

**OIL REVENUE AND DEVELOPMENTAL CHALLENGES FACING RIVERINE  
COMMUNITIES IN WARRI, DELTA STATE, NIGERIA**

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**A PROJECT SUBMITTED TO DEPARTMENT OF SOCIOLOGY AND  
ANTHROPOLOGY, FACULTY OF SOCIAL SCIENCES, UNIVERSITY OF BENIN,  
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FOR THE AWARD OF BACHELOR OF SCIENCE (B.SC) DEGREE IN  
SOCIOLOGY AND ANTHROPOLOGY**

## CERTIFICATION

We the undersigned, hereby certify that this research work was carried out by Boudubade Loveth with Matriculation Number: **SSC2105902** of the department of Sociology and Anthropology, Faculty of Social Sciences, University of Benin, Benin City in partial fulfillment of the requirements for the Award of Bachelor of Science Degree in Sociology and Anthropology.

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*(Project Supervisor)*

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**Dr. Greg Igbinomwanhia**  
*(Head of Department)*

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**Date**

## **DEDICATION**

This study is dedicated to God Almighty for His wisdom, guidance and protection throughout my time in school. It is also dedicated to Pastor Seyi and Pastor (Mrs) Grace Olorunyomi and my family and loved ones for their love, encouragement, emotional and financial support.

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## **ABSTRACT**

*This study investigates the relationship between oil revenue and developmental challenges in Warri's riverine communities. A one-time face-to-face survey administration of a semi-structured questionnaire, comprising both closed and open-ended questions, was employed to collect data from 200 respondents. Data analysis was conducted using SPSS, with descriptive and statistical analysis emphasizing frequency and percentage tables, as well as interpretive analysis of open-ended responses. Key findings reveal significant developmental challenges, including environmental degradation, inadequate infrastructure (e.g., poor roads, healthcare), high poverty levels, and limited benefits from oil-related employment. The study recommends active community involvement in oil revenue distribution, education and training for oil-related employment, and inclusive decision-making processes to address these challenges and promote sustainable development.*

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Oil revenue refers to the income generated from the extraction, production, and sale of crude oil and its by-products, such as petroleum, natural gas, and other hydrocarbons (World Bank, 2020). According to the World Bank's World Development Indicators, oil revenue can come from various sources, including royalties, taxes, bonuses, and sales. Royalties are payments made by oil companies to the government or landowners for the right to extract oil from a particular area (Otto, 2017). Taxes are levies imposed by governments on oil companies, such as income tax, value-added tax, or other taxes (KPMG International, 2020). Bonuses are one-time payments made by oil companies to secure exploration or production rights (Bindemann, 1999). Sales revenue is generated from the sale of crude oil and its by-products (Energy Information Administration (EIA), 2020).

Riverine areas refer to the regions surrounding rivers, including the riverbanks, floodplains, and deltas (Afolayan, 2017). These areas are characterized by unique ecosystems that support a wide range of plant and animal species (World Wildlife Fund (WWF), 2020). Riverine areas are often subject to flooding, which can have both positive and negative impacts on the environment and human populations (Smith, 2019). Human settlement in riverine areas has been attractive for centuries, with many cities and towns located along rivers (Mumford, 1961). Riverine areas support a range of economic activities, including fishing, agriculture, and industry (Food and Agriculture Organization of the United Nations (FAO), 2018).

The Niger Delta region, where Warri is located, is one of the most oil-rich areas in Nigeria, with a long history of oil exploration and production dating back to the 1950s (Okonta & Oronto, 2001). The region is home to numerous oil-producing companies, including Shell, Chevron, and Agip, among others (Niger Delta Development Commission, 2020). The Oil industry has had a significant impact on the economy and environment of the region. On one hand, oil revenue has contributed significantly to Nigeria's GDP and foreign exchange earnings (Central Bank of Nigeria, 2020). On the other hand, the oil industry has also led to environmental degradation, pollution, and social problems in the region (UNDP, 2006).

The riverine areas of Warri, in particular, have been affected by oil exploration and production activities. The area is characterized by a complex network of rivers, creeks, and wetlands, which are home to a diverse range of flora (plants) and fauna (animals) (Niger Delta Wetlands, 2019). However, the oil industry has disrupted the traditional way of life of the people in these areas, causing environmental damage, displacement, and loss of livelihoods (Okonta & Oronto, 2001). Despite the significant revenue generated from oil production, the people of Warri and other riverine areas in the Niger Delta region continue to face numerous challenges, including poverty, unemployment, and lack of access to basic amenities such as healthcare, education, and clean water (World Bank, 2019). The region is also plagued by environmental degradation, including oil spills, gas flaring, and deforestation, which have had devastating impacts on the ecosystem and human health (UNEP, 2011).

The Nigerian Government has faced criticism for its handling of oil revenue and the challenges facing riverine areas in Warri. Some loopholes include:

The Nigerian Government has been accused of lacking transparency in its oil revenue management, making it difficult to track how revenue is being utilized (World Bank, 2020). Corruption and mismanagement of oil revenue have been reported, with allegations of funds being diverted for personal gain rather than being used for the benefit of local communities (Transparency International, 2020). Also, the regulatory framework governing the oil industry in Nigeria has been criticized for being weak and ineffective, allowing companies to operate with little oversight (Nigerian National Petroleum Corporation, 2020). The government has been accused of failing to enforce environmental regulations, leading to widespread environmental degradation and pollution (Environmental Rights Action, 2020).

The government has been criticized for not investing enough in local infrastructure, such as roads, schools, and healthcare facilities, to support the development of riverine areas (Federal Ministry of Finance, 2020). Communities affected by oil spills and other environmental disasters have reported receiving inadequate compensation, leading to further poverty and hardship (Niger Delta Development Commission, 2020). Moreover, the Nigerian economy's over-dependence on oil revenue has made it vulnerable to fluctuations in global oil prices and demand, limiting economic growth and development (Central Bank of Nigeria, 2020). The government's focus on oil revenue has led to neglect of other sectors, such as agriculture and manufacturing, which

could provide alternative sources of revenue and employment (Nigerian Economic Summit Group, 2020).

This study aims to examine the impact of oil revenue on the challenges facing riverine areas in Warri, with a view to identifying the underlying causes of these challenges and proposing solutions to address them.

## **1.2 Statement of the Problem**

The riverine areas of Warri in the Niger Delta region of Nigeria are characterized by significant environmental degradation, social unrest, and economic challenges, despite being a major hub for oil production and revenue generation. The oil industry has had a devastating impact on the environment, causing oil spills, gas flaring, and deforestation, which have resulted in the displacement of local communities, loss of livelihoods, and human rights abuses.

The local population continues to suffer from poverty, unemployment, and lack of access to basic amenities such as healthcare, education, and clean water, despite the significant revenue generated from oil production. The region is also plagued by social unrest, conflict, and militancy, which has further exacerbated the challenges facing the area. The Nigerian government and oil-producing companies have been criticized for their inadequate response to the environmental and social challenges facing the region, and for failing to ensure that the benefits of oil production are shared equitably among the local population.

This study seeks to investigate the impact of oil revenue and the challenges facing the riverine areas of Warri, with a view to identifying the underlying causes of these challenges and proposing solutions to address these challenges and promote sustainable development in the Warri.

## **1.3 Research Objectives**

The objective of this study is to investigate why Warri, despite generating significant oil revenue continues to face developmental challenges facing riverine communities and to identify factors contributing to this phenomenon.

Specifically the study will;

1. To identify the economic challenges and livelihood patterns of riverine communities in Warri despite oil revenue.
2. To evaluate the impact of oil extraction on the environment of riverine communities in Warri.

3. To analyze the impact of oil revenue on the infrastructural development of riverine communities in Warri.
4. To investigate the relationship between oil revenue and poverty rates in the riverine communities in Warri.
5. To propose sustainable solutions for the development of riverine communities in Warri beyond Oil Revenue.

#### **1.4 Research Questions**

The following research questions will scrutinize this study:

1. What are the economic challenges and livelihood patterns of riverine communities in Warri despite oil revenue?
2. How has oil extraction impacted the environment in riverine communities of Warri?
3. Has oil revenue improved infrastructure in riverine communities of Warri?
4. Is there a relationship between oil revenue and poverty rates in riverine communities of Warri?
5. What sustainable solutions can be implemented to develop riverine communities in Warri beyond oil revenue?

#### **1.5 Hypothesis**

H0: There is no significant relationship between oil revenue and developmental challenges facing riverine communities in Warri.

H1: There is a significant relationship between oil revenue and developmental challenges facing riverine communities in Warri.

#### **1.6 Significant of the study**

This study is significant because it will contribute to the existing body of knowledge on the impact of oil revenue on the development of riverine areas in Warri, Nigeria. The study will provide insights into the relationship between oil revenue and developmental challenges in riverine communities, which can inform policy decisions. The findings of the study can inform policy decisions aimed at promoting sustainable development and reducing poverty in riverine communities. The recommendations of the research would help improve the lives of local communities in riverine areas by identifying sustainable solutions to address the challenges they face. The study will therefore contribute to promoting sustainable development in riverine communities by identifying alternative sources of revenue and sustainable solutions to address the challenges facing the region.

The finding of the study is capable of guiding government policies aimed at promoting sustainable development and reducing poverty and other challenges faced in riverine communities. The findings of the study will help sensitize oil industry practices to ensure that they are environmentally sustainable and socially responsible. Ultimately, the study would contribute to improving the well-being of local communities in riverine communities by identifying solutions to address the challenges they face. The study can also contribute to promoting social justice by highlighting the need for equitable distribution of oil revenue and promoting sustainable development in riverine communities.

### **1.7 Scope/Limitations of the Study**

This study focuses on the impact of oil revenue on the development of riverine areas in Warri, Nigeria. It examines the economic, environmental, and social challenges facing the region, and investigates the relationship between oil revenue and poverty rates. The study is limited to the riverine areas of Warri and explores sustainable solutions for development beyond oil revenue.

#### **Limitation of the Study**

This study was constrained by two major limitations;

**Financial Constraint:** The study was limited by financial constraints, which restricted the researcher's ability to source for the relevant materials, literature or information and collect data from a larger sample size and explore more extensive research methods.

**Time Constraint:** The researcher simultaneously engaged in this study with other academic work. This consequently cut down the time devoted for the study.

## CHAPTER 2

### 2.1 Oil Revenue

In the midst of oil-rich abundance, riverine communities remain paradoxically impoverished, their lives a testament to the harsh realities of neglect, environmental degradation, and underdevelopment. The oil revenue that flows into these regions seems to bypass the very people who call these lands home, leaving them to grapple with the darker side of prosperity. As the wealth generated from oil extraction continues to fuel national growth, the question remains: what does this mean for the communities at the heart of it all?

Oil revenue refers to the total income earned by governments, companies, or individuals from the extraction, production, and sale of crude oil and its refined products, including royalties, taxes, and profits. While the foregoing definition provides a general understanding of oil revenue, it is essential to acknowledge the diverse perspectives offered by scholars in the field. Various researchers have conceptualized oil revenue in distinct ways, reflecting the complexity of this phenomenon. To further elucidate the concept, two definitions of oil revenue are considered:

According to Ross (2012), oil revenue is defined as "the income generated from the extraction, production, and sale of crude oil." On the other hand, Brunnschweiler and Bulte (2008) define oil revenue as "the financial benefit accruing to government from oil production." The two definitions of oil revenue have some similarities and differences. Both definitions relate to oil revenue and mention financial aspects, highlighting the economic importance of oil. However, they differ in scope and perspective.

The definition by Ross (2012) is broader, encompassing the entire oil industry, including extraction, production, and sale of crude oil. This definition provides a comprehensive view of oil revenue generation. On the other hand, the definition by Brunnschweiler and Bulte (2008) is narrow, focusing specifically on financial benefits accruing to the government from oil production. This definition is more relevant to fiscal policy analysis.

A criticism of Ross's definition is that it lacks specificity, not clearly identifying who benefits from oil revenue. In contrast, Brunnschweiler and Bulte's definition clearly highlights government benefits but is too narrow because, it overlooks other stakeholders' benefits. Despite these differences, both definitions are useful in understanding oil revenue. Ross's definition

provides an industry-wide perspective, while Brunnschweiler and Bulte's definition offers insights into government revenue streams.

## **2.2 Impact of oil revenue in riverine communities:**

Oil revenue has a complex impact on riverine areas, often resulting in:

Firstly, it leads to environmental degradation because oil extraction and spills contaminate water and land, affecting local ecosystems and livelihoods (United Nations Environment Programme, 2011). Also it increases health challenges due to pollution, poor sanitation, and inadequate healthcare (National Bureau of Statistics, 2020). Additionally, it results in economic disparities, despite oil wealth, local communities often experience poverty, unemployment, and limited economic opportunities (Ross, 2012).

Socially, oil revenue can fuel tensions, displacement, and human rights abuses (Human Rights Watch, 2019). Furthermore, it causes neglect in infrastructural development, basic infrastructure like roads, schools, and healthcare facilities are often underdeveloped (African Development Bank, 2018).

## **2.3 Empirical review of related studies**

Ross (2012) study provides a comprehensive analysis of the impact of oil wealth on economic development, democracy, and conflict. He argues that oil-rich countries tend to have poor economic growth, authoritarian regimes, and increased conflict due to the "resource curse" phenomenon. Ross's findings suggest that oil wealth can lead to corruption, rent-seeking behavior, and poor governance, ultimately hindering economic development and democratic institutions.

The United Nations Environment Programme (2011) in their study conducted an extensive environmental assessment of Ogoniland, Nigeria, and found widespread pollution, health risks, and environmental degradation due to oil extraction activities. The report highlights the need for comprehensive remediation efforts and sustainable development practices to mitigate the environmental impact of oil extraction.

Similarly, Auty (1993) in his seminal work explores the relationship between natural resource wealth and economic development. He argues that resource-rich countries often experience poor economic growth due to various factors, including Dutch Disease, rent-seeking behavior, and poor governance. Auty's findings suggest that resource wealth can be a curse rather than a blessing for economic development.

In the same vein, Karl (2007) examined the impact of oil-led development on social, political, and economic outcomes. She argues that oil wealth can lead to authoritarianism, inequality, and economic instability due to the concentration of power and wealth in the hands of a few elites. Karl's findings highlight the need for diversified economic development and inclusive governance practices.

Gary and Karl (2003) in their study explored the impact of oil extraction on poverty and development in Africa. The authors find that oil wealth often fails to benefit local communities, and instead, exacerbates poverty, inequality, and social conflict. The study recommends policies that prioritize poverty reduction, social development, and environmental protection.

Additionally, Steiner (2008) examined the impact of oil extraction on the Ogoni people in Nigeria. He finds that oil wealth has led to environmental degradation, health problems, and social conflict due to the neglect of local communities and the lack of environmental regulations. Steiner's findings highlight the need for corporate social responsibility and environmental accountability.

Furthermore, Lewis (2011) explored the relationship between oil wealth and governance in Nigeria. He argues that oil revenue has contributed to corruption, authoritarianism, and poor governance due to the concentration of power and wealth in the hands of a few elites. Lewis's findings suggest that institutional reforms and transparency are essential for improving governance and development outcomes.

Wick and Bulte (2009) examined the relationship between natural resource wealth and economic development. They argue that resource-rich countries often experience poor economic growth due to the "resource curse" phenomenon, which can lead to corruption, rent-seeking behavior, and poor governance.

Moreover, Van der Ploeg (2011) explored the impact of natural resource wealth on economic development. He argues that resource-rich countries can experience both positive and negative outcomes, depending on the quality of governance, institutional frameworks, and economic policies. Van der Ploeg's findings highlight the need for prudent management of natural resource wealth.

On the other hand, Sala-i-Martin and Subramanian (2003) examined the impact of oil wealth on economic development in Nigeria. They agree that oil revenue has contributed to poor economic development and recommend policy reforms that prioritize economic diversification,

fiscal discipline, and transparency. Some of the policy reforms they suggest include: Implementing a sovereign wealth fund to manage oil revenue, diversifying the economy through investments in agriculture, manufacturing, and services, improving fiscal discipline through transparent budgeting and accounting practices, investing in human capital and infrastructure and promoting private sector development and entrepreneurship. These reforms aim to reduce Nigeria's dependence on oil revenue and promote sustainable economic development.

## **2.4 Overview of Warri and its riverine communities**

Warri is a city located in Delta State, Nigeria, and is part of the Warri South Local Government Area. Here's an overview of Warri and its riverine areas:

Warri is situated in the southern part of Delta State, with a coastline along the Bight of Benin. The city's landscape is characterized by freshwater swamps, mangrove swamps, and coastal plains, with numerous rivers and creeks. Warri's climate is tropical, with high temperatures and humidity levels throughout the year.

In terms of economy, Warri is a major economic hub in Delta State, driven primarily by the oil and gas industry. The city is home to several oil companies and has a significant sea port. Other important industries in Warri include; Fishing and Aquaculture (The city's riverine communities support a thriving fishing industry), Agriculture (The fertile soil and favorable climate make Warri suitable for farming) and (Warri's strategic location makes it an important center for trade).

Culturally, Warri is inhabited by various ethnic groups, including the Urhobos, Ijaws, Itsekiris and so on. The city has a rich cultural heritage, with traditional festivals, music, and dance. The Urhobo people, who predominantly inhabit the central and southern areas of Delta State, including Warri, have a distinct language and culture.

Warri's riverine communities are characterized by Mangrove Forests, Rivers and Creeks and Fisheries. Warri, Delta State, comprises various communities across different local government areas. In Warri North, communities include those in the Koko Area like Abegborode, Ajamogha, and Koko, as well as those in the Benin River Area such as Ayogboro, Batere, and Ogheye. The Egbeoma Area includes communities like Aleima, Bear-Town, and Ogbinbirin, while the Ugbo-Rodo Area comprises Aja-Eded, Madogho, and Ugborodo. In Warri South, communities in the Ode Itsekiri Area include Egbokodo, Jelu, and Ubeji, while Ogbe-Ijoh and areas in Gbene-Matu like Bekokodia and Okerenghigo are also part of the local government.

Warri South West includes communities like Ogbe-Ijoh, Gbaramatu, Isaba, and Diebiri. Other communities in Warri span across the Warri Kingdom, including Aji-Pessu, Ajimami, and Ugbori, among others. Additional areas in Warri include Alders Town, Ekpan (Tori), and Ugborikoko, among others. These communities make up the diverse landscape of Warri, Delta State.

Warri South Local Government Area, where Warri is located, has a chairman and a legislative arm. The local government area is divided into several kingdoms, including the Okere-Urhobo Kingdom, Agbara-Ame Kingdom, and Iwerre Kingdom. Overview of History of Delta State, Senatorial District and Ethnic Groups by Nuelson Penuel (2023 edition), History Of Warri South LGA, Delta State - Media Nigeria (accessed 2023). Source Wikipedia.

## **2.5 History of Oil Exploration and Production in Warri**

Warri, a city in Delta State, Nigeria, has been a significant hub for oil exploration and production in the Niger Delta region. The history of oil exploration in Warri dates back to the 1960s, when oil companies began to explore the region's vast oil reserves. According to "The Oil Industry in Nigeria" by Okonta (2003), the discovery of oil in the Niger Delta region marked the beginning of a new era in Nigeria's economic history.

In the early 1960s, oil companies such as Shell and Agip began conducting seismic surveys and drilling exploratory wells in the Warri area. These efforts led to the discovery of several oil fields, including the EA field, which was discovered by Shell in 1965. As noted in "Nigeria's Niger Delta" by Austen (2010), the EA field was a significant discovery that marked the beginning of oil production in Warri.

The discovery of the EA field marked the beginning of oil production in Warri, with Shell developing the field and starting production in the late 1960s. According to "The Impact of Oil on the Niger Delta" by Niger Delta Congress (2015), the oil industry has had a profound impact on the local economy and environment. The EA field's discovery was followed by the involvement of other oil companies, including Agip and Elf, which began producing oil in the Warri area during the 1970s.

The 1980s and 1990s saw further expansion, with new oil fields being discovered and existing ones developed further. The city's oil infrastructure, including pipelines, storage facilities, and export terminals, was also expanded during this period. As noted by Okonta

(2003), this expansion enabled the efficient transportation and export of crude oil, contributing to the growth of the oil industry in Warri.

Despite the economic benefits of oil production, the industry has faced numerous challenges and concerns in Warri. Environmental degradation, community unrest, and issues related to revenue allocation and benefit sharing have been persistent challenges. According to Austen (2010), the oil industry's impact on the environment has been a significant concern, with oil spills and pollution affecting the livelihoods of local communities. The oil industry has also had a significant impact on the local economy, providing employment opportunities and generating revenue for the local government. However, the industry's presence has also raised concerns about the long-term sustainability of the local economy. As noted by the Niger Delta Congress (2015), the reliance on oil revenue has made the local economy vulnerable to fluctuations in global oil prices.

In recent years, there have been efforts to address some of the challenges associated with oil production in Warri. These efforts include initiatives to improve environmental protection, enhance community engagement, and promote sustainable development.

## **2.6 Relevance of the Petroleum Industry Act (PIA) in Warri**

The Petroleum Industry Act (PIA) is a law that regulates the petroleum industry in Nigeria. According to the PIA, "The objectives of this Act are to... provide a legal framework for the petroleum industry that fosters a business-friendly environment, ensures a progressive development of the petroleum industry, and promotes transparency and accountability in the industry" [Petroleum Industry Act (2021)].

The PIA introduces a new fiscal regime that provides a more equitable distribution of revenue between the government and oil companies. As stated in the Act, "The new fiscal regime shall ensure that the government receives a fair share of revenue from oil production" [Petroleum Industry Act (2021)]. This is expected to increase revenue for the government and host communities, which can be used for developmental projects in Warri and other oil-producing regions. The PIA also emphasizes environmental protection and sustainability. According to Ogundu (2023), "The PIA requires operators to conduct Environmental Impact Assessments (EIA) before commencing projects and to develop plans for the management of environmental risks" [Ogundu, P. (2023)]. This provision can help mitigate the environmental challenges facing riverine communities in Warri. In terms of local content and participation, the PIA requires

operators to give preference to Nigerian goods and services. As stated in the Act, "The operator shall give preference to Nigerian goods and services, and provide training and capacity-building programs for Nigerian personnel" [Petroleum Industry Act (2021)]. This can help promote economic development and capacity building in Warri and other oil-producing regions.

## **2.7 Impact of oil Revenue on the economy and environment of Warri**

### **Before Oil Exploration**

Before oil exploration, Warri's economy was primarily driven by agriculture and fishing, with the region's fertile land and rich marine resources (fish, shrimp, and other aquatic products) supporting the local population's livelihood. The socio-cultural life of the people was deeply rooted in their traditional occupations, with farming and fishing playing significant roles in shaping their identity and community dynamics (Ikenyei & Ovu, n.d.).

**Environmental Life:** The Niger Delta region, where Warri is located, was known for its rich biodiversity and mangrove forests. The environment was pristine, with clean air, water, and land supporting a wide range of flora and fauna (Ite et al., 2013). The region's wetlands and waterways played a vital role in the ecosystem, supporting fishing and agriculture.

**Sociocultural Life:** Traditional occupations like farming and fishing shaped the community's social fabric and cultural identity. Community members lived in harmony with their environment, relying on natural resources for their livelihood. Social structures, such as family and community ties, were strong, with traditional leaders playing important roles in governance and decision-making (Ikenyei & Ovu, n.d.).

**Economic Life:** Agriculture was the mainstay of the economy, with crops like cassava, yams, and plantains being staple food sources. Fishing was also a crucial economic activity, with the region's rivers and creeks providing abundant fish and other aquatic resources. Local markets thrived, with trade in agricultural produce, fish, and other commodities driving economic activity.

The discovery of oil in 1956 and subsequent exploration activities significantly altered the economic, environmental, and sociocultural landscape of Warri. While oil revenue brought some benefits, it also led to environmental degradation, social disruption, and economic challenges that continue to affect the region today.

The impact of oil revenue on the economy and environment of Warri, Nigeria, is multifaceted. According to "The Oil Industry in Nigeria" by Okonta (2003), the discovery of oil in the Niger Delta region marked the beginning of a new era in Nigeria's economic history.

Economically, oil revenue has had several key impacts; Firstly, oil revenue significantly contributes to Nigeria's GDP, foreign exchange earnings, and government revenue. Also, the oil industry provides direct and indirect employment opportunities for millions of Nigerians. Additionally, oil price changes can boost or hinder economic growth, depending on how the government manages revenue and responds to global market volatility. Furthermore, oil revenue has also enabled the development of infrastructure, such as roads, bridges, and social amenities, in oil-producing areas.

However, the environmental impact of oil production in Warri has been a significant concern. According to Austen (2010) in "Nigeria's Niger Delta", the oil industry's impact on the environment has been devastating, with oil spills (Frequent oil spills have polluted waterways and affected local communities), environmental degradation (The oil industry's activities have contributed to environmental degradation, affecting local ecosystems and wildlife), loss of biodiversity (Oil spills and pollution have led to the loss of biodiversity in the Niger Delta region) and health Problems, oil pollution has also led to health problems for local communities, including respiratory issues and skin diseases.

The United Nations Environment Programme (2011) also reported on the environmental degradation in the Niger Delta region, highlighting the need for sustainable development. According to the Niger Delta Congress (2015) in "The Impact of Oil on the Niger Delta", the oil industry's presence has led to significant social and economic changes, affecting the well-being of local communities.

In conclusion, the impact of oil revenue on the economy and environment of Warri, Nigeria, is complex. While oil revenue has contributed to economic growth and development, it has also had significant environmental and social impacts. According to Okonta (2003), it is essential to consider these impacts when developing policies for the oil industry.

## **2.8 Challenges facing riverine communities in Warri**

The riverine communities in Warri, Nigeria, face numerous challenges. Here are some of the key challenges:

The riverine communities in Warri face significant environmental challenges, including: Oil spills, frequent oil spills have polluted waterways and affected local ecosystems (Okonta, 2003), environmental degradation, the oil industry's activities have contributed to environmental degradation, affecting local wildlife and biodiversity (Austen, 2010) and water pollution, the

pollution of waterways has affected the livelihoods of local communities, making it difficult for them to access clean water (United Nations Environment Programme, 2011).

The riverine communities in Warri also face significant economic challenges, and they are; limited economic opportunities, the local economy is heavily dependent on the oil industry, which can be volatile (Niger Delta Congress, 2015), poverty- despite the wealth generated by oil, many communities in the riverine communities of Warri live in poverty (World Bank, 2020) and lack of infrastructure, such as roads and social amenities, has hindered economic development in the area.

Socially, the Riverine communities in Warri face various challenges, some of which are displacement of communities, the oil industry's activities have led to the displacement of communities, affecting their social structures and cultural heritage (Okonta, 2003), the competition for resources has led to conflict between local communities and the oil industry (Austen, 2010) and many communities in the riverine communities of Warri lack access to quality education, hindering their ability to participate in the economy.

Furthermore, these are some health challenges faced by the inhabitants of riverine communities in Warri; Waterborne diseases, the pollution of waterways has led to the spread of waterborne diseases, such as cholera and diarrhea (United Nations Environment Programme, 2011), respiratory problems, the oil industry's activities have led to air pollution, affecting the health of local communities (Niger Delta Congress, 2015) and the trauma caused by oil spills and displacement has affected the mental health of local communities.

## **2.9 Theoretical framework**

For the purpose of this research/study, the theory adopted is Dependency Theory by Andre Gunder Frank.

### **2.9.1 Dependency theory**

Dependency theory is a concept in sociology and economics that explains the relationship between developed and developing countries. According to Dos Santos, T. (1970), dependency theory argues that developing countries are dependent on developed countries for their economic growth and development, which creates a cycle of poverty and underdevelopment.

Andre Gunder Frank was a German economist and sociologist who is best known for his work on dependency theory. A. G. Frank (1966) argued that the development of rich countries

was often at the expense of poor countries, which were forced to provide cheap raw materials and labor to fuel the growth of the developed world.

Frank developed dependency theory in response to the failure of modernization theory to explain the persistent poverty and underdevelopment in many countries. As noted by A. G. Frank (1966), modernization theory's focus on internal factors (such as culture and institutions) and ignored the external factors that contributed to underdevelopment, such as colonialism and imperialism.

Dependency theory entails several key points which are exploitation, developed countries exploit developing countries for their natural resources and labor (A. G. Frank, 1966), unequal exchange, the terms of trade between developed and developing countries are unequal, with developed countries benefiting at the expense of developing countries (Emmanuel, A., 1972), developing countries are dependent on developed countries for their economic growth and development (Dos Santos, T., 1970) and underdevelopment, the relationship between developed and developing countries perpetuates underdevelopment in developing countries (A. G. Frank, 1966).

Overall, dependency theory provides a critical perspective on the relationship between developed and developing countries, highlighting the need for developing countries to break free from dependence on developed countries to achieve sustainable development. By understanding the structural relationships between developed and developing countries, policymakers can develop more effective strategies to promote economic growth and development in developing countries.

## **2.10 Application of Theory**

Applying Dependency Theory to Oil Revenue and Developmental Challenges in Riverine Communities of Warri, Delta State.

Dependency theory provides a framework for understanding the relationship between developed and developing countries, and how this relationship perpetuates underdevelopment in the latter. In the context of oil revenue and developmental challenges facing riverine communities in Warri, dependency theory can be applied in the following ways; Exploitation of natural resources: The oil industry in Warri is dominated by Multinational Corporations (MNCs) that extract oil from the region, often with little benefit to the local communities. This perpetuates the dependency of the local economy on external factors, rather than promoting

sustainable development, the terms of trade between the oil-producing communities in Warri and the MNCs are often unequal, with the MNCs benefiting at the expense of the local communities. This unequal exchange perpetuates the poverty and underdevelopment in the region, the oil industry in Warri is heavily dependent on external factors, such as global oil prices and MNCs' investment decisions. This dependence makes the local economy vulnerable to fluctuations in the global market, rather than promoting self-sustaining development. It has led to a lack of economic diversification, with the local economy heavily reliant on oil revenue. This lack of diversification makes the economy vulnerable to shocks and perpetuates underdevelopment and it also led to environmental degradation, which has had devastating effects on the local communities. This environmental degradation is as a result of the exploitation of natural resources and the lack of regard for the well-being of the local communities.

In conclusion, dependency theory provides a useful framework for understanding the developmental challenges facing riverine communities in Warri. The theory highlights the exploitative nature of the oil industry in the region, the unequal exchange between the MNCs and the local communities and the dependence on external factors. By understanding these dynamics, policymakers can develop more effective strategies to promote sustainable development and reduce poverty in the region.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 RESEARCH DESIGN**

The research design that was adopted in this research is survey research. A survey design, the researcher studies a group of people by collecting data from to represent the whole. In this study 200 people were selected from the entire population. This was used to unravel the developmental challenges facing riverine communities in Warri Delta State, Nigeria and give recommendations needed for substantial development.

#### **3.2 AREA OF THE STUDY**

This study was conducted in Riverine Communities of Warri, Delta State. The population of the study was locals in the riverine communities in Warri, Delta State. The selected population of this study includes locals in Ekurede-Itsekiri, Ubeji, Ogbe-Ijoh and Isaba. According to the 2006 national census, the sum total of the population of Ekurede-Itsekiri, Ubeji, Ogbe-Ijoh and Isaba was approximately 6,161. These are all riverine communities in Warri, Delta State, Nigeria and the population is diverse, with a mix of Itsekiris, Urhobos, Ijaws, and some other ethnic groups.

#### **3.3 POPULATION OF THE STUDY**

The population of the study comprises of locals in riverine communities in Warri, Delta State. The targeted population of this study includes locals in Ekurede-Itsekiri, Ubeji, Ogbe-Ijoh and Isaba. Ogbe-Ijoh is a town in Warri South West Local Government Area of Delta State, Nigeria. The population of Ogbe-Ijoh community was loosely assumed in this study to be 119,659/20 (NPC, 2006) , which gives a population of approximately 5,983 persons. According to Bongaarts, the mean family size of homes in developing countries is approximately 6. Using this value of 6 and the estimated population of 5,983, the number of households in Ogbe-Ijoh community was estimated at 997. The same applies for Ekurede-Itsekiri with residents of about 15,000 (Mapcarta, 2020), the estimated number of households was at 2,500. Ubeji had a population of about 10,000 inhabitants as reported by the National Census in 2006 (ResearchGate) using the same mean value, the estimated number of households was at 1,667 and as for Isaba same population used for Ogbe Ijoh was used for it because there was no individual population count for communities in Warri south west local Government.

*Characterization and quantification of solid waste generation in the Niger Delta Region of Nigeria: a case study of Ogbe-Ijoh community in Delta State. Journal of Material Cycles and Waste Management, September 2015 by Hilary Owamah, Chris Izinyon and P. Igbinewekan.*

S/N	COMMUNITY	POPULATION
1	Ekurede-Itsekiri	2,500
2	Ubeji	1,667
3	Ogbe-Ijoh	997
4	Isaba	997
<b>Total</b>		<b>6,161</b>

**Source:** Field Survey (2025)

### 3.4 SAMPLE SIZE

This research adopted the survey research method and used the primary data as the main source of data collection through the use of instruments of questionnaire. The sample size for this study was 200 respondents which were selected across four riverine communities in Warri. Ekurede-Itsekiri, Ubeji, Ogbe Ijoh and Isaba constitute the required population. The sample of the study was derived by using Robert Solvin method (1960).

$$n = \frac{N}{1 + N(e)^2}$$

Where;

n= Sample Size

N= Population Size

e= Level of precision or sampling which is 7%

$$n = \frac{6,161}{1 + 6,161(0.07)^2}$$

$$n = \frac{6,161}{1 + 6,161 \times 0.0049}$$

$$n = \frac{6,161}{1 + 30.1889}$$

$$n = \frac{6,161}{31.1889}$$

$$n = 197.53 \text{ approximately } 198$$

Total sample size = 198

Given the faculty's emphasis on sample sizes of 200 or more for robust analysis, this study employed a sample size of 200, slightly exceeding the calculated sample size of 198. The sample

of this study consists of locals from four riverine communities in Warri, Delta State. A total number of 200 questionnaires were distributed among dwellers of the four communities.

### **3.4 SAMPLING TECHNIQUE**

The sampling procedure that was used is a combination of both Random Sampling Technique and Convenience Sampling Technique. Random sampling is a probability sampling technique where participants or units are selected randomly from a population, ensuring each unit has an equal chance of being chosen, to minimize bias while Convenience sampling is a non-probability sampling technique where respondents or participants are selected based on ease of availability, access, readiness and convenience. The communities in Warri, Delta State were already grouped into distinct categories (Warri South, Warri South-West and other communities). From these strata, four communities (Ekurede-Itsekiri, Ubeji, Ogbe-Ijoh and Isaba) were randomly selected in order to give each community an equal chance of being chosen. Within these communities, individual participants were selected using convenience sampling, where readily available and willing community members were approached. This approach allowed the study to achieve a representative sample of communities and capture the perspectives of individual participants within these communities.

### **3.5 INSTRUMENT OF DATA COLLECTION**

A semi-structured questionnaire was used as the data collection instrument for this research, it was both close-ended and open-ended and it was divided into four sections; Section A, Section B, Section C, Section D, Section E and Section F. Section A contained personal data of respondents such as gender, age, marital status, ethnicity et cetera. Section B, Section C, Section D, Section E and Section F comprised of a series of items and statements tailored to address the research questions and objectives, focusing on developmental challenges facing riverine communities in Warri despite Oil Revenue. The questionnaire was both close-ended and open-ended.

### **3.6 METHOD OF DATA COLLECTION**

This study employed a one time, face-to-face survey administration of a semi-structured questionnaire. The questionnaire included both close-ended and open-ended questions, each section focused on specific issues related to the objective of the study.

### **3.7 METHOD OF DATA ANALYSIS**

The research data was subjected to descriptive and statistical analysis using Statistical Package for Social Sciences (SPSS) with an emphasis on frequency and percentage table. Furthermore, response drawn from the open-ended questionnaire was properly interpreted and analyzed in relation to subject matter.

### **3.8 ETHICAL CONSIDERATION**

Residents of the highlighted communities gave informed consent prior to participation. The study's purpose, procedures, potential risks and benefits were clearly outlined, ensuring participants understood their rights and confidentiality. Participants' data was kept confidential, with personal identifiers removed to maintain anonymity. The research respected the dignity, rights and safety of respondents, prioritizing discretion and cultural sensitivity in exploring oil revenue and developmental challenges in these riverine communities in Warri.

## **CHAPTER FOUR**

### **4.1 DATA ANALYSIS AND RESULT OF DATA ANALYSIS**

Building on the research methodology outlined in Chapter Three, which described the survey design, data collection procedures and sampling technique, this chapter focuses on the analysis and interpretation of data collected from riverine communities in Warri. It aims to identify the relationship between oil revenue and developmental outcomes and to explore potential challenges faced by the community, thereby providing insight into the impact of oil revenue on development outcomes.

The analysis will utilize a mixed methods approach, presenting quantitative data in tables (using frequency and percentage) and qualitative data through narrative explanations. Shown below are the data analysis and the responses from respondents in the field, reflecting their opinions on various questions as they relate to the research.

It should be noted that 200 questionnaires were distributed to 200 respondents and 200 were retrieved. Therefore, this study has 100% retrieved rate.

#### **Section A: Quantitative Data**

##### **Social Demographic Characteristics of Respondents.**

The study commences with an examination of respondents' demographic characteristics, including age, gender, religious affiliation, marital status, community they reside and so on, to provide insight into the impact of oil revenue on riverine communities in Warri, Delta State.

**Table 4.1.1: Gender of Respondents**

Respondents	Frequency	Percentage
Male	85	42.5
Female	97	48.5
Prefer not to say	18	9
TOTAL	200	100

**Source: Field work, 2025**

Base on the responses of the gender of the respondents, 42.5% were male respondents, 48.5% were female respondent while 9% preferred not to mention their gender. It was clear from the findings that we have more female dwellers in the selected riverine communities in Warri, Delta State. The higher representation of female respondents is due to the fact that many males in the community are engaged in income generating activities outside the home, such as fishing or farming, which resulted in a greater availability of females to participate in this study.

**Table 4.1.2: Distribution of Respondents by Age**

Age Range	Frequency	Percentage
18-28	57	28.5
29-39	62	31
40-50	34	17
51-61	21	10.5
61 and above	26	13
TOTAL	200	100

**Source: Field work, 2025**

The age distribution of respondents in the above table shows that 28.5% of the total respondents fall into the age group of 18-28 years, 31% were between the age group of 29-39 years, 17% of the respondents were within the age range of 40-50 years, 10.5% fell under the age group of 51-61 years whereas 13% of the respondents were between the age group of 61 years and above. From the above, the study has more respondents who were between the age range of 24-30 years.

**Table 4.1.3: Marital Status of Respondents**

Marital Status	Frequency	Percentage
Single	107	53.5
Married	67	33.5
Divorced	26	13
TOTAL	200	100

**Source: Field work, 2025**

The table above shows that 53.5% of the total respondents were single, 33.5% were married while 13% of the respondents were divorced. This study had more single respondents, though majority of the singles were single parents.

**Table 4.1.4: Community of Respondents**

Community	Frequency	Percentage
Ekurede-Itsekiri	50	25
Ubeji	50	25
Ogbe-Ijoh	50	25
Isaba	50	25
TOTAL	200	100

**Source: Field work, 2025**

The community distribution of respondents in the above table shows that the 200 questionnaires were shared equally among the four communities, resulting in 50 questionnaires per community. This ensured that each community was represented equally in the study.

**Table 4.1.5: Duration of Resident in the Community**

Duration of Resident	Frequency	Percentage
0-5 Years	53	6
6-10 Years	53	17
11-15 Years	33	26.5
16 Years and above	61	50.5
TOTAL	200	100

**Source: Field work, 2025**

From the above, the table shows that 6% of the total respondents have lived in their communities for 0-5 years, 17% of the respondents have also lived in their communities for 6-10 years, 26.5% had lived in their communities for 11-15 years and 50.5% of the respondents have lived in their communities for 16 years and above. It is clear from this survey that this study had more of dwellers who had lived in their communities for 16 years and above.

**Table 4.1.6: Religion of Respondents**

Religion	Frequency	Percentage
Christian	137	68.5
Muslim	20	10
Traditional	27	13.5
Others	16	8
TOTAL	200	100

**Source: Field work, 2025**

This table shows that 68.5% of the total respondents were Christians, 10% were Muslims, 13.5% were Traditional worshippers while 8% of the respondents practiced unspecified other religions. This shows that there were more people who practiced Christianity in this study than any other religion.

**Table 4.1.7: Ethnicity of Respondents**

Ethnicity	Frequency	Percentage
Ijaw	44	22
Itsekiri	28	14
Urhobo	30	15
Igbo	23	11.5
Yoruba	15	7.5
Hausa	20	10
Others	40	20
TOTAL	200	100

**Source: Field work, 2025**

The ethnic distribution of respondents in the above table shows that 22% of the respondents were Ijaws, 14% were Itsekiris, 15% were Urhobos, 11.5% were Igbos, 7.5% were Yorubas, 10% were Hausas and 20% were under the category of others. This indicates that this study had more respondents who were of the Ijaw ethnic group than others.

**Table 4.1.8: What are your primary sources of income?**

Sources of Income	Frequency	Percentage
Fishing	15	7.5
Farming	19	9.5
Petty trading	45	22.5
Oil related employment	25	12.5
Others	96	48
TOTAL	200	100

**Source: Field work, 2025**

The above table shows that 7.5% of the respondents into fishing as their source of income, 9.5% were into farming, 22.5% were into petty trading, 12.5% had oil related employment while 48% were under the category of others. From the above, it shows that this study had more respondents who their sources of income were under the category of others which was unspecified. This denotes that only 12.5% of the total respondents had oil related employment.

**Table 4.1.9: What is your level of income?**

Level of Income	Frequency	Percentage
Below minimum wage	79	39.5
Minimum wage	66	33
Above minimum wage	55	27.5
TOTAL	200	100

**Source: Field work, 2025**

This table shows that 39.5% of the respondents earned below the minimum wage of the country (Nigeria), 33% earned the exact minimum wage while only 27.5% of the respondents earned above the minimum wage. This denotes that majority of the respondents for this study earned below minimum wage which simply means that the dwellers of this community were not really doing favorably.

### **Analysis of Findings**

**Table 4.2: Do you know what oil revenue and developmental challenges are?**

Response	Frequency	Percentage
Yes	183	91.5
No	17	8.5
TOTAL	200	100

**Source: Field work, 2025**

The analysis of data in the above table revealed that 91.5% of the respondents knew the meaning of oil revenue and developmental challenges while only 8.5% of the respondents did not know the meaning of oil revenue and developmental challenges. This simply shows that majority of the dwellers of the aforementioned communities knew the meaning of oil revenue and developmental challenges.

**Table 4.3: The oil industry has positively affected my livelihood**

Responses	Frequency	Percentage
Strongly agree	40	20
Agree	39	19.5
Neutral	23	11.5
Disagree	58	29
Strongly Disagree	40	20
TOTAL	200	100

**Source: Field work, 2025**

Findings of the research shows that 20% of the respondents strongly agreed that the oil industry has positively affected their livelihood, 19.5% of the respondents agreed, 11.5% were neutral, indicating a lack of direct benefit, mixed experiences or a perceived lack of significant impact from the oil industry, 29% disagreed and 20% of the respondents strongly disagreed that the oil industry had positively affected their livelihood. It is clear from the findings that the majority of the dwellers (60.5%) of the various communities disagreed to the notion or statement that “the oil industry has positively affected my livelihood”

**Table 4.4: What economic challenges do you face in your community? (Select all that apply)**

Response	Frequency	Percentage
Unemployment	39	19.5
Low income	18	9
Limited access to credit	13	6.5
Inflation	22	11
More than one response	108	54
TOTAL	200	100

**Source: Field work, 2025**

The analysis of data in the above table revealed that 19.5% of the respondents stated unemployment was the economic challenge faced in their community, 9% picked low income, 6.5% chose limited access to credit, 11% ticked inflation while 54% picked more than one response. This simply means that dwellers of the various communities face more than one economic challenge as at the time this research was carried out.

**Table 4.5: Have you noticed any negative environmental changes since oil extraction began?**

Response	Frequency	Percentage
Yes	121	60.5
No	43	21.5
Maybe	36	18
TOTAL	200	100

**Source: Field work, 2025**

The findings reveal that a significant majority of respondents (60.5%) acknowledged that they have noticed one or more environmental changes since oil extraction began. This suggests that indeed oil extraction has resulted to some negative changes in their environment.

Meanwhile, 21.5% of the respondents stated that since oil extraction began, they have not noticed any negative environmental changes. This indicates that nearly a quarter of the respondents believed that oil extraction has no negative impact on their environment. This could be due to proper extraction of oil and so on.

Additionally, 18% of respondents selected ‘maybe’, indicating uncertainty about the impact. This could be as result of limited awareness or knowledge about the environmental effects of oil extraction. This suggests widespread concern about negative environmental impact of oil extraction in riverine communities.

**Table 4.5.1: If yes, what changes have you observed? (Select all that apply)**

Response	Frequency	Percentage
Water Pollution	21	17.36
Air Pollution	11	9.09
Soil Degradation	22	18.18
Climate Change	10	8.26
More than one response	57	47.11
TOTAL	121	100

**Source: Field work, 2025**

This table shows that among respondents’ who observed negative environmental changes since oil extraction began, 17.36% of the respondents have observed that their community suffers from water pollution, 9.09% picked air pollution, 18.18% chose soil degradation, 8.26%

ticked climate change while 47.11% picked more than one response. This denotes that more of the dwellers of these communities picked two or more environmental changes (stated above) since oil extraction in their communities. The high percentage of multiple responses suggests that many respondents have observed various forms of environmental pollution, indicating a widespread impact of oil extraction. Soil degradation and water pollution are prominent concerns, potentially linked to oil spills or extraction activities. These findings highlight the need for targeted interventions to mitigate environmental pollution and its effects on the various communities.

**Table 4.6: Environmental degradation has significantly affected my community.**

Response	Frequency	Percentage
Strongly Agree	78	39
Agree	47	23.5
Neutral	48	24
Disagree	13	6.5
Strongly Disagree	14	7
TOTAL	200	100

**Source: Field work, 2025**

The findings suggest that environmental degradation has significantly affected the respondents' community, as 39% of the respondents strongly agreed that environmental degradation had significantly affected their community. This may be due to notable environmental degradation seen in the respondents' community. On the other hand, 23.5% of the respondents agreed, 24% of the respondents were neutral, this shows uncertainty which stems from a place of ignorance or a lack of awareness or a lack of engagement with the environmental concern, 6.5% of the respondents disagreed and 7% of the respondents strongly disagreed. It is clear from the field work that majority of the dwellers (62.5%) of the various communities strongly agreed that environmental degradation had significantly affected their community which suggests that the respondents' are deeply concerned about the issue and the need for urgent attention to address environmental degradation and its impact on the various communities.

**Table 4.7: What infrastructural developments have you seen in your community since oil revenue allocation? (Select all that apply)**

Infrastructure	Frequency	Percentage
Roads	29	14.5
Schools	12	6
Healthcare facilities	16	8
Electricity	16	8
Water supply	10	5
More than one response	117	58.5
TOTAL	200	100

**Source: Field work, 2025**

This table shows that 14.5% of the respondents picked road as the infrastructural development seen in their community since oil revenue allocation, 6% of the respondents chose schools, 8% of the respondents selected healthcare facilities, another 8% of the respondents picked electricity, 5% of the respondents ticked water supply while 58.5% of the respondents selected more than one response. This suggests that most respondents have observed multiple infrastructural developments, indicating a relatively positive perception of the impact of oil revenue allocation and it is also important to note that roads are the most commonly cited single infrastructural development.

**Table 4.8: The current infrastructural developments are sufficient to meet the needs of my community.**

Response	Frequency	Percentage
Strongly Agree	27	13.5
Agree	34	17
Neutral	41	20.5
Disagree	63	31.5
Strongly Disagree	35	17.5
TOTAL	200	100

**Source: Field work, 2025**

The survey result shows that 13.5% of the respondents strongly agreed that the current infrastructural developments were sufficient to meet the needs of their community, 17% of the respondents agreed, 20.5% of the respondents were neutral, indicating uncertainty, 31.5% of the respondents disagreed whereas 17.5% of the respondents strongly disagreed. This shows that a large percentage of the dwellers (49.5%) of the stated communities disagreed that the current infrastructural developments are sufficient to meet the needs of their community. The findings suggest that nearly half of the respondents believed that the current infrastructural developments were (as at the time of this research) inadequate, showing potential areas for improvement to meet the needs of the highlighted communities.

**Table 4.9: Oil revenue has been effectively utilized for infrastructural development in my community.**

Response	Frequency	Percentage
Strongly Agree	26	13
Agree	31	15.5
Neutral	41	20.5
Disagree	64	32
Strongly Disagree	38	19
TOTAL	200	100

**Source: Field work, 2025**

The table above shows that 13% of the respondents strongly agreed that oil revenue has been effectively utilized for infrastructural development in their community, 15.5% of the respondents agreed, 20.5% of the respondents were neutral, 32% of the respondents disagreed while 19% of the respondents strongly disagreed. This denotes that more dwellers of the four communities disagreed that oil revenue has been effectively utilized for infrastructural development in their community. This shows that more than half of the respondents (51%) had concerns about the effectiveness of oil revenue utilization for infrastructural development, exposing potential issues with transparency, accountability and/or management.

**Table 4.10: Oil revenue has reduced poverty in my community.**

Response	Frequency	Percentage
Strongly Agree	19	9.5
Agree	19	9.5
Neutral	45	22.5
Disagree	40	20
Strongly Disagree	77	38.5
TOTAL	200	100

**Source: Field work, 2025**

It is clear from the data that 9.5% of the respondents strongly agreed that oil revenue has reduced poverty in their community, another 9.5% of the respondents agreed, 22.5% of the respondents were neutral, 20% of the respondents disagreed and 38.5% of the respondents strongly disagreed. This indicates that majority of the respondents (58.5%) disagreed to varying degrees that oil revenue has reduced poverty in their community. According to the survey, oil revenue has not had a substantial impact on poverty reduction in the various communities. This raise concerns about the distribution and utilization of oil revenue.

**Table 4.11: What factors contribute to poverty in your community? (Select all that apply)**

Response	Frequency	Percentage
Lack of job opportunities	16	8
Environmental degradation	2	1
Inadequate infrastructure	2	1
Poor education	10	5
Corruption	12	6
Limited access to healthcare	2	1
Dependence on a single industry	2	1
More than one response	154	77
TOTAL	200	100

**Source: Field work, 2025**

The data from the table above shows that 8% of the respondents selected lack of job opportunities as the factor that contributes to poverty in their community, 1% of the respondents picked environmental degradation, another 1% of the respondents chose inadequate infrastructure, 5% of the respondents ticked poor education, 1% of the respondents selected limited access to healthcare, another 1% picked dependence on a single industry and 77% of the total respondents selected more than one response. It is clear that the respondents selected two or more of the options stated above as the factors that contribute to poverty in their community. The high percentage of multiple responses suggests that poverty in the various communities is a complex issue, driven by interconnected factors while individual factors like lack of job opportunities and corruption are notable. The majority of respondents recognize that poverty is as a result of multiple interrelated issues.

**Table 4.12: Oil revenue can be used to address poverty in my community.**

Response	Frequency	Percentage
Strongly Agree	67	33.5
Agree	40	20
Neutral	34	17
Disagree	16	8
Strongly Disagree	43	21.5
TOTAL	200	100

**Source: Field work, 2025**

The results from the above table shows that 33.5% of the total respondents strongly agreed that oil revenue can be used to address poverty in their community, 20% of the respondents agreed, 17% of the respondents were neutral which shows that they were skeptical about the notion, 8% of the respondents disagreed while 21.5% of the respondents strongly disagreed. This shows that more dwellers of the various communities strongly agreed that oil revenue can be used to address poverty in their community. This shows that majority of the population of the dwellers (53.5%) of the specified communities agreed at different levels that oil revenue can be used to address poverty in their community. The data indicates that majority of the respondents believed that oil revenue can be used to address poverty in their community. The results show a leaning towards optimism about oil revenue potentially being used to address poverty.

**Table 4.13: My community can be developed sustainably beyond oil revenue.**

Response	Frequency	Percentage
Strongly Agree	61	30.5
Agree	54	27
Neutral	60	30
Disagree	16	8
Strongly Disagree	9	4.5
TOTAL	200	100

**Source: Field work, 2025**

The evidence from the data above suggests that 30.5% of the respondents strongly agreed that their community can be developed sustainably beyond oil revenue, 27% of the respondents agreed, 30% of the respondents were neutral, 8% of the respondents disagreed and 4.5% of the respondents strongly disagreed. This indicates that majority of the respondents (57.5%) agreed in differing capacities that their community can be developed sustainably beyond oil revenue which shows that the majority believe in the potential for sustainable development beyond oil revenue.

**Table 4.14: The Government/Private sector should play a significant role (like infrastructural development, creation of jobs and so on) in developing my community.**

Response	Frequency	Percentage
Strongly Agree	61	30.5
Agree	50	25
Neutral	49	24.5
Disagree	32	16
Strongly Disagree	8	4
TOTAL	200	100

**Source: Field work, 2025**

The analysis demonstrates that 30.5% of the respondents strongly agreed that the government/private sector should play a significant role (like infrastructural development, creation of jobs and so on) in developing their communities, 25% of the respondents agreed, 24.5% of the respondents were neutral, 16% of the respondents disagreed while 4% of the respondents strongly disagreed. This denotes that more dwellers (55.5%) of the four communities agreed to different extents that the government/private sector should play a significant role (like infrastructural development, creation of jobs and so on) in developing their communities. This data suggests strong support for government/private sector involvement in community development.

## **Section B: Qualitative Data**

Building on the quantitative findings, which provided a numerical insight into the perceptions and experiences of the various communities, the qualitative data offers a richer, more detailed understanding of the issues. Through narrative explanations, this study would look at the comments shared by the respondents to better understand their thoughts and experiences in order to get a fuller picture of the issues.

### **Question 1: What alternative economic strategies or revenue streams (source of income) could be explored to reduce dependency on oil revenue and improve development outcomes in Warri?**

The respondents' suggestions for diversifying Warri's economy can be categorized into several key areas but first of all, these two responses came in really handy;

*One of the respondents said “To leverage crypto currency and online trading as potential revenue streams”*

*Another emphasized on empowering youths and market women through job opportunities, skill acquisition and entrepreneurship.*

Following this, majority of the respondents highlighted agriculture and agro-processing as key areas of focus, with many respondents advocating for investment in farming and food processing. Entrepreneurship and job creation were also widely emphasized with respondents stressing the need for job opportunities and skill acquisition. Manufacturing and industry were seen as another vital sector with suggestions for promoting small-scale factories and value-added production. Overall, the data highlights the need for investment in various sectors to promote sustainable development and reduce dependence on oil revenue.

## **Question 2: What are the root causes of the developmental challenges in communities in Warri, despite the significant oil revenue generated from the region?**

The qualitative data reveals that the developmental challenges in Warri are attributed to; Corruption and poor governance, mismanagement of oil revenue, corrupt leaders and lack of accountability and bad leadership, this is as a result of selfish, evil and wicked leaders (based on the respondents’ description) prioritizing personal gain over community development. Other factors mentioned by the respondents were environmental degradation, inadequate infrastructure, unemployment, bunkery, ignorance, poverty, pollution, tribalism, lack of sound education and job opportunities.

Some notable responses are;

Respondent One – *“Corruption is the main cause, we are suffering from the hands of bad leaders”*

Respondent Two – *“Bad leaders, corruption and greed by those in position and power of authority. No job opportunities and it’s not used for the development of the communities”*

Respondent Three – *“Tribalism, tribal crisis and corrupt political leaders”*

Respondent Four – *“The broader population of the communities do not benefit from the revenue, only a few people at the top are the ones benefitting from it”*

In essence, these factors are intertwined and they hinder the development of the various communities despite significant oil revenue.

**Question 3: What specific policies or actions are needed to utilize oil revenue effectively for the development of communities in Warri, which would also benefit the broader population?**

The data highlights the need for effective utilization of oil revenue to develop Warri communities and benefit the broader population. Key policies and actions include; transparent revenue management and accountability, decentralized allocation to oil producing communities, investment in infrastructure, education and healthcare, job creation and empowerment programs, environmental restoration and protection, anti-corruption measures and good governance, community participation. Other suggestions are establishing a sovereign wealth fund, community managed development trusts, local content policies, education and skills development programs, environmental remediation and protection initiatives.

Some outstanding responses from the respondents are;

Respondent One - *“Transparent revenue management, that is to track and publish oil income and spending”*

Respondent Two – *“Pipeline and oil revenue should not be given to the government but channeled to infrastructural development”*

Respondent Three – *“Address corruption in the exploration of oil and let the generated revenue be used for infrastructural developments”*

Respondent Four – *“The removal of the bad government and replacing them with the good government”*

The data emphasizes the importance of community involvement, transparency and accountability in managing oil revenue to drive sustainable development in Warri.

## 4.2 Testing Hypothesis using Chi-Square

H0: There is no significant relationship between oil revenue and developmental challenges.

H1: There is a significant relationship between oil revenue and developmental challenges.

**Question: Does high/low oil revenue necessarily lead to high/low developmental challenges?**

**(Tick your preferred answer)**

Response	High Development Challenges	Low Development Challenges	Total
High Oil Revenue	120 (101)	36 (55)	156
Low Oil Revenue	9 (28)	35 (16)	44
<b>Total</b>	<b>129</b>	<b>71</b>	<b>200</b>

**Source: Field work, 2025.**

Expected Frequencies (E): Row Total x Column Total/ Grand Total

High Oil Revenue and High Developmental Challenges:  $156 \times 129 / 200 = 100.62$  approx. 101

High Oil Revenue and Low Developmental Challenges:  $156 \times 71 / 200 = 55.38$  approx 55

Low Oil Revenue and High Developmental Challenges:  $44 \times 129 / 200 = 28.38$  approx 28

Low Oil Revenue and Low Developmental Challenges:  $44 \times 71 / 200 = 15.62$  approx 16

Chi-Square Calculation:  $X^2 = \sum E [(Observed - Expected)^2 / Expected]$

High Oil Revenue and High Developmental Challenges:  $(120-101)^2 / 101 = 3.58$

High Oil Revenue and Low Developmental Challenges:  $(36-55)^2 / 55 = 6.56$

Low Oil Revenue and High Developmental Challenges:  $(9-28)^2 / 28 = 12.79$

Low Oil Revenue and Low Developmental Challenges:  $(35-16)^2 / 16 = 22.56$

$X^2 = 3.58 + 6.56 + 12.79 + 22.56 = 45.49$

Degrees of Freedom (df) =  $(r-1) \times (c-1)$

Degrees of Freedom (df) =  $(2-1) \times (2-1)$

Degrees of Freedom (df) =  $1 \times 1$

Degrees of Freedom (df) = 1

For DF = 1 and  $p = 0.05$ , the critical  $X^2$  value is 3.84145882 approximately 3.84. Since our calculated value  $X^2$  (45.49) is greater than critical value (3.84) the study rejected the null hypothesis which state that “there is no significant relationship between oil revenue and

developmental challenges” and accepted the alternative hypothesis which states that “there is a significant relationship between oil revenue and developmental challenges”.

### **4.3 Discussion on the Findings**

From the socio-demographic characteristics of respondents, it shows that majority of the respondents who participated in this research were females, most of the respondents in the study were between the ages of 24-30 years, the marital aspect was single, the source of income was others which was unspecified, majority of the respondents earned below minimum wage, and majority of the respondents were Christians.

On the knowledge of oil revenue and developmental challenges, majority of the respondents knew the meaning of oil revenue and developmental challenges. On the impact of oil revenue on livelihood, majority of the respondents disagreed that the oil industry has positively affected their livelihood. On the economic challenges faced in the community, majority of the respondents picked more than one response, indicating that the dwellers of the various communities face more than one economic challenge.

On environmental changes since oil extraction began, majority of the respondents acknowledged that they have noticed one or more environmental changes. On the types of environmental changes observed, majority of the respondents selected more than one response, with water pollution and soil degradation being prominent concerns. On the impact of environmental degradation on the community, majority of the respondents strongly agreed that environmental degradation had significantly affected their community.

On the infrastructural developments seen in the community since oil revenue allocation, majority of the respondents selected more than one response, with roads being the most commonly cited single infrastructural development. On the sufficiency of current infrastructural developments, majority of the respondents disagreed that the current infrastructural developments were sufficient to meet the needs of their community. On the effectiveness of oil revenue utilization for infrastructural development, majority of the respondents disagreed that oil revenue has been effectively utilized for infrastructural development in their community.

On poverty reduction, majority of the respondents strongly disagreed that oil revenue has reduced poverty in their community. On factors that contribute to poverty in the community, majority of the respondents selected more than one response, with lack of job opportunities and

corruption being notable. On the potential of oil revenue to address poverty, majority of the respondents agreed that oil revenue can be used to address poverty in their community.

On sustainable development beyond oil revenue, majority of the respondents believed that their community can be developed sustainably beyond oil revenue. On the role of government/private sector in community development, majority of the respondents agreed that the government/private sector should play a significant role in developing their communities.

Overall, the study's findings suggest that indeed there is a relationship between oil revenue and developmental challenges and that the dwellers of riverine communities in Warri are concerned about the impact of oil revenue on their livelihoods, environment, economy, infrastructural development and poverty reduction. They emphasize the need for transparent and accountable management of oil revenue, investment infrastructure and human development and community participation in decision making process.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Summary**

The study introduced the research topic, oil revenue and developmental challenges facing riverine communities in Warri, Delta State, Nigeria. The research aimed to investigate why Warri, despite generating significant oil revenue continues to face developmental challenges in riverine communities and to identify factors contributing to this phenomenon. The significance of this study was that it provided insight into the relationship between oil revenue and developmental challenges in order to inform policy decisions for sustainable development.

The literature review examined existing research on oil revenue and development, key challenges faced by dwellers of the community and the various factors that drive these challenges. The review highlighted the importance of oil revenue on developmental challenges facing riverine communities in Warri.

The study employed a one time, face-to-face survey administration of a semi-structured questionnaire with 200 respondents. The sample was recruited from four riverine communities in Warri, namely; Ekurede-Itsekiri, Ubeji, Ogbe-Ijoh and Isaba. The questionnaire included both close-ended and open-ended questions, each section focused on specific issues related to the objective of the study. The research data was subjected to descriptive and statistical analysis using Statistical Package for Social Sciences (SPSS) with an emphasis on frequency and percentage table. Furthermore, response drawn from the open-ended questionnaire was properly interpreted and analyzed in relation to oil revenue and developmental challenges facing riverine communities in Warri.

The results indicated a significant relationship between oil revenue and developmental challenges facing riverine communities in Warri. Majority of the respondents expressed dissatisfaction with the impact of the oil revenue on their livelihoods. They faced multiple economic challenges and noted that roads were the most significant infrastructural development in their communities. However, they believed that oil revenue was not effectively utilized for infrastructure development and had not contributed in affecting their livelihood positively. Also, they identified unemployment and corruption as major contributors to poverty. Despite this, they remained optimistic that oil revenue could be leveraged to address poverty and that their

communities could be developed sustainably beyond oil revenue. Furthermore, they emphasized the need for significant involvement from the government and private sector in community development. Also, from the qualitative segment, the findings revealed that corruption, poor governance and bad leadership were perceived as primary causes of developmental challenges in Warri. To address these issues, respondents stressed the need for transparent revenue management, accountability and community participation in managing oil revenue. Overall, the result of this study suggest that oil revenue has not translated to meaningful development or poverty reduction in Warri's riverine communities, highlighting the need for more effective management and utilization of oil revenue.

## **5.2 Recommendations**

1. Track and publish oil income and spending to ensure transparency and accountability in oil revenue management, promoting trust and good governance.
2. Allocate oil revenue directly to oil-producing communities to ensure they benefit from the revenue generated from their resources, fostering economic growth and development.
3. Channel oil revenue towards infrastructural development, such as roads, schools, healthcare facilities, and electricity, to improve the quality of life for community members and stimulate economic activity.
4. Invest in education and healthcare to improve access to these essential services, promote human development, and enhance the well-being of community members.
5. Create job opportunities and implement empowerment programs to address unemployment and poverty in the communities, promoting economic self-sufficiency and dignity.
6. Implement measures to mitigate environmental pollution and protect the environment from the negative impacts of oil extraction such as spill response and cleanup plans, wastewater treatment and regular monitoring and inspection, to ensure sustainable development and environmental stewardship.
7. Ensure good governance and accountability in the management of oil revenue, addressing corruption and promoting transparency to ensure that the revenue benefits the broader population.

8. Involve communities in the decision-making process and ensure that their voices are heard in the management of oil revenue, promoting participatory governance and community ownership.
9. Establish a sovereign wealth fund to manage oil revenue and ensure that it is used for the benefit of future generations of the various communities, promoting intergenerational equity and sustainability.
10. Establish community-managed development trusts to ensure that oil revenue is used for community development projects, promoting community-led development and empowerment.
11. Implement local content policies to promote the participation of local communities in the oil industry, ensure that they benefit from oil extraction, and develop local capacity and expertise.
12. Implement education and skills development programs to equip community members with the skills needed to participate in the oil industry and other sectors, promoting employability and economic diversification.
13. Implement environmental remediation and protection initiatives, such as restoration of polluted water bodies and soil, rehabilitation of degraded ecosystems, and adoption of cleaner extraction technologies, to mitigate the negative impacts of oil extraction on the environment.

### **5.3 Conclusion**

This study has explored the complex and multifaceted relationship between oil revenue and developmental challenges facing riverine communities in Warri. The findings revealed that despite the significant revenue generated from oil extraction, the communities have not benefited substantially from this wealth. The majority of respondents disagreed that the oil industry has positively impacted their livelihoods, citing multiple economic challenges, limited infrastructural development, and environmental degradation.

The study highlights the need for effective utilization of oil revenue to develop Warri communities and benefit the broader population. Key areas of focus include transparent revenue management and accountability, decentralized allocation to oil-producing communities, investment in infrastructure, education, and healthcare, job creation and empowerment programs, environmental restoration and protection, anti-corruption measures, and good governance.

The respondents' suggestions for diversifying Warri's economy emphasize the importance of investing in various sectors, such as agriculture and agro-processing, entrepreneurship and job creation, and manufacturing and industry. The qualitative data reveals that developmental challenges in Warri are attributed to corruption, poor governance, mismanagement of oil revenue, and bad leadership, which hinder the development of the communities despite significant oil revenue.

In essence, this study underscores the urgent need for policy reforms and interventions that prioritize community involvement, transparency, and accountability in managing oil revenue. By leveraging oil revenue effectively and diversifying the economy, Warri communities can achieve sustainable development and improve the well-being of their residents. The study's findings have implications for policymakers, stakeholders, and community leaders seeking to address the developmental challenges facing rural communities in Warri and promote sustainable development in the region.

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**UNIVERSITY OF BENIN, EDO STATE**  
**FACULTY OF SOCIAL SCIENCES**  
**DEPARTMENT OF SOCIOLOGY AND ANTHROPOLOGY**

Dear respondents,

As a student of Sociology and Anthropology at the University of Benin, Faculty of Social Sciences, i am conducting a research project on the topic- “Oil revenue and developmental challenges facing riverine communities in Warri”. Your responses will provide valuable insights into the various challenges faced by your community. Please answer the questions honestly, and to the best of your ability. All responses will be treated with confidentiality and used solely for academic purposes; your participation and cooperation are sincerely appreciated.

**Section A: Demographic Information**

1. SEX: Male ( ) Female ( )
2. AGE: 18-28 ( ) 29-39 ( ) 40-50 ( ) 51 -61 ( ) 62 and above ( )
3. MARITAL STATUS: Single ( ) Married ( ) Divorced ( )
4. COMMUNITY: \_\_\_\_\_
5. LENTH OF RESIDENCE IN THE COMMUNITY: 0-5 years ( ) 6-10 years ( ) 11 -15 years ( ) 16 years and above ( )
6. RELIGION: Christian ( ) Muslim ( ) Traditional ( ) Others ( )
7. ETHNICITY: \_\_\_\_\_
8. What are your primary sources of income? (Select all that apply)
  - a) Fishing ( )
  - b) Farming ( )
  - c) Petty trading ( )
  - d) Oil-related employment ( )
  - e) Others ( ), please specify: \_\_\_\_\_
9. What is your level of income?
  - Below average income ( )

- Average income ( )
- Above average income ( )

**Section B: Economic Challenges and Livelihood Patterns**

1. Do you know what oil revenue and developmental challenges are?

- Yes ( )
- No ( )

2. Does high/low oil revenue necessarily lead to high/low developmental challenges in Warri?

(Tick your preferred answer)

- High oil revenue leads to high developmental challenges ( )
- High oil revenue leads to low developmental challenges ( )
- Low oil revenue leads to high developmental challenges ( )
- Low oil revenue leads to low developmental challenges ( )

3. The oil industry has positively affected my livelihood.

- Strongly Agree ( )
- Agree ( )
- Neutral ( )
- Disagree ( )
- Strongly Disagree ( )

4. What economic challenges do you face in your community? (Select all that apply)

- a) Unemployment ( )
- b) Low income ( )
- c) Limited access to credit ( )
- d) Inflation ( )
- e) Others ( ), please specify \_\_\_\_\_

5. What alternative economic strategies or revenue streams (source of income) could be explored to reduce dependence on oil revenue and improve developmental outcomes in Warri?

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### **Section C: Environmental Impact**

1. Have you noticed any environmental changes since oil extraction began?

- Yes ( )
- No ( )
- Unsure ( )

2. If yes, what changes have you observed? (Select all that apply)

- a) Water pollution ( )
- b) Air pollution ( )
- c) Soil degradation ( )
- d) Others ( ), please specify \_\_\_\_\_

3. Environmental degradation has significantly affected my community.

- Strongly Agree ( )
- Agree ( )
- Neutral ( )
- Disagree ( )
- Strongly Disagree ( )

### **Section D: Infrastructural Development**

1. What infrastructure developments have you seen in your community since oil revenue allocation? (Select all that apply)

- a) Roads ( )
- b) Schools ( )
- c) Healthcare facilities ( )
- d) Electricity ( )
- e) Water supply ( )
- f) Others ( ), please specify \_\_\_\_\_

2. The current infrastructure developments are sufficient to meet my community's needs.

- Strongly Agree ( )
- Agree ( )
- Neutral ( )

- Disagree ( )
  - Strongly Disagree ( )
3. Oil revenue has been effectively utilized for infrastructural development in my community.
- Strongly Agree ( )
  - Agree ( )
  - Neutral ( )
  - Disagree ( )
  - Strongly Disagree ( )

### **Section E: Poverty Rates**

1. Oil revenue has reduced poverty in my community.
- Strongly Agree ( )
  - Agree ( )
  - Neutral ( )
  - Disagree ( )
  - Strongly Disagree ( )
2. What factors contribute to poverty in your community? (Select all that apply)
- a) Lack of job opportunities ( )
  - b) Environmental degradation ( )
  - c) Inadequate infrastructure ( )
  - d) Others ( ), please specify \_\_\_\_\_
3. Oil revenue can be used to address poverty in my community.
- Strongly Agree ( )
  - Agree ( )
  - Neutral ( )
  - Disagree ( )
  - Strongly Disagree ( )

### **Section F: Sustainable Solutions**

1. What are the root causes of the developmental challenges in communities in Warri, despite the significant oil revenue generated from the region?

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2. My community can be developed sustainably beyond oil revenue.

- Strongly Agree ( )
- Agree ( )
- Neutral ( )
- Disagree ( )
- Strongly Disagree ( )

3. The government/private sector should play a significant role (like infrastructural development, creations of job and so on) in developing my community.

- Strongly Agree ( )
- Agree ( )
- Neutral ( )
- Disagree ( )
- Strongly Disagree ( )

4. What specific policies or actions are needed to utilize oil revenue effectively for the development of communities in Warri, which would also benefit the broader population?

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