



African Developments: Competing Institutional Arrangements for Climate Policy: The Case of Nigeria

Africa is on the move! African countries and societies are advancing along various development paths. For some, Africa is the “booming continent” of our times. For others, it is home to the majority of the “bottom billion”. In the DIE’s Briefing Paper series on African Developments, researchers from Europe and Africa regularly examine the African agenda and analyse African trends with a view to taking stock and identifying the challenges that will face the continent in the years to come.

Summary

This policy brief analyses national-level multi-stakeholder processes relating to climate change, taking the case of Nigeria as its example, and draws some inferences on how to make progress in the areas of climate change governance and institutional change in the context of competing proposals for institutional arrangements in the climate policy process. Nigeria illustrates the complex case of multiple stakeholders in a developing and oil-exporting country that is both emitting greenhouse gases and highly vulnerable to climate change impacts. The climate policy process in Nigeria is quite a novelty for the country: rarely has such a wide group of stakeholders from the key sectors of society together elaborated a wide-ranging policy. The actors include the Federal Ministry of Environment; the parliament and the Presidency; the Nigerian National Petroleum Corporation; the private sector; civil society networks and non-governmental organisations (NGOs); donors and international organisations. While Nigeria’s Federal Ministry of Environment (FMEnv) has hitherto been responsible for Nigeria’s climate change responses at national and international level, there is a generally recognised need to improve the governance of climate change in Nigeria. Policy processes involving various stakeholders pursuing this common goal have resulted in two competing proposals for new institutional arrangements: the creation of (A) a National Climate Change Commission reporting directly to the presidency and (B) a National Agency directly affiliated to the FMEnv. Although the parliament

adopted the Commission Bill, the Nigerian President had still to sign it one and a half years later, and it was sent back to the National Assembly. The outcomes thus remain uncertain. This disagreement reveals a lack of trust and a struggle for political influence among stakeholders who were apparently working towards the same goal of improving climate governance and strengthening inter-ministerial coordination. Two key messages can be highlighted:

- The proposed institutional arrangement involving the creation of a National Climate Change Commission could be expected to improve coordination at national level between the federal ministries, business and civil society and to ensure linkages with the six geo-political zones of Nigeria, and the Commission would therefore wield more political influence than the FMEnv. Consequently, it seems that the Commission would serve the useful purpose of improving the governance of climate change in Nigeria.
- However, it would strip the FMEnv of most of its powers. It would therefore be advisable to give the FMEnv a more prominent role in the Commission’s activities. The latter could then tap into the institutional memories and competences accumulated by the FMEnv over 20 years. A division of roles between the Commission and the FMEnv and an accurate definition of their respective responsibilities would thus be a critical target baseline.

Nigeria and climate change

With its 148 million inhabitants, Nigeria has the largest population in Africa. Half of its people live in poverty. Nigeria is also vulnerable to climate change impacts. Its dependence on rain-fed agriculture, desertification in its northern regions and the risk to its economic capital, Lagos, posed by a rise in the sea-level are major vulnerability factors. It is the sixth largest oil-producing country in the world and earns about 90 percent of its revenue from oil exports. The oil sector thus occupies a central position in Nigeria's economy, but also makes the country the second largest gas flarer in the world, after Russia, and Africa's second largest emitter of greenhouse gases, after South Africa. Existing penal laws and government incentives are insufficient to curb gas-flaring. It remains more profitable for oil companies in Nigeria to pay penalties than to invest in the necessary infrastructure for using the gas and avoiding flaring. However, the Clean Development Mechanism (CDM) of the Kyoto Protocol gives Nigeria an opportunity to reduce gas-flaring emissions.

Nigeria is thus an interesting case for understanding actor constellations and their influences on national climate policy processes and outcomes in contexts where mitigation and adaptation are both high on the agenda, as is true of many developing-country oil-exporters.

Stakeholders in Nigeria's national climate policy process

To understand the consultations that were still on-going in May 2012 and the uncertainty about alternative institutional arrangements for climate policy in Nigeria, it is crucial to identify the role of key actors in the country's climate policy process and their incentives. The respondents include experts from government, the parliament, business, civil society, the parastatal oil sector and donor organisations.

Nigeria's Federal Ministry of Environment (FMEnv) takes sole responsibility for all environmental matters, except those relating to the Nigerian oil industry. The FMEnv is the Designated National Authority for the CDM. The Special Climate Change Unit (SCCU), a branch of the FMEnv, is responsible for coordinating Nigeria's national, regional and international climate change arrangements. Its functions include the coordination of the preparation of Nigeria's National Communication to the UNFCCC. The SCCU also coordinated Nigeria's Inter-Ministerial Committee on Climate Change, which acted as a policy advisory committee until it was integrated into the National Roundtable on Climate Change (NRCC) in 2009. Adopting a multi-stakeholder approach, the NRCC's aim is to assemble all relevant climate change stakeholders, particularly business organisations, on one platform.

In implementing its mandates, the SCCU has encountered several obstacles. These include Nigeria's inadequate institutional framework for implementing projects related to climate change; the lack of a legislative framework on climate change; inadequate human and technical capacities and training targeted at the various governmental authorities. The SCCU is therefore calling for the consolidation of the national institutional and legislative framework on climate change in order to overcome these obstacles and suggests the establishment of a climate change agency affiliated to the FMEnv.

The executive government, the House of Representatives (HoR) and the Senate hold legislative power in Nigeria. The HoR has a Committee on Climate Change, while the Senate Committee on Environment and Ecology oversees, among other things, matters affecting the FMEnv. The HoR and the Senate together form the National Assembly (parliament), which approves Bills passing through the policy cycle. Once approved, a Bill must be signed by the President to become law.

Civil-society networks and NGOs see themselves as an important driving force behind the climate policy process. They argue that, without their lobbying and their climate change training and education programmes for the population and key actors in politics and the economy, the resulting lack of awareness and interest among key figures in society would mean there was little hope of a climate policy being adopted. As the civil society networks see the FMEnv as lacking the urgency required if climate change is to be addressed, they have called on the Parliament to hasten action on climate change, thus influencing policy reform through legislation.

Nigerian business representatives see themselves as supporting the government with respect to the implementation of a new climate policy: business is the one sector that has the necessary resources to implement the policy. Business representatives are therefore lobbying for a political and legal framework to act as a stabilising factor that enables the necessary investment to be made in "green business projects". This does not however imply a preference for one or other institutional arrangement. The government, for its part, perceives the business sector as a potential investor in the CDM and clean energy technologies. The FMEnv is thus forging cooperative links with business, especially through the recently created National Roundtable on Climate Change. So far the business sector has a rather meagre record when it comes to climate-change-related activities. Apart from its involvement in financing and providing technical support in a recent flagship project for the distribution of low-emission clean cooking stoves among the poor, leading Nigerian business representatives show little awareness of climate change.

The Nigerian oil sector, represented by the Nigerian National Petroleum Corporation (NNPC), plays a crucial role in Nigeria's socio-economic development. For this reason and because of the apparent connection between oil production, gas-flaring and climate change, Nigeria's oil sector is expected to play an important role in the framing of a national climate policy, particularly with regard to the commitment of funds and its role as a technical advisor in the planned central coordination unit. The NNPC, a joint venture funded by the government and multinational oil corporations, is responsible for managing the country's oil and gas resources. Ever since its establishment, it has played an important role in Nigeria's delegation to UNFCCC. For instance, a former director of the NNPC has participated in the UNFCCC process since the first COP. Over the years, Nigeria has been largely represented at international level by NNPC representatives. Moreover, the NNPC is expected to be a member of the proposed National Commission on Climate Change. Whatever institutional arrangement is chosen, the NNPC is likely to occupy a key position. It already supports green business projects and invests in renewable

energies. In addition, it is funding several climate change awareness programmes and so addressing the question of adaptation. However, there are no reliable data on the oil sector's expenditure on adaptation and mitigation projects. In contrast, the situation as to the oil sector's engagement in the CDM is clearer: Nigeria so far has five registered CDM projects, of which three are related to gas-flaring activities. Either the NNPC or locally active oil companies are the authorised participants.

Nigeria's oil sector thus supports the creation of a political and legal framework to enhance security and stability for investments in renewable energy technologies and in CDM projects, whose increased implementation in Nigeria is actively advocated by the SCCU and the NNPC. The oil sector wants to use international CDM resources to harness domestic gas resources, which would otherwise be flared unused. In this respect, the oil sector actively supports the government in its attempts to make progress on the climate policy, which could prove to be instrumental in attracting more CDM projects. However, the NGOs are critical of the approach of relying solely on international climate funds and urge the oil companies and the government to use their own financial resources to tackle the gas-flaring problem.

Like the civil society networks, the international and donor organisations in Nigeria, such as the UNDP, the World Bank, the German Heinrich Boell Foundation and the British Council, see themselves as a stimulating force in the process in that they finance training and education programmes and other climate-related projects, with particular emphasis on adaptation. The Coalitions 4 Change programme, which is funded by the British Department for International Development and supports cooperation between local NGOs and government agencies, is one example. The donors want an outcome-oriented policy process that is participative. They support the activities of the climate network organisations, other NGOs and government departments in implementing responses to climate change. The donors see the FMEnv, which is currently responsible, as a vital partner in the launching of a policy dialogue on climate change, but they also criticise the poor institutional capacities of this branch of the federal executive and its lack of influence on the general policy agenda.

While the actors are thus focusing on both adaptation and mitigation, mitigation seems to give rise to more debate owing to its closer links with climate finance and the redistributive nature of the proposed institutional arrangements.

Competing institutional arrangements for a national climate change policy

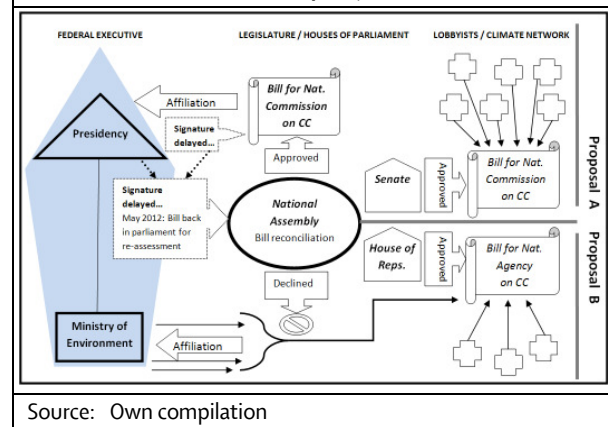
To improve action on climate change, most stakeholder groups have called for **the establishment of a central and more powerful coordination unit**. However, two competing proposals for institutional arrangements (Figure 1) for a national climate policy emerged in 2008:

Proposal A: Civil-society climate networks lobbied the Senate for the establishment of a **National Commission reporting directly to the Presidency** (see Figure 1), in which the FMEnv would play only a subordinate role,

together with such other key ministries as energy, science, water, finance and health. Under this proposal, the FMEnv would relinquish to the Commission its mandate of serving as the Designated National Authority (DNA). Besides other functions, such as disbursing funds for climate action, the Commission would also become responsible for ensuring compliance with all commitments to the UNFCCC.

Proposal B: Countering proposal A, actor networks close to the FMEnv submitted to the House of Representatives a proposal for an alternative institutional arrangement calling for **the establishment of a National Agency directly affiliated to the Ministry** (see Figure 1). This would consolidate the status quo and thus the FMEnv's mandate as the DNA and its responsibility for all CDM-related issues (see the shaded area and lower part of Figure 1).

Fig. 1: Competing proposals for institutional arrangements for a national climate policy



Source: Own compilation

These moves resulted in the submission to the parliament of two different Bills, which became trapped in the legislative process in 2009, very little progress consequently being made in the policy process, instead of its advancing as intended. Subsequently, a committee appointed by the parliament reviewed the two Bills. In October 2010, the parliament passed the Commission Bill, thus rejecting the Agency Bill and accentuating the need to raise climate change to a higher political level. The Bill was then sent to the President for his assent in December 2010. However, by May 2012 he had still not signed it. A final decision thus has yet to be taken on this issue. Currently, the Bill is again before the National Assembly for reassessment. As it is uncertain whether the President will give his assent after the parliament's reassessment, examining the stakeholders' motives and incentives may provide some insight into future policy development.

Understanding stakeholders' motives and incentives

The competing stakeholder approaches reflect a lack of trust and transparency as well as vested interests. All stakeholders complained about a lack of cooperation and poor communication. Respondents on each side blamed the other side for the delay in the policy process, referring to meetings from which certain actor groups had been excluded. Consequently, respondents doubted the effectiveness of the process and the willingness of the actors

involved to make policy based on a multi-stakeholder approach. Understanding why the actors proposed rival institutional arrangements may reveal the motives and incentives and help to identify options for institutional arrangements that meet the multiple stakeholder needs and expectations:

1. There is a broad consensus among the interviewees that the FMEnv's leadership in climate change responses has been inadequate. For some stakeholders, particularly the NGOs, dissatisfaction with the FMEnv's achievements was the main reason for their becoming politically active in the first place.
2. While the supporters of the Ministerial variant (proposal B) voiced the criticism that some NGOs and parliamentarians drew up the Commission Bill in a way that bypassed the FMEnv, the supporters of the Commission claim that this approach was necessary to broaden the base for climate governance and speed up the process, because the FMEnv had been inactive for too long.
3. Clearly, if the President signs the Commission Bill, the FMEnv will lose most of its mandates and thus its influence. The oil sector is likely to retain its important position and the emerging opportunities for it to develop the gas sector in Nigeria using CDM funds. As the civil-society climate networks will be formally represented on the Commission, they are likely to gain more influence, as are other government departments. The Commission is also likely to strengthen coordination at national level between the ministries, business, civil society and the six geo-political zones, where it plans to have branches.

Ways forward and outlook

As the struggle for influence between the supporters of the two Bills in the Nigerian parliament has shown, the creation of an improved political and institutional framework cannot simply be achieved by setting up a new institutional structure and ignoring long-established institutional path dependencies.

Moreover, climate change impacts are not only limited to the environment, but spread across various sectors, thus making adaptation and mitigation a political issue to be coordinated by a cross-sectoral institution. If the President should sign the reassessed Commission Bill into law, the Commission will take over not only the FMEnv's existing mandates but also even broader mandates. It will coordinate climate change responses between various ministries, agencies, civil society and the private sector and disburse funds and can be expected to adopt a multi-level approach that integrates Nigeria's six geo-political zones. The Commission will thus assume the FMEnv's mandates and reduce its influence in climate matters. Yet climate change is also a core environmental issue. While the transfer of mandates may be acceptable given the common goal of making progress on climate change governance and responses, the Commission would be well advised to give the FMEnv a more prominent role in its activities. It can then tap into the institutional memories and competences that the FMEnv has accumulated over 20 years. A division of roles and responsibilities between the Commission and the FMEnv such that the FMEnv retains sufficient competence for environmental protection, including climate protection, is thus a critical baseline.

Acknowledgement:

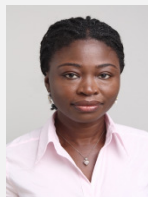
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