



Green Bond Assurance Statement

Federal Government of Nigeria

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 are being managed by eleven Ministries, Departments and Agencies, which will in turn allocate the funds to eligible projects. The projects are managed by MDA's, which are the implementation teams for each project. The Department of Climate Change within the Ministry of Environment (Green Bond Team) is charged with ensuring that the projects are implemented correctly and which also covers the allocation of funds for the projects. The MDA's report to the Green Bond Team within 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 proceeds from the Green Bond was distributed to eleven MDS's of six Ministries. Of those, one of the projects from within the Federal Ministry of Power, Works & Housing and all of the projects within the Federal Ministry of Environment are now operational.



For the operational projects, clear environmental benefits have been achieved and which are predominately related to the reduction of GHG emissions.

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

2. Process for Project Evaluation and Selection

The issuer documents, within the bond prospectus and supporting documentation, 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.

It was established during the audit that the documents reviewed during the audit carried out for Pre-Issuance Assurance of the bond remain the same and that there have not been any changes.

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

3. Management of Proceeds

The internal account statements from all of the Ministries were provided as evidence. All of these showed the opening balance within the accounts and which aligned with the amounts documented within this and previous reports. Where projects have been funded, all of the payments have been comprehensively documented and the closing balances within the accounts are clearly shown.

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. Most of the projects which are to be funded from the Bond proceeds are yet to be started. In these cases, the internal account statements show the full opening balances remaining.

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 and the bond issuance documents.

4. Reporting

The issuer has provided a well written and comprehensive Green Bond Impact Report which documents the status of the various projects as of April 2021.



As well as documenting the various projects which have funded from the Green Bond proceeds, the report provides an update on the status of each project.

For the projects which are now operational, which are all of the ones under the control of the Federal Ministry of Environment and one of those under the control of the Federal Ministry of Power, Works & Housing Departments and Agencies, the impact of the project in terms of the actual GHG emissions which have been reduced as a result of the project are documented. Additionally, the number of community members employed as well as the estimated population have also been documented in the Green Bond Impact Report.

It should be noted that only the GHG emissions which have been reduced have been verified. Furthermore, the GHG reductions documented below are from the start date of the projects, shown below, until the 30th April 2021.

The verified impacts are as follows:

Federal Ministry of Power, Works & Housing

Rural Electrification Agency (REA)

Site/University	Start Date	Energy Generated (MWh)	GHG Emissions Reduced tCO ₂ e
Alex Ekueme Fed. Univ. Ndufu Alike-Ikwo. Ebonyi State	02/08/2019	1,516	771.88
Bayero University, Kano. Kano State	03/09/2019	7,575	3856.21
Abubakar Tafawa Balewa Univ. Bauchi, Bauchi State	02/02/2020	710	361.57
Fed University of Agriculture, Makurdi, Benue State	02/07/2021	1,696	863.57
Fed. University of Petroleum Resources, Effurun. Delta State	06/01/2021	227	115.78
Total		11,725	5,969

Table 1: GHG Emissions reduced by the solar projects implemented by the Rural Electrification Agency (REA), Federal Ministry of Power, Works and Housing.

An emissions factor of 0.5091 tCO₂e/MWh was used.

Source: Publication by Energy Commission of Nigeria - Calculation of the Grid Emission Factor (GEF) for the Nigerian Power System version 1.1 (December,2018)

Federal Ministry of Environment

Ministry, Dept. & Agency (MDA)	Start date of project	Size (Ha)	Emission Savings tCO ₂ e
National Agency for the Great Green Wall (NAGGW)	September 2019	73.9	332.55
National Parks Service (NPS)	September 2019	71	319.5
Federal Research Institute of Nigeria (FRIN)	September 2019	150	675
Federal Department of Forestry (FDF)	September 2019	56.6	254.7
Department of Drought and Desertification Amelioration (DDA)	September 2019	14	63
Total		365.5	1,645

Table 2: GHG Emissions reduced by the forestry projects implemented by the MDA's of the Federal Ministry of Environment.



An emissions factor of 4.5 tCO₂e/Ha/yr was used.

Source: 2018 research on "Global carbon dioxide removal rates from forest landscape restoration activities". It should be noted that the reference used has been reviewed and provides average theoretical emissions factors. In the absence of actual measurable and verifiable data, this is best estimate that can be provided.

The issuer has been informed that for the next assurance, it is expected that field studies are carried out which can be used to obtain more accurate emissions factors which are species specific.

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 and the bond issuance documents, in all material aspects.

London, 30.07.2021

Dr. Tahsin Choudhury

Lead & Senior Auditor

Disclaimer

For the sake of clarity, it should be noted, that the Post Issuance Assurance Report is solely based on conformance or non-conformance of the Green Bond with the Green Bond Framework and then bond issuance documents and does not in any way constitute purchase or investment recommendations. TÜV NORD CERT has no responsibility and liability in this regard and remains the sole responsibility of the issuer. The Issuer shall hold TÜV NORD CERT harmless from and against any claim including but not limited third party claims raised against TÜV NORD CERT in connection with bonds such as but not limited to the economic profitability and credit worthiness of the bonds.

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