

## REVENUE ALLOCATION UNDER A FEDERAL SYSTEM OF GOVERNMENT

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### Abstract

*Revenue allocation has been one of the most contentious and controversial issues in the nation's political life. Given the activities of militants, who now disrupt oil exploration and exploitation activities in the Niger Delta region of the country, these debates and conflicts have taken on renewed urgency, which now engage scholars and policy makers alike. The problem is that in recent years doubts have been expressed about capacity of the present federal arrangement in the country to facilitate process of nation building. The study was dependent on secondary source of information and was discussed and analyzed as such, the study made a few recommendations based on the study amongst which is that Nigeria state should be restructured to reflect fiscal federalism in its character and composition.*

### Introduction

Revenue allocation under a federal system of government creates complex problems. The complexity stems from the distinctive nature of federalism as a form of government, in which the governmental powers are shared between the canker and the coordinate units. The history of Nigeria federal structure dates back to the period of amalgamation in 1914, whereby the British was propelled by the need to subsidize cost of administration than by the desire for national unity.

The revenue then was derived largely from palm oil, and it was used for financing the administration of the country with little emphasis on derivation as principles to be used for sharing revenue.

The federalism of Nigeria, began as a unitary colonial state in 1996 but disaggregated into three regions in 1954 and into four regions in 1963. In 1967, the regions were abrogated and 12 states created in their place. The number of states increased to 19 in 1976, to 21 in 1987, and ultimately to 36 in 1996, with a federal capital territory which has almost acquired the status of a state. In addition, the number of local governments which have functioned as a third tier of government, has grown from 299 in 1970 to 774 in 1996.

The question of an acceptable formular for revenue sharing among the component tiers of government, is one of the most protracted and controversial debates in the political and macroeconomic management of Nigerian economy. This debate has its foundation in the history and evolution of the Nigerian federation. Revenue allocation has been one of the most contentious and controversial issues in the nation's political life. So contentious have the matter been that none of the formulae evolved at various times by a commission or by decree under different regimes since 1964, has gained general acceptability among the component units of the country. Indeed the issue, like a recurring decimal has painfully remained the first problem that nearly every incoming regime has had to deal with since Independence. The issue of revenue allocation and the sharing formula, have generated such intense debate that led to the demand of a national conference.

It was during this period that the resources control phenomena rose to an unprecedented dimension such that the struggle for political power becomes the fight for resource control.

The politics of revenue sharing was brought to limelight when oil became the main source of national revenue and boost Nigeria Economy.

Between 1968 till date, income from petroleum constituted over 80 percent of federal revenue. The importance of the federal revenue therefore increased proportionately (Ebinefa, 2012:15). As a consequence of this major shift in revenue generation, a desperate struggle to win control of state power ensued since this control meant for all practical purposes being all powerful and controlling everything. Specifically, the term “resource control” betrays a deep tension between two contending social forces: first, those who own the land where the oil resources is located but do not derive a corresponding benefit from the exploration of the resources.

Secondly, those who wield political power, control the state, and are the greatest beneficiaries of the oil wealth. How well to distribute the oil resources between these two groups in a way that will lead to socio-economic development have generated an enduring set of debates and conflicts between the oil producing communities and the state and its multinational oil partners.

However, got many years now, the Niger Delta areas have been internecine with restiveness, which have attracted the attention of people within the domestic policies and global system culminating into liquidated and unliquidated damages. This research presents the justification for the clamour for resource control by the indigenes of the Niger Delta region of Nigeria where more than 95% of Nigeria’s hydrocarbon is produced.

The problem is that in recent years doubts have been expressed about capacity of the present federal arrangement in the country to facilitate process of nation building. It is argued that the present nature and structure of Nigerian states has not in any way influenced federalism since it does not guarantee a just and equitable share of national power and resources for all ethnic groups in the country. Thus is said that the conditions for a common Nigeria identity do not exist.

Revenue allocation among various units of government in Nigeria is replete with agitation, controversies and outright rejections due to the nature of politics in vogue.

Since independence, Nigeria’s revenue allocation system was neither efficient not equitable, indeed ethnicity, religion, tribalism and region had contribution to it and in the face of such complexities therefore several revenue allocation principle had to be adopted faulted and discarded, the point being stressed here is that several revenue allocation commission had been set up to look at the issue such as:

1. Philipson Commission of 1946
2. Flick Philipson Commission of 1951
3. Chicks Commission of 1958
4. Raisman Commission of 1958
5. Dina Commission of 1968
6. Aboyade Commission of 1977
7. Okigbo Commission of 1981
8. National Revenue Mobilization and Allocation Fiscal Commission (NRMAFC) of 1989.
9. Constitutional Provision of 1995 and 1999.

Of all these commissions and their recommendation no one is acceptable in Nigeria because of the politicization of the revenue allocation formula. It cannot be denied that a number of scholars, commentators, and sundry analysis have fingered resource control at revenue formula as being a major cause of youth restiveness in the Niger Delta region of Nigeria.

Onubu (1999:189) contends that:

The people have no effective politics-kinetic framework to address the issue of unfair distribution of revenue, as each dominant group in the country struggles to maximize its own benefit from “had given” petroleum resources. (Orubu 1999:189).

From the foregoing, the structure of revenue allocation has had profound impact on the configuration of Nigeria federalism, as Cyril Obi (200:263) rightly contends.

With revenue allocation largely implying the allocation of oil revenues, oil is control to the politics of intergovernmental relations in Nigeria, the economic crisis, and the transcendence of the destabilizing tendencies within the system (Cyril 2000:263).

Conversely, as the widespread communal protests in the Niger Delta suggests, the evolution of a “non-crisis generating approach to revenue allocation is germane to the stability and development of Nigeria society”. This dialectics of revenue generation and denial constitutes the source of deepening crisis of Nigeria federalism. The current crisis in the Niger Delta is one definite consequence of “feelings of neglect which have been suppressed for quick a long time. This is obvious from the quantum of protest actions from NGOs and community based social action groups. In summary terms, both the report of the Belgore commission (1999), and the environmental impact assessment studies on the Niger Delta contain sufficient empirical evidence of the massive degradation, rapid deforestation and displacement of people from their traditional sources of income in framing and fishing as of land acquisition, gar-flaring and frequent oil pollution.

### **RESEARCH QUESTION**

From the foregoing, the study poses the following research questions to help guide the focus of this research. They include;

1. Over the character of the Nigerian state engender crisis of revenue allocation in Nigeria.
2. What is the cause of Niger Delta struggle for resource control?

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 African including Nigeria in the 15<sup>th</sup> century. Indeed, from 1472 (when the first set of Europeans landed in the Delta region) of the Berlin conference of 1884 – 1885 (Ahmed 2006) in (Adeoki 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 endowed which further ensured the continued exploitation of the mineral and natural resources of the region by European powers (Adeoki and Imuoh 2015). The unsavouring kale in the development of human and material resources of the Delta region continued with the emergence of colonialism in the 1900’s and establishment of oil River protectorate in the 1980’s. The Amalgamation of 1906, and 1914 completed the process of British colonization 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 independence kingdoms, empires or vassalage were pillaged and appropriated for the benefit of the metropolitan power (Ahmed, 2006) in (Adeoki and Imuoh, 2015). The Bulk of these resources explained by the British came from the Delta region.

The recent and contemporary history of Niger Delta has been chequered by struggle for self determination of environment degradation, economic empowerment, under development, neglect and untold hardship, which is the cause of the struggle for resource control in the Niger Delta.

### **THE CONCEPTS OF FEDERALISM**

To begin with it is important to acknowledge the fact that federalism as a concept does not have a universally accepted definition. Barrowing from Jinadu (1992:2) argues that the concept of federalism is ambiguous and that most existing definition tends to be stipulative.

Federalism in general is in system of government where two or more autonomous states come together by agreements to form a United State with a division of powers between the federal and component units. Federation however is conceived a “the method of dividing power so that the general or regional governments are each within a sphere coordinate and independent. This definition has remained the benchmark for the practice of federalism in all states structured along its principles. Its principle of coordinate and independent different levels of government promotes the concept of separation of powers between the central government and the component units within a given territory.

### **THE NATURE OF REVENUE ALLOCATION IN NIGERIA**

The history of revenue allocation formula and commission all in an attempt to arrive/at an acceptable sharing formula for Nigeria occurred long before independence. The first set of commission ever set up by the colonial masters was in 1946 named Philipson which recommended three principles for revenue sharing –

derivation, population, and even progress. Various commissions with their recommendations were equally experience in the Nigeria fiscal federation but none has intimately addressed the problem of revenue sharing. The derivation principle he argued has been a reoccurring phenomenon in the principles advocated by their commissions to ensure amenable and equitable revenue sharing formula. Nevertheless, the principle of derivation in revenue allocation has been consciously and systematically obliterated by successive regimes, resulting in the drastic reduction of the derivation principle from 100% in 1953 to 50% in 1982 to 3% in 1992 and currently 13%.

The federal government therefore maintains that natural resources located within the continental shelf of Nigeria are federal government contentious. Each of the states claims that its territory calenda beyond the low water mark onto the territorial water and even unto the continental shelf and the exclusive economic zone. They maintained that natural resources derived from both onshore and offshore are derived from their respective territory and in respect thereof each is entitled to the not less than 13 percent allocation as provided in the provision to subsection (2) of section 162 of the 1999 constitution (judgement of the supreme court 5<sup>th</sup> April, 2002).

### **ORIGIN OF THE STRUGGLE FOR RESOURCE CONTROL**

The struggle for resource control is synonymous with the history of Niger Delta. First, after the abolition of slave trade in 1509 local traders engaged in resource control struggles to participate actively in the trade in oil palm. Similarly, resource control was one of the highlighter of the Ijaws representation of the Willink commission of enquiry into the fears of minorities and the means of allayi9ng them in 1957.

The contemporary notions of struggle 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 military 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. Barking in the emphasis of allegedly curbing the consequences of the malaise, the federal government has neglected no resolve the underlying issues that instigated and exacerbated the struggle 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 struggle for resource control. (Ako, 2012).

### **REVENUE ALLOCATION AND NIGER DELTA STRUGGLE FOR RESOURCE CONTROL**

In Nigeria revenue allocation largely implies 3 allocation of oil revenue. Therefore, oil is central to the politics of inter-governmental fiscal relations (Orokpo & Makoji, 2014). The due further stated that Nigeria's fiscal federalism and relations hinges on the fundamental question of who gets whole of the national cake (oil revenue),when and how deducing from the above, it is obvious that revenue allocation in Nigeria economy is a matter of policies of oil revenue sharing. Therefore, it is natural for every region to politics through conventional processes, to have reasonable at enough share of the oil booky including Niger Delta on whose soil on 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 a means to ensure that every region gains 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 value according to David Easton becomes germane. The value in this context is the oil revenue and how the central government exercised its authority at 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 struggle 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 consequence violence agitation from various ethnic segments of the region for resources 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 eliker, they resorted to self help through militancy, oil theft and so on.

### **THEORETICAL FRAMEWORK**

This study adopts the Marxian political economy approach as its framework of analysis. The standard explanation of modifications to revenue rules is the position of Marxist postcolonial theories.

This perspective according to its founding fathers like Edward said, Homi Bhabha and Gayatri Spivak seeks to explain the ambivalent and hybrid nature of subjects, their thinking and behaviour in the formal colonies of the western imperial powers namely the British common wealth societies.

Therefore in using Marxist post colonial theory which depicts a radical critique of western capitalism and severe inequalities with which groups are stratified in their relationship to the means of production. The proscriptive overtone of Marxism lie in the reasoning that the stratification, the theory posits, will ultimately lead to global revolution in which the bourgeois are disposed by the proletariat. This theoretical conclusion is rendered powerful in the context of Marx's examination of history. If this global context consists, as Marxist theory claims ie. Does, of dialectical conflict between those with access to the benefit of modernity and those who find themselves powerless at the hand of the excesses of those who control their access to those rewards, then Marxist theory insistence that the natural progression of this relationship will result in a positive outcome which relies on the fact that history is unilinear.

### **RESEARCH HYPOTHESIS**

1. The character of the Nigerian state has significantly engendered the crisis of revenue allocation.
2. Unfavourable revenue allocation and regional marginalization are the causes of Niger Delta struggle for resource control.

### **METHOD OF DATA ANALYSIS**

The method of data analysis adopted is the qualitative descriptive method of investigation. The qualitative research method deals with variables that are not easily manipulated to empirical measurement or verification. This presupposes a cause effect relationship between behaviour and outcome. The study seeks to understand the relationship between the independence variable of the research (x) and how it affects the dependent variable (y).

The qualitative method of data analysis is a search for general statements about relationships among data categories, this method of data analysis is essentially the application of qualitative research technique through the organization and interpretation of research data. In otherwords it is the process in which we move from the raw data that have been collected at part of the research study and use it to provide explanations, understanding and interpretation of phenomena, people and situations which we are studying (Colombo, 2012).

The aim of analyzing qualitative data is to examine the essence and symbolic content of that which is found within the study. Descriptive explanation is given to the data generalized on our research, in other to create the relationship between the variables under study. Hence its process of bringing order structure, enables the use of this method and meaning to the data gathered in the research work by giving a qualitative description of the variable under study.

### **THE CHARACTER OF REVENUE ALLOCATION IN NIGERIA**

The Nigerian fiscal system had been subjected to a series of reviews and changes. None of these had ensured mutually acceptable system of allocation in which the conflicting interests of the federal and state governments have been harmoniously reconciled. Another important element to note is that all based on expediency but not on any study of the perennial problem which plague the country. It has remained an

emotive, sensitive and highly politicized issue. The regional factions of the privileged classes have continued to maneuver and scheme for greater advantages in the division of the nations revenue. Only in this manner can they improve their benefits from society, (Ikeji, 2011:203).

Past revenue allocation exercises have been partial in two respects. First, they have rarely taken account of the totality of the financial resources available to each state of the federation. Within a plan period would show that the advantage enjoyed by oil producing states such as Ondo, Akwa Ibom, Rivers, Bayelsa and Delta appears exaggerated. Past revenue allocation exercises have also been peril because of the exclusion of sources of revenue with high growth potential. For instance, excluded from revenue allocation are excise duties which because of rapid and extensive growth of manufacturing industries have immense potential as a source of revenue.

The phenomenon of revenue allocation is quite importance in federal finance. In Nigeria, the allocation of revenue between the federal government and the component parts and among the units themselves is fraught with a number of complicated problems which range from economic to political.

Since the attainment of federal status, a number of commissions were appointed to study the systems of revenue allocation and make recommendations to the governments on how the national revenue can be fairly and equitably allocated among there levels of government, yet none has been able to arrive at a generally acceptable system and formula. (Ikagi 2011:307).

The problem is rooted in the nature of peculiar federalism in Nigeria. It is either the centre is too weak as was the during the military administrations and thereafter. The political implication of the former was that the regions were too strong that they were able to influence the allocation formula in favour of the principle of derivation which made the former western Nigeria very rich.

In the case of the later, that is, military administrations, the centre was too strong that it exercise power of monopoly and could manipulate the formular of influence the commission on revenue allocation in its favour. But in a true or developed federalism, the issue of revenue allocation is done through political bargaining and agreement between the inclusive and component government with a view to making funds available to each level of government to effectively exercise its constitutional responsibilities. In Nigeria however, the reverse is the case since the federal government collects virtually all the juicy revenues and allocates some in a way and manner it deems fit. The result is that some states are given more than the others depending on theft relative political influence which leads to uneven development among, the states and in consequence breed mutual hatred and acrimony amongst stakeholders. The lack of foresight and objectivity on the part of the economic planners is a problem in the system of revenue allocation. The part fiscal blue prints and schemes have always lacked valid economic base, with the percentage of revenue allocation in each state is proportioned to the share of taxes derived from each Okeke by the federal government.

In Nigeria, because of the emergency of petroleum, this principle in effect dictates that the states from where the huge oil tax revenue are derived are entitled to a disproportionately large share. Apart from the criterion for revenue allocation has disadvantages such as the creation of disparities in financial resources available to the states.

Development planners in Nigeria hardly carryout what they state on papers or sometimes are left uncompleted if ever they take off. This resources in the disproportion between the population growth and economic growth rate.

The federal government do not provide enabling environment for the enthronement of credible revenue allocation formula. This is evident in the role successive government played in this regard. Whenever the government appoints a commission in revenue allocation, it also sets guidelines for such a commission to guide its conduct and recommendations often any derivation is regarded as an act of sacrilege. A typical example was the rejection by government of the Dina commission's report in 1969. The major constraint associated with Nigerian federal finance and revenue sharing is that its operation is incompatible with the objective of standard public finance practice. According to Adedji (1996:12) federal finance in Nigeria has developed and operated virtually in complete disregard of the main objectives of public finance, allocation efficiency and equity in the sharing of revenue, particularly among the regions, such principles of federal finance as need, equity, stability and national interest have placed on the derivation principles as the basis of revenue allocation. This together with the lack of in built process of adjustment in the fiscal system has

hampered the development of national unity and inhabited the growth of an affective development oriented national and fiscal policy.

**REVENUE ALLOCATION UNDER IBB REGIME (1985 – 1989)**

The morriest 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 is the oil mineral producing states, and general ecological problems stood at 1.5% and 1% respectively. (Lukpaka, 2013:35).

**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%
- Sources (Bashir 2008:7)

**REVENUE ALLOCATION UNDER PRESIDENT OLUSEGUN OBASANJO (1999 – 2007)**

The proposed formula by revenue mobilization, allocation and fiscal commission gives:

- Federal Government - 41.3%
- State Government - 31%
- Local Government - 16%

Source: (Basher 2008:7)

Apparently, not satisfied him where is considered an upside formula, the southern Governors insist that only equal revenue sharing between the federal government and the states in Nigeria will be considered that and realistic by the southern states. They therefore required for the adoption of the following, formula for revenue allocation in Nigeria:

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

Source: (Bashir 2008:7)

**REVENUE ALLOCATION (2000 – 2010)**

The current vertical allocation formula which is based on presidential executive order is as follows:

- Federal Government - 52.68%
- State Government - 26.72%
- Local Government - 20.60%

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

- Regularity - 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

### **DYNAMICS OF NIGER DELTA STRUCTURE 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 Nigerian main source of revenue is from primary products (groundnut, cocoa and palm oil) produced from the three dominant ethnic group 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.

Crude oil is the primary engine for national economic growth and development. It is therefore reasonable to expect that the areas producing the nations crude oil would be very highly developed as compensation for what is taken away as well as for the devastation on the land engendered by the exploration process. The Niger Delta area suffers near neglect by both the federal government which claims ownership of the oil and the multinational companies which actually exploits the oil reserves. It is a picture of wanton environment degradation of all types – land (despoliation of farmlands), worker (destruction of fishing areas and sources of drinking water) and air (release of many pollutants causing disease in humans, animals and plants). The people in the Niger Delta States who hitherto were able to cater for their needs are now being confronted with poverty through loss of their means of livelihood. The intervention of the federal government through the Niger Delta Development Commission (NDDC) seems to be welcome development. However the missing factor seems to be the proper treatment of the derivation principle in a way that would enable the state and local government of the oil producing areas to handle their own felt needs and priorities. The minimization of the derivation factors over the year from the earlier 50% to 1% and now 13% only as it affects crude oil is unjust and unfair when one considers that Igbeli marble a 55% derivation and the value added tax (VAT) still attracts 20% derivation. (Ikeji 2011:133).

Resource distribution includes both statuses and material resources. In fact, it includes the distribution of all scarce but allocative resources. The location of government projects of well as the pattern of recruitment into political offices and the public services are also yardsticks for measuring the fairness of leaders in the distribution process in Nigeria.

In order to ensure relative fairness in the appointment of people from various groups into the federal public service the constitution provides for the establishment of the federal character commission to monitor the pattern of appointment into all the public services of federal state and local government in order to give Nigerians a sense of belonging to nation. Crisis of discrimination and marginalization by groups have not abated since the establishment of this commission. (Elaigwu 2007).

On the horizontal level, there has been a crisis of marginalization by all groups. The oil producing states of the Niger Delta are angry that the dividends of oil produced in their area go to other parts of the country without adequate concern for their own interests. Basically whole oil accounts for over 80% of the country's annual revenue, it has not changed the lives of the Niger Delta people while the constitution provides for 1% revenue on the principle of derivation to the oil producing areas, the government of these states argues to pay their funds to the oil producing states from January 2000 and has failed to do so between May 2 and December 1999, in response, the governors of the south south zone decided to demand for 100% control of its resource. (Elaigwu 2002:11).

Similarly, states with solid minerals also complain that inspite of environmental degradation as a result of mining activities in their area they have not been adequately compensated likewise states from which hydro electric power is generated.

The problems of the oil producing area have led to the Niger Delta youths to challenge the perceived injustice mated out to the region. This led to the formation of the Niger Delta people volunteer force (NDPVF) and lately movement for the emancipation of Niger Delta (MEND). The groups is an agglomeration of various youth group who are committed to self actualization and economic empowerment of the region.

The contemporary notions of struggle for resource control have been characterized by both peaceful and violence activities, while the period when the ogonis were at the forefront of the struggle war 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 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.

Basting in the emphasis of all curbing the consequences of the malaise, the federal government has neglected to resolve the underlying issues that instigated and exacerbated the struggle 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 rook cancer of the struggle for resource control (Ako, 2012).

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. Adeoki and Imuoh, (2015). Between 1976 and 1999 a total of 3000 oil spill companies operating in the Delta region, with over two million barrels of oil spillage into Nigeria's terrestrial coastal and offshore marine environments (Agbu, 2015). With response to gains flaring, statistics also show that about 24,240,000 sef of gas was flared in 1991 alone. This is equivalent of 76 percent of gross production of oil in Nigeria during the same year. By 1995, the percentage of gas flared has increased to 76.79 percent Adeoki 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 resources in the Niger Delta is that one indigenous the other is foreign. This is why the struggle for resource control metamorphosed to armed struggle. The climax of this effort was when a Niger Delta man was elected president of Nigeria in the 2011, general election, there is former President Goodluck Ebere Jonathan

Under listed are some of the reasons for the struggle for resource control.

- i. The injustice and inequality that characterize the distribution of the revenue that accure from oil revenue.
- ii. The jettisoning of derivation as a fundamental principle of revenue allocation which reduced the climax of funds joint 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 judicial system by some northern states which was seen by the southern states at a major text for me federal constitution. Deman for resource control is, therefore, an indirect constitutional cum economic response to the introduction of Sharia.
- v. The systematic distribution of the ecosystem in the oil producing areas which led to environmental degradation, pollution, acid rain and the attendance 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 militancy made up of unemployed youths in the oil producing communities which spurred their traditional rulers and political leaders to necessary political actions.
- viii. The new democratic dispensation which were violently suppressed under military rule.

#### CONCLUSION

The poor structural layout of the Nigerian federalism is rooted in our colonial history, our colonial history affects the structure of the federal system we are operating. The two lower levels of government have been treated like more appendages rather than as a part of truly federal system of which fiscal autonomy should be granted and assured. The relationship has incapacitated the lower levels in their quest to perform their constitutionally assigned responsibilities. It has also precipitated a high level of distrust among the ethnic groups, thereby worsening the fragile state of the Nigeria federation due to its attendants conflict and crises.

#### RECOMMENDATIONS

Over dependence on oil revenue should be discouraged. The Nigerian stake should focus on the need for diversification into other sources of revenue such as development of agricultural sector and industrial sector by providing incentives such as tax concession, provision of facilities needed by this seeker in other not to be affected by fall of oil prices in the international market.

The Nigeria state should be restructured to reflect fiscal federalism in its character and composition. Massive state infrastructural development of the Niger Delta area to equal of reflect the magnitude of oil resource exploited from the region by the federal government.

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