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Green Capitalism and Just Energy Transition in Nigeria: Legal pathways for sustainable corporate investment under International Environmental Law

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Abstract

This paper examines the legal and policy foundations necessary to embed green capitalism and a just energy transition within Nigeria's fossil-dependent economy. It argues that without a coherent statutory framework, environmental sustainability will remain aspirational and disconnected from corporate practice. Using a doctrinal research method and comparative insights from Kenya, South Africa, and the European Union, the paper evaluates the adequacy of existing instruments, including the Climate Change Act 2021, the Companies and Allied Matters Act 2020 (CAMA), and the Securities and Exchange Commission (SEC) Sustainability Disclosure Guidelines. Findings reveal that while international principles such as the polluter pays principle and common but differentiated responsibilities have been adopted in policy rhetoric, they are not codified into binding corporate obligations or judicially enforceable rights. CAMA does not impose environmental fiduciary duties. The SEC guidelines remain voluntary. Institutional oversight is fragmented. Nigeria's legal regime continues to treat sustainability as a reputational issue rather than a legal duty integrated into corporate governance. This paper proposes a phased transition framework that redefines directors' responsibilities, mandates ESG reporting, establishes a statutory carbon market, and constitutionalizes environmental rights. It also recommends the creation of a centralized enforcement body to coordinate compliance and litigation. The central claim is that Nigeria's energy transition must be structured by enforceable legal standards. For green capitalism to advance meaningfully, law must function as an instrument of developmental equity, climate accountability, and institutional reform.

Keywords: Green Capitalism; Environmental Sustainability; International Environmental Law; Sustainable Corporate Investment; Energy Transition; Nigeria; ESG Regulation

INTRODUCTION

The intersection of environmental sustainability and corporate governance has emerged as one of the most critical legal and developmental frontiers of the 21st century.[1] As the global community accelerates its response to climate change, countries like Nigeria, economically anchored in fossil fuel extraction, face profound structural and legal challenges.[2] For Nigeria, the imperative to decarbonize is no longer an abstract environmental concern; it is a matter of legal, economic, and constitutional significance.[3] Yet, the transition to a sustainable, low-carbon economy must be navigated with sensitivity to the nation's socio-economic realities, political architecture, and institutional capacity. Nigeria remains a highly fossil-dependent country. Petroleum continues to dominate its export earnings and public revenues. This centrality has shaped not only fiscal policy but the very character of the country's development model; one that prioritizes immediate revenue over long-term sustainability.[4] At the same time, Nigeria is increasingly bound by international environmental obligations that call for reduction in greenhouse gas emissions, environmental protection, and responsible investment.[5] The resulting tension is stark: how can Nigeria reform its corporate regulatory framework to promote environmental accountability while preserving economic stability?

This paper approaches that question from a legal standpoint. It interrogates the frameworks, instruments, and doctrines that could enable a functional transition to green capitalism in Nigeria.[6] It does not assume green capitalism to be a universally applicable model, but rather investigates how it might be adapted, through law, to reflect the unique context of Nigeria's extractive economy, institutional realities, and development aspirations. The analysis is rooted in the conviction that environmental responsibility must move beyond voluntary compliance and become embedded in statutory obligations, fiduciary duties, and enforceable rights.[7]
This paper argues that Nigeria's transition to green capitalism must be gradual, legally coherent, and economically inclusive. A credible path forward lies in adopting a phased legal approach; one that does not abruptly abandon fossil fuels but incrementally reduces dependence while simultaneously building a robust framework for sustainable corporate investment. To achieve this, Nigeria must undertake four foundational reforms:

1. redefine legal obligations to make environmental sustainability a core element of corporate governance,
2. align domestic laws with international climate commitments,

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[1] K Kila, OK Osuji and FN Ngwu, 'Corporate Participation in Climate Change Mitigation in Developing Countries: "Green Capitalism" as a Tool for Sustainable Development' in P Utting (ed), *Business, Politics and Public Policy: Implications for Inclusive Development* (Zed Books 2020) 315–336
[2] CE Madu, *Rethinking the Relationship between Capitalism and Environmental Sustainability: Locating Nigeria within the Globe* (PhD thesis, Loyola University Chicago 2024)
[3] IJ Ezeumeh, *Achieving a Low Carbon Economy in Nigeria via the Climate Change Mechanisms in the Paris Agreement* (LLM thesis, University of Calgary 2023)
[4] CN Mbalisi and CA Mbalisi, 'Neoliberalism and Environmental Decline in Africa: Why Global Climate Agendas Undermine Nigeria's Development Priorities' (2025) *Journal of African Research in Politics and Climate Studies* https://nigerianjournalsonline.org/index.php/JARPCS/article/view/106
[5] IJ Ezeumeh (n 3)
[6] OJ Olujobi and OS Irumekhai, 'Sustainable Development and National Integration: A Catalyst for Enhancing Environmental Law Compliance in Nigeria' (2024) *Environmental Policy and Law* https://journals.sagepub.com/doi/abs/10.3233/EPL-230050 DOI:10.3233/EPL-230050
[7] OA Gbadegesin and OS Komolafe, 'Unmasking Greenwashing: Strengthening Nigeria's Legal Framework for a Sustainable Green Economy' (2025) *Global Legal and Corporate Ethics* https://ojs.bonviewpress.com/index.php/GLCE/article/view/4335 DOI:10.47852/bonviewGLCE52024335

3. strengthen regulatory institutions to ensure oversight and enforcement, and
4. empower courts and communities to demand environmental accountability.

Without these structural shifts, any attempt at transition may prove either too economically disruptive to sustain, or too weak to produce real change—serving only as a superficial gesture rather than a substantive reform.

Three interrelated research questions guide this paper:

a. What legal reforms are necessary to mainstream environmental responsibility into Nigeria's corporate governance system?
b. How can international environmental law be meaningfully domesticated within Nigeria's legal order to support corporate climate accountability?
c. What phased transition mechanisms can mitigate the fiscal, social, and institutional risks of fossil fuel divestment?

To answer these questions, the paper adopts a doctrinal legal methodology, supported by policy analysis and comparative legal insights from jurisdictions such as Kenya, South Africa, and Brazil. These methods provide a multidimensional understanding of how green corporate frameworks can be structured, enforced, and institutionalized. The focus remains on law as both a tool and a terrain for contesting, negotiating, and realizing sustainable economic reform.[8]

The paper is also situated within a broader reflection on the role of law in development. Nigeria's corporate legal system has traditionally prioritized shareholder interests and financial returns, often at the expense of environmental and social concerns.[9] While recent reforms, such as the passage of the Climate Change Act and updates to CAMA, signal a shift in regulatory thinking, they remain insufficiently operationalized. More importantly, they lack the normative clarity and enforcement architecture needed to compel genuine corporate transformation. This paper, therefore, argues for a reconceptualization of corporate law that centers environmental sustainability as a legal duty, not a charitable gesture.

The significance of this inquiry lies in its practical and normative ambitions. Practically, it provides concrete legal and policy recommendations that can help guide Nigeria's transition in a manner that is gradual, inclusive, and economically viable. Normatively, it contributes to an emerging body of legal scholarship that sees the law not only as a mirror of social and economic power but as a potential instrument for ecological justice and inter-generational equity.

The paper unfolds through a logical progression that begins with the conceptual and theoretical grounding of green capitalism and its implications for Nigeria's corporate and legal systems. It then critically examines existing scholarship to identify gaps in doctrine and regulatory practice, followed by a detailed explanation of the research methodology. The analysis turns to the structure of Nigeria's fossil-fuel economy and the legal and institutional challenges to a green transition.

It evaluates the strengths and limitations of both domestic and international legal instruments currently in place, before advancing a set of original legal and policy recommendations designed to operationalize a phased and enforceable transition to sustainability. The paper concludes with a reaffirmation of its central thesis and proposes future research directions for deepening the discourse.

This is a paper written not from a place of abstraction but from a firm belief in law's potential to balance economic necessity with environmental imperatives. Green capitalism in Nigeria must not be treated as a foreign ideal or a luxury. Rather, it must be legally constructed as a pathway toward national survival, institutional legitimacy, and intergenerational responsibility.

[8] K Kila (n 1)

[9] GN Adebanjo, *Corporate Social Responsibility and Climate Change: The Case of Oil and Gas Industry of Nigeria* (PhD thesis, University of Essex 2024)

CONCEPTUAL AND THEORETICAL FRAMEWORK

The idea of green capitalism presents an evolving frontier in environmental law and corporate governance, particularly for developing countries. At its core, green capitalism refers to the integration of environmental sustainability into the logic of profit-driven enterprise. It encourages the use of market-based tools such as carbon credits, green bonds, and ESG reporting to address climate change while still operating within the framework of capitalism. In many advanced economies, these instruments are underpinned by strong regulatory institutions, legal accountability, and active civic oversight. However, when transposed to contexts like Nigeria, the concept must be approached with caution and critical reflection[10].

Nigeria presents a unique case. The economy remains deeply reliant on fossil fuel exports for revenue, foreign exchange, and employment. This dependence is not only structural but political, with oil rents historically shaping governance systems and regulatory inertia. As a result, environmental costs are frequently externalised. Communities, particularly in oil-producing regions, bear the brunt of pollution, degradation, and ecological harm, while corporate actors often operate with limited accountability[11]. In such a setting, green capitalism cannot simply be imported as a technical fix. It must be interrogated through the lenses of power, law, and institutional design.

In theory, corporate environmental responsibility could act as a bridge between economic growth and ecological protection. However, in practice, Nigerian corporate law continues to treat environmental sustainability as a voluntary or reputational concern rather than a binding obligation. The Companies and Allied Matters Act encourages Corporate Social Responsibility (CSR), but does not impose clear environmental duties on directors. Similarly, ESG reporting guidelines are treated as non-binding. This legal gap contributes to weak enforcement and inconsistent compliance, especially among powerful actors in extractive sectors[12].

International environmental law offers some normative direction. Principles such as the precautionary principle, the polluter pays principle, and common but differentiated responsibilities provide a framework for guiding corporate behaviour. These principles acknowledge that environmental harm should be prevented even where scientific certainty is lacking, that those who pollute should bear the costs of remediation, and that developing countries should not be held to the same standards or timelines as industrialised states. However, while Nigeria has adopted these principles through treaties and declarations, they are not consistently reflected in corporate law or enforced by domestic courts.[13]

Theoretical frameworks help to explain why these gaps persist. Ecological modernization theory suggests that capitalism can reform itself by integrating environmental values into production through innovation, regulation, and institutional learning. It sees the private sector not as an adversary but as a potential driver of ecological change. This approach has shaped optimism around green finance, corporate ESG, and voluntary disclosure initiatives. Yet, this theory assumes functional state institutions and responsive governance. In contexts where legal frameworks are weak or regulatory bodies are under-resourced, ecological modernisation risks becoming an empty promise.[14]

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[10] C Okereke, O Vincent and C Mordi, 'Determinants of Nigerian Managers' Environmental Attitude: Africa's Ubuntu Ethics versus Global Capitalism' (2018) 58 *Thunderbird International Business Review* 527

[11] A Hassan and R Kouhy, 'From Environmentalism to Corporate Environmental Accountability in the Nigerian Petroleum Industry: Do Green Stakeholders Matter?' (2015) 9(2) *International Journal of Energy Sector Management* 204–226

[12] A Hassan and R Kouhy, 'From Environmentalism to Corporate Environmental Accountability in the Nigerian Petroleum Industry: Do Green Stakeholders Matter?' (2015) *International Journal of Energy Sector Management*

[13] CE Madu, *Rethinking the Relationship between Capitalism and Environmental Sustainability: Locating Nigeria within the Globe* (PhD thesis, Loyola University Chicago 2024)

[14] Ibid

Another perspective comes from stakeholder capitalism, which calls for companies to consider the interests of workers, communities, and the environment alongside those of shareholders. This model encourages a broader view of corporate responsibility and is reflected in some international soft law instruments. However, Nigerian law still prioritises shareholder interests, and courts have often been reluctant to enforce broad social or environmental duties unless explicitly provided in legislation. Although there have been progressive decisions recognising environmental rights as part of constitutional rights to life and dignity, enforcement has often been limited by political interference and lack of institutional support.[15]

Critical voices have also warned against the uncritical embrace of green capitalism. They argue that market-based reforms may create the illusion of change while allowing polluting industries to continue business as usual under the cover of sustainability branding. Without strong legal obligations, effective enforcement, and citizen participation, green capitalism can become a form of greenwashing that benefits corporations more than communities or ecosystems.[16] This perspective urges a deeper structural reform that goes beyond market tools to confront power imbalances and environmental injustice.

Overall, the Nigerian context demands a careful, law-led approach to green capitalism. It must move beyond aspirational commitments and adopt enforceable rules that align with both international principles and local realities. Legal reforms must not only clarify environmental duties within corporate governance frameworks but also strengthen institutions to ensure that those duties are upheld. The goal is not to reject green capitalism outright, but to ensure it becomes a genuine pathway for sustainable development rather than a rhetorical exercise.

Nigeria's Fossil Economy and the Challenges of Transition

The conversation around energy transition in Nigeria cannot proceed without a sober reckoning with the centrality of fossil fuels to the Nigerian state. In truth, the Nigerian state is not just an economic actor; it is a fossil-fueled institution. To speak of green capitalism in such a context is to confront structural contradictions that cannot be wished away through rhetorical gestures or aspirational frameworks. What is needed is an unflinching look at how Nigeria's fossil economy emerged, how it is maintained, and what the true legal and socio-political risks of transition entail.

Historical and Structural Entrenchment of Fossil Dependency

Since the discovery of crude oil in Oloibiri in 1956, Nigeria has become a classic case of the resource curse; a mono-economy where oil accounts for 90% of export earnings and over 40% of government revenues[17]. As of 2022, petroleum products contributed approximately ₦29.1 trillion (roughly USD 70 billion) to the nation's GDP[18]. This overdependence has left the economy vulnerable to oil price shocks and fostered a distorted developmental path where environmental protection is persistently subordinated to fiscal survival. Licensing regimes in Nigeria's extractive sector have long been criticized for their opacity and susceptibility to elite capture. The discretionary allocation of Oil Mining Leases (OMLs) and Marginal Field Licences has often been leveraged as a form of rent redistribution to politically connected actors, rather than through transparent competitive bidding processe.[19] This dynamic reinforces the broader

[15] NA Amodu, *A Conceptual Framework for Effective Corporate Social Responsibility for Companies in the Nigerian Extractive Industry* (PhD thesis, University of Lagos 2017)

[16] C Okereke, O Vincent and C Mordi, 'Determinants of Nigerian Managers' Environmental Attitude: Africa's Ubuntu Ethics versus Global Capitalism' (2018) 58 *Thunderbird International Business Review* 527

[17] World Bank, *Nigeria Economic Update: A Better Future for All Nigerians* (June 2023)https://www.worldbank.org/en/country/nigeria/publication/nigeria-economic-update

[18] LI Nwokike, 'Nigeria's Transition to a Green Economy: A Roadmap to Sustainable Development' (2024) 3(1) *Journal of Contemporary Public Law* 33–58

[19] M Orogun, 'The Political Economy of Oil Licence Allocation in Nigeria: Transparency and Accountability in Question' (2020) *African Journal of International and Comparative Law* 28(2) 201.

political economy of oil in Nigeria, where regulatory discretion frequently serves as a patronage tool rather than an accountability mechanism.

Although the Environmental Impact Assessment Act 1992 legally mandates prior environmental assessment before project approval, implementation is routinely circumvented or subjected to procedural manipulation.[20] Impact assessments are often reduced to bureaucratic formalities, lacking substantive review or public participation. Moreover, judicial oversight remains underdeveloped. In *Centre for Oil Pollution Watch v Nigerian National Petroleum Corporation*, the Supreme Court affirmed the locus standi of environmental NGOs, marking a progressive step toward environmental justice.[21] However, despite such recognition, the actual enforcement of remediation orders remains sporadic and poorly resourced.[22]

Political Economy of Subsidies, Licensing, and Corruption

The fuel subsidy regime exemplifies the political inertia of Nigeria's fossil economy. For decades, the Federal Government subsidized petroleum products, with estimates suggesting that over ₦11 trillion was spent between 2006 and 2022 alone.[23] In 2022, fuel subsidies consumed approximately ₦4.3 trillion; almost one-third of the entire federal budget.[24] These subsidies have proven politically popular yet economically corrosive, incentivizing smuggling, distorting markets, and draining resources that could be directed towards clean energy investments.

Licensing regimes in the extractive sector have similarly been plagued by opacity and elite capture. The discretionary allocation of Oil Mining Leases (OMLs) and Marginal Field Licences has often served as rent-distribution mechanisms for politically connected actors.[25] Legal provisions requiring Environmental Impact Assessments under the EIA Act of 1992 are routinely ignored or manipulated, and judicial oversight remains weak. For instance, in *Centre for Oil Pollution Watch v NNPC*,[26] the Supreme Court upheld standing for environmental NGOs, but enforcement of environmental remediation remains irregular and underfunded.

Socio-Economic Risks of Abrupt Fossil Fuel Reduction

Transitioning away from fossil fuels without adequate legal and fiscal cushioning poses grave risks. An immediate divestment from hydrocarbons, as sometimes urged by international finance institutions, could trigger macroeconomic instability, including increased unemployment, inflation, and fiscal deficits. The oil and gas sector directly employs over 65,000 workers and indirectly supports more than 250,000 jobs across refining, logistics, and upstream services.[27]

Additionally, state governments in the Niger Delta are overwhelmingly reliant on oil revenue, with little diversification. A poorly sequenced transition could exacerbate regional inequalities, provoke social unrest, and delegitimize climate policy. The 2021 'Occupy NNPC' protests against subsidy removal illustrated how fragile public support remains for energy policy reform, particularly in contexts of weak trust in state

[20] O Ekhator, 'Environmental Impact Assessment in Nigeria: Regulatory Gaps and Institutional Deficiencies' (2016) *Environmental Law Review* 18(2) 98.

[21] *Centre for Oil Pollution Watch v Nigerian National Petroleum Corporation* [2019] 5 NWLR (Pt 1666) 518 (SC).

[22] U Etemire, *Law and Practice on Public Participation in Environmental Matters: The Nigerian Example in Transnational Comparative Perspective* (Routledge 2018).

[23] OJ Olujobi, UE Okorie and AD Aina-Pelemo, 'Legal Responses to Energy Security and Sustainability in Nigeria's Power Sector Amidst Fossil Fuel Disruptions' (2023) *Heliyon*

[24] M Timiyan, *Nigeria's Economic Reliance on Fossil Fuels: Issues and Proposals for Transition to Renewable Energy* (2022)

[25] AS Okoh and AS Okoh, 'Fossil Fuel Exit: Which Way Nigeria?' in M Heinrich and F Quintero (eds), *Fossil Capital and the Post-Petroleum Society* (Springer 2021) 117–134

[26] (2019) 5 NWLR (Pt 1666) 518

[27] Okoh and Okoh, (n 25)

capacity.[28] Thus, a just transition must be phased and legally structured to protect vulnerable communities, workers, and subnational governments. It must go beyond technical policy and root itself in constitutional principles of equity, participation, and intergenerational justice.

Critique of International Financial Conditionality

Multilateral institutions such as the International Monetary Fund (IMF) and the World Bank have played an outsized role in framing Nigeria's energy transition discourse. Their policy prescriptions often push for rapid subsidy removal and accelerated liberalization of the energy market. While such measures may align with fiscal orthodoxy, they frequently ignore the social and legal complexities of Nigeria's fossil economy.[29]

The IMF's 2021 Article IV Consultation called for immediate removal of energy subsidies as a "precondition" for macroeconomic stability. However, these prescriptions fail to consider the legal and human rights obligations of the Nigerian state; especially under the African Charter on Human and Peoples' Rights, domesticated through the Ratification and Enforcement Act, which requires environmental protection and socio-economic rights.

Furthermore, international carbon financing mechanisms, such as Article 6 of the Paris Agreement, offer limited utility for Nigeria if domestic legal frameworks and institutional capacity are not restructured to facilitate participation. Without strong national legal safeguards, such instruments risk becoming vehicles for new forms of environmental extraction and policy dependency.[30]

Legal Frameworks Governing Green Capitalism in Nigeria

Legal frameworks are the architecture through which economic aspirations can be disciplined into sustainable outcomes. Nowhere is this more evident than in the task of steering Nigeria's fossil-heavy economy toward green capitalism. However, to truly foster environmentally responsible corporate conduct, the law must go beyond symbolic commitment and evolve into an instrument of enforceable change. This section examines Nigeria's legal frameworks, domestic and international, as well as comparative models that offer insight into possible reform pathways.

Domestic Legal Instruments: Norms, Gaps, and Enforcement Realities

The Nigerian legal landscape is dense with statutes and policies relating to environmental management and corporate governance. Yet, as scholars consistently argue, what is lacking is the coherence, enforcement capacity, and normative alignment to drive green investment.[31]

The Climate Change Act 2021 represents Nigeria's first statutory effort to integrate climate policy into national governance. The Act establishes the National Council on Climate Change and mandates the alignment of public and private activities with Nigeria's Nationally Determined Contributions (NDCs). However, the Act is conspicuously silent on the corporate sector's specific obligations, offering no detailed ESG benchmarks or mechanisms for emission audits.[32]

Meanwhile, the Companies and Allied Matters Act (CAMA) 2020, although heralded for modernizing Nigeria's corporate framework, fails to impose binding environmental duties on directors. Section 279 of

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[28] LI Nwokike (n 18)

[29] OJ Olujobi, UE Okorie and AD Aina-Pelemo, 'Legal Responses to Energy Security and Sustainability in Nigeria's Power Sector Amidst Fossil Fuel Disruptions' (2023) *Heliyon*

[30] Okoh and Okoh, (n 25)

[31] OJ Olujobi, UE Okorie and AD Aina-Pelemo, 'Legal Responses to Energy Security and Sustainability in Nigeria's Power Sector Amidst Fossil Fuel Disruptions' (2023) 9(2) *Heliyon* e12947

[32] LO Uche and O Azoro-Amadi, 'Aligning Nigeria's International Obligations: A Comprehensive Analysis of Environmental Protection within the Industrial Law and Policy Framework' (2024)

CAMA provides that directors must act in the "best interest of the company," but it stops short of incorporating environmental risks or climate-related financial disclosures as fiduciary matters.[33]

The Securities and Exchange Commission of Nigeria introduced its *Sustainability Disclosure Guidelines* in 2021 as a soft-law mechanism intended to encourage Environmental, Social and Governance (ESG) reporting among listed companies. However, the guidelines remain voluntary, offering no statutory consequences for non-compliance or misreporting. This undermines their regulatory utility and reflects a broader reluctance within Nigeria's corporate governance framework to impose binding environmental duties on firms.[34]

This regulatory weakness is further complicated by the limited statutory jurisdiction of the National Environmental Standards and Regulations Enforcement Agency (NESREA). By the terms of its enabling Act, NESREA lacks oversight over oil and gas operations; arguably the most environmentally hazardous sector in the country. Instead, oversight of this sector is largely assigned to the National Oil Spill Detection and Response Agency (NOSDRA), which lacks comparable institutional power and enforcement capacity.[35] The effect is a fragmentation of authority that weakens regulatory coherence and environmental accountability.

Judicial intervention, while occasionally assertive, has not been structurally transformative. In *Gbemre v Shell Petroleum Development Company*, the Federal High Court recognised gas flaring as a violation of constitutionally protected rights to life and dignity. Despite this landmark ruling, enforcement was inconsistent and ultimately suspended due to procedural objections and executive non-cooperation.[36] More broadly, environmental litigation in Nigeria remains hindered by prohibitive costs, delayed procedures, and the frequent failure of government agencies and corporate actors to comply with court orders.[37] These systemic barriers continue to limit the judiciary's potential as an effective mechanism for corporate environmental accountability.

International Environmental Law Obligations: From Soft Law to Domestic Dissonance

Nigeria is a party to several international environmental instruments that outline the normative principles of green capitalism, including the Paris Agreement, the UNFCCC, and the Rio Declaration. Article 6 of the Paris Agreement, for example, envisions voluntary cooperation via carbon markets. However, Nigeria has yet to legislate the infrastructure necessary for this engagement, such as emission trading registries or independent monitoring authorities.[38] In principle, the country is bound by the polluter pays, precautionary, and common but differentiated responsibilities (CBDR) doctrines. Yet these remain aspirational in practice. There is no domestic statute operationalizing CBDR in Nigeria's corporate or investment law, despite its consistent invocation in global negotiations.[39]

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33 NA Amodu, 'Regulation and Enforcement of Corporate Social Responsibility in Corporate Nigeria' (2017) *Journal of African Law*

34 Securities and Exchange Commission, *Sustainability Disclosure Guidelines* (2021) https://sec.gov.ng/sustainability-disclosure-guidelines/

35 N Okechukwu, 'NESREA and the Challenges of Environmental Regulation in Nigeria' (2024) 4(1) *British Journal of Mass Communication and Media Research* 1, 8–10; J Ijaiya, 'Challenges of Enforcement of Environmental Laws in Nigeria' (2014) 5(3) *Journal of Law, Policy and Globalization* 63.

36 *Gbemre v Shell Petroleum Development Co of Nigeria Ltd* [2005] Suit No. FHC/B/CS/53/05 (Federal High Court, Benin Division)

37 J Ijaiya (n 2); E Olowu, 'Judicial Enforcement of Environmental Rights in Nigeria: Myth or Reality?' (2020) 28(1) *African Journal of International and Comparative Law* 123.

38 LO Uche and O Azoro-Amadi, 'Aligning Nigeria's International Obligations: A Comprehensive Analysis of Environmental Protection within the Industrial Law and Policy Framework' (2024)

39 OD Akinkugbe and A Majekolagbe, 'International Investment Law and Climate Justice: The Search for a Just Green Investment Order' (2022) 45(3) *Fordham International Law Journal* 761–814

Soft law instruments like the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises promote corporate responsibility in cross-border environmental matters. However, Nigeria has not transposed these into enforceable codes. This has allowed multinational corporations to enjoy regulatory dualism, subject to strict ESG oversight in their home states while operating with impunity in Nigeria.[40]

As such, while international law provides the normative scaffolding for sustainable corporate conduct, Nigeria's domestic legal order remains structurally resistant to its effective incorporation.

Comparative Case Studies: Kenya, South Africa, and the European Union

Comparative lessons offer insight into how similar jurisdictions have used legal frameworks to advance green capitalism.

Kenya's Climate Change Act 2016 imposes legal obligations on both public and private entities to integrate climate resilience into their operations. The law establishes a National Climate Change Council and mandates climate risk reporting for firms above certain thresholds. Kenya's Green Bond Programme, launched in 2017, has mobilized over USD 300 million in sustainable finance by aligning fiscal incentives with legal obligations.[41]

South Africa provides a model for corporate integration of ESG through its Companies Act 2008 and King IV Code. The latter treats sustainability as a core governance concern and is backed by enforceable corporate governance standards. South Africa's Carbon Tax Act 2019 also directly prices emissions, thereby reinforcing the polluter pays principle.[42]

In the European Union, the Green Taxonomy Regulation (2020) establishes clear criteria for determining whether an economic activity is environmentally sustainable. The regulation requires ESG disclosures under the Sustainable Finance Disclosure Regulation (SFDR), placing legal accountability on financial actors. While Nigeria may not immediately replicate these standards, they offer aspirational benchmarks for reform.[43]

These jurisdictions underscore the importance of institutional clarity, legal coherence, and enforcement capacity in transforming green rhetoric into green law.

LEGAL AND POLICY RECOMMENDATIONS

Transitioning Nigeria into a green capitalist economy requires more than policy pronouncements or borrowed models. It requires a deliberate recalibration of law, institutions, and market incentives that reflects our national realities: a petro-dependent economy, fragile institutions, and rising socio-economic inequalities. The recommendations that follow are structured not as abstract ideals but as tangible proposals designed to inspire legal reform, policy coherence, and institutional imagination.

Enact a Green Transition and Resilience Framework Act

Nigeria's energy transition should not be guided solely by global market signals or multilateral mandates. It should be governed by a robust national law that balances fiscal stability with environmental responsibility**.** A Green Transition and Resilience Framework Act should:

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[40] JT Nnodum, *Foreign Investment Protection and Environmental Governance in Nigeria: A TWAIL Analysis* (PhD thesis, University of Nigeria 2022)

[41] JT Nnodum, *Foreign Investment Protection and Environmental Governance in Nigeria: A TWAIL Analysis* (2022)

[42] NA Amodu, 'Stakeholder Protection and Corporate Social Responsibility from a Comparative Company Law Perspective: Nigeria and South Africa' (2020) *Journal of African Law*

[43] OD Akinkugbe and A Majekolagbe, 'International Investment Law and Climate Justice: The Search for a Just Green Investment Order' (2022) *Fordham International Law Journal*

a. Legally define transition phases across sectors: transport, manufacturing, agriculture, using verifiable emissions and investment thresholds.
b. Set legal triggers for subsidy redirection, e.g., fossil subsidy savings must be reinvested in off-grid renewable infrastructure in underserved regions.
c. Mandate just transition plans for labour-intensive sectors, including legal guarantees for job retraining, pension continuity, and local content prioritization in renewable industries.
d. Require annual legislative review of transition progress by a joint committee of the National Assembly to embed democratic oversight.

Such a framework would legally anchor Nigeria's climate ambition, while protecting its developmental sovereignty.

Introduce Environmental Fiduciary Duties into Corporate Law

Environmental impacts should no longer be treated as externalities. Directors and managers must be legally accountable for corporate environmental risks. A reform of the Companies and Allied Matters Act (CAMA) should:

a. Embed a "climate due diligence" duty on directors, especially in high-emission sectors. This would mandate scenario analysis and disclosure of material climate risks.
b. Establish personal liability for directors who fail to prevent or disclose environmental misconduct resulting in harm or regulatory breaches.
c. Create a Green Corporate Compliance Unit within the Corporate Affairs Commission to audit ESG filings and refer fraudulent disclosures for prosecution.

This approach would shift ESG from soft reputation to hard obligation—without unduly burdening enterprise.

Establish a National Carbon Market with a Domestic Offset Registry

Nigeria should not wait for global markets to dictate its entry into the carbon economy. A domestic Carbon Exchange Act should establish:

a. A legally recognized emissions trading platform, with verifiable measurement, reporting, and verification (MRV) infrastructure.
b. A domestic offset registry that allows Nigerian businesses to earn carbon credits from afforestation, clean cookstoves, and methane reduction projects.
c. A governance body with equal representation from regulators, civil society, and the private sector to supervise price integrity and avoid market manipulation.

The revenue generated from this system can be set aside specifically to support climate adaptation efforts in vulnerable communities, thereby establishing a self-sustaining climate finance mechanism within the national legal framework.

Legalize Green Finance Obligations in the Financial Sector

Financial institutions must become instruments of ecological accountability. Nigeria's legal framework should require:

a. Mandatory green lending ratios for commercial banks, e.g., 5% of annual portfolios must go to certified sustainable projects by 2027, increasing annually.
b. A Sustainability Compliance Scorecard for financial institutions, made public and tied to eligibility for government bailouts or licensing renewals.
c. Legal standards for green bond verification, ensuring transparency on the use of proceeds and alignment with national transition priorities.

To this end, the Central Bank of Nigeria should be empowered by statute to issue enforceable Sustainability Directives; not merely policy guidance.

Establish a Unified Climate Enforcement Agency

Fragmentation in Nigeria's environmental governance has led to turf wars, inefficiencies, and regulatory duplications. A new National Climate Compliance Commission (NCCC) should be created by legislation, with powers to:

a. Enforce emissions standards across ministries, departments, and agencies.
b. Initiate climate-based litigation against non-compliant entities—public or private.
c. Publish biannual Climate Compliance Reports ranking corporate performance by sector.

The NCCC should have prosecutorial powers and operate with financial autonomy under National Assembly oversight.

Embed Climate Litigation in Constitutional and Civil Procedure Law

Nigeria's judicial system must evolve from occasional intervention to structured climate enforcement. This requires:

a. Amending the Fundamental Rights (Enforcement Procedure) Rules to explicitly include environmental degradation as a violation of the right to life and dignity.
b. Establishing Environmental and Climate Divisions in the Federal High Court with judges trained in climate finance, environmental science, and corporate law.
c. Creating a Climate Litigation Support Fund, financed by carbon revenues, to subsidize civil society and affected communities in initiating public interest suits.

These reforms would democratize climate enforcement and signal to corporations that greenwashing carries judicial consequences.

Institutionalize Stakeholder Participation in Corporate Environmental Governance

Nigeria should move beyond consultation as ritual. New legislation should require:

a. Mandatory community advisory boards for all extractive and manufacturing corporations with an annual turnover above ₦1 billion.
b. Civil society representation on corporate environmental audit panels.
c. A national Climate Dialogue Forum**,** convened biannually under the auspices of the National Assembly, where regulators, industry, academia, and affected communities co-design environmental policies.

Such participatory structures would institutionalize transparency and restore legitimacy to Nigeria's environmental governance. Each of these recommendations is legally implementable, context-sensitive, and institutionally grounded. They do not reject international norms but insist that Nigeria must translate global aspirations into local imperatives—through law, not language; through enforcement, not aspiration.

CONCLUSION

The imperative to recalibrate Nigeria's corporate economy along green lines is no longer speculative—it is existential. The paper has argued that green capitalism, when interpreted through the lens of Nigeria's environmental and developmental realities, is not merely a buzzword imported from the Global North. It is a legal and economic necessity; but one that must be carefully sequenced, normatively grounded, and institutionally localized. The central argument advanced is that a phased, legally coherent transition is the only viable path forward. Abrupt fossil fuel divestment, while ideal in theory, risks fiscal collapse, regulatory backlash, and popular resistance. Nigeria must instead pursue a legally-anchored model of transformation, rooted in its constitutional commitments to justice, equity, and intergenerational responsibility.

This research contributes original thought by moving beyond soft law and corporate voluntarism, toward a hard-edged reimagination of law as an enabler of sustainable development. Unlike many prior discussions that treat ESG compliance as a matter of reputation or moral leadership, this paper has insisted on legislative mandates, institutional accountability, and judicial enforcement as non-negotiables for genuine reform. It is also worth emphasizing that law, in this context, must do more than regulate—it must inspire. A green capitalist framework, properly designed, can provide new legitimacy for the Nigerian state, new innovation channels for the private sector, and new tools of empowerment for local communities and vulnerable populations. But this can only occur if law is responsive, not rhetorical; if policy is enforceable, not episodic.

As with any evolving paradigm, there remains scope for further empirical and interdisciplinary research. Future work should investigate how communities experience corporate climate responsibility, how informal institutions shape ESG outcomes, and how green investment flows can be made equitable across Nigeria's diverse regions. Ultimately, this paper concludes not with pessimism, but with guarded hope: that through a legally sequenced, socially just, and institutionally executable model of green capitalism, Nigeria can find a path that is both sustainable and sovereign; environmentally conscious, yet economically rooted.