



# Green Finance *in* Nigeria

2025 in review and outlook for 2026



Nigeria continues to face increasing pressure to balance economic development, rapid population growth, and environmental sustainability. One consequence of rising economic activity is the steady increase in greenhouse gas (“GHG”) emissions, which calls for coordinated mitigation efforts across both public and private sectors. Green finance has therefore become a strategic mechanism for directing capital toward climate-aligned projects, reflecting both domestic priorities and global momentum for sustainability and climate action.

Green finance is now central to Nigeria’s pursuit of a resilient and low-carbon economy, consistent with its Energy Transition Plan and its commitment to achieve Net-Zero emissions by 2060. In 2025, Nigeria witnessed notable progress driven by policy advancements, the issuance of green and sustainability-themed bonds by both public and private sectors, and increased participation from domestic and international investors. At the same time, regulatory evolution and macroeconomic challenges continue to shape the scale and pace of the market.

This article reviews the defining developments of 2025 and outlines the trends expected to influence Nigeria’s green finance landscape in 2026. It highlights regulatory shifts, market activity, and emerging opportunities that will shape the next phase of green investment in the country.

## Nigeria’s Evolving Green Finance Ecosystem

Nigeria’s green finance architecture has expanded steadily over the past decade, driven by collaborative efforts among government institutions, financial regulators, and private entities.

Key milestones include Africa’s first sovereign green bond issuance by the Federal Government of Nigeria (“FGN”) in 2017<sup>1</sup>, followed by multiple regulatory initiatives to institutionalise sustainability within the financial sector. Subsequently, the FGN issued a second sovereign green bond valued at ₦15 billion in June 2019, which was oversubscribed and financed 23 climate-aligned projects across multiple Nationally Determined Contribution (NDC) sectors<sup>2</sup>. Most recently, in 2025, the FGN issued a third sovereign green bond of ₦50 billion to finance renewable energy, clean transportation, sustainable water management, and climate adaptation initiatives.

Key frameworks include:

### (a) The SEC Green Bond Rules (2018)

The Securities and Exchange Commission (“SEC”) introduced comprehensive rules governing green bond issuances in Nigeria. Although the rules primarily address bonds, their underlying principles, including project eligibility, verification, management of proceeds, and impact reporting, also guide the structuring of green loans and related financing instruments.

### (b) The Federal Ministry of Environment Green Bond Framework (2018)

Issued jointly with the Ministry of Finance and Debt Management Office, the Framework provides guidance to issuers and investors on aligning green bonds with Nigeria’s climate priorities, including the Nationally Determined Contributions under the Paris Agreement.

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<sup>1</sup> Green Finance Platform, “Nigeria has issued a USD 29.7 Million Green Bond” <https://www.greenfinanceplatform.org/policies-and-regulations/nigeria-has-issued-usd-297-million-green-bond>.

<sup>2</sup> “Green Bond III Investor Presentation” <https://www.dmo.gov.ng/fgn-bonds/green-bond/5338-fgn-series-iii-green-bond-investor-presentation/file>



### (c) **The Climate Change Act (2021)**

The Act establishes Nigeria's overarching climate governance framework and affirms the country's commitment to achieve Net-Zero emissions between 2050 and 2070. It requires integration of climate considerations into national planning and mandates robust reporting and compliance obligations for climate-related projects, thereby creating a more structured environment for green investment.

Projects financed under green finance frameworks will need to align with Nigeria's carbon budget and climate action priorities. Borrowers will, for instance, be required to demonstrate regulatory compliance, appoint climate officers where mandated, and maintain robust reporting processes.

Moreover, alignment with the Act can enhance access to incentives from the Climate Change Fund or other market-based mechanisms, such as emissions trading, while also mitigating legal and reputational risks. In this way, the Act not only establishes the compliance baseline for climate-related projects but also shapes strategic opportunities for sustainable debt financing in Nigeria.

## **Review of 2025**

2025 marked a consolidation phase for Nigeria's green finance market as issuers, regulators, and investors responded to growing demand for climate-aligned capital. Some key highlights are outlined below:

### (a) **Green Bond Issuances: Federal Government, Lagos State, and Private Sector**

#### (i) **The Federal Government Green Bond Issuance**

The FGN strengthened its leadership in the space with the successful issuance of the Series III Sovereign Green Bond in June 2025, valued at ₦50 billion. The transaction was strongly received, attracting ₦91.42 billion in subscriptions (183% oversubscription) and ultimately allotting ₦47.36 billion at a coupon rate of 18.95% for a 5-year tenor. Proceeds from this issuance will finance green projects, assets, and expenditures which align with the 2025 Sustainable Bond Framework<sup>3</sup>.

#### (ii) **The Lagos State Government Bond Programme**

The Lagos State advanced subnational green financing with its 2025 announcement of a ₦214.8 billion Bond Programme, which includes a Series III ₦14.815 billion Green Bond—the State's maiden environmental sustainability bond and the first subnational green bond issuance in Nigeria. The issuance is expected to support sustainable urban infrastructure, climate-resilient transport systems, and environmental management projects across the State. This bond was issued in November 2025 and was oversubscribed by 97.7% (₦29.29 billion)<sup>4</sup>.

<sup>3</sup> "Sovereign Green Bond Series III Offer for Subscription" <https://www.dmo.gov.ng/fgn-bonds/green-bond/5339-sovereign-green-bond-series-iii-offer-for-subscription>

<sup>4</sup> "Investors Oversubscribe Lagos N14.8bn Green Bond by 97.7%" <https://businesspost.ng/economy/investors-oversubscribe-lagos-n14-8bn-green-bond-by-97-7/>





### (iii) Private Sector and Corporate Green/Sustainability Bonds

Private-sector participation expanded in 2025 as corporates explored sustainability-aligned instruments to finance clean energy, waste-to-wealth, and efficiency projects. Examples include:

- **North South Power Company Limited**, which continued activities under its ₦50 billion Green Bond Programme following earlier series raised for hydropower expansion.
- **Access Holdings Plc**, which has advanced preparations for additional sustainability-linked issuances to support renewable energy and low-carbon lending portfolios.
- **Other Infrastructure-focused entities**, including Infrastructure Credit Guarantee Company Limited and CEESOLAR Energy Limited<sup>5</sup>, explored green debt instruments to finance distributed renewable energy assets, energy-efficient industrial upgrades, and water infrastructure<sup>6</sup>.

These developments signal growing issuer confidence and the emergence of a more diverse green-bond market that is no longer solely government-driven.

### (b) Expansion of Climate-Aligned Public Support

Development finance institutions deepened support for climate-aligned lending. A major highlight was the launch of the Green Guarantee Company (“GGC”), the world’s first dedicated climate-finance guarantee institution, backed by partners including the NSIA, FCDO, Green Climate Fund, USAID, and Norfund<sup>7</sup>. With an initial capitalisation of USD 100 million, GGC aims to unlock up to USD 1 billion in guarantees for green bonds and loans across emerging markets.

### (c) Bank of Industry – FSD Africa MOU

In January 2025, the Bank of Industry (“BOI”) entered a strategic partnership with FSD Africa to strengthen its climate-finance capability, develop decarbonisation pathways, and expand its adaptation-finance programmes<sup>8</sup>.

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<sup>5</sup> “InfraCredit’s Guarantee, supported by UK-Funded Climate Finance Blending Facility, mobilises Local Currency Debt for CEESOLAR’s Off-Grid Energy Project in Nigeria” <https://infracredit.ng/infracredits-guarantee-supported-by-uk-funded-climate-finance-blending-facility-mobilises-local-currency-debt-for-cesolars-off-grid-energy-project-in-nigeria/>

<sup>6</sup> “Infracredit’s Guarantee Supports Green Liquified Natural Gas Limited (GLNG)’S Issuance Of NGN11.85 Billion 10-Year Senior Guaranteed Fixed-Rate Series II Infrastructure Bonds Due 2035” <https://infracredit.ng/infracredits-guarantee-supports-green-liquified-natural-gas-limited-glngs-issuance-of-ngn11-85-billion-10-year-senior-guaranteed-fixed-rate-series-ii-infrastructure-bonds-due-2035/>

<sup>7</sup> “Launch of the Green Guarantee Company to Mobilise Billions in Climate Financing” <https://nsia.com.ng/launch-of-green-guarantee-company-to-mobilise-billions-in-climate-financing/>

<sup>8</sup> Bank of Industry, “Bank of Industry and FSD Africa collaborate to drive Green Finance Initiatives in Nigeria” <https://fsdaf-rica.org/wp-content/uploads/2025/01/BOI-FSD-AFRICA-PRESS-RELEASE.pdf>



**(d) Orteva Carbon Project**

The Federal Government launched the USD 100 million Orteva Carbon Project in October 2025, with the potential to generate between USD 350 million and USD 2.8 billion in carbon-credit revenue, positioning Nigeria as a key hub for credible African carbon markets<sup>9</sup>.

**(e) Activation of the Climate Change Fund**

The Federal Ministry of Finance announced steps to operationalise the National Climate Change Fund (NCCF), a statutory fund for climate-mitigation and adaptation initiatives. The NCCF is expected to unlock blended-finance opportunities, sustainability-linked loans, and carbon-credit-backed investments<sup>10</sup>.

**(f) Private Sector and International Capital Mobilisation**

Collaborative platforms, such as the USD 500 million Distributed Renewable Energy Fund launched by the Nigerian Sovereign Investment Authority, SEforALL, the International Solar Alliance, and Africa50, will drive investments in mini-grids, industrial solar projects, home systems, energy storage solutions, and innovative technologies in Nigeria.<sup>11</sup>

“Furthermore, the Federal Ministry of Power and the Federal Ministry of Finance, in collaboration with SEforALL, are championing the National Energy Compact under the Mission 300 initiative. Mission 300 is an initiative of the World Bank Group and the African Development Bank, with support from The Rockefeller Foundation, the Global Energy Alliance for People and Planet, and SEforALL. The initiative forms part of Africa’s broader target to connect 300 million people to electricity by 2030 and is expected to catalyse substantial private investment.

In parallel, private debt capital continued to play a growing role in financing Nigeria’s off-grid and commercial and industrial renewable energy market. The Afrigreen Debt Impact Fund, backed by the European Investment Bank, the World Bank Group’s International Finance Corporation (IFC), the Belgian Investment Company for Developing Countries, FMO - Dutch entrepreneurial development bank, Proparco (Groupe Agence française de développement), Société Générale and BNP Paribas, continued to deploy multi-million-dollar senior facilities to renewable energy developers for the rollout of off-grid solar infrastructure across multiple states, supporting clean power solutions for commercial, industrial, telecommunications and manufacturing clients.

Blended finance structures also featured prominently in 2025. A notable example was the Naira-denominated senior debt facility, equivalent to approximately USD 80 million, provided by IFC to Sun King Nigeria Limited in its capacity as the implementing entity of the Renewable Energy Program for Africa (REPA), alongside Stanbic IBTC Bank Limited. The transaction reflects growing collaboration between development finance institutions and local commercial banks to address

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<sup>9</sup> Federal Ministry of Finance, “FG Advances Green Growth With \$100 Million Orteva Carbon Project” <https://finance.gov.ng/fg-advances-green-growth-with-100-million-orteva-carbon-project/>

<sup>10</sup> Federal Ministry of Finance, “FGN Moves to Activate Climate Change Fund, Aligns Finance with Green Agenda” <https://finance.gov.ng/fgn-moves-to-activate-climate-change-fund-aligns-finance-with-green-agenda/>

<sup>11</sup> SEforALL, “Over USD 500 million mobilized to accelerate the clean energy transition at the 2025 SEforALL Global Forum” <https://www.seforall.org/news/over-usd-500-million-mobilized-to-accelerate-the-clean-energy-transition-at-the-2025-seforall>



foreign currency liquidity risks and expand access to long-term local currency financing for scalable renewable energy businesses.

## 2026 Outlook: Trends and Opportunities

### (a) Deepening Investor Appetite

2026 is poised to see stronger investor engagement in green and sustainable finance. As ESG considerations become more firmly embedded in investment mandates, Nigerian corporates and financial institutions are expected to issue more green and sustainability-linked instruments. Investor interest in green and sustainability-linked financing is expected to accelerate in 2026. Institutional investors such as Pension funds, insurance firms, and asset managers are increasingly integrating ESG into investment mandates, creating stronger demand for sustainable debt instruments<sup>12</sup>. Pension Fund Administrators (“PFAs”) have demonstrated a growing appetite for climate-aligned assets through their participation in FGN Sovereign Green Bond issuances<sup>13</sup>, which are eligible instruments under the National Pension Commission’s investment guidelines.

### (b) Opportunities for State Governments

A significant shift is expected at the state level, as state governments begin to explore innovative financing mechanisms for renewable energy, urban infrastructure, and waste management projects. A leading example is Lagos State’s successful issuance of a ₦214.8 billion bond programme. Notably, one of the categories under the proposed issuance is the Series III ₦14.815 billion Green Bond, the State’s maiden environmental sustainability bond and the first of its kind to be issued by any subnational government in Nigeria.<sup>14</sup> As more states embrace ambitious climate action plans, the potential for localised green bond issuances and climate focused investment partnerships will expand. These initiatives could also benefit from technical assistance programmes supported by development partners to enhance project preparation and creditworthiness.

More states are expected to adopt Lagos State–style climate financing initiatives. For instance, Gombe State announced intentions to issue a ₦30 billion green bond for infrastructure development, signalling ambition to follow Lagos’ lead on sustainable debt finance<sup>15</sup>. Subnational green or sustainability bonds may fund renewable energy, waste management, clean transport, urban resilience, and climate-smart agriculture projects.

<sup>12</sup> “Debt Management Office, “Sovereign Green Bond Offer Closes with ₦91.42 Billion in Total Subscriptions” <https://www.dmo.gov.ng/news-and-events/circulars-releases/5348-press-release-sovereign-green-bond-offer-closes-with-91-42-billion/file>

<sup>13</sup> “Unaudited Report on Pension Funds Industry Portfolio for the Period Ended 31 December 2024” <https://www.pension.gov.ng/wp-content/uploads/2025/02/December-2024-Monthly-Report.pdf>

<sup>14</sup> “LASG Set to Issue ₦214.8 Billion Bonds, Woos Investors” <https://lagosstate.gov.ng/news/all/view/68cba40e88319a643b645a41>

<sup>15</sup> The Nigerian Exchange Group, “Gombe Plans ₦30bn Green Bond, Woos Investors To Invest In Agric” <https://ngxgroup.com/gombe-plans-n30bn-green-bond-woos-investors-to-invest-in-agric/>





### (c) **ESG Disclosures and Regulatory Convergence**

Nigeria is likely to align more closely with global standards, including ISSB (IFRS S1/S2) sustainability reporting frameworks<sup>16</sup>. Enhanced disclosure obligations will support investor confidence and improve comparability of ESG performance across sectors. This trajectory is informed by the SEC's purported plans, unveiled in September 2025, to drive the adoption of ISSB frameworks. These frameworks are expected to be widely implemented, strengthening ESG disclosure, increasing transparency, and boosting investor confidence. States implementing clean-energy reforms under the Electricity Act 2023 may also introduce project-level ESG reporting requirements.

### (d) **Financing the Net-Zero Transition**

Emerging instruments such as transition bonds, sustainability-linked sukuk, carbon-credit-backed notes, and blended-finance structures will gain prominence. Nature-based solutions (reforestation, agro-forestry, regenerative agriculture) may see increased local and foreign financing, especially where they yield dual climate- and economic benefits. For example, Nigeria's ongoing development of a National Carbon Market Framework and Climate Change Fund is expected to mobilise up to \$3 billion annually in climate finance, and will be reinvested in community-led reforestation, blue carbon projects, and sustainable agriculture<sup>17</sup>.

## **Conclusion**

Nigeria's green finance market has matured significantly, transitioning from early experimentation to a more structured, regulated, and increasingly diversified ecosystem. The progress recorded in 2025 across sovereign, subnational, and private green bond issuances, climate-aligned lending, and institutional reforms reflects growing confidence in sustainable finance as a catalyst for economic transformation.

The key challenge for 2026 will be to broaden participation, strengthen the project pipeline, and enhance institutional capacity to manage climate and ESG-related risks. With continued collaboration among regulators, financial institutions, issuers, investors, and advisors, Nigeria's green finance sector is well-positioned for expansion and will remain a cornerstone of the country's sustainable-growth agenda over the coming decade.

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<sup>16</sup> "IFRS Sustainability Disclosure Standards (ISSB Standards)— Application Around The World Jurisdictional Profile: Nigeria" <https://www.ifrs.org/content/dam/ifrs/publications/sustainability-jurisdictions/pdf-profiles/nigeria-ifrs-profile.pdf>

<sup>17</sup> "COP 30: Nigeria Demands Boost In Global Financing To Restore, Protect Nature" <https://statehouse.gov.ng/cop-30-nigeria-demands-boost-in-global-financing-to-restore-protect-nature/>