

OPENING REMARKS BY DR. ORJI OGBONNAYA ORJI, EXECUTIVE SECRETARY, NEITI, AT THE 2ND EDITION OF THE REMBINAR SERIES ON “TAX BILLS AND THEIR IMPLICATIONS ON ENERGY TRANSITION” HELD ON 28TH APRIL, 2025

Protocol

Good morning, distinguished ladies and gentlemen.

It is my pleasure to welcome you to the second edition of the Rembinar Dialogue Series — a collaborative initiative between the Nigeria Extractive Industries Transparency Initiative (NEITI) and OrderPaper Nigeria.

The Rembinar Dialogue Series was conceived as a platform to foster meaningful engagement on issues of resource governance, fiscal transparency, and accountability in Nigeria’s extractive sector.

Today’s dialogue on “Tax Bills and Their Implications on Energy Transition” is both timely and critical. As Nigeria charts its path from a fossil fuel-dependent economy towards renewable energy, tax policy will play a central role in shaping the success of our energy transition agenda and, by extension, our sustainable development ambitions.

The success of Nigeria’s Energy Transition Plan, particularly in scaling renewable energy, promoting green finance, and instituting carbon

pricing , will significantly depend on the design and effective implementation of our tax policies.

Recent tax reforms, including the Finance Acts and recommendations from the Presidential Committee on Fiscal Policy and Tax Reforms, aim to streamline Nigeria's fiscal environment. However, critical questions must be asked: Do these reforms accelerate our shift to clean energy, or do they anchor us more firmly to a fossil-dependent model? How do we intend to navigate the complex realities that lie ahead?

Energy transition represents a global shift from fossil fuels to renewable energy sources. For Nigeria, a country heavily reliant on oil revenues, this transformation demands careful and sustained reforms within the extractive sector reforms that NEITI, in line with the global Extractive Industries Transparency Initiative (EITI) standards, is committed to championing.

Our mandate includes exposing policymakers to viable policy options that minimize the risks and maximize the opportunities associated with energy transition. A core part of this commitment is providing credible data and analysis to support sound, evidence-based policy decisions.

Historically, Nigeria's tax structure has leaned heavily in favor of the extractive industries. Tax holidays, pioneer status incentives, and subsidies have largely benefited oil and gas operators, while

renewable energy developers continue to face hurdles such as VAT on components, import duties on solar panels, and an absence of clear fiscal relief pathways. Without robust and targeted tax incentives, renewable energy projects struggle to compete — and Nigeria risks missing out on billions in private capital that could power rural communities, support local green manufacturing, and reduce emissions.

At present, critical measures are missing from our fiscal proposals — including VAT exemptions on renewable energy components, tax credits for clean energy investments, and accelerated depreciation allowances for green technologies.

There are globally proven tools that Nigeria must urgently institutionalize. While Nigeria's Green Bond Programme is a commendable start, it requires stronger fiscal support. Imagine if investors in certified green bonds received tax breaks or reduced withholding tax rates, it would unlock a floodgate of climate-aligned investments.

Equally important is the establishment of a national carbon pricing mechanism. Embedding the environmental costs of emissions within our fiscal framework will not only raise much-needed revenue but also incentivize cleaner industrial practices, aligning tax policy with our 2060 Net-Zero ambition.

To achieve this, Nigeria must:

- **Introduce targeted incentives for renewables, energy efficiency, and energy storage technologies;**
- **Develop a comprehensive Green Fiscal Framework anchored in transparency and accountability;**
- **Reallocate fossil fuel subsidies to support off-grid renewable energy solutions.**

We can learn valuable lessons from global experiences. Countries like Canada and the Netherlands offer investment tax credits and have robust carbon pricing systems. Closer to home, South Africa introduced a carbon tax in 2019 and channels the proceeds into clean energy development. Nigeria must design and implement similar, context-specific strategies.

Furthermore, our fiscal system must move beyond supporting legacy energy systems. A comparative analysis reveals a clear mismatch: the extractive sector continues to enjoy preferential fiscal treatment over the renewables sector. This imbalance must be urgently corrected if we are to create a competitive, sustainable, and investor-friendly energy market.

Tax certainty, transparency, and predictability are critical to attracting foreign direct investment. Clear, coherent incentives for clean energy will send a strong signal to global investors that Nigeria is fully committed to a sustainable energy future.

Ladies and gentlemen, taxation is more than an economic tool, it is a declaration of our national priorities. If we are truly committed to building a resilient and sustainable energy sector, our tax policies must unequivocally reflect that commitment.

As we engage in today's deliberations, let us move from rhetoric to reform, from fossil dependency to a green future, and from burdensome legacies to boundless opportunities. Together, let us work to ensure that Nigeria's tax framework becomes a catalyst, not a constraint, in our journey toward a clean, secure, and inclusive energy future.

Thank you