**Nigeria’s financial markets receive boost from UK-aid via FSD Africa**

*A two week visit to Nigeria enhances efforts to deliver beneficial development and financial outcomes for a stronger more resilient national economy.*

**Lagos, April 11, 2022 –** Nigeria’s financial marketshave been boosted by a series of announcements and commitments by Financial Sector Deepening (FSD) Africa, a specialist development agency working to strengthen financial markets across sub-Saharan Africa.

The announcements were made as part of a two-week trip led by senior leaders from the UK-Aid funded agency in collaboration with partners. These included the Lagos State Government, the National Insurance Commission (NAICOM) of Nigeria, Infracredit, FMDQ, the UN Environment Programme’s Principles for Sustainable Insurance Initiative (PSI), and BFA Global.

From progress in implementing green bonds to opportunities for the local pension sector and solutions to help the country’s insurance industry respond to climate change, the initiatives will enhance the strength and health of Nigeria’s financial markets, building the foundations for a stronger more resilient national economy.

The announcements included:

* **Meeting with Lagos State Governor, Babajide Sanwo-Olu –** review progress of the Lagos State Green Bond Issuance and other sustainability-linked debt securities towards achieving the global Sustainable Development Goals (SDGs) and support infrastructure and social development for Lagos State.
* **R3Lab –** implemented in collaboration with NAICOM and UN Environment Programme’s Principles for Sustainable Insurance Initiative (PSI) to improve the effectiveness of regulation in the insurance sector. The initiative will deliver capacity-building and exchange programmes, learning resources, and forums for insurance supervisors. R3Lab is being implemented across the continent.
* **Fintech X Climate Resilience Startup Challenge** – an initiative to shine a spotlight on innovative solutions to build climate resilience. Local start-up, [Soso Care](https://sosocare.com/) a micro mobile health insurance startup enabling people to pay health insurance with recyclable waste was awarded $5k, as part of the challenge. D-Olivette, which provides a decentralized energy solution for rural, off-grid, and agrarian communities; Salubata, which creates bespoke shoes from recycled plastic waste; and Foodlocker, which provides a platform to link smallholder farmers with markets, were the other finalists.
* **The Nairobi Declaration on Sustainable Insurance** – a continental commitment by African insurance industry leaders to support the achievement of the SDGs. The Nairobi Declaration brings together local and international insurance firms to promote the achievement of SDGs and make it easier for them to understand the commitment to support the achievement of the SDGs.
* **Launch of** [**Nigeria Green Bond Report**](https://www.fsdafrica.org/publication/the-nigerian-green-bond-market-development-programme-impact-report-2018-2021/) **–** The Report provided an update on the development of a green bond market in Nigeria. The report found Nigeria continues to lead the continent in the development and issuance of green bonds. To date, N49.19 billion has been raised from domestic private investors in three different issuers through support from the programme. In addition, 500 capital market participants have benefited from training programs, with two local organisations, licensed as green bond verifiers in Nigeria.
* **Roundtable with Pension Fund Administrators –** FSD Africa held a roundtable with Pension Fund Administrators. Led by the Pension Fund Operators Association of Nigeria (PENOP), the stakeholders discussed among other things, diversifying investments from the usual government securities and investing in innovative instruments, which can be de-risked by FSD Africa and partners. The stakeholders also looked at challenges and solutions around mobilising domestic pension fund assets to provide long-term finance to support Nigeria's economic development.
* [**Unlocking Climate Aligned Local Currency Infrastructure Bonds**](https://www.fsdafrica.org/news/infracredit-fsd-africa-sign-technical-assistance-agreement-to-unlock-climate-aligned-local-currency-infrastructure-bonds-in-nigeria/) – FSD Africa and Infracredit signed a Technical Assistance Agreement under which FSD Africa will provide funding for technical assistance to support pre-feasibility studies as well as the pre-transaction and transaction costs, including the design of innovative financing solutions for eligible projects that can issue climate-aligned local currency infrastructure bonds. The successful implementation of the project will enable up to ten climate aligned infrastructure projects reach financial close, support new job creation and enable more capital markets instruments to be issued to institutional investors.

Commenting on the visit:

**Mark Napier, CEO of FSD Africa** said**:** “As Africa’s largest economy and country in terms of population, stronger more robust financial markets are critical for Nigeria’s growth and prosperity. FSD Africa remains a committed partner for strengthening Nigeria’s financial market, and we are thankful to our partners for their continued efforts and collaboration to unlock new pathways to prosperity and resilience for Nigerians.”

**Ben Llewellyn-Jones OBE | Deputy High Commissioner, UK High Commission in Nigeria** said**:** “Nigeria’s incredible capacity for innovation and entrepreneurship is powering a new era of economic growth that, with the right ingredients, can bring wealth and stability to more Nigerians than ever before. I’m incredibly proud that, through the work of organisations like FSD Africa and its partners, the UK government is helping get those ingredients in place. Core to everything, are effective financial markets, with the capacity to help scale-up businesses, insure against unforeseen risks, and energize the emergence of a sustainable economy.”

**Mr. Thomas Olorundare Sunday, Commissioner for Insurance/CEO National Insurance Commission (NAICOM)** commented**:** “We recognise the role of a thriving insurance sector in supporting steady economic growth. Through the initiatives announced today, I have confidence that Nigeria will be a regional leader in providing innovative insurance products and distribution channels, enabling wider insurance coverage across the country.”

**Chinua Azubike, Chief Executive Officer of InfraCredit** stated that: “To date, InfraCredit's guarantees have enabled the issuance of up to USD200 Million (NGN Equivalent) of local currency infrastructure bonds, however an increasing pipeline of climate-aligned infrastructure projects are constrained by limited financial resources being dedicated to deliver well-structured projects that can access the debt capital markets, thus, our collaboration with FSD Africa through technical assistance support will also involve the design of an innovative financial solution that will catalyse more bankable climate-smart infrastructure projects for InfraCredit’s guarantees which will accelerate the issuance of credit worthy local currency infrastructure bonds to domestic institutional investors, thereby deepening the debt capital markets in Nigeria.”

**—ENDS—**

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**About FSD Africa**

FSD Africa is a specialist development agency working to reduce poverty by strengthening financial markets across sub-Saharan Africa. Based in Nairobi, FSD Africa’s team of financial sector experts work alongside governments, business leaders, regulators, and policymakers to design and build ambitious programmes that make financial markets work better for everyone. Established in 2012, FSD Africa is incorporated as a non-profit company limited by guarantee in Kenya. It is funded by UK aid from the UK government.

[**Nigeria Green Bond Report**](https://www.fsdafrica.org/publication/the-nigerian-green-bond-market-development-programme-impact-report-2018-2021/)

This report documents a comprehensive overview of the Nigerian Green Bond Market Development Programme (NGBMDP), with a focus on market capacity building, policy advisory and technical support for Green Bond issuance. The report provides a breakdown of the Programme's activities and how they have supported the use of Green Bonds in financing low carbon infrastructure.

As part of its market development and capacity building efforts, the NGBMDP provided support for the development of guidelines and listings requirements for Green Bonds in Nigeria by the Securities Exchange Commission (SEC), and organized training sessions focused on developing a pool of local Green Bond licensed verifiers, issuers, investors and intermediaries.

The Programme is committed to accelerating the development of the Green Bond market in Nigeria and supporting broader debt capital markets reforms that impact green bond as a financing instrument for the transition to a climate resilience economy in Nigeria.