Leveraging Climate Finance for Sustainable Development in Nigeria: Implications of New Resolutions from UNGA 79

Emeka Orjih, Francis Ohanyido, Godwin Lasisi, Seyilnan Gushe and Dooshima Aku

Background

The 79th United Nations General Assembly (UNGA 79) emphasized the urgent need to scale up climate finance, particularly for developing nations vulnerable to climate impacts. Nigeria, as Africa's largest economy, faces significant risks from climate change, which threatens its infrastructure, food security, and public health systems. The new resolutions from UNGA 79 provide a pivotal opportunity for Nigeria to access and effectively utilize climate finance to achieve its sustainable development goals (SDGs). This policy brief examines the implications of these resolutions for Nigeria and outlines strategic recommendations for harnessing climate finance to strengthen the country's resilience against climate change.

Nigeria, a nation of over 200 million people, is highly vulnerable to climate change. Rising temperatures, extreme weather events, and changing rainfall patterns are already affecting agricultural productivity, energy systems, and coastal communities. At UNGA 79, global leaders called for a reimagined approach to climate finance that ensures equitable access for developing countries like Nigeria. UN Secretary-General António Guterres stressed, "Climate finance is not a matter of charity, it is a matter of justice for the world's poorest nations"[1]. This sentiment underscores the need for Nigeria to position itself strategically to benefit from the new commitments made at the Assembly.

UNGA 79 Resolutions on Climate Finance: Key Highlights

The UNGA 79 resolutions on climate finance focused on two key areas: increasing the annual flow of funds to developing nations and ensuring greater accountability in fund allocation. The resolutions reaffirmed the promise made under the Paris Agreement to mobilize $100 billion annually for climate action in developing countries[2]. As a signatory to the Paris Agreement, Nigeria stands to benefit from these commitments, provided it enhances its institutional readiness and transparency frameworks.

President Bola Tinubu, in his address at UNGA 79, reiterated the need for more inclusive climate finance mechanisms, stating, "For Nigeria, climate finance must go beyond words—it must translate into tangible projects that benefit our most vulnerable communities.[1] These statements align with global calls for transparency, accountability, and equity in climate finance allocation.

---

[1]Pact for the Future. https://documents.un.org/doc/undoc/ltd/n24/252/89/pdf/n2425289.pdf

[2]Paris Agreement: UNFCCC Framework, 2015.

The Case for Climate Finance in Nigeria

Nigeria faces multi-dimensional challenges related to climate change, from recurrent floods that displace thousands annually to droughts that threaten agricultural output in northern regions[3]. The National Bureau of Statistics estimates that over 70% of Nigerians rely on agriculture, a sector highly susceptible to climate variability[5]. Furthermore, the Nigerian coastline, home to vital oil infrastructure, is increasingly at risk of erosion and sea-level rise.

Despite these challenges, Nigeria's access to global climate finance has been limited. The Climate Policy Initiative reports that only 3% of global climate finance flows to sub-Saharan Africa, with Nigeria receiving a marginal share of that[4]. This gap is attributed to weak governance, limited technical capacity, and the absence of a robust national climate finance strategy. UNGA 79 resolutions present a pathway for Nigeria to address these barriers and leverage climate finance to achieve SDG 13 (Climate Action) and SDG 7 (Affordable and Clean Energy).

Strategic Issues

1. **Strengthening Governance and Accountability in Climate Finance**
   A critical strategic imperative for Nigeria is the establishment of strong governance and accountability frameworks to manage climate finance effectively. The resolutions from UNGA 79 emphasized the need for transparent financial mechanisms to ensure that climate finance reaches the countries and sectors most in need[1]. In Nigeria, weak governance structures and limited transparency have hindered the efficient allocation of climate finance, thereby affecting the country's capacity to implement impactful climate mitigation and adaptation projects. Strengthening these frameworks is essential for ensuring that climate finance not only flows into the country but also translates into tangible actions that address climate vulnerabilities and accelerate sustainable development.

   One of the key challenges Nigeria faces is the absence of a comprehensive governance system that can track, monitor, and evaluate climate finance flows. Currently, the fragmentation of climate finance oversight across multiple government agencies creates inefficiencies, reducing the impact of available funds. As highlighted by the Climate Policy Initiative, "there is a need for enhanced coordination among national ministries and agencies to ensure that climate finance is properly allocated and utilized. [2]. Establishing a centralized climate finance coordination body within the Ministry of Finance could help streamline the management of funds, ensuring that they are directed toward the most critical sectors such as renewable energy, agriculture, and infrastructure.

---

[3] National Bureau of Statistics, Nigeria, 2023. https://nigerianstat.gov.ng/
[4] Nigerian National Climate Change Policy, Ministry of Environment, 2022. https://www.preventionweb.net/media/93730/download
[4] World Bank, 2019. "Building Climate Resilience: Experiences from Nigeria." https://www.worldbank.org/en/results/2019/04/18/building-climate-resilienceexperience-from-nigeria#:~:text=The%20country%20is%20highly%20vulnerable,sand%20 storms%20and%20heat%20waves.

The governance challenge also extends to financial transparency. Nigeria has faced difficulties in adhering to international standards for financial management, which limits the country's ability to access large-scale climate finance. To address this, Nigeria must align its financial governance structures with international best practices, including those set by the Green Climate Fund (GCF) and the Global Environment Facility (GEF). These institutions require recipient countries to demonstrate clear accountability mechanisms for the use of funds. By adopting these standards, Nigeria can increase its credibility on the global stage and become more attractive to international donors.

Another aspect of governance is ensuring that climate finance is equitably distributed across different regions and communities in Nigeria. Given that climate change disproportionately affects rural and vulnerable populations, governance frameworks must ensure that these groups benefit from climate finance. The UNGA 79 resolutions emphasized the importance of climate justice, calling on countries to prioritize vulnerable populations in their climate finance strategies3. Nigeria should establish governance frameworks that include participatory decision-making processes, allowing local communities to have a say in how climate finance is allocated and ensuring that funds reach those who are most affected by climate change.

Finally, enhancing governance and accountability in climate finance can also unlock opportunities for private sector involvement. Currently, private investors are hesitant to engage in climate-related projects in Nigeria due to perceived governance risks and a lack of transparency in financial management. By strengthening governance structures, Nigeria can create a more favorable investment climate for private companies interested in green projects, which in turn can help bridge the climate finance gap.

In conclusion, strengthening governance and accountability is a strategic imperative for Nigeria to effectively leverage climate finance. By addressing the challenges related to financial transparency, centralized coordination, and equitable distribution, Nigeria can enhance its ability to attract and utilize climate finance for sustainable development.

---

[3] National Bureau of Statistics, Nigeria, 2023. https://nigerianstat.gov.ng/
[4] Nigerian National Climate Change Policy, Ministry of Environment, 2022. https://www.preventionweb.net/media/93730/download
[4] World Bank, 2019. "Building Climate Resilience: Experiences from Nigeria." https://www.worldbank.org/en/results/2019/04/18/building-climate-resilienceexperience-from-nigeria#:~:text=The%20country%20is%20highly%20vulnerable,sand%20 storms%20and%20heat%20waves.

2. Mobilizing Domestic and International Climate Finance

Mobilizing sufficient climate finance from both domestic and international sources is another strategic imperative for Nigeria's climate action efforts. The UNGA 79 resolutions reaffirmed the global commitment to mobilizing $100 billion per year in climate finance for developing nations, particularly to support mitigation and adaptation strategies[4]. Nigeria, as Africa's largest economy, has significant potential to access international climate finance, but it must also focus on mobilizing domestic resources to complement these funds and drive sustainable development.

One of the key barriers to mobilizing international climate finance is Nigeria's current institutional capacity and technical expertise. International financial institutions, such as the Green Climate Fund (GCF) and the Global Environment Facility (GEF), require recipient countries to demonstrate a certain level of financial readiness and technical capacity to access large-scale funding. Nigeria must invest in building institutional capacity by training government officials, financial institutions, and private sector actors in climate finance management. By enhancing its technical expertise, Nigeria can increase its eligibility for international funding and improve its ability to absorb and deploy these funds effectively[5].

Domestic resource mobilization is equally important. Nigeria has the potential to generate significant climate finance from domestic sources, including carbon pricing mechanisms, green bonds, and public-private partnerships (PPPs). The implementation of a carbon tax or emissions trading scheme, for example, could provide a steady stream of revenue for climate projects while incentivizing industries to reduce their carbon footprints. In addition, Nigeria could explore the issuance of green bonds, a financial instrument that has been successfully used by countries like China and South Africa to raise capital for sustainable development project[7]. Green bonds could be particularly useful for financing renewable energy infrastructure, reforestation efforts, and climate-resilient agricultural systems.

Public-private partnerships (PPPs) also play a crucial role in mobilizing domestic climate finance. The private sector is increasingly recognizing the financial opportunities associated with the green economy, and Nigeria should capitalize on this by creating an enabling environment for private sector investments in climate-related projects. The resolutions from UNGA 79 called for enhanced collaboration between the public and private sectors to scale up climate finance and innovation[7]. Nigeria can leverage PPPs to attract private investment in sectors such as renewable energy, sustainable agriculture, and climate-resilient infrastructure, thereby reducing the reliance on public funds.

Additionally, Nigeria should engage more actively with multilateral development banks (MDBs) and international development agencies to secure concessional finance.

---

[5]African Development Bank (AfDB), 2020. "Challenges and Opportunities for Private Sector Involvement in NDC Implementation and Green Investment." Available at: https://www. afdb.org/sites/default/files/2020/06/24/factsheet_nigeria_en.pdf

Concessional loans, which are offered at below-market interest rates, can provide Nigeria with the necessary capital to fund large-scale climate projects without increasing its debt burden. The African Development Bank (AfDB), for instance, has been a key partner in providing concessional finance for renewable energy projects across the continent[8]. By strengthening its engagement with MDBs, Nigeria can unlock additional sources of climate finance and accelerate its transition to a low-carbon economy.[5]

Key Policy Implications of UNGA 79 Resolutions for Nigeria

1. **Enhancing Governance and Accountability Mechanisms**: One of the core outcomes of UNGA 79 was the call for strengthened governance in climate finance. For Nigeria, this means establishing transparent systems for tracking climate funds. Transparent governance will not only improve fund utilization but also increase Nigeria's eligibility for international financing mechanisms like the Green Climate Fund (GCF). As UN Secretary-General António Guterres remarked, "Climate finance must flow with full transparency to ensure funds reach those who need them most. [1]
2. **Building Institutional Capacity**: Nigeria's ability to absorb and deploy climate finance is hampered by institutional weaknesses. To maximize the benefits of UNGA 79 resolutions, Nigeria must invest in capacity-building initiatives within government agencies and local institutions. Training programs for financial institutions, policymakers, and private sector actors will be critical in developing expertise in climate finance management.
3. **Promoting Public-Private Partnerships (PPPs)**: UNGA 79 resolutions emphasized the role of private sector investments in scaling climate finance. Nigeria should foster stronger public-private partnerships (PPPs) to unlock private capital for green projects, particularly in renewable energy and sustainable agriculture. U.S. Climate Envoy John Kerry highlighted this, stating, "The private sector holds the key to bridging the climate finance gap. Governments must create the conditions for investment."
4. **Aligning National Policies with Global Standards**: To attract more climate finance, Nigeria needs to align its national policies with international standards, particularly those set by multilateral funds such as the Global Environment Facility (GEF) and the GCF. By adhering to best practices in accountability and sustainability, Nigeria can increase its access to international climate finance.

---

[5]African Development Bank (AfDB), 2020. "Challenges and Opportunities for Private Sector Involvement in NDC Implementation and Green Investment." Available at: https://www. afdb.org/sites/default/files/2020/06/24/factsheet_nigeria_en.pdf

Recommendations

1. **Develop a Comprehensive National Climate Finance Strategy**: Nigeria should formulate a detailed climate finance strategy that integrates the priorities set by UNGA 79. This strategy should focus on key sectors such as renewable energy, climate-resilient infrastructure, and adaptation programs for vulnerable communities.
2. **Establish a National Climate Finance Coordination Body**: To streamline the process of accessing and managing climate finance, Nigeria should create a dedicated coordination body within the Ministry of Finance. This entity would serve as a liaison between international donors, multilateral institutions, and national agencies.
3. **Engage in Multilateral Climate Finance Platforms**: Nigeria should actively participate in international platforms such as the African Development Bank's Climate Action Plan and the United Nations Framework Convention on Climate Change (UNFCCC) finance initiatives. These platforms offer valuable opportunities for technical assistance and funding.
4. **Foster Innovation in Climate Technology**: The availability of climate finance can catalyze innovation in climate technology. Nigeria should support climate-tech startups and innovators by providing access to finance, capacity-building programs, and policy incentives that encourage green innovation.

Conclusion

The resolutions from UNGA 79 provide Nigeria with a historic opportunity to leverage climate finance for sustainable development. By addressing governance challenges, enhancing institutional capacity, and fostering public-private partnerships, Nigeria can unlock significant funding to combat climate change and accelerate its progress towards achieving the SDGs. As President Tinubu emphasized, "The future of our planet depends on how we act now—and climate finance must be at the forefront of our action."[1]

Further Reading

1. International Finance Corporation, "Green Bond Market Report," 2022. https://www.climatebonds.net/publications.html
2. Ricardo, 2019. "The UK-Nigeria Climate Finance Accelerator. Mobilizing private sector finance in Africa: Findings from the first in-country Climate Finance Accelerator." Available at: https://cdn.ricardo.com/ee/media/downloads/cfa-nigeria-public-report-short-final.pdf
3. Stout, S. and Meattle, C. (2022). Landscape of Climate Finance in Nigeria. https://www.climatepolicyinitiative.org/wp-content/uploads/2022/10/Landscape-of-Climate-Finance-in-Nigeria.pdf.

4. World Bank Group (WBG), 2021. "Climate Risk Country Profile. Nigeria." https://climateknowledgeportal.worldbank.org/sites/default/files/2021-07/15918-WB_Nigeria%20Country%20Profile-WEB.pdf
5. Ayeni, Tofe (the Africa report), 2022. "Nigeria's Energy Transition Plan needs $410bn by 2060 to be successful." https://www.theafricareport.com/235586/nigeriasenergy-transition-plan-needs-410bn-by-2060-to-be-successful/ Business Day, 2022.
6. "Climate change to cost Nigeria $460bn by 2050 – Expert." https://businessday.ng/news/article/climate-change-to-cost-nigeria460bn-by-2050-expert/

[5]African Development Bank (AfDB), 2020. "Challenges and Opportunities for Private Sector Involvement in NDC Implementation and Green Investment." Available at: https://www. afdb.org/sites/default/files/2020/06/24/factsheet_nigeria_en.pdf