



The Politics Of Derivation Principle and Socio-Economic Development in Niger Delta: A Focus on Akwa Ibom State

Asuquo Nana Udo, *Political Science and Public Administration University of Uyo*
Eno Kingsley Edet, *PhD, Political Science and Public Administration University of Uyo*

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ABSTRACT

This study explored the impact of the derivation principle on socio-economic development in Akwa Ibom State, Nigeria, with a focus on healthcare services, road infrastructure, and educational facilities. Anchored in the Resource Curse Theory, the research examined how resource wealth, particularly from oil revenue, influenced development outcomes in the state. Employing a documentary method of analysis and a thematic approach, the study reviewed secondary data, including revenue allocations from the Federation Account to Akwa Ibom State between 2015 and 2022, and the resulting socio-economic projects. The findings revealed that while the derivation principle facilitated substantial investments in critical sectors such as the establishment of the Akwa Ibom State Health Insurance Scheme (ARISECare), construction of the Ikot Oku Ikono Flyover, and implementation of free and compulsory education several challenges persisted. These included inadequate maintenance of facilities, uneven resource distribution, and sustainability concerns, reflecting aspects of the resource curse paradox. The study concluded that the derivation principle contributed to socio-economic development in Akwa Ibom State but highlighted gaps in effective management and equitable resource allocation. It recommended improved maintenance policies for healthcare and educational infrastructure, prioritization of rural road connectivity, and capacity-building initiatives to enhance the long-term impact of resource revenues.

Keywords: Derivation Principle, Socio-Economic Development, Akwa Ibom State

I. Introduction

Oil has remained a critical source of wealth and revenue for governments and the communities where it is extracted. In Nigeria, oil serves as the backbone of the national economy, contributing significantly to revenue generation and foreign exchange earnings. However, in the Niger Delta region, where a substantial portion of this resource

is derived, the poor management of oil revenue has emerged as a significant impediment to socio-economic development. Despite being endowed with abundant natural resources, the region remains plagued by poverty, underdevelopment, and environmental degradation caused by oil exploration activities.

The negative effects of oil-related activities on the Niger Delta have led to severe social and economic challenges for the host communities. Environmental pollution, loss of arable land, and depletion of aquatic life are some of the adverse outcomes that have disrupted traditional livelihoods, forcing many into economic despair. These challenges have prompted the inhabitants of oil-producing communities to resort to self-help measures, including protests, agitation, and sometimes militancy, in their quest for development and equitable distribution of oil revenues. Unfortunately, these actions have often been met with resistance from the federal government and its agencies, further exacerbating tensions in the region (Human Rights Watch, 1999; Nwachukwu, 1999; Aluko, 1999; Ukeje, Odebuyi, Sesay, and Onosode, 2003).

The resulting conflicts have manifested in various forms, ranging from civil unrest and vandalism of oil infrastructure to kidnappings and loss of lives and property. This volatile situation has not only hindered socio-economic progress but also perpetuated a cycle of poverty and instability in the region. Recognizing the need to address these issues, the federal government introduced the derivation principle, a fiscal arrangement aimed at allocating a percentage of oil revenues directly to oil-producing states. The agitation for resource control gained momentum in the late 1990s and early 2000s as communities in the Niger Delta demanded a greater share of oil revenues to mitigate the adverse effects of oil exploration and promote development. In response, the implementation of the 13% derivation principle in 1999 marked a significant policy intervention. Since its inception, oil-producing states, including Akwa Ibom State,



have received substantial revenue through the derivation fund.

Paradoxically, despite the huge financial inflows from the derivation fund, Akwa Ibom State continue to grapple with inadequate social and economic infrastructure. Healthcare systems are underfunded, educational institutions are in disrepair, and basic amenities such as potable water, electricity, and roads are grossly insufficient. The paradox of immense resource wealth coexisting with extreme underdevelopment underscores the need for a critical examination of the derivation principle and its impact on the socio-economic development of Akwa Ibom State (Erero & Olowu, 1997; Nisirimovu, 2000; Nwaze, 2012). This study, therefore, seeks to explore the relationship between the derivation principle and socio-economic development in Akwa Ibom State.

Statement of the Problem

The derivation principle was introduced as a fiscal mechanism to address the unique challenges faced by resource-producing communities, ensuring that a portion of the revenues generated from natural resources is returned to these regions for development. In Nigeria, the 13% derivation formula was adopted to provide oil-producing states, such as Akwa Ibom State, with additional funds to alleviate poverty, mitigate environmental degradation, and improve socio-economic infrastructure. However, despite receiving substantial financial allocations under the derivation principle since its implementation in 1999, Akwa Ibom State continues to grapple with significant socio-economic challenges. Paradoxically, the state, which ranks as one of the highest recipients of derivation funds, still suffers from high levels of unemployment, inadequate healthcare services, poor educational infrastructure, and deplorable road networks. Additionally, environmental degradation caused by oil exploration activities has further compounded the socio-economic woes of the host communities. These shortcomings raise questions about the effective utilization of derivation funds and the accountability of the state government and local leadership in translating financial resources into tangible development outcomes.

Scholars and observers have identified systemic issues such as corruption, poor governance, lack of transparency, and weak institutional frameworks as major impediments to the efficient management of derivation funds. Furthermore, there is limited evidence of sustainable investments or programmes designed to address the

long-term development needs of oil-producing communities in Akwa Ibom State. This failure has contributed to rising discontent and agitation among the affected communities, undermining the intended purpose of the derivation principle. This study, therefore, seeks to explore the disconnect between the derivation funds allocated to Akwa Ibom State and the socio-economic outcomes in the state.

The primary objective of this study is to examine derivation principle and socioeconomic development in Akwa Ibom State, while the specific objectives are to:

- i. Evaluate the impact of derivation principle on healthcare services in Akwa Ibom State.
- ii. Determine the influence of derivation principle on road infrastructures development in Akwa Ibom State.
- iii. Examine the relationship between derivation principle and development of the educational sector in Akwa Ibom State

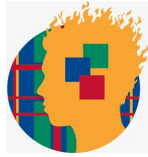
Conceptual Framework

The conceptual framework for this study provides a structured perspective for understanding the derivation principle and its role in socio-economic development.

Concept of Derivation Principle

The concept of the derivation principle, initially recommended by the Phillipson Commission of 1946, has been a fundamental aspect of revenue sharing in Nigeria. This principle stipulates that the proportion of revenue allocated to State Governments from the central pool, known as the Federation Account, should directly correlate with their contributions to that pool (Abubakar, 2016; Ashwe, 2016).

The derivation principle is a fiscal mechanism used to allocate a percentage of revenues derived from natural resources back to the region or state of origin. This principle is rooted in the notion of equity, recognizing that resource-producing areas should benefit from the wealth generated from their lands. It has evolved as a policy response to the agitations and demands of resource-rich regions, particularly in the context of addressing socio-economic disparities. In Nigeria, the derivation principle is embedded in the country's fiscal federalism framework. It was first introduced in the 1954 constitution, which allocated 50% of mining rents and royalties to resource-producing regions (Ekpo, 2004). This arrangement sought to ensure that host communities benefited significantly from their natural resources. However, over time,



political and economic pressures led to significant reductions in the percentage allocated under the derivation principle. By the 1980s, it had been reduced to as low as 1.5% (Suberu, 2001).

The concept of derivation, as explained by Attah (2018), posits that when any mineral within a state is exploited, a designated percentage of the generated revenue should be retained by that state under the principle of derivation. The remaining portion of the revenue is allocated to the Federation Account to be distributed among all federating units. Specifically, the 1999 Constitution mandates that at least 13 percent of the revenue from such exploitation must be returned to the state where the resource was derived, while the remaining 87 percent is allocated to the Federation Account.

The agitation by Niger Delta communities for increased revenue allocation, fueled by the adverse environmental and socio-economic impacts of oil exploration, prompted a policy shift in 1999. The 13% derivation principle was introduced as part of the 1999 Nigerian Constitution, Section 162(2), mandating that not less than 13% of revenues from natural resources be allocated to the resource-producing states (Obi, 2009). Despite this policy, the implementation of the derivation principle has faced significant challenges. While it has provided substantial financial inflows to oil-producing states, the effective utilization of these funds remains a critical issue.

Studies have highlighted the disconnect between the resources allocated under the derivation principle and the development outcomes in the host communities (Amaraegebu, 2011; Omeje, 2006). Factors such as corruption, poor governance, and mismanagement of funds have been identified as major impediments to translating resource wealth into socio-economic development. Moreover, the derivation principle has been critiqued for its limited scope in addressing the broader structural issues affecting resource-producing regions. Scholars argue that while the 13% derivation fund provides financial compensation, it does not adequately address environmental degradation, displacement, or the loss of livelihoods resulting from resource extraction (Ikelegbe, 2005; Watts, 2004). The objectives of the derivation principle can be summarized as follows:

- a. To ensure that oil-producing states receive a fair share of the revenue generated from the extraction of natural resources within their territories.
- b. To promote the development of critical infrastructure such as roads, electricity, water

supply, and public facilities in oil-producing communities.

- c. To improve access to essential social services such as healthcare and education in oil-producing regions. The derivation funds are intended to upgrade existing facilities and build new ones, thereby enhancing the overall health and educational outcomes for community members.

Concept of Federation Account Allocation

The allocation of revenue within a federation refers to the distribution of funds from the federation account to various levels of government. Dang (2013) articulated that revenue allocation constitutes a mechanism for distributing centrally generated revenue across different tiers of government; moreover, it addresses how the allocated amounts are divided among the components of each tier for the purpose of economic development. According to Ordu and Omes (2022), this process represents the redistribution of fiscal capacity amongst the various levels of government or the arrangement of fiscal responsibilities between these tiers. However, the complexities inherent in this system can lead to challenges in equitable distribution. Although the goal is to foster economic growth, discrepancies may arise. Because of this, ongoing assessment and adjustment are often necessary to ensure that financial resources are effectively utilized.

Ordu and Omes (2022) defines revenue allocation as encompassing the distribution of tax authority and the arrangements for sharing revenue—not only among the three tiers of government, but also among state governments. According to Ohiomu and Oluyemi (2018), it involves the redistribution of fiscal capacity across various governmental levels or the allocation of fiscal responsibilities among different tiers of government. They further posited that revenue allocation aims to achieve two primary objectives: efficiency and equity. Revenue is allocated to the constituent units of the Nigerian federation to fulfill their constitutionally assigned expenditures; thus, it is anticipated to stimulate economic growth. Revenue allocation occurs in the terms and manner prescribed by law. This framework is referred to as the revenue allocation formula. In other words, it serves as the foundation for revenue sharing. Currently, revenue allocation in Nigeria is managed by the Federation Accounts Allocation Committee (FAAC) in collaboration with the Revenue Allocation, Mobilisation and Fiscal Commission (RAMFC). However, the complexities surrounding



this process can lead to debates regarding fairness and effectiveness.

Concept of Socio-Economic Development

Socio-economic development encompasses the improvement of individuals' quality of life through various advancements in education, income, skill acquisition and employment opportunities. It denotes the economic and social transformations that arise due to cultural and environmental influences, as noted in (Ibok, 2020). Socioeconomic status (SES), according to the American Psychological Association (APA), signifies an individual or a group's social standing or class. This status is typically measured as a composite of education, occupation and income. In simpler terms, this reveals the degree to which human factors have evolved within a specific society. However, the socio-economic welfare of the Nigerian populace may be effectively evaluated through the country's Human Development Index (HDI), because it provides a comprehensive view of development indicators. Although there are various metrics available, the HDI remains a critical tool for assessing progress.

Derivation Principle and Socio-Economic Development in Akwa Ibom State: The Nexus

The derivation principle in Nigeria is a system through which a certain percentage of revenue generated from natural resources, particularly oil, is allocated to the states where the resources are extracted. The principle was initially designed to address the concerns of oil-producing states, ensuring that they receive a fair share of the wealth derived from their resources. The focus of this principle is on ensuring that states like Akwa Ibom, which are rich in oil and other natural resources, benefit directly from the economic activities occurring in their region. However, the effectiveness of the derivation principle in fostering socio-economic development has been a subject of much debate. This section explores the nexus between the derivation principle and socio-economic development in Nigeria, with a particular focus on the experiences of oil-producing states like Akwa Ibom.

Economic Growth and Resource Allocation

Several studies have emphasized the economic potential of the derivation principle in driving growth in resource-rich regions. A study by Ibeanu (2013) suggests that the derivation principle has led to increased revenue for oil-producing states, which, in theory, should be used to stimulate

economic growth. The allocation of a percentage of revenue to the oil-producing states is expected to contribute to economic development through investments in infrastructure, education, and healthcare. In Akwa Ibom State, for instance, the increased revenue has facilitated significant infrastructural developments, such as the construction of roads, hospitals, and schools (Ibeanu, 2013). These investments are crucial for stimulating economic activity, providing jobs, and improving the standard of living of the population.

However, the economic growth generated by the derivation principle has not been uniform across all sectors. The study by Nwaze (2012) indicates that despite the availability of funds through derivation, oil-producing states often experience inefficiencies in resource management. Mismanagement, corruption, and lack of transparency have undermined the effectiveness of the derivation principle in fostering sustainable economic development. In Akwa Ibom, for example, although large sums of revenue are allocated from the derivation principle, the benefits are sometimes delayed or diverted, limiting the impact on broader economic growth (Nwaze, 2012).

Governance and Institutional Framework

The role of governance in ensuring the proper allocation and utilization of derivation funds cannot be overstated. The efficiency of the derivation principle largely depends on the institutional framework in place to manage these funds. According to Okunola (2011), strong governance and institutional mechanisms are essential for ensuring that the funds allocated through the derivation principle are used effectively. Akwa Ibom State has made significant progress in utilizing derivation funds for development projects, particularly in the areas of road construction, healthcare, and education. However, studies by Ukeje et al. (2003) and Nwaze (2012) suggest that the lack of accountability and transparency in the management of these funds has led to mixed outcomes in terms of socio-economic development.

The allocation of derivation funds must be accompanied by stringent monitoring and evaluation systems to ensure that resources are used effectively. In Akwa Ibom, for example, while there have been significant infrastructural developments, such as roads and healthcare facilities, challenges remain in terms of equitable distribution of resources across the state's rural and urban areas (Ukeje et al., 2003). Effective governance, coupled with transparent and accountable management practices, is essential to maximize the potential of



the derivation principle in promoting socio-economic development.

Poverty Reduction and Human Development

The derivation principle is also expected to contribute to poverty reduction by promoting social development and increasing the capacity of oil-producing states to invest in human capital. A study by Aluko (1999) indicates that the funds allocated through the derivation principle can be used to enhance social services, including education, healthcare, and social welfare, thereby improving the quality of life for residents in oil-producing states. In Akwa Ibom, the establishment of the Akwa Ibom Health Insurance Scheme (ARISECare) is one such example where the state has utilized derivation funds to improve healthcare services for its residents (Akwaibomonlinenews, 2024).

Furthermore, investments in education, such as the construction of new schools and the payment of subventions and WAEC fees for students, have been made possible through derivation revenue. These investments aim to enhance human capital development and create a skilled workforce capable of contributing to the state's long-term economic prosperity. However, studies by Erero and Olowu (1997) suggest that despite these efforts, the overall impact on poverty reduction has been limited due to inadequate implementation, corruption, and the concentration of wealth among the political elite.

Despite the potential benefits of the derivation principle, there are significant challenges in its implementation that hinder its contribution to socio-economic development. One of the primary challenges identified by scholars is the overdependence of oil-producing states on derivation funds, which can lead to a lack of diversification in the economy. In Akwa Ibom, the state's overreliance on oil revenue has led to an underdeveloped non-oil sector, which has limited the ability of the state to withstand economic shocks, particularly when oil prices fluctuate.

Empirical Studies

The derivation principle, a system through which resource-rich regions in Nigeria receive a share of the revenue generated from natural resources, particularly oil, has been widely discussed and researched in various empirical studies. The principle, as stipulated in Nigeria's Constitution, aims to allocate a percentage of oil revenue to the states from where the resources are extracted. A study by Erero and Olowu (1997) explores the economic implications of the derivation

principle, particularly focusing on its impact on resource-rich states such as Akwa Ibom. The authors argue that while the derivation principle has led to increased revenue for the oil-producing states, it has not necessarily resulted in corresponding improvements in the socio-economic conditions of the region. They suggest that the funds generated through the derivation principle are often poorly managed, and there is a lack of accountability in the allocation of the resources. This has hindered the economic development of the Niger Delta and, by extension, Akwa Ibom State, where oil wealth has not been translated into widespread infrastructural development or improved living standards (Erero & Olowu, 1997).

A study by Nwaze (2012) investigates the relationship between the derivation principle and governance in the Niger Delta. Nwaze points out that although the derivation principle has significantly increased the share of revenue received by oil-producing states, the benefits are often undermined by poor governance and corruption. Specifically, the study highlights Akwa Ibom State, noting that despite the large influx of funds from the derivation principle, the state has faced challenges in managing these funds effectively. Nwaze concludes that without proper governance structures, the derivation principle does little to improve the socio-economic conditions of oil-producing states, as resources often end up in the hands of elites rather than being used for public welfare (Nwaze, 2012).

In a related study, Nisirimovu (2000) examines the impact of the derivation principle on infrastructure development in the Niger Delta, with a particular focus on Akwa Ibom. The study finds that while the derivation principle has funded various infrastructure projects in the state, such as roads, schools, and healthcare facilities, the pace of development has been slower than expected. One of the key challenges identified is the mismanagement and diversion of funds, which limits the effective implementation of infrastructure projects.

Ukeje et al. (2003) explores the social and developmental impacts of the derivation principle in the Niger Delta. The study examines how the oil-producing regions, including Akwa Ibom, have utilized the funds accrued from the derivation principle for social services like healthcare and education. While there has been some improvement in these sectors, the study reveals that poverty levels remain high, and basic services are often inadequate. The authors attribute this to the lack of effective planning and the concentration of oil revenues in the



hands of political elites, which often leads to the neglect of public welfare.

Theoretical Framework

The study adopted Resource Curse Theory as its theoretical guideline. The Resource Curse Theory, also known as the "Paradox of Plenty," posits that countries or regions rich in natural resources, particularly oil and minerals, often experience slower economic growth, underdevelopment, and institutional inefficiency compared to those with fewer natural resources. The theory was first popularized by economists such as Richard Auty (1993) and Jeffrey Sachs and Andrew Warner (1995), who observed that nations with abundant natural resources often exhibit poor governance, lower levels of human development, and weaker democratic institutions. The core argument is that the wealth generated from natural resources can distort economies and create conditions that are detrimental to sustainable growth and development.

One of the primary economic effects associated with the Resource Curse is the phenomenon of *Dutch Disease*. This occurs when the export of natural resources leads to a stronger currency, which can harm other sectors of the economy, such as agriculture and manufacturing. In Akwa Ibom, while oil revenue from the derivation principle has contributed to infrastructural development, it has also led to an overreliance on the oil sector. Consequently, when oil prices fluctuate, the state's economic stability becomes uncertain, as seen during the oil price crash of 2014-2016 and the economic fallout of the COVID-19 pandemic.

For Akwa Ibom, the Resource Curse Theory is particularly relevant in understanding the paradoxical situation of resource wealth amidst developmental challenges. The state's significant oil revenue, derived through the 13% derivation principle, has been crucial for financing infrastructure projects such as roads, healthcare facilities, and educational institutions. However, the state's heavy reliance on oil revenue has also limited its ability to diversify the economy and build a sustainable development model that is less vulnerable to global market dynamics. The political and social challenges of governance in Akwa Ibom, including allegations of corruption and unequal distribution of resources, are also consistent with the dynamics described by the Resource Curse Theory. To break free from the resource curse, it is essential for Akwa Ibom to adopt more effective governance strategies, diversify its economy, and ensure that the

benefits of oil wealth are more equitably distributed across its population.

II. Methodology

This study adopts a documentary method and thematic approach to explore the impact of the derivation principle on socio-economic development, specifically focusing on Akwa Ibom State. The combination of these two methods enables the research to gather rich qualitative data and systematically analyze the themes that emerge from a diverse range of sources. The documentary method serves as the primary data collection technique for this study. This approach involves the use of secondary data, which includes a wide range of documents that provide insight into the derivation principle and its impact on socio-economic development.

Derivation Principle and Developments in the Areas of Healthcare Services Road and Educational Infrastructures in Akwa Ibom State

The derivation principle, rooted in Nigeria's fiscal federalism, allocates a percentage of revenue from natural resources to the states where they are extracted. In Akwa Ibom State, one of Nigeria's leading oil-producing regions, this principle has served as a vital source of funding for development initiatives across various sectors. Specifically, the derivation principle has facilitated significant progress in healthcare services, road infrastructure, and educational development. In the healthcare sector, derivation funds have supported the construction of modern hospitals, primary healthcare centers, and emergency facilities, alongside initiatives like the Akwa Ibom State Health Insurance Scheme (ARISECare). These developments have improved access to quality healthcare and enhanced the well-being of residents. Road infrastructure has also seen remarkable growth, with funds allocated to constructing and upgrading major roads, flyovers, and flood control tunnels, enhancing connectivity and easing transportation across the state. Similarly, in the education sector, the derivation principle has enabled the construction and renovation of schools, provision of free and compulsory education, and payment of examination fees, thereby increasing access to quality education for all.



**Table 1: Derivation Principle on Healthcare Services in Akwa Ibom State
Developments in the area of Health Care**

Developments in the area of Health Care		
1	Construction of Model Primary Healthcare centers	Ikot Nkwo, Ibesikpo Austan
2	Construction of Model Primary Healthcare centers	Odot, Nsit Atai
3	Construction of Model Primary Healthcare centers	Oboyo ikot Ita, Nsit Ibom
4	200 bed capacity complex at Oko Ita	Oko Ita in Ibiono
5	Donation of six (6) Ambulance Trucks	
6	Establishment of Immanuel Hospital	Eket
7	Akwa Ibom State Health Insurance Scheme (ARISECare)	
8	Establishment of General Hospital	Iquita Town in Oron L.G.A
9	Upgrading of Etinan General Hospital	Etinan
10	Specialist Hospital	Itu Mbang
11	Upgrading of General Hospital	Ikot Okoro
12	Establishment of emergency operation Center (EOC) at Infectious Disease Hospital	Ikot Ekpene
13	Provision of Quarters (Residential) for 50 House Officers in the University of Uyo Teaching Hospital and State Hospitals	Uyo

Source: Field Survey, 2024

Healthcare serves as a vital element of socio-economic progress, functioning as an indicator of life quality and the overall well-being of a community. In Akwa Ibom State, the implementation of the derivation principle has led to noteworthy enhancements in healthcare services. This, in turn, addresses several challenges that the region has confronted primarily due to years of underdevelopment and environmental degradation resulting from oil exploration activities. One of the most significant effects of the derivation principle is the establishment of model primary healthcare centers in communities like Ikot Nkwo (Ibesikpo Asutan), Odot (Nsit Atai) and Oboyo Ikot Ita (Nsit Ibom). The establishment of a hospital complex with a capacity of 200 beds in Oko Ita, Ibiono, has significantly enhanced the state's secondary healthcare services. This facility (which provides comprehensive inpatient care) and specialized medical services has, in fact, reduced the strain on existing hospitals. Consequently, it has increased access to quality healthcare. Similarly, the upgrading of general hospitals in Etinan, Ikot Okoro and Iquita Town (Oron L.G.A.) has improved the infrastructure and equipment available in these facilities. Beyond the development of infrastructure, the derivation principle has played a pivotal role in the creation of the Akwa Ibom State Health Insurance Scheme, commonly referred to as ARISECare. This initiative has rendered healthcare more affordable and accessible for residents—particularly those in low-income brackets—by significantly decreasing out-of-pocket

expenditures. Health insurance is essential for enhancing access to medical services and alleviating financial obstacles; studies conducted by Osei-Asibey and Agyemang (2015) underscore this importance. Moreover, the provision of six ambulance trucks has bolstered emergency response capabilities, facilitating prompt medical intervention during crucial moments. Specialized healthcare has also benefited from advancements, particularly with the establishment of the Specialist Hospital at Itu Mbang and the Emergency Operation Center (EOC) at the Infectious Disease Hospital in Ikot Ekpene. Notably, the specialist hospital provides advanced medical care, thereby reducing the necessity for patients to seek treatment outside the state, while the EOC strengthens the state's ability to manage and contain outbreaks of infectious diseases—a function that is critical for public health management (Fauci et al., 2020). Despite these achievements, challenges persist in ensuring that the derivation funds are optimally utilized. Corruption, mismanagement of funds and the uneven distribution of healthcare facilities between urban and rural areas have hindered the full realization of the potential impact of these resources.



**Table 2: Derivation Principle on Road Infrastructure Development in Akwa Ibom State
Developments in the Area of Road Infrastructures**

Developments in the Area of Road Infrastructures		
1	Flood Control Tunnel	Atiku Abubakar
2	Flood Control Tunnel	Urua-Udofia street, Uyo
3	Flood Control Tunnel	Urua-Ekpa and Tabernacle Road
4	Ibeno-Esit Eket Road	
5	Udom Emmanuel Boulevard, formerly known as Airport Road	Uyo
6	29-kilometer Etinan-Ndon Eyo Road	Etinan
7	Ekom Iman-Etinan-Onna Road	Uyo
8	Uyo-Ikot Ekpene Road	Uyo and Ikot Ekpene
9	Ikot Oku Ikono Flyover	Uyo
10	4.9km Ekparakwa-Ntak Ibesit Road	Oruk Anam LGA
11	9.7km Ikot Eyo-Edem Idim Okpot-Mbiekene-Nnung Obong-Ikot Ntung Road with 60-meter span bridge and multiple spurs	Nsit Ubium LGA
12	13.6km Ikot Obio Offong-Enen Nsit Road with spur	Nsit Ibom LGA
13	10.519km Mkpat Enin-Ikot Ubo-Ikot Ntot-Nkikara Road	Mkpat-Enin and Ikot Abasi LGA
14	2.9km Secretariat-Okuko II-Eweme Road with spur	Urue-Offong/Oruko LGA
15	1.1km access road to Gorretti Secondary School	Ikot Ekpene
16	Construction and building of 150 housing units to public servants	Uyo
17	Spring Road	Ikot Ekpene

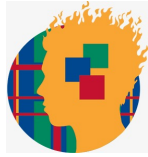
Source: Field Survey, 2024

The principle of derivation has proven to be crucial in facilitating the development of road infrastructure within Akwa Ibom State. By leveraging resources obtained from oil revenue, the state has initiated extensive road construction and rehabilitation projects. These efforts have not only significantly enhanced connectivity but also reduced travel time and boosted socio-economic activities. Such developments are in alignment with global viewpoints regarding the role of infrastructure in promoting economic growth and enhancing quality of life (Calderón & Servén, 2010). One particularly transformative project, supported by derivation funds, involves the flood control tunnels constructed along Atiku Abubakar Way, Urua-Udofia Street and Ikpa Road in Uyo, as well as Urua-Ekpa and Tabernacle Road in Itu. These flood control systems have effectively mitigated longstanding flooding problems, thus ensuring the durability of road networks and the safety of road users. This investment highlights the necessity of integrating climate-resilient infrastructure to tackle urban challenges (UN-Habitat, 2020). However, challenges remain, because the scale of urban development continues to grow and the

effectiveness of these systems must be consistently evaluated.

The construction of significant thoroughfares, including the Ibeno-Esit Eket Road and the Udom Emmanuel Boulevard (previously known as Airport Road), in Uyo has markedly enhanced intra-state mobility and provided access to essential economic hubs. These thoroughfares have not only improved transportation; they have also facilitated the movement of goods and services, which is a critical factor in economic diversification and industrial development (Akpan & Akpan, 2012). Moreover, strategic road initiatives, such as the 29-kilometer Etinan-Ndon Eyo Road and the Ekom Iman-Etinan-Onna Road, have bolstered connectivity between rural and urban regions. Similarly, the Uyo-Ikot Ekpene Road—an essential artery linking Uyo to other areas of the state—has improved regional integration and trade; however, challenges remain.

The renowned Ikot Oku Ikono Flyover in Uyo, which is financed through derivation revenues, serves as a symbol of the state's dedication to modernizing its road infrastructure. This initiative has significantly alleviated traffic congestion,



improved road safety and created an aesthetic landmark for the state capital. Research indicates the multiplier effects of such endeavors, including increased investments and tourism potential (Essien & Udo, 2019). In rural areas, the 4.9 km Ekparakwa-Ntak Ibesit Road in Oruk Anam LGA and the 9.7 km Ikot Eyo-Edem Idim Okpot-Mbiekene-Nnung Obong-Ikot Ntung Road in Nsit Ubium LGA have effectively bridged the infrastructure gap; they facilitate access to agricultural lands and rural settlements. The 13.6 km Ikot Obio Offong-Enen Nsit Road with a spur in Nsit Ibom LGA, along with the 10.519 km Mkpat Enin-Ikot Ubo-Ikot Ntot-Nkikara Road connecting Mkpat Enin and Ikot Abasi LGAs, have further enhanced the rural economy.

In addition to major highways, the state has made significant investments in smaller-scale initiatives, such as the 2.9 km Secretariat-Okuko II-Eweme Road in Urue Offong/Oruko LGA and the 1.1 km access road leading to Gorretti Secondary School in Ikot Ekpene. These projects illustrate a commitment to comprehensive infrastructure development, ensuring that both urban and rural areas benefit from derivation revenues. However, despite these accomplishments, challenges remain, including the uneven distribution of projects and ongoing issues regarding transparency in fund utilization. Studies (Ufot, 2018) emphasize the necessity for effective governance mechanisms to ensure that derivation funds are deployed equitably, maximizing developmental impacts. This situation is critical, because without proper oversight, the benefits of such investments may not reach those who need them most, although the potential is certainly there.

Table 3: Derivation Principle and Educational Infrastructures in Akwa Ibom State

S/N	Development in Education Sector	Location
1	Construction of Assembly Hall	Amezion School , Ndon Ebom, Uruan
2	4 class room blocks at Community school	Eka Obong, Ikot Ekpene
3	Construction of Model primary school	Awa Ubium, Onna L.G.A
4	Fencing of primary schools across the state	In all the 31 Local governments
5	Payment of Subvention and WAEC fees for students in secondary schools	Across the 31 local government Areas
6	Free and compulsory education from primary to secondary levels	
7	4 class room blocks constructed at Methodist senior science college	Oron
8	4 class room blocks renovated at Government primary school	Ukpata Afaha Eduok, Oron
9	Construction of Model primary school	Uyo
10	Construction of Model primary school	Across the 31 local government Areas



Source: Field Survey, 2024

The derivation principle has profoundly shaped the advancement of educational infrastructure in Akwa Ibom State, fostering improvements in learning environments and access to quality education. The funds allocated through this principle have empowered the state government to invest in the construction and upgrading of school facilities throughout the state, thereby tackling the persistent issues of inadequate infrastructure in the education sector. One notable project includes the assembly hall at the Amezion School in Ndon Ebom, Uruan. These facilities have provided students with spaces for extracurricular activities and large gatherings; thus, they contribute to a more holistic educational experience. Similarly, the construction of four-classroom blocks at Community School, Eka Obong in Ikot Ekpene and Methodist Senior Science College, Oron, has expanded educational access because they accommodate more students and alleviate overcrowding in classrooms. Such investments align with global educational frameworks, which emphasize the critical role of infrastructure in enhancing learning outcomes (UNESCO, 2015). However, despite these advancements, challenges remain.

The establishment of model primary schools in Awa Ubium, located within the Onna Local Government Area and Uyo, alongside numerous other sites throughout the 31 local government areas, signifies a vital advancement in the educational development of the state. These institutions are outfitted with contemporary facilities, which foster conducive environments for both teaching and learning. Research highlights the favorable relationship between well-equipped schools and enhanced student performance (Akpan & Etuk, 2017). Furthermore, the government has made it a priority to renovate existing facilities, in addition to constructing new ones. For instance, the renovation efforts at Government Primary School, Ukpata Afaha Eduok in Oron, illustrate a dedication to rejuvenating aging infrastructure; thus, ensuring that every student has access to safe and supportive learning environments. This method aligns with educational best practices that advocate for the maintenance of current facilities while concurrently investing in new projects (Nwabueze, 2018).

A notable aspect of Akwa Ibom's educational policy partially financed through derivation resources is the provision of free and compulsory education from primary to secondary levels. This initiative, in conjunction with the payment of subvention and WAEC fees for students

across all 31 local government areas, has significantly alleviated the financial strain on parents and, consequently, increased school enrollment rates. The program emphasizes the state's dedication to fostering inclusive and equitable education, which is a key objective outlined in Sustainable Development Goal 4 (UNDP, 2020).

Moreover, the fencing of primary schools throughout the state has significantly improved the security of both students and staff, thus creating a more secure learning environment. Secure school settings are essential for promoting student engagement and decreasing dropout rates; this is supported by various studies on school infrastructure and student retention (Essien, 2019). However, despite these advancements, challenges remain in ensuring fair access to these improvements across all local governments and maintaining the quality of facilities over time. Effective governance and transparent management of derivation funds are crucial to addressing these challenges and maximizing the impact of investments in educational infrastructure (Udoh & Okon, 2020).



Table 4: Revenue Accrued from the Federation Account to Akwa Ibom State (2015- 2022)

Years	Revenue Allocated to Akwa Ibom
2015	N115,436,231,256.02
2016	N16,672,362,112.06
2017	N143.616,212,432.09
2018	N145,657,644,255.01
2019	N142,633,567,321.08
2020	N122,683,467,228.07
2021	N139,688,568,434.03
2022	N144,699,443,222.05
TOTAL	N1,071,087,496,260.41

Source: National Bureau of statistics (2022)

The table highlights the revenue allocations from the Federation Account to Akwa Ibom State over eight years (2015–2022), totaling ₦1,071,087,496,260.41. The analysis of this data provides insights into the trends and implications for the state’s fiscal health and development trajectory. The data shows significant fluctuations in revenue allocation over the years. In 2015, the state received ₦115.44 billion, which significantly dropped to ₦16.67 billion in 2016. This sharp decline aligns with the global crash in oil prices and reduced national revenue during that period, impacting allocations to oil-producing states like Akwa Ibom.

From 2017 to 2019, revenues stabilized and showed an upward trend, with figures peaking at ₦145.66 billion in 2018. However, in 2020, there was a noticeable dip to ₦122.68 billion, attributed to the global economic impact of the COVID-19 pandemic, which disrupted oil markets and Nigeria’s overall revenue. The recovery period, starting in 2021, saw revenues climb back to ₦139.69 billion and further stabilize at ₦144.70 billion in 2022, reflecting improved oil prices and increased production.

The cumulative revenue of over ₦1 trillion underscores Akwa Ibom’s strategic importance as an oil-producing state and its reliance on derivation-based allocations. These funds have been pivotal for the state’s infrastructural development across sectors such as healthcare, education, and transportation. The revenue trends highlight Akwa Ibom State’s vulnerability to fluctuations in global oil prices. While allocations have provided substantial funding for development projects, the sharp drops in certain years, such as 2016 and 2020, emphasize the need for diversification of the state’s revenue base to ensure fiscal sustainability. The allocation of these revenues to critical sectors like healthcare, road infrastructure, and education has been instrumental in improving the living standards of the population.

However, concerns persist about the efficient utilization of these funds to achieve long-term socio-economic impact, as some communities in the state still lack adequate infrastructure and services. In a nutshell, while the revenue allocations over the analyzed period have significantly contributed to the state’s development, strategic planning and effective management of these resources are crucial for sustained growth and resilience against economic shocks.

III. Discussion of Findings

The findings of this study illuminate the complex effects of the derivation principle on socio-economic development in Akwa Ibom State (particularly in healthcare, road infrastructure and education). The analysis reveals a mixed outcome: significant progress has been recorded in certain sectors; however, challenges persist in optimizing the full potential of the derivation funds (this is particularly evident in areas that require urgent attention). Although there are positive developments, the ongoing obstacles hinder the overall advancement of the state’s initiatives in these critical domains.

The derivation principle has played a crucial role in the enhancement of healthcare infrastructure in Akwa Ibom State; this is evident in the establishment of model primary healthcare centers located in Ikot Nkwo, Odot and Oboyo Ikot Ita, among other areas. The inception of specialized healthcare facilities (like the Immanuel Hospital in Eket and the upgrading of Etinan General Hospital) underscores the state’s dedication to improving healthcare delivery. Furthermore, initiatives such as the Akwa Ibom State Health Insurance Scheme (ARISECare) and the provision of ambulance trucks demonstrate efforts to enhance access to healthcare. The findings suggest substantial improvements in road infrastructure, which are driven by revenues



generated from the derivation principle. Major projects, including the construction of the Ikot Oku Ikono Flyover and the 29-kilometer Etinan-Ndon Eyo Road, have, however, significantly alleviated transportation challenges and bolstered economic activities. Additionally, flood control tunnels at Urua-Udofia Street and Ikpa Road have addressed long-standing urban flooding issues, thereby improving road usability in Uyo.

The principle of derivation has enabled significant progress in the realm of educational development within Akwa Ibom State. The provision of free and compulsory education at both primary and secondary levels—coupled with the payment of WAEC fees for students—exemplifies the state's dedication to enhancing human capital. Numerous infrastructure initiatives (including the construction of model primary schools and the fencing of these institutions across the 31 local government areas) have improved the educational environment for learners. However, challenges remain: disparities in educational quality endure, especially in rural regions where certain schools are devoid of modern teaching resources and sufficiently trained staff. In summary: the derivation principle (which has been instrumental) in driving socio-economic development in Akwa Ibom State. Significant progress has been made in healthcare, road infrastructure and education; however, challenges persist in ensuring equitable access. Efficient resource utilization is essential, because sustainable development is at stake. Addressing these challenges requires a multi-stakeholder approach that prioritizes transparency and accountability, although community engagement is also crucial.

IV. Conclusion and Recommendations

The principle of derivation has been instrumental in fostering socio-economic progress within Akwa Ibom State, especially in sectors such as healthcare, infrastructure (particularly roads) and education. This has led to the initiation of substantial projects, including the establishment of healthcare facilities, the construction of roads and flyovers, as well as the enhancement of educational infrastructure. These interventions have undeniably improved access to vital services, boosted mobility and expanded educational opportunities for the state's residents. However, the study uncovers several gaps in the equitable distribution of resources, inefficiencies in the implementation of projects and challenges related to accountability. Although these issues are significant, they underscore the necessity for a more robust

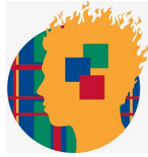
governance framework to maximize the effectiveness of derivation funds. Addressing these challenges is crucial for achieving sustainable development, thus improving the quality of life for all individuals residing in Akwa Ibom State. Based on the findings, the study put forth the following recommendations:

The government of Akwa Ibom State must prioritize the renovation and enhancement of healthcare facilities located in rural communities (this is crucial). By equipping these establishments with modern medical technologies and essential supplies, the overall quality of healthcare delivery will undoubtedly improve. However, the Akwa Ibom State Government ought to collaborate with private entities in order to complete and maintain extensive road infrastructures and projects throughout the state. Such partnerships will alleviate financial burdens on the government, while also ensuring timely execution of these vital initiatives.

Furthermore, Akwa Ibom's policy of free and compulsory education should be reinforced; all children, particularly those in rural areas, must benefit from this initiative. Although the payment of WAEC fees for secondary school students should be sustained, this will encourage greater academic participation among the youth.

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