

NATURAL RESOURCE ENDOWMENT AND NATIONAL DEVELOPMENT: THE EXPERIENCE OF NIGERIA

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Abstract

There are plethora of political economy literature analyses that attempt to identify the core reasons responsible for the development and or underdevelopment of different states and regions of the world. There appears to be two dominant questions which these studies attempt to provide answers to, These are; "how does a nation's natural resource wealth affects its socio-economic development?" and "how does natural resource endowments contribute to political and social conflicts that leads to underdevelopment in countries that are so endowed?". This study is a continuation of the process of providing answers to these dominant questions with specific focus on Nigeria. In other words, it tends to discover the link between natural resource endowment in Nigeria and its socio-economic development. Using the Rentier State theory and the Resource Curse thesis, the study finds a robust link between Nigeria's underdevelopment and its natural resource (crude oil) endowment. The study argues that this negative relationship which exists between natural resource endowment and national development in Nigeria is among other factors due to the "enclave" nature of the resource industry that leads to rent seeking (corruption) activities and stimulates "Dutch Disease", together with economic distortions in non-resource development. The paper thus concludes that the oil resource economy in Nigeria has done more harm than good to national development. The paper thus makes the following recommendations to reverse the ugly tide. That the government should embark on "state building". This is a product of engagement between the state and organized groups or citizens in their territory. Secondly, there must be a fiscal contract between citizens and the state with the former holding the latter accountable. Again the paper recommends that the Nigerian state release its capture on the environment and its natural resource endowments and make reversal laws and politics to return the control and exploitation of the environment to states in the country, among other recommendations.

Keywords: Natural resource endowment, National development, Rentier State and Resource Curse.

Introduction

Nigeria appears to suffer from the paradox of lack in the midst of plenty. The fact of her low level of national development in relation to other developing countries (especially those in East Asia and Latin America) is incontestable. About 70% of her populations live below the poverty line as she plays host to the third largest number of poor people, after china and India (Onyeukwu, 2007). Her unemployment rate of over 25% ranks very high in the world. While her rate of illiteracy, maternal mortality, infant mortality and life expectancy at birth are among the highest in the world, her citizens' access to electricity, pipe-born water, primary health care and quality education ranks high among the World' poorest (National Bureau of Statistics, 2007:38, Erne, 2002:138, Nnamdi, 2006:100, Obi, 2005: 55). Consequently, since the start of the UNDP Report in 1990, Nigeria's ranking has consistently remained in the low Human

Development Index (HDI)' category. For instance, in 1990, it ranked 107th out of 130 countries surveyed; the twenty fourth lowest in the low HDI category.

These low rankings are reflection of the extent of poverty and underdevelopment in Nigeria. The rankings have not significantly improved and in most cases it became worse since then. For instance, according to the Nigerian Federal Office of Statistics (FDS); 15 percent of Nigeria's population was pool at independence in 1960, rising to 28'percent in 1980, reaching 69.2 percent in 1997. Currently, the poverty level in the country is about 70 percent and the average annual percentage growth of GDP in Nigeria from 1990 to 2000 was 2.4. This is indeed very poor when compared to Egypt which had average GDP percentage growth of 4.6. Nigeria fares very poorly in virtually all development indices, and was recently referred to as one of the five -poorest countries in the World by the World Bank (World Bank, quoted by the Hard truth, 2014).

The irony of the unfortunate situation is that Nigeria is well endowed with natural and human resources. It is blessed with abundant economic resources like building and construction industry, minerals, fuel minerals, steel industry minerals, non-ferrous minerals, strategic minerals and precious metals and gemstones. In addition to the minerals deposits the country's climate is conducive for the cultivation of wide variety of agricultural produce like rice, wheat, palm produce, cocoa etc. (Iwara, 2016: 52). Of all the above natural resources, it is crude oil which has been/developed and now serves national economic interests. With a production rate of between 1.8-2.4 million barrels of oil per day. the country is the 12th largest producer and the sixth largest exporter of petroleum in the world. While oil accounts for 90% of her exports income, Nigeria also exports cocoa, rubber and other non-oil products. In 1995 alone it earned more than 10 billion U.S dollars from oil (Nna & Igwe 2010:132). In spite of all these natural resource endowment and advantages gained from the sale of oil, the Nigerian economy regrettably has hit an all-time low. This, according to Iwara (2016). is due largely to its " capture by an Oligarchic ruling elites and its eventual underutilization by the captors".

In a similar vein, Onyeukwu, (2007:7) observed that 'it is quite amazing that the stupendous resources gain from oil, have not been reflected in the rate and level of development in Nigeria. Rather, it has become a major source of concern that such resources might, when we look at the economic indices, be classified as having been wasted". To him, this damning state of underdevelopment is no doubt a result of "resource curse".

This point (the damning state of underdevelopment) is well acknowledge by the National Economic Empowerment and Development Strategy (NEEDS) when it asserted that more than two-thirds of the Nigerian people are poor despite living in a country with potential wealth (Natural-resources). Although revenues from Crude oil have been increasing over the past decades (until recently), our people have been falling deeper into poverty (NEED: 2003: xiii-xiv, the ones in parenthesis is mine). On the political side, there has been; high incidence of military' intervention and political instability since independence; shameless electoral malpractice by political parties and governments in power and the violence associated with such electoral fraud that often claim lives and properties; a high incidence of political killings, insecurity in the North due to the activities of Boko Haram sect, militancy, cultism, armed robbery and kidnapping in the southern part of the country, the activities of ethnic militias (such as -the indigenous people of Biafra (IPOB), Odua People's Congress, Movement for the emancipation of the Niger Delta etc). All these together pose threat not only to the stability of the currently

democratic experience but also to efforts that are geared towards National development. The questions that in consequence arise are-what kind of relationship does exist between Nigeria's natural resource endowments and her National development? What factors militate against converting Nigeria's potential wealth (enormous natural resources advantages) to National Development? These and other similar questions are what this paper intend to find answers to. In doing this we will rely on the rentier slate theory and the resource curse thesis.

Statement of the Problem

National development is among the most talked about issues in social and pen ideal discourse. This is more so with the emergence of democracy in the late 1990s and the peoples' expectation of it bringing dividends that will improve their welfare and usher in national progress in all ramifications. Some scholars are of the view that the stability of the current republic could be consolidated or compromised depending on its ability to deal with the mounting development challenges (Roberts 1999:57). Thus academics, politicians, political analysts, statesmen, the media and members of the civil society organizations have made various contributions towards revealing the causes of this problem of under development and what in their opinion could be done to set the country on the path of development.

However, a dominant trend in most of the works done in this area look at Nigeria's national developmental challenges as not the consequences of the abundant natural resources but challenges which confront Nigeria in spite of them. Many thus, explain them within the view point of corruption, imperialism and other similar factors. (Nwankwo, 2001, Keng, 2001). What they fail to reveal is the actual motivator of corrupt practices and imperialism. Thus, this work will fill the gap in the literature by looking at these developmental challenges from the point of view of what Onyeukwu (2007) calls the "Resource Curse". That is to say how Nigeria's resource instead of facilitating National development, has largely been responsible for the Nigeria's crisis of development.

Objective of the Study

The main objective of this study is to examine the effects of Nigeria's national resources on her national development. To achieve this objective, we will adopt the descriptive research method. Descriptive research studies are those studies that are concerned mainly with describing the characteristics of a particular individual or of a group (Kothari *and* Garg, 2014:35). It seeks to provide an accurate description of observations of a phenomenon. Our objective here is to collect data that can describe the nature of the resource export economy and how this has impacted on the economy and National development in general.

Conceptual Clarification/Review of Literature

This aspect of the study discusses the meaning of the key concepts used in this study that require clarifications and how they are applied in the work. The concepts to be clarified are: Natural Resource/Resource Endowment and National Development.

Natural Resources: These are generally, seen as God-given assets for the use of mankind. They include agricultural lands, soil mineral, water and its resources, environmental conditions, etc. Natural resources to some extent determine a country's production pattern. They are like assets which .States and Continents have. These resources contribute significantly to development

which may be economical or political. The possession or lack of natural resources has become an important subject matter in political economic studies. This has made natural resources important power factor in terms of industrialization and technology in the global system (Iwara, 2017).

National Development: National development according to Mezieobi (2010:37-50) is:

“A process of systematic transformation of the overall social, economic, political, scientific and technological life of a nation via effective, coherent, coordinated management system, result-oriented social mobilization strategy in which the citizens actually participate and exhibit positive attitudinal commitment in the overall reconstruction process for the improved human conditions of the people”.

Some of the indices of national development are: functional education, improved living standards of a nation's population; integrative nationalism with its cooperative and social cohesive connotations; congenial and stable economy; workable laws and effective administration of justice system; political stability characterized by political efficiency, democratic reasonableness, rational mass political participation and representation (Mezieobi 1995 in Mezieobi 2013). Others include reduction in unemployment, inequality and poverty (Seers, 1996); National consciousness: Self-reliant economy etc.

National development in this regard goes beyond the mere economic growth or even development to include improvement in virtually all aspects of national life for the betterment of the citizenry.

Theoretical Framework

In contemporary years there has been an increasing resurgence of interest in the study of Natural resources endowment and their various domestic and international effects. Although not making exactly the same main assumptions, the two central theoretical approaches dealing with the topic of resource abundance-the Rentier state theory and the resource curse thesis-both argue that resource exporting countries are negatively affected by political, economic and social distortions (Mahler, 2010).

The Rentier State Theory and the Resource Curse Thesis

The rentier state concept has its historical relevance in the pre evolutionary Iran study of 1971 by Malidavy. It was later expanded upon by Hazem Beblawi and Giacomo Luciani (1987), when they classified a rentier as a state in which at least forty percent of the total government revenue consists of economic rents. Dunning (2008) quoted in Mahler (2010:7) defined the rent as "the excess over the return to capital, land and labour when these factors of production are put to their next best use". According to this theory, the two main effects of dependence on economic rents are economic inefficiency and, as a consequence, the obstruction of socioeconomic development. (Beck 2007, in Mahler," 2010:7). Viewing its effects on politics, the rentier state theory proposes that (oil) rents have a stabilizing effect on authoritarian regimes (Mahdavy 1971, Ross, 2001). This it does by fostering the formation of stabilizing patronage networks and widespread clientelism. Again the abundance of revenues generated by the natural resources (oil) exports means that national leaders do not need to further tax the citizens. These combined may disburden the

political leaders of demands from the citizens for participation in politics and accountability on the part of the elites.

The Resource Curse Thesis

Within the theoretical debate on natural resources, the resource curse thesis has come to gain prominence over the last decade and a half. Some scholars have come to place greater emphasis on the economic characteristics of (natural) resource-rich countries. Taking cue from the basic assumptions of rentier state theory, they claim that resource wealth is linked to poor economic growth and socio-economic problems such as Dutch disease effects and poor performance of the agricultural and manufacturing sectors accompanied by an inadequate degree of diversification and high vulnerability towards external shocks. Another branch of the resource curse thesis focuses on the link between natural resources and violent conflicts (Collier/Hoeffler 2001, Le Billon 2001; Desoya 2000, quoted in Mahler 2010 and Toad 2007, in Iwara 2016). The central hypothesis (which is partly contradictory to the rentier state theory's assumptions) is that resource dependent countries are more likely to experience internal instability and violent conflicts than non-resource countries.

According to Mahler (2010) the causal mechanisms assumed to be responsible for this link include, on the one hand, the fact that natural resources can be the motive for violent conflicts. This means that parts of the population might feel that they are deprived of the financial benefits of the resources revenues in spite of the fact that they suffer from the ecological and social impacts of production (motive of grievance) - or that resource wealth can be the target of avaricious rebels who wish to take control or possession of the resources revenue (motive of greed). Again, resources, especially oil can indirectly increase the likelihood of violent conflicts by weakening the institutions of the state and/or by triggering socio-economic decline (Mahler 2010 cited Feron and Laitin 2003).

Resource Endowment and National Development: A Theoretical Extrapolation

The nexus between resource endowment and National development is seriously discussed by scholars in the literature of environment and National development. To some scholars there appears to be positive relationship between natural resource endowment and national development while others see the relationship as a negative one and refers to the condition as "Resource Curse". Our task here is to present the both sides of the scholarly debate and to see which of these schools of thought is applicable to the Nigeria's experience.

To some scholars and authors the relationship between resource endowment and National development is negative. To them natural resources has impacted negatively on development in Third World resource bearing states. Placing special emphasis on the economic characteristics of resource-rich countries and sometimes building upon the basic assumptions of the rentier state theory, they claim that resource wealth is linked to poor economic growth (Auty 1993, Sach/Warner 2001) and other economic problems such as Dutch disease effects and poor performance of the agricultural and manufacturing sectors and accompanied by insufficient degree of diversification and high level of vulnerability towards external shock.

Collier/Hoeffler (2001); Le Billon (2001) & de Soya (2000) also support the view that resource endowment has negative impact on development. Their contribution to the resource curse theory is focused on the link between natural resources and violent conflicts. The central

hypothesis is that resource dependent countries are more likely to experience internal instability and violent conflict than non-resource countries. They argued that natural resources may be a motive for violent conflicts as parts of the population might feel that they are deprived of the financial benefits of the resource revenues which possibly also suffering from the ecological and social impacts of production (motive of grievance). Also, authors such as Fearon and Latin are of the view that natural resources (oil) producers tend to have weaker state apparatuses than would be expected given their level of income because the rulers have less need of a socially intrusive and elaborate bureaucratic system to raise revenues (Fearon/Latin 2003:81 cited in Manler 2010:8). Juan Parez Pablo Alfonso was another author who subscribe to the negative relationship between resource endowment and national development. According to the Economist (May 22, 2003 cited in Onyeukwu 2007), Alfonso expressed this view when he said "I call petroleum (natural resource) the devil's excrement. It brings trouble... waste, corruption, consumption, our public services fall apart, and debt- a debt we shall have for years..." In these words he expressed the negative link between resource endowment and development using OPEC as his point of analysis.

Other remarkable scholars who strongly lend their voices to this side of the debate are Macatan Humphreys, Jeffrey Sachs and Joseph Stiglitz. In a study which they carried out and which was supported by George Soros, they agree that resource such as oil generated multiple negative and regressive impacts. For Soros this is "clearly visible in Africa"

According to the authors, the problem emanates from the "enclave" nature of the resource industry: it has few domestic linkages, may often be produced without large segments of domestic labour, and relies on foreign transnational companies with unequal expertise and technologies (the state lacking this capacity). Oil activity leads to rent seeking, stimulates "Dutch disease" (exchange-rate appreciation) and economic distortions in non-resource development, induce foreign import spending patterns, leads to income/earning volatilities with booms/bust cycles, and encourages governments to live off their (hydrocarbon) capital rather than income from productive capacity. Again it may be associated with insufficient investment in human capital, might generate "spoliation" (theft), and may create weakened and unaccountable states as people become untaxed, so undemocratic practices can abound. It also threatens democracy as the political Elites trade power for tax rights and prefers to acquire the tools of coercion. It is thus a demining list of liabilities and consequences.

According to Rourke (1999:425) natural resources affect a nations power (power is a partial measurement of development) in at least three related ways (i) the greater a country's self-sufficiency in vital resources, the greater its power, (ii) Conversely, the greater a country's dependency on foreign sources for vital natural resources, the less its power, (iii) The greater a country's surplus (over domestic needs) of vital resources needed by other countries, the greater its power. From the above propositions Ronrke tend to see natural resources as potential source of power for countries both domestically and internationally. To him vital natural resources endowments determine its power position in international political and economic relations. Consequently natural resources are booster for national development. However, to balance his argument, Rourke stated that in practice it is not always the case that countries with abundance of vital natural resources experience national development. This, to him is because there are certain basic factors that have to be present in resource bearing states for them to transmute such natural assets that are endowed in their environment to real

assets. Thus irrespective of natural resources endowment in a state, its power (national development) could still be missing, unless and until it can convert those natural resources or potential assets into industrial goods, (Rourke (1999:426 cited in Iwara 2016:50).

Another author who does not just supports the theory that national resource endowment has positive effect in National development but also criticizes the resource curse thesis is Duncan Clarke.

Clarke (2008) after examining the arguments of those who view the relationship between natural resources and national development as negative and thus saw "Resource Curse" instead of "Resources Development", he dismissed their argument by saying that they may only be ideal for an academic exercise. To him an explanation of Third World oil drama (Africa) and the contribution of oil need to take a different approach. We need to look at the full spectrum of social and economic benefits, indirect and direct, including inputs to current account and balance of payments as well as multiplier effects from long term investments. Nowhere, he contends, do those enamored of the oil curse weigh how great such effects have been on developing Worlds especially against consequences from the absence of oil exploitation-even in those states where problems they identify do exist (Clarke 2008:529).

To Clarke the problem of the resource curse thesis emanates from too much misunderstanding of the source of most difficulties cited as endemic to oil (or other natural resources) and Third World (Africa) oil bearing states, as if the absence of the resource (oil) industry would have created a better state of affairs and oil patrimony has been the sole cause of a presumed once-utopian world. Many responsibilities (irresponsibility?) and faults of governments are often skirted around and rather presumed that oil has been the fatal ingredient (ibid: 529). Clarke does not also accept that the resource industry is an enclave in nature. To him the resource industry in the Third World (Africa) is not always wholly in enclave and has become less so over time. To him many resource large ventures, often long established, have multiple growing links with modern local economics and serves as an engine of growth, even if in clear cases the many benefits are mortgaged or squandered by political authorities or elites. This to him is fundamentally a management problem in state formation, not inherent characteristics of oil itself.

Again he attributes rent seeking to the histories of the political configuration and local business culture. To him rent-seeking need not be inevitable. In a related manner, he opines that the excess reliance on only a leading resource (e.g oil) by the state is an "elected" strategy, or driven by a default, not a paradigm that the resource industry chooses to impose. Continuing, he believed there are plenty of fiscal tools and macro-economic mechanisms that could smooth out income volatilities, though again it is usually the political class that forgoes advisable prudence. Even corruption and outright stealing of resource export revenue is an issue revolving around domestic political conditions which cannot be addressed by abstention. This, to him, is because larceny and elite monopolies litter non resource (oil) developing societies equally.

From then foregoing debate it could be said that those who argue for resource curse based their argument on empirical facts - they have seen the negative effects in almost all Third World oil bearing states. To them therefore, it is obvious that natural resources export economy has done more harm than good. On the other side of the

argument are those who contend that the so called resource curse are not just caused by the availability of resources and their export economy but management and socio-political and cultural problems of the societies where resource are found. To them these negative phenomena which are attributed to natural resource do occur even in non-resource bearing state and so could not be said to be an inevitability of resource (oil).

However the claim of this, paper is that natural resource has become a curse to Third World societies, especially Nigeria. This is because we believe that the oil resource economy has done more harm than good to national development in Nigeria. We hope to be able to prove this in the next section of this study.

Resource Endowment and National Development in Nigeria

Nigeria is blessed with a lot of mineral resources. These economic resources include building and construction industry minerals, steel industry minerals strategic minerals and precious metals and gemstones. This is in addition a climate and soil that favours a wide variety of agricultural activities including the cultivation of rice, wheat, palm produce, cocoa, etc (Iwara 2016). However, oil and gas have dominated the nation's economy as the nation is largely dependent on receipts from these two economic resources. In spite of all these economic resources and their potential for development, national development in Nigeria has taken a back seat as there is virtually any sector of national development that is making a head way. From the economy to politics to social development, the paradox of plenty - that which some scholars (Alfonso, 2003; Toad, 2007; Ross, 2001) refer to as resource curse is more visible in Nigeria than many other Third World countries. According to Iwara (2016:52), this was due largely to the capture of the environment by an oligarchic ruling elite and its eventual underutilization by the captor". Sixty years after the first discovery of oil in commercial quantity in Olobiri, Bayelsa State, Nigeria has earned over 800 billion US dollars in oil rents. This is outside rents from gas which also became significant from the late 1990s to the present. In spite of such huge flows of money from oil and gas, poverty has continued to ravage over 60 percent of Nigeria's over one hundred and seventy million population (Chukwuma. 2015), As an economy, the country is not insulated from the challenges of micro economic stability, growth and infrastructural deficit. Oil and gas receipts from successful oil booms have only led to wasteful spending, corruption, miss-governance and general poverty no which some now refers to as natural resource curse. Despite the huge revenues shared among the three tiers of governments, the ruling elites still complain of paucity of fund finance public service such as education, health and infrastructural development.

At this juncture, it will be pertinent to look at the factors that led to this paradox of plenty otherwise called resource curse. The factors (which could also be seen as the negative effects of the resource curse) include the following:

Corruption: Corruption has been a major developmental problem in Nigeria. It was said to have been aggravated in National development life with the advent of oil Nigeria. This is so because political influence remains significant in oil concessions deals and transactions. In Nigeria, parts of the business of oil remain closely tied to the power structures of presidents, ministers and state official. This gives room for oil revenues to flow offshore to private accounts. Private capital or revenue flight aboard has been a consistent theme in Nigeria as the Economic and

Financial Crimes Commission (EFCC) has been battling to repatriate looted and laundered oil money abroad. For instance former head of state Sam Abacha is reported to have looted \$3 billion, claimed back by the state, but it has recovered only around \$1 billion. Also recent revelation of the immediate past minister of oil - Alison Madueke's loots stashed in foreign banks and at home by the EFCC all points to the rent seeking and corrupt nature of resource economy in Nigeria (Clarke 2010).

Disease Dutch: A large increase in oil (natural resource) revenue has hurt other sectors of the economy, particularly agriculture and export based manufacturing, because inflation or exchange rate appreciation and shifting labour and capital, from the non-resource sector to the resource sector. This explains why the variety of Nigeria's mineral resources could lead Nigeria to a mono cultural economy which in recent times impoverished the masses (NRGI, 2015; Iwara; 2016).

Conflict and Violence: This is a major challenge and problem related to the natural resource (oil) export economy. There has been steady rise in violence especially in the oil producing areas. By 1999, oil related conflicts and violence had assumed a frightening dimension in the oil rich Niger Delta region of Nigeria. The violence manifested itself in different forms such as kidnapping of oil workers and their family members (usually for ransom), and the disruption of oil and gas operations. Five major categories of conflicts exist in the Niger Delta region of Nigeria. These are intra-community, inter-community, inter-ethnic Community/oil companies, and State/Federal government (Onyeukwu. 2007). All these categories of conflicts combine to pose serious challenge to the security and stability of the Nigeria State and negatively impact on national development in Nigeria. This is because resources that should be channeled into developmental projects are used to maintain peace and order. Also most economic assets like oil and gas pipelines are destroyed deliberately by the militants.

Weaker Institutional Development: - In Nigeria, as in other resource - rich countries, institutions are weaker because it is easy for the elites to take large sums of cash. Large single - point sources of revenue, such as an oil project can and are usually managed outside the normal budget process and are relatively easily captured by powerful elites. In Nigeria, the sovereign wealth and the excess crude account are examples of tools used to capture revenues. This makes Nigeria's elites hardly invest in productive enterprises, and instead pursue rent seeking activities. These "rent seeking" and "rent seizing" activities by Nigeria's elites which promotes corruption is damaging to institutional development needed for Nigeria's" national development.

Inefficient Spending and Borrowing: Resource-rich governments like Nigeria have a tendency to over-spend on government salaries, inefficient and corruption enhancing fuel subsidies and elephant projects to the detriment of spending on health, education and other social service. It also makes the government to often over borrow because they have improved their credit-worthiness when oil revenues are high. This has led Nigeria into debt crisis until she got debt cancellation under the Obasanjo regime. Currently, the nation's debt profile is geometrically increasing. Some have also argued that natural resource led economy like Nigeria threatens democracy as the political Elites trade power for tax rights and prefer to acquire the tools of coercion (Humphrey, Sachs and Stiglitz and Soros in Clarke 2010).

All these factors discussed above are the consequences of oil dominated economy of Nigeria. Their combined effects have made it difficult for National Development in Nigeria.

The Way Forward?

From the discussion so far, it has become glaring that vital natural resource endowment in Nigeria has not promoted national development. It therefore seems obvious that the relationship between the rich resources endowment in Nigeria and its development is negative. In spite of these vital resource availability, the countries performance in all vital sectors, such as education, economic growth, poverty eradication, health services, security, standard of living, infrastructural development, advancement of democracy etc. are quite dismal. The task therefore, is what could be done to translate these natural resources wealth into actual national power and development. The following recommendations are germane if Nigeria would be pulled out of the resource curse and experience development.

The first suggestion that readily comes to mind is that of "state building". According to Chukwuma (2015), State building is a product of engagement between the state and organized groups or citizens in their territory. In Nigeria state-citizen engagements and bargains are largely absent or in most cases weak. Karl (2007) cited in Chukwuma (2015) identifies this which he refers to as "participation deficit", a lack of connection between citizens and the state, which breaks any sense of ownership of public resources or consequent citizens engagement as one of the biggest challenges of oil rich economies. In a related manner Moore (2007) cited by Chukwuma (2015) noted that because governments of oil rich countries do not depend much revenue raised by taxing their citizens they are not held accountable as their counterparts in resource poor countries. Thus ensuring a fiscal contract between citizens and the state with former holding the latter accountable is fundamental to ensuring accountability in resource-rich countries like Nigeria.

In order to create the platform for these engagements, Nigeria should consider the direct distribution of natural resource revenue to citizens in the communities where they are found and then make them to pay tax to the government. This will not only reduce poverty and inequality but will also enable or encourage Nigerians to hold government accountable for service delivery.

Closely related to the above is that the Nigerian state should release its capture on the environment and its natural resource endowments and make reversal politics and laws to return the control and exploitation of the environment to states in the country. When this is done, natural resources such as oil and gas, solid minerals and agricultural produce should be mobilized for domestic industrialization process (Iwara, 2016). This, if properly channelled will lead to the desired diversification. To achieve these, there need to be political restructuring that will ensure that fiscal federalism is practiced. This can be achieved through the making of a new constitution by elected constitutional conference representatives of the people.

In the immediate, a strict budgetary policy and reduction of recurrent expenditure must be immediately considered. Also ne current on-going light against corruption and the recovery of looted, funds should be reinvigorated. The recovered funds should be used to enhance the diversification efforts currently being pursued. Again the sovereign Wealth Fund, one of the resource governance mechanism introduced should have deposits made consistently in period of oil booms and be transparently well managed with the national assembly dutifully supervising withdrawals. Finally, there should be more transparency and accountability in the management of oil natural resource revenue in Nigeria.

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