



FMDQ SPOTLIGHT

NEWSLETTER EDITION 109 – NOVEMBER 2023





C O N T E N T S

▪ New Stories

- FMDQ Group PLC Celebrates a Decade of Innovation in the Nigerian Financial Markets
- FMDQ Group Recognises Excellence in the Nigerian Financial Markets: Announces Winners of its 6th Annual GOLD Awards
- 89th FX Futures Contract Matures and Settles on FMDQ Exchange

▪ At a Glance

- Update on Clearing and Settlement Activities
- Update on Admitted Securities on FMDQ Depository

▪ FMDQ Exchange Listings & Quotations

- FMDQ Exchange Admits GZ Industries Limited's ₦50.00 Billion Commercial Paper Programme on its Platform
- CC Receivables SPV Limited Registers ₦50.00 Billion Guaranteed Commercial Paper Discrete on FMDQ Exchange

▪ FMDQ Turnover and Dealing Member (Banks) League Table

- FMDQ Market Turnover Report (January – October 2023)
- Top Ten (10) Dealing Member (Banks) in FMDQ Markets (January – October 2023)

▪ FMDQ Learning

- The Landscape of Sustainable Finance in Africa, A Focus on Nigeria

FMDQ Group PLC Celebrates a Decade of Innovation in the Nigerian Financial Markets

FMDQ Group PLC (“**FMDQ Group**” or the “**Group**”) celebrated a decade of innovation in the Nigerian financial markets on November 7, 2023, marking its illustrious journey at the FMDQ 10th Anniversary event held on **November 10, 2023**, in Lagos. This prestigious occasion brought together key stakeholders, industry leaders, and esteemed guests from local and international jurisdictions to honour FMDQ's dedicated decade of service to the Nigerian financial markets. The event was an evening of reflection, entertainment, and recognition, highlighting FMDQ's commitment to excellence and its pivotal role in the growth and development of Nigeria's financial landscape."

Present at the event were the Vice President of the Federal Republic of Nigeria, His Excellency, Mr. Kashim Shettima Mustapha, GCON, as the Special Guest of Honour, ably represented by the Special Adviser to the President on Economic Affairs, Office of the Vice President, Dr. Tope Kolade Fasua; the Governor of the Central Bank of Nigeria, Mr. Olayemi Michael Cardoso, ably represented by the Deputy Governor, Economic Policy Directorate, Mr. Muhammad Sani Abdullahi; the Executive Governor, Lagos State, Mr. Babajide Sanwo-Olu, FME, also represented by the Director-General of the State Debt Management Office, Mrs. Alake Sanusi; the 14th Emir of Kano, His Royal Highness, Muhammadu Sanusi II, CON; the Director-General of the Securities and Exchange Commission, Nigeria, Mr. Lamido Yuguda; Former Director-General of the Securities and Exchange Commission, Nigeria, Ms. Arunma Oteh; First Chairman, FMDQ OTC PLC, Mr. Aigboje Aig-Imoukhuede, CON; Second Chairman, FMDQ OTC PLC, Dr. (Mrs.) Sarah Alade, OON; to mention a few dignitaries.

Delivering the Welcome Address, Mr. Jibril Aku, Acting Group Chairman of FMDQ Group PLC, reflected on FMDQ's inception, stating, "When a visionary group initially convened to establish FMDQ, they couldn't have foreseen the institution's systemic importance in today's Nigerian financial markets. The incredible journey of FMDQ stemming from a bold dream, owes its realisation to the foresight of its Promoters, the wisdom of its Board Members, the unwavering support of the market participants, the trust placed in the institution by Regulators and stakeholders, and, notably, the relentless dedication of FMDQ's staff, consistently surpassing expectations in fulfilling its mission and vision."

Giving the Special Address at the Anniversary celebration, Mr. Lamido Yuguda, the Director-General of the Securities and Exchange Commission, Nigeria, stated "FMDQ is a promising vertically integrated financial market infrastructure group, offering seamless execution, clearing, and settlement services for financial market transactions. Over the past decade, FMDQ has undergone a profound transformation, significantly enhancing its strategic significance within Nigeria's financial landscape. As FMDQ ventures into its next phase, we anticipate continued collaboration for sustainable growth

and innovation in the future. Once again, I extend my congratulations to FMDQ on its 10th Anniversary.”

Recognising that the success of FMDQ Group PLC is a collective achievement of all market participants, including regulators, partners and market participants, various panel discussions were held during the event. One notable panel included the 14th Emir of Kano, His Royal Highness, Muhammadu Sanusi II; the Inaugural Board Chairman, FMDQ OTC PLC (now FMDQ Group PLC), Mr. Aigboje Aig-Imoukhuede, CON; the Acting Group Chairman, FMDQ Group PLC, Mr. Jibril Aku; moderated by Ms. Kaodi Ugoji. The Group Chief Operating Officer, FMDQ Group PLC. The panel titled, **“Throwback”: From the Helm of Leadership**, offered insights into the genesis of the Nigerian capital market's organisation and the establishment of FMDQ Group PLC (formerly FMDQ OTC PLC).



The beneficiaries of the FMDQ Next Generation Financial Markets Empowerment Programme (**“FMDQ-Next”**) 2023 Summer Camp Programme showcased an insightful playlet, illustrating their learnings from the Programme. They covered various aspects, enlightening the audience about the essence of FMDQ-Next, FMDQ’s functions, the range of products traded in FMDQ’s markets, and the diverse services offered by FMDQ Group PLC and its subsidiaries. FMDQ-Next stands as FMDQ's flagship corporate responsibility initiative, dedicated to fostering financial market awareness and literacy among students at all academic levels.

One of the many highlights of the FMDQ 10th Anniversary event was the presentation of the FMDQ Decade Personality Award by Mr. Bola Onadele. Koko, the Chief Executive Officer, FMDQ Group PLC. Mr. Onadele described the award, conferred upon Mr. Frank Aigbogun, Publisher and Chief Executive

Officer of BusinessDay Media Limited as a recognition of an individual whose staunch belief in, relentless dedication and personal sacrifice to the ethos of FMDQ, as well as their invaluable contributions to FMDQ have illuminated, through media, the path of progress for the Nigerian financial markets. This prestigious award celebrates a decade of courageous advocacy, steadfast commitment to and unwavering support of FMDQ's vision, mission and aspirations."

Delivering the closing remark, Mr. Ayodele Onawunmi, Managing Director, FMDQ Clear Limited, extended gratitude to regulators, partners, market participants, and the entire staff of FMDQ. He welcomed everyone to the new decade with the theme 'Born Local...Going Global. Reflecting on the journey from celebrating the 1st Lustrum in our 5th year to commemorating our 1st Decade at ten (10), Mr. Onawunmi emphasised the significant milestones marked by relentless innovation and unwavering commitment to the Nigerian financial markets.

[Back to Top](#)

FMDQ Group Recognises Excellence in the Nigerian Financial Markets: Announces Winners of its 6th Annual GOLD Awards

In continuation of its corporate tradition of recognising the invaluable contributions of market participants in fostering growth in Nigeria's Fixed Income, Currencies, and Derivatives markets, FMDQ Group proudly announces the winners of the 2023 FMDQ GOLD Awards. Now in its sixth (6th) year, the FMDQ GOLD Awards was launched to commemorate FMDQ's first (1st) Lustrum. The prestigious Awards have garnered considerable interest from both local and global stakeholders, encompassing diverse categories such as the Primary Market, Secondary Market, and FMDQ Members' & Clients' Choice, nominated and voted on by FMDQ Members/Clients.

The FMDQ GOLD Awards, underscored by the tenets of FMDQ's GOLD (Global Competitiveness, Operational Excellence, Liquidity and Diversity) Agenda, is a corporate tradition that recognises the demonstrated resilience and agility of the Nigerian financial market participants, whose participation in the FMDQ markets and across the financial market infrastructure value chain of FMDQ's businesses – securities exchange, central counterparty, and depository – as well as private markets, between the review period of October 2022 to August 2023, have positively shaped the course of the markets and invariably impacted the development of the Nigerian economy.

Amidst ongoing global and domestic economic turbulence, including geopolitical shocks and record-high inflation levels, it is essential to recognise the crucial role of financial market participants in promoting stability and growth in the Nigerian financial markets and the broader economy. The 2023 FMDQ GOLD Awards was commemorated on Friday, November 3, 2023, albeit without an official ceremony, with the list of Award winners being disseminated to the public via publications across all traditional and online media channels.

The 2023 FMDQ GOLD Awards, duly verified by Ernst & Young, Nigeria, a global assurance services firm, were presented across three (3) broad Award Categories - Primary Market Awards, Secondary Market Awards & FMDQ Members' & Clients' Choice Awards [which afforded FMDQ Exchange Members and Clients an opportunity to nominate and vote active participants across the fixed income and currencies markets] - saw twenty-seven (27) Awards and twenty-eight (28) Award winners (including two (2) joint winners). Recipients of this year's FMDQ GOLD Awards included Chapel Hill Denham Advisory Limited, which secured three (3) Awards in the Primary Market Category, including the prestigious Primary Market Champion Award (FMDQ Capital Markets Securities Origination) and United Bank for Africa PLC, who also won three (3) Awards in the Secondary Market Category, including the esteemed Secondary Market Champion Award (FMDQ Dealing Member of the Year). The validated results, including winners, nominees, finalists, and award descriptions, can be found on the FMDQ GOLD Awards website – www.fmdqgroup.com/goldawards/.

Mr. Bola Onadele. Koko, the Chief Executive Officer, FMDQ Group, extended congratulations to the recipients of this year's FMDQ GOLD Awards. He commended the contributions and collaborative efforts of all FMDQ stakeholders in advancing and developing the Nigerian financial markets making it GOLD – **G**lobal Competitiveness, **O**perational Excellence, **L**iquidity and **D**iversity. Mr. Onadele highlighted the significance of FMDQ's GOLD Agenda, emphasising its role in instigating reforms that profoundly impact the transformation and development of the Nigerian financial markets. He reaffirmed FMDQ's commitment to collaborating with stakeholders to foster prosperity for Nigeria and its people.

[Back to Top](#)

#FMDQGOLDAwards
#2023GOLDAwards
#FMDQ@10



★ ★ ★
*Congratulations
to the*
2023 FMDQ

GOLD
**AWARDS
WINNERS!**

*Recognising Excellence in the Fixed Income,
Currencies & Derivatives Markets*

*View the full list of finalists
and description of the Awards on*

www.fmdqgroup.com/goldawards

AWARDS VERIFIER



• **EXCHANGE** • **CENTRAL COUNTERPARTY** • **DEPOSITORY** • **PRIVATE MARKETS**

goldawards
@fmdqgroup.com

FIXED INCOME

CURRENCIES

DERIVATIVES

EQUITIES

+234-907-035-9971
+234-907-004-7631

f i x x @FMDQGroup

• **GLOBAL COMPETITIVENESS** • **OPERATIONAL EXCELLENCE** • **LIQUIDITY** • **DIVERSITY**

#FMDQGOLDAwards
#2023GOLDAwards
#FMDQ@10



Congratulations to the

2023 FMDQ GOLD AWARDS WINNERS!

*Recognising Excellence in the Fixed Income,
Currencies & Derivatives Markets*

PRIMARY MARKET AWARDS



#FMDQGOLDAwards
#2023GOLDAwards
#FMDQ@10



Congratulations to the

2023 FMDQ GOLD AWARDS WINNERS!

*Recognising Excellence in the Fixed Income,
Currencies & Derivatives Markets*

SECONDARY MARKET AWARDS



MEMBERS' & CLIENTS' CHOICE AWARDS



89th FX Futures Contract Matures and Settles on FMDQ Exchange

On Wednesday, November 29, 2023, the 89th FX Futures contract – NGUS NOV 29 2023, with a nominal value of \$0.61 million, matured and settled on FMDQ Exchange. This maturity brings the total value of matured FX Futures contracts on the Exchange, since the inception of the market in June 2016, to circa \$64.23 billion; with a total of circa \$67.78 billion traded so far.

The matured contract was valued for settlement against the NAFEX – the Nigerian Autonomous Foreign Exchange Fixing – the FMDQ Exchange reference Spot FX rate published the same day. The associated clearing/settlement activities were effected accordingly by FMDQ Clear Limited (“**FMDQ Clear**”).

[Click here to view Open FMDQ OTC FX Futures Contracts](#)

[Back to Top](#)

Update on Clearing and Settlement Activities

FMDQ Clear continued to offer bespoke risk management services to de-risk the Nigerian financial markets by eliminating inherent counterparty risks, delivering capital and cost efficiencies to its Members, and facilitating settlement finality across all cleared markets.

In line with this mandate, the tables below provide an overview of the clearing and settlement activities across the derivatives (currency futures) and fixed income markets.

Table 1: Clearing and Settlement Activities in the Currency Futures (Derivatives) Market

S/N	Currency Futures	September 2023	October 2023	Change (%)
Clearing				
1	No. of Traded & Cleared Contracts	6,255	6,255	N/A
2	Value of Traded & Cleared Contracts (\$'bn)	67.79	67.79	N/A
3	Value of Open Contracts (\$'bn)	4.91	4.16	(15.22)
Settlement				
4	No. of Matured & Settled Contracts	5,936	5,981	0.76
5	Value of Matured & Settled Contracts (\$'bn)	62.88	63.62	1.18

Table 2: Clearing and Settlement Activities in the Sovereign Fixed Income Market

S/N	Sovereign Fixed Income	September 2023	October 2023	Change (%)
1	Total Value of Trades Processed (₦'bn)	11,125.38	10,097	(9.24)
2	Value of Trades Settled (₦'bn)	10,335.27	9,043	(12.50)
3	Value of Unsettled Trades (₦'bn)	790.11	1,054	33.39

Table 3: Clearing and Settlement Activities in the Non-Sovereign Fixed Income Market

S/N	Non-Sovereign Fixed Income	September 2023	October 2023	Change (%)
1	Total Value of Trades Processed (₦'bn)	1.72	0.00	(100.00)
2	Value of Trades Settled (₦'bn)	1.72	0.00	(100.00)
3	Value of Unsettled Trades (₦'bn)	0.00	0.00	0.00

For more information on FMDQ Clear, please click [here](#).

[Back to Top](#)

Update on Admitted Securities on FMDQ Depository

FMDQ Depository Limited (“**FMDQ Depository**”), as a credible and effective Depository in the Nigerian debt markets, offering differentiated services, continued its operations of responsive and unparalleled settlement services for fixed income securities trades with zero incidences of failed settlement cycles and zero settlement default attributable to the Company’s technology platforms, operational and risk management framework.

During the period under review, FMDQ Depository successfully admitted the following securities on its platform:

- United Capital PLC ~~₦~~4.68 billion Series 5 and ~~₦~~7.48 billion Series 6 Commercial Papers (**CPs**) under its ~~₦~~100.00 billion CP Issuance Programme
- Skymark Partners Limited Issue of ~~₦~~0.30 billion Series 14, ~~₦~~0.90 billion Series 15 and ~~₦~~2.17 billion Series 16 CPs under its ~~₦~~10.00 billion CP Issuance Programme
- Infinity Microfinance Bank Limited ~~₦~~0.59 billion Series 2 CP under its ~~₦~~5.00 billion CP Issuance Programme
- Nosak Distilleries Limited ~~₦~~0.52 billion Series 3 (Tranche D) CP under its ~~₦~~20.00 billion CP Issuance Programme
- Robust International Commodities Limited ~~₦~~2.75 billion Series 11 and ~~₦~~0.35 billion Series 12 CPs under its ~~₦~~30.00 billion CP Issuance Programme

For more information on FMDQ Depository service offerings, please click [here](#).

[Back to Top](#)



FMDQ LISTINGS & QUOTATIONS

FMDQ Exchange Admits GZ Industries Limited's ₦50.00 Billion Commercial Paper Programme on its Platform

FMDQ Securities Exchange Limited ("FMDQ Exchange" or the "Exchange"), through its Board Listings and Markets Committee has approved the registration of **GZ Industries Limited ₦50.00 billion Commercial Paper (CP) Programme on its platform**. FMDQ Exchange, through consistent collaboration with its stakeholders, continues to effectively position the Nigerian debt markets for growth in support of the realisation of a globally competitive and vibrant economy.

GZ Industries Limited ("**GZ Industries**") is a leading manufacturer of premium quality, aluminium beverage cans. The registration Programme, which is sponsored by Rand Merchant Bank Nigeria Limited (*Lead Sponsor*), CardinalStone Partners Limited, Stanbic IBTC Capital Limited, and United Capital PLC (*Co-Sponsors*) - all Registration Member (Quotations) of the Exchange, allows GZ Industries to efficiently raise short-term finance from the Nigerian debt markets, through CP issues, within the approved CP Programme limit.

As the premier debt securities exchange in Nigeria, FMDQ Exchange maintains a steadfast dedication to reshaping the Nigerian debt markets. This commitment involves providing a cost-effective, efficient, well-regulated, transparent, and trusted platform for fundraising, with a focus on enhancing value for diverse stakeholder groups. Tailored financing solutions are offered to issuers, enabling them to achieve their strategic goals and contributing to the growth and strategic positioning of the Nigerian DCM.

[Back to Top](#)

CC Receivables SPV Limited Registers ₦50.00 Billion Guaranteed Commercial Paper on FMDQ Exchange

To accelerate the development of the Nigerian debt markets, FMDQ Exchange continues to use its credible platform to efficiently enhance the registration, listing, quotation, and trading of debt securities in the Nigerian financial markets. As a testament, the Board Listings and Markets Committee

of FMDQ Exchange approved the **registration of the CC Receivables SPV Limited ₦50.00 billion Guaranteed Commercial Paper Discrete Issuance** on its platform in November 2023.

CC Receivables SPV Limited (“**the Issuer**”) is a special purpose vehicle, set up to raise or borrow money through the issuance of CPs, bonds and such other debt instruments to qualified institutional investors and high net worth individuals. This CP Programme, which is sponsored by Constant Capital Markets and Securities Limited (**Lead sponsor**) and AVA Capital Partners Limited (**Co-sponsor**), will be used to purchase debt notes from Parthian Partners limited, which makes the Issuer entitled to cash flows that would be used to pay back the investors who purchased their CP.

The admission of this CP Programme on FMDQ Exchange is reflective of the potential of the Nigerian debt markets and the commendable level of confidence demonstrated by both issuer and investors, as well as validates the efficient processes and integrated systems through which FMDQ Group has sustained its service delivery to the market and its diverse stakeholders. In line with its strategic objectives to support institutional growth and stimulate continuous development of the economy at large, FMDQ Exchange will remain steadfast in aligning the Nigerian debt markets to international standards, through the promotion and provision of a world-class listing and quotation service, availing issuers and investors the much-needed global visibility, confidence and protection in the markets.

FMDQ Group is Africa’s first vertically integrated financial market infrastructure (“**FMI**”) group, strategically positioned to provide registration, listing, quotation and noting services; integrated trading, clearing & central counterparty, settlement, and risk management for financial market transactions; depository of securities, as well as data and information services, across the debt capital, foreign exchange, derivatives and equity markets, through its wholly owned subsidiaries – FMDQ Exchange, FMDQ Clear, FMDQ Depository and FMDQ Private Markets. As a sustainability focused FMI group, FMDQ Group, through FMDQ Exchange, operates Africa’s premier Green Exchange – FMDQ Green Exchange – positioned to lead the transition towards a sustainable future.

[Back to Top](#)

FMDQ TURNOVER & DEALING MEMBER (BANKS) LEAGUE TABLE

FMDQ Turnover & Dealing Member (Banks)' League Table Report

The FMDQ Market Turnover Report details the turnover on all products traded in the FMDQ secondary market – Foreign Exchange (FX), Treasury Bills (T.bills), Open Market Operations (OMO) Bills, Central Bank of Nigeria (CBN) Special Bills, Promissory Notes, Bonds (FGN Bonds, other Bonds (Agency, Sub-national, Corporate, Supranational, Sukuk & Eurobonds) Commercial Papers and Money Market Transactions (Repurchase Agreements and Unsecured Placements/Takings). These figures exclude primary market auctions in T.bills and Bonds.

The data, collated from the weekly trade data submissions by FMDQ Dealing Member (Banks), represents trades executed amongst the Dealing Member (Banks), Dealing Member (Banks) & Clients, and Dealing Member (Banks) & the CBN.

FMDQ Exchange Market Turnover (January – October 2023)

Product Category	(N'mm)	(\$'mm)
Foreign Exchange	34,142,857	58,536
Foreign Exchange Derivatives	21,639,630	39,752
Treasury Bills	17,494,823	29,276
OMO Bills	23,009,309	39,536
CBN Special Bills	17,144,468	28,761
FGN Bonds	21,155,489	37,195
Promissory Notes	2,994	6
Other Bonds*	150	0
Eurobond	175,056	272
Repurchase Agreements/Open Repos	47,799,745	79,392
Unsecured Placements/Takings	2,124,213	3,784
Money Market Derivatives	15,000	29
Commercial Papers	4,600	10
Sukuk Bonds	178,377	277.5
Total	184,886,711	316,826

No. of Business Days	204	204
Average Daily Turnover	906,307	1,553

Average YTD \$/₦ @583.56

mm - million

*Other Bonds include Agency, Sub-national, Corporate & Supranational Bonds

Note: Figures may be subject to change due to potential adjustments from Dealing Member (Banks), CBN - Central Bank of Nigeria

Source: FMDQ Data Portal as @ November 9, 2023; Figures reported by Dealing Member (Banks) on a week-ending basis

The total turnover for the January - October 2023 period amounted to ₦184.89 trillion. Trading activities in the FX (FX Spot and FX Derivatives) market had the largest contribution, accounting for 30.17% of overall market turnover. Repurchase Agreements (**Repos**) accounted for 25.85%, whilst transactions in OMO Bills accounted for 12.45%. Bonds, T.bills, CBN Special Bills, Promissory Notes, Unsecured Placements & Takings and Money Market Derivatives accounted for 11.63%, 9.46%, 9.27%, 0.002%, 1.15% and 0.01%, of overall market turnover.

FMDQ Dealing Member (Banks) League Table (January - October 2023)

The FMDQ Exchange Dealing Member (Banks) League Table shows the rankings of the top ten (10) Dealing Member (Banks) in the FMDQ Exchange markets by overall market turnover, respectively.

RANK	DEALING MEMBER (BANKS)
1	Stanbic IBTC Bank PLC
2	United Bank for Africa PLC
3	Access Bank PLC
4	First Bank of Nigeria Limited
5	Zenith Bank PLC
6	Coronation Merchant Bank Limited
7	Ecobank Nigeria Limited
8	Polaris Bank Limited
9	Sterling Bank PLC
10	Standard Chartered Bank Nigeria Limited

Stanbic IBTC Bank PLC, United Bank for Africa PLC and Access Bank PLC ranked 1st, 2nd and 3rd positions respectively, based on value traded during the period under review. The top ten (10) Dealing Member (Banks) accounted for 74.35% (₦137.47 trillion), while the top three (3) accounted for 59.79% (₦82.19 trillion) of the overall turnover of trades in the secondary market.

[Back to Top](#)



The Landscape of Sustainable Finance in Africa, A Focus on Nigeria

In our previous article, we discussed the concept of sustainable finance and its growing prominence in global financial markets. We also examined the roles of different stakeholders in this evolution. ([Click here to view previous article](#))

In this article, we delve into the landscape of sustainable finance in Africa, focusing on Nigeria, one of Africa's largest economies. While each nation faces unique challenges, Africa's collective journey towards sustainability is marked by innovation, collaboration, and a commitment to achieving the Sustainable Development Goals (SDGs).

The Role of Sustainable Finance in Africa

Africa, a continent inherently vulnerable to the effects of climate change, faces unique challenges, including prevalent poverty, climate variability, and social inequality. Over half of the continent's population relies on rain-fed agriculture, rendering them particularly sensitive to shifts in climate patterns that can disrupt food security, livelihoods, and overall economic growth. In this context, addressing sustainability challenges becomes not only a moral imperative, but an economic necessity.

Sustainable finance emerges as a powerful solution for African nations to simultaneously drive economic growth and address pressing environmental and social concerns. Indeed, it is an opportunity for these nations to navigate the intricate relationship between economic development and sustainability. Central to this transformative journey are governments, regulators, and policymakers, who play pivotal roles in developing policies and promoting enabling environment to address the socio-economic and climate challenges in the nations. These policies are not only tailored to meet global sustainability standards, but also consider the unique needs and challenges of individual African nations. The convergence of sustainable finance and strategic policymaking offers a promising avenue for fostering economic resilience and holistic development across the African continent.

Sustainable Finance in Nigeria

Nigeria, being the most populous country and largest economy in Africa, plays a crucial role in shaping the continent's sustainable finance landscape. The country has made significant strides in aligning its financial sector with sustainable finance principles.

In 2012, the CBN issued the Nigerian Sustainable Banking Principles, a voluntary initiative aimed at integrating environmental, social, and governance (“ESG”) considerations into banking operations. These Principles necessitate the Nigerian banking sector to incorporate environmental and social risk

assessments in their lending operations, promoting a shift towards more sustainable business practices.

The Ministry of Environment in Nigeria has also played a crucial role in advancing sustainability initiatives. Notably, the implementation and revision of the National Policy on Environment since 1999 provide a comprehensive framework for integrating environmental considerations into national development. The Ministry has actively championed the Paris Agreement on Climate Change, ratifying it in 2017, and subsequently developing Nationally Determined Contributions (**NDCs**) to mitigate greenhouse gas emissions and address climate change impacts.

Beyond policy, the Ministry of Environment has been a driving force in promoting sustainability across sectors. A significant example is its support for initiatives combatting deforestation and encouraging reforestation, such as the ambitious Great Green Wall project. This initiative aims to restore 100 million hectares of degraded land in the Sahel region, including parts of Nigeria, by 2030. Through these efforts, the ministry contributes to environmental conservation and fosters local community development.

In December 2017, Nigeria issued its inaugural sovereign green bond, a pioneering move certified against the 'use of proceeds' criteria of the Climate Bonds Standard. Valued at ₦10.69 billion and with a 5-year tenure, the oversubscribed bond's proceeds financed forestry and solar energy projects. This issuance aimed not only to fulfil national environmental goals but also to attract private sector investments for sustainable and low-carbon initiatives. This paved way for the Nigeria Green Bond Development Programme (**NGBDP**), a joint initiative supported by FMDQ and Financial Sector Deepening (**FSD**) Africa. Officially launched in 2018, the NGBDP aims to accelerate momentum, support non-sovereign/corporate issuance, and foster the development of a domestic green bond market. The programme addressed climate risk impacts on investment portfolios, regulatory roles in market development, and explored opportunities for Green Bonds in Nigeria, fostering dialogue among local and international green finance stakeholders.

In addition, FMDQ Exchange solidified its status as the continent's premier Green Exchange with the inauguration of its Green Exchange in 2021. The company also formalised a Listing Agent and Cooperation Agreement with Luxembourg Stock Exchange ("**LuxSE**"). This Agreement streamlines the dual listing process for securities, particularly those emphasising environmental sustainability, issued by Nigerian financial institutions.

Challenges and Opportunities

Establishing a sustainable finance ecosystem in Africa, notably in Nigeria, encounters several challenges such as limited awareness among investors and issuers about ESG concepts, shortage of technical capacity for implementing sustainable finance principles, and absence of standardised sustainability reporting frameworks. These hurdles present formidable barriers to the seamless integration of sustainable finance practices.

Despite the challenges, the journey towards sustainable finance in Africa unlocks a new realm of opportunities. With the United Nations projecting a staggering \$2.50 trillion annual financing gap for SDGs, sustainable finance emerges as a potent funding source for African nations. In the Nigerian

context, it not only facilitates the transition to a low-carbon economy but also acts as a catalyst for job creation, improved energy access, and enhanced resilience against the impacts of climate change. Moreover, these challenges become fertile ground for innovation and collaboration. Approaches such as Financial Technology (“**FinTech**”) innovations, expanded global partnerships, and targeted capacity-building initiatives have the potential to accelerate progress, turning obstacles into pathways for sustainable development.

Conclusion

As Africa navigates the path towards sustainable finance, the continent is not merely adopting a global trend, it is carving its unique trajectory towards a sustainable future, particularly for countries like Nigeria. It presents a unique opportunity to align economic growth with sustainability objectives. Though challenges exist, with concerted effort from all stakeholders, sustainable finance can be a game-changer for Africa's development trajectory, creating lasting value for generations to come.

[Back to Top](#)

DISCLAIMER

The FMDQ Learning segment is produced by FMDQ Group PLC ("FMDQ Group") and its subsidiaries ("FMDQ") for information purposes only. FMDQ IS NOT an investment advisor, and it does not endorse or recommend any securities or other investments. Market data and certain other information that may appear in this segment, as well as reference materials and/or links to other sites, have been compiled from publicly available sources believed to be reliable and are for general informational purposes only. It does not constitute any offer, recommendation, or solicitation to any person to enter any transaction or adopt any hedging, trading, or investment strategy, nor does it constitute any prediction to likely future movements in rates or prices or any representation that any such future movements will not exceed those shown in any illustration contained therein. All rates and figures appearing are for illustrative purposes only. The accuracy or completeness of the information contained herein is not guaranteed and is not intended to be relied upon for investment purposes.

FMDQ, its subsidiaries, affiliates, third party information providers, or any of these entities' officers, employees, directors, or agents have not: (1) attested to the merit of the information provided in this segment or on any of these securities; or (2) endorsed or sponsored any of these securities. ADVICE FROM A SECURITIES PROFESSIONAL IS STRONGLY ADVISED.

All information is provided "as is" without warranty of any kind. FMDQ, its subsidiaries, affiliates, and the third-party information providers make no representations and disclaim all express, implied, and statutory warranties of any kind to user and/or any third-party including warranties as to accuracy, timeliness, completeness, merchantability, or fitness for any purpose.

Unless, in the event of willful tortious misconduct or gross negligence, FMDQ, its subsidiaries, affiliates and the third-party information providers have no liability in tort, contract, or otherwise (and as permitted by law, product liability), to user and/or any third party. FMDQ, its subsidiaries, affiliates and the third-party information providers shall under no circumstance be liable to user, and/or any third party for any lost profits or lost opportunity, indirect, special, consequential, incidental, or punitive damages whatsoever, even if FMDQ has been advised of the possibility of such damages.