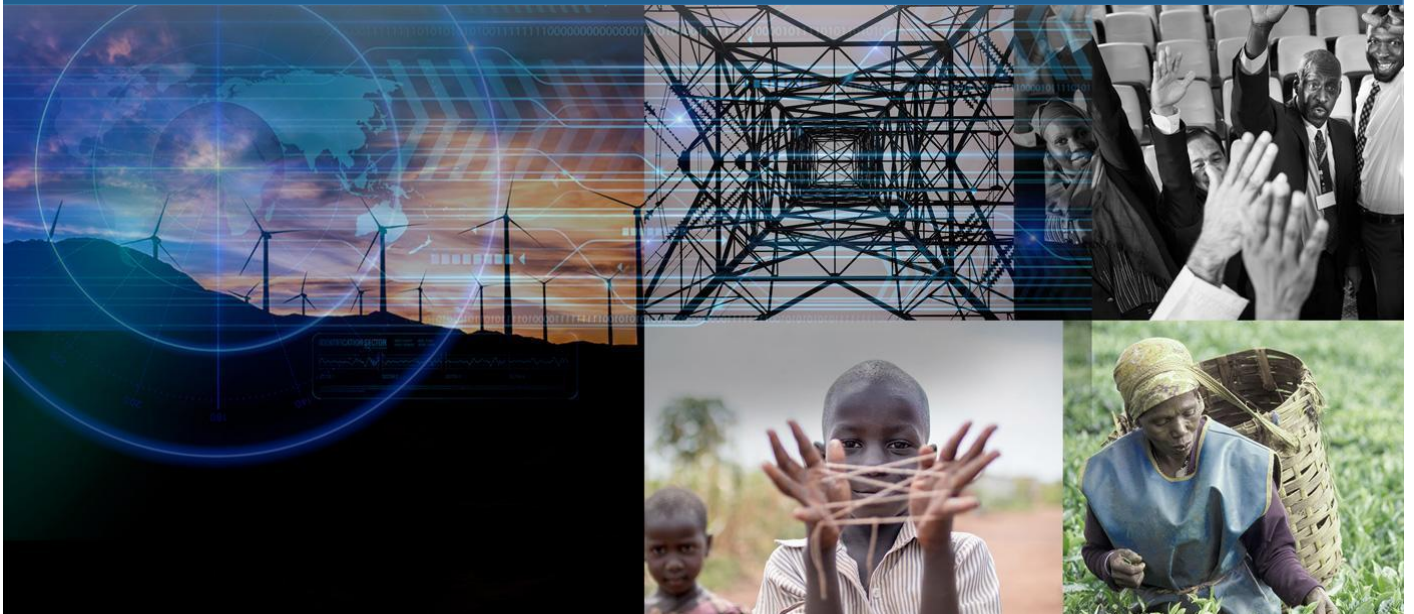


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# INTRODUCTORY POLITICAL ECONOMY ANALYSIS OF THE CLIMATE PHILANTHROPY SPACE IN NIGERIA

**For ClimateWorks Foundation**  
Prepared by Africa Practice

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# 1 INTRODUCTION

While Africa is not currently a significant producer of greenhouse gases (GHGs) at a global level, it has the potential to be in the future, and there is an opportunity to prevent large future emissions if the problem is addressed now. With a view to informing decision making in this space, Africa Practice conducted a tailored, high-level political economy analysis of six countries – Kenya, Ethiopia, South Africa, Nigeria, Ghana and Senegal – to serve as an introductory resource for philanthropic organisations seeking to understand foundational climate change issues and opportunities across these countries.

Our bespoke political economy analysis framework was designed to help identify and understand feasible entry points into the countries, as well as tangible opportunities for philanthropic engagement and potential partnerships. The bespoke framework developed for this analysis can be replicated and will enable philanthropy to build robust strategies for investment and engagement across the whole continent. The report below summarises our findings on Nigeria.

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## 3 METHODOLOGY

We developed a bespoke framework of assessment, rooted in political economy analysis, but also focusing on Nigeria's specificities vis-à-vis the five main structural transformations that drive emissions on the continent:

- **Urbanisation**, taking into account the housing demand for 900 million more urban residents by 2050.
- **Land use changes**, with agriculture set to feed a growing population and cause up to 84% of deforestation across Africa.
- **Industrialisation**, which constitutes the backbone of many African governments' development strategies over the next decade. Across the continent, manufacturing is growing faster than anywhere else in the world.
- **Electrification**, on which industrialisation itself is heavily premised. It is estimated that 1.6 TW of power generation would be needed in Africa by 2030 and 600 million people would require access.
- **Oil and gas**, with governments balancing international pressure to adopt more rigorous environmental standards against the imperative to exploit discovered resources in order to boost energy security.

Africa Practice has a physical presence with longstanding offices in Nigeria (Lagos and Abuja). We used our consultants' deep contextual knowledge, as well as intelligence from expert sources, to inform and triangulate our **qualitative research programme**, which comprised a review of:

- **Statistics and risk indices compiled by national governments, multilateral institutions, NGOs and think tanks.** These covered: data from Nigeria's National Bureau of Statistics; World Bank (climate change) data and indices such as Ease of Doing Business and Governance; Yale University's Environmental Performance Index (EPI); UNEP climate change data (CDF, REDD+) and UNFCCC data; the Climate Change Performance Index (CCPI); IMF data and bilateral consultation reports; summary data from the Extractive Industries Transparency Initiative and local chapters; Transparency International Corruption Perceptions Index; Mo Ibrahim Index; KPMG Africa Fiscal Guides; OECD Failed States Index; and the World Economic Forum's Global Competitiveness Report and Global Human Capital Report.
- **Other relevant grey literature.** This included, among others, recent reports by international donors, multilateral organisations, and European and North American state departments, as well as materials published by various government agencies focusing on climate change and relevant fields.
- **Media sources.** We examined open-access and subscription-based articles in English, related to recent and historical developments of relevance to the countries in question, both local and international.

## 4 EXECUTIVE SUMMARY

Nigeria presents a volatile operating context – from both a security and a stability standpoint. It is currently grappling with increased insecurity and violence across most of its regions. This trend is expected to continue and may escalate in the run-up to the general election scheduled for February 2023. The polls are expected to be highly divisive, compounded by socio-economic challenges and COVID-19, indicating a negative outlook for the country's political stability and its ability to meaningfully implement climate change policies.

Nigeria is Africa's largest producer of oil, which accounts for over 50% of government revenue and over 90% of foreign exchange earnings. Nigeria is also the third highest GHG emitter in Africa, and is responsible for about 1% of global emissions. Although gas flaring has been illegal since 1984, and the government has introduced reforms to encourage the commercialisation of gas, flaring remains rampant. Nigeria ranks among the top ten global gas flaring countries, despite making various commitments to eliminate the practice by 2030. In total, the energy sector accounted for 60% of total national emissions in 2018, while the agriculture and forestry sectors accounted for 25%.<sup>1</sup>

In this challenging environmental context, Nigeria's climate policies and strategic initiatives are broadly aligned with both international best practice and national development policies and plans. The National Climate Change Policy Response and Strategy (NCCP-RS), launched in 2013, is Nigeria's overarching framework for the goal to strengthen low-carbon energy use and build a climate-resilient society. The National Adaptation Plan (NAP) Framework of 2020 embeds environmental planning within core decision-making processes. While this gives credence to the existing policy infrastructure, progress has been hampered by poor coordination and implementation, and there is a need to develop a legal framework to drive implementation at the sub-national level – especially due to the autonomous nature of state governments.

At the federal level, the Ministry of Environment, through its Department of Climate Change, has been empowered to drive climate change policies and governance. An Inter-Ministerial Committee on Climate Change coordinates cross-sectoral policy issues across government. Nevertheless, climate change is not a priority issue for the current administration. Insecurity, dwindling revenues, high unemployment and poverty levels represent more pressing concerns for decision makers. Despite climate change being acknowledged as a national security concern, the government's plans to promote sustainable development are not a focal point for the current administration. In the run-up to the highly contested 2023 elections, it is unlikely that this trajectory will change substantially.

Financing for climate change activities remains weak – a trend that is unlikely to change given the economic impact of COVID-19. In 2020, the pandemic pushed Nigeria's economy into its second recession in five years, resulting in severe fiscal constraints and drops in government revenue. This reinforces Nigeria's overreliance on oil revenues, which in turn sustains high GHG emission rates. However, the electrification sector presents strong opportunities for climate philanthropy. The government aims to increase energy access to 90% by 2030, a goal which will entail the expansion of renewable energy contribution to on-grid generation capacity by 30%. There are also notable efforts to promote sustainable agriculture, as well as increased industrialisation aimed at diversifying the economy away from oil, including the creation of Special Agro-Industrial Processing Zones.

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<sup>1</sup> Source: [Nigeria's Nationally Determined Contribution Update](#), 2021.

## 5 ASSESSMENT MATRIX

METRIC	ASSESSMENT*	FINDINGS
<b>POLITICAL</b>		
Instability, conflict and insecurity		A highly volatile context due to insurgency, banditry and militancy. Significant potential for widespread violence in certain regions, undermining the government's ability to focus on climate priorities.
Government change		Inevitable government change in 2023 with upcoming hotly-contested national elections. The intense focus on the upcoming election is likely to deprioritise climate-related issues.
Environmental policy and commitment		Moderate enabling context but haphazard implementation in the context of devolved authority to state and local governments. Further challenges stemming from weak institutions and environmental policy that is secondary to other priorities (security, oil and gas revenue, and fiscal constraints).
International relations and influence		Moderate opportunity given Nigeria's relative influence in the region and economic profile on the continent. A tendency towards more inward and protectionist policies can undermine this stature.
<b>INSTITUTIONAL</b>		
Governance and corruption		Challenging due to governance challenges and high incidences of corruption, impacting leadership priorities and discouraging development partners' involvement.
Environmental leadership		Moderate empowerment of the Minister of Environment, the State Minister of Environment, and other key environmental officials, with limitations imposed by competing national priorities and jostles for political influence.
Reform commitment and budgetary prioritisation		Low prioritisation of environmental reforms and management due to more pressing fiscal and security concerns.
Donor and development partners' support		Nigeria has been able to attract support from multilateral donors, which have helped to fund national climate interventions.
Structural capacity		Moderate institutional capacity at the federal level to support climate interventions and achieve sustainable outcomes, with varying degrees of institutional capacity at the state level.
Dialogue with non-government actors		Long track record and experience in consultation with actors from the private sector, the development community, academia, media and civil society. Increased crackdown on dissent poses risks.
COVID-19 impact		A deep impact on the economy, with diminished oil revenue constraining government spending and budgetary prioritisation of issues related to climate change.
<b>SECTORAL</b>		
Urbanisation		Moderate opportunity, particularly in regard to affordable housing and infrastructure development.
Electrification		Strong opportunity based on efforts to increase access to electricity to 90% by 2030, as well as to diversify energy sources.
Industrialisation		Moderate opportunity given renewed government efforts to enhance industrial capacity for the export market.
Land use change		Some efforts in promoting adaptation measures due to increased vulnerability of the sector and its impact on wider socio-economic context. Security likely to hinder progress.

Oil and gas		Some commitment to reducing over-reliance on heavy fuels and shifting towards lower carbon natural gas solutions for domestic, transportation and industrial use. Post-pandemic fiscal environment, however, entails revenue demands from the sector.
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\*Assessment key:

1	Very strong enabling context for climate-spend impact with negligible limitations
2	Strong enabling context for climate-spend impact with some limitations
3	Moderate enabling context for climate-spend impact with several limitations
4	Weak enabling context for climate-spend impact with notable limitations
5	Challenging context for climate-spend impact with major limitations

# 6 NIGERIA

## 6.1 Political

### 6.1.1 Instability, conflict and insecurity (challenging)

Insecurity and violence have reached very high levels across all regions of the country, with increased incidences of terrorism, kidnapping, banditry and other forms of violent crime leading to numerous casualties, disruption of livelihoods and internal displacement. This trend is expected to continue and may escalate in the run-up to the 2023 national elections.

In the first three quarters of 2020, militant groups carried out 69 highway attacks in Borno State, a record number which led to 259 fatalities. This trend has continued through 2021, with further violence in Borno State leading to the displacement of 65,000 people in April 2021. The North Central region is continuing to deal with a protracted conflict between pastoralists and sedentary farmer communities. The conflict is a direct consequence of desertification in the north of the country, which has resulted in the encroachment of nomadic herdsman into agricultural lands in the North Central region, and, increasingly, their encroachment into the southern parts of the country, such as the South South and South East regions. There are also increasing attacks on security infrastructure by re-emerging secessionist movements and criminal and militant groups operating in the Niger Delta (South South).



In April 2021, the National Assembly renewed calls to President Muhammadu Buhari to declare a national state of emergency on insecurity. That same month, the governments of the US, Canada and UK issued travel

advisories for Nigeria, with the US prohibiting travel to 12 states. At state level, in January 2020, six South West governors launched Operation Amotekun, a regional security initiative aimed to address mounting criminality and attacks. In May 2021, 17 governors from southern states indiscriminately banned open grazing, which could potentially escalate the farmer-herder conflict.

### Political salience of climate change in relation to instability

Chronic poverty, religious fundamentalism, poor governance and ethnic-based tensions are the main drivers of these precarious levels of insecurity, but changing climatic conditions are also increasingly viewed as a contributing factor. Rising temperatures and increasingly erratic rain patterns have disrupted the livelihoods of more than 50% of the region's population and have fuelled food insecurity. Climate change has also worsened pre-existing ethnic tensions and emboldened armed groups such as the Islamic State West Africa Province (ISWAP) and Boko Haram, leaving locals vulnerable to radicalisation and violent mobilisation.

Insecurity in the South South, particularly within the Niger Delta, is strongly connected to the environmental exploitation of the sub-region. Nigeria's dependence on oil revenues as its major source of income has fuelled government corruption and the militarisation of oil-producing communities. The resulting outcome – poor access to basic infrastructure, health and education services – conjoined with high levels of air pollution from gas flaring and the degradation of land and marine resources, mostly from oil spills, has destroyed available means of livelihood, poses a threat to the health of residents, and contributes to persisting cycles of violent conflict.

Despite awareness of the wider implications of climate change on security and stability, the political salience of climate impact remains limited. Preferred solutions include the provision of irrigation channels, fertilisers, the improvement of general socio-economic welfare, the provision of humanitarian aid and more effective deployment of security agents. The optimal course would be for organisations negatively impacted by changing climate, such as farmer or herder associations, to ramp up their advocacy efforts – although this currently remains unlikely given the low levels of coordination among these groups.

### The End SARS protest movement

In October 2020, increased public discontent with the current administration trajectory led to the #EndSARS protests, which saw the country's often politically apathetic young middle class take to the streets in a series of protests against police brutality by the Special Anti-Robbery Squad (SARS), a unit of the Nigeria Police Force. The initial demands were to abolish SARS and initiate police reforms, but they morphed into more overarching calls to address the ailing economy and the government's failure to provide public goods. Protesters called for salary cuts for MPs, better health and education outcomes, and an end to the rampant insecurity in the North.

The protests culminated with riots in Lagos that triggered the intervention of the military, which resulted in shooting incidents across the capital. At least 56 people were killed by the army and police during the protests, while damages worth approximately USD 1.8 billion were incurred in the course of 12 days of protests, according to Amnesty International and the Lagos Chamber of Commerce and Industry. Although the security situation in Lagos has since stabilised, the #EndSARS movement is likely to have longer-lasting repercussions



on Nigeria's political trajectory. #EndSARS is a direct denouncement of the status quo in the country and a political order that has not served the best interests of the majority of the population. It is seeking to redirect the country on a path of equitable growth and prosperity.

While climate change is certainly a key issue for Nigeria's youth activists, the #EndSARS movement has had no explicit focus on climate policy outside of a general concern for systemic injustice. However, if the movement is institutionalised as part of the permanent landscape of Nigerian politics, then it could provide a high profile platform for climate and other environmental issues to be raised. As #EndSARS is a youth orientated movement and united by a national vision of social justice, it is positioned well to apply political pressure on issues such as intergenerational injustice and the disproportionate effects of climate change.

### 6.1.2 Government change (challenging)

The February 2023 general elections are expected to be highly divisive. Nigeria has undergone six electoral cycles since 1999, when democracy was restored. Despite this consolidation of democracy, elections are often volatile, contentious, and characterised by malpractice and violence. The degree of insecurity has differed in individual election cycles: the 2011 elections were the most violent on record, when over 800 people died after post-election protests against Goodluck Jonathan's victory morphed into mob attacks on minorities in 12 northern states; the 2015 elections were largely considered to be free and fair; while the 2019 elections were marred by widespread political violence and accusations of irregularities.

While the 2023 election outcome is difficult to predict, the polls will be hotly contested between the ruling All Progressives Congress (APC) and the main opposition force, the People's Democratic Party (PDP). The #EndSARS movement could also become institutionalised, creating a third political and power bloc in 2023, with potentially greater coordination and better performance than previous third-force movements, which have historically failed to coalesce around one candidate. So far, the movement has exhibited a high level of sophistication, combining online campaigning and physical mobilisation. The Federal Government's ban on the use of Twitter in June 2021 may undermine the movement's ability to mobilise support ahead of elections, provided the ban remains in force; there are signs the Nigerian authorities are ready to back-track.

The 2023 presidency is set to be earmarked (or "zoned") for a candidate from the southern part of Nigeria, with the South East, which is yet to produce a president, particularly keen to secure the mantle. This zoning formula is based on an informal agreement that regions will share power turn-by-turn. The formula stipulates that the presidency and key positions should rotate between the North and South, as well as according to religious affiliation. As President Buhari is a Muslim from the North, a Christian leader from the South is expected to succeed him.

The zoning formula was designed to ensure that benefits accrue across all regions evenly, promoting cohesion and equal representation in government. However, inter-regional tensions are now contributing to both insecurity and instability. Nigeria's commitment to the rotational principle of zoning is currently under question, with some leaders from the North indicating that they may seek to retain power. At the same time, the South West is aggressively seeking a presidential nomination, marginalising the interest of the South East. As the elections approach and the race to succeed President Buhari begins in earnest, politicking has the potential to significantly distract the government from climate issues and hinder the government's ability to implement existing climate policies.

### 6.1.3 Environmental policy and commitment (moderate)

Nigeria has developed an important number of climate related policies and strategic initiatives. While these policies represent the government's commitment to establishing climate-focused frameworks, they are often criticised for their poor implementation, poor coordination, and lack of robust internal review mechanisms which hamper progress monitoring. Policy commitment also appears to be waning. During the COP26 conference, President Buhari stated Nigeria's commitment to attain net zero emissions by 2060, aligning with China, Russia and Saudi Arabia – but 10 years behind the 2050 target set by the likes of the EU, UK and US.

#### National Climate Change Policy Response and Strategy

From 2013 to present, the National Climate Change Policy Response and Strategy (NCCP-RS), approved by the Federal Executive Council (FEC), has served as Nigeria's overarching climate policy framework. The NCCP-RS has aimed to foster low-carbon, high growth economic development and build a climate-resilient society. In June 2021, President Buhari approved a new, [revised national climate change policy](#).<sup>2</sup> The minister for environment has stated the policy will integrate emerging issues not reflected in the previous policy, including the 2015 Paris Agreement, and gender mainstreaming provisions. The Policy highlights climate change in the Nigerian context with a focus on the institutional and legal challenges to mitigating climate change as well as the peculiar vulnerability and impact posed to Nigeria. It aims to promote climate change mitigation measures and foster socio-economic development in a sustainable manner. The new plan will run from 2021-2030.

The current NCCP-RS elevates climate change as a socio-economic development issue and sets out to achieve the following objectives and sectoral initiatives:

- Promoting a diverse energy mix, including renewable and clean energy sources for rapid socio-economic development without significantly increasing the country's greenhouse gas (GHG) emissions;
- Continuously reducing GHG emissions in all sectors, particularly in oil and gas and transportation;
- Enhancing food security, reducing poverty and promoting healthy living for all Nigerians;
- Integrating a comprehensive disaster risk management of climate-related hazards into development, including storm and flood protection in coastal and high risk areas.

The bedrock of Nigeria's climate change policy precedes the NCCP-RS. The country is part of the United Nations Framework Convention on Climate Change (UNFCCC) and so a signatory to both the Kyoto Protocol and the Paris Agreement. In October 2020, Nigeria became the 144<sup>th</sup> country to ratify the Doha Amendment of the Kyoto Protocol, which imposed quantified emission limitation and reduction commitments (QELCRs) on signed parties for the period 2013-2020. Although Buhari has signed the instrument of ratification, Nigeria still needs to submit a formal acceptance of the amendment to the UNFCCC before it enters into force.

As a party to the UNFCCC, Nigeria has submitted three National Communications (NC) reports so far articulating its climate adaptation and mitigation approaches – in 2003, 2014 and 2020. In line with the UNFCCC's efforts to embed environmental planning within core decision-making processes, Nigeria developed and launched the National Adaptation Plan (NAP) Framework in June 2020. The NAP entails medium- to long-term climate change adaptation measures and promotes a coordinated approach, rather than more project-based and ad hoc intervention. The NAP is aligned with existing policies and strategies, including

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<sup>2</sup> Source: [Nigerian Government](#).

the Economic Recovery and Growth Plan (ERGP), Nigeria's economic blueprint aimed to diversify the economy away from oil dependency, and the NCCP-RS.

### Medium-Term National Development Plan

The Medium-Term National Development Plan (MTNDP) 2021-2025 is the successor to the Economic Recovery and Growth Plan (ERGP) 2017-2020. The plan's ultimate objective is poverty alleviation, in line with the Sustainable Development Goals (SDGs), as well as deeper regional integration, in line with the AU's Agenda 2063. President Buhari intends to enshrine some of the MTNDP's provisions in law to ensure policy continuity even after his tenure ends in 2023. There are also plans to develop a new Agenda 2050, based on the MTNDP, which will set longer-term aspirations and targets, replacing the preceding development plan, Vision 2020. Included in the MTNDP is a plan to improve efficiency and production in the oil and gas sector, although stress is placed on the need to shift away from a high dependency on oil.

The MTNDP makes a number of climate-related recommendations. Most notably, it calls for the adoption of the Climate Change Bill, which will support the development of decarbonisation pathways in line with a new climate economy, as well as strengthening the current legal framework for an environmentally sustainable economy. The Climate Change Bill has been under discussion in Nigeria for several years, and is yet to be passed into law. The bill was adopted by the House of Representatives in 2019, but rejected by President Buhari on the grounds that it replicated the functions of the ministry of environment and was therefore not a sensible use of state funds. The House has since re-endorsed the bill in July 2021, and it is due to be brought before the Senate imminently for final debate. Environmental and legal groups are ramping up advocacy efforts to see the bill passed.

Minister Ikeazor has praised the House of Representatives for its continued support for the bill, and has urged the Senate to support its passage. Member of the House, Sam Onuigbo, who is one of the bill's key sponsors, has affirmed that the Joint Review Committee for the bill has now addressed all the contentious clauses cited by the president, and it is hoped Buhari will now be more amenable to its passing.

Other key climate-related recommendations of the MTNDP include:

- Increasing access to finance and technical support for businesses and projects in environmentally sustainable sectors, including incentivising investment in MSMEs operating in biodiversity conservation areas;
- Building community awareness through public education campaigns, including increased focus on recycling;
- Promoting growth of the circular economy through waste prevention and management, and recycling systems, including extended producer responsibility schemes;
- Boosting production across sectors through the adoption of bioeconomy models to unlock innovation opportunities – especially in agriculture through seed improvement for higher yields;
- Strengthening disaster preparedness systems across all regions through technological adoption, with a focus on transforming the National Emergency Management Agency (NEMA) from being mainly a relief body to a disaster management agency.

### Agricultural Promotion Policy

The Agricultural Promotion Policy (APP, 2016-2020), also known as the Green Alternative of the ERGP, is Nigeria's overarching agriculture framework. It articulates the means through which the government plans to

diversify sources of revenue and create value with a focus on agriculture. The APP endorses the adoption of climate-smart agriculture as a tool for sustainable agriculture practices. Implementation will ultimately be played out at the level of local governments. However, the federal government is urged to create an enabling environment for stakeholders and to boost cooperation and accountability at the state level.

#### **National Poverty Reduction with Growth Strategy**

The National Poverty Reduction with Growth Strategy (NPRGS, 2021-2031) outlines government efforts to lift 100 million Nigerians out of poverty in the next ten years, identifying climate change and environmental issues as leading drivers of socio-economic marginalisation in Nigeria. The NPRGS recognises the need to increase resilience and adaptability to environmental events by adopting climate-tolerant and early warning sign systems.

#### **National Action Plan on Gender and Climate Change**

The National Action Plan on Gender and Climate Change (2020-2025) aims to promote social equality and inclusive and sustainable development. Its focus is on ensuring that climate change processes at the national and state levels take into account the unique needs of all demographics and that these considerations are embedded in policy formulation and implementation.

#### **National Action Plan to Reduce Short-Lived Climate Pollutants**

Additionally, in 2018, the government released the National Action Plan to Reduce Short-Lived Climate Pollutants (NAP-SLCPs), which articulates measures and implementation pathways to reduce SLCPs. Developed by the Federal Ministry of Environment of Nigeria in 2018, the National Action Plan to Reduce Short-Lived Climate Pollutants (NAP-SLCP) articulates measures and implementation pathways in 8 sectors to improve air quality and reduce Nigeria's carbon footprint. Overall, 22 measures are laid out in the sectors of Transport, Residential, Oil & Gas, Industry, Waste Management, Agriculture and Energy. The NAP-SLCP predicts that full and proper implementation of these measures, which include the introduction of low sulphur diesel and petrol and increasing the share of electricity generated by renewable energy, could reduce national levels of air pollution by 22% in 2030.

### **6.1.4 International influence (strong)**

Nigeria has the potential to become a regional leader in climate change, given its pan-continental standing and strategic positioning as one of Africa's largest economies. It also has a history of political engagement in the region, although this has focused on coordinating security efforts in the Lake Chad and Sahel regions, rather than convening regional governments around climate-relevant issues.

Nigeria is among the 20 implementing nations of the Great Green Wall (GGW) initiative – an African-led initiative to grow the largest living structure in the world, stretching over 8,000 kilometres from the southern edge of the Sahara desert in Senegal across to Djibouti in the east of Africa. The initiative aims to restore degraded landscapes and in turn empower populations across the Sahel region. Nigeria has recorded some commendable achievements in its implementation of the GGW and in 2015 established a dedicated coordinating entity, the National Agency for the Great Green Wall. The GGW spans an area of 17 million hectares in Nigeria, from Kebbi State to Borno State. At the COP26 conference, President Buhari pledged to restore 4 million hectares of degraded land under the GGW initiative.

Nigeria has also taken part in numerous international climate change initiatives which have expanded its influence beyond the continent. For example, Nigeria was the first African country to sign up to the Climate

Finance Accelerator (CFA), an international initiative, supported by the UK Government and other international donors, which aims to accelerate the transformation of NDCs into climate investment plans supported by the bankable projects required to attract investment at scale from the private sector.

Nigeria's commitments to the South South and Triangular Cooperation (SSC/TrC) framework, however, have been minimal. The SSC/TrC is a platform designed to promote collaboration among developing countries in rolling out climate change action plans in line with the UNFCCC. A survey commissioned by the UNDP, which mapped the SSC/TrC landscape in sub-Saharan Africa between 2005 and 2015, ranked Nigeria behind countries such as South Africa, Kenya, Cameroon, Ghana and Burkina Faso.

### **Positioning on the AfCFTA**

Rather than embracing a leadership role on the continent, Nigeria's approach to the AfCFTA has been one of caution. President Buhari's protectionist tendencies led to a deeper consideration of concerns voiced by private sector groups about the impact of increased integration on domestic labour and goods markets. Although Buhari relented in December 2020, Nigeria was among the last countries to formally ratify the treaty and has taken a backseat in promoting the agenda surrounding the AfCFTA.

## **6.2 Institutional**

### **6.2.1 Governance and corruption (challenging)**

President Buhari came to power in 2015 on an anti-corruption ticket. Despite his initial clear and decisive focus on addressing governance issues, he has largely failed to deliver as corruption levels remain intractable. This has contributed to the high levels of disenchantment among the electorate. Recently, Nigeria was ranked 149<sup>th</sup> out of 180 countries in Transparency International's Corruption Perception Index for 2020. It also ranked the third worst country globally (102<sup>nd</sup> out of 104) in the recently inaugurated Chandler Good Governance Index (2021), scoring higher than Zimbabwe and Venezuela only.

Buhari's anti corruption efforts have focussed on three main initiatives aimed to generate greater transparency and efficiency. The Treasury Single Account (TSA) scheme requires all states and federal Ministries, Departments and Agencies (MDAs) to operate a single account or a set of linked accounts for all payments and receipts, which effectively brings all government accounts within the purview of the treasury to reduce leakages. Secondly, the Bank Verification Number (BVN) scheme gives a unique identifier to bank customers and has been an effective tool for detecting fraudulent activities and promoting Know Your Customer (KYC) guidelines. Lastly, the Whistle Blowing Policy introduced in 2016 was reported to have led to the recovery of over USD 50 million as of 2018. However, the Economic and Financial Crimes Commission (EFCC), tasked with investigating financial crimes, is often criticised for double standards and favouritism when investigating those close to the presidency. In some instances, cases have been dropped altogether despite damning evidence, which has seen the EFCC lose legitimacy.

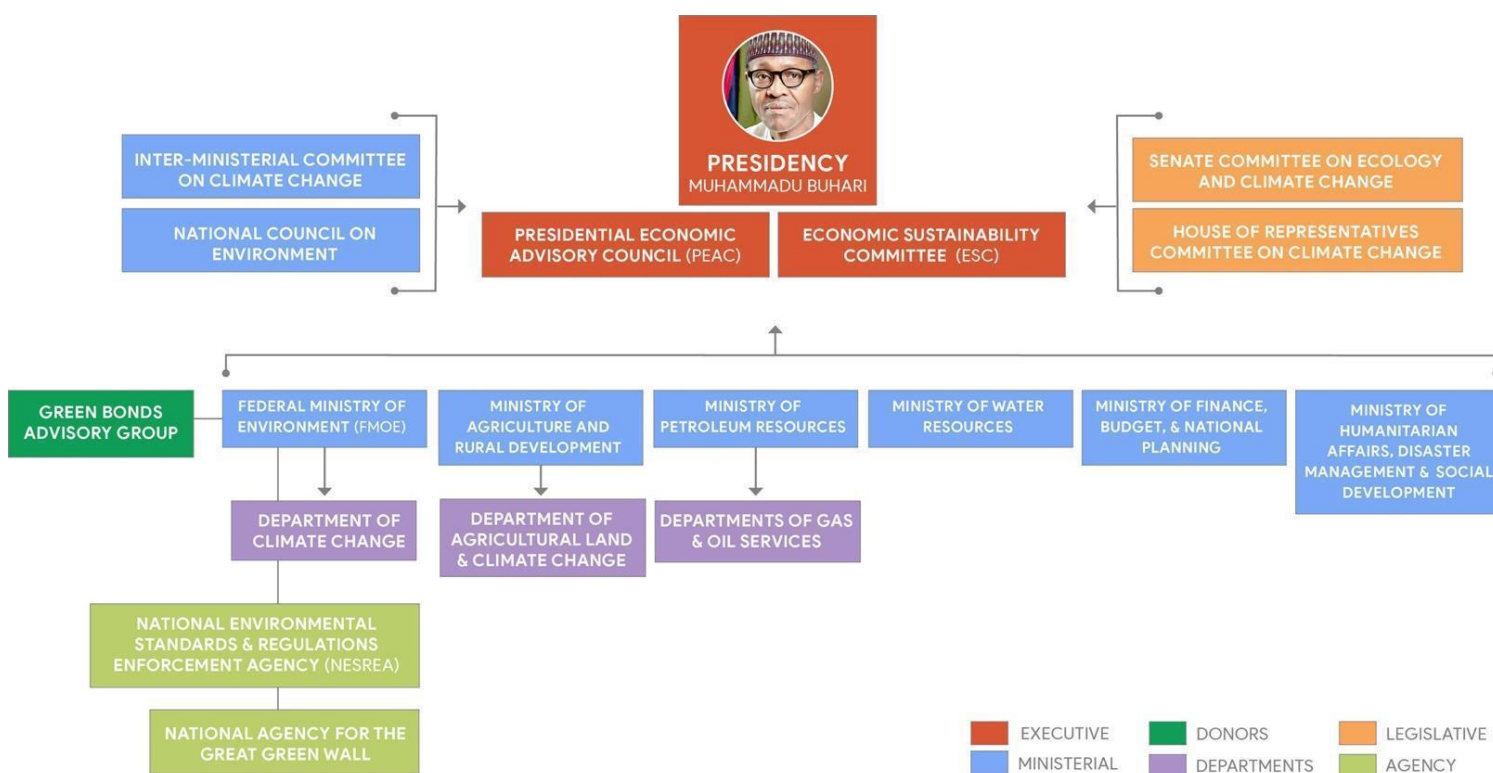
The oil and gas sector has long been marred with chronic corruption as well as violation of government rules and practices. A past audit of the Nigerian National Petroleum Corporation (NNPC) showed that the firm failed to pay the government USD 1.48 billion in revenue between January 2012 to July 2013. In addition, oil theft in the Niger Delta leads to a loss of about 200,000 barrels of crude oil a day.

Corruption presents a major concern for organisations advocating on climate change policy in Nigeria. The risks relate primarily to engagement with government departments, which are prone to financial

mismanagement, often fail to abide by procurement and tendering processes, and are characterised by high levels of bribery and fraud particularly. Climate actors must therefore put in place stringent due diligence procedures ahead of engaging with government departments, to mitigate any legal and reputational risks. In particular, due diligence should be conducted ahead of any tendering processes, where the risks of corruption and favouritism are especially high.

## 6.2.2 Environmental leadership (moderate)

Decision making in Nigeria is highly centralised, with President Buhari having direct influence on policy adoption. Policy formulation and implementation is however delegated to government MDAs and the president's advisors. The Ministry of Environment (MoE) has oversight on climate change formulation through the Department of Climate Change (DCC), which drafts environment-related policies and acts as the regulator for the industry. The ministry monitors and evaluates activities across the value chain and ensures adherence to rules, although it is not perceived as a particularly influential body and has limited capacity to drive change.



The Inter-Ministerial Committee on Climate Change (IMCCC) coordinated by the DCC is a critical focal point for climate change leadership and policy buy-in. Its membership includes key MDAs such as: the Ministry of Agriculture and Rural Development; the Ministry of Petroleum Resources; the Ministry of Transport; the Ministry of Health and the Ministry of Water Resources.

There is some duplication of effort with the National Council on Environment (NCE), which also draws its membership from federal ministries, as well as relevant commissioners of environment from the state level. The federal minister of environment chairs the NCE, which is better positioned than the IMCCC to drive climate change policies at the sub-national level.

The Presidential Economic Advisory Council (PEAC) committee advises the president on all matters to do with the economy. The Economic Sustainability Committee (ESC) – which was mandated to develop an Economic Sustainability Plan (ESP) – guides the government’s immediate response to the social and economic impacts of

the COVID-19 pandemic. The ESP also acts as a bridge between the end of the ERGP and the implementation of the MTNDP. In terms of influence, these two committees are better positioned to drive climate-related policies than the MFoE and the IMCCC due to their proximity to the president.

### **Federal Ministry of Environment (FMoE)**

The FMoE oversees climate change policy formulation and roll-out. It is headed by Mohammad Mahmood Abubakar, who is regarded as competent but not particularly influential. Since his appointment in 2019, he has focused on creating policy structures to support the country's climate change commitments and targets. Prior to his ministerial appointment, Abubakar held various positions in Kaduna state, including director of the State Environment Agency, and was a member of the State House of Assembly. A minister of state – Sharon Ikeazor – supports Abubakar. Ikeazor has extensive experience in the private sector, having worked as principal consultant for General Electric on the National Integrated Power Project, an initiative launched by former President Obasanjo in 2005 to increase generation capacity in Nigeria.

### **Department of Climate Change (DCC)**

The DCC is tasked with coordinating and delivering on Nigeria's climate change policies and strategies in liaison with relevant MDAs, which make up the IMCC. The committee has reviewed various policies, including the National Energy Policy, and selects and approves programmes financed by the Green Bonds Programme. The DCC also houses the Green Bond Secretariat.

The department is led by Halima Bawa-Bwari, a career civil servant within the ministry since the early 1990s. She is well versed in the sector, having represented the ministry in various regional and international roles, including as the national focal point for the Abidjan Convention, the RAMSAR Convention on Wetlands, the Convention on Biological Diversity's (CBD) Coastal and Marine Biodiversity, and the Lake Chad Basin Climate Change Resilience action plan.

### **National Environmental Standards and Regulations Enforcement Agency (NESREA)**

NESREA is an agency under the FMoE, which is directly responsible for enforcing regulations and policies. As its director general, Aliyu Jauro oversees the daily monitoring of compliance and drives sensitisation campaigns across the country.

### **National Council on Environment (NCE)**

The NCE coordinates environmental issues across all levels of government and has been key in advocating for various climate related issues across all states. It enjoys representation from all key ministries and agencies at the national and subnational levels. The minister of environment chairs the council.

## **6.2.3 Reform commitment and budgetary prioritisation (weak)**

Nigeria's updated NDC includes a pledge to reduce GHG emissions by 20% below business-as-usual levels by 2030 or by 47% conditional on international support. The federal government has also identified climate change as a leading cause of poverty and the president is increasingly vocal about addressing the challenges associated with climate issues. However, the level of public awareness on climate change-related issues in Nigeria remains low and public support for climate action varies across the country. Communities affected by oil spills and gas flares in the Niger Delta, or by desertification in northern Nigeria, are more vocal than those in major population centres.

The federal government has increased its involvement in discussions around climate change, including through the elevation of the DCC from a unit to a department in 2017. This decision was taken due to the growing relevance of climate change mitigation and the need for more institutional capacity to drive implementation of

Nigeria’s various international climate commitments. The government has also ramped up efforts to reduce its GHG emissions by promoting the commercialisation of its gas flares, providing fiscal incentives for gas utilisation infrastructure and developing the gas network infrastructure across the country.

However, other domestic dynamics take precedence over these commitments. The government conceptualises climate change adaptation as a short- or medium-term strategy, with the sole aim of promoting socio-economic development, as opposed to a longer-term agenda that shapes all facets of the country’s development strategy. Consequently, the above commitments are not currently reflected at scale in the budgeting process and have not progressed beyond statements. Despite the total allocation to the Federal Ministry of Environment in the 2021 annual budget increasing by 62% percent to NGN 46.17 billion, it amounts to less than 1% of the total budget.

There has been, however, concrete action on financing specific climate commitments that have been included in the budget. Nigeria was the first country on the continent, and the fourth globally, to issue environmental bonds, following the launch of its first and second tranches of a NGN 150 billion Sovereign Green Bond programme to finance the country’s NDC targets. Projects eligible for financing must be included in the national budget. The government has issued two tranches so far (see table below) and held consultations with key stakeholders in 2020 concerning a third issuance. Due to the onset of the pandemic, this third issuance has been delayed to an unspecified date, but political will remains intact.

TRANCHE 1: NGN 10.69 billion (2017)	TRANCHE 2: NGN 15 billion (2019)
<p><b>Renewable Energy Micro Utility (REMU) Programme</b> Implemented by the Federal Ministry of Power and focuses on developing commercially viable mini-grids</p>	<p>A total of 23 projects which cut across five sectors, broken down as follows: afforestation (52%), water (18%), renewable energy (17%), transport (9%) and agriculture (4%).</p>
<p><b>Energising Education Programme</b> A rural electrification programme developing off-grid IPPs for the generation and provision of adequate power supply to 37 federal universities and 7 teaching hospitals across the country</p>	<p>Some of the projects include:</p> <ul style="list-style-type: none"> <li>● Renewable energy and rural electrification programmes – NGN 7.067 million</li> <li>● Irrigation projects – NGN 2.818 million</li> <li>● Abuja Rail Mass Transit – NGN 1.6 million</li> </ul>
<p><b>National Afforestation Programme</b> Designed to increase Nigeria’s existing forest cover through the establishment of forest plantations of environmental and economic tree species</p>	

The government has also committed to setting up the National Strategic Climate Change Trust Fund (NSCCTF), aimed at financing the initiatives and interventions articulated in the NCCP-RS. This fund, however, is yet to be established.

### 6.2.4 Structural capacity (moderate)

There is an institutional arrangement in place to achieve climate change coordination at the federal level, but limited political will and a lack of legal instruments hinder implementation. Despite the DCC’s broad and central role, for example, it faces significant constraints. It is a sub-agency created by the FMoE and lacks the appropriate structural and legal mandate, meaning it is not constituted to enforce compliance at the state



level, given the semi-autonomous nature of the Nigerian governance system. The DCC therefore depends on the FMoE to achieve its mandate. In addition, it lacks human resources and financing, relying heavily on the support of development partners.

The lack of a centrally imposed legal instrument means that state governments are not required to adopt climate-centric tools and practices. The NCCP-RS recommends the creation of an agency or commission through an act of parliament, but there has been little progress on this front so far. Although the NCCP-RS outlines areas for cross-sectoral alignment in achieving Nigeria’s climate change goals, the absence of pertinent legislation means that state bodies are not compelled to domesticate federal laws and recommendations.

In the last decade, various bills aimed at the establishment of a national climate change agency responsible for setting, coordinating and implementing climate change policies have failed to scale the legislative process or have not been approved by the president. However, sustained pressure from civil society groups has yielded results, with the lower chamber of the National Assembly passing the climate change bill on 8 July and transmitting it to the upper chamber for concurrence and passage.

Furthermore, the Nigeria Governors Forum (NGF), which comprises all state governors, provides an opportunity to engage state leadership on these matters. The NGF meets on a monthly basis and deliberates on issues of national interest. It possesses significant influence on the prioritisation and implementation of national government initiatives and policies.

### 6.2.5 Donor and development partners’ support (moderate)

Nigeria receives significant support from development actors in policy development and technical assistance, as well as funding. Multilateral development finance institutions (DFIs) are the main providers of global public finance for climate adaptation, accounting on average for USD 8 billion, or 36%, of the total adaptation finance tracked in 2015-2016, the most recent available data. The United Nations Development Programme (UNDP) has been a leading external voice in Nigeria’s climate policy landscape, and a high-profile provider of technical and financial support. The World Bank supports the Green Bond Programme, while the EU has provided funding to enable NDC-related activities.

Nigeria has relatively high access to multilateral climate funds, where it ranks 1st amongst its neighbours in the ECOWAS-CILSS area for the amount of funding approved by multinational development banks, from 2015 to 2018, at USD 1,292 million. Additionally, it ranks 6th in the area for approved funding from multilateral development funds at USD 92.8 million. Climate financing proportions to Nigeria will likely increase, reflecting Nigeria’s comparatively high vulnerability in the region, as well as intense campaign activities and its membership of the NDC, which provides increased analysis and policy support, opening up more financing opportunities.

As of 2020, the government identified the following ongoing and new sources of climate change-related financing for Nigeria:

MULTILATERAL CLIMATE FUNDS	BILATERAL CLIMATE FUNDS	PRIVATE FUNDS
The Green Climate Fund (GCF)	The Global Climate Partnership	Ariya Capital Sub-Saharan Africa

	Fund (GCPF), a public-private partnership investment fund based in Luxembourg	Cleantech Fund (ARIYA)
The Emerging Africa Infrastructure Fund (EAIF)	The International Climate Fund (ICF), operational under the UK government	Emerging Africa Infrastructure Fund (EAIF), a PPP of the Private Infrastructure Development Group (PIDG)
Adaptation Fund established under the Kyoto Protocol	Norway's International Climate and Forest Initiative (NICFI)	Energy Access Ventures (EAV), a partnership including: Schneider Electric, the European Investment Bank (EIB), CDC Group, Investment and Support Fund for Businesses in Africa (FISEA), the OPEC Fund for International Development (OFID), and the French Facility for Global Environment (FFEM)
The Adaptation for Smallholder Agriculture Programme (ASAP), a multi-donor grant co-financing program, launched by the International Fund for Agriculture and Development (IFAD)	The International Climate Initiative (IKI) of the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB)	
The Clean Technology Fund (CTF) is one of four key programmes under the Climate Investment Funds (CIFs)	The Nationally Appropriate Mitigation Actions (NAMA) Facility of the UK Department of Energy and Climate Change (DECC) and the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB)	
The Forest Carbon Partnership Facility (FCPF) operating under the World Bank Programme		
The Global Climate Change Alliance + (GCCA+) established by the EU		
The Global Energy Efficiency and Renewable Energy Fund (GEEREF), a Public-Private Partnership (PPP) designed to maximise the private finance leveraged through public funds, funded by the European Commission and managed by the European Investment Bank		

### Key international influencers

The USA has a vested interest in the stability of West Africa as a means to contain terrorist organisations such as the Islamic State's West Africa branch. As such, the USA has developed a strong security relationship with Nigeria, which plays a strategically important role in West Africa as a potential anchor for stability through mediation and conflict management. Reflecting this relationship, Nigeria is one of the top recipients of US aid, with over USD 450 million allocated in 2020 in efforts to strengthen state capacity, security and development. The USA is also the biggest source of foreign direct investment in Nigeria, concentrated largely in the petroleum and mining sectors.

China is also an important commercial partner for Nigeria, with 5% of Chinese FDI on the continent being directed to Nigeria. This investment is concentrated in energy and infrastructure, such as the USD 1 billion loan for the development of the Guara II hydropower plant in Kaduna. As a key entry point into West Africa, Nigeria has attracted over 160 Chinese firms eager to operate within its expansive market. As of 2020, China owns 11.28% of Nigeria's external debt. Nigeria has also supported China's one-nation policy by ordering the removal of Taiwan's unofficial embassy in Abuja.

## 6.2.6 Dialogue with non-government actors (moderate)

Non-government actors have taken a leading role in driving the climate change dialogue, given the government's limitations and deprioritisation of climate issues. This has been enabled by increased government receptiveness to NGO inputs, which were received in recent policy-making, including the review and validation of the NAP. There are over 150 NGOs that rally around the Climate Change Network Nigeria (CCN-Nigeria) umbrella, which aims to collate CSO-led involvement in climate solution efforts. The majority of these efforts have focused on adaptation, including food security and resilience programmes, with a focus on high-risk areas such as North East Region.

Some CSOs have also played a central role in elevating national issues on the international stage and calling multinationals to action. For example, Friends of the Earth instituted legal action on behalf of communities in the Niger Delta region, resulting in favourable judgements. In 2020, the FMoE also invited the Nigerian Labour Congress to develop a roadmap for Nigerian unions as part of the Silesia Declaration, with a view to charting a new carbon economy and integrating workers' perspectives on the implementation of the NDCs and related domestic policy instruments.

The impact of such initiatives is undermined by difficulty in accessing sustainable financing. In parallel, the government is also known for its at times quasi-authoritarian approach towards civil society, with serious concerns around media freedom and encroachment on NGO activities in the country, which could impact future advocacy efforts around climate change. This approach was recently exemplified by the ban placed on Twitter by the Federal Government in June 2021, although the Nigerian authorities are preparing to reverse their stance.

## 6.2.7 Non-government influencers

### **Heart of Mother Earth Foundation (HOMEF)**

HOMEF is a think tank organisation advocating for climate justice and food sovereignty in Nigeria and in wider Africa. They focus on enabling community groups and promoting climate justice at policy, corporate and individual levels. Recent work in Nigeria includes the mobilisation of resistance against a superhighway project, which proposed to cut through biodiverse and community sustaining rainforests in south-eastern Nigeria, ultimately leading to the project being cancelled in 2021.

### **The Nigerian Environmental Society (NES)**

Established in 1985, NES is the largest environmental NGO in Nigeria with over 24 branches. Favoured by the government, it works mostly at national level, through advocacy and public-private advisory rather than with grassroots groups. Its core focus is on environmental protection, sustainable development and the promotion of environmental professionalism within Nigeria. An indication of their relationship to the government, former President Goodluck Jonathan has been a member of NES for several years, a fact utilised by NES President

Dorothy Bassey, who has lobbied for Jonathan's support on legislation such as the Institute of Environmental Practitioners of Nigeria bill.

### **Centre for Climate Change and Development (CCCD)**

The CCCD is a dynamic research think tank based at the Alex-Ekwueme Federal University, Ndufu-Alike, Nigeria. It focuses on climate policy, sustainable development, climate resilience and climate information services. The CCCD wields influence from its involvement in projects such as Nigeria's 2021 NDC revision process where it has provided input on various policy gaps, such as a neglected focus on off-grid renewable energy. They have also worked to organise and promote stakeholder and public engagement on topics relevant to the NDC.

## **6.2.8 COVID-19 impact (challenging)**

Nigeria was ill-equipped to fight COVID-19. While it inherited a robust response plan from the Ebola outbreak response in 2014, which includes a mix of rapid detection, surveillance mechanisms and activation of incidence coordination centres, the country's health care system was already plagued by numerous challenges before the onset of the pandemic. The health infrastructure is dilapidated and health personnel are in short supply, and there is inadequate budgetary allocation to the sector. In the last year, health professionals have called multiple industrial actions due to poor working conditions, poor pay and lack of protective gear.

To date, Nigeria, like much of the continent, has continued to officially record a relatively low number of COVID-19 infections – however, there are reservations about official figures, with many experts estimating a much higher incidence rate, especially in high risk states, like Lagos. A seroprevalence survey by the Nigeria Centre for Disease Control (NCDC) and the Institute for Medical Research (IMR) supports this, revealing that an estimated 4 million people in Lagos State alone had contracted the virus, as at October 2020. The government commenced COVID-19 vaccination efforts in March 2021 with the goal to vaccinate 40% of the population by December 2021, and 70% by December 2022, which is unlikely due to a shortage in global vaccine supplies.

COVID-19 has had a devastating impact on Nigeria's economy. It led to a precarious fiscal situation, compounded by a dip in oil revenue, which in Q3 2020 resulted in the country's second, albeit brief, recession in the last five years. By Q4 2020, unemployment had increased to 33% from 27.2% in Q2 2020. The IMF expects 2.5% GDP growth this year, reflecting a more positive COVID-19 outlook; however, cases are at their highest rates in 6 months, raising doubts over these projections. The NPRGS projects that the COVID-19 pandemic alone will push an additional 4.9 million people into poverty by 2022. The government revised its 2020 budget, reducing revenue projections by 32% and closing in at a budget deficit of 200%. In an effort to cushion the economy, the government's NGN 2.3 trillion Economic Sustainability Plan (ESP) will ensure liquidity in money markets, support domestic production and employment, bolster specific sectors such as health and agriculture, and build infrastructure. The ESP has also indicated plans to promote solar energy and the use of Compressed Natural Gas (CNG).

However, these economic realities spell out further alienation of climate change issues from national priorities, resulting in business-as-usual emission rates due to limited interventions in reducing gas flaring and other sustainable energy diversification efforts.

## 6.3 Sectoral

### NIGERIA SECTOR OPPORTUNITIES & RISKS

Sector	Opportunities	Risks
 <b>Urbanisation</b> 	<ul style="list-style-type: none"> <li>• Urban/spatial planning frameworks</li> <li>• Mass Housing Programme (MHP) with the target to deliver 300,000 homes annually</li> </ul>	<ul style="list-style-type: none"> <li>• Fiscal constraints limiting government investments in the sector</li> <li>• Historically poor urban planning poses ongoing constraints</li> </ul>
 <b>Electrification</b>	<ul style="list-style-type: none"> <li>• Efforts to increase energy access to 90% of the population by 2030 with a focus on renewables</li> </ul>	<ul style="list-style-type: none"> <li>• Fiscal constraints limiting government investments in the sector</li> <li>• Inadequate installed generation capacity and limited power distribution grid means that a majority of Nigerians rely on back-up generators for electricity</li> </ul>
 <b>Industrialisation</b>	<ul style="list-style-type: none"> <li>• Special Agroindustrial Processing Zones (SAPZs)</li> <li>• Sizeable domestic market</li> <li>• Abundant resources</li> <li>• Plans to shift from petrol to gas and electric vehicles, building on the National Gas Expansion Programme (NGEP), which promoted Compressed Natural Gas (CNG) in Nigeria</li> </ul>	<ul style="list-style-type: none"> <li>• High operational costs (sporadic power, poor infrastructure)</li> <li>• High interest rates and limited lending</li> <li>• Oligopolistic practices and unfavorable market due to systemic challenges (infrastructure deficit, and insecurity)</li> </ul>
 <b>Land use change</b>	<ul style="list-style-type: none"> <li>• Reprioritisation of agriculture as a key pillar to diversify the economy</li> <li>• Inception of Special Agroindustrial Processing Zones (SAPZs) in various regions</li> <li>• Nigerian leadership of the Great Green Wall (GGW) initiative promises to combat desertification across the Sahel</li> </ul>	<ul style="list-style-type: none"> <li>• Protracted conflict between farming and pastoralists communities</li> <li>• Environmental impact due to changing climate conditions including increased desertification</li> </ul>
 <b>Oil and gas</b>	<ul style="list-style-type: none"> <li>• Commitment to end routine gas flaring by 2030</li> <li>• Increasing sanctions to multinationals operating in Niger Delta and public outcry could reduce pollution</li> <li>• Support government efforts to implement the UNEP report on the Ogoni land clean up</li> </ul>	<ul style="list-style-type: none"> <li>• Overdependence on oil revenue limits government commitment</li> <li>• Devastating environmental outcomes in Niger Delta due to pollution from the sector</li> <li>• Corruption and cronyism remain widespread within the oil and gas sector</li> </ul>

#### 6.3.1 Urbanisation (moderate)

Nigeria boasts of one of the highest urbanisation rates in the world, having consistently reported urban growth rates above 2% annually. Globally, estimates show that the percentage of urban dwellers is expected to increase to 68% by 2050, from 55% in 2014. Nigeria, together with India and China will account for over 35% of the projected growth of urban residents. Currently, 51.16% of the Nigerian population live in urban areas, versus 35% in 1990, with expansion concentrated around four main urban centres.

Nigeria’s urban infrastructure is insufficient to meet the demands of its growing population due to poor planning. The absence of planning frameworks and accurate data to inform urban land use has contributed to severely inadequate infrastructure and intractable sprawl. In Nigeria’s most densely populated city and commercial hub, Lagos, for example, two in every three people are reported to live in informal urban settlements. Poor quality housing, pollution, congestion, suboptimal drainage and solid waste management systems have often led to flooding.

We identified the following most pertinent opportunities for climate philanthropy that are linked to Nigeria’s rapid urbanisation:

- **Housing.** The National Integrated Infrastructure Master Plan (NIIMP, 2015-2043) recognises the impact of climate change and recommends building climate-resilient urban infrastructure, but approaches this from a cost-benefit angle. The plan prioritises investments in transport, social infrastructure, housing and energy in its first five years, taking their relative under-investment into

consideration. The implementation of the plan, however, remains behind schedule due to lack of adequate funding, unwillingness by the current administration to prioritise projects planned by a previous government, and hesitance of sub-national governments to collaborate. While Nigeria has not been innovative in providing climate-smart infrastructure, there is sufficient room to advocate for smart solutions given the sector's relative openness to partnerships.

The NIIMP sets an ambitious target of providing 17 million social housing units by 2043. According to the ERGP, which draws from the NIIMP, the government had planned to construct 2,700 housing units in the short-term and gradually increase this to 10,000 housing units per annum by 2020. As these targets were not met, there is an opportunity for implementing more sustainable housing solutions. In addition, the Nigeria Economic Sustainability Plan (NESP) – which maps out the government's interventions post-COVID-19 – has a Mass Housing Programme (MHP), with a target to deliver 300,000 homes annually at an estimated cost of NGN 317 billion.

- **Transport.** Nigeria has outlined refurbishment, construction of railways, procurement of efficient modern trains, expansion of the country's road network and development of water transport as its main climate adaptation measures for the sector. Lagos State has led these efforts by decongesting its roads following the introduction of the Lagos Bus Rapid Transit (BRT) system in 2008, which connects Lagos mainland with Lagos island, reducing travel times by up to one-third since its inception. The government is also building multiple rail projects linking various cities. Additionally, the Authority of the Nigerian federal capital Territory Administration (FCTA) has pledged to introduce an electric transportation system in Abuja, paving the way for further transport electrification around Nigeria.

### 6.3.2 Electrification (strong)

Electrification represents a significant opportunity in Nigeria. Despite the country's massive petroleum and energy reserves, it has one of the highest rates of energy poverty in the world. While installed generation capacity is 13 GW, distribution capacity is just 4 GW, translating into installed power capacity per person of 30 W, against a global average of 900 W. A total of 43% of the population lacks access to electricity, and while this is slightly lower than the sub-Saharan average (50%), it is double the average for middle-income countries (20%). As a result, Nigerians largely rely on expensive, hazardous and polluting sources of power with back-up generators (diesel and gasoline) being commonplace. Amongst low and middle income countries, Nigeria accounts for the largest share, 16%, of all backup energy service from generators.

Access also varies dramatically between urban and rural areas. In 2018, 81.7% of the urban population had access to electricity, compared to 30.95% among rural dwellers. Even the population connected to the grid received power on an intermittent basis, averaging fewer than 11 hours a day. The electricity value chain faces a plethora of issues including poor transmission networks, idle generation capacity and institutional barriers due to conflicting energy policy positions.

In an effort to address energy poverty, the government has set out plans to promote efficiency in the electricity value chain with a goal to increase access to 90% by 2030. There are, however, contradictory goals in the sector's policy framework, revealing the government's disjointed approach. The National Renewable Energy and Energy Efficiency Policy (NREEEP) seeks to achieve a 16% share of energy capacity from renewable electricity by 2030, a significant jump from the 1.3% recorded in 2015. Meanwhile, the Renewable Energy Master Plan (REMP) targets a 23% share of energy generation from renewables by 2025 and 36% by 2030. Further, Nigeria's electricity Vision 30:30:30 targets a 30% share of energy generation from renewables

by 2030. Of these contradictory plans, Vision 30:30:30 enjoys the greatest political support, although this has not translated into meaningful progress, with major hydroelectric projects such as the Mambilla dams remaining incomplete despite repeated efforts.

In light of the above, we identified three salient opportunities in Nigeria's renewable energy sector:

- The **Nigerian Energy Support Programme (NESP)** is a technical assistance programme aimed to promote private investment in the renewable sector and to improve electricity access to rural communities. It is co-funded by the EU and Germany, in collaboration with the Federal Ministry of Power (FMoP).
- The **Green Energy Investment Platform** is a one-stop shop co-operated by the FMoP, the Nigerian Investment Promotion Commission and the Rural Electrification Agency of Nigeria.
- Under the **Nigerian Electrification Programme (NEP)**, by 2023 the Rural Electrification Agency (REA) and the World Bank are aiming for the installation of mini grids and solar home systems in 5 million households currently not connected to the national grid. The REA seeks to develop 10,000 solar-powered mini grids by 2023, providing power to 14% of the population, including reliable power supply for 250,000 SMEs and federal institutions. In May 2021, the REA announced plans to install solar power in 304 health care facilities and schools across the country. These plans have also been captured in the Economic Sustainability Plan (ESP), which outlines the role of renewable energy in driving sustainable growth. The government has indicated plans to encourage private sector financing and to promote local production of solar components and appliances. As of May 2021, 17 states have indicated an interest to participate in this national initiative.

Despite this, based on Nigeria's abundant reserves of gas, there is a significant policy focus on expanding generation capacity to meet domestic demand, with fossil fuel generation levels likely required to increase in absolute terms in order for Nigeria to meet its overall electrification targets. As at 2020, backup generators in Nigeria totalled between 15 to 20 GW, while grid capacity stood at only 5 to 15 GW. As long as domestic demand outstrips improvements in the public power supply infrastructure, a mass dependency on generators will remain, hindering efforts to electrify both Nigeria's energy capacity and generation sectors.

### 6.3.3 Industrialisation (moderate)

Promotion of industrialisation is a priority for economic recovery as outlined in the ERGP, which identifies the manufacturing and solid minerals sectors as focal points. The National Industrial Revolution Plan (NIRP), developed in partnership with the United Nations Industrial Development Organisation (UNIDO), focuses on four main sectors: agro-allied industries; metals and solid minerals; oil and gas industrial activities; and construction, light manufacturing and services. The federal government's efforts to accelerate these sectors' growth and productivity centre on infrastructure development, driving finance and investments, and promoting local production.

While the roll-out of the NIRP has been limited, the plan does present significant opportunities for climate actors. It focuses on the creation of specialised industrial cities, parks and clusters in every state of the federation to incentivise investments. These include plans to develop eight industrial cities with a combined land size of 6,000 to 10,000 hectares and 700 to 1,200 MW of captive power capacity. In the automotive sector, there are plans to create parks with dedicated ports and berths for assemblers. The agro-industrial

sector has led these efforts following the launch of the Special Agro-Industrial Processing Zones (SAPZ) project in January 2021.

The Economic Sustainability Plan (ESP), a special intervention plan of the federal government aimed at addressing the post-COVID 19 development challenges and the resultant economic recession, aligns with the ERGP. It focuses on growing domestic capacity in the agriculture sector; promoting infrastructure development; supporting the metals and solid minerals sector; and advancing the deployment of science and technology. It entails multiple plans, including: the establishment of science and technology parks across the country; the rehabilitation/construction of roads and bridges across the six geopolitical zones of the country; the promotion of cylinder manufacturing plants for gas stoves and accessories; and the modification of the national automotive policy to include gas for automobiles.

In line with the 2060 target set to achieve net zero emissions, the National Automotive Design and Development Council (NADDC) outlined measures aimed at phasing out combustion engines by 2060 and developing gas-powered and electric vehicles. The measures build on the National Gas Expansion Programme (NGEP) launched in December 2020, an initiative of the government to convert petrol-powered vehicles to CNG and to improve its availability.

Industrialisation to transform the economy, however, may lead to the deprioritisation of Nigeria's emissions goals. This presents an opportunity to directly advocate for climate-sensitive development. Engaging with agencies such as the Nigeria Export Processing Zones Authority (NEPZA) and the Manufacturers Association of Nigeria (MAN) can catalyse efforts to adopt low-carbon technologies in the manufacturing sector.

### 6.3.4 Land use change (moderate)

The agriculture sector is critical to Nigeria's economy – it accounted for 21.42% of nominal GDP in Q1 2021. It is the country's largest employer, with approximately 70% of the labour force. Of this, the crop production sub-sector is the major driver of growth. Correspondingly, agriculture is a significant GHG emitter, contributing 25% of total aggregated emissions in Nigeria, based on the most recently available data.

- **Crop production.** The government has stipulated various adaptation measures in its Third National Communication (TNC) to the UNFCCC, presenting opportunities for climate philanthropy engagement. Notably, these include provision of weather-forecasting technologies, improved crop varieties and post-harvest storage facilities, adoption of climate-smart agriculture practices, provision of extension services, as well as water management solutions.
- **Livestock.** Domestic demand for livestock products is set to rise exponentially, with a projected growth of poultry meat, beef and milk consumption by 266%, 255% and 262% respectively by 2050. In 2018, the FAO estimated Nigeria already had the largest cattle herd in Africa, in excess of 20 million heads. The sector is of particular importance for livelihoods in the north, and as such its management is a key challenge for the federal government not only from an economic perspective, but also from a political and security point of view.

The National Livestock Transformation Plan (NLTP, 2018-2027) is designed to commercialise cattle rearing by promoting ranching. Although not framed as a climate mitigation plan, the NLTP seeks to address the prolonged farmer-herder conflict in Nigeria's Middle Belt, which has been driven by environmental degradation. Immediate opportunities for climate philanthropy are outlined in the TNC,



which lists ten potential adaptation measures for the livestock sector, and invites private sector and NGO participation. The measures suggested include: supporting intensive livestock keeping as opposed to free range; tree-planting near livestock houses and pastureland; improving livestock breeds; institutionalising warning systems pertaining to climatic changes and diseases; and encouraging rainwater harvesting practices. There will be further opportunities for action in the form of engagement with government stakeholders to articulate longer-term development plans for the sector and to promote sustainable practices.

- **Forestry.** Nigerian forests are depleting fast, having lost 9% of their cover between 2001 and 2018, against a backdrop of limited government initiative in the sector. Most of the relevant interventions have been small-scale and driven by non-governmental actors. Government efforts to combat deforestation have only focussed on the Great Green Wall Programme and donor collaboration on the Reducing Emissions from Deforestation and Forest Degradation (REDD+) programme, which enhances forest value and incentivises forest management.

The REDD+ pilot was first rolled out in 2011 in Cross River State, which contains 50% of Nigeria's forests. The government received grant support from the Forest Carbon Partnership Facility (FCPF) of the World Bank to further implement REDD+ readiness activities in two additional states – Ondo and Nasarawa – between 2016 and 2020.

As part of the Great Green Wall (GGW) initiative, the government seeks to combat desertification in affected states in northern Nigeria with an aim to plant 8 million trees by 2030. The programme commenced in 2011 under the National Agency for the Great Green Wall, and it has established a shelterbelt from the Kebbi State in North West Region to Borno State in North East Region. The programme conducts sensitisation and awareness campaigns, as well as promotion of use of alternative energy sources for rural energy. President Buhari reiterated his administration's commitment to the GGW at COP26, pledging to restore 4 million hectares of degraded lands and calling on his fellow leaders to prioritize efforts in land restoration. Nigeria is due to assume leadership of the Pan-African Agency for the Great Green Wall, which is to coordinate the collaboration of stakeholders involved in the initiative.

In November 2021, Nigeria joined 132 other nations participating in the COP26 conference in signing the Glasgow Leaders' Declaration on Forests and Land Use, indicating continued commitment to address these issues.

### 6.3.5 Oil and gas (moderate)

Nigeria is the 13<sup>th</sup> largest oil-producing nation in the world and the largest producer in Africa, with a maximum crude oil production capacity of 2.5 million bpd. In the last decade, the sector has remained the single largest contributor to government revenue, accounting, on average, for more than two-thirds of tax receipts annually, and constituting more than 90% of the total value of exports up to 2018. However in the years 2019 and 2020, the sector's share of total exports has declined to about 75%; this is largely attributed to the decline in oil price and the OPEC mandated cuts in production volumes.

In recent years, the sector's contribution to Nigeria's GDP has been falling – from 8.78% in 2019 to 8.16% in 2020 – while investment levels have dropped significantly as delays in the passage of new industry legislation increased uncertainty. This has been compounded by the COVID-19 pandemic, which resulted in a strict

OPEC production cap and helped accelerate decisions by international majors, such as Shell, to divest. As a result of limited exploration, Nigeria's oil reserves have been declining, from 38 billion barrels in 2015 to 36.8 billion in January 2020. Furthermore, despite OPEC easing its quotas on oil production, Nigeria's oil production is at a 5-year low of 1.43 million bpd due to operational and technical challenges. The Department of Petroleum Resources has committed to raising oil reserves to 40 billion barrels by 2025, but without new investments into the sector, this target might not be attained.

Despite its prominence as an oil producer, Nigeria has far greater reserves of natural gas – these are estimated to be 6 trillion m<sup>3</sup>. There is consequently a significant policy focus on resolving electrification challenges through gas-to-power generation initiatives, and reducing the transportation industry's reliance on imported gasoline by promoting domestically processed LPG. Collectively, these represent an opportunity to replace existing off-grid diesel and LPFO generation with grid-level gas generation, as well as to replace existing low-grade, high-emission gasoline consumption in the transportation sector with lower emissions from autogas. The enhanced utilisation of gas resources also has the potential to reduce existing gas flaring levels, which contributed to a quarter of Nigeria's total CO<sub>2</sub> emissions in 2018, causing repeated failures to hit targets for reductions in flaring. In furtherance of this policy focus, the federal government auctioned off some flare sites as part of the Nigerian Gas Flare Commercialisation Programme (NGFCP), and has commenced construction of the Ajaokuta-Kaduna-Kano (AKK) gas pipeline.

Despite Nigeria having the largest oil and gas reserves in Africa, and being the largest producer of petroleum on the continent, only 4% of the USD 70 billion investments made in Africa's petroleum industry from 2015 to 2019 went to Nigeria. Furthermore, according to the National Bureau of Statistics (NBS), the petroleum industry only received or 0.55% (USD 53.5 million) of total investment (USD 9.68 billion) in Nigeria in 2020. These along with other prevailing factors motivated the reform efforts in the sector.

In August 2021, Nigeria enacted the Petroleum Industry Act (PIA), over a decade after it was first introduced at the national assembly. The PIA repeals and replaces the archaic parent legislative framework, the Petroleum Mining Act of 1963, which had governed the sector. The act provides a legal, governance, regulatory and fiscal framework for the Nigerian petroleum industry, and the development of host communities. The overarching aim of the act is to increase investments in the sector while deepening local content by strengthening government institutions, establishing a competitive and commercially viable fiscal framework and a conducive business environment for petroleum operations. Furthermore, the PIA introduces maiden fiscal arrangements for the exploration and production of gas in line with the government's policy focus on exploiting the nation's vastly untapped natural gas resources and developing a vibrant gas sector.

The oil and gas sector remains a priority focus of the government and the policy focus to advance gas utilisation provides a lucrative opportunity for shaping the climate change policy discussion, especially with regard to the elimination of routine gas flaring and overall reduction of GHG emissions from the sector.

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