

ADVANCING THE BUSINESS CLIMATE CHANGE IN NIGERIA



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Tonbofa Ashimi discusses the business of climate change in Nigeria with Boason Omofaye on Business Morning Show on Channels TV. According to IFC US\$3 Trillion investment opportunity is available for building climate resilient cities in Africa. African Governments need to champion the cause of ensuring its businesses access this finance and reduce carbon in developing their cities.

The International Finance Corporation “IFC” in its Report-“Climate Investment Opportunities in Cities, *An IFC Analysis*”¹ “the Report” predicts investment potential of USD\$3.2 Trillion in African cities, (with USD\$1.5 Trillion of this sum available in sub-Saharan Africa) for these cities to become climate change resilient and limit global warming as pledged by their national Governments in acceding to the Paris Agreement² by 2030. The Report identified key investment areas as including green buildings, public transportation, renewable energy, electric cars. The sources of these financing include debt instruments, funds from development institutions, equity funds, public-private partnerships.

Most African Governments, including Nigeria, have signed the Paris Agreement and indicated their plans to achieve compliance.³ Having regard to the huge development needs in Africa, many African Governments regard climate change goals as secondary to the development needs of their people. Meeting climate change goals is regarded as an expensive project that remains urgent only in the minds of world “do gooders”. This state of mind is however

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changing and African Governments must change their thinking. The IFC Report shows that climate change is a profitable investment opportunities that can fast track the development African nations seek.

African businesses are embracing building resilient cities for profit purpose. Investment in renewable energy is clearly one of the most accepted business green investment opportunities. This is because international finance "big-wigs" have deliberately decided to provide low cost financing to green energy projects. Money is thus pushing the goals of climate change more effectively than the rhetoric of moral suasion of the past few years. African businesses alone cannot ensure that all African cities benefit from the financial opportunities available in climate change. African governments need to champion the use of green, carbon reduction materials in their projects to ensure their nations benefit financially and environmentally from monies geared towards climate change.

The Nigerian Government is about to commence a new tenure at the Federal and most of the State levels. In reaching their development plans, they must include plans to ensure carbon reduction, especially amongst low-income areas in their cities. Since the world is experiencing how money- through availability, waivers, incentives, fines - has been effective in achieving carbon reduction goals, the Nigerian Government financial institutions at Federal and State levels should implement a general Federal or State Government strategy using these finance tools. For example, in low housing developments, contractors should be required to build green buildings to win government contracts, development agencies and partners should ensure all non-profit projects utilize green products, public-private partnerships should be structured in transportation (for example) to meet carbon goals and benefit from government agency guarantees, government industry promotion banks should offer finance incentives to projects that meet carbon reduction goals and financial inclusion strategies should embrace carbon reduction goals in implementing their inclusion objectives.

The IFC Report stated that rating agencies have indicated plans to include cities resilience to climate issues as part of their indices in rating cities. Where African Governments ensure carbon reduction goals drive their operations, it would be easier for private businesses to access available financing, as private issuers in climate resilient cities may get higher ratings than issuers in non resilient cities. Most importantly however is the question of what development really means to African Governments. If the essence of development is to develop citizens' lives and the history of other nations has confirmed that you kill lives when you use resources without regard to carbon, why should we emulate the mistakes of

these other nations? Should we not learn from the errors of other nations in developing our lands? If African Governments are going to develop, they might as well develop healthy, alongside the rest of the world and take advantage of the world's "green" financial assistance.

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