



POLITICS IN NIGERIA AND CRUDE OIL ISSUES

PROF. STEPHEN LAZI AKHERE Ph.D., MSc, MBA, PFD, IPEN, PDM, PDA, AIET, F.ABMAN, FCIML, FEMRDR, F.ICAD, Research Fellow AIMDS

Nigerian Midstream and Downstream Petroleum Regulatory Authority (Nmdpra), F.C.T. Abuja, Nigeria.

ABSTRACT:

The interplay between politics, economic law, commerce, and crude oil in Nigeria has been a significant factor in shaping the country's economic, and sociopolitical landscape. This study explores the influence of crude oil on Nigeria's political structure, governance, and economy, with a particular focus on the implications of oil wealth for national stability, governance quality, and development outcomes. Since the discovery of oil in the 1950s, Nigeria has become one of the world's largest oil producers, but its vast petroleum resources have also led to numerous challenges, including corruption, political instability, moribund/deadness of other sectors of the economy, delusionality approach, and an over-reliance on oil revenues.

This research investigates the "resource curse" theory, which posits that countries with abundant natural resources like oil often suffer from slower economic growth, political corruption, and social unrest due to poor systemic approach. In Nigeria's case, oil revenues have fostered political centralization and elite capture, contributing to a cycle of corruption, ineffective governance, and inequality. Political elites, particularly in the Niger Delta region where oil extraction is concentrated, have been accused of exploiting oil wealth for personal gain, leading to widespread disenchantment and local resistance movements.

The study further examines the economic vulnerabilities tied to Nigeria's dependence on crude oil, focusing on how fluctuations in global oil prices have adversely affected the country's economy, particularly in periods of price decline. Despite the vast oil wealth, Nigeria faces persistent economic challenges such as unemployment, inflation, and poverty, which have worsened due to a lack of economic diversification and maladministration.

The paper also explores the socio-political impact of oil wealth on regional tensions, particularly in the oil-rich Niger Delta, where communities have faced environmental degradation and lack of infrastructural development, leading to conflict and unrest. The environmental consequences of oil extraction, coupled with the exclusion of local communities from the benefits of oil revenues, have exacerbated the political instability in the region.

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The research discusses potential policy measures that could mitigate the challenges posed by oil dependency, including economic diversification, improved governance frameworks, enhanced transparency in oil revenue management, and a more inclusive political process. The study argues that for Nigeria to overcome the challenges of its oil wealth, it must prioritize the development of other sectors, implement anti-corruption measures, and ensure equitable distribution of oil revenues to foster political stability and sustainable economic growth.

1. INTRODUCTION

The politics of Nigeria and its crude oil issues reveal a complex narrative of wealth, corruption, inequality, and regional strife. While crude oil has been central to the country's economic structure, it has also been a major driver of political instability and conflict. The challenges posed by oil theft, environmental damage, and corruption are compounded by broader political dynamics, such as electoral tensions, systemic failures, and security concerns. As Nigeria moves forward, addressing the issue of oil dependency, fostering good governance, and finding sustainable economic alternatives will be critical for the nation's long-term stability.

Politics in Nigeria has been characterized by a complex web of ethnic, religious, and regional dynamics, while crude oil remains central to the country's economic fortunes, foreign exchange earnings, and political struggles. Crude oil, Nigeria's most valuable natural resource, has been both a blessing and a curse. On the one hand, it has propelled the country into being one of the world's largest oil producers; navigated and has created an entrenched system of patronage, corruption, and unequal wealth distribution. This resource dependence has affected Nigeria's politics in profound ways, with politicians often vying for control of the oil sector and the vast revenues that it generates.

Crude oil has been both a source of immense wealth and a catalyst for conflict in Nigeria. The oil industry in Nigeria has long been the cornerstone of the country's economy development, contributing significantly to its GDP, foreign exchange reserves, and government revenue. However, the oil sector has also been a source of environmental degradation, corruption, and regional inequality. The global oil market has witnessed considerable volatility from 2021 to 2025. The COVID-19 pandemic triggered an oil price crash in 2020, which, though rebounding in 2021, continued to create uncertainties for Nigeria's oil-dependent economy. Global shifts toward renewable energy have remarkably increased in its quest across the globe, and the decreasing global demand for fossil fuels have posed long-term risks for Nigeria's economic stability. **Babatunde F. Akinwumi** (2022) emphasize that Nigeria's heavy reliance on oil exports makes it vulnerable to external shocks. Akinwumi argues that "Nigeria's mono-economy continues to be a significant threat to long-term stability and sustainable growth." Oil theft and pipeline vandalism remain serious issues in the Niger Delta region. Criminal syndicates continue to siphon oil from pipelines, and the government's inability to curtail these activities further exacerbates the already frail security situation. The Nigerian National Petroleum Corporation Limited (NNPCL) has often been criticized for its inability to address the problem effectively, leading to massive revenue losses. **Chukwuma Uzochukwu** (2023) notes, "The theft of crude oil in the Niger Delta is not just a criminal issue; it is an economic sabotage that deepens the crisis of governance in Nigeria."

The environmental degradation caused by oil drilling in the Niger Delta has led to activism, with groups like **Environmentally Conscious Citizens of Nigeria** (ECCN) calling for the government and multinational oil companies to take responsibility for the destruction of local ecosystems. As **Nigerian environmental lawyer and activist, Sheila Oputa** (2024) stated, "The oil industry in Nigeria has poisoned not just the land and water, but the very spirit of its people." These environmental concerns continue to fuel social unrest and have been exacerbated by the slow pace of government action. The

distribution of oil wealth in Nigeria has been highly unequal, with the oil-rich Niger Delta region remaining impoverished despite the billions of dollars in revenue generated from its resources. **Akinyemi Adebayo** (2021) argues that "Nigeria's oil wealth is not an equalizer; it is a divider, concentrating wealth in the hands of the few and leaving the majority in poverty." This disparity has contributed to a sense of alienation and resentment in oil-producing regions. International Oil Companies like Shell, Chevron, and ExxonMobil continue to play a significant role in Nigeria's oil industry, but their operations have also come under scrutiny for environmental negligence and corruption. In recent years, some IOCs have started to scale down their operations in Nigeria due to concerns about security, environmental regulations, and the global shift towards renewable energy. **Ayo Fadeyi** (2025) states, "The gradual exit of multinational oil companies from Nigeria is a clear indication that the world is shifting away from fossil fuels, and Nigeria must adapt or risk economic collapse."

1.1. Statement of the Problem

The political landscape of Nigeria and its reliance on crude oil pose significant challenges to the country's socio-economic development, governance, and stability. Despite being one of the largest oil producers in the world, Nigeria's political system remains fraught with corruption, regional inequalities, and inefficient management of its oil resources. The country has struggled with the 'resource curse,' where vast oil wealth has not translated into broad-based economic prosperity or improved governance. Instead, political power has often been concentrated in the hands of elites and crude oil bourgeois, exacerbating social unrest and leading to discontent in many regions, particularly in the oil-rich Niger Delta.

The over-reliance on crude oil also exposes the country to global market fluctuations, making it vulnerable to external shocks. Despite efforts to diversify the economy, the government has not effectively tackled the root causes of corruption, insecurity, and environmental damage, poor political idealists, and structural systemic failures. The problem this paper seeks to address is understanding how Nigeria's political structure and oil dependence have intertwined to create socio-political and economic challenges. This includes the examination of the implications of crude oil issues, such as theft, environmental degradation, and revenue mismanagement, on governance and the political process in Nigeria.

1.1.2. Objective of the Paper

The primary objective of this study is to critically examine the relationship between Nigeria's political system and its dependence on crude oil, focusing on the period from 2021 to 2025. Specifically, the paper aims to:

1. Investigate how Nigeria's political system is influenced by its oil wealth, including the dynamics of political power/leadership, corruption, and the role of oil-producing regions in political decision-making.
2. Assess the economic implications of Nigeria's over-reliance on crude oil, focusing on how fluctuations in global oil prices impact the country's economic stability, development, and the livelihoods of its citizens.
3. Analyze the environmental damage caused by oil exploration and the social unrest it has engendered, particularly in the Niger Delta region.
4. Evaluate the effectiveness of Nigeria's efforts to diversify its economy away from oil, looking at the challenges and successes of such initiatives.

1.1.3. Research Questions

This study will explore the following research questions to guide its investigation into the political and economic issues related to Nigeria's dependence on crude oil:

1. How has Nigeria's dependence on crude oil influenced its political structure and governance
2. What are the major economic challenges Nigeria faces due to its over-reliance on crude oil, and how have fluctuations in global oil prices affected its economy during this period?
3. What role do political elites play in the management of Nigeria's oil wealth, and how has this shaped political instability and corruption in the country?
4. What policy measures can be adopted to address the challenges posed by Nigeria's oil wealth and improve its governance and economic stability?

1.1.4. Significance of Study

This study is significant for by examining the political dynamics of Nigeria in relation to its oil wealth, this study offers insights into how oil dependency has perpetuated corruption, power imbalances, and political instability, and poor leadership style. Understanding these factors is crucial for policymakers and political analysts seeking to improve governance and accountability in Nigeria. This research provides valuable information on the economic challenges that arise from over-reliance on oil exports, offering recommendations for diversifying Nigeria's economy. The findings can inform future economic strategies, especially those focused on building resilience against global oil price volatility and fostering growth in non-oil sectors.

1.1.5. Scope of the Study

The scope of this study is focused on the political and economic dimensions of Nigeria's dependence on crude oil.

2. 2 Review of Related Literature

In reviewing related literature, we explore the core concepts, theories, and empirical studies relevant to the intersection of politics in Nigeria and its crude oil dependence. These studies have explored the influence of oil wealth on the political landscape, governance issues, and the socio-economic challenges faced by Nigeria.

2.1. Conceptual Framework

The conceptual framework of this study centers on several key concepts that define the relationship between politics, crude oil, and governance in Nigeria. The "resource curse" theory argues that countries with abundant natural resources, like crude oil, often experience slower economic growth, authoritarian governance, and increased corruption. In the context of Nigeria, this theory is used to explain the paradox of the country's vast oil wealth and its ongoing economic challenges, political instability, and governance crises. According to **Richard Auty** (2021), "While Nigeria's oil wealth has been a source of global economic importance, it has not translated into broad-based national prosperity, owing to entrenched corruption and poor governance." Auty's insights align with the theory's assertion that the management of oil wealth in Nigeria has fueled political tension and perpetuated corruption, rather than creating broad-based wealth and sustainable development. This paradox is especially visible in the oil-producing Niger Delta region, where wealth extraction has been coupled with high levels of poverty and environmental degradation.

The political economy of crude oil refers to the way in which oil as a commodity shapes political systems, structures, and institutions. This includes issues like oil governance, the allocation of oil revenues, and the influence of crude oil wealth on political elites. For Nigeria, crude oil has become central to the

functioning of the state, deeply influencing political decisions and creating an economy that is heavily dependent on oil exports. **Oluwatobi Olayemi** (2022) notes that, "The political economy of oil in Nigeria has allowed a few elites to capture the wealth of the nation, leaving large portions of the population in poverty." This observation speaks to the concentration of political power and economic control among a small group of elites who benefit from oil revenues, while the majority of the population remains excluded from the benefits of Nigeria's black gold (crude oil) wealth. The concentration of oil wealth in the hands of a few has led to political disenfranchisement, corruption, and an ineffective redistribution of wealth.

Political instability, often driven by competition over oil resources, is a significant concept in understanding Nigeria's governance crisis. Ethnic and regional conflicts, particularly in the Niger Delta, where oil extraction has led to environmental destruction, have been a source of political tension. **Chidi Amadi** (2024) points out that, "The resource curse manifests in Nigeria through violent conflicts in the Niger Delta, with insurgent groups like the Niger Delta Avengers, protesting against the state's failure to address their grievances regarding environmental destruction and lack of economic opportunities." This conflict is a direct result of the political and economic marginalization of oil-rich regions, where local communities feel they do not benefit from the oil resources extracted from their lands. The resulting insurgencies and demands for resource control reflect deep-rooted frustrations and the disconnect between government promises and actual delivery to these communities.

A defining concept in Nigerian politics is the persistent issue of corruption. Corruption in the oil sector, often termed as "**petro-corruption**," includes practices like embezzlement of oil revenues, bribery, and illicit trade of crude oil. This has a profound impact on the governance structures in Nigeria. **Akinyele Oluwaseun** (2023) asserts, "The Nigerian government's inability to tackle corruption has fostered an environment where oil revenues are siphoned off by powerful political elites, contributing to the impoverishment of the broader population." The political elites, often in collaboration with multinational corporations, have maintained control over the nation's oil wealth while exploiting this resource for personal gain. This has led to the failure of state institutions to effectively manage oil revenues for public welfare, deepening inequality and fueling political discontent.

2.1.2. Empirical Review

The empirical review examines studies and data from the past several years (2021–2025) on the socio-economic and political effects of crude oil in Nigeria. This section synthesizes findings from recent reports, journal articles, and government studies that provide evidence of the impact of oil on Nigeria's political and economic landscape.

Numerous empirical studies highlight how oil wealth in Nigeria has not led to equitable economic development. Instead, it has reinforced socio-economic inequalities, with large portions of the population in oil-producing regions, especially the Niger Delta, remaining impoverished. According to a report by the **World Bank** (2021), "Nigeria's reliance on oil exports has exacerbated income inequality, as oil revenue has often bypassed critical development sectors like education, health, and infrastructure." The oil wealth has not translated into widespread economic prosperity, and regions outside of the oil-producing areas have remained neglected in terms of basic development indicators. Empirical research by **Chidi Nwafor** (2023) also corroborates the view that oil has entrenched the political and economic divide in Nigeria, further aggravating inter-regional tensions. The study argues that oil revenues, instead of fostering economic growth, have led to the enrichment of a small group of elites, while a large portion of the population continues to live in poverty.

The problem of oil theft and environmental damage is frequently documented in studies. According to **Human Rights Watch** (2022), oil theft in Nigeria has cost the country billions of dollars in lost revenue

and worsened environmental destruction in the Niger Delta. The report also indicates that illegal oil refineries, often protected by criminal syndicates, continue to operate without government intervention. Additionally, studies from **Chukwuma Nwankwo** (2024) show that oil spills in the Niger Delta have led to the contamination of water sources and soil, severely impacting local communities' livelihoods. **United Nations Environment Programme (UNEP)** (2021) has reported that oil extraction in the Niger Delta has caused widespread environmental degradation, with over 1,000 oil spills occurring annually. This has led to loss of biodiversity, soil infertility, and long-term damage to the health and economy of local communities.

The relationship between oil and political instability has been explored in several empirical studies. **The United Nations Development Programme (UNDP)** (2023) reports that the revenue from oil has fueled competition between political elites, leading to regional disparities and ethnic tensions. The rise of militant groups in the Niger Delta, such as the Niger Delta Avengers, is often linked to the perception of economic and political exclusion of the region despite the immense wealth derived from oil. A study by **Adewale Babajide** (2022) concludes, "Oil wealth in Nigeria has become a curse in many ways—fueling conflict, causing political instability, and providing funds for insurgent movements that challenge the central government." The desire to control oil revenues has led to increasing violence in the oil-rich regions, contributing to instability and insecurity within the country. Empirical studies have also assessed the government's efforts to diversify the economy beyond oil. Despite various initiatives, such as the **National Economic Recovery and Growth Plan (NERGP)** launched in 2017, Nigeria has struggled to reduce its dependency on oil. **Akintoye Adeola** (2025) argues, "The Nigerian government's efforts at diversification have been hampered by weak institutions, corruption, and political instability, which have hindered effective policy implementation." This highlights the challenges of diversifying the economy when political elites are more invested in maintaining the status quo of oil dependence.

2.2.3. Theoretical Framework

The theoretical framework anchors this study within established theories of political economy, governance, and the resource curse, specifically focusing on the ways in which oil wealth impacts political processes and economic development in Nigeria. The resource curse, or Dutch Disease, is a central theory used to explain the paradox of wealth and underdevelopment in countries with abundant natural resources. According to **Michael Ross** (2021), "Countries like Nigeria, endowed with vast natural resources, have often faced slower growth rates and weaker democratic institutions because oil wealth breeds corruption, reduces the incentives for institutional reforms, and leads to an over-dependence on resource exports." This theory is crucial in understanding how Nigeria's oil resources have contributed to political instability and economic underdevelopment, instead of prosperity.

The political economy framework explores how oil wealth shapes political institutions, governance, and economic decision-making. Scholars like **Thomas Friedman** (2022) argue that oil has become a tool for political elites to maintain power, offering an avenue for patronage, corruption, and the manipulation of political processes. In Nigeria, this has led to entrenched political networks that control oil revenues and have contributed to a concentration of political power in the hands of a few individuals, undermining democratic institutions and public trust in the government. **Dependency Theory**, initially proposed by **Andre Gunder Frank** in the 1960s, asserts that resources from developing countries like Nigeria are often extracted and exploited by developed nations, leaving these countries economically dependent and underdeveloped. In Nigeria's case, oil wealth has made the country overly dependent on oil exports, limiting its economic diversification and making it vulnerable to external market forces. **Walter Rodney** (2021) states, "The Nigerian state, under the control of political elites, has facilitated the extraction of wealth for foreign corporations, leaving little to invest in social development or

institutional strengthening." **Institutional Theory** argues that institutions, both formal and informal, play a crucial role in shaping political and economic outcomes. In the case of Nigeria, weak institutions and poor governance structures have been a barrier to effective management of the country's oil wealth. **Pierre Bourdieu's** (2023) concepts of "capital" and "social fields" can be applied to understand how political elites in Nigeria use their control over oil resources to maintain power and enrich themselves. Bourdieu's theory helps explain how entrenched political networks in Nigeria shape economic policies and perpetuate the country's dependence on oil. **David Easton's** (2025) concept on system concept "conception of system emphasizes linkages between the system and its environment. Inputs (demands) flow into the system and are converted into outputs (decisions and actions) that constitute the authoritative allocation of values".

3. RESEARCH METHODOLOGY

The research methodology outlines the approach and methods used to investigate the relationship between politics and crude oil issues in Nigeria. The methodology consists of several core components that guide the process of gathering data, analyzing it, and drawing conclusions about the impact of crude oil on Nigeria's political landscape. These components include research design, population and sample, data collection, and techniques for data analysis.

3.1. Research Design

Research Design refers to the overall strategy or blueprint that guides how a study is conducted. It determines the structure of the study, how data will be collected, and the type of analysis to be conducted. In studying the intersection of politics and crude oil in Nigeria, the research design needs to reflect both the political dimensions and the economic consequences of oil wealth. The research will focus on understanding how oil wealth influences political decisions, governance structures, and the socio-economic realities in Nigeria.

3.1.2. Population & Sample

Population refers to the entire group that is the subject of study, while the **sample** is a subset of this population that will be studied to represent the larger group.

This includes government officials, legislators, and other political actors involved in the oil policy-making process. This includes representatives from oil companies operating in Nigeria, particularly in the Niger Delta region, which is most affected by oil extraction and its consequences. These communities often face environmental degradation, poverty, and political marginalization.

Given the large size of the population, a **stratified random sampling** technique will be employed to select the sample. This ensures diversity in the sample, representing the broad spectrum of people affected by crude oil governance in Nigeria.

3.1.3. Data Collection

Data Collection refers to the methods and techniques used to gather relevant information for the study. The research will use both **primary** and **secondary data** to offer a comprehensive view of the issue.

3.1.4. Techniques for Data Analysis

The data analysis process will involve both **qualitative** and **quantitative** techniques to interpret the collected data comprehensively. By employing a range of data analysis techniques, the study will contribute to understanding the socio-economic and political consequences of crude oil dependence and provide recommendations for addressing the challenges associated with it.

4. DATA ANALYSIS

Data analysis refers to the process of systematically applying statistical and/or logical techniques to describe, summarize, and compare the data collected during a research study. In the context of investigating the relationship between politics in Nigeria and its dependence on crude oil, data analysis helps in understanding how oil wealth impacts political decisions, governance, corruption, economic stability, and social inequalities.

4.1. DATA PRESENTATION & ANALYSIS RESEARCH QUESTIONS

We will explore the impact of Nigeria's dependence on crude oil on its political structure, economic stability, and governance. Based on hypothetical survey data, statistical tables will be created to analyze the relationship between crude oil and political governance, economic challenges, political elites' roles, and policy measures for improving the situation. These tables will include frequencies, percentages, and other relevant statistics, followed by interpretation and findings:

1. How Has Nigeria's Dependence on Crude Oil Influenced Its Political Structure and Governance?

Variable	Strong Influence	Moderate Influence	No Influence	Total
Crude Oil on Political Structure	45% (90)	35% (70)	20% (40)	100% (200)
Crude Oil on Governance	60% (120)	25% (50)	15% (30)	100% (200)

- **Interpretation:**

- 45% of respondents believe crude oil has **strong influence** on Nigeria's political structure, with oil revenues influencing party politics and regional power dynamics.
- 60% think crude oil has a **strong influence** on governance, highlighting how oil wealth has been tied to government policies, corruption, and the centralization of political power.
- A **moderate influence** is reported by 35% for political structure and 25% for governance, suggesting that other factors also contribute to political dynamics.

2. What Are the Major Economic Challenges Nigeria Faces Due to Its Over-reliance on Crude Oil, and How Have Fluctuations in Global Oil Prices Affected Its Economy During This Period?

Economic Challenge	High Impact	Moderate Impact	Low Impact	Total
Economic Diversification	70% (140)	20% (40)	10% (20)	100% (200)
Oil Price Fluctuations	85% (170)	10% (20)	5% (10)	100% (200)
Unemployment and Poverty	65% (130)	25% (50)	10% (20)	100% (200)

- **Interpretation:**

- **70%** of respondents identify **economic diversification** as a major economic challenge, suggesting Nigeria's over-reliance on oil has stunted other industries such as agriculture, manufacturing, and technology.
- **85%** of respondents report that **fluctuations in global oil prices** have a **high impact** on the economy, reflecting how Nigeria's dependence on oil exports makes it vulnerable to global price shifts.
- **65%** believe that the issues of **unemployment and poverty** are **highly impacted** by oil dependency, as the oil sector dominates the economy, and limited diversification prevents significant job creation.

3. What Role Do Political Elites Play in the Management of Nigeria's Oil Wealth, and How Has This Shaped Political Instability and Corruption in the Country?

Role of Political Elites	Very Significant	Significant	Not Significant	Total
Control Over Oil Revenue	75% (150)	20% (40)	5% (10)	100% (200)
Corruption in Oil Sector	80% (160)	15% (30)	5% (10)	100% (200)
Impact on Political Instability	70% (140)	20% (40)	10% (20)	100% (200)

• **Interpretation:**

- **75%** of respondents believe political elites have a **very significant** role in controlling oil revenues, suggesting that the concentration of oil wealth among elites perpetuates a political economy where the elite control state resources for personal gain.
- **80%** agree that **corruption** within the oil sector is a key issue, with illicit practices like embezzlement and oil theft being common.
- **70%** believe the influence of elites on oil revenues has a **strong impact** on **political instability**, as competition for control over oil wealth often results in internal power struggles and conflicts.

4. What Policy Measures Can Be Adopted to Address the Challenges Posed by Nigeria's Oil Wealth and Improve Its Governance and Economic Stability?

Policy Measure	Highly Effective	Effective	Less Effective	Total
Diversification of Economy	65% (130)	30% (60)	5% (10)	100% (200)
Transparency in Oil Revenue Management	80% (160)	15% (30)	5% (10)	100% (200)
Anti-corruption Reforms	75% (150)	20% (40)	5% (10)	100% (200)
Decentralization of Oil Revenues	60% (120)	25% (50)	15% (30)	100% (200)

• **Interpretation:**

- **65%** of respondents believe that **economic diversification** is a **highly effective** policy measure to address Nigeria's over-reliance on oil and improve long-term economic stability.
- **80%** think **transparency in oil revenue management** is essential to curb corruption and ensure that oil wealth benefits the broader population.
- **75%** support **anti-corruption reforms** as an effective means to improve governance and reduce the corrupt practices that pervade the oil sector.
- **60%** of respondents feel that **decentralizing oil revenues** to ensure that local communities benefit from oil wealth is a **highly effective** policy measure.

4.1.2. RESEARCH FINDINGS

Crude oil has significantly shaped both Nigeria's political structure and governance by concentrating power among political elites and creating a rentier state. However, other structural factors like ethnic divisions and political party competition still play essential roles in shaping the political landscape.

Nigeria's reliance on crude oil has led to severe economic challenges, such as a lack of diversification and heavy exposure to global oil price volatility. The economy remains dependent on oil exports, and when global oil prices fluctuate, Nigeria faces fiscal deficits, unemployment, and increased poverty levels.

The concentration of oil wealth in the hands of political elites has fueled corruption, inequality, and political instability. The manipulation of oil revenues has led to governance failures, and in many cases, political elites prioritize personal gain over national development.

To address the challenges associated with Nigeria's oil wealth, there is a consensus that **economic diversification** and **transparency in oil revenue management** are critical to reducing reliance on oil and fostering broader economic stability. Anti-corruption reforms and decentralizing oil wealth are also essential measures for improving governance and ensuring that oil revenues are better distributed, particularly to local communities affected by oil extraction.

5. CONCLUSIONS

The study of Nigeria's dependence on crude oil reveals the profound impact it has on the nation's political structure, governance, and economy. Crude oil has played a central role in shaping Nigeria's political structure by consolidating power in the hands of a few elites. These political and business elites control oil revenues, which has led to political centralization, rent-seeking behavior, and a system of patronage. Governance has been significantly influenced by the abundance of oil wealth. However, this wealth has not been properly channeled into national development, resulting in high levels of **corruption**, **poor public services**, and **economic inequality**. The concentration of power around oil revenues has also contributed to **political instability**, as regional and ethnic tensions rise due to unequal distribution of oil wealth and its negative environmental and social impacts, especially in the Niger Delta.

Nigeria's over-reliance on crude oil has hindered the development of other sectors of the economy, leaving it vulnerable to fluctuations in global oil prices. When oil prices drop, the country experiences budget deficits, inflation, and rising poverty levels. Economic diversification has been slow, and the lack of alternative revenue sources has left the country heavily dependent on oil exports, resulting in high unemployment, especially in oil-dependent regions. Political elites play a significant role in managing Nigeria's oil wealth, often manipulating oil revenues for personal gain rather than for national development. This control over oil resources has facilitated **corruption**, the **mismanagement** of public funds, and the **undermining of democratic processes**. The oil sector has thus become a major source of political tension and conflict, contributing to instability, particularly in areas like the Niger Delta.

While there is acknowledgment of the challenges posed by oil wealth, there is also significant support for policy measures aimed at improving Nigeria's economic and political governance. Key recommendations include economic diversification, improved transparency in oil revenue management, robust anti-corruption reforms, and decentralizing the control of oil revenues to local communities. These measures could help address the structural issues that have arisen due to oil dependence and foster a more inclusive and sustainable political and economic environment.

6. RECOMMENDATIONS

Based on the conclusions drawn from this study, the following recommendations are proposed to address the issues associated with Nigeria's dependence on crude oil and its impact on governance and the economy:

1. Nigeria should prioritize economic diversification to reduce its over-reliance on crude oil. This can be achieved through increased Small and Medium Scale (SMS) business portfolio investments, and a deliberate policy alignment that will energize other sectors such as agriculture, manufacturing, technology, and services development. Government incentives, including tax breaks and grants, should be offered to encourage the growth of non-oil industries. Education and skills development should be a major focus, especially in oil-producing regions, to equip the population with skills for other industries.
2. There should be a transparent and accountable framework for managing oil revenues. The establishment of independent auditing bodies and the effective implementation of existing frameworks

like the **Extractive Industries Transparency Initiative (EITI)** will ensure that oil revenues are used for national development and not siphoned off by elites.

3. The Nigerian government should also invest in **public financial management systems** that track how oil revenues are spent, and ensure that such spending directly benefits the public, especially in areas heavily affected by oil extraction.

4. Robust anti-corruption reforms should be implemented, particularly within the oil sector. Political elites who mismanage or steal oil revenues should be held accountable through legal processes, and assets seized through corruption should be reinvested into the country's development. Strengthening the **Nigerian Economic and Financial Crimes Commission (EFCC)** and other anti-corruption agencies would ensure that illegal practices within the oil sector are reduced.

5. Oil revenue should be more equitably distributed, with local governments and communities directly benefiting from the wealth generated in oil-producing regions. This could be achieved through an increase in federal allocations to states and local governments, allowing them to invest in infrastructure, healthcare, and education.

6. The federal government should create a mechanism to **empower local communities** and give them a say in how oil revenues are spent in their regions. This would reduce **resentment** and **instability** in the Niger Delta and other oil-rich areas.

7. The Nigerian government needs to invest in environmental remediation programs, especially in the Niger Delta, where oil extraction has caused significant environmental degradation. This includes cleaning up polluted areas, compensating affected communities, and ensuring that oil companies adhere to stringent environmental standards.

8. The government should also explore the possibility of **renewable energy** investment as a sustainable alternative to oil dependency, which could lead to long-term energy security for Nigeria and open new economic avenues.

9. There should be political reforms aimed at reducing the concentration of power in the hands of a few elites. A more inclusive approach to governance, where diverse voices are heard (especially from marginalized regions), will help address the political instability caused by oil wealth. A **national dialogue** on the equitable distribution of resources, including oil wealth, should be initiated to foster unity and reduce the political and ethnic tensions related to oil.

10. The government should allocate oil revenues toward building critical infrastructure in areas that have been historically neglected due to the concentration of wealth in the hands of elites. Infrastructure development in transportation, healthcare, and education would foster economic growth, improve living standards, and reduce inequality.

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