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REVENUE ALLOCATION AND AGITATION FOR RESOURCE CONTROL: A FOCUS ON NIGER DELTA AREA.

BY

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BEING A THESIS PRESENTED TO THE DEPARTMENT OF PUBLIC ADMINISTRATION AND LOCAL GOVERNMENT STUDIES, FACULTY OF THE SOCIAL SCIENCES, UNIVERSITY OF NIGERIA, NSUKKA

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APPROVAL PAGE

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This effort is dedicated to God Almighty for his infinite mercies and loving kindness.
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In writing this work, my in depth gratitude goes to God Almighty for His blessings in my life. I am grateful for this endless love, protection, guidance, grace and showers of blessings upon me and my family. To my Wife Mrs. Gladys Captain Briggs; My sons: Tonye and Tammy Captain Briggs, My Parent Mr. & Mrs. Alabo Captain Briggs; My siblings: Sharon, Obomate, Ibinabo, Inye and Biobele Captain Briggs; my in-laws Mr & Mrs Bokoye A Manual. I appreciate all your love, care, understanding and personal sacrifices.

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5.1 Summary

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BIBLIOGRAPHY
LIST OF ABBREVIATIONS/ACRONYMS

AU: African Union
COMA: Coalition for Militant Action in the Niger Delta
DPA: Distribution Pool Account
EFCC: Economic and Financial Crime Commission
GDP: Gross Domestic Product
GNP: Gross National Product
HAF: Horizontal Allocation Formula
MEND: Movement for Emancipation of the Niger Delta
MOSSOB: Movement for the Actualization of sovereign state of Biafra
NDLA: Niger Delta Liberation Army (NDLA)
NDRVF: Niger Delta peoples’ volunteer force
NDV: Niger Delta vigilantes
NNPC: Nigerian National Petroleum Corporation
OMPADEC: Oil Mineral Producing Areas Development Commission
PTI: Petroleum Training Institute
SPDC: Shell Petroleum Development Company
UN: United National
VAF: Vertical Accusation Formula
VAT: value Added Tax
ABSTRACT

The study examined the relationship between revenue allocation and the agitation for resource control by the Niger Deltans. It explained the concepts and dynamics of revenue allocation and agitation for resource control in Nigeria. The study made use of secondary sources of data. From the data collected, the study discovered that, central to the issue of agitation for resource control by the Niger Delta people is the shift from the derivation principle of revenue allocation to the sharing principle by the federal government. As such the study made recommendations that would enable a reversal to the derivation principle as a way to end the agitation for resource control by the Niger Delta people.

Finally, the study concluded that the onus lies with the federal government to act fast and bring to an end, the agitation, for the interest of the whole Nigeria and her international partners.
CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Since the inception of the entity called Nigeria following the 1914 amalgamation, there has been schemes, schedules, modes, methods and patterns of relationship among the federating units in terms of administration and finance (Chijioke et al, 2013). This according to Adeleke (2013: 145) was carried over to the post independence Nigeria where unrelenting struggle for resource control and revenue allocation has constituted a threat to the continued existence of Nigeria as one indivisible nation. The year 1957 marked a turning point in the history of Nigeria Federating nation as oil was discovered as its main source of economy, for instance, before then, the Northern part of the country is reputed for the production of groundnut pyramid, the West cocoa production while oil palm was produced in commercial quantity by the Eastern region (Adeleke, 2013). The crisis associated with the control of oil resources has to do with the formula for allocating the oil revenue among component units of the nation, in that each state is scheming and embarking on political manipulations with the intention of getting more allocation for its area (Adeleke, 2013). This
development was as a result of the boom of oil resource and Nigeria’s over dependence on “Petro-Dollar” and the consequent neglect of all other natural resources in the country. To that effect, the Niger Delta States on Whose territory the oil resource is extracted has constantly and relentlessly demanded to have the “Lion Share” or total control of managing the oil resource within their territory and pay certain percentage to the central government. According to Adeleke (2013: 141) with the change to monolithic economy by Nigeria, revenue allocation and formula for allocating resources became problematic issue causing resentment and clog in the wheel of the nation’s progress and development. According to him, the dimension which the agitation for resource control and revenue allocation has taken is shaking the Nigerian state to its very foundation and even threatening its continued co-existence.

Furthermore, Adeleke maintained that, the centralization of the wealth resources in the hand of the federal government is another source of conflict over the control of the wealth from crude oil exploration in Nigeria. The centralization according to Dibua (2004) has made the federal government too powerful and authoritarian thereby negating the operation of true fiscal federalism and made the federal government to distant itself from the people
such that the revenue from the exploitation of natural resources were not used to implement policies that would promote sustainable development in the country as a whole and the place of derivation in Niger Delta.

Protagonist of resource control pushed forward the argument that the country cannot be said to be a federation when the elements of federation such as state police, control of natural resources by the federating units, etc are lacking. Their argument was based on the precedence during the First Republic (1960 - 1966) when the 4 regions which were then the federating units had control over agricultural produce. This was at a time when agriculture was the mainstay of the Nigerian economy. Adoti and Imuoha (2015) posit that: the 3 major regions – Eastern, Western and Northern – had control of palm produce, cocoa and groundnuts respectively. Beside this, the regions also got as high as 50 percent derivation from whatever accrued to the federation account as revenue from the agricultural produce. It may have been agreeable in the 60s because the monies that accrued to the regions could not be compared with what oil-bearing states would get today. Apart from that, major beneficiaries of that arrangement were the Igbo, Yoruba and Hausa/Fulani who dominated Nigerian politics then (Azaiki, 2006). The situation is different today as potential beneficiaries of 50 percent derivation
are minorities whose voice, even if collective, is feeble and hardly have much or instant impact in a major, policy such as this. However, the people of the Niger Delta found it unjustifiable and therefore unacceptable, that along the line, the practice was abandoned, while derivation was reduced to mere 3 percent. It was only recently raised to 13 percent on 29 May 1999.

The agitation for resource control is naturally tied to the demand for the control of Land (Adeoti and Imuoh, 2015) while revenue allocation in Nigeria according to Orokpo and Makoji (2014) implies the allocation of oil revenue, therefore, oil is central to the politics of inter-governmental fiscal relations.

The fact of the above statement is that from Late 60s till date, revenue allocation in Nigeria has remained more or less a matter of allocation of oil revenue, and as such may breed endless conflict and controversy between Northern and Southern Nigeria of Niger Delta extraction. The struggle for the control of the nation’s resources according to Ikeji (2011) has been based on the regional cleavages and entangled with political conflict. Resource control has thus being associated with political considerations with the purpose of influencing wealth allocation from federation account (Adeleke, 2013). For Orji and Jaja (2007) the political economy of resources control
has assumed the status of an impediment to the Socio-economic development and political stability of Nigeria’s democracy. As such, Jaja and Orji maintained that unless some urgent meaningful steps are taken, there will be no socio-economic progress in Nigeria. This is because the degree of violent issues relating to resource control has reached its crescendo to the extent that the political stability and socio-economic development of the nation is being threatened (Adeleke, 2013).

The reasons given for the violent agitation on the part of the Niger Delta communities includes but not limited to deprivation and environment (such as oil spillage and gas flaring) which has constantly bred youth restiveness and militancy. Fishing and farming which were the main means of livelihood of these communities prior to the discovery of oil were seriously hindered thus, making majority of the Niger Deltans to live in abject poverty and penury. Adeleke (2013) therefore, contends that the oil-producing communities are likely to remain marginalized and lacked basic infrastructural facilities. This according to Salami (2011) is attributable to the revenues allocated to the oil producing states which is not commensurate with the perceived environmental destruction being witnessed in those areas. Thus, some observers have argued that there is a need for more revenue to
accrue to the oil producing areas of the Niger Delta to improve the
deporable conditions in the area. This study therefore argues that part of the
cause of Niger Delta agitation for resource control is their perception of
being shortchanged for other regions of the country in terms of revenue
allocation by the federal government.

1.2 Statement of the Problem

The issue of how to share resources has generated a lot of heat which
is almost suffocating the whole nation. This is because Nigeria’s fiscal
relations centers on the fundamental question of who gets what, when and
how of the national cake (Ukwueze, 2011).

By implication, the revenue-sharing formula in Nigeria thus
emphasized the federal government’s interest, which encouraged the
centralization of oil proceeds with the federal government (Oyovbaire,
1985). To a large extent, this was to pitch the ordinary people of the Niger
Delta, such as Ijaws and Ogonis, against the non-oil producing states in
Nigeria (Ejobowah, 2000). For instance, the former Chairman of Northern
Governorship Forum (Babangida Aliyu) maintained that the
underdevelopment and poverty of the Northern Nigeria is due to the poor
allocations the 19 states in the region receive from the federation account.
He equally sees the 13 percent derivation allocated to oil-producing states as cheating on the Northerners and therefore should be scrapped (Odebode et al., 2012). In the same context, the former Central Bank of Nigeria CBN Governor (Sanusi Lamido) also claimed that the low financial allocation to the Northern states was the major reasons for the underdevelopment and activities of such groups as Boko Haram (Adeleke, 2013). According to Adeleke, Sanusi’s assertion, coupled with Aliyu’s outburst had heat up the polity and consequently polarized the nation along North and South divide.

More to that, Junaid Mohammed (Second Republic Parliamentarian) on the 3rd of March, 2012, Convened a Meeting of Northern academics, media men, businessmen and political leaders of Northern origin in Abuja where he challenged the Southerners that the North is ready for Nigeria’s break up. He reiterated that:

Whatever they (Southerners) want, we are ready for it, including the breakup of the country. If they want to initiate moves to breakup the country, fine. If they want to secede and form their own Oduduwa Republic or the MOSSOB people want to re-renact the Bia-fran tragedy, they are welcome to it. But they should know that it is not going to be their own decision only; it is going to be the decision of all Nigeria. (Mgboh, 2012).
He further lambasted the southerners thus: It is up to them to say this is what they want and come out clearly. We are tired of people speaking to us in codes, in clichés and stupid meaningless agitation. Let them tell us they want to be part of the Oduduwa Republic. That will be fine. If those in the MOSSOB are demanding that they don’t want to be part of Nigeria, fine. If the terrorists in MEND and NDVF or whatever they call themselves say they also want to have their own state, fine. Let me tell them, in the event of the breakup of Nigeria, which will be very unfortunate, the North is the only component that will remain one and united. And we will retain Abuja as the capital of that truncated Nigeria much to our displeasure. We also have two other cities which could serve as capital of Nigeria. Kano is as good as a capital anywhere in Africa. Kaduna will be a good capital too. Don’t forget, he continues, Kaduna was the capital of Northern Nigeria. So going back to Kaduna will be the natural thing for us to do. So, what is the farce? What have we gained from being a part of Nigeria? Tell me! I don’t know what I gained for instance. Look at the revenue allocation formula and tell me how this revenue allocation formula can ever allow peace and stability in any country, not just in Nigeria, which already they say is an artificial creation. And let me tell you that in the event of the breaking of this country, Ilorin
and ofa will remain 100 percent Northern Nigerian and not one inch of land will be ceded to them (Mgboh, 2012).

In reaction to the Northern demand for new revenue allocation formula of oil resources that will favour them, some key south-south figures described the call as insulting and a further proof that the North is ungrateful to the south (Adeleke, 2013). Leader of Niger Delta Peoples’ Volunteer Force (NDPVF), Alhaji Mujahid Dokubo-Asari in his reaction declared thus: I have said it before and I will continue to reinforce it; Nigeria is a forced union and such cannot stand the test of time. Very soon, we in the Niger Delta shall commence what we Call Operation Occupy Niger Delta Resources, once that starts, we shall lead a protest to the president with a warning that no dime of our oil money should henceforth, be sent to the North which has all these years, criminally manipulated the Nigerian state to the extent of claiming more population than the south, a situation that has resulted in the parasitic accumulation of our resources to their desolate local government areas which are mere structural entities without human beings. It is now time for both the UN and AU to come to Nigeria and Conduct a scientific population analysis of the country’ I make bold to say that Kano State is not more populated than Bayelsa not talk of Lagos State.
This is the fraud they have used to criminally determine the sharing of resources. (Nigerian Tribune Editorial, 2012).

In similar context, Itse Sagay articulated his response to the Northern demand for more revenue thus: I have been following the debate like others; unfortunately, those who speak on behalf of the Niger Delta on the issue have failed to hit the nail on the head. They should be bold enough to ask their northern colleagues, where the nation’s revenue comes from-instead of caressing the issue rather cautiously. The northern part of this country does not contribute anything to the national purse. If the area that produces the resources has just a token of 13 percent, the remaining 87 percent is free gift to the entire nation, particularly the North that has nothing to show for its existence. At the political reform conference in 2005, we went to the federal ministry of finance to get figures and facts about what each of the zones contributed to the commonwealth. What we saw was amazing; the North-West brings nothing, the same with the North-Central and North-East. The South-East and South-West brings minor but the South-South contribute 91 percent. The posture of the northern governors is the height of ingratitude and insult on the people of the oil-producing areas because they would have been bankrupt if not for the revenue that has been accruing to them from the
proceeds of oil and gas. This is a wake-up call on the people of the oil-bearing region. For instance this is the time to come together and fight intellectually for the anormally in the uneven allocation of oil blocs in the country. You will observe that because of the long stay of the north in power at the centre, they manipulated the process and concerned these blocs to the disadvantage of the south. Today, you have all juicy oil blocs in the hands of the North. Now that Jonathan is there, I would not want to sound being immodest by calling for a revocation of the blocs allocated to the Northern businessmen, but from the look of things, they have decided to take the entire south for a ride, so Jonathan should ensure that he corrects this imbalance by allocating more oil blocs to people in the south to make up for the inequity in the sector (Nigeria Tribune Editorial, 2012).

In short, the marginalization, deprivation, poverty and long neglect suffered by the oil-producing communities of Delta was an underlying factor behind their demand for total resource control (Adeleke, 2013). According to Igbuzor, (2002) there has been always controversy over the appropriate formula that should be used to divide resources in Nigeria. He noted that starting with the Phillipson Commission of 1946 to the T.Y. Danjuma Fiscal Commission of 1988, at least nine commissions were set up to work out
acceptable and equitable revenue allocation formula for the country. However, the outcome of the work of those commissions according to him showed that they were set up basically to establish certain preconceived self or sectional interests that suited particular consistencies. Igbuzor further reiterate that: In the First Republic (1963 to 1966), there was no oil. The revenue of the country was distributed based on derivation principle. Fifty (50) percent of the revenue from mineral resources was given to the region from where the minerals were extracted. Then, 30, percent was put into a distributable pool which was divided among all the regions including the producing regions while the remaining 20 percent went to the Federal Government. But the formula changed when oil became Nigeria’s main source of revenue. National revenue derivation and allocation formula went from 50 percent for the producing states and 50 percent for the federal government between 1967 and 1969, to 45 percent for producing states and 55 percent for the federal government between 1969 and 1971. After a slight variation between 1971 and 1975, the deviation of oil-producing states dropped to 20 percent minus offshore proceeds, while the federal government had 80 percent plus offshore proceeds between 1975 and 1979. Between 1999 and 1981, oil – producing states got not deviation. All oil
proceeds when to the federal government. Then between 1982 and 1992, oil states derived one and half percent of the revenue from oil, while the Federal government had 98 and half percent.

In response to the agitation for more resources to tackle the gross environmental degradation, which had been the consequence of the oil exploration in the Nigeria Delta, the then military government raised the derivation of oil states to three (3) percent in 1992 and to 13 percent in 1999, just before the advent of the present democratic dispensation (Okpi, 2012). In similar context, Itse Sagay argued that the reduction of the derivation of producing states was mainly because Niger Delta ethnic groups were in the minority, while the major ethnic groups controlled the federal government (Okpi, 2012). He further argued thus: in 1960, there were not petroleum resources of any significance. The main income earning exports were cocoa (Yoruba West); groundnut, cotton and hides and skins (Hausa/Fulani); and palm oil (Igbo East). Therefore, it was convenient for these majority groups usually in control of the federal government to emphasis derivation, hence its strong showing in the 1960 and 63 constitutions. However, by 1967 and certainly by 1969, petroleum, particularly the mineral oil, was becoming the major resource in terms of total income and foreign exchange earnings in the
country. It was therefore not difficult for the majority groups in the federal government to reduce allocation with regard to petroleum resources. They were in control of the federal government and therefore in control of the mineral resources. This meant that resources of the Niger Delta were being transferred to the majority group in control for the federal government at any point in time.

Corroborating Sagay, Igbuzor maintained that instead of establishing true fiscal federalism, in which the federating units would develop the natural resources in their territories and pay royalties to the central government, the political class has been satisfied with practicing unitary government which concentrates power and resources at the centre (Okpi, 2012).

The political class according Igbuzor, is just playing games with the lives of Nigerians. Assuming there was no oil, does it mean we would all die? Instead of focusing on how to develop our human capital and other aspects of our economy, they are focusing on how to share oil money. It is just a lazy argument. There are mineral resources in virtually every part of this country, why don’t they think of how to develop them?
The problem of this study is therefore, how to among other factors (such as deprivation, environmental pollution etc) isolate revenue allocation (which according to this study is the allocation of oil revenue) as the main cause of the Niger Delta agitation for resource control.

This study will further be guided by the following research questions:

(i) Why is there inconsistency in Nigeria’s revenue allocation formula and the endless conflict and controversy it generates in Nigeria polity?

(ii) What is the cause of Niger Delta’s agitation for resource control?

1.3 Objectives of the Study

The general objective of this study is to evaluate the claim by the Niger Delta region that they are being shortchanged (Marginalized) in favour of other regions by the federal government in terms of revenue allocation. The specific objectives includes:

(i) To identify the cause of inconsistency in Nigeria’s revenue allocation formula and the conflict it generates.

(ii) To find out the cause of Niger Delta’s agitation for resource control.
1.5 Significance of the Study

This study is quite significant in a number of ways: Empirically, this study is timely, technical, current and as well revealing.

Generally, it is understood, that the war in the Niger Delta is a resource war but it is shocking to know that the Boko Haram war in the North, is also a matter of resource war. Very revealing about this study, is the fact that most intra-conflict/inter-conflict or war in Nigeria is dominantly resource war, fuelled by the failure of leadership, corruption and embezzlement of public funds.

The study is therefore designed to alarm the federal government on the danger of continuous politicization of revenue allocation formula and the agitation for resource control. The study is equally expected to make recommendations that will help the federal government stabilize the revenue allocation formula and bring to an end, the violent agitation of the Niger Deltans for resource control.

Theoretically, the study will contribute to the debate on how to ensure peaceful co-existence of Nigerians by federal government demonstration of fairness and justice in terms of resource derivation and revenue allocation.
And of course, the study will be of interest to public administrators, social science students and scholars and the general public.

1.5 Scope and Limitation of the Study

The scope of this study is centred on revenue allocation and the agitation for resource control in Nigeria, with a focus on the Niger Delta area.

The study contended with some limitations among which are; Paucity of genuine data – there were avalanche of documentaries on revenue allocation and agitation for resource control but few were from reputable sources; and the inability to access primary data for the study.

However, through the much reliable data gather, the study was able to arrive to generalization that enabled it contribute to knowledge.
CHAPTER TWO

2.1 LITERATURE REVIEW/RESEARCH PROCEDURE

The literature review is carried out under the following sub-headings:

- Revenue Allocation: A Conceptual Perspective.
- Overview of Revenue Allocation and Oil Resource in Nigeria
- Revenue Allocation Formulas in Nigeria
- The Various Principles Recommended by the Commissions/Committees of Revenue Allocations in Nigeria.
- Resource Control
- Origin of the Agitation for Resource Control
- Reasons for the Agitation for Resource Control
- The Emergence of Armed Struggle in the Niger Delta Agitation for Resource Control
- Revenue Allocation and Niger Delta Agitation for Resource Control

2.1.1 Revenue Allocation: A Conceptual Perspective

Revenue allocation is the distribution of revenue, or total income, through a business, corporate or government structure. It often involves a complex process of determining how and where to funnel revenues in order to best maintain the viability and operating structure of an organization or state system (Milford, 2015).

Revenue allocation in the context of this review is concerned with the aspect of the state system. According to Dang (2013:1) every government
pursues economic development by trying to achieve macroeconomic objectives in a particular system of government. Various systems of government include: federation, unitary and confederation. However, Nigeria system favours federation. The federation of Nigeria achieves her macroeconomic objectives by performing the functions of resource allocation, income distribution/redistribution, and economic stabilization within the central government, that is, federal governments and its units (States and local governments) (Dang, 2013). This system of performing government functions in different tiers of government is called fiscal federalism (Buhari, 2001 & Likita, 1999).

Fiscal federalism according to (Anyafou, 1990) is a system of taxation and public expenditure in which revenue-raising powers and control over expenditure are vested in various levels of government within a nation, ranging from the national government to the smallest unit of local government. Basically, fiscal federalism emphasize on how revenue, are raised and allocated different levels of government for development (Dang, 2013). Fiscal federalism is essentially about the allocation of government spending and resources to the various tiers of government. The issue of control of available resources in the Nigerian federation is an aspect of the persistent
national question (Ukpere & Ashiwhobel, 2012). Adedeji (1969) demonstrated that fiscal federalism took its cue from constitutional and political development in the country.

Historically Nigeria has been committed to federalism as a means of coexistence and unity and fiscal federalism has been an important and central feature of intergovernmental relations. The construction of a stable and acceptable intergovernmental fiscal relation has been the subject of many commissions and committees since 1914 (Ukpere & Ashiwhobel, 2012). The issue according to them up till now evokes virulent contestations among politicians and academics. They attributed the cause of conflict to the fact that Nigeria depends on only one product, that is, crude oil which constitutes over 90% of her income. Prior to the prominence of oil in the international market, the country runs a federal structure but during the period of military rule from January 1966, the structure of governance was more unitary than federal in practice. Except for a civilian rule of four years (1979 to 1983), the country was ruled by military juntas between 1966 and May 1999. The civilian government which succeeded the military rule continued with the practices and styles of the military administration. Consequently, the centripetal forces that characterized military regimes
became reinforced in the structure of revenue generation such that the bulk of the revenue is collected by the federal government (Ukpere & Ashiwhobel, 2012).

Ekpo (2010) argues that the fiscal arrangement in Nigeria is characterized by excessive concentration of fiscal powers in the federal government and that there is no correspondence between the spending responsibilities and the tax powers and revenue resources assigned to different levels of government. The centralization of fiscal powers in the hand of federal government according to Igbuzor (2007) was tantamount to violation of the principles of federalism as applied to revenue allocation. The three federal political systems allow the federating units to have the right to control the resources within its domain which Nigeria resource allocation system has bastardised (Adeleke, 2013).

2.1.2 Overview of Revenue Allocation and Oil Resource in Nigeria

Before the oil resource turned Nigeria’s only and major source of revenue, the revenue allocation principle was based on the principle of derivation. The derivation principle was first mooted by the Philipson commission of 1946 that saw it as the principle through which a region would benefit from its non-declared revenue according to the proportion of
its contribution to the central revenue (Adebayo, 1988). Despite the fact that this principle was equally challenged early enough by the Northern delegates to the General Conference on the review of the Richards constitution at Ibadan in 1980, it was retained. Between 1954 and 1952, the derivation principle became the chief allocation principle mainly as a result of the dominance of Nigeria’s export market by primary products from three major ethnic groups especially the cocoa rich western region (Anugwom, 2001).

Also in 1957, a new revenue commission, the Raisman and Tress Commission argued for a reduction of the fiscal gap or imbalance between the Western and other regions. Thus, the committee narrowed the scope of the application of derivation by setting up the Distribution pool Account (DPA) for other taxes declared regional or federal. These were made up of mining royalties (30%) and general import revenue (30%) are to be allocation to the regional government (Anugwom, 2001).

The Raisman and Tress Commission recommendation formed the basis of revenue allocation in Nigeria until the late 1960s. The effort of the next, Dina Commission that recommended a federal control of the larger part of revenues was brought to naught by the non-implementation of its recommendations. This effectively created a Lacuna that enabled the
military government to centralize revenue allocation. This attempt was
given legal backing through Decrees 15 of 1987, 13 of 1970 and 6 of 1975
all of which established a fiscal policy centralized at the federal level. These
decrees were hinged on a progressive enlargement of the DPA and the
reduction of derivation. This really marked the advent of acute fiscal
centralism that reached its climax during the authoritarian

However, the history of revenue allocation in Nigeria especially in
connection with the derivation principle and Niger Delta agitation for oil
resource control is characterized by political manipulation, suppression,
deprivation and neglect. Though oil export began in Nigeria in 1958 it was
not until 1980 that the share of oil revenue in the national income rose to
80% (Ikein & Briggs-Anigboh, 1998). Thus oil became prominent in
Nigeria’s revenue from 1980 and has been on the increase since then and
currently constituting over 90% of national revenue. However, while the
revenue from oil was increasing the percentage of revenue allocated through
derivation to Niger Delta states on whose soil the oil was being produced
kept decreasing (Anugwom. 2001).
According to (Anugwom, 2001) at the onset, the oil communities enjoyed the 50% derivation that was also in operation during the heyday of primary products exports. But the 50% was at a time the oil only contributed about 8% of national revenue (that was before 1971). This 50% was reduced by the Distributable Pool Account (DPA) decree No.13 of 1979 to 45%. The DPA is usually distributed by the federal government to the states or regions using mainly the criteria of size and population. The DPA was further increased by decree No.6 of 1975 to 80% thereby leaving the oil states with only 20% of the revenue.

Anugwom further noted that, the 1979 constitution that conferred on the federal government with rights over both onshore and offshore minerals enabled the drastic slashing of the derivation allocation to a paltry 5% by the Shehu Shagari government. This was further reduced to 3% by the military government of Ibrahim Babangida. The total picture which emerges from the above is that the powers that be allowed the derivation principle a larger scope only when the revenue from oil was not massive (1965 to 1970) but the moment oil jumped far ahead of all other export commodities in revenue yield especially from 1980, the derivation share plummeted through the
issuance of decrees and other arbitrary Laws especially by the military that
held sway for most of the period.

2.1.3 Revenue Allocation Formulas in Nigeria

Many commissions/committees have been set-up at different times in
the history of Nigeria and saddled with the responsibility of examining
various fiscal issues and recommend the best principles or formula for
sharing national revenues. However, non of the formulas seems to have in
any significant extent mitigated the contention and conflict inherent the
disbursement of national revenue. Some of these commissions/committees
includes: the Phillipson Commission (1946), the Hicks-Phillipson
Commission (1951), the Chicks Commission (1968), the RAisman
Commission (1958), the Binns Commission (1964), the Dina Interim
Committee (1968), the Aboyade Technical Committee (1977), the Okigbo
Commission (1980), the Revenue Mobilization Allocation and Fiscal
Commission which was established as a legal and permanent entity to deal
with fiscal matters on a more regular basis as the need arises.

2.1.3.1 The Various Principles Recommended by the

Commissions/Committees of Revenue Allocation in Nigeria
A close look at the recommendations of the various Revenue Allocation Commissions/Committees in Nigeria shows the following fourteen principles of revenue sharing of the national cake:

i. Basic needs

ii. Minimum Material Standards

iii. Balanced Development

iv. Derivation

v. Equality of Access to Development Opportunities,

vi. Independent Revenue/Tax effort

vii. Absorptive Capacity

viii. Fiscal Efficiency

ix. Minimum responsibility of Government

x. Population

xi. Social Development Factor

xii. Equality of States

xiii. Landmass and Terrain

xiv. Internal Revenue Generation Effort.

The above principles have continued to serve as the yardstick for revenue allocation up to this day.
**Components of Revenue Allocation Formula in Nigeria**

The vertical and horizontal formulae:

Fundamentally, there are two components of the revenue allocation formula used for the disbursement of the Federation Account as indicated here under.

**Vertical Allocation Formula (VAF)**

**Horizontal Allocation Formula (HAF)**

**The vertical Allocation Formula:** This formula shows the percentage allocated to the three tiers of government i.e. federal, states and local governments. This formula is applied vertically to the total volume of disbursable revenue in the Federation Account at a particular point in time. The VAF allows every tier of government to know what is due to it; the Federal Government on one hand and the 36 States and 774 Local Governments on the other (Bashir, 2008: 3).

**The Horizontal Allocation Formula:** The formula is applicable to States and Local Governments only. It provides the basis for sharing of the volume of revenue already allocated enbloc to the 36 States and 774 Local Governments. Through the application of the principles of horizontal allocation formula, the allocation due to each State or Local Government is determined. Thus, it can conveniently be concluded that the vertical
allocation formula is for inter-tier sharing between the three tiers of government while the horizontal allocation formula is for intra tier sharing amongst the 36 States and the 774 Local Governments in Nigeria (Bashir, 2008:3).

**Institutional Framework for Revenue Allocation in Nigeria**

For analytical purpose, the table below provides at a glance the process which takes place monthly in the allocation of revenue from the Federation Account.

<table>
<thead>
<tr>
<th>S/N</th>
<th>Institution</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Revenue mobilization, allocation and fiscal commission(RMAFC)</td>
<td>Monitor revenue accruals into and disbursements from the federation account. It therefore determines the allocation indices</td>
</tr>
<tr>
<td>2</td>
<td>Central Bank of Nigeria</td>
<td>A custodian of the federation account</td>
</tr>
<tr>
<td>3</td>
<td>Federation accounts</td>
<td>It determined monthly disbursement from the federation account. It comprises of representative of the federal, 36 states government, RMAFC, OAFG and other revenue agencies etc.</td>
</tr>
<tr>
<td>4</td>
<td>State Joint Local Government Account</td>
<td>It determines monthly disbursement from the State Joint Local Government Account. It comprises of representative of the State and local government</td>
</tr>
</tbody>
</table>

*Source: Kabir A Bashir (2008), Workshop paper.*
This was a six member committee charged with the responsibility of ensuring that each level of government of the federation has adequate revenue to enable it discharge its responsibilities with due regard to the principles of:

i. Equality of States

ii. Derivation

iii. Population

iv. Even Development

v. Geographical Considerations


The committee however, set aside all the criteria mentioned above and instead formulated five principles for the determination of statutory allocation to the states. These prevailing principles are as indicated below:

1. Equality of access to development opportunities  0.25

2. National minimum standard for National integration  0.22

3. Absorptive Capacity  0.20

4. Independent Revenue  0.18

5. Fiscal Efficiency  1.00
Furthermore, the Aboyade Committee recommended the sharing of the consolidated fund as follows:

Federal Government - 50%
State Government - 30%
Local Government - 10%
Special Grants According - 3%

In spite of the fact that a greater proposition of the revenue allocation went to the Federal Government, the Federal Military government still exerts its influence and ensured the further inflation of its grant by 3% to the detriment of the federating units. Having done this, the report of the Aboyade Technical Committee was presented to the Constituent Assembly for approval.

Unfortunately, the constituent assembly members failed to give the report the serious attention it deserved because of their pre-occupation with controversial issue such as the creation of more state, the Sharia Law Controversy and the formula for election of the President (Adewale, 1960:20) the next Commission on revenue allocation is the Okigbo Presidential Commission of 1980.
**Okigbo Presidential Commission (1980)**

The Okigbo Presidential Commission on revenue allocation which was constituted in 1980 gave the following recommendations for the sharing of revenue:

- Federal: 55%
- State Government: 35%
- Local Government: 10%

Just like other post independence formula on revenue allocation, the Okigbo Commission recommendation was accompanied with controversy, disagreement and conflict (Ademolekun, 1986: 30).

**Revenue Allocation under IBB Regime 1985 – 1989**

The thorniest issue under Babangida regime was the fiscal scheme. The issue of revenue allocation was so thorny that Babangida regime had to review the revenue allocation four times during its duration. From the inception of the Babangida regime in 1985 all through 1989, the formula of revenue allocation stood at:

- Federal: 55%
- State: 32.5%
- Local: 10%
Allocation to the oil mineral producing states, and general ecological problems stood at 1.5% and 1% respectively.

**Summary of Revenue Allocation From 1988 – 1993 (In Billions)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Government</td>
<td>13.92 (55%)</td>
<td>14.91 (55%)</td>
<td>22.71 (50%)</td>
<td>31.86 (50%)</td>
<td>47.1 (50%)</td>
<td>58.2 (48.5%)</td>
</tr>
<tr>
<td>State Government</td>
<td>8.23 (32.5%)</td>
<td>8.807 (32.5%)</td>
<td>13.63 (30%)</td>
<td>19.18 (30%)</td>
<td>23.58 (25%)</td>
<td>28.8 (24%)</td>
</tr>
<tr>
<td>Local Government</td>
<td>2.53 (10%)</td>
<td>2.71 (10%)</td>
<td>6.81 (15%)</td>
<td>9.59 (15%)</td>
<td>18.87 (20%)</td>
<td>24.0 (20%)</td>
</tr>
</tbody>
</table>


**Revenue Allocation under Abacha Regime 1994 – 1998**

Abacha regime adopted and maintained the formula bequeathed to it by the Babangida regime. This formula is presented below:

- Federal Government - 48.5%
- State Government - 24%
- Local Government - 20%
- Special Fund - 7.5%
According to T. Y. Danjuma, the Federation Account here is made up of revenue from the following sources:

(1) Company income tax
(2) Import Duties
(3) Export Duties
(4) Exercise Duties
(5) Petroleum profit tax
(6) Mining rents and Royalties
(7) NNPC Licenses and fees
(8) Pipeline Licenses and fees
(9) Surpluses arising from the sale of Gas

The introduction of value added tax (VAT) in (1996) has also diversified source of fund for the tiers of government. The formula adopted for the sharing of the VAT fund (vertically) since the 1997 fiscal years is:

Federal Government - 35%
State Government - 40%
Local Government - 25%

The higher percentage enjoyed by the VAT revenue sharing has been justified by Chief Anthony Ani – Former Finance Minister when he said:
In order to compensate state government whose incomes from the PAYE (Tax) are likely to be adversely affected by the enhanced allowances granted tax payer, the VAT distribution formula is further reviewed in favor of state.

Federal Government - 36%
State Government - 36%
Local Government - 25%
Federal Capital - 1%
Ecology - 2%


The current vertical allocation formula which is based on Presidential Executive order is as follows:

Federal Government - 52%
State Government - 26%
Local Government - 20%

While the horizontal allocation formula which captures factors/principals and percentage is as follows:

Equality - 40%
Population - 30%
Landmass/Terrain - 10%
Internally Generated Revenue - 10%
Social Development Factor - 10%

For purpose of emphasis, the Social Development Factor comprised of Education (4.0), Health (3.0) and water (3.0) (Bashir 2008:7).

2.1.4 Resource Control

Resource

The word “resource” can simply be interpreted to mean the wealth, supplies of goods, raw materials, minerals, etc, which a person or a country has or can use for development or production (Advanced Learners Dictionary of Current English, 1962:838. Resources can be classified broadly into human and natural resources. The interest of this study is on the later. In a narrow sense, natural resources can be defined as all those things available to man as gifts of nature (Adesopo & Asaju, 2004). Natural resources are either renewable or non-renewable but include mineral resources, water resources, agricultural resources, forest resources, and atmospheric resources. According to Barlawe (1978:228) resources, can be classified based on the relative renew ability of the resources and thereby
obtaining three principal resources: fund resources, flow resources, and composite group of resources that has some characteristics of both fund and flow resources. The fund (or stock) resources which Barlowe described as including resources like metals, mineral, fuels, coal, stone and so on, are the most relevant to this study. According to him, the total supply of these resources is relatively fixed and non-renewable/non-replicable. He further expatiate that the concept of flow resources applies to resources such as precipitation, the water in streams and lakes, sunlight, wind, tides and climate, the flow of which continues whether or not the resources are used. These are said to be renewable, but must be used as they become available; and failure to do so amounts to permanent loss of the value they could have had. Under the composite group of resources are subclasses like biological resources, soil resources and man-made implements such as building, reservoirs, or highways. All the links between economic activity and the natural environment involve the use of natural resources (Barlowe, 1978). At another instance Barlowe described natural resources as productive assets which support economic development and sustain human populations.

In terms of mineral resources potential, Nigeria is one of the richest countries in Africa, with known deposits of columbite, tantalite wolfram,
gold, lead-zinc, limestone, kaolim, clay, shale, marble, radio-active minerals, 
bartyles, cassiterite, coal, lignite, petroleum, natural gas and hydro-electric 
power (Aluko, 1971). Many of the above resources are classified and 
assessed state by state as presented on the table below:

**Table 1: State by State Assessment of Nigeria Natural Resources**

<table>
<thead>
<tr>
<th>State</th>
<th>Solid Mineral</th>
<th>Agric/Agro Allied</th>
<th>Oil &amp; Gas</th>
<th>Industrial Potential</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abia</td>
<td>Brine, Iron ore, Lig Kaolim, Clay</td>
<td>Cow pea, soybeans, Rice, Maize, Cassava, Rubber, Cocoa, Rubber, Fruits</td>
<td>Petroleum &amp; Gas</td>
<td>Ceramic, Cosmetic, Plastic, Petroleum &amp; Gas Industries</td>
</tr>
<tr>
<td>Abuja</td>
<td>Marble, Kamlin, Clay, Tin, Lead, Zinc</td>
<td>Yam, Cassava, Maize, Beans and Fruits</td>
<td>-</td>
<td>Food Processing and Manufacture Industries</td>
</tr>
<tr>
<td>Adamawa</td>
<td>Barytes, Salt, Calciumlaterites, Marble, Gypsum, Clay</td>
<td>Guinea-Corn, Sugarcane, Yam, Cassava, Maize. Cheese, Cotton, Groundnuts, Millie, Guinea-corn, Cotton, Rice</td>
<td>-</td>
<td>Agricultural Processing Industries</td>
</tr>
<tr>
<td>Akwa Ibom</td>
<td>Clay, Class, Sand betonies</td>
<td>Cocoanut, Cocoa, Rubber, Raffia palm, Coffee, Oil palm</td>
<td>Crude oil and Natural gas</td>
<td>Agricultural Processing, Oil &amp; Gas</td>
</tr>
<tr>
<td>Anambra</td>
<td>Kanlin, Limestone</td>
<td>Rice, Yam, Cassava</td>
<td>Crude oil reserve</td>
<td>Oil &amp; Gas Industries</td>
</tr>
<tr>
<td>State</td>
<td>Minerals Products</td>
<td>Agricultural Products</td>
<td>Energy Products</td>
<td>Industries</td>
</tr>
<tr>
<td>---------</td>
<td>------------------------------------------------------</td>
<td>-----------------------------------------------</td>
<td>----------------------------------------</td>
<td>----------------------------------------</td>
</tr>
<tr>
<td>Bauchi</td>
<td>Limestone, Columbite, Iron ore, Tin, Kaulim</td>
<td>Sugarcane, Maize, Groundnuts, Millet, Guinea corn, Cotton, Rice</td>
<td>Crude oil (under survey)</td>
<td>Limestone, Cosmetic Industry</td>
</tr>
<tr>
<td>Bayelsa</td>
<td>-</td>
<td>Plantain, Banana, Cassava, Yam, Cocoyam</td>
<td>Crude oil and gas</td>
<td>Oil &amp; Petrochemical</td>
</tr>
<tr>
<td>Benue</td>
<td>Tin, Columbite, Kaulin, Gypsum</td>
<td>Yam, Rice, Maize, Sorghum, Millet and Fruits</td>
<td>-</td>
<td>Food canning, cement</td>
</tr>
<tr>
<td>Borno</td>
<td>Gypsum, Iron ore, Feidapur, Limestone, Clay</td>
<td>Millet, Wheat, Arabic gum, Hides &amp; Cocoa</td>
<td>-</td>
<td>Soda ash, leather industries</td>
</tr>
<tr>
<td>Cross Rive</td>
<td>Limestone, Baryte, Uranium, Bertonite</td>
<td>Rubber, Cocoa, Oil palm, Cassava, Rice, Fruits</td>
<td>-</td>
<td>Agric &amp; Fishing</td>
</tr>
<tr>
<td>Delta</td>
<td>Liwuite, Gypsum, Tar Sand, Siicca</td>
<td>Palm oil, Kernel, Cassava, Rubber and Timber</td>
<td>Crude oil and gas</td>
<td>Petrochemical, Oil &amp; Wood processing</td>
</tr>
<tr>
<td>Ebonyi</td>
<td>Salt, Limestone, Lead, Zinc, Gypsum</td>
<td>Yam, Rice, Cassava, Maize, Soyabeans</td>
<td>-</td>
<td>Mining food processing</td>
</tr>
<tr>
<td>Edo</td>
<td>Gypsum, Tar sand, Lignite, Marble</td>
<td>Cassava, Yam, Gari, Plantain, Rubber</td>
<td>Crude oil and reserve</td>
<td>Oil &amp; Gas industries, Cement, Food &amp; Rubber processing</td>
</tr>
<tr>
<td>Ekiti</td>
<td>Tanaline, Quarnta, Kadlim, Sand,</td>
<td>Cocoa, Timber, Palm produce</td>
<td>-</td>
<td>Food and canning wood processing</td>
</tr>
<tr>
<td>State</td>
<td>Resources</td>
<td>Products</td>
<td>Industries</td>
<td></td>
</tr>
<tr>
<td>----------</td>
<td>--------------------</td>
<td>---------------------------------</td>
<td>-----------------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Enugu</td>
<td>Clay, Gold, Feldspar</td>
<td>Oil palm, Cassava, Rice, Maize, Yam</td>
<td>Cosmetic, poultry, mining</td>
<td></td>
</tr>
<tr>
<td>Gombe</td>
<td>Gypsum, Colubite, Lead, Zinc, Tin, Iron ore, Clay</td>
<td>Mauze, Beans, Groundnuts, Millet, Cotton, Rice, Sugarcane</td>
<td>Cotton, cement work</td>
<td></td>
</tr>
<tr>
<td>Imo</td>
<td>Limestone, Lead, Zinc, Ore, Kanlim, Clay</td>
<td>Oil palm, Cassava, Cashew</td>
<td>Crude oil</td>
<td>Food processing, Oil &amp; Gas Industries</td>
</tr>
<tr>
<td>Jigawa</td>
<td>Kaulin, Tarmaline, Copper, Iron ore, Clay</td>
<td>Groundnut, Cassava, Wheat, Millet</td>
<td>-</td>
<td>Agro &amp; Food based, Mining, Limestone work</td>
</tr>
<tr>
<td>Kaduna</td>
<td>Gold, Gemstone, Tale, Zinc, Clay, Iron ore</td>
<td>Wheat, Millet, Rice, Beans, Potatoes</td>
<td>-</td>
<td>Food processing, Fertilizer industries</td>
</tr>
<tr>
<td>Kano</td>
<td>Tin, Zinc, Lead, Clay, Cupper, Kanlim</td>
<td>Onions, Groundnut, Rice, Maize, Wheat, Guinea corn</td>
<td>-</td>
<td>Crude oil work</td>
</tr>
<tr>
<td>Kastina</td>
<td>Marble, Kanlim, Feldspar, Iron ore</td>
<td>Groundnut, Millie, Wheat, Maze, Rice, Cotton</td>
<td>-</td>
<td>Faneuil, meat processing</td>
</tr>
<tr>
<td>Kebbi</td>
<td>Kanlim, Salt, Clay, Limestone, Iron ore</td>
<td>Millet, Guinea corn, Maize, Ginger, Bear, Fruits</td>
<td>-</td>
<td>Groundnut mills, leader industries</td>
</tr>
<tr>
<td>State</td>
<td>Resources</td>
<td>Primary Products</td>
<td>Industry</td>
<td></td>
</tr>
<tr>
<td>----------</td>
<td>----------------------------</td>
<td>------------------------------</td>
<td>---------------------------------------</td>
<td></td>
</tr>
<tr>
<td>Kogi</td>
<td>Limestone, Clay, Gold, Iron ore, Coast Marble</td>
<td>Yam, Cassava, Rice, Maize, Coffee, Cashew</td>
<td>Ore mining, cement industries</td>
<td></td>
</tr>
<tr>
<td>Kwara</td>
<td>Iron ore, Marble, Limestone, Clay, Feldspar</td>
<td>Yam, Cassava, Maize</td>
<td>Mining food processing</td>
<td></td>
</tr>
<tr>
<td>Lagos</td>
<td>Iron ore, Marble, Limestone, Clay, Feldspar</td>
<td>Fish, Coconut</td>
<td>Crude oil</td>
<td></td>
</tr>
<tr>
<td>Nasarawa</td>
<td>Coat, Lead, Zinc, Tin,</td>
<td>Rice, Yam, Maize, Cotton</td>
<td>Agro allied industries</td>
<td></td>
</tr>
<tr>
<td>Niger</td>
<td>Glass, Gold, Iron ore</td>
<td>Corn, Rice</td>
<td>Energy, Mining</td>
<td></td>
</tr>
<tr>
<td>Ogun</td>
<td>Limestone, Chalk, Clay, Kanilim, Phosphare, Tin, Sand</td>
<td>Yam, Rice, Beans, palm produce, Cocoa, Rubber</td>
<td>Food processing, Mining</td>
<td></td>
</tr>
<tr>
<td>Ondo</td>
<td>Butamen, Limestone, Kanilim, Gramire</td>
<td>Timber, Palm produce, Cocoa, Kolanut</td>
<td>Crude oil</td>
<td></td>
</tr>
<tr>
<td>Osun</td>
<td>Dulomite, Kanilim, Marble, Iron ore</td>
<td>Cocoa, Kolanut, Rice, Maize</td>
<td>Oil &amp; Gas, Wood, Food processing</td>
<td></td>
</tr>
<tr>
<td>Oyo</td>
<td>Clay, Gemstone</td>
<td>Cocoa, palm produce, kolanut, cashew, Maize, Cassava</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Rivers</td>
<td>Silica, Sand, Clay</td>
<td>Palm oil, fish, Cassava, Fruits</td>
<td>Oil industries, petrochemicals, glass</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
According to Adesopo & Asaju (2004:280) the abundance of these and many others especially petroleum has become a double-edged sword being the mainstay of the Nigerian economy on one hand, and source of ethnic conflicts as well as environmental problems on the other hand. There is no doubt, it provides the necessary resources for the country but creates social, political and environment problems. As it is causing environmental problems for the oil producing communities, the country has not witnessed peace for decades, especially in the struggle for economic power among the constituent units derivable from the control of petroleum resources between

<table>
<thead>
<tr>
<th>State</th>
<th>Natural Resources</th>
<th>Gas Products</th>
<th>Works Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sokoto</td>
<td>Kanlim, Gypsum, Salt, Marble, Limestone, Bauite, Iron ore</td>
<td>Rice, Wheat, Millet, Groundnut</td>
<td>Food processing, Cement industry</td>
</tr>
<tr>
<td>Tarab</td>
<td>Barute, Bauxite, Iron ore</td>
<td>Rice, Guinea corn, Yam, Cassava, Fruits</td>
<td>-</td>
</tr>
<tr>
<td>Yobe</td>
<td>Arabic Gum, Gypsum, Clay, Kanilim</td>
<td>Cotton, Groundnut, Millet, Maize</td>
<td>Food processing</td>
</tr>
<tr>
<td>Zamfara</td>
<td>Gold, Millet</td>
<td>Rice, Maize, Guinea corn</td>
<td>Food processing</td>
</tr>
</tbody>
</table>

the producing communities on one hand and the state/federal (government) and the non-producing areas on the other hand. These and many other factors have led to the agitation for resource control right by the southern states, as spearheaded by their governors.

**Resource Control**

According to Chijoke et al (2012) one of the contemporary issues in the political economy of oil in Nigeria is the ownership question or what has come to be termed ‘Resource control’. Sagay (2001) in Igbuzor (2007) posits that resource control is the power and right of a community or state to raise funds by way of taxation on persons, matters, services and materials within its territory. That is, resource control is the right to manage and to exercise authority over the resources both natural and created within the states’ territory by the state (Adeleke, 2013). For Ojo (2010), resource control is the right vested on the community or state of derivation to levy customs and excise duties on goods manufactured in its territory. Such resources as mineral land rents, and oil royalties should be managed by the communities or state of derivation, rather than the federal government. This will go a long way in ameliorating the problems associated with resource control (Adeleke, 2013).
In Nigeria context, the term ‘Resource Control’ means the right of a community to a measure of control of its natural resources, the usage relating more to crude oil (Adesop & Asaju, 2004). Resource control is all about the demand by the littoral states and other southern states of Nigeria (where the nation’s resources are derived) to be allowed to be controlling/managing the revenue accruing from the oil and other natural resources in line with the tenets of true federalism (Adesopo & Asaju, 2004). By this each state would have a full control of its resources and contribute an agreed percentage towards the maintenance of common services of the government at the centre as the case in the first republic and as it is being practiced in the places like Canada, Switzerland; and, France, and even United States of America where Nigeria copied her system of governance. (Adesopo & Asaju, 2004).

For Ako (2012) a significant difficulty when engaging the ‘resource control’ discourse from the purview of the Niger Delta is its conceptual ambiguity. According to him, there are three broad notions of resource control that may be distilled from numerous definitions proffered since the Ijaw Youth Council’s (IYC) Kaiama Declaration that expressly employed
the phrase in connection with oil resources and the Niger Delta for the first time.

These includes: ‘Absolute’ and ‘Principal’ resource control as well as increased derivation. Proponents of ‘absolute resource control’ take the stance proffered by the Kaiama Declaration that; every region should control its resources 100 percent…’

Secondly, the advocates of ‘principal resource control’ define resource control as the Niger Delta region having a direct and decisive role in the exploration for, the exploitation and disposal of, including states of the harvested resources. According to Ako, resource control is also defined in terms of the right to control or manage the revenue accruing from oil and other natural resources in line with the tenets of true federalism. He reiterated that the introduction of ‘true federalism’ to the resource control debate contributes to misunderstanding the resource control debate. According to him, the governors of the southern states in Nigeria also refer to this notion of ‘true federalism’ in the discourse of resource control. However, they do so to promote their agenda that states ought to control their resources and contribute (usually a smaller percent of such revenues) to the federal coffers. In some way, they have elevated the notion of resource
control to be synonymous with ‘true federalism’. But resource control is not synonymous with federalism. A ‘true federalism’ is utopia notion. Federalism as a system of governance emphasizes both vertical power sharing across different levels of government and, at the same time, the integration of different territorial and socio-economic units, cultural and ethnic groups in one single polity. The constitution that allocates powers among the strata of government is a legal document where provisions are determined pragmatically based on peculiar societal, political and socio-economic experiences.

What the advocates of resource control in his view appear to describe when they speak of ‘true federalism’ is a ‘fiscal federalism’ wherein the federating units own and manage their resources and revenues but make a contribution to the central government to fund federal responsibilities. However, it should be noted that fiscal federalism might also be an arrangement whereby the central government generates most of the revenues and shares such revenues with other strata of government.

The forth category of resource control – the ‘local variant’ – ought to be recognized in addition to the three broad conceptions highlighted. Local resource control simply refers to availing the inhabitants of the Niger Delta
region the opportunities to enjoy access to the environmental resources and benefits of their ancestral land. The relevance and importance of this forth conception is borne out of the failures of the political class and militants alike to make any palpable positive changes to the lives of the ordinary Niger Delta citizens they claim to represent. While the political class has exhibited gross irresponsibility in the management of accruing oil revenues to state coffers, the militants enjoy the rewards of their struggle with monthly stipends from the government as well as vocational and educational training opportunities to the exclusion of these ordinary citizens. In other words, the ordinary citizens on whose behalf political and militant agitation has taken place are practically worse of (Ako, 2012).

2.1.5 Origin of the Agitation for Resource Control

The agitation for resource control is synonymous with the history of Niger Delta. First, after the abolition of slave trade in 1809 local traders engaged in ‘resource control’ struggles to participate actively in the trade in oil palm. Similarly, resource control was one of the highlights of the Ijaws’ representation to the Willink Commission of enquiry into the fears of minorities and the means of allaying them in 1957.
According to Ako (2012), resource control struggles in the post-crude oil era that began with the botched Boro-Led attempt to create the Niger Delta Republic in 1966 has culminated in contemporary oil-related restiveness in the region. Since the Ijaw representatives failed to achieve their desired results to be left out of independent Nigeria, or alternatively have a state created, subsequent ‘resource control’ struggles have suffered a similar state. However, the Ijaws’ argument that the peculiar problems of the those living in the Greek and the swamps of the Delta was not understood and indeed were deliberately neglected by both the regional and federal government remains true till date and feeds into the resource control struggle (Ako, 2012).

The contemporary notions of agitation for resource control have been characterized by both peaceful and violent activities, while the period when the Ogonis were at the forefront of the struggle was largely peaceful, the recent shift of focus to the Ijaws witnessed an escalation in militancy and violence (Ako, 2012). The response of the federal government has typically included the creation of development boards, state creation, facilitation and more recently, the amnesty initiative. Therefore, the relative peace in the region and consequent increase in oil production figures is touted as
evidence of the success of the amnesty initiative by the federal government. Basking in the emphasis of allegedly curbing the consequences of the malaise, the federal government has neglected to resolve the underlying issues that instigated and exacerbated the agitation for resource control and resultant restiveness in the region. Thus, while the government is spending billions of Naira in stipend payments as well as educational and vocational training for ex-militants, it has not invested any meaningful resources to remedy the root causes of the agitation for resource control (Ako, 2012).

According to Adesopo & Asaju (2004) the agitation has become a major subject of debate today, especially since the supreme court’s judgment on the politicized onshore/offshore dichotomy. The standing points of the Northern and Southern regions on the subject of resource control have been different while the southerners, represented by their (17) governors are agitating for its enforcement, the Northerners, also represented by their (19) government have strongly opposed the move. While the southerners’ agitation is guided by their realization of the need to practice true federalism (fiscal federalism) they are also of the view that the practice of a highly centralized fiscal federalism is a feature of the military that has been enforced over the years by military coercion which is not relevant in a
democratic set-up. That the core oil producing areas are the least developed part of the country is yet another reason. On the other hand, the Northerners believe it will be a move towards disintegrating Nigeria. By this, they differ in their definition of true federalism. They are of the belief that the two regions are interdependent and complementary, more so, that they have also contributed immensely to the economic base of the country when the economy was agrarian in nature. On the whole, the move was described as unconstitutional as it could result in breaking up the country as some federating units could become so powerful as to declare independence for themselves, thereby threatening the peace and stability of the country (Adesopo & Asaju, 2004).

2.1.6 Reasons for the Agitation for Resource Control

From the views of Dunmoye (2002:51) and other advocates of resource control, the under listed are some of the reasons for the agitation for resource control:

(i) The injustice and inequality that characterize the distribution of the revenue that, accrue from oil resource.
(ii) The jettisoning of derivation as a fundamental principle of revenue allocation which reduced the amount of funds going to the pauperized oil producing areas of the Niger Delta.

(iii) Lack of infrastructural development in the Niger Delta area.

(iv) The introduction of Sharia juridical system by some Northern states which was seen by the southern states as a major test for the federal constitution. Demand for resource control is, therefore, an indirect constitutional cum economic response to the introduction of sharia.

(v) The systematic destruction of the ecosystem in the oil producing areas which led to environmental degradation pollution, acid rain and the attendant unemployment and mass poverty.

(vi) Failure of the multinational oil companies to contribute to the social and economic development of the oil producing states.

(vii) The activities of ethnic militants made up of unemployed youths in the oil producing communities which spurred their traditional rulers and political leaders to take necessary political actions.

(viii) The new democratic dispensation which allows for airing of grievances which were violently suppressed under military rule.
2.1.7 The Emergence of Armed Struggle in the Niger Delta Agitation for Resource Control According to the Account of Adeyeri (2014).

The Adaka Boro rebellion of 1966 represents the first significant use of arms in Niger Delta agitations, and nothing of sort occurred again until the 1990s that witnessed the emergence of ethnic militias and the attendant violent protestations against economic and political marginalization by the federal government (Asuni, 2009). The new wave of violence is traceable to two developments: Gen. Babangida and Abacha regimes’ chronic intolerance for public discourse and the Odi massacre executed by the Obasanjo civilian regime. The character of the regime, particularly those of Babangida and Abacha deepened the contradictions and crises of the Nigerian state, resulting in the rise of ethnic militias. The Niger Delta people reacted by increasing the tempo of militancy, and adopting armed struggle in their demands for justice from both the government and the oil companies. There is need to emphasize here that ethnic militia is the extreme form of ethnic agitation for self – determination, in that the agitation groups adopt a militant character and eventually metamorphose into militia groups, each with its own ethnic identity and agenda to act as the medium for the
actualization of its people’s desires. These ethnic movements are characterized by ethnic identity affiliations, the use of violence, predominant youth membership, and the nature of being popular movements seeking fundamental change in the status quo (Agbu, 2002). Prominent ethnic militias in the Niger Delta include the Niger Delta Peoples Volunteer Force (NDPVF), Niger Delta Vigilantes (NDV), Greenlanders, Egbesu, Ijaw National Congress, Urhobo National Union, Martyrs Bridade, Niger Delta Liberation Army (NDLA), Chikoko Movement, Coalition for Militant Action in the Niger Delta (COMA), Joint Revolutionary Council, and of course the Movement for Emancipation of the Niger Delta (MEND).

Although the origin of the Niger Delta armed groups vary across the various Niger Delta states, certain generalizations are possible. Recent studies have shown that many of these groups were established on university campuses, veered into street gangs, entered illegal activities like oil bunkering and illicit drug dealing, and from time to time served as political thugs. As Asuni (2009:8) noted:

One of the most notorious and feared figures to emerge from the Niger Delta, Ateke Tom, cut his teeth in the bunkering trade, amassing a fortune in the process. Formerly an impoverish mud brick salesman, he transformed his fortunes in the oil business, initially by providing protection for an oil servicing company before
turning to bunkering. As the enterprise developed, so did its capacity to attract violence, as rival groups battled for control of the market; aided by an influx of firearms purchased with bunkering profits. Street gangs such as the Icelandos and Bermuda Boys engaged in bloody feuds in their attempt to dominate the market in the Okrika region of River State. One of Ateke’s main rival was Mujahid Dokubo – Asari, who later went on to found the Niger Delta People’s Volunteer Force. Asari was quite open about his involvement in bunkering, claiming he had a legitimate right to lay his hands on the resources of the Niger Delta, on the grounds that they belong to the local people rather than the Federal Government. Most of his profits, however, were spent on funding his own-armed group and buying weapons. Ateke responded to this threat to his business empire by forming his own-armed group, the Niger Delta vigilantes (NDV). On Ateke’s side were Vikings, Icelandos, and some capture Greenlanders (another armed group) to form Niger Delta vigilantes. Full war broke out between these warlords and their followers. The state was hot for six months till... people were brought before the President for peace talks on October 1, 2004.

The lengthy quote above exemplifies the complexities that surround the origin, nature, motives and membership of the Niger Delta armed groups as well as the knotty challenges their activities pose to the Nigerian federation.

It is difficult to determine the number of people involved in ethnic militancy in the Niger Delta, but a research carried out recently shows that there are at least forty eight groups in Delta State alone, having over twenty-five thousand members with a military arsenal of about ten thousand
weapons. All the groups enjoy the tacit support of local communities in solidarity against the exploitation of their region by oil companies and federal and state governments. In addition, several groups rely on patronage from politicians who use them to attack and intimidate their opponents, while many others are engaged by military officers and politicians to prop their criminal activities such as arms importation and oil bunkering. It is further suggested that there are about sixty thousand armed militants in the Niger Delta altogether (Asuni, 2009). These figures speak volume about the magnitude of the problems and challenges facing the federal government and the Niger Delta States governments in terms of disarmament, demobilization and eventual reintegration. Ethnic militancy in the Niger Delta is continually fuelled by various issues and grievances against the government and oil companies. Perhaps the strongest grouse of the oil minorities is that federal government, dominated by the majority ethnic groups is using Nigeria’s oil wealth to develop other areas at the expense of the oil producing minorities. The huge oil revenue from the oil producing communities of the Niger Delta has continuously being deployed by the Federal government towards the development of states, towns and villages of the Hausa-Fulani, Yoruba, and Igbo majority ethnic groups to the neglect
and consternation of the oil communities. This lopsided development approach is evidenced by huge federal funding of extensive dam and irrigation projects, as well as heavily subsidized agricultural and social development programs in northern Nigeria. In addition to these are the geo-politically motivated state-owned socio-economic projects like the Kaduna Refinery and many educational, administrative and military institutions with their headquarters in the territories of the major ethnic groups (Ovwasa, 1999: 89).

Consequently, the oil minorities continue to live in abysmal poverty amidst abundant oil wealth. As an illustration, Ogoniland, considered to be the “luckiest” of the oil-producing communities in Rivers State, is reported to have provided Nigeria with a total oil revenue of about 40 billion dollars between 1958 and 1992 (Ogoni Bill of Rights, 1992). In addition, between 1999 and 2004, Nigeria made a whopping ninety six billion dollars from oil (The Guardian, 2006) in Adeyeri, 2014). Despite this massive contribution to the country’s revenue base, Ogoniland, presently can only boast of seven oil fields, a large petrochemical plant, several oil servicing companies that are closely located, Nigeria’s only major fertilizer plant and fourth largest ocean port (Naanen, 1995). The case of Urhoboland in Delta State is even
worse. In forty-one years of the petroleum industry in Nigeria, Shell, Pan-Ocean and the Nigerian National Petroleum Corporation (NNPC) have gained up to 2.2 trillion naira, an average of 56 billion Naira yearly (Ovwasa, 1999). The whole budget of Delta State is about Four Billion Naira per annum, whereas the state accounts for at least, 36% of Gross National Product (GNP). Moreover, everyday of the year, Urhobo natural gas worth about 68 million Naira is wasted through wanton flaring (The Guardian, 1998) in (Adeyeri, 2014). Yet, Urhobo land does not have any significant federal industry apart from the epileptic Warri Refinery and the inactive Aladja Steel Complex. In addition, Delta State as a whole has no federal higher institution except the Petroleum Training Institute (PTI) established to train skilled man power for effective oil extraction, whereas almost all the ethnic majority states have one form of federal institution or the other (Ovwasa, 1999).

The Niger Delta people are also aggrieved by environmental degradation and the attendant disruption of farming and fishing which are their major occupations. Due to oil exploration, oil spillages unto land, swamps and offshore areas over the decades have had serious adverse effects on the economic welfare and health of the inhabitants. Oil explorational
activities often results in the destruction of the environment, erosion, destruction of aquatic life, extermination of some important soil organisms, promotion of malaria infestation due to the accumulation of water in the pits which serve as breeding grounds, and lastly general ecological disturbances (Jimoh, 2008). The Jesse, Delta State, tragedy of 1998 in which about 1,200 persons were burnt to death by petrol explosion while attempting to glean a living from the gushing and wasting petrol is an illustration of the horrible situation faced by the oil minorities in their daily lives.

Political marginalization is another source of anger among the oil minorities. This marginalization depicted in their inadequate representation in government is most acute and evident in the appointments into oil related federal government parastatals. Ordinarily, preference ought to be accorded indigenes of the oil communities in such appointments, but in utter disregard of the federal principle that requires a federal government to serve as a device by which the federal qualities of the society are articulated and protected, major appointments are often monopolized by the three ethnic groups with the Hausa-Fulani claiming the lion share (Ovwasa, 1999). It is important to recall that the replacement of Professor Eric Opia of Delta State, with AIG of Police Alhaji Bukar Ali, a Northerner as head of the Oil
Mineral Producing Areas Development Commission (OMP ADEC) in 1988 was greeted by massive protestations from the Niger Delta region. That the Abubakar regime later rescinded the decision by replacing Bukar Ali with Rear Admiral Preston Omatsola of Delta State, is an eloquent testimony to the painful fact that the oil minorities cannot receive fair treatment from the Nigerian state without intense agitations.

Agitations over resource and revenue allocation by the poor and underdeveloped oil producing communities of the Niger Delta now appear to have reached its peak, due to age long grievances. Consequently, decades of peaceful protests have now given way to violent militancy. In recent years, the agitations have become more militant and radical, including calls for self-determination and outright secession. On 8 November, 1999, the Egbesu killed a Policeman in Odi, Bayelsa State, following the kidnap and killing of policemen by Egbesu youths in retaliation for the killing of their members. The government deployed soldiers who consequently, liquidated the town.

On 25 April 2003, Ijaw militia men attacked the Army and Navy in Warri, Delta State leaving ten persons dead. The militants also intercepted the radio communication of the army and navy. Five days later, women were killed in a crossfire between Ijaw militants and the Nigerian security forces. The
security forces intervened when the Ijaw militia attacked on Itshekiri town, killing five women. On 1st May, 2003, Ijaw militia men attacked government forces and oil installations in Opumani, Tank farm, Okkerenkoko, Delta State while similar same action was replicated in Effurun the next day. In early 2004, the Niger Delta People’s Volunteer Force under Mjahid Dokubo Asari threatened dissolution of the Nigerian State and outright war against the oil companies and the federal state governments (Crisis Group Africa Report, 2006).

Following the detention of Dokubo Asari in September 2005 on grounds of treason, other militias emerged, particularly MEND, known for its astute tactics and coherent strategies, and its contempt for the conservative local leaders it perceives as traitors of the Niger Delta causes. To drive home its demands for local control of oil wealth, compensation for environmental pollution, and the release of Dokubo-Asari, MEND launched a fusillade of attacks on oil installations in February 2006 causing reduction in Nigeria’s oil output by about 25%. It also kidnapped nine foreign oil workers, released them in March and threatened fresh violence against oil installations. On 19 April, 2006, it detonated a car bomb in a military barracks in Port Harcourt, Rivers State, killing two people and seriously
wounding six. MEND, more than any other militant group has executed its operations with considerable media and technical sophistication. Its threats of attacks delivered through email pushed crude oil prices to seventy dollars per barrel. The Port Harcourt car bomb which was its first incursion into urban areas was denoted by cell phone.

Widespread unemployment among the youths, the availability of large quality of firearms and the persistent disaffection with the federal, and state governments in the Niger Delta have all combined to provide a veritable recruiting base for MEND, and other militias in furtherance of their militant demands and activities. For example, the Martyrs Brigade attacked the Benisede Flow Station of Shell Petroleum Development Company (SPDC) on 15 January, 2005 killing five army guards and nine other persons. The Niger Delta Liberation Army in June same year threatened to kill the former Chairman of the Economic and Financial Crimes Commission (EFCC), Nuhu Ribadu for the continued detention of former Bayelsa Stat Governor, Diepreye Alamieyeseigha, who was on trail for corruption and money laundering.

Similarly, the Coalition for Militant Action in the Niger Delta in July terminated its alliance with the Joint Evolutional Council on account of it
being too soft and too tolerant with the leaders of Nigeria and then proceeded with a threat to resume hostage taking not only of foreigners as before, but also of local politicians and other prominent Nigerians. It is instructive to note that the scale and scope of hostage taking have recently become unlimited with no one completely free from the menace as foreigners, Nigerian state officials, children and even the aged are now possible victims.

Meanwhile, agitations for resources control in the Niger Delta took a new dimension with the women joining the center stage in the protest against the serious injustices meted out against them by the oil companies and the federal government. Around 2002, women and children from Ugborodo oil community seized Chevron’s tank farm and terminal in Escrayos. Similarly, women from Gbaramutu kingdom invaded NNPC/Chevron flow stations. In the same period, Itsekiri women in Warri under the umbrella Warri Women Consultative Assembly emerged to speak on behalf of the Itsekiri people, threatening to seal off all oil wells in the Niger Delta. The involvement of women in militant agitations in the Delta is significant because they and their children are the greatest victims of the economic and health effects of oil exploration and extraction (Ugo, 2004:)
2.1.8 Revenue Allocation and Niger Delta Agitation for Resource Control

In Nigeria revenue allocation largely implies the allocation of oil revenue. Therefore, oil is central to the politics of inter-governmental fiscal relations ….(Orokpo & Makoji, 2014). The duo further stated that Nigeria’s fiscal federalism and relations hinges on the fundamental question of who gets what of the national cake (oil revenue), when and how. Deducing from the above, it is obvious that revenue allocation in Nigerian economy is a matter politics of oil revenue sharing. Therefore, it is natural for every region to politic through conventional processes to have reasonable or enough share of the oil booty including Niger Delta on whose soil or territory the oil is located. In this kind of scenario, the onus lies with the central government to device a means to ensure that every region gets equitable or fair share of the national revenue. This is to minimize contention, conflict and the feeling of marginalization or deprivation inherent in a heterogeneous federal system like that of Nigeria.

In view of the above reality, politics as the authoritative allocation of values according to David Easton becomes germane. The value in this context is the oil revenue, and how the central government exercised its
authority or right to allocate the oil revenue to all the states or regions in the
country is a matter of concern to all the constituent units. The agitation of
the Niger Deltans which metamorphosed to armed struggle is premised on
their perception of being shortchanged or marginalized in favour of other
regions by the federal government in terms of oil revenue allocation and
infrastructural development. They accused the federal government of being
ethnic biased, jettisoning the derivation principle to the detriment of the
Delta region, out-right and forceful domination of the region as a minority
group, etc.

The implication and reality of the agitation of the Niger Delta for
resource control is as a result of the failure of leadership on the side of the
federal government. The result is the loss of faith by the masses of Niger
Delta and the consequent violent agitation from various ethnic segments of
the region for resource control, self reliance or determination and general
insecurity. According to Umar (2013:2) when we look at the Niger Delta
militants they were chaps that were unemployed and they watched helplessly
how their oil resources were being cornered by irresponsible greedy,
reckless and immodest elites, they resorted to self help through militancy, oil
theft and so on. Chandler (2008:34) summed the situation thus:
Some conflicts that may appear at first sight to be clear-cut examples of loot seeking or a contest over resources – in Sierra Leone and the Democratic Republic of the Congo, for example were more fundamentally driven by the failure of basic governance, decades of misrule and corruption by parasitic state elites and associated socio-economic deterioration and institutional decay.

2.2 Theoretical Framework

The framework for the interpretation of this study is built on Rawls Theory of justice (1971). Rawls developed the theory by revising the social contract tradition of theorizing about justice associated with the 17th and 18th century writers John lock, Jean- Jacques Rousseau, and Immanuel Kant (Arneson, 2008).

John Rawls (1931-2002) was an American political philosopher in the liberal tradition. His Theory of Justice envisions a society of free citizens holding equal basic rights cooperating within an egalitarian economic system. His account of political liberalism addresses the legitimate use of political power in a democracy, aiming to show how enduring unity may be achieved despite the diversity of worldviews that free institutions allow.

Rawls, theory urges us to conceive of society as a fair system of cooperation over time, from one generation to the next. He says that, the… relationship of citizens…. is a relationship within the basic structure of society, a structure we enter only by birth and exit only by death (Garrett,
2005). According to Darrel Moellendorf, Rawls is chiefly concerned with political association known as the modern nation state (Garrett, 2005).

The general conception of the theory of justice according to Piccarel (2005) is that all social primary goods—liberty and opportunity, income and wealth, and the bases of self-respect are to be distributed equally unless an unequal distribution of any or all of these goods is to the advantage of the least favoured.

In clear terms, the agitation of the Niger delta is based on economic injustice which they argue is meted out to them because they are minority group in Nigeria. Why Rawls maintained that unequal distribution of any of the social goods should be to the advantage of less favoured group is to prevent the sense of marginalization, domination, or deprivation, whether imagined or real, in other to avoid the type of crisis in Niger Delta which is threatening the unity and stability of the entire Nigeria.

The theory of justice operates on the two following principles.

i) Each person has an equal right to a fully adequate scheme of equal basic liberties which is compatible with a similar scheme of liberties for all.
ii) Social and economic inequalities are to satisfy two conditions:
First, they must be attached to offices or positions open to all under conditions of fair equality of opportunity; and second, they must be to the greatest benefit of the least advantaged members of society.

2.3 Hypotheses

(i) The ethnic bias in Nigeria’s revenue allocation formula generates conflict and controversy.

(ii) The change from derivation principle to revenue sharing formula is the cause of Niger Delta agitation for resource control.

2.4 Operationalization of Key Concepts

Revenue allocation: The pattern of disbursement of fund between the three tiers of government in Nigeria.

Agitation: The means by which the Niger Delta people reacted to their perceived marginalization and deprivation by the federal government.

Resource control: The demand of Niger Delta people against their revenue marginalization and deprivation by the federal government
2.5 Research Design

2.5.1 Method of Study

In order to meaningfully undertake the validation of the hypothesis, this study utilized a documentary research method. The use of documentary methods refers to the analysis of documents that contain information about the phenomenon we wish to study (Bailey, 1994). Payne and Payne (2004) described the documentary method as the techniques used to categorize, investigate, interpret and identify the limitations and physical sources, most commonly written documents whether in the private or public domain.

2.5.2 Sources and Method of Data Collection

The method by which data were generated for this study is secondary sources. Being a documentary research, it relied on written and published materials on the subject of study.

The sources of data for this study include: online and paper publications of protagonist and antagonist of resource control, official publications of federal government and its revenue agencies, published opinions and interviews of south-south governors forum, Northern governors forum, Niger Delta Community Leaders, Leaders of the militant groups,
public administrators, oil companies and other stakeholders in the politics of oil revenue and allocation both foreign and local.

2.5.3 Method of Data Presentation and Analysis

Being a non-experimental research, the use of qualitative descriptive analysis, is therefore employed for the analysis of the data generated for the study. This will be done through careful analysis of the hypothesis in line with the reviewed literature. Thus, under the findings and discussion section, each discourse is based on some background assumptions presented in the form of hypothesis. Qualitative descriptive analysis essentially implies summarizing the data generated in the research (Asika, 2006).
CHAPTER THREE

BACKGROUND INFORMATION ON NIGER DELTA

3.1 The Region

The region is situated in the southern part of Nigeria and bordered to the South by the Atlantic ocean and to the East by Cameroon, occupies a surface area of about 112,110 square kilometers. It represents about 12% of Nigeria’s total surface area and it is estimated that by the beginning of 2006 its population will be over 28 million inhabitants (FGN, 2003).

The region comprises nine of Nigeria’s constituent states (Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo, and Rivers). Niger Delta is made up of multi-ethnic nationalities namely Ijaw, Kalabari, Ndoni, Efik, Annang, Ibolo, Itsekiri, Edo, Urbhobo and and many others (Obi, 1999). Broadly, the Delta region comprises about 300 communities, each with its own dialect.

Nigeria accounts for about 25 billion barrels out of Africa’s 66 billion barrels of proven reserve with a large chunk of the country’s oil resources located in the Delta region (Idehen, 2008). Economically, oil produced in the Niger Delta accounts for about, 80 percent of Nigeria’s Gross Domestic Product (GDP) and 90 percent of national budget (Ogbogbo, 2005).
According to Adeyemo (2008) apart from oil and gas, the Delta region also boasts of minerals such as iron ore, bauxite among others. However, the crave for petro-dollar which came with the evolution of the oil industry in Nigeria has relegated the exploration of other vital minerals in the Delta region to the background.

The discovery and exploitation of the abundant mineral and natural resources in the Niger Delta began with the advent of Europeans in many parts of Africa including Nigeria in the 15th century. Indeed, from 1472 (when the first set of the Europeans landed in the Delta region) up to the Berlin conference of 1884 – 1885 (Ahmed, 2006) in (Adeoti and Imuoh, 2015), the Delta region like other parts of Nigeria was the centre of competition by the various European companies and individuals for the exploitation of the region’s mineral and natural resources. Significantly too, this period also marked the integration of the economy of the Delta region into the capitalist enclave which further ensured the continued exploitation of the mineral and natural resources of the region by European powers (Adeoti and Imuoh, 2015). Similarly, the Delta region was not spared of the “holocaust” of the slave trade era, which saw able-bodies peoples of the
Delta region taken to the New world where they worked in sugar plantations under in human conditions (Ahmed, 2006) in (Adeoti and Imuoha, 2015).

The unsavouring tale in the development of human and material resources of the Delta region continued with the emergence of colonialism in the 1900s, and the establishment of the oil River Protectorate in the 1980s (Ahmed, 2006) in (Adeoti and Imuoh, 2015). The amalgamations of 1906, and 1914 completed the process of British colonization of Nigeria, which tied the economy of Nigeria (including Niger Delta Area) to that of metropolitan Britain. During the over 100 years of colonial rule, the mineral and natural resources of the over 308 independent kingdoms, empires or vassalage were pillaged and appropriated for the benefit of the metropolitan power (Ahmed, 2006) in (Adeoti and Imuoh, 2015). The bulk to these resources exploited by the British came from the Delta region.

Nevertheless, at the end of colonialism in Nigeria in 1960 and the emergence of oil as the mainstay of the Nigerian economy in the post independence years further worsened the wound inflicted on the Niger Delta people by European colonizers (Adeoti and Imuoh, 2015). Indeed, in the immediate post independence era, agriculture was the cornerstone of the Nigerian economy, employing about 70 percent of the labour force. The
huge attention paid to oil as the pillar of Nigeria’s economy in the post-independent years as mentioned previously brought unsavoury conditions to the people of the Delta region which accommodates about 95 percent of the country’s oil and gas reserves (Adeoti and Imuoh, 2015).

Currently, there are over eleven oil companies operating more than 158 oil fields and about 1,481 oil wells in the Delta region with ugly indices such as gas flaring and oil spills (The Guardian, 2006) in (Adeoti and Imuoh, 2015). Between 1976 and 1999, a total of 3000 oil spill incidents were recorded by all the oil companies operating in the Delta region, with over two million barrels of oil spillage into Nigeria’s terrestrial, coastal and offshore marine environments (Agbu, 2005) in (Adeoti and Imuoha, 2015). With respect to gas flaring, statistics also show that about 24,240,000 sef of gas was flared in 1991 alone. This is the equivalent of 76 percent of gross production of oil in Nigeria during the same year (Adeoti and Imuoh, 2015). By 1995, the percentage of gas flared has increased to 76.79 percent (Nyemutu) in (Adeoti and Imuoh, 2015).

The reality is that the percentage of gas flaring and its consequences on Niger Delta environment is ever on the increase. Unfortunately, the managers of Nigeria State are more concerned about the rent accruing from
oil exploitation. As such, when the federal government, took over from the colonial government, the only difference in their exploitative character of oil resource in the Niger Delta is that one is indigenous while the other is foreign. This is why the agitation for resource control metamorphosed to armed struggle, and since then the federal government have undertaken various interventionist programmes and established agencies such as Niger Delta Development Commission (NDDC) and even ministry of Niger Delta affairs all in the effort to respond to the demand or cause of the Niger Delta agitation. The climax of this effort was when a Niger Delta man was elected president of Nigeria in the 2011 general election, that is, former president Goodluck Ebele Jonathan.

3.2 The People

The very rich culture and heritage of the region is based on the presence of about 40 different ethnic groups speaking about 300 languages and dialects (FGN, 2003). According to FNG, the numerous ethnic groups include Ijaws, Ogonis, Ikweres, Etches, Ekpeyes, Ogbas, Engennes, Obolos, Urhobos, Itsekiris, Igbos, Ika-Igbos, Ndoni, Oron, Ibeno, and Yorubas, Ibibios, Anang, Efiks. Other groups includes Bekwarras, Binis, etc (FGN,
2003). The heritage of the people is reflected in their modes of dressing, marriages, traditional culture and festivals.

The traditional economic activities of the communities fall into two main categories:

i) Land based type on the drier parts at the northern end of the Delta, which includes farming, fishing, collecting and processing palm fruits, as well as hunting.

ii) Water based type of economy at the southern part of the Delta including fishing and trading, with a less diversified economy.

The diverse ethnic groups living in the region have a long history of participation in trade and travel, which has led to the widespread exchange of ideas and art forms, among the various groups and with the western nations. (FGN, 2003).
CHAPTER FOUR
FINDINGS AND DISCUSSION

4.1 Findings

From the literatures reviewed, the Niger Delta agitation for resource control dates back to as far as 1809. It is part of their history as a geographical region in Nigeria.

However, following the discovery of crude oil in the region in 1957 and its boom as Nigeria’s major export earner from late 70s till date and the quest of the Deltans to have a lion-share of the oil revenue, the agitation snowballed from political to armed struggle.

On a specific note; the study discovered that:

1. The crisis associated with oil resource in Nigeria is traceable to the formula for allocating the oil revenue among the component units of the federation, particularly the Niger Delta.

2. Fiscal centralization is also part of the root cause of the agitation for resource control by the Niger Deltans.

3. Niger Delta militancy is an avenue or channel by which the Niger Delta people demand for the control or lion-share of the oil revenue.
4. The systematic destruction of the ecosystem in the oil producing areas by the multinational corporations (MNCs) involved in crude oil drilling in the Niger Delta.

4.2 Discussion of Findings

4.2.1 The Ethnic Bias in Nigeria’s Revenue Allocation Formula Generates Conflict and Controversy.

The ethnic coloration to the issue of revenue allocation in Nigeria is in the first instance due to the fact that Nigeria is not a true federal state. It is more of a Unitary State, where the central government generates revenue and determines expenditure for the entire state.

Nigeria being a multi-ethnic country with major and minor ethnic groups became embroiled in suspicion and counter suspicion among and between major and minor ethnic groups about which group controls power and the wealth of the nation due to the failure to adopt and practice true federalism, and by extension true fiscal federalism.

The implication of the above development, is that within the period of oil boom (1980 - 1999), one of the major ethnic groups (Hausa/Fulani) dominated power in Nigeria. Within the period, the revenue allocation formulas that was in use by the federal government, to a large extent ignored
and neglected the Niger Delta area in terms of revenue allocation, the minorities on whose territory the crude oil is drilled. Records in this study indicate that during the administrations of Shehu Shagari (1979 - 1983), Ibrahim Babangida (1985 - 1993) and Sani Abacha (1994 - 1998), the revenue allocated to oil producing states moved from 45% to 5%, from 5% to 3% and from 3% to 1.5%. These periods were equally acknowledged as the high points in the agitation/struggle for resource controle.

These administrations among others achieved the above marginalization of Niger Delta by centralizing intergovernmental fiscal relations though decrees and edicts and constitutional means, in the case of civilian administration. Left without any other conventional means to challenge the high handedness and exploitation of the federal government, the youths in the Niger Delta adopted militancy as an avenue or channel to demand for a faire or lion-share of the oil revenue. This is also more to the fact about the degradation of their environment by the operations of the oil producing multi-national corporations.
4.2.2 The Change from Derivation Principle to Revenue sharing formula is the cause of Niger Delta Agitation for Resource control.

The above assertion is premised on the argument that before the 1966 military incursion in the administration of Nigeria, Nigeria operated a federal structure which based its revenue allocation formula on the principle of derivation. At that time, Nigeria’s main source of revenue is from primary products (Groundnut, Cocoa and Palm Oil) produced from the three dominant ethnic groups in Nigeria (Hausa/Fulani (North), Yoruba (west) and Igbo (East).

During this era of derivation principle, each region is entitled to 50% of the revenue that is generated from the resources within its environment while the remaining 50% goes to the central government. According to Anugwom (2001) the Niger Delta region at the onset also enjoyed 50% derivation from oil resource, but that was when oil contributed only 8% to the national revenue. But as crude oil gained currency in the international market to the extent that it contributed up to 80 – 90% of the national revenue, the federal government through Distribution Pool Account (DPA)
decrees plummeted to the barest minimum the oil revenue accruable to the Niger Delta states.

The establishment of the Distributable Pool Account from which the federal government distribute or share the national revenue among the states and the federal capital territory, marked the evolution of revenue sharing principle in Nigeria. More so, it is equally believed that Leaving as much as 50% of the huge revenue derived from oil resource for a minority group like Niger Delta will create obvious economic imbalance in the federation or will make a component of the federation economically powerful more than the entire federation.

In view of the above development, the Niger Delta people felt economically shortchanged or marginalized in favour of other regions in the country and that precipitated their agitation or struggle for resource control.
CHAPTER FIVE

SUMMARY, RECOMMENDATION AND CONCLUSION

5.1 Summary

The focus of this study was to establish the relationship between the revenue allocation pattern in Nigeria and the agitation for resource control by the Niger Deltans. The interpretation of the study is based on Rawls Theory of Justice. Secondary sources were used for data collection while the data was analyzed using qualitative descriptive analysis.

Among other things, the study discovered that the issue of revenue allocation pattern in Nigeria generates endless conflict and controversy due to the fact that revenue allocation in Nigeria is simply a matter of oil revenue allocation and every state/region, particularly Niger Delta Area politic to have enough share of the revenue. This situation was heightened by the federal government change of the derivation principle of revenue allocation to the sharing principle which contradicts the principle of fiscal federalism.

More so, the study discovered that it is the above development that led to the agitation of Niger Deltans for resource control. Due to their perception of being short changed and marginalized in terms of revenue allocation by the federal government.
5.2 Recommendations

Since Nigeria became a mono-economy based on crude oil resource, the challenges associated with Niger Delta agitation has become a national issue.Whenever, the militants blow-up crude oil pipe line or obstruct the federal government from drilling or getting the required or necessary barrels of crude oil per day, the effect is immediate on the entire economy.

From the account of this study, it has joined the popular opinion among Nigeria’s to recommend that:

1. The Nigeria state should be restructured to reflect true federalism in its character and composition. By implication, it will comprise.
   a. A change of the 1999 unitary constitution decreed by the military to a federal constitution that will give all Nigerians equal stake in the economy.
   b. A change of the current revenue allocation formula to favour derivation principle instead of the current sharing principle.
   c. A change from the arbitrary fiscal centralization to fiscal deconcentration to other levels of government
   d. Devolution of government powers from the centre to other component of the Nigerian state.
2. Massive state infrastructural development of the Niger Delta area to equal or reflect the Magnitude of oil resource exploited from the region by the federal government.

3. The federal government should discontinue the use of force as a way to address the Niger Delta militancy. Rather the amnesty programme which has began to dwindle under Buhari’s administration should be made to function more effectively.

5.3 Conclusion

The Niger Delta agitation is an oil revenue motivated agitation and oil has become Nigeria’s main source of revenue. Therefore, the federal government must device every means (political, administrative, social or economic) to address their grievances as the use of force have proved inadequate to the situation.

This is more to the fact, that Niger Delta agitation has turned from regional issue to National issue and to an international concern. The faster the federal government addresses the situation, the better for the whole country.
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