plan website

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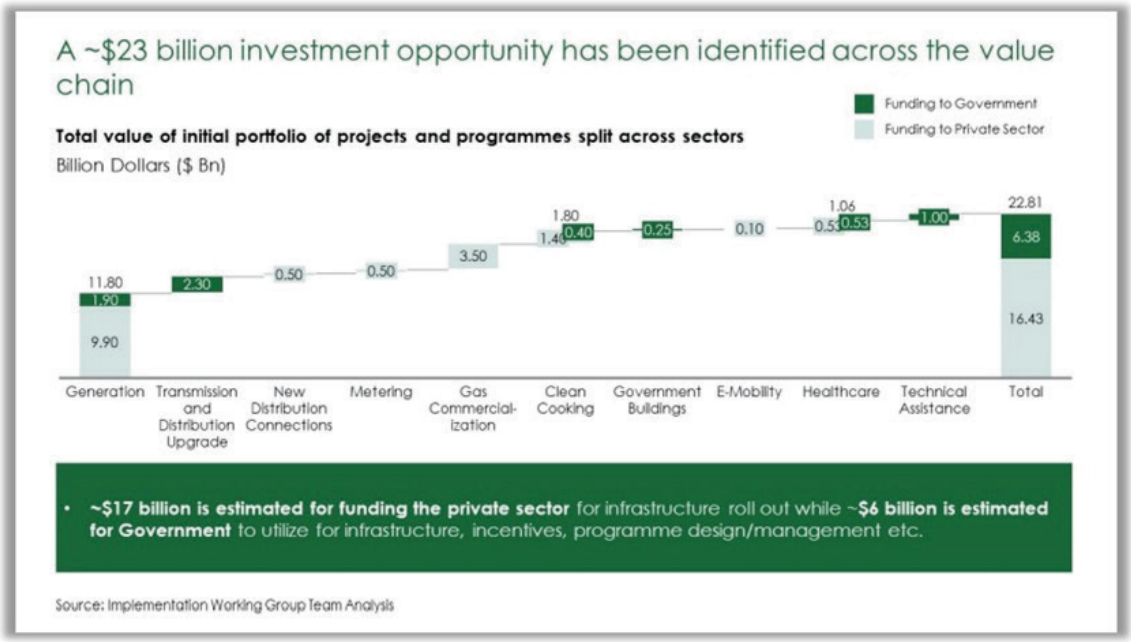
Between 2021-2024, the World Bank has demonstrated its commitment to Nigeria's ambitions and strategies, which tie directly to this plan. By investing over 2 billion USD into the power sector and targeting specific projects (e.g., Nigeria Electrification Project -350 million USD; Power Sector Recovery Operation -750 million USD; Nigeria Electrical Transmission Project -468 million USD; Distribution Sector Recovery Programme - 500 million USD), she has added to an increasing list of partners (e.g., USA, UK, Japan, EU Commission, and AfDB) providing financial support for the implementation of Nigeria's energy transition plan.

The plan also identifies specific investment opportunities across projects/programmes to increase financial contributions towards Nigeria's clean energy transmission. These opportunities target many areas across the value chain for power to the tune of about 23 billion USD. This investment portfolio targets areas including transmission and distribution; metering; gas commercialization; clean cooking; e-mobility; healthcare, and technical assistance (see Figure 4.8). From this amount, the plan intends to further incentivise the private sector by providing 2 billion USD of guarantees and de-risking instruments, thus motivating the uptake of some of a major proportion of these projects/programmes.

Figure 4. 8: Investment Opportunities Identify for Nigeria's Energy Transition Plan



Source: FGN (2022) Investing in Nigeria's Energy Transition Opportunity

4.4.4 Nigerian Erosion and Watershed Management Project (NEWMAP)

International climate finance provided by the World Bank continues to lead projects across Nigeria between 2015-2020 (see Table 3.1). With the challenges associated with sheet and gully erosion, the World Bank supported Nigeria in 2018 with 400 million USD. This support was initially an eight (8) year funding project called the Nigerian Erosion and Watershed Management Project (NEWMAP) to assist sub-national governments in four (4) focus areas of (i) Investment in erosion and watershed management, (ii) Institutional and informational systems for erosion and watershed management, (iii) Climate change adaptation and mitigation and (iv) Project management. This World Bank's scale-up financing support also covered investment in areas of gully rapid, slope stabilization, integrated watershed management, supporting livelihoods consistent with sustainable land management practices in selected "high priority sites" using a prescribed prioritization model. The project started in seven (7) states considered to be vulnerable to these environmental issues namely: Abia, Anambra, Cross Rivers, Ebonyi, Edo, Enugu, and Imo States (considered as Tier 1), but later expanded to twelve (12) additional states (considered as Tier 2) namely: Akwa Ibom, Borno, Delta, Gombe, Kano, Katsina, Kogi, Nasarawa, Niger, Oyo, Plateau, and Sokoto States.

Table 4. 2: Breakdown of project amount required by states under NEWMAP after prioritization exercise (Information does not include Niger and Oyo States. By the development of this document, these states had not identified sites).

Summary of Total sums		No of sites
States	Sums	
Tier 1 states		
Abia	$5,426,016	1
Anambra	$127,558,092	9
Cross River	$10,529,303	4
Ebonyi	$36,369,812	4
Edo	$71,152,448	8
Enugu	$14,249,727	8
Imo	$32,937,222	3
Sub-Total Tier 1	**$298,222,620**	**37**
Tier 2 states		
Akwa Ibom	$22,107,752	2
Borno	$26,056,338	5
Delta	$44,783,451	5
Gombe	$17,869,735	5
Kano	$16,319,648	5
Katsina	$9,320,563	6
Kogi	$72,516,113	7
Nasarawa	$21,408,451	6
Plateau	$10,410,380	3
Sokoto	$30,070,423	3
Sub-Total Tier 2	**$270,862,854**	**47**
Grand Total	**$569,085,474**	**84**

Source: World Bank (2018), Project Paper on Proposed Additional Credit for in the Amount of SDR 208.7 Million and Proposed Scale-up the Amount

Figure 4. 6: Anticipated Climate Finance Required to move from Incremental cost from Business as Usual (BAU) to Net Zero 2060

Components	Sub-components (Amount - USD)	Total Amount (million USD)	19 Benefiting States
Component A: Dryland Management	-Strategic watershed planning (33 million) -Landscape Investments (244.8 million) -Special Ecosystem (50 Million)	327.8	Jigawa, Kano, Kaduna, Katsina, Kebbi, Sokoto, Zamfara - **North West** Adamawa, Taraba, Yobe, Borno, Bauchi, Gombe -**North East** Niger, Kwara, Benue, Kogi, Nasarawa, Plateau - **North Central**
Component B: Community Climate Resilience	-Community Strengthening - (22.0 million) -Community Investments (271.4 million) * Landscape restoration in selected degraded areas * Climate-smart rainfed agriculture * Farmer-led irrigation development	293.4	
Component C: Institutional Strengthening and Project Management	-Institutional and Policy Strengthening (45.6 million) -Project Management (33.2 million)	78.8	
Component D: Contingent Emergency Response	Contingent Emergency Response Component (CERC)	0.0	

The project was structured with a component for counterpart funding (of 500 million Naira -i.e. about 1.6 million USD[25]) via federal-state level funding to support the focus areas of erosion and watershed management infrastructure. Such counterpart funds were presented as a "Readiness Fund" in the States annual budget, expected to demonstrate the commitment towards focus areas identified. A 2017 analysis of the Federal Government Budget showed that it committed over 81,000 USD as counterpart funding to both Tier 1 and 2 NEWMAP implementing States. However, these implementing states budgets and their audited reports for 2017-2019, did not show any budget line charged to the provision of counterpart funding to support the activities of NEWMAP in their state. Such experience aligned with the World Bank's initial risk assessment of this project, showing the majority of implementing states found it difficult to provide the counterpart funding required for the implementation. Publicly available news reports show that Akwa Ibom State for instance only released over 160,000 USD in 2017 as counterpart funding for NEWMAP activities while public officials indicate that the state required 500 million USD to combat erosion challenges within the State. The Kogi State government on the other hand approved the provision of about 3 million USD in counterpart funding for NEWMAP in 2018.

4.4.5 Agro-Climate Resilience in Semi-Arid Landscapes (ACReSAL)

The World Bank also supports Nigeria's initiatives for resilience in the agricultural sector to combat desertification, afforestation and reforestation programmes in form of a 700 million USD in the Agro-Climate Resilience in Semi-Arid Landscapes (ACReSAL) project. This six-year programme introduced in 2021 is motivated by the vulnerability of the agricultural sector in Nigeria, reflected in the rapidly increasing population when natural resources are dwindling and over 90% of national food production depends on smallholder farmers who lack the capacity to increase food production without adequate support for continued degradation of land. The Nigerian government insists that the ACReSAL project aligns with earlier initiatives which improve dissemination of proven agricultural technologies and sustainable agriculture practices that promote efficient energy sources. The World Bank estimates that this programme would directly impact over 3.4 million Nigerians by extending the need to cater for implementation of sustainable landscape management practices across Nigeria. Benefiting states for the ACReSAL project were based on geographical similarities, agro-value chains and the development of long-term strategies aimed at climate resilience and landscape management. Table 4.3. indicates the component breakdown and benefiting states of the ACReSAL project:

[25] Using 305 NGN as the average 2017 exchange rate of Naira to One Dollar in 2017

Domestic investments by both the federal and state governments are key aspects of the funding mechanism of this programme with the federal government expected to cover staff and operational costs, and the payment of resettlement for vulnerable communities. States are also expected to provide some resources to finance indicated components in the table. Between the 2023 and 2024 budget, USD 80 million and USD 60 million respectively was committed to directly under line items of "Multilateral/Bilateral tied loans - ACReSAL". The Nigerian government reports this as loans without providing clarification as to what component of this is regarded as its counterpart support. However, efforts are required to track how these funds are being allocated and utilized in states beyond the setting up of institutional and operational systems for agro-resilience. While the ACReSAL project adopts the community engagement framework of NEWMAP under the Federal Ministry of Environment's Stakeholder Engagement Plan, proper dissemination of information and tracking of outcomes is important. Expert interviews with a community CSO working in Niger State, indicate that states have a robust engagement framework however, information on finance and funding are still limited.

4.5 Domestic-Specific Perspectives on Climate Finance

4.51. National Budgets and Ministry Expenditures for Climate-related Projects

Based on an analysis of Nigeria's budget from 2015-2022, in addition to international funds, appropriations were made and released for projects covering a range (over 14) of ministries, departments and agencies. Among these, the most recurring ministries listing climate-funded projects in their budgets include Ministries of Agriculture; Environment; Power, Works and Housing; Science and Technology; and Water Resources (see breakdown in Table 4.4). These climate projects mostly were contained as capital expenditures which covered over 103.12 million USD. Analysis also showed that listing of climate-related projects was often generic without much detail on types of projects and, in most cases, location. For instance, under the Federal Ministry of Agriculture and Rural Development, a climate-appropriate project titled "Land and Climate Management" was budgeted for in 2016, 2019 and 2020, amounting to 141 million NGN, 1.720 billion NGN and 483 million NGN, respectively (i.e. 547,000 USD in 2016; 4.7 million USD in 2019; and 1.2 million USD in 2020). Within the Ministry of Environment, budget analysis shows strategic efforts to support climate mitigation efforts within subnational contexts targeting drought cover (in Zamfara State) and alternative energy (in Niger and Anambra States). Also, finance was committed to improving the capacity of state institutions responsible for domesticating and improving adaptive and mitigation strategies across the 36 states. Such training has also targeted budget tagging for ministries, departments and agencies (MDAs) working closely towards Nigeria's NDCs objectives and the National Policy on Climate Change. With increased coordination and collaboration between the Ministry of Finance and Environment on one hand, and other African countries implementing similar frameworks, such capacity development for budget tagging can be passed to relevant government agencies (at different levels) to match financial commitments while raising ambitions.

[26] See the Federal Ministry of Environment Stakeholder Engagement Plan (SEP) for 2021 under the ACReSAL project

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Figure 4. 9: Federal Ministries and Count for Climate-Related Projects contained in Budgets (2015-2021)

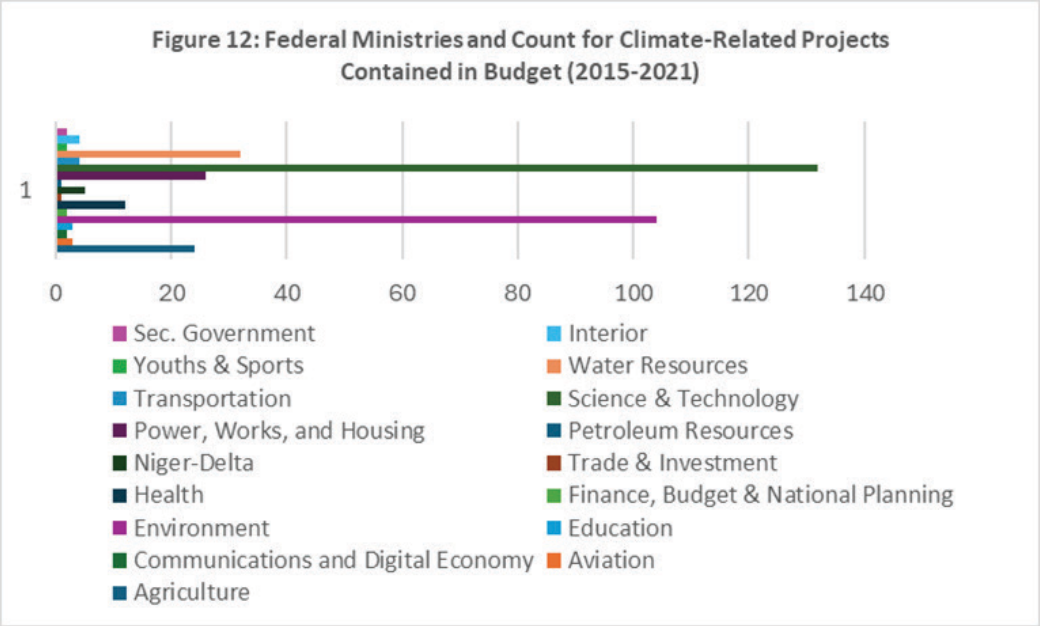

Table 4. 4: Federal Ministries and Count for Climate-Related Projects Contained in Budget (2015-2021)

Federal Ministry of Agriculture	Federal Ministry of Aviation	Federal Ministry of Communications and Digital Economy	Federal Ministry of Education	Federal Ministry of Environment	Federal Ministry of Finance, Budget and National Planning	Federal Ministry of Health
24	3	2	3	104	2	12
Federal Ministry of Trade and Investment	Federal Ministry of Niger-Delta	Federal Ministry of Petroleum Resources	Federal Ministry of Power, Works, and Housing	Federal Ministry of Science and Technology	Federal Ministry of Transportation	Federal Ministry of Water Resources
1	5	1	26	132	4	32
Federal Ministry of Youths and Sports Development	Federal Ministry of Interior	Office of the Secretary to the Government				
2	4	2				

Source: Nigeria Budget, 2015-2022 (see list of projects in the annex here)

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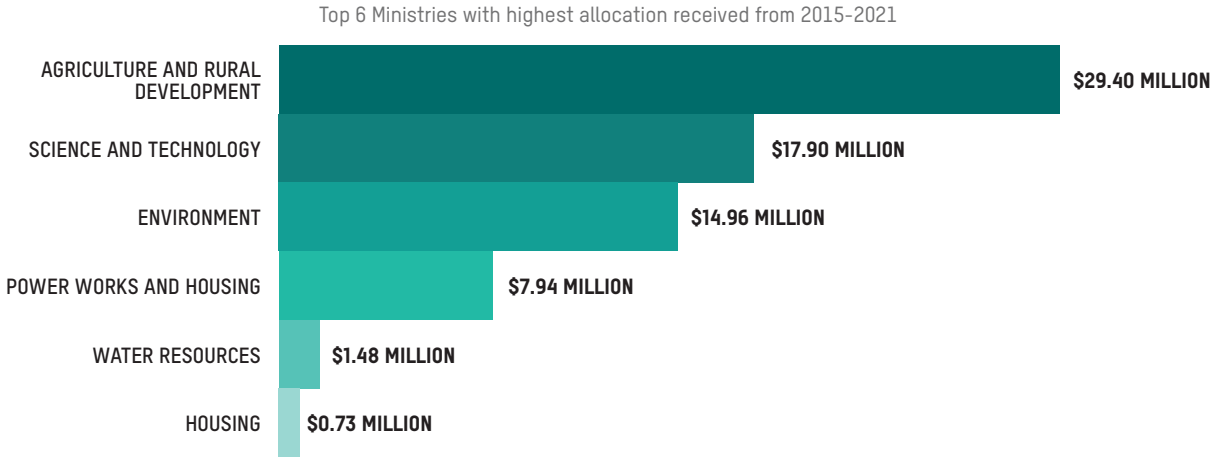
Figure 4.10. captures a breakdown of climate-related projects across major ministries in Nigeria between 2015-2022. These projects are contained in the annual budget of each ministry with assigned costs for each project. While mapping the entire domestic climate landscape in Nigeria appears cumbersome, completing this task provides a precursor for tracking and monitoring such projects vis-a-vis climate finance (international and domestic).

Figure 4. 10: Breakdown of Ministries Budgeting for Climate Projects in Nigeria (2015-2022)



Source: Nigerian Budget, 2015-2022

In 2023, analysis[27] of the budget of the leading ministry (i.e. Ministry of Environment) saddled with coordinating Nigeria's climate change agenda and objectives, indicates that the ministry received over 135 million USD (i.e. 86.44 billion NGN). Funding committed to the ministry recorded an over 50% increase from its 2022 budget of over 88.4 million USD (i.e. 56.4 billion NGN). However, in 2023 the majority of the ministry of environment's budget went into capital expenditure at 69% (94 million USD). Other sections of the budget went into recurrent expenditure at 40 million USD (31%), personnel cost 37 million USD (27%), and overhead cost 4 million USD (3%). The ministry headquarters received 81 million USD (61%) within 2023, with over 21 other implementing agencies (e.g. National Agency for Great Greenwall, National Environmental Standards and Regulations, National Oil Spill Detection and Response Agency) saddled with various responsibilities to lead climate adaptation and mitigation receiving 39% of the funds in the 2023 budget.

[27] BudgIT (2023), Climate Financing in Nigeria's Public Budgeting

Table 4. 5: Climate Expenditure in the Federal Ministry of Environment 2023 Budget

Projects	Number of projects	Amount USD	Amount =N=
Administrative Expenditure	210	9,404, 388	6,618,614,988
Climate Change Adaptation	111	72,413,793	46, 280, 377, 664
Climate Change Mitigation	76	10,188,087	6,542,474,616
Climate Change Education	50	2,978,056	1,914,087,816
Climate Financing	1	47,021	30,000,000

Source: BudgIT (2023) Climate Financing in Nigeria's Public Budgeting

4.5.2 Budgetary Gaps and Public Finance

Despite these investments and strategies for climate financing in Nigeria, there are major gaps recorded in terms of aggregated estimates for achieving the NDCs and other climate objectives in Nigeria. These projects are insufficient to achieve the required 177 billion USD needed to deliver on the conditional NDCs. In terms of clean energy, there still exists a considerable gap in terms of investments. Fossil fuel financing (via projects) alone implemented across Nigeria between 2016 and 2021 represented the second largest in Africa, with some projects like liquified natural gas (LNG) receiving as much as 2.77 billion USD alone compared to clean energy investments to the tune of 798 million USD between 2019/2020.[28]The public sector has mostly led the climate finance landscape in Nigeria, accounting for over 1.5 billion USD as estimated by the Landscape of Climate Finance in Nigeria Report. However, public budgetary provisions for climate finance in Nigeria are primarily sourced by multilateral development finance institutions and bilateral DFIs. According to some estimates, these multilateral development finance flows constitute as much as 55% of the domestic climate finance landscape, with bilateral finance consisting of 20% and government budgetary provisions at 19% (see Figure 15).[29]

Adaptation and resilience (A&R) faces financial inadequacy, with only a fraction of the required investment being allocated annually (only 1 billion USD of the estimated 120 billion USD needed[30]. This situation poses a severe risk, as the cost of inaction could amount to 30% of Nigeria's GDP by 2050. Immediate investments of over 22 billion USD are needed to strengthen A&R initiatives, with substantial amounts required for key sectors such as agriculture, water and sanitation, forestry, biodiversity, and other multi-sectoral opportunities. Certain sectors within Nigeria's climate financing landscape lack the necessary attention, funding, or implementation. For instance, whilst the water sector, which is essential to the NCCP, has received a disproportionately large budget allocation, particularly from international donors (i.e. 93% of the budget at over 54 billion USD),[31] other sectors are left significantly underfunded. Such disparities hinder the country's ability to develop a comprehensive approach to climate financing that addresses all relevant sectors adequately.

[28] Also see Geusken & Butijn (Mar, 2022), Locked out of a Just Transition: Fossil Fuel Financing in Africa. Retrieved from banktrack.org/download/locked_out_of_a_just_transition_fossil_fuel_financing_in_africa/07_md_banktrack_fossil_fuels_africa_rpt_hr_1.pdf
[29] See Stout, S & Meattle, C. (2022), Landscape of Climate Finance in Nigeria, Climate Policy Initiative
[30] See Federal Republic of Nigeria (2023), Climate Adaptation Country Compact, p.18
[31] Partnership Plan Narrative (May, 2023), NDC Partnership Plan Narrative - Nigeria.

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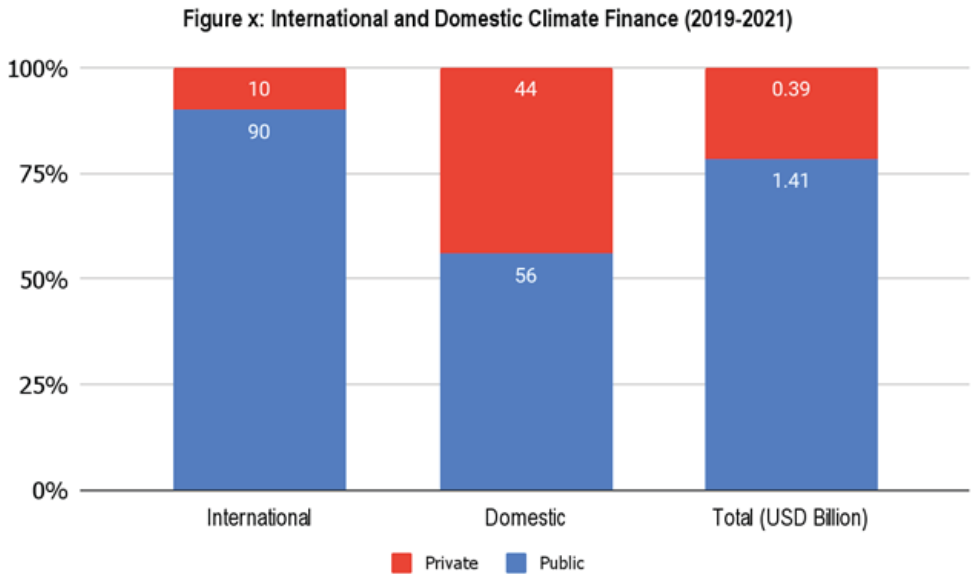
Figure 4. 11: International and Domestic Climate Finance (2019-2021)



Source: Climate Policy Initiative, 2022

Unfortunately, there still exists difficulties in tracking domestic budgets for climate finance which also adds to the challenge to ascertain exact estimation of amounts spent annually. Attempts have been made to improve the expenditure framework for climate public expenditure in Nigeria, although with minimal results. In 2017, the Federal Ministry of Environment introduced the Climate Public Expenditure Institutional Review (CPEIR), which aimed to provide a framework for government budget tagging. However, as of 2021, this is yet to be implemented. Further interviews with climate experts in Nigeria, indicate absence and operationalization for such a climate expenditure monitoring framework for which climate budgets and project tagging is carried out. Aside from the government annual 'Budget Call Circulars' which has a paragraph where it mandates MDAs to recognize the fact that there must be projects that have green potential in MDA budgets, proper tagging appears absent in Nigeria. With these gaps, studies have attempted to provide an estimate of financial resources committed by the Nigerian government to climate mitigation and adaptation. Using OECD DAC data for 2013-2020, their estimates put this at 88 million USD covering the eight (8) year period.

There are also cases of contradictions within the climate planning landscape. For example, the concept of net zero emissions is unclear in its timeline, with the NCCP suggesting a 20-year window, while the Energy Transition Plan proposes a timeline stretching to 2060. However, the updated NDCs in July 2021, included a substantially revised business-as-usual (BAU) GHG emissions projection for 2030, which was half the initial projection. Moreover, the Nigerian government does support NDCs implementation and has initiated an approach to identify climate projects within its annual budget, indicating progress towards addressing these gaps in climate financing and planning.

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4.5.3. Private Finance and Innovations for Climate Finance

Within a tight fiscal environment deepened by the COVID-19 pandemic, financing Nigeria's conditional NDCs is estimated to require approximately 4% of her annual GDP. To achieve this, government efforts also leverage private sector climate finance support via certain innovations and private equity markets, which represent one of the largest in West Africa. For this, the Nigerian Stock Market outperformed Egypt, Ghana, and South Africa in 2021 and gained an additional 4.46 trillion NGN (over 11 billion USD) in its year-to-date performance. Also, within the context of the Nigerian Stock Exchange (NSE), strategic innovations like the Sustainability Disclosure Guidelines and the FMDQ Green Exchange have improved the private climate financing landscape in Nigeria. The Sustainability Discourse Guideline focused on integrating sustainability into organizations constitutes a key indicator for the exchange's annual disclosure. This system makes it mandatory for all listed companies to provide a *sustainability report*.[33] Additionally, the Green Exchange, introduced in 2021, aims to target green and sustainable securities while supporting reliable green data repositories in the Nigerian financial market system to drive the growth of green and sustainable securities.

Table 4. 6: Private-Public Split of Climate Finance in Nigeria (2019-2021)

	Private	(%)	Public	(%)	Total (USD -billions)
Mitigation	286,000,000	26	814,000,000	74	1.10
Adaptation	33,000,000	5	627,000,000	95	0.66
Dual Benefits	127,300,000	67	62,700,000	33	0.19
Total Finance (USD) Billions	437,000,000	23	1,463,000,000	77	1.90

Source: Climate Policy Initiative, 2022

Recently, the Nigerian government in collaboration with the private sector, in its bid to expand the role of private sector finance for climate projects, has also established the Climate Fund. The expectation is that this strategy can further mobilize institutional investors towards additional funding for the government's climate-related projects. It is hoped that by leveraging GCF's (Green Climate Funds) resources, corporate actors can support government efforts by co-investing in climate activities. Additionally, commitment and actions towards awareness campaigns and business drives have increased in Nigeria. The Federal Ministry of Environment under the Department of Climate Change, with support from the United Nations Development Programme (UNDP), has organized a series of Business Roundtables to further sensitive private sector investors driving awareness levels and expected participation.

[33] The Nigerian Stock Exchange (2018),Sustainability Report: Growth, Innovation and Value Creation

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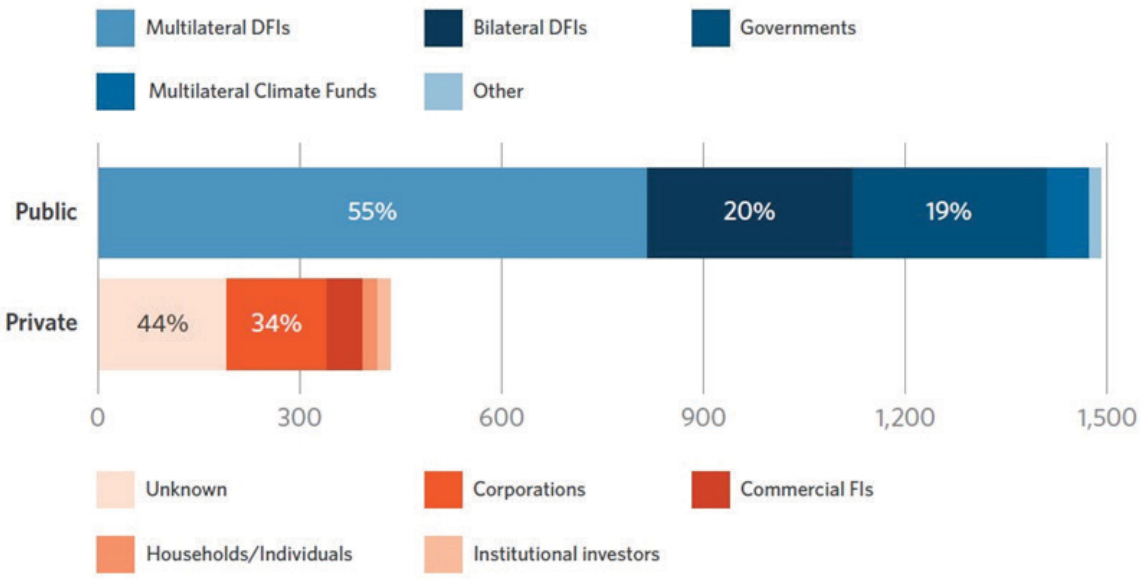
Figure 4. 12: Breakdown of climate finance in Nigeria by public and private actor



Source: Climate Policy Initiative, 2022

4.5.4 Green Bond: Mobilization of Alternative Sources for Climate Finance

Domestic financing strategy also involves the utilization of Green Bonds to attract both local and international finance towards increasing the investor base for climate financing projects in the country. Research exists which links the immense potentials of such a funding strategy in developing economies like Nigeria.[34] This climate financing strategy is designed to house proceeds raised by outside donors in the form of bonds that are dedicated to the financing of climate-related projects. The National Climate Change Policy outlines the importance of the bonds by describing how it expects to use this system to target 248 million USD of climate finance to support domestic projects over the next decade. The Nigerian government expects to use Green Bonds to target areas of renewable energy, energy efficiency, sustainable waste management, sustainable land use, conservation, clean transportation and sustainable water.[35] The Federal Ministry of Environment jointly developed the institutional framework for this. Also, the Federal Ministry of Finance and the National Office of Budget and Planning in 2018 developed a strategy to tap into existing capital markets and achieve the following results:

- Facilitate the establishment and development of a Green Bond market.
- Support the development of guidelines and listing requirements for Green Bonds.
- Develop a pool of Nigeria-based licensed verifiers to support issuers.
- Develop a pipeline of green investments and facilitate engagement with potential investors.
- Support broader debt capital markets reforms with positive impacts on the non-government bond market in Nigeria.

[34] Banga, J., (2018), The Green bond Market: A Potential Source of Climate Finance for Developing Countries, Journal of Sustainable Finance & Investment, DOI: 10.1080/20430795.2018.1498617
[35] Climate Bond Initiative, FSD Africa, FMDQ (2022), Green Bonds in Nigeria: The Nigerian Green Bond Market Development Programme Impact Report, 2018-2021.

Box 1. 4 Green Bond Still a Learning Curve for Regulators and Private Financial Institutions

"As a corporate entity, the Bank has zero tolerance for regulatory risks. We had to engage the regulators, carry them along. We examined extant frameworks here in Nigeria and what was obtainable globally. Of course, we wanted to get the clearance to we would go ahead, but we noticed that existing laws and regulatory frameworks could inhibit us. As we speak today, without any bias, we had to support regulators understanding why such investment portfolios [i.e. Green Bond] were important. For our corporate image you also needed to so for regulator. Like I said that literally speaking we all went to school to understand how best to use Green Bonds as an institution and also for the regulators. We consulted other regulatory agencies to understand how other countries performed when they are issued green bonds, and generated insights for regulators around it. "

Source: ***Interview with Private financial Institution***

Table 4.7 shows how this initiative has successfully catalyzed 165.1 million USD issued in Nigeria's currency (i.e. naira NGN) and is tax exempted, targeting clear and measurable project environmental results. The Green Bond initiative has motivated improved budgetary tracking, since it rests on the pre-condition that only climate projects which can show quantifiable results are financed. This system further feeds into the CEPIR (or similar systems) for budget tagging and tracking.

Table 4. 7: Mobilization of Green Bond in Nigeria

Year	Amount (USD)	Green Bond User	Use of Protocol
2017	29	Federal Government	Solar energy and afforestation
2019	49	Federal Government	Wind and solar energy; rural electrification; afforestation and reforestation
2019	23.5	North-South Power Company Limited	Hydropower
2019	41	Access Bank	Flood defenses; Solar energy
2021	15.3	North South Power Company Limited	Solar energy
2021	7.3	One-Watt Solar Power Limited	Solar energy
Total	**165.1**		

Source: Climate Policy Initiative, 2022 Based on CBI, FSD Africa & FMDQ Group, 2022, converted into USD using respective WB annual exchange rate

4.5.5 Climate Change Fund

A significant domestic funding arrangement made by the Nigeria government to cater for climate finance objectives from 2021 is the establishment of the Climate Change Fund (CCF). Institutionalized by the Climate Change Act 2021, the administration of this fund falls directly under the purview of the National Council for Climate Change (NCCC). Within this climate finance framework, a secretariat is charged to keep a proper account of all income and expenditures geared towards Nigeria's national climate change objectives. To ensure transparency, a comprehensive report is expected to be published containing a statement of account and all the activities within each fiscal year. These accounts are expected to be audited within six (6) months after the end of the financial year in accordance with the guidelines issued by the Nigerian Auditor-General for the Federation.

The CCF is expected to be financed by an array of arrangements which includes: (i) sum appropriated by the National Assembly (ii) subventions, grants, donations, fees, and charges for services rendered or the publication made by the Council; (iii) external funding from international sources towards Nigeria's National Determined Contributions (NDCs); (iv) financial instruments derived from carbon tax and emission trading; (v) fine and chargers from private and public entities for flouting their Climate Change mitigation and adaptation obligations; and (vi) other funds as the council might prescribe from time to time.

Table 4. 8: Overview of Nigeria's Climate Change Fund (CCF)

Sources	Objectives
• National appropriations • Development Partners • Fines from public and private entities not reaching their mitigation and adaptation obligations • Carbon tax and emissions trading	• Climate Change advocacy • Mitigation and adaptation projects • Research on the impact of Climate Change on vulnerable communities • Incentivisation of private and public entities to reach climate targets

Since 2021, plans are still underway to properly implement a national CCF. There appears to be uncertainty about the current status of this structured funding arrangement in Nigeria as climate change experts interviewed for this study are not optimistic about the CCF. Many believe that just like the Ecological Fund[36], which was designed as an intervention fund by the Federal Government to address the multifarious ecological challenges in various communities across the country, and serve as a pool of fund that would be solely dedicated to funding of ecological projects geared towards amelioration of the countries ecological problems, the CCF would run into similar challenges[37] of implementation, misappropriation and diversion for other projects not specific to combat climate change.

[36] Nigeria's Ecological Fund which originally constituted one percent (1%) of the Federation account was reviewed to 2% in 1992, and later 1% of the derivation allocation was added, thus bringing the total percentage to three percent (3%) allocated to tackling ecological problems across the country. This fund represents a unique sharing arrangement across the 3-tiers of government (i.e. Federal, State and LGA). In 2004, due to the excess crude savings, the Government approved a grant of 2% of the Federation Account to be added to the States share of Revenue Allocation. The many beneficiaries of the Ecological Fund are: (i) The National Emergency Management Agency (ii). Ecological Fund Office (OSGF), and direct assistance to the Governments (iii) Or any other projects on the approval of Mr. President. For procedure on fund access see: OSGF Ecological Funds

[37] See Foundation of Investigative Journalism (Aug, 2024), Despite Getting N7.3b Ecological Funds, 12 States with Flood Hotspot used only N3.6b for Environmental Projects. FIJ Report.

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4.6 Domestic Climate Policy/Frameworks and Evidence-Based Research to Inform Climate Finance Direction

4.6.1 Additional Policies that Support Implementation of Climate Justice Agenda in Nigeria

Since 2015, Nigeria has developed and adopted a robust climate justice implementation framework which covers a wide range of policies and action plans. Some have been updated, while others are still undergoing reviews in-view of the new realities and availability of resources to implement. Table 4.9 covers some of these policies and legal frameworks which cover a wide range of implementing agencies. These policies either align or are adjusted to align with the substantive nation's climate policy.

Table 4. 9: Overview of other climate policy and legal frameworks for climate Justice in Nigeria

Name of Policy/Law	Year established	Major Content	Level
National Adaptation Strategy and Plan of Action on Climate Change for Nigeria	2011	To minimize risks, improve local and national adaptive capacity and resilience, leverage new opportunities, and facilitate collaboration with the global community all with a view to reducing Nigeria's vulnerability to the negative impacts of climate change	Federal and States (developed in collaboration with CSOs)
National Renewable Energy and Energy Efficiency Policy	2015	To focus on hydropower, biomass, solar, wind, geothermal, wave and tidal energy power plants and cogeneration plants for energy production, as well as the improvement of energy efficiency as an additional source of energy. The reviewed version of the policy is to care for other energy windows in Nigeria subject to international and local technology developments.	Federal
National Gas Policy	2017	Articulates the vision of the Federal Government of Nigeria and sets goals, strategies and an implementation plan for the introduction of an appropriate institutional, legal, regulatory and commercial framework for the gas sector. It is intended to remove the barriers affecting investment and development of the sector.	Federal

National Biodiversity Strategy and Action Plan	2016	Provides information on the status of biodiversity and its contribution to varied sectors of the Nigerian economy including tourism, agriculture, water resources, health, commerce and industrial development. It showed how biodiversity impacts on the lives and livelihoods of the people as well. The value of biodiversity to Nigerians and the linkages it has on various sectors of the Nigerian economy was vividly shown	Federal
National Policy on Environmental	2016	To ensure environmental protection and the conservation of natural resources for sustainable development. Its strategic objective is to coordinate environmental protection and natural resource conservation for sustainable development. Other objectives include linkages between the environment, social and economic development issues, encouraging community participation and raising public awareness, building partnerships among all stakeholders while mainstreaming gender issues at all levels.	Federal, State and local partners
Nigeria Agricultural Policy	2001	The policy aims at the attainment of self-sustaining growth in all the sub-sectors of agricultural and structural transformation necessary for the overall socio-economic development of Nigeria as well as the improvement in the quality of life of Nigerians.	Federal and State
National Climate Change Policy and Respond Strategy	2012	Identifies climate change as one of the major threats to economic development and food security. To meet these challenges, the plan includes concrete targets in the areas of climate change adaptation, afforestation and energy supply.	Federal

National Policy on Drought and Desertification	2007	Provide effective and pragmatic regulatory framework for sustainable use of all areas affected by desertification	Federal and State
Great Green Wall for the Sahara And Sahel Initiative National Strategic Action Plan	2012	to take effective and urgent action to end or reverse land degradation, loss of biodiversity and to ensure that, by 2025	
National Agricultural Resilience Framework	2013	National short and long term strategies to reduce food and nutrition vulnerabilities while ensuring environmental resilience	Federal
REDD+ Strategy	2019	Provides guidance for states intending to engage in REDD+ development	Federal and State

4.6.2 Research-based Scope of Climate Financing for Adaptation and Mitigation Plans

Evidence-based policy for adaptation and mitigation plans is essential for successful Climate Change policy as shown by Ugochukwu et al (2021). In their study, Nigeria initially led the way in West Africa in evidence-based policy development with the National Adaptation Strategy and Plan of Action on Climate Change for Nigeria (NASPA-CCN) in 2011, and there have been further research policy initiatives since then, such as the National Climate Change Policy and Response Strategy (NCCPRS) of 2012 and the NCCP of 2021. Whilst the NASPA-CCN and some other more recent research provides a detailed analysis of sectoral adaptation and mitigation plans necessary to meet climate targets, there is limited research into the specifics of financing these plans. A recent report on the Landscape of Climate Finance in Nigeria from 2022 outlines a full analysis of climate financing but was published after the implementation of the most recent climate adaptation and mitigation plans described above. This therefore leaves questions unanswered as to what a basis for future policy would be rather than existing policy.

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As mandated in the Climate Change Act (CCA), the National Council on Climate Change as well as the Federal Ministry of the Environment release reports on the state of climate financing every 5 years, with first reports being due in 2026. Other non-governmental agencies involved in climate financing research, such as BNRCC,[38] and NEST[39] produced plans advocating the importance of climate adaptation plans before mitigation for Climate Change, that inspired the NASPA-CCN and NCCPRS. But these organizations have since produced limited further research regarding financing. However, the Center for Climate Change and Development[40] has constantly produced robust research which informs climate policy at national and sub-national levels. The lack of clarification of the funding necessary for successful climate plans is evident in the fact that some studies contend that mitigation plans have received more financing, despite adaptation plans being shown to be more important for meeting climate objectives.[41]

Overall, research into the scope of the climate finance necessary for local adaptation and mitigation plans in Nigeria has been uneven. An examination into the revised NCCP, which is the most comprehensive plan of recent years, is based on previous policy outlines, such as the NCCPRS (2012), as well as contributions from the Paris Agreement (ratified by Nigeria in 2017).

Other key research covering (in some cases partly) the scope of climate finance in Nigeria include:

- Climate Policy Initiative (2022), Landscape of Climate Finance in Nigeria, which provides an overview of the current climate financing situation, analyzing policies, investment flows and challenges going forward. Published in 2022, this is not the basis of any Nigerian Climate Change plans but does provide an analysis of the funding situation, which much of the other research lacks.
- Building Nigeria's Response to Climate Change (BNRCC) (2011), National Adaptation Strategy and Plan of Action on Climate Change for Nigeria (NASPA-CCN)- served as the basis for the National Adaptation Strategy and Plan of Action on Climate Change for Nigeria (NASPA-CCN) (2011). While this is a comprehensive analysis of the adaptation programmes necessary across sectors including agriculture, freshwater resources, forests, and more, there are no indications of the funding needed, designating that a funding plan should be developed by MDAs of the government following the plan's adoption.
- Metz, B. et al. (2007) Climate Change Mitigation 2007 -Fourth Assessment Report of the Intergovernmental Panel on Climate Change (IPCC) (2007)- demonstrated the scope and danger of Climate Change as well as outlining adaptation and mitigation measures to be taken in the short, medium and long term. Both the NCCP and the NAPGCC were created following this, particularly for its confirmation that the impacts of climate change vary depending on gender, age, and class. This report does not, however, outline specific funding necessary for Nigeria's Climate Change plans.

Table 4. 10: Some key government research outputs for Climate Change Landscape in Nigeria

Agency	Type of research	Expected Frequency
Federal Ministry of Environment	national, regional, and sectoral climate vulnerability reports as the basis for the adaptation components of the Action Plan	Every five (5) years
Directorate of the National Council for Climate Change	yearly reports from which the Actions Plans are based, including progress, impacts, potential, and alignment with carbon budget	Every five (5) years

[38] See https://www.climatescorecard.org/2020/11/building-nigerias-response-to-climate-change-bnrcc/
[39] See https://www.eldis.org/organisation/A7850
[40] See https://cccd.funai.edu.ng/
[41] Onyimadu, C. & Uche, D. (2021). Evaluating the Nigerian Government's financial obligations to climate change adaptation strategies, Climate Services. 24(100261), Available at SSRN: https://ssrn.com/abstract=3949387

4.6.3 Alignment of Research and Policy to Climate Action

There are several disparities between research conducted and policy implemented on Nigerian climate financing. National plans show an emphasis on long-term adaptation, contrary to research advocating for immediate action towards a climate-resilient society. Progress analysis from CPI 2022 report indicates skewed public spending for mitigation at 814 million USD (i.e. 74%) between 2019-2021; while 2023 budget leans towards adaptation spending with over 100 projects (costing 72 million USD). However, fiscal analysis by some studies maintains that there is preference for mitigation projects.[42] Without proper budget tracking frameworks implemented to determine government spending focusing on mitigation, cross-cutting and adaptation, the risks of signaling a misalignment between policy priorities and research recommendations remains high. Another significant observation is the limited funding allocated to climate research[43] (even at subnational levels). However, there is a positive development in the form of the Nigeria Integrated Energy Planning Tool[44] led by the Sustainable Energy for All (SE for All)[45] funded by a consortium of partners from OECD countries which maps and visualizes energy coverage and projects across Nigeria. Although it focuses solely on energy-based projects, the tool represents a step forward in the integration of research into policy by providing sector transparency and investment-grade data for project development. The tool incorporates analyses on electrification, clean cooking, and productive use, and includes community-level data on household energy needs, affordability, and proximity to services. This initiative shows promise in bridging the gap between research and policy, particularly in the energy sector, and lays the foundation for future collaborations between researchers and policymakers to address climate financing challenges more comprehensively.

4.7 Opportunities for Tracking/Tagging Received Domestic Climate Finance

There is little evidence to suggest that national and sub-national climate action plans (and policies) follow a domestic budgetary climate tagging mechanism, which limits a robust assessment of climate finance in Nigeria. The only evidence of this was in 2017, when the Federal Ministry of Environment provided for a Climate Public Expenditure and Institutional Review (CPEIR) in its budget. However, an interview with the National Council for Climate Change suggests such plans are still underway which would see growing coordination for funds with emphasis and prioritization thereby improving transparency and accountability of climate funds. Alongside such plans, the country's Climate Change Act, 2021 provides for the Natural Capital Accounts which, with support from the National Bureau of Statistics, provide data to MDAs "for the formulation and development of Action Plans, in line with the carbon budget" (Section 29(2). It is expected that the Ministries for Finance, Budget and National Planning ensure that this data is utilized in national plan development and to monitor expenditure frameworks which should align with measuring the impact of climate change and sustainable development.

Implementation of monitoring frameworks which support the development and tracking climate adaptation, depend on coordination of the National Adaptation Plan framework and existing structures at sub-national levels. The Federal Ministry of Environment is expected to provide such coordination and encourage adaptation planning, budget considerations and policy implementation at state and LGA levels. While states have developed their State-Development Plan, the integration of that MTSS (medium term sector strategies) can help track resources and climate projects based on needs identified in national plans. At the national level, such a budget tagging

[42] Onyimadu, C. & Uche, D. (2021). Evaluating the Nigerian Government's financial obligations to climate change adaptation strategies, Climate Services. 24(100261), Available at SSRN: https://ssrn.com/abstract=3949387 (p.5)

[43] Hansen, P. (Nov. 2020), Building Nigeria's Response to Climate Change (BNRCC), Climate Scorecard: Nigeria News Brief and Action Alert, Available online at: https://www.climatescorecard.org/2020/11/building-nigerias-response-to-climate-change-bnrcc/

[44] See Nigeria Integrated Energy Planning Tool - A Guide for Stakeholders

[45] See https://www.seforall.org/

mechanism appears to be in its incipient stage, however, some sub-national governments have taken this conversation a step further. In Lagos State, interviews with the Ministry of Environment and Water Resources suggest that such budget tagging and tracking mechanisms are already conceived and implemented as part of Lagos State Climate Adaptation and Resilience Plan "best practices policy initiatives." This system is expected to improve opportunities for access to additional resources and monitor such earmarked resources to climate impacts in the state. This system represents a two-fold strategy implemented by the Lagos State Government to strengthen the climate finance ecosystem (by tracking varying finance mechanisms) and improve budget allocation for adaptation and resilience (A&R). Lagos State's government position on implementing such a budget tagging mechanism falls within the commitment and political will towards attracting co-funded projects under the Lagos Climate Action Plan.

Box 1. 5 "Budget Tagging Experience in Lagos State"

...we have the Ministry of Economic Planning and Budget that oversees the budget. So the ministry know every part and component of Lagos State's Budget. The way we [i.e. The Ministry of Environment] try to tag the budget may be crude, but the we try to examine what component can we regard as addressing climate change in the budget of other ministries. For instance, if the Ministry of Transportation is looking at a new initiative, like the Blue Rail the BRT buses, we propose to the ministry alternative and cleaner technologies. And once they agree, we seek for how to finance that component. The Ministry of Environmental has already started this, and it is contained in the LCARS. We started the pilot of CNG to see how CNG will work with public bus. In the process of piloting CNG, Oando came to partner with Lagos State. They also brought some electric vehicles, which we believe is a game changer. We then go to budget of that year and tag it as an initiative under the transportation sector and ministry. We also examine what percentage of the state budget is it? If it is 1%, we still tag it no matter how small.

Source: ***Interview with Lagos State Ministry of Environment and Water Resources.***

Beyond this, a study[47] examined budget and expenditure towards climate mitigation and adaptation projects in Nigeria from 2013-2020 using climate budget tagging (CBT) in a Budget Analysis Framework. This study carried out an assessment of domestic climate finance using its CBT designed to weigh/score and tag procedures while incorporating established frameworks from the OECD-DAC (2011) viz:

(i) definition of climate change adaptation activities/markers;

(ii) classification of climate change adaptation expenditures;

(iii) weighing of relevance of adaptation interventions; and

(iv) designing the tagging procedure.

Despite the challenges around the dearth of data on actual public expenditure on climate, this study successfully tagged public expenditure on climate and found Nigeria's government "preference for mitigation programmes over adaptation programmes." The research also covers that however, "evidence from the budget also suggests that the government remained committed to funding adaptation programmes" (p.5) while unable to replicate initial funding and commitment levels achieved in 2013 and NASPA-CCN policy priority. The share of government expenditure for adaptation programmes, when controlled for flood control, erosion control and irrigation projects, significantly reduces compared to mitigation programmes carried out from 2013-2020 (see Figure 4.13). The share of mitigation programmes, when scaled, was above

[47] Onyimadu, C. & Uche, D. (2021). Evaluating the Nigerian Government's financial obligations to climate change adaptation strategies, Climate Services. 24(100261), Available at SSRN: https://ssrn.com/abstract=3949387

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70% but adaptation programmes significantly reduced from 15% (in 2013) to just over 2% (in 2015) but improved to over 27% by 2020. When adjusted for some climate adaptation projects (i.e. neglect scoring for irrigation projects, erosion control and flood control in budgets), the share percent of adaptation finance increased significantly to 49% (in 2013) and peaked to more than 55% in 2020. This also implies that the share of climate change mitigation programmes within this period was over 50% throughout 2013-2018, and only dipped in 2019 and 2020 at 46% and 44% respectively (see Figure 4.14).

Figure 4. 13: Controlled Climate Budget and Expenditure Programmes

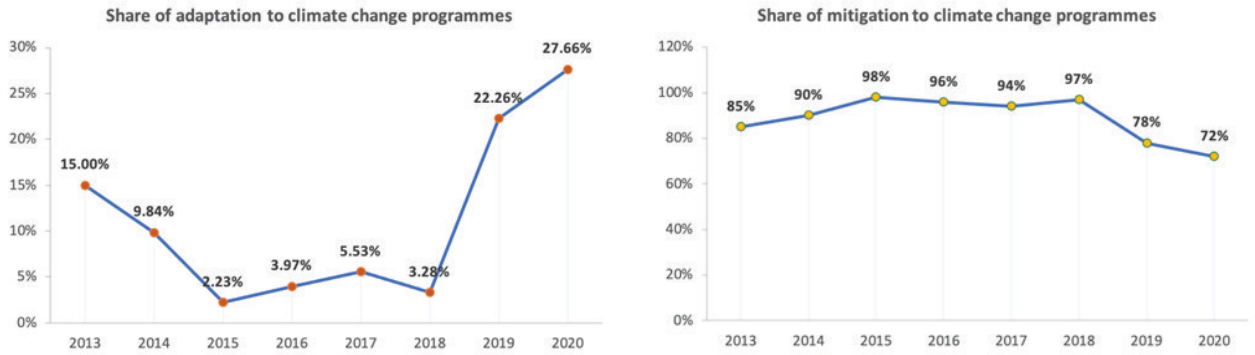
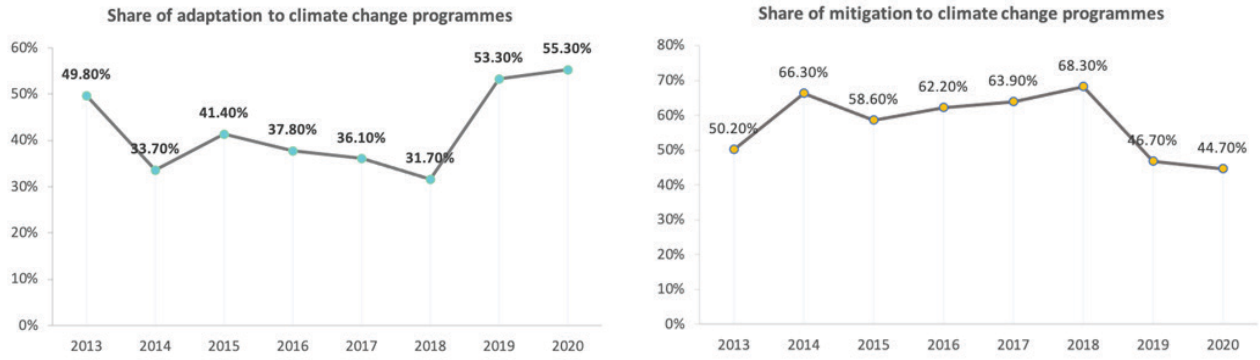


Figure 4. 14: Adjusted Climate Budget and Expenditure Programmes



Source: Onyimadu & Uche (2021)

The opportunity and framework for implementing a public budgeting and expenditure tagging framework in Nigeria exists as identified by the study above. However, challenges associated with lopsided nature towards mitigation projects centers around issues of tenureship of decision makers (i.e. 4 years); legislative constituency projects targeting immediate needs (boreholes and street lights) due to elections; and persistent flooding and erosion which directly impact livelihoods. Overall, CBT scoring tool indicates the challenges around low prioritization within budget years for adaptation programs in sectors like industry, commerce, communication and transportation; and the dwindling focus on completing old projects without starting new ones.

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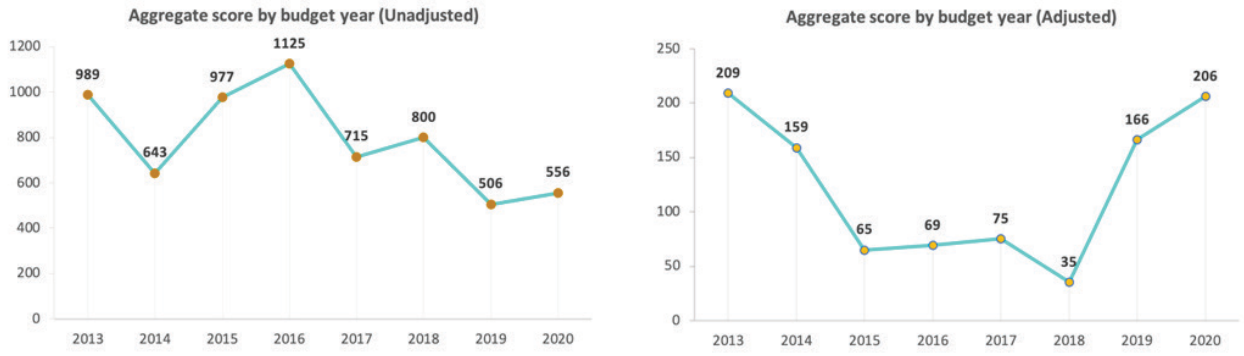
Overall, the majority of states have provisions for climate related activities/expenditures in their 2023 budgets which centered mostly around erosion, provision of flooding control to waste management, as well as agro-climate resilience in semi-arid landscapes in Northern Nigeria. Also at the subnational levels, few states have specific provisions in their budgets covering climate change projects as only eight (8) states (i.e. Nasarawa, Plateau, Yobe, Jigawa, Anambra, Ebonyi, Ondo, and Ogun States) had clearly labeled "Climate Change Budget" in 2023.[48] The inability of most states to adequately tag these projects to annual budgets also limits ability to attract further climate investments (e.g. Green Bonds).

Figure 4. 15: CBT Budget Scoring of Climate Programmes



Source: Onyimadu & Uche (2021)

Technical challenge towards institutionalizing a climate budget tagging and expenditure framework rests on the absence of institutional capacity for such exercise. The presence of desk offices across sub-national MDAs provides the framework for closely monitoring and implementing domestic actions and raising ambitions. Coordination provided by the Federal Ministries of Finance and Environment can help in defining roles and responsibilities for such a fiscal system.

[48] Okereke, C. et al (Nov. 2023), Climate Impacts, Policies, and Actions at the Subnational Level in Nigeria. A publication under the Society for Planned Prosperity (SPP) project with support from the Department of Climate Change, Federal Ministry of Environment and the Nigeria Governors Forum. p. 14

Decentralized Climate Finance and Participation of Citizens and Civil Society

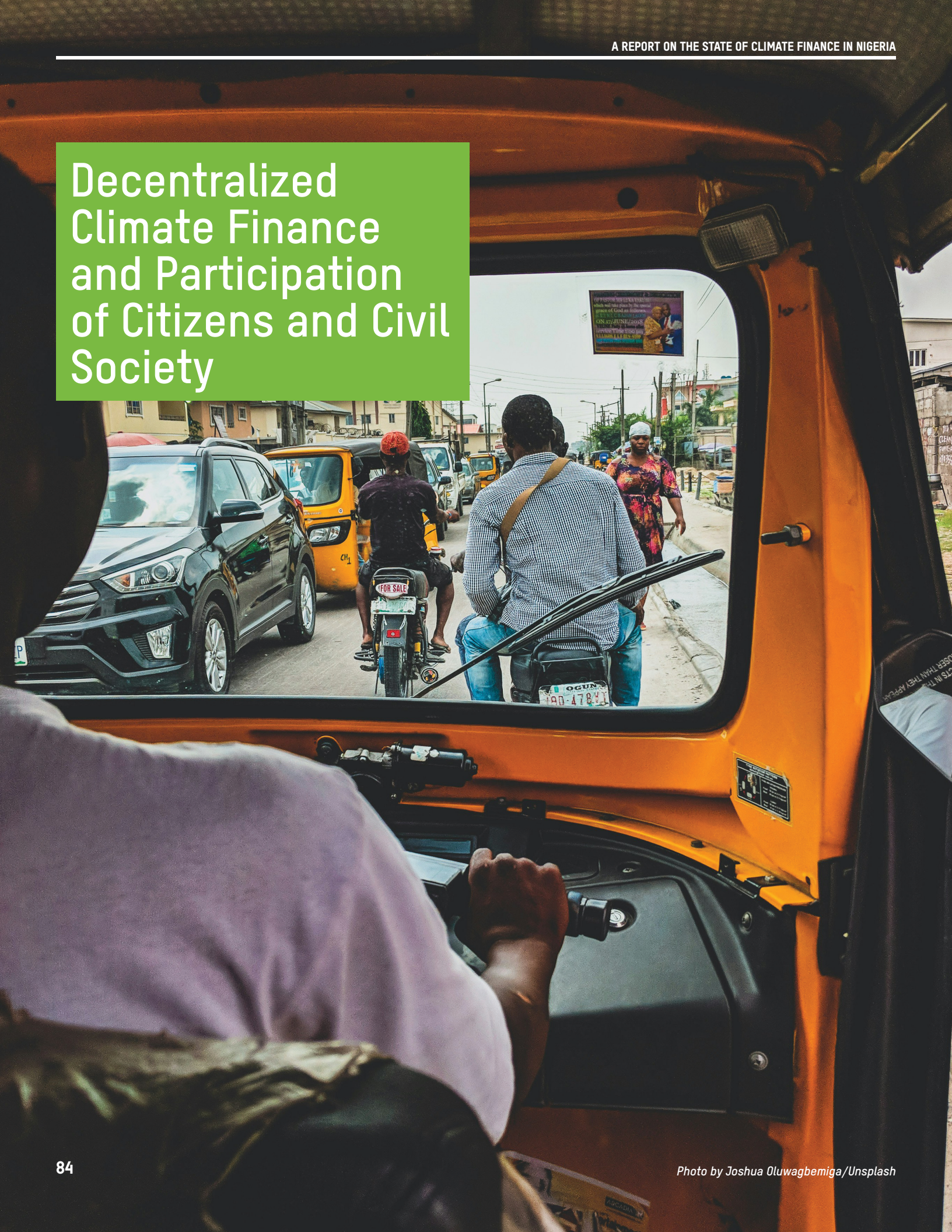


Photo by Joshua Oluwagbemiga/Unsplash

5. Decentralized Climate Finance and Participation of Citizens and Civil Society

5.1 National and Sub-national Climate Plans and Action Coordination

National plans have generally shown a comprehensive and inclusive stance on climate issues, which should be beneficial for promoting climate justice. Multi-year national plans such as the NCCP have included monitoring, reporting and verification (MRV) systems as essential functions to support the implementation of climate finance. As contained in this policy document, designed efforts targeted at mainstreaming national and subnational budgets with appropriate monitoring and tracking systems have been designed as key policy implementation strategies for the NCCP. However, the absence of a strict enforcement mechanism and the decision-making process regarding budgetary actions within MDAs pose a potential limitation to MRV of climate plans at different levels within the country. This situation could also hinder accountability efforts and lead to delays or other complications in resource allocation due to bureaucratic processes. As provided in the national climate Act, the National Council of Climate Change's mandate centers around providing coordination of these policies at both national and sub-national level; as such the council does not hope to "reinvent the wheel" but follow through with most of these plans.[49]

Efforts to highlight these and other coordination gaps by existing literature and agencies are still at preliminary stages in Nigeria. For instance, the Landscape of Climate Finance in Nigeria report identified gaps and opportunities for scaling climate finance, mapping finance flows and the financial instruments used to channel funds, as well as monitoring how finance is used on the ground. To achieve this requires proper coordination among the Ministry of Finance, Budget and National Planning, MDAs implementing climate adaptation and mitigation projects while these are pegged to strict performance indicators. Additionally, to strengthen this process, the ministry ensures that budget proposals submitted by the MDAs are vetted and costed for climate change considerations, and it also ensures adequate allocation for climate-related proposals in the annual budget.

5.1.1 Lagos Climate Action Plan

At the sub-national level, there are examples of implementation support mechanisms that concentrate on oversight and accountability for climate plans and line of action. In the Southwest, the Lagos Climate Action Plan (CAP) developed by the Lagos State Government, represents a carefully developed set of measures to set the state on a pathway towards carbon neutrality by 2050. This plan was developed after a comprehensive multi-level stakeholder engagement targeted at awareness creation on the challenges and solutions of climate change. Engagement for the drafting of the sub-national plan also included household surveys and workshops which went beyond its planning stage into implementation and renewed every five years. Lagos CAP also integrates existing policy and action frameworks (e.g. the Lagos State Environmental Management and Protection Law, 2007; Lagos State 5- year Strategic and Investment Plan for Sewage Management (revised) -2021-2025; Lagos Recycling Initiative, and the Lagos Resilient Strategy). The most recent CAP for Lagos State runs from 2020-2025 and seeks to align its strategic implementation with the goals of the Paris Agreement on Climate Change, in particular the ambition to limit average global temperature rise to 1.5°C. Besides contributing to climate change mitigation by reducing emissions, the Lagos CAP also aims to enhance the resilience of Lagos' population, economy and infrastructure to the impacts of climate change. It further seeks to maximize the co-benefits of climate actions in support of the State's vision to create a cleaner, greener, healthier, stable and more prosperous Lagos in the face of a changing climate.

[49] Interview with NCCC

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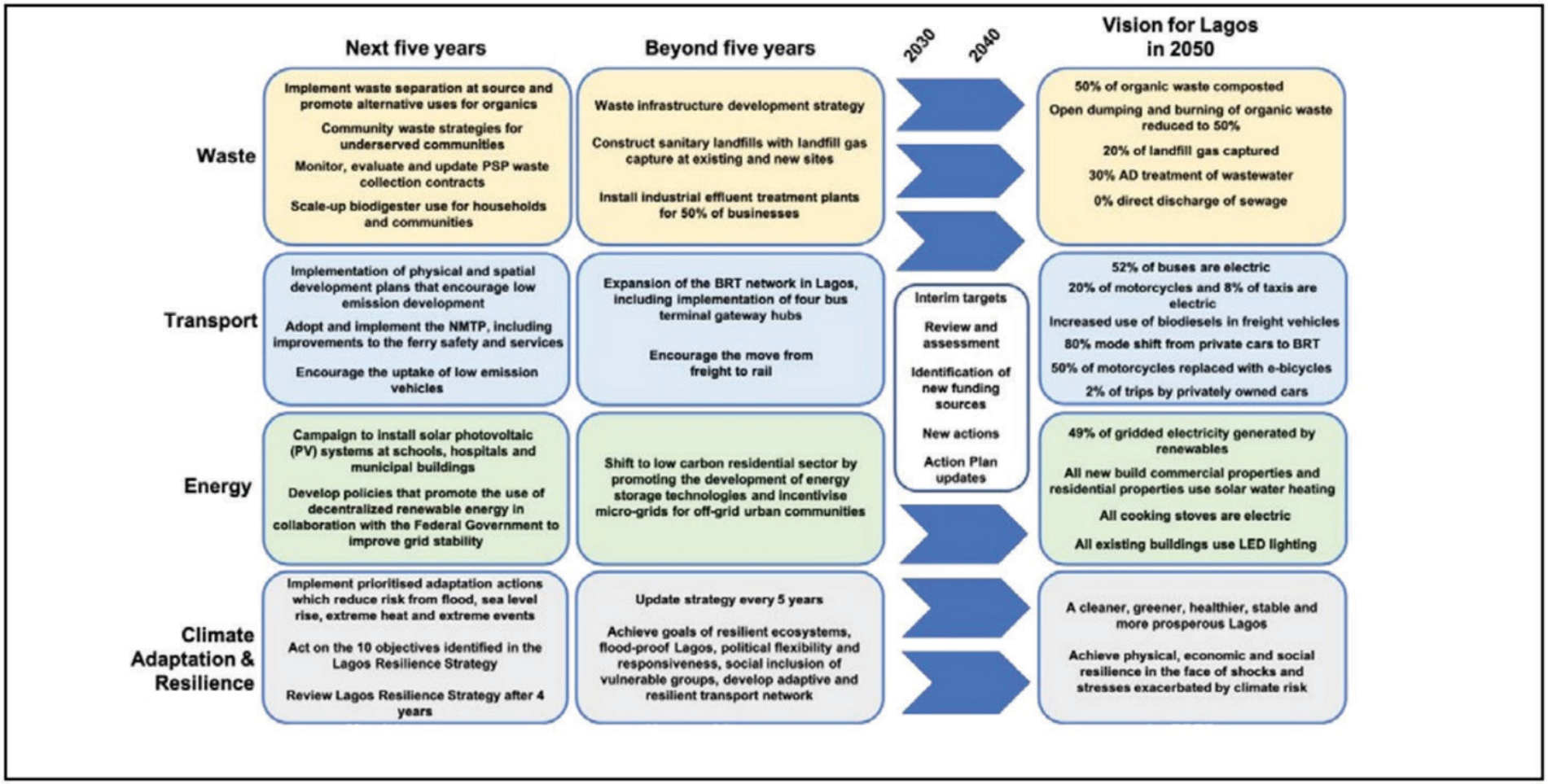
Figure 5. 1 Summary of Lagos State climate actions, targets and implementation frameworks

A summary of all actions, targets and implementation timeframes can be found in the diagram below.



Source: Lagos Climate Action Plan (2020)

Lagos State also developed its Climate Adaptation and Resilience Plan (LCARP) which the government insists is integral to a larger on-going five step journey to resilience in the state. The LCARP builds on previous baseline and risk assessment which evaluated and analyzed the various climate risks "across social, economic and natural factors" while estimating the cost of inaction. LCARP is therefore part of the next strategy consisting of

(i) Adaptation Solutions Portfolio -identification of localized project portfolio designed to mitigate the effects of climate change and safeguard vulnerable populations;

(ii) Priority Project Portfolio -advancing key projects towards implementation for potential investors with concept notes and appraisal studies after detailed pre-feasibility studies;

(iii) Investment Accelerator -develop a financing play book to support the state's ability to fund the implementation of projects identified.

Governance and policy structures have also been adjusted to ensure the LCARP is utilized to present Lagos State as a partner to investors ready to share the risks of investments in climate adaptation and resilience projects. Reflective of this strategy, the Lagos State Government was among the first sub-national governments in Nigeria to access the Green Bond financial market to the tune of 60 million USD to be invested in green infrastructure and social projects across the state.[50]

5.1.2 Other Subnational Climate Policies and Action Plans

The National Adaptation Framework, details the place of "vertical integration" of sub-national governments and local administration in the coordination mechanism for climate action. However, the implementation remains to be seen with different states developing policy frameworks beyond environmental management. Sub-national climate policies and action plans require further efforts in terms of visibility, implementation and disaggregated national legal frameworks. This was a suggestion identified by a scoping study (see Okereke, et al, 2023) conducted under the Society for Planned Prosperity (SPP). The study with support from the Department of Climate Change, Ministry of Environment and the Nigeria Governors' Forum mapped sub-national policy frameworks and implementation across Nigeria. It noted that within the context of visibility, only seven (7) states had their climate policies visible online namely: Cross River, Delta, Ebonyi, Lagos, Osun, Rivers, and Yobe States. Beyond providing a policy framework, few states have been able to draft and provide commensurate climate action plans. Only 12 states have operational and visible climate action plans accessible to the public, namely: Nasarawa, Yobe, Jigawa, Kaduna, Anambra, Rivers, Ebonyi, Bayelsa, Cross River, Lagos, Osun, Ondo State, and the Federal Capital Territory (FCT).

[50] See Lagos State Government Press Statement (Sept. 2021), Lagos State Eyes $60 Million Investments as Governor Sanwo-Olu Signs Green Bond Market Agreement.

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Figure 5. 2: Sub-national Mapping of Climate Policy Documents in Nigeria

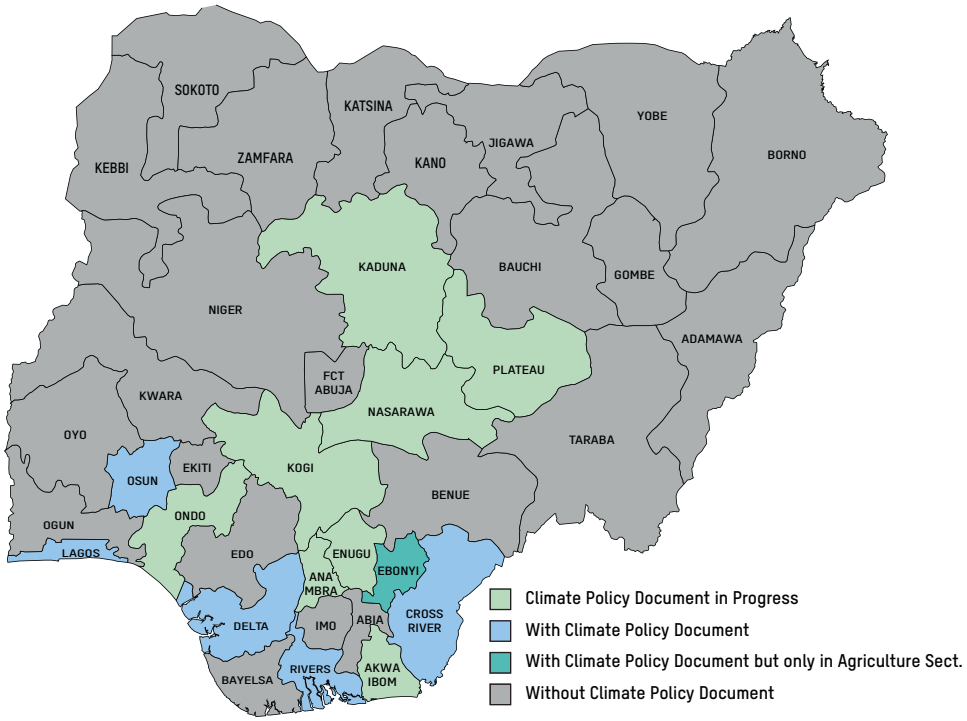

Figure 5. 3: Sub-national Mapping of Climate Action Plans in Nigeria

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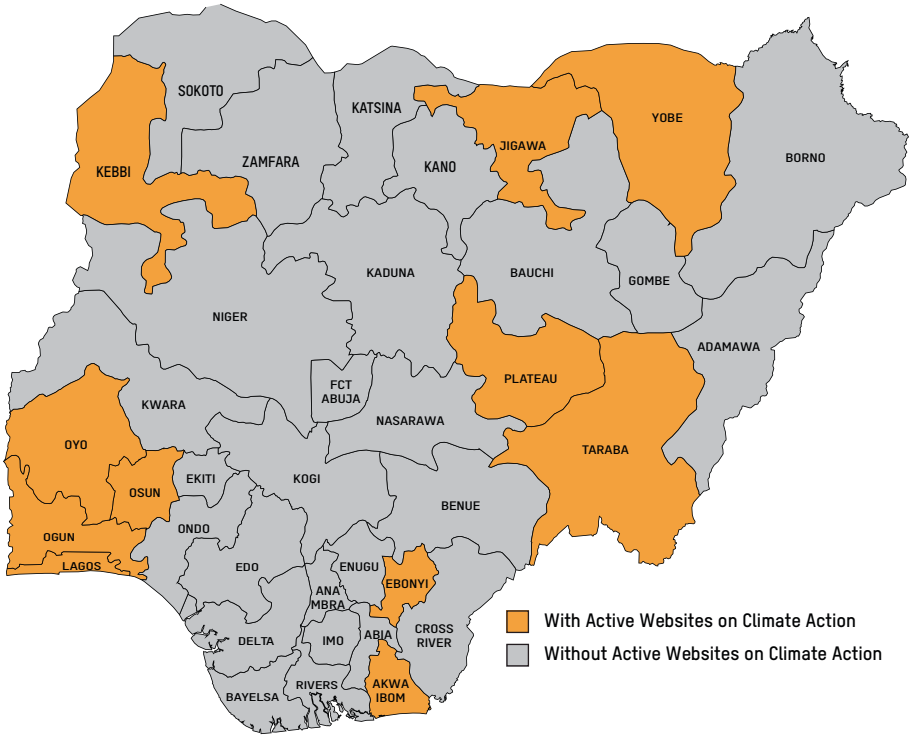
Figure 5. 2: Sub-national Mapping of Climate Policy Documents in Nigeria



However, closer scrutiny shows that most of these action plans are not comprehensive. For instance, the agriculture sector was the sole focus in the Ebonyi State climate action plan. Furthermore, legal frameworks guiding climate justice agenda at subnational level have not received sufficient attention as only two states (i.e. Rivers and Ebonyi States) have climate laws, while Delta State has in place a climate change governance framework. The clear demarcation expected between climate change policies and action plans have not been represented at subnational levels. Such demarcation to drive climate justice agenda appears blurred as many states have "environmental policies" (e.g. Kaduna State[51]) and "waste management policies (e.g. Enugu State) and not standalone climate policies and/or action plans.

Overall since states have the freedom to drive climate initiatives, there appears to be less coordination among states even in areas faced with similar climate change impacts. Expert interviews indicate that this presents a challenge not only to resource mobilization for climate change, but also the extension of climate change risks and vulnerabilities. As advances made by one state have the potential of exacerbating such risks in neighboring states. Working with sub-governance institutional arrangements (like the Nigerian Governors Forum), thus becomes imperative to driving not only a decentralized agenda for climate change, but collective efforts and access to commensurate climate finance for addressing adaptation and mitigation needs.

[51] While this study was ongoing, Kaduna State government prepared and released a new 10 year climate change policy. See Kaduna State Government Unveils 10-year Climate Change Policy, Thisday Newspaper,

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5.2 Decentralization of Climate Finance Decision Making and the Place of Local Initiatives

While the Constitution grants both national and subnational authorities control over environmental matters, local authorities often passively accept the national agenda. Increased efforts are needed to devolve information on climate finance resources and empower local stakeholders to actively engage in decision-making. Nigeria's states and local governments face significant capacity gaps in developing and implementing climate action plans. These challenges hinder their ability to access climate finance and effectively contribute to national climate goals. To address this, it is imperative to train State Ministries, Departments, and Agencies (MDAs) on budget tagging and climate project development. This will empower subnational authorities to identify and propose climate-related projects for inclusion in federal budgets. Leveraging existing mechanisms to conceptualize climate projects and share risks in implementation using institutions like the Nigerian Development Bank, Sovereign Investment Funds, Bank of Industry with technical support from the World Bank and UNDP, states and local authorities can contribute towards developing national climate proposals. However, states often overlook the long-term benefits of investing in local capacity, hindering climate finance decision-making and implementation.

Experts suggest that subnational budgets should be aligned with addressing climate impacts directly, rather than relying solely on specific climate budget lines. This approach can yield significant results, as exemplified by Lagos State's investment in resilient infrastructure and the joint-call for states like Borno, Adamawa, and Yobe to develop collective flood control measures operationalized by their budgets. Such innovations can be entry points for seeking new sources of climate funds, but also adding to the overall direction of climate change decision making. Additionally, Green Bonds could offer a promising avenue for states and local authorities to promote their own climate projects which reduce greenhouse gas emissions and provide access to renewable energy. By incentivizing alternative energy adoption through systematic finance generated by green bonds, states can contribute to a more sustainable future.

Nigeria's policy and legal framework for climate action, justice and financing is a function of her political economy. By this, Nigeria's federal structure expectedly places some level of autonomy on subnational components. However, while national governments seek to retain agency in the allocation of finances, this relationship transcends higher levels and impacts decentralization of climate finance decision making, with states (more often than not) hijacking responsibilities and functions of local governments. Beyond this, the presence of institutional capacity gaps within local governments across Nigeria also contributes to the lack of decentralization on climate finance decision making. Despite being key authorities working closely with vulnerable communities, many local governments lack the mandate, trained staff, technical know-how and access to budget to operationalize, prioritize and implement local climate adaptation agenda. Thereby creating an urgent gap in decentralization and locally-led adaptation.

Under the Climate Change Adaptation project[52] carried out by the African Policy Research Institute (APRI) with the Federal Ministry of Environment's Department of Climate Change and the Center for Climate Change and Development, policy reviews and stakeholder engagements were carried out to map the challenges and opportunities around locally-led climate adaptation.

There appears to be limited support (in resource terms and mapping) for local-led adaptation initiatives which also impacts on the prioritization of climate justice agenda. Across Nigeria there are numerous local-led climate adaptation initiatives focusing on NbS (nature-based solutions) which have not caught the attention of local/national financing support despite aligning with larger public policies and action plans (e.g. REDD++). Some examples of these initiatives are listed in Table 4.11.

[52] See https://cccd.funai.edu.ng/climate-change-adaptation-project-with-apri-in-nigeria/

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Table 4. 11: Examples of Local Projects in Nigeria

Project	Focus	Location	Status
Biogas production for forest conservation in Nigeria: narratives and voices from Owode smallholder farming communities	Communities convert agricultural biomass waste into a renewable source of energy (biogas) to conserve the rapidly depleting forest biomass. These farmers, who are mostly women, resort to burning farm wastes and other forms of wastes (e.g., plastic waste) when they run out of fuelwood	Owode, Ogun State,	The community is currently in the pilot phase of deploying a biogas production facility. Waste generated from cassava processing and livestock and poultry farming is expected to feed into the facility to produce biogas, while the by-products of biogas production will be used to improve soil health and fertility. This is expected to reduce the farmers' overdependence on energy from forest biomass and help conserve the forest in line with Nigeria's REDD+ framework.
Climate change adaptation strategies in the fisheries and aquaculture sector of Nigeria	The practices and strategies employed by the fish farmers against climate change impacts include: drilling of deeper water boreholes for easy access to water; training and apprenticeship programs which ensure that best practices are passed on; introduction of bitter leaf juice (Vernonia amygdalina) into the fish ponds to reduce fish mortality (bitter leaf juice contains antioxidants that helps in removing free radicals from the fish ponds); cross breeding female Clarias gariepinus and male Heterobanchus longifilis to produce the hybrid Heteroclarias, which is very rugged and disease resistant		
Adaptation practices of rural communities to land degradation in south-eastern Nigeria: lessons learned and opportunities for scale-up	The majority of these communities have learned to adapt to their changing environment by utilising traditional methods and local knowledge to minimise the risks of soil/gully erosion on their farms and farm roads. A typical example is Abatete town in Anambra State (south-eastern) Nigeria, where women, men and youths use various traditional methods to curb the effects of soil/ gully erosion and landslides on market roads, farm roads and the vegetable/crop farms which serve as their major source of livelihood.	Abatete, Anambra State	The farmers' actions have a direct connection to three (3) key priority sectors, which include agriculture, forest and biodiversity and are within the strategic plans of some national policies, such as the NASPA-CCN, NAPF, NAPGCC and the Land Degradation Neutrality (LDN) of Nigeria. Others include the National Agricultural Policy (NAP), the Agricultural Promotion Policy (APP), the National Biodiversity Strategy and Action Plan (NBSAP) and the National Agricultural Resilience Framework (NARF). However, these actions are only partially aligned with Nigeria's NDCs.

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5.3 Local-led Roles and Civil Society Networks toward Climate Finance and Action

Across Nigeria, different civil society organizations are working closely with communities and government stakeholders to ensure improved participation in climate budgeting and project monitoring. Among such include:

Connected Development [CODE] utilizes the Follow the Money (FTM) initiative to foster accountability and transparency in climate finance spending. Since 2012, CODE, through its initiative Follow the Money (FTM), has monitored and evaluated various capital projects, programmes and investments in the education, health, and environment sectors. This strategy involves the integration of data mining, town hall meetings, and awareness campaigns through traditional and social media platforms. This approach actively engages communities, government officials, and contractors in scrutinizing project implementation, promoting transparency in decision-making processes. In the area of tracking climate finance, the FTM Model was used during the implementation of the ***Community Media Collaboration for Climate Justice (CMCCJ)*** project, where trained community-based organizations (CBOs) and media professionals tracked funds allocated to climate-resilient projects, empowering communities for effective advocacy at the grassroots level. Similarly, in 2021, technological tools were deployed to monitor and evaluate the readiness of 90 primary healthcare centers across 15 states for COVID-19 vaccine administration. Reports submitted to key authorities, including the Office of the Vice President and the Director General of the Primary Health Care Development Agency, resulted in an MoU with CODE for broader monitoring and evaluation initiatives nationwide. A distinctive aspect of FTM lies in its inclusive focus on sub-national budgets, promoting social accountability at various governance levels. This entails using bills of quantities precisely to track service delivery around projects. The initiative further emphasizes policy influence and advocacy by submitting reports to key authorities, leading to positive changes and influencing broader policies at both local and national levels.

Follow the Money has been utilized and adapted to monitor and hold stakeholders accountable for channeling and spending climate finance resources. Over the past six years, Connected Development (CODE) has been at the forefront of fostering participatory governance practices and combating corruption, particularly through its collaboration with community governance structures and the government deployed for sectors which are often impacted by climate crises (i.e. education, health, environment and service delivery). Supported by the John D. and Catherine T. MacArthur Foundation, CODE has created platforms for engagement between these stakeholders, resulting in impactful outcomes.[53]

In addition to her FTM model, CODE developed the *NOMtrac tool*[54] which serves as a community project nomination and monitoring system for improving constituency project additions into national budgets. These community-centric project nominations are driven on rigorous community engagement (i.e. town hall meetings) utilizing pre-existing community governance systems to develop need specific projects in consonance with elected legislative representatives of underserved communities. The NOMtrac tool monitoring component provides opportunities for an inclusive community system feedback on pace, progress and challenges with delivery on such nominated, approved, and funds disbursed for projects. NOMtrac tool ensures communities (including women, men, and PWDs) are an integral part of the annual budgeting and implementation cycle of constituency projects with effective gender-responsive service delivery and public oversight.[55] This tool was first adopted by Kaduna SUBEB in 2019, by Kaduna State representatives in the National Assembly in 2021, and the tool dashboard was successfully launched in 2021. CODE is currently improving NOMtrac reporting and visualization features to include tracking components for national and subnational budgetary spendings for climate (adaptation and mitigation), education, health, water and sanitation.

Among civil society organizations in Nigeria, there exists extant platforms to improve conversations, tracking,

[53] See CODE (n.d) Tracking Universal Education Spending (UBE) in Kaduna State. Also see Vanguard Newspapers (Aug. 28, 2020) KADSUBEB Begs for Classroom Software from NGO.

[54] See NOMTrac Tool

[55] Often using FOI- freedom of information -frameworks and/or Open Government Partnerships (OGP) systems

monitoring and reporting concerning climate finance.

Such existing frameworks with organizations like Climate and Sustainable Development Network (CSDevNet) aim to further entrench sub-national governance systems towards rethinking climate actions and strategy in line with global best practices (i.e. Paris Agreement) and continental agenda for sustainable development and climate justice. Working closely with over 300 community based organizations, faith based organizations and local communities, CSDevNet reflects and adopts the larger continental framework of the Pan-African Climate Justice Alliance (PACJA) towards building stronger sub-national (and national) systems focused on equality in climate justice for smallholder farmers, pastoral communities, rural women, PWD, MSMEs and frontline communities. CSDevNet adopts a systematic approach towards communicating existing initiatives and improving spending on climate justice. Utilizing combined strategies of "post-COP step-down dissemination meetings" and increased "climate budget training" with LGA (local government administration) and/or community-level focal persons (Climate Desk Officers), these strategies aim to highlight both national and local resource mobilization for climate justice. Also by using such a community-centric sensitization strategy, CSDevNet works closely with community and local governance systems to identify gaps in local governance agenda setting for climate justice and finance.

In 2019, by collaborating with local officials and CSOs, it launched its support for the REDD+ (Reducing Emissions from Deforestation and Forest Degradation) programme by highlighting the need to curb significant illicit wood logging and deforestation in local forest reserves across Cross River State. By mobilizing community and local officials to spotlight this issue using media and high-level advocacy,[56] the Cross Rivers State Government responded by providing additional forest rangers within the next budget cycle. Challenges often associated with this strategy as indicated during interviews with CSDevNet include the level of technical capacity of local government officials to drive and map climate impact community issues while aligning resource opportunities to such impacts. Also highlighted were knowledge levels of community members to hold the government accountable for levels of spending and information dissemination mechanisms on climate finance. Exploring links to how these relate to immediate action towards climate impacts and improved public fiscal responsibilities are persistent challenges faced by local CSOs. Fostering closer collaboration among CSO (like the National Conservation Foundation -NCF) remains a key strategy for mobilizing around policy and practice for improved climate fiscal accountability.

Overall, ActionAid Nigeria broadly engages with local and community systems regarding climate justice. Interviews indicate that these engagements have been essential towards improving Nigeria's access to international climate funds, like the Green Climate Fund (GCF), by supporting initiatives like the youth climate-tech showcase alongside government support. Interestingly, its focus on agroecology and domestic investments as an aspect of climate adaptation has been extended to cover community focused engagements with smallholder women farmers associations in Nigeria. As part of its local rights programme, these engagements cover the need for mapping resource mobilization towards prevention of land degradation and restoring degraded areas especially in the Niger-Delta region of Nigeria. ActionAid Nigeria also partners with local CSOs to develop Scorecards which presents the extent of resource mobilization for climate mitigation and adaptation at state level. Although in its incipient stage, the scorecard helps serve as an advocacy tool for citizens (and other stakeholders) by providing context specific information on climate finance and resource mobilization at sub-national level. The turnaround time for local partners to understand and utilize these scorecards in close collaboration with sub-national government climate desk officers remains a challenge, in addition to awareness levels about the impact of climate change.

5.4. Participation of Citizens and Civil Society in Climate Finance Management

From the government side, while ministries and agencies in Nigeria have established civil society and citizen platforms to support decision-making, challenges persist in ensuring

[56] Pius Oko, (n.d), Nigeria's REDD+ Programme Receives Fresh Civil Society Boost, CSDevNet News

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effective engagement and data transparency. These platforms are often shaped by meetings for ideation, co-creation, assessment, reporting and validation across ministries and agencies. Furthermore, the 2021 Climate Change Act[57] provides for a robust framework for CSO and citizen participation, but implementation is often tied to the capacity of MDA to fund such continuous participatory arrangement in their annual budgets, limiting inclusivity. Since some prerequisites for civil society engagements are often tied to specific multi-country funding arrangements like the Green Climate Fund, compliance becomes essential towards access.[58] The importance of citizen participation in the development of the NDCs represents an essential means to gauge its quality on the government side while links between the NDCs and climate budgets/projects are increasingly seen globally.[59] However, a gap still remains that people are excluded in this process. A study by the Danish Institute for Human Rights[60] found that more than 30% of NDCs submission by governments which contained claims of "citizen participation" during development of the NDCs failed to explain how citizens were involved. A key obstacle to these engagements is the lack of a comprehensive database on CSOs with specific or intersecting focus on climate finance as interviews with government stakeholders indicate it hinders effective coordination, information dissemination and knowledge sharing. Moreover, the slow progress in establishing robust monitoring, reporting, and verification (MRV) systems, particularly in sectors like oil and gas, hampers data availability and hinders informed engagement with civil society towards influencing and monitoring expenditure on climate change.

While the NCCC, Department of Climate Change (in the Ministry of Environment) and the Inter-Ministerial Committee on Climate Change offer avenues for civil society participation in these meetings, effectiveness is often stalled due to limited coordination across Nigerian ministries/agencies and hinges on political will and the ability to engage stakeholders at sub-national levels. This often impacts how climate change policy and targets are mainstreamed or resources monitored. Some CSOs, while active in supporting local communities, have limited capacity for in-depth analysis of climate finance flows, budgetary advocacy, and tracking.

Often working individually without structured collaborations, whatever mechanisms to improve civil society influence and monitoring activities for climate expenditure are often minimal and inhibited due to availability of data and clarity on disbursed climate funds. Access to information on financial accountability of climate funds (and other relevant information) in Nigeria are covered under the legal framework of Section 25(2) of the 2021 Climate Change Act subsumed under the extant provisions of the Freedom of Information (FOI) Act. Such provision compels climate institutional frameworks (primarily the Secretariat in the NCCC) under its citizen partnership arrangement to furnish CSOs, youths and women with data and other relevant information on Nigeria's drive for climate change adaptation and mitigation.

Although FOI request is detailed as a specific tool for information in the CCA, 2021, civil societies have somewhat mixed experience using this tool to access information on disbursement and implementation of government projects. Reported challenges include institutional barriers like reluctance of some MDAs to comply with FOI requests and deliberate attempts to withhold information from the public. Within sub-national levels, despite FOI Act interpretations provided by courts[61] on states' compliance, some bottlenecks (e.g. provision of tax information, area of residence, restrictive type and scope of information) still exist that limit access to information on state spending. On the other hand, citizen awareness levels towards the utilization of FOIs still remains low and represents a significant impediment to mechanisms to track and monitor public spending. To improve this, CSOs beyond advocacy and engagement with community and stakeholders, have also developed tools to rank MDAs compliance with FOI requests[62] which can also be utilized for tracking data on the direction of climate finance.

[57] Section 25(1) stipulates that the coordinating Secretariat for climate action and policies, with approval of the NCCC, shall work in partnership with the ministry of environment, CSO, women, youth and others to monitor plans, programmes, projects, engage in climate advocacy and related activities.

[58] See German Watch (n.d) Civil Society Engagement with the Green Climate Fund: A Fact sheet for Civil Society

[59] The link between NDCs and climate finance is also becoming better understood, with budgets detailing climate finance needs now included in 46% of the plans submitted. See Oxfam (Mar. 2024), Climate Plans for the People: Civil Society and Community Participation in National Action Plans on Climate Change. Also see UNFCCC. (2023). 2023 NDCs Synthesis Report. Retrieved from https://unfccc.int/documents/632334

[60] Quoted in Oxfam (Mar. 2024), Climate Plans for the People: Civil Society and Community Participation in National Action Plans on Climate Change

[61] Premium Times, (April, 2018), Freedom of Information Act applicable to all States, Appeal Court Rules

[62] See PPDC, Annual FOI Ranking Tool.

Conclusions and Recommendations

Photo by CODE/Flickr

6. Conclusions and Recommendations

6.1 Conclusion

The proportion of Nigerians affected by climate change is constantly increasing. Extreme weather events are occurring more frequently a with significant impact on livelihoods, displaced populations, and economic losses. Floods and droughts have caused drops in productivity in sectors like agriculture and in turn have also led to rising food prices, hunger and food insecurity. Despite comparative marginal contribution to GHG emissions, Nigeria is among the countries most vulnerable to climate with limited adaptive capacity and reduced levels of socioeconomic development. Nigeria's financial and physical capacity to mitigate climate risks is dwindling. To adequately address the adverse impacts and consequences of climate change, there is an urgent need for a comprehensive mapping of the state of play of resources (international and domestic) to help inform and improve adaptation strategies.

The country's NDCs estimates puts financial needs at 177.7 billion USD annually to achieve adaptation and net zero emissions. However, the amount of climate finance received by Nigeria (4.9 billion USD during 2015-2021, with Grant Equivalence estimates putting releases at 2.5 billion USD) is far from enough to meet its climate goals. The total number of projects (i.e., 828) covering adaptation, mitigation and cross-cutting peaked in 2020 but has since significantly declined. Clearly, developed countries have failed to meet their commitments to provide adequate and predictable financial support to developing countries like Nigeria.

Domestic fiscal landscape in Nigeria is strained by international climate finance flows which have primarily used loans and other debt instruments to mobilize climate finance resources in Nigeria. With a debt profile of 108 billion USD and 41.59 billion USD as external debt, Nigeria commits over 30% of her GDP to debt servicing and interest repayments on loans. Moreso, information from the World Bank's International Debt Statistics show that Nigeria's creditor outlook has also changed in the last decade with multilateral and private creditors favoured with contributions shifting from 13% to 48% for multilateral creditors and reaching 1.43 trillion USD, while private creditors contribution to Nigeria's debt profile has also increased over the last decade from 10% to 38% and reaching 1.2 trillion USD in 2020. The challenges associated with these types of creditors are the lesser tenure period and flexibility for loan repayment further tightening Nigeria's fiscal space toward debt servicing and interest repayments instead of climate action. As Nigeria transitions into net-zero emissions, it still relies heavily on international sources to finance climate change initiatives (at 55%) which further underscores the need to track and map resources committed to climate change impacts.

Nigeria's policy and legal framework backing the need for mobilization for climate resources are fully reflected in the Climate Change Act, 2021. This also comes on the heels of the National Climate Change Policy and the NASPA-CCN. However, annual and medium term budget plans for climate change do not reflect proper coordination between and among ministries despite the efforts of the newly created National Climate Change Council (NCCC). This again is seen in the slow pace of operationalizing proper budget tagging and tracking mechanisms to report domestic allocation of resources to climate change. Nigeria currently has not implemented this system, which has potential to affect real-time decision making on climate finance flows. At sub-national levels, few states have been able to develop a proper policy framework and commensurate action plan which can incentivize sources of climate resources (like private investments via Green Bonds).

This challenge also is linked to the limited capacity of states to develop unique and bankable projects to respond to the contextual impact of climate change, often seen as the shared responsibility of central sub-national agencies based on constitutional provisions. This also causes difficulties in the type of information sub-national and local governments share with civil society and citizens, thereby weakening the accountability and transparency of climate finance management. In addition, the decentralization and devolution in the government system is significantly predicated on the Constitution (i.e. environment issues are on the Concurrent

List), giving opportunities for lower-level governments to be proactive and flexible in deciding on funding for climate projects in localities.

Civil society organizations and citizens participating in climate finance governance are limited. Institutionalized mechanisms allow for continuous engagements with community level stakeholders and some CSO have deployed innovative ways to capture community inputs and track fiscal spending on climate change (e.g. using FollowTheMoney initiatives, NOMTrac, Freedom of Information Act, and Climate spending Scorecards) while unpacking government budgets in other sectors. However, these efforts are still limited with the availability and clarity of information on government spending for climate change. CSOs play an important role in awareness creation, policy advocacy and gauging the effectiveness of climate projects/initiatives, but for a proper collaboration on climate finance governance are limited in Nigeria. Also, the technical capacity to communicate these issues at community level requires upscaling. Only a few NGOs are selected by the government to engage in co-creation, validation and generating feedback for the government's climate change related strategies and initiatives. The Climate finance governance landscape in Nigeria is still a novel field that requires structured action for its development.

6.2 Recommendations

The urgency of addressing climate change in Nigeria has never been more pronounced. As a country grappling with significant climate vulnerabilities—ranging from flooding and erosion to droughts and desertification—strategic action in climate finance is essential. Effective mobilization of financial resources, innovative strategies, and strong political will are critical to mitigate climate risks and enhance resilience. The following recommendations aim to inform policymakers, private sector stakeholders, and civil society groups on effective approaches to enhance climate finance in Nigeria.

For Government:

Strengthening Political Will:

Political will at all levels, including sub-national entities, must be enhanced to drive innovative climate finance strategies. Currently, there is a disconnect between the existing climate vulnerabilities and the resources allocated to address them. To bridge this gap, it is crucial for policymakers to cultivate an understanding of how climate risks impact economic stability and social well-being, thereby facilitating a more robust response to climate challenges.

Awareness and capacity strengthening for policymakers

Policymakers must be made aware of the urgent need to integrate climate considerations into annual budgetary processes. This requires training programs that enhance their capacity to identify, develop, and navigate bureaucratic pathways to secure funding for climate-related projects. Engaging stakeholders at various levels will ensure that climate risks are identified and prioritized within fiscal planning.

Sub-national governments are technically guaranteed, via the Concurrent List of the 1999 Constitution (as amended), direct access to funding from international providers, a strategy few have fully exploited due to capacity gaps and a lack of proper policy framework for climate action. This capacity gap should be addressed to increase sub-national governments' abilities to develop technical proposals to access climate finance (like the GCF).

Sub-national government climate planning and climate finance reporting

Sub-national climate policies and action plans require further efforts in terms of visibility. From our analysis on the visibility of climate policy, only seven (7) states have their climate policies visible online. There is need for states to present clearly crafted climate policies and action pathways while being strategic about its visibility. Operationalizing climate plans and the pathway for ensuring a disaggregated national framework based on regional context-specific climate impacts also requires climate finance providers to see such detailed sub-national plans. Also, sub-national governments require technical capacity to develop climate policies and plans thus, shifting away from blurred "environmental" or "waste

management" policies.

Sub-national government's budget alignment with climate impacts

Subnational budgets should be aligned with addressing climate impacts directly, rather than relying solely on specific climate budget lines. This approach can yield significant results as either low hanging fruits or as long-term strategies exemplified by the Lagos State government's investment in resilient infrastructure and the joint call for states like Borno, Adamawa and Yobe to develop collective flood control measures operationalized by their budgets. Such innovations can be entry points for seeking new sources of climate funds, but also adding to the overall direction of climate change.

Local government and locally-led adaptation

Despite being key authorities working closely with vulnerable communities, many local governments lack the mandate, trained staff, technical know-how and access to budget to operationalize, prioritize and implement climate adaptation agenda. Thereby further creating an urgent gap in decentralization and locally-led adaptation. Increased efforts are needed to devolve information on climate finance resources and empower local stakeholders to actively engage in decision-making. Nigeria's states and local governments might continue to face significant capacity gaps in their bid to develop and implement sound climate action plans if efforts to decentralize are not improved.

Enhancing Climate Governance:

Developing and implementing climate-sensitive budgets and policies are vital. These budgets should be tied to Federal and State action plans that receive approval from the relevant authorities. Enhanced climate governance frameworks can help streamline processes, ensuring that climate initiatives receive adequate funding and attention. Developing a robust budget tagging mechanism and conducting training at subnational levels is also important to enhance Nigeria's climate governance. It becomes imperative to train States, ministries, departments and agencies (MDAs) on budget tagging and climate project development. This will empower subnational authorities to identify and propose climate-related projects for inclusion in both states and federal budgets. By deploying tagging systems, it further presents an opportunity to clearly see the split between mitigation and adaptation investments and provide room for adjustments.

To harness the benefit of climate-financed projects, Nigeria's policy environment for the NDCs (and its projects) require proper coordination under a strategic umbrella driver. This could mean improving the status of the NCCC in meeting its mandate for effective coordination or laying the framework for direction for climate finance targeting specific aspects of the NDCs and project implementation in Nigeria.

Policy Environment for Budget Tagging and Tracking

While the framework for budget tagging does exist at the federal level, there is a need for further intentionality targeting MDAs. The development of an existing policy on budget tagging or mandatory budget tagging policy framework charged to MDAs annually is required to ensure proper climate expenditure and planning. This helps government (and other stakeholders) see the patterns of investments overtime and help build a trajectory pattern for future planning. In preparing for this, proper collaboration between the Ministries of Finance and National Planning, Ministry of Environment, Auditor General of the Federation, NCCC, and climate change development partners can help defining roles and responsibilities for a budget tagging system.

Transparency of Climate Funds

To improve transparency of the Climate Change Fund (when it is fully operational), timely publishing of a comprehensive report containing statement of accounts, sources of funds, projects, and location where said funds were utilized within each fiscal year is expected. As mandated by the Climate Change Act of 2021, when accounts are audited by the Nigerian Auditor-General of the Federation within six months after the end of a financial year, such audit reports should be made available for all stakeholders including CSOs, community systems.

REPORT > CONCLUSIONS AND RECOMMENDATIONS

Mobilizing Resources:

There is a pressing need to increase climate finance mobilization and allocation. Nigeria's heavy reliance on international support for climate financing must be addressed through investments in domestic resources. This approach will not only build resilience but also foster ownership of climate initiatives at the local level. Also, the preference for financing mitigation over adaptation needs to be addressed either at domestic funding levels or seeking alternative funding to ensure a more appropriate balance in the immediate future, and a larger strategy to move into adaptation.

Promoting Climate-Resilient Infrastructure:

Investment in climate-resilient infrastructure is imperative. Joint initiatives developed by sub-national governments should focus on specific contextual climate issues, such as flooding in the North and erosion in the South. This tailored approach will maximize the impact of investments and enhance community resilience.

Fostering International Cooperation:

Collaboration with international partners is crucial for mobilizing climate finance. Nigeria should actively seek partnerships that facilitate knowledge exchange, capacity building, and access to funding, specifically funding in the form of grants that do not further add to Nigeria's public debt. This cooperation can bolster local efforts to implement climate initiatives and foster long-term resilience.

Private Sector

Invest in Green Bonds:

Financial institutions should broaden their portfolios to include green bonds and alternative funding mechanisms that support sustainable projects. Although still a learning curve, the current market presents opportunities for the financial sector to scale up their ESG (environmental, social, and governance) compliance by exploring additional potentials to finance climate action.

Disclose Financial Risks:

Transparency regarding climate-related financial risks will inform stakeholders and guide investment decisions.

Invest in Climate-Resilient Technologies:

Companies can support the development of infrastructure that withstands climate impacts. There should be cases of risk sharing between government and private sector for bankable climate projects.

Civil Society

Advocacy for fiscal accountability and transparency of climate finance

Civil society groups play a crucial role in driving climate justice and accountability. Their actions should include advocating for fiscal accountability by ensuring that climate finance flows are monitored and transparently utilized. Also, civil society should engage in policy debates to increase discourse on climate finance and how it will help shape effective climate policies, and ensure diverse perspectives are included. Supporting specific resilience initiatives by supporting communities in local-led adaptation initiatives will foster grassroots resilience through drawing attention to mapping and resource allocation shortages. This can help to further prioritize climate justice agenda with key local inputs.

To improve CSO's advocacy strategy, particularly on transparency and access to information around climate finance expenditure and decision making, CSOs can utilize the myriad tools developed for stakeholder engagement for accountability and public participation. This includes the NOMTrac, FOI Request Ranking Scorecards and monitoring performance budgets of focus MDAs and constantly providing feedback to government and international community on how access to information is shaping the climate finance landscape in Nigeria.

Establishing a Climate Finance Hub:

Creating a climate finance hub or platform for coordination and knowledge sharing among stakeholders (e.g. ministries,

multilateral organizations, NCCC, CBOs) can help facilitate collaboration and push forward climate finance discourse in Nigeria. This hub can serve as a resource for best practices, funding opportunities, and innovative solutions, fostering a united approach to climate finance. Additionally, the hub can be designed to tackle challenges often associated with citizen participation in climate finance management and to capture more local voices in project design, implementation and tracking.

Enhancing Public Awareness and support community participation in decision-making:

Raising awareness about climate finance and fiscal justice among the general public is critical. Educational campaigns can foster a better understanding of climate issues and mobilize grassroots support for climate initiatives. Communities and community-based organizations need to be empowered to understand and engage with climate finance mechanisms, for example by enhancing citizen participation in the development of Nigeria's NDCs and citizen inclusion in budget allocation processes at local level.

Fostering Collaborative Initiatives:

Collaboration between government, private sector, and civil society on climate finance initiatives can yield significant benefits. Joint efforts can leverage diverse expertise and resources, leading to more effective climate solutions. Civil society might be required to assume the role of driving the initial conversation around why climate finance governance is important for Nigeria's overall climate action/plans. By convening and providing platforms for improving the current level of discourse on climate finance while highlighting the role of local and sub-national to drive additional funding opportunities, civil society can help foster collaborative initiatives. Also, among civil society, this collaborative initiative could be an opportunity to leverage diverse expertise (e.g. budget analysis, community mobilization, advocacy) to improve Nigeria's climate finance landscape. Collaboration can specifically take place around the implementation plans of the national Climate Change Fund (CCF), to avoid challenges of misappropriation and diversion of this fund for other projects not specific to combat climate change.

Supporting Research and Development:

Investing in research and development of climate finance instruments and products is vital. This can lead to innovative solutions that address Nigeria's unique climate challenges and enhance overall resilience. Civil society should begin investing in systems and strategies to monitor climate funds to assist in entrenching accountability. This would also include proper positioning to review state of climate finance reports expected to be released in 2026 (released by the NCCC and the Federal Ministry of Environment every 5 years) and reviewing national, sub-national, and local annual budgets. Doing this presents civil society the opportunity to scrutinize government's climate plans and investments by conducting proper research to uncover grey areas and room for improvement.

Annex

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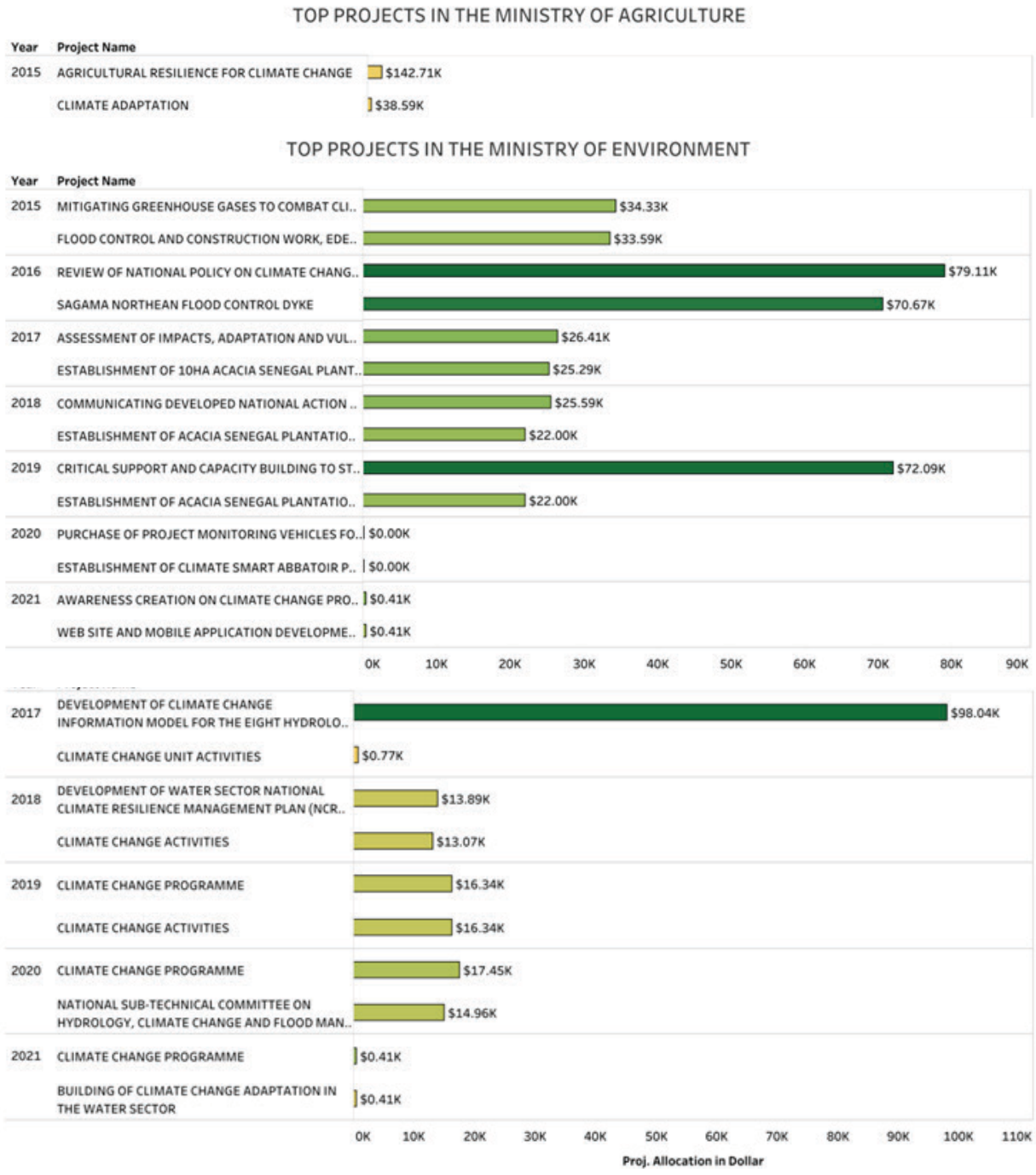
REPORT > ANNEX

Largest Climate Projects Across Ministries in Nigeria (2015-2021)



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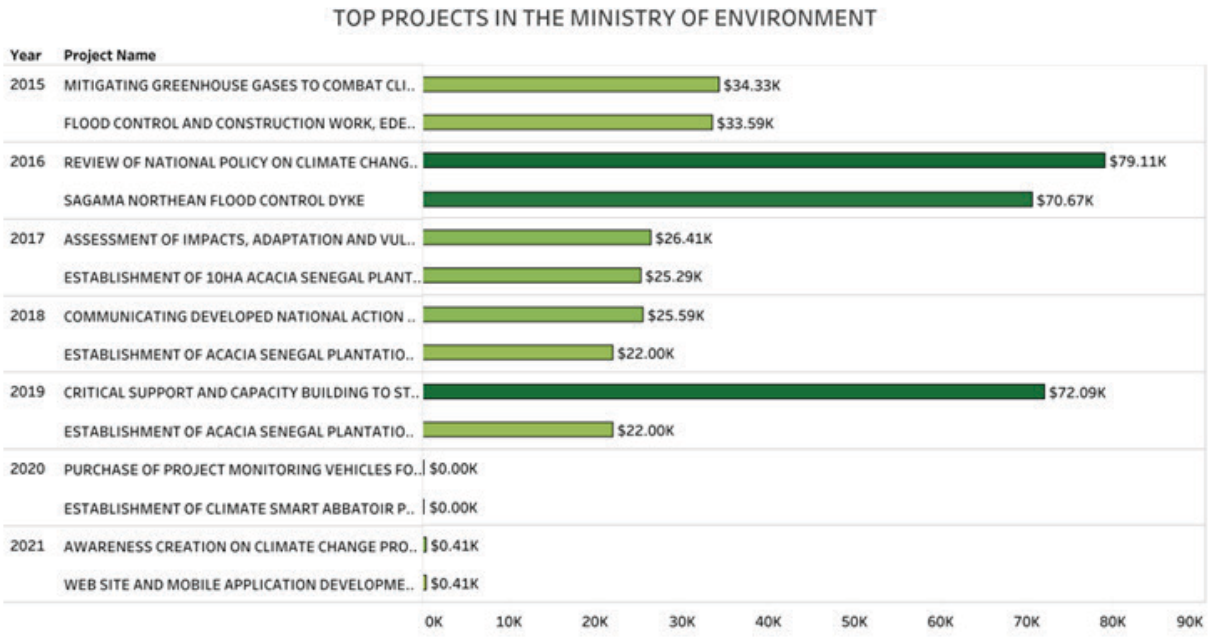

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