Assessment of the Political Economy of Nigeria: Democratic Sustainability and Challenges for Development

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Abstract
Nigeria's political economy has long been shaped by dependence on oil rents, the weak institutionalisation of political parties, endemic corruption, and recurrent insecurity, all of which combine to constrain the country's democratic sustainability and developmental prospects. This paper undertakes a conceptual and secondary-data assessment of Nigeria's political economy since the return to civilian rule in 1999, examining how rentier dynamics and prebendal politics interact with formal democratic institutions to produce a persistently fragile democratic order. Drawing on governance indices (Transparency International, 2025; The Economist Intelligence Unit, 2025), survey evidence (Afrobarometer, 2024), and recent scholarship on Nigerian federalism, security, and party politics, the study finds that oil dependency continues to dilute democratic accountability, that anti-corruption reforms have yielded only marginal gains, and that overlapping insurgencies, banditry, and secessionist agitation are eroding state legitimacy across large parts of the country. The 2023 removal of the fuel subsidy and the unification of the exchange rate, while addressing long-standing macroeconomic distortions, coincided with a sharp rise in poverty, illustrating the tension between economic reform and democratic legitimacy. The paper concludes that democratic sustainability in Nigeria depends on deeper institutional reform of political parties, fiscal federalism, and the security architecture, rather than on the mere holding

of elections, and it closes with policy recommendations aimed at strengthening accountability, diversifying the fiscal base, and rebuilding public trust.

Keywords: *Political Economy, Democratic Sustainability, Nigeria, Rentier State, Federalism, Governance*

1.0 Introduction

Democracy is widely regarded as the principal means by which citizens hold their government accountable and translate their preferences into public policy. More than two decades after Nigeria's return to civilian rule in 1999, the country continues to be characterised in the comparative literature as a "hybrid" or "flawed" democracy rather than a consolidated one. The Economist Intelligence Unit's Democracy Index 2024 placed Nigeria at 4.16 out of 10, ranking it 106th of 167 countries and territories assessed, a marginal decline from its 2023 position of 104th (The Economist Intelligence Unit, 2025). This persistence of institutional fragility, despite an unbroken run of general elections since 1999, is the empirical puzzle that motivates this paper.

A political economy approach is adopted because it integrates the analysis of political institutions with the economic structures and interests that underpin them, allowing an examination of how resource endowments, elite bargains, and institutional design shape governance outcomes (Babalola, 2019). Nigeria is Africa's most populous country and largest economy, and it remains heavily dependent on crude oil, which continues to account for the overwhelming share of the country's foreign exchange earnings and a substantial proportion of federal government revenue. Yet this resource wealth has not translated into commensurate improvements in living standards: the World Bank's Nigeria Development Update of April 2026 reported that the share of Nigerians living below the national poverty line rose from 56 per cent in 2023 to 61 per cent in 2024 and 63 per cent in 2025, equivalent to roughly 140 million people (World Bank, 2026).

This apparent contradiction between procedural democratic continuity and substantive developmental stagnation raises the central problem addressed in this paper: to what extent has Nigeria's underlying political economy, structured around oil rents and elite competition for access to state resources, constrained the sustainability of its democracy and the achievement of inclusive development? The paper argues that formal electoral competition has not been matched by a corresponding shift in the deeper structures of rent-seeking and prebendal politics that have historically defined the Nigerian state, and that these structures continue to manifest in weak party institutionalisation, systemic corruption, entrenched insecurity, and unresolved debates over fiscal federalism. The aim of this paper is therefore to assess Nigeria's political economy since 1999, with particular attention to the interaction between oil-driven rentierism, elite politics, and democratic institutions, and to identify the principal challenges this interaction poses for democratic sustainability and development. The specific objectives are: (i) to trace the historical trajectory of Nigeria's political economy; (ii) to assess the role of oil rents and resource-curse dynamics in shaping governance; (iii) to evaluate the performance of core democratic institutions, including political parties, elections, and the judiciary, drawing on recent scholarship and governance indices; (iv) to analyse corruption, insecurity, and federal restructuring debates as constraints on democratic sustainability; and (v) to propose evidence-informed recommendations.

1.1 Conceptual Clarification

1.1.1 Political Economy

Political economy refers to the study of the interrelationship between political institutions and economic processes, and specifically to how political power is deployed to allocate economic resources and how economic interests, in turn, shape political behaviour (Babalola, 2019). In the Nigerian context, political economy analysis is particularly concerned with two intertwined dynamics: first, the rentier character of a state whose revenue is derived overwhelmingly from oil exports rather than from broad-based domestic taxation; and second, the prebendal character of a political elite that competes for access to public office primarily as a route to personal and communal material benefit rather than as a platform for programmatic governance (Adebanwi & Obadare, 2013). This paper conceptualises Nigeria's political economy as the product of the interaction between these two dynamics.

1.1.2 Democracy and Democratic Sustainability

Democracy can be understood in a minimalist, procedural sense, as a system of government characterised by free and fair competitive elections, a plurality of political parties, and basic civil liberties, or in a more substantive sense, as a system that also delivers accountability, the rule of law, and responsiveness to citizens' needs. Democratic sustainability, as used in this paper, denotes the capacity of a democratic system to endure and deepen over time, rather than merely to reproduce itself through the periodic holding of elections. This distinction matters in Nigeria, where scholars have observed that the country exhibits what might be termed "electoralism": a pattern in which elections are regularly held, yet this procedural continuity coexists with a democratic deficit in the everyday experience of governance and accountability (EISA, 2024).

1.1.3 Development

Development, in this paper, is understood as encompassing more than aggregate economic growth; it includes improvements in human welfare, the expansion of citizens' capabilities, and the reduction of poverty and inequality. Nigeria's developmental challenges, including widespread poverty, infrastructural deficits, and insecurity, are treated here not as separate from its political trajectory but as outcomes closely bound up with the character of its political economy. The relationship between democratic sustainability and development is therefore central to this paper: a political system that fails to translate resource wealth into broad-based welfare gains is also one whose democratic legitimacy is likely to be persistently contested.

1.2 Theoretical Framework

1.2.1 Rentier State Theory

This paper is primarily anchored on Rentier State Theory, most closely associated with the work of Mahdavy (1970) and subsequently elaborated by Karl (1997) in her analysis of oil-exporting states. The theory holds that where a state derives a substantial share of its revenue from external rent, such as oil exports, rather than from domestic taxation, the accountability relationship between citizens and government is weakened. In non-rentier states, the principle of "no taxation without representation" creates an incentive for governments to be responsive to taxpayers; in rentier states, this incentive is diminished because government revenue does not depend on the productive activity or consent of the domestic population (Karl, 1997). Nigeria exhibits classic rentier characteristics: oil revenue has historically constituted the large majority of the country's foreign exchange earnings and a dominant share of federal government income, a dependence that

has been widely linked to weak accountability, poor economic diversification, and the phenomenon of the "resource curse" in the Nigerian context (Omeje, 2012; Gbahabo & Oduro-Afriyie, 2017). Rentier State Theory is directly relevant to this study because it provides a structural explanation for why Nigeria's political elites have historically had limited incentive to build strong, broad-based institutions of accountability.

1.2.2 Prebendalism

This study is complemented by the theory of prebendal politics, first advanced by Joseph (1987) in his study of Nigeria's Second Republic and subsequently revisited by Adebanwi and Obadare (2013). Prebendalism describes a system in which state offices are treated by those who occupy them, and by the ethnic or communal constituencies they represent, as "prebends": entitlements to be exploited for personal, familial, or communal benefit, rather than as positions of public trust oriented towards programmatic governance. Where Rentier State Theory offers a macro-structural explanation rooted in the character of state revenue, prebendalism provides a complementary meso- and micro-level account of elite behaviour, explaining phenomena such as the weak ideological content of Nigerian political parties, the prevalence of "godfatherism", and the frequency of party switching by politicians in pursuit of access to state resources (Agboga, 2024; Albert, 2006, as cited in Agboga, 2024). Read together, Rentier State Theory and prebendalism provide a comprehensive lens for understanding both the structural conditions that reduce democratic accountability in Nigeria and the individual-level elite strategies through which those conditions are reproduced.

2.0 Literature Review

2.1 The Historical Trajectory of Nigeria's Political Economy

Nigeria's contemporary political economy has deep roots in its colonial formation and in the discovery of oil in 1956, which progressively reoriented the economy away from agriculture. Following independence in 1960 and a succession of military interregnums, the country returned to civilian rule in 1999, inaugurating what is now referred to as the Fourth Republic. Scholars have observed that the market-oriented reforms pursued during the Obasanjo administration (1999–2007) generated considerable private and corporate profit through the continued exploitation of the oil industry, while doing relatively little to reduce the alienation of ordinary citizens from the political process (Democratic Consolidation in Nigeria, n.d.). This period established a pattern that has persisted into subsequent administrations: procedural democratic continuity, punctuated by competitive elections, alongside a political economy still substantially structured around oil rents and elite bargaining. Successive administrations since 1999, spanning the Obasanjo, Yar'Adua, Jonathan, Buhari, and Tinubu presidencies, have each pursued distinct reform agendas, ranging from banking sector consolidation and anti-corruption drives to, most recently, the sweeping macroeconomic reforms of 2023, yet the underlying rentier and prebendal structures identified in this paper's theoretical framework have proved remarkably durable across these changes in leadership. This continuity across administrations of different parties and regional bases is itself an important piece of evidence: it suggests that Nigeria's political economy challenges are structural rather than attributable to any single administration's choices, reinforcing the case for the institutional, rather than purely electoral, reforms proposed later in this paper.

2.2 Oil, Rent-Seeking, and the Resource Curse

A substantial body of literature identifies Nigeria as a paradigmatic case of the "resource curse", whereby abundant natural resource wealth is associated with weaker, rather than stronger, economic and institutional development. Oil has historically accounted for around ninety per cent of Nigeria's foreign exchange earnings and a large majority of government revenue, a dependence that has been linked to the atrophying of the agricultural and manufacturing sectors and to a form of "Dutch Disease" in which the currency and cost structure of the economy adjust to favour oil exports at the expense of other tradable sectors (Watts, 2004; Omeje, 2012). Rent-seeking behaviour by political elites, sustained by path-dependent institutional arrangements for managing oil revenue, has been argued to entrench underdevelopment even though the resource curse is not regarded as inevitable but rather as a consequence of specific institutional choices (Gbahabo & Oduro-Afriyie, 2017). The Niger Delta, the region from which the bulk of Nigeria's oil is extracted, has been a persistent site of environmental degradation, agitation, and periodic conflict, reflecting long-standing grievances over the distribution of oil revenue and the governance of extraction (Watts, 2004). Disputes over the derivation formula, by which a share of oil revenue is returned to producing states, remain a recurrent theme in comparative and Nigeria-specific studies of fiscal federalism (Takeme, Obiora, & Ojukwu, 2025).

2.3 Democratic Consolidation and Institutional Fragility

Recent scholarship on Nigerian party politics emphasises the weak institutionalisation of political parties as a central obstacle to democratic consolidation. Agboga (2024) shows that Nigerian politicians frequently switch parties in pursuit of access to power and resources rather than out of ideological conviction, a pattern that undermines the capacity of parties to aggregate coherent policy platforms. Related work on the 2023 presidential election similarly points to a persistent "dearth of ideology" within Nigeria's party system, arguing that electoral competition in Nigeria is organised more around personality, ethnicity, and patronage networks than around competing programmatic visions (Babalola, 2024). A 2026 study of party institutionalisation concludes that the weak organisational capacity of Nigerian parties is not incidental but structurally linked to elite strategies of capturing state resources, with implications for both electoral integrity and broader political stability. The judiciary, which serves as the final arbiter in election disputes, similarly faces criticism for delays and inconsistency in adjudicating politically sensitive cases, undermining its role as a check on executive and legislative power (Journal of Political Development, 2024). Analyses of Nigeria's "power elite" further argue that political competition in Nigeria remains oriented towards the capture of the nation's commonwealth rather than towards development, with elites obeying few rules beyond a shared commitment to winning power by whatever means available (EISA, 2024).

2.4 Corruption, Governance, and Accountability

Corruption remains one of the most consistently identified obstacles to Nigeria's democratic sustainability. Transparency International's 2024 Corruption Perceptions Index scored Nigeria at 26 out of 100, ranking the country 140th of 180 countries and territories assessed, a marginal improvement of five places from its 2023 ranking of 145th but still far below both the global average score of 43 and the Sub-Saharan African average (Transparency International, 2025). Analysts attribute this persistence of systemic corruption to weaknesses in the judiciary, the security sector, the oil industry, and public procurement processes, notwithstanding the existence of anti-corruption agencies such as the Economic and Financial Crimes Commission and the

Independent Corrupt Practices Commission (National Institute for Legislative and Democratic Studies, 2025). These governance weaknesses are reflected in declining public trust: Afrobarometer's 2024 flagship report found that trust in explicitly political institutions, including parliament, political parties, and local government councils, is low and falling across Africa, with religious leaders being the only institution or group trusted by a majority of respondents in Nigeria, at 60 per cent (Afrobarometer, 2024).

2.5 Insecurity and the Political Economy of Conflict

Nigeria's democratic sustainability is further undermined by a complex and overlapping set of security crises. In addition to the long-running Boko Haram and Islamic State West Africa Province insurgency in the north-east, the country faces escalating banditry in the north-west, recurrent farmer-herder conflict in the north-central zone, secessionist agitation by the Indigenous People of Biafra in the south-east, and militant and criminal violence in the Niger Delta and south-west (Madueke, 2026; Human Rights Watch, 2025). Data compiled by the humanitarian assessment organisation ACAPS show that fatalities attributed to non-state armed groups rose sharply, from around 1,083 in the first half of 2024 to 2,266 in the first half of 2025 (ACAPS, 2025). Importantly, this literature frames insecurity not merely as a security-sector problem but as a political economy problem: high levels of poverty, joblessness, and inequality, combined with weak state presence, are identified as key drivers that make participation in banditry an economically rational choice for some young men in affected communities, particularly as the collapse of agricultural livelihoods eliminates legitimate sources of income (ACAPS, 2025). The consequences extend into the democratic sphere, given that persistent insecurity displaces populations, disrupts electoral participation, and reduces the reach of state authority in significant parts of the country.

2.6 Federalism, Fiscal Restructuring, and Resource Control

Nigeria's federal structure has been widely characterised as more centralised in practice than in constitutional design, with the federal government controlling the large majority of oil revenue and states remaining heavily dependent on federal allocations (Takeme, Obiora, & Ojukwu, 2025). This imbalance has fuelled long-standing agitation for "resource control" and "restructuring", particularly among oil-producing communities in the Niger Delta who argue that an insufficient share of the wealth generated within their territories is returned to them. A significant, if partial, structural reform occurred in July 2024, when Nigeria's Supreme Court affirmed the financial and administrative autonomy of the country's 774 local government councils, outlawing the long-standing practice of joint state–local government accounts and granting local governments the right to receive federal allocations directly (PENPUSHING, 2025). More recently, debates within Nigeria's National Assembly over state policing and further devolution of powers indicate that the country's federal bargain remains actively contested and subject to renegotiation, particularly as escalating insecurity increases pressure for decentralised security architecture (Susinsight, 2026).

3.0 Methodology

This paper adopts a desk-based, qualitative research design relying on secondary data, consistent with established approaches to political economy analysis in the Nigerian context that draw on documentary analysis and content analysis of secondary literature (Ubi, 2023). No primary survey or fieldwork was undertaken; rather, the paper synthesises evidence from three categories of secondary sources. First, peer-reviewed journal articles and books addressing Nigeria's political

economy, party politics, federalism, and security. Second, internationally recognised governance and democracy indices, including the Economist Intelligence Unit's Democracy Index and Transparency International's Corruption Perceptions Index, which provide standardised, cross-nationally comparable measures of democratic and governance performance over time. Third, survey-based evidence from Afrobarometer, and institutional reports from bodies such as the World Bank, Human Rights Watch, and ACAPS, which provide up-to-date empirical detail on economic conditions and security dynamics. Data were analysed thematically, with recurring patterns identified across the literature and indices relating to five themes: rentier dynamics and resource dependence; the institutionalisation (or otherwise) of political parties and electoral competition; corruption and institutional trust; insecurity; and federal fiscal structure. This thematic approach allows the paper to triangulate findings across different types of evidence, for example combining index-based measures of democratic performance with qualitative scholarly accounts of the mechanisms that produce those measured outcomes. The principal limitation of this approach is that it is interpretive and synthetic rather than statistically inferential: the paper does not test hypotheses using original data, and the governance indices drawn upon each employ their own distinct methodologies, which should be borne in mind when comparing scores across sources. Nonetheless, this approach is well suited to a conceptual assessment of political economy dynamics that are, by their nature, structural and long-run rather than amenable to a single primary data collection exercise.

4.0 Findings and Discussion

4.1 Democratic Performance Indicators

Nigeria's score on the Economist Intelligence Unit's Democracy Index declined from 4.23 in 2023 to 4.16 in 2024, with its global ranking falling from 104th to 106th out of 167 countries and territories, placing the country firmly within the lower tier of the index's "hybrid regime" category rather than among either full or flawed democracies (The Economist Intelligence Unit, 2025). This decline was driven in part by weaker scores on political participation and electoral process and pluralism, indicating that the erosion is occurring less at the level of formal constitutional design and more in the lived practice of political competition and citizen engagement. This finding is consistent with qualitative accounts in the literature suggesting that Nigeria's democratic deficit is rooted in structural features of its political economy, such as weak party institutionalisation and elite capture, rather than in any single faulty election (EISA, 2024).

Table 1: Nigeria's Democracy Index Scores by Component, 2023-2024

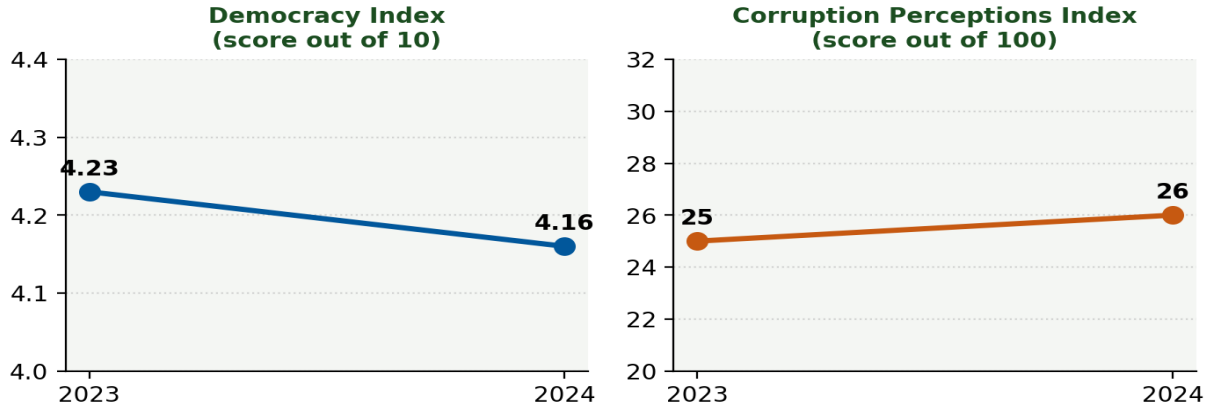
Component	2023	2024	Change
Electoral process and pluralism	5.17	5.17	0.00
Functioning of government	3.93	3.57	-0.36
Political participation	3.89	3.89	0.00
Political culture	3.75	3.75	0.00
Civil liberties	4.41	4.41	0.00
Overall score (rank)	**4.23 (104th)**	**4.16 (106th)**	**-0.07 (-2)**

Source: The Economist Intelligence Unit, Democracy Index 2023 and 2024 (scored out of 10; ranked out of 167 countries and territories).

4.2 Corruption and Institutional Trust

Nigeria's marginal improvement on the Corruption Perceptions Index, from a score of 25 in 2023 to 26 in 2024, and from a rank of 145th to 140th of 180 countries, indicates that anti-corruption reforms have produced measurable but limited results (Transparency International, 2025). This finding sits alongside Afrobarometer's (2024) survey evidence that trust in explicitly political institutions, parliament, political parties, and local government, remains among the lowest of all institutions measured across the African countries surveyed, with religious leaders standing out as the only institution trusted by a majority of Nigerian respondents. Read together, these findings suggest that formal anti-corruption institutions and marginal index improvements have not yet translated into a broader restoration of public confidence in the political system, a gap that is consequential for democratic sustainability because sustained legitimacy depends on citizens perceiving political institutions, and not only religious or informal ones, as trustworthy.

Figure 3: Nigeria's Governance Indices, 2023-2024



Source: EIU, Democracy Index 2024; Transparency International, Corruption Perceptions Index 2024

Figure 1: Nigeria's Democracy Index and Corruption Perceptions Index scores, 2023-2024. Source: EIU (2025); Transparency International (2025).

Table 2: Public Trust in Selected Nigerian Institutions

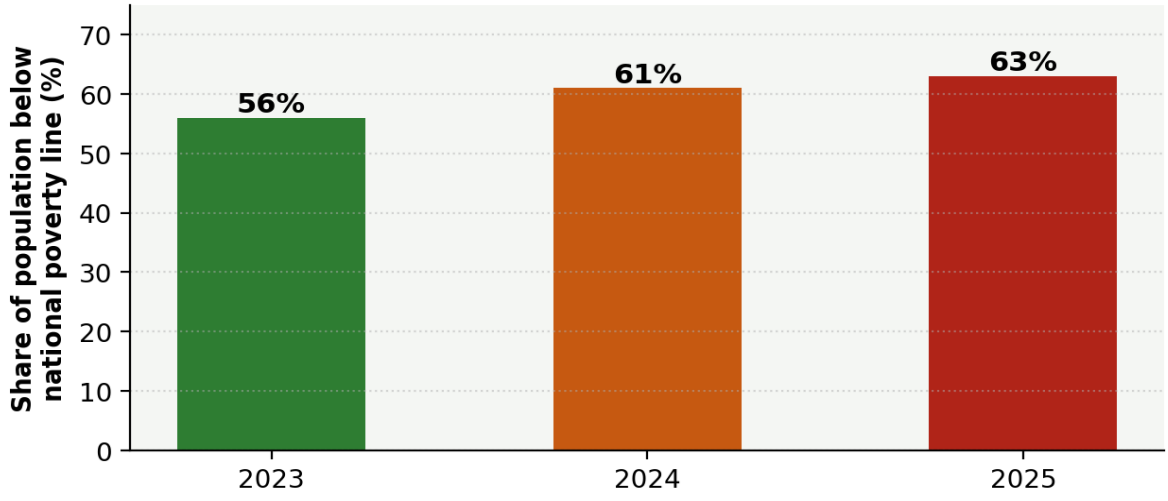
Institution	Public Trust Level	Trend (2011/13-2021/23)
Religious leaders	Majority (60%)	Relatively stable
Courts of law	Minority	Declining
Local government councils	Minority	Declining
Political parties	Minority (lowest-ranked)	Declining
Parliament / National Assembly	Minority (lowest-ranked)	Declining

Source: Afrobarometer (2024), Round 9 surveys (2021-2023); exact percentages for institutions other than religious leaders were not disaggregated for Nigeria in the cited report.

4.3 Oil Dependency and Economic Reform

The removal of the fuel subsidy in May 2023 and the subsequent unification of Nigeria's multiple exchange-rate windows represent significant attempts to address long-standing rentier distortions in the Nigerian economy, distortions that Central Bank officials have estimated cost the country in the region of six per cent of Gross Domestic Product annually prior to reform (as reported in Legit.ng, 2026). These reforms illustrate a genuine, if painful, attempt to reduce the economy's dependence on centrally administered rents. However, the World Bank's Nigeria Development Update of April 2026 found that the national poverty rate rose from 56 per cent in 2023 to 61 per cent in 2024 and 63 per cent in 2025, even as headline inflation began to ease, reflecting a disconnect between macroeconomic stabilisation and improvements in real household welfare (World Bank, 2026). This finding illustrates a core tension inherent in rentier political economies: reforms designed to reduce distortive rent flows and improve long-run fiscal sustainability can generate substantial short-term welfare costs that place pressure on the political legitimacy of the reforming government, particularly where, as in Nigeria, the social protection systems needed to cushion such reforms remain underdeveloped.

Figure 1: Nigeria's National Poverty Rate, 2023-2025



Source: World Bank, Nigeria Development Update (April 2026)

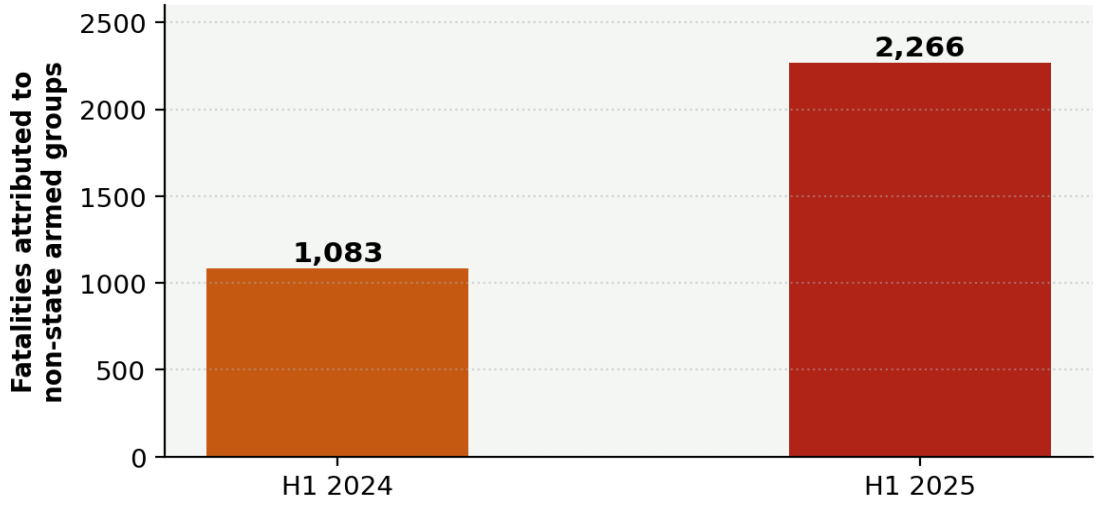
Figure 2: Nigeria's national poverty rate, 2023-2025. Source: World Bank, Nigeria Development Update (April 2026).

4.4 Insecurity as a Political Economy Problem

The scale of Nigeria's security challenges, and their close connection to economic conditions, was a recurring finding across the literature reviewed. ACAPS (2025) reports that non-state armed group fatalities more than doubled between the first half of 2024 and the first half of 2025, and specifically identifies high levels of poverty, joblessness, and inequality, combined with weak state presence, as key drivers of recruitment into banditry, especially in areas where the collapse of agricultural livelihoods has removed legitimate sources of income. This finding lends empirical support to the paper's theoretical framework: insecurity in Nigeria cannot be adequately explained by ideology or criminality alone but must also be understood as a symptom of a political economy in which the state's rentier revenue model has not translated into the broad-based economic

opportunity that might otherwise reduce the appeal of armed group participation. The consequences of this insecurity for democratic sustainability are direct: displacement, disrupted electoral participation, and the practical absence of state authority across parts of the north-west, north-east, and north-central zones constrain the exercise of core democratic and civil rights (Human Rights Watch, 2025).

Figure 2: Rise in Conflict Fatalities, H1 2024 vs H1 2025



Source: ACAPS (2025), based on Nigeria National Human Rights Commission data

Figure 3: Fatalities attributed to non-state armed groups, H1 2024 vs H1 2025. Source: ACAPS (2025).

4.5 Federal Structure and Resource Control

The continued concentration of oil revenue control at the federal level, despite Nigeria's constitutionally federal structure, was identified as a persistent source of regional grievance and a driver of restructuring agitation (Takeme, Obiora, & Ojukwu, 2025). The Supreme Court's 2024 ruling on local government financial autonomy represents a notable instance of judicially driven incremental reform, but commentary reviewed for this paper suggests that implementation has been uneven, and that without sustained civic pressure the ruling risks remaining a symbolic rather than substantive change (PENPUSHING, 2025). Ongoing National Assembly deliberations over state policing and further devolution indicate that Nigeria's federal arrangement remains an unsettled and actively renegotiated feature of its political economy, rather than a fixed constitutional settlement (Susinsight, 2026).

Table 3: Summary of Key Political Economy Indicators for Nigeria

Indicator	Earlier Value	Latest Value
Democracy Index score (rank)	4.23 (104th) - 2023	4.16 (106th) - 2024
Corruption Perceptions Index	25/100 (145th) - 2023	26/100 (140th) - 2024
National poverty rate	56% - 2023	63% - 2025
NSAG conflict fatalities (H1)	1,083 - H1 2024	2,266 - H1 2025

Local government fiscal autonomy	Joint state-LG accounts	Supreme Court ruling, July 2024

Source: Compiled by the author from The Economist Intelligence Unit (2025), Transparency International (2025), World Bank (2026), and ACAPS (2025).

5.0 Challenges to Democratic Sustainability and Development

Drawing together the findings above, six interlocking structural challenges to Nigeria's democratic sustainability and development can be identified. Each is summarised below, together with the specific evidence underpinning it.

- Rentier dependence on oil revenue continues to weaken the fiscal social contract between the Nigerian state and its citizens, reducing incentives for government responsiveness and accountability, consistent with the predictions of Rentier State Theory (Karl, 1997; Omeje, 2012).
- Weak institutionalisation of political parties and the persistence of prebendal politics allow elite factions to capture democratic institutions for personal and communal enrichment rather than programmatic governance, as evidenced by the prevalence of party switching and the ideological thinness of Nigeria's major parties (Agboga, 2024; Babalola, 2024).
- Corruption remains systemic across the judiciary, security sector, and public procurement, despite marginal improvements recorded on international governance indices, with Nigeria's 2024 score of 26 out of 100 still ranking it 140th of 180 countries (Transparency International, 2025).
- Overlapping insurgencies, banditry, and secessionist agitation are eroding state authority and civic participation across large parts of the country, with clear roots in economic deprivation and a documented rise in non-state armed group fatalities between 2024 and 2025 (ACAPS, 2025; Madueke, 2026).
- Nigeria's fiscal federalism remains heavily centralised in practice, fuelling restructuring and resource-control agitation that periodically threatens national cohesion, notwithstanding incremental reforms such as the 2024 Supreme Court ruling on local government autonomy (Takeme, Obiora, & Ojukwu, 2025; PENPUSHING, 2025).
- Necessary macroeconomic reforms, such as the 2023 fuel subsidy removal and exchange-rate unification, have generated substantial short-term welfare costs, with the national poverty rate climbing from 56 to 63 per cent between 2023 and 2025, placing strain on public trust in the democratic government pursuing them, absent adequate social protection (World Bank, 2026).

Taken together, these six challenges are mutually reinforcing rather than independent. Weak party institutionalisation and prebendal competition for office increase the incentive for elites to protect rather than reform the rentier revenue model from which they benefit; the resulting underinvestment in accountable, broad-based governance in turn helps explain both the persistence of corruption and the socioeconomic deprivation that fuels recruitment into armed groups; and the centralisation of oil revenue at the federal level sustains the very fiscal arrangements that generate regional grievance and restructuring agitation. Understood in this way, Nigeria's democratic sustainability problem is not reducible to any single institutional weakness but is best understood as a self-reinforcing political economy equilibrium that will require coordinated, rather than piecemeal, reform to shift.

6.0 Recommendations

Based on the challenges identified, this paper proposes the following recommendations:

i. Strengthen Political Party Regulation: The Independent National Electoral Commission should enforce stricter requirements for internal party democracy and candidate selection

procedures, reducing the scope for godfatherism and opportunistic party switching identified by Agboga (2024).

ii. Diversify the Fiscal Base: Government at federal and state level should accelerate efforts to broaden non-oil taxation and revenue mobilisation, which, consistent with Rentier State Theory, would help rebuild the accountability linkage between citizens and government (Karl, 1997).

iii. Deepen Anti-Corruption Reform: Judicial appointments and procurement processes should be further insulated from executive interference, and whistle-blower protection legislation should be strengthened to support the modest gains already recorded on the Corruption Perceptions Index (Transparency International, 2025).

iv. Adopt an Integrated Security Strategy: Security responses to banditry and insurgency should be combined with targeted economic interventions addressing rural poverty and joblessness, given evidence that these conditions drive recruitment into armed groups (ACAPS, 2025).

v. Pursue Genuine Fiscal Federalism: Full implementation of the 2024 Supreme Court ruling on local government autonomy, alongside continued National Assembly deliberation on state policing and derivation formula reform, should be pursued to address long-standing resource-control grievances (PENPUSHING, 2025; Susinsight, 2026).

vi. Cushion Economic Reforms with Social Protection: Targeted, well-financed social protection programmes, including cash transfers and investment in early childhood development as recommended by the World Bank (2026), should be scaled up to protect the poorest households from the welfare costs of macroeconomic reform and preserve public trust in the reform agenda.

7.0 Conclusion

This paper has assessed Nigeria's political economy through the complementary lenses of Rentier State Theory and prebendalism, arguing that the country's Fourth Republic, now the longest unbroken period of civilian rule in its history, represents an important procedural achievement that has not yet been matched by substantive democratic sustainability. The evidence reviewed, spanning governance indices, survey data, and recent scholarship, indicates that oil-driven rent dependence continues to weaken the accountability relationship between the Nigerian state and its citizens, that political parties remain weakly institutionalised and vulnerable to elite capture, that corruption remains systemic despite marginal improvement, and that overlapping security crises rooted substantially in economic deprivation are eroding state authority across significant parts of the country. The tension between the 2023 macroeconomic reforms and the subsequent rise in poverty further illustrates that even well-intentioned efforts to reduce rentier distortions can, absent adequate social protection, strain the public trust on which democratic legitimacy depends.

Addressing these challenges requires sustained attention to the structural features of Nigeria's political economy identified in this paper, rather than reliance on the electoral cycle alone to deliver democratic deepening. This is not only a matter of domestic governance but is also directly relevant to Nigeria's progress towards the Sustainable Development Goals, particularly SDG 1 (No Poverty), SDG 10 (Reduced Inequalities), and SDG 16 (Peace, Justice and Strong Institutions), all of which depend on the kind of institutional reform, fiscal restructuring, and social protection outlined in this paper's recommendations.

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