

## Expropriation of Petroleum Ownership: Institutionalization of Poverty by Dispossession of the Niger Delta Region

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### Abstract

*By laws, the Nigerian state, controlled by hegemonic ethnocentric majority, has systematically expropriated the ownership of the petroleum resources found in the Niger Delta region (NDR). By expropriating ownership of the petroleum resources and denying the rightful owners access to revenue accrued from their natural resource endowments, the Nigerian state has ipso facto institutionalized poverty in the NDR by dispossession and deprivation. While the region is deprived of the revenue from its oil, it is also plagued by environmental degradation and dehumanizing poverty. The confluence of resource ownership dispossession and poverty has triggered resistance, militancy, conflict, and crisis.*

**Keywords:** Expropriation, dispossession, deprivation, poverty, resistance, militancy, ecology, sustainability

[Niger Delta] should be paradise. A land of plenty. The finest schools and hospitals, gleaming infrastructure that shames the West, a place where wealth literally oozes out of the marshy undergrowth. This was the dream, anyhow. To say it has turned into a nightmare doesn't do justice to the horror that the Niger Delta has become; it doesn't even begin to describe just how disastrous the discovery of oil more than 50 years ago has been for the people who live here (Bloomfield, 2008, August 2).

### 1. Introduction

By swaths of military decrees, laws of the National Assembly, and perverted constitutions, the Nigerian state, controlled by hegemonic ethnocentric majority, has systematically expropriated the ownership of the petroleum resources found in the Niger Delta region (NDR). By expropriating ownership of the petroleum resources and denying the NDR revenue accrued from their natural resource endowments, the state has *ipso facto* institutionalized poverty in the NDR by dispossession and deprivation. *Tell Magazine* cited statistics indicating that as at 2007, about 23,183.9 billion barrels of crude oil were produced in the NDR, which generated N29.8 trillion naira in revenue (Paki and Ebiefa, 2011:140). Petroleum resources from the NDR generate as much as 80 per cent of the government revenue; provide 95 per cent of foreign exchange earnings; and garner 96 per cent of export revenue for the country (Agbibo, 2015; Francis, LaPin, and Rossiasco, 2011; Ibori, 2009; Watts, 2004). Yet, the NDR is mired in abject poverty, dilapidated shanties, crumbling infrastructure, and obscene environmental carnage.

Found in large quantities in the NDR, petroleum resources are lifeblood of the Nigerian political economy, and they are critical to the country's "economic survival" (Boris, 2015:563) as well as "national survival" (Ikelegbe, 2005:208). However, exploitation of the petroleum resources has wreaked ecological catastrophes in the NDR, depriving it of livelihoods, requisite means of socioeconomic development, and self-actualization. Farmlands, fish ponds, mangrove forests, and wetlands have been destroyed by decades of pollution as a result of reckless operations of the petroleum industry by TNCs. So, while oil is a blessing to Nigeria, it is a curse to the NDR due to ecological tragedies (Eaton, 1997; Paki and Ebiefa, 2011); uncaring disposition of the state; and insensitivity of oil TNCs. The NDR citizens have witnessed "decades of reckless environmental degradation, barefaced economic exploitation, arrogance, insensitivity and mistreatment of the native communities by the MNCs" (Ikelegbe, 2005:225).

The purpose of this paper is to interrogate how the Nigerian state has institutionalized poverty in the NDR by dispossession and deprivation. I argue that the dehumanizing poverty in the NDR in the midst of gargantuan revenue generated from the petroleum resources extracted from its lands is the result of obnoxious laws that have expropriated ownership of those resources from the owners and vested them in the federal government. The roots of the conflict in the NDR are the obnoxious expropriation laws that have seized ownership and control of the petroleum resources from the rightful owners and given them to the state. As a result, the region has been deprived of peace, progress, justice, and resources that were expected to bring about good life to its inhabitants (Inokoba and Imbua, 2008:647).

The NDR suffers from enormous negative externalities of oil activities evidenced by incessant oil spills and massive gas flaring which destroy the local livelihoods (Edoho, 2008a, 2008b; Ojo, 2010). Data of the Department of Petroleum Resources show that between 1976 and 1996, a total of 4,835 pipeline incidents resulted in the spillage of at least 2,446,322 barrels of oil (Ebegbulem, Ekpe, and Adejumo, 2013:280). Between 2000 and 2015, Nigeria reportedly produced 33,136,101,351 million standard cubic feet (mscf) of natural gas of which 31 per cent or 10,290,099,374 mscf were flared. At the same time, 2.4 billion metric tons of oil were spilled in the NDR (NNPC, 1999-2015). Omotola (2006:10) said: “due to incessant oil spillages, the people have been deprived of their main sources of livelihood, that is fishing and farming.

Oil spills have inflicted unimaginable levels of damages on farmlands and rivers such that they can no longer sustain soil nutrients and aquatic resources. Ecological tragedies in the NDR is a metaphor for ineptitude of leadership of the Nigerian state in enforcing corporate environmental accountability in the oil industry (Eaton, 1997; Ekhaton, 2013, 2016). This is attributed to the “unholy alliance” (Edoho, 2008a, 2008b) between the Nigerian state in joint venture partnerships with Shell, ChevronTexaco, ExxonMobil, Total, and Agip/(Eni) which, according to the Nigerian Oil and Gas Sector Reform Implementation Committee (OGIC), account for over 95 percent of Nigeria’s aggregate oil and gas production (Awhotu, 2008). It is “unequivocal that the state and oil companies had engaged in some sort of exploitation partnerships, which subject the oil-producing communities to unabated poverty and their irresponsibility in the discharge of their legal and social responsibilities” (Larry and Ekundayo, 2017:305).

If a healthy environment is critical to sustenance, survival, and well-being of humanity, then the destruction of the environment is tantamount to destruction of source of life itself. The links between human well-being and environment have long been established. Aghalino (2011:177) submitted that “the health of the environment and the lives of the people are intertwined with the health of the water system. The food, water and cultural identity of many local people are closely related to the delta ecosystem.” For the environmentally beleaguered NDR, enjoyment of basic human rights is both a luxury and elusive.

This paper is organized into seven sections. Following this introduction is a conceptual and theoretical framework for the study. In the third section, the profile of and background information on NDR is provided. In the fourth section, obnoxious laws of expropriation and dispossession are identified and briefly discussed. The fifth section discusses the revenue allocation system and how the obnoxious expropriation laws have affected derivation principle in revenue allocation to the NDR. The sixth section conducts a comparative analysis of the derivation and deprivation principles, while the seventh section offers policy solutions to the situations in the NDR and conclusion.

## **2. Conceptual Clarifications and Theoretical Framework**

It is critical to understand certain interrelated constructs as will be evident in this study. Among them are “derivation” versus “deprivation” principles. Derivation principle is well known in the lexicon of revenue allocation in Nigeria. As Akpan and Ukpai (2019:5) have noted, “the principle of Derivation has strong historical antecedent in Nigeria.” Derivation principle is a mechanism for revenue allocation that has been a staple in various constitutions (1960, 1963, 1979, and 1999) of the country. Thus, derivation principle is a constitutional provision that seeks to compensate for an expropriated ownership and which the government must implement. The rationale of the derivation principle is the need to allocate part of the oil and gas revenue to the littoral states to help them combat the ecological and environmental damage caused in their communities as a result of oil exploration and production (Okonkwo, 2017:173).

In sharp contrast to derivation principle, I use deprivation principle in this study to explain how the ethnocentric ethnic majority have manipulated the instrumentalities of state power to expropriate the ownership of petroleum resources from ethnic minority in the NDR. By so doing, they dispossess ethnic minority of their rightful claims to oil resources extracted from their lands, and thus deprived them of the revenue accruing from them. According to Obi (2010:223), since the oil-producing communities had been stripped of their “legal claim to the ‘ownership’ of oil produced from under their lands and waters, they had little or no leverage in making successful compensatory claims as a result of land expropriation or pollution by the oil industry.”

Expropriation of ownership of petroleum resources is tantamount to dispossession of the NDR of the legal right to natural resource endowments on their lands and centralization of such right and control in the federal government. Harvey (2007:34) depicted accumulation by dispossession “as the ways assets, wealth and income are transferred from the mass of the population toward the upper classes or from vulnerable to richer countries.” This depiction appropriately captures the situation in Nigeria relative to the petroleum resources in the NDR and the exploitative relationship between hegemonic ethnocentric majority versus powerless ethnic minority. Since 1970, revenue from oil production in the NDR has contributed enormously towards the development of other regions in the country, while the region itself remained one of the most impoverished parts of the country (UNDP, 2006; UNEP, 2006; Larry and Ekundayo, 2017).

The NDR is known to be one of the five worst oil impacted ecosystems in the globe.

Harvey (2003:162) asserted that “accumulation by dispossession in our times has provoked political and social struggles and vast swaths of resistance.” This assertion mirrors the ongoing sustained resistance to and militancy against expropriation, dispossession, and deprivation of the NDR. The structure of dispossession in the NDR reflects a complex layering of local, national, and international players. Watts (2004:60) posited that accumulation operates through an “oil complex” comprising “a statutory monopoly over mineral exploitation, a nationalized oil company (NNPC) that operates through joint ventures with oil majors who are granted territorial concessions, the security apparatuses of the state protecting costly investments and ensuring the continual flow of oil, and an institutional mechanism ‘derivation principle’ by which federal oil revenues are distributed to the states and producing communities, and not least the oil producing communities themselves.”

Citizens of the NDR are victims of environmental degradation of their sources of drinking water, farmlands, wetlands, fishponds, and creeks as a direct consequence of oil activities. Oil-induced ecological destruction has intensified poverty in the NDR. Since 1958, oil activities have engendered political, ecological, and socioeconomic conditions that solidify abject poverty and backwardness of the region. The citizens of the NDR are also victims of fiscal centralism in the supposedly federal system of government. Suberu (1996:xi) observed that the processes legitimized and facilitated “the expropriation of the resources of the oil-producing communities as part of the official strategy of centralized cake-sharing.”

### **3. Profile of the Niger Delta Region: Dispossession, Deprivation, and Impoverishment**

The NDR is located on the Atlantic Coast of southern Nigeria where River Niger divides into numerous tributaries. It boasts a coastline spanning about 450 kilometers terminating at the Imo River entrance. The delta accounts for 55 percent of all fresh water swamps in Nigeria. The prominence of the NDR derives from its status as the hydrocarbon theater of Nigeria and the Gulf of Guinea. It is estimated that the NDR

holds Nigeria’s 40 billion barrels of oil and also over 187 trillion cubic feet of natural gas reserves (Watts, 2004; Eyinla and Ukpo, 2006). These rank Nigeria 10th in oil and 7th in gas reserves in the world. There are over 800 oil producing communities with an extension network of over 900 oil producing wells and several petroleum production related facilities (Osuji and Onojake, 2013; Okurebia and Daniel, 2014). Paradoxically, however, as Jemalu (2013:467-468) pointed out, “What ordinarily should have been the greater economic strength and weapon of the people has turned out to be their dirge -- of blood, tears, sorrows, abject poverty and squalor, dehumanisation and great injustice.”

The population of the region is about 46 million. This is characterized by extreme heterogeneity, with approximately 40 different ethnic groups that speak over 120 mutually unintelligible languages and dialects and live in 3,000 communities of varying sizes (Francis, LaPin, and Rossiasco, 2011). Thus, Odoemene (2011:124) depicted the NDR “as a panoply of geographically contiguous area currently cutting across nine states in southern Nigeria.” The states are: Abia, Akwa-Ibom, Bayelsa, Cross Rivers, Delta, Edo, Imo, Ondo, and Rivers. Crude oil from the NDR generates 80 per cent of government revenue, 95 per cent of foreign exchange earnings, and 96 per cent of export revenue (Ibori, 2009; Watts, 2004:5). In the words of Fagbadebo and Akinola (2010:6), “the Niger Delta is the economic heartbeat of Nigeria” as well as “the actual goose that lays the golden egg for Nigeria, the cash cow for its economy, and the source of enormous profits for oil TNCs” (Edoho, 2008:213). As an energy hub and economic lifeline of Nigeria, the NDR is of strategic importance to the global security, national and regional peace and stability (Francis, LaPin, and Rossiasco, 2011).

The NDR occupies about 70,000 km<sup>2</sup> of land mass, representing 7.5 percent of Nigeria's land mass. Shell Petroleum Development Corporation alone controls over 31,000 km<sup>2</sup> of land concessions for oil activities (Aworawo, 2000, 2013), that is, over 44 percent of the NDR territory. The ecosystems in the NDR offer valuable services to the inhabitants and the West African economy at large (Ayanlade and Proske, 2015). The rich biodiversity in the NDR plays several essential ecological, economic, and social roles to humanity (Izah, 2018). Four ecological zones present in the NDR are: mangroves, freshwater swamp forest, lowland rainforest, and barrier island forest. Mangroves offer coastal communities with over 46 ecosystem goods and nine ecological services to other ecosystems and humans. Economic life and lifestyles of the people in NDR are rooted in the rich ecosystems (Amnesty International, 2009). More than 70 percent of the people in the region are dependent on the natural environment for survival (UNDP, 2006).

The adverse experience of the NDR relative to the lack of national protection of biodiversity underscores the lack of corporate environmental accountability and the failure of environmental governance in Nigeria. The situation in the NDR is that “The damage from oil operations is chronic and cumulative, and has acted synergistically with other sources of environmental stress to result in a severely impaired coastal ecosystem and compromised the livelihoods and health of the region’s impoverished residents” (Amnesty International, 2011:9).

The region is underdeveloped, notwithstanding the massive amount of revenue generated from oil and gas from there. The paradox has been captured thus:

Despite the wealth of natural resources, the indigenous people of this area are still very poor and their environment polluted. Many residents of this region still sleep in mud houses without electricity, drink dirty water from polluted ponds and rivers, and live far below subsistence level. They survive by fishing, but oil spillage has damaged their fish stocks. The oil wealth accruing from their land is shared between the Nigerian government and the oil companies with very little or nothing getting to the communities (Egbegbulem, Ekpe, and Adejumo, 2013:281).

Citizens in the NDR lack virtually all forms infrastructure and social amenities that their compatriots in other parts of the country take for granted. According to Watts (2008:44), “by any measure of social achievement the oil states are a calamity,” characterized by “nestled shacks, broken down canoes, and children who will be lucky to reach adulthood.” A UNDP (2006:16) report on the NDR described “administrative neglect, crumbling social infrastructure and services, high unemployment, social deprivation, abject poverty, filth and squalor and endemic conflict.” It further added that “the prevailing situation not only explains the increasing waves of restiveness in the region, it also presages a grim future for the region and the country” (UNDP, 2006:16). This occurs because “the Nigerian state is privatized and is therefore used to pursue personal, sectional and ethnic interests, as against the common interests” (Ibaba, 2008:12). This privatization of state partly accounts for swaths of laws used to expropriate ownership of petroleum resources and centralize such ownership and revenue in the federal government.

#### **4. Obnoxious Expropriation Laws: Dispossession and Deprivation**

By wresting ownership of petroleum resources from the NDR and centralizing it in the state, ethnocentric majority *ipso facto* centralize the revenue accrued from them (Ojajorotu and Gilbert, 2010; Akpan and Ukpai, 2019), and determine which ethnic group gets how much. The expropriation laws seize ownership and control of petroleum resources from local communities and vest them in the federal government controlled by ethnocentric majority to the detriment of ethnic minority from whose lands the resources are extracted and revenue accumulated

##### **4.1 The Petroleum Decree No. 51 of 1969**

Post-independence political crises led to military take-over of government in 1966. Unfortunately, military political adventurism led to fiscal centralism and “the erosion of the ‘federal nature’ of governance in the country. The military replaced the four regions with 12 ‘vassal’ states in 1967” (Larry and Ekundayo, 2017:299). The number of states has since tripled to 36, complemented by 774 local governments. The dismantling of federalism by the military reached its apogee when the Petroleum Decree No. 51 was promulgated in 1969. This decree expropriated ownership of petroleum resources from the ethnic minority in the NDR and vested the ownership and control in the federal government.

This decree consolidated the totalitarian federal expropriation, ownership, and control of the petroleum resources found in the minority states. The intention of the Act was “to vest the ownership of, and all on-shore and off-shore revenue from petroleum resources derivable therefrom in the Federal Government and for all other matters incidental thereto.” Section 1(1) provided that “the entire ownership and control of all petroleum in, under or upon any lands to which this section applies shall be vested in the state.” In Section 2, the oil minister is granted “the sole right to grant oil mining leases to oil companies” (Obi, 2001:26).

##### **4.2 Offshore Oil Revenue Decree No. 9 of 1971**

The Petroleum Decree of 1969 was followed by the Offshore Oil Revenue Decree No. 9 of 1971 which abrogated the rights of the littoral states in the minerals found offshore. This decree vested the territorial waters, continental shelf as well as royalties, rents, and other revenues derived from or relating to the exploration, prospecting, or search for, winning or working of petroleum from seaward appurtenances (offshore) in the federal government alone. Decree No. 9 repealed section 140 (6) of the constitution which originally recognized the continental shelf of a state as part of the state. Thus, royalties, rents, and revenue from petroleum resources extracted from all territorial waters accrue to federal government alone. By so doing, the decree deprived the littoral states of the revenue to which they were hitherto entitled. In both the 1979 and 1999 constitutions, the insertion of the expropriation provision was done to give them (the constitutions) the legitimacy and semblance of popular approval by “*We the people*.”

##### **4.3 The Land Use Decree of 1978 (The Land Use Act CAP 202 Laws of the Federation and Oil Exploration Licenses CAP 350 Laws of the Federation)**

As if the expropriation of petroleum ownership were not enough, Land Use Decree was enacted to expropriate ownership of all lands and invest them in the government. This Act vests in the governor of each state of the federation the ownership of all land in the state, except those lands where oil and gas are found.

According to Section 1 of the Act, “all land comprised in the territory of each state in the federation are hereby vested in the Governor of that State and such land shall be held in trust and administered for the use and common benefit of all Nigerians in accordance with the provisions of the Act.” Under the law, the ownership, management, and distribution of lands located in each state are vested in the governor to manage on behalf of the people, while federal government retains ownership of mineral resources found on them.

The people of the NDR viewed the Land Use Decree as an act of blatant injustice. First, “the people of the Niger Delta became tenants in their own homeland and a subject to institution that they neither recognized nor able to understand or relate to” (Larry and Ekundayo, 2017:301). Second, as Obi (2001:27) has noted, “having lost the ownership of their land to the government, the most the oil communities could claim from oil multinationals was compensation or “surface rents.” Third, by the decree, it became illegal for the farmers, fishermen, etc. who live in oil-producing areas to protest against oil spillage, gas flaring, and other forms of environmental degradation since they do not own the land or oil. The ramifications of the Land Use Decree, according to Oyewole, Adegboye, and Durosinmi (2018:62), are that in the NDR the federal government collects rent and fees, while the state government received compensation on lands used by oil corporations, hence, individuals and their oil rich communities are alienated.

#### **4.4 Territorial Waters Act, CAP 428 Laws of the Federation, 1990 as amended by Act No. 1 of 1998**

Territorial waters, or a territorial sea, as defined by the 1982 United Nations Convention on the Law of the Sea (see Adeyemi, 2010), is a belt of coastal water extending at most 12 nautical miles (22km; 14mi) from the baseline of a coastal state. The territorial sea is regarded as the sovereign territory of the state, although foreign ships are allowed passage through it. The term territorial water is also sometimes used informally to describe any area of water over which a state has jurisdiction, including internal waters, the contiguous zone, the exclusive economic zone and potentially the continental shelf (Larry and Ekundayo, 2017).

Normally, the baseline from which the territorial sea is measured is the low-water line along the coast as marked on large-scale charts officially recognized by the coastal state. This is either the low-water mark closest to the shore, or alternatively it may be an unlimited distance from permanently exposed land, provided that some portion of elevations exposed at low tide but covered at high tide is within 12 NM of permanently exposed land. Straight baselines can alternatively be defined connecting fringing islands along a coast, across the mouths of rivers or with certain restrictions across the mouths of bays (Larry and Ekundayo, 2017).

#### **4.5 The Exclusive Economic Zone Act Cap 116 Laws of 1990 as amended by Act 42 of 1998**

A state’s exclusive economic zone starts at the seaward edge of its territorial sea and extends outward to a distance of 200 nautical miles (370.4km) from the baseline. The exclusive economic zone stretches much further into sea than the territorial waters, which ends at 12 NM (22km) from the coastal baseline (see Adeyemi, 2010). Thus, the EEZ includes the contiguous zone. States also have rights to the seabed of what is called the continental shelf up to 350 nautical miles (648km) from the coastal baseline, beyond EEZ, but such areas are not part of their EEZ. The legal definition of the continental shelf does not directly correspond to the geological meaning of the term, as it also includes the continental rise and slope, and the entire seabed within the EEZ (Larry and Ekundayo, 2017). At the strategic corner of Africa in the Gulf of Guinea within the South Atlantic Ocean, Nigeria is a maritime nation. Her sea frontiers covering a distance of about 420 nautical miles (nm) and protrude seaward to the EEZ limit of 200 nm, which gives a total surface area of about 84,000 sq nm (Larry and Ekundayo, 2017). All this legislative maneuvering are intended to further deprive the NDR of any claim to petroleum resources found or to be found the territorial waters adjoining the region or its contiguous continental shelf.

#### **4.6 The Nigerian Minerals and Mining Act of 2007**

The intention of this Act was to repeal the Minerals and Mining Act of 1999. It states that:

The entire property in and control of all mineral resources in, under or upon any land in Nigeria, its contiguous continental shelf and all rivers, streams and watercourses throughout Nigeria, any area covered by its territorial waters or constituency and the Exclusive Economic Zones is and shall be vested in the Government of the Federation for and on behalf of the people of Nigeria.

In consonance with this provision, the Act in Section 1(2) states that all lands in which minerals have been found in commercial quantities shall, from the commencement of the Act, be acquired by the Government of the Federation in accordance with the provisions of the Land Use Act. Now that we have identified various expropriation laws that the ethnic majority have used to seize ownership of the petroleum resources from the ethnic minority, we will now examine the ramifications of the expropriation for the derivation principle of revenue allocation.

## 5. Revenue Allocation System and Shortchanging of the NDR

This section reviews the nature of revenue allocation in Nigeria and how the hegemonic ethnocentric federal government has often worked against the interests of the NDR ethnic minority.

The manipulations of the revenue allocation system have seen the progressive decline of the share of the NDR in revenue of petroleum resources extracted from its lands.

### 5.1 Derivation Principle of Revenue Allocation

Akpan and Ukpai (2019:5) posited that “[t]he most important issue in fiscal federalism is revenue allocation formula - the sharing of the national revenue among the various tiers of government.” According to Nyong (2005), the issue of revenue allocation has generated so much interest and debate in Nigeria to the extent that it has become a national question. Derivation principle in the contexts of revenue allocation and fiscal federalism in Nigeria is the idea that revenue in the federation account should be allocated on the basis of each state’s contribution to total revenue. That is, all revenue which can be identified as having come from, or can be attributed to, a particular region or state should be allocated to it.

Evolutionary history of revenue allocation in Nigeria shows that a paradigm shift in the calculus of derivation principle from 100 to 50 percent to the region of production coincided with oil discovery in the Eastern Region. When states were created in 1967, the ethnic minorities in the defunct Eastern Region became separate states where more oil wells were discovered. Since the 1970s, the derivation principle has been changed in favor of shifting more resources from the NDR to ethnocentric majority. Essentially, with successive expropriation laws, the derivation principle was replaced by deprivation principle.

### 5.2 Deprivation Principle in Revenue Allocation

Deprivation principle is used to explain how hegemonic ethnocentric majority have manipulated the instrumentalities of laws to expropriate ownership of petroleum resources from ethnic minority and dispossess them of the revenue accruing from those resources. Legislative enactments for the oil industry have become crippling legal instruments for deprivation, disempowerment, and pauperization of the NDR (Obi, 2010; Larry and Ekundayo, 2017; Akpan and Ukpai, 2019). At the center of the chronic conflicts between the NDR communities and oil TNCs on the one hand, and between the communities and the Nigerian government on the other are the obnoxious expropriation laws.

It is interesting to review how deprivation principle supplanted derivation principle through what might be termed ‘*incremental retrogression*’ when oil became the mainstay of the Nigerian political economy. Under the 1960 Constitution, derivation was 100 per cent; it was reduced to 50 per cent under the 1963 Constitution. Attah (2004) observed that up to 1970, derivation stood at 50 percent, but Decree No. 13 of 1970 promulgated by Gen. Yakubu Gowon (1966-1976) reduced it to 45 percent, and at the same time seized the entire off-shore oil revenue. That singular action marked the sad origin of the on-shore/off-shore oil dichotomy. In 1977, Gen. Olusegun Obasanjo (1976-1979) seized another 20 percent for the center, thus reducing derivation fund to 25 percent, while the center still controlled the entire off-shore oil revenue. In 1981, a supposedly democratic administration, President Alhaji Shehu Shagari (1979-1983) removed yet another 20 percent, thus reducing the derivation fund to only 5 percent. In 1984, Gen. Muhammadu Buhari (1984-1985) further removed 3.5 percent, reducing it again to 1.5 percent. During his regime, Gen. Ibrahim Babangida (1985-1993) reduced derivation fund to a mere 1 percent; however, he also established the Oil Minerals Producing Areas Development Commission, and allocated 3 percent of oil revenue for it to address socioeconomic problems in the NDR. Gen. Babangida also returned the off-shore oil revenue to the states, thus abolishing the dichotomy between on-shore and off-shore oil revenue.

## 6. Comparative Analysis of Derivation versus Deprivation Principle

Derivation principle in revenue allocation held sway when agriculture was the fulcrum of the Nigerian political economy and ethnocentric majority rooted for it as the basis of federalism in order to control revenue accrued from agricultural commodities in their regions. Eastern Region produced palm oil and timber; Northern Region produced groundnut, cotton, and hides and skins; while the Western Region produced cocoa (Akpan and Ukpai, 2019). However, derivation principle previously considered sacrosanct was chipped away with the discoveries of oil in ethnic minority NDR territory. In short, ethnocentric majority from non-oil producing regions have control over the state apparatus with which they initiated “obnoxious expropriator policies which centralize the economy in the federal government as first step in an asymmetrical distributive system” (Larry and Ekundayo, 2017:299-300).

History shows that derivation principle in revenue allocation fostered regional development as the regions competed to develop their natural endowments. It engendered resource ownership and revenue control, equity, empowerment, and development. Evidence of these were visible in the four regions before the civil war (1967-1970). In contradistinction, deprivation principle fosters dispossession, inequity, disempowerment, and underdevelopment of the NDR.

The paradigm shift in the derivation principle legitimized “the expropriation of the resources of the oil-producing communities as part of the official strategy of centralised cake-sharing” (Suberu, 1996:xi). The dispossession of the NDR ethnic minority of their rightful ownership of petroleum resources and legitimate claims to revenue is repressive is the roots of militancy and agitations for resource control.

It could be considered a legitimized and official robbery of the citizens by the ethnocentric government who was supposed to protect their interests and rights. Exacerbating this is a situation which “the formula and principles for revenue allocation have been such that they disempowered the ‘original’ owner of oil from which the bulk of the revenue is generated” (Agbibo, 2013:337). According to Paki and Ebienfa (2011:141), “it is not surprising that the consciousness of exploitation, marginalization and disempowerment has made the Niger Delta a region of deep rooted frustration, hence the escalating oil agitations in the region wrapped in militancy.”

The most contentious role of the Nigerian state centers on the inequity in the distribution of oil revenue in a multiethnic state. At its heart is the palpable feeling that oil wealth from the NDR is controlled by ethnocentric ruling elites from non-oil producing parts of the country, while the ethnic minorities in the region that produces the oil—the “goose that lays the golden eggs”—suffer from neglect, pollution, and underdevelopment (Obi, 2010). Akpan and Ukpai (2019:10) contended “that the soaring conflict in the Niger Delta region is aggravated by the consistent conscious ethnocentrism displayed by National political leaders in administering oil wealth from the region.”

Derivation principle recognized and retained resource ownership in the regions as well as fostered equity and development among constituent regions. The principle allowed the constituent regions the freedom to operate and grow at their own pace. This was the case in Nigeria in the 1960s. By sharp contrast, deprivation principle promotes dispossession, inequity, disempowerment, and underdevelopment of the NDR where oil and gas are found and ownership and control expropriated by ethnocentric Nigerian state. It is in this context that we can understand the Kaiama Declaration insistence that “we cease to recognize all undemocratic decrees that rob our peoples/communities of the right to ownership and control of our lives and resources, which were enacted without our participation and consent” and demanded the “Ijaw control of Ijaw oil.” For the IYC, “any oil company that employs the services of the armed forces of the Nigerian State to “protect” its operations will be viewed as an enemy of the Ijaw people” (IYC 1998, cited in Agbibo, 2011). Expropriation of the ownership of petroleum resources has further “alienated the people from the oil wealth by vesting the control of oil in the government of the federation” (Obi, 2010:223). It engenders resentment, resistance, and militancy. Worse still, deprivation principle demonstrates the tyranny of hegemonic ethnocentric majority against ethnic minority in a pseudo-federal system in which those who contribute the least take the most.

## 7. Conclusion

This study has demonstrated that the Nigerian state has enacted obnoxious laws to expropriate ownership of petroleum resources from the NDR. Expropriation laws served to dispossess the NDR ethnic minority of their rightful ownership of petroleum resources and revenue accrued from them. Those laws are the pillars of the deprivation and revenue allocation injustice. Designed to expropriate the ownership of petroleum resources from the ethnic minority in the NDR, the laws have institutionalized dehumanizing and crippling poverty in the region. Oil activities have inflicted environmental harms and deprived the NDR of revenue from oil exploitation. The lack of access to revenue from oil extracted from their lands and debilitating environmental degradation have imposed poverty and untold hardship on the region.

The people of the NDR are engaged in a struggle for corporate environmental accountability and ecological justice in the petroleum industry. They are also fighting to reclaim ownership of their resources and livelihoods and to ensure sustainable future of the region for their descendants. Thus, their struggle is existential. Palliative programs will not do it because they are temporary and cosmetic and do not address the core question of resource expropriation. Authentic pathway to sustainable peace in the NDR is restoration of the ownership of petroleum resources to their legitimate owners in the NDR. Absent resource ownership restoration, peace and stability in the region will continue to be elusive. Restoration of the petroleum resource ownership and control to the region will foster enforcement of corporate environmental accountability and restoration of the beleaguered ecology in the region.

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