



A Shaky Peace: Re-Interrogating Resource Distribution and Social Conflict in the Niger Delta Region within the Context of Federalism in Nigeria

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ABSTRACT

The paper depending essentially on documents and accounts in the extant literature examines the nexus between social conflict and resource distribution in Nigeria focusing on the agitations of the oil producing Niger Delta minorities. It argues that while Nigeria is a constitutional federalism, the functioning of the state in resource or revenue distribution among the constituent units have not been guided by the ethos of federalism. This has engendered a situation in which the citizens of the Niger Delta perceive the resource distribution system as not only uncharacteristic of true federalism but equally as a system manipulated to perpetuate socio-economic marginalization on the minorities of the region even though the region produces the lion share of Nigeria's revenue. But in as much as federalism remains the best option in view of Nigeria's heterogeneous nature, there is need for federalism to be anchored on the true spirit of political and fiscal decentralization. This would severely curtail social conflicts, deal with recurrent ethno-regional agitations, and engender the consensus needed to build a virile nation.

Keywords: Resource Distribution, Revenue, Niger Delta, Oil, Conflict, Federalism

INTRODUCTION

The article examines the incendiary nature of resource distribution in post-colonial Nigeria especially with reference to the oil-rich Niger Delta of Nigeria. In this case, the paper argues that recurrent social conflict in the region is caused by dissatisfaction with the resource distribution system in Nigeria. In effect, while there appears semblance of peace in the region in the last few years, the possibility conflict arising from discontent with resource distribution in Nigeria is very likely. In other words, while there appears relative peace in the Niger Delta currently largely as outcome the demobilization, demilitarization and Re-integration Programme (DDR) or the so-called Amnesty Programme which came on board since 1999, the core causes the youth driven conflict that raged for decades in the region are yet to be effectively addressed. The above implies that the conflict rather than being fully resolved has become latent in nature. The conflict apparently still has the potential of derailing Nigeria's federal state. Incidentally, the conflict has been framed mainly in terms of the control and access to the vast oil resources in that region. The contest manifested before 2000 in armed conflict between youth militants and the forces of the federal government of Nigeria¹. However, despite the relative success of the Amnesty Programme, the conflict and the distributive issues that caused it in the first place are still largely evident.

It is largely evident that Nigeria's modern history can be characterized as pockmarked by social conflicts of different nature and in different units of the country, that of the Niger Delta can be considered prominent on two major grounds. These are the undoubted importance of oil to Nigeria's (mono) economy. Equally, in the above mix is that the conflict also typifies the interface between hegemonic or extractive forces and domestic interests. Accordingly, it is contended that, "the crisis in the Niger Delta is perhaps much worse considering the level of violence and militarization, and the intersection of local and global hegemonic and extractive interests involved in the struggle for the control of the oil-rich region" (Obi, 2006:2).

Be the above as it may, federalism promises effective power and role sharing in a state structure between the central government and other units or sub-central governments. Bermeo (2002:98) sees federalism as, "a federal system exists when there is a layer of institutions between a state's centre and its localities, when this layer of institutions features its own leaders and representative bodies, and when these leaders and bodies share decision making power with the centre". However, a critical element of the above sharing is the engendering of the financial or fiscal empowerment of these constituent units. In other words, federalism privileges fiscal autonomy for the constituent units of a federal state.

¹ Represented by a heavily funded joint military force known as Operation Restore Hope

Adebayo (2001) insists that a federal system which fails to abide with the ideal norms of equitable and fair resource allocation would be ultimately bogged down by perennial intra-state conflicts. These conflicts would persist till appropriate changes in lines with the ideals of federalism are made. The failure to make such changes would imperil the existence of such polity. The above entail that a federal state is built around fiscal decentralization or fiscal federalism. Hence, “in fiscal federalism, the federal state shares fiscal policy making with the constituent units or regions/states and this includes the nature of revenue allocation. In this case, fiscal policy is devolved to the constituent units that make up the federation and they share this responsibility with the central government” (Anugwom, 2001:2). Despite the production of a President of Nigeria in the recent past, the people of the Niger Delta region are unsatisfied with the revenue distribution system in Nigeria. They perceive the system as basically contradictory of the ethos of federalism. Corollary to the above is the feeling that primordial considerations are employed in the horizontal allocation of revenue and resources to the sub-units of the Nigerian federation. But even more telling is that the allocation is perceived as manipulated to satisfy the corrupt tendencies of political elites. In effect, “there exist two fundamental dimensions of revenue allocation or sharing in Nigeria. The first dimension is based on institutions and tiers of government which the federal government is at the helm of affairs. While the second dimension is the issue of individuals and groups appropriating national revenue for themselves by corrupt and unjust means” (Ebienu, 2011:1). Related to the above sentiments is the contention that,

“While federalism seems attractive in view of Nigeria's multiethnic composition, the negation of this principle in fiscal policies may spell doom for the development of sustainable democracy. Thus, one may perceive a setting of the stage for inter-ethnic schisms and conflicts...A conflict anchored on the resolve of the oil-bearing Niger Delta minorities for severance or a redefinition of the bogus federal concept in Nigeria” (Anugwom, 2001:3).

The preceding points suggest that there is a fundamental divergence between federalism and the consistent centralization of revenue in Nigeria over the years (see, Olowonmi, 1998; Anugwom, 2020). Therefore, the federalism in the country may be perceived as entangled in a contradictory and conflict prone resource distribution system. As a result, this paper depending mainly on an analysis of documentary data interrogates the relationship between resource distribution and social conflict in the oil rich Niger Delta region of Nigeria. From this standpoint, it offers strategies or mechanisms towards resolving conflicts over revenue distribution in Nigeria as well as achieving sustainable peace in the Niger Delta.

HISTORICAL OVERVIEW OF REVENUE ALLOCATION IN NIGERIA'S FEDERALISM

General Background:

Going by accounts the extant literature (see, Phillips, 1971; Mbanefoh and Egwaikhide, 1998; Omitola, 2005; Olaloku, 1976; Anugwom, 2001; Adesina, 1998), the most regularly manipulated public policy by successive governments in Nigeria is probably the revenue allocation system. In this case, over ten commissions and committees have been empaneled from the inauguration of the Phillipson Commission in 1946 to 2014 by various central governments in Nigeria to review or examine the contentious issue of revenue distribution². The regular tampering with the revenue distribution system emanates from both the predilection of the political elites to politicize the process and the apparent dissatisfaction of Nigerians at large. In view of the above, we will offer only an overview of contemporary history of revenue allocation or distribution in Nigeria and critically how this relates to the Niger Delta problem in independent Nigeria.

The Colonial and Immediate Post-Colonial Periods:

Probably emblematic of the revenue distribution quandary in the early years of Nigeria's independence and revenue distribution is the Raisman and Tress Commission. This commission set up in 1958 inter alia prescribed the narrowing of the fiscal gap between the regions; reduced the scope of application of the derivation principle³ by establishing the Distributive Pool Account (DPA) for taxes or other incomes that are not clearly declared as regional or federal e.g. mining royalties and general import revenue (see, Anugwom, 2001); it equally narrowed the importance of the derivation principle in pursuance of the so-called ‘unified national policy’; it also prescribed the need for fiscal autonomy of the regions. The above recommendations formed the main basis of revenue allocation in Nigeria until the end of the 1960s.

This commission was succeeded by the Dina Committee of 1968. Dina Committee prescribed federal control of large revenues. Incidentally, this major recommendation of the committee never saw implementation. Despite this, it ultimately created a lacuna that enabled the centralization of revenue allocation by the military government. The military gave formal or legal backing to this centralization through such instruments as Decrees 15 of 1967; 13 of 1970 and 6 of 1975. These two laws gave statutory backing to a centralized fiscal policy. These laws were anchored on observed progressive enlargement of the DPA and the reduction of derivation (Anugwom, 2001).

The Revenue Allocation Act of 1981 was the next major development in revenue allocation. This Act was subsequently amended through the Revenue Amendment Decree No. 36 of 1984. The amended Act kept faith with the horizontal principles of the 1981 Act established a new vertical allocation

² Some of these commissions include: the Phillipson Commission (1946); the Hicks-Phillipson Commission (1951); the Trees-Raisman Commission (1958); the Chicks Commission (1968); the Binns Commission (1964); the Dina Interim Committee (1968); the Aboyade Committee (1977); the Okigbo Commission (1980); and the Revenue Mobilization, Allocation and Fiscal Commission (RMAFC) (1989).

³ A revenue allocation system which allocates a given percentage of revenue derived from a resource or mineral (oil in this case) to the particular region or sub-federal unit (a state in the case of Nigeria) from which that resource is derived. In other words, the oil producing states are supposed to get a certain percentage of the revenue derived from oil in the revenue distribution process.

formula. The formula stipulated allocation viz. federal government – 55%; state governments – 32.5%; localities (Local Government Areas) – 10%; and special grants – 2.5%.

The Military Era:

A major milestone in the tinkering with the revenue distribution system in Nigeria was achieved with the creation of a permanent Revenue Mobilization, Allocation and Fiscal Commission (RMAFC)⁴ by the military administration of Ibrahim Babangida (1984 – 1993) through Decree No. 49 of 1989. On hindsight, the commission now charged with overseeing revenue mobilization and sharing in the federation seems like abiding with the major recommendation of the 1968 Dina Committee through Decree No. 49 of 1989. The RMAFC subsequently went on to proffer recommendations on revenue allocation which were accepted by the government in December 1989. In this recommendation, the vertical allocation formula was: federal government – 50%; state governments – 30%; local governments – 15%; special funds – 5% while for among the federating states while the horizontal allocation formula was: equality of states – 40%; population – 30%; landmass – 10%; social development – 10%; and internal revenue effort – 10%. The government went ahead in line with the above recommendation which interestingly still favoured the central government since the 50% vertical allocation to sub-federal units was to be shared between the local and state governments.

But even more interesting is that the RMAFC only allocated 2% of the revenue from mineral exploitation in proportion to the mineral extracted from each state as derivation component and 1.5% to be administered by the federal government for the development of the mineral producing areas in the country. The above recommendations especially in view of the transfer of responsibility for primary education to the localities were subsequently amended in 1991 through Decree No.3 of 1991. In this amendment, the vertical sharing formula became federal government (50%); state government (25%); local government (20%); special funds (5%) (Olaolu, 1979). The formula was once again slightly reversed in June 1992 to lower both the percentage of the federal government (now 48.5%) and that of the states (now 24%) in order to increase the so-called special funds to 7.5%.

The small allocation to derivation (2% to states and 1.5% to be administered by the federal government for development of oil producing areas) or a total of 3.5% of revenue for the derivation component was viewed as the lowest since independence in 1960 and drew the ire of the oil producing minorities in the Niger Delta region. Against the background that Nigeria's mono-economy was heavily dependent on oil (from the region), this low allocation was perceived as by these ethnic minorities as a systematic attempt to deprive them of their natural resources. This attempt was seen as led by the ethnic majority groups predominantly in charge of state power. Therefore, the distribution system was equally interpreted as a well-crafted guise towards the emasculation of the region. Even though the then government in power was a military rule, the derivation issue generated groundswell of opposition from the Niger Delta people. This may be rightly conceived as the beginning of the massive mobilization of the people of the region especially the youths. The above mobilization of the people and the conscientization it brewed easily produced the violent confrontation between the Niger Delta people on one hand and the federal government and the Trans-National Oil Companies (TNOCs) operating in the region on the other hand.

Be the above as it may, the revenue allocation system witnessed another major review through the recommendation of the National Constitutional Conference convoked by the late General Sani Abacha (1993 – 1998). This constitutional body established a committee to look into revenue distribution in the country. The committee was required to receive inputs from citizens and group across the country. At the end of this process, the committee recommended as follows with regards to vertical allocation: federal government (33%); state government (22.5%); local government (20%); federal capital territory (Abuja) (1%); stabilization account (5%); economic development (2%); derivation (11%); Oil Minerals Producing Areas Development Commission (OMPADEC) (6%). Equally, it recommended the following horizontal allocation of revenue: equality of states (30%); population (40%); social development (10%); internal revenue effort (10%); and land mass and terrain (10%). However, the constitutional conference went ahead to improve the derivation allocation to 13%, which would include any amount or provision for funding of any agency for the development of the region or states included in the derivation allocation.

Incidentally, the above significant improvement in derivation was not considered radical or high enough to assuage the feelings of the region. Prior to this new derivation allocation, there has already developed massive awareness among civil society in the Niger Delta region. This awareness benefitting largely from the intellectual and political sagacity such as indigenes like Ken Saro-Wiwa and Melford Okilo sought among other things to expose the huge devastation of the environment by oil exploitation and the connection between this environmentally unfriendly oil exploitation and poverty, disease and death in the region (see, Anugwom, 2014). Despite the recommendations of the constitutional conference committee above, the 1999 constitution which was produced from the constitutional conference established by the Abdulsalam Abubakar (June 1998 – May 28, 1999) transition government opted for a revenue allocation formula similar to that of 1992. In effect, it provided thus: federal government (48.5%); state government (24%); localities (20%); and special funds (7.5%). However, the RMAFC acting in accordance the provisions of the 1999 Constitution on its review authority (power to regularly review the system taking into consideration changing realities) put forward a new vertical allocation formula: federal government (41.3%); state government (31.0%); local government (10%); special funds (13%). For the horizontal allocation, it stipulated: equality (4.5%); population (2.5%); population density (2%); internal revenue effort (8%); landmass (5%); terrain (5%); rural roads and waterways (1.5%); portable water (1.5%); education (4%); health (3%). In relation to the concerns of the Niger Delta, the RMAFC recommended that states should get 60% of the derivation fund while 40% should be allocated the local government areas in the areas in the oil producing states.

As expected, the above RMAFC formula soon drew the criticisms of the oil producing states including other states in the South of Nigeria. These states saw the recommendations as unjust and inequitable as well as over-concentrating federally collected revenues in the central government. For them, apart

⁴ The RMAFC has continued to exist in spite of changes in government since its inception as the main federal agency charged with providing framework for revenue allocation as well as advising the government on revenue allocation and mobilization matters

from the injustice imbued in this, it also negates the principle of federalism on which the country is supposedly anchored. The ultimate outcome of the above rejection was that these states proceeded to seek relief from the law courts. Their basic belief in doing was simply that enabling them to have substantial control over the resources found in their geographical areas (as in the 1960s and even 1970s) would provide them with more resources for development of these areas and even proactively tackle the considerable environmental and ecological damages of mineral exploration and exploitation. Based on this conviction, these states sought for the right interpretations of the relevant sections of the constitution on resource distribution by the courts. The matter was subsequently decided by the Supreme Court of Nigeria. The decision produced the following vertical revenue allocation outcome: federal government (46.63%); state government (33%); localities (20.37%).

The New Democratic Era:

In what may be seen as underlining the source of dissatisfaction and the roots of the imaginations of primordial considerations in the resource distribution system in the country, the government of Olusegun Obasanjo (1999 – 2007) jettisoned the recommendations of the RMAFC and opted for an executive order in line with section 315 of the 1999 Constitution for revenue distribution until the National Assembly approves a new formula. As would be expected this order was in favor of the federal government. It gave the federal government 54.68% allocation in the vertical allocation of revenue. Interestingly, the expected legislative intervention in a new revenue distribution formula was mired in political intrigue and endless buck passing between the two arms of the government (executive and legislature).

The prevailing (current)⁵ vertical allocation according to Salami (2011) without special funds and which took off from 2002 is on the following formula: federal government – 52.68%; state – 26.72; localities – 20.60%. Under this system, the derivation principle which had diminished under Nigeria's military regimes improved significantly to 13% of the revenue from oil produced onshore. A good illustrative summary of the horizontal revenue distribution scenario through time in Nigeria can be captured in the form of the Table below:

Table i: Overview of Horizontal Revenue Distribution in Nigeria

Criterion/Factor	1969 – 1976	1976 – 1981	From 1982	Jan. 1990	1999 till Date (2011)
• Equality of States (minimum responsibility of govt.)	50.0	-	40.0	40.0	40.0
• Population	50.0	-	40.0	30.0	30.0
1. Equal access to dev. Opportunity	-	25.0	-	-	-
2. Minimum standard for national integration	-	22.0	-	-	-
3. Absorptive capacity	-	20.0	-	-	-
4. Fiscal efficiency	-	15.0	-	-	-
• Social development factor	-	-	15.0	10.0	10.0
5. Direct primary school enrolment	-	-	11.25	-	-
6. Inverse primary school enrolment	-	-	3.75	-	-
7. Education	-	-	-	4.0	4.0
8. Health	-	-	-	3.0	3.0
9. Water	-	-	-	3.0	3.0
• Landmass and Terrain	-	-	-	10.0	-
• Internal revenue Effort	-	18.0	5.0	10.0	20.0
Total	100%	100%	100%	100%	100%

Sources: Anyanwu, 1995; Jimoh, 2003; Salami, 2011

A strong element of the revenue allocation system in Nigeria since the 1970s is a concentration process that favours the centre and has foisted a gradual and progressive reduction of state government accounts and fiscal autonomy (Mbanefoh and Egwaikhide, 1998). The above situation has been worsened by the establishment the so-called Special Accounts by the federal government. According to Suberu (1995) the periodic revisions and changes in the criteria of the allocation system have aimed at meeting three main goals viz. a legitimization of the criteria of demography and equality as prominent principles of horizontal revenue allocation; these changes particularly in horizontal allocation have ultimately compounded and politicized⁶ the distribution process and encouraged divisive tendencies within the country; the horizontal allocation system gives inadequate attention to such principles as social development needs and internal revenue generation efforts (which are non-political) but chose to totally ignore other relevant technical and economic principles like absorptive capacity, budgetary obligation, equalization, and fiscal efficiency.

⁵ There has been moves since 2022 by the RMAFC to change the formula, though nothing concrete has been approved in that regard thus far.

⁶ Actually, the controversial criteria of land mass in horizontal revenue distribution which favours the states in the North with massive land areas was reintroduced by the Babangida administration and assigned a weight of ten percent in the horizontal revenue allocation formula.

CHARACTERISING RESOURCE DISTRIBUTION CONTENTIONS IN RECENT YEARS IN NIGERIA

Apart from the dissatisfaction of the Niger Delta region and even other parts of the South of Nigeria with the resource distribution system, a good number of the controversies in recent times have been on the perceived injustice of the allocation of benefits Value Added Tax (VAT), and what is perceived as either the comparative decline or inadequacy of the derivation principle. Therefore, we will try and flesh out these two main points of contention below. The VAT is a centrally collected or administered tax in Nigeria. It was introduced in January 1994. The VAT⁷ was seen as a replacement of the previous sub-federal units administered sales tax and was ostensibly motivated by the need of the country to keep in tune with global trends in taxation on some luxury and consumption goods as well as avoid unnecessary duplication of such taxation implied in the former sales tax.

Given the large and ever-expanding population of Nigeria, the VAT despite being dogged by loopholes in collection and the usual cankerworm of corruption became a humongous source of revenue for the government starting from the first full year of implementation.

VAT was imposed on 17 categories of goods and 24 categories of service. It exempted such things as basic foods, medical and pharmaceutical products, books, newspapers and magazines, house rent, commercial vehicles, spare parts and service rendered by community banks from taxation. Though there has been recent efforts towards increasing the scope of the taxation since 2021. From its inception, the distribution or sharing of the proceeds from the taxation was supposed to be on the 80% to 20% between the states and the federal government. The federal government was envisioned to utilise its share (20%) in offsetting the costs of the administration of the tax under its responsibility. However, the federal government in a unilateral move changed the sharing formula in January 1995. Under this new formula, the federal share became 50 percent, while that of the states was reduced to 25 percent and the remaining 25 percent was allocated to the local governments or localities. The above formula was soon enough modified following huge criticisms by the Sani Abacha government (1993 – 1998). From 1996 it thus became: 35% to the federal government; 40% to the states (including the Federal Capital Territory - Abuja); and 25% to the localities.

Incidentally, the contentions around the sharing or allocation of the VAT resonated with the typical politicization of distribution in Nigeria and the influence of ethno-national politics. These two factors are critical determinants of both policy making and implementation in Nigeria. Classical examples of the above tendencies in Nigeria with regards to the VAT is that the revenues to known big contributors to the proceeds (Lagos and River states) were in essence inversely proportional to their contributions to the revenue. Therefore, a major grouse of the states in the South of Nigeria is that the states in the North get a huge and disproportionate share of the VAT. An apparent injustice that can be related to the subsisting revenue distribution system and spirit in Nigeria.

A comparison of the allocation of VAT in a typical period between Lagos state and the old Kano state (now Kano and Jigawa states) would show the above contention vividly:

Table ii: VAT Allocation: January – September 2001

State	Allocation (in Million Naira)
Lagos	10. 822,469.52
Kano	11. 351,236.13
Jigawa	7. 49775.44

Source: Vincent, Ola (2002)

Given this reality, the tax is perceived by a majority of states in the South as typifying the resource distribution system in terms of the role of politics and primordial factors in determining who gets what in Nigeria. A system that gives scant regard to either the rule of equity or contribution but is rather driven by parochial ethno-national interests. The above perception and the unquestioned under-performance of successive federal governments in Nigeria (despite the cornering of humongous revenue by the center) engenders the agitations like that of the Niger Delta and generates a tendency for citizens to imagine the Nigerian state as both ethnic and held hostage by self-serving political elites.

The misgivings around the sharing of the VAT proceeds have even become more heightened with the emergence of the Boko Haram insurgency and the unique message or doctrine of the sect. Boko Haram has mounted a violent annihilative campaign against businesses involved in areas considered either (un)Islamic or not in keeping with its unique doctrine (see, Anugwom, 2019). Therefore, such high VAT yielding businesses as hoteling, liquor, entertainment, gambling and betting have become targeted and annihilated by the group in major urban areas in the Northeast. Boko Haram does not make a distinction on whether these businesses cater for the needs of non-Moslems or not; but simply does not want them anywhere in the North irrespective of whoever their clients may be.

Incidentally, the violent and deadly activities of the Boko Haram, has resulted in the sharp decline of these businesses in the Northeast of Nigeria and to a large extent in the other parts of the North as a whole. The outcome of the above development is the shrinking of the VAT revenue collectable from the North given the seriously decline of these businesses in the last ten years. Interestingly, this situation contrary to expectations has not impacted negatively

⁷ It was a landmark tax reform in Nigeria adopted in January 1993 through the VAT Act 102 of 1993. Its implementation began in January 1994.

on the VAT shares of the states in the North. In other words, the North continues to enjoy a disproportionate share of the VAT, a situation that furthers the perception of marginalization in both the Niger Delta and other areas of Nigeria.

Be the above as it may, the derivation principle of revenue allocation has also generated its own contention like the VAT. The minorities in the Niger Delta have not fathomed the reason why derivation should dwindle far below its 50% allocation in the immediate post - independence era of the 1970s and early 1980s. Such downscaling of derivation has persisted despite the obvious tremendous environmental degradation caused by oil exploitation in the region. In the words of Ojo (2010: 31). The most acrimonious issue in Nigeria today involves the increasing strident campaign for economic restitution and ecological rehabilitation by the country's oil producing ethnic minority communities around the Niger Delta Region in the south. Since the dramatic expansion in petroleum export revenue in the seventies, Nigeria's revenue sharing policies have explicitly downgraded and sometimes eliminated the principle of derivation as criteria of entitlement. Given the above situation, citizens of the Niger Delta have ultimately interpreted their situation with regards to derivation from the point of view of systematic act of the government to marginalize the area in the allocation system in Nigeria. Thus, Ebienufa (2011:1) states, "the displacement of agricultural products by oil as the focal point of national revenue, and the attendant relegation of the principle of derivation in revenue allocation, is the root cause of the revenue debacle in Nigerian federalism".

Historically, the principle of derivation in revenue allocation in the country was first mooted by the 1946 Phillipson Commission. This commission saw it as the mechanism through which a region would gain from its non-declared revenue in proportion to its contribution to the central revenue. In other words, as originally conceived it is supposed to be both compensatory and conscious of the proportional contribution of the area in question to the pool of national wealth in a federation like Nigeria (see, Adebayo, 1988). This may explain why in a new federal state of federation, it is one of the fundamental principles guiding revenue allocation (see, Bachrach and Baratz, 1970).

As obvious from the above the main selling point of the derivation principle lies in its ability to distribute federal revenue to sub-federal units based on total or some proportion of taxes paid by the citizens of these units. In this way, derivation have the inherent capacity, given its direct relationship to taxes and compensatory nature of allaying the feelings of injustice or even alienation by members of any unit in the federation. But despite its original lofty goal, the history of revenue allocation in Nigeria with particular reference to the derivation principle and the Niger Delta problem may be seen as very intriguing and enmeshed in contentions.

The fact remains that prior to the emergence of oil as the main foreign exchange earner in Nigeria, the revenue allocation system was almost solely based on derivation. Although oil export began in Nigeria in 1958, it only around 1980 that the share of oil revenue in the national income rose to 80% (see, Ikein and Briggs-Anigboh, 1998). This was from its share of about 27% in the 1970s. Oil became prominent in Nigeria's revenue from the 1980s and incidentally (and despite recent efforts towards economic diversification and green energy) has been increasing over the years. At one point, it accounted for over 85% of national revenue in Nigeria. However, while oil increased in prominence as revenue earner for Nigeria, the percentage of revenue allocated through derivation to the oil producing or bearing states kept decreasing. Despite the above observation, it would be important to state that the oil producing areas enjoyed a brief spell of 50% derivation before 1971. But at that point in time oil contributed only a mere 3% of Nigeria's revenue.

Probably, the plight of the oil producing areas in relation to the derivation principle began in the late 1970s. Incidentally, the 1979 Federal Constitution of Nigeria conferred on the federal government the rights over onshore and offshore minerals. This provision was taken advantage of by the government of Alhaji Shehu Shagari (1979 – 1983) to quickly slash the derivation allocation to a paltry 5%. The military governments of Ibrahim Babangida and Sani Abacha which succeeded Shagari further reduced it. From the above scenario, one cannot fail to observe that the wielders of political powers at the centre in Nigeria gave a wide berth to derivation only when the revenue from oil was meagre (between 1965 and 1970). However, once oil jumped far ahead of other export commodities (mainly agricultural products like cocoa, groundnut, palm oil) in revenue generation beginning from 1980, the same power holders (especially the military that held the reins of power for much of this period) saw to it that derivation plummeted using the instruments of military decrees and other arbitrary instruments (see Anugwom, 2001).

Despite differing logic, style of agitation and narratives, the discontent in the Niger Delta can be mainly framed as simply the over-due demands for radical institutional and distributional reforms in Nigeria's federalism. The demands include specifically the amendment of the constitution to empower both federal and state governments jointly responsible for mining and exploration of minerals instead of the prevailing practice where it is exclusively the reserve of the federal government; involvement of oil producing communities through vesting of mineral land rents and oil royalties in these communities from which oil is derived (this would entail the elimination of the obnoxious Land Use Decree of 1978)⁸; and even more fundamental the demand for payment of significant proportion of the federally collected petroleum profits tax to these areas in the spirit of the derivation; establishment of an effective institutional mechanism for appropriate compensation to the oil producing areas for environmental/ ecological damages consequent upon oil exploitation as well as the development of reliable means to protect the environment from oil exploitation risks (see, Anugwom, 2001; 2007; Suberu, 1996).

Equally, in their perception of the political motive behind the decline of derivation in revenue allocation, Niger Delta citizens are often led to argue that even during the good days of the derivation principle especially when agricultural products were the mainstay of the Nigerian economy in the 1960s and early 1970s, that the region did not gain much. This, they attribute to a political system that favoured only the ethnic majority groups in the former regional structure of Nigeria. In this sense, this political system anchored on ethno-regional interests and dominated by the ethnic majorities created a situation in which the proceeds from derivation were utilized in the concerned ethnic enclaves. This scenario obtained even when there may be socio-

⁸ Incidentally, the Petroleum Industry Act (PIA) passed recently (2022) has improved the stake and recognition of these communities in oil exploitation. However, some observers see the scope allowed for the communities as still not significant. Also, the PIA is still in its infancy with regards to implementation and outcomes.

culturally contiguous groups different from this majority ethnic group but in the same political region. A good case of the above can be gleaned through the Western Ijaws. Thus, even though the Western Ijaws (now in present Delta state) were minorities in the Western region dominated by the Yoruba in the 1960s and 1970s, they still suffered exclusion even from the popular free education policy of the Action Group, the political party in power in the Western region. In addition, they were hardly considered by the Yoruba group in Western region with regards allocation of infrastructure, sharing of political offices etc. despite being part of the Western region.

According to Okilo (1980) the oil producing people of the Niger Delta simply want the establishment of a revenue allocation system based on derivation, as was the situation prior to the emergence of crude oil in Nigeria. Be the above as it may, the derivation agitation of the people of the Niger Delta can be summarized on two grounds besides simple logic of the location of oil deposits in their area. The grounds are the devastating environmental and ecological consequences of oil exploration and exploitation; and the daunting physical terrain and littoral nature of the Niger Delta region that make development and provision of infrastructure difficult and cost intensive. The above points have been well-captured in the sentiments that the people of the region “are victims of environmental degradation, destruction of the ecosystem and their source of livelihood. The cost of infrastructural development is very high due to the marshy terrain of the region with the myriad of rivers and creeks that characterize the region” (Ebienna, 2011:8).

FEDERALISM AND FRAMING OF THE NIGER DELTA CONFLICT

There is no doubt that the contentions of different ethno-regional groups for the evolvement of a more equitable and just resource distribution system in Nigeria have been more or less a permanent feature of Nigeria’s public and political life in the last four decades. In this case, apart from the prominent case of the Niger Delta region, other sections of the country have equally raised issues about resource distribution. Despite the above, it would seem that the government at the centre has not responded in result-oriented manner to the problem. Hence, “it is an issue which has been politicized by successive administrations in Nigeria both Military and civilian regimes” (Ojo 2010:15).

It goes without saying that the issue about how the resources in a federal state like Nigeria are allocated among the federating units has the capacity of undermining both the unity and development of such a nation. Therefore, the financial and economic relations between different units in a federal system is critical to the continuation of that federation. This is especially the case when the state in question like Nigeria is multi-ethnic. It is only axiomatic that a good resource distribution system in a federal state bears eloquent testimony to the spirit of true federalism and in addition enables the state to meet the needs for economic growth, social development, equitable and just development as well as the economic autonomy and self-sufficiency of sub-state units. But the manipulation of the distribution system to cater for some parochial and primordial needs would certainly constraint the move towards evolvement of an equitable and just allocation system in the federation.

Therefore, the inability to base the federal system on a workable principle of fiscal decentralization easily engenders conflict among the federating or sub-state units. But even beyond the issue of conflict is that the non-existence of fiscal decentralization questions the attribution of federalism to such a state. Obviously, federalism as political system is basically anchored on the principles of devolution and decentralization. Devolution and decentralization do not just apply to granting a significant level of political autonomy to the sub-state units but more crucially financial autonomy and fiscal capacity. In view of the above, the recurrent conflict and dissension one notices in the case of Nigeria with regards to the resource distribution system suggest that state in Nigeria is yet to imbibe the full spirit or practice of federalism. As Anugwom (2003) rightly argues, while Nigeria claims to be a federal structure, revenue and resource distribution system have always been more centralized than decentralized. Despite the statement of federalism in the constitution, what obtains in reality in the administration of the country seems far from the ideals of the federal system.

Interestingly, India and Brazil (two developing nations like Nigeria) offer good examples of working federalism in the global South. These examples can be emulated by other countries like Nigeria. The federalism in these nations are anchored on fiscal federalism which ensures significant autonomy and independent revenue generating capacity for the federating or sub-state units (see, Ojo, 2010; Adebayo, 2001). There is no question that the cases of Brazil and India are instructive for Nigeria given the fact that these countries are emerging economies in the global South that are also like Nigeria challenged by such structural problems as rapidly increasing heterogeneous population, huge land mass, coupled with ethno-linguistic and religious diversity or differences among the groups in the federation.

Incidentally, the existing federalism in Nigeria while enabling the political autonomy of the sub-units (within the allowed level in the constitution) has unwittingly sabotaged the capacity of these units towards achieving any reliable fiscal autonomy. In most cases, these units depend almost wholly on the centre for their finance. The financial incapacity of these units is borne out by the specter of months of unpaid civil servants wages, unpaid pensions and even inability to pay the nationally legislated minimum wages to their workers. Be that as it may, the Niger Delta problem in contemporary Nigeria goes beyond dissatisfaction with the revenue allocation system. Included in this is the issue about how other valuable social and political resources are distributed among the federating and ethnic units in Nigeria. Thus, the distribution of such resources and public goods like physical infrastructure, road contracts, hospitals, industries and even the recruitment of personnel into plum or top jobs in the federal bureaucracy. Equally, seen as epitomizing marginalization is the allocation of political positions among the different states and ethnic groups. The prevailing evidence would suggest that the Niger Delta despite its economic importance in Nigeria consistently assumes disproportionate number of choice political positions⁹ (see table below):

⁹ This is in spite of the fact that the President of Nigeria (2009 – 2015) was an Ijaw from the Niger Delta region. While this remains an undoubted watershed in the political history of Nigeria, it has neither squarely addressed nor obliterated the decades of perceived socio-economic and political marginalization of the people of the region.

Table iii: Distribution of Political Constituencies by State by the 1999 Constitution

State	No. of Senatorial Const.	No. of Federal Const.	State	No. of Senatorial Const.	No. of Federal Const.
Abia	3	8	Kano	3	24
Adamawa	3	8	Katsina	3	15
Akwa Ibom	3	10	Kebbi	3	8
Anambra	3	11	Kogi	3	9
Bauchi	3	12	Kwarra	3	6
Bayelsa	3	5	Lagos	3	24
Benue	3	11	Nasarawa	3	8
Borno	3	10	Niger	3	10
Cross River	3	8	Ogun	3	9
Delta	3	10	Ondo	3	8
Ebonyi	3	6	Osun	3	9
Edo	3	9	Oyo	3	14
Ekiti	3	6	Plateau	3	8
Enugu	3	8	Rivers	3	13
Gombe	3	6	Sokoto	3	11
Imo	3	10	Taraba	3	6
Jigawa	3	11	Yobe	3	6
Kaduna	3	16	Zamfara	3	7

Adopted from Nwankwo, 2003

From the table above, it is clear that out of the total 109 senatorial seats and 360 federal constituency seats in Nigeria's National Assembly, Niger Delta region (made up of 9 states) occupies only 27 and 81 seats respectively. Despite the fact that senatorial seats are based on equal representation for all states or sub-state units, representation in the second chamber of the National Assembly seems to testify to inequity. In this chamber, the nine Niger Delta states only get 22.5% of the total number of representatives. This level of representation in such a key national institution is seen as inconsistent with the economic importance of the region especially in terms of being the source of the oil upon which Nigeria's mono-economy has depended in the last four decades. Probably, the above point on marginalization and inequity becomes more glaring when one compares the representation of Bayelsa (5 constituencies) with that of a Northern state like Katsina (with 15 constituencies). For a state that contributes more than almost all the others to national wealth, the least number of constituencies allocated to Bayelsa is only justifiable under Nigeria's peculiar allocation or sharing system that hardly cognizes the contribution of each state or sub-state unit to the national wealth¹⁰.

As a result, the dissatisfaction of the people of the Niger Delta region with the existing resource distribution system is also influenced by memories of the past (see, Anugwom, 2018) as well as the role of the Nigerian state and its key agents. A dissatisfaction not helped by the obvious non-committal stance of the Nigerian state towards any radical change or meaningful alteration in the resource allocation system. In this situation, the current peace in the region may be perceived as not only shaky but subject to erosion. In other words, the struggle of the Niger Delta people which was engendered by perceived injustice is still framed within the aspiration for resource control and self-determination. Thus, while there may be peace in the Niger Delta now, the perception of injustice or inequity in resource distribution loom large and portends the capacity to generate fresh conflicts.

CONCLUSION

The contentious and continuous agitation over who gets what proportion of the oil wealth in Nigeria has unfortunately dissipated needed energy for national development and vitiated the emergence of cohesion needed to push through transformational economic and political measures that would engender development. Therefore, one outcome of the frequent oil struggle and inter-group conflict in resource allocation has been the dearth of social cohesion at the national level. Sociologists are agreed on the fact that cohesion even when anchored on the general acceptance of the sanctity of rules and regulations and the need for social order and interdependence in social functioning is critical for societal development. In other words, one can on a minimal scale draw a relationship between social cohesion and national development even nowadays where fragmentation and universalization co-inhabit in the global arena.

One strategy which has been touted in recent years as part of the solution to the peculiar problems of the oil-bearing communities in the Niger Delta has been the Petroleum Industry Bill (PIB). The PIB which has been passed into law has been seen as not really addressing the concerns of the indigenous

¹⁰ In fact, the plight of the state is even more pronounced in the area of job creation and employment. According to the Nigeria Economic Summit Group, Bayelsa state has the highest unemployment rate in Nigeria at 38.4% followed incidentally by another high oil producing state, Akwa Ibom at 34% which compares unfavorably with the situation in such other non-oil producing states as Plateau (7.1%) and Kaduna (11.6%) (Vanguard, 30th March, 2011).

communities in the Niger Delta and as not reflecting the needed equity and fairness in resource distribution. In this sense, while indicating an improvement over the prevailing instruments, the Petroleum Industry Act (PIA) passed in 2022 has not fully addressed the fears and anxieties of the oil producing communities.

Interestingly, the law in the way it was passed or enacted ironically underscores the grievance of the Niger Delta. In this sense, while there is now the law, it may not significantly assuage some of the key or fundamental grievances of the oil producing communities. While one subscribes to the idea that federalism remains a key element of building ethnic rapport and multi-nationalism in Nigeria, there is equally no gainsaying the fact that only an effective and workable federalism which takes cognisance of the needs and aspirations of the constituent units can engender sustained inter-group consensus and political development or democracy in the country (see, Anugwom, 2020). While there is reason in the observation that, “every single longstanding democracy in a territorially based multilingual and multinational polity is a federal state” (Stepan, 1999:19), the salient point may have to do with an unswerving commitment to the true spirit of federalism. This would in its nature also entail the establishment of responsive institutions and regulatory frameworks that entrench the practice of federalism.

As has been argued, Federalism as a tool can help in nipping ethnicity, corruption, and nepotism in the bud (see Noyoo, 2000; Anugwom, 2020) especially when effectively operated. Towards the above end, Nigeria would only profit from an effective federal structure both in conception and practice. Federalism in this sense could benefit from the examples of such nations like the U.S., India, and Brazil. Therefore, a skewed or authoritarian fiscal centralism as currently obtains in Nigeria is no way consistent with the spirit and philosophy of federalism.

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