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TEMPLARS ThoughtLab

Navigating Legal and Policy Pathways for Electric Vehicle Infrastructure in Nigeria

Introduction

The phrase "*the new three*" has become increasingly common in global clean energy discourse, particularly in relation to how China, the world's largest electric vehicle ("**EV**") player,[1] has combined **solar technology, battery manufacturing, and EVs** into becoming core export drivers. So, when on 19 May 2025, Dr. Dele Alake, Honourable Minister of Solid Minerals Development of Nigeria, announced that China had plans to establish EV factories in Nigeria, it became apparent that it was not merely as a result of the hope to deepen bilateral relations between Nigeria and China, but an emphatic signal of investor confidence in Nigeria's growing relevance, as a frontier market for sustainable transportation and green industrialisation. And why not?

EVs provide a clean, efficient, and progressively affordable option compared to conventional internal combustion engine vehicles that operate on fossil fuels. Unfortunately, despite their rapidly growing global acceptance, in Nigeria, where escalating fuel prices and environmental issues are driving changes in consumer behaviour, their significance and popularity have remained nascent.

This article examines Nigeria's existing legal and policy framework for EV infrastructure, discusses existing fiscal incentives for investors and highlights Nigeria's advantageous position as an investor's dream destination and potential regional leader in EV manufacturing and export.

[1] International Energy Agency, '*Electric Car Sales Continue to Break Records Globally, Particularly in China and other Emerging Economies*'. Available at https://www.iea.org/reports/global-ev-outlook-2025/executive-summary#:~:text=China%20maintained%20its%20lead%2C%20with,Chinese%20roads%20is%20now%20electric.

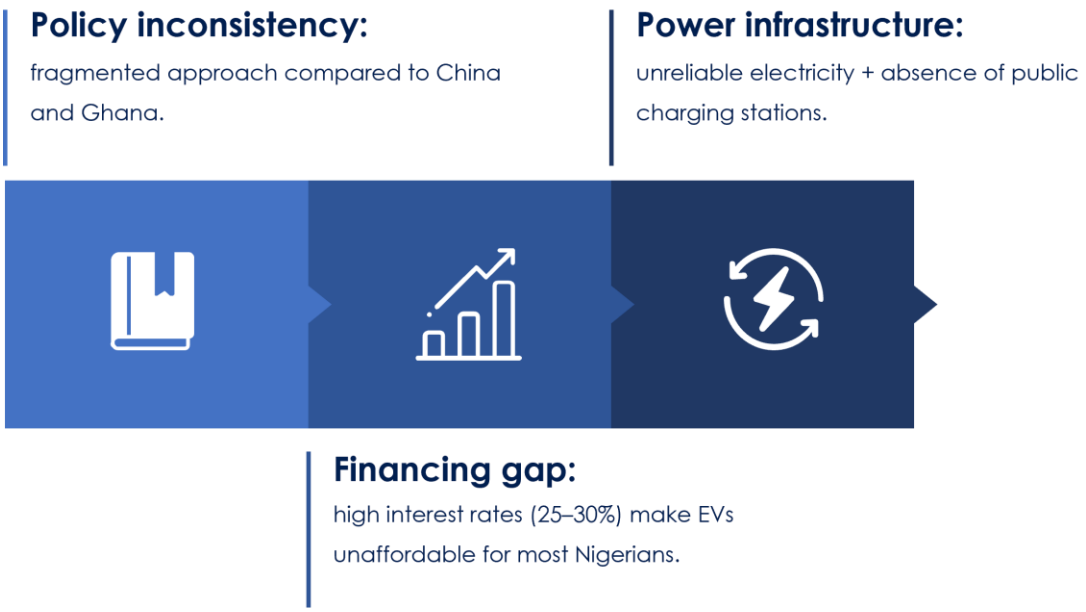
Development of Electric Vehicles in Nigeria

Although the adoption of EVs in Nigeria has been gradual, recent years have seen the emergence of EV charging stations in major cities such as Lagos and Abuja.[2] This trend points to a growing interest and a market that is becoming more open to clean transportation options, driven by both economic pragmatism and environmental imperatives.

In 2021, an important milestone was reached when the Stallion Group rolled out Nigeria's first locally assembled EV (the Hyundai Kona), through its automotive subsidiary, Stallion Motors. This marked the beginning of formal EV assembly in Nigeria and drew attention to the viability of local clean energy vehicle production. Since then, companies like Electric Motor Vehicle Company,[3] Innoson Vehicle Manufacturing Company,[4] and Jet Motor Company,[5] amongst others, have emerged. These companies have been engaged in the design, testing, and deployment of electric vehicles specifically tailored to suit Nigeria's road conditions and circumstances.

Although these developments have not led to a boom in the industry, they highlight the case for Nigeria's readiness for a bigger role in EV production, due to its natural endowment in lithium, a critical mineral used in the manufacture of EV batteries.[6] Thus, policy direction is shifting from solely raw mineral extraction, towards the development of a full domestic lithium value chain for battery and EV production.

Challenges Holding Back EV Growth in Nigeria



[2] The Vanguard, '*Auto Firm Opens Electric Vehicle Charging Station in Nigeria*', Available at https://www.vanguardngr.com/2023/08/auto-firm-opens-electric-vehicle-charging-station-in-nigeria/.
[3] The indigenous Nigerian vehicle company unveiled its electric vehicles in 2022 with two models.
[4] Nigeria's first indigenous car company, established in 2007, joined the EV revolution in September 2024, when it launched its first electric cars.
[5] Techcity '*Meet the JET EV, Nigeria's First Electric-Powered Van by Jet Motor Company*'. Available at https://www.techcityng.com/meet-jet-ev-nigerias-first-electric-powered-van-by-jet-motor-company/
[6] In 2022, the Nigerian Geological Survey Agency (NGSA) announced the discovery of high-grade lithium deposits in several states in Nigeria, with some samples showing lithium oxide content as high as 13 percent—significantly above the global exploration threshold of 0.4 percent. This discovery has intensified mining activities in states across Nigeria.

Challenges and Risks in Electric Vehicle Development in Nigeria

Nigeria's push towards electric mobility presents a transformative opportunity for investors and businesses seeking to lead in a new era of sustainable transportation. However, this path to EV adoption has been fraught with certain challenges and risks, some of which are summarised below:

a) Policy Inconsistency

Although Nigeria possesses significant lithium resources, the presence of raw materials alone is insufficient to ensure the development of any industry. In China, for example, the government has long played an important role by creating increased opportunities for both the supply and demand of EVs, through generous government subsidies, tax breaks, procurement contracts, and other policy incentives.[7] Similarly, Ghana, while smaller in scale, is taking a fairly structured and policy-led approach through its 2024 National Electric Vehicle Policy and a comprehensive roadmap targeting significant EV deployment by 2050.[8]

These situations are in sharp contrast to Nigeria's policy history, where there has been some inconsistency, with notable shifts in direction over the years, thus denying the sector of sustained regulatory coherence,[9] undermining investor confidence and deterring long-term industrial growth. Initially, there was the introduction of a National Automotive Policy in 1993, which sought to promote local manufacturing, using indigenous resources.[10] This was followed by the first launch of the National Automotive Industry Development Plan (the "**Automotive Plan**") in 2013, signalling a more ambitious attempt to revive the industry and lead to increased local assembly activities and licensing of new entrants[11]. Later in 2023, the National Automotive Design and Development Council (NADDC) issued an updated 2023 Automotive Plan,[12] which was approved by the Federal Executive Council.[13]

The evolution of sector policy in Nigeria, despite its ups and downs, appears to have reached a significant and promising stage, with the release of the 2023 Automotive Plan. This Automotive Plan provides a comprehensive, well-defined and practical framework for advancing the electric vehicle industry in Nigeria. It outlines specific goals, offers incentives to encourage adoption, and includes provisions for the necessary infrastructure to support the growth of EVs in the country.[14]

b) Electricity and Infrastructural Challenges

Over the years, Nigeria's electricity sector inefficiencies have significantly hampered the viability of EVs in the country. The persistent instability of the national grid not only increases production costs, but also results in frequent damage to sensitive machinery, thereby

[7] Zeyi Yang, '*How did China Come to Dominate the World of Electric Cars'?* Available at https://www.technologyreview.com/2023/02/21/1068880/how-did-china-dominate-electric-cars-policy/.
[8] Peter Egyin-Mensah, '*Beyond the Plug: Building Ghana's EV Future Through Local Innovation and Smart Partnerships*'. Available at https://thebftonline.com/2025/04/18/beyond-the-plug-building-ghanas-ev-future-through-local-innovation-and-smart-partnerships/.
[9] This includes the transition from the Standing Technical Committee to the National Automotive Council, and eventually to the National Automotive Design and Development Council.
[10] National Automotive Council, Nigeria, '*The National Automotive Policy*', Available at https://www.nac.gov.ng/industries_policy.php.
[11] Atime, Peter Labe, '*State and the Development of the Automotive Industry in Nigeria: Bridging the Gaps*'. 6. 279-302.
[12] Referred to as the "Nigerian Automotive Policy", in some reports.
[13] The Guardian Newspaper, '*FG Unveils National Automotive Industry Plan 2023 to 2033*'. Available at https://guardian.ng/news/fg-unveils-national-automotive-industry-plan-2023-to-2033/.
[14] It should be noted that while the Automotive Plan functions as a strategic framework for advancing Nigeria's automotive sector and may be implemented by government agencies in an administrative capacity, it does not have legal force until it is enacted into law. Nonetheless, the existence of the plan in itself is reassuring as it offers a clear direction regarding potential government approaches to issues affecting the industry.

undermining local manufacturing efforts. As a result, automotive assembly plants are typically capital-intensive ventures, with operations heavily reliant on self-generated power supply. Locally assembled vehicles, therefore, often end up being more expensive than imported alternatives, as manufacturers are compelled to absorb the high operational costs imposed by unreliable electricity and inevitably pass them on to consumers.

Beyond power supply, the near absence of public EV charging infrastructure continues to erode consumer confidence in EV adoption.

c) **Absence of Auto Loans and Car Financing**

The high cost of brand-new vehicles remains a universal barrier to car ownership in Nigeria. In cases where vehicles are imported, this barrier is further compounded by additional charges such as import duties, freight costs, and taxes. In stronger consumer-driven economies, this challenge is mitigated through well-established credit systems, auto loans and vehicle financing schemes. However, in Nigeria, when such financing is available, interest rates tend to be prohibitively high, typically ranging from 25% to 30% per annum. Consequently, remain largely inaccessible to a vast majority of Nigerians, and this lack of affordability has a direct impact on the volume of vehicle sales.

Interestingly, the very challenges faced by Nigeria's electric vehicle sector also present unique investment opportunities in the economy. Despite the existing limitations, there remains a sense of optimism for the sector in Nigeria and this is further bolstered by recent initiatives introduced by the Federal Government, aimed at strategically positioning both the country and its investors to gain a competitive edge in the electric vehicle market.

Government's Efforts, Incentives, and Opportunities for Electric Vehicle Investments in Nigeria

In view of Nigeria's energy transition to achieve net zero by 2060,[15] the EV ecosystem is emerging as a high-potential frontier for sustainable investors. Coupled with Nigeria's large consumer market, growing urbanization, and increasing demand for sustainable transport solutions, it offers untapped opportunities for manufacturers, energy providers, and technology innovators. This section highlights the key fiscal incentives available to prospective entrants.

A. Nigeria Tax Act, 2025

Recently, Nigeria changed its tax rules and ushered in a new tax regime that is set to become effective in 2026. Inclusive of this new regime is the Nigeria Tax Act (the "**Act**"), which signals a deliberate shift by the Federal Government to attract investments, offering fiscal incentives designed to give Nigeria and its investors a competitive edge in sectors critical to the nation's economic diversification. In relation to the development of electric vehicles, the Act provides as follows:

a. ***Economic Development Incentive*:** The Act introduces the Economic Development Incentive (**EDI**). The EDI is a targeted incentive regime aimed at stimulating capital investment in defined priority sectors of the economy that are tagged as "priority sectors". The incentive offers eligible companies a 5% annual tax credit on qualifying capital expenditures for five years from the production date. Unused tax credits or expenses can

[15] ETP, 'Nigeria *Energy Transition Plan'*. Available at https://www.energytransition.gov.ng/.

be carried forward for an additional five years.[16] The Act classifies businesses engaged in the manufacture of accumulators[17] and batteries such as lithium batteries, NiMH batteries, lead acid batteries, as priority sectors for the purpose of economic development tax incentives. The EV sector and investors in it therefore stand to benefit significantly from this incentive.

b. ***Zero-rated VAT Charge:*** Under Section 187 of the Act, EVs, alongside parts and semi-knock-down units intended for EV assembly, are zero rated for VAT purposes.

These incentives under the Act are expected to have positive implications, such as: (i) reduced cost of acquisition, as zero-rated VAT removes the general 7.5% VAT and would make EVs cheaper for consumers and businesses; (ii) boost in local demand for EVs, as more affordable prices are likely to encourage mass adoption, especially by consumers and transport service operators; (iii)incentive for local assembly and manufacturing, as assemblers can recover input VAT (on batteries, electronics, etc.) and improve the profitability of local production; and (iv) economic competitiveness, which places Nigeria in line with global trends, alongside countries like the United Kingdom, Kenya, and South Africa, who offer tax reliefs for EVs.

B. Nigerian Automotive Industry Development Plan, 2023

As previously noted, the Automotive Plan is a recent development that provides a comprehensive and actionable roadmap for advancing electric vehicle development in Nigeria.

The Automotive Plan sets a target for the **EV segment in the automotive sector to achieve thirty percent (30%) local production by 2033** and contains a suite of interventions and fiscal incentives, for both EV investors/manufacturers and consumers to facilitate the production and adoption of EVs. It is also intended to encourage investments in EV charging stations and other related infrastructure.

The relevant interventions and incentives under the Automotive Plan include:

a. ***Interventions***

To accelerate the use of EVs in Nigeria, the Automotive Plan provides for the following government initiatives:

i. facilitation of conversion of twenty percent (20%) of commercial vehicles to EVs;

ii. partnership with State governments to dedicate select bus corridors for the provision of EVs charging infrastructure;

iii. implementation of programmes to convert internal combustion engine-powered delivery motorcycles to electric motorcycles; and three-wheeled automobiles to electric automobile;

iv. introduction of tax-deductible interest payments on loans taken by employees to purchase Nigerian-made EVs; and

[16] An economic development incentive certificate may be extended for an additional period of 5 years and no more, on the condition that the priority company invests 100% of its profits during the incentive period for expansion of the same product or products.
[17] Accumulators store electrical energy for later use.

v. introduction of vehicle finance schemes to EV manufacturers with proven manufacturing capacity.

b. ***Fiscal Incentives for Assemblers***

i. *10 years Tax Holiday*

The Automotive Plan offers a 10-year tax holiday for companies investing in Completely Knocked Down (**CKD**) or Semi-Knocked Down (**SKD)** EV assembling.

ii. *Accelerated Capital Allowance*

EV assemblers also benefit from an accelerated capital allowance regime, shortened from five (5) years to one (1) year. Additional support includes favourable import duty treatment for EV components, with performance-linked tariff structures that adjust once a company hits a production threshold of 40,000 vehicles.

c. ***Fiscal Incentives for Consumers***

Consumers are also incentivised under the Automotive Plan. For example, cab-hailing and courier companies that deploy EVs in their fleets are entitled to a three-year tax holiday. Furthermore, for business owners who purchase locally produced EVs, the capital allowance period has been reduced to two (2) years, from the standard period of four (4) years, in collaboration with state governments.[18]

C. Zero-cost Public Charging Stations

The Energy Commission of Nigeria recently announced the launch of a hybrid electric vehicle charging station, available at no cost to all Nigerians importing electric vehicles.[19] This initiative aims to address climate change, reduce greenhouse gas emissions, and lessen dependence on fossil fuels within the transportation sector. If implemented as intended, the programme is expected to encourage greater adoption of electric vehicles in Nigeria by eliminating charging costs for users in participating locations. Consequently, this would lower the overall cost of owning and operating electric vehicles compared to conventional vehicles.

D. Concessions on Import Charges

The Nigerian government has introduced policies aimed at reducing the cost of importing electric vehicles to support its transition towards a greener economy. Although import duties for certain classes of vehicles remain significant, EVs benefit from exemptions on both the Import Adjustment Tax and Value Added Tax (VAT). Nevertheless, these vehicles may still be subject to a National Automotive Council (NAC) levy and a reduced import duty, depending on the specific vehicle category.

It is essential to recognize that such policies are subject to change; therefore, consulting the Nigeria Customs Service or an official government source for the latest import duty rates is

[18] As previously mentioned, the incentives outlined in the Automotive Plan are not legally binding until they are formally enacted into law. Their ongoing validity must therefore be evaluated in light of Nigeria's new tax regime, which will take effect in 2026.
[19] Energy Commission of Nigeria, '*Zero-Cost Charging Stations*'. Available at https://energy.gov.ng/news-detail.php?slug=zero-cost-charging-stations

strongly recommended, before making any import-related decisions. Additionally, only electric vehicles manufactured from 2015 onwards, are eligible for importation.

Licensing Requirements for Assemblers and Stakeholders

In addition to general requirements (such as establishment of local companies, capital importation, etc), which investors must comply with when establishing businesses in Nigeria, investors seeking to set up EV infrastructure business in Nigeria need to comply with certain sector-specific requirements.

For instance:

A. **Auto-Assembly Plant**: to establish an auto-assembly plant in Nigeria, prospective manufacturers are required to obtain an ***Assembler's Licence*** from the NADCC upon meeting some defined requirements. One of such requirements is the submission of a duly endorsed technical agreement with an Original Equipment Manufacturer (**OEM**), which must include clearly defined local content arrangements. Preference will be given to arrangements where the OEM is the lead partner with a direct investment in the project.

   Applicants must also provide documentary evidence of the factory's location, including copies of the title deed or lease agreement for the premises to be used for assembly operations. In addition, the business plan submitted must demonstrate that the plant is equipped to meet at least the minimum technical and equipment standards for SKD or CKD operations and must confirm the actual assembly or manufacturing capacity in accordance with the proposed plans.

   Once issued, the Assemblers Licence is valid for a period of three (3) years and renewal is subject to the outcome of annual performance assessments, during which manufacturers will be evaluated based on production data (including for electric vehicles), sales volumes (including exports), employment generation, and evidence of knowledge and technology transfer to local component manufacturers and service providers.

B. **EV Charging Stations:** Nigeria currently has very limited public EV charging infrastructure, and the plans for future development are not presently as ambitious as one would expect. Investment in fast and standard charging stations in public places such as malls, highways, workplaces, and residential areas is crucial for the success of EVs and their adoption.

   Unfortunately, Nigeria presently lacks regulations that specifically target electric vehicle infrastructure. However, the existing body of laws that govern the power sector contains provisions that could potentially provide a regulatory framework or guide for the advancement of EV infrastructure. Thus, depending on the source and quantum of electricity required, generated and consumed at the locations of EV charging stations, licences or permits may be required by the operators from the Nigerian Electricity Regulatory Commission or a State Electricity Regulatory Commission (in the case of states located in states that have established their own electricity market under the recently decentralized electricity market).

   In addition, the establishment of these stations may necessitate approval from the Nigerian Electricity Management Services Agency (**NEMSA**), the statutory authority responsible for ensuring that all major electrical equipment and apparatus utilised in Nigeria meet required quality and standards. NEMSA collaborates with other agencies, like the Standards Organisation of Nigeria to ensure that materials and equipment used for EV charging infrastructure meet the required standards

From an environmental perspective, obtaining relevant permits such as the Electrical & Electronic Equipment Permit or an Installation/Operation Permit from the National Environmental Standards and Regulations Enforcement Agency (NESREA) is required for operating an electric charging station in Nigeria.

Conclusion

Nigeria is committed to evolving into a green transport economy, as demonstrated by the incentives established to attract investment in this sector. The country's ambition is also reflected in its Energy Transition Plan (which includes ambitious targets to be achieved by 2060) and related policies aimed at substantially reducing transportation emissions through a mandatory, phased shift from combustion engine vehicles to electric vehicles. The EV plans of trading partners like China for Nigeria also show that Nigeria is well-positioned to scale electric vehicle production and become a leading player in West Africa's green mobility market.

However, success will depend on consistent policy execution, consumer confidence, and investment in key infrastructure, to not only make Nigeria a consumer market for EVs, but also a continental manufacturing and innovation hub in the clean energy era.

Given Nigeria's substantial lithium reserves, the synergy between its mineral resources and government support has the potential to position the country as an attractive destination for investors and a regional leader in electric vehicle manufacturing and export. Achieving success in this area will advance Nigeria's energy transition objectives, foster sustainable transportation, improve air quality, decrease reliance on imported fuel, strengthen Nigeria's reputation for green technology investment, and drive growth across the broader electric mobility ecosystem.

Meanwhile, existing and potential investors in the EV space should carefully undertake a comprehensive analysis of their corporate structures, strategic partnerships, regulatory arrangements, and the application/utilisation of incentives. Such diligence is essential for effectively navigating complexities and making informed investment decisions regarding entry into, and continued operation in, the electric vehicle sector in Nigeria.

If you require any further clarification, do not hesitate to contact us.