ADMINISTRATIVE ORGANIZATION OF AFRICAN STATES AND OIL POLICY: ANGOLA AND NIGERIA COMPARED

AYŞEGÜL EZGİ DURMUŞ

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BY

AYŞEGÜL EZGİ DURMUŞ

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PLAGIARISM

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Date: 23.06.2022

Name/Surname: Ayşegül Ezgi Durmuş

ABSTRACT

Angola and Nigeria are front running countries in terms of natural wealth among other countries in Sub-Saharan Africa. Angola lived under Portuguese rule before gaining independence. Nigeria, on the other hand, was under British colonization. Both still carry part of cultures they had acquired during the colonial period. At present, oil resources are the key element for their economic persistence and they have a notable position in the global oil market. Due to their colonial background, post-colonial experience and challenges that they have faced along with administrative and economic structure, both countries are essential to penetrate in many ways. The central axis of this study is that it explores whether federalism enhances democratic quality and ensures reduction of disparities through equitable sharing of oil revenues.

Key Words: Angola, Colonialism, Federalism, Nigeria, Oil policy, Unitary state

ÖZET

Angola ve Nijerya doğal zenginlikleri bakımından Sahra Altı Afrika'nın önde gelen ülkelerindendir. Angola bağımsızlık öncesi Portekiz sömürgesi altında yaşamıştır. Nijerya ise İngiliz sömürgesi altında yaşamış olup her ikisi de hala koloni döneminde edindikleri kültürlerin bir parçasını taşımaktadır. Bugün, petrol kaynakları bu iki ülkenin ekonomik devamlılığı için son derece önemli olup her iki ülke de petrol dünyasında hatırı sayılır bir konuma sahiptir. Koloni dönemi, koloni sonrası deneyimleri ve karşılaştıkları zorluklar ile idari ve ekonomik yapısı nedeniyle her iki ülkeyi de birçok açıdan iyice anlamak önem arz etmektedir. Bu çalışmanın ana ekseni, federalizmin demokratik açıdan niteliği artırıp artırmadığını ve eşitsizliklerin petrol gelirlerinin adil paylaşım yoluyla azaltılmasını sağlayıp sağlamadığını araştırmasıdır.

Anahtar Kelimeler: Angola, Sömürgecilik, Federalizm, Nijerya, Petrol politikası, Üniter devlet

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INTRODUCTION

In 2020, Angola announced a new legal regime for domestic participation in the country's oil and gas sector. This allows the encouragement of the acquisition of national goods and services and the replacement of expatriates by Angolan workers. It is expected that new regime will help wealth creation and the promotion of economic diversification in Angola. It will also promote participation in the oil sector from commercial companies owned by Angolan citizens. The new legal regime indeed emphasizes the strengthening of national entrepreneurship, highlighting that foreign technical assistance or management contracts must contain detailed training programs, knowledge transfer, technology, development, and improvement of professional skills for the national labor force, while promoting the use of national raw materials in an aim to reduce imports and increase domestic production (Nana, 2020).

On the other hand, in Nigeria, youth leaders of several ethnic groups lately came together to raise their voice against the authorities for dealing secretly with Shell Petroleum Development Company (SPDC). Youth leaders argued that multinational companies have already stolen from the nation piece by piece and authorities should not tolerate this kind of action a single day more (ThisDayLive, 2021).

Angola and Nigeria are both prominent countries in Sub-Saharan Africa. Oil policy and resource allocation topics are always on these countries' agenda since oil is the main resource in both economies. Given the principal difference in the administrative organization of both states, this research lays out how unitary and federal states design and implement oil policies. The interaction between multi-level governance (MLG) in the oil sector and policy outcomes is studied with a view to how the management of this policy area influences democratic performance or income equality.

The study aims to shed a light on how unitary and federal Sub-Saharan African states design and implement oil policies, with a view to the ways in which the management of this policy area influences democratic performance and socio-economic equality. An effort is made to analyze whether MLG in oil sector and policy outcomes such as the improvement of democratic quality and the reduction of socio-economic disparities are related. The MLG patterns in African states are considered to be impacted by the colonial legacy of each country, decades after the proclamation of independence. The extent to which some degree and form of home or self-rule skills are left behind by the colonizers is regarded to be influential in policy-making procedures. Thus, the hypotheses that are central to this study are:

A colonial background that relies on self/home rule culminates in higher levels of democratic performance and socio-economic equality in the post-colonial era.

Administrative decentralization through MLG of oil policy culminates in higher levels of democratic performance and socio-economic equality.

In the first and following chapter of the study, a methodological discussion is undertaken. The few-case comparative study and case selection are outlined. Similarities and differences between the two sub-Saharan African studies are examined.

In Chapter II, a literature review is conducted on the rentier state concept and the MLG. Unitary state, federal state, types of federalism and local government are scrutinized to explain layers of multi-level governance. In addition, economic and fiscal policies in unitary and federal states are examined.

In Chapter III, the study concentrates on historical backgrounds and the British and the Portuguese colonial legacy in Nigeria and Angola in the long run. Administrative practices and democratic struggles of both countries are discussed in this chapter.

In Chapter IV, the economic outlook and current practices and regulations about revenue distribution as well as oil policy in Angola and Nigeria are explained. The rentier effect on the economy, environmental issues surrounding oil, and current corruption levels are central to this chapter. The principal objective of the fourth chapter is to identify and discuss the main findings of the study.

In the conclusion, it is noted that while both countries are weak on transparency and highly corrupt, the more 'fragile state' of Nigeria still outperforms Angola on democratic performance. Although the two countries have different administrative organizations of the state, both tend to become centralized and authoritarian. Political elites enjoy oil wealth in both countries to protect their current position and privilege. The study also shows that colonial background influences levels of democratic performance in the post-colonial era, by impacting the MLG and administrative patterns.

1. METHODOLOGY

In this qualitative research, the data which helps to compare the two countries has been collected from primary sources such as constitutions of the relevant countries, reputable global companies' and NGO official statistics and annual reports. Official statistics are also consolidated to enlighten the continent's present situation and see the exact rankings of Angola and Nigeria. In addition, secondary sources are used to lay out the topic. While there are various secondary sources about Nigeria, it is not easy to find relevant and updated sources for Angola.

A few-case comparison is attempted in this study. As far as case selection is concerned, Angola and Nigeria have been chosen for this research since both countries are the biggest oil producers in their continent and share a similar historical background. Both have had colonial roots, been through civil war and faced lack of strong administrative experience. Yet, the principal difference between the two countries is how different levels of government relate to one another in each. While the federal system in Nigeria displays a different understanding of MLG, Angola demonstrates quite contrasting characteristics. This study hence discusses the similarities between the two countries, to be followed by how the current administrative and MLG patterns have taken shape in both contexts. In spite of various similarities, the divergent MLG formulas in the two countries seems to have produced two different models of public policy-making and implementation. The impact of these two different models on management of the two countries' oil resources is explored. A comparative methodology is thus used, through the inclusion of two rentier states from Sub-Saharan Africa by using the Most Similar System Designs (MSSD).

In exploring the similarities between Angola and Nigeria, several indices have been surveyed. To begin with, the **Transparency Index** shows that Angola and Nigeria were in the exact same place in 2020. However, when more recent data was released, Nigeria is ranked 154th and Angola is in the 136th position out of 180 countries in 2021 (Corruption Perceptions Index (CPI), 2021). Angola is more transparent than Nigeria according to the current data. Compared to the other countries in sub-Saharan Africa, Angola is in the 27th position and Nigeria is ranked 37th out of 49 countries. As it was shown in the Table 1, while average score of the region (Sub-Saharan Africa) was 32,78, Angola's score was 29 and Nigeria's score was 24 out of 100 point.

Table 1. Corruption Perception Ranks

Country	**Score / 100**	**Rank / 198**	**Rank in the Region /49**
Angola	29	136	27
Nigeria	24	154	37
Average in the Region	32,78		

Source: CPI, 2021

The Ibrahim Index of African Governance (IIAG) has studied governance performance in 54 African countries with the framework of four categories: Security & Rule of Law, Participation, Rights & Inclusion, Foundations for Economic Opportunity, and Human Development. As a result, mean of four categories gives the final governance score. These categories are made up of 16 sub-categories, consisting of 79 indicators. According to IIAG, Angola's governance score is 40 and Nigeria's is 45.5 out of 100 point (IIAG Index Report, 2020). The average score for other 54 African countries is 48.8, which means both countries are close to but still score below the regional average. However, Nigeria has better governance performance than Angola.

Fragile State Index shows the fragility in respect of risk and vulnerability in the subjected countries and overall continent. Nigeria is 12th and Angola is 34th among 179 countries (Fragile State Index Annual Report, 2021). Nigeria is sharply more fragile than Angola. Potential terrorist activities all around country and the territorial size of Nigeria seem to account for this outcome.

Freedom House prepares an index by comparing countries in terms of *political rights and civil liberties*. As it was shown in the Table 2, according to the index, Angola's score is 30 and Nigeria's is 43 out of 100 points. As a result, Angola's status has been defined as *Not Free* and Nigeria's is *Partly Free*. The two countries' scores on civil liberties are close. Compared to other sub-Saharan African countries, while Nigeria is close to average, Angola is way below the average score in the region.

Table 2. Global Freedom Scores

Country	**Total Score (100)**	**Status**	**Political Rights (40)**	**Civil Liberties (60)**
Angola	30	Not Free	10	20
Nigeria	43	Partly Free	20	23
Average in the Region	42	Partly Free	16	26

Source: Countries and Territories Index, 2021.

Varieties of Democracy Institute (V-Dem) released another comparison report. V-Dem basically measures democracy with more than 470 indicators. According to the report, Angola and Nigeria both are *electoral autocracy* in terms of regime classification. In a part of the report, *Liberal Democracy Index* has indicated that Angola is 126th and Nigeria is 95th among 179 countries in the world (V-Dem Institute Democracy Report, 2022). V-Dem Report shows that Nigeria highly outperforms Angola in terms of its democracy level.

Human Development Index Report (HDI) shows that among 189 countries, Angola is 148th and Nigeria is 161st place. After taking African-only countries into account, it is reached that Angola's continent ranking is 19th, Nigeria's is 28th out of 53 countries, with Somalia being excluded from the ranking. Average HDI Value (HDI scores between 0,0 to 1,0) in the continent is 0,561, while Angola scores 0,581 and Nigeria 0,539.

HDI Report shows that while *expected years of schooling* in the continent is 10,7 years, in Angola and Nigeria, it is 11,8 and 10 years respectively. *Life expectancy* at birth in overall average for the continent is 64,1 years, whereas for Angola and Nigeria, it is 61,2 and 54,7 years in the given order. Meanwhile, *Gross National Income (GNI)* per capita in the continent is $5.609,57 on average, the GNI per capita for Angola and Nigeria are $6.104 and $4.910 respectively (HDI Report, 2020).

Additionally, *population living below income poverty line* in Angola is 32.3 %, while it is % 40.1 in Nigeria. On the other hand, *extreme poverty* –living at or below– $1.90 a day is 49.9 % in Angola and %39.1 in Nigeria (Global Multidimensional Poverty Index, 2021).

The Worldwide Governance Indicators is published by *World Bank* with six dimensions of governance by ranking. As it was indicated in Table 3 (rank shows percentile rank among all countries, ranges from 0 (lowest) to 100 (highest) rank), while Angola have better performance on Control of Corruption, Regulatory Quality, Political Stability and Absence of Violence, Nigeria outperforms in the other indicators, such as Rule of Law, Government Effectiveness, Voice and Accountability (The Worldwide Governance Indicators, 2021 Update). The undeniable difference comes out of Political Stability and Absence of Violence / Terrorism dimension between two countries.

These results clearly indicate that Angola and Nigeria are both below the average score in the Sub-Saharan Africa. Nigeria is only above the average in Voice and Accountability indicator with a tiny difference.

Table 3. The Worldwide Governance Indicators

Indicator	**Angola**	**Nigeria**	**Average in the Region**
Control of Corruption	**18.3**	13.5	30.8
Rule of Law	16.8	**21.2**	27.6
Regulatory Quality	**15.9**	13.9	26.1
Government Effectiveness	11.1	**13.0**	25.3
Political Stability and Absence of Violence / Terrorism	**26.9**	4.7	30.0
Voice and Accountability	25.6	**32.4**	31.8

Source: The Worldwide Governance Indicators, 2021 Update

Elcano Global Presence Index which is issued by the Elcano Royal Institute is also examined in this study. The Index measures global presence for 130 countries objectively. As it is stated in Table 4, Angola is at 91st place with 9.1 Global Presence Index value in 2020 results while Nigeria was at 33rd place with 69.0 index value. Even though the index is not showing considerable change, Nigeria is losing its place on its continent and in the international stage in the last 10 years.

Table 4. Global Presence Values of Angola and Nigeria

Country	**Global Presence**	**Economic Presence**	**Military Presence**
Angola	9.1	14.9	7.0
Nigeria	69.0	30.4	8.8

Source: Elcano Global Presence Index, 2020

In terms of Economic Presence, energy, primary goods, manufactures, services and investments are observed. Angola's index value is 14.9 and Nigeria's is 30.4 (Elcano Global Presence Index, 2020). It is obvious that energy and investments create a significant gap between Angola and Nigeria in economic presence. The other one is Military Presence observing troops and military equipment. Angola's index value is 7.0 and Nigeria's is 8.8 (Elcano Global Presence Index, 2020). Not surprisingly, those results favor Nigeria since Nigeria has the necessary potential to be a regional power in the continent (Powell et al., 2014).

Table 5. Global Presence in Detail

Indicator	**Angola**	**Nigeria**
Economic Presence	*14.9*	*30.4*
Energy	67.2	120.4
Primary Goods	4.4	11.2
Manufactures	1.7	1.5
Services	1.6	14.8
Investments	4.7	11.5
Military Presence	*7.0*	*8.8*
Troops	0.0	18.9
Military Equipment	12.2	1.2

Global gender gap between the two countries is also attended to in the study. The index's framework is established on four dimensions which are economic participation and opportunity, educational attainment, health and survival, political empowerment. As it was stated in Table 6, Angola's score is 0,66, Nigeria's is 0,64 in the range 0-1 (The Global Gender Gap Report, 2020). Although their total results seem close to each other, *every dimension* reveals an essential difference between two countries.

Table 6. The Global Gender Gap in Angola and Nigeria

Indicator	Angola		Nigeria	
	Score (0-1)	**Rank /153**	**Score**	**Rank**
Global	*0.660*	***118***	*0.635*	*128*
Economic Participation and Opportunity	0.640	96	0.738	**38**
Educational Attainment	0.759	147	0.806	**145**
Health and Survival	0.980	**1**	0.964	135
Political Empowerment	0.262	**46**	0.032	146

2. LITERATURE REVIEW

2.1. Rentier State

Rent is defined as *"an amount of money that you regularly pay so that you can use house, room, etc."* in a dictionary (Oxford Dictionaries). In addition, it is related to the revenue coming from natural resources and this revenue is classified as *rent* in political economy.

Rentier State is defined as a concept for the first time by Hussein Mahdavy in 1970. According to his article, Rentier States receive significant amount of external rent, i.e., a revenue that comes from natural resources such as oil, gas etc. (Mahdavy, 1970). His study was mostly based on Middle Eastern countries at the time. Accordingly, this concept went beyond the regions, travelled to other regions, and used by other scholars to define oil-dependent countries.

If the economic structure directly depends on the national resources, those countries are classified as rentier states. Basically, in a rentier state, state's revenue mostly comes from natural resources, but the word "mostly" is the key factor in this case.

After Mahdavy, Beblawi also studied the rentier state concept. He contributed to the literature with four new elements. According to his statement, following aspects are the elements of rentier state (Beblawi, 1987):

1- "*Rent situations*" control the economy;
2- Only small, favored elites have rentier wealth in the society and the rest is busy with distribution and utilization of the revenue;

3- Rent has to be external and has a strong capability to maintain the economy without any other determinant;

4- Government has the key to turn the wheels of the economy since they control the rent as a political power. In this case, the state has the decision-maker role for the allocation and distribution of the rent, and it is also the biggest employer in the country.

Some scholars relate the phrase “no representation without taxation” to the rentier state concept. There are three mechanisms to explain the manner. Firstly, a rentier state gets “autonomous” from society and does not tax (or impose a minimum) to diminish the expectation for representation or accountability. Secondly, society becomes “depoliticized” affected by distribution policy of profit, governments quell any opposition instead of having public consent. Thirdly, the way of distribution of revenue is an obstacle for “social modernization” (Hachemaoui; O'Mahony, 2012).

According to Schwarz, there are three functions of states that are security, welfare, and representation (legitimacy) (Schwarz, 2008). Even if the rentier state may serve a functioning security and welfare system, they always have a problem with the representation function since being dependent on natural resources makes those countries weaker in terms of political accountability and transparency. Moreover, there is a strong correlation between state-formation and economy because of two reasons. First reason is that excess oil revenue in the hand of the state reduces the state’s necessity to extract resources from its population. The other reason is that the level of rentiers is essential because a high level of rentiers harms the social and economic development of a country (Schwarz, 2008).

There are some scholars discussing whether rent leads states to authoritarianism or not. In a rentier state, political elites buy political legitimacy thanks to rent when oil prices are favorable to them. Besides, the state does not depend on internal tax revenue. Legitimacy gives the power to the elite over people and makes society believe that this is the best way to rule. A high level of rentiers does not allow the government to serve as a modern state and this creates a growing gap between the ruling elite and citizens. To sum up, if rent revenue goes well, then regimes and the ruling elites will sustain in a rentier state the state otherwise doomed to collapse.

2.1.1 Main Characteristics of Rentier State

According to Collier and Hoeffler, there is a high level of economic inequality in the Oil Market. They argued that, in an oil-dependent country, the government does not pay attention or invest in the other sectors but the oil sector (Collier and Hoeffler, 1998). That is why the economy is called one-sided, which makes other sectors highly weaker. Since the government does not invest in any other sector, there is a lack of production of any alternatives.

Oil dependent economy means that everything relies on oil prices. When there is no alternative but oil, it is inevitable to be affected by oil prices negatively since oil price is the fundamental component in the economic system. For this reason, any change in oil prices affects the entire market and causes a boom and bust in the economy so this destabilizes the entire system.

Oil industry does not create a remarkable job opportunity as assumed either. There is only some since this kind of job requires to be highly qualified, which few people are hardly entitled to (Hachemaoui; O'Mahony, 2012).

Without taxation, there is no transparency or accountability in a rentier state. This resulted in a high level of corruption. Statistics show that the corruption level in countries with natural resources is higher than in countries without natural resources (The Corruption Perceptions Index, 2021).

In summary, rentier state or natural resources dependent states have specific characteristics listed below:

- The government can be called a distributor,
- No accountability,
- High level of corruption,
- Vulnerable to oil shocks and other external events,
- Absence of taxation (or minimum rates),
- Weak political and economic institutions,
- Central authority over the economy.

2.1.2 Resource Curse Theory

Many think that wherever natural resource goes, developments in many areas will follow. When a country has natural resources, people expect that there is a high level of democracy, a growing economy, and well-functioning development in institutions and human rights. However, it is a paradox that states with a high level of natural resources are more likely be the problematic ones (Ross, 2011). Scholars have argued that having natural resources, specifically oil, drives countries to authoritarianism, economic ruin, corruption, and conflict like civil war. In his early research, Mahdavy also had questioned about this dilemma by asking why countries with high level of natural resources are not among the most developed countries (Mahdavy, 1970).

Ross also studied three possible reasons to explain anti-democratization in a rentier state. First, the "rentier effect" is related to having political consent by minimum or no taxation (Ross, 2001). Second, the "repression effect" referred to how governments delay democratization by using oil revenue on internal security and finally, the "modernization effect" assumed that development on the export of natural resources does not necessarily affect social and cultural behavior positively (Ross, 2001).

Resource curse does not emerge itself. Respectively, uneven playing field in politics and economy, wealth distribution, and inequalities cause political dissatisfaction and, as a result of this dissatisfaction, incapability on political or economic reforms and stagnation emerge (Schwarz, 2008).

There is a strong correlation between natural resources and resource curse theory, but they do not cause one another. Rent coming from the natural resources affects the democratic and social transition. When a natural resource becomes “rent” and it makes country petro-state then it turns to a curse for the country and it is not possible to expect great developments in these countries. Scholars named this paradox as a “Resource Curse Theory”.

There is not any recent study to identify whether federalism or unitary state formula impacts the development of rentier states. Federal and unitary states are equally prone to the development of rentier states. There is a lack of emphasis on the impact of administrative organization of states (i.e., federal or unitary) on the development of rentier states.

There is no correlation between development of rentier states and colonial legacy. However, this is a fact that resource rich countries are inclined to show economic performance since resource wealth leads administrators to abuse power for personal benefit. In this point, it is undeniable that post-colonial states have a tendency to become authoritarian since they have already experienced it. Authoritarianism is one of the features of the rentier state concept.

2.2. Multilevel Governance

Government is geographically divided into different levels since it is easier to manage their affairs. There are main and multiple layers of government a country may be divided into (Newton & Deth, 2010):

- **Supra-National Level:** These are the organizations to create international cooperation between states, such as NATO, the UN, WTO. An international agreement is signed between governments to have this kind of alliance.

  Confederations are also counted in this form of organization. Confederations come together for a common purpose and members hand over some of their power to manage their affairs.

- **National Level:** National level of government is formed of two categories: a unitary and a federal based. While unitary states have sub-control units, federal states have middle level territorial units which are states, provinces or regions. Sub-control units are below the center and their existence depend on the national government's decision. However, middle level in federal states have a certain level of autonomy and freedom in decision making process and this autonomy is guaranteed by the constitution.
- **Local Government:** Central authorities decentralize some of their powers to manage complex or geographically wide areas. Local governments or municipal governments are mostly responsible for social care, housing, schools etc. Local governments serve democracy in a positive way by letting people be heard at every level. Detailed literature about local government is given in the part 2.2.3.

2.2.1. Unitary State

It would not be wrong to say that most of the states are unitary in today's world. Turkey, France, Angola and Japan are only some examples. Historical roots, geographical elements, homogeneous levels of social and cultural background are some reasons for a country to be a unitary state and those reasons may be expanded.

A unitary state means a politically centralized system (Berkün, 2017). When defining a unitary state in relation to power distribution, ruling power is given to a single institution in these states. One rule coming from the center affects the entire order of the country. The sole holder of sovereignty is the state itself and there is a legislature, a judiciary, and an executive body directly depending on the state (Karataş, 2019). A unitary state is judged by elements such as undivided sovereignty, single legislative power, and sole state (one nation, one ruling power) (Evliyaoğlu, 2021).

Unitary states are regarded as the ideal practice for small and homogeneous countries, more open to create national integration and to take determinant action for the whole country, and prone to provide equivalent rights and duties for everyone. Disadvantages cover rigid, over centralized governments and attempts to silence smaller groups (Newton & Deth, 2010).

Unitary state is mostly based on center. The central state has (Gözler; Kaplan, 2018):

- One and only legal entity,
- Ministries which work on behalf and account of the central government,
- Central budget to handle the public services,
- Decision-making process held by the center,
- Provincial organization appointed by and working for the center.

Structurally, political and administrative power is gathered and centralized in one place in unitary states. Centralization is the core factor in the system. The Center may share part of its authority with the local units, not to give them ruling power but responsibilities (Bozan, 2017). Local units do not participate in the decision-making process. They do not get involved politically but have an administrative voice.

Legislative authority is in the hand of the center in unitary states, and it is up to the center whether there will be a local government or not in the system. Local governments are established or removed at the discretion of the center. The center decides roles and responsibilities of the local governments, may expand the roles and responsibilities, or dismiss them (Heywood, 2013).

2.2.2. Federal State

Federalism is coming from the Latin term "feodus" meaning contraction/agreement and consists of institutions that allow authority being distributed and redistributed between each other in process (Rodden, 2004). Federalism provides representation for all units. Representatives of states participate in decision making process and any other issue, such as law-making (Uygun, 2015).

While unitary state has two bodies (central and local), the structure of federalism requires three separate governmental bodies on the basis of national, local, and middle level (Biricikoğlu, 2013). Middle level locates between national and central level and called as state (Newton & Deth, 2010). Structure of federalism requires two separate governmental bodies and basically sovereignty (and any kind of responsibilities) is divided between these bodies. Federal state is the head, states of the federation are the arms of the system. Sovereignty belongs to the federal state itself, but both levels have legislative, executive, and judicial powers and also the relevant institutions such as parliament, constitution, judicial organs, etc. (Metin & Erece, 2016).

In federal states, power is divided between territorial units, such as state or territory, guaranteed by constitution in a federal level (Newton & Deth, 2010). Today, there are 24 countries that have a federal system and every one of them has a different number of regional division (Forum of Federation, 2021).

Table 7. Regional division of federal countries, 2021

Country	**Number of Regional Units**
Argentina	23 Districts
Brazil	26 States
Germany	16 Länder
India	28 States, 7 Union Territories
Iraq	19 Provinces
Nigeria	36 States
South Africa	9 Provinces
United Arab Emirates	7 Emirates
United States of America	50 States, 1 Federal District
Venezuela	23 States

Source: Forum of Federation, 2021

Federalism is a reasonable way for the large territories with diverse communities. However, it should be noted that being "concentrated in the same area" is the key factor for those societies. Federalism has some explicit advantages in multicultural societies and also help them preserve their historical roots and culture, language and more. In this way, federalism is a way to support freedom of choice, diversity, and equality for those societies (Powell et all., 2014). Some federations have chosen the federal system to use these advantages and to create a path for democracy. Federalism allows them to protect the varied characteristic of their culture and any other differentiation. It is a way for (Bulmer, 2017):

- Recognition of identity,
- Making all voices heard,
- Having a political role at the state level,
- The center to understand the needs of the states, with a view to addressing the resources.

However, sometimes the result may be different than what people expected. Federal states are not always as ideal as expected. Such states experience economic and regional problems in the states. In a federal system, there may be disagreements between local and central level, and the country may have a tendency to apprise separatist voices in a certain territory or focus on local developments instead of national growth and create dysfunctional units, while moving toward centralization (Newton & Deth, 2010).

Division of power and participation are the key elements for federal states (Nitszke et all., 2008). Federal constitutions mostly regulate the division of power to help draw the political spheres of the institutions. There is one and only list which regulates the responsibilities of the federal states or, two lists helping to separate the role of the federal state and the states and also it is possible to see one more list of concurrent powers (Bulmer, 2017).

2.2.3. Types of Federalism

There is no single type of federalism, as variants are identified with a reference to various criteria.

Centralization: centralization is located exactly to the opposite side of the principles of federalism but the controlling mechanism over units may create a tendency to become more centralized than any unitary state. Federal states need federal units financially, which is also another way of centralization (Nitszke et all., 2008).

Decentralization: Mostly explained as shifting power from center to local units and if applied clearly, it helps governments have better relationship with society, and increase accountability (Rodden, 2004). Decentralization is significantly necessary in countries with large territory and with diverse societies. Bulmer argued that: "*robust funding arrangements that give state, provincial or regional authorities sufficient resources and sufficient autonomy in the allocation of those resources are necessary if effective decentralization of power is to be a reality*" (Bulmer 2017).

Cooperative Federalism: there is a mechanism for power sharing between entities but in the end, they have to work together and cooperate such as in Germany (Newton & Deth, 2010). This kind of a system blurs the line of division of power and lead the levels work closely to have more efficient consequences and guaranteed delivery (Nitszke et all., 2008).

Dual Federalism: Legislative powers are divided clearly between entities in federal and state level, and both are recognized as equally independent (Nitszke et all., 2008). Even if there is an identified power sharing, in practice, federal government and states have cooperation in many subjects as in USA (Newton & Deth, 2010).

Coming Together Federalism: independent countries come together and become a federal state (Bulmer, 2017). They live behind part of their sovereignty for a more efficient form of state. These kinds of states enrich their financial situation by opening the way for trade and business. The critical factor in coming together federalism is that states come together willingly (Keller, 2002).

Holding Together Federalism: happens when a unitary state chooses to be a federal state and transforms accordingly (Bulmer, 2017). A new federal state is born with holding together federalism, the main reason for this kind of change being to solve existing problems, with India and Spain being the examples of coming together federalism (Taylor, 2007). It is different than coming together federalism since falling apart unitary states adopt holding together federalism in order to stop ethnic dispersion (Keller, 2002).

Putting Together Federalism: is a cousin of holding together federalism. However, this form of federalism has a distinctive feature in that there is an involuntary or non-democratic transformation from unitary to federal government (Taylor, 2007). Former Soviet Union was such type of federation. In addition, as Keller states, as an example; Ethiopia tried holding together federalism in 1991. Yet, it changed its route to putting together federalism since the Tigray People's Liberation Front-led administration made governance more centralized (Keller, 2002).

Symmetrical Federalism: In a symmetric federalism all of the federation's member states have equal power and there is no differentiation between constituent states. For example, United States is a symmetric federation, since there is no difference between its states. Tartlon also states that symmetrical federalism refers to a system where the federal borders are created not based on social structure (Tarlton, 1965).

States have same level of juridical status and power. This type of a power distribution is generally seen in coming together federalism since the states are in the same condition (Bulmer, 2017).

Asymmetrical Federalism: Asymmetrical federalism is opposite of symmetrical federalism. Asymmetrical federalism is the fact that some units are given more privileges than other units due to several reasons such as historical events between the ethnic group and the federal government, the ethnic group being the majority, their strong economic foundations, and the support of powerful actors in the international system. Asymmetrical federalism carries positive discrimination (Watts, 2005). Territories have different levels of power. This variant is generally observed in holding together federalism (Bulmer, 2017).

New Federalism: Federalism in the literature does not always match with the way of federalism in practice. The problem is not the state's role but the resource allocation and governance, both of which are sensitive issues in today's world, with the main idea of federalism being "*distribution of authority within federal government*" which tends to evolve and promote new federalism (Gerken, 2017).

2.2.4. Local Governments

Local governments are another layer of MLG. They have a strong relationship with creating a well-working democracy since they help government to hear the different levels of local identities and their needs. Unitary states need and recognize local governments at different levels to avoid anti-democratic rule in the country (Oran, 2010).

Some countries have large territories or complex societies to handle with a single center, so they have applied decentralization by transferring some of their functions to local governments. There are three categories to explain types of unitary states, a classification on the basis of the powers delegated to local governments (Newton & Deth, 2010):

1- Fused system: one and only mechanism use in the system, the center has controlling agents locally whether this applied in all units or not.

2- Dual System: the center still has the power but, in some areas, gives authority to local units to create effective way.

3- Local-Self Government: there are more open and free local actors in the system. They have duties assigned by the center and also are given freedom of taxation within certain limits.

On the other hand, there are two problems with having local governments. Local government may want to take its own decision financially since both levels are democratically elected but even if there are local governments, central government is still responsible, having the final word for national or local decisions and policies, controlling allocation and distribution of national income (Newton & Deth, 2010). Secondly, local and central governments may not have consensus on certain issues related to democracy and effectiveness (Newton & Deth, 2010).

Improvement in technology, new ideas of 20th century and reconstruction in social and economic structure lead local governments to be subject to many changes (Newton & Deth, 2010):

1. **Consolidation:** Small local government entities have been merged and consolidated into bigger units in numerous nations.

2. **Meso-government:** Numerous unitary states have fortified or established a meso-government which is a level of regional governance and called as state / regional / provincial level. Meso-government is located in between the central and local governments.

3. **Decentralization:** Central governments expand local governments' authority by giving them more responsibilities.

4. **Centralization:** It is possible to see that, sometimes both federal and unitary states have highly centralized.

5. **Politicization:** Local government became increasingly political with the emergence of new national and regional powers.

6. **Central-local conflict:** Time to time, different level of government with separate opinions (such as the left-right rivalry) must face each other on a certain subject and this results in a disagreement.

7. **Contracting out and privatization:** it is possible to see the partnership between different level of government, or with private sector (Newton & Deth, 2010).

2.2.5. Economic and Fiscal Policies in Unitary and Federal States

Constitutions make a major difference, as they regulates the set of rules on policies, role of institutions, power sharing all of which are arbitrate in understanding the economic system (Weingast, 1995). The constitutions of federal states stipulate a three-layered sharing of powers. A list of the powers exclusively reserved for the federal state or the exclusive jurisdiction of the center is listed in federal constitutions. This list is followed by two more types of powers. Concurrent powers or areas of joint jurisdiction of federal state and the sub-units of the federation is usually noted. The rest of the issues are usually placed under the title of exclusive jurisdiction of sub-national units, revealing which policies are under the jurisdiction of the states or regions of the federation.

The main factor determining the making and the implementation of economic policy is the level of decentralization observed by a federal system. The role of executives at both the federal and state level, alongside the extent of fiscal decentralization, determine how to the economy is governed. In highly decentralized federations, the states or regions of the federation are considered to be the partners of the federal state in the making and implementation of economic policy. Through a cooperative rather than a dual federal formula, the center and the states or regions are jointly authorized in economic policy. The federal legislature is symmetrically organized in terms of the powers of the upper and the lower chambers. The upper chambers which ensure the input of the states or regions of the federation during the federal law-making process are given powers that are almost identical to the powers of the lower chambers representing the individual citizens of the country. Hence, in decentralized federations, economic policy is under the joint administration of the federal states and the states or regions of the federation due to two factors. The first is that the constitution lists key items of economic policy under joint jurisdiction or concurrent powers. The second factor is that, through their representation in the upper chamber of the federal legislature, the states or regions benefit from a symmetrical legislative process whereby they have equal say to the lower chamber.

In centralized federations, the federal government and legislature are highly influential on a wide range of policy areas. Many powers are reserved for the exclusive jurisdiction of the federal state, to the exclusion of the joint or concurrent use of powers over economic policy by the federal and state governments. The center decides the level of power-sharing in the realm of economic policy. According to González, the power of the president matters to measure fiscal decentralization: a weak fiscal decentralization is expected if the president is powerful but the sub-national executives are not, whereas strong fiscal decentralization is observed in a country where there is a powerless president (González, 2008). Fiscal federalism sets a revenue allocation formula which enables sub-national units to work effectively. There are two type of revenue allocation formulas in federal states which are horizontal (revenue allocation among all units) and vertical (revenue allocation from federal state to other units) (Ovwasa, 1995). According to Oates, *"In a federal fiscal system, decentralized levels of government are in a position to determine the levels of output of such goods in accordance with local preferences and costs"* and *"such differentiation in local outputs of public services promises gains in economic welfare relative to a centralized outcome involving more uniform levels of public outputs across jurisdiction"* (Oates, 2008 p. 314).

In a country that is governed with federalism, the method of sharing the means of revenue sources and service responsibilities between the federal government and states is called fiscal federalism. Oates also states that fiscal federalism is included in public finance and it examines the vertical framework of the public system, as it studies the financial roles of different elements of government, their relations, and the means they use (Oates, 1999). Resource allocation mechanism is a remarkable criterion to measure accountability. There may be division of power in many levels or full fiscal autonomy may occur. Full fiscal autonomy means that there is no taxation program regulated or collected by federal government, but subnational legislatures have own taxing mechanism, creating economic efficiency (Bulmer, 2017). Yet, many of the federal states adopt formulas that give the power to manage economic and fiscal powers to the federal state. Such formulas resemble economic and fiscal management observed in unitary states, whereby the center becomes the protagonist in the relevant policy area. Given that unitary states are systems of power delegation rather than sharing, the center is in charge of economic policy making and implementation in a manner similar to centralized federations.

Distribution of natural resource revenue to different levels of government, specifically oil in this thesis, is a major issue for resource rich countries. If this subject is not managed or resources not assigned effectively, countries have to struggle with some concerns and burdens. There are some arguments stating that the central government has most likely the ability to manage oil revenue assignment and prevent volatility (Ahmad & Mottu, 2002). In other words, assigning oil rent to the subnational level creates imbalances, specifically in large territories, whereby local levels demand more power and more decentralized rule of resource allocation when they have central level power (Brosio, 2003)

Oil revenue management in unitary and federal states is categorized by four types which are full decentralization (only in United Arab Emirates, oil revenues are collected by subnational governments), full centralization (the entire oil revenue flows to the central government), assignment of shared tax bases (specific tax base is assigned to levels of the government), and revenue sharing (the central government collects oil revenue and redistributes to different levels of government by using a certain formula) (Ahmad & Mottu, 2002). It is important to note that, specifically in revenue sharing type, arrangements are made either by using derivation formula meaning that oil producing region gets share from the oil revenue, or by different criteria like population or tax. The general problem regarding revenue sharing formula is that the set of rule mostly makes resource producing regions unhappy and creates concerns in the regions. Geographical concentration of oil production is an important issue (Brosio, 2003).

Most of the small unitary countries tend to centralize oil revenues. Since the central government has a high degree of expenditures, the center sees it necessarily appropriate to use centralized model to manage oil revenues. Centralization of oil revenue creates equal distribution of revenue in the country. Hence, if the oil revenue is the only revenue source, central government is able to decrease oil revenue volatility thanks to centralization formula. On the contrary, large unitary states performed revenue sharing model. For the large unitary states, the problem generally arises because oil rich regions do not satisfy the allocation formula. To exemplify the oil revenue management types among unitary states; while Iran, Iraq, Kuwait, Libya are classified as full centralized oil revenue management, Colombia and Kazakhstan are classified in revenue sharing category (Ahmad & Mottu, 2002).

Federal countries mostly practice revenue sharing or tax bases categories. Among federal states, Mexico, Russia, Nigeria and Venezuela are placed in revenue sharing category, while Canada and United States adopted oil tax bases system to different levels of government (Ahmad & Mottu, 2002). The same problem experienced by large unitary states, which is unsatisfied oil regions because of the arrangement, arises in federal countries too. According to Brosio and Singh; *"The federal system of government influences assignments favoring the producing areas"* (Brosio & Singh, 2014, p.11).

3. COMPARING NIGERIA AND ANGOLA

3.1. Historical Background

3.1.1. Angola

Angola is in the south-west of African continent, neighboring Namibia in the south, the Democratic Republic of Congo in the north and east, Zambia in the east, and the Atlantic Ocean in the west. The official name is the Republic of Angola. It was under Portuguese colonization from 1885 to independence. It has declared its independence on November 11, 1975. The estimated size of its population is 32.5 million, mostly made up of a young generation (Angola: Country Profile Report, 2021). Official language is Portuguese but other different languages are used in the country. The majority of the population is Christian and other religions face exclusion. It has a civil legal system which is based on Portuguese Civil Law. Angola is the second fastest growing economy in Africa and the third-largest economy in the region.

Angola’s economy mainly depends on oil and diamond revenue and displays a great potential for agriculture and fisheries. Angola is the second-largest oil exporter of Sub-Saharan Africa, after Nigeria. Oil was found by Portuguese explorers in 1700s in Angola, and while it was drilled in 1915 for the first time, oil production was started in 1956 in the country. Oil accounts for 98 % of total revenues (PwC, 2013). Angola has 0,7 % of oil reserves of OPEC share of world crude oil reserves with 8.16 billion barrels (OPEC, 2019).

Angola has an open market economy, but government intervention has still been felt. Angola tries to draw a well-functioning and stable economy to charm the investors and partners who cooperate with oil production and aims to keep its international position. China, Vietnam, Cuba, and Brazil have invested in Angola to help infrastructure development.

Angola has faced one of the longest and bloodiest civil wars which lasted for 27 years immediately after the declaration of independence (1975 – 2002). Almost 500.000 people died, and 4 million people had to displace during the civil war (Vos, 2014). The economy then entirely collapsed. With the devastating results of the civil war, the country became poorer. Angola's economic existence is mainly dependent on natural resource and foreign investment. Even though most people work for agriculture, majority of the agricultural lands has been destroyed during the civil war. In 1950, 58.8 % of the population were agricultural, animal, forestry workers, fisherman and hunters, in 2000 only 39.5% were performing these jobs (Vos, 2014).

The problem that caused the civil war was a power struggle. Back at that time, the National Union for the Total Independence of Angola (UNITA), The National Liberation Front of Angola (FNLA) and the People's Movement for the Liberation of Angola (MPLA) were the three strong fronts in the country. Marxist MPLA took charge in 1975 and declared their rule in Luanda. However, UNITA did not accept MPLA's declaration, and they proclaimed their own government in Huambo. The rivalry for control over the country thus began. The FNLA was supported by the Mobutu regime and remained inactive, lost influence and quickly fell out of rivalry during the civil war (de Sá & Belpaire, 2007). During the war, UNITA used diamond revenues to fight and was supported by South African Apartheid regime. Also, the USA was believed to have supported UNITA indirectly. On the other hand, MPLA was supported by the Soviets and used oil revenue to finance the war effort. Both sides were supported by external rival powers which is another reason why this war lasted so long. The civil war finally came to an end in 2002 and both sides signed the peace agreement titled 'Luena Memorandum of Understanding'. The civil war affected almost every sector, goods and services all around the country.

To sum up landmarks that shaped the country's economic progress, three phases have been essential:

1. Angolan War of Independence, 1961-1974
2. Cold War, 1975-1991
3. A war for raw materials – oil and diamonds, 1992-2002.

3.1.2. Nigeria

The Federal Republic of Nigeria was formed after British colonization between 1841 and 1960. Nigeria has declared its independence on October 1, 1960. Nigeria is currently governed with a federal system made up of 36 provinces, 768 local governments and six councils.

The current estimated population is 201 million (Elcano Global Presence Index, 2021), with constant increases. Different ethnic groups (numbering almost 250) and multiple languages constitute a multicultural society in Nigeria. There are three main groups which are Hausa (mostly Muslim), Yoruba (Muslim and Christian) and Igbo (mostly Christian).

Only two years after the declaration of independence in 1960, there were many conflicts in the west of Nigeria and eventually in 1966 the first coup happened. Nigeria has faced a wave of coups in 40 years and three civilian constitutions (1963, 1979, and 1989). Nigeria changed 12 leaders in 40 years, and all were targeted by attacks or coups.

One of the most important leaders in Nigeria is Brigadier General Murtala Muhammed, who headed the government between 1975-1976 as a new military leader. He removed the then military leader General Yakubu Gowon (1966-1975) and took the leadership (Sodaro, 2008). Muhammed confronted corruption, dismissed many administrative workers and established corruption courts all around the country (Palmer, 1997). He died in a failed coup in 1976 and Lieutenant General Olusegun Obasanjo, Muhammed's second in command, became the new leader. Murtala Muhammed successfully delivered on various fronts, was on the path to put Nigeria in an economically solid place, was considered a popular leader and a good governor in the eyes of Nigerian people (Palmer, 1997).

Military rule became protracted. For 40 years, power struggles on who will rule the country were persistent. After 1999, the focus was shifting towards democracy. The landmarks in the chronological order of consecutive regimes are as follows (Suberu, 2005):

- The 1st Nigerian Democratic Republic (1960-66): struggling with colonial legacy,
- Military rule (1966-1979): divided to smaller and weaker states (first 12 and later 19 states),
- The 2nd Republic (1979-83): centralized and unified administrative practices,

- The 2nd phase of military rule (1984-1999): the number of states increased to 36,
- Final form of the Nigerian Republic (1999).

Another important topic has been Biafra, with secessionism and the civil war in Biafra. Biafra Republic was created on May 30, 1967 and lasted for three years, until January 15, 1970. During the civil war, almost one million people died, and the economy nearly collapsed.

Terrorism is a major and critical problem of Nigeria. Administration of Nigeria has to deal with Boko Haram (a radical Islamic terrorist group that rejects Western cultural impact in Nigeria) in the Northeast, Delta Militants in the South, Biafra separatists in the East and many other groups. In Nigeria, there are many conflicts between ethnic groups and also between religious groups.

Nigerian Central Bank is principally independent. Nigeria has a market economy and allows competition in the private sector. Telecommunication and construction are the main sectors. Yet, Nigerian economy mostly depends on oil. National oil company NNPC (named Nigerian National Petroleum Corporation) and multinational oil company Royal/Dutch Shell are the two main companies which lead the production process. In 2019, Nigeria had 3.1% of OPEC share of world crude oil reserves with 36.97 billion barrels (OPEC Annual Statistical Bulletin 2019).

3.2. Colonial Legacy

After a long period of living under a colonial power, it is not possible to underestimate the effect of colonial rule over the exploited country. When former colonies declare their independence, there are many things that they have to deal with on their own now, such as public policy making, economy, public affairs and so on.

Even though colonial powers mostly pursue their own interest, colonized countries follow the practices the colonial power left behind when they build the state and the nation. That is why this study considers colonial legacy as a persistent factor. In the following part, how Angola and Nigeria were affected by colonial legacy in post-colonial times is discussed.

3.2.1. Portuguese Colonial Legacy in Angola

Portuguese came to Africa in 1415 for the first time with the conquest of Ceuta (Mormul, 2018). The fifteen century was a "Age of Discovery" for Portugal, especially in between 1440s and 1460s, Portugal went beyond the Saharan coast and reached the Upper Guinea (today known as Guinea-Bissau), followed by Cape Verde and Angola (Telepneva, 2021).

In the nineteenth century, there was a competition between European powers which resulted in the Berlin Conference in 1884-5, hosting a distribution of African continent. After this date, Portugal officially had the right to exert control over Angola, Mozambique, and Guinea-Bissau (Telepneva, 2021).

Angola is a part of Luso-African continental states which consists of Angola, Mozambique, Guinea-Bissau, Cabo Verde and Sao Tome and Principe, as it was illustrated in Figure 1. It is also known for the Lusophone identity. Lusophone Africa was basically formed by former Portuguese colonial territories (Mormul, 2018).

Figure 1. Portugal’s African Empire

Source: Minter, 1972

Angola was a major supplier of slaves in history (Vos, 2014). There was an active slave trade in the continent and back at that time, trading slaves was the main revenue source for Portugal. There were almost three million people who were exported as a slave in Angola which brought the name of “Black Mother” (Mae Negra) (Minter, 1972).

During colonization, Lisbon decided to direct its population to new lands such as Angola. It was going to help the authority to claim their power in colonial territory and relieve the capital in many ways. Portuguese people settled in the colonial territories, collected tax, and owned lands in Angola, as a consequence of which Lisbon solved its overcrowded city problem.

Portugal is a small country, and it was one of the poorest among European colonizers. That was another reason why colonial territories were so much important for the mainland. The Portuguese Administration did not have a tendency to progress in any area and that led to poor living conditions, lack of education and weak infrastructure in Angola (Mormul, 2018). Even the white colonists from Lisbon living in Angola were poorly educated, but they got the best farmlands and that was the one of the main problems for local people.

Angola exported coffee, diamond, and oil to the world market. After oil had been discovered, the country became more attractive and promising for all, especially foreign investors. Oil production (162,000 barrels per day) exceeded coffee by 1973 (World Bank Group, 2018). Production was going imposingly high, but the problem was that foreign companies did not trust local workers for technical work. There was no skill transfer from colonial power to the local people. That is why foreign workers mostly had the high skill tasks.

Luso-tropicalism was created at that time to affiliate slaves with strong relationship and to ensure they behaved as if they were part of the state. Brazilian sociologist and anthropologist, Gilberto Freyre studied the concept of Luso-tropical ideology in 1930s to analyze Portuguese colonizers and their effects on the society (Akesson, 2016). Luso-tropicalism was official colonial policy of Portuguese administration, mainly recognized and used by Salazar in 1950s, and it was basically arguing that Portugal formed a better colonial empire than other colonizers because there was no chance to come across racism. Portuguese colonialism was dissimilar to British colonialism in theory. It was claimed that while the British defended pure homogeneous social unity, Portugal was tied into a social formation with harmony, so it led to less violent and open to miscegenation way of colonialism (de Almeida, 2008).

Since the Colonial Act in 1930, Portuguese colonial territories had become an integral part of Portugal and were seen as provinces of the State. Through a different colonizer approach, for example; the interracial relationship was allowed (Mormul, 2018). These mixed relationships and marriages help social groups decrease differences. Assimilation became the real policy, and the 1950 census proved that there were 30.000 *assimilados* (assimilated) in Angola (Minter, 1972).

Antonio de Oliveria Salazar was appointed by the military in 1928 to fix the economy in the country but, he moved forward expeditiously and become prime minister in 1932 (Telepneva, 2021). Salazar used one party authoritarian regime named as Estado Novo (the New State), and when the government changed, the colonial policy was altered too. Mormul stated "During his rule (1932-1968) Salazar fueled Portugal's attachment to colonial possessions, playing on the national pride and recalling the glorious pages of Portuguese history. At the end of the 1960s, more than 250,000 Portuguese colonists lived in Angola…" (Mormul, 2018, p. 48).

Salazar ruled the country until 1968 and Estado Novo regime ended with him. After that, Marcello Caetano replaced him, as people expected that Caetano's regime would be modernized and transparent (Morais, 2016). Salazar and Caetano regimes were classified as conservative authoritarian (Bruneau, 1976).

For decades, there was no future preparation for transferring power to African colonies. As there was the rise of anti-colonial voices in the world, the cause of independence fueled the Portuguese territory in Africa. Lisbon did not see that decolonization would spread rapidly. Just after the Carnation Revolution in Portugal in 1974, the independence to Portuguese colonial territories in Africa was granted.

There was an uprising in 1961 in Angola and it was followed by a war of independence. After Guniea-Bissau and then Mozambique, on November 11, 1975, Angola was no longer a colonial country either. After the war for independence, conflicts lasted for 40 years.

Since Angola fell into a war after independence, state building was complicated. The economy was not well administered, as even the oil and diamond revenues were not used for development.

Portugal’s colonial policy did not allow Angola to get stronger economically and politically in the post-colonial era, it is thus argued that colonial legacy led Angola to a dysfunctional state (Mormul, 2018). It should be noted that since the two island nations, Cabo Verde and Sao Tome, had their own specific characteristics, both had better positions than the other Luso-African states such as Angola. In this respect, the claim that Portugal’s colonial legacy led to dysfunctionality in post-colonial period does not account for these two island countries (Mormul, 2018). Nevertheless, Portugal was not the only one accused for what went wrong in Angola, but also the Cold War. Angola experienced the Cold War in the state formation process by being trapped between the great powers.

Linguistic and cultural continuities from the colonial era are still observable. Cultural habits of Portuguese people and Angolans are similar such as in family life, habits, and food taste (Akesson, 2016). Also, today, official language of Angola is Portuguese, and Angola is one of the members of Community of Portuguese Language Countries (CPLP). The community consists of former Portuguese colonies and works as a bridge for cultural and political cooperation.

3.2.2. British Colonial Legacy in Nigeria

Anglophone version of post-colonialism is mainly constituted on economic and political development in the region and also mostly accepted as western cultural way of life (Abrahamsen, 2003). Like other European countries, British worked on dominating Africa and slave trade in 1800s. They officially colonized Nigeria to hand palm oil and ivory resources in parallel to their expansionist policy. Christianity suffused in the country along with British presence, but it was progressing slowly since local people, especially in the North, conserved their religion Islam. Missionary schools had also affected the country by creating an official language. English had spread all over the country in time and become the official language of Nigeria. The schools had not only brought a new language but also Western culture into the country (Oran, 2010).

The British applied "indirect rule" over Nigeria. The British had agreed with traditional leaders to adopt their policies as, not surprisingly, today traditional rulers are still powerful in former colonies (Sodaro, 2008). Experiencing indirect rule is regarded as having helped Nigeria to sustain their democracy in the post-colonial period. That is also why Western law, education and administrative order had been adopted in the country. On the other hand, the British performed poorly in forming a nation and Nigerians felt as second class citizens during the colonial period (Sodaro, 2008).

The British left the following behind in colonies for the post-colonial period: (Bernhard, Reenock, Nordstrom, 2004):

a- The British helped institutions (parliament) travel to the colonial countries,

b- The British let the colonies hold democratic elections for local governing bodies, c- The British made investment on education, communication, transportation and law.

d- The British administration left different institutions and well-established communication between society and the state as their legacy.

After World War II, the relationship between subject and the colonial power was affected, and England had lost ruling power in Nigeria (Babou, 2010). The new international order made British see that decolonization was inevitable. In harmony with the call to independence, England firstly worked on a constitution with the Nigerian elites and after a while recognized Nigerian independence in October 1960.

3.3. Administrative Practices

There is an obvious transfer of not only power but also resources from center to subnational units in Africa since the beginning of 1990s, on the basis of the argument that this kind of transformation would bring democracy, development, and diversity (Fessha; Kirkby, 2008). Every country has a different journey to that end and some of them are still struggling.

3.3.1. Administrative Practice in Angola

Angola is a unitary state with a multiparty democracy. In its government system, there is an executive presidency, along with state organs such as the National Assembly, the government, and the courts. The country has been divided to 18 Provinces and 163 municipalities. Provincial governors are appointed by the president himself (central government) and there is only little budget and autonomy given to the municipalities (BTI 2022 Angola Country Report). The legal system based on Portuguese civil law mostly promotes political pluralism and free market. In 2002, with the “Memorandum of Understanding”, brought peace but to a divided, post-war, non-transparent, non-accountable and oil-dependent country.

Elections were postponed until 2008 because of the civil war. Even if the main competitor UNITA said the opposite, according to the European Union Election Observation Mission’s report, elections were held peacefully and transparently (Preliminary Statement, Republic of Angola Legislative Election, 5 September 2008). Unsurprisingly, the election had resulted with MPLA’s victory. MPLA had 81.6 percent of the total votes and won 191 out of 220 seats in the National Assembly (Blaauw, 2014).

Ever since Angola gained its independence from Portuguese colonialism in 1975, MPLA has been the ruling party in the country. President José Eduardo dos Santos, the leader of MPLA, had ruled Angola for 38 years (1979-2017), which is not a common practice for a democratic country. The main rival UNITA is also an old war enemy and the party representatives were mostly sent to the prison. Angola has been under a single party rule since 2002 and MPLA has legitimacy thanks to the elections. The opposition complains about not being attended to. The media is already in the hands of MPLA authorities. Dos Santos was criticized for being authoritarian. All these factors have combined to concentrate power in the capital city and the center.

After 38 years of rule, dos Santos decided to leave the presidency in 2017 (but he stayed as the party leader) and his successor Joao Lourenco took charge and was elected the president. He is also going to run in the 2022 elections for a second term. When he was elected as the president, a column stated as follows: "*He vowed to fight nepotism and corruption of mammoth proportions, carry out market reforms, diversify Angola's economic ties, reduce dependence of Angola's economy on oil, and strengthen democratic institutions in Angola to bring about the change in governance*" (Harshé, 24 March 2022).

Even though dos Santos' rule ended, there seems to be a long way for transition to democracy. Lourenco's regime has tried to open a way for transition. Although Lourenco's words are promising, those words show exactly what Angola's problems are. Still, the key institutions are full of MPLA loyalists and there is a powerful presidential structure. Additionally, oil dependency is still an issue waiting for the solution. This also sustains an authoritarian-rentier state structure which creates an economic distinction between rulers and ruled.

Even though the MPLA has achieved victory in every election for long, and there is always a messaging which states that if MPLA does not win the elections, the country will go back to civil war (Aalen, Muriaas, 2017).

In the above-described context, Angolan authorities have no intention to give away central power to local authorities. In 1992, constitutional decentralization regulations were prepared for the first time. However, Angolan elites never left charge and continued to control the capital. It has even been noted that

> *"In theory, there are potential openings for local influence on decision making through two non-elected institutions: first, the traditional authorities (sobas, chiefs on the state's payroll, who act as intermediaries between the state/ruling party and local communities); and second, the councils of community consultation and cooperation (members of various groups in the community, selected by the local*

> *administrator). But none of these are independent from the executive or the ruling party. Instead of being elected, with their own constituencies and local power bases, local governments are essentially satellites of the central government"* (Aalen, Muriaas, 2017 p.65).

On the whole, political decentralization in Angola is not implemented and elites continue concentrating resources and competencies in the central state.

3.3.2. Administrative Practice in Nigeria

Nigeria is a federal republic with three tiers: federal government, states, and local governments. It has a bicameral national assembly and 36 state assemblies. There are 774 local governments, and they are under protection of the constitution. Local governments are mainly responsible for education, healthcare, and transportation (CLGF Country Profile, 2019).

Nigeria has had five federal constitutions since independence in 1960. Except for the final one of 1999, none survived long. The 1999 constitution presented a way from centralized military rule to civilian rule for Nigeria. The 1999 constitution stimulated power concentration in the center. This sense of centralization is the legacy of military rule.

There are some reasons why some countries have slid back to authoritarian rule:

- Weakness of democratic values among key elite,
- Severe economic setbacks,
- Social and political polarization,

- Breakdown of law and order by terrorism,
- Intervention or conquest by non-democratic / foreign power.

Although there is still ongoing transformation to democracy in Africa, the concept of decentralization is still fragile. However, decentralization can be an alleviating factor in regionally diverse and multiethnic countries. The Nigerian system enables the transfer of authorities to subnational units with the power of the constitution. Federalism helps Nigeria keep all different kind of groups together under the same roof.

Nigeria has had sub-national administrations for a long time. According to Fessha and Kirkby:

> "*In Nigeria, states are motivated to protect their powers from national encroachment. Thus states have an interest in functional local governments to prevent national interference on the grounds of incapacity. Conversely, the national government has an interest in democratic and effectively autonomous local government, which decreases the states' influence on them.*" (2008 p. 266).

There were only three regions (based on three main ethnic groups: Hausa, Igbo, Yoruba) in 1960, but this type of territorial federalism resulted in crisis and even civil war because the regional form of federalism caused polarization and instability. Particularly during military rule, centralization in institutions and administrative practices was highly felt. The number of regions increased to 36 states, which were smaller and with less power (Suberu, 2015). Decentralizing power is necessary for countries with large territories like Nigeria since subnational units help to join the decision-making process and create a more democratic environment (Fessha, Kirkby, 2008).

The economy of Nigeria is mostly oil-dependent, and the form of decentralization is shaped by oil revenues that flow from center to subnational governments which do not have the ability of monitoring central government. Redistribution of oil revenue is assigned to the center and this creates a dilemma for Nigerian federalist structure. It is possible to see rentierism and hegemony of the central government.

The British originally had formed Nigeria's current borders. Northern and Southern Nigeria were consolidated in 1914. Because of ethno-regional problems, southern Nigeria practically divided into two regions of the East and the West in 1939, as the federation of three regions was established in 1954 (Suberu, 2005). Of the three variants of coming together, holding together, and putting together federalism, some claimed that Nigeria's federation was formed by all three to some extent (Ejobowah, 2009). When we add the territorial reasons why Nigeria has chosen to be a federal state, Nigerian federalism's origins suit these three types. Federalism in Nigeria has a peculiar form in this country. It may be defined as *"inventing Euro-American governance models in less developed societies"* with three main distinctive points: centralist military rule under the federal structure, using Islamic law in the system, and process of redistributing revenue (Suberu, 2005).

Today, Muhammed Buhari is the president of Nigeria. He and his party, All Progressives Congress (APC), took charge in 2015 elections and silently won the second term (2019 – 2023) with the help of manipulative elections. They changed the election date on February 16, 2019 and on February 23, the day of election, most of opposition voters did not go to the elections. It seems that President Buhari and his party APC have already consolidated the power at the center, and it is expected to continue like this until the next elections in 2023. During the election, he gave so many promises related to fighting corruption, increasing security, tackling unemployment, diversifying economy and boosting living standards.

Center has greater powers then local units in Nigerian Federalism and centralization was felt very deep (Ejobowah, 2009). The political intuitions are dominated by executive branch. Centralization is also legacy of military rule period and also colonial rule (Babou, 2010) to Nigeria. There is a tie between three parties which are administration, politicians and military. Even the governor is appointed by the president. Nigeria' federal system houses central and local units with autonomy in certain public policy spheres. However, according to Powell; *"And in federal systems, apparent regional autonomy may be undermined by centralized party control, as in the former Soviet Union, or by the fact that the bulk of government revenue runs through the central government, as in Nigeria"* (Powell et all., 2014 p.103) and also he argued that Nigeria demonstrates presidential aspects more than federal. Because of the crushing executive power, Nigeria was classified as non-independent in terms of Judicial Limitation of Governmental Authority (Powell et all., 2014).

In the statement of Ejobowah:

> "*The problem, then, is this: the constitution assigns the states with unspecified list of residual subjects, but the contents of some of these subjects are actually owned by the central government. On the one hand, the states are unable to perform their constitutional responsibilities of delivering services because the services, in their actual physical form, are owned by the central government and, on the other, the central government, overburdened by over-centralization, is unable to provide these services that normally ought to belong to the states*." (Ejobowah, 2009 p. 522).

Nigerian central government has been getting stronger since its independence. The reasons for this empowerment are *“1-military rule, 2- civil war, 3- the creation of states, 4- the increase in petro-naira- 5- demands for federally desirable harmonization, and 6- international trade and globalization.”* (Elaigwu, 2002 p. 76). In the country judicial power and police force are centralized and also redistribution of expanding oil revenue is centralized. In the above-described context, it is possible to say that Nigeria’s federalism is centralized and center needs federal units financially.

In practices, 13 % of oil revenue has returned to the oil - bearing states (Nigeria Constitution 1999, Section 162 (3)) According to the regulation, rest of the revenue directly goes to the center and center has redistributed (Suberu, 2015). This implementation creates regional disparities and inequalities between locals units in terms of wealth. Thus, this makes states powerless. Overcentralized Nigeria gets demands from subnational units to look into the legislative list, which is a solution to devolve power, since decentralization is a challenge for such a centralized country (Elaigwu, 2002).

3.4. Democratic Struggles

Democratization can be identified in the most basic way as starting to have free and fair elections regularly and also identifying with freedom of speech, freedom of press, human and related rights (Sayarı & Dikici Bilgin, 2018). Lipset claimed that there is correlation between economic development and democracy, i.e., he suggested that economic conditions are prerequisite factor for democracy (Lipset, 1959). His article suggested that economic development would affect four variables. These variables are wealth, education, urbanization, and industrialization by thinking that these variables naturally bring democracy. Hence, if the country is wealthy, it will be a democratic country (Lipset, 1959).

Lipset is a leading proponent of the Modernization Theory which defends that modernization is a part of democracy and will bring democracy along (Sayarı & Dikici Bilgin, 2018). However, the idea of economic development resulting in democracy was criticized by Guillermo O'Donnell by saying that economic growth resulted in authoritarianism in Latin American countries (Sayarı & Dikici Bilgin, 2018). On the other hand, Przeworski and Limongi also studied Modernization Theory. They clarified that there is a correlation between economy and democracy by showing that richer countries had shown stronger democratic regimes (Przeworski & Limongi, 1997).

Another argument raised by Ross tested whether oil hindered democracy in resource rich countries or not (Ross, 2001). He tried to explain this causation with three different effects which are:

> *"…a rentier effect, which suggests that resource-rich governments use low tax rates and patronage to relieve pressures for greater accountability, a repression effect, which argues that resource wealth retards democratization by enabling governments to boost their funding for internal security; and a modernization effect, which holds that growth based on the export of oil and minerals fails to bring about the social and cultural changes that tend to produce democratic government."* (Ross, 2001 p. 327-328).

In this regard, the democratic journey of Nigeria and Angola may be attended to. Nigerians' journey towards democracy began with parliamentary democracy. However, lack of political experience showed itself as lack of experience in democratic systems both for leaders and the population. To make democracy work, democratically elected leaders must dedicate to create fair and free nation, but not to their own interest or tribes. Nevertheless, democracy became a tool for dictators in the country, as indeed, oil revenues of the country was misused and corrupted (Palmer, 1997).

By this means, first step toward to democracy in Nigeria was an unsuccessful attempt. Six years after the declaration of independence in 1960, military rule took charge and embedded democracy. There are definite reasons why Nigeria was unsuccessful to have democracy in their first attempt.

First of all, lack of experience, again, illustrated itself since citizens were unfamiliar with tradition and ethnicity. Ethnic groups are essential in Nigeria and people are dependent on these groups. Each felt the need to remain loyal to their ethnic group as it used to be, rather than being loyal to the state itself. Palmer emphasized that “The only political system rural Nigerians really knew was the tribal-ethnic system” (Palmer, 1997 p.593).

Second of all, Nigerian leaders never gave up their personality which came from their affiliated tribe. Creating a united nation was not a goal for political elites. That is why they use their power to gain benefits for themselves and make their ethnic group stronger than others, which provoked all groups against each other (Palmer, 1997).

Thirdly, Nigeria and the British did not have common features, but still, Nigeria implemented British use of democratic system, and this system had no chance but to fail in Nigerian variance (Palmer, 1997). Those institutions had poor democratic performance.

Struggle to build a democratic government lasted almost forty years and was interrupted by a wave of coups during those years. Leaders did not use state revenue wisely and this brought along economic problems and the drive to poverty.

On the other hand, since Angola had been through one of the longest civil wars after independence, it is not possible to mention democracy in the country. In the first free election after the civil war, because MPLA had control over the state revenue and the media, the party did not abstain from using those sources to manipulate the elections.

The MPLA has turned out to be winner in every election for long, Angola claims that it has hosted fair, free, transparent, and credible elections for the last decade. However, Levitsky and Way suggested that democracy needs an equal level playing field (2010). Otherwise, they call this concept 'Competitive Authoritarianism' which is exactly what happened in Angola. Competitive authoritarianism is witnessed when there are elections with the participation of more than one political party, but a single party generally dominates in the elections over and over again which creates unfair elections. Competitive authoritarianism occurs when all parties do not have equal conditions in terms of accessing resources, media, and law. Also, the ruling party intimidates the society indirectly by announcing that if the ruling party does not win, order is going to break down again.

When a ruling party controls every single key source in the country, it is not possible to compete and that creates an uneven playing field. It is possible to observe an uneven playing field in the natural resource- dependent countries and those with a colonial background. Angola has both characteristics.

As it was mentioned in Chapter 1, according to Democracy Report 2022 published by V-Dem, Angola is classified among "*Electoral Autocracies". The obvious dominance* of the MPLA in the country is a principal factor accounting for this outcome. Angola is also classified as a dominant-party state (Blaauw, 2014). Party monopoly negates a democratic regime.

4. REVENUE DISTRIBITION AND OIL POLICY

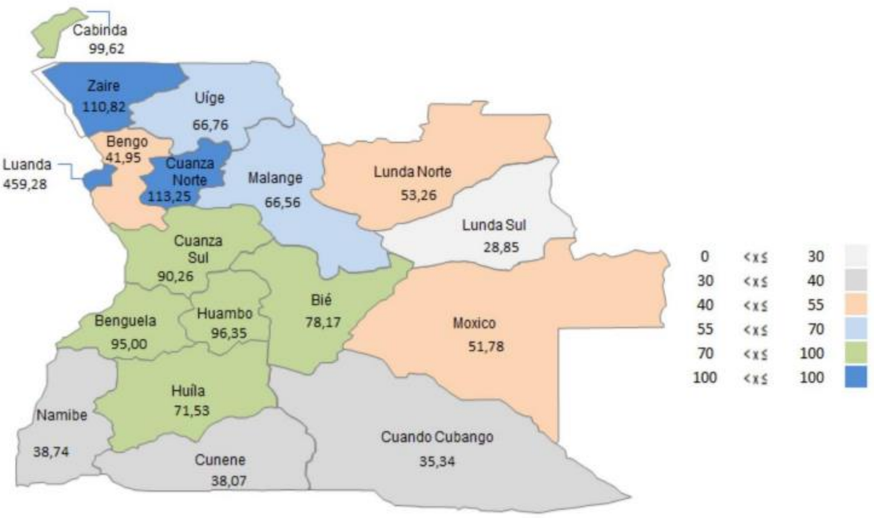
4.1. Angola

4.1.1. Revenue Distribution and Economic Outlook

Angola is an oil-dependent country which creates fiscal instability. After the civil war ended in 2002, oil industry showed a great economic growth, but local people were still poor, and they got only a small share of this wealth. Between the years 2002 and 2008, Angola kept growing thanks to oil export revenues. When oil prices got high, so did the GDP. Although this growth put Angola among one of the biggest economies in Sub-Saharan Africa, in 2008 and 2014 oil prices dropped and created a shock effect in the economy. When oil prices go down, it means oil revenues decline as well. This economic shock creates budget deficit. Since the economy has entirely depended on oil prices and there is no economic diversification, Angola's economy was highly affected during the oil price shock period.

Relying on natural resource exploitation for economic growth creates volatility and results in unstable economic structure along with fluctuations in GDP, inflation and so on. After the oil price dropped in 2014, oil revenues fell by half in a year (World Bank Group, 2018) and the government had to deal with a budget deficit, and they finally cut expenditures in goods and services, stopped public investments, and increased taxes. Also, it creates an unhealthy environment for investments in the country. Foreign investors are only interested in oil and gas sectors. If it is explained with figures, between 2003 and 2017, total foreign investment on agribusiness only remained at 6%, while oil and gas had 82% of the total investment (World Bank Group, 2018).

Angola’s oil-driven economy has gone through recession since 2016. That is why one of the policy measures stated in the National Development Plan (NDP, defines the Strategic Objectives for economic policy, as well as the strategic programs of the State for 2017) released by government was building a diversified and modern economy as an oil dependent country (Republic of Angola Ministry of Finance, 2017) General State Budget reveals the expenditures by province given in Figure 2, mainly concentrating on the provinces of Luanda and Cuanza Norte, Cabinda, Benguela, Huambo, and Bié.



** Values is given in billion Angolan kwanza*

Figure 2. Geographical Distribution of Expense

Source: Republic of Angola Ministry of Finance, 2017

The same document also shows the breakdown of expenditures by functions in the social sector in 2017. According to the results in Figure 3, social protection (38 %) and health (26 %) are the main sectors that expenses flow to directly.

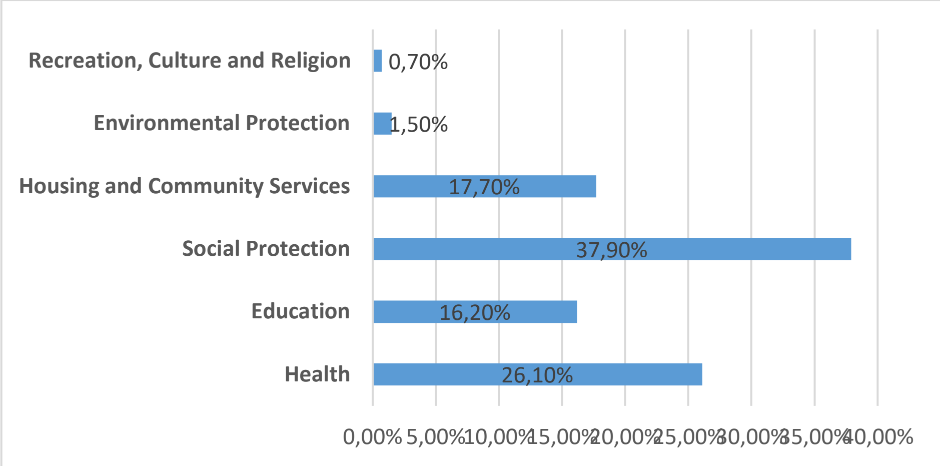


Figure 3. The Breakdown of Expenditure on the Social Sector

Source: Republic of Angola Ministry of Finance, 2017

Angola may be depicted as the country of poor people in a wealthy country. General population does not have access to revenues. Political elite claims the large part of the wealth generated in the country. Angolan state has a dominant role in oil policy and there is a high degree of autonomy in the country as a result of oil revenues (Niño & Le Billon, 2014). It is possible to say that Angola is defined as a half-dictatorial or half-democratic neo-patrimonial regime system. Neopatrimonialism is a hybrid concept that has two elements: patrimonial domination and legal-rational bureaucratic domination (Erdmann and Engel, 2006). Bratton and Van de Walle claimed that *"In contemporary neopatrimonialism, relationships of loyalty and dependence pervade a formal political and administrative system and leaders occupy bureaucratic offices less to perform public service than to acquire personal wealth and status. The distinction between private and public interests is purposely blurred."* (Bratton and Van de Walle, 1994 p.458)

Oil revenues generate the state income without any need for citizens' tax revenue, resulting in lesser political bargaining between the State and interest groups, making the administration more arbitrary, paternalistic and even predatory (Barros, 2012).

Private sector is mostly dominated by state-led enterprises in Angola. State-owned enterprises and political as well as security actors have control over almost the entire economy. Yet, these enterprises make profit only in oil sector even though they are involved in the management of public services as well. New private enterprises behave timid in entering the sector because of domination of stated-owned enterprises. Also, there are though regulations which make investors reluctant for entering to the market.

Angola ranked 136th out of 140 countries on the Global Competitiveness Index Report, published by the World Economic Forum (2019) while it ranked in the137th place in 2018. This report assesses the countries by 98 variables, grouped into 12 pillars which are; 1) Institutions, 2) Infrastructure, 3) ICT adoption, 4) Macro-economic stability, 5) Health, 6) Skills, 7) Product market, 8) Labor market, 9) Financial system, 10) Market size, 11) Business dynamism, and 12) Innovation capability. Even if there is some progress, the economy still suffers from government influence and weak social services.

A new private investment law was approved in 2018 to attract foreign investment in the country, which reduced the minimum capital requirement, facilitated repatriating capital, and eliminated the requirement that local investors have a 35% stake (US Bureau of Economic and Business Affairs, 2021). However, the new regulation does not cover some sectors regulated by other laws, such as mining, oil and gas, and financial services. Also, there are some improvements on market regulation by addressing governance issues, enacting a competition law in 2018, and improving the efficiency of state-owned enterprises through privatization (US Bureau of Economic and Business Affairs, 2021).

4.1.2. Managing Oil Policy in Angola

Sociedade Nacional de Combustíveis de Angola (Sonangol E.P.) is a state-owned enterprise and performs as the one and only holder of national concession for natural resources. Sonangol E.P. is basically acting as an integrated oil and gas company, which has the entire mining rights for the exploration, research, development, and production of liquid or gaseous hydrocarbons on behalf of the state. It has the authority to partner up with companies in order to develop oil operations in the country, and there are joint ventures with foreign companies. Almost 75 % of oil production is generated from offshore fields in Angola while alongside oil, fossil fuel extraction is one of the main sources of public revenue in Angola (World Bank Group, 2018).

As noted previously, Angola is the second-largest oil producer in Sub-Saharan Africa. Considerable amount of total annual exports comes from petroleum product since 1990. Almost 50% of the GDP consists of oil production and related activities and, over 70% of government revenue and approximately 90% of the country's exports are obtained by the oil sector (Angola: Country Profile Report, 2021). However, its proven reserves have a limit and according to OPEC, Angolan proven natural gas reserves fell by 7.1 % at the end of 2020.

Table 8. World proven crude oil reserves by country

Country	2016	2017	2018	2019	2020	% change 20/19
Angola	9,523	8,384	8,16	7,783	7,231	–7.1
Nigeria	37,453	37,453	36,972	36,89	36,91	0.1

Source: OPEC Annual Statistical Bulletin, 2021

Angola's proven oil reserves were 7.23 billion barrels in 2020 while reserves were at 36.91 billion barrels in Nigeria, as is stated in Table 7 (OPEC, 2021). It seems that petroleum revenue runs the risk of depletion in the long run and if Angola maintains its current production level as it is, Angola's petroleum endowment is expected to be over by 2032 (World Bank Group, 2018).

Table 9. Daily and cumulative crude oil production in OPEC Members

Country	1970	1980	1990	2000	2010	2020
Angola	83.9	150.0	473.8	736.1	1,757.6	1,271.5
Nigeria	1,083.1	2,058.0	1,726.7	2,053.6	2,048.3	1,493.2

Source: OPEC Annual Statistical Bulletin, 2021

As seen in Table 9 (with numbers being denominated 1,000 barrels), in 50 years, Angola increased its crude oil production by 15 times. Moreover between 2010 and 2020, both countries' crude oil production declined drastically (OPEC Annual Statistical Bulletin, 2021).

To reiterate, Angola's main share of exports comes from oil. As it is revealed in Table 10 (as a percentage of merchandise exports), 95.2% of merchandise exports consist of fuel exports.

Table 10. Fuel Exports

Country	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**
Angola	97.7	94.0	92.7	94.7	92.4	95.2
Nigeria	90.9	87.9	96.5	96.0	94.1	87.0

Source: OPEC Annual Statistical Bulletin, 2021

Angola's essential partners for oil export activities are located outside the African continent. As it is given in the table 11, in 2020 the Asian continent is the main destination for Angolan crude oil, with a global share of over 87%, especially with China which is the main importer, followed by India, and other Asian countries (OPEC Annual Statistical Bulletin, 2021).

Unlike in 2019, there were no exports to countries such as South Africa, Uruguay, Japan, South Korea, Israel and Poland, largely due to the increase in exports to Thailand, Canada, Singapore and Taiwan, with their volumes having increased by two,

two, four, and seven times respectively, when compared to the volumes recorded in 2019 (Sonangol Management Report and Consolidated Accounts, 2020). Besides, because of its petroleum exports, Angola is the third-largest trading partner of the United States in sub-Saharan Africa after Nigeria.

Table 11. Crude oil exports by destination (1,000 b/d)

Destination	**2016**	**2017**	**2018**	**2019**	**2020**
OECD Americas	59.9	104.3	70.0	42.8	33.6
OECD Europe	326.5	105.0	133.8	163.9	109.0
OECD Asia Pacific	7.7	18.4	13.1	12.9	8.0
China	907.6	971.5	928.0	892.5	866.8
India	124.6	132.0	125.4	118.9	71.6
Other Asia	124.0	137.4	74.8	52.3	104.6
Latin America	40.4	35.7	17.4	17.3	10.5
Middle East	0.0	0.0	16.1	2.6	2.6
Africa	79.4	72.4	41.9	15.5	12.9
TOTAL	**1670.1**	**1576.7**	**1420.6**	**1318.7**	**1219.7**

Source: OPEC Annual Statistical Bulletin, 2021

4.2. Nigeria

4.2.1. Fiscal Policy and Revenue Allocation in Nigeria

Nigerian economy has depended on oil revenue for a long time. In contrast, agriculture was the main sector for decades. Even though it contributed only 10 % to GDP in 2015, it has generated 94% of export and 62% of government revenue (Economic Recovery and Growth Plan, 2017).

In 2016, Nigeria faced a recession and oil prices fell to the lowest level for 13 years (African Development Bank Group, 2019). Following that, Nigeria entered the process of recovery gradually in 2017 and 2018 with the help of rising oil prices, which resulted in growth in the region (African Development Bank Group, 2019).

Since independence in 1960, there are five different fiscal commission reports published to regulate revenue allocation and economic policy:

i. Binns' Report
ii. Dina's Report
iii. Aboyade Report
iv. Okigbo Report
v. Revenue Mobilisation, Allocation and Fiscal Commission's Report

All five reports have recommended vertical transfer of resources, which means from center to where it is necessary and thus, federal government, states, and local authorities have become opponents instead of helping each other when the issue is revenue allocation among them (Ogunyemi, 2014).

The Constitution of the Federal Republic of Nigeria (CFRN) of 1999 has regulated the Federation Account and public revenue allocation criteria in sections 162 (1-10). There is a special account which is name as “the Federation Account", which paid all revenues collected by the Government of the Federation. Also, there is the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC) which has power to “*(a) monitor the accruals to and disbursement of revenue from the Federation Account;”* and “*(b) review, from time to time, the revenue allocation formula and principles in operation to ensure conformity with changing realities”* (CFRN Section 32).

Even though the RMAFC seems to have power on resource allocation process, it is only a mechanism that gives non-binding advices to the president. In the Constitution of Nigeria, Part C regulates the Public Revenue, stating that: *(2) The President, upon the receipt of advice from the Revenue Mobilisation Allocation and Fiscal Commission, shall table before the National Assembly proposals for revenue allocation from the Federation Account, and in determining the formula…* (CFRN, 1999: Section 162 (2)). The regulation clearly shows that the decision maker is the president himself, as the federal government has not only complete control over revenue allocation, but also oil production and distribution.

The net revenue emerging in the Federation Account consists of oil and gas revenues, custom revenue, corporate taxes, and solid minerals revenue. Nigeria has been using both vertical and horizontal resource distribution formula. The present vertical Revenue Allocation Formula is as follows: Federal Government 52.68%, State Governments 26.72%, Local Governments 20.60%, and Derivation Formula 13% (Ujah, 2021).

4.2.2. Managing Oil Policy in Nigeria

Control of crude oil production, distribution and income belongs to the federal government and is legitimated by legislation (such as the Petroleum Act). Federal government controls the exploitation of the resource found in all territories of Nigeria. Nigerian National Petroleum Cooperation (NNPC) is the oil company through which the federal government of Nigeria regulates and participates in the country's oil industry. It is the state oil cooperation established in 1977.

NNPC's upstream activities are in joint partnerships with the main multi-national oil companies and these companies are operating predominantly in the on-shore Niger Delta, coastal offshore areas and lately in the deep waters. In this regard, a concession system has been operated between Nigeria and the multinational companies, whereby the NNPC is the concessionaire and the companies the operators. NNPC and the multinational oil companies operate their partnership under the Production Sharing Contracts (PSCs) or Joint Operating Agreements (JOAs).

There are six joint ventures involving foreign oil companies such as:

1- Shell Petroleum Development Company of Nigeria Limited (SPDC)

2- Chevron Nigeria Limited (CNL)

3- Mobil Producing Nigeria Unlimited (MPN)

4- Nigerian Agip Oil Company Limited (NAOC)

5- Elf Petroleum Nigeria Limited (EPNL) (Joint Operating Agreement, 2022).

Table 12. Crude oil exports by destination

Destination	**2016**	**2017**	**2018**	**2019**	**2020**
OECD Americas	309.6	331.5	172.0	27.5	90.2
OECD Europe	569.6	692.6	1055.8	439.3	812.4
OECD Asia Pacific	7.7	18.4	13.1	12.9	8.0
China	17.5	15.8	9.2	0.0	80.8
India	362.1	364.8	327.4	0.0	295.5
Other Asia	109.1	113.9	11.0	427.2	220.5
Latin America	81.3	50.1	52.3	252.2	21.5
Middle East	0.0	2.5	0.0	122.3	9.4
Africa	252.3	221.8	309.5	260.7	310.5
Other Eurasia	0.0	0.0	0.0	163.7	0.0
Other Europe	35.8	0.0	2.6	77.6	0.0
TOTAL	**1738.0**	**1811.1**	**1979.5**	**2008.2**	**1879.3**

Source: OPEC Annual Statistical Bulletin, 2021

As it is revealed in Table 12 (numbers provided as 1,000 b/d), in 2020, the OECD European countries are the main export destinations for Nigerian crude oil, followed by

India, and other African countries (OPEC Annual Statistical Bulletin, 2021). Not surprisingly, Nigeria is the second largest United States export destination in Sub-Saharan Africa (US Department of State, 2021). Also, the U.S. is one of the biggest investors mainly in petroleum and mining sector in Nigeria.

Delta militants who called themselves Delta Avengers were effective between 2015 and 2017. They targeted the entire economy with terrorist attacks. During oil production, companies have polluted environment, especially sea and this creates a huge problem for the community. Since 1950s, schools, hospitals, and other basic needs have been established by the oil companies to legitimize their existence in the region. However, this legitimacy does not solve the pollution problems in the region. The Delta Avengers attacked crude oil pipeline and oil company workers. Regional problems led people to become militants, fishing farming community was adversely affected because of water pollution and fishing production declined which resulted in a decline in the economy, increase in unemployment and migration (Bamidele, 2017). Terrorist attacks prevent Nigeria from producing oil as they planned, according to the following news released: *"Nigerian Oil Minister Emmanuel Ibe Kachikwu this week said the country's oil production has fallen by 800,000 barrels per day — to 1.4 million barrels per day — due to attacks on the nation's infrastructure, local news reported, many or perhaps most of them at the hands of the Avengers."* (DiChristopher, 2016).

4.3. Environmental Effects of Oil Production in Angola and Nigeria

Just like Angola, Nigeria is directly subject to OPEC's regulations regarding oil production activities since both countries are members of OPEC. Even though they both try to protect the environment, oil producing makes it impossible to create healthy and sustainable environment. According to the research done by Yale University, in terms of their progress toward improving environmental health, protecting ecosystem vitality, and mitigating climate change, Angola ranked 151st out of 180 countries with 30.5 point out of 100 points and Nigeria ranked 162nd with 28.3 points in Environmental Performance Index (Wolf; Emerson; Esty; de Sherbinin & Wendling; et al, 2022).

Foreign oil mining companies have already damaged local people's agricultural areas such as farmland and fisheries in both countries. Especially in Nigeria, water pollution is a growing problem for fishers and communities, in addition to how gas flaring has negative impact on human and all living beings (Ojakorotu, Kamidza, Eesuola; 2018). Environmental concerns are growing among local groups. As a result, militant groups have acted violently against oil companies and federal government of Nigeria such as Delta Avengers, Niger Delta People's Volunteer Force, and the Movement for the Emancipation of Niger Delta (MEND). Those groups' violent actions harm both oil production and human lives. Sonangol EP stated that 12 different environmental accidents were recorded in Angola, including service providers and workers in the facilities and work areas in 2019 (Sonangol Management Report and Consolidated Accounts, 2020).

4.4. Rentier Effect in Angola and Nigeria

Both countries are underdeveloped and still struggling with poverty. Resource curse may explain the current situation in these countries. As it has been mentioned in Chapter

2, rentier states have common characteristics. Angola and Nigeria have all the following features:

a- The government as a distributor: Both countries have to confront mismanagement of oil resources and revenue allocation. Distribution patterns create a clientelistic approach in the country and corruption. Central power and competencies have been abused by the governments.

b- Lack of accountability: Angola and Nigeria have trouble with transparency, which means that there is a high level of corruption. Top secret oil agreements and lack of relevant monitoring functions feed corruption.

c- Vulnerability to oil shocks and other external events: Since the economy entirely depends on the oil sector, every change in oil prices affects the entire economy and makes it fragile in both countries.

d- Weak political and economic institutions: Both countries have undeveloped institutions and poor economic performance. Each has suffered from unaccountable governments and weak rule of law.

e- Central authority over the economy: Central authorities enjoy absolute power. The entire power is indeed vested directly in the executive presidents. The middle classes basically are out of the picture and have no power. Loyalty of the armed forces only belongs to the leader. Democracy and civil rights have been restricted.

4.5. Corruption

Oil contracts are made at the end of a series negotiations between governments and oil companies, kept away from public scrutiny as top secret and open to corruption due to the lack of transparency (Ojakorotu; Kamidza; Eesuola, 2018).

Academic research shows that corruption level in countries which have natural resources is higher than in resource poor countries (Ades; di Tella, 1999) Since there is no taxation, citizens do not expect transparency from government. The ruling elite enjoy revenue coming from this natural gift. Lack of accountability leads to increasing levels of corruption. Nigeria and Angola provide ample proof. According to the statistics, while they were in the exact same place in 2019, Nigeria and Angola ranked 154th and 136th respectively out of 180 countries in 2021 (CPI, 2021).

Table 13. Corruption Score Changes 2017 – 2021

Country	**2017**	**2018**	**2019**	**2020**	**2021**
Angola	19	19	26	27	29
Nigeria	27	26	26	25	24

Source: CPI, 2021

As demonstrated in Table 13, Nigerian corruption level has increased since 2017. Nigeria got 25 points out of 100 and there was a one-point decrease since 2020. Nigeria established the Economic and Financial Crimes Commission (EFCC) in 2002 to fight against corruption. After that, it established the Independent Corrupt Practices Commission (ICPC) within the framework of an anti-corruption campaign.

According to the transparency index, Angola has made little progress since 2019. There is a two-points increase since 2020. Transparency has been beginning to increase slowly in Angola. Angolan authorities have designed the law to ensure equal distribution of oil revenue to the nation. Thanks to the legal framework, they aim to decrease corruption and improve accountability as well as transparency all around the country. It has been called the 'Zero Toleration Policy' against corruption. Even the president displayed his private financial status. In addition, the government has provided collection and reporting processes for oil revenues and transfers to create transparency in the oil market.

Corruption has become a current issue in Angola for a long time. However, for two years, a major news about Isabel dos Santos kept the entire country busy.

Isabel dos Santos is the daughter of Jose Eduardo dos Santos who ruled Angola for almost 40 years. She is the richest women in Africa and claimed to be a businesswomen with a wealth that was self-made. Thanks to her father, in 2016, she was appointed as head of Sonangol, state oil company. She literally became one of the most powerful people in the country as the head of the state oil company.

On January, 2020, the International Consortium of Investigate Journalists (ICIJ) released a detailed report named as "Luanda Leaks" which exposed that Isabel dos Santos' wealth was created by corruption. Luanda leaks published that Isabel dos Santos used offshore companies, took advantage of powerful connections and used millions from the public funds for her own gain which made her the wealthiest women in Africa with an estimated worth of $2 billion and holdings including telecom, banks and other industries (ICIJ, 2020). The ICIJ revealed that there were lawyers, bankers, consultants who had helped her create this wealth.

The Luanda Leaks also revealed that Angola's state oil company Sonangol paid minimum US$38 million just before dos Santos was fired from Sonangol to a consulting firm in Dubai. Surprisingly, this consulting firm is owned by people close to Isabel dos Santos.

Isabel's and her husband's assets have been frozen in Angola, but she does not accept the accusation of corruption and argued that these were politically motivated actions against her (The Guardian, 2020). Isabel dos Santos and two former senior government officials are also subjected to sanctions in USA for misusing public funds for their gain (Chivucute, 2021).

4.6. Discussion

Constitution of Nigeria states that Federal government has ownership of natural resources and indeed has *"control of all minerals, mineral oils and natural gas.''* (Section 162.1 of the Constitution, 1999). More importantly, the Constitution states that *"The principle of derivation shall be constantly reflected in any approved formula, as being not less than 13 per cent of the revenue accruing to the Federation Account directly from any natural resources"* (Section 162.2 of the Constitution, 1999).

Within the concept of fiscal policy discussed in Chapter two, Nigeria is applied revenue sharing formula which let the federal government share oil revenue among federal, state and, local level while Angola has a centralized formula like most of unitary states. Case of Nigeria's fiscal policy matches the literature's emphasis that most federal countries apply revenue sharing assignment. In Nigeria, control and allocation duties have been given to the federal government constitutionally. Nigeria's revenue sharing assignment is implemented by a derivation formula. The current set of rule is as follows: Federal Government has 52.68%, State Governments have 26.72%, Local Governments have 20.60%, and Derivation Formula is 13%. Brosio and Singh claimed that *"in Nigeria the share – 13 percent of all Natural Resource Revenue – allocated to the States is net of a number of deductions that have each an economic rationale, such as the service of national external debt, but can be subject to obfuscation and improper practices"* (Brosio & Singh, 2014 p. 15).

As it is stated before, concentration of oil production by region is an important subject. There are 36 states in Nigeria, but only some of them have oil resources so oil is distributed unevenly in the country. That is why revenue sharing arrangements raised issues in Nigeria in the past and these issues resulted that secessionists' voices led to a civil war which is mentioned in Chapter 3.

As it is mentioned above, Lipset suggested that wealthy countries are the democratic countries. Besides, Przworski and Limongi also suggested that richer countries are better democracies. Both ideas have failed for Angola and Nigeria. The idea that economic growth results in higher democracy does not apply to Nigeria and Angola. In terms of democratization level and economic development, findings here are similar to O'Donnell's argument which is that economic growth does not lead to democracy and political elites use wealth to consolidate power and enforce themselves, which makes such countries centralized.

On the other hand, Ross's theory makes perfect sense in this case since resource revenues handicap democracy in these two oil-dependent countries. Oil wealth comes in sight as an obstacle for democracy according to Ross's oil – democracy argument (Ross, 2001 p. 356). Since Nigeria and Angola are oil rich countries, his defined rentier effect applied to these countries. As a result of rentier structure, these countries are surrounded by corruption and poverty instead of being a stable democracy.

Federal government has more authority than subnational levels in Nigeria. Constitution of Nigeria (1999) regulates 68 matters in Exclusive Legislative List while Concurrent Legislative List, Extent of Federal and State Legislative Powers, includes 30 matters. Although there is a Concurrent Legislative List, Federal State has wider power. Most of the decision making is in the hand of central power. In other words, central powers are defined generously in the Constitution while joint powers of the states with the center are left limited. In this regard, "dual federalism" and "centralized federalism" have been used to describe Nigerian federalism.

Angola and Nigeria both have colonial legacy which is another reason why these countries have been chosen for this study. While Angola was under Portuguese colonization, Nigeria was a part of the British Empire. Different colonial powers left different features to the countries and created different path in post-colonial era. British used indirect rule in Nigeria and left a system with particular features behind in post-colonial period, while there is no sign of indirect rule by Portugal in Angola and States were seen as a part of Portugal. British system did not fit to post- colonial Nigeria during state formation, because indirect traditional rules were already powerful in the country, even up until today.

In post-colonial era, Angola fell into a civil war while Nigeria had to deal with a long wave of coups and a civil war caused by separatists. Angola was affected by the Cold

War during the state formation, while Nigeria had to deal with British style management and still fit into federalism.

CONCLUSION

In this study, the aim has been to discover and compare colonial legacy, administrative organization of states, and oil policy of Angola and Nigeria. More specifically, the making and the implementation of oil policies in the unitary state of Angola and the federal state of Nigeria are compared. Considering these two countries as most similar systems, the question central to the research is whether difference in administrative organization and MLG may explain divergence in the making and implementation of oil policies. My goal is to analyze whether MLG in oil sector and policy outcomes are related or not. The conclusion is that although these two countries are not categorized as fully democratic, our findings shows that administrative decentralization in Nigeria has enhanced democratic performance. However, regardless of federal or unitary state systems, poverty remains to be an unsolved problem for both countries.

The contribution of this study is the addition of administrative structure such as being a unitary or a federal state into the discussion of democratization and economic development. Angola's form of state is unitary, whereas Nigeria is a federal state. Nigeria has wider territory geographically, that is why federalism seemed more suitable for Nigeria. Despite different forms of administrative organization of states, both countries have centralized authority. There is a centralized management in Angola and municipalities do not have so much autonomy. Moreover, the same party has been ruling the country since independence in Angola, i.e., for almost 38 years the same ruler was in the charge. Accordingly, the party means the government and even the state itself in the eyes of citizens. The party interferes with almost the entire country. Even if the elections were held in the country, people are afraid of turning back to the civil war period, whereby one party rule is getting stronger.

While Angola deals with such a trauma which causes centralization in the country, Nigerian federalist structure does not manage to prevent centralization either. The concept of federalism allows us to analyze Nigeria in a better way. Researching and theorizing about Nigerian federalism shows that Nigeria has a centralized and dual nature of federalism. Constitution gives most of power to the federal government while some of them are given to the subnational governments. However, as a federal state, Nigeria has a set of rules for revenue distribution. Although collecting and redistributing role has been given to the federal state, having a defined set of rules gives insight to decentralization in the country.

Even though these two countries have control over vast natural resources, HDI shows that life expectancy, life quality, years of schooling, and other conditions are quite low and poor in both countries. Especially in Angola, access to social services is quite problematic. There is inefficient public administration. Since the end of the civil war, there is an ongoing infrastructural development effort. Lack of qualified personnel, health insurance, public hospitals, affordable care in private hospitals, access to electricity and clean water supply have been experienced by many.

In accordance with the rentier state concept, there are profound indicators to validate the resource curse in Nigeria and Angola. Besides other characteristics of rentier states, these two African countries have specific features. Their colonial roots create obstacles for democracy and any other forms of development. First of all, there is political instability since these societies have lack of experience and strong political and economic institutions. Second of all, these countries have a tendency to become authoritarian regimes because they have concentrated power in strong leaders. Thirdly, they have confronted civil wars and the related economic devastation. Finally, there is a high level of inequality. Distribution of rent creates disparity between ruling elite and citizens, reinforcing another social cleavage which deserves the attention of further studies.

Angola and Nigeria are highly corrupt but, in light of recent events, Angola has become more transparent than Nigeria. On the other hand, statistics indicate that while Nigeria is more fragile than Angola according to state fragility index, it still has shown a better performance in terms of governance, political rights, civil liberties, level of democracy, rule of law, voice, and accountability indicators. Considering the HDI results, Angola outperforms Nigeria in terms of expected years of schooling, life expectancy, and GNI. Almost half of the population lives below $ 1.90 a day in Angola, while 39.1 % of population live under the same conditions in Nigeria.

Angola and Nigeria were parts of large colonial empires before the post-colonial era. Portuguese administration did not help Angola in making progress in administration during the post-colonial period. Just after independence, civil war occurred in Angola. That is why Angolan people had to internalize authoritarianism. The same party has been ruling Angola for decades. A centralized system has been the main outcome.

Although Nigeria has been ruled by civilian governments over the last couple of decades, citizens are still under the effect of prolonged military rule. However, federalism helps Nigeria attain some degree of decentralization and power sharing, even though corruption remains to be rampant. Yet, the dual and centralized nature of federalism in the country leaves little room for a different way of managing oil resources than in the case of Angola.

Nigeria is a more complex country than Angola because its population is made up of many different cultural, ethnic, and religious groups. Also, the huge size of its population makes it harder to manage sectarian crisis and nationalistic movements. However, the problematic issues in both countries are almost similar as mentioned in the study. Both countries have not completed their political and economic transformation or political stability. Their main economic problem is oil shocks and corruption due to oil dependency.

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Appendix: Abbreviations

APC	All Progressives Congress
AU	The African Union
CFRN	Constitution of the Federal Republic of Nigeria
CNL	Chevron Nigeria Limited
CPLC	Community of Portuguese Language Countries
ECCAS	The Economic Community of Central African States
EFCC	Economic and Financial Crimes Commission
EPNL	Elf Petroleum Nigeria Limited
FNLA	The National Liberation Front of Angola
GDP	Gross Domestic Product
GGC	The Gulf of Guinea Council
HDI	Human Development Index Report
ICGLR	The International Conference for the Great Lakes Region
ICPC	Independent Corrupt Practices Commission
IIAG	The Ibrahim Index of African Governance
IMF	International Monetary Fund
JOAs	Joint Operating Agreements
MEND	Movement for the Emancipation of Niger Delta
MLG	Multi-Level Governance

MPLA	The People’s Movement for the Liberation of Angola
MPN	Mobil Producing Nigeria Unlimited
MSSD	Most Similar System Designs
NAOC	Nigerian Agip Oil Company
NATO	North Atlantic Treaty Organization
NDP	National Development Plan
NGO	Non-governmental Organization
NNPC	Nigerian National Petroleum Corporation
OECD	Organisation for Economic Co-operation and Development
OPEC	Organization of Petroleum Exporting Countries
PSCs	Production Sharing Contracts
PwC	PricewaterhouseCoopers
RMAFC	The Revenue Mobilisation Allocation and Fiscal Commission
SADC	The Southern African Development Community
SPDC	Shell Petroleum Development Company
UN	United Nations
UNITA	The National Union for the Total Independence of Angola
V-Dem	Varieties of Democracy Institute
WTO	World Trade Organization