



**ASSESSING THE BANE OF RURAL DEVELOPMENT FINANCING IN
FCT AREA COUNCILS, ABUJA, NIGERIA.**

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Abstract

One significant index of Nations' development globally, is the extent of their development at the rural areas. To this end, this paper assesses the challenges inherent in rural development financing in three Area Councils (ACs) (Abaji, Bwari, and Gwagwalada) of the FCT, Abuja in relation to their developmental state. The bane of rural development financing in the Area Councils was particularly examined based on the perception of the respondents on some factors believed to be militating against rural development. The study is anchored on integrated rural development theory. It adopted a survey research design and employed both primary and secondary sources of data. The primary sources include the administration of questionnaires to 274 respondents and field observation, while, the secondary data was gleaned from the records of the selected Area councils, books, and periodicals, among others. The primary data was analyzed with the help of SPSS software; Kruskal-Wallis H-test statistics were used to test the hypothesis. Findings of the study reveals, high interference on the affairs of the area councils by higher tiers of government, political and traditional elites; non-viability and ignorance of some potentials revenue sources; undue reliant on statutory allocations which impact negatively on their internal revenue derives; corruption, tax evasion and conflicts over control of some viable revenue sources between the state (FCTA) and the area councils limit the finances available for rural development. Finally, the area councils lack adequate knowledge of investments that could

enlarge their coffers. The study therefore, recommends election of visionary and discipline leaders to attract the deserved political support for efficiency, timely revision of revenue tariff to reflect current economic realities, specialized revenue court for proper disciplinary and legal measures in mitigating the problem of tax evasion habits, misconduct and corruption among the revenue officials/consultants.

Keywords: *Local Government, Financing, Financing Sources, Development, Rural Development.*

Introduction

One of the pointers of Nations' development worldwide is the extent of their development at the rural areas. This assertion is directly linked to the performance of the government at the rural or local level of the society which is primarily saddled with the Local Government (LG). Local governments Worldwide play a key role in facilitating development and improving living standards of their communities owing to their constitutional stand. In Nigeria, they draw their powers and functions from the 1999 constitution. They have the mandate of initiating and promoting economic development at the rural communities. Specifically, LGs play active role in the maintenance of law and order, provision of and maintenance of roads (trunk C), electricity, markets, motor parks, potable water, primary education and health care services, among others (Chima, 1991; FGN, 1999). Therefore, they are today considered important partners in dealing with a range of public policy issues and functions; including building more efficient and equitable social systems and providing basic infrastructure that support economic development and improve the quality of life at the grassroots.

Thus, the rationale for creating local government anywhere in the world is to employ it to take responsibility for the development of the rural areas directly, and also contribute indirectly to the development of the nation. Hence, the primary functions of a local government in Nigeria are: to advise the state government on the development of the state particularly in so far as the LG area is affected; to carry out the local development responsibilities mandated to it, including the establishment and maintenance of specified local infrastructural and environmental facilities and services; and to cooperate with the state

government in the provision and management of development programmes in agriculture and natural resources, primary health services and basic education; and to perform any other functions as may be mandated by the State House of Assembly (FRN,1999).

Local governments are therefore, best suited to play vital social, political and economic roles for the overall development of a country. This is simply because, a country is considered developed only when the rural Communities are developed (Dike, 2006), and development at local government level affects over 70% of the population (Calvo, 1998; Ogbazi, 1998; World Bank, 1996). But, these objectives cannot be achieved without adequate and sustainable financing of the Local Government.

As agents of development, Local Governments need adequate resources necessary to achieve their objectives. Among the resources needed for development, capital (finance) is always considered the most important factor and it is crucial in every development effort (Nurkse, 1952; Todaro and Smith, 2009; Ahuja, 2011; Samuelson and Nordhaus, 2004). Demetriades and Hussein (1996) find the evidence that finance is a leading factor in the process of economic growth. However, it seems that the local government has not live up to its expectations and has not yielded the desired development benefits to the Citizens in Nigeria.

Operationally, local governments suffer a number of enfeebling handicaps. Most of them do not receive their due allocations from Federation Account. In fact, there are undue infractions on statutory allocation distribution to the FCT Area Councils. Against the provision of the 1999 Constitution (as amended), substantial funds are still being deducted from the local government share for the payment of primary school teachers, a responsibility constitutionally belonging to state governments. To make matters worse, state governments make a number of 'statutory deductions' from the local government allocation for training, pension and special imposts for a variety of purposes like the funding of development areas and state universities.

With regard to internally generated revenue, the Federal and State Governments have generally failed to pay to local governments the traditional 'contribution in lieu of rates' by which during colonial times and the First Republic these superior governments compensated the local governments for their burden of servicing and providing facilities and services for the federal and state

institutions, structures and operations located in their territories. Some state governments have also seized some of the most viable internal sources of local government finance, such as property rates.

On the expenditure side, apart from the obligation to spend the bulk of their available funds on recurrent expenditure, local governments are constrained to carry out programmes as approved by the state legislatures, based on budgets submitted through the state government. The approved capital budget often differs significantly from the submissions by the LG and does not always reflect the development priorities of the local governments. In any case, the exercise of authority of the state government on the release of funds for actual expenditure denies the local government's operational control of the financial management of their capital programmes.

On financial management the record of performance is very low. There is a general lack of transparency and accountability in governance. Presenting a paper on 'Combating Crime, Corruption and Implication for Development and Security,' at the 38th Cambridge International Symposium on Economic Crimes, Jesus College, University of Cambridge, United Kingdom, September 10th 2021, the Economic and Financial Crimes Commission (EFCC) chairman, Abdurashed Bawa, citing Organisation for Economic Cooperation and Development (OECD) report, noted that resources that could support a country's development are lost through criminal acts such as corruption, tax evasion, money laundering and others. Decisions of LGs on expenditure are not generally generated from the nominally responsible departments; rather they are directed by the governor and the council chairmen, and may be implemented without the knowledge of the relevant department. The control procedures elaborately prescribed in the official guidelines are honoured in the breach.

The major thrust of actual local government capital expenditure is on administration (public buildings), health, roads and electricity. Only few LGs pay much attention to economic sector projects, and those mainly to agriculture. The LG legislature usually makes no serious attempt to exercise its oversight rights over the issue.

As the level of government closest to the people, the LG is expected to maintain close links with the local communities. While most LGs claim to do so, very few have developed the appropriate institutions and procedures for regular communication and dialogue. The key community institutions present are the

traditional ruler ship institutions, the community development associations and civil society organisations, the last of which is only recently coming into prominence.

As the custodian of the well being and progress of the local people/areas, the LG should be interested in any prospects and activities taking place within its territory, establishing and maintaining beneficial linkages with all development partners operating there. It should also provide a focal point and operational modalities for cooperation and coordination among all the development partners. Presently these are not adequately provided for. When multinationals donor agencies and NGOs relate to the LGs, they do so on a bilateral basis in pursuance of their individual agendas. There is no multi-partnership participatory development forum, no general overview and consensual approach to LG development.

There is inadequate finance to meet up with the numerous responsibilities and yearnings of populace. According to the 1976 guidelines for local government reforms, “if meaningful local government is to be expected in Nigeria, much larger financial resources are needed” as finance is at the center of any developmental project. So, acquisition and proper accountability of it is germane and critical for achievement of their development objectives. Adedeji (1979) capped it by asserting that the success or failure and the effectiveness and ineffectiveness of local government depend on the financial resources available to the individual local government and the way these resources are utilized.

It is therefore, against this backdrop that this paper assesses the challenges inherent in rural development financing in FCT area councils, Abuja.

Conceptual Framework

Local government has been defined differently by different people and body(ies) across the world. The 1976 Nigeria LG reforms document sees it as: Government at local level exercise through representative council established by law to exercise specific powers within defined areas. These powers should give the council substantial control over local affairs as well as the staff and institutional and financial powers to initiate and direct the provision of services and to determine and implement projects to compliment the activities of the state and federal government in their areas and to ensure, through devolution of

functions to their councils and the active participation of the people and traditional institutions, but that local initiative and response to local needs and condition are maximized (FRN, 1976). This definition is exhaustive and tries to cover much ground in explaining the meaning of local government administration. It is a form of public administration which in a majority of contexts, exists as the lowest tier of administration within a given state. Local Government is, by designation and ascription, the level of government (third tier) closest to the people and most directly concerned with their day to day dealings. Local government is a product of the need for decentralization to promote development from below (Bello-Imam, 2007). It is then created to bridge the gap in lines of political communication and development between the centre (federal and state government) and the periphery (rural communities). This agenda of development is undermined by political impunity, the master-servant relationship between tiers of government, the fluidity in the tenure of local government Chairmen (reduced to one year in Nasarawa and Adamawa states in 2014) and the preference for care-taker committees system over elected councils against extant democratic principles (Otinche, 2014; Sarka, 2016). These blatant abuses have implications for the financial autonomy and capability of local government to effecting rural development.

Development has been conceptualized from two broad perspectives; economic and holistic. The economic perspective is concern with issues of poverty, unemployment, inequality and illiteracy, which must be reduced to usher in development to any society. If these declines in a society, the earlier version insisted, then there is development (Seers, 1969; Otinche, 2013). The other, perspective in the conceptualization of development was by writers like Todaro & Smith (2003) who have presented a holistic definition. They conceived development as a multidimensional process involving major changes in social structures, popular attitudes, and national institutions, as well as the acceleration of economic growth, the reduction of inequality, and the eradication of absolute poverty. In essence, development must represent the whole gamut of change by which an entire social system, tuned to the diverse basic needs and desires of individuals and social groups within that system, moves away from the condition of life widely perceived as unsatisfactory toward a situation or condition of life regarded as materially and spiritually better. This definition of development is therefore holistic, encompassing all aspects of life, including

political, economic, social, cultural, religious, physical, etc. These can be further amplified to include all the good aspects of life that people cherish, make them feel relevant, and enjoy their lives to the full. The political aspect would include issues like political participation, freedom of choice, free, fair and credible election, etc (Omoruyi, 2004). Development as recently conceptualized embraces the total development of man and his environment in all ramifications in an area on a sustainable basis. This is better done through governmental autonomy, which the LGs handle at the grassroots.

Rural development may refer to the structural transformation of the rural economy via the socio-cultural and political economy of the rural dwellers for the attainment of better living. Okoye & Onyukwu (2007) defined rural development as a scheme for raising the real incomes of rural dwellers, improving their environment and infrastructures, and enhancing their welfare. This means that rural development is a strategy designed to improve the economic and social conditions of people living in rural areas. It involves extending the benefit of development to those who seek a livelihood in rural areas. At a broader view, it can be seen as a mass mobilization of human and material resources to achieve economic growth and national development (Akhakpe et al, 2012). The conditions necessary for rural development to take place include: organization of rural producers and rural economic activities on competitive or communal basis to ensure a fuller utilization of available physical and human resources; an active policy of social services involving the improvement of social services and social relation; improvement in political and administrative capacity for planning and implementation of community development strategy to provide linkages with rest of the economy; more equitable distribution of land, other rural resources to give greater opportunity to the poorest segment of the rural population to meet their basic needs; diversification of the rural economy to provide additional employments and improve the quality of rural life (Aziz, 1978). Lele (in Okoli, 1995) believes that a proper combination and coordination of the above reviewed factors would lead to the improvement in the lots of the rural populace.

Financing of Local Government in Nigeria comes from two main sources; internal and external sources. Internal sources are those through which local governments derive their funds internally. The internal sources have been classified thus: Taxes, which include community, Development, Cattle, and

other Special Services (Electricity, Water, Night Guard, etc); Rates, consist of Tenement Rate, Ground Rent, Federal and State Government Grants in Lieu of Tenement Rates; Local Licences, Fees and fines are generated from Bicycles, Wheel Barrows, Marriage registration, General Contractors Registration, Approval of Building Plans, and a host of others; Earnings from Commercial Undertakings such as Markets, Motor Parks, Shops, Abattoir/Slaughter Houses, Transport Services, etc.; Rents on Local Government Property, include Local Government Quarters, Buildings and Landed Property; Interest and Dividend payments realized from vehicle and Bicycle/Motor cycle Advances, loans to other Local Governments, Staff Housing and Capital Market respectively, and Miscellaneous which consists of Mortuary Hearse and Cemetery, Recovery of losses, Unclaimed Deposits, and Overpayment in lieu of Registration Notices.

The external sources comprise of statutory allocations from the federation account and state governments as well as Value Added Tax (VAT), grants and borrowing (FGN, 1998).

Theoretical Framework

This paper is anchored on Integrated Rural Development Theory. It is a multidimensional strategy for improving the quality of life of the rural people which is based on the premise that the socio-economic framework of the traditional rural system is obsolete; therefore, integrated rural development strategies are designed to change this framework and promote structural changes in the society (Chalton in Ujo, 1999). The Directorate of Food, Roads and Rural Infrastructure (DFRRI), Better Life/Family Support Programmes and River Basin Development Authorities (RBDA), and Community and Social Development Project (CSDP) of Babangida's and Obasanjo's military and civilian administrations are classic examples of this approach to community and rural development in Nigeria (Ganduje, 2020). Therefore, the anchoring of the integrated rural development school in this study is relevant on the ground that, the LGs ought to effectively explore and utilize all their available financing resources to overcome the bane of rural development financing and achieve their developmental objectives.

Methodology

This study was carried out in Abuja, the Nigeria's Federal Capital Territory. The FCT is situated in the north central zone of Nigeria, bordered to the North by Kaduna State, to the East by Nasarawa State, to the South West by Kogi

State, and the West by Niger State. It has a land mass of 8,000 square kilometers and falls within latitude $7^{\circ} 25^{\text{I}}\text{N}$ and $9^{\circ} 20^{\circ}$ North of the Equator d Longitude $5^{\circ} 45^{\text{I}}$ and $7^{\circ} 39^{\text{I}}$ as shown in figure 1.

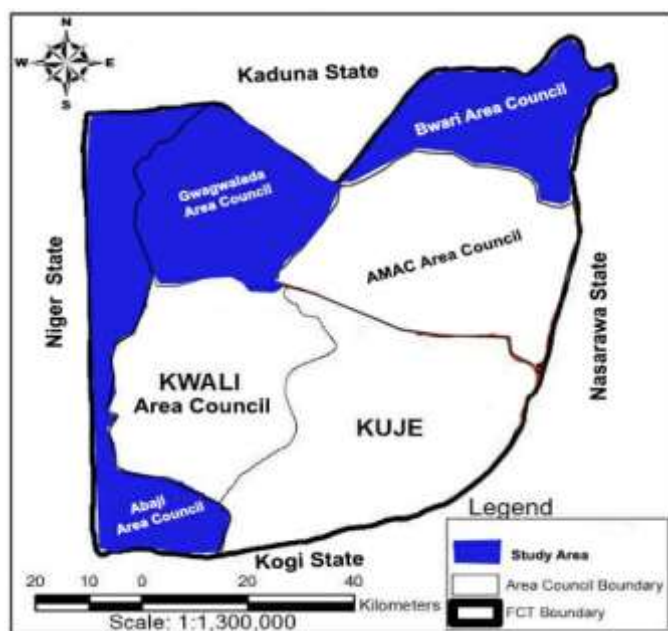


Figure1: Map of FCT showing the Area Councils

Source: Abuja Master Plan

The study adopted a survey research design and used both primary and secondary data. Primary data was obtained by the administration of questionnaires to 274 respondents, of the 2,487 study population. The questionnaire was drafted using five-point scale of Rensis Likert format to elicit response on the challenges inherent in financing rural development in the Area Councils. Secondary data was sourced from the concerned area councils' financial and general reports, budgets and other relevant literatures.

Table 1: Study Population

S/No.	Area Council	Staff	Community leaders	Total
1	Abaji	704	57	761
2	Bwari	920	95	1015
3	Gwagwalada	670	41	711
Total		2294	193	2487

Source: Field Survey, 2015

The study used Abaji, Bwari and Gwagwalada (three), out of the six Area Councils in the FCT for study to represent the local government system in the Territory, considering their geographical spread and rural disposition. To achieve the study’s objectives, a purposive sampling method was adopted in the three area councils, in recognition of the respondents’ roles and knowledge in the subject matter.

Table 2: Sample Frame

S/No.	Area Council	Management		Community		Total	
		Staff		Leaders		Respondents	%
1	Abaji	27		57		84	30.7
2	Bwari	27		95		122	44.5
3	Gwagwalada	27		41		68	24.8
Total		81		193		274	100
			29.6%		70.4%		

Source: Field Survey, 2015

The primary data collected was analyzed descriptively with the aid of Statistical Package for Social Sciences (SPSS) software, and the result was presented on frequency table with explanation. On hypothesis testing, Kruskal-Wallis H-test statistics tool was utilized to test for variation in opinions of the respondents across the area councils. The formula for Kruskal-Wallis statistics is given as:

$$H = \left[\frac{12}{N(n+1)} \sum_{j=1}^k \frac{T_j^2}{n_j} \right] - 3(N + 1)$$

We reject the null hypothesis if H is sufficiently large. Thus, the rejection region is $H > \chi_a^2 k$ (Keller & Warrack, 2003).

Results and its Analysis

Demographic characteristics of the Respondents

Table 3: Educational Qualification of the Respondents

A/C	Formal Prim Educ.		SSCE/GCE		ND/NCE		B.Sc./HND		M.Sc./PhD			
	No.	%	No.	%	No.	%	No.	%	No.	%		
Abaji	22	8.8	11	4.4	6	2.4	5	2	26	10.4	4	1.6
Bwari	48	19.2	23	9.2	9	3.6	11	4.4	20	8	4	1.6

G/lada	8	3.2	15	6	11	4.4	8	3.2	13	5.2	6	2.4
Total	78	31.2	49	19.6	26	10.4	24	9.6	59	23.6	14	5.6

Source: Field Survey, 2015

Table 3 shows the level(s) of educational qualifications of the respondents. The result indicates majority of respondents, 69% have undergone formal education, while, 31% do not have formal education among the respondents. This implies that most of the information gathered is from an enlightened populace. It means the data collected were reliable.

Table 4: Length of Service in Area Councils/Leadership Position.

A/C	1-5years			6-10years			11-15years			16years & above		
	No. of resp	%	No. of resp	%	No. of resp	%	No. of resp	%	No. of resp	%		
Abaji	17	6.8	22	8.8	8	3.2	27	10.8				
Bwari	33	13.2	21	8.4	38	15.2	23	9.2				
G/lada	20	8	12	4.8	18	7.2	11	4.4				
Total	70	28	55	22	64	25.6	61	24.4				

Source: Field Survey, 2015

Table 4 above shows the number of years the respondents put in the area council's service/ leadership position. Information from the table revealed the majority, 72% have spent over 6years in their respective positions, while 28% spent between 1-5years. This means, the bulk of information for this work came from people with long experience in the system.

Militating Factors against Rural Development Financing in the Area Councils.

There could be silent factors working against the revenue generation and utilization efforts of the area councils which may impinge on their rural development objective. In this regard, opinions of the respondents on some of the sampled factors are presented in Table 5.

Table 5: Opinions on Factors Militating Against Rural Development in Area Councils.

Statement	Rating	Abaji		Bwari		G/lada		Mean	SD	C.O.V
		No	%	No	%	No	%			
Political interference is high	SA	17	65.4	7	25.9	5	20	3.84	1.19	30.99
	A	5	19.2	14	51.9	9	36			
	U	0	0	2	7.4	4	16			
	D	3	11.5	3	11.1	4	16			
	SD	1	3.8	1	3.7	3	12			
	Total	26	100	27	100	25	100			
	Mean	4.31		3.85		3.36				
	SD	1.19		1.06		1.32				
Over reliance on statutory allocations affect internal generation efforts.	SA	18	69.2	8	29.6	5	20	3.91	1.02	26.09
	A	6	23.1	12	44.4	8	32			
	U	1	3.8	5	18.5	3	12			
	D	1	3.8	2	7.4	5	20			
	SD	0	0	0	0	4	16			
	Total	26	100	27	100	25	100			
	Mean	4.58		3.96		3.2				
	SD	0.76		0.89		1.41				
Ignorance of some sources affect their generation and utilization	SA	10	38.5	2	7.4	2	8	3.69	1.03	27.91
	A	11	42.3	17	63	15	60			
	U	1	3.8	3	11.1	3	12			
	D	3	11.5	4	14.8	4	16			
	SD	1	3.8	1	3.7	1	4			
	Total	26	100	27	100	25	100			
	Mean	4.0		3.56		3.52				
	SD	1.13		0.97		1.00				
Some sources of revenue are not viable	SA	6	23.1	4	14.8	4	16	3.5	1.12	32
	A	7	26.9	12	44.4	14	56			
	U	3	11.5	7	25.9	4	16			
	D	6	23.1	4	14.8	2	8			
	SD	4	15.4	0	0	1	4			
	Total	26	100	27	100	25	100			
	Mean	3.19		3.59		3.72				
	SD	1.44		0.93		0.98				
Conflict between States & LGs on control of some sources is high/frequent	SA	9	34.6	4	14.8	8	32	3.87	0.98	25.32
	A	9	34.6	15	55.6	13	52			
	U	2	7.7	4	14.8	3	12			
	D	6	23.1	3	11.1	1	4			
	SD	0	0	1	3.7	0	0			

	Total	26	100	27	100	25	100			
	Mean	3.81		3.67		4.12				
	SD	1.17		1.0		0.78				
Corruption/Mismanagement is high	SA	10	38.5	7	25.9	3	12			
	A	7	26.9	15	55.6	8	32			
	U	0	0	1	3.7	3	12			
	D	5	19.2	4	14.8	8	32			
	SD	4	15.4	0	0	3	12			
	Total	26	100	27	100	25	100			
	Mean	3.54		3.93		3.0		3.49	1.27	36.39
	SD	1.56		0.96		1.29				
Tax evasion habits frustrate utilization of some sources	SA	3	11.5	3	11.1	5	20	3.55	1.04	29.30
	A	16	61.5	13	48.1	11	44			
	U	3	11.5	4	14.8	4	16			
	D	3	11.5	7	25.9	4	16			
	SD	1	3.8	0	0	1	4			
	Total	26	100	27	100	25	100			
	Mean	3.65		3.4		3.6				
	SD	0.98		1.01		1.12				
There is lack of collaborative efforts with other stakeholders	SA	9	34.6	10	37	9	36	3.68	1.01	27.45
	A	10	38.5	15	55.6	9	36			
	U	2	7.7	0	0	5	20			
	D	3	11.5	2	7.4	2	8			
	SD	2	7.7	0	0	0	0			
	Total	26	100	27	100	25	100			
	Mean	3.81		3.22		4.0				
	SD	1.27		0.80		0.96				
Low investment initiative	SA	10	38.5	8	29.6	4	16	4.05	0.83	20.49
	A	11	42.2	17	63	16	64			
	U	3	11.5	1	3.7	4	16			
	D	0	0	1	3.7	1	4			
	SD	2	7.7	0	0	0	0			
	Total	26	100	27	100	25	100			
	Mean	4.04		4.19		3.92				
	SD	1.11		0.68		0.70				
Low yields from sources affect their utilization	SA	5	19.2	3	11.1	6	24	3.65	1.07	29.32
	A	14	53.8	17	63	9	36			
	U	1	3.8	4	14.8	7	28			
	D	2	7.7	3	11.1	2	8			
	Total	26	100	27	100	25	100			

	SD	4	15.4	0	0	1	4		
	Total	26	100	27	100	25	100		
	Mean	3.54		3.74		3.68			
	SD	1.33		0.81		1.07			
TOTAL								3.72	1.06 28.49

Source: Field Survey, 2015

Political interference is high. The results of analysis on this item (Table 5) show 84.6%, 77.8% and 56% in Abaji, Bwari and Gwagwalada respectively agreed with the statement, while 15.3%, 14.8% and 28% in Abaji, Bwari and Gwagwalada respectively disagreed, and 0% in Abaji, 7.4% in Bwari and 16% in Gwagwalada Area Councils are not certain of the factor. This factor has a mean score of 3.84 with a SD of 1.19 and COV of 30.99%, the implication of this is that it is true that political interference is high in the Area Councils.

Over reliance on statutory allocations affect internal (revenue) generation efforts. Results of the findings indicated that 92.3%, 74% and 52% in Abaji, Bwari and Gwagwalada respectively agreed with the statement, while 3.8%, 7.4% and 36% in Abaji, Bwari and Gwagwalada respectively disagreed. About 3.8% in Abaji, 18.5% in Bwari and 12% in Gwagwalada Area Councils are not certain of the factor. This factor has a mean score of 3.91, SD of 1.02 and COV of 26.09%, this implies that the Area Councils depend mainly on external financing sources for their development.

Ignorance of some sources affects their generation and utilization. Peoples' responses show that 80.8%, 70.4% and 68% in Abaji, Bwari and Gwagwalada respectively agreed with the statement, while 15.3%, 18.5% and 20% in Abaji, Bwari and Gwagwalada respectively disagreed. About 3.8% in Abaji, 11.1% in Bwari and 12% in Gwagwalada Area Councils are not certain of the statement. These responses have a mean score of 3.69, SD of 1.03 and COV of 27.91%, implying that ignorance of some sources of financing in Area Councils affects their generation and utilization.

Some sources of revenue are not viable. The results of the analysis as presented in Table 5 show that, 50%, 59.2% and 72% in Abaji, Bwari and Gwagwalada respectively agreed with the statement, while 38.5%, 14.8% and 12% in Abaji, Bwari and Gwagwalada respectively disagreed, and 11.5% in Abaji, 25.9% in Bwari and 16% in Gwagwalada Area Councils are not certain of the factor. This

factor has a mean score of 3.5 with a SD of 1.12 and COV of 32%, the implication is that it is true that some sources of revenue are not viable in the Area Councils.

Conflict between States and LGs on control of some sources of financing is high and frequent. Results of the findings indicated that 69.2%, 70.4% and 84% in Abaji, Bwari and Gwagwalada respectively agreed with the statement, while 23.1%, 14.8% and 4% in Abaji, Bwari and Gwagwalada respectively disagreed. About 7.7% in Abaji, 14.8% in Bwari and 12% in Gwagwalada Area Councils are not certain of the factor. This factor has a mean score of 3.87, SD of 0.98 and COV of 25.32%, this implies existence of frequent conflict between States and LGs on control of some sources of financing.

Corruption/Mismanagement is high. Peoples' responses on this statement show that 65.4%, 81.5% and 44% in Abaji, Bwari and Gwagwalada respectively agreed with the statement, while 34.6%, 14.8% and 44% in Abaji, Bwari and Gwagwalada respectively disagreed. And 0% in Abaji, 3.7% in Bwari and 12% in Gwagwalada Area Councils are not certain of the statement. These responses have a mean score of 3.49, SD of 1.27 and COV of 36.39%, implying high corruption and mismanagement of financing resources in the Area Councils.

Tax evasion habits frustrate utilization of some revenue sources. Responses of people on this statement from Table 5 show that 73%, 59.2% and 64% in Abaji, Bwari and Gwagwalada respectively agreed with the statement, while 15.3%, 25.9% and 20% in Abaji, Bwari and Gwagwalada respectively disagreed. About 11.5% in Abaji, 14.8% in Bwari and 16% in Gwagwalada Area Councils were not certain of the statement. The responses have a mean score of 3.55, SD of 1.04 and COV of 29.30%, this implies that it is true that Tax evasion habits frustrate utilization of some revenue sources in the Area Councils.

There is lack of collaborative efforts with other stakeholders. The results of the analysis in Table 5 show that, 73.1%, 92.6% and 72% in Abaji, Bwari and Gwagwalada respectively agreed with the statement, while 19.2%, 7.4% and 8% respectively in Abaji, Bwari and Gwagwalada disagreed, and 7.7% in Abaji, 7.4% in Bwari and 8% in Gwagwalada are not certain of the statement. This factor has a mean score of 3.68 with a SD of 1.01 and COV of 27.45%, the implication of this is that there is lack of collaborative efforts with other stakeholders by the Area Councils in their rural developmental efforts.

Low investment initiative. Peoples' responses from Table 5 show that 80.7%, 92.6% and 80% in Abaji, Bwari and Gwagwalada respectively agreed with the statement, while 7.7%, 3.7% and 4% in Abaji, Bwari and Gwagwalada respectively disagreed. About 11.5% in Abaji, 3.7% in Bwari and 16% in Gwagwalada Area Councils are not certain of the statement. These responses have a mean score of 4.05, SD of 0.83 and COV of 20.49%, this implies that it is true that there is low investment initiative in the Area Councils.

Low yields from sources of financing affect their utilization. Results of the analysis on this statement show that, 73%, 74.1% and 60% in Abaji, Bwari and Gwagwalada respectively agreed with the statement, while 23.1%, 11.1% and 12% in Abaji, Bwari and Gwagwalada respectively disagreed, and 3.8% in Abaji, 14.8% in Bwari and 28% in Gwagwalada Area Councils were not certain of the factor. This factor has a mean score of 3.65 with a SD of 1.07 and COV of 29.32%, the implication is that, it is true that low yields from revenue sources affect their utilization in the Area Councils. The opinions of the respondents (Table 5) were further subjected to an H-test statistics (analysis) using the following hypothesis:

Test of Hypothesis

There is no significant variation in the perception of respondents on some militating factors against the financing of rural development in the selected area councils.

Applying the Kruskal Wallis H-test, the results of the hypothesis was obtained as follows:

Table 6: Result of H –Test on Hypothesis.

Group	Rank sum	Observation
ABJ	176.5	10
BWA	156	10
GWA	132.5	10
H-Stat		1.23
Df		2
Chi-Squared Critical		5.99147

Table 6 shows that the calculated H is 1.23 and the critical H is 5.9915 at 0.05 confidence level and 2 degree of freedom. A statistical judgment from this result

is that the null hypothesis, which states, “there is no significant variation in the perception of the respondents on some militating factors against the financing of rural development across the Area Councils” is accepted. This also agrees with the analysis on Table 5, which implies that the identified factors used in eliciting the responses actually work against the financing of rural development in the area councils, thereby impede on their development prospects.

Discussion of Results

The respondents’ opinion on some identified factors militating against the financing of rural development in the selected area councils is presented in Table 5. On the issue of political interference as a factor affecting rural development, the respondents agreed strongly to high political interference in the Area Council's affairs with a mean score of 3.8. The political interference could be attributed to the undue influence on the activities of the area councils by the higher tiers of government, political and traditional elites for selfish gains. The influence of these privileged bodies on the staff recruitment process, revenue generation, and the like affects the councils’ finances available for rural development. The chairmen, for instance may deliberately refuse to tap from tenement rate source of revenue because of its implication on their political interest/career. Corroborating this, Boaz (2015) asserts that ‘Political interference has been a major obstacle for municipal to collect revenue, this factor has been highlighted because many politicians tends to convince taxpayers not to pay with reasons that, the council take money from them but they reward poor services’. Also, most staff recruitment exercises by the LG chairmen negate the recruitment processes in the public service which brings about over staffing with its financial implications (Sarka, 2014).

Similarly, the respondents in their views accepted that over reliance on statutory allocations affects internal revenue generation efforts in the area councils with a mean response of 3.9. This is buttressed in Maidoki & Sarka (2020) which revealed that, the contribution of the internally generated revenue (IGR) sources oscillates between 0.4% and 2.7%, while, the statutory allocation sources oscillated between 91.9% and 99.5% of the total recurrent revenue of the area councils during the study period. Hence, over dependence on statutory allocations by LGs has been the bane of their development in Nigeria (Ovaga, 2009). Findings also, show that ignorance of some sources of revenue affect

their utilization and generation with a mean score of 3.7. Equally, the respondents agreed to some sources of revenue not viable with a mean response of 3.5, as the viability of some is tied to the state of development of the area councils' lands. Therefore, Area Councils should develop their lands through the provision of infrastructures to enable its potentials tapped effectively.

As regards to conflicts between states and local governments, the respondents agreed unanimously to the high and frequent conflicts between the state (FCTA) and the area councils on the control of some revenue sources with a mean score of 3.9. It is disheartening to note that, some of the revenue sources exclusively preserved for the local government by the constitution (1999), such as corner shops, markets, tenement rate collections are often taken over by the state in the FCT. These activities constraint the revenue generation drives of the area councils, thereby limiting their financial resources available for rural development. The respondents also rated high the factor of corruption and mismanagement in the area councils system with a mean response of 3.5. There is no doubt, corruption and mismanagement which entails absolute looting of treasury and ineffective application of financial and other resources in the administration of the area councils affect the finances available for rural development. Accordingly, Otinche (2014), declare that, the development agenda of the local government is undermined by political impunity.

It is a known fact that revenue from taxes formed vital part of government finances, and is a principal component of public finance in Nigeria and the world at large. Therefore, anything that will affect this crucial aspect of government finance impinges on its development potentials. It was in this light that, the study examined tax evasion habits as a factor working against the rural development financing in the area councils. Hence, the respondents agreed that tax evasion habit frustrate the utilization of some sources of revenue in the area councils with a mean response of 3.6. This is further confirmed in Boaz (2015), and Abdulrasheed (2021) who noted that, resources that could support a country's development are lost through criminal acts such as corruption, tax evasion, money laundering and others. On whether the lack of collaboration with other stake holders affects rural development drive of the area councils, findings across the Area Councils revealed lack of collaborative efforts by the area councils with other stake holders with a mean response of 3.7. This implies non-involvement of the rural communities in the planning process of the rural

projects, and they hardly collaborate with development partners (such as NGOs, community development associations, etc) in the development of the rural areas. To this end, Maddick (1963) averred that, to achieve social change and general economic growth requires a spreading of effort so that local communities and individuals can participate to bring under ideal conditions, energy, enthusiasm and most important of all, local initiative to the working out of local development activities.

Similarly, investment is capable of increasing an entity's financing power. Therefore, it is expected of the area councils to make investment in the areas provided by the extant regulations to boost their finances for effective functioning. Confirming the level(s) of investment by the area councils, the respondents unanimously across the councils agreed to low investment initiative with a mean score of 4.1. This means that they lack knowledge of commercial activity that could enlarge their coffer.

On whether low yields from sources of revenue affect their utilization, the respondents agreed to the statement with a mean response of 3.7. This position is justified by the cost benefit analysis in economics, as organisations would rather waive than to embark on revenue drive that stands expensive compared to it returns. Revenue rates are supposed to be revised regularly depending on different circumstances like change in economy, but the actual operationalization is constrained by a number of factors, prime amongst is the bureaucratic nature of the government system which led to their obsolete. An example of such revenue sources include: radio, television, bicycles charges. In this regard, Mzenzi (2013) found that, collection rates charged by the Tanzania LGAs in various sources are generally low and are regarded as unrealistic.

Conclusion and Recommendations

Based on the findings of this study, the paper concludes that, interference on the affairs of the area councils by higher tiers of government, political and traditional elites affects the revenue or finances available to the area councils for development. Similarly, non-viability and ignorance of some of the potentials revenue sources made area councils more reliant on statutory allocations which impact negatively on their internal revenue derives. More so, corruption, tax evasion by individuals and corporate bodies, conflicts over control of some viable revenue sources between the state (FCTA) and the area

councils, limit the finances available for rural development. Finally, the study concludes that area councils lack adequate knowledge of investments that could enlarge their coffers.

In the light of the results and conclusions above, the paper proffers the following recommendations to improve the poor state of rural development financing in the area councils.

- Visionary and discipline leadership is needed to attract the deserved political support.
- Timely review of revenue tariff to reflect the current economic realities. Here, proper guidelines be provided to guide the reviewing process; the time frame, the areas and the personnel underlying the process.
- Establishment of special revenue Court for proper disciplinary and legal measures to mitigate the problem of tax evasion habits, misconduct and corruption among the revenue officials and consultants.
- Effective supervision of revenue collection; a good system of revenue collection management in terms of computerizing internal revenue collection system be introduced to reduce leakages through fraudulent practices of revenue agents.
- The Councils should expand or diversify their revenue sources to include other potential sources not yet utilized for enhance generation.

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