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# NATURAL RESOURCE GOVERNANCE AND DEVELOPMENT OF HOST COMMUNITIES IN AKWA IBOM STATE: AN ASSESSMENT OF THE DERIVATION PRINCIPLE

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**Abstract**
Thirteen per cent derivation principle was meant for developing communities where minerals including oil are derived. However, there is an argument that Akwa Ibom State Government has not judiciously used the principle of derivation to develop oil-producing communities. This article examined the impact of natural resource governance on the development of oil communities in Akwa Ibom state by assessing the implementation and application of the derivation principle. The study used historical and descriptive methods as well as Focus Group Discussion (FGD) to elicit data that were used in the work. It is the view of this work that the derivation principle is a veritable tool for the development of oil communities if it is properly implemented. The work recommended the creation in the State House of Assembly, a standing Mineral Oil Committee to monitor from the legislative wing the implementation of the 13% derivation fund for the development of oil-producing communities.

**Keywords**: Natural Resource Governance, Socio-Economics Development, Host Communities, Derivation Principle.

## Introduction

Undoubtedly, the significance of natural resources within the context of socio-economic development for any given society is paramount. Thus, the progress of a nation's economy is intricately intertwined with the presence of resources, their optimal utilization and the ethical stewardship of individuals tasked with their administration. The term "Natural Resource Governance" is linked with resource management. It involves the management strategy that derives its authority from a well-established legal mandate with the primary objective of regulatory and guiding human activities towards a sustainable and unpolluted environment. When properly governed and managed, natural resources have the potential to bring wealth and stability to resource-rich countries (Quadri, 2022).

Although Nigeria, unlike other countries of the world, is blessed with numerous natural resources, the country is listed among the poorest and environmentally devastated countries of the world due to poor resource governance. This phenomenon becomes particularly evident in the Niger Delta region, acknowledged as the nation's primary hub for oil production. Curiously, Akwa Ibom state being one of the nation's highest oil producing states, continues to grabble with dire impoverishment marked by the absence of substantial gains from the abundant oil resources extracted. A significant proportion of the state populace find themselves ensnared within the

realms of severe poverty, prevailing insecurities, rampant joblessness and overall stagnation (Inoni, Omotor, Aduaf, 2013)

In an effort to ensure that the impact of natural resources governance on the socio-economic development of the oil communities in the Niger Delta region, the federal government has enacted a series of legislations. These legislative measures serve as the foundation for the creation of pertinent agencies, institutions and policies geared towards the meticulous management of these resources toward the development of oil producing communities. One of these policies is the derivation principle. Derivation principle is a specific policy whereby a certain percentage, not less than thirteen per cent of the revenue earned from mineral prospecting is allocated to the region, zone or the state where such mineral is found. Lamentably, despite the formulation and execution of this policy and other laws and institutions designed to oversee resources governance, the adherence to many of these regulatory framework by oil and gas operators and the state has been conspicuously lacking. The primary objective of this work is to assess the impact of 13% derivation funds on the development of oil producing communities of Akwa Ibom State. The focus will be on the provision of infrastructure such as roads, water, electricity, poverty reduction and employment. Literature on the impact of natural resource governance on the development of oil-producing areas in Nigeria abounds. There is, however, a gap on empirical literature on the impact of derivation principle on oil producing communities of Akwa Ibom State which this work set to fill.

**Conceptual Issues**

Natural resources are tangible assets bestowed by nature that may be exploited and used for economic generation, life support, or both. All organic assets found on land, water, in the wild (forests), and in natural plants are included. Oil and gas are two of them (Okoli and Ucheme, 2015). Natural resource governance, on the other hand, is concerned with the social norms and regulations that regulate resource usage, as well as the development and enforcement of these rules and regulations (Roba, Gibbons, and Mahdi 2013). Simply expressed, natural resource governance is concerned with the authoritative application of rules and regulations to regulate how natural resources are used and utilised by relevant parties. It refers to the norms, laws, institutions, and procedures that govern governments', organisations', and individual stakeholders' decisions and actions in respect to natural resource access, control, allocation, exploitation, and usage. It is also perceived as how communities members such as youth, men and women where such resources are found are made to participate and benefit from how such natural resources are managed (Okoli & Uchembe, 2015; Spriger, Campese and Nakagu 2021). It is predicated on the idea that natural resources should not only be optimally harnessed, but also used more fairly, efficiently, and sustainably within a framework of management and regulation (Darby, 2010).

Development, on the other hand, is a multifaceted process (Ibaba, 2008) with indicators such as improved quality of living standards (Umoh, 1985), the realisation of higher levels of civilization, (Ake, 1996) control over productive forces (Anikpo, 1983), reduction in poverty, unemployment, and inequality (Dudley, 1970); access to basic social amenities such as electricity, potable water, and institutionalisation of democracy (the South Commission Report, 1); and access to basic social amenities such as electricity, potable water (Onuoha, 1999).

The derivation principle in Nigeria is embedded in the country's federal system of revenue allocation, which controls how natural resources revenue is shared among the federal, state and local governments (Sani, 2003). Derivation as a principle is defined first as a specific policy whereby a percentage of the revenue earned from mineral prospecting is allocated to the region, zone or the state where such mineral is found (Olasupo, 1995; Bellow-Imam, 1990). Section 162

(2) of 1999 constitution of Federal Republic of Nigeria particularly provides that not less than thirteen per cent of the revenue from natural resources accruing to the federation account should be allocated to state according to the principle of derivation (Udoh, 2003; Okunrounmu, 1999; Worika, 2002; Ofuebe, 2005; Adamgor, 2015; Joab-Peterside & Nwakanma, 2020). This provision was geared towards providing recompense to the producers of any natural resources for the expropriation and sequestration of their rights to control and manage same by the Nigerian state and cannot be waived from either the state or federal government (Ofuebe, 2005; Omodero, Ekwe & Ihendinidu, 2018).

Far from being an altruistic disposition of the Nigerian state, the provision was essentially prompted by the fragile condition of the Niger Delta region, with the assumption that it would create an enabling environment for more crude oil and gas production (The Nigerian Extractive Industries Transparency Initiative (NEITI), 2019).

Akwa Ibom State comprises of 31 local government areas and is one of the highest oil producing states in Nigeria. Ten (10) local government areas are designated as oil producing areas. These are; Esit Eket, Eket, Ibeno, Ikot Abasi, Mkpat Enin, Onna, Eastern Obolo, Uruan, Mbo, and Okobo (akwaibomstate.gov.ng). All oil-producing communities are found in the aforementioned local government areas. These local government areas are used as oil-producing areas in this study.

**Theoretical Framework**

This study employs the rentier state theory to elucidate why natural resource management in certain states has failed to deliver the anticipated benefits to the communities where these resources are extracted. Rentier states are characterized by their substantial reliance on external rents—such as royalties, profit taxes, or production sharing agreements with foreign mineral extraction companies—for a significant portion of their fiscal revenue. This reliance often alleviates the need for taxation of citizens (Beblawi & Luciani, 1987; Karl, 1997; Ulfelder, 2007).

In these states, citizens are 'rewarded' for their quiescence—experiencing 'no taxation without representation'—through generous welfare subsidies. As a result, 'capitalistic entrepreneurialism', 'hard work', and the development of indigenous human capital are overshadowed by a pervasive 'rentier mentality' (Beblawi & Luciani, 1987; Minnis, 2006). The economic performance of such states is generally weaker compared to resource-poor countries. Investment outside the hydrocarbon sector, if it occurs, is often inefficient, unsuccessful, and primarily designed to benefit those who support the status quo (Amuzegar, 2001; Auty, 1990; Gelb, 1988). Oil-dependent rentier states are particularly susceptible to the resource curse, with limited prospects for escaping its effects (Karl, 1997, 2007; Ross, 2001, 2012).

Countries experiencing the resource curse often show a negative correlation between natural resource abundance or dependence and per capita GDP growth (Papyrakis & Gerlagh, 2004; Sachs & Warner, 1995). This effect is more pronounced with ‘point’ resources, such as hydrocarbons and minerals, compared to ‘diffuse’ resources like cash crops (Isham, Woolcock, Pritchett, & Busby, 2005).

The resource curse operates through several mechanisms, including the enclave effect, significant fluctuations in inflation rates, and underinvestment in indigenous human capital (Amuzegar, 1982; Beblawi, 1990; Gelb, 1988; Gylfason, 2001). Countries affected by the resource curse often experience a tendency toward authoritarian regimes and are more susceptible to violence, including civil conflict (Collier & Hoeffler, 1998; Ulfelder, 2007).

**The Nigeria State and Derivation Principle: The History and Matters Arising**

According to Nwala (2003), the principles of derivation in revenue allocation were in practice as far back as 1947. The derivation principle started way back with the Raisman Commission, which created the distributable pool account with the sole aim of working out modalities of fair distribution of federal revenue to the regions (Akpan 1998; Ogo, 2007). Ademolekun (1986) notes that the Okigbo Commission, established to devise a revenue allocation formula for the country, omitted the derivation principles in its recommendations. The anomalies in Okigbo's report caused Dr. Garrick B. Leton from Ogoni, Rivers state and Professor Adedotun O. Philips of the then Bendel state to submit minority views on critical issues like derivation and distribution of special funds (Akpan, 1988).

The wavering nature of the derivation principle mostly when oil became a major source of revenue generation in the country is well noted by many scholars (Onwiodukit, 2001; Udoh, 2023; Chukwuemaka, 2008). They agree that the derivation principle had been reduced from 100% in 1946 to 50% in 1951, Though 100% was disbursed in 1953 when the Western Region pushed it; in 1960 it remained at 50%, by 1967 to 1970 during General Yakubu Gowon's regime there was a reduction in the derivation share to 45% (Oyediran and Olagunju, 1984; Akpan and Umobong, 2003). In 1975, the derivation fell to 20%. The Obasanjo's administration of 1976- 1979 placed it at 25%, in 1979, the civilian government under President Shehu Shagari, the derivation principle was abolished. In 1982, however, derivation principle was reintroduced by the administration but was crashed to 1.5% and under General Ibrahim Babangida it was raised to 3% (Oluwaniyi, 2008). Due to agitation and conflict in the Niger Delta region which disrupted extractive business and impacted negatively on the nation economy, in 1999 with the return to democracy in Nigeria, the derivation principle was revisited (Tom, 2007). The 1999 constitution section 162(2) authorised that a minimum of 13% of all the revenue derived from oil extracted should go to the oil-producing states as derivation fund (Nwala, 2003; Omotosho, 2010).

It must be noted that at the end of the civil war, the offshore Revenue Act of 1971 was enacted and it reserved revenues from offshore oil exclusively for the Federal Government (Akpan and Umobong 2003), and offshore oil was not affected by the derivation principle despite the fact that offshore oil exploitation causes environmental degradation to the coastal states ( Newswatch, 1995; Akpan and Umobong, 2003; ACIOE, 2021). To further consolidate and intensify its grip on the oil industry, the federal government under the Olusegun Obasanjo military regime enacted the Land Use Decree in 1978. Under this decree, as Owugah (2006) opines, the federal government claims ownership of all land and minerals in it.

Curiously, as Egwaikhide (2004) and Owugah (2006) observe, this decree does not apply to other minerals. To ensure its exclusive application to oil, specific reference was made to oil minerals in section 28 of the decree (Frynas, 2001). It, therefore, does not apply to other minerals mined in the areas inhabited by the ethnic majors. For instance, the Igebti Marble deposit in Oyo State which is inhabited by the Yoruba ethnic majors, in the South West, royalties are not completely appropriated by the Nigerian state as in the case of oil revenue from the Niger Delta, inhabited by ethnic minors. Rather, it is fairly distributed into 30 per cent to the Oyo State government, 20 per cent to the federal government, 10 percent to the local government, 15 percent to the Igbeti community and 25 per cent to the Igbeti Marble Industry. Similarly, in Bernin in Kebbi state in the North West, inhabited by the Hausa/Fulani ethnic majors, Mamman Shatu's farm where diamond is mined, Mamman Shatu gets 50 percent of the revenue from the diamond (Adeoye, 1998: or gold mining in Zamfara where only the state government and the communities where the mining is done are the beneficiaries. (See the table below)

(A) Marble deposit in Igbeti, Oyo State (distribution of royalties)

| | | |
|---|---|---|
| (i) | Oyo State government | 30% |
| (ii) | Federal government | 20% |
| (iii) | Local government extraction | 10% |
| (iv) | Community of extraction | 15% |
| (v) | Igbeti Marble Company | 25% |

(B) Changes in oil -based derivation revenue allocation to states in Nigeria

| | |
|---|---|
| 1953 | 100% |
| 1960 | 50% |
| 1970 | 45% |
| 1975 | 20% |
| 1982 | 2% |
| 1984 | 1.5% |
| 1992 | 3% |
| 1999 | 13% |

(Source: The Guardian, May 26 1993:26)

The historical setting of the principle of derivation and political manipulations by the Nigerian state clearly show that the principle was not originally intended for the development of oil-producing states (Adangor, 2015). Thus, Northern Nigeria had enjoyed enhanced revenue allocation from the centre based on the principle of derivation long before oil and gas exploitation commenced in the Niger delta. (Ofuebe, 2005; Ekpo & Ndebio, 1996).

From 1954-1969 when mineral resources (tin and columbite) and agricultural produce (cocoa, groundnut and palm oil) which were derived outside of the Niger delta, that is to say from the Northern (Hausa/Fulani), Western (Yoruba) and Eastern (Igbo) regions and constituted the main foreign exchange earners for the federation, the application of the derivation principle which was between hundred per cent to fifty per cent favoured and was insisted upon by these three majority ethnics groups as the primary basis for allocating centrally-collected revenue (Kalu, 2011; Sagagi, 2015). Again, whereas under section 134(6) of the 1960 Constitution and section 140(6) of the 1963 Constitution, the continental shelf of each region was deemed to be part of that region for purpose of computing the derivation principle, the 1999 Constitution does not contain any identical provision (Eliagwu, 2015). It is very arguable that this deliberate omission in the 1999 Constitution (as amended) reflects the long standing objection of the Northern Region of Nigeria to the application of the principle of derivation to revenue derived from off-shore petroleum exploration which it perceived favoured the oil-producing littoral states in the Niger delta (Omadero, Azubike & Ekire, 2018). Evidence of such opposition was reflected in the Northern delegation's position in the Ad hoc Conference on Constitutional Proposals for Nigeria which they vehemently object to inclusion of continental shelf of each region as part of that region for purpose of computing the derivation principle in its memorandum (Isine, 2014). In effect, the bulk of offshore natural resources extracted within the continental shelf of Nigeria were excluded from the application of the derivation principle (Babalola, 2015). The fact is that production activities within the continental shelf had in the past resulted in oil spills such as the December 2011 spill from Bonga field that led to 40,000 barrels of oil spilling into the Atlantic ocean with serious adverse environmental impacts on Akwa Ibom State, an oil-producing state in the Niger Delta (ACIDE, 2021). There is no doubt that application of the principle of derivation has remained highly susceptible to political manipulations by the majority ethnic groups in the federation of Nigeria.

Besides, the implementation of the derivation principle has neither reflected nor being implemented according to the spirit of the constitution which is why the government does not deem it necessary and expedient the increase of 13% derivation through a periodic review of Revenue Allocation Act as provided for under Section 32(b) of item N of the Schedule of the 1999 Constitution thereby bringing same into conformity with changing realities, such as in this instance, the dwindling price of crude oil in the Global market (Olusegun, 2008). Again, for sometimes there had always been erroneous computation of the derivation to the affected states right from the time it was only 1% to the time it is 13%. The errors have been mainly due to deductions of payments not directly related to the cost of production of mineral resources (Udoh, 2003). For example, sometimes in the calculation of the derivation fund, deductions are made as first charge against crude oil sales (exports) in respect of the following items:

(i) Funding of national priority projects account
(ii) Funding off joint venture cash call (JVC) account
(iii) Funding of federal government of Nigeria (FGN) external creditors funding account
(iv) Funding of federal government of Nigeria special reserved account
(v) Funding of NNPC priority projects account
(vi) Funding of FGN PPT/Royalty account
(vii) Funding of FGN excess proceeds of crude oil sales account

Of the seven items above, it is only items 2 – funding of joint venture cash call account – that should be deducted from oil mineral revenue before the computation of derivation. The joint venture cash relates directly to the cost of production (IMF, 2003). From the foregoing, it is not difficult to conclude that there is a discrepancy in the application of derivation principle in respect of oil when it is compared to other derivations.

For example, the derivation formula has been applied to sharing of Value Added Tax (VAT) revenue among states since its introduction with 20 percent weight attached to it. That is 20% of VAT revenue payable to states is shared to the state governments based on the VAT collected in each state during the relevant period, usually a month (Rapu, 2006). Interestingly, the point to note about the sharing of VAT since 1995 is the consistency and accuracy of the application of derivation principle (Rapu, 2006).

In a similar vein, the excess Crude Oil account established in 2004 by the administration of the erstwhile has further reduced the weight of 13% derivation as it retains payments of the gross earnings from the sale of crude oil from being paid into the Federation Account in gross violation of Section 162 (1) of the Constitution. The Excess Crude Oil Account, receives payment above the Oil benchmark price in the budget. For example, if the budget benchmark price is 38 US dollars per barrel, but same sells for 70 US dollars in the international market, the Federal Government pays into the Federation Account, only the budget benchmark price of 38 US dollars multiplied by the existing production rate while it pays the excess 32 US dollars multiplied by production rate into the Excess Crude Oil Account and/or Sovereign Wealth Fund. In other words, the Federal Government pays only 13% of Oil benchmark price in the budget as derivation as against 13% of the actual international market price of crude oil, which is in tandem with the true intention of the provisions of the Constitution (Udoh, 2003).

**The Derivation Principle and Development of the Host Communities**

Beyond the failure of the Nigerian state and institutional agencies, the states and local governments have not been able to use the revenue accruing from the derivation principle to develop oil producing communities. This failure is due in part to corruption, poor governance, lack of accountability and weak political parties governed by charismatic leaders and poor election

procedure (Eifert, Fair, Gelb, and Midgley, 2003).There is a spectacular corruption at the state and local level, which is being funnelled into fomenting political violence (Oluwaiyi, 2008).

Akwa Ibom State as part of Nigeria is equally affected. For instance, in a study undertaken by ACIDE (2021), it listed, discretionary transfer, lack of consultation with recipient communities, local Dutch effect, poor governance structures, corruption, poor project quality, lack of project maintenance, lack of transparency and accountability as hindrances to development. The assessment of the revenue receipts of oil-producing states, particularly, Akwa Ibom since 2000 indicated that 13 per cent derivation formed the lion share of the earnings, up to about 53% (Ebiri, 2019, ACIOE, 2021). Although Akwa Ibom State is one of the leading oil producing States in the Niger Delta, her tremendous potential, for economic growth and sustainable development remains unfulfilled and its future threatened by deteriorating economic conditions that are not being addressed by present policies and actions (Joab-Peterside & Nwakanma, 2020). Similarly, Omodero, Ekwe & Ihendinihu (2018) and Udonquak (2020) observed that poor performance in social service delivery to oil producing communities is bedeviled by corruption, mismanagement, bad governance and lack of accountability arising from an absence of the voice of the citizenry in governance which requires urgent need to strengthen the voice and capacity of citizens especially the poor to be able to directly demand greater accountability.

Logically, it was expected that with thirteen per cent derivation principle, oil producing communities of Akwa Ibom State would be at least fifteen per cent better off than non- oil producing communities. In contrast, however, like other oil producing communities in the Niger Delta Region there is general lack of a structured framework for commissioning infrastructure projects across the communities, which has left a number of oil producing communities with little or no infrastructure (UNDP, 2006; ACIOE, 2021). In most oil producing communities in Akwa Ibom State, it is observed that access to electricity is minimal which is coupled with absence of potable water, deplorable health care facilities, as well as poor educational and road infrastructure (Inoni, Omotor and Adua, 2013; Ebri, 2019; ACIOE, 2021) Akwa Ibom spent an abysmally low average of 16.4 per cent on their social capital expenditures, whereas the derivation funds received by the State, represented an average of 53 per cent of the States' total revenues (NBS, 2022). Udonquak (2020) had made similar assertion when he reasoned that despite the fact that Akwa Ibom State is said to produce about 504,000 barrels of crude oil per day (BPD), accounting for 32 percent of Nigeria's production output, the oil-bearing communities in Akwa Ibom State are in deplorable state due to neglect and marginalisation by the state government. Some key indicators of development such as electrification, potable water, good network of roads, health facilities are lacking while rate of poverty and unemployment is growing. The tables below attest to lack of critical infrastructure in oil producing communities of Akwa Ibom State.

**Table 1: Electrification Status of LGAs in Akwa Ibom State by No. of Villages**

| S/N | LGAs | Population (2015 Projection) | Total No. of Villages | No.of Villages with Electricity | No. of Villages without Electricity | No. of Villages Partially Electrified |
|---|---|---|---|---|---|---|
| 1 | Eastern Obolo | 81,025 | 28 | 11 | 17 | - |
| 2 | Eket | 233,544 | 70 | 68 | 2 | - |
| 3 | Esit-Eket | 85,602 | 18 | 17 | - | 1 |
| 4 | Ibeno | 101,116 | 25 | 8 | 17 | - |
| 5 | Ikot-Abasi | 179,165 | 71 | 65 | 6 | - |
| 6 | Mbo | 138,045 | 56 | 20 | 21 | 15 |
| 7 | Mkpat-Enin | 239,540 | 87 | 82 | 5 | - |
| 8 | Okobo | 166,445 | 72 | 59 | 7 | 6 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 9 | Onna | 138,828 | 41 | 41 | - | - |
| 10 | Uruan | 158,306 | 49 | 41 | 8 | - |
| | Total | 1,521,616 | 517 | 412 | 83 | 22 |

**Source**: Culled from Ministry of Rural Development, Headquarters, Uyo (2018)

**Figure 1**

As shown in table 1 and figure 1, the ten oil producing local government is made up of 517 villages out of this 412 villages have electricity, 83 villages have no electricity and 22 villages are partially electrified. In term of electrification, it could be inferred that the oil producing areas do not fare too badly. But, however, a lot still need to be done to provide functional electricity to all villages. This in effect will create multiplier effects such as creating employment (Brown, 1950).

**Table 2: Statistics on Road Network in Akwa-Ibom State Oil Producing L.G.As in 2018**

| S/N | L.G.A. | Total Length (Km) | Length Tarred (Km) | % of Total | Length Untarred (km) | % of Total | Area* (Km2) | Tarred** road/ Km2 | **Road Density |
|---|---|---|---|---|---|---|---|---|---|
| 1 | Eastern Obolo | 141.0 | 20.0 | 14.2 | 121.0 | 85.8 | 117 | 0.17 | 1.2 |
| 2 | Eket | 218.5 | 132.0 | 60.4 | 86.5 | 39.6 | 175 | 0.75 | 1.2 |
| 3 | Esit-Eket | 41.0 | 26.0 | 63.4 | 1.5 | 36.6 | 164 | 0.16 | 1.2 |
| 4 | Ibeno | 19.0 | 3.0 | 15.8 | 16.0 | 84.2 | 248 | 0.01 | 0.1 |
| 5 | Ikot-Abasi | 318.6 | 62.0 | 19.5 | 256.6 | 80.5 | 335 | 0.18 | 0.9 |
| 6 | Mbo | 83.6 | 20.0 | 23.9 | 63.6 | 76.1 | 335 | 0.05 | 0.2 |
| 7 | Mkpat-Enin | 393.0 | 47.0 | 12.0 | 346.0 | 88.0 | 332 | 0.14 | 1.1 |
| 8 | Okobo | 77.5 | 27.9 | 36.0 | 49.6 | 64.0 | 360 | 0.07 | 0.2 |
| 9 | Onna | 291.3 | 147.3 | 50.6 | 144.0 | 49.4 | 174 | 0.84 | 1.6 |
| 10 | Uruan | 356.0 | 15.0 | 4.2 | 341.0 | 95.8 | 422 | 0.03 | 0.8 |
| | Total | 1939.5 | 500.2 | 300 | 1425.8 | 700 | 2662 | 2.4 | 8.5 |

Source: Culled from Ministry of Works and Transport, Headquarters, Uyo (2018)

The oil producing LGA has a total land mass of 2662km and accumulative road network length of about 1926km. Out of this 500.2km (26%) have paved roads while 1425.8 (74%) constitute unpaved road as table 2 shows. Table 2 shows the statistics on road network in Akwa Ibom State oil producing LGA in 2018 and the ratio of paved road per km2. The overall road density is 0.85. The total length of the paved category of roads in the oil producing LGA (500.2km) yielded a density value of about 0.19km/km2 while that of the unpaved indicated 0.54km/km2. From this analysis, it may be inferred that road infrastructure development in the oil producing communities of Akwa Ibom State is at low going by the low road network density for paved roads (Okafor, 2020).

On the basis of the quality of road infrastructure from the perspective of the network density of paved road per unit area, in the entire state, the condition of road infrastructure in Etim Ekpo (0.00), Ibeno (0.01), Ibiono (0.03), Ika (0.00), Ikono (0.01), Ini (0.09), Itu (0.08), Mbo (0.05), Nsit-Atai (0.00), Nsit-Ubium (0.02), Okobo (0.02) and Uruan (0.03) Local Government Areas are deemed as deplorable as exemplified by their very weak density values. A total of 27 local government areas belong to this category (Okafor, 2020). However, 12 of them with network density value range of 0.00 – 0.09-kilometre length of paved road per kilometer square may be

termed the most vulnerable in terms of road infrastructure development. Of the 12 in that category, 4 are oil producing local government areas. The second category of local government areas are those with density value range of 0.50 – 1.00 kilometre of paved road per kilometer square. Only 4 out of the 31 LGAs in the state fall into this category and comprise of Uyo (0.57), Ikot-Ekpene (0.61), Eket (0.75) and Onna (0.84). Among this category, it is only Onna that is oil producing local government area. This category is considered as having moderate levels of network density. Densities of 1 Km length of paved road per unit area, an index that could be considered a developed situation were not observed. This analysis is expressed in figure 2 below.

**Figure 2**

The situation is not different in health sector where some oil producing LGA do not have medical personnels and other health workers to serve them. For example, there is one medical doctor to attend to 16,205 people in Eastern Obolo; one medical doctor to attend to 17,965 people in Eket; one medical doctor to attend to 28,534 people in Esit Eket; the entire 101,116 people of Ibeno had no medical doctor, one medical doctors to attend to 11,198 people in Ikot Abasi; one medical doctors to attend to 19,721 people in Mbo as could be seen in figure 3 below.

**Table 3: Number of Health Staff in Hospitals in Akwa Ibom State by Six Local Government Area, 2014**

| Local Govt. Area | Medical Doctors | Nurses/ Midwives | Pharmacist | Dieticians | MedLab Tech | Nutrition Officers | Radio-graphers | Record/ Statistics Staff | Pharmacy Tech. | Lab Tech | X-Ray Tech | Health Educators | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Eastern Obolo | 5 | 8 | - | - | - | 1 | - | 1 | - | 2 | - | 5 | 22 |
| Eket | 13 | 65 | - | - | 2 | 1 | - | 5 | 1 | 1 | - | 6 | 94 |
| Esit Eket | 3 | 26 | - | - | 1 | 1 | - | 1 | - | 1 | - | 8 | 41 |
| Ibeno | - | 6 | - | - | 2 | 1 | - | - | - | 2 | - | 10 | 21 |
| Ikot Abasi | 16 | 42 | 2 | - | 1 | 1 | 1 | 5 | 1 | 1 | - | 8 | 78 |
| Mbo | 7 | 19 | - | - | - | 1 | - | 1 | - | 1 | - | 4 | 33 |

**Source**: Culled from Ministry of Rural Development, Headquarters, Uyo (2018)

This conditions compelled some discussants to lament that gas flaring pollutes their water as well as farmland. The discussants from Ibeno lamented that they suffer the inevitable degradation of their environment in the course of oil production which results in increased incidence of lung, cardiac and liver problem yet there are no health personnel and facilities to take care of them.

**Table 4: Portable water status of rural communities in AKS of villages per LGA**

| S/N | LGAs | Population (2015 Projection) | Total No of Villages | No. of Villages with Functional Potable Water Source | No. of Villages without Potable Water Source | No. of Villages with Defunct or Abandoned Potable Water Source | Ratio of Population per Functional Potable Water Source |
|---|---|---|---|---|---|---|---|
| 1. | Eastern Obolo | 81,025 | 28 | 6 | 0 | 22 | 13504 |
| 2. | Eket | 233,544 | 70 | 50 | 12 | 8 | 4671 |
| 3 | Esit-Eket | 85,602 | 18 | 6 | 3 | 9 | 14267 |
| 4 | Ibeno | 101,116 | 25 | 7 | 8 | 10 | 14445 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 5 | Ikot-Abasi | 179,165 | 71 | 44 | 3 | 24 | 4072 |
| 6 | Mbo | 138,045 | 56 | 12 | 29 | 15 | 11504 |
| 7 | Mkpat-Enin | 239,540 | 87 | 14 | 39 | 34 | 17110 |
| 8 | Okobo | 166,445 | 72 | 10 | 55 | 14 | 5553 |
| 9 | Onna | 138,828 | 41 | 25 | 6 | 10 | 23565 |
| 10 | Uruan | 158,306 | 49 | 10 | 19 | 20 | 15831 |
| | Total | 1,521,616 | 517 | 184 | 174 | 166 | 8270 |

**Source**: Culled from Ministry of Rural Development, Headquarters, Uyo (2018)

**Figure 3**

In the 10 local government, the population of 1,521,616 spreads into 517 villages only 184 villages had functional potable water source whereas 174 villages were without potable water source. There were also 166 villages with defunct or abandoned potable water source. The ratio of population per functional potable water source was 8,270. It must be noted that some of the water projects are those provided by the Non-Governmental Organisations or philanthropists.

The above data agree with an observation made by an activist and a woman leader in Ibeno who lamented that Ibeno community does not have enough borehole water but has many abandoned water projects which compel some of them either to drink water from wells or to buy drinking water from Eket. She also complained of non-functional cottage hospital, lack of acquisition centre and mass unemployment whereas Ibeno communities have persistently been ravaged by crude oil spill for which the people have denied the benefits in terms of 13 percent derivation. Some discussants lamented that their water is poisonous. It is not even good for the washing of clothes due to extractive activities.

Similarly, the population of unemployed has been increasing over the years as public policies directed at addressing unemployment have faced different challenges including finance, the absence of good administration and implementation, inconsistent policies, unimpressive responses from would-be trainees, and unqualified resource personnel handling the training programs. Some discussants lamented that farmers have witnessed disappearance of some fauna flora and plant/crop species in the area. Habitants of fishes have been seriously disturbed. Sites of reserved wells can neither be farmed nor occupied for other purposes while rents on such land are never paid. This phenomenon has increased the rate of unemployment and poverty in the area. :

**Figure 4: Trend of Unemployment in Akwa Ibom State**
Source: Author Computation

Analysis of level of unemployment in Akwa Ibom State indicates that unemployment is rapidly growing. From 2000 to 2004, unemployment averaged 14.54 indicating a 1.41% increase within the period. Similarly, for the period 2012 to 2016 unemployment averaged 25.3 which is a 78.17% increase from 2000 to 2016. The National Bureau of Statistics (NBS) labour force statistics recorded Akwa Ibom with the highest unemployment rate of 37.7% in the zone while underemployment was 20.1% in the third quarter of 2018. And in the second quarter of 2020, Akwa Ibom state was reported second to the highest with 45.2% at the same time, the labour population force of Akwa Ibom state as at 2018 stood at 3,599,981 with an increase of 300,163 compared to the third quarter of 2017, with unemployment rate of 37.9%. This situation is even worse in some oil producing communities. For example, one of the discussants observed that the principal occupation of Ibeno people from the immemorial is fishing. Oil exploration and production activities off shore have combined to drive away fish, kill them and render Ibeno people jobless and helpless. He observes that nothing has been done to provide them with any alternative means of livelihood. This has resulted in high rate of unemployment in the area.

**Figure 5**

In a recent report, data technology company StatiSense unveiled distressing findings from the Multidimensional Poverty Index (2022) report of the National Bureau of Statistics (NBS). The report put number of people living in multidimensional poverty in Akwa Ibom, at 5.08 million, this represents over 71 percent of the total population of 5.451 million people estimated by the National Population Commission (NPC). This condition prompted a federal House of Representatves member to declare

Between 2000 and 2018, over N10trillion from the 13 per cent derivation principle, have been shared to the Niger Delta Governors, on behalf of the oil-producing communities, yet the deplorable living conditions of the people from these oil-producing communities have remained nauseating and deplorable with the people battling and still reeking with the worst and highest form of poverty (Salem, 2020). He observes that oil-producing communities live in abject poverty with no electricity, no drinking water, no roads and total lack of basic amenities.

## Conclusion

The success or failure of any government as the work proposed from the start depends to a great extent, of its revenue base and how well is fiscal resources and policies are managed. In Akwa Ibom State the failure of derivation principle as veritable tool for development of oil producing areas is evidenced in lack of infrastructural development, high level of unemployment and poverty as well as poor capita income experienced by the people of this area. People from oil communities in Akwa Ibom State are complaining that they do not feel impact of 13 percent derivation. The work observed that, natural resource governance in Nigeria has failed to bring socio-economic development because Nigerian democracy is still fractional which abhors counter-pressure. The absence of counter pressure to cancel out rent-seeking behaviour has resulted in the emergence of non-democratically accountable executives, inefficient tax and legal authorities as well as a non-independent judiciary.

## Recommendations

1. There should be created in the State Houses of Assembly standing Mineral Oil Committees to monitor from the legislative wing the use of 13% derivation fund, on development of oil producing communities as well as monitoring the operation, activities, and the impact of the oil production and processes on the socio-economic life and the environment of these communities. Akwa Ibom State.
2. Government should institute Community Relations Committee (CRC) that will serve as a forum for interactions between people of oil producing communities and Akwa Ibom State Government. The communities will comprise of representatives of the people of natives of oil communities, extractive companies, states and local governments.
3. Akwa Ibom State government should maintain a strong research programme geared towards solving community problems, including those that are resulting from oil exploration and exploitation.
4. Akwa Ibom State government should published and publicized on regular basis what it receives as derivation principle fund, how it spends it and the projects on which it spends it.

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