



How Nigerian Startups Can Attract ESG Investment

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Introduction

Environmental, Social, and Governance (“ESG”) principles are built on the idea that people, companies, and governments should act sustainably to preserve the earth’s resources and make the world liveable for current and future generations. Against this background, today, investors and financiers are pushing companies to do better on ESG. As a result, major funding now flows to businesses that are environmentally and socially responsible.

This global shift has strong commercial implications, especially for startups in emerging markets like Nigeria. For Nigerian founders looking to raise funds, ESG isn’t just a “nice to have”, it is a core business advantage. Embedding ESG can reduce risks (both regulatory and reputational), open doors to innovation, and signal to investors that your business is built for long-term success.

Why ESG Matters for Nigerian Startups

For founders seeking foreign investments, ESG can be a key differentiator. Increasingly, venture funds, development finance institutions (“DFIs”), and impact investors assess ESG performance as part of their due diligence. Startups that measure and effectively communicate their ESG efforts are more likely to access green funds, concessional loans, and ESG-linked venture deals.

The goal is simple: show that your business manages environmental, social, and governance risks responsibly and investors will take you more seriously.



ESG Strategies

Nigerian startups can attract investors by integrating ESG into their daily operations, as follows:

- **Environmental:** Reduce waste, recycle, use clean energy, improve resource efficiency, align with legal frameworks like Nigeria's Environmental Impact Assessment Act, Climate Change Act 2021, etc;
- **Social:** Promote fair labour standards, workplace diversity, community engagement, protect consumers and build stakeholder trust; and
- **Governance:** Ensure transparency, accountability, and ethical leadership, adopt governance policies, codes of conduct, conflict-of-interest rules, and whistleblowing channels. Assign someone responsible for ESG oversight.
- Maintaining transparent financial records and complying with anti-bribery laws also builds business credibility. Collectively, these efforts show investors that your startup is responsible and ready to grow.

How ESG Efforts Translate into Funding

Founders can transform sustainability into real funding opportunities through:

- **Applying for ESG-linked Loans and Grants:** Nigerian banks and DFIs now offer loans with concessional principal and interest rates for projects that achieve social or environmental goals.
- **Documenting ESG:** During investor due diligence, share your governance structure, HR policies, and environmental reports when requested. This not only influence funding terms but also form part of borrower obligations under finance documents.
- **Exploring the Carbon Markets:** Projects that reduce emissions can earn carbon credits, opening up new funding streams. Nigeria's carbon market (under the National Council for Climate Change) is still developing, but early movers can benefit in the long term.





Practical Takeaways for Founders

- **Audit and prioritise:** Review your ESG practices to spot risks and improvement areas.
- **Develop a clear plan:** Define your ESG goals, e.g., zero waste, gender balance, or emission reduction targets.
- **Document everything:** Keep records of ESG policies, staff training, and outcomes as they could strengthen your position during investor engagements.
- **Communicate and certify:** Share ESG updates periodically with investors and regulators, as applicable, and seek credible certifications from technical experts.
- **Stay compliant:** Track changing ESG laws locally and internationally. Early compliance is cheaper and easier.
- **Pitch with transparency:** Be honest about your ESG journey. Investors value authenticity and clarity more than perfection.



Conclusion

For Nigerian startups, ESG is no longer optional, it is a growth strategy. From cleaner operations to fairer workplaces and transparent governance, ESG helps build resilient, investable businesses. As global investors channel more funds toward sustainability, founders who take ESG seriously will be better positioned to attract capital, build credibility, and pivot.

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