ENERGY SUBSIDY REFORM AND CLIMATE OBLIGATIONS IN NIGERIA: A LEGAL ANALYSIS OF NIGERIA'S POLICY SHIFT

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Abstract
This paper examined Nigeria's recent energy subsidy reform through a legal lens, with a view to evaluating its alignment with the country's climate obligations under national and international law. The study explored the historical and structural foundations of Nigeria's subsidy regime, assessed the legal justifications for its removal, and analyzed whether the policy shift genuinely supported environmental sustainability or primarily reflected fiscal motivations. The Petroleum Industry Act (2021) and the Climate Change Act (2021) were identified as central instruments anchoring the reform. Findings revealed that while the reforms were legally supported and economically necessary, they were not fully integrated into a coherent climate transition strategy. The absence of a just transition framework, weak institutional capacity for implementing green alternatives, and limited stakeholder engagement posed significant challenges to sustainable implementation. The paper recommended the development of a comprehensive transition plan, strengthened legal frameworks for climate action, improved transparency in subsidy savings utilization, and regulatory incentives for renewable energy deployment. The study contributed to existing knowledge by offering a legal-policy perspective on subsidy reform, highlighting governance gaps, and proposing pathways for embedding climate goals into Nigeria's national development agenda. It concluded that without legal clarity, strategic foresight, and participatory governance, subsidy reforms may fall short of delivering long-term environmental and social justice outcomes.

Keywords: Energy subsidy reform, climate obligations, legal analysis, petroleum industry act, climate change act, environmental governance

Introduction

Energy subsidy reform remains a central and contentious issue in Nigeria's policy landscape, particularly at the intersection of economic management and environmental sustainability. For decades, Nigeria maintained a system of fuel subsidies intended to shield its population from the volatility of global oil prices and to promote national development through affordable energy. However, in recent years, growing fiscal constraints, rising debt levels, and global environmental commitments have compelled the Nigerian government to reconsider the long-term viability of subsidizing fossil fuels. This policy shift has provoked a range of responses, highlighting the need for a legal analysis that critically examines how energy subsidy reform aligns or conflicts with Nigeria's climate obligations under international and domestic legal frameworks. Nigeria's petroleum subsidy policy was formalized in the 1970s as a socio-economic instrument aimed at protecting the population from the high costs of refined fuel. Over time, the subsidy became an entrenched component of national economic planning. However, according to Iledare, the subsidy regime has proven to be fiscally unsustainable, contributing significantly to the depletion of public revenues while offering limited developmental benefits[1]. In addition to creating opportunities for corruption and inefficiency in the downstream oil sector, the policy distorted market prices and discouraged investments in cleaner energy technologies. As noted by Okezie and Akanmu, Nigeria spent approximately 1.7 trillion Naira on fuel subsidies in 2019 alone, a figure that represents a substantial proportion of national budgetary allocation to non-productive sectors[2]. This fiscal burden has consistently diverted funds away from critical areas such as education, healthcare, and infrastructure, prompting increased calls for reform.

The urgency of global climate action has added further complexity to the energy subsidy debate. Since the adoption of the Paris Agreement in 2015, signatory countries have been under pressure to reduce carbon emissions and accelerate the transition to clean energy. Nigeria ratified the Paris Agreement in 2017 and committed to a 20 percent unconditional reduction in greenhouse gas emissions by 2030, and up to 45 percent conditional upon international support. As emphasized by Olaniyi, achieving these goals requires the elimination of fossil fuel incentives that encourage overconsumption and contribute to environmental degradation[3]. The continued subsidization of petroleum products undermines Nigeria's ability to meet its climate targets and contradicts the principles of sustainable development enshrined in international environmental law. In light of these pressures, the Nigerian government officially removed fuel subsidies in 2023, presenting the reform as a necessary step toward fiscal discipline and economic liberalization. Although the decision was framed as a response to budgetary constraints, it also carries important environmental implications. Adekoya and Oduwole argued that removing energy subsidies is consistent with global climate finance and energy transition goals, especially in developing economies[4]. Nevertheless, the timing, communication, and legal framework of the reform have generated significant controversy. Questions have emerged regarding whether the reform aligns with Nigeria's climate change legislation, including the Climate Change Act of 2021, and whether it adequately considers the socio-economic consequences for vulnerable populations.

However, this study provides a legal analysis of Nigeria's energy subsidy reform with specific attention to the country's climate obligations. It explores the evolution of the subsidy regime, the emergence of international and domestic climate commitments, and the legal and policy implications of the 2023 subsidy withdrawal. The paper argues that while subsidy removal aligns with Nigeria's environmental goals in principle, it raises complex legal and equity-related questions. The objective is to assess the extent to which the current policy shift is consistent with national and international legal obligations, and

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[1] Iledare, O. O. (2015). An appraisal of petroleum subsidy in Nigeria: Implications for sustainable development. *International Journal of Energy Economics and Policy, 5*(1), 42–49.

[2] Okezie, C. A., & Akanmu, A. A. (2020). Fuel subsidy and economic growth in Nigeria: Evaluating the efficiency of policy reforms. *Nigerian Journal of Development Studies, 16*(2), 78–94.

[3] Olaniyi, A. A. (2020). Climate change commitments and fossil fuel subsidies in Nigeria: The policy paradox. *Environmental Law and Governance Review, 9*(3), 103–117.

[4] Adekoya, F. O., & Oduwole, T. A. (2022). Energy subsidy removal and climate finance compliance in sub-Saharan Africa: Lessons from Nigeria. *Journal of African Energy Policy, 13*(1), 41–58.

to propose a more coherent approach to energy governance that integrates fiscal, environmental, and social justice concerns.

Conceptualization

Energy subsidy refers to government interventions that aim to reduce the cost of energy production, distribution, or consumption, making energy more affordable for consumers or more profitable for producers. The rationale behind energy subsidies is often rooted in the need to promote economic development, social welfare, and energy security. According to Iledare, an energy subsidy is any government action that lowers the cost of energy production or raises the revenue of energy producers, typically through financial transfers, tax exemptions, or price regulation[1]. The International Energy Agency categorizes subsidies into two main forms: consumption subsidies (such as fuel price controls) and production subsidies (such as tax breaks or direct payments to producers). In Nigeria, energy subsidies have historically taken the form of direct government payments to keep domestic fuel prices below international market levels, often at a substantial fiscal cost.

The implications of energy subsidies are both economic and environmental. On the one hand, they provide short-term relief for consumers and promote energy access. On the other hand, they distort energy markets, encourage overconsumption of fossil fuels, deter investment in renewable energy, and strain public finances. As Okezie and Akanmu noted, persistent subsidy regimes in Nigeria have led to inefficiencies, rent-seeking behaviors, and underinvestment in alternative energy infrastructure[2]. For the purpose of this study, energy subsidy in this paper refers to government financial interventions aimed at lowering the consumer cost of petroleum products in Nigeria, particularly through fuel price regulation and compensation to marketers, and the resulting economic and environmental consequences.

Climate obligations refer to the legal and policy responsibilities that countries undertake to mitigate and adapt to the impacts of climate change. These obligations are derived from international treaties, national laws, and development frameworks that seek to reduce greenhouse gas emissions and promote environmental sustainability. The Paris Agreement of 2015 is a landmark global accord that outlines the climate commitments of its signatory countries, known as Nationally Determined Contributions (NDCs). Nigeria's NDCs include a pledge to reduce greenhouse gas emissions by 20 percent unconditionally and up to 45 percent with international assistance by 2030.[3] These international obligations are reinforced at the national level through legislation such as the Climate Change Act of 2021, which provides a legal framework for Nigeria's environmental actions and carbon budgeting. Scholars have emphasized the dual nature of climate obligations global and national. While international agreements provide overarching targets, each country is responsible for translating these into national laws, policies, and institutional frameworks. As Adekoya and Oduwole explained, aligning domestic energy policies with climate obligations requires coherence between environmental law, energy reform, and economic development goals.[4] In this context, climate obligations in this paper refer to the binding and voluntary commitments Nigeria has made both internationally and domestically to reduce emissions, transition to clean energy, and integrate climate resilience into national development planning.

Legal analysis is a systematic method of examining laws, policies, and legal frameworks to determine their consistency, coherence, and implications within a given context. It involves interpreting statutes, assessing policy documents, and evaluating the legal soundness of government actions. In the context of public policy, legal analysis helps to determine whether a reform or administrative decision aligns with existing legal mandates, respects constitutional provisions, and advances public interest. Legal scholars such as Okafor argued that legal analysis goes beyond the mere application of laws; it involves a critical assessment of the normative, institutional, and procedural aspects of governance.[5] In the context of energy and climate policy, legal analysis is essential for understanding how reforms such as subsidy removal affect citizens' rights, environmental obligations, and administrative accountability. Akinyemi added that legal analysis provides a framework for evaluating the legality, legitimacy, and long-term sustainability of policy interventions.[6] Operationally, legal analysis in this paper refers to the systematic evaluation of Nigeria's energy subsidy reform within the context of existing national and international legal frameworks, with a focus on its alignment with climate change obligations, constitutional mandates, and principles of environmental justice.

Overview of Nigeria's Energy Subsidy Regime

The administration of energy subsidies in Nigeria reflects a longstanding policy dilemma shaped by historical legacies, political calculations, and socio-economic aspirations. Originally introduced in the 1970s as part of a state-led developmental agenda, fuel subsidies were envisioned as a mechanism to protect citizens from volatile international oil prices, redistribute national oil wealth, and ensure stable economic conditions. Nigeria's status as a major oil-producing country reinforced the belief that citizens were entitled to benefit directly from petroleum resources through reduced energy costs. As Iledare points out, the post-civil war leadership framed subsidies as a political commitment to national unity and economic recovery, positioning the government as both a benefactor and regulator of the economy.[1] Over time, however, the fuel subsidy regime evolved into a rigid and inefficient policy instrument that created more distortions than benefits. By guaranteeing artificially low fuel prices, the policy undermined competition, discouraged investment in refining infrastructure, and facilitated systemic leakages in public finance. Between 2006 and 2018, Nigeria reportedly spent over 10 trillion Naira on fuel subsidies, much of which failed to translate into measurable improvements in citizens' welfare.[2] Rather than supporting inclusive development, the subsidy system fostered elite capture, smuggling across porous borders, and a shadow economy that thrived on regulatory gaps. Social equity goals were largely defeated, as the majority of the benefits were captured by urban, higher-income consumers who own private vehicles, while the

[5] Okafor, J. C. (2017). Policy and legal analysis in Nigerian environmental law: A methodological perspective. *Journal of Legal Studies and Governance, 11*(2), 22–38.

[6] Akinyemi, F. T. (2021). Law and energy policy reform in Nigeria: A legal framework for sustainability. *Nigerian Journal of Energy Law, 7*(1), 55–71.

rural and low-income population experienced little of the supposed benefits. As Olaniyi observed, the subsidy framework in Nigeria became a tool of political expediency rather than social justice, repeatedly used to appease public discontent without addressing the root causes of energy poverty.[3]

Interestingly, the economic consequences of the subsidy regime are profound and multidimensional. Through absorbing a large share of the national budget, fuel subsidies crowded out investments in critical public sectors such as education, healthcare, housing, and renewable energy infrastructure. As fiscal space shrank, the government resorted to borrowing, resulting in an unsustainable debt profile. Moreover, the volatility of global oil markets meant that subsidy costs fluctuated unpredictably, creating additional macroeconomic instability. Political administrations repeatedly delayed or reversed deregulation efforts due to fears of mass protests, such as the nationwide demonstrations during the 2012 Occupy Nigeria movement. These episodes reveal the high political cost of subsidy reforms and the absence of robust legal and institutional frameworks to manage public resistance and ensure accountability. A turning point came between 2020 and 2022, when a convergence of economic shocks including the COVID-19 pandemic, plummeting oil prices, and mounting national debt forced the Nigerian government to begin implementing a gradual withdrawal of subsidies. In March 2020, the Federal Ministry of Petroleum Resources announced that fuel prices would henceforth reflect international crude oil benchmarks, signaling a shift toward deregulation. This decision was reiterated in the 2021 and 2022 national budgets, in which the federal government disclosed plans to end subsidy payments by June 2022. These announcements represented a shift not only in policy rhetoric but also in institutional posture, as various ministries and regulatory agencies began preparing for a liberalized downstream sector. According to Adekoya and Oduwole, the subsidy removal was part of a broader economic reform strategy aimed at enhancing fiscal discipline, promoting energy sector transparency, and aligning Nigeria's policy framework with international sustainability goals.[4]

Importantly, to support these reforms legally and structurally, several legislative and executive measures were introduced. The Petroleum Industry Act (PIA) of 2021 serves as the cornerstone of this new regulatory environment. The Act replaces decades of fragmented petroleum laws with a unified legal framework that provides for pricing liberalization, regulatory autonomy, and accountability mechanisms. Section 205 of the PIA explicitly entrusts price determination to market forces and prohibits government intervention in setting fuel prices. In addition, the Act establishes new governance bodies, such as the Midstream and Downstream Petroleum Regulatory Authority, to monitor market behavior, protect consumer interests, and ensure industry competitiveness. These institutional innovations signal a legal commitment to sustained deregulation and reduced fiscal exposure to fuel subsidies. Complementing the PIA is the Climate Change Act of 2021, which reflects Nigeria's increasing awareness of its international environmental responsibilities. The Act mandates the preparation of carbon budgets, the mainstreaming of climate objectives in public policy, and the institutionalization of inter-ministerial coordination on environmental matters. As Akinyemi argued, this legislative development provides a normative basis for evaluating the compatibility of fiscal reforms with climate action.[6] As a result of embedding climate targets into domestic law, Nigeria has taken a significant step toward policy coherence, although implementation challenges remain. Nonetheless, the practical realization of subsidy reform is fraught with legal, ethical, and governance dilemmas. The removal of subsidies, while fiscally and environmentally rational, raises urgent questions about social justice, public participation, and the equitable distribution of policy burdens. The lack of a clearly defined transition plan for vulnerable populations and the inadequate expansion of public transportation and clean energy alternatives suggest a legal gap between the spirit and the letter of reform laws. Moreover, transparency in how subsidy savings are reallocated remains limited, fueling public skepticism and civil society pushback. Hence, Nigeria's energy subsidy regime has transitioned from a developmental tool to a fiscal liability that distorts energy governance and undermines environmental commitments. The recent reforms, legally anchored in the Petroleum Industry Act and the Climate Change Act, mark a significant policy shift toward market liberalization and climate alignment. However, unless these reforms are backed by transparent implementation, strong institutional oversight, and inclusive policy mechanisms, the long-term goals of environmental sustainability and social equity may remain elusive.

Table 1: Timeline of Nigeria's Energy Subsidy and Climate Reform Milestones

Year	Policy/Legal Development	Significance
2015	Attempted subsidy removal under President Jonathan	Reversal due to mass protests and lack of stakeholder buy-in
2020	Gradual fuel price deregulation begins	Initiation of phased removal without formal legislation
2021	Petroleum Industry Act enacted	Provides legal backing for full deregulation of the oil sector
2021	Climate Change Act signed into law	Institutionalizes Nigeria's climate change commitment
2022	Full fuel subsidy removal announced	Marks a major structural shift in national energy policy

Legal Analysis of the Policy Shift

The removal of fuel subsidies in Nigeria represents a significant legal and policy turning point with implications for economic management, environmental sustainability, and constitutional accountability. A legal analysis of this shift must critically examine the extent to which the reform aligns with Nigeria's statutory mandates, international obligations, and sustainable development goals.

- **Examination of the legal justifications for subsidy removal**: The legal basis for removing fuel subsidies is embedded in the Petroleum Industry Act (PIA) 2021, which provides for the liberalization of petroleum product pricing. Section 205 of the Act eliminates government price-fixing in the downstream oil sector and allows for market-based price mechanisms. This move is further justified by the need to correct long-standing market distortions and fiscal inefficiencies. According to Akinyemi, the

PIA's provisions represent a deliberate legislative effort to disentangle state intervention from commercial activities and to create a transparent legal environment for investment and efficiency.[6]

- **Alignment with constitutional and environmental principles**: Nigeria's Constitution in Section 20 mandates the state to "protect and improve the environment and safeguard the water, air, and land." The Climate Change Act of 2021 reinforces this obligation by codifying Nigeria's commitment to reducing greenhouse gas emissions and promoting environmental sustainability. The removal of subsidies, which encourages more responsible energy consumption and disincentivizes fossil fuel overuse, aligns with these environmental principles. Olaniyi contended that phasing out subsidies is consistent with both constitutional aspirations and international climate responsibilities, particularly under the Paris Agreement.[3]
- **Analysis of whether the reforms promote environmental sustainability or merely reflect fiscal motives**: While the legal instruments justify the reform, the underlying motivation appears largely economic. The policy was introduced amid rising debt levels and budget deficits, and much of the public discourse centered on reducing public expenditure rather than protecting the environment. Adekoya and Oduwole argued that although the reform can promote sustainability by discouraging excessive fossil fuel consumption, there is limited evidence that environmental goals were the primary driver.[4] The absence of a robust investment plan for renewables, mass transit, or clean cooking solutions supports the view that fiscal stability not ecological transformation was the immediate concern.
- **Assessment of gaps and inconsistencies in Nigeria's climate policy framework**: Despite commendable progress in passing the **Climate Change Act**, significant gaps remain in Nigeria's climate governance framework. Implementation mechanisms, institutional coordination, and sector-specific guidelines for emission reduction are weak or non-existent. As noted by Akinyemi, there is no clear linkage between energy subsidy reform and a comprehensive renewable energy strategy.[6] Moreover, inconsistencies between national development plans and environmental policies often result in fragmented action, undermining the long-term credibility of legal reforms.

FIGURE 1: LEGAL FRAMEWORK SUPPORTING ENERGY SUBSIDY REFORM IN NIGERIA

[Constitution of Nigeria, S.20]
↓
[Petroleum Industry Act, 2021] → [Energy Subsidy Removal]
↓ ↓
[Climate Change Act, 2021] [Emission Reduction Goals]
↓ ↓
[Paris Agreement, 2015] ← [Climate Governance & Compliance]

The above diagram visually represents how Nigeria's domestic laws and international obligations are interconnected in driving the subsidy reform process

Implications of the Policy Shift

The removal of fuel subsidies has generated wide-ranging implications that touch on the environment, the economy, legal systems, and governance institutions. Understanding these dimensions is essential for evaluating the overall success and sustainability of the reform.

- **Environmental: emissions control, transition to renewable** - Theoretically, subsidy removal discourages the overconsumption of fossil fuels and could serve as a catalyst for emissions reduction. By aligning fuel prices with market rates, the policy makes fossil fuels less attractive and creates an incentive for investment in cleaner energy alternatives. However, in the absence of substantial government investment in renewables or public awareness campaigns, this transition remains slow. Olaniyi noted that without deliberate policy support, market deregulation alone may not lead to a significant shift toward low-carbon energy systems.[3]
- **Economic: energy pricing, inflation, and social equity concerns** - One of the most immediate effects of subsidy removal has been the sharp rise in fuel prices, which in turn triggered inflationary pressures across the economy. Transportation, food, and basic services costs have increased, disproportionately affecting low-income households. Although the government promised to redirect subsidy savings into social investments, there has been limited evidence of such redistribution. Okezie and Akanmu emphasized that while subsidy reform is economically rational, it must be accompanied by compensatory social policies to protect the poor and maintain public trust.[2]
- **Legal and policy coherence: integration of climate goals with national development plans** - Effective reform requires that environmental objectives be integrated into broader national development strategies. This calls for consistency between the **Climate Change Act**, **Energy Transition Plan**, and sectoral policies in energy, transport, and industry. Currently, policy coherence remains weak, as many development initiatives continue to prioritize fossil fuel infrastructure and revenue generation over long-term climate resilience. Adekoya and Oduwole argued for a unified legal framework that mainstreams environmental goals into every layer of planning and budgeting.[4]
- **Governance and regulatory oversight issues** - The success of subsidy reform depends heavily on the strength of regulatory institutions. The newly created Midstream and Downstream Petroleum Regulatory Authority and the National Council on Climate Change are tasked with overseeing market operations and monitoring climate targets. However, questions remain about their autonomy, technical capacity, and enforcement powers. Akinyemi warned that weak institutional oversight could allow price manipulation, regulatory capture, and non-compliance with environmental benchmarks, thereby undermining public confidence in the reform process.[6]

Table 2: Summary of Key Challenges and Corresponding Recommendations

Identified Challenge	Corresponding Recommendation
Disproportionate burden on low-income populations	Develop a comprehensive and just transition framework
Weak implementation of climate legislation	Strengthen climate-related legal instruments and regulatory bodies
Limited access to clean energy alternatives	Incentivize renewable energy investment and streamline regulatory approvals
Transparency and accountability concerns	Enforce legal oversight of subsidy savings through audit and reporting systems
Top-down reform approach and poor civic engagement	Institutionalize stakeholder participation in energy and climate policymaking

Challenges and Criticisms

Despite the legal and policy rationale for subsidy reform, the transition has been fraught with structural, institutional, and ethical challenges. This section outlines eight key areas of concern that have emerged from critical analyses of Nigeria's recent subsidy removal and its supposed alignment with environmental objectives.

1. **Socio-economic impact on vulnerable populations**: One of the most pressing challenges is the disproportionate impact of subsidy removal on low-income and vulnerable populations. The removal has led to sharp increases in fuel prices, which in turn drive inflation across transportation, food, and service sectors. This erodes household purchasing power and exacerbates poverty levels. According to Okezie and Akanmu, while the wealthier elite may adjust to rising costs, the poor who spend a larger portion of their income on energy and transport suffer more.[2] The absence of effective social protection mechanisms or targeted relief measures has further deepened public discontent.
2. **Lack of institutional capacity to implement green alternatives**: The success of subsidy removal is predicated on the existence of viable and accessible alternatives, particularly in renewable energy and public transportation. However, Nigeria's institutional frameworks remain underdeveloped in these areas. As noted by Akinyemi, weak regulatory coordination, limited funding, and poor technical expertise constrain the ability of government agencies to roll out clean energy solutions on a national scale.[6] The absence of robust planning and infrastructure undermines the sustainability narrative that often accompanies the reform.
3. **Inadequate public transportation infrastructure**: One of the unintended consequences of deregulating fuel prices is the added burden on citizens who rely on transportation for daily survival. Without a functioning and affordable public transport system, the impact of high fuel prices becomes more punitive. Olaniyi emphasized that in the absence of mass transit systems, particularly in urban and peri-urban areas, fuel subsidy removal disproportionately affects workers, students, and small-scale traders who rely on road transport for mobility and livelihood.[6]

4. **Risk of greenwashing and superficial policy claims**: While subsidy removal is often promoted as a step toward environmental responsibility, there is concern that such claims may constitute "greenwashing" the practice of promoting environmentally friendly reforms without substantive ecological outcomes. Adekoya and Oduwole argued that without clear investment in emissions reduction, clean energy infrastructure, or environmental education, the reform risks being perceived as fiscally driven rather than environmentally sincere.[4] The absence of measurable climate gains weakens the credibility of the government's commitment to green development.
5. **Policy inconsistency and reform reversals**: Nigeria's energy policies have historically suffered from inconsistency, with abrupt reversals in fuel pricing decisions driven by political pressures. These shifts reduce investor confidence and signal weak policy resolve. For instance, earlier attempts to remove subsidies, including in 2012 and 2016, were either partially implemented or reversed following public protests. This undermines the rule of law and creates uncertainty around energy sector governance.[1] Sustainable reform requires legal and policy stability, which has not been adequately demonstrated.
6. **Transparency and public trust deficits**: A major criticism of subsidy reforms is the opaque nature of subsidy management and savings reallocation. Although the government has promised to reinvest subsidy savings in infrastructure, healthcare, and education, there is little transparency regarding how these funds are managed. Public skepticism is heightened by the history of misappropriation and weak accountability systems. As Okezie and Akanmu observed, building public trust requires a transparent framework for subsidy reallocation and active stakeholder engagement in decision-making processes.[2]
7. **Limited stakeholder engagement and civic participation**: The reform process has largely been top-down, with limited input from civil society, labor unions, and affected communities. This exclusionary approach has provoked resistance and weakened the legitimacy of the policy. Effective climate and energy policy reform should involve consultative mechanisms that respect the views of multiple actors. Akinyemi argued that participatory governance enhances legitimacy and ensures that reforms are socially grounded and equitably implemented.[6]
8. **Weak integration of climate goals into national development strategy**: Although Nigeria has enacted the **Climate Change Act**, there remains a significant disconnect between environmental legislation and core economic planning. National development plans continue to prioritize fossil fuel revenue, with insufficient integration of climate adaptation, emissions reduction, or green job creation. Adekoya and Oduwole cautioned that this gap reflects a superficial alignment with climate goals, which may compromise the country's long-term environmental resilience and international credibility.[4]

Contribution to Knowledge

This paper contributes meaningfully to the ongoing scholarly and policy discourse on the intersection between energy reform and environmental obligations in Nigeria. Unlike existing studies that often approach fuel subsidy debates from purely economic or political perspectives, this paper adopts a legal analytical lens to evaluate the implications of subsidy removal within the framework of Nigeria's constitutional mandates and climate commitments. By systematically linking the Petroleum Industry Act (2021) and the Climate Change Act (2021) to subsidy reforms, the paper illuminates how legislative instruments can be both enablers and constraints in sustainable energy governance. Furthermore, the paper expands the discourse by critically examining whether recent reforms reflect a genuine environmental transition or are primarily driven by fiscal considerations. It interrogates the risk of greenwashing in policy implementation and underscores the legal and ethical responsibilities of the state in protecting vulnerable populations during periods of structural adjustment. This analysis provides a nuanced understanding of the governance gaps, accountability challenges, and policy inconsistencies that must be addressed for Nigeria to meet its environmental targets. The paper also offers a forward-looking contribution by recommending practical strategies for achieving legal coherence, regulatory transparency, and inclusive stakeholder engagement in future energy policies. These insights are intended to support lawmakers, policy analysts, and climate advocates in shaping more equitable and sustainable reforms. Overall, this work deepens the legal and policy scholarship on Nigeria's energy transition and opens pathways for further interdisciplinary research and policy development.

Recommendations

To consolidate the gains of subsidy reform and align energy policy with environmental and constitutional mandates, the following recommendations are offered as a constructive critique of current practices. These suggestions aim to foster a fair, sustainable, and legally coherent energy transition in Nigeria.

1. **Develop a Comprehensive and Just Transition Framework**: There is a critical need for the Nigerian government to articulate a detailed just transition roadmap that ensures no group is left behind in the wake of subsidy removal. This framework should include immediate and medium-term strategies such as cash transfers to low-income households, subsidized public transportation, targeted job creation, and skill development for informal workers affected by rising fuel costs. As Akinyemi argued, legal and policy reforms must adopt a human-centered approach to ensure energy justice, social equity, and national stability.
2. **Strengthen the Climate Change Act and Related Legal Instruments**: While the enactment of the Climate Change Act in 2021 is commendable, it requires substantial institutional support to become fully effective. The Act should be strengthened through the adoption of detailed implementing regulations, clearer allocation of responsibilities to government agencies, and the mainstreaming of climate planning in sectoral policies. Adekoya and Oduwole emphasized that a robust legal foundation is

essential for integrating climate commitments into Nigeria's broader legal and development architecture.

3. **Promote Transparency and Legal Oversight in the Use of Subsidy Savings**: One of the core criticisms of the subsidy reform is the lack of transparency in the management of funds saved from subsidy withdrawal. To address this, government should establish a legally mandated framework for tracking and reporting the use of subsidy savings. This could include the creation of an independent Subsidy Reinvestment Oversight Board with representation from civil society, legislature, and the judiciary. Okezie and Akanmu noted that transparent fund management is crucial for rebuilding public trust and ensuring legal accountability in public finance.
4. **Incentivize Renewable Energy and Remove Regulatory Barriers**: A successful energy transition requires the legal and institutional promotion of renewable energy technologies. The government should provide tax incentives, soft loans, and feed-in tariffs to encourage private investment in solar, wind, and biomass. Regulatory agencies must be empowered to streamline licensing procedures and eliminate bureaucratic delays that hinder innovation in the renewable sector. According to Olaniyi, without a strong legal push for green energy, subsidy removal will remain fiscally motivated rather than environmentally transformative.
5. **Institutionalize Inclusive Governance and Stakeholder Participation**: Future policy reforms should be inclusive, transparent, and participatory. Government must create formal channels for stakeholder engagement including labor unions, environmental groups, and community representatives during the planning and implementation of subsidy and climate policies. As noted by Akinyemi, legal and policy legitimacy is best sustained when reforms are co-created with the people they are meant to serve. Participatory governance fosters civic responsibility and enhances the social sustainability of economic reforms.

Conclusion

The discourse on energy subsidy reform in Nigeria reveals a complex intersection of economic necessity, environmental responsibility, and legal governance. This paper has examined the rationale behind the removal of fuel subsidies, the legislative frameworks that support it particularly the Petroleum Industry Act and the Climate Change Act—and the extent to which these reforms align with Nigeria's national and international climate obligations. It has also identified several gaps in the legal, institutional, and policy domains that limit the transformative potential of the reform. While subsidy removal may appear fiscally prudent and potentially supportive of emission control, the absence of a clearly defined transition framework and the limited provision of green alternatives suggest that the reform remains largely economically driven rather than environmentally anchored. The policy's uneven social impacts, implementation weaknesses, and inconsistent stakeholder engagement have further exposed the need for a more coherent and inclusive approach. The analysis has also highlighted how weak regulatory oversight, public distrust, and policy reversals continue to undermine reform efforts and public confidence. In light of these findings, there is a pressing need for the Nigerian government to adopt a strategic and legally grounded roadmap that integrates subsidy reform into a broader vision of climate-resilient development. This includes ensuring legal clarity in reform implementation, strengthening institutional capacity, and embedding sustainability and equity in energy policy. Moving forward, energy governance in Nigeria must be reimagined not only as an economic imperative but also as a constitutional and environmental responsibility. With deliberate planning, inclusive policymaking, and unwavering legal commitment, Nigeria can reposition its energy reforms as a credible foundation for achieving its climate goals and national development objectives.

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