

A Sustainable Banking Network (SBN)  
Task Force Report

Addendum to the SBN Report  
*Necessary Ambition: How Low-Income  
Countries Are Adopting Sustainable Finance  
to Address Poverty, Climate Change, and  
Other Urgent Challenges*

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# Country Profile

## Nigeria



Sustainable  
Banking  
Network



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# Nigeria



**SBN Member:** Central Bank of Nigeria (CBN) (member since 2012)

**SBN Working Groups:** Measurement Working Group, IDA\* Task Force, and Green Bond Working Group

## Key policy documents:

- Nigerian Sustainable Banking Principles Guidance Note and Sector Guidelines (CBN, 2012)
- Reporting Template for the Nigerian Sustainable Banking Principles (CBN, 2014)
- New Rule on Green Bonds (Securities Exchange Commission - SEC, 2018)
- Green Bond Financial Product listed (FMDQ OTC Securities Exchange, 2018)
- Nigerian Sustainable Finance Roadmap (FMDQ OTC Securities Exchange & UNEP FI, 2018)
- Sustainability Disclosure Guidelines (The Nigerian Stock Exchanges, 2018)

**SBN Progression Matrix Stage (2019):** Advancing – the country has demonstrated that it has adopted voluntary industry principles (which were subsequently made mandatory by the central bank), has implementation tools and initiatives in place, and requires reporting by financial institutions.

**SBN and IFC role:** IFC, through the Africa region Environmental and Social Risk Management (ESRM) Program for financial institutions, has provided advisory services to CBN in relation to policy development, implementation, and capacity building, in partnership with Canada and SECO. Through SBN, CBN has shared its experience with other SBN members – including by hosting the 2014 SBN Global Meeting –

and has benefited from the collective SBN knowledge base. IFC estimates that the country's climate-smart investment potential in selected sectors is more than \$104 billion from 2016 to 2030.<sup>1</sup>

## About this Country Profile:

This Country Profile is an addendum to the SBN report: *Necessary Ambition: How Low-Income Countries Are Adopting Sustainable Finance to Address Poverty, Climate Change, and Other Urgent Challenges*. The report and country profiles for the first time capture in a systematic way how sustainable finance is being harnessed by low-income countries to address a range of common environmental and social priorities and drive financial sector innovation despite market constraints.

The report and profiles complement and build on the data collection and analysis for the SBN 2019 Global Progress Report, which covered 39 emerging markets. They delve deeper into the experiences of 8 low-income countries in the SBN network through an online survey, interviews, and desk research.

This country profile has four sections:

- The **Drivers of Action** – factors that spurred the country to develop sustainable finance policies or voluntary principles.
- The country's **Experiences in Developing Sustainable Finance Frameworks** and what was learned in the process.
- **Future Priorities** for the country as it continues to develop its sustainable finance systems.
- How the country views linkages between sustainable finance policies and **Broader Development of its Financial System**.

<sup>1</sup> IDA stands for the International Development Association ([ida.worldbank.org](http://ida.worldbank.org)), an international financial institution under the World Bank Group that offers concessional loans and grants to the world's poorest developing countries.



## 2. Developing a sustainable finance framework

What process did Nigeria go through to develop a framework to promote sustainable finance, and what was learned along the way?

As Figure 2 highlights, the process of developing sustainable finance in Nigeria has been highly collaborative, involving international partners, the CBN, the Bankers' Committee, and the Financial Services Regulation Coordinating Committee.

Figure 2 Stages and steps for developing and implementing the sustainable finance framework in Nigeria

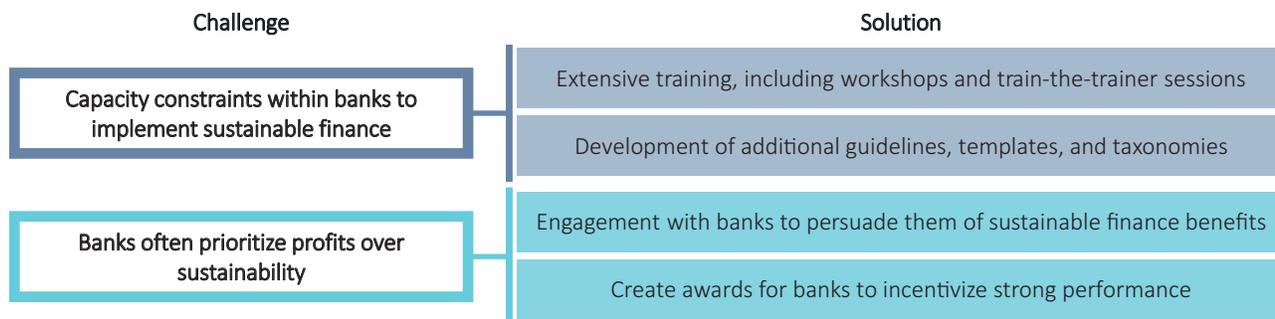


Source: SBN IDA Diagnostic Survey responses

**The development and implementation of the NSBP was initially hindered by inadequate capacity, insufficient ESRM systems within financial institutions, low stakeholder awareness, and a lack of synergy between stakeholders.** As shown in Figure 3, these challenges were addressed through

stakeholder engagement and capacity building. The CBN engaged extensively with banks, providing additional tools (such as sector guidelines), training, and the launch of an annual CBN Sustainability Award to celebrate excellence. This has resulted in improved E&S management among banks.

**Figure 3 The solutions Nigeria found to address challenges in sustainable finance implementation**



Source: SBN IDA Diagnostic Survey responses

### 3. Future priorities

#### What are Nigeria’s priorities as it continues to develop a sustainable financial system?

**There are ambitious plans for continuing to develop a sustainable financial system in Nigeria.** These relate first to the NSBP. For example, there are plans to develop additional sector guidelines for the real estate, manufacturing, and construction sectors, and to review the reporting requirements the NSBP places on banks. There are also plans for further issuance of green bonds by both the public and private sectors, which will support sustainable development financing and Nigeria’s transition to a low-carbon economy. In 2019, Access Bank issued Nigeria’s first private sector Certified Climate Bond in Africa valued \$41.8 million.<sup>2</sup>

**Figure 4 compares Nigeria’s ongoing challenges**

**in developing a sustainable finance system to the challenges faced by SBN member associations from other IDA countries.** As with peer countries, the current focus of the CBN is to provide clear incentives for financial institutions to implement sustainable finance, promote the dissemination of environmental data, develop green finance investment opportunities, enhance cooperation among financial institutions, expand sustainable finance to other financial subsectors, implement the sustainable finance roadmap, and develop a taxonomy of green and socially inclusive projects. The capacity of both regulators and financial institutions remains a challenge, particularly in the non-bank financial sector, where there are at present limited in-depth training programs to support the implementation of the 2016 Nigerian Sustainable Finance Principles. Nigeria has already issued a sovereign green bond, which is identified as a key challenge in peer countries.

**“In the case of Nigeria, both the Nigeria Sustainable Banking Principles and the Nigeria Sustainable Finance Roadmap were developed both to enhance the implementation of sustainable finance in the Nigerian financial system and to promote poverty reduction by encouraging the development of policies to increase financial inclusion and women empowerment.”**

**- Central Bank of Nigeria**





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