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Resource Governance, Economic Inequality, and Social Instability in Nigeria

Abstract

Despite being one of the most resource-rich countries in Africa, Nigeria is still one of poorest on human development grounds. This paper explored the manner in which lapses in resource governance produce economic impoverishment and amplify social conflict in Nigeria. Employing a qualitative descriptive research design and thematic analysis of secondary data obtained from peer-reviewed journals, government reports, World Bank datasets, and policy documents published between 2020–2026, this study sketches an unbroken link between institutional corruption and inequitable fiscal distribution to rising poverty and multidimensional inequality elicits forms of social purgation class struggle that has characterized contemporary Nigeria. The findings also indicated that governance deficits in the oil sector; such as lack of transparency over revenue management, weak accountability institutions (as existed elsewhere too), and fiscal arrangements which favour exclusionary elite coalitions are arguably the main causes of both inequality and instability. This paper contributed to the resource curse and rentier state literature by showing that this chain is not automatic, but rather that it was the result of conscious institutional choices, therefore it can be changed through policy reform. They included restructuring fiscal federalism, tougher transparency requirements and diversification led by investment.

Keywords: Resource governance, economic inequality, social instability, Nigeria, rentier state.

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Introduction

Nigeria is a leading crude oil producer, producing more than 1.5 million barrels of crude oil per day and possessing proven reserves exceeding 37 billion barrels (Nigerian Upstream Petroleum Regulatory Commission [NUPRC], 2023). This ranked Nigeria among the top oil producers in the world and established it as Africa's largest oil exporter. However, more than 63% of Nigerians are considered to be living in multidimensional poverty (World Bank, 2022). With a life expectancy of less than 55 years, sporadic electricity access in most parts of the country and youth unemployment rate reported greater than 40% in some national surveys (National

Bureau of Statistics [NBS], 2022). This "resource curse" has been known for decades, with the disconnect between how much wealth a country possesses and what its citizens can actually enjoy never better understood. It has endured and intensified over five decades of oil extraction, constituting what many academics regard as a classic instance of the resource curse (Ablo, 2020; Ibeanu et al., 2021).

The most authoritatively definition of the resource curse, or paradox is given in the famous work of Auty(1993) who observed that nations rich in non-renewable natural resources experienced lower economic growth and poorer governance outcomes than do poor countries blessed with few natural resources (Ablo 2020). The curse works in Nigeria through a very specific mechanism: governance failure. These institutions have remained chronically weak, captured by political elites, and operate beyond public accountability. Instead of directing resource rents to infrastructure, education, healthcare and productive investment; Nigeria's successive governments have spent the oil revenue essentially on political patronage and engaging in rentier behaviour that has repeatedly concentrated wealth and power in a small elite ruling circle (Nwosu & Ugwuanyi, 2021). The end result, is a nation with plenty of resourceful wealth but enormous mass deprivation.

That deprivation is not equal, as Economic Disparity in Nigeria has strange regional, ethnic and generational dimensions. The environmental toll of oil extraction is borne by communities in the Niger Delta, who make only a tiny share of the revenue it generates. Northern state poverty rates now far exceed their counterparts in the South-West, which has cultivated a commercial and service economy that is less dependent on oil rents. It has not delivered jobs for young Nigerians at an order of magnitude as they exist region-wide (Onyekwere & Adaji, 2023). These inequalities foster conditions of grievance and grievance, if not addressed, translates into social instability.

Nigeria has had an exceedingly long and diverse history of social unrest. Armed militancy in the Niger Delta, the Boko Haram insurgency in the North-East, farmer-herder conflicts across the Middle Belt, the separatist agitation of the Indigenous People of Biafra (IPOB) in the South-East and 2020's mass street protests of #EndSARS represent reactions to a populace whose history with their Nigerian state over decades has been defined by separation from economic advantage of shared national resources. This paper contends that these manifestations of instability are not primarily driven by ethnicity or religion, though those aspects do exist, but are instead structurally generated through governance failures that create and feed inequality.

The study pursues two objectives: which are first, to examine how resource governance failures produce economic inequality in Nigeria; secound to establish how that inequality drives social instability between 2020 and 2024. The study is significant at a moment when the Petroleum Industry Act (PIA) 2021 has introduced formal institutional reform whose impact remains contested, and when social tensions across Nigeria show no sign of resolution.

Objectives of the Study

This study is guided by two specific objectives:

i. To examine how resource governance failures in Nigeria generate patterns of economic inequality.

ii. To establish how economic inequality contributes to social instability in Nigeria between 2020 and 2024.

Research Questions

This study is guided by the following research questions:

i. How do resource governance failures in Nigeria generate economic inequality?

ii. How does economic inequality rooted in governance failure drive social instability in Nigeria between 2020 and 2024?

Statement of the Problem

Nigeria's status as one of Africa's largest oil producers sits in stark contradiction with the depth and breadth of poverty, inequality, and social conflict that characterise everyday life for the majority of its citizens. Despite generating trillions of naira in oil revenues over five decades, the country's Human Development Index score has remained virtually stagnant, multidimensional poverty affects more than 63% of the population, and youth unemployment exceeds 40% in several national surveys (World Bank, 2022; NBS, 2022). This paradox of resource abundance alongside pervasive deprivation constitutes the central problem this study addresses.

Existing scholarship on Nigeria's resource curse has identified broad patterns of governance failure and elite capture, yet the precise institutional mechanisms linking resource governance deficits to economic inequality and, subsequently, to specific forms of social instability remain under-theorised, particularly in the post-PIA 2021 context. Much of the available literature predates the Petroleum Industry Act and therefore cannot account for the institutional changes, and their limits, that have occurred since its enactment. Moreover, few studies integrate all three dimensions of governance, inequality, and instability within a single analytical framework grounded in recent empirical data (2020-2024).

The problem is also policy-relevant. Nigeria's continued social unrest, manifested in Niger Delta militancy, farmer-herder conflicts, the #EndSARS protests, and IPOB agitation, is widely attributed to economic frustration and perceived exclusion from the benefits of national resource wealth. Without a rigorous, evidence-based understanding of how governance failures translate into inequality and instability, effective policy responses cannot be designed. This study seeks to fill that gap.

Literature Review

Resource Governance

Resource governance refers to the processes, institutions, laws, and policies through which natural resources are managed and distributed within a country. It involves accountability, transparency, revenue allocation, institutional efficiency, and the participation of stakeholders in resource management.

According to Ablo, A. D., resource governance involves the institutional arrangements and regulatory mechanisms established to ensure that revenues generated from natural resources contribute meaningfully to national development rather than benefiting a privileged political elite. Ablo (2020) argued that effective resource governance promotes accountability, transparency, and equitable distribution of resource wealth, especially in resource-dependent economies such as Nigeria and Ghana. The author further maintained that weak governance institutions often encourage corruption, rent-seeking behaviour, and mismanagement of oil revenues, thereby undermining sustainable development.

Similarly, Nwosu, C. and Ugwuanyi (2021) viewed resource governance as the system of political, economic, and legal institutions that regulate the extraction, management, and allocation of revenues derived from natural resources. According to the authors, effective governance requires transparency in revenue management, accountability in public institutions, and equitable fiscal distribution across regions and social groups. They noted that in Nigeria, resource governance has historically been characterised by elite capture, weak accountability mechanisms, and excessive centralisation of oil revenues, which have contributed significantly to poverty, inequality, and social tensions.

The views of both authors indicate that resource governance extends beyond resource extraction to include the management, accountability, and equitable utilisation of resource wealth for socio-economic development. While Ablo (2020) focused more on institutional accountability and transparency, Nwosu and Ugwuanyi (2021) emphasised the political economy dimensions of governance failure and elite domination within resource-rich states.

Economic Inequality

Economic inequality refers to the unequal distribution of income, wealth, opportunities, and access to economic resources among individuals, groups, or regions within a society.

According to Onyekwere, J. and Adaji (2023), economic inequality refers to the wide disparities in income, employment opportunities, living standards, and access to social services among different segments of society. The authors argued that inequality becomes more severe when economic growth and national wealth are concentrated within a small political and economic elite while the majority of citizens remain poor and unemployed. In the Nigerian context, the authors linked rising inequality to youth unemployment, regional disparities, and exclusion from the benefits of national resource wealth.

In another perspective, World Bank (2022) defined economic inequality as the uneven distribution of economic resources and opportunities across individuals and regions, resulting in differences in income, welfare, education, healthcare, and quality of life. The World Bank further explained that persistent inequality undermines inclusive development and increases social vulnerability, particularly in developing economies dependent on natural resources. The report noted that despite Nigeria's oil wealth, millions of citizens continue to experience multidimensional poverty and limited access to essential services.

The definitions provided by Onyekwere and Adaji (2023) and the World Bank (2022) reveal that economic inequality is multidimensional in nature and affects income distribution, employment opportunities, social welfare, and access to development benefits. Both perspectives agree that persistent inequality weakens national development and contributes to social dissatisfaction and instability.

Social Instability

Social instability refers to the condition in which a society experiences persistent unrest, conflict, violence, insecurity, protests, and disruptions resulting from political, economic, or social grievances. According to Ibeanu, O., Orji, and Iwu (2021), social instability refers to the manifestation of collective dissatisfaction arising from governance failure, inequality, unemployment, exclusion, and perceived injustice within society. The authors argued that when citizens perceive that public institutions are corrupt and national resources are unfairly distributed, social tensions often emerge in the form of protests, militancy, insurgency, communal conflicts, and political violence. In Nigeria, the authors linked social instability to governance-induced inequality and the concentration of oil wealth among political elites.

Similarly, Okonkwo, T. C. and Bala (2023) described social instability as a condition characterised by recurring social conflicts, insecurity, violent agitations, and public dissatisfaction resulting from institutional failures and weak governance structures. The authors maintained that ineffective implementation of resource governance reforms, especially within the petroleum sector, contributes significantly to distrust in government institutions and fuels social unrest across different regions of Nigeria.

Theoretical review

The Resource Curse and Rentier State Theory

The resource curse thesis, first systematically articulated by Auty (1993), posits that nations richly endowed with non-renewable natural resources tend to experience lower economic growth, weaker democratic institutions, and poorer development outcomes than resource-scarce counterparts. Early formulations focused predominantly on the “Dutch Disease” effect, whereby booming resource sectors crowd out tradeable manufacturing and agriculture through real exchange rate appreciation, thereby eroding economic diversification (Corden & Neary, 1982, as cited in Nwosu & Ugwuanyi, 2021). Subsequent scholarship, however, shifted attention from purely economic mechanisms to political and institutional pathways through which resource abundance generates developmental failure.

Rentier state theory, developed by Mahdavy (1970) and extended by Beblawi (1987), offers a political economy explanation of why resource-rich states systematically underperform. In rentier states, governments derive the bulk of their revenues from external rents, that is, payments from foreign companies or governments for the right to extract natural resources, rather than from taxing citizens. This fiscal independence from the domestic productive economy structurally weakens the social contract between state and citizen: governments that do not tax have diminished incentives to be accountable to those they govern (Beblawi, 1987, as cited in Nwosu & Ugwuanyi, 2021). The result is a political economy oriented toward elite patronage rather than broad-based public investment. Nigeria exemplifies this dynamic, with successive federal administrations prioritising the distribution of oil rents to politically connected constituencies over investment in infrastructure, education, and healthcare (Ibeanu et al., 2021).

Resource Governance, Corruption, and Fiscal Distribution

The governance of oil revenues in Nigeria has been extensively documented as a site of institutional failure and elite capture. The Nigerian National Petroleum Corporation (NNPC), which functioned for decades as a vertically integrated state oil company combining commercial, regulatory, and policy functions without meaningful separation of roles or independent oversight, became a central vehicle for the capture and diversion of oil rents (Nwosu & Ugwuanyi, 2021). NEITI audit reports have consistently identified discrepancies between oil liftings and remittances, with estimates suggesting losses of over USD 9 billion in unremitted revenues between 2014 and 2019 alone (Ibeanu et al., 2021). Transparency International’s successive Corruption Perceptions Index rankings have placed Nigeria near the bottom of governance performance globally, reflecting the systemic nature of the problem rather than isolated incidents.

Fiscal federalism literature has highlighted how Nigeria's revenue-sharing arrangements, particularly the Federal Account Allocation Committee (FAAC) formula, systematically disadvantage states with the greatest service delivery responsibilities while concentrating fiscal resources at the federal centre (Ablo, 2020). The derivation formula, which allocates a percentage of oil revenues to producing states, has been a persistent terrain of political contestation and has itself been subject to elite capture at the state level, failing to translate into meaningful development outcomes in the Niger Delta (Ablo, 2020). These structural features of fiscal governance create conditions in which regions bear the environmental and social costs of resource extraction without receiving commensurate developmental benefits.

Economic Inequality and Social Instability

The theoretical relationship between inequality and social instability is well-established in the political science and conflict studies literature. Gurr's (1970) relative deprivation framework posits that the perception of a gap between what individuals believe they deserve and what they actually receive, particularly when that gap is experienced collectively and attributed to identifiable political actors, is a primary driver of political violence and collective unrest. In resource-rich developing states, this dynamic is amplified by the visibility of resource wealth and the transparency failure that allows elites to capture rents without public accountability (Ibeanu et al., 2021).

Studies of the Niger Delta conflict have demonstrated how the coexistence of extreme resource wealth and community-level deprivation created the structural conditions for militant mobilisation (Nwosu & Ugwuanyi, 2021). Similarly, research on Boko Haram's emergence in the North-East has linked the insurgency's social base to the region's extreme poverty, educational exclusion, and marginalisation from federal resource allocation (Onyekwere & Adaji, 2023). The #EndSARS protests of 2020, while immediately triggered by police brutality, drew on widespread economic grievances, particularly youth unemployment and perceptions of elite impunity, that are directly traceable to governance-induced inequality (Ibeanu et al., 2021). These cases collectively suggest that social instability in Nigeria is not primarily a product of ethnic or religious antagonism, as is often assumed in popular discourse, but is structurally generated by governance failures that produce and sustain inequality.

Gaps in Literature

Despite a rich body of scholarship on Nigeria's resource governance challenges, several gaps remain. First, most existing studies treat resource governance, economic inequality, and social instability as separate analytical domains rather than as interlinked elements of a single governance failure chain. Second, the literature has been slow to incorporate empirical data from the post-2020 period, during which the PIA was enacted and a new set of social instability manifestations, including resurgent IPOB agitation, escalating farmer-herder violence, and the #EndSARS protests, have emerged. Third, few studies systematically assess how institutional reforms such as the PIA 2021 have altered or reproduced existing governance-inequality-instability dynamics. This study addresses these gaps by integrating all three analytical domains within a unified framework and grounding the analysis in evidence from 2020 to 2024.

Methodology

Research Design

This study adopted a qualitative research design using a descriptive approach to examine the relationship between resource governance, economic inequality, and social instability in Nigeria. The qualitative descriptive design was considered suitable because the study focuses on understanding institutional failures, governance practices, socio-economic inequalities, and their implications for social instability within the Nigerian context. The design enabled the researcher to critically analyse existing evidence, policy documents, and scholarly arguments relating to the study variables without manipulating any variable.

The study further employed thematic analysis as the major analytical strategy. This approach made it possible to identify and interpret recurring themes, patterns, and relationships associated with corruption, fiscal centralisation, unemployment, poverty, inequality, militancy, protests, insecurity, and governance deficits in Nigeria between 2020 and 2024. The methodology was appropriate because issues surrounding governance and social instability are complex socio-political phenomena that require detailed interpretation and contextual understanding.

Area of the Study

The study was conducted in Nigeria with emphasis on the governance of natural resources, particularly crude oil and gas resources, and their implications for economic inequality and social instability across different regions of the country. Nigeria was selected because despite its vast natural resource wealth, especially petroleum resources, the country continues to experience widespread poverty, unemployment, inequality, insecurity, youth restiveness, militancy, kidnapping, and other forms of social conflict.

Sources of Data

The study relied mainly on secondary sources of data. Data were obtained from credible and authoritative publications including peer-reviewed journals, textbooks, government reports, institutional publications, policy documents, conference papers, and international development reports.

Major sources of data included, National Bureau of Statistics (NBS), Nigerian Upstream Petroleum Regulatory Commission (NUPRC), Nigeria

Extractive Industries Transparency Initiative (NEITI), World Bank Reports, United Nations Development Programme (UNDP), Transparency International Reports, and Academic journals and policy publications. The study specifically utilised data covering the period from 2020 to 2024 in order to capture recent developments in Nigeria's resource governance structure, especially after the enactment of the Petroleum Industry Act (PIA) 2021.

Population of the Study

The population of the study comprised all published documents, reports, institutional records, academic materials, and statistical databases relating to resource governance, economic inequality, and social instability in Nigeria. This included documents from government agencies, international organisations, development institutions, and scholarly publications relevant to the study objectives.

Sampling Technique

The study adopted purposive sampling technique in selecting relevant materials used for the analysis. The purposive sampling method enabled the researcher to select only documents, reports, and publications that were directly related to resource governance, inequality, and instability in Nigeria. The technique was considered appropriate because it ensured that only relevant and recent materials were included in the study.

Method of Data Collection

Data for the study were collected through documentary sources and archival materials. The researcher systematically reviewed and extracted information from journal articles, official reports, institutional databases, policy documents, and other scholarly materials related to the study.

The documentary review focused on issues such as Oil revenue management, Corruption and accountability, Fiscal federalism, Poverty and unemployment, Human development indicators, Resource control, Youth unemployment, Militancy and insecurity, and Social protests and communal conflicts

The documentary method was appropriate because it provided access to extensive information and recent evidence relating to governance and socio-economic conditions in Nigeria.

Method of Data Analysis

The study employed thematic content analysis for analysing the collected data. Thematic analysis enabled the researcher to identify major themes and patterns relating to governance failures, economic inequality, and social instability in Nigeria.

The analysis was conducted in the following stages:

Data Organisation

The collected materials were carefully organised according to the major themes of the study such as resource governance, corruption, fiscal distribution, poverty, unemployment, and social unrest.

Coding and Classification

Relevant information extracted from the materials was coded and grouped into thematic categories based on the objectives of the study. The major categories included. Governance failure, Corruption and accountability deficits, Economic inequality, Poverty and unemployment, and Social instability and insecurity

Interpretation of Themes

The identified themes were critically interpreted within the framework of the Resource Curse Theory and Rentier State Theory. The analysis focused on explaining how governance failures in Nigeria's resource sector contribute to inequality and social instability. Descriptive statistics such as tables, trend analysis, percentages, and development indicators were also used to support the qualitative discussion where necessary.

Theoretical Framework

The study was anchored on the Resource Curse Theory and Rentier State Theory. The Resource Curse Theory explains the paradox whereby countries endowed with abundant natural resources often experience poor economic development, corruption, weak institutions, and social instability. The theory was relevant to this study because Nigeria's oil wealth has not translated into sustainable economic development and improved welfare for the majority of the population.

The Rentier State Theory was also adopted to explain how excessive dependence on oil revenue weakens government accountability, encourages elite domination, and discourages productive economic activities. The theory further explains how governments that rely mainly on resource rents rather than taxation become less responsive to citizens' needs and welfare.

These theories provided the conceptual basis for understanding the relationship between resource governance, economic inequality, and social instability in Nigeria.

Validity and Reliability

To ensure validity and reliability, the study relied on information obtained from reputable and internationally recognised institutions such as the World Bank, UNDP, NBS, NUPRC, NEITI, and peer-reviewed academic journals. Information from multiple sources was carefully compared and cross-checked to ensure consistency, accuracy, and objectivity in the findings.

Ethical Considerations

The study adhered strictly to ethical research principles by properly acknowledging all sources of information used in the study. All materials consulted were adequately cited and referenced in line with APA 7th edition referencing style. Since the study relied solely on secondary data, no human participants were involved, thereby eliminating issues relating to confidentiality and informed consent.

Justification of the Methodology

The qualitative descriptive methodology adopted for this study was considered appropriate because it provided a comprehensive understanding of the institutional and structural factors linking resource governance, economic inequality, and social instability in Nigeria. The methodology also enabled the researcher to combine theoretical explanations, policy analysis, and empirical evidence in explaining how governance failures contribute to socio-economic challenges and instability in the country. Furthermore, the use of thematic analysis enhanced the depth of interpretation and allowed the study to critically examine recent governance developments and socio-political realities in Nigeria between 2020 and 2024.

Findings

Resource Governance Failures in Nigeria

Nigeria's resource governance architecture is both formally elaborate and functionally ineffective. Notably, Section 44(3) of the1999 Constitution vests all subsurface mineral resources in the federal government thereby centralizing oil revenue control at the center and ensuring a bottom-up approach is unsuitable for any meaningful governance involvement by host communities and subnational governments. Acting in opaque fashion for decades as an institution that combined commercial, regulatory and policy functions without sufficient separation or independent oversight (Nwosu & Ugwuanyi, 2021), the Nigerian National Petroleum Corporation (NNPC) has transformed under the Petroleum Industry Act 2021 into a limited liability company as NNPC Limited.

The tenure of resource governance failures in Nigeria is characterized by corruption. NEITI (2021, in Ibeanu et al., 2021) estimates that between 2014 and 2019, Nigeria lost over USD 9 billion from unremitted oil revenues with discrepancies in lifting volumes and declared proceeds spans across several audit cycles. Having pooled and then shared a percentage of oil revenues, the derivation formula has itself been another key terrain for elite capture, allowing state-level political actors to siphon off derivation funds that would otherwise go into developing local communities (Ablo, 2020). In terms of policy and institutional change, the PIA 2021 established a Host Community Development Trust mechanism and sought to commercialize NNPC with an early assessment suggesting marginal improvements in transparency as well as ongoing political capture of institutional processes (Okonkwo & Bala, 2023).

Governance failure is further entrenched through the revenue distribution mechanism of FAAC. Based on the FAAC formula, oil revenues are heavily weighted in favor of the federal center and there is insufficient allocation for states as well as local governments which suffer from heavy expenditure due to their primary service delivery role. This gap between oil revenue generation and key human development indicators in Nigeria over the years 2020 to 2023 is depicted in Table 1 below.

Table 1

Nigeria Oil Revenue and Selected Human Development Indicators, 2020-2023

Year	Oil Revenue (USD Billion)	HDI Score	Multidim. Poverty Rate (%)	Youth Unemployment (%)
2020	8.9	0.535	63.0	40.8
2021	10.2	0.535	63.0	42.5
2022	12.4	0.535	63.0	43.1
2023	14.1	0.539	62.9	41.0

Note. Oil revenue figures are sourced from NUPRC (2023). HDI scores are from UNDP (2023). Multidimensional poverty rates are from World Bank (2022). Youth unemployment figures are from NBS (2022). HDI = Human Development Index; Multidim. = Multidimensional.

As Table 1 shows, oil revenues increased substantially between 2020 and 2023, yet human development outcomes remained almost static over the same period. This disconnect between revenue growth and development improvement is a direct product of governance failure: revenues that are not translated into public investment cannot generate human welfare gains regardless of their volume.

Patterns of Economic Inequality

The economic inequality that governance failures in Nigeria's resource sector has engendered is multidimensional. More significant, at the regional level, more than 80% multidimensional poverty rate in the North-West and North-East geopolitical zones; in contrast to Lagos and the South-West (commercially developed) where less such activity is dependent on oil rents (NBS, 2022). Niger delta provides a more poignant paradox; the region that produces over 90 per cent of national oil revenues, is home to communities with little access to clean water, functional schools and stable electricity and whose environment has been polluted for decades by oil spills and continuous gas flaring (Ablo, 2020).

According to the Gini coefficient, income inequality in Nigeria has consistently hovered around high levels. At the national level, Nigeria's Gini index (World Bank data, 2022) remains above0.43 but gives a false veneer of parity given sharper disparities at subnational levels. A fifth of the population earns neither enough to even bring them into the top income decile of the nation, nor have their incomes grown in real terms since around 1985 when Nigeria began what has been termed a structural adjustment period (Onyekwere & Adaji)). Labor shortage. Youth unemployment which the National Bureau of Statistics (NBS) estimates exceeded 42% for those aged 15 to 34 is the most politically explosive aspect of inequality. A large, swelling underclass excluded from the formal economy, in a country which has squandered its oil incomes without creating employment growth at scale also constitutes something of a structural grievance trap.

Table 2

Gini Coefficient and Multidimensional Poverty Index by Geopolitical Zone, Nigeria, 2022

Geopolitical Zone	Gini Coefficient	MPI Score	Poverty Rate (%)
North-West	0.37	0.302	81.4
North-East	0.36	0.298	79.2
North-Central	0.40	0.194	53.0
South-East	0.43	0.079	27.4
South-South	0.44	0.109	35.1
South-West	0.47	0.046	13.5

Note. Data sourced from NBS (2022) and World Bank (2022). MPI = Multidimensional Poverty Index. Gini coefficient ranges from 0 (perfect equality) to 1 (perfect inequality). Higher MPI scores indicate higher poverty intensity.

Table 2 reveals the stark regional character of inequality in Nigeria. The North-West and North-East zones, which are furthest from oil-producing areas and most dependent on federal allocation rather than internally generated revenue, record the highest poverty rates and the highest MPI scores. The South-West, with the lowest poverty rate, benefits from a diversified economy centered on Lagos. Gender inequality compounds the picture: women in northern Nigeria face acute exclusion from economic resources, formal employment, and political participation, dimensions of inequality that oil-revenue-driven governance models have done nothing to systematically address (Okonkwo & Bala, 2023).

Manifestations of Social Instability

The structural contours of resource governance failure and economic inequality create a consistent logic within which social instability in Nigeria emerges. This pattern is evidenced by four primary manifestations between 2020 and 2024.

While some aspects of Niger Delta militancy were suppressed following the implementation of the Amnesty Programme of 2009, instances of lower intensity violence have existed during much, if not all, of the study period. Pipeline vandalism, crude oil theft estimated at between 150K and 400K barrels a day in 2022 (NUPRC,20124), sporadic attacks on oil infrastructure signaling that grievances over resource control and environmental injustice have not been addressed by the many reforms of governance. The state has addressed the structural conditions that drive the conflict only partially, through monetary payments to ex-militants but leaving communities bereft of land and water destroyed by oil operations without compensation or meaningful investment in development (Nwosu & Ugwuanyi 2021) while leaving them as sources of ongoing instability.

Between 2020 to 2023, thousands were

killed and hundreds of thousands were forcibly displaced as a result of increasing intensity of Farmer-herder conflicts across the Middle Belt (Onyekwere & Adaji, 2023; Maru, 2021) particularly Benue, Plateau, Kaduna and Nasarawa States. These are not# climate change, land pressure, ethnic conflicts but governance failure wars: Governance (the absence of effective land administration and rural investment and conflict resolution institutions, all products of the oil rent state i.e. a state able to focus on distribution of oil rents rather than agricultural governance) as an amplifier that has led resource competition to morph into chronic deadly violence.

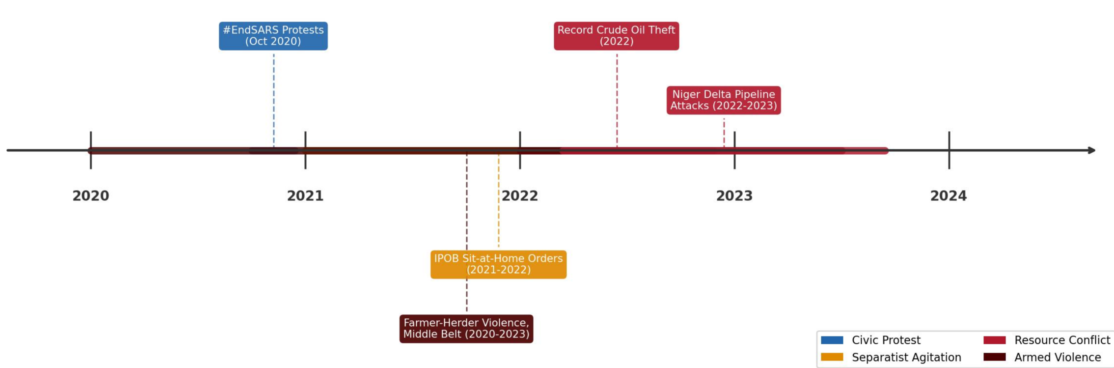
The most visible manifestation of urban, youth-based unrest during the time period studied was the #EndSARS protests in October 2020. While sparked by police brutality, the protests had a national understanding of how predatory toward their citizens the governance system was versus distributive only to the elites.

In the #EndSARS aftermath, surveys revealed that over 70% of respondents attributed their participation in protests to economic frustrations and the perception that oil wealth was stolen rather than shared (Ibeanu et al., 2021). The protests quickly erupted in more than 20 states and showed the breadth of national grievance beyond the immediate policing issue.

From 2021 to 2023, IPOB separatist agitation resurged in the South-East with sit-at-home orders that stifled business activities across five states for long stretches of time. However, the widespread belief that the region has been sidelined from both federal resource allocation and political influence since the civil war is a key component of agitation's political discourse (Okonkwo & Bala, 2023) although this perhaps varies depending on who you talk to.

Figure 1

Timeline of Major Social Instability Events in Nigeria, 2020-2024



Note. Compiled by the author from Ibeanu et al. (2021), Onyekwere and Adaji (2023), and NUPRC (2023).

Discussion

The findings of this study confirm and identify the specific institutional mechanism through which the curse operates in Nigeria: governance failure that transforms resource wealth into inequality, and inequality into instability. This chain is not automatic or determined by the presence of oil itself. It is produced and sustained by identifiable institutional choices, including the centralisation of resource control, tolerance of corruption, inequitable fiscal distribution, and suppression of accountability, which could, in principle, be made differently.

Rentier state theory helps explain why Nigerian governments have historically preferred distribution to politically connected constituencies over broad-based development investment. When state revenue derives primarily from resource rents rather than taxation, the political incentive to be accountable to the broader citizenry is structurally weakened (Beblawi, 1987, as cited in Nwosu & Ugwuanyi, 2021). Citizens who do not pay taxes in meaningful amounts exert less leverage over governments that do not depend on their productive contribution for fiscal survival. This dynamic has insulated Nigerian governments from accountability pressures that might otherwise redirect oil revenues toward inequality reduction.

Gurr's relative deprivation framework (1970, as cited in Ibeanu et al., 2021) illuminates the pathway from inequality to instability. When citizens perceive a growing gap between what they have and what they believe they should have, particularly in a context where resource wealth is publicly visible and its non-distribution is equally visible through social media, the conditions for collective action are created. Nigeria's geography of inequality makes this dynamic particularly acute: oil wealth is extracted from specific communities whose poverty is stark, and its redistribution through FAAC allocations is widely perceived as corrupt and exclusionary. This combination of visible wealth and experienced deprivation is precisely the configuration that Gurr identifies as most generative of political violence.

The PIA 2021 represents formal acknowledgement that existing governance arrangements are inadequate. Its provisions for NNPC commercialization, host community development trusts, and a new upstream regulatory framework are steps in the right direction. However, early implementation assessments indicate that political capture of the new institutions has already occurred, and the fundamental question of fiscal federalism, which determines how resource revenues are shared across the federation, remains unaddressed by the Act (Okonkwo & Bala, 2023). Without restructuring the incentives that currently reward extraction over accountability, the governance-inequality-instability chain will persist regardless of legislative intent.

Compared to Botswana, which invested diamond revenues in institutions, education, and fiscal discipline to achieve one of the most successful development trajectories in Africa, Nigeria's experience more closely resembles Angola and Chad, where oil revenues reinforced elite governance without generating broad development (Ablo, 2020). The difference lies not in the resource but in the governance choices made around it. Nigeria's challenge is therefore fundamentally political, not economic.

Conclusion

This study has demonstrated that resource governance failure in Nigeria is not a marginal or technical problem but the structural engine of the country's deepest social crises. The chain from institutional corruption and fiscal centralization, through deepening multidimensional inequality, to the varied forms of social instability that define contemporary Nigeria is traceable, empirically grounded, and theoretically coherent. Data from 2020 to 2024 show that oil revenues continued to grow while human development outcomes stagnated, inequality between regions and income groups persisted, and social unrest took multiple forms across the country. Nigeria's resource curse is ultimately a governance curse.

Several policy recommendations emerge from this analysis. First, the FAAC formula should be restructured to address regional development deficits rather than reinforcing federal fiscal dominance. Second, NEITI's mandate should be strengthened with real enforcement powers and not merely reporting functions. Third, the PIA's host community development provisions should be implemented with genuine community participation and independent oversight. Fourth, oil revenues should be channeled into education, agriculture, and manufacturing to generate productive employment for Nigeria's young population. Fifth, a constitutional review of Section 44(3) should be undertaken to enable greater subnational participation in resource governance.

Future research should examine the specific implementation pathways of the PIA 2021 at the state and community levels to assess whether its provisions are materially altering the governance-inequality-instability dynamics documented in this study. Longitudinal work tracking changes in inequality and instability indicators against governance reform milestones would make a strong contribution to both scholarship and policy.

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