Examining the Contributions of the Oil Sector to Nigeria's Development: A Review Article

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Abstract
The economic history of Nigeria has been a history of transitioning from agriculture towards the extractive industry where crude oil exports alone accounted for more than half of the country's foreign exchange earnings. Arising from increasing threats to the oil sector such as increasing demand for renewable energy sources and rising insecurity in the oil producing areas, there is the need to examine the importance of oil in Nigeria's development. The paper made use of extant literature and annual economic reports for its analysis. It reaffirms that the foundation of Nigeria's economy was agriculture which involved the export of cash crops such as groundnuts, cotton, rubber and cocoa. However, the discovery of crude oil and commencement of its export began to tilt the economy towards a mono economy with over dependence on crude oil exports. development of the country has become solely vested in the oil sector. Emphasis here is laid on exploring the oil and gas sectors and the contributions to the general development of the country. It argues that the oil sector has contributed both positively and negatively to the development of Nigeria. The paper maintains that the oil sector remains fundamental catalyst for Nigeria's economic development but it also makes the country vulnerable to the shocks of the global oil market and the politics associated with crude oil internationally. The decline of the country's agricultural sector is also associated with the accelerated importance of oil hence, the paper recommends that concerted efforts be made toward diversifying the economy of the country.

Keywords: *Crude oil, oil exports, foreign exchange earnings, renewable energy, oil producing areas, development.*

Introduction

Since the attainment of independence in 1960, Nigeria has continued to tinker with one development agenda or the other in order to achieve rapid development. However, the indices that can be gleaned from these efforts do not indicate that the desired and expected level of development has been attained. Nigeria's projected population for 2026 hovers around 242.4 million (UN World Population Prospects, 2024 Revision). The population is characterized by a high level of illiteracy, low life expectancy, the prevalence of preventable diseases and unemployment. Power supply across the country is also epileptic, while many towns lack public water supply. In addition to the country's list of undesirable features is the pervasive nature of poverty which underscores the country's slow pace of development With 62.9% of the population rated as poor based on the Multi-dimensional (Poverty Index MPI) with the percentage of those in extreme poverty increasing to 41.8% in 2023 as a result of the removal of subsidy on petrol. Nigeria's Human Development index (HDI) value for 2023 was 0.560 which put the country in the low human development category positioning it at 164 out of the 193 countries and territories considered in the ranking (hdr.undp.org). While nature has been haphazard in its allocation of resources to different regions of the world to the extent that what is surplus in one region may be a deficit in another, Nigeria's problem cannot be blamed on lack of natural resources as the country is quite richly endowed hence the structure of the economy deserves attention. For quite a long time, the Nigerian economy has been significantly altered by the oil sector, particularly in the past four and half decades when it replaced agriculture as the major source of income for the country – contributing overwhelmingly to the country's Gross Domestic Product (GDP) and accounting for the bulk of the federal government's revenue and foreign exchange earnings. It is also worthy of note that Nigeria is a plural polity which harbors about 250 ethnic groups. This ethnic heterogeneity of Nigeria occasioned easy colonial imposition of a federal structure on the people. With this arrangement, revenue accruing to the federation account is shared among the three tiers of government by the Federal Accounts Allocation Committee (FAAC) on a monthly basis and for quite a long-time oil exports accounted for a large percentage of these earnings. Nigeria's developmental stride is built on the premise of various facets of the national economy with oil as one of the fundamental sources of revenue used in driving the economic development. As one of the leading oils producing countries in Africa, Nigeria has also affected the economic development of diverse states of the world as far as Africa is concerned: Nigeria is the largest producer of oil only after Libya. On the global stage, Nigeria is ranked as the eighth highest producer of oil. Efforts are therefore made here to examine how earnings from the crude oil or oil and gas sectors have translated into the country's economic development.

Methodology

The article adopts a historical and documentary review approach. Its analysis is based on a review and synthesis of historical accounts, development perspectives, economic indicators and documented information on Nigeria's oil and gas sector. The discussion traces Nigeria's development experience from independence, examines the transition from an agriculture-based economy to an oil-dominated economy, and evaluates the contribution and limitations of the oil sector to national development.

Results

Conceptual Understanding of Development

Development from a general perspective is a relative term based on time, space, conditions and the standard of living. This term is characterized by such factors like: social, political, economic, structural, educational, scientific, technological, commercial, industrial, and infrastructural and of course, social values. The yardstick for measuring development includes; the quantity and quality of food production and use, the level and state of social infrastructural facilities and services provided. The energy requirements, exploitation and use, in view of the above, Shaminja observed thus:

> "By development, we mean the collective activities by any human society, irrespective of its size, directed at reducing the totality of both perceived and actual obstacles to a higher standard of living. thereby maximizing the quality of life of the citizens".

It can be gleaned from the above that, development is tied to human experience hence, it is considered as being synonymous with the fulfillment of individual, mental, emotional and physical potentialities. To behavioral scientists, development is the movement of economic and social-political changes from traditional to modern structures.

Walter Rodney explains development to mean a society's ability to exploit nature through science and technology as products of education. Development in other words is seen as a multi-dimensional process that has to do with putting together as well as the reorganization of a whole economic system of any given society. Since development is not only reference to variables, it also means dialectical changes in social institutional and administrative structures, which include attitudes, custom and beliefs.

To Claude Ake, development embraces various kinds of structural and institutional changes, social and individual transformation which builds the capacity of societies and makes members of such society to realize its levels of production and welfare. It is equally an attack on all social evils like: illiteracy, diseases, unemployment mal-nutrition and all other social maladies. Although economic development is sometimes considered from an infrastructural perspective, there is also the human dimension of development which emerged from the United Nations Declaration of the 1970s as the Human Development Decade. This notion contends that, human development occurs when people's choices are expanded at all levels of development. This occurs when people can live long enough with good health, acquire knowledge and have access to the resources needed for a decent lifestyle. In this regard, economic development should be conceived as a multi-dimensional process involving changes in structure, attitudes and institutions as well as acceleration of economic growth, the reduction of inequality and the eradication of absolute poverty.

Post-Independence Development in and Changing Economic Structure

With the attainment of independence in 1960 efforts were made by the founding fathers of Nigeria to develop and launch truly national development plans that would be formulated by Nigerians and, which would take care of the interest of all the three regions in Nigeria because prior to this period, the country's regions had separate development plans which were however bedeviled by implementation problems due to overlapping in the contents of the plans of the three regions resulting in conflicts and confusion. There was also the problem of inadequate funds and highly qualified and experienced professionals, technical and administrative personnel to effectively implement the plans (Ake, 1981) The plans were also limited in scope as they only concentrated on Public Sector expenditure. Thus, in1962, a six-year (1962-1968) Development Plan was

conceived. After this came the second, third and fourth development plans in 1970-1975, 1975-1980, and 1981-85 respectively but since the country seemed to drift with the tide rather than realize the objectives of these plans, it is more important here to provide indicators pertaining to how the country fared beginning from 1960.

On this strength, it is pertinent to point out that, the proportion of the Gross Domestic Product at independence accounted for by agriculture (defined broadly to include crops, animal husbandry, fishing and forestry) and petroleum stood at 67.0 percent and 0.6 per cent respectively; by 1974 the proportions had been reversed to 23.4 and 45.5 per cent respectively. In 1984, the shares of agriculture and petroleum went down further to 15.5 percent and 28.0 percent respectively. The contribution of manufacturing and government had doubled in the period 1960 to 1984 although to a still relatively low level of 11.0 per cent and 7.0 percent respectively. As at the end of 1993, the share of agriculture (at 1984 factor cost) had climbed up once again to 38.10 Per cent of GDP with petroleum oil going down to 12.66 from the 13.47 percent in 1992; the share of manufacturing had stabilised in 1988 at around 8 to 9 per cent (Okoro, 2011).

Following the Civil War, the country turned to the task of economic development. Foreign exchange earnings and government revenues increased spectacularly with the oil price rises of 1973-74. The spike in oil prices from $3 per barrel to $12 per barrel, following the Yon Kipur War in 1973 earned much wealth for Nigeria. Another sudden rise in the price of oil in 1979 to $19 per barrel occurred as a result of the lead up to the Iran-Iraq War (Okoro, 2011). All of this meant that by 1979, Nigeria was the sixth largest producer of oil in the world with revenues from oil averaging $24 billion per year. The oil boom raised the consumption levels of both domestic and foreign goods. It led to the neglect of agriculture and to the increasing import dependence of the manufacturing sector; with capital goods production accounting for less than 15 per cent of total manufacturing output. Thus, Nigeria had to depend on imports not only for equipment and machinery and for intermediate goods and raw materials but even for food. The sudden decline in oil prices in the mid 1980 s, as well as the near insatiable demand for imports and the weakening of the supply base had combined to generate severe internal pressures and external disequilibria. In addition, the governments, at both federal and state level, were unable to reduce the size and scope of their expenditures and budget deficit. The balance on external account had shown a small deficit for most of the period between 1960 and 1970; it then recorded a very large surplus in 1973 and 1974. Within two years, the government of General Gowon (1966 - 1975) nearly succeeded in wiping out this surplus in short order; three years later, by 1978, the account had turned to a large deficit of $3.696 billion (Okoro, 2011).

Thus, the Obasanjo regime between 1976 and 1979 had bequeathed to the incoming Shagari government, in October 1979, an external debt of $6.8 billion; by the end of the Shagari administration in December 1983, the stock of external debt stood at $18.5 billion. The succeeding Buhari government pushed it up further to $21.2 billion by 1985. The debt burden measured by the ratio of debt service to export proceeds stood at 20.4 per cent in 1978, 15.4 per cent in 1980, 30 per cent in 1981 and 61.5 per cent in 1982. It was rising to hit 107 per cent in 1983/84. With the population assumed to be growing at 2.5 per cent per annum and debt service running at some 4 per cent of the Gross Domestic Product, it means that just to maintain the living standards of time people at a standstill, the economy would be required to grow at a minimum of 6.5 per cent per annum on a sustainable basis.

By deferring the external obligations through a readily recognizable financial screen, the Obasanjo regime left a surplus of $5.870 billion in 1979/80. By 1981, the Shagari administration had turned the tables into a deficit of $5.3 billion thereby creating the environment for an austerity package in 1982. It took the Buhari regime draconian measures in 1984 to reverse the tide to a modest surplus in 1984.

However, by 1985, it was rapidly becoming clear that the accumulation of innumerable regulations administered by innumerable persons had literally brought the economy to a standstill. The Babangida regime which came on board in 1985 recognized this dilemma and (Izuchukwu, 2011) after an extensive public debate (on IMF supported model of structural adjustment),which some faulted as being ill - informed, the public debate the government introduced what it ostensibly regarded as its own home-grown programme of structural adjustment. 1986, therefore, marked the beginning of economic deregulation with the objectives of restructuring and diversifying the economic base of the economy and reducing the dependence on oil, achieving fiscal balance and reducing the deficit in the balance of payments in the medium term and laying the foundation for non-inflationary growth in the medium and long term. The thrust of the measures for deregulation was to promote competition and efficiency through greater reliance on market forces.

These encompassed the abolition of import licensing in September, 1986, the partial removal of exchange controls in September 1986, reduction of government borrowing, and strengthening the use of Treasury Bills as an effective tool of monetary control and the removal of restrictions on commercial banks to engage in equipment leasing and relaxation of restrictions on equity participation in companies by banks; as well as the adoption of indirect tools of monetary control (that is, the use of cash reserve requirements, liquidity ratios, the discount rate and Open Market Operations) and the establishment of discount houses (Economy Watch, 2016). In the 1990s, another approach to development plan was adopted in Nigeria, called the National Rolling Plans. These Rolling Plans were medium terms plans aimed at achieving accelerated and sustaining growth and development of the economy. The first was from 1990-1992 and the last was from 1997-1999. All these rolling plans, just as the other development plans did not achieve the desired objectives as indicated in the nature of the economy presently. Apart from these plans, other road maps like Vision 2010, NEEDS and now Vision 20:2020 were initiated but these could not yield the touted results. Obasanjo's civilian administration had for instance resorted to the privatization of the major government-owned enterprises such the electricity sector but attempts at deregulating the oil sector were met with stiff resistance.

Following the 2008 -2009 global financial crises, the Nigerian banking sector was effectively recapitalized and regulation enhanced. After a 2014 statistical rebasing exercise, the country emerged as Africa's largest economy, with 2013 GDP estimated at US$ 502 billion with oil still retaining its position as a dominant source of government revenues. Regulatory constraints and security risks had limited new investment in the oil and gas sector, and Nigeria's oil production contracted in 2012 and 2013. Nevertheless, the Nigerian economy continued to grow at a rapid 6-8% per annum (pre-rebasing), driven by growth in agriculture, telecommunications, and services, and the medium-term outlook for Nigeria looked good, if oil output had stabilized and oil prices remained strong. This was not to be however, as global oil prices began plummeting in mid - 2014. By February 2016, the price had reached a low of $22% per barrel forcing some companies in the country to shut down. Government revenue shrank considerably and for a country that had stubbornly refused to diversify its source of earning, it could not meet its basic obligations as unpaid salaries accumulated to up to 8 months in some states of the federation (Economy Watch, 2016).

The new government which came to power in 2015 mainly as a result of the hardship the masses had experienced owing to widespread corruption and dwindling revenue had a tall task. Its response too seems to defy logic in some instances as polices regarding forex stifled the manufacturing sector and its banning of food imports to boost internal production has led to high inflation in food items like rice. Militants in the oil rich Niger Delta region of the country have continued to vandalize oil installations to the extent that daily oil production had been reduced by over half of the daily output

and gas supplies to power stations were affected leading to long periods of power outage across the country.

Contributions of The Role of Oil and Gas to Nigeria's Development

Nigeria's oil reserves are estimated to be as much as 37.2 billion barrels. This makes the country the most petroleum rich nation, and by far, the most affluent in Africa. With 2.13% of global production, Nigeria has the world's tenth largest proven oil reserves which make up 3.1% of global reserves hence, the country is among the top ten oil producers worldwide (Odularo,.2016) Nearly all of the country's primary reserves are concentrated in and around the delta of the Niger River, but off shore rigs are also prominent in the well-endowed coastal region. Nigeria has 159 total oil fields and 1481 wells in operation according to the Ministry of Petroleum Resources. The most productive region of the nation is the coastal Niger Delta basin in the Niger Delta or South-south region which encompasses 78 of the159 oil fields. Most of Nigeria's oil fields are small and scattered, and as at 1990, these small fields accounted for 62.1% of all of Nigeria's production. This contrasts with the sixteen largest fields which produced 37.9% of Nigeria's petroleum at that time. As a result of the numerous small fields, an extensive and well-developed pipeline network has was laid to transport the crude.

Nigeria is OPEC'S largest producer of the petroleum type classified as Light or Sweet because it is largely free of sulphur and is similar in composition to petroleum extracted from the North Sea. This crude oil is known as Bonny Light. Names of other Nigerian crudes, all of which are named according to their export terminals, are Qua Ibo, Escravos Blend, Brass River, Forcados, and Pennington Anfan. In terms of exportation, the U.S. remains Nigeria's largest customer for crude oil, accounting for 40% of Nigeria's total oil exports. Until 2014, Nigeria provided about 10% of overall U.S. oil imports and ranked as the fifth-largest source for U.S. imported oil. The country has six petroleum export terminals. Shell owns 2 of these, while Mobil, Chevron, Texaco, and Agip own one each. Shell also owns the Forcados Terminal, which is capable of storing 13 million barrels of crude oil in conjunction with the nearby Bonny Terminal. Mobil operates primarily out of the Qua Ibo Terminal in Akwa Ibom State. Chevron owns the Escravos Terminal located in Delta State and has a storage capacity of 3.6 million barrels. Agip operates the Brass Terminal located in Brass, a town 113km southwest of Port Harcourt which has a storage capacity of 3,558million barrels. Texaco operates the Pennington Terminal. There are four major refineries and they are; the Warri refinery and petrochemical plant which can process 125,000 barrels of crude oil per day (there is also an old Port Harcourt refinery with negligible production), as well as the Kaduna Refinery (Akinlo, 2012). Since the commercial production and export of crude oil in Nigeria began in 1958, both increased enormously to the extent that, crude oil production rose from 139.5 million barrels in 1966 to 395.7 million barrels in 1970. This increased to 660.1 and 845.5 million barrels in 1975 and 1979 respectively. The increase in production witnessed during this period was precipitated by the Middle East crisis and the 1973/74 oil embargo which caused a sharp reduction in world oil supply. The increased oil prices that the crisis generated helped to boost local oil production in the country. However, this was short-lived as the early 80s witnessed a glut in the international crude oil market owing to over-supply, which culminated in sharp drop in prices and eventual reduction in the production quotas by OPEC member countries. Consequently, oil production in Nigeria dropped from 760.1 million barrels in 1980 to 535.9 and 383.3 million barrels in 1986 and 1987 respectively. This was to later increase to 675.3 million barrels in 1998 and by 2006, the output had increased to 919.3 million barrels. In spite of decrease to 777.5 million barrels in 2009, the trend continued for most years after 2000 (Akinlo, 2012). In monetary terms therefore, oil revenue increased from

N166.6 million in 1970 to N1,591,675.00 million and N6,530,430.00 million in 2000 and 2008 respectively (NBS, 2025). Since contribution of a product or sector to the national economy is usually measured in terms of GDP, it can be argued that the contribution of oil to the GDP of Nigeria had steadily increased from 3.43 per cent of the GDP in 1965 (NBS, 2025). The share of oil in the GDP increased from 9.27 per cent in 1970 to 19.37 per cent in 1975. This further increased to 38.87 per cent in 2005. However, the share of oil in the GDP decreased marginally to 37.44 per cent in 2009

It is worthy to point out that one of the major areas through which the oil industry has contributed to the Nigerian economy is by attracting Foreign Direct Investment (FDI). Nigeria has attracted a lot of FDI particularly into the oil sector over the years. The sector has also led to the emergence and development of modern towns and cities like Warri and Port Harcourt which are important commercial centres in the country. Other channels through which oil has contributed to the Nigerian economy include provision of cheap and readily available source of energy, boosting of the foreign reserves and provision of employment. (Okoro 2011). It is important to point out that the creation of employment opportunities is a contribution of the oil industry to the Nigerian economy. From the start, Nigerians were employed in a variety of non-basic activities such as the building of roads and bridges, the clearing of drilling sites, transportation of materials and equipment, and the building of staff housing and recreational facilities. As time went on and as the industry's training programme progressed, they began to be employed in seismic and drilling operations, and in supervisory and managerial functions.

However, direct oil industry employment in Nigeria is not likely to expand significantly in the future because the industry is very highly capital intensive, as is illustrated by the size of the capital-labour ratio in the industry, compared with other industries. The very high capital-labour ratio in the oil industry means that growth in oil operations is generally reflected, not in the relative expansion of employment, but in the expansion of capital investment. The establishment of Dangote Refinery has been able to generate employment but the price stability that was envisaged by the masses remains elusive. For many Nigerians, the most significant area through which the oil sector has contributed immensely to the development of Nigeria is through the Petroleum Special Trust Fund (PTF) which was established in October 1995. The Fund made significant contributions in the areas of healthcare by providing free medicines across the country. Interventions were also made in the educational sector and infrastructure.

It may be argued that the direct effect of the oil sector activity on non-oil growth in Nigeria is rather limited. It can also be pointed out that the oil sector being an enclave sector has very little linkages with the other sectors in the economy. The oil sector does not offer much opportunity for employment in Nigeria because it is a more capital intensive than labor intensive industry. This is the reason why the significant expansion of the sector over the years has not led to a similar increase in job creation. Indeed at present, total level of employment in the Nigerian oil industry (including employment by ancillary firms) as a percentage of total modern sectors' employment in the country currently stands at 1.3 per cent. This is extremely low when viewed in terms of the size of the sector. Moreover, the gross output of the petroleum sector consists of the proceeds from oil exports, local sales of crude oil for local refining, and local sales of natural gas. But because of the massive involvement of foreign operators in the Nigerian petroleum industry, not all of the industry's value added is retained in the country; at the moment a substantial proportion is sent out in the form of factor payments profits, dividends, interest, fees, and wages and salaries paid abroad. Again, it is contended that the high dependence of the country on oil has posed significant challenges against the formulation and implementation of more sustainable development policies in the country. As

global price changes impact to the extent that whenever there is a fall in the price of oil, counter-cyclical fiscal action is constrained due to lack of other sources of revenue. Oil price changes often make the exchange rate volatile thereby encouraging undue short-term capital flows. More often than not, government action to mitigate this volatility often results in pro-cyclical monetary stance. In general, as a result of the limited capacity of small non-oil sector in counteracting swings in oil prices in response to policy actions, the effectiveness of macroeconomic policy is often constrained. Oil pollution in the Niger Delta as well as the pull effects of the petrol dollars which have made many youths to shun agriculture for the industry as well as rural migration to urban –funded cities are some of the draw-backs of the oil sector. For many years petrol subsidy was blamed for the challenges in the oil sector such as fuel scarcity and subsidy-based corruption. This informed the removal of subsidy in May 2023 by the Tinubu administration but promises to use the revenue earned from subsidy removal remain unfulfilled.

Constraints and Negative Effects of Oil Dependence

Despite the substantial revenue generated by petroleum, the article identifies important limitations. Direct employment in the oil industry is constrained by the sector's high capital intensity. Expansion of oil operations therefore tends to increase capital investment more than employment. The article reports that total employment in the Nigerian oil industry, including ancillary firms, constituted about 1.3% of employment in the country's modern sectors.

The oil sector is also characterized as an enclave sector with limited forward and backward linkages to agriculture and manufacturing. A substantial proportion of petroleum-sector value added is not retained domestically because foreign operators receive factor payments, profits, dividends, interest, fees and wages abroad. Heavy dependence on oil has also constrained sustainable development policy. Changes in global oil prices affect government revenue, exchange-rate stability and macroeconomic policy. When oil prices fall, government capacity for counter-cyclical fiscal action is constrained because alternative revenue sources are limited. Oil pollution in the Niger Delta, migration toward urban areas, declining interest in agriculture among some young people, militancy and petroleum-subsidy-related challenges are identified as additional drawbacks.

Discussion

The evidence presented in the article demonstrates a fundamental contradiction in Nigeria's development experience: the country possesses abundant petroleum resources and has generated substantial oil revenue, yet these resources have not translated proportionately into broad-based and sustainable development. The historical shift from agriculture to petroleum changed the structure of national income and government revenue, but the resulting oil dependence also weakened incentives for diversification and contributed to the neglect of agriculture and domestic productive capacity.

The oil boom illustrates the distinction between economic earnings and comprehensive development. Increased oil revenues supported foreign exchange, government expenditure, urban development, infrastructure, employment and social interventions. Nevertheless, development, as conceptualized in the article, also requires improvements in welfare, health, education, employment, infrastructure, equality and productive capacity. The persistence of poverty, unemployment, inadequate electricity and other social challenges therefore indicates that petroleum wealth alone cannot guarantee human development.

The historical experience further shows the vulnerability created by dependence on an internationally traded commodity. Oil-price increases generated substantial revenue, whereas oil-price declines produced fiscal pressures, external imbalances and reduced government capacity. This pattern makes sustainable development difficult where the non-oil productive sectors are not sufficiently strong to cushion external shocks.

The limited employment effect of petroleum is particularly important. Although oil has created employment directly and indirectly, its capital-intensive character means that rapid expansion of production does not automatically produce employment on the scale that might be expected from the sector's size. The limited linkage between oil and other productive sectors also reduces the multiplier effect of petroleum revenue.

The article therefore suggests that the central challenge is not the presence of petroleum resources but the manner in which those resources are managed and connected to the wider economy. Diversification, modernization of agriculture, prudent public management and greater domestic productive capacity are presented as necessary responses. The experience of Nigeria supports the article's broader observation that natural-resource abundance can become a resource curse where corruption, weak leadership, ethnic considerations, environmental degradation and poor economic linkages undermine the conversion of resource wealth into sustainable development.

Conclusion

The agricultural sector served as major revenue earner for Nigeria shortly after independence until it was deposed by the oil sector which earned for Nigeria over $800 billion over the past five decades. The oil sector continues to earn huge revenue for the government and creates some form of employment opportunities, undertakes local expenditure on goods and services; contributes to gross domestic product, and to foreign exchange reserves; and the supply of energy to industries like power plants and commerce. In spite of these contributions, the sectors has not been able to transform Nigeria into the developed economy that it should. In terms of sectoral defects, the public component of the oil sector is rather an enclave economy which employs less than 100,000 Nigerians directly in production. Outside transportation and, perhaps, a small section of the industrial sector, the oil sector has very little in terms of forward and backward linkages with production as it buys little or nothing from the manufacturing or the agricultural sector and transfers little or no technology to either agriculture or manufacturing. The oil sector has demonstrated how abundant resources can become a curse especially where corruption, inept leadership and ethnicity are quite rife. Thus, considering the fact that oil cannot be replenished while alternative sources of energy are still being explored in addition to the unstable oil prices and militancy in the oil producing region of Nigeria, things will not remain the same. In this connection, economic diversifying and a transformation of the agricultural sector (which must be modernized to release more people into the other sectors of the economy) in addition to more prudence and honesty on the part of government appear to be the way out. The lessons are quite clear, at least for now – it is one thing to be endowed with natural resources and another to be endowed with the discipline to harness such to achieve sustainable development.

Implications of the Study

The analysis has several implications for Nigeria's development strategy. First, oil revenue should be treated as a means of financing structural transformation rather than as a substitute for diversification. Second, greater attention to agriculture and other productive sectors is necessary to reduce vulnerability to fluctuations in oil prices. Third, the limited employment intensity of the

petroleum sector implies that employment policies should not rely primarily on direct oil-sector jobs. Fourth, stronger linkages between petroleum and domestic manufacturing, agriculture, services and technology could improve the retention and multiplier effects of oil-sector value within Nigeria. Finally, effective management of oil revenue, environmental protection in producing communities and prudent public expenditure are important if petroleum resources are to contribute more substantially to human development.

Limitations of the Study

The article is limited by its historical and documentary nature. It does not present primary field data, a defined sample of respondents, questionnaire or interview data, or inferential statistical tests. Its conclusions are therefore based on the historical evidence, economic indicators and documented arguments contained in the source material.

Suggestions for Further Studies

Further studies could empirically examine the relationship between oil revenue and specific dimensions of development in Nigeria, including employment, poverty reduction, infrastructure, education, health and agricultural productivity. Future research could also compare oil-producing and non-oil-producing states to determine whether oil wealth produces measurable differences in development outcomes. Additional studies may investigate the extent of forward and backward linkages between the oil and gas sector and agriculture, manufacturing and services. Research focused on the Niger Delta could further assess the effects of oil pollution, militancy and environmental degradation on livelihoods and local development. Finally, quantitative time-series or panel studies could test the relationship between oil prices, oil revenue, government expenditure, economic diversification and human-development indicators.

Recommendations of The Study

Based on the study's analysis of the contribution and limitations of the oil and gas sector to Nigeria's development, the following recommendations are proposed:

1. Diversification of the Nigerian Economy

Nigeria should deliberately diversify its economic base away from excessive dependence on crude oil revenue. Greater attention should be given to agriculture, manufacturing, services, and other productive sectors capable of generating sustainable income and employment.

2. Modernization of Agriculture

The agricultural sector should be modernized through improved technology, infrastructure, financing, research, extension services, and value-chain development. This would reduce excessive dependence on oil and create opportunities for broader-based economic development.

3. Strengthening Local Linkages with the Oil Sector

Government and industry stakeholders should promote stronger forward and backward linkages between the oil and gas sector and Nigerian agriculture, manufacturing, transportation, and other productive sectors. This would increase the proportion of oil-sector value retained within the domestic economy.

4. Promotion of Employment-Oriented Development
Development policies should prioritize sectors with greater capacity to generate employment. Although the oil industry provides employment, its capital-intensive nature limits direct job creation; therefore, investment should also be directed toward labour-intensive productive activities.

5. Prudent and Transparent Management of Oil Revenue
Oil revenues should be managed more prudently and transparently, with stronger accountability mechanisms to reduce corruption, waste, and diversion of public resources. Revenue should be directed toward productive investments in infrastructure, education, health, and other development priorities.

6. Development of Alternative Sources of Government Revenue
Government should broaden its revenue base by strengthening non-oil sources of revenue. This would reduce the vulnerability of public finances to fluctuations in international oil prices and improve the government's capacity to sustain development programmes.

7. Investment in Infrastructure and Human Development
Oil revenues should be used more effectively to improve electricity supply, water, transportation, healthcare, education, and other basic infrastructure and services that directly improve citizens' quality of life.

8. Environmental Protection in the Niger Delta
Government and oil-producing companies should strengthen measures for preventing and remediating oil pollution in the Niger Delta. Environmental protection, community participation, and sustainable resource management should be integrated into oil-sector development.

9. Promotion of Responsible Governance
Sustainable development requires effective leadership, institutional discipline, accountability, and long-term planning. Government should therefore strengthen institutions responsible for managing natural resources and implementing development policies.

10. Preparation for Reduced Dependence on Fossil Fuels
Given the non-renewable nature of petroleum resources and the continuing search for alternative energy sources, Nigeria should accelerate investment in renewable energy and other sustainable economic activities while petroleum resources remain available.

Author Contributions
The study was conceptualized and drafted by Dr. Koko Godwin Nyinongu, while Dr. John Ujo David and Dr. Tor Geri Godfrey were responsible for the design and manuscript preparation. All authors contributed to the critical review and revision of the manuscript, participated in the final editing process, and approved the final version for submission.

Competing Interests
The authors declare that they have no competing interests or financial or personal relationships that could have influenced the conduct, analysis, or reporting of this study.

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