IF0024: Access to Climate Finance

Report of Roundtable

Date: May 2024

Contents

Acronyms

DG	Director General
PS	Permanent Secretary
CEO	Chief Executive Officer
MDAs	Ministries, Departments and Agencies
NDC	Nationally Determined Contribution
UKNIAF	United Kingdom Nigeria Infrastructure Advisory Facility
FSDA	Financial Sector Deepening Africa
BII	British International Investment
PIDG	Private Infrastructure Development Group
FSC	Forestry Stewardship Council
MRV	Measurement, Reporting, and Verification
NGF	National Governors' Forum
IPA	Infrastructure and Projects Authority
SCF	Subnational Climate Fund

1. Aims and Objectives

The Roundtable on State-Level Access to Climate Finance aimed to help States to take a first practical step towards a transformational change in access to climate finance, responding to a clear and unmet demand.

To date, Government and development partners have developed several interventions targeting access to climate finance. However, the focus tends to be on 'climate-first' projects and objectives (e.g. NDC implementation) rather than on development projects that align with the wider political priorities that are essential to provide access to finance, while leading to beneficial climate outcomes. With UKNIAF's strategic comparative advantage, the programme is working to focus on catalysing practical progress, rather than a top-down political initiative, particularly at the sub-national level, where, we believe, there is greater potential for progress. Our theory of change is:

- By framing climate finance as a tool for delivering existing wider priorities and objectives (rather than as a goal in its own right), climate finance will become a more politically salient issue and therefore States will adopt a more strategic approach and climate finance will have a larger developmental impact.
- Focus on identifying projects/investments that are potentially politically viable (i.e. aligned with wider political priorities, rather than 'climate-first') and bankable.
- Work with a small number of projects to get them over the line in a way that allows us and other stakeholders to figure out what needs to change in the enabling environment for this to happen more organically.

The intent of this roundtable was to help States explore how climate finance can be a tool to accomplish their development goals and, specifically, how to work through the political and financial viability of projects and initiatives to better approach sources of climate finance. The principal objectives of the Roundtable were to:

- Share State-level experiences of integrating climate finance with their existing development and investment priorities
- Share insights from UKNIAF's work on project development and accessing climate finance
- Catalyse inter-state collaboration, with the support of NGF
- Create a space for States to identify areas of work to reach bankability

2. At the Event…

Emphasis on Informality and Conversation

The roundtable was designed to be as interactive as possible, with a focus on conversational learning and enabling dialogue between States. The team were given the mandate to focus on outcomes and be bold in trying new things – with the explicit intent that it would be better to try something new and fail than do the same old things. To that end, there were three key elements:

- <u>Fireside chat</u> – a 'curated conversation' between selected delegates instead of a panel of presentations. This format is more informal and helps to surface richer and intangible insights.
- <u>Speed dating</u> – we used a speed-dating format to ensure that delegates from each State talked to delegates from every other State early on. This helped build relationships and set the tone for the rest of the roundtable.

- Belt and braces – we used parallel channels for delivering key messages, so alongside the sessions we included three briefing notes on key messages:
    - Climate Finance as Development Finance – framing climate finance as an additional source of capital for development priorities and sharing States' experiences of adopting this approach.
    - Key barriers to climate finance – to help focus attention on the critical bottlenecks.
    - A framework for bankability – to develop a richer understanding of what makes a project or transaction successful.

These were condensed into 1-page infographics for more visual learners.

The team also maintained flexibility in delivery of the Roundtable in two ways:

- Responsive – the first day surfaced a clear interest in carbon markets, but a lack of understanding. In response to this, we quickly produced an additional briefing on the carbon market overnight for distribution on day two.
- Multiple engagement options – we used a digital tool, Slido[1], to capture ongoing Q&A and to poll delegates on key issues. This created more room for ideas and conversations beyond 'whole-room' Q&A.

The full agenda and briefing materials are included in the annex

Diverse and High-Level Attendance

31 delegates from 15 States attended (delegates from Cross River were unable to attend at the last minute), representing each of the six geopolitical zones. Gender representation reflected the nature of the roles and invitees, but we made an extra effort to ensure gender balance on panels and presentations.

We deliberately targeted investment and development finance-oriented ministries rather than environment ministries. There was strong high-level representation with the vast majority of attendees at senior leadership levels in government (Commissioners, DG/PS and CEOs).

Summary of delegate demographics

Zones	
NW	8
NC	5
NE	2
SE	4
SS	4
SW	8

Gender		*Of which speakers*
Female	9	6
Male	20	7

Ministry	
IPA/Trade	13
Finance	8
Budget/Planning	7
Environment/Climate	5

Title	
Commissioner	8
DG/PS/CEO	10
Director	5
SA	8

[1] Slido is an interactive tool that enables real-time audience engagement through features like Q&A sessions, live polls, quizzes, and surveys, and is offered by CISCO.

High Energy and Engagement Throughout

The roundtable was held over two days, and we noted a high level of energy and engagement throughout. The first day was characterised by high energy and excitement as delegates met each other and shared new concepts and ideas. Day two was more reflective as delegates focussed on the implications and what messages they would take back to their principals.

Press and Social Media Coverage

We coordinated UKNIAF and NGF media teams to deploy key messages over social media and mainstream media. Our initial media coverage is included in the annex. Overall, the event enjoyed a wide spread of coverage. The NGF will publish a story in their newsletter to Governors.

3. Insights

States provided written submissions of their key priorities, projects and support needs. These were used to prompt the 'speed-dating' discussion and are included in the annex. We also tasked team members with engaging delegates on these issues and gathering informal intelligence on entry points and perspectives. The team continues to process and digest all this information as we identify specific transactions to progress – but several key themes emerge.

Climate remains siloed and treated as an environment issue

Working with NGF, we deliberately identified delegates from the finance and investment space to broaden the audience and engage more influential actors outside of the environment space. However, from the start it was a challenge to persuade the right people to come – initial conversations redirected us to Environment Commissioners or Ministries. Through persistent engagement and talking about climate finance in a way that spoke to their priorities, the team succeeded in reframing perspectives to see climate finance as a vehicle for driving development priorities, rather than as a competing interest or a sector in its own right.

Current perceptions vary across States, with some already successfully approaching climate change and climate finance in the context of their development priorities. This was captured in the 'climate finance for development priorities' briefing note, but our understanding of these differences has been deepened by the roundtable – and the roundtable has now sparked dialogue on this.

The right people came

It was very clear from the conversations that there are diverse perspectives on the relationships between climate change and development. The second 'fireside chat' included a feisty exchange between several States about the relevance and value of climate change projects relative to the daily needs of citizens. This sort of debate is healthy and vital to charting a pathway to credible climate action. It was also apparent that the mix of IPA/trade/finance/budget/planning delegates was the right one - these officials have the mandate and influence to steer reforms and shape the agenda. There was a strong sense of collaboration and mutual value from spending time with peers debating these issues. The candid and unvarnished nature of discussions and their free flow showed that this group of individuals felt that the workshop was a cohesive and solid platform from which to develop this agenda.

Diverse demand for capacity support

States highly valued peer-to-peer engagement – there was a very collaborative environment, which we partly ascribe to the partnership with NGF that sets a tone of mutual support. There were diverse demands for capacity support including in respect of:

- project origination;

- navigating the climate finance landscape;
- policy development/review;
- Measurement, Reporting, and Verification (MRV);
- carbon markets; and
- data.

It was notable that during the roundtable several States found issues on which to collaborate and share insight. For example, delegates from Ekiti and Jigawa identified areas to learn from each other on forest management. This also manifested in an appetite for peer review and regional collaborations.

Domestic private capital largely remains a blind spot

From discussions, foreign exchange and inflation remain major challenges for foreign investment. However, there is a sizeable and thriving domestic capital market that could be brought to bear in financing projects. There was limited discussion on the issues around capitalising on this – but there is value in bringing in domestic private financiers into future discussions.

4. Lessons Learned

Running roundtables

The **human and conversation-centric approach proved very effective**. The 'fireside chat' format was very engaging, sparked a lot of follow-on conversations, and surfaced insights, differences and tensions in a richer way than a presentation could.

The '**speed dating' session was particularly high energy**. Superficially this seemed straightforward to organise but, behind the scenes, there was a lot of preparation required to set up good conversations. The team prompted delegates to share their development priorities, support needs and topics that they wanted to discuss with other States – this created a strong framing and helped short-cut discussions. Most notably, delegates were resistant to closing conversations and moving on after their time –even when it was time for lunch.

Slido was less successful – there was some good engagement and comments that came out through it (see annex). We will reflect further on why this was the case – but, hopefully, it was because people were too busy talking to each other to spend time online.

Getting the right people in the room

Having the right people in the room was critical for the success of the roundtable. Whilst we had a clear plan for engagement and targeting invitations, actually getting these people together required a lot of politically and culturally sensitive engagement – direct conversations with our team and leveraging or building relationships. This was largely informal and relationship-driven, but also needed to be accompanied by more formal invitations and administrative processes to ensure that it was on the record and to increase visibility with Governors.

Working with Nigeria Governors' Forum

NGF were a crucial partner in this endeavour. Once they were on board with the concept, they lent weight and significance to the invitations and engagements with States. In certain cases, they helped unblock engagement or resolve internal tensions in particular States over attendance.

They are well respected by the States, which gives them strong legitimacy to take forward this agenda and act as an institutional home. Regional representation is important – and whilst only 15 States attended, there is interest and demand for the remaining States, which NGF are well placed to service, with the right support.

5. Next steps

Transaction support

The team are collating the intelligence and feedback from the roundtable, which will be combined with our existing pipeline to identify priority projects that we can advance within a year. We will consider a range of factors including:

- Counterpart – we will focus on good partners that we can work with most constructively.
- Development-first – we will prioritise development projects that can have a climate lens, rather than climate-specific projects.
- Clear entry-point – transactions where there is an added value in bringing in climate finance, and where UKNIAF has a comparative advantage.
- Stable political window – States where the context is relatively stable and where elections are not imminent.
- Politically viable – ideally, projects and transactions that can outlast political cycles, but at a minimum with a clear political champion and broad enough support from wider stakeholders.

Current front-runners include:

- Nasarawa Student Accommodation – we have been supporting this project for some time, but there is scope to explore how to leverage climate finance to close the viability gap.
- Enugu embedded generation – Enugu's water utility has fallen into disrepair. A captive power renewable solution might be an interesting investment prospect if well structured.
- Ekiti Forestry sector development – Ekiti are trying to secure Forestry Stewardship Council (FSC) certification for their timber, which would give them greater access to the international market.

Establishing NGF's role as a hub

There is clear demand for NGF to play a role as a hub for climate finance. We deliberately co-branded the roundtable materials so that these could be handed over to NGF to form an initial repository of resources. As noted above, only 15 States attended this roundtable – so these materials need to be made available to the other States as a minimum.

Looking ahead, NGF could play a role in coordinating and leveraging support from development partners; hosting project information; and sustaining the conversation between States. UKNIAF is developing a Climate Finance Navigator – which could be a valuable tool for NGF to amplify.

We are in conversation with Catalytic, the managers of the Subnational Climate Fund (SCF) TA facility – and will look to bring in the NGF so that they can develop a strategic relationship where they can help broker engagement with States and help originate potential investments for SCF.

Interfacing with the UK Offer

There was considerable interest in and appetite for the UK Offer – particularly vehicles such as MOBILIST, FSDA, BII and PIDG. The understanding of these elements was relatively low, so there is value in hosting a virtual event that can improve understanding and build relationships with States.

Annexes

Annex 1: Agenda

Annex 2: Briefing Notes

Annex 3: Infographics

Annex 4: Project Idea Presentation by all States

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Annex 1: Agenda

UKNiAF
United Kingdom Nigeria Infrastructure Advisory Facility

NIGERIA GOVERNORS' FORUM

ROUNDTABLE ON STATE ACCESS TO CLIMATE FINANCE

AGENDA

Day 1 - May 29, 2024

9:00 - 9:30	Registration	
9:30 - 9:35	National Anthem	
9:35 - 9:50	Welcome Remarks	**Dr. Abdulateef Shittu** Acting DG, Nigeria Governors' Forum
9:50 - 10:00	FCDO Welcome Address	**Martine Sobey** Climate Change and Nature Team Lead FCDO
10:00 - 10:10	Framing the Approach: Climate Finance as Development Finance	**Daniel Kim Chai Yeo** Senior Climate Advisor, UKNIAF
10:15 - 10:30	Photo Shoot/Tea Break	
10:30 - 10:40	The Ingredients of a Successful Project	**Emem Etuk** Infrastructure Finance, UKNIAF
10:45 - 12:00	Success and Challenges so far Fireside Chat	**Moderator: Daniel Kim Chai Yeo** **Akinyemi Akinyugha** Technical Advisor to the Governor (Green Economy and Ecological Matters, Ekiti State) **Ibrahim A. Abdullahi** MD/CEO, Nasarawa Investment & Development Agency **Furera Isma Jumare** DG, Invest Jigawa **Francis Ntamu** SSA to the Governor (Infrastructure) & DG, Bureau of Public Private Partnerships Cross River State
12:00 - 13:00	Learning and Sharing Session: Showcasing State Level Work	**Moderators:** **Emem Etuk,** UKNIAF **Samirah Bello,** UKNIAF **Habeeb Sulaiman,** UKNIAF

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13:00 - 13:30	Lunch	
14:30 - 15:45	Success and Challenges so far (Fireside Chat)	**Moderator: Daniel Kim Chai Yeo** **Amina Sanusi** Executive Secretary/CEO, Niger State Investment Promotion Agency (NSIPA) **Mohammad Gambo Magaji** Commisioner for Finance and Economic Development **Adaze Aguele-Kalu** Hon. Comm. Finance, Budgeting and Planning **Kingsley Anosike** Hon. Comm. Budget and Economic Planning
15:45 - 15:55	Closing Remarks	**Abdulkadir Oladapo** Infrastructure Finance Portfolio Lead, UKNIAF

AGENDA

Day 2 - May 30, 2024

9:00 - 9:30	Registration	
9:30 - 9:35	National Anthem	
9:40 - 10:00	Day One Recap	**Abdulkadir Oladapo** Infrastructure Finance Portfolio Lead, UKNIAF
10:00 - 11:00	Pipeline: Current and Upcoming Climate Finance Options	**Daniel Kim Chai Yeo** Senior Climate Advisor, UKNIAF
11:00 - 11:25	Photo Shoot/Tea Break	
11:25 - 12:50	Breakout Sessions Continued - States Rotate to Another Group Group 1: Carbon Market Finance Group 2: Bankability/Readiness Group 3: Bonds	**Moderators:** **Emem Etuk,** UKNIAF **Samirah Bello,** UKNIAF **Habeeb Sulaiman,** UKNIAF
12:50 - 13:15	Return to Plenary	**Abdulkadir Oladapo** Infrastructure Finance Portfolio Lead, UKNIAF
13:15 - 13:30	Closing Remarks	**Eghosa Omoigui** Head of Stakeholder Relationship & SDGs Nigeria Governors' Forum
13:30 - 14:30	Lunch	

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Annex 2: Briefing Notes

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BRIEFING

Climate Finance for Development Priorities

Climate change is a risk to, and an opportunity for development priorities such as creating economic activity and more secure livelihoods. It is a complex and cross-cutting issue that cannot be treated in isolation as a ‘sector’ – climate challenges are best addressed when they are seen through the lens of development priorities rather than as a goal in and of themselves. Through highlighting emerging experience in States in Nigeria, this briefing aims to catalyse discussion on what this looks like in practice, and how this might help States access climate finance to achieve social and development goals like economic growth, poverty reduction, and infrastructure development.

Reframing climate change

Nigeria’s states are diverse in nature and their differing priorities. However there are some common themes – an analysis of state government manifestos, public pronouncements, and budgets highlights several priority policy areas across 19 states:

- **Improved Infrastructure:** This includes transportation networks (roads, bridges), reliable electricity, and affordable internet access.
- **Agriculture and Forestry:** Improved productivity through modern farming techniques, fertilisers, and irrigation systems, with a variety of proposed interventions.
- **Diversification of the Economy:** As oil dependence weakens, states emphasize diversifying revenue bases through investments in manufacturing, tourism, and information technology.
- **Education and Skills Development:** All states prioritise education, with some emphasising vocational skills acquisition and STEM subjects.
- **Healthcare Strengthening:** Strengthening healthcare, investing in primary infrastructure, and ensuring access to essential medicines is crucial for all states.

There are also some regional / thematic groupings:

- <u>Northern States:</u> These states prioritise security, drought-resistant crops, irrigation systems, and social safety nets.
- <u>Southern States:</u> These states emphasise urban infrastructure development, skills training for industrial jobs, and attracting foreign direct investment.
- <u>Coastal States:</u> These states have higher levels of experience accessing climate interventions to mitigate coastal challenges.
- <u>Oil-Producing States:</u> These states emphasize economic diversification and transition assistance but rely heavily on federal institutions like HYPREP and NDDC.

Further discussion and engagement highlighted the ongoing activity and approaches at State level that illustrate potential ways of approaching climate change through the lens of development priorities, which are set out below. Some of the states surveyed have established programmatic and project pipelines that integrate climate aspects.

Innovative Finance

Climate finance can be a new source of finance for States – it takes many forms, some of which are relatively novel in Nigeria.

Nigeria has issued two sovereign green bonds (and is developing a third) and at least four corporate green bonds. States are also beginning to explore state green bonds – Lagos state embarked upon the issuance of a N25 billion green bonds and Gombe State government plan to raise N30 billion green bond to invest in the State's agriculture and infrastructure development. These moves have been positive received by Nigerian capital market stakeholders – and demonstrate the potential 'crowding-in' effect of successful issuances.

Carbon market finance is also of growing interest. Here, up-front financing can help deliver development projects that have climate mitigation co-benefits. In Jigawa, the Living Carbon Jigawa (LCJ) project uses regenerative agriculture techniques to reduce GHG emission, increase yields and improve smallholder livelihoods. Through the CarbonVista fund, NSIA and Vitol Foundation have provided up-front financing to enable implementation of the project. There has also been interest in carbon market finance in Bayelsa (for gas flaring), Kano (for electric kekes) and Ekiti (for forestry projects) amongst other States.

Security and Climate

Security is among the highest priorities of all state governments. Interventions range from Joint Task Forces to local and regional networks of vigilantes. Lagos state pioneered converting federal security funds into an institutionalized Security Trust Fund – that moves away from the opaque and discretionary allocation of Security Votes. A number of states have followed this model – Kano state announced that it was creating a security trust fund; Katsina state established a Security Trust Fund Committee and has made security a primary policy objective of the administration of Governor Radda. While Jigawa state has established a Disaster Management Trust Fund. All these trust funds involve ameliorating conditions and integrating climate drivers into bespoke interventions.

The intersection of security and finance and disaster management and finance creates opportunities to align financial instruments with federal and state environmental goals and introduce measurable climate and finance metrics into state government development discourse.

Energy Transition and Electricity

The new Electricity Act has incited many states to actively pursue regulating electricity within their boundaries, yet few have enacted laws or set up regulatory structures to take advantage of the Act. The impact of this act on the existing market design, alongside other interventions, seeks to boost liquidity in the electricity supply industry with critical solvency challenges. This situation presents both opportunities and challenges for states seeking to expand electricity access leveraging clean or renewable energy sources. Clean energy finance is a valuable potential source of finance for responding to these opportunities.

Lagos state has been among the first to enact its own Electricity law. However, it has yet to conclude the studies and interventions required to establish its own electricity market design and regulatory framework under the new Electricity Act 2023. It has conducted energy audits and is determining its energy gap. Lagos has also sought advice on how to create virtual power plants redirecting excess power generation from solar installations to the distribution network. Katsina is currently in negotiations to procure power and is considering regulating electricity. Kano state has already engaged advisers to determine its energy gap and the mix required to fill that gap.

Transportation

Transportation Infrastructure and Mobility feature in every state government's policy priorities. Properly designed transport projects can attract carbon market finance and help avoid future emissions. Almost all state budgets feature roadbuilding projects. However, wider mobility priorities vary – Niger state procured 200 buses powered by compressed natural gas. Lagos state inaugurated the light railway systems. Ekiti is focused on rural access roads. Taking a climate lens to these transport priorities could be one way to increase their financeability.

Agriculture and Forestry

Agriculture and forestry are major sources of employment and livelihoods in Nigeria. Both sectors are exposed to climate risk and are contributors to GHG emissions – particularly non-CO2 emissions such as methane. There are opportunities to develop climate smart agriculture that improves livelihoods in a sustainable way.

Jigawa, Kaduna and Kano have piloted the System for Rice Intensification (SRI). SRI is a framing practice that uses less water, less seeds, has lower costs of production and leads to higher productivity compared to paddy rice. It also has a positive benefit for GHG emissions and helps increase climate resilience – and is eligible for carbon market finance. This is a good example of how a development priority can have climate change benefits – and is more impactful than just a narrow focus on climate change.

Ekiti state provides an example of leadership in agricultural and forestry having built up a substantial institutional capacity with technical support for agro-forestry, ecological and water management, where the state is currently piloting better control of logging, protected areas for biodiversity and watershed management. The state is also seeking funding from AFDB for a Special Agriculture Processing Zone which they seek to engineer as climate-smart intervention from the outset. The state's agricultural policy focus on export crops cocoa and palm oil features deforestation free frameworks to ensure eligibility for export to EU and other markets. Multiple policy interventions within agriculture and forestry in Ekiti demonstrate the complex and intricate needs of states to align priorities to meet resource conditions of funders and donors.

Economic Growth and Diversification

Niger state held a Green Economy summit and developed a Green Economy Blueprint – with the aim of diversifying its economy, promoting clean energy transition, ensuring food security, and creating green jobs that would empower its communities. Both Ekiti and Lagos states intend to coalesce the different policy threads into “a whole-of-government vision” An advisor to the Governor of Katsina also noted that in creating the Department of Climate Change, the Governor intends for the department to be a whole of government resource.

Climate Finance as Development Finance

A recent report (Climate Impacts, Policies, and Actions at Subnational Level in Nigeria) assessed the level of climate change awareness and action in the 36 states. Its findings where that states do not have sufficient climate plans or laws – this may be true from a ‘climate-first’ perspective, but the examples above show that many states are already taking positive climate-aligned action, and that there is merit in taking an integrated approach, whereby climate change is seen through the lens of wider (and arguably bigger) development priorities. What is emerging are indications that states aspire to meld climate considerations into their development aspirations – rather than focus narrowly on purely climate goals.

These actions are diverse, depending on development and political priorities. A number are progressing to levels where climate is being integrated as a whole-of-government approach to policy management such as Ekiti and Lagos. Others are more focused on pressing matters such as security while creating institutional arrangements to align policy aspirations with climate conditions such as Katsina.

Key issues in climate finance in Nigeria

This note presents an overview of the landscape of climate finance in Nigeria and identifies some key barriers to access to climate finance. It is intended to inform State Governments and support their evolving thinking and activities on accessing climate finance. The note

- First outlines the global climate finance landscape, and then
- Focuses on issues affecting Nigeria's access to climate finance, before
- Concluding with some guidance for States.

The Global Climate Finance Landscape

There's no universal definition of climate finance and the term is often used interchangeably to refer to different things. For the purposes of this brief, we consider climate finance as any financing for credible climate action – this includes all 'climate-aligned' finance that does not have an explicit climate mandate, but contributes to green growth or climate resilient development.

Global climate finance reached $1.3 trillion a year in 2021/2022

The Global Landscape for Climate Finance 2023 (GLCF-2023) reports that in 2021/2022, global climate finance reached an average of $1.3 trillion annually, representing a substantial increase compared to $653 billion in 2019/2020. This growth was primarily driven by the increase in mitigation finance, particularly in renewable energy and transport sectors. Private actors provided 49% of total climate finance, while public sources accounted for the remaining 51%.

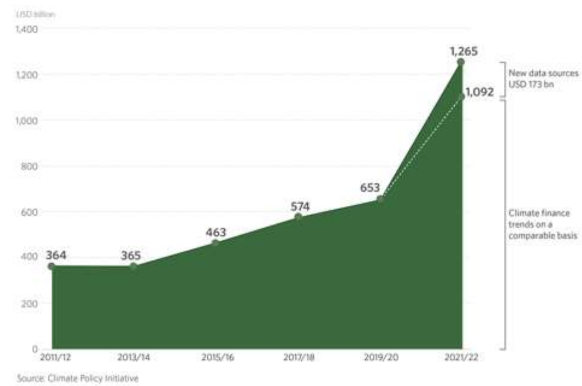


Figure 1: Global Annual Climate Finance Flows

While there has been significant progress, global climate finance still falls short of the estimated $8-9 trillion per annum needed annually by 2030 to keep global temperature rise below 1.5 degrees Celsius.

Global climate finance remains relatively small compared to global defence spending, which exceeds $2 trillion annually. It is also significantly less than the estimated $10 trillion spent on COVID-19 pandemic relief measures.

Mitigation finance accounted for the majority of climate finance, with 44% allocated to energy and 29% to transport. Adaptation finance reached an all-time high of $63 billion but remains far below the estimated $212 billion needed annually for developing countries alone.

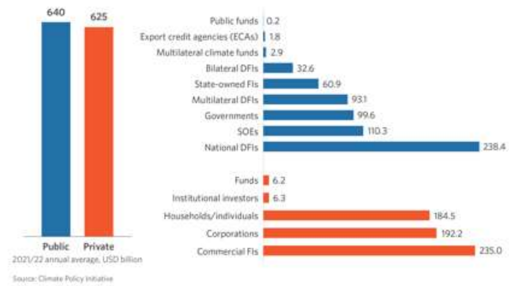


Figure 2: Sources of public and private climate finance (USD bn)

China received the largest share of climate finance, followed by the US, Europe, Brazil, and India. However, flows to developing countries – who are expected to be most impacted – were inadequate, with low-income countries receiving only 3% of the total finance.

While progress has been made in increasing climate finance, substantial gaps remain in meeting the necessary levels to mitigate and adapt to climate change effectively. Addressing these gaps will requires increased funding commitments, a reshaping of international and local financial ecosystems, targeted allocation to vulnerable countries, and a shift towards increased private sector mobilization.

Very little global climate finance reaches Nigeria

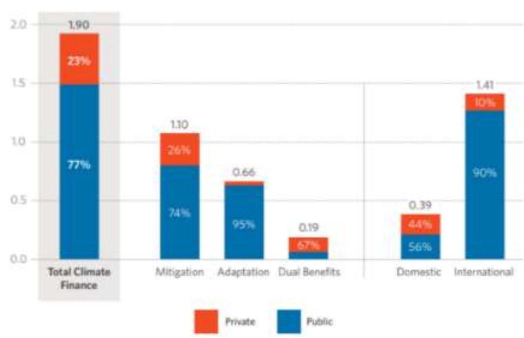


Figure 3: Climate finance breakdown by sources, and domestic-international split (USD bn)

The Landscape for Climate Finance in Nigeria 2022 (LCFN-2022) reports that in 2019/2020, climate finance in Nigeria reached $1.9 billion, which fell short of the $17.7 billion needed annually to meet Nigeria's Nationally Determined Contribution (NDC)[1].

Notably, over 75% of this $1.9 billion was provided via debt (mainly concessional debt) rather than grant or equity financing options. The majority (56%) of climate finance went towards mitigation efforts, while adaptation received only 34%. Public actors provided the vast majority (77%, $1.5bn) of climate finance.

Domestic climate finance is relatively small but 44% was from private investment, which is an encouraging trend to build upon.

Barriers and Challenges for Climate Finance in Nigeria

Climate finance in Nigeria remains small compared to its potential and Nigeria's finance needs. Nigeria's wider investment barriers and macro-economic factors are a major determinant of investment and finance flows. In addition there are key barriers and challenges in scaling up climate finance.

[1] NDCs reflect country's efforts to reduce national emissions and adapt to the impacts of climate change.

1. Lack of bankable projects

The Climate Finance Accelerator concluded that most of the components for a well-functioning climate finance supply chain are already in place in Nigeria – but that these components aren't engaging productively – resulting in a lack of a credible and bankable pipeline.

A project is 'bankable' when its risk-return profile meets investors' criteria and can secure financing for implementation. The exact definition differs depending on source, but key criteria for bankability include:

- the probability of meeting the project's financial, environmental, and social goals
- sufficient estimated cash flows to cover costs and produce returns that meet investor expectations,
- whether the project will be implemented by a creditworthy entity
- confidence that regulatory, economic, social and environmental factors are not likely to prevent the project from being completed.

There are many 'raw' projects in Nigeria, often with high ambition and innovation – however, these fail to progress through to the primary finance stage because they are not seen as bankable by investors. Projects tend to lack clear financial models/plans and the necessary feasibility/project documentation to give investors sufficient confidence that they will succeed. Project promoters need a wide range of financial and non-financial support to bring projects and schemes to market – but there are key gaps in the skills required to bring together the necessary financial and non-financial support for market readiness (Ian Callaghan Associates, 2019).

There is a relatively strong pipeline in power, but not a clear set of investment priorities beyond that. There are several disparate initiatives and plans (e.g. NDC, ETP, CFA, InfraCorp).

2. Lack of familiarity of working with private sector investors

The Federal Government of Nigeria's (FGN) approach to addressing infrastructure gaps over the last two decades has been to fund capital projects through a combination of government financed budgetary allocations, and external and domestic debts. However, with rising debt and underperforming revenue, FGN has recognised that project finance through debt is not sustainable and the updated National Integrated Infrastructure Master Plan (NIIMP, 2020 – 2043) targets a 56% contribution from the private sector to the USD$2.3 trillion of investment required.

<u>Growing private sector investment to this level requires a much deeper understanding of drivers and interests of private actors.</u> Project proponents are generally familiar with public financing (whether from the Budget or from development partners), but will increasingly have to engage more with the private sector. This group of investors are very different from typical public sources. State Governments and agencies need to better understand how investors approach and manage risk; and how to engage with them to win confidence and trust. For example, private investors frequently cite the lack of available project-level information and a lack of awareness of climate-aligned investment opportunities; the absence of strategic programmes of investment (rather than a list of projects); projects tend to be too small for major investors, but too big for retail investors.

3. Complex financing structures are needed to share risk

Climate-aligned investments are risky because projects are often novel or unproven from a financing perspective. Public and concessional sources have a larger appetite for this sort of risk – but lack the scale of capital required, so are unable to fully fund major projects. The private sector has the capital, but lacks the risk appetite and wants a clearer return. By structuring an investment to engage both types of investors, a project can become more financeable overall. For example, public finance can take on more of the early-stage risk, or a discrete portion of the project could be isolated for private financing – which can make an investment more attractive to a private investor.

This sort of blended financial structure is complex and more difficult to develop, so project promoters need a wide range of financial and non-financial support to develop viable financing structures to bring projects and schemes to market. However, there are key gaps in skilled transaction intermediation in Nigeria – firms that can bring together the necessary support for market readiness and help broker deals between multiple, diverse actors (Ian Callaghan Associates, 2019). Some of the factors that need to be considered when structuring deals that blend different sources from different investors with different risk appetites and profiles include:

- **Alignment of investment objectives**: Different investors have different investment objectives, such as maximising financial return, achieving social impact, or mitigating environmental risks. Aligning these objectives can be complex and time-consuming.
- **Risk appetite and tolerance:** Different investors have different risk appetites and tolerance levels. Concessional capital providers may be willing to take on more risk than commercial investors, which can lead to differences in the financing terms and conditions.
- **Due diligence and reporting requirements:** Different investors may have different due diligence and reporting requirements. This can add to the complexity and cost of structuring and managing deals.
- **Currency and exchange rate risk:** Blended finance deals often involve multiple currencies, which can introduce currency and exchange rate risk. Managing this risk can add to the complexity of the deal structure.
- **Alignment of exit strategies:** Different investors have different exit strategies. This can lead to challenges in structuring the deal to ensure that all investors can achieve desired outcomes.

4. International public climate funds have high barriers to entry…

Accessing international public climate funds (e.g. Green Climate Fund or Adaptation Fund) is complex and costly. Recipients need accreditation – which is a burdensome process with stringent fiduciary requirements. Accreditation requires certain policies to be in place (e.g. Gender and Social Inclusion) – these can take a long time to develop and implement, even if they already exist. Accreditation is also costly – in the order of $50k – and re-accreditation is required every five years. The means that Nigeria currently does not have a GCF Accredited Entity (AE) or Adaptation Fund National Implementing Entity (NIE) – DBN and NSIA are currently undergoing GCF accreditation, but this will take several years. As a result, currently accessing these funds means working through multilateral banks and international financial institutions like the World Bank and UNDP. This often comes at the cost of national ownership and control, with programmes being driven by development partner agendas.

The complex climate finance architecture makes it particularly difficult for State Governments to access funding. In recognition of this, the Subnational Climate Fund (SCF) was established, part financed by GCF. This is a particularly promising development for States in Nigeria, although wider macro-economic challenges remain major obstacles to investment

...although reforms are underway.

The complexity of accessing international public climate funds (e.g. Green Climate Fund or Adaptation Fund) has been recognised and some reforms are underway. A recent UNDP report (What GCF do we want for the Pacific? July 2023) proposed reforms to the GCF, highlighting the disadvantages faced by sub-sovereigns and smaller entities and advocating for further facilitating access by sub-sovereigns:

- **Simplify Accreditation and Support:** Extend re-accreditation timelines and offer flexibility for state projects.
- **Improve Guidance and Frameworks:** Modify due diligence assessments and reporting processes to reflect local capabilities, reduce turnaround times for Financiers' feedback.
- **Increase Literacy and Engagement:** Establish where possible local/ regional presence or offices.
- **Build Capacity and Enhance Support:** Provide technical assistance, facilitate peer-learning programs, and focus on long-term capacity building to strengthen understanding of Financiers' processes.
- **Enhance Project Funding:** Review allocation options to ensure funding prioritizes vulnerable regions, use vulnerability indices, and conduct periodic stocktaking of GCF funds benefits.
- **Increase Local Currency Financing Options:** Commission studies to understand the costs of doing business locally, provide guidance on allowable costs for capacity support, and facilitate legal arrangements for local currency financing.

Key messages for States

The specific context and need for Climate Finance will vary from State to State, so any actions will need to be tailored to and owned by the State. However, some potential strategies to consider are set out below.

Focus on quality project pipeline

Good capital flows to good projects – so a focus on bankable projects could be a good way to attract climate finance. Potential strategies include:

- **Understand the preferences and expectations of foreign private investors.** Engage with potential investors to better understand their risk appetite, risk profile and perceptions. Matching projects to sources, target the most relevant and take time to understand what bankability means to those sources. Investors are typically looking for projects that are financially viable, have a clear environmental and social impact, and are supported by a stable policy environment.

- **Prioritise and concentrate on a small number of key projects.** By a small number of flagship projects, resources can be used more effectively to unblock barriers and make progress. As individual projects develop, they can help identify systemic challenges that can inform policy changes.

- **Learn what works from peers.** Look for examples (positive and negative) of efforts to secure climate finance in other States. Where appropriate, standardise approaches and develop best practices.

- **Get beyond the technical.** Bankability of projects is not just about technical feasibility studies. Focus on financial viability and look to give investors confidence that financial management, governance arrangements and delivery capability are sufficiently robust to assure quality delivery.

Strengthen the investment climate

Investment Promotion Agencies can play a role in clearly communicating priorities, profiling key investment opportunities, and matching proponents with investors.

- **Communicate State strategic priorities and approaches clearly** Investors need to understand the context that potential investment opportunities exist within – and have confidence that there is likely to be long term support. Projects need to be integrated with state political priorities and reflect the needs of local communities. These priorities need to be credible and realistic. The plan should be developed in consultation with the private sector and other stakeholders. This includes engaging with civil society organisations and community groups to ensure that climate finance projects are aligned with local needs and priorities.

- **Promote targeted capacity building** State officials need to be able to understand and evaluate climate investment opportunities. The state should provide training and technical assistance to help officials develop the necessary skills. States can also assist with the promotion of programmes to build the capacity of domestic investors to identify and evaluate climate investment opportunities.

- **Provide targeted incentives** States can offer financial incentives, such as tax breaks or grants, to encourage private sector investment in climate projects.

- **Create a supportive policy environment** Review and revise state regulations and policies to ensure they are supportive of climate finance investments. States can adopt policies that support climate-friendly investment, such as green building codes and renewable energy targets.

- **Promote the state's investment opportunities to potential investors** Proactively engage with private sector actors to promote climate finance opportunities. This can be done through marketing campaigns, trade shows, and other events such as investment forums and matchmaking events to connect project developers with potential investors.

Leverage partnerships and support

Look for support across the wide landscape of development partners.

- **Establish partnerships with domestic financial institutions** States can partner with banks and other financial institutions to provide loans and other financing mechanisms for climate projects.

- **Develop partnerships with international organisations** The state should partner with international organizations to access technical assistance and financial resources. These partnerships can help the state attract foreign private-sector investment.

- **Grow dialogues with development partners** Engaging with banks, funds and development partners in open dialogue – even if they don't directly lead to financial flows. By ensuring that conversations are not just about specific financing opportunities, State officials and project proponents can get a better understanding of their perspectives and priorities.

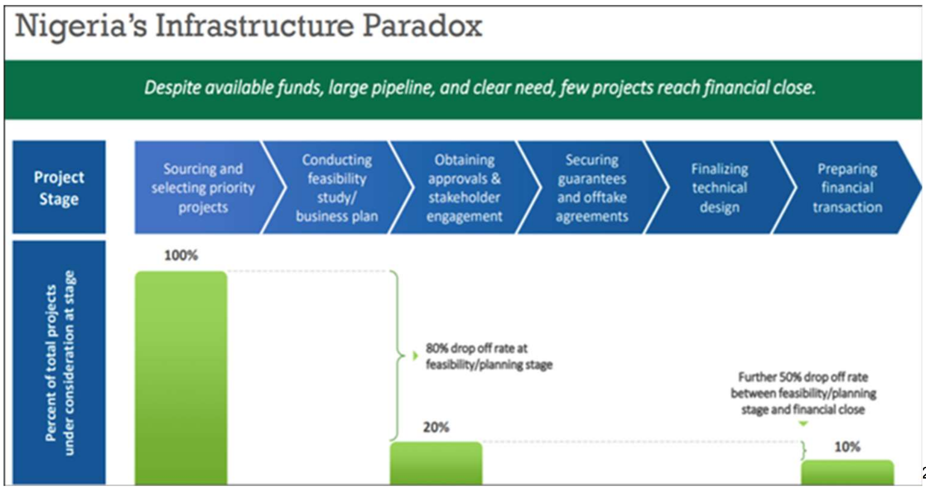
Further reading

#	Reference	Link
[1]	Global Landscape of Climate Finance 2023	https://www.climatepolicyinitiative.org/wp-content/uploads/2023/11/Global-Landscape-of-Climate-Finance-2023.pdf
[2]	IDFC Green Finance Mapping 2023	https://www.climatepolicyinitiative.org/wp-content/uploads/2023/11/IDFC-Green-Finance-Mapping-Report-2023.pdf
[3]	Landscape for Climate Finance in Nigeria 2022	https://www.climatepolicyinitiative.org/wp-content/uploads/2022/10/Landscape-of-Climate-Finance-in-Nigeria.pdf
[4]	"What GCF do we want in the Pacific? Practical recommendations for reform and capacity support.”	https://www.undp.org/sites/g/files/zskgke326/files/2023-11/undp-pacific-gcf-recommendations-2023.pdf

What makes a project bankable?

Nigeria faces a major public infrastructure paradox: ***Despite available funds, a large pipeline, and clear needs, very few projects reach financial close.***

For every 100 public projects that are conceptualised and selected during the initiation phase of the project life-cycle, only 20 will reach the execution phase and, of those, only 10 will reach financial/ project close. Most projects in Nigeria will complete only the first stage of the project life-cycle. Overall, public projects originated in Nigeria have only a 10% chance of being implemented.



[2]

In most cases, after development of the business plan/feasibility study, projects go on to stumble and fall due to a range of challenges that can usually be traced back to project origination. Plainly, project origination is the most important phase of a project's life-cycle. It is when the desired structure, characteristics, and nature of the transaction will be decided.

The project origination gaps in Nigeria

- Institutional gaps: there is **no written guide or framework** for how projects are originated in most states.
  Investment Promotion Authorities (IPAs), and state development strategies and plans *should* guide development priorities. But this is not standard practice – while most states in Nigeria do have Investment Promotion Authorities (IPAs), very few have a development plan and even fewer have an economic development strategy.

- Project screening framework: most states have **no screening framework** to guide project selection.
  As a result, projects are not adequately vetted and those that are selected are often too risky,

[2] Source; Azubike C. (2021) Maximising the use of DFIs & Donor funding in driving PPPs in Nigeria. PPT presentation by infraCredit for BPE webinar.

politically irrelevant or too politically contentious, or not strategically designed or positioned to stimulate private participation/financing.

- Project structuring: many projects are improperly 'located'.
  Projects that should be developed through private sector participation are targeted for public financing and projects that should be developed through public funding are positioned to be taken forward through private investment. This mis-focusing leads to significant delays and sometimes complete standstills in the project implementation process.

A framework for bankability

Based on UKNIAF experience, we identify three key factors common to high-quality successful projects in Nigeria.

Political support

Political support shows up in two main forms:

- a **political champion** to endorse and promote the project; and
- support from associated **pressure groups** and **labour unions**.

The support of these actors will give confidence to investors and greatly improve the prospect of successful project execution.

Role/influence of the political champion:

- To smooth the progress of approvals required for the project to progress through the various phases.
- To signal to private participants that the project has government backing and approval.
- To act as the *face of the project* when engaging with pressure groups and labour unions and to assure them that government is taking their concerns seriously.
- To interface and liaise with other high-ranking government officials who might otherwise impede progress.
- To make quick decisions that could be delayed due to chain of command and bureaucratic processes.

> The need for a political champion usually becomes clear during the planning and execution phase of the project cycle, when permits and approvals are required. Without a well-situated champion, approval processes can be long and unwieldy. A political champion can also give investors confidence in continuing support through the project cycle.

Role/influence of the labour union/pressure groups and cooperatives:

- Examples include:
  - the union of road transport workers, which can greatly influence the implementation of mass transit systems;
  - the union for railway workers, which can influence rail projects; and
  - environment pressure groups and youth groups within a community.
- In the case of mass transit projects, the introduction of a more formal structure, enforcement, and new infrastructure can affect the livelihood of the existing operators. The feasibility of a progressive and pragmatic transition process should be considered at a project origination as a key requirement for mass transit reform.
- Projects need to establish and maintain acceptance amongst key actors. All affected unions should be brought along with the process and workable solutions to address their concerns should be identified and effectively communicated as part of project origination.
- Grassroots outreach and small side projects which benefit the affected communities positively should be considered.
- Without engaging with activists' concerns, the project may be stalled due to subversive action. such as strikes, protests, lawsuits and, potentially, public disorder. While subversive action is unlikely to overwhelm government determination, it may delay the project long enough to deter investors and frustrate the proponents involved.

> The influence of labour unions and pressure groups will usually most affect the project during the stakeholder engagement process and during the development and approval of the ESIA. It may also adversely affect the project during implementation, as seen with some mass transit systems where informal operators were not effectively assimilated into the system.

Vested interests:

Although economic growth and social returns should be the primary objectives of public projects, the vested interests of specific groups in the public service or government can influence decision-making and implementation. Driven by various motivations, public servants may have incentives to allocate public investment—or to favour financing approaches—in ways that reflect their own interests and priorities.

Projects that entail mine development, port, cargo, freight, power distribution through IPPs, and inter-state rail projects should be considered with great care as they are potentially politically risky projects with significant vested interests. The legal and regulatory framework required for a project to be successfully executed needs to be assessed during the origination phase; to ensure that the project can be state-driven and that the project will not lead to political dissent.

> Vested interests: these impact the project during the execution phase, when federal or MDA approvals and support are required.

Existing masterplan/framework:

A masterplan provides a long-term vision for a community's development. A masterplan/framework helps to realise a development plan's true economic, social, and environmental potential. Once the vision has been established, the feasibility, phasing, and requisite outcome for the project are easier to pin down. A detailed delivery framework supports the masterplan and focuses on the technical aspects such as planning regulations, design strategy, etc. Situating a project within an established masterplan or framework provides the following benefits:

- The credibility and visibility of projects are boosted.
- The project developers can present a project case with clear estimates and references.
- Masterplans may aid with effectively phasing projects, which can enable revenue generation before full project completion.

> The situation of a project within the implementation of a masterplan or framework may positively impact it during the preparation phase, when institutional and regulatory feasibility is being assessed. Developers may, otherwise, be led to pause a project until such a governance framework has been established.

Case study: Lagos State Bus Rapid Transit (BRT) system project

Completion Date:

March 17th 2008

Estimated project value: $1.7 million per **kilometre**.

Expected project outcome:

The overall objective of the Lagos BRT system is 'to improve mobility and transport affordability in the city of Lagos through regulatory reform and facilitation of person movement on major corridors through a combination of traffic management and implementation of a high quality, high-performance bus rapid transit system'.

The first phase of the Lagos BRT, which is already running from Mile 12 through Ikorodu Road and Funsho Williams Avenue up to CMS started, runs a **16–hour** operation from 6.00 **a.m.** to 10 p.m. every day. The system uses 220 buses to move more than 200,000 passengers daily. In the last five years of operations, the BRT system has moved more than 400 million passengers.

Project Structure: Public Private Partnership (PPP)

Political champion:

The Governors of Lagos state championed and were instrumental in the development of the BRT system within the state. During his tenure as Governor, President Asiwaju Bola Ahmed Tinubu initiated the Lagos Urban Transport Project and sponsored the development of the BRT feasibility study, which was articulated by his commissioner of transport, Muiz Banire, who chaired the BRT Steering Committee. President Tinubu's term as state governor ended in May 2007 and Babatunde Raji Fashola was elected. Governor Fashola, who was from the same political party as Governor Tinubu, shared the same beliefs and commitment to the integrated transport approach as his predecessor. The political commitment even with a government change was a key determinant in the success of the BRT-Lite system.

Governor Fashola was the face of the BRT mandate, even when the project faced significant criticism from the public during the construction phase. By championing the project, he ensured that political risk, often present in fledgling public-private partnerships, did not present a barrier to private sector participation.

Pressure groups/labour unions:

During the construction of the BRT system, there was intense criticism of the Lagos State Government by various interest groups who thought they would be adversely affected by the reforms. Private vehicles were threatened by the prospect of disrupted traffic, incumbent minibus operators were concerned they would be displaced by increased competition. And ordinary residents of Lagos were worried about the possibility of sunk state capital. These concerns were taken seriously by the state and the success of the BRT can in part be attributed to systems that were established for citizens to express their views and have them addressed.

The Lagos State Government negotiated extensively with the politically powerful NURTW and convinced union officials of the widespread benefits of a BRT system – in particular, the prospect that BRT could offer direct employment via hiring, training, and renumerating existing drivers as well as indirect employment through enhancing Lagos' competitiveness. One of the key negotiating tools for the state was that they sponsored visits for the union officials to see BRT and other bus services in other international cities, including Curitiba (Brazil) and Bogota (Colombia). Seeing how such systems had been successfully integrated with existing bus services elsewhere, helped to persuade the NURTW to adopt and franchise the BRT concepts locally, smoothing the later transition of existing operators into the formal system.

Vested interest:

Delivering the transport sector reform required a complete redesign of the organisations governing transport in Lagos. LAMATA's creation facilitated a shift towards better coordination of planning, regulation, and management of transport in the city. Before LAMATA, the wide array of local, state, and federal government agencies involved in transport provision operated in siloes, with little regard for the effect their policies had on other areas of the system, or even how the decisions of other agencies affected them.

LAMATA was responsible for coordinating all of the major stakeholders in the transport sector. This helped to integrate the activities of different agencies, ensuring they could cooperate effectively based on common objectives. Supporting legislation and planning strategies enshrined the particular roles and responsibilities of different agencies. It also made clear how each agency could leverage one another's distinct powers to deliver the city's plan

Masterplan/existing framework:

In order for the project to be situated within the context of the state's masterplan for land use and spatial development, representatives of the state masterplan sat on the BRT Steering Committee. This ensured that synergy was maximised between development of the BRT-Lite system and the masterplan.

Strategic Case

Successful projects have:

- a strong strategic case with a clear rationale;
- good strategic fit with government policy, in particular the National and sub-national planning framework and development plan; and
- a clear financial case.

A common cause of problems in projects in Nigeria, nationally and sub-nationally is a failure to clearly specify objectives and desired outcomes at the outset. A number of factors should be considered in respect of this.

Project scale: small scale/phased project

Project scale is typically measured by investment size. ‘Big projects’ are typically those costing more than $100 million, incorporating both major projects (over $100 million) and ‘mega’ projects (over $1 billion).

- Major projects are often *downwards inflexible* in that, while it may be relatively straightforward and economical to up-scale them, they are extremely difficult and costly to down-size if economic/market circumstances require this. It follows that it is prudent to adopt a phased approach if a large-scale project must be considered.
- Big projects are riskier and more expensive to finance. If a state chooses private capital to bear the up-front costs of large-scale projects, then investors will demand a higher return for carrying the associated risk. Due to the volume of investment required, fewer institutions will be willing to invest in large-scale projects; with reduced competition entailing higher return requirements by financiers.
- Big projects are more likely to be subject to opposition and delay; as they affect more people. They are also likely to have a larger and more complex set of stakeholders and, as a result, require more stakeholder management and debate. This can result in significant delays and, potentially, failure to complete.
- In comparison, small-scale projects are easier to appraise accurately small projects as their impacts are limited and usually geographically concentrated.
- However, conversely, small projects (typically below $10 million) can struggle to attract investment as the transaction costs of managing such investments are too high for major investors. Furthermore, the scale of the need in Nigeria requires a level of ambition that leans towards larger projects – although these may be more complicated. The key is to match projects to investors and delivery capacity.

> The scale of the project will affect project development during the preparation phase. Projects need to be sized appropriately to balance risk, impact and investability.

Financial viability:

Financial viability relates to the ability of a project to generate enough revenue to cover its initial investment outlay and to generate a profit. Financial viability needs to be assessed from the perspective of the different project participants. It is not enough , for example, that a project satisfies the financial performance requirements of a private partner, if it imposes contingent liabilities on a state that it cannot prudently meet. If a project is not financially viable from the investor's standpoint, it is unlikely to attract investors or secure funding. Even if the project can secure funding, it may be unable to sustain itself in the long-run if it is not financially viable.

Net Present Value (NPV), Internal Rate of Return (IRR), Payback Period and Return on Investment (RoI) are some of the most widely used tools in project management and finance. They measure the profitability, efficiency, and risk of your projects.

Adequate market demand for the infrastructure:

Underpinning financial viability is the market demand for the services a project will deliver. Weak demand also means the project is unlikely to be economically or socio-economically productive. Demand for the infrastructure being higher or lower than anticipated will affect the commercial viability of the project and projected cashflows. It is vital that close and careful attention is given to a realistic, indeed conservative, assessment of likely market demand at project origination and that the potential adverse implications of weaker-than-forecasted demand are properly understood.

No associated or support infrastructure required:

The success of some complex projects such as the development of Special Economic Zones (SEZs) or port projects requires the existence or provision of basic urban infrastructure such as roads, water resources, power, commuter railway lines, water, and sewerage facilities. Some projects may also require more complex support infrastructure. For instance, an SEZ developed to stimulate Foreign Direct Investment (FDI) should be close to exit points such as ports and airports to facilitate export and transportation of domestic and foreign staff and operators that work within the zone.

The absence of key associated infrastructure can make projects significantly more expensive and more difficult to market to private developers. It is clearly less expensive, and less complex, to develop a port in isolation than to develop a port and an associated highway to serve as its evacuation corridor. By the same token, the government can reduce risk and increase project attractiveness to developers by building support infrastructure before beginning the procurement process.

Case study: A tale of two free zones

Lekki free trade zone

Completion Date:

Established in 2006, development is still ongoing

Estimated project value:

USD $400 – $500 million

Expected project outcome:

To "establish a free economic zone and an international city with multi-functions of industry, commerce, trade, tourism, recreation and residence to attract foreign investment, create employment and expedite economic growth". In real terms the project is expected to:

- To generate employment opportunities and skills acquisition; it will produce 300,000 direct jobs and 800,000 indirect jobs.
- To stimulate the Nigerian economy
- To create and encourage integration with foreign partners.
- To ensure effective exploration of the country's abundant resources.

Project Structure: PPP - Joint Venture comprising of a consortium of Chinese Companies by the name China-Africa Lekki Investment Ltd [CALIL] (formerly known as referred to as CCECC-Beyond International Investment & Development Co. Ltd) as the majority shareholder (60%), the Lagos State Government [LASG] (20%) and Lekki Worldwide Investments Limited [LWIL] (20%).

Applicable Lessons

Political champion:

The project scale is incredibly ambitious, the entire Lekki Free Zone covers an area of 16,500 hectares and is divided into two peninsulas by the Lekki lagoon and sectioned into four (4) quadrants. The quadrants are being developed in phases and have been named in kind. Phase 1 quadrant is being developed as a mixed-use industrial zone and accounts for 3000 hectares of investment space. According to the March 2009 feasibility study, about 1,176 ha was supposed to be developed over a period of five years with a startup area of 780 ha. However, this plan was scaled down considerably. The pilot development eventually accounted for only about 154 ha. The scale of even just phase 1 was evidently larger than feasible, to this end, the development had to be scaled down significantly.

Financial Viability and market demand for the infrastructure:

According to the feasibility study, phase 1 is being developed to attract the following industries: light industry including furniture, textile & garments, footwear & headwear, construction & building materials, household electrical appliances & other consumer products; vehicle assembly including buses, trucks, tractors, motorcycles as well as construction and engineering equipment; warehousing and logistics including for petroleum products; and real estate development for urban services, finance, trade, hotel, recreational and business and residential facilities.

Unfortunately, even 18 years after establishment, only 15% of the land allocated to Phase 1 has been developed, with off-takers from the following sectors: Manufacturing, Oil and Gas, Logistics and Warehousing. Phase 1 has struggled to attract investments, with an occupancy level of only about 12% of its total developed infrastructure.

Parallel/support infrastructure

One of the major challenges that surely dissuaded investors from establishing within Lekki Free Zone was the lack of a suitable evacuation corridor out of the zone and into the city centre. Traffic gridlock constantly affected commuters who utilised the only road network that connected the corridor and the main city. The lack of an evacuation corridor would have caused significantly logistical issues for large scale manufacturers trying to transport merchandise, produced within the zone, into the city.

Lagos free trade zone

Completion Date:

Established in 2012, development is still ongoing

Expected project outcome:

Lagos Free Zone is the first private free trade Zone in Nigeria. It is fully equipped with world-class infrastructure, a single clearance window for ease of doing business, and integrated with the 90 hectares Lekki deep seaport, which will allow for access to regional and international markets.

Estimated project value:
N/A

Project Structure: Lagos Free Zone is the first private free trade Zone in Nigeria, promoted by Singapore based Tolaram.

Applicable Lessons

Project scale:

The zone covers an area of 850 hectares, including the integrated 90 hectares Lekki deep seaport and is being developed with a phased approach. Phase 1, 300 Hectares, was developed between 2019 and 2022.

Financial and economic viability:

In 2024, Phase 1 has recorded about 50% occupancy, received over $2.5 billion in investments and created more than 4000 direct and 15,000 indirect jobs.

The active sectors include: Manufacturing, Construction, Marine services, Telecoms, and Logistics; with manufacturing accounting for the highest percentage of occupants.

Parallel/support infrastructure:

in consideration that a free trade zone focuses on manufacturing export produce, the project developers integrated the Lekki deep seaport within the zone. Further to this, to support this beneficial private enterprise, the government of Lagos state have committed to the accelerated expansion of the road network (the coastal road) and power supply enhancements.

Lagos free zone has seen relatively more success than the Lekki free trade zone because of its strategic context. Lagos free zone was developed by private entities, who identified the opportunity, quantified the market demand, and approached the Government with a proposal to initiate the project.   To ensure financial viability, the private developers were economical in their project scale and in how they applied the phased approach to development. However, such unsolicited proposals risk undermining Government policy objectives if they are not well aligned.

In 2023, Lagos free zone won the industrial champion category of the global free zone of the year award 2023. The award was granted on account of the integration of the Lekki deep seaport which created opportunity for manufacturers to export their goods as needed.

Risk Profile

Risk forms an inherent part of any infrastructure project. The way risks are allocated, mitigated, and managed influence their likelihood of occurrence and their impact on the Project. At the origination and planning stage, a sound identification, allocation, and mitigation strategy for risk will increase investors' interest in the project during execution phase and will lower the cost of financing and increase the likelihood of financial close.

Risk category	Description of identified risk	Risk mitigation strategy
Site risk	Land acquisition and/or Right of Way (RoW) is an important risk that must be considered and addressed during the project origination process. If the Certificate of Occupancy (C of O**), Right of Occupancy (R of O)** and other similar documentation are not in the custody of the Government, then recovering that land may constitute significant risk that will materially delay the project if the current landowners decide not to sell.	The project sponsor needs to carry out a site survey to establish land ownership complete with acquisition and resettlement plan at the onset of the project.
Environmental and Social Risks	There are potential Environmental and Social (E&S) consequences from the construction and operations of most projects that will be originated. To this end, all projects must consider the risk that the project design and operations are compliant with applicable E&S laws, which could result in changes in project design, site selection, implementation timeline, or costs. From a social perspective, there must be considerations for resettlement of local community members who carry out local economic activities, like farming or fishing, or those who are resident within the area of the proposed project sites.	This can be mitigated through appropriate site selection. If unavoidable, the project sponsor needs to start planning for requisite remedial actions. If applicable, the sponsor should procure reliable land surveying and resettlement plan.
Political risk	The risk that developers/investors/operators will be adversely affected by political activities (i.e., change in government, termination or repudiation of contract, lack of consistency in relevant government policies and regulations, unfavourable public perception of the project, and/or delays in securing the required approvals) must be considered. Private investors value predictable political environment where changes can be foreseen and adequately planned for.	To the extent possible, the project sponsor should facilitate disassociation between the project life-cycle and the political cycle of the region where the project is being implemented. This will make scheduling and annual budget line items (for funding) mutually exclusive. The private sector will be cushioned against too much political interference.
Legal and regulatory risk.	Legal risk arises from a lack of precision in the legislation and regulations that will govern a project. This may arise because the project is not in the national or subnational plan, or if there is no framework or authority that guides the implementation or the project. They also occur because of changes in the legislation and regulations governing a project. The allocation of risk is governed by the legal agreements in place – if these risks are not appropriately allocated or fairly shared, this will negatively affect bankability.	The sponsors need to ensure that there is a credible legal and regulatory framework that protects private sector interests and property rights and enables commercial contracts to be legally enforced. The project sponsor needs to create mechanisms that will facilitate the resolution of disputes and potential conflicts of interests in a cost-efficient, fair and enforceable manner.

Brownfield/Green field projects	Brownfield projects entails the remediation of existing assets/infrastructure by the state through revitalisation projects funded by the state or concessions with the private sector. The remediation of these sites can create jobs and produce other economic impacts. The alternative to this green field project in which new infrastructure is developed.	The clear advantage of a brownfield investment strategy to Nigerian states is that the assets and infrastructure are already constructed. The risks, costs and time of start up may thus be greatly reduced as the requisite permit approvals may already be in place.

Case study: Concession of Federal government of Nigeria silo complexes

Completion Date:

May 2019

Estimated project value: $1,349,171

Expected project outcome:

In 2014 the Federal Government of Nigeria (FGN) through the Federal Ministry of Agriculture and Rural Development's (FMARD) with technical support from the World Bank commenced the process to concession 22 of its 33 silo complexes across the country to the private sector. Their goal was to bring the inherent private sector advantages into the running or management of the Strategic Grain Reserves silo complexes. They were successful in this endeavour and in May 2019, 17 silo complexes were handed over to the private sector for operations and management.

The silo complexes were established by the government to provide immediate food relief in times of emergency, provide appropriate mechanism, and guarantee minimum price scheme to make farmers earn remunerative prices for their produce. They were also designed to provide a mechanism for price stabilisation and storage capacity for excess production and reduce post-harvest losses.

Project Structure: PPP Concession

Applicable Lessons

Brownfield:

Most of the silo complexes had already been developed or were in the final stages of development. To this end, concessioning the assets was a matter of assessing their operational viability, during the planning stage, and concessioning those that were most operationally viable and required the least renovation/revitalisation. The merit of this phased approach is the opportunity to utilise the funds received from the upfront fees to revitalise the other assets and prepare them for concessioning.

Political, legal, and regulatory risk:

The FGN managed the legal risk by executing the project in compliance with the PPP legislation, with oversight and regulation from ICRC. They ensured that each silo complex had a legal status that was free from all encumbrances. They supported value chain stakeholders and provided transparent and consistent incentive policies for agriculture investments.

Environmental and social risks:

The environmental risks were addressed during the initial development of the silo complexes. To address social risks, the FMARD carried out active stakeholder engagement and contractually required the concessionaires to provide a stipulated thresh-hold service and tariffs to farmers.

Site risk:

The site belongs to the Government; as the complexes were brownfield, thus the permits, and approvals required to develop and operate the complexes had already been sought and obtained.

BRIEFING

Overview of the Voluntary Carbon Market

What is the carbon market?

The term 'carbon market' is used interchangeably to refer to a wide range of markets that have resulted from economic instruments and policies to regulate Greenhouse Gas (GHG) emissions. At the simplest level carbon markets are marketplaces participants can generate, buy and sell carbon 'units' – in some schemes these units where represent **rights to emit GHGs** and in other schemes these represent **emissions reductions**.

Most schemes have their own unit and there is some mutual recognition between some schemes – e.g. some cap-and-trade schemes allow the use of offset credits for compliance purposes. Through the interaction of supply and demand, the market establishes a price for the units – which reflects the cost of reducing one additional tonne of CO_2 emissions equivalent (known as the marginal cost of abatement).

Scheme designs vary depending on the goal of the mechanism.

- **Mechanics:** There are two main models for emissions trading. Firstly, 'cap-and-trade' schemes create and trade permits to pollute whereas 'baseline-and-credit' schemes create and trade emissions reductions.
- **Legal nature:** Participation can be mandatory or voluntary.
- **Participants:** Schemes can be company-to-company trading or country-to-country.
- **Targets:** Schemes may have their own emissions targets, or may complement other regulations on emissions.

To illustrate how these elements can combine, existing schemes can be thought of in three categories (see the Annexes more detailed overviews of each):

- **International trading system:** Defined by the UNFCCC – originally this was the Kyoto Protocol Flexible Mechanisms (JI/CDM) – referred to as the Clean Development Mechanism. It was originally intended to incentivise collaboration between countries by allowing one country to claim emissions reductions in another country if it financed the activities that generated them. This has now been superseded by Article 6 of the Paris Agreement, which aims to establish a fairer approach to international co-operation, and to align accounting for cross-border emissions reductions – however the rules for this are still being developed.
- **Regulated Schemes:** These are mainly government defined schemes to regulate companies and can be mandatory or voluntary. In some cases (for example the EU ETS), these are designed to achieve a fixed emissions reduction target (through cap-and-trade). In other cases, these are a way to put a price on carbon to incentivise reductions (through baseline-and-credit) and ensure that participants account for their emissions (but don't set hard limits).

- **Voluntary Carbon Market:** Generally, this operates at company level – and is a way to incentivise emissions reductions by monetising them. Companies generate credits from voluntarily reducing emissions. Other companies, organisations and individuals can voluntarily choose to buy these credits to offset the impact of their emissions (i.e. account for them).

The Voluntary Carbon Market

Voluntary Carbon Markets (VCM) are private schemes. Demand is created by companies, organisations and individuals who wish to account for their emissions by buying emissions reductions from other (offset). On the supply-side, they provide a way that companies can monetise voluntary emissions reductions.

- **Offsetting Emissions:** The VCM allows companies and individuals to compensate for their emissions by buying carbon credits generated from projects that reduce greenhouse gases elsewhere.
- **Carbon Credits:** These projects generate carbon credits, which represent one tonne of CO_2 (or other greenhouse gas) that has been reduced or removed from the atmosphere.
- **Buying Offsets:** Companies (or individuals) can buy these carbon credits from the VCM to offset their own emissions, by supporting projects that are actively reducing the carbon footprint in other areas.

Some existing compliance markets incorporate offsetting elements alongside trading, whereby participants can purchase carbon credits to account for a portion of their emissions.

Issuing VCM credits

Various VCM *Schemes and Programmes* have been created, with the main 4 being: Verra VCS, The Gold Standard, American Carbon Registry and the Climate Action Reserve. Each of these schemes sets their own rules for generating credits (known as *Standards*), but they all follow the same general structure:

Project Development and Registration:

- Developers design a project that reduces or removes greenhouse gases. This could involve renewable energy installations, forest conservation initiatives, or other approved project types.
- Developers register their project with a VCM standard body (e.g., Verra, Gold Standard) following agreed ways of developing and implementing the specific project type (known as *Methodologies*).

Validation:

- Independent third-parties assess the project design and ensure it adheres to the chosen VCM standard's methodologies and requirements. This includes evaluating the project's baseline emissions (emissions that would occur without the project) and its monitoring plan. These *Validation/Verification Bodies (VVBs)* are accredited by the relevant standard body.
- Validation confirms that the project meets the VCM standard's rules and requirements. Once validated, a project can be registered with the respective VCM programme.

Monitoring and Reporting:

- Once validated, the project developer implements the project and monitors its progress according to the approved monitoring plan. This typically involves collecting data on emission reductions achieved or carbon removed over time.
- Periodic monitoring reports are submitted to the VVB for review.

Verification:

- The VVB conducts periodic on-site visits and reviews monitoring data to confirm that the project delivers the planned emission reductions according to the standard's rules and the validated project documentation.
- If the project outcomes are successfully verified, the verifier issues a report confirming the amount of verified emission reductions (VERs) or removals (VRs) generated by the project.

Credit Issuance and Registry:

- Based on the verification report, the VCM standard body issues the corresponding number of carbon credits. These credits represent one tonne of CO2 equivalent (tCO2e) reduced or removed. Different schemes have different 'currencies' – for example, under Verra's Voluntary Carbon Scheme issues VCUs (Verified Carbon Units) whereas the Gold Standard scheme issues VERs (Verified Emissions Reductions).
- The credits are then registered on a central registry, which tracks ownership and facilitates trading. Project developers can then sell these credits to companies or individuals looking to offset their emissions.

Key considerations:

- The specific process can vary slightly depending on the chosen VCM standard and project type.
- Transparency and rigor are crucial throughout the process to ensure the environmental integrity of the credits issued.
- Reputable VCM standards have clear requirements for project additionality, meaning the emission reductions wouldn't have happened anyway without the project generating carbon credits.

Trading VCM credits

The process for trading carbon credits involves several steps and can happen through different channels. Companies, organizations, or individuals looking to offset their emissions can purchase carbon credits through various channels:

- **Directly from project developers:** This can be negotiated bilaterally, and can be a key way for projects to secure up-front financing or assure investors that there will be buyers for the credits generated.
- **Trading platforms:** These platforms facilitate buying and selling, often with transparent pricing mechanisms.
- **Retail brokers:** Some brokers specialize in selling carbon credits to individuals who want to offset their personal footprint.

Key considerations:

- **Pricing:** The price of carbon credits can vary depending on project type, vintage (year of issuance), and overall market demand.
- **Quality Considerations:** Buyers should carefully assess project information and verification standards to ensure they are purchasing high-quality offsets.
- **Emerging Innovations:** New technologies like blockchain are being explored to enhance transparency and traceability in VCM transactions.

Retiring VCM credits

Once purchased, the buyer offsets their emission by "retiring" the credits, meaning they are removed from the market to avoid double counting. Once purchased, a buyer retires the credit in its registry account – this means that the registry will record the retirement and associate it with the buyer. This permanently removes the credit from circulation and it can no longer be trader or used.

Some buyers might choose to use their credits for internal claims or marketing purposes to showcase their sustainability efforts. However, this doesn't remove the credits from circulation, and their retirement will be required at a later stage to avoid double counting and ensure permanence.

Key consideration:

- **Transparency and Traceability:** Reputable VCM platforms and registries provide buyers with information about the origin, type, and verification details of the carbon credits they purchase.
- **Choice and Alignment:** Buyers can often choose credits from projects that align with their specific sustainability goals (e.g., renewable energy, forestry) or prioritize additional benefits beyond carbon reduction (e.g., biodiversity conservation).

IF0024: Access to Climate Finance

Annex 3: Infographics

What you need to know about Climate Finance

Climate finance is any financing for credible climate action, including 'climate aligned finance'

US $1.3 Trillion

Value of global climate finance in 2021/22. An increase from US $653 billion in 2019/20.

Major drivers

Mitigation finance aimed at renewable energy and transport.

PPPs

Public sector finance contributed approximately 51%, with the private sector adding 49%.

US $1.9 Billion

Nigeria's share of climate finance in 2019/2020.

US $8 Trillion

Approximate annual funding needed - a gap of about US $6.7 trillion.

US $17.7 Billion

What Nigeria needs to meet its 2030 NDC goals.

Share of funding

Developing countries in the global south receive about 3% of climate finance.

Figures taken from:
Bucher, B., Naran, B., Padmanabhi, R., Stout, S., Wignarajah, D., Miao, G., Connolly, J., Marini, N. (2023) Global Landscape of Climate Finance 2023 *Climate Policy Initiative*
Stout, S., Meattle, C. (2022) Landscape of Climate Finance in Nigeria *Climate Policy Initiative*

UKNIAF
United Kingdom Nigeria Infrastructure Advisory Facility

Learn more www.ukniaf.ng

UK International Development
Partnership | Progress | Prosperity

NIGERIA GOVERNORS' FORUM

TETRA TECH
International Development

Climate Finance
barriers in Nigeria

Experience needed to structure risk sharing
Complex, blended finance structures are needed to accommodate public and private financing limitations. These structures help manage the risk.

Lack of bankable projects
Ambitious, innovative projects exist, but they often lack robust financial models and feasibility plans to give investor confidence.

International public climate funds have high barriers to entry
Recipients of international public climate funds need accreditation, which can be costly and drawn-out. Accessing these funds through proxies comes at the cost of national ownership and control.

Absence of clear prioritisation
There is often a strong pipeline in place, but no clear investment priorities beyond this. This is further complicated by disparate initiatives and plans.

Lack of familiarity with private-sector investors
There is a lack of knowledge of the drivers and motivations of these investors. Projects need to understand how they approach and manage risk.

UKNiAF
United Kingdom Nigeria Infrastructure Advisory Facility

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NIGERIA GOVERNORS' FORUM

TETRA TECH
International Development

What makes a project successful?

- Appropriately placed political champion
- Support/buy-in from the labour unions and pressure groups
- Project falls within an existing master plan/ framework
- No political contention/Federal vested interest in assets

- Brownfield vs Greenfield – Brownfields are easier to take forward e.g concession and initial investment outlay is lower
- Existing institutional framework
- Regional Impact (Socioeconomic and
- environmental risks: resettlement Action Plan (RAP), Environmental and Social Impact Assessment (ESIA))

Land availability

- Project scale: Small scale/phased project
- ROI: financially viable/profitable based on metrics e.g NPV, IRR and payback period
- Adequate market demand for the infrastructure
- Adequate existing support infrastructure
- No parallel infrastructure required

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International Development

IF0024: Access to Climate Finance

Annex 4: Project Idea Presentation by all States

Abia State

Development Priorities

1. Universal Energy Access
2. Energy Efficiency and Conservation
3. Economic development and job creation
4. Capacity and Knowledge sharing
5. Diversification of Energy sources
6. Infrastructure development and modernization
7. Community empowerment and participation

Ongoing project(s) /initiative(s) or Ideas

1. Eco Transport System: 4 Bus/Trailer Terminals, 250 Bus Shelters, 30 Junction Improvement Works, 500 CNG Buses
2. Deforestation: 200,000 Automated stoves
3. E-governance: Minimum use of papers across MDAs
4. Solarise Trade Centers: Green Energy to power 60,000 shops in Aba and Umuahia
5. Grid and off-grid infrastructure
6. Construction of a 150 MW power plant at AIIP - Owaza, starting with 50MW in Phase 1.
7. The REenergize Abia Programme aims to achieve carbon dioxide (CO_2) reduction of over 1,000 tonnes per year while establishing a cumulative power capacity of 851MW.
8. N45BN medical city project to be situated on a 1,000 hectares of land in Aba Development of a solar hybrid IPP plant to power Abia State Government locations in Umuahia at an estimated cost of US$5 million.

Areas to discuss with other states

Collaboration with other states

Areas for technical support

1. Policy Development/Review
2. Capacity building
3. Private sector engagement

Bayelsa State

Development Priorities

1. Waste Management
2. Sustainable Forest Management
3. Sustainable Fisheries and Aquaculture
4. Clean(er) Energy

Ongoing project(s) /initiative(s) or Ideas

1. Review of Bayelsa State Policy on Climate Change
2. Development of State Forestry Bill
3. Bayelsa Plastic Waste Management Programme
4. Development of Bayelsa Women in Renewable Energy (BAYWIRE) Programme
5. Bayelsa State Jurisdictional REDD+ Programme
6. Development of Bayelsa State Plastic Waste Management Programme

Areas to discuss with other states

1. Cross border cooperation on forest products
2. Collaborative River Basin, Coastline and wetlands Management
3. Promotion of climate-smart agriculture practices to enhance food security and reduce emissions, targeting the establishment of regional markets and supply chains for sustainably produced goods.

Areas for technical support

1. Policy Development/Review
2. Programme design for climate finance bankability
3. Capacity building for programme implementation Teams
4. MRV processes and programme progress tracking
5. Climate finance proposal writing (for GEF, GCF, etc.)
6. Feasibility studies to develop offshore wind energy

Edo State

Development Priorities

- Land restoration and protection
- Forestry
- Human settlement
- Waste management
- Energy

Ongoing project(s) /initiative(s) or Ideas

Proposed/Prioritized Project

a) Emuhi – Ekpoma – 2.4 billion naira
b) Erhunmwunse Catchment (Southwest moat) - 4billion naira
c) Forest inventory of about 18 forest reserve

Ongoing Project

a) Iyekogba (N36 million), Ewah Road (N870 million), and Iwogban (N2 billion)
b) A Nursery establishing 181,000 seedlings for planting.
c) Landscaping and Planting of ornamental tree seedlings and Construction of Green Parks and Gardens across the State.(Use trees as additional carbon sinks)

Completed Projects

a) Queen Ede-Benin, Oshiobogie-Auchi, Igbe-Auchi, Ogiso-Benin, Ewu, Ibore, Ekenwan, Urora-Benin, by Edo State NEWMAP office in the State.
b) 120 hectares of forest plantation have been established.
c) Implementation of 10 years plantation strategies which kicked off last year, 2023.

Areas you want to discuss with other states

Collaboration with other states

Areas for technical support (if any)

1. Consultancy for remediation, adaptation and mitigation
2. Capacity building
3. Expertise in Forest inventory, Carbon stock analysis
4. Ecotourism
5. Tools and equipments
6. Acquisition of Total Station equipment.
7. Manpower especially
8. Creation of Landfill site.
9. Training on waste management techniques
10. Training on Circular Economy practices.
11. Training on renewable energy production, management and sustainability.

Ekiti State

Development Priorities

1. Job Creation
2. Human Capital Development (Knowledge Economy and Innovation)
3. Agriculture (Food Security) & Rural Development
4. Infrastructure and Industrialisation
5. Governance
6. Arts, Culture and Tourism

In a climate-smart and sustainable way …

Ongoing project(s) /initiative(s) or Ideas

1. Ekiti Knowledge Zone – AfDB (Knowledge Economy and Innovation)
2. Ekiti Special Agro-Processing Zone Project – AfDB
3. Phase II of Ekiti Independent Power Project (IPP)
4. Urban Design for Climate Resilience (Green + Grey Infrastructure) – UN Habitat
5. Forestry Development for Carbon/Export Markets

Areas you want to discuss with other states

1. Sustainable Agricultural Commodities Development (Oil Palm & Cocoa)
2. Collaboration with other states on energy/power development (sub-national electricity development)
3. Carbon-eligible Agro-forestry projects
4. Climate-smart Agriculture
5. Innovation Hubs Development

Areas for technical support (if any)

1. Development of institutions and policies around Ekiti Electricity Law
2. Development of mini-grids (renewables, hydropower – modelling & feasibility studies)
3. Urban transport (hybrid, electric, CNGs etc.)
4. Markets development for climate-smart cocoa/oil palm agroforestry
5. Resilience to flooding for the transport sector

Enugu State

Development Priorities

1. Education – renewable energy to power 260 Smart schools.
2. Health – renewable energy to power 260 primary health centers.
3. Water – 5.67MW LNG power plant for Phase II Oji River water project.
4. Transport –
   - Intra and Inter-city CNG (BRT) buses
   - CNG Daughter station and retrofitting of sister stations, intra-city rail projects
   - e-mobility
5. Agriculture
   - Green Special Agro-processing zones

Ongoing project(s) /initiative(s) or Ideas

1. Construction of 260 Smart Schools
2. Construction of 260 Primary Healthcare Centers
3. Phase II Water Project to scale capacity to 140,000m3 per day
4. Project development of intra and inter-city hybrid BRTs
5. Project development for Green SAPZs

Areas you want to discuss with other states

1. Eastern rail line project
2. Inter- State Road projects (climate resilient infrastructure).

Areas for technical support (if any)

- Project development support to develop concept notes, pre(feasibility) studies, and outline business cases for
  - Intra and inter state BRT
  - Electrification of smart schools and healthcare centers
  - Full feasibility and outline business case for Green SAPZ
  - Easter rail line

Gombe State

Development Priorities

- Provide a clean & healthy environment for human habitation & to remain eco friendly, thus reducing/preventing sanitation related diseases.
- Implementing policies to protect natural resources, manage waste effectively & promote biodiversity.
- Developing strategies & adapt to climate change impact, such as flood control measures
- Investing in renewal energy sources like solar & wind to reduce dependencies on fossil & carbon emission

Areas you want to discuss with other states

- Floating of green bond as a means of raising funds to addressing environmentally friendly projects/programs.
- Laws that will deter citizens from engaging in activities that are not environment friendly

Ongoing project(s) /initiative(s) or Ideas

- Construction of about 23km gullies in the state capital and environs.
- Planting of 1 million tress yearly. (since 2020)
- Partnering with investors to provide 5MW of solar power.
- Provision of solar streetlight across the 11 LGAs.

Areas for technical support (if any)

- Capacity Building and Training:
  - **Agriculture-** Training farmers in regenerative agriculture, efficient irrigation techniques, and sustainable tree planting.
  - **Renewable Energy-** Educating technicians and engineers on the installation and maintenance of solar and wind energy systems.
  - **Waste Management-** Training local authorities and communities on waste recycling, composting, and sanitation best practices.
  - **Infrastructure-** Providing training on eco-friendly construction methods and green transportation planning.
- Project Planning and Implementation:
  - **Feasibility Studies-** Conducting feasibility studies for renewable energy projects, irrigation systems, and waste management facilities.
  - **Technical Designs-** Developing technical designs and specifications for green infrastructure and briquette production facilities.
  - **Monitoring and Evaluation**:- Establishing monitoring and evaluation frameworks to track the progress and impact of the green bond projects.
- Policy and Advocacy:
  - **Policy Development** - Supporting the development of policies that promote sustainable agriculture, renewable energy, and waste management.
  - **Advocacy-** Advocating for the adoption of green practices and the importance of climate resilience at local, national, and international levels

Jigawa State

Development Priorities

1. Renewable energy
2. Climate smart agricultural investments
3. Value addition
4. SRI and regenerative agriculture

Ongoing project(s) /initiative(s) or Ideas

1. Living Carbon Jigawa (LCJ) project
2. Kadume Climate Smart Farm Project
3. Jigawa Energy City

Areas you want to discuss with other states

1. Northern Nigeria Renewable Energy Company
2. Collectively engaging with FGN on interests of sub-nationals

Areas for technical support (if any)

1. Understanding of carbon markets
2. Implementation of Jigawa State OGS Policy
3. Institutional strengthening
4. Early warning system for earth observation and monitoring
5. Climate change policy

Kaduna State

Development Priorities (Rural Development)

- Economic Value Addition
- Infrastructural Development
- Governance, Security and Justice
- Innovation System and Entrepreneurship
- Information Infrastructure
- Financial Inclusion

Merged with 7 point SUSTAIN manifesto

Ongoing project(s) /initiative(s) or Ideas

- Green Economic Zone
- Green Agro-allied Industrial Zone (SAPZ)
- KD BRT
- Construction of 300 Bed Hospital
- Research & development of improved seed varieties
- Mechanization
- Rehabilitation of Irrigation systems
- Investment Clusters/hubs
- Renewable energy project
- Kaduna Ring Road Project
- Rail mass transit

Areas you want to discuss with other states

- Insecurity
- Social/human capital development
- Agriculture

Areas for technical support (if any)

- Capacity Building
- Policy/framework Development
- Studies/project development
- Access to finance

Kano State

Development Priorities

1. Conservation of Biodiversity
2. Rural Integration
3. Water scarcity
4. Sustainable Development
5. Climate Security and renewable energy
6. Climate smart agriculture

Ongoing project(s) /initiative(s) or Ideas

1. The Kano State Government in collaboration with the Green Climate Fund is implementing a $135 million project to improve climate resilience in the Kano metropolis. It focuses on flood control measures, drainage improvements, and climate-smart urban agriculture initiatives.
2. The Kano State Government and World Bank's $80 million Strengthening Urban Resilience in Nigeria (SURIN) project addresses flood risks and improves solid waste management in Kano
3. Agro-Climatic Resilience in Semi-Arid Landscapes (ACReSAL): A six-year World Bank-assisted project, with a $500 million Kano State counterpart fund, aims to increase the adoption of climate-resilient practices in agriculture and improve livelihoods in watersheds.
4. A program by the Kano State Ministry of Environment which focuses on combating desertification and promoting reforestation efforts. It involves planting drought-resistant tree species and promoting community participation in land restoration.

Areas to discuss with other states

1. How can we all leverage public-private partnerships now more than ever to attract more climate finance?
2. What innovative financial instruments can be used to support community-led adaptation projects?
3. How can we ensure climate finance effectively reaches the most vulnerable communities in our society?

Climate Financing

1. Funding that seeks to support mitigation and adaptation actions that will address climate change.
2. Kano experiences high temperatures, erratic rainfall patterns, and frequent droughts, making climate action very important.
3. Public Private Partnership is very important in the effective implementation of climate funding in order to bridge the funding deficit from corresponding state funds.

Katsina State

Development Priorities

1. Climate Change Policy
2. Development of Renewable Energy Sources
3. Water Sufficiency
4. Water Harvesting
5. Climate Smart Utilities
6. Ecological and Environmental Stability
7. Ecosystem Restoration/Biodiversity
8. Food Security
9. Development of a Climate Change Council
10. Climate Change Department @ Min of Environment

Ongoing project(s) /initiative(s) or Ideas

1. Agro-Climate Resilience in Semi-Arid Landscapes (ACReSAL)
2. Nigeria Erosion and Watershed Management Project (NEWMAP)
3. Center for Renewable Energy Projects situated at the State University – Umaru Musa Yar'adua University.
   - Green Energy Sources for cooking
4. Renewable Energy for Water Utility
5. Ecosystem Restoration (i.e., forests, farmlands)

Areas you want to discuss with other states

1. Food Security
2. Water Sufficiency
3. Ecosystem Restoration
4. Initiatives/ideas for learning and collaboration

Areas for technical support (if any)

1. Climate Change Finance
2. Renewable Energy Sources (i.e., solar, wind and hydro)
3. Ecosystem Restoration

Lagos State

Development Priorities

- ESG Policy (Measures a company's impact on the planet, Evaluates a company's relationships with employees, stakeholders, and the community and Assesses a company's leadership structure, transparency, accountability, and risk management practices).
- Circular Economy Sectoral Mapping and Feasibility Studies(Standardized metrics for comparison, measurement and impact investing
- R&D for Circular Products- feasibility studies
- Acquisition of Electric Buses - Transportation
- Signed deal to build on waste to energy plant at Epe landfill (2,250 tonnes processed daily, generating 60-70 mwts of electricity, power 40,00 homes, save over 500,00tonees of CO2 and create 300-500 jobs during construction and 110 permanent jobs at plant's operational lifespan)

Ongoing project(s) /initiative(s) or Ideas

- ECOnomy Lagos
  - ECOnomy Stakeholder Forum
  - ECOnomy Business Network - Biz incubation
- Leave No One Behind - instilling competences in young ones with Pilot at Idaraba, (2) collecting waste, (3) converting waste
- ECO-Circulate- incentivation drive for waste collection and economic conversations

- mapping of the sectors functional here

Areas you want to discuss with other states

- ESG Policy -
- The prospects and potentials of the Blue AND Red Line - Transportation (emission reduction angle)
- Project with NIPC for the food logistics hub project at Epe

Areas for technical support (if any)

- Circular Economy Sectoral Mapping and Feasibility Studies- unravel industry for investment, entrepreneurial and employment interest and the is need for data to achieve that
- ESG and EPR Policy - need
- Data Infrastructure - It ties to #1 but it has to be granularized

Nasarawa State

Development Priorities

1. Agricultural Development
2. Mining Sector Development
3. Infrastructure and Transportation
4. Ecotourism
5. Sustainable Energy Development
6. Urban Development and Housing
7. Healthcare Improvement
8. Manufacturing and Processing Industries

Ongoing project(s) /initiative(s) or Ideas

1. Nasarawa State University Student On-campus Accommodation Project
2. Commercial Agricultural Projects
3. Nasarawa Investment Summit
4. Development of the 10ha Technology Hub in the Nasarawa Technology Village Project
5. Lithium and Gold Exploration Licenses
6. Gudi Industrial and Logistics Park
7. Nasarawa Meter Manufacturing Plant

Areas you want to discuss with other states

1. Identifying Climate Challenges
2. Brainstorming Project Solutions
3. Leveraging Collective Expertise
4. Data Sharing on Key Areas of Priorities
5. Joint Grant/Funding Applications for Regional Impact
6. Regional Collaboration with the North Central States
7. Collaboration with Consumer States

Areas for technical support (if any)

1. Closing Climate Financing Transaction
2. Cost Effective Projects
3. Project Development Design
4. Identifying Financing Opportunities
5. Capacity Building
6. Data Collection and Analysis
7. Knowledge Dissemination
8. Policy and Regulatory Review
9. Stakeholder Engagement

Niger State

Development Priorities

1. Environmental conservation and management of Carbon sink assets
2. Sustainable Resources management - watershed mgt (2) 200 No. CNG buses, PPP 3 CNG stations, agro-forestry, Agro-Processing Zone (APZ)
3. Renewable Energy for Development
4. Inclusivity - SSR, NSIPA etc
5. Private sector led-job creation especially green ones

Ongoing project(s) /initiative(s) or Ideas

1. Niger Foods initiative (Private sector driven) 1000 equipment on ground
2. Pilot Carbon Credit farming in 4 LGAs of Paiki, Bosso, wushishi and Mokwa
3. Plant and Nurture for payment initiative
4. One hectare, one family Banana sucker initiative
5. 250,000 Hectare of farm cultivation in 2 years
6. Seed Multiplication Entrepreneurs (Youth) initiative
7. Agro-processing zone (AFdB)
8. State ,LGA roads infrastructure development

Areas you want to discuss with other states

1. joint Climate smart Agriculture Projects (larger funding)
2. Knowledge sharing and capacity building on best practices
3. Networking & Partnerships among state, private sector entities
4. Joint Capacity development initiatives on climate finance to empower stakeholders

Areas for technical support (if any)

1. Developing the capacity of local institutions and stakeholders to understand climate finance mechanisms.
2. Assistance in designing bankable climate projects, structuring proposals, and aligning them with climate finance criteria.
3. Technical support in financial planning, budgeting, and tracking of climate finance flows.
4. Assistance in facilitating investments in green technologies, renewable energy, sustainable agriculture.
5. Assisting in establishing robust M&E frameworks to track the impact of climate projects.
6. National & State Policy Alignments.

Ogun State

Development Priorities

1. Implementation of the Paris Agreement with a bias towards reducing global temperatures and attendant reduction in industrial gasses.
2. Mitigating the negative effects on climate change and promoting environmental sustainability.

Ongoing project(s) /initiative(s) or Ideas

1. Ogun State Forest Landscape Restoration Initiative 2016 to 2026. with NSIA and Lafarge.
2. Technical innovations by private sector partners to mitigate the harmful by products of industrial processes.
3. Implementation and Improvement of Ogun's Green House Gases Management Plan.
4. Climate Change Action for Sustainable Development in Ogun State
5. CNG buses, electric powered motorcycles

Areas you want to discuss with other states

1. Participation in the National Digital Hub for GHG Inventory Management System (Data Collection, Analysis and Archiving).
2. Participation in Climate Change Education, Awareness and Outreach Programmes and activities.

Areas for technical support

Peer review on Ogun State's steps and management plan and steps taken so far to achieve our development priorities.

Oyo State

Development Priorities

- Oyo State Roadmap to sustainable development 2023 -2027 rests on four pillars:
  - i. Economy
    - Infrastructure
    - Agribusiness
    - Tourism
    - Solid Mineral & Mining
  - ii. Security
  - iii. Health
  - iv. Education

Ongoing project(s) /initiative(s) or Ideas

1. 110km Ibadan Circular Road (Toll Road)
2. Ilutuntun Business District
3. Oluyole Free trade Zone
4. Ibadan Airport Expansion Project
   - 500,000L Aviation Fuel Terminal
   - Dualization of Airport Road
   - Expansion of the runway, apron, etc
5. Farm Estates at Fashola, Eruwa & Akufo

Areas you want to discuss with other states

1. Ibadan Circular Road for connected Special Economic Zones
2. Fashola Farm Estate
3. Road infrastructure as a catalyst for development

Areas for technical support (if any)

PPP Framework:

1. Guidelines & Manuals
2. Fiscal Commitment & Contingent Liability Framework
3. PPP disclosure framework
4. Project Facilitation Fund

IF0024: Access to Climate Finance

Annex 5: Media Coverage Report

UKNIAF Roundtable on State Access to Climate Finance: Media Coverage Report

This preliminary report highlights the press coverage of the **Roundtable on State Access to Climate Finance** event. Additionally, clippings from traditional newspapers are available in the Google Drive link here. A final report will be shared once all media coverage activities have been completed.

Scheduled Press Coverage

Punch Newspaper

- UKNIAF, Gov's forum partner to help states access climate funds
- https://punchng.com/ukniaf-govs-forum-partner-to-help-states-access-climate-funds/

The Authority Newspaper

- UKNIAF, Gov's Forum host workshop to empower state officials on accessing climate finance
- https://authorityngr.com/2024/05/31/ukniaf-govs-forum-host-workshop-to-empower-state-officials-on-accessing-climate-finance/

Prompt News Online

- UKNIAF, Govs' forum host workshop to empower state officials on accessing climate finance
- https://promptnewsonline.com/ukniaf-govs-forum-host-workshop-to-empower-state-officials-on-accessing-climate-finance/

Daily Trust Newspaper

- Governors Mull Roadmap for Climate Finance Implementation
- https://dailytrust.com/governors-mull-roadmap-for-climate-finance-implementation/

Organic Press Coverage

Leadership Newspaper

- UKNIAF, Governors' Forum Partner on Climate Finance
- https://leadership.ng/ukniaf-governors-forum-partner-on-climate-finance/

Tribune Newspaper

- UKNIAF, NGF partner on state access to climate finance
- https://tribuneonlineng.com/ukniaf-ngf-partner-on-state-access-to-climate-finance/

Voice of Nigeria

- Nigeria Governors' Forum, UKNIAF Host Workshop on State Climate Finance

- https://von.gov.ng/nigeria-governors-forum-ukniaf-host-workshop-on-state-climate-finance/

Independent Newspaper

- Climate Finance: UKNIAF, Governors' Forum to Host Workshop On Accessing Funds
- https://independent.ng/climate-finance-ukniaf-governors-forum-to-host-workshop-on-accessing-funds/

The SUN Newspaper

- NGF, UKNIAF to host roundtable on state access to climate finance
- https://sunnewsonline.com/ngf-ukniaf-to-host-roundtable-on-state-access-to-climate-finance-2/

Scheduled Publication, News Report, and Special Feature Dates

- Friday, May 31, 2024 – AIT (8 pm News)
- Sunday, June 2, 2024 – BusinessDay Newspaper
- Monday, June 3, 2024 – Guardian Newspaper
- Wednesday, June 5, 2024 – AIT (Feature: Environment Today at 5:30 pm)