

**FISCAL FEDERALISM AND RESOURCE CONTROL IN NIGERIA****ABUBAKAR IDRIS HASSAN (PH. D)**

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**ABSTRACT**

*Resource control and true federalism have remained two contentious factors in the Nigerian body polity. They have been in the front burner of the national discourse since the return to democracy in Nigeria. This research therefore investigates the fiscal federalism and resource control in Nigeria. The research is qualitative in nature therefore using mainly secondary sources of data. The study adopts the Elite theory as its framework of analysis. It contends that the emergence of the military in politics distorted the Nigeria federal structure in the post-civil war era, when oil politics, revenue allocation system and resource control became one of the critical destabilizing factors in Nigeria's federal experiment. Moreso lack of visionary political leadership and corruption are the major contributors to the agitation for true federalism in Nigeria. It recommends among others that; the character of the Nigerian state must be restructured. This means that the ethnic driven politics and the politics of personal interest and self-aggrandizement must be put to an end. Nigerian political leaders must place national interest above tribal or ethnic interest. The interplay between the centripetal and centrifugal forces in Nigeria's power equation should be balanced for the ultimate good of society.*

**INTRODUCTION**

The survival and ultimate success of any federal system depends on an acceptable control of resources and functions among the three levels of government so that efficiency in the use of scarce resources is encouraged, while reducing inequality in the treatment of individuals and among different states (Lambert, 2006). It is obvious that the nature of resource control mechanism is not only controversial, but also patently skewed in favour of the centre even when the centre has not shown better way of investing the huge allocations it gets from controlling such resources. The problem becomes even more acute due to the political dimension the issue has assumed; with tempers flaring along geo-political lines over perceived injustices in the way the country's resources are being controlled.

The issue of resource control has however created a gulf of suspicion between the various geo-political zones in Nigeria, hence, the continuous search for the best and acceptable formula for controlling resources in our federation (Ifesinachi, 2015 p.94). Nigeria as a nation-state date back to the 1914 amalgamation. Obi (2009) argues that the amalgamation was informed by the desire of the colonialist (British) to achieve a balance between the budget deficit of the Northern protectorate and the surplus of the colony and protectorate of the south. This action also had the advantage of securing a reduction in the cost of administering the two protectorates. This may have marked the beginning of lopsidedness in the nation and seems to set the tone for disagreements over fiscal matters.

The declaration of May 29, 1999 as Democracy Day by the federal government became a turning point in resource control agitation in Nigeria, owing to the fact that democracy permitted the freedom of expression, contrary to the repressive nature of military rule that bedeviled the country for decades. Consequently, the Niger-Delta states became more united in the struggle to control the wealth naturally situated in their lands (Orji & Jaja, 2010). This study therefore seeks to examine the contentious issue of resource control in Nigeria's federalism with a view to proffering relevant solution to incessant agitations and ensure mutual coexistence and effective management of the nation's resources.

The focus of this study however is to interrogate the encumbrances inherent in the 1999 Fourth Republic Constitution in relation to Fiscal Federalism and the Politics of Resource Control especially when viewed by the agitations of the political class, tribal group, secessionist groups and militant organizations in the different parts of the country all claiming to want to control their resources and a upward review of

their share of the derivation formula and the inability of most states to meet their statutory responsibilities to workers and the citizenry. The paper is divided into seven sections with the introduction as first. The second section takes a look at the problems of fiscal federalism and resource control in Nigeria. The third section focuses on conceptual clarification; the fourth is the theoretical framework of analysis, fifth section is the discussions on the fiscal federal and resource control agitations in Nigeria, while the sixth section examines the challenges associated with fiscal federalism in Nigeria. The seventh and last section is the conclusion and recommendations.

### **STATEMENT OF THE PROBLEM**

Nigeria is essentially an artificial creation, which, like most other African states, is a product of colonialism. This fact is central to understanding the country's government and politics, which have been conditioned and bedeviled by the problems of accommodating several diversities: ethnic, linguistic "the ethnic variety in Nigeria is enormous. There are estimated to be between 250 and 400 distinct ethnic groups, with almost 400 different language groupings".

At independence in 1960, Nigeria had comparative potentials with countries like Malaysia, Singapore, Indonesia, South Korea to mention but a few. The aftermath of the 6 July 1967-15 January 1970 Civil War did not dampen the expectations of Nigeria to advance into a modern and prosperous nation. The oil boom of the 1970's presented Nigeria with her best opportunity to develop and transform her economy for the good of her people, Africa, and the human race. The opportunity presented by the surpluses of the oil boom was wasted because of the deviation from the 1960 Independence and 1963 Republican constitutions which granted not only greater fiscal autonomy to the regions, but also empowered them to compete with one another (Onah, 2006). Ironically, with more than 62 years of independence, Nigeria is yet to adopt the formula that could best address the yearning and aspirations from various geopolitical zones especially as relate to agitations of resource control. The reason for this is not farfetched. Nigeria operated a constitution that promoted development along regional line. The regions were economically viable and were the center of politics and economic development. This however changed with the advent of the military into governance. Military governments are characteristically Unitarian, hierarchical, and centralist and these inherent characteristics have influenced the variant of federalism operated in Nigeria since their entrance into politics from 1966 to date. The inconsistencies and departures of the 1999 Constitution from the 1963 constitution laid the ground for renewed clamor for re-structuring of Nigeria's Federalism and resource control in Nigeria's body politics from 1999 to date.

### **CONCEPTUAL ISSUES**

#### **Federalism**

Federalism is one concept that defies for a universal acceptable definition. This is because scholars view it from different perspectives. According to Wheare (1953), federalism as a constitutional arrangement which divides functions between levels of government in such a way that each within its respective spheres of jurisdiction and competence, is independent and coordinate. According to Wheare, this constitutional form is brought about by circumstances where people are prepared to give up only certain powers and wish to retain other limited powers to be exercised by coordinated authorities. He adds that coordinate supremacy of all the levels of government with regard to their respective functions remains a cardinal principle of federalism. This means that federalism has emerged as a particular kind of functional arrangement between states for living and working together nationally, while presenting a measure of separate identity. Corroborating Wheare's definition and description of federalism.

Ekeng (2003) defines federalism as "a dual government where powers are divided and distributed by the constitution between a central government and regional or state governments". Such powers are original and derived. The component units i.e., the regional or state governments are "coordinate independent authorities within their allotted sphere of jurisdiction".

According to Sagay (2006), federalism is an arrangement whereby powers within a multi-national country are shared between a federal government and component units in such a way that each unit, including the central authority exists as a government separately and independently from others. The unit operates directly on persons and properties within its territorial area and with a will of its apparatus for the conduct of affairs and with an authority in some matters exclusive of others.

From the foregoing therefore, it is then understood that federalism must combine both structure and process. Indeed, only where the process of governance as well as the political culture reflects federal

principles is the structure meaningful. There is the freedom of people in each basic component of the federal polity to determine how they are governed. In a federal system, it is imperative that the constituent states/regions have considerable coverage in organizing the forms of government and procedures of governance.

### **Resource Control**

According to Ojo (2010), resource control connotes access of communities and state governments to natural resources located within their boundaries and the freedom to develop and utilize these resources without interference from the federal government. Adebayo (2004) captures the concept of resource control as the principle where every federating unit must be empowered to be self-governing. It is the business of the rest country to help them exercise their right without let or hindrance. Therefore, resource control amounts to an expression of self-determination by the units and it places a collaborative duty on other parts of the country to assist the units realize this objective (Eboh & Igbokwe, 2006).

Ifesinachi (2007) and Emeh (2010) posit that the lion's share of the national revenue given to the federal government runs against the gains of the current global trend in federalism. The federal government has always been accused of taken the "lion's share" of the vertical allocation on itself and delegating more constitutional functions to the states. The 1981 Act which was signed into law and subsequently used in allocating revenues in 1982 gave 55% to the federal government and leaving the state and local government with 35% and 10% respectively. Under this arrangement, state governments cannot be regarded as coordinate units with the central government, and against this background, there is a widespread clamour for the return to "true federalism" thwarted in 1967 with the creation of twelve (12) states. In addition, this high percentage of federal government's share of the revenue, is not only the main source of injustice but also the major cause of corruption, marginalization, instability and reckless agitation for restructuring in the country, Obi (2009). The high concentration of federal wealth on the federal government has culminated into the elimination of the only true principle of federal fiscal operation-principle of derivation, because it takes much away from the people from whose land, these resources are derived from (Nwosu, 2010)

### **Nigeria's Fiscal Federalism: An Appraisal**

The controversy inherent in Nigeria's fiscal federalism, according to Uche and Uche (2004) dates back to the origin of Nigeria hence one of the main reasons for the amalgamation of Northern and Southern Nigeria in 1914 by the colonial government was to enable the colonial government reduce its subsidy on the colony of Northern Nigeria by using up the surpluses from Southern Nigeria, irrespective of the fact that before the 1914 amalgamation of Nigeria, the principle of derivation was in vogue. Each of the regions collects revenues of its internal resources mainly from agricultural, cash or export crops, taxation on import and export and excise duties (Nwokedi, 2005). However, the history of fiscal federalism in Nigeria became glaring from 1940s, such that between 1948 and today, nine commissions, six military decrees, one act of legislature and two supreme court judgments have been resorted to in defining and modifying fiscal interrelationships among the component parts of the federation (Egwaikhide & Isumonah, 2001). That the federal government has always taken the "lion share" of the vertical allocation to itself and delegating more constitutional functions to the states is not an over exaggeration because statistically, the 1981 Act which was signed into law and subsequently used in allocating revenues in 1982 and the remainder of the second Republic gave 55% to the federal government and leaving the states (19) and (589) local governments with 35% and 10% respectively. In 1999, the president Obasanjo amended the formulae to give the federal government 56% and the state and the local government sharing 44%. Political observers believe that the lion's share of the national revenue given to the federal government runs against the grains of the current global trend in federalism... (Onah, 2006).

Under these arrangements, state governments cannot be regarded as coordinate with the central government, and against this background, there is a widespread clamour for the return to "true federalism" thwarted in 1967 with the creation of 12 states. In addition, this high percentage of Federal Government's share of the revenue, is not only the main source of injustice but also the principle cause of corruption, alleviation, marginalization, instability and reckless agitation for restructuring in the country (Chibuike, 2006; cited in Eme, Emeh, & Ugwu, (2012), and this high concentration of federal wealth on the federal government has culminated into the elimination of the only true principle of federal fiscal operation-principle of derivation, because it takes much away from the people from whose land, these resources are derived from.

The first phase of the development of fiscal federalism in Nigeria occurred during the 1948 to 1952 period. This phase was marked by centralized financial arrangement in which the excesses in the budget of the central government were allocated to regional governments on the principle of derivation. The expenditure needs of the central government thus took precedence.

In the second phase (1952-54) autonomous revenue and tax jurisdiction for the regional government was introduced in addition to the operation of the principle of derivation for the sharing of the federal collected revenue. The basic element of the second phase was carried over to the third phase (1954-59). A major distinguishing factor of this phase was the emphasis on the derivation principle in the sharing of the federally collected revenue. This pleased the North and West giving the boom in their export commodities: cotton and groundnut in the North and cocoa in the West. The Eastern Region, whose main export crop: palm oil was facing difficult time in the global market, was unhappy with the application.

In general, this was a period of state centered fiscal federalism. It has remained the reference point by present day proponents of either higher emphasis of derivation or resource control, especially minorities of the oil producing area. Some advocates of resource control actually equate it with 100% derivation. The fourth phase (1960-66) which remains the main pillars of fiscal federalism to date was a product of independent politics. This phase sought to reduce the earlier emphasis on regional financial independence base on the principle of derivation. It was argued that the financial stability of the federal government was necessary for the stability of the regions.

Following from this, the 1960 and 1963 constitution provided for 50% derivation in respect of revenue from all mineral. It was in this phase that the Distributable Pool Account (the forerunner of today's federation account) was instituted. Specified tax proceeds collected by the federal government was paid into this account and then distributed to the regions based on the following criteria: Continuity in government services. Minimum responsibilities of each government Need based on population size of the region, the balanced development of the federation.

The fifth phase, beginning from 1966 has been characterized by increasing centralization as the states have become increasingly more dependent on the Centre. This period has coincided largely with the military stronghold on Nigeria politics. The centrist command structure of the military was brought to bear on intergovernmental fiscal relationship. A number of historical occurrence and events were exploited to promote the centrist preference of military rulers. Of these, the civil war and state creation were the most important. The creation of states from the regions and continuous fragmentation of states from the regions became instruments for promoting a concentration of fiscal authority at the center. In addition to this, various decrees were promulgated, expropriating tax authority and jurisdiction from the state.

The centrist philosophy found its way into the 1999 constitution of the Federal Republic of Nigeria handed down by the military. This is the exegesis of the section 162(2) of the 1999 Constitution. Even under democracy, fiscal centralization has been too attractive for democratically elected governments at the centre to resist. Calls by lower tiers of government for more decentralization of fiscal arrangement have continued to fall on deaf ears. Fiscal Mobilization Commissions appointed by the central government and the National Assemblies have continued to formulate revenue allocation formulas which maintained fiscal centralism (Egwaikhide and Isumonahcited in Ozo-Eson, 2015), without much consideration for the derivation principle.

The inception of democracy in 1999 brought civil authority to power. The central government was accused by oil producing states of not adhering to derivation principles as enshrined in the 1999 constitution of Nigeria. The onshore-offshore dichotomy states that oil found in the sea cannot be ascribed to the adjoining state. Invariably this was done to reduce huge revenue allocation to oil producing states by the Obasanjo government. The controversy surrounding the onshore-offshore dichotomy is a clarion call for oil states to agitate for "resource control" from oil proceeds. These culminated in some states suing the federal government. The Revenue Mobilization and Fiscal Commission (RMAFC) inaugurated in 1999 was effective because Mr. President with Federal Ministry of Finance were barred from interfering in revenue sharing. In 2004, the Federal Ministry of Finance in a letter to the Commission requested 54.68 percent for central government and they ignored their request for non-compliance with the provisions of section 164(1), 1999 constitution. The call for sub-national units and the central government to have more decentralized fiscal arrangement fell on deaf ears, fiscal commissions appointed by central government and national assembly formulate revenue principles centered on fiscal centralism, even when federal government attempted not to respect those formulas. The long incursion of the military into politics contributed to centrist fiscal federalism in Nigeria and this has distorted true federalism (Nkwede, Tiben & Orga, 2013).

For years there has been agitation primarily by southern states for restructuring to “true” federalism. It is as old as Nigeria’s democratic journey. Then the trust was and still is about how much natural resources from my backyard go to feed the collective pool. Nothing much was achieved despite these agitations. Recent events point to the direction of using other means to achieve the objectives of “true” federalism. The move is unfolding very fast. The voices for true federalism are increasing daily and getting more united across party lines.

Apostles of a new federalism or fiscal federalism seem to have found a new route to their destination. This new traction, championed not by ordinary people but by highly placed elected leaders and political operatives, have further widened the natural fault lines of Southern, Middle Belt and Northern Nigeria. In this new unfolding scenario, the theatre of war is not some constitutional conference, constituent assembly, national conference or even National Assembly but through the platform of the states or in a more collective sense “southern states” using the same constitution we know.

These recent developments have achieved something very significant. States have reclaimed the inner spirit of the constitution by reiterating, in every available public space, its core principles of a federation and respect for the diversity of cultures. This state- sponsored push towards more fiscal federalism happened despite relentless resistance by the federal government to hold on to the old system that is not working. The tendency towards fiscal federalism has now reached an unprecedented height. The State governments are pushing for this from four different directions: exercising greater financial power starting from Value Added Tax (VAT) and going for more Internally Generated Revenue (IGR); establishing local security infrastructure parallel to federal ones; anti-open grazing laws; southern governors’ pressure for zoning of presidency to the South across all parties (The Cable, 2023).

Security is another area where the states want significant control. Almost all the southern states, organized along the lines of the three geo-political zones, have regional security outfits. Although a child of necessity, these regional security outfits are created to complement the work of the federal police services. The synergy amongst these state outfits across the region is noteworthy. For the first time in Nigeria history, the states are formalizing their security operations and creating security institutions working in tandem with the Nigerian police, a federal security outfit. Security was almost an exclusive item for the federal government, and all calls for state police had previously fallen on deaf ears. The pertinent question is: is this the first step to launching state police?

Although not a democratic decision or backed by the constitution, prior to the 2023 general elections in Nigeria, the southern governors are clamouring for the zoning of the 2023 presidency to the South. They argue that the nature of Nigeria’s federalism dictates that justice, equity and fairness is not only seen to have been always done in power-sharing but must be done to save our federation from imploding. The southern governor’s unity across party lines in clamouring for this is unprecedented in Nigeria’s political history (The Cable, 2023). However, it appears that restructuring or true federalism is a matter we cannot wish away. As matters stand today, it is a reality we must resolve for our country to move forward. The State governments, especially in the South, seem to be forcing a new form of federalism on Nigeria by looking inward in the existing constitution and enforcing their rights in areas hitherto seen as the exclusive preserve of the federal government.

## **THEORETICAL FRAMEWORK**

This paper has its theoretical base laid in Elite theory. Elite theory lies most clearly in the writings of Gaetano Mosca (1858-1941), Vilfredo Pareto (1848-1923), and Robert Michels (1876-1936). According to these scholars, the elite owe their position to the superiority of their personal characteristics or attribute. For example, they may possess considerable organizational ability, a talent which they believe to be the basis for leadership. Or they may possess a high degree of cunning and intelligence, qualities which some people saw as one of the prerequisites of power. This theory also argues that all societies are divided into two main groups, viz, a ruling minority and the ruled. Major decisions which affect the society are by the elite. Even in, the so-called democratic societies, these decisions will usually reflect the concerns of the elite rather than the wishes of the people. Elite theorists picture the majority as apathetic and unconcerned with the major issues of the day. The mass of the population is largely controlled and manipulated by the elite, passively accepting the propaganda which justifies elite rule.

The importance of this Elitist paradigm as theoretical framework in this research work can therefore not be over-emphasized for it not only x-rayed the root cause of the housing problems in Nigeria. The

governing elite in the Nigerian state receive the huge allocations from the federation account, and social service delivery is barely existent to have any meaningful impact on the majority of the population. Resource control agitations can thus be viewed as an elite creation and tool to manipulate the ignorant mass of the people in serving the elite agenda. This explains why fiscal practice in Nigeria has been subjected to serious manipulation by the elite. It is to such an extent that the majority of the population are not carried along at the conception/formulation stage, except at the implementation stage where they are affected. This top-bottom approach to decision-making characteristic of the elite, frequently generate conflicts.

## **METHODS**

The study used ex-post facto research design to examine the fiscal federalism and resource control agitation in Nigeria. Qualitative and historical method was also applied in analyzing the data through descriptive and historical approach. The qualitative and historical method provides us with clear perspective into our research problem by giving us the opportunity to understand the historical details and accurate account of the past and use it to discuss the present. The data of the study were generated from qualitative tools. This comprises of both published and unpublished materials such as textbooks, journals, newspapers, magazine, conference and seminar papers and internet materials.

## **FISCAL FEDERALISM AND RESOURCE CONTROL AGITATION IN NIGERIA**

Definition of Harold Laswell of politics solely concentrated on the political elite who are the primary holders of power in society. Lasswell's book, 'Politics, Who Gets What, When and How' stated clearly the elite politics and how they get anything they want in society. Harold Laswell's notion of politics is primarily centred on power and the influence of the influencers in society. He, however, conceptualized power as the ability to partake in decision making which politically has intended effects on the people. Initially what interests me the most in Laswell's definition of politics is the use of when and how. The relevance of the use of when and how resources are shared and the unequal revenue allocation have been causing a lot of agitations and a series of incessant crises in Nigeria such as the cry of marginalization by the South, and agitations for secession. These are the issues that copulated to terrorism in Nigeria and brought about Boko Haram, kidnapping, banditry, and gunmen attacks.

Taking a look at the incessant crisis in the country, we can deduce that its origin is traceable to the amalgamation of the Northern and the Southern Protectorate of 1914. The intention of Lord Lugard's amalgamation was to unite the country to promote peace and unity with little no consideration on the ethnic, cultural dynamics of various regions in terms of resource allocations.

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'. In recent times, this issue has assumed crisis proportion as the oil producing communities have fiercely asserted their claims to ownership following decades of uninterrupted process of economic marginalization and political repression (Anam-Ndu, 2007).

The issue of resource control was first muted in 1953 at the London Conference constitutional. Chicks' commission was appointed to work out a suitable fiscal revenue sharing arrangement between the central and regional government. It recommended that Regions should collect and retain revenues from personal income tax, License and service fees, interest on loans and earnings on surplus funds invested, revenue from regional department, etc. The Raisman commission of 1958 recommended that derivation principle be ensured so that 50 per cent allocation to the region of origin of the mineral resources be guaranteed. Even though some minor resentment was in the offing, military interventions appeared to have exacerbated such resentments because of the abolishment of the derivation principle (Mohammed & Suleiman, 2018).

With the implementation of the derivation principle beginning from the period immediately following the termination of military rule in 1999, more oil-generated revenues were allocated to the oil-producing states. Although, this is a constitutional requirement, it may still be argued that it is also an effort on the part of the Nigerian state to redress the deep-seated underdevelopment that has characterized the region. Indeed, it has been observed that some of Nigeria's oil-producing states 'control revenues larger than those of some neighbouring countries' (Mustapha, 2009). However, the massive increase in the revenue of these states has not transformed the socio-economic well-being of the ordinary people who have continued to wallow in poverty, and some regions particularly oil reach region (Niger Delta) continued to remain underdeveloped. Therefore, it seems reasonable to suggest that the main factor responsible for the gross underdevelopment

of the Niger Delta area is not about the proportion of the centrally generated oil revenue going to the area or a lack of revenue, but about how the funds allocated have been utilized.

An obvious starting point, therefore, is to define the term 'corruption'. The concept has no standard definition, but an attempt is made here to arrive at a working definition. The Webster's International Dictionary defines corruption as the 'impairment of integrity, virtue, moral principle' as well as 'inducement (as of a political official) by means of improper considerations (as bribery) to commit a violation of duty'.

Highlighting the costs of corruption, the UN Secretary-General, Mr Ban Ki-moon, in his 2009 statement for the International Anti-Corruption Day observed that: When public money is stolen for private gain, it means fewer resources to build schools, hospitals, roads and water treatment facilities. When foreign aid is diverted into private bank accounts, major infrastructure projects come to a halt... The vulnerable suffer first and worst. These assertions fit perfectly into the Niger Delta case because due to a lack of adequate checks on office holders, particularly the governors, public funds that could have been used to provide public goods are siphoned mostly through kickbacks from contractors. This explains why social services such as education and health are grossly underfunded. For example, it was reported that, 'there are schools in the region where pupils still sit on bare floors with leaking roofs' and 'nearly all school facilities are in a state of extreme disrepair' (Ajodo-Adebanjoko & Ojua, 2013). It is interesting to note at this juncture that, the federal government cannot be held responsible for the underdevelopment of Niger Delta, this is because, the governors particularly, continue to enjoy a life of luxury, courtesy of their ill-gotten wealth. Some of these governors have enormous resources at their disposal but they lack the vision on how to develop their states and boost the economic prosperity of their states. In our South-South, Niger Delta areas we have problems. In the Niger Delta with all the money, derivatives from the federal government are a complete disaster. The state governors should be held responsible for the underdevelopment and disaster in Niger Delta Region. For instance, a total budget of N485.7 billion was proposed for the NDDC in 2021, N928.2 billion in 2022, and N876 billion in 2023 without adequate development to show for it.

For example, it was discovered that Mr. Alamieyeseigha, who was arrested in London in September 2005 and subsequently impeached in December 2005 for a host of corrupt practices, had allegedly stashed away £1m in his London home, in addition to the sums of £420,000 and £470,000 found in different accounts belonging to him, as well as assets worth £10m (Vanguard, 3 February 2006, p. 15). Moreover, the ex-governor was also accused by Nigeria's Independent Corrupt Practices Commission (ICPC) of 'approving several dubious contracts and payments totaling 1.7 billion naira in favour of eight fictitious companies', in addition to other contracts totaling 667,258 million naira awarded to fictitious companies (Enweremadu, 2009, p.12). In July 2007, a Lagos high court sentenced the ex-governor to two years for offences relating to money laundering and other corrupt practices, but he was released two days later because he had already served two years in prison since his arrest, (<http://news.bbc.co.uk/1/hi/world/africa/6917923.stm>). However, in a national show of shame, the former governor was officially pardoned in March 2013 by President Goodluck Jonathan because he had been 'remorseful'. In a similar vein, in late 2006, Nigeria's Economic and Financial Crimes Commission (EFCC) published a report of investigation into the rivers state's finances, in which it said over 100 billion naira was diverted into private bank accounts during Odili's administration. The report contained allegations of large-scale fraud, conversion of public funds, foreign exchange malpractices, and money laundering and similar offences against the former governor (Daily Trust, 7 August 2012). According to a BBC news story, Ibori bought: a house in Hampstead, North London, for £2.2m; a property in Shaftesbury, Dorset, for £311,000; a £3.2m mansion in Sandton, near Johannesburg, South Africa; a fleet of armored Range Rovers valued at £600,000; a £120,000 Bentley; and a Mercedes Maybach for 407,000 euros that was shipped to his mansion in South Africa (Najakkum, 2016).

The foregoing is a clear demonstration that in Nigeria, public office brings enormous opportunities to the office holders, and this explains why politics in the country is a zero-sum game and a matter of life and death. According to Diamond (1993), the stakes in Nigerian politics are high because: Office holding in Nigeria has come to mean the opportunity for phenomenal illicit gain. Since the flood of oil wealth that began in 1973-74 washed away virtually all pretence of discretion and restraint, the scramble for irregular personal and group enrichment has become the bane of every Nigerian government, civilian and military alike (Najakkum, 2016).

Similarly, it can be recalled that some form of altercation fuel agitations for resource agitation in Nigeria. For instance, disagreement between the nation's former president, Olusegun Obasanjo, and former Information Minister, Edwin Clark, over the ownership of oil resources beneath the ground of Niger Delta

in 2022 roused a dormant debate which unless averting subsequent argument would continue to be a sore point in the nation's conversations on the control of its mineral resources (Boloji, 2022).

On the other hand, the inequitable application of the derivation principle, where the federal government has enforced its control of the oil resource in the Niger Delta and other littoral states, including Imo, Anambra and Lagos, and has been unable to exert the same control over the mining of rich mineral resources including gold in most part of the North, particularly Kebbi and Zamfara States, with the effect that individuals and the state governments have been exploring and exploiting those benefits for their exclusive benefits is capable of causing further agitations. Recently, in 2022, the Central Bank of Nigeria bought some gold bars from the Zamfara State government. It is this type of double standard that has continued to fuel the resource control debate and agitation (Boloji, 2022).

There is ample evidence to suggest that Nigeria's wealth has not benefitted most Nigerians, especially those in the oil-rich region of the country. The Niger Delta region represents a paradox of sort in the sense that, the region produces the country's oil wealth yet its people live in poverty. Indeed, oil production in the region has become a source of despondency for the citizens of the area who have had their means of livelihood destroyed due to decades of oil exploration. It is therefore not unreasonable to expect those who bear the brunt of Nigeria's oil economy to benefit from the same economy that has left them economically less productive. Similarly, it is not unreasonable to expect the region that produces the oil wealth of the entire country to be reasonably developed, at least in terms of infrastructural development of their area. It is pertinent to note that The Nigerian National Petroleum Company Limited in January, 2023 announced the discovery of oil in Nasarawa State. The company had disclosed this in a document on the frontier exploration services activities of the NNPC from 2020 to 2022, as outlined some prospective states where oil was expected to be discovered include Niger, Sokoto, Borno, Yobe, Adamawa, Bauchi, and Gombe (Punch Newspaper, 2023).

The story thus far is that the Nigerian state has over the years made some appreciable efforts to address the underdevelopment of the Niger Delta area, but corruption has continued to take its toll on the people, as well as on the states in the region. The abundance of oil rents seems to make corruption almost inevitable in Nigeria, particularly in the Niger Delta region where politicians have converted the region's share of national revenue into their main source of wealth. With corruption firmly entrenched in public life, oil wealth becomes incapable of transforming the area. This translates to mean that successive leadership in the Niger Delta region is more culpable in the underdevelopment of the region.

Nigerian political elite can hardly survive in an environment where corrupt practices are forbidden. For the average Nigerian politician, political power is an avenue to have a share of the 'national cake'. For oil revenue to make any positive impact on the Niger Delta region corruption must be genuinely outlawed. Therefore, one significant way of minimizing corruption at state levels would be to expunge Section 308 of the Constitution which shields governors from prosecution. Getting the politicians to repeal this section of the Constitution would be difficult but this is one way to minimize corruption which has become a cog in the wheel of development in the area.

### **CHALLENGES BEDEVILING FISCAL FEDERALISM IN NIGERIA**

Despite the various revenue commissions provided during the pre-independence and post-independence eras in Nigeria by past governments, the problems of resource control among the three tiers of government are yet to be settled due to the following reasons:

- (a) Excessive reliance on oil as a source of revenue. The oil boom and Nigeria's dependence solely on oil revenue introduced a new dimension to fiscal federalism and resource management because other sources of revenue were neglected. The centre and federating units now depend on oil revenue for survival, this has led to laziness on the part of the centre and the federating units with all parties struggling for the oil wind fall money. Internally generated revenue has been low and half-heartedly developed by the units (Okafor, 2017).
- (b) Corruption, Godfatherism, Cross-carpeting and abuse of office and outright looting of the treasury started during the military government but became very intense in the democratic government of Obasanjo, from 1999-2007. The corruption and abuse of office on the part of federal, state and local government functionaries is a serious problem to revenue sharing in Nigeria. The management of



special funds (from the federation account) for public works project execution in both the centres and federating units are diverted into private purse, the resultant effect is unaccomplished government programmes that will be of benefit to the people, uncompleted projects all over the country and thus, underdeveloped states and local government units (Najakkum, 2016).

- (c) Revenue sharing in Nigeria has not considered income levels, government expenditure, public services, levels of indices of development, thus, leading to wide regional disparities in the country.
- (d) The various commissions of revenue allocation in Nigeria lacked adequate data about the key economic sector and this resulted in the inability of the commission to quantify some of the principles that were recommended.
- (e) Since 1946, most revenue allocations have been prompted by constitutional and political changes. This practice had tended to play down economic considerations even though revenue allocation is essentially an exercise in the allocation of funds for economic development.
- (f) Fiscal federalism in Nigeria has always been alleged to be politicized; the federal government's manipulation of allocation to its advantage has brought about vertical imbalance (Okafor, 2017).
- (g) Unrealistic population figures from states and local governments. Population census is one of the most politicized issues in Nigeria's political system. This is because Nigerians believed that high population is the only get way to sharing of national cake. Thus, state and local governments shared up their population count. This act renders the principles of population in revenue sharing ineffective.

### CONCLUSION AND RECOMMENDATIONS

The essence of true federalism is to allow component units of the federation achieve some significant measure of autonomy to manage their affairs. The federalist debate in Nigeria centres essentially on the need to understand the basis of the contract of true federalism and resource control. Despite the contrived arrangement as articulated by the ruling class, the systematic dysfunction has resulted in a series of violent, dramatic and traumatic inter-ethno regional confrontation, ventilating the essence of the debate. It is important to note that one of the reasons for this unending resource control problems in Nigeria is the contradiction and imperfections of the Nigeria federation, there is a need to restructure the Nigerian federation. If more resources are given to states and council, the frequent protests of marginalization, resources deprival, neglect and absence of federalism presence will be curtailed since the states will have more resources to directly attend to their development needs.

It is a fact that a strong link exists between oil and the crisis facing Nigerian Federation. The struggle among dominant groups in Nigeria as they seek to expand their niches, each trying to out-do in the belief that it would be, or it is being subjugated and marginalized or schemed out by others. The result of this state of affairs is recurring instability, the endangering of the nation-state project as presently constituted. As it is, the issue of sharing revenues has become a bitterly contested point in the on-going intra class and inter-tier struggles, even though the allocation system has not been able to give life to a productive base or any real development.

Some fundamental steps need to be taken to surpass the present crisis-ridden conjunctive. The first step is the deliberate creation of an inclusive political and economic atmosphere via zoning, federal character, affirmative policies to all segments of the society and most especially the most vulnerable segment. The concentration of power over oil has to be systematically broken down, with emphasis on the devolution of power and accountability. This would provide the basis for fairness to all groups and federating units.

In the light of our findings in this research study some salient recommendations are made that may serve as therapeutics to the menace in the Nigerian state viz:

- 1) The attitude of political elites in the Niger Delta has come under scrutiny in this research and the popular verdict is that their actions has been a disservice to their people as they have compromised the trust reposed in them by their people. Therefore, there is need to set external monitor team which will include the community leaders to checkmate the development of the region
- 2) The interplay between the centripetal and centrifugal forces in Nigeria's power equation should be balanced for the ultimate good of society. In this regard, the positive aspects of the recommendations of the 2005 and 2014 Conferences must be further harnessed and tested with the view of finding a workable solution to the desire of Nigerians for development.

- 3) However, cogent as the demand for resource control may be, those agitating for it should continue to use dialogue, diplomacy and superior argument instead of violence. The agreement and the understanding reached by the founding fathers of the Nigerian nation should not be undermined.
- 4) Finally, cogent as the demand for resource control may be, those agitating for it should continue to use dialogue, diplomacy and superior argument instead of violence to ask for their rights.

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