ENVIRONMENTAL FEDERALISM IN NIGERIA

Ene Ikpebe

Department of Public Administration and Policy, American University, Washington DC
Abstract

This paper discusses the evolution and practice of environmental federalism in Nigeria by means of a literature review with complementary primary research. Based on the institutional dimensions of environmental federalism such as the constitutional and legal bases of environmental policies, fiscal activities, and the organizational characteristics of environmental agencies, I conclude that Nigeria’s environmental federalism is characterized by a dominance of the federal government. A specific look into how Nigeria manages petroleum, water, and land resources, lead to the same conclusions. Arguing that federal government dominance is suboptimal, I recommend local government empowerment, which I argue can both improve the country’s environmental outcomes whilst addressing the legitimate and widespread concerns rooted in the link between poor environmental resource management and ethnic conflict.

**Key words:** Nigeria, Environmental Federalism, Resource Ownership and Management
I. Introduction

In studying environmental federalism, scholars have had to grapple with its complexity and the fact that, by nature, it expresses itself differently in different countries. There exists a plurality in federalism forms across the globe, and the types of environmental resources as well as their salience in politics can lead to varied and sometimes even contradictory conclusions about environmental federalism (Fort, 1998; Kumar & Managi, 2009). With such inherent diversity, the popularity of the case study approach is understandable. However, the lack of cases in non-western contexts requires immediate attention because it potentially translates to less-than-fully developed theories.

Nigeria is endowed with a long list of environmental resources, each of which reflects its own facet of environmental federalism in terms of ownership and management as well as fiscal importance across levels of government. The diversity of the Nigerian people also evidently translates to high cultural and social pressures on the way government designs and implements environmental policy in Nigeria. Unfortunately, the extant literature does not reflect the appropriate level of interest in how Nigeria’s political structure and its environmental policies are related. The purpose of this paper is to explicitly discuss the evolution and practice of environmental federalism in Nigeria, with a view to highlight resources which have hitherto been left unexplored and draw lessons that can be learned and applied to other contexts. I conclude that Nigeria’s federal government is more dominant in environmental resource governance and control than sub-national governments, and that this is largely due to regionally concentrated resources, fiscally dependent sub-national governments, high levels of heterogeneity among the citizens, and the desire to maintain national unity.
Understanding environmental federalism in Nigeria is important for several reasons. First, the idea that environmental policies are inherently multi-tiered because they are often decided at a higher level than they are implemented (Walti, 2010) raises questions about how this plays out in different kinds of multi-level governance contexts. The Nigerian context offers an opportunity for an inquiry into a practice of federalism that differs in several ways from the cogent comparative research on environmental federalism involving mostly developed Western democracies. Related is the fact that Nigeria is one of only four federal countries on a continent of 54, so our knowledge of African environmental federalism is closely tied to our understanding of how it works in Nigeria. Finally, with regionally concentrated resources like oil in the south, forests in the west, coal in the east, and rivers running through the middle belt, Nigeria offers a unique picture of how the mode of governance and resource management can maximize or disregard the potential of natural resources for the good of the people in the immediate as well as extended environment.

The rest of the paper proceeds as follows: section II discusses the state of the research into the practice of federalism as it concerns environmental policy, section III discusses key institutional dimensions of environmental federalism in Nigeria including the constitutional division of powers over the environment, the distribution of relevant fiscal resources, and the organizational structures governing the environment. Section IV goes deeper into how the federal structure impacts the management and control of key environmental resources such as petroleum, water, and land, and section V is a brief conclusion.
II. State of the Research

Any desire to understand Nigeria’s environmental federalism is met with a scanty body of literature. There is research on federalism in Nigeria separate from research on environmental policy in Nigeria but the analysis of both together is lacking. Among other possible reasons, two stand out: the instability of Nigeria’s federalism and an almost exclusive focus on petroleum resources.

Regarding Nigeria’s federalism, it is helpful to know that even though Nigeria currently operates a federal system of 36 states and a federal capital territory, as shown in Figure 1 below, this has not always been the case. Federalism was first adopted in 1954 and it was maintained upon gaining independence from Britain in 1960. At that time, Nigeria had a central government and three regions (eastern, western, and northern) (Adamolekun, 1991). In 1967, the regions were dissolved, and 12 states were created, followed by a further split into 19 states and a federal capital territory in 1976, 21 states in 1987, 30 states in 1991, and 36 states in 1996\(^1\).

\(^1\) Nigerian States [http://www.worldstatesmen.org/Nigeria_federal_states.htm](http://www.worldstatesmen.org/Nigeria_federal_states.htm)
With so much government restructuring taking place in a relatively short period of time, it is understandable that scholars have not been enthusiastic about investigating the impact of government structure on environmental policy. Frequent political restructuring makes it difficult to state categorically how policy is affected. We might either argue that government structure has had less or more impact on environmental policies than we imagine. In any case, as Nigeria institutionalizes and goes through fewer structural changes in government, the impact of federalism may become more identifiable and measurable.

In addition to restructuring, Nigeria has suffered from political instability which has included a civil war (1967-1970), a short-lived period of unitary military government and several federal military governments (Adamolekun, 1991). Here again, isolating the effect of federalism would invite a lot of assumptions about other variables in government. For instance, the division

---

of powers has looked very different in all five constitutions that Nigeria has had as a sovereign state (1960, 1963, 1979, 1993, 1999).

Furthermore, an attempt to understand environmental federalism in Nigeria quickly morphs into an analysis of the ownership and control of oil and gas. In other words, the fact that 53% of the country’s revenues come from oil and gas may be to blame for the focus on petroleum related questions as opposed to environmental federalism in Nigeria in its entirety (EITI, 2018). The lack of academic research most likely reflects the priorities among policymakers, since researchers often look to them for indications as to what knowledge is being sought.

So, we see a need for more research on environmental federalism, especially regarding non-oil resources, and what may be the causes of the current literature state. This study begins to address the need first by exploring the institutional dimensions of Nigeria’s environmental federalism and then by analyzing policies in the areas of petroleum, water, and land resources.

III. Institutional Dimensions of Environmental Federalism in Nigeria

Understanding environmental federalism from the constitutional, fiscal, and organizational perspectives allows for clearer hypotheses about specific resource areas and ultimately a thorough understanding of environmental federalism.

Constitutional Division of Powers

The constitutional division of powers between federal and regional governments is at the core of a country’s federal identity (Watts, 2008). It allows us to categorize a nation’s federalism as leaning either towards centralization or complete regional independence. As a way of predicting either tendency, Watts (2008) claims that the degree of homogeneity in the country is
positively correlated with the amount of power ascribed to the federal government, but whether Nigeria is evidence in support of this hypothesis is debatable. While the constitution includes an extensive list of 68 exclusive federal powers, 12 major concurrent powers, and only assigns the residual authority to the states, Nigeria is highly heterogeneous and dividing lines are drawn in all aspects of society. The proliferation of sub-national governments from 3 regions in 1954 to 36 states and a federal capital territory in 1999 (shown in Figure 1), for instance, has been carried out along lines of ethnic, religious, and linguistic differences among the people. Thus, even though there is a high level of federal control, it is arguably not because it is a unified country. In fact, I am arguing that it may be precisely because it is not a unified country that the federal government wields so much power over environmental resources. That is, the current conditions are at least partly borne of a desire to prevent dissatisfaction among different sub-national units.

Support for this notion may be found in how the constitution authorizes different levels of government concerning environmental resources. The 1999 constitution assigns exclusively to the federal government mines and minerals, including oil fields, oil mining, geological surveys and natural gas. Its responsibility to “protect and improve the environment and safeguard the water, air and land, forest and wild life of Nigeria” certainly holds a sense of exclusion from environmental matters for sub-national governments.3 Interestingly, state governments are not directly assigned environmental resource ownership or management duties. State Houses of Assembly are, however, able to suggest building projects for roads, streets, drains, parks, gardens and such public amenities to local governments. Lastly, local governments are supposed to strive for “the development of agriculture and natural resources, other than the exploitation of

“materials” as well as provide and maintain sewage and waste disposal. The fact that even when sub-national governments are mentioned connected to environmental resources, their limitations are clearly stated leads to my first hypothesis that the higher stakes there are concerning a resource in terms of national dependability on its revenue, the more explicit the dominance of the federal government.

**Environmental Fiscal Federalism**

While the constitution offers an understanding of the ownership structure of environmental resources and governance responsibilities, the collection and distribution of taxes and revenues on these resources among the different orders of government proves to be powerful in shaping the institution of environmental federalism. Environmental resources are not equally lucrative. Water, for instance, though vested in the states, may hardly be exploited for tax purposes, so the prevailing arrangement about what resources are fiscally available to any given level is a statement of control and power.

The same prominence of the federal government that was deduced from the constitution is mirrored by the practices of government. States and local governments are not equally active in revenue generation and expenditure. Tax administration on oil and gas resources, for instance, is the duty of the Federal Inland Revenue Service (FIRS). Companies which have been licensed to explore petroleum resources in Nigeria are required to pay tax on any profits derived from their sales according to the Petroleum Profit Tax Act (PPTA) while other activities which are not direct sales such as refining or marketing, are taxed under the Companies Income Tax Act (CITA). Essentially, tax administration in oil and gas is a federal government matter.

---

There is a federation account into which all 36 states pay revenues from oil and gas sales. Following the advice of the Revenue Mobilization Allocation and Fiscal Commission (RMAFC) and the approval of the national assembly, allocations are made back to states according to “principle of derivation” or based on population, geographical size, equality of states etc. Without simultaneous policies to encourage states to generate internal revenue, this system has led to an overdependence on federal transfers. This overdependence is reflected in Table below which shows that local governments obtain most of their revenue from the federation account and generate minimal amounts internally.
<table>
<thead>
<tr>
<th>Revenue Components</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount (Billions of Naira)</td>
<td>% Share of Total Revenue</td>
</tr>
<tr>
<td>Federation Account</td>
<td>596.0</td>
<td>55.0</td>
</tr>
<tr>
<td>VAT</td>
<td>272.5</td>
<td>25.1</td>
</tr>
<tr>
<td>Internally Generated Revenue</td>
<td>36.4</td>
<td>3.4</td>
</tr>
<tr>
<td>Non-Oil Excess</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Excess Crude/PPT</td>
<td>58.0</td>
<td>5.4</td>
</tr>
<tr>
<td>Exchange Gain</td>
<td>76.1</td>
<td>7.0</td>
</tr>
<tr>
<td>NNPC Refund</td>
<td>0.0</td>
<td>0.0</td>
</tr>
<tr>
<td>Grants and Others</td>
<td>44.6</td>
<td>4.1</td>
</tr>
<tr>
<td></td>
<td>1,083.5</td>
<td>100.0</td>
</tr>
</tbody>
</table>

Source: Central Bank of Nigeria 2017 Report
The overdependence on oil can also be linked to the fact that even though state and local governments are able to tax the resources on which they have jurisdiction, the most profitable resources are not under sub-national control. And where the state or local government is in charge, the resource is often ‘negative’ as in the case of domestic waste. Improper waste disposal or use of non-biodegradable material in day-to-day activities is a huge environmental problem in Nigeria and it necessitates a strong environmental tax regime but many of the state and local governments are not financially empowered to administer these taxes or enforce the laws.

In summary, taxation and expenditure as it concerns environmental resources is largely limited to the federal government and this is to the detriment of environmental protection. Brosio (2006) argues that lax environmental standards result when a central government is the biggest recipient of environmental resource revenues while also being responsible for setting environmental standards. As such, both rent and responsibility for environment must be shared between the levels of government to avoid moral hazard and achieve environmental protection. I therefore hypothesize that the dominance of the federal government in revenue allocation is associated with a lack of enthusiasm of local governments in environmental resource development and management.

**Organizational/Administrative Dimensions of Environmental Federalism**

The Federal Ministry of Environment was created in 1999. As shown in the figure below, the Ministry of Environment is headed by the Honorable Minister of Environment and funded by the federal government. Other notable organizations working in environmental policy include the Nigerian National Petroleum Corporation (NNPC) and the Federal Ministry of Agriculture and Rural Development (FMARD). NNPC was created in 1977 to manage the exploration, production and refining of oil and gas in Nigeria. The organization is also involved in the
marketing and distribution of petrochemicals. The NNPC is a large organization with 11 subsidiaries that are spread around the country, itself being regulated by the Department of Petroleum Resources (DPR), a department within the Ministry of Petroleum Resources. FMARD is responsible for Nigeria’s trees and crops, fisheries, livestock, land resources, fertilizer, food reserve & storage and rural development, and it offers to partner with state and local governments in achieving its objectives.
Figure 2: Ministry of Environment
In 2006, the federal ministry of environment was merged with Housing & Urban Development Ministries, but the three-way merger was reversed only two years later. These kinds of changes also occur in the states, all of which have ministries of environment headed by an honorable commissioner, a permanent secretary, and a special adviser to the governor. For instance, the Lagos Ministry of the Environment was originally excised from the State Ministry of Works and Transport 1979. It was later merged with Ministry of Physical Planning and became Ministry of Environment and Physical Planning. Similarly, the Benue state Ministry of Water Resources and Environment is a result of the merger of the former Ministry of Environment and Urban Development and of Water Resources. The tendency towards restructuring is important to note because where the mandate of these organizations involves long term regulatory activities, as in crude oil extraction in the Niger Delta, the structural instability often has negative implications for performance, a relationship is supported by Boyne and Meier (2009). The frequent reorganization is reminiscent of the country’s political restructuring.

So, in a similar way to analyzing the broader institution of environmental federalism, it is difficult to identify the impact of any given organizational structure or realize the objectives of policies if there is no stability to its adoption. But the lack of stability and continuity is also problematic because, given the long-term nature of many environmental policies, it may lead to weaker policy implementation.

It is important to note that reorganization may simply coincide with shifts in policy priorities as administrations change. In other words, it may not be inherently problematic that all states do not merge the organizations that handle the same resources such as forestry and water, for instance. After all, states must make this decision at least partly because of their individual endowments. However, many of the restructuring decisions cannot be said to reflect these
endowments. Benue state, for example, is home to River Benue, its large fishermen population, and the resulting water pollution by domestic users. However, its current ministry of environment is responsible for water resources as well as urban development. This begins to show that the chosen structure may be less related to efficiency and likely indicative of policy priorities and cost concerns.

In conclusion, government agencies are a vital dimension of environmental federalism. Where the constitution is vague about the details of responsibilities, government agencies must still possess a clear understanding of their functions. So, in a more concrete way, federal and state agencies give us a measure of Nigeria’s practice of environmental federalism. It is, therefore, imperative than more research be conducted to expand our knowledge of the impact of organizations on policy implementation.

IV. Policy Area Analysis

Having seen how the three institutional dimensions are important to our understanding of environmental federalism in Nigeria, I take a closer look at how they play out in the management of specific resources such as petroleum, water, and land.

Petroleum Resource Management

Oil was first discovered in Nigeria in 1956 in Oloibiri, Delta State. With increase in exploration over the years and foreign investments from corporations such as Exxon, Shell, and Chevron, the oil production has expanded to eight other states as shown in Figure 3 below.
The principal policy on oil resources is the Petroleum Resources Act of 1999. The Federal Minister of Petroleum Resources is the dominant official in this policy which implies heavier involvement and almost complete control by the federal government. The minister is responsible for authorizing oil exploration, advising the president to declare a state of emergency in case of public disorder arising from low petroleum supply, and enforcing preemption for federal government petroleum needs from licensed carriers.

With barely any constitutional mention of the roles of state and local governments concerning oil and petroleum resources it is evident that the management of oil resources is exclusively the federal government’s responsibility, and this has had implications for conflict among the tiers of government as well as among states. In his research, which focuses on the interplay among the Nigerian state, ethnic militia and multinational corporations, Orogun (2010) helps us understand how the central government’s desire for control is due to its revenues being derived heavily from crude oil exports. For instance, of the 4.98 trillion-naira projected revenues

---

5 Delta State is the official name of one of Nigeria’s 36 states. In this diagram the name is also being used to refer to oil-producing states.
for 2018, 1.985 trillion was supposed to come from oil revenues (Nigeria 2018 Official Budget).\textsuperscript{6}

As a result, Nigeria is dependent on a subset of states and a fraction of its entire resource endowment.

The current situation has led to dissatisfaction among ethnic militia and the ordinary people of the Niger Delta region. Both protest the ‘unfairness’ in the revenue allocation and highlight the deterioration of the Niger Delta region (its land and water) from the extraction activities of multinational companies who must protect their business interests. The civil unrest connected to the oil and gas industry is also due to the inability of the citizens of oil-producing states to exercise proper ownership. Okolo (2014) argues that as scholars understand it, ‘true’ federalism should be judged by shared resource control. His conclusions are best summarized by Azaiki (2003):

“While resource control is a basic economic theory grounded in the fact that land, labor, capital and entrepreneurship are factors of production within the context of federation, it implies that the federating units within a federation have a right to primarily control the natural resources within their borders, and to make an agreed contribution towards the maintenance of common services at the center.”

So, we see that both in legislation and practice, the management of resources like oil and gas is characterized by the dominance of the federal government.

The literature has also framed the situation in terms of distributive justice using the principle of derivation. At the time of the first derivation principle recommended by the Sydney Phillipson Commission of 1946, oil had not yet been discovered in Nigeria, and so the benefits of its application mainly accrued to mineral-producing states in the north. But since the discovery

of oil in 1956, there have been changes to the formula such that the benefits to the oil-producing states do not mirror the former benefit share to the northern states of their solid minerals. According to Adangor, in both situations, the minority groups have been treated unjustly (2015). He therefore argues that the purpose of federalism in maintaining balance of powers is not served by the current picture of revenue distribution. In other words, to succeed in maintaining peace and stability, policies that concern these resources should aim for the ownership, control, and participation of the Niger delta inhabitants.

**Water Management and Federalism**

Nigeria has several major water bodies, including Rivers Niger and Benue, and nearly 50 lakes (see Figure 1). Although there is a robust set of legislations concerning water management, the process has been characterized by fragmentation owing to the different and sometimes opposing government bodies managing the resource (Goldface-Irokalibe, 2008).

![Figure 4: Map of Nigeria showing major water bodies](image)

According to WRA, the federal government owns all transboundary water bodies, that is those that flow across two or more states. However, everyone can use water for domestic and farming purposes without permission. This freedom may be suspended temporarily or permanently by the minister of water resources if there is a shortage on the horizon or a public health concern. The minister is also in charge of licensing commercial water uses or diversions. Finally, lack of compliance with any part of the WRA may attract a fine and/or prison time.

Evidently, the federal government, represented by the minister, is the most powerful player in the ownership and management of water resources. The efficiency of this system is questionable since water supply takes place at the state and local levels using the water bodies within their borders and according to the functional theory of federalism, service provision should take place at the order of government that is most equipped to deliver (Peterson, 1995).

The central nature of the federal role in water management has not stopped virtually all states from creating their own policies to regulate the use of water. As a result, there is a lack of cooperation among states and intersectoral water use (Goldface-Irokalibe, 2008).

The case of water resources shows how, in an area of shared responsibility, a lack of coordination between government levels leads to inefficiency. Inefficiency is also high here because water is an area where average Nigerians are heavily involved. Poor management of

---

7 Federal Ministry of Water Resources [http://waterresources.gov.ng/parastatals/]
resources is therefore also hindered by poor information sharing between the communities affected and the state authorities (Woodrow Wilson Center, 2011).

**Land and Physical Resources**

Whether in terms of soil and vegetation types or rocks and mountains, Nigeria has a wide distribution of land and physical resources. With states lines having been drawn and redrawn over time, there have arisen various land disputes among different communities. From a constitutional perspective, state and local governments are the most involved in land disputes. From an organization perspective, however, the National Boundary Commission handles state boundary issues. Unfortunately, the commission is not known to settle these disputes in a timely and efficient manner and the result has often been violent conflict.\(^8\)

As a subject of empirical research, conflict over land and physical resources has taken a more actor-centered approach. In Hurault’s analysis of grazing rights in the Mambila plateau in Nigeria (1998), he observes the domination of herdsmen over farmers. Having placed his analysis in a historical narrative, it is evident that the land ownership has become less and less equal over time. As of the time of the article, the farmers owned only 32% of the land. The two surveys on which the study was based also showed a clear upper hand of herdsmen in the day-to-day operations, where the farmers needed to maintain good relationships to protect their land.

Hurault’s paper may have been in the 90’s, but tensions persist and have now become deadly. The sharp increase in herdsmen-farmer clashes in recent years has revived the discourse on grazing rights but the discussion seems to be taking place only in the news and media. The fatalities from suspected herdsmen are now more than those from Boko Haram (Oduah, 2016) and Fulani herdsmen are ranked number 3 on the global terrorism index (GTI, 2017). Although

\(^8\) Court urges resolution of Kogi, Enugu boundary dispute
the Nigerian president has decried the killings of the herdsmen (Mikailu, 2016), that seems to be the extent of federal government intervention. Since the issue boils down to land ownership or sharing between farmers and herdsmen, it will take proper policy design and implementation to create and enforce clear boundaries in order to prevent more deaths.

Admittedly, low level federal government involvement is to be desired in this instance because in accordance with the Land Use Act of 1978, the local governments are responsible for land within their borders. Unfortunately, a prominent feature of Nigerian local governments is low personnel and financial resources to conduct proper public administration (Bell-Iman 1990 cited in Milligan & Binns, 2007). As such, although the functional theory of federalism (Peterson, 1995) would recommend that local governments deal with such small-scale or close interactions as those between herdsmen and local farmers, it would seem that the effectiveness of this approach depends too much on local government competence to properly apply here.

The inability of local governments to carry out these responsibilities is largely due to their dependence on state governments. Although the state and local government joint account does not have implications for mineral resources since that is the exclusive domain of the federal government, land revenues are controlled by the state, and this negatively affects the ability of local governments to work for the good of their jurisdictions. Therefore, to ensure government efficiency, it is necessary that local governments are given financial autonomy (Ahmad, Tabi’u & Mohamed, 2013). States would also stand to better their performance where local governments are more independent. In a case study of Lagos state, Uwuigbe et al. (2015) found that there was a moderate but positive relationship between a tax on nylon packages and reduction in flooding. The authors therefore concluded that the use of nylon could be curbed using an environmental tax on nylon. Out of this finding flows my final recommendation that
both state and local governments would be better off if both had independent sources of revenue and leveraged taxes more effectively for better environmental outcomes.

V. Conclusion

The purpose of this paper was to discuss environmental federalism in Nigeria, to create a more holistic understanding of its environmental policy in Nigeria instead of one that is mostly based on petroleum resource management. After looking closely at the constitutional provisions, the revenue and expenditures of different levels of government surrounding environmental resources, as well as the organizational structure of environmental agencies, I conclude that the federal government is the dominant player in the ownership and management of Nigeria’s resources. This conclusion is supported when we look at the major resources like petroleum, water, and land.

A recurring theme of environmental federalism in Nigeria is conflict resolution. That is, based on the heterogeneity of the federation with states occupying widely varied portions of land, possessing very different kinds of resources, and with the inhabitants of the different regions being so different in terms of tribe, language, and religion, it is in the interest of national unity that environmental resources be handled in a way that maintains decentralization of powers. This is, however, the issue that raises the core questions. How exactly should this look like and could it be that political stability could be maintained even in the presence of more regional autonomy? Different lenses lead to different answers and the political debates prove that. Given that the Niger Delta area is only a fourth of the nation’s states and that these states
are comparatively smaller geographically, it is no wonder that any potential superiority based in oil ownership and control is met with great opposition.

Still, political stability and the maintenance of peace is an unavoidable approach to the discussion especially since there have been many violent incidents connected to environmental resources in Nigeria’s history. Individuals and militants have resorted to kidnapping the workers of multinational corporations and even the federal government is said to have sent military forces in which has resulted in civilian deaths (Onwuekwe, 2001).

Several other conclusions are worth reiterating. There exists a need for both the federal government and state government to be more evidence-driven in their decisions on the consolidation of agencies or demarcations among responsibilities. Related to this, there is need for more research into Nigeria’s practice of environmental federalism as can be observed in the relevant government agencies. As already mentioned, Nigeria is one of very few African federations and so research into its practice of environmental federalism is an opportunity to make a rather sizable contribution to how environmental federalism works. The combination of rapidly changing and relatively weak institutions, as well as international business interests and an unrivaled ethnic heterogeneity among federal countries, makes for an interesting perspective on federalism.

Finally, the low responsibility and performance of local governments in environmental policy areas should be considered for drastic change. Financial empowerment for local governments to perform their duties is relevant for environmental protection.
References


Climate Change, Water, and Conflict in the Niger River Basin


