

LOW CARBON BUDGETING FRAMEWORK FOR 2018 BUDGET AND ECONOMIC GROWTH RECOVERY PLAN: X-RAYING THE TRANSPORT SECTOR

PAPER PRESENTED BY

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Introduction: Understanding Low Carbon Development Pathway

- The low carbon development pathway also known as green economy or green growth pathway is one that aims at sustainable development without degrading the environment. It also emphasizes reduction of environmental risks and ecological scarcity. This new economic vehicle holds much promise for Nigeria as a developing country.
- This is because mainstream (conventional) economics has provided little or no analytical framework to address numerous ecological problems such as climate change, deforestation, ocean surge, erosion, desertification, and depletion of biodiversity, as well as ending the age-long poverty scourge.

Objectives of low carbon development pathway:

It seeks to:

- End failures of the free market system;
- Address the internalization of externalities;
- Showcase systemic view of the economic structure and its impact on relevant aspect of sustainable development;
- Achieve social goals such as job creation and reconciles social goals with other objectives of economic policy; and
- Align macroeconomic framework and development strategy with dynamic pathways of sustainable development.

Low Carbon Development Pathway and Sustainable Development

- Low carbon development pathway also known as green growth pathway seeks to build livelihoods, improve quality of life and alleviate poverty. It is a major vehicle being used to drive as well as achieve the three broad development objectives associated with the present development thinking-sustainable development.
- Sustainable development thus seeks to promote prosperity (economic objective) through equity and efficiency in all sectors of development; It seeks to support the people (social Objectives) through empowerment, participation of all stakeholders, social mobilization, cultural identity and various institutional development options.
- Finally, SD seeks to maintain the planet (ecological objective) through improving the state of the ecosystem, biodiversity conservation, while ensuring adequate capacity and responding in sustainable manners to global issues.

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Nigeria's Low Carbon Pathway (Green Growth) and Nationally Determined Contribution (NDC)

- Nigeria has been actively engaged in international climate change negotiations since it became a Party to the UN Framework Convention on Climate Change (FCCC) in 1994 ratifying its Kyoto Protocol in 2004.
- She submitted its First National Communication (FNC) in 2003 and a Second National Communication in February 2014. In September 2012, the Federal Executive Council approved the Nigeria Climate Change Policy Response and Strategy and in 26th November 2015, President Muhammadu Buhari approved the Nigeria's Intended Nationally Determined Contribution (INDC)-a major tool for Paris Agreement in December 2015.
- It became our Nationally Determined Contributions (NDC) upon the ratification of the Agreement early this year 2017 by the Federal Government. In summary, Nigeria's NDC is the totality of her low carbon development pathway

What is Nationally Determined Contributions (NDCs)?

- NDCs are the *primary means for governments to communicate internationally the steps they will take to address climate change in their own countries. INDCs will reflect each country's ambition for reducing emissions, taking into account its domestic circumstances and capabilities.*
- The NDC therefore seeks to promote sustainable development and delivering on government priorities. The policies and measures included in Nigeria's NDC seek to deliver immediate development benefits and do not compromise sustainable growth, on the contrary. Ambitious mitigation action is economically efficient and socially desirable for Nigeria, even when leaving aside its climate benefits.
- The policies and measures alleviate poverty, increase social welfare and inclusion, as well as improving individual well-being, which include a healthy environment.
- Furthermore, by not undertaking these measures Nigeria would incur significant adaptation costs from exacerbated climate change.

Potentials of Mainstreaming Low Carbon Pathway in our National Budget and Economic Growth Recovery Plan

- At the Paris Agreement, Nigeria represented by President Muhammadu Buhari made an ambitious commitment to the promotion of low carbon development for Nigeria. His commitment of mitigation objectives, first unconditional reduction of emission by 20% and conditional reduction of emission of 45% bears eloquent testimony to this fact.
- The key measures for this commitment is that Nigeria will be working towards ending gas flaring by 2030, generation of renewable energies especially Off-grid solar PV Of 13GW (13,000MW), utilization of efficient gas generators, drive towards 2% energy efficiency per year, translating to 30% energy efficiency by 2030, ensuring transportation shift from cars to buses, improved electricity grid and climate smart agriculture and reforestation.
- So mainstreaming these commitments in our national budget and economic growth recovery plan is very key as the country begins to move out of recession. The revenue yielding, employment generating, and poverty alleviating opportunities of these mainstreaming are legion. We look forward to that in the 2017 National Budget and Economic Growth Recovery Plan.

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Template for Low Carbon Budget Framework and Implementation of Economic Growth Recovery Plan in the key sectors under review- Agriculture, Energy and Transport, Industry and Gas Flaring

- Nigeria's 2018 budget framework and by extension Economic Growth Recovery Plan (EGRP) MUST include Nigeria's NDCs from her five priority sectors. This is because the actions from these sectors were quantifiable and cost effective.
- Therefore, the criteria against which the potential mitigation actions were assessed were: cost effectiveness, mitigation potential, poverty reduction and job creation, feasibility of implementation, short-term results, gender and social inclusion, health and air quality, and land (degradation) and water quality, including deforestation.

- Baring the regulatory and legislative framework(the Nigeria Climate Change Framework Bill is at the Committee stage of the both chambers of the National Assembly) being put in place upon the implementation of Nigeria's NDC, and the following key measures for inclusion in the budget and EGRP for the five priority sectors are:

1. Energy

- Renewable energy, particularly decentralized such as off-grid solar Photovoltaics (PV)
- Multi-cycle power stations
- Scalable power stations of 20-50 MW
- Enforced energy efficiency, 2% per year (30% by 2030)
- Use of natural gas rather than liquid fuels.

2. Gas Flaring

- Improved enforcement of gas flaring restrictions

3. Agriculture and Land Use

- Climate Smart Agriculture (CSA) and reforestation of degraded lands
- Stop using charcoal

4. Industry

- Benchmarking against international best practice for industrial energy usage
- Adoption of green technology in industry.

5. Transport

- Modal shift from air to high speed rail
- Moving freight to rail
- Upgrading roads
- Urban transit
- Toll roads/road pricing
- Increasing use of CNG
- Reform of petrol/diesel subsidies.

X raying Low carbon pathway budget in the Transport sector

- A peep into NDCs low carbon pathway in the transport sector: modal shift from air to high speed rail, moving freight to rail, upgrading roads, urban transit, toll roads/road pricing, Increasing use of CNG , and reforms of petrol/diesel subsidies.
- In a nutshell, the 2018 budget should commence the process of making budgetary provision projects that has low carbon and resource efficient capacity in the transport sector.
- Such project include high speed rail (Light rail transit (LRT), bus rapid transport, low emission vehicles and fuels, hybrid and plug-in electric vehicles, hybrid ships etc.

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- Budgetary provision in the transport sector should place much premium in the use of bio-fuels. There are two components of bio-fuels: Ethanol and Biodiesel. While automotive ethanol could be used as a blend with gasoline (PMS) for vehicular use, biodiesel could be used as a blend with petroleum diesel for automotive uses (hybrid ships and rails.) Fuel ethanol (at E10) 10% ethanol plus 90% pms is easy to use internal combustion engines, requiring none to minor modifications. It has higher octane rating compared to gasoline.
- Biodiesel is better for the environment because it is made from renewable resources and has lower emissions compared to petroleum diesel. It is less toxic than table salt and biodegrades as fast as sugar. B20 Blends (20% biodiesel plus 80% petroleum diesel) can be used in unmodified engines. Biodiesel can extend the life of the engines and is more lubricating.

- Biodiesel is considered a renewable energy fuel because it is non-toxic and because it is produced from sources that can be replenished through fanning and recycling.
- Food insecurity narrative occasioned by biofuel production is untenable as out of 43% of Nigerian arable land less than 10% is cultivated. However to allay such fears, 57% of non arable land could be indentified through Mapping across the six geo-political zones and such non edible and drought resistant plants such jathropha, alamanda etc could be cultivated to produce bio-fuels.
- Note further that the preparation of budget in a low carbon trajectory cannot be done under the business as usual (BAU). It must under pass through NAMA Readiness framework, which will also enable government to access funds, outside the oil receipts for implementation. So the drafters of the budget MUST develop capacity to prepare the low carbon budget using the NAMA Framework.

Windows of Funding the Low Carbon Development Pathway in the 2018 Budget and EGRP

- SOVEREIGN WEALTH FUNDS
- PENSION FUNDS(6 TRILLION NAIRA)
- FOREIGN RESERVES
- REMITTANCES
- TREASURY SINGLE ACCOUNT(TSA, N5.2 TRILLION)
- International Support in terms of funding, capacity building and technology transfer

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Justification of Funding (Return on Investment)

- Develop bankable Framework on Nationally Appropriate Mitigation Actions (NAMAs) for the five sectors covered in this work, as also identified in Nigeria's Nationally Determined Contribution(NDC).
- There is also the need to work out the CO₂ savings from projects from these sectors and the accompanying Certified Emission Reductions (CERs) - hitherto a neglected important financial components of the projects. The CER component of the projects will make it attractive for prospective investors.
- Apart from the economic benefits, there is also the need to bring to fore the social and environmental benefits which these projects brings to the country. That is climate action social responsibility of the projects and these includes employment creation, health, preventing noise pollution, amongst others.

- Other multi-benefits include (i) Attaining Nationally Determined Contribution (NDC) targets through (Measuring, Reporting and Verification (MRV) which includes GHG Data; Nationally Appropriate Mitigation Actions (NAMAs) Readiness Framework for the country; and Support in terms of funding, capacity building and technology transfer
- Excess CERs could generate revenue for the government through the agency responsible for the project;
- Provide access to the Federal Government to international Funds such as GCF, NAMA, CC Adaptation Fund's Direct Access Modality, CDCF (Community Development Carbon Fund of the World Bank) etc;
- Huge benefits at both Macro- and Micro-economic levels;
- Nigeria will be better positioned to lead the sub-region in matters pertaining to Climate change mitigation and adaptation and become a hub for low-carbon technology transfer for the sub-region (Regional – West African - Emission Trading Scheme).

Citizens Engagement/Role of Civil Society in the implementation of low carbon budget framework/EGRP: Building a cluster of civil society at mainstreaming low carbon pathway in the budget process at the legislative /executive end.

- The Civil Society Organization is key in the implementation of low carbon budget framework and economic growth recovery plan because it is the pivot upon which the executive and legislative development must be based upon. The CSOs acting as institutions representing the Third Sector have evolved over the years to a concrete platform for civic and political engagement of the democratic process and agenda.
- Embracing the civil society collaboration in the low carbon budget framework and economic growth recovery plan will further enhance positively, the level and fabric of public acceptability of these programmes.
- It therefore be hove squarely upon the shoulders of the clusters of civil society to skillfully monitor the programme implementation, track appropriation laws and equipping the under privileged to ask questions.

- How will the CSOs achieve this?
- Establish a Criteria to Benchmark these programmes:

CSOs must establish a credible criteria to benchmark the performance of these programmes through:

-tracking the programmes by laying hold of the programme document and see how much the government has performed in terms of criteria set. If they are not satisfied, can organize press conferences to inform the world what they have observed;

-Name and shame members of the implementation committee found to be inimical to the progress of the programme

-Quantity and quality of the programme is key to Nigeria's sustainable development effort. Poor quality delivery must be exposed by the CSOs

-Unraveling oversight activities- What do the Parliamentarians do when they go to Ministries, Departments and Agencies(MDAs) for oversight? Why do they complain months after they have gone to the MDAs that the budget has not performed? We need to know more and it is only the CSOs that is in the position to unravel that.

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Conclusion

- In view of the above submission, the Federal Government must not treat with levity the low carbon development pathway in the 2018 Budget Framework as well as make provision for its inclusion in the EGRP document as the framers of the document either out of naivety or lack of adequate consultation with stakeholders failed to accommodate it.
- Finally, Civil society oversight engagement in all these must be done under mutual trust, frankness, transparency, humility, and respect for others sensibilities. The civil society too must eschew destructive criticism but provide constructive platform to right every observed wrong by the government.

The End

Thanks for your kind attention

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