

Carbon Credits: A Potential Game Changer for Nigeria's Market

Nigeria, Africa's most populous nation and a major oil producer, faces a unique challenge. Rapid economic growth and development have come at a cost - increasing greenhouse gas emissions and vulnerability to climate change. This situation demands innovative solutions. One promising answer lies in the concept of carbon credits. These tradable permits represent a verified reduction or removal of one metric ton of carbon dioxide (CO₂) from the atmosphere. In essence, they provide a financial incentive for projects that mitigate climate change. For Nigeria's developing market, carbon credits hold immense potential. This research discusses the current status, the challenges, the learnings and the benefits for the Nigerian market.

The Nigerian Carbon space – Current State

By understanding the opportunities associated with carbon credits, Nigeria can position itself as a leader in Africa's green transition and unlock a sustainable future. In the context of Nigeria's developing market, a carbon credit represents a tradable permit corresponding to one ton of carbon dioxide (CO₂) removed or prevented from entering the atmosphere. These credits can be generated through projects focused on mitigating climate change. Currently the Carbon market in Nigeria is in its early stages of development, the government has expressed commitment to developing the market, in 2021, the Federal government passed the Nigeria's Climate Change of Act, this act is geared towards the development and implementation of mechanisms geared towards fostering low carbon emission, environmentally sustainable and climate resilient economy. Some notable initiatives are underway, like renewable energy and tree-planting projects, but need scaling up.

Learnings from Others

Several other African Countries are already making strides in the carbon credit market, offering valuable lessons for Nigeria. Kenya for example is a frontrunner in developing carbon offset projects focusing on renewable energy and improved cookstoves. The Kenyan government has established a clear regulatory framework and streamlined project registration processes. Ghana is pioneering utilizing Internationally Transferred Mitigation Outcomes (ITMOs), allowing them to sell emission reduction credits to other countries. Through this innovative approach, Ghana has been able to leverage its efforts in emissions reduction to not only benefit its own economy but also contribute to global mitigation efforts. These learnings from other countries provide an opportunity for other countries including Nigeria to explore and adopt similar mechanisms for Carbon trading and emissions reduction initiatives.

Mistakes and Avoidance

Some African carbon credit projects have faced criticism for Lack of additionality in ensuring projects generate real, additional emission reductions beyond what would have happened anyway. Methodological weaknesses from using robust methodologies to quantify emission reductions accurately. Social injustices by avoiding land grabs or displacement of local communities. Nigeria can avoid these mistakes by prioritizing projects with clear additionality and strong social safeguards, Employ reputable third-party verification bodies to ensure credit quality. Work collaboratively with local communities to design projects that meet their needs. Explore opportunities for capacity building and knowledge sharing amongst African countries involved in carbon markets.

Benefit for the Nigerian Market

Climate Change Mitigation: Nigeria, a developing nation with a growing economy, faces the threat of climate change. Carbon credits could incentivize businesses and individuals to adopt greener practices like renewable energy or sustainable waste management. This would directly contribute to reducing Nigeria's overall carbon footprint.

Economic Growth: A functional carbon credit market could unlock new economic opportunities. Foreign companies seeking to offset emissions could invest in Nigerian carbon reduction projects, leading to job creation and attracting green technology development.

Market Diversification: Carbon credits present a chance to diversify Nigeria's economy, lessening dependence on traditional sectors like oil and gas. This could lead to a more robust and sustainable market overall.

Project Focus: Prioritizing high-impact projects that generate verifiable carbon reductions is crucial. Examples include large-scale tree planting initiatives, promoting energy-efficient cookstoves, or developing biogas production facilities. These projects would benefit both the environment and local communities.

The Future

Nigeria has a unique opportunity to leverage carbon credits for environmental and economic goals. Leveraging the experiences of other African countries, establishing a robust framework, and prioritizing sustainable practices, Nigeria can achieve its climate goals while generating revenue and promoting sustainable development. Addressing challenges like market development and project selection will be crucial for realizing this potential. By implementing a well-designed system, Nigeria can become a leader in Africa's green transition and foster a more sustainable future.

ThriveAgric is also building a platform known as **Dorewa**, a solution to help other African climate focused companies get started on their carbon journey. Sign up for early access [here](#).