

**FINANCING NIGERIA'S ENERGY TRANSITION: EVALUATING GREEN BONDS, SUSTAINABILITY-LINKED LOANS,  
AND BLENDED FINANCE IN NIGERIA**

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**ABSTRACT**

*Nigeria's transition toward a low-carbon economy requires a financing architecture capable of mobilizing capital at scale while maintaining fiscal and developmental balance. This article examines the evolution of green finance in Nigeria, focusing particularly on green bonds, sustainability-linked loans, and blended finance, as instruments driving the country's energy transition. It critiques the fragmented nature of existing legal and institutional frameworks, including the Climate Change Act 2021, SEC Green Bond Rules, and Central Bank sustainability guidelines, arguing that their limited integration undermines effectiveness and investor confidence. The article contends that Nigeria's progress depends on the creation of a coherent green finance framework that aligns fiscal policy, financial regulation, and climate targets. It concludes by proposing pathways for reform, including the development of a national green taxonomy, and the institutionalization of sustainability in public finance. By bridging policy ambition with financial innovation, Nigeria can position itself as a continental leader in green capital mobilisation and in the just transition toward a resilient, low-carbon future.*

**Keywords: Green Finance, Energy Transition, Green Bonds, Sustainability-Linked Loans, Blended Finance, Nigeria.**

## Introduction

On August 24 2022, former Vice President, Professor Yemi Osinbajo launched Nigeria's Energy Transition Plan (ETP) with the aim of showcasing the country's pathway to achieving its ambition of reaching net-zero emissions by 2060.<sup>2</sup> Among others, the main thrust of the plan is to significantly reduce emissions and end energy poverty while increasing the country's economic growth. To achieve this, the plan recognizes that the country must shift from a fossil-fuel dependent economy to one driven by cleaner and more sustainable energy sources. Some three years after its launch, it has become clear that achieving the ambitions of the ETP is neither straightforward nor inexpensive, particularly requiring investments of enormous proportions. The Nigerian Upstream Petroleum Regulatory Commission (NUPRC)<sup>3</sup> notes that at least a \$1.9 trillion investment is required for the country to achieve its ambitious net-zero emission by 2060, per the mapped plan. This total is \$410 billion above projected usual spending, an additional cost which translates to an annual spend of about \$10 billion through 2060.<sup>4</sup> For a country like Nigeria still dealing with a significant debt profile and substantial investment needs, this magnitude of financing cannot be sustained by public funds alone. As such, mobilizing private capital, both domestic and international, is an essential pillar of Nigeria's climate and development approach.

Within the last decade, global financial markets have seen the increasing adoption of instruments aimed at aligning capital with environmental sustainability objectives as exemplified by Nigeria's ETP and are collectively referred to as "green finance". Of these instruments, green bonds, sustainability-linked loans, and blended finance mechanisms have emerged as the most practical vehicles for financing the low-carbon transition and responding to the challenge of climate crisis. Their appeal stems from their capacity to direct investment towards renewable energy, clean transport, and other climate-aligned projects, providing investors with measurable environmental outcomes in addition to financial returns. These instruments therefore provide a pathway to access urgently needed sources of funding for developing countries such as Nigeria given that traditional lending is limited by high-risk perception and limited fiscal space in these economies.<sup>5</sup>

As the first country in Africa to issue a sovereign green bond certified using the Climate Bonds Standard in December 2017, Nigeria's interaction with green finance while still at a nascent stage is evidently promising. The successful issuance of the green bond which raised ₦ 10.7 billion (US\$ 29 million) to fund solar power and afforestation projects and a subsequent issue in 2019 which raised ₦ 15 billion (US\$ 42 million) demonstrated both the country's regulatory readiness as well as the market potential.<sup>6</sup> A third bond, 50 billion Series III Green Bond was issued in

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<sup>2</sup> Michael Dioha, 'Making Nigeria's Energy Transition Plan a Reality' (7 November 2022) *Energy for Growth Hub* <https://energyforgrowth.org/article/making-nigerias-energy-transition-plan-a-reality/> accessed 10 October 2025.

<sup>3</sup> Established under the Petroleum Industry Act (PIA) 2021, the NUPRC is the Nigerian government agency responsible for the technical and commercial regulation of the country's upstream oil and gas sector.

<sup>4</sup> Nigerian Upstream Petroleum Regulatory Commission, *Upstream Gaze: The Official Magazine of the Nigerian Upstream Petroleum Regulatory Commission* (Vol 5, November 2023) 'Energy Transition Regime: Leveraging Investment Opportunities in the Nigerian Upstream Petroleum Sector' <https://www.nuprc.gov.ng/wp-content/uploads/2024/02/Upstream-Gaze-Magazine-Vol.-5-20-2.pdf> accessed 10 October 2025.

<sup>5</sup> Njideka Ihuoma Okeke, Oluwaseun Adeola Bakare and Godwin Ozoemenam Achumie, 'Integrating Policy Incentives and Risk Management for Effective Green Finance in Emerging Markets' (2024) 7(1) *International Journal of Frontiers in Science and Technology Research* 76–88.

<sup>6</sup> Policy Development Facility Phase II (PDF II), 'Nigeria: Sovereign Green Bonds for Climate Action' <https://www.pdfnigeria.org/rc/nigeria-sovereign-green-bonds-for-climate-action/> accessed 17 October 2025.

June 16, 2025 and was oversubscribed by 183% with a total of NGN 91.42 billion in subscriptions, reflecting strong investor interest.<sup>7</sup> To regulate this evidently thriving market, financial regulators such as the Central Bank of Nigeria (CBN), the Securities and Exchange Commission (SEC), and the Debt Management Office (DMO) have introduced policy frameworks with the objective of supporting sustainable finance. However, the current regime is fragmented, and the volume of capital mobilized falls far short of what is needed to achieve the country's transition goals. In addition, weak institutional coordination, the lack of enforceable green taxonomy, and a limited project pipeline continue to stifle efforts to finance the energy transition.

Dovetailing into the above, the major focus of this article is to evaluate Nigeria's developing framework for green and sustainable finance, focusing on how legal and financial instruments such as green bonds, sustainability-linked loans, and blended finance can be further enhanced to drive the country's energy transition. This paper argues that while there is evidence of the presence of foundational structures are in place, substantial development will depend on building a coherent regulatory system that provides credibility, investor trust, and verifiable impact.

### **A Bird's Eye View of the Legal and Institutional Architecture of Green Finance in Nigeria**

As already highlighted, Nigeria's legal and regulatory framework for green finance has developed incrementally over the past decade, reflecting a growing recognition of the critical role that financial markets must play in addressing the country's climate and sustainability issues. Though still evolving, Nigeria's regulatory architecture currently relies majorly on three institutions: the CBN, DMO, and SEC, and is also backed by legislation such as the Climate Change Act 2021, which reflects continued efforts to integrate financial regulation with energy transition objectives.

In particular, the CBN has been at the forefront of promoting sustainable banking and finance practices. Notably, in September 2012, it issued the Nigerian Sustainable Banking Principles (NSBP) to enhance the Banker's Committee's<sup>8</sup> commitment to deliver positive development impacts to society by requiring banks, discount houses, and development finance institutions to integrate environmental and social risk management into their operations. The principles were developed by and for the Nigeria Banking sector to signal Banks' commitment to economic growth that is environmentally responsible and socially relevant. The NSBP was significant in that it changed the perception of sustainability as a matter of corporate social responsibility to one of prudential and fiduciary concern. The CBN has since reinforced this approach through guidelines encouraging green lending and renewable energy financing, particularly under its Framework for the Implementation of the Solar Connection Facility, September 2020 aimed at expanding energy access, increasing local content, and creating jobs, among other intervention schemes.

Also, the DMO was established on 4<sup>th</sup> October, 2000 to centrally coordinate the management of Nigeria's debt and now occupies a key role in the evolution of green bonds in Nigeria. For one, it was through the DMO that the Nigeria Green Bond Framework was established to issue the country's first sovereign green bond. The framework

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<sup>7</sup> Debt Management Office Nigeria, *Green Bond III Investor Presentation* (June 2025) <https://www.dmo.gov.ng/news-and-events/circulars-releases/5348-press-release-sovereign-green-bond-offer-closes-with-91-42-billion/file> accessed 18 September 2025.

<sup>8</sup> The Bankers' Committee is a regulator-led group comprising the (CBN) and the chief executives of licensed commercial banks meet to address the country's financial sector and economic growth.

was established in partnership with the Ministry of Environment and is consistent with the International Capital Market Association's (ICMA) Green Bond Principles, which emphasize the use of proceeds for climate-related projects, transparent appraisal, and post-issuance monitoring.<sup>9</sup>

Complementing the DMO's initiatives, the SEC, Nigeria's apex regulatory institution of the Nigerian Capital Market supervised by the Federal Ministry of Finance, introduced the Green Bonds Issuance Rules in 2018 to provide a regulatory framework for the registration, listing, and disclosure of green bonds in Nigeria's capital markets.<sup>10</sup> The rules stipulate eligibility criteria, reporting obligations, and external review requirements consistent with international best practices. This development brought the Nigerian market closer to global green finance standards and provided a degree of legal certainty for issuers and investors alike. As would be examined, there are still gaps, particularly in the monitoring and verification of environmental impact claims. The SEC's regulatory capacity is particularly limited, revealing a need to establish a recognized independent verification body to ensure that projects financed through green instruments achieve measurable climate benefits.

Perhaps the most relevant statutory development is the Climate Change Act 2021, which provides a framework for mainstreaming climate change actions, carbon budgeting, and establishes the National Council on Climate as the coordinating authority for Nigeria's climate governance.<sup>11</sup> The Act mandates the integration of climate objectives into national development planning and assigns the NCCC a financing function, to mobilise and manage funds for climate-related initiatives through the Climate Change Fund.<sup>12</sup> Unfortunately, no real action has been taken under the Act since its enactment. Additionally, while the Act highlights the intent to institutionalise climate finance, it fails to create a coherent link between the NCCC and other key financial regulators that play a role in the space. As a result, there is a real risk of regulatory overlap creating uncertainty for investors.

It is thus clear that while Nigeria's green finance architecture indicates real ambition and modest development, it is significantly limited by a lack of coherence.

### **Green Bonds and the Evolution of Nigeria's Climate Finance Market**

Nigeria's entry into the green bond space in 2017, shortly after ratifying the Paris Agreement, was a decisive policy signal. The proceeds of the bonds were utilized to fund energy-related projects including the renewable energy micro-utilities programme, the funding of an afforestation programme, the 10MW Katsina wind farm power, and the purchase of solar-powered tricycles for use across the country.<sup>13</sup> This was followed by SEC in 2018 amending its existing rules and regulations to provide new rules for the issuance of Green Bonds in the country (SEC Green Bond Rules). To provide much needed clarity, the SEC Green Bond Rules defined a Green Bond 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

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<sup>9</sup> Udo Udoma & Belo-Osagie (UUBO), 'Green Bonds: Helping to Drive Climate Change Mitigation and Sustainable Investments in Nigeria' (3 October 2023) <https://uubo.org/wp-content/uploads/2023/09/GREEN-BONDS-HELPING-TO-DRIVE-CLIMATE-CHANGE-MITIGATION-AND-SUSTAINABLE-INVESTMENTS-IN-NIGERIA.pdf> accessed 11 October 2025.

<sup>10</sup> Jubril Adejo, *Nigeria's Green Bond Programme: Aspirations, Realities and Solutions* (February 2022, Heinrich Böll Stiftung) <https://ng.boell.org/sites/default/files/2022-02/Nigeria%E2%80%99s%20Green%20Bond%20Programme2022Report.pdf> accessed 17 October 2025.

<sup>11</sup> Section 3, the Climate Change Act 2021

<sup>12</sup> Section 4, the Climate Change Act 2021

<sup>13</sup> *Ibid.*, n. 12

existing projects that have a positive environmental impact.”<sup>14</sup> The rules proceeded to establish what qualifies as a green bond, it states that the monies from the issuance will be invested in projects such as renewable and sustainable energy, clean transportation, sustainable water management, energy efficiency, sustainable waste management, green buildings, and any other categories as may be approved by the Commission from time to time.<sup>15</sup>

The SEC Green Bond Rules provide a relatively comprehensive procedural framework for the approval of the issuance of green bond. They mandate the submission of a commitment letter, feasibility study, and independent assessment by a recognized certification authority. They also impose annual reporting obligations on issuers to disclose the environmental impact of funded projects.<sup>16</sup> However, these requirements, while consistent with international standards, are not sufficiently supported by enforceable sanctions. Compliance to these conditions is largely procedural rather than substantive, as the SEC lacks the capacity to audit the environmental integrity of reported outcomes. The result is the existence of a compliance culture focused on documentation rather than performance, thereby diluting investor confidence and opening the door to greenwashing.

Furthermore, a critical assessment of the Nigerian experience reveals that green bonds have been deployed more as public relations instruments than as systemic tools for long-term capital mobilisation. While the bonds were certified by the Climate Bonds Initiative, the post-issuance scope has been characterized by weak reporting, limited impact verification, and an absence of a consistent issuance pipeline. The enthusiasm that greeted the issuance of the sovereign bonds has not translated into a vibrant or self-sustaining green bond ecosystem.

The NGX and FMDQ have sought to fill this regulatory gap by operationalising disclosure and governance mechanisms through their listing and trading platforms. The NGX requires issuers to publish annual independent assessment reports and maintain continuous disclosure of compliance with Green Bond Principles.<sup>17</sup> Similarly, the FMDQ Green Exchange, launched in 2021, has introduced an innovative transparency framework for sustainability-linked instruments.<sup>18</sup> These platforms are however limited in market penetration. They have not yet catalyzed a deep secondary market for green securities or created a credible benchmark yield curve for sustainable instruments. Without these, liquidity remains thin and the attractiveness of green instruments relative to conventional bonds remains marginal.

The private sector’s entry into the green bond market has been equally instructive. Access Bank’s issuance of Africa’s first certified corporate green bond in 2019<sup>19</sup> and OneWattSolar’s green bond programme in 2021<sup>20</sup> highlight the growing recognition of the financial and reputational value of sustainability-linked financing. However, corporate participation is limited to a handful of large institutions with international exposure or development finance

<sup>14</sup> Rule 1.1 of the SEC Green Bond Rules 2018

<sup>15</sup> Rule 2.0 of the SEC Green Bond Rules 2018

<sup>16</sup> Rule 3.0 of the SEC Green Bond Rules 2018

<sup>17</sup> Nigerian Exchange Group (NGX), ‘Sustainable Bond Market’ <https://ngxgroup.com/exchange/sustainable-bond-market> accessed 17 October 2025.

<sup>18</sup> FMDQ Green Exchange, ‘About FMDQ Green Exchange’ <https://fmdqgroup.com/greenexchange/about/> accessed 17 October 2025.

<sup>19</sup> Access Bank, *2019 Sustainability Report* <https://www.accessbankplc.com/AccessBankGroup/media/Documents/Sustainable%20Reports/2019-Sustainability-Report.pdf> accessed 12 October 2025.

<sup>20</sup> CNBC Africa, ‘OneWattSolar’s N10bn Green Bond Programme Takes Off’ (16 July 2021) <https://www.cnbc.com/africa/tag/onewattsolar> accessed 12 October 2025.

support. Smaller corporates and subnational entities face prohibitive transaction costs, complex reporting requirements, and limited technical capacity to structure compliant instruments. The consequence is a market concentrated among a few actors rather than one that fosters broad participation and innovation.

### **Sustainability-Linked Loans: Mainstreaming ESG into Corporate Finance**

The gradual emergence of sustainability-linked loans (SLLs) in Nigeria is another subtle but significant evolution in the country's corporate finance space. Unlike green bonds, which require proceeds to be channelled exclusively into eligible green projects, SLLs embed sustainability performance directly into the borrower's overall financing framework.<sup>21</sup> This flexibility allows companies to raise capital for general corporate purposes while being held accountable to specific Environmental, Social, and Governance (ESG) targets. Properly designed, SLLs can bridge the gap between sustainability commitments and financial performance, creating a direct economic incentive for firms to pursue measurable climate and social outcomes.

Nigeria's financial system has begun to recognise this potential. Several large corporates, particularly in the energy, manufacturing, and financial sectors, have started integrating ESG-linked provisions into their credit facilities. These arrangements often tie the cost of borrowing to key performance indicators (KPIs) such as reductions in carbon intensity, adoption of renewable energy, improved gender diversity, or enhanced governance practices. In principle, a borrower achieving or exceeding its targets enjoys reduced interest margins, while failure to meet agreed thresholds triggers a pricing penalty. This model aligns financial returns with sustainability outcomes, embedding accountability into the financing structure itself.

However, the Nigerian experience with SLLs is also nascent and fragmented. The CBN's Sustainable Banking Principles of 2012 laid the foundation for integrating ESG into the banking sector, but the framework has not evolved in step with global developments.<sup>22</sup> While some commercial banks have established sustainability desks and adopted ESG reporting, few have developed internal capacity to structure and monitor SLLs in line with international standards such as the Loan Market Association's Sustainability-Linked Loan Principles (SLLP).<sup>23</sup> The result is a market still dominated by ad hoc, relationship-driven transactions rather than a coherent ecosystem of ESG-linked credit instruments.

A key challenge lies in the credibility and measurability of sustainability targets. Many Nigerian corporates still lack robust data systems to track emissions, resource use, or social impact. In the absence of reliable baseline data, KPIs often remain qualitative or vague, reducing the transparency that underpins investor and lender confidence. Moreover, few third-party verifiers operate locally to assess target setting or performance. Without independent verification, SLLs risk becoming reputational tools rather than instruments of genuine behavioural change.

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<sup>21</sup> JL Resendiz, N Ranger and O Mahul, *Sustainability-Linked Finance: A Lever for Firm-Level Resilience Innovation* (2025) Grantham Research Institute on Climate Change and the Environment Working Paper 429, London School of Economics and Political Science.

<sup>22</sup> Janet Talata Abor, Joshua Yindenaba Abor and Ahmad Hassan Ahmad, 'Sustainable Banking in Developing Economies' in *Sustainable and Responsible Investment in Developing Markets* (Edward Elgar Publishing 2023) 190–203.

<sup>23</sup> Loan Market Association and ICMA, *Guidelines for Sustainability-Linked Loans Financing Bonds* (June 2024) <https://www.icmagroup.org/assets/documents/Sustainable-finance/2024-updates/Guidelines-for-Sustainability-Linked-Loans-financing-Bonds-June-2024.pdf> accessed 17 October 2025.

The legal framework for SLLs in Nigeria is also underdeveloped. Unlike green bonds, which are regulated by the SEC through explicit rules, sustainability-linked loans operate within the general loan and credit framework of the Companies and Allied Matters Act (CAMA) and the Banks and Other Financial Institutions Act (BOFIA). Their sustainability components are contractual rather than regulatory, often buried in margin ratchets or covenant schedules. This contractual flexibility is valuable but also exposes both lenders and borrowers to legal uncertainty. Without industry-wide guidance, there is a risk of inconsistent documentation and weak enforceability of ESG-linked obligations. Nigerian financial regulators, particularly the CBN and SEC, could therefore play a catalytic role by issuing guidelines that clarify disclosure expectations, verification standards, and reporting templates for SLLs.

Equally important is the need to embed SLLs within Nigeria's broader energy transition and sustainable finance architecture. At present, sustainability-linked finance exists in a policy vacuum, with no formal link to national climate targets or the implementation of the Climate Change Act 2021. By contrast, in other jurisdictions, SLLs are increasingly aligned with national sustainability taxonomies and sectoral decarbonisation pathways. Embedding Nigeria's SLL framework within its energy transition plan would create coherence between corporate finance practices and public policy objectives. It would also enable the NCCC to collect relevant corporate data for monitoring progress towards the country's Nationally Determined Contributions (NDCs).

### **Blended Finance and the Role of Public–Private Partnerships**

The financing gap for Nigeria's energy transition and broader decarbonisation agenda cannot be bridged by public or private finance alone. Blended finance, defined as the strategic use of public or concessional capital to mobilise private investment for sustainable development, offers a pragmatic pathway. It aligns public policy objectives with private sector efficiency, addressing the persistent perception of high risk that has historically constrained climate-aligned investment in emerging markets.

In Nigeria, blended finance has been most visible within public–private partnership (PPP) structures, particularly in infrastructure and renewable energy development. The Rural Electrification Agency's Solar Hybrid Mini-Grid Programme, for example, has leveraged concessional capital from development finance institutions (DFIs) such as the World Bank and the African Development Bank (AfDB) to crowd in private investment for off-grid electrification.<sup>24</sup> This model demonstrates how public finance can be deployed not as a substitute for private capital, but as a catalytic instrument that mitigates commercial risk and enhances project bankability. Yet, such examples remain the exception rather than the norm, reflecting institutional fragmentation and an underdeveloped legal and financial framework for blended transactions.

Critically, Nigeria's PPP regime was not designed with climate or sustainability outcomes in mind. The legal framework focuses primarily on procurement efficiency and risk allocation, without integrating ESG or climate-resilience considerations into project design and evaluation. As a result, while PPPs have mobilized private finance for roads, ports, and power projects, few have been structured to deliver measurable climate benefits or align with

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<sup>24</sup> Oluleke O Babayomi, Babatunde Olubayo, Iheanacho H Denwigwe, Tobiloba E Somefun, Oluwaseye Samson Adedaja, Comfort T Somefun, Kevwe Olukayode and Amarachi Attah, 'A Review of Renewable Off-Grid Mini-Grids in Sub-Saharan Africa' (2023) 10 *Frontiers in Energy Research* 1089025.

Nigeria's NDCs. The challenge, therefore, is not the absence of a PPP mechanism but the lack of policy alignment between the PPP regulatory regime and Nigeria's climate finance agenda.

Blended finance could serve as the bridge that links these two frameworks. By embedding sustainability conditions into concession agreements and project finance documentation, Nigeria can ensure that concessional funds are used strategically to de-risk low-carbon projects, through instruments such as first-loss guarantees, interest rate subsidies, or viability gap funding. This would allow public capital to play a catalytic rather than compensatory role, stimulating long-term private participation in sectors such as renewable energy, clean transport, and sustainable agriculture. The development of a "*National Blended Finance Framework*", anchored in collaboration between the Ministry of Finance, the ICRC, and the NCCC, would provide the policy coherence currently lacking.

However, the effective deployment of blended finance depends on transparency, institutional capacity, and governance. Nigeria's history of opaque procurement and weak contract enforcement poses a credibility challenge for private investors and DFIs alike. Without credible regulatory oversight and clear performance standards, concessional funds risk being absorbed into projects with limited sustainability impact. To avoid this, Nigeria must institutionalise disclosure and accountability mechanisms, mandating public reporting on concessional capital utilisation, environmental outcomes, and private investment mobilized. Such governance safeguards are not bureaucratic burdens but the foundations of market confidence.

Blended finance and PPPs, if effectively aligned, could transform Nigeria's energy transition from a policy aspiration into a bankable reality. The state's role should evolve from being a direct financier to a market enabler, using fiscal tools to absorb early-stage risks, standardise documentation, and promote project aggregation to attract institutional investors. Done right, this model could establish Nigeria as a credible test case for scalable, sustainable infrastructure finance in Africa.

### **Towards a Coherent Green Finance Framework for Nigeria**

As this paper has established, Nigeria's climate finance architecture is insufficiently integrated into the country's broader economic and energy policy. The disjointed nature of existing frameworks shows a regulatory ecosystem that has evolved reactively rather than strategically. To achieve scale and credibility, Nigeria must move from disparate instruments and policies to a unified and coherent green finance framework.

To begin with, a coherent framework begins with alignment. It is recommended that the Climate Change Act should serve as the anchor legislation linking national emissions targets to financial instruments, regulatory incentives, and private sector participation. At present, the Act establishes a governance structure for climate action through the NCCC but leaves financing mechanisms largely undefined. A legislative amendment or implementing regulation could expressly empower the NCCC to coordinate all sustainable finance initiatives, working alongside the SEC, CBN, DMO, and the Ministry of Finance. Such coordination would ensure that capital market instruments like green bonds and sustainability-linked loans directly contribute to achieving Nigeria's NDCs and long-term net-zero goals.

Equally crucial is the development of a national green taxonomy, a classification system defining which economic activities qualify as "green" or "sustainable" in the Nigerian context. Without this, issuers and investors lack clarity,

and the risk of greenwashing persists. A taxonomy tailored to Nigeria's economic structure, particularly its reliance on oil and gas revenues, would help prioritise transition investments, such as natural gas decarbonisation, renewable energy expansion, and industrial efficiency. The taxonomy should draw from international standards such as the EU Taxonomy and the ASEAN Green Bond Standards but adapt them to local realities, ensuring that climate ambition aligns with developmental imperatives.

Institutional coherence must also extend to financial regulation. The SEC's Green Bond Rules and the CBN's emerging sustainability frameworks should be harmonized to create uniform disclosure, verification, and reporting obligations. The multiplicity of reporting standards currently imposes compliance burdens on issuers while offering limited assurance to investors. Establishing a centralized Sustainable Finance Registry, managed jointly by the NCCC and SEC, could improve transparency and consolidate data on issuances, project impacts, and emissions reductions. This database would provide both policymakers and investors with verifiable evidence of climate finance performance.

Finally, fiscal policy has an equally critical role to play. To attract sustained private participation, green instruments must be supported by targeted incentives including tax reliefs for certified green issuances, reduced transaction fees, or partial risk guarantees for first-time issuers. Beyond incentives, the federal and state governments should embed green budgeting principles within public finance. This would ensure that annual budgets reflect climate-related expenditures and that public debt issuance aligns with sustainability objectives. Such fiscal alignment not only strengthens credibility with investors but also signals Nigeria's seriousness about integrating climate action into macroeconomic governance.

## **Conclusion**

Nigeria's pursuit of green finance sits at the intersection of necessity and opportunity. As the country grapples with fiscal constraints, energy transition imperatives, and climate vulnerability, the evolution of instruments such as green bonds, sustainability-linked loans, and blended finance offers a viable pathway toward sustainable development. Yet, the effectiveness of these mechanisms depends not merely on their availability but on the coherence and credibility of the legal, regulatory, and institutional structures that support them.

To advance, Nigeria must harmonise its fragmented frameworks, embed climate objectives within financial regulation, and ensure that green finance moves from rhetoric to measurable impact. This calls for clear governance, predictable incentives, robust disclosure standards, and capacity-building across the financial sector. A coherent and transparent green finance framework would not only enhance investor confidence but also position Nigeria as a regional model for financing an equitable and resilient energy transition.