CHAPTER THREE

From Green Bonds to Sustainable Development

The Case of Nigeria

Amina Mohammed with Simon Zadek

This chapter follows a unique narrative form in the book: it is told from the personal perspective of Amina Mohammed, who served as Nigeria's minister of the environment from November 2015 to February 2017. In that role, she collaborated with Simon Zadek, then codirector of UN Environment's Inquiry into the Design of a Sustainable Financial System, and other colleagues to launch Nigeria's first sovereign green bond. Here they describe many of the frontier issues tackled in that effort.

In late 2015 I arrived back in Nigeria from the United States as the newly appointed minister of the environment. My foremost task was to shift the narrative from the green-only language of environment and climate to a multihued vision of sustainable national development. To do so, the Ministry of the Environment still had to address many classic environmental challenges such as waste and sanitation, air and water pollution, and land degradation. But for issues of environmental stewardship and climate to move from a sidebar to the main policy agenda, they had to be at the heart of Nigeria's broader development strategy and practice.

Such a shift in the policy frame was not just a matter of rewriting the ministry's strategy or declaring new goals, although that would be needed. After all, Nigeria, like most developing countries, is overflowing with discarded visions, goals, and plans, some produced locally and others shaped by often well-meaning but disconnected international technocrats. Nevertheless, commitments and goals do count, as do plans, especially important and universally adopted ones such as the Sustainable Development Goals and the Paris Agreement on climate. But we had to find a way for such ambitions to be not only articulated by and between governments, but to be shared between individuals, families, and communities on the ground.

Making such ambitious goals and commitments count and lead to change hinges on linking them to peoples' struggles to take control of their own lives. They need to inspire, guide, and catalyze action in improving the lived experience of the many. Only through the real lives of people can the goals for climate and environmental mitigation and social and economic betterment be achieved, irrespective of the many reports and agreements created through endless committees in the international community. Our job, my job, was to help in making that vital connection between the documents, the aspiration, and how people, with our support, could turn those visions into reality.

My view, and hope, was that by engaging with people in their daily lives, we could overcome the outmoded boundaries of the Environment Ministry's mandate and approach. We needed "green" to be something that people embraced and incorporated as a matter of course in their workplace, family, and community. We sometimes see such integration in a few, often richer communities that are reliant on a stable natural environment for survival. But such integration is largely absent from most aspects of the development processes, particularly in urban environments around the world.

This disconnect does not arise because people do not see the problem. Rather, it is because they cannot make sense of the mixed signals they are getting. On the one hand, if to survive means more consumption, then to succeed is to consume as much as possible, with stewardship having no place in the intensity of urban life and our classical understanding of development. On the other hand, people know through real experience—often those in poverty, more than those who can protect themselves with wealth—that any kind of reasonable future depends on collectively getting a handle on reducing pollution and improving public health.

To make progress, it was clear that any such disconnects have to be addressed.

A core challenge was how to pay for the things that we know are required. Being the environment minister is an extraordinary privilege. Yet anyone who has had the honor of holding this role, in practically any country, has learned that it gives no mandate, let alone authority, across the domains of my fellow ministers who dealt with economy, industry, and infrastructure, let alone finance. Notably, influence over the domestic budget is very restrictive for most environment ministers because fiscal priorities tend not to reflect the fact that investment in the environment is often critical in helping us to boost sustainable productivity and livelihoods.

Engaging on issues of finance brings in many other dimensions of development. For Nigeria, there is an intimate link to security. Boko Haram is an existential challenge, as is Niger Delta militancy and the growing conflict in the north between nomads and farmers. So just for starters, the cost of security took a lot of the oxygen out of the public budget. Finance is also linked with governance challenges, with corruption and illicit financial flows further limiting the availability of public finance. One challenge, then, was how to mobilize and use resources in ways that did not fall foul of the same problem. And underlying these challenges was the simple fact of the profound need for much, much more infrastructure development.

Last but not least is perhaps Nigeria's greatest paradox, in that it is a nation presenting both a challenge and an opportunity. That we are a profoundly carbon-dependent economy is self-evident to anyone reviewing Nigeria's headline economic data. That this is not a viable basis for inclusive prosperity, today or tomorrow, is a view rejected for many decades but an idea whose time has, I believe, finally arrived.

My challenge, and Nigeria's problem, was that few people beyond the president could see any connection between the environment and the importance of delivering effective development through measures to address security, corruption, and infrastructure. Frankly, many of my colleagues at the time did not see or value the work of the Ministry of the Environment, except perhaps negatively as an institution that added time and costs to their burdens. We had to help people connect the dots in demonstrating the links between the solutions to fundamental development challenges and the environment. We had to point out convincingly the connection between Boko Haram and the climate, because of the desiccation, the drying up of Lake Chad. Similarly, we had to make the connection between pollution and the environment down in the Niger Delta and how long-term solutions need to address the militarization of the region.

We had to convince people of the basic argument that jobs and security, for example, were part of a policy ecosystem that included the environment. Broadly implanting this view would then open the way to securing support for action on the environment and climate, forging policy linkages with other parts of the national development agenda, and unlocking access to finance.

We needed funding, and lots of it, soon. We needed to pay for the things we had to do to fulfill our national aspiration and international climate commitments. More important, we needed to pay for the investments that would deliver positive environmental outcomes alongside other domestic cobenefits. Without this, we could not manage the international part.

Sometimes this would involve large numbers when it came to big infrastructural projects. But actually often those large numbers amounted to the financing of many smaller things, such as finding ways to support climate-friendly small businesses. We knew that there was an incredible opportunity to leverage the virtuous circle between economic development and environmental remediation and conservation. With a little help, small businesses could develop better practices that would be green in any number of ways and could also improve productivity and reduce costs. We knew that, but that did not mean that the banks knew it or wanted to do something about it even if they knew. Such financing seemed unnecessarily costly and risky to them, even more so than normal small- and medium-enterprise financing, when compared to lending for consumption or housing or to larger businesses.

So we needed to break out of a vicious circle, unable to get either public or private funds to invest in demonstrating that both governments and private capital had got it wrong, that they were missing the point—and moreover missing profitable lending and investment opportunities. My task was to break this destructive cycle.

The Global Surge in Green Finance

As we considered our options, and still today, everyone in the international development scene promoted "financial innovation." But Nigeria showed scant evidence of such innovation on the ground then. Knowing that there was a lot going on outside of the country, I undertook the task of figuring out which bits might be relevant to Nigeria.

Internationally, the conversation about financing the SDGs and Paris commitments on climate was evolving beyond the obvious importance of official development assistance and the commitment made by developed countries to deliver at least U.S. $100 billion per annum by 2020 to address climate-related financing needs. The Addis Ababa Action Agenda on Financing for Development agreed to in July 2015 had reinforced the importance of broadening the lens in recognition of the need to tap private capital in pursuit of sustainable development. Everyone knew this made sense, although it presented challenges that many of us, including most financial institutions, domestically and internationally, were not ready to deal with. Even in China, with a strong public balance sheet, the People's Bank of China concluded that no more than 15 percent of the U.S. $600 billion per annum of green finance needed domestically could be met from public sources.

But the most interesting development was the next step in the move toward embracing the need for private finance. Many people view private finance with distrust in Nigeria and elsewhere—including many in other developing countries and also now in developed countries. This is perhaps not surprising, since private, commercial, and especially international finance has for years been associated as part of the problem of misdirected development and underdevelopment.

History aside, private finance going forward will be critical to development. So the challenge for many is to work out how to tap its enabling strengths while keeping its problematic aspects at bay. As renowned economist Joseph Stiglitz, speaking at the Addis conference, reminded the audience, it is not just a matter of needing private finance; it is a question of what kind of private finance.

The idea that the financial system itself could be allied with the 2030 Agenda is not new. Many people have written about the social purpose of finance, but with little impact—until now, that is. Perhaps the right time for this agenda had finally arrived. The factors making this a historic moment for aligning the financial system with the 2030 Agenda are not that hard to discern. The financial crisis of 2008 plunged the global economy into disarray, resulting in profound distrust in the crisis's source, financial and capital markets represented by some of the world's leading and, until then, most profitable companies. The resulting legitimacy and resurgent role for financial policies and regulations provided one basis for action, alongside the need for the market to regain its license to operate. Central banks in particular came into their own, and not surprisingly have played a key if unexpected role in advancing green and sustainable finance.

The financial crisis also accelerated the ongoing shift in the balance of influence and power towards emerging nations, notably China. For the first time in modern history, financial market and policy leadership came from outside of the major financial centers such as London and New York. China, in particular, took two bold steps in the field. In 2014 the People's Bank of China began working with UN Environment (UNEP) in setting out an ambitious agenda to green China's financial system. Building on this in late 2015, China announced it was taking the topic to the G-20, placing it squarely in the finance track to signal the need for finance ministers and central bank governors to take note.

Last but not least, the development of the SDGs, and even more so the rising profile of the climate challenge, advanced a shift in narrative that improved alignment of finance with this global agenda. It was Mark Carney, governor of the Bank of England and chair of the Financial Stability Board, who most spectacularly broke the mold in stepping out as a leading central bank governor with a pronouncement on climate change. As well as initiating the world's first review of the impact of climate change on financial stability, he spoke of the need to "reset" the financial system in order to effectively address international climate goals.

While China and the United Kingdom offered exemplary leadership, there were many other like-minded developments, ably documented and catalyzed by the United Nations through UN Environment Program's Inquiry into how the financial system might be better aligned with sustainable development. Initiated in early 2014, the inquiry worked across more than twenty countries, highlighting the leadership being taken by developing countries as diverse as Bangladesh, Brazil, Colombia, Indonesia, Kenya, and Peru, as well as by a growing number of developed countries such as France, the Netherlands, Singapore, and Switzerland.

Today, these leadership countries have been joined by dozens more, ranging from Canada to Kazakhstan, Luxembourg, Morocco, and Vietnam.

What has been astonishing, however, has been not only the number of countries showing interest in advancing green and sustainable finance but also the depth of ambition in advancing national road maps to align their domestic financial and capital markets to be better able and willing to lend, invest, and insure in ways consistent with and supportive of sustainable development and climate goals. Certainly, improved measurement and disclosure of related risks have offered low-hanging "efficiency" moves. Beyond that, however, has been a growing willingness to experiment more broadly, deploying financial policies and regulations, financial standards, judicial and fiscal measures, and even the use of the public procurement of financial services as a driver of change.

Financial market actors have increasingly responded to these national and international developments, as well as more immediate market-facing opportunities and threats. Green bonds (see box 3-1) have emerged as a simple market innovation that encourages capital-raising in the fixed income market for defined and guaranteed green uses. Many of the world's largest asset managers, increasingly pressured by clients like pension funds and high-net-worth individuals, are offering low-carbon or even fossil fuel–free funds and investment strategies. Over sixty stock exchanges have committed to requesting or requiring improved disclosure of listed companies of their environmental, social, and economic-related financial risks. Credit rating agencies, accounting bodies, and in-market providers of tracker indexes and other guides to lending and investing are increasingly making aspects of sustainable development more visible as both independent objectives of, or risks to, the owners of capital.

Finance is the lifeblood of the global economy, and the financial system its cornerstone. So in light of all these evolutions, it became clearer that we needed to embrace the moment in Nigeria to draw on some of the innovative spirit we were seeing emerging elsewhere.

Nigeria's Sovereign Green Bond

In 2016 serious discussions began with the leadership of the Nigerian Stock Exchange, which had been engaging in international discussions about sustainable finance through the United Nations Conference on Trade and Development–hosted Sustainable Stock Exchange Initiative, the International Finance Corporation–hosted Sustainable Banking Network, and UN Environment. Because of these engagements, these bodies were actively exploring whether there was something that could be done, and we had little need to persuade them that the environment and finance related to each other.

Box 3-1. Green Bonds: Momentum in Financial Products and Capital Mobilization

The rapid growth of green bonds illustrates how public enterprise and market innovation can combine to mobilize capital for sustainable development. The year 2017 marked the green bond market's ten-year anniversary since it was launched by leading development finance organizations such as the European Investment Bank, the International Finance Corporation, and the World Bank. Total issuance of bonds with proceeds marked for green investment was about U.S. $115 billion in 2017 alone, bringing the total market outstanding to over U.S. $300 billion. The growth is impressive, but it still represents less than 1 percent of the total stock of global debt capital markets.

In that context, some key recent developments in green bond markets include:

- Rise of emerging economy issuance: China became the largest green bond issuer as of 2016, with over U.S. $30 billion of green bonds issued that year. This was underpinned by the development of green bond regulation from the People's Bank of China at the end of 2015. India's securities regulator also issued its own draft guidelines in January 2016, followed by the Moroccan Capital Markets Authority. Among other countries, Argentina, Colombia, Costa Rica, Malaysia, Morocco, and the Philippines have also issued their first green bonds.
- Sovereign green bond programs established: Green bonds are increasingly seen as a tool for governments to support financing climate targets pledged in Paris through the so-called Nationally Determined Contributions (NDC), essentially a country's climate-related commitments. Poland won the race to become the first sovereign green bond issuer with a 750 million euro issuance in December 2016. France followed shortly after with an impressive 7 billion euro green bond, with Fiji amplifying its role in chairing the Conference of the Parties (COP) and launching its own sovereign green bond in mid-2017.
- Growing use of market principles and standards: A liquid green bond market relies on the use of common approaches to ensuring trust and accountability. In 2016, 77 percent of issuance received reviews or certifications from external parties representing good practice in accordance with the voluntary Green Bond Principles. In some markets, Climate Bonds certification is the norm, as is the case in Australia.
- Innovative policy tools: the People's Bank of China is considering whether to provide preferential lending rates to banks that invest in green projects. In Singapore, the central bank has committed to a grant scheme to cover the costs of external reviews for green bonds. In Europe, the French Banking Association has proposed the implementation of preferential risk weightings for green investments.
- New market infrastructure: Bond funds, exchange-traded funds, indexes, and exchanges are making it easy to identify and invest in green bonds. The first green bond indexes and green bond funds were first launched in 2014—now more than five indexes and numerous funds are on the market. The first green bond ETFs were announced in early 2017, and more are expected in the future.

Source: Climate Bonds Initiative, adapted from "The Financial System We Need: Momentum to Transformation," UN Environment, 2016.

It was through these conversations that the potential of issuing a green bond began to crystallize in our minds. Green bonds were of interest in offering a possible vehicle for raising funds from private capital markets for environmentally attractive projects. But issuing a green bond was not just the way to mobilize funds for the environment, and actually would never happen if they were treated exclusively with this in mind.

Advancing a green bond was a way to engage a set of actors who did not in the main see any reason to talk to us, let alone focus on the environmental agenda. This included investors, of course, but centrally it included other ministries and ministers and other public bodies. It was an important opportunity to develop a process that would engender trust and integrity in the system.

Building on an agreement with UNEP's then executive director, Achim Steiner, at the UN Environmental Assembly in Nairobi in June 2016, the UNEP Inquiry mobilized a team to support the issuance of a sovereign green bond. Together with the UN Environment team and the Climate Bonds Initiative, we began the process of engaging different parts of the Nigerian government, players in the Nigerian capital market, local private sector actors, and international actors, the latter including key development finance institutions (see box 3-2). This was just as we had hoped: the socialization by trusted outside parties on the broader agenda of links between economy, environment, and climate through the practical lens of issuing a sovereign green bond. While it was clear that the team operated under a mandate from us, it was equally clear that their legitimacy in addressing these other actors played a very useful role that we could not achieve alone.

After nearly two years of hard work (see box 3-3), fast forward to December 22, 2017, when Nigeria became the first country to issue a Climate Bonds Certified Sovereign Green Bond. We were the first African country to issue any form of sovereign green bond and only the fourth in the world to do so, after Poland, France, and Fiji. The issuance of 10.69 billion naira (roughly U.S. $30 million) has been described by the Ministry of the Environment as a "pilot sovereign" of a foreshadowed 150 billion naira green bond program and will fund a range of renewable energy, afforestation, and environmental projects. Ibrahim Usman Jibril, minister of state for environment, said in announcing the issuance: "Climate change is real, and business, government and the capital market need to work together to slow its effects. This pilot green bond, which we expect to be the first of many more, has developed the platform to address the nation's target of reducing its emissions by 20 percent unconditionally and 45 percent conditionally by 2030."

The issuance of Nigeria's bond will provide funds for important projects geared toward protecting the environment and reversing the harmful effects of climate change. However, the issuance also signals the government's commitment to protecting the environment and taking climate change seriously. In that respect, it

Box 3-2. Green Bonds Capital Markets and Investors Conference, Lagos, February 2017

The delivery of Nigeria's Nationally Determined Contribution (NDC) to the Paris Agreement will require a fundamental re-orientation of financial flows within the country's economy. Capital will need to flow toward low-carbon, climate-resilient opportunities and away from carbon-intensive, polluting activities or those that exacerbate climate change.

While speaking at the February 23 conference, acting Nigerian president Yemi Osinbajo told participants that green bonds have considerable potential to help achieve the goals set out in Nigeria's NDC. The conference was attended by representatives from the public sector and private finance sector and civil society and was organized by the federal Ministry of the Environment and the Debt Management Office (DMO) at the Nigerian Stock Exchange (NSE) office in Lagos.

At the same event, Amina J. Mohammed, minister of the environment, outlined the wider context for green bonds: "Nigeria is committed to sustainable economic development. The Lagos Event is a concrete step in the process of developing our 2017 sovereign green bonds program. In Lagos, we are bringing together the institutional investors, banking, finance, and young social entrepreneurs' groups that will ensure this initial bond launch is a success; [we are] enabling the development of a green bond market while building our national climate finance capabilities."

International experience has shown that momentum is generated by the interplay between public enterprise and private sector innovation. The private sector has been integral to the sovereign green bond process from the outset and vocal in its support. Nigerian Stock Exchange CEO Oscar N. Onyema predicted that a first sovereign bond issuance would lay the foundations that other public and private sector issuers could leverage: "A sovereign green bond represents a new stage in the development of Nigerian capital markets and opens the way for further corporate issuance and international investment."

For Chapel Hill Denham CEO and Green Bond Advisory Group member Bolaji Balogun, the planned debut green bond issuance "demonstrates Nigeria's seriousness about its climate change commitments and is evidence of its willingness to subject itself to the discipline and transparency that capital markets require." The recently announced national Economic Growth and Recovery Plan has created confidence in these commitments. The plan will help "deliver long-term sustainable growth and reduce reliance on oil and gas revenues," according to the Kemi Adeosun, minister of finance.

While the focus of the conference was on green bonds, it was clear that a pivot away from a high-carbon economy is creating substantial opportunities for broader sustainable finance in Nigeria. These opportunities lie in sectors such as infrastructure and agriculture and could be mirrored across much of the African continent. A new economic model will require new types of financial instruments, new capabilities, and new sources of sustainable finance.

Nigeria's sovereign green bond process has started to lay the foundations for a new sustainable finance ecosystem that stretches well beyond bonds. However, the process has also required the development of new definitions, criteria, and guidelines. These can provide clarity and confidence to the market to develop a range of new instruments, institutions, and capabilities to meet the demands of the low-carbon economy of tomorrow.

Box 3-3. A Timeline for Nigeria's Sovereign Green Bond

May 2016: CEO of the Nigerian Stock Exchange (NSE) presents a sovereign green bond proposal to the minister of the environment

May 2016: Minister of the environment holds discussions on a Nigerian sovereign green bond on the margins of United Nations Environment Assembly in Nairobi, Kenya

June 2016: Minister of the environment agrees to develop national green bond guidelines with the Nigerian Stock Exchange, the Climate Bonds Initiative, and UN Environment

September 2016: Ministry of the Environment and Ministry of Finance co-convene a public-private sector stakeholder meeting in Abuja to launch Nigeria's green bond guidelines and propose plans to issue a sovereign green bond in 2017

September 2016: President Buhari announces during the UN General Assembly in New York that Nigeria will launch a sovereign green bond in 2017

November 2016: Green Bond Guidelines issued

January 2017: Launch of the Green Bond Advisory Council

January 2017: Projects for the portfolio identified

February 2017: Green Bond Project Advisory Team appointed

February 2017: Green Bonds Capital Markets and Investors Conference held in Lagos, bringing together public and private sector stakeholders—including Vice President Yemi Osinbajo—to promote the opportunity of green bonds for Nigeria

May 2017: DNV-GL appointed as third-party verifier to verify the green credentials of the sovereign green bond

May 2017: Nigeria's sovereign green bond receives green bonds certification under the International Climate Bonds Standard

December 2017: Domestic investor roadshow launched

December 2017: Moody's assigns a green bond assessment of GB1 (excellent) to the offering

December 2017: Sovereign green bond issued

creates a benchmark for subsequent issuances of green bonds by state-level governments and corporates for financing environmental projects. It further provides an opportunity for investors interested in preserving the environment to contribute to the country's efforts at environmental preservation, while earning income from a low-risk sovereign instrument. In so doing, this further diversifies the government's funding sources and deepens the domestic capital market by providing a wider variety of products for investors.

There have been some important broader positive spillovers from the process, even before launching the sovereign green bond. The deeper story is that the conversation between the Environment Ministry and the financial community has begun to change, and quite dramatically. International interest in the sovereign green bond has triggered engagement by domestic capital market actors, interested in how Nigerian debt can be made more attractive to international actors, as well as in buying the debt itself. With the financial community talking more about the nexus between environment, climate, and finance, the Finance Ministry has also become more interested, as has the central bank, parliament, and other key institutions. Green bonds, it turns out, are not just a way to raise money but a means of unlocking the very conversation that was needed—about the role of environmental stewardship and of climate in national economic development. Engaging with and about finance is a key step in shifting the broader political economy of sustainable development.

Imagining the Future

Looking forward, the successful financing of sustainable development will involve many moving parts, ranging from more effective policy and regulation to more truly productive market innovations. We need to take steps that we can manage, but change still needs to be systemic rather than ad hoc. Sustainable development has opened us to understanding change in both of these ways—step-by-step and systemic—without contradiction. For example, land use transformation is done acre by acre, tree by tree, and farm by farm. But we also know that systemic shifts in agriculture and forestry are essential to ensure food security, address climate challenges, provide sustainable livelihoods, and deliver improved public health. Similarly, we understand energy systems not just in terms of kilowatt hours, but in terms of the impact of sustainable energy on everyone's health and young peoples' education.

So too must it be with finance.

The financial system that channels our savings into productive and profitable investments needs to do this in a way that delivers an inclusive, environmentally sustainable, prosperous future. As a system, it has a purpose, and that purpose needs to be embedded in the mandates of its governing institutions, reflected in their guiding measures as the core of any performance assessment, and observed in the end-effects of financial flows. Finance offers private actors the opportunity for profitable rewards, but these need to be secured in return for ensuring that the system's underlying purpose is realized.

Resetting the purpose of the financial system requires the role of government, and governance, to be strengthened to ensure that finance flows in support of sustainable development. We all talk about improved governance, and money often lies at the heart of what prevents that talk becoming common practice. We need to reverse this line of cause and effect. Promoting sustainable finance can improve governance, not just vice versa. Green bonds are a small but illuminating case in point. Market discipline combined with agreed standards can deliver a certified use of proceeds and third-party reporting against not only the contracted use but also the investment's outcomes. As sustainable finance extends across financial and capital markets in Nigeria and around the world, so too can its promised underlying integrity expand through the relevant processes and outcomes.

Inverting traditional logic in this way helps to explain the unexpected phenomenon of how developing countries, often with relatively underdeveloped domestic financial systems, can play a leadership role in advancing sustainable finance. Atiur Rahman, at the time he was governor of Bangladesh's central bank, explained, "Central banking and development banking are not separate activities in developing countries; they are one and the same thing." Similarly, Madam Zhang, director of the Finance Institute of China's prestigious Development Research Centre of the State Council, was once asked if it would be better to advance green finance once China's financial system was fully developed. She argued that "green finance can improve the efficiency and effectiveness of the financial system," highlighting its links to good governance.

For Nigeria, although at an early stage, the initiative to advance a sovereign green bond has caught the attention of lawmakers as well as market actors, policymakers, and regulators. Parliament members for the first time came to us at the Ministry of the Environment saying that they wanted to play a role as lawmakers in advancing the implementation of the country's climate commitments. The key point is that parliament, ultimately Nigeria's means of representing the will of the people, wants now to be part of the solution, particularly as members sense how climate is connected to their other areas of concern, such as job creation and security.

The advance of sustainable finance should, of course, have significant, tangible impacts on Nigeria's progress toward sustainable development, including fulfillment of our climate commitments as articulated in our Nationally Determined Contribution, essentially Nigeria's climate-related commitments under the Paris Agreement. Some of these outcomes will be achieved directly through the impact of funded projects. But over time, this will be the smallest part of our overall impact. The big impacts will come through that broader shift we must make happen in Nigeria's political economy. It is inevitable and smart to move toward a low-carbon, climate-resilient, and inclusive green economy. Most of these changes will not happen simply because of anyone's consciousness of green issues—they will happen because smart businesses, investors, and politicians would not dream of doing anything else.

This is not as ambitious as it may sound to people who cannot imagine a green and inclusive Nigeria. In most parts of the world, for example, ever fewer governments or investors are using coal to build out their energy systems—green energy is simply the smart way to go given the options and likely future scenarios. Certainly, Nigeria might face more of a challenge in the short to medium term, because it still is so economically dependent on fossil fuel exports. Yet even Saudi Arabia is now set on deep-pocketed investments in a low-carbon future, beyond the country's current dependency on huge oil reserves.

One rather small green sovereign bond, or even a whole fleet of them, will of course not alone trigger the transformation needed. Yet such emblematic steps do matter. Internationally, green finance has become part of the mainstream narrative, design, and practice of financial and capital markets. Again, the numbers are still modest, but many forces are turning a side discussion into a major driver of market and nonmarket innovations. Just as Nigeria is leveraging these broader international developments, so are they being further advanced by a number of countries, regions, and financial institutions.

Such a virtuous cycle is of course what we all strive to stimulate in our work. Often such attempts flounder for many reasons, like short-term distractions, incumbent interests, failed experiments, weak leadership, and just plain bad luck. In the Nigerian case, however, the chances of success are high. Among politicians and citizens, awareness has never been greater about the imperative to protect our environment and address climate challenges. Ongoing advances in technology add favor to at least a greener outcome, if not yet one that is socially inclusive. We can see the potential of sustainable finance as a change agent. Our actions in Nigeria are amplified by, and can equally serve to amplify, the world's ongoing breakthroughs in sustainable finance.