

**FEDERAL REPUBLIC OF NIGERIA**

Carbon Market Framework

**For International Carbon Market Participation**

**Note: This is a first draft of Nigeria’s International Carbon Market Participation Framework. It has been drafted based on inputs from the first capacity-building workshop, experience and expertise from Neyen Consulting, and other inputs gathered during a first stakeholder consultation. This document is to be presented to and reviewed by relevant stakeholders.**



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List of Abbreviations

**A6.4ER –** Article 6.4 Emission Reduction

**AFOLU** - Agriculture, Forestry and Other Land-Use

**BAU** – Business as Usual

**CDM** – Clean Development Mechanism

**CER** – Certified Emission Reduction

**CMA –** Conference of the Members of the Agreement (Paris Agreement)

**CMO-** Carbon Market Office of Nigeria

**CMOB** - Carbon Market Oversight Body of Nigeria

**COP –** Conference of the Parties to the UNFCCC

**DNA –** Designated National Authority

**GHG** – Greenhouse Gas

**HFCs**: Hydrofluorocarbons.

**ICP -** Independent Carbon Programs

**ITMO** – Internationally Transferred Mitigation Outcome

**LULUCF** - Land Use, Land-Use Change and Forestry

**MAP -** Mitigation Activity Proponent

**MCA6.4ER –** Mitigation Contribution Article 6.4 Emission Reduction

**MO** – Mitigation Outcome

**NDC** – Nationally Determined Contribution

**NMA** – Non-market Approaches

OMGE - Overall Mitigation in Global Emissions

**RMP** – Rules, Modalities and Procedures (for the Article 6.4 Mechanism)

**SDG** – Sustainable Development Goal

**SLCPs:** Short-lived climate pollutants (SLCPs)

**UNDP** – United Nations Development Program

**UNFCCC** – United Nations Framework Convention on Climate Change

**VCM** – Voluntary Carbon Market

**VER** – Verified Emission Reduction

Foreword

Reserved for NCCC introductory letter

Preface: Why is it important for countries to implement a carbon market framework?

1. Addressing climate change is a critical global challenge, with 195 nations having pledged their Nationally Determined Contributions (NDCs) towards the Paris Agreement's goal to cap the temperature rise at 2 ºC, and an ambition to limit temperature rise 1.5ºC. Over 140 countries are aiming for or moving towards net-zero emissions by 2030, 2040, or 2050.
2. In response to this imperative, the carbon market has emerged as a key mechanism for assisting nations in meeting their climate targets, raising climate ambition, fostering international collaboration, and encouraging sustainable growth.
3. The Paris Agreement, notably through its Article 6, initiated a novel framework for Parties cooperation to enhance climate goals and ambition via both market-driven (Articles 6.2 and 6.4) and non-market approaches (Article 6.8). Six years subsequent, COP26 in Glasgow delineated specific guidance and rules for participation in Article 6.2 and 6.4, which were further refined at COP27 in Sharm El-Sheik.
4. With the agreements reached at COP26 and COP27 on Article 6 of the Paris Agreement, many countries are now actively putting arrangements in place to facilitate their participation in international carbon markets[[1]](#footnote-2). Indeed, the Paris Agreement has set a different scenario for developing countries: under the Kyoto Protocol, carbon credits generated in developing countries could be transferred and used internationally without accounting implications for the host countries. However, under the Paris Agreement all participating countries have committed to emission reduction measures or targets through NDCs and any carbon credits transferred or used must be accounted for within their NDC commitments. The shift to this comprehensive accounting has significant implications. Host countries such as Nigeria must now implement carefully designed procedures for granting authorizations, applying corresponding adjustments, registering and tracking Internationally Transferred Mitigation Outcomes (ITMOs), and report on their participation in cooperative approaches.
5. Recent concerns about carbon market integrityhave further emphasized the need for robust national frameworks[[2]](#footnote-3). Countries want to ensure that projects implemented within their territories adhere to high environmental, social, and economic integrity standards and contribute effectively to sustainable development.
6. These factors underscore the importance for Nigeria to effectively design and implement a national framework to guide the country's participation in international carbon markets and provide clear provisions for the engagement of the private sector as well as negotiations with sovereign buyers under the framework of cooperative approaches.

Nigeria's Carbon Market Framework: benefits, risks, objectives, scope, structure and purpose

### What are the benefits that Nigeria sees in participating in international carbon markets?

1. Nigeria stands to greatly benefit from engaging in international carbon markets, offering prospects for:
	* Enhancing mitigation efforts across various sectors;
	* Supporting sustainable development within the nation;
	* Facilitating technology transfer;
	* Strengthening international relations;
	* Generating revenues and mitigation outcomes that can support Nigeria's NDC implementation.

### What are the risks that Nigeria sees in participating in international carbon markets?

1. Nonetheless, Nigeria recognizes several risks that must be managed effectively, including:
* **Overselling ITMOs and risking own NDC achievement**: By selling too many ITMOs, Nigeria could deplete its own stock of emission reductions, making it challenging to meet its NDC commitments under the Paris Agreement.
* **Opportunity cost related to overselling**: Engaging too heavily in the sale of ITMOs might limit Nigeria's future options for using its own low-cost mitigation outcomes for NDC achievement, potentially leading to higher costs or missed opportunities for domestic emissions reductions in the long term.
* **Risks of double counting:** There's a risk that emission reductions could be counted both by Nigeria and the purchasing country towards their respective NDCs, undermining the integrity of global emission reduction efforts and the overall objectives of the Paris Agreement.
* **High management and infrastructure costs**: The development and maintenance of a robust system to track, verify, and trade ITMOs can incur significant financial and administrative costs for Nigeria, potentially diverting resources from other critical areas of its climate action plan.
* **Reputational risk**: Failure to manage the carbon market effectively, such as through overselling ITMOs or contributing to double counting, could damage Nigeria's reputation in the international community, affecting its ability to engage in future climate-related collaborations and financial arrangements.
* **Not having clarity on how to attract international support for NDC implementation**: Without a clear strategy for leveraging Article 6 mechanisms to attract international support and finance, Nigeria might struggle to secure the necessary resources and partnerships to meet its climate goals efficiently and effectively.
* **Not having clarity on the role that the voluntary carbon market (VCM)[[3]](#footnote-4) can play:** Without understanding how VCM can complement national efforts under Article 6, Nigeria may miss out on opportunities to enhance its NDC achievement through additional voluntary or cooperative initiatives that could bring technological, financial, and capacity-building benefits.

### What are the goals of developing this framework?

1. The goal behind developing a carbon market framework for Nigeria is to ensure the country can effectively participate in international carbon markets, optimizing benefits while mitigating risks. The framework provides certainty to the international community about Nigeria's approach to participating in international carbon markets, facilitating international investment and participation from different stakeholders (see below)
2. This framework is underpinned by two key documents:

**The Policy, Institutional and Regulatory Framework**

* + Outlines the guiding principles, organizational structure, and legal context for Nigeria's participation in carbon markets. It specifies the policies, defines the roles and responsibilities of involved entities, and details the applicable laws and regulations

**The Manual of Procedures**

* + Complements **the policy, institutional and regulatory framework** by detailing the specific operational processes, responsibilities, and documentation required for effective participation in the carbon market.

### What is the framework’s scope?

1. The framework's coverage extends across the spectrum of the international carbon market, including Article 6.2 and Article 6.4 mechanisms under the Paris Agreement, voluntary carbon market, and the non-market approach outlined in Article 6.8.

### How is this framework addressed to different stakeholders?

1. The specific benefits, potential impacts, and how each of the main stakeholder groups can actively participate or benefit from the framework is described below.

|  |  |
| --- | --- |
| **GOVERNMENT INSTITUTIONS** | **Enhanced policy and regulatory clarity:** For government institutions in Nigeria, this framework serves as a comprehensive guide outlining the institutional and regulatory landscape necessary to design, implement, and manage a carbon market efficiently. It clarifies roles and responsibilities, facilitating smoother coordination among different governmental bodies.**Capacity building and governance**: By adhering to the framework, government institutions can strengthen their capacity to manage carbon markets effectively, ensuring that they contribute positively to national climate targets. It also aids in the establishment of robust governance structures that ensure transparency, integrity, and accountability in carbon trading.**Policy alignment and environmental integrity:** The framework assists Nigeria in aligning national policies with global climate goals, promoting sustainable development and environmental integrity. It ensures that the carbon market operates in a way that genuinely reduces emissions and contributes to the broader objectives of the Paris Agreement.  |
| **PROJECT DEVELOPERS** | **Clear guidelines for project implementation:** Project developers receive detailed guidance on the procedural and regulatory requirements for initiating and managing carbon projects within Nigeria. This includes specific instructions for each carbon mechanism, such as Article 6.2, Article 6.4, Article 6.8, along with VCM activities with or without corresponding adjustments.**Market access and sustainability:** The framework opens up opportunities for developers to access both domestic and international carbon markets, providing a pathway to finance projects that have positive environmental, social, and economic impacts. It encourages the development of projects that align with Nigeria’s sustainable development goals and climate commitments.**Innovation and investment:** With clear regulatory guidance, project developers can innovate and invest in sustainable technologies and practices. The framework fosters a conducive environment for investments in Nigeria's priority sectors. |
| **INTERNATIONAL COMMUNITY** | **Certainty and trust:** The framework offers the international community a high level of certainty regarding Nigeria's commitment to engaging in international carbon markets. This trust fosters international collaboration and attracts support for implementing the NDC and raising climate ambition.**Cross-border collaboration and support**: By establishing clear guidelines and commitments, Nigeria positions itself as a reliable partner in global climate efforts, opening avenues for cross-border projects, joint initiatives, and financial flows aimed at mitigating climate change on a global scale.**Enhancement of global climate goals**: The international community benefits from Nigeria’s framework as it contributes to the global pool of emission reductions and sustainable development initiatives. This collaborative approach amplifies the impact of climate actions, helping to raise the overall level of ambition in combating climate change. |

**Important: This document develops the Policy, Institutional, and Regulatory framework. The processes for implementation are detailed in a Manual of Procedures as an independent standalone document.**

Nigeria's principles declaration for participation in international carbon markets

## General Principles

1. Nigeria´s policy framework establishes the guiding principles and strategic decisions for participation in international carbon markets.
2. At the strategic level, the NDC of Nigeria establishes the overall objective to "contribute to discussions on international cooperation through Article 6 of the Paris Agreement" and "support the development of a national carbon pricing/market framework that will enable Article 6 outcomes".
3. Nigeria intends to use carbon finance through Article 6 of the Paris Agreement and VCM to support the implementation of its NDC and raise its level of climate ambition (see more details in the subsections below: "Intention to participate in international carbon markets" and " Nigeria's participation in international carbon markets to raise its level of climate ambition").
4. Two main types of guiding principles must be distinguished: Article 6 principles and Nigeria’s own guiding principles. Nigeria´s Policy for participating in carbon markets embraces the guidelines and provisions of the Paris Agreement and the guidance under Article 6 but also aims to reflect the national interest of Nigeria.

**Article 6 principles**

1. While Article 6.2 of the Paris Agreement adopts a bottom-up, decentralized approach, allowing Parties the flexibility to establish their own rules and procedures for international cooperation, the agreements finalized at COP26 and COP27 have introduced a comprehensive set of guidelines and provisions to streamline this cooperation. Nigeria fully commits to adhering to these principles, including:
* *Voluntary cooperation with other Parties should allow for higher ambition in mitigation and adaptation actions (Article 6.1).*
* *Voluntary cooperation should promote sustainable development (Article 6.1).*
* *Voluntary cooperation should promote environmental integrity (Article 6.1).*
* *Authorization shall take place to confirm voluntary cooperation with other Parties confirming participation of eligible participants and confirming the use and transfer of mitigation outcomes by other parties than Nigeria. shall be authorized as well as the participating entities and the transfer of the units resulting from Article 6.2 and 6.4 activities.*
* *Parties that engage in voluntary cooperation involving the use of ITMOs towards NDCs should ensure environmental integrity and transparency, including in governance (Article 6.2) and shall apply robust accounting to ensure the avoidance of double counting (Article 6.2).*
* *Voluntary participation in the mechanism under Article 6.4 should contribute to the reduction of emission levels in Nigeria, which will benefit from mitigation activities resulting in emission reductions that can also be used by another Party to fulfil its nationally determined contribution (Article 6.4c).*
* *Voluntary participation in the mechanism under Article 6.4 should deliver an overall mitigation in global emissions (Article 6d).*

**Nigeria's guiding principles and priorities**

1. In addition to the Article 6 principles, Nigeria has established the following guiding principles for its participation in international carbon markets:
* Article 6.2 activities shall be approved by the Government of Nigeria and Article 6.4 projects, as stated in decision 3/CMA.3, shall be also approved when the government deems participation in these approaches and mechanisms in the national interest. The requirements for activity approval are defined in Nigeria's Manual of Procedures.
* Nigeria as sovereign has sole discretion over whether or when to participate in Article 6 approaches or mechanisms.
* Nigeria will keep the right to assess and confirm if any activity is to be publicly announced as a non-market approach. Activities proposed for official recognition as non-market approaches shall obtain a letter of No Objection by Nigeria as per its respective procedure detailed in the Manual of Procedures.
* Offset projects developed in Nigeria (voluntary market not applying corresponding adjustments) should contribute to Nigeria's sustainable development. They shall therefore obtain a letter of no objection from the Government of Nigeria, as per its respective procedure detailed in the Manual of Procedures.
* Project developers investing in VCM projects with corresponding adjusted units shall refer to the same requirements as the ones defined for Article 6.2 activities, including obtaining an eligibility letter, approval and authorization for the transfer of ITMOs as per the respective procedures described in the Manual of Procedures.
* The use of mitigation outcomes from projects developed in Nigeria toward the NDC of another Party or towards other international mitigation purposes (OIMP) must obtain the authorization from Nigeria as described in the respective procedure of the Manual of Procedures. In case of mitigation outcomes not authorized for international transfer it will be counted towards the NDC of Nigeria.
* Nigeria encourages its counterparts in cooperative approaches under Article 6.2 to contribute to OMGE and contribute for a domestic adaptation fund, as described in the "Additional Provisions" of the Manual of Procedures.
* The approval of Article 6 activities and issuing a letter of no objection for voluntary market projects implies the contribution to the administration of carbon markets provision in Nigeria through a share of proceeds, as described in the "Additional Provisions" of the Manual of Procedures.
* Mitigation outcomes can be generated from projects, programs, sectoral or jurisdictional approaches.

## Intention to participate in international carbon markets

1. Nigeria intends to promote all Article 6 cooperative approaches involving sovereign buyers as well as the voluntary carbon market, with and without corresponding adjustments, involving corporate buyers.
2. In the voluntary carbon market, Nigeria gives project developers the possibility to request a corresponding adjustment. Two cases may exist:
	* The developer requests a corresponding adjustment before implementing the project: in this case, the projects must comply with the national eligibility, approval, and authorization rules and procedures defined for Article 6.2.
	* The developer requests a corresponding adjustment once the credits have been verified – but not yet issued in the registry of the independent carbon program: in this case, they must request a letter of authorization of a corresponding adjustment.

## Nigeria's participation in international carbon markets to raise its level of climate ambition

1. Nigeria is committed to raising its climate action goals through the utilization of Article 6 mechanisms and the voluntary carbon market. This strategy aims at fulfilling both the unconditional and conditional targets outlined in its Nationally Determined Contributions (NDCs):
* For the unconditional objectives, Nigeria plans to rely primarily on its own initiatives and the contributions from voluntary carbon market activities that do not request corresponding adjustments.
* On the other hand, Nigeria will rely on international support to achieve its NDC conditional objective. This may include the share of mitigation outcomes from Article 6 activities and certain voluntary carbon market activities where Nigeria accepts to make corresponding adjustments (when applicable - see "Additional Provisions" in the Manual of Procedures), the Article 6.4 units claimed by the counterpart as "Mitigation Contributions", Article 6.8 activities (as they do not imply the transferring of mitigation outcomes to another Party) and activities that Nigeria will be able to implement thanks to the additional revenue generated by activities that make a financial contribution to "Nigeria's NDC implementation fund" (when applicable - see "Additional Provisions" in the Manual of Procedures).



Figure 1. Nigeria's participation in international carbon markets to raise its level of climate ambition

Policy Context

## International Policy Context

1. **The Paris Agreement**. The objective of the Paris Agreement is to restrict the increase in global temperatures to below 2 degrees Celsius, while endeavouring to limit the rise to 1.5 degrees Celsius. The principal mechanism for achieving this goal is through the NDCs which are pledges by Parties to reduce emissions and adapt to the impacts of climate change. Countries commit to enhancing their climate actions progressively through their NDCs and must periodically report on their advancements. This iterative process, known as the ambition cycle, emphasizes transparency and collective progress rather than strict enforcement, with a global assessment of efforts every five years, considering fairness and the most recent scientific insights.
2. **Article 6.** Recognizing the potential benefits of cooperative efforts to fulfil their NDCs, Article 6 of the Paris Agreement outlines routes for international collaboration aimed at increasing mitigation and adaptation efforts. It delineates three specific mechanisms for such cooperation: cooperative approaches under Article 6.2, a carbon crediting system managed by the United Nations Framework Convention on Climate Change (UNFCCC) under Article 6.4, and non-market strategies under Article 6.8, all designed within the context of the UNFCCC’s history and the Paris Agreement’s bottom-up framework. These mechanisms are accessible to all countries on a voluntary basis, ensuring uniform participation criteria.
3. For both cooperative approaches (Article 6.2) and the new mechanism (Article 6.4), participation criteria are stringent, reflecting a shift in the roles of participating countries from those under the Kyoto Protocol, notably introducing significant responsibilities for developing country governments. The country providing mitigation outcomes is tasked with authorizing these transfers, ensuring that the outcomes are not counted towards both the providing and receiving countries’ NDCs.
4. Under the Kyoto Protocol, developing nations hosted Clean Development Mechanism (CDM) projects without specific emission targets. Now, with NDC targets in place, these countries can engage in the transfer or receipt of mitigation outcomes. Participation in Article 6.2 or Article 6.4 mechanisms must not impede a country's ability to meet its NDC targets.
5. Assessing contributions to sustainable development remains crucial but is not the sole focus. Given Nigeria's obligation to report to the UNFCCC on how its mitigation actions support its NDCs and align with sustainable development and environmental integrity standards, the country must domestically manage Article 6 implementation. This involves setting both procedural and substantive rules, ensuring that Article 6 activities bolster the NDC and align with national climate and development priorities, integrated into its national monitoring, reporting, and verification (MRV) and accounting systems.

### Article 6.2 of the Paris Agreement

1. Article 6.2 introduces an accounting framework for employing internationally transferred mitigation outcomes (ITMOs) towards achieving NDCs, without prescribing the cooperation type. It mandates robust accounting through corresponding adjustments to prevent double counting of transferred mitigation outcomes. For participation in Article 6.2 activities resulting in ITMO transfers, a country must:[[4]](#footnote-5)
* Have arrangements in place for authorizing the use of ITMOs towards the achievement of NDCs.
* Have arrangements in place for tracking ITMOs.
* Have provided the most recent national inventory report.
* Ensure that its participation contributes to the implementation of its NDC and long-term low-emission development strategy, if it has submitted one, and the long-term goals of the Paris Agreement.
1. When transferring ITMOs, it's vital for the transferring country to ensure these units are surplus to their own NDC needs. Participation motives in Article 6.2 could include attracting co-financing for projects, initiating scalable transformative projects, generating direct revenue, enhancing private sector climate action involvement, and advancing towards sustainable development goals (SDGs). For transferring countries, maintaining a governance and regulatory framework that ensures environmental integrity and promotes transparency is crucial for attracting acquiring countries, which seek environmental integrity and transparency in the ITMOs they purchase, as evidenced in existing cooperative agreements.

### The Article 6.4 Mechanism

1. Article 6.4 introduces a framework aimed at reducing greenhouse gas (GHG) emissions and promoting sustainable development. This framework is orchestrated by a centralized process under the UNFCCC, overseeing the entire cycle of activities, including the development and approval of methodologies, alongside the validation and verification of mitigation outcomes. When these outcomes, referred to as Article 6.4 emission reductions (A6.4ERs), are exchanged internationally, they adhere to the regulations stipulated in Article 6.2, ensuring consistent participation, reporting, and country-specific requirements akin to those of bilaterally agreed mitigation outcome generation methods. Nevertheless, the demand for institutional and regulatory capacities to manage the activity cycle remains minimal for the hosting nation, making this mechanism a favoured option within Article 6's scope.
2. At COP26, agreements were made on rules, modalities, and procedures that include a wide array of processes such as methodology development and approval, validation, registration, monitoring, and several others, culminating in the establishment of a supervisory entity by the UNFCCC to monitor this mechanism's efficacy. This entity, operational post-COP26, held its inaugural meeting in late July 2022.
3. Article 6.4 delineates a mechanism for both private and public sectors to initiate projects that reduce emissions or remove carbon, thereby earning carbon credits. It is particularly highlighted as beneficial for encouraging private sector engagement, producing purchasable credits for a wide range of stakeholders including governments. This mechanism centralizes most operational responsibilities within the UNFCCC, easing the implementation load on host countries.
4. The generation of A6.4ERs follows a comprehensive activity cycle, managed by the supervisory body, which encompasses all necessary steps from project initiation to the issuance of emission reduction certificates. This process mirrors the Clean Development Mechanism (CDM), albeit with a more rigorous approach to methodology design and baseline setting.
5. A key feature of Article 6.4 is its ambition-raising rules, especially the stipulation that it aims to achieve a net reduction in global emissions. This is further enforced by a mandate that 2% of the produced mitigation outcomes be cancelled upon issuance, alongside a COP26 decision to allocate 5% of the mechanism's proceeds to the Adaptation Fund, thereby supporting adaptation efforts.
6. Article 6.4's framework treats international transfers of A6.4ERs, requiring them to be authorized as Internationally Transferred Mitigation Outcomes (ITMOs), framing Article 6.4 as a cooperative approach that includes additional stipulations for engagement with the supervisory body. Before engaging, host countries must designate a national authority for the mechanism and communicate this to the secretariat, among other requirements.
7. COP27 introduced "mitigation contribution A6.4ERs" as a new category of A6.4ERs, which can be utilized for various purposes without needing corresponding adjustments, thereby offering flexibility in their application.

### Article 6.8 Non-Market Approaches

1. Article 6.8 introduces a non-market approach framework within the broader climate action framework, setting it apart from the market mechanisms outlined in Articles 6.2 and 6.4. It emphasizes cooperative actions that don’t involve traditional market transactions, aiming instead to support the implementation of National Determined Contributions (NDCs) through real and measurable mitigation and adaptation efforts. Non-Market Approaches (NMAs) are characterized by their voluntary and cooperative nature, not relying on quid-pro-quo exchanges, and their contributions to climate goals may evolve as parties further engage and develop new strategies within this framework. Despite their distinct operational method, the ultimate goal of NMAs remains aligned with that of Articles 6.2 and 6.4, which is to facilitate the achievement of NDCs.
2. In terms of reporting within the Article 6 framework, NMAs hold particular significance. Although there’s no direct mention of Article 13 (the Enhanced Transparency Framework) in the decision texts regarding Article 6.8, the areas covered by NMAs—such as mitigation, adaptation, finance, technology transfer, and capacity building—are integral to the transparency reporting requirements laid out in the Biennial Transparency Report (BTR). The UNFCCC Secretariat is in the process of developing a dedicated platform for sharing information on NMAs, highlighting the role of these approaches in the broader Article 6 framework, especially in facilitating activity registration and information submission for NMAs.

### Voluntary carbon market

1. The voluntary carbon market (VCM) is a widely used term for a set of fragmented markets where private individuals, corporations, and other actors issue, buy and sell carbon credits to offset their GHG emissions. The VCM operates outside of regulated or mandatory carbon pricing instruments.[[5]](#footnote-6)
2. While the governance of the VCM falls outside the jurisdiction of the Paris Agreement, its application and recognition within compliance mechanisms (e.g., the Carbon Offsetting and Reduction Scheme for International Aviation [CORSIA]) and national carbon pricing programs (e.g., in South Africa, Colombia, and California) highlight a significant overlap. Previously, under the Kyoto Protocol, these standards functioned independently from centralized carbon markets and were primarily utilized by entities in jurisdictions with regulatory demand for carbon credits, often leading to projects in countries without specific emission reduction commitments under Kyoto.
3. The advent of the Paris Agreement, which mandates contribution towards global emission reduction goals from all signatory nations, has nuanced the dynamics between these ICP and the unified carbon market framework led by the UNFCCC. This shift underscores the complexities surrounding the potential for 'double counting' or 'double claiming' of emission reductions, particularly in scenarios where carbon credits are transferred across borders.
4. A pivotal discussion in the sector revolves around the necessity for 'corresponding adjustments' to carbon credits traded internationally. This mechanism is crucial for maintaining integrity in NDC accounting, ensuring that emission reductions are not simultaneously claimed by both the purchasing entity and the credit’s country of origin, a scenario that could undermine the credibility of carbon neutrality claims.
5. To address these challenges, several ICP have introduced categorizations for carbon credits, distinguishing them as either 'adjusted' for those that have undergone corresponding adjustments, or 'not adjusted,' thus clarifying their applicability towards voluntary offset claims or broader support for NDCs without direct emission reduction claims by the purchasing entity. This approach aims to provide clarity and flexibility for entities engaged in the VCM, facilitating their contribution to global climate goals while adhering to the principles of transparency and accountability.

## National Context

### Country Profile

Table 1. Nigeria's country profile

|  |  |
| --- | --- |
| **Population (World Bank, 2022)** | 218,541,222  |
| **GDP (World Bank, 2022)** | 472.6 bn USD |
| **Key climate risks (NDC 2021)** | Agriculture and food securityWater stressFloods and droughtsSea level riseEcosystem stress  |
| **NDC Mitigation Targets (NDC 2021)** | 20% vs. BaU unconditional47% vs BaU conditional to international support |
| **Priority mitigation sectors NDC (NDC 2021)** | Energy (including electricity generation, oil and gas and transport)Land Use, Land-Use Change and Forestry (LULUCF).Waste and waterIndustrial Processes and Product Use |
| **Governance** | 6 geopolitical zones36 semi-autonomous states 774 Local level government areas |

### Climate Change Policies in Nigeria

1. Nigeria has developed a comprehensive policy framework designed to address and respond to climate change challenges. This framework encompasses a range of strategic initiatives and plans, each tailored to meet specific objectives related to climate adaptation and mitigation. Below is a summary of these key policies and their objectives.

**Climate change policy and response strategy**

1. The National Policy on Climate Change[[6]](#footnote-7) sets forth a strategic framework aimed at integrating sustainable, low-carbon growth and enhancing climate resilience within Nigeria's developmental agenda. By identifying climate change as a critical barrier to economic prosperity and food security, this policy delineates targeted objectives to address and mitigate these concerns. It seeks to:[[7]](#footnote-8)
	* Advocate for mitigation strategies that foster sustainable, low-carbon economic development.
	* Boost national capabilities for adapting to climate change impacts.
	* Elevate climate change-related science, technology, and research to foster international cooperation in scientific and technological advancements.
	* Amplify public awareness and private sector involvement in climate change initiatives.
	* Reinforce institutional frameworks to provide a robust governance structure for climate change management.

The policy envisions a climate-resilient Nigeria poised for swift and sustainable socio-economic progress, with a mission to enhance national initiatives for climate adaptation and mitigation. It aims to engage all societal sectors, particularly focusing on including marginalized and vulnerable groups such as the poor, women, and youth, in the journey toward sustainable socio-economic development. Through these efforts, Nigeria aspires to establish a holistic and inclusive approach to climate change, ensuring its readiness for future challenges while pursuing economic growth.

**Nigeria's Long-Term Vision and Long-Term Low Emission Development Strategy**

1. Nigeria has developed the Long-Term Low Emission Development Strategy (LT-LEDS)[[8]](#footnote-9), a forward-looking framework aimed at aligning the country's development with low carbon and climate-resilient objectives. This strategy is an extension of the 2050 Long-Term Vision (LTV 2050) introduced at the 2021 UNFCCC COP26 by the Nigerian government, reinforcing the commitment to achieving net-zero carbon emissions by 2060, as announced by the President of Nigeria in Glasgow, COP26. Furthermore, it builds upon the innovative Climate Act of 2021, which pledges carbon neutrality within the timeframe of 2050-2070.
2. The development of the LT-LEDS involved meticulous planning, including the creation of various scenarios and pathways to realize the ambitious decarbonization targets and assess their macro-economic impacts. This comprehensive process engaged a broad range of national stakeholders in meaningful dialogues, utilizing macroeconomic modelling to propose adaptation strategies that resonate with Nigeria's developmental ambitions.
3. By converting the vision of a low-carbon, climate-resilient Nigeria into actionable and quantifiable strategies, the LT-LEDS serves as a blueprint for the nation to fulfil its international climate obligations. It aims to catalyse the flow of international finance towards climate-related projects from both bilateral and multilateral sources, thereby supporting Nigeria's climate goals.
4. The culmination of these efforts was the validation of the LT-LEDS final report by a diverse group of Nigerian citizens and international collaborators on November 14, 2023. This validation marks a significant milestone ahead of the official launch of Nigeria's LT-LEDS at COP 28 in Dubai, representing a critical step towards the country's sustainable development and climate resilience objectives.
5. This revision streamlines the original text for clarity and impact, highlighting the strategic development, stakeholder engagement, and international collaboration involved in Nigeria's ambitious climate strategy.

**Nigeria's Climate Change Act**

1. In November 2021, President Buhari of Nigeria enacted the Climate Change Act, establishing a robust legal structure to facilitate the nation's pursuit of its climate objectives, including the achievement of long-term socio-economic sustainability and resilience. This legislative move followed Nigeria's pledge at COP26 in Glasgow to reach net-zero emissions by 2060, setting forth a broad goal to achieve net-zero emissions within the window of 2050 to 2070. Key features of the Climate Change Act include:
	* The requirement for the Nigerian government to formulate a National Climate Change Action Plan alongside a five-year carbon budget, which outlines specific annual emission reduction targets. These documents are subject to approval by the Federal Executive Council, with the inaugural carbon budget slated for approval by November 2022.
	* The establishment of the National Council on Climate Change, tasked with executing the National Climate Change Action Plan. This body also manages the Climate Change Fund, which is financed through allocations debated and approved by Parliament. The fund supports the Council’s operations and provides grants. The Council coordinates with the Ministry of Environment to spearhead climate actions across various sectors and prioritize adaptation efforts.
	* A mandate for private companies employing 50 or more individuals to adopt measures for meeting annual carbon emission reduction benchmarks aligned with the National Climate Change Action Plans. These companies are also required to appoint a Climate Change Officer responsible for compliance reporting. Non-compliant entities may face financial penalties.
2. This Act marks a significant step towards integrating climate considerations into Nigeria's policy and economic framework, emphasizing accountability and action across both public and private sectors.

**Nigeria's NDC**

1. In 2015, Nigeria presented its inaugural Nationally Determined Contribution (NDC) and subsequently submitted an updated version in 2021. Through this revision, Nigeria reaffirmed its commitment to reduce greenhouse gas emissions by 20% unconditionally below the projected business-as-usual levels by 2030. Furthermore, the country has raised its conditional emissions reduction target to an ambitious 47% by the same year, contingent upon international support (through Article 6, for instance).
2. The 2021 update of the NDC expanded Nigeria's climate action scope by incorporating additional sectors and greenhouse gases. Specifically, it now includes initiatives in the waste and water sectors, as well as measures to address short-lived climate pollutants (SLCPs) and hydrofluorocarbons (HFCs). This broader approach enhances the country's commitments across several key areas: energy and efficiency, agriculture, oil and gas, power, and infrastructure and housing sectors.
3. Through these enhanced commitments, Nigeria aims to align its development trajectory with the global effort to combat climate change, targeting a net-zero emissions goal by 2060. This ambitious plan underscores Nigeria's dedication to playing a significant role in the international climate change mitigation efforts and transitioning towards a sustainable and resilient future.

**Reducing Emissions from Deforestation and Forest Degradation REDD+**

1. Nigeria has developed a new REDD+ Strategy (2021) and a National Forest Policy (2020), including a National Forest Investment Plan (2019-2023). The objective of the National REDD+ Programme is to implement the forest sector plan for achieving Nigeria's NDC mitigation goals.

**Cross sector policies**

1. For climate action to be effectively mainstreamed and achieve its intended impact, it is crucial to integrate it seamlessly with other pivotal national policies. This integration ensures that climate action is not pursued in isolation but as a fundamental aspect of broader developmental objectives. Key cross sector policies and plans include:
	* Nigeria's Energy Transition Plan (2022)
	* Medium Term National Development Plan (2021-2025)
	* The Nigeria Economic Sustainability Plan (2020)
	* National Action Plan on Gender and Climate Change (2020)
	* Nigeria's Action Plan to reduce short-lived climate pollutants (2019)
	* The fare gas regulation (2018)

### UNFCCC Commitments and Reporting Status

1. Since joining the United Nations Framework Convention on Climate Change (UNFCCC) in 1994 and ratifying the Kyoto Protocol in 2004, Nigeria has been an active participant in international climate policy discussions. Demonstrating a commitment to fulfilling its reporting duties under the UNFCCC, Nigeria has progressively submitted its communications: the Initial National Communication (INC) in 2003, the Second National Communication (SNC) in February 2014, and the Third National Communication (TNC) in April 2020.
2. To align with its emissions reduction commitments, Nigeria submitted its Intended Nationally Determined Contributions (INDC) in 2015, marking a significant step towards the adoption of the Paris Agreement, which Nigeria ratified in 2016 and updated in 2021. In its updated NDC Nigeria has expanded its climate action targets to encompass additional sectors such as waste and water, along with new GHG like short-lived climate pollutants (SLCPs) and hydrofluorocarbons (HFCs). Nigeria is working towards attaining a net-zero status by the year 2060.
3. Further solidifying its dedication to enhancing reporting transparency on mitigation efforts, Nigeria submitted its First Biennial Update Report (BUR1) in 2018 and its second one (BUR2) in 2021.
4. In addition, as specified in Articles 4 and 12 of the Convention and Decision 2/CMP.8, Nigeria has submitted its GHG inventory report in 2021 (covering the 2000-2017 period) to fulfil the requirement for all Parties to the Convention and the Kyoto Protocol to submit National Inventories of Greenhouse Gas (GHG) Emissions and Removals.

Existing Institutional Arrangements

1. The National Council on Climate Change (NCCC) is the Nationally Designated Authority for Article 6~~.4~~ mechanisms and official Focal Point working to address the impacts of climate change in Nigeria. Table 2 summarizes existing institutional arrangements in the country which may be relevant to carbon markets.

Table 2. Existing Institutional Arrangements Relating to Carbon Markets

|  |  |
| --- | --- |
| **Institution** | **CURRENT ROLE** |
| National Council on Climate Change (NCCC) | The National Council on Climate Change (NCCC) is the Nationally Designated Authority and official Focal Point working to address the impacts of climate change in Nigeria. Established in 2021, it has been tasked with providing a platform for collaboration and coordination among various government agencies, the private sector, civil society organizations, and other stakeholders in Nigeria to combat and mitigate the impact of climate change.The NCCC has been appointed to lead the design and implementation of a carbon market framework to enhance Nigeria’s participation in international carbon markets.  |
| Federal Ministry of Environment (FME) | The Federal Ministry of Environment (FME) works to ensure environmental protection, natural resources conservation and sustainable development. Since its establishment, the Ministry has impacted on raising the issue of environmental consciousness in the minds of Nigerians as well as the interface with the Global environmental best practices. It has focused on involving innovative strategies that emphasize the use of environmental re-engineering as a veritable tool for job creation, poverty eradication, ensuring food security, encouraging sustainable economic development and general improvement in the livelihood of Nigerian populace. |
| Federal Ministry of Industry, Trade and Investment (FMITI) | The Federal Ministry of Industry, Trade and Investment was restructured in 2011 to drive the growth of the Nigerian economy. It’s mandated to:- Create an enabling environment to stimulate domestic investment and attract foreign direct investment in all sectors of the economy and make Nigeria a preferred investment destination. - To facilitate trade in goods and services and maximize the benefits of international trade through functional bilateral and multilateral trade relations with other countries - To accelerate the growth of the industrial sector and enhance productivity- To boost the development of Micro, Small and Medium Enterprises (MSME) as the engine of economic growth.  |
| Federal Ministry of Finance (FMF)Federal Ministry of Finance, Budget, and National Planning (FMBNP) | The Ministry of Finance’s mission is to manage Nigeria’s finance in an efficient manner that delivers on the country’s development priorities. The Ministry of Budget and National Planning has the mandate to determine and advise the Government of the Federation on matters relating to National Development and overall management of the national economy. The Federal Ministry of Finance and the Federal Ministry of Budget, and National Planning have supported the development of climate finance in Nigeria, including the issuance of green bonds. They are members of the NCCC.  |
| Nigeria Sovereign Investment Authority (NSIA) | The NSIA is the Sovereign Wealth Fund of Nigeria and has the mandate to attract co-investment from other investors, including strategic investors, sovereign and internationally recognized investment finds and private companies |

Institutional Framework and Governance Structure for governing international carbon market participation

1. Nigeria has established a robust institutional framework to govern its participation in Article 6 mechanisms under the Paris Agreement. This framework serves two key purposes:
	* Ensuring a Strong International Transfer Process under Article 6: The framework outlines institutional arrangements for the international transfer of mitigation outcomes under Article 6.
	* Defining Responsibilities for Participation in Carbon Markets and Non-Market Approaches: The framework also clarifies decision-making processes for Nigeria's involvement in carbon markets and non-market approaches. This provides transparency and guidance for stakeholders interested in collaborating with Nigeria on climate action projects.
2. The institutional framework is Illustrated in the figure below.

## Illustrative organizational chart

Figure 2. Institutional Framework for governing carbon market participation.



## Carbon Market Oversight Body

1. The Carbon Market Oversight Body (CMOB) serves as a strategic body for the orientation and supervision of carbon market and non-market mechanisms. Its establishment aims to ensure Nigeria's effective participation in international carbon mechanisms, in alignment with its NDC and long-term climate objectives, while adhering to the Paris Agreement provisions. The CMOB offers advice, guidelines, and recommends adjustments to the regulatory framework governing international cooperation under the Paris Agreement and participation in the voluntary carbon market.

**Designation of the Carbon Market Oversight Body (CMOB)**

1. The Intergovernmental Committee on Carbon Market Activation (IGCCMA) has been designated as the CMOB. The IGCCMA was Intergovernmental Committee was set up by the President of Nigeria to coordinate the overall National Carbon Market Strategy development, monitoring and implementation, as well as the activation of the carbon market plan. The formation of this Committee arises from the need to develop a National Carbon Market Strategy to harness market mechanisms to incentivize emission reductions, drive sustainable development, encourage the adoption of low-carbon technologies, align with international commitments and position Nigeria as a proactive participant in the global carbon market. The committee as currently composed Is made of member drawn from government and private sector representation. This approach leverages existing institutional frameworks and ensures inter-ministerial coordination, aligning with the requirements of Article 6.2 of the Paris Agreement by ensuring a coordination among representatives from diverse ministries.

In its role as the CMOB, the IGCCMA will be expanded to Include different categories of stakeholders - Regulators, Civil Society, Private Sector, Subnational Entities, Consultants, International Institutions, etc.

**Responsibilities**

1. The main tasks of the Carbon Market Oversight Body will be to:
* Long term oversight of the carbon market participation.
* Assess and propose legislation arrangements.
* Oversee the implementation of carbon market processes.
* Ensure coordination among different ministries.
* Coordinates with other related climate initiatives.
* Agree on the use of elements of the international crediting programme.
* Review and approve CMO’s recommendation on the use of standards and methodologies.
* Approve NDC-related parameters for emission reduction calculations.
* Address grievances and appeals with input from the CMO.

## Carbon Market Office and Technical Committee

1. The Carbon Market Office ensures the daily management of the activities of carbon market and non-market mechanisms, as detailed in the manual of procedures.

**Composition of the Carbon Market Office**

1. The Carbon Market Office (CMO) is a new unit to be created within the Secretariat of the National Council on Climate Change. This may require training of NCCC staff to handle stated responsibilities. Under the Climate Change Act of 2021, the National Council on Climate Change is vested with powers to make regulations, formulate polices for public and private sector on GHG emission reduction, review international agreements as well as supervise market-based mechanism and instrument relating to climate change. The Secretariat of the NCCC is the Designated National Authority (DNA) for the registration of carbon projects under the United Nations Framework Convention on Climate Change (UNFCCC) and other Independent Carbon Programmes for VCM.
2. The Carbon Market Office is supported by permanent and non-permanent technical and negotiating experts set up according to activity and needs by the Carbon Market Office. The CMO is chaired by the Director General of NCCC and will comprise experts from different categories of stakeholders: civil society, private sector, government entities, local authorities, consultants, international institutions, etc to be proposed by the CMO and approved by the CMOB. The Federal Ministry of Environment and Federal Ministry of Industry, Trade and Investment will have permanent representation in the CMO. The CMO will discharge its duties in consultation with CMOB. The CMO will support the CMOB Technical Committee to oversee their coordination, approval, rulemaking, and technical advice functions.

**Responsibilities**

1. The main tasks of the Unit will be to:
* Review and approval of carbon projects and their crediting period in accordance with manual of procedures.
* Implementation of the different processes according to the manual of procedures.
* Provide support to project developers.
* Facilitate carbon project origination and MO activity development.
* Issue LOA, Endorsement and Authorisation to prospective mitigation activity participants.
* Establish an emission transaction registry to create and issue mitigation outcomes, including links with international carbon registries and exchanges, where required.
* Publish the list of projects and project entities generating MOs.
* Set up and maintain processes for accrediting independent assessors for validation and verification.
* Manage or supervise transparency and accounting requirements: recording, reporting, the emissions balance, and corresponding adjustments.
* Execute transfer of Mitigation Outcomes and implement Corresponding Adjustments, where applicable.
* Liaison with oversight body.
* Provide input to the report of the National Designated Authority on projects, units and transfers (BTR) for Article 6 Technical Expert Review.
1. This unit should also coordinate with the UNFCCC reporting units and those responsible for the enhanced transparency framework (ETF) implementation.

## Signing Entity

1. The signing entity is the one responsible for signing cooperation approaches with other countries under Article 6.2.
2. The designated signing entity of the cooperative approach is the Federal Ministry of Industry Trade and Investment. It signs the cooperative approach after its approval by the CMOB.

## Other key actors

### Civil Society Organizations, private sector organizations, financial institutions

1. Civil Society Organizations, private sector organizations, financial institutions, experts and consultants are key actors of the carbon market ecosystem. They have been engaged to collaborate in the design and implementation of this carbon market framework and will be consulted regularly to incorporate further improvements.

### Mitigation activity proponents / project developers

1. Mitigation Activity Proponents (MAP) or Project Developers (PD) are those involved in the design, development and implementation of the mitigation activity. They play a key role in promoting the carbon market in the country.

### Carbon asset owners

1. A carbon credit is a carbon asset whose property rights belong to the owner of the installation producing the mitigation outcomes. The property right may be transferred to the mitigation activity developer after their free, prior and informed consent. If authorized for use and transfer, then the “carbon rights” are transferred to the authorized entity. See more details in the corresponding procedure of the Manual of Procedures.
2. For AFOLU projects, under the land use act in Nigeria, land area is owned by the State governments, except where Federal government exercises legal rights, like in national parks or other gazetted as federal land under applicable laws.
3. Note: In cases, PD / MAP may also be carbon asset owners either as the owners of the property that generates the mitigation outcomes or by a transfer of rights.

Legal and regulatory framework

Note: to further develop this subsection we may need support from a local legal expert.

1. **The legal framework refers to all the laws, regulations and rules that could apply in the context of the national carbon market framework**.
2. Nigeria has formally ratified the Paris Agreement, integrating its provisions, including those related to international cooperation under Article 6, into national law. This ratification makes the Paris Agreement's mechanisms legally binding for Nigeria.
3. The Climate Change Act, 2021 (the Act) serves as the overarching legal framework for climate change action in Nigeria. It provides Nigeria with a legal framework for the country to achieve its climate goals, achieve long-term social and economic sustainability, and resilience[[9]](#footnote-10). The Act does recognize the importance of international cooperation for achieving climate change goals, which aligns with the spirit of Article 6. Key provisions of the Act include:
	* The Act requires the government to establish a National Climate Change Action Plan and a five-year carbon budget, detailing quantified objectives for each year. These must be approved by the Federal Executive Council, with the inaugural carbon budget set for approval by November 2022.
	* It establishes the National Council on Climate Change, outlining its composition and responsibilities. The Council is tasked with executing the National Climate Change Action Plan and will oversee the Climate Change Fund, which is to be funded based on parliamentary discussions. The Council is expected to collaborate with the Ministry of Environment to coordinate climate action across all sectors and prioritize adaptation measures. The NCCC is the Designated National Authority for UNFCCC and subsidiary bodies.
4. Nigeria's updated NDC was led by the Federal Ministry of Environment and approved and submitted by the Federal Government of Nigeria in 2021. The NDC states that the country will implement a carbon market framework that will enable Article 6 participation.
5. The Ministry of Foreign Affairs is tasked with the responsibility of international cooperation, focusing on establishing and maintaining both bilateral and multilateral relations as directed by an official government order. Sector-specific ministries are integral throughout the process, owning agreements within their respective areas of expertise.
6. The legal framework in place supports the fight against climate change and the implementation of a carbon market framework. To fully operationalize the institutional and regulatory framework described in this document, as well as the manual of procedures, an "Executive Order" is necessary following the approval of the document by the Federal Executive Council.
7. Additional legal provisions:

|  |  |
| --- | --- |
| The legal right of Nigeria's Carbon Market Office to grant the authorization of transfer of ITMOs and how the authorization is legally binding.  | The Carbon Market Framework and Manual of Procedures becomes a legal instrument through an Executive Order, following the approval of the documents by the Federal Executive Council.*According to Okebukola and Kana:**"Where executive orders create rules, modify Acts or set out the parameters for their implementation, the President carries out manifestly legislative functions. This is perfectly legitimate as long as any executive order in issue is consistent with its enabling constitutional or statutory authority".* |
| How/when and if authorizations can be revoked  | At COP 28, one of the principal points of contention among nations was the conditions under which an authorization might be revised or revoked. As a consensus could not be reached, it is the responsibility of countries to establish their own legal provisions regarding this topic. In Nigeria, the specific guidelines addressing this matter are outlined within the corresponding procedures found in the Manual of Procedures. This approach allows Nigeria to tailor its policies to its national context while awaiting a broader international agreement. |
| Legal enforcement of contribution of VCM and 6.2 activities to OMGE, adaption fund, etc. | Nigeria encourages its counterparts in cooperative approaches under Article 6.2 as well as in adjusted VCM activities to contribute to OMGE and an adaptation fund following the practices set by the UNFCCC for Article 6.4. However, it is not a legally binding obligation for these types of activities.  |
| Complaints and appeal process legal standing | The complaints and appeal process is detailed in each specific procedure of the Manual of Procedures. |

## Framework Implementation Procedures

1. Nigeria has put in place specific implementation procedures to bring the carbon market framework and guiding principles into action. These procedures are designed to ensure that all carbon market transactions maintain environmental integrity and align with Nigeria’s strategies for implementing its NDC.
2. The operationalization processes outline the authorization requirements for Article 6 participation, which include the authorization of cooperative approaches, participants, projects under Article 6.4, and the transfers of ITMOs. They also specify the approval process and the issuance of a letter of no objection for carbon projects and non-market approaches. Furthermore, these procedures determine eligibility criteria for mitigation activities to generate and transfer ITMOs, establish a method for managing the activity cycle—including monitoring, verification, and reporting—and set forth an accounting approach to ensure corresponding adjustments are made accurately. The Manual of Procedures describes in detail the operationalization process of each procedure, including:
	* + 1. **Defining criteria for eligibility of mitigation activities**: This procedure describes the principles, process and responsibilities for defining the criteria to determine the eligible mitigation activities for generating mitigation outcomes to be authorized for international transfer. This does not apply to activities developed for Article 6.8 nor to those of the voluntary carbon market not requiring a corresponding adjustment because they do not involve the transfer of mitigation results for use by another party.
			2. **Authorization of cooperative approaches**: This procedure describes the principles, process and responsibilities relating to the authorization of cooperative approaches. This addresses one of the participation requirements of Article 6.
			3. **Eligibility letter**: This procedure describes the principles, process and responsibilities for issuing a letter of eligibility for activities generating mitigation outcomes to be internationally transferred (article 6.2, and VCM with corresponding adjustment). Article 6.4 activities is not included as it is managed by the UNFCCC Supervisory Body.
			4. **Letter of no objection**: This procedure describes the principles, process and responsibilities for issuing a letter of no objection for activities developed within the framework of voluntary carbon market projects not requiring authorization from Nigeria for international transfer, as well as for non-market-based activities seeking recognition under Article 6.8 of the Paris Agreement.
			5. **Letter of approval and authorization of participants:** This procedure describes the principles, process and responsibilities for the approval of article 6.2 activities, article 6.4 activities, and voluntary market activities requesting a corresponding adjustment, as well as authorization of participants in activities under Article 6.2 and 6.4.
			6. **Verification and issuance of ITMOs**: This procedure describes the principles, processes and responsibilities for the verification and issuance of ITMOs by Nigeria.
			7. **Verification report submission for carbon credits with no corresponding adjustments**: This procedure describes the principles, processes and responsibilities for the submission of the verification report to the Carbon Market Office (CMO) of Nigeria for VCM activities with no corresponding adjustment. This allows Nigeria to keep track of all the carbon credits verified and issued in the country in the VCM.
			8. **Authorization of ITMOs:** This is a specific requirement of Article 6 and the procedure by which the country making the transfer gives another Party the right to claim the result of the transfer. It also describes the procedure for the definition of the "first transfer" which follows upon authorization and triggers corresponding adjustments.
			9. **Tracking ITMOs and avoiding double counting**: This procedure describes the principles, processes and responsibilities for tracking ITMOs generated by Article 6.2 and VCM activities with corresponding adjustments. The monitoring and reporting infrastructure for Article 6.4 is managed by the UNFCCC secretariat through the mechanism registry.
			10. **Process for applying corresponding adjustments**: This procedure describes the principles, process and responsibilities for selecting the most appropriate approach for applying corresponding adjustments and establishing an emissions balance.
			11. **Process for complying with Article 6 reporting obligations**: This procedure describes the principles, processes and responsibilities for complying with Article 6 reporting obligations.
			12. **Additional provisions**. This section is reserved for indicating primary provisions concerning:
			- Administrative fees.
			- Sanctions and penalties for non-compliance.
			- Sharing of mitigation outcomes.
			- Monetary contribution to a national fund for NDC implementation.
			- Revenue sharing (for the government, for local communities, to cover opportunity cost).
			- Share of proceeds for adaptation and OMGE.
			- Crediting periods.
3. All these procedures are detailed in the procedures manual which supplements this document. This manual describes, for each activity:
	* + - Scope: Type of carbon mechanism for which this procedure is applicable (6.2, 6.4, 6.8 and/or VCM – adjusted or unadjusted).
			- Rationale: Explains why this procedure is needed.
			- Principles: Guiding principles of Nigeria for the implementation of the procedure.
			- Process and Responsibilities: Outlines the procedure's process and the role of each actor in implementing the procedure.
4. The Carbon Market Office (CMO) is responsible for the development and implementation of the procedures and for reviewing them over time to integrate best practices.

**With support from**



1. Gold Standard, Implementing Article 6 – An overview of preparations in selected countries, May 2023. [↑](#footnote-ref-2)
2. <https://www.undp.org/press-releases/un-development-programme-launches-plan-boost-integrity-carbon-markets-and-increase-access-finance-schemes-developing-countries> [↑](#footnote-ref-3)
3. Note: for simplicity and legibility, carbon credit projects developed under independent carbon programs outside of the Article 6 framework are referred to as “voluntary carbon market” or “VCM”. [↑](#footnote-ref-4)
4. Decision 2/CMA.3 Guidance on cooperative approaches referred to in Article 6, paragraph 2, of the Paris Agreement [↑](#footnote-ref-5)
5. In a compliance market, participation is mandatory, and it is created and regulated by national (such as China’s emissions trading scheme), regional (such as the EU ETS), or international carbon reduction regimes (such as the Kyoto Protocol). [↑](#footnote-ref-6)
6. <https://cdn.climatepolicyradar.org/navigator/NGA/2013/national-policy-on-climate-change-and-climate-change-policy-response-and-strategy_3093dbe1c83083934e1cf3507f85ac4c.pdf> [↑](#footnote-ref-7)
7. <https://climate-laws.org/document/national-policy-on-climate-change-and-climate-change-policy-response-and-strategy_95ff> [↑](#footnote-ref-8)
8. <https://ndcpartnership.org/events/cop28-launch-nigerias-long-term-low-emission-development-strategy> [↑](#footnote-ref-9)
9. <https://climate-laws.org/document/nigeria-s-climate-change-act_5ef7> [↑](#footnote-ref-10)