

Effects of Local Governments' Budgeting on Economic Development in the Local Governments of Ebonyi State, Nigeri

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ABSTRACT

The level of economic development in the local government of Ebonyi state has generated serious worry in recent times. The study hence, investigated the effect of local government budgeting on the economic development of local governments in Ebonyi state. The study has four specific objectives and adopted descriptive survey research design. The population of the study is 3,493 which are made up of 3,223 Beneficiaries of Local Government Economic Development Services (BLGEDS) and 270 Local Government Staff (LGS). The total sample size from the two groups is 349 respondents. Data were collected through self structured questionnaire while Mean (\bar{x}) and Standard Deviation (SD) were used to answer the four research questions while t-test of difference was used to test the hypotheses at 0.05 level of significance. Cronbach's alpha was used to calculate the reliability coefficient of the instrument and alpha index of 0.638 was achieved. The result of the data analysis revealed that budget formulation has not significantly enhanced provision of quality feeder roads at the local government of Ebonyi state, budget authorization has to a low extent improved procurement of healthcare facilities for improved healthcare services at the local government of Ebonyi state etc. it was recommended among others that budget formulation should be in line with constitutional provision. This will be a good step towards securing enough funds for provision of quality feeder roads at the local government of Ebonyi state.

Keywords: Local Governments, Budgeting and Economic Development.

INTRODUCTION

The essence for the existence of local government hinges on the achievement of sustainable economic development at the grassroot. In view of this, [1] stated that sustainable economic development is the central hub for the enhancement of local governments' existence which every country of the world strives to embrace. This buttresses the importance of the third tier government on the lives of the rural dwellers.

In the 1999 constitution of the Federal Republic of Nigeria, it was guaranteed that system of local government should be democratically elected council. The constitution requires all the states to enact legislation providing for the establishment, structure, composition, finance and functions of the local government [2]. This is in an attempt to ensure economic development in the local government system. Economic development as one of the major reasons for creation of local government is cited in the constitution of the Federal Republic of Nigeria (1999) in section 7(3) which states that "it shall be the duty of a local government council within a state to participate in economic planning and

development of the place referred to as in subsection (2) of this section and to this end, an economic planning board shall be established by a law enacted by the house of Assembly of the state. [3] opined that the creation of local government in many countries stems from the need to facilitate economic development.

Economic development has been viewed as a process where low income national economies are transferred into modern industrial economies. [4] summarized economic development in his definition as;

"improvement in material welfare especially for persons with the lowest incomes, the eradication of poverty with its correlates of literacy, disease and early death, changes in the composition of inputs and outputs that generally include shifts in the

underlying structure of production away from agriculture towards industrial activities, the organisation of the economy in such a way that

productive employment is general among working age population rather than the situation of a privileged minority”.

The [5] in their report stated that the main goal of economic development is improving on the economic well-being of people through efforts that entail job creation and retention and good quality of life. Economic development is geared towards constructions of feeder roads, quality education, enhancing the health status of the populace through provision of health facilities and improve on the standard of living through employment generation [6]. In order to achieve the expected economic development, local governments need enough financial resources to execute the above identified projects and programmes by [7] which cannot be realized without proper budgeting. The importance of budgeting in the government sector especially at local government level is to enhance economic development at the grassroot which is the nexus for the creation of the third tier government. [8] noted that the essence of budgeting is to ensure prudent allocation of scarce resources. This implies that choices among potential expenditures require some decision making process for realization of goals. It is observed that budgeting cannot proceed without some kind of decision process. This process explicates which of the economic programme scales through in the comparisons among alternatives choices.

Budgeting can be defined as a “financial and or quantitative statement prepared and approved prior to a defined period of time usually in relation to anticipated revenue and expenditure to be incurred in a given accounting period so as to achieve a basic goal or objective of the organization” [9]. This definition has two important aspects; one is that budget must follow the process of preparation and approval indicating

that, not all that is included in the budget will scale through in approval stage. Secondly, the project and programme included in the budget depends heavily on the anticipated revenue to achieve the basic goal of the organization. Suffice to say that the revenue may not be enough for all the items as budgeted by different ministry and agencies and as such must be consciously looked into to find out which economic development programme in the budget gains the approval. [10] views budget as an annual plan indicating proposed sources of revenue for financing them. In this regard, it shows that government, whether federal, state or local governments identifies the programmes and projects to be executed (expenditures) and the avenues for financing them (revenue) and fix them appropriately for further consideration. [11] states that budgeting process starts with identification of goals and objective which government seeks to attain within a specific period and in accordance with its overall socio-economic policy. The anticipated resources and how to allocate it for goal realization is what is important to be noted in this statement. More so, the processes of budgeting which was clearly identified by [12] are to include; budget preparation, budget authorization, budget execution and budget monitoring. Similarly, [4] identified the process of budgeting to include; budget formulation, budget authorization, budget implementation and post-mortem. The both scholars hence, came to a consensus that four processes are involved in budgeting. Budget formulation entails submission of estimates by different Departments for onward approval. At this point of formulating the estimate, major economic development yearning for attention are critically scrutinized. This often leads to budget padding as stakeholders in various departments quest anxiously to get enough funds to implement projects and programmes in their department. [7] stated that each ministries, department and agencies submit their estimates to the ministry of budget and planning for further consideration and approval. Authorization at the other hand is the

consideration of the submitted estimates before the legislators. [9] observed that the local government councilors authorize the local government estimate. The authorization stage is characterized by serious scrutiny, that is to critically look at the estimates before approval. At this stage, the councilors contest strongly for the programme and projects domiciled in their areas to be approved and even demanding for the fund allotted to be increased. The implementation process is the stage of putting into action what has been approved. This in most cases is where the budget records poorly as the huge amount budgeted for, seems to disappear into the tin air as result of percentage to stakeholders or settlement saga. [3] emphasized that the chief executive should demonstrate intelligence, especially by ensuring that projected revenues are efficiently implemented. This ought to assist in ensuring effective economic development at the rural communities. Also, implementation of the approved budget to the best standard may spur development at the local government system.

The monitoring process is the last stage and requires carefully evaluating all that has been done to see whether they are in line with budget provisions or not. [5] made it clear that the roles of inspectors appointed by the commissioner for local government under the state local government Edict is to ensure that adequate progress of a satisfactory nature is being made in the planning and implementation of the annual budget. In recent times, this edict seems to have eroded as most of the inspectors are more interested of what they will get that is settlement in terms of bribe

Statement of the Problem

The numbers of economic development projects and programmes yearning for attention in the local government of Ebonyi state increases on yearly bases due to lack of proper attention to processes of budgeting at the local government system. This has been an issue of great concern not only to the inhabitants but to the entire society, due to the slow pace of economic development witnessed in the local government system. At the budget preparation stage down to the evaluation

rather than the quality of work done. In local governments of Ebonyi state, experiences have shown that economic developmental programmes such as feeder road, quality education, improve health facilities are far from the reach of the people. Couple with this is that standard of living in the local government areas which is characterized with high level of unemployment, significant level of poverty which [7] observed that the rate of poverty in Ebonyi state has made a lot of people to migrate on daily basis from rural communities across the 13 local governments of the state to the major cities like Onueke, Afikpo and Abakaliki, the state capital. Considering the framework of the local government, it therefore becomes a challenge to the local government to tighten up on its budgetary preparation processes, as there are different programmes of the local government yearning for implementation, which have been hindered as a result of not measuring up with the budgetary processes. [8] linked unsuccessful execution of local government economic development programme to inadequate funding, however, experiences have shown that inadequate funding can be traced to the failure to measure up in the budgetary processes so as to secure adequate funds for economic development at the rural communities. The study is hence prompted to examine the effect of local government budgeting on the economic development, using the six largest local government areas of Ebonyi state; Izzi and Ohaukwu for North senatorial zone, Ikwo and Ishielu for Central senatorial zone and Onicha and Afikpo South for South senatorial zone respectively [8].

stages, stakeholders have not taken enough steps to follow the stipulated guidelines and this has affected the level of fund accessible for implementation. The ugly situation couple with inability to set clear objective tend to generate doubts as whether local government stakeholders in charge of budgeting really understand the effects of budgeting upon which fund is accessed for enhancement of economic development in their domain. Many scholars such as [7] in their studies have

discussed extensively the problems faced by local government system. This study buttresses the points that stakeholders should look inwardly on the effects of budgeting as a source of retarded economic development in the local government system. In the same vein, it is imperative to note that there are key players in budgeting processes and their expertise knowledge is paramount in the processes, that is; formulation, authorization, implementation and monitoring. Therefore, the need to appoint those who can efficiently prepare the budget well cannot be overstressed. The quest for comprehensive economic development of the polity has made it

imperative for researchers in public administration [9] to explore the effects of budgeting in the public sector, especially in the local government with a view to bringing into limelight what has caused the slow pace of economic development in the local government over the years. In recent times many studies have been carried out as a result of the worry over the developmental challenges in local governments of Ebonyi state but little has been done on examining the effect of local government budgeting on economic development in the lower level of government. This study is a response in that regard.

Research Questions

The following research questions guided the study:

1. To what extent has budget formulation enhanced provision of quality feeder roads at local government level in Ebonyi state?
2. To what extent has the effect of budget authorization improve procurement of health facilities to engender quality healthcare to the people at the local governments of Ebonyi state?

3. To what extent has the effect of budget implementation enhance employment generation for improvement on the living standard of people in the local government of Ebonyi state?
4. To what extent has the effect of budget monitoring improve standard education in the local government of Ebonyi state?

Objective of the study

The general objective of the study was to investigate the effects of budgeting on the economic development in local government of Ebonyi state. The study specifically sought to:

1. Verify the extent effect of budget formulation has enhanced provision of quality feeder road at the local government of Ebonyi state.
2. To examine the extent effect of budget authorization has improved procurement of health

facilities to improve quality healthcare to the people at the local government of Ebonyi state.

3. To find out the extent effect of budget implementation has enhanced employment generation for improvement of living standard of the people at local government of Ebonyi state.
4. To determine the extent effect of budget monitoring has improved quality education in the local government of Ebonyi state.

Hypothesis

The following null hypotheses were tested at 0.05 level of significance:

1. Budget formulation has not enhanced provision of quality feeder road significantly at the local government of Ebonyi state.
2. Budget authorization has not improve procurement of health facilities significantly in local government of Ebonyi state

3. Budget implementation has not enhanced employment generation significantly in the local government of Ebonyi state.
4. Budget monitoring has not improved standard of education significantly in the local government of Ebonyi state.

METHODOLOGY

This study employed descriptive survey research design. Six local governments were selected out of the thirteen (13) local government of the state. The selection of these local government was based on the fact that they are the largest populated local government in their various senatorial zone of the state [5]. That is, two local government each from the three senatorial zones of the state. The local chiefs and their cabinets, and the town union executives who are adjudged the mouth piece of the rural dwellers serves as the Beneficiaries of Local Government Economic Development Services, and the Local Government Staff on the areas of finance and health were the respondents. By

this, Beneficiaries of Local Government Economic Development Services (BLGEDS) 270 and Local Government Staff (LGS) 3,223. The total population therefore was 3493. The sample size for the study was determined using Taro Yamame formula, also stratified random sampling procedure was used to determine the sample for BLGEDS (27) and LGS (322). The instrument received face validation from experts in the fields of Public Administration and reliability was established using Cronbach's Alpha which yielded 0.638 reliability cooefficient. Mean (\bar{x}) and Standard Deviation (SD) were used for data analysis while t-test of difference was used to analyze the data collected.

RESULTS

Table 1 Mean statistics of the respondents on the extent budget formulation has improved provision of feeder roads in local government of Ebonyi state.

S/n	Items	BLGEDS N=27			LGS N=322		
		\bar{X}	S.D	Remark	\bar{X}	S.D	Remark
1	Construction of culverts/bridges to link potential roads of therural communities.	1.486	0.803	LE	1.611	0.691	LE
2	Regular maintenance of roads.	1.432	0.554	LE	1.526	0.574	LE
3	Ensuring drainage to avoid erosion.	1.973	0.799	LE	1.799	0.744	LE
4	Grading of rural roads in the rural communities.	1.513	0.768	LE	1.560	0.634	LE
5	Correcting of chaotic junctions for easy traffic.	1.865	0.855	LE	1.933	0.813	LE
Total Mean/S.D		8.269	11.78	3.011	8.429	3.456	
Grand Mean/S.D		1.653	1.68	0.602	1.686	0.691	LE

Note: 0.01-1.00= Very Low Extent (VLE); 1.01-2.00=Low Extent (LE); 2.01-3.00=Undecided (U); 3.01-4.0= High Extent (HE); 4.01- 5.00 Very High Extent (VHE).Note also that: Beneficiaries of Local Government Economic Development Services is abbreviated "BLGEDS" while Local Government Staff is abbreviated "LGS".Result on table 1 showed that budget formulation has to a low extent improved provision of quality

feeder road at the local government of Ebonyi state. This is because the grand mean of the two groups stood at 1.653 and 1.686 whereas the standard deviation (SD) indicated 0.602 and 0.691 respectively. This implies that budget formulation has not significantly improved provision of quality feeder road at the local government of Ebonyi state.

Table 2: Mean statistics of the respondents on the extent budget authorization has enhanced healthcare services in the local government of Ebonyi state.

S/n	Items	BLGEDS N=27			LGS N=322		
		\bar{X}	S.D	Remark	\bar{X}	S.D	Remark
6	Building new health centers and renovating the dilapidated ones for proximity and accessibility of healthcare by rural dwellers across all	1.783	0.916	LE	1.623	0.757	LE

the communities in the local government system.

7	Provision of adequate laboratory to the health centers to reduce the rural dwellers going to the cities before accessing the services.	1.702	0.617	LE	1.724	0.737	LE
8	Provision of adequate drugs to the health centers to avoid patients going to the chemists constantly.	1.891	0.698	LE	1.883	0.640	LE
9	Recruitment of adequate qualified health workers to manage patients at the various health centers.	2.135	1.134	LE	1.841	0.896	LE
10	Mobilization of health workers regularly to carry out health education for reduction of maternal mortality caused by reluctance in going to hospitals for delivery.	1.783	0.886	LE	1.700	0.833	LE
Total Mean/S.D		92.94	4.25		8.771	3.863	
Grand Mean/S.D		1.86	0.850	LE	1.754	0.773	LE

Note: 0.01-1.00= Very Low Extent (VLE); 1.01-2.00=Low Extent (LE); 2.01-3.00=Undecided (U); 3.01-4.0= High Extent (HE); 4.01- 5.00 Very High Extent (VHE). Note also that: Beneficiaries of Local Government Economic Development Services is abbreviated "BLGEDS" while Local Government Staff is abbreviated "LGS".Result on table 2 showed that budget authorization has to a low extent enhanced provision of

health facilities for improved healthcare services at the local government of Ebonyi state. This is because the grand mean of the two groups recorded 1.86 and 1.754 whereas the standard deviation (SD) indicated 0.850 and 0.773 respectively. This implies that budget authorization has not significantly enhanced procurement of health facilities for quality health care services at the local government of Ebonyi state.

Table 3 Mean statistics of the respondents on the extent effects of budget implementation has improved employment generation in rural communities of Ebonyi state.

S/n	Items	BLGEDS N=37			POSLG N=327		
		\bar{X}	S.D	Remark	\bar{X}	S.D	Remark
11	Creating enabling environment such as provision of electricity in the rural areas for more artisans to emerge	1.486	0.803	LE	1.611	0.691	LE
12	Sponsoring of youths to learn modern agricultural mechanism thereby creating job for them.	1.432	0.554	LE	1.526	0.574	LE
13	Employing more people in different areas in the public service to reduce unemployment rate.	1.973	0.799	LE	1.799	0.744	LE
14	Vocational training through skills acquisition in areas of tailoring, barbing saloon and shoe making and equipping	1.513	0.768	LE	1.560	0.634	LE

the trained with the needed facilities for take-off.

15	Giving soft loans to enable people at the rural areas engage in small scale industries as means of employment.	1.865	0.855	LE	1.933	0.813	LE
Total Mean/S.D		8.269	3.779		8.429	3.456	
Grand Mean/S.D		1.650	0.755	LE	1.686	0.691	LE

Note: 0.01-1.00= Very Low Extent (VLE); 1.01-2.00=Low Extent (LE); 2.01-3.00=Undecided (U); 3.01-4.0= High Extent (HE); 4.01- 5.00 Very High Extent (VHE).

Note also that: Beneficiaries of Local Government Economic Development Services is abbreviated "BLGEDS" while Local Government Staff is abbreviated "LGS".Result on table 3 showed that budget implementation has to a low extent engendered employment generation for improvement on the living standard of people in the local government of Ebonyi state. The grand

mean from the two groups showed 1.650 and 1.686 and the standard deviation (SD) indicated 0.755 and 0.691 respectively. This indicated that budget implementation has not significantly improved employment generation for quality life of the people at the local government of Ebonyi state.

Table 4: Mean statistics of the respondents on the extent of budget monitoring has improved quality education in the local government of Ebonyi state

S/n	Items	BLGEDS N=27			LGS N=322		
		\bar{X}	S.D	Remark	\bar{X}	S.D	Remark
16	Building of more classroom blocs and renovating the dilapidated ones to accommodate the students.	1.864	1.127	LE	1.767	0.966	LE
17	Provision of adequate laboratory equipments.	1.540	0.691	LE	1.590	0.711	LE
18	Training of teachers constantly to ensure effectiveness.	1.810	1.174	LE	1.914	1.184	LE
19	Provision/quipping of adequate libraries with current books.	1.702	0.877	LE	1.642	0.761	LE
20	Effective school supervision to ensure effective teaching and learning.	1.891	1.048	LE	1.984	0.976	LE
Total Mean/S.D		8.807	4.917		8.897	4.598	
Grand Mean/S.D		1.761	0.983	LE	1.779	0.919	LE

Note: 0.01-1.00= Very Low Extent (VLE); 1.01-2.00=Low Extent (LE); 2.01-3.00=Undecided (U); 3.01-4.0= High Extent (HE); 4.01- 5.00 Very High Extent (VHE).

Note also that: Beneficiaries of Local Government Economic Development Services is abbreviated "BLGEDS" while

Local Government Staff is abbreviated "LGS". Result on table 4 showed that budget monitoring has to a low extent

improved quality education at the local government of Ebonyi state. The grand mean of the two groups recorded 1.761 and 1.779 whereas the standard deviation (SD) indicated 0.983 and 0.779

respectively. This implies that budget monitoring has not significantly improved quality education at the local government of Ebonyi state.

Findings of the study

The findings of the study indicated that:

1. Budget formulation has not significantly enhanced provision of quality feeder road at the local government of Ebonyi state.
2. Budget authorization has not significantly improved procurement of health facilities for quality healthcare services at the local government of Ebonyi state.
3. Budget implementation has not enhanced employment generation for improvement on the living standard of people at the local government of Ebonyi state.
4. Budget monitoring has not significantly improved standard of education at the local government of Ebonyi state.

CONCLUSION

Economic development is one of the major reasons for the creation of local government. It becomes imperative that the lives of the people at the grassroot will be touched through the activities of the local government system. This cannot be achieved without proper attention on the budgetary processes that lead to the achievement of economic development. This is because, if budget is handled haphazardly, or down played, it will have serious negative effect on economic development. To achieve economic development at the local government level, the processes of budgeting must

be seriously adhered to. This equally demands that during monitoring stage, people of impeccable character should be involved to minimize the level of corrupt activities that usually play at this level. The result from this study indicated that all the budgetary processes have not significantly improved on the economic development at the local government in Ebonyi state. This is a pointer to the local government stakeholders on waking up to their responsibilities for substantial economic development at the local government of Ebonyi state.

RECOMMENDATIONS

Based on the findings of the study, the following recommendations were made:

1. Budget formulation should be in line with the guidelines of the constitutional provision. This is a good step towards securing enough funds for provision of quality feeder roads at the local government.
2. Budget should consist of all the most pressing issues such as procurement of health facilities and made to accommodate all the rural communities. This will facilitate approval by majority of the councilors who authorize the annual estimate.
3. Budget should be implemented to the best standard and ensure that sensitive aspect of economic wellbeing of the people like employment generation programme secured.
4. The monitoring process requires both site and document views to ascertain the standard of the work and level of documentation of all papers pertaining to the project and programmes such as activities that provide quality education. Government will achieve this by mapping out the best way of proper monitoring of projects and programme and people of reputable character appointed so as to minimize corrupt practices of project supervisors who go there for selfish gain.

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