



# The UK-Nigeria Climate Finance Accelerator

**Mobilising private sector finance in Africa:  
Findings from the first in-country Climate Finance Accelerator**

Delivered by



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## Background

The Climate Finance Accelerator (CFA) is an innovative international initiative supported by the UK Government and other international donors. Its aim is to accelerate the transformation of Nationally Determined Contributions (NDCs) into Climate Investment Plans supported by pipelines of bankable projects needed to attract investment at scale from the private sector.

Nigeria took part in the inaugural CFA process in 2017, which significantly increased dialogue between its public and private sector actors, and improved understanding of how to identify ‘bankable’ projects. A portfolio of 15 projects in the area of renewable energy and climate-smart agriculture was reviewed by a team of Nigerian experts, supported by Ricardo Energy & Environment and practitioners from Deutsche Bank and Deutsche Asset Management.

Nigeria is the first country to have a dedicated in-country CFA initiative. The initiative was announced by Prime Minister Theresa May during her visit to Nigeria in August 2018 and is supported by the UK Government and the Children’s Investment Fund Foundation.

In line with the recommendations of the 2017 CFA, the current initiative aimed to:

- Develop further the pipeline of projects needed to deliver Nigeria's NDC;
- Enhance local capacity to access green finance in both public and private sectors; and
- Embed the CFA approach within Nigerian plans for implementation and financing of its NDC.

This project was undertaken by a team including Chris Dodwell (Ricardo Energy & Environment), Ian Callaghan (Ian Callaghan Associates), Hans Verolme (Climate Advisers Network) and Dr. Uzo Egbuche.

## Funded by:



## Supported by:



## Project identification (October to December 2018)

The Climate Finance Accelerator project was formally launched in October 2018 with a series of meetings in Nigeria with the Department of Climate Change, Ministry of Finance and Ministry of Power and briefing meetings with banks and financial sector advisors. Following these visits, a call for proposals was launched with some 30 applications received, 14 of which were selected for support at the CFA workshop.

Highlights of the shortlisted projects are set out below:

- In total, almost US\$500m was sought in investment, ranging from around US\$5m for the smallest projects to more than US\$150m for the largest.
- A wide variety of emission reduction technologies were covered including solar power, hydro, biogas, energy from waste, smart agriculture, reducing gas flaring and avoided deforestation.
- Unsurprisingly the largest number of projects related to solar power but nonetheless these covered a wide variety of applications - ranging from the supply of solar power to rural communities, industrial parks, mobile phone networks and the largest market in Africa to the inclusion of solar panels in modular pack housing and Nigeria's first photo-voltaic manufacturing plant.
- A large number of projects focussed on the agriculture sector, including hydro-power for produce processing, solar-powered incubators and biogas fuels for poultry farms and solar powered cold storage pack houses.
- The projects covered a wide variety of Nigerian states, including Bayelsa, Cross River, Edo, Kano, Kogi, Lagos, Ogun, Ondo and Osun.

The project team held initial meetings with successful applicants during a preparatory mission in November 2018 and also delivered three webinars in December 2018 and January 2019 - covering due diligence, blended finance and term sheet development – for all applicants to the CFA process. The project was fortunate to have the formal support of the Nigerian Economic Summit Group, the pre-eminent business platform in Nigeria, which agreed to act as the neutral convenor for the CFA process.

“ I want to thank you all for participating in the launch of the UK-Nigeria Climate Finance Accelerator, which I consider an epochal and strategic socioeconomic value-creating programme.”

Speech by Hon. Minister of Finance, Mrs. Zainab Ahmed, on Sustainable and Green Finance in Nigeria at the UK-Nigeria Climate Finance Accelerator



## CFA Nigeria Lagos Workshop (January 2019)

The Climate Finance Accelerator workshop in Lagos in January 2019 took place across four days and was the first in-country running of the CFA process.

A public opening plenary session was held on Tuesday 22 January and hosted by the Nigerian Stock Exchange (NSE). A keynote address was given by Hon. Minister of Environment, Mr Suleiman Hassan. Welcomes were also extended on behalf of the NSE and UK Government. The opening plenary, chaired by Mr. Kyari Bukar, immediate past chair of NESG, included an introduction to the Climate Finance Accelerator and a panel session with bank representatives and other financial experts.

The core of the CFA workshop was a set of “deep dive” sessions where project proponents discussed their projects with Financial Expert Facilitators (FEFs) with the aim of developing term sheets for their project. The deep dive sessions were generously hosted on 24 and 25 January by four participating Nigerian banks – Access Bank, First City Monument Bank, Sterling Bank and Union Bank, supported by a team of Nigerian experts in green finance, direct foreign investment and private equity who all freely made their expertise available to shortlisted project developers.

The objectives of these deep dive sessions were:

- To produce an outline term sheet for each project, in the form of the template provided and with as much detail as possible provided
- To produce recommendations on bigger picture issues, for example the need for new intervention funds in Nigeria
- To identify enabling environment / policy constraints and recommended solutions, aimed towards the Nigerian government
- To identify support that could be given by the UK / other international finance providers.





*Reception at the British Deputy High Commission.  
Image Courtesy Chris Dodwell.*

At the close of the first day of the deep dive sessions, all participants convened for a plenary discussion and drinks reception with members of the Nigerian financial services community hosted by Ms Laure Beauflis, British Deputy High Commissioner for Lagos at her Residence.

The public closing session for the CFA workshop in Nigeria was hosted by the Securities and Exchange Commission on Friday 25 January 2019 and represented the formal close of the UK-Nigeria Climate Finance Accelerator workshop. The session included presentations of feedback from the deep dive sessions and a panel discussion capturing the views of the participating banks. The plenary closed with a speech made on behalf of the Hon. Minister of Finance, Mrs. Zainab Ahmed.



*Closing Plenary at the Securities & Exchange Commission.  
Image Courtesy Chris Dodwell.*



## Key insights

- The Nigerian banking sector realises that finance is a critical opportunity for them and the CFA provided an entry point to which they responded with enthusiasm and resources.
- There is an urgent need for improved coordination of the diverse stakeholders across the climate and green finance community. NESG played a crucial role as the local convener for the CFA and is keen to continue and expand this role going forward.
- Ways to bring development finance institutions (DFIs) to the table must be found to bring given the central need for blended finance in many low carbon and climate resilient projects and programmes.
- The support of the Federal Government was an important pre-condition for the success of the CFA and must be maintained in the CFA Nigeria process going forward, in particular to help de-risk investments in SDG and NDC aligned projects.
- There was real appreciation of the support of UK government in funding the CFA and there is a major opportunity for the UK to get more involved in green finance in Nigeria.

**“ The CFA helped us expand our network of key stakeholders within the Climate Finance space, while deepening our understanding of the nascent market and unlocking new deal opportunities available for funding for us as a bank”**

Quote from a participating bank



## Next steps

- Provide ongoing support to shortlisted projects, by
  - Matchmaking them with potential funders: to date five of the projects seeking total investment of more than US\$80m have pre-qualified to receive guarantee instruments and are being considered further by potential funders.
  - Sharing details more widely: outline details of the projects have been shared with a limited number of potential funders so that they can follow up directly with the project proponents.
  - Helping project developers access specific training on the structuring of green projects and the risk mitigation options which Nigerian banks can provide.
- Develop a “map” of the green / climate finance landscape in Nigeria which will identify every relevant provider of finance and technical assistance that could be relevant with information about their roles and relationships as well as identifying any obvious gaps.
- Further elaborate the strawman structure initiated during this project on the structure and design of an in-country “CFA Nigeria” process which can identify and support future projects on an ongoing basis. Initial suggestion is to include a small secretariat with the capability to organise regular CFA programmes and to access advice from finance practitioners. The next stage would be to test this model on wider stakeholders including government, finance and civil society and develop a full business case.



The UK -Nigeria Climate Finance Accelerator project is led by Ricardo Energy & Environment alongside consortium members - Ian Callaghan, Hans Verolme, and the Nigerian Economic Summit Group.

For more information:

**W:** <https://ee.ricardo.com/climate-change/climate-finance/climate-finance-accelerator-nigeria>

**E:** [CFA.Nigeria@climateadvisers.net](mailto:CFA.Nigeria@climateadvisers.net)