

## Petro-Politics and Democratic Deficit: Oil, Elite Capture, and the Crisis of Governance in Nigeria, 1960–2024

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### ABSTRACT

Oil made Nigeria rich, but it did not produce a legal order capable of sustaining democratic governance. Since independence in 1960, petroleum governance has been shaped by the interaction of multiple normative regimes, including formal state law, administrative regulation, and informal patronage practices. This study examines how these overlapping legalities have structured petro-politics, enabled elite capture, and reproduced a persistent democratic deficit in Nigeria from 1960 to 2024. Adopting a qualitative case study with a historical-analytical approaches, the research draws on archival materials, official records, legislative reports, judicial documents, and established scholarship. It conceptualises petroleum governance as an interlegal field in which formal legal frameworks are continuously negotiated and instrumentalised within informal political practices. The findings show that successive military and civilian administrations have operated through a hybrid normative order, where formal regulations coexist with and are frequently subordinated to patronage networks and elite bargaining. Petroleum revenues function not only as economic resources but also as instruments for reshaping the meaning and application of law, enabling elite consolidation, weakening accountability, and sustaining extractive governance. Reforms such as the Petroleum Industry Act of 2021 and the removal of fuel subsidies in 2023 introduced formal adjustments but were reabsorbed into existing configurations without altering underlying incentives. This study concludes that Nigeria's democratic deficit is rooted not only in its petroleum-dependent political economy but in the interlegal dynamics through which formal and informal orders are mutually constituted. It contributes by demonstrating how interlegality operates as a mechanism in the reproduction of democratic erosion across regime types.

**KEYWORDS:** Petro-Politics; Interlegality; Elite Capture; Democratic Deficit; Oil Governance; Nigeria.

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## Introduction

Nigeria's postcolonial political trajectory presents one of the most consequential paradoxes in African governance. As Africa's most populous nation and its largest oil producer, Nigeria possesses both the demographic weight and the resource base that should, by conventional developmental logic, sustain robust democratic institutions and broad-based prosperity.<sup>1</sup> Yet across six decades, from independence in 1960 to the present administration of President Bola Ahmed Tinubu, it has persistently failed to translate petroleum wealth into democratic depth, as oil revenues expanded while accountability contracted. Scholars attribute this condition to weak accountability,<sup>2</sup> systemic corruption across political and ethnic lines,<sup>3</sup> inadequate institutional development and lingering colonial legacies,<sup>4</sup> underdeveloped education,<sup>5</sup> militarised leadership,<sup>6</sup> and persistent conflict.<sup>7</sup> At the same time, political authority has been sustained less through responsive institutions than through the distribution of oil rents via patronage networks that rewarded loyalty over competence and extraction over productivity, reflecting Michael Watts' account of a political economy structured around the centralisation and redistribution of petroleum.<sup>8</sup> These dynamics became especially visible during the nationwide protests of August 2024, when millions mobilised against the cost-of-living crisis triggered by subsidy removal and currency devaluation.<sup>9</sup> The protests were not merely economic grievances, but manifestation of a deeper democratic deficit in which citizens bear the costs of governance without meaningful participation, underscoring the urgency of understanding its structural foundations, while the spatial concentration of oil resources in the Niger Delta further highlights its territorial dimension, as illustrated in Figure 1.

<sup>1</sup> Sarah M. Brooks and Marcus J. Kurtz, "Oil and Democracy: Endogenous Natural Resources and the Political 'Resource Curse,'" *International Organization* 70, no. 2 (2016): 279–311; Markus Brückner et al., "Oil Price Shocks, Income, and Democracy," *Review of Economics and Statistics* 94, no. 2 (2012): 389–99.

<sup>2</sup> Nathan Jensen and Leonard Wantchekon, 'Resource Wealth and Political Regimes in Africa', *Comparative Political Studies* 37, no. 7 (2004): 816–41.

<sup>3</sup> Larry Diamond, 'Political Corruption: Nigeria's Perennial Struggle', *Journal of Democracy* 2, no. 4 (1991): 73–85.

<sup>4</sup> Eghosa E. Osaghae, *Crippled Giant: Nigeria Since Independence* (Indiana University Press, 1998); Francis Onditi, "From Resource Curse to Institutional Incompatibility: A Comparative Study of Nigeria and Norway Oil Resource Governance," *Africa Review* 11, no. 2 (2019): 152–71.

<sup>5</sup> Victor E. Dike, 'Leadership and the Nigerian Economy', *Sage Open* 4, no. 1 (2014): 1–10.

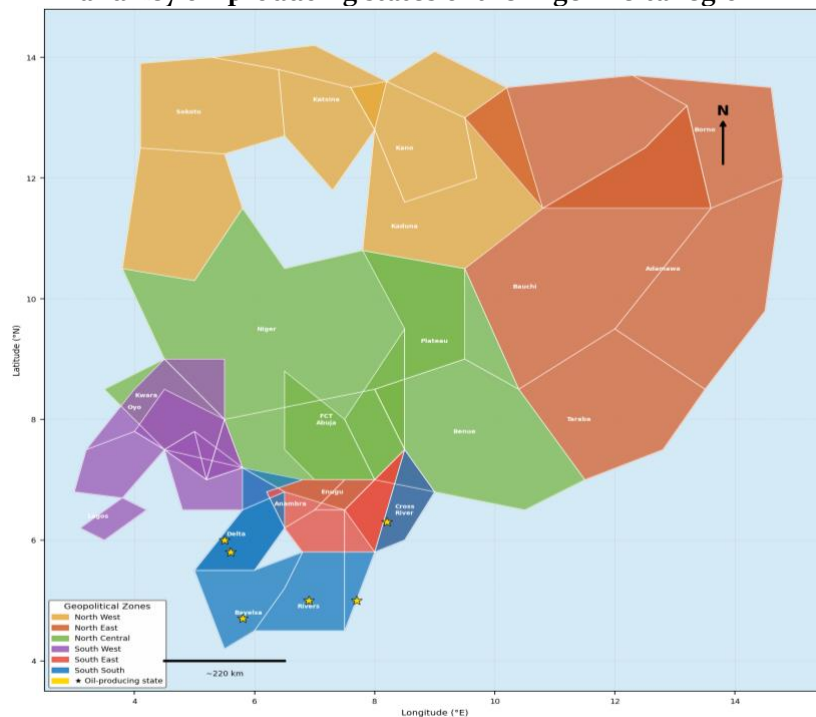
<sup>6</sup> Peter Lewis, "Nigeria: An End to the Permanent Transition?" *Journal of Democracy* 10, no. 1 (1999): 141–56.

<sup>7</sup> Ron Singer, *Nigeria's Slippery Politics* (Bulletin of the Atomic Scientists, 2005), 12–16.

<sup>8</sup> This aligns with Michael Watts' argument that the governance in Nigeria's oil sector is shaped less by institutional performance than by access to resource rents, reinforcing patronage-based power and rent-seeking practices Michael Watts, 'Resource Curse? Governmentality, Oil and Power in the Niger Delta, Nigeria', *Geopolitics* 9, no. 1 (2004): 50–80.

<sup>9</sup> Al Jazeera Staff, "Hundreds Protest Across Nigeria over Soaring Cost of Living, Fuel Prices," Al Jazeera, January 8, 2024, <https://www.aljazeera.com>.; See also Libby George, "In Deluge of Protests, Fuel Subsidies Prove Hard to Abolish," Reuters, August 8, 2024, <https://www.reuters.com>. This report highlights that the removal of fuel subsidies in Nigeria has proven difficult due to widespread protests. The sharp increase in petrol prices exposed the population's dependence on subsidies and intensified everyday economic pressures. Substantively, the article emphasizes that public resistance reflects not only rising costs but also the political and social constraints facing fiscal reform in developing economies.

**Figure 1: Map of Nigeria showing the six geopolitical zones and key oil-producing states of the Niger Delta region**



Source: Author's cartographic illustration based on official Nigerian federal administrative boundaries.

Rather than approaching this problem solely through the lens of political economy, this article reconceptualises Nigeria's petroleum governance as an interlegal field, drawing on insights from interlegality.<sup>10</sup> In this perspective, formal state law, administrative regulation, and informal patronage practices do not operate in isolation but coexist, overlap, and interact in shaping governance outcomes. Petroleum revenues are not merely distributed through institutional channels; they are embedded in a hybrid normative order in which legal rules are continuously negotiated, reinterpreted, and instrumentalised by political actors. In such a configuration, state institutions function not only as mechanisms of governance but also as arenas where competing legal and normative orders are selectively mobilised, reproduction elite power, marginalising accountability, and sustaining democratic deficit.

Scholarly engagement with the relationship between oil wealth and political development in Nigeria has intensified significantly over the past decade. Ross's foundational study established the empirical correlation between oil dependence and democratic failure, identifying three mechanisms through which petroleum revenues impede democratisation: the rentier effect, the repression effect, and the modernisation effect.<sup>11</sup> Subsequent scholarship has refined and challenged this framework. A cross-country analysis conducted by Haber and Menaldo questions

<sup>10</sup> Interlegality refers to the dynamic process through which multiple legal orders—global, national, and local—interact, overlap, and mix within the same social space, producing hybrid and often contradictory legal meanings. Boaventura De Sousa Santos, *Toward a New Legal Common Sense: Law, Globalization, and Emancipation*, 3rd edn (Cambridge University Press, 2020), 508–10, 520.

<sup>11</sup> Michael L. Ross, "Does Oil Hinder Democracy?" *World Politics* 53, no. 3 (2001): 325–61.

whether oil is inherently anti-democratic, arguing that institutional prerequisites are more important than the resource wealth itself.<sup>12</sup> In the Nigerian context, Adunbi's ethnography of oil extraction and community resistance in the Niger Delta examined the lived consequences of petro-state governance at the community level.<sup>13</sup> Furthermore, some literature suggests that Nigeria's developmental stagnation cannot be explained solely as a matter of institutional weakness, but rather as a consequence of a rentier state configuration rooted in dependence on oil revenues.<sup>14</sup> Within this framework, control over oil rents becomes the primary source of political power, enabling practices of elite capture and even state capture, where institutions do not function as mechanisms of accountability but as instruments for the distribution of rents. Consequently—as scholars have noted—the logic of rent-seeking takes precedence over economic productivity, while the relationship between the state and its citizens shifts from a tax-based model to a distribution-based one, thereby undermining democratic accountability.<sup>15</sup>

Furthermore, this structure is reinforced by executive dominance in oil governance, weak checks and balances, and overlapping regulatory and operational roles that create conflicts of interest,<sup>16</sup> while the exclusion of oil-producing communities fuels persistent conflict.<sup>17</sup> In this context, political manipulation through elections and public offices serves to reproduce power, stabilising a low-level equilibrium in which poor governance persists because it aligns with elite incentives.<sup>18</sup> As a result, underdevelopment reflects the interaction between the resource curse, petro-politics, and an extractive institutional

<sup>12</sup> Stephen Haber and Victor Menaldo, "Do Natural Resources Fuel Authoritarianism? A Reappraisal of the Resource Curse," *American Political Science Review* 105, no. 1 (2011): 1–26.

<sup>13</sup> Omolade Adunbi, *Oil Wealth and Insurgency in Nigeria* (Bloomington: Indiana University Press, 2015).

<sup>14</sup> Monday E. Dickson, "The Oil, Political Dynamics of Elite Capture and Sustainable Development in Nigeria," *AKSU Journal of Social Sciences* 6, no. 1 (2025): 1–14; Camilla Sandbakken, "The Limits to Democracy Posed by Oil Rentier States: The Cases of Algeria, Nigeria and Libya," *Democratization* 13, no. 1 (2006): 135–52; Zainab Usman, "The Successes and Failures of Economic Reform in Nigeria's Post-Military Political Settlement," *African Affairs* 119, no. 474 (2020): 1–38; Kanayo Kingsley Ogujiuba, "The Developmental State Debate: Where Is Nigeria?," *Journal of Sustainable Development* 5, no. 1 (2011): 100–113; Fisayo Fagbemi and Adeyemi Fajingbesi, "Rentierism—Political Instability Nexus: The Danger of Oil-Producing Region Crisis in Nigeria," *Arthaniti: Journal of Economic Theory and Practice*, 9 (2024), 1–22; Alex Gboyega et al., *Political Economy of the Petroleum Sector in Nigeria* (World Bank, 2011); Paul Terna Gbahabo and Emmanuel Oduro-Afriyie, "On the Dynamics of the Oil Resource Curse in Nigeria: Theory and Implications," *SSRN Electronic Journal*, ahead of print, 2017.

<sup>15</sup> See: M. Watts, "State, Oil, and Accumulation; from Boom to Crisis," *Environment and Planning D: Society and Space* 2, no. 4 (1984): 403–28; Abdurafiu Olaiya Noah et al., "Corporate Environmental Accountability in Nigeria: An Example of Regulatory Failure and Regulatory Capture," *Journal of Accounting in Emerging Economies* 11, no. 1 (2020): 70–93; Sandbakken, "The Limits to Democracy Posed by Oil Rentier States"; Jean-François Maystadt and Muhammad-Kabir Salihu, "National or Political Cake? The Political Economy of Intergovernmental Transfers in Nigeria," *Journal of Economic Geography* 19, no. 5 (2019): 1119–42.

<sup>16</sup> Kareem Olawale Bestoyin, "Oil, Politics and Conflicts in Sub-Saharan Africa: A Comparative Study of Nigeria and South Sudan," *Historia Actual Online* 46, no. 2 (2018): 43–57; Uwafiokun Idemudia and Uwem E. Ite, "Corporate–Community Relations in Nigeria's Oil Industry: Challenges and Imperatives," *Corporate Social Responsibility and Environmental Management* 13, no. 4 (2006): 194–206.

<sup>17</sup> Hamid E. Ali, Mohammad M. Aghdam, and Shahjahan Bhuiyan, "Oil Extraction, Grievances, and Conflict: Evidence from Niger Delta and South Sudan," *Defence and Peace Economics*, 17 September 2025, 1–25.

<sup>18</sup> Abel B. S. Gaiya, "Democracy, Development and Industrial Policy in Nigeria: A Historical Contextualisation," *Theoria* 68, no. 169 (2021): 31–56.

configuration. Although reforms such as the Petroleum Industry Act have improved aspects of governance,<sup>19</sup> they have not resolved the structural tension between the centralised oil revenues and democratic accountability, nor the persistence of corruption.<sup>20</sup> Recent scholarship therefore locates the core problem in the configuration of political incentives and elite interests sustaining this system. Yet, insufficient attention has been given to how elite capture of petroleum revenues operates longitudinally as the key mechanism reproducing democratic deficit across both military and civilian regimes—an analytical gap this article addresses.

This paper examines the relationship between petroleum wealth and democratic failure in Nigeria from 1960 to 2024, arguing that the country's persistent democratic deficit is driven less by ethnic divisions, colonial legacies, or military interventions than by the structural nexus between oil revenues and political power, which systematically privileges extraction over accountability, patronage over policy, and elite consolidation over popular participation. To explain this, the paper employs an integrated political economy framework: resource curse theory, shows how resource wealth weakens tax-based accountability, finances patronage and coercion and inhibits social transformation;<sup>21</sup> rentier state theory demonstrates how dependence on external rents distorts the social contract by positioning citizens as passive recipients rather than active taxpayers;<sup>22</sup> Karl's petro-state concept highlights institutional path dependency formed during oil booms;<sup>23</sup> and Joseph's notion of prebendalism captures the normalization of state resource access as political entitlement.<sup>24</sup> Together, these perspectives underpin what the paper conceptualises as a petro-political logic—a self-reinforcing dynamic through which oil wealth reproduces extractive institutions across regime types.

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<sup>19</sup> Victor Azubike and Akinwale Awe, "Nigeria's New National Oil Company and the Significant Role of Democratic Institutions in Determining Its Success," *Global Energy Law and Sustainability* 5, no. 2 (2024): 198–232; A. A. Akinrele, "Transparency in the Nigerian Oil and Gas Industry," *The Journal of World Energy Law & Business* 7, no. 3 (2014): 220–35; Moses Jolaoso, "The Petroleum Industry Act 2021: The Long-Lasting Solution to the Challenges Bedeviling the Nigerian Petroleum Industry," *SSRN Electronic Journal*, ahead of print, (2023): 1–122.

<sup>20</sup> Marc-Antoine Pérouse De Montclos, "The Politics and Crisis of the Petroleum Industry Bill in Nigeria," *The Journal of Modern African Studies* 52, no. 3 (2014): 403–24; Olusola Joshua Olujobi, "Nigeria's Upstream Petroleum Industry Anti-Corruption Legal Framework: The Necessity for Overhauling and Enrichment," *Journal of Money Laundering Control* 26, no. 7 (2023): 1–27; Elisha Otekenari David and Gbaranbiri Iselema, "The Struggle of the Niger Delta Region of Nigeria: The Duality of Liquid Gold and Poverty," *Journal of Economics and Trade* 9, no. 2 (2024): 1–14.

<sup>21</sup> Richard Auty, *Sustaining Development in Mineral Economies* (Routledge, 2002); Ross, 'Does Oil Hinder Democracy?'

<sup>22</sup> Hossein Mahdavy, 'The Patterns and Problems of Economic Development in Rentier States: The Case of Iran', in *Studies in the Economic History of the Middle East*, ed. M. A. Cook (Routledge, 2015), 40; Hazem Beblawi, 'The Rentier State in the Arab World', in *The Arab State*, ed. Giacomo Luciani (Routledge, 2015), 14; Hazem Beblawi and Giacomo Luciani, eds, *The Rentier State*, Routledge Library Editions/Politics of the Middle East 19 (London New York: Routledge, Taylor & Francis Group, 2016).

<sup>23</sup> Terry Lynn Karl, *The Paradox of Plenty: Oil Booms and Petro-States*, Studies in International Political Economy 26 (Berkeley: University of California Press, 1997).

<sup>24</sup> Richard A. Joseph, *Democracy and Prebendal Politics in Nigeria: The Rise and Fall of the Second Republic*, African Studies Series 56 (Cambridge, New York, Melbourne: Cambridge University Press, 1987).

The paper sharpens its analytical lens by distinguishing between elite capture and state capture. Elite capture, as theorised by Winters<sup>25</sup> and grounded in North's framework, refers to the capacity of wealthy actors to shape policies and institutions to serve their interests,<sup>26</sup> reinforced by rent-seeking dynamics.<sup>27</sup> State capture, as developed by Hellman, Jones, Kaufmann, and Mungiu-Pippidi, denotes a deeper process in which private actors shape the rules of governance themselves, normalising particularistic control and undermining impartial institutions.<sup>28</sup> In Nigerian, these processes operate simultaneously and reinforce one another, sustaining democratic deficit across both military and civilian regimes. The paper contributes by showing the persistence of petro-political logic across regime types—where democratisation in 1999 and reforms in 2021 did not alter underlying structural conditions—while clarifying the interaction between elite and state capture and integrating institutional economics, oligarchy theory, rent-seeking analysis, and anti-corruption scholarship with resource curse and rentier state frameworks.

The paper proceeds as follows. The text section outlines the methodology, including research design, data sources, and analytical approach. It then traces the evolution of Nigeria's oil-driven political economy from the discovery of crude oil in 1956 through the 1970s boom, highlighting how formal legal frameworks, administrative regulation, and informal patronage practices have coexisted and interacted over time. The analysis then turns to military rule (1983-1999) and the consolidation of petro-political culture, before examining the return to civilian governance from 1999 to 2024—covering the Obasanjo, Yar'Adua, Jonathan, Buhari, and Tinubu administration—showing how these overlapping legalities are continuously negotiated, selectively mobilised, and strategically reinterpreted across regime types, often blurring the boundaries between legality and informality in governance. The subsequent section presents a structural analysis of elite capture and state capture as enacted through these interlegal dynamics in practice. The paper concludes by assessing recent reforms and their structural limitations, and by outlining its scholarly contributions and directions for future research.

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<sup>25</sup> Elite capture refers to the ability of economically powerful actors to shape policies, institution, and resource distribution to preserve and expand oligarchic interest, weakening democratic accountability and privileging narrow interests over the public good. See: Jeffrey A. Winters, *Oligarchy* (Cambridge: Cambridge University Press, 2011).

<sup>26</sup> North, Douglass C., *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press, 1990).

<sup>27</sup> Gordon Tullock, "Efficient Rent-Seeking Revisited," in *The Political Economy of Rent-Seeking*, ed. Charles K. Rowley et al. (Springer US, 1988); Gordon Tullock, "The Welfare Costs of Tariffs, Monopolies, and Theft," *Economic Inquiry* 5, no. 3 (1967): 224-32.

<sup>28</sup> State capture denotes a systemic process in which private actors shape the rules of governance themselves—laws, policies, and institutions—through non-transparent means, normalising particularistic control and embedding corruption as a structural feature of governance. See: Joel S. Hellman et al., "Seize the State, Seize the Day: State Capture, Corruption and Influence in Transition," Working Paper, ABCDE 2000 Conference, 2000; Alina Mungiu-Pippidi, *The Quest for Good Governance: How Societies Develop Control of Corruption*, (Cambridge: Cambridge University Press, 2015).

## Methodology

This study adopts a qualitative case study research design with a historical-analytical orientation. As Robert K. Yin observes, case study approaches are particularly appropriate when the objective is to understand complex social phenomena within their real-world context, especially over an extended time horizon and where the boundaries between the phenomenon and its broader context are not clearly delineated.<sup>29</sup> The case of Nigeria is selected as a critical and longitudinal case through which the relationship between petroleum wealth and democratic governance can be examined in depth. The historical-analytical method, as elaborated by John Tosh,<sup>30</sup> enables the systematic interrogation of documentary evidence across long time periods, the identification of structural continuities across different regime types, and the theoretically grounded interpretation of political events and institutional patterns.

This design is particularly suited to the research questions of this study, which seek not only to describe what occurred in Nigerian petroleum governance across six decades, but to explain why patterns of elite behaviour and institutional erosion have been consistently reproduced across both military and civilian administrations. Accordingly, Nigeria is treated not as a collection of discrete episodes, but as a single, historically embedded case shaped by the persistent structural logic of petro-politics. To ensure analytical clarity and transparency, this study organises its empirical foundation by distinguishing between primary and secondary data sources. The selection of sources is guided by their relevance to petroleum governance, elite behaviour, and institutional dynamics in Nigeria. Primary data consist of official documents that directly reflect state practices and policy frameworks, while secondary data provide the theoretical and analytical context necessary to interpret these materials. The classification presented below summarises the types of data utilised and their respective analytical functions.

**Table 1. Data Sources**

Data Type	Source Category	Materials / Examples	Function
Primary Data	Legal and policy documents	Petroleum Industry Act (2021)	Formal regulatory framework
	Fiscal records	Federation Account allocation records	Distribution of oil revenues
	Legislative reports	2012 House of Representatives report on petroleum subsidy	Oversight and governance issues
	Official correspondence	Sanusi letter on missing NNPC revenues	Evidence of institutional irregularities
	Transparency reports	Nigeria Extractive Industries Transparency Initiative reports	Accountability and sector transparency

<sup>29</sup> Robert K. Yin, *Case Study Research and Applications: Design and Methods*, 6th edn (Los Angeles: SAGE, 2018), 4.

<sup>30</sup> John Tosh, *The Pursuit of History: Aims, Methods and New Directions in the Study of History*, Sixth edition (London: Routledge/Taylor & Francis Group, 2015), 52–58.

<b>Secondary Data</b>	Academic literature	Scopus- and Web of Science-indexed journals (keywords: petro-politics, elite capture, rentier state, Nigeria governance, democratic deficit)	Theoretical grounding and contextual analysis
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Source: authors compilation

As shown in the table, the combination of primary and secondary sources enables a comprehensive understanding of both empirical realities and their theoretical interpretation. Primary documents provide direct evidence of how petroleum governance operates in practice, particularly in relation to revenue allocation, regulatory frameworks, and institutional irregularities. Secondary literature complements this by situating these findings within broader debates on petro-politics, rentier state dynamics, and democratic governance. This integration reflects the methodological principle that qualitative research achieves stronger analytical validity through systematic triangulation of multiple data sources.<sup>31</sup> By cross-referencing documentary evidence with established scholarship, the study ensures that its interpretations are not only empirically grounded but also theoretically informed, thereby strengthening the robustness of its findings.

### **Oil Discovery and the Distortion of Political Economy, 1956-1979**

The discovery of crude oil in commercial quantities at Oloibiri in present-day Bayelsa State in 1956 by Shell-BP was not immediately recognised as the transformative event it would prove to be.<sup>32</sup> This was due to environmental concerns and the importance of agricultural exports at that time.<sup>33</sup> At independence in 1960, Nigeria's economy was still predominantly agricultural, with groundnuts from the north, cocoa from the west, and palm oil from the east constituting the primary export commodities.<sup>34</sup> The regional governments derived their revenues largely from export taxes on these agricultural products, creating a degree of decentralised accountability in which regional governments had genuine stakes in the productivity of their agricultural sectors.

The regional revenue system of the early First Republic, whatever its imperfections, had a logic of accountability built into it. The Northern, Western, and Eastern Regions each administered their own revenue-generating activities and competed for development resources on the basis of productive output. As Okwudiba Nnoli observed, this period, despite its ethnic tensions and constitutional weaknesses, featured a degree of competitive regional development that would later be fundamentally undermined by the shift to oil revenues.<sup>35</sup> In

<sup>31</sup> Alan Bryman, *Social Research Methods*, Fifth Edition (Oxford ; New York: Oxford University Press, 2016), 390.

<sup>32</sup> S. Tamuno and Jm Felix, "Crude Oil Resource: A Blessing or Curse to Nigeria – The Case of the Niger Delta," *Journal of Research in National Development* 4, no. 2 (2008): 53–58.

<sup>33</sup> Zara Emmanuel Kwaghe, 'Black Gold and the Nigerian State (1956-2014): A Critical Review', *Chinese Business Review* 14, no. 2 (2015): 72–86.

<sup>34</sup> Carl K. Eicher, "The Dynamics of Long-Term Agricultural Development in Nigeria," *Journal of Farm Economics* 49, no. 5 (1967): 11-58; R. K. Udo, 'Sixty Years of Plantation Agriculture in Southern Nigeria: 1902-1962', *Economic Geography* 41, no. 4 (1965): 356-368.

<sup>35</sup> Okwudiba Nnoli, *Ethnic Politics in Nigeria* (Enugu, Nigeria: Fourth Dimension Publishers, 1978).

addition, the fiscal arrangements of the First Republic reflected a genuine effort to create incentive structures for productive governance. The derivation principle, under which regions received a proportion of revenues generated from resources within their borders, aligned the interests of regional governments with the development of their productive capacity. The Raisman Commission of 1958 and subsequent reviews of the revenue allocation formula wrestled with the question of how to balance equity and efficiency in a diverse federal system.<sup>36</sup> The military coup of January 1966, which ended the First Republic, and the civil war of 1967 to 1970, created the political conditions under which the oil economy could be fully appropriated by the central state. The Gowon administration used the emergency conditions of the conflict to centralise control over revenue collection and distribution in ways that proved permanent.<sup>37</sup> The creation of new states, from the original three regions to twelve states in 1967 and later nineteen states in 1976, had the important effect of fragmenting regional power blocs and making all states dependent on federal revenue allocation.

The oil boom of the early 1970s transformed this centralised structure into something more consequential. Following the Arab oil embargo of 1973 and the quadrupling of oil prices, Nigeria's petroleum revenues increased dramatically. Government revenues rose from approximately 633 million naira in 1970 to over 5.5 billion naira by 1975.<sup>38</sup> This transformation is further illustrated by the long-term trajectory of petroleum dependence in federal revenues, as presented in Table 2. The data demonstrate that the rapid increase in oil income during the 1970s was not merely a temporary fiscal expansion, but marked the beginning of a structural reconfiguration of Nigeria's political economy in which petroleum became the dominant source of state revenue.

**Table 2. Nigeria Petroleum Revenue and Federal Budget Dependency, Selected Years 1970–2024**

Year	Total Federal Revenue (₦bn)	Petroleum Revenue (₦bn)	Oil as % of Revenue
1970	0.63	0.17	26.2%
1975	5.50	4.00	72.7%
1980	15.20	12.80	84.2%
1985	11.20	7.00	62.5%
1990	27.70	22.50	81.2%
1995	459.00	324.60	70.7%
2000	1,906.00	1,591.70	83.5%
2005	4,870.00	4,008.80	82.3%
2010	4,842.50	3,581.60	74.0%
2015	3,477.40	1,730.10	49.8%
2020	5,365.50	1,947.60	36.3%

<sup>36</sup> Rotimi T. Suberu, *Federalism and Ethnic Conflict in Nigeria*, 1. publ (Washington, DC: United States Institute of Peace Press, 2001).

<sup>37</sup> Max Siollun, *Oil, Politics and Violence: Nigeria's Military Coup Culture (1966-1976)* (New York: Algora Pub, 2009).

<sup>38</sup> Anthony H. M. Kirk-Greene and Douglas Rimmer, *Nigeria Since 1970: A Political and Economic Outline*, 1. publ (London: Hodder and Stoughton, 1981), 97.

2023	7,124.30	2,892.40	40.6%
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Source: Central Bank of Nigeria Statistical Bulletin; NNPC Annual Reports; NEITI Reports (various years)

Across successive decades, oil consistently accounted for a substantial proportion of total federal income, in many periods exceeding seventy per cent and at times surpassing eighty per cent of government revenues. This persistent fiscal dependence not only strengthened the central state's control over resource allocation, but also gradually reduced the incentives for subnational governments to sustain productive economic sectors of their own. As a result, political competition increasingly shifted away from production and developmental performance toward access to federally controlled oil rents, laying the institutional foundations for the patronage networks, rent-seeking behaviour, and extractive governance structures that would come to define Nigeria's petro-political order. The consolidation of this fiscal dependence was accompanied by major institutional changes in the governance of the petroleum sector.

With the establishment of the Nigerian National Oil Corporation in 1971, later reorganised as the Nigerian National Petroleum Corporation in 1977, the federal government became the direct beneficiary of petroleum revenues on a scale that dwarfed all other revenue sources. General Yakubu Gowon famously declared that Nigeria's problem was not money but how to spend it, a statement that captured both the euphoria and the complacency of the oil boom era.<sup>39</sup> The Third National Development Plan of 1975 to 1980 allocated unprecedented sums to infrastructure, education, and industrialisation. But the political consequences of this sudden wealth were far more significant than the economic ones. The state's capacity to distribute, rather than its capacity to produce, became the defining metric of political success. As the federal government's oil revenues grew, the incentive for regional and state governments to develop their own productive capacities diminished correspondingly. The Federation Account, through which oil revenues were redistributed to the states, created a system in which political survival depended not on generating wealth but on accessing federal allocations. Governors and local government chairmen competed for shares of the national cake, a phrase that entered Nigerian political vocabulary with telling precision.<sup>40</sup>

The agricultural sector collapsed with remarkable speed. Groundnut pyramids in Kano disappeared. Cocoa production in the west declined sharply. Palm oil, which had made Nigeria one of the world's major exporters, ceased to be a significant export commodity. The rural population migrated to the cities in search of oil-funded opportunities.<sup>41</sup> Nigeria became, in the terminology of the Dutch Disease literature, a textbook case of deindustrialisation driven by resource

<sup>39</sup> Karl Maier, *This House Has Fallen: Midnight in Nigeria* (New York: PublicAffairs, 2000), 44.

<sup>40</sup> Rotimi T. Suberu, *Federalism and Ethnic Conflict in Nigeria*, 1st edn (Washington, DC: United States Institute of Peace Press, 2001), 44.

<sup>41</sup> Toyin Falola and Julius Omozuanvbo Ihonvbere, *The Rise & Fall of Nigeria's Second Republic, 1979-84*, Third World Books (London : Totowa: Zed Books, 1985), 35.

wealth.<sup>42</sup> The consequences for institutional development were equally severe. The capacity that state governments had developed for agricultural extension, marketing board administration, and rural infrastructure provision atrophied as their revenue base shifted to federal allocations. Federal government ministries, swollen by oil revenues and staffed by a rapidly expanding civil service, became arenas for prebendal competition rather than engines of development planning.<sup>43</sup> The Murtala Mohammed and Obasanjo administrations of 1975 to 1979 attempted to use the transition to civilian rule as an opportunity for institutional reform. The 1979 constitution, modelled partly on the American presidential system, was designed to diffuse ethnic conflict and create incentives for national political mobilisation. But the constitutional framework was built on a political economy that had been irrevocably shaped by oil.<sup>44</sup> The Second Republic, which lasted from 1979 to 1983, saw the full expression of prebendalism as a governing logic. President Shehu Shagari's National Party of Nigeria administered a state whose revenues were falling as oil prices declined, but whose political commitments had been structured around the assumption of perpetual abundance. The result was massive borrowing, spectacular corruption, and the collapse of any pretence of developmental governance.<sup>45</sup>

Viewed through the analytical lenses of oligarchic politics and rent-seeking theory, the period from 1956 to 1979 marked not merely the discovery of petroleum, but the institutional birth of Nigeria's petro-political order. In Jeffrey A. Winters's framework, the rapid centralisation of oil revenues created the material foundations for elite actors to defend and expand their wealth through control of state institutions rather than through productive economic activity.<sup>46</sup> At the same time, Gordon Tullock's rent-seeking framework helps explain why political competition increasingly shifted from wealth creation to the capture of revenue distribution mechanisms, as access to federal allocations generated returns far greater than investment in agriculture, industry, or regional productivity.<sup>47</sup> Once these incentives became embedded within fiscal and administrative institutions, they produced what Douglass C. North describes as institutional lock-in, whereby extractive arrangements generated self-reinforcing coalitions resistant to reform.<sup>48</sup> More fundamentally, this period also reveals the early emergence of what Joel S. Hellman, Geraint Jones, and Daniel Kaufmann conceptualise as state capture, a condition in which politically connected actors do not merely influence policy outcomes, but actively shape the foundational rules, institutional arrangements,

<sup>42</sup> W. Max Corden and J. Peter Neary, 'Booming Sector and De-Industrialisation in a Small Open Economy', *The Economic Journal* 92, no. 368 (1982): 825-48.

<sup>43</sup> Ladipo Adamolekun, *Politics and Administration in Nigeria* (Ibadan: London: Spectrum Books; Hutchinson, 1986), 212.

<sup>44</sup> Adamolekun, 220.

<sup>45</sup> Falola and Ihonvbere, *The Rise & Fall of Nigeria's Second Republic, 1979-84*, 201-15.

<sup>46</sup> Jeffrey A. Winters, *Oligarchy* (Cambridge: Cambridge University Press, 2011).

<sup>47</sup> Tullock, 'Efficient Rent-Seeking Revisited'.

<sup>48</sup> North, Douglass C., *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press, 1990).

and regulatory structures of governance in ways that secure their private advantages.<sup>49</sup> In the Nigerian context, the centralisation of oil revenues, the creation of state-controlled petroleum institutions, and the restructuring of federal revenue allocation during the 1970s did more than consolidate fiscal authority in the federal government; they gradually institutionalised a governance structure that privileged those with privileged access to petroleum rents. As Alina Mungiu-Pippidi further argues, once particularistic control over public resources becomes institutionalised, corruption ceases to function as an exception to the system and instead becomes a normalised feature of governance itself.<sup>50</sup> By the end of the 1970s, Nigeria had therefore undergone not simply an economic transition from agriculture to oil, but a deeper political transformation in which access to petroleum rents had become the primary currency of power, laying the structural foundations for prebendal politics, state capture, and the democratic erosion that would define subsequent decades.

### **Military Rule and Consolidation of Petro-Political Culture, 1983-1999**

The period of military rule from 1983 to 1999 was the crucible in which Nigeria's petro-political culture was most completely formed. Five military heads of state presided over a state whose revenues derived almost entirely from petroleum exports and whose governance structures were oriented towards the distribution of those revenues to politically connected elites. General Buhari's administration of 1983 to 1985 presented itself as a corrective government committed to discipline and accountability. The War Against Indiscipline campaign sought to address the culture of corruption that had characterised the Second Republic.<sup>51</sup> But Buhari's government did not fundamentally alter the relationship between oil revenues and political power. The NNPC remained the most powerful institution in the Nigerian state, its management appointments were political, its accounts were opaque, and its revenues flowed through channels that bypassed any form of democratic accountability.

The Babangida administration of 1985 to 1993 represented the apotheosis of military petro-politics. Ibrahim Babangida used oil revenues to construct an elaborate architecture of political management in which all potential sources of opposition were either co-opted or neutralised. The structural adjustment programme adopted in 1986 was implemented in ways that enriched those with access to the parallel foreign exchange market while impoverishing the majority of Nigerians.<sup>52</sup> The transition programme orchestrated by Babangida between 1986 and 1993 was itself a masterclass in the use of oil revenues to manage political

<sup>49</sup> Joel S. Hellman, Geraint Jones, and Daniel Kaufmann, 'Seize the State, Seize the Day: State Capture, Corruption and Influence in Transition', Working Paper, ABCDE 2000 Conference, 2000.

<sup>50</sup> Alina Mungiu-Pippidi, *The Quest for Good Governance: How Societies Develop Control of Corruption*, 1st edn (Cambridge University Press, 2015).

<sup>51</sup> Julius O. Ilhonvbere, 'The Military and Political Engineering Under Structural Adjustment: The Nigerian Experience Since 1985', *Journal of Political and Military Sociology* 21, no. 1 (1993): 92.

<sup>52</sup> Ubah Chukwudi Nelson, 'Structural Adjustment Programme (SAP) and Nigeria's Development: Lessons for the Government', *Journal of African Innovation and Advanced Studies*, 28 (2025): 79-96.

processes. The entire transition programme cost hundreds of billions of naira, funded by petroleum revenues, and it culminated not in a democratic handover but in the annulment of its own outcome.<sup>53</sup> This interpretation is consistent with several studies documenting the Ibrahim Babangida administration. Nwankwo highlights the fiscal recklessness and weak administrative discipline that characterised the Babangida era, while documenting practices of political manipulation and Machiavellianism in economic management, and noting how the structural adjustment programme contributed to economic decline and collapse.<sup>54</sup> William Reno further demonstrates that the reform programme became an arena in which elite networks—Old Brigade and Money Bags—directed the privatisation process for their own private benefit, thereby reinforcing patterns of selective enrichment.<sup>55</sup> Meanwhile, Eme O Awa interprets as a shift from the early promise of reform to a condition of political and economic deterioration,<sup>56</sup> further underscoring the economic deterioration and governance degradation that defined this period.

After the dynamics that occurred during the Babangida Era, an interesting thing happened again. The annulment of the June 12, 1993 presidential election, widely believed to have been won by Moshood Kashimawo Olawale Abiola, was the most dramatic single demonstration of how oil-funded military power could override democratic outcomes. Among the factors driving Babangida's decision was the recognition that a genuinely popular president might challenge the oil revenue distribution arrangements from which the military and its civilian allies had benefited enormously.<sup>57</sup> The Abacha dictatorship of 1993 to 1998 took petro-politics to its most predatory extreme. General Sani Abacha oversaw the systematic looting of the Nigerian treasury on a scale that shocked even those accustomed to the financial excesses of previous administrations. Foreign governments have since repatriated over two billion dollars in assets traced to Abacha and his associates.<sup>58</sup> The Abacha government simultaneously suppressed civil society, executed activists including Ken Saro-Wiwa, and used oil revenues to fund a comprehensive apparatus of repression. The execution of Saro-Wiwa and eight other Ogoni activists in November 1995 brought international attention to the political economy of oil in the Niger Delta. Saro-Wiwa's Movement for the Survival of the Ogoni People had been demanding environmental remediation and resource

<sup>53</sup> J. 'Bayo Adekanye, 'The Military', in *Transition Without End*, ed. Larry Diamond, Anthony Kirk-Greene, and Oyeleye Oyediran (Boulder, London: Lynne Rienner Publisher, 1997), 55–80.

<sup>54</sup> Arthur Agwuncha Nwankwo, *Nigeria: The Political Transition and the Future of Democracy* (Enugu, Nigeria: Fourth Dimension Pub. Co, 1993).

<sup>55</sup> William Reno, 'Old Brigades, Money Bags, New Breeds, and the Ironies of Reform in Nigeria', *Canadian Journal of African Studies / Revue Canadienne Des Études Africaines* 27, no. 1 (1993): 66–87.

<sup>56</sup> O. Eme Awa, 'Electoral Administration in the Early Transition', in *Transition Without End: Nigerian Politics and Civil Society Under Babangida*, ed. Larry Diamond, Oyeleye Oyediran, and Anthony Hamilton Millard Kirk-Greene (Boulder, London: Lynne Rienner Publisher, 1997), 129–42.

<sup>57</sup> Peter Lewis, 'Nigeria: An End to the Permanent Transition?'; Claude E. Welch, 'Civil-Military Agonies in Nigeria: Pains of an Unaccomplished Transition', *Armed Forces & Society* 21, no. 4 (1995): 593–614.

<sup>58</sup> Human Right Watch, 'The Price of Oil: Corporate Responsibility and Human Rights Violations in Nigeria's Oil Producing Communities', Refworld: Global Law and Policy Database, New York, 1 January 1999, 8.

control for the Ogoni people, whose lands had been extensively damaged by decades of oil extraction.<sup>59</sup> The government's response illustrated with brutal clarity the logic of the Nigerian petro-state: oil revenues mattered enormously; the people of the oil-producing communities did not.

The Niger Delta communities' experience during the military era illustrates a fundamental paradox of the Nigerian petro-state. The communities whose land and environment were sacrificed for petroleum extraction received the least benefit from the revenues generated. Environmental degradation from oil spills, gas flaring, and pipeline corrosion destroyed agricultural land, poisoned fisheries, and contaminated water sources in communities simultaneously denied the infrastructure investments that oil revenues supposedly funded elsewhere.<sup>60</sup> The Abacha era also saw the development of more sophisticated mechanisms of oil revenue concealment. Dedicated accounts outside the purview of the Central Bank of Nigeria were used to receive and disburse petroleum revenues, making tracking impossible and accountability irrelevant.<sup>61</sup> This pattern of off-budget petroleum revenue management would persist into the civilian era. The transition to civilian rule under General Abdulsalami Abubakar in 1998 to 1999 was itself structured around petroleum interests. The Constitution of 1999, drafted by a military-appointed committee and adopted without a proper constituent assembly, retained the centralised revenue structure that had been the foundation of petro-political power.<sup>62</sup> This constitutional inheritance ensured that the Fourth Republic would reproduce many of the governance pathologies of its military predecessors.

Taken together, the military period from 1983 to 1999 marked the decisive consolidation of Nigeria's petro-political order. During this period, petroleum revenues evolved from a source of state income into the primary foundation of political power, enabling politically connected actors to accumulate wealth, control strategic institutions, and distribute public resources through patronage rather than accountability. As competition increasingly centred on access to oil rents rather than productive governance, extractive institutional arrangements became deeply embedded within the state. By the return to civilian rule in 1999, Nigeria had inherited not merely weakened democratic institutions, but a political economy structurally predisposed to reproduce elite dominance and democratic deficit in the decades that followed.

### **The Fourt Republic and Petro-Democratic Politics, 1999-2015**

The return to civilian governance in May 1999 with the inauguration of President Olusegun Obasanjo raised expectations of a fundamental break with the petro-

<sup>59</sup> Ken Saro-Wiwa, *A Month and a Day: A Detention Diary* (New York, London, Australia, Canada, New Zealand: Penguin Group, 1995), 3.

<sup>60</sup> Michael Watts, 'Resource Curse? Governmentality, Oil and Power in the Niger Delta, Nigeria', *Geopolitics* 9, no. 1 (2004): 50–80.

<sup>61</sup> Kenneth Omeje, *High Stakes and Stakeholders* (London: Routledge, 2017), 65.

<sup>62</sup> Nic Cheeseman, *Democracy in Africa: Successes, Failures, and the Struggle for Political Reform*, 1st edn (Cambridge: Cambridge University Press, 2015), 112.

political past. His administration did achieve some notable successes, particularly in the area of debt relief, where Nigeria secured a landmark agreement with the Paris Club of creditors in 2005, and in establishing the Extractive Industries Transparency Initiative framework.<sup>63</sup> The Economic and Financial Crimes Commission, established in 2003, became the most visible institutional expression of Obasanjo's anti-corruption commitment. Under the leadership of Nuhu Ribadu, the EFCC prosecuted several high-profile corruption cases and developed a reputation for effectiveness that was unusual in Nigerian institutional history.<sup>64</sup> However, critics noted that the EFCC's prosecutions were selectively targeted at political opponents. Obasanjo's unsuccessful attempt to secure a constitutional amendment enabling a third presidential term was widely interpreted as an expression of the same logic of power retention that had characterised his military predecessors. The debate over resource control that characterised the early Fourth Republic was a direct continuation of the political struggles of the oil boom era. The Niger Delta states mounted constitutional and legal challenges to the revenue allocation formula that concentrated the overwhelming majority of oil revenues in the Federal Government.<sup>65</sup> The Supreme Court's ruling in the landmark 2002 case partly addressed the question of offshore oil revenue distribution but left the fundamental structure of federal dominance over petroleum revenues intact.

The creation of the Niger Delta Development Commission in 2000 was intended to address the longstanding marginalisation of oil-producing communities. But the NDDC quickly became another arena for prebendal politics. Contracts were awarded to political associates, funds were diverted, and the communities whose development the Commission was supposed to promote continued to lack basic infrastructure despite billions of naira having been allocated for their benefit.<sup>66</sup> The Niger Delta insurgency, which escalated dramatically between 2006 and 2009, was in many respects the most direct expression of the relationship between oil extraction and democratic failure. The Movement for the Emancipation of the Niger Delta targeted oil infrastructure in a sustained campaign that at its peak reduced Nigeria's oil output by nearly forty per cent.<sup>67</sup> The insurgency was rooted in decades of environmental destruction, economic marginalisation, and political exclusion of the communities in whose lands the oil was extracted.

The amnesty programme launched by President Umaru Yar'Adua in 2009 succeeded in reducing the immediate level of violence, but it did so through a

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<sup>63</sup> Ngozi Okonjo-Iweala, *Reforming the Unreformable: Lessons From Nigeria* (Cambridge: Mit Press, 2012), 45–52.

<sup>64</sup> Nuhu Ribadu, *Nigeria's Struggle with Corruption*, Congressional Hearing nos 109–172 (Washington, DC, 2006), 3.

<sup>65</sup> Okey Ibeanu, 'Nigeria: Political Violence, Governance and Corporate Responsibility in a Petro-State', in *Oil Wars*, ed. Robin Luckham, Terry Lynn Karl, and Yahia Said (London: Pluto, 2007), 41–99.

<sup>66</sup> Umoh. A. Kofi and Akingbade Babajide Olufemi, 'Ethnicity and Prebendal Politics in Nigeria', *African Journal of Law, Political Research and Administration* 8, no. 2 (2025): 92–108.

<sup>67</sup> Elias Courson, *Movement for the Emancipation of the Niger Delta (MEND): Political Marginalization, Repression and Petro-Insurgency in the Niger Delta* (Uppsala: Nordiska Afrikainstitutet, 2009), 12.

mechanism that was itself characteristic of petro-politics. Former militants were offered cash payments and reintegration support, but the structural issues of resource governance that had driven the insurgency were not addressed.<sup>68</sup> The amnesty programme became instead a new revenue distribution mechanism, creating a class of former militant leaders who enriched themselves through the programme while the broader Niger Delta population continued to suffer. The Goodluck Jonathan administration of 2010 to 2015 illustrated with particular clarity the limits of democratic governance in a petro-state. Jonathan had been expected to address the structural injustices of oil governance. Instead, his administration was characterised by an escalation of corruption and oil revenue theft on a scale that exceeded even the worst excesses of previous governments.<sup>69</sup> The fuel subsidy scandal of 2012, in which a government investigation found that over two trillion naira had been fraudulently claimed in subsidies through a network of oil marketers with close ties to the administration, became emblematic of the systemic corruption at the heart of the Nigerian oil economy.<sup>70</sup> The scandal revealed a structural arrangement in which the petroleum distribution system had been deliberately organised to create opportunities for rent extraction by the politically connected.

The Central Bank Governor, Lamido Sanusi, was suspended by Jonathan in 2014 after he reported that approximately twenty billion dollars in NNPC revenues had not been remitted to the Federation Account.<sup>71</sup> This episode demonstrated the structural impossibility of internal accountability in the Nigerian petro-state. An official performing his regulatory duty was removed from office for reporting a theft of public funds, while the perpetrators faced no consequences. It was, as Peter Lewis observed, a defining illustration of how oil revenues corrupt not merely individuals but the very institutions that are meant to constrain them.<sup>72</sup>

#### **Buhari to Tunubu: Petro-Politics in Contemporary Nigeria, 2015-2024**

Muhammadu Buhari's return to power in 2015, this time through the ballot box rather than the barrel of a gun, was accompanied by the most explicit anti-corruption mandate in Nigerian electoral history. Buhari's campaign had foregrounded the theft of oil revenues under the Jonathan administration, and his victory was widely interpreted as a popular demand for accountability in resource governance.<sup>73</sup> The Buhari administration did achieve some notable successes in revenue transparency. The Treasury Single Account, which consolidated all

<sup>68</sup> Daniel Egiegba Agbiboa, 'Have We Heard the Last? Oil, Environmental Insecurity, and the Impact of the Amnesty Programme on the Niger Delta Resistance Movement', *Review of African Political Economy* 40, no. 137 (2013): 447–65.

<sup>69</sup> Tom Forrest, *Politics and Economic Development in Nigeria* (Boulder, Colo.: Westview Press, 1995), 178.

<sup>70</sup> Report of the AD-HOC Committee, *To Verify and Determine the Actual Subsidy Requirements and Monitor the Implementation of the Subsidy Regime in Nigeria*, HR.1/2012 (2012), 14–16.

<sup>71</sup> Lamido Sanusi, 'Letter to Presidency Goodluck Jonathan on Missing NNPC Revenues', personal communication, 25 September 2013, 1.

<sup>72</sup> Peter Lewis, 'Nigeria: An End to the Permanent Transition?', *Journal of Democracy* 10, no. 1 (1999): 224.

<sup>73</sup> Jesse Salah Ovidia, *The Petro-Developmental State in Africa: Making Oil Work in Angola, Nigeria and the Gulf of Guinea* (London: Hurst & Company, 2016), 337.

government revenues into a single account under Central Bank oversight, recovered hundreds of billions of naira that had been held in unauthorised accounts by government agencies.<sup>74</sup> The Whistle-Blower Policy of 2016 incentivised the reporting of concealed public funds and produced several high-profile recoveries. But these reforms did not alter the fundamental structure of petro-political governance.

The NNPC under Buhari remained an opaque and politically managed institution. Despite repeated promises of restructuring, the corporation continued to operate as both a commercial entity and a policy instrument, combining roles that created irresolvable conflicts of interest. The Buhari government's claims that the NNPC was being reformed were undermined by the continued absence of audited accounts, the persistence of off-budget expenditures, and the political management of key appointments within the corporation. The security crisis in the north-east, where Boko Haram and later the Islamic State West Africa Province continued to operate, and the related crisis of banditry and farmer-herder conflict across the middle belt and north-west, placed extraordinary demands on federal resources during the Buhari years. Security expenditures funded through oil revenues might otherwise have been directed towards development, while the management of security contracts became another arena for elite rent extraction.

The Petroleum Industry Act of 2021 represented the most significant statutory reform of the oil sector since the creation of the NNPC in 1977.<sup>75</sup> The PIA transformed the NNPC into the Nigerian National Petroleum Company Limited, a commercial entity expected to operate on a profit-oriented basis with greater transparency obligations. The Act also created independent regulatory bodies, separating the regulatory and commercial functions that had long been conflated within the NNPC. The PIA was welcomed by many analysts as a long-overdue rationalisation of the oil sector. However, its implementation has revealed the limits of statutory reform in a political system shaped by petro-political incentives. The NNPC retained close ties to political power, and its commercial autonomy has been regularly compromised by government intervention.<sup>76</sup> The allocation of three per cent of oil revenues to host community trusts was insufficient to address the scale of environmental and social damage accumulated over six decades of oil extraction.

President Bola Ahmed Tinubu's removal of the fuel subsidy in his inaugural address in May 2023 was perhaps the most economically significant single policy

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<sup>74</sup> C. J. Igbokwe-Ibeto et al., 'Treasury Single Account – Transparency and Accountability in Public Finance Management in Nigeria: The Journey So Far', *Africa's Public Service Delivery and Performance Review* 4, no. 2 (June 2016): 342–59.

<sup>75</sup> *Federal Republic of Nigeria Official Gazette*, no. 6, Petroleum Industry Act (Lagos, Nigeria: Federal Government Press, 2021), 131.

<sup>76</sup> Eferiekose Ukala, 'Gas Flaring in Nigeria's Niger Delta: Failed Promises and Reviving Gas Flaring in Nigeria's Niger Delta: Failed Promises and Reviving Community Voices', *Washington and Lee Journal of Energy, Climate, and the Environment* 2, no. 1 (2011): 97–126.

decision of the Fourth Republic.<sup>77</sup> The fuel subsidy, which had cost the government an estimated ten trillion naira in 2022 alone, had been simultaneously a major drain on public finances and a form of petro-populism through which successive governments had managed social discontent. Its removal, while economically rational, imposed immediate and severe costs on ordinary Nigerians without a corresponding framework of social protection. The naira devaluation that followed subsidy removal, combined with rising food prices and electricity tariff increases, produced a cost of living crisis that generated significant popular unrest.<sup>78</sup> The August 2024 nationwide protests were a direct expression of the democratic deficit that oil-driven governance produces: a population bearing the costs of resource governance without meaningful participation in the decisions that determine those costs.

The Tinubu administration's economic reform programme has proceeded in ways that reflect the persistent logic of petro-political governance. Key appointments in the oil and gas sector have been made on the basis of political loyalty rather than technocratic competence, the NNPCCL has continued to operate with limited transparency, and the proceeds of oil revenue reform have not been systematically directed towards social protection.<sup>79</sup> Taken together, the period from 2015 to 2024 demonstrates that contemporary reform efforts have altered some institutional forms of petroleum governance without fundamentally transforming its underlying political logic. Measures such as revenue transparency initiatives, the Petroleum Industry Act, and subsidy reform introduced important administrative and fiscal adjustments, yet the core structure of centralised rent distribution, politically managed appointments, and selective accountability remained largely intact. As a result, petroleum governance continued to operate less as an instrument of inclusive development than as a mechanism for preserving political control, elite advantage, and fiscal survival. The social unrest that followed subsidy removal in 2024 therefore revealed not merely the economic costs of reform, but the continued democratic deficit of a petro-political system in which citizens bear the burdens of governance without meaningful influence over its direction.

### **Elite Capture and Democratic Deficit: A Structural Analysis**

The evidence surveyed in the preceding sections points consistently to a structural relationship between petroleum wealth and democratic deficit in Nigeria. This section offers a synthetic analysis of how elite capture of oil revenues has operated as the central mechanism of democratic failure, drawing together the threads of the historical analysis into a coherent structural argument. Elite capture refers to the process by which a relatively small group of politically connected individuals

<sup>77</sup> Bola Ahmed Tinubu, 'Inaugural Address, Eagle Square', 29 May 2023.

<sup>78</sup> Report of the Ad-Hoc Committee, *To Verify and Determine the Actual Subsidy Requirements and Monitor the Implementation of the Subsidy Regime in Nigeria*.

<sup>79</sup> Olusola Joshua Olujobi, 'Nigeria's Upstream Petroleum Industry Anti-Corruption Legal Framework: The Necessity for Overhauling and Enrichment', *Journal of Money Laundering Control* 26, no. 7 (2023): 1-27.

and networks has monopolised access to the rents generated by petroleum extraction, using these rents both to enrich themselves and to maintain political dominance.<sup>80</sup> This capture has operated through multiple channels: through management of the NNPC and its successors; through control of import licences and foreign exchange allocations; through manipulation of the fuel subsidy scheme; and through the appointment of political loyalists to positions controlling oil revenue flows.

It is analytically important to distinguish between elite capture and state capture, two concepts that are frequently conflated in the governance literature but which refer to distinct mechanisms of democratic erosion that require different remedial responses. Elite capture, in Winters's formulation, describes the use of accumulated wealth to defend and extend material interests through political influence: wealthy actors shape policy, regulatory decisions, and appointments to protect their economic advantages. North's institutional analysis demonstrates how such capture creates lock-in effects, since extractive institutional arrangements generate vested coalitions that resist reform even when those arrangements are collectively harmful. Tullock's rent-seeking framework illuminates the specific economic mechanism involved: elites invest in political influence rather than productive activity because the returns on rent capture exceed the returns on innovation and investment, with the result that political competition becomes a contest for access to resource rents rather than a contest over development policy. State capture, by contrast, describes the process by which private actors shape the foundational rules of governance itself. Mungiu-Pippidi's comparative research across multiple country cases demonstrates that when particularistic governance becomes the norm, anti-corruption reform requires not merely enforcement of existing rules but a transformation of the basic social expectations of political life, a task that no single administration's reform programme can accomplish alone. In Nigeria, both dynamics have operated simultaneously: elite capture of NNPC revenues and oil licences exemplifies the Winters mechanism, while the shaping of the 1999 Constitution's centralised revenue provisions and successive petroleum legislation by oil-connected interests exemplifies state capture in the Hellman-Jones-Kaufmann-Mungiu-Pippidi sense.<sup>81</sup>

The structural consequences of elite capture for democratic governance have been profound. First, it has created a political class whose interests are systematically opposed to the development of a tax-dependent state, since such a state would require genuine accountability to citizens. As Mick Moore and others

<sup>80</sup> Joel S. Hellman, Geraint Jones, and Daniel Kaufmann, 'Seize The State, Seize The Day: State Capture and Influence in Transition Economies', *Journal of Comparative Economics* 31, no. 4 (2003): 751-73.

<sup>81</sup> Winters, *Oligarchy* (Cambridge: Cambridge University Press, 2011), 1-12; North, Douglass C., *Institutions, Institutional Change and Economic Performance* (Cambridge: Cambridge University Press, 1990), 100-107; Alina Mungiu-Pippidi, *The Quest for Good Governance: How Societies Develop Control of Corruption*, 1st edn (Cambridge University Press, 2015), 25-30.

have argued, the relationship between taxation and representation is foundational to democratic development, and a state that does not tax its citizens has correspondingly weak incentives to represent them.<sup>82</sup> Second, elite capture of oil revenues has enabled the systematic underfunding of public institutions, including the judiciary, the electoral commission, the civil service, and the security forces. When public institutions are chronically underfunded, they become susceptible to capture by private interests, creating a cycle of institutional weakness and corruption that is difficult to break.<sup>83</sup> Nigeria's Independent National Electoral Commission has been repeatedly compromised by inadequate resourcing, political interference in appointments, and the vulnerability of its officials to inducement by well-funded political actors. Third, the concentration of oil revenues in federal hands has created political incentives for the perpetuation of ethnic and regional conflict, since each group's primary political objective is to maximise its share of federal allocation rather than to develop productive capacities of its own.<sup>84</sup> The politics of revenue sharing has simultaneously exacerbated ethnic tensions and prevented the development of a politics of production and accountability. Fourth, oil revenues have enabled successive Nigerian governments to insulate themselves from civil society pressure. When a government controls the distribution of rents rather than depending on tax revenues, it can simultaneously purchase the loyalty of potential opponents and deny resources to those who challenge it.<sup>85</sup> The systematic marginalisation of Nigerian civil society organisations, trade unions, and professional associations during both military and civilian governments reflects this structural dynamic.

Daron Acemoglu and James Robinson's distinction between extractive and inclusive institutions provides a useful framework for understanding the cumulative consequences of petro-political governance.<sup>86</sup> Nigeria's petroleum economy has consistently reinforced extractive institutions: governance arrangements designed to concentrate power and wealth in the hands of a small elite rather than to distribute opportunity broadly. The persistence of these extractive institutions across different regime types and political administrations is precisely what makes the democratic deficit structural rather than contingent. Xavier Sala-i-Martin and Arvind Subramanian demonstrated, using Nigerian data, that petroleum revenues had a significant negative effect on economic growth and institutional quality, arguing that the curse operated primarily through the

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<sup>82</sup> Mick Moore, 'Revenues, State Formation, and the Quality of Governance in Developing Countries', *International Political Science Review* 25, no. 3 (2004): 297–319.

<sup>83</sup> Daron Acemoglu, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty*, with James Alan Robinson (New York: Crown/Archetype, 2012), 81.

<sup>84</sup> Rotimi T. Suberu, 'The Supreme Court and Federalism in Nigeria', *The Journal of Modern African Studies* 46, no. 3 (2008): 451–85.

<sup>85</sup> Fernando Coronil, *The Magical State: Nature, Money, and Modernity in Venezuela* (Chicago: University of Chicago press, 1997), 4.

<sup>86</sup> Acemoglu, *Why Nations Fail*, 430.

institutional channel rather than through the economic mechanism.<sup>87</sup> Their analysis supports the paper's central argument that the democratic deficit in Nigeria is institutionally rather than simply economically driven, and that oil revenues have distorted institutions in ways that persist even when revenue levels fluctuate.

### **Reform Efforts and their Limits**

Reform of the Nigerian oil sector has been a recurring ambition of successive governments, and the history of these reform efforts shows both the possibilities and the limits of institutional change within a petro-political system. The Petroleum Industry Act of 2021 represented the culmination of reform efforts that had begun with the Obasanjo administration's Petroleum Industry Bill in 2008. The protracted legislative journey of the PIB to PIA, spanning thirteen years and four presidential administrations, was itself a demonstration of the political obstacles that oil sector reform faces in Nigeria.<sup>88</sup> The resistance came from multiple quarters: from international oil companies concerned about fiscal terms; from Niger Delta communities demanding greater host community benefits; and from political figures whose financial interests were tied to the existing opaque arrangements.

The PIA's provisions for host community development, while welcome, have been criticised as inadequate relative to the scale of environmental and social damage in the Niger Delta. The three per cent of operating expenditure allocated to host community trusts is a fraction of the social licence costs that oil companies would be required to bear in jurisdictions with more robust environmental and community rights frameworks.<sup>89</sup> The Extractive Industries Transparency Initiative, to which Nigeria has been committed since 2003, has produced valuable data on oil revenues and their management. But transparency alone has proved insufficient to alter the structural incentives of petro-political governance.<sup>90</sup> Data about oil revenue theft that is reported but not acted upon does not reduce the theft. The EITI framework requires the political will to use disclosed information as the basis for accountability, and that political will has consistently been absent in Nigeria.

In addition, the Central Bank of Nigeria's periodic efforts to reform the foreign exchange market, reduce oil sector opacity, and strengthen monetary governance have repeatedly been undermined by political interference. The removal of Lamido Sanusi in 2014 reflects the structural difficulty of maintaining technocratic independence in state institutions whose functions are intimately connected to oil revenue management.<sup>91</sup> More fundamentally, the reform of

<sup>87</sup> X. Sala-i-Martin and A. Subramanian, 'Addressing the Natural Resource Curse: An Illustration from Nigeria', *Journal of African Economies* 22, no. 4 (2013): 570–615.

<sup>88</sup> David Oladeji Ehijie Borha and Olusola Joshua Olujobi, 'An Examination of the Petroleum Industry Act 2021: Prospects, Challenges, and the Way Forward', *FioooResearch* 12 (2023): 1–26.

<sup>89</sup> *Federal Republic of Nigeria Official Gazette*, 121.

<sup>90</sup> Ivar Kolstad and Arne Wiig, 'Is Transparency the Key to Reducing Corruption in Resource-Rich Countries?', *World Development* 37, no. 3 (2009): 521–32.

<sup>91</sup> Okonjo-Iweala, *Reforming the Unreformable*, 110.

specific institutions or regulations, however important, cannot address the structural relationship between oil dependence and democratic deficit. As Thandika Mkandawire and others have argued, genuine democratic deepening in resource-dependent states requires not merely better governance of the resource sector but a diversification of the economic base that reduces the political salience of resource rents.<sup>92</sup> Ivar Kolstad and Arne Wiig's research on transparency and corruption in resource-rich countries provides a sobering assessment of the limits of disclosure-based reform.<sup>93</sup> They found that transparency initiatives tended to reduce corruption only in contexts where there was already sufficient institutional capacity and political competition to make disclosed information actionable. In contexts of weak institutions and limited political competition of the kind that characterises the Nigerian petro-state, transparency can document corruption without reducing it. The lesson of successive Nigerian reform efforts is that piecemeal institutional changes, however well-intentioned, are absorbed by and ultimately accommodated within the broader structure of petro-political governance. What is required is not merely the reform of particular institutions but a fundamental reorientation of the political economy: a shift from the politics of distribution to the politics of production that creates new incentive structures for both governors and governed.

## Conclusion

This study has traced the relationship between petroleum wealth and democratic deficit in Nigeria across six decades, from independence in 1960 to the Tinubu administration in 2024. The findings demonstrate that Nigeria's persistent failure to consolidate democratic governance is not primarily explained by ethnic fragmentation, colonial legacies, or periodic military intervention. Rather, the central structural driver lies in the petroleum economy and the political incentives it generates for elite accumulation, rent-based competition, and institutional erosion. However, this study further shows that these dynamics are mediated through a hybrid interlegal order in which formal state law, administrative regulation, and informal patronage practices coexist and interact. Across successive military and civilian administrations, petroleum revenues have not only reinforced centralised fiscal authority and weakened tax-based accountability, but have also enabled the continuous negotiation, reinterpretation, and instrumentalisation of legal norm by political elites. In this context, state institutions function not merely as sites of governance, but as arenas in which competing normative orders are selectively mobilised to sustain patronage, extraction, and political reproduction. Although reforms such as the Petroleum Industry Act of 2021 and the removal of the fuel subsidy in 2023 represent important formal interventions, they have been reabsorbed into existing interlegal

<sup>92</sup> Thandika Mkandawire, 'Thinking About Developmental States in Africa', *Cambridge Journal of Economics* 25, no. 3 (2001): 289–313.

<sup>93</sup> Kolstad and Wiig, 'Is Transparency the Key to Reducing Corruption in Resource-Rich Countries?', 529.

configurations without fundamentally transforming the extractive logic embedded within Nigeria's petro-political order. This suggests that democratic deepening in resource-dependent states cannot be achieved through administrative or legal reform alone, so long as the interaction between formal and informal normative systems continues to privilege control over rents rather than accountability to citizens.

This study contributes to the literature by offering a longitudinal explanation of how petro-political dynamics are reproduced through interlegal processes across different regime types. By integrating insights from resource curse theory, rentier state theory, prebendalism, and the complementary frameworks of elite capture and state capture, it highlights how competing legal and normative orders—state law, administrative regulation, and patronage practices—interact to continuously reconfigure petroleum governance. At the same time, the study is limited by its reliance on national-level documentary and historical evidence, which does not fully capture subnational variation or localised interlegal dynamics in oil-producing regions. Future research could extend this analysis through subnational case studies, comparative research across African petroleum economies, and investigations into how digital civil society mobilisation and the global energy transition may reshape the interlegal configurations that sustain petro-political governance.

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