



# Green Bond Assurance Statement

## Federal Government of Nigeria

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### Introduction and overview of Issuer

The Federal Government of Nigeria (the issuer) has issued its second Sovereign Bond which has an offer for Subscription of ₦15,000,000,000. As with the first Sovereign Bond, the funds will be used to fund projects which support the climate mitigation ambitions of the Government as well as support the commitments made under the country's Nationally Determined Contributions (NDC's).

The issuer strongly believes that there is great merit in issuing a Green Bond to further finance existing assets and finance new ones, which are in the pipeline. The issuance of a green bond aligns with the issuer's objectives towards maintaining a sustainable low carbon environment and commitment to the integration of environmental and social considerations into their activities as well as contributions to sustainable development.

The funds will be managed by six Ministries, which will in turn allocate the funds to eligible projects within the Ministry. The projects are managed by MDA's which are the monitoring teams for each project and which are charged with ensuring that the projects are implemented correctly and which also covers the allocation of funds for the projects. The MDA's report into the Green Bond Secretariat which in turn reports to the Climate Change Department.

### Terms of Engagement

TÜV NORD CERT were engaged by FSD Africa to provide assurance, that the bond issued complies with the Green Bond Framework developed by the Issuer.

The assurance was conducted in accordance with the International Standard on Assurance Engagements ISAE 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000), using a limited Level of Assurance.

It should be noted that members of the assessment team are not involved in any other projects or activities that would cause a conflict of interest with regard to this engagement.

### Our Opinion

During the audit process, the issuer has provided evidence, by way of documents and interviews, to enable an opinion to be formed on whether the Green Bond to be issued is in line with the statements made in the Green Bond Framework.

#### 1. Use of Proceeds

The bond which has been issued will be used to fund various projects under the management of six Ministries. The project types can be broadly classified into two groups; Mitigation and Adaptation. Within the mitigation category the projects relate to Energy Efficiency, Resource Efficiency, Renewable Energy and Clean Technology. Sustainable Forest Management are the only project types which fall within the Adaptation classification.

This is in compliance with the Use of Proceeds section of the Issuer's Green Bond Framework.



## **2. Process for Project Evaluation and Selection**

The issuer documents, within the bond prospectus and supporting documentation, provide details of the environmental sustainability objectives of the projects to be funded.

Documentation by which the issuer determines eligibility of certain projects is provided in the form of a Green Bond project evaluation and selection criteria document (May 2020).

Within the documents, a clear process is described, which allows the issuer to determine eligibility and inclusion into the Green Bond. The Green Bond project evaluation and selection criteria document (May 2020) clearly states criteria, as well as exclusions, for project eligibility.

This is in compliance with the Process for Project Evaluation and Selection section of the Issuer's Green Bond Framework.

## **3. Management of Proceeds**

As stated within the prospectus, separate ring fenced accounts would be created by the Central Bank of Nigeria (CBN) and which would be opened in the name of the various Ministries. The funds are managed via the REMITA platform whereby sub-accounts under the Treasury Single Account are opened for each project. All of the sub-accounts are visible within the REMITA system and so it can be ensured the proceeds can be tracked accurately and in real time.

Unallocated proceeds will remain in the sub-accounts for use by the project and will not be invested or used for any other purpose than for the projects which they are used to fund.

The entire Management of Funds process has been comprehensively documented in the Administrative Process for Green Bond Issuance document.

This is in compliance with the Management of Proceeds section of the Green Bond Framework.

## **4. Reporting**

The prospectus clearly documents the reporting process which will be followed and which is in line with the Green Bond Framework. The reporting process will provide up to date information on the use of proceeds, which will be reported annually until full allocation. A document has been developed which describes how the reporting template should be completed and is primarily focused on the impact reporting aspect.

The impacts of the project to be funded by the green bond will be reported annually and according to the required Key Performance Indicators recommended by ICMA. The reporting template also includes details of how the impacts from the projects will be reported.

This is in compliance with the Reporting section of the Green Bond Framework.



### **Conclusion**

Based on our limited assurance procedures, as described in this report, nothing has come to our attention that the proposed use of proceeds, process for project evaluation and selection, management of proceeds and reporting in relation to Issuer's green bond issuance does not meet the criteria outlined in the Issuer's Green Bond Framework, in all material aspects.

Essen, 26.06.2020



Dr. Tahsin Choudhury  
Lead & Senior Auditor



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### **Disclaimer**

For the sake of clarity, it should be noted, that the Second Party Opinion report is solely based on conformance or non-conformance of the Green Bond Framework against the Green Bond Principles and do not in any way constitute purchase or investment recommendations. The Verifier has no responsibility and liability in this regard and remains the sole responsibility of the issuer. The Issuer shall hold the Verifier harmless from and against any claim including but not limited third party claims raised against the Verifier in connection with bonds such as but not limited to the economic profitability and credit worthiness of the bonds.

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