



The Substrate Deficit

A field guide to the Extraction–Dissociation–Adaptation–Crisis Loop — and how Africa’s most populous nation can build the institutional foundations its informal genius already assumes

Nigeria is not a failed state — it is a hyper-governed society where the real governance of daily life occurs through informal networks the formal state neither controls nor acknowledges. This report diagnoses a Substrate Deficit produced by the petrostate fiscal architecture, the extraction coalition, and a cultural operating system that converts public office into private patrimony.

Björn Kenneth Holmström

May 2026

Creative Commons Attribution-ShareAlike 4.0 International

Country Report · Nigeria

<https://bjorkennethholmstrom.org/reports/nigeria-substrate-deficit>

Executive Summary

The Paradox

Nigeria is not a failed state. It is a hyper-governed society in which the actual governance of daily life—the provision of security, the resolution of disputes, the allocation of resources, the management of commerce, the production of meaning—occurs through dense, overlapping informal networks that the formal state neither controls nor acknowledges. In Onitsha, a market woman moves goods worth millions of naira through networks of trust that require no formal contract, no notarised agreement, no courtroom enforcement. In Lagos, a Pentecostal pastor presides over a congregation of fifty thousand; his church runs schools, hospitals, and microfinance programmes that serve a community the state has abandoned. In the far north, a traditional emir resolves land disputes that would take decades in the formal courts—if the formal courts were functional, which in much of the region they are not. The formal state exists. It collects oil revenues, distributes patronage, maintains a diplomatic corps, and commands a military. But the actual governance of Nigerian life occurs largely outside it.

And yet. The population grows by millions each year while the economy cannot generate employment for the young people entering adulthood. The debt-service-to-revenue ratio has passed 113 percent—the federal government spends more on servicing debt than it generates in total revenue. Armed groups have displaced the state across significant territories in the Northeast, the Northwest, the Middle Belt, and the Niger Delta. The police force of approximately 370,000 cannot protect a population of over 220 million, and its officers, systematically underpaid and under-equipped, are deployed primarily for the extraction of rents from the citizens they are supposed to serve. The courts are so slow and so corrupt that most Nigerians never use them. The public education system has collapsed in much of the country. The fiscal architecture—the Federation Account that distributes oil revenues among federal, state, and local governments—severs the link between taxation and representation, so that governments need not deliver services to survive. They need only secure their share of the oil wealth.

The Core Diagnosis: The Substrate Deficit—State-Society Dissociation

Nigeria does not lack governance capacity, social energy, or adaptive intelligence. It possesses extraordinary distributed genius across its informal economy, its religious networks, its traditional authorities, its digital platforms, and its diaspora. What it lacks is the basic institutional infrastructure—physical security, predictable administration, enforceable contracts, legitimate local governance, and a fiscal architecture that aligns revenue with accountability—on which every other transition architecture in this series depends. The deficit is not merely that the formal state is weak. It is that the formal state and the informal governance substrate operate as parallel systems, interacting primarily through extraction rather than integration, and neither can reliably perform the functions that a modern governance architecture requires.

Every other country examined in this series possesses a functional governance substrate on which reform can build, however degraded or misaligned that substrate has become. Germany's municipalities retain administrative capacity beneath the paralysis of federal spending. Brazil's Central Bank and electoral courts are islands of integrity within a broader system of capture. Even Russia, which has deliberately destroyed the preconditions for adaptive governance, once possessed the institutional foundations of a modern state. Nigeria is the case that asks: what happens when those foundations were never properly built? When the territorial monopoly on force is contested by armed groups that have displaced the state across significant territories? When the fiscal architecture severs the link between taxation and representation? When the cultural operating system has replaced the idea of the state as a neutral arbiter of the public good with the understanding that the state is a resource to be divided among claimants?

The Twin Deficits

Aspect	Outer (Hardware)	Inner (Operating System)
Strength	Federal structure with islands of competence (Central Bank of Nigeria, INEC, Lagos state); vast natural and human resources; young, entrepreneurial population; vibrant informal economy; dynamic fintech ecosystem	Dense social networks; religious institutions as parallel welfare and meaning systems; extraordinary resilience and improvisational capacity (<i>jugaad</i>); the Igbo <i>igba boi</i> apprenticeship system as indigenous capital allocation
Deficit	Weak monopoly on violence; extractive fiscal architecture (oil rents sever taxation-accountability link); hollowed administration and service delivery; fractured sovereignty in multiple territories; debt-service-to-revenue exceeding 113%	Legitimacy fragmentation: multiple competing authority systems (formal state, ethnic, religious, patronage) with no integration into a shared national project; <i>Oga-Madam</i> patronage converts public office into private patrimony
Manifestation	80% informal employment; police force of 370,000 for 220 million; 90% of federal revenue from oil, not taxation; five distinct security crises with different structural drivers	"The national cake" understanding of the state; ethnic arithmetic dominates political competition; Pentecostal and Islamic networks provide more governance than the state in many regions

The Signature Pattern: The Extraction–Dissociation–Informal Adaptation–Crisis Loop

Nigeria does not drift like Sweden, cycle like Brazil, or lurch like Russia. It oscillates between two modes of governance—formal extraction and informal adaptation—with periodic crises that temporarily realign the relationship between them, without ever changing the underlying architecture.

Extraction. Oil revenues flow to the Federation Account and are distributed among federal, state, and local governments according to a politically negotiated formula. Because governments do not depend on citizens for revenue, they have minimal structural incentive to provide public goods. The historical mechanism through which democratic accountability emerged—states that needed to tax their populations were forced to grant them representation and services—has been short-circuited. The extraction is organised through *Oga-Madam* patronage networks in which a "big man" or "big woman" provides protection and opportunity to dependents in exchange for loyalty. This is not corruption in the simple sense of illegal payments. It is a social system that predates the colonial state and has so thoroughly colonised the post-colonial state that the distinction between public office and private patrimony has been erased.

Dissociation. Because the state extracts rather than delivers, it retreats from core functions. The police, courts, schools, and hospitals become underfunded, predatory, or absent. The state is experienced not as a provider but as an obstacle—a source of harassment, extraction, and occasional violence.

Informal Adaptation. Where the state is absent, other actors fill the space. Traditional rulers resolve disputes and allocate land. Religious institutions provide education, healthcare, and welfare. Ethnic associations and market unions regulate economic activity. Vigilante groups and armed militias provide security. Digital platforms create new infrastructures for finance and coordination. Nigeria is not ungoverned. It is multi-governed, by a complex ecosystem of institutions that operate outside the formal state and that, in many cases, are more trusted and more effective than the state agencies whose functions they have absorbed.

Crisis. Periodically, an insurgency, a banditry epidemic, an oil price collapse, or a debt spiral overwhelms the informal coping mechanisms and forces the state to respond—usually through military repression, ad-hoc fiscal transfers, and elite power-sharing deals. The crisis subsides. The extraction resumes. The informal adaptation continues. The underlying architecture remains unchanged. The next cycle begins from a slightly more fragile baseline: larger debt, larger population, more intense climate pressures, wider trust deficit.

The Cultural Anchor: *Oga-Madam* Patronage + "The National Cake" + *Jugaad* + Pentecostal Resilience

Nigeria's governance culture operates through four interlocking logics. *Oga-Madam* patronage—the patron-client relationship in which a "big man" or "big woman" provides protection, opportunity, and resources in exchange for loyalty—is the fundamental building block of political organisation. "The national cake"—the understanding that governance is not the provision of public goods but the distribution of a finite resource among competing claimants—makes the extractive architecture feel normal, even obligatory. *Jugaad*—the Nigerian "hustle," making it work despite the system—is the improvisational genius that enables survival and even flourishing in the gaps the state leaves. And Pentecostal resilience—the explosive growth of churches that provide education, healthcare, welfare, meaning, and hope to populations the state has abandoned—has created a parallel governance infrastructure that is often more trusted and more effective than the state itself.

The Colonial Inheritance—and Why It Still Matters

Nigeria was not constructed as a coherent civilisation-state or even a viable nation-state. It was assembled by British colonial logic for extraction efficiency, governed through indirect rule that deliberately preserved traditional authorities as instruments of control, and inherited by a post-colonial elite that perpetuated the extractive logic while adapting it to the forms of electoral democracy. The discovery of commercial oil reserves transformed the political economy, creating a fiscal architecture in which the state did not need to tax its population to survive. Successive military regimes entrenched the extractive logic. The return to civilian rule in 1999 adapted the architecture to electoral forms without fundamentally altering it. The colonial inheritance, the petrostate fiscal structure, the military-era centralisation, and the post-1999 adaptation have all reinforced the same basic pattern: a formal state that extracts, an informal sector that adapts, and a gap between them that no institutional reform from above has been able to close.

The Genuine Strengths—What Nigeria Gets Right

To describe the Substrate Deficit is not to dismiss what Nigeria has built. The informal economy employs an estimated 80 percent of the workforce and generates the majority of economic output through networks of trust that have developed over generations. Lagos is one of the most important urban experiments on the planet—a metropolitan area of approximately 25 million that functions, imperfectly but genuinely, through a combination of unusually competent state capacity and unmatched informal adaptation. The Igbo

igba boi

apprenticeship system is a distributed trust-based capital allocation mechanism that has financed generations of entrepreneurs without any formal institutional support—a working, durable, scalable governance technology that demonstrates Nigeria's capacity to generate sophisticated institutions organically. The diaspora of over 20 million Nigerians remits approximately \$20 billion annually and represents a parallel source of investment, skills transfer, and political pressure. The youth—median age approximately 18, over 60 percent of the population under 25—represent a demographic that is not institutionally settled and whose cultural operating systems can still mutate.

The Real Question

The standard governance reform agenda—strengthen institutions, reduce corruption, improve service delivery, deepen democracy—has been applied to Nigeria for decades by successive Nigerian governments, international financial institutions, and bilateral donors. Its results have been at best modest. The Extraction–Dissociation–Informal Adaptation–Crisis Loop has absorbed every reform directed at it from above, neutralising their impact without changing the underlying architecture. The formal state cannot be reformed from above—it is too captured by the extraction coalition and too financially hollowed to function even if the will existed. The real question is not "how can Nigeria build a Weberian state?" but "how can Nigeria construct interfaces between the formal and informal governance systems, expand the islands of integrity that do exist, and build the fiscal and security foundations that would allow the adaptive genius of Nigerian society to generate the state it needs from below?"

What Building Governance Substrate Would Look Like

The transition architecture works with the grain of Nigerian governance culture rather than against it. It does not attempt to replace informal systems with Weberian institutions. It builds interfaces between formal and informal governance: hybrid institutions that formally recognise traditional rulers and religious networks as partners in service delivery, performance-linked fiscal transfers that rebuild the taxation-accountability link from below, security-first state building through community policing and differentiated strategies for each conflict zone, the expansion of islands of integrity (the Central Bank, INEC, Lagos state) and their insulation from political interference, digital governance leapfrogging using the fintech and mobile money infrastructure that already reaches tens of millions of Nigerians, and youth co-governance that brings a generation with a median age of 18 into the construction of the institutions that will govern their lives. The centre's role is to enable, invest, protect—and get out of the way. This is a generational project, not a policy programme. But it can begin now, from where Nigeria actually is, without waiting for a transformation of the federal state that shows no sign of arriving.

The Political Immune System: The Extraction Coalition

Nigeria's immune system is not a barrier to change added onto a functional state. It is the state's core operating logic—a coalition of political elites, bureaucratic rentiers, business magnates, security force actors, and traditional and religious intermediaries whose interests are served by the continuation of the extraction equilibrium. The coalition is not a conspiracy. It is the predictable output of an architecture that rewards extraction over delivery, patronage over professionalism, and loyalty over competence. The people who compose it are rational actors responding to an incentive structure that makes extraction the most reliable path to wealth, power, and security. The coalition cannot be defeated by frontal assault—it controls the institutions through which reform would need to be implemented. It must be outflanked: by building alternative governance pathways that demonstrate superior performance, by creating constituencies for reform among those who benefit from functional institutions, and by allowing the evidence of what works to shift the political equilibrium over time.

The Concrete First Step: The Fiscal Accountability Compact and the Demography-Climate Commission

Two parallel institutional innovations target the master mechanisms of the Substrate Deficit. A Fiscal Accountability Compact—a voluntary programme through which states that meet independently verified governance performance standards receive enhanced fiscal transfers, greater regulatory autonomy, and technical assistance—creates a pathway for rebuilding the taxation-accountability link from below, without requiring the impossible reform of the Federation Account formula. A Demography-Climate Commission—an independent statutory body modelled on the UK's Climate Change Committee and Office for Budget Responsibility—produces annual public assessments of Nigeria's demographic trajectory, climate vulnerability, and their fiscal and security implications, requiring government response and making the slow-motion pressures of population growth and ecological stress visible to a political system currently incapable of addressing them. Together, they establish the informational and political conditions for the deeper transformations that must follow.

The Honest Conclusion

Nigeria's trajectory, under current conditions, is toward continued oscillation between extraction and informal adaptation, punctuated by crises that the architecture cannot resolve. The extraction coalition has no incentive to reform itself. The debt spiral is progressively consuming the state's capacity to function. The demographic-ecological pressures are intensifying. The default outcome is deterioration. But default outcomes are not inevitable outcomes. Nigeria possesses the adaptive genius, the human capital, and the institutional raw material to build something better. The

igba boi

system demonstrates that patronage can be productive. Lagos demonstrates that Nigerian governance can be competent. The fintech revolution demonstrates that Nigerian entrepreneurs can build world-class institutional infrastructure. The transition architecture this report proposes is not a guarantee of success. It is a framework for increasing the probability that Nigeria's distributed genius can be channelled into the construction of durable institutions, rather than being dissipated in the endless navigation of a predatory state. The work is generational. The obstacles are immense. The outcome is uncertain. But the builders are already at work—in the markets, the churches, the tech hubs, the emirates, the diaspora communities, and the millions of households that govern themselves every day in the gaps the state has left.

The Series Boundary Condition

Every other country in this series possesses a functional governance substrate on which reform can build, however degraded or misaligned that substrate has become. Nigeria is the case that asks:

What does governance reform require when the starting point is not the repair of a damaged architecture but the construction of an architecture's foundations—under conditions of demographic explosion, ecological stress, fractured sovereignty, and a ruling class that benefits from the current dysfunction?

The Substrate Deficit is the most fundamental diagnosis in the series. Everything else depends on it. And in Nigeria, the substrate remains to be built.

Series Coherence Table (Updated)

System	Core Deficit	Signature Pattern	Cultural Anchor	Transition Feasibility
Germany	Execution	Paralysed spending	Engineering rigour	Feasible
France	Integration	Reform-explosion-retreat	Jacobin clarity	Feasible
Sweden	Feedback	Drift loop (signal suppression)	<i>Saklighet</i>	Feasible
India	Synchronisation	Leap-lag cycle	<i>Jugaad</i>	Feasible
EU	Coherence	Negotiation-dilution	Subsidiarity	Feasible
UK	Control-delivery mismatch	Centralise-fail-centralise	Muddling through	Feasible
Brazil	Accumulation	Breakthrough-Capture	<i>Jeitinho</i>	Difficult but possible
Russia	Legibility	Control-Blindness-Shock	<i>Ne vysovyvaysya</i>	Impossible under current regime
USA	Integration	Escalate-Block-Bypass-Delegitimise	Bootstrap individualism	Possible via sub-federal
Finland	Throughput Constraint	Anticipate-Consensus-Increment-Pressure	<i>Sisu</i> + Quiet Consensus	Feasible
China	Calibration	Campaign-Overshoot-Abrupt Correction	<i>Míng zhé bǎo shēn</i>	Difficult; recoverable under current regime
Japan	Continuity Trap (Paradigm Lock-in)	Pressure-Accommodate-Preserve-Defer	<i>Wa + Kaizen + Gaman + Shouganai</i>	Feasible with controlled creative destruction
Nigeria	Substrate Deficit (State-Society Dissociation)	Extraction-Dissociation-Adaptation-Crisis	Oga-Madam + "The National Cake" + Jugaad + Pentecostal Resilience	Generational; feasible via interface-building from below

Nigeria is the case that asks:

What does governance reform require when the starting point is not the repair of a damaged architecture but the construction of an architecture that has never existed—under conditions of demographic explosion, ecological stress, fractured sovereignty, and a ruling class that benefits from the current dysfunction?

The Interface Deficit is the most foundational diagnosis in the series — not the absence of governance, but the dissociation between the governance Nigeria already practices and the formal architecture that claims authority over it. Closing that gap is the work. And it has already begun.

1. The Substrate Deficit

1.1 Opening: The Nation That Governs Itself Without a State

In Onitsha, a market woman named Ngozi moves goods worth millions of naira each month through networks of trust that require no formal contract, no notarised agreement, no courtroom enforcement. Her suppliers extend credit on the basis of relationships cultivated over decades. Her customers pay in instalments, their obligations secured by nothing more than reputation and the quiet knowledge that default would mean social death—exclusion from the networks on which all commerce depends. The state is absent from these transactions. Its courts are too slow and too expensive to be useful. Its police are more likely to extract a bribe than to enforce a contract. Its regulatory apparatus exists on paper but not in practice. And yet commerce flourishes, because the real governance of Nigerian economic life—the allocation of capital, the enforcement of agreements, the management of risk—occurs through channels the formal architecture does not recognise and cannot replicate.

In Lagos, a Pentecostal pastor presides over a congregation of fifty thousand. His church runs three schools, a hospital, a microfinance programme, and a job training centre. For its members, the church is the primary provider of services that the state nominally guarantees but actually fails to deliver. It is also the primary source of meaning, community, and hope—a comprehensive governance institution that operates entirely outside the formal state, funded by tithes and offerings rather than taxes, accountable to its congregation rather than to any constitutional authority. The pastor is more trusted, more accessible, and in many ways more effective than any government official his members will ever encounter.

In the far north, a traditional emir resolves land disputes that would take decades in the formal courts—if the formal courts were functional, which in much of the region they are not. His authority predates the Nigerian state by centuries. It was partially incorporated into the colonial administration through the British system of indirect rule. It has survived independence, military rule, and the return to democracy. His rulings are enforced not by police or bailiffs but by the collective recognition that his legitimacy is real and the state's is not.

And on a road outside Kaduna, a police officer stops each vehicle that passes and extracts a small payment—a "dash," a bribe—not because he is uniquely corrupt but because the state that employs him does not pay him enough to feed his family. The checkpoint is his livelihood. The drivers who pay him understand this. They resent the extraction but accept it as the cost of navigating a system in which the state is experienced not as a provider of services but as an obstacle to be managed.

Nigeria is not ungoverned. It is governed through channels the formal architecture does not recognise—through traditional authorities and religious networks, through ethnic unions and market associations, through vigilance groups and armed militias, through mobile money platforms and diaspora remittances, through the dense, adaptive, endlessly inventive social infrastructure that Nigerians have built over

generations to compensate for the state that was supposed to serve them. The formal state exists. It collects oil revenues, distributes patronage, maintains a diplomatic corps, and commands a military. But the actual governance of Nigerian life—the provision of security, the resolution of disputes, the allocation of resources, the maintenance of basic infrastructure, the production of meaning—occurs largely outside it.

This is the Substrate Deficit. It is not the absence of governance. It is the absence of the institutional foundations on which modern governance depends—and the dissociation between the formal state that claims authority and the informal systems that actually exercise it.

1.2 The Extraction–Dissociation–Informal Adaptation–Crisis Loop

Nigeria does not drift like Sweden, cycle like Brazil, or lurch like Russia. It oscillates between two modes of governance—formal extraction and informal adaptation—with periodic crises that temporarily realign the relationship between them, without ever changing the underlying architecture. The loop has been cycling for over six decades, and with each cycle, the system becomes slightly more fragile, slightly less capable of responding to the next shock.

Extraction. Oil revenues flow to the centre. The Federation Account collects the proceeds of hydrocarbon sales, and the Federal Allocation Committee distributes them among the federal, state, and local governments according to a politically negotiated formula that bears little relationship to population, need, or administrative capacity. This is the master mechanism of the Nigerian political economy. Because governments do not depend on citizens for revenue—ninety percent of federal revenue comes from oil, not taxation—they have minimal structural incentive to provide public goods. The historical mechanism through which democratic accountability emerged in Europe—the slow, contested process by which states that needed to tax their populations were forced to grant them representation and, eventually, services—has been comprehensively short-circuited. Nigerian governments are accountable upward to the centre, not downward to citizens. They need only secure their share of the Federation Account to survive. They do not need to govern.

The extraction is not random or chaotic. It is organised through *Oga-Madam* patronage networks—the "big man" and "big woman" relationships in which a patron provides protection, opportunity, and resources to a network of dependents in exchange for loyalty, service, and political support. This is not corruption in the simple sense of illegal payments. It is a social system that predates the colonial state, that was partially incorporated into the structures of indirect rule, and that has now so thoroughly colonised the post-colonial state that the distinction between public office and private patrimony has been erased. The politician who directs contracts to his community, the civil servant who extracts commissions from procurement, the minister who appoints kinsmen to positions they are not qualified to hold—these are not, in the cultural logic of the *Oga-Madam* system, engaging in corruption. They are fulfilling the obligations of patronage. They are sharing the national cake.

Dissociation. Because the state extracts rather than delivers, it retreats from the functions that would make it legitimate. The police are underfunded, under-trained, and deployed primarily for the protection of elites and the extraction of rents from the population they nominally serve. The force numbers approximately 370,000 for a population of 220 million—a ratio of roughly one officer per six hundred citizens, far below international norms—and those officers are systematically underpaid and under-equipped. The checkpoint bribe is not an aberration; it is the predictable output of a system in which the state has outsourced its own funding to its officers' capacity to extract from the public.

The judiciary is underfunded, overcrowded, and corrupt. Cases take decades to resolve. Litigants who can afford to pay receive a different quality of justice from those who cannot. For the vast majority of Nigerians, the formal legal system is not a realistic option for dispute resolution. It is too slow, too expensive, and too unpredictable. The public education system has collapsed in much of the country—teachers unpaid, buildings decaying, curricula disconnected from the economy. The health system exists on paper but not in practice for those who cannot afford private care. Infrastructure—roads, power, water—is provided inadequately by the state and supplemented privately by those who can afford generators, boreholes, and private security. The state is experienced not as a provider but as an obstacle. It is something to be navigated, managed, and avoided where possible.

Informal Adaptation. Where the state is absent or predatory, other actors fill the space. Traditional rulers—the emirs, obas, and chiefs whose authority predates both the colonial and post-colonial states—resolve disputes, allocate land, and maintain a form of order that the formal legal system cannot provide. Their legitimacy is real, grounded in history and culture rather than in constitutional provisions, and in many communities they are the primary governance institution that citizens encounter.

Religious institutions—Pentecostal churches and Islamic networks—provide education, healthcare, and social welfare to populations the state has abandoned. The mega-churches of Lagos and the Islamic charitable networks of the North are not merely spiritual organisations. They are comprehensive governance institutions, delivering services that in a functioning state would be the responsibility of government. They are funded by tithes, offerings, and zakat rather than taxes. They are accountable to their congregations rather than to any constitutional authority. And they are, in many cases, significantly more effective than the state agencies whose functions they have absorbed.

Ethnic associations—the Igbo unions, the Yoruba progress associations, the Arewa consultative forums—regulate economic activity, provide mutual support, and mediate disputes within their communities. Market associations—the trader unions of Onitsha, Kano, and Aba—manage commercial spaces, enforce quality standards, and resolve conflicts between buyers and sellers. Vigilante groups and armed militias—in the Niger Delta, in the Middle Belt, in the Northeast—provide security where the state cannot or will not. Digital platforms—mobile money services, fintech applications, social media coordination networks—create new infrastructures for economic and social coordination that operate entirely outside state control.

Nigeria is not, in any meaningful sense, ungoverned. It is multi-governed—by a complex, overlapping, sometimes competing, sometimes collaborating ecosystem of governance providers, of which the formal state is only one, and not the most trusted or effective.

Crisis. Periodically, the equilibrium breaks. An insurgency—Boko Haram and its offshoot, the Islamic State West Africa Province—overwhelms local coping mechanisms in the Northeast, establishing parallel governance structures that provide dispute resolution, tax collection, and a form of order, however brutal and predatory. Armed banditry in the Northwest displaces state authority across vast rural areas, operating kidnapping-for-ransom economies that the security forces have proven incapable of suppressing. Secessionist agitation in the Southeast creates zones where state authority is contested and informal enforcement—by the movement itself, by community vigilantes, by criminal elements exploiting the vacuum—replaces formal law. Farmer-herder conflicts in the Middle Belt, intensified by climate change and the southward migration of Fulani pastoralists, generate levels of violence that local institutions cannot contain.

An economic shock—an oil price collapse, a naira devaluation, a debt spiral—destabilises the fiscal architecture on which the extraction coalition depends. In early 2026, the federal government's debt-service-to-revenue ratio reached an estimated 113 percent: the state spends more on servicing debt than it generates in total revenue. This is not a temporary liquidity problem. It is a terminal fiscal condition, in which the formal state is consuming its own future to survive the present.

These crises force a temporary realignment. The military deploys to the affected region. Ad-hoc fiscal transfers reallocate rents to buy off the most dangerous challengers. Elite power-sharing deals redistribute positions among the major ethnic blocs. The immediate crisis subsides. But the underlying architecture remains unchanged. The extraction resumes. The informal adaptation continues. And the next cycle begins from a weaker baseline: the debt is larger, the population is larger, the climate pressures are more intense, the trust deficit is wider.

Repeat. This is the Extraction–Dissociation–Informal Adaptation–Crisis Loop. Nigeria does not collapse. It does not recover. It cycles—with the formal state performing extraction and elite accommodation, the informal sector performing the actual governance, and periodic crises serving as the only moments when the relationship between the two is renegotiated, always in ways that restore the same basic equilibrium at a slightly higher level of fragility.

1.3 The Substrate Deficit Defined

The Substrate Deficit is not a classic governance failure of the kind this series has diagnosed elsewhere. It is not an execution deficit (Germany), an integration deficit (France, United States), a feedback deficit (Sweden), or a paradigm replacement ceiling (Japan, Finland). It is something more foundational: the absence of the basic institutional infrastructure on which every other transition architecture in this series depends.

Every other country examined in these reports possesses a functional governance substrate, however degraded, misaligned, or captured that substrate has become. Germany's municipalities retain administrative capacity beneath the paralysis of federal spending. Brazil's Central Bank and electoral courts are islands of integrity within a broader system of capture. Even Russia, which has deliberately destroyed the preconditions for adaptive governance, once possessed the institutional foundations of a modern state—a functioning bureaucracy, a professional judiciary, a monopoly on legitimate force—and retains some of those capacities in vestigial form.

Nigeria is the case that asks: what happens when those foundations were never properly built? When the territorial monopoly on force is contested by armed groups that have displaced the state across significant territories? When the courts are so slow and so corrupt that most citizens never use them? When the civil service employs vast numbers of people whose salaries consume public expenditure but whose productivity is minimal? When the fiscal architecture severs the link between taxation and representation, so that governments need not deliver services to survive? When the very idea of the state as a neutral arbiter of the public good has been replaced, in the cultural operating system, by the understanding that the state is a resource to be divided among claimants?

These are not failures of execution. They are failures of establishment. The Nigerian state was not constructed as a governance institution. It was constructed as an extraction mechanism—first by the British colonial administration, then by the post-colonial elite that inherited and perpetuated its logic. The population has learned, through generations of experience, that the state is an instrument of extraction rather than service. The cultural adaptation to this reality—the *Oga-Madam* patronage system, the "national cake" understanding of governance, the *jugaad* of navigating a predatory state—is entirely rational. And it is the most fundamental barrier to the construction of governance institutions that the population might come to trust.

The deficit is not merely that the formal state is weak. It is that the formal state and the informal governance substrate operate as parallel systems, interacting primarily through extraction rather than integration. The state extracts from the informal economy through bribes, through the fuel subsidy regime that transfers resources to politically connected importers, through the Federation Account that distributes oil rents upward. The informal sector adapts to state predation by remaining informal—by staying outside the tax system, outside the regulatory system, outside the formal legal system—which further reduces the state's incentive and capacity to provide services. The two systems are locked in a relationship that is simultaneously parasitic and symbiotic: each depends on the other, but in ways that prevent either from evolving into a more functional form.

1.4 The Colonial Inheritance—and Why It Still Matters

Nigeria's governance challenges are not accidental. They are, in significant measure, inherited from the architecture of the colonial state.

The territory that became Nigeria was assembled by British imperial logic at the Berlin Conference and through subsequent conquest, amalgamating the Sokoto Caliphate in the north, the Yoruba kingdoms in the southwest, the Igbo and other societies in the southeast, and the Niger Delta communities in the south into a single administrative entity. The borders were drawn for extraction efficiency, not for governance coherence. The resulting state contained over two hundred and fifty ethnic groups, multiple religious traditions, vastly different ecological zones, and almost no shared political history.

The British governed this territory through a system of indirect rule that was particularly consequential for the post-colonial trajectory. Rather than constructing a centralised bureaucratic state on the French model, the British governed through local power brokers—traditional rulers whose authority was partially incorporated into the colonial administration. In the north, the emirate system was preserved and strengthened, with emirs collecting taxes, administering justice, and maintaining order on behalf of the colonial power. In the south, the system was more varied, but the pattern was similar: colonial authority flowed through existing structures of local power, which were reinforced and sometimes transformed in the process.

This system of indirect rule had several lasting effects. It preserved and deepened the authority of traditional rulers, creating a parallel governance structure that would persist through independence and into the present. It discouraged the development of a unified national identity, because different regions experienced colonial rule through different local intermediaries. It optimised the state for resource extraction rather than institutional integration, because the colonial administration was primarily concerned with exporting agricultural commodities and, later, oil. And it left the post-colonial state with a weak administrative core—a thin layer of British officials and educated Nigerian elites sitting atop a vast informal governance architecture that the state did not control and could not easily incorporate.

When Nigeria achieved independence in 1960, it inherited a state shell without deeply shared state legitimacy. The formal institutions of government existed. The informal governance systems—traditional, religious, ethnic, commercial—continued to operate beneath and alongside them. The task of integrating the two into a coherent national governance architecture was the central challenge of the post-colonial era. It was a task that the post-colonial elite, for reasons both structural and self-interested, largely failed to undertake.

The discovery of commercial oil reserves in the Niger Delta in the late 1950s transformed the political economy. Oil revenues flowed to the centre, creating a fiscal architecture in which the state did not need to tax its population to survive. The Biafran War of 1967-70—a catastrophic civil conflict rooted partly in ethnic tensions and partly in disagreements over the distribution of oil revenues—reinforced the centralisation of power and resources while deepening the ethnic fractures that the colonial architecture had created. Successive military regimes entrenched the extractive logic, using oil revenues to fund patronage networks and suppress dissent rather than to build the infrastructure of a developmental state.

The return to civilian rule in 1999 did not fundamentally alter this architecture. It adapted it to the forms of electoral democracy—ethnic arithmetic replacing military hierarchy as the organising principle of elite accommodation, election campaigns replacing coups as the mechanism of succession—but the underlying

logic remained: the state was a resource to be captured and distributed, not an instrument of public service. The informal governance systems that had compensated for state absence during the colonial and military eras continued to operate, because the state's return to democratic form did not mean its return to functional form. The dissociation persisted.

This history matters because it clarifies what the Nigerian governance challenge actually is. It is not a problem of institutional design that better institutional design can solve. It is a problem of state-society relationship that has been structured, over generations, to produce extraction rather than integration. The colonial architecture, the petrostate fiscal structure, the military-era centralisation, and the post-1999 adaptation to electoral form have all reinforced the same basic pattern: a formal state that extracts, an informal sector that adapts, and a gap between them that no institutional reform from above has been able to close.

1.5 The Genuine Strengths—What Nigeria Gets Right

To describe the Substrate Deficit is not to dismiss what Nigeria has built in the absence of a functional state. The informal governance systems that have developed on Nigerian soil are, in many respects, extraordinary achievements—evidence of a societal capacity for coordination, adaptation, and collective action that the formal state has never matched.

The informal economy is not a supplement to the formal economy. It

is

the economy, employing an estimated eighty percent of the workforce and generating the majority of economic output. It operates through networks of trust, reputation, and mutual obligation that have developed over generations to compensate for the absence of formal contract enforcement, reliable infrastructure, and predictable regulation. The market women of Onitsha and Lagos, the artisans of Kano and Aba, the agricultural traders who move food across the country despite decrepit roads and multiple layers of informal taxation—these are not marginal economic actors. They are the backbone of Nigerian economic life. They operate in an environment that the formal state makes more difficult, not easier, and they thrive despite it.

Lagos is one of the most important urban experiments on the planet. A metropolitan area of approximately twenty-five million people, built on infrastructure designed for a small fraction of that population, it functions—imperfectly, chaotically, but genuinely—through a combination of state capacity that is unusually competent by Nigerian standards and informal adaptation that is unmatched anywhere. Lagos has pioneered innovations in waste management, public transport, and revenue generation that have become models for other Nigerian states. It has become the hub of Africa's most dynamic fintech ecosystem, producing companies like Flutterwave and Paystack that have attracted billions in investment and are building the financial infrastructure for a continent. Its governance is far from perfect, but it demonstrates that Nigerian governance can work at scale when there is political will, administrative competence, and a revenue base.

The Igbo

igba boi

apprenticeship system is the most under-analysed governance success in Nigeria. In this centuries-old institution, a young person is apprenticed to an established merchant, learns the trade over a period of years, and is then capitalised by the mentor to start their own business. The system is a distributed trust-based capital allocation mechanism that has financed generations of entrepreneurs without any formal institutional support. It is a working, durable, scalable governance technology—a system for transmitting skills, allocating capital, and enforcing obligations that has operated successfully across generations and across geographies. It demonstrates that Nigeria is entirely capable of generating sophisticated governance institutions organically, when those institutions emerge from culturally legitimate coordination structures rather than being imposed from above.

The diaspora is a parallel source of national capacity. Over twenty million Nigerians live abroad, remitting approximately twenty billion dollars annually—a sum that exceeds oil revenues in some years. The diaspora invests in real estate, startups, and education. It transfers skills, norms, and political expectations. It was instrumental in the #EndSARS protests against police brutality, providing funding, amplification, and international pressure. The diaspora is already a governance actor—shaping Nigeria from outside, connecting the country to global networks, and providing a source of investment and pressure that the formal state neither controls nor fully acknowledges.

The youth represent a demographic that is not yet institutionally settled. With a median age of around eighteen and over sixty percent of the population under twenty-five, Nigeria is demographically plastic in ways that aging societies are not. The cultural operating systems of this generation are still being formed. Their relationship to the state, to technology, to identity, and to the global economy is fluid. This is simultaneously a risk—unemployed young men are the primary recruitment pool for insurgencies, banditry, and criminal networks—and an opportunity. If this generation can be brought into governance rather than excluded from it, if its energy can be channelled into the construction of institutions rather than the navigation of a predatory state, the demographic dividend would be enormous.

1.6 The Real Question

The standard governance reform agenda—strengthen institutions, reduce corruption, improve service delivery, deepen democracy—has been applied to Nigeria for decades, by successive Nigerian governments, by international financial institutions, by bilateral donors, by civil society organisations. Its results have been, at best, modest. The Extraction–Dissociation–Informal Adaptation–Crisis Loop has absorbed every reform attempt that has been directed at it from above, neutralising their impact without changing the underlying architecture.

The reason is structural. The formal state is not merely weak; it is organised around a logic of extraction that the political elite has no incentive to abandon. The informal governance systems that actually manage Nigerian life are real and adaptive, but they are also fragmented, sometimes violent, and not scalable into national coordination without the basic state infrastructure—physical security, contract enforcement, fiscal

legitimacy—that the Substrate Deficit names as absent. Reforming the formal state from above has failed because the formal state is the instrument of the extraction coalition, and the extraction coalition controls the reform process. Replacing the informal systems with formal ones has failed because the informal systems are more trusted, more effective, and more legitimate than the formal institutions that would replace them.

The real question, then, is not "how can Nigeria build a Weberian state?"—the project of importing European institutional forms onto Nigerian soil, attempted repeatedly since independence, has proven impossible under current conditions. The real question is:

How can Nigeria construct interfaces between the formal and informal governance systems, expand the islands of integrity that do exist, and build the fiscal and security foundations that would allow the adaptive genius of Nigerian society to generate the state it needs from below?

This is a fundamentally different question from the ones this series has asked of Germany, France, Sweden, India, Japan, or even Russia. Those reports assumed a governance substrate that needed to be reformed, redirected, or rebuilt. Nigeria assumes a substrate that needs to be constructed—and constructed in a way that works with the grain of the informal governance that already exists, rather than attempting to replace it with institutional forms that have no cultural roots and no political base.

The transition architecture that follows from this question is not a blueprint for institutional design. It is a framework for interface-building: identifying the points of connection between formal and informal governance, strengthening them where they exist, creating them where they do not, and allowing the evidence of what works to accumulate until the political conditions for deeper reform are created by the demonstrated success of the alternatives. It is a generational project, not a policy programme. And it begins with the recognition that Nigeria's informal governance systems are not the problem. They are the starting point.

2. The Substrate Deficit: Structural Mechanisms

2.1 What "Governance Substrate" Means — and Why Its Absence Is Distinctive

Every governance architecture rests on a set of foundations that are so basic they are rarely named. A state that cannot reliably enforce contracts cannot support a market economy, no matter how well-designed its commercial code. A state that cannot collect taxes from its population cannot be accountable to that population, no matter how democratic its constitution. A state that does not hold a monopoly on legitimate force across its territory cannot guarantee the physical security that every other governance function presupposes, no matter how professional its military command. A state whose courts are too slow, too expensive, and too corrupt for most citizens to use cannot provide the rule of law, no matter how elegant its jurisprudence.

These foundations constitute what this report calls the governance substrate: the basic institutional infrastructure of physical security, predictable administration, enforceable contracts, legitimate local governance, and a fiscal architecture that aligns revenue with accountability. Every other country examined in this series possesses a functional governance substrate on which reform can build, however degraded or misaligned that substrate has become. Germany's municipalities retain administrative capacity beneath the paralysis of federal spending. Brazil's Central Bank and electoral courts are islands of integrity within a broader system of capture. Even Russia, which has deliberately destroyed the preconditions for adaptive governance, once possessed the institutional foundations of a modern state and retains some of those capacities in vestigial form.

These functions do not require a Weberian state to perform them — Nigeria's informal governance systems perform several of them already. What the Substrate Deficit names is not the absence of these functions but their fragmentation, their incompleteness at national scale, and the dissociation between the systems that perform them and the formal architecture that claims to.

Nigeria is the case where the substrate was never properly built. The territorial monopoly on force is contested by armed groups that have displaced the state across significant territories. The courts are so dysfunctional that most citizens never use them. The civil service employs vast numbers of people whose salaries consume public expenditure but whose productivity is minimal. The fiscal architecture severs the link between taxation and representation, so that governments need not deliver services to survive. And the cultural operating system has replaced the idea of the state as a neutral arbiter of the public good with the understanding that the state is a resource to be divided among claimants.

This is not a failure of institutional quality that better institutional design can solve. It is a failure of institutional

existence

. The substrate that the other reports in this series take as given—the basic machinery of governance that operates even when policy fails—is, in Nigeria, still under construction. Understanding why it has never been consolidated, and how its absence shapes every other governance dynamic, is the task of this section.

2.2 The Petrostate Architecture and the Federation Account Formula

The master mechanism of Nigerian governance is the fiscal architecture created by oil. Nigeria is not unique in depending on hydrocarbon revenues—Russia, Saudi Arabia, Venezuela, and others share this condition. But the specific institutional form through which Nigerian oil revenues flow is distinctive, and its consequences for governance are profound.

The Federation Account collects the proceeds of oil sales, primarily from joint ventures between the Nigerian National Petroleum Corporation and international oil companies. The Federal Allocation Committee then distributes these revenues among the federal, state, and local governments according to a politically negotiated formula. That formula—currently allocating approximately 52.68 percent to the federal government, 26.72 percent to the states, and 20.60 percent to local governments, with an additional 13 percent derivation fund returning revenues to oil-producing states—is perpetually contested and periodically adjusted. But its essential feature is not the specific percentages. It is the fact that sub-national governments receive revenue they did not raise from their own populations.

This is the mechanism that severs the taxation-accountability link. In the historical development of democratic governance in Europe, states that needed to tax their populations were forced, over centuries of conflict and negotiation, to grant them representation and, eventually, to provide public services in return for the revenue they extracted. The process was slow, violent, and incomplete, but it produced a structural alignment between the interests of the state and the interests of the governed. Governments that depended on citizen revenue had to be, at some level, responsive to citizen needs.

Nigeria's fiscal architecture short-circuits this process entirely. A state government in Nigeria does not need to raise revenue from its population to survive. It needs only to secure its share of the Federation Account. The political incentive is therefore not to provide services to citizens but to maintain access to the centre—to cultivate the relationships, alliances, and patronage networks that ensure the state's allocation is protected and, ideally, increased. Accountability flows upward, to the federal government and the political elite that controls the allocation formula, not downward, to the citizens whose lives the state government is supposed to improve.

The consequences cascade through every level of governance. Local government councils, of which there are 774, are constitutionally entitled to a share of Federation Account revenues. But in practice, many state governors have captured these allocations, using them as patronage resources rather than allowing them to fund local services. The local government tier, which should be the level of governance closest to citizens, is in many parts of Nigeria a fiscal fiction—existing on paper, receiving allocations, but delivering almost nothing to the populations it nominally serves.

The derivation formula, which returns 13 percent of oil revenues to the producing states, was designed to address the grievances of the Niger Delta communities that host oil extraction but have historically received few of its benefits. In practice, the derivation funds have largely been captured by state governments and political elites in the oil-producing states, doing little to alleviate the poverty, environmental degradation, and institutional neglect that continue to fuel militancy in the region. The mechanism that was supposed to connect extraction to local benefit has instead become another channel for elite capture.

The fuel subsidy regime—which for decades consumed a significant share of federal revenues by keeping petrol prices artificially low—exemplifies the perverse logic of the petrostate architecture. The subsidy was ostensibly designed to benefit ordinary Nigerians by making fuel affordable. In practice, it was enormously expensive, regressive, and corrupt. The import and distribution chain was riddled with fraud, with politically connected marketers claiming subsidies for fuel that was never imported or sold. The cost to the federal budget was staggering—trillions of naira annually—while the benefits disproportionately accrued to the wealthy and well-connected. And because the subsidy was a visible, tangible transfer from the state to the population, it served as a political safety valve, a demonstration that the state was "sharing the national cake" even as it failed to provide schools, hospitals, roads, or security. The removal of the subsidy, attempted by successive administrations, has repeatedly triggered protests and political crises—not because Nigerians are unaware of its costs, but because the subsidy is one of the few direct benefits many citizens ever receive from the state, and its removal feels like the withdrawal of the only tangible evidence that the state has any relationship to their lives at all.

2.3 The Debt Spiral: Terminal Fiscal Hollowing-Out

The petrostate architecture was always fiscally precarious—dependent on a volatile global commodity whose price Nigeria does not control. But in recent years, the architecture has entered a new and more dangerous phase: a debt spiral that is consuming the state's capacity to function even at its current, minimal level.

By early 2026, the Federal Government's debt-service-to-revenue ratio reached an estimated 113 percent. This means that the government spends more on servicing its existing debt—paying interest and principal to domestic and international creditors—than it generates in total revenue. The implications are stark. Every naira the government collects in oil revenues, taxes, and other income is consumed by debt payments before any of it can be spent on schools, hospitals, roads, police, or any other public service. The government is not funding its operations from its income. It is borrowing to pay the interest on previous borrowing, in a classic "Fixes That Fail" systems dynamic in which the short-term fix—taking on more debt to survive the present—compoundingly undermines the long-term capacity to survive at all.

This is a terminal fiscal condition. A state that cannot fund its own operations cannot reform them, regardless of political will. The extraction coalition is now consuming not only present resources but future capacity—borrowing against revenues that have not yet materialised, mortgaging the possibility of future public

investment to sustain the patronage networks of the present. The formal state is transitioning from an extractive rentier model to a Ponzi dynamic, and the timeline for any credible reform architecture has shortened dramatically as a result.

The debt spiral has political consequences that compound the fiscal ones. As the government devotes an increasing share of its revenue to debt service, the resources available for patronage distribution shrink. The extraction coalition, which is held together by the distribution of rents, comes under strain. Rival factions compete more intensely for a shrinking pool of resources. The risk of elite fragmentation—of a breakdown in the ethnic arithmetic and power-sharing arrangements that have maintained a degree of stability for decades—rises. And the capacity of the state to respond to the next crisis, whether an insurgency, an oil price collapse, or a climate-driven emergency, is progressively eroded.

This is the mechanism that makes the Substrate Deficit not merely a condition of historical underdevelopment but an active, accelerating process of deterioration. Nigeria is not standing still, waiting for its institutions to be built. It is moving backward, as the fiscal foundations of even the limited governance the state currently provides are consumed by the debt spiral.

2.4 The Hollowed State: Present but Not Functional

The Nigerian state exists. It employs vast numbers of people—the federal civil service, the state civil services, the local government employees—whose salaries consume a significant share of public expenditure. It maintains institutions—ministries, departments, agencies, commissions—that appear on organisational charts and in constitutional provisions. It commands a military, a police force, and a judiciary. On paper, it is a comprehensive modern state.

In practice, much of this apparatus is a shell. The civil service is bloated and unproductive. "Ghost workers"—employees who exist on the payroll but not in reality—are a persistent feature of the system, with successive verification exercises revealing tens of thousands of fraudulent entries. The salaries that are paid to real workers are often too low to live on, creating an implicit expectation that civil servants will supplement their income through corruption, side businesses, or absenteeism in favour of other employment. The result is a public sector that is simultaneously expensive and absent—consuming resources without producing services.

The police force exemplifies the hollowing of the state. With approximately 370,000 officers for a population of 220 million, the ratio of officers to citizens is roughly one to six hundred—far below international norms for effective policing. Those officers are systematically underpaid, under-trained, and under-equipped. Many lack basic equipment—functioning vehicles, radios, protective gear, even adequate uniforms. They are deployed primarily for the protection of elites and the extraction of rents from the population they nominally serve. The checkpoint bribe is not a deviation from the system; it is the system, an informal taxation mechanism through which the state's own failure to fund its officers is externalised onto the citizens those officers are supposed to protect.

The consequences of police dysfunction cascade through every other governance domain. When the state cannot guarantee physical security, citizens turn to alternatives—private security, vigilante groups, ethnic militias, criminal networks—that provide immediate protection but undermine the state's claim to a monopoly on legitimate force. When the police are experienced as predators rather than protectors, the legitimacy of the entire governance architecture is eroded. Citizens who are extorted at checkpoints on their way to market do not become citizens who pay taxes voluntarily, participate in civic life, or trust the state to deliver justice.

The judiciary mirrors the police in its combination of formal existence and functional absence. Nigeria has over 1,500 courts, a constitutionally guaranteed judiciary, and a legal profession that includes some of Africa's finest jurists. But for the vast majority of Nigerians, the formal legal system is not a realistic option for dispute resolution. Cases take years or decades to resolve. Court infrastructure is decrepit. Judges are underpaid and subject to political pressure and corruption. Litigants who can afford to pay receive a different quality of justice from those who cannot. The result is that the formal legal system, which should be the foundation of contract enforcement, property rights, and the rule of law, is bypassed by most economic and social activity. The informal governance systems that fill the vacuum—traditional arbitration, religious mediation, community enforcement—are often more effective than the formal alternative, but they lack the reach, the consistency, and the constitutional authority that a functioning judiciary would provide.

The public education system has collapsed in much of the country. Teachers are unpaid or underpaid. Buildings are decaying. Curricula are disconnected from the needs of the economy. The result is a generation of young Nigerians who are educated, if at all, through a combination of private schools, religious institutions, and informal apprenticeships—a patchwork that produces enormous variation in quality and leaves millions without basic literacy or numeracy. The health system exists on paper but not in practice for those who cannot afford private care. Primary health centres are understaffed, under-equipped, and often closed. Nigerians who become ill rely on private clinics, traditional healers, religious healing, or nothing at all.

Infrastructure—roads, power, water—is provided inadequately by the state and supplemented privately by those who can afford it. Nigerians who can do so purchase generators to compensate for the unreliable electricity grid, boreholes to compensate for the absence of public water supply, and private security to compensate for the inadequacy of the police. The infrastructure deficit imposes an enormous tax on economic activity—raising the cost of doing business, reducing productivity, and channelling resources into private supplementation that could otherwise be invested in productive enterprise. The state's failure to provide basic infrastructure is not a gap in an otherwise functional system. It is a comprehensive privatisation of the costs of state failure, borne disproportionately by those who cannot afford to supplement what the state fails to provide.

2.5 Fractured Sovereignty — Disaggregated

The Nigerian state does not hold a monopoly on legitimate force across much of its territory. It competes, often unsuccessfully, with armed actors who have established their own governance structures. But "insecurity" is not a single phenomenon with a single cause. It is a set of distinct conflicts, each with different structural drivers, different relationships to the formal state, and different implications for the Substrate Deficit.

The North-East: Boko Haram and ISWAP. The jihadist insurgency that began in Borno State in 2009 has evolved into one of the world's most persistent and deadly conflicts. Boko Haram and its offshoot, the Islamic State West Africa Province, have at various times controlled substantial territory in the Lake Chad Basin, establishing parallel governance structures that provide dispute resolution, tax collection, and a form of order. The order they provide is brutal, ideological, and predatory—public executions, forced marriage, mass abduction—but it is order nonetheless, filling a vacuum that the Nigerian state left long before the insurgency began. The state's response has been a combination of military repression, which has contained but not eliminated the insurgency, and periodic amnesty and reintegration programmes, which have had limited success. The underlying conditions that enabled the insurgency—extreme poverty, ecological stress, the collapse of state services, the absence of economic opportunity for young men—remain largely unaddressed.

The North-West: Banditry. In Zamfara, Katsina, Kaduna, and neighbouring states, armed criminal networks have displaced state authority across vast rural areas. These networks operate kidnapping-for-ransom economies on an industrial scale, seizing thousands of victims—schoolchildren, travellers, villagers—and holding them for payment. The bandits are not ideologues. They are entrepreneurs of violence, exploiting the vacuum created by the state's absence and the proliferation of small arms across the Sahel. The security forces have proven largely incapable of suppressing them. The banditry crisis is partly driven by ecological stress—the collapse of traditional pastoral livelihoods, the desertification of grazing lands, the southward migration of herders—and partly by the same dynamics that produced the Niger Delta militancy: a young male population with no economic prospects, abundant weapons, and a state that cannot protect or provide for them.

The Middle Belt: Farmer-Herder Conflicts. Across the central states of Nigeria—Plateau, Benue, Nasarawa, Taraba—conflict between farming communities and Fulani herders has intensified dramatically over the past decade. The proximate cause is competition over diminishing arable land and water resources. The structural driver is climate change, which is accelerating desertification in the Sahel and pushing pastoralist communities southward into areas long farmed by settled agricultural populations. The conflict is not new—herders and farmers have contested land for generations—but the scale, the lethality, and the ethnic and religious dimensions of the violence have all escalated. The state's response has been inadequate: military deployments that temporarily suppress violence without addressing its drivers, and an absence of the mediated resource-sharing agreements and land-use planning frameworks that might manage the competition more sustainably.

The South-East: IPOB and Secessionist Agitation. The Indigenous People of Biafra and associated groups have mobilised significant support in the Igbo-majority south-east, driven by a perception of systematic marginalisation within the Nigerian federation. The agitation has created zones where state authority is contested—where the group's own enforcement mechanisms, community vigilantes, and criminal elements exploiting the vacuum have partially displaced formal law enforcement. The state's response has oscillated between military repression, which deepens the grievances that drive the agitation, and political dialogue, which has been intermittent and inconclusive. The south-east is not in open rebellion, but the state's authority there is conditional, contested, and incomplete.

The Niger Delta: Militancy and the Resource Curse. The oil-producing Niger Delta has been a zone of chronic instability for decades. Armed groups have periodically held the state's oil revenues hostage, attacking pipelines, kidnapping oil workers, and extracting concessions through violence and the threat of violence. The militancy is driven by a combination of environmental degradation—oil spills that have devastated fishing and farming communities—and the systematic failure of the revenue-sharing architecture to benefit the communities that host extraction. The derivation formula returns 13 percent of oil revenues to producing states, but those funds have largely been captured by state governments and political elites, doing little to address the poverty, pollution, and institutional neglect that continue to fuel the conflict. Successive amnesty programmes have bought temporary peace by paying militants to disarm, but the underlying drivers remain in place, and the region's young men continue to learn that violence is the most reliable path to a share of the oil wealth.

These five conflicts are not the same phenomenon. They have different causes, different geographies, and different relationships to the formal state. But they share a common structural feature: each represents a zone where the state's claim to a monopoly on legitimate force has collapsed, and where armed actors have filled the vacuum with governance structures of their own. The Substrate Deficit is not an abstraction. It is a lived reality for millions of Nigerians who live in territories where the state is not the primary governing authority, and where the question of who provides security, justice, and order is answered by the power dynamics on the ground, not by the constitutional provisions in Abuja.

2.6 The Parallel Governance Ecosystem

Where the state is absent, other actors govern. Nigeria is not ungoverned—it is multi-governed, by a complex ecosystem of institutions and networks that operate largely outside the formal state and that, in many cases, are more trusted and more effective than the state agencies whose functions they have absorbed.

Traditional rulers—the emirs of the north, the obas of the southwest, the chiefs of the southeast—are the oldest governance institutions in Nigeria. Their authority predates the colonial state and has survived independence, military rule, and the return to democracy. In many communities, they are the primary source of dispute resolution, land allocation, and local order. Their legitimacy is grounded in history, culture, and religion rather than in constitutional provisions. Their relationship to the formal state is complex—colonial

indirect rule incorporated them into the administration, and post-colonial governments have alternately relied on them as local agents and marginalised them as competitors—but their governance function is real, persistent, and largely unrecognised in the formal architecture.

Religious institutions have become comprehensive governance providers in their own right. The Pentecostal mega-churches of the south—Winners' Chapel, Christ Embassy, the Redeemed Christian Church of God—run schools, hospitals, microfinance programmes, and job training centres that serve millions. They are funded by tithes and offerings, accountable to their congregations, and organised with a managerial sophistication that rivals the private sector. Islamic networks in the north—the mosques, the zakat and sadaqah charitable systems, the Sharia courts in states that have adopted Islamic law—provide a parallel welfare and justice infrastructure that reaches populations the state does not serve. These institutions are not merely compensating for state failure. In some domains and some regions, they have effectively replaced the state, becoming the primary provider of services that in a functioning governance architecture would be public goods delivered by government.

Ethnic associations and market unions regulate economic activity and provide mutual support. The Igbo town unions, the Yoruba progress associations, the Arewa consultative forums—these organise social life, mediate disputes, and provide a framework for collective action within ethnic communities. The market trader associations of Onitsha, Kano, and Aba manage commercial spaces, enforce quality standards, resolve conflicts between buyers and sellers, and provide credit and mutual insurance. These institutions are not informal in the sense of being unstructured or unreliable. They are highly organised, deeply embedded in their communities, and essential to the functioning of the economy.

Vigilantes and militias provide security where the state cannot or will not. The Civilian Joint Task Force in Borno State, formed by local communities to resist Boko Haram, has been partially integrated into the formal security architecture. Vigilante groups across the country—the Amotekun in the southwest, the Ebubeagu in the southeast, the Hisbah in the north—operate with varying degrees of state recognition and varying records of effectiveness and abuse. They fill a genuine need: when the police are absent or predatory, communities organise their own protection. But they also pose a genuine risk: armed groups that operate outside formal accountability mechanisms can become predators themselves, extracting protection rents, settling local scores, and enforcing their own version of order.

Digital platforms are building a new governance layer that operates entirely outside state control. Mobile money services—Paga, OPay, and the fintech giants Flutterwave and Paystack—have created a financial infrastructure that reaches tens of millions of Nigerians who have never had a bank account. Social media platforms coordinate everything from commerce to protest. Blockchain-based systems are being explored for land registration, identity verification, and transparency in public finance. The digital governance revolution is not a future prospect. It is already underway, driven by a population that is young, technologically adept, and accustomed to finding solutions outside the formal state.

The parallel governance ecosystem is a genuine achievement. It demonstrates that Nigerian society possesses the capacity for coordination, collective action, and institutional innovation that the formal state has never successfully harnessed. But it is also fundamentally limited. Traditional rulers are unelected and patriarchal. Religious institutions are dogmatic and exclusionary. Ethnic associations are parochial and sometimes violent. Vigilantes operate outside the rule of law. Digital platforms are unregulated and vulnerable to fraud. None of these systems, individually or collectively, can substitute for a functioning state with a legitimate monopoly on force, a predictable legal framework, and a fiscal architecture that aligns accountability with service delivery. The parallel governance ecosystem can manage daily life in the gaps the state leaves. It cannot coordinate national responses to national challenges, enforce uniform standards of justice and human rights, or provide the public goods—defence, infrastructure, macroeconomic stability—that only a state can deliver.

2.7 The Igbo

Igba Boi

Apprenticeship System — Governance Success Invisible to Formal Analysis

The Igbo apprenticeship system, known as *igba boi* or *igba odibo*, is the most compelling evidence that Nigeria is capable of generating sophisticated governance institutions organically—when those institutions emerge from culturally legitimate coordination structures rather than being imposed from above.

The system operates simply but powerfully. A young person, typically in their teens or early twenties, is apprenticed to an established merchant—often a family member or community connection. The apprentice works for the merchant for a period of years, learning the trade, absorbing the networks, and proving their competence and character. At the end of the apprenticeship, the merchant capitalises the apprentice—providing the startup funds to establish their own business. The new entrepreneur then becomes part of the network, eventually taking on apprentices of their own, and the cycle continues.

This is not merely a training system. It is a distributed trust-based capital allocation mechanism that has financed generations of Igbo entrepreneurs without any formal institutional support. It solves three problems simultaneously: the transmission of skills (the apprentice learns the trade through practice), the allocation of capital (the merchant provides startup funding based on intimate knowledge of the apprentice's competence and character), and the enforcement of obligations (the relationship is embedded in community networks that make default socially catastrophic). The system operates at enormous scale, has proven durable across generations, and has adapted to the transformation of the Nigerian economy from agriculture to commerce to services.

The

igba boi

system demonstrates several things that are directly relevant to the transition architecture this report will propose. First, it shows that contract enforcement does not require formal courts—it can be achieved through reputation mechanisms embedded in dense social networks. Second, it shows that capital allocation does not require formal banks—it can be achieved through trust relationships that develop over years of direct observation. Third, it shows that governance institutions can scale without state support—the system has expanded across geographies and economic sectors while remaining entirely outside the formal institutional framework.

Most importantly, the *igba boi* system demonstrates that the cultural operating system of Nigerian society—the *Oga-Madam* patronage logic that this report identifies as a barrier to Weberian state-building—can also be the foundation for effective governance institutions. The apprenticeship relationship is a patronage relationship: the *oga* provides opportunity and capital; the apprentice provides loyalty and service. But it is a productive patronage, oriented toward economic creation rather than extraction, embedded in accountability mechanisms that align the interests of patron and client. It suggests that the path to governance improvement in Nigeria may not require abandoning the cultural logic of patronage but redirecting it—from the extraction of rents from the state to the creation of value in the economy.

2.8 The Demographic-Ecological Pressure Cooker

Nigeria's governance challenges are being intensified by demographic and ecological pressures that no architecture, however well-designed, could easily manage—and that the current architecture is structurally incapable of addressing.

The fertility rate in the northern states remains above five children per woman. The national population, currently estimated at over 220 million, is projected to reach between 350 and 450 million by 2050, making Nigeria one of the world's most populous nations regardless of what governance choices are made in the coming decades. Over sixty percent of the population is under twenty-five. The youth bulge could be a demographic dividend—a vast labour force entering the economy, driving consumption, innovation, and growth—or a demographic catastrophe, if the economy cannot generate employment and the state cannot provide basic services for the tens of millions of young people who will enter adulthood in the coming decades.

The employment challenge is staggering. The formal economy absorbs only a small fraction of new entrants to the labour force. The informal economy is dynamic and adaptive, but it cannot generate the scale of employment needed to absorb a population growing at this rate. The result is a generation of young Nigerians—particularly young men—who are educated, connected, and aspirational, but who lack the economic opportunities that would allow them to build stable lives. This is the demographic substrate of the insurgencies, the banditry, the militancy, and the emigration that are reshaping Nigerian society. Young men with no jobs, no prospects, and no stake in the existing order are the primary recruitment pool for armed groups, criminal networks, and the migration routes that carry Nigerians across the Sahara to the Mediterranean and beyond.

Urbanisation compounds the demographic pressure. Lagos is already one of the world's largest metropolitan areas, at approximately twenty-five million people, with infrastructure designed for a small fraction of that. The city adds hundreds of thousands of new residents annually, drawn by economic opportunity from across Nigeria and West Africa. The result is a metabolic dynamic in which Lagos absorbs human capital from the collapsing peripheries—thriving, in a sense, because the rest of the country is failing—while straining against the limits of its own infrastructure. Housing is unaffordable for most residents. Public transport is inadequate. The power grid is unreliable. Flooding, driven by climate change and inadequate drainage, is a recurring crisis. Lagos is not collapsing. But it is operating at the edge of what its informal adaptive capacity can sustain, and the pressure is rising.

Climate change is an accelerant for all of Nigeria's governance challenges. Desertification in the Sahel is shrinking the productive land available to pastoralist communities, driving Fulani herders southward into farming regions and intensifying the farmer-herder conflicts that have become one of Nigeria's most destabilising dynamics. Rising temperatures and changing rainfall patterns are reducing agricultural productivity across the country, at a time when food demand is rising with population growth. The flooding that increasingly affects Lagos and other coastal cities is partly driven by sea level rise and partly by inadequate urban planning. The Niger Delta, already devastated by oil spills, faces additional stress from the ecological effects of climate change on coastal ecosystems. None of these pressures are unique to Nigeria, but Nigeria's governance architecture is less capable of responding to them than any of the other countries examined in this series.

2.9 The Cultural Operating System: *Oga-Madam* + "The National Cake" + *Jugaad* + Pentecostal Resilience

Nigeria's governance culture operates through four interlocking logics that together explain why the Substrate Deficit has proven so resistant to reform—and why the informal governance systems that have developed in response are simultaneously resilient and limited.

Oga-Madam

Patronage. The patron-client relationship—*oga* for a male patron, *madam* for a female—is the fundamental building block of Nigerian political and economic organisation. In this system, a "big man" or "big woman" provides protection, opportunity, and resources to a network of dependents in exchange for loyalty, service, and political support. The patron secures a government contract and distributes subcontracts to members of the network. The patron wins an election and appoints network members to positions they may or may not be qualified to fill. The patron extracts resources from the state and shares them with the community, fulfilling an obligation that is simultaneously social, moral, and political.

This system predates the colonial state. It was the organising principle of many pre-colonial societies. It was partially incorporated into the structures of indirect rule. And it has now so thoroughly colonised the post-colonial state that the distinction between public office and private patrimony has been erased. From the perspective of Weberian rational-legal bureaucracy, the

Oga-Madam

system is corruption. From the perspective of the cultural operating system, it is obligation. The politician who fails to distribute resources to his community is not honest—he is neglectful. The civil servant who processes a contract without extracting a commission is not professional—she is foolish. The logic is comprehensive, coherent, and self-reinforcing. And it makes the construction of impersonal, rule-based governance institutions extraordinarily difficult, because the cultural expectations that sustain patronage are more powerful than the legal frameworks that prohibit it.

"The National Cake." The phrase captures the understanding, so deeply internalised that it requires no articulation, that governance is not the provision of public goods but the distribution of a finite resource among competing claimants. The state is a cake to be shared. The politician's job is to secure a slice for his people. The ethnic group's political representatives exist to ensure that their group is not excluded from the distribution. The logic of the national cake transforms political competition from a contest over policy into a contest over access—a zero-sum struggle for shares of a resource that is perceived as fixed and external to the society, rather than generated by the society's own productive activity.

The national cake logic is the cultural expression of the petrostate architecture. When the state's revenues come from oil, not taxation, the state's resources appear to be exogenous—a gift of nature, not a product of collective effort. The question of governance becomes "how do we divide what the state has?" rather than "how do we build the economy and society that the state is supposed to serve?" The result is a political culture in which elections are auctions, ministries are entitlements, and the idea of the public good as something distinct from the distribution of spoils has almost no cultural traction.

Jugaad

(Nigerian-Style). The Indian concept of *jugaad*—frugal innovation, making do, finding a workaround—has a Nigerian equivalent that is sometimes called "hustle" or "making it work." It is the improvisational genius that enables Nigerians to survive and even thrive in the gaps the state leaves. The market woman who builds a supply chain without formal contracts. The entrepreneur who powers his business with a generator and connects to customers through mobile money. The community that organises its own security when the police are absent. The young person who learns coding from YouTube and builds a startup from a laptop in a Lagos café. *Jugaad* is resilience, creativity, and agency. It is also a mechanism that makes the formal state feel unnecessary. If you can get what you need without the state, why would you pay taxes to fund it? If you can enforce your contracts through reputation networks, why would you use the courts? The adaptive capacity that *jugaad* represents is a genuine strength. It is also a barrier to the construction of formal institutions, because it provides a functional alternative to them.

Pentecostal Resilience. Pentecostal Christianity has exploded in Nigeria over the past four decades, becoming one of the most powerful social forces in the country. The mega-churches are not merely places of worship. They are comprehensive governance institutions—providing education, healthcare, microfinance, job training, and social welfare to populations the state has abandoned. They are also meaning-production systems, offering a narrative of hope, transformation, and prosperity that the state cannot match. The

prosperity gospel—the teaching that faith, tithing, and positive confession will lead to material blessing—is a powerful motivational engine, driving entrepreneurship, aspiration, and the belief that individual effort can overcome structural constraints. It is also, from a governance perspective, a mechanism that channels energy and resources into the religious sphere rather than the political sphere, reducing the pressure on the state to perform and providing a psychological framework that makes state failure tolerable. The pastor is more trusted than the politician. The church is more present than the school. And the belief that God will provide makes the demand that the state should provide feel less urgent.

2.10 The Climate-Migration-Conflict Feedback Loop

One of the most dangerous features of Nigeria's governance environment is a compounding feedback loop that intensifies all of the other mechanisms described in this section. It operates as follows:

Sahel desertification, driven by climate change and land degradation, shrinks the productive grazing land available to pastoralist communities in the far north of Nigeria and across the Sahelian belt. Fulani herders, whose livelihoods depend on access to grazing land and water, are pushed southward into the Middle Belt and beyond, into areas long farmed by settled agricultural communities. The arrival of large herds on cultivated land generates competition over diminishing resources—land, water, crop residues—that escalates into violence. Farmer-herder conflicts, which were historically managed through local mediation and seasonal negotiation, have become more frequent, more lethal, and more ethnically and religiously charged.

The violence displaces populations. Farming communities flee the most affected areas. Herding communities move further south. The displaced put pressure on urban centres—Kaduna, Jos, Makurdi, and increasingly Lagos—where they join the millions already living in informal settlements with inadequate housing, sanitation, employment, and security. The urban pressure intensifies the metabolic dynamic in which Lagos and other cities absorb human capital from the collapsing peripheries while straining against the limits of their own infrastructure.

The conflict also interacts with the other security crises. The banditry in the North-West is partly driven by the same ecological and economic dynamics that fuel the farmer-herder conflicts—the collapse of traditional pastoral livelihoods, the proliferation of small arms, the absence of state authority. The insurgency in the North-East draws recruits from a population of young men whose economic prospects have been further diminished by climate-driven agricultural stress. The competition for resources intensifies ethnic and religious tensions that the national cake logic already makes salient. And the state, hollowed by the petrostate architecture and the debt spiral, is progressively less capable of responding to any of these pressures.

This feedback loop will intensify regardless of governance choices. Climate change is not a future threat in Nigeria; it is a present reality. The desertification of the Sahel, the southward migration of pastoralist communities, and the competition over arable land and water are not projections. They are trends that are already underway and that will accelerate as global temperatures rise. The governance question is not whether Nigeria can prevent these pressures. It is whether Nigeria can build the institutional capacity to

manage them—to mediate the conflicts they generate, to support the populations they displace, to plan the urban growth they accelerate—before the pressures overwhelm what remains of the state's capacity to function.

2.11 How the Mechanisms Reinforce Each Other — and Fuel the Loop

The structural mechanisms described in this section are not a list of separate problems, each amenable to its own targeted intervention. They are an integrated system, and the system's output is the Extraction–Dissociation–Informal Adaptation–Crisis Loop.

The petrostate architecture funds the extraction coalition through the Federation Account, severing the taxation-accountability link that would otherwise create political pressure for service delivery. The extraction coalition hollows the formal state, diverting resources from public goods to patronage distribution and leaving the police, courts, schools, and hospitals underfunded and dysfunctional. The hollowed state creates a governance vacuum that informal networks—traditional rulers, religious institutions, ethnic associations, vigilantes, digital platforms—fill with adaptive but fragmented governance. The parallel governance ecosystem, while functional, prevents the emergence of unified national institutions by providing alternatives that make the formal state feel unnecessary. The debt spiral consumes the fiscal resources that might otherwise fund reform, accelerating the state's deterioration while the extraction coalition borrows against future revenues to sustain present consumption. The demographic-ecological pressure cooker intensifies all stresses simultaneously—more young people, fewer jobs, more climate-driven displacement, more competition over resources, more violence. The cultural operating system—*Oga-Madam* patronage, the national cake understanding, *jugaad* improvisation, Pentecostal resilience—makes the entire arrangement feel normal, even obligatory, while providing the psychological and social infrastructure that enables Nigerians to survive and even flourish within it. And the climate-migration-conflict feedback loop compounds the pressures that the state cannot manage, generating crises that periodically overwhelm the informal coping mechanisms and force temporary realignment—military deployments, ad-hoc fiscal transfers, elite power-sharing deals—that restore the equilibrium without changing the underlying architecture.

Each mechanism feeds the others. The petrostate architecture produces the extraction coalition. The extraction coalition hollows the state. The hollowed state makes space for parallel governance. The parallel governance makes the state's absence tolerable. The debt spiral consumes the resources that might break the cycle. The demographic-ecological pressures intensify every stress. The cultural operating system legitimises the entire arrangement. And the climate-conflict loop accelerates the crises that the system cannot resolve.

This is not a conspiracy. It is not a failure of individual leadership or political will, though both matter. It is the predictable output of an architecture that was designed, by colonial logic and post-colonial adaptation, to extract rather than to govern—and whose extraction logic has now become so deeply embedded in institutions, incentives, and culture that it reproduces itself automatically, with each cycle of the loop, at a slightly higher level of fragility.

The question is whether interventions exist that can interrupt this loop—not by replacing the architecture in its entirety, which is impossible in the near term, but by strengthening the elements of the system that are oriented toward governance rather than extraction, and by creating interfaces between the formal and informal governance systems that allow them to evolve together rather than operating in perpetual, mutually reinforcing dissociation. The transition architecture that follows from this question is the subject of the subsequent sections.

3. What Building Governance Substrate Would Look Like

3.1 The Principle: Build on What Nigeria Already Governs Well

For sixty years, the dominant approach to governance reform in Nigeria has been institutional construction from above. Strengthen the federal ministries. Professionalise the civil service. Reform the police. Modernise the courts. Deepen democracy through elections, party competition, and civil society advocacy. This approach has not been entirely without results—the Independent National Electoral Commission has demonstrated increasing competence in recent electoral cycles, the Central Bank has maintained a degree of technocratic autonomy, and pockets of professional excellence exist within the civil service and judiciary. But the approach has failed to alter the fundamental architecture of the Substrate Deficit. The Extraction–Dissociation–Informal Adaptation–Crisis Loop has absorbed every reform directed at it from above, neutralising their impact without changing the underlying dynamics.

The reason is structural. The formal state is the instrument of the extraction coalition. Reforming the formal state from above means asking the extraction coalition to reform the instrument through which it extracts. The coalition has no incentive to do so, and it controls the reform process. When reform threatens extraction, the reform is captured, diluted, or abandoned. When reform leaves extraction intact, it changes nothing. This is not a problem of insufficient political will. It is a problem of the architecture itself: the same institutions that would need to implement reform are the institutions whose function is extraction, and the people who would need to lead reform are the people who benefit from extraction.

The alternative is to build governance substrate from below—not by replacing the informal systems that already govern Nigerian life, but by strengthening them, connecting them, and gradually constructing the interfaces between informal and formal governance that would allow both to evolve. This is not the standard governance reform agenda. It does not begin with constitutional amendments, civil service restructuring, or anti-corruption campaigns. It begins with the recognition that Nigeria already possesses a functioning governance ecosystem—the traditional rulers who resolve disputes, the religious networks that deliver services, the market associations that regulate commerce, the digital platforms that coordinate activity, the apprenticeship system that allocates capital—and that the task is not to replace this ecosystem with Weberian institutions but to build the connections, the accountability mechanisms, and the shared infrastructure that would allow it to function as a coherent governance architecture rather than a fragmented set of parallel systems.

This approach works with the grain of Nigerian society rather than against it. It does not require the extraction coalition to voluntarily dismantle itself. It creates alternative pathways for governance improvement that bypass the blocked institutions of the formal state. And it generates evidence that can shift

the political equilibrium over time—by demonstrating that alternative governance models work, by creating constituencies for their expansion, and by making the dysfunction of the formal state more visible by contrast with the functionality of the alternatives.

The transition architecture this section describes is not a blueprint. It is a framework for interface-building: identifying the points of connection between formal and informal governance, strengthening them where they exist, creating them where they do not, protecting the islands of integrity that have survived the extractive logic, and allowing the evidence of what works to accumulate until the political conditions for deeper reform are created by the demonstrated success of the alternatives. It is a generational project. But it is a project that can begin now, from where Nigeria actually is, without waiting for a transformation of the formal state that shows no sign of arriving.

3.2 Interface Institutions: Hybrid Formal-Informal Governance

The most direct response to the Substrate Deficit is the construction of hybrid institutions that formally recognise and integrate the informal governance systems that already function, creating interfaces between the formal state and the real governance of Nigerian life.

The model is not novel. Nigeria's informal governance systems are already partially recognised in law and practice. Traditional rulers are mentioned in the constitution, though their powers are not defined. The Sharia courts of the north operate alongside the formal judiciary. Vigilante groups have been partially incorporated into state security architectures in several regions. But these relationships are ad hoc, contested, and incomplete. The task is to make them systematic, accountable, and oriented toward governance improvement rather than elite accommodation.

Traditional Rulers and Local Governance. The emirs, obas, and chiefs who exercise real authority in many Nigerian communities should be formally integrated into local governance structures—not as rivals to elected local government, but as complementary institutions with defined roles. Their functions in dispute resolution, land allocation, and community mediation are already performed. Formalising these functions would provide them with legal recognition, training in modern administration, and accountability mechanisms—transparency in their decisions, appeal pathways to the formal courts, and integration with the statutory functions of local government councils. The goal is not to replace traditional authority with modern bureaucracy, nor to preserve it as an untouchable relic. It is to connect it to the formal governance architecture, making it more predictable, more accountable, and more capable of interacting with the state institutions that deliver services and enforce rights.

Religious Networks as Service Delivery Partners. The Pentecostal churches and Islamic networks that already provide education, healthcare, and welfare should be engaged as formal partners in service delivery, within regulatory frameworks that ensure quality, inclusion, and accountability. A church that runs a school should be subject to the same educational standards as a public school. A mosque that distributes zakat should be integrated into social welfare systems that coordinate assistance and prevent duplication. The goal

is not to co-opt religious institutions into the state, nor to regulate them out of existence. It is to recognise that they are already performing governance functions, and to create the frameworks that allow them to perform those functions more effectively, more accountably, and in coordination with the public sector rather than in isolation from it.

Market Associations and the Informal Economy. The trader unions that manage Nigeria's markets should be recognised as partners in economic governance, with simplified regulatory frameworks that bring them into the formal system without destroying the adaptive capacity that makes them effective. A market association that enforces quality standards and resolves commercial disputes should have its decisions recognised in the formal legal system, subject to appeal. A trader who pays dues to a market association should be able to satisfy tax obligations through a simplified regime that the association administers on behalf of the state. The goal is not to formalise the informal economy in the sense of imposing regulatory burdens that would crush it. It is to build bridges between the informal and formal systems that allow both to benefit—the informal sector gaining legal recognition and protection, the formal state gaining revenue and regulatory reach.

The

Igba Boi

Apprenticeship System as a Model for Interface Design. The Igbo apprenticeship system is the clearest example of what hybrid governance can achieve. It is already a functioning capital allocation, skill transmission, and obligation enforcement mechanism. Formalising it would not mean regulating it into rigidity. It would mean recognising apprenticeship contracts in the formal legal system, providing dispute resolution mechanisms that respect the system's internal logic while offering appeal pathways, and creating frameworks that allow successful apprentices to access formal credit markets on the basis of their apprenticeship track record. The *igba boi* system demonstrates that Nigerian society can generate governance institutions that are culturally legitimate, economically effective, and scalable. The task is to learn from what it has achieved, and to apply those lessons to other domains.

3.3 Fiscal Architecture Reform: Performance-Linked Revenue Sharing

The Federation Account formula is the master mechanism of the petrostate architecture. Reforming it is both essential and extraordinarily difficult—because the formula is the basis on which the entire extraction coalition is organised, and any change threatens the interests of powerful stakeholders who have the capacity to block reform. The transition architecture must therefore proceed indirectly: creating fiscal mechanisms that operate alongside the Federation Account, that generate constituencies for accountability, and that gradually shift the fiscal equilibrium without requiring a frontal assault on the existing formula.

Performance-Linked Grants. A voluntary programme through which states and local governments that meet independently verified governance performance standards receive enhanced fiscal transfers, greater regulatory autonomy, and technical assistance. The standards would include measurable improvements in tax generation, service delivery, procurement transparency, and security outcomes. The programme would be

administered by a statutory body with independent oversight, modelled on successful performance-based financing programmes in Rwanda and elsewhere. States that choose to participate would receive additional resources in return for demonstrable governance improvements. States that choose not to participate would continue to receive their standard Federation Account allocations. The programme would create a pathway for accountability-oriented state governments to access resources that are not mediated by the patronage networks of the federal allocation system.

Tax Base Expansion. The long-term goal is to rebuild the taxation-accountability link that the petrostate architecture severed—by expanding the share of government revenue that comes from citizens rather than oil. This requires making taxation simpler, more transparent, and more visibly connected to service delivery. Simplified tax regimes for informal businesses, administered through market associations and digital platforms, can bring millions of economic actors into the tax system without imposing the burdens of formal corporate taxation. Digital taxation—VAT on mobile money transactions, for example—can capture revenue from the growing digital economy. The goal is not to maximise tax revenue in the short term. It is to establish the principle that governments depend on citizens for revenue, and that citizens who pay taxes are entitled to services.

Subsidy Reform. The fuel subsidy, where it persists in any form, should be replaced with targeted cash transfers that deliver the subsidy's intended benefits more efficiently, more equitably, and with less corruption. The technical architecture for this exists—Nigeria has made progress in developing a social register and cash transfer infrastructure. The political challenge is that the subsidy is one of the few tangible benefits many citizens receive from the state, and its removal triggers opposition that can destabilise governments. The solution is to demonstrate, through visible and reliable cash transfers, that the alternative is real. A citizen who receives a monthly transfer that exceeds the value of the fuel subsidy she previously received, reliably delivered, has a material interest in the reform.

3.4 Security-First State Building: Reclaiming the Monopoly on Violence Through Collaboration

The Nigerian state cannot govern territory it does not control. Reclaiming the monopoly on legitimate force—in the zones where it has been lost to insurgents, bandits, militias, and criminal networks—is a prerequisite for any other governance improvement. But the military-first approach that has dominated Nigerian security policy for decades has proven incapable of delivering durable results. Military operations can suppress violence temporarily. They cannot address the conditions that generate it.

Community Policing. The Civilian Joint Task Force in Borno State—local vigilantes who organised to resist Boko Haram and were partially integrated into the formal security architecture—provides a model for security provision in ungoverned spaces. Community members who know their terrain, their populations, and the dynamics of local conflict are more effective at local security than soldiers deployed from distant barracks. The task is to formalise these arrangements: training community security actors in human rights

and accountability, integrating them into command structures that connect them to formal security forces, and providing them with the resources and legal authority to operate effectively while subjecting them to oversight that prevents them from becoming predators themselves.

Differentiated Strategies for Different Zones. The security challenges in the Northeast, Northwest, Middle Belt, Southeast, and Niger Delta are not the same phenomenon. They require different responses. In the Northeast, the priority is a combination of counter-insurgency operations, negotiated demobilisation where possible, and massive investment in the reconstruction of communities devastated by the conflict. In the Northwest, the priority is the disruption of kidnapping-for-ransom economies through a combination of targeted security operations, economic alternatives for young men currently recruited into banditry, and negotiated settlements with bandit groups willing to disarm. In the Middle Belt, the priority is mediated resource-sharing agreements between herder and farmer communities, land-use planning that reduces competition, and early warning systems that prevent local disputes from escalating into mass violence. In the Southeast, the priority is political dialogue that addresses the grievances driving secessionist agitation. In the Niger Delta, the priority is the genuine devolution of oil revenues to the communities that host extraction, combined with environmental remediation and economic diversification. A national security strategy that treats all of these as the same problem will fail in all of them.

Amnesty and Reintegration. The Niger Delta amnesty programme, for all its flaws, demonstrated that paying militants to disarm can buy temporary peace. The lesson is not that amnesty is a solution—it is that amnesty must be linked to genuine economic alternatives, or it becomes a protection racket in which the state pays armed groups not to attack, and the armed groups retain the capacity to attack whenever payments are insufficient. Effective reintegration requires job training, education, microfinance, and the creation of economic opportunities that make disarmament a path to a better life rather than a temporary pause in violence.

3.5 Expanding Islands of Integrity

Amid the dysfunction of the formal state, there are institutions that function—that deliver services, enforce rules, and maintain a degree of autonomy from the extraction coalition. These islands of integrity are not sufficient to govern Nigeria. But they demonstrate that Nigerian governance can be competent when conditions align, and they provide the institutional foundations on which broader reform can build.

The Central Bank of Nigeria has, under successive governors, maintained a degree of technocratic autonomy that is unusual in the Nigerian state. Its management of monetary policy, its oversight of the banking sector, and its efforts to develop digital payment infrastructure represent genuine governance capacity. Protecting the Central Bank's independence from political interference—and extending its regulatory reach into the fintech sector that is building parallel financial infrastructure—should be a priority.

The Independent National Electoral Commission has demonstrated increasing competence in recent electoral cycles, with improvements in voter registration, results transmission, and the overall credibility of elections. The 2023 elections were far from perfect, but they represented progress relative to earlier cycles—and the trajectory matters. Protecting INEC's institutional autonomy, providing it with reliable funding that is not subject to political manipulation, and continuing to invest in the technological infrastructure that reduces opportunities for manipulation should be priorities.

The Economic and Financial Crimes Commission, despite its limitations—selective prosecution, political instrumentalisation, and an uneven record—has demonstrated that corruption can be investigated and prosecuted in Nigeria. Strengthening the EFCC's institutional independence, providing it with secure funding, and insulating its leadership from political pressure would allow it to function more effectively and more credibly.

Lagos State demonstrates that Nigerian state government can be competent when there is political will, administrative capacity, and a revenue base. Lagos has pioneered innovations in tax collection, public transport, waste management, and security that have become models for other states. Protecting Lagos's autonomy, studying its successes, and creating mechanisms that allow other states to learn from its experience should be priorities.

Pockets of Professional Excellence. Within the civil service, the judiciary, and the security forces, there are individuals and units that maintain professional standards despite the dysfunction around them. They are the human infrastructure on which any governance improvement depends. Identifying them, protecting them from political interference, and creating career pathways that reward competence rather than patronage should be priorities.

These islands of integrity are not sufficient. They are fragments of a functioning state, surrounded by a sea of dysfunction. But they are the starting point. The transition architecture should protect them, connect them, and gradually expand the territory they govern—not by absorbing them into the extraction coalition, but by insulating them from it and allowing their example to create pressure for broader reform.

3.6 Digital Governance Leapfrogging

Nigeria's digital transformation is one of the most dynamic in the developing world. Mobile money, fintech platforms, digital identity systems, and social media coordination networks are building a parallel governance layer that operates largely outside state control. The task is not to regulate this layer out of existence. It is to connect it to the formal governance architecture—making it more accountable, more inclusive, and more capable of supporting the functions that the formal state currently fails to perform.

Fintech as Financial Infrastructure. Companies like Flutterwave, Paystack, Paga, and OPay have created financial infrastructure that reaches tens of millions of Nigerians who have never had a bank account. These platforms already function as de facto banking systems. Regulating them as such—with appropriate

consumer protections, anti-money laundering requirements, and prudential oversight—would bring them into the formal financial system without destroying the agility and innovation that make them effective. Taxing digital transactions at low rates would generate revenue while establishing the principle that economic activity, even in the digital informal sector, contributes to public goods.

Digital Identity. The Bank Verification Number system, introduced to combat fraud in the banking sector, has become a de facto national identity infrastructure. Expanding it into a comprehensive digital identity system—linked to health records, educational credentials, voting registration, and social welfare—would create the informational foundation for governance that the current paper-based systems cannot provide. A digital identity that is portable, secure, and linked to service delivery would be a transformative governance tool.

Blockchain for Transparency. Blockchain-based systems for tracking government revenue, procurement, and expenditure could provide the transparency that Nigeria's opaque fiscal architecture has never achieved. If oil revenues, Federation Account distributions, and government contracts were recorded on public, auditable ledgers, the opportunities for extraction would be reduced—not eliminated, but made more visible, more contestable, and more politically costly.

Digital Civic Engagement. Social media platforms already coordinate Nigerian civic life—from commerce to protest. Platforms like BudgIT, which visualises government budget data for citizens, demonstrate that digital tools can make governance more transparent and more participatory. Expanding these platforms, and connecting them to formal governance processes—public consultations, citizen report cards, participatory budgeting—would create feedback channels between citizens and the state that the current architecture lacks.

3.7 Youth Co-Governance

Nigeria's youth are not a problem to be managed. They are the primary resource on which the country's future depends. The transition architecture must create pathways for young Nigerians to participate in governance—not as subjects or beneficiaries, but as co-constructors of the institutions that will govern their lives.

Youth Quotas and Representation. Mandating youth representation in parliament, state assemblies, and local government councils—through reserved seats, party quotas, or constitutional provisions—would bring young voices into institutions that are currently dominated by older generations with different incentives and different time horizons. Quotas are a blunt instrument, but they have been effective in other contexts at breaking the cycle of exclusion that keeps young people out of governance.

Youth Parliaments and Advisory Bodies. Creating formal youth advisory structures—national and state youth parliaments, youth advisory councils to governors and ministers—would provide platforms for young Nigerians to develop governance skills, build networks, and influence policy. These structures would not

replace representative democracy. They would complement it, creating pathways for youth participation that the current architecture does not provide.

Digital Democracy. Young Nigerians are digital natives. Governance platforms that meet them where they are—on mobile devices, on social media, on the digital infrastructure they already use—would engage a generation that is disconnected from formal politics but deeply engaged in digital civic life. Online consultations, participatory budgeting apps, and digital town halls would create feedback channels between young citizens and the state that the current architecture lacks.

Education for Governance. The collapse of public education is both a crisis and an opportunity. A rebuilt education system—or a parallel system of community schools, religious institutions, and digital learning platforms—that teaches not only literacy and numeracy but also civic literacy, critical thinking, and governance skills would produce a generation capable of constructing the institutions that the current generation has failed to build.

3.8 The Diaspora as Governance Partner

The Nigerian diaspora—over twenty million people, concentrated in the United Kingdom, the United States, Canada, and across Africa—is already a governance actor. Its remittances fund households, its investments shape the economy, and its political advocacy influences both Nigerian and international politics. The transition architecture should formally recognise and engage the diaspora as a partner in governance development.

Diaspora Investment Vehicles. Creating formal investment vehicles—diaspora bonds, infrastructure funds, venture capital platforms—that channel diaspora capital into Nigerian development would convert remittances from consumption support into productive investment. A diaspora bond that funds renewable energy infrastructure, for example, would provide returns to investors while building the power generation capacity that the state has failed to deliver.

Skills Transfer Programmes. The diaspora includes some of Nigeria's most educated and skilled citizens—doctors, engineers, academics, entrepreneurs. Creating structured programmes that enable diaspora professionals to contribute to Nigerian institutions—through visiting professorships, medical missions, technical advisory roles, and mentorship programmes—would transfer skills and build institutional capacity without requiring permanent return.

Diaspora Political Engagement. The diaspora is already politically engaged—funding campaigns, advocating for policy changes, and mobilising international pressure on Nigerian governance issues. Formalising diaspora representation—through diaspora voting rights, advisory councils, or a dedicated diaspora ministry—would recognise the diaspora's governance role and channel its engagement productively.

3.9 Lagos as Scaling Model

Lagos is both a demonstration of what Nigerian governance can achieve and a warning about the limits of informal adaptation. The city functions—imperfectly, chaotically, but genuinely—at a scale that no other Nigerian city approaches. Its governance innovations, its revenue generation, its security architecture, and its engagement with the informal economy provide a model that other Nigerian states can study and adapt.

The Lagos Model. Lagos's success is built on several factors that are replicable: political continuity that has allowed reforms to accumulate over multiple administrations, a revenue base that includes internally generated revenue from taxation rather than dependence on Federation Account allocations, an administrative capacity that is unusually competent by Nigerian standards, and a pragmatic engagement with the informal economy that seeks to integrate rather than suppress it. Understanding what makes Lagos work—and what its limits are—is a research and policy priority.

Competitive Federalism. The federal structure of Nigeria, for all its dysfunction, provides an opportunity: states that govern well can attract investment, talent, and recognition, creating pressure on poorly governed states to improve. The transition architecture should amplify this dynamic—rewarding high-performing states with greater autonomy, fiscal resources, and public recognition, and creating mechanisms that allow other states to learn from their success. Competitive federalism does not require federal reform. It requires only that the federal government allow successful states to succeed, and that the evidence of their success be visible to others.

Metropolitan Governance. Lagos's growth has overwhelmed its administrative boundaries. The city spills across multiple local government areas and into neighbouring Ogun State, creating coordination problems that its fragmented governance architecture cannot easily resolve. A Lagos Metropolitan Authority—with jurisdiction over transport, housing, and environmental management across the functional metropolitan area—would provide the governance infrastructure that the city's scale demands. This is a model that other Nigerian cities—Kano, Ibadan, Port Harcourt, Abuja—will eventually need as well.

3.10 The Role of the Centre: Enable, Invest, Protect, and Get Out of the Way

The transition architecture this section describes is deliberately sub-national in its primary drivers. This is not an ideological preference for decentralisation. It is a strategic recognition that the federal state is the primary locus of the extraction coalition, and that attempting to drive transformation from the centre is likely to result in the centre neutralising the transformation. The states, the local governments, the informal governance systems, and the digital platforms are where adaptive energy exists. They are where governance can be built before the centre is ready to acknowledge it.

The centre's role in this architecture is essential but circumscribed. It enables, by creating the statutory frameworks that recognise and support hybrid governance institutions, performance-linked grants, and digital governance platforms. It invests, by providing dedicated funding streams for security, education, and

infrastructure—ideally through mechanisms that are insulated from political manipulation. It protects the islands of integrity—the Central Bank, INEC, the EFCC—from political interference, and creates legal frameworks that allow them to function with genuine autonomy. And it gets out of the way—resisting the temptation to standardise, to mandate, to convert the emergent diversity of local experimentation into a uniform national programme before the evidence of what works has been generated.

This is not a rapid transformation. It is a deliberate, accumulative process that respects the pace at which institutions can be built and legitimacy can be earned. But it is a process with a direction—and its direction is toward the construction of the governance substrate that every other transition architecture in this series takes for granted. The centre does not drive the transformation. It makes the transformation possible, and then it lets the evidence of superior performance do the persuasive work that no amount of central advocacy could achieve.

4. The Political Immune System: The Extraction Coalition

4.1 The Extraction Coalition Defined

Every governance architecture develops an immune system—a set of institutions, incentives, and actors that protect the existing order from challenge. In Germany, the immune system is bureaucratic inertia. In France, it is the spectacle of centralised authority. In Russia, it is the deliberate destruction of feedback channels. In Japan, it is the Stability Bias that makes continuity feel like virtue and disruption feel like threat.

Nigeria's immune system is the Extraction Coalition: the network of political elites, bureaucratic rentiers, business magnates, security force actors, and traditional and religious intermediaries whose interests are served by the continuation of the Extraction–Dissociation–Informal Adaptation–Crisis equilibrium. The coalition is not a conspiracy. It is the predictable output of an architecture that rewards extraction over delivery, patronage over professionalism, and loyalty over competence. The people who compose it are not uniquely corrupt. They are rational actors responding to an incentive structure that makes extraction the most reliable path to wealth, power, and security.

The Extraction Coalition is not a barrier to change added onto a functional state. It

is

the state, or at least the part of the state that actually functions—the part that distributes oil rents, allocates contracts, appoints officials, and enforces the political order. Reforming the state means reforming the coalition's instrument of survival. The coalition has no incentive to permit this. And it controls the levers—the Federation Account, the security apparatus, the legislative process, the patronage networks—through which any reform would need to be implemented.

4.2 Who Benefits—Named Honestly

The Extraction Coalition is sustained by specific actors who have concrete, material interests in the continuation of the current architecture. Any transition architecture that does not name these actors and account for their resistance will be neutralised by them.

Political Elites. The elected and appointed officials who control the federal government, the state governments, and the local government councils are the primary beneficiaries of the extraction architecture. They control the Federation Account allocations, the oil contracts, the import licences, and the patronage appointments that constitute the currency of Nigerian politics. For a politician, the state is not primarily an instrument of public service. It is an instrument of resource distribution—to supporters, to kinsmen, to the networks that delivered victory at the polls or influence within the party. The politician who diverts public funds to private accounts is not, in the logic of the system, a criminal. She is fulfilling the obligations of her position. The politician who fails to distribute resources is the one who has failed.

The cost of election in Nigeria is enormous. Campaigns require vast expenditures—on media, on logistics, on the mobilisation of supporters, on the purchase of endorsements from traditional and religious leaders, and on the direct buying of votes that is widespread in many parts of the country. The politician who wins office has typically incurred debts that must be repaid. The extraction of public resources is the repayment mechanism. Reform that eliminates extraction would make political office financially unsustainable for the current political class. This is not a side effect of reform. It is the central reason reform is resisted.

Bureaucratic Rentiers. The civil servants who staff the ministries, departments, and agencies of the Nigerian state are simultaneously victims of the extraction architecture and participants in it. Their salaries are often too low to live on, paid irregularly, and consumed by inflation. The implicit expectation—sometimes the explicit one—is that civil servants will supplement their income through the opportunities their positions provide. The procurement officer who extracts a commission from a contract. The customs official who facilitates smuggling for a fee. The local government employee who creates a ghost worker on the payroll and collects the salary. These are not aberrations. They are the system's compensation mechanism, outsourcing the cost of public employment to the citizens who interact with the state.

Reform that professionalises the civil service—that pays adequate salaries, enforces performance standards, and punishes corruption—would threaten the livelihoods of hundreds of thousands of public employees whose survival depends on the current arrangements. The bureaucratic resistance to reform is not ideological. It is material.

Business Elites. The contractors, importers, and oil traders who profit from the extraction architecture are among its most powerful defenders. The fuel subsidy regime, for decades, transferred enormous resources to politically connected importers who claimed subsidies for fuel that was never delivered. The oil industry, with its joint ventures, production-sharing contracts, and opaque trading arrangements, generates rents that flow to those with the political connections to access them. The government procurement system, with its inflated contracts and advance payments for work never completed, is a mechanism for transferring public funds to private hands. The business elites who benefit from these arrangements are not marginal actors. They are among the wealthiest and most politically connected people in Nigeria, and they have the resources to defend the system that enriches them.

Security Force Actors. The police officers who extract bribes at checkpoints, the military commanders who divert resources from counter-insurgency operations, the security officials who sell protection to criminals and insurgents—these are not merely corrupt individuals undermining an otherwise functional system. They are participants in an informal taxation and protection economy that the state's own failure to fund its security forces has created. The checkpoint bribe is the police officer's salary supplement, outsourced to the public. The military commander who diverts resources is compensating for the inadequacy of what the state provides. The security official who sells protection is monetising the state's monopoly on force in the absence of adequate legal compensation for wielding it.

Reforming the security sector—professionalising the police, adequately funding the military, enforcing accountability for abuses—is essential to reclaiming the monopoly on legitimate force. But it threatens the livelihoods of the security personnel whose survival depends on the current arrangements. The resistance to security sector reform is not abstract. It is the resistance of armed men who have learned that the state's weakness is their livelihood.

Traditional and Religious Intermediaries. The traditional rulers and religious leaders who have been incorporated into the patronage system are also its beneficiaries. The emir who receives a stipend from the state government, the pastor whose church receives a government contract, the chief whose endorsement is purchased during election campaigns—these actors derive income and influence from the extraction architecture. They are not merely neutral arbiters or spiritual guides. They are participants in a system that channels resources through them, and they have an interest in its continuation.

This is not to say that traditional and religious leaders are uniformly complicit in the extraction economy. Many provide genuine governance—resolving disputes, delivering services, maintaining order—that the state fails to provide. But the relationship between the extraction coalition and the traditional and religious elite is symbiotic. The coalition needs the legitimacy that traditional and religious leaders confer. The leaders need the resources and recognition that the coalition provides. Reform that disrupts this relationship threatens interests on both sides.

4.3 Mechanisms of Resistance

The Extraction Coalition does not merely benefit from the current architecture. It has developed sophisticated mechanisms for neutralising challenges to it.

The Fiscal Architecture. The Federation Account formula is the ultimate defence mechanism. Because state and local governments receive revenue they did not raise, they have no structural incentive to be accountable to their populations. Because the formula is politically negotiated, any attempt to change it threatens the interests of every stakeholder whose allocation would be affected—which is to say, every state and local government in the federation. The result is a permanent blocking coalition against fundamental fiscal reform. The specific percentages may be adjusted at the margins, but the architecture—centralised collection, formula-based distribution, no link between revenue and accountability—remains intact.

Ethnic Arithmetic. The careful balancing of political appointments, resource allocations, and electoral strategies among Nigeria's major ethnic groups and their subdivisions provides the logic of elite accommodation. It prevents the complete domination of the state by any single group. But it also ensures that political competition is organised around identity rather than ideology, and that governance decisions are filtered through the lens of ethnic distribution rather than public interest. Reform that threatens the ethnic balance—or that is perceived to threaten it—can be mobilised against through ethnic appeals that are more

powerful than any argument about governance improvement. A politician who proposes merit-based recruitment into the civil service, for example, will be accused of favouring his own ethnic group at the expense of others. The reform is defeated not on its merits but on the identity of its proposer.

Legal Impunity. The weakness of the judiciary is both a cause and a consequence of the extraction architecture. A judiciary that cannot enforce the law against powerful political and economic actors provides impunity for extraction. That impunity makes extraction more attractive, which further enriches the actors who could influence the judiciary, which further weakens it. The cycle is self-reinforcing. The occasional prosecution of a former governor or minister—usually one who has fallen out of political favour—serves as a pressure release valve, demonstrating that the system can act against corruption without threatening the system itself.

The Cultural Operating System. The *Oga-Madam* patronage logic, the "national cake" understanding of governance, and the *jugaad* of navigating a predatory state make the extraction architecture feel normal—even obligatory. The politician who shares the national cake with his community is fulfilling an obligation. The citizen who pays a bribe to a police officer is navigating a reality that everyone understands. The cultural operating system converts what is, from an external perspective, systemic corruption into what is, from an internal perspective, the ordinary functioning of society. This is the deepest mechanism of resistance. Reform that threatens the extraction architecture threatens not only material interests but a way of life—a set of expectations, obligations, and survival strategies that millions of Nigerians have internalised.

4.4 The Debt Spiral as a Compounding Factor

The debt spiral described in the previous section is not merely a fiscal crisis. It is a mechanism that is progressively narrowing the window for reform while intensifying the pressure on the extraction coalition itself.

A state that spends more on debt service than it generates in revenue cannot fund its own operations, let alone reform them. The resources that might have been invested in police reform, judicial modernisation, education, or infrastructure are consumed by interest payments. The fiscal space for the positive elements of the transition architecture—performance-linked grants, investment in security and education, digital infrastructure—is shrinking. The longer reform is delayed, the less capacity the state will have to implement it.

At the same time, the debt spiral is intensifying competition within the extraction coalition. As the resources available for patronage distribution shrink, rival factions compete more intensely for a diminishing pool. The potential for elite fragmentation—a breakdown in the ethnic arithmetic and power-sharing arrangements that have maintained a degree of stability for decades—rises. This could create openings for reform, as factions seek alternative bases of support. It could also trigger destabilising conflict, as factions fight over the remains of a shrinking state.

The debt spiral also creates a potential external lever for reform. Nigeria's creditors—domestic and international—have an interest in the state's fiscal sustainability. Debt restructuring, which is eventually unavoidable given current trajectories, would provide an opportunity to attach governance conditions to debt relief. This is a politically fraught path—conditions imposed by external actors have a long and mostly unsuccessful history in Nigeria and across Africa—but it is a path that may become necessary as the fiscal position deteriorates.

4.5 The Narrative Strategy

The Extraction Coalition cannot be defeated by technocratic argument alone. Its power is embedded in institutions, incentives, and culture—in the understanding that the state is a cake to be shared, that patronage is obligation, and that survival depends on navigating a predatory system rather than reforming it. Any transition architecture that hopes to succeed must engage at the level of narrative, offering a different story about what governance is and whom it serves.

The master narrative is not an attack on Nigerian culture. It does not frame the

Oga-Madam

system as primitive corruption to be eliminated by modern rationality, or the national cake understanding as a moral failing to be corrected by civic education. These framings, which have been the subtext of much external governance intervention in Nigeria, are both insulting and ineffective. They demand that Nigerians abandon the survival strategies that generations have developed, without providing credible alternatives.

The alternative narrative reframes the transition as the continuation of Nigerian resilience—the same adaptive genius that built the informal economy, the diaspora networks, the Lagos innovation ecosystem, and the Igbo apprenticeship system, now directed at the governance architecture itself. The argument is not that Nigerians should abandon patronage and embrace impersonal bureaucracy. It is that the most productive form of patronage is the kind that builds businesses, creates jobs, and delivers services—the kind the

igba boi

system already exemplifies—rather than the kind that extracts from the state and distributes to dependents. The argument is not that the national cake should be abandoned. It is that the cake has been consumed—that oil revenues are declining in real terms, that the debt spiral is consuming what remains, and that the only sustainable path is to bake something new through the productive activity of Nigerian society.

Subsidiary narratives target specific constituencies. For the young: the current architecture is consuming your future. The debt being accumulated today will be repaid through reduced public services, higher taxes, and diminished opportunities for decades to come. Reform is the only route to a Nigeria in which your generation can build the lives you aspire to. For the business community: the infrastructure deficit, the insecurity, and the unpredictability of the regulatory environment impose an enormous tax on enterprise. A state that provided security, enforced contracts, and maintained infrastructure would unlock economic potential that the current extraction architecture suppresses. For traditional and religious leaders: your authority does not depend on state patronage. It depends on the trust of the communities you serve. Aligning with a governance

architecture that delivers for those communities, rather than one that extracts from them, is the surer foundation for your long-term influence. For the security forces: you are asked to risk your lives for a state that does not pay you adequately, does not equip you properly, and does not respect your sacrifice. A reformed security architecture that provided adequate salaries, professional training, and genuine accountability would serve your interests better than the current system, in which you are expected to extract your own compensation from the citizens you are supposed to protect.

The narrative strategy does not attack the Extraction Coalition directly. It outflanks it—connecting the case for reform to interests and identities that the coalition claims to serve, and demonstrating that those interests are better served by governance that delivers than by governance that extracts. The coalition cannot be defeated by argument. But it can be made obsolete by the demonstrated success of alternatives—by a Lagos that functions, a state that governs well, a hybrid institution that delivers services, a digital platform that provides accountability. The transition architecture this report proposes is a framework for generating those demonstrations, and for allowing the evidence of what works to accumulate until the political conditions for deeper reform are created by the success of the alternatives. The immune system cannot be defeated. It must be made irrelevant.

5. Working with the Grain: Transition Architecture for Nigeria

5.1 The Principle: Start Where the Energy Is

The Substrate Deficit is formidable, but it is not total. The Extraction Coalition is powerful, but it does not govern everything. Beneath the hollowed state, outside the patronage networks, beyond the reach of the Federation Account's perverse incentives, there are pockets of governance energy where the future is already being built. The transition architecture must start there—not because those pockets are sufficient to transform Nigeria on their own, but because they provide the proof of concept, the demonstration sites, and the legitimacy that scaling requires.

The principle is to work with the grain of Nigerian governance culture: informal in origin, adaptive in method, anchored in demonstration rather than mandate. The transition does not begin with a comprehensive reform programme announced from Abuja. It begins with protected spaces—states, local governments, hybrid institutions, digital platforms—where the new architecture can be tested, refined, and made visible. Success attracts imitators. Imitators create constituencies. Constituencies create political pressure. Political pressure, when it reaches sufficient mass, shifts the equilibrium—not by defeating the Extraction Coalition in a frontal confrontation, but by rendering its methods visibly obsolete.

This is not the standard governance reform sequence. The standard sequence assumes a functional state that needs to be improved. Nigeria's challenge is that the state is not functional, and the actors who control it have no incentive to make it so. The alternative is to build governance outside the state, alongside the state, and in creative tension with the state—strengthening the informal systems that already work, creating interfaces between informal and formal governance, and allowing the evidence of superior performance to create demand for institutional change that the political system cannot supply on its own.

5.2 The Cultural Logic of the Trojan Horse

Every transition architecture in this series has had to identify a Trojan Horse—a mechanism that carries transformative payloads in familiar packaging, bypassing the immune system by presenting change as continuity. In Germany, the Trojan Horse was the "Federal Efficiency Board" that quietly introduced dynamic regulation under the banner of administrative modernisation. In Finland, it was the Futures Impact Assessment that embedded long-horizon thinking in the budget cycle without challenging the consensus culture. In Japan, it was Institutional Kaizen—continuous improvement applied to the institutions themselves rather than the products they regulate.

Nigeria's immune system is more deeply embedded than any of these. The Extraction Coalition is not a set of institutional barriers that can be bypassed by clever design. It is a comprehensive political economy—a set of interests, incentives, and cultural expectations that make the current architecture feel not merely normal but

obligatory. A Trojan Horse that works in Nigeria must be culturally legible within the logics of *Oga-Madam* patronage, the national cake, and *jugaad* improvisation. It cannot present itself as a repudiation of these logics. It must present itself as their redirection—from extraction toward production, from distribution of rents toward creation of value.

The most promising candidates are mechanisms that already exist within the Nigerian governance repertoire and can be repurposed. The *igba boi* apprenticeship system demonstrates that patronage can be productive: the *oga* who trains an apprentice and capitalises their business is engaged in a form of patronage that builds rather than extracts. The performance-linked grants proposed in the previous section can be framed not as an attack on the Federation Account but as an enhancement of it—an additional resource stream that rewards states that govern well, available to those who choose to participate, leaving the existing allocations undisturbed. The hybrid governance institutions that integrate traditional rulers and religious networks into formal service delivery can be framed as the modernisation of institutions that Nigerians already trust—not their replacement by foreign models.

The Trojan Horse does not deceive. It translates—rendering the unfamiliar in familiar terms, so that the immune system recognises it as friend rather than threat. The politician who supports a performance-linked grant programme is not abandoning the national cake. She is securing an additional slice for her state, and demonstrating that good governance is a path to resources that does not depend on federal patronage. The traditional ruler who participates in a hybrid dispute resolution framework is not abandoning customary authority. He is gaining formal recognition, legal enforceability, and access to resources that strengthen his capacity to serve his community. The market woman who pays a simplified tax through her trade association is not surrendering to an extractive state. She is purchasing legal recognition, access to formal credit, and the right to demand services in return.

5.3 Safe-to-Fail Pilots: The Performance State Designation

The centrepiece of the transition architecture is a voluntary programme through which states that meet independently verified governance performance standards receive enhanced fiscal transfers, greater regulatory autonomy, and technical assistance. This is the Performance-Linked Grant mechanism described in Section 3, but it is more than a fiscal instrument. It is a protected space within which alternative governance models can be developed, tested, and demonstrated.

The designation would be voluntary. States would apply, demonstrating political commitment, institutional capacity, and a coherent vision for governance improvement. An independent statutory body—the Fiscal Accountability Commission, modelled on successful performance-based financing institutions in Rwanda and elsewhere—would select a portfolio of pilot states, evaluate their performance against transparent criteria, and administer the enhanced transfers. The criteria would include measurable improvements in internally generated revenue, service delivery outcomes, procurement transparency, security provision, and citizen satisfaction.

The authority package would be substantial. Performance States would receive significantly enhanced fiscal transfers. They would receive greater regulatory autonomy—the ability to waive or modify federal regulations that constrain effective governance, subject to outcome-based accountability rather than process compliance. They would receive technical assistance—embedded expertise in public financial management, digital governance, security sector reform, and service delivery innovation. And they would receive recognition—the public visibility that comes from being designated a Performance State, creating reputational incentives that complement the fiscal ones.

The protected space is the crucial design feature. The Extraction Coalition will attempt to neutralise this programme—through political interference in the selection process, through manipulation of the performance criteria, through pressure on the Fiscal Accountability Commission, through the accusation that the programme favours certain regions or ethnic groups. The Performance State designation must therefore include explicit protections: a statutory guarantee of the state's enhanced fiscal allocation for a fixed period, immune from annual budget negotiations; an independent evaluation process that cannot be overridden by political pressure; and a direct relationship with international development partners that provides both funding and external validation.

The evaluation framework would track not only traditional output metrics—economic growth, employment, service delivery coverage—but also governance process indicators: the ratio of internally generated revenue to Federation Account allocations, the transparency of procurement processes, the speed and fairness of dispute resolution in hybrid formal-informal institutions, and citizen trust in state institutions as measured by independent surveys. The goal is not merely to demonstrate that Performance States achieve better outcomes. It is to demonstrate that better governance is possible within the Nigerian context—and to make the evidence of that possibility impossible to ignore.

5.4 Scaling by Attraction: The Nigerian Way

Nigeria's governance tradition has never responded well to mandates from the centre, except in moments of existential crisis—and sometimes not even then. The federal government's attempts to impose reforms on states have been systematically resisted, captured, or ignored. The centre lacks both the legitimacy and the capacity to drive transformation through command.

What works, in Nigeria as elsewhere, is demonstration. States watch each other. Politicians compete—not only for federal resources but for reputation, for investment, for the recognition that translates into political advantage. When Lagos demonstrates that improved tax administration can dramatically increase internally generated revenue, other states take notice. When a governor delivers visible improvements in security or infrastructure, his peers feel pressure to match his performance—or at least to explain why they cannot. The diffusion of governance innovation in Nigeria has historically occurred through horizontal learning, competitive emulation, and the mobility of talent and capital, not through federal mandate.

Scaling by attraction means that the transition architecture's primary engine is not central direction but the visible success of early adopters. The Performance States become demonstration sites—hosting visits from other state governments, sharing data and implementation guides, training personnel from interested jurisdictions. A national learning infrastructure—a Governance Innovation Institute, perhaps housed within a Nigerian university or an independent foundation—would systematise the extraction of lessons, the documentation of practices, and the dissemination of knowledge. States that adopt proven innovations would receive transition funding, technical assistance, and public recognition.

The competitive dynamic is culturally congruent. Nigerian states already compete—for investment, for talent, for federal resources, for prestige. The Performance State designation channels that competition toward governance improvement. The state that successfully integrates traditional dispute resolution into its formal justice system attracts investment by demonstrating that contracts will be enforced. The state that builds a functioning community policing architecture attracts residents and businesses by demonstrating that security can be delivered. The state that digitises its tax administration and simplifies its regulatory framework attracts the entrepreneurs who will drive its economic future. Success is visible. Visibility generates demand. Demand generates political pressure on other states to match what the leaders have achieved.

This is the logic of the

igba boi

system, translated to governance reform. The apprentice observes the master, learns the trade, and eventually establishes a business of their own. The cycle repeats, and the system scales without any central authority directing it. The same logic, applied to governance, is the transition architecture's most powerful engine.

5.5 The Role of the Centre: Enable, Invest, Protect, and Get Out of the Way

The transition architecture is deliberately sub-national in its primary drivers. This is not an ideological preference for decentralisation. It is a strategic recognition that the federal state is the primary locus of the Extraction Coalition, and that attempting to drive transformation from the centre is likely to result in the centre neutralising the transformation. The states, the local governments, the hybrid institutions, the digital platforms, and the informal governance systems are where adaptive energy exists. They are where governance can be built before the centre is ready to acknowledge it.

The centre's role in this architecture is essential but circumscribed. It enables, by creating the statutory frameworks that establish the Fiscal Accountability Commission, the Performance State designation, and the legal recognition for hybrid governance institutions. It invests, by providing the dedicated funding streams that support the Performance States, the community policing initiatives, the digital governance infrastructure, and the educational rebuilding that the transition architecture requires—ideally through mechanisms that are insulated from political manipulation. It protects the islands of integrity—the Central Bank, INEC, the EFCC, and the professional cadres within the civil service and judiciary—from political interference, through

statutory guarantees of independence, secure funding, and transparent appointment processes. And it gets out of the way—resisting the temptation to standardise, to mandate, to convert the emergent diversity of local experimentation into a uniform national programme before the evidence of what works has been generated.

The political logic is pragmatic. A reformist president—and Nigeria has had them, intermittently, from Obasanjo's economic reforms to Jonathan's electoral improvements to Buhari's anti-corruption efforts, however incomplete each proved to be—can establish the Fiscal Accountability Commission, launch the Performance State programme, and create the protected institutional space for state-level experimentation, without requiring the comprehensive constitutional overhaul that the Extraction Coalition would block. The framework, once established, generates its own momentum. Successful Performance States create constituencies for reform—citizens who have experienced functional governance, business communities that have benefited from predictable administration, traditional and religious leaders who have found productive roles within hybrid institutions. Constituencies create political cover. Political cover enables the next tranche of reform.

This is not a rapid transformation. The Extraction Coalition will not dissolve overnight. The debt spiral will not reverse itself. The demographic and ecological pressures will not abate. But the transition architecture is designed to operate within these constraints—to build governance capacity at the levels where it can be built, to demonstrate that alternatives to extraction exist, and to shift the political equilibrium over time as the evidence of what works accumulates.

5.6 The Generational Horizon

The honest assessment this report must offer is that the construction of governance substrate in Nigeria is a generational project. The Extraction Coalition will not be dismantled in one administration, or two, or three. The fiscal architecture will not be transformed in a single budget cycle. The security challenges will not be resolved by a single military campaign. The cultural operating system will not be rewritten by a single civic education programme. The demographic transition will take decades regardless of policy choices. The climate pressures will intensify for at least a generation regardless of global emissions trajectories.

This is not a counsel of despair. It is a recognition of the scale of the challenge, and a warning against the cycle of unrealistic expectations followed by disillusionment that has characterised so much governance intervention in Nigeria. The transition architecture this report proposes is not a promise of rapid transformation. It is a framework for sustained, cumulative improvement—a direction of travel, not a destination. Each Performance State that demonstrates functional governance creates a constituency for its continuation. Each hybrid institution that delivers services more effectively than the formal state builds trust in the possibility of governance. Each young Nigerian who experiences a functional institution—a school that educates, a court that adjudicates fairly, a police unit that protects rather than preys—carries that expectation into their future interactions with the state.

The countries examined in this series that successfully built governance substrate did so over centuries. The governance architectures that function do not require a European origin story. They require legitimacy, adaptability, and connection. Nigeria possesses all three in its informal systems. The task is to allow them to connect — vertically to the formal institutions that hold legal authority and fiscal resources, and horizontally to each other across the ethnic and religious boundaries that currently fragment them. The informal governance systems, the digital platforms, the diaspora networks, the islands of integrity, and the adaptive genius of its population are foundations on which a more functional architecture can be constructed. The task is to begin that construction where it is possible, to protect what is built, and to allow it to spread. The timeline is long. The work is urgent. And it can begin now.

6. A Concrete First Step: The Fiscal Accountability Compact and the Demography-Climate Commission

6.1 The Logic of the First Step

The Substrate Deficit is a systemic condition, not a single policy failure. There is no one reform that can break the Extraction–Dissociation–Informal Adaptation–Crisis Loop open, no legislative silver bullet that will trigger the construction of governance foundations by itself. But there are reforms that can alter the institutional metabolism—that can change the rate at which the system processes its own dysfunction, and in doing so, create the conditions for the deeper transformations that must follow.

The first step is therefore not the most ambitious intervention this report has described. It is the most catalytic: the intervention that targets the master mechanisms of the Substrate Deficit most directly, that is institutionally feasible within the current political architecture, and that, once established, generates the information, the constituencies, and the political logic that make further reform possible.

Two parallel institutional innovations meet these criteria. A Fiscal Accountability Compact provides a pathway for states and local governments to access enhanced resources in return for demonstrable governance improvements—rebuilding the taxation-accountability link that the petrostate architecture severed, from below rather than from above. An independent Demography-Climate Commission establishes the factual baseline that the political system has evaded—converting the slow-motion pressures of population growth, urbanisation, and ecological stress into a form that the political system cannot indefinitely absorb without response. Together, they target the two master mechanisms of the Substrate Deficit: the fiscal architecture that severs accountability, and the demographic-ecological pressure cooker that intensifies every other stress.

6.2 The Fiscal Accountability Compact: Rebuilding the Taxation-Accountability Link from Below

The Federation Account formula is the master mechanism of the petrostate architecture, and it cannot be reformed directly—the interests it serves are too powerful, and the political coalition that would need to approve reform is the coalition that benefits from the current arrangement. The Fiscal Accountability Compact does not attempt to reform the Federation Account. It constructs an alternative pathway alongside it.

The Compact is a voluntary programme through which states and local governments that meet independently verified governance performance standards receive enhanced fiscal transfers, greater regulatory autonomy, and technical assistance. The standards would include measurable improvements in internally generated revenue, service delivery outcomes, procurement transparency, security provision, and citizen satisfaction.

The transfers would be funded through a combination of international development partner contributions, dedicated federal allocations that are insulated from the annual budget process, and a share of any savings generated by subsidy reform or improved revenue collection. The programme would be administered by a Fiscal Accountability Commission—an independent statutory body with transparent methodology, secure funding, and protection from political interference.

The Compact is designed to create a parallel fiscal accountability architecture that operates alongside the Federation Account without directly challenging it. States that participate in the Compact continue to receive their standard Federation Account allocations. They receive additional resources through the Compact in return for demonstrable governance improvements. The Compact thus creates a pathway through which accountability-oriented state governments can access resources that are not mediated by the patronage networks of the federal allocation system—and through which citizens can see a direct connection between governance performance and fiscal reward.

The Compact's design features are critical to its effectiveness. The Fiscal Accountability Commission must be genuinely independent: members appointed on fixed, non-renewable terms by a cross-partisan committee, with transparent methodology and public reporting obligations. The performance standards must be measurable, verifiable, and resistant to manipulation—relying on a combination of administrative data, independent audits, and citizen surveys. The process for selecting participating states must be transparent and competitive, not a channel for presidential favouritism. And the Compact must be protected from the annual budget cycle—with multi-year funding commitments that cannot be revoked by a new administration or a hostile legislature.

The Compact would operate alongside another mechanism that is already partially in place: the conditional grant schemes through which international development partners channel resources to Nigerian states that meet specific programme criteria. These schemes have demonstrated that performance-based financing can work in the Nigerian context—that states will compete for resources, and that competition can drive improvement. The Compact would consolidate, scale, and institutionalise these mechanisms, shifting them from donor-driven programmes to a permanent feature of the Nigerian fiscal architecture.

6.3 The Demography-Climate Commission: Making the Slow-Motion Pressures Legible

Nigeria's demographic trajectory and its climate vulnerability are not secrets. The National Population Commission produces population projections. The Nigerian Meteorological Agency tracks climate trends. Academic researchers and international organisations have documented the compounding pressures of population growth, urbanisation, desertification, and coastal erosion. But this knowledge does not translate into political action. The pressures are slow-moving relative to electoral cycles. They are technically

complex, crossing the jurisdictions of multiple ministries and all three tiers of government. And they are politically inconvenient—addressing them would require resources that are currently consumed by the extraction economy, and would surface trade-offs that the political system is organised to avoid.

The Demography-Climate Commission is designed to close the gap between what the system knows and what it does with what it knows. It would be an independent statutory body, modelled on the United Kingdom's Climate Change Committee and Office for Budget Responsibility, with a specific mandate: to produce an annual public assessment of Nigeria's demographic trajectory, its climate vulnerability, and the implications of both for fiscal sustainability, food security, employment, infrastructure, and security. The Commission would not make policy. It would establish the factual baseline against which policy choices could be evaluated—making the slow-motion pressures that are currently invisible to the political system legible, specific, and inescapable.

The Commission's assessments would include: population projections at national, state, and urban levels, updated annually with the best available data; climate vulnerability mapping, disaggregated by region and sector; projections of food production, water availability, and arable land under different climate and population scenarios; fiscal sustainability assessments that model the implications of demographic and climate trends for government revenues, expenditures, and debt; and security risk assessments that map the interactions between ecological stress, population movement, and conflict. Each assessment would include a range of scenarios, transparent methodology, and an explicit statement of the assumptions and uncertainties involved.

The Commission would have statutory authority to require government response. Its annual report would be presented to the National Assembly, debated in public, and require a formal government response within a specified period. The response would not need to adopt the Commission's recommendations—the Commission makes no recommendations—but it would need to explain how government policy addresses the trends the Commission has documented, or why it does not. The goal is not to constrain democratic choice. It is to ensure that democratic choice is exercised with full knowledge of its consequences—and that the political system cannot continue to evade the demographic and ecological realities that will shape Nigeria's future regardless of how they are governed.

The Commission would also have a public engagement mandate: to publish its findings in accessible formats, to convene deliberative forums in states and local governments, to provide educational materials for schools and media, and to make the demographic and climate arithmetic legible to the citizens whose futures it describes. The goal is not technocratic imposition. It is the creation of an informed public conversation that the political system, constrained by the extraction coalition and the short time horizons of electoral politics, has been unable to generate on its own.

6.4 Selection Criteria: Why These Two?

The Fiscal Accountability Compact and the Demography-Climate Commission are not selected at random from the menu of interventions described in previous sections. They are selected because they meet the criteria that a first step must meet to be catalytic.

First, they target the master mechanisms of the Substrate Deficit directly. The Compact addresses the petrostate fiscal architecture—the severing of the taxation-accountability link that is the deepest structural driver of state-society dissociation. The Commission addresses the demographic-ecological pressure cooker—the intensifying stresses of population growth, urbanisation, and climate change that are compounding all other governance challenges. Both mechanisms operate upstream of the specific policy failures that occupy the daily political agenda. Both change the conditions under which future decisions are made, rather than attempting to make the decisions themselves.

Second, they are institutionally feasible. Neither requires constitutional amendment. Neither requires the Extraction Coalition to voluntarily dismantle itself. The Fiscal Accountability Compact is a voluntary programme that states can choose to join; it does not alter the Federation Account formula that the coalition depends on. The Demography-Climate Commission is an information-producing body; it does not make policy or allocate resources. Both can be established by legislation, funded through a combination of domestic resources and international support, and protected from political interference through standard mechanisms of statutory independence. The political obstacles are real, but they are not insurmountable in the way that fundamental fiscal or constitutional reform would be.

Third, they generate feedback that enables further reform. The Fiscal Accountability Compact produces a steady stream of evidence about which governance approaches work—evidence that creates constituencies for their expansion and makes the dysfunction of non-participating states more visible by contrast. The Demography-Climate Commission produces a steady stream of information about the implications of demographic and climate trends—information that makes the costs of inaction progressively harder to ignore. Together, they create the informational and political conditions for the deeper transformations that the report has described: the hybrid governance institutions, the security-first state building, the digital governance leapfrogging, the youth co-governance, and the scaling of the Lagos model.

6.5 How to Measure Success

The first step will be resisted, diluted, and potentially neutralised by the Extraction Coalition. Measuring its success therefore requires metrics that capture not only whether the institutions are formally established but whether they are functioning as designed—whether they are actually changing the system's metabolism rather than being absorbed by it.

For the Fiscal Accountability Compact, the relevant metrics include: the number of states that apply for and are admitted to the programme; the percentage of participating states that meet their performance targets in each evaluation cycle; the ratio of Compact-generated resources to Federation Account allocations in participating states, as a measure of the programme's fiscal significance; improvements in internally generated revenue, service delivery coverage, procurement transparency, and citizen satisfaction in participating states relative to non-participating states; and the rate at which non-participating states adopt governance innovations pioneered by Compact participants. The process metric is as important as the outcome metric. If all participating states meet their targets through cosmetic compliance, if the Compact's resources are too small to matter relative to Federation Account allocations, or if the Fiscal Accountability Commission is captured by the political interests it is supposed to be independent of, the Compact has failed and must be redesigned.

For the Demography-Climate Commission, the relevant metrics include: the publication of annual assessments on schedule, without political interference; the quality, accessibility, and public reach of those assessments; the rate at which government responses engage substantively with the Commission's findings; the incorporation of the Commission's scenarios into the budget process, state development plans, and sectoral strategies; and, over the medium term, the evolution of public discourse around demographic and climate policy—measured through media content analysis, public opinion surveys, and the language used in National Assembly debates. The Commission cannot compel policy change. It can only make the arithmetic inescapable. Success is measured by whether the arithmetic becomes inescapable in practice—whether politicians can continue to evade demographic and ecological reality, or whether the Commission's work makes evasion increasingly costly.

The ultimate metric is whether the first step enables the second. Does the Fiscal Accountability Compact create a constituency of states, citizens, and business interests that demands governance improvement and rewards politicians who deliver it? Does the Demography-Climate Commission create the conditions for a serious political conversation about population, urbanisation, and climate adaptation that has been impossible in a system organised around the distribution of oil rents? If the answer is yes, the first step has succeeded, and the ground is prepared for the hybrid institutions, the security-first state building, and the competitive federalism that constitute the transition architecture's fuller ambition. If the answer is no—if the Compact is starved of resources or captured by the extraction coalition, if the Commission's reports are published and ignored—then the Substrate Deficit has claimed another reform, and the loop continues. The honesty of the framework requires acknowledging that this outcome is possible, even likely, without sustained political leadership and mobilised public demand. The first step is not a guarantee. It is a wager—on the capacity of transparency, accountability, and institutional design to shift the political equilibrium over time, and on the existence of sufficient adaptive energy within Nigerian society to seize the opening that the first step creates.

7. Coda: The Post-Westphalian Prototype — or the Pre-Westphalian Warning

7.1 The Wealth That Matters

Nigeria is rich in the things that most governance analyses cannot see. A market woman in Onitsha who builds a supply chain without a single written contract, her credit secured by nothing more than the relationships she has cultivated over a lifetime. A Pentecostal congregation in Lagos that runs schools, hospitals, and microfinance for a community the state has never served. A young software developer in Yaba learning from YouTube and building a fintech platform that will process millions of transactions the formal banking system cannot touch. An Igbo merchant who trains an apprentice for seven years and then capitalises her business, perpetuating a system of trust-based capital allocation that has functioned for generations without any formal institutional support.

These are not marginal phenomena. They are the real governance of Nigerian life—the mechanisms through which security is provided, disputes are resolved, resources are allocated, and meaning is made. They operate despite the state, not because of it. They demonstrate a societal capacity for coordination, adaptation, and collective action that the formal architecture has never successfully harnessed. They are the reason Nigeria has not collapsed, despite the best efforts of its ruling class to extract everything of value from the territory they nominally govern.

But the wealth that matters for Nigeria's future is not only its adaptive capacity. It is the capacity to convert that distributed genius into durable institutions—the courts that enforce contracts, the police that protect rather than prey, the schools that educate, the fiscal architecture that aligns revenue with accountability, the governance structures that can coordinate national responses to national challenges. Adaptive capacity can compensate for institutional absence for a long time. It cannot compensate forever, and it cannot substitute for the functions that only formal institutions can perform. Nigeria has survived on

jugaad

for sixty years. The question is whether it can build something more permanent before the pressures it faces—demographic, ecological, fiscal, and security—overwhelm the adaptive capacity that has sustained it.

7.2 The Shift

The shift this report describes is not a shift in policy. It is a shift in the relationship between a society and its own institutions—from a posture of parallel existence to a posture of integration.

The Nigerian state was built for extraction. It was built that way by the British, who assembled the territory for the efficient export of agricultural commodities and, later, oil. It was maintained that way by the post-colonial elite, who inherited the extractive architecture and adapted it to the forms of electoral democracy.

The population, through generations of experience, learned that the state was an instrument of extraction—to be navigated, managed, and avoided where possible. They built their own governance systems in the gaps the state left. The dissociation became structural.

The shift is from dissociation to interface. From a formal state that extracts and an informal society that adapts, operating in parallel and interacting primarily through predation, to a governance architecture in which formal and informal systems recognise each other, connect to each other, and learn from each other. The traditional ruler whose dispute resolution is integrated into the formal legal system. The religious network whose schools and hospitals are recognised as partners in public service delivery. The market association whose internal governance becomes the basis for simplified taxation and legal recognition. The digital platform whose infrastructure becomes the backbone of identity, payments, and citizen feedback. The state that earns its revenues from its own citizens and becomes accountable to them in return.

This is not a vision of Nigeria becoming Denmark. It is a vision of Nigeria becoming a more functional version of itself—a society whose governance architecture finally reflects the adaptive genius of its people, rather than suppressing it in favour of an extractive shell inherited from colonialism and perpetuated by a predatory elite. The institutions that would embody this shift are not foreign imports. They are already present, in embryonic form, in the

igba boi

apprenticeship system, the community policing experiments, the Lagos governance innovations, the fintech revolution, and the millions of daily acts of coordination and mutual support that constitute the real governance of Nigerian life. The task is to recognise them, to protect them, to connect them—and to allow them to become the foundations of a governance architecture that Nigeria has never had but has always needed.

7.3 Beyond the Westphalian Question

A provocative argument has emerged in some governance analysis circles: that Nigeria, with its distributed, overlapping, multi-centric governance systems, may be a preview of what governance looks like as the nation-state model erodes globally. In this reading, Nigeria is not a failed state but a post-Westphalian prototype—a society in which governance has already migrated from the formal institutions of the state to the networks, platforms, and communities that actually coordinate collective life.

The standard response to this argument is to call it a confusion: that Nigeria's distributed governance represents a failure to consolidate the nation-state rather than a transcendence of it, and that the proper sequence runs through Westphalian consolidation before anything more distributed can be attempted. This report does not accept that response. The Westphalian sequence is a historical description of European state formation, not a universal prescription for governance development. Applying it prescriptively to post-colonial societies that were constituted differently, for different purposes, under different conditions, is not analytical rigour. It is category error dressed as developmental theory.

Nigeria was not a proto-Westphalian state that failed to complete its consolidation. It was a territory assembled by the Berlin Conference for the efficient export of raw materials, governed through indirect rule that deliberately preserved local authority structures as instruments of extraction, and inherited by a post-colonial elite that continued the extractive logic while adopting the forms of electoral democracy. The monopoly on violence that Westphalian theory treats as foundational was never the goal of the system that created Nigeria. Prescribing that Nigeria must now achieve it as a precondition for everything else is, in effect, prescribing that Nigeria must first become what the colonial system was designed to prevent it from becoming—and the mechanism for achieving it would be the same security apparatus that the population already experiences as the primary threat to their welfare.

The more important question is not whether Nigeria is post-Westphalian or pre-Westphalian. It is whether the governance Nigeria needs is Westphalian at all. The

igba boi

system built durable, scalable, trust-based capital allocation infrastructure without a functioning state anywhere near it. It did not wait for contract enforcement courts to emerge before developing its own mechanisms for obligation and restitution. The Pentecostal networks built educational and healthcare infrastructure that serves millions, without waiting for a functioning public sector to lead the way. The fintech platforms built payment and identity infrastructure that has outperformed anything the formal banking system attempted. None of these required Westphalian preconditions. They required something different: legitimate local authority, trusted social networks, and the absence of predatory interference from the formal state.

This suggests a different framework entirely. Not "build the Westphalian state first, then distribute authority downward" — the sequence that has produced six decades of failed governance reform. But rather: "recognise, protect, and connect the governance that already exists, and allow formal institutional capacity to emerge from the interfaces between existing systems rather than being imposed from above." The

igba boi

system, the emirs' dispute resolution, the community policing experiments, the Lagos governance innovations, the fintech platforms — these are not gaps waiting for the state to fill. They are the substrate from which a governance architecture adequate to Nigeria's actual complexity might be constructed, if the extractive state can be reformed sufficiently to stop destroying them.

This is not a romanticisation of informal governance. The informal ecosystem has real limits. It cannot coordinate national responses to the demographic-ecological pressures that are intensifying with each passing year. It cannot manage macroeconomic policy, defend borders, or enforce the environmental regulations that ecological survival requires. The formal state will need to perform those functions — not as a Weberian bureaucracy imposed from above, but as a coordinating layer that earns its authority by serving the governance systems that already function, rather than extracting from them or replacing them. The subsidiarity principle, applied honestly, does not require Westphalian consolidation as its precondition. It requires that authority be located where knowledge and legitimacy are richest — which in Nigeria is

emphatically not the federal state. Building outward from there, rather than downward from a centralised monopoly on force, is both more consistent with what the Nigerian governance tradition already demonstrates and more likely to produce a system that the Nigerian population will recognise as serving them.

7.4 The Honest Conclusion

This report has described a deficit and proposed a transition architecture. It must now offer an honest conclusion about the prospects for change.

Nigeria's trajectory, under current conditions, is toward continued oscillation between extraction and informal adaptation, punctuated by crises that the architecture cannot resolve. The extraction coalition has no incentive to reform itself. The fiscal position—debt-service-to-revenue exceeding 113 percent—is progressively consuming the state's capacity to function at even its current, minimal level. The demographic-ecological pressures are intensifying. The climate-migration-conflict feedback loop is accelerating. The cultural operating system makes the entire arrangement feel normal, even obligatory. The default outcome is not transformation but deterioration—the slow, uneven, crisis-punctuated erosion of both formal and informal governance capacity, as the pressures of population growth, ecological stress, and fiscal collapse outpace the adaptive mechanisms that have sustained the country for six decades.

But default outcomes are not inevitable outcomes. The Nigerian governance tradition contains within itself the resources for its own renewal. The

igba boi

system demonstrates that patronage can be productive. The Lagos governance innovations demonstrate that Nigerian states can be competent. The fintech revolution demonstrates that Nigerian entrepreneurs can build world-class institutional infrastructure. The diaspora demonstrates that Nigerians abroad remain deeply invested in Nigeria's future. The youth, with a median age of eighteen and a cultural operating system that is still being formed, represent a demographic that could demand—and build—something different from what their parents and grandparents have accepted.

The transition architecture this report proposes is not a guarantee of success. It is a framework for increasing the probability that the adaptive energy of Nigerian society can be channelled into the construction of durable institutions, rather than being dissipated in the endless navigation of a predatory state. It is a wager on the existence of sufficient governance capacity within Nigerian society—in its states, its communities, its digital platforms, its diaspora, its youth—to build what the federal state has failed to build, if given the protected space, the resources, and the recognition to do so.

The wager may fail. The Extraction Coalition may successfully neutralise every reform that threatens its interests, as it has done for sixty years. The Fiscal Accountability Compact may be captured by the patronage networks it is designed to bypass. The Demography-Climate Commission may produce reports that are

published and ignored. The Performance States may be starved of resources or undermined by federal hostility. The Substrate Deficit may persist, and deepen, and eventually produce the cascading failure that Nigeria's adaptive capacity has so far prevented.

But the wager is worth making, because the alternative is not stability—it is the slow, dignified consumption of the future by the present, the quiet suffering of millions of Nigerians whose adaptive genius deserves better than an extractive state that has never served them. The framework can specify what needs to change, and how. It cannot specify when or whether the political will to change will emerge. It can only make the case that change is possible, that the resources for it exist, and that the cost of deferring it rises with each cycle of the Extraction–Dissociation–Informal Adaptation–Crisis Loop.

7.5 A Final Word

Nigeria is not the failed state of Western imagination. It is a hyper-governed society in which governance happens everywhere except through the formal institutions that claim authority. The market women, the pastors, the emirs, the vigilantes, the fintech entrepreneurs, the diaspora remitters, the apprentice merchants—these are not symptoms of dysfunction. They are the actual governance of Nigerian life, and they demonstrate a societal capacity for coordination, adaptation, and institutional innovation that the formal state has never matched.

The tragedy of Nigeria is not that it lacks the capacity to govern itself. It is that the formal state, which was supposed to serve the Nigerian people, has instead preyed upon them for sixty years—extracting their wealth, neglecting their needs, and suppressing their potential. The adaptive institutions they have built in response are extraordinary. But they are not enough. They cannot substitute for a state that provides security, enforces contracts, educates children, and builds infrastructure. They cannot coordinate national responses to the demographic, ecological, and economic pressures that are intensifying with each passing year. They cannot, in the end, deliver the governance that Nigerians deserve.

The task is not to impose governance on an ungoverned space. It is to connect the governance that already exists to the institutions that formally claim authority—and in doing so, to build the substrate on which every higher-order governance capacity depends. The *Oga-Madam* patronage system, the national cake understanding, the *jugaad* of navigating a broken state—these are not pathologies to be eliminated. They are the cultural raw material from which a more functional governance architecture must be constructed. The question is whether they can be redirected from extraction toward production, from the distribution of rents toward the creation of value, from the navigation of a predatory state toward the construction of a state that serves.

Nigeria has everything it needs to build that state except a ruling class that wants to build it. The transition architecture this report proposes is a framework for building anyway—from below, from the states, from the communities, from the digital platforms, from the diaspora, from the youth. It is a framework for allowing the adaptive genius of Nigerian society to do what the extractive state has never done: deliver governance to

the Nigerian people. The work is generational. The obstacles are immense. The outcome is uncertain. But the alternative is unthinkable—and the resources to build something better are already present, waiting to be connected, protected, and scaled.

The Interface Deficit — the dissociation between the governance that Nigerians have built for themselves and the formal architecture that claims authority over them — is the most foundational diagnosis in this series. Not because the right institutions do not exist, but because the right connections between them have never been allowed to form. The builders are already at work. They are in the markets, the churches, the tech hubs, the emirate courts, the diaspora communities, and the millions of households that govern themselves every day in the space the predatory state has left. The task is not to build a Westphalian state first and distribute its functions later. It is to recognise the governance that already exists, to protect it from extraction, to connect it laterally and upward, and to allow formal institutional capacity to emerge from those connections rather than being imposed against them. Nigeria does not need to become something it has never been. It needs a governance architecture that is finally worthy of what it already is.

Appendix A: Value Systems and Policy Mindsets — A Guide for the Nigerian Context

A Note on This Appendix

The main body of this report avoids specialised terminology from developmental psychology or cultural theory. It speaks the language of governance architecture, the Substrate Deficit, and the Extraction–Dissociation–Informal Adaptation–Crisis Loop. This appendix offers a complementary lens for readers who wish to understand the deeper value-system dynamics at play in Nigerian governance. It is optional, but it makes the report's underlying logic fully transparent.

A.1 The Basic Insight

Different institutions and political cultures tend to operate from different centres of gravity in how they think about governance, resources, and change. These are not personality types or party affiliations, though they correlate loosely with both. They are underlying value systems—ways of constructing what feels real, legitimate, and important.

Each value system represents a coherent response to particular life conditions. None is "better" in any absolute sense. Each has characteristic strengths that emerge under certain conditions and characteristic blind spots that emerge under others. The challenge of governance in a complex society is to integrate the legitimate concerns of multiple value systems without being captured by any single one.

The framework used here draws on Spiral Dynamics integral theory. What follows is a simplified map of the systems most relevant to contemporary Nigerian governance.

A.2 The Value Systems in the Nigerian Arena

Power and Survival (sometimes called "Red") — the Patronage and Militia Governance. In the Nigerian context, this mindset expresses itself through the *Oga-Madam* patronage networks that constitute the fundamental building block of political organisation, the armed groups that have displaced the state across significant territories, and the zero-sum understanding of power in which dominance is the only reliable guarantee of security. Strengths: decisiveness, loyalty, the capacity to mobilise resources quickly through personal networks, and the provision of immediate order in ungoverned spaces. Blind spots: the conversion of public office into private patrimony, the instrumentalisation of violence, and the impossibility of building impersonal institutions when all authority is personal. The Extraction Coalition described in the report is an expression of this mindset operating in symbiosis with more complex systems, capturing their resources while resisting their accountability mechanisms.

Order and Stability (sometimes called "Blue") — the Constitutional and Bureaucratic State. Nigeria possesses the formal architecture of a Blue state: a constitution, a presidency, a National Assembly, a judiciary, federal and state governments, local government councils. On paper, the institutions exist. In practice, they are largely fictional—captured by Red patronage networks, hollowed by the petrostate architecture, and bypassed by the informal governance systems that actually manage Nigerian life. Strengths: the constitutional framework provides a template for legitimate governance, and the islands of integrity (the Central Bank, INEC, Lagos state) demonstrate that Blue institutions can function in Nigeria when conditions align. Blind spots: the formal institutions lack deep cultural legitimacy, and the population has learned through generations of experience that the state is an instrument of extraction rather than service. The Substrate Deficit is, from a Spiral Dynamics perspective, the absence of a functional Blue foundation—predictable rules, impersonal administration, enforceable contracts—on which higher-order governance capacities depend. The "Blue bypass" problem identified in the analysis (Gemini) is real: without predictable order, decentralisation devolves to Red warlordism. But the solution cannot be to impose Blue from above—that has failed for sixty years. It must emerge from below, as the informal governance systems develop sufficient internal consistency to generate it organically.

Achievement and Efficiency (sometimes called "Orange") — the Informal Economy and the Lagos Innovation Ecosystem. Nigeria's informal economy, its fintech revolution, its entrepreneurial culture, and the Lagos governance innovations are expressions of an Orange value system that values innovation, competitiveness, and measurable outcomes—operating largely outside the formal state. Strengths: extraordinary adaptive capacity, global orientation, a pragmatic willingness to build what the state fails to provide. Blind spots: the informal economy cannot provide public goods at scale, the entrepreneurial culture is oriented toward individual survival rather than collective institution-building, and the wealth generated remains disconnected from the fiscal architecture that would make it a foundation for accountable governance.

Inclusion and Care (sometimes called "Green") — the Religious Welfare Networks and Ethnic Solidarity. Nigeria's Pentecostal churches, Islamic charitable networks, and ethnic associations are expressions of a Green value system that prioritises care, community, and the protection of the vulnerable—often doing so more effectively than the state. Strengths: deep social trust, genuine commitment to human welfare, and the provision of services to populations the state has abandoned. Blind spots: the care is often exclusionary (within the religious or ethnic community rather than across it), the institutions are patriarchal and hierarchical, and the provision of services outside the state reduces the pressure on the state to perform. The Green energy in Nigerian society is powerful but fragmented—directed toward parallel welfare provision rather than toward the construction of inclusive public institutions.

Integrative and Systemic (sometimes called "Yellow") — the Emerging Future-Oriented Governance. This mindset prioritises functional fit, systemic awareness, and the capacity to integrate multiple perspectives without being captured by any of them. In Nigeria, it is present in pockets—the systems thinking of certain technocrats, the holistic approach of some development practitioners, the integrative vision of the fintech

entrepreneurs building platforms that serve millions across ethnic and religious lines—but it is not yet institutionalised. The transition architecture proposed in this report—hybrid formal-informal institutions, performance-linked fiscal transfers, digital governance leapfrogging, competitive federalism—is designed to embed Yellow mechanisms within the existing Red-Orange-Green configuration, creating the integration that the architecture currently lacks without triggering the immune response that would reject it as foreign.

A.3 The Substrate Deficit as a Value-System Configuration Problem

The Nigerian governance system is dominated by an unstable configuration of Red, Blue, Orange, and Green that has never achieved the integration required for coherent governance. Red patronage networks capture Blue institutions, extracting their resources while resisting their accountability. Orange entrepreneurial energy operates outside the formal state, building wealth that the fiscal architecture cannot reach. Green welfare provision compensates for state absence but reduces the pressure for state improvement. And the Yellow integrative capacity that could connect these systems is present only in fragments.

The Substrate Deficit is, in Spiral Dynamics terms, the absence of a healthy Blue foundation—predictable order, impersonal rules, enforceable contracts—that would allow Red energy to be channelled productively (as in the *igba boi* apprenticeship system) rather than extractively (as in the *Oga-Madam* state capture), Orange innovation to be connected to the fiscal architecture, and Green care to be extended beyond the boundaries of community and faith. Building that foundation is the central governance challenge Nigeria faces. It cannot be achieved by imposing Blue institutions from above—the extraction coalition controls those institutions and has no incentive to make them functional. It must be achieved by strengthening the informal governance systems that already work, building interfaces between them and the formal state, and allowing healthy Blue to emerge from below as those systems develop the consistency, predictability, and accountability that define functional institutions.

Appendix B: International Analogues and Precedents

The proposals in this report are not without precedent. The following examples illustrate existing implementations of governance substrate construction across multiple countries, with particular attention to the developing-world and post-conflict contexts most relevant to Nigeria.

B.1 Rwanda: Performance-Based Financing and State Building from Above

Rwanda's post-genocide reconstruction is the most dramatic example of governance substrate construction in modern African history. The Rwandan Patriotic Front government, under Paul Kagame, built a functional state from the ruins of a collapsed society—establishing security, rebuilding the civil service, implementing performance-based financing for local governments (

imihigo

), and achieving dramatic improvements in health, education, and economic growth. The Rwandan model demonstrates that governance substrate can be constructed rapidly when there is sustained political will, external support, and a degree of centralised authority that would be impossible in Nigeria's fragmented political landscape. For Nigeria, Rwanda provides both inspiration and caution: inspiration that substrate construction is possible, and caution that the Rwandan model depends on a level of political centralisation and elite commitment that Nigeria's competitive, fragmented, ethnically balanced system cannot replicate. The relevant lesson is not the political model but the operational tools—performance-based financing, transparent monitoring, and the use of independent verification to drive service delivery improvements.

B.2 Colombia: Demobilisation and Security Sector Reform

Colombia's decades-long effort to reclaim the monopoly on force from armed groups—FARC, ELN, paramilitaries, and drug cartels—provides the most relevant analogue for Nigeria's fractured sovereignty challenge. Colombia's approach combined military pressure with negotiated demobilisation, reintegration programmes that provided economic alternatives to former combatants, and state-building efforts that extended government presence into previously ungoverned territories. The process was slow, incomplete, and marked by reversals, but it demonstrated that even deeply entrenched armed actors can be brought into a legitimate political order when the state offers credible alternatives to violence. For Nigeria, the Colombian experience provides a template for how the differentiated security strategies proposed in this report—counter-insurgency in the Northeast, demobilisation in the Northwest, mediated resource-sharing in the Middle Belt—might be integrated into a comprehensive approach that combines security operations with the construction of state presence and economic opportunity.

B.3 India: Scale, Federalism, and the Informal Economy

India, examined earlier in this series, is the only country that approaches Nigeria's combination of scale, diversity, federalism, and informal economic dominance. India's experience with competitive federalism—states that govern well attract investment and talent, creating pressure on poorly governed states to improve—provides a model for the transition architecture this report proposes. India's digital identity infrastructure (Aadhaar) and digital public goods (UPI payments) demonstrate how digital platforms can leapfrog absent formal institutions, reaching populations that the state cannot serve through traditional channels. And India's persistent struggles with corruption, patronage, and state capacity—despite decades of economic growth and institutional reform—provide a sobering reminder that governance substrate construction is a multi-generational project even under relatively favourable conditions.

B.4 Estonia: Digital Governance Leapfrogging

Estonia's e-governance infrastructure—the X-Road data exchange layer, digital identity, e-residency—is the world's most advanced example of what happens when a society builds its governance infrastructure on digital foundations. Estonia built this infrastructure rapidly, leveraging its small size, its post-Soviet institutional flexibility, and a political consensus that digital transformation was essential to national survival. Nigeria is not Estonia—it is vastly larger, more complex, and more fragmented. But the fintech revolution already underway in Nigeria—mobile money, digital payments, the BVN identity system—provides the raw material for a digital governance leapfrog that could bypass the broken institutions of the formal state. The Estonian model demonstrates that digital governance infrastructure can be built quickly and can transform the relationship between citizens and the state. The Nigerian adaptation would need to be more distributed, more incremental, and more tolerant of informal variation—but the direction is the same.

B.5 United Kingdom: The Office for Budget Responsibility and Climate Change Committee

The United Kingdom's Office for Budget Responsibility and Climate Change Committee, discussed in earlier reports in this series, provide the model for the Demography-Climate Commission proposed in this report. These independent statutory bodies produce authoritative, non-partisan assessments of long-term fiscal and environmental trajectories, and require government to respond publicly to their findings. Their independence, technical credibility, and statutory foundation have made them enduring features of the UK's governance architecture across changes of government. The Demography-Climate Commission proposed for Nigeria would adapt this model to the Nigerian context—focusing on the demographic and climate pressures that are intensifying all of Nigeria's governance challenges, and making them visible to a political system that has systematically evaded them.

Appendix C: The Governance as Engineering Connection

C.1 The Architectural Foundation

This report draws on a deeper body of work: the Governance as Engineering series, a set of formal analyses that model governance institutions as feedback control systems using standard mathematics from control theory, information theory, and cybernetics. The series is technical; this appendix summarises its core findings in non-technical language and shows how they underpin the Substrate Deficit diagnosis.

C.2 The Five Papers in Brief

Paper I — Governance Stability Simulator demonstrates that centralised governance systems operating on aggregated signals destroy spatial information. This is the formal basis for the argument that subsidiarity—distributing authority to the level where information is richest—is a structural requirement for effective governance. Nigeria's federal architecture is, on paper, one of the world's most developed subsidiarity systems—36 states, 774 local governments, constitutional guarantees of local autonomy. In practice, the Federation Account formula and the fiscal dependency it creates have produced a shadow centralisation that systematically destroys the local information on which effective governance depends. The performance-linked grants and competitive federalism proposed in this report are designed to restore the informational content of subsidiarity by reconnecting local governance to local revenue.

Paper II — Fractality as Stability demonstrates that no single-scale controller can stabilise a system facing simultaneous fast, medium, and slow disturbances. Nigeria faces disturbances across all three bands simultaneously: fast security shocks (insurgencies, banditry, kidnapping), medium economic and social pressures (unemployment, inflation, urbanisation), and slow secular trends (demographic growth, climate change, debt accumulation). The formal state, operating at a single scale with high latency and low signal fidelity, cannot cover this disturbance spectrum. The hybrid governance architecture proposed in this report—local security through community policing, state-level governance improvement through performance-linked grants, national coordination through the Demography-Climate Commission—is designed to create the multi-scale response capacity that the fractality principle requires.

Paper III — The Observability-Democracy Connection demonstrates that citizen preferences cannot be reliably transmitted through representation chains deeper than two or three layers. Nigeria's representation chain is particularly attenuated: the formal state is experienced as predatory, the informal governance systems that citizens actually trust are disconnected from the formal policy process, and the extraction coalition ensures that even elected representatives are accountable upward to patrons rather than downward to citizens. The hybrid institutions, digital governance platforms, and youth co-governance mechanisms proposed in this report are designed to shorten the observation chain—connecting citizen preferences to governance decisions through channels that bypass the broken formal representation architecture.

Paper IV — Requisite Variety and the Commons demonstrates that governance systems with low-dimensional observation cannot stabilise high-variety resource systems. Nigeria's resource systems—its oil wealth, its agricultural land, its human capital—have variety that far exceeds the observational capacity of the formal state. The parallel governance ecosystem—traditional rulers, religious networks, market associations—provides higher-variety observation, but that variety is not connected to the formal governance architecture. The interface institutions proposed in this report are designed to connect the distributed observation capacity of Nigerian society to the formal governance system, increasing the system's effective variety without requiring the impossible construction of a comprehensive state monitoring apparatus from scratch.

Paper V — The Coordination Failure Tax demonstrates that the four failure modes do not add—they multiply. A governance system exhibiting all four simultaneously is categorically incapable of the functions it claims to perform. Nigeria does not merely exhibit the spatial blindness of centralised aggregation (Paper I), the frequency gaps of single-scale control (Paper II), the preference invisibility of deep representation chains (Paper III), and the observational inadequacy of low-dimensional monitoring (Paper IV). It exhibits all four simultaneously, while the substrate that would allow the architecture to be redesigned is itself absent. The "tax" in Nigeria is not merely a coordination failure. It is a compounding deficit in which each failure mode amplifies the others, and the absence of basic institutional foundations makes all of them harder to address.

C.3 The Substrate Deficit and the Limits of the Engineering Framework

The Governance as Engineering series identifies the structural requirements for first-order governance—the conditions under which a governance system can execute, integrate, sense, and learn. Nigeria largely fails to satisfy those requirements, not because its institutions are poorly designed but because the basic substrate on which those institutions depend was never consolidated.

In control-theoretic terms, the Nigerian governance system has low *observability*—the formal state cannot perceive the society it governs because the observation channels are blocked by the dissociation between formal and informal governance. It has low *controllability*—the state cannot translate decisions into action because it lacks a monopoly on force, a functioning administration, and a fiscal architecture that funds implementation. It has high *latency*—the time between a problem emerging and a response arriving is measured in years or decades, and by the time the response arrives the problem has transformed. And it has low *signal fidelity*—the information that reaches decision-makers is systematically corrupted by the extraction coalition's interest in maintaining the appearance of governance without its substance.

The Substrate Deficit is therefore not merely a political or institutional condition. It is a control-theoretic one: the Nigerian governance system lacks the basic architectural prerequisites for the feedback loops on which adaptive governance depends. The transition architecture this report proposes is, in essence, a framework for constructing those prerequisites—building the observation channels, the response mechanisms, and the accountability loops that would allow the system to begin functioning as a governance architecture rather than an extraction mechanism.

Appendix D: Anticipated Objections

D.1 "Nigeria is a failed state. This analysis romanticises dysfunction by calling it 'informal governance.'"

The term "failed state" implies the absence of governance. Nigeria is not ungoverned. It is governed through channels the formal architecture does not recognise—traditional authorities, religious networks, market associations, digital platforms, community vigilantes. These systems are real, functional, and in many cases more trusted and more effective than the formal state. Recognising them is not romanticism. It is accurate description. The question is not whether governance exists in Nigeria. It is whether the formal state can connect to the governance that already exists—and whether that connection can be made productive rather than extractive.

The distinction between informal governance and dysfunction matters because the policy implications are different. If Nigeria is simply dysfunctional, the prescription is to build formal institutions from scratch—the project that has failed for sixty years. If Nigeria is governed through informal channels, the prescription is to build interfaces between formal and informal governance—strengthening what works, connecting it to state capacity, and gradually constructing the institutional foundations that the formal architecture has never provided. This report argues for the second approach, not because it romanticises informality but because the first approach has been tried repeatedly and has failed.

D.2 "The informal systems are just as extractive as the formal state. Traditional rulers are patriarchs, religious leaders exploit their followers, and vigilantes are often predators."

This objection is partly correct, and the report does not dispute it. Nigeria's informal governance systems are not uniformly benevolent. Traditional rulers can be authoritarian. Religious leaders can exploit their congregations. Vigilantes can become the predators they were formed to resist. The parallel governance ecosystem is not an idyll. It is a set of institutions that have developed to fill the vacuum left by state absence, and they carry all the imperfections of institutions that operate outside formal accountability mechanisms.

But the existence of these imperfections does not make the informal governance systems equivalent to the formal state, or the project of building interfaces between formal and informal governance misguided. The formal state is also extractive—indeed, it is organised around extraction. The question is which starting point offers a more viable path to improvement: attempting to reform a formal state that is controlled by an extraction coalition with no incentive to permit reform, or engaging with informal systems that are already delivering governance and that could be made more accountable, more inclusive, and more effective through

formal recognition, regulatory frameworks, and integration with state capacity. This report argues for the second path, while acknowledging that it requires careful design to prevent the informal systems from being captured by the formal state rather than the reverse.

D.3 "The Performance State programme would be captured by the same patronage networks that control everything else. It's naive to think it would work."

The risk of capture is real. The extraction coalition has successfully neutralised every reform initiative that has threatened its interests for decades, and the Performance State programme would be a target for the same dynamics. The programme's design—independent evaluation, transparent criteria, multi-year funding commitments, external validation—is intended to make capture more difficult, but no design is immune to determined sabotage.

The honest answer is not that the programme is guaranteed to succeed. It is that the alternatives to trying are worse. The extraction coalition is not static. The debt spiral is consuming its resource base. The demographic and ecological pressures are intensifying. The current architecture is deteriorating, not stable. A programme that creates an alternative pathway for states that want to govern well—and that generates evidence of what functional governance looks like in the Nigerian context—increases the probability that when the current architecture reaches its breaking point, there is something ready to replace it. The Performance State programme is not a guarantee of success. It is a wager on the existence of sufficient reform energy within the Nigerian political system to sustain islands of integrity, and on the capacity of demonstrated success to attract imitators over time.

D.4 "This analysis is interesting, but it will never be implemented. The extraction coalition is too strong."

The extraction coalition is strong. The fiscal architecture is entrenched. The cultural operating system is deep. The honest assessment this report offers is that significant deterioration is more likely than significant improvement in the near-to-medium term. The report does not predict transformation. It offers a framework for what transformation would require, and identifies the specific mechanisms that could be addressed by actors who wish to begin the work.

The value of a diagnostic framework is not only in its ability to guide action. It is also in its ability to make reality legible—to explain why previous reforms have failed, to identify the structural constraints that any successful reform would need to address, and to provide a language for understanding the system that is more precise than "corruption" and more actionable than "everything is broken." The report is offered in that spirit: not as a prediction that Nigeria will transform, but as a diagnosis of what would need to change for transformation to become possible, and a specification of the first steps that could be taken by those who wish to begin.

D.5 "Nigeria's problems are caused by colonialism and neocolonial exploitation. This analysis blames Nigerians for their own predicament."

The report explicitly identifies the colonial inheritance as a structural cause of Nigeria's governance challenges—the artificial borders, the system of indirect rule, the extractive economic orientation, and the weak legitimacy of the post-colonial state. It also identifies the ongoing role of international actors—oil companies, arms suppliers, financial institutions—in perpetuating the extraction architecture.

But structural causes are not structural determinism. The colonial inheritance shapes Nigeria's governance challenges; it does not absolve the Nigerian political elite of responsibility for perpetuating and deepening the extraction architecture over six decades of independence. The report's analysis of the extraction coalition, the petrostate fiscal architecture, and the cultural operating system is an analysis of how Nigerian actors, responding rationally to the incentives created by the colonial and post-colonial architecture, have reproduced and intensified the dynamics that serve their interests. This is not blame. It is diagnosis—and diagnosis is the precondition for change.

Appendix E: About the Author and Method

The Author

This report was written from a position of comparative engagement with governance systems across multiple continents, but not from within Nigeria's institutional core. The author is not Nigerian, does not live in Nigeria, and does not claim the authority of lived experience within Nigerian governance. The perspective offered here draws on a sustained engagement with complexity science, developmental psychology (Spiral Dynamics), governance theory, and control-theoretic approaches to institutional design—pursued with the conviction that the most valuable diagnoses sometimes come from outside the system being diagnosed, where questions can be asked that insiders have learned not to hear.

The distance from institutional power is both a limitation and a resource. It limits access to the granular, day-to-day texture of Nigerian policy-making—the unwritten norms, the informal power structures, the lived reality that no formal framework can capture. But it also enables a freedom of diagnosis that proximity to power often discourages. The report does not claim insider knowledge. It claims a coherent lens—one that may prove useful to those who do hold institutional positions and are searching for frameworks that make sense of what they are experiencing.

The author has also contributed directly to governance design through the Global Governance Frameworks, the Governance as Engineering whitepaper series, and the Country Reports for Systemic Change—all of which are referenced in this document and available in full on the author's website. The report is offered in the spirit of collaborative sense-making, not definitive pronouncement. Feedback, criticism, and dialogue are welcomed.

A Note on Method

This report was developed through a structured, multi-model synthesis process. Several large language models were engaged in parallel, each prompted to analyze Nigeria's governance architecture from their respective analytical angles. Their contributions were compared, challenged for contradictions, and integrated by the author into the final argument. The AI served as a research partner and a perspective engine; the editorial judgment and the intellectual responsibility are entirely human.

This method is an experiment in cognitive amplification: using AI to facilitate analysis and to deliberately juxtapose multiple strategic intelligences, surfacing patterns and tensions that might otherwise remain invisible. The report is richer for that polyphony. It is also, like any work of synthesis, provisional. It makes no claim to finality. It claims only that the lens it offers merits testing against reality—and that the testing, in the end, is what matters most.

The Country Reports Series

This report is the twelfth in a series of Country Reports for Systemic Change. The first examined Germany through the lens of an execution deficit. The second examined France through the lens of an integration deficit. The third examined Sweden through the lens of a feedback deficit. The fourth examined India through the lens of a synchronisation deficit. The fifth examined the European Union through the lens of a coherence deficit. The sixth examined the United Kingdom through the lens of a control-delivery deficit. The seventh examined Brazil through the lens of an accumulation deficit. The eighth examined Russia through the lens of a power-vertical deficit. The ninth examined the United States through the lens of an integration deficit. The tenth examined Finland through the lens of a throughput constraint. The eleventh examined Japan through the lens of a continuity trap.

Together, the twelve reports form a global diagnostic framework spanning the full spectrum of adaptive capacity challenges—from first-order deficits of execution and integration to second-order constraints of velocity and paradigm lock-in, and now to the foundational challenge of substrate construction that Nigeria represents. The series does not claim to be complete. It claims to be a foundation on which further analysis, deeper testing, and better design can be built. Nigeria, the hyper-governed society that has never had a functional state, is the case that asks the most fundamental question the series has yet posed: not how to reform a governance architecture, but how to build the foundations on which any governance architecture depends.