



Oil Wealth and Unequal Development: Elite Capture, Governance and Social Exclusion in Angola and Nigeria

Rukmani¹  | Jozsinar Faustino Pemba² 

¹ Assistant Professor of Political Science, Sharda School of Humanities and Social Sciences, Sharda University Greater Noida, India

² Research Associate, Conectando Sociedade de Prestadora de serviços de pagamentos, LDA, PayPay Africa.

Email: rukmani@sharda.ac.in¹, jozsinarpemba19@gmail.com²

* Corresponding Author:

Rukmani

Email: rukmani@sharda.ac.in

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ABSTRACT

This comparative study examines how oil wealth in Angola and Nigeria shapes uneven development, focusing on elite capture, governance quality, and social exclusion. Both countries are major African oil producers with colonial legacies oriented towards resource extraction and significant oil-dependent fiscal revenues. However, Angola's centralized political system contrasts with Nigeria's federal and more competitive political structure, resulting in different patterns of elite rent-seeking and distribution. The analysis demonstrates that oil wealth alone does not guarantee inclusive development; rather, its impact depends on institutional governance and political incentives controlling resource rents. In Angola, elite capture is concentrated within a centralized regime (MPLA), which enabled state-led infrastructure rebuilding but failed to translate oil revenues into broad human capital improvements, evidenced by a low Human Capital Index (0.36) and high inequality (Gini =51). Nigeria exhibits fragmented elite capture due to federalism and regional competition, leading to spatial inequalities, especially in oil-producing areas like the Niger Delta, despite moderate national inequality measures. Public expenditures often favor politically visible projects over inclusive social services. Governance quality acts as a mediating factor, affecting how resource rents convert into development outcomes. The study underscores that diversification, transparency, local participation, and accountable institutions are critical to transforming oil wealth into sustainable economic and social capabilities, rather than perpetuating elite enrichment and exclusion.

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INTRODUCTION

The relationship between resource endowment and development continues to be one of the greatest mysteries in the field of comparative political economy. Natural resources like oil can provide a country with ample sources of fiscal revenues, foreign exchange, and other resources for building infrastructures, offering social services, creating employment opportunities, and economic development. But in many developing nations that possess oil, the endowment of resources does not lead to development that benefits all segments of society. Rather, oil endowment is linked to dependency, lack of diversification, corruption, environmental destruction, and political conflicts (Ogunleye, 2008). This apparent contradiction has generated extensive scholarship on the resource curse, rentier states, Dutch Disease, and the political economy of natural-resource governance. Case studies of Angola and Nigeria are especially informative. They are both significant oil producers in Africa and have long histories of reliance on oil income for revenue, significant levels of foreign investment, and institutional problems and persistent distributive issues (Hammond, 2011). Both received colonial political economies focused on extraction and external-oriented production. Mean indicating, the political and administrative structures and levels of competition in the two countries are very different. Angola's political system after independence was very centralized, whereas in Nigeria, it was very federal and competitive. The political system in the post-independence Angola was very centralized with MPLA indicating the post-independence Nigeria was very federal and competitive. These differences offer a chance to transcend a basic assertion of the automatic identity of the developmental implications of oil everywhere. The main thesis of this article is that oil wealth can exacerbate the problems of unequal development when resource rents are entrenched in the mechanisms of elite resource accumulation and politically controlled distribution. Oil does not per se trigger poverty, corruption or inequality. Instead, petroleum alters the meaning of political control over the state; the state is now a significant channel for the transfer of natural-resource rents between the state and the economy. In the absence of strong institutions and/or weak accountability, political actors can turn control over resource rents into patronage, contracts, privileged investment opportunities and private accumulation (Robinson et al., 2006). Public expenditure can rise but its developmental impacts are influenced by its composition, geographical distribution, quality and institutional accountability.

The resource curse is thus transformed into a distributive political-economy issue. The issue isn't just about a state's share of oil money, it's about the uses to which that money is put in terms of economic opportunity, public goods and political power. Elite capture appears to be different in Angola and Nigeria. Overall, Angola had a more concentrated political-economic accumulation, whereas Nigeria's federal and competitive political system resulted in a more fragmented system of rent distribution. However, in both instances, there is a general disparity between national resources and the people's ability to benefit from the development of those resources (Fenske & Zurimendi, 2017). The analysis follows three questions. First, how has oil wealth helped create the accumulation of elites and unequal development in Angola and Nigeria? Second, what impact has public expenditure, good or bad governance and economic diversification had on the transformation of resource rents into welfare outcomes? Thirdly, why are there variations in social exclusion among similar resource dependent economies? The article adds to the literature in three ways: First, by combining elite capture with the distributive dimensions of the resource curse; second, by conceptualizing governance as a mediating variable instead of a background variable; and third, by exploring the extent to which it can be established as a cause of the resource curse.

Conceptual Framework: From Resource Curse to Distributive Political Economy

This analysis is based on the literature on the resource-curse. Auty (1993) pointed out the challenges faced by resource-dependent economies, and Sachs and Warner (1995) identified the link between resource dependence and inadequate performance in the long run. Economics focus on volatility, crowding out and Dutch Disease. For instance, Corden and Neary (1982) show how a resource sector boom can value the real exchange rate and reduce the value of other tradable sectors. Later, Frankel (2010) demonstrated that the resource curse is really multidimensional, macroeconomic, institutional and political mechanisms are involved. Political explanations are also significant. Ross (2001) indicates that oil can cause governments to become less accountable because they can generate revenue without having to rely on significant domestic taxes. Similarly, Karl (1997) underscores the importance of oil rent size changing state institutions and political incentives. Political competition can be a competition for access to rents, rather than a competition over alternative development programmes, when governments control a concentrated stream of rents. The political economy



that ensues can lead to rent-seeking and may reduce the incentive for productive diversification. This article further develops these insights by making the centerpiece of the causal mechanism the elite capture. Elite capture is generally defined as the ability of an economically or politically powerful actor to exploit public resources, institutional privileges, or processes for an unjustified private or political gain. It covers illegal corruption but isn't restricted to that. Capturing can happen via public procurement, state-owned enterprises, licensing, concession, privatization, politically connected companies, appointments and preferential allocation of infrastructure. From this perspective, an institutional structure can be a legal institution but still create very inequitable distribution of public goods. The framework is also based on North's (1990) classification of formal and informal institutions. The informal structures of patronage, political networks and social expectations are situated within formal institutions laws, regulatory bodies, constitutions and administrative procedures. Helmke and Levitsky (2004) show that informal institutions can influence the operation of the formal institutions. Evaluating transparency laws or anti-corruption agencies in resource-dependent contexts cannot, in these contexts, be detached from the political settlements in which they are situated.

This political-settlement approach of Khan (2010) is particularly valuable as it helps to focus on the distribution of power that underlies institutions. Resource governance isn't just a technical process. It decides who has the powers over licenses, contracts, taxes and public spending & public enterprises. Incentives can exist for those that will benefit from an existing settlement, and can make institutional reform challenging even though the formal policy goals are well established. The conceptual model designed here is the connection between five components: oil dependence, rent concentration, governance, public-expenditure choices and distributive outcomes. The more reliant on oil, the more important it is to manage resource revenues. As rent concentration grows, the importance of political access does as well. The quality of governance affects the successful transformation of rents into general public goods or the selective appropriation of them. Public expenditure then has an impact on human development, infrastructure, employment and social protection. The outcomes are poverty, inequality, social exclusion and diversification which can further strengthen the political significance of resource rents. The framework elucidates the mechanisms by which oil reliance can cause rent concentration, elite capture, politicalized spending and income disparities, resulting in poverty, inequality, and social exclusion. These can be further strengthened or impaired by governance quality. The framework also delineates physical development from inclusive development, claiming that real development is about transformation of resource wealth to human resource capacity, productive employment, transparent institutions and an equitable opportunity access (Asiegbu et al., 2024).

Methodology and Data Strategy

The study uses a qualitative comparative case-study design. Angola and Nigeria are selected because they share important structural conditions oil abundance, post-colonial political economies, extensive foreign investment and persistent development challenges indicating differing in political organization and patterns of elite competition. The comparison is based on the most-similar-systems method. The substantive content for the analysis is historical and political-economy arguments related to colonial legacies, global capitalism, foreign investment, resource dependence, corruption, governance, inequality, and infrastructure and social exclusion. The empirical approach uses qualitative and quantitative evidence (a handful of comparative indicators). Indicators are given descriptively and not as signifying a statistical cause. Human development is captured by the Human Development Index and life expectancy; inequality is measured by the Gini coefficient (where available); poverty is measured using internationally comparable poverty measures; oil dependence is measured by the share of the oil sector in GDP, revenues and exports; public expenditure is measured by data on government operations; and governance is measured by the World Bank's Worldwide Governance Indicators (WGI). A methodological constraint is the fact that these indicators do not constitute a full panel of annual indicators for 2002–2024. Household surveys are used to calculate gini coefficients and poverty estimates and they do not exist for all years. There are also differences in coverage and definition of oil-rent series and national-account concepts. The WGI, on the other hand, consist of perception-based composite indicators that are observed annually since 1996, but are not actual measures of institutional performance. The article accordingly does not adduce, and omits to adduce, any missing observations, and where appropriate, includes benchmark years and ranges. The WGI 2025 revision is used conceptually as it involves making historical estimates consistent through 2024. The six are Voice and Accountability, Political Stability, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. These dimensions are



considered complementary measures and not a single indicator of good or bad governance. The World Bank notes that the WGI draw on perceptions from various sources with the household, firm and expert community and should not be viewed as an accurate measure of any individual institution.

Angola: Oil Wealth, Elite Accumulation and Unequal Development

This Contemporary political economy of Angola is intrinsic to colonial expropriation and independence gained in 1975, and the protracted civil war that finally ended in 2002. Portuguese colonial rule focused on extraction and external markets, leaving a political economy in which control of resources became a key element in the exercise of state power. The conflict after independence further weakened institutional power in favor of a centralized power. The civil war ended, the nation began to rebuild itself with a dramatic surge in oil revenue. Angola underwent rapid economic growth between 2002 and the oil-price crash of post 2014. There was a redevelopment of the urban landscape, as well as roads, railways, housing and energy infrastructure, using oil revenues. This is a real development, and cannot be brushed aside by a resource-curse explanation. The World Bank's latest country economic memorandum, however, finds that the oil-based growth model failed to build a strong, diversified and resilient economic base. To the latest World Bank estimate, oil still accounts for about 30 percent of GDP, about 65 percent of fiscal revenues and more than 95 percent of goods exports. The same source highlights low productivity and restricted access to services and significant poverty and inequality. (World Bank, 2025). The critical analytical question is not, then, whether Angola invested its oil money, but where it invested and how much it invested in developing general productive capacities. The impact of large projects was felt in terms of physical change, especially in Luanda and in main transport corridors. But the clustering of infrastructure at one end meant that modernization of cities contrasted with the continuing rural deprivation. It is all about the difference between infrastructure development and citizen welfare: A road, a railway or a housing project can create aggregate economic value, but it does not provide universal access to education, healthcare, sanitation, water and electricity or jobs (Hammond, 2011).

The post-war reconstruction model also reinforced the political influence of the state. The Sonangol was to become a key component of the petroleum economy, indicating connecting to public finances and elite networks. Scholarship on Angola has to do with how political-economic elites learnt to pursue strategies of accumulation during the post-war period, instead of giving up on rent-based accumulation (Ovadia, 2013). This is crucial, since there is no simple way to steal the elite. Political proximity may also affect access to concessions, procurement and financing, public assets and other privileges, building a vicious circle of political power and economic opportunity. Accountability was also influenced by the nature of political power held by the MPLA. The long term rule of José Eduardo dos Santos had led to a very centralized political system, and oil payments supported the state's ability to fund political and economic networks. The result was a rentier political economy in which the state had large resources outside of widespread domestic taxes. This undermined the link between taxation and representation and public accountability that can be provided through fiscal reciprocity (Akinola, 2022).

As a result, Angola's infrastructure record is a paradox. The state was sufficiently powerful to engage in extensive reconstruction, but it was also equally powerful in its fiscal power to diminish incentives for deeper institutional democratization and for economic diversification. The outcome was a model of state-led physical development combined with poor human-capital outcomes. The World Bank has recently estimated its human capital index at merely 0.36, highlighting the lack of productive, secure jobs despite large investments, and it has been observed that around 80 percent of the jobs are informal. (World Bank, 2025). The distributive issue was particularly noticeable during oil price declines. The oil-price collapse of the 2014–2016 periods revealed how reliant the economy was on petroleum revenues and assets for government revenue and for exports. The following slowdown and the further hit of Covid showed the adverse impact of being reliant on oil on macro-economic and social well-being. A decrease in fiscal space results in a lower capacity for poorer households to withstand an increase in prices, unemployment, and the decline in public services. Anti-corruption measures, asset recovery and measures to diversify the economy were part of the reform since the advent of João Lourenço in 2017. The reforms are significant because they go against the idea of a fixed Angola. But what they represent on a deeper level requires an answer to whether they will shift rules of elite accumulation, or simply who gains from it. If there is a change in the beneficiaries or their roles, it would be an elite turnover, not institutional transformation (Njangang et al., 2022).



Fiscal pressures are on-going, as shown in recent events. According to the World Bank, public debt stood at approximately 71 percent of GDP in 2024 and interest costs were at approximately 6.1 percent of GDP, displacing investments in health, education and social protection. (World Bank, 2025). This shows that resource governance cannot be divorced from the process of debt management or macro-fiscal policy. If a State has substantial oil revenues but little fiscal space to allocate due to the amount of money spent on debt service and subsidies, then it could be said to have a high debt service and subsidy burden. Diversification is an Angola-wide political as well as economic problem. The country has high agricultural potential, and according to the World Bank, agriculture, transport corridors, the private sector development and access to electricity and digital tools are key elements of a new growth model. However, diversification alters the distribution of economic opportunities, and could decrease the strategic value of oil rents. Effective diversification, then, demands institutions that can effectively shift political incentives to productive investment instead of rent-seeking accumulation (Mehlum et al., 2006).

Nigeria: Petroleum Rents, Patronage and Social Exclusion

The petroleum political economy arose in another institutional context in Nigeria. With the arrival of the colonial rule, independence, civil war, military intervention and federalism the political system became diverse and territorial, ethnic and regional. Oil-dollarization of the 1970s transformed public finance and rendered petroleum revenues as the backbone of state capacity. The state emerged as the key player in the transfer of oil from its source to the distribution of national income; the possession of political access to public resources became thus a principal source of power. The Nigerian case is thus more fragmented than Angola. Competition for political power is both at the federal and state and local levels. Governors and federal officials, legislators, parties, business actors, and regional interests are competing for access to public resources. Petroleum rents can be used to sustain patronage networks via contracts, appointments, transfers and other distributive mechanisms. Amundsen (2012) and Usman (2018) stress that indicating corruption is an important part of the governance of oil in Nigeria, it cannot be separated from the political settlement in which it occurs. There are two paradoxical effects of this fragmentation. However, on the other hand, competition among political actors might provide incentives for redistribution because leaders have to work to build a wide base of support. Competition, on the other hand, can lead to greater rent-seeking as the control of public resources becomes a key factor in political survival. The outcome is a competitive system of patronage, where more than one network is competing for the access to the oil-related rents. Reforming is tough as it can upset multiple competing vested interests (Duruji & Dibia, 2017).

The development indicators in Nigeria show the paradox between resource wealth and social welfare. The 2024 IMF Article IV data indicate that the consolidated government accounts received approximately 6.0 percent of their GDP from oil and gas revenue in 2024 and that government expenditure and net lending were projected to reach approximately 17.1 percent of GDP in 2024. Non-oil revenues had gained significance indicating oil continued to be a significant source of fiscal and foreign exchange revenue. The data illustrate the ongoing reliance on oil and the fiscal problem of a state that has a lower level of revenue mobilization for its development requirements than other states. (IMF, 2024). The structure of expenditure is particularly revealing. In 2024, the IMF forecast spending by the federal government at 8.8 percent of GDP, of which recurrent spending is 7.1 percent and interest payments 3.5 percent of GDP. These do indicate that fiscal resources can be used up on recurrent obligations and debt repayments, and may have fewer resources available for transformative capital and social spending. This helps to uphold the claims of the article that resource wealth is not just about the amount of revenue, but also about the nature and governance of public spending (Asekunowo & Olaiya, 2012).

The Petroleum Industry Act (PIA) 2021 is an important institutional response. The reform was designed to overhaul the governance of petroleum, enhance regulatory transparency, engage investment, and boost revenue generation. However, the success of this reform is dependent on how this is implemented and the distribution of political power at the local level. Usman (2018) demonstrates the political challenges of reforming the oil sector: institutions that control petroleum revenues have meaning for powerful actors, who will have an interest in shaping how they work. The Niger Delta region is the best example of distributive and environmental exclusion. Oil spills and flaring, destruction of farmland and fisheries, and financial gains from petroleum production have been distributed among communities in oil-producing regions via national institutions. This imbalance establishes a political economy where local communities incur disproportionate



environmental costs and international and national benefits are spread. Ikelegbe (2005) and Obi (2019) illustrate how these conditions have been a source of conflict, mobilization and insecurity (Osaghae, 2015).

The Niger Delta is also a case in point of the inadequacy of national inequality indicators. This means that, although there was a moderate national Gini coefficient, certain areas face high levels of deprivation, environmental damage and political exclusion. So resource-based inequality is multidimensional. It relates to income, wealth, public services, environmental risk, employment and political voice. This is one of the key distinctions between traditional measures of inequality and the notion of 'social exclusion' as employed in this article. Diversification has also been hampered by Nigeria's reliance on the oil industry. There is significant employment potential in agriculture, manufacturing and services but oil has had a strong influence on export earnings and the fiscal incentives. The down phases of oil prices have often shown the weakness in macroeconomics. Oil prices, which fell between 2014 and 2016, for instance, were a factor in economic contraction and increased fiscal and employment pressures. The World Bank's Nigeria Development Updates have been reiterating the low growth, high poverty, poor job creation, and the necessity for reforms to boost domestic revenues and reduce exposure to oil-related volatility. (World Bank, 2023, 2024). The government's recent reform agenda (fuel subsidy removal, exchange-rate reforms, revenue mobilization and the improvement of social protection) indicates a shift in political economy. The IMF has highlighted good governance, bolstering revenue generation, agriculture productivity and steps to combat oil theft as key components of a more inclusive growth approach. (IMF, 2024). But these reforms also incur distributional costs, especially in the case of inflation and energy-price increases, impacting low-income households. Social protection is thus a necessary precondition for credible institutions and for reform to lead to inclusive development (Fenske & Zurimendi, 2017).

Comparative Findings

There are six key findings that come from the comparison. First, in both countries, oil wealth has given rise to significant fiscal and investment capacity but not a corresponding distributive shift. Secondly, in addition to the diversion of elite crops, there is a second mechanism of action, and that is the institution and political networks. Third, public expenditure is a key channel through which resource wealth and social outcomes are related. Fourth, inequality is spatial and multidimensional, and cannot be fully measured by country-level Gini coefficients. Fifth, governance quality buffers the link between oil dependence and development. Sixth, diversification is not only limited based on the economic structure, but also is restricted by the political incentives that arise from resource rents. This is called a gap in fiscal capacity and inclusive development. The reconstruction in Angola was supported by huge oil revenues and petroleum revenues in Nigeria supported national and sub national public finance. However, both countries still have high poverty and poor human-capital results. This does not imply that oil revenues did not generate any benefits. Instead, it represents the absence of capabilities at a scale commensurate with the economic significance of the resource rents (Auty, 1993).

The second finding relates to how elite capture is experienced. The rentier sector was fairly concentrated in Angola. Long-term dominance of the MPLA and centralization of executive power resulted in a political context associating access to the oil wealth with a narrow political-economic network. Nigeria, on the other hand, experiences a form of fragmented elite capture, as opportunities for rent-seeking are spread across the federal and state tiers and electoral competition. The two cases are contrasted in terms of organization but share a common mechanism: they are opportunities for the accumulation of resource rents because of political control. Thirdly, the link between resource wealth and development outcomes is public expenditure. Expenditure is developmental if it results in infrastructure, human capital, productive employment and social protection. It can also perpetuate inequality, if it is captured in procurement networks, becomes geographically concentrated, or is dominated by recurring commitments and debt service. Angola illustrates the potential of deploying visible infrastructure in the context of limited service access. Nigeria is a case in point of how big expenditure can coexist with limited fiscal space and a high rate of poverty (Agbiboa, 2014).

The fourth finding is related to the measurement of inequality. The latest comparable Angola observation is around 51.3; the latest World Bank/UNDP-linked observation of Nigeria is on the mid-30s, depending on survey and year. This should not be taken as a sign of uniformity of Nigeria being more equal. A national Gini index is not a good measure of regional or environmental inequalities in Nigeria, particularly



in the Niger Delta. On the other hand, Angola's Gini is particularly high, meaning that there is a very high level of income and opportunity concentration. So the analysis does differentiate between income inequality and social exclusion. The fifth finding is that governance explanations of resource-curse have been missing a link – the link is governance. The WGI offer six ways in which institutional differences can be measured. The World Bank puts emphasis on governance quality in terms of public service delivery, economic opportunities and development. (World Bank, 2026). The pertinent question, for Angola and Nigeria, is not whether the governance is 'good' or 'bad' but whether institutions limit rent-seeking, provide predictable regulation, increase accountability and transparently allocate public resources (Robinson et al., 2006). The sixth is that diversification is a political agenda. Oil reliance results in a political and fiscal balance, where the ownership of the oil industry is valuable. Diversification can lower this value and thus question the existing interests. This might account for the fact that the decades of diversification rhetoric have not always led to a profound structural change. They have to create non-oil sectors that can create jobs and income as well as political institutions that will incentivize productive investment rather than private access to state rents (Ogunleye, 2008).

The comparison also illustrates two types of inequality of territory. The contrast in Angola is between access to services in rural areas and reconstruction in urban areas. The territorial issue is more complex in Nigeria, with regional differences and the specific issue of the oil-producing communities. The differences are important because they influence political mobilization. The higher the likelihood that the community can see a direct link between the extraction of resources and the costs they bear, the more likely they are to come into conflict with exclusion. Another discovery is related to global capitalism. Foreign investment and multinational corporations have provided capital, technology and access to international markets, and they have also encouraged enclave characteristics with limited linkages to domestic economies. Dependency and world-systems approaches are thus valid but should not be assumed to explain the causes of underdevelopment entirely by other actors. Domestic institutions determine how foreign capital is regulated, how contracts are negotiated and how revenues are distributed. Political economy is an outcome of domestic elites, state institutions and global market actors (Shobande, 2022). The comparative model that emerges from this is as follows: Angola is more centrally configured indicating Nigeria is more fragmented in terms of rentier political economy. In both of these, however, oil dependence makes political control of the state more valuable, and elite networks act as filters on the availability of rents and public expenditure is not transformed into universal welfare, and weak diversification maintains dependence. The resource curse is most appropriately seen as an issue of institutional conversion: Can a state convert a resource curse into a lasting, broad-based capability (Njangang et al., 2022)?

Table 1 Comparative Indicators, 2002–2024

Table 1: Comparative Benchmark Indicators			
Indicator	Angola	Nigeria	Interpretation
HDI, latest UNDP HDR 2025 value	0.616 (2023)	0.560 (2023)	Both remain below the high-human-development threshold; Angola has the higher latest HDI.
Gini coefficient, latest available survey	51.3 (2018)	32.3 (2022)	Angola has substantially higher measured income inequality; national Gini does not capture all territorial/environmental exclusion in Nigeria.
Poverty at \$3/day, latest comparable estimate	39.3% (2018 survey basis)	41.8% (2022 survey basis)	Poverty remains widespread in both countries despite petroleum wealth.
Life expectancy, recent benchmark	65 years	54–55 years	Angola performs better on this human-development indicator, but both face



			major human-capital deficits.
Oil dependence	30% GDP; 65% fiscal revenue; >95% goods exports	Oil/gas revenue $\approx$ 6% GDP in 2024 government accounts; oil remains strategically important	Dependence remains high, but the fiscal structures differ.
Government expenditure / fiscal pressure, 2024	Fiscal deficit 1.2% GDP; interest 6.1% GDP	Total expenditure and net lending 17.1% GDP; oil revenue 6.0% GDP	Debt service and recurrent obligations constrain development spending.
Governance indicators	WGI annual series, 2002–2024	WGI annual series, 2002–2024	Six dimensions: Voice & Accountability; Political Stability; Government Effectiveness; Regulatory Quality; Rule of Law; Control of Corruption.
Human capital	HCI 0.36 in recent World Bank assessment	Persistent learning and human-capital deficits	Resource wealth has not automatically produced strong human-capital outcomes.
Diversification	Non-oil economy expanding, but oil remains dominant	Non-oil revenue increasing, but petroleum remains central to external earnings	Diversification is necessary for resilience and inclusive employment.
Sources: <i>World Bank World Development Indicators and Poverty and Inequality Platform; World Bank Worldwide Governance Indicators (2025 revision); UNDP Human Development Report 2025; IMF Nigeria 2024 Article IV; World Bank Angola economic reports. Inequality and poverty indicators are survey-dependent and are not available for every year. WGI provides annual governance estimates through 2024.</i>			

Table 1 provides a comparative profile of Angola and Nigeria across key development, governance, and economic indicators, illustrating the complex relationship between oil wealth and unequal development in the two countries. Whereas Angola has a higher HDI of 0.616 in 2023 as opposed to Nigeria's 0.560, it also demonstrates much greater levels of income inequality, with a Gini coefficient at about 51.3 in comparison with Nigeria's 32.3. In both countries, poverty prevails, reaching 39.3% of people in Angola and 41.8% of people in Nigeria, illustrating the poor conversion of oil revenues into the well-being of citizens. Indicating Nigeria has a slightly more diversified fiscal structure, in both cases, these economies are strongly dependent on oil revenues and constrained by fiscal limitations for sustainable investment in social and productive sectors. In Angola, the share of petroleum revenues in GDP is around 30%, and over 65% of all fiscal revenues are revenues from oil, whereas Nigeria still faces high dependency on oil despite having a bigger non-oil revenue base. The governance indicators in six dimensions of the World Bank's Worldwide Governance Indicators (WGI) reveal institutional challenges that hinder effective governance of resources. They are even more important when explaining elite capture, unequal access to public goods, and social exclusion, especially in areas where resources are produced, for example, in Nigeria's Niger Delta (Ovadia, 2013; Shobande, 2022). Moreover, the Human Capital Index reveals that there are continuing gaps in education and health in both states, which supports the claim that resource endowment alone cannot ensure inclusive growth. In this context, Table 1 can be viewed as a comparative benchmark and not a causal panel because indicators of poverty and inequality depend on the year in which the survey was carried out, whereas WGI indicators are annual perception-based indicators; in cases where there is no identical-year data, the most recent comparable figure is used. Angola has achieved significant human development success since the end of the civil war; Nigeria has seen improvements in HDI as well; however, both Angola and Nigeria experience challenges related to poverty, poor governance, reliance on oil revenues, fiscal problems, and lack of economic diversification. WGI



for 1996-2024 (in 2025 revision) represents important institutional background in terms of resource management; nonetheless, due to being a perception-based indicator, it cannot be viewed as an indication of corruption or state capacity. On the whole, the comparative data demonstrate that oil rents have not led to automatic development success but, rather, are shaped by governance issues, fiscal problems, elite capture, inequality, and structural diversification (or lack thereof). (Ovadia, 2013; Shobande, 2022).

Discussion and Policy Implications

The comparative results imply consequences for the manner in which resource governance is theorized. Firstly, anti-corruption policy should be viewed not only as a problem of individual behavior, but also as an institutional one. The removal of certain elites may be politically important, but only institutions, which limit the arbitrary access to state resources regardless of its occupants, will provide the sustainable results (Mehlum, Moene, & Torvik, 2006). Secondly, transparency has to be related to accountability. Openness of contract details or revenue flows will not help without the possibility of contesting decisions in legislative bodies, courts and media. Transparency of the resource governance process has to be therefore linked with the procurement oversight, beneficial ownership disclosure, auditing and parliamentary scrutiny (Agbiboa, 2014). Thirdly, government expenditures have to be assessed against the background of developmental transformation. Governments should learn to differentiate between those types of expenditures which generate the political visibility and those, which create capacities. In Angola, this implies the combination of infrastructure development and rural services, human resources and employment opportunities. In Nigeria, it implies protecting capital and social expenditures from crowding out by recurrent expenditures, debt service and ineffective subsidies (Asekunowo & Olaiya, 2012). The fourth critical issue is that of local participation. The Niger Delta example demonstrates the problems associated with extraction of resources and lack of local economic benefit and environmental responsibility. Local-content policy could promote greater involvement of locals into oil and gas value chains, but should be designed in order to avoid capture of local benefits by politically connected intermediaries. This article by Ovadia (2014) explains how the effective design of local-content policy could serve as a link between extraction and local industrialization. Fifth, diversification should be seen as a political project. Both countries need to develop agriculture, manufacturing industry, service sector, and digital economy, small and medium enterprises. Angola is endowed with good agricultural prospects and transport corridors, indicating Nigeria has a big internal market and active entrepreneurship. However, diversification will not come because government picks priority sectors for it. For successful diversification finance, skills, infrastructure, regulatory predictability and political incentives to invest productively are needed (Ogunleye, 2008). Sixth, territorial inequality should be addressed explicitly. In Angola, urban-rural inequality implies that infrastructure policy should be evaluated not through volume of infrastructure construction but by its accessibility and availability. In Nigeria, environmental and compensation measures are required for resource-producing communities. Thus, territorial development policies can be employed to mitigate the social costs of natural resource extraction. Seventh, fiscal policies have to ensure that social spending is safeguarded in times of oil price downturns. Fiscal stabilization tools and credible fiscal frameworks for the medium term can help to lower pro-cyclical spending. Sovereign wealth funds and stabilization funds can help, but only when they are run in an open and transparent manner and subjected to independent monitoring (Njangang et al., 2022). Otherwise, they simply become yet another tool of political control over natural resource rents. Eighth, reforms should be judged based on the criteria of institutional conversion. The objective is not simply to boost oil revenue, reduce corruption scores, or increase infrastructure development. The central aim is to transform natural resource wealth into capabilities, productive employment, human development, accountable institutions, and inclusive economic opportunities.

CONCLUSION

The analysis of Angola and Nigeria's oil wealth illustrates that natural resource abundance is neither inherently a blessing nor a curse, but rather its developmental impact depends fundamentally on the quality of institutions and governance. The two countries enjoy significant income from oil, providing them with substantial fiscal capacity and possibilities for investment. Nevertheless, such advantages have failed to bring about growth and improvements in human development that would be distributed equally. On the contrary, the countries have faced the problem of deepening inequalities in the context of resource curse because of elite capture. The centralized politics of Angola has led to the creation of a rentier economy that has seen development of infrastructure but has not solved the problems of poverty and inequality. Federal and



competitive politics of Nigeria has created a fragmentation of rents, which is characterized by regional inequalities and social exclusions especially of the population living in areas with oil resources. Moreover, both countries have high fiscal expenditure on debt servicing and recurrent cost; constrain both countries' ability to invest meaningfully in health, education, and social protection, limiting human capital development. Governance deficiencies, such as inadequate accountability, corruption management, and regulatory capacity, create barriers to efficient transformation of natural resource rents into inclusive public goods and diversification. Importantly, diversification itself goes beyond economics and involves politics, as elites tend to be resistant to structural change which can undermine their ability to extract rents. In order to overcome these difficulties, it is necessary to engage in institution building in order to ensure the transparency, accountability, and fairness of natural resource rents governance to safeguard social expenditures even under the pressure of price shocks. The policies of local engagement, fiscal stabilizers, and balanced territorial development are critical here. Institutional transformation remains the solution to the problem of turning oil resources into sustainable development; lies in institutional conversion ensuring natural resource rents build broad-based capabilities, economic opportunities, and social inclusion rather than deepening elite capture and exclusion.

Ethics Approval

This paper is based on publicly available articles, official documents and secondary sources. The concepts, analysis, interpretations, and findings are original products of the author. ChatGPT has been utilized in this paper for grammar checking, language correction, and table creation only. All the content generated via AI is validated and approved by the authors, who bear full responsibility and ownership of the work.

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