

NIGERIAN CARBON MARKET FRAMEWORK: AGRICULTURAL EMISSIONS – QUESTIONS AND ANSWERS

Q1. I am a farmer. Does Agricultural emissions apply to me?

Yes. However, it depends on the size of your operation. If you employ 50 or more people, the Climate Change Act 2021 (CCA) places direct obligations on you, including designating a Climate Change Officer and reporting annually on your emissions performance to the National Council on Climate Change (NCCC). Failure to meet targets attracts a fine.

If you are a smallholder, no mandatory obligations apply to you at this time. However, the Nigerian Carbon Market Framework (NCMF) approved by President Tinubu in October 2025 creates a voluntary market where your farming practices can earn you income. That opportunity is the more immediately relevant part of this framework for most farmers.

Q2. Is the NCMF government scheme actually real, or is it just another policy that goes nowhere?

Yes, it is real. The NCMF has presidential approval and the National Carbon Registry is operational. Nigeria already has 57 registered carbon projects with 5.8 million credits issued. However, the Manual of Procedures, the document that sets out exactly how to participate, has not been publicly released as at April 2026. The framework also remains a policy directive, not a statute, meaning it does not yet create legally enforceable obligations. The market exists but the detailed rules are still being finalised.

Q3. My farm produces no oil or gas. Why am I being told it emits greenhouse gases?

Agriculture is Nigeria's second-largest source of greenhouse gas (GHG) emissions, approximately 24-25%

of the national total. Your cattle produce methane during digestion. Your flooded rice paddies produce methane as organic matter decomposes in waterlogged soil. The fertiliser you apply releases nitrous oxide. The crop residue you burn releases both. None of this requires oil or gas. The emissions are real and, under the NCMF, they are also a commercial asset if you reduce them.

Q4. What does Nigeria actually commit to doing about farming emissions?

Under Nigeria's Nationally Determined Contribution (NDC) - its formal climate commitment under the Paris Agreement, the government has committed to: a 50% reduction in crop residues burned by 2030; promoting agroforestry, improved rice cultivation, and better manure management; and achieving 50% uptake of the Systems of Rice Intensification (SRI) method for paddy rice by 2030. These targets are not enforceable directly against individual farmers, but they define what agricultural practices qualify for carbon credit generation under the NCMF.

Q5. What exactly is a carbon credit and how does my farm produce one?

A carbon credit is a certificate representing one metric tonne of greenhouse gas that has been reduced or removed from the atmosphere. Your farm generates credits by adopting a practice that demonstrably cuts emissions; for example, stopping residue burning and switching to composting; transitioning from continuous paddy flooding to alternate wetting and drying (SRI), which has been shown to cut paddy methane emissions by up to 40% in Nigerian pilots in Jigawa, Kaduna, and Kano; planting agroforestry; or improving cattle feed quality. The reductions must be independently verified and registered

on the National Carbon Registry before any credits can be sold.

Q6. Can I actually make money from Carbon Credits?

Yes, but the amount depends on the size of your land, the practice adopted, and the market price at the time of sale. Carbon credit prices range from approximately USD 5 per tonne for lower-quality credits to over USD 50 per tonne for high-quality agricultural and nature-based projects. A 500-hectare agroforestry project sequestering 5 tonnes per hectare annually generates roughly 2,500 credits per year worth USD 37,500 at USD 15 per tonne. Individual smallholders typically cannot access this market alone; aggregation through a cooperative or project developer is usually necessary to make the economics work.

Q7. Who takes a cut of the money? Will I actually see any of it?

Revenue sharing is set by private contract in an Emission Reduction Purchase Agreement (ERPA) between you and the project developer. The NCMF sets no minimum percentage for farmers. In comparable African markets, project developers commonly retain 50–80% of gross revenues. The CCA requires communities to benefit from carbon projects on their land but does not specify a percentage. This is the most commercially sensitive issue in any carbon agreement. Independent legal advice before signing any ERPA is not optional, it is essential.

Q8. Can I join with other farmers to generate Carbon Credits rather than doing it alone?

Yes, and for most smallholders this is the only practical route. A single small farm rarely generates enough emission reductions to cover the fixed costs of validation and verification. The standard model is a project developer or cooperative bundling multiple farms into one project, spreading those costs across a larger pool of credits. Nigerian farmer cooperatives and commodity associations are the natural entry point. Before joining, make sure you

understand the revenue-sharing terms, how long the contract runs, and what happens if you want to exit.

Q9. I burn my crop residue after harvest. Is that illegal?

No. Burning crop residue is not a criminal offence under the CCA or NCMF and carries no civil or criminal liability at this time. However, it is directly targeted by Nigeria's NDC commitment to cut residue burning by 50% by 2030 and will attract increasing regulatory attention. More relevantly for farmers right now: switching from burning to composting, mulching, or soil incorporation qualifies for carbon credits. The incentive to change is financial, not just regulatory.

Q10. What happens if I sign a carbon contract and then a drought or flood ruins my harvest?

This is a real and serious risk. ERPAs typically impose financial penalties if you fail to deliver the emission reductions you contracted for. Events beyond your control such as drought, flood, pest outbreak can reduce your farm's output and trigger liability to the buyer. Well-structured projects build in a buffer reserve (a percentage of credits withheld to cover shortfalls), but the size of that buffer and its conditions vary by contract. Never sign an ERPA without having a lawyer review it first.

Q11. If I sign a carbon contract for 20 years, what does that mean for my land?

It means a great deal. Long-term carbon contracts commonly require you to maintain forest cover, continue a specific farming practice, or refrain from clearing land for the full contract period. Breach of those conditions can result in penalties. Additionally, where your land is held under a certificate of occupancy or customary right under the Land Use Act, a carbon contract can interact with and potentially restrict those rights for its entire duration. You must get legal advice on your existing land rights before signing any carbon agreement.

Q 12. Who actually owns the carbon credits my farm generates?

Three parties have a potential claim: you as the farmer who implemented the practice; the project developer, if the ERPA assigns ownership to them on issuance; and the state

government, on the basis that the Land Use Act vests all land in state governments, which could be interpreted to include the carbon stored in that land. Until legislation resolves this which the proposed Decarbonisation Bill aims to do, ownership must be expressly negotiated and written into your contract before you sign.

Disclaimer

This publication is provided for general informational purposes and does not constitute legal advice. Given the evolving nature of Nigeria's carbon market framework, stakeholders are encouraged to seek specific legal guidance tailored to their operations.

For tailored advisory on carbon compliance and agricultural emissions, kindly contact our Climate & Carbon Markets Advisory Desk: info@pthlp.com

