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13% Derivation Fund And Development Of Oil-Producing Communities In Delta South Senatorial District Of Delta State

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ABSTRACT

The study examines the relationship between the 13% Derivation Fund and the Development of the oil-producing communities in the Riverine area of Delta South Senatorial District of Delta State. The study adopted the descriptive survey design method, where the population was randomly selected from 25 oil-bearing communities that were drawn from the 8 local government areas that make up the senatorial district. The primary and secondary methods of data gathering were used through the administration of 1000 questionnaires. Also, an in-depth study of journals, textbooks, and government publications, enabled this research. Data gathered from the sampled population were tabulated and analyzed using the mean and standard deviation and the hypotheses were tested using Pearson's Product Moment Correlation. The study reveals that politics has dominated the use of the derivation fund and this is due to the lacuna in the 1999 constitution, which does not explicitly dictate the ownership of the fund. No doubt, this has impeded the development of the riverine oil-producing communities in the Senatorial District of Delta State. This research therefore recommends that the fund be paid directly to the oil-producing communities through constitutional amendment.

Keywords: Derivation, Underdevelopment, Oil Producing Communities, Delta South Senatorial District

INTRODUCTION

The derivation principle has become the most heated debate in Nigeria's revenue sharing, Revenue sharing stipulates that a significant proportion of the revenues collected in the area of a sub-national government should be returned to that government of the region. This principle suggests the need for localities to benefit from some extra considerations, given the availability of some resources within their domain especially for addressing some externalities specifically related to the exploitation of such resources. The principle has been summarized by many authors as: "Take from each community/area according to its ability, give to each community/area according to its contribution.

Thus, under this principle, the communities/areas where most of the national revenue is derived should automatically take a substantial portion of the revenue as enshrined in the 1960/63 constitutions. The advent of the military into politics destroyed the above policy and this policy was replaced by the centralized fiscal policy by the military and maintained by subsequent governments in Nigeria. This policy has led to a serious shortage of funds for the overall development of oil-producing communities

in the State and Region, which has led to several agitations and crises between the federal government and the oil-producing communities with the eventual granting of not less than 13% derivation fund among others fromtherevenueaccruingtotheFederalGovernmentfromanynaturalresources derived from any state to enhance the development of such mineral producing communities as enshrined in Sections 162-168 and items A and D of Part 11 of the Second Schedule of the 1999 Constitution, .

The above constitutional provision and the need for a rapid development of the long neglected oil-producing communities in the riverine areas of Delta South Senatorial District by successive governments, coupled with the unwholesome activities/ policies of the multinational oil companies operating in the communities prompted the Governor of the state Chief Ibori to establish the Delta State oil-producing area development commission "DESOPADEC " in 2006 to further bring development to the suffering people of oil bearing communities in the state. It is truism that despite the huge amount so far paid to the state by the federal government since the inception of the 13% derivation policy for the development of the oil-producing communities, the area is still under developed. To this end, this work is set to investigate the extent to which the 13% derivation fund has aided or not in the development of the riverine oil-producing communities of Delta South Senatorial District of Delta State.

The derivation concept has become the most heated and contested issue in the history of Nigeria revenue sharing debate. The derivation or origin principle stipulates that a significant proportion of the revenues collected in the territory of a sub- national government should be returned to that government. In other words, the derivation principle suggests that the formula for sharing revenue among the constituents should be on the basis of contribution of the constituent units. Nwokedi (2007) in his work posited that, the derivation principle states that, communities and states from which the bulk of the revenue is derived are entitled to get an extra share beyond what every other state receives. He pointed out that, the principle of derivation requires that all monetary and non-monetary revenues which are attributable to a particular state should be allocated in part or in full to such a state, irrespective of the fiscal jurisdiction involved or the machinery for its collection. Adedigbe, as cited in Idama (2021) further added that, the essence of paying monthly derivation fund to states is to assist as the case may be oil-producing communities in tackling environmental pollution and degradation, provision of basic amenities like healthcare, potable water and paved roads, and economic empowerment of the community people. Evbie (2009) on his part conceptualized derivation as, if any mineral in any state or region is explored and it yields revenue, a certain percentage of the revenue shall be retained or given back to the area based on the principle of derivation. While the rest will go to the federation account to be enjoyed by all the federating units as was practiced by the post-independence government in Nigeria. This policy no doubt enhanced the competitive growth and development of the three and later four regions before the advent of the military into government.

The Nigerian Extractive Industries Transparency Initiative (NEITI) also conceives derivation fund as a financial incentive enshrined in the constitution for oil-producing communities, based on their production input, to serve as benefits and encourage the communities to create an enabling environment for more production of crude oil and gas. Ofuebe (2005) and Micaiah (2015) in their works opined that, the principle of derivation is a constitutional device set up by the federal government like other federal states to compensate for the minerals that are being extracted from communities in which the minerals are found. That it is simply the recognition of a prior beneficial right that was subsequently expropriated. It is also a legal directive that constitutes a form of reparation for an expropriated interest and cannot be waived or derogated from by either the state or federal government. The essence of this constitutional provision no doubt is to provide for the safeguard of the various communities where these mineral resources are harness in any state. It is truism that the military incursion into government distorted the above and put in place a centralized revenue generation and allocation policy that failed to take into cognizance the development of the oil-producing communities. Clarke (2021) is of the view that the above faulty policies led to the long neglect of the communities and consequently the several agitations

and intervention policies, which also include the 13% derivation for the development of the oil-producing communities since 1999.

There is no doubt that several trillions of naira have been paid to successive governments in Delta State for the development of these areas but with no commensurate level of development as the people are still where they were before the payment of the fund. The above made Eregha (2017) to see the derivation fund as state governors' additional monthly fund instead of oil-producing communities development fund. Owhoko (2021) posited that, contrary to the held view that core oil-producing areas in the Niger Delta are benefiting from 13 percent derivation and the Niger Delta Development Commission (NDDC) projects, there is no impact of these interventions in the areas. Instead, state governors, government officials and politicians at both federal and state levels take advantage of the vulnerability and gullibility of these oil communities to divert these benefits to their preferred locations, leaving the core oil communities to their fate Isitoah (2022) in agreement with Owhoko added that, rather than disburse the money as statutorily required, the state governors and their representatives spend the money at will in a way similar to security votes. No accountability. Beside their pockets, they concentrate development in the state capitals, and other areas of personal interests without consideration for the core oil areas. Regrettably, they get away with this misappropriation using the instrumentality of their offices to intimidate the people.

According to Kwakere (2020) in his work noted that, the conditions of the people and environment of the oil-producing communities that are the true owners of the derivation fund do not matter to the government. This is in spite of the excruciating pains the people are going through in their spirit, soul and body, seeing their wealth being carted away and losing their means of livelihood to environmental ruin with no basic amenities like electricity, schools, drinkable water, roads, or even cottage hospitals. While the state capitals and other cities of the governor preferences receive development attention. He went on to add that, these oil-producing communities experience nothing but presence of stern-looking and heavily armed naval or military personnel deployed to protect oil facilities. Youths in these communities no longer live freely, dress freely or walk freely as these armed officers see them as miscreants to be tortured, arrested, detained and even killed/ murdered for no reason.

Irked by rampant reports of mismanagement by the state governments and their agencies in respect of the derivation fund prompted.Ita a former Senior Special Assistant (SSA) to the President on National Assembly Matters as cited in Ajamikoko (2022) suggested that, the 13% derivation fund be allocated or paid directly to the oil-producing communities and not through the state governments through the amendment of the 1999 constitution and the Niger Delta Development Commission Act as majority of the communities have been accusing the governors of diverting the money, thereby denying their people the basic necessities of life, Nwakwue in (Ogbogu, 2022), opined that, the constitution is clear on what the fund should be used for: as it provides that. "The 13 per cent derivation fund is given to the state for the development of the oil-producing communities through the setting up of an implementation agency that would see to the development of the oil-producing communities. He accused the states of spending the spending the fund meant for the development of the oil-producing communities as only 30% of the fund could be said to be the highest amount so far seen to be given to any of these development commissions by the state. He blamed the situation on a lacuna in the constitution concerning the use of the fund".

It is truism that the constitution created a lacuna in paying the derivation fund through the states without stating how the fund should be used and what it should be used for, thereby making the. states to be using the13 per cent derivation fund as surplus for all sorts of purposes, as it gives the states government power over the 13 per cent derivation fund, thereby making the oil communities further underdeveloped despite the huge monthly allocations, and concluded by saying that, the derivation fund has not lifted any of these people from poverty. It is good to say derivation has failed in Niger Delta. Henshaw in Ogbogu (2022) further added that, the constitutional lacuna in making the derivation fund pass through the states instead of directly paid to the oil-producing communities is exactly what has happened to the local government

fund paid through the joint account of state and local governments whereby the state governments are always short changing the local government councils in revenue allocation on monthly basis.

There is in fact no one universally acceptable definition of development as a concept. Every scholar tends to emphasize different attributes of development such that Erewa (2004) sees development as a programme that has objective and strategy which are aimed at transforming the standards of living of rural people from poverty, ignorance and disease into contented human beings able to earn an income capable of sustaining a reasonable standard of living for themselves and their families. Todaro and Smith (2003) see development from the end products or realities of the society. To them development is both a physical reality and a state of mind which goes through some combination of social, economic and institutional processes and secure the means for obtaining a better life whenever the specific components of this better life may be, development in all societies must have at least three objectives namely to increase the availability and widen the distribution of basic life sustaining goods, to raise the level or standard of living and to expand the range of economic and social choices. A deduction from the above shows that development is not an economic phenomenon, in an ultimate sense, it ought to encompass more than the material and financial facet of peoples' lives

World Bank Development Report (1991) sees development as a process to broaden the quality of life. especially in the world's poor countries, a better quality of life generally which involve the provision of better education, higher standard of health and nutrition, less poverty, a cleaner environment, more equality of opportunity, greater individual freedom and a rich cultural life. It is truism that there can't be any meaningful development without fund, therefore, there is the need for a workable fiscal policy (derivation) that would replenish the affected environment as well as provide enough fund to built sustainable infrastructures that would help facilitate the economic growth of the people and the communities such as good roads, bridges, pipe borne water, electricity and schools, if not, development will be difficult.

This work engaged the public choice theory as propounded by. Buchanan and Tullock (1965) as cited in Egboh et al.(2010) public choice theory is based on the premise that in the absence of appropriate institutional constraints, the natural tendency of government and its officials is to use its power on taxation to exploit the people. The public choice theorists believe that political representatives and public agencies (bureaucracies) maximize political support in the same way economic agencies (market forces) maximizes utility and profit. The public agencies in the contention of the public choice theorists are naturally disposed to overspending, profligacy, prodigality and inefficiency in the utilization of resources. i.e(Bureaucratic Corruption) which Hope (1983) sees as the utilization of bureaucratic official positions for private gains. It is the corruption by officials in public offices who are not vocationally politicians but who are aided and abetted by corrupt politicians and corrupt political system. Bureaucratic corruption provides civil servants and politicians with the opportunity to raise their compensation above what the law prescribes. Through the practice of corruption, private entrepreneurs are able to capture and maintain monopoly positions in the economy. Politicians, who serve as wealth brokers, obtain the resources they need to purchase security and continue to monopolize the supply of legislation. Public choice theory is relevant to this study because the Delta State Government and the agency managing the derivation fund (Bureaucracy) capitalize on the weakness and softness of the structure and the fragility of the existing rules to manipulate the teeming ignorant population of the oil-producing communities in the Delta South Senatorial District in order to increase their economic gains, hence the continual underdeveloped state of the communities despite the volume of resources so far released by the federal government through the state government for the development of the oil-producing communities.

Statement of Problem

Revenue allocation as practiced in Nigeria since the advent of military rule into governance till date is likened to a lion chasing an antelope and squeezing out life from it (the lion represents the federal government, while the antelope represents the state, local government on one hand, and on the other hand, between the state government and the oil-producing communities. It is truism that the failure of past governments attempts at developing the riverine oil-producing communities of the Niger Delta Region led

to the Niger Delta Crisis However, the eventual granting of the 13% derivation fund and other interventionist agencies sign post the development of the oil-producing communities. To achieve the above, billions of naira, have been paid by the federal government through the Delta State Government since 1999 for the above purpose, But, there is still no sign of commensurate development in these oil-producing communities as the people are still faced with unemployment, lack of infrastructural amenities: no good schools, lack of medical care, no good water and electricity, no good transport system e.t.c. This work is set to investigate the factors behind the above despite the availability of fund by the federal government and findings/recommendations shall be available to all stakeholders on how to resolve the development challenges discovered through the investigation.

Research Objectives

1 Has the devastated topography of the riverine oil-producing communities of the Delta South Senatorial District amount to the underdevelopment of the area?

2 Has the Insufficient 50% share of the 13% Derivation Fund by the state government hindered the development of the oil-producing communities in Delta South Senatorial District?

3 Has the composition of the Agency by the state government to manage the 50% derivation fund hindered the development of the oil-producing communities in Delta South Senatorial District of the state?

Research Questions

1. Has the devastated topography of the riverine oil-producing communities of the Delta South Senatorial District amount to the underdevelopment of the area?
2. Has the Insufficient 50% share of the 13% Derivation Fund by the state government hindered the development of the oil-producing communities in Delta South Senatorial District?
3. Has the composition of the Agency by the state government to manage the 50% derivation fund hindered the development of the oil-producing communities in Delta South Senatorial District of the state?

Research Hypotheses

HO_1: There is no significant relationship between devastated topography and underdevelopment of the riverine oil-producing communities in Delta South Senatorial District.

HO_2: There is no significant relationship between insufficient 50% of the 13% derivation fund and underdevelopment of the oil-producing communities in Delta South Senatorial District.

METHODOLOGY

The descriptive survey research design was used in conducting the study. A total of 1000 questionnaires were administered and 980 representing 98% was returned. The sampled population comprises people living in the communities, community youth leaders, chiefs, women leaders, politicians, and workers living in the communities, and because it involves studying a large group of people by collecting, analyzing data, and describing results obtained from sampled population considered to be representatives of the entire population without altering the result. Data were collected from only adults of 18 years and above using the primary and secondary data collection methods, the primary method was through the administration of a well-structured questionnaire and in-depth interviews of randomly selected respondents, and the secondary method was through the consultation of relevant literature such as textbooks, journals, company publications and records as well as government publications. The data obtained from the field were used to test stated hypotheses upon which relevant discussions, conclusions, and recommendations were made. The simple random sampling technique was used in selecting the sample size of the population (1000 respondents) i.e 40 respondents drawn from the 25 randomly selected oil-producing communities, who are 18 years and above. The self-structured questionnaire and the in-depth methods of data gathering were developed, tested, and validated by the researchers after a thorough review of related literature, and other studies were used in data gathering. The instrument was divided into sections A and B. Section A contains the demographic data of the respondents, and Section B elicits responses on the 13% derivation fund and the development of the oil-producing communities. The

structured questionnaire consisting of 4 points Likert scale response options ranging from Strongly Agreed **(S**A) Agreed (A), Disagreed (D), and Strongly Disagreed (SD) was used in the study.The validity and reliability of the research instrument (Questionnaire) used in conducting the study were established using the face and content validity methods. The initial draft of the questionnaire was presented to renowned experts/researchers in the field of political science. The reliability of the research instrument used was established through the content validity test through a pilot study using colleagues in other higher institutions in the state. Data used in conducting the study was collected by the 2 researchers and 10 trained research assistants (drawn from the sampled area/communities).as they are to read the contents of the questionnaire to the respondents in their languages (if they can't read) as well as recording and interpreting the in-depth interview. The data was analyzed with the use of descriptive statistics. Mean and standard deviation were used to answer the research questions whereas Pearson's Product Moment Correlation was used to test the hypotheses at .05 level of significance.

RESULTS

Research question 1: *Has the devastated topography of the riverine oil-producing communities of the Delta South Senatorial District amount to underdevelopment of the area?*

Table 4.1: Summary of descriptive statistics on how devastated topography of the riverine oil-producing communities of the Delta South Senatorial District amount to underdevelopment of the area.

S/N	Items	SA	A	D	SD	Mean	SD	Decision
1	The several years of oil exploration and exploitation has negatively impacted the environment of the riverine oil-producing communities.	500	480	0	0	3.51	0.50	Agreed
2	Oil exploration has made the area prone to disasters such as flooding, oil spillages e.t.c with serious devastating effects on the people in the communities.	700	280	0	0	3.71	0.45	Agreed
3	The terrain and topography due to oil exploration and exploitation has affected the economic, social, political and educational life of the people in the area.	800	160	20	0	3.80	0.45	Agreed
4	The environmental pollution and degradation of the environment has adversely affected the Agricultural and fishing life of the people.	820	160	0	0	3.84	0.37	Agreed
5	All means of livelihood is being affected due to oil exploration, which has resulted into several struggles and agitations by the oil-producing communities and the eventual granting of the 13% derivation fund for the development of the area.	800	180	0	0	3.82	0.39	Agreed
	Grand mean					**3.73**	**0.37**	**Agreed**

The result from Table 4.1 above shows the summary of descriptive statistics on how devastated topography of the riverine oil-producing communities of the Delta South Senatorial District amount to underdevelopment of the area. The grand mean on how devastated topography of the riverine oil-producing communities of the Delta South Senatorial District amount to underdevelopment of the area

was found to be 3.73±0.37. The result further shows that respondents strongly agreed that environmental pollution and degradation due to oil exploration have significantly impacted agricultural and fishing life in the area. The result also shows that respondents agreed that the terrain and topography resulting from oil exploration have had a considerable impact on various aspects of life in the communities, including economic, social, political, and educational aspects, respondents agreed that all means of livelihood are being affected by oil exploration, leading to struggles and agitations by the communities. The mention of the 13% derivation fund implies a connection between the struggles and subsequent efforts for development, and respondents agreed that oil exploration has increased the vulnerability of the area to disasters such as flooding and oil spillages, causing serious and devastating effects on the people, respondents agreed that the several years of oil exploration and exploitation have had a negative impact on the environment of the riverine oil-producing communities.

Research question 2: *Has the insufficient 50% share of the 13% Derivation Fund by the state government hindered the development of the oil-producing communities in Delta South Senatorial District?*

Table 4.2: Summary of descriptive statistics on how insufficient 50% share of the 13% derivation fund by the State Government hindered the development of the oil-producing communities in Delta South Senatorial District.

S/N	Items	SA	A	D	SD	Mean	SD	Decision
6	The several agitations and struggle by the oil-producing communities of the Niger Delta Region since independence led to the 13% derivation fund and this was expected to be used in the development of the communities.	780	200	0	0	3.80	0.40	Agreed
7	The fund is constitutionally provided to be paid through the state government for the development of the mineral producing communities.	880	100	0	0	3.90	0.30	Agreed
8	There is lack of infrastructural development in my community despite the several years of the 13% derivation payment given to the state.	500	200	200	80	3.14	1.01	Agreed
9	My community has benefitted from the Agency's Agriculture and fishing programmes.	300	100	300	280	2.43	1.20	Disagreed
10	Blocks of classrooms and teachers accommodation quarters have been built in my community.	205	125	425	225	2.32	1.05	Disagreed
11	Roads and bridges are being built in my community from derivation fund.	170	130	480	200	2.28	0.98	Disagreed
12	Health centers and hospitals have being built in my community from the derivation fund.	200	150	390	240	2.32	1.06	Disagreed
13	My community has benefitted from the skills acquisition programmes organized by the Agency managing the derivation fund (DESOPADEC).	280	200	370	130	2.64	1.03	Agreed
14	My community has benefitted from the bursary scheme of (DESOPADEC).	120	170	400	290	2.12	0.97	Disagreed
	Grand mean					**2.77**	**0.62**	**Agreed**

The result from Table 4.2 above shows the summary of descriptive statistics on how insufficient 50% share of the 13% derivation fund by the State Government hindered the development of the oil-producing communities in Delta South Senatorial District. The grand mean on how insufficient 50% share of the 13% derivation fund by the State Government hindered the development of the oil-producing communities in Delta South Senatorial District was found to be 2.77±0.62. The result further shows that respondents agreed that the 13% Derivation Fund is constitutionally provided to be paid through the state government for the development of mineral-producing communities. The result also shows that the agitations and struggles of the oil-producing communities led to the establishment of the 13% Derivation Fund, with expectations of using it for community development, respondents agreed that their community has benefited from skills acquisition programs organized by the agency managing the derivation fund, and respondents agreed that there is a lack of infrastructural development in their community despite several years of the 13% derivation payment.

Research question 3: *Has the composition of the Agency by the state government to manage the 50% derivation fund hindered the development of the oil-producing communities in Delta South Senatorial District?*

Table 4.3: Summary of descriptive statistics on how composition of the Agency by the state government to manage the 50% derivation fund hindered the development of the oil-producing communities in Delta South Senatorial District.

S/N	Items	SA	A	D	SD	Mean	SD	Decision
15	The sharing of the derivation fund between the state government and the oil-producing communities has not prioritized the development of the oil-producing communities.	300	300	200	180	2.73	1.08	Agreed
16	Government sharing of the oil-producing communities 50% of the derivation fund based on Ethnic Nationality instead of contribution of each community has hindered the development of the communities.	380	176	270	154	2.80	1.12	Agreed
17	Government interference in the management of the fund through the appointment of representatives into the board is a bane to the development of the oil-producing communities.	600	170	160	50	3.35	0.93	Agreed
18	The representation of the Ethnic Nationalities in the board are not true representatives of the people, but serve the interest of the government that appointed them.	700	180	80	20	3.59	0.73	Agreed
19	Most 13% derivation fund projects are urban or local government headquarters centered due to government influence.	500	180	180	120	3.08	1.09	Agreed
20	Should the representatives into the management board of the 50% share of the derivation fund (Desopadec) be community elected/selected.	580	140	160	100	3.22	1.06	Agreed
	Grand mean					**3.13**	**0.58**	**Agreed**

The result from Table 4.3 above shows the summary of descriptive statistics on how composition of the Agency by the state government to manage the 50% derivation fund hindered the development of the oil-

producing communities in Delta South Senatorial District. The grand mean on how composition of the Agency by the state government to manage the 50% derivation fund hindered the development of the oil-producing communities in Delta South Senatorial District was found to be 3.13±0.58. The result further shows that respondents strongly agreed that the Ethnic Nationalities represented on the board are not true representatives of the people but rather serve the interests of the government that appointed them. The result also shows that respondents agreed that government interference in the management of the fund, particularly through the appointment of representatives into the board, is hindering the development of the oil-producing communities, respondents agreed that representatives on the management board of the 50% share of the derivation fund (DESOPADEC) should be community elected/selected, suggesting a preference for more community-driven representation, respondents agreed that the government sharing of the 50% derivation fund based on Ethnic Nationality, rather than the contribution of each community, has hindered the development of the communities, and respondents agreed that the sharing of the derivation fund has not prioritized the development of oil-producing communities, and most projects funded by the 13% derivation fund are urban or local government headquarters centered due to government influence.

HO_1: There is no significant relationship between devastated topography and development of the riverine oil-producing communities in Delta South Senatorial District.

Table 4.4: Summary of Pearson's Product Moment Correlation on the relationship between devastated topography and underdevelopment of the riverine oil-producing communities in Delta South Senatorial District.

		Devastated Topography	Underdevelopment
Devastated Topography	Pearson Correlation	1	.768**
	Sig. (2-tailed)		.000
Underdevelopment	Pearson Correlation	.768**	1
	Sig. (2-tailed)	.000	
	N	980	980

**. Correlation is significant at the 0.01 level (2-tailed).

The result from Table 4.4 above shows the summary of Pearson's Product Moment Correlation on the relationship between devastated topography and underdevelopment of the riverine oil-producing communities in Delta South Senatorial District. The result further shows that the relationship between devastated topography and underdevelopment of the riverine oil-producing communities in Delta South Senatorial District was positive and strong (r=.768). The r-square=0.5898 shows that devastated topography contributed about 58.98% to the observed variance in underdevelopment of the riverine oil-producing communities in Delta South Senatorial District. The p-value=.000 shows that there is a significant relationship between devastated topography and development of the riverine oil-producing communities in Delta South Senatorial District. The null hypothesis one was rejected at .05 level of significance.

HO_2: There is no significant relationship between insufficient 50% of the 13% derivation fund and underdevelopment of the oil-producing communities in Delta South Senatorial District.

Table 4.4: Summary of Pearson's Product Moment Correlation on the relationship between insufficient 50% of the 13% derivation fund and underdevelopment of the oil-producing communities in Delta South Senatorial District.

		Insufficient 50% of the 13% derivation fund	Underdevelopment
Insufficient 50% of the 13% derivation fund	Pearson Correlation	1	.615**
	Sig. (2-tailed)		.000
Underdevelopment	Pearson Correlation	.615**	1
	Sig. (2-tailed)	.000	
	N	980	980

**. Correlation is significant at the 0.01 level (2-tailed).

The result from Table 4.4 above shows the summary of Pearson's Product Moment Correlation on the relationship between insufficient 50% of the 13% derivation fund and underdevelopment of the oil-producing communities in Delta South Senatorial District. The result further shows that the relationship between insufficient 50% of the 13% derivation fund and underdevelopment of the oil-producing communities in Delta South Senatorial District was positive and strong (r=.615). The r-square=0.3782 shows that insufficient 50% of the 13% derivation fund contributed about 37.82% to the observed variance in the underdevelopment of the oil-producing communities in Delta South Senatorial District. The p-value=.000 shows that there is a significant relationship between insufficient 50% of the 13% derivation fund and underdevelopment of the oil-producing communities in Delta South Senatorial District. The null hypothesis two was rejected at .05 level of significance.

DISCUSSION OF FINDINGS

The work is an examination of the 13% derivation fund on the development of the oil-producing communities in the Delta South Senatorial District of Delta State. In conducting the study, three research questions and three hypotheses and in-depth interview were raised, tested, analyzed and findings discussed below.

Research Hypotheses One was tested with questions drawn from the questionnaires and analyzed in line with the research questions and together with the in-depth study showed that there is significant relationship between the topography and the underdevelopment of the oil-producing communities in the senatorial district. The above is as a result of the various decrees, obnoxious petroleum laws of the military as well as the centralized fiscal policy from 1966-1999 that were also injected into the 1979,1989 and 1999 federal constitutions that made no provisions either in the vertical or horizontal fiscal policy for the development of the oil-producing communities, couple with the above are the unrestricted access in exploiting the environment without proper respect for the laws regulating their exploratory activities and with no proper plan for fixing the environment. The above situation according to Clark et al. and several others would have been averted, if successive governments have paid or given the much needed attention to the development of the oil-producing areas. Omatseye attributed the problem to the lack of political will and corruption by successive governments, despite the several development attempts of the federal government, hence the present precarious nature or state of the environment and the communities. Aboh in his position went on to ask the question, is it not the same topography or environment that is accommodating the oil companies tank farms, staff quarters, clinics, water, roads e.t.c for their operations in the various riverine communities and went on to conclude that the topography weather devastated or

not can be developed like any other area, if the government and the oil companies are serious about developing their host communities.

Research Hypotheses 2 of the study was tested with questions drawn from research question 2 of the questionnaire and together with the in-depth study, it was discovered that insufficient 50% of the 13% derivation fund given by the state government for the development of the area is insufficient compare to the enormous task on ground where respondents are unhappy with the government and its agency for failing to meet their expectations as all indices of development is very low compared to the fund provided by the federal government to the state on monthly basis. It was also discovered that most jobs claimed to be completed are not suitable to be used by some communities as Douglas and Abulu claimed that most of the jobs are substandard, schools built with no furniture, health centers uncompleted due to lack of payment from the agency, water projects could not bring drinkable water to the communities, many health centers left uncompleted and contractors of those partially completed and unfurnished jobs not paid by the agency and could not be used by the affected people. Same as the primary/secondary schools, where pupils and students sit on the floor to learn, there are very few teachers, as many of the teachers transferred to the community schools don't resume due to lack of accommodation, water, electricity, coupled with the high cost of living and transportation in the area. Contracts are awarded to ruling party stewards as compensation for their contribution to the victory of the party during elections and therefore not accountable to either the people, agency or government. This no doubt is one of the major reasons for corruption in the management agency. It was further discovered that the government and the agency are more focused in the development of the urban area since they are more visible to visitors compared to the riverine area.

Research Hypothesis 3 was tested with questions drawn from the research questionnaire shows that, government interference in the composition and management of the fund has adversely affected the development of the communities. It showed that, government appointment of mostly unqualified and inexperienced members of the ruling political party into the management board and as staff of the agency has seriously or adversely affected the performance of the agency. They are all subject to the dictate of the governor and the political party structure. The governor as the head of government can hire and fire through the dissolution of the management board using the legislative arm of government at any given time. This no doubt has been affecting the smooth operations and performance of the agency in terms of jobs to be awarded, who to pay for jobs completed or not, supervision of jobs, employment, thereby making the agency a ground for corruption and settlement of political affiliates and family members and friends to the all connected to the governor, top party stalwarts' and others. This according to Obule and Yolo has seriously affected the relationship between the agency, the people and the government as shown in the in-depth study of the attitude of state government and its agency which shows that 50% of total respondents are in the negative. Agbeyegbe, in his examination of the law establishing the agency on the allocation of fund and the distribution of projects shows that the government and its agency is not yet ready for the development of the oil-producing communities, where he questioned the rationale behind the sharing of fund and projects not based on quota of production rather funds and projects are shared based on ethnic nationalities, which no doubt will go a long way to further impoverished the people as development will only be scanty in some areas despite the number of barrels of oil contributed by such areas.

It is a truism that rather than provide gainful employment for the people in the area, the agency is busy creating employment for the people in the urban areas at the expense of those in the riverine communities, same as in transportation, where there are no subsidized means of transportation in the riverine area but a lot of official vehicles bought for the staff of the agency. The agency is today seen as a conduit pipe for political gratification of used thugs and others during elections in the state, while contractors, if not in the above category are owed several months, years before payments for contracts executed and only be paid through corrupt practices. This has made most of the genuine contractors to pull out of the agency hence political contractors are used as labeled by His Royal Highness Ayeni Botu as "Contractors of wheel barrow and shovel" The above no doubt created a lot of financial leakages and corruption, where

contractors are paid for jobs not done or poorly executed at the expense of the people in the communities hence the apathy towards the officers of the agency and the state government.

CONCLUSION

Based on the findings, it was discovered that the deplorable state of the environment of the oil-producing communities of the Delta south senatorial district was as result of the devastated topography of successive Nigerian governments and that the development of the communities is possible through the commitment of all federal government and state intervention agencies such as the NDDC, Federal Ministry Of Niger Delta ably supported by the multi national oil companies operating in the area couple with state government committing the entire 13% derivation fund to the development of the area instead of the present piece meal approach. There is a lot of corrupt practices in the fund management, which has seriously hampered the relationship of the affected people and the state government.

RECOMMENDATIONS

The under-listed are the recommendations from the study.

- All obnoxious laws, military decrees, legislations as enshrined in our constitutions hindering the development of oil-producing communities should be revisited or abolished.
- State government should augment the derivation fund through yearly budgetary provision instead of removing from it.
- Derivation fund development intervention agency should be open, community nominated, /participatory representation and devoid of state government influence or interference.
- Oil-producing companies should desist from divide and rule politics that is tearing the oil-producing communities apart and enlist host communities development as part of their social responsibility..
- A constitutional review making the 13% derivation fund paid directly to the individual oil-producing communities should be established.
- A tripartite of the federal, state government and individual 13% derivation fund management regulatory agency be set up by the federal government to monitor/ supervise the management of the fund
- All receipts from the 13% derivation fund should be accounted for on quarterly basis by the management committee..
- Community recommended contractors/monitoring and supervisory team should be engaged by the communities on all derivation fund projects.

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