



# ENERGY INVESTMENT RISK ASSESSMENT EXTENDED PROFILE OF NIGERIA

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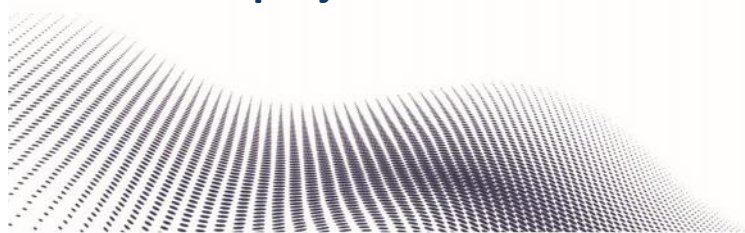
# **NIGERIA'S PARTICIPATION IN EIRA**

**| Nigeria has participated in the annual EIRA report since its official launch in 2018**

**| Since 2018 the Energy Charter Secretariat has prepared Extended EIRA reports for Nigeria with in-depth recommendations to reduce legal and regulatory risks to energy investments**

**| The Energy Commission of Nigeria provided the ECS with a voluntary contribution toward developing Nigeria's Extended EIRA reports from 2018 to 2020**

**| The 2021 EIRA Extended Profile of Nigeria was developed under the ECOWAS-EU AGoSE project**



# NIGERIA'S EIRA SCORE

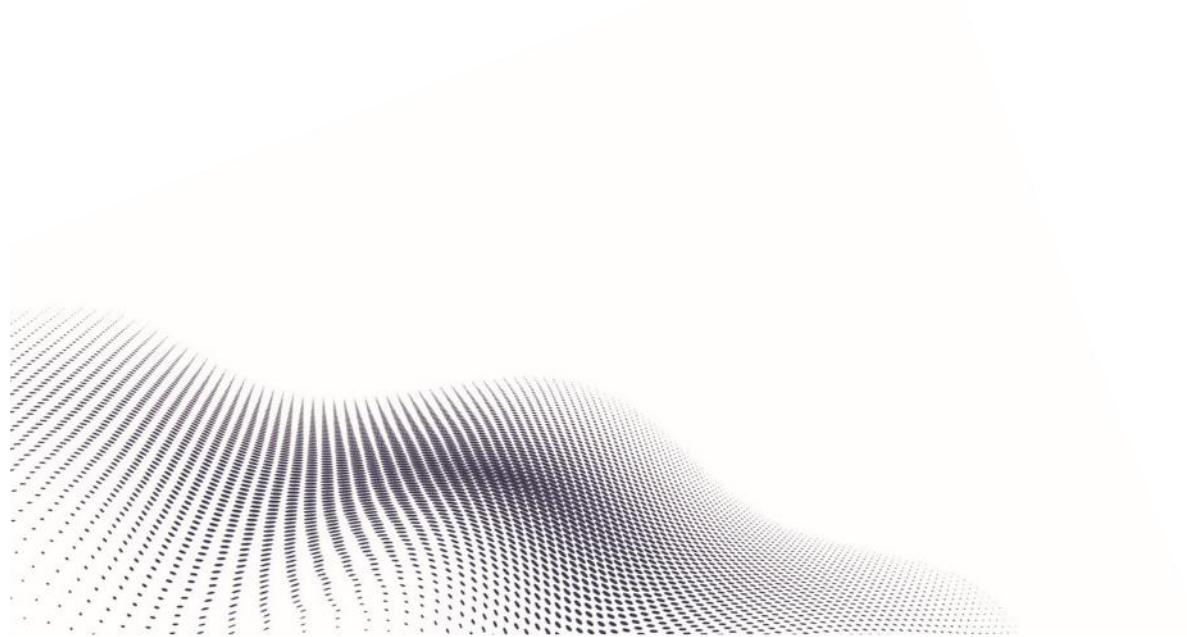
| Legal and regulatory risks to energy investment are moderate

| Nigeria had the highest risk of unpredictable policy and regulatory change in EIRA 2021

| The risk of discrimination between domestic and foreign investors and breach of State obligations was moderate in 2021



# KEY STRENGTHS IDENTIFIED THROUGH THE ERA REPORT



# POLICY PLANNING

| The FGN has successfully adopted the Medium-Term National Development Plan 2021-2025 (NDP)

| The Federal Government of Nigeria enacted the Climate Change Act in 2021 (CCA 2021). It is the first stand-alone climate change law in West Africa

| In June 2020, the Ministry of Environment adopted the National Adaptation Plan (NAP) Framework

| In 2021, the Ministry of Environment published the new National Climate Change Policy to replace the Nigeria Climate Change Policy Response and Strategy 2012

| In 2020, the Federal Ministry of Environment adopted the National Action Plan on Gender and Climate Change for Nigeria



# POLICY PLANNING (contd.)

| The NDP sets policy targets to increase the share of renewables in total power generation from 13% to 23% by 2025

| The NDP aims to increase electricity transmission from 3,592 MW to 10,000 MW by 2025

| The energy volume on the distributed network is expected to grow from 3,145 MW to 10,000 MW (70% gas and 30% other sources).

| The latest NDC of Nigeria targets at least 30% (25.2 GW) of on-grid electricity from renewable energy sources and 13 GW from off-grid renewable energy by 2030

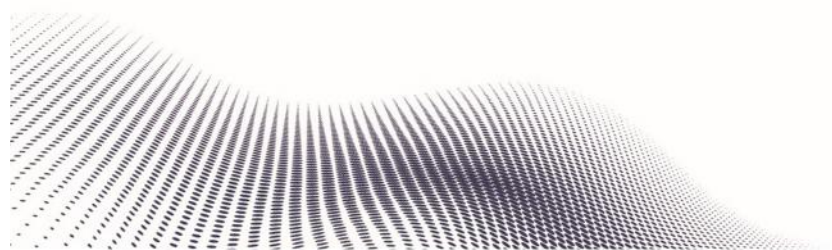
# POLICY PLANNING (contd.)

| The LTV 2050 informs investors of Nigeria's long-term plan to decarbonise the energy sector

| The CCA 2021 embeds Nigeria's net-zero emission ambition in law and aims to reach this target between 2050 and 2070.

| The National Gas Expansion Programme sets a roadmap for transitioning Nigeria from an economy dependent on crude oil exports to a gas-based industrial economy

| The updated NDC sets a target of zero flared gas by 2030 and a 60% reduction in fugitive methane emissions by 2031



# **INSTITUTIONAL GOVERNANCE & TRANSPARENCY**

**| The National Assembly and the FGN are lauded for successfully enacting the Petroleum Industry Act 2021 (PIA)**

**| At the national level the NDP sets targets to strengthen governance, institutions and national orientation and to be achieved between 2021 and 2025**

**| State-level governments are developing legal frameworks to improve public accountability**

**| The Federal Government of Nigeria is making concerted efforts to disclose information on beneficial ownership of companies**





# REGULATORY ENVIRONMENT

| The PIA sets a definitive legal, governance, regulatory, and fiscal framework for the petroleum industry

| In September 2020, the Nigerian Electricity Regulatory Commission (NERC) launched a service-based tariff regime

| In October 2020, the Federal Government of Nigeria initiated the National Mass Metering Programme to close the metering gap

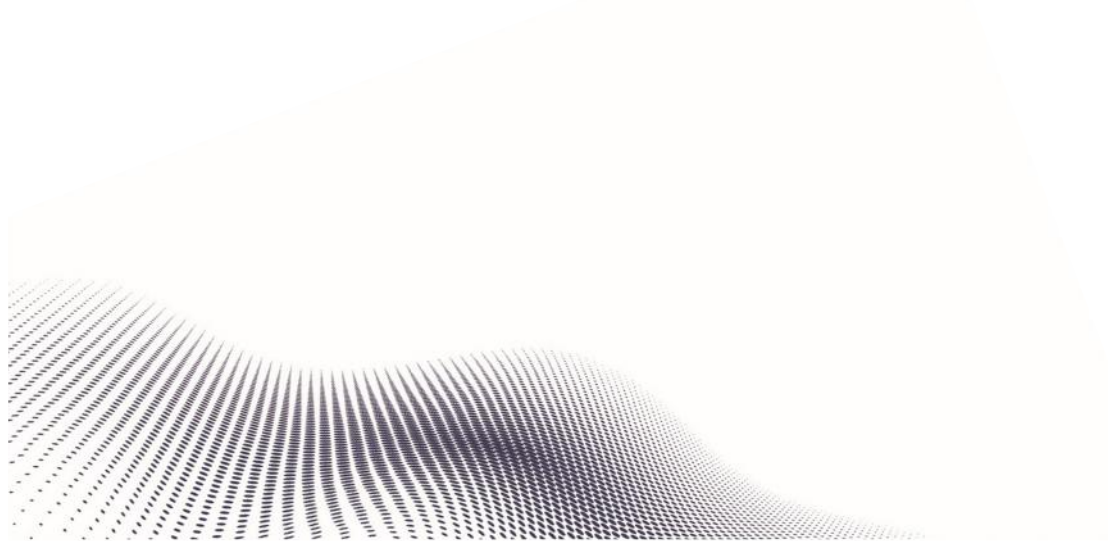
| In April 2021, NERC approved the new Multi-Year Tariff Order for mini-grids



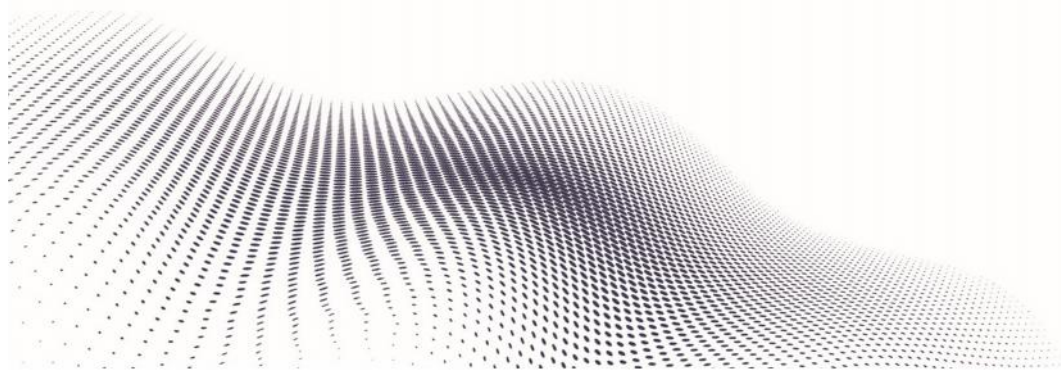
# RULE OF LAW

| The Nigerian Investment Promotion Commission and Ministries, Departments and Agencies have embarked upon a BIT reform process in line with its RIBS and right to regulate policy

| The Federal Government of Nigeria is currently updating the domestic laws concerning access to arbitration and conciliation of disputes between investors and the State



# RECOMMENDATIONS PROVIDED THROUGH THE ERA REPORT

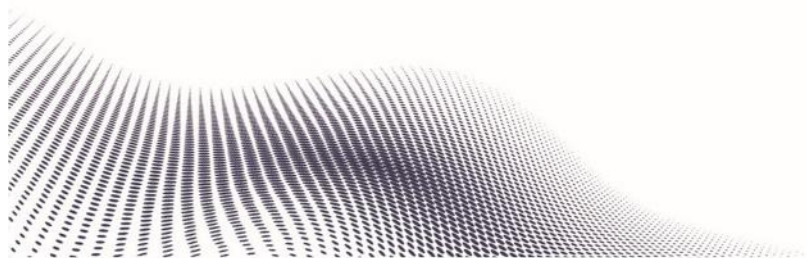


# RECOMMENDATIONS

**| Update the national renewable and energy efficiency policies and action plans in line with the NDP 2021-2025, the LVT 2050, Climate Change Act 2021 and the updated NDC of Nigeria**

**| Establish the legal and regulatory conditions to liberalise the wholesale electricity market**

**| Operationalise the provisions of the PIA 2021 and the CCA 2021**

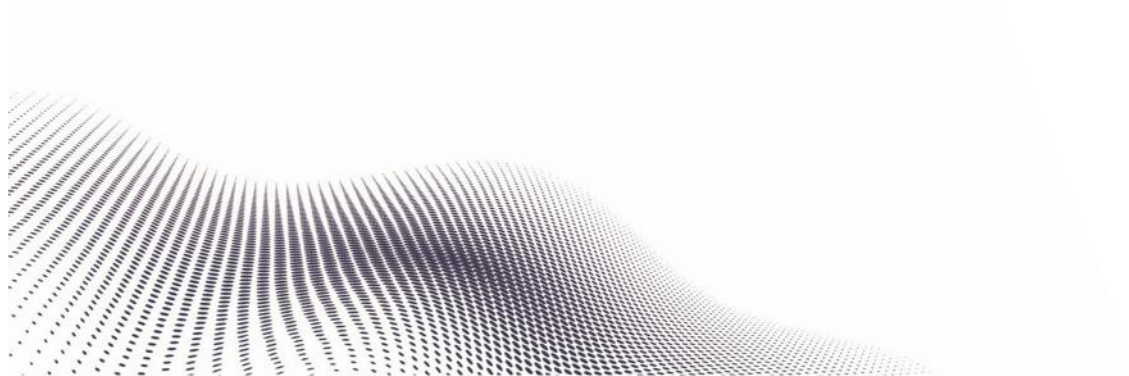


# RECOMMENDATIONS

**| Develop a comprehensive plan to eliminate petroleum and diesel subsidies in a phased manner and distribute the amounts among priority sectors**

**| Clarify national legislation on third-party funding and indirect expropriation**

**| Establish an early-warning mechanism and promote the use of instruments to manage conflicts between foreign investors and MDAs before they become disputes**



**THANK YOU**

