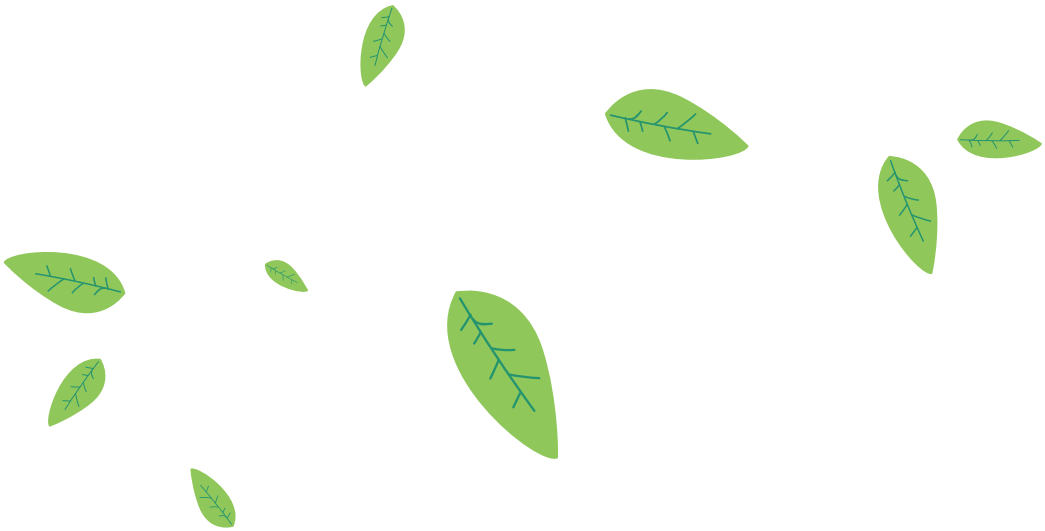
budgIT

Effective and Efficient Climate Budgeting for Green Accountability



About BudgIT

BudgIT is a civic organisation that uses creative technology to simplify public information, stimulating a community of active citizens and enabling their right to demand accountability, institutional reforms, efficient service delivery and an equitable society.

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This research work is supported by **Publish What You Pay**

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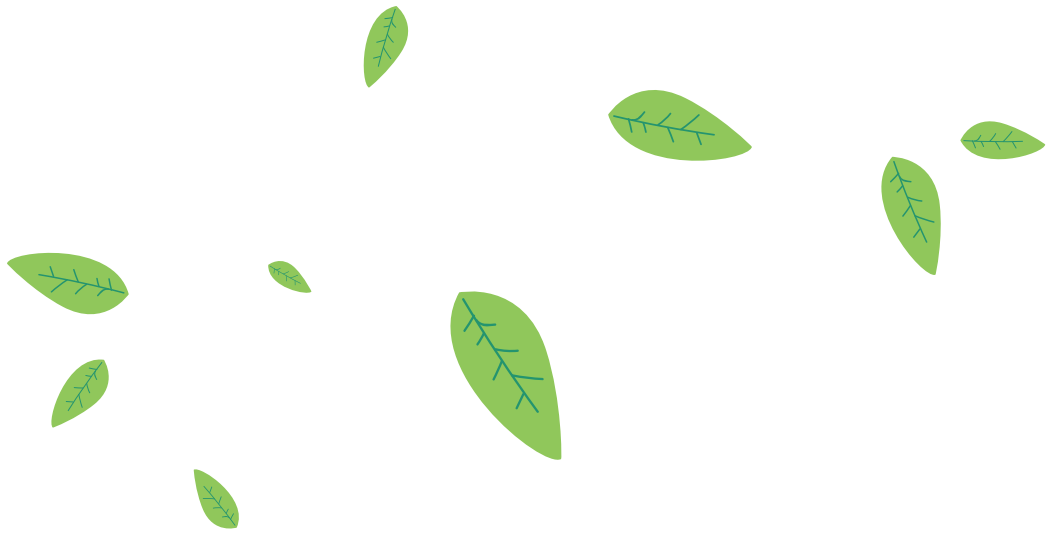


About Publish What You Pay

Publish What You Pay (PWYP) is a global civil society movement of more than 1,000 member organizations in more than 50 countries around the world. PWYP coalitions have contributed to legislative, policy, and corporate behaviour change at local, national, and international levels to advance the open, accountable, equitable, sustainable, and responsive governance of oil, gas, and minerals.

1.0

Introduction

The adverse effects of climate change are increasingly evident in Nigeria through phenomena such as floods, deforestation, and droughts. Certainly, climate related disasters put additional pressure on scarce public funds. Given the critical importance of finance to combating climate change and facilitating the global energy transition, it is critical to ensure that allocated funds are used for their intended purposes and implemented according to the required standards.

Climate financing is implemented broadly through two main channels, one being through appropriation in government budgets and the second through grants.

1.1 What is climate budgeting?

Climate budgeting is a governance system that mainstreams climate commitments and considerations into decision-making on policies, actions and budget. It can be done at national and sub-national levels through integrating climate targets from the Climate Action Plan (CAP) of a country, state or city, in the financial budget process and assigns responsibility for implementation, monitoring, evaluation and reporting across the government.[1] It is a subset of green budgeting which encompasses specific budgeting for climate change activities.

Green budgeting refers to using the tools of budgetary policy-making to help achieve environmental and climate goals.[2] It includes budget climate assessment (BCA) and project climate assessment (PCA). A BCA evaluates budget lines to determine their mitigation and/or adaptation impact. BCAs are a valuable assessment of the climate impacts of expenditures, highlighting areas that may be responsible for large proportions of emissions. A PCA is a similar approach, which is used to assess the climate impacts of a single action, such as a budget proposal, investment or plan. A PCA can be used when developing a climate budget to assess the mitigation impacts of budget lines or projects and to support the prioritisation of action, while a BCA can provide a baseline and show changes in the greenness of spending over time.

Climate budgeting was introduced by the OECD in 2017. In collaboration with the governments of France and Mexico, the Paris Collaborative on Green Budgeting (PCGB) was launched at the One Planet Summit. The PCGB develops concrete and practical guidance to help governments at all levels embed their climate and environmental goals within their budget framework. It also identifies research priorities and gaps to advance the analytical and methodological groundwork for green budgeting in addition to supporting peer learning and the exchange of data and best practices (OECD, 2019).

Fundamentally, green budgeting comprises four key building blocks.

- A strong strategic framework: clearly defined environment and climate priorities and objectives
- Tools for evidence generation and policy coherence: helps to assess how budget measures impact environmental and climate objectives. Includes environmental impact assessments, green tagging (classifying budget measures according to their environmental and/or climate impact), etc.

1 See “Climate budgeting: What it is, what it isn’t and how it works”. C40 Knowledge. Available at https://www.c40knowledgehub.org/s/article/Climate-budgeting-What-it-is-what-it-is-not-and-how-it-works?language=en_US

2 See “OECD green budgeting framework”, Paris Collaborative on Green Budgeting. Available at https://www.oecd.org/environment/green-budgeting/OECD-Green-Budgeting-Framework-Highlights.pdf

- Reporting to facilitate accountability and transparency: facilitates scrutiny of the quality and the impact of green budgeting

- An enabling budgetary governance framework: provides a strong enabling environment for green budgeting. This includes a budgetary framework where there are links between strategic planning and budgeting, multi-annual budget envelopes, outcome and evidence-based budget processes, along with close engagement with parliaments and civil society.

> **The implementation of Green Budgeting is also supported by strong political leadership, clearly defined roles and responsibilities within government, a well-designed sequence of implementation, internal systems that are fit-for-purpose and the development of capacity and expertise among civil servants. It should also be coherent with other budget initiatives, such as gender budgeting.**
>
> **(OECD PCGB)**

Green budgeting has four main objectives[3] which are:

- Strengthen the inter-departmental planning processes to be able to better respond to environmental issues in the short- and long-term.

- Enhance policy coherence for meeting sub-state, state, national and international commitments by mainstreaming climate action and sustainable development by raising awareness and strengthening capacities of departments/ bodies to innovate in existing programmes.

- Develop a framework that will enable the assessment of the state's performance against various environmental targets/commitments and identify areas of improvement through resource allocation and mobilisation.

- Send policy signals for making initiatives and markets more responsive to the objective of sustainable development and climate action in the long-term.

For clarity, climate budgeting is not the same as carbon budgeting. While the former refers to consolidated planning to combat climate change, the latter refers to the cumulative amount of CO2

[3] See "About Green Budgeting", The Energy and Resources Institute. Available at https://greenbudgeting.teriin.org/about-green-budgeting.php#:~:text=Climate%20budgeting%20is%20specific%20to,the%20annual%20budget%20making%20exercise.

emissions allowed within a specified timeframe to keep within safe limits of global warming. Carbon budgets are part of long term emission reduction targets which are broken down into annual limits. A climate budget then integrates these carbon budgets into routine operations and policies.

1.2 What is effective and efficient climate budgeting?

Ideally, climate budgeting is linked to Climate Action Plans (CAPs) to ensure coordinated implementation across government entities. It assigns responsibilities for implementing various dimensions of climate commitments and targets to requisite agencies for implementation, monitoring, evaluation and reporting. This fosters transparency and accountability and helps to highlight deviations from targets.

It links local actions to national, regional and global goals through coordinated implementation. It also provides a systemic approach to scaling climate action beyond mitigation and adaptation interventions to policy and regulatory action aimed at guiding long term implementation and sustainability of measures to combat climate change.

1.3 Principles and Pillars of green budgeting?

Green budgeting follows the following principles and sits on the 6 pillars outlined below.

Principles of Green Budgeting

- Green budgeting will follow a bottom-up process for identifying components of schemes that contribute to environmental sustainability.

- Green budgeting exercise will align with public policy priorities of the government and to universal sustainable development goals related to the environment in areas such as climate, water, energy, ecosystems, and responsible consumption and production.

- Green budgeting exercise will seek to mainstream environmental sustainability by involving ministries/ departments and promotion of innovations within existing schemes/ budget-lines and existing fiscal space.

- Principle 4: Green budgeting exercise will be mainstreamed through institutionalisation of transparency and accountability of resource allocation for the environment.

Pillars of Green Budgeting

- Mainstreaming for environmental sustainability
- Resource allocation for environmental sustainability
- Planning and coordination for environmental sustainability
- Evaluation and monitoring for environmental sustainability
- Transparency and accountability for environmental sustainability
- Policy signals for greening initiatives

1.4 Classification of Climate Budgeting

Budget measures to address climate change can be classified into various themes and activities. These are often guided by the strategic direction of the country, state or city in line with its climate programme. Some examples are highlighted below.

Climate Action: Related to either mitigating or adapting to the impacts of climate change Pollution Abatement: Related to the regulation of pollution (such as air and water) and improvement of air and water quality.

Waste Management: Related to effectively managing waste (such as municipal, industrial, agricultural or chemical) so that it leads to a cleaner environment.

Biodiversity and Ecology: Related to preservation and conservation of forests, wildlife, land, natural resources, and propagation of indigenous activities.

Sustainable Energy: Related to the use and promotion of clean energy sources such as solar energy. Institutional capacity building: contributes to enhancing the capacity of the institutional processes.

Education and awareness: contributes to increasing awareness and knowledge through formal education and other information/ communication channels

Research and development: contributes to developing technologies, innovations, and knowledge in the domain of sciences, applied sciences, social sciences and interdisciplinary approaches

Additional examples can be found in the annex

2.0

Climate Budgeting in Nigeria

The federal government of Nigeria is party to several international treaties, agreements and protocols that address the challenge of combating climate change. As a result, certain commitments were made to progressively decarbonize the country's energy consumption and transit to cleaner and more sustainable sources. These commitments are detailed in several documents, paramount of which are the Nationally Determined Contributions (NDCs), revised in 2021 and the Long Term Low Emission Development Strategy (LT-LEDS) launched in 2023 at COP28. Further to this, in May 2024, the National Council on Climate Change published the country's NDC implementation framework (NDC-IF), a document outlining how Nigeria plans to achieve its climate targets as outlined in its NDCs. The NDC-IF also aims to "harmonise and align all key climate and development policies, targets, and plans in Nigeria's numerous policies on the subject as well as, highlight SDG linkages."

2.1 National Charter of Accounts

Nigeria's budgeting system utilises a classification and coding protocol that aligns various budget line items into stratified categories. It begins with broad categories that have assigned codes under which line items are inserted and linked with the broader categories through the same coding protocol. For example, Expenditure has an assigned code of '2'. Personnel cost, a subset of recurrent expenditure is coded as '21'. Salary, a subset of personnel cost is coded as '2101', and so on. Similarly, Capital expenditure, a subset of expenditure, is coded as '23'. Fixed assets attract the code 2301 while all capex on construction is coded as '2302'. This system is referred to as the National Charter of Accounts (NCOA) and was adopted in the federal budgeting process in the 2014 budget year. Prior to 2014 different charts of accounts were used at federal and subnational level.

Reforms necessitating uniform reporting across the levels of government and to comply with the IPSAS model drove its implementation and adoption in the 2014 national budget cycle, 4 years after FEC approval in 2010.[4] Combined with the ERGP and MDA codes, it promotes easy tracking monitoring and also analysis of the budget. Several other state governments have also adopted the use of the NCOA codes in preparing their budgets.

Table 1: Examples of NCOA codes/protocol

Code	Description Of Line Item
1	Revenue
12	Independent revenue
1201	Tax revenue
120101	Personal taxes
120102	Corporate taxes
1202	Non Tax revenue
120201	Licences
120202	Mining rents
120203	Royalties

4 https://www.premiumtimesng.com/business/144924-nigerian-government-adopts-new-public-accounts-strategy-2014-budget.html

Code	Description Of Line Item
2	Expenditure
21	Personnel cost
2101	Salaries and Wages
2102	Allowance and social contributions
2202	Overhead cost
23	Capital Expenditure
2301	Fixed Assets Purchased
2302	Construction / Provision
2303	Rehabilitation / Repairs
2304	Preservation of the Environment
2305	Other Capital Projects

Following the NCOA protocol, all capital expenditure related to the preservation of the environment falls under the umbrella code '2304'. This is further broken down into various types of capital projects related to environmental issues with unique codes as shown in the table below. This system enables easy tracking of environmental/climate related projects in the environment.

Table 2: NCOA Stratified Codes in the Nigerian Budget for Preservation of the environment

Code	Description Of Line Item
2304	Preservation Of The Environment
230401	Preservation Of The Environment - General
23040101	Tree Planting
23040102	Erosion & Flood Control
23040103	Wildlife Conservation
23040104	Industrial Pollution Prevention & Control
23040105	Water Pollution Prevention & Control

Although this system enables easy tracking of environmental projects in the federal budget. It also has a critical set back. Capital projects related to the deployment of renewable energy such as solar and wind energy as well as biogas are categorised under a different classification. Renewable energy projects are classified under construction/provision of fixed assets. This classification ranges from the construction of infrastructure such as roads, bridges, buildings to the construction of electricity grid infrastructure such as substations, transformers and transmission lines. It also includes the deployment of solar mini grids, solar street lights and boreholes and the procurement and installation of solar equipment such as solar powered lighting systems for interior and exterior usage. This makes it easy to overlook such contributions to climate action as tracking such projects amidst the flood of capital projects across different MDAs becomes quite cumbersome.

To effectively analyse the federal budget for climate budgeting, BudgIT's analysis looked beyond the NCOA codes dedicated to the preservation of the environment to assess each capital project in select MDAs. These projects were then further classified into themes related to climate action described in the table below

Table 3: Classification of Themes for Climate Action

Classification	Description	Examples
Climate Financing	Activities, initiatives aimed at generating funding for climate action	Issuance of green bonds, engagements that facilitate funding.
Adaptation	Projects/ initiatives implemented to help cope with the effects of climate change	Erosion control, deployment of early warning technology, emergency responses
Mitigation	Projects/Initiatives implemented to help prevent or reduce the pace of climate change	Clean energy deployment, afforestation, waste management, pollution abatement etc
Education & Awareness	Projects targeted at educating or raising awareness about climate change and its effects	Awareness campaigns, education curriculum, capacity building programs
Administrative Expenditure	Projects/activities that facilitate policy development or part of administrative functions	Institutional capacity development, Research, conferences, consultancies

Reflecting on 2023's assessment of climate finance in the federal budget

In 2023, BudgITs maiden analysis of climate budgeting in Nigeria's federal budget assessed the allocation to capital projects in the federal ministries of environment and power, two institutions that are crucial to implementation of climate related policies. Analysis showed that adaptation measures gulped the bulk of allocation in the ministry of environment, attracting more than 75% of the ministry's climate expenditure. While this is not surprising as the need for increased attention to climate education as well and initiatives to increase financing was also identified and recommended. The results are summarised below

Table 4: Classification of Capital Projects on Climate change for 2023, Ministry of Environment

Categories of Projects	Number of Projects	Amount (NGN)	Share %
Climate Financing	1	30,000,000	0.05%
Climate Change Adaptation	111	46,280,377,664	75.39%
Climate Change Education	50	1,914,087,816	3.12%
Climate Change Mitigation	76	6,542,474,616	10.66%
Administrative Expenditure	210	6,618,614,988	10.78%

Source: BudgIT (2023)[5]

With regard to the Ministry of Power, like environment, the bulk of the Ministry's allocation was domiciled in the Ministry's headquarters attracting 63% of the Ministry's total capital budget, while the National Rural Electrification Agency (NREA) followed at a distant second attracted approximately 23%. This raised the curiosity regarding the ability of institutions under requisite ministries to efficiently discharge their mandate given the fact that the bulk of funding resided at the headquarters.

5 See BudgIT, 2023. Climate Financing in Nigeria's Public Budgeting.

3.0

2024 climate budget analysis?

Recognizing the fact that the totality of climate action transcends the ministries of Environment and Power, the 2024 analysis expanded the scope a bit to assess targeted interventions outside these two ministries. Two agencies under the Ministry of humanitarian Affairs were included in this year's analysis. First is the National Emergency Management Agency (NEMA). Given the fact that Nigeria has lost many lives as well as billions in value of property to climate related natural disasters, it has become crucial to assess the country's preparedness to tackle potential emergencies. 2024 was the world's hottest year in 170 years according to the World Meteorological Organsation (WMO).[6] Africa observed record breaking heat waves, with significant consequences to life and property on the continent.[7] With the effects of climate change unfortunately not abating soon unless something drastic is done to the global energy production and consumption culture, it is pertinent to ensure that the Country's institutions are adequately prepared and equipped to handle natural disasters that may continue to unfold.

The Analysis also introduced a second layer of analysis which assessed the type of projects or nature of activities in the budget designed to address climate change.

6 See WMO confirms 2024 as warmest year on record at about 1.55°C above pre-industrial level

7 See Africa faces unprecedented heat waves amid global record temperatures

3.1 Ministry of Environment.

Of the N110.86bn allocated to the Ministry of Environment, 64% was allocated to the Ministry's headquarters, a similar pattern observed in 2023. The 20 other MDAs under the ministry, including the National Oil Spill Detection and Response Agency (NOSDRA) and the National Environment Standards and Regulations Enforcement Agency (NESREA) share the remaining 36%. Concentrating the majority of resources in the headquarters may limit the capacity of daughter agencies. Especially regulatory bodies to effectively execute their mandate. For instance, according to the Nigerian Oil Spill Monitor,[8] 1,150 oil spills were reported in 2023. Of this, 565 had no estimated quantity of the spill reported by the company while 46 of the spill sites were not visited by a joint investigation team. While steps to contain unfortunate incidents like these are regularly reviewed and deployed, reports like this reiterate the need to ensure that capacity issues which can hinder the effectiveness of regulatory bodies to monitor incidents with critical economic, health, safety and environmental implications are urgently redressed.

Further examination of the NOSDRA's 2024 budget showed that N5,000,000 was allocated to the design and development of a smart hydrocarbon spillage detection system for the downstream sector (ERGP19181076). While laudable, that is the only line item devoted to pollution abatement under the agency; particularly concerning given that 3,000 barrels of crude oil was lost in just one oil spill incident in November 2023, about 130 km off the coast of Port Harcourt.[9]

Table 5: Top allocations to Agencies in the Ministry of Environment

RANKING	MDA	PERSONNEL	OVERHEAD	CAPITAL	TOTAL ALLOCATION	%
1	FEDERAL MINISTRY OF ENVIRONMENT HEADQUARTERS	3,090,385,457	723,960,033	67,061,407,124	70,875,752,614	63.93%
2	NATIONAL OIL SPILL DETECTION AND RESPONSE AGENCY	689,686,606	239,239,099	489,195,075	9,508,796,460	8.58%
3	NATIONAL ENVIRONMENTAL STANDARDS AND REGULATIONS ENFORCEMENT AGENCY	4,163,297,304	238,129,261	723,682,422	5,125,108,987	4.62%
4	NATIONAL BIOSAFETY MANAGEMENT	533,735,653	129,695,238	4,216,478,185	4,879,909,076	4.40%
5	FORESTRY RESEARCH INSTITUTE OF IBADAN	3,347,823,325	334,008,440	1,154,948,408	4,836,780,173	4.36%
6	NATIONAL BIOSAFETY MANAGEMENT AGENCY (NBMA) HQTRS	792,116,563	109,164,349	826,586,88	1,727,867,800	1.56%

8 https://nosdra.oilspillmonitor.ng/

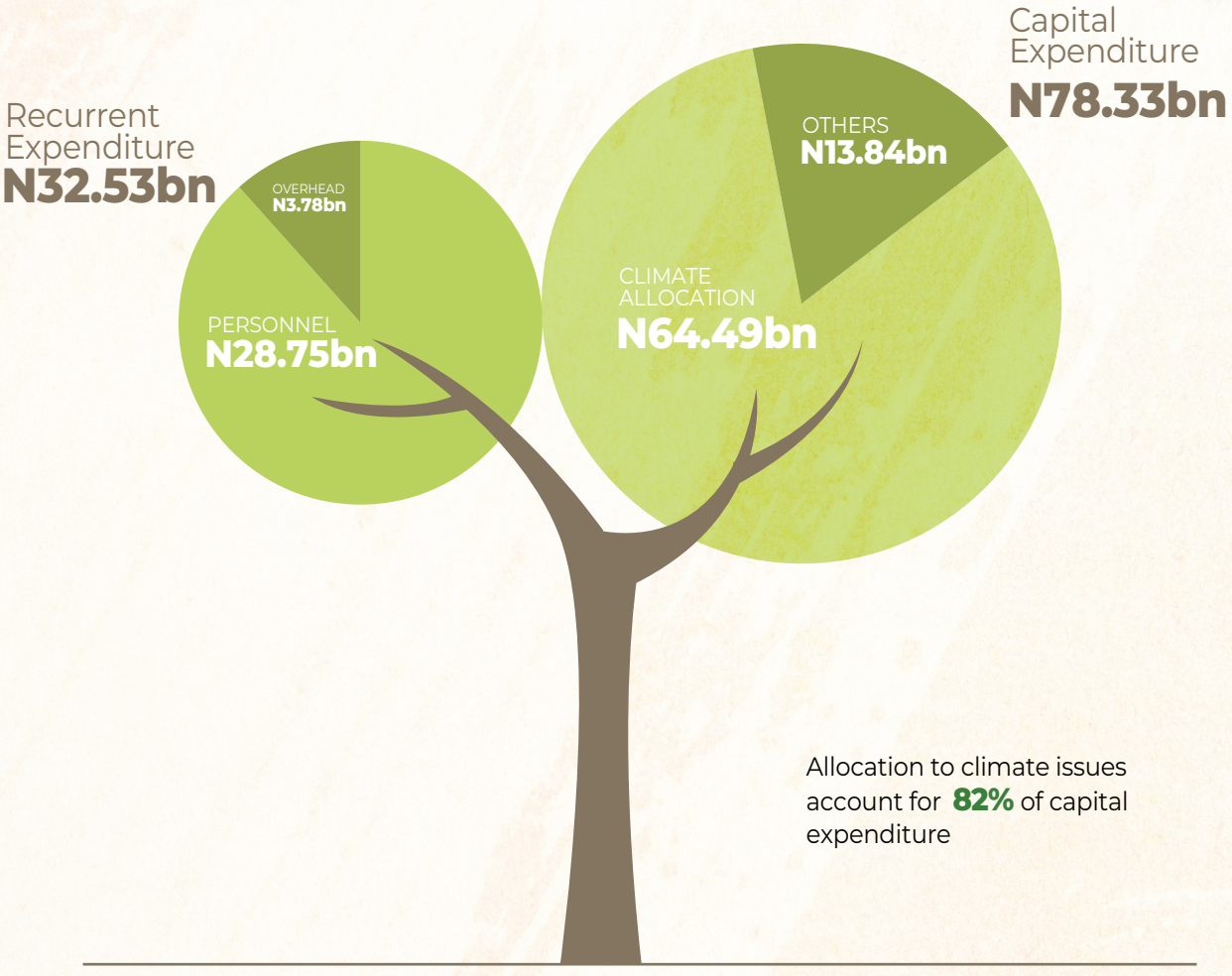
9 3,000 barrels of crude oil spilt in Nigerian waters – NOSDRA

Table 5: Top allocations to Agencies in the Ministry of Environment

RANKING	MDA	PERSONNEL	OVERHEAD	CAPITAL	TOTAL ALLOCATION	%
7	NATIONAL PARK HEADQUARTERS	339,792,258	280,368,061	1,043,033,933	1,663,194,252	1.50%
8	FEDERAL COLLEGE OF FORESTRY IBADAN	1,061,034,473	138,200,141	301,467,141	1,500,701,755	1.35%
9	FEDERAL COLLEGE OF FORESTRY JOS	727,117,259	138,200,141	300,808,066	1,166,125,466	1.05%
10	KAINJI NATIONAL PARK	824,305,345	115,830,559	130,862,198	1,070,998,102	0.97%

Assessment of Climate Change Related Projects

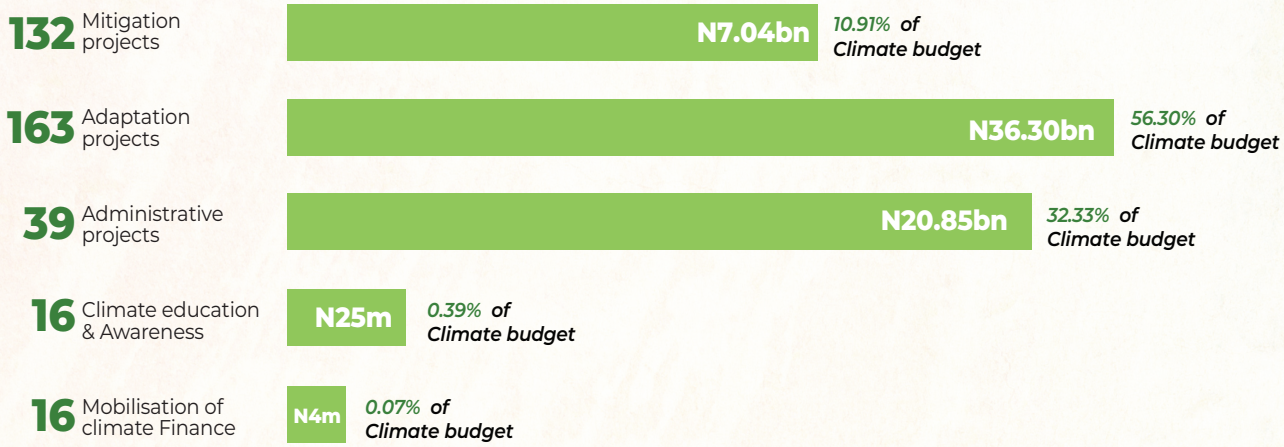
Ministry of Environment



Overall, capital expenditure received 71% valued at 78.3 billion of the Ministry's total allocation while Recurrent expenditure received approximately 29%. Of the 78.3 billion allocated to capex, climate related projects chunked 82% underscoring the ministry's focus on environmental and climate issues. A classification of climate projects is shown in the table below. The bulk of the ministry's climate projects focuses on adaptation action. These are mostly projects geared towards coping with the effects of climate change. In Nigeria, climate related disasters manifest in the form of flooding and erosion. The control of erosion and flood is expected to consume just over N7 billion in 2024 spread across 146 projects, 19% of adaptation action under the ministry. Although through the ACRESAL project, the protection of biodiversity and ecology accounts for the largest allocation to adaptation efforts, erosion and flood control constitute the majority of federal government interventions to tackle the impacts of climate change in Nigeria. In the last decade, floods, which have partly been linked to changes in climate have resulted in massive damage to property, infrastructure and livelihoods. In 2022, huge investments in agriculture were lost to floods in Nasarawa state while submerged road infrastructure hindered the distribution of petroleum products across the country for many days, triggering a fuel scarcity that lasted for weeks. The disaster put 2.5 million Nigerians, 60% of which were children at risk according to UNICEF. The floods affected 34 out of the 36 states in the country and displaced 1.3 million people. Over 600 lives were lost and over 200,000 houses were either partially or fully damaged. Cases of diarrhoea and water-borne diseases, respiratory infection, and skin diseases increased. In the north-eastern states of Borno, Adamawa and Yobe alone, a total of 7,485 cases of cholera and 319 associated deaths were reported as of 12 October, 2022.[10]

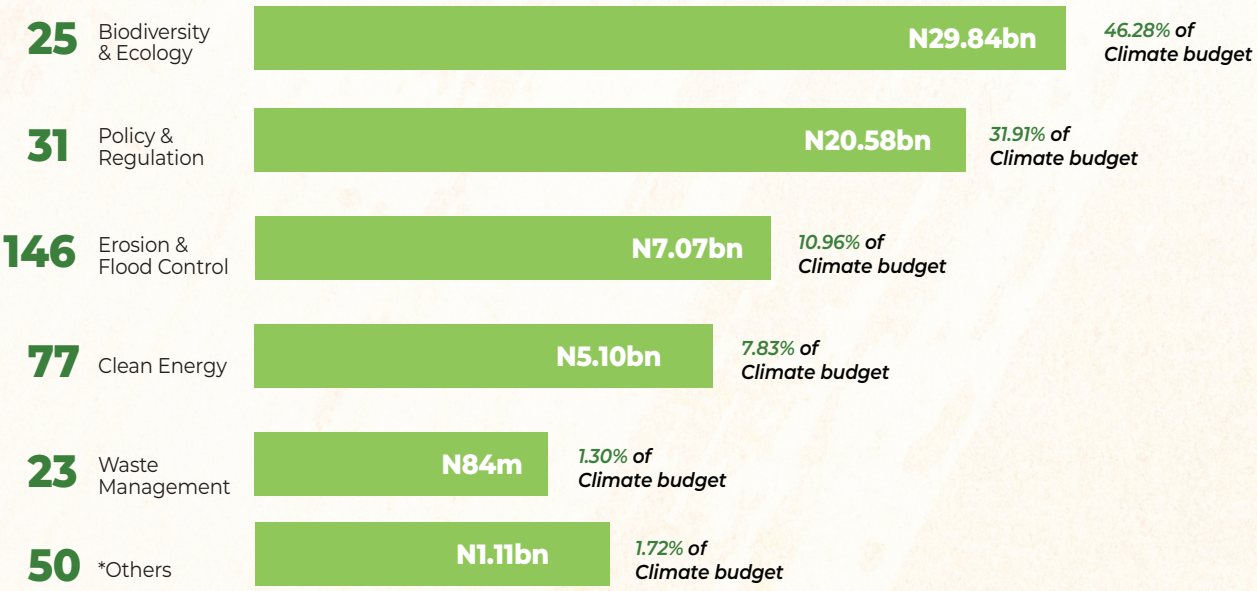
[10] https://www.unicef.org/press-releases/more-15-million-children-risk-devastating-floods-hit-nigeria

Environment Ministry Capital Projects on Climate change in 2024 - Classification of Climate projects



Solar street lights = N1.31 bn; 2% of climate allocation

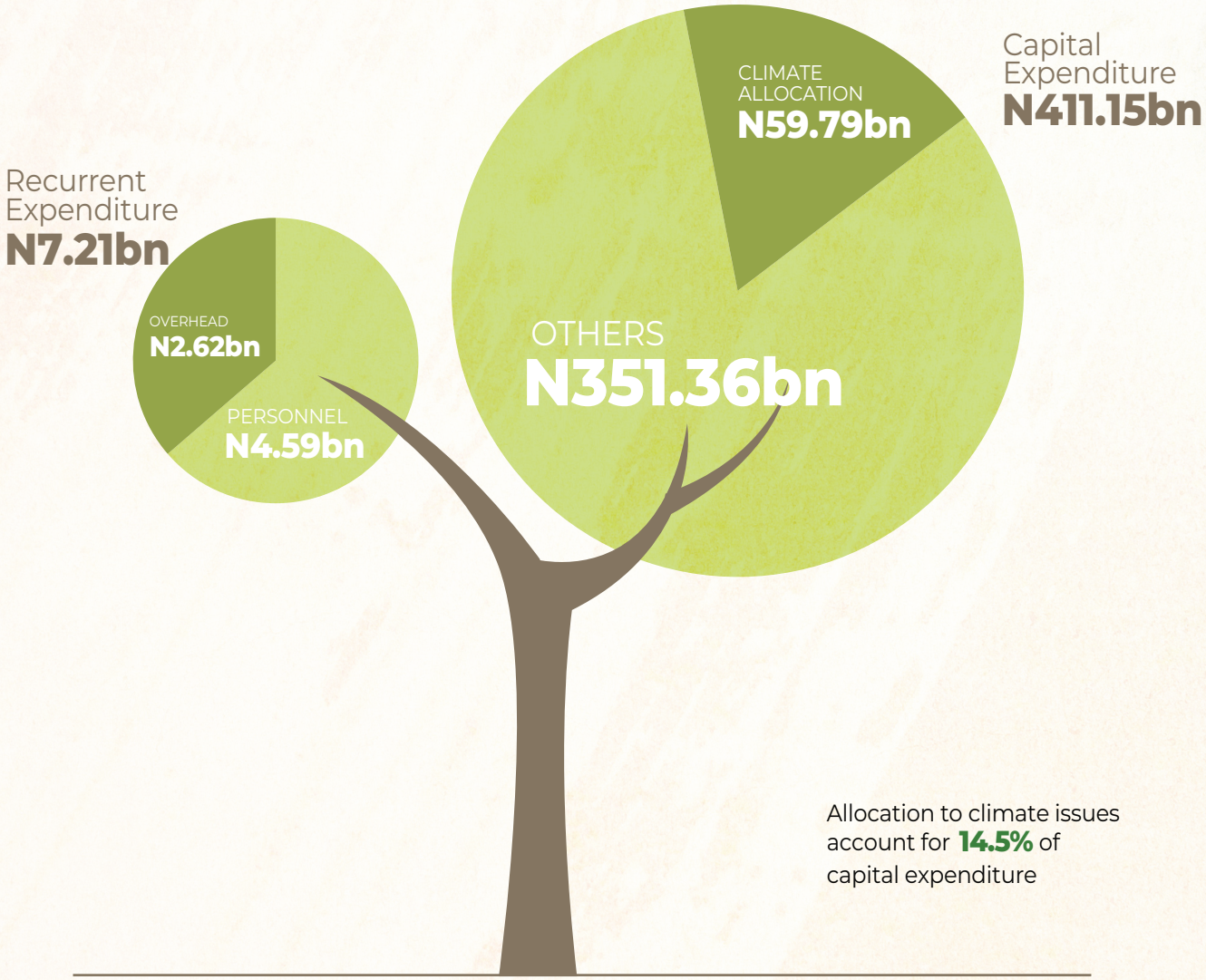
Capital Projects on Climate change in 2024 - Allocation to select activities



3.2 Ministry of Power

In 2024, The Ministry of Power received a total allocation of N418.37 bn, 98% of which was targeted at capital expenditure. The National Rural Electrification Agency (NREA) is expected to receive 47% of total capital expenditure indicative of efforts to increase electricity access to underserved and unserved communities. The Transmission Company of Nigeria (TCN) accounts for 27% of total power sector capex, valued at N114bn. Hopefully this would translate into improved grid stability.

Power: Distribution of the budget



Allocation to climate issues account for **14.5%** of capital expenditure

Between January and December 2024, there were at least 12 grid disturbances resulting in a crash in electricity supply.[11] In a space of nine years between 2015 and 2024, the TCN recorded over 105 incidents affecting grid stability.[12] Nigeria's electricity grid has become a matter of grave concern. For the country to trace the path of economic growth and development, it is critical that electricity supply through the grid is sufficient and reliable, important elements that are currently missing in Nigeria's Electricity Supply Industry. Some efforts have been triggered with the aim of improving electricity supply. In 2023, the federal government concluded agreements with Siemens Energy, a German company, under the Presidential Power Initiative with the aim of improving electricity infrastructure performance.[13] The use of renewable energy technology mostly around solar and wind is slowly but gradually being edged up and investments targeted at local manufacturing of some parts of the renewable energy value chain being encouraged with some MOUs signed at COP28 between investors and national and subnational governments in Nigeria. The next few years would be critical for monitoring changes in Nigeria's electricity sector.[14] The Headquarters attracted approximately 24% of CAPEX allocation.

Top Allocations in the Ministry of Power (N'Billion)

MDA	PERSONNEL	OVERHEAD	CAPITAL	TOTAL ALLOCATION	% ALLOCATION
National Rural Electrification Agency	1,476,057,751	543,169,392	195,461,898,073 1	197,481,125,216	47.20%
Transmission Company Of Nigeria	0	0	114,023,052,176	114,023,052,176	27.25%
Federal Ministry Of Power -Hqtrs	1,165,343,421	576,202,848	96,882,851,417	98,624,397,686	23.57%
Nigerian Electricity Management Services Agency (Nemsa) Hqtrs	775,310,026	735,234,560	2,124,970,408	3,635,514,994	0.87%
National Power Training Institute	884,333,404	295,784,940	1,885,591,723	3,065,710,067	0.73%
Nigeria Electricity Liability Management Limited	292,509,324	474,177,660	776,054,858	1,542,741,842	0.37%

11 https://punchng.com/just-in-national-grid-collapses-12th-time-in-2024/#google_vignette

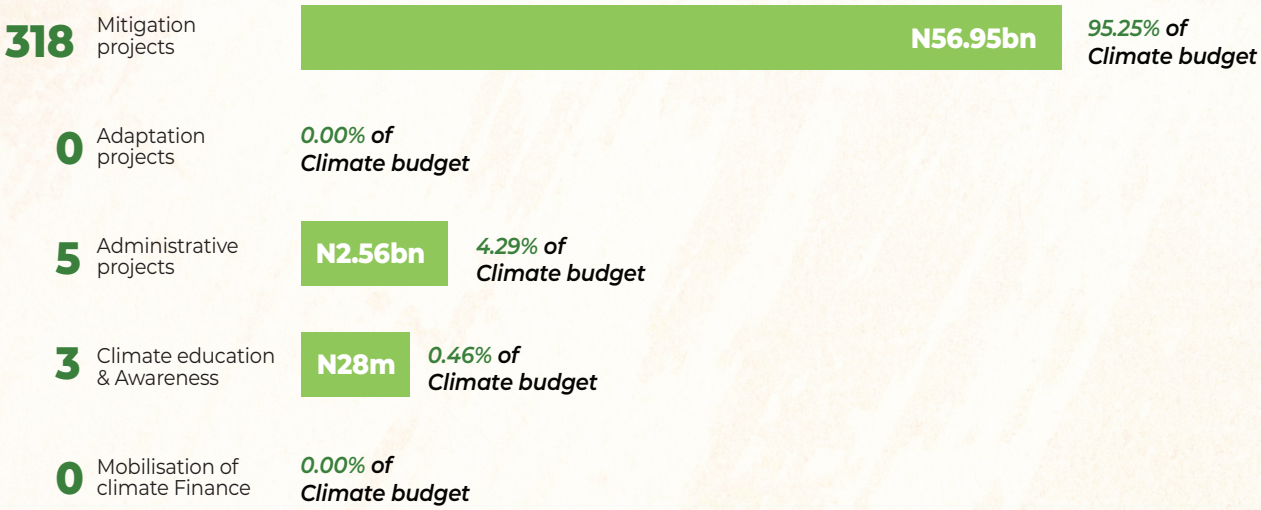
12 https://www.arise.tv/nigeria-faces-another-total-blackout-as-national-grid-collapses-fourth-time-in-2024/

13 https://statehouse.gov.ng/news/nigeria-and-germany-sign-agreement-to-accelerate-siemens-power-project-implementation/

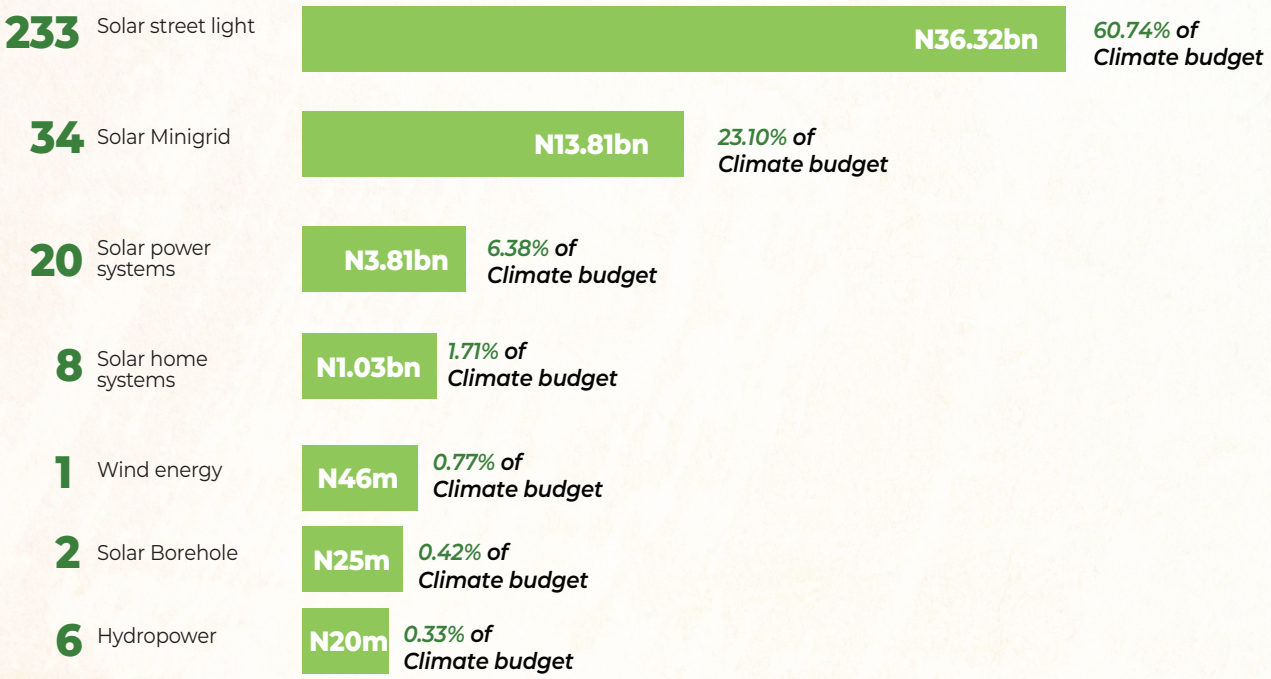
14 https://www.noa.gov.ng/nigerias-wins-at-cop28-sumit-in-dubai/

In the Ministry of Power 14.5% of capital projects were identified as related to addressing issues of climate change, to be executed mostly through the NREA. classification of the projects indicate a large inclination towards mitigation actions through solar technology deployment. This is unsurprising as policies indicate that electricity access which is to be expanded through renewable energy deployment would also support the reduction of emissions by the quantum of electricity not generated through fossil fuels. Remarkably however is that the deployment of solar powered street lights is expected to consume nearly 3 times the value of solar mini grids. This is a bit puzzling as while urban areas would benefit from street lights, unserved communities without grid access, the main target of "rural" electrification, are likely to benefit more from mini grids than street lights.

Classification of Climate related Capital Projects in the Ministry of Power -



Power Sector Capital Projects on Climate change in 2024 - Project types



3.3 National Emergency Management Agency (NEMA)

In 2024, it is expected that climate change related weather events would increase compared to previous years. The year is already on track to be the warmest year on record in 175 years since records began in 1850.[15] July 2024 marked the 14the consecutive record-warm month with Africa, like other regions recording its warmest January to July. Severe rainfall has led to floods, landslides in different parts of the world claiming innocent lives in the process. In Nigeria, heavy rainfall and flooding have already been recorded, with communities in Bauchi,[16] Zamfara,[17] experiencing severe damage to property and loss of lives. Considering the effect of natural disasters on the country's economy, this study considered it important to examine the government's preparedness in combating climate related emergencies.

15 https://www.ncei.noaa.gov/access/monitoring/monthly-report/global/202407

16 https://reliefweb.int/report/nigeria/nigeria-flood-08-2024-flooding-6-2024-08-14

17 https://www.youtube.com/watch?v=ozdJKexd0DE

NEMA budget

N85m

Of the N7.24bn allocated to capital expenditure, N856mn 11.83% is earmarked for at preparedness

N5bn

69% (N5bn) of total expenditure is allocated to the provision of emergency supplies

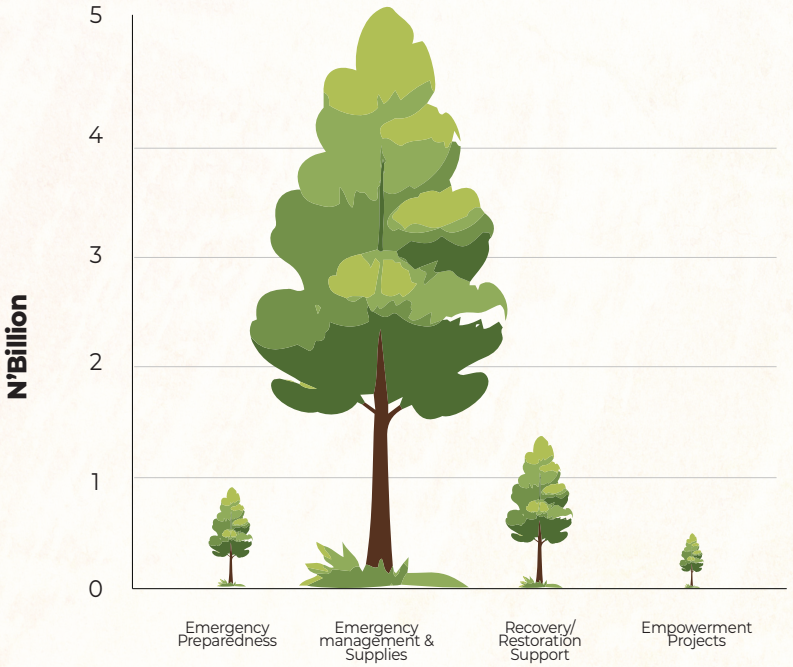
N1.3bn

is allocated to agro supplies and youth empowerment

Of the N8.93bn allocated to the agency, N7.24bn (81%) was allocated to CAPEX, the bulk (69%) of which was dedicated to the provision of emergency supplies. Emergency preparedness which comprises the provision of equipment and tools to facilitate rescue operations such as life jackets, personal protection equipment, communication equipment, ambulances and rescue boats among others accounted for 11% of the agencies capex budget for 2024.

The chart below shows the agency's distribution of capital allocation.

NEMA-Distribution of CAPEX allocation in 2024



NEMA is also entitled to 20% of funds under the derivation and ecological fund. Between 2012 and 2016, a NEITI report[18] indicated that the agency received N42.49bn from the fund. Considering the extent of damage from climate related disasters which appear to be more recurring in recent years, one issue that needs to be addressed is whether Nigeria is allocating enough funds to combat the effects of disaster events. It may also be necessary to examine how the allocations from the ecological fund has been spent over the years.

[18] See "Share of Derivation and Ecology", NEITI 2019. Pg 23. Available at https://neiti.gov.ng/cms/wp-content/uploads/2021/10/FASD-2012-2016-Share-of-Derivation-and-Ecology-1.pdf

4.0

Right-Fitting Solar Projects

An x-ray of the federal budget shows a lot of capital projects targeted at the provision of solar street lighting. A substantial share of these projects are assigned to agencies that, based on their mandate, have no business with such projects let alone the competence to deliver on these projects. BudgIT was able to identify at least 1,575 street light projects in 36 MDAs and 710 borehole projects in 30 MDAs in the 2024 project worth over N265bn and N123bn respectively. Quite puzzling is that the Ministries of Power, Works, Environment and Transport, ministries that would traditionally be associated with the implementation of such kinds of projects, together accounted for just 23% of the number of projects and 21% of the value of all solar street light projects. On the contrary, borehole projects were to be executed largely by the Ministry of Water Resources and the Ministry of Agriculture and Food Security, both of which accounted for almost 60% of the total number of bore hole projects and nearly 50% of the value of borehole projects in the federal projects. This implies that while borehole projects are, to a relatively larger extent, left to agencies with the mandate to deliver such projects, street lights appear to be the playground of every MDA.

Top 10 Ministries with the most street light projects

S\N	Mother Ministry	No. of Street Light Projects	Amount N'Bn
1	FEDERAL MINISTRY OF AGRICULTURE AND FOOD SECURITY	427	94.04
2	FEDERAL MINISTRY OF POWER	233	36.34
3	FEDERAL MINISTRY OF SCIENCE TECHNOLOGY AND INNOVATION	209	43.41
4	FEDERAL MINISTRY OF WORKS	101	18.16
5	SECRETARY TO THE GOVERNMENT OF THE FEDERATION	100	11.63
6	FEDERAL MINISTRY OF EDUCATION	81	11.22
7	FEDERAL MINISTRY OF WATER RESOURCES	80	8.75
8	FEDERAL MINISTRY OF LABOUR AND EMPLOYMENT	78	13.12
9	FEDERAL MINISTRY OF HOUSING AND URBAN DEVELOPMENT	51	4.73
10	FEDERAL MINISTRY OF ENVIRONMENT	34	1.31

Top 10 Ministries with the most borehole projects

S\N	Mother Ministry	No. of Borehole Projects	Amount N'Bn
1	FEDERAL MINISTRY OF AGRICULTURE AND FOOD SECURITY	142	35.21
2	FEDERAL MINISTRY OF WATER RESOURCES	263	25.34
3	FEDERAL MINISTRY OF HEALTH AND SOCIAL WELFARE	11	18.66
4	FEDERAL MINISTRY OF LABOUR AND EMPLOYMENT	41	8.35
5	FEDERAL MINISTRY OF SCIENCE TECHNOLOGY AND INNOVATION	55	5.72
6	FEDERAL MINISTRY OF HOUSING AND URBAN DEVELOPMENT	9	5.1
7	FEDERAL MINISTRY OF EDUCATION	45	4.40
8	FEDERAL MINISTRY OF INDUSTRY TRADE AND INVESTMENT	12	3.80
9	SECRETARY TO THE GOVERNMENT OF THE FEDERATION	28	3.74
10	FEDERAL MINISTRY OF POLICY AFFAIRS	6	3.39

What is the justification for the ministry of agriculture, or labour and employment, or the ministry of science, technology and innovation to provide public lighting? Or what connection do the ministries of labour or education have with public water supply, especially when in the same budget year, the ministry of works accounts for just 7 borehole projects, more than five times less than each of the two ministries?

Similarly, of the N59.79bn allocated for climate related projects under the Ministry of Power, 60% valued at N36.32bn was allocated to the provision of street lighting. Solar minigrids accounted for 23% of projects worth N13.8bn, while solar home systems worth N1.03bn accounted for a share of 1.7% of total climate related budget. The bulk of these projects were to be executed through the National Rural Electrification Agency (NREA).

It is apparent that in terms of socio-economic impact, mini-grids and home lighting systems are more likely to produce the desired results, especially in rural areas which lack any form of access to the national grid. Solar street lighting systems are not bad projects as they can have certain advantages such as the reduction of overall emissions due to the reduction of fossil fuel, grid based electricity consumption. They are just better suited for urban or semi urban areas with well developed road networks. However, in a country like Nigeria, with inadequate power supply, poor grid access especially in rural areas and very little contribution to global emissions, the focus, expectedly, should be on extending energy access to unserved and underserved populations, most of which have little use for road infrastructure at night.

Reasons for the preference of solar street lights over mini grids and hence the flooding of the national budget with such projects could be cost related. During deliberations at a roundtable on climate budgeting in Nigeria organised by budgIT, it was stated that a lot of the street light projects were constituency projects nominated by legislators. The relatively lower cost of street lighting compared to mini grids and the ease of installation makes it a low hanging fruit for legislators looking for quick wins among their constituents. This however does not explain why the projects are assigned to or implemented through MDAs that do not have the mandate or expertise to deliver such

projects. In addition, this approach potentially subverts the true needs of communities as it lacks community based needs assessments which is a requirement for constituency projects.

Another fallout of the haphazard deployment of solar energy projects through the budget is the inability to properly coordinate, monitor and report on renewable energy projects. Nigeria's climate ambitions as stated in several policy documents including the NDCs 2021, includes the expansion of renewable energy utilisation in the country. This contributes to local decarbonisation targets and helps to fulfil climate commitments. Inadequate tracking of renewable energy deployment could lead to under reporting, which inturn could rob Nigeria of benefits attributable to climate action. According to the REA, the agency is developing a monitoring system that would help in coordinating, monitoring and reporting on renewable projects deployed across the country at federal and subnational levels.

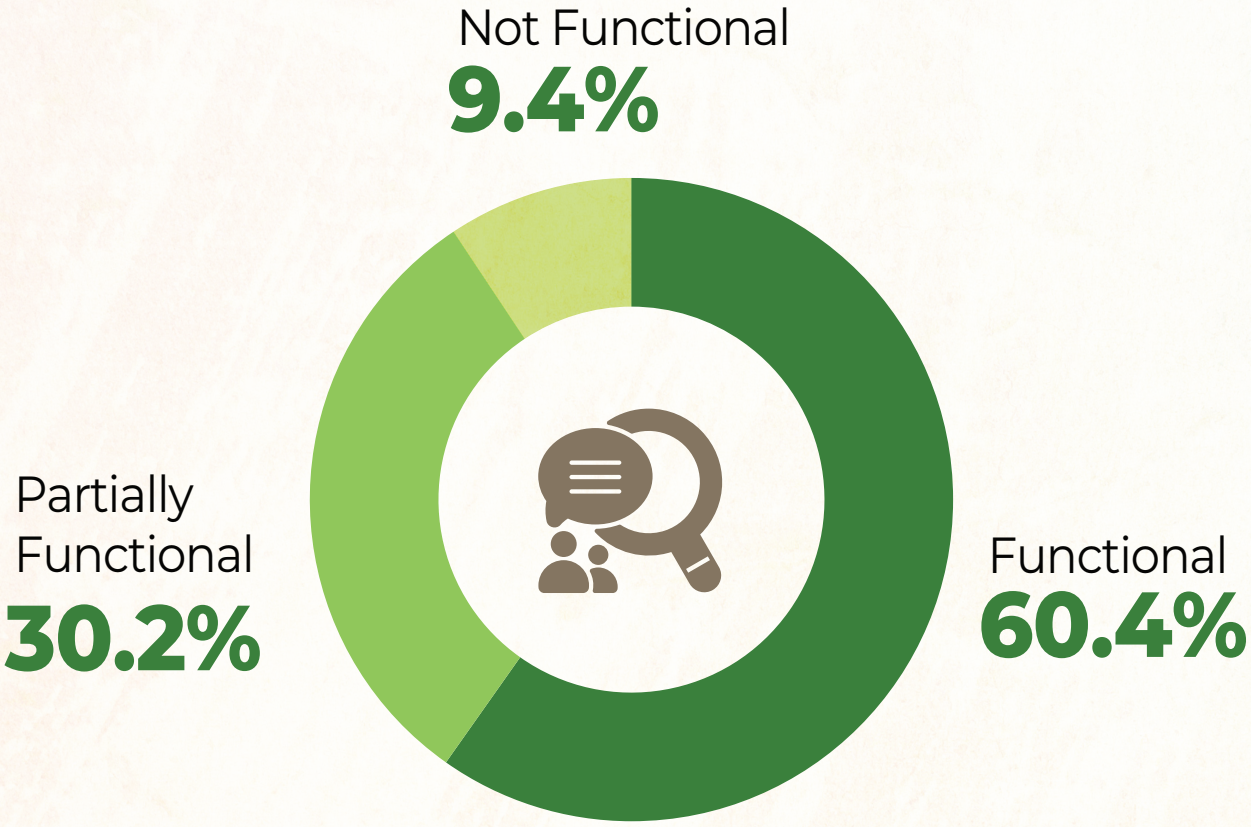
5.0

Sustainability of climate budgeting- solar project Tracka

Equally important as the generation of finance to combat climate change and drive the energy is the judicious use of scarce resources. It is pertinent that available funding is spent in a way that generates the most value and minimizes loss. BudgIT tracked 106 federal government funded projects worth N8.5 billion across five states (Bauchi, Ebonyi, FCT, Kebbi and Lagos) located in five geopolitical regions. 44% of the projects were water projects while 56% were solar projects. The field tracking aimed to ascertain the sustainability of the projects, whether they provided value for money and their importance to the communities. All the projects were implemented in the 2022 budget cycle and tracked in April 2024.

As at the time of tracking, This survey discovered that 60% of the projects were still functional, 30%were partially functional, and 9% were not functional. The partially functional projects were mostly streetlights, as a fraction of the lights were no longer working. Further to this, 74% of the facilities that were no longer functioning broke down or developed issues less than a year after installation. Additional 24% stopped working after a year while 2% lasted for more than a year before breaking down.

Functionality of Projects



On how much effort goes into the maintenance or supervision of the facilities, the survey discovered that only 11% of the projects were managed by a government authority while 28% was managed by the community. At least 60% of the projects had no entity, whether governmental or communal, managing its operation, a factor that may be a huge pointer to the breakdown of the projects in less than a year of implementation. In addition, no action was taken as at the time of the survey by any government agency to restore the affected facilities for full operational status.

Personnel in Charge of Managing Facilities

Government
11.32%

No One
60.38%

Community
28.30%

Although community members were not aware of most of the projects prior to implementation, indicating the absence of a required needs assessment, the survey also revealed that post ante, community members found the projects quite useful, especially water based projects. Of the facilities tracked, 51% served over 5,000 people in each community, 43% served over 1,000 people, and less than 5% served less than 1,000 people. When asked what would be their preferred community project, the majority of responses favoured the provision of water, roads, healthcare centre and school.

6.0

Recommendations

Climate Change Adaptation

Nigeria is regarded as one of the world's most vulnerable countries to the impacts of climate change; ranked 152 out of 187 countries in the 2022 Notre Dame Global Adaptation Initiative (ND-GAIN)[19] index. It is also among the countries that are least ready (180th out of 181 countries, surpassing only Afghanistan) to tackle the effects of climate change. Events resulting in the loss of lives and property have been highlighted in this study. More so, this analysis has identified the weight of budgetary line items leaning towards erosion control and development of drainage systems indicating the increasing severity of flooding in the country. This necessitates the investment of climate resilience measures, such as flood defences, drought-resistant crops and early warning systems to help the country adapt to the impacts of climate change and reduce vulnerability to extreme weather events. This also involves enhancing the resilience of communities, infrastructure, and ecosystems against potential vulnerabilities. Public awareness campaigns and education should also be implemented to empower local communities to adapt to the changing climate and reduce vulnerability, ultimately contributing to a more climate-resilient Nigeria. These efforts can help the country proactively prevent climate change's adverse effects on livelihoods and the economy.

19 https://gain.nd.edu/our-work/country-index/rankings/

Climate Change Education and Awareness

As the country navigates an important phase in its development, marked by the energy transition and the need to combat climate change amidst limited financing as well as increasing energy security demands, the right knowledge and messaging cannot be overemphasized. More funding needs to be channelled to education and awareness on not just the effects of climate change and policy decisions of the government but also on skills developments and capacity building. A comprehensive curriculum on climate change should be integrated across all levels of the education system, from primary to tertiary institutions, as well as through public awareness campaigns. This should include incorporating climate science, environmental sustainability, and climate mitigation and adaptation strategies into the curriculum. Likewise, it should also focus on fostering partnerships with academic institutions, NGOs, and the private sector to develop and disseminate educational materials and launch public awareness campaigns to inform citizens about the pressing climate challenges and the actions they can take to alleviate them.

By allocating adequate funds for climate education, we can democratize climate action and encourage the advancement of research and exploration of innovative ideas in clean technologies, adaptative strategies, and sustainable practices. This can lead to developing new solutions that address climate-related challenges and position Nigeria as a leader in sustainable development. In addition, investors are provided with the critical raw material of human capacity to drive enterprising solutions to address climate change, achieve climate targets, reduce emissions and create employment.

Climate Finance

We recommend that the government prioritize climate financing by developing a comprehensive strategy that includes increased funding for renewable energy projects, afforestation initiatives, and climate-resilient infrastructure as well as climate education and awareness. Leveraging international climate funds and establishing domestic mechanisms for sustainable funding allocation will be essential. At present, efforts to raise financing through climate based instruments such as the Nigeria green bonds market development, although judged successful, are still insufficient to meet the country's climate financing needs.

The Nigeria green bond market launched in 2017 with an initial offering of N10.69 billion (US$26 million) grew to US$120 million in the following three years with a series of issuances and listings. These included the series II, N15 billion, 14.5% sovereign green bond in 2019 which was oversubscribed by 120%. Notwithstanding, the United Kingdom Nigeria Infrastructure advisory facility

(UKNIAF) reported that overall climate finance deployed in Nigeria fell short of requirements. In addition, the majority of the financial instruments (75% of the $1.9 billion raised as of 2020) are debt based, which puts the country into more indebtedness.. Yet this sum pales in comparison to the 17.7 billion needed annually to meet the country's NDCs. Evidently considerable attention is needed to drive efforts to maximize the potentials for climate finance in Nigeria. This includes initiatives like the Nigeria carbon market which is currently being considered by the federal government, enhancing transparency, accountability, and engagement with the private sector, local communities, and civil society organizations is crucial for effective implementation of climate finance mechanisms, ensuring that climate financing efforts contribute to Nigeria's climate resilience and sustainable development goals.

Climate/Green tagging

It is important to classify budget measures according to their environment and climate impact. The use of NCOA codes in budgeting is an initial step to achieving this. Budget items need to be properly coded to ensure comprehensive monitoring and reporting. This includes modifying the coding system whereby renewable energy projects can properly reflect the country's efforts at mitigation and adaptation. This especially applies to projects executed outside the ministry of environment.

Sensitisation of legislators

The proliferation of solar street light projects in the budget calls for urgent attention. Where such projects are deemed necessary, they should be channeled through the proper MDA with the mandate and proficiency to handle such projects. Furthermore, it may be useful to enlighten the country's legislators on the variety of climate intervention options that could equally deliver the desired or even better results for their constituencies so as to reduce the common and basic approach of installing solar street lights. Ideas can be developed from the examples suggested in the Annex.

Proper Coordination among MDAs

To aid comprehensive reporting and accurate data management, it is necessary to coordinate all climate related projects across the implementing MDAs in the country. The Rural Electrification Agency is already developing a data monitoring system on all renewable energy projects deployed in the country. This would be useful in gathering accurate data on the deployment of renewable energy capacity which currently stands at 2,500MW. This will also help to track Nigeria's progress towards achieving NDC targets. The National Council on Climate Change (NCCC) which currently includes inter ministerial collaboration can be useful in coordinating the deployment and reporting of renewable energy as well as all climate related projects in the country into a central database, disaggregated into type, category, capacity, etc.

Annex

Examples of themes for green budgeting (illustrative)

S\N	Theme	Description	Example
1	Pollution Abatement	The budgeted activity should be related to the regulation of pollution (such as air and water) and improvement of air and water quality	Pollution control and monitoring practices, switching to cleaner transport
2	Waste Management	The budgeted activity should be related to effectively managing waste (such as municipal, industrial, agricultural or chemical) so that it leads to a cleaner environment.	Common effluent treatment plant, waste recycling facility, waste-water treatment
3	Biodiversity and Ecology	The budgeted activity should be related to preservation and conservation of forests, wildlife, land, natural resources, and propagation of indigenous activities.	Wildlife conservation, afforestation programmes
4	Climate Action	The budgeted activity should be related to either mitigating or adapting to the impacts of climate change.	climate change adaptation and mitigation
5	Sustainable Land Use	The budgeted activity should be related to sustainable and environment-friendly use of land, either in rural or urban context.	Planting trees along roadside, agroforestry
6	Sustainable Agriculture and Fisheries	The budgeted activity should be related to sustainable practices in traditional agricultural activities and the allied sectors such as fisheries or horticulture.	Organic farming, integrated farming system
7	Sustainable and Eco- Tourism	The budgeted activity should be related to sustainable and eco-friendly practices to promote tourism, as well as ensure sustainable tourist activities.	Establishing zoo safari, constructing toilets for tourists
8	Water Management	The budgeted activity should be related to the efficient and sustainable use of water, ensuring access to clean water for all purposes.	Renovation of wells, rainwater harvesting
9	Sustainable Energy	The budgeted activity should be related to the use and promotion of clean energy sources such as solar energy.	Installation of solar panels, renewable energy
10	Sustainable Consumption and Production	The budgeted activity should be related to responsible consumption and production practices based on reducing, reuse, and recycling to avoid wastage.	Construction of road using waste plastic

Source: *TERI and ADRI (2022), A Primer on Green Budgeting, The Energy and Resources Institute (TERI) and Asian Development Research Institute (ADRI)*

Example of activities for green budgeting (illustrative)

S\N	Theme	Description	Example
1	Programme implementation	Any budgeted activity which contributes directly to on-ground implementation which results in physical outcomes.	Asset creation through public works
2	Institutional capacity building	Any budgeted activity which contributes to enhancing the capacity of the institutional processes.	Training and capacity building of ministries/ departments to better carry out integration of environment in planning and implementation
3	Skilling	Any budgeted activity which contributes to increasing the capacities and expertise of human capital for better implementation.	Training and skilling of beneficiaries
4	Technology and infrastructure	Any budgeted activity which contributes to deployment of clean/ environmental technologies and sustainable infrastructure	Clean technology deployment (Common-effluent treatment plant, recycling unit, solar rooftop, green building)
5	Education and awareness	Any budgeted activity which contributes to increasing awareness and knowledge through formal education and other information/ communication channels	IEC and formal education curriculum
6	Regulation and enforcement	Any budgeted activity which contributes to regulating and enforcing various acts, rules, and policy notifications	Pollution control norms, waste management norms, bans
7	Subsidies	Any budgeted activity which contributes to incentivising environmentally sustainable activities	Subsidies for renewable energy technologies
8	Risk management	Any budgeted activity which contributes to mitigating of risks related to adoption of environmental/ clean energy initiatives or risks arising from environmental externalities including climate extremes	Crop insurance, partial risk guarantee
9	Information instruments	Any budgeted activity which contributes to informing decisions based on information about goods and services on environmental parameters	Eco-labels, standards
10	Research and development	Any budgeted activity which contributes to developing technologies, innovations, and knowledge in the domain of sciences, applied sciences, social sciences and interdisciplinary approaches	Support agricultural universities and KVKs

Example of activities for green budgeting (illustrative)

S\N	Theme	Description	Example
11	Sustainable public procurement	Any budgeted activity which contributes to purchasing of products and goods and for giving markets to promote environmentally sustainable goods and services	Bulk scheme for procuring LEDs and energy efficient appliances
12	Investment	Any budgeted activity which contributes to opportunities that has a potential to generate economic returns in terms of revenue or profits	Metro rail

Source: *TERI and ADRI (2022), A Primer on Green Budgeting, The Energy and Resources Institute (TERI) and Asian Development Research Institute (ADRI)*