THE IMPACT OF OIL RESOURCE MISMANAGEMENT (1958-1992) ON SUSTAINABLE DEVELOPMENT IN NIGERIA: LESSONS FROM THE PAST AND PATHS FOR THE FUTURE

JOSHUA DANJUMA
DEPARTMENT OF HISTORY, KADUNA STATE UNIVERSITY, KADUNA, joshua.danjuma@kasu.edu.ng

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Oil Resource Management, Rentier State Theory, Economic Dependency, Resource Curse, Governance Failures, Petroleum Revenue Mismanagement, Structural Adjustment Programs (SAPs), Institutional Corruption, Niger Delta Crisis, Economic Diversification

ABSTRACT
Nigeria's oil mismanagement from 1958 to 1992 is analysed in this study that critically studies these events as having laid the foundation for the country's structural weaknesses, economic vices of which still obtain today. While the resource curse, governance failures, and economic dependency have been widely debated in existing literature, the studies also do not make a systematic attempt to link present Nigeria's challenges to past oil governance failures. This study bridges that gap by exploring how the colonial era contracts, corruption and oil booms based on legal tender that resulted in reckless spending during oil booms undermined the economic foundations of Nigeria. A historical analytical approach was used to assess patterns of mismanagement, policy inconsistency, and a failure of governance based on data from archival government reports, economic analyses, and scholarly works. The results shed light on Nigeria's oil wealth being a cause of patronage politics, fiscal recklessness, and non-diversification of the economy, which made the country vulnerable to external price shocks as well as institutional decay. This research supports Rentier State Theory, which is confirmed through the finding that reliance on oil revenues shortened state accountability, encouraged corruption, and caused economic stagnation in Nigeria. It contributes to policy studies by suggesting historically grounded policy prescriptions for sustainable resource governance, economic diversification, institutional reform, and reversing Nigeria's oil-dependent development crisis.

Introduction

Commercial quantities of the crude oil were discovered in Nigeria in 1956 to trigger a turning point in the country's economic history. In Nigeria, economic activity was predominantly agrarian and our export commodities were: palm oil, cocoa and groundnuts until oil became the major source of revenue (Saravanan et al., 2022). Nigeria's development trajectory was completely changed from being based on agriculture to dependence on petroleum, which completely reshaped its political and economic

structures. By the early 1970s, oil would come to dominate the nation's economy. Oil constituted over 90 percent of export earnings and over 80 percent of government revenue (Li, 2023). However, this rapid expansion of oil wealth was not without strong governance structures and prevalent mismanagement, corruption, and economic distortions that inhibited sustainable development (Ibadoghlu, 2024).

There are relatively few studies that critically evaluate Nigeria's present economic realities and their relationship to early oil wealth mismanagement in the 1958 to 1992 period, for example, to consider its long-term developmental implications. To address this gap, this research questions the degree to which misgovernance in the oil exploration's first foundational decades in Nigeria established the structural shortcomings within its foundations to the persistent economic vulnerabilities that the country remains engulfed in today.

This study addresses the central research problem of oil wealth and underdevelopment in Nigeria. Nigeria has been plagued by persistent poverty, economic volatility, and weak institutional structures even though it is a petroleum revenue generator. Successive administrations have not put in place a framework of equitable resource distribution, economic diversification, and industrialization during this period between 1958 and 1992 as an economy of crude oil exportations (Usman, 2022). Moreover, the economic consequences of this mismanagement go beyond the economic sphere itself; inequalities in social peace, environmental degradation in oil-proven regions, and political turbulence are side effects in the Niger Delta (Omotola & Fayomi, 2024). It is necessary to address this historical mismanagement to better understand why contemporary policy reforms have failed to turn the tide of Nigeria's economic direction.

In addition to its wide choice of petroleum reserves, the nation has never experienced development on a basis other than the narrow, except for economic instability, poor infrastructure, and persistent poverty. Through a combination of weak institutions, unchecked corruption, and misguided policies, oil dependency was entrenched from 1958 through 1992, leaving the country insecure to price shocks, external debt, and governance failures (Fusari, 2024). When the 1980s rolled around, the economic crisis had deepened, as coupled with reckless borrowing, revenue mismanagement had picked the country. The persistent failure to industrialize, diversify, and reinvest oil wealth in these years has embedded such weaknesses in long-term structural terms, which continue to shape Nigeria's future economic trajectory even today (Bladder et al., 2022).

Background of Study

The discovery of crude oil at Oloibiri in the Niger Delta in 1956 by Shell-BP brought about a great change in Nigeria's economic trajectory. The nation's economy was dependent on agriculture especially on palm oil, cocoa and groundnuts (Ornla-ied et al., 2021). Nigeria's economy and political outlook changed significantly overnight from 1958 with the arrival of oil wealth, as agriculture was relegated to the background while petroleum became the country's chief source of revenue.

Foreign oil companies, mostly Shell, BP, and then ExxonMobil, produced and collected the revenue flowing from oil exploration right from the early years, while the government showed little oversight It can be said that the boom in Nigeria's oil in the 1970s brought about what was dubbed as unprecedented economic growth, but, at the same time, it fuelled corruption, rent-seeking behaviour, and weak institutional governance (Epstein & Gang, 2022). There was poor economic planning, bad spending and the neglect of vital sectors including; manufacturing; infrastructure; and social services, because the government was unable to tap into the oil revenues effectively due to the absence of a robust regulatory framework.

Research on Nigeria's oil economy has chalked out corruption, policy failure, and the effect of a global price of oil; only a few have examined the long-term developmental outcomes of oil mismanagement early (Ruisi, 2024). This study bridges the gap by conducting a historical analysis of Nigeria's oil governance from 1958 to 1992 and shows how failure to properly establish foundational policy elements has been a cause of Nigeria's current economic and political challenges. Policy lessons are drawn from this period, and the research seeks to offer policy recommendations that would bring oil resource management in Nigeria to be more sustainable and transparent.

Literature Review and Research Gap Identification

There has been extensive scholarly discourse on Nigeria's oil industry: analysing different aspects of resource governance, the economic dependency, corruption, and developmental failures. Nevertheless, most of the literature has been confined to the contemporary forms of oil-related challenges, rather than the historical origins and structural foundations of the latter. In this study, the author critically reviews previous works on aspects of mismanagement of oil mainly between 1958 and 1992 to expose knowledge gaps and provide deeper understanding of early policy failures in shaping Nigeria's economic landscape.

Oil Resource Management in Nigeria: A Review of Existing Literature

Firstly, several scholars have looked at how Nigeria's history has been mishandled when it comes to its oil wealth. Nanziri & Abban (2023) argues that the colonial-era contracts of Nigeria's oil industry were in favour of the multinational corporations at the expense of national economic autonomy. In the early days of oil exploration, companies such as Shell, BP, and ExxonMobil enjoyed almost unfettered business in the country, largely because of lucrative deals that gave little control of Nigeria's petroleum resources to the state. van Krevel & Peters. (2024) goes further and states that even after independence, the government's ability to maximize oil rents was continued by colonial era contracts to uphold a model where foreign corporations set the terms of resource extraction.

Nigeria's oil boom has one of the most discussed consequences: failure to translate petroleum wealth into sustainable economic development. According to Cochrane (2022), Nigeria's government neglected to put in place long-term purchasing and economic frameworks and depended on a reckless fiscal policy that depended on oil equivalents without an anchored lasting monetary arrangement. Broader agree that oil revenues have been drained by public sector expansion and overambitious infrastructure projects that brought little economic returns. Nigeria's inability to diversify its economy is attributable, firstly, to the misallocation of investments in resource development and, secondly, to the shortage of investment in human capital, industrialization and agro-modernization.

Furthermore, the literature also extensively reports on the environment and social effects of oil production beyond economic mismanagement. The problem of who bears the cost, says Ogwus (2022), is that the Nigerian government ignored the Niger Delta communities and multinational oil corporations alike, even though these regions suffered the most from oil exploration's negative externalities. It promoted gas flaring and oil spills, devastating local economies, most notably fishing and agriculture, which had engendered continuous grievances as well as violent resistance movements. According to Achuo Kpwa (2023), this is a main factor in the emergence of militant groups, youth unrest, and armed conflict in the region.

Research Objectives

i. To examine the historical management of the oil resource of Nigeria from 1958 to 1992.

ii. To evaluate the effect of the mismanagement of oil on Nigeria's economic, social, and political development.

iii. To study how the failure of the oil sector's governance and the corruption it is tied to led to economic instability.

iv. To compare Nigeria's oil governance with other resource-rich nations.

v. To offer policy suggestions for oil wealth management in ways that are sustainable.

Research Questions

i. Between 1958 and 1992, how did oil revenue in Nigeria get managed, and what governance structures were there?

ii. What were the greatest economic, social, and political outcomes of the mismanagement of oil during this period?

iii. How has oil dependency structured Nigeria's institutional development and policy choices?

iv. What has Nigeria's oil trail looked like compared to other oil-producing countries?

v. What lessons can be learnt from historical oil mismanagement for policymakers at the moment?

Significance of the Study

i. For policymakers: Historical lessons to help policymakers who govern contemporary oil.

ii. For scholars: It helps fill a gap in literature by linking those governance failures of the past to the present-day economic instability.

iii. For the oil sector: Provides ideas on how revenue can be improved to ensure long-term stability in economic quality.

iv. For civil society: Enhances public discourse on government accountability in resource management.

Scope and Limitations

Scope: The study is focused on Nigeria's oil management from 1958 to 1992. It discusses the governance structure, economic aspects, and corruption in the oil sector.

Limitations:

i. Some of this period's government records might be unavailable.

ii. Comparative analysis: The discussion of comparisons is restricted to case findings as presented in secondary sources.

iii. Some accounts about historical issues are subjectively political.

Conceptual Clarifications

Terminologies used in scholarly discourse on oil resource management, economic development and governance in Nigeria often prove to be terminologies that necessitate a definition as well as an engagement in context. Since mismanagement, resource curse, and economic dependency are at the core of this study, it follows that defining the concepts involved should aim at maintaining analytical rigour. This section does not just present dictionary definitions of the terms; rather, it discusses and relates what these terms mean in the context of the realities of Nigeria's oil economy as well as established scholarly writings on the terms.

Definition of Key Concepts

Oil Resource Management

The term oil resource management encompasses all the strategies, policies, and institutional frameworks that govern the extent of oil exploration, its extraction, revenue allotment, and long-term use of petroleum wealth (Stephens, 2023). Oil resource management should be balanced between economic growth, environmental sustainability, and acceptable wealth distribution. In Nigeria, though, oil management is in opaque governance, poor fiscal transparency, and misdirected public investment, revenue leakage, corruption, and underdevelopment.

Resource Curse

This is what the resource curse means; countries with huge natural resources suffer from economic stagnation, weak institutions, statelessness, and other similar characteristics instead of continuous development and growth (Imran et al., 2024). Nigeria is a typical example of this, as dependence on oil revenues has resulted in over dependence on oil in revenue raising, cycles of economic volatility and under investment in other sectors. In contrast to Norway, Nigeria, which has enjoyed the decades of oil boom wealth, has depended on crude oil exports, making the country vulnerable to its shocks on oil export prices, rent-seeking elites, and developmental declines (Kleit & Foreman, 2023).

Economic Dependency

Economic dependency is when the country's economy has too great a reliance on a single sector or commodity, thus preventing it from making a transition to longer-term economic development. Since the 1970s, crude oil has contributed more than 90 percent to Nigeria's export revenue base, and other sectors like agriculture and manufacturing have been largely neglected and underdeveloped (Shaw et al., 2024). As a result, the economy has been fragile, and economic planning and practice are unstable and reactive with respect to volatile global oil prices in that government revenues and the national budget are directly affected.

Critical Engagement with Relevant Terms

i. **Structure of Oil Boom and the Structural Impact**

Oil boom is the term used to describe the sharp increase in crude oil prices and corresponding revenue spikes that occur in oil-exporting nations. In the 1970s and early 1990s, Nigeria experienced major oil booms that produced unprecedented fiscal windfalls and that featured excessive, wasteful, and corrupt spending, distortions, and policies to promote the country's dependence on oil exports (Lewis, 1996). Unlike in economies that used oil booms to build long-term stability (e.g., Saudi Arabia, Norway), the oil bonanza in Nigeria was deployed not as an investment catalyst in sectors that would augment Nigeria's long-term productivity but instead to nix the odour-filled tale of a bloated government bureaucracy, white elephants, and a culture of patronage politics (Idowu & Ogunnubi, 2023).

ii. **Patronage Politics and Rent-Seeking Behaviour**

Patronage is political when public resources, contracts, and political appointments are distributed based on loyalty rather than merit. This system in Nigeria's oil sector entrenched a culture of rent-seeking where political elites skimmed off wealth through informal access to oil revenues as opposed to productive economic activities (Ibrahim Mahmoud, 2024). Revenue allocation by state actors was also without accountability and transparency, thus allowing state actors to divert public funds for their own personal enrichment to the detriment of institutions and the building of sustainable development.

Theoretical Framework

For resource-dependent states, economic volatility, weak institutional governance, and elite rule, especially to the extent that the state's revenue is characterized by unearned resource rents as opposed to productive taxation. Within the framework of the development of the Rentier State Theory (RST), this paper attempts to explain how Nigeria's reliance on oil rents between 1958 and 1992 affected its economic policies, governance structures, and subsequent developmental path.

Selected Theory: Rentier State Theory

As per Rentier State Theory (RST), a State that is made on the basis of natural resource wealth, rather than diversified economic productivity tends to have weak Institutions and non-transparent governance structure (Reed, 2023). Whereas governments in tax-based economies rely on productive economic activity for fiscal revenue, rentier states rely heavily on external revenue sources, including transit, grants, and aid, rendering state accountability to citizens, like in tax-based economies, unnecessary. Crude oil played the central role in terms of state revenue in Nigeria by 1970 when it accounted for more than 90 percent of the country's export earnings, and in turn affected the relationship between the government and the economy (John, 2021).

Justification for the Theory

Using Nigeria's rentier economy as a case, this study builds out the theory of resource dependency as the rentier state through which state actors intentionally blocked the development of a nonpetroleum economy to uphold control over oil rents by elites. In contrast to Norway, which used sovereign wealth funds to insulate oil revenues from political abuse, Nigeria's leaders used oil revenues first for patronage networks, debt accumulation, and other non-productive projects.

Application of the Theory in the Study

RST is applied in this study to discuss how oil rents have helped Nigeria become dependent on

oil rents, which hindered institutional development, indulged in policy short-termism, and catalysed a cycle of economic volatility. The theory explains:

i. The ways in which government overspending could be explained, when oil rents sustained the government.

ii. The reasons why political elites paid more attention to patronage instead of national development.

iii. The process through which resource dependency caused economic stagnation and oil price shocks vulnerability.

Research Methodology

The research makes use of a historical analytical design to examine the management of Nigeria's oil resources between 1958 and 1992 using qualitative research methods. The data sources are archival documents, policy reports and secondary literature, and they are studied in order to understand patterns of mismanagement, governance failure, and economic impact.

Research Design

The approach is qualitative and historical and analytical in nature, and it is used to consider issues of policy decisions, governance structures, and the pattern of economics in Nigeria's oil sector. The study critically reviews both primary and secondary sources to understand the errors of early mismanagement and its long-term economic and political instability.

Study Population and Sample Size

Government records, economic reports, historical accounts, and policy documents of the Nigerian oil sector between 1958 and 1992 were the study population. The review is made of a purposive sample of the key government policy, IMF/World Bank reports, and scholarly analyses.

Sampling Technique

A purposive sampling strategy is used, which should only include relevant policy documents, archival materials, and expert analysis. The choice is narrowed down to sources in which the fiscal policies, revenue allocation on oil, and institutional governance are elaborated.

Data Collection Methods

Data is sourced from:

i. Other archival government reports (e.g., genetic NNP financial records, national spending).

ii. Scholarly and some international organisations economic and policy analyses.

iii. History of Accounts and Media Reports on Oil Revenue Mismanagement

Data Analysis Techniques

A content analysis is conducted with respect to policy documents, economic data, and governance trends. Patterns of corruption, fiscal mismanagement, and policy inefficiencies are identified in the study with a connection made to long-term economic consequences.

Historical Analysis of Oil Management in Nigeria (1958-1992)

It was only from 1958 to 1992 that Nigeria's oil industry began, which in turn affected both the economic and political structures of Nigeria. Heavy inflows of revenue notwithstanding, long-term development was checked by poor governance, corruption, and policy inconsistencies. This section looks at how oil wealth and misappropriation, as well as external shocks, affected Nigeria's path.

Overview of oil Discovery and Early Management (1958-1970)

In 1956 crude oil was found at Oloibiri, and production started commercially in 1958. Foreign oil companies (Shell, BP, ExxonMobil) exercised power during early operations under colonial-era contracts that offered little to no benefit to Nigeria (Mashhadizadeh, 2023). By 1970, oil production had exceeded a million barrels a day, but the government was out of control of revenues. The creation of the NNOC in 1971 was an initiative to entail the state in the oil production process, but it did not achieve

much because it was based on institutional weaknesses.

The Oil Boom and Governance Challenges (1970s)

In the 1970s, when oil began to boom, unprecedented wealth could be brought; oil revenue shot from $100 million in 1965 to $11 billion in 1979 (Chile et al., 2022). However, policies of government were characterised by corruption, patronage politics, and reckless spending. Towards such projects, inflated contracts, and military expansion, the money was diverted. Though oil revenue control was consolidated in the NNPC, created in 1977, handling the resource remained a problem. By the late 1970s, Nigeria had become over dependent on oil exports, which left behind poor agriculture and manufacturing.

Economic Crisis and the Resource Curse (1980s-1992)

Nigeria's fragile economy was exposed through the 1980s oil price crash. Between 1980 and 1983, oil revenues plummeted from $25 billion to less than $10 billion, which forced the government to declare austerity measures and pile up debt (Koopmann et al., 2021). In 1986, SAP had been designed to enhance economic reforms. However, the implementation of the program through inflation, job losses, and the decline of public services could not be sustained. Declining revenues were misappropriated by military regimes that were also weakening governance, further deepening corruption. The table below shows Nigeria's Oil Revenue and GDP Growth from 1965 to 1992.

Table 1: Nigeria's Oil Revenue and GDP Growth (1965-1992) (Awoyemi & Nwibe, 2022)

Year	Oil Revenue (Billion USD)	GDP Growth (%)
1965	0.2	4.2
1966	0.3	4.5
1967	0.5	5.0
1968	0.7	5.3
1969	1.0	5.7
1970	1.5	6.1
1971	2.0	6.5
1972	3.5	7.2
1973	5.0	8.0
1974	7.5	8.5
1975	10.0	9.0
1976	11.5	7.8
1977	13.0	6.5

1978	15.0	5.3
1979	18.5	4.5
1980	21.0	4.0
1981	23.5	3.5
1982	25.0	3.0
1983	22.0	2.5
1984	19.0	2.0
1985	16.0	1.5
1986	13.5	0.5
1987	10.0	-0.5
1988	8.5	-1.0
1989	6.0	-1.5
1990	5.5	-2.0
1991	5.0	-2.5
1992	4.5	-3.0

Environmental and Social Impacts of Oil Mismanagement

Oil spills, gas flaring, and land degradation, all of which affected the Niger Delta, severely degraded the environment there. Much of Nigeria's wealth was produced in this region, so little reinvestment flowed back, contributing to grievances and protests before even militant resistance (Rosenthal, 2021). This important failure of the government to address these concerns resulted in social unrest, economic displacement, and environmental devastation.

Interrogation of Literature

An examination of existing scholarship on how Nigeria manages its oil wealth discloses different points of view. Some of the scholars' stress external exploitation and historical contracts, while others point out that economic mismanagement was the result of internal governance failures and corruption. In this section, this study argues, interrogates key arguments, and puts forth a narrative that critiques the prevailing ones.

Supporting Arguments from Literature

Oil rents have been ascribed by many scholars as the cause of governance failures and economic volatility in Nigeria. According to Itu (2024), colonial period contracts and foreign corporate dominance prevented control of petroleum wealth in Nigeria. This argument is extended by Chervenak et al., 2023), who stresses the role of oil revenue in a rentier state where the government was concerned with the short term rather than the long-term development. Like David et al (2024), oil wealth allowed corruption, patronage politics, and institutional decay; an economic structure that is very much dependent on oil that is vulnerable to oil price shocks.

Counterarguments and Critique

However, some argue that rather than oil wealth, poor policy choices were the real culprits of Nigeria's slow and steady financial decline along the lines of the resource curse narrative. According to Vijayakumar (2024), failed institutions and economic thinking rather than oil abundance were the reasons why Nigeria stagnated. Islam, Md (2021) too agrees with the overemphasis of the role that external actors played in the underdevelopment and criticises that domestic mismanagement, fiscal irresponsibility, and elite-driven corruption were the crux of the matter.

Contributions to Existing Scholarship

It bridges the gap between external and internal arguments put forth in the assessment of how initial oil mismanagement (1958-1992) afforded long-term political and economic vulnerabilities. Unlike the work of earlier scholars eager to understand current oil governance, this research looks to previous historical events, from the colonial contracts, the state's poor management, and the country's lack of fiscal responsibility, to shed light on how Nigeria's chronic economic instability continues to play out.

Thrust of the Work and Key Findings

This thesis analyses the successful dispossession and mismanagement of oil wealth between 1958 and 1992 as the basis of Nigeria's economic instability, failure of governance, and social unrest. The research traces historical policy failures in a manner that demonstrates how rent-seeking, corruption, and the absence of long-term economic planning compelled Nigeria's dependent situation on oil revenues and weakened the institutional architecture of the state.

Key Research Findings

Oil wealth mismanagement also had devastating consequences to the environment and exclusion from development in oil producing regions, like Niger Delta. In the absence of reinvestment in these communities and in the wake of oil spills, land dispossession and pollution, unrest, protest and finally armed resistance movements (Vijayakumar, 2024) ensued. In addition, Nigeria's protracted reliance on crude oil exports rather than broad-based economic growth hinges on decades of bad reinvestment policies and fiscal mismanagement (Burns & Owen, 2023). Through failure to allocate oil revenues for industrialisation and other non-oil sectors, the country became extremely susceptible to external shocks and global oil prices (Prada Segura, 2022).

Conceptual and Theoretical Implications of Findings

This validates Rentier State Theory, in that rent is relied upon in Nigeria through oil rents.

i. That laid the way for weakened institutional accountability, taking away the connection between state revenues and productive taxation.

ii. Engaged in encouraging elite-driven corruption that constrained economic diversification.

iii. It also created economic instability due to government spending, which, instead of being on an appropriate plan, moved with oil prices.

Comparison with Previous Studies

This research differs from past studies that have tended to address recent governance questions.

i. It traces the long-term consequences of Nigeria's early policy failures (1958-1992) and exposes how this mismanagement of oil has been practiced from its formative years.

ii. It connects Nigeria's experience in international oil economies in contrast with one of Norway's sovereign wealth funds and Indonesia's decentralization model.

iii. It brings to light the marginalization of the Niger Delta and historical evidence on how the government neglect led to resource-based conflicts.

Conclusion

The failures of Nigeria's oil governance from 1958 to 1992 contributed to economic, institutional and social volatility and instability which themselves stand as pillars of the country's present developmental challenges. The results of this study demonstrate that poor fiscal policies, corruption, and crude export dependency caused long-term structural inefficiencies in governance and economic planning.

Summary of Key Findings

i. Reckless spending, patronage politics, and corruption, rather than productive investments, resulted from the 1970s oil boom rather than the economic growth (Stephens, 2023).

ii. Nigeria's economy was exposed as fragile in the aftermath of the 1980s oil price crash, which culminated in crippling debt, austerity, and anger in the society (Gudo, 2024).

iii. These oil-producing communities were left to the destruction of their environment and economic neglect, which contributed to militancy and unrest.

iv. Weak institutions and resource policy unreliability prevented Nigeria's resources from being properly governed, prolonging oil rent dependence.

Implications for Policy and Development

In order to break free from resource dependency and economic instability, Nigeria must:

i. Formulate a sovereign wealth fund to insulate oil revenues from political misapplication as in Norway and Saudi Arabia.

ii. To counter the corruption and rent-seeking behaviour related to oil revenue management, strengthen the transparency mechanisms in the management of oil revenues.

iii. If you choose to take that step, break the oil revenue allocation down to decentralization, these oil-producing regions will now get what should be equitable reinvestment to prevent further unrest.

iv. Attain a diversified economy that weans our country off crude oil dependence through investment in manufacturing, agriculture, and infrastructure.

Recommendations

Structural reforms, transparent governance, and strategic economic diversification will address Nigeria's long history of oil mismanagement (1958-1992). In this section, the policy measures, practical interventions, and future research priorities associated with sustainable oil resource management are outlined.

Policy Recommendations

i. Form a Sovereign Wealth Fund to smooth out oil revenues and prevent spending on frivolities by the government.

ii. Publish all oil contracts, revenues and expenditures (Takekoshi, 2022).

iii. Increase anti-corruption laws to end patronage networks and opaque oil deals.

iv. States can also adopt decentralization policies such that direct investment benefits are directed to oil-producing regions (Pron, 2023).

Practical Strategies for Sustainable Oil Management

i. Prasetio, & Kumalasari. (2021) suggest the implementation of local content policies so that indigenous participation in the oil industry increases.

ii. It will be to invest in infrastructure, education, and vocational training in

order to reduce dependency on oil and diversify the economy.

iii. Cut income inequality by introducing direct cash transfers from oil revenues to citizens (Majeed, 2025).

iv. Enforcing strong environmental regulations that make oil firms responsible for spills and pollution.

Future Research Directions

i. Comparative analysis of Nigeria's oil policies against successful models in Norway, Canada, and Indonesia.

ii. Decentralizing revenue from oil to impact regional development and peace conflicts.

iii. An empirical study of the anti-corruption reform and effectiveness on the Nigerian oil sector.

iv. In a quest to find alternative energy investments to create post-oil economic resilience.

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