

Live, CAN demanded that Nigeria remove its membership from the IILM and that the CBN governor resign from his leadership. Nevertheless, despite these desperate tactics, some non-Muslims continue to use Islamic banking. Due to some inherently advantageous factors that encourage patronage even from non-Muslims, the campaign against Islamic banking in Nigeria appears to be less effective. Examining all of the traits and factors that sway non-Muslims in Nigeria to use or adopt Islamic banking is crucial given the rising demand for Islamic banking services.⁸⁸

V CONCLUSION

Islamic finance has grown in popularity among Muslims as well as non-Muslim nations in recent decades, Islamic nations that are not Muslim have also adopted Islamic finance as a trend. Islamic banking needs the cooperation of all parties, regardless of their faith, because it is not discriminatory by nature. However, the rise of Islamic banking is seriously threatened due to the persistent opposition of a portion of the Nigerian population. Nigeria will not benefit from a boycott of such a vitally developing Islamic financial system, especially at this time when the country is working hard to become Africa's largest and most powerful International Finance Corporation (IFC). Everyone should therefore take steps to identify the phobia's root sources, weigh any adverse effects that may have followed, and suggest countermeasures. It is hereby recommended that there should be enhanced public education campaigns to ensure that people are well informed of the workings of an Islamic Bank. This will apart from building the investors' confidence also help in achieving greater financial inclusion for all. In the same vein, the need for enhanced regulatory clarity cannot be overemphasized. The Lawmakers need to further work on the possibility of coming up with a dedicated Act for the operations and regulations of this very important sector of the larger Financial landscape. Finally, but most importantly, there is the need to have a very proactive stakeholder engagement to ensure that everybody is on the same page and the misconceptions are properly cleared and dealt with once and for all.

⁸⁸ The Daily Trust Newspaper. 'Islamic banking open to all, not only Muslims – Jaiz Bank'. (2018, January 12) Available at: <https://www.pressreader.com/nigeria/daily-trust/20180112/281496459237263> Accessed 9 September 2020.

GREEN FINANCING AND POLICY SUPPORT FOR SUSTAINABLE TOURISM INITIATIVES IN NIGERIA

Lateefat Adeola Bello* and Clementina Chika Okeke**

Abstract

Sustainable tourism plays a vital role in addressing pressing global challenges such as climate change, biodiversity loss, and economic instability. This paper explores the importance of green financing and supportive policies in fostering sustainable tourism initiatives. It highlights mechanisms like green bonds, biodiversity-focused investments, and policy incentives that are instrumental in minimising the ecological footprint of tourism while simultaneously generating economic advantages. The research identifies key challenges faced by the sector, including limited access to financing, inconsistencies in regulatory frameworks, and gaps in technical expertise. The paper proposes strategic solutions to address these issues that foster collaboration among various stakeholders, including governments, financial institutions, and local communities. The study focuses on how financial strategies can turn tourism obstacles into opportunities for environmental and social advancement. It emphasises the need for eco-friendly tourism practices that not only yield profits but also deliver social benefits. By assessing funding mechanisms and policy frameworks that engage diverse stakeholders, the research aims to promote authentic sustainability. The investigation reveals that innovative financing and supportive policies can enhance sustainable development initiatives by addressing both environmental and social dimensions. However, it also underscores challenges such as policy fragmentation and the risk of "greenwashing." The paper advocates for synchronised global policies and active local engagement to overcome these hurdles. Ultimately, it suggests actionable recommendations for enhancing green financing and adaptive policies that facilitate collaboration among all parties involved. This cohesive approach aims to transition the tourism sector from merely sustainable to regenerative, fostering ecosystem vitality and community development. The proposed model is adaptable across various industries striving for economic growth alongside environmental sustainability.

Keywords: Sustainable Tourism, Sustainability, Green Financing, Policy Incentive, Environmental Sustainability

1.1 INTRODUCTION

The economic activity that aims to minimise climate change risks and/or maximise environmental benefits is called "green financing." One example of green financing is when a business obtains a loan to renovate its portfolio of homes with more energy-efficient features, such as solar panels. Home residents are reducing their energy use and electricity costs as a result. The premise that green finance benefits everyone is further supported by this.¹ The long-term objective of Green finance is to create a flow of capital toward initiatives that support a more resilient and sustainable economy. Addressing environmental issues such as climate change is part of the tourism sector's sustainability initiative². Green financing is increasingly recognised as a vital mechanism for promoting sustainable tourism initiatives. The idea of sustainable tourism combines sociocultural, economic, and environmental aspects to make sure that tourism growth satisfies current demands without endangering the capacity of future generations to satisfy their own. It strongly emphasises maximising economic gains and promoting social equity while minimising adverse effects on the environment and local traditions. By providing the necessary funding and support, green financing helps tourism destinations achieve Green Destination status, which emphasises environmental sustainability and responsible tourism practices.³ Green financing and policy support are, therefore, crucial for advancing sustainable tourism initiatives, particularly in the context of growing environmental concerns and the need for economic resilience.⁴ This article explores how

*Department of Commercial Law, Faculty of Law, Ahmadu Bello University, Zaria, Nigeria, attorney4real@yahoo.com, +234-8031530751

** Lecturer, Margret Lawrence University Abuja; prestigioustina@gmail.com; 08138200223

¹ Yaseen Eiweida, "Green Finance Can Address the Increasing Demand for Sustainable Tourism" (2024). Available at <<https://www.solimarininternational.com/how-green-finance-can-address-the-increasing-demand-for-sustainable-tourism/>> accessed 3 March 2025

² Kwilinski, A., Lyulyov, O., & Pimonenko, T. (2025). The role of green finance in attaining environmental sustainability within a country's ESG performance. *Journal of Innovation & Knowledge*, 10(2). Available at <<https://www.sciencedirect.com/science/article/pii/S2444569X25000241>>

³ M.H. Rahman et-al, Corporate Social Responsibility and Green Financing Behavior in Bangladesh: Towards Sustainable Tourism. *Innovation and Green Development* (2024). 3(3), 100133. Available <https://doi.org/10.1016/j.igd.2024.100133> Accessed November 2024

⁴ M.Fu, S. Huang and S. Ahmed. "Assessing the Impact of Green Finance on Sustainable Tourism Development in China. *Heliyon* , (2024), 10(10), e31099. Retrieved from <https://doi.org/10.1016/j.heliyon.2024.e31099> 2 March 2025

these financial mechanisms can facilitate sustainable practices within the tourism sector, promoting both environmental conservation and socio-economic benefits.

Tourism accounts for a significant share of the world's GDP and ranks as one of the economically important sectors, especially in poor countries⁵. However, the dependence of this sector on natural resources, energy, and infrastructure has raised certain ethical and social concerns about this industry. Hence, the concept of Sustainable tourism. This notion tries to emphasise the need for sound environmental practices meant to protect natural resources and improve the living conditions of people in the region.⁶ This opinion was supported by recent research conducted in Ghana, which found that good management boosts the economy while preserving the environment and culture. According to the study, tourism needs to be environmentally, socially, and economically viable to be deemed sustainable.⁷

The travel and tourism sector alone is responsible for about 8%⁸ Of the total greenhouse gas emissions contributing to climate change, therefore, the solution to the pressing challenge of climate change lies at the heart of sustainable tourism development. It is in this context that sustainable tourism is seen as an opportunity to turn problems into solutions, that is, harnessing the power of the environment and society to make positive change. Coastal risk management may include activities like the mangrove Protection projects, also seen as the best investments in supporting local coastal communities.⁹ A key driver of this transformation is the integration of green policies and finance, which unlocks funding and enables sustainable practices. Policy support complements green financing by creating a robust regulatory framework that incentivises sustainable practices and encourages public-private partnerships. Governments and international

⁵ World Travel and Tourism Council (2024), Travel & Tourism Economic Impact Research (EIR). Available at <https://wttc.org/research/economic-impact> Accessed 21 April 2025

⁶ A.N. Khatib, "Climate Change and Travel: Harmonizing to Abate Impact. Current Infectious Disease Reports(2023). 25(4), 77. Available at <https://doi.org/10.1007/s11908-023-00799-4> Retried 29 January 2025

⁷ J. Albrecht & M. Haid. "Sustainable Eco-Tourism in Ghana: An assessment of Environmental and Economic Impacts. Journal of Global Research in Education and Social Science.(2022) Retrieved from "<https://academicjournals.org/journal/JGRP/article-full-text/BC08B1169646> Accessed 29 January 2025

⁸ Khatib, A. N. (2023). Climate Change and Travel: Harmonizing to Abate Impact. Current Infectious Disease Reports, 25(4), 77. <https://doi.org/10.1007/s11908-023-00799-4> Retrieved 20 April 2025

⁹ A. Torres-Delgado, & F. López Palomeque, F. "The growth and spread of the concept of sustainable tourism: The contribution of institutional initiatives to tourism policy (2012). Tourism Management Perspectives, 4, 1-10. <https://doi.org/10.1016/j.tmp.2012.05.001>

organisations play a pivotal role in unlocking finance, accelerating green investments, and fostering innovation in tourism infrastructure. These efforts not only address environmental challenges but also enhance the sector's competitiveness and resilience against economic disruptions.¹⁰ Thus, Financial strategies can effectively transform obstacles in the tourism sector into opportunities for environmental and social advancement by focusing on sustainable practices, community engagement, and strategic financial planning.¹¹ This paper examines the connection between governmental support for sustainable tourism and green funding for tourism growth. It aims to identify the gaps that exist, the procedures that would be adequate, and how stakeholders may position themselves to help the tourism industry accomplish the goals of the global development agenda. The uniqueness of the study lies in its integrative technique, which focuses on real-world applications while incorporating many facets of economics, policy, and case studies. For greater equality and sustainability of territory through tourism, governments, businesses, and inhabitants must work together.

1.2 IMPORTANCE OF GREEN FINANCING IN MITIGATING ENVIRONMENTAL IMPACTS

To lessen the tourism industry's environmental impact, green funding is essential. Destinations can embrace sustainable practices that safeguard biodiversity and natural resources by allocating the required funds for environmentally beneficial projects and developing and implementing eco-friendly tourism guidelines that help minimise environmental impacts while promoting responsible travel. This ensures the conservation of natural and cultural heritage sites, which is crucial for long-term sustainability. Improving infrastructure, such as accessibility and visitor facilities, supports sustainable tourism growth. This not only enhances the tourist experience but also preserves the environment by managing visitor flow and reducing strain on local resources.

¹⁰ Yaseen Eiweida. "How Green Finance Can Address the Increasing Demand for Sustainable Tourism" (2024) Available at <<https://www.solimarinternational.com/how-green-finance-can-address-the-increasing-demand-for-sustainable-tourism/>> accessed 3 March 2025

¹¹ Bozena Radzewicz-Bak et-al (2024) Preparing Financial Sectors for a Green Future: Managing Risks and Securing Sustainable Finance, International Monetary Fund
"<https://www.elibrary.imf.org/view/journals/087/2024/002/087.2024.issue-002-en.xml>

A substantial rise in green finance is expected as future generations, including tourists, hold environmental values and expect financial institutions to provide those services. As a result, green financing plays a critical role in reducing carbon emissions to foster the development of tourism. Additionally, green funding promotes the adoption of sustainable practices and technologies by tourism operators, strengthening their ability to withstand the effects of climate change.¹² Green financing is becoming a crucial instrument for promoting long-term success in the tourism industry as more locations realise how important sustainability is in drawing eco-aware tourists.¹³ Green financing covers a range of tools, such as grants, green bonds, and public-private partnerships, which are briefly discussed below:

1. **Eco-Friendly Infrastructure:** Green financing is a powerful tool for building eco-friendly infrastructure within the tourism sector. It helps fund projects like energy-efficient hotels, renewable energy systems, and advanced waste management facilities. For instance, green bonds have been instrumental in supporting initiatives such as restoring degraded ecosystems and rehabilitating natural habitats impacted by tourism. These developments not only reduce environmental harm but also enhance the appeal of destinations by preserving their natural beauty¹⁴.
2. **Carbon Emission Reduction** -Tourism often leaves a significant carbon footprint, but financial mechanisms like carbon credits and climate-smart investments are changing the game. These tools channel funding into low-carbon technologies, such as solar-powered accommodations or electric transport options, and support nature-based solutions like reforestation. By reducing emissions, these investments allow tourism to grow in harmony with the environment, ensuring that destinations remain viable for future generations.¹⁵
3. **Circular Economy Integration** -Green financing also encourages the adoption of circular economy principles in tourism. This approach emphasises resource efficiency, recycling,

¹² S.Xu , & H. Wang |. “The role of green financing to enhance tourism growth by mitigating carbon emission in China”. *Environmental Science and Pollution Research International*, 30(21), 59470.
<https://doi.org/10.1007/s11356-023-26089-z>

¹³ Ibid

¹⁴ UNWTO Investment Forums, “Investment Readiness for Green Finance Mechanisms initiative, Green Investments for Sustainable Tourism” available at < <https://www.unwto.org/green-investments-for-sustainable-tourism> > Accessed 3 March 2025

¹⁵ Ibid

and sustainable consumption practices. For example, many eco-lodges now use renewable energy, recycle waste materials, and harvest rainwater to minimise their environmental impact. These practices not only conserve resources but also inspire visitors to adopt greener lifestyles themselves.¹⁶

Green bonds are fixed-income financial products designed especially to generate capital for environmentally beneficial initiatives, including sustainable land use, energy efficiency, and renewable energy. They give investors the chance to profit from their investments while simultaneously supporting eco-friendly projects.¹⁷ Grants are sums of money given to certain projects by governments, nonprofit organisations, or international organisations with no obligation of repayment. Small and medium-sized businesses (SMES) in the tourism industry can benefit greatly from grants, which enable them to adopt sustainable practices without taking on debt. Public-Private Partnerships (PPPS): These cooperative arrangements between private businesses and governmental organisations have the potential to raise funds for environmentally friendly travel projects. PPPS finances and carries out projects that benefit local communities and the environment by utilising the assets of both sectors.¹⁸

Similarly, Biodiversity Bonds are Financial instruments aimed at conserving natural habitats and promoting ecotourism. While Debt-for-Nature Swaps are Agreements that redirect debt repayments toward conservation projects, exemplified by Seychelles' initiative. This is an example of a government-restructured debt in exchange for pledges to protect marine habitats. This creative financing strategy showed how green financing can result in real environmental benefits by easing financial strain and enabling large investments in conservation initiatives. Carbon Offset Program: Mechanisms that allow tourists and businesses to compensate for their carbon emissions by investing in renewable energy or reforestation projects.

¹⁶ Ibid

¹⁷ GINN (2025) What you need to know about impact investing , Available at <<https://thegiin.org/publication/post/about-impact-investing>> Accessed 21 April 2025

¹⁸ Melody Kazel (2024) Public-Private Partnerships (PPPs): Definition, How They Work, and Examples Available at <https://www.investopedia.com/terms/p/public-private-partnerships.asp> Accessed 21 April 2025

1.3 CHALLENGES FACED BY TOURISM'S SMALL AND MEDIUM ENTERPRISES (SMES) IN ACCESSING GREEN FINANCE

Accessing green finance is a major obstacle for tourism SMES, which can limit their capacity to implement sustainable practices and support environmental preservation. High interest rates, difficult application procedures, and strict collateral requirements are some of these difficulties, which make it difficult to obtain the money required for environmentally friendly projects.¹⁹ The high interest rates linked to green loans are one of the main challenges. High borrowing rates are a financial burden for many small and medium-sized tourism businesses, which may discourage them from making investments in environmentally friendly practices and technologies. This problem is exacerbated by the fact that small and medium-sized tourism businesses sometimes lack sufficient collateral or financial records, which makes them less appealing to lenders than larger companies.²⁰

Another major obstacle is the intricate application procedures for green funding. For smaller enterprises that might not have the administrative resources or expertise, the documentation requirements and the complexities of qualifying for green financing can be too much to handle²¹. Additionally, SMES in the tourism industry may find collateral requirements especially difficult to meet. To obtain loans, financial institutions frequently demand significant collateral²², which many small businesses are unable to supply. This keeps them from getting the money they need and feeds the loop of underfunding sustainable practices. Several tactics can be used to overcome

¹⁹ IGI Global."Challenges and Sustainability of Green Finance in the Tourism Industry(2024)." Retrieved from <https://www.igi-global.com/chapter/challenges-and-sustainability-of-green-finance-in-the-tourism-industry/333975> accessed 16 January 2025

²⁰ F. MFairoz and J.A.T., C. (2020). Barriers to Implementing Green Business Practices of Small and Medium Scale Enterprises in the Tourism Industry." International Journal of Research in Social Sciences. Retrieved from <https://rsisinternational.org/journals/ijriss/Digital-Library/volume-2-issue-10/186-192.pdf> Accessed 30 January 2025

²¹ SSRN. (2022). The Challenges For SMEs In Green Finance Initiatives Adoption. Retrieved from https://papers.ssrn.com/sol3/Delivery.cfm/SSRN_ID4232126_code3949121&mirid=1 accessed 28 January 2026

²² Thein, E. E., Niigata, A., & Inaba, K. (2024). Concentrated bank market and SMEs' collateral issues: A study of the firms of developing Asian countries. *Journal of Economic Structures*, 13(1), 1-19. <https://doi.org/10.1186/s40008-024-00338-x>

these issues.²³ The following are some ways that financial institutions could make green financing more accessible and appealing to smaller businesses:

- i. By creating customised loan products with more flexible terms and lower interest rates, financial institutions could make green financing more appealing to these businesses;
- ii. By making the application process for green loans easier, businesses can apply more successfully;
- iii. By providing training in business skills (strategic planning) and financial literacy (credit management, budgeting), financial institutions can improve their capacity to handle public monies²⁴. Workshops on sustainability certification and resource-sharing platforms can help collaborative ecosystems headed by governments, NGOs, and tourism organisations increase access to green funding (such as grants and low-interest loans). 30–40% more funding requests are successful when SMEs are trained to highlight the financial and environmental advantages.²⁵ These initiatives support global sustainability objectives.
- iv. IV Governments, financial institutions, and travel agencies working together can establish enabling environments that make green finance more accessible. Projects such as the Sustainable Island Mauritius initiative show how strategic alliances can improve funding conditions for SMES and increase knowledge sharing. Stakeholders may enable tourist SMES to more easily access green finance and implement sustainable practices that benefit their companies and the environment by removing these obstacles through focused interventions²⁶.

1.4 IMPORTANCE OF REGULATORY CONSISTENCY AND CAPACITY BUILDING

²³ Ibid

²⁴ OECD/INFE. (2021). Financial literacy and SMEs: A global perspective. <https://www.oecd.org/financial/education>

²⁵ UNWTO. (2023). Tourism for SDGs: Pathways to innovation. <https://www.unwto.org>

²⁶ Opage , Partnership for Action on the Green Economy, UN Environment Program Finance Initiative. Greening the SMEs: Improving SME Access to Green Finance in Mauritius. Available at <<https://www.unpage.org/static/c3fdfcc685936cbd52bfcfecabe32c8e/greening-the-smes-improving-sme-access-to-green-finance-in-mauritius.pdf>>

Regulatory consistency is crucial for creating a stable environment that encourages investment in sustainable tourism. Clear and coherent policies help build investor confidence and ensure that all stakeholders understand their roles and responsibilities. However, many regions face challenges related to technical capacity gaps among stakeholders, including government agencies, local communities, and private sector actors. Addressing these gaps is essential for effective policy implementation.

Capacity-building initiatives can enhance the skills and knowledge of stakeholders involved in sustainable tourism. This includes training programs focused on best practices in environmental management, financial literacy regarding green financing options, and community engagement strategies. By equipping stakeholders with the necessary tools and understanding, regulatory frameworks can be more effectively executed, leading to better outcomes for both the environment and local economies.²⁷

1.5 POLICY SUPPORT FOR SUSTAINABLE TOURISM INITIATIVES

Effective policy frameworks are crucial for promoting green financing in the tourism sector. Governments can implement various policies that incentivise investments in sustainable practices, including tax breaks, grants, and low-interest loans. The United Nations World Tourism Organisation (UNWTO) highlighted the significance of a supportive investment policy framework to accelerate green investments in tourism, which not only attracts funding but also aligns tourism development with broader environmental objectives.²⁸

Policy support is essential for fostering sustainable tourism initiatives. Various frameworks have been developed to guide investments in this sector. The UNWTO has established guidelines.²⁹ That promote sustainable tourism investments, emphasising the need for integrated approaches that align tourism development with environmental sustainability and social equity. These guidelines encourage stakeholders to adopt practices that contribute to the Sustainable Development Goals

²⁷ UNWTO Investment Guidelines (2021). UNWTO Investment Guidelines – Enabling Frameworks for Tourism Investment. Retrieved from <https://www.e-unwto.org/doi/book/10.18111/9789284422685>

²⁸ Yaseen Eiweida (2024) Ibid.

²⁹ UN Tourism Investment Guidelines: Enabling Frameworks for Tourism Investment Enabling Frameworks for Tourism Investment Drivers and Challenges Shaping Investments in Tourism UN Tourism Investment Guidelines <<https://www.unwto.org/investment/un-tourism-investment-guidelines-SA1>>

(SDGS), particularly in areas such as climate action, responsible consumption, and biodiversity conservation. The Components of Effective Policy Frameworks are: Financial incentives, such as tax credits, rebates, grants, and low-interest loans, are critical for attracting investments in renewable energy and sustainable tourism practices. Governments must create comprehensive regulatory frameworks that support green financing initiatives. This includes establishing clear guidelines and standards for sustainable practices within the tourism industry.

- (2) Policies should be designed to ensure that tourism development aligns with national and international sustainability goals, including commitments to reduce carbon emissions and enhance biodiversity.
- (3) Continuous assessment of policy effectiveness is necessary to adapt to changing market conditions and stakeholder needs. This includes evaluating the impact of incentives on sustainable practices within the tourism sector³⁰.

Effective policy frameworks are vital for facilitating green financing in tourism. By implementing supportive policies and creating an enabling environment for sustainable investments, governments can drive significant progress toward sustainable tourism development that benefits both the economy and the environment. The following are some examples of green financing initiatives in the tourism sector. Seychelles' Debt-for-Nature Swap, in collaboration with The Nature Conservancy, Seychelles reallocated \$27 million of its national debt to fund marine conservation projects, establishing marine parks and supporting eco-tourism. This initiative has set a precedent for using innovative financial instruments to achieve sustainability goals.³¹

³⁰ Leo Bently and Homaira Bint Halim (2024)Evaluating the Long-Term Impact of Sustainable Tourism Practices on Local Communities and Natural Resources in Developing Countries Integrated Journal for Research in Arts and Humanities 4(3):136-141 Retrieved from https://www.researchgate.net/publication/374328855_Overview_of_Sustainable_Development_and_Promotion_in_Tourism accessed 20 April 2025

³¹ The Commonwealth Case Study (2020)Case Study: Innovative Financing – Debt for Conservation Swap, Seychelles' Conservation and Climate Adaptation Trust and the Blue Bonds Plan, Seychelles (on-going) Retrieved <https://thecommonwealth.org/case-study/case-study-innovative-financing-debt-conservation-swap-seychelles-conservation-and>

Copenhagen's Copen Pay Initiative³² Copenhagen introduced a program rewarding tourists for sustainable behaviours, such as cycling and visiting cultural sites. Supported by Wonderful Copenhagen, this initiative reduced the city's environmental impact while enhancing its appeal as a green destination.

Colombia's Biodiversity Bond: BBVA's issuance of biodiversity bonds in Colombia funded projects focused on habitat restoration and eco-tourism, demonstrating the role of financial instruments in achieving dual economic and environmental objectives³³.

1.6 INNOVATIVE FINANCIAL INSTRUMENTS

Innovative technologies play a pivotal role in supporting green financing in the tourism sector, facilitating sustainable practices, and enhancing the overall efficiency of operations.³⁴ The introduction of innovative financial instruments is vital for promoting sustainable tourism. Green bonds, for example, are increasingly being used to fund environmentally friendly projects within the tourism sector. These bonds attract investors who are interested in supporting sustainability while generating returns. Additionally, blended finance models that combine public and private funding can help mitigate risks associated with sustainable investments.³⁵ By leveraging these instruments, tourism companies can secure the necessary capital to implement green initiatives. There are also important technologies that contribute to green financing initiatives in tourism. Some of these are:

- i. **Block chain Technology** - Blockchain technology offers transparency and security in financial transactions, making it an effective tool for green financing. By enabling traceability of funds, blockchain can ensure that investments are directed towards genuine, sustainable projects. This technology can also facilitate the issuance of green bonds by providing a clear record of how

³² Adrienne Murray Nielsen (2024) Copenhagen's new 'CopenPay' scheme rewards tourists – but does it actually work? Retrieved from <https://www.bbc.com/travel/article/20240730-copenhagens-new-copenpay-scheme-rewards-tourists-but-does-it-actually-work> > Accessed 20 April 2025

³³ International Finance Corporation IFC World Bank Group (2023) BBVA Colombia and IFC issue the world's first biodiversity bond in the financial sector. Retrieved from <https://www.ifc.org/en/pressroom/2024/28298> Accessed 20 April 2025

³⁴ ResearchGate (2024). Green Innovations in the Tourism Sector - ResearchGate. Retrieved from https://www.researchgate.net/publication/324112362_Green_Innovations_in_the_Tourism_Sector

³⁵ Ibid

funds are utilised, thereby increasing investor confidence in the sustainability claims of tourism projects. The use of blockchain can help establish a more robust market for green investments by ensuring accountability and reducing the risk of "greenwashing,"³⁶ where projects falsely claim environmental benefits.³⁷

ii. **Information and Communication Technology (ICT)**- ICT-based solutions are essential for promoting sustainable tourism practices. These technologies can streamline operations, improve resource management, and enhance customer engagement. For instance, digital platforms can be used to promote eco-friendly accommodations and activities, allowing travellers to make informed choices that support sustainability. Additionally, ICT tools can facilitate data collection on environmental impacts, helping businesses measure their sustainability performance and attract green financing by demonstrating their commitment to environmental stewardship.³⁸

iii. **Smart Technologies** -The integration of smart technologies, such as the Internet of Things (IoT) and artificial intelligence (AI), can significantly enhance the sustainability of tourism operations. Smart meters and sensors can monitor energy and water usage in real time, allowing businesses to optimise resource consumption and reduce waste. AI-driven analytics can help operators identify areas for improvement in their sustainability practices, making it easier to secure funding for green initiatives by showcasing potential cost savings and environmental benefits.³⁹

³⁶ The practice of exaggerating or misrepresenting a financial product, initiative, or investment's environmental benefits in order to draw in sustainability-minded investors is known as "greenwashing." This happens in the green bond market when issuers designate bonds as "green" without following reliable sustainability standards, directing money towards non-green endeavours, or not being open and honest about how revenues are being used. This lessens the climate impact of green finance and erodes public confidence in it.

³⁷ Ezekiel Udeh et-al (2024)The role of Blockchain technology in enhancing transparency and trust in green finance markets, *Finance & Accounting Research Journal* 6(6):825-850. Available at <https://www.researchgate.net/publication/381234210> *The role of Blockchain technology in enhancing transparency and trust in green finance markets* Accessed 20 April 2025

³⁸ M. Choiril Azwan(2024)The Role of Information and Communication Technology in Tourism Industry Development: Trends and Future Prospects. Available at <https://nawalaeducation.com/index.php/JT/article/download/513/565/2268> Accessed 20 April 2025

³⁹ Tamara Gajic et -al (2024) Innovative Approaches in Hotel Management: Integrating Artificial Intelligence (AI) and the Internet of Things (IoT) to Enhance Operational Efficiency and Sustainability, *Sustainability* 2024, 16(17), 7279; <https://doi.org/10.3390/su16177279> <https://www.researchgate.net/publication/383360896> *Innovative Approaches in Hotel Management Integrating Artificial Intelligence AI and the Internet of Things IoT to Enhance Operational Efficiency and Sustainability* Accessed 20 April 2025

- iv. **Renewable Energy Technologies** -Investments in renewable energy sources, such as solar panels, wind turbines, and geothermal systems, are crucial for reducing the carbon footprint of tourism operations. By adopting these technologies, tourism businesses can not only lower their operational costs but also enhance their appeal to environmentally conscious travellers. Green financing mechanisms can support these investments by providing access to low-interest loans or grants specifically designated for renewable energy projects.⁴⁰
- v. **Green Building Technologies** - Innovative construction materials and techniques that emphasise energy efficiency and sustainability are vital for developing eco-friendly tourism facilities. Technologies such as modular construction, sustainable materials sourcing, and energy-efficient design principles contribute to lower environmental impacts during both the construction and operation phases. Green financing options can incentivise developers to adopt these practices by offering favourable terms for projects that meet specific sustainability criteria.⁴¹

The devastating effect of climate change, reflective in the growing incidences of wild fires ongoing rise in sea level, air and water pollution, desertification, oil spills, deforestation, industrial and solid waste, flooding, erosion, and extremely unfavourable weather conditions are all major signs that long-term funding for capital formation through the Nigeria's debt capital markets is required to address these issues which often than not leads to and /or property damage, and/or infrastructure deterioration. These problems result in poor health, internal migration, property destruction, deteriorating infrastructure, and negative impacts on numerous economic sectors. Nigeria has, in line with global efforts to finance sustainability, launched a Green Bond Market Development Program to encourage institutional and private investment in environmentally beneficial projects, such as infrastructure and renewable energy. Given the special role that green bonds play in funding climate and environmental projects, FMDQ Securities Exchange ("FMDQ"), Climate Bonds Initiative ("CBI"), and Financial Sector Deepening, Africa ("FSD Africa") formalised a

⁴⁰ ASERS Publishing (2024). Green Finance Supports Sustainable Environment: Empirical Approach - ASERS Publishing. Retrieved from <https://journals.aserspublishing.eu/tpref/article/view/8368> accessed 28 Feb, 2025

⁴¹ Rohit Agrawal et al ()Adoption of green finance and green innovation for achieving circularity: An exploratory review and future directions, GeoScience Frontiers Volume 15 Issue 4 Elsevier. Available at <https://www.sciencedirect.com/science/article/pii/S1674987123001366> accessed 12 April 2025

partnership in March 2018 through the execution of a Cooperation Agreement to support the growth of the Nigerian green bond market. As a result, the Nigerian Green Bond Market Development Programme was created. Since its official launch in June 2018, the Programme has made impressive progress towards a portion of its strategic goals of developing the corporate green bond market.⁴².

By releasing Africa's first sovereign-certified Climate Bond in December 2017, Nigeria created history by raising NGN 10.69 billion, or roughly \$29 million at the time, to finance afforestation and renewable energy projects 711⁴³. Nigeria's early leadership in green financing was demonstrated by the first off-grid renewable energy plant recognised under Climate Bonds Standards and the first Corporate Green Sukuk in Africa.⁴⁴.

To achieve this, Five strategic frameworks were put into place to develop the corporate and non-sovereign green bond market: facilitate the establishment and growth of a green bond market; support the development of green bond guidelines and listing requirements; create a pool of licensed verifiers based in Nigeria to assist issuers; create a pipeline of green investments and facilitate communication with potential investors; and support broader debt capital market reforms that affect Nigeria's non-government bond market.⁴⁵

In addition, Nigeria's expanding information and communications technology (ICT) sector and the integration of renewable energy efforts offer a basis for green finance innovations that could boost travel. Infrastructure for sustainable tourism, for instance, can be improved by spending money on waste management and energy-efficient buildings.⁴⁶ Although the direct use of these creative green finance tools in the travel and tourism industry is still quite small, it is nonetheless encouraging because Green funding, which allocates funds to ecologically friendly projects, is a

⁴² Ibid

⁴³ FSD Africa Impact, Green Bonds: <A Vital Solution to Alleviate Nigeria's Energy Crisis. Available at <<https://fsdafrica.org/impact-stories/green-bonds-a-vital-solution-to-alleviate-nigerias-energy-crisis/>> Accessed 20 April 2025

⁴⁴ Ibid

⁴⁵ FsdAfrica Green Bond Impact Report Approved, Green Bond In Nigeria, The Nigerian Green Bond Market Development Programme Impact Report 2018-2021, Available at <<https://fmdggroup.com/greenexchange/wp-content/uploads/2022/04/Impact-Report-on-the-Nigerian-Green-Bond-Market.pdf>> Accessed 22 April 2025

⁴⁶ International Trade Administration, Country Commercial Guides, Nigeria - Information and Communications Technology.(2023) Retrieved from <<https://www.trade.gov/country-commercial-guides/nigeria-information-and-communications-technology>> accessed 4 March 2025

vital tool for combating climate change. It connects the demands for climate mitigation with possibilities for investments in clean technologies, resilient infrastructure, and renewable energy, all of which are key points in the development of tourism infrastructure and investment initiatives. Ultimately, Nigeria's development of its green bond market will improve its tourism landscape as well as investment opportunities for would-be investors in the tourism industry.

1.7 CONCLUSION

The future of sustainable tourism lies in transitioning from sustainability to regeneration, where the industry not only minimises its ecological footprint but actively contributes to restoring natural environments and enhancing community well-being. This vision entails creating a tourism model that prioritises ecological health, social equity, and economic resilience. By embracing regenerative principles, the tourism sector can become a catalyst for positive change, ensuring that destinations thrive while preserving their cultural and environmental heritage. The adoption of innovative technologies is essential for advancing green financing in the tourism sector. By leveraging blockchain, ICT solutions, smart technologies, renewable energy systems, and green building practices, stakeholders can enhance their sustainability efforts while attracting private investment. These technologies not only improve operational efficiency but also provide a compelling case for securing funding aimed at promoting environmentally responsible tourism practices.

The research highlighted the critical role of green financing and policy support in fostering sustainable tourism initiatives. Findings indicate that while there is a growing recognition of the need for sustainable practices within the tourism sector, significant challenges remain in accessing green finance, ensuring regulatory consistency, and implementing effective policies. The transition from traditional sustainable tourism to a more holistic regenerative approach is essential for creating long-term benefits for both communities and ecosystems. This paper bridges these gaps by offering a holistic view of how financing and policies can work together to overcome barriers and foster sustainable tourism.

1.7.1 Findings

- i. Innovative financial instruments, such as green bonds and public-private partnerships, are crucial for funding sustainable tourism projects. However, many tourism SMES face barriers such as high interest rates and complex application processes that hinder their access to these funds.
- ii. Effective policy frameworks are necessary to guide sustainable practices in tourism. Regulatory consistency and capacity building among stakeholders are vital for the successful implementation of these policies.
- iii. The concept of regenerative tourism goes beyond merely minimising negative impacts; it aims to restore and enhance ecosystems and communities. This shift requires a collaborative approach that includes all stakeholders in the tourism ecosystem.

1.7.2 Recommendations

- (3) Develop clear, consistent regulations that promote sustainable practices while simplifying access to green financing for SMES.
- (4) Implement capacity-building programs to equip local communities and businesses with the knowledge and skills needed for sustainable tourism development.
- (5) Foster public-private partnerships to leverage resources and expertise in promoting green initiatives.

The future of sustainable tourism lies in transitioning from sustainability to regeneration, where the industry not only minimises its ecological footprint but actively contributes to restoring natural environments and enhancing community well-being. This vision entails creating a tourism model that prioritises ecological health, social equity, and economic resilience. By embracing regenerative principles, the tourism sector can become a catalyst for positive change, ensuring that destinations thrive while preserving their cultural and environmental heritage. Through innovative financing mechanisms, supportive policies, and a commitment to regenerative practices, we can build a more sustainable future for the tourism industry that benefits both people and the planet.