Global Carbon Markets:
Forestry Opportunities for Nigeria

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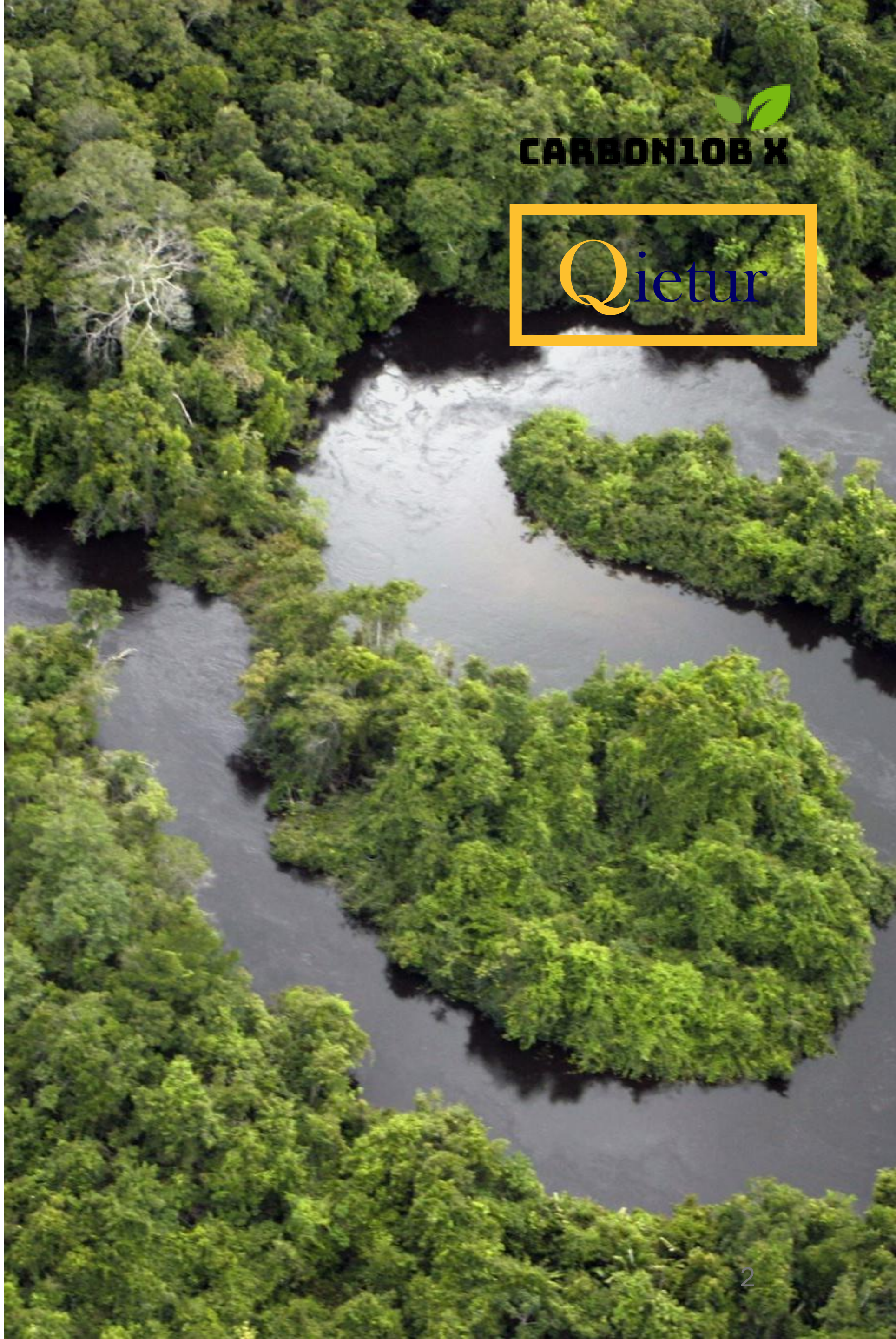
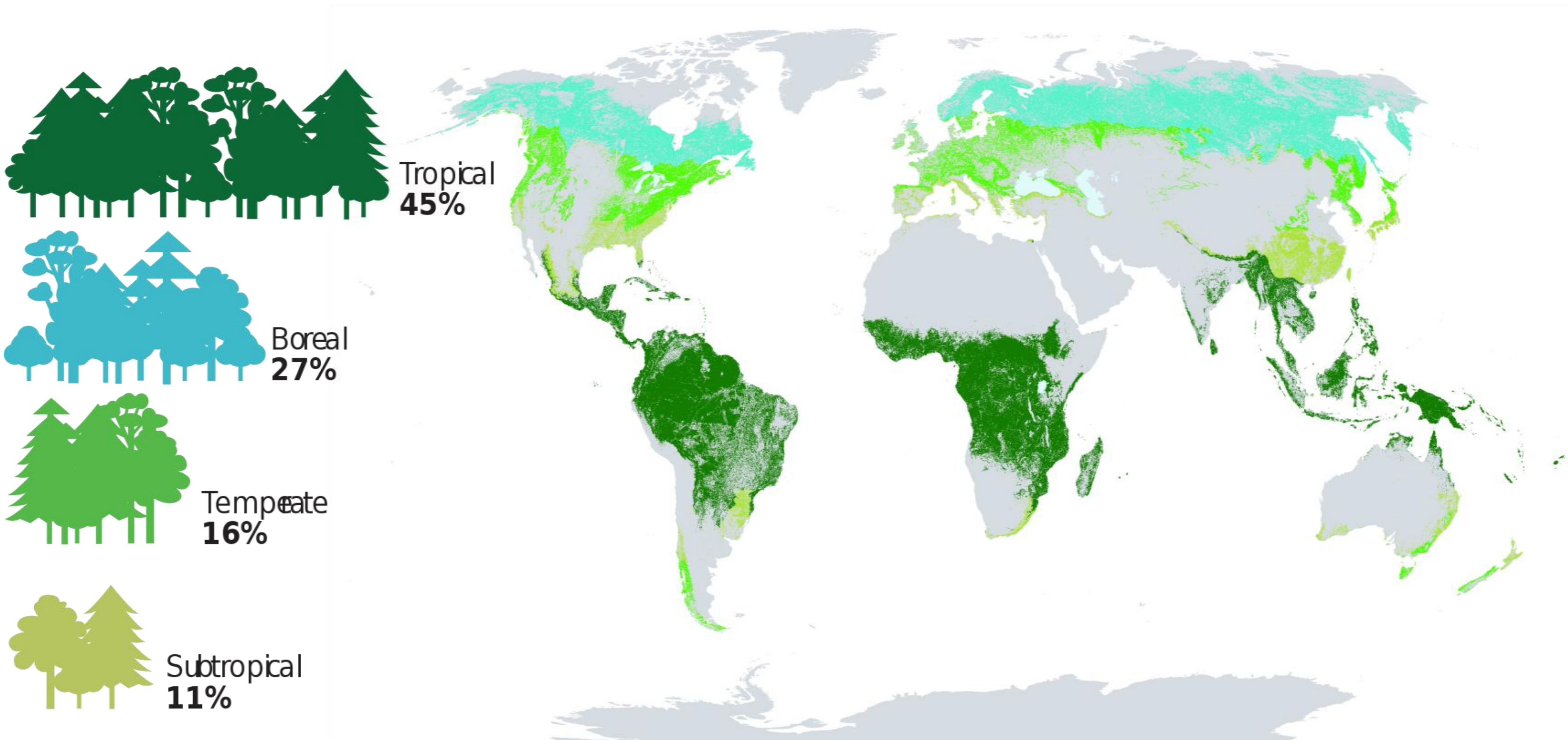
Overview & Strategic Importance

- Global climate finance hit $1.3 trillion in 2024–2025, with >$100 billion allocated to carbon markets and nature-based solutions.
- In April 2025, the Nigerian Federal Government launched a 30-year National REDD+ Strategy to curb deforestation and forest emissions, laying out key performance objectives and governance structures for forest conservation and carbon uptake
- Nature-based forestry credits in voluntary carbon markets command a premium—prices in 2022 ranged from USD 8 to USD 30 /tCO_2e, with forest-sequestration offsets often at the higher end (USD 15–30 /tCO_2e) due to their strong co-benefit.
- Forestry-focused carbon projects in Nigeria are poised to attract significant private investment and generate sustainable employment, positioning the sector as a key revenue driver in the country’s emerging carbon economy.



Global Forests

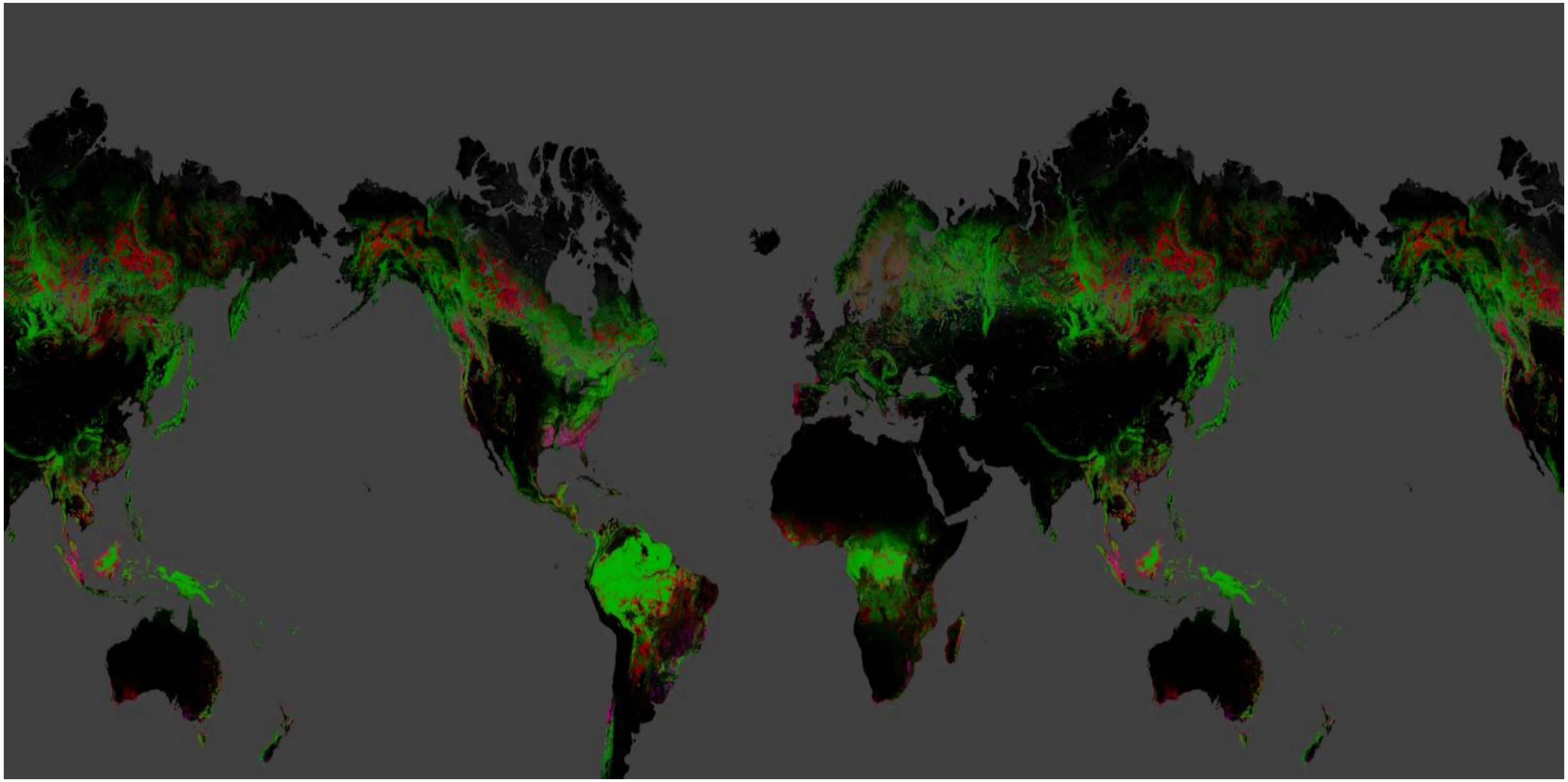
Stopping deforestation and reforesting our planet is imperative to stop the destruction of habitats, loss of biodiversity and fight climate change.



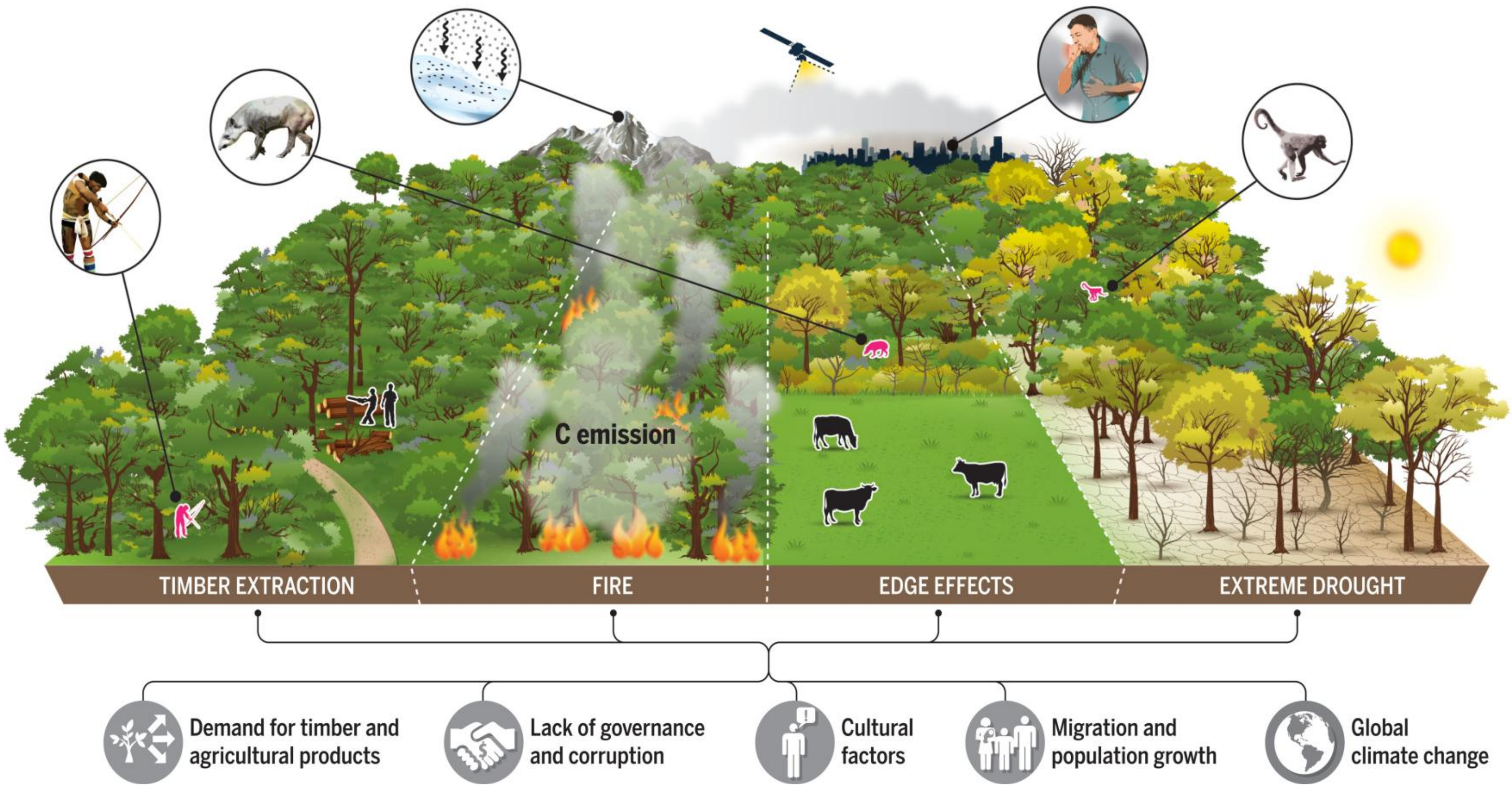
Source: https://commons.wikimedia.org/wiki/File:Proportion_and_distribution_of_global_forest_area_by_climatic_domain,_2020.svg

Global Deforestation (2000-2019)

An estimated 420 million ha of forest has been lost worldwide through deforestation since 1990.



Drivers and Impacts of Forest Degradation



Source: Lapola et al. (2023)

Fortune 500 Climate Targets, ESG and Sustainability

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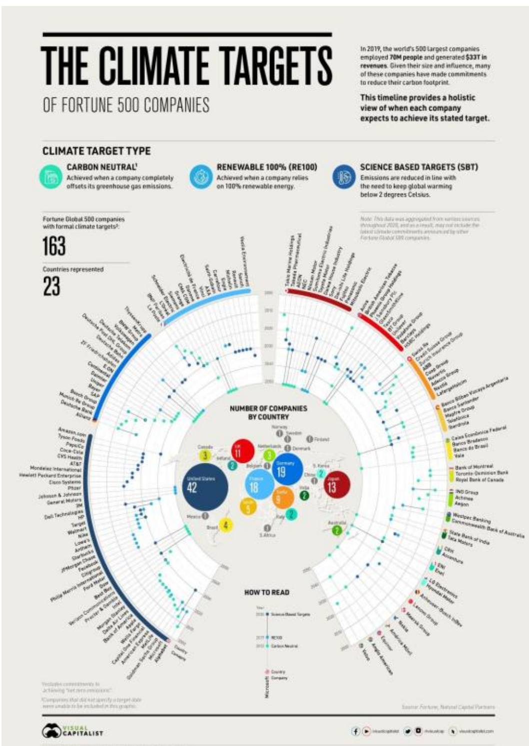
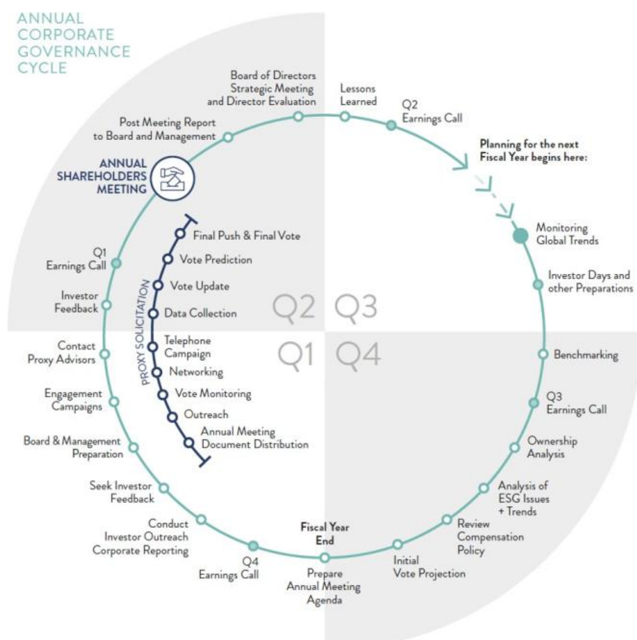
Global race for decarbonization has mainstreamed, institutionalized, and reached mass adoption globally.



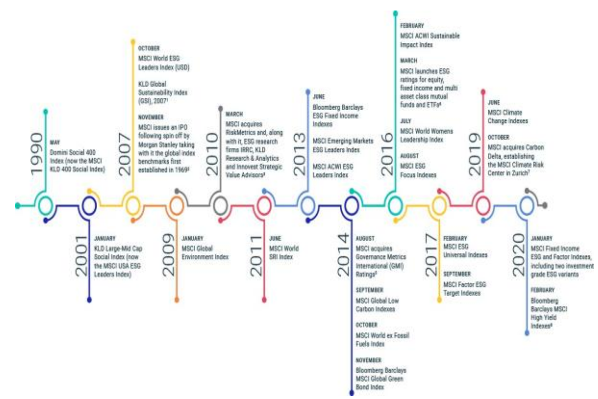
Source: https://www.visualcapitalist.com/climate-targets-of-fortune-500-companies/

ESG Reporting Mainstreamed



Wilcox & Sodali, 2019

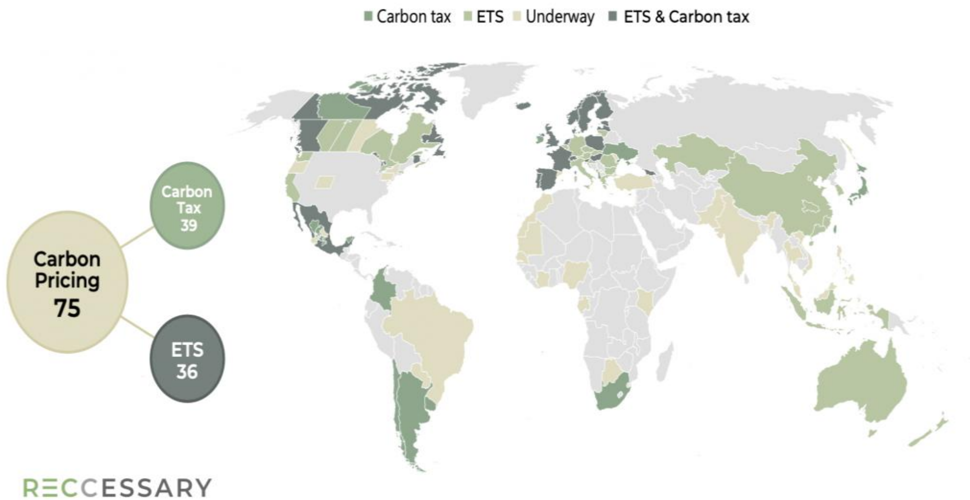
MSCI: 30 Years of ESG Indexes



Source: https://www.msci.com/our-solutions/indexes/esg-indexes

Global Compliance Markets to Grow to USD $2-3 Trillion by 2030

Global carbon markets value hit record $949 billion in 2024.



- EU ETS Prices: Trading around €65-€75/tonne, down from 2023 peaks (>€100) but still significantly higher than pre-2021 levels (<€10).
- Global Carbon Revenues: Stable but below 2022 peak (est. $70-80 billion USD in 2024), reflecting lower EUA prices and economic factors.
- North American Markets (WCI & RGGI): Combined value remains robust (>$60 billion USD in 2024), demonstrating continued importance.
- EU CBAM: Now operational in transitional phase (reporting only). Financial payments start Jan 1, 2026. Covered goods: cement, iron/steel, aluminium, fertilisers, electricity, hydrogen.
- EU Free Allowances: Phase-out accelerating for CBAM sectors, directly linked to CBAM's full implementation starting in 2026.

Nature-Based Solutions (NbS) Financing

NbS Strategy	CapEx Funding Source	Financing Structure Example
Reforestation	Green Bonds / Concessional Debt	PLN-backed forest bond, blended with GCF
Mangrove Restoration	Coastal resilience funds + blue carbon	Blue Natural Capital Lab, UNEP-led
Peatland Recovery	Public-private RBF with MRV	Tropical Landscapes Finance Facility (TLFF)
Agroforestry	Carbon insetting + community equity funds	Fair Ventures Social Forestry, Danone

Article 6 Finance Mechanisms

Financing Type	Description	Key Examples in Practice
Results-Based Finance (RBF)	Payments made after verified emission reductions	REDD+ (FCPF, LEAF Coalition)
Upfront Project Finance	Equity/debt raised before issuance of credits	NbS startups, project developers
Forward Purchase Agreements	Offtake contracts for future credits	Microsoft, Swiss Re, Shell
Blended Finance	Public-private financing to de-risk projects	Green Climate Fund + Private Sector
Sustainability-Linked Loans	Loans with rate step-downs if carbon KPIs met	IFC, HSBC-linked funds

Carbon Financing Landscape in 2025

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Summary & Recommendations

Government

Finalize Article 6 authorization rules

Expand registry interoperability

Mobilize green finance platforms for NbS

Mining & Energy Companies

Identify offsetting/insetting potential & Offset Scope 1 & 2 emissions using NbS

Engage early in REDD and jurisdictional deals

Explore carbon-financed land restoration / Co-develop projects: peat, forest buffer zones

Prepare for Article 6.2 authorization processes

Investors & Developers

Prioritize co-benefit-rich, community-aligned NbS

Use forward carbon contracts and blended instruments

Align with ICVCM and Integrity Council standards

Access forward funding via carbon offtake