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**NIGERIA'S POLITICAL ECONOMY IN THE POST-SUBSIDY ERA:
AN ASSESSMENT OF STRUCTURAL CONSTRAINTS
TO NATIONAL DEVELOPMENT**

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ABSTRACT

Since the rise of the nation-state and global trade, natural resources have significantly shaped national economies and played a key role in determining economic growth and power. In Africa, however, the presence of resources and wealth has often failed to translate into sustainable development. Nigeria, despite its vast oil reserves, remains trapped in underdevelopment due to systemic inefficiencies and over-reliance on crude oil. This study examines Nigeria's post-subsidy political economy, with a focus on the 2023 fuel subsidy removal under the Tinubu administration. Although intended to spur growth and attract investment, the policy has coincided with rising poverty, inflation, and economic stagnation. The research explicitly examines how Nigeria's reliance on oil revenue, corruption, and import dependence affects economic diversification, stability, and development. It also examines the relationships between unemployment, inequality, insecurity, and their combined impact on Nigeria's socio-economic development. Drawing on resource curse and conflict theory, and employing a mixed-methods approach, the study identifies political and administrative corruption, as well as low productivity, as key structural barriers to economic transformation. It argues that political corruption erodes institutional capacity, while unproductivity stems from poor resource usage and lack of diversification. The study recommends institutional reform, particularly in fiscal oversight, to bridge the gap between policy goals and developmental outcomes in resource-rich states like Nigeria. By offering a critical reappraisal of Nigeria's resource governance, this study contributes new insights into the persistent gap between policy intentions and developmental outcomes in resource-rich states.

Keywords: Economic growth, monoculture, oil wealth, subsidy, economic reform, sustainable development.

INTRODUCTION

Nigeria remains significantly off track in its developmental trajectory, despite initial optimism for economic growth in 2013 (Aganga, 2023). While there was initial hope surrounding President Bola Ahmed Tinubu and the All-Progressives Congress (APC)-led administration's efforts to recalibrate Nigeria's economic direction, the nation has yet to establish a stable rhythm for sustainable growth. The inherited economic structure was shown to be built on a fragile foundation, heavily reliant on subsidies across critical sectors, including electricity, petroleum products, foreign exchange, and import duties (Wale Edun, 2023). These subsidies created an illusion of economic growth, reflected in an inflated Gross Domestic Product (GDP) that lacked a corresponding increase in productivity, investment, and infrastructure development. Nigeria's subsidies, although well-intentioned, were a significant contributor to GDP, as they created a façade of development at the expense of the state's fiscal health (Wale Edun, 2023).

For years, Nigeria's economic narrative has been shaped by a sense of progress driven by substantial government subsidies, often to the detriment of the state. The GDP growth figures, while promising on paper, have not translated into tangible improvements in the lives of citizens or sustainable development. For instance, the economy grew by 2.86% in 2023, a decline from 3.25% in 2022 and 3.65% in 2021 (Macrotrends, 2024), primarily due to the removal of subsidies. Although the services sector contributed 56.55% to aggregate GDP in Q4 2023, growing by 3.98%, the economic downturn revealed a lack of diversification and over-reliance on non-productive sectors (Nigerian Bureau of Statistics, 2024), indicating that Nigeria's economic growth has been more about statistical optics than real structural change and productivity.

However, the issue runs deeper than GDP figures. Nigeria's fiscal and economic foundation has been heavily supported by borrowing and unsustainable debt, totaling \$88.4 billion (DMO, 2024). Moreover, the consumption index outweighed production, and investment levels remained critically low. The removal of subsidies, which could have represented a turning point, instead became a low-hanging fruit rather than a comprehensive solution. Inflation soared to 34.19% by June 2024, marking a 28-year high, with citizens suffering the consequences of rising food and energy prices (Reuters, 2024). In a reactive move, the Central Bank of Nigeria raised its benchmark interest rate to 26.75% in July 2024, further constraining an already struggling business environment (Reuters, 2024).

The removal of the fuel subsidy in Nigeria in 2023 was a significant structural change that symbolically reflected the country's long-standing structural weaknesses. The federal government noted that over the years, there has been minimal commitment to upgrading critical infrastructure, enhancing productivity, or pursuing sustainable development, failings that became particularly evident during the 2023 political campaigns. The economic stagnation that followed the removal of subsidies further exposed entrenched systemic issues. Central among these is corruption, a persistent and often underacknowledged barrier to reform. According to Transparency International's 2023 report, Nigeria scored 25 out of 100 on the Corruption Perceptions Index, ranking 145th out of 180 countries (Transparency International, 2024). This reality highlights the importance of the Institutional Reform Framework, which emphasizes that policy transformation in developing countries must be accompanied by structural improvements in accountability, transparency, and enforcement capacity (Kaufmann et al., 2002).

In Nigeria's case, anti-corruption efforts are often undermined by weak institutions that are incapable of monitoring or implementing change. Anti-corruption funds are routinely mismanaged, electricity investments yield limited results, and the use of security funds remains opaque and susceptible to elite

capture. Without strengthening the institutions responsible for oversight and policy enforcement, subsidy removals and similar reforms are unlikely to produce meaningful developmental outcomes.

Currently, Nigerian citizens with access to electricity account for only 55%, which highlights the nation's distressing state (World Bank, 2021). Additionally, according to the Global Competitiveness Report 2019, the World Economic Forum ranked Nigeria 130th out of 141 countries in terms of poor road quality, highlighting the country's infrastructure neglect (World Economic Forum, 2019). If only the political leaders of Nigeria made a genuine effort to prioritize infrastructure development alongside their work on corruption, the situation would look far different. Money that was wasted on unaccountable spending could have been invested in building new roads, increasing the supply of electricity, and, most importantly, sustainable agriculture.

Problem Statement

Mikhail Gorbachev's withdrawal from the USSR left a lasting imprint on global political history, offering a profound lesson: while the form of government matters, addressing systemic corruption in public institutions is far more critical for achieving meaningful and sustainable development. This lesson is echoed in the trajectories of countries such as China, Brazil, and Singapore, which are nations that once faced significant developmental challenges but rose to global prominence through deliberate efforts to confront entrenched corruption within their political systems. In contrast, Nigeria remains mired in underdevelopment, not for lack of resources, but due to the pervasive corruption that consistently undermines national progress. This entrenched corruption inhibits economic growth, perpetuates poverty, and deprives citizens of basic developmental indicators such as quality healthcare, employment opportunities, and modern infrastructure.

Far from alleviating the needs of the over 200 million Nigerians who inhabit Africa's richest economy in terms of natural resources, corruption deepens their suffering by weakening state capacity and eroding public trust. As Ekeh (1975) and Easterly (2006) argue, systemic dysfunction within the public sphere significantly limits developmental outcomes in postcolonial states. Nigeria's persistent ranking among the world's most corrupt countries, as revealed by Transparency International's Corruption Perceptions Index (2023), underscores the severity of the crisis. These systemic governance failures continue to erode any meaningful prospects for development, reinforcing the urgent need to interrogate and reform the structures enabling institutional decay.

Despite being Africa's largest oil producer and generating over \$582 billion from oil exports since independence (NEITI, 2023), Nigeria remains trapped in a paradox of wealth, plagued by widespread poverty, unemployment, and insecurity. The discovery of oil, rather than serving as a catalyst for national development, has created an illusion of prosperity, diverting the nation's focus from building a diversified and sustainable economy to a rent-seeking dependence on oil revenues. Unlike nations such as Norway and Saudi Arabia, which have strategically utilized oil wealth for long-term development, Nigeria's vast oil revenues have been largely mismanaged, benefitting elites rather than driving national growth (Abdullahi, 2018).

This reliance on oil has fostered a mono-economic structure, stifling other productive sectors like agriculture and manufacturing. By 2023, Nigeria's total exports were worth \$65 billion, from which 91% were earned through oil sales, while the remaining 9% was derived from other sectors altogether. As a result, the national unemployment rate surged to 33.3% in Q4 2020, with youth unemployment reaching as high as 53.4% (Nigerian Bureau of Statistics, 2020). The country's income inequality

increased as its economy stagnated, which enabled Nigeria to secure a position in the top 10 most unequal nations in the world, having a Gini coefficient of 35.1 (World Bank, 2022).

Despite being one of the world's top oil producers, Nigeria remains unable to meet the basic needs of its population. The demand for food imports surged in 2023, resulting in a cost of over \$2.6 billion and contributing to a total import bill of \$45.95 billion (Central Bank of Nigeria, 2023). This heavy reliance on imports undermines domestic productivity, exacerbates poverty, and further lowers the already fragile standard of living for most citizens. The removal of fuel subsidies, coupled with the unification of the foreign exchange market, triggered a significant macroeconomic imbalance. The naira weakened significantly, pushing the dollar exchange rate to unprecedented levels and driving inflation to 34.19% as of June 2024, which was an especially harsh blow in the context of already diminished purchasing power (Reuters, 2024).

The weak productive base of the economy also compounds unemployment and contributes to rising insecurity. As Acemoglu and Robinson (2012) have noted, where inequality persists alongside economic stagnation, insecurity often follows. In Nigeria, limited economic opportunities have made vulnerable youth easy targets for recruitment into criminal networks, insurgent groups, and bandit formations. Insecurity now imposes an annual economic burden exceeding \$10 billion, through both physical damage and lost investments (SBM Intelligence, 2023). These structural deficiencies are ultimately rooted in systemic corruption. Public resources intended for critical sectors such as infrastructure, education, healthcare, and security are routinely misappropriated. The consequences are widespread: dilapidated infrastructure, stalled projects, and restricted electricity access for nearly 45% of the population (World Bank, 2021). This entrenched corruption not only hampers economic recovery but also threatens national cohesion and long-term development.

Research Objective

To examine the structural and systemic factors hindering Nigeria's economic development despite its vast oil wealth, and to identify sustainable strategies for inclusive and equitable growth. Specific objectives:

1. To analyze how Nigeria's dependence on oil revenue, corruption, and import reliance affect economic diversification, stability, and development.
2. To assess the links between unemployment, inequality, insecurity, and their combined impact on Nigeria's socio-economic progress.

Research Hypothesis

H1. Nigeria's dependence on oil revenue, widespread corruption, and reliance on imports significantly hinder economic diversification and overall economic stability.

H2. High levels of unemployment, inequality, and insecurity are positively correlated with weakened socio-economic development in Nigeria.

Significance of Study

This study is significant because it sheds light on the deep-rooted structural barriers that limit Nigeria's economic growth, despite its oil wealth. By identifying how overdependence on oil, corruption, and

socio-economic challenges interact, it offers policymakers practical insights to design more inclusive and sustainable development strategies.

Conceptual Definitions

Concept of Subsidy

According to Todaro & Smith (2020), a subsidy is a form of government financial support given to individuals, businesses, or industries to reduce costs, thereby either stabilizing prices or encouraging a particular economic activity. A subsidy can be financial or otherwise. The uniqueness of Nigeria's subsidy lies in the fact that Nigeria does not make a profit from the product. Oil is sold and refined at international prices, while Nigeria sells its oil products below the cost price, which reflects a loss it calls a subsidy. So, the loss Nigeria makes in the sale of some of its goods is a subsidy. Subsidies are often put in place to shield consumers from the volatility of market prices, as well as to encourage local production and help vulnerable sectors of the economy. The most significant subsidies applied in Nigeria include those for petroleum products, electricity, and agriculture. In most instances, these have been mismanaged, contributing to fiscal deficits and corruption. As such, analysts argue that while subsidies are intended to provide economic relief, they have instead led to distortions in resource allocation and encouraged rent-seeking behavior among elites (Ogunyemi & Ojebuyi, 2021). Although the removal of fuel subsidies was economically justified in Nigeria, the immediate hardship that this action brings on citizens usually causes public dissatisfaction (Adeniran et al., 2022).

Concept of National Development Trajectory

The national development trajectory is the strategic path or direction a country adopts to achieve sustained economic growth, social progress, and political stability over time (Sen, 1999). A country's development trajectory is shaped by its policies, governance structures, investment priorities, and institutional frameworks. For Nigeria, development efforts have often been derailed by inconsistent policies, political instability, and over-reliance on oil revenue (Iyoha & Oriakhi, 2013). Successful development trajectories in other countries, such as Malaysia and the United Arab Emirates, illustrate the importance of long-term planning, diversification, and institutional efficiency. Meanwhile, frequent policy reversals, corruption, and lack of effort toward structural inequalities are but a few of the characteristics that have distinguished Nigeria's path and kept it off course in terms of sustainable development. (Ogundele, 2020).

Concept of Income Inequality and Unemployment

Income inequality is the unequal distribution of income amongst individuals or households within an economy. According to Piketty (2014), unemployment is a situation where people who are able and willing to work cannot find suitable employment opportunities. According to the International Labour Organization (2019), income inequality and unemployment are interconnected and self-reinforcing problems in Nigeria. High levels of unemployment have led to significant income disparities, with wealth concentrated in the hands of a small elite. At the same time, a significant portion of the population lives below the poverty line (NBS, 2022). The Nigerian labor market has been unable to absorb the growing number of graduates, and the informal sector remains the primary employer despite its low productivity and job insecurity (Adelakun, 2018). Rising unemployment exacerbates social inequality, contributing to crime and insecurity, which in turn further discourages investments and

economic growth (Akinyemi et al., 2020). Addressing these challenges requires comprehensive labor market reforms, investment in education, and the implementation of inclusive economic policies.

Concept of a Monocultural Society

A mono-cultural society refers to an economy or society that relies heavily on a single economic sector or resource for national revenue and growth (Auty, 2001). The heavy exportation of crude oil makes Nigeria a monocultural economy, due to its overdependence on a single commodity. This overdependence has rendered it highly vulnerable to fluctuations in global oil prices, resulting in volatility in its revenues and fiscal instability. Traditionally, prior to the discovery of oil, Nigeria had a more diversified economy, driven by agriculture and regional trade, during the 1970s, as noted by Falola and Heaton (2008). Scholars argue that monocultural dependence has stifled innovation, discouraged industrialization, and limited Nigeria's ability to achieve sustainable economic growth (Oluwatoyin, 2017). Diversifying the economy remains a critical priority for national resilience.

Concept of Sustainable Development

Sustainable development is defined as development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland Report, 1987). Sustainable development emphasizes the integration of economic growth, environmental protection, and social equity. In Nigeria, efforts towards sustainable development have often been hindered by poor governance, corruption, environmental degradation, and policy inconsistency (Olujobi & Oyewole, 2019). While initiatives such as the Sustainable Development Goals (SDGs) provide a framework for achieving balanced growth, Nigeria's slow progress in areas such as poverty alleviation, education, and health indicates significant structural challenges (UNDP, 2021).

Concept of Economic Reform and Development Positioning

Economic Reform refers to policy changes implemented to improve the efficiency, transparency, and effectiveness of an economy (Acemoglu & Robinson, 2012). However, Development Positioning, which is also an economic reform, involves strategically aligning a country's policies, resources, and governance structures to achieve long-term growth and competitiveness on regional and global scales (Porter, 1990). Economic reforms in Nigeria have included privatization, deregulation, the removal of subsidies, and financial sector restructuring. While some reforms have yielded marginal improvements, their impact has often been undermined by poor implementation and political interference (Okonjo-Iweala, 2018). Development positioning requires Nigeria to identify its comparative advantages, invest in human capital, and strengthen governance institutions. Case studies from countries such as Malaysia and Indonesia demonstrate that strategic economic reforms, combined with robust institutional frameworks, are crucial for sustained development (Rodrik, 2016).

Theories

Resource Curse Theory

Resource Curse Theory was first developed by scholars such as Richard Auty in 1993 and later furthered by Jeffrey Sachs and Andrew Warner in 1995. The theory describes the very paradox that many resource-rich countries find themselves in. In theory, a country endowed with rich natural resources should be able to achieve rapid economic growth and development. Contrarily, the opposite happens,

and nations like Nigeria are perfect examples. The discovery of oil in Nigeria has resulted in what has been called a "curse," whereby, instead of using the wealth from oil to stimulate broad-based economic growth, it created incentives for corruption and rent-seeking behaviors.

This theory posits that when a country's economy becomes overly reliant on a single resource, it tends to neglect other sectors, such as agriculture and manufacturing, and also hinders innovation and diversification. These huge revenues, resulting from oil, have not been converted into infrastructural development, investment in human capital, or diversification in other sectors. In most instances, this kind of revenue gets captured by small elites who are often accustomed to systemic corruption, resulting in poor economic performance. Therefore, this volatility in oil prices renders Nigeria susceptible to turbulence that occurs within global markets, thereby undermining economic stability and further retarding its growth prospects. The resource curse has helped to conceptualize how the country remains embattled by poverty, unemployment, and infrastructural backwardness despite being one of the leading oil-producing countries in Africa.

Dependency Theory

Another perspective through which underdevelopment in Nigeria can be best contextualized is derived from the Dependency Theory, as advanced by Frank (1967) and Cardoso (1979) in the post-Bretton Woods era. Essentially, this theory examines the interactions between developed and developing nations, positing that the former exploits the latter in areas such as trade, capital flows, and economic arrangements. As applied to the Nigerian situation, the theory reveals how heavy reliance on oil exportation and heavy importation of finished goods fosters the condition of underdevelopment. Instead of self-generated economic growth, Nigeria's heavy reliance on oil and the world market has held the country back in a position of dependency. Even while raking in billions of dollars through oil exports, the country continues to rely on foreign countries for a range of items, including refined petroleum products. Import-based structure causes further weakening in the local industry and discouragement in domestic production.

This theory underpins how Nigeria can't get itself out of the noose called global economic dependency. Rather than diversifying or building up any industrial capacity in the country through oil revenues, Nigeria has simply continued exporting crude oil while at the same time importing finished goods—a position which keeps the nation in a state of economic subordination. Dependency theory also explains how the structural inequality in the global trade system is flagrantly against the terms of trade of developing nations, thereby perpetuating poverty and economic vulnerability within a country like Nigeria.

LITERATURE REVIEW

The abundance of natural resources has nothing to do with poverty in Nigeria; rather, the level of mismanagement, corruption, and poor institutional frameworks has led to this situation. Various scholars have contended that the underdevelopment which Nigeria is passing through is actually connected with the ways in which her oil wealth had been managed and mismanaged, both by the political class and public institutions. This mismanagement has turned it into a vicious circle of stagnation of economy, increase in inequality and unemployment whereas the government is all dependent on oil revenues.

The so-called Resource Curse, also known as the Paradox of Plenty, is one of the leading factors contributing to Nigeria's stagnant economic performance. Authors such as Sachs and Warner (1995) argue that countries with abundant natural resources, particularly oil, tend to experience poor economic growth, inadequate governance, and high levels of inequality. The oil wealth created a false sense of prosperity in Nigeria. Instead of using the revenues to promote economic development and diversification, the funds have been misallocated to corruption and elite enrichment, rather than benefiting the broader population. This ultimately led to a mono-economy where the economy's fate became overly dependent on the fluctuating price of oil. Scholars like Ross (2012) have noted that such reliance on oil has come at the expense of other sectors, like agriculture and manufacturing, which could have been developed to ensure sustainable growth.

According to Okonjo-Iweala (2012), despite all odds, being among the top ten oil-exporting countries in the world, Nigeria has failed to translate its natural endowments into wealth—the lack of economic diversification results in recurring cycles of vulnerability. As Ibrahim (2016) observes, this lack of diversification has hindered the creation of jobs outside the oil sector, resulting in high unemployment, particularly among the youth. The wealth generated from oil has not led to broader economic growth or improved living standards for the majority of Nigerians.

Alongside this resource dependence, corruption is a major hindrance to Nigeria's development. Available empirical evidence has shown that corruption leads not only to misallocation of resources but also to the loss of public capability to manage the economy. Corruption, as suggested by Bertocchi and Dimico (2011), distorts economic policy, which turns into a tool serving particular interests rather than contributing to the general welfare of the citizens. Corruption in Nigeria is entrenched both in political and civil spheres, and according to the reports of Transparency International, the country is always included in the list of the most corrupt countries in the world. Kaufmann et al. (2002) emphasize that when governance institutions are weak, corruption thrives, and economic growth is retarded, while wealth is not distributed equitably. Amundsen (2017) further emphasizes that this corruption has led to the mismanagement of public funds, which could have been used to invest in infrastructure, healthcare, education, and other sectors essential for long-term development.

The weakness of Nigerian institutions is another significant factor contributing to the country's inability to achieve sustainable development. As North (1990) points out, strong institutions are essential for effective policy implementation and economic stability. In Nigeria, the lack of established institutions has led to policies that are incoherent and poorly implemented. According to Imam (2014), the Nigerian state has failed to develop a long-term development strategy, which manifests in inconsistent policies and lack of strategic vision. Public institutions have been unable to hold their leaders accountable, from the judiciary to legislature, allowing corruption and inefficiency to persist. According to Sachs (2005), in countries with weak institutions, the gulf between potential and actual development is vast, and Nigeria is no exception.

Another pressing issue is unemployment and income inequality. Nigeria's reliance on oil has created a distorted economy where most of the population is excluded from meaningful economic participation. Adeyemi (2018) observes that while the country's GDP has grown due to oil wealth, this growth has not been inclusive. The failure to create jobs, particularly in non-oil sectors, has resulted in widespread unemployment. As Akinwale (2020) highlights, youth unemployment in Nigeria is at alarming levels, with nearly half of the country's young population struggling to find work. This growing inequality and lack of opportunity have fueled social unrest, creating a fertile ground for insecurity. Alaba and

Adewole (2017) emphasize that addressing these issues requires not just job creation but also the development of skills and a focus on economic diversification.

For Nigeria to break free from its cycles of stagnation and underdevelopment, scholars agree that substantial reforms are necessary. Rodrik (2004) argues that economic reforms must focus on building institutional capacity and diversifying the economy. Nigeria cannot continue to rely solely on oil; it must look to other sectors, such as agriculture, manufacturing, and technology, to drive growth. According to the World Bank (2013), improving governance and enhancing the transparency and accountability of public institutions are key to ensuring that corrupt interests do not hijack economic policies but instead serve the broader public good. Collier and Gunning (1999) suggest that long-term development can only be achieved through inclusive growth, where all sectors of society are given the tools and opportunities to participate in the economy.

METHODOLOGY

This study employs a quantitative research design utilizing panel data analysis to examine Nigeria's economic reliance on oil revenue and its broader socio-economic impacts from 2000 to 2023. The dataset was compiled from secondary sources, including national economic reports, government statistical agencies such as the National Bureau of Statistics (NBS), and international organizations. Key variables include oil revenue as a percentage of total government revenue, sectoral growth rates (manufacturing, agriculture), unemployment rates, inequality indices (GINI coefficient), poverty headcounts, and recorded insecurity incidents.

Time-series data allowed for longitudinal comparison across 23 years showing major economic changes period, facilitating the identification of trends and shifts in economic diversification and socio-economic outcomes. The study applied comparative analysis with peer oil-producing countries to contextualize Nigeria's economic trajectory and performance relative to global benchmarks. Statistical correlation and trend analysis methods were employed to investigate potential relationships and causality among variables, particularly the linkages between oil revenue dependence, sectoral growth, unemployment, inequality, and trends in insecurity. This approach enables an evidence-based understanding of the structural factors influencing Nigeria's economic challenges and governance outcomes.

RESULTS AND FINDINGS

Table 1

Panel Data 1: Nigeria's Economic Over-Reliance on Oil Revenue and Sectoral Diversification (2000-2023)

Year	Oil Revenue (% of total revenue)	Non-oil contribution to GDP (%)	Manufacturing Growth Rate (%)	Agricultural Sector Growth Rate (%)	Global Oil Price (\$ per barrel)
2000	94.6	5.4	1.5	3.8	27.6
2010	92.1	7.9	4.2	6.1	79.5
2020	91.3	8.7	1.2	2.2	41.7
2023	92.5	7.5	-0.3	2.3	72.8

Source. Data on Nigeria’s oil revenue, non-oil GDP contribution, sectoral growth rates, and global oil prices were extracted from the National Bureau of Statistics (NBS) Annual Economic Reports (2000–2023), supplemented with historical oil price data from the U.S. Energy Information Administration (EIA) database accessed in March 2024. The data were compiled and organized by the researcher in 2024 for longitudinal analysis.

This panel data captures Nigeria’s economic dependence on oil revenue and its sectoral diversification performance from 2000 to 2023. It presents five key indicators: the proportion of oil revenue as a percentage of total government revenue, non-oil contributions to GDP, growth rates in the manufacturing and agricultural sectors, and global oil prices. The data reveals a persistent overreliance on oil, with oil revenue consistently exceeding 90 percent of total revenue, despite fluctuations in global prices. Meanwhile, non-oil contributions to GDP remain minimal, and both manufacturing and agriculture exhibit inconsistent and largely weak growth trends, underscoring limited success in economic diversification efforts during this period.

Figure 1

Graphical Representation of Panel Data 1

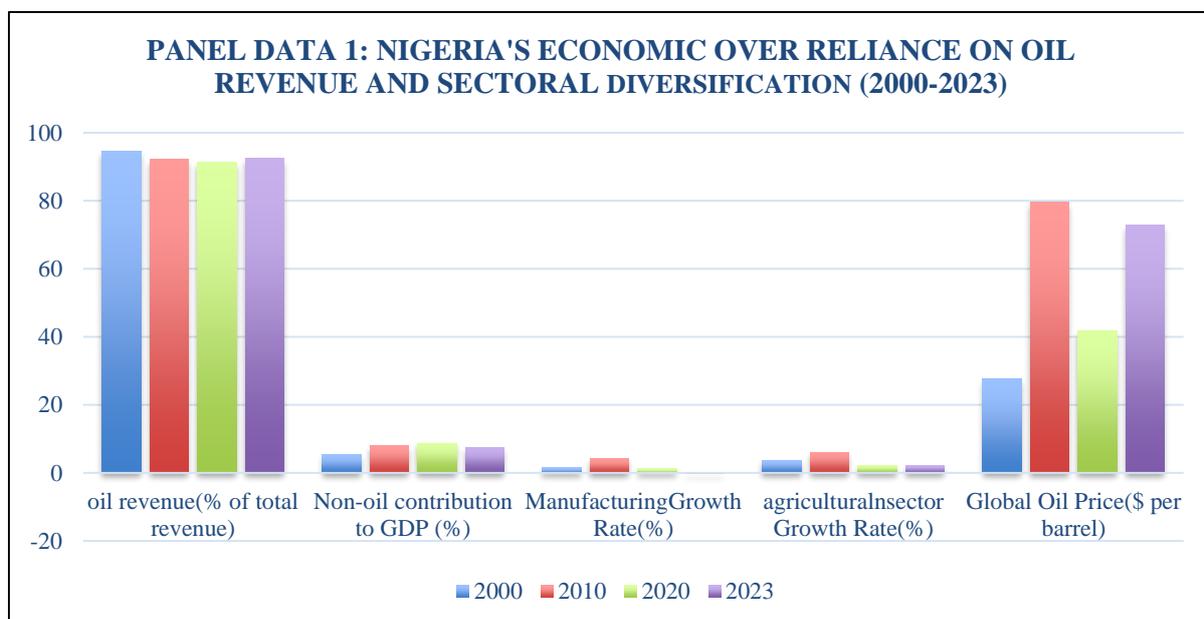


Table 2

Panel Data 2: Unemployment, Inequality and Rising Insecurity (2000-2023)

Year	Unemployment rate (%)	Youth Unemployment Rate (%)	GINI Coefficient (Inequality)	Poverty Headcount (%)	Number of Insecurity Incidents
2000	13.6	20.5	0.43	52.3	245
2010	21.5	33.3	0.47	61.2	812
2020	33.3	43.7	0.49	70	2,400
2023	33.3	45.5	0.5	71.1	2,600

Source. Unemployment rates, GINI coefficient, poverty headcount, and recorded insecurity incidents were obtained from the NBS Labour Force Surveys (2000, 2010, 2020, 2023), the World Bank World Development Indicators (WDI) database accessed in April 2024, and the Armed Conflict Location & Event Data Project (ACLED) reports for insecurity data. The datasets were harmonized and compiled by the researcher in May 2024.

This data illustrates the worsening trends in unemployment, inequality, poverty, and insecurity in Nigeria from 2000 to 2023. It shows a steady rise in joblessness particularly amongst youth alongside a growing inequality and poverty, all correlating with a sharp increase in insecurity incidents over the years.

Table 3

Panel Data 3: Comparative Economic Indicator of Three Oil Producing Nation Economic Outlook

Country	Year	GDP per capita (\$)	Oil Revenue (%)	Unemployment Rate (%)	HDI score
NIGERIA	2000	390	94.6	13.6	0.462
	2010	2,250	92.1	21.5	0.5
	2020	2,097	91.3	33.3	0.539
	2023	2,200	92.5	33.3	0.54
NORWAY	2000	36,000	25	3.4	0.912
	2010	60,000	27	3.6	0.944
	2020	75,000	20	4	0.957
	2023	78,000	18	3.8	0.96
UAE	2000	30,000	80	2.5	0.8
	2010	40,000	77	4.2	0.825
	2020	43,000	65	5	0.89
	2023	45,000	60	5.2	0.895

Source. Comparative economic indicators for Nigeria, Norway, and UAE—GDP per capita, oil revenue percentage, unemployment rates, and Human Development Index (HDI) scores were retrieved from the World Bank Open Data Portal (2000–2023), United Nations Development Programme (UNDP) Human Development Reports, and respective countries’ statistical bureaus. The data were accessed between March and May 2024 and consolidated by the researcher for comparative analysis.

This panel compares key economic indicators of Nigeria, Norway, and the United Arab Emirates (UAE) from 2000 to 2023. It highlights Nigeria’s persistent overdependence on oil revenue and high unemployment, contrasted with Norway and the UAE’s diversified economies, higher GDP per capita, and stronger Human Development Index (HDI) scores which shows the developmental gap despite shared oil wealth.

DISCUSSION

RO 1. Nigeria’s Over-Reliance on Oil Revenue and Its Implications for Economic Diversification

The findings indicate that Nigeria’s economy remains overwhelmingly dependent on crude oil, which accounted for 92.5% of export revenue in 2023. This over-reliance has hindered efforts to diversify the economy, leaving critical sectors such as agriculture and manufacturing underdeveloped. Despite numerous policy frameworks, such as the National Economic Empowerment and Development Strategy (NEEDS) and the Economic Recovery and Growth Plan (ERGP), diversification targets have been largely unmet. For example, agriculture grew by only 2.3% in 2023, far below the 6% projected by the ERGP (National Bureau of Statistics, 2023).

This failure can be attributed to structural weaknesses, inadequate funding, and poor policy implementation. As Okonjo-Iweala (2018) argued, oil wealth has created a “Dutch disease” dynamic, which has crowded out investments in other sectors. Nigeria exemplifies this, with oil exports disincentivizing industrialization, agriculture, and value-added production. Comparatively, resource-rich nations like Saudi Arabia, Qatar, Venezuela, Norway and Malaysia have leveraged oil rents to develop manufacturing and technology sectors, achieving far greater economic resilience. The over-reliance on oil showcases Nigeria’s fragile fiscal base, particularly in the face of global oil price fluctuations.

Figure 2

Oil Revenue Dependency (2023): A Bar Chart Comparing Nigeria’s Oil Dependency (92.5% of Export Revenue) with Malaysia (20%) and Norway (18%)

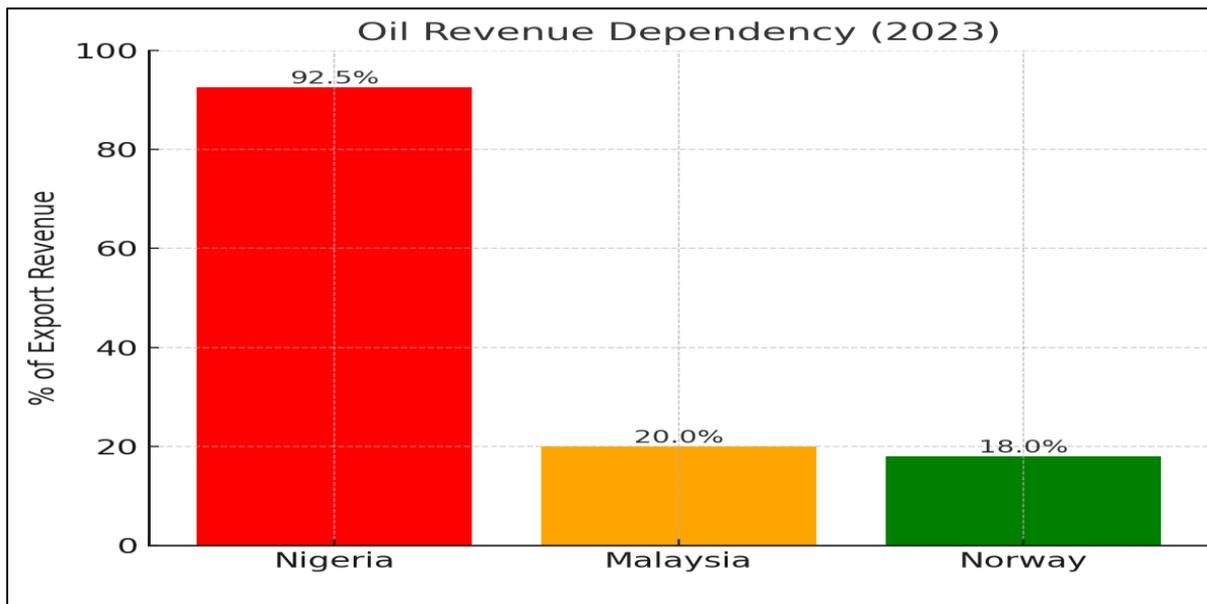
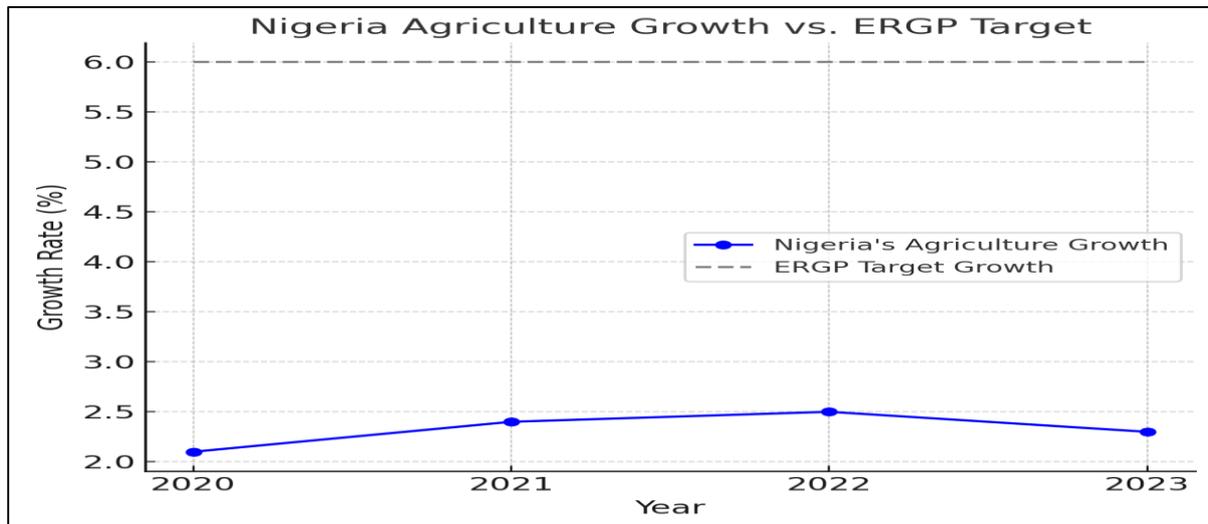


Figure 3

Nigeria Agriculture Growth vs. ERGP Target: A Line Chart showing Nigeria's Actual Agricultural Growth Rates (2.1%–2.3%) Compared to the 6% ERGP Target over Four Years



Since the fourth republic, there has been a hue and cry to diversify from oil by both foreign and local bodies. It also shows from the data that there is persistence in the mismatch between policy ambition and outcomes—that structural weakness which has always beset Nigeria's diversification effort. The result simply reaffirmed how the economy of Nigeria was always dependent on crude oil, where 92.5% of the export value in 2023 came from the resource. This overdependence perpetuates structural vulnerabilities, with the dominance of the oil sector in fiscal revenues, while relevant sectors like agriculture and manufacturing are underdeveloped. The minimum growth in agriculture was recorded at 2.3% in the year 2023 against the target of 6% as stated in ERGP, presenting a wide gap between policy ambitions and actual outcomes. This is a structural weakness, manifested in the failure of Nigeria to industrialize or develop value addition in the non-oil sectors. For instance, the growth rate in manufacturing was negative, at -0.3% in 2023, an indication of systemic neglect. In contrast to what is achievable among other oil-producing nations, Malaysia serves as an instructive example.

While it is also resource-rich, Malaysia has effectively utilized oil rents to finance the development of manufacturing and high-tech industries, creating a diversified and resilient economy (Ambali, 2018). By implementing forward-looking policies and establishing sovereign wealth funds, Malaysia minimized the resource curse, a feat Nigeria has struggled to replicate. On the part of funding, Nigeria's fiscal base remains fragile, highly susceptible to global oil price fluctuations. History has shown how price shocks in 2014 and 2020 greatly shook the economy into recession. The volatility of oil prices, averaging \$72.8 per barrel in 2023 from \$41.7 in 2020, according to NBS, 2023, presented a mirage of fiscal uncertainty that markedly reduced the level of long-term planning for economic stability.

RO 2. Corruption and its Impact on Economic Growth and Public Welfare

These sections really brought out the entrenched role that corruption has played in undermining the economy and general development of Nigeria. Transparency International ranked Nigeria 150 out of 180 countries on its 2023 Corruption Perceptions Index, reflecting endemic governance failures. A record that an estimated \$15 billion had been siphoned between 2010 and 2020 through fraudulent oil subsidy schemes, resources that could give a facelift to infrastructure and public welfare.

This agrees with Ake's (1996) contention that in resource-dependent states, corruption promotes predatory governance, in which state officials, by prioritizing personal gain over public interest, exploit the public. The result of this is very conspicuous in social infrastructural decay, slow development, and stagnant economy. The infrastructure deficit in Nigeria, with investment at only 2% of GDP, as opposed to the African average of 5%, only highlights how regressive Nigeria has been on its journey towards development. For example, the Ministry of Energy generates electrical energy at a rate of 10,000 kW daily. However, it only distributes 3,000-4,000 kW to a population of approximately 250 million people, resulting in a deficit in both supply and demand. While Kenya, Egypt, and South Africa combined have less than Nigeria's population, they produce over 400,000 GWh of electricity annually, and the failure of Nigeria to meet the required energy need of the country is due to the \$16 billion lost in the failed electricity reform project said to be by the EFCC in 2015 that could have funded critical energy infrastructure to support industrialization and job creation. Compared to Nigeria, Egypt, and South Africa, which are relatively more endowed with resources and population, these countries still rank higher in GDP, tourism, peace, and development projections (Economic metric, 2024).

The factor of corruption has been identified as a major issue that hinders Nigeria from reaching its full potential. IMF Report, 2021. While Nigeria wrestles with the corrosive effects of corruption, Botswana has leveraged transparent governance frameworks to attain stable growth and high human development indices (Statista, 2023). Such dichotomy serves only to reinforce the importance of institutional accountability in translating resource wealth into public goods.

RO 3. The Nexus between Unemployment, Inequality, and Insecurity

Unemployment and inequality have emerged as a critical driver of Nigeria's rising insecurity (Abdulrazak, 2024). With a national unemployment rate currently at 33.3% and the unemployment rate for youths above 45%, according to the NBS, 2023, millions of Nigerians, especially the youths, have remained economically marginalized, as the Relative Deprivation Theory by Gurr, 1970, says economic exclusion induces grievances that may scale up into violent conflict; hence, the high unemployment rate in Nigeria makes it a fertile ground for insecurity and a ready market for the perpetration of violence. The data from the findings also reveals significant inequality, with Nigeria's richest 10% controlling over 50% of national wealth (Oxfam, 2023). This wealth disparity exacerbates socio-political tensions, particularly in regions like the North-East and North-West, which are disproportionately affected by unemployment and poverty. Studies by scholars like Nwanegbo and Odigbo (2013) further link high unemployment rates to the proliferation of insurgent groups, kidnappings, and banditry in Nigeria.

RO 4. Import Dependence and Its Implications for Food Security and Economic Stability

The study has shown that acute dependence on food imports poses significant risks to food security and economic stability in Nigeria. Nigeria, in 2023, imported wheat at about US\$2 billion and rice at US\$1.8 billion, with food inflation spiraling at 24.1% after the removal of fuel subsidies, whereas FAO reports, this reliance on imports is compounded by low agricultural productivity, with only 35% of arable land cultivated due to poor irrigation, mechanization, and access to credit. This aligns with Adesina's (2019) critique that Nigeria's agricultural policies, although well-intentioned, often lack the necessary structural support for effective implementation. For example, while the Anchor Borrowers' Program was supposed to increase rice production, a lack of infrastructure, corruption, and inconsistent policy enforcement undermined its success. This compares to the Green Revolution in India, which shows how strategic investment in agricultural technology and subsidies can transform food systems and achieve

self-sufficiency. This is one of the major challenges to Nigeria's economy, as Nigeria's import dependency threatens both macroeconomic stability and rural livelihoods.

Findings show persistent structural flaws in the economic and governance frameworks of Nigeria. Overdependence on oil revenue with systemic corruption, unemployment, and import dependency eternizes the cycle of poverty and underdevelopment. These are not challenges peculiar to Nigeria but characteristic of all resource-rich developing countries that struggle to break free from the resource curse as noted by Sachs & Warner (2001). However, strong institutions and transparent governance broke this vicious circle in the case of Botswana. Similarly, Malaysia's diversification strategies illustrate the potential for resource rents to drive industrialization and human capital development.

Policy Implication

The implication of this is the entrenchment of a corrupt, rent-seeking, and oligarchic political culture which is inimical to development. In a society where political corruption has become all-permeating, development then becomes a paradox since the two concepts simply cannot coexist. Corruption breeds underdevelopment, underdevelopment fuels inequality, inequality leads to insecurity, and insecurity stifles growth—a vicious cycle that keeps repeating itself. The readiness of the economy's weakness, consequent to the removal of fuel subsidies, therefore, underscores the need for the government to deepen the economy beyond the cosmetic sustenance it had hitherto relied on through the subsidy.

RECOMMENDATIONS

One of the key policy recommendations is the necessity to put an end immediately to political and administrative corruption. Corruption has become deep-seated in the political system of Nigeria, especially in the public sector, which has abetted systemic inefficiencies and mismanagement of public resources. Collusion between politicians and civil servants, often for personal benefit, has created an environment where the exploitation of loopholes in the government is routine. Accordingly, this has resulted in the diversion of substantial resources that could otherwise be used for economic development and infrastructure building. Therefore, to break free from these cycles of corruption, the study advocates comprehensive institutional reforms, with a focus on eliminating corruption within the political and public service. This could be done by streamlining government payment, only to be done by the Office of the Accountant General and the Office of Public Procurement. This will ensure that project payments are transparent and accountable.

The institutionalization of the fight against corruption, therefore, requires a comprehensive anti-corruption policy in place, one that is both punitive and preventive. The Nigerian government must strengthen the independence of the ICPC and the EFCC in their functions, through methods of appointment that are devoid of political connotations, among others. This will increase the institutional capacity and independence from the influence of political actors. Furthermore, Nigeria must establish and enforce stringent transparency and accountability frameworks at all levels of government. This might include open-minded data initiatives where, through a systematic and transparent process, the government publishes its expenditures, contracts, and decisions, thereby enabling citizens and civil society organizations to track and monitor public spending.

Even more so, Nigeria's major challenge lies in its unproductiveness. This was the weakness that the Oil subsidy removal exposed, and Nigeria can fix this by simply re-implementing the abandoned

Nigeria Industrial Revolution Plan which it abandoned in 2015. The plan did present clear-cut, realistic, and incremental measures to put Nigeria on a march toward productivity and agro-industrialization using Nigeria's massive arable land and agricultural materials, manpower, and geography. For example, countries like Brazil show how agribusiness value chains can spur growth and jobs. Similarly, investment in energy supply and mechanization of agro-tools is needed, as Nigeria still under-produce due to the application of obsolete farming tools. Others are the introduction of merit-based recruitment and promotion systems in the public sector, which help to break patronage networks that perpetuate corruption. These reforms would give a new beat to governance, one that inspires integrity, efficiency, and responsibility. The shift in emphasis from personal enrichment to national progress would bring about a society where corruption is not seen as the means to an end.

CONCLUSION

Nigeria undeniably possesses abundant resources and capacity for sustainable development; however, these potentials alone do not guarantee progress. The country's overreliance on oil revenues, without strategic economic diversification into sectors such as agriculture, technology, and manufacturing, has undermined its long-term growth prospects. Institutional weaknesses, particularly pervasive corruption, have perpetuated economic stagnation and instability. Empirical evidence suggests that governance deficits, the failure to implement coherent industrialization policies, and inadequate reforms have kept Nigeria trapped in cycles of economic stagnation and social unrest. In contrast, other oil-rich nations in the Middle East demonstrate how prudent management of oil wealth can foster sustainable development through infrastructure investment and the development of a knowledge economy. Thus, Nigeria's current trajectory reflects systemic failures rather than resource scarcity, confirming that sustainable development remains unattainable without comprehensive governance reforms and diversification strategies. In summary, the variables examined intensely argue against Nigeria's realization of sustainable development under existing conditions, emphasizing the urgent need for institutional overhaul and economic transformation.

CONFLICT OF INTEREST

The author declares no potential conflict of interest.

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