



SERIES

**MAINSTREAMING CLIMATE ACTION
INTO NIGERIA'S DEVELOPMENT PLAN**



POLICY PAPER

**Mainstreaming climate
action into Nigeria's
Federal Ministry of
Industry, Trade &
Investment**

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About this Series

Nigeria has made notable progress on climate action in recent years: the submission of its updated Nationally Determined Contribution (NDC) to the UNFCCC; the passing of the Climate Change Act; and the establishment of the National Council on Climate Change (NCCC), to name but a few. However, operational challenges remain. Misalignment of targets and goals, overlapping institutional mandates and multiple points of interface with government all present obstacles to further progress.

This series of eight research briefs aims to support the Nigerian government in overcoming these hurdles and mainstreaming climate action across its key economic sectors and development agenda. The series provides a comprehensive analysis of the challenges and opportunities associated with integrating climate considerations into Nigeria's economic planning, with a focus on both adaptation and mitigation.

The briefs delve deep into specific sectors crucial to Nigeria's economy and climate future. These include: decarbonizing the petroleum and transportation sectors; aligning industry, trade, and investment with climate goals; promoting climate-smart agriculture and food security; leveraging the digital economy for green development; analyzing the role of critical minerals in Nigeria's climate transition; and exploring the potential of green jobs. Each brief examines existing policies, initiatives, and institutional frameworks within the sector, identifying climate-related risks, vulnerabilities, and opportunities. Furthermore, they provide concrete recommendations for policy changes, capacity building, and investment strategies to facilitate climate action.

By analyzing climate finance opportunities, highlighting the role of the private sector, and emphasizing the importance of aligning with international climate commitments, the series offers a roadmap for Nigeria to achieve a sustainable and climate-resilient future. The research not only provides valuable insights for policymakers but also fosters collaboration among government institutions, private sector actors, and development partners to effectively mainstream climate action into Nigeria's national development agenda.

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Acronyms

AGN	African Group of Negotiators
AU	African Union
CBAM	Carbon Border Adjustment Policies
DTIC	Department of Trade, Industry and Competition
ENFP	Enlarged National Focal Point
FME	Federal Ministry of Environment
FMF	Federal Ministry of Finance
FMITI	Federal Ministry of Industry, Trade and Investment
GCF	Green Climate Fund
GEF	Global Environment Facility
JET-P	Just Energy Transition Partnership
NCCC	National Council on Climate Change
NDC	Nationally Determined Contributions
NESG	Nigerian Economic Summit Group
NEV	New Energy Vehicles
NGO	Non-Governmental Organization
NIPC	Nigeria Investment Promotion Commission Act
NOTN	National Office for Trade Negotiations
PPP	Public-Private Partnerships
UNFCCC	United Nations Framework Convention on Climate Change
UNIDO	United Nations Industrial Development Organization
WTO	World Trade Organization



Executive summary

Climate change presents significant risks to Nigeria's economic sectors, particularly industry, trade and investment. As one of Africa's largest economies, Nigeria must integrate climate considerations into its economic policies to ensure sustainable growth and resilience against environmental impacts. This report, Mainstreaming Climate Action into Nigeria's Federal Ministry of Industry, Trade & Investment (FMITI), explores the intersection of climate policies with these critical sectors and provides actionable recommendations for the FMITI to lead Nigeria's transition towards a green economy.

Background and context

Nigeria has committed to various international agreements, including the Paris Agreement, to address climate change. Nationally, efforts such as the Climate Change Act and the Energy Transition Plan reflect the country's ambition to achieve net zero emissions by 2060. Despite these efforts, the integration of climate action into key sectors like industry, trade and investment remains limited, underscoring the need for a more coherent and aligned approach.

Opportunities for climate action

Integrating climate action into the FMITI's policies can drive economic growth, create jobs and enhance Nigeria's global competitiveness. The report identifies opportunities in several areas, including the promotion of renewable energy, sustainable agricultural practices and waste management. There are also opportunities for innovation, such as developing smart agricultural technologies and adopting circular economy practices. Additionally, Nigeria can leverage international climate finance to fund sustainable projects and foster public-private partnerships to scale climate-friendly initiatives.

Climate finance landscape

The report highlights the complex landscape of climate finance, which includes international donors, national funding mechanisms and private sector investments. Despite the availability of funds, accessing climate finance remains challenging due to bureaucratic hurdles, limited technical capacity and insufficient coordination among stakeholders. The report recommends that the FMITI collaborate with other governmental and international bodies to improve access to and utilization of climate finance, particularly through developing specific green financial instruments.

Current policies and initiatives

Nigeria has established several trade, investment and industrial policies aimed at promoting economic growth. However, these policies often lack integration with climate action goals. For instance, the Trade Policy for Nigeria (2023-2027) includes only minimal references to climate issues. Similarly, while the National Climate Change Policy addresses some sectors, it does not fully incorporate industry, trade and investment. The report calls for greater coherence between economic and climate policies to ensure that Nigeria's development pathway is sustainable.

Challenges and barriers

The report identifies several key challenges in mainstreaming climate action into the FMITI's operations. These include the misalignment between economic and environmental goals, inadequate infrastructure, limited investment in renewable energy and difficulty accessing climate finance. Governance issues, such as corruption and weak policy enforcement, also hinder progress. Additionally, there are significant gaps in climate education and awareness among stakeholders, including within the FMITI itself.

Recommendations:

To address these challenges, the report offers the following recommendations:

- ▶ **Develop a National Climate Framework:** The FMITI should spearhead the creation of a comprehensive framework that aligns economic and climate goals, supported by a clear strategy for integrating climate considerations into trade and investment policies.
- ▶ **Infrastructure Improvements:** Invest in renewable energy and modernize transportation networks to support sustainable industrial activities.
- ▶ **Access to Climate Finance:** Enhance the FMITI's capacity to secure international climate finance and develop specific green financial instruments tailored to trade and industry stakeholders.
- ▶ **Policy Enforcement and Incentivization:** Strengthen policy enforcement and create incentives for compliance with climate policies.
- ▶ **Capacity Building and Education:** Launch initiatives to build climate literacy within the FMITI and among external stakeholders, ensuring continuous engagement and collaboration.
- ▶ **Public-Private Partnerships:** Promote partnerships that leverage private sector resources and expertise to drive climate action.
- ▶ **Adopt International Best Practices:** Study successful climate strategies from other countries and integrate these lessons into Nigeria's local context.

Implementation framework

The report includes a detailed implementation framework that outlines the roles of various stakeholders, timelines and monitoring mechanisms to ensure the effective adoption of the recommendations. The framework emphasizes continuous stakeholder engagement, capacity building and the development of financial instruments to support sustainable projects.

Conclusion

Mainstreaming climate action into the FMITI's operations is not only critical for mitigating climate risks but also presents an opportunity to achieve sustainable growth and enhance Nigeria's global competitiveness. By taking decisive action, the FMITI can play a pivotal role in steering Nigeria towards a greener and more resilient future.



Introduction

Climate change represents one of the most significant challenges of the 21st century, with profound implications for economic development, environmental sustainability and social well-being. Nigeria, as Africa's most populous nation and one of its largest economies, is particularly vulnerable to the adverse effects of climate change. The country's key economic sectors—industry, trade and investment—contribute to and are affected by climate change, making the integration of climate action into these sectors imperative.

Despite Nigeria's commitments to international agreements and the enactment of national policies, there is a noticeable gap in mainstreaming climate considerations into the operations of the Federal Ministry of Industry, Trade and Investment (FMITI). This gap poses risks not only to Nigeria's environmental objectives but also to its economic competitiveness and sustainable development goals.

Research problem

The central challenge addressed in this report is the limited integration of climate action into the FMITI's policies and initiatives. Specifically, the research seeks to answer the following questions:

- ▶ What are the obstacles preventing the effective mainstreaming of climate action within Nigeria's FMITI?
- ▶ How can these challenges be overcome to align the ministry's operations with national and international climate commitments?

Objective of the report

This report aims to provide a comprehensive guide for the FMITI to:

- ▶ Identify and understand the challenges hindering the integration of climate action into its operations.
- ▶ Explore the opportunities that climate mainstreaming presents for industry, trade and investment.
- ▶ Offer actionable recommendations and policy options that are feasible within Nigeria's political and administrative context.
- ▶ Stimulate policy debate and encourage collaborative efforts among stakeholders to achieve sustainable economic development.

By addressing these objectives, the report seeks to contribute to Nigeria's efforts in meeting its climate commitments while fostering economic growth and enhancing the well-being of its citizens.

Background and context

Global climate discourse and Nigeria's commitments

Climate change poses significant risks to economic sectors worldwide, Nigeria is no exception. Understanding Nigeria's position within the global climate landscape is essential for mainstreaming climate action into the FMITI. In response to the global climate crisis, Nigeria has committed to various international agreements and organizations; this directly influences its domestic policies and strategies in industry, trade and investment.

United Nations Framework Convention on Climate Change (UNFCCC)

Nigeria has been a Party to the UNFCCC since 1994, actively participating in global efforts to address climate change. The UNFCCC sets an overarching framework for intergovernmental efforts to tackle climate challenges, requiring member countries to develop and implement strategies for reducing greenhouse gas emissions and adapting to climate impacts. The Paris Agreement of 2015 is a landmark international treaty within the UNFCCC framework which aims to limit global warming to well below 2° Celsius.

Under the Paris Agreement, Nigeria has taken steps such as enacting the Climate Change Act, establishing the National Council on Climate Change to coordinate and oversee climate action and submitting its Nationally Determined Contributions (NDCs) document. This commits the country to a conditional 45% reduction in greenhouse gas emissions by 2030 (compared to business-as-usual levels) and charts a path to net zero by 2060¹ (see Figure 1). The African Group of Negotiators (AGN) represents African countries in international climate negotiations under the UNFCCC. Nigeria is an active member of the AGN, influencing the group's positions and benefiting from shared resources and expertise. The group advocates for:

- ▶ **Climate Justice:** Emphasizing the principle of common but differentiated responsibilities.
- ▶ **Adaptation and Resilience:** Securing support for adaptation measures crucial for vulnerable African nations.
- ▶ **Climate Finance:** Ensuring developed countries fulfill commitments to provide financial assistance.

World Trade Organization (WTO)

The WTO plays a significant role in shaping global trade policies, including those related to environmental sustainability. As a WTO member, Nigeria participates in negotiations that influence global trade rules related to environmental goods and services. Recent WTO discussions focus on the intersection of trade and climate change, recognizing that trade policies can support or hinder environmental objectives. Key initiatives include:

- ▶ **Trade and Environmental Sustainability Structured Discussions:** An initiative aimed at promoting transparency and collaboration on trade-related environmental measures.
- ▶ **Negotiations on Environmental Goods Agreement:** Efforts to reduce tariffs on environmental goods, facilitating access to green technologies.

African Union (AU)

The AU provides a platform for regional cooperation on climate change and sustainable development. Nigeria contributes to and benefits from AU initiatives by adopting regional best practices and accessing support for renewable energy projects. Collaboration within the AU enhances Nigeria's capacity to address transboundary climate issues and leverage collective bargaining power in international negotiations. The AU's Agenda 2063

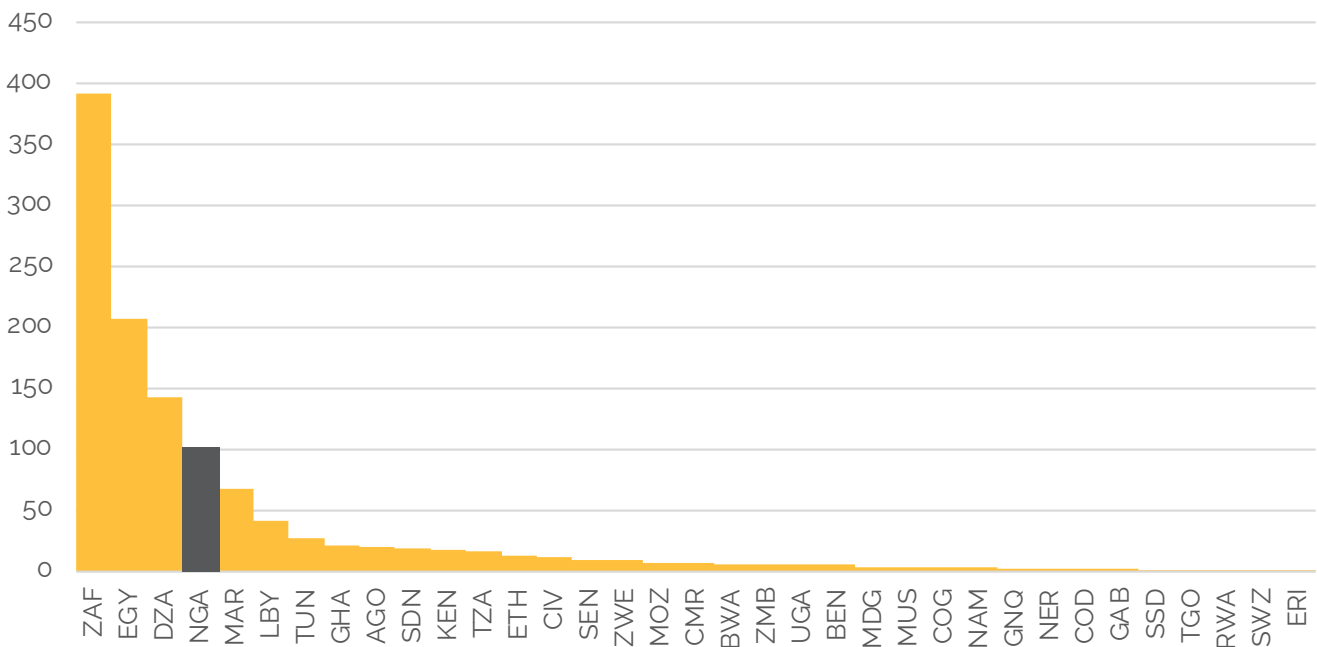


envisions "a prosperous Africa based on inclusive growth and sustainable development." The key initiatives from the AU include:

- ▶ **African Climate Change Strategy:** A framework guiding member states in integrating climate considerations into national policies.
- ▶ **Africa Renewable Energy Initiative:** Aimed at accelerating the use of renewable energy sources across the continent.

These initiatives underscore the importance of integrating climate considerations into all economic sectors, particularly industry, trade and investment.

Figure 1: Nigeria's Emissions Snapshot

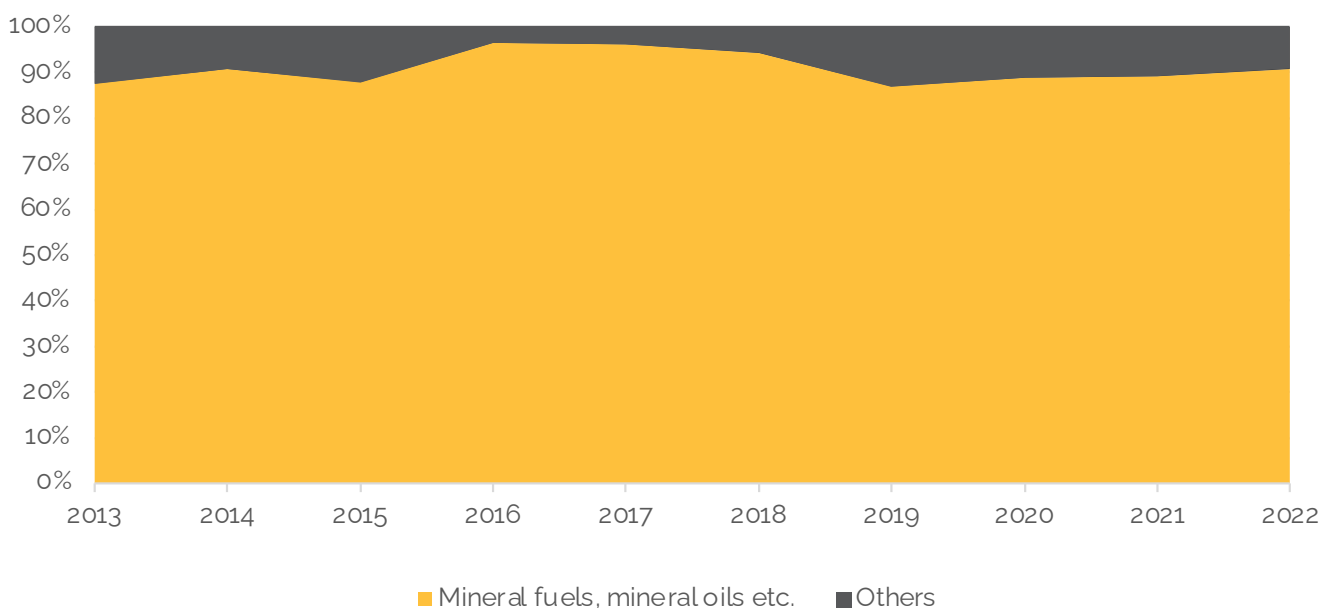


Source: Graph prepared by author using data from IEA (2022).

Geopolitical considerations and developmental risks

Nigeria's oil and gas industry has long been a key pillar of its economic and geopolitical influence, especially within Africa (Figure 2). Any significant shift away from fossil fuel dependence will not only impact the domestic economy but could also reduce Nigeria's geopolitical clout in the region. The energy transition in Nigeria faces significant challenges rooted in the political economy of the country's oil and gas sector. Powerful elites and vested interests, who have long benefited from the wealth generated by fossil fuels, often resist policies aimed at reducing dependence on oil. Corruption within the sector further complicates efforts to shift towards renewable energy, with funds being misappropriated and reforms being delayed by those profiting from the status quo. The political influence of the oil industry also extends into policymaking, where lobbying and other forms of influence lead to policy inertia that undermines climate action. Achieving a successful energy transition will require strong political will, governance reforms and the alignment of diverse stakeholders to overcome these entrenched interests and drive forward Nigeria's sustainable energy future.

Figure 2: Petroleum products as share of Nigeria's total exports (2013 – 2022)



Source: Graph prepared by author with data from Trademap

Note: Petroleum products shown here refers to HS Code 27 - Tariff Classification of - Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral waxes.

One key geopolitical risk lies in the potential reduction of Nigeria's influence within global energy markets, particularly within the Organization of the Petroleum Exporting Countries. Nigeria's ability to leverage its oil and gas resources has provided it with significant bargaining power in international negotiations, trade agreements and regional partnerships. As the global energy landscape shifts towards renewable energy, Nigeria's reduced involvement in fossil fuel trade could diminish its standing among fellow oil-producing nations and weaken its voice in critical discussions on energy policy and pricing.

Further, the prioritization of climate action could affect Nigeria's developmental agenda. The country still relies heavily on oil revenue for foreign exchange and budgetary stability. A sudden or poorly managed transition away from oil could exacerbate economic instability, leading to increased unemployment, reduced government revenues and heightened social tensions. For example, regions like the Niger Delta, which are heavily dependent on the oil sector for jobs and infrastructure development, could face severe economic and social challenges if alternative livelihoods and industries are not developed alongside the energy transition.

Additionally, the push for energy transition is often perceived as an imposition from Western nations, many of which are historically responsible for the bulk of greenhouse gas emissions. There is a growing sentiment among developing countries, including Nigeria, that the West's push for rapid decarbonization could hinder their own developmental progress. This perception fuels resistance to aggressive climate policies, as they are seen to disproportionately burden countries that still rely heavily on fossil fuels for their economic development.

Nigeria must navigate these global pressures while ensuring that its energy transition aligns with its national interests and developmental priorities, avoiding policies that could stifle economic growth. However, while there are risks, there are also opportunities. Nigeria can strategically position itself as a leader in Africa's green transition, leveraging



its resources and expertise to guide other African nations through similar transitions. By actively shaping Africa's climate agenda and pursuing green energy initiatives, Nigeria can maintain and even enhance its geopolitical influence. Investment in renewable energy, green technologies and regional integration can help Nigeria pivot from being an oil-dependent nation to a green energy leader in Africa.

Climate finance landscape

Climate finance is broadly divided into three categories: climate change mitigation finance, adaptation and resilience finance and loss and damages. Sources of finance range from international donors, national funding mechanisms and private sector investments, among others. Climate finance can also be packaged as loans, grants or investments. Increasingly, finance is also taking the form of loan guarantees or investment de-risking, where donor governments incentivize the participation of their private sector in climate projects in emerging or developing economies.

International donors, such as the Green Climate Fund (GCF) and Global Environment Facility (GEF), play a crucial role in providing financial support for climate-related projects in Nigeria. These funds focus on initiatives that combine economic development with climate resilience, offering substantial opportunities for industry, trade and investment sectors to transition to low-carbon pathways. National funding mechanisms, including government budget allocations and climate-specific funds, are essential for implementing domestic climate policies. However, accessing and utilizing these funds often face challenges such as bureaucratic hurdles, limited capacity and competing priorities. The private sector also contributes to climate finance through investments in green technologies and sustainable business practices. An example is Alithea Capital's Clean Energy Fund that invests in clean energy projects and there are other similar funds in the space.²

Opportunities for climate action

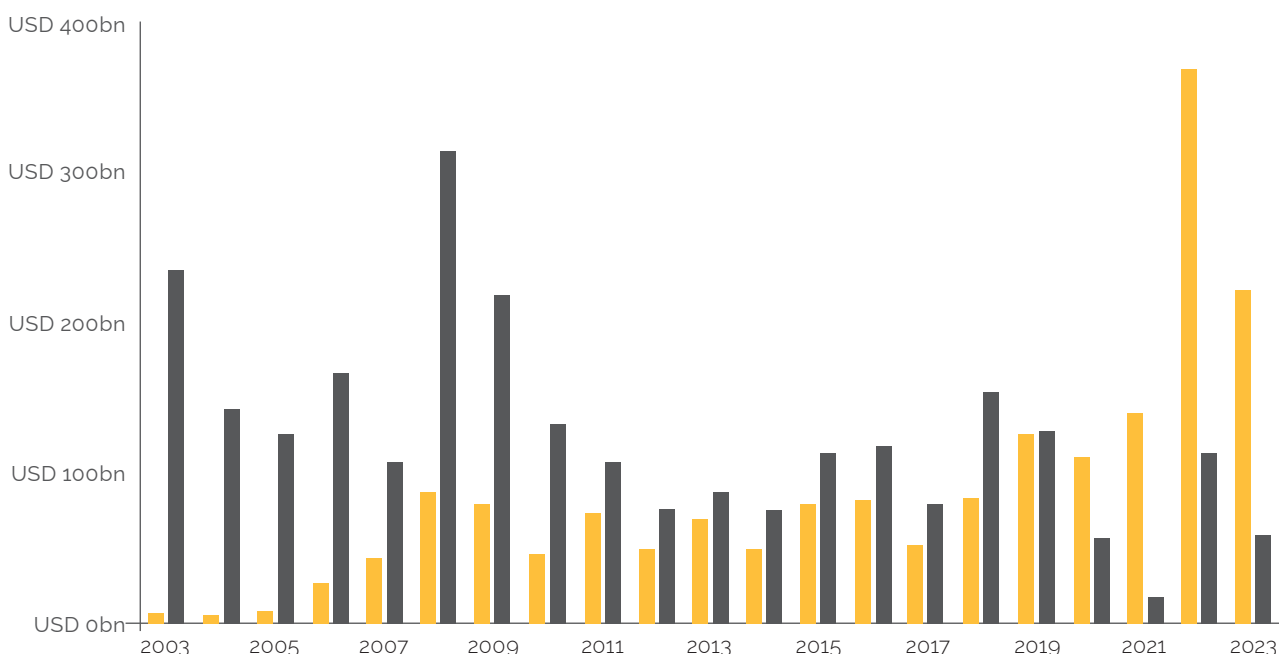
The following are some potential benefits of integrating climate action into trade and industry in Nigeria.

- ▶ **Economic growth and job creation:** Integrating climate strategies can stimulate economic growth by creating new markets and job opportunities in sectors such as renewable energy, energy efficiency and sustainable industries. This includes potential growth in solar energy projects, energy-efficient manufacturing and sustainable agriculture practices. Diversifying the economy through green industries can reduce the country's reliance on oil exports and create a more resilient economic structure.
- ▶ **Enhanced competitiveness:** Sustainable practices enhance the competitiveness of Nigerian products in international markets. As global demand shifts towards environmentally friendly goods, compliance with international environmental standards can help maintain and expand market access. This is particularly crucial for Nigerian exports to regions which are promoting the development and adoption of environment-related restrictive trade policies, such as the European Union's Carbon Border Adjustment Mechanism (CBAM) and Due Diligence policies.
- ▶ **Resilience and risk management:** Proactively addressing climate impacts through integrated strategies can enhance the resilience of Nigerian industries to extreme weather events, such as the recurring floods that affect agricultural productivity. Implementing climate-resilient agricultural practices can help secure food production and improve food security. Additionally, better resource management can mitigate the adverse effects of climate change on food security and agricultural resilience.

- Health and environmental benefits:** Reducing emissions and pollution through sustainable practices improves public health and environmental quality. In the Niger Delta, for example, mitigating pollution from oil spills and adopting cleaner industrial processes can significantly improve local health outcomes and restore environmental balance. Cleaner air and water, along with reduced waste, contribute to a healthier population and ecosystems, supporting overall sustainable development in Nigeria.
- Green technologies and innovations:** Embracing green technologies offers opportunities for innovation across various sectors, including renewable energy, waste management and sustainable agriculture. Supporting research and development in these areas can lead to breakthroughs that provide economic and environmental benefits. Nigeria can become a hub for green technology innovation by fostering local startups and collaborating with international partners. Increasingly, the move to greener technologies can become a factor for attracting more foreign direct investment. As shown in Figure 3 below, global investment flows are shifting to renewable energy projects.
- Circular economy:** Promoting a circular economy by designing products for longevity, reusability and recyclability reduces waste and resource consumption. Policies supporting recycling infrastructure and incentivizing businesses to adopt circular practices can foster a more sustainable industrial landscape. This can be particularly impactful in urban areas like Lagos, where waste management challenges are significant.
- Climate finance and investment:** Accessing climate finance is crucial for funding sustainable projects. International funds like the GCF and the GEF provide financial support for initiatives that combine economic development with climate resilience. Developing specific green financial instruments, such as green bonds and low-interest loans, can also facilitate investments in sustainable projects. Nigeria's issuance of green bonds is a step in the right direction, demonstrating the potential to attract significant investment for climate action.

Figure 3: The global switch to renewable energy investment

Greenfield FDI announcements



Source: fDi Intelligence (2023)



- ▶ **Public-private partnerships (PPP):** Collaboration between the public and private sectors can leverage resources and expertise to drive climate action. PPP can facilitate the development and deployment of green technologies and practices, enhancing the overall impact of sustainability initiatives. These partnerships are essential for scaling up successful pilot projects and integrating sustainable practices across various industries.

Role of the FMITI in climate action

Nigeria's FMITI plays an important role in shaping policies that drive economic growth. Aligning these policies with climate objectives is crucial for ensuring that economic development is sustainable and resilient to climate impacts. The ambitious targets that Nigeria has set in its NDC necessitates significant changes in industrial practices, energy production and investment strategies.

This report explores the intersection of climate policies with Nigeria's industry, trade and investment sectors. It provides an in-depth analysis of the current climate finance landscape, existing policies and stakeholder perspectives. By identifying challenges and barriers, the report aims to offer actionable recommendations to enhance climate resilience. The ultimate goal is to mainstream climate action into the FMITI's policies and sector priorities, ensuring that Nigeria can achieve sustainable growth in line with its international climate commitments and national development goals.



Conceptual framework

To effectively mainstream climate action into the FMITI, it is essential to understand the interconnectedness of these three sectors within the climate change context. This conceptual framework illustrates how industry, trade and investment interact and influence each other in relation to climate action.

Key concepts and their interactions

Industry: The sector involved in the production of goods and services, including manufacturing, energy production and resource extraction. Industries are significant contributors to greenhouse gas emissions but also hold the potential for substantial emissions reductions through the adoption of clean technologies and sustainable practices.

Trade: The exchange of goods and services across domestic and international markets. Trade policies can affect the carbon footprint of goods through regulations, tariffs and standards. Sustainable trade practices promote the exchange of environmentally friendly products and services.

Investment: The allocation of capital to generate returns, encompassing both domestic and foreign direct investments. Investment decisions influence the development and deployment of low-carbon technologies. Mobilizing green finance is crucial for funding climate-resilient infrastructure and innovation.

Interrelationships

Industry and trade:

- ▶ Industrial outputs form the basis of trade. The environmental impact of industries directly affects the sustainability of traded goods.
- ▶ Trade agreements and policies can incentivize industries to adopt greener practices to meet international standards and access new markets.

Trade and investment:

- ▶ Investment flows drive trade by enhancing production capacities and supply chain efficiencies.
- ▶ Sustainable investment attracts green trade opportunities, promoting environmentally friendly goods and services in global markets.

Investment and industry

- ▶ Investments determine the direction of industrial growth. Funding in renewable energy and clean technologies accelerates the transition to sustainable industries.
- ▶ Industries rely on investments to modernize infrastructure and adopt innovative practices that reduce emissions.

The necessity of analyzing industry, trade and investment together

- ▶ **Holistic understanding:** Climate change is a multifaceted issue affecting all sectors. An integrated approach ensures comprehensive policy development that addresses the complexities of each sector while aligning them towards common climate goals.



- ▶ **Policy synergy:** Coordinated strategies across sectors can create synergistic effects, amplifying the impact of climate action. For example, green investments can drive industrial innovation, which in turn can enhance sustainable trade practices.
- ▶ **Efficient resource utilization:** An integrated framework allows for the efficient allocation of resources, avoiding duplication of efforts and ensuring that initiatives in one sector complement those in others.

Complexities in grouping sectors

- ▶ **Sectoral differences:**
 - ▶ *Objectives:* Each sector has distinct primary objectives—industry focuses on production, trade on market exchange and investment on capital returns.
 - ▶ *Regulatory Frameworks:* Different laws, regulations and international agreements govern each sector, which can sometimes conflict or lack alignment.
- ▶ **Commonalities in climate action strategies:**
 - ▶ *Emission reduction goals:* All sectors contribute to greenhouse gas emissions and have roles to play in mitigation.
 - ▶ *Innovation and technology:* Advancements in technology are critical across sectors for achieving climate objectives.
 - ▶ *Stakeholder engagement:* Effective climate action requires collaboration among government, private sector and civil society stakeholders in all sectors.

Rationale behind the integrated analysis

- ▶ **Interdependency:** The performance and policies of one sector often influence the others. For instance, investment in clean technology affects industrial emissions, which in turn impacts the sustainability of traded goods.
- ▶ **Global commitments:** Nigeria's international climate commitments require coordinated action across all economic sectors. An integrated approach ensures that national policies are coherent and effective in meeting these obligations.
- ▶ **Economic transformation:** Transitioning to a green economy necessitates simultaneous changes in industrial processes, trade practices and investment flows. Addressing these sectors together facilitates a smoother and more comprehensive transformation.

Understanding the intricate relationships among industry, trade and investment is crucial for the FMITI to effectively mainstream climate action. By adopting an integrated approach, the ministry can develop cohesive policies that leverage the strengths of each sector while addressing their unique challenges. This framework serves as a foundation for the subsequent analysis of obstacles and the formulation of targeted recommendations to align the FMITI's operations with Nigeria's climate commitments.

Methodology

The research involved a review of existing policies, legislation and strategic documents from the Federal Ministry of Industry, Trade & Investment, the Ministry of Environment and other relevant bodies. This policy analysis focused not only on content but also on the policy-making process, roles of various stakeholders and the interplay between different governmental layers.

An institutional framework review was conducted to analyze the mandate, structure and interactions of the FMITI with other government entities, private sector actors and international bodies. This helped identify potential leverage points and barriers for mainstreaming climate action within the bureaucratic system.

Stakeholder engagement included structured interviews with key informants from government ministries and agencies, focusing on those involved in policy formulation and implementation. Interviews were also conducted with non-governmental stakeholders from the private sector, donor space and civil society. The engagement strategy respected formal protocols and leveraged informal networks to facilitate open and productive dialogues. A total of 15 stakeholders were interviewed, including 7 stakeholders from the FMITI or its agencies and 8 stakeholders from other government agencies, the private sector, civil society and donor agencies.

The information gathered through desk research and stakeholder engagement was used for an integrative analysis to map out the interconnections between climate action, industry, trade and investment. This analysis informed the development of strategic, practical and actionable recommendations tailored to the complexities of the Nigerian policy-making environment.



Photo by Emmanuel Ikwuegbu on Unsplash



Findings

Analysis of current policies and initiatives

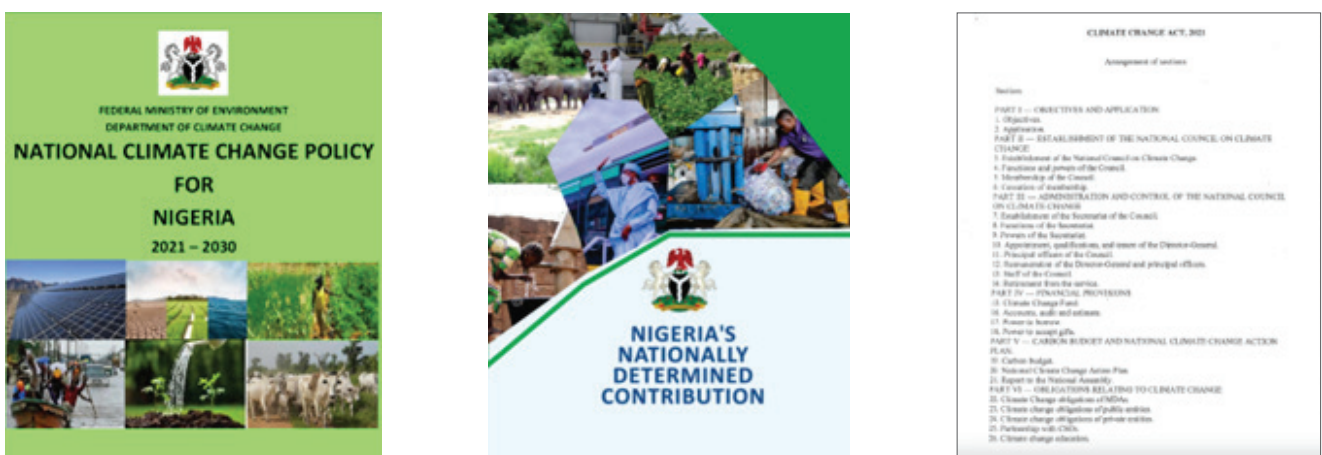
Nigeria has established several policies to attract investments, promote trade and foster industrial growth. These policies include trade policies, investment policies and industrial development policies. Industrial development policies are both sectoral and cross-cutting. While these policies aim to create a conducive environment for economic activities, challenges such as bureaucratic bottlenecks, infrastructural deficits and policy inconsistencies hinder their effectiveness.

Figure 4: Some FMITI policies



On the other hand, Nigeria has developed climate policies to address environmental challenges and promote sustainable development. These include the National Climate Change Policy (2021 – 2030)³, the Energy Transition Plan, the Nationally Determined Contribution, renewable energy initiatives and commitments under international agreements like the Paris Agreement, the 2021 Climate Change Act among others.

Figure 5: Some climate change related policies



Mainstreaming climate action into Nigeria's Federal Ministry of Industry, Trade & Investment

More recently, there have been a series of Presidential councils, committees and appointments linked to climate change. These include the National Council on Climate Change (NCCC), Inter-ministerial Committee on Climate Change, Intergovernmental Committee on National Carbon Market Activation Plan, Office of the Special Presidential Envoy on Climate Action⁴, Senior Special Assistant to the President on Climate Finance & Stakeholder Engagement, Presidential Committee on Climate Action and Green Economic Solutions, Presidential Steering Committee on Project Evergreen among others.⁵

However, the intersection between climate policies and economic sectors such as investment, trade and industry remain limited, highlighting the need for greater integration and coherence in policy frameworks. For instance, the 17000-word Trade Policy for Nigeria (2023 -2027) only includes less than a 100-word reference to climate issues. On the other hand, Nigeria's draft African Continental Free Trade Area Implementation Strategy contains some discussions on environmental considerations and their link to climate change. The National Climate Policy does include sections on industry as well as some productive sectors but does not holistically address them. The policy incoherence extends to other issues, including the fact that Nigeria released its NDCs around the same time as the passing of the Petroleum Industry Act into law. These two policy documents appeared to contradict each other, with one planning for a transition away from an oil-dependent economy and another planning for state-led investment in frontier basin oil exploration (Tayo, 2021).

Within the FMITI, there is a Trade and Environment desk, as stipulated by signed WTO treaties. However, there appear to be challenges with coherence in the Nigerian government's response to climate change, given the low levels of awareness and buy-in at the bureaucratic level. This contrasts with the seemingly high levels of interest and attention from the executive level. It is important however to recognize the knowledge and expertise gaps that sometimes exist between career bureaucrats (career civil servants) and political aides. As a result of this, policy consultations and implementation activities sometimes take place within ad-hoc arrangements with little engagement from the statutory bureaucracy.

Summary of stakeholder perspectives and insights – FMITI

Interviewed stakeholders within the FMITI and its parastatals all expressed a recognition of the importance of mainstreaming climate action into the Ministry's policies and activities. They, however, also expressed that there was little institutional action or intent towards achieving this. Some interviewees reported insufficient engagement on some of the Presidential initiatives around climate change.⁶ It was shared that the paragraph on "Trade and Environment" that eventually made it into the revised trade policy was due to later engagement with the Federal Ministry of Environment (FME) when the issue of Environmental Impact Assessments was brought up. The process for producing the policy included 28 ministries, departments and agencies linked to trade but initially did not include any climate change expert as the process was not well resourced. The bureaucrats explained that there was insufficient capacity within the Ministry to champion climate change related issues, as many staff did not have a good understanding of the challenges and how it ought to inform their work. This lack of understanding was not only a challenge for the FMITI but also for their various stakeholders such as the National Assembly and the Ministry's constituent parastatals.

An official of the Ministry proposed that there was a need to assess the compatibility of set climate goals with existing industrial development plans, as well as trade and investment policies. This also had to be done for sectoral plans including agriculture, energy, automotive and others. They however pointed out that there will be a need to improve the institutional framework for coordination between the different Ministries (FMITI and FME) as well as legislative



support for any strategies that emerge from the collaborative deliberations. This would include issues such as Nigeria's position and response to the EU's CBAM.

There already exists an Enlarged National Focal Point on trade matters (ENFP), an inter-agency and inter-ministerial committee on trade issues. It was established in 2001 and is co-chaired by the Minister of Trade and the Director General of the National Office for Trade Negotiations (NOTN). The ENFP helps coordinate and makes recommendations on WTO issues as well as wider trade policy issues. It is within this framework that the Trade and Environment desk exists, as this is required for WTO negotiations. There was also an acknowledgement that there was more capacity on climate change-related issues within the Geneva office of the FMITI, as officials there were directly involved with WTO negotiations.

Wider consultations with officials at the FMITI yielded similar findings, with some officials proposing that climate change issues had not yet been mainstreamed at the Ministry because no entity had "championed" this. Examples were given of gender mainstreaming and trade facilitation which were currently receiving generous attention and resources due to advocacy from external stakeholders. There were recommendations to secure the buy-in of the organized private sector as they had in the past proven as an effective advocate for triggering government action.

Summary of stakeholder perspectives and insights – non-FMITI

The stakeholders provided a wealth of insights on how to enhance climate action within Nigeria's industry and trade sectors, emphasizing the critical need for a strategic and comprehensive approach. One of the primary themes was the importance of aligning economic and environmental objectives. This would involve developing a framework that ensures national economic goals, such as revenue generation from crude oil, do not conflict with the country's climate commitments. The stakeholders noted that such alignment is crucial for creating policies that are both economically viable and environmentally sustainable.

Several stakeholders underscored the critical importance of carbon markets in aligning Nigeria's trade and industry policies with global climate standards. Carbon markets, which facilitate the trading of carbon credits to incentivize emission reductions, were viewed as pivotal for Nigeria to integrate climate considerations into its economic practices. Stakeholders emphasized that participating in global carbon markets can provide Nigerian industries with financial incentives to adopt sustainable practices and reduce their carbon footprints.

Stakeholders also acknowledged the significant role of the FMITI in driving this transition towards a more climate-friendly industrial sector. They pointed out that the FMITI should take a proactive role in developing and enforcing policies that promote carbon reduction across all industrial activities. The ministry was seen as a crucial player in setting the regulatory framework and creating incentives for businesses to engage in carbon trading and adopt green technologies.

The discussions revealed a strong consensus on the need for a comprehensive framework to guide climate action within Nigeria's industry. Stakeholders stressed the importance of detailed policies and strategies that align with international carbon market standards. They also highlighted the necessity for robust data collection and management systems to track the environmental and social impacts of industrial activities. Such data is vital for participating effectively in carbon markets and for demonstrating compliance with international trading standards.

Mainstreaming climate action into Nigeria's Federal Ministry of Industry, Trade & Investment

Awareness and education initiatives emerged as another critical area. Stakeholders emphasized the need to build capacity within the FMITI and among other key stakeholders to understand and leverage carbon markets. This includes training industry players on how to engage in carbon trading and the benefits it can bring. Educating businesses and the public about the importance of reducing carbon emissions and participating in carbon markets was seen as essential for driving widespread adoption of sustainable practices.

PPP were identified as a key opportunity for enhancing climate action. Stakeholders suggested that the FMITI should foster collaborations with private sector players to leverage their resources and expertise in implementing climate-friendly initiatives. Such partnerships can facilitate the development and deployment of green technologies and practices, helping to reduce the carbon footprint of Nigeria's industrial sector. Private sector actors such as the Nigerian Economic Summit Group (NESG) were playing a role in enhancing climate action and advocacy by being trusted advisors to the government.

The stakeholders also recognized the potential for accessing international climate finance through carbon markets. They pointed out that the FMITI should work to secure technical and financial support from international partners to help Nigerian industries transition to low-carbon operations. By participating in carbon markets, Nigeria can attract investments that support sustainable development and environmental conservation. In addition, an interviewee pointed out that mobilizing resources to fund research on climate mainstreaming was an example of climate finance.



Photo by Adeolu Eletu on Unsplash



In terms of opportunities, stakeholders identified several areas where Nigeria could enhance its climate action. One significant opportunity lies in developing smart agricultural technologies that improve water management and reduce emissions. Urban planning that includes more green buildings and the use of sustainable materials was also highlighted as a critical area for development. Additionally, promoting renewable energy, particularly solar power and reducing entry barriers for solar companies were seen as essential steps towards a sustainable industrial sector.

Overall, the stakeholders' insights emphasized the need for the FMITI to have a clear and strategic approach to integrating climate considerations into trade and industry policies. They called for the ministry to lead in fostering a supportive environment for carbon markets, enhancing stakeholder engagement and ensuring that Nigeria's industrial practices align with global climate objectives. By taking these steps, the FMITI can help position Nigeria as a proactive player in the global effort to combat climate change while driving sustainable economic growth.

Notes on stakeholders' insights

There was a general alignment among stakeholders within the Ministry and those outside it on what needed to be done to mainstream climate action within the FMITI. There were, however, some differences in perspectives. As one example, a high-level government official from Nigeria's oil and gas industry expressed a need for the FMITI to provide the industry with guidelines on "greening" oil production in the country. This suggestion was resisted by an official from the Ministry who insisted that this should not be the Ministry's mandate but should be driven by the agency in collaboration with the Petroleum Ministry. The Petroleum Ministry could then present the recommendations to the FMITI and the FME, after which they could then seek executive and legislative support. This was one example of differing perspectives on mandates and responsibility.

Related to this was the challenge of territoriality within the Nigerian civil and public service that sometimes affects coordination and collaboration. The multitude of offices, initiatives, advisors, departments and committees on climate change issues can exacerbate this challenge due to conflicting and overlapping mandates. These challenges have been expanded further in the next section.

Challenges and barriers

In examining the challenges of mainstreaming climate action into the FMITI, the analysis provided by Usman (2020) is particularly relevant. The study critically assesses how Nigeria's reliance on oil revenues has resulted in entrenched interests and institutional weaknesses that hinder economic diversification and effective policy implementation. It highlights the lack of policy coherence and coordination among key sectors like oil and gas, power and manufacturing, which exacerbates these challenges. This context underscores the necessity of addressing institutional barriers and fostering cross-sector collaboration within the FMITI's efforts to integrate climate action. By applying insights from this analysis, strategies can be developed that not only promote sustainable industrialization and trade but also align with broader economic diversification goals. Understanding the political and economic dynamics outlined in the study aids in formulating policies that are both effective and resilient against governance constraints.

Building on the insights gathered from existing policies and stakeholder interviews, the following challenges have been identified as facing the mainstreaming of climate action in the FMITI. These challenges are organized under a number of thematic areas.

Challenges in aligning industry and trade with climate objectives

- ▶ **Misalignment of objectives:** One of the primary challenges highlighted was the misalignment between economic goals and climate considerations. For instance, Nigeria's heavy reliance on selling crude oil for foreign earnings directly conflicts with the need to reduce carbon emissions. This fundamental misalignment complicates efforts to integrate climate-friendly practices into the industry and trade sectors.
- ▶ **Central coordination and national objectives:** Interviewees emphasized the challenge of central coordination and aligned national objectives. Without a unified strategy that integrates climate considerations across various sectors, individual institutions tend to operate in silos. For example, an interviewee mentioned that institutions often lack interdependence and engagement, which hinders the effective implementation of climate policies. It is important to note here that there is a plethora of initiatives, strategies and policies targeted at coordinating climate action issues. There has however been a struggle with integrating them fully into the operations, activities and policies of MDAs. In many cases, MDAs still tend to operate in silos and sometimes develop strategies or policies that conflict with each other. An additional challenge is the fact that the key institution mandated to ensure coordination sometimes lacks the required political support, financial resources or constitutional backing to effectively carry out this function. This in turn leads to situations where institutions over-extend their mandate when not empowered to do so.

Infrastructure and technical challenges

- ▶ **Inconsistent power supply and poor transportation networks:** The poor state of infrastructure, particularly inconsistent power supply and inadequate transportation networks, poses significant barriers to implementing climate-friendly projects. An interviewee pointed out that these infrastructure issues increase operational costs and reduce the competitiveness of green initiatives, making it difficult to adopt sustainable practices.
- ▶ **Insufficient renewable energy investment:** There is a notable inadequacy of investment in renewable energy, especially solar power. An interviewee mentioned the high costs associated with clean energy materials, such as solar batteries, which further impede the adoption of renewable energy solutions. Without substantial investments and incentives, transitioning to a sustainable energy system remains a challenge.

Financial barriers

- ▶ **Access to climate finance:** Accessing domestic and international sources of climate finance is critical for supporting green initiatives, yet it remains a significant challenge. Interviewees emphasized that many governmental bodies and businesses struggle to secure the necessary funding due to stringent requirements and lack of technical expertise to navigate these financial mechanisms. Financial constraints are a major impediment to implementing sustainability projects.

Governance and policy implementation

- ▶ **Corruption and influence:** Corruption and undue influence by powerful individuals were identified as major challenges. These issues lead to mistrust in governmental bodies and can skew policies in favor of certain interests. An interviewee highlighted instances where influential individuals could sway policies to their benefit, undermining efforts to implement fair and effective climate policies.



- ▶ **Policy enforcement:** While Nigeria has several climate action-related policies in place, interviewees noted that enforcement is often weak. An interviewee mentioned that the lack of stringent implementation and monitoring mechanisms means that many policies fail to achieve their intended impact. Effective enforcement is crucial to ensure that industries comply with climate regulations.
- ▶ **Awareness, capacity and education gaps:** There is a significant gap in climate education and awareness among the general population and within key institutions. Many Nigerians are unaware of climate change and its implications. For instance, an interviewee pointed out that many Nigerians have never heard of climate change, which hampers the adoption of sustainable practices. Building awareness and educating stakeholders on the importance of climate action are essential for driving change. These stakeholders include legislators, regulators, civil servants, other public officials, organized private sector and everyday Nigerians. It is however important to note here again that there are varying levels of awareness and understanding within the FMITI and its parastatals. For example, the NOTN is typically better versed on technical issues such as climate change.

Industry-specific challenges

- ▶ **Economic dependence on oil:** Nigeria's economic dependence on oil revenue presents a major hurdle in the transition to clean energy. For example, an interviewee noted that the financial benefits derived from oil sales make it difficult for the government and industries to shift focus to more sustainable sources of revenue.
- ▶ **Waste management issues:** Effective waste management remains a challenge, with inadequate systems in place for recycling and waste reduction. An interviewee highlighted the need for better policies and infrastructure to manage industrial waste, particularly plastics and to promote recycling initiatives. They mentioned the National Plastics Alliance and the backward integration program as efforts to address these issues but emphasized that more needs to be done.

International and market-related challenges

- ▶ **Integration into global carbon markets:** Engaging in global carbon markets poses its own set of challenges. Interviewees noted the complexity of these markets and the need for robust data collection and management systems to track carbon emissions accurately. This is essential for participating in carbon trading and for aligning with international climate standards. An interviewee stressed the importance of aligning investment and trade policies with climate metrics and international trading standards.
- ▶ **Investor confidence:** Building investor confidence is crucial for attracting financing for climate-resilient projects. Transparent and well-regulated supply chains, along with clear and stable climate policies, are necessary to assure investors of the viability and profitability of green investments. An interviewee discussed the importance of having a standardized system for measuring and documenting environmental impact to build investor confidence. Emphasis was also placed on the importance of quality and credible data to inform decision making.

Box 1: Capacity challenges within FMITI

A capacity assessment that was carried out in 2014 on the FMITI's Department of Trade found several weaknesses. There was a lack of sufficient capacity to effectively engage "Grade A stakeholders" for obtaining relevant inputs into trade policymaking and trade negotiations. Additionally, there was a clear deficiency in the ability to create a matching stakeholder-input/output matrix that could deliver high-quality trade policy outcomes. The department also suffered from limited knowledge of sources and the application of basic trade and related information and data. Where information and data were available, there was a lack of awareness and operational knowledge of appropriate analytical techniques. Furthermore, the capacity to prepare basic background studies and papers to inform national positions was extremely limited.



Another critical area of inadequacy was the ability to process and communicate trade information. Communication and relationships within the department were poor, with no recognizable strategy to disseminate trade information. Meetings were scarce, especially at the departmental level and there were no effective communication channels to keep staff informed. This resulted in most staff being unaware of activities outside their divisions. The operational misalignment of functions and mandates further complicated matters, with some divisions overburdened while others were underutilized. There was also no effective planning culture; staff worked in isolation, budgetary allocations were low and inadequately distributed and infrastructure and facilities, including information and communication technology (ICT) resources, were severely lacking. The physical work environment was far from conducive, leading to low staff morale and significant challenges to effective performance.

Although this assessment was carried out ten years ago, stakeholders are of the opinion that not much has changed. Challenges with the physical work environment may have contributed to the current situation where the Minister of Trade and her aides are stationed in the Bank of Industry building and not at the Ministry's offices where the bureaucrats are.



Recommendations

National Framework and Strategy Development

Responsible party: FMITI

- Develop a comprehensive national framework:** The FMITI should create a detailed national framework to guide climate action within the industry. This framework should align economic and environmental goals and include specific policies and strategies for sustainability. As one example, the Ministry can put forward a strategy that prioritizes emissions reduction in low-revenue generating sectors in an effort to meet climate targets without the high opportunity cost of revenue generation in key economic sectors such as oil and gas. This will of course require medium to long-term implementation and monitoring of economic diversification and energy transition as envisioned in the Energy Transition Plan. This can potentially facilitate the overall goal of achieving "net zero emissions" at relatively lower economic and political costs.
- Establish a clear climate action strategy:** The FMITI needs to articulate a clear strategy that integrates climate considerations into trade and investment policies, ensuring alignment with international standards and trading metrics.

Box 2: A green industrial policy for Nigeria

The proposed national framework can potentially take the form of a new - and green - industrial policy for Nigeria. Nigeria's current industrial policy is outdated and there have been ongoing efforts to develop a new one. This presents a window of opportunity to design a strategy that sufficiently incorporates existing environmental policies including international climate commitments; contextualises them to Nigeria's trade, investment and industrial needs; sets a framework for improved coordination and collaboration across stakeholders; and sets clear goals and objectives. This recommendation encapsulates a number of the other ones that have been mentioned in this section.

Infrastructure improvements

Responsible Party: The Federal Government and private sector stakeholders

- Invest in renewable energy infrastructure:** Significant investments are needed in renewable energy, particularly solar power. This is because of the critical role energy plays in catalyzing trade and investment which necessitates the development of cleaner energy sources for more sustainable industrial activities. The federal government, in collaboration with the private sector, should focus on reducing entry barriers for solar companies and promoting clean energy.
- Enhance transportation networks:** Improving transportation infrastructure is essential to support the competitiveness of green initiatives. The government should prioritize projects that modernize and expand transportation networks to facilitate the efficient movement of goods and services.
- Develop green industrial zones:** Establishing green industrial zones with state-of-the-art infrastructure can significantly contribute to green industrialization. These zones should be equipped with renewable energy sources, efficient waste management systems and sustainable water use practices. The federal government, in collaboration with the private sector, can design and implement these zones to attract environmentally responsible industries. Such infrastructure would not only reduce the environmental impact of industrial activities

but also position Nigeria as a hub for green manufacturing, boosting the country's competitiveness in global markets that increasingly value sustainability.

Access to climate finance

Responsible party: The FMITI, financial institutions and international partners

- ▶ **Access international climate finance:** The FMITI should better position itself to help stakeholders secure international climate finance, including grants and low-interest loans. This involves building capacity to navigate application processes and meet stringent requirements. FMITI can coordinate on this with other key government institutions such as the Federal Ministry of Finance (FMF), the NCCC, development partners, development finance institutions (DFI) as well as other private sector actors, especially those focused on climate finance. These entities are sometimes already part of specialized committees or working groups.
- ▶ **Create specific green financial instruments:** Financial institutions should design low-interest loans and grants specifically for green businesses and sustainability projects. These instruments can help reduce the financial burden on businesses by adopting sustainable practices. Nigeria has already issued its first set of green bonds with plans to launch a second issue. The FMITI can play a role here by providing policy guidance on the kinds of financial instruments needed by trade and industry stakeholders. These could include trade finance instruments that allow for more sustainable trade as well as financial instruments targeted at driving sustainable industrialization.

Policy enforcement and compliance incentivization

Responsible Party: FMITI, anti-corruption agencies and law enforcement

- ▶ **Strengthen policy enforcement:** The FMITI should enhance the enforcement of existing climate policies to ensure compliance. This includes establishing stringent monitoring and evaluation frameworks. The FMITI can also set up a cross-sector coordination group with related entities across trade and industry to coordinate the mainstreaming of climate action.
- ▶ **Incentivize compliance:** If the FMITI can help successfully mobilize climate finance by deploying investment incentives, these funds can in turn be used to incentivize sustainable practices with public and private sector stakeholders. The Ministry can work with the Nigeria Investment Promotion Commission (NIPC) in creating the right investment incentives such as tax waivers. Ideally, this fund will not be managed by the Ministry directly but by one of its more suitable parastatals in collaboration with the Ministry of Finance.

Capacity building, awareness and education initiatives

Responsible Party: FMITI, educational institutions and NGOs

- ▶ **Capacity building:** Tailored capacity building measures will need to be directed towards staff of the Ministry and relevant agencies to increase their understanding of how climate action can be integrated and mainstreamed in their work. Innovative approaches can be used for this, by leveraging any existing expertise within the federal government, including the FME, the NCCC and the NOTN.
- ▶ **Increase climate education:** The FMITI should collaborate with educational institutions and NGOs to launch initiatives aimed at raising awareness about climate change. Educational programs should target both the general population and stakeholders within the industry to build capacity and foster a culture of sustainability.



- ▶ **Continuous stakeholder engagement:** Beyond workshops, the FMITI should establish continuous channels for feedback and collaboration with stakeholders. This helps in keeping all parties informed and involved in the climate action agenda.

Public-private partnerships

Responsible Party: The FMITI, private sector and non-governmental organizations

- ▶ **Promote PPPs:** The FMITI should encourage partnerships between the government, private sector and NGOs to leverage resources and expertise for climate action. PPP can drive innovation and implementation of sustainable practices both in the areas of research and manufacturing. The NESG is one example of a public-private partnership that seeks to improve government policymaking by creating a pipeline of knowledge, data and advisory from the organized private sector.
- ▶ **Engage existing organizations:** Support existing organizations that are already working on sustainability initiatives by providing necessary resources and creating systems to facilitate their work.

Box 3: Case study on South Africa's Department of Trade, Industry and Competition (DTIC)



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Department:
Trade, Industry and Competition
REPUBLIC OF SOUTH AFRICA

The South African DTIC is actively integrating climate action into its policies and activities through various initiatives aimed at reducing greenhouse gas emissions and promoting sustainability. It has taken some actions similar to Nigeria such as:

- ▶ The development and implementation of the Climate Change Bill, which was passed by the National Assembly in October 2023. This bill provides a comprehensive framework for South Africa's climate response, including setting sector-wide emission targets and private sector carbon budgets.

Other initiatives include:

- ▶ The Electric Vehicles (EV) White Paper, which outlines strategies to transition the automotive industry towards electric vehicle production.
- ▶ The Gauteng Industrial Symbiosis Program implemented in collaboration with the Gauteng Department of Agriculture and Rural Development, promotes resource efficiency and waste reduction in the manufacturing sector.
- ▶ The DTIC works with the National Cleaner Production Centre South Africa, which offers training on resource efficiency and cleaner production practices to public and private sector stakeholders. These training sessions aim to equip stakeholders with the knowledge and skills needed to implement and monitor climate-related policies effectively. The Centre is engaged in various sectors, including chemicals, agro-processing, automotive and transport equipment, metals and allied processes, pulp and paper, clothing and textiles, leather and footwear, tourism and hospitality and commercial buildings. Its service model utilizes tools and methodologies derived from the United Nations Industrial Development Organization (UNIDO) Cleaner Production Toolkit.
- ▶ The DTIC works with the Department of Forestry, Fisheries and the Environment to align national climate policies and actions.
- ▶ The DTIC has proposed several fiscal measures to attract investment in sustainable projects, including tax incentives for research and development in the green economy and direct funding for infrastructure projects such as electric vehicle charging stations. They work with the National Treasury on this.

Despite the significant efforts by the DTIC to mainstream climate action into its policies, it was the comprehensive and coordinated national strategy that enabled South Africa to secure funding through the Just Energy Transition Partnership (JET-P). The JET-P, launched during COP26 in collaboration with international partners, represents a multifaceted approach involving not just the DTIC but also other key government departments, such as the Department of Mineral Resources and Energy and the Presidential Climate Commission. High-level political commitments, enhanced NDCs and cross-departmental collaborations were critical factors in demonstrating South Africa's readiness for a just energy transition.

The DTIC's strategic initiatives, like the development of the Green Paper on New Energy Vehicles (NEVs) and the NEV Roadmap, played a crucial role in aligning industrial and trade policies with the country's climate objectives. These efforts complemented the broader Just Energy Transition Investment Plan (JET IP) for 2023–2027⁹, which outlines investment needs across sectors such as electricity, NEVs and green hydrogen. The JET IP, endorsed by South Africa's Cabinet, serves as a strategic framework to attract both international and local investment, emphasizing the necessity of a supportive policy environment.

Securing JET-P funding was a result of this collective effort, combining policy and regulatory reforms, stakeholder engagement and effective international diplomacy. While the DTIC's mainstreaming of climate considerations significantly contributed to creating an enabling environment, it was the synergy of all these elements that facilitated the successful partnership. Collaboration across various government departments, alignment with national development goals and engagement with international partners underscore the importance of a unified approach to climate action.

For Nigeria's FMITI, the South African experience illustrates the value of integrating climate action into industry and trade policies as part of a coordinated national strategy. By fostering inter-ministerial collaboration, aligning policies with national and international climate commitments and engaging with stakeholders and international partners, the FMITI can enhance its capacity to mainstream climate considerations effectively. This holistic approach can improve Nigeria's prospects of attracting international support and funding for its own just energy transition initiatives.

Source: South African Department of Trade, Industry and Competition (DTIC)

⁹ Read more: <https://www.climatecommission.org.za/south-africas-jet-ip>

Innovation and best practices

Responsible Party: The FMITI, research institutions and international partners

- ▶ **Adopt international best practices:** The FMITI should study successful climate strategies from countries like South Africa and integrate these practices into local policies. Learning from international examples can provide valuable insights and help tailor effective strategies for Nigeria.
- ▶ **Support research and innovation:** Research institutions should focus on developing innovative solutions for climate resilience. The FMITI can support these efforts by providing funding and facilitating partnerships with international research bodies. In the area of green transportation, an agency such as the National Automotive Design and Development Council can lead research initiatives on climate smart transportation solutions. The newly designed Trade Intelligence Unit can also include a research component on sustainable trade.



Implementation framework

Some of the recommendations above have been condensed into this preliminary implementation framework. Several of the recommendations presented in the previous section will be contingent on the development of the national framework.

Objective	Responsible parties	Steps	Monitoring mechanism	Expected output
Capacity building, awareness and education initiatives	The FMITI in partnership with NCCC and NGOs	Develop training programs	Training program outlines and participation records	Enhanced understanding of climate action and link to the FMITI's operations
	Additional partners – Manufacturers Association of Nigeria & Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture	Launch awareness campaigns	Campaign impact assessments and feedback surveys	Increased public and stakeholder awareness – target will be organized private sector
	The FMITI	Establish continuous engagement channels	Stakeholder engagement logs and feedback mechanisms	Ongoing dialogue and feedback mechanisms
Knowledge exchange and training sessions	The FMITI supported by the WTO, UNIDO, United Nations Conference on Trade and Development, UNFCCC etc.	Set up virtual knowledge exchange sessions with better-performing trade ministries	Entry and exit surveys, number of sessions, participation records.	Catalogue of best practices and approaches for mainstreaming climate action
		Training sessions on existing tools and guides for mainstreaming climate action in trade and industry	Entry and exit surveys, number of tools selected and adapted for use by the FMITI	Catalogue of tools available for use by the FMITI
Public-private finance and investment initiatives	The FMITI, Nigeria Sovereign Investment Authority, NIPC, NESG, Financial Institutions	Identify and develop green financial instruments, such as green bonds, low-interest loans and climate-focused funds.	Reports on financial instruments developed and uptake	Increased availability of finance for green projects through new financial instruments.

Objective	Responsible parties	Steps	Monitoring mechanism	Expected output
		Establish PPP models for investment in renewable energy, sustainable infrastructure and climate-resilient agriculture.	Number of PPP agreements signed, monitoring reports	Enhanced public-private collaboration resulting in increased investments in climate-friendly projects and initiatives.
		Leverage existing climate finance mechanisms, such as the GCF and other international funds, to support national initiatives.	Funds secured, project impact assessments	Effective utilization of international climate finance to support Nigeria's energy transition and climate action goals.
National framework and strategy development / Green industrial policy development	The FMITI, FME, FMF, NCCC, private sector stakeholders, Presidency	Establish a multistakeholder committee	Regular committee meetings and progress reports	A dedicated committee to develop and oversee industry, trade and investment related climate strategies
		Develop the national framework	Quarterly progress reviews and draft assessments	A comprehensive document outlining climate action strategies and policies and roles of agencies
		Approval and dissemination	Approval by relevant authorities and dissemination tracking	Officially approved and widely distributed framework
Policy enforcement and compliance incentivization	The FMITI, anti-corruption agencies, law enforcement	Enhance monitoring and evaluation frameworks	Established monitoring frameworks and regular audits	Effective frameworks for policy enforcement
		Incentivize compliance	Compliance incentive programs and evaluation reports	Increased compliance with climate policies
Monitoring and evaluation	The FMITI, independent auditors, stakeholder representatives	Establish monitoring framework	Monitoring framework documents and implementation plans	A structured system for tracking progress
		Conduct regular evaluations	Regular evaluation reports and feedback sessions	Regular reports on progress and areas for improvement
		Feedback and adjustments	Feedback collection and action plans	Continuous improvement in climate action integration



Conclusion

This report underscores the urgent need for mainstreaming climate action into Nigeria's trade ministry. Given Nigeria's status as one of Africa's largest economies, integrating climate considerations into industry, trade and investment policies is critical for fostering sustainable economic development and ensuring resilience against climate impacts.

The findings highlight significant challenges, including the misalignment of economic and environmental goals, infrastructure deficits, financial barriers and gaps in capacity and awareness. Despite these challenges, there are substantial opportunities for the FMITI to lead Nigeria's transition to a green economy. Leveraging international climate finance, fostering public-private partnerships and developing a comprehensive national framework are pivotal steps in this direction.

By implementing the recommended strategies, the FMITI can enhance policy coherence, strengthen enforcement mechanisms and build the necessary capacity to drive climate action. Initiatives such as promoting renewable energy, improving transportation networks and supporting green industries will be crucial in reducing the carbon footprint of Nigeria's industrial and trade activities.

Furthermore, the collaboration between various government entities, the private sector and international partners will be essential for the successful implementation of these strategies. Continuous stakeholder engagement, capacity building and the adoption of best practices from other countries can provide valuable insights and facilitate the transition to a sustainable and resilient economy.

In conclusion, mainstreaming climate action into the FMITI's operations is not only a necessity for mitigating climate risks but also an opportunity to achieve sustainable growth and enhance Nigeria's global competitiveness. By taking decisive action and fostering a collaborative approach, the FMITI can play a pivotal role in steering Nigeria towards a greener and more prosperous future.

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Appendix 1 - Interview Questionnaire: Ministry of Industry, Trade and Investment

Section 1: Understanding current policies and initiatives

1. Can you describe the current policies and initiatives that the Ministry has in place related to industry, trade and investment?
2. How do these policies align with Nigeria's climate change goals and the Nationally Determined Contribution (NDC) submitted to the UNFCCC?

Section 2: Barriers and challenges

3. What are the main challenges and barriers in incorporating climate considerations into current trade and industrial policies?
4. Are there any conflicting mandates or institutional overlaps that affect climate action within your sector?

Section 3: Opportunities for climate action

5. What opportunities do you see for integrating climate action into the industry and trade sectors?
6. How can climate action contribute to achieving the sector's developmental goals and attract necessary financing?

Section 4: Climate finance landscape

7. Can you discuss any existing or potential sources of local and international climate finance that could support the industry and trade sectors?
8. What role do you see for the private sector and development partners in facilitating access to these financial resources?

Section 5: Coordination and collaboration

9. How does the Ministry coordinate with other government bodies (including its parastatals and external agencies), the private sector and development partners in terms of climate action?
10. More specifically, how does the Ministry coordinate with the Federal Ministry of Environment?
11. What improvements would you suggest to enhance collaboration and alignment across different stakeholders?

Section 6: Future directions and recommendations

12. What are your recommendations for mainstreaming climate considerations into the core activities of the investment, trade and industry sectors?
13. How can the Ministry better support and promote climate-resilient and low-carbon development in its operations and strategies?

Section 7: Continental and international commitments

14. What are some of the continental and international commitments that the Ministry has made or is set to make in an effort to promote sustainable trade, investment and industrial development?
15. How does the African Continental Free Trade Area (AfCFTA) agreement influence the Ministry's approach to climate action?
16. Are there any specific international commitments or partnerships that the Ministry is leveraging to enhance climate action within investment, trade and industry?

Appendix 2: Interview questionnaire for external stakeholders

Section 1: Perception and interaction

1. How do you perceive the current efforts of the Federal Ministry of Industry, Trade & Investment in integrating climate considerations into their policies and initiatives?
2. What has been your organization's interaction with the Ministry in relation to climate action and industry?

Section 2: External challenges and opportunities

3. From your perspective, what are the primary challenges in aligning industry and trade activities with climate objectives in Nigeria?
4. What opportunities can you identify for enhancing climate action within the industry and trade sectors from an external viewpoint?

Section 3: Role and contributions

5. What role does your organization currently play, or could potentially play, in supporting climate action within Nigeria's industry and trade sectors?
6. How can external stakeholders, including your organization, assist in overcoming the financial barriers to implementing climate-resilient projects?

Section 4: Coordination and collaboration

7. Can you provide examples of successful or challenging collaborations between your organization and the Ministry related to climate action?
8. What mechanisms would you suggest to improve collaboration between the Ministry and external stakeholders like yourself?

Section 5: Insights on climate finance

9. Are there specific climate finance instruments or resources that your organization has utilized or could recommend for Nigeria's industry, trade and investment sectors?
10. How can the Ministry better leverage international and local climate finance opportunities?

Section 6: Policy recommendations

11. What policy changes or initiatives would you recommend to the Ministry to better integrate climate considerations into investment, trade and industry?
12. What are the critical steps that the Ministry should take to ensure the effectiveness of these climate policies in the coming years?

Section 7: Evaluating international commitments

13. How do international commitments and agreements influence your organization's strategies and operations in Nigeria?
14. In what ways can the Ministry better align with international climate commitments to enhance sectoral impact?



Appendix 3: List of existing investment, trade and industry policies in Nigeria

Investment policies

1. Nigeria Investment Policy 2023-2027: first Nigeria's Investment Policy
2. Nigeria Investment Promotion Commission Act (NIPC Act): establishes the NIPC to promote, coordinate and monitor investments in Nigeria, providing incentives for investors.
3. Pioneer Status Incentive, established by the Industrial Development (Income Tax Relief) Act, No. 22 of 1971: grants tax holidays to qualifying industries to encourage investment in strategic sectors.
4. Foreign Exchange (Monitoring and Miscellaneous Provisions) Act: facilitates the free flow of foreign currency for investment purposes.
5. Industrial Development (Income Tax Relief) Act: Provides tax relief for investments in certain industries, including manufacturing and agriculture.
6. Nigeria Export Processing Zones Act: Encourages investment in export processing zones with incentives like tax exemptions and duty-free importation.

Trade Policies

1. Reviewed Trade Policy of Nigeria (2023 -2027): the framework for Nigeria's trade policies, emphasizing trade liberalization and the promotion of exports.
2. African Continental Free Trade Area (AfCFTA) Agreement: aims to boost intra-African trade by reducing tariffs and non-tariff barriers. Nigeria signed on 7 July 2019.
3. Export Expansion Grant Scheme, introduced via the Export (Incentives and Miscellaneous Provisions) Act (amended in 1992): to provide financial incentives to exporters to stimulate export growth.
4. Nigeria Customs and Excise Management Act: regulates the administration of customs duties and the import and export of goods.
5. National Automotive Industry Development Plan (NAIDP): promotes local automotive production through tariffs and incentives for local manufacturers.

Industrial Policies

1. Nigeria Industrial Revolution Plan 2014: Focuses on diversifying the economy and boosting industrial capacity in key sectors like agro-processing, petrochemicals and manufacturing.
2. Small and Medium Enterprises Development Agency of Nigeria Act: Supports SME growth through access to finance, capacity building and market access.
3. National Sugar Master Plan: Promotes self-sufficiency in sugar production through incentives for local production and processing.
4. National Integrated Infrastructure Master Plan: A strategic framework for infrastructure development across sectors, including energy, transportation and ICT.
5. Gas Master Plan: Aim to harness Nigeria's gas resources for industrial development, including power generation and petrochemical industries.

Key Climate-Related Policies Intersecting with Investment, Trade and Industry

1. Nigerian Energy Transition Plan
2. National Climate Change Policy Response and Strategy: Outlines Nigeria's strategy for addressing climate change through mitigation and adaptation measures.

Mainstreaming climate action into Nigeria's Federal Ministry of Industry, Trade & Investment

3. National Renewable Energy and Energy Efficiency Policy: Promotes investment in renewable energy sources and energy-efficient practices.
4. Nigeria's Nationally Determined Contributions (NDCs): Commitments under the Paris Agreement to reduce greenhouse gas emissions and enhance resilience.
5. Nigeria Green Bond Program: Facilitates investment in environmentally sustainable projects through the issuance of green bonds.
6. Climate Change Act 2021: Establishes a framework for mainstreaming climate change actions into national policies and promotes sustainable development.

Endnotes

- 1 Available here: https://climatechange.gov.ng/wp-content/uploads/2021/08/NDC_File-Amended-_11222.pdf
- 2 Read more: <https://thealitheia.com/alitheia-clean-energy-fund/>
- 3 Available here: https://climatechange.gov.ng/wp-content/uploads/2021/08/NCCP_NIGERIA_REVISIED_2-JUNE-2021.pdf
- 4 Read more: <https://statehouse.gov.ng/news/president-tinubu-approves-mandate-for-office-of-the-special-presidential-envoy-on-climate-action-expands-green-economy-committee-membership/>
- 5 Read more: <https://statehouse.gov.ng/news/president-tinubu-approves-new-leadership-for-national-council-on-climate-change/>
- 6 Important again to note that government officials and departments sometimes work in silos with poor diffusion of information across the institution.



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APRI – Africa Policy Research Institute is an independent and nonpartisan African think tank. It researches key policy issues affecting African countries and the African continent. APRI provides insights into the German and European Union policy-making processes on Africa. In addition, APRI provides policy options to African policymakers and civil society actors.

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