

Ex-Ante Evaluation
Private Sector Investment Finance Division
Private Sector Partnership and Finance Department, JICA

1. Name of the Project

- (1) Country: Federal Republic of Nigeria
- (2) Project site/area name: Nigeria
- (3) Project name: Climate Change Measures Support Project
- (4) Signing Date: November 15th, 2023

2. Background and Necessity of the Project

(1) Current status and issues of development in the sector in the country and positioning of the project

Nigeria signed the Paris Agreement in 2016 and ratified it the following year, 2017, and since then, the government is stepping up its efforts to combat climate change. For example, in July 2021, the Nationally Determined Contribution (“NDC”), which sets national greenhouse gas (“GHG”) reduction targets for each country, was revised by defining priority sectors, including energy and agriculture. The NDC sets a target of a 20% reduction in GHG emissions per unit of GDP (tons of CO₂ equivalent) by 2030 compared to the base period of 2010–2014 without conditions, and a 47% reduction on a conditional basis, including climate change financing, technology transfer, and capacity building from developed countries (Source: Federal Ministry of Environment). In addition, the Nigerian government has also announced the contribution to climate change action through the agriculture sector in its national development and economic plans such as National Development Plan (2021–2025) (“NDP 2021–2025”). In order to build a sustainable food production base, Nigeria has set goals such as increasing the total planted area of crops from 34 million hectares in 2018 to 42 million hectares in 2025, and reduce post-harvest losses of crops from 60% in 2020 to 30% in 2025 through the improvement of crop value chains.

However, achieving the GHG reduction targets set in the NDC will require investment of about \$177 billion (about 40% of GDP in 2021) between 2021 and 2030. Although the Nigerian government has announced government spending of 1.8 trillion naira (about 1% of GDP in 2021) over the same target period, public investment alone will not be sufficient to cover this amount, and much of the necessary funds will have to be provided through support from development agencies and private sector financing (Source: NDP 2021–2025). The government has also announced a target of raising about US\$250 million through

the issuance of green bonds to promote climate change projects, particularly in the agriculture, power, and energy sectors, and has set a policy of mobilizing private-sector funds that contribute to climate change measures from both domestic and international sources to supplement public spending (Source: National Climate Change Policy For Nigeria 2021–2030).

Access Bank is the largest commercial bank in Nigeria, with total assets of 12 trillion naira, total loans of 4.5 trillion naira, and total deposits of 7.4 trillion naira as of March 31, 2022, the largest market share in the country. Access Bank has developed a Green Bond and Green Finance Framework based on the international standards of the International Capital Market Association (“ICMA”) and the Loan Market Association (“LMA”), and is promoting climate change financing through its network of private companies, which is the best in the country, by using the funds raised through green bond issuance to finance projects that contribute to GHG reduction. This project will promote financing for private companies that contribute to climate change measures through loans to Nigeria’s largest commercial banks. In particular, as Access Bank is strengthening its financing for the renewable energy, energy saving/efficiency and agriculture sectors, the project aims to promote the supply of funds to private companies, focusing on these sectors.

(2) Cooperation policy of Japan and JICA in the country and positioning of this project

In the “Tunis Declaration” at TICAD 8 held in August 2022, Japan emphasized the need for structural transformation to reduce greenhouse gas emissions by promoting the use of renewable energy and clean energy technologies, and announced the launch of the “Green Growth Initiative with Africa”. JICA’s “Country Development Cooperation Policy for the Federal Republic of Nigeria (September 2017)” defines “Building a foundation for high-quality economic growth” through economic diversification and promotion of industrial development through agricultural development and infrastructure development in the power sector as priority areas. In its Global Agenda, JICA’s cooperation policy includes the introduction of renewable energy and the promotion of energy conservation as “mitigation measures” to reduce and absorb greenhouse gas emissions, and the implementation of various agricultural projects as “adaptation measures” to avoid or mitigate the damage caused by projected climate change. Furthermore, this project is in line with the “Facility for Accelerating Climate Change rEsilient and Sustainable Society (ACCESS)” and

the “Facility for Supporting Agricultural supply chain and Food security Enhancement (SAFE)” that Prime Minister Kishida announced the establishment of on the sidelines of the G7 Partnership for Global Infrastructure and Investment in May 2023. In addition, “JICA Country Analysis Paper (March 2015)” calls for cooperation in the development of basic infrastructure to ensure the medium- to long-term sustainability of economic growth, and projects are being developed to contribute to climate change measures, including the enhancement of electricity supply through the “The Project for Introduction of Clean Energy by Solar Electricity Generation System” (Grant Assistance), and infrastructure development for agricultural development. This project is in line with this policy.

3. Project Description

(1) Project Description

① Project Objectives

This project aims to provide long-term loans to Access Bank in Nigeria to finance private businesses involved in renewable energy, energy saving/efficiency projects and agriculture-related projects that contribute to climate change measures, thereby contributing to climate change mitigation and adaptation in the country.

② Project Components

Through long-term loans to Access Bank, the loans will be sub-loaned to private-sector businesses engaged in activities that contribute to climate change measures in Nigeria, including in the energy and agricultural sectors.

③ Project Beneficiaries (Target Group)

Private companies engaged in renewable energy, energy saving/efficiency and agriculture-related projects in Nigeria.

(2) Estimated Project Cost: About 375 million US dollars (JICA loan 75 million USD)

(3) Schedule: November 2023 – November 2030

(4) Project Implementation Structure

1) Borrower: Access Bank

2) Execution Agency: Access Bank

(5) Collaboration and Sharing of Roles with Other Donors

1) Japan’s Activity: N/A

2) Other Donor’s Activity: Co-finance with USDFC

(6) Environmental and Social Considerations

- ① Category: FI
 - ② Reasons for Categorization: Sub-projects cannot be specified prior to JICA's approval for financing, and they may have environmental impacts under the JICA Guidelines for Environmental and Social Considerations (January 2022).
- (7) Cross-cutting issues: The project is expected to reduce greenhouse gas emissions by promoting the use of renewable energy, and may contribute to climate change mitigation measures. The project may also contribute to climate change adaptation through support for value chain development in the agricultural sector.
- (8) Gender Classification:
 Gender-related Projects ■GI Gender Mainstreaming Needs Assessment and Analysis Project
 Reason for Categorization: Although the review identified gender mainstreaming needs, it was not possible to set indicators for specific initiatives that contribute to gender equality and women's empowerment.
- (9) Other special notes: N/A

4. Targeted Outcomes

(1) **Quantitative effects**

Indicator	Baseline (June 2023)	Target. (October 2025) 2 years after L/A signing
Total amount of disbursed loans to whole Climate Change Measures Support Projects through JICA loan disbursement	0	75 million USD
Total amount of disbursed loans to renewable energy projects and energy saving/efficiency projects through JICA loan disbursement	0	25 million USD
Total amount of disbursed loans to agriculture projects through JICA loan disbursement	0	50 million USD

As reference indicators, we will monitor the balance of Access Bank's loans for renewable energy and energy saving/efficiency projects and the number

of borrowers, the power generation capacity and output (MW) of installed facilities for the projects financed by Access Bank, the GHG emission reduction effect (t/year), and the balance of Access Bank's loans for agricultural projects and the number of borrowers.

(2) **Qualitative effects**

Promoting the development of renewable energy sources, improving the electricity supply and demand environment, promoting agricultural methods and water use with low environmental impact, and strengthening resilience to climate change in the agriculture sectors (e.g., increasing agricultural production and agricultural productivity, improving agricultural value chains such as processing and transportation infrastructure).

5. Assumptions and External Conditions

N/A

6. Lessons Learned from Past Projects

The ex-post evaluation of the “New and Renewable Energy Development Project” (evaluation year: 2016), an ODA loan (two-step loan) project for India, revealed the lesson that not only the screening capacity of the intermediary financial institution but also its monitoring system should be checked. In cases where it is deemed that the establishment of a monitoring system is necessary, the necessity of establishing a monitoring system should also be determined for the purpose of strengthening credit management capabilities of the intermediary.

During the review of this project, we confirmed that Access Bank has established sufficient credit management capabilities and systems, including a credit decision-making process for loan origination and a business monitoring system. In addition, we confirmed that Access Bank has established its own framework, internal regulations, and manuals in accordance with international climate change standards stipulated by ICMA, LMA, and other organizations, and that an integrated management system has been established and implemented within Access Bank, from project identification to project selection, due diligence, and monitoring, in accordance with these frameworks and manuals.

7. Evaluation Results

This project is in line with the country's development issues and policies, as well as the cooperation policy and analysis of Japan and JICA, and will contribute to climate mitigation and adaptation in the country by providing

finance to private businesses involved in renewable energy projects, energy saving/efficiency projects and agriculture-related projects that contribute to climate change measures through long-term loans to Access Bank, which is considered to contribute to SDG Goal 2 (Zero hunger), Goal 7 (Affordable and clean energy), Goal 13 (Climate action), and Goal 17 (Partnerships for the goals).

8. Plan for Future Evaluation

(1) Indicators to Be Used: As shown in Section 4

(2) Future evaluation schedule (estimate)

Ex-post-evaluation is planned approximately 2 years after L/A signing

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