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Fiscal Federalism and Agitations for Resource Control in Nigeria: A South-South Perspective

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Abstract
Nigeria is facing multiple and staggering problems, some of which are so fundamental as to be capable of leading to the disintegration of the country if not properly and tactfully resolved. There is a general feeling by the southern minorities who inhabit the core Niger Delta States that Nigeria is today a Federation in name. In practice, it is structurally unbalanced with a strong central government that has abandoned derivation as the basis of sharing rents and royalties that accrue to states in the oil producing areas notwithstanding the fact that these states continue to bear the environmental and socio-economic hazards associated with oil production. Hence, the agitation for fiscal federalism and resource control. Although the two concepts are frequently used interchangeably in the ensuing debate, this paper contends that resource control unlike fiscal federalism is the control of both a fiscal and a mode of governance framework by states directly affected by the exploration of the various resources. For this paper, resource control built on an appropriate mode of governance framework is important for the resolution of the various agitations prevalent in the South-south region and many other parts of the country.
Keywords: Agitation, Fiscal Federalism, Governance framework, Resource Control, South-South

1. Introduction

Federalism is listed by most scholars of plural and pluralistic societies as a model, among many others, for managing diversity – ethnic, linguistic, religious and endowment in material resources. Its popularity derives from the belief that it disperses conflicts to states and localities, generates crosscutting cleavages, and reduces disparities. At the heart of the problem in Nigeria is what has been formulated as the ethnic nationality question and structure of national unity primarily because a large segment of the country's political community who are dissatisfied with the present federal structure have called for or developed platforms for demand of restructuring. One of the platforms includes those who argue for a return to the pre-1966 regional arrangement but with six regions corresponding to the present geo-political zones rather than four pre-1966 regions. Another segment of the country's population, including political incumbents such as members of the National Assembly and the Presidency, are satisfied with the present structure and would prefer changes that come through the "normal process" of democratic and constitutional reforms (Madunagu, 2012).

There is also a segment of the population that while not dismissing political restructuring, traces the problem to the character of the Nigerian state, the political economy and governance type (absence of good governance). However, there is unanimity among the contending groups that the Nigerian federation is marked by considerable ethno-linguistic diversity and deep sectarian and religious fractures. Sharp and abiding regional, class, ethnic and religious fault lines have perennially fractured the country and presented challenges to its long-term political stability. Contentious relations among religious communities have become widespread, and ethno-national sectarianism and inter-ethnic violence have proliferated, often driven by the rise of ethnic militias and the fact that communal identities have deepened during elections. Since the change to democracy in 1999, over 50,000 people have been killed in hundreds of violent incidents. In this context, a central challenge for successive governments have revolved around forging a nation – including a robust and enduring national identity and constructing state capabilities – especially effective and efficient provision of public goods - out of the country's overwhelming diversity.

Nigeria is governed by a federal system and the relationship between the central level government, states and local government is in constant flux. Layered on top of this challenging context of a diverse and contentious political economy is oil: the dominant form of government revenue, since the 1970s. Nigeria has become a "petro state" defined by high levels of discretion over resources at the centre, sectional contention over rents and a weak or absent social contract that in many ways represents the manifestation of what is popularly known as the "resource curse." Oil, in judicial and political terms, is a national resource and the way this important rent is distributed through the federated system is a central part of Nigeria's political debate, with the formula frequently under re-examination. Oil has severed the need for taxation as well as the relationship that taxation provides between the state and its citizens. It has also contributed to the rapid growth of centralized power while, at the same time, propelling forces of political decentralization, fragmentation and rivalry.

Although Nigeria has employed state creation as integration mechanism, its effectiveness may have been vitiated by discriminatory policies and practices of states against other Nigerians. For example, owing to the centralization of, and the concomitant exclusion of states from access to petroleum resource generation, as well

as reduced capacity of states to generate revenue internally, they have become more and more dependent on the centre for resources to implement their statutory responsibilities (Kehinde, 2005). As States are guaranteed periodic share of the "national cake", state and local government creation became a political tool exploited by the powerful to gain shares of the petroleum revenue at the expense of minorities on whose territories the mineral oil is exploited with attendant environmental degradation and other hazards. This has been implicated in the nature and intensity of contestation of the state, which has resulted either in stability or in instability.

The manner by which the federal model of managing diversity was produced, the division of powers between the centre and components units of the federation as to the degree of centralization or decentralization, the level of state involvement in the economy and the contest for resources through the struggle to control the state thereof, has thrown up a variety of issues indicative of the deep rooted malaise in the structure of Nigeria society as presently constituted. These include the proliferation of states (many of which are unviable), inequitable and unjust revenue sharing formula, the minority question, ethnicity and violence, access to state power and patronage, etc. The nascent demand for restructuring of Nigeria's federalism is characterized by five main features namely: unitarism rather than decentralization and national integration, distributive federalism; the controversies of federal character and indigeneity; the politicization of ethnicity; and the increasing tension of federalism marked with sporadic conflicts (Kehinde, 2005; Onimode, 2003).

The current controversy about perceived asymmetrical distribution of the country's wealth is a pointer to the significance of revenue allocation as the central element of the national question and has climbed to the front burner of national discourse. For example, Mr. Sanusi Lamido Sanusi (a former governor of the Central Bank of Nigeria and now, Emir of Kano), in his own analysis of the crisis of the Nigerian state, argued that the violence in the country was not unrelated to the lopsided distribution of revenue in which the North is currently at a disadvantage. Governor Aliyu Babangida (former Chairman of the Northern Governors Forum in 2012), further underlined the divergence in revenue allocation to states, especially in the North and consequently called for a review of extant revenue allocation formula (The Guardian, 2012). Although fiscal federalism and resource control are often times used interchangeably have different connotations, we argue that both concepts if applied in formulation of public policy can ameliorate or mitigate structurally induced and institutionalized inequalities suffered by historically marginalized groups in the Nigerian state.

2. Re-engaging the Nigeria's Brand of Federalism

Federalism is a political system that ensures the preservation of the unique characteristics, identities, traditions, and cultures of a heterogeneous population (Lemco, 1991). As a political device, it allows for political participation and decision-making in which each group is empowered to deal with its own problem. The faith in federalism in Nigeria derives from the belief that it ensures freedom for minorities against domination by larger groups; allows each group to retain its distinctive characteristics while remaining part of larger political system. Advocates of federalism in Nigeria also view federalism as an important spur to economic development, (Agbese, 2003).The above may not be the case in post-colonial Nigeria due to the assertive and dominant role of the federal government in "national integration necessary for the socio-economic transformation of the economy" (Oyovbaire, 1985). Jinadu (2013:4) in his own contribution adumbrates thus:

No doubt, federalism has been refurbished at critical periods of Nigeria's constitutional and political history in reaction to its perceived structural fissures, namely (i) the issue of the colonially inherited federal imbalance, (ii) the lingering ethnic minority question over state creation, which has been transmuted into mutual fears of ethnic domination among majority ethnic groups and between them and the minority ethnic groups; (iii) and the long-gestating trend towards organic or centralized federalism in the country. The practice of politics in Nigeria has provided some evidence in support of the thesis of ethnic majority domination of state and society in the country (Awa, 1998). While empirical scholarly analyses of this domination must not detain us here, it is an indisputable fact that Nigeria is facing multiple and staggering problems, some of which are so deep-seated and capable of leading to disintegration if not properly and tactfully resolved. Decades of military dictatorship in which some ethnic groups were not adequately represented in the military hierarchy accentuated the feeling of marginalization among ethnic minorities. This should not be a surprise because the army played the greatest role in disturbing the political evolution of Nigeria. Consequently, hopes were high when General Abacha, on 18th November 1993, advised that "We must lay a solid foundation for growth of true democracy. We should abhor any ad-hoc or temporary solutions. The problem must be addressed firmly, objectively, decisively and with all sincerity of purposes". The stark reality is that the military became a curse rather than blessing to the country. A careful study of the political events in the country since the intervention of the military in 1966 presents a gloomy picture of a gradual decline of the fortunes of the southern minorities who produced over ninety percent (90%) of the nation's wealth. However, the creation of additional states by the military in the Nigerian federation to some was only a pointer to achieving true federalism because the domination of one ethnic group by another was reduced by the emergence of more states in Nigeria (Odje, 2002).

The present crisis in the Niger Delta presents itself to the people's consciousness as a crisis of the economy,

or more precisely, a development crisis. The point of interest is the fact that it is in its economic manifestations that the crisis is seen in its more concrete and most dramatic form i.e. the long and continuing decline in the rural standard of living, the swelling tide of unemployment, the chronic deprivation and the threat of starvation. In the face of these realities it is difficult not to see the Niger Delta crisis in economic terms. However, it is not simply an economic crisis. It is at least as much as a crisis of the state and the people exploited economically.

3. Correlation between Agitations for Fiscal Federalism and Alterations in Systems of Revenue Allocation

The fact that at the heart of the agitations for home rule and fiscal federalism in the Niger Delta is lingering controversy about perceived asymmetrical distribution of the nation's resources or wealth is a pointer to the significance of revenue allocation as a central element of the national question in Nigeria especially, the state of development of the region. The Nigerian state's effort to develop the Niger Delta dates back to 1958 with the establishment of the Niger Delta Development Board under the Niger Delta Development Board Act of 1961. The responsibilities of the board include considering the problems of the Niger Delta Area and directing the development of these areas into channels that would meet peculiar needs of the people. The board took off in 1963 but remained moribund until the outbreak of the civil war in 1967. The point of interest is that the Niger Delta Development Board was created before oil was discovered in commercial quantities in the Niger Delta, and that the region was made a special area to be developed directly by the federal government.

For over five decades now, circumstances in Nigeria have changed greatly; in fact, there had consistently been a systematic alteration in the system of revenue allocations. The fiscal system was not only dictated by political and constitutional developments; it has been the outcome of many ad-hoc commissions devoid of the effective participation of the people of the Niger Delta. This, Onosode (1999) argues has remained a critical factor in the quality of practice of Federalism and the quality of development experienced by oil producing communities, which are mostly located in the region. A brief summary of the various revenue allocation formulas will suffice at this point.

The first Federal constitution for the Nigerian state was adopted in 1946 and this created the need for formal apportionment of revenues amongst the component units of the then three regions (North, West and East). It is in this regard that the Phillipson Commission of 1946 recommended the principles of ***"even progress***" as principal determinants of federally collected revenue accruing to each region. However, due to the absence of reliable data on which sharing of revenue was to be based, the impression was soon created that the system fostered injustice and therefore, has to be reviewed (Committee of concerned Rivers State citizens, 1988).

Consequently, between 1951 and 1970 five revenue allocation commissions were appointed by the Colonial and post-colonial state. Although each of these had always put forward interim formula for sharing the country's revenues rather than evolving a system that is permanent and fitting appropriately into the scheme of things, they emphasized derivation (Committee of Concerned Rivers State Citizens, 1988, Onosode, 1999). For example, the Hicks – Phillipson commission was inaugurated in 1951 consequent upon the introduction of the Macpherson constitution. This commission advocated a system of revenue allocation based on three principles namely (a) Derivation (b) need and (c) National interest. The commission used population as a rough determinant of needs. It recommended 50 percent derivation proportion to the area generating the resource, 35 percent was to the regions and 15 percent to the central government.

Following the constitutional crisis in 1953 and the subsequent adoption of the Lyttleton constitution that gave the regions enormous autonomy, the Hicks Commission of 1953 was established. By contrast, an outstanding recommendation of this commission was that 100 percent mining rents and royalties was distributed to regions according to the extraction of the minerals. In other words, the Hick commission of 1953 had recommended 100 percent derivation for resource bearing areas. Thus the period 1954 - 1958 during which the chick system operated saw the thorough application of the principle of derivation (Committee of concerned Rivers State citizens, 1988).

In 1958, the Raismann - Tree Commission recommended that proportions of certain revenues should be paid into a distributable pool, and shared among the regions based on combination of criteria namely, population, financial needs, and balanced development, unlike the previous system under which, mining rents and royalties were allocated 100 percent to the regions, the Raismann commission recommended 50% derivation to the regions of commodity production 20 percent to the Federal government and 30 percent to the distributable pool. In 1964, the Binn commission like the Hicks – Phillipson Commission of 1951 recommended 50 percent derivation proportion to the areas generating the resource, 35 percent was to the regions or distributable pool, and 15 percent to the federal government (Onosode, 1999).

From 1946 to 1989, nine commissions were constituted in search of dependable criteria for distribution of revenue. Initially the logic of derivation, which recognized that all or as proportion of the revenue should go to the area from where the resources were produced held sway. This principle dwindled from 1977 and 1981 when the Aboyode and Okigbo Commissions avoided the derivation principle. Pius Okigbo Commission in 1980

proposed a revenue distribution formula that allocated 53 percent to the federal government, 30 percent to states, 10 percent to local governments and 7 percent to special projects. The special projects category consisted of 2.5 percent for Federal Capital Territory, 2 percent for mineral producing states, 1 percent for ecological problems, and 1.5 percent for revenue equity (Okigbo, 1980).

The second alterations of the revenue allocation formula against the regions (now states) of commodity/mineral production occurred in 1970. At the end of the civil war Decree No. 13 of 1970 was promulgated, which pegged derivation at 45 percent with the federal government controlling all offshore oil revenue (Onosode, 1999). This marked the emergence of revenue allocation system designed to de-emphasize derivation and instead, the state pursued vigorously the principle of need based on population and number. This is particularly true of the 1975 reforms that greatly altered the principle of derivation. What emerges so far is that up to 1970, each of the formula adopted in the revenue sharing process contained identifiable element of the principle of derivation. Regions that enjoyed a high revenue producing commodity/mineral within their boundaries, were allowed to retain a large proportion of the royalties and duty earned (Committee of concerned Rivers State Citizens, 1988).

Regrettably, in spite of the rapid increase in both oil production and prices between 1970 and 1985, derivation was incidentally de-emphasized and proposals were in fact made to discount it altogether. For instance, the Federal government in 1975 allocated 20 percent derivation to each state that produced a particular commodity, none to the Federal government and 80 percent to the distributable pool. This formula was applied to the minerals produced in the country, since it added that all offshore production belonged to the distributable pool. It is at this time that the relative loss of revenue by the oil producing states most of which are located in the Niger Delta and the increase by states that are more populous became evident.

The Shehu Shagari Presidency deleted the ratio which the Okigbo's commission made for "special projects" but increased the revenue allocation share of the federal government to 55 percent and reduced the share of the local governments to 8 percent. The elimination of the 2 percent allocation for mineral producing states meant reduced capacity of state governments to address the development needs of oil mineral producing communities mostly located in the Niger Delta. Reduction in the revenue profile of the oil mineral producing states reached a climax in 1991 when the senate proposed an increase to 58.5 percent to the Federal government, 31.5 percent to the state governments, and reintroduced the Okigbo's 10 percent for local governments, but surprisingly dropped the vote for special projects that would have benefited the oil producing areas. The change in the mining royalties from 45% to 20% to the states where the minerals are mined is well illustrated on Table 3.1 below.

Table 3.1: The effect of changes in revenue allocation on Rivers state compared to other states of the federation. (Statutory Allocations to States in millions of Naira)

YEAR	RIVERS STATE	KANO	NORTH - EAST	BENDEL
1974/75	101.0	35.0	41.6	139.9
1975/76	113.0	84.0	100.3	135.9
1976/77	123.6	94.1	183.8	121.1
1977/78	160.2	101.0	241.8	157.2

Source: Committee of Concerned Rivers State citizens, 1988 constituent Assembly working paper

By 1976, the North East State was split into three states of Bornu, Gongola and Bauchi. Their total allocation has been retained here to demonstrate that revenues accruing to them grew rapidly due to their splitting.

From table 3.1 above, we could observe that while Rivers State received N101 million in 1974/75 period, this increased only by N12.00 million in 1975/76 period, when it was allocated N113.0 million. This can be compared with that of Kano State where allocation jumped from N35.0 million in 1974/75 period to N84.0 million in 1975/76, even when it did not contribute more than Rivers State to the distributable pool.

Bendel State, another oil producing state located in the Niger Delta, had its share of the statutory allocation reduced from N139.9 million to135.9 million in the same period under review. This decreasing revenue allocation for the Niger Delta appears to be a pattern as the 1976/77 allocation period illustrates a well nurtured design, properly executed, by the Nigerian State. The creation of three new States (Bornu, Gongola and Bauchi) out of the North East state, ensured that revenues accruing to them from the federation account grew rapidly through the principle of minimum responsibility to the state, while the retention of Rivers State and Bendel as single units (States) signalled another round of proportional decrease of what accrued to them from the centre. Consequently, Rivers State had a minor increase from N101.0 million in 1974/75 to N123.6 million in 1976/77. The combined allocation to the former Northeast (now represented by the three states here in before stated) was N183.8million, whereas Bendel state received a further decreased allocation of only N121.1 Million. The implication of the reductions in the revenue allocations to the states is that state creation has been used in addition to de-emphasizing of the derivative principle, to create a better revenue base for some states of the Federation (Joab-Peterside, 2001).

The point to note, is that, those states that produced the commodities within their communities and

associated ecological problems which they contend with due to the hazards of oil exploration and production have been short changed by the Nigeria state, an action, the exploitative colonial administration could not even contemplate. For example, Dr. Pius Okigbo Commission of 1979, and Professor Ojetunji Aboyode Technical Committee of 1977 recommended that the derivation principle be abolished and introduced population as one of the criteria of revenue allocation. The National Revenue Mobilization and Allocation Fiscal Commission of 1989 slightly modified the Okigbo Commission criteria by introducing land mass/terrain in place of internal Revenue Effort and Equality of States (Agbakoba and Mamah, 2000). Note also that these committees lacked the desired participation of the people of the Niger Delta most affected by their proposals (Onosode, 1999).

The prominence accorded the population ensured that states which are the source of over 90% of the country's revenue and which suffer untold environmental degradation as a result of efforts to harness their resources receive low shares of total revenue. The situation has tended to make other states with large population and untapped resources complacent leading to the over reliance of the country on one revenue source (Agbakoba and Mamah, 2000). The crux of the matter is that the principle of derivation in revenue allocation has been consciously and systematically obliterated by successive regimes of the Nigerian state. The Supreme Court in a landmark judgement rejected the 1981 revenue allocation Act.

Consequently, the subsequent 1982 revenue allocation formula made provision for 1 percent of the budget for the amelioration of ecological problems (which included damage done by oil spillage and gas flaring); and 3.5 percent to be shared on the basis of derivation among the mineral producing states. Even though 3.5 percent was allocated to the mineral producing states, 2 percent of the allocated amount was paid directly to the states, while 1.5 percent was administered by the Federal Government for the mineral producing states. By setting aside 1.5 percent of the revenue accruing to the Federation Account for the Development needs of the oil producing areas, the Federal Government sought to address the issue of alienation of the people of the Niger Delta from revenue derived from their land. This percentage was later increased to 3 percent under the Babangida regime. Even so, the issue of development, which was often raised by communities could not be effectively addressed (Joab-Peterside 2001).

In 1982, the National Assembly in the second Republic carried out a review and approved 55 percent of the Federation Account to the Federal Government, 32.5 percent to all States of the Federation, 10 percent to Local Government Areas, 1.0 percent for the amelioration of ecological problems, 1.5 percent to mineral producing areas. These were, however, not effected before the Muhammadu Buhari Junta took over in 1984. One of the first laws which tried to address the issue of alienation of the people of the Niger Delta from revenue derived from their land, was the (Federation Account) Amendment Act Number 36 of 1984. This Act, among other things, stated that minerals shall be for the development of mineral producing areas of Nigeria. Section 2 (a) of the Act provides that 1.5 percent of the revenue accruing to the Federation Account, and also a sum equivalent of two percent of the revenue derived from mineral producing areas of Nigeria, shall be paid directly to the mineral producing states in direct proportion to the sale of mineral extracted from the area of the state (Daily SUNRAY, 1994).

In setting aside, a certain percentage for the development of mineral producing states, the issue of development, which was often raised by the communities, was said to be addressed by the State. The equitable provision of section (3(2) (a) of the Act which permits a certain percentage of the revenue derived from minerals to be paid to the states in direct proportion to the sale of minerals extracted from the State is highly commendable. However, it was not clear whether the money was paid yearly to the states and if the money was being paid at all before kicked out of office by the regime of Gen. Ibrahim Babangida. Even though the Babangida military presidency established the defunct Oil Minerals Producing Areas Development Commission(OMPADEC), which was funded with 3 percent oil revenue thereby raising funding access of oil bearing state to 4 percent (Daily SUNRAY, Tuesday March 1, 1994, Bello, 2018).

The above situation may have set the scene for the gross under-development of the Niger Delta, given its difficult physical terrain; a deep sense of marginalisation enveloped the region. The sad paradox is that were it not for the oil resources which were abundant in the Niger Delta and which earn the Nigerian state the bulk of its revenue, there would have been nothing worthwhile sharing to enable the country develop at its present, pace, regardless of the wastes through poor accountability and abuses. Yet, the region remains marginalised and the inhabitants treated with disregard and total neglect. In fact, as at the year, 1989 the revenue from oil had reached an all-time high level of 82.2% compared with the 17.80% earning from the non-oil sector as shown on table 2 below (Southern Minorities Movement, 1993).

Table 3.2: Oil revenue as percentage of annual revenue federal government budget, 1967 – 1989

Year	Oil (n' million)	Non Oil (n'million)	Total Revenue (₦)	Per % Oil	Share Non oil
1967	55.6	271.4	327.0	7.0	83.0
1968	19.4	188.0	207.4	9.0	90.6
1969	26.4	252.8	279.2	9.5	90.5
1970	166.4	466.8	633.2	26.3	73.7
1971	510.2	658.8	1,169.0	43.6	56.4
1972	764.3	640.5	1,404.8	54.4	45.6
1973	1,016.0	679.3	1,695.3	59.9	40.1
1974	3,726.7	810.3	4,537.0	82.1	17.9
1975	4,271.5	1,300.0	5,514.7	77.5	22.5
1976	5,362.5	1,400.7	6,765.9	79.3	20.7
1977	6,080.6	1,961.8	8,042.4	75.6	24.4
1978	4,654.1	1,961.8	7,169.3	60.9	39.1
1979	8,880.8	2,815.2	10,912.4	81.4	18.6
1980	12,353.8	2,031.6	15,234.0	81.4	18.9
1981	8,564.4	2,880.2	12,18.2	70.3	29.7
1982	7,814.9	3,615.8	11,764.4	66.4	33.6
1983	7,253.0	3,949.5	10,508.7	69.0	31.0
1984	8,844.8	3,255.7	11,766.8	75.2	24.8
1985	10,915.1	2,922.0	14,680.8	74.3	25.7
1986	7,813.6	5,024.0	12,837.6	60.9	39.1
1987	19,027.0	6,072.8	25,099.8	75.8	24.2
1988	20,933.8	6,377.0	27,310.8	76.6	23.4
1989	41,334.4	8,937.7	50,272.1	82.2	17.8

Sources: Federal Republic of Nigeria Gazettes**,** Departments of Customs and Excise and Federal Inland Revenue and Central Bank of Nigeria

Although has been some slight decline in the years under review, nonetheless, Nigeria still depends heavily on oil revenues to sustain the Nigerian society. If the state depends so much on oil for its existence as shown on table 2 above, naturally, the area where such commodity is derived is expected to benefit in the like manner but that is not the case. The point to note is the inequitable revenue allocation formula has thrown up two categories of implications, namely unviable and unproductive states and local government and the agitations for resource control and true federalism.

In view of the foregoing, fiscal federalism simply means the sharing of public revenue among the tires of government in a federal system. It came out clearly that the challenge of fiscal federalism in contemporary Nigeria is partly a legacy of "military Federalism" and the emergence of oil economy that shifted attention away from agriculture, solid mineral mining and other sectors of the economy. This derived in part, from the political engineering of successive military regimes that shifted attention from derivation to other principles as a means of "promoting Nigeria's unity as it claimed, given the circumstances that led to civil war and the spectre of political disintegration. Important legislations including the Oil Minerals Act, the Petroleum Act, and the Land Use Act deliberately sought to achieve this to the disadvantage of the Federating states.

3.1 The Onshore-Offshore Dichotomy

The Onshore-offshore dichotomy resource allocation arrangement was one of the issues that affirmed the transformation of the Nigerian state from a seemingly centrifugal construction to a highly centralized state. Largely as an emergency wartime method to secure enough resources to prosecute the civil war of 1967 by the Federal Government and to reconstruct Nigeria, the Onshore-Offshore method of resource allocation was introduced; this effectively allocates more resources to the center than the littoral states. As noted by Attah (2012) before the advent of the 1999 constitution, the principle of derivation and revenue allocation has been subject to severe political manipulation by various Presidents and Heads of State that had ruled Nigeria post-independence. This was largely because, while the derivation principle had been acknowledged, there was no governing formula defining its application. However the Decree No.113 of 1970, put forward by late Chief Obafemi Awolowo and promulgated by General Yakubu Gowon (Rtd) reduced the derivation from 50 percent to 45 percent and at the same time appropriated the entire offshore oil revenue to the federal government. This action heralded the sad beginning of the onshore-offshore dichotomy which eventually escalated agitations in the country (Mudiaga, 2003, Attah, 2012). In 1992, President Babangida, in an attempt to resolve the issues emanating from the Onshore-Offshore dichotomy, issued the Decree 106 of 1992, which stated that:

"an amount equivalent to one percent of the Federation Account derived from mineral revenue shall be shared among the mineral producing states based on the amount of mineral produced from each state; and in the application of this provision, the Dichotomy of Onshore/Off-shore oil producing and mineral oil and non-mineral oil revenue is hereby abolished" (Bello, 2018).

As noted by Attah (2012), this in effect abolished the onshore-offshore dichotomy and marked the beginning of the restoration of justice and fair play in the distribution and allocation of resources in Nigeria as acknowledged in the 1999 constitution. Unfortunately, whereas the 13 percent derivation formula was enshrined in the 1999 constitution, the Obasanjo civilian regime acted more in breach of the provision of the constitution for more than one year after its inauguration, consequently the dichotomy issue was again brought to the fore of national discourse with agitations by oil producing states which not only insisted on being paid according to the provisions of the law but went a step further to call for the abrogation of the onshore-offshore dichotomy. Because as high as 40 percent of Nigeria's oil well are located offshore, the federal government was reluctant to abrogate the dichotomy and with the support of 19 Northern governors and 3 South-western states, through the Attorney General of the Federation and Minister of Justice on February 6, 2001, instituted an action against the 36 states of the federation seeking the Supreme Court to invoke its original jurisdiction and determine the position of the littoral states in relation to the revenue accruing to the federation through natural resources from states (Sani, 2003; Bello, 2018).

At the heart of the matter is the proper description of the seaward territory of Nigeria, which according to the apex court, extended beyond the boundaries of the littoral states that have no authority over international waters. The Court in its judgement held that:

The Seward boundary of a littoral state within the Federal Republic of Nigeria, for the purpose of calculating the amount of revenue accruing to the Federation Account directly from any natural resources derived from the state pursuant to Section 162(2) of the Constitution of the Federal Republic of Nigeria 1999, is the low water mark of land surface thereof or(if in the case so requires as in the Cross River State with an archipelago of island) the seaward limits of inland waters within the state.

Expectedly, the judgement of the Supreme Court received a barrage of criticisms from the people of the Niger Delta who rose in unison against the Obasnjo's administration because the location of oil wells and their contributions to the national purse are the determining factors in money accruals to oil producing states from the statutory oil mineral derivation fund under which 13 percent oil revenue from each state is remitted to it on monthly basis. Hence an alternative political solution was sought, which led to submission of the Onshore/Offshore Dichotomy Abrogation Bill to the National Assembly by the Chief Olusegun Obasanjo's administration. The signing the Bill into an Act of parliament in February 2004 introduced another dimension of discrepancies, capable of causing a breakdown of law and order. The discrepancies relate to 200-meter depth isobaths to be used as a determinant of revenue sharing on the principles of derivation instead of 200 nautical miles of Nigeria's Continental Shelf, as provided by the UN Law of the sea (Kariboro, 2004).

Unfortunately, the ruling All Progressive Congress (APC) has started another round of controversy over the territorial limitation of oil wealth control between the federal government and littoral oil producing states when the report of its Committee on restructuring headed by Governor Ahmed El-Rufi, recommended that the vexed issue of mines and minerals, including oil fields and mining should be moved to the Concurrent Legislative list to be under the dual control and Supervision of both the federal and state authorities. There is a widely held belief that the Committee went beyond this step which was in line with the principle of devolution of power as recommended by the unimplemented 2014 National Conference reports, to differentiate between onshore and offshore oil revenue control with the proposal that mines and mineral and including oil fields and mining should not be within the ambit of the federating units. Even though the states have been complaining that the process of determining the actual accrual have not been transparent enough, the vexed issue of dichotomy was allowed to rest (Bello, 2018).

Agitations for fiscal federalism, as part of a total package for rebuilding the Nigerian federalism in theory and practice, is not just a demand peculiar to the Niger Delta but to other parts of the country. With the growing consciousness of marginalization, almost all the Geo-political zones of the country are calling for a return to "True Federalism" away from command centred, top-down governance structure a legacy of the past military era. Within this context, the fiscal dimension of federalism relates to the demand to rectify what is perceived as a skewed pattern of resource generation, allocation and management. The issue in contention is how to manage the losses likely to be suffered by other stakeholders of the federation. Consequently, fiscal federalism also seeks to find a balance in allocation to other sectors and states, enhance income generation and productivity from resources other than oil, and ensure support for resource deficient states (RTCND, 2009).

4. Resource Control: A Resource Management Framework or Political Agenda

Resource control and utilization are the most contentious issue in the Nigerian State because they pose fundamental issues such as the National Question, operation of the federal system, problem of governance,

corruption, inter-group conflicts and violence, and the sustainability of democracy and development of the State. In broad terms, a resource is any material object, natural or synthetic, that has or produces some value. Majority of works on resources have tended to focus the analyses on a single resource, especially oil. The politics and dynamics of resource management in Nigeria make imperative to consider a broader view of resources, one that encompasses the totality of natural and human endowment of a country or region. Such broad definition would include as resources elements like human population, minerals, fuels and gas; forests, livestock; wildlife and fisheries; as well as flora and fauna. In context, resource refers to the totality of social and physical endowments or assets of a particular country. In defining resources, there is need to consider their classification, the basis of which is usually a distinction between renewability and non-renewability. The former includes forests, wildlife, livestock, and the unifying factor is their capacities for regeneration. The later include non-living mineral or fuel resources that are not replaceable. In practical terms this distinction is better conceptualized as a continuum, for all resources-renewable and non-renewable-form a single continuum from the most renewable to the least renewable.

Resource control can be defined as a basic economic theory grounded in the fact that land, labour, capital and entrepreneurship are factors of production within the context of a federation. It implies that federating units within a federation have a right to primarily control the natural resources within their borders and make an agreed contribution towards the maintenance of common services (Azaiki, 2003). Sagay (2000) argues that resource control involves two major components namely: the power and right of a community or state to raise funds by way of taxation on persons, maters, services and materials within its territory, for example the right to raise and control Value Added Tax(VAT) and the exclusive rights to the ownership and control of resources, both natural and created within its territory.

Resource control also means resource ownership. Within this context, ownership means the legal right of possession, it is a proprietorship; it implies the right to use, alienate or even destroy what is owned. The right to own property-movable and immovable- is a natural, international and constitutional right. Section 43 of the Constitution of the Federal Republic of Nigeria 1999 (as amended) guarantee to every citizen the right to acquire and own immovable property anywhere in Nigeria. It is also a fundamental principle of law that whoever owns an immovable property owns the interests in it based on the maxim, "all that is attached to land becomes a part of it (34). This is the principle of law practice in all countries, including Nigeria. A corollary to this right is contained section 44(1) of the 1999 constitution provides that "No movable property or any interest in an immovable property shall be taken possession of compulsorily and no right over or interest in any part of Nigeria except in the manner for the purposes prescribed by law (Position of the South-South Geo-Political Zone, 2014 National Political Conference). International law also guarantees peoples that the right to permanent sovereignty over their natural wealth and resources (The International Covenant on Civil and Political Rights of 1966).

The principle of derivation is associated with ownership. The synonyms for the word "derivation" includes "origin" "root" "source" "beginning" "seed", "cradle" or descent. To derive means to get or obtain of receive or take or draw something. With respect to mineral oils, it simply means an acknowledgement that oil is derived from those states. This implies that derivation principle is a form of compensation for continuing to dispossess the oil-bearing states of the interest in their immovable property and depriving them of their own means of subsistence. The form and manner of compensation depends on the nature of property forcefully acquired. For the people of the Niger Delta, the point needing stress is that derivation is not compensation for ecological damage on account of mineral prospecting and extraction, as erroneously peddled in many quarters.

Resource control is therefore, a doctrine of economic independence and liberation, first from the stranglehold of the State, second, from manipulation, exploitation and expropriation of foreign monopoly capital and its local agents. It means gaining ultimate control over the people's domestic economy. This practically means that all multinationals in the extractive sector must enter into agreements with the local people. This equally means that the commanding heights of the oil industry are controlled by Niger Deltans. It further means full employment for all employable indigenes of the area in the oil industry as of right at wages and related remuneration that takes into account contribution to the sector. Finally, it implies reasonable distribution of revenues from oil to dispel permanently the ravages of penury, starvation and hunger throughout the region.

There have been several demands and petitions from ethnic nationalities and communities in the region seeking attention from governments and other interests operating in the region. These petitions emanated from individuals, communities, ethnic nationalities, inter-ethnic conferences and various meetings. The petitions are presented in the form of memoranda, letters, bills of rights, charters or declarations and mostly addressed to the Federal and states governments and the oil companies. The petitions and representations include the following: The Ogoni Bill of Rights, 1990; the Charter of Demand of the Ogbia People 1992; Kaiama Declaration, 1998;Resolutions of the First Urhobo Economic Summit, 1998; Akalaka Declaration 1999;The Warri Accord, 1999; Ikwere Rescue Charter 1999; Niger Delta Indigenous Women Conference, 1999;The Oron Bill of Rights 1999; and The Niger Delta People's Compact, 2008. The people positions contained in these documents are diverse but by no means exclusive. They capture the essence of the demands and their place in understanding the

Region's crisis and the search for solution (RTCND, 2009:41).

5. Conclusion

The drastic reduction of the derivative principle from 100% (1953), 50% (1960), 45% (1970), 20% (1975), 2% (1982), 1.5 (1984), 3% (1992), and 13% (1995 to date) bespeaks of the inconsiderate and unresponsive character of the Nigerian state to the fundamental development issues in the country. Although the focus for the Niger Delta region in the ensuing debate has been generally on increased derivation from the current 13 percent under the 1999 constitution to 25 percent in the short term, the debate has also produced an equally vehement response for the need to cushion the loss of revenue to other stakeholders in the federation (RTCND, 2009).

The Nigerian situation shows that decisions about management are political decisions, and they intensely affect peoples' lives. Resources not only produce values that help smoothen social existence; it is precisely in this effort that emerge the dynamics and processes of accessibility and control, laws legitimizing such frameworks, the environmental impact of resource management, as well as the social forces at work. The pattern and dynamics of management are however determined by the historical dynamics such as trajectories of the insertion of the country into the world capitalist economy and contemporary globalization; the nature and character of the State and the nature and diversity of society. It is therefore not a surprise that in spite of the various recommendations for improvement of the revenue profile of the Niger Delta, the derivation formula remains unchanged with scant attention to the region's development and restoration of its damaged environment.

The point needing critical attention as debate for restructuring intensifies is how to satisfy the yearnings of the Niger Delta states while designing special funds to support resource deficient states, aid the full adjustment for states that may lose revenue by implementing a derivative revenue framework that ensures equity and justice. Until this is done the current level of revenue allocation to the Region that is the engine room of the national wealth will continue to be a vexed issue with unpalatable socio-political consequences.

There is a growing deficit in the ruling elite practice of federalism, governance and development. This deficit is not due only to the prevailing centralization of power at the federal level but more broadly to growing distance between rulers and the ruled, particularly at the lower levels of governance, feeding a cynicism about politics and a distrust of the political elite, who are perceived as lacking in commitment to use resources generated from the region to bring happiness to the people. The growing deficit of governance is further accentuated by the growing and deepening class polarization in the Niger Delta. There are on the one hand the privileged few who have amassed stupendous wealth through rent-seeking activities, facilitated by their access to state power, flaunting their wealth conspicuously and indulging in crass materialism. There is on the other hand, the impoverished multitude who have lost confidence in the ability of the state to carter for the common interest. Hence, often times resort to self-help even when such actions exacerbate their existential conditions thereby sustaining the robust political economy of conflict. The operators of the Nigerian state cannot continue to run away from this problem. The earlier these issues are give the necessary attention and action that it deserves, the better for the nation.

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