



PATHWAYS TO ENERGY TRANSITION

Nigeria

Nigeria intends to conditionally reduce its greenhouse gas (GHG) emissions by at least 47% by 2030. The country's nationally determined contributions (NDCs) under the Paris Agreement include: ensuring that 30% of on-grid electricity and 13 gigawatts of off-grid energy is derived from renewable sources; achieving zero gas flaring by 2030; and reducing fugitive emissions from oil and gas production by 60% by 2031. Implementation of the NDCs is projected to cost USD 177 billion. Nigeria is currently working towards implementing a carbon tax and intends to develop its critical mineral reserves to serve the projected increase in global demand.

30%

of Nigeria's total exports come from the oil and gas sector¹

Nigeria's climate change goals will have a large impact on production practices. To achieve these targets, data and multi-stakeholder dialogue will be key to inform sustainable transition pathways and monitor climate commitments.

How EITI data and dialogue can be used

Disclosures and dialogue facilitated by the EITI can serve as an entry point to inform debate and policy making related to Nigeria's climate targets. EITI data-driven forecasting can help to address the economic implications of the energy transition and provide evidence for policymakers to manage risks and leverage opportunities.



National multi-stakeholder groups (MSGs) provide oversight of data publication **relevant to the energy transition**



MSGs identify **transition-related risks and opportunities** and stimulate debate and **energy transition reforms**



Trusted and open data provide a foundation for better governance **through the energy transition and move to net zero**

¹ Nigeria EITI, *Oil and Gas Industry Audit Report 2019*, https://eiti.org/files/documents/neiti-oga-2019-report_compressed.pdf.

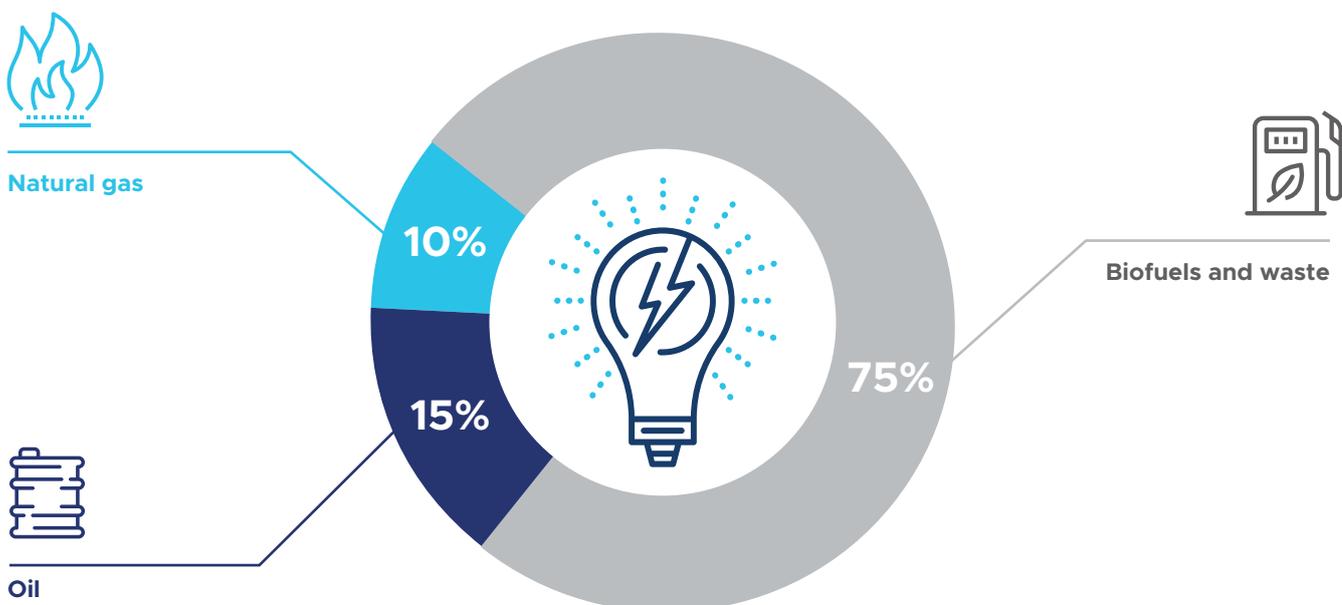
How EITI data and dialogue can be used

Issue	Key questions for debate and analysis	Data reported through the EITI
 <p>Revenue resilience and optimisation</p>	<p>What is the planned production for oil and gas projects? Do price and demand assumptions sufficiently account of reaching demand patterns?</p> <p>What are different scenarios for Nigeria's Sovereign Wealth Fund (SWF), considering the expected impact of energy transition on government revenues from the oil and gas sector?</p>	<p>Comprehensive disclosure of taxes and revenues (Requirement 4.1)</p> <p>Production (Requirement 3.2)</p> <p>Project-level reporting (Requirement 4.7)</p> <p>Revenue management and expenditures (Requirement 5.3)</p>
 <p>Public finance at risk</p>	<p>What are the opportunities and risks related to state participation in the extractive industry in the context of the energy transition?</p> <p>What are the opportunities or costs of investments in and by the SOE relative to other types of (renewable) energy sources?</p>	<p>State participation (Requirement 2.6)</p> <p>Transactions related to state-owned enterprises (Requirement 4.5)</p>
 <p>Transition away from fossil fuels</p>	<p>What type of data is necessary for MSGs to engage in useful debates on diversifying the petroleum sector and the use of gas as a transition fuel and discussions on supporting domestic gas-based industrialisation?</p>	<p>Subnational payments (Requirement 4.6)</p> <p>Subnational transfers (Requirement 5.2)</p> <p>Contribution of the extractives sector to the economy (Requirement 6.3)</p>
 <p>Subsidies</p>	<p>What impact do petroleum subsidies have on Nigeria's petroleum and energy sector?</p> <p>What impact, in terms of costs and benefits do unreported subsidies have on the Federal Government budget and on national energy transition initiatives?</p>	<p>State Participation (Requirement 2.6)</p> <p>Quasi-fiscal expenditures (Requirement 6.2)</p>
 <p>Energy transition policies</p>	<p>What type of data is necessary for MSGs to engage in useful debates on diversifying the petroleum sector and the use of gas as a transition fuel and discussions on supporting domestic gas-based industrialisation?</p>	<p>Legal framework and fiscal regime (Requirement 2.1)</p>
 <p>Emissions</p>	<p>Is project-level data on emissions from the extractive industries available and public?</p> <p>How effective are government and industry efforts to reduce gas flaring and develop scenarios for ending gas flaring by 2030?</p> <p>How can the EITI support the government in developing a national harmonised framework for CO₂ and methane emissions reporting and support monitoring of progress in meeting Nationally Determined Contributions (NDCs)?</p>	<p>Environmental impact of extractive industries (Requirement 6.4)</p>

Nigeria's extractive sector in numbers



Total energy supply (by source, 2019)⁴



Potential revenue loss (>60%) for Nigeria under a low-carbon (1.65°C) scenario (vs. expectations)⁵

2 Nigeria EITI, *Oil and Gas Industry Audit Report 2019*, https://eiti.org/files/documents/neiti-oga-2019-report_compressed.pdf.

3 International Energy Agency, "Energy Subsidies", <https://www.iea.org/topics/energy-subsidies>.

4 International Energy Agency, "Nigeria", <https://www.iea.org/countries/nigeria>.

5 Carbon Tracker Initiative, *Beyond Petrostates: The burning need to cut oil dependence in the energy transition*, <https://carbontracker.org/reports/petrostates-energy-transition-report>.

National laws and policies



Policy	Energy transition commitment
Nigeria Economic Stability Plan 2020	Create 250,000 jobs and power 5 million households with solar energy by 2023.
The Petroleum Industry Act 2021	Promote the development of technology and infrastructure for renewable energy.
National Climate Change Policy 2021-2030⁶	Support low-cost solutions to reduce methane emissions in oil and gas operations; Incentivise the deployment of natural gas as Nigeria's major fuel for power generation; End gas flaring by 2030.
Nigeria Renewable Energy Master Plan	Increase the supply of renewable electricity to 36% by 2030.

CASE STUDY

Nigeria EITI Government subsidies to consumers of petroleum products

In many countries, state-owned enterprises (SOEs) provide fuel subsidies on behalf of the state and national debt servicing, which are not recorded in the national budget. Nigeria's EITI reporting has been used to identify and calculate the cost of such subsidies. Nigeria EITI has calculated the difference between the full cost of subsidies borne by its state-owned enterprise, NNPC, and the value of compensation received from the government budget.

The future of these payments and the fossil fuel subsidy regime is the subject of public debate in Nigeria, and it is estimated that subsidy reforms can save the government billions of dollars annually. With a strong track record in providing analysis and bringing stakeholders around the table to drive reforms, Nigeria EITI can use its expertise and process to address the key questions relating to the energy transition, including on revenue resilience and optimisation, public finance at risk and fossil fuel subsidies.

6 Government of Nigeria, *National Climate Change Policy for Nigeria 2021 – 2030*,