



# EcoAware Alliance

## *A Country Risk Analysis of Nigeria and Indonesia*

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**Executive Summary:** *In this Cross-Country Risk Report, our NGO EcoAware Alliance compares and analyses the governance, economic and environmental indicators of Nigeria and Indonesia. This is done to gauge which country would be better aligned with the mission of our NGO and its operations of promoting environmental education in the Global South. The highly unstable investing landscape in Nigeria, with high levels of corruption and financial instability, make operations in Nigeria especially high-risk. Therefore, it is concluded to invest in Indonesia, considering its lower overall risk.*

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## Introduction

We are EcoAware Alliance, an international NGO with a mission to promote environmental education in the Global South. Working and operating with local partnerships, we provide grants, tools and training in our services. We believe our work is essential towards raising awareness of environmental challenges, enhancing accessibility and overall bettering society with further knowledge.

As of now, our organisation is currently undergoing negotiations to select our next investment and country of operation. Such a task requires meticulous planning and anticipation of the potential risks. To guide our decision, this report includes an extensive Cross-Country Risk analysis of two emerging nations of interest. Our evaluation criteria will cover the accessibility and viability of the political and legal environment, governance, civil society oversight, financial infrastructure, and collaboration with potential implementing partners. This report incorporates recent case studies alongside a risk comparison analysis to advance a recommendation regarding EcoAware's mission alignment with opportunity and risk. As a consequence of their acute ecological problems, Nigeria and Indonesia are becoming increasingly important geopolitically in the context of global development. As of mid-2025, Nigeria is projected to have a population of 237.5 million and Indonesia 285.2 million, placing these countries sixth and fourth in the world ranking (Worldometer 2025) and therefore, home to large groups of society who could benefit from our aid.

Equally, both nations have pressing environmental challenges, ranging from deforestation to desertification, making them suitable candidates for EcoAware's investment. Political instability and insecurity severely limits Nigeria's high-impact potential in oil-spill and desertification-affected regions (Erundu & Nwakanma 2025). Indonesia offers lower operational risk and greater institutional predisposition especially considering that environmental operations are already occurring and poses less geopolitical strife (Erundu & Nwakanma 2025). Analysis that shall be showcased and supported by leading world institutions throughout this report, emphasising our evidence-based decision-making.

# Political and Governance Risk Analysis

## Nigeria

In recent years, Nigeria has been fraught with challenges regarding their internal political and governance conflicts, oftentimes struggling to establish institutional stability and governance resilience. Unfortunately, much of this is due to the Nigerian government dealing with multiple violent groups, such as the Boko Haram insurgency, the Niger Delta Avengers and Jihadist groups. All of this is contributing towards the violence, displacement and instability experienced in the country and as such, its Political Stability and Absence of Violence is an incredibly low figure of 7.58 (World Bank 2023). Its democracy has been fragile and fluctuating, with governments struggling to unite the country (Wallace and Hoffman 2022) and as such, Nigeria's Democracy Index is 4.16 (The Economist Intelligence Unit 2025).

Years of the Boko Haram insurgency has contributed towards the violence and instability felt throughout the country, and today, more than two million people are displaced. Due to this, there is dissatisfaction and multiple attempts to revolt against the Nigerian government. In recent years, the formation of self-defense groups against the government have posed both policy dilemmas and security risks, therefore, making this space a difficult environment for investment (International Crisis Group 2025).

Whilst Nigeria is an established democracy and has structures for institutional operations, it belongs to the 'Flawed Democracy' category. In addition, Nigeria's kidnapping security assessment rating is classified as 'Extreme' (AIG 2022), for EcoAlliance, such governance challenges pose significant risks and indicate concern about the safety and smoothness of our operations.

Here, institutional stability and governance resilience is compromised by the country's judicial systems and civil liberties. As an example, censorship is popularised, oftentimes it is difficult to cover political stories involving terrorism or financial embezzlement and many journalists face threats or persecution if they do so (Reporters Without Borders n.d.). With a weak Rule of Law indicator of 20.28 (World Bank 2023), it indicates Nigeria's weak institutions, allowing for leniency and the ability for political clientelism. Recently, the high-profile case involving Glencore, a major trading and mining company, exposed a bribery scheme exceeding USD\$52 million involving Nigerian intermediaries (Hoffman 2025). This case illustrates Nigeria's ongoing struggle to control corruption, this is reflected in its low score of 16.98 from the Control of Corruption index (World Bank 2023). Nigeria's inability to uphold legalities, accountability and transparency raises concerns of the smoothness of our NGO operations.

Nigeria in recent years has also struggled with its general perception of peace and anti-corruption. In 2023, the country received a ranking of 26/100 on the Corruption Perception Index (CPI) (Transparency International 2025). Such a score is indicative of the general consensus of corruption within Nigeria. In a recent case of this past March, Natasha Akpoti-Uduaghan, a Nigerian senator, was suspended from her position after publicly accusing senior politician, Godswill Akpabio, of sexual harassment (Egbejule 2025). Even after much public outcry, Akpabio has kept his position without much parliamentary investigation. Evidently, in cases of systemic corruption, there is little emphasis on ensuring good governance and transparency, traits which may be negative for our NGO operations.

With this comprehensive understanding of Nigeria's governance and situational environment, it helps justify its development indicators. Nigeria has a low Human Development Index figure (HDI), being 0.548 (UNDP 2023), and this is partly because the country is struggling to provide for its citizens. The GINI index, a measure of income inequality, stands at 35.1 (World Bank 2018), suggesting a moderate level of inequality. This showcases that Nigeria's wealth is unevenly distributed and a significant proportion of the population is economically marginalised. For example, with low learning rates as the country's mean years of schooling is 7.6 (UNDP 2023), this showcases that many have inadequate levels of education, inhibiting the average citizen from tertiary education and thus, higher-paying jobs. Thereby, reinforcing cycles of poverty and social vulnerability. This gap in Nigeria's educational access would align with EcoAware Alliance's goals of promoting further environmental education and awareness.

In regards to Nigeria's GDP per capita, of USD806.84 (International Monetary Fund 2025), this classifies the nation as a lower-middle income country. With their low economic growth, Nigerian citizens generally have a low purchasing power and are sensitive to economic and price fluctuations, significantly impacting their living standards and therefore, domestic demand. Evidently, an investment into the Nigerian environment would promote further stability and opportunity for growth. However, its volatile investing landscape as denoted by Coface with an evaluation of 'C' raises concerns (Coface 2025). Its oil-dependent economy is highly vulnerable to price shocks, which could contribute towards payment defaults and other disruptions to trade, which could interrupt the functioning of EcoAware in Nigeria.

## Indonesia

This Southeast Asian country has one of the largest populations in the world and is a crucial member of multiple international blocs, and has gone through many governmental changes, making it an interesting environment for analysis and investment. Former President Suharto, ruled under a brutal authoritarian and military regime during the 20th century, and since then, there has been significant reform, denoted by their Democracy Index of 6.44 (The Economist Intelligence Unit 2025). Today, Indonesia is considered to have fair and free elections by international election monitors and political parties have legal quotas to fulfil such as gender (Freedom House 2024).

However, despite efforts of reform, many cite that this rule has since been replaced with an undemocratic oligarchic political system. Recently, Indonesian lawmakers approved of a law which allows for the advancement of military beyond defense and into both governmental and civilian affairs, raising concerns about the potential democratic backsliding (DW 2025). Indonesia's Control of Corruption is 36.32 (World Bank 2023) which ultimately still indicates a moderately-level corrupt landscape, and this is evident as Indonesia's once-dictatorship rule has since been replaced by an undemocratic oligarchic system (Suryadinata 2023).

Power here is often held by only a few individuals, who are elites, leading politicians and upper groups, of whom dictate much of the politics and Indonesian economy. This may indicate that EcoAlliance's environmental and educational policies may have to be altered to favour business and military ambitions, which may not serve our best interest or goal.

Whilst Indonesia does better in regards to upholding their institutional systems, the country has a history of high-profile corruption cases, explaining their CPI of 37/100 (Transparency International 2025). In April of this year, three judges were arrested for manipulating export permits for palm oil companies and accepting bribes (Reuters 2025). If the investment and operational landscape in Indonesia is characterised by systemic bribery and corruption, it could pose certain challenges. Operating in such a landscape could subject our work to difficult circumstances, deter our effectiveness and undermine the credibility of our work.

In another sector, Indonesia is safer in comparison to Nigeria, to a certain extent, the government's counterterrorism efforts have been beneficial. A case example, in 2002, Bali experienced a mass-bombing carried out by a Jihadist group which killed 202 people (National Museum of Australia n.d.). This attack was a watershed moment in the nation's history. Following this attack, the Indonesian government acted swiftly and created a designated National Police force that specialises in counterterrorism called Detachment 88, which has been a key body in dismantling extremist groups. These efforts reflect the country's moderate Rule of Law score of 46.7 (World Bank 2023), indicating that while Indonesia's legal institutions face challenges, there is an emphasis on enforcing laws and supporting security objectives.

However, despite efforts to counter terrorism, continued threats of violence, protests and attacks are not uncommon as denoted by its Political Stability and Absence of Violence score being 28.91 (World Bank 2023). Concerns about attacks are widespread, with suicide-bombing alerts present by most international advisory groups (UK Government 2025). Whilst officially a secular state, Indonesia has many ethnic and religious divisions and tensions, oftentimes initiating such attacks. Therefore, the threat of terrorism poses attacks on Indonesian stability and structures, this could negatively impact the smoothness of NGO operations. However, it is equally important to highlight that Indonesia's kidnapping security assessment is evaluated as 'Low' (AIG 2022). So, whilst the risk of attacks is possible, safety is still evident and present for our workers.

In accordance with the UNDP's HDI index, Indonesia is nearly classified to have a high HDI of 0.728 (UNDP 2023), indicating that across the country, its institutions are generally active and accessible to most. This may be beneficial for our NGO operations as it indicates that there are already structures and organisations present which may enable us to have more opportunities for collaboration and partnerships.

Whilst faring better than Nigeria, with a GDP per capita of USD 5,030 (International Monetary Fund 2025), any form of economic fluctuation would still significantly impact the average Indonesian citizen. Whilst their wealth gaps are not extreme as evidently showcased by Indonesia's GINI index of 36.1 (World Bank 2023) it still indicates inequality and therefore, a gap that EcoAware Alliance can bridge. Moreover, in comparison to Nigeria, Indonesia has a better investment assessment by Coface, ranking with an 'A4', this indicates an overall acceptable risk. Indonesia would be a safer environment for investing into in comparison to Nigeria, allowing us to be more sure of business guarantees.

## Cross-country comparison table

Indicator	Nigeria	Indonesia
Political Stability and Absence of Violence	758	2,891
Democracy Index	416	644
Kidnapping Security Assessment	Extreme	Low
Rule of Law	2,028	467
CPI	26/100	37/100
HDI	548	728
GINI Index	351	361
GDP per Capita	80,684	5.03
Coface	C	A4

# Economic, Fiscal and Financial Risk Analysis

## Nigeria

### Macroeconomic Environment

#### GDP Growth

Nigeria's GDP climbed to 3.4% in 2024, an increase from 2.7% the previous year, due to the oil sector and services (World Bank 2025b). High inflation, insufficient infrastructure, and oil dependence leave Nigeria susceptible to changes in world prices which could affect the environmental activities planned by EcoAware Alliance (IMF 2025). The National Bureau of Statistics said that Q4 2024 saw growth of 3.84%, mainly pushed by telecommunications and finance, but structural issues remain (NBS 2025).

#### Monetary Policy and Inflation

The macroeconomic reforms undertaken by the government, including the unification of the exchange rate and the implementation of an orthodox monetary policy, have enabled the economy to grow in the last year and avoid a macro-fiscal crisis (World Bank 2025b). However, inflation remains very high, with the Consumer Price Index at 24.23% in March 2025 after being rebased by the NBS (NBS 2025), with projections to go down to 15.9% by 2027 (World Bank 2025b). The Central Bank of Nigeria (2025) hopes that its high policy rate of 27.5% will help control inflation but will also make it more expensive for private businesses to borrow money.

### External position

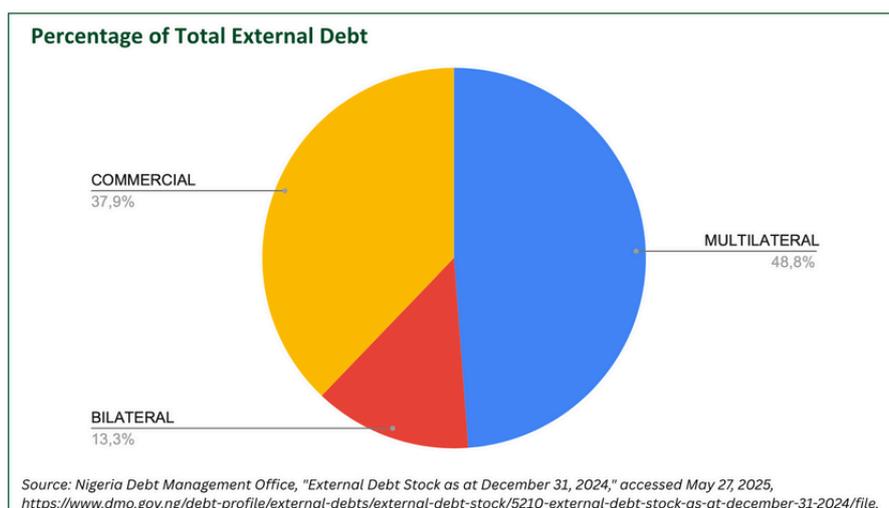
#### Balance of Payments

Nigeria maintained a robust current account surplus of 6.9% of GDP in 2024, supported by a \$14 billion trade surplus and \$22 billion in remittances (CBN 2025b). However, foreign direct investment (FDI) remains low at \$2.5 billion, since political and economic issues are holding back infrastructure and environmental project funding (World Bank 2025b). In addition, external reserves increased by \$6.0 billion to \$40.19 billion by year-end 2024, bolstering its external buffer while providing 5 months of import cover (CBN 2025b).

#### External Debt

Nigeria's external debt-to-GDP ratio stood at 23.90% in June 2024 (Q3) (CBN 2024), with the share of external debt to total public debt sitting at 46.05% in Q1 2024 (NBS 2024). The Central Bank of Nigeria also announced in June 2024 that the percentage of external debt service from total stood at 60.10%, while the ratio of external debt service-to-GDP amounted to approximately 3.02%.

Rating agencies signal that external debt service pressures remain elevated despite improving debt metrics in the last few years, with concerns rising in March 2025 after a minor delay in paying a coupon on the sovereign's \$4 billion Eurobond, illustrating public finance management challenges (Fitch Ratings 2025a).



Moreover, despite recent bond issuances indicating improvement, market access is still constrained, with rising external debt service suggesting a moderate but growing country risk associated with Nigeria's external debt obligations (Fitch Ratings 2025a).

Regarding debt composition, most is held by multilateral and commercial creditors, with a smaller portion being held bilaterally.

## Fiscal Analysis

### Budget Balance and Revenue

Nigeria's fiscal position has significantly improved, with the deficit narrowing from 5.4% of GDP in 2022 to 5.1% in 2023, and further to 3.5% in 2024 (World Bank 2025b). This improvement has been largely driven by a revenue surge from the removal of the Foreign Exchange (FX) subsidy, improvements in tax administration, increased remittances from government-owned enterprises, and higher domestic revenues at the state level (World Bank 2025b). After a long debate, the termination of fuel and FX subsidies has had an extended impact on Nigeria's economy. While this policy shift has created additional fiscal space for increased capital and social spending, it has also raised import costs, potentially driving inflation higher (Oamen 2024).

The World Bank (2025b) projects a positive fiscal outlook, with deficit further narrowing to 4.8% in 2025, and 3.4% by 2027. However, despite rising nominal revenues and ongoing fiscal reforms to increase domestic revenue mobilization, Nigeria's revenue recollection is still one of the lowest in the world, accounting for 9.4% of GDP in 2023 (IMF 2024a). This is mainly due to high informality in the economy, which sat at around 60% of GDP in 2023 (Coface 2024).

### Debt Sustainability

The debt-to-GDP ratio stood at 53.3% of GDP in 2024, up from 45% in 2023, and the World Bank projects debt peaking at 55.5% in 2025 before declining to 53.5% by 2027 (World Bank 2025b). Although the ratio has increased in recent years, Nigeria's public debt has a fairly long average maturity of 10.9 years, with over half being local currency denominated (Fitch Ratings 2025a), which reduces risks. Additionally, the debt service-to-revenue ratio has also improved from 97% to 65% in 2024 (Oni 2024), while the debt-service ratio was around 5.02% of GDP in 2024.

The World Bank's (2025b) outlook has stated that the Government's reforms have aimed at keeping debt on a sustainable path and maintaining at moderate levels, showed by the decrease in the debt service-to-revenue ratio. However, rating agencies have raised concerns about the risks that could arise from higher fiscal deficits or debt-servicing needs, including the inability to access Eurobond financing (S&P 2024, Fitch Ratings 2025a).

## Financial Analysis

The Nigerian financial system presents a paradox of health and limitation. As Nigeria's dominating financial industry the banking sector remains moderately resilient to external and domestic shocks, with a Capital Adequacy Ratio (CAR) of 14% by September 2024 (World Bank 2025b), staying within the Central Bank's established minimum CAR required of 10%-15%. While this reflects successful recapitalization efforts following CBN reforms, Nigeria maintains a shallow size of the banking system compared to other countries, with banks only lending about 26.6% of the country's total economic output (Bueno et al. 2025). Moreover, according to the World Bank, the banking sector's preference to safely lend to the government, instead of businesses and entrepreneurs is limiting economic growth. Although the banking system is underdeveloped, it remains healthy, with the ratio of non-performing loans (NPLs) to total loans standing at 4.6% in Q3 2024, below the CBN's benchmark of 5% (Bueno et al. 2025). Nonetheless, given the current high interest rate environment in the country and the overall macroeconomic uncertainty, NPLs will need tight monitoring.

## Indonesia

### Macroeconomic Environment

#### GDP Growth

Indonesia's GDP grew by 5.0% in 2024, mainly due to high domestic demand and a variety of economic sectors, including manufacturing, agriculture, and services (ADB 2025). Indonesia's Vision 2045 highlights its determination to carry out reforms and maintain economic stability to reach high-income status by the year 2045 (Bappenas 2024). However, despite strong macroeconomic foundations, Indonesia is experiencing a slowdown in productivity growth driven by structural constraints and the need to improve the investment, trade, and business environment (World Bank 2025a). Moreover, the World Bank (2025a) has projected that due to the current global uncertainty surrounding trade policy and commodity prices Indonesia might experience an impact on its terms-of-trade and investors' confidence leading to an average moderate growth of 4.8% over 2025-2027.

#### Monetary Policy and Inflation

Indonesia has demonstrated strong macroeconomic policy with its inflation rate declining from 3.7% in 2023 to a well-controlled 2.3% in 2024. This improvement results from a rebound in agricultural production and effective price stabilization achieved through targeted fiscal measures and energy subsidies, which have also reduced food inflation and eased the burden on households, contributing to poverty reduction (IMF 2024b; World Bank 2025a). The Bank of Indonesia maintains this stability by setting its policy rate at 6.0%, keeping both the economy and prices stable while ensuring the rupiah remains steady (ADB 2025). These reforms are expected to maintain the inflation rate within the Bank of Indonesia's target range of 2.5%  $\pm$ 1% through 2027 (Bank of Indonesia 2025).

### External position

#### Balance of Payments

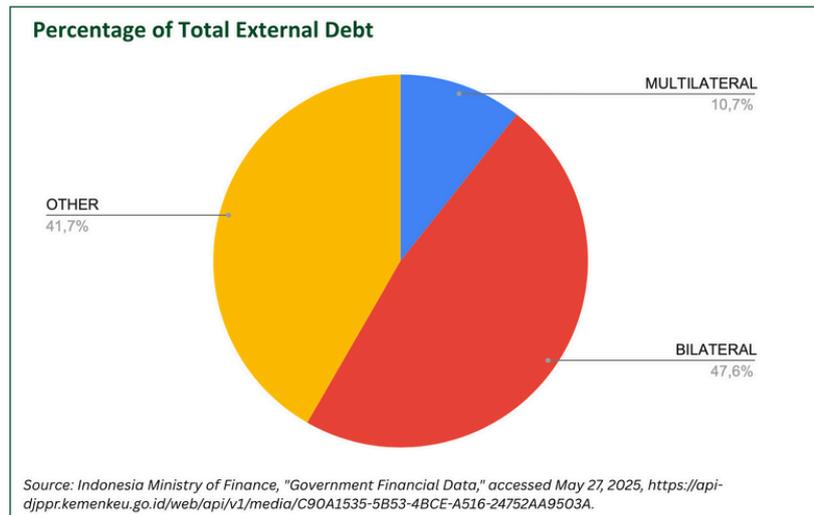
The current account deficit in Indonesia was 0.6% of GDP in 2024, but this was more than covered by a \$28.5 billion trade surplus, supported by strong export performance in coal, palm oil, electronics, and textiles (BKPM 2025, World Bank 2025a). However, due to restrictive global financial conditions and trade policy measures, the current account deficit is projected to widen to 1.7% of GDP by 2027 (World Bank 2025a). Foreign Direct Investment is predicted to remain the main source of external investment representing an inflow of \$23.8 billion (BKPM 2025, World Bank 2025a). Moreover, strong investor trust in the market shows in these inflows and helps the market grow, supporting sustainable development (ADB 2025). Foreign exchange reserves amounted to \$152.5 billion as of April 2025, providing 6.4 months of import cover and a good buffer, although still suffering pressure (Trading Economics 2025).

#### External Debt

Indonesia's external debt-to-GDP ratio stood at 30.4 % in 2024, compared with the ratio of 29.8 % in the previous year (CEIC Data 2025b), with the share of external debt to total public debt representing 67.27%. The Bank of Indonesia has predicted an external debt-to-GDP ratio of 30.6% in Q1 2025, with long-term debt dominating 84.7% of total external debt, while maintaining manageable numbers (Ministry of Finance & Bank of Indonesia 2025). Thus, external debt does not currently present a pressing risk since it remains moderate, with foreign exchange reserves sufficient to cover all its short-term external financing needs (Melka 2025).

Moreover, Indonesia maintains good access to international capital markets, as evidenced by successful sovereign bond issuances, including a \$3.5 billion global sukuk (Islamic bond) in January 2025, which is U.S. dollar-denominated with a tenure of 5-year and 10-year, and was oversubscribed four times (Reuters 2022). The external debt maturity profile is relatively well-distributed, minimizing refinancing risk.

Regarding debt composition, most of the external debt is held by bilateral creditors, with a smaller portion being held multilaterally. A significant portion is also held by other type of creditors, including private entities.



## Fiscal Analysis

### Budget Balance and Revenue

Indonesia's fiscal position has slightly worsened, with the deficit widening from 1.6% of GDP in 2023 to 2.3% in 2024, with projections to stabilize at 2.7% throughout 2027 (World Bank 2025a). Therefore, despite a 30% plunge in tax revenue and a larger fiscal deficit to accommodate more social spending, the Indonesian government predicts that the deficit will stay within the 3% ceiling (Reuters 2025). Moreover, the government has had to undergo spending cuts in order to optimize the budget and redirect funds to priority programs and the establishment of a new sovereign wealth fund (Danantara), maintaining overall spending neutrality (World Bank 2025a).

Indonesia struggles with very low government revenue collection, with only 12.7% of GDP in total revenue and 6.4% in taxes as of 2024 (World Bank 2025a). This is the lowest rate among similar middle-income countries, limiting funds for public spending, also due to a high rate of informality in the economy. Thus, while Indonesia's fiscal rules were well-suited, extended fiscal space is needed for funding Indonesia's Vision 2045 through improved domestic revenue mobilization (IMF 2024b, World Bank 2025a).

### Debt Sustainability

Indonesia's debt-to-GDP ratio has been stable for the last few years at around 39%–40%, with the World Bank projecting that debt will anchor at around 41% of GDP by 2027, with higher borrowing costs pushing interest payments to 19% of total revenues. According to the IMF (2024b), although the debt-to-GDP ratio is appropriate, Indonesia's debt-service is high, at about 2% of GDP, and the share relative to public revenues is higher than peers. Bringing the fiscal deficit close to its ceiling and highlighting the importance of securing upfront tax revenue mobilization. Nonetheless, debt maturities are long-term, which is valued as low risk.

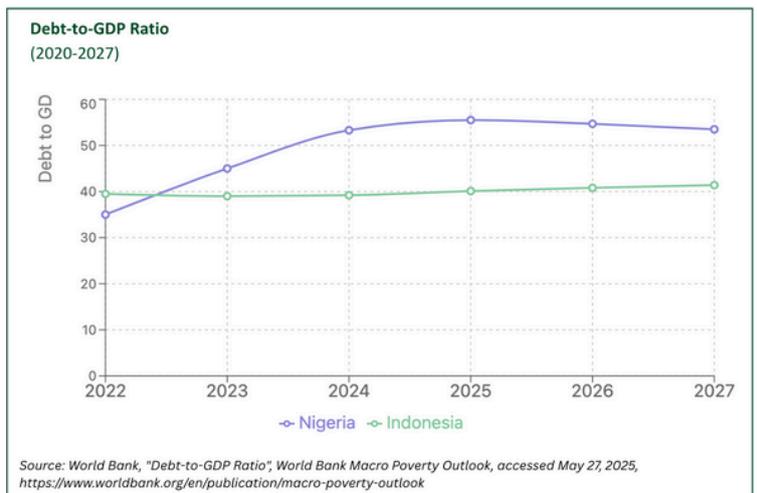
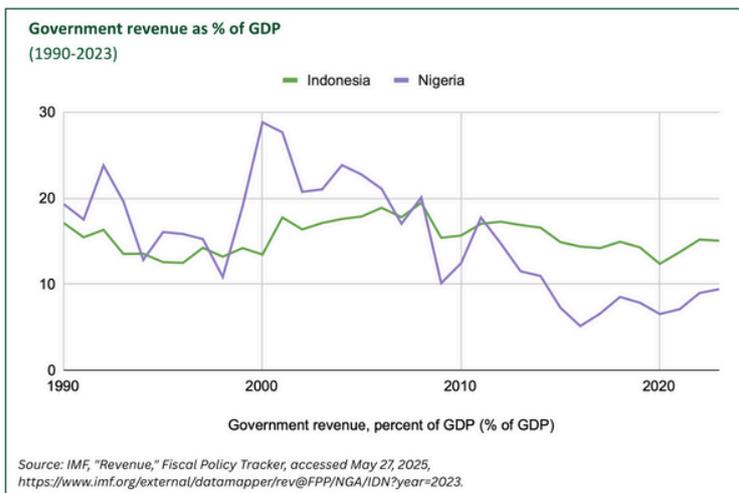
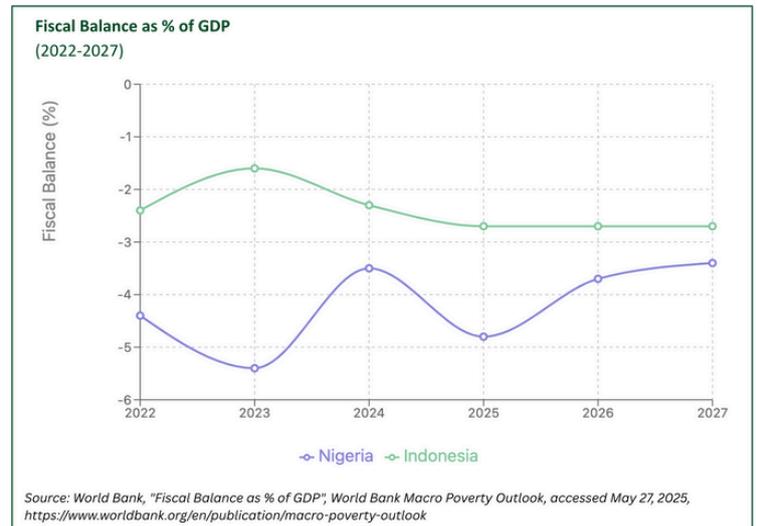
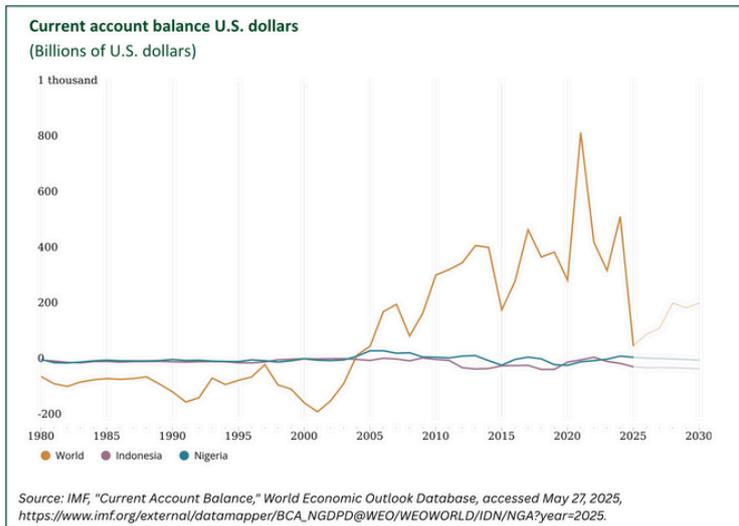
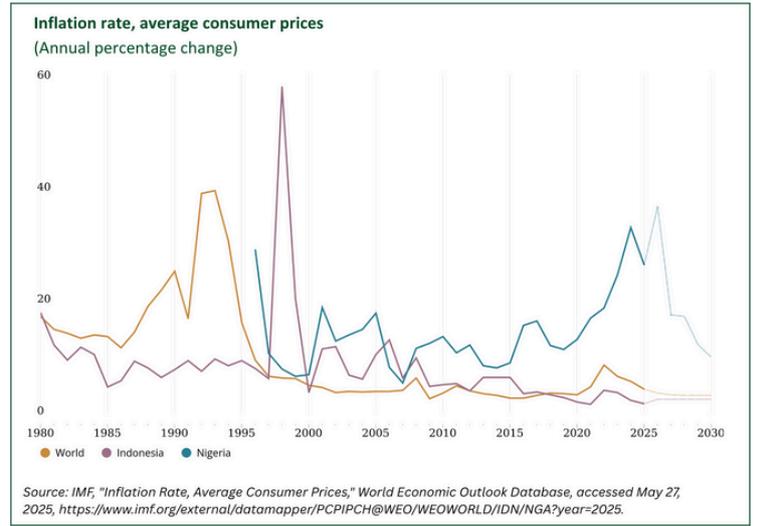
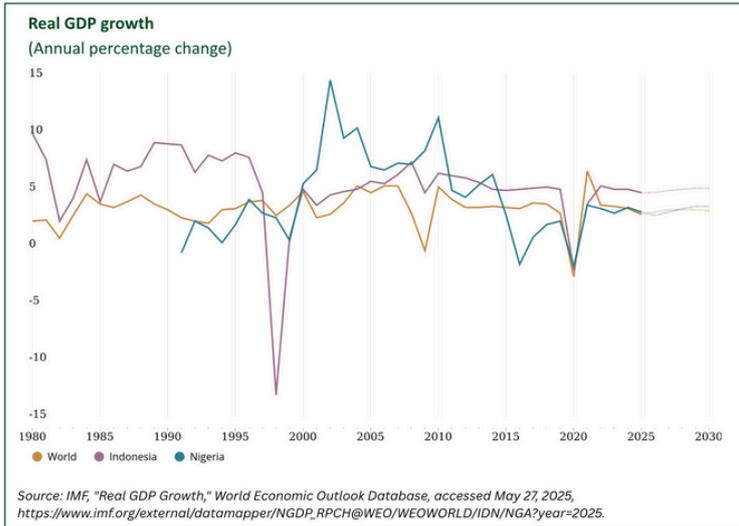
The biggest risk that Indonesia might be exposed to is Trump's policy since the rise in US bond yields has created an increase in Indonesian long-term interest rates, which rose 32 bps between December 2024 and mid-January. Interest payments on debt continued to rise in 2024, reaching a high of 2.3% of GDP (equivalent to 17.6% of budget revenue), reducing budgetary leeway accordingly (Melka 2025).

## Financial Analysis

Indonesia's financial sector is resilient and well-capitalized, with the banking sector dominating the financial system and keeping capital buffers and liquidity coverage ratios well above regulatory minimum standards (IMF 2024b). This is demonstrated by a CAR of 26.8% in December 2024 (CEIC Data 2025a), well above the regulatory minimum of 8% (Bank of Indonesia 2008). Non-performing loans (NLPs) are low at 2.3% of total loans, as of April 2024, which could be further monitored and recognized with an improvement in guidance and supervision (IMF 2024b). Lastly, Indonesia's current struggle with slow productivity growth (only from 2.3% to 1.2% between 2011 and 2024), could be addressed with efficiency reforms, including expanding the financial sector and improving investment, trade, and business environment (World Bank 2025a).

## Cross-country comparison table

As described in the analysis above, Nigeria and Indonesia present contrasting economic profiles with distinct challenges and strengths. The following graphs offer a comparative perspective on both countries' economic, fiscal, and financial outlooks, which will significantly influence EcoAware Alliance's strategic positioning and investment decisions. In macroeconomic terms, both countries show significant GDP growth, with Indonesia averaging approximately 4.8% through 2027, while Nigeria averages lower at 3.6%, constrained by pressures from double-digit inflation and interest rates, creating a challenging environment despite the government's macroeconomic reforms. Both countries remain vulnerable to external shocks, particularly due to trade policy uncertainties and commodity price volatility, including Nigeria's dependency on oil production.



Fiscally, both nations struggle with fiscal deficit and low revenue collection relative to GDP, primarily due to high economic informality, though Indonesia maintains better fiscal discipline with a smaller deficit, expected to settle at 2.7% by 2027. In terms of debt sustainability, Nigeria's debt-to-GDP ratio of 53.3% poses greater sustainability concerns compared to Indonesia's stable 39-40% in 2024. Although the ratio is expected to stabilize for both countries through 2027, Indonesia's is expected to stay at a lower percentage averaging 41% of GDP by 2027, while Nigeria faces elevated risks, despite recent improvements in debt service ratios.

From a financial sector perspective, Indonesia shows better banking health with the Capital Adequacy Ratio (CAR) almost doubling that of Nigeria, although both countries' CARs stay within international minimum standards of 10.5%. Both countries feel pressure from non-performing loans (NPLs), but Nigeria shows signs of constraint with higher NPLs and limited private-sector lending. Both countries maintain adequate foreign exchange reserves, but Nigeria's external debt service pressures and recent Eurobond payment delays signal higher country risk compared to Indonesia's successful international bond issuances and stronger market access.

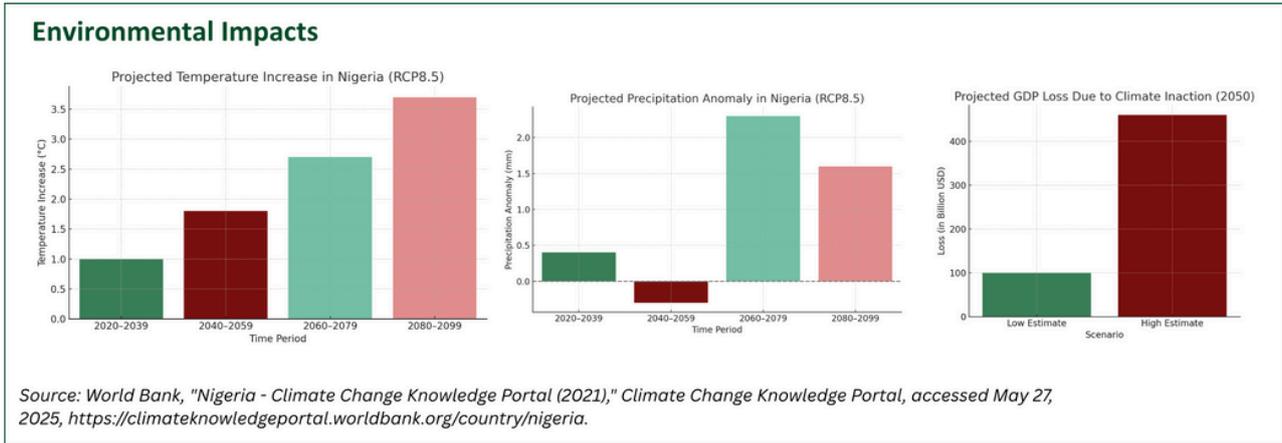
Overall, Indonesia signals a more stable economic outlook, which is also recognized by the credit agencies, all awarding higher ratings to Indonesia while categorizing Nigeria with Substantial Risk. Nevertheless, both nations are recognized with a Stable Economic Outlook, which is favorable for investment opportunities such as EcoAware Alliance.

	<b>Nigeria</b>	<b>Indonesia</b>
<b>Credit Rating (Moody's)</b>	Caa1 (Substantial Risk) Positive Outlook	Baa2 (Lower Medium Grade) Stable Outlook
<b>Credit Rating (S&amp;P)</b>	B- (Highly Speculative) Stable Outlook	BBB (Lower Medium Grade) Stable Outlook
<b>Credit Rating (Fitch)</b>	B (Highly Speculative) Stable Outlook	BBB (Lower Medium Grade) Stable Outlook

## Environmental Risk Overview

### Nigeria

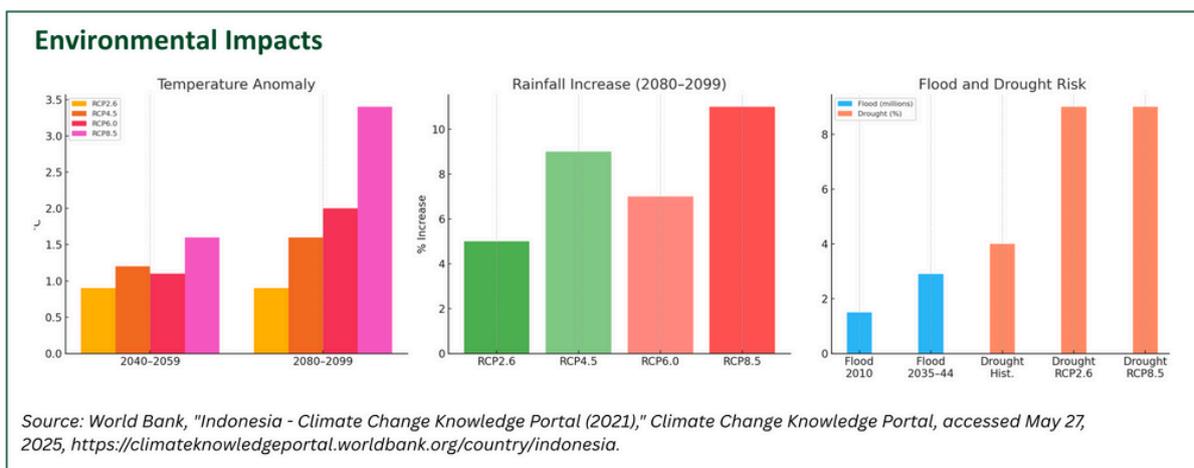
Environmental degradation in Nigeria is growing deep at a fast rate. The country is facing some of its worst environmental threats that cut across its very important sectors like health, agriculture, water security, and economic development. Nigeria is ranked 140th out of 180 countries in the Environmental Performance Index Ranking, 2024. Its Water Stress and Depletion rate have been well affected, especially in the city of Lagos, which has a very large population with rapid urbanization causing water shortage. Fresh water shortage is also a challenge in Lake Chad, which has shrunk largely since the 1960s, affecting the lives of about 30 million people in Nigeria, Chad, and Cameroon who depend on it for farming and drinking water (World Bank 2021). From the year 2001 to 2024, the Forest Loss and Agricultural Impact declined with a loss of 1.44 Mha of tree cover, equivalent to a 14% decrease in tree cover since 2000, and 805 Mt of CO<sub>2</sub> emissions (Global Forest Watch 2024). This deforestation, along with shortening planting seasons, reduces crop yields and increases food insecurity. According to the Federal Ministry of Environment, Nigeria, the Waste Management and Pollution Crisis in urban centers experiences unregulated dumping and limited recycling capacity, contributing to public health hazards and urban flooding (Ogbonna and Udotong 2021). The World Bank (2022) estimates that the Economic Consequences of Action on climate change mitigation could reduce Nigeria's GDP by 30%, equivalent to \$460 billion by 2050.



According to the World Bank, the following projections are imminent: Temperature Increase: Projected to rise up to 3.7°C by 2080–2099 under high emissions (RCP8.5). Precipitation Anomaly: While highly variable, rainfall could slightly increase or decrease, with heavy rains more intense. GDP Loss Projection: Without adaptation, climate inaction could cost Nigeria between \$100 billion and \$460 billion by 2050.

## Indonesia

Indonesia is currently facing different geographic and urban pressures. Being the world’s largest archipelagic nation, it is exposed to coastal flooding, deforestation, pollution, and subsidence. Indonesia is ranked 163rd out of 180 countries in the 2024 Environmental Performance Index. Due to excessive groundwater extraction (caused by lack of piped water) and the water system since colonial times, Indonesia’s Urban capital Jakarta is sinking at 10 to 25 cm per year, with sea level also rising (Silver 2021). This crisis has led to the \$33 billion initiative relocation of the national capital to Nusantara, on the island of Borneo (BBC 2022). Although Indonesia is home to the world's largest tropical rainforest, it is experiencing critical biodiversity loss and deforestation. It has lost over 9.75 million hectares since 2001, mainly from palm oil expansion and illegal logging (Global Forest Watch 2024). Threatening biodiversity loss in Sumatra, Kalimantan, and Papua. The Plastic Pollution rate is estimated at 64 million tonnes of plastic waste per year, with 3.2 million tonnes entering the ocean, making it one of the largest contributors to marine plastic pollution (World Bank 2021). Climate vulnerability, frequent floods and droughts, intensified by climate change, worsen socio-economic inequality. Between 2000 and 2020, Indonesia recorded 2,500+ flood events, displacing millions (World Bank & ADB 2021).



According to the World Bank projections shown above, the following projections are imminent: temperature anomaly, which is rising across all emissions pathways, potentially reaching +3.4°C by 2100 under RCP8.5. Also, rainfall increases, which is projected to rise in annual precipitation, with up to +11% under RCP8.5, as well as flood & drought risk, as flood exposure could nearly double by 2035 – 2044. Drought probability is expected to increase from 4% historically to 9% under both low and high-emission scenarios.

## Cross-country comparison table

Environmental Category	Nigeria	Indonesia
Water & Sanitation	Very High Risk	Moderate Risk
Air Quality	High Risk	Moderate Risk
Biodiversity	Medium Risk	High Risk
Forest Risk	Medium Risk	Low Risk
Fisheries	Low Risk	Medium Risk
Climate Vulnerability	High Risk	High Risk

This table showcases how Nigeria's environmental challenges are primarily centered on immediate human welfare issues such as water access and air pollution, while Indonesia's risks are more focused on long-term ecosystem and climate vulnerabilities. This is particularly interesting for EcoAware Alliance's evaluation since it signals which are the main environmental sectors to be tackled and the possible areas of action.

## Conclusion and Recommendations

The analysis carried out between Nigeria and Indonesia, aiming to identify the most suitable context for the environmental awareness initiative promoted by EcoAware Alliance, highlights two profoundly different realities in political, institutional and economic terms. Although both countries share characteristics typical of emerging markets, like rapid demographic changes, significant environmental challenges and the need for educational and financial investment, their ability to host and support NGO operations differs substantially.

Nigeria, while presenting a strong need for intervention in terms of environmental education, is evaluated as a highly unstable environment, where the risks outweigh the opportunities. The country has critical values in almost all governance indicators, with data reflecting a context in which institutions are weak, legality is poorly respected, and clientelistic practices are widespread. Moreover, the economic environment also appears fragile, vulnerable to domestic and external shocks and not conducive to sustainable investment.

In contrast, Indonesia offers a much more balanced and promising profile for the EcoAware Alliance's action. Although concerns remain, such as a political system dominated by oligarchic elites and repeated instances of high-level corruption, the country shows better performance in almost all key indicators, with an institutional system that guarantees a minimum degree of openness and collaboration with external bodies. In addition, with an economic structure that is more diverse than Nigeria's oil dependency, Indonesia also appears to be more resilient to global economic fluctuations.

Overall, although both countries have urgent environmental needs and a potential demand for educational initiatives, the parameters analysed clearly indicate that Indonesia is a much better investment environment for EcoAware projects to start. The country offers a relatively higher level of physical and financial security, a more stable and collaborative institutional environment, and low operational risk. The presence of already active local structures, combined with a good degree of institutional literacy and favorable economic outlook, represents a concrete opportunity to build lasting and impactful partnerships.

In light of the findings, EcoAware Alliance should direct its initial resources to Indonesia, where favourable conditions outweigh critical ones, ensuring greater effectiveness, safety and sustainability of its operations. In the future, if there are significant improvements in governance and security conditions in Nigeria, it may be considered again as a potential context for intervention.

## Recommendations

In light of the comparative analysis between Nigeria and Indonesia, we have drafted a set of recommendations to facilitate the adoption of a strategic and risk-mitigation approach to ensure an effective and sustainable impact:

### **Give priority to Indonesia for the initial phase of the project**

Given the greater political stability, the efficiency of institutions, and a higher HDI, Indonesia is the most suitable context for launching environmental education initiatives. The country offers more secure and structured operating conditions, favoring the effectiveness of interventions.

### **Establish strategic partnerships with local civil society**

To ensure legitimacy, effectiveness and contextuality, the EcoAware Alliance should work with local environmental NGOs, educational institutions, and community leaders. These actors can provide logistical support, local knowledge and facilitate access to the most vulnerable communities.

### **Implement a robust risk monitoring system**

In Indonesia, too, there are still risks of corruption and local tensions. It is essential to adopt a continuous monitoring system that includes risk dashboards, escalation protocols and contingency plans to address any legal, financial or security issues.

### **Avoid direct operations in Nigeria at this stage**

Despite the high need for environmental intervention, the Nigerian environment presents too high levels of risk, especially in terms of macroeconomic uncertainties, security, corruption and institutional weakness, to allow a safe operation. Any involvement should be limited to networking, data collection, or indirect collaborations through trusted partners.

### **Monitor the economic and political evolution of Nigeria for future evaluations**

EcoAware Alliance should continue to monitor the situation in Nigeria through regular updates. If there are tangible improvements in the areas of legality and political stability, as well as further macroeconomic reforms and fiscal and external stability, the country could again be considered for pilot projects in low-risk areas.

### **Focus thematic programs on access to education and environmental literacy**

In both countries, but particularly in Indonesia, programs should directly address the lack of environmental education. Proposed activities could include the development of localized teaching content, teacher training, awareness-raising campaigns for young people and the use of digital tools in line with national education policies.

### **Consider opening a regional coordination hub in South-East Asia**

As we continue to grow as EcoAware Alliance, to foster a long-term presence, it might be wise to consider establishing a small coordination hub, for example in the capital of Jakarta, to oversee projects, manage partners and maintain active risk control. This center could also serve as a base for possible future expansions in the ASEAN region.

## Possible Partners- Indonesia

### 1. Yayasan Green Books Indonesia



### 2. Green School Foundation



### 3. Slukat Learning Center



*Indonesian based NGOs focused on promoting environmental education through eco-literacy programs and resources.*

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**Disclaimer: Generative AI technology was utilized for brainstorming, structuring, and proofreading assistance; however, all content within this document remains original.**

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