

Issues Surrounding Socio-Economic Development in the Local Government Areas in Nigeria: A Focus on Financial Budgeting

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Abstract:

Developing nations are in dire need for socio-economic growth and development and this desired growth is determined by the economic structure, the political economy and the amount of strategic development plan with purposeful resolve of the National, State and Local governments. More so, development being a long-term, medium-term and sufficiently complemented by short-term plan/ or financial budgeting is paramount to the socio-economic advancement of every nation. Hence, the study examines issues surrounding socio-economic development in local government areas in Nigeria . It is the focus of this study to critically dissect the pivotal role of budgets in local government administration as a socio-economic development strategy of the Nigerian State. The lack of political will and lopsided political structure were found as explanations for the lack of socio-economic development at the local government level. Nigeria, being an independent country is standing on tripod government structure which necessitates the need for the federal, state and local governments to harness resources and efforts to restructure as well as diversify the Nigerian economy. The study also recommends that, local governments should enjoy financial autonomy to enable them participate in building the economy through the initiation and execution of developmental programmes for the local population.

Keywords:

economic structure; socio-economic development; financial budgeting; local governments; Nigeria

I. Introduction

Economic growth and development work in a continuum which presupposes an unending process of growing and developing an economy. That is why socio-economic development is a recurring desire of every nation. The clamour for socio-economic growth demands that governments should develop the capability to provide it or face increasing social unrest and anarchy. People who are left in socio-economic development and marginalised, miserable, poor, hungry and angry are making their demands felt for remaking or restructuring the world or their national economies and integrating them into the mainstream of their national system of things (Moruku, 2018). It's evident across nations of the world that demands for inclusive national government are fueling unrest and wars in Afghanistan, Central Africa Republic, Libya, South Sudan, Syria, Yemen and Nigeria (McNeese, 2005). The prevailing unrest and agitations by the component nationalities in Nigeria is a pointer to a failed system and polity. The relentless unrest reverberating across nations of the world is caused by the cravings of men for equality, fair representation in a plural State and good governance. Appadorai (2004) defines it thus, ' the most general cause of revolutionary movements is the craving of men for equality and their best preventive, the principle of the mean!.

It has been suggested that 'there cannot be development without peace', but it is also evident that there may not or cannot be peace without development. It is equally evident, from around the world, that people who are to die by themselves (such as suicide bombers) do not fear death from others. The ongoing anarchy is a reaction to the deafness of the oligarchic, powerful and influential ruling elites to the terrible plight of the deprived. Military solutions are attempts to intimidate and silence the vociferous voices of protesters (Morukr, 2018). The 2020 EndSARs Protesters against police brutality and bad government and the massacre at Lekki Tollgate, in Lagos, Nigeria, is a recent indication of bad political, economic and structures. Their success in silencing protesters may be temporary. Those who do not hear whispers invite communication by deafening shouts. It is on this note that, Adam Smith said "no society can surely be flourishing and happy, of which by far the greater part of the numbers are poor and miserable"(Hellbroner, 1999:60).

Government intervention in the economic activities of a state is regarded as strategic planning. A deliberate scheme towards realizing a pre-determined public objective by a major development plan or budget (Jhingan,2003:1113). Planning or budgeting for economic development buttresses an external direction of all economic affairs by the national government. It has been argued that the rationale for planning and/ or budgeting is to improve and strengthen the market mechanisms in a country. Abdullahi (2011) agrees that, national budgeting is a legitimate instrument for managing growth and development of a state. It specifies ways and means of allocating scarce resources and providing basic socio-economic projects, programmes and services for the people. Government also embarks on planning and making critical national decisions to remove problem of massive unemployment, curtail issues of insecurity and associated vices as major characteristics of most underdeveloped nations of the world (Jhingan, 2003: 10773-11151).

Economic growth and development are affected by economic and non- economic factors. Such economic factors include; natural resources, capital accumulation, organisation, technologies, structural changes, etc, while, the non-economic factors are social attitudes, values and institutions, human population, political and administrative structure (Jhingan, 2003). Economic growth (or development of the third world economies) is one of the four macro-economic goals (others are full employment, price stability and healthy balance of payments) of an independent state (Anyanwu and Oaikhenan, 1995:405). Scholars have agreed on the relationship and contrast between economic growth and development, however, this study did not intend to pursue the academic semantics between these concepts. Kindleberger and Herrick (1977 as cited in Anyanwu and Oaikhenan, 1995) define economic development to embrace improvement in material welfare, eradication of poverty, illiteracy, diseases, early mortality and a favourable shift in the structure of production.

II. Review of Literature

2.1 The Nigerian Economy

The country generates the bulk of its revenue from primary sector activities, mainly from petroleum and gas. Other activities in the primary sector are dead or dying. For example, almost all the rice consumed in Nigeria are (were) imported from Thailand; the groundnut pyramids of Kano, the cotton bales, natural rubber and cocoa along with fiscal federalism have disappeared since the discovery of petroleum in the deprived Niger Delta in 1967.

The secondary sector activities are in coma. Nigeria missed industrialization and its import-substitution industrialization was a huge failure. It lost most of the state- owned public

enterprises to privatization during SAP regime of the 1980s. Subsequent political administrations were bent on finishing off or completing what was left of this unfortunate project of de-industrialization by estrangement of public assets. The Nigerian National Petroleum Corporation (NNPC) and other "loss - making" or non- performing petroleum refineries are being put on sale to greedy capitalists (Nigerians and all). For example, our petroleum and petrochemical companies are in limbo. Crude petroleum is needlessly exported to earn foreign exchange and import foreign- refined petroleum products, which creates jobs or employments in the processing and refining countries. The importers (major oil marketers) were paid subsidy for importing these products. Some re- import the imported products by merely taking them to the mid- sea and returned to landing jetties and claim import subsidies. As the dust off the subsidy crisis settled, Nigerians saw the thieves behind the episode. It is unmasking the veil of incorporation where directors seem to abuse the object of the company.

So, the Nigerian economy is mono-cultural in structure (Ekuerhare, 1997; Cole, 2015 :352) and vulnerable to shocks and after- shocks of seismic activities in the international oil market (Osadume and Edih, 2020). The monoculture, resultant vulnerability and price- shocks have fed the current recession (Cole, 2015; Osadume and Edih, 2020). Blaming it on the present or past political regimes suggest unfortunate misinformation. It was neither caused by President MohammaduBuhari (or the APC government) nor by ex-President GoodluckEbele Jonathan (or PDP government). It was caused by the groggy structure of the Nigerian economy. Only in this respect would they be blamed for their failure to transform the economy. Even the 'Delta Beyond Oil' programme of the Uduaghan administration (former governor of Delta State, 2007-2015) has emerged to be a non-starter and those ubiquitous signposts that promoted it have been from the streets in the pitch of darkness of the night. This ' Delta Beyond Oil' programme represents aspirations and pretension to orchestrate socio- economic development of Delta State (one among the 36 States in Nigeria). Along with this are the National Poverty Eradication Programme (NAPEP), People's Bank of Nigeria (PBN, compared it with the Grameen Bank of Bangladesh), Better Life for Women, Family Support Programme (FSP), Directorate of Foods Roads and Rural Infrastructure (DFRRI), National Agricultural Land Development Agency (NALDA), etc, are all exercises in futility, in aspirations and pretension.

The structure of the Nigerian economy, on paper, reflects a migration from no where to the tertiary sector activities. The medium- term implementation plan (2010-3013) of Vision 20:20:20 portrays an emphasis on education, human capital development, information and communication technology (ICT), and entrepreneurship. Of course, the education industry is booming with the commercialization and privatization of education at all levels resulting to education capitalism. This is in line with the economic structure of most economies of the world. In reality, the value-added content of education is very dilute (Moruku, 2013). It can be concluded that Nigeria economy is still stranded in primary sector activities.

2.2 Financial Budgeting Strategy in Socio-Economic Development

A budget has been defined as plan in financial (quantitative) terms. Its role in socio-economic development can be inferred from the observation of Carlson that the destiny of business enterprise, industry, community, or nation is directed by the thinking and planning by the men who govern it affairs (Carlson, 1982 as cited in Moruku, 2018). The process of developing a plan is called planning. Thus, planning is plotting the use of our time, resources and effort toward the realization of what we want to accomplish. Wanting (political will) is the motive force that propels our planning and bridges the gap between where we are now and where we want to be or foreseeing our desired objectives. Budgets can be expressed as short-term, medium- term and long- term financial plan.

It is more useful in the present context to see a long- term financial budget as a strategic tool and an annual financial budget as a tactical tool for implementing a development strategy. It embodies the development of resources and emphasis in the development process. A medium- term financial plan (MTFP) or long-term financial plan (LTFP) is a financial budget. It is a blue print for development in the sense that it identifies the sources of income and desired development projects or programmes and states how the income will be spent in financing the development projects. The Nigerian Vision 20:20:20 is an example of a long-term plan with accompanying budget. The annual budget is a short-term financial plan. Thus, in all countries, the national budget is viewed seriously, scrutinized, debated and passed as a law (as Financial and Appropriation Act of Parliament) (being provided for in the 1999 Nigerian Constitution) before its implementation. Without the approval of the budget, funds cannot be released and economic activities may grind to screeching halt. However, to avoid this extreme halt position of economic activities, the 1999 Constitution of Nigeria (as amended) provided for a leeway for the release of funds in accordance to the previous year budget up to three months of the current fiscal year.

The question is how do the people fare in the budget process? First and foremost, the agitations by the Nigerian people at several fora showed that the state has failed to create development-producing budgets. The usual culprits are implementation failures, ingenious corruption, abandoned projects, lack of political will to develop. That is why Nigeria is consistently underdeveloped despite vast endowment of resources (Edih, Okuoyibo & Nyanayon, 2022).

III. Discussion

Role of Local Governments in Building the Nigerian Economy

Nigeria, as an independent country is standing on tripod government structure, namely, the Federal government, the State government and the Local government. The Black's Law Dictionary defines local government as the government of a particular locality, such as a city or a country; governing body at a lower level than the State government. In similar vein, the United Nations division of Public Administration, considers local government as a political subdivision of a nation or in a federal system, a State which is constituted by law and has substantial control of local affairs, including the power to impose taxes or exact labour for prescribed purposes (McKenzie, 1964 as cited in Nasiru, Beatrice, Lillian and Emmanuel, 2021). The mandate or notion of local government system as conceived and constitutionally provided for in Nigeria is in line with the perception of the United Nations. Unfortunately, local government councils in Nigeria operate in theory because they lacked the political will, competent manpower and financial resources to actualise their core mandate for grassroot development.

In Nasiru, et al., (2021) and with respect to the Constitution of the Federal Republic of Nigeria, 1999, emphatically, section 7, subsection 1, recognize the existence of local government in Nigeria. It provides thus, ' the system of local government by democratically elected government council is under this Constitution guaranteed and accordingly, the government of every State shall, subject to section 8 of the Constitution ensure their existence under a law which provides for the establishment, structure, composition, finance and functions of such councils. The first problem to encounter in this provision is that, local government councils are subjected to the dictates and control by the State governments in Nigeria. The state has to recognize their existence under a state law enacted by the State House of Assembly and assented to by the Governor. Rhetorically, what will be the fate of local government areas not recognize by state law? The supposed response is, there will be no

grass-root development and if there is government at all, it will be a jamboree and a charade of governance. It is on record that since the new democratic dispensation, 1998/99-2022(a period approximating 23 years), Anambra state has not conducted local government elections. Just imagine the flagrant abuse of the Constitution. The saying 'He who blows the pipe dictates the tune' is a practical reality in local government administration in Nigeria.

Essentially, local governments in Nigeria are regarded as third tier of government saddled with the primary responsibility for grass root development (Edih, 2020). Local governments play crucial roles in ensuring effective and efficient provision of public goods to rural population. Most especially, they are created to facilitate socio-economic development of the grass-root (Amah & Okechukwu, 2019; Agba, Akwara & Idu, 2013). They are also regarded as path to national integration, growth and development (Arowolo, 2008 as cited in Amah & Okechukwu, 2019). Rural development is a holistic concept, complex and interrelated with severally connected variables such as economic, social, cultural, political and technological parameters. The ambit of development therefore includes, generation of new employment, more equitable access to arable land, equitable distribution of income, improvement in health care system, nutrition and housing, creation of incentives and opportunities (Amah & Okechukwu, 2019). However, the state of growth and development in the rural areas is grim and sordid. This has led to poor agricultural productivity, gross infrastructural deficit, rapid population increase, unemployment, dearth of social amenities and dehumanizing rural poverty, hunger and environmental degradation. Indeed, rural populace is experiencing abject starvation and wants (Ekpe, 2006). If the local government is ideally 'a government' not a mere political appellation as it currently operates, then it should be allowed to function as a government. In that case, measures such fiscal and physical responsibilities have to be taken seriously by local administrators to correct the imbalance in the economic structure at their local jurisdictions.

Local governments prepare annual budgets like her counter-parts, the federal and state governments. What is expected of the federal or state governments is also demanded of the local governments. Local governments in Nigeria perform such local functions as spelt out in the Constitution, (fourth schedule) divided into two broad categories namely, main functions as well as participatory functions. The main functions are; consideration and making recommendations to the state commission on economic planning, collect rates, radio and television licenses, control and regulated shops and kiosks, outdoor advertising and hoarding etc while the participatory functions include; providing and maintaining primary, adult and vocational education, develop agricultural and natural resources, provide and maintain health services and others that may be conferred by the House of Assembly of the States.

These functions, whether main or participatory functions are carried out by the local government according to plan (budget) prepared by the executive arm and passed or approved by local legislative arm. Every budget is implemented on the basis of available revenues from federal and state allocations as well as internally generated revenues (IGRs). One of the challenges faced by the local councils is issue State and Local government joint account. The 1999 Constitution provided for a Joint Account between state and local governments. It is a provision seen as a clog in the wheels of progress and development of the local environment. Hence, the 774 local government areas in Nigeria are clamouring for local government autonomy. Without this desired financial autonomy, the realization of the socio-economic development of the local environment would be elusive and continually remain a mirage. Another challenge is that, Local governments in Nigeria are just like salary paying centres. The Executives (local government's chairmen) that control the local administration are appointees of the State Governor. That means, the import of a democratically elected government

according to section 7 of the Nigerian Constitution, 1999 (as amended) has been defeated by the current political structure in the country.



Figure 1. Nigeria Map Showing the 774 Local Government Areas

Based on these happenings, budget preparation by the executive arm and eventual passage by the legislative arm and subsequent implementation by the executive arm is a mere routine without meaningful purpose. The letter and spirit of the 1999 Constitution of Nigeria that recognize the local government as the third-tier and as a democratically constituted government with respect to the importance of budgets in the socio-economic development of the local people and environment has been grossly undermined by successive governments in the past 23 years of democratic experiment. This study therefore supports the justified clamour for 'local government autonomy'. Otherwise, the creation of local governments in Nigeria is another pretension orchestrated by the federal and state governments, nicknamed, 'a creation of the Military Junta'.

IV. Conclusion

This study examined issues surrounding socio-economic development in local government areas in Nigeria. It was observed that socio-economic underdevelopment, marginalization and their consequences inspired the search for ways to evolve socio-economic development in Nigeria. It was also identified that measures such as structural transformation of the economy and financial budgeting were explored in support of socio-economic development. The study found that the Nigerian economy suffers from structural defects because the supporting budgeting practice was weak. It was equally revealed that lack of political will was an explanation for the poor and sober state of things manifesting as want, hunger, destitution, unemployment, wonton destruction of lives and properties in the country.

These observations suggest a curious declaration of aspirations to map out a socio-economic development for Nigeria through an organised and politically empowered local government structure not a manifest pretension and deceptive third-tier government system we are have at the moment. Based on the foregoing, this study concludes that, the reason for creating of local governments in Nigeria has remained elusive and may be practically unrealizable if concrete steps are not taken.

Consequently, the study suggests that;

(1) Local governments in Nigeria should be granted their constitutional and local financial autonomy by abrogating state and local government joint account so that they can make realistic budgets and implement same. This would empower local governments to judiciously manage their financial resources gotten from federal allocations and internally generated revenues (IGRs). As a government, local governments should be permitted to secure foreign loans for productive investments at the local environment and territorial jurisdiction.

(2) The Nigerian government should ensure that competent persons are elected into position of governing the local government areas through a democratic process since mere selection of chairmen and legislators have failed in the delivery of democratic dividends to the people at the grassroot. More so, it is unconstitutional to appoint or select administrators of the local government councils.

(3) Since Nigeria operates a tripod government structure, the Federal, State and Local governments should harness human and financial resources and also make conscious efforts to restructure as well as diversify the Nigerian economy. This measure will create opportunities for investors, investments and employment for the jobless army in the country. It will also serve as measure of reducing capital flight through massive production from agricultural and manufacturing sectors and curtail the brain drain curse.

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