CARBON TAXATION IN NIGERIA: ASSESSING ITS LEGAL FRAMEWORK AND FISCAL VIABILITY

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Abstract
Nigeria's heavy reliance on petroleum revenue had long exposed its fiscal system to volatility arising from global oil price fluctuations. As a Party to the United Nations Framework Convention on Climate Change 1992 and the Paris Agreement 2015, Nigeria was under increasing pressure to adopt market-based mechanisms such as carbon taxation to reduce greenhouse gas emissions. The article examined the fiscal viability of carbon taxation in Nigeria within the context of its evolving climate governance framework. It examined the statutory basis for environmental taxation, which included the Climate Change Act 2021, the Petroleum Industry Act 2021, the National Climate Change Policy 2021–2030 and Nigeria Carbon Market Activation Policy 2025, and evaluated carbon taxation as a revenue-generating instrument for climate finance. The article adopted doctrinal methodology with comparative insights from the United Kingdom and South Africa. The article contended that although carbon taxation offered significant potential for revenue diversification and sustainable finance, its implementation in Nigeria was constrained by legal ambiguities, institutional limitations, and entrenched dependence on petroleum revenue, among others. The article recommended the enactment of a carbon tax law, strengthening the institutional capacity and coordination of the National Council on Climate Change, accelerating just transition to a low-carbon economy, among other fiscal reforms necessary to implement carbon taxation in Nigeria.

Keywords: Climate Change, Carbon Tax, Public Finance, Sustainability, Nigeria.

1. Introduction

Nigeria's fiscal architecture remains heavily dependent on petroleum revenues, which account for a significant proportion of government income.[1] As in many fossil-fuel-dependent jurisdictions, hydrocarbon production and export constitute a principal source of public revenue, rendering the Nigerian state structurally vulnerable to global price volatility and supply, demand fluctuations.[2] This political economy dynamic is not unique to Nigeria, several Gulf states[3] remain fiscally dependent on hydrocarbon rents.[4] This dependence has rendered the Nigerian economy vulnerable to global oil price volatility, thereby undermining fiscal stability and long-term economic planning. At the same time, Nigeria has assumed international obligations under global climate governance regimes, including the United Nations Framework Convention on Climate Change (UNFCCC) 1992 and the Paris Agreement 2015, which require the adoption of measures to reduce greenhouse gas (GHG) emissions. Nigeria has enacted the Climate Change Act 2021 to institutionalise mitigation, adaptation, and net-zero aspirations.[5]

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[1] National Bureau of Statistics, *'Nigerian Gross Domestic Product Report Q4 2023 (2024)'* <https://nigerianstat.gov.ng> accessed on 13 July, 2025.

[2] F Schneider, 'Hooked on Fossil Fuels? Analysing the Gulf States Dependency on Hydrocarbons: Gulf International Forum' <www.gulfif.org> accessed on 4 February, 2026.

[3] Saudi Arabia, Oman, Bahrain, Qatar, the UAE, Kuwait, Iran, Iraqi, etc.

[4] N Dube, 'Analysis of Political Economy of Fossil Fuel and Debt Finanacing in Africa' <www.afrodad.org> accessed on 7 February, 2026.

[5] National Council on Climate Change, *'Nigeria's First Biennial Transparency Report to the UNFCCC*' (NCCC Abuja, 2024) 5.

Carbon taxation has emerged globally as a key market-based instrument for addressing climate change while simultaneously generating public revenue. In developed and emerging economies alike, carbon pricing mechanisms have been deployed to internalise environmental externalities and promote sustainable economic transitions.[6] In Nigeria, the Climate Change Act 2021 empowers the National Council on Climate Change (NCCC) in collaboration with the Nigeria Revenue Services to impose taxes, fees, levies or charges in respect of activities that emit greenhouse gases or that may be harmful to the environment.[7] Carbon taxation in this context is intended as a market-based instrument designed to internalise the negative externalities of greenhouse gas emissions, encourage mitigation, and generate revenue to support climate investment.[8] However, the adoption of carbon taxation in Nigeria raises complex legal, fiscal, and institutional questions.

This article critically evaluates the fiscal viability of carbon taxation in Nigeria from a legal and public finance perspective. It argues that while carbon taxation holds promise as a tool for revenue diversification and climate finance, its effectiveness is contingent upon enabling tax legislation, the existence of robust a GHG measurement, reporting and verification (MRV) systems, and institutional capacity. The article adopts a doctrinal and comparative methodology, drawing insights from jurisdictions with established carbon pricing systems.

2. Conceptual Clarifications

A. Carbon Taxation

Carbon taxation is grounded in the economic theory of Pigouvian taxation, which seeks to correct market failures by imposing costs on activities that generate negative externalities.[9] Carbon taxation in this context is intended as a market-based instrument designed to internalise the negative externalities of greenhouse gas emissions, encourage mitigation, and generate revenue to support climate investment. By placing a price on carbon emissions, governments incentivise behavioural change while generating revenue.[10]

B. Public Finance

Richard Musgrave defines public finance as the study of the government's role in the economy, particularly in the allocation of resources, distribution of income, and stabilisation of economic activity.[11] Similarly, Harvey and Gayer conceptualise it as the analysis of government taxation and expenditure policies and their effects on the economy and society.[12] From a public finance perspective, carbon taxation performs dual functions. First, it serves as a regulatory instrument aimed at reducing emissions.[13] Secondly, it acts as a fiscal tool capable of generating stable and predictable revenue streams. Unlike traditional taxes, carbon taxes are closely linked to environmental objectives, thereby aligning fiscal policy with sustainability goals. The fiscal attractiveness of carbon taxation lies in its potential to broaden the tax base and reduce reliance on volatile revenue sources such as oil. However, its effectiveness depends on accurate measurement of emissions, administrative efficiency, and public acceptance.

3. Legal Framework for Carbon Taxation in Nigeria

A. Climate Change Act 2021

The Climate Change Act 2021 provides a framework for achieving low greenhouse gas (GHG) emission, inclusive green growth and sustainable economic development,[14] mainstreaming climate

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[6] Department of Climate Change-Federal Ministry of Environment, 'Assessment of Carbon Pricing Initiatives in Nigeria' (2023) <https://unfccc.int> accessed on 5 March, 2026.

[7] *Climate Change Act 2021, section 4(i).*

[8] Carbon Budget, Federal Government Inaugurates a Technical Committee on National Carbon Budget, *The Guardian 27 July, 2025.*

[9] A. C. Pigou, *'The Economics of Welfare'* (Macmillan and Company: London 1920) 2.

[10] *Ibid.*

[11] R M Musgrave and P. B Musgrave, '*Public Finance in Theory and Practice'* (5th edn, New York: McGraw-Hill 1989) 3-6.

[12] H. S Rosen and T. Gayer, *'Public Finance'* (10th edn, New York: McGraw-Hill 2014) 2-5.

[13] J. J. Odinkonigbo, 'Carbon Taxation as a Policy Instrument for Environmental Management and Control in Nigeria' *(2011-2012) The Nigerian Juridical Review (10) Pg 96-111.*

[14] *Climate Change Act 2021, section 1 (a).*

change actions in line with national development priorities,[15] setting a target for year 2050-2070 for the attainment of a net-zero GHG emission.[16] The Act applies to the Ministries, Departments and Agencies (MDAs) of the federal government, and to public and private entities within Nigeria.[17] It provides for the establishment of the National Council on Climate Change (NCCC), the body responsible for implementing Nigeria's climate change action plan.[18] The Act also provides for Climate Change Fund.[19] The Act provides for the Carbon Budget[20] which is to be periodically revised in line with Nigeria's National Determined Contributions (NDC).[21] The carbon budget is the approved quantity of GHG emission that is acceptable over a specified time. The Act also empowers the NCCC in collaboration with the Nigeria Revenue Services to impose taxes, fees, levies or charges in respect of activities that emit greenhouse gases.[22] Importantly, the Act does not, in itself, impose a carbon tax; rather, it constitutes an enabling provision that authorises the enactment of subsequent legislation to establish such a fiscal instrument. This reflects a notable doctrinal transition from traditional command-and-control regulatory approaches to market-based mechanisms. Unlike prescriptive regulatory limits, carbon taxation operates by pricing emissions, thereby creating economic incentives for decarbonisation.[23]

Notwithstanding this shift, the Act remains indeterminate on several critical design elements. It does not clarify whether a carbon tax should be applied on an economy-wide or sector-specific basis, nor does it prescribe minimum or maximum rates, revenue allocation frameworks, or mechanisms for enforcement and administration.[24] Consequently, the operationalisation of carbon taxation is contingent upon further legislative and fiscal measures to be adopted by the National Assembly and the Federal Government.[25] Although, Nigeria has taken preliminary steps toward the adoption of a formal carbon tax regime, implementation remains nascent.[26] There is, at present, no dedicated Carbon Tax Act or comprehensive regulatory framework governing carbon pricing in Nigeria.[27] Accordingly, no tax schedule or fiscal instrument expressly imposes a levy on greenhouse gas emissions.[28] Similarly, the Nigeria Revenue Service, established on 1 January 2026, has yet to incorporate carbon taxation into the national tax architecture.[29]

B. Petroleum Industry Act 2021

The Act is the principal legislation in oils and gas sector in Nigeria. It provides legal, governance, regulatory and fiscal frameworks for the Nigerian oil and gas industry and development of petroleum host communities. The Act established two regulatory agencies- the Nigerian Upstream Petroleum Regulatory Commission[30] and the Nigerian Midstream and Downstream Petroleum

[15] *Ibid, section 1 (c).*
[16] *Ibid, section 1 (f).*
[17] *Ibid, section 2.*
[18] *Ibid, Section 3.*
[19] *Ibid, Section 15- 18.*
[20] *Ibid, section 19 (1) (a).*
[21] *Ibid, Section 19 (1) (b).*
[22] *Ibid*, section 4(i).
[23] Nigeria NDC 3.0, p.10 (2025) <unfccc.int/documents/transmission-version-pdf/> accessed on 9 March, 2026.
[24] *Climate Change Act 2021*, section 4(i).
[25] World Bank, *State and Trends of Carbon Pricing 2023* (World Bank 2023) < https://ppp.worldbank.org/sites/2023/carbon/pricing/pdf> accessed March 7, 2026.
[26] K, Yadav, Nigeria Fianlizes Carbon Market Policy Activation Plan 2025' <https://www.fastmarkets.com/insights/nigeria-finalizes-carbonmarket-policy-targets-2-5-bln-in-climate-investmet-by-2030> accessed 3 March, 2026; Nigeria NDC 3.0, p.9 (2025) <unfccc.int/documents/transmission-version-pdf/> accessed on 9 March, 2026.
[27] Department of Climate Change-Federal Ministry of Environment, 'Assessment of Carbon Pricing Initiatives in Nigeria' (2023) <https://unfccc.int> accessed on 5 March, 2026.
[28] International Centre for Tax & Development, *'Just Environmental Taxation in Africa: How Tax Policy Can Curb Environmental Damage, Beyond Just Carbon Taxes'* (2023) <https://ictd,ac/blog/environment> accessed on 9 March, 2026.
[29] State House, New Tax Laws Will Commence on January 1, 2026 as Planned' (30 December, 2025) <https://statehouse.gov.ng.new-tax-laws-will-commence-on-january-1-2026-as-planned> accessed on 17 April, 2026.
[30] *PIA 2021, Section 4, Referred to as the 'Commission'.*

Regulatory Authority,[31] that will be responsible for the technical and commercial regulation of petroleum operations in their respective sectors. The Act prohibits gas flaring which is one of the main sources of climate change and environmental degradation and makes it permissible in the case of emergency, or where exemption has been hitherto given by the Commission and it is carried out as an acceptable safety practice under the regulations.[32] The Act introduced the requirement of submission of an Environmental Management Plan (EMP) by companies operating in the upstream and midstream petroleum industries in Nigeria,[33] the introduction of an Environmental Remediation Fund (ERF),[34] and created the Host Community Development Fund.[35] The Act provides that money received from gas flaring penalties by the Commission shall be used for the purpose of environmental remediation and relief by the host communities of the companies on which the penalties are levied. The Act also introduced a new system of taxation, replacing the petroleum profits tax and imposing on oil companies a hydrocarbon tax,[36] companies income tax,[37] tertiary education tax and withholding tax on dividends. The Act provides that upstream petroleum operations shall not be subject to company income tax[38] and profits from frontier and deep profits are not subject to hydrocarbon tax.[39] The penalty for non-compliance with the fiscal framework is provided.[40]

C. NATIONAL CLIMATE CHANGE POLICY 2021-2030

Nigeria started the process of developing climate change policies in 2013 with the National Climate Change Policy and Response Strategy (NCCPRS).[41] It aims to foster a low-carbon, high economic growth development pathway while building a climate-resilient society through the attainment of set goals. The NCCPRS has been revised and updated to cover the period 2021-2030 as the National Climate Change Policy.[42] As a framework document, it prescribes sectoral and cross-sectoral strategic policy statements and actions for the management of climate change within the country's pursuit for climate-resilient sustainable development. For instance, policy measures under oil and gas include to facilitate sustainable regulatory frameworks and incentives, as well as financial mechanisms to end gas flaring by 2030, while transport measures include to promote the adoption of polluter pay principle.[43] Accordingly, it can be deduced from the foregoing that the National Climate Change Policy (2021–2030) implicitly supports the fiscal viability of carbon taxation through its endorsement of market-based instruments such as the polluter-pays principle. In particular, its target of eliminating gas flaring by 2030 provides a strong policy foundation for the introduction of a carbon tax as both a revenue-generating mechanism and a regulatory tool to internalise the environmental costs of flaring in Nigeria's oil and gas sector.

D. The Nigeria Carbon Market Activation Policy 2025

The Federal Government introduced the Nigeria Carbon Market Activation Policy (NCMAP) 2025.[44] The Policy, which provides a strategic roadmap for developing a structured national carbon market.[45] Thus, it aims to transform Nigeria's currently fragmented carbon credit initiatives into a coordinated and transparent market framework capable of generating approximately $2.5 billion in carbon credit transactions by 2030.[46] In support of this objective, new institutional arrangements

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[31] *Ibid, Section 29, Referrred to as the 'Authority'.*
[32] *Ibid, Section 104.*
[33] *Ibid, Section 102.*
[34] *Ibid, Section 103.*
[35] *Ibid, Section 234.*
[36] *Ibid, Section 260.*
[37] *Ibid, Section 261.*
[38] *Ibid, Section 260 (5).*
[39] *Ibid, Section 26(3).*
[40] *Ibid, Section 277.*
[41] Nigeria NDC 3.0, Mitigation: Pg 9 (2025) <unfccc.int/documents/transmission-version-pdf/> accesssed on 21 April, 2026.
[42] *Ibid.*
[43] *Ibid, Page 6.*
[44] Nigeria NDC 3.0, Pg 9 (2025) <unfccc.int/documents/transmission-version-pdf/> accesssed on 9 March, 2026.
[45] *Ibid, Page 10.*
[46] *Ibid.*

including, the Carbon Market Oversight Body and the Intergovernmental Committee on Carbon Market Activation, have been established to strengthen regulatory supervision and enhance inter-ministerial coordination.[47]

Accordingly, Nigeria's progression toward a structured carbon market is commendable particularly in mobilising climate finance and enhancing mitigation efforts. However, while the development of a carbon market framework is laudable, it should be complemented by the accelerated enactment of a carbon tax to address existing regulatory and fiscal gaps, strengthen emission reduction incentives especially, in high-emitting sectors and generate predictable public revenue necessary for achieving Nigeria's broader climate objectives.

4.1 Tax Law Implications

Environmental taxation and carbon pricing mechanisms have gained prominence as policy instruments for addressing climate change concerns while simultaneously generating revenue for sustainable development initiatives.[48] These market-based tools aim to internalize environmental externalities by placing a price on carbon emissions, thereby incentivizing businesses and individuals to adopt cleaner practices.[49] Empirical evidence from countries with established carbon pricing systems suggests that such mechanisms can contribute significantly to emissions reductions when implemented as part of a comprehensive climate policy framework.[50]

The implementation of carbon pricing mechanisms in developing countries like Nigeria presents unique challenges and considerations compared to developed economies.[51] These include concerns about economic development priorities, institutional capacity, distributional impacts, and the risk of carbon leakage (the relocation of carbon-intensive industries to jurisdictions with less stringent environmental regulations).[52] The introduction of carbon taxation would require integration into Nigeria's existing tax framework, including the Companies Income Tax Act and petroleum taxation regimes. Key issues include defining the tax base, avoiding double taxation, and ensuring coherence with existing fiscal instruments.

4.2 Lessons From Other Jurisdictions

A United Kingdom

The United Kingdom adopted the Climate Change Act 2008, which is widely regarded as one of the most comprehensive climate laws globally.[53] The Act establishes legally binding carbon budgets and long-term emissions reduction targets.[54] The United Kingdom has implemented carbon pricing through instruments such as the Carbon Price Floor and participation in emissions trading schemes. The UK approach combines taxation with market-based mechanisms. This legislative framework has played a crucial role in ensuring continuity and accountability in the United Kingdom's climate governance system.

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[47] O Akinola and T Oladipo, Legal and Institutional Frameworks for Carbon Market Development in Nigeria' *(2023)* 15(2) *Journal of Environmental Law and* Policy, 45-63.

[48] G E Metclaf, 'On the Economics of a Carbon Tax for the United States' *(2019) Brookings Papers on Economic Activity (1) 405-484.*

[49] A. C. Pigou, *'The Economics of Welfare'* (Macmillan and Company: London 1920) 2.

[50] B. Murray and N. Rivers, (2015) British Columbia's Revenue-Neutral Carbon Tax: A Review of the Latest Grand Experiment in Environmental Policy' *Energy Policy (86) 674-683,* "Grand Experiment" in Environmental Policy. Energy Policy, 86, 674-683 https://doi.org/10.1016/j.enpol.2015.08.011

[51] A Adebiyi, 'Environmental Tax and Carbon Pricing Mechanisms: Policy Design and Economic Sustainability in the Nigerian Context'(2025) <https://ssrn.com.pdf) accessed on 17 April, 2026.

[52] M. Jacob, J. Steckel and O. Edenhofer, 'Consumption-Versus Production-Based Emission Policies' *(2014) Annual Review of Resource Economics (6) (1) 297-318.*

[53] S Frankhauser et al, '10 Years of the UK Climate Change Act' (2018) <https://www.cccep.ac.uk/wp-content/uploads/2018/03/10-Years-of-the-UK-Climate-Change-Act-Fankhauser-et-al.pdf> accessed on 3 March 2026.

[54] UK Climate Change Act 2008, Sections 1, 4- 8.

B South Africa

South Africa introduced a carbon tax through the Carbon Tax Act 2019, it covers GHG emissions from industry, power, buildings, and transportation regardless of fossil fuel used,[55] South Africa, has also taken another significant steps to strengthen its domestic climate governance framework through the National Climate Change Response Policy and the recently enacted Climate Change Act 2024.[56] These instruments provide mechanisms for emissions reduction planning and climate resilience strategies.[57] The South African model is notable for its phased implementation and emphasis on balancing environmental objectives with economic considerations. It provides a useful template for Nigeria, particularly in terms of gradual implementation and sectoral differentiation.

Comparatively, South Africa has implemented a carbon tax regime designed to encourage emissions reductions while generating revenue for climate transition policies.[58] The United Kingdom, on the other hand, operates a comprehensive emissions trading system that regulates greenhouse gas emissions across major industrial sectors.[59] Although Nigeria's carbon market mechanisms are still emerging, these comparative models demonstrate the potential role of market-based instruments in strengthening climate governance.

5 Fiscal Viability of Carbon Taxation in Nigeria

a Revenue Generation Potential

Carbon taxation has the potential to generate significant revenue for Nigeria, particularly if applied to high-emission sectors such as oil and gas, transportation, and manufacturing.[60] Revenue from carbon taxation could be earmarked for climate-related expenditures, including renewable energy development and climate adaptation programmes.

b. Fiscal Sustainability

Carbon taxation can enhance fiscal sustainability by diversifying revenue sources and reducing dependence on oil. However, its long-term viability depends on effective administration and economic restructuring.

c Dependence on Petroleum Revenue

Petroleum revenue remains a dominant source of income for Nigeria. However, it is characterised by volatility and long-term decline due to global energy transition.[61] Carbon taxation offers a more stable alternative but may initially generate lower revenue. The transition from oil dependence to diversified revenue requires careful policy design.[62]

6 Challenges to Implementation of Carbon Tax in Nigeria

a Lack of Enabling Tax Law: The absence of a clear legal framework for carbon taxation poses a major challenge. The Climate Change Act does not by itself establish a carbon tax.[63] For implementation, an enabling legislation is required. No such legislation has been enacted. This reflects a broader policy gap, where carbon pricing remains an aspirational objective rather than an operational mandate.

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[55] Department of Climate Change-Federal Ministry of Environment, 'Assessment of Carbon Pricing Initiatives in Nigeria' (2023) <https://unfccc.int> accessed on 5 March, 2026.

[56] Climate Change Act 2024, Sections 25-27; South Africa: Adoption of Climate Change Act 2024 <https://climateactiontracker.org/countries/south-africa> accessed on 9 March, 2026.

[57]S O Daudu and SO Idehen, A Comparative Analysis of Climate Change Laws in Nigeria with Selected Jurisdiction' (2024) 15(3) *Beijing Law Review,* 1771- 1783.

[58] A Coolgrave, Unpacking the South African Climate Change Act 2024' <https://www.whitecase.com/insight-alert/unpacking-the-south-african-climate-change-act> accessed 6 April, 2026.

[59] Summary Report: 2019 Progress Report to Parliament' <www.theccc.org.uk/wp-content/uploads/2019-progress-report-summary.pdf> accessed 6 April, 2026.

[60] J. J. Odinkonigbo, 'Carbon Taxation as a Policy Instrument for Environmental Management and Control in Nigeria' *(2011-2012) The Nigerian Juridical Review (10) Pg 96-111.*

[61] N Dube, 'Analysis of Political Economy of Fossil Fuel and Debt Finanacing in Africa' <www.afrodad.org> accessed on 7 February, 2026.

[62] *Ibid.*

[63] Section 4 (i).

b Institutional Constraint: The statutory mandate of the NCCC under section 4 of the Act include to coordinate the implementation of sectoral targets and guidelines for regulating GHG emissions. The NCCC effectiveness is conditioned by its ability to coordinate across MDAs with entrenched mandates. Many federal ministries continue to function in silos, with minimal integration of climate planning into core activities.[64] This fragmentation undermines cohesive policy implementation.

c Lack of Standard MRV System: Effective carbon taxation requires the existence among others, of a GHG measurement, reporting and verification (MRV) systems, data platforms to ensure reliable emissions baselines, and administrative capacity within tax authorities to collect, monitor and enforce carbon taxes.[65] Nigeria's current MRV infrastructure remains underdeveloped.[66] Without reliable emissions data and administrative systems, carbon taxation would be difficult to implement credibly and fairly.[67]

d The Political Economy of Hydrocarbon: Nigeria's economy remains structurally dependent on fossil fuel revenues, with petroleum exports accounting for a significant proportion of government income.[68] A stringent carbon budget necessarily implies: gradual decarbonisation of oil and gas production; restrictive flaring limits; transition to renewable energy; and curtailment of high-carbon infrastructure among others.[69] These measures may conflict with short-term fiscal imperatives. The political economy of hydrocarbon dependence therefore poses a significant structural impediment to rigorous enforcement of carbon ceilings.

e Limited Fiscal Integration: There is limited integration of climate pricing within Nigeria's broader fiscal reform agenda. Government focus remains on revenue generation through traditional instruments (for instance, VAT, petroleum profits tax), and climate pricing has not been mainstreamed into macro-fiscal policy frameworks.[70]

7 Recommendations

a. Enactment of a Comprehensive Carbon Tax Statute

Nigeria should enact a dedicated carbon taxation statute establishing a clear legal framework that defines the tax base, liable entities, rates, administrative authority (notably the Nigeria Revenue Service in collaboration with the National Council on Climate Change), compliance mechanisms, and alignment with its NDCs under the Paris Agreement.

b. Strengthening Institutional Capacity and Coordination

Nigeria should enhance the legal and operational capacity of the National Council on Climate Change and establish formal inter-agency coordination frameworks to improve policy coherence, data sharing, and enforcement across relevant MDAs.

c. Development of a Robust MRV System

Nigeria should establish a comprehensive national MRV system supported by digital infrastructure, standardized methodologies, and mandatory corporate disclosure to ensure accurate emissions measurement, reporting, and verification.

d. Adoption of a Just Transition Framework

Nigeria should implement a just transition strategy that allocates carbon tax revenues to social

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[64] *Ibid;* S O Daudu and S O Idehen, A Comparative Analysis of Climate Change Laws in Nigeria with Selected Jurisdiction' (2024) 15(3) *Beijing Law Review,* 1771- 1783.

[65] Stakeholder Democracy Network, MRV for Short-lived Climate Pollutants'<https://sdn.ngo/implement-monitoring-reporting-and-verification-for-short-lived-climate-pollutants> accessed on 3 March, 2026.

[66] Federal Republic Nigeria, *Updated Nationally Determined Contribution (NDC)* (UNFCCC NDC Registry 2021) <https://unfccc.int/NDCREG> accessed 13 July, 2025; C Okereke and M Agbo, 'Corporate Environmental Disclosure in Nigeria: Patterns and Prospects' (2020) 6(2) *African Journal of Corporate Governance,* 88.

[67] O Olujobi, 'Nigeria's Climate Change Act 2021: A Pathway to Net-Zero Carbon Emission, Energy Security and Sustainability' *(2024)* <ncbi.nlm.nih.gov> accessed on 11 March, 2024; World Bank, *State and Trends of Carbon Pricing 2023* (World Bank 2023) < https://ppp.worldbank.org/sites/2023/carbon/pricing/pdf> accessed March 7, 2026.

[68] Nigeria 2023 EITI Report: Oil and Gas < https:// eiti.org/countries/nigeria/> accessed on 5 February, 2026.

[69] T Fwadwabea et al, 'Building Nigeria's Carbon Market: Policy Framework for Domestic and International Trading' *<https://doi.org/10.51244/TJSR1.2025.12060024>* accessed on 9 March, 2026

[70] B Usman et al, 'Adoption of Environmental Taxation in Nigeria: The Perception of Stakeholders' (2023) 6(2) *International Journal of Intellectual Discourse,* 237-254.

protection, renewable energy investment, and green job creation to mitigate adverse socio-economic impacts on vulnerable groups.

e. Integration into Fiscal Policy Architecture

Carbon taxation should be integrated into Nigeria's broader fiscal framework, including budgeting and tax reform processes, to function as both a revenue-generating and environmental regulatory instrument.

8. Conclusion

Carbon taxation presents a viable pathway for enhancing fiscal sustainability and supporting climate objectives in Nigeria. However, its success depends on comprehensive legal reform, institutional strengthening, and careful policy design.

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