

Importation Guide

for Solar PV Products
and Technologies in
Nigeria

**Africa
Clean
Energy**

Technical
Assistance
Facility



Africa Clean Energy
Catalysing Africa's Solar Markets



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A TETRA TECH COMPANY



**Department for International Development (DFID)
Africa Clean Energy Technical Assistance Facility**

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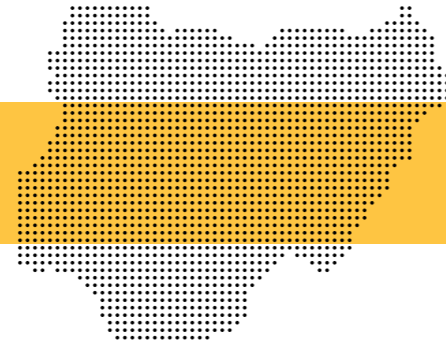
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Abbreviations



ADB	Authorized Dealer Banks
ACE	African Clean Energy
CAC	Corporate Affairs Commission
CBN	Central Bank of Nigeria
CCVO	Combined Certificate of Value and Origin
CET	Common External Tariff
FIRS	Federal Inland Revenue Service
GIR	General Interpretative Rules
HS	Harmonised Commodity Description and Coding Systems (HS)
IEC	International Electrotechnical Commission
IRENA	International Renewable Energy Agency
MSME	Micro, Small, and Medium Enterprises
NAFDAC	National Agency for Food & Drug Administration & Control
NCS	Nigeria Customs Service
NDC	Nationally Determined Contribution
NDLEA	National Drug Law Enforcement Agency
NEEAP	National Energy Efficiency Action Plan
NREEEP	National Renewable Energy and Energy Efficiency Policy
NSW	National Single Window
OEM	Original Equipment Manufacturer
PAAR	Pre-Arrival Assessment Report
PAYG	Pay-As-You-Go
QTM	Quality Test Method
REA	Rural Electrification Agency
REF	Rural Electrification Fund
RESIP	Rural Electrification Strategy & Implementation Plan
SDG	Sustainable Development Goal
SHS	Solar Home System
SITC	Standard International Trade Classification
SON	Standards Organisation of Nigeria
SONCAP	Standards Organisation of Nigeria Conformity Assessment Program
TCC	Tax Clearance Certificate
THC	Terminal Handling Charge
TIN	Tax Identification Number
VAT	Value Added Tax
WCO	World Customs Organization

Endorsements



“Under the leadership of President Muhammadu Buhari, the Federal Government of Nigeria, through the Rural Electrification Agency has demonstrated political will and commitment in developing the off-grid sub sector using renewable energy, over the last 3 years. We therefore welcome this guide amongst other efforts from development partners that seeks to simplify understanding of importation processes for solar products, as we remain committed to creating that enabling environment and ease of doing business in the solar energy space.”

Dr Sanusi Ohaeri - Executive Director, Rural Electrification Fund.

“This industry is at a nascent stage and is growing rapidly, we see this in the number of solar projects scattered across the country. This guide will definitely provide more clarity and opportunity for project developers to engage in more projects and ease the burden associated with project delivery across the country. It demystifies the importation process for novices, particularly foreign companies trying to get a foothold in the solar business in Nigeria.”

Senator Enyinnaya Abaribe - Deputy Chairman, Senate Committee on Power.

“The Renewable Energy Association of Nigeria consists of industry players who are the main beneficiaries of a simplified importation process. Industry players often times face several hurdles due to ambiguities as regards understanding the processes of importation. This guide is a welcome development for the industry as it will improve product availability and increase access to energy

for the under-served. The industry association welcomes the development of this guide as it will increase our capacity to achieve the vision of universal energy access.”

Mr. Segun Adaju – President, Renewable Energy Association of Nigeria.

“At the Renewable Energy Association of Nigeria, promoting sustainable strategies that will reduce Nigeria’s energy access gap forms the bedrock for our activities. We very much welcome this guide that brings clarity to the importation process for solar products and components; clear and concise, it will be a useful tool not only for REAN members navigating the renewable energy business environment but also potential practitioners as well as the wider public. It complements our efforts to contribute to improving the renewable energy space and comes at a very welcome time.”

Mrs. Lande Abudu - Executive Secretary, Renewable Energy Association of Nigeria.

“The task of getting the right investor attention to Nigeria, despite our clearly compelling prospects, means that we need multiple stakeholders providing high quality, credible information to help investors make better informed decisions. This document is an invaluable guide, in a sector of material importance to unlocking the hidden potential in many parts of Nigeria. I expect it will be very useful for very many years to come”

Ms. Yewande Sadiku - Executive Secretary and Chief Executive Officer, Nigerian Investment Promotion Council.

Executive Summary



The Nigerian off-grid solar market, in particular for stand-alone solar energy products, has grown geometrically over the past decade, with Nigeria currently ranked fifth globally in sales volume for key off-grid solar markets¹. Between July and December 2018, \$4.4 million worth of off-grid solar products were sold in Nigeria, including both cash and Pay-As-You-Go (PAYG) sales, highlighting the increasing maturity of the market².

However, despite this progress, several bottlenecks are still present in the Nigerian off-grid sector including the ambiguity of the importation process for solar energy technologies, which is currently still a major headache for solar companies. This is despite efforts by the Nigeria Customs Service (NCS) in reforming its import and export process, from the setting up of the Nigeria Ports Reform Monitoring Committee and Presidential Committee to monitor ports in 2011, to the establishment of an electronic National Single Window (NSW) as a one-stop portal for Nigeria’s cargo clearance procedures.

The purpose of this Guide is to provide a clear understanding of the importation process for solar energy technologies in order to increase transparency of the importation process and provide a baseline importer guide for solar companies. The key areas covered include an overview of solar energy technologies, the Harmonized Commodity Description and Coding Systems (HS Code) for solar energy technologies, quality standards, step-by-step importation process for solar energy technologies, and stakeholder mapping across the importation chain. Also covered are applicable import incentives for solar energy technologies.

¹GOGLA, [Lighting Global \(2019\) Global Off-Grid Solar Market Report Semi-Annual Sales and Impact Data. July to December 2018. Public Report](#)

²ibid

1. Background

In recent years, the Nigerian off-grid solar (OGS) market has witnessed significant growth, in part due to concerted efforts by various actors - including international donors and development partners, private sector solar companies and investors, support organizations, government ministries, agencies, and departments, as well as industry associations. On the demand side, there has been increasing awareness around the benefits and availability of OGS products as an alternative to grid power and fossil fuel powered back-up options, which has led to their increased demand. There is also a growing supplier network activated by market structures that has made the OGS market more attractive to new businesses and investors.

The Nigerian OGS market is currently at an upward inflection point, evidenced by the emerging positive enabling market environment, as well as the presence of active foreign and local OGS companies and distributors. In addition, there has been an increased inflow of investments into the OGS market. The Rural Electrification Agency (REA) and the Rural Electrification Fund (REF) with the support of the World Bank and African Development Bank has provided both financial and technical support for mini-grids and solar home system (SHS) deployment in rural communities across the country, which has contributed significantly to the noticeable up-tick in the Nigerian OGS market.

The purpose of this Importation Guide for Solar Companies, is to provide increased clarity of the OGS importation process and act as a baseline importer's guide for solar companies, importers, and investors in Nigeria.

In **Section 2**, this guide describes the range of OGS technologies, as well as the different usually used methods of importation. With the significant upfront cost associated with OGS technologies particularly those that meet, as outlined in **Section 4**, their affordability poses a barrier to their adoption, despite being more economical in the long run than current alternatives such as kerosene lanterns and petrol and diesel generators. Import duties, Value

Added Tax (VAT) and other related levies and charges on OGS technologies which are outlined in **Section 3**, contribute substantially to their high upfront cost as well as undermine the ability of the OGS market to compete with traditional alternatives.

A key concern is the complexity in the importation process, which is outlined in **Section 5**. There is non-uniformity in the HS code classification and interpretation of solar technologies. The government has recommended the exemption of import duties as part of incentives to encourage the growth of the OGS market in its policies and action plans highlighted in Section 3, however these are yet to be implemented.

Easing the importation process for OGS including addressing key issues described in Section 6, and granting import duty exemptions as recommended will go a long way towards driving energy access to the un-served and under-served population, complement the grid network, and facilitate the attainment of the government's national electricity access target.

2. Solar Energy Technologies

OGS consists of various technology types that address varying energy demand levels. Stand-alone solar solutions include mainly pico-lanterns, Solar Home Systems (SHS), and solar systems for businesses and productive uses, often with Pay-As-You-Go (PAYG) payment systems integrated. Larger systems such as solar mini-grids and containerized solar systems are used to meet high energy demand such as powering commercial and industrial facilities, business clusters, and rural communities.

Pico-Solar lanterns: Using Lighting Global standards³, pico-solar lanterns or pico-PV off-grid lighting products have a peak power of 10W or less. Pico-lanterns solutions usually consist of basic with a few light bulbs, battery, a solar PV module, and in some brands a phone charging port.

SHS: Solar Home Systems (SHS) are classified under peak power ratings between 10W and 350W, and DC voltage of 35V or less⁴. SHS usually consist of PV module(s); charge control unit(s); battery/batteries; cables, switches, connectors, and protective devices sufficient to connect the solar PV module(s); optional loads including lighting, mobile phones, TV, fan, radio, etc. and their requisite cables⁵.

Large stand-alone solar systems: These often range above 1kW and are used mainly in large households and enterprises.

Solar PV Mini-grids: These systems supply electricity to several households, and businesses in communities, through off-grid and interconnected solar systems, and usually range between 50kW to 1MW in capacity.

Pico-solar lanterns, SHS solutions and solar PV mini-grids are targeted mainly for rural and peri-urban households that require basic lighting and power provision. The higher power demand of larger households and micro, small and medium scale enterprises (MSMEs) in Nigeria, primarily located in peri-urban and urban areas, make the adoption

of higher capacity stand-alone solar systems an increasingly popular option especially for productive uses of electricity.

Local solar companies in Nigeria mostly import their solar technologies, (including DC appliances and its associated components) from Original Equipment Manufacturers (OEMs) mostly based in Asia (primarily from China, India and in a few cases Malaysia), Europe (mainly Germany) and North America (primarily United States of America and Canada). Some solar companies engage in the local assembly of OGS products, but also import some associated components due to their unavailability in the country. Foreign solar companies import their solutions from their manufacturing facilities usually located in their home country or in Asia (with China being a particularly popular choice location). However, a few companies are currently working towards full local manufacture or assembly in the future. There are also local distributors who distribute and retail the solar products of other OGS companies and manufacturers.

Solar companies generally work through the following importation models:

a. Self-Importation: The solar company fully handles the importation process of the solar technologies. As most solar companies in the country are run by sole entrepreneurs, the importation process is usually handled by the CEO or a designated staff such as the Operations/Logistics officer. Larger solar companies, mainly international solar companies, have dedicated departments or desks that handle importation.

b. Joint Importation: Solar companies in the country, especially local solar companies, sometimes collaborate to jointly import solar technologies especially when using the same Original Equipment Manufacturer (OEM).

³Lighting Global (2018) Solar Home System Kit Quality Standards

⁴ibid

⁵ibid

Usually, the arrangement with the OEM includes branding these products with the different brands of the local solar companies, even though these solar products are generally similar technology, with minor differences such as system configuration, or features such as the number of phone charging ports or lighting points. Collaborating to co-import usually has the benefit of reduced logistics costs by individual parties. This usually benefits new solar companies, who if collaborating with a more mature solar company, can leverage their experience and knowledge of the process to reduce bottlenecks and challenges associated with the importation process, as well as import limited number of products to test the market.

C. Third Party Import Agents: A lot of solar companies outsource the importation to third party import agents due to the complexity of the importation process. These import agents are usually experienced and familiar with all aspects of importation, and have strong working relationships with the government agencies and other key stakeholders involved in the importation process. As such, the solar companies who employ their services can focus on other areas of their businesses rather than be bogged down the complexity and stress of importation. Some solar companies use these import agents as a temporary solution until they develop in-house capacity to handle the importation process themselves. These third party import agent are also known as cargo and warehousing agents who working in conjunction with partner agents from the exporting countries bundle together these imported goods and work through the system to ensure that the goods make it into the country and are delivered to the solar company client.

The type of importation used by each company is predicated on the size of the company or the size of their business or/and projects. For instance, our findings show that self-importation is usually undertaken by large scale projects funded under large donor or government projects or established solar companies with significant market base.. Furthermore, where large donors are concerned, most of the imports are undertaken to meet specific programs often endorsed by the governments either at the state or local levels and in this way, there is enough inter-government back-channeling to ensure the smooth importation process of the solar systems. Joint importation on the other hand is usually undertaken by several small and mid-sized companies in Nigeria both as a cost sharing and risk sharing measure. This is to mitigate the risks associated with sole importation and the arbitrariness of the customs duties and taxes application. Even at that some of the companies surveyed for this guide mention that most of risks that this joint importation ought to mitigate usually do not materialize as containers with solar goods are often held up by the Nigerian customs based on problems associated with a certain importer or with certain classifications of solar good inside the container. When this happens, the entire container can be impounded or delayed attracting demurrage costs which are borne or shared amongst each importer.

Third party importations are becoming increasingly popular as the importers pay the third party agents all the fees and taxes associated with importation. These fees are usually at a premium and often include insurance for the loss or delay of goods. From a cost savings, risk saving and time savings perspective, these third party agents act as a safeguard against the challenges and bottlenecks associated with importation into the country, and this is becoming a popular option for solar companies.

3. Harmonised Commodity Description and Coding Systems (HS) for Solar Energy Technologies



3.2 HS CODES

The Harmonised Commodity Description and Coding Systems (HS) codes developed by the World Customs Organisation (WCO) are an internationally standardized system of codes and product descriptions used in the classification of traded products. They serve as a framework for the collection of international trade statistics. The purpose of the HS code is to facilitate internationally uniform tariff classification of all goods. The codes are used to classify and define goods traded internationally to determine the rates of duty, eligibility for exemptions, and qualification for approved manufacturer/ assembler tariff provisions and to calculate any other additional taxes (e.g. excise duty).

The Nigeria Customs Service (NCS) tariff classification is interpreted based on international standard General Interpretative Rules (GIRs).⁶ The GIRs is a WCO Harmonised Systems Nomenclature for harmonising classification in all 190 contracting parties of the WCO. The Nigerian government, in 2015, adopted the ECOWAS Common External Tariff (CET) 2015-2019 and Fiscal Policy Measures. With effect from 11th April 2015, imports into the country became subject to the rates contained in the ECOWAS CET 2015 – 2019 without recourse to the prior applicable rates. A key feature of the CET is a reduction of import duty rates on specific items on the national lists, which are all aimed at promoting the development of sectors deemed critical to the economy. Notable amongst these are zero percent duty for machineries and equipment for priority sectors – including but not limited to - Agriculture, Cement, **Power (including solar)**, Hospitality, Iron and Steel, Solid Minerals, Textile and Aviation.⁷ However, the current HS codes and descriptions

fails to reflect the wide range of solar technologies, appliances and components including different types of solar systems currently available in the market. At present, most solar technologies are included as part of a broader product group. In addition, imports of these products are not easily measured, because they can be imported under many different codes.

3.2 RECENT PROPOSED CHANGES

In trying to address this, the International Renewable Energy Agency (IRENA) has proposed three changes to the structure of HS codes – (i) the separation of solar cells and solar water heaters from the broader product groups where they are currently placed; (ii) the creation of two specific codes for solar lights and lighting sets to reduce uncertainty about how these products should be classified; (iii) and the creation of three codes for photovoltaic generators to separate trade in these products from trade in other generators and create a place in the classification for solar home systems.

Changes in the structure of the HS codes by IRENA, especially the creation of three codes for photovoltaic generators to separate trade in these products from trade in other generators, and creating a place in the classification for solar home systems, will provide greater clarity for solar energy technologies. The second benefit is improvement in trade statistics for solar technologies as imports of these products are currently not easily measured as they can be imported under many different codes.

Changes to the product descriptions in the HS code's "Explanatory Notes" have also been

⁶Presentation by the Nigerian Customs Service during the USAID, Power Africa funded Scaling Off Grid Energy Stakeholder Task force meeting in March 2018 at Lagos, Nigeria.

⁷PWC Nigeria (2016) Approval for the implementation of the fiscal policy measures for 2016. Federal Ministry of Finance.

proposed to describe more clearly the differences between solar panels and generators as well as the different types of solar lights, lighting sets and solar home systems. Changes to the HS codes are expected to lead to two major benefits. The first is to facilitate trade by clarifying the codes that should be used when shipping products. This is particularly important for the more complex products, where manufacturers have reported a lot of variation in the codes used by countries.

3.3 KEY HS CODE ISSUES

Even for general and well known solar components, a lack of clarity in their classification still exists. A good example is the re-classification of solar panels by the NCS in 2018. From its previous classification under Heading 8541 to Heading 8501. According to the NCS, the relevant exclusion notes from the provisions of the Explanatory Note on Heading 8541 (Vol.5, P – XVI-8541-3) states that, “*the Heading does not cover panels or modules equipped with elements, however simple (for example, diodes to control the direction of the current)*”. On the other hand, the explanatory notes to Heading 8501 (XVI-8501-3), states, “*photovoltaic generators consisting of panels of photocells combined with other apparatus, like storage batteries and electronic controls, (voltage regulator, inverter, etc.). It also covers Panels or modules equipped with elements, however simple (for example diodes to control the direction of the current), which supply the power directly to, for example, a motor, an electrolyser, etc.*” In summary, Heading 8541 applies to **Solar cells and panels for function other than generation of useful power**, while Heading 8501 applies to **Solar cells and panels for generation of power**.

The distinguishing factor by the NCS between Headings 8501 and 8541 is that the former relates to solar panels having bypass-diodes permitting for use in power generation purposes, and the latter to solar modules used for functions other than the generation of useful power⁸. However, the issue with this classification is that Heading 8501 applies to DC motor generators with movable parts which solar panels do not fall under. This remains an issue within the OGS sector.

3.4 TARIFFS AND DUTIES

Historically, tariffs, VAT and other applicable importation levies for OGS products have contributed to over 40% of their retail prices⁹. This significantly pushes up the price of the solar products, often beyond the purchasing capability of those who stand to gain the most from their use - predominantly rural households.¹⁰ Even in urban and peri-urban households, with higher purchasing power, the levelised costs of solar technologies, particularly SHS systems, are not immediately attractive because of the high upfront costs especially when compared to alternatives such as small scale petrol generators.

Tariffs serve a number of key purposes with several benefits for a country including the generation of revenue from international trade, solving issues of trade deficit and balance of payments, local industry protection (especially in developing countries), improving income distribution, import substitution, and economic growth. Tariffs, including import duty, are normally linked to the Harmonized Commodity Description and Coding System (HS), and can either be specific or on an ad valorem basis, that is, based on the assessable value of goods. Tariff and Customs Duties in Nigeria are primarily determined by the Federal Ministry of Finance and implemented by the NCS. NCS valuation in the country is based on the transaction value of the imported good.

Import duty and taxes are due when importing goods into Nigeria whether by a private individual or a commercial entity. The valuation method is CIF (Cost, Insurance and Freight), which means that the import duty and taxes payable are calculated on the complete shipping value, which includes the cost of the imported goods, the cost of freight, and the cost of insurance. In addition to duty, imports are subject to sales tax, and other taxes specific to certain commodities.

Duty rates in Nigeria vary from 0% to 35%, with the average duty rate at 16.96%. Some products can be imported free of duty (e.g. books). Sales Tax is a form of VAT levied on imports at a standard rate of 5% on the sum of the CIF value, duty, and excise and other taxes if applicable. The

Federal Government is proposing an increase in the sales tax to 7.2% from 2020, subject to the approval of the National Assembly. A bill for this increase in VAT is currently before the National Assembly and might be passed into law by the first quarter of 2020¹¹. This increase will apply to imported goods as well meaning the costs of acquiring solar technologies or service provision related to solar technologies will attract a 7.2% VAT levy further pushing the costs of these technologies upward.

3.5 INCENTIVES FOR THE IMPORTATION OF SOLAR ENERGY TECHNOLOGIES





3.5.1 IMPORT DUTY EXEMPTION - NIGERIA CUSTOMS SERVICE





There is currently a 5% import duty applicable on solar panels with diode; however, solar panels without diodes are duty-free. There is also an exemption on solar cells and other components used in the manufacture or assembly of solar modules. Upon clearance of the goods at the port, import duties will not be imposed on the exempted products.

3.5.2 IMPORT DUTY WAIVERS – FEDERAL MINISTRY OF FINANCE

Import duty waivers are usually not considered for off-grid commercial purposes, but are usually granted for government or donor-funded projects. For donor-funded or publicly-funded projects, solar companies direct their request to the Federal Ministry of Finance through the Federal Ministry of Power. The request should include in detail information on the renewable energy project and its benefit to the country to warrant a waiver.

To qualify for an import duty exemption certificate, the solar company must present their:

-  Comprehensive list of items to be imported.
-  Letter of donation (where applicable).
-  Sales/ purchase contract agreement (where applicable).
-  List of imported items must be endorsed by the beneficiary.

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The Nigerian Investment Promotion Commission (NIPC) as one of its strategic goals is willing to assist renewable energy companies as part of its investment drive to obtain Import Duty Exemption Certificates. Key consideration by the NIPC however includes the value of the importation, and its impact on Nigeria’s economic growth and development. Based on our understanding from interviews conducted for this guide, most of the import duty exemptions so far have been actualized through the intercession of the Federal Ministry of Power and these have been for large projects that have some government participation. The application and validation case for exemption are then made with supporting documentation from the Federal Ministry of Power to the Federal Ministry of Finance. It is the mandate of the Ministry of Finance to grant waivers or exemptions of any kind, including sectoral waivers, or individual waivers for companies qualifying for such waivers or exemption.

3.5.3 AVAILABILITY OF FOREIGN EXCHANGE AT OFFICIAL RATES – CENTRAL BANK OF NIGERIA

In order to manage foreign exchange reserves, the Central Bank of Nigeria (CBN) restricts the availability of foreign exchange at official rates (which are cheaper) to the importation of certain products and services. Solar products are amongst the products which qualify for foreign exchange at official CBN rates. This can be obtained through the importer’s bank, on behalf of the importer either through a bid auction or through the Investors & Exporters Window.

¹¹Interview with Senator Eyinnaya Abaribe, Depute Chairperson, Senate Committee on Power. Meeting was held at his office at the Senate Building on November 13th 2019.

⁸Business Day (2018) New import duty threatens Nigeria’s 18bn solar market.

⁹GOGLA (2015) GOGLA industry opinion on VAT and Import duty settings for off-grid lighting products and solar home systems. Available from: https://www.gogla.org/sites/default/files/recource_docs/gogla-industry-opinion-on-vat-and-import-duty-settings-for-off-grid-lighting-products-and-solar-home-systems-adopted.pdf

¹⁰ Ibid

3.6 EXISTING POLICY PROVISIONS FOR IMPORT INCENTIVES

3.6.1 THE NATIONAL RENEWABLE ENERGY AND ENERGY EFFICIENCY POLICY, 2015 (NREEEP):

NREEEP proposes a set of fiscal and market incentives to support renewable energy deployment. These are highlighted under the following sub-sections:

1.6 (vii): Critical Elements of the policy - Provision of capital grants, tax holidays and exemptions, other incentives for renewable energy projects; as well as tax credits to companies who produce energy efficient appliances and fixtures.

2.6.2.2 (ix): Strategies for off-grid Renewable Electricity Supply - Provide appropriate incentives to entrepreneurs to ensure adequate return on investment in power generation from renewable energy sources.

2.7.2 (iv): Strategies for Renewable Energy financing – Provide fiscal incentives, subsidies to alleviate up-front costs, tax and duty exemptions for prospective investors in the renewable energy sub-sector.

3.1.3 (iv): Strategies for Energy Efficiency and Conservation – Ensuring the importation of energy efficient equipment and machinery.

3.2(vii): Energy Efficiency financing – Providing a duty free incentive to importers of energy saving equipment for a period of 5 years starting from the approval and operation of this policy.

5.4 (d): Tax incentives to manufacturers of renewable energy and energy efficient equipment and their accessories to promote wide spread use including; (i) five-year tax holiday for manufacturers from date of commencement of manufacturing; (ii) five-year tax holiday on dividend incomes from investments on domestic renewable energy sources.

5.4 (e): Incentives for importers to offer energy efficient appliances and lighting through exemption from excise duty and sales tax; free custom duty for 2 years on the importation of

equipment and materials used in renewable energy and energy efficiency projects; and provision of soft loans and special low interest loans from power sector development fund for renewable energy supply and energy efficiency projects.


5.7: Special Customs Clearance of renewable energy and energy efficiency equipment - In order to facilitate the implementation of incentives relating to imports and exports, the Federal Ministry of Finance should establish a Special Task-force within the NCS for the renewable energy and energy efficiency sub-sectors. The Task-force will be charged with fast tracking the screening of renewable energy and energy efficiency components coming into and out of the country. The Task-force will work within the NCS to streamline the cumbersome process inherent in importing renewable energy and energy efficient goods into the country. It will train staff on product quality and how to apply the various incentives as well as develop a special HS-Code (Harmonized System Code) for the sector.


3.6.2 THE NATIONAL RENEWABLE ENERGY ACTION PLAN, 2016 (NREAP):


Provides for tax relief and exemptions, import waivers etc. under sub-section 5.3 (n) on financial support.


3.6.3 THE NATIONAL ENERGY EFFICIENCY ACTION PLAN, 2016 (NEEAP):

Provides for incentives under sub-section 2.1.2 - Supporting policies and measure –

 Organize special training programs for relevant staff of the Standards Authority and Customs Agency on the interpretation of the mandatory labels of on-grid and off-grid efficient lighting.

 Organize special training programs for relevant staff of Standards Authority and accredited institutions on the test methods for on-grid and off-grid efficient lighting.

 Adopt reduced taxes (including import duties, VAT) for on-grid and off-grid efficient lighting products.

 Adopt incentive schemes (including tax holidays) to support local manufacture of on-grid and off-grid.

3.6.4 THE RURAL ELECTRIFICATION STRATEGY AND IMPLEMENTATION PLAN, 2016 (RESIP):

Sub-section 3.5.7: The import taxes levied on renewable electricity generation equipment and low-cost supplies must be reduced. While Nigerian industry prepares to compete in this area, renewable energy schemes must have access to imported materials, components and equipment for rural electrification systems without paying exorbitant import taxes.

4. Quality Standards for Solar Energy Technologies



Stand-alone solar systems in Nigeria generally conform to the quality standards set out by the Standards Organization of Nigeria (SON), and internationally by Lighting Global. Local solar companies mainly adopt SON standards while international solar companies adopt both.

a. Lighting Global Quality Standards:

The Lighting Global Quality Standard maintains quality and testing methods for solar lighting and home solutions across five key areas – Truth in Advertising, Durability, System Quality (includes battery), Lumen Maintenance, and Warranty (includes consumer information), and is adopted by the International Electrotechnical Commission (IEC) – a reference point for quality assurance of off-grid lighting products (IEC Technical Specifications 62257-9-5) as a mandatory minimum quality standard for solar portable product.¹² The Standards Organization of Nigeria (SON) is currently working towards adopting the IEC standards as national standards for solar home systems in line with the ECOWAS standards, with support from the Lighting Africa Program of the International Finance Corporation (IFC) and the Africa Clean Energy Technical Assistance Facility (ACE TAF).

The Lighting Global Standards is assessed based on 25 metrics across 6 key areas: Truth in advertising, Lumen Maintenance, Health and Safety, Battery, Quality and Durability, and Consumer Information. In addition, standards for warranty requirements and electrical connections must be met by the product.

In order to be certified by the IEC Standards, a product must be tested in a laboratory according to the Quality Test Method (QTM) as prescribed by IEC/TS 62257-9-5, which applies to stand-alone renewable energy products batteries and solar modules with DC system voltages not exceeding 35 V and peak power ratings not exceeding 350 W.¹³ To be certified, companies must have their products tested to meet the above quality standards and these tests are conducted by a third-party, approved

test centre, through the use of randomly-procured samples. The Lighting Global Standardized Specification Sheets or Spec Books contains acceptable information for determining conformity with the Quality Standards. Products that have met the Quality Standards are also issued a Verification Letter and posted on the Lighting Global website. More information on the Lighting Global standard for SHS standards and the process of certification, can be found at Lighting Global website.

b. SON Quality Standards:

The SON Quality Standards are established by consensus and provide for common and repeated use, rules, guidelines or characteristics for products and services and related processes or production methods, aimed at the achievement of the optimum degree of order in a given context. They may also include or deal exclusively with terminology, symbols, packaging, marking or labeling requirements as they apply to a product, process or production method. SON Quality standards for solar technologies can be found in Table 1 below.

In Nigeria, the SON Quality standards are as captured under the **SON Conformity Assessment Programme (SONCAP)**. SONCAP is a product conformity scheme whose objective is to help ensure that products exported to Nigeria meet minimum safety requirements. This is to ensure that Nigerian consumers are not exposed to potentially unsafe and sub-standard goods. Under the import requirements of the Federal Government, in order to clear their goods, importers need to have a Product Certificate (PC) and a SONCAP Certificate (SC) described in **Section 5.0** for every consignment of regulated products, issued by an International Accreditation Firms, such as Cotecna. Cotecna is a provider of testing, inspection and certification services, and in 2013 was appointed by SON to issue the SONCAP certificate for exports of regulated goods to Nigeria. The process of obtaining the SONCAP and PC is described in **sub-section 5.1**.

Table 1. SON Standards for Solar Technologies

Solar photovoltaic modules and associated components (e.g battery, inverter)	NCP 031 :2010 ET Code of Practice for Deployment associated components or Outdoor Lighting Systems; NIS IEC 61215: Crystalline Silicon Terrestrial
Solar photovoltaic modules and associated components (e.g battery, inverter)	NCP 031 :201 OET Code of Practice for Deployment of Outdoor Lighting Systems; NIS IEC 61215: Crystalline Silicon Terrestrial Photovoltaic (PV) Modules - Design Qualification and Type Approval NIS IEC 61646: Thin-film Terrestrial Photovoltaic (PV) Modules - Design Qualification and Type Approval NIS IEC 62109-1: Safety of power converters for use in photovoltaic power systems - Part 1: General requirements NIS IEC 62109-2: Safety of power converters for use in photovoltaic power systems - Part 2: Particular requirements for inverters NIS IEC 62109-3: Safety of power converters for use in photovoltaic power systems - Part 3: Controller NIS IEC 62109-4: Safety of power converters for use in photovoltaic power systems- Part 4: Particular requirements for combiner box NIS IEC 61730-1 Photovoltaic (PV) module safety qualification - Part 1: Requirements for construction NIS IEC 61730-2 Photovoltaic (PV) module safety qualification - Part 2: Requirements for testing NIS IEC 61683: Photovoltaic systems - Power conditioners - Procedure for measuring efficiency NIS IEC 61427 Secondary cells and batteries for photovoltaic energy systems (PVES)-General requirements and methods of test NIS IEC 60J64.7-712, Electrical installations of buildings - Part 7-712: Requirements for special installations or locations - Solar photovoltaic (PV) power supply systems.

In order to benefit from the Nigerian Government's incentives and support schemes under its various policies, renewable energy products have to conform to SON standards at the minimum. However international investors and donors are known to request that companies also adhere to the IEC quality standards.

To show conformity with IEC standards, the solar company presents the compliance certificate which can be verified on the Lighting Global website where information on certified products and companies are publicly available.

¹²IEC (2016) IEC TS 62257-9-5:2016. Available from: <https://webstore.iec.ch/publication/25275>

¹³Ibid

5. Importation Process for Solar Energy Technologies



5.1 PRE-IMPORTATION

For this section, it is assumed that the solar company has already identified the Original Equipment Manufacturer (OEM) or exporting party (supplier) for the solar technologies with an existing supply agreement; or have a manufacturing facility for their products outside the country from which they intend to import from. If not, this should be the first step for the solar company which should already be fully registered in Nigeria and have a Certificate of Incorporation/Registration.

In order for a company to be registered in Nigeria, the intending party must first check for the availability of the company name with the Corporate Affairs Commission, which is the companies' registry in Nigeria. Once the name is available, it is reserved for 60 days, during which no other party can register the same name. A pre-registration form (Form CAC 1.1) is then filled, and submitted along with the following documents:

- A memorandum of association, which is a legal document prepared in the formation and registration process of a limited liability company to define its relationship with shareholders.
- An articles of association, which is a document that specifies the regulations for a company's operations and defines the company's purpose. It also lays out how tasks are to be accomplished within the organization, including the process for appointing directors and the handling of financial records.
- A recognized form of identification for Director(s)/Subscriber(s) and Secretary.
- Evidence of payment of filing and stamp duty fees to the CAC. The fees can be found on the CAC website.

These documents are prepared and submitted by a lawyer, who then scans and uploads the documents and submits the original documents at a CAC office in exchange for the Certificate of Incorporation and Certified True Copies of the documents.

The Supplier in this context refers to the OEM or Exporting Party; the Importer refers to the Solar Company, Import Agent or any other third party handling the importation process on behalf of the solar company; and the product refers to the OGS technologies being imported.

Prior to beginning the importation process, the solar company must first ensure that they:

- Are registered in Nigeria and hence have a Certificate of Incorporation/Registration of the company in Nigeria.
- Are registered with the Federal Inland Revenue Services (FIRS) with an up-to-date proof of tax payments, upon which a Tax Identification Number (TIN Number) is allotted, with a valid e-mail address tagged to it.
- Have selected a bank of choice in Nigeria to act as the Authorised Dealer Bank (ADB). This is the Bank that will process the Form M / PAAR described below, as well as mediate with the NCS, the Import Agent (if using one) and other bodies. The ADB acts as a middleman between the importer and the NCS and plays a key role in the conformity assessment process. Several commercial banks in Nigeria are increasingly getting involved in the renewable energy market through the financing of trade imports.
- Some of the banks consulted for this guide provide letters of credit to importers to finance their imports, which acts as a mode

of payment. A letter of credit is a written undertaking given by an issuing bank at the request of its customer (the applicant) in which the bank obligates itself to pay the exporter (seller/beneficiary) up to a stated amount within a prescribed timeframe upon presentation of stipulated documents that conform to the terms and conditions of the documentary credit.

- Some other banks directly finance trade by giving lines of credit through revolving loans for importers, where the next loan is available once the first loan has been paid off. This is most suitable for importers who have a constant volume of imports regularly. In order to be eligible for trade finance from the bank, the importer needs to provide the following information:

- Payment terms agreed with supplier
- Detailed transaction dynamics
- Funding structure
- Mechanism to ensure control (Warehousing)
- Copy of invoice(s)

- The bank also offers asset purchase guarantees to suppliers on behalf of importers, which guarantees that the importer will pay for the products in a stipulated period of time. Failing the payment for the products within that period, the bank pays the supplier instead. To qualify for the bank's asset purchase guarantee, the importer needs to show the following:

- Copy of contract / letter of award
- Documentary evidence of similar jobs successfully executed in the past.
- Format of guarantee (if necessary)

- Some commercial banks also make bulk purchases from Original Equipment Manufacturers (OEMs) on behalf of multiple partners in order to enjoy volume discount and one-time payment of import duties and tariffs.

- Several commercial banks are also listed as Authorized Dealer Bank of the Nigerian Customs Service, which allows it to process e-Form M, vet the correctness and genuineness of the documents, endorse all import documents submitted to the Nigeria Customs Service, generate Pre-Arrival Assessment Report (PARR) for duty payment and inform the importers of import guidelines for their compliance.

The role of the banks in the importation process for solar products is increasingly an important one, as many companies are beginning to benefit from the increasing interest from commercial banks in the renewable energy sector and are taking advantage of this to better navigate cash flow requirements for their importation process.

It is important to note that the Central Bank of Nigeria's only involvement in the process of importation is through the sale of foreign exchange to importers of goods and services.

¹⁵Aisha Salaudeen – (October 24th 2019) – "Nigeria improves in World Bank ease of doing business ranking, but is it easier to do business there?" Available online at <https://edition.cnn.com/2019/10/24/africa/nigeria-improves-in-world-bank-ranking/index.html>

The diagram below shows the process flow for importation and delivery of OGS products to the final consumer. The importation process is made up of three distinct steps: obtaining mandatory documents from supplier, obtaining mandatory

documents for importation, importation of OGS products into the country, and the clearance process.

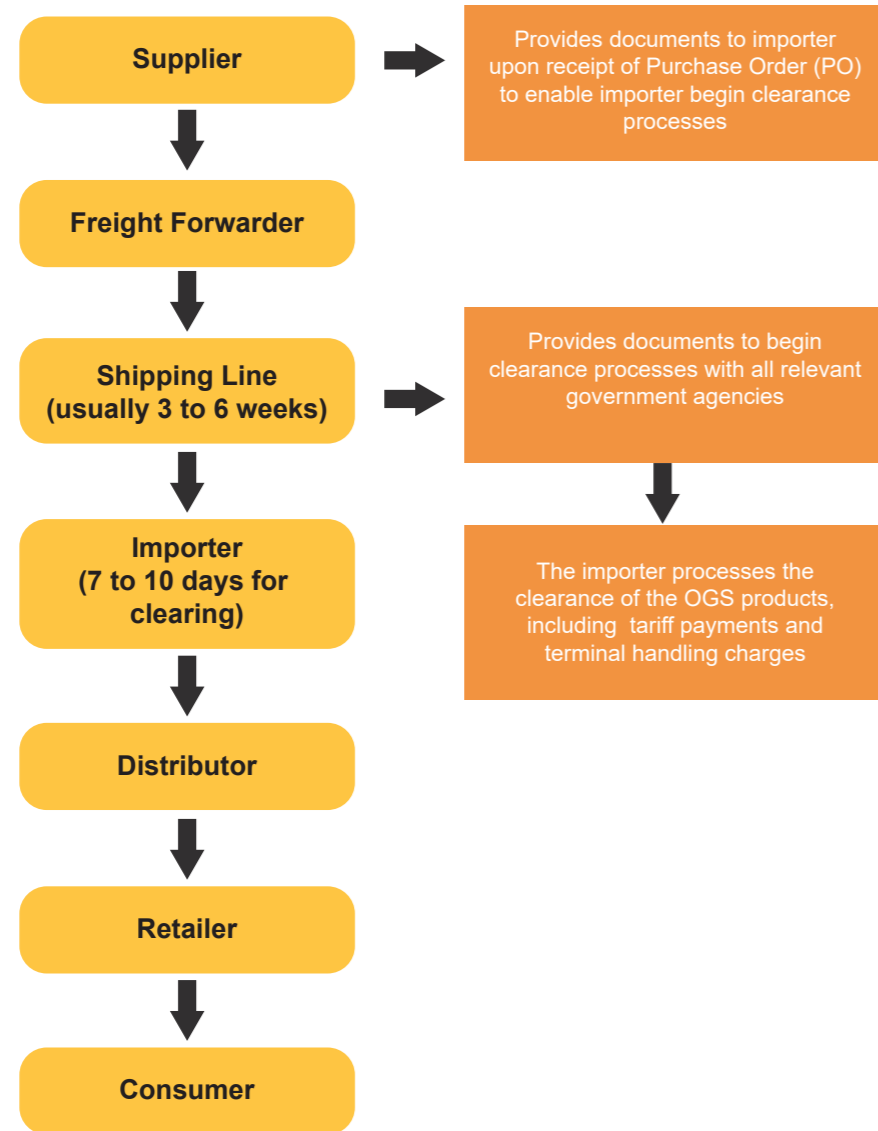


Figure 1: Solar System / Appliance importation journey

1. Obtain mandatory documents from supplier.

Responsible Party: Importer

The supplier provides the following documents to the importer upon receipt of a Purchase Order (PO) from the importer. The PO indicates the types, quantities, and agreed prices for the products to be systems to be imported.

Proforma Invoice (FOB): A quotation containing a commitment by the supplier to provide the products at the specified rate and date.

Bill of Lading (or Airway Bill if imported by air): Proof that the products have been loaded to be shipped, and contains information on the products.

Packing List: An itemized list of articles usually included in each shipping package giving the quantity, description, and weight of the content prepared by the shipper and sent to the consignee for accurate tallying of delivered goods. It is also called bill of parcels, packing slip, or unpacking note.

Manufacturer Certificate: Contains information and specification of the product(s) to be imported.

Product Certificate (PC): The Importer would request a Product Certificate (PC) for their items of import through IAFs (International Accreditation Firms such as Cotecna) from the exporting country. Upon the issuance of the PC, the IAF transmits the certificate to the SON portal and the importer can activate the certificate on the Federal Government of Nigeria Single Window for Trade portal with the PC number indicated on the certificate.

The PC is required for the opening of the **Form M**, which is a document needed to pre-declare the goods to be imported in Nigeria. There are three types of PCs: the **PC(U)**, for unregistered or unlicensed products; the **PC(R)**, for registered products; the **PC(L)**, for licensed products. In order to obtain the PC, the following documents are required from the supplier: *Test reports from an ISO 17025 accredited laboratory; ISO 9001 certification; In-house test report; Declaration of Quality.* The HS Code will also appear on Product Certificates (PCR and PCL).

Upon the activation of the PC, the Authorised Dealer Bank (ADB) can access the certificate, upload and attach it to the e-Form M (described below).

Combined Certificate of Value and Origin (CCVO) or Attested Invoice or Form C16: This serves as both an invoice and a declaration of the items of import. It is the correct full statement of the actual price paid, or to be paid, for the OGS products. The CCVO can only be endorsed by the Manufacturers/Suppliers/Exporters of the goods enumerated on the invoice. According to the Federal Ministry of Finance, all imports into Nigeria shall be accompanied by the CCVO which contains the following details in addition to those on the pro-forma invoice: *E-Form M number, Adequate description of goods, Port of destination (the actual port shall be specified e.g. Tin Can, Apapa, Kano, Onne, etc.), Shipment identification, date of shipment, Country of Origin, Country of Supply.*

2. Obtain mandatory documents for importation.

Responsible Party: Importer

a. Marine Insurance: Insurance for indemnifying the policy holder against loss of the freight, if the ship-owner cannot complete his contract of carriage because of unavoidable peril. This is obtained by the importer from an insurance company that provides marine insurance cover. Marine insurance is generally grouped under Institute Cargo Clauses A, B, and C.

The premium paid to the insurance company for issuing a marine insurance certification is usually calculated, thus:

$Insurance\ Premium = [(FOB + Freight) + 10\% (FOB + Freight)\ mark-up] * Premium\ rate.$ Premium rates differ via insurance company.

b. Form M: The Form M is a mandatory document to be completed by the importer. Its life span is 180 days for general merchandise and 365 days for plant and machinery, the former applying to solar systems. The importer accesses the Form M on the Nigerian Trade Platform (Single Window system), fills the form, attaches the required documents - the Insurance Certificate, the Proforma Invoice, and PC; and submits online to the Authorized Dealer Bank (ADB). The ADB then vets the correctness and genuineness of the submitted documents and submits the completed Form M to the NCS. The ADB usually charges a fixed "Processing Fee" for the Form M (currently about N5,000 or \$14).

Upon receipt of the Form M with the necessary attached pre-import documents as detailed above, the NCS will review the application and either accept or reject it within one working day. If "accepted" the NCS will register the e-Form M in the Single Window Trade system. If "rejected" the NCS will state the reasons for rejection and the documents will be automatically returned for rectification. Upon acceptance of the Form M by the NCS, the importer informs the supplier to begin shipment preparation. This includes inspection, testing and certification in order to get a SONCAP Certificate (SC)

required for the Customs clearance of goods at any Nigerian Port.

Note that in some instances especially for first time importers, the ADB could ask for pictures of the product(s) if they have any issues with the product information on the Proforma Invoice. ADBs have a mandate to share the Form M with all stakeholders in the importation process and will notify all stakeholders in case of any changes to the form. While filing the Form M, is important to ensure that the correct information is filled out and advisable to double check the entries made in the form with the NCS prior to submission to prevent errors and delays. The HS codes on the Form M must be an exact match with the information on the Proforma Invoice to ensure that the products declared match what is being imported and certified.

c. SON Conformity Assessment Programme (SONCAP) Certificate: SONCAP is a pre-shipment verification of conformity to standards process used to verify that products to be imported into Nigeria are in conformity with the applicable Nigerian Industrial Standards (NIS) or approved equivalents, and technical regulations prior to shipment. Under the SONCAP regime, imports are required to undergo verification and testing at country of supply (exporting), and a SONCAP Certificate (SC) is issued demonstrating that the products meets the applicable standards and regulations or a Non-Conformity Report (NCR) where the goods do not comply. The HS Code will also appear on the SONCAP Certificate.

When the Form M is accepted by the NCS, the importer forwards a copy of the Form M to his exporter, who will in turn contact Cotecna, SON's International Accreditation Firm, with the Form M, the Final Invoice, the Bill of Lading/Airway Bill, the PC, and the packing list, for the issuance of the SONCAP Certificate. The application process takes an average of three days or less dependent on the availability and submission of all required documents to SON.

Following approval of the SONCAP certificate, the importer activates this certificate online through the [Nigerian Single Window portal](#).

d. Environmental Import Clearance Certificate: This is obtained from National Environmental Standards and Regulation Enforcement Agency (NESREA) primarily for associated solar appliances such as hair clippers, phones, and consumer equipment such as radio, television, and lighting. The certificate is obtained through a written application to NESREA following a template available on the NESREA website, with a completed registration form which is also available on the agency's website, Proforma invoice, and SONCAP. If used products are being imported, a Federal Inland Revenue Service (FIRS) Tax Clearance Certificate; Certificate of Incorporation from the Corporate Affairs Commission; and evidence of payment as a registered Import will also be required.

e. Pre-Arrival Assessment Report (PAAR): This contains all information about the import including applicable duties, levies, and other required payments. Upon activation of the SONCAP Certificate, the importer applies for PAAR issuance on the Nigeria Single Window for Trade. Documents used during this application process include the CCVO, Packing List, SONCAP, Environmental Import Clearance Certificate, Commercial invoice and the Bill of Lading, and submitted to the ADB who verifies and submits to the NCS. Upon receipt, the NCS either approves or rejects the submission. If approved, the PAAR is issued and the importer commences the clearance of his goods. It is advisable

for the importer when issued the PAAR to ensure that the information on the Form M matches that on the PAAR as an error could attract stiff penalties. PAAR is generated within 24 hours.





f. Tariff Payment: The importer completes the Single Goods Declaration (SGD) with the NCS, a payment schedule (Form Sale 156) with all calculated duties and levies to be paid on the SGD, and proceeds to the ADB to make payment. The NCS electronically issues an assessment notice for the SGD to the ADB. The ADB matches this with the PAAR to ensure the information tallies. If it does, the importer makes tariff payment and the bank issues a signed bank receipt. Note that payment includes an administrative charge of 1% of FOB value of products imported based on the exchange rate on the approved Form M. The ADB sends an e-confirmation to the NCS acknowledging receipt of duty and taxes in respect of the SGD.




Documentation requirement for tariff payment include registered Form M, CCVO, PAAR, Manufacturers Certificate, Proforma Invoice, SGD Print Out, Bill of Lading, Final Invoice, Packing List, and Insurance Certificate. These in addition to the SONCAP, Environmental Import Clearance Certificate, and the tariff payment bank receipt are used in the clearance of goods at any Nigerian port.


Note: payment can be made before and after the arrival of the imported products, however it is more efficient to make payment pre-arrival.


3. Clearance.
Responsible Party: Importer


Procedure:

-  Presentation of all documentation - Form M, CCVO, PAAR, Manufacturers Certificate, Proforma Invoice, SGD Print Out, Bill of Lading, Final Invoice, Packing List, Insurance Certificate, SONCAP, Environmental Import Clearance Certificate, tariff payment bank receipt to the NCS Face Vet Officer.
-  The Face Vet checks and verifies all documentation. The Face Vet will return documents back to the importer in the case of any error, missing data, or missing documents. If all documents are verified, the Face Vet refers the documents to the Technical Supervisor who streamlines the flow of the checked documents for data capture.
-  Upon data capture, the ASYCUDA++ (data capture NCS platform) declaration is printed and referred to the Verification & Query Seat. Details of the declaration against the attached documents are checked with emphasis on the HS codes of the products.
-  Upon assessment of the declarations, lanes are automatically determined with declarations routed to Green, Yellow, or Red lanes. If any discrepancy is found, it is entered into the ASYCUDA++ Inspection Report and declaration returned to the importer to sign and stamp. In the case of a dispute, dispute settlement mechanisms are followed.

-  **Green lane:** Assessment of the declaration and payment details inputted by the Accounts officers. Release order in printed, attached to the SGD, and given to the importer.
-  **Yellow lane:** Documents are held until payment of duties and taxes are confirmed (cleared by the ADB) before proceeding.
-  **Red lane:** Documents are referred to Sorting (verification) before proceeding.

-  If on Green lane, consignments commence their release immediately. No extra work is required by the NCS in this lane. If on red lane, NSC inspectors physically examine the goods marked. Inspections are carried out in collaboration with other agencies (SON, NESREA) in the presence of the importers. Findings are entered in the Inspection Report of the ASYCUDA++ and re-routed to the Green Lane after assessment. Payment details are inputted by the Accounts officer, and release orders attached to the SGD document and provided to the importer. If any discrepancy is found during inspection, the NCS issues a Demand Notice/Assessment Notice of any additional payment to be made by the importer. The procedure for the yellow lane is similar to that of the red lane.

-  Issuance of Exit Gate Permit to allow containers leave port. According to the NCS, the physical examination takes 48 hours.

 **Note:** SON takes samples and carries out confirmation tests which take four days on average according to the agency. Upon completion of these tests the agency sends a report to the NCS. In addition, these products need to be registered by the Product Registration Union of SON where they are issued unique numbers. The product registration is done annually on the SON website. Product Registration is a procedure that allows SON to make an inventory of all products imported into the country for sale based on the Federal Government's directive. The importance of Product Registration is to guarantee transparency and traceability during the import process. Penalties for non-registration include seizure of goods by the Inspectorate and Compliance Directorate, payment of a fine, and prosecution.

Documents to be submitted by the Importer to the processing Bank after clearance of good include:

-  Pre-Arrival Assessment Report (PAAR)
-  SGD print out
-  CCVO
-  Manufacturer's Certificate with standards adopted stated thereon
-  Laboratory/Phytosanitary Test Certificate for Chemicals, food, beverages, etc
-  Import duty Payment receipt with SGD No. stated thereon
-  Bill of Lading/Airway Bill/Road waybill etc
-  SONCAP Certificate for Petroleum products
-  Terminal Delivery Order/Gate Pass
-  Packing List

4. Clearance.
Responsible Party: Importer

Note:

In addition to the NCS and SON, other government agencies may also inspect the products for security, health, environmental, safety, and other reasons. These include the National Drug Law Enforcement Agency (NDLEA), security agencies, and National Agency for Food & Drug Administration & Control (NAFDAC). If the Shipping container contains other materials such as pallets, the Quarantine Services will also be involved.

Product Release: Once the products have been examined, the NCS gives the importer the rotation number of the shipping line where the products are stored as well as the Capturing Manifesto. The importer then proceeds with this information to the Terminal Operators

where they have to pay certain charges prior to final release of the products.

Terminal Handling Charges (THC) also called Container Service Charges (CSC) is the summary of money paid for use of terminal equipment at the ports. Such services usually involve the use of plant, lifting equipment, and other machinery in loading or offloading of the container at the port. Hence, there are two terminal services used by shipping lines at the shipment of a container. Firstly, at the port of shipment or origin, there will be some form of unloading of container from truck, etc. Secondly, at the port of destination there will again be some form of unloading of the container, stacking and movement from the stacked area to the crane.

terminal plays no role in the clearing of the imports, but simply keeps them in storage until they are cleared and then have them moved out of the port storage area.

f. After clearing and release, the NCS might invite the importer for a post-audit and re-presentation of the clearance certificate. It is possible in this situation that the duty value and duty fee can be revised downwards or upwards. This usually happens if the NCS, during its in-house check, detects an error or oversight with the importer's documents. Ensuring that all documentation match and are in conformance as set out, as well as following due process (including ensuring import agent or any third party used do not take any short-cut or circumvent the system) is important to avoid this.

g. If the NCS, upon carrying out a market assessment, finds that the market price of the products is significantly higher than its cost price, it can exercise its mandate to increase the value of applicable import charges paid by the solar company. However based on our interviews this is not known to have happened with any importer of solar technologies before.

h. Fast-Track Service: This is a concession by the NCS to importers, which allows them to skip examination at the port and rather have the examination done by the NCS official at their warehouse. Under the Fast Track Scheme, the PAAR system accords special recognition to the documents belonging to the beneficiary importers when they are uploaded by the dealer Banks. Once the verified documents get to the NCS system, an automatic system check is activated which on completion generates the PAAR without recourse to the Officers of the Ruling Centre. The declaration and the process is completed within few minutes. Such Importers can immediately take delivery of their cargo, while Customs will conduct routine Post Clearance Audit of their books.

The Fast-Track scheme has an eligibility criteria and involves an annual membership fee. The beneficiary list is reviewed periodically subject to the performance of the Importers on the compliance scale. However, the Fast-Track scheme is mostly offered to importers of raw materials and not finished goods, and so far no solar company has benefitted from this scheme.

5.2 POINTS TO NOTE

a. Officially based on the Nigerian Customs Service official line a typical clearing process lasts between 7 to 10 days but can be extended an additional 3 days should there be an issue identified by the NCS. In reality and based on the response of several solar companies conducted over this guide, it often takes longer, extending to at-least 3 weeks to one month.

b. Ideally the journey travel by air takes an average of 48 hours. By sea, it usually takes an average of four weeks when shipping from Europe and six weeks when shipping from China.

c. Demurrage charge is imposed on the importer by the shipping company for failure to take delivery and move goods out of port terminal at expiration of free time, which is the time period or shipping free days allows for the importer to pick the container, unload and return to the bay. This time period is usually indicated on the reverse side of Bill of Lading

document. The importer is expected to clear the cargo, transport products to his warehouse, and return the container within the free days. Beyond the free days, the importer is made to pay demurrage. An example is given in Appendix 6.

d. The charges for container storage are based on size of the container (20 foot or 40 foot), kind of storage (dry container or reefer); terminal handling charges (delivery, scanning, Customs charges), delivery charges (open tops or flat racks), special handling, documentation fee, rail loading charges, barge charges and weighbridge fees. Solar product imports, are classified as dry goods, which are charged less for storage and delivery. All the charges for these services are available on the websites of terminal operators such as the APM.

e. All imports are subjected to a physical examination at the port by the Nigerian Customs Service unless a fast-track approval is granted to the importer. The fast-track approval is available only to importers of raw materials who have been importing regularly for upwards of five years. The container

6. Stakeholders in the Solar Importation Process



S/N	Stakeholder	Description	Contact Information
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4.	Federal Ministry of Power	<p>The responsibilities of the Federal Ministry of Power are as follows:</p> <ul style="list-style-type: none"> Initiating and formulating broad policies and programmes on the development of the power sector (electricity) in general. (Generation, distribution and transmission of power nationwide). Initiating concessions in the power sector of the economy Implementing Renewable Energy programmes/initiatives (Solar, Wind, Biomass, Small Hydro etc.) Coordinating activities of power sector Handling policy matters relating to research and development in the Power Sector Promoting the development of hydro power plants through public private partnership (PPP) Participating in bilateral and multilateral relations affecting the power sector; and Facilitating the overall coordination of the activities of the Parastatals under its supervision. 	<p>Address: Honourable Minister of Power, Power House 14 Zambezi Crescent, Maitama Abuja, F.C.T Email: info@pwh.gov.ng Website: www.pwh.gov.ng</p>
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5.	Commercial Banks	<p>Only commercial banks are authorized to liaise with the NCS during the pre-importation stage. Commercial banks are responsible for payment remittance to the OEM or Exporting party, review of pre-importation documents and interface with the NCS, payment of duties and associated charges to the NCS, obtaining forex from the CBN, and provision of financial advisory services to the solar company.</p> <p>The list of the authorised commercial banks are:</p> <ul style="list-style-type: none"> Access Bank Bank of Industry CitiBank EcoBank FCMB Fidelity Bank First Bank Guaranty Trust Bank Heritage Bank Keystone Bank Polaris Bank StanbicBTC Bank Standard Chartered Bank Sterling Bank United Bank for Africa Union Bank Unity Bank Wema Bank Zenith Bank 	<p>Access Bank Head Office: Plot 999c, Danmole Street, Off Adeola Odeku/Idejo Street, Victoria Island, Lagos. Website: https://www.accessbankplc.com/</p> <p>Bank of Industry Head Office: BOI House Plot 256, Zone A O, Off Herbert Macaulay Way, Abuja Website: https://www.boi.ng/</p> <p>Citibank Nigeria Head Office: Charles S. Sankey House 27, Kofo Abayomi Street, Victoria Island, Lagos. Website: https://www.citigroup.com/citi/about/countries-and-jurisdictions/nigeria.html</p> <p>Ecobank Nigeria Head Office: Head Office: 21, Ahmadu Bello Way, Victoria Island, Lagos Website: https://ecobank.com/ng/personal-banking/countries</p> <p>First City Monument Bank Head Office: Head Office: Primose Towers, 17a, Tinubu Street, Lagos Website: https://fcmb.com/</p> <p>Fidelity Bank Head Office: 2, Kofo Abayomi Street, Victoria Island, Lagos Website: https://www.fidelitybank.ng/</p> <p>First Bank of Nigeria SHead Office: amuel Asabia House, 35 Marina, Lagos Website: https://www.firstbanknigeria.com/</p> <p>Guaranty Trust Bank Head Office: 635, Akin Adesola Street, Victoria Island, Lagos Website: https://www.gtbank.com/</p> <p>Heritage Bank Head Office: 292b, Ajose Adeogun Street, Victoria Island, Lagos Website: https://www.hbng.com/</p>
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6.1 KEY STAKEHOLDERS

S/N	Stakeholder	Description	Contact Information
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1.	Nigeria Customs Service (NCS)	<p>The NCS is responsible for the collection of and accounting for revenue, and promoting trade competitiveness between Nigeria and other countries. Core functions include the collection of revenue (Import and Excise Duties) and accounting for same; and prevention and suppression of smuggling. The NCS consists of the following units:</p> <ul style="list-style-type: none"> Intelligence Valuation Operations Releasing Excise 	<p>Address: Tariff and Trade Department, Abidjan Street, Wuse, P.M.B. 26, Zone 3, Abuja, F.C.T Phone No.: 09 4621597, 4621598, 4621598, Fax: 09 5234694 Email: info@customs.gov.ng; pro@customs.gov.ng Website: www.customs.gov.ng</p>
2.	Standards Organization of Nigeria (SON)	<p>SON is the apex standardization body in Nigeria. Its core functions include,</p> <ul style="list-style-type: none"> The preparation of standards relating to products, measurements, materials and processes among others, and their promotion at the national, regional and international levels Certification of industrial products Assistance in the production of quality goods Improvement of measurement accuracy and circulation of information relating to standards. <p>SON has developed about 31 standards for solar systems in collaboration with international bodies such as the International Electrotechnical Commission (IEC). SON has a database of all registered products imported into the country, which is however not made available to the public.</p>	<p>Address: Inspectorate & Compliance Monitoring Department, 52, Lome Crescent, Zone 7, Wuse, Abuja, F.C.T Phone No.: 08002255766, 07056990099 Fax: 09 5234694 Email: info@customs.gov.ng Website: www.son.gov.ng</p>
3.	Federal Ministry of Finance	<p>The Federal Ministry of Finance manages the finances of the Federal Government of Nigeria, including managing, controlling and monitoring federal revenues and expenditures.</p> <p>Services include collecting and disbursing government revenue, formulating policies on taxation, tariffs, fiscal management etc., preparing and managing the annual budget, preparing annual accounts for ministries, departments and agencies, managing federal debt and regulating the capital market. The Technical Services Department of the Ministry is responsible for its mandate on Tax policy. The Ministry determines the tariff rates implemented by the NCS, as well as approval of waivers</p>	<p>Address: Technical Service Department, 816 Ahmadu Bello Way, Central Business District, Abuja, FCT Email: info@finance.gov.ng Website: www.finance.gov.ng</p>

S/N	Stakeholder	Description	Contact Information
			<p>Keystone Bank Head Office: Keystone House, 1, Keystone Crescent, Victoria Island, Lagos Website: https://www.keystonebankng.com/</p> <p>Polaris Bank Head Office: 3, Akin Adesola Street, Victoria Island, Lagos Website: https://www.polarisbanklimited.com/</p> <p>StanbicIBTC Bank Head Office: IBTC Place, Walter Carrington Crescent, Victoria Island, Lagos https://www.stanbicibtcbank.com/</p> <p>Standard Chartered Bank Head Office: 142, Ahmadu Bello Way, Victoria Island, Lagos Website: https://www.sc.com/ng/</p> <p>Sterling Bank, Head Office: Sterling Towers, 20 Marina, Lagos Website: https://sterling.ng/</p> <p>United Bank for Africa Head Office: Sterling Towers, 20 Marina, Lagos Website: https://www.ubagroup.com/</p> <p>Union Bank, Head Office: Stallion Plaza, 36 Marina, Lagos Website: https://www.unionbankng.com/</p> <p>Unity Bank Head Office: Plot 42, Ahmed Onibudo Street, Victoria Island, Lagos. Website: https://www.unitybankng.com/</p> <p>Wema Bank Head Office: Wema Towers, 54 Marina, Lagos Island, Lagos Website: https://www.wemabank.com/</p> <p>Zenith Bank Head Office: Plot 84, Ajose Adeogun Street, Victoria Island, Lagos Website: https://www.zenithbank.com/</p>

6.	Central Bank of Nigeria (CBN)	<p>The CBN has overall control and administration of the monetary and financial sector policies of the Federal Government. It's objectives include the following:</p> <ul style="list-style-type: none"> Ensure monetary and price stability Issue legal tender currency in Nigeria Maintain external reserves to safeguard the international value of the legal tender currency Promote a sound financial system in Nigeria; and Act as Banker and provide economic and financial advice to the Federal Government <p>The CBN issues forex for trading activities to the commercial banks, and houses the NCS's designated account for payment of tariffs. It is also important to note here that renewable energy imports qualify for obtaining forex at the official rates from the CBN.</p>	<p>Address: Trade & Exchange Department, Plot 33, Abubakar Tafawa Balewa Way, Central Business District, Cadastral Zone, Abuja, F.C.T Phone No.: 09 46239701-02 Fax: 09 46236012 Email: info@cenbank.org Website: www.cbn.gov.ng</p>
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6.2 OTHER STAKEHOLDERS

S/N	Stakeholder	Description	Contact Information
1.	Nigerian Investment Promotion Commission (NIPC)	<p>An agency of the Federal Government established to encourage, promote and coordinate investments in Nigeria.</p> <p>Provides Pioneer Status Incentive (tax holidays) for renewable energy sources and manufacturers of solar energy powered equipment and gadgets. NIPC also provides a one-stop Investment Centre which houses 27 Government agencies, and provides investment facilitation services reducing the time required to process regulatory approvals and permits for investors and businesses.</p>	<p>Address: Investment Promotion Department, Plot 1181 Aguiyi Irons Street, Wuse, Abuja Phone No.: 09 2900059, 2900061 Email: infodesk@nipc.gov.ng Website: www.nipc.gov.ng</p>
2.	Nigerian Shippers Council	<p>Its mandate is to establish an enabling environment for all stakeholders by instituting an efficient and effective economic regulatory system in the import sector</p>	<p>Address: Corporate Services Department, 4, Otunba Ayodele Soyode Lane, Apapa, P.M.B 50617, Ikoyi, Lagos Phone No.: 09090077334, 07021998187 Email: nsc@shipperscouncil.gov.ng Website: www.shipperscouncil.gov.ng</p>
3.	National Drug Law Enforcement Agency (NDLEA)	<p>The NDLEA deters all involvement in drugs including but not limited to importation, exportation, sale, transfer, purchase, cultivation, manufacture, extraction and possession.</p>	<p>Address: Directorate of Operation and General Investigation, 4, Shaw Road (Onilegbale Road), P.M.B 40004, Ikoyi, Lagos Phone No.: 08062199999 Email: info@ndlea.gov.ng Website: www.ndlea.gov.ng</p>
5.	Association of Nigerian Licensed Customs Agents (ANLCA)	<p>Recognized National body of Licensed Customs Agents in Nigeria.</p>	<p>Address: Technical Department, Block 20, Plot 347, Durbar Road, Amuwo-Odofin, Lagos Phone No.: 08030616133, 09065727696 Email: anlcanationalhq@gmail.com Website: www.anlca.com.ng</p>
7.	Nigerian Rural Electrification Agency (REA)	<p>The REA is the Implementing Agency of the federal government tasked with electrification of rural and unserved communities. Its mandates include,</p> <ul style="list-style-type: none"> Promoting Rural Electrification in the Country Co-ordinating Rural Electrification Programs in the country Administering the Rural Electrification Fund (REF) to promote, support and provide rural electrification through Public and Private Sector Participation <p>The REA under its current leadership is driving rural electrification across the country through decentralized renewable energy technologies primarily SHS and Mini-Grids.</p>	<p>Address: Technical Services Department, No 22 Freetown Street, Wuse 2, Abuja, FCT. Phone No.: 08112494040, 08107829134 Email: info@rea.gov.com Website: www.rea.gov.ng</p>

S/N	Stakeholder	Description	Contact Information
8.	Presidential Enabling Business Environment Council (PEBEC)	<p>PEBEC was set up in July 2016 by the federal government to remove bureaucratic constraints to doing business in Nigeria and make the country a progressively easier place to start and grow a business.</p> <p>The Council is an inter-governmental and inter-ministerial one which is chaired by the Vice President and comprises 10 ministers, the Head of Civil Service of the Federation, Governor of the Central Bank of Nigeria, representatives from Lagos & Kano State governments, the National Assembly and the private sector.</p> <p>The Enabling Business Environment Secretariat (EBES) assists the government MDAs to implement the reform agenda of the PEBEC.</p>	<p>Address:The Secretariat, 4th Floor, Nigeria Investment Promotion Commission, Plot No. 1181 Aguiyi Ironsi Street, Maitama, Abuja, FCT. Phone No.: 09093231541, 09033231544, 08075079164 Email: info@ebes.gov.ng Website: www.ebes.gov.ng</p>
9.	Federal Ministry of Industry, Trade and Investment	<p>The overall objective of the Federal Ministry of Industry, Trade and Investment is to ensure that policies and actions lead to inclusive growth, wealth and job creation, poverty reduction and ensure enhanced service delivery in a manner that will stimulate the growth of the domestic economy for self-reliance and export.</p>	<p>Address: Investment Promotion Department, Block H, Old Federal Secretariat, Garki 1, Abuja, FCT Phone No.: 09 234 1884 Email: info@fmiti.gov.ng Website: www.fmiti.gov.ng</p>
10.	National Assembly Committees on Power	<p>The National Assembly (NASS) is the nation's highest legislature, whose power to make laws is summarized in chapter one, section four of the 1999 Nigerian Constitution. The National Assembly comprises the Nigerian Senate and the Federal House of Representatives. Both the Senate and the House of Representatives have committees that focus on power.</p>	<p>Address: National Assembly Complex, Three Arms Zone, Abuja, FCT Email: info@nass.gov.ng Website: www.nassnig.org</p>

7. Key Challenges for Solar Companies during Importation and Potential Solutions



Interviews were conducted with solar companies operating in Nigeria that regularly import OGS products. As part of the interviews, companies identified the key challenges they face during the importation process and drawing from their response potential solutions were suggested in resolving those challenges.

Energy Association of Nigeria (REAN), and development partners focused on Standards such as GIZ, and the IFC (International Finance Corporation).

a. HS Code inconsistency and re-classification by the NCS.

d. OEMs do not accept Letter of Credits (LCs) from local solar companies.

Potential Solution: Establishment of a Special Task-force within the NCS for the renewable energy and energy efficiency sub-sectors as contained in the NREEEP. The Task-force will be charged with fast tracking the screening of renewable energy and energy efficiency components coming into and out of the country. The Task-force will work within the NCS to streamline the cumbersome process inherent in importing renewable energy and energy efficient goods into the country. It will train staff on product quality and how to apply the various incentives as well as develop a special HS-Code (Harmonized System Code) for the sector.

Potential Solution: Provision of guarantees as part of financial incentives by the government, multilateral finance institutions, development partners, or financial institutions for solar companies especially those working in rural and last mile communities.

b. Multiple payments on each solar components, product, and associated appliances.

e. Delayed clearing periods for imported products.

Potential Solution: Same as above. The review and development of a special HS Code for the sector would also address this.

Potential Solution: Review of the importation process for solar technologies and development of an improved and easier process driven by REAN in collaboration with the NCS, REA, Federal Ministry of Power, and other key stakeholders and associations that can facilitate the importation process. In the long term, the establishment of the Special Task-force as contained in the NREEEP should address this as well.

c. Poor quality standards of SHS imported into the country and lack of enforcement of approved quality standards by SON.

f. Difficulty in accessing foreign currency from the CBN.

Potential Solution: Review and update of the SON standards on solar energy technologies; technical standards training for SON on solar energy technologies; and collaboration between SON, the Renewable

Potential Solution: Engagement with the CBN by REAN and other key stakeholders such as development partners and the REA presenting a strong case for unlocking forex for the sector. In addition, work with the ADBs in resolving this.

g. Logistical challenge at the port especially congestion at the port entry and exit points.

Potential Solution: This issue is not specific to the renewable energy sector. Sector stakeholders such as REAN can join other industry bodies in pushing for the resolution of this issue; guide members in understanding the importation process as described in this Guide and ways of avoiding bottlenecks that can lead to logistical challenges; explore avenues such as the NCS's Fast Track Platform; and work with other associations such as the Association of Nigerian Licensed Customs Agents (ANLCA) in navigating this hurdle. REAN can also develop strong working relationship with government agencies at the ports to facilitate importation for solar energy technologies.

h. Bureaucracy and lack of transparency/ accountability by the government agencies at the port.

Potential Solution: This is a general importation issue. Solar companies can address issues of bureaucracy by being increasingly familiar with the importation process as described in this Guide and the bureaucratic challenges. REAN on behalf of the sector can establish strong working relationship with government agencies involved in the importation process to facilitate importation for solar companies

i. Power and internet connectivity challenges at the port which leads to inefficiency, downtime, extended clearing period and possible demurrage.

Potential Solution: This is an infrastructural issue at the Nigerian ports. Solar companies can try as much to mitigate this issue by being efficient, timely and proactive throughout the importation process.

j. High demurrage costs.

Potential Solution: Demurrage costs are applied by the shipping company to the importer. It is advisable that the solar company negotiates on potential demurrage costs with the shipping company and reach a mutual agreement if possible to cover any eventualities that could lead to high demurrage costs.

k. Lack of coordination between government agencies, and with other stakeholder at the port.

Potential Solution: REAN on behalf of solar companies can establish working relationships with government agencies, and other stakeholders including associations at the ports to facilitate the importation process for its members.

l. Lack of legislation capturing the import duty incentives for renewable energy and the renewable energy targets for Nigeria.

Potential Solution: The National Assembly does not have powers to legislate on tariff and import duties matters, as that is a purely executive function. Sector associations such as REAN as well as donor programs can lobby the Federal Ministry of Finance to capture the import duty incentives for the sector in the tariffs booklet which guide the Nigeria Customs Service on what tariffs to charge. Institutions and industry associations such as REAN, supported by donor programs and other civil society organizations can engage with the Federal Ministry of Power on an amendment to the Electric Private Sector Reform Act (EPSRA) which will add a section to the law that enshrines targets and strategies for renewable energy in Nigeria. It is easier to amend the EPSRA rather than creating an entirely new law.

Appendices



Appendix 1 NCS Tariff Classification

The CET Tariff Sections includes Section, Chapters, Abbreviations & Symbol, as well as General Rules for Interpretation of the Harmonized System. According to GIR, the titles of Sections, Chapters and Sub-Chapters are provided for ease of reference only; for legal purposes, classification shall be determined according to the terms of the headings and any relative Section or Chapter Notes and Sub-heading Notes. The Notes mentioned above explains the following: Inclusion, Exclusion, and Explaining.

CET Chapters primarily applicable to solar technologies include;

85: Electrical machinery and equipment and parts thereof; sound recorder and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles

94: Furniture; bedding, mattress, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like; prefabricated buildings.

SECTION NO.	DESCRIPTION	SECTION NOTES
XVI	Machinery and Mechanical Appliances; Electrical Equipment; Parts Thereof; Sound Recorders and Reproducers, Television Image and Sound Recorders and Reproducers, and Parts and Accessories of such Articles	84. Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof. 85. Electrical machinery and equipment and parts thereof: sound recorder and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles.
XX	Miscellaneous Manufactured Articles	94. Furniture; bedding, mattress, mattress supports, cushion and similar stuffed furnishings; lamps and lighting fittings , not elsewhere specified or included; illuminated signs, illuminated name-plates and the like, prefabricated buildings. 95. Toys, games and sport requisites; parts and accessories thereof. 96. Miscellaneous manufactured articles.

CHAPTER 85 ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS,

Notes

1.-This Chapter does not cover:

- Electrically warmed blankets, bed pads, foot-muffs or the like; electrically warmed clothing, footwear or ear pads or other electrically warmed articles worn on or about the person;
- Articles of glass of heading 70.11; or
- Electrically heated furniture of Chapter 94.

2.-Headings 85.01 to 85.04 do not apply to goods described in heading 85.11, 85.12, 85.40, 85.41 or 85.42. However, metal tank mercury arc rectifiers remain classified in heading 85.04.

3.-Heading 85.09 covers only the following electro-mechanical machines of the kind commonly used for domestic purposes:

- Vacuum cleaners, including dry and wet vacuum cleaners, floor polishers, food grinders and mixers, and fruit or vegetable juice extractors, of any weight;
- Other machines provided the weight of such machines does not exceed 20 kg.

The heading does not, however, apply to fans or ventilating or recycling hoods incorporating a fan, whether or not fitted with filters (heading 84.14), centrifugal clothes-dryers (heading 84.21), dish washing machines (heading 84.22), household washing machines (heading 84.50), roller or other ironing machines (heading 84.20 or 84.51), sewing machines (heading 84.52), electric scissors (heading 84.67) or to electrothermic appliances (heading 85.16).

4.-For the purposes of heading 85.34 “ printed circuits “ are circuits obtained by forming on an insulating base, by any printing process (for example, embossing, plating-up, etching) or by the “ film circuit “ technique, conductor elements, contacts or other printed components (for example, inductances, resistors, capacitors) alone or interconnected according to a pre-established pattern, other than elements which can produce, rectify, modulate or amplify an electrical signal (for example, semiconductor elements).

The expression “printed circuits” does not cover circuits combined with elements other than those obtained during the printing process, nor does it cover individual, discrete resistors, capacitors or inductances. Printed circuits may, however, be fitted with non-printed connecting elements.

Thin- or thick-film circuits comprising passive and active elements obtained during the same technological process are to be classified in heading 85.42.

5.-For the purposes of headings 85.41 and 85.42:

(A) “ Diodes, transistors and similar semiconductor devices “ are semiconductor devices the operation of which depends on variations in resistivity on the application of an electric field;

(B) “ Electronic integrated circuits and microassemblies “ are :

a. Monolithic integrated circuits in which the circuit elements (diodes, transistors, resistors, capacitors, interconnections, etc.) are created in the mass (essentially) and on the surface of a semiconductor material (doped silicon, for example) and are inseparably associated;

b. Hybrid integrated circuits in which passive elements (resistors, capacitors, interconnections, etc.), obtained by thin- or thick-film technology, and active elements (diodes, transistors, monolithic integrated circuits, etc.), obtained by semiconductor technology, are combined to all intents and purposes indivisibly, on a single insulating substrate (glass, ceramic, etc.). These circuits may also include discrete components;

c. Microassemblies of the moulded module, micromodule or similar types, consisting of discrete, active or both active and passive, components which are combined and interconnected.

For the classification of the articles defined in this Note, headings 85.41 and 85.42 shall take precedence over any other heading in the Nomenclature which might cover them by reference to, in particular, their function.

6.-Records, tapes and other media of heading 85.23 or 85.24 remain classified in those headings when presented with the apparatus for which they are intended.

This Note does not apply to such media when they are presented with articles other than the apparatus for which they are intended.

7.-For the purposes of heading 85.48, “ spent primary cells, spent primary batteries and spent electric accumulators “ are those which are neither usable as such because of breakage, cutting-up, wear or other reasons, nor capable of being recharged.

Subheading Notes.

1.-Subheadings 8519.92 and 8527.12 cover only cassette-players with built-in amplifier, without built-in loudspeaker, capable of operating without an external source of electric power and the dimensions of which do not exceed 170 mm x 100 mm x 45 mm.

2.-For the purposes of subheading 8542.10, the term “smart” cards” means cards which have embedded in them an electronic integrated circuit (microprocessor) of any type in the form of a chip and which may or may not have a magnetic stripe.

**SU – System Unit
ID – Import Duty
VAT – Value Added Tax
LVY – Levy
EXC – Excise Duty**

Table 2. CET Chapter 85 Associated Charges

HEADING/ H.S.CODE	DESCRIPTION	SU	ID	VAT	LVY	EXC
85.01	Electric motors and generators (excl. generating sets)					
8501.1000.00	.5 W	U	5	5		
8501.2000.00	.5 W Other DC motors; DC generators of an output not exceeding 750 W	U	5	5		
8501.3100.00	Other DC motors; DC generators of an output exceeding 750 W but not exceeding 75 kW	U	5	5		
8501.3200.00	Other DC motors; DC generators of an output exceeding 75 kW but not exceeding 375 kW	U	5	5		
8501.3300.00	Other DC motors; DC generators of an output exceeding 375 kW Other AC motors, singlephase	U	5	5		
8501.3400.00	Other AC motors, multiphase of an output not exceeding 750 W	U	5	5		
8501.4000.00	Other AC motors, multiphase of an output exceeding 750 W but not exceeding 75 kW	U	5	5		
8501.5100.00	Other AC motors, multiphase of an output exceeding 75 kW Other AC motors, multiphase of an output not exceeding 75 kVA	U	5	5		
8501.5200.00	Other AC motors, multiphase of an output exceeding 75 kW Other AC motors, multiphase of an output exceeding 75 kVA but not exceeding 375 kVA	U	5	5		
8501.5300.00	Other AC motors, multiphase of an output exceeding 375 kVA but not exceeding 750 kVA	U	5	5		
8501.6100.00	Other AC motors, multiphase of an output exceeding 750 kVA	U	5	5		
8501.6200.00	Other AC motors, multiphase of an output exceeding 375 kVA but not exceeding 750 kVA	U	5	5		
8501.6300.00	Other AC motors, multiphase of an output exceeding 750 kVA	U	5	5		
8501.6400.00	Other AC motors, multiphase of an output exceeding 750 kVA	U	5	5		
85.03	Parts suitable for machines of 85.01 or 85.02					
	.01 or 85.02.					

HEADING/ H.S.CODE	DESCRIPTION	SU	ID	VAT	LVY	EXC
85.06	Primary cells and primary batteries					
8506.1010.00	R20 (Flashlight and radio batteries)	U	20	5		
8506.1090.00	Other Manganese dioxide primary cells, not specified Primary cells and primary batteries made of Mercuric oxide Primary cells and primary batteries made of Silver oxide Primary cells and primary batteries made of Lithium	U	20	5		
8506.3000.00	-zinc	U	20	5		
8506.4000.00	Other primary cells and primary batteries not specifies	U	20	5		
8506.5000.00		U	20	5		
8506.6000.00		U	20	5		
8506.8000.00		U	20	5		
8506.9000.00			5	5		
85.10	Shavers and hair clippers with self-contained electric motor					
8510.1000.00	Shavers Hair clippers -removing appliances	U	20	5		
8510.2000.00	... with self contained electric motor	U	20	5		
8510.3000.00		U	20	5		
8510.9000.00			10	5		

HEADING/ H.S.CODE	DESCRIPTION	SU	ID	VAT	LVY	EXC
85.13	Portable electric lamps worked by dry batteries, accumulators, magnetos					
			20	5		
			10	5		
8513.1000.00	Lamps designed to function by their own source of energy	U				
8513.9000.00	.13					
85.16	Electric water and space heaters, hair-dressing apparatus, irons, etc					
8516.1000.00	Electric instantaneous or storage water heaters and immersion heaters	U	20	5		
8516.2100.00	Storage heating radiators	U	20	5		
8516.2900.00	. excl. Storage heating radiators	U	20	5		
8516.3100.00	Hair dryers	U	20	5		
8516.3200.00	-dressing apparatus	U	20	5		
8516.3300.00	-drying apparatus	U	20	5		
8516.3300.00	Electric smoothing irons	U	20	5		
8516.4000.00	Microwave ovens	U	20	5		
8516.5000.00		U	20	5		

HEADING/ H.S.CODE	DESCRIPTION	SU	ID	VAT	LVY	EXC
85.35	Electrical apparatus for switching... electrical circuits, >1000v					
8535.2100.00			10			
8535.2900.00	.5 kV		10			
	.5 kV					
8535.3000.00	-and-break switches		10			
8535.4000.00	Lightning arresters, voltage limiters and surge suppressors		10			
	. apparatus for switching, protecting circuits, connections... not specified					
8535.9000.00			10		35	
85.36	Electrical apparatus for switching... electrical circuits, =<1000v					
8536.1000.00	Fuses		10	5		
8536.2000.00	Automatic circuit breakers		10	5		
8536.3000.00	Other apparatus for protecting electrical circuits Relays for a voltage not exceeding 60 V Relays for a voltage exceeding 60 V		20	5		
8536.4100.00	Other electrical switches Lampholders		20	5		
8536.4900.00	Electrical plugs and sockets		20	5		
8536.4900.00	Connectors for optical fibres, optical fibre bundles or cables		20	5		
	.36 not specified					
8536.5000.00			10	5		
8536.6100.00			10	5		
8536.6900.00			20	5	15	
8536.7000.00			20	5		
8536.9000.00			10	5		
85.37	Boards... equipped with two or more apparatus of 85.35 or 85.36					
8537.1000.00	... for electric control/distribution. For a voltage =< 1,000 V		5	5		
8537.2000.00	... for electric control/distribution. For a voltage> 1,000 V		5	5		
85.38	Parts suitable for use with the apparatus of 85.35, 85.36 or 85.37					
8538.1000.00			5	5		
8538.9000.00	...,not equipped with their apparatus		5	5		
	... equipped with their apparatus					

HEADING/ H.S.CODE	DESCRIPTION	SU	ID	VAT	LVY	EXC
85.39	Electric filament or discharge lamps...; arc-lamps					
8539.1000.00	Sealed beam lamp units Tungsten halogen	U	20	5		
8539.2100.00	Other filament lamps, of a power not exceeding 200 W and for a voltage exceeding 100 V	U	20	5		
8539.2200.00	.	U	20	5		
8539.2900.00	Energy saving compact fluorescent lamps (CFL) Other Fluorescent, hot cathode not specified Mercury or sodium vapour lamps; metal halide lamps	U	20	5		
8539.3110.00	-lamps	U	20	5		
8539.3190.00	.39	U	20	5		
8539.3200.00		U	20	5		
8539.3900.00		U	20	5		
8539.4100.00		U	20	5		
8539.4900.00		U	20	5		
8539.9000.00			10	5		

HEADING/ H.S.CODE	DESCRIPTION	SU	ID	VAT	LVY	EXC
8543.1000.00		U	10			
8543.2000.00	Thermionic, cold cathode or photocathode valves and tubes	U	10			
8543.3000.00	Other cathoderay tubes Magnetrons	U	10			
8543.7000.00	Microwave tubes excluding grid controlled tubes not specified Receiver or amplifier valves and tubes	U	10			
8543.9000.00	Other valves and tube not specified Parts of cathoderay tubes Parts of articles of heading 8540		5			
85.44	Insulated wire, cable, etc; optical fibre cables					
8544.1100.00	Winding wire of copper		10	5		
8544.1900.00	. wire of copper		10	5		
8544.2000.00	Coaxial cable and other coaxial electric conductors		20	5		
8544.3000.00	Ignition wiring sets and other wiring sets of a kind used in vehicles, aircraft or ship		20	5		
8544.4200.00			20	5		
8544.4910.00	Other electric conductors, for a voltage not exceeding 1,000 V, fitted with connectors		10	5		
8544.4990.00	.15mm and 3.55mm		20	5		
8544.6000.00	Other electric conductors, for a voltage not exceeding 1000v not specified		10	5		
8544.7000.00	Other electric conductors, for a voltage exceeding 1,000 V Optical fibre cables		5	5		

HEADING/ H.S.CODE	DESCRIPTION	SU	ID	VAT	LVY	EXC
85.48	Electrical parts of machinery or apparatus, nes					
	Waste /scrap of primary cells or batteries/electric accumulator, spent primary cells		20	5		
8548.1000.00						
8548.9000.00			10	5		

CHAPTER 94 FURNITURE; BEDDING, MATTRESSES, MATTRESS SUPPORTS, CUSHIONS AND SIMILAR STUFFED FURNISHING;

Notes

1.-This Chapter does not cover:

- a. Pneumatic or water mattresses, pillows or cushions, of Chapter 39, 40 or 63;
- b. Mirrors designed for placing on the floor or ground (for example, cheval-glasses (swing-mirrors)) of heading 70.09;
- c. Articles of Chapter 71;
- d. Parts of general use as defined in Note 2 to Section XV, of base metal (Section XV), or similar goods of plastics (Chapter 39), or safes of heading 83.03;
- e. Furniture specially designed as parts of refrigerating or freezing equipment of heading 84.18; furniture specially designed for sewing machines (heading 84.52);
- f. Lamps or lighting fittings of Chapter 85;
- g. Furniture specially designed as parts of apparatus of heading 85.18 (heading 85.18), of headings Nos. 85.19 to 85.21 (heading 85.22) or of headings 85.25 to 85.28 (heading 85.29);
- h. Articles of heading 87.14;
- i. Dentists' chairs incorporating dental appliances of heading 90.18 or dentists' spittoons (heading 90.18);
- j. Articles of Chapter 91 (for example, clocks and clock cases); or
- k. Toy furniture or toy lamps or lighting fittings (heading 95.03), billiard tables or other furniture specially constructed for games (heading 95.04), furniture for

conjuring tricks or decorations (other than electric garlands) such as Chinese lanterns (heading 95.05).

2.-The articles (other than parts) referred to in headings 94.01 to 94.03 are to be classified in those headings only if they are designed for placing on the floor or ground.

The following are, however, to be classified in the above-mentioned headings even if they are designed to be hung, to be fixed to the wall or to stand one on the other:

- a. Cupboards, bookcases, other shelved furniture and unit furniture;
- b. Seats and beds.

3.-In headings 94.01 to 94.03 references to parts of goods do not include references to sheets or slabs (whether or not cut to shape but not combined with other parts) of glass (including mirrors), marble or other stone or of any other material referred to in Chapter 68 or 69.

(b) Goods described in heading 94.04, presented separately, are not to be classified in heading 94.01, 94.02 or 94.03 as parts of goods.

4.-For the purposes of heading 94.06, the expression "prefabricated buildings" means buildings which are finished in the factory or put up as elements, presented together, to be assembled on site, such as housing or worksite accommodation, offices, schools, shops, sheds, garages or similar buildings.

SU – System Unit
ID – Import Duty
VAT – Value Added Tax
LVY – Levy
EXC – Excise Duty

Appendix 2: Stakeholders Interviewed

- » The Nigeria Customs Service
- » The Federal Ministry of Finance
- » The Federal Ministry of Power, Works and Housing
- » Standards Association of Nigeria
- » Nigeria Ports Authority
- » Association of Nigerian Licensed Customs Agents
- » The Renewable Energy Association of Nigeria
- » The Nigerian Investment Promotion Council
- » GIZ
- » The Nigerian Renewable Energy Roundtable
- » The Nigerian Economic Summit Group
- » Importers Association of Nigeria
- » Value Chain Traders Association of Nigeria
- » Rural Electrification Agency
- » Import Agents
 - Knightsbridge Limited
 - Skelas Limited
 - SuperJet Commercial Services
- » Solar Companies
 - Mobisol
 - Blue Camel
 - Solynta
 - Schneider Electric
 - Creeds Energy
 - Azuri
 - PAS BBOX
 - ACOB Lighting
- » Banks
 - Sterling Bank
 - FCMB
- » Container Terminals
 - APM Terminals

Appendix 3: Key Importation Resources

- » [Nigeria Single Window Portal](http://www.trade.gov.ng/)- <http://www.trade.gov.ng/>
- » [CBN Forms Application User Manual \(Submission\)](http://download.trade.gov.ng/cbn/WFN-EXT-CBNA00-05-CBN Forms Application Submission User Manual-EN-v1.22.pdf?contentType=application%2Fpdf)- <http://download.trade.gov.ng/cbn/WFN-EXT-CBNA00-05-CBN Forms Application Submission User Manual-EN-v1.22.pdf?contentType=application%2Fpdf>
- » [Cotecna Request for Certification Form](https://www.cotecna.com/media/3506/voc-request-for-certification.pdf)- <https://www.cotecna.com/media/3506/voc-request-for-certification.pdf>
- » [SON Services Quick Guide](http://www.trade.gov.ng/ncs/TP-NCS-PAAR Consignment Query and Printing Quick-Guide-EN-V1.0.pdf?contentType=application%2Fpdf)
- » [PAAR Consignment Quick Guide](http://download.trade.gov.ng/ncs/TP-NCS-PAAR Consignment Query and Printing Quick-Guide-EN-V1.0.pdf?contentType=application%2Fpdf)- <http://download.trade.gov.ng/ncs/TP-NCS-PAAR Consignment Query and Printing Quick-Guide-EN-V1.0.pdf?contentType=application%2Fpdf>
- » [Common External Tariff \(CET\) Tariff](https://www.customs.gov.ng/Tariff/)- <https://www.customs.gov.ng/Tariff/>
- » [NESREA Category of Items that Require Environmental Import Clearance](http://www.nesrea.gov.ng/wp-content/uploads/2017/09/Environmental_Import_Clearance_Item_Categories.pdf)- http://www.nesrea.gov.ng/wp-content/uploads/2017/09/Environmental_Import_Clearance_Item_Categories.pdf
- » [VOC Request for Certification \(RFC\) Form](https://www.exports-to-nigeria.com/media/1068/voc-request-for-certification.pdf)- <https://www.exports-to-nigeria.com/media/1068/voc-request-for-certification.pdf>
- » Categories of items for Environmental Import Clearance

Appendix 4: Difference between PC and SONCAP

PRODUCT CERTIFICATE	SONCAP CERTIFICATE
The product certificate (PC) is the first certificate issued during the certification process. It is used in the opening of the Form M to enable importation into Nigeria.	The SONCAP certificate (SC) is used to raise the PAAR for the clearance of goods from any Nigerian port.
The PC is issued to the exporter, as only his details are stated on the certificate.	The SC is issued to an importer, whose details are stated on the SONCAP certificate.
Several importers can use the same PC depending on the exporter's wish and certificate type.	The SC can only be used by the importer registered the certificate. It cannot be shared by several importers.
The PC is issued for a period of time, i.e. 6 months or 1 year.	The SC is issued per consignment.
Testing is required before PC issuance.	Inspection is required before SC issuance (although not mandatory, depending on the certificate type).

¹⁸Source: Cotecna

Table 3. CET Chapter 94 Associated Charges

HEADING/ H.S.CODE	DESCRIPTION	SU	ID	VAT	LVY	EXC
94.05	Lamps and lighting fittings; illuminated signs, nameplates, etc.					
9405.1000.00	. used for lighting	20	5			
9405.2000.00	Electric table, desk, bedside or floorstanding lamps	20	5			
9405.3000.00	Lighting sets of a kind used for Christmas trees	20	5			
9405.4000.00	.05	20	5			
9405.5010.00	Hurricane lanterns Kerosene pressure lanterns	20	5			
9405.5020.00	.05	20	5			
9405.5090.00	Illuminated signs, illuminated nameplates and the like	20	5			
9405.6000.00	Parts of lamps and lighting fittings made of glass	20	5			
9405.9100.00	Parts of lamps and lighting fittings made of plastics	10	5			
9405.9200.00	.05	10	5			
9405.9900.00		10	5			

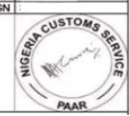
Appendix 5: Sample of Demurrage Charges

GRIMALDI AGENCY NIGERIA - IMPORT TARIFFS

All Tariff below are quoted in NGN and exclusive of 5% VAT (Except Container Deposit)
Tariffs are subject to change at Management's discretion.

Description	20 FOOT CONTAINER				40 FOOT CONTAINER				MAFI			
	20' Dry Box/VT	20' Flat / Open Top/ Flat Rack/ Tank	20' Reefer	20' Hazardous	40' Dry Box / High Cube	40' Open Top / Flat Rack	40' Reefer	40' Hazardous	20'	30'	40'	Multi Trailer above 40'
Shipping Line Import Fee per unit	31,000	31,000	31,000	31,000	49,500	49,500	49,500	49,500	49,500	49,500	49,500	49,500
Container Cleaning & Maintenance Recovery Fee per unit	1,500	1,500	1,500	1,500	3,000	3,000	3,000	3,000	3,000	3,000	3,000	4,500
Nigerian Port Freight additional Recovery Fee per unit	37,500	37,500	37,500	37,500	75,000	75,000	75,000	75,000	75,000	75,000	75,000	75,000
DEMURRAGE												
R1 - First 5 days	Free	Free	Free	Free	Free	Free	Free	Free	10 Days Free	10 Days Free	10 Days Free	10 Days Free
R2 - (6th to 12th day) Rate per unit per day	5,000	6,300	40,000	5,000	8,000	10,000	80,000	8,000	From 11th day onward, NGN 12,500 per unit per day	From 11th day onward, NGN 18,750 per unit per day	From 11th day onward, NGN 25,000 per unit per day	From 11th day onward, NGN 37,500 per unit per day
R3 - (13th to 19th day) Rate per unit per day	7,500	9,400	40,000	7,500	11,250	14,100	80,000	11,250				
R4 - (20th day onwards) Rate per unit per day	10,000	12,500	40,000	10,000	15,000	18,800	80,000	15,000				
CONTAINER DEPOSIT												
Container Deposit -Lagos- per unit	100,000	200,000	600,000	100,000	200,000	400,000	600,000	200,000				
Container Deposit -Outside Lagos- per unit	200,000	400,000	1,200,000	200,000	400,000	800,000	1,200,000	400,000				
OTHER TARIFFS IMPORT												
-Letter of Indemnity per Bill Lading	15,000											
-Manifest Amendment per Bill Lading	15,000											

Appendix 6 : Sample of the PAAR

FEDERAL GOVERNMENT OF NIGERIA FEDERAL MINISTRY OF FINANCE NIGERIA CUSTOMS SERVICE (NCS)							PRE-ARRIVAL ASSESSMENT REPORT		PAGE 1/1																																					
FINAL DOCS RECEIVED DATE		PAAR ISSUE DATE		PAAR NO		CRMS LEVEL																																								
IMPORTER NAME & ADDRESS				FORM M APPOINTED AGENT			FORM M NO																																							
EMAIL				FORM M CURRENCY CODE			FORM M APPROVAL DATE																																							
PHONE				GROSS WEIGHT			CUSTOMS OFFICE																																							
EXPORTER NAME & ADDRESS				COUNTRY OF SUPPLY			PORT OF DISCHARGE																																							
EMAIL				PORT OF LOADING			REMARKS																																							
PHONE				TRANSPORT DETAILS																																										
DOC NO				MODE																																										
VOYAGE NO				PORT OF LOADING																																										
PORT OF LOADING				REMARKS																																										
<table border="1"> <thead> <tr> <th>ITEM</th> <th>QUANTITY</th> <th>UNIT</th> <th>USED</th> <th>ORIGIN</th> <th>DESCRIPTION OF GOODS</th> </tr> </thead> <tbody> <tr> <td>ITEM</td> <td>HS CODE</td> <td>DUTY RATE(%)</td> <td>INVOICE NO</td> <td>FOB INVOICED IN TRANSACTION</td> <td>ASSESSED FOB IN TRANSACTION CURRENCY</td> <td>ASSESSED CIF IN NARA</td> </tr> </tbody> </table>											ITEM	QUANTITY	UNIT	USED	ORIGIN	DESCRIPTION OF GOODS	ITEM	HS CODE	DUTY RATE(%)	INVOICE NO	FOB INVOICED IN TRANSACTION	ASSESSED FOB IN TRANSACTION CURRENCY	ASSESSED CIF IN NARA																							
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RECOMMENDED INTERVENTION			RISK DESCRIPTION																																											
																																														

Appendix 7 Efforts Made in Improving the Importation Process

Stakeholder	Description	Status
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GIZ Under its Nigeria Energy Support Programme (NESP), GIZ provides technical support to local renewable energy companies on several areas including importation – through interfacing with relevant stakeholders and facilitating the importation of technologies for the implementation of its projects. GIZ is currently also working on processes of easing the importation process for renewable energy solutions in collaboration with the USAID funded Nigeria Power Sector Program implemented in Nigeria by Deloitte. Ongoing

UK Department for International Development (DFID) Under its Solar Nigeria Program provides technical support to renewable energy companies on several areas including importation – interfacing with relevant stakeholders and facilitating the importation of technologies for the implementation of its projects. Renewable energy companies that have benefited from this program include Lumos, Awango by Total, Amergy, EMEL, Wandel, Sosai Renewables, Solar Sister, and PAS Bboxx. Ongoing

The Africa Clean Energy – Technical Assistance Facility, which is also a DFID-funded project in 14 African countries will be working with relevant public and private stakeholders in easing the importation process for solar technologies. Planned

USAID and Power Africa The USAID and Power Africa Scaling Off Grid Energy Program (SOGE) implemented in Nigeria by Power For All and FHI 360 focused on addressing five key bottlenecks in the sector. This was done through the formation of a cross-stakeholder Task-force comprising of solar companies, investors, industry associations, government, development partners, support service organizations, and civil society. First phase completed in December 2018. Second phase of program in planning stage.

One of the five Working groups formed focused on addressing the issue of tariff and importation for renewable energy companies. Amongst the activities that were carried out by the Working group and multi-stakeholder Task-force included several engagements with the NCS in clarifying the importation process for solar solutions particularly as related to tariffs, interpretation of HS codes, and overall complexity of the process. In response to the newly imposed 5% import duty and 5% VAT levied on solar components, the Task-force on the 18th April, 2018 invited the NCS and the Federal Ministry of Finance to explain and discuss the newly imposed tariff on imported solar components. The consensus from meeting was for stakeholders in the sector to approach the Federal Ministry of Finance to for either a re-classification of the HS code for solar components or for the legislative arm of government to pass an Act mandating the implementation of the import exemptions and incentives as contained in our national policy documents.

There were also several engagements with key government institutions such as the Federal Ministry of Finance, and the Federal Ministry of Power in resolving these issues. Part of the proposed activities by the Task-force was the development of a standard importation guideline for solar solutions, and a review of HS codes applicable to the renewable energy sector for appropriate interpretation by both the NCS and stakeholders. Unfortunately these proposed activities were not implemented before the completion of the SOGE project.

The Nigerian Power Sector Program (NPSP), a 5-year project funded by the USAID and implemented by Deloitte is also conducting stakeholder engagements with public and private stakeholders regarding the importation process in order to identify challenges that it will focus on resolving and providing solutions for. Planned

Renewable Energy Stakeholders The Nigerian Renewable Energy Roundtable (NiReR) and the Nigeria Economic Summit Group (NESG), through the support of the Heinrich Boell Foundation and in collaboration with several organizations including the Clean Technology Hub, worked towards addressing the lack of clarity of the solar importation process through the development of a "Policy research on the imposition of 10% tariff Duties on Solar Components. Making a way for Solar in Nigeria" that provides a business case and justification for the implementation of zero tariff and duties for solar solutions in line with government policies and targets. Partners still driving the Renewable Energy bill through the National Assembly. However issues of duties and Tariffs are likely to be expunged from the bill

The Policy Research also provides a list of recommendations for implementing import duty exemptions and incentives for the sector.

In addition to the position paper, the partners are collaboratively pushing a Renewable Energy bill at the National Assembly that, amongst other provisions, mandates the NCS to implement the incentives on renewable energy solutions provided for in the government's policies, and adopt standard processes for the importation of solar solutions. In 2015, the National Assembly proposed a "Bill for an Act to provide for the utilisation, sustainability and adequate supply of renewable energy for electricity and heat generation and for related matters". This Bill however went dormant and only came to light recently during engagements between industry stakeholders and the National Assembly on duty exemption on solar solutions.

Building on the Legislative Brief already developed by industry stakeholders as previously mentioned, the National Assembly, through its Senate House Committee on Power, and in collaboration with these industry stakeholders, is currently harmonizing the Bill and the Legislative

Appendix 8 Efforts Made in Improving the Importation Process


Stakeholder	Description	Status
	<p>Brief. The harmonized document and updated bill, when finalized, will be passed through the National Assembly, and has already been receiving significant support from both the National Assembly and industry stakeholders.</p> <p>This Guide can form part of the resources that can support this work by highlighting the cumbersome importation process; the multiple duties, taxes and levies on solar technologies, and non-clarity with HS classification for solar components. This is in addition to other resources such as the Policy Research document.</p>	
Renewable Energy Association of Nigeria (REAN)	<p>REAN, the leading industry association in the sector comprised predominantly of private renewable energy companies, has also led efforts in addressing the bottlenecks associated with the importation of solar components into the country including leading deliberations with the NCS and other government institutions. On several occasions, the association has engaged the NCS and the Federal Ministry of Finance for clarification of issues around the importation process.</p> <p>In March 2018, REAN had a national press conference in the wake of the new 5% import duty by the NCS on solar panels which brought to public light the issues facing the solar industry, primarily with importation, and led to increased focus on resolving the issue from industry stakeholders.</p> <p>In order to drive its work which has seen little progress despite several engagements with the relevant government agencies, REAN is currently collaborating with KPMG with support from the Heinrich Boell Foundation in driving for the provision of import duty exemptions and other inducements including end-user incentives for the sector.</p>	REAN continuously pushes for the import duty exemptions for the sector
Federal Government	<p>In 2018, the Federal Ministry of Budget and National Planning developed the Economic Recovery and Growth Plan (ERGP). The ERGP is designed to achieve three broad objectives,</p> <ul style="list-style-type: none"> ◦ restore growth to a positive path and sustain it to, at least, 7% by 2020 ◦ invest in our people and improve their living standards ◦ build an economy that is globally competitive <p>The process of implementing the ERGP included Focus Lab groups in March 2018, designed to enable pre-screened private sector investors have access to senior government officials, regulators, and cabinet ministers; to efficiently and effectively resolve the most pressing bottlenecks delaying their proposed investments. The issue of import duty exemptions for solar energy technologies formed part of the key bottlenecks highlighted especially as a barrier in implementing the REA's rural electrification programs.</p> <p>However the only actions taken by the government were import waiver exceptions on the solar components for selected government projects highlighted under the Lab.</p>	The ERGP Sessions held in May 2018.
All On	<p>In 2019, All On, an off-grid impact investment vehicle contracted PwC to review incentives currently applicable to the off-grid sector, and propose new set of incentives required to drive the market. This led to the development of the "Strategic Fiscal Incentives to unlock the Off-Grid Clean Energy Sector in Nigeria: Opportunities & Recommendations" document done by PwC Nigeria.</p> <p>The publication involved a review of the major energy related policies from 2001 till date including legislation and regulations relevant to the industry.</p> <p>It considered some of the Federal government's strategies for promoting off-grid energy, identified the fiscal incentives currently available to the clean off-grid sector, proposed additional fiscal incentives for the sector as well as the implementation strategy.</p> <p>This framework proposes incentives which are specific to the clean energy sector. The purpose of the publication is to empower stakeholders to take practical steps to use fiscal incentives to unlock the off-grid clean energy sector in Nigeria.</p> <p>Proposed incentives applicable to the import duty process include</p> <ol style="list-style-type: none"> 1. Import Duty Exemptions 2. VAT Exemptions 3. Pioneer Status Incentives 	

Appendix 8 Efforts Made in Improving the Importation Process

Stakeholder	Description	Status
IRENA	<p>The International Renewable Energy Agency (IRENA) has also proposed changes to the HS codes used for solar products from the World Customs Organization (WCO). With international trade in solar products valued at over US\$25 billion per year, the HS codes for solar products have not kept up developments and growth of the sector. IRENA recognizes that most solar technologies are included as part of broader product groups within the HS and as such do not reflect the variety of different solar products that are now available. Recognizing the need to clarify classification and trade in solar products to enable them get the required incentives, IRENA has proposed three changes to the HS codes and their product descriptions – separation of solar cells and solar water heaters from their current wider product group; the establishment of two specific codes for solar lights and lighting sets to reduce uncertainty, confusion and ambiguity with their classification; and creation of three codes for photovoltaic generators for a distinction from trade in other generators and creation of a place in the classification for solar home systems.</p>	Ongoing

Africa Clean Energy Technical Assistance Facility (ACE TAF)

Coffey International Development leads the implementation of the Africa Clean Energy Technical Assistance Facility together with several key partners. Coffey is responsible for the programme set-up, leadership and overall management taking an inclusive and collaborative approach ensuring that we engage partners throughout the implementation of the programme.



Importation Guide

for Solar PV Products
and Technologies in
Nigeria

ACE TAF PARTNERS INCLUDE:



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