

# Nigeria's Carbon Market and the Aviation Sector (2026)

As Nigeria operationalises its carbon market framework, airlines, both domestic and international, must navigate a complex intersection of national regulation and global aviation standards. This briefing addresses the most critical legal and compliance questions facing aviation stakeholders.

## 1. What is the core legal obligation for airlines under Nigeria's Carbon Market Framework?

Airlines are now subject to binding obligations under the Climate Change Act 2021 and the 2026 National Carbon Market Framework (NCMF).

Operators with more than 50 employees are required to appoint a Climate Change Officer and comply with annual emission reduction targets set by the National Council on Climate Change (NCCC). Non-compliance, including failure to report or meet prescribed targets, attracts financial penalties under Section 34 of the Act.

## 2. How does Article 6 authorization impact international airline operations in Nigeria?

Under the Paris Agreement (Articles 6.2 and 6.4), Nigeria requires that any carbon credits used for CORSIA compliance must be backed by a Letter of Authorization (LoA) issued by the NCCC. This authorization ensures a Corresponding Adjustment is recorded in Nigeria's national emissions accounts, preventing double counting.

## 3. Can domestic carbon credits be used for CORSIA compliance?

Yes, provided such credits meet the ICAO Technical Advisory Body (TAB) eligibility standards. Nigeria has begun verifying select nature-based and renewable energy projects for CORSIA eligibility. Airlines must ensure compliance with the Emissions Unit Eligibility Criteria (EUC), particularly as the scheme transitions from its voluntary phase to full implementation.

## 4. What is the regulatory overlap risk between the NCAA and the NCCC?

Airlines face dual reporting obligations; The Nigerian Civil Aviation Authority (NCAA) requires operational and safety-related data aligned with ICAO standards. The National Council on Climate Change (NCCC) requires emissions data for national carbon budgeting. Inconsistent reporting across these regulators may trigger regulatory scrutiny or forensic audits.

## 5. What is the significance of the National Carbon Registry for airlines?

The National Carbon Registry (NCR), launched in 2026, serves as the authoritative record for all carbon assets in Nigeria. Carbon credits are now treated as intangible assets, requiring proper legal structuring, custody, and documentation. This has direct implications for balance sheet treatment and compliance reporting.

## 6. What are the implications of the Fly2Green Nigeria initiative?

The Fly2Green Nigeria initiative signals a shift toward structured decarbonisation within the aviation sector, including the anticipated introduction of a Domestic Emissions Trading Scheme (ETS).

## 7. What are the consequences of non-compliance with carbon obligations?

Airlines face both regulatory and commercial exposure:  
Regulatory Risk: The NCAA may withhold or delay Air Operator Certificate (AOC) renewals due to non-compliance with environmental reporting requirements  
Litigation and Reputational Risk: Inaccurate or misleading carbon disclosures may result in greenwashing claims and liability under consumer protection laws enforced by the FCCPC

**8. We already report fuel burn to the NCAA. Why do we now have to file separate reports to the NCCC? It feels like double the paperwork.**

It is, and that's the new reality. While the NCAA cares about operational safety and ICAO compliance, the NCCC is tracking Nigeria's National Carbon Budget. In 2026, any discrepancy between what you tell the NCAA and what you file at the NCCC can trigger a "Forensic Emissions Audit." Smart operators are integrating their flight management software with the National Digital Platform to ensure one source of truth for both regulators.

**9. Jet A1 prices are already volatile. Is this new 'Domestic Emissions Trading Scheme' (ETS) essentially a hidden tax on my fuel?**

It's not a tax, but it is a cost of doing business. Under the 2026 Domestic ETS, if your airline emits more than your allocated sectoral cap, you must buy credits from the Lagos Carbon Exchange to cover the gap. However, it also presents an opportunity: if you modernize your fleet or optimize flight paths to burn less fuel, you can sell your "excess" allowance to other carriers, turning a compliance cost into a profit center.

**10. International partners are asking about 'Corresponding Adjustments' for our carbon offsets. What happens if the Nigerian government refuses to sign off on them?**

This is a major "contractual risk." If you buy Nigerian carbon credits to satisfy global CORSIA requirements but the NCCC doesn't issue a Letter of Authorization (LoA) for a "Corresponding Adjustment," those credits are worthless on the international market. Before investing in any local carbon project, your legal team must ensure the project developer has a guaranteed path to NCCC authorization to avoid "Double Counting" traps.

**11. Is Sustainable Aviation Fuel (SAF) actually a viable compliance strategy in Nigeria for 2026, or is it just a buzzword?**

It's becoming a necessity. The NCCC has introduced SAF tax credits to incentivize the blending of biofuels. Airlines that use a certified percentage of SAF in their Nigerian operations can significantly lower their "Emissions Intensity Score," which directly reduces the number of credits they need to buy on the exchange. It's no longer just a buzzword; it's a strategy to avoid high carbon-offsetting costs.

**12. We are a small domestic charter with 60 employees. Do these heavy climate reporting rules really apply to us, or just the big carriers?**

The "50-employee threshold" is the trigger. Because you have 60 employees, you are legally a "Designated Entity" under the Climate Change Act. This means you must appoint a Climate Change Officer and file annual reports. For smaller operators, the risk isn't just a fine; it's that a "Poor" sustainability rating can lead to higher insurance premiums for your hull and liability coverage.

**13. Can our airline lose its Air Operator Certificate (AOC) if we don't meet our carbon reduction targets?**

Technically, the NCAA and NCCC are now working in tandem. While an AOC is primarily about safety, the 2026 guidelines allow the NCAA to factor in "Environmental Governance" during renewal. If your airline is found to be in persistent, willful breach of national climate laws, you may face "Regulatory Hold" status, where your certificates are not renewed until a compliance remediation plan is funded and approved.

## Conclusion

In today's regulatory environment, carbon is no longer a peripheral concern. It is a structured financial and compliance obligation. Legal and strategic expertise are indispensably required to align aviation operations with both Nigerian law and international aviation standards, it is necessary to ensure a compliant and commercially viable path towards net-zero.

## 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 aviation regulation, kindly contact our Climate & Carbon Markets Advisory Desk: [info@pthlp.com](mailto:info@pthlp.com)