

IF YOU ARE IN ANY DOUBT ABOUT THE CONTENTS OF THIS DOCUMENT OR ANY ACTION TO BE TAKEN, IT IS RECOMMENDED THAT YOU CONSULT YOUR STOCKBROKER, BANKER, SOLICITOR, ACCOUNTANT OR ANY OTHER PROFESSIONAL ADVISER DULY REGISTERED UNDER THE INVESTMENTS AND SECURITIES ACT, 2025.

FOR INFORMATION CONCERNING CERTAIN RISK FACTORS WHICH SHOULD BE CONSIDERED BY PROSPECTIVE QUALIFIED INSTITUTIONAL INVESTORS AND HIGH NET-WORTH INDIVIDUALS, PLEASE REFER TO THE SECTION ON RISK FACTORS ON PAGES 66 TO 69 IN THIS PROSPECTUS.



FEDERAL GOVERNMENT OF NIGERIA

Pursuant to the Local Loans and (Registered Stock and Securities) Act, CAP. L17, LFN 2004

Offer for Subscription

of

₦47,355,000,000

5 Year 18.95% Fixed Rate Green Bonds Due 2030

Book Open: June 16, 2025

Book Close: June 18, 2025

Supported by:



Financial Advisers/Book Runners



The Issuer accepts full responsibility for the accuracy of the information contained in this Prospectus. The Issuer declares that having taken reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge, in accordance with the facts and does not omit anything likely to affect the import of such information. Furthermore, the material facts contained herein are true and accurate in all material respects and the Issuer confirms that, having made all reasonable enquiries, to the best of its knowledge and belief, there are no material facts, the omission of which would make any statement contained herein misleading or untrue.

THIS PROSPECTUS IS DATED JUNE 19, 2025

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DISCLAIMER

“In respect of any Bonds issued with a specific use of proceeds, such as a Green Bond, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor”

The final terms relating to any specific Series of Bonds may provide that it will be the Issuer’s intention to apply the proceeds from an offer of those Bonds specifically for projects and activities that promote climate friendly and other environmental purposes (“**Green Projects**”). Prospective investors should have regard to the information set out in the relevant final terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Bonds together with any other investigation such investor deems necessary. In particular, no assurance is given by the Issuer that the use of such proceeds for any Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Green Projects. Regulatory and market-based frameworks provide guidance on what constitutes a “Green Project.” Under the Rules of the Securities and Exchange Commission (SEC), a Green Bond is defined as “any type of debt instrument, the proceeds of which would be exclusively applied to finance or refinance, in part or in full, new and/or existing projects that have a positive environmental impact.” In addition, the International Capital Market Association (ICMA) Green Bond Principles define Green Bonds as “any type of bond instrument where the proceeds or an equivalent amount will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible Green Projects.” These frameworks also provide guidance on the use of proceeds, project evaluation and selection, management of proceeds, and post-issuance reporting.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any external reviews (such as opinions, certifications, verifications or ratings) provided by any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Bonds and in particular with any Green Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such external review is not, nor shall be deemed to be, incorporated in and/or form part of this Prospectus. Any such external review is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any such Bonds. Any such external review is only current as of the date that external review was initially issued. Prospective investors must determine for themselves the relevance of any such external review and/or the information contained therein and/or the provider of such external review for the purpose of any investment in such Bonds. Providers of such external reviews are not subject to any specific regulation or other regime or oversight. However, Agosto & Co., the provider of the second party opinion, is regulated by the Securities and Exchange Commission and reports its activities to the SEC.

In the event that any such Bonds are listed or admitted to trading on any dedicated “green”, “environmental”, “sustainable” or other equivalently-labelled segment of any Stock Exchange or securities market (whether or not regulated), no representation or assurance is given by the Issuer or any other person that such listing or admission satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Green Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. No representation or assurance is given or made by the Issuer or any other person that any such listing or admission to trading will be obtained in respect of any such Bonds or, if obtained, that any such listing or admission to trading will be maintained during the life of the Bonds.

While it is the intention of the Issuer to apply the proceeds of any Bonds so specified for Green Projects in, or substantially in, the manner described in the relevant final terms, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Green Projects will be capable of being implemented in or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Green Projects; nor can there be any assurance that such Green Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer. Any such event or failure by the Issuer will not constitute an Event of Default under the Bonds.

Any such event or failure to apply the proceeds of any issue of Bonds for any Green Projects as aforesaid and/or withdrawal of any such external review attesting that the Issuer is not complying in whole or in part with any matters for which such external review is providing and/or any such Bonds no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Bonds and also potentially the value of any other Bonds which are intended to finance Green Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

1. Responsibility Statement

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the best of the knowledge and belief of the Issuer, the information contained in this Prospectus is true and accurate in every material respect and is not misleading in any material respect and this Prospectus, insofar as it concerns such matters, does not omit to state any material fact necessary to make such information not misleading. The opinions, assumptions, intentions, projections and forecasts expressed in this Prospectus with regard to the Issuer are honestly held by the Issuer, have been reached after considering all relevant circumstances and are based on reasonable assumptions.

Important Notice

No person has been authorised to give any information or to make any representation other than those contained in or consistent with this document in connection with the offering of the Bonds (the “**Offering**”) and, if given or made, such information or representations must not be relied upon as having been authorised by the Issuer. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, constitute a representation or create any impression that there has been no change in the affairs of the Issuer since the date hereof. This document may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful, including Nigeria.

Neither the Financial Advisers nor any of their directors, affiliates, advisers or agents have made an independent verification of the information contained in this Prospectus and no representation or warranty, express or implied, is made by the Financial Advisers or any of their directors, affiliates, advisers or agents with respect to the accuracy or completeness of such information. Nothing contained in this Prospectus is to be construed as, or shall be relied upon as, a promise, warranty or representation, whether to the past or the future, by the Financial Advisers or any of their directors, affiliates, advisers or agents in any respect. The contents of this Prospectus are not to be construed as and should not be relied on as legal, business or tax advice.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Financial Advisers or the Book Runners that any recipient of this Prospectus should purchase any of the Bonds. Each investor contemplating purchasing Bonds should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Prospectus nor any other information supplied in connection with the Offering constitutes an offer or invitation by or on behalf of the Issuer. Neither the delivery of this Prospectus nor the offering, sale or delivery of the Bonds shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Offering is correct as of any time subsequent to the date indicated in the document containing the same.

2. Presentation of Economic and Other Information

Annual information presented in this Prospectus is based upon the calendar year (which is the fiscal year for the Issuer), unless otherwise indicated. Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be the sum of the figures which precede them. Statistical information reported herein has been derived from official publications of, and information supplied by, a number of agencies and ministries of the Issuer including the CBN, the DMO and the NBS (each as defined below). Some statistical information has also been derived from information publicly made available by the International Monetary Fund (the “IMF”), the International Bank for Reconstruction and Development (the “World Bank”) and other third parties. Where information has been so sourced the source is stated where it appears in this Prospectus. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading. Similar statistics may be obtainable from other sources, but the date of publication, underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. In addition, statistics and data published by one ministry or agency may differ from similar statistics and data produced by other agencies or ministries due to differing underlying assumptions, methodology or timing of when such data is reproduced. Certain historical statistical information contained herein is provisional or otherwise based on estimates that the Issuer and/or its agencies believe to be based on reasonable assumptions. The Issuer’s official financial and economic statistics are subject to internal review as part of a regular confirmation process. Accordingly, financial and economic information may be subsequently adjusted or revised. While the Government does not expect such revisions to be material, no assurance can be given that material changes will not be made. Nigeria has attempted to address some inadequacies in its national statistics through the adoption of the Statistics Act of 2007, which established the National Statistical System (“NSS”) and created the NBS (which came into existence as a result of the merger of the Federal Office of Statistics and the National Data Bank) as its coordinator. The strategic objectives of the system include building capacity for providing high quality statistical information, promoting standardization in statistics production and ensuring high quality and reliability of statistical information. The NSS is also responsible for building sustainable capacity across Nigeria for the production and use of statistical data, to promote cooperation, coordination and rationalization among users and providers of statistics and to ensure optimal utilization of resources. The NBS is also charged with implementation of the National Strategy for the Development of Statistics. According to the IMF’s report on its 2009 Article IV consultation with Nigeria, the enactment of the Statistics Act of 2007 has led to a number of improvements in data management in Nigeria including better information sharing between data producing and collecting agencies. However, Nigeria still faces a number of challenges in gathering statistical data such as inadequate data coverage, inadequate information on sub-national public finances, lack of regularly available data on economic activity and large errors and omissions in the balance of payments data, all of which continue to hinder compilation of timely and consistent data. In addition, the 2025 rebasing of Nigeria’s national accounts introduced changes in methodology and data sources limiting comparability with historical data. Certain statistical information included in this Prospectus may have been recently revised. Following the IMF Article IV consultation in 2024, certain historical figures included in the balance of payments were adjusted as a result of the review of additional sources of data available to the CBN, including data from the Nigeria Customs Services, the Ministry of Finance, the NNPC and the NBS. Although all of the balance of payment information presented in this Prospectus have been revised to be presented on a consistent basis, the data contained herein may be different from data contained in other official sources.

Rounding

Certain numerical figures included in this Prospectus have been subject to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown in totals in certain tables may not be the arithmetic aggregation of the figures which precede them.

Forward Looking Statements

Certain statements included herein and, in any Prospectus, may constitute forward looking statements that involve a number of risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Such forward looking statements can be identified by the use of forward-looking terminology such as “believes”, “expects”, “may”, “are expected to”, “intends”, “will”, “will continue”, “should”, “would be”, “seeks”, “approximately” or “anticipates” or similar expressions or the negative thereof or other variations thereof or comparable terminology.

Prospective investors should be aware that forward-looking statements are not guarantees of future development of the country, as this may differ materially from those made in or suggested by the forward-looking statements contained in this Prospectus.

The FGN does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Issuer or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

3. Notice to Prospective Investors

This Prospectus has been prepared by the Financial Advisers/Book Runners in connection with the ₦47,355,000,000.00 (Forty-Seven Billion, Three Hundred and Fifty-Five Million Naira) Green Bond Issuance of the FGN, for the purpose of giving information to prospective investors in respect of the Green Bonds and other securities described herein. Neither the approval nor prior notification of the SEC is required. Therefore, the securities listed herein have not been registered with the Commission. The receipt of this Prospectus or any information contained in it or supplied with it or subsequently communicated to any person, does not constitute investment advice from the Financial Advisers to any prospective investor. Each prospective investor should make its own independent assessment of the merits or otherwise of subscribing for the securities offered herein and should take its own professional advice in connection with any prospective investment by it.

No person has been authorised to give any information, or to make any representation not contained in, or not consistent with, this Prospectus, or any other information supplied in connection with the Issuance and, if given or made, such information must not be relied on as having been authorised by the FGN. The FGN accepts full responsibility for the accuracy of the information contained herein and has taken reasonable care to ensure that the material facts contained herein are true and accurate in all material respects and confirm, having made all reasonable enquiries, that to the best of its knowledge and belief, there are no material facts, the omission of which, would make any material statement herein misleading or untrue.

However, the delivery of this Prospectus does not at any time imply that the information contained herein concerning the FGN is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Issuance is correct as of any time subsequent to the date indicated in the document containing same. Additional information may be obtained through the offices of the Financial Advisers/Book Runners as specified on page 9 of this Prospectus on any Business Day during the period of the respective opening and closing dates of the issuance of instruments under this Bond Issuance. Prospective Investors should rely only on the information in this Prospectus and other Offer Documents. In agreeing to purchase Bonds in the Issuance, each investor acknowledges that he or she is relying only on the contents of this Prospectus and not on any other information or representation concerning the FGN, the Bonds or the offer for the Bonds.

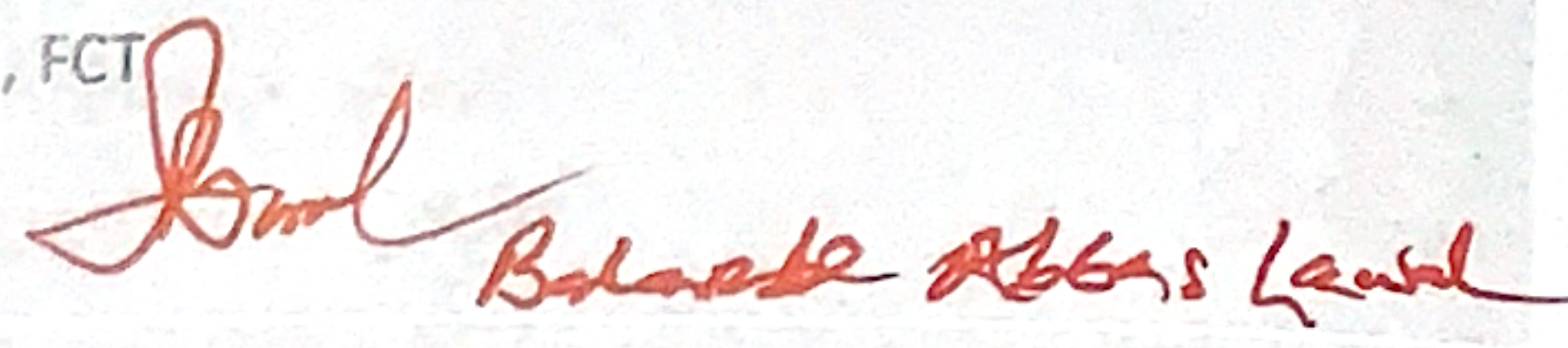
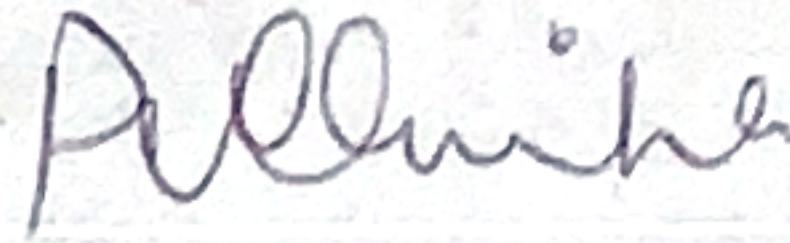
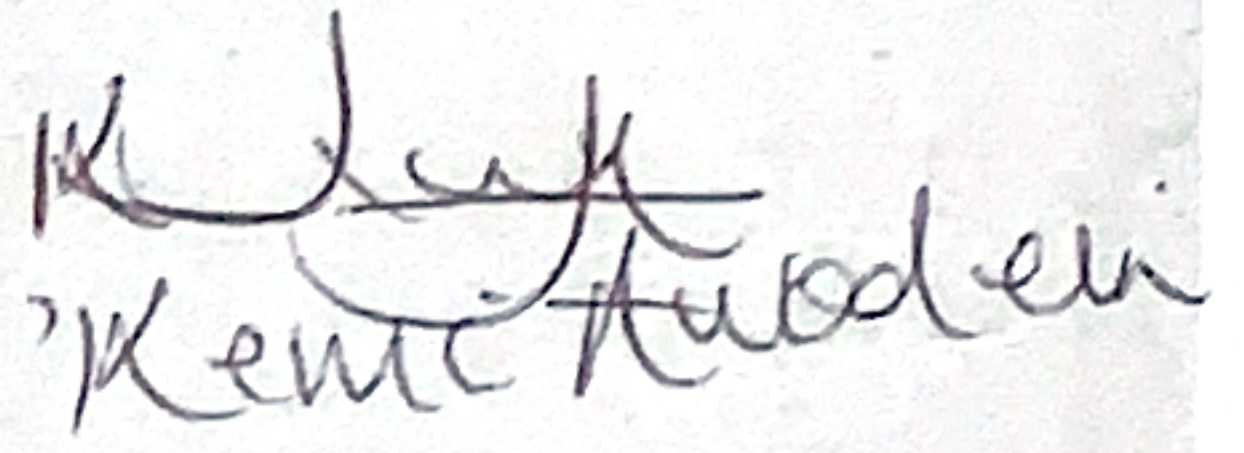
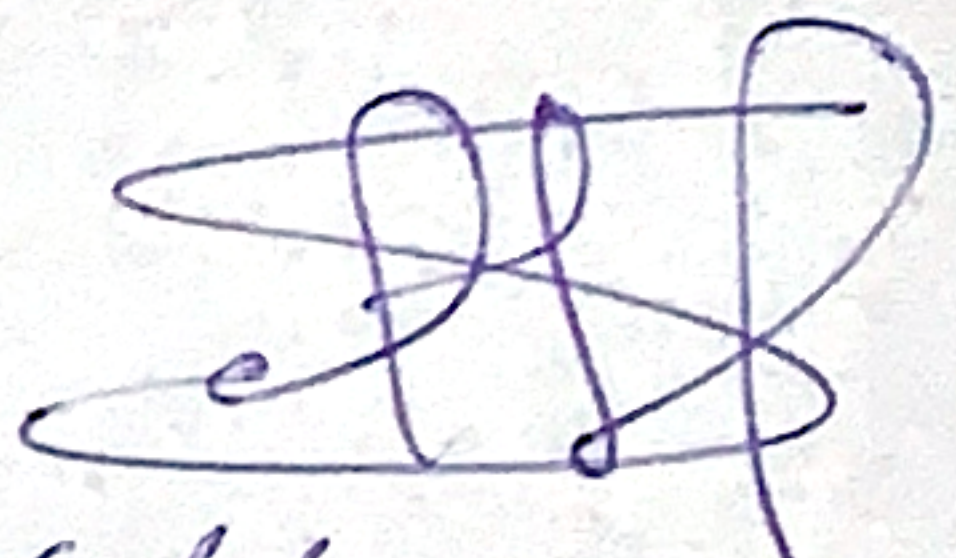
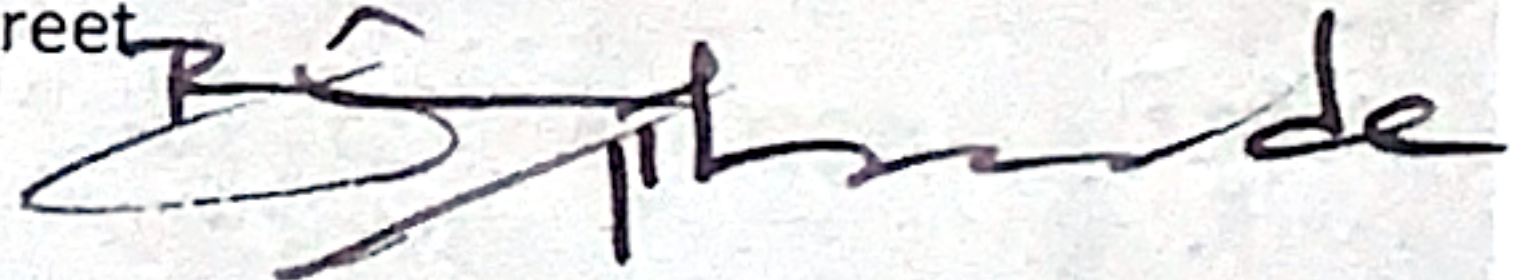
4. Definition of Terms

“Bonds”	Any Bonds issued by the Federal Government of Nigeria in accordance with the terms of this Prospectus
“Business Day”	Any day except Saturdays, Sundays and public holidays declared by the Federal Government of Nigeria, on which banks are open for business in Nigeria
“CAGR”	Compound Annual Growth Rate
“CBN”	Central Bank of Nigeria
“CGT”	Capital Gains Tax
“CITA”	Companies Income Tax Act Cap C21, LFN, 2007
“Coupon”	The specified rate of interest on the Bond
“Conditions”	The terms and conditions of the Bond as set out on pages 55 to 60 of this Prospectus.
“CSCS” or the “Clearing System”	Central Securities Clearing Systems Plc
“Daily Official List”	The official publication of Nigerian Exchange Limited, which details price movements and information for all securities quoted on the Exchange
“DMO”	Debt Management Office Nigeria, as established by the Debt Management Office Act No.18 of 2003.
“Eligible Projects”	Projects to be funded by the Federal Republic of Nigeria, which in whole or in part, promote the transition to a low-emission economy and climate resilient growth, including both climate mitigation and adaptation
“Financial Advisers” or “Book Runners”	Chapel Hill Denham Advisory Limited and Stanbic IBTC Capital Limited
“FGN”	Federal Government of Nigeria
“FMF”	Federal Ministry of Finance
“FMEnv” or “MoE”	Federal Ministry of Environment
“FMoWR”	Federal Ministry of Water Resources
“Green Bonds”	Any type of financial instrument where the proceeds will be exclusively applied to finance or re-finance in part or in full new and/or existing eligible Projects and which are aligned with the four core components of the Green Bond Principles
“ICCC”	Inter-ministerial Committee on Climate Change
“iNDCs”	intended Nationally Determined Contributions
“Issue”	The Issuance of ₦47,355,000,000.00 (Forty-Seven Billion, Three Hundred and Fifty-Five Million Naira) 5 Year 18.95% Fixed Rate Green Bonds due 2030
“Issue Price”	The price at which each Series of the Bonds will be issued which may be: (x) at par; or (y) at a discount to par; or (z) premium over par
“Issuer”	Federal Government of Nigeria
“LFN”	Laws of the Federation of Nigeria
“Maturity Date”	June 23, 2030
“MDAs”	Ministries, Departments and Agencies
“MoBNP”	Ministry of Budget & National Planning
“Naira”, “NGN” or “₦”	The Nigerian Naira
“NBS”	National Bureau of Statistics
“NDCs”	Nationally Determined Contributions
“Bonds”	Any Bonds/Bonds which may be issued by the Federal Government of Nigeria on a continuing basis in accordance with the terms of this Prospectus

4. Definition of Terms

“Noteholder”	The several persons who are for the time being holders of Bonds being the several persons whose names are entered in the Register as holders thereof, and the expressions Noteholder, holder of Bonds, Bondholder, and Holder and related expressions shall be construed accordingly
“NGX”	Nigerian Exchange Limited
“NNPC”	Nigerian National Petroleum Company Limited
“OAGF”	Office of the Accountant General of the Federation
“Paying Agent”	Central Bank of Nigeria
“Prospectus”	This document taken in its entirety
“Register”	In respect of the Issue, the books kept by the Central Bank of Nigeria as applicable into which shall be entered the names and addresses of each Noteholder and the particulars, transfers and redemption of the Instruments held by each Noteholder to evidence the registration of and dealings in such Instruments
“Registrar”	Means the CBN, DMO or any market operator appointed by the Issuer to maintain the register of Noteholders
“SEC” or “Commission”	Securities and Exchange Commission
“Settlement Date”	The date by which the investor must pay for the Bonds delivered by the Issuer, which will be deemed to be the Issue Date of the Bonds
“UNFCCC”	United Nations Framework Convention on Climate Change

5. Parties to the Issuance

Sponsoring Ministry	Federal Ministry of Environment Federal Ministry of Environment Headquarters Mabushi Abuja, FCT  Balanda Abbas Lawal
Issuing Agency	Debt Management Office NDIC Building (1st Floor) Plot 447/448 Constitution Avenue Central Business District Abuja, FCT 
Financial Advisers/Book Runners	Chapel Hill Denham Advisory Limited 10 Bankole Oki Street Ikoyi Lagos  Keni Audein Stanbic IBTC Capital Limited Stanbic IBTC Towers Walter Carrington Crescent Victoria Island Lagos  Oladele S. Oluwole
Solicitor	SPA Ajibade & Co. SPAACO House (Suite 201) 27A Macarthy Street Onikan Lagos  DR. BABATUNDE AJIBADE
Listing Exchanges	Nigerian Exchange Limited Nigerian Exchange Group House 2/4 Customs Street Lagos FMDQ Securities Exchange Limited Exchange Place 35 Idowu Taylor Street Victoria Island Lagos

6. Particulars of the Offer

The following summary does not purport to be complete and is qualified in its entirety by the remainder of this Prospectus. Words and expressions defined in Definitions and Terms and Conditions of the Bonds shall have the same meaning in this summary.

Issuer:	The Federal Government of Nigeria
Description of the Bonds:	Series III FGN Green Bond due 2030 at a rate of 18.95%
Aggregate Nominal Amount:	₦47,355,000,000.00 (Forty-Seven Billion, Three Hundred and Fifty-Five Million Naira)
Tenor:	5 years
Specified Currency or Currencies:	Nigerian Naira (₦)
Unit of Issue:	₦1,000 (One Thousand Naira) per Note unit
Minimum Subscription:	Minimum of ₦10,000,000 (i.e. 10,000 units at ₦1,000 per unit) and in multiples of ₦1,000,000 (1,000 units) thereafter
Undersubscription:	Issuer may re-open the Offer, where there is an undersubscription
Financial Advisers/Book Runners:	Chapel Hill Denham Advisory Limited Stanbic IBTC Capital Limited
Issue Price:	At par ₦1,000 (One Thousand Naira) per Note unit
Method of Issue:	By way of Book Build
Form of Bonds:	The Bonds shall be issued in dematerialised form, with electronic registration on the Scripless Securities Settlement System and/or Central Securities Clearing Plc's securities clearing and settlement platform
Use of Proceeds:	See pages 61 to 63 of this Prospectus
Coupon/Interest Rate:	18.95%
Day Count Fraction:	Actual/Actual
Payment Date:	Coupon payment shall commence six months after the issuance date and every six months thereafter until maturity of the Bond, Provided that where a coupon payment date falls on a non-Business Day, such payment shall be deferred to the following Business Day
Maturity of Bonds:	June 23, 2030
Status:	The Bonds are direct, unconditional, general and unsecured obligations of the Government and shall rank pari passu and without any preference among themselves and pari passu with all other outstanding unsecured and unsubordinated obligations of the Federal Government of Nigeria The Bonds qualify as securities in which the Pension Fund Administrators may invest under the Pension Reform Act 2014 The Bonds qualify as securities in which Trustees may invest under the Trustee Investments Act, Cap T22, LFN 2004

6. Particulars of the Offer

Security:	The Bonds are backed by the full faith and credit of the Federal Government of Nigeria and are charged upon the general assets of the Federal Republic of Nigeria
Rating:	The Bonds are not rated by any credit rating agency. However, the Bonds are a direct senior obligation of the Federal Government of Nigeria, and reflects its credit rating
Redemption:	The Federal Government of Nigeria will redeem the Bonds at their principal amount on the Maturity Date
Taxation:	The Bonds will qualify as securities issued by the Federal Government of Nigeria and as such, will be exempted from Companies Income Tax, Capital Gains Tax, and Value Added Tax
Listing and Admission to Trading:	The Bonds will be listed on the Nigerian Exchange Limited and FMDQ Securities Exchange Limited
Paying Agent:	Central Bank of Nigeria
Tax Consideration:	<p>The Bonds issued under this Prospectus are exempt from taxation in Nigeria. As such, all payments made to Noteholders shall be free and clear of Withholding, State and Federal Income and Capital Gains Taxes with no deductions whatsoever being made at source. In addition, proceeds from the disposal of Bonds are exempt from taxation.</p>

This summary of the tax regime has been provided for information purposes only. A prospective investor who is in any doubt as to his/her tax position or who is subject to taxation in any jurisdiction other than in Nigeria should consult his/her own professional advisers without delay as to the consequences of an investment in the Bonds in view of his/her own circumstances. Neither the Issuer, the Financial Advisers/Book Runners nor the Issuer's tax advisers shall be liable to any subscriber (in any manner whatsoever) for their having placed reliance upon the information in this section. The summary does not purport to be comprehensive and does not constitute advice on tax to any actual or prospective investor in the Bonds issued under the Prospectus. In particular, it does not constitute a representation by the Issuer or its advisers on the tax consequences attaching to a subscription or purchase of Bonds issued under the Prospectus. Tax considerations that may be relevant to a decision to acquire, hold or dispose of Bonds issued under the Prospectus and the tax consequences applicable to each actual or prospective purchaser of the Bonds may vary.

Except as otherwise indicated, this summary only addresses Nigerian tax legislation, as in effect and in force at the date hereof, as interpreted and applied by the courts or tax authorities in Nigeria, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

7. Introduction to Green Bonds – Principles & Guidelines

7.1. Nigeria's Commitment to a Green and Diversified Economy

As Africa's most populous nation and one of its largest economies, Nigeria faces the dual challenge of achieving sustained economic growth while addressing the impacts of climate change. Since ratifying the Paris Agreement in March 2017, Nigeria has demonstrated strong commitment to building a climate-resilient and low-carbon economy.

This commitment is embedded in national strategies such as the Economic Sustainability Plan (2020), the National Development Plan (2021–2025), and Nigeria Agenda 2050, which prioritize investments in renewable energy, climate-smart agriculture, local manufacturing, and green infrastructure. Nigeria's updated Nationally Determined Contribution (NDC) and the enactment of the Climate Change Act (2021) further reinforce the integration of climate action into development planning and policy execution.

With abundant natural resources, and a young, dynamic population, Nigeria is pursuing a private-sector-led growth model that balances economic diversification with environmental sustainability. Though recent global shocks and monetary adjustments have posed challenges, ongoing fiscal and structural reforms are helping to stabilize the economy and build long-term resilience.

7.2. The National Development Plan and Green Growth Investment Priorities

Agenda 2050, Nigeria's long-term development plan ("The Plan"), aims to reposition Nigeria as one of the leading economies of the 21st Century within the next three decades. Part of the set goals for Agenda 2050 is to achieve unemployment and poverty rates of 6.3% and 0.6%, respectively, by 2050. This would require a significant investment of up to 40% of Nigeria's GDP, with the private sector expected to provide most of the required finance while the government sets the enabling environment and framework with complementary public investments. Recent global trends that impact these economic and social targets are the Fourth Industrial Revolution, regional integration, demographic shifts, knowledge economy, climate change and green/blue economy, as identified in the plan.

The nexus between climate change and global economic development is clear, and the poor are the most vulnerable. In recent times, Nigeria has experienced variability in rainfall patterns and extreme weather events, which have impacted agricultural productivity and access to clean water. The need for Nigeria to intensify its efforts on climate adaptation, particularly in energy transition, is critical to driving a green economy and is an important pathway to achieving net-zero emissions by 2060 as planned. To achieve some of these initiatives, Nigeria will, according to the Plan, ensure:

- Increased diversification from an oil-based economy
- Cleaner and safer environment with lower emissions from industrial, agricultural, and domestic activities
- Higher energy penetration, especially for lower-income communities
- Increased resilience and sustainable development in the long term, and
- The conservation of marine resources

To guide Nigeria to a low-carbon, green and sustainable economy by 2050, the following policy objectives were identified in the Plan:

Increase investment in renewable energy and energy efficiency in all sectors of the Nigerian economy, with a target of increasing the share of renewable energy in total electricity generation to 60% by 2050 from a baseline of 22% in 2020. Some identified initiatives under the renewable energy strategy are developing frameworks to increase investment in non-hydro renewable energy and expand the carbon market, adopting fiscal incentives to promote renewable energy sources, and enforcing energy efficiency policies for new and existing buildings.

Increase in climate-smart technologies in all sectors of the Nigerian economy, with the objective of an overall reduction in GHG emissions of 20% from the 2020 baseline by 2050. This will require investment in cleaner technologies and innovative agricultural, industrial, and transportation practices. Some initiatives include supporting farmers in adopting smart agricultural practices, expanding rail infrastructure, and promoting the use of electric and CNG-powered vehicles.

Curb desertification, conserve ecosystems, and restore degraded land in affected areas through continuous tree planting in deforested areas, building the capacity of local communities to improve forest management, promoting clean cooking, and encouraging the development of eco-tourism and conservation parks.

Build a circular economy and improve waste collection and the bioeconomy by promoting sustained investments in recycling activities, integrating policies on material, product, and chemical management, and boosting the production and use of biofuels through the adoption of new technologies and the active participation of the private sector in recycling activities.

7. Introduction to Green Bonds – Principles & Guidelines

Strengthen resilience and adaptive capacity to climate-change-related disasters. This will involve designing and implementing policies to strengthen disaster preparedness systems and contingency plans across the country, integrating disaster risk management into national plans and the budgetary process, and designing social security systems such as safety nets and affordable insurance instruments to facilitate quick recovery in the event of climate change-induced disasters.

The initiatives will be implemented through a series of medium-term development plans.

The National Development financing plan includes targeted action to address these environmental priorities, including raising Sustainable Bonds to finance projects with Green and Social benefits, which is one source for meeting its Nationally Determined Contributions (NDCs).

In summary, as a result, Nigeria has chosen that its Sustainable Bond Framework would be oriented toward key national objectives:

- renewable energy
- green manufacturing
- natural resource management and nature conservation
- green and affordable housing and resilient urban infrastructure
- development of scalable, sustainable agriculture, natural resources management, and nature conservation, including developing opportunities in the sustainable blue economy

7.3. The Sustainable Bond Framework

The Federal Ministry of Environment (FMEnv) has updated the FGN's Green Bond Framework issued in 2020 and has developed a Sovereign Sustainable Bond Framework, which allows Nigeria to fund eligible projects, assets, and expenditures that will support the fulfilment of the country's sustainable development needs and meet international commitments, including its NDCs. At the same time, the Framework underlines Nigeria's commitment to the advancement of the Sustainable Bond market.

The FGN's Sustainable Bond Framework (the "framework") has been developed in line with the International Capital Market Association (ICMA) Green Bond Principles (2021), Social Bond Principles (2023), Sustainability Bond Guidelines (2021) as well as additional guidance on bonds to Finance the Sustainable Blue Economy (2023) also by ICMA. Additionally, individual issuances may comply with the Climate Bonds Standard and Certification Scheme of the Climate Bonds Initiative as relevant.

The Framework is intended to provide transparency in FGN's Sustainable Bond issuance and reporting processes.

The Framework is based on the four core components of the Green Bond Principle (GBP), being "Use of Proceeds", "Process for Project Evaluation and Selection", "Management of Proceeds" and "Reporting".

The key recommendations for heightened transparency are:

- i. Green Bond Framework
- ii. External Reviews

The framework also describes the way the FGN Sustainable Bonds support and contribute towards meeting the country's Nationally Determined Contributions (NDC) and United Nations Sustainable Development Goals (SDGs).

In summary, the Sustainable Bond Framework will allow FGN to issue:

- Green Bonds, including Blue Bonds: net proceeds will finance and/or refinance, in whole or in part, new and/or existing Eligible Green Projects (as defined in section 7.4.1.)
- Social Bonds: net proceeds will finance and/or refinance, in whole or in part, new and/or existing Eligible Social Projects
- Sustainability Bonds: net proceeds will finance and/or refinance, in whole or in part, a combined portfolio of new and/or existing Eligible Green and Social Projects ("Eligible Sustainable Projects").

As an umbrella term within the Framework, these will be collectively referred to as "Sustainable Bonds."

7.4. Use of Proceeds

Sustainable Bonds issued pursuant to this Framework support the preparation, realisation and operation of projects that align with the Government's strategies and commitment to sustainable national development.

For specified "Use of Proceeds" Sustainable Bonds, as described in this Framework, green and social projects and assets financed by the Government will be eligible for inclusion in the Sustainable Bond Project Register (Eligible Projects). An equivalent amount to the proceeds of each Sustainable Bond will be used to finance and/or refinance eligible green and/or social projects as defined below. These programs and projects will form the basis for the issuance of Green, Social and







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Sustainability Bonds to fund new projects or the refinancing of projects that have been identified to have climate credentials in alignment with this Framework.






Sustainable Bonds will raise funds exclusively for spending on Eligible Projects, including new and existing projects, which should have clear environmental and/or social benefits and promote the transition to low-carbon and climate-resilient growth, including both climate mitigation and adaptation. Eligible Projects must fall within at least one of the following Eligible Project Categories defined below.

Activities and products not eligible under the Sustainable Bond Framework are described in Section 7.11.






7.4.1. Eligible Green (and Blue) Project Categories

Eligible Green (and Blue) Categories (ICMA) and FGN priority sectors/ programs	SDGs	Examples of Eligible Green Projects (Use of Proceeds)	Environmental Objectives and Benefits / KPIs for Reporting
Renewable Energy			
Solar		<ul style="list-style-type: none"> Construction/Provision of Solar as an alternative source of power at the Ministry of Environment’s headquarters Provision of solar mini-grids with Electric Vehicle charging capability Provision of solar mini-grid and productive use equipment in agricultural clusters 	<ul style="list-style-type: none"> Climate change mitigation GHG emissions reduction Environmental and natural resources conservation and restoration
Environmentally sustainable management of living natural resources and land use			
Sustainable agriculture		<ul style="list-style-type: none"> Sustainable and scalable carbon regenerative agriculture in large-scale national projects, as well as support for small-scale farmers for sustainable agricultural practices, e.g.: <ul style="list-style-type: none"> Cropland management – carbon sequestration based on soil health and regenerative agriculture Fertiliser management - reduced CH4 and N2O emissions in agriculture Livestock and grazing land management Food loss and waste reduction Agroforestry and biodiversity 	<ul style="list-style-type: none"> Climate change mitigation and Adaptation Pollution and waste management Environmental and natural resources conservation and restoration
Sustainably managed forestry		<ul style="list-style-type: none"> Community Landscape Restoration and Building Resilience Against Climate Change Across Nigeria 	<ul style="list-style-type: none"> Climate change mitigation and adaptation.
Clean transportation			
Electrified public transport etc		<ul style="list-style-type: none"> Clean Energy Transition Initiatives: Development of Local Infrastructure, Conversion to CNG, Electric Vehicles Provision of Solar Mini Grid with Electric Vehicle Charging Capability across Nigeria 	<ul style="list-style-type: none"> Climate change mitigation and adaptation
Circular economy-adapted products, production technologies and processes			
Sustainable Product Design and Manufacturing		<ul style="list-style-type: none"> Completion of The Solar PV Assembly Plant at the National Centre For Energy Research And Development (NCERD), Nsukka Establishment of Barefoot Renewable Energy (Re) College Green Hydrogen Research and Demonstration Pilot Plant Biomass-Based Methanol Plant 	<ul style="list-style-type: none"> Minimised/reduced waste generation Reduced resource depletion Reduced GHG emissions Reduced energy consumption
Climate Change Adaptation			
Infrastructure Resilience etc		<ul style="list-style-type: none"> Climate Change Mitigation/ Adaptation Initiatives Project 	
Sustainable Water and Wastewater Management			





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		<ul style="list-style-type: none"> • Construction of 3 Earth Dams (Kalgo, Maiyama & Bunza), • Construction of Dange Earth Dam, • Rehabilitation And Upgrading of Buruku /Gboko Water Supply Project 	
Coastal Climate Adaptation and Resilience			
<p>Projects that support ecological and community resilience and adaptation to climate change, including using nature-based solutions</p>		<ul style="list-style-type: none"> • Implementation of nature-based solutions to coastal protection • Hybrid (“grey green”) solutions to coastal protection implemented (e.g., combination of grey structures like groins, breakwaters, and seawalls with green solutions like restoration of vegetation on seawalls • Protection/restoration of coral reefs to help protect coastal communities from disaster impacts • Sustainable management, conservation or enhancement of mangrove forests to reduce the impact of waves and reduce storm surge and flood depth • Development/implementation of the Integrated Coastal Zone Management Plan • Restoration of Beaches through artificial breakwater and dune planting • Investments in improved early warning systems 	<ul style="list-style-type: none"> • Area benefiting from improved climate resilience and disaster risk management (ha) • Reduction in land loss from coastal erosion (km²) • Area benefiting from improved urban environment, climate resilience, and disaster risk management (ha) • Area of protected or restored habitat (ha), Maintenance and safeguarding (km²), and increase (%) of protected area/other effective area-based conservation measure/habitat • Changes in CO₂, nutrient, and/or pH levels for coastal vegetation, and coral reefs (%) • Mangrove forest under improved conservation and/or restoration (ha) • Coastal area improved through integrated coastal zone management (ha) • Area of newly restored beach as a result of investment (ha) • Number of people and/or enterprises (e.g., companies or farms) benefiting from measures to mitigate the consequences of floods and droughts
Marine Ecosystem Management, Conservation, and Restoration			
<p>Projects that manage, conserve, and restore the health of coastal and marine ecosystems</p>		<ul style="list-style-type: none"> • Establishment and/or management of Marine Protected Areas • Development of Marine Spatial Plans (MSPs) with the appropriate MSP tools in place • Sustainable management, conservation or restoration of critical ecosystems (e.g., mangrove forests, coral reefs, seagrass meadows, coastal wetlands, river embankments, or salt marshes) • Implementation of invasive species eradication or control programs • Development of management, monitoring, and enforcement systems utilising high-level and digital technologies (including data management tools) 	<ul style="list-style-type: none"> • Marine Environment with improved management (ha) • Coastal or marine area under improved management, conservation, or restoration (ha) Increase in area of fragile and sensitive habitat/ecosystem (%) • Reduction in invasive species populations (biomass) (outcome)
Sustainable Coastal and Marine Tourism			
<p>Projects that improve the environmental sustainability of coastal and marine tourism</p>		<ul style="list-style-type: none"> • Development of Sustainable tourism management policies, plans, or regulations to national, regional, or global standards • Managing, conserving, or restoring critical ecosystems • Implementation of Energy and water efficiency programs for coastal tourism facilities and destinations • Improvement of Solid waste and wastewater management capacity for coastal tourism destinations 	<ul style="list-style-type: none"> • Policies, plans, or regulations drafted (number) • Revenues generated from permitted visitors Operators (number) certified to GSTC-accredited sustainable tourism certifications • Entities with improved management of energy and water resources (number) (outcome) • Additional wastewater management and solid waste management capacity installed or implemented (litres/ tons) • Absolute or percentage reduction in local pollutants
Sustainable Marine Value Chains			
<p>Sustainable Marine Fisheries Management</p>		<ul style="list-style-type: none"> • Development and implementation of ecosystem-based fisheries management plans • Development of Agreements on regional cooperation for reforming fisheries standards and improving compliance, particularly regarding illegal, unreported, and unregulated fishing 	<ul style="list-style-type: none"> • Management plans developed and adopted (number) • Vessel compliance (%) • Avoided bycatch (tons) (outcome) • Solutions to reduce ghost fishing implemented (number)


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		<ul style="list-style-type: none"> Integration of bycatch exclusion devices in fishing fleets Implementation of Fishing gear modification programs, policies, and plans to reduce ghost fishing. 	
Sustainable Aquaculture Operations		<ul style="list-style-type: none"> Development of new, or upgrades to existing infrastructure for sustainable aquaculture, algaculture, and/or mariculture Development of new technologies to reduce pollution from aquaculture systems Research and development of alternative (not wild-caught) feeds for aquaculture. Development of restorative aquaculture projects to improve water quality, carbon capture, and sustainable supplies of aquatic foods Development of national sustainable aquaculture policies and plans 	<ul style="list-style-type: none"> Production of sustainable aquaculture, algaculture, and/or mariculture (tons) (outcome) New technologies developed (number) New feeds identified for testing (number) Reduction of nutrient concentrations in marine waters (% or mmol) New policies or plans (number)
Seafood Supply Chain Sustainability		<ul style="list-style-type: none"> Establishment or improvement of cold storage and processing facilities, certification schemes, traceability, marketing, and other initiatives to increase the value of sustainably caught or farmed seafood Implementation of policy and technology to strengthen traceability of seafood supply chains Enhancing the energy efficiency of seafood processing centers 	<ul style="list-style-type: none"> Revenue to fishers increased (\$) (outcome) Sustainably harvested fish as a percentage of the total supply chain Supply chains in which traceability has been strengthened (number) Total GHG emissions reduction (tCO₂e/year) (outcome)
Marine Renewable Energy			
Projects that increase the contribution of marine and offshore renewable energy to the energy mix, as well as renewable energy projects that support other Sustainable Business and Economic (SBE) sectors while safeguarding the marine environment.		<ul style="list-style-type: none"> Installation of Offshore wind farms End-of-life decommissioning of offshore wind farm installation Implementation of physical design improvements to increase the efficiency of renewable energy installation and the surrounding infrastructure Research and development into coastal renewable energy generation to increase efficiency, reduce costs, and minimize or enhance the impacts on nature 	<ul style="list-style-type: none"> Annual GHG emissions reduced or avoided in tons of CO₂e. Annual renewable energy generation in MWh/GWh (electricity) and GJ/TJ (other energy) Third-party verification that the decommissioning process was completed using best practice standards Average energy generation increased (%) Averaged energy usage decreased (%) Number and scale of projects financed/outcomes Number of new technologies produced
Marine Pollution			
Wastewater Management		<ul style="list-style-type: none"> Building or upgrading wastewater collection and treatment systems Development of policies and regulations to improve wastewater collection and treatment 	<ul style="list-style-type: none"> Wastewater treatment capacity added or improved (m³/day) Annual absolute (gross) amount of wastewater discharge avoided before and after the project in m³/a and p.e./a and as % (outcome)
Solid Waste Management		<ul style="list-style-type: none"> Improvement of integrated solid waste management systems and infrastructure (including “reduce, reuse, and recycle” approaches) Rehabilitation of coastal or riverside landfills or open dumps to improve containment Improvement of urban stormwater management systems to prevent plastics and other waste from entering waterways during floods Development of regional or subregional technical standards for plastics types, recycled plastics, and plastic products Development of policy and regulatory measures (e.g., market-based instruments and fiscal incentives) to increase collection rates 	<ul style="list-style-type: none"> Waste prevented, minimized, reused, or recycled before and after the project (% of total waste and/or in absolute amount in tons per annum) (outcome) Rehabilitated landfills or open dumps (number) Stormwater management systems improved (number) Regional standards developed (number) Amounts of plastic materials properly collected, disposed of, or recycled, per year (tons) Policies and regulations drafted (output) and adopted (number) (outcome)




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Resource Efficiency & Circular Economy		<ul style="list-style-type: none"> • Development and/or piloting of innovative technologies or approaches that reduce single-use plastic production or consumption, or that keep plastics out of the ocean • Implementation of capacity-building programs on the circular economy 	<ul style="list-style-type: none"> • Solutions to enhance plastic pollution control and resource efficiency implemented (number) (outcome) • Entities incorporating circular economy principles (number) (outcome) • Waste that is prevented, minimized, reused, or recycled (% of total waste) or (absolute amount in tons per annum)
Non-Point Source Pollution		<ul style="list-style-type: none"> • Development of sustainable agriculture programs that reduce inputs of fertilizer and agrochemicals • Reduction of soil erosion along rivers that flow to the ocean through forest protection, reforestation, and increasing vegetation in riparian zones • Development of land use planning, policies, and regulations to reduce non-point source pollution (e.g., putting sustainable land and water resources management systems in place) • Development of new technologies to reduce agricultural pollution 	<ul style="list-style-type: none"> • Fertilizer and agrichemical use that is prevented (tons per annum) (outcome) • Protected forest, reforestation, and planted riparian zones (ha) • Area covered by sustainable land and water resources management practices (ha) (outcome) • New technologies developed (number)
Sustainable Ports			
Projects that increase environmental performance and the sustainability of port functions and infrastructure		<ul style="list-style-type: none"> • Development or improvement of port environmental management systems • Implementation of oil spill disaster management plans with training programs for port workers • Building/upgrading of port renewable energy generation systems • Implementation of port waste reduction and recycling initiatives • Integration of sustainable ports into wider sustainable development plans and marine spatial plans 	<ul style="list-style-type: none"> • Ports with improved environmental management (number) • Entities with improved planning, policies, and regulations (number) • Oil spill disaster protocols established (number) and successfully tested (number) in simulated disasters. • Total GHG emissions reduction (tCO₂e/year) (outcome) • Port-generated waste that is prevented, minimized, reused, or recycled (% of total waste and/or in absolute amount in tons per annum) (outcome) • Spatial management and operational policies in place to protect marine species
Sustainable Marine Transport			
Projects that involve increasing the environmental performance and sustainability of maritime transportation		<ul style="list-style-type: none"> • Retrofitting vessels for decarbonization and emissions reduction, energy efficiency, or improved ballast management • Commissioning vessels that utilize alternatives to heavy fuel oil, provide improved fuel efficiency, leverage alternative technologies for low-carbon transport, or present significantly lower emissions profiles • Sustainable vessel deconstruction and recycling (or scrapping) • Integration of maritime transportation with marine spatial planning and integrated zone management 	<ul style="list-style-type: none"> • Ships with new measures (number) • Annual GHG emissions reduced (tCO₂e) • Shipping companies using responsible shipbreaking practices (number) (outcome) • Spatial management and operational policies are in place to protect marine species



7.4.2. Eligible Social Project Categories

Eligible Social Categories (ICMA) and FGN priority sectors/programs	SDGs	Examples of Eligible Social Projects (Use of Proceeds)	Target population	Social Objectives and Benefits / KPIs for reporting
Food security and sustainable food systems				
Projects that provide access to safe, nutritious, and sufficient food that meets dietary needs and requirements; resilient agricultural practices; reduction of food loss and waste; and		<ul style="list-style-type: none"> • Projects that improve access to safe, affordable, and nutritious food for the vulnerable. • Projects that reduce food loss and waste. • Projects involved in food and agricultural 	<ul style="list-style-type: none"> • Underserved populations for agricultural growth and development 	<ul style="list-style-type: none"> • Number of people provided with safe, nutritious and sufficient food • Number/type of products with certified improvements in nutritional value • Number of small-scale farmers with increased productivity • Reduction of food losses

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improved productivity of small-scale producers		research and innovations.		<ul style="list-style-type: none"> • % of inputs/materials sourced sustainably/locally • Absolute or % reduction in local pollutants/emissions •
Affordable Housing				
Affordable housing projects		<ul style="list-style-type: none"> • Housing finance, construction, renovation, and activities that expand access to affordable housing • Renewed Hope Agenda Housing Scheme (Construction Of 20000 Housing Units) • Green Building Project 	<ul style="list-style-type: none"> • Low income population 	<ul style="list-style-type: none"> • Number of people with access to safe, affordable and sustainable housing
Affordable Basic Infrastructure				
Projects that improve access to clean drinking water, sewers, sanitation, transport, and energy		<ul style="list-style-type: none"> • Water projects • Waste management and sanitation projects • Transportation and energy projects 	<ul style="list-style-type: none"> • Population living below the poverty line • Aging population • Vulnerable youth 	<ul style="list-style-type: none"> • Number of people with access to sustainable transport systems • Waste that is prevented, minimised, reused or recycled before and after the project • Number of people reached with improved health care • Cost reduction for standard treatments and medicines • Amount of wastewater treated before being disposed of and/or amount of wastewater reused • The amount of raw/untreated sewage sludge that is treated and disposed of • Number of people provided with safe and affordable drinking water • Number of people provided with adequate and equitable sanitation • Volume of wastewater treated for reuse • Number of people with access to affordable clean/efficient energy products/services (e.g. clean cooking stoves) • Number of hours saved by the introduction of a specific method of transportation
Access to Essential services				
Projects that improve access to health, education and vocational training, healthcare, financing and financial services		<ul style="list-style-type: none"> • Projects that enhance the quality of existing education and healthcare facilities. • Projects that provide preventive and curative services. • Projects that ensure better educational conditions for socially disadvantaged students. 	<ul style="list-style-type: none"> • Underserved, owing to a lack of quality access to essential goods and services • Excluded and/or marginalised populations and/or communities • Undereducated 	<ul style="list-style-type: none"> • Number of jobs created in low-income areas, among disadvantaged groups and other target populations • Health equity (e.g. patients served from minority groups) • Number of students enrolled • Number of students attaining the standard for education level • Education facilities for inclusive and effective learning environments • Number of people reached with improved health care • Cost reduction for standard treatments and medicines • Amount of wastewater treated before being disposed of and/or amount of wastewater reused • The amount of raw/untreated sewage sludge that is treated and disposed of

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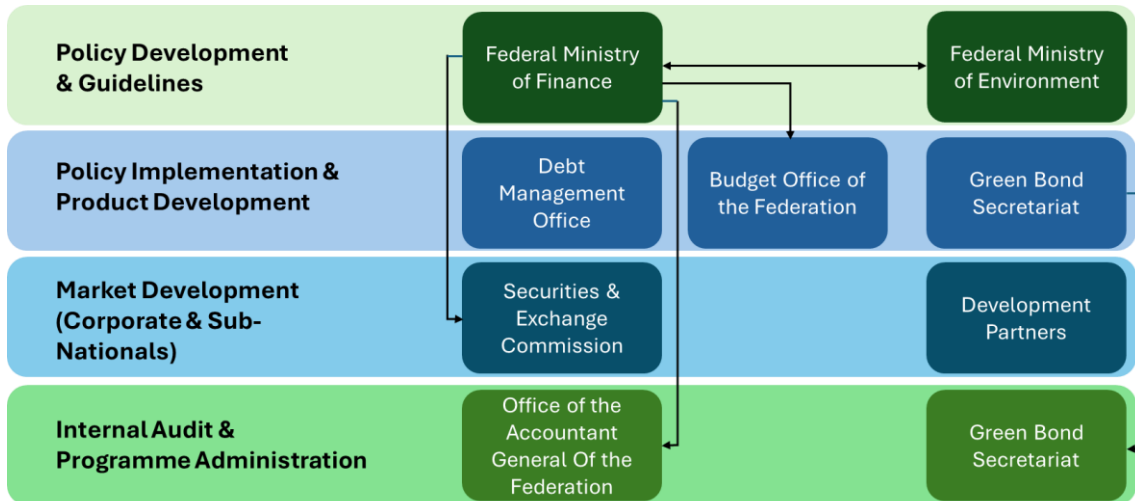
Socioeconomic advancement and empowerment				
<p>equitable access to and control over assets, services, resources, and opportunities; equitable participation and integration into the market and society, including the reduction of income inequality)</p>		<ul style="list-style-type: none"> • Projects that reduce and/or eliminate extreme poverty and economic hardship. • Projects that reduce the number of out-of-school children and promote literacy & practical education. • Projects that promote upskilling, entrepreneurship and innovation. • Projects that support businesses impacted by extreme events. • Projects that promote social inclusion. • Projects that improve the effectiveness of formal technical and vocational training 	<ul style="list-style-type: none"> • Communities that lack basic infrastructure and need socioeconomic stimulation 	<ul style="list-style-type: none"> • Number of low-income people provided with basic services • Number of low-income people benefiting from measures to mitigate the consequences of climate change, such as natural disasters • Number of people provided with safe, nutritious and sufficient food • Number of small-scale farmers with increased productivity
Employment Generation				
<p>Projects designed to prevent and/or alleviate unemployment stemming from socioeconomic crises, climate transition projects and/or other considerations for a “just transition” (such provision and/or promotion could include SME financing and microfinance)</p>		<ul style="list-style-type: none"> • Projects that promote employment generation and retention. • Projects that aim to increase access to financial services, including affordable credit, payment and savings to MSMEs. • Projects that promote the formalization and growth of MSMEs. 	<ul style="list-style-type: none"> • Unemployed and/or workers affected by climate transition • Excluded and/or marginalised populations and/or communities • Living below the poverty line 	<ul style="list-style-type: none"> • Number of jobs created/ maintained (can be broken down by gender, race, and underrepresented groups) • Number of new jobs created and/or supported in green/related supply chains • Number of loans/financial services provided to economically disadvantaged groups (as defined against local references) • Number of people affected by discontinued energy-related industries as part of a climate transition agenda that are benefiting from re-training and education • Number of people benefiting from safety nets

7.5. Process for Evaluation and Selection

The figure below provides a snapshot of the institutional arrangements, which will require effective coordination across multiple Ministries, Departments and Agencies (MDAs). The FMEnv is ultimately responsible for evaluating and selecting green projects for consideration, while the Federal Ministry of Finance will develop the annual borrowing plan for the government, with a portion allocated to Green, Social and/or Sustainability Bonds. Working with the Debt Management Office (DMO), these functions will largely coordinate the implementation and execution of Nigeria’s Sustainability Bond programme. The Green Bond Secretariat is housed in the FMEnv and tasked with providing technical guidance and advisory support to relevant MDAs, including sub-nationals in project preparation, selection, and monitoring to ensure alignment with best practices.

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Federal Government of Nigeria's Sustainable Bond institutional governance framework



Federal Ministry of Finance (FMF) is responsible for managing the finances of the Federal Government of Nigeria, including controlling and monitoring federal revenues and expenditures.

It actively collects and disburses government revenue, formulates policies on taxation, tariffs, fiscal management, etc., prepares and manages the annual budget, and prepares annual accounts for Ministries, Departments, and Agencies (MDAs). The Ministry is also responsible for developing the government's annual borrowing plan and implementing the country's fiscal and financial policy.

The FGN Sustainable Bond program (initially launched as the Green Bond program in 2017) has been part of the (domestic) borrowing plan and will continue to be as long as there are programs and projects within individual MDAs sector strategies and the priority programs in the National Development Plan that meet the Environmental and Social Criteria specified in this Framework.

Federal Ministry of Environment, in collaboration with relevant ministries, will review sector strategies for MDAs with programs and projects approved in the Federal Budget that have climate credentials and are consistent with the expectations of the Sustainability Bond Guidelines. These programs and projects will be communicated to the Federal Ministry of Finance through the Debt Management Office for inclusion in the projects that will be funded through a Sustainable Bond.

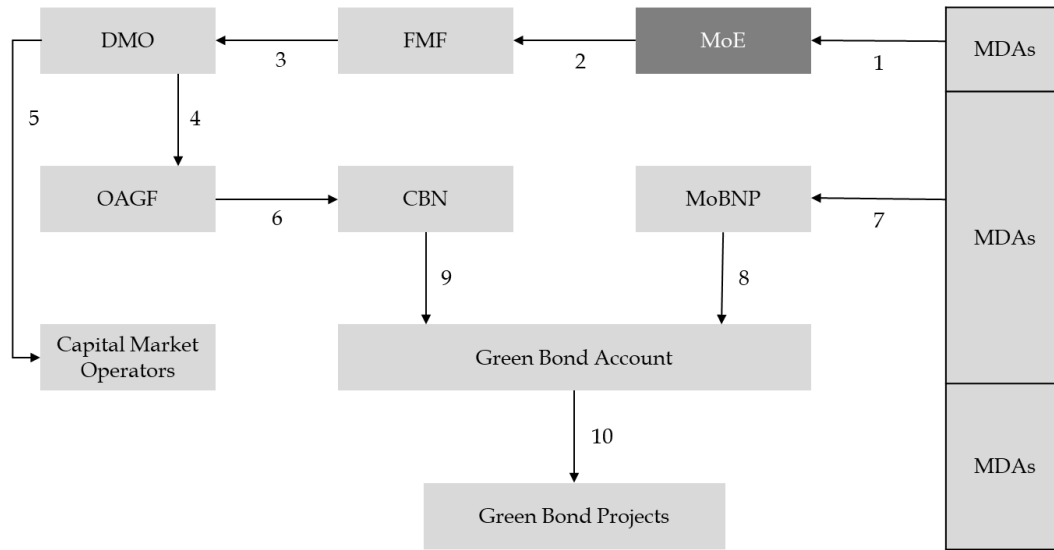
Debt Management Office Nigeria will determine from the Domestic issuance Programme, based on New Borrowing approved in the Federal Government's Budget, for financing with the proceeds of the Sustainable Bonds. In the selection of Eligible Projects, the following additional factors will be considered:

- Investment horizon
- Alignment with the disclosed development plan at the time
- Provision of evidence of impact on the economy (e.g. Economic Rate of Return, Jobs created, etc.)
- Calculation of associated GHG emissions reductions
- Availability of information to facilitate reporting
- Other ESG / external factors related to the agencies/organisations

The FMEnv will review the Eligible Project Portfolio periodically for updates but at least on an annual basis and replace projects that no longer meet the eligibility criteria. Where an Eligible Project is replaced for valid reasons, the funds earmarked for such a project will be administered in line with procedures in Section 7.6 (Management of Proceeds) until it is reallocated to another Eligible Project.

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7.6. The Green Bond Process



Legend

1. MDAs through ICCC/MoE Identify projects with green credentials
2. MoE communicates to FMF the existence of a pool of green projects for funding
3. FMF instructs DMO to begin process of Green Bond issuance
4. DMO Communicates to OAGF to establish account that will hold resources
5. DMO issues notification to market of plans to issue a green bond
6. OAGF Communicates to CBN the new account details
7. MDAs inform MoBNP of projects that will be funded by the green bond
8. Green Bond issuance
9. Receipt of proceeds from investors
10. CBN funds green bond account with proceeds of issuance
11. MoBNP links Green Bond Account with projects
12. Green bond account disburses to the projects based on MDA requests

7.7. Management of Proceeds

Proceeds from the issuance of the Sustainable Bonds will be credited to the Sustainable Bond Proceeds Account at the CBN. Based on the confirmation of the approved amounts for the projects from the Budget Office, the DMO will advise the OAGF to open sub-accounts for each project and transfer the amounts approved for each project to the respective sub-accounts. Key aspects of the management of proceeds include:

- i. The DMO will have custody of the Sustainable Bond Proceeds Account and will authorise payments from the account.
- ii. Upon the approval of the Budget, the specific amounts approved for the Eligible Projects to be financed will be confirmed by the FMEnv from the Budget Office, who will advise the DMO and the OAGF with the aim to allocate the funding to projects within 24 months. This will include details of the implementation of MDA and the project code.
- iii. The DMO and FMEnv, working with the Transaction Parties, will issue the Bond.
- iv. The proceeds from the issuance of the Bond will be credited to the Sustainable Bond Proceeds Account at the CBN.
- v. Based on the confirmation of the approved amounts for the projects from the Budget Office, the DMO will advise the OAGF to open sub-accounts for each project and transfer the amounts approved to the respective sub-accounts.
- vi. The implementing MDAs will implement the projects as approved, and after obtaining all required approvals in line with budget-funded projects, payments will be processed by the implementing MDAs from the sub-account for each project. Separate documents exist referred to as “Administrative Processes for the Management of Sustainable Bonds issuance” and “the Treasury Singular Accounts Policy”. These should be read in conjunction with the above related to the Management of Proceeds.

7.8. Reporting

Allocation reporting

Implementing MDAs are to submit quarterly implementation reports to the Green Bond Secretariat of the FMEnv. The Green Bond Secretariat is to ensure that the projects are implemented in line with the objective of achieving Nigeria's Nationally

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Determined Contributions. FMEnv will provide summaries of the reports submitted by the implementing MDAs to the DMO and OAGF, which will include statements of account from the main Sustainable Bond account (to be obtained from DMO) and the sub-accounts. A dedicated reporting template is provided to the MDAs for this purpose.

Any instance of misapplication or diversion of funds would result in a stop on further utilisation of funds by the MDA until the issue is resolved. At the end of the fiscal year, any unutilised funds from the Nigeria Sovereign Sustainable Bond Framework will be rolled over to the next year as long as the project is still ongoing after obtaining the approval of the Honourable Minister of Finance.

Impact reporting

The FMEnv, represented by the Green Bond Secretariat, will report on the environmental and social impacts resulting from each Project allocated funds from the respective Bond. The Environmental and Social reporting metrics are included in section 7.4. above.

7.9. External Review and Post-Issuance Verification

A Second Party Opinion or other External Verification of this Sustainable Bond Framework/issuance will be done by an External Verifier to confirm its alignment with the ICMA Green/Social Bond Principles and possibly with the Climate Bonds Standard (to be determined on a case-by-case basis). For the inaugural issuance, TUV Nord was chosen to do the review. The review can be found on FGN’s website.

The FMEnv may also consider engaging an independent external auditor to provide third-party assurance on the allocation report, its conformity with this Framework, and the allocation of net proceeds to Eligible Green and Social Projects as required.

This document will be publicly available on the websites of the FMEnv, FMF, and DMO.

7.10. Amendments to the Framework

This Framework may be updated from time to time, including its alignment with the ICMA Principles. If the Sustainability Bond Committee deems such an update material, it will be subject to review by a qualified External Reviewer.

7.11. Exclusion List

The exclusion list consists of projects/assets and activities that the Federal Government of Nigeria will not finance with the proceeds from the Sustainability Bond:

- Energy: nuclear energy, coal-fired power plants, exploration and production of fossil fuel
- Deforestation and/or burning of tropical rainforest
- Activities that are illegal under Nigerian laws, regulations and international conventions and agreements
- Forced labour or child labour as defined by ILO conventions

7.12. Eligible Project Register

Project	Sector	Description	KPIs
<u>Climate Change Adaptation & Mitigation Initiatives</u> <ul style="list-style-type: none"> • Clean Cooking Stoves • Solar Streetlights • 20KW Solar Plants • Tree Planting (Land Restoration) • Erosion & Road Rehab • PBAT Green Heroes • Wetland Management • Electric/CNG Coaster Buses • Electric Mini Buses • Electric Keke Napep • EV Charging Stations 	Climate Change Adaptation	Climate Change Adaptation & Mitigation Initiatives	<ul style="list-style-type: none"> • Reduce black carbon and indoor air pollution; improve women’s health • Replace fossil-fuel lighting; enhance public safety • Supply government offices/hospitals with clean energy • Combat desertification; increase carbon sinks • Flood mitigation; improved rural access • National forest cover expansion • Enhance ecosystem services; reduce soil erosion • Emission-free official transport deployment • Low-emission urban transport • Reduce emissions from informal transport sector • Infrastructure to support EV rollout
<ul style="list-style-type: none"> • Clean Energy Transition – Presidential CNG Initiative (PCNGI) 	Clean Transportation	Clean Energy Transition Initiatives: Development of Local Infrastructure, Conversion to CNG, Electric Vehicles	<ul style="list-style-type: none"> • Achieve an annual reduction of 100,000 tons of CO₂ emissions • Generate 11,000 direct jobs and 45,000 indirect employment opportunities • Provide economic relief by reducing household transport expenditure from 35% to approximately 15%

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			<ul style="list-style-type: none"> Promote inclusion with direct benefits to 6,000 women and 3,000 youth
Rehabilitation of Gboko/Buruku Water Supply Scheme	Sustainable Water and Wastewater Management	Restoration and upgrade of critical water infrastructure	<ul style="list-style-type: none"> Improved access to potable water for 506,000 residents Annual supply capacity: 6.47 million m3 (vs demand of 9.1 million m3) Reduction in waterborne disease incidence Strengthened climate resilience in Benue region
<u>Construction of Earth Dams</u> <ul style="list-style-type: none"> Construction of earth dam in Bunza local government area in Kebbi State Construction of earth dam in Maiyama local government area in Kebbi State Construction of earth dam in Kalgo local government area in Kebbi State 	Sustainable Water and Wastewater Management	This project aims to enhance access to potable water and while improving irrigation systems	<ul style="list-style-type: none"> Enhanced water retention Improved agriculture and food security Flood mitigation Improved water supply within the community

8. Nigeria's Commitment to Climate Change

8.1. National Context

Nigeria is the largest economy in sub-Saharan Africa, with a GDP per capita of US\$ 806.84 reported as at December 31, 2024 (World Bank). Despite achieving its highest economic growth since 2021, reaching 3.4% in 2024, Nigeria faces structural challenges impacting its development. These challenges include persistent food insecurity, inadequate access to energy, and poor infrastructure. The decline in global oil prices has put significant pressure on the federal budget.

The country is also vulnerable to climate change, with the north of the country particularly affected by drought. Nigeria has been actively engaged in international climate policy negotiations since it became a Party to the UNFCCC in 1994. Nigeria is host to a number of Clean Development Mechanism projects, as well as projects financed by the Adaptation Fund. To ensure an effective national response to the significant and multi-faceted impacts of climate change, Nigeria adopted a comprehensive strategy, as well as a number of specific policies.

8.2. Climate Change Policy Framework

In September 2012, the Federal Executive Council approved the Nigeria Climate Change Policy Response and Strategy, with the aim of fostering low-carbon, high growth economic development and building a climate resilient society through the attainment of the following objectives:

- Implement mitigation measures that will promote low carbon as well as sustainable and high economic growth;
- Enhance national capacity to adapt to climate change;
- Raise climate change related science, technology and Research & Development to a new level that will enable the country to better participate in international scientific and technological cooperation on climate change;
- Significantly increase public awareness and involve private sector participation in addressing the challenges of climate change;
- Strengthen national institutions and mechanisms (policy, legislative and economic) to establish a suitable and functional framework for climate change governance.

8.3. Nationally Determined Contributions

Nigeria submitted its first NDC in 2015, after which the FGN endorsed the Paris Agreement on Climate Change in September 2016, reiterating the Nigerian Government's commitment to tackling climate change issues.

In July 2021, Nigeria revised its NDC, reaffirming its pledge to cut greenhouse gas emissions by a 20% unconditional target below the projected business-as-usual levels by 2030. It also raised its conditional target to a 47% reduction within the same timeframe. In the updated NDC, Nigeria has increased its ambitions by including new sectors such as water and waste, and new gases including short lived climate pollutants and hydrofluorocarbons. This broader approach also covers climate action in key areas including energy efficiency, agriculture, oil and gas, power, infrastructure, and housing. Nigeria has a long-term goal of reaching net-zero emissions by 2060.

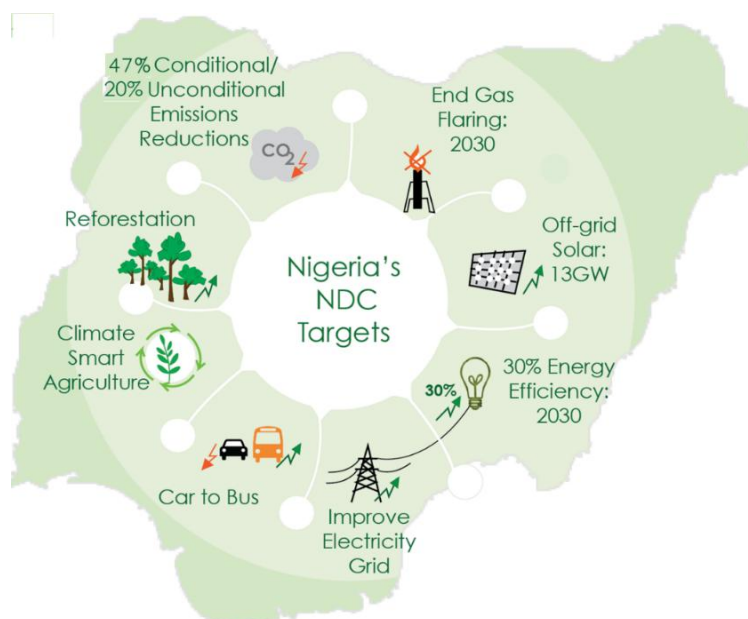
8.3.1. Key aspects of Nigeria's NDCs¹

Aspect	Detail
Type of objective	Reduction from Business as Usual ("BAU")
Target year	2030
Implementation period	2015 – 2030
Base data period	2010 – 2018
Summary of objective	Economic and social development: grow economy by 5% per year, improve standard of living, electricity access for all
Unconditional & conditional mitigation objectives	<ul style="list-style-type: none">• 20% unconditional• 47% conditional

¹ Source: Nigeria's Nationally Determined Contribution (2021 revised)

8. Nigeria's Commitment to Climate Change

Aspect	Detail
Key measures	<ul style="list-style-type: none"> • Net zero green house gases by 2060 • Work towards ending gas flaring by 2030 • Work towards 13 GW off grid renewable energy • Work towards 30% on-grid electricity from renewables • Transport shift from car to mass transit • Improved electricity grid • 25% of trucks and buses using CNG by 2030 • Climate smart agriculture and reforestation
GDP per capita (US\$)	<ul style="list-style-type: none"> • 1,596.6 (2023) • 3,964 (2030; real 2015 US\$)
Estimated emissions per capita	<ul style="list-style-type: none"> • Current: 2 tonnes CO₂e • 2030 BAU: 3.4 tonnes CO₂e • 2030: 2 tonnes CO₂e
Global Warming potentials used	<ul style="list-style-type: none"> • IPCC Fifth assessment Report
Cost Estimate Data ²	<ul style="list-style-type: none"> • National Cost = US\$142bn • National Benefits = US\$304bn
Gases covered	<ul style="list-style-type: none"> • Short-lived climate pollutants (black carbon) • Greenhouse gases (CO₂, CH₄, N₂O and HFCs) • Air pollutants (PMs, NO_x, SO₂, NH₃, OC, NMVOCs and CO)
Emissions as % of global total	<ul style="list-style-type: none"> • <1% (2022)
Historical emissions (1850 – 2010)	<ul style="list-style-type: none"> • 2,564.02 million tonnes



Under a BAU growth scenario, consistent with strong economic growth of 5% per year, Nigeria's emissions are expected to grow to around 450 million tonnes per year in 2030, translating to around 1.55 tonnes per person. The key measures below could potentially reduce emissions by 47% compared to BAU. Much of the reduction potential identified has zero net cost or indeed achieves a net economic benefit, therefore, the outlined climate change mitigation measures are expected to provide overall benefits for the country, even before taking into account the climate benefits.

8.4. Green Bond Issuances

The successful issuances of Green Bonds by the Federal Government of Nigeria have underscored the country's commitment to implement its Nationally Determined Contributions (NDCs) to achieve the Paris Agreement. The proceeds of the issuances provided funds for financing the implementation of projects by Ministries, Departments, and Agencies towards the achievement of these commitments across the priority sectors of the NDCs. Nigeria has committed to reducing carbon

² Source: World Bank report "Low Carbon Development Opportunities for Nigeria" (2013)

8. Nigeria's Commitment to Climate Change

emissions by 20% unconditionally and 45% with international support by 2030 through energy, transport, agriculture, and nature-based solution projects that would reduce carbon emissions and mitigate the effects of climate change in the country. The NDC promotes sustainable development and delivers on government priorities with environmental consciousness.

The Federal Ministry of Environment in collaboration with the Federal Ministry of Finance, Budget, and National Planning has successfully issued two Sovereign Green Bonds thus far. This has enabled the Federal Government to raise a total of N25.69 billion to fund selected projects with climate benefits from the 2017 and 2018 Federal Government of Nigeria (FGN) Appropriation.

In 2015, Nigeria prepared its intended Nationally Determined Contributions (“NDCs”) with support from the United Nations Development Programme (“UNDP”) and Ricardo Energy & Environment. Following Presidential approval and submission to the United Nations Framework Convention on Climate Change (“UNFCCC”), Nigeria presented its NDCs at the 21st Annual Conference of the Parties held in December 2015 in Paris, France.

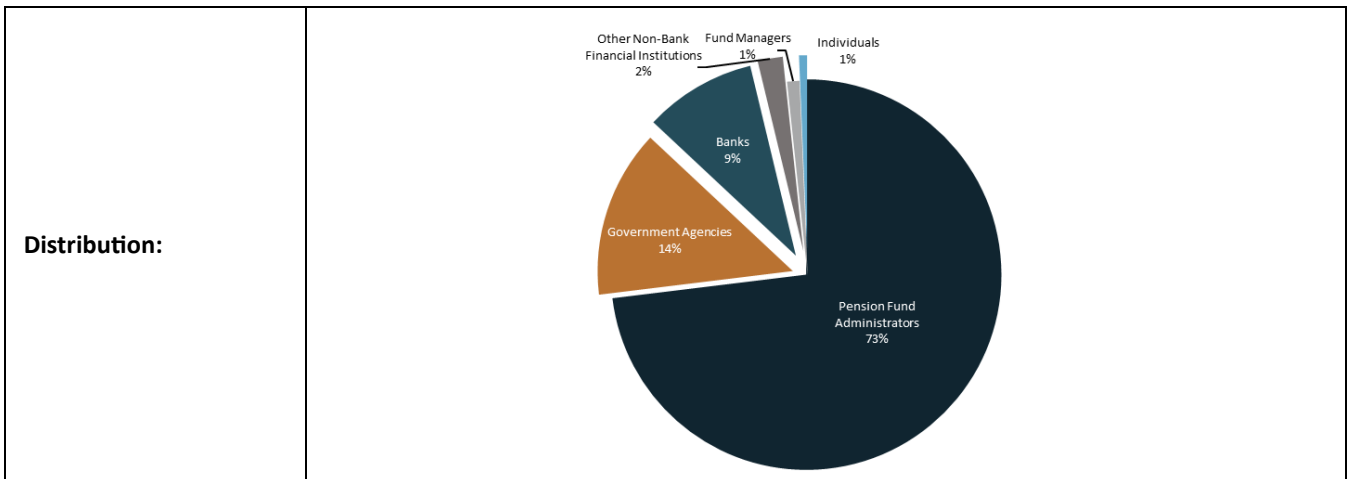
8.4.1. Debut FGN Green Bond Issuance (Series I)

Following Nigeria's endorsement of the Paris Agreement on Climate Change on September 21, 2016, the FGN proceeded to issue a ₦10.69 billion 13.48% Fixed Rate Green Bond (the “FGN Green Bond”) as part of several initiatives aimed at reversing the negative effects of climate change.

The 2017 pilot Green Bond issuance covered two sectors (i.e., Environment and Power) and has an annual emission reduction estimate of 33,504 tCO_{2e} per annum. The projects had links to the Economic Recovery and Growth Plan (ERGP) and Nationally Determined Contributions (NDCs). The proceeds allocated to the selected projects were duly utilized and reported in the first 2017 Issuance Impact report in 2019.. This pilot Green Bond was certified by Climate Bond Initiative (CBI) and rated by Moody's as GB1 (Excellent).

Issuer:	Federal Government of Nigeria
Financial Adviser:	Chapel Hill Denham Advisory Limited;
Certification:	Climate Bond Certified
Ratings:	GB1 (Excellent) by Moody's Investors Service
Issue Size:	₦10.69 billion
Coupon Rate:	13.48% payable semi-annually
Par Value:	₦1,000/unit
Tenor:	Five (5) Years
Repayment:	Bullet sum at maturity
Use of Proceeds:	(i) Renewable Energy Micro-Utilities; (ii) Energising Education Programme; and (iii) Afforestation Programme
Security:	Backed by the full faith and credit of the FGN
Status:	Ranks pari passu with other FGN Debt obligations
Issue Date:	December 22, 2017
Maturity Date:	December 22, 2022

8. Nigeria's Commitment to Climate Change

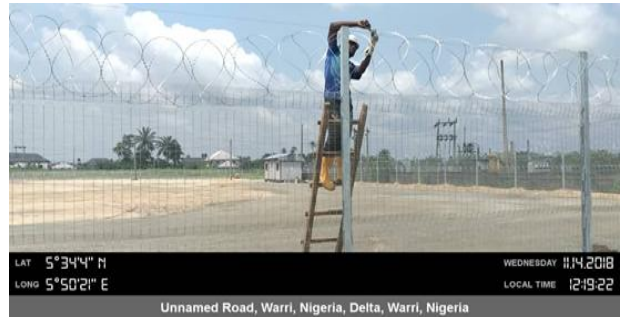


Debut FGN Green Bond Issuance: Energizing Education Program Progress Photos

University Petroleum Resources (Effurun Delta State) Project Site



Before Site Preparations



Installation of concertina wire on project site fence (Fencing Completed)



Equipment Foundation Works



Solar Panels being mounted



Site Internal Roads Preparations



Project Sign Board

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Nnamdi Azikiwe University (Anambra State) Project Site



Before Site Preparation



After Site Preparation (Fencing Completed)



Equipment Foundation Work



Internal Road Preparation

On-Grid Connected Hybrid Solar PV Mini-Grid Power Project in Torankawa Village, Yabo LGA, Sokoto State: Completed in January 2019

Project Technical Description

The Torankawa Interconnected Solar Hybrid Mini Grid was commissioned in 2019. It represents a strategic energy infrastructure project initiated by Federal Ministry of Power under the Renewable Energy Micro-Utility (REMU) programme. The project was financed by proceeds from the first Nigerian sovereign green bond issued by FGN under Y2017 appropriation; costing approximately N146 million. The Torankawa community comprises 350 households with a population of approximately 1,750 people who benefit from the project.

In addition, the Mini Grid supplied power to 50 100W LED streetlights, 5 mosques and a community irrigation farm.

Project Design Philosophy:

The project is the first grid-connected hybrid solar PV mini-grid developed and energized in Nigeria, it is expected to 24/7 electricity supply, with high quality of service - measured by high voltage profile and 99% availability of supply. The project can operate both in grid connected mode or in island mode.

Generation Assets:

The project comprised of 125kVA DC/AC Inverter, 60kW solar PV modules, 216kWh battery bank and 100kVA Diesel Generator as a redundant back-up

Distribution Assets:

The project scope also covered the rehabilitation of existing 4km town distribution network (TDN) and upgrade of installation of 100 customer installations and service connections including installation of smart meters and local electronic vending system.

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REMU Progress Photos



Toranakwa Project Site before commencement



Aerial View of Completed 60kW Power Plant



Testing street lights



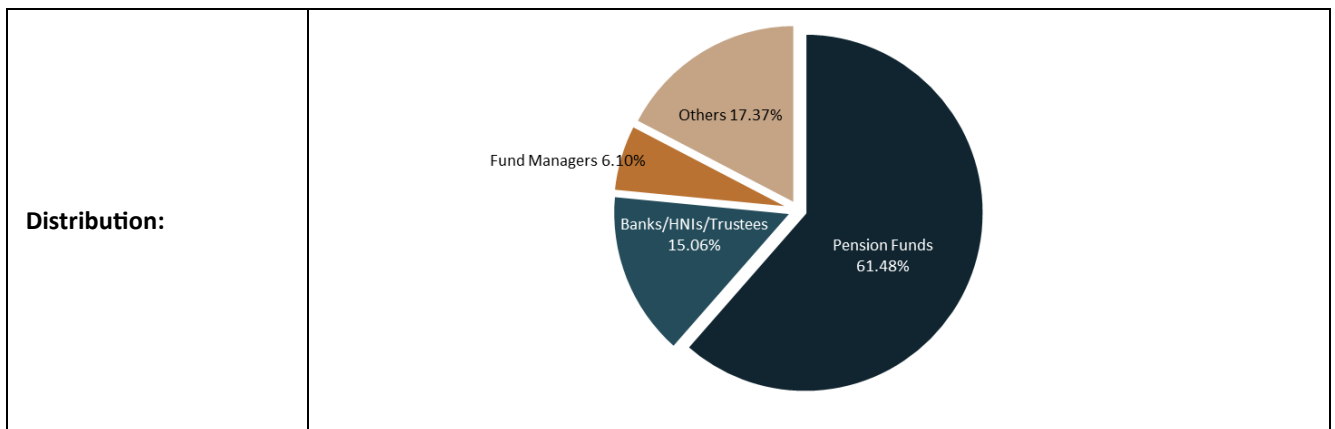
Toranakwa Google Earth view

8.4.2. Series II FGN Green Bond Issuance

Following the success of the first issuance, the FGN issued its second Sovereign Green Bond up to the tune of N15billion in the second quarter of 2019 (June 13, 2019), the bond was oversubscribed and the proceeds from the issuance are currently funding twenty-three (23) eligible projects cutting across 5 (five) NDC sectors selected from the 2018 FGN's Appropriation Budget through the Inter-ministerial Committee on Climate Change (ICCC) and evaluated by the Green Bond Program Technical Advisory Team (GBPTAT) using the Nigeria Green Bond Project Evaluation and Selection Criteria.

Issuer:	The Federal Government of Nigeria
Financial Adviser:	Chapel Hill Denham Advisory Limited; Capital Assets Limited; Rand Merchant Bank Nigeria Limited; Stanbic IBTC Capital Limited
Certification:	Climate Bond Certified
Issue Size:	N15 billion
Coupon Rate:	14.50%
Par Value:	₦1,000/unit
Tenor:	Seven (7) Years
Repayment:	Bullet sum at maturity
Use of Proceeds:	<ul style="list-style-type: none"> i) Renewable Energy; ii) Clean Transportation iii) Water and Wastewater iv) Agriculture v) Afforestation
Security:	Backed by the full faith and credit of the FGN
Status:	Ranks pari passu with other FGN Debt obligations
Issue Date:	June 10, 2019
Maturity Date:	June 13, 2026

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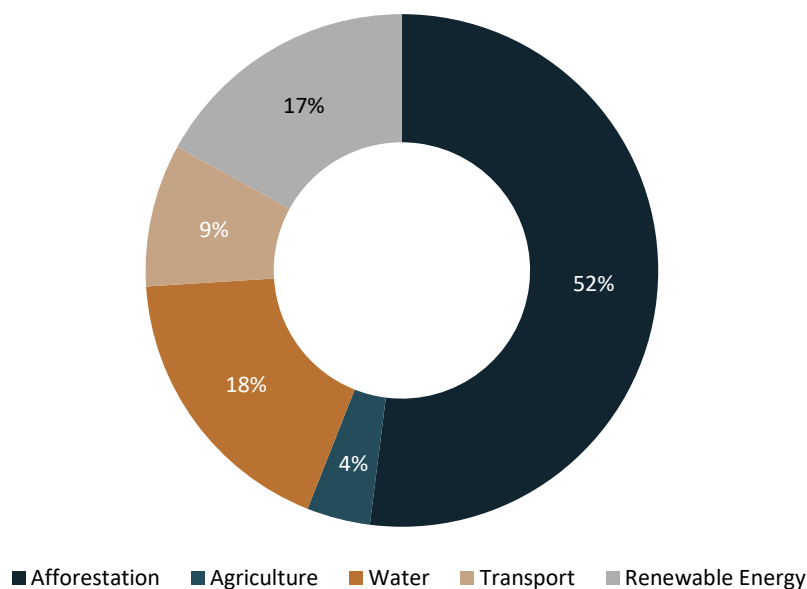
Commitments and Disbursements by Sector

The proceeds of the 2019 Second Issuance totalling ₦15 billion for financing of 23 eligible and qualified projects selected from the fiscal year 2018 appropriation. The proceeds have since been disbursed from the collection account to the respective project accounts.

Commitment and Disbursement on a sectoral basis:

S/N	Sector	Committed ₦'millions	Disbursed ₦'millions	Amount Utilised ₦'millions	% Fund Utilisation
1	Renewable Energy and Energy Efficiency	8,264.00	8,264.00 (100%)	8,232.00	100.00
2	Clean Transportation	2,097.12	2,097.12 (100%)	1,447.51	29.90
3	Water and Wastewater	2,818.00	2,818.00 (100%)	2,818.00	100.00
4	Agriculture	600.00	600.00 (100%)	599.00	100.00
5	Afforestation	1,220.88	1,220.88 (100%)	1,220.82	100.00
		15,000	15,000	14,316.00	95.44

Green Portfolio Distribution



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Project Description and Utilisation

Renewable Energy



The Energizing Education Programme

Four projects in the power sector were funded under the 2019 Green Bond issuance; the projects are implemented by Departments/Agencies under the Federal Ministry of Power, these projects include;

- 12.5MW Energizing Education Programme
- 0.6MW Off-Grid Renewable Energy (Solar) Micro Utility (REMU)
- 0.85MW Solar Mini-Grid for Federal Government Buildings
- 10MW Katsina Wind Farm

This is a phased programme implemented by the Rural Electrification Agency (REA). It provides off-grid independent Power Plant-type projects for the generation and provision of adequate power supply through the construction of Solar hybrid plants to 7 seven universities across the country with a cumulative capacity of 12.5MW.

The total project amount for phase 1 of this project is ₦23.6B. The sum of ₦8,553,600,828 was allocated for the project implementation under the 2017 Green Bond issuance, while ₦7,067,500,000 was allocated and utilized for the project in the second Green Bond issuance. The allocation of the second issuance addresses outstanding commitments of the project implementation.

Projects Implementation Status (as of December 2023)

Zone	University	% Completion
SE	Nnamdi Azikiwe University, Awka, Anambra State (NAU)	100
SE	Alex Ekwueme Federal University Ndufu-Alike Ikwo, Ebonyi State (FUNAI)	100
SS	Federal University Petroleum Resources. Effurun, Delta State (FUPRE)	100
NW	Usmanu Danfodiyo University, Sokoto State (UDUS)	100
NW	Bayero University, Kano State (BUK)	100
NC	Federal University of Agriculture, Makurdi, Benue State (FUAM)	100
NE	Abubakar Tafawa Balewa University, Bauchi State (ATBU)	100

All 7 projects were duly commissioned, 1,142 Direct jobs have been created thus far, and a total of 158,784 population comprising Students, Staff, and some settlers are beneficiaries impacted by the projects. Other co-benefits include the establishment of a Renewable Energy Workshop and Training Centre at each project site.



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Bayero University (Kano State) Progress Photos



Before Site Preparations



Aerial View of Project Site

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Completed Fencing Works



Street Lights Installation Completed



Installation Equipment Area



Elevation of Site Entrance Gate



Outgoing Power to the University as at 17th June 2020



WTC Completed



Internal Works of WTC Completed



Installed Battery Storage



Installed PV Modules



Internal Road Completed

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Federal University Ndufu-Alike University (Ebonyi State) Project Site



Before Site Preparations



Aerial View of the Project Site



WTC Completed



Street Lighting Works Completed



Battery Installed and Commissioned



Transformers Installed and Commissioned



Lectures with the Students at the WTC



Battery Building Completed



MCR Building Completed

0.6MW Off-Grid Renewable Energy (Solar) Micro Utility (REMU) in Kuchi, Lapai LG, Niger State

Project Status: 100% completed in December 2020

The project is being implemented by the Renewable Energy Department of the Federal Ministry of Power. It is aimed at providing a 0.6MW solar power mini-grid to the Kuchi community in Lapai LGA, Niger State, was successfully completed in December 2020 and has remained fully operational since then.

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With a total project allocation of ₦130 million—aligned with the approved budget—the mini-grid has delivered on its core objective of expanding energy access in the region. The project is projected to reduce or avoid approximately 116 tonnes of CO₂ equivalent (tCO₂e) emissions annually, contributing meaningfully to national climate targets.

To date, the project has generated approximately 75 direct employment opportunities, with an estimated 500 additional indirect jobs created through associated economic activities. Furthermore, two community members have been trained and are actively engaged in the operation and maintenance of the solar panels and battery systems, ensuring long-term sustainability.

The mini-grid continues to positively impact an estimated 3,000 residents. Over 80 households and 50 small-scale industries and businesses are now benefitting from a stable and clean energy supply. Community participation remains strong, with a local cooperative society overseeing revenue collection and reinforcing community ownership and involvement. Local leadership has expressed continued appreciation and support for the project, highlighting its transformative role in improving livelihoods and supporting economic growth in the area.



Battery arrays



AC DC Inverter



Community Engagement



Officers standing beside Project Signpost

0.85MWh Solar Mini-Grid for Selected Federal Government Buildings starting with Power House

Project Status: 100% completed in March 2024

The Rural Renewable Energy Department of the Federal Ministry of Power introduced the Solar Mini-Grids for Selected Federal Government Buildings Programme as a project in the 2018 National Budget to ensure an uninterrupted power supply to the Federal Government buildings starting with Powerhouse in Abuja. The project has an expected initial capacity of

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0.85MW and was allocated a sum of N580m under the 2019 GB issuance. The Project experienced challenges and delays in commencement which necessitated a review of the implementation plan and expanding the capacity to 1MW. Consequently, the Power House Solar PV Project is being funded with proceeds of the 2019 Issuance and FGN Appropriation of Y2023. The FGN Appropriation is ₦600,000,000.00 provided in the Ministry's 2022 Appropriation under ERGP10175607 "Solar Mini-Grid for Selected FGN Building Starting with Power House". The Ministry also made a request for the reallocation of the unutilized fund allotted for the implementation of the 10MW Katsina Wind Farm in the sum of ₦487 Million (totalling ₦1.067 billion from the GB).



Installed Solar PV modules on the roof of the Extension at Power House, Federal Ministry of Power



Ongoing Project Abuja and Installed Solar PV Panels at the Junior Staff Car Park

10MW Katsina Wind Farm in Lamba – Rimi Local Govt. Area of Katsina State Project Status: Dropped (fund reassigned/reallocated to 1MW Powerhouse solar PV project)

The Energy Resource Department of the Federal Ministry of Power conceived the Katsina 10MW wind IPP in 2012 as part of the Federal Government programme towards diversification of the country's energy mix. The project was stalled in 2015 due to insurgency concerns, it was reappraised in 2017 and work resumed, the project is at an advanced stage of approximately 95%, and it was expected that the provision of **N487m** in the 2018 Appropriation and the subsequent Green Bond allocation of N487m from 2019 Green Bond Issuance, will complete the project.

The Project has remained at the stage it was without any progress since August 2019 when the Green Bond fund was disbursed. This has led to a decision to reallocate the fund to any other appropriated but yet-to-be cash-backed green project within the MDA. The Federal Ministry of Power subsequently, submitted and got approval for reallocation to the **0.85MWh Solar Mini- Grid for Selected Federal Government Buildings starting with Power House** reviewed to 1MW

S/N	Project Description	Fund Allocation N'millions (100% in 2019)	Estimated tCO ₂ e Emission reduced/ avoided	Renewable Energy generation (MWh)	Jobs Created	Estimated Population Impacted	Capacity (MWh)
1	The Energizing Education Programme	7,067	5,969.01 (5 universities)	11,725	1,142	158,784	12.5
2	Renewable Energy Micro Utility (REMU) for mini-grid in Kuchi, Niger state	130	116 annually		575	3,000	0.06
3	0.85MWh Solar Mini-Grid for Selected Federal Government Buildings starting with Power House. (1MW)	580	Undergoing assessment and verification	-	-	-	1
4	10MWh Katsina Wind Farm	487	Fund reallocated to a new green project	-	-	-	-

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Sustainable Forestry



The Afforestation Programme

The objective of the National Afforestation Programme of the Federal Ministry of Environment (FMEnv) is to increase Nigeria's existing forest cover through the establishment of forest plantations of environmental and economic tree species and enhance the livelihood of the urban and rural poor. The Afforestation Programme is a key component of Nigeria's strategic framework towards achieving Nigeria's Nationally Determined Contributions (NDCs) committed under the Paris Agreement. It also falls under the environmental priorities contained in programme 47 of the ERGP which point to the need for Nigeria to establish a forest plantation in each State, combat drought, desertification, and land degradation, and enhance Eco-tourism by rehabilitating forest reserves and national parks.

The project is implemented by five (5) under-listed Departments and Agencies of the Federal Ministry of Environment:

- i. Federal Research Institute of Nigeria (FRIN),
- ii. National Agency for the Great Green Wall (NAGGW),
- iii. National Parks Service (NPS)
- iv. Federal Department of Forestry (FDF); and
- v. Department of Drought and Desertification Amelioration
- vi. The Department of Climate Change (DCC) has a Monitoring role in the project implementation.

A total of ₦1.23 billion in eligible funding was allocated in 2019 for the implementation of the Environment Sector projects under the 2018 Green Bond issuance. These projects were executed across 31 States and the Federal Capital Territory, utilising approximately 334 hectares of land.

Now fully completed as of December 2021, the projects are projected to reduce an estimated 1,403 tonnes of CO₂ equivalent (tCO₂e) annually. In addition to their environmental impact, the projects are expected to yield economic returns at an estimated rate of 1.62% per annum.

The initiative has significantly contributed to employment generation, aligning with the Federal Government of Nigeria's Economic Recovery and Growth Plan (ERGP). A total of 8,579 jobs have been created—comprising 4,902 direct and 3,677 indirect employment opportunities.

Monitoring and Evaluation (M&E) activities commenced in February 2020 and continued throughout the project lifecycle to ensure accountability, effectiveness, and sustainability.

These efforts have provided valuable insights into implementation progress and outcomes across all project locations

Project Status: 100% completed by December 2021

Project Impact

S/N	MDAs	Fund Allocation	Estimated tCO ₂ e Emission reduced/ avoided	Jobs Created	Capacity (MWh)
1	Forestry Research Institute of Nigeria (FRIN)	508,920,840	613	3,506	146
2	National Agency for the Great Green Wall(NAGGW)	110,613,416	113	809	27
3	National Park Service (NPS)	207,804,500	231	1,451	55
4	Federal Department of Forestry	213,791,470	239	1,502	57
5	Department of Drought and Desertification Amelioration	179,747,131	235	275	49

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Project Activities



Sample of Sign Post at GB Site

Sample of Grafted Hybrid Mango specie

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Project Implementation Challenges



Vandalized fence



Dried Earth well



Cattle herd invasion of project site



Fire burning on a site in Jos

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Fire ravaged site in Calabar

Agriculture



The development and execution of irrigation projects and the facilitation of agricultural productivity are two of the most important aspects of the plan for the agricultural sector under programmes 9 and 10 of the ERGP. The proceed of second Green Bond issuance funded a project from the Federal Ministry of Agriculture and Rural Development called **“Pilot Demonstration of Agroforestry, Farmer Managed Natural Regeneration and Conservation Agriculture (CSA) Practice for improved Food Security and Livelihood”** The project is expected to contribute to the reduction of Nigeria’s carbon emissions by **1,680 tCO₂e per annum**. The project implementation is in ten states of the federation including FCT.

The total fund allocated to the agriculture sector projects under the 2019 Green Bond Issuance is ₦600m. The project is projected to give an economic rate of return of 3.77% per annum while also contributing a total of 4,200 jobs; 2,400 direct and 1,800 indirect jobs to the ERGP target.

This pilot demonstration project implementation in 10 States including FCT, Kebbi, Katsina, Sokoto, Zamfara, Kano, Kaduna, Yobe, Adamawa and Ekiti States as of December 2021 was at 98-100% level of completion. Each of the 10 States is dedicating 15 hectares to the project. The MDA has equally undertaking some maintenance activities on the projects as reported at various times

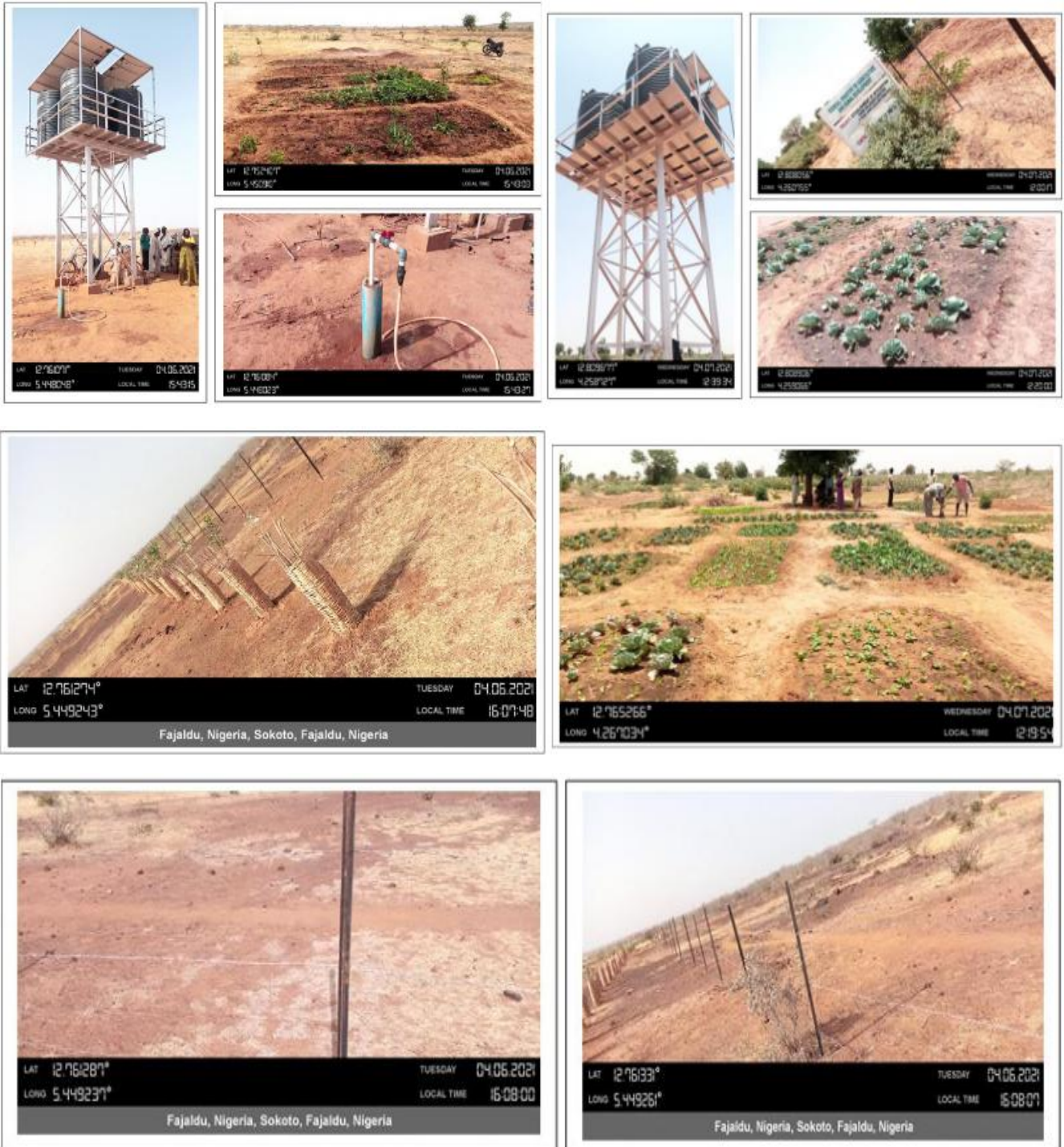
Project Status: 100% completed in December 2021

Project Impact

S/N	MDAs	Fund Allocation ₦'millions	Estimated tCO ₂ e Emission reduced/ avoided	Estimated Jobs Created	Estimated Population to be Impacted	Capacity (MWh)
1	Establishment of pilot demonstration sites of Agro-Forestry, Famers Managed Natural Regeneration (AFMNR), and Conservation Agriculture (CSA) Practice for improved Food Security and Livelihood in 10States of the federation and Earth Dams Nationwide	600	686.08	4,200	200,000	152.463

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Project Activities



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Clean Transportation



Provision of Solar-Powered Tricycles and Amphibious Vehicles

This is a project of the Ministry of Transportation (FMoT). The 2019 Green Bond issuance provided the sum of **N500m** with a projection that the project will reduce Nigeria's CO₂ emissions by **3,303.3 tCO₂e per annum** when completed. This investment when completed was also projected to create a total of **1,050 jobs**; 600 direct and 450 indirect jobs. This project however did not takeoff since August 2019 when the fund was made available from the Green Bond proceeds.

Project Status: The Ministry has been advised to present another appropriated but yet to be cash-back Green Project for fund reallocation

Abuja Mass Transit Rail Project

The Abuja Mass Transit Rail Project (AMTR), implemented by the Federal Capital Territory Administration, is co-financed through a loan from EXIM Bank of China (80%) and counterpart funding from the FCTA (20%, amounting to ₦90 billion). Under the 2019 Green Bond issuance, ₦1.59 billion was allocated to co-finance specific sustainability-aligned components at Kagini Station (Lot 6), situated within the Kagini District of Abuja. These components have been **fully completed** and include:

- **Construction of an access road and commuter car park** with integrated sustainability features to support non-motorized and low-emission transit access
- **Installation of solar-powered street lighting** along the access road, pedestrian walkways, and within the car park
- **Deployment of a solar mini-grid** to power the station's waiting area and related infrastructure
- **Tree planting and urban greening** along the road corridor and station perimeter to enhance carbon sequestration, reduce heat island effects, and improve local air quality

While the access road itself may not independently qualify as a green project under standard Green Bond Principles, its integration with renewable energy systems, sustainable transport goals, and climate-resilient landscaping provides sufficient alignment within the broader context of green urban mobility infrastructure.

The intervention is consistent with Programmes 11 and 29 of the Economic Recovery and Growth Plan (ERGP), which emphasize development of integrated, low-carbon transportation systems. Upon full operation of the Kagini station, the intervention is projected to support a **reduction of 25,675.5 tCO₂e per annum** by facilitating modal shifts from private vehicles to mass transit.

The broader project is expected to generate **11,175 jobs** (1,175 direct and 10,000 indirect), supporting national employment and economic diversification goals.

Project Status (as of May 2025):

The Green Bond-funded components at Kagini Station have been **successfully completed**. These include sustainable infrastructure to improve commuter access and reduce environmental impact, aligning with the objectives of the Green Bond framework and Nigeria's climate commitments.

Project Impact

S/N	Project Description	Fund Allocation ₦'millions (100% in 2019)	Estimated tCO ₂ e Emission reduced/ avoided	Estimated Jobs Created	Estimated Population to be Impacted
1	Solar Powered Tricycle and Amphibious Vehicle	500	3,303.30	-	-
2	Abuja Mass Transit Project	1,597	Implementation ongoing	48	-

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Water



Four (4) projects were approved for funding under the 2019 GB Issuance, these include:

- i. Supply and Installation of Center Pivot Irrigation System (CPIS)
- ii. Tada-Shonga irrigation project
- iii. Construction of the Middle Ogun irrigation project
- iv. Rehabilitation of the Adani irrigation project

Programme 10 of the ERGP estimates that about 100,000 hectares of irrigable land will be opened up through 12 River Basin Development Authorities. The 2018 issuance of Green Bonds further addresses this goal by committing the sum of ₦2.81 billion. Under the 2018 Green Bond issuance, the projects embarked on will result in 5,950 hectares of irrigated farmland across the nation and also reduce 515 tCO_{2e} per annum. The Water sector projects implemented under the Green Bond will contribute an economic rate of returns of 2.43% per annum, which will impact the ERGP GDP growth target. This investment is projected to create a total of 18,445 jobs; 5,950 direct and 12,495 indirect jobs (when completed) which will contribute to the ERGPs employment target.

The implementation process of the projects has commenced and is ongoing. A revised project implementation Schedule was submitted and a request for an extension of access to allocated funds until the last quarter of 2021 was sought through the Federal Ministry of Environment to the Federal Ministry of Finance, Budget and National Planning. The project implementation as of December 2022 stood at 72.3% and a total of ₦2.1 billion has been utilized representing 79.92% use of proceed.

Project Impact

S/N	Project Description	Fund Allocation ₦'millions (100% in 2019)	Estimated tCO _{2e} Emission reduced/ avoided	Estimated Jobs Created
1	Supply and Installation of Center Pivot Irrigation System (CPIS)	405	-	350
2	Tada-Shonga irrigation project	1,571	Implementation ongoing	135
3	Construction of the Middle Ogun irrigation project	400	Implementation ongoing	35
4	Rehabilitation of the Adani irrigation project	442	Implementation ongoing	-

Supply and Installation of Center Pivot Irrigation System (CPIS)

Project Description

The Supply and Installation of Center Pivot Irrigation System (CPIS) Project of the FMoWR is an ongoing project that seeks to deploy small and medium irrigation units ranging from 20 to 70 hectares per Sprinkler in areas with ample water (wells, dams or river) as quick-win measure to address the national food security and provision of rural job opportunities. The Supply and Installation of Center Pivot Irrigation System (CPIS) Program is ongoing and has a nationwide coverage and will be implemented through the 12 River Basin Authorities (RBAs). The GB shared finance was deployed to be used to supply and install Six (6 nos.) Irrigation Sprinkler Units, Land Clearing and Development and Test running of the Equipment for first cropping.

Project Activities



8. Nigeria's Commitment to Climate Change



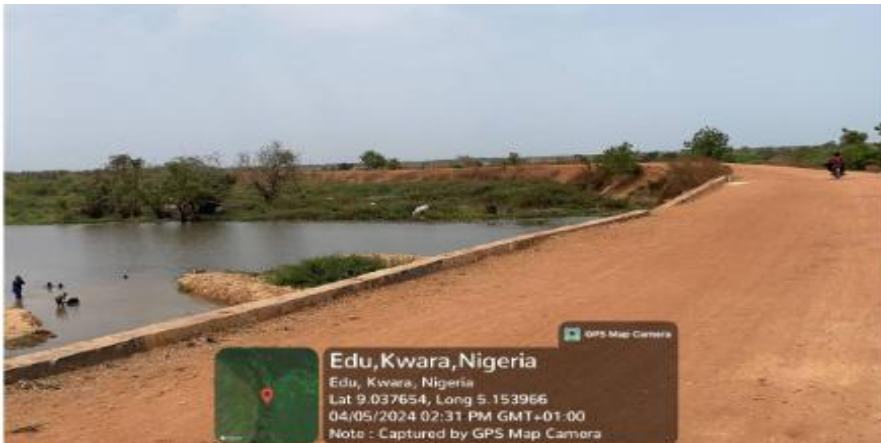
Tada Shonga Rice Irrigation and Flood Protection Project

Project Description

The Tada Shonga Rice Irrigation and Flood Protection Project of the Federal Ministry of Water Resources that seeks to deploy a 32km Dyke (Flood Protection Embankment) and install irrigation systems to serve a total of 3,200Ha of farmland is an ongoing project which was selected for the 2018 issuance. The Green Bond is co-financing the project and located within two villages named after the Project called Tada and Shonga situated in Edu Local Government Area of Kwara State, North Central of Nigeria.

The amount allocated under the GB issuance in 2018 was ₦1,571,000,000.00. This amount was used for Phase I covering 1,600 Ha of land for irrigation, 32km Dyke, 14Km Access Road, 1 No. Irrigation Pumping Station and 1 No. Drainage Pumping Station and installation of solar system upon completion.

Project Activities



8. Nigeria's Commitment to Climate Change



Middle Ogun Irrigation Project

Project Description

The Middle Ogun Irrigation Project is located within the Oke-Ogun area near Iseyin town in the North-western corner of Oyo State. The project aims to irrigate a total of 12,000 Hectares of farmland through the supply and installation center pivot irrigation systems. The Middle Ogun Irrigation project has been divided into four phases each of 3,000ha.

Phase I is currently on going and the shared GB finance was dedicated for connecting the Project Head Works to the National Electricity Grid through a dedicated line and conversion of Diesel Engines Pumps to Solar Pumps for the 4 No. Irrigation Pumping Station and 1 No. Drainage Pumping Station.



8. Nigeria's Commitment to Climate Change

Rehabilitation of Adani Rice Irrigation Project in Enugu State:

Project Description

The rehabilitation of the Adani Irrigation project is geared towards establishing effective irrigation for the Adani rice plantation. The Adani Rice Plantation is located within Adani community in Uzo-uwani Council of Enugu State which is made up of five villages including Iga,Ojo, Ogurugu, Asaba and Adani. are rice-farming areas. The project which covers an area of 1,000Ha is ongoing. 250 Ha to be made operational under irrigation with Main Canal and secondary canals completed as wells carry out repairs of Drains 11 and 12. The project upon completion is expected to be driven entirely by Surface Gravity Method, no pumping is required. The GB shared finance was deployed for activities towards operationalizing the project.

Summary of Series II Project Allocation and Key Expectations

S/N	Ministry	Cost ₦'millions	NDC Themes	Projected Reduction in tCO2e Emissions per annum	Estimated Jobs to be created	Economic Rate of Return (ERR) Range	No. of projects	ERGP Program
1	Federal Ministry of Environment	1,220.88	Adaptation	1,403.00	8,579	1.62%	12	47
2	Federal Ministry of Agriculture & Rural	600.00	Adaptation	1,680.00	4,200	3.77%	1	9 & 10
3	Federal Ministry of Power	8,264.00	Mitigation	9,311.24	2,447	0.25% to 7.23%	4	27
4	Federal Ministry of Transport	500.00	Mitigation	3,303.30	1,050	7.03%	1	11 & 29
5	Federal Capital Territory Authority	1,597.12	Mitigation	25,675.50	11,175	0.67%	1	11 & 29
6	Federal Ministry of Water Resources	2,818.00	Mitigation and Adaptation	515.00	18,445	2.43%	4	11
	Total	15,000.00		41,888.04	45,896		23	

Utilisation of Series II Proceeds

Power Sector/ Renewable Energy						
Project Category	MDA Project Title	Commitment ₦'millions	% Disbursed	Disbursements ₦'millions	Amount Utilized (as at Dec. 2024) ₦'millions	% Utilized
Renewable Energy	100KW Renewable Energy Micro Utility (REMU) for Street light and Traffic lights in the FCT (FMoP)	130.00	100	130.00	130.00	100.00
	850KW Solar Mini- Grid for Selected Federal Government Buildings starting with Power House.	580.00	100	580.00	580.00	100.00
	10MW Katsina Wind Farm (FMoP)	487.00	100	487.00	455.54	96.01
	Rural Electrification Agency (REA) – Energizing Education Project-EEP (Phase I) (2nd tranche)	7,067.50	100	7,067.50	7,066.60	99.99
Afforestation/ Sustainable Forestry						
Sustainable Forestry	DDA – Afforestation	179.75	100	179.75	179.75	100.00
	GGW - Afforestation	110.61	100	110.61	110.61	100.00
	FRIN - Afforestation	508.92	100	508.92	508.86	99.98
	FDf - Afforestation	213.79	100	213.79	213.16	99.70
	NPS - Afforestation	207.80	100	207.80	207.80	100.00
Agriculture Sector/ Sustainable Forestry						
Sustainable Forestry	Federal Ministry of Agriculture & Rural Development (FMARD) - Establishment of pilot demonstration sites of Agro-Forestry Famers Managed Natural Regeneration (AFMNR)/ Construction and Rehabilitation of Water Harvesting Structures and Earth Dams Nationwide	600.00	100	600.00	599.27	99.04
Water Sector/ Sustainable Water and Wastewater Management						
Sustainable Water and Wastewater Management	Supply and Installation of Center Pivot Irrigation System (CPIS)	1,571.00	100	1,571.00	1,570.99	99.90
	Tada-Shonga irrigation project	400.00	100	400.00	400.00	100.00

8. Nigeria's Commitment to Climate Change

	Construction of Middle Ogun irrigation project	442.00	100	442.00	441.79	99.90
	Rehabilitation of Adani irrigation project					
Transport Sector/ Clean Transportation						
Clean Transportation	Solar Powered Tricycle and Amphibious Vehicle	500.00	100	500.00	Nil	Nil
	Abuja Mass Transit Project	1,597.00	100	1,597.00	1,447.52	65.69

Conclusion

From the proceeds of the second issuance, 23 projects received allocations for implementation, select projects such as the Energizing Education Programme received funding from both the 2017 and 2018 Green Bonds, and only incremental environmental and emission benefits generated in 2018 will be attributed to the issued bond.

As of March 2025, the Use of Proceeds stands at 95.44%, a good percentage of the implementing MDAs have either completed project implementation or are at an advanced stage. However, one transport sector project by the Federal Ministry of Transportation, the Solar Powered Tricycle and Amphibious Vehicle, is reported to have resumed and is at an advanced stage. The Secretariat has yet to receive evidence of fund disbursement in this regard.



Green Bond Assurance Statement

Federal Government of Nigeria

Introduction and overview of Issuer

The Federal Government of Nigeria (the issuer) has issued its second Sovereign Bond which has an offer for Subscription of ₦15,000,000,000. As with the first Sovereign Bond, the funds will be used to fund projects which support the climate mitigation ambitions of the Government as well as support the commitments made under the country's Nationally Determined Contributions (NDC's).

The issuer strongly believes that there is great merit in issuing a Green Bond to further finance existing assets and finance new ones, which are in the pipeline. The issuance of a green bond aligns with the issuer's objectives towards maintaining a sustainable low carbon environment and commitment to the integration of environmental and social considerations into their activities as well as contributions to sustainable development.

The funds will be managed by six Ministries, which will in turn allocate the funds to eligible projects within the Ministry. The projects are managed by MDA's which are the monitoring teams for each project and which are charged with ensuring that the projects are implemented correctly and which also covers the allocation of funds for the projects. The MDA's report into the Green Bond Secretariat which in turn reports to the Climate Change Department.

Terms of Engagement

TÜV NORD CERT were engaged by FSD Africa to provide assurance, that the bond issued complies with the Green Bond Framework developed by the Issuer.

The assurance was conducted in accordance with the International Standard on Assurance Engagements ISAE 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000), using a limited Level of Assurance.

It should be noted that members of the assessment team are not involved in any other projects or activities that would cause a conflict of interest with regard to this engagement.

Our Opinion

During the audit process, the issuer has provided evidence, by way of documents and interviews, to enable an opinion to be formed on whether the Green Bond to be issued is in line with the statements made in the Green Bond Framework.

1. Use of Proceeds

The bond which has been issued will be used to fund various projects under the management of six Ministries. The project types can be broadly classified into two groups; Mitigation and Adaptation. Within the mitigation category the projects relate to Energy Efficiency, Resource Efficiency, Renewable Energy and Clean Technology. Sustainable Forest Management are the only project types which fall within the Adaptation classification.

This is in compliance with the Use of Proceeds section of the Issuer's Green Bond Framework.



2. Process for Project Evaluation and Selection

The issuer documents, within the bond prospectus and supporting documentation, provide details of the environmental sustainability objectives of the projects to be funded.

Documentation by which the issuer determines eligibility of certain projects is provided in the form of a Green Bond project evaluation and selection criteria document (May 2020).

Within the documents, a clear process is described, which allows the issuer to determine eligibility and inclusion into the Green Bond. The Green Bond project evaluation and selection criteria document (May 2020) clearly states criteria, as well as exclusions, for project eligibility.

This is in compliance with the Process for Project Evaluation and Selection section of the Issuer's Green Bond Framework.

3. Management of Proceeds

As stated within the prospectus, separate ring fenced accounts would be created by the Central Bank of Nigeria (CBN) and which would be opened in the name of the various ministries. The funds are managed via the REMITA platform whereby subaccounts under the Treasury Single Account are opened for each project. All of the sub-accounts are visible within the REMITA system and so it can be ensured the proceeds can be tracked accurately and in real time.

Unallocated proceeds will remain in the sub-accounts for use by the project and will not be invested or used for any other purpose than for the projects which they are used to fund.

The entire Management of Funds process has been comprehensively documented in the Administrative Process for Green Bond Issuance document.

This is in compliance with the Management of Proceeds section of the Green Bond Framework.

4. Reporting

The prospectus clearly documents the reporting process which will be followed and which is in line with the Green Bond Framework. The reporting process will provide up to date information on the use of proceeds, which will be reported annually until full allocation. A document has been developed which describes how the reporting template should be completed and is primarily focused on the impact reporting aspect.

The impacts of the project to be funded by the green bond will be reported annually and according to the required Key Performance Indicators recommended by ICMA. The reporting template also includes details of how the impacts from the projects will be reported.

This is in compliance with the Reporting section of the Green Bond Framework.



Conclusion

Based on our limited assurance procedures, as described in this report, nothing has come to our attention that the proposed use of proceeds, process for project evaluation and selection, management of proceeds and reporting in relation to Issuer's green bond issuance does not meet the criteria outlined in the Issuer's Green Bond Framework, in all material aspects.

Essen, 26.06.2020

A handwritten signature in blue ink, appearing to be "Tahsin Choudhury".

Dr. Tahsin Choudhury
Lead & Senior Auditor

A handwritten signature in blue ink, appearing to be "Andreas Backs".

Andreas Backs
Senior Auditor

Disclaimer

For the sake of clarity, it should be noted, that the Second Party Opinion report is solely based on conformance or non-conformance of the Green Bond Framework against the Green Bond Principles and do not in any way constitute purchase or investment recommendations. The Verifier has no responsibility and liability in this regard and remains the sole responsibility of the issuer. The Issuer shall hold the Verifier harmless from and against any claim including but not limited third party claims raised against the Verifier in connection with bonds such as but not limited to the economic profitability and credit worthiness of the bonds.

TÜV NORD CERT GmbH
Climate Change Services
Langemarckstr. 20
45141 Essen
Germany

Series II Post Issuance Assurance Statement



Green Bond Assurance Statement

Federal Government of Nigeria

Introduction and overview of Issuer

The Federal Government of Nigeria (the issuer) has issued its second Sovereign Bond which has an offer for Subscription of ₦15,000,000,000. As with the first Sovereign Bond, the funds will be used to fund projects which support the climate mitigation ambitions of the Government as well as support the commitments made under the country's Nationally Determined Contributions (NDC's).

The issuer strongly believes that there is great merit in issuing a Green Bond to further finance existing assets and finance new ones, which are in the pipeline. The issuance of a green bond aligns with the issuer's objectives towards maintaining a sustainable low carbon environment and commitment to the integration of environmental and social considerations into their activities as well as contributions to sustainable development.

The funds are being managed by eleven Ministries, Departments and Agencies, which will in turn allocate the funds to eligible projects. The projects are managed by MDA's, which are the implementation teams for each project. The Department of Climate Change within the Ministry of Environment (Green Bond Team) is charged with ensuring that the projects are implemented correctly and which also covers the allocation of funds for the projects. The MDA's report to the Green Bond Team within the Climate Change Department.

Terms of Engagement

TÜV NORD CERT were engaged by FSD Africa to provide assurance, that the bond issued complies with the Green Bond Framework developed by the Issuer.

The assurance was conducted in accordance with the International Standard on Assurance Engagements ISAE 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000), using a limited Level of Assurance.

It should be noted that members of the assessment team are not involved in any other projects or activities that would cause a conflict of interest with regard to this engagement.

Our Opinion

During the audit process, the issuer has provided evidence, by way of documents and interviews, to enable an opinion to be formed on whether the Green Bond to be issued is in line with the statements made in the Green Bond Framework.

1. Use of Proceeds

The proceeds from the Green Bond was distributed to eleven MDS's of six Ministries. Of those, one of the projects from within the Federal Ministry of Power, Works & Housing and all of the projects within the Federal Ministry of Environment are now operational.



For the operational projects, clear environmental benefits have been achieved and which are predominately related to the reduction of GHG emissions.

This is in compliance with the Use of Proceeds section of the Issuer's Green Bond Framework and the bond issuance documents.

2. Process for Project Evaluation and Selection

The issuer documents, within the bond prospectus and supporting documentation, details of the environmental sustainability objectives of the projects to be funded.

Documentation by which the issuer determines eligibility of certain projects is provided in the form of a Green Bond project evaluation and selection criteria document (May 2020).

Within the documents, a clear process is described, which allows the issuer to determine eligibility and inclusion into the Green Bond. The Green Bond project evaluation and selection criteria document (May 2020) clearly states criteria, as well as exclusions, for project eligibility.

It was established during the audit that the documents reviewed during the audit carried out for Pre-Issuance Assurance of the bond remain the same and that there have not been any changes.

This is in compliance with the Process for Project Evaluation and Selection section of the Issuer's Green Bond Framework and the bond issuance documents.

3. Management of Proceeds

The internal account statements from all of the Ministries were provided as evidence. All of these showed the opening balance within the accounts and which aligned with the amounts documented within this and previous reports. Where projects have been funded, all of the payments have been comprehensively documented and the closing balances within the accounts are clearly shown.

The funds are managed via the REMITA platform whereby sub-accounts under the Treasury Single Account are opened for each project. All of the sub-accounts are visible within the REMITA system and so it can be ensured the proceeds can be tracked accurately and in real time.

Unallocated proceeds will remain in the sub-accounts for use by the project and will not be invested or used for any other purpose than for the projects which they are used to fund. Most of the projects which are to be funded from the Bond proceeds are yet to be started. In these cases, the internal account statements show the full opening balances remaining.

The entire Management of Funds process has been comprehensively documented in the Administrative Process for Green Bond Issuance document.

This is in compliance with the Management of Proceeds section of the Green Bond Framework and the bond issuance documents.

4. Reporting

The issuer has provided a well written and comprehensive Green Bond Impact Report which documents the status of the various projects as of April 2021.

8. Nigeria's Commitment to Climate Change



As well as documenting the various projects which have funded from the Green Bond proceeds, the report provides an update on the status of each project.

For the projects which are now operational, which are all of the ones under the control of the Federal Ministry of Environment and one of those under the control of the Federal Ministry of Power, Works & Housing Departments and Agencies, the impact of the project in terms of the actual GHG emissions which have been reduced as a result of the project are documented. Additionally, the number of community members employed as well as the estimated population have also been documented in the Green Bond Impact Report.

It should be noted that only the GHG emissions which have been reduced have been verified. Furthermore, the GHG reductions documented below are from the start date of the projects, shown below, until the 30th April 2021.

The verified impacts are as follows:

Federal Ministry of Power, Works & Housing

Rural Electrification Agency (REA)

Site/University	Start Date	Energy Generated (MWh)	GHG Emissions Reduced tCO ₂ e
Alex Ekueme Fed. Univ. Ndufu Alike-Ikwo, Ebonyi State	02/08/2019	1,516	771.88
Bayero University, Kano. Kano State	03/09/2019	7,575	3856.21
Abubakar Tafawa Balewa Univ. Bauchi, Bauchi State	02/02/2020	710	361.57
Fed University of Agriculture, Makurdi, Benue State	02/07/2021	1,696	863.57
Fed. University of Petroleum Resources, Effurun. Delta State	06/01/2021	227	115.78
Total		11,725	5,969

Table 1: GHG Emissions reduced by the solar projects implemented by the Rural Electrification Agency (REA), Federal Ministry of Power, Works and Housing.

An emissions factor of 0.5091 tCO₂e/MWh was used.

Source: Publication by Energy Commission of Nigeria - Calculation of the Grid Emission Factor (GEF) for the Nigerian Power System version 1.1 (December, 2018)

Federal Ministry of Environment

Ministry, Dept. & Agency (MDA)	Start date of project	Size (Ha)	Emission Savings tCO ₂ e
National Agency for the Great Green Wall (NAGGW)	September 2019	73.9	332.55
National Parks Service (NPS)	September 2019	71	319.5
Federal Research Institute of Nigeria (FRIN)	September 2019	150	675
Federal Department of Forestry (FDF)	September 2019	56.6	254.7
Department of Drought and Desertification Amelioration (DDA)	September 2019	14	63
Total		365.5	1,645

Table 2: GHG Emissions reduced by the forestry projects implemented by the MDA's of the Federal Ministry of Environment.

8. Nigeria's Commitment to Climate Change



An emissions factor of 4.5 tCO₂e/Ha/yr was used.

Source: 2018 research on "Global carbon dioxide removal rates from forest landscape restoration activities". It should be noted that the reference used has been reviewed and provides average theoretical emissions factors. In the absence of actual measurable and verifiable data, this is best estimate that can be provided.

The issuer has been informed that for the next assurance, it is expected that field studies are carried out which can be used to obtain more accurate emissions factors which are species specific.

Conclusion

Based on our limited assurance procedures, as described in this report, nothing has come to our attention that the proposed use of proceeds, process for project evaluation and selection, management of proceeds and reporting in relation to Issuer's green bond issuance does not meet the criteria outlined in the Issuer's Green Bond Framework and the bond issuance documents, in all material aspects.

London, 30.07.2021

Tahsin Choudhury

Digitally signed by
Tahsin Choudhury
Date: 2021.07.30
23:01:56 +01'00'

Dr. Tahsin Choudhury

Lead & Senior Auditor

Disclaimer

For the sake of clarity, it should be noted, that the Post Issuance Assurance Report is solely based on conformance or non-conformance of the Green Bond with the Green Bond Framework and then bond issuance documents and does not in any way constitute purchase or investment recommendations. TÜV NORD CERT has no responsibility and liability in this regard and remains the sole responsibility of the issuer. The Issuer shall hold TÜV NORD CERT harmless from and against any claim including but not limited third party claims raised against TÜV NORD CERT in connection with bonds such as but not limited to the economic profitability and credit worthiness of the bonds.

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9. Terms and Conditions of the Green Bond

1. Preamble

The following are the final terms of the Bonds that are the subject of this Prospectus. These terms and conditions are only applicable to the Issue.

The Bonds are being issued by the Federal Government of Nigeria (as represented by the Debt Management Office (“DMO”)) (the “Issuer”).

2. Definitions

In these Conditions:

- a) **“CSD”** means the Central Securities Clearing System Plc, FMDQ Depository Limited (including their duly licensed successors), or any other depository or clearing and settlement organization appointed by the Issuer;
- b) **“External Indebtedness”** means indebtedness expressed or denominated or payable or which, at the option of the relevant creditor may be payable in a currency other than the lawful currency from time-to-time of the Federal Republic of Nigeria;
- c) **“Guarantee”** means any obligation of a person to pay the Indebtedness of another person including, without limitation: an obligation to pay or purchase such Indebtedness; an obligation to lend money or to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness; an indemnity against the consequences of a default in the payment of such Indebtedness; or any other agreement to be responsible for such Indebtedness;
- d) **“Indebtedness”** means (i) any obligation (whether present or future and whether being principal, premium, interest or other amounts) for the payment or repayment of money which has been borrowed or raised (including money raised by acceptances and leasing) and (ii) any guarantee or indemnity of any such obligation;
- e) **“Person”** includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organization, trust, state or agency of the state (in each case, whether or not having separate legal personality);
- f) **“Public External Indebtedness”** means any Indebtedness which (i) is payable, or at the option of the relevant creditor may be payable, in any currency other than Naira, and (ii) is in the form of, or is represented by, Bonds, Bonds or other securities or any guarantees thereof with a stated maturity of more than one year from the date of issue which may be quoted, listed or ordinarily purchased or sold on any stock exchange, automated trading system, over the counter or other securities market;
- g) **“Registrar”** means the CBN, DMO or any market operator appointed by the Issuer to maintain the register of Noteholders; and
- h) **“Security”** means any mortgage, pledge, lien, hypothecation, security interest or other charge or encumbrance including, without limitation, anything analogous to the foregoing under the laws of any jurisdiction.

3. Form, Currency and Denomination

- 3.1. The Bonds are issued in registered form in denominations of Nigerian Naira and integral multiples of ₦1,000 in excess thereof, each an “Authorised Denomination”. The Bonds will be issued in dematerialised, electronic registration on the Central Securities Clearing System Plc’s securities clearing and settlement platform and recorded in the relevant Register (as defined below) which the Issuer will procure to be kept by the Registrar.

4. Title to the Bonds

a. Title

The Registrar will maintain a register in respect of the relevant Bonds; title to the Bonds passes only by registration in the relevant Register. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions **“Noteholder”**, and in relation to a **“Note”**, **“holder”** means the person in whose name a Note is registered in the relevant Register (or, in the case of a joint holding, the first named thereof).

9. Terms and Conditions of the Green Bond

b. *Formalities Free of Charge*

Registration of transfer of Bonds will be effected without charge by or on behalf of the Issuer, the Registrars, or any Transfer Agent but upon payment (or the giving of such indemnity as the relevant Registrar or any Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

c. *Closed Periods*

No Noteholder may require the transfer of a Note to be registered during the period of 21 calendar days ending on the due date for any payment of principal or interest on that Note.

5. Registration and Transfer

Registration

The Registrar shall enter the following particulars of every holder of Bonds in the Register:

- Name and address of the Noteholder;
- Principal of the Bonds held;
- Coupon payable on the Bonds;
- Coupon Payment Dates of the Bonds;
- Maturity Date of the Bonds;
- Such other particulars as may, from time to time, be required by the Issuer; and
- Such other particulars as may, from time to time, be considered necessary by the Registrar.

The Registrar may correct errors and remedy omissions in the Register.

Transfer

Subject to Condition 4.3 (Closed Periods), transfers of the Bond shall be by way of book entry in the securities accounts held by the transferor and transferee in the CSD in accordance with the procedures of the CSD or such alternative clearing system approved by the Issuer, and registration of the name of the transferee in the Register in respect of the Bonds being transferred, provided however that a Note may not be transferred unless the principal amount of the Bonds transferred and (where not all of the Bonds held by a Holder are being transferred) the principal amount of the Bonds not transferred, are Authorised Denominations.

A coupon which is due in respect of the Bonds but which has not been paid to a Noteholder for the time being shall not be deemed to be payable to a transferee of that Note unless the instrument of transfer expressly provides for the payment of that coupon to the transferee.

6. Status of the Bonds

- d. The Bonds and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and will rank *pari passu*, without preference among themselves and, subject as aforesaid, with all other outstanding present and future unsecured obligations of the FGN

7. Interest And Certificates

Interest on Bonds

7.1 *Interest Rate and Interest Payment Dates*

The Bonds bear interest on their outstanding principal amount from and including the **Issue Date** to but excluding the Maturity Date (as defined in Condition 10.2 (*Redemption*)), at the coupon rate as specified in the Prospectus (the "**Coupon Rate**"), payable semi-annually in arrears in each year (each a "**Coupon Payment Date**"), subject as provided in Condition 8 (*Payments*). Each period beginning on (and including) the Issue Date or any Coupon Payment Date and ending on (but excluding) the next Coupon Payment Date is herein called a "**Coupon Payment Period**".

7.2 *Coupon Accrual*

Each Note will cease to bear interest from and including its due date for final redemption unless, upon due presentation, payment of the Principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event, interest will continue to accrue until whichever is the earlier of:

- a) the date on which all amounts due in respect of such Note have been paid; and

9. Terms and Conditions of the Green Bond

- b) seven days after the date on which the full amount of the moneys payable in respect of such Bonds has been received by the Paying Agent and notice to that effect has been given to the Noteholders in accordance with Condition 11 (*Notices*) (except to the extent that there is any subsequent default in payment).

7.3 Calculation of Coupon

The amount of coupon payable in respect of each Note for any Interest Period shall be calculated by applying the Rate of Interest to the then outstanding principal amount of such Note, dividing the product by two and rounding the resulting figure to the nearest Kobo (half a Kobo being rounded upwards). If interest is required to be calculated for any period other than an Interest Period, it shall also be calculated on the basis of the actual number of days elapsed in such period and the actual number of days in the applicable year.

7.4 Alterations to these Conditions

The Issuer reserves the right, without obtaining the consent of the Noteholders:

- a) to alter these Conditions, at any time, in respect of the method of making interest and principal payments; and
- b) to amend with effect from any Coupon Payment Date the provisions of these Conditions relating to the definition of “Banking Day” and the basis of coupon accrual in accordance with the prevailing market practice.

The Issuer shall give at least 30 days irrevocable notice to the Noteholders of any changes to be made in accordance with this Condition.

8. Payments

8.1 Payments in Respect of Bonds

Payment of principal and coupon will be made by transfer to the registered account of the Noteholder or by a cheque in Naira to those persons whose names appear (or to the first named in the case of joint holders) in the Register as on the Record Date to be fixed by the Issuer for this purpose from time to time. Coupon on Bonds due on a Coupon Payment Date will be paid to the holder shown on the relevant Register at the close of business on the date (the “**Record Date**”) being the fifteenth day before the due date for the payment of coupon. For the purposes of this Condition 8.1, a Noteholder’s “**Registered Account**” means the Naira account maintained by or on its behalf with a bank that processes payments in Naira, details of which appear on the relevant Register at the close of business, in the case of principal, on the second Business Day (as defined below) before the due date for payment and, in the case of coupon, on the relevant Record Date, and a Noteholder’s “**Registered Address**” means its address appearing on the relevant Register at that time.

8.2 Designated Account

The account(s) that will be opened by the Financial Advisers, and to which the Bond proceeds will be aggregated once funding occurs, prior to the gross proceeds being remitted to the ring-fenced offer proceeds account that will be held in the Central Bank of Nigeria.

8.3 Payment on Maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its final redemption amount specified in, or determined in the manner specified on the Maturity Date.

9. Guarantee

- 9.1. Bonds are backed by the full faith and credit of the Federal Government of Nigeria.

10. Purchase, Redemption and Cancellation of Bonds

a. Purchase of Bonds

The Issuer may at any time purchase Bonds at any price in the open market or otherwise. All Bonds so purchased will be surrendered to the Paying Agent or the Registrar for cancellation.

b. Redemption

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified or determined in the manner specified in this Prospectus on the Maturity Date.

9. Terms and Conditions of the Green Bond

c. *Redemption at the Option of the Issuer (Early Redemption)*

The Issuer may, having given:

- a. not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 11; and
- b. not less than 15 days before the giving of the notice referred to in (a), notice to the Principal Paying Agent and, in the case of a redemption of Registered Bonds, the Registrar;

cause the principal outstanding on the Bonds to become due in part or in whole, provided that such call option may be exercised on any Coupon Payment Date.

d. *Redemption at the Option of the Covered Noteholders (Put Option):*

The Bonds are not puttable in part or in whole.

e. *Cancellation*

All Bonds purchased as contemplated by Condition 10(a) (*Purchase of Bonds*) shall be cancelled and may not be held, reissued or resold.

11. Notices

11.1. Notices to the Noteholders

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the relevant Register at the time of publication of such notice by pre-paid first class mail (or any other manner approved by the Registrars (or the Paying Agent on their behalf), which may be by electronic transmission) and for so long as the Bonds are listed on Nigerian Exchange Limited or FMDQ Securities Exchange Limited and, the rules of the Nigerian Exchange Limited or FMDQ Securities Exchange Limited so require, shall be sent to the Companies Announcement Office of the Nigerian Exchange Limited and FMDQ Securities Exchange Limited. Any such notice shall be deemed to have been given on the fourth business day after being so mailed.

11.2. Notices from the Noteholders

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Bonds, with the Principal Paying Agent or the Registrar. If sent to the Issuer, such notices or communications shall be delivered to The Ministry of Finance of the Federal Government of Nigeria at Ahmadu Bello Way, Central Business District, Abuja Federal Capital Territory, Nigeria. If the Paying Agent or the Registrar shall receive any notice or demand addressed to the Issuer by a Noteholder, the Paying Agent or the Registrar shall promptly forward such notice or demand to the Issuer.

12. Waiver of Right of Set-Off

- 12.1. Waiver of Set-Off: The Issuer hereby waives any right of set-off against claims of the Noteholders arising from this Green Bond as well as the exercise of any pledge, lien, right of retention or other rights which could adversely affect claims of the Noteholders (i) if such claims belong to the guaranteed assets of an insurance company within the meaning of the Insurance Act, as amended, supplemented or replaced or (ii) if such claims belong to the assets which are governed by the general principles set out in the Insurance Act or (iii) if such claims are subject to the Pension Reform Act 2014, or (iv) if such claims belong to funds which cover debt securities (and have been created on the basis of domestic legislation. The same applies mutatis mutandis in the event of composition or insolvency proceedings.

13. Events Of Default

13.1. Events of Default

If any of the following events ("**Events of Default**") shall have occurred and be continuing:

9. Terms and Conditions of the Green Bond

a. Non-payment

- i. the Issuer fails to pay any Principal on any of the Bonds when due and payable and such failure continues for a period of 15 Business Days; or
- ii. the Issuer fails to pay any Coupon on any of the Bonds or any amount due under Condition 14 (*Taxation*) when due and payable, and such failure continues for a period of 15 Business Days.

b. Breach of Other Obligations

the Issuer does not perform or comply with any one or more of its other obligations under the Bonds, which default is incapable of remedy or is not remedied within 45 days following the service by any Noteholder on the Issuer of notice requiring the same to be remedied; or

c. Cross-default

- i. the acceleration of the maturity (other than by optional or mandatory prepayment or redemption) of any Indebtedness of the Issuer; or
- ii. any default in the payment of principal of any External Indebtedness of the Issuer shall occur when and as the same shall become due and payable if such default shall continue beyond the initial grace period, if any, applicable thereto; or
- iii. any default in the payment when due and called upon (after the expiry of any applicable grace period) of any Guarantee of the Issuer in respect of any External Indebtedness of any other person, *provided that* the aggregate amount of the relevant External Indebtedness in respect of which one or more of the events mentioned in this paragraph (c) have occurred.

d. Validity

- i. the validity of the Bonds shall be contested by the Issuer; or
- ii. the Issuer shall deny any of its obligations under the Bonds (whether by a general suspension of payments or a moratorium on the payment of debt or otherwise); or
- iii. it shall be or become unlawful for the Issuer to perform or comply with all or any of its obligations set out in the Bonds, including, without limitation, the payment of interest on the Bonds, as a result of any change in law or regulation in the Federal Republic of Nigeria or any ruling of any court in the Federal Republic of Nigeria, whose decision is final or for any reason such obligations cease to be in full force and effect.

e. Consents

if any authorisation, consent of, or filing or registration with, any governmental authority necessary for the performance of any payment obligation of the Issuer under the Bonds, when due, ceases to be in full force and effect or remain valid and subsisting, then the holders of at least 25% in aggregate principal amount of the Bonds then outstanding may, by notice in writing to the Issuer (with a copy to the Paying Agent), declare all the Bonds to be immediately due and payable. Upon any such declaration by Noteholders, the Bonds shall become immediately due and payable at their outstanding principal amount together with accrued interest without further action or formality. Notice of any such declaration shall promptly be given to all other Noteholders by the Issuer. If the Issuer receives notice in writing from holders of at least 50% in aggregate principal amount of the Bonds then outstanding to the effect that the Event of Default or Events of Default giving rise to any above mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Issuer shall, give notice thereof to the Noteholders (with a copy to the Paying Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Issuer gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

14. Taxation

All payments of principal, interest and any other sum due in respect of the Bonds shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatsoever nature imposed, levied, collected, withheld or assessed by or within the Federal Republic of Nigeria or any political subdivision or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In that event, no additional amounts shall be paid to the Noteholders as a result thereof.

9. Terms and Conditions of the Green Bond

15. Prescription

15.1. The right to receive payment of the Principal Amount of a Bond expires 10 years after the Redemption Date. The right to receive the Coupon expires 10 years after the relevant Coupon Payment Date.

16. Governing Law and Jurisdiction

16.1. The Bonds are governed by, and shall be construed in accordance with, the laws of the Federal Republic of Nigeria. They do not, in any event, qualify as investments for purposes of Nigeria's investment-related treaties, regardless of the definitions of such therein.

16.2. Nigerian courts shall have exclusive jurisdiction to settle any dispute arising out of, or in connection with the Bonds.

10. Use of Proceeds

10.1. Detailed Project Descriptions and Selection Rationale – Nigeria Sovereign Green Bond Series III

This section outlines the specific projects included under the FGN Series III Green Bond Issuance, with detailed descriptions, expected impacts, and selection rationale. The projects are organized into three major components reflecting national priorities on climate change mitigation, adaptation, and sustainable infrastructure development.

10.1.1. Project 1: Climate Change Adaptation and Mitigation Initiatives (ERGP20212921)

Sectors: AFOLU, Renewable Energy, Energy Efficiency, Sustainable Transport

Total Budget: ₦15,960,000,000.00

Objective: To implement multiple small-to-medium scale projects targeting emissions reduction, afforestation, sustainable transport, and energy access, especially in underserved communities.

Component Projects and Impacts:

S/N	Project Title	Sector	Budget (₦)	Objective/Expected Impact
1	Clean Cooking Stoves	Energy Efficiency	2,000,000,000	Reduce black carbon and indoor air pollution; improve women's health
2	Solar Streetlights	Renewable Energy	1,190,000,000	Replace fossil-fuel lighting; enhance public safety
3	20KW Solar Plants	Renewable Energy	840,000,000	Supply government offices/hospitals with clean energy
4	Tree Planting (Land Restoration)	AFOLU	2,750,000,000	Combat desertification; increase carbon sinks
5	Erosion Control & Road Rehabilitation	AFOLU	3,300,000,000	Flood mitigation; improved rural access
6	PBAT Green Heroes Programme	AFOLU	3,300,000,000	National forest cover expansion
7	Wetland/Watershed Management Project	AFOLU	1,100,000,000	Enhance ecosystem services; reduce soil erosion
8	Electric/CNG Coaster Buses	Sustainable Transport	750,000,000	Emission-free official transport deployment to mitigate greenhouses gas emission
9	Electric Mini Buses	Sustainable Transport	600,000,000	Low-emission urban transport deployment to mitigate greenhouses gas emission
10	Electric Keke Napep	Sustainable Transport	50,000,000	Reduce greenhouse gas emissions from informal transport sector
11	EV Charging Stations	Energy Efficiency	80,000,000	Infrastructure to support EV rollout
	Total		15,960,000,000	

Rationale:

- Projects support Nigeria's NDC and SDG targets; 7, 11 and 13
- Co-benefits include job creation, improved health outcomes, gender inclusivity
- Cluster approach enhances fund absorption and project diversity

10.1.2. Project 2: Clean Energy Transition – Presidential CNG Initiative (PCNGI)

Sector: Renewable Energy for Transport

Lead Agencies: Office of the President, Ministry of Finance

Budget: ₦15,000,000,000.00 (pilot phase – total ₦130 billion planned)

Objective: To support Nigeria's transition to low-emission transportation by deploying electric vehicles (EVs) and compressed natural gas (CNG) solutions, reducing transport sector emissions, and improving urban air quality.

Scope:

- Construction of 6 EV stations (pilot; target: 37)
- Installation of 348 EV chargers (target: 2,322)
- Provision of 48 EV buses (target: 321)
- Deployment of 150,000 vehicle conversion kits (target: 1 million)

Expected Impact:

- Reduction of 100,000 tons of CO₂ emissions annually
- Creation of 11,000 direct and 45,000 indirect jobs

10. Use of Proceeds

- Economic relief through reduced commuter costs (transport share of household costs reduced from 35% to ~15%)
- Gender/youth focus: 6,000 women and 3,000 youth to benefit directly

Rationale:

- Aligns with Nigeria's NDC (25% of trucks/buses to use CNG by 2030)
- Supports ETP targets for EV deployment by 2050
- Promotes private sector investment in green mobility infrastructure

10.1.3. Project 3: Construction of 3 Earth Dams (Kalgo, Maiyama & Bunza)

Sector: Sustainable Water and Wastewater Management (Water Resources)

Total Budget: ₦9,320,000,000.00

Location: Kalgo, Maiyama & Bunza (Kebbi State)

Implementing Agency: Federal Ministry of Water Resources and Sanitation

Objective: To increase access to potable water and to improve irrigation systems

Component Projects and Impacts:

S/N	Project Title	Sector	Budget (₦)	Objective/Expected Impact
1	Construction of earth dam in Bunza local government area in Kebbi state	Sustainable Water and Wastewater Management (Water Resources)	3,920,000,000.00	To enhance climate resilience through improved water retention and management infrastructure to support agriculture, mitigate floods, and improve access to irrigation and drinking water
2	Construction of earth dam in Maiyama local government area in Kebbi state	Sustainable Water and Wastewater Management (Water Resources)	2,850,000,000.00	
3	Construction of earth dam in Kalgo local government area in Kebbi state	Sustainable Water and Wastewater Management (Water Resources)	2,550,000,000.00	
	Total		9,320,000,000.00	

10.1.4. Project 4: Construction of Dange Earth Dam

Sector: Sustainable Water and Wastewater Management (Water Resources)

Total Budget: ₦6,000,000,000.00

Location: Dange, Sokoto State

Implementing Agency: Federal Ministry of Water Resources and Sanitation

Objective: To increase access to potable water and to improve irrigation systems

Expected Impact: To provide water for irrigation, enhance groundwater recharge, mitigate flood risks, and support community water supply.

10.1.5. Project 3: Rehabilitation of Gboko/Buruku Water Supply Scheme

Sector: Sustainable Water and Wastewater Management (Water Resources)

Total Budget: ₦1,075,000,000.00

Location: Gboko and Buruku LGAs, Benue State

Implementing Agency: Federal Ministry of Water Resources and Sanitation

Objective: To restore and upgrade critical water infrastructure to improve potable water access, reduce disease burden, and build resilience against climate-induced water stress.

Scope:

- Rehabilitation of water works at Ameledu, Mkar, and Buruku
- 17 km raw water pipeline from Katsina-Ala River
- Treatment capacity: 18,000 m³/day
- Upgrade of reservoirs, transmission lines, solar power supply

Expected Impact:

- Improved access to potable water for 506,000 residents
- Annual supply capacity: 6.47 million m³ (vs demand of 9.1 million m³)
- Reduction in waterborne disease incidence
- Strengthened climate resilience in Benue region

10. Use of Proceeds

10.2. Environmental and Social Safeguards

- **PCNGI:** Safeguards assessment of the EV component of the PCNGI will take into account the World Bank performance standards in interrogating the social impacts of the project.
- **Gboko/Buruku:** ESIA completed; FMEnv approval process followed
- **Climate Change mitigation and Adaptation Initiatives:** Recommend rapid ESIA/ESDD where needed to ensure safeguards

9.0 FINDINGS AND OPINION

Section 1: Agosto & Co.'s Opinion on FGN's Sustainability Bond Framework

1.1 Use of Proceeds

- The Federal Government of Nigeria through the Debt Management Office intends to use the proceeds from the Series 3 Green Bond to finance in whole or in part, Eligible Green Project Categories. The eligible project categories identified in the Sustainable Bond Framework which are in tandem with the GBP 2021 include:
 - Renewable Energy
 - Energy Efficiency
 - Clean Transportation
 - Environmentally sustainable management of living natural resources and land use
 - Sustainable water and wastewater management

- The qualifying net proceeds of the Series 3 Green Bonds amounting to ₦47.355 billion will be broadly used by the FGN to support climate change adaptation and mitigation projects, clean energy transportation initiatives, construction of dams and rehabilitation of water supply projects. Based on our assessment, the identified and qualifying projects are well aligned with the eligible Green Project categories as per GBP 2021 as shown in Table 2 below:

Table 2: Allocation of Bond Proceeds to Eligible Green Project Category as per GBP

Eligible and Qualified Green Projects as per GBP Categories	% Allocation of Series 3 Green Bond Net Proceeds
Renewable Energy	4.3%
Energy Efficiency	4.2%
Clean Transportation	34.8%
Environmentally Sustainable Management of Living Natural Resources and Land Use	22.1%
Sustainable Water and Wastewater Management	34.6%
	100%

- Agosto & Co. undertook a review to determine the eligibility of the nominated green project categories enshrined in the Framework and the nominated green projects under the up to ₦50 Billion Series 3 Bond with the net qualifying and eligible projects amounting to ₦47.355 billion in line with the GBP. See Table 5 for the detailed schedule of the eligible net Series 3 Green Bond projects of ₦47.355 billion, showing individual project descriptions, justification, expected potential impact and allocated amounts.

In our opinion, the eligible green project categories and the net Series 3 Green Bond proceeds are consistent with guidelines enshrined in the GBP 2021.

10.0 CONCLUSION & OPINION

Based on the assurance procedures conducted and evidence obtained, Agosto & Co. notes that nothing has come to our attention that causes us to believe that, in all material respects the Federal Republic of Nigeria's Sustainable Bond Framework is not in conformance with the International Capital Market Association's Green Bond Principles 2021. In our view, the Federal Government of Nigeria's net Series 3 Green Bond amounting to ₦47.355 billion and the schedule of associated eligible green projects are both in alignment with the ICMA GBP and also consistent with the Issuer's overarching sustainability strategy.

For Agosto & Co:



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Associate Director
16 June 2025



Oritsejimi Ogbobine
Associate Director & Head, Consulting
16 June 2025



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12. Risk Factors

The Issuer believes that the following factors may affect the Nigerian economy and the Issuer's ability to fulfil its obligations under the Bonds. In addition, factors which are material for the purpose of assessing the market risks associated with the Bonds are also described below. These factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring. The Issuer believes that the factors described below represent the principal risks inherent in investing in the Bonds, but the inability of the Issuer to pay principal, interest or other amounts on or in connection with any Bonds may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Bonds comprise an exhaustive list of the risks inherent in investing in such Bonds, and the Issuer may be unable to pay amounts due on the Bonds for reasons not described below. Prospective investors should also read the detailed information set out elsewhere in this Prospectus prior to making any investment decision.

Risks Related to Nigeria

The Nigerian economy and, in particular, government revenues, are highly dependent on oil production and sales and prices of oil in global markets- Economic Risks

The oil sector plays a central role in Nigeria's economy, accounting for a substantial portion of export earnings. During 2023 and 2024 the oil sector accounted for approximately 4.70% and 4.60% of real gross domestic product ("GDP"), respectively, and 81.23% and 68.87% of export earnings, respectively.

Oil prices are subject to wide fluctuations in response to relatively minor changes in the supply of oil, demand for oil, market uncertainty and a variety of additional factors that are beyond Nigeria's control. These factors include, but are not limited to, political conditions in the Middle East and other oil producing regions, economic and political decisions of the Organisation of the Petroleum Exporting Countries ("OPEC"), of which Nigeria is a member, and other oil producing nations' levels of crude oil production, domestic and foreign supplies of oil (including shale oil production in the United States), consumer demand, environmental conditions, domestic and foreign government regulations, transport costs, the price and availability of alternative fuels and overall economic conditions.

Many countries are actively seeking to develop alternative sources of energy and to reduce their dependence on oil as a source of energy. Any long-term shift away from fossil fuels could adversely affect oil prices and oil demand and the resulting oil revenue of Nigeria.

Nigeria's political, economic and social stability has been adversely affected by political and religious conflicts, terrorism, and social and religious tensions, any or all of which may materially and adversely impact economic conditions and growth in Nigeria- Political Risks

In recent years, Nigeria has experienced considerable unrest, terrorism and political and religious conflicts. Divisions based on geography can be magnified by religious differences, particularly between the North, which has a predominantly Muslim population, and the South, which has a predominantly Christian population. Certain Northern states have adopted Sharia law since the return to civilian rule in 1999. Other than the All Progressives Congress and the People's Democratic Party, many of Nigeria's political parties are based largely upon regional allegiance. These regional affiliations have in the past contributed to, and may continue to contribute to, political and religious tension, which can also lead to social unrest.

Banditry across the North West and North East regions of the country have also resulted in social and economic damage. The destruction of farmlands and a lack of labourers to engage in farming due to security fears have adversely affected agricultural production in the region and have resulted in instances of famine. Additionally, continued security concerns have deterred humanitarian aid and in a number of cases foreign aid workers have been subject to attack.

Despite the recent successes in combating insurgent groups, the risk of insurgents regrouping remains as they have now resorted to sporadic, guerrilla-style attacks. Until the Government is able to address the root of the problems that contribute to this (such as poverty, low level of education, religious intolerance, weak enforcement of law and order and insecurity), insurgent groups are expected to continue to operate, especially in the Northeastern part of Nigeria. So long as they continue to do so, this will continue to create social, religious and political tension, which in turn can negatively impact the economy and fiscal stability, all of which could have a material adverse effect on Nigeria's economy and, therefore, on Nigeria's ability to meet its debt obligations, including those under the Bonds.

12. Risk Factors

Any failure to adequately address actual and perceived risks of corruption may adversely affect Nigeria's economy and its political stability.

Corruption remains a significant issue in Nigeria, and Nigeria is ranked 140 out of 180 in Transparency International's 2024 Corruption Perceptions Index and 131 out of 190 in the World Bank's Doing Business 2020 report.

Nigeria has implemented and is pursuing major initiatives to prevent corruption and unlawful enrichment, and the Government led by President Bola Ahmed Tinubu has been engaged in significant anti-corruption measures, including the removal of fuel subsidies which were reportedly exploited for corruption and the CBN's removal of the fixed exchange rate regime.

The Government also maintains a corruption advisory council and there is currently a proposition to establish a special court to handle corruption cases.

Corruption has many implications for a country, including increasing the risk of political instability, distorting decision-making processes and adversely affecting its international reputation. Failure to address these issues, continued corruption in the public sector and any future allegations of or perceived risk of corruption in Nigeria could have an adverse effect on the political stability of Nigeria and on the economy, including levels of foreign investment, which, in turn, may have a material adverse effect on Nigeria's ability to meet its debt obligations, including those under Bonds issued under the Issuance.

Inability to grow the non oil and gas sectors of its economy may adversely affect Nigeria's economy.

Factors such as deficient infrastructure (including inadequate power supply and transportation systems), limited availability of domestic credit, limited consumer demand, local shortages of skilled managers and workers and unimplemented government policies may constrain further development in non oil sectors and the current rate of growth may decline in future periods. Any inability to continue to grow the non oil sectors of its economy may constrain Nigeria's economic growth, which may in turn result in a material adverse effect on Nigeria's ability to meet its debt obligations, including those under the Bonds. The Nigerian economy and, in particular, government revenues, are highly dependent on oil production and sales and prices of oil in global markets.

Any failure to address Nigeria's significant infrastructure deficiencies could adversely affect Nigeria's economy and growth prospects. Infrastructure risks

Nigeria's public infrastructure is, in many cases, requires improvement and the Government has identified Nigeria's aged and underdeveloped infrastructure as a major impediment to economic growth. Underinvestment has led to the deterioration and absence of basic infrastructure to support and sustain growth and economic development. These shortcomings, particularly with respect to power generation, transmission and distribution, a deteriorating road network, congested ports, obsolete rail infrastructure and aging airports have severely constrained socio-economic development in Nigeria by, among other things, leading to increased production costs and hindering competitiveness of domestic production.

Failure to improve Nigeria's infrastructure, or to realise targeted improvements, could adversely affect Nigeria's economy, competitive ranking and growth prospects, including Nigeria's ability to meet GDP growth targets and its ability to repay its obligations, including those under the Bonds. Further, there is no guarantee that the Government will have sufficient funding to implement the growth plan.

Further depreciation of the Naira against other currencies and the lack of widespread availability of foreign currency could adversely impact the Nigerian economy- Foreign exchange risk

Nigeria's foreign exchange regime has undergone significant structural reforms aimed at enhancing transparency, restoring investor confidence, and improving liquidity in the FX market. Nigeria currently operates a market-driven foreign exchange regime following the CBN's decision to eliminate the fixed exchange rate regime. Under the current framework, the naira is allowed to float, with exchange rates primarily determined at the Nigerian Autonomous Foreign Exchange (NAFEX) window.

While this represent a shift toward a more transparent and efficient FX market, material currency risk remains.

Despite recent stability in the Nigerian FX market, the Issuer remains susceptible to global financial conditions, domestic inflation, foreign portfolio inflows and external reserves. Any further currency fluctuations and/or fluctuations in Nigeria's external reserves may negatively affect the Nigerian economy and therefore Nigeria's ability to meet its debt obligations.

Significant increases in levels of government debt could have a material adverse effect on Nigeria's economy and its ability to service its debt, including the Bonds.

According to the Debt Management Office, as of December 31, 2024, Nigeria's external debt was U.S.\$45.8 billion directly owed by the Federal Government and its parastatals and which was on-lent by the Federal Government to States and the Federal Capital Territory. Further, the Federal Government had U.S.\$45.9 billion of domestic debt outstanding as of December 31, 2024.

12. Risk Factors

Despite relatively low levels of public debt, the fiscal deficit remains large, and the Government plans to continue to raise debt both domestically and externally to fund its reform programmes and to address the current fiscal deficit. Such borrowings when coupled with relatively low revenue and tax base, elevated interest rates on domestic debt, and higher amounts of foreign currency borrowings in Naira terms if there is any further depreciation of the Naira, will increase total debt as a percentage of GDP and also debt service amounts.

As a result, the Federal Government's interest payments to revenue ratio, a key indicator of debt sustainability, is expected to increase beyond the 74% estimated for 2025, according to the IMF. There can be no assurance that the Federal Government's efforts to improve debt sustainability pursuant to its Debt Management Strategy, will be effective.

Increased borrowings, whether domestic or international, including the issuance of debt to fund widening fiscal deficits, infrastructure spending and other requirements or contingent liabilities, could negatively impact Nigeria's debt sustainability analysis and sovereign credit rating and may impair the Issuer's ability to service the Bonds.

Inability to collect certain revenues from ministries, departments and agencies may adversely impact the Government's revenues.

MDAs are obligated by law to remit independent revenue they generate to the Federation Account for onward allocation and distribution. Despite this requirement, the Government has faced significant challenges in collecting full remittances from the MDAs, due in part to systemic inefficiencies and the use of intermediary institutions.

The Government has taken a number of steps to address these challenges, including deploying information technology systems as part of its strategy to install controls to improve the efficiency and transparency of public finances. These include (i) the adoption of the Treasury Single Account, which is designed to centralise balances of MDAs at the Central Bank, which became mandatory in September 2015 (except for the NNPC, which is expected to participate in the near future) and (ii) the introduction of the Government Integrated Financial Management System in 2012 and the Integrated Personnel Payroll Information System in 2007.

While the Government continues to take steps to address these challenges, to the extent that the Federal Government is unable to collect projected independent revenue from the MDAs, the resulting reduction in federally collectible revenue may lead to higher budget deficits, leading to an increased debt burden on Nigeria, which may result in a material adverse effect on its ability to service Bonds issued under the Prospectus.

Sustained periods of high inflation could have a material adverse effect on Nigeria's economy.

In 2023 and 2024 year on year consumer price inflation was 28.92% and 34.80% respectively, according to the CBN. Currency depreciation and increases in some tariffs and administered prices and (particularly fuel and electricity), led to a sharp increase in inflation since 2021. While tighter monetary policies may help contain inflation, there is no guarantee that inflation will not persist at elevated levels or rise again given possible economic shocks, despite the downward trends observed in 2025. Sustained or significant inflation could materially and adversely affect Nigeria's economy and its ability to fulfil debt obligations, including those under the Bonds.

A significant decline in the level of external reserves could adversely impact the Nigerian economy and impair Nigeria's ability to service its debt.

In the short to medium term, the level of foreign exchange reserves depends on the price of crude oil in the international market and the foreign exchange rate. The downside risks of lower crude oil prices and higher cost of imports may put significant pressure on the external reserves, exchange rate and inflation rate.

Given the fluctuations in Nigeria's external reserves, its high dependence on oil exports for foreign currency and its dependence on imports for key goods, such as petroleum products and food, in U.S. dollar terms, the Naira will remain vulnerable to external shocks that could lead to a sharp decline in its value, as has occurred since 2014. Such decline could prompt the CBN to intervene further in the currency markets in an attempt to stabilise the Naira.

Oil production in Nigeria is impacted by militant activities, vandalism and theft disrupting oil supply and transportation.

High levels of disruptions resulting from militant activities, pipeline vandalism and oil theft in the Niger Delta area have resulted in significant fluctuations in oil production in Nigeria. According to the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), average daily production in 2024 was 1.67 million barrels per day ("mbpd"), compared to a budgeted estimate of 1.78 mbpd.

The interruption of production operations and vandalism of oil pipelines and theft of crude oil from pipelines and tank farms has resulted in loss of revenue and may continue to do so. Disruption, or a perceived risk of disruption, by militants may result in higher occurrence of delayed or abandoned oil projects or contribute to slower growth in oil and gas production, all of which could have a negative impact on Nigeria's economy given its reliance on oil.

12. Risk Factors

Risks related to the market generally

Set out below is a description of material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Bonds may never be established or may be illiquid and this would adversely affect the value at which an investor could sell his Bonds

The trading market for the Bonds will be influenced by economic and market conditions in Nigeria. Bonds may have no established trading market when issued, and one may never develop. If a market for the Bonds does develop, it may not be liquid. Therefore, investors may not be able to sell their Bonds easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. If Bonds are traded after their initial issuance, they may trade at a discount to their offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the economic and political condition of Nigeria.

The value of Fixed Rate Bonds may be adversely affected by movements in market interest rates

Investment in Fixed Rate Bonds involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Bonds, this will adversely affect the value of the Fixed Rate Bonds.

Credit ratings assigned to the Issuer or any Bonds may not reflect all the risks associated with an investment in those Bonds.

Ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Bonds. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

13. The Nigerian Economy

Introduction

The Federal Republic of Nigeria is located in the West African sub region of Africa occupying a land area of c.923,773 square kilometers. The country shares land border with the Republic of Niger to the North, the Republic of Chad and the Republic of Cameroon to the East, the Republic of Benin to the West and the Atlantic Ocean to the South. According to the World Bank, Nigeria has an estimated population of 227 million people as at December 2024. Nigeria is the most populous country in Africa and ranks 6th in the world by population size as of 2023 according to the World Bank. The World Bank forecasts that Nigeria’s population is to grow at an average of 2.5% annually, with the total population expected to reach 263 million by 2030. As of 2023, Nigeria has an estimated labour force of 75.72 million people. The average life expectancy of 55 years for males and 57 years for females as of 2022, according to NBS.

According to the NBS, as of 2024, the country has a nominal GDP of approximately ₦269.29 trillion. Nigeria has the tenth (10th) largest proven crude oil reserves in the world (as of 2022 according to OPEC) and consequently relies heavily on oil as its main source of government revenues and foreign exchange earnings. Nigeria is also a significant exporter of cocoa, rubber and cassava, in addition to other significant natural resources.

Following the coronavirus disease (COVID-19) induced slowdown in 2020, Nigeria’s economy has recovered markedly. According to the NBS, post-Covid, the Nigerian economy experienced real GDP growth of 3.40% YoY 2021, 5.32 percentage points ahead of the slowdown of 1.92% YoY reported in 2020. The economic growth recorded in 2021 broadly reflects the strong support of the non-oil sector. In 2022, growth slowed slightly by 30 basis points (bps) to 3.1% YoY and further slowed to 2.74% in 2023.

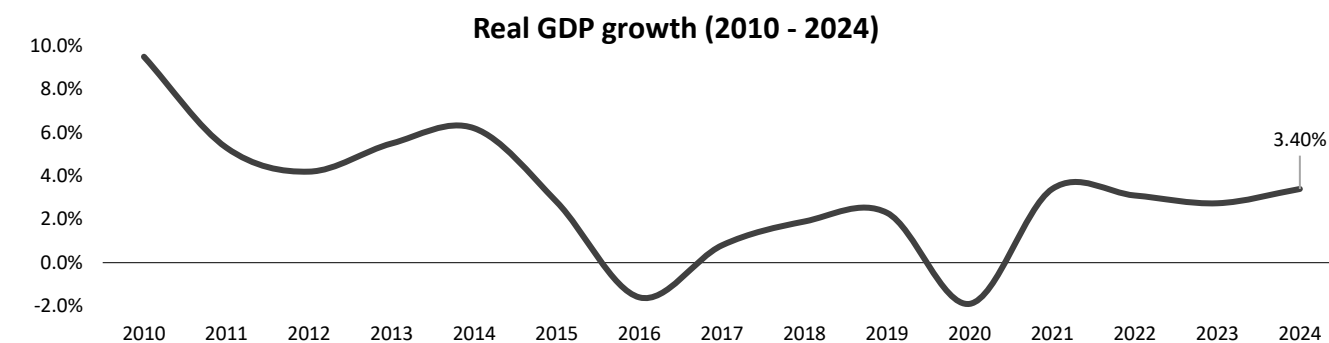
The table below provides a summary of Nigeria’s key economic indicators:

Economic indicators	2017	2018	2019	2020	2021	2022	2023	2024
Nominal GDP (NGN, tn)	114	128	144	152	174	199	230	269.29
Real GDP growth (YoY ¹ , %)	0.82	1.91	2.27	-1.92	3.40	3.10	2.74	3.46%
Population (mn)	193	198	203	208	213	219	223	227
Inflation (YoY average)	16.50	12.10	11.40	13.21	16.98	18.77	24.52	33.13
Exchange rate (USD/NGN), average	305	305	306	356	399	423	645	1,490

Source: Central Bank of Nigeria (CBN), Nigeria Bureau of Statistics (NBS), International Monetary Fund (IMF), World Bank, Bloomberg

1. YoY – Year on Year

Gross Domestic Product (GDP)



Source: NBS

Following the 2008-2009 global financial crises, the economy sustained a strong growth path in the early part of the last decade (2010 – 2014) driven by a booming crude oil price and domestic production of crude oil on which the economy is highly dependent.

Between 2010 and 2014, Nigeria’s real GDP grew at an average rate of 6.10%. Following the oil price collapse in 2014-2016, combined with militant attacks on oil and gas infrastructure in the Niger Delta region, detrimental economic policies, including foreign exchange restrictions, the real GDP growth rate dropped to 2.79% in 2015. In 2016, during its first recession in 25 years, the economy contracted by 1.51%.

13. The Nigerian Economy

Real GDP growth turned positive in 2017 as oil prices recovered and output stabilised. Economic recovery through 2018 and 2019 was supported by growth in oil exports and the positive impact of increased foreign exchange liquidity on the non-oil sector. In addition, growth was buoyed by the development and implementation of the Economic Recovery and Growth Plan (ERGP) which focused on economic diversification, infrastructure development, amongst others, which are expected to drive more robust growth and sustainable near-term growth.

The rapid spread of COVID-19 altered global economic growth for 2020. The pandemic catalysed shutdown across economies with negative feedback effects on global trade and mobility, economic output and oil prices. In response to the collapse in crude oil prices, OPEC members and some non-OPEC nations including Russia, eventually agreed on an oil production cut agreement in April 2020 after a destructive oil price war sent oil prices to multi-year lows. The domestic economy was not immune to the impact of deteriorating global macros and collapse of major commodity prices. The Nigerian economy slid into recession in 2020 as a result of the reduction in both oil and non-oil GDP components, but recovered in 2021, when it grew by 3.4% year on year as stated earlier.

Nigeria's real GDP growth declined to 2.74% YoY in 2023, from 3.10% in 2022, according to the NBS. The slowdown stemmed from a high-interest rate environment driven by inflation, and persistent challenges in the agriculture sector as well as a decline in economic activities due to a cash crunch in Q1 2023, triggered by the CBN's naira redesign policy. The Services sector's growth moderated to 4.18% in 2023, down from 6.66% in 2022. Agriculture sector growth also slowed to 1.13% down from 1.88% in 2022. Conversely, the Industries sector recorded growth, posting a 0.72% YoY, a sharp turnaround from a -4.62% contraction in 2022, largely driven by a rebound in the oil sector. Despite the exit of major international oil firms, Nigeria's oil sector improved, as its contraction moderated to -2.22% compared to -19.22% in 2022, reflecting the impact of government reforms and increasing investments by indigenous oil companies in Nigeria's oil fields. The Non-oil sector's contribution to real GDP increased to 94.60% in 2023, driven by the Services subsector, which accounted for 56.55% of the real GDP in Q4 2023 and 56.18% of GDP in FY 2023, offsetting declines in Agriculture and Industries, which contributed 25.18% and 18.65% to real GDP in FY 2023 respectively.

Nigeria's economy grew by 2.98% YoY in Q1-24 in real terms. This marked an improvement from the 2.31% YoY growth recorded in Q1-23, but a slowdown compared to the 3.46% YoY growth observed in Q4-23. The GDP performance in Q1 2024 was primarily driven by the Services sector, which recorded a growth of 4.32% and contributed 58.04% to the overall GDP. According to the NBS, Nigeria's economy grew by 3.19% YoY in Q2-24 in real terms. This marks an improvement from the 2.51% YoY growth recorded in Q2-23, and the 2.98% YoY growth reported in Q1-24.

The non-oil sector continues to be the main driver of economic growth, contributing c.94%. Interestingly, the oil sector further strengthened and recorded YoY growth for the third consecutive period, with a 10.15% YoY increase in Q2-24, higher than the 5.70% YoY growth recorded in Q1-24.

The services sector recorded a growth rate of 3.79% YoY and contributed 58.76% to the GDP. The increase in economic output was driven by several sectors: finance and insurance (47.48%), information and communication (27.17%), mining and quarrying (13.61%), agriculture (10.15%), and manufacturing (3.45%).

According to the NBS, the Nigerian economy grew by 3.46% YoY in Q3-24 in real terms. This marked an improvement from the 2.54% YoY growth recorded in Q3-23, and the 3.19% YoY growth reported in Q2-24. The non-oil sector was the main driver of economic growth, contributing c.94% to the GDP expansion. Notably, the oil sector's growth declined to 5.17% YoY compared with the 10.15% YoY growth recorded in Q2-24. The sector contributed 5.57% to the Q3-24 GDP, lower than the contribution of 5.70% in Q2-24.

The services sector continued to be the main driver of the GDP growth as it grew by 5.19% YoY and contributed 53.58%, although lower than the 58.76% contribution in Q2-24. The increase in economic output was driven by several sub-sectors: finance and insurance (38.79%), information and communication (27.32%), mining and quarrying (5.31%), agriculture (9.67%), and manufacturing (2.25%).

Nigeria's GDP grew by 3.84% YoY in real terms in Q4-2024, according to the NBS. This growth rate was higher than the 3.46% recorded in the Q4-2023 and Q3-2024. The performance of the GDP in Q4-2024 was mainly driven by the Services sector, which recorded a growth of 5.37% and contributed 57.38% to the aggregate GDP.

Overall, annual GDP growth in 2024 stood at 3.40%, an increase from 2.74% in 2023.

The outlook for real GDP is expected to be positive in the long term, particularly following the removal of fuel subsidy. Nigeria has spent an estimated cumulative total of N6.4 trillion on subsidies from 2020 to 2022. According to the World Bank, with the removal of the subsidy, the government was projected to achieve fiscal savings of approximately 2 trillion naira in 2023, which is equivalent to 0.9% of GDP. These savings are expected to increase over time and reach over 11 trillion naira by the end of 2025.

13. The Nigerian Economy

Inflation

Inflation is calculated using the Consumer Price Index (CPI). The CPI measures the average change over time in prices of goods and services consumed by people day-to-day. For the past few years, the year-on-year headline inflation in December 2017, 2018, 2019, 2020, 2021, 2022 and 2023 were 15.37%, 11.44%, 11.98%, 15.75%, 15.63%, 21.34% and 28.92% respectively based on the data released by NBS. The inflation figure released by NBS in December 2024 recorded a 34.80% year-on-year change, 0.20% points rise from November 2024 figure. Food inflation eased to 39.84% in December, from 39.93% the month before. On a monthly basis, the CPI index rose by 2.44% in December, slowing from a 2.64% surge in November.

In January 2025, the CPI report released by the National Bureau of Statistics showed that headline inflation stood at 24.48% YoY, food inflation at 26.08% YoY and core inflation at 22.59% YoY following the rebasing by the NBS. The rebased CPI also showed headline inflation rate of 10.68% in January 2025 relative to the base year index value of 100.00 in December 2024. Similarly, food and core inflation rates stood at 10.33% and 10.87% respectively in January 2025, relative to the base year index value of 100.00 apiece in December 2024.

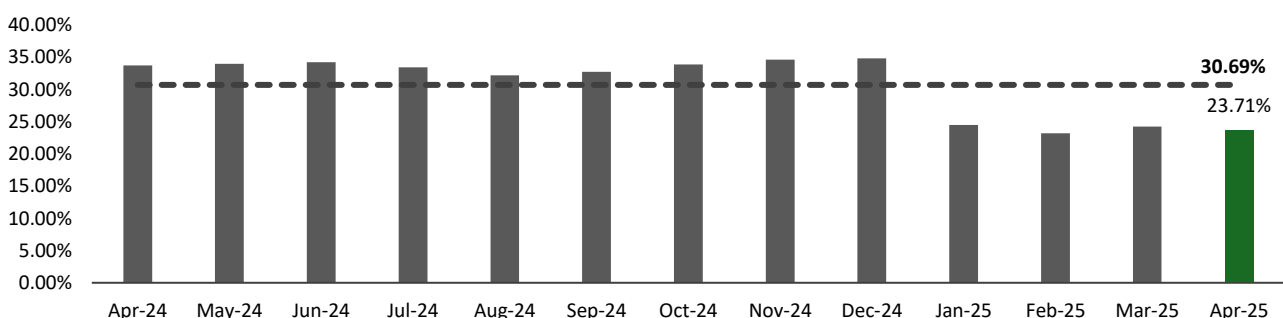
The CPI rebasing comes at a time when there has been a significant change in the consumption pattern in Nigeria. CPI Rebasing entails bringing the weight and price reference periods closer to the current period to reflect the current consumption pattern.

The number of items in the basket has increased from 740 to 934 product varieties. This was done to reflect new consumption patterns that more accurately reflect inflation. Furthermore, previously, the classification of product varieties consisted of 12 divisions, but the newly rebased data consists of 13 divisions. In addition, data collection was previously done manually, but the process is now digitalized to ensure accurate and seamless data collection. The price reference period has also been changed from 2009 to 2024 to reflect the significant changes in the Nigerian economy such as the removal of fuel subsidy and the devaluation of the USD/NGN, which had an impact on the consumption patterns of Nigerians.

In February 2025 headline inflation dropped to 23.18% YoY from 24.50% YoY in January. The decline in headline inflation was primarily driven by a slowdown in the rate of increase in food prices, as food inflation dropped to 23.51% YoY from 26.08% YoY in January. Meanwhile, the core index increased by 23.01% YoY in February, up from 22.59% YoY the previous month. On a Month-on-month basis, headline inflation rose by 2.04%, with the core index increasing by 2.52% month-on-month and the food index increasing by 1.67% month-on-month.

According to the NBS March 2025 inflation report, the headline Consumer Price Index (“CPI”) increased to 24.23% y-o-y, up from 23.18% yoy in February 2025. The uptick in headline inflation was largely driven by a rise in core inflation, even as food inflation moderated. Specifically, food inflation eased to 21.79% yoy in March from 23.51% yoy in February, reflecting a slowdown in the rate of increase in food prices. In contrast, the core inflation accelerated to 24.43% yoy, up from 23.01% yoy in February 2025, indicating mounting price pressures in non-food categories.

Trend in Headline Inflation vs 1yr Average



Source: NBS

In April 2025, Inflation moderated to 23.71% yoy 24.23% yoy in March, signalling a return to the disinflationary trend observed earlier in the year. Following the CPI rebasing, headline inflation declined in February before increasing in March. The April moderation was driven by a slowdown in both food and core inflation. Food inflation declined to 21.26% yoy from 21.79% yoy in March 2025, indicating a continued moderation in food prices. Similarly, core inflation declined to 23.39% yoy, down from 24.43% yoy in the prior month, reflecting some easing of price pressures in non-food categories. On a month-on-month (mom) basis, the CPI rose by 1.86% in April, a decline compared to 3.90% in March, with the core and food inflation rates printing at 1.34% mom and 2.06% mom respectively, down from their March levels of 3.73% and 2.18%.

13. The Nigerian Economy

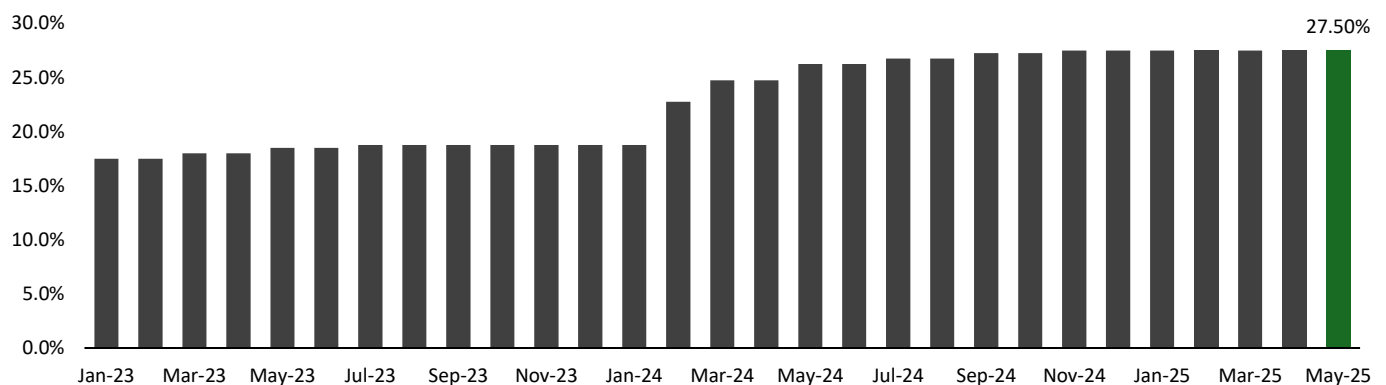
Interest Rates

In line with the trends in the global monetary policy scene where most countries are increasingly embracing monetary tightening, Nigeria's monetary policy committee also changed its monetary policy rate (MPR). In July 2023, the CBN Monetary Policy Committee (MPC) raised the MPR by 25bps to 18.75% from 18.50% to curb inflation.

The CBN noted that high inflation, weakening growth prospects worldwide, and disruptions in the global supply chain resulting from the war between Russia and Ukraine formed part of the considerations for the rate hike. In 2024 there have been three consecutive rate hikes. The first hike occurred in February 2024, when the MPC raised the MPR by 400bps to 22.75%. Then in March 2024, there was a 200bps rate hike as MPR was increased to 24.75%. In May 2024, there was another 150bps rate hike moving MPR to 26.25%. The recent hawkish monetary policy regime has been driven by a desire to tame inflationary pressures and achieve price stability.

The rise in inflation, coupled with naira depreciation, formed part of the considerations for the MPC's decision.

Nigeria's Monetary Policy Rates (%)



Source: CBN

In addition, the CBN also adopts other non-conventional monetary policy tactics to achieve its objectives. For one, the CBN uses Open Market Operations (OMO) for liquidity management. This is done by auctioning OMO bills to banks and foreign portfolio investors. In addition, the CBN has also managed the liquidity in the system through the use of the Cash Reserve Ratio (CRR). In May 2024, the Commercial banks' CRR and the liquidity ratio were retained at 45% and 30%, respectively, while the asymmetric corridor was adjusted to +100/-300 basis points around the MPR.

In July 2024, there was a 50bps rate hike moving MPR to 26.75% while the asymmetric corridor was adjusted to +500/-100 basis points around the MPR as the CBN continues to mop up liquidity to battle high levels of inflation in Nigeria.

In August 2024, the CBN released a circular on the operationalisation of the Standing Deposit Facility (SDF) asymmetric corridor of the MPR. In the circular, the CBN reiterated the SDF rate, which was increased to 25.75% at the MPC meeting in July from 23.75% in May 2024. This means that funds placed with the CBN by the banks will attract 25.75% interest rate p.a. The revised operationalization approach of the CBN is that for commercial banks, there is now a cap of ₦3billion for deposits that will earn 25.75% p.a. while deposit above the initial ₦3bn will earn a lower interest rate of 19.00% p.a. The same rates apply to merchant banks except that the initial deposit is ₦1.5billion.

In another circular in August 2024, the CBN lifted the suspension of the Standing Lending Facility (SLF), allowing banks to access the SLF at 31.75% p.a. – the latest rate post the increase from 27.75% at the July MPC meeting. Banks are now also permitted to access the intraday lending facility (ILF), at no cost if repaid the same day, to avoid a gridlock to the system. Banks that fail to repay their ILF will be charged 36.75% equivalent to SLF + 5%.

The CBN unanimously decided to further increase its benchmark interest rate by 50 bps to a new record high of 27.25% on September 2024, marking the fifth consecutive hike in 2024. The decision aimed at quelling inflation, supporting the naira and attracting investments.

On November 26, 2024, Nigeria's central bank raised its benchmark lending rate by 25 basis points to a new record high of 27.50% marking the sixth consecutive hike in 2024. The decision was intended to tackle inflation and protect the naira in anticipation of a surge in dollar demand in December 2024.

Since November 2024, the CBN has maintained the Monetary Policy Rate (MPR) at 27.50% up until May 2025. The decision to hold rates reflects a data-driven approach by the Monetary Policy Committee (MPC), particularly in light of recently rebased inflation data.

13. The Nigerian Economy

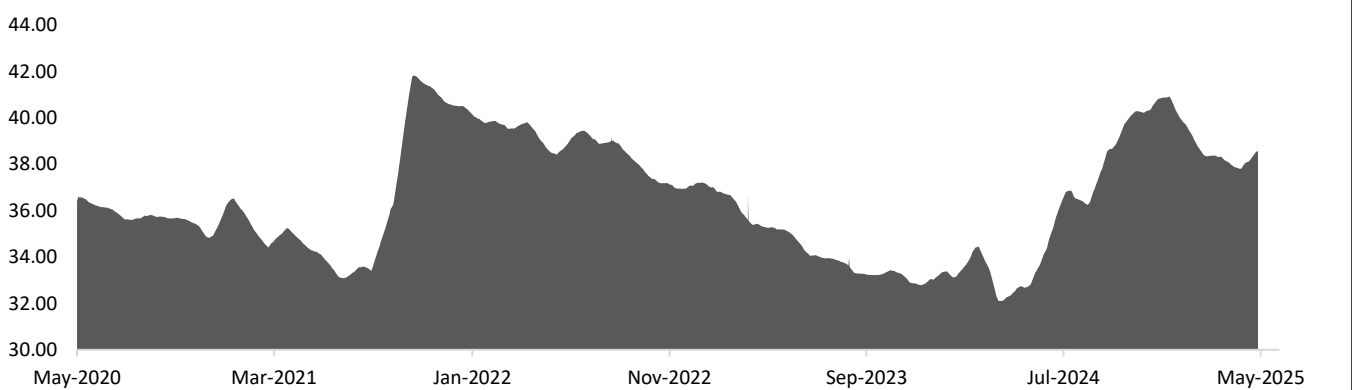
Currency Reserve

At the end of 2023, gross foreign currency reserves stood at US\$32.91 billion. Despite the bullish run in oil prices, driven by the Russian-Ukraine war which pushed oil prices to rise to a 13-year high of \$130 in 2022, low oil production limited the impact of rising oil prices on external reserves. Additionally, the Federal Government's successful issuance of a US\$4.00 billion Eurobond in September 2021 and US\$1.25 billion in March 2022 further affected foreign reserves due to increased debt-service payments.

Nigeria's gross foreign reserves stood at US\$36.64 billion as of September 9, 2024, reflecting an 11% increase year-to-date. This growth was largely driven by an uptick in oil production at the start of the year, following government efforts to reduce pipeline vandalism and improve security in oil-producing regions. In Q1-24 average daily oil production stood at 1.57 million barrels per day (mbpd), slightly higher than the Q4-23 average of 1.55mbpd, according to the NBS. However, oil production slowed to 1.47 mbpd in Q2-24, compared to the Q1-24. Nonetheless, it is worth noting that average daily oil production in Q2-24 was higher than the 1.22mbpd produced in Q2-23.

Nigeria's foreign reserves stood at US\$40.88 billion at the end of 2024, reaching a nearly two-year high of US\$40.92 billion on January 6, 2025, driven by the CBN's policies to boost foreign currency inflows through formal channels. However, following the high, the nation's dollar reserves declined by US\$2.5 billion to US\$38.38 billion, as the central bank intervened to support the Naira.

Trend in Foreign Reserves (US\$ Billion)



Source: CBN

Foreign Exchange

In 2020, Nigeria's foreign exchange market came under pressure as a result of the twin shocks of weaker oil prices and a decline in foreign portfolio inflows, both linked to the COVID-19 health pandemic. Against this backdrop, the Naira weakened across all segments of the foreign exchange market. Notably, the CBN adjusted its official USD/NGN peg by 19% to ₦379/US\$ in August 2020 from ₦307/US\$ in 2019. By May 2021, the CBN adopted the I&E exchange rate as the official exchange rate, signalling to the market that they had achieved convergence of the exchange rate. The exchange rate initially ranged between ₦410/US\$ and ₦415/US\$ since this convergence, however, between July 29, 2022, and January 06, 2023, the Naira fell by 7.78% against the dollar to close at ₦450 against ₦416 within the 6-month period.

Following the CBN announcement to suspend the sale of FX to BDCs, at the time recorded at US\$110 million weekly, the demand for FX pushed the parallel market rate to ₦570/US\$ by September 2021. The CBN, at its September MPC meeting, accused the major parallel exchange rate publishing website of manipulating the market. This resulted in a halt in publishing the parallel exchange rate. Besides these developments, the FX market still lacked liquidity and demand continued to approach the parallel market, putting further pressure on the parallel market exchange rate. The exchange rate continued to depreciate and in August 2022 hit a high of ₦710/US\$ in the parallel market amidst low supply and the downward trend in the external reserves.

On October 26, 2022, the CBN announced a redesign of all major Naira Bonds and a plan to begin circulation of the newly designed ₦200, ₦500 and ₦1000 Bonds before the year's end. The redesign was introduced to address the persistent levels of currency fraud in the country, curb the continuous growth of the kidnapping and ransom industry, aid in lowering the rapid increase in the rate of inflation and control the amount of cash in circulation.

Following this announcement, the USD/NGN parallel market rate embarked on a rapid rise within the span of less than two weeks, as the Naira peaked at ₦900/US\$1 on November 5, 2022 from ₦762/US\$1 on the day of the announcement. The significant devaluation of the Naira in the parallel market was thought to be caused by holders of illicit funds jostling to

13. The Nigerian Economy

convert large cash reserves held outside the Banks to dollars, further driving up the exchange rate. Subsequent to this, the Naira would appreciate by ₦220 to the Dollar in the parallel market in just six days, owing to eased demand and increased inflows of forex in the market, to close at ₦680/US\$1 on November 11, 2022.

In line with campaign, promises to create a transparent and unified foreign exchange rate system, the new administration and CBN management in June 2023 adopted a clean float foreign exchange management approach.

This involved collapsing the multiple exchange rate windows into the business-based Investors and Exporters (I&E) window, allowing the value of the naira to be determined by market forces with the aim to unlock the country's investment potential, stimulate job creation, and restore foreign investor confidence. Furthermore, the CBN announced that all references to the I&E FX window would be replaced with the Nigerian Autonomous Foreign Exchange Market (NAFEM) to unify the terminology used to describe the FX market. This is expected to create a more transparent and consistent environment for market participants. The unification of the FX rates resulted in naira depreciation, recording its lowest levels of ₦1571/\$1 and ₦1,900/\$1 in the official and parallel window in February 2 2024.

In April, the Naira experienced a remarkable surge, with an impressive 45% gain driven by a series of strategic forex and monetary policies. The CBN Governor emphasized that this naira appreciation has coincided with a resurgence in the FX market's activities, with turnover levels reaching heights unseen in over seven years. This infusion of liquidity has instilled confidence among investors, businesses, and partners, facilitating smoother transactions within Nigeria's FX markets.

As at September 27, 2024, the trading range for the USD/NGN pair shifted upward, however, the naira ended the week relatively flat, appreciating by 5bps wov to N1,540.78/US\$ at the NAFEM window. This appreciation was attributed to the Central Bank's intervention on three out of the five trading sessions, selling in tranches of US\$1.00mn to US\$5.00mn to banks, totalling approximately US\$152.00mn within the range of N1,530 – N1,580. As a result, the average turnover at the window increased by 30.8% wov to US\$248.30mn.

In December 2024 the CBN introduced revised guidelines to enhance price discovery, consolidate FX windows and centralize pricing through the launch of the Electronic Foreign Exchange Matching System (EFEMS). Authorised Dealers now handle compliance, transparent pricing, and digital transactions, while BDCs can buy FX within monthly caps. Real-time reporting, mandatory interbank EFEMS trading, and adherence to the Nigerian FX Code are now required. The updated framework focuses on trade-backed transactions with strict documentation and improves transparency by publishing reliable market data.

At the end of the year the Naira traded within the range of N1,505- N1,557 per US dollar but appreciated by 0.02% to close at N1,538.25/US\$, according to FMDQ's official FX closing rate.

As at the 5th of June 2025, the Naira traded within the range of N1,500/US\$ - N1,570/US\$ and appreciated by 0.79% to close at N1,553.12/US\$, according to CBN. Furthermore, the gross external reserves decreased by 0.08% to US\$38.33bn as of 4th June 2025.

Public Debt

According to the DMO, Nigeria's total public debt was \$91.46 billion equivalent (₦121.67 trillion or 51% of GDP) as of March 31, 2024. Of the public debt outstanding, the external component amounted to \$42.11 billion, an increase from \$41.69 billion while the domestic component stood at ₦65.65 trillion (\$49.35 billion equivalent) as of March 2024.

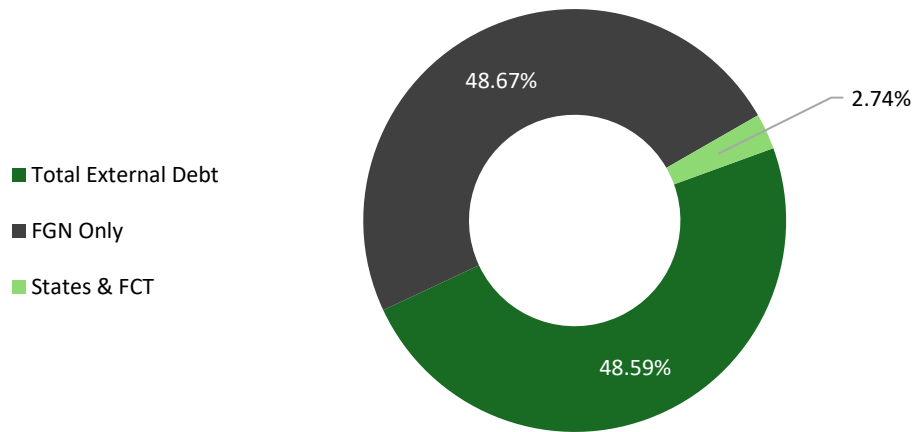
The 2020-2023 debt management strategy targeted a 70:30 domestic-to-external debt mix to minimise servicing costs while mitigating FX risk. However, in June 2023, the sharp increase in external borrowings altered the debt mix to 62:38 (domestic-to-external). Domestic debt also grew significantly, reaching ₦59.12 trillion (\$65.73 billion equivalent) in December 2023 compared to ₦27.54 trillion (\$61.4 billion equivalent) in December 2022. The DMO attributed this increase in domestic debt partly to the inclusion of the ₦22.7 trillion CBN ways and means advances.

The DMO's medium-term borrowing strategy (2020-2023) also aimed to shift the domestic debt structure towards a 75:25 mix of long-term to short-term debt, from an actual 62:38 composition as of H1 2023, in an effort to reduce debt servicing costs and rollover risk.

As of December 31, 2024, Nigeria's total public debt stood at \$94.23 billion equivalent (₦144.67 trillion) according to the DMO. The external debt component increased from \$43.03 billion in September 2024, to \$45.78 billion in December 2024 while domestic debt increased marginally from ₦73.43 trillion to ₦74.38 trillion over the same period.

13. The Nigerian Economy

Public Debt Profile as of December 2024



Source: Debt Management Office

The Government's public debt profile since early 2013 has been marked by a shift from predominantly domestic debt to predominantly external debt. The table below sets forth certain information regarding the Federal Government's total public debt as of the dates indicated:

Type	As of December 31 (₦' billions) ³							
	2017	2018	2019	2020	2021	2022	2023	2024
External Debt	2,111.53	3,478.91	9,022.42	12,705.62	15,855.23	18,702.25	38,219.85	70,287.53
Domestic Debt	8,836.99	11,058.20	18,378.96	20,209.90	23,700.80	27,548.12	59,120.86	74,377.92
Total	10,948.52	14,537.11	27,401.38	32,915.51	39,556.03	46,250.37	97,340.71	144,665.45

The table below provides information regarding the Federal Government of Nigeria's debt service figures for the periods indicated:

Type	For the year ended December 31 (₦' millions) ⁴						
	2018	2019	2020	2021	2022	2023	2024
External Debt	451,916.14	1,333,537.10	1,556,211.63	872,262.10	1,078,972.45	943,173.45	7,163,261.07
Domestic Debt	1,797,900.62	1,686,027.31	1,854,690.62	2,054,441.53	2,560,776.47	4,381,207.36	5,869,905.48
Total	2,249,816.76	3,019,564.41	3,410,903.25	2,926,703.63	3,639,748.91	5,324,380.81	13,033,166.55

Domestic Debt

Nigeria's strategy with respect to its domestic debt portfolio is to lengthen its maturity structure, to broaden and deepen the domestic bond market through the introduction of a variety of government securities, to use technology to aid the effective and efficient issuance and trading of domestic bonds and to improve the regulatory framework for effective operation of the bond market. Accordingly, in line with efforts to broaden the FGN's securities basket, the DMO launched a number of offers namely, the FGN Savings Bond, Domestic FGN US Dollar Bond, the FGN Diaspora Bond (under the category of external debt), the FGN Sukuk, the FGN Green Bond and Promissory Bonds.

Green Bond

Following the success of the first issuance, the FGN issued its second Sovereign Green Bond up to the tune of N15 billion in the second quarter of 2019 (June 13, 2019), the bond was oversubscribed and the proceed from the issuance is currently funding twenty-three (23) eligible projects cutting across 5 (five) NDC sectors selected from the 2018 FGN's Appropriation Budget through the Inter-ministerial Committee on Climate Change (ICCC) and evaluated by the Green Bond Program Technical Advisory Team (GBPTAT) using the Nigeria Green Bond Project Evaluation and Selection Criteria.

Composition

Domestic debt consists primarily of:

- Treasury Bills, typically with a tenor of one year or less: 91, 182 and 364 day Nigerian Treasury Bills;
- FGN Bonds, which are currently issued in tenors of 5, 7, 10 and 20 years, and treasury bonds, which are legacy debt instruments with tenor range of between 13 years and 23 years (new securities under this category are no longer issued);

³ Conversion from Naira to U.S. dollar was at Official Rate/inter-bank exchange rate (as applicable) as of period end. Source: DMO

⁴ Conversion from Naira to U.S. dollar was at Official Rate/inter-bank exchange rate (as applicable) as of period end

13. The Nigerian Economy

- FGN Savings Bonds, which are currently issued in tenors of 2 and 3 years on monthly basis;
- FGN Sukuk I, II & III issued at an initial maturity of 7 years while FGN Sukuk IV, V and VI issued at an initial maturity of 10 years, and FGN Sukuk VII issued at initial maturity of 7 years;
- FGN Green Bond Series I & II issued at a maturity of 5 years and 7 years, respectively; and
- Promissory Bonds of 1-, 2- and 3-year tenor

Short-term debt comprises of debt with maturities of 365 days and below. Medium-term debt is defined as debt having a remaining maturity greater than one year and less than or equal to three years. Long-term debt is defined as debt having a remaining maturity greater than three years. The table below sets out information regarding the composition of FGN's domestic debt by instrument, as of the dates indicated:

Instruments	For the year ended December 31 (₦' billions)							
	2017	2018	2019	2020	2021	2022	2023	2024
FGN Bonds	8,715.8	9,334.74	10,524.16	11,830.26	13,963.21	16,421.56	44,260.22	55,436.13
Nigeria Treasury Bills	3,579.8	2,735.97	2,651.51	2,720.44	3,786.13	4,422.72	6,522.00	12,351.12
Nigeria Treasury Bonds	176.0	150.99	125.99	100.99	75.99	50.99	-	-
FGN Savings Bond	7.2	10.75	12.67	12.29	16.42	27.51	39.18	72.87
FGN Sukuk	100.0	200.0	200.0	362.56	612.56	742.56	1,092.56	1,392.56
FGN Green Bond	10.7	10.69	25.69	25.69	25.69	15.00	15.00	15.00
Promissory Bonds	-	331.27	732.62	971.66	762.54	530.03	1,329.06	1,542.19
Total	12,589.5	12,774.4	14,272.64	16,023.89	19,242.56	22,210.36	53,258.01	57,066.19

Source: DMO

The FGN Bond market has continued to grow substantially in recent years, from ₦3,541.2 billion in 2011 to ₦55.52 trillion in March 2024. FGN Bonds are generally long-dated, and the relative size of the Bonds compared to other types of government securities relates to the Government's strategy to extend the maturity profile of its domestic debt to a 75:25 ratio of long-term to short-term instruments (with medium-term debt counted with long-term debt).

Capital Markets

The Nigerian capital markets, which comprise equity and debt markets, are essential in providing businesses with access to funding.

Equity Market

The equities market witnessed a boom with two large equity listings in 2019. Nigeria's largest telecommunications company, MTN Nigeria Communications Plc, was listed by introduction in May 2019. Airtel Africa Plc followed in July 2019 with an Initial Public Offering ("IPO") and a secondary listing on the NGX. Both listings have boosted equity market capitalization, which was up 10.3% in 2019.

Investor sentiments in the equity market were bullish in 2020, as a result of increased allocation to risk assets by local investors due to low yields in the fixed income market. The NGX All-Share Index appreciated by 50.0% in 2020, the best annual performance of the index since 2007. While the equities market ended the year at 6.1% in 2021, the Nigerian stock market ended the year 2022 on an impressive note, as investors increased their buying pressure, especially on blue-chip stocks. Despite the rising inflation and interest rate hikes, the equities market finished the year 2022 on a bullish run as the NGX All-Share Index appreciated by 19.98% to close the final trading day of the year on 30 December 2022 with 51,251.06 index points.

Sentiment for Nigerian equities improved significantly in 2023 following the pro-market FX reforms by the CBN and the removal of fuel subsidy. Despite Macroeconomic headwinds in the country, the NGX closed on a positive note recording an impressive 45.9% gain as the All-Share Index hit an all-time high of 74,773.77 points. Furthermore, market capitalisation grew by 46.7% from ₦28.02 trillion in 2022 to ₦41.09 trillion by year-end of 2023. Consumer goods, Industrial and financial services sectors were some of the best-performing sectors in the market. In particular, the banking sector experienced significant rallies on the back of gains linked to the devaluation of the exchange rate. Nigeria's valuation remains attractive relative to peer countries both on forward price-to-equity ("P/E") and dividend yield perspective, a factor that can continue to catalyse the market going forward.

In March 2024, the Central Bank of Nigeria (CBN) announced an upward review of the minimum capital requirements for Commercial Banks to ₦500 billion, ₦200 billion, and ₦50 billion for Commercial Banks with International, National, and Regional licenses, respectively. Likewise, the CBN also raised the minimum capital for Merchant banks to ₦50 billion and Non-Interest Banks to ₦20 billion and ₦10 billion for National and Regional licenses, respectively. This strategic move aims to enhance the resilience of the banking sector and bolster its ability to finance productive economic activities.

The announcement also specifies that the definition of minimum capital will now solely encompass paid-up capital and share premium, thereby excluding the substantial retained earnings reserves and other forms of capital within the industry. All

13. The Nigerian Economy

banks are required to meet the minimum capital requirement by March 31, 2026, and may consider any of the following options:

1. Inject fresh equity capital through private placements, rights issue and/or offer for subscription;
2. Mergers and Acquisitions (M&As); and/or
3. Upgrade or downgrade of license authorisation.

The Nigerian stock market continued its upward trajectory into 2024, closing the year with a 37.65% return as the All-Share Index reached a new all-time high of 102,926.40 points. The market capitalization surged beyond ₦56 trillion by December 2024. This was driven by increased foreign capital inflows, the listing of new companies such as Aradel Holdings Plc, and investor confidence in the banking recapitalization efforts in 2024.

Fixed Income Market

Similarly to the equity market, sentiments in the fixed income market turned bullish in 2019, as the S&P FMDQ Nigerian Bond Index returned 34.79%, driven by the interest rate cut by the CBN in March (50bps to 13.50%) and the unexpected change in the structure of the fixed income market, particularly the decision by the CBN to restrict non-bank local investors from the market for OMO. The Nigerian local currency bond market continued to outperform peers in 2020, aided by the liquidity glut in the money market and dovish monetary policy of the CBN indicated by a cumulative 200bps reduction in interest rate. Despite record bond issuance by the DMO to fund the widening budget deficit, Nigerian Bonds delivered outstanding returns in 2020, due to the dovish tilt of the CBN. The CBN trimmed its benchmark MPR twice by 100bps each, to 11.50%. Its balance sheet policy has also been dovish, with issuances of OMO bills by the CBN tracking at an 8-year low. The S&P FMDQ Nigerian Bond Index returned 39.3% in 2020, as yields on benchmark Bonds compressed by an average of 506bps to 6.24%.

The fixed income market in Nigeria turned out bearish in 2021. Specifically, average yields rose to 11.78% with most of the market appreciation stemming from the repricing of yields by the CBN in the second half of 2021 to attract foreign investors to the market. In 2022, the Central Bank of Nigeria (CBN) altered its approach in May 2022, shifting from a dovish stance to a series of rate hikes totalling 500 basis points (bps) throughout the year. The CBN raised rates on its intervention loans and implemented significant ad hoc Cash Reserve Ratio (CRR) debits. The overall result of the CBN's shift to a tighter monetary stance was a 123 bps increase in average rates along the Naira yield curve by the end of 2022.

At the start of 2023, NTB yields and short-dated rates buckled by 89bps in Q1-23 under the weight of a liquidity surfeit across Nigeria's financial system. This liquidity surplus was driven by a combination of factors, including government coupon payments (FGN), increased FAAC inflows, and funds from the ongoing de-monetization program. Furthermore, in H1-23, three significant factors—persistent inflationary pressure, a narrower maturity profile, and the expectation of higher domestic debt issuances—caused yields to move upwards. The fixed income market began to see a semblance of orthodoxy with a reintroduction of OMO auctions first in August (N150 billion) and subsequently in October (N400 billion). In an effort to enhance the transmission mechanism of the key policy rate, the Central Bank of Nigeria removed the daily deposit cap at the Standing Deposit Facility (SDF) while reinstating the SDF as a floor for T-bill rates.

At the first OMO auction of the year, held on January 10, 2024, the effective yields for the 3-month, 6-month, and 1-year tenors were 10.50%, 14.00%, and 17.75%, respectively.

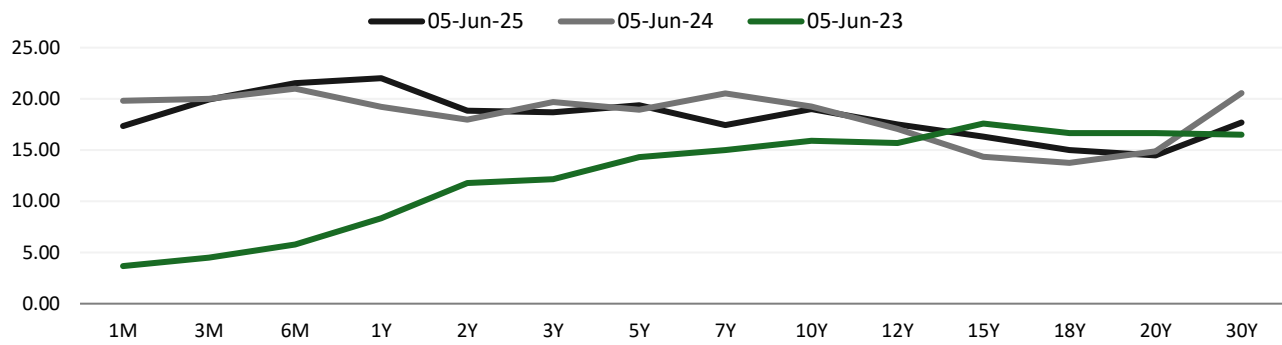
The Monetary Policy Committee's (MPC) interest rate hikes in 2024 had significant implications for the economy. Consumers experienced the pass-through effects as commercial banks adjusted their lending rates in response to the increase in the Monetary Policy Rate (MPR). Notably, consumer lending rates rose by up to 400 basis points (bps) in Q1 2024, while mortgage rates followed a similar trend, increasing by 275 bps over the year.

In September 2024, the Federal Government of Nigeria issued its inaugural domestic dollar bond, raising US\$900 million—a landmark development in the country's financial markets.

The fixed income and money markets maintained a bearish trend in 2024 as yields repriced higher, particularly at the short end of the yield curve, in response to the MPC's rate hikes. Consequently, the yield curve shifted upwards, with average rates increasing by 603 bps to 19.90% by the end of 2024, compared to 13.87% at the end of 2023.

13. The Nigerian Economy

Yield Curve (%)



Source: FMDQ

In March 2024, the Central Bank of Nigeria (CBN) announced an upward review of the minimum capital requirements for Commercial Banks to ₦500bn, ₦200bn, and ₦50bn for Commercial Banks with international, national, and regional licenses, respectively. Likewise, the CBN also raised the minimum capital for Merchant banks to ₦50bn and Non-Interest Banks to ₦20bn and ₦10bn for National and Regional licenses, respectively. This strategic move aims to enhance the resilience of the banking sector and bolster its ability to finance productive economic activities.

The announcement also specifies that the definition of minimum capital will henceforth, solely encompass paid-up capital and share premium, thereby excluding the substantial retained earnings reserves and other forms of capital within the industry. All banks are required to meet the minimum capital requirement by March 31, 2026, and may consider any of the following options:

1. Inject fresh equity capital through private placements, rights issue and/or offer for subscription;
2. Mergers and Acquisitions (M&As); and/or
3. Upgrade or downgrade of license authorisation.

The recapitalization by banks, sovereign US\$ denominated issuances alongside the expected capital raising efforts of FMCG and other companies impacted by Foreign Exchange (FX) losses, are poised to trigger an increase in capital market activities throughout 2024 and 2025.

14. Subscription Form

To:
Director-General,
Debt Management Office,
Abuja.



**DEBT MANAGEMENT OFFICE
NIGERIA**

SUBSCRIPTION FORM FOR THE FEDERAL GOVERNMENT OF NIGERIA GREEN BOND

Applications must be made in accordance with the instructions set out on the back of this application form. Care must be taken to follow these instructions as applications that do not comply with the instructions may be rejected. If you are in any doubt, please consult your Financial or Legal Adviser for guidance.

In response to the advertisement in both print and electronic media, I/We hereby offer my/our subscription for FGN Green Bond

A	Guide to Application	Date: <table border="1"> <tr> <td>D</td><td>D</td><td>M</td><td>M</td><td>Y</td><td>Y</td><td>Y</td><td>Y</td> </tr> </table>	D	D	M	M	Y	Y	Y	Y	Coupon Band 18.75% - 19.25%	E-allotment Details – Depository A/C S/4 <input type="checkbox"/> CSCS <input type="checkbox"/> <i>Please tick</i> <input checked="" type="checkbox"/>
	D	D	M	M	Y	Y	Y	Y				
Minimum Value: ₦ 10,000,000.00 Multiples therefore: ₦ 1,000,000.00	Value of Green Bonds Applied For ₦	<input type="text"/> BID RATE	<input type="text"/> E-allotment Preference: Investors with no A/C will be deposited with CSCS									
B	Amount in Words:											

1. Individual Applicants (to be completed in block letters)

Fill Name (Surname first).....
(State titles if any e.g. Mr., Mrs., Miss.)
Occupation:.....Phone No.....
Next of Kin.....
Contact Address.....
Full Postal Address.....
E-mail Address.....
Name of Bank/Branch.....
Bank Account No.....BVN.....
(For interest payment purpose)
Usual Signature.....Date.....
Residency classification of Applicant (tick the appropriate box)
Resident Non-Resident
(Residency classification of Applicant must be indicated)

2. Joint Applicants (to be completed in block letters)

Full name (Surname first).....
(State titles if any e.g. Mr., Mrs., Miss.)
Occupation:.....Phone No.....
Next of Kin.....
Contact Address.....
Full Postal Address.....
E-mail Address.....
Name of Bank/Branch.....
Bank Account No.....BVN.....
(For interest payment purpose)
Usual Signature.....Date.....
Residency classification of Applicant (tick the appropriate box)
Resident Non-Resident
(Residency classification of Applicant must be indicated)

3. Corporate Applicants (to be completed in block letters)

Company's Name.....
Type of Business.....
Contact Address.....
Full Postal Address.....
E-mail Address.....
Contact Person..... Telephone No.....
Signature.....Signature.....
Name of Bank/Branch.....
Bank Account No.....BVN.....
(For interest payment purpose)

C	Thumb print of illiterate applicant
Witness: I.....have given detailed explanation to this applicant in the language understood by him and consequently the applicant has a clear understanding of the transaction he/she has entered into. Signature.....	

E	Investor Category of Applicant (tick the appropriate box)
Individual <input type="checkbox"/> Bank <input type="checkbox"/> Corporate <input type="checkbox"/> Co-operative Society <input type="checkbox"/> Foreign Investor <input type="checkbox"/> Government Agencies <input type="checkbox"/> Staff Scheme <input type="checkbox"/> Non-Bank Financial Institution <input type="checkbox"/> Others <input type="checkbox"/>	
Please affix company seal and RC Number	

D	Authorized Dealer
NAME OF FINANCIAL ADVISER: FINANCIAL ADVISER CODE:	
Stamp of Financial Adviser	F
	OFFICIAL USE
	Amount Applied for ₦
	Amount Allotted ₦