

Funding Proposal Template

Application Template for Fully-Developed Proposal and Project Concept Proposal¹



ADAPTATION FUND

PROGRAMME ON INNOVATION: LARGE GRANTS PROJECTS

REQUEST FOR PROJECT FUNDING FROM THE ADAPTATION FUND

The annexed form should be completed and transmitted to the Adaptation Fund Board Secretariat by email.

Please type in the responses using the template provided. The instructions attached to the form provide guidance to filling out the template.

Please note that a project must be fully prepared when the request is submitted.

Complete documentation should be sent to:

The Adaptation Fund Board Secretariat
1818 H Street NW
MSN N7-700
Washington, D.C., 20433
U.S.A
Fax: +1 (202) 522-3240/5
Email: afbsec@adaptation-fund.org

¹ Single Country and Regional Concept proposals should complete Part I and Part II of the Project Proposal Template.



ADAPTATION FUND

SINGLE COUNTRY/ REGIONAL INNOVATION PROJECT/PROGRAMME PROPOSAL

PART I: PROJECT/PROGRAMME INFORMATION

Title of Project/Programme:	Partially Repayable Project Preparation and Adaptation Investment Readiness Facility
Country/ Countries:	Nigeria
Thematic Focal Area ² :	Innovative climate finance.
Type of Implementing Entity:	National Implementation Entity
Implementing Entity:	Bank of Industry
Executing Entities:	These include: <ul style="list-style-type: none">• Externally contracted Programme Management Unit• Technical Committee• Independent Verification Agents (IVAs,externally contracted);• Transaction Advisory Specialists• Providers of procurement, financial management, reporting and audit services.• PMU coordination is managed internally by BOI Structured & Project Finance Group, Corporate Finance Division.
Amount of Financing Requested:	\$4,915,050

² Thematic areas are: Agriculture, Coastal Zone Management, Disaster risk reduction, Food security, Forests, Human health, Innovative climate finance , Marine and Fisheries, Nature-based solutions and ecosystem based adaptation, Protection and enhancement of cultural heritage, Social innovation, Rural development, Urban adaptation, Water management, Wildfire Management.

Project / Programme Background and Context:

Provide brief information on the problem the proposed project/programme is aiming to solve, including both the regional and the country perspective. Outline the economic social, development and environmental context in which the project would operate in those countries.

Describe the problem the proposed project/programme is aiming to solve. Write this as a concise problem statement: The current situation, the desired future, and the gap between the two. Provide brief further information on the current situation including both the regional and the country perspective. Outline the economic social, development and environmental context in which the project would operate in those countries. Describe the climate change vulnerabilities impacting the country/region as well clearly explain the problem area that would be the focus of the innovation.

Problem Statement (Current Situation → Desired Future → Gap)

Current situation: Nigeria and the wider West African region face escalating climate risks, including flooding, drought, heat stress, coastal erosion, and ecosystem degradation. These risks disproportionately affecting MSMEs) and vulnerable communities and climate-sensitive sectors such as agriculture, water, energy and informal services. While a growing number of enterprise led adaptation solutions exist, most fail to progress beyond early concept stages. This is primarily because adaptation specific project preparation costs (such as climate risk and vulnerability assessments (CRVAs), climate-resilient design, environmental and social safeguards (E&S), and transaction structuring) are not financed by commercial markets or adequately supported by existing public programmes.

Desired future: A robust and scalable pipeline of climate-risk-informed, safeguards-compliant, and investment-ready adaptation projects that can attract domestic and international finance, enabling enterprises to implement solutions that deliver sustained climate resilience benefits across sectors and communities.

The gap: A persistent and systemic adaptation project preparation financing gap, particularly for private and enterprise-led investments, prevents otherwise viable adaptation solutions from reaching investment readiness. This limits the scale, leverage, and long-term impact of adaptation finance in Nigeria and across the region.

Regional and Country Context (Economic, Social, Development, Environmental)

West Africa is one of the most climate-vulnerable regions globally, with economies heavily dependent on climate-sensitive sectors. The region faces structural development challenges including rapid urbanization, infrastructure deficits, and limited fiscal space, all of which increase exposure to climate risks and constrain adaptive capacity. Socially, high levels of poverty and dependence on informal livelihoods further heighten vulnerability to climate shocks. Nigeria is ranked among the most climate-vulnerable countries globally, with increasing frequency and severity of floods and droughts affecting millions of people annually and causing significant economic losses across key sectors. In Nigeria, climate impacts are already exacerbating poverty, food insecurity, displacement, and pressure on infrastructure and public services. The country's development strategy emphasizes private-sector-led growth, MSME development and job creation. However, while national policies increasingly prioritize climate adaptation, existing financing mechanisms are largely focused on downstream implementation and assume that projects are already technically, financially and safeguards ready, an assumption that does not hold for most adaptation investments.

Climate Change Vulnerabilities

Nigeria faces multi-dimensional and regionally differentiated climate risks, including recurrent flooding in riverine and urban areas, drought and desertification in northern regions, rising temperatures and heat stress nationwide, as well as coastal erosion and sea-level rise in the southern Nigeria.

These risks directly affect enterprises, supply chains, and community livelihoods, increasing operational and investment risks. Without systematic integration of climate risk into project design, investments remain vulnerable, reducing their sustainability and deterring both public and private capital.

Dual-Zone Programme Geography

The facility operates across two geographically distinct zones reflecting Nigeria's differentiated climate risk profile:

- **Northern Zone (Northern Nigeria):** chronic water scarcity, erratic rainfall, advancing desertification, and heat stress on agro-processing and energy systems. Priority sectors include climate-smart agriculture, water efficiency, and heat-resilient food processing. Vulnerable communities include smallholder farmers, pastoralists, and rural women. CORDEX-Africa and CMIP6 drought and heat stress projections applied at CRVA stage.
- **Southern Zone (Southern Nigeria):** recurrent flooding, coastal erosion, sea-level rise, riverine inundation, and supply chain disruption. Priority sectors include flood-resilient infrastructure, climate-resilient water management, and nature-based adaptation solutions. Vulnerable communities include

fishing communities, low-lying urban settlements, and delta livelihoods. CORDEX-Africa and CMIP6 flood frequency and sea-level rise projections applied at CRVA stage

Zone-specific eligibility criteria, sectoral priorities, appraisal standards, and outreach strategies are embedded in the facility design, not applied as an administrative overlay.

Problem Area and Focus of the Innovation

The project addresses a critical and under-served segment of the adaptation finance value chain: upstream project preparation for enterprise-led adaptation investments. While project preparation facilities exist in Nigeria, they are primarily designed for general infrastructure or commercial investments and do not systematically embed climate risk analysis, climate-resilient design, or environmental and social safeguards as core requirements of project development. In addition, these facilities are not specifically targeted at climate adaptation, and therefore do not adequately address the unique technical and financial requirements of adaptation investments.

As a result, a significant gap remains in the preparation of climate-risk-informed, adaptation-focused, and investment-ready projects. This creates a “missing middle” where:

- Projects remain too early-stage for financing
- Adaptation-specific preparation costs are not funded
- Financial institutions are unwilling to assume early-stage development risks

All projects supported by the facility are, by definition, climate adaptation projects. Eligibility requires every applicant to demonstrate quantified climate risk exposure and propose an investment that directly addresses that risk through a defined adaptation mechanism. A CRVA is a non-negotiable mandatory output, no CRVA, no grant. By the time a project reaches investment readiness, its adaptation credentials are established through the CRVA, climate-resilient design, and E&S safeguards instrument, independently verified through BOI's governance process. How downstream financiers label the investment internally does not alter its adaptation nature. Six international precedents confirm that success-based and partially repayable grant structures are operationally viable in climate and non-climate contexts: the GCF Project Preparation Facility, the EBRD Infrastructure Project Preparation Facility, the IDB Project Preparation and Execution Facility, the AfDB Adaptation Benefits Mechanism, the AfDB/AGIA Project Development Fund, and the IDB Lab Outcomes Contracting Fund. Four design principles drawn from these precedents are embedded in the facility: combining preparation support with an active financing pathway; defining objective repayment triggers agreed upfront; separating public-good from transaction-enabling costs; and pairing technical assistance with financial instruments. Full mechanism comparison and design reflections are in Annex 4.

Theory of Change

Overarching Objective

The innovation breaks the project preparation financing bottleneck by providing a structured, AF-compliant, partially repayable grant mechanism that finances the adaptation-specific preparation costs enterprises cannot absorb. This will advance at least 15 enterprise-led projects (with at least 30% women-led enterprises) to investment readiness across Northern and Southern Nigeria, mobilizing at least US\$ 25 million in downstream climate and commercial finance through a conditional cost recovery model that recycles recovered funds into new preparation cycles.

Causal Chain

Inputs	<p>AF grant: US\$4,915,050.</p> <p>IE fee - BOI Structured & Project Finance Group, Corporate Finance and Advisory Division: US\$385,050(8.5% of total programme cost). This will cover fiduciary oversight, AF compliance, institutional governance through SteerCo, BOI Credit Evaluation & Remedial Group (CERG), ESG Assessment & Monitoring Group (ESGAM), Legal, Compliance and Risk Management Divisions as well as the Executive Management Committee (EMC). It will also cover legal accountability to the Adaptation Fund as National Implementing Entity.</p> <p>EE fee: US\$ 430,000 (9.5% of total programme cost). This will cover the:</p> <ul style="list-style-type: none"> • Steering Committee (SteerCo): chaired by an Executive Director; members include the Chief Sustainability Officer, Chief Compliance Officer, Legal Advisor, Chief Risk Officer, Head of Climate & Sustainability, and an NCCC representative as AF Designated Authority. The Divisional Head of Corporate Finance and Advisory and the PMU National Coordinator attend in a non-voting capacity. Meets quarterly to review programme performance, approve PPRs before AF submission, oversee fund recycling, and receive mid-term and terminal evaluation findings. Does not participate in individual grant approval decisions. • Programme Management Unit (PMU: externally contracted specialists responsible for day-to-day facility operations, application intake, disbursement management, specialist pool procurement and
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	<p>deployment, compliance monitoring, and AF reporting. Primary coordination interface between BOI, the Technical Committee, and all externally contracted parties.</p> <ul style="list-style-type: none"> • Technical Committee: four independently contracted specialists (climate risk and adaptation, environmental and social, financial and investment, and gender and inclusion) holding sole authority over application appraisal and recommendation to BOI for approval. Entirely separate from the preparation specialist pool; no Technical Committee member may serve as a preparation specialist on any project they have appraised. • Independent Verification Agents (IVAs): Externally contracted agents conducting spot-check verification of grant outputs and post-close monitoring compliance across both programme zones. • Procurement , financial management, reporting and audit service providers.
<p>ACTIVITIES</p>	<p>Component 1 (US\$ 500,000): Governance architecture, dual-zone appraisal criteria, E&S and gender screening tools, lender alignment protocol, repayment and recycling mechanism all operational before first grant disbursement.</p> <p>Component 2 (US\$ 2,750,000): Adaptation-specific preparation grants for at least 15 enterprises across both zones (direct grant pool: US\$ 2,650,000 at US\$ 80,000–250,000 per enterprise). US\$ 100,000 has been ringfenced to aid gender-responsive outreach and pipeline development under this component. Preparation activities include CRVAs, climate-resilient feasibility studies, technical and engineering designs, and E&S safeguards instruments, gender responsive social assessments as well as financial and commercial due diligence. All of these activities are delivered by a pre-qualified specialist pool procured by the PMU. At least 30% of supported enterprises are women-led. Gender-disaggregated data is tracked at every milestone from application through financial close and reported in every Project.</p> <p>Component 3 (US\$ 500,000): Financial modelling, transaction structuring, lender-ready investment packages, climate resilience investment briefs, and tailored advisory for women-led enterprises. Financial close documentation verified; repayment obligations activated. All of these activities are performed by a pool of pre-selected specialists.</p> <p>Component 4 (US\$ 350,000): Repayment tracking and fund recycling. Five innovation evidence products disseminated on schedule (Months 12–48) and at least four documented findings on mechanism effectiveness are developed.</p>
<p>OUTPUTS</p>	<ul style="list-style-type: none"> • Operational AF-compliant facility with governance, dual-zone appraisal, screening tools, lender alignment protocol, repayment and recycling mechanisms • At least 15 complete preparation packages produced. Each package will comprise a CRVA, climate resilient feasibility study and E&S safeguards instruments. The documents will be produced taking into consideration the zone-appropriate CORDEX-Africa and CMIP6 climate scenario data while establishing the adaptation credentials of each supported investment. • At least 30% of supported enterprises are women-led; gender-disaggregated data reported in every Project Performance Report • At least 15 lender-ready investment packages and climate resilience investment briefs produced under Component 3. These documents will translate preparation outputs into transaction-ready documentation for downstream financier engagement. • Repayment tracking register and fund recycling sub-account operational from first financial close • 5 knowledge (innovation evidence) products disseminated on schedule (Months 12–48) including operational toolkit and replication roadmap for domestic replication across Nigeria's development finance architecture <p>Post-close adaptation impact tracking is maintained through grant condition reporting obligations agreed at preparation grant approval stage, IVA spot check verification and terminal report consolidation..</p>
<p>INTERMEDIATE OUTCOMES</p>	<p>Financial close is the pivotal outcome the point at which preparation converts into a real adaptation investment. Financial close is defined as the execution of a signed financing agreement with a financial institution/lender. The formal adaptation labelling by the financier is not a condition of repayment. Rather, project-specific resilience indicators are established at the CRVA stage to serve as voluntary post-close reporting targets. These will serve as portfolio-level evidence for the terminal report at Month 48.</p> <p>At least 70% of investment-ready projects are expected to reach financial close, producing:</p> <ul style="list-style-type: none"> • Downstream capital activation: At least US\$ 25 million committed to climate-resilient investments that would not have occurred without preparation support. • Repayment and recycling: Transaction-enabling costs are recovered without interest or penalty. Funds are redeployed into new preparation cycles beyond the initial portfolio. • Lender market development: Each financial close demonstrates that adaptation investments are bankable, progressively reducing lender risk perceptions • BOI capacity strengthened: Climate risk integration embedded is in BOI's standard appraisal processes through CERG, and EMC governance chain

**LONG-TERM
OUTCOMES
& IMPACT**

On-the-ground resilience:

- Zone-specific climate risk reduction reduced flood risk in the Southern Zone
- Improved water efficiency and agricultural productivity in the Northern Zone
- Heat-resilient industrial systems and MSME supply chain resilience in both zones benefiting vulnerable communities and women who depend on climate-exposed value chains.

Self-reinforcing pipeline: Recovered repayments recycled into new preparation cycles, extending reach beyond the initial 15-project portfolio without additional AF grant injections.

Replicable model for other Nigerian Institutions: The operational toolkit and replication roadmap (Month 48) provide a tested blueprint for domestic replication across Nigeria's development finance architecture. This will enable wider adoption of the partially repayable grant model and contribute directly to AF Outcome 8.

Key Assumptions

Ref	Assumption	How the design manages it
A1	Viable pipeline: At least 15 grantable enterprise-led adaptation concepts exist across both zones.	<p>Demand for adaptation project preparation support in Nigeria is structurally unmet. Nigeria's adaptation finance currently covers only 6% of estimated national needs³, with near-zero finance tracked for climate-resilient infrastructure, energy, and industry sectors.</p> <p>The United Nations Environment Programme (UNEP) Adaptation Gap Report 2025 finds international adaptation finance flows are 12–14 times below the needs of developing countries⁴. The Green Climate Fund has also identified that developing a bankable climate project pipeline in Nigeria should be seen as a priority intervention, noting Nigeria is currently "relatively underserved" in climate finance⁵.</p> <p>Within BOI's own operations, the BOI-Afrexim Joint Project Preparatory Fund (JPPF) has demonstrated that demand pipeline exceeds current funding capacity.</p> <p>Active gender-responsive outreach and pipeline development across Northern and Southern zones via enterprise networks, MSME agencies, and BOI's existing borrower base will further strengthen pipeline access. Women-led enterprises represent a viable and underserved segment of the adaptation pipeline. This is supported by the ICR Facility/GIZ October 2024 report which states that 87.5% of women-owned enterprises in Nigeria require financing at the lower end of the market⁶, precisely the grant range this facility targets. Gender-responsive application and eligibility processes, combined with US\$ 100,000 ring-fenced for gender-responsive outreach and pipeline development as well as dedicated pre-application advisory sessions for women-led enterprises ensure that the 30% women-led enterprise target is grounded in demonstrated demand.</p>
A2	Lender engagement: Downstream financiers commit capital to adaptation-ready projects at rates sufficient to achieve the 70% financial close target.	Component 3 engages lenders proactively through climate resilience investment briefs before projects reach investment readiness. The facility targets local and international financial institutions with interest in climate-aligned lending.
A3	Implementation: Projects reaching financial close proceed to implementation without preparation gaps causing stalled transactions.	This is directly addressed through the quality of preparation deliverables created. At the end of project preparation activities, each project is provided with a complete suite of bankable documents including CRVA, climate-resilient technical design, ESIA or ESMP, financial model, and transaction structure. These documents meet lender due diligence standards thereby mitigating implementation delays.
A4	Repayment: Enterprises reaching financial close are willing and able to repay the transaction-enabling portion.	Non-recourse, non-interest, success-based design minimizes risk. Repayment amount and schedule will be disclosed and agreed at grant approval.

³ Climate Policy Initiative (CPI). Landscape of Climate Finance in Nigeria 2025. May 2025. climatepolicyinitiative.org

⁴ United Nations Environment Programme (UNEP). Adaptation Gap Report 2025. October 2025. unep.org/resources/adaptation-gap-report-2025

⁵ Green Climate Fund (GCF). GCF Readiness Support for the Development Bank of Nigeria. February 2026. greenclimate.fund/news/gcf-readiness-support-development-bank-nigeria

⁶ ICR Facility / GIZ. Enhancing Access to Finance for Women-Owned Enterprises in Nigeria. October 2024. icr-facility.eu

A5	Institutional capacity: BOI can absorb and mainstream the partial repayable grant facility within 48 months.	Structured & Project Finance Group, Corporate Finance and Advisory Division as IE oversees institutional continuity throughout implementation. BOI's existing governance architecture processes all grant approvals, ensuring the facility operates within BOI's standard frameworks rather than as a parallel system. The PMU and Technical Committee, funded under the EE fee, provide dedicated external capacity that reduces the burden on BOI's internal resources during the pilot phase. The pre-qualified specialist pool builds reusable delivery infrastructure that BOI can draw on beyond the grant period. Climate risk and safeguards screening tools developed under Component 1 are migrated into BOI's standard loan appraisal system at programme close. The facility operational manual is updated at Months 24 and 48, and a sustainability note submitted to the BOI Board by Month 48 with a formal recommendation on facility continuation.
A6	Dual-zone management: A single national facility can serve both programme zones effectively.	Zone-specific appraisal criteria, climate scenario datasets (CORDEX-Africa and CMIP6 ⁷), and outreach strategies have been built into Component 1. Technical Committee appraisal criteria will include zone-specific technical expertise while IVAs will conduct spot checks across both zones.

Gender Equality in the Causal Chain

Gender equality is embedded structurally at each stage and not positioned as a parallel track.

- **Activity stage:** US\$ 100,000 is ring-fenced within Component 2 for outreach through women's enterprise networks. The application and eligibility process has been designed to be gender-responsive, with targeted support for women-led enterprises to navigate documentation requirements and access pre-application advisory sessions.
- **Output stage:** The CRVAs assess differential climate vulnerability by gender and incorporate safeguards instruments address gender risks. **Intermediate outcome stage:** Transaction and lender advisory specialists deployed under Component 3 will provide tailored advisory to women-led enterprises, specifically addressing the lender risk perceptions and documentation barriers that disproportionately prevent women-led enterprises from converting investment readiness into signed financing agreements. Women-led enterprise financial close is tracked as a gender-disaggregated dimension of Outcome 3.
- **Long-term outcome stage:** The 30% women-led enterprise target ensures a meaningful share of the US\$ 25 million in mobilized downstream finance flows to women-led businesses. Gender-disaggregated data is tracked at every milestone and reported in every Project Performance Report.

⁷ Coordinated Regional Climate Downscaling Experiment for Africa (CORDEX-Africa) and Coupled Model Intercomparison Project Phase 6 (CMIP6). Available via CCAFS Climate Portal and World Climate Research Programme. wcrp-climate.org

THEORY OF CHANGE

Partially Repayable Project Preparation and Adaptation Investment Readiness Facility

PROBLEM Adaptation project preparation costs are unfinanced — viable enterprise-led investments cannot reach investors

INPUTS	ACTIVITIES	OUTPUTS	OUTCOMES & IMPACT	KEY ASSUMPTIONS
<p>AF Grant</p> <p>US\$ 4,915,050</p> <p>IE Fee 8.5%</p> <p>US\$ 385,050</p> <p>Fiduciary oversight · AF compliance · SteerCo · CERG · ESGAM · EMC</p> <p>EE Fee 9.5%</p> <p>US\$ 430,000</p> <p>PMU · Technical Committee · IVAs · Specialist pool · Service providers</p> <p>BOI</p> <p>National Implementing Entity</p>	<p>Component 1 · US\$ 500k</p> <p>Facility Design & Governance</p> <p>Governance architecture · dual-zone appraisal criteria · E&S and gender screening tools · lender alignment protocol · repayment and recycling mechanism · pre-qualified specialist pool — all operational before first grant disbursement</p>	<ul style="list-style-type: none"> AF-compliant facility operational with governance, dual-zone appraisal, E&S and gender screening tools, lender alignment protocol, and repayment and recycling mechanisms ≥15 complete preparation packages: CRVA · climate-resilient feasibility study · E&S safeguards instrument (one per enterprise) ≥15 lender-ready investment packages and climate resilience investment briefs Repayment tracking register and recycling sub-account operational from first financial close 5 knowledge(innovation evidence) products disseminated on schedule including operational toolkit and replication roadmap ≥30% women-led enterprises supported · gender-disaggregated data in every PPR Post-close impact tracking via grant condition reporting and IVA spot checks 	<p>INTERMEDIATE OUTCOMES</p> <p>Financial close</p> <ul style="list-style-type: none"> Pivotal trigger — execution of signed financing agreement with qualified downstream financier ≥70% of investment-ready projects reach financial close ≥US\$ 25 million downstream finance activated Repayment activated · Funds redeployed into new preparation cycles Lender market development: Each close progressively reduces lender risk perceptions BOI capacity strengthened — climate risk integration embedded in standard appraisal processes 	<p>Viable pipeline</p> <p>A1 ≥15 grantable enterprise-led adaptation concepts exist across both zones, including ≥30% women-led enterprises</p>
	<p>Component 2 · US\$ 2.75m</p> <p>Preparation Grants</p> <p>Adaptation-specific grants for ≥15 enterprises via specialist pool · CRVAs · climate-resilient feasibility studies · E&S safeguards · gender-responsive social assessments · financial and commercial due diligence · ≥30% women-led enterprises · gender-disaggregated data tracked at every milestone</p>		<p>LONG-TERM OUTCOMES</p> <p>Resilience outcomes</p> <p>North: water efficiency · agricultural productivity · heat-resilient industry</p> <p>South: flood risk reduction · coastal and riverine MSME supply chain resilience</p> <p>Self-reinforcing pipeline</p> <p>Recycled funds extend reach beyond initial 15 projects without new AF injection</p> <p>Replicable model</p> <p>Operational toolkit and replication roadmap for Nigerian DFIs. Contributes to AF Outcome 8: Innovation for effective, long-term adaptation to climate change accelerated, encouraged, and enabled to scale up</p>	<p>Lender engagement</p> <p>A2 Downstream financiers commit capital at rates sufficient to achieve ≥70% financial close target</p>
	<p>Component 3 · US\$ 500k</p> <p>Transaction & Advisory Support</p> <p>Lender-ready investment packages · climate resilience investment briefs · financial models · transaction structuring · proactive lender engagement before projects reach investment readiness · tailored advisory for women-led enterprises</p>		<p>Implementation</p> <p>A3 Preparation outputs are technically complete and lender-ready, eliminating gaps that could stall post-close disbursement</p>	
	<p>Component 4 · US\$ 350k</p> <p>Learning & Recycling</p> <p>Repayment tracking register · fund recycling sub-account · 5 knowledge (innovation evidence) products disseminated including operational toolkit and replication roadmap · ≥4 documented findings on repayment rates, financial close rates, gender inclusion, and lender alignment</p>		<p>Repayment</p> <p>A4 Enterprises reaching financial close are willing and able to repay (non-interest, non-recourse)</p>	
			<p>IMPACT</p> <p>Reduced climate vulnerability for enterprises and communities across Northern and Southern Nigeria</p> <p>≥US\$ 25m mobilised · ≥30% women-led enterprises · scalable adaptation finance model established for Nigeria's development finance architecture</p>	<p>Institutional capacity</p> <p>A5 BOI absorbs and mainstreams the facility within 48 months via existing governance architecture</p>
				<p>Dual-zone management</p> <p>A6 A single national facility can serve Northern and Southern programme zones effectively</p>

Figure 1: Theory of Change - Repayable Project Preparation and Adaptation Investment Readiness Facility, Bank of Industry, Nigeria (AF00000523)

Project / Programme Objectives:

List the main objectives of the project/programme.

1. Increase the bankability and investment readiness of enterprise-led climate adaptation projects across Northern and Southern Nigeria by financing adaptation-specific project preparation activities including climate risk and vulnerability assessments (CRVAs), climate-resilient feasibility studies and technical designs, environmental and social (E&S) safeguards instruments, and transaction documentation that are not financed by commercial markets or supported under business-as-usual project development, and that are prerequisite conditions for any downstream financier to commit capital.
2. Pilot and operationalise a partially repayable grant facility to finance adaptation project preparation, using a conditional cost recovery model with repayment triggered only at financial close to recycle recovered funds into new preparation cycles, improve the efficiency of public adaptation finance, and generate a self-sustaining pipeline of bankable, climate-risk-informed adaptation investments that extends beyond the initial 15-project portfolio without additional grant injections.
3. Expand an inclusive pipeline of climate-resilient investments across both programme zones, with priority for women-led enterprises and enterprises operating in climate-vulnerable regions, ensuring that at least 30% of supported enterprises are women-led and that adaptation benefits reach vulnerable communities who depend on climate-exposed value chains. It also ensures that gender-disaggregated evidence is generated and reported throughout implementation. This objective strengthens resilience of vulnerable livelihoods and value chains, improves access to adaptation finance for under-served groups, and ensures that adaptation investments contribute to inclusive and equitable development outcomes.

Project / Programme Components and Financing:

Fill in the table presenting the relationships among project components, outcomes, outputs, and countries in which activities would be executed, and the corresponding budgets. For the case of a programme, individual components are likely to refer to specific sub-sets of stakeholders, regions and/or sectors that can be addressed through a set of well-defined interventions / projects.

Project/Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US\$)
<p>1. Facility design and governance Contributes to AF SRF Output 2.1: Strengthened capacity of institutions to understand and better address climate risks</p>	Operational, AF-compliant partially repayable grant facility established and functional, with all governance systems, tools, and protocols in place before first preparation grant disbursement	<ul style="list-style-type: none"> – Facility operational manual and governance framework approved – Eligibility criteria, appraisal process, and cost classification protocol (non-repayable vs conditionally repayable) established – Conditional repayment mechanism and fund recycling protocol operational – Environmental, social, and gender screening tools developed and piloted – Lender alignment and adaptation recognition protocol finalised – Dual-zone appraisal criteria established: Northern Zone (drought, heat stress, desertification) and Southern Zone (flooding, coastal erosion, riverine risk) – Grievance redress mechanism in place and accessible to enterprise applicants, affected communities, and other stakeholders – Climate risk and safeguards screening tools designed for migration into BOI's standard loan appraisal system at programme close 	Nigeria	500,000
<p>2. Project preparation grants Contributes to AF SRF Output 1.1: Risk and vulnerability assessments conducted and updated Contributes to AF SRF Output 2.1: Strengthened capacity of institutions to understand and better address climate risks</p>	Increased number of climate-resilient projects reaching investment readiness, with complete preparation packages (CRVA, climate-resilient feasibility study, E&S safeguards instrument) produced for at least 15 enterprises across both programme zones	<ul style="list-style-type: none"> – At least 15 projects supported with preparation grants (direct grant pool: US\$ 2,650,000 (indicative US\$ 80,000–250,000 per enterprise). – US\$100,000 ring-fenced for gender-responsive outreach and pipeline development across Northern and Southern zones, delivered through women's enterprise networks, cooperative bodies, and gender-focused associations – Climate risk and vulnerability assessments (CRVAs) completed for all supported enterprises using zone-appropriate CORDEX-Africa and CMIP6 scenario data, establishing baselines and at least two forward scenarios per enterprise – Climate-resilient feasibility studies and technical designs produced for all supported enterprises – Environmental and social safeguards instruments (ESIA / ESMP) completed for all supported enterprises Pre-application advisory sessions offered to women-led enterprises; application processes designed without collateral or balance-sheet requirements at entry 	Nigeria	2,750,000
<p>3. Transaction and advisory support Contributes to AF SRF Output 8.1: Innovations identified and piloted that collectively enhance local innovation capacity</p>	At least 70% of investment-ready projects reach financial close with a qualified downstream financier, mobilizing at least US\$25 million in	<p>Lender-ready investment packages produced for all investment-ready projects, integrating CRVA findings, climate-resilient technical design, E&S management documentation, and financial projections</p> <ul style="list-style-type: none"> – Climate resilience investment briefs prepared and shared with prospective financiers for every project, translating CRVA findings and adaptation co-benefits into lender credit assessment terms 	Nigeria	500,000

Project/Programme Components	Expected Outcomes	Expected Outputs	Countries	Amount (US\$)
and contribute to the development of local, national and regional innovation ecosystems	downstream climate and commercial finance that delivers concrete adaptation investments	<ul style="list-style-type: none"> – Financial models and transaction structures completed to lender due diligence standards – Targeted engagement with qualified downstream financiers, including domestic commercial banks, development finance institutions, and impact investors, conducted before projects reach investment readiness – Tailored transaction advisory delivered to all women-led enterprise grantees and enterprises in climate-vulnerable areas, addressing lender risk perceptions and documentation barriers – Post-close adaptation impact tracking maintained through (i) grant condition reporting obligations agreed at preparation grant approval stage, (ii) IVA spot-check verification within the programme period, and (iii) terminal report consolidation at Month 48 – Financial close documentation verified; repayment obligations activated per operational manual – Note: All transaction and advisory activities are delivered by transaction and lender advisory specialists selected from the pre-qualified pool. 		
4. Learning and Recycling Contributes to AF SRF Output 8.2: Innovations identified and piloted which build the adaptation innovation evidence-base and institutional capacity	Evidence on mechanism effectiveness generated and disseminated; operational toolkit and replication roadmap produced to enable adoption by other Nigerian development finance institutions; recovered funds recycled into new preparation cycles beyond the initial portfolio	<ul style="list-style-type: none"> – Repayment tracking register operational from first financial close – Recovered funds held in dedicated recycling sub-account and redeployed per recycling protocol – Gender-disaggregated programme data collected and reported in every Project Performance Report – 5 knowledge products produced on schedule: operational brief (Month 12), learning synthesis (Month 24), case studies (Month 30), operational toolkit (Month 36), terminal report and replication roadmap (Month 48) – At least 4 documented findings on mechanism effectiveness (repayment rates & timelines, financial close rates, gender inclusion outcomes, lender alignment) – Facility operational manual updated at Month 24 and Month 48 – Sustainability note submitted to BOI Board by Month 48 with formal recommendation on facility continuation 	Nigeria	350,000
Total programme component cost				4,100,000
6. Project/Programme Execution Cost: Covering PMU, Technical Committee, IVAs and procurement, financial management, reporting and audit service providers				430,000
7. Total Project/Programme Cost				4,530,000
8. Project/Programme Cycle Management Fee charged by the Implementing Entity (BOI fiduciary oversight, AF compliance, institutional governance and legal accountability as NIE)				385,050
Amount of Financing Requested				4,915,050

Projected Calendar:

Indicate the dates of the following milestones for the proposed project/programme

Milestones	Expected Dates
Project Effectiveness and Start of Implementation	Month 0 (upon AF Board approval and fulfillment of effectiveness conditions)
Project Inception Phase Completed	Months 0 - 3
Mid-term Review (if planned)	Month 24
Project Completion	Month 48
Terminal Evaluation	Month 48–50

PART II: PROJECT / PROGRAMME JUSTIFICATION

A. Describe the project / programme components, particularly focusing on the concrete adaptation activities, how these activities would contribute to climate resilience. For regional projects describe also how they would build added value through the regional approach, compared to implementing similar activities in each country individually. For the case of a programme, show how the combination of individual projects would contribute to the overall increase in resilience.

The programme finances adaptation-specific project preparation as a critical enabler of, which is a necessary and recognized precursor to achieving concrete adaptation outcomes. Adaptation investments in Nigeria face a systemic bottleneck at the preparation stage, where climate risk integration, resilient design, safeguards compliance, and transaction structuring are required but not financed by commercial markets. The programme is structured as an integrated set of four components that collectively address a critical bottleneck in adaptation finance which is the lack of investment-ready, climate-resilient projects. It is expected that this will enable concrete, on-the-ground adaptation outcomes.

COMPONENT 1: Facility Design and Governance (US\$ 500,000)

Component 1 establishes the governance architecture, systems, and tools required to operationalize the facility before any preparation grant is disbursed. All outputs are non-negotiable prerequisites for Components 2, 3, and 4.

The governance architecture draws directly from BOI's existing institutional frameworks — its established credit appraisal, environmental risk, and compliance governance structures as well as from the four design principles extracted from the six international precedent schemes documented in Annex 4. Key design principles, governance structures, and approval processes are therefore known and documented at submission stage. Component 1 translates this conceptual design into fully operational AF-compliant systems rather than undertaking first-principles design.

The facility operational manual constitutes an effectiveness condition. No funds will flow and implementation will not commence until the manual is completed by BOI and deemed satisfactory by the AF Secretariat.

Key activities include: operationalization of the facility operational manual and all systems before the first preparation grant is disbursed; setup of the PMU under BOI's Structured and Project Finance Group including recruitment and training of the National Coordinator and programme management specialists on AF ESP requirements and zone-appropriate CORDEX-Africa and CMIP6 scenario data; the conditional repayment mechanism and fund recycling protocol, operational from first financial close; E&S and gender screening tools developed and piloted before the first grant is approved, enabling consistent risk categorization, safeguards instrument selection, and gender impact assessment; the lender alignment protocol defining qualified downstream financiers and confirming that formal adaptation labelling is not a condition of repayment; dual-

zone appraisal criteria for the Northern Zone (drought, heat stress, desertification) and Southern Zone (flooding, coastal erosion, riverine risk) using zone-appropriate climate scenario data; a grievance redress mechanism accessible to enterprise applicants, affected communities, and other stakeholders; and a framework contract for the pre-qualified specialist pool covering CRVA and climate science, technical and engineering due diligence, E&S and safeguards, financial and commercial due diligence, transaction and lender advisory, and legal and regulatory specialists, all procured competitively before first grant disbursement.

This component contributes to climate resilience by ensuring every preparation grant is assessed against a rigorous, zone-specific climate risk standard from the outset, preventing maladaptation and directing public resources exclusively to investments with a credible adaptation rationale.

COMPONENT 2: Project Preparation Grants (US\$ 2,750,000)

Component 2 finances the adaptation-specific preparation activities that commercial markets will not support and that are prerequisite conditions for any downstream financier to commit capital. The component operates across both programme zones and embeds inclusion and gender-responsive design throughout. The direct grant pool is US\$ 2,650,000, supporting at least 15 enterprises with grant amounts ranging from US\$ 80,000 to US\$ 250,000 per enterprise. Component 2 also includes an additional grant amount of US\$ 100,000 which is ring-fenced for gender-responsive outreach and pipeline development across both zones.

Enterprise Selection Criteria and Social Impact Evaluation

The facility applies a two-stage selection process to ensure that supported investments deliver tangible adaptation benefits to vulnerable communities. The Technical Committee applies to a mandatory eligibility screen. An enterprise must satisfy all four criteria to proceed:

- Demonstrated exposure to a quantified and documented climate risk in its operating geography within the Northern or Southern programme zone, referenced to available climate data
- A proposed investment that directly addresses that specific climate risk through a defined adaptation mechanism, not merely an investment in a climate-exposed sector
- A business model that serves or depends on communities or value chains that include the named vulnerable groups:
- A credible pathway to financial close, including a realistic expectation of downstream investment if the project reaches investment readiness

Secondly, the Technical Committee evaluates the quality of the social impact pathway to assess whether the enterprise's adaptation model genuinely reaches the vulnerable communities it claims to serve. The evaluation considers: whether beneficiary communities have been identified and their climate risk exposure documented; whether the enterprise's value chain creates a direct and traceable link between the adaptation investment and climate risk reduction experienced by those communities; and whether risks of maladaptation, exclusion of marginalised groups, or displacement of benefits to non-vulnerable populations have been identified and mitigated. The CRVA produced under this component establishes the resilience indicators that become post-close monitoring targets, creating a continuous link from selection criteria through preparation outputs to post-investment evidence. Social impact is not evaluated only at entry but tracked through implementation. Post-close tracking operates through grant condition reporting obligations agreed at grant approval stage and IVA spot-check verification within the programme period, as described in Component 4.

Pipeline identification and outreach strategy: The facility operates an active, structured pipeline identification strategy across both zones from Month 1 through four channels: the BOI institutional network of existing borrowers and loan applicants with documented climate exposure; zone-specific enterprise associations covering dryland farming cooperatives and water user associations in the North and fishing community associations, coastal MSME networks, and riverine traders in the South; women's enterprise networks and gender-focused cooperative bodies across both zones, with accessible application materials and pre-application advisory sessions as the primary mechanism for achieving the 30% women-led enterprise target; and NACCIMA-affiliated state chambers of commerce providing warm referrals to climate-exposed MSMEs, with WACCIMA networks providing a dedicated channel for women-led enterprises. All pipeline leads are assessed against the two-stage eligibility and social impact criteria before any grant commitment is made. Outreach records are maintained by the PMU as part of portfolio management.

Preparation Grant Activities: matched to each enterprise by location, sector, and zone-specific climate risk knowledge. For each supported enterprise, Component 2 funds seven activity types spanning two cost categories:

- Non-repayable public-good costs: CRVAs using zone-appropriate CORDEX-Africa and CMIP6 data establishing baselines and at least two forward scenarios; E&S safeguards instruments (ESIA or ESMP

as appropriate to risk category); and gender-responsive social assessments identifying differential impacts on women and vulnerable groups with confirmed mitigation measures.

- Conditionally repayable transaction-enabling costs: climate-resilient feasibility studies and technical designs integrating climate risk as a core design variable; technical due diligence confirming engineering specifications are sound and consistent with applicable Nigerian regulatory standards; legal due diligence covering regulatory approvals, permits, land rights, and compliance with the EIA Act, NESREA regulations, Water Resources Act, Electricity Act, and sector-specific standards; and financial and commercial due diligence producing financial models and cost-benefit analysis under base and climate stress scenarios.

Activity	Classification	Rationale
CRVA	Non-repayable	Public good climate risk information
ESIA/ESMP	Non-repayable	Public good safeguards
Gender-responsive social assessment	Non-repayable	Public good impact information
Feasibility studies and technical designs	Conditionally repayable	Transaction enabled cost
Technical due diligence	Conditionally repayable	Transaction enabled cos
Legal due diligence	Conditionally repayable	Transaction enabled cos
Financial and commercial due diligence	Conditionally repayable	Transaction enabled cos

CRVA Methodology and Resilience Indicators

Project-specific criteria and baselines are established at the CRVA stage for each enterprise, using zone-appropriate climate scenario data CORDEX-Africa and CMIP6 projections for Northern Zone drought and heat stress; and CORDEX-Africa and CMIP6 flood frequency and sea-level rise projections for Southern Zone projects. A defined baseline year and at least two forward scenarios are established per enterprise. Sector-specific resilience indicators from the CRVA become the monitoring targets in the post-close M&E agreement.

COMPONENT 3: Transaction and Advisory Support (US\$ 500,000)

Component 3 bridges the gap between investment readiness and financial close, operating in parallel with the later stages of Component 2 rather than sequentially after it. Evidence from comparable facilities confirms that preparation converts most effectively when directly coupled with active downstream financing engagement (see Annex 4). All activities are delivered by transaction and advisory specialists from the pre-qualified pool procured under Component 1.

Component 3 delivers:

- **Lender-ready investment packages** for all investment-ready projects, integrating CRVA findings, climate-resilient technical design, E&S management documentation, and financial projections into a complete due diligence package
- **Climate resilience investment briefs** for every project, translating CRVA findings and adaptation co-benefits into lender credit assessment terms — reduced physical risk, supply chain stability, and insurance cost reduction
- **Financial models and transaction structures** to lender due diligence standards, including revenue and cost assumptions, climate risk scenarios, and financing structure options
- **Proactive lender engagement** with domestic commercial banks, DFIs, international co-financiers, and impact investors, initiated before projects reach investment readiness so lenders are familiar with the adaptation rationale before formal due diligence begins
- **Tailored transaction advisory** for all women-led enterprise grantees and enterprises in climate-vulnerable areas, addressing lender risk perceptions and documentation barriers that disproportionately prevent these enterprises from reaching financial close
- **Financial close verification** against the lender alignment protocol established in Component 1 and activation of repayment obligations for the conditionally repayable portion of each preparation grant
- **Post-close monitoring agreements** established at financial close through: (i) grant condition reporting obligations requiring annual progress reports at Months 6 and 12 post-close against CRVA-derived resilience indicators; (ii) IVA spot checks on a sample of enterprises that have reached financial close; and (iii) terminal report consolidation at Month 48 aggregating all available post-close evidence into a portfolio-level assessment. Where BOI is not the downstream financier, post-close monitoring relies on grant condition enforcement and voluntary enterprise cooperation, consistent with the facility's mandate as a preparation mechanism rather than an implementation financier

Lender Alignment: Formal recognition of a project as 'adaptation' by the downstream financier is not a mandatory condition for triggering repayment, requiring formal adaptation labelling would narrow the eligible lender pool disproportionately at the enterprise level. Financial close is defined as execution of a signed financing agreement with a qualified downstream financier as defined in the lender alignment protocol. Climate recognition is actively pursued through climate resilience investment briefs shared with every prospective lender and proactive pre-engagement before projects reach investment readiness

COMPONENT 4: Learning and Recycling (US\$ 350,000)

Component 4 performs three interconnected functions: fund recycling; knowledge management; and gender-disaggregated reporting. Programme monitoring and reporting are coordinated by the PMU under the EE fee; Component 4 funds the knowledge management and recycling activities that build monitoring data to generate evidence and sustain the pipeline beyond the initial portfolio.

Component 4 delivers:

- Repayment tracking register operational from first financial close (expected from Month 24 onwards), recording repayment amounts, schedules, actual receipts, and outstanding balances per enterprise.
- **Repayment tracking register** operational from first financial close (projected from Month 24), recording amounts, schedules, receipts, and outstanding balances per enterprise
- **Fund recycling sub-account** holding recovered funds separately from operational resources and redeploying them into new preparation cycles per the recycling protocol established in Component 1. First recoveries are projected from Month 24; new preparation grants from recycled funds are expected from Month 30, following the same three-stage approval process
- **Gender-disaggregated data** collected at every milestone ,application, grant approval, investment readiness, financial close ,and reported in every Project Performance Report
- **Five knowledge products on schedule:** operational brief (Month 12), mid-term learning synthesis (Month 24), first cohort case studies (Month 30), operational toolkit (Month 36), and terminal report with replication roadmap (Month 48)
- **At least four documented findings** on mechanism effectiveness covering repayment rates and timelines, financial close rates, gender inclusion outcomes, and lender alignment performance
- **Facility operational manual updated** at Months 24 and 48 to embed implementation lessons
- **Sustainability note to BOI Board** by Month 48 with a formal recommendation on whether to continue, expand, or embed the facility into BOI's permanent product suite.

Contribution to Concrete Adaptation Outcomes: The programme designed to unlock downstream investments that deliver tangible climate resilience benefits across both zones. By financing the preparation costs that commercial markets will not support, the facility enables at least 15 enterprise-led adaptation projects to reach investment readiness with at least 70% expected to reach financial close and proceed to investments delivering::

- Reduced flood risk through resilient infrastructure and drainage systems in the Southern Zone
- Improved water efficiency and climate-resilient water management in the Northern Zone
- Adoption of climate-smart agricultural practices in drought-affected Northern Zone states
- Deployment of heat-resilient industrial and commercial systems across both zones
- Strengthened resilience of MSME supply chains to climate shocks across both zones

By integrating climate risk analysis, resilient design, and safeguards at the preparation stage, the programme ensures downstream investments are climate-proofed prior to financing. The fund recycling mechanism extends these gains beyond the initial portfolio, recovered repayments are redeployed into new preparation cycles without additional AF grant injections. This approach contributes primarily to AF SRF Outcome 8 (innovation for long-term adaptation accelerated and scaled up) through the partially repayable grant mechanism and generation of replication evidence. Supporting contributions include Outcome 2 (strengthened institutional capacity) through embedding the facility within BOI's standard systems, and Outcome 1 (reduced exposure to climate hazards) through CRVAs and climate-resilient preparation activities across both zones.

B. Describe how the project /programme would promote new and innovative solutions to climate change adaptation, such as new approaches, technologies, and mechanisms.

The project promotes innovative solutions to climate change adaptation through the introduction of a new financing mechanism and approach to adaptation project development that is not currently present in Nigeria's climate finance landscape. While project preparation facilities exist, they are primarily designed for general

investment support and do not systematically integrate climate risk analysis, climate-resilient design, and safeguards as core requirements, nor are they specifically focused on climate adaptation. In addition, existing mechanisms do not apply partially repayable, conditional grant structures tailored to adaptation project preparation. The core innovation of this programme is the introduction of a partially repayable, conditional grant mechanism, which incorporates the following distinguishing features:

- **Structured differentiation of cost types:** The mechanism separates project preparation costs into:
 - Public-good adaptation costs (e.g. climate risk analysis, safeguards, knowledge generation), which remain non-repayable; and
 - Transaction-enabling costs (e.g. engineering design, financial structuring), which are conditionally repayable.
- **Conditional, success-based repayment:** Repayment is triggered only upon successful financial close, ensuring that beneficiaries do not bear financial risk if projects do not proceed. This introduces financial discipline without creating debt obligations.
- **Non-commercial and non-recourse design:** The instrument carries no interest, penalties, or profit elements, ensuring alignment with public adaptation objectives.
- **Recycling mechanism for sustainability:** Recovered funds are reinvested into new project preparation cycles, extending the impact of Adaptation Fund resources beyond the initial grant period.
- **System-level integration of climate risk into investment processes:** By embedding climate risk management, safeguards, and gender considerations into project preparation requirements, the programme strengthens how adaptation is incorporated into enterprise-level investment decisions.

This combination of features represents a new approach to structuring and financing adaptation investments, moving beyond traditional grant or loan models and creating a scalable mechanism for adaptation finance.

- C.** The innovation directly contributes to the Adaptation Fund Strategic Results Framework, particularly Outcome 8, by piloting a mechanism that can be replicated and scaled within national adaptation and development finance systems. Describe how the project/programme aims to roll out successful innovative adaptation practices, tools, and technologies and/or describe how the project aims to scale up viable innovative adaptation practices, tools, and technologies.

The programme is designed to enable the roll-out and scale-up of innovative adaptation financing practices by combining a replicable financing mechanism with institutional integration and knowledge dissemination, and by supporting projects through to successful financial close and implementation. This section responds directly to Adaptation Fund Outcome 8, demonstrating how the partially repayable grant mechanism is designed for roll-out and scale-up within Nigeria's national adaptation and development finance systems. Scaling will occur through four complementary pathways:

1. **Financial scaling through fund recycling and crowding-in of capital:** The partially repayable grant mechanism enables recycling of recovered funds from successfully financed projects into subsequent project preparation cycles. By linking repayment to financial close, the programme ensures that resources are continuously redeployed to support new projects, creating a self-reinforcing financing model that expands the pipeline of investment-ready and financed adaptation projects over time. Recovered funds are expected to be redeployed into additional preparation cycles beyond the initial portfolio, extending the programme's reach to additional enterprises and further amplifying adaptation outcomes without additional AF grant injections. The revolving fund scenarios presented in the sustainability section illustrate the range of possible outcomes depending on financial close rates achieved during implementation. In addition, the programme is expected to crowd in at least \$25 million in downstream climate and commercial finance through projects reaching financial close. . This significantly amplifies the impact of Adaptation Fund resources and contributes to bridging Nigeria's climate adaptation finance gap, by unlocking investments that would not otherwise materialize.
2. **Institutional scaling through standardization and nationwide deployment:** The programme will establish a standardized facility model, including governance frameworks, eligibility criteria, appraisal tools, and environmental and social screening processes. These systems will be:
 - Embedded within BOI's institutional processes
 - Applied nationwide across Nigeria, rather than being limited to a specific region
 - Deployed across multiple sectors (e.g. agriculture, water, infrastructure, energy)
 - Designed for replication across future financing programmes and windows

- Climate risk and safeguards screening tools developed and migrated into BOI's standard loan appraisal system at programme close, ensuring adaptation standards are applied to future BOI lending beyond the grant period

This ensures that the innovation is institutionalized and can be consistently applied to generate a nationwide pipeline of successfully financed adaptation investments, supporting resilience across diverse geographic and climate risk contexts. While the programme is national in scope, the standardized facility model is designed for domestic replication across Nigeria's development finance architecture. The operational toolkit and replication roadmap to be produced will identify priority adoption pathways including the Bank of Agriculture, the Development Bank of Nigeria, state-level government lending windows, and other financial institutions. It will also outline the specific institutional pre-conditions and design adaptations required for each context.

3. **Knowledge and ecosystem scaling through learning and dissemination:** The programme will generate practical evidence on the effectiveness of the partially repayable grant mechanism in enabling projects to reach investment readiness and financial close. Knowledge outputs include five scheduled products as follows: (i) an operational brief (Month 12), (ii) mid-term learning synthesis (Month 24), (iii) first cohort case studies (Month 30), (iv) an operational toolkit (Month 36), and (v) a terminal report with replication roadmap (Month 48). These cover operational guidelines, case studies of successfully financed projects, lessons on structuring, repayment, and risk management, and a blueprint for domestic replication across Nigeria's development finance architecture. These outputs will be disseminated to national stakeholders including public institutions, financial sector actors, and development partners, to inform future adaptation finance programming in Nigeria. Knowledge generated from this initiative will further support replication by other institutions and strengthen Nigeria's adaptation finance and innovation ecosystem.
4. **Scaling of Adaptation Practices, Tools, and Technologies:** By supporting projects through preparation to successful financing and implementation, the programme enables the scale-up of climate-resilient practices and technologies across Nigeria, including:
 - Climate-resilient infrastructure and drainage systems
 - Climate-smart agricultural practices
 - Water efficiency and climate-resilient water management systems
 - Heat-resilient industrial and commercial processes
 - Nature-based and ecosystem-based adaptation solutions

Each successfully financed project contributes to resilience at the local level, while the combined portfolio enables system-wide scaling of adaptation solutions across sectors and geographies nationwide. Through a recyclable financing mechanism, crowding-in of at least US\$25 million in downstream investment, nationwide deployment, institutional embedding within BOI and structured knowledge dissemination, the programme establishes a scalable and sustainable model that continuously generates and finances adaptation investments in Nigeria. This enables expansion through future funding cycles, partnerships with financial institutions and development partners as well as integration into national adaptation and development finance frameworks. The replication roadmap produced at Month 48 will provide a concrete pathway for adoption by other Nigerian development finance institutions.

- D. Describe how the project / programme would provide economic, social, and environmental benefits, with particular reference to the most vulnerable communities, and vulnerable groups within communities, including gender considerations. Describe how the project / programme would avoid or mitigate negative impacts, in compliance with the Environmental and Social Policy and Gender Policy of the Adaptation Fund.

By financing the adaptation-specific preparation costs that commercial markets will not support, the programme enables enterprise-led climate adaptation investments that deliver economic, social and environmental benefits to vulnerable communities across Northern and Southern Nigeria. Negative impacts are avoided or mitigated through strict adherence to the AF Environmental and Social Policy and Gender Policy.

Economic Benefits: The programme unlocks access to finance for enterprise-led climate adaptation investments, which are currently constrained by the lack of project preparation support. By supporting at least 15 projects to reach investment readiness, with at least 70% expected to reach financial close and in turn mobilize at least US\$25 million in downstream investment, the programme will:

- Increase investment in climate-resilient infrastructure, agriculture, water systems, and value chains
- Strengthen productivity and reduce climate-related business disruptions

- Support MSME growth and job creation
- Improve access to local-currency adaptation finance
- Extend economic benefits beyond the initial portfolio through the fund recycling mechanism without additional AF grant injections.

These benefits contribute to more resilient and sustainable economic activity across Nigeria.

Social Benefits and Inclusion of Vulnerable Groups: The programme places strong emphasis on inclusion, particularly for vulnerable communities and underserved groups. Key measures include:

- Prioritizing MSMEs operating in climate-vulnerable regions (e.g. flood-prone, drought-affected, and coastal areas) across both programme zones.
- Ensuring that adaptation investments support livelihoods and value chains that directly affect vulnerable populations such as smallholder farmers and pastoralists in the North and fishing/coastal communities in the South. It is also expected to reach women-led enterprises and climate-exposed MSMEs across both zones.
- Expanding access to adaptation finance for enterprises that are typically excluded from early-stage project development support including women-led enterprises facing structural barriers to mainstream finance.
- Delivering adaptation benefits to low-lying urban settlement residents, riverine communities and dryland agricultural communities who bear the greatest burden of climate risk.

Women-led enterprises face particular structural barriers to accessing adaptation finance. As documented in the ICR Facility/GIZ report (October 2024), 87.5% of women-owned enterprises in Nigeria require financing at the lower end of the market (precisely the grant range that this facility targets). The facility addresses these barriers at every stage. Application and eligibility processes are designed to be gender-responsive with dedicated pre-application advisory sessions under Component 3 specifically targeting the lender risk perceptions and documentation barriers that disproportionately prevent women-led enterprises from reaching financial close. By enabling adaptation investments in these contexts, the programme contributes to improved livelihood resilience, reduced vulnerability to climate shocks and strengthened local economic systems.

Primary Beneficiary Groups

The primary beneficiary groups, defined by their climate exposure and the structural barriers they face in accessing adaptation finance, are the following.

In the **Northern Zone**: smallholder farmers and agro-processors whose rain-fed livelihoods are acutely exposed to drought and desertification; pastoralist communities facing water scarcity and land degradation; and rural women who are disproportionately allocated less productive land further from reliable water sources, meaning they experience the effects of water stress earlier and more severely than men.¹

In the **Southern Zone**: fishing communities and coastal traders whose livelihoods are directly exposed to recurrent flooding, coastal erosion and riverine inundation; women traders in riverine areas who face acute livelihood disruption from flood events affecting market access and supply chain continuity;² and low-lying urban settlement residents facing displacement and infrastructure loss.

Across **both zones**: MSME operators in agriculture, food processing, water management and logistics who face growing physical and financial risks from climate shocks but lack the technical and financial capacity to integrate climate risk into their investment decisions without targeted preparation support. The facility's eligibility criteria, outreach strategies and safeguards instruments are designed to reach these groups specifically, in a manner consistent with the Adaptation Fund's Environmental and Social Policy and Gender Policy.

The two-stage enterprise selection process established in Component 2 (mandatory eligibility screening and social impact pathway evaluation) ensures that preparation grants are directed only to enterprises whose business models create a direct and traceable link between the adaptation investment and climate risk reduction experienced by these named beneficiary groups.

Gender Equality and Women's Empowerment: The programme is designed to be gender-responsive and aligned with the Adaptation Fund Gender Policy. A minimum of 30% of supported enterprises will be women-led or women-owned. This target is grounded in demonstrated demand that 87.5% of women-owned enterprises in Nigeria require financing at the lower end of the market. Targeted outreach, pre-application advisory sessions and gender-responsive eligibility processes will be provided to address barriers faced by women in accessing finance and technical support. Gender considerations will be integrated into project selection, design, and monitoring. Gender-disaggregated data will be collected and reported at every milestone. All of these activities will ensure that women are not only beneficiaries but active participants in

climate adaptation investments, contributing to inclusive and equitable outcomes. Beyond participation targets, the programme is expected to enhance women's economic resilience by improving access to finance, strengthening business continuity under climate stress, and enabling women-led enterprises to scale climate-resilient operations. This contributes to long-term empowerment and reduced vulnerability to climate-related shocks.

How Climate Change Affects Women and Men Differently: Women in Nigeria face disproportionate and compounding climate vulnerability relative to men. Limited access to productive resources, restricted decision-making power and social norms that constrain mobility and economic opportunity mean that women bear a greater share of the burden of climate shocks⁸. In agriculture, land is predominantly allocated by male community members, giving women access to less productive plots that are more exposed to drought and further from reliable water sources. Women therefore experience the effects of water stress earlier and more acutely than male counterparts, and the agricultural gender gap in Nigeria is already estimated at 30%, a figure projected to widen as climate events intensify⁹. In the Southern Zone, research in riverine communities documents how climate-induced flooding creates acute economic and social disparities for women traders, with livelihood disruption, stock loss and limited access to market information compounding existing gender inequality¹⁰. In the Northern Zone, the intersection of heat stress, erratic rainfall and conflict-related displacement places additional pressure on women in agricultural and pastoral communities, reducing access to early warning systems and climate-resilient farming support¹¹.

Access to Finance: Women-Led Compared to Men-Led Enterprises

The finance access gap between women-led and men-led enterprises in Nigeria is significant and well evidenced. As of 2023, only 47% of adult women in Nigeria accessed formal financial services, compared to 58% of men, a gap driven by cultural norms, lower literacy levels and limited access to financial information¹². For women-led MSMEs specifically the barriers are structural. 87.5% of women-owned enterprises require financing at the lower end of the market, yet commercial bank loans are on average 40 times larger than the loans available from microfinance institutions, leaving the majority of women-led MSMEs either unserved or dependent on informal savings mechanisms¹³. Collateral requirements, balance-sheet documentation standards and the absence of gender-responsive lending products further exclude women-led enterprises from the mainstream financing channels available to men-led counterparts.

How the Facility Responds

The BOI facility addresses these structural barriers at each stage of the preparation and investment readiness process. Application processes under Component 2 are designed as gender-responsive processes with pre-application advisory. US\$ 100,000 is ring-fenced within Component 2 for gender-responsive outreach and pipeline development across both programme zones. These will be delivered through women's enterprise networks, cooperative bodies and gender-focused associations. Transaction and lender advisory specialists deployed under Component 3 provide tailored advisory to women-led enterprises pursuing financial close, specifically addressing the lender risk perceptions and documentation barriers that disproportionately prevent women-led enterprises from converting investment readiness into signed financing agreements.

Environmental Benefits: Environmental benefits are achieved through the preparation activities funded under Component 2 and delivered by the pre-qualified specialist pool, ensuring that all supported projects are climate-risk-informed and environmentally sustainable by design before any downstream financing is sought. Through financed project preparation activities, the programme ensures:

- Integration of climate risk and vulnerability assessments
- Adoption of climate-resilient and resource-efficient designs
- Application of environmental safeguards and impact mitigation measures

⁸ OFURUMA: Journal of the Humanities. Climate Change and Vulnerabilities of Women in Nigeria. Volume 4 (1 and 2), 2024. journals.fuotuo.ke.edu.ng

⁹ Social Development Direct / Propcom Plus. Nigerian Women Farmers at the Frontline of Climate Change. Climate Vulnerability Assessment findings. sddirect.org.uk

¹⁰ Frontiers in Sustainability. Adapting to Climate Change-Induced Flooding: Insights from Women Traders in the Riverine Areas of Nigeria. Volume 5, April 2024. doi.org/10.3389/frsus.2024.1385513

¹¹ Centre for Democracy and Development West Africa. The Nexus of Climate and Gender in Nigeria's North-West. August 2024. cddwestafrica.org

¹² Enhancing Financial Innovation and Access (EFInA). Access to Financial Services in Nigeria Survey 2023. March 2024. efina.org.ng

¹³ ICR Facility / GIZ. Enhancing Access to Finance for Women-Owned Enterprises in Nigeria. October 2024. icr-facility.eu

- Identification and integration of nature-based and ecosystem-based solutions where appropriate. This may include wetland restoration in the South and soil conservation measures in the North. These measures result in investments that reduce exposure to climate hazards, improve resource efficiency, avoid maladaptation and enhance long-term environmental sustainability.

Avoidance and Mitigation of Negative Impacts (ESP Compliance): The programme adopts a preventive and risk-based approach to E&S risk management in line with the AF ESP. Key measures include:

- Mandatory environmental and social screening of all supported projects at entry
- Risk categorization to determine required safeguards instruments
- Financing of ESIA, ESMP, and other safeguards documentation as part of project preparation
- Integration of stakeholder engagement and grievance redress mechanisms
- Exclusion of activities that pose high or unmitigable environmental or social risks
- Potential risks (refer to Section N for additional risks definition) relate primarily to the following:

Potential Risks	Mitigation Approaches
Access and equity. Risk that preparation grants reach better-connected enterprises	<ul style="list-style-type: none"> • Two-stage selection process with mandatory vulnerable community linkage criterion • Active four-channel outreach strategy targeting underserved enterprises
Inclusion of vulnerable groups. Risk that these groups (already mentioned above) do not benefit from enterprise-led investments)	Social impact pathway evaluation at second stage selection confirming direct and traceable link between enterprise investment and named beneficiary climate risk reduction
Gender disparities	<ul style="list-style-type: none"> • Application and eligibility processes that are gender responsive • US\$100,000 ring-fenced for gender-responsive outreach • Tailored transaction advisory for women-led enterprises under Component 3 • Gender disaggregated tracking at every milestone

By combining inclusive targeting, climate-resilient design, and robust safeguards, the programme ensures that adaptation investments deliver tangible economic, social, and environmental benefits, while avoiding or mitigating adverse impacts. This approach is fully aligned with the Adaptation Fund Environmental and Social Policy and Gender Policy, and supports sustainable and equitable climate resilience outcomes across Nigeria.

E. Describe or provide an analysis of the cost-effectiveness of the proposed project / programme and explain how the regional approach would support cost-effectiveness.

The proposed programme is highly cost-effective because it targets a critical bottleneck in adaptation finance (project preparation) where relatively small, well-structured investments can unlock significantly larger volumes of downstream public and private adaptation financing while generating high resilience outcomes.

Leverage and Efficient Use of Resources: With a total investment of USD 4.915 million, the programme is expected to support a minimum of 15 adaptation projects to reach investment readiness and financial close AND mobilize at least \$25 million in downstream climate and commercial finance. This represents a minimum leverage ratio of 1:5, demonstrating efficient use of Adaptation Fund resources in catalysing larger investment flows. By focusing on project preparation rather than capital intensive infrastructure financing, the programme maximizes impact per dollar spent while ensuring that downstream investments are climate-resilient and compliant with safeguards.

Targeted Intervention at a High-Impact Stage: The programme finances only adaptation-specific and transaction-enabling activities that are not covered by commercial markets, including climate risk and vulnerability assessments, safeguards integration, climate-resilient design and transaction structuring. This targeted approach avoids unnecessary expenditure and ensures that resources are deployed precisely where they are most catalytic, resulting in higher efficiency and reduced duplication.

Recycling and Long-Term Value Creation: The partially repayable grant mechanism enhances cost-effectiveness by enabling conditional recovery of funds from successfully financed projects and recycling of recovered funds into new project preparation cycles. This extends the life and impact of Adaptation Fund resources beyond the initial grant period and creates a self-sustaining pipeline of adaptation investments, increasing cumulative returns on investment over time.

Nationwide Standardization and Scale Efficiency: Although implemented as a single-country programme, the project adopts a nationwide approach that delivers efficiency gains similar to those typically associated with regional programmes. The programme will be deployed across Nigeria, covering diverse geographic zones

and climate risk contexts (e.g. flood-prone, drought-affected, and coastal areas), and across multiple sectors such as agriculture, water, infrastructure, and energy. Cost-effectiveness is enhanced through:

- Standardized facility design and tools applied nationwide, including governance frameworks, appraisal methodologies, and environmental and social safeguards processes.
- Aggregation of projects across regions and sectors, allowing fixed design, operational, and oversight costs to be spread over a larger portfolio.
- Consistent application of climate risk integration and investment criteria, reducing duplication and improving efficiency in project preparation.
- Development of unified operational guidelines and learning products, enabling replication across different parts of the country and future programmes.

This nationwide, standardized approach reduces transaction costs, enhances comparability of projects, and ensures efficient deployment of resources at scale, while still addressing location-specific climate vulnerabilities. By combining high financial leverage, targeted upstream intervention, fund recycling and standardized, scalable design, the programme ensures strong value for money and efficient utilization of Adaptation Fund resources, while generating sustained adaptation benefits beyond the project lifecycle.

F. Describe how the project / programme is consistent with national or sub-national sustainable development strategies, including, where appropriate, national or sub-national development plans, poverty reduction strategies, national communications, or national adaptation programs of action, or other relevant instruments, where they exist. If applicable, please refer to relevant regional plans and strategies where they exist.

The programme is fully aligned with Nigeria's national climate and development policy framework, including the National Adaptation Plan (NAP) Framework, the revised Nationally Determined Contribution (NDC 3.0), as well as the institutional mandate established under the Climate Change Act (2021), implemented through the National Council on Climate Change (NCCC). A detailed alignment table with specific plan references, action codes, and alignment statements for each instrument is provided in Annex 5.

Alignment with National Adaptation and Climate Strategies: The programme is aligned with Nigeria's NDC 3.0 (submitted September 2025), under the Actions for Climate Empowerment framework and the adaptation financing mandate. It contributes to the NDC outcome of increased private finance mobilized for enterprise-led climate adaptation. NDC 3.0 identifies a total adaptation financing need of US\$ 141.5 billion for 2026 to 2035 and explicitly commits to improving financial access for women, youth, and MSMEs. The programme delivers on these commitments by financing the preparation costs that translate policy targets into bankable, investment-ready projects. The programme is aligned with the NAP Framework, under its mandate to integrate climate risk into private sector investment planning and mobilize adaptation finance across priority sectors. By this, it contributes to the NAP outcome of increased investment-ready climate adaptation projects across the five priority sectors that this facility targets (agriculture, water, flood-resilient infrastructure, heat-resilient industrial systems, and MSME supply chain resilience). The programme is also aligned with the Climate Change Act 2021, under its mandate to mainstream climate risk into investment decisions, contributing to a functioning national climate finance architecture. The programme directly supports these priorities by enabling climate-risk-informed and safeguards-compliant investments, mobilizing private and commercial capital into adaptation investments and piloting an innovating financing mechanism that improves access to adaptation finance.

Alignment with National Development and Economic Priorities: The programme is consistent with Nigeria's National Development Plan 2021 to 2025 which prioritizes private sector-led MSME growth and identify the banking sector's role in supporting MSME finance access as a national priority. Nigeria's 2025 Voluntary National Review finds that less than 5% of Nigeria's 37 million MSMEs have adequate access to financial credit, and that government revenue at 9.6% of GDP makes blended public-private finance essential for development goal delivery. The facility's partially repayable grant mechanism is precisely the blended instrument these frameworks call for, contributing directly to SDG 8 on decent work and economic growth through MSME finance access and to SDG 5 on gender equality through the 30% women-led enterprise target.

Institutional Alignment and Implementation: As a National Implementing Entity, the Bank of Industry (BOI) is well positioned to operationalize national climate and development priorities. The programme aligns with national policy directions by advancing innovative climate finance mechanisms and supporting private sector participation in adaptation. It also aligns through the integration of gender-responsive and inclusive approaches as well as the generation of evidence to inform future adaptation finance programming. BOI's institutional approval architecture comprising the Credit Evaluation and Remedial Group, ESG Assessment and Monitoring Group, Legal, Compliance and Risk Management Divisions, as well as the Executive Management Committee

ensures that all programme approvals are processed through BOI's standard governance frameworks, embedding the facility within BOI's existing institutional mandate rather than creating a parallel system.

Sub-National Relevance and Nationwide Implementation: The programme's dual-zone structure ensures that sub-national adaptation priorities are addressed directly. The Northern Zone states face drought, desertification, and heat stress, while the Southern Zone states face flooding, coastal erosion, and riverine inundation, each with differentiated eligibility criteria, climate scenario data, and outreach strategies. This complements state-level adaptation and development initiatives while building a nationally consistent pipeline of climate-resilient investments.

Overall, the programme is fully consistent with Nigeria's national and sub-national climate and development strategies. It translates policy commitments into practical, finance-enabled adaptation investments, while strengthening institutional capacity and supporting scalable implementation of Nigeria's adaptation agenda.

G. Describe how the project / programme meets relevant national technical standards, where applicable, such as standards for environmental assessment, building codes, etc., and complies with the Environmental and Social Policy of the Adaptation Fund.

The programme is designed to fully comply with relevant national technical standards in Nigeria as well as the Environmental and Social Policy (ESP) of the Adaptation Fund, by embedding these requirements into project preparation processes.

Compliance with National Technical Standards: All supported projects will adhere to applicable Nigerian regulatory and technical requirements, including:

- Environmental Impact Assessment (EIA) Act and associated regulations (where relevant)
- Sector-specific technical standards (e.g. agriculture, water, infrastructure, energy)
- Applicable building codes, engineering standards, and permit requirements
- Requirements of relevant federal, state, and local regulatory authorities

Compliance will be established by requiring that all project preparation activities incorporate regulatory approvals, technical studies, and design standards necessary for investment readiness and implementation. A full table of applicable national standards and regulatory frameworks for each of the five priority sectors including scope and relevance, linkage to specific project outputs and activities, compliance status, and steps to comply is detailed in Annex 6.

Category B Classification and Categorical Exclusions: The programme, as a whole, is expected to fall under Category B in accordance with the Adaptation Fund ESP, reflecting that the facility finances preparation activities rather than direct infrastructure implementation. This means that aggregate programme-level environmental and social impacts are expected to be limited, reversible, and manageable through established mitigation measures. No activities that would trigger Category A classification will be financed. The facility will also exclude any project concepts that present unmitigable or irreversible environmental or social risks. All supported projects will undergo screening, categorization, and preparation of safeguards instruments to ensure full alignment with AF ESP and national regulatory requirements.

Unidentified Sub-Projects (USP): Management Framework: This facility operates within a defined dual-zone geographic scope with documented climate risks, defined eligible sectors, and mandatory eligibility criteria applied through the two-stage selection process. While the specific enterprises and investments to be supported have not yet been identified, constituting USPs under AF guidance, the geographic and sectoral parameters are substantially bound and reduce the range of potential environmental and social risks. The Northern Zone covers drought, heat stress and desertification contexts across defined states. The Southern Zone covers flooding, coastal erosion and riverine inundation contexts across defined states. The five priority sectors are established. Categorical exclusions remove the highest-risk investment types at application stage. The following framework governs how sub-project-level uncertainty is managed within this bounded scope.

E&S screening tool: three-stage process

- **Stage 1 - Categorical exclusion:** All sub-project concepts are assessed against a categorical exclusion list before any other screening is undertaken. The facility will not finance any concept involving
 - Physical displacement or involuntary resettlement
 - Activities in internationally designated protected areas or critical natural habitats
 - Operations involving hazardous materials beyond standard occupational thresholds
 - Activities with irreversible environmental impacts
 - Activities that would increase greenhouse gas emissions at scale.

Any concept triggering a categorical exclusion is rejected at application stage. Given the facility targets enterprise-led adaptation investments in defined sectors, the categorical exclusion list is expected to eliminate

very few applications, as the programme's focus sectors are inherently aligned with positive environmental and social outcomes.

- **Stage 2- Risk categorization.** Risk categorization is conducted by the Technical Committee as part of its independent appraisal, with the category determination included in the written appraisal report referred to BOI. Sub-projects passing Stage 1 are classified as one of the following:
 - Category A: Significant, potentially irreversible impacts excluded from the facility.
 - Category B: Limited, reversible, manageable impacts requiring ESIA or ESMP, funded as a non-repayable preparation cost.
 - Category C: Minimal or no adverse impacts requiring basic environmental and social review only.

Given the nature of the five priority sectors and the dual-zone scope, the large majority of sub-projects are expected to be Category B. No Category A sub-projects will be approved.

- **Stage 3 - Safeguards instrument selection.** The Technical Committee specifies the required safeguards instrument based on the risk category and sub-project context. The instrument type and scope are included in the preparation grant terms and conditions and must be completed before financial close documentation is verified. Required safeguards instruments are financed as part of each preparation grant, including ESIA, ESMPs, and other relevant risk management and compliance documents. These are classified as non-repayable public-good costs under the cost classification protocol established in Component 1. Environmental and social safeguards instruments are produced by environmental, social, and safeguards specialists drawn from the pre-qualified pool procured under Component 1, trained on AF ESP requirements and applicable Nigerian regulatory frameworks before first deployment.

Gender Screening Tool: Four-Dimension Assessment: All sub-projects are assessed against a gender screening framework covering four dimensions:

- (i) Differential exposure of women and men to the specific climate risk the investment addresses, calibrated to the Northern or Southern Zone context as appropriate.
- (ii) Differential access of women and men to the economic benefits of the proposed investment.
- (iii) Risks that the investment design may be disadvantageous to women or reinforce existing gender inequalities within the enterprise or the communities it serves.
- (iv) Adequacy of the enterprise engagement with women in affected communities.

Sub-projects that do not meet minimum gender standards must revise their design before grant approval. This framework complements the dual-zone eligibility criteria, which already require enterprises to demonstrate service to named vulnerable groups including women in each zone.

USP management process: All USPs are screened using the E&S and gender screening tools before any preparation grant is approved with zone-appropriate criteria applied to Northern or Southern Zone sub-projects as relevant. IVA spot-check verification of screening outputs is conducted across both zones at specified times throughout the 48-month implementation period. The facility operational manual documents the full screening and categorization process and is updated at Months 24 and 48. A comprehensive Environmental and Social Management System covering the full USP portfolio will be provided at the Fully Developed Proposal stage in compliance with the AF ESP and USP guidance.

Integration of Environmental and Social Safeguards: Environmental and social considerations will be systematically integrated into project preparation through mandatory environmental and social screening of all proposed projects and risk categorization to determine the level of safeguards required. Full documentation of the E&S screening system, screening tools, and grievance redress mechanism is provided in the facility operational manual, which constitutes an effectiveness condition for the grant agreement and will be approved by the AF Secretariat before implementation commences.

Compliance with the Adaptation Fund Environmental and Social Policy (ESP): The programme aligns with the Adaptation Fund ESP by embedding the following principles into project design and preparation: Avoidance and mitigation of adverse environmental and social impacts; Stakeholder consultation and participation; Gender-responsive and inclusive approaches; Protection of vulnerable groups and communities; Transparency, accountability, and grievance redress

BOI's existing systems will be strengthened where necessary to ensure full alignment with AF requirements, including the use of a grievance redress mechanism established in Component 1 and accessible to enterprise applicants, affected communities and other stakeholders throughout implementation. By integrating national technical standards and AF ESP requirements at the project preparation stage, the programme ensures that all supported projects are technically sound, compliant with national regulations, environmentally and socially responsible, and fully prepared to meet regulatory, technical and financing requirements prior to implementation. This proactive approach reduces risks, avoids delays, and ensures that downstream adaptation investments deliver sustainable and compliant resilience outcomes.

H. Describe if there is duplication of project / programme with other funding sources, if any.

The proposed programme does not duplicate existing or planned funding initiatives in Nigeria. Instead, it addresses a distinct and under-served gap in the climate finance landscape: financing for adaptation-specific project preparation. The table below maps key existing programmes against the proposed facility, demonstrating complementary aspects of the programme.

Programme	Timeline and Location	Main Interventions and Target Population	Implementing Entity	Lessons Learned, Overlap and Synergies with Proposed Programme
BOI-Afrexim Joint Project Preparatory Fund (JPPF)	<ul style="list-style-type: none"> Ongoing Nationwide spread 	<ul style="list-style-type: none"> Project preparation financing across sectors Large enterprises focus Interest-bearing commercial structure 	Bank of Industry and Afrexim Bank	<p>Lessons Learned:</p> <ul style="list-style-type: none"> Preparation demand exceeds current funding capacity within BOI's own operations This confirms that structural unmet demand exists. <p>Overlap/similarities:</p> <ul style="list-style-type: none"> Both target enterprise project preparation. <p>Differentiation:</p> <ul style="list-style-type: none"> JPPF is sector-agnostic, interest-bearing, and does not embed climate risk, Large enterprises is preferred beneficiary target.
InfraCredit Distributed Renewable Energy Enhancement Facility (DREEF)	<ul style="list-style-type: none"> Ongoing Nationwide spread 	<ul style="list-style-type: none"> Preparation and financing support for off-grid and distributed renewable energy projects Energy enterprises and developers 	InfraCredit	<p>Lessons Learned:</p> <ul style="list-style-type: none"> Dedicated preparation facilities increase bankability of investments in underserved asset classes. <p>Overlap/similarities:</p> <ul style="list-style-type: none"> Both support project preparation. <p>Differentiation:</p> <ul style="list-style-type: none"> DREEF focuses on climate mitigation rather than adaptation Reach is limited to renewable energy. No duplication as the proposed facility targets adaptation across five sectors
FGN SME Intervention Fund including Presidential Credit Guarantee Scheme (PCGS)	<ul style="list-style-type: none"> Implementation commenced in 2023 Nationwide reach 	<ul style="list-style-type: none"> Concessional loans to MSMEs Grants to nano-businesses Targeted at MSMEs across productive sectors 	Bank of Industry on behalf of Federal Government of Nigeria	<p>Lessons Learned:</p> <ul style="list-style-type: none"> Concessional downstream finance and credit guarantees do not address the preparation gap MSMEs still cannot access finance without investment-ready bankable projects. <p>Overlap/similarities</p> <ul style="list-style-type: none"> Both target MSMEs <p>Differentiation</p> <ul style="list-style-type: none"> FGN SME Intervention Fund provides downstream financing not upstream preparation support It does not embed climate risk or adaptation criteria. <p>Synergy</p> <ul style="list-style-type: none"> Enterprises graduating from the proposed facility represent a pipeline of investment-ready borrowers for the FGN SME Intervention Fund.
BOI Direct MSME Lending Windows	<ul style="list-style-type: none"> Ongoing Nationwide reach 	<ul style="list-style-type: none"> Downstream concessional financing for 	Bank of Industry	<p>Lessons learned Downstream capital is available for investment-ready enterprises but the preparation gap prevents most climate-exposed MSMEs from reaching investment readiness.</p>

Programme	Timeline and Location	Main Interventions and Target Population	Implementing Entity	Lessons Learned, Overlap and Synergies with Proposed Programme
		MSMEs across priority sectors <ul style="list-style-type: none"> SMEs with investment-ready projects 		Overlap/similarities Both use BOI as implementing institution and target MSMEs. Differentiation BOI lending windows are downstream financing instruments only Synergy Enterprises graduating from the proposed facility represent a direct pipeline of investment-ready borrowers for BOI lending windows, strengthening BOI's overall MSME portfolio quality.
MSME Survival Fund	<ul style="list-style-type: none"> Completed Nationwide reach COVID 19 emergency response 	<ul style="list-style-type: none"> Emergency payroll support, artisan grants, and transport subsidies for MSMEs affected by the COVID-19 pandemic MSMEs across all sectors 	Bank of Industry on behalf of Federal Government of Nigeria	Lessons Learned <ul style="list-style-type: none"> BOI has demonstrated capacity to manage large-scale MSME programmes on behalf of the Federal Government at national scale. Overlap/similarities <ul style="list-style-type: none"> Both are targeted at MSMEs No overlap with the proposed facility's mandate or activities. Differentiation <ul style="list-style-type: none"> Emergency relief instrument with no investment preparation, climate, or adaptation mandate Implementation was time-limited to the pandemic response period and is now closed.

While these programmes play important roles in supporting MSME finance and enterprise development, they do not address the specific technical and financial requirements of climate adaptation investments, particularly the:

- Integration of climate risk and vulnerability assessments
- Incorporation of climate-resilient design
- Development of environmental and social safeguards aligned with adaptation objectives
- Support for adaptation-focused sectors beyond energy

In addition, none of the existing facilities applies a non-commercial, partially repayable and conditional grant structure tailored to adaptation project preparation. This programme is therefore complementary and non-duplicative, as it focuses exclusively on enabling climate-risk-informed, adaptation-focused, and investment-ready projects across multiple sectors and geographies in Nigeria. The partially repayable grant mechanism differentiates the programme by:

- Distinguishing between public-good adaptation costs (non-repayable) and transaction-enabling costs (conditionally repayable)
- Linking repayment strictly to successful financial close
- Carrying no interest, penalties, or commercial obligations
- Enabling recycling of funds to support additional projects beyond the initial portfolio
- Avoiding financial burden for beneficiaries while maintaining accountability

By addressing upstream constraints and enabling projects to reach financial close, the programme crowds in and unlocks downstream climate and commercial finance, including at least US\$25 million, thereby strengthening and complementing the effectiveness of existing funding mechanisms rather than overlapping with them.

I. Describe the learning and knowledge management component to capture and disseminate lessons learned.

Learning and knowledge management are integral to the programme’s design, reflecting its objective to pilot and generate evidence on an innovative, partially repayable grant mechanism for adaptation project preparation. Given that this programme pilots a financing mechanism with no exact precedent in Nigeria, systematic capture and dissemination of operational insights is central to its innovation value. The programme will establish a structured learning framework to systematically capture analyze and disseminate lessons throughout implementation. Learning will focus on key dimensions of the innovation, including:

- Project selection and appraisal processes including the performance of the three-stage grant approval process in ensuring independent appraisal and institutional governance.
- Effectiveness of the pre-qualified specialist pool model in delivering quality preparation outputs across both programme zones.
- Integration of climate risk and resilience measures
- Application of environmental and social safeguards across diverse sectors and geographies
- Transaction structuring and investment readiness
- Performance of the conditional repayment and fund recycling mechanism including repayment rates, timelines, and fund redeployment outcomes.

Learning will be informed by multiple sources, including beneficiary enterprises, specialists from the pre-qualified pool, downstream financiers and the PMU’s operational records.

Methodology for capturing lessons learned: Four tools operate continuously from Month 1:

- A **real-time learning log** is maintained by the PMU throughout implementation, recording observations at each stage of the mechanism’s operation including outreach and pipeline identification, Technical Committee appraisal, preparation grant disbursement, transaction advisory, financial close, and repayment. This is the primary raw data source for all subsequent knowledge products.
- **Quarterly internal learning reviews** bring together PMU staff, specialist pool members, and a rotating sample of enterprise representatives to identify emerging patterns, implementation challenges, and design adjustments. The Technical Committee contributes written observations on appraisal process effectiveness at each quarterly review without compromising its independent appraisal function. Findings are recorded and fed into the next Project Performance Report.
- **Case study documentation** is produced for each project reaching financial close. Each case study captures the climate risk addressed, the preparation activities funded, the lender engagement process, the financial close outcome, the repayment structure activated, and where post-close data is available, early evidence of climate risk reduction against CRVA derived indicators. Where projects reach financial close after Month 36, post-close evidence may be limited or unavailable within the 48-month programme period. This constraint is noted transparently in each case study and in the terminal report. The case studies are the primary evidence base for the replication roadmap.
- **Mechanism performance analysis** is conducted at Months 24 and 48, examining which sub-sectors and zones have the highest financial close rates, what preparation activities most strongly predict financial close, what lender types are most willing to finance adaptation investments and what repayment rate and timeline the mechanism achieves. This analysis produces the documented findings on mechanism effectiveness that the AF SRF requires.

Timeline for knowledge products

Timing	Knowledge Product	Primary Audience
Month 12	Operational brief: early lessons on pipeline development, appraisal, and first-cohort preparation grants	BOI management, AF Secretariat, peer DFIs, NCCC
Month 24	Mid-term learning synthesis: mechanism performance, gender inclusion progress, lender engagement lessons	National stakeholders, AF Secretariat, Nigerian Financial Institutions, NCCC
Month 30	First cohort case studies: projects reaching financial close in Months 18 to 30, with first post-close evidence	Financial institutions, enterprise networks, public sector
Month 36	Operational toolkit: replication guidelines, appraisal templates, screening tools, repayment protocol documentation	Other Nigerian DFIs
Month 48	Terminal report and replication roadmap: evidence on mechanism effectiveness, recycling performance, and scale-up pathway for Nigeria’s development finance architecture	AF Board, national government, Nigerian development finance community

Dissemination: Knowledge products are disseminated through three channels.:

- Direct submission to the AF Secretariat as required under Project Performance Report obligations.
- Targeted knowledge-sharing event convened by BOI at Month 48 bringing together Nigerian DFIs and financial sector actors to present the terminal report and replication roadmap.
- Publication on BOI's institutional platform for access by domestic financial sector stakeholders.

The operational toolkit produced at Month 36 is specifically designed for adoption by other Nigerian DFIs without requiring BOI's direct involvement, enabling independent replication across Nigeria's development finance architecture. The replication roadmap produced at Month 48 identifies priority adoption pathways including the Bank of Agriculture, the Development Bank of Nigeria, and state-level government lending windows. It also outlines the specific institutional preconditions and design adaptations required for each context. By translating implementation experience into actionable knowledge products and a replication roadmap, the programme strengthens institutional learning within BOI and contributes to Nigeria's broader adaptation finance ecosystem, supporting scale-up beyond the pilot phase and informing future national adaptation finance initiatives.

J. Describe the consultative process, including the list of stakeholders consulted, undertaken during project / programme preparation, with particular reference to vulnerable groups, including gender considerations, in compliance with the Environmental and Social Policy of the Adaptation Fund.

The programme design draws on two complementary streams of consultation undertaken during preparation.

Stream 1: Institutional learning from AFD line of credit and TFSC implementation

Through BOI's implementation of the AFD €100 million line of credit and the Transforming Financial Systems for Climate (TFSC) programme, BOI identified three structural gaps that directly shaped this facility's design:

- Project preparation in Nigeria focuses predominantly on financial and commercial viability, leaving a systematic gap in climate risk analysis at the preparation stage
- Downstream ESG due diligence embedded through TFSC is not sufficient to compensate for the absence of upstream climate risk preparation
- Women-led enterprises face compounding barriers at both preparation and financing stages requiring dedicated outreach and advisory support.

Stream 2: BOI Climate Resilience Knowledge Series (26 May 2026)

BOI convened a stakeholder session on May 26, 2026, themed "Building Climate Resilient Enterprises in Nigeria for Sustainable Livelihoods and Inclusive Growth." The session brought together practitioners, enterprise representatives, financial sector actors, agricultural specialists, development finance experts, and community advocates across Nigeria in a structured two-hour multi-stakeholder engagement incorporating live polls and an open Q&A session. Stakeholders consulted included the National Agricultural Land Development Authority (NALDA), InfraCredit, EY Nigeria, GOPA Tec, MSMEs, representatives of Nigeria's organized private sector including women groups such as the Women in Renewable Energy and other women's enterprise advocates. The session explicitly incorporated vulnerable group perspectives through dedicated poll questions on gender, youth, persons with disabilities, and informal workers. Four key findings from the consultation directly reinforced the facility design:

- (i) Project preparation financing gap and not capital availability, is the binding constraint preventing Nigerian enterprises from reaching financial close. This was confirmed by InfraCredit's experience of over NGN 600 billion in projects unable to close due to weak preparation.
- (ii) The programme's dual-zone climate risk profile was validated. Field experience from NALDA confirmed irrigation deficits, desertification, and water scarcity in the north and flooding, coastal erosion, as well as livelihood disruption in the south.
- (iii) Cash flow misalignment between MSME revenue cycles and standard debt repayment requirements is the core barrier for enterprise-level climate investment, reinforcing the financial modelling and transaction structuring scope of preparation grants.
- (iv) Women and all vulnerable groups must be actively prioritized. The incorporation of the dedicated outreach, gender-responsive design, and targeted advisory support establishes this finding as confirmed by evidence of acute climate vulnerability among women farmers in the Northern Zone.

Full details of the consultative process, including stakeholder lists, panel contributions, poll findings, and the mapping of consultation findings to facility design decisions, are provided in Annex 7. Formal partnership arrangements with enterprise associations and community networks across both programme zones will be established during the Component 1 inception phase. A comprehensive stakeholder engagement plan will be provided at the fully developed proposal stage in compliance with AF ESP requirements.

- K.** Describe how the project/programme draws on multiple perspectives on innovation from e.g., communities that are vulnerable to climate change, research organizations, or other partners in the innovation space, in the context in which the project/programme would take place.

The programme draws on multiple and complimentary perspectives on innovation by integrating insights climate-vulnerable enterprises and communities, technical and research-based adaptation expertise, institutional financial sector practice, and market-based investment perspectives within Nigeria. The programme design draws on lessons from BOI's implementation of the AFD €100 million line of credit and the Transforming Financial Systems for Climate (TFSC) programme. Through the implementation, BOI identified three key gaps that directly shaped this facility's design:

- That project preparation in Nigeria is predominantly focused on financial and commercial viability, with environmental and climate considerations addressed only to the extent required by regulation. This leaves systematic gap in climate risk analysis and resilient design at the preparation stage
- While the TFSC programme successfully embedded more thorough ESG due diligence into BOI's downstream lending appraisal process, this downstream ESG assessment cannot compensate for the absence of climate risk preparation upstream. Projects still arrive at the financing stage without the CRVAs, resilient designs, and safeguards instruments that would make them genuinely climate-proofed investments
- Women-led enterprises face compounding barriers at both the preparation and financing stages that require dedicated outreach and advisory support.

These lessons are embedded in the facility's two-stage selection process, the specialist pool model, and the gender-responsive outreach design. Pre-submission engagement with enterprise associations and community networks across both programme zones confirmed demand for adaptation-specific preparation support and informed the dual-zone eligibility criteria and outreach strategy. Formal partnership agreements will be established during the Component 1 inception phase.

Named Partners by Level

National level partners

- **National Council on Climate Change (NCCC):** In their capacity as Adaptation Fund Designated Authority, NCCC will be represented on the programme SteerCo to provide ongoing government oversight and policy alignment between the facility and Nigeria's national climate governance framework. NCCC DA representation institutionalizes the government endorsement of the programme within its governance architecture throughout implementation.
- **Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA) and Women's Chamber of Commerce, Industry, Mines and Agriculture (WACCIMA):** Pipeline identification and enterprise referral channels across both programme zones through their national membership networks. NACCIMA provides broad enterprise access across sectors and geographies. WACCIMA serves as a primary channel for identifying women-led enterprises, complementing the dedicated gender-responsive outreach funded under Component 2.
- **National Agricultural Seeds Council (NASC):** Sector-specific technical standards and agricultural enterprise referrals in the Northern Zone.
- **Federal Ministry of Environment and National Environmental Standards and Regulations Enforcement Agency (NESREA):** EIA compliance verification and regulatory guidance for preparation grants involving physical infrastructure components across both programme zones. NESREA enforces the EIA Act 1992 and sector-specific environmental regulations referenced in Annex 6.

State level partners

- **State Chambers of Commerce and Organized Private Sector:** Enterprise referral channels in target states across both programme zones, providing warm referrals to climate-exposed enterprises within their membership base and facilitating identification of MSMEs not previously engaged with BOI. Chamber relationships at state level ensure outreach reaches enterprises operating at the sub-national level where climate risks are most directly experienced.

Community and enterprise level partners

- **Women's enterprise networks and cooperative bodies:** Outreach channels across both zones for identifying women-led enterprises. Primary mechanism for achieving the 30% women-led enterprise target.

Innovative Perspectives

Innovation in the programme is shaped through the interaction of the following stakeholders:

- **Climate-vulnerable enterprises and communities:** Enterprise-led projects, particularly those operating in climate-exposed regions and women-led enterprises, contribute practical insights based on

lived experience of climate risks, operational challenges, and barriers to accessing finance. These perspectives inform the identification of priority adaptation needs and ensure that supported solutions are grounded in real-world conditions.

- **Technical and research expertise:** Climate specialists, environmental and social experts, technical and engineering due diligence specialists, financial and commercial due diligence specialists, legal and regulatory specialists and transaction advisory experts drawn from the pre-qualified specialist pool contribute methodologies for climate risk assessment, resilient design, and safeguards application, ensuring that projects are scientifically sound and aligned with best practices in adaptation finance.
- **Financial institutions and market actors:** Engagement with downstream financiers and investors ensures that project preparation outputs meet real transaction and investment requirements, including financial structuring, risk allocation, and bankability criteria. This perspective is embedded in Component 3 through proactive lender pre-engagement before projects reach investment readiness.
- **Programme management perspective:** The externally contracted PMU brings specialist programme management expertise, cross-sectoral coordination capacity, and real-time operational learning that continuously informs the refinement of the partially repayable grant mechanism throughout implementation.
- **Institutional perspective (BOI):** The Bank of Industry integrates these inputs within a domestic financial institution context, adapting its systems and processes to operationalize the partially repayable grant mechanism in a manner that is both practical and scalable within Nigeria's financial ecosystem.

Co-Creation and Continuous Feedback

The programme adopts a co-creation approach, where these perspectives are not only consulted but actively integrated into:

- Project selection and appraisal processes
- Design of the financing mechanism
- Specialist pool deployment that is zone- and sector-specific
- Three-stage grant approval process
- Refinement of operational procedures
- Implementation and performance monitoring

Structured feedback loops—through stakeholder engagement, project implementation experience, and learning processes—ensure that insights from all actors continuously inform and improve the programme throughout the implementation period.

Steering Committee: Programme governance and AF reporting oversight are provided by the Steering Committee, chaired by the Executive Director, Corporate Finance, Sustainability and Investments, with members comprising the Chief Sustainability Officer, Chief Compliance Officer, Legal Advisor, Chief Risk Officer, Divisional Head responsible for Climate & Sustainability and a representative of the NCCC in their capacity as Adaptation Fund Designated Authority. The Heads of Structured & Project Finance and Corporate Finance and Advisory Division and the PMU National Coordinator attend in a non-voting capacity. The SteerCo meets quarterly, reviews programme performance, approves Project Performance Reports before AF submission, oversees fund recycling, and receives mid-term review and terminal evaluation findings. It does not participate in individual grant approval decisions, which sit exclusively with the three-stage appraisal and approval process.

Contribution to Innovation Ecosystem: By bringing together community, technical, financial, programme management and institutional perspectives, the programme strengthens collaboration across Nigeria's adaptation and finance ecosystem while promoting solutions that are technically robust, socially relevant, and financially viable. Through the deliberate integration of diverse perspectives and continuous feedback, the programme ensures that its innovation is grounded in real needs, informed by technical expertise, aligned with market realities, and capable of scaling within Nigeria's context. The replication roadmap produced at Month 48 translates these diverse perspectives and accumulated learning into a concrete adoption pathway for other Nigerian DFIs, ensuring that the innovation ecosystem benefit outlasts the grant period.

L. Provide justification for funding requested, focusing on the full cost of adaptation reasoning.

Baseline Scenario (without Adaptation Fund Support): In the absence of Adaptation Fund support, enterprise-led adaptation projects would either not proceed or would be implemented without adequate climate risk integration, resilient design, environmental and social safeguards, and transaction readiness. This is because adaptation-specific project preparation costs are not financed by commercial markets, which have no incentive to fund public-good elements required for investment preparation such as CRVAs, safeguards instruments, and resilience planning. Over the 48-month programme period, the AF grant provides the only available source of financing for these costs, which commercial markets systematically exclude.

Without AF support, projects would be characterized by:

- Limited or no integration of climate risk and vulnerability assessments
- Absence of climate-resilient design considerations
- Inadequate or delayed development of environmental and social safeguards
- Insufficient technical and financial structuring to meet investment requirements

As a result, many viable adaptation projects would either not progress to financing, due to lack of investment readiness; or be implemented in ways that fail to address climate risks adequately, increasing long-term vulnerability and the risk of maladaptation.

Incremental Cost of Adaptation and Justification for AF Financing: The requested funding covers adaptation-specific incremental costs that go beyond standard project development and are not financed by commercial markets. In Nigeria, standard project preparation focuses predominantly on financial and commercial viability, with environmental and climate considerations addressed only to the extent required by regulation. The following costs are systematically excluded from commercial project preparation:

- Climate risk and vulnerability assessments establishing zone-appropriate baselines and forward scenarios
- Climate-resilient feasibility studies and technical designs integrating climate risk as a core design variable
- Environmental and social safeguards instruments
- Technical, legal and financial due diligence packages meeting lender standards
- Transaction structuring to ensure climate-resilient investments are financeable.
- Gender-responsive social assessments identifying differential climate impacts

These costs are essential to climate-proof investments and generate durable resilience outcomes, yet they produce no immediate financial returns and are therefore systematically excluded from commercial lending. They represent genuine public-good elements of adaptation that address a market failure where commercially viable projects cannot absorb early-stage adaptation costs.

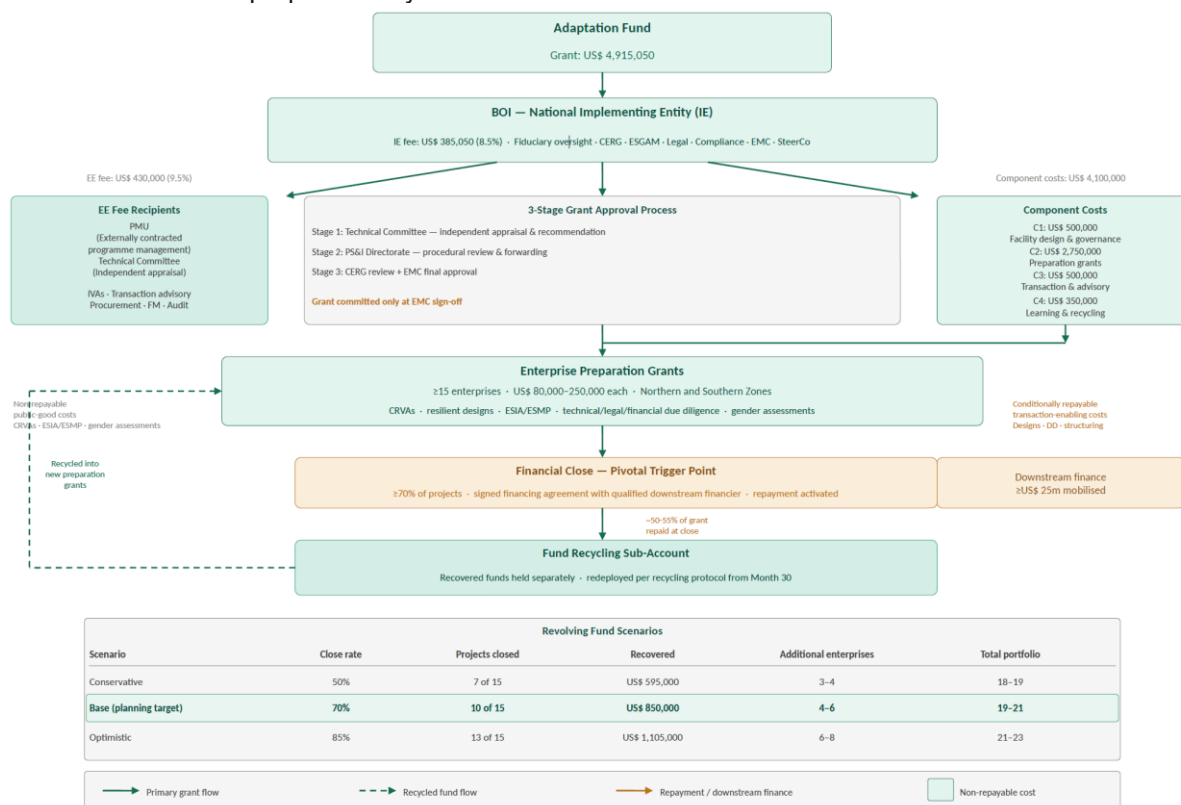
Adaptation Fund resources are required to finance these incremental costs because existing Nigerian mechanism provides equivalent support on non-commercial terms. Through the partially repayable, conditional grant mechanism, the programme ensures that public funds are used efficiently and catalytically. A portion of costs is recovered where projects achieve financial success and recovered funds are recycled to support additional adaptation projects. The requested funding therefore represents the minimum necessary investment to deliver outcomes that would not occur under business-as-usual conditions.

The AF Grant and the Adaptation Objectives it Delivers: The US\$ 4,915,050 AF grant finances the complete and minimum necessary set of activities required to advance at least 15 enterprise-led adaptation projects to investment readiness and financial close across Northern and Southern Nigeria. Without the AF grant, none of these activities would be financed, commercial markets do not fund adaptation-specific project preparation on non-commercial terms and no existing Nigerian mechanism provides equivalent support. Each budget line is directly linked to the adaptation objective it delivers, as set out in the table below.

Budget Line	Amount	Adaptation Objective Served
Component 1 - Facility Design and Governance	US\$ 500,000	Establishes governance architecture, three-stage approval process, dual-zone appraisal criteria, E&S and gender screening tools, lender alignment protocol, specialist pool framework contract, and repayment and recycling mechanism. Without this component no preparation grants can be disbursed in an AF-compliant manner and no specialist can be deployed
Component 2 -Project Preparation Grants	US\$ 2,750,000	Finances CRVAs, climate-resilient feasibility studies, technical and engineering designs, ESIA/ESMP, gender-responsive social assessments, technical, legal, and financial and commercial due diligence as delivered by the pre-qualified specialist pool. These are the direct prerequisites for any downstream financier to commit capital. US\$ 100,000 is ring-fenced for gender-responsive outreach and pipeline development
Component 3 - Transaction and Advisory Support	US\$ 500,000	Bridges investment readiness to financial close through lender-ready investment packages, climate resilience investment briefs, transaction structuring, and targeted lender engagement. Without this component prepared projects stall at investment readiness and the 70% financial close target cannot be achieved.
Component 4 - Learning and Recycling	US\$ 350,000	Tracks repayments, recycles recovered funds into new preparation cycles, generates five scheduled knowledge products, and produces the replication roadmap for Nigeria's development finance architecture.

EE fee - PMU, Technical Committee, IVAs and procurement, financial management, reporting and audit service providers	US\$ 430,000 (9.5%)	Funds all externally contracted execution functions including the PMU (externally contracted programme management specialists), Technical Committee (independently contracted climate experts), IVAs (independent verification agents), transaction advisory specialists, and providers of procurement, financial management, reporting and audit services.
IE fee - BOI	US\$ 385,050 (8.5%)	Funds fiduciary oversight, AF compliance, institutional governance through SteerCo, CERG, ESGAM, Legal, Compliance and Risk Management Divisions and EMC, and legal accountability to the Adaptation Fund as National Implementing Entity
Total	US\$ 4,915,050	

The following diagram illustrates the grant flow from the Adaptation Fund through BOI as Implementing Entity to the executing structures and enterprise-level activities, and shows the repayment loop that recycles recovered funds into new preparation cycles.



BOI technical support and project deliverability: The programme does not rely on any in-kind contribution to deliver its objectives. All functions required for project delivery are fully funded from the AF grant. The IE fee of 8.5% (US\$ 385,050) covers the BOI Structured & Project Finance role as Implementing Entity, including fiduciary oversight, institutional governance (through SteerCo, CERG, ESGAM, Legal, Compliance and Risk Management Divisions and EMC) and legal accountability to the Adaptation Fund. The EE fee of 9.5% (US\$ 430,000) covers all execution functions including the externally contracted PMU, Technical Committee, IVAs, transaction advisory specialists, and providers of procurement, financial management, reporting and audit services. The programme can therefore deliver its core adaptation objectives including governance establishment, preparation grants, transaction support, and knowledge management, entirely from the AF grant without reliance on any contribution outside of these two fee structures.

M. Describe how the sustainability of the project / programme outcomes has been taken into account when designing the project / programme.

Sustainability has been embedded in the programme design through a combination of financial, institutional, operational and market-based mechanisms that ensure that the outcomes continue beyond the programme lifecycle.

Financial Sustainability and Revolving Fund Scenarios: Each preparation grant covers two categories of cost.

1. Climate risk and vulnerability assessments (CRVAs), Environmental and social safeguards instruments and gender-responsive social assessments are non-repayable because these are public-good activities that generate no commercial return.
2. Climate-resilient feasibility studies, technical and engineering designs, technical due diligence, financial and legal due diligence, financial modelling, and transaction structuring documentation are conditionally repayable because these activities directly enable financial close, and the enterprise derives a commercial benefit from the downstream investment they unlock. Repayment is non-interest-bearing, non-recourse, and triggered only at financial close.

The repayable portion represents approximately 50 to 55% of the total preparation grant. The repayable amount therefore ranges from approximately US\$ 40,000 at the minimum grant of US\$ 80,000 to approximately US\$ 135,000 at the maximum grant of US\$ 250,000, with an indicative average repayable amount of approximately US\$ 85,000 based on the indicative average grant of US\$ 150,000 to US\$ 175,000 per enterprise. The 50 to 55% ratio applies consistently across the portfolio regardless of grant size. Three scenarios below illustrate the revolving fund's long-term viability. The base scenario aligned with the project's 70% financial close target is the planning assumption for the terminal report and the sustainability note to the BOI Board.

Scenario	Financial close rate	Repayments recovered	Additional enterprises supported	Total portfolio
Conservative	7 of 15 (50%)	US\$ 595,000	3 to 4	18 to 19
Base (planning assumption)	10 of 15 (70%)	US\$ 850,000	4 to 6	19 to 21
Optimistic	13 of 15 (85%)	US\$ 1,105,000	6 to 8	21 to 23

In all three scenarios, recovered funds are held in the dedicated recycling sub-account established under Component 4 and redeployed into new preparation grants through the same eligibility and appraisal process established in Component 1, ensuring that recycled funds maintain the same adaptation standards as the original cohort. Repayments are expected to begin arriving in the recycling sub-account from Month 24 onwards based on first financial closes expected around Months 18 to 24 and a 3-6 month gap between financial close and enterprise repayment as downstream financier disbursement is received. New preparation grants funded from recycled amounts are expected to be approved and disbursed from Month 30 onwards, following the same three-stage approval process established in Component 1.

In the base scenario, the additional 4 to 6 enterprises supported through recycled funds could unlock a further US\$ 10 to US\$ 15 million in downstream finance, extending the project's leverage well beyond the initial portfolio.

Operational Sustainability: The programme establishes standardized operating procedures, including project appraisal and eligibility criteria, climate risk and safeguards integration tools as well as transaction structuring approaches. These systems can be reused and scaled across sectors and geographies nationwide, reducing reliance on external support and enabling continued implementation.

Market Sustainability and Reduced Grant Dependence: By supporting projects to reach investment readiness and financial close, the programme enables access to downstream public and private finance, including at least \$25 million in mobilized investment. This reduces long-term dependence on grant funding, integrates adaptation investments into mainstream financial markets and demonstrates the commercial viability of climate-resilient investments. Each financial close creates a data point that progressively reduces lender risk perceptions for future transactions, building a self-sustaining market for adaptation finance over time.

Knowledge Product Institutionalization and Replication

Institutionalization within BOI

Knowledge generated through implementation is institutionalized within BOI through four mechanisms.

1. The facility operational manual codifying eligibility criteria, appraisal processes, screening tools, and the repayment protocol is updated at Months 24 and 48, creating a living document embedded in BOI's standard operating procedures that survives the grant period.
2. The climate risk and safeguards screening tools developed under Component 1 are migrated into BOI's standard loan appraisal system at programme close, making them available for all future BOI lending operations.

3. Internal training programme will incorporate the partially repayable grant mechanism as a case study, building institutional capacity within BOI.
4. The sustainability note to the BOI Board by Month 48 creates a formal decision pathway for whether to continue, expand, or embed the facility into BOI's permanent product suite.

Dissemination to Other Nigerian Financial Institutions: The operational toolkit produced at Month 36 is specifically designed for replication by other Nigerian DFIs without requiring BOI's involvement. It includes: a step-by-step guide for establishing a partially repayable preparation grant facility covering:

- The eligibility, appraisal, and cost classification templates
- The lender alignment protocol
- The repayment and recycling mechanism documentation.
- Zone-specific climate scenario data requirements

The replication roadmap produced at Month 48 identifies priority adoption pathways across Nigeria's development finance architecture and outlines the specific institutional preconditions and design adaptations required for each context. Both products will be shared with the AF Secretariat and peer Nigerian financial institutions through a targeted knowledge-sharing event in Month 48.

Sustainability of Adaptation Outcomes: The programme ensures that supported projects are climate-risk-informed and resilient by design, compliant with environmental and social safeguards while being aligned with long-term resilience objectives. As a result, financed projects deliver durable adaptation benefits, including reduced flood risk in the Southern Zone, improved water efficiency and agricultural productivity in the Northern Zone, and strengthened MSME supply chain resilience across both zones. This reduces vulnerability to climate risks across sectors and geographies in Nigeria. The fund recycling mechanism extends these adaptation outcomes beyond the initial project portfolio. Recovered repayments redeployed into new preparation cycles support additional enterprises without additional AF grant injections, creating a self-reinforcing pipeline of climate-resilient investments that compounds adaptation benefits over time. Through financial recycling, institutional embedding, standardised systems, and integration with Nigeria's financial markets, the programme establishes a sustainable and scalable model for adaptation finance that continues to generate and finance climate-resilient investments across Nigeria beyond the initial funding period.

N. Provide an overview of the environmental and social impacts and risks identified as being relevant to the project / programme.

Overview of Environmental and Social Impacts and Risks

The programme has been screened against all 15 principles of the Adaptation Fund Environmental and Social Policy. Three principles require further assessment. The descriptive treatment of all 15 principles is provided below. A full detailed checklist with process flows, decision criteria, and management procedures is provided in Annex 7.

Principle 1 — Compliance with the Law (No further assessment required)

All supported projects will comply with applicable Nigerian legislation including the EIA Act 1992, NESREA sector-specific regulations, the National Water Resources Act, the Electricity Act 2023, Legal and regulatory due diligence is conducted for all supported enterprises as part of preparation grant activities. Applicable frameworks for each priority sector are documented in Annex 6. The facility operational manual documents all compliance procedures before implementation commences.

Principle 2 — Access and Equity (Further assessment and management required).

Access and equity risks arise from the possibility that preparation grants reach better-connected enterprises rather than the most climate-vulnerable, that outreach fails to penetrate informal or remote enterprise networks, or that application processes inadvertently favour enterprises with greater administrative capacity.

Assessment: Stage 2 of the enterprise selection process evaluates whether each enterprise's business model creates a direct and traceable link to named vulnerable beneficiary groups. Documented in the Technical Committee written appraisal report.

Management measures:

- Four-channel outreach strategy is active from Month 1 targeting enterprises not previously engaged with BOI.
- Mandatory vulnerable community linkage criterion at stage 1- Enterprises without a documented link to named vulnerable groups are rejected
- Gender-responsive eligibility processes with dedicated pre-application advisory sessions. tIVA spot-check verification and Gender –disaggregated milestone tracking

Principle 3 — Marginalised and Vulnerable Groups (Further assessment required)

Named vulnerable groups must be specifically assessed for each sub-project to confirm that preparation grants deliver benefits to these groups rather than displacing benefits to less vulnerable populations.

Assessment : Stage 2 social impact pathway evaluation assesses whether beneficiary communities have been identified, their climate risk exposure is documented, the enterprise's value chain creates a traceable link to climate risk reduction experienced by those communities, and risks of exclusion or displacement of benefits have been identified and mitigated. **Management measures:**

- Two-stage selection process with mandatory vulnerable group linkage at Stage 1 and social impact pathway evaluation at Stage 2.
- CRVA-derived resilience indicators linked to named beneficiary group outcomes as post-close monitoring targets. Four-channel outreach strategy ensuring enterprises serving named vulnerable groups are actively identified across both programme zones.
- IVA spot-check verification of social impact pathway at sub-project level throughout implementation period.

Principle 4 — Human Rights (No further assessment required)

The programme does not finance activities that would infringe on human rights. Physical displacement and involuntary resettlement are categorically excluded. The grievance redress mechanism established in Component 1 provides accessible recourse to all stakeholders throughout implementation.

Principle 5 — Gender Equity and Women's Empowerment (Further assessment required)

Differential gender impacts must be assessed for each sub-project to ensure supported investments do not reinforce existing gender inequalities and that women are active participants rather than passive beneficiaries. **Assessment:** The gender screening tool assesses four dimensions for every sub-project. (i) differential climate risk exposure by gender, (ii) differential access to economic benefits (iii) risk of reinforcing gender inequalities and (iv) adequacy of engagement with women in affected communities. Sub-projects that do not meet minimum gender standards must revise their design before grant approval.

Management measures:

- Minimum 30% women-led enterprise target with active outreach through WACCIMA networks and state women's chambers.
- US\$ 100,000 ring-fenced for gender-responsive outreach and pipeline development. Tailored transaction advisory for women-led enterprises under Component 3. Gender-disaggregated data tracked at every milestone and reported in every PPR.
- Comprehensive Gender Assessment and Gender Action Plan to be provided at the fully developed proposal stage.

Principle 6 — Core Labour Rights (No further assessment required)

The programme does not finance activities that would violate core labour rights. All supported enterprises are required to comply with applicable Nigerian labour law as part of preparation grant legal due diligence. Activities involving child labour, forced labour, discrimination in employment, or unsafe working conditions would not pass the Stage 1 categorical exclusion screen. The ESIA or ESMP prepared for each sub-project addresses occupational health and safety where relevant.

Principle 7 — Indigenous Peoples (No further assessment required)

Nigeria does not have formally recognised indigenous peoples under international definitions applicable to this principle. The programme zones do not include communities that would trigger this principle. This position is confirmed at sub-project level through the E&S screening tool Stage 1 categorical check.

Principle 8 — Involuntary Resettlement (No further assessment required)

Involuntary resettlement is categorical excluded list. Any application triggering this exclusion is rejected immediately. Given the enterprise-led nature of supported investments operating within existing enterprise footprints, physical displacement is not anticipated.

Principle 9 — Protection of Natural Habitats (No further assessment required)

Activities in internationally designated protected areas or critical natural habitats are categorically excluded. The five priority sectors operate within existing enterprise footprints rather than in natural habitat areas. Where sub-projects involve nature-based solutions such as wetland restoration or agroforestry in the Southern Zone, these are designed to restore and enhance natural habitats, delivering positive outcomes consistent with adaptation objectives. **Principle 10 — Conservation of Biological Diversity (No further assessment required)**

The programme finances preparation activities rather than physical works. Biodiversity impacts arise at the post-close implementation stage. Activities in critical natural habitats are categorically excluded at Stage 1 of the E&S screening process. The ESIA or ESMP produced during preparation identifies and plans for biodiversity management where relevant, ensuring downstream investments address any biodiversity considerations by design.

Principle 11 — Climate Change (No further assessment required)

Climate change adaptation is the primary purpose of this programme. All supported projects must demonstrate quantified climate risk exposure as a mandatory eligibility condition. CRVAs establish baselines and at least

two forward scenarios for each enterprise using zone-appropriate CORDEX-Africa and CMIP6. Activities that would significantly increase greenhouse gas emissions are categorically excluded. **Principle 12 — Pollution Prevention and Resource Efficiency (No further assessment required)**

The five priority sectors are designed to improve resource efficiency as their primary adaptation purpose. The programme finances preparation activities rather than physical implementation, pollution risks arise at the post-close implementation stage where the enterprise and downstream financier are responsible. The ESIA or ESMP produced during preparation identifies and plans for pollution management before financial close. With NESREA sector-specific regulations providing the compliance baseline.

Principle 13 — Public Health (No further assessment required)

The programme finances preparation activities rather than physical construction or operations. Public health are at the post-close implementation stage. The ESIA or ESMP produced during preparation identifies and plans for health and safety management before financial close. NAFDAC food safety regulations apply to food processing sub-projects and are verified through legal and regulatory due diligence.

Principle 14 — Physical and Cultural Heritage (No further assessment required)

Supported investments operate predominantly at operational and systems level within existing enterprise footprints. Large-scale ground disturbance associated with significant heritage risk is not characteristic of the five priority sectors. Any sub-project triggering a heritage concern is identified at Stage 1 or Stage 2 screening and addressed through safeguards instruments before grant approval. **Principle 15 — Lands and Soil Conservation (No further assessment required)**

Northern Zone sub-projects in climate-smart agriculture, water management, and dryland farming systems are designed to improve land and soil conditions as their primary adaptation purpose. Investments that would worsen soil conditions would fail the adaptation credentials test at Stage 1. The CRVA for each enterprise establishes the land and soil baseline and forward scenarios, with s. NESREA soil erosion and flood control regulations providing the compliance baseline.

Risk Management Approach

The programme adopts a preventive and systematic approach to risk management, ensuring that all potential impacts are identified and addressed at the project preparation stage. Key measures include:

- Mandatory environmental and social screening of all supported projects at entry through the three-stage E&S screening process established in Component 1.
- Risk categorization to determine the level of assessment and safeguards required for each sub-project.
- Financing of appropriate safeguards instruments, including:
 - Environmental and Social Impact Assessments (ESIAs)
 - Environmental and Social Management Plans (ESMPs)
 - Other relevant social and environmental risk management tools
- Integration of gender-responsive and inclusive criteria into project selection and design through the four-dimension gender screening tool.
- Targeted outreach and pipeline development to ensure participation of vulnerable and underserved groups, including women-led enterprises.
- Application of a grievance redress mechanism established in Component 1 and accessible to enterprise applicants, affected communities, and other stakeholders.
- Environmental and social safeguards instruments produced by environmental, social and safeguards specialists drawn from the pre-qualified pool ensuring consistent quality across both programme zones.

Management of Downstream Risks: While the programme itself does not finance implementation, it ensures that any downstream environmental and social risks associated with financed projects are identified during project preparation, assessed in line with national regulations and Adaptation Fund ESP and addressed through appropriate safeguards instruments prior to financial close. It should be noted that projects that present high or unmitigable risks will not be supported.

By focusing on early-stage screening, safeguards integration, and inclusive design, the programme ensures that environmental and social risks are identified, minimized, and managed proactively before any financing is committed. This approach ensures full alignment with the Adaptation Fund ESP while enabling the development of climate-resilient, socially inclusive, and environmentally responsible investments across Nigeria.

Innovative-Specific Risks: As an innovation-focused programme, several risks relate specifically to the novelty of the financing mechanism. These include:

- Adoption risk: Enterprises and financiers may be unfamiliar with the concept of a success-based, partially repayable preparation instrument. This risk is mitigated through targeted sensitization and communication from Month 1 and through the Technical Committee's independent appraisal process which ensures only genuinely viable and adaptation-credible projects receive preparation support.

- Pipeline quality risk: Early project cohorts may require more extensive technical assistance than anticipated. This risk is mitigated through the pre-qualified specialist pool model, which matches zone-specific and sector-specific expertise to each enterprise, and through quarterly internal learning reviews that identify and respond to quality issues early.
- Repayment variability: Conditional repayments depend on financial close which may vary by sector, enterprise capacity and market conditions. This risk is mitigated through conservative repayment forecasting across three revolving fund scenarios, active Component 3 lender engagement before projects reach investment readiness, and the 48-month programme period which provides sufficient time for financial close rates to materialise.
- Operational integration risk: Embedding and operationalizing the new mechanism within BOI systems may require iterative adjustments. This risk is mitigated by the facility operational manual which documents all systems and procedures before implementation commences, and by operational manual updates at Months 24 and 48 to embed implementation lessons.

By combining inclusive targeting, climate-resilient design, robust safeguards, and adaptive management with continuous learning loops embedded in the operating model, the programme ensures that adaptation investments deliver tangible economic, social, and environmental benefits while avoiding or mitigating adverse impacts. This approach is fully aligned with the Adaptation Fund ESP and Gender Policy, and supports sustainable and equitable climate resilience outcomes across Nigeria.

PART III: IMPLEMENTATION ARRANGEMENTS

Demonstrate how the project / programme aligns with the Results Framework of the Adaptation Fund

Project Objectives: Alignment with AF Strategic Results Framework Outcomes

Project Objective(s)	Project Objective Indicator(s)	Adaptation Fund Outcome	Adaptation Fund Outcome Indicator	Grant Amount (USD)
Objective 1: Increase the bankability and investment readiness of enterprise-led climate adaptation projects across Northern and Southern Nigeria by financing adaptation-specific project preparation activities that are prerequisite conditions for downstream finance	Number of enterprise-led adaptation projects completing CRVAs, climate-resilient feasibility studies, E&S safeguards instruments Number of projects reaching investment readiness target: ≥15 projects	Outcome 8: Innovation for effective, long-term adaptation to climate change accelerated, encouraged and enabled to scale up	8.1 Innovations successfully reaching scale up that demonstrate local participation and/or local innovation benefit	US\$ 3,250,000 (Components 2 + 3) ¹
Objective 2: Pilot and operationalize a partially repayable grant facility that recovers transaction-enabling costs at financial close and recycles recovered funds into new preparation cycles, improving the efficiency and reach of public adaptation finance	Facility operational with conditional repayment mechanism active. Number of projects reaching financial close. Value of downstream climate and commercial finance mobilized Target: ≥70% financial close rate; ≥US\$25 million mobilized	Outcome 2: Strengthened institutional capacity to reduce risks associated with climate-induced socioeconomic and environmental losses	2 Institutions with strengthened capacity to understand and better address climate risks and resilience	US\$ 850,000 (Component 1 &4)
Objective 3: Expand an inclusive pipeline of climate-resilient investments with priority for women-led enterprises and enterprises in climate-vulnerable areas, ensuring at least 30% of supported enterprises are women-led and that adaptation benefits reach vulnerable communities	Percentage of supported enterprises that are women-led Target: ≥30% Gender-disaggregated data reported in every PPR	Outcome 8: Innovation for effective, long-term adaptation to climate change accelerated, encouraged and enabled to scale up	8.1.1 Innovations identified that demonstrate local participation and/or local innovation benefit	US\$ 100,000 (ring-fenced within Component 2) ¹
Total Objective level grant amount (sum of all component costs, excluding IE and EE fees)				4,100,000
Project Outcomes - Alignment with AF Strategic Results Framework Outputs				
Project Outcome(s)	Project Outcome Indicator(s)	Adaptation Fund Output	Adaptation Fund Output Indicator	Grant Amount (USD)
Outcome 1: - Operational AF-compliant partially repayable grant facility established and functioning with governance, dual-zone appraisal, E&S and gender screening tools, lender alignment protocol, and repayment and recycling mechanisms - BOI institutional capacity strengthened climate risk integration embedded in BOI's standard appraisal processes	Facility operational manual approved and systems operational before first grant disbursement Conditional repayment mechanism and fund recycling sub-account active from first financial close	Output 2.1: Strengthened capacity of institutions to understand and better address climate risks	2.2.1 Institutions supported to strengthen capacity to understand and address climate risks and resilience	US\$ 500,000
	Climate risk and safeguards screening tools operational within BOI's standard loan appraisal system by Month 48	Output 2.1: Strengthened capacity of institutions to	2.1.1 Institutions supported to strengthen capacity to	Cost embedded within Components 1 and 4)

through CERG, EMC, and SteerCo governance chain	Number of BOI staff trained in climate risk appraisal	understand and better address climate risks	understand and address climate risks and resilience	
Outcome 2: - Increased number of climate risk-informed, safeguards-compliant, and investment-ready adaptation projects, at least 15 enterprises with complete preparation packages (CRVA, climate-resilient feasibility study, E&S safeguards instrument) - Improved access for women-led enterprises and climate-vulnerable communities, at least 30% of supported enterprises are women-led; gender-disaggregated data reported throughout	Number of CRVAs completed using zone-appropriate CORDEX-Africa and CMIP6 data Number of climate-resilient feasibility studies and E&S safeguards instruments completed Target: ≥15 complete preparation packages	Output 1.1: Risk and vulnerability assessments conducted and updated	1.1.1 Risks and vulnerability assessments conducted or updated	US\$ 2,650,000 (direct grant pool within Component 2)
	Percentage of supported enterprises that are women-led Number of women-led enterprises reaching investment readiness and financial close target: ≥30% women-led enterprises	Output 2.1: Strengthened capacity of institutions to understand and better address climate risks	2.1.1 Institutions supported to strengthen capacity to understand and address climate risks and resilience	US\$ 100,000 (ring-fenced outreach within Component 2)
Outcome 3: At least 70% of investment-ready projects reach financial close, mobilising at least US\$25 million in downstream climate and commercial finance	Number of lender-ready investment packages and climate resilience investment briefs produced Percentage of investment-ready projects reaching financial close Value of downstream finance committed Target: ≥70% close rate; ≥US\$25 million	Output 8.1: Innovations identified and piloted that collectively enhance local innovation capacity and contribute to the development of local, national and regional innovation ecosystems	8.1.2 Innovations piloted that demonstrate local innovation participation and/or local innovation benefit	US\$ 500,000 (This is component 3 costs. Preparation costs that enable financial close have been attributed to Outcome 2 above)
Outcome 4: Evidence on mechanism effectiveness generated and disseminated; operational toolkit and replication roadmap produced to enable adoption by other Nigerian DFIs; repayments recycled into new preparation cycles	Number of knowledge products produced and disseminated on schedule Number of documented findings on mechanism effectiveness Recovered funds redeployed in new preparation cycles Target: 5 knowledge products; ≥4 documented findings	Output 8.2 Innovations identified and piloted which build the adaptation innovation evidence-base and institutional capacity	8.2.1 Innovation-focused knowledge products disseminated and/or learning events facilitated that support and enable innovation capacity at a local, national and/or regional level	US\$ 350,000
Total outcome level grant amount (sum of all component costs, excluding IE and EE fees)¹				US\$ 4,100,000

Notes

¹ IE fee (US\$**385,050**) and EE fee (US\$**430,000**) are excluded from all component-level grant amounts. Total grant requested: US\$4,915,050.

PART IV: ENDORSEMENT BY GOVERNMENTS AND CERTIFICATION BY THE IMPLEMENTING ENTITY

A. Record of endorsement on behalf of the government¹⁴ Provide the name and position of the government official and indicate date of endorsement for each country participating in the proposed project / programme. Add more lines as necessary. The endorsement letters should be attached as an annex to the project/programme proposal. Please attach the endorsement letters with this template; add as many participating governments if a regional project/programme:

(Enter Name, Position, Ministry) Omotenioye Majekodunmi Director General Nigeria Council on Climate Change	Date: March 24, 2026
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B. Implementing Entity certification Provide the name and signature of the Implementing Entity Coordinator and the date of signature. Provide also the project/programme contact person’s name, telephone number and email address

I certify that this proposal has been prepared in accordance with guidelines provided by the Adaptation Fund Board, and prevailing (National Development and Adaptation Plans National Development and Adaptation Plans, including the National Adaptation Plan (NAP), Nationally Determined Contribution (NDC), National Climate Change Policy (2021-2030), and other relevant national climate and development strategies). and subject to the approval by the Adaptation Fund Board, <u>commit to implementing the project/programme in compliance with the Environmental and Social Policy of the Adaptation Fund</u> and on the understanding that the Implementing Entity will be fully (legally and financially) responsible for the implementation of this project/programme.	
Name & Signature Rotimi Akinde Executive Director, Corporate Finance, Sustainability & Investments Directorate Bank of Industry, Nigeria. Implementing Entity Coordinator Signature -----	
Date: March 24, 2026	Tel. and email: +234 02 01 2715070 sustainabilitydiv@boi.ng with copy to eakinsete@boi.ng
Project Contact Person: Eniola Akinsete	
Tel. And Email: +234 02 01 2715070 eakinsete@boi.ng	

⁶ Each Party shall designate and communicate to the secretariat the authority that will endorse on behalf of the national government the projects and programmes proposed by the implementing entities.

Annex 3 Disbursement Matrix - BOI AF00000523 Partially Repayable Project Preparation and Adaptation Investment Readiness Facility

	Upon signature of Agreement	Year 1 (Months 1 to 12)	Year 2 (Months 13 to 24)	Year 3 (Months 25 to 36)	Year 4 (Months 37 – 48)	Total (US\$)
Scheduled date	Q1 2027	Q1 2028	Q1 2029	Q1 2030	Q1 2031	
Project Funds	1,400,000	1,100,000	1,100,000	500,000	-	4,100,000
Executing Entity Fees	150,000	120,000	120,000	40,000	-	430,000
Implementing Entity Fees	120,000	100,000	90,000	45,000	30,050	385,050
TOTAL	1,670,000	1,320,000	1,310,000	585,000	30,050	4,915,050

Notes

- Project Funds covers component costs only: Component 1 (US\$ 500,000), Component 2 (US\$ 2,750,000), Component 3 (US\$ 500,000), and Component 4 (US\$ 350,000). Total component costs (A): US\$ 4,100,000.
- Executing Entity fee of US\$ 430,000 (9.5% of A+B) covers all externally contracted execution functions including the PMU, Technical Committee, IVAs, transaction advisory specialists, and providers of procurement, financial management, reporting and audit services. All EE fees are disbursed within the first 36 months to ensure no execution activities are delayed pending final tranche approval.
- Implementing Entity fee of US\$ 385,050 (8.5% of A+B) covers BOI Structured & Project Finance Group, Corporate finance and Advisory Division fiduciary oversight, AF compliance, institutional governance through CERG, ESGAM, Legal, Compliance and Risk Management Divisions, EMC, and SteerCo, and legal accountability to the Adaptation Fund as National Implementing Entity. The residual IE fee balance of US\$ 30,050 is disbursed in Year 4 to cover ongoing fiduciary oversight and AF reporting obligations through programme close at Month 48.
- Fee calculation methodology: A = total component costs (US\$ 4,100,000). B = EE fee. EE fee = 9.5% × (A + B); IE fee = 8.5% × (A + B). Base (A + B) = US\$ 4,530,000. EE fee = US\$ 430,000 (rounded). IE fee = US\$ 385,050 (rounded). Total = US\$ 4,915,050.
- All project funds and EE fees are fully disbursed by Month 36, ensuring that no operational or execution activities are delayed pending final tranche approval.
- The disbursement profile reflects higher upfront tranches at signature, Years 1 and 2 to fund Component 1 and Component 2 preparation grant disbursements. Tranches reduce progressively as establishment costs are absorbed and the programme transitions to Components 3 and 4 activities.
- Scheduled dates follow the year anniversary of project start from Q1 2027. Programme period: Q1 2027 to Q1 2031 (48 months).

Annex 4: Precedent Schemes: Success-Based and Repayable Grant Mechanisms

While no mechanism currently exists in Nigeria that applies a partially repayable, conditional grant model tailored to adaptation project preparation, six international precedents demonstrate that success-based and repayable grant structures are operationally viable in both climate and non-climate contexts. The BOI facility design has drawn directly on these precedents. The table below identifies each scheme, its key lesson, and how that lesson is reflected in the programme design.

Scheme	Geography and Scale	Mechanism Design	Key Lesson	Reflected in BOI Facility Design
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GCF Project Preparation Facility (PPF)	Global Up to US\$ 1.5m per project	Grants for project preparation; repayment required if supported project has income-generation potential. Climate-focused.	<i>Conditional repayability at the preparation stage is viable within multilateral climate fund architecture. Repayment trigger must be clearly defined to be enforceable.</i>	BOI facility adopts the same conditional repayment principle. Trigger is strengthened: repayment is tied specifically to financial close a more objective and verifiable milestone than "income generation potential."
EBRD Infrastructure Project Preparation Facility (IPPF)	Europe, Central Asia 43 assignments; €15m; €2.3bn downstream investment	Grant-funded preparation support for infrastructure projects. Not repayable. Independent evaluation assessed conversion rates and lessons.	<i>Preparation converts most effectively when directly coupled with a committed downstream financing pathway. Isolated preparation without a clear path to capital has lower conversion rates.</i>	Component 3 (Transaction and Advisory Support) is designed specifically to bridge preparation to financial close, operating in parallel with Component 2 rather than sequentially after it.
IDB Project Preparation and Execution Facility (PPEF)	Latin America and Caribbean Global line of credit structure	Preparation financing with bifurcated repayment: if IDB loan results, costs recovered from first disbursement; if no loan, fixed instalment repayment. Not climate-specific.	<i>Tiered repayment structures based on success vs. non-success outcomes are administratively manageable at scale. Pre-agreed terms remove ambiguity at the point of financial close.</i>	BOI facility separates non-repayable public-good costs from conditionally repayable transaction-enabling costs at grant approval, so repayment terms are pre-agreed, transparent, and tied to a single objective trigger: financial close.
AfDB Adaptation Benefits Mechanism (ABM)	Africa Pilot: 10–12 demonstration projects	Results-based payments for adaptation outcomes; certificates usable as loan collateral to unlock financing for investments that would otherwise be unviable. Climate adaptation-focused.	<i>Monetising the market validation of adaptation outcomes can unlock commercial capital. Each payment or close creates a data point that progressively reduces lender risk perceptions.</i>	Financial close serves as the BOI facility's market validation trigger. Each financial close demonstrates that lenders recognise the project's viability and used as evidence to build the market case for subsequent transactions.
AfDB / AGIA Project Development Fund	Africa First close: US\$ 118m (Aug 2025)	Three-pillar structure: Pillar 1 US\$ 100m grants and reimbursable grants for preparation; Pillar 2 US\$ 400m blended capital; Pillar 3 US\$ 10bn downstream investment facilitation. Renewable energy, transport, ICT.	<i>Separating preparation finance (grants/reimbursable) from development capital (blended equity) is current best practice for African DFIs. Tiered capital structures are scalable and investor-credible.</i>	BOI facility adopts an analogous two-tier cost structure non-repayable public-good costs and conditionally repayable transaction-enabling costs mirroring AGIA's logic at enterprise scale within a single-country NIE context.

IDB Lab Outcomes Contracting Fund (OCF) Haiti	Haiti (fragile and climate-vulnerable context) Enterprise development focus	Outcomes-based, success-linked financing for enterprise development. Payments triggered by verified outcomes. Non-climate-specific; demonstrates mechanism viability in fragile contexts.	<i>Success-based trigger mechanisms are operationally viable in difficult implementation environments. Removing financial risk from enterprise participants while retaining performance-linked accountability is both feasible and effective.</i>	Non-recourse, no-interest, success-based repayment design reflects this finding. Repayment is framed as a contribution to future enterprises' preparation cycles not a debt obligation replicating the OCF's approach of aligning accountability without imposing financial risk.
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Design principles synthesized from precedent evidence

- (i) Preparation support must be directly coupled with an active downstream financing pathway to achieve high conversion rates to financial close.
- (ii) Repayment rates and timelines must be objective, verifiable, and agreed upfront to be enforceable without dispute.
- (iii) Separating public-good costs from transaction-enabling costs strengthens both accountability and long-term sustainability of the mechanism.
- (iv) Technical assistance and financial instruments must be paired not sequenced to maximise uptake and impact.

Principle (i) is operationalized in this facility by designing Component 3 to run in parallel with the later stages of Component 2, not sequentially after it, ensuring lenders are primed before projects complete preparation. This design choice directly reflects the EBRD IPPF lesson that preparation converts most effectively when directly coupled with an active downstream financing pathway.

Annex 5: Alignment with National Plans, Strategies, and Sectoral Frameworks

Plan / Strategy	Years	Main Objective(s)	Alignment with Proposed Programme
A. Core Adaptation and Climate Frameworks			
Nigeria National Adaptation Plan (NAP) Framework	2021 ongoing	Integrate climate change adaptation into national, sectoral, and sub-national planning. Build adaptive capacity and resilience of communities, enterprises, and ecosystems across five priority sectors.	The proposed project is aligned with the NAP Framework, under its mandate to integrate climate risk into investment planning and mobilise private sector participation in adaptation, contributing to the NAP outcome of increased investment-ready climate adaptation projects across priority sectors.
Nigeria Nationally Determined Contribution (NDC) 3.0	2025 to 2035	Deliver adaptation outcomes in agriculture, water, infrastructure, and health. Mobilise US\$ 141.5 billion for adaptation (2026 to 2035). Improve financial access for women, youth, and MSMEs under the Actions for Climate Empowerment (ACE) framework.	The proposed project is aligned with Nigeria's NDC 3.0, under the ACE framework and the adaptation financing mandate, contributing to the NDC outcome of increased private finance mobilised for enterprise-led climate adaptation with specific alignment to the NDC's targets for women and MSME finance access.
Nigeria Climate Change Act 2021	2021 ongoing	Establish a legal and institutional framework for climate action. Create the National Council on Climate Change (NCCC) as the apex coordinating body. Mainstream climate risk into sectoral policies and investment decisions.	The proposed project is aligned with the Climate Change Act 2021, under its mandate to mainstream climate risk into investment decisions and coordinate private sector participation in adaptation, contributing to the Act's outcome of a functioning national climate finance architecture. NCCC representation on the programme Steering Committee in their capacity as

			Adaptation Fund Designated Authority institutionalizes the Act's coordination mandate within the facility's governance
B. National Sustainable Development Frameworks (NSDS and SDGs)			
National Development Plan (NDP) 2021 to 2025	2021 to 2025	Drive private sector-led growth. Support MSME development, job creation, and economic resilience. Integrate SDGs into national budgetary processes. Less than 5% of Nigeria's 37 million MSMEs have adequate access to financial credit.	The proposed project is aligned with the National Development Plan 2021 to 2025, under its commitment to private sector-led MSME growth and banking sector support for MSME finance access, contributing to the NDP outcome of increased investment in productive, climate-resilient MSME operations.
Nigeria 2025 Voluntary National Review (VNR)	2025 (review year)	Report progress under SDG 5 (Gender Equality), SDG 8 (Decent Work and Economic Growth), and SDG 17 (Partnerships for the Goals). Government revenue at 9.6% of GDP makes blended public-private finance essential for development goal delivery.	The proposed project is aligned with Nigeria's 2025 VNR, under SDG 8 (MSME finance access) and SDG 5 (women's economic empowerment), contributing to national targets for inclusive financial access and improved climate resilience of MSME value chains.
C. Technology Needs Assessment and Technology Action Plans			
Nigeria Technology Needs Assessment (TNA) and Technology Action Plans (TAPs)	2013 to 2015 (TNA); TAPs ongoing	Identify priority adaptation technologies for Nigeria across water resources, agriculture and food security, coastal zone management, and energy. Define implementation pathways for technology transfer and scale-up.	The proposed project is aligned with Nigeria's TNA and Technology Action Plans, under the priority sectors of water resources, climate-smart agriculture, and energy, contributing to TAP outcomes of accelerated technology transfer and adoption by Nigerian enterprises. Preparation grants under Component 2 finance the feasibility studies and technical designs that translate TNA-identified technologies into bankable investment proposals.
D. Sectoral Strategies			
National Strategic Plan of Action for Flood Prevention and Management	2023 ongoing	Mandate enterprise-level resilience investment in 148 high-risk and 249 moderate-risk LGAs identified in the NIHSA Annual Flood Outlook 2024. Reduce flood-related losses to enterprises and communities.	The proposed project is aligned with the National Strategic Plan for Flood Prevention and Management (FGN, 2023), under its mandate for enterprise-level resilience investment in high-risk LGAs, contributing to national flood risk reduction. Preparation grants under the Southern Zone enable MSMEs in high-risk LGAs to assess and plan their flood risk response as a precondition for accessing adaptation financing.
FMARD National Agricultural Resilience Framework (NARF)	2015 ongoing	Six strategic objectives covering risk transfer, productivity improvement through water management, credit access at low interest rates, and agricultural extension services. Chapter 10 recommends using public funding as a catalyst to attract private finance into agricultural resilience.	The proposed project is aligned with the NARF (FMARD/ACARN, 2015), under Strategic Objectives 2, 3 and 6 and the Chapter 10 recommendation for public funding to catalyze private adaptation finance, contributing to outcomes of increased agricultural MSME productivity and resilience. The BOI facility directly operationalizes the NARF's public-private catalytic finance model.
National Water Resources Act and National Water Resources Policy	2004, amended; Policy ongoing	Vest all surface and groundwater management in the Federal Government. Establish water abstraction permitting for commercial users. Set standards for climate-resilient water management and technical assistance.	The proposed project is aligned with the National Water Resources Act and Policy, under the mandate for climate-resilient water management and technical assistance to commercial water users, contributing to outcomes of increased enterprise water efficiency across Northern Zone water-stressed states. Preparation grants fund the water efficiency assessments enterprises need to access adaptation financing.

Electricity Act 2023 and NESREA National Environmental (Energy Sector) Regulations S.I. No. 63, 2014	2023 (Act); 2014 (Regulations)	Promote renewable energy integration and industrial self-generation licensing. Prevent and minimise pollution and encourage energy efficiency across industrial facility operations. Support ISO 50001 adoption through the ECN Industrial Energy Efficiency Technical Working Group (UNIDO-GEF, 2023).	The proposed project is aligned with the Electricity Act 2023 and NESREA Energy Sector Regulations, under the mandate for industrial energy efficiency and renewable energy integration, contributing to reduced energy vulnerability for industrial MSMEs across both programme zones. Preparation grants fund energy management assessments enabling MSMEs to design heat-resilient investments.
National Policy on MSMEs (SMEDAN Act 2003, as amended)	2003, amended; ongoing	Commit to MSME integration into value chains and supply chains. Identify logistics and storage infrastructure as a precondition for MSME growth. Address the finance gap: less than 5% of Nigeria's 37 million MSMEs have adequate access to financial credit.	The proposed project is aligned with the National Policy on MSMEs (SMEDAN Act 2003, as amended), under its commitment to MSME supply chain integration, infrastructure development, and finance access, contributing to strengthened MSME participation in climate-resilient supply chains across both programme zones. Enterprise pipeline identification operates through NACCIMA, WACCIMA, and state chambers of commerce.

Annex 6: Applicable to the Five Priority Sectors)

Standard / Regulation	Scope and Relevance	How it Relates to the Project (outputs / activities requiring compliance)	Compliance Status	Steps to Comply
SECTOR 1 · Reduced Flood Risk Through Resilient Infrastructure and Drainage Systems				
EIA Act 1992 (Federal Republic of Nigeria) and NESREA mandate	Mandatory environmental impact assessment for any activity likely to significantly affect the environment, including infrastructure construction.	All preparation grants with physical infrastructure components drainage systems, flood barriers, stormwater management require EIA screening. EIA study cost is an eligible preparation grant expenditure and is included in Component 2 TOR templates.	Mandatory applicable	where EIA screening conducted at sub-project appraisal stage. Category A/B/C assessment determined. Full EIA commissioned as part of preparation grant where triggered. Administered by NESREA.
NESREA National Environmental (Soil Erosion and Flood Control) Regulations S.I. No. 12, 2011	Controls all earth-disturbing activities, practices, or developments for non-agricultural, commercial, industrial, and residential purposes. Sets minimum requirements for flood and erosion control.	All Component 2 grants supporting civil infrastructure involving earth disturbance drainage construction, embankment work, stormwater systems. Compliance confirmed through Environmental Management Plan.	Mandatory applicable	where Environmental Management Plan prepared as part of preparation grant safeguards instrument. NESREA compliance declaration submitted by grantee. Verified by legal and regulatory specialists from the pre-qualified pool at preparation grant stage. PMU confirms at quarterly reporting
NBRRI Construction Guidelines (Nigerian Building and Road Research Institute)	Best-practice frameworks for building materials, foundations, flood-resilient design, and drainage, drawing on investigation of over 200 building collapses (2020 to 2025).	Infrastructure investments under Component 2 involving building construction, retrofit, or drainage design. Referenced in engineering design specifications for flood-sector sub-projects.	Mandatory applicable	where NBRRI guidelines referenced in sub-project engineering design specifications by technical and engineering due diligence specialists from the pre-qualified pool. Compliance confirmed in the Technical Committee written appraisal report.
Federal Ministry of Works Road Drainage Technical Standards	Technical standards for road drainage and stormwater	Component 2 grants involving road or access infrastructure drainage components.	Mandatory applicable	where Standards catalogue consulted by design engineer. Referenced in civil design

	management on public and access roads.			specifications submitted with preparation grant outputs.	
Standards gap declaration (per AF ESP): <i>No specific SON standard for flood-resilient drainage or stormwater management at enterprise level was identified. International standards applied by reference: BS EN 752 (Drain and Sewer Systems Outside Buildings); BS 8582:2013 (Code of Practice for Surface Water Management for Development Sites). Declared in sub-project Environmental and Social Screening Tool.</i>					
SECTOR 2 · Improved Water Efficiency and Climate-Resilient Water Management					
National Water Resources Act (FGN, 2004, as amended)	Vests all surface and groundwater management in the Federal Government. Establishes mandatory water abstraction permits for commercial and industrial users. Domestic use and personally occupied land irrigation are exempt.	Any Component 2 grantee abstracting, storing, or treating water beyond domestic or personal land irrigation use. Permit requirement confirmed at sub-project eligibility screening.	Mandatory applicable	where	Water abstraction permit obtained from Federal Ministry of Water Resources prior to investment. Confirmed by specialists from the pre-qualified pool at sub-project appraisal stage. Federal Ministry of Water Resources: water.gov.ng
NESREA Federal Water Quality Standards and Effluent Limitations (NESREA Act 2007, Sections 27 to 30)	Sets and enforces water quality standards and effluent limitations. Prohibits discharge of hazardous substances into the environment without lawful authority.	Component 2 grantees discharging treated or untreated process water to the environment including agricultural irrigation return flows and industrial cooling water.	Mandatory applicable	where	NESREA effluent compliance declaration included in Environmental Management Plan. Verified by legal and regulatory specialists from the pre-qualified pool at preparation grant stage. PMU confirms at quarterly reporting.
National Water Supply and Sanitation Policy (Federal Ministry of Water Resources)	Governs water supply and sanitation provision. Sets national policy for water service management and quality standards.	Component 2 grants involving community or shared water supply infrastructure.	Mandatory applicable	where	Alignment with Policy objectives confirmed in sub-project Environmental and Social Screening conducted under Component 1 screening tools.
Standards gap declaration (per AF ESP): <i>No specific SON standards identified for enterprise-level irrigation efficiency equipment, industrial water recycling, or precision water management. International standards applied by reference: ISO 14046:2014 (Water Footprint); ISO 24510 to 24512 (Drinking Water and Wastewater Services); IFC Performance Standard 3 (Resource Efficiency and Pollution Prevention). Declared in sub-project Environmental and Social Screening Tool.</i>					
SECTOR 3 · Adoption of Climate-Smart Agricultural Practices					
FMARD National Agricultural Resilience Framework (NARF) Strategic Objectives 2, 3 and 6	National policy framework for climate-resilient agriculture covering risk transfer, productivity through water management and irrigation, credit access, and agricultural extension. Chapter 10 recommends public funding to catalyse private adaptation finance.	All Component 2 agriculture-sector preparation grants. Defines what climate-smart agriculture compliance means at enterprise level and provides the policy mandate for the technical assistance component.	Mandatory applicable	where	NARF strategic objectives cited in Component 2 preparation grant TORs for agriculture sub-projects. Sub-project CRVA aligned to NARF sector priorities.
National Agricultural Seeds Council (NASC) Seed Certification Requirements	Regulatory control of all seed industry activities. NASC licenses private seed operators and certifies varieties. All improved seed varieties must be NASC-certified.	Component 2 grants involving seed system components or variety selection for MSME grantees.	Mandatory applicable	where	Grantees must purchase only from NASC-certified seed operators. Dealer licensing and variety certification confirmed at sub-project appraisal pre-grant checklist. nasc.gov.ng

NAFDAC Agrochemical Regulations (NAFDAC Act Cap N1 LFN 2004, post-2019 enforcement)	Mandatory registration of all pesticides and agrochemicals before sale or use. Dealer certification and import permit required. Ban on open hawking of all agrochemical formulations.	All Component 2 agriculture grantees using pesticides, herbicides, or agrochemicals in operations or supply chains.	Mandatory applicable	where	Grantees must use only NAFDAC-registered agrochemicals. Supply chain dealers must be NAFDAC-listed. Pre-grant compliance checklist verification by PMU. nafdac.gov.ng
SON Food Standards Catalogue	Product and storage standards for food-producing enterprises, including packaging, labelling, and food safety for the domestic market.	Component 2 food-producing MSME grantees with storage, processing, or packaging components.	Mandatory applicable	where	SON product certification obtained where applicable. BOI screening checklist includes SON food standards compliance question at sub-project appraisal. son.gov.ng

SECTOR 4 · Deployment of Heat-Resilient Industrial and Commercial Systems

NESREA National (Energy Sector) Regulations S.I. No. 63, 2014	Primary Nigerian regulatory instrument for industrial energy management. Prevents and minimises pollution and encourages energy efficiency across energy sector and industrial facility operations.	All Component 2 industrial facility grantees. Sets the minimum environmental compliance floor for heat-related energy management investments.	Mandatory		Environmental Management Plan required. NESREA compliance declaration submitted by grantee at preparation grant reporting stage. nesrea.gov.ng/laws-regulations
Electricity Act 2023 (Federal Government of Nigeria)	Consolidates electricity sector law. Promotes renewable energy integration and enables industrial self-generation licensing through state electricity regulatory authorities.	Component 2 grantees investing in off-grid or hybrid energy systems to reduce heat-related energy vulnerability including solar, gas, or hybrid industrial power installations.	Mandatory applicable	where	Self-generation licensing obtained through relevant state electricity regulatory authority. Confirmed by specialists from the pre-qualified pool at sub-project appraisal stage. nerc.gov.ng
NESREA Sector-Specific Industrial Regulations (S.I. No. 14, 2011; S.I. No. 34, 2009)	Environmental performance requirements for base metals and steel manufacturing (S.I. No. 14); textile, wearing apparel and leather (S.I. No. 34); chemicals and pharmaceuticals; food and beverages. Sets environmental performance floors.	Component 2 grantees operating in these specific industrial sub-sectors.	Mandatory applicable	where	Applicable sector regulation identified at sub-project screening. Environmental Management Plan prepared accordingly. Full list at nesrea.gov.ng/laws-regulations

Standards gap declaration (per AF ESP): *No specific SON standard for heat-resilient industrial and commercial systems was identified. SON has adopted ISO 50001 as a national energy management framework but is not yet able to certify against it (Nigeria Energy Investment Platform). International standards applied by reference: ISO 50001:2018 (Energy Management Systems); ASHRAE 90.1 (Energy Standard for Buildings); IFC Performance Standard 3 (Resource Efficiency and Pollution Prevention). Declared in sub-project Environmental and Social Screening Tool.*

SECTOR 5 · Strengthened Resilience of MSME Supply Chains to Climate Shocks

NAFDAC Cold Chain and Food Storage Regulations (NAFDAC Act Cap N1 LFN 2004)	Temperature-controlled storage and transport requirements for food and pharmaceutical products. Approved premises registration required for food handling facilities.	Component 2 grants for cold storage, refrigerated logistics, and pharmaceutical supply chain investments. Nigeria's cold chain market is valued at approximately US\$ 1.2 billion, indicating an active	Mandatory applicable	where	NAFDAC premises registration and product compliance obtained before investment commences. Verified at sub-project appraisal by PMU. nafdac.gov.ng
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	Product registration and storage compliance obligations.	but under-regulated commercial space.		
NESREA National Environmental (Food, Beverages and Tobacco Industries) Regulations	Prevents and minimises pollution from food, beverage, and tobacco sector processing operations. Sets environmental performance floor for food processing facilities.	Component 2 food MSME grantees with processing or storage facility investments.	Mandatory applicable	where Environmental Management Plan required. NESREA compliance declaration by grantee. Verified by legal and regulatory specialists from the pre-qualified pool at preparation grant stage. PMU confirms at quarterly reporting.
SON Food Standards Catalogue	Product and storage standards for food-producing enterprises packaging, labelling, and product quality for the domestic market.	Component 2 food-producing MSME grantees with storage or warehousing components.	Mandatory applicable	where SON product certification obtained where applicable. Confirmed at sub-project appraisal screening. son.gov.ng
National Policy on MSMEs (SMEDAN Act 2003, as amended)	General MSME regulatory compliance framework covering registration, permitting, finance, and standards navigation across all sectors.	All Component 2 grantees across supply chain sectors — provides the baseline compliance and registration framework.	Mandatory	MSME regulatory compliance checklist incorporated into Component 2 pre-grant eligibility screening, verified through legal and regulatory due diligence conducted by legal and regulatory specialists from the pre-qualified pool.
NIPC Investment Compliance (Nigerian Investment Promotion Commission)	Foreign and domestic investment registration and compliance requirements. Applies where grantees involve foreign technology procurement or international partnership arrangements.	Component 2 grants involving foreign technology procurement or international partnership structures.	Mandatory applicable	where NIPC registration required where applicable. Confirmed in pre-grant eligibility screening. nipc.gov.ng

Standards gap declaration (per AF ESP): *No specific SON standard identified for cold chain logistics, refrigerated warehousing, or MSME supply chain management. International standards applied by reference: ISO 22000:2018 (Food Safety Management Systems); WHO PQS Standards (Pharmaceutical Cold Chain); Codex Alimentarius CAC/RCP 1-1969 (General Principles of Food Hygiene). Declared in sub-project Environmental and Social Screening Tool.*

Cross-cutting note on specialist pool compliance delivery

Legal and regulatory compliance verification for all five priority sectors is conducted by legal and regulatory specialists drawn from the pre-qualified specialist pool procured under the framework contract established in Component 1, before the first preparation grant is disbursed. These specialists are trained on applicable Nigerian regulatory frameworks across all five priority sectors and both programme zones before deployment. Compliance verification findings are documented in the preparation grant outputs and confirmed through the Technical Committee appraisal process before referral to BOI for approval.

Cross-cutting note on standards gaps and international standards applied by reference

Multiple sectors have documented gaps in Nigerian SON standards. This is consistent with the AF ESP's explicit provision that international standards may be applied by reference when formally declared. The sub-project Environmental and Social Screening Tool established under Component 1 includes a Standards Gap Declaration field for each investment, completed by environmental and social safeguards specialists from the pre-qualified pool as part of preparation grant activities. This approach is standard AF practice. NESREA's sector-specific regulations (available at nesrea.gov.ng/laws-regulations) collectively provide the primary Nigerian regulatory compliance architecture and are applied across all five sectors. The EIA Act 1992 is triggered by any preparation grant supporting physical infrastructure investment, including drainage, water storage, processing facilities, and industrial retrofits. EIA studies are an eligible preparation grant expenditure and are included in Component 2 TOR templates to ensure grantees do not treat them as an additional external cost.

Annex 7: BOI Consultative Process (Evidence Summary)

Consultative Platform

Event: BOI Climate Resilience Knowledge Series — Inaugural Session

Date: 26 May 2026

Format: Microsoft Teams multi-stakeholder webinar

Duration: 2 hours

Theme: Building Climate Resilient Enterprises in Nigeria for Sustainable Livelihoods and Inclusive Growth

The session was designed as a structured two-way engagement to gather evidence from practitioners and stakeholders that will confirm and inform BOI's climate resilience financing interventions. It incorporated two live structured polls, open Q&A, and active chat participation from a broad audience of enterprise representatives, financial sector practitioners, agricultural specialists, development finance experts, and community advocates across Nigeria.

Panelists and Institutional Collaboration

Panelist	Organization and Role	Relevance to Facility Design
Engineer Cornelius O. Adebayo	Executive Secretary and CEO, National Agricultural Land Development Authority (NALDA)	Agricultural adaptation priorities, land aggregation model, climate impacts on smallholder farmers and pastoralists
Mrs. Ojuru Adeniji	Vice President, Infracredit	Project preparation financing gap validation, blended finance and guarantee instruments
Mr. Tamer Hanna	Technical Lead and Deputy Team Leader, GOPA Tech	MSME climate-resilient technology needs, cash flow misalignment evidence, technical sizing and due diligence requirements.
Mrs. Eunice Sampson	Executive Director, Climate Change and Sustainability Services, EY Nigeria	Session moderator

Broader Stakeholder Participation

The session attendance list confirms over 400 unique participant IDs registered across the session. These participants were from at least 48 distinct organizational domains spanning the following stakeholder categories:

- **Commercial Banks** (9 institutions represented) including Guaranty Trust Bank, First City Monument Bank (FCMB), Wema Bank, Standard Chartered Bank, Alt Bank, Jaiz Bank, Union Bank, Rand Merchant Bank and Sterling Bank. These financial institutions are potential downstream financiers for enterprises graduating from the facility's preparation pipeline.
- **Large Corporates** (16 organizations represented) including Frigoglass, Tolaram Group, Danone Nigeria, FrieslandCampina, KAM Holding, SIL Chemicals, Dorman Long Engineering, Jubali Brothers, iWosan Health, Heliconia Park Hotels, AAVA Brands, Mondelez. These group of enterprises support demand for climate resilience investments.
- **Development Finance Institutions** (2 institutions represented) including Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL) and Development Bank of Nigeria, representing the downstream financing ecosystem into which enterprises graduating from this facility's preparation pipeline will be directed.
- **Private credit providers, Investment and Asset Managers** (6 organizations represented) including Infracredit, The Alitheia Group, Lexar Business Solutions, Vested World, Oak Pensions, and United Capital. These capital providers and impact investors are relevant to the facility's lender engagement strategy.
- **Consulting, Advisory and Technical** (6 organisations represented) including EY Nigeria, KPMG Nigeria, GOPA Tech, SPA Ajibade, EnvAccord, and DexCentre representing the technical and advisory ecosystem from which the facility's pre-qualified specialist pool will be drawn.
- **Academic and Research institutions**
- **Representatives of women groups**
- **Chief Promoters of Small and Medium Enterprises (SMEs)**

Mode of Engagement

To ensure maximum interaction amongst participants the following means of engagement were adopted:

- Panel session comprising 3 organizations in strategic functions relevant to the facility.

- Live polls to receive feedback on critical climate resilience and inclusion topics
- Chat rooms that participants for direct demand-side evidence gathering throughout the session
- Audience Q&A chats

Key Consultation Findings and Supporting Evidence

Finding	Evidence base	Implication for facility design
The project preparation financing gap and not capital availability, is the binding constraint	<ul style="list-style-type: none"> • InfraCredit confirmed over NGN 600 billion naira in projects were unable to reach financial close due to weak preparation. • Poll results also identified technical capacity as the root barrier 	The facility finances preparation activities that commercial markets will not support.
Dual-zone climate risk profile is valid and differentiated	<ul style="list-style-type: none"> • Irrigation deficits, desertification, water scarcity were confirmed as primary risks in the Northern Zone • Confirmation was also received that the Southern Zone experiences flooding, coastal erosion, livelihood disruption confirmed 	Zone-differentiated eligibility criteria, CRVA methodology, and outreach strategies.
Cash flow misalignment between MSME revenue cycles and standard debt repayment is the core enterprise-level barrier	<ul style="list-style-type: none"> • Seasonal revenue cycles of smallholder farmers incompatible with standard loan repayment structures • Aggregation is required to optimize farmer engagement and maximize land use. 	Financial modelling and transaction structuring scope of preparation grants addresses this directly. In addition, the target beneficiary base of MSMEs include farmer aggregation firms supports this evidence.
Technical design quality is as important as capital access. Poor sizing and weak due diligence undermine investment viability	Evidence from both InfraCredit and GOPA Tech on over-designed and under-designed systems show that these are challenges to the quality of climate resilient investment pipelines in Nigeria	Pre-qualified specialist pool covering CRVA, technical engineering, financial and legal due diligence integrated into the facility addresses this.
Women and all vulnerable groups must be actively prioritized. Intersectional vulnerability was confirmed	<ul style="list-style-type: none"> • Dominant poll response was "everybody" for group prioritization • Acute vulnerability of women farmers in Northern Zone confirmed 	The facility design to include 30% women-led target, gender screening tool and US\$ 100,000 ring-fenced for outreach supports this.

Poll Results Summary

Poll findings from both structured polls are summarised within the evidence base column above. Full poll results will be documented in the comprehensive stakeholder engagement plan to be provided at the fully developed proposal stage.