Political Economy Analysis

Stakeholder incentives, institutional landscapes and governance bottlenecks shaping inclusive green-job policy in Nigeria

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This report is developed as part of the Africa Policy Dialogue (APD) on *Catalyzing Green Jobs through Low Carbon Transition in Nigeria*, being implemented by the Advocacy for Policy and Innovation (API) in partnership with INCLUDE Knowledge Platform.

The APD seeks to institutionalize inclusive green job policies and create a structured workforce pipeline to support Nigeria's low-carbon transition and sustainable development goals in relation to energy diversification. A core focus of the project is enabling access to opportunities in the renewable and sustainable energy sector. This requires an understanding of the landscape, necessitating research development to inform legislative deliberations and guide stakeholder decision-making.

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1. Executive summary

This political economy analysis asks why Nigeria's ambitious green-jobs agenda has not yet translated into employment at scale, and what it would take politically to change that. It looks past the technical case for the transition to the incentives, institutions and power relations that actually govern whether policy is designed, funded and delivered. Its central finding is that the binding constraints are political and institutional rather than technical: a hydrocarbon-based political economy that rewards the protection of oil rents, an institutional landscape crowded with overlapping mandates and weak coordination, subnational institutions that lack the capacity to deliver, and a set of governance risks, from rent-seeking in procurement to the short horizons of the electoral cycle, that quietly shape which programmes get built and who benefits.

The architecture on paper is strong. The Climate Change Act 2021 creates an apex coordinating body, the Energy Transition Plan sets a costed pathway to net-zero by 2060, and recent additions such as the Electricity Act 2023 and the validated Just Transition Guidelines and Action Plan begin to bring employment and inclusion into the core of energy policy. Yet the legal and analytical literature is consistent that the laws are adequate while enforcement, political will and coordination are not, and that more than fifteen overlapping policy frameworks are run by institutions that do not coordinate (Olujobi, 2024; Dioha, 2022).

The stakeholder mapping in this report finds the green-jobs agenda championed most strongly by actors with high interest but constrained power, the climate council, the labour ministry, civil society and the informal workers who have the greatest stake, while the actors with the most power, the Presidency aside, often have mixed or competing incentives. Fossil-linked institutions have strong reasons to slow a rapid transition, finance and budget actors are fiscally constrained, and state governments, now central to delivery under the Electricity Act, vary widely in commitment and capacity.

The report concludes that the highest-leverage interventions work with this political grain rather than against it. The single most powerful lever is public procurement, which the government already controls and which can be used to require jobs and inclusion without new money or new institutions. Around it, the analysis recommends empowering and resourcing the coordinating bodies, building subnational capacity, designing youth and women's quotas to be politically durable, managing the just transition so that organised labour and fossil-dependent communities are brought along rather than alienated, and using transparency to reduce the space for rent capture. Each recommendation is assessed for political viability, not just technical merit.

2. Introduction and context

This political economy analysis is being undertaken to map stakeholder incentives, institutional landscapes and governance bottlenecks that affect the design and implementation of inclusive green-job policy in Nigeria. The premise is that Nigeria's transition will not deliver decent jobs on the strength of good policy alone. Whether the green economy creates employment for youth, women and informal workers depends on who holds power, what those actors want, how institutions interact, and which incentives the underlying political economy rewards.

The context makes the stakes high. Nigeria has about 233 million people, a median age close to 18, and roughly 63 percent of the population under 25, with several million young people entering the labour market each year (UNFPA, 2024). The economy depends on oil and gas for the majority of government revenue and around 90 percent of foreign exchange, fossil fuels supply more than 80 percent of energy, and informal employment runs at about 92.6 percent of the workforce (NBS, 2024; NCCC, 2025). The transition is therefore simultaneously an environmental obligation, a diversification imperative and an employment opportunity, and the politics of all three run through the same institutions. A political economy lens is the appropriate way to understand why the gap between ambition and delivery persists, and how it might be closed.

3. Objectives and scope

The analysis pursues the objectives set out in the assignment:

- Map the power and interests of the actors in the green-jobs space, spanning ministries, departments and agencies, unions, the private sector, the legislature and subnational institutions.
- Analyse the policy drivers, blockers and enablers of green jobs through a political economy lens.
- Identify coordination gaps and overlapping mandates among key actors.
- Examine the role of rent-seeking, clientelism and political cycles in the design of green-job programmes.
- Assess the political viability of labour-based proposals, including quotas for youth and women.
- Set out policy and governance recommendations that are politically informed, not only technically sound.

4. Approach

The analysis applies a standard political economy framework, examining in turn the foundational or structural factors that shape the field, the institutional rules of the game and how actors interact within them, and the specific interests and power of the principal stakeholders. It synthesises the documented legal, policy and institutional record with the recent peer-reviewed and analytical literature on

Nigeria's transition, and it reads that evidence through the lens of incentives and power rather than stated intentions.

One point of method should be explicit. The stakeholder power and interest mapping presented here is an analytical assessment derived from documented mandates, institutional roles and the published literature. It is intended to be tested and refined through the primary stakeholder consultations set out in the inception framework, semi-structured interviews and engagements with selected ministries, unions, private-sector actors, the legislature and subnational institutions. Treating the mapping as an informed working assessment rather than a finished verdict keeps the analysis honest about what the documentary record can and cannot establish, while still giving decision-makers a usable map of the terrain.

5. The foundational political economy

Four structural features shape every actor and every policy in this field. They are slow to change, and they explain much of the gap between ambition and delivery.

- The rentier economy: Oil and gas have long provided the majority of government revenue and around 90 percent of foreign exchange (NCCC, 2025). This creates a deep structural incentive to protect hydrocarbon rents, even as the country commits to moving beyond them. The same petroleum sector that the transition must eventually wind down is the one that funds the budget today, which is the central paradox of Nigeria's transition and the reason fossil-linked interests retain real weight in decisions. Gas is formally retained as a transition fuel, which is economically rational in the near term but creates a risk of carbon lock-in and gives fossil incumbents a legitimate seat at the table (Energy Transition Office, 2024; Dioha, 2022).

- Fiscal federalism: Nigeria is a federation of 36 states and the Federal Capital Territory, in which states draw heavily on centrally allocated, oil-derived revenue and hold significant constitutional responsibilities. The Electricity Act 2023 devolves real power over electricity markets to the states, which makes subnational institutions central to delivery while leaving them dependent on federal transfers and uneven in capacity. The Nigerian Governors' Forum is consequently one of the most powerful blocs in any national reform, and green-job delivery will rise or fall partly on whether states see political advantage in it.

- Regional equity and the Niger Delta: The costs of the transition fall unevenly. Oil and gas employment is concentrated in the Niger Delta, a region already marked by grievance and fragile stability, while the new opportunities, especially in solar, are more dispersed and tilt toward the north. Managing this asymmetry is not only an economic question but a political and security one, and a transition perceived as abandoning Delta workers would meet determined resistance (NCCC, 2025; Adewuyi et al., 2020).

- Informality and demographic pressure: With about 92.6 percent of employment informal and a very young, fast-growing population, the political prize in the green economy is mass inclusive employment, and the political risk is a transition that benefits a formal minority while the informal majority looks on. This shapes which proposals are politically saleable: those that visibly reach youth, women and informal workers carry political value that abstract climate targets do not (NBS, 2024; UNFPA, 2024).

6. The institutional landscape and coordination gaps

Nigeria does not lack institutions or policies for the transition; it has too many that are poorly joined up. The Climate Change Act 2021 establishes the National Council on Climate Change as the apex policy body, chaired by the President, with a broad membership of ministers, the Central Bank, the security establishment, the Governors' Forum and local government, and representatives of the private sector, women, youth, persons with disabilities and civil society. The Council administers a Climate Change Fund, sets a carbon budget and a five-year action plan, and places obligations on ministries and on larger private firms. The Energy Transition Office, in the Presidency, carries the political weight to mobilise investment for the Energy Transition Plan.

The weakness is structural. Both the Council and the Office coordinate, but implementation rests with sectoral ministries and agencies they cannot command. The result is the fragmentation that the literature identifies as the central barrier. Nigeria runs more than fifteen overlapping policy frameworks managed by uncoordinated institutions, including the Energy Commission of Nigeria, the Rural Electrification Agency and the Federal Ministry of Environment, which sometimes pursue different targets for the same year (Dioha, 2022). The legal analysis reaches the same conclusion from a different direction, finding the laws adequate but enforcement and political will lacking, and recommending a centralised authority and the harmonisation of fragmented laws into a single code (Olujobi, 2024; Olujobi et al., 2026; Okhirebhu et al., 2025). Overlapping mandates are not merely inefficient; they create veto points and blur accountability, so that no single actor owns the link between energy investment and employment.

7. Stakeholder power and interest

The map below positions the principal actors by their power and influence over green-job policy and their interest in an inclusive transition. It is an analytical assessment based on documented mandates and the literature, to be validated through primary consultation.

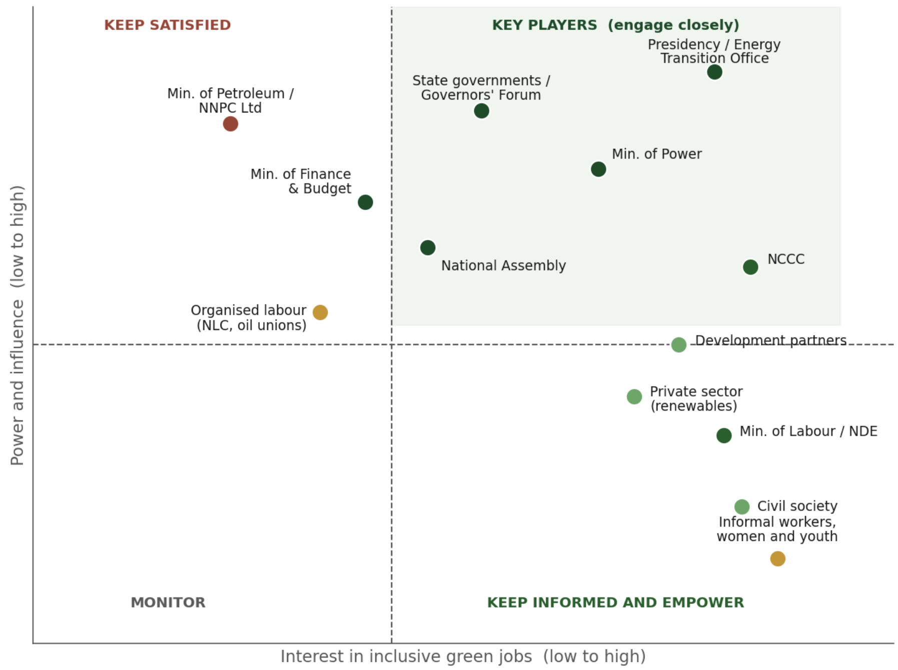

Figure 1. Power and interest of the principal actors in inclusive green-job policy (analytical assessment).

The pattern is telling. The agenda's strongest champions, the climate council, the labour ministry, civil society and the informal workers who stand to gain most, sit mostly in the high-interest, lower-power space. The actors with the greatest power are more mixed: the Presidency and its Energy Transition Office are both powerful and committed, but fossil-linked institutions have reason to move slowly, finance and budget actors are constrained, and state governments and the legislature are powerful but variable in commitment. An inclusive transition therefore depends on converting high-interest, low-power actors into an effective coalition and on giving the most committed high-power actor, the Presidency through the Council and the Office, the mandate and resources to act. The table below summarises the principal actors.

Table 1. Principal actors, interests and power (analytical assessment)

Actor	Core interest and stance	Power
Presidency / Energy Transition Office	Owns the transition politically; committed but balances it against revenue and fiscal pressures	High

Actor	Core interest and stance	Power
National Council on Climate Change	Mandated to coordinate climate policy and an inclusive just transition; strong interest, limited command over ministries	Moderate to high
State governments / Governors' Forum	Central to delivery under the Electricity Act; commitment and capacity vary widely	High
Ministry of Petroleum / NNPC Ltd	Protects hydrocarbon rents and a managed, gas-inclusive pace of transition	High
Ministry of Finance and Budget	Guards fiscal space; cautious on costs; pivotal to incentives and green finance	High
National Assembly (relevant committees)	Legislates and appropriates; interest episodic and tied to constituency and cycle	High
Ministry of Labour and Employment / NDE	Mandate for jobs and skills; strong interest, modest leverage over energy policy	Moderate
Organised labour (NLC, TUC; oil and gas unions)	Protects members; supportive of jobs but wary of transition-driven losses in oil and gas	Moderate to high
Private sector (renewables, manufacturers)	Seeks bankable projects and predictable rules; strong interest where returns are clear	Moderate
Development partners (World Bank, ILO, UNDP, GEAPP)	Fund and shape the agenda; high interest; influential but external	Moderate
Civil society organisations	Advocate inclusion and accountability; high interest, limited formal power	Low to moderate
Informal workers, women and youth	Greatest stake in inclusive jobs; least organised voice in policy	Low

8. Drivers, enablers and blockers

Read through a political economy lens, the forces acting on inclusive green jobs fall into enablers that create momentum and blockers that absorb it. The balance between them, not the quality of any single policy, determines progress.

Table 2. Enablers and blockers of inclusive green jobs

Enablers	Blockers
International commitments and climate finance that create external momentum and resources	Hydrocarbon rents and fossil-linked interests that reward a slow, managed transition
A young, fast-growing population that makes mass job creation politically valuable	Institutional fragmentation and overlapping mandates that blur accountability
A strong legal and policy architecture, including the Climate Change Act and the Energy Transition Plan	Weak subnational capacity where the Electricity Act now places delivery
The Just Transition Guidelines and Action Plan, which give an explicit jobs mandate	Financing constraints and the sovereign-ceiling penalty on the cost of capital
The political weight of the Presidency and its Energy Transition Office	Rent-seeking and clientelism in procurement and programme design
Active development partners willing to fund and de-risk	Short political horizons tied to the electoral cycle, and the risk of donor-driven fragility

Two features deserve emphasis. First, several enablers are double-edged: development-partner support funds the agenda but, where it substitutes for domestic ownership, leaves progress fragile and reversible. Second, the blockers are mostly political and institutional rather than technical, which means they yield to political and institutional remedies, the empowerment of coordinating bodies, the redesign of incentives, and the building of subnational capacity, rather than to further strategy documents.

9. Rent-seeking, clientelism and political cycles

Three governance dynamics specifically shape how green-job programmes are designed and who captures their benefits, and a credible analysis must name them.

- Procurement and rent capture: Public procurement is both the most powerful lever for inclusive jobs and, in the Nigerian context, a well-documented vector for rent extraction. Where contracts are awarded on opaque criteria, the benefits of green investment can be captured by connected intermediaries rather than translated into local employment, and inclusion requirements can be diluted in implementation. This is why procurement reform is treated later as the central lever: handled transparently, it delivers jobs; handled otherwise, it delivers rents.

- Clientelism in programme design: Job and training programmes are attractive instruments of patronage, since they distribute visible benefits. Without independent targeting, monitoring and verification, green-skills and enterprise schemes risk being steered toward politically useful beneficiaries rather than toward the youth, women and informal workers who most need them, which both wastes resources and discredits the agenda.

- The electoral cycle: Political horizons in Nigeria are short and shaped by the four-year cycle, with the next general elections due in 2027. Reforms that impose near-term costs for long-term gains, the essence of a just transition, are politically harder in the run-up to elections, while programmes that yield visible jobs quickly are favoured. Sequencing matters: durable institutional reforms are best locked in early in a cycle, and inclusion measures are most saleable when framed as immediate employment for young people rather than as climate compliance.

10. The political viability of labour-based proposals

A specific question in the assignment is whether labour-based proposals, in particular minimum quotas for youth and women in publicly financed green projects, are politically viable. The assessment is cautiously positive, conditional on design.

On the supportive side, inclusion quotas align with powerful political currents: the demographic imperative to employ young people, a stated national commitment to gender inclusion, and the broad popularity of visible job creation. They are championed by the climate council, the labour ministry, civil society and development partners, and they impose no new fiscal cost if delivered through procurement conditions rather than new spending. On the cautious side, quotas can be resisted by contractors who see them as raising costs or complexity, can be diluted in implementation where monitoring is weak, and can become symbolic if they are not verified. Organised labour is broadly supportive of job creation but will judge proposals by whether they protect existing members, particularly in oil and gas.

The design implications follow directly. Quotas are most durable when they are embedded in the Public Procurement Act and in project-approval conditions rather than left to discretion, when they are monitored and verified by an accountable body such as the climate council with disaggregated public reporting, when they are paired with the skills and finance that make compliance feasible, and when they are framed politically as youth and women's employment rather than as a regulatory burden. Tied to procurement and verification, quotas are both viable and durable; left to good intentions, they will not survive contact with implementation.

11. Recommendations

The recommendations are politically informed: each works with the grain of the power map above and is chosen because it is both effective and achievable. They are sequenced across short, medium and long horizons, with leads identified so that ownership is explicit.

Priority action	Lead institutions	Horizon
Use procurement as the central lever: embed jobs, local-content and 30 percent women and youth criteria in publicly financed green projects, where government already holds the power	BPP, NCCC, Energy Transition Office	Short
Empower and resource the coordinating bodies with a clear mandate and ringfenced funding so the NCCC and ETO can enforce in concert with sectoral ministries	Presidency, NCCC, National Assembly	Short
Secure adoption and funding of the Just Transition Guidelines and Action Plan, and bring organised labour in as a partner with credible guarantees for affected workers	NCCC, Federal Ministry of Labour, unions	Short
Strengthen transparency in green procurement and programme targeting to reduce the space for rent capture and clientelism	BPP, NCCC, civil society	Medium
Build subnational capacity for the delivery responsibilities devolved under the Electricity Act 2023, with incentives for states that perform	Federal and state governments, partners	Medium
Verify and report inclusion outcomes through a Green Jobs Registry under the NCCC, so quotas are real rather than symbolic	NCCC, National Bureau of Statistics	Medium
Reform financing for both the access and macro layers, with domestic instruments for informal enterprise and credit enhancement for the sovereign-ceiling penalty	Finance Ministry, CBN, DFIs	Medium
Fund a credible just transition for the Niger Delta and the informal fuelwood economy, managing regional equity as a political and security priority	NCCC, Labour and Environment Ministries	Long

Priority action	Lead institutions	Horizon
Sequence reforms with the political cycle: lock in durable institutional changes early and frame inclusion as visible youth and women's employment	Presidency, NCCC	Long

12. Conclusion

Nigeria's failure to convert green ambition into green jobs is not a failure of policy design but of political economy. The incentives of a rentier state, the fragmentation of its institutions, the weakness of its subnational tier, and the governance risks of rent-seeking and short political horizons together explain why strong frameworks have produced modest results. The implication is hopeful in one respect: because the constraints are political and institutional, they can be addressed by political and institutional means rather than waiting on technology or external rescue.

The path that works with the political grain is clear. Use the lever government already controls, procurement, to require inclusive jobs without new money. Give the committed centre of power, the Presidency through its climate council and transition office, the mandate and resources to coordinate. Bring organised labour and fossil-dependent regions in through a funded just transition rather than alienating them. Build the capacity of the states where delivery now sits. And use transparency to keep the benefits flowing to the youth, women and informal workers in whose name the transition is pursued. The primary stakeholder consultations set out in the inception framework should now test and sharpen this analysis, but its direction is firm: the green-jobs transition in Nigeria will be decided by politics and institutions, and that is precisely where the available levers lie.

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Note on method and sources: this report is a desk-based political economy analysis synthesising the documented legal, policy and institutional record and the published literature. The stakeholder power and interest mapping is an analytical assessment to be validated through the primary consultations set out in the inception framework. Only verified or genuine sources are cited, and no interview data has been represented where none was available.