

# Corruption and the Utilization of 13% Oil Derivation Fund in Bayelsa State of Nigeria

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## Abstract

For a considerable period, the Niger Delta region and Bayelsa State in particular have been engulfed by violent conflicts and criminalities following different dimensions of agitations by the people for development and a fair and equitable share of the nation's wealth largely sourced from crude oil resources in the area. However in contemporary times, there has been a shift in the focus of the agitations from the above-mentioned demands to that of prudent management of the resources, especially the 13% derivation fund (even though not enough) and other statutory allocations accruing to the state for developmental purposes. Consequently, this paper posits that for well over sixteen years of democratization in Nigeria, the political elite has not been able to pragmatically and strategically deploy Bayelsa state's share of the 13% derivation funds for meaningful development and transformation of the lives of the citizenry. Furthermore, the paper identified massive corruption as the major obstacle against the drive for development in Bayelsa State and recommends that the immunity clause for the office of the governor should be abolished in the 1999 Constitution of the Federal Republic of Nigeria; as this will instill a sense of responsibility in the governors, check their financial profligacy and thus serve as a catalyst in the transformation of the state.

**Keywords:** Conflict, Corruption, Development, Derivation Fund, Oil.

## 1. Introduction

The concept of corruption is of common usage in describing the political and socio-economic lives of the people of Nigeria and Bayelsa State in particular. Bayelsa State has suffered from government that has looted the resources of the state, and could not or would not deliver services to the people. It is in the light of the above that we will be examining the role of the political elite in the utilization of the 13% derivation fund in the state.

Corruption has been defined in different ways by different authorities. Most frequently, corruption is defined either to refer to illegal activities within official institutions, civil service as well as other political spheres or in relation to private and monetary gains that is involved for the corruptor. It involves a pervasion of power (Brasz, 1978: 4). For Deflem (1995) corruption is the colorization of social relations in which two or more actors undertake an exchange media of money or power, thereby side-stepping the legally prescribed procedure to regulate the relation. It can be deduced from the above that two major types of corruption are prevalent namely bureaucratic and monetary corruption. While bureaucratic corruption has to do with transfer of power, monetary corruption involves exchange. Both types of corruption truncate spelt out legitimate processes. For the purpose of this paper, corruption is seen as the conscious subversion of public funds as well as interest in other to gain personal favour.

## 2. Theoretical Framework

The theoretical roadmap for this academic endeavour is elite theory. While the numerous shades of scholarly opinion on elitism, the study commences by drawing from Mosca (1939:50) who explains the concept of elitism as follows:

*In all societies from societies that are very underdeveloped and have barely attained civilization, down to the most advanced and powerful societies in two classes always exist the less numerous performs all the political functions, monopolizes power and enjoys the advantages that power brings, whereas the second the more numerous class, is directed and controlled by the first in a manner that is now more or less legal, now more or less arbitrary and violent*

It can be deduced from the above that the elite theory pictures a society divided into a few who have power and many who do not, with the small number of persons allocating the values of society. Secondly, the few who are not typical of the masses, lastly the elite's shares consensus on the basic values of the social system and pervasion of the system. (Dye 1987: 29).

The phenomenon of public policy does not reflect the demand of the masses but rather the prevailing values of the political elites. The dominance of the political leadership results in a gross situation of income inequality, unemployment, poverty, poor infrastructural development. This class collaborates with oil multi-nationals and other federal agents to appropriate the surpluses and funds accruing to the state. The elite theory reveals the oppressive character of the ruling class. In this connection, the incidence of underdevelopment is situated in and presented as a consequence of the endemic class struggle between the dominant class and the peasant's class. This class struggle operates in different levels. Our concern is on the level of the individual states (Bayelsa State in this case) in collaboration with the compradors against the peasants (the real aborigines of the state).

### 3. On Development and Underdevelopment

Development is a man centered phenomenon and multidimensional process which involves fundamental transformation of the entire facets and institutions of society. Politics, economy, culture which results in improving the quality and standard of life, creating employment and eradicating absolute poverty. This for Thomas and Johnnie (2008: 1170) is predicated on a number of factors which includes:

*Good governance accountability, transparency, vision, discipline, hardwork, education, technological improvement, provision of social, infrastructure and services, leadership stands out to be the most important.*

The reverse is clearly the case in Bayelsa State. The quality of a good policy is a reflection of good leadership and corruption weakens good leadership and makes a mess of budget discipline.

Indeed the 13% derivation fund and the lipstick democratic governance in Bayelsa State have been characterized by lack of accountability and transparency. Privatization of state resources and institution is the order of the day. No respect for hardwork and vision. It is obvious that appointments were skewed towards favoring relations, clients, schoolmates and friends whether or not qualified. It is thus posited that given the lack of vision, apparent maladministration and fraudulent enrichment by operators of government in Bayelsa State, the upward shift of derivation fund (even though historically and logically valid) may not make for development of the state. This is because the much needed for development ventures are converted for use by state operators leaving the system devoid of real development.

It is in the above light that underdevelopment is conceived not as the absence of development because every people have developed in one way or another and to a greater or lesser extent (Rodney 1972). To this extent, underdevelopment is viewed comparatively as a situation of general backwardness as the elite/masses gap widens, urban/rural inequality increases, unemployment rises, agricultural production stagnates, death rate soars, inflation rises, infrastructural decay becomes prominent, illiteracy becomes copious, etc. Abba and Anazodo (2006) upheld a similar view when they noted that an underdeveloped society is that which experiences:

*General poverty, illiteracy, overdependence in one sector of the economy, unemployment, high death rate, high population and income inequality.*

Development therefore, cannot be conceived without positively touching the lots of the people. The problem one can hardly comprehend is the fact that despite the 13% oil derivation fund (even though not enough) and other statutory allocations accruing to the state, no corresponding development both infrastructurally and in human capacity building has been recorded in Bayelsa state. According to the findings of the financial review committee (2012) it has been revealed that the wage bill of Bayelsa State rose from a modest N1.7 billion in January, 2010 to N2.2 billion in December of the same year and subsequently to a staggering N5.5billion in February, 2012.

The issue of how the payroll of government far exceed the number in the nominal roll, and the reckless debt burden of N207.2 billion are indeed the frustrating factors to consider despite the N660 billion the state received just within the 2007 – 2012. Back in 2009, according to the Economic and Financial Crimes Commission (EFCC) report, Bayelsa state officials, for example, claimed that working through a biometric identification exercise, 11,696 ghost workers received about N293.7 million monthly, or N3.524 billion yearly.

The announcement over the media of the excellent projects done by the state government and yet little or nothing is seen with the physical eye explains the grim reality of the misapplication and utilization of the 13% oil

derivation fund and the prevalent underdevelopment being orchestrated by the political leadership in the state. One can but agree with Frisch (1994: 56) when asserted that:

*Corruption kills the development spirit. Nothing is as destructive as the rush to quick and easy money which makes fool of those who can work honestly and constructively.*

#### 4. Area of Study

Bayelsa State is geographically located within latitude 4° 150 North and longitude 05° 220 West and 06° 450 East. According to the memorandum for the creation of Bayelsa State (1996), it shares boundaries with Delta State on the North, Rivers state on the East and Atlantic Ocean on the West and South. The state has vegetation characterized by mangrove forest and in the North it has a thick forest with arable land for cultivation. Bayelsa state lies within the tropical rain forest, with an area of about 21,100 square kilometers (Etekepe, 2007).

More than three quarter of this area is covered by water, with a moderately lowland stretching from Ekeremor to Nembe. (it lies within the heaviest rainfall area in Nigeria with a short dry season between November and March. Politically Bayelsa State was coined out of the original three major local government areas in former Rivers State namely: Brass, Yenagoa and Sagbama. The people of Bayelsa mainly engage in fishing and farming with a population of about 2 million people. Interestingly, it was at Oloibiri in Bayelsa state that crude oil was first discovered in commercial quantities in Nigeria. Since then, the state has consistently remained a major source of financial supply to the Federal Republic of Nigeria.

#### 5. Methodology

For the composition of this paper, data was generated from two sources, namely, primary and secondary. The primary sources used were direct observation, personal/key informant interviews and 200 questionnaires that were distributed to knowledgeable respondents (based on the guarantee of anonymity) in the eight local government areas of Bayelsa state, using the purposive random sampling technique, and a total of 186 were successfully retrieved. . Of course, the secondary sources were journal articles, internet sources, seminar papers, press releases unpublished projects and conference papers. It is worthy of note that all the data generated for this research were thoroughly crosschecked and scrupulously analyzed for the purpose of a qualitative research of this nature - the views of the respondents were analyzed through content analysis and the data collected from the questionnaires were presented in simple percentages.

#### 6. Data Presentation and Analysis

**TABLE 1: RESPONDENTS VIEW ON LEVEL OF DEVELOPMENT**

OPINION	RESPONSE	%
Impressive	23	12
Unimpressive	141	76
Don't Know	22	12
<b>Total</b>	<b>186</b>	<b>100</b>

A total number of 23 respondents making up 12% are of the view that development is impressive while another 22 also making up 12% (app) were undecided. However, a whopping 141 respondents (76%) are view that development in Bayelsa state is unimpressive. This undoubtedly pictures the dissatisfaction over the political leadership of the state and the manner in which the state's resources, especially the 13% oil derivation fund are being utilized.

**TABLE 2: RESPONDENTS VIEW ON LEVEL OF POVERTY**

LEVEL	RESPONSE	%
Very High	136	73
Moderate	41	22
Low	9	5
<b>Total</b>	<b>186</b>	<b>100</b>

A major disturbing trend is revealed above. 73% of the respondents are of the view that poverty is very high and wide spread. 22% are of the opinion that it is moderate while an insignificant 5% says it is very low.

**TABLE 3: RESPONDENTS RATING ON THE LEVEL OF UNEMPLOYMENT**

LEVEL	RESPONSE	%
Very High	168	90
Moderate	15	8.04
Low	3	1.6
<b>Total</b>	<b>186</b>	<b>100</b>

The table above demonstrates a worrisome level of unemployment in the state while an insignificant 1.6% and 8.04% shows that unemployment is low and moderate respectively, a whopping 90% opined that there is a very high and alarming level of unemployment in the state. This confirms the statistics made available by the National Bureau of Statistics (2011) that Bayelsa State has the highest composite unemployment rate of 38.4% above the national average.

The analysis appears to justify the recent protest (first of its kind in Nigeria) by members of the “Unemployed Graduates Forum” on the 27<sup>th</sup> of March 2013. On that day, over 150 unemployed graduates were arrested for staging a peaceful protest over the embargo placed on employment for almost a decade in Bayelsa state. A state with such an alarming rate of unemployment is likely to experience increase in crime and is definitely not on the train of development.

In addition, 121 respondents representing 65% were of the opinion that the 13% oil derivation fund accruable to the state is enough to contribute meaningfully to development but that it has not. On the other hand, 36 respondents representing 19% asserted that it is not enough while 29 respondents representing 16% were undecided.

The above data is a pointer to the poor performance of the political leadership in the state especially, with regards to the management of the resources accruable to Bayelsa state since the commencement of this civilian rule in 1999. Perhaps, it is in line with the above situation, that the World Bank Business reports indicated that 90% of Bayelsans are poor. (Cited in Bayo 2012). Deducing from these positions, it becomes clear that the state resources (13% oil derivation fund inclusive) are not adequately deployed by the political elite for the development and transformation of the state but are being diverted for their personal aggrandizement.

### **7. Concluding Remarks and the Way Forward**

Ever since the upward review of derivation fund to 13% there has been continued clamor by the people (masses) of Bayelsa State, that their political leaders should apply appropriately these funds in order to usher in the desired development in the state, which will include employment opportunities, provision of social amenities and infrastructure. However, as the paper reveals the political leadership has fallen short of this request, thus accumulating and privatizing the funds. This scenario has further continued to widen the gap of inequality within and among the people of the state and further worsened the problems of development in the state., this paper concludes that, there is a major gap between the needs of the people and the utilization of the financial resources accruable to the state by the political elite since 1999..

Consequently, it is our recommendation that concerted efforts should be made towards the amendment of the constitutional provision that grants immunity to governors in the 1999 Constitution of the Federal Republic of Nigeria; section 308 of the 1999 Constitution forbids the institution of civil or criminal proceedings against a serving governor (including the governors of Bayelsa state). This proposal is predicated on the fact that the existence of the immunity clause grants legal covering to governors to engage in all sorts of financial recklessness, profligacy and corruption while in office. Its abrogation will instill a high sense of responsibility, carefulness, scrupulousness and responsiveness on the governors of Bayelsa state in particular and other governors in Nigeria in general.

Of course the mere consciousness of the fact that they stand the risk of being arrested, prosecuted and imprisoned while in public office as a governor will to great extent serve as a check on them and their allies; and could lead to the judicious use of public resources (financial) for the development and transformation of Bayelsa state. In addition, the anti-corruption agencies like EFCC should be reorganized and empowered for the prompt prosecution of defaulting public officers, who criminally loot public funds for selfish reasons. Competent non-governmental organization should be formed to conduct performance appraisals on state government’s officials in the application and utilization of public funds. The 13% oil derivation funds inclusive.

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