Administration of Oil Derivation Fund and Socio-Economic Development in the Niger Delta Region of Nigeria, 1999-2014

Professor Mathew Olu Okotoni
Department of Public Administration, Faculty of Administration, Obafemi Awolowo University, Ile - Ife

Olubunmi Fatai Adesanmi
Department of Public Administration, Olabisi Onabanjo University, Ago – Iwoye, Ogun State
Email: bunmiadesanmi@yahoo.com; olubunmiadesanmi6@gmail.com
Tel: +234(0)9092429090; +234(0)8168386161

Abstract. *This study examined the impacts of oil derivation fund on the socio-economic development in the Niger Delta Region of Nigeria, 1999-2014. Data from both primary and secondary sources were used to achieve the objectives of the study. Three out of the nine oil producing states that constitute the Niger Delta region of Nigeria were purposively selected from which three local government areas each were sampled. Primary data were collected using questionnaire, in-depth interviews and direct observations, while secondary data was sourced from the monthly publications of the Federal Ministry of Finance on revenue allocation. Two sets of questionnaires totalling 330 (Type A 150 for civil servants; Type B 180 for members of the oil producing states) were administered on respondents out of which a total of 249 representing 75.5% were completed and returned. The data collected were analysed using descriptive statistics. The findings showed poor administration of oil derivation fund which has further escalated the agitations and conflicts in the region, which impinged negatively on the provisions of socio-economic development of the region.*

Key Concepts: Niger Delta Region, Oil Derivation Fund, Socio-Economic Development.

Introduction

Oil has remained a source of wealth and credible source of revenue not only for governments, but also the communities where the resource is derived. It is rather unfortunate that in the Niger Delta region, poor management of oil revenue has become a potent factor impeding socioeconomic development. The yearnings for development cum negative effects of oil related activities on the region have led the people into taking laws into their own hands. Agitation and the quest of the oil producing communities for development and to get more allocation from the oil revenues, to ameliorate some of the problems caused by the oil exploration and related activities, have met with a stiff resistance from the federal government and its agencies (Human Right Watch, 1999; Nwachukwu, 1999; Aluko, 1999; Ukeje, Odebuyi, Sesay and Onosode, 2003). The situation has brought about conflicts in various forms and dimensions, and in most cases leading to loss of properties and lives, thus setting the region back socially and economically.

The agitation for resource control, which was a backlash of the poor socio-economic state of the oil producing areas and agitation for better life for the Niger Delta inhabitants became rife in the late 1990s and early 2000, a period that coincided with the implementation of the 13% derivation on oil resource. Since 1999 when the 13% derivation regime came into existence, the oil producing states in the Niger Delta region have indeed received huge amount as oil derivation fund. It has been estimated that about N4.6 trillion accrued to the nine oil producing states between 1999 and 2014 (Central Bank of Nigeria (CBN), 2014; Federal Ministry of Finance (FMF), 2014). This huge revenue notwithstanding, social and economic amenities in the region are grossly inadequate and several of them are at the verge of collapse where they still exist. Paradoxically the huge amount derived from oil derivation has not translated into meaningful socio-economic development (Erero & Olowu, 1997; Nisirimovu, 2000; Nwaze, 2012).

Statement of the Problem

Several attempts have been made by the federal government to douse the tension generated by the perceived neglect of the Niger Delta region and promote development in the area. The implementation of the 13% oil derivation fund in 1999 and the establishment of the Federal Ministry of Niger-Delta Affairs in 2007 are the latest attempts after the earlier attempts failed to achieve the desired results: all with the aim of bringing about socio-economic development in the region (Nisirimovu, 2000; Transparency International, 2009; Nnamani & Chilaka, 2012). The 13% oil derivation fund has generated a total of N4.58trillion to the nine oil producing states between May 1999 and April 2014, despite this huge sum, the region is still wallowing in abject poverty, environmental degradation, poor infrastructures and other socio-economic malaise (Sagay, 2001; Ojo, 2010; Wunsch & Olowu, 1990; Popoola, 2011; Nnamani & Chilaka, 2012).

Objectives of the Study

The study investigates how much has accrued to each of the oil producing states as derivation fund from May 1999 to April 2014. It also examined the pattern and mode of administration of the derivation principle within the intergovernmental fiscal structure of Nigeria and assesses the relationship between derivation fund and the provision of socio-economic amenities in the region.

Scope of the Study

The empirical investigation for this study covers a period of 15 years from May 1999 – April 2014. This period is chosen to enable a critically review of how oil derivation fund was appropriated and managed in the Fourth Republic and its impacts on the provisions of socio-economic amenities.

Review of Literature

The issue of oil mineral resources and petroleum revenue in Nigeria has come a long way, from obscurity in 1958 to the limelight in the early 70s, and from the 80s, it became the bedrock of Nigerian economy. From a modest production of 5000 barrels per day (bpd) in 1957, the country now has the capability of producing well above 2.5 million barrels per day (NNPC, 2008). In the same vein, the revenue accruing from oil has gone viral to the extent that it amounts to an approximate of 80% of Nigeria foreign earning within the last 25years (FMF 2014; CBN 2014).

Revenue and/or source of income to a state is a convention without which the business of government will not run smoothly. Edmund Burke, a Sociologist, argues that “the revenues of the state are the state” (Vanderwalle, 1998). The state is as good as the sources of her revenue, and the need for revenue is a constant pursuit of any government (Rose, 1985). Managing this accruing revenue effectively, to spur socio-economic development has become a great problem and in fact a very challenging issue in the governance and administration of developing nations of Africa, most especially Nigeria and the consequence has been retarded growth and/or increasing underdevelopment.

Oil was discovered in exportable quantity in Oloibiri, one of the Niger-Delta communities in the present day Bayelsa State in 1956 and production began in 1958. The discovery was made by Shell-BP, the sole concessionaire at that time. Nigeria joined the ranks of oil producers in 1958 when its first oil field came on stream producing 5,100 bpd. In the early 1960s, revenue from oil accounted for less than 10% of Nigeria's revenue, but with the oil boom of the 1970s, it became the most dominant revenue earner for Nigeria. Nigeria, which used to be a major player in palm oil, groundnut, cotton and cocoa production in the world for over two centuries, suddenly became one of the top ten crude oil producing nations of the world, with an average production of 2.3 million bpd (Ikein, 1990). It is estimated that oil revenue currently accounts for about 85% of Nigeria's total revenue and about 90% of its foreign exchange.

Despite the huge amount being derived from the Niger Delta Region and the fact that the region is responsible for oiling much of Nigeria's economic growth, the Niger-Delta region is somewhat alienated from Nigeria's national development. Essentially, there is a significant disconnect between the wealth the region generates for the Nigerian federation and the transnational oil companies extracting oil from the region, and the region's socio-economic and human development progress. Poverty and poor human development indicators paint a dismal picture for the Niger Delta region (Adesanmi and Adegbami, 2010).

The Niger-Delta region today is a place of frustrated expectations and deep-rooted mistrust (Osaghare, 1986). Unprecedented restiveness at times results in violence. Long years of neglect and conflict have fostered a siege mentality specifically among the youths who feel they are condemned to a future without hope and see conflict as a strategy to escape deprivation. While turmoil in the Niger Delta has many sources and motivations, the preeminent underlying cause is the historical failure of governments at all levels (Albert and Otite, 1999). Declining economic performance and poor management of oil proceeds, leading to rising unemployment or underemployment; the lack of access to basic necessities of life like water, shelter, food and clothing. The discriminatory policies, deny the Niger-Deltans access to positions of authority and prevent them from participating in shaping the rules that govern their lives. This made the people to conclude that governance over time has fallen short of the people's expectations (Ekwe-Ekwe, 1990).

The magnitude of the problems facing the people of the Niger-Delta is best illustrated in the Report by the World Bank in 1995. The two-volume study entitled: "Defining an Environmental Development Strategy for the Niger Delta" was conducted by the Industry and Energy Operations Division of West and Central Africa Department of the World Bank. The region is described as follows:

The Niger Delta has been blessed with an abundance of physical and human resources, including the majority of Nigerian's oil and gas deposits, good agriculture land, extensive forests, excellent fisheries, as well as a well-developed industrial base, a strong banking system, a large labour force, and a vibrant private sector. However, the region's tremendous potentials for economic growth and sustainable development remains unfulfilled and its future is threatened by deteriorating economic conditions that are not being addressed by present policies and actions (World Bank, 1995).

By the World Bank's conclusion on the socio-economic state of the region, ditto for Nigeria as a whole, the situation manifests the paradox of plenty or the resource curse.

Methodology

The study adopted survey research design. The universe of the study is the oil producing areas, tagged the Niger Delta Region, consisting of nine states (Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers) and one hundred and eighty-five (185) local government areas. Three states (Ondo, Imo and Delta) and three local government areas per state were purposively selected from where samples were drawn for the study. Questionnaire, Oral interviews and Observation methods were used for collection of data for the study. Descriptive statistics were employed for the analysis.

Oil Derivation Accrual from May 1999 to April 2014

The publications of the monthly allocation by the Federal Ministry of Finance, through the Federation Accounts and Allocation Committees (FAAC) were gathered for the period between May 1999 and April 2014 (See Table I) where the nine oil producing states in addition to their statutory monthly allocation from the Federation Account also received 13% oil derivation fund based on the amount of oil exploited from their domain for each month. In all, for the period under study, a total of 4,575,711,393,210.15 was allocated as oil derivation fund to the nine oil producing states.

The derivation earnings of the oil producing states can be categorised into three major classes namely - high, medium and low derivation earners and the three states sampled (Imo, Ondo and Delta) fall within the three classes of the revenue classifications of high (Rivers, Akwa Ibom, Delta and Bayelsa), medium (Ondo) and low (Imo, Edo, Abia and Cross Rivers) respectively. In aggregate for the 15years under review, Delta State received the highest derivation fund with of approximately **₦1.2 trillion,** while Cross River received the lowest approximated at N43.5billion. The nine states can therefore be ranked in the following order according to their oil derivation fund earnings: Delta 1st position, Rivers 2nd position, Akwa Ibom 3rd position, Bayelsa 4th position, Ondo 5th position, Edo 6th position, Imo 7th position, Abia 8th position, and Cross Rivers 9th position. Figure 1 expresses the summary of the amount of derivation fund received in percentage (%).

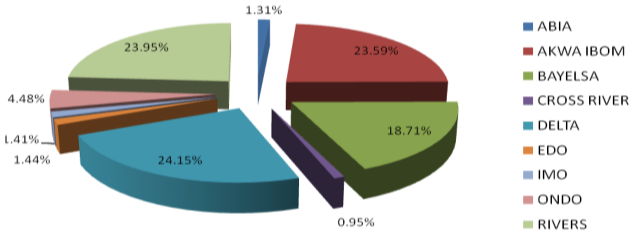

Figure 1. Summary of the Oil Derivation Earnings to the nine Oil Producing States expressed in percentage

Imo, Ondo and Delta received an aggregate of 1,374,688,479,931.45 (one trillion, three hundred and seventy-four billion, six hundred and eighty-eight million, four hundred and seventy-nine thousand, nine hundred and thirty-one naira, forty-five kobo) out of which Delta State got 1,105,120,160,491.55, Ondo State 205,164,671,932.58 and Imo State received the least derivation fund 64,413,647,507.32.

Table 1. Summary of the 13% oil derivation allocation to the oil producing states (1999-2014)

	Abia	Akwa Ibom	Bayelsa	Cross River	Edo	Delta	Imo	Ondo	Rivers	Total
1999	39,557,207.82	655,838,491.47	541,423,270.34	62,520.35	17,258,594.30	892,701,310.42	74,985,719.21	209,889,752.83	541,423,270.34	2,973,140,137.08
2000	605,542,571.23	13,051,938,149.71	10,772,430,539.25	1,359,546	343,455,122	27,765,813,337	1,492,291,381.76	4,177,053,439.98	10,772,430,539.25	68,982,314,625.50
2001	887,975,929.52	16,893,104,657.73	13,942,679,318.60	1,762,500.25	443,533,203.23	32,994,267,315.04	1931470330.55	5,406,354,425.32	13,942,679,318.87	86,443,826,999.11
2002	2,004,250,258.80	8,269,258,481.25	19,315,385,253.68	1,045,975,394.81	720,682,519.53	33,088,546,074.40	2,010,555,234.29	2,826,238,064.63	47,688,286,331.70	116,969,177,613.09
2003	2,560,557,690.33	22,079,886,639.92	28,143,842,819.88	2,244,569,493.19	1,589,954,904.55	49,517,399,383.32	3,343,851,839.38	5,416,102,440.35	30,310,391,518.44	145,206,556,729.36
2004	6,444,588,542.13	40,115,374,131.73	52,521,949,117.20	3,257,390,911.03	2,475,079,658.74	52,681,112,484.05	4,529,233,529.27	7,455,684,890.84	44,532,681,992.09	214,013,095,257.08
2005	3,355,951,253.02	52,905,615,322.58	75,542,600,172.45	5,119,858,838.13	2,840,395,317.83	54,460,243,567.44	4,576,403,737.09	11,480,707,136.21	63,945,113,810.36	274,226,889,155.11
2006	3,784,394,974.65	55,802,664,919.41	75,637,359,090.91	6,136,566,595.91	5,776,858,308.65	81,626,448,600.71	4,724,586,866.65	18,024,921,941.61	79,544,506,583.97	331,058,307,882.47
2007	3,249,828,694.07	81,454,009,057.39	50,801,660,607.31	7,746,998,089.99	1,379,628,697.95	71,653,596,919.20	5,268,733,675.17	21,400,912,051.06	121,590,007,746.20	364,545,375,538.34
2008	4,774,860,761.70	90,219,765,068.06	66,337,935,444.72	8,669,797,130.02	1,009,954,283.38	79,550,568,781.96	6,780,755,566.11	24,958,951,431.10	138,204,841,258.72	420,507,429,725.77
2009	3,704,415,887.88	67,645,563,787.43	30,585,358,394.09	906,857,279.70	3,785,371,331.19	86,090,582,965.31	3,865,781,384.76	14,067,258,784.95	58,427,055,015.74	269,078,244,831.05
2010	11,495,708,484.35	111,423,789,255.71	69,968,091,810.34	1,621,773,282.38	4,894,074,977.11	104,413,061,847.14	5,486,488,832.82	18,962,699,084.72	102,279,437,781.28	430,545,125,355.85
2011	4,418,396,244.14	132,482,675,674.63	104,383,343,811.90	4,515,665,124.19	10,170,184,159.32	123,287,167,869.75	6,371,183,319.83	19,232,168,656.42	124,470,503,433.38	529,331,288,293.56
2012	4,630,498,814.58	150,911,808,444.90	103,837,214,767.39	2,120,400,130.24	11,254,797,862.24	129,026,966,394.64	5,813,678,470.37	20,167,516,633.64	107,190,487,222.01	534,953,368,740.01
2013	6,179,237,154.43	170,958,056,312.59	110,078,357,382.93	0	13,334,357,951.73	120,237,274,310.29	5,973,189,566.45	22,499,745,356.23	107,154,140,157.84	556,414,358,192.49
2014	1,763,810,900.71	64,761,228,017.11	43,740,328,012.91	0	5,991,422,555.25	57,834,409,331.25	2,170,458,053.61	8,878,467,842.69	45,322,769,420.75	230,462,894,134.28
Total	**59,899,575,369.36**	**1,079,630,576,411.62**	**856,149,959,813.90**	**43,389,036,836.25**	**66,027,009,446.63**	**1,105,120,160,491.55**	**64,413,647,507.32**	**205,164,671,932.58**	**1,095,916,755,400.94**	**4,575,711,393,210.15**

Source: Fieldwork October 2015

Pattern and Mode of Administration of the Derivation Fund

It is important to state here that the issue of 13% derivation fund has constitutional backing. According to Section 162, sub section 2 and 3 of the 1999 Constitution:

The Federation shall maintain a special account to be called "the Federation Account" into which shall be paid all revenues collected by the Government of the Federation,...the President, upon the receipt of advice from the Revenue Mobilisation Allocation and Fiscal Commission, shall table before the National Assembly proposals for revenue allocation from the Federation Account, and in determining the formula, the National Assembly shall take into account, the allocation principles especially those of population, equality of States, internal revenue generation, land mass, terrain as well as population density; Provided that the principle of derivation shall be constantly reflected in any approved formula as being not less than thirteen per cent **(***emphasis mine***)** *of the revenue accruing to the Federation Account directly from any natural resources.*

Though, it is not stated in the 1999 Constitution what the derivation fund should be used for, but the operators and the beneficiaries seem to perfectly understand the general direction of its applications. There was a consensus among the respondents on the essence of the derivation principle.

The respondents agreed on four (4) of such purposes of derivation principle as follows: Derivation principle is meant to correct environmental degradation caused by oil activities (99.2%); it is meant to give back to the people as the real owner of the resources (90.9%); derivation principle is meant to bring about socio-economic development of oil producing/oil impacted areas (100%); and the principle is also meant to curb youth restiveness and agitation for resource control (100%).

The above laudable purposes notwithstanding, the pattern and mode of administration of the derivation fund in the areas seem counterproductive. This was evident in Table 2 as the respondents (100%) agreed that: one, the practice of releasing oil derivation fund to the State governments alongside monthly allocation allowed for manipulation and short-changing of the oil producing communities in the sharing arrangement; two, there were no specialised committees for determining how much was derived from oil produced in a state of which 13% was applicable; and three, the government of oil producing states withheld 60/50% of oil derivation fund for state-wide use at the expense of the oil producing communities.

The interviewed respondents corroborated the position of the questionnaire findings on the pattern and mode of administration of the derivation principle within the intergovernmental fiscal structure of the country. The interviewees were unanimous in their response of neither being in support nor comfortable with the current pattern and mode of administration of the 13% oil derivation fund and thereby called for a reform. They lamented the exclusion of the local governments (the third tier of the Nigeria federal arrangement) and the oil producing communities in the scheme of management of the oil derivation fund.

On the benefits derivable from the administration of oil and oil derivation fund, the interviewees responded that it was more of negative benefits than positive, and that the current status had failed to yield the best result in terms of socio-economic benefits to the oil producing states. They stated in strong term the need to have a board for the management of oil derivation fund and for the chairmanship to be on rotational basis among the people of oil producing communities to bring about a speedy transformation of the region, socially and economically too.

Impacts of Derivation Fund on the Provisions of Socioeconomic Amenities in the Niger Delta Region

Respondents were requested to rate socio-economic amenities in the communities, and the ratings are presented in Table 3, Figures 2 and 3. As shown in Table 3, 50% of the respondents rated socio-economic amenities in the region as stable but not progressive, just as another 19.3% rated it as both unstable and not progressive. This could be further interpreted to mean 69.3% rated the socio-economic amenities in the Niger Delta region as not progressive.

Table 2. Pattern and mode of administration of the derivation principle

Assertions	Responses	Frequency	Percent
The practice of releasing oil derivation fund to the state government alongside with monthly allocation allows for manipulation and short-changing of the oil producing communities in the sharing arrangement	Strongly Agree	84	72.0
	Agree	32	28.0
	Uncertain		
	Disagree		
	Strongly Disagree		
	Total	116	100.0
There is no specialised committee for determining how much is derived from oil produced in a state of which 13% is applicable	Strongly Agree	79	67.9
	Agree	37	32.1
	Uncertain		
	Disagree		
	Strongly Disagree		
	Total	116	100.0
The government of oil producing states withhold 60/50% of oil derivation fund for state-wide use at the expense of the oil producing communities.	Strongly Agree	75	64.3
	Agree	41	35.7
	Uncertain		
	Disagree		
	Strongly Disagree		
	Total	116	100.0
Derivation principle is meant to correct environmental degradation caused by oil activities.	Strongly Agree	70	60.6
	Agree	45	38.6
	Uncertain	1	.8
	Disagree		
	Strongly Disagree **Total**	116	100.0

Source: Fieldwork 2015

Table 3. Ratings of the trend of socio-economic amenities of Niger Delta Region

Assertions	Rating	Frequency	Percent
The trend of socio-economic amenities of Niger Delta region	Stable and progressive	27	11.1
	Not stable but progressive	48	19.7
	Stable but not progressive	122	50.0
	Not stable and not progressive	47	19.3
	Total	244	100.0
Assessment of the oil derivation fund in terms of provision of socio-economic amenities for the people	Very Good	4	1.7
	Good	67	27.9
	Poor	139	57.9
	Very Poor	30	12.5
	Total	240	100.0

Source: Fieldwork 2015

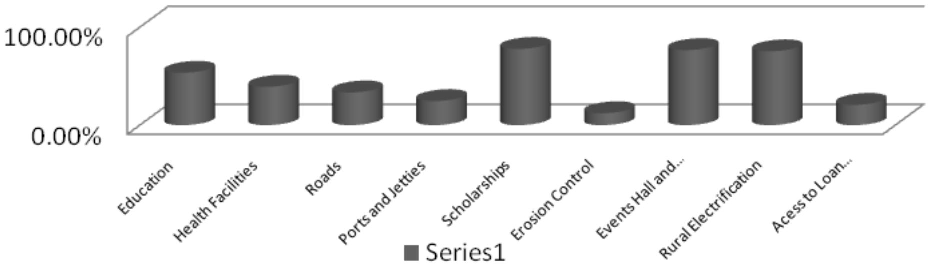

Figure 2. Ratings of the quality of socio-economic amenities in the region

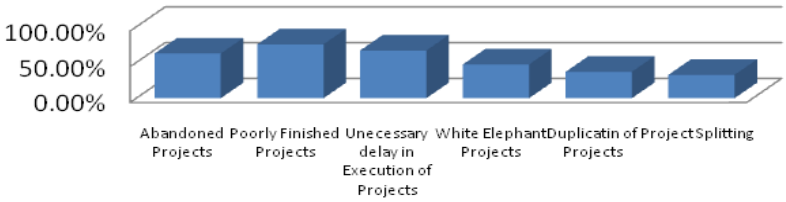

Figure 3. Manifestations of administration of derivation fund

The distribution simply implies an absence of significant progress in the socio-economic status of the region. It further confirms that the derivation fund does not positively affect the provisions of socio-economic amenities in the region and that the fund administrators, the state government through the commissions were only interested in short and medium term projects with little or no socio-economic impacts especially at the long run. This is corroborated in the same table, where 70.4% of the respondents rated the impact of oil derivation fund on provision of socio-economic amenities for the people as poor/very poor.

Specifically, respondents were requested to evaluate selected nine (9) socio-economic amenities in the Niger Delta region. Their responses are presented in Figures 3 and 4. The selected amenities include: education, health facilities, roads, ports and jetties, scholarships and erosion control. Others are events halls and relaxation centres, rural electrification/connection to the national grid and access to loan facilities. Out of the nine items, four were rated good/very good by the respondents. These were: Scholarship for students 78%; Events halls and Relaxation centres 76.7%**;** Rural electrification/ Connection to the national grid 75.5%**;** and Education 53.3%.

On the other hand, the remaining five (5) items were rated by the majority of respondents as poor/very poor. Starting with the poorest - Erosion Control 87.7%; Access to loan facilities 82.9%; Ports and Jetties 75.4%. Roads 75.9% and Health facilities, 60.8. It can be deduced from the above that the area that received the least attention as shown in Figures 2 and 3 was erosion control while provision of scholarship received the most attention. The import of this analysis reveals the poor management of resources on the part of the fund administrators and choice of projects.

The interviewees while responding to further questions on access to loan facilities stated that the members of the community-based associations enjoyed prompt attention especially between 2000 and 2005, but as from 2006 getting loan became stringent with conditions that were very difficult to meet. One of the interviewees, a General Secretary of one of the community-based development associations stated:

Since late 2005, getting loans became extremely difficult and unattainable due to conditions attached to it. In fact, it was easier to access loan from banks than getting one from the fund set aside by the oil producing areas development commission for that purpose. Less than 10% of loan applications processed by our association were granted as against more than 70% being enjoyed prior to 2006.

Direct observations carried out between August and October 2015 in the Ilaje and Ese Odo Local Governments areas of Ondo State, Ohaji/Egbema Local Government area of Imo State corroborated the parlous state of the socioeconomic amenities. These LGAs are facing serious erosion challenges, poor shoreline protection, poor water-way management and siltation. The most challenging as observed is the problem of gully erosion which damaged not only farmlands but also link roads and houses. From the direct observation of infrastructures in the region, revealed that the people are still using the old jetties constructed through communal effort in Ilaje and Ese Odo local governments areas of Ondo State (see Appendix).

On the manifestations of the administration of derivation fund, abandoned projects were described by 62.7% of the respondents as prominent/very prominent. This was against the 34.9% that described abandoned projects as less prominent. By implication, the rate of abandoned projects is high in the oil producing and oil impacted areas. It must be noted that resources committed to any abandoned projects are considered a waste, because it is neither generating any returns nor fulfilling any purpose.

The oral interview reveals that the 13% oil derivation fund *vis-a-vis* the socio-economic development of Niger Delta region for the period between 1999/2014 was considered a poor venture in critical terms. To the majority of the interviewees, the achievement had been inconsistent with the amount of money received within the period.

More than 80% of the interviewees responded that their states were not better off as the fund received so far had not really translated into any meaningful development, due to poor management. Bad roads, poor education and health facilities were cited and that where they had the facilities (especially health centres' and maternity homes) there were no drugs, nor adequate personnel to attend to people. It was also advanced by the interviewees that most of the claims by the state governors from the region on infrastructural amenities were mere propaganda and window dressing. The schools, the health facilities, the transportation, social security and also human security are comatose when compared with the fund available from the oil derivation. The general conclusion of the interviewees was that it was poor, and of no positive effect as there was nothing concrete to show for the trillions of naira received as derivation fund during the period.

Conclusion and Recommendations

The principle of derivation which has been in existence since 1958 when oil was first exported had gone through thick and thin. From 100% derivation to as low as 1% before it was increased from the meagre 3% to 13% in 1999. This was done to pave way for the socio-economic development of the Niger Delta region and to curb youth restiveness and demand for resource control by the Niger Delta people. It is evident from the findings of the study that the provision of socio-economic amenities in the region between 1999 and 2014 was not commensurate with the enormous derivation fund available to the region. There was no significant progress in the socio-economic status of the region, this is stemmed from fact that the fund was not being properly administered and spent on projects that could have enhanced socio-economic rebirth, rather the fund administrators succumbed to window dressing and frivolous project execution with short life span. In a nutshell, the poor administration of the 13% oil derivation fund debars adequate provision of infrastructural amenities, which negatively affects the socio-economic development of the Niger Delta region.

The study recommends that a specialised body be set up to monitor the entire process of derivation from the lifting of the crude to the disbursement of the fund and its administration. Equally, needs assessment should be carried out in any oil producing community before embarking on the provision of any socio-economic amenities. Any project that does not have economic value should not be funded from the oil derivation fund. Corruption and corrupt practices among the handlers of the fund must be eliminated by putting in place effective monitoring system and accountability mechanisms in order to make the fund effective, efficient and productive.

Appendix

Figure A1 shows the pictorial views of Farmland, Road and Residential areas damaged by erosion in Ilaje, Ese-Odo and Ohaji/Egbema LGAs

(a)

(b)

(c)

Figure A1. Pictorial views of (a) Farmland, (b) Road, and (c) Residential areas damaged by erosion

References

Adesanmi F. O., & Adegbami Adeleke (2012**)**. Effects of Communal Conflicts on the Socio- Economic Development of Warri in Nigeria from 1995-2005. *African Journal of Institutions and Development (AJID)* OAU, Nigeria.

Aluko, M. A. O. (1999). Social Dimension and Consequences of Environmental Degradation in the Niger Delta of Nigeria: Suggestions for the next Millennium, in Osuntokun A. (Ed.) *Environmental Problems of the Niger Delta.* Lagos: Friedrich Ebert Foundation.

Central Bank of Nigeria Annual Report, (2014).

Constitution of the Federal Republic of Nigeria, (1999). Lagos: Federal Government Printer.

Ekwe-Ekwe H. (1990) *Conflict and Intervention in Africa*, London: Macmillan.

Hamilton, K., & Ruta, G. (2006). *From Curse to Blessing – Natural Resources and Institutional Quality*, in World Bank, *Annual Review: Environment Matters at the World Bank 2006*: 24-27.

Human Rights Watch (1999). *The Price of Oil*, New York.

Ikein, A. A. (1990). *The impact of oil on a developing country: the case of Nigeria*, New York: Praeger

Ikime, O. (1977). *Niger Delta Rivalry: Itsekiri- Urhobo Relations and the European Presence, 1884-1936*, London: Longman.

International Monetary Fund (2007). *Nigeria: Poverty Reduction Strategy Paper – Progress Report*, in: http://www.imf.org/external/pubs/ft/scr/2007/cr07270.pdf.Accessed on November 24, 2013.

Karl, T. L. (1990). *The paradox of plenty: oil booms and petrol-states*, Berkeley: University of California Press.

Nisirimovu, A. (2000). Poverty in Wealth: Report on the People of the Niger Delta and the Display of Poverty in Wealth, Port Harcourt: Institute of Human Rights and Humanitarian Law, p3.

Nnamani, D. O., & Chilaka, F. C. (2012). Economic Reforms and Social Service Delivery in Nigeria 1999-2007: Issues and Options, *Arabian Journal of Business and Management Review (OMAN Chapter), 2*(4): 9-23.

Nwachukwu, C. O. (1999). Environment, Food and Agriculture Dynamics: Development Policy Implications for Natural Resources Exploration and Exploitation in the Niger Delta Wetlands Wildlife and Biodiversity Region of Nigeria, In Osuntokun A. Ed. *Environmental Problems of the Niger Delta*. Lagos: Fredrich Ebert Foundation.

Nwaze, C. (2012). *Corruption in Nigeria Exposed with Cases, Scams, Laws and Preventive Measures*, Lagos: CSA.

Ojo, E. (2010). The Politics of Revenue Allocation and Resource Control in Nigeria: Implication for Federal Stability, *Federal Governance, 7*(1): 72-94.

Olowu, D., & Erero, J. (1997). Governance of Nigeria's Villages and Cities through Indigenous Institutions in Olowu, D., & Erero, J. (eds.) *Indigenous Governance System in Nigeria*, Ile-Ife: LISD, 1-19.

Olowu, D., Wunsch, J. S., & Ayee, R. A. (2004). *Local Governance in Africa: The Challenges of Democratic Decentralisation*, Boulder, Colorado: Lynne Rienner Publishers.

Onosode, G. (2003). *Environmental Issues and the Challenges of the Niger Delta; Perspectives from the Niger Delta*, Environmental Survey Process, *Yaba*: The CIBN Press Limited.

Sagay, I. (2006). Nigeria: Federalism, the Constitution and Resource Control. Paper delivered at the Sensitisation programme on Resource Control organised by Ibori Vanguard, Lagos Nigeria.

Sagay, I. (2006). Nigeria: Federalism, the Constitution and Resource Control". Paper delivered at the Sensitisation programme on Resource Control organised by Ibori Vanguard, Lagos Nigeria.

Sesay, Amadu et al. (eds.) (2003). Ethnic militias and the future of democracy in Nigeria, Ile-Ife: Obafemi Awolowo, University Press.

Tamuno T. N. (2011). *Oil Wars in the Niger Delta 1849-2009*, Ibadan: Sterling-Horden Publishers

Transparency International, (2009). Oil and Civil Conflicts in Africa.

Ukeje, C, Odebuyi, A., Sesay, A., & Aina, O. (2002). Oil and Violent Conflicts in the Niger Delta, CEDCOMS Monograph Series No 1, Ile-Ife: Centre for Development and Conflict Management Studies.

Vandewalle, D. (1998). *Libya since Independence: Oil and State-Building*, Cornell University Press: Ithaca NY.