

Assessing the Level of Utilisation of Sources of Financing in the FCT Area Councils, Abuja

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Abstract

Rural development is imperative and a *sin-qua-non* for the overall development of a Nation. On this premise, this paper assesses the extent of the utilization of the available sources of financing in three Area Councils (ACs) (Abaji, Bwari and Gwagwalada) of the FCT, Abuja in relation to their performance. The level of utilization of the financing sources by the Area Councils was particularly examined based on the perception of the respondents on the following statements: ACs utilize all the financing sources in their domains; Much of ACs finances are not utilized for rural development; Rural development is not a priority of the ACs; Some sources are not utilized because they yield low returns; Some are not utilized because they are not viable; and, Some are not enforceable. The study is anchored on mobilization and integrated rural development theories. It adopted survey research design, and employed both primary and secondary sources of data. The primary sources include the administration of questionnaire to 274 respondents and field observation, while, the secondary data was sourced from the records of the selected Area councils (2009-2013), books and periodicals among others. The primary data was analyzed with the help of Ms Excel and SPSS software; Kruskal-Wallis H-test statistics was used to test the hypothesis. Findings of the study reveals that, the Area Councils do not utilize the available sources of their financing effectively owing to lack of financial autonomy and capacity to explore, low yield from some sources, poor state of development of their vast lands/districts, corruption, misappropriation and misapplication of finances. The study recommends for the provision of basic infrastructures in the new districts; review of revenue tariff to reflect current realities; and the amendment of the 1999 constitution for direct allocation to LGs among others.

Keywords: Local Government, Financing Sources, Effective Utilisation, Development, Rural Development.

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Introduction

The institution of local government system in Nigeria was to offer a basis for the provision and extension of socio-economic and other developmental services to the grassroots. To this end, the fourth schedule of the 1999 constitution of the Federal Republic of Nigeria (FRN) as amended, allocated some functions to local governments (LGs) to ensure that the services reach every nook and cranny of rural areas all over the country. Section 7(6) of the constitution provides that “the National Assembly shall make provisions of statutory allocations of public revenue to local government councils in the federation, and the Houses of Assembly of states shall make provisions for statutory allocation of public revenue to local government councils within the state” (FRN, 1999). The expediency for the creation of local government anywhere in the world stems from the need to facilitate development at the grassroots. Local government does this effectively, through the mobilisation and utilisation of both human and other resources for the execution of its activities. The importance of local government is a function of its ability to generate sense of belongingness, safety and satisfaction among its populace. Local government has been essentially regarded as the path to, and guarantor of, national integration, administration and development (Aghayere, 2008). Local government administration in Nigeria has come of age, not because of its efficiency and effectiveness, but primarily because of its longevity and resilience of its relevance in the administration of the country towards national development. The reason being that, no nation can really boast of having achieved development if a large percentage of her rural inhabitants are wallowing in abject poverty, want and socio-economically backward. The key to this mode of growth lies in rural development since up to 80% of Nigerian reside in rural areas (FOS, 1999; Dike, 2006), it is therefore appropriate that effective and efficient local administration will aggressively and invariably engender rural development. Local government financing, is therefore, one of the most important factors in attaining the overall objectives for development in a Country. It is because, most policy becomes operational only when financial allocations are made for their execution, and finance is a leading factor in the process of economic growth (Obiagbaoso, 1996; Demetriades and Hussein, 1996). Thus, the issue of local government financing is fundamental to the debate on local democracy, good governance and effective service delivery at the grassroots. The 1976 local government reforms and decree of 1989, 1990 and 1992 intended to operationalize the third tier status of local government in Nigeria, thereby, granting it autonomy, powers and functions as well as increase their revenues (Akhakpe et al, 2012).

The functions allocated to the local government councils include:

- a. The consideration and the making of recommendations to a state commission on economic planning or any similar body on- i) The economic development of the state, particularly in so far as the areas of

- authority of the council and of the state are affected, and ii) Proposals made by the said commission or body;
- b. Collection of rates, radio and television licences;
 - c. Establishment and maintenance of cemeteries, burial grounds and homes for the destitutes or infirm;
 - d. Licensing of bicycles, trucks (other than mechanically propelled trucks) canoes, wheel barrows and carts;
 - e. Establishment, maintenance and regulation of slaughter houses, slaughter slabs, markets and motor parks;
 - f. Construction and maintenance of roads, streets, street lightings, drains and other public highways, parks, gardens, open spaces, or such public facilities as may be prescribed from time to time by the House of Assembly of a state;
 - g. Naming of roads, streets and numbering of houses;
 - h. Provision and maintenance of public conveniences, sewage and refuse disposal;
 - i. Registration of all births, deaths and marriages;
 - j. Assessment of privately owned houses or tenements for the purpose of levying such rates as may be prescribed by the House of Assembly of a state; and
 - k. Control and regulation of
 - i. Out-door advertising and hoarding,
 - ii. Movement and keeping of pets of all description,
 - iii. Shops and kiosks,
 - iv. Restaurants, bakeries and other places for sale of food to the public,
 - v. Laundries and Licensing, regulation and control of the sale of liquor.

Also, the functions of a local government council shall include participation of such council in the Government of a state as regards the following:

- a. The provision and maintenance of primary, adult and vocational education;
- b. The development of agriculture and natural resources, other than the exploitation of minerals;
- c. The provision and maintenance of health services, and

Such other functions as may be conferred on a local government council by the House of Assembly of the State (FRN, 1999).

However, in spite of the greater autonomy, powers and functions to local governments, they still have a long way to go towards the satisfactory performance of their functions in many areas (Onah, 1995). The above declaration is in consonant with the present state of affairs in the local government system in Nigeria. Local governments have wide range of financing sources; from external to internally generated ones that they could utilize to achieve development, yet there is no corresponding proof on the ground to show for the abundant resources. Local governments have vast opportunities to increase their financial standing and hence autonomy through aggressive financial mobilization. But they hardly do, especially as they shy away from the collection of personal income tax from the citizenry and tenement rates for political reasons.

Structurally, Nigerian local governments encounter some kinds of inferior recognition by the Federal and State governments (Imhanlahimi and Ikeanyibe, 2009). Thus, in spite of the legal and constitutional provisions, FCT Area Councils (LGs) do have conflicts with the FCT authority in tapping from some financing sources. These belittling attitudinal relationships actually, to an extent, erode local governments' autonomy and capacity. Hard-earned and limited resources accrued to and raised by local government are always mismanaged and misappropriated. The need for rural development, calls for a renew interest in the area of utilization of local government financing sources, as the ways their monies are being spent seems not to yield the desired result. The monies available to local governments were not judiciously spent on the provision of basic needs that can effectively improve people's living standards. Cases abound where public money were wasted by the local government councils in building stadia in very remote areas (Ovaga, 2009), and gigantic motor parks, such as Dobi motor park in Gwagwalada Area Council, Abuja where the people do not have sufficient drinking water and good roads is a case in point.

According to Mackenzie (1954) and Ola (1988), local government exists to provide services to the teeming population under its domain, and must be judged by its success in providing the services. And, Adedeji (1969) asserted that, the success and the effectiveness of local government depend largely on the financial resources available to the individual local authorities, and the way these resources are utilized. The local governments are expected to harness all the available resources in their custody to enable them achieve their objectives. But, considering their state of affairs in Nigeria, one is constrained to ask if all the resources available to them are being effectively mobilized and utilized for the benefit of the rural communities, they are expected to cater for? In other words, the decline in the provision of basic amenities for the upliftment of the rural environment might be due to wrong mobilisation and utilization of their available financial resources. It is in view of the above assertions that this paper seeks to find out how local governments in FCT, Abuja have been effectively utilizing their available financing sources in providing the required social services and other developmental needs for the teeming rural populace. Specifically, the study assesses the extent in which the available financing sources are utilized by the

Area Councils for development.

Conceptual clarification

Local government has been conceptualised differently by different people across the globe. It is defined by the 1976 Nigeria LG reforms document 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 so as to compliment the activities of the state and federal government in their areas and to ensure, through devolution of functions to their councils and through 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 in order 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 caretaker committees system over elected councils against extant democratic principles (Otinche, 2014; Sarka, 2016). These blatant abuses have implications for the 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 area or country. 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 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 conceptualised embraces the total development of man and his environment in all ramifications in an area on sustainable basis. This is better done through governmental autonomy, which the LGs handle at the grassroots or rural setting.

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 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 livelihood in rural areas. At a broader view, it can be seen as 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 in order 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 in order to give greater opportunity to the poorest segment of the rural population to meet their basic needs; diversification of 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 of revenue have been classified as follows:

- Head 1001: Taxes which include community, Development, Cattle and other Special Services (Electricity, Water, Night Guard, etc).
- Head 1002: Rates consist of Tenement Rate, Ground Rent, Federal and State Government Grants in Lieu of Tenement Rates.
- Head 1003: 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.
- Head 1004: Earnings from Commercial Undertakings. These sources generate revenue from Markets, Motor Parks, Shops, Abattoir/Slaughter Houses, Transport Services, etc.
- Head 1005: Rents on Local Government Property include Local Government Quarters, Buildings and Landed Property.
- Head 1006: Interest and Dividend payments are realized from vehicle and Bicycle/Motor cycle Advances, loans to other Local Governments, Staff Housing and Capital Market respectively.
- Head 1008: Miscellaneous consists of Mortuary Hearse and Cemetery, Recovery of losses, Unclaimed Deposits, and Overpayment in lieu of Registration Notices.

The external sources comprise statutory allocations from the federation account and state governments as well as Value Added Tax (VAT), grants and borrowing (FRN, 1999).

Theoretical Framework

We anchor the paper on mobilization and integrated rural development theories. The mobilization school of thought sees mobilization as the process of pooling together, harnessing, activating, actualizing and utilizing potential human and material resources for the purpose of development. It is a process whereby human beings are made aware of the resources at their disposal and also motivated and energized to collectively utilize such resources for the improvement of their spiritual and material well being (Obanure, 1988). The Agricultural Development Projects (ADPs) launched in 1972, Operation Feed the Nation (OFN) associated with Obasanjo's military regime in 1976 and the Green Revolution Programme of former President Shehu Shagari were based on this theory (Ganduje, 2020; Akhakpe et al, 2012). Integrated rural development theory is a multidimensional strategy for improving the quality of life of the rural people. It 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 mobilization and integrated rural development schools in this study is germane on the ground that, the LGs ought to effectively explore and utilise all their available financing resources to meet their developmental objectives.

Methodology

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

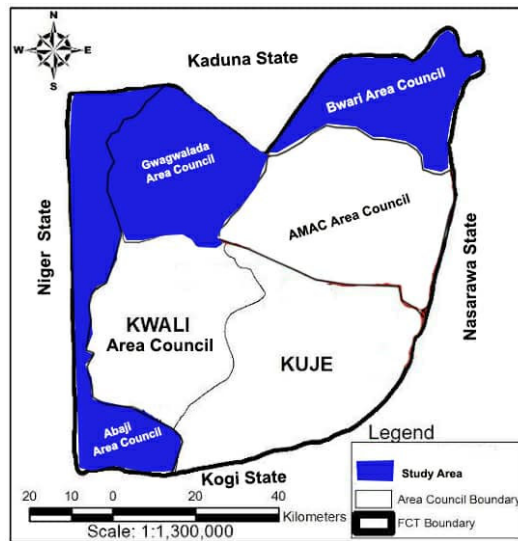


Figure1: Map of FCT showing the Area Councils
Source: Abuja Master Plan

The study adopted survey research design and used both primary and secondary data. Primary data was obtained by the administration of questionnaire to 274 respondents, 11% of the 2,487 study population. The questionnaire was drafted using five point scale of Rensis Likert format to elicit response on the extent in which the financing sources of the Area Councils were utilized. Secondary data was sourced from the concerned area councils' financial and general reports, budgets as well as other relevant literature.

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 selected 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 leaning. To achieve the study's objectives, a purposive sampling method was adopted in the three selected area councils, in recognition of the respondents' roles and knowledge in the subject matter. Moreover, the size of a sample is determined by a combination of technical issues as well as human and financial considerations (Obasi, 1999), and as declared by Nwana (1981), 'If the population is a few hundreds, a 40% or more sample will do; if many hundreds a 20% sample will do; if a few thousands a 10% sample will do; and if several thousands, a 5% or less sample will do'.

Table 2: Sample Frame

S/No.	Area Council	Management Staff	Community Leaders	Total	
				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 analysed descriptively with the aid of Ms Excel and 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 utilised to test for variation in opinions of the staff across the area councils. While, the time series data was subjected to content analysis accordingly. 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 Discussion

Demographic characteristics of the Respondents

Table 3: Educational Qualification of the Respondents

A/C	No Formal Educ.		Prim		SSCE/GCE		ND/NCE		B.Sc./HND		M.Sc./PhD	
	No. of resp.	%	No. of resp.	%	No. of resp.	%	No. of resp.	%	No. of resp.	%	No. of resp.	%
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 qualification 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 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	%
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. The indication from the table revealed majority, 72% have spent over 6years in their respective positions, while 28% spent between 1-5years. This means, the bulk of the information for this work came from the people who are experienced and have prolonged interaction with the system.

Utilization of available sources of Financing and Rural Development in Area Councils

The respondents were asked to indicate if the selected Area Councils Utilize all the financing sources in their domains, and their responses were presented in table 5.

Table 5: Opinion on Utilization of Available Sources of Financing in Area Councils.

Statement	Rating	Abaji		Bwari		G/lada		Mean	SD	COV
		No	%	No	%	No	%			
ACs utilize all the financing sources in their domains	SA	4	15.4	0	0	0	0	2.45	1.11	45.3
	A	3	11.5	5	18.5	6	24			
	U	2	7.7	2	7.4	3	12			
	D	14	53.8	15	55.6	12	48			
	SD	3	11.5	5	18.5	4	16			
	Total	26	100	27	100	25	100			
	Mean	2.65		2.26		2.44				
SD	1.3		0.98		1.04					
Much of ACs finances are not utilized for rural development	SA	4	15.4	1	3.7	2	7.7	3.25	1.15	35.38
	A	15	57.7	10	37	12	48.2			
	U	2	7.7	4	14.8	3	12			
	D	2	7.7	8	29.6	8	32			
	SD	3	11.5	4	14.8	0	0			
	Total	26	100	27	100	25	100			
	Mean	3.58		2.85		3.32				
SD	1.21		1.20		1.03					

Statement	Rating	Abaji		Bwari		G/lada		Mean	SD	COV
		No	%	No	%	No	%			
Rural development is not a priority of the ACs	SA	1	3.8	1	3.7	0	0	1.68	0.86	51.19
	A	1	3.8	0	0	1	4			
	U	1	3.8	1	3.7	0	0			
	D	11	42.3	12	44.4	12	48			
	SD	12	46.2	13	48.1	12	48			
	Total	26	100	27	100	25	100			
	Mean	1.77		1.67		1.60				
	SD	0.99		0.88		0.71				
Some sources are not utilized because they yield low returns	SA	4	15.4	3	11.1	6	24	3.36	1.24	36.90
	A	10	38.5	13	48.1	9	36			
	U	2	7.7	4	14.8	3	12			
	D	9	34.6	5	18.6	4	16			
	SD	1	3.8	2	7.4	3	12			
	Total	26	100	27	100	25	100			
	Mean	3.27		3.37		3.44				
	SD	1.22		1.15		1.36				
Some are not utilized because they are not viable	SA	1	3.8	2	7.4	2	8	3.09	1.20	38.83
	A	12	46.2	14	51.9	8	32			
	U	2	7.7	2	7.4	7	28			
	D	9	34.6	6	22.2	4	16			
	SD	2	7.7	3	11.1	4	16			
	Total	26	100	27	100	25	100			
	Mean	3.04		3.22		3.00				
	SD	1.15		1.22		1.22				
Some are not enforceable	SA	2	7.7	9	33.3	5	20	3.49	1.14	32.66
	A	13	50	8	29.6	8	32			
	U	2	7.7	6	22.2	6	24			
	D	8	30.8	3	11.1	5	20			
	SD	1	3.8	1	3.7	1	4			
	Total	26	100	27	100	25	100			
	Mean	3.27		3.78		3.44				
	SD	1.12		1.15		1.16				
TOTAL							2.89	1.12	38.75	

Source: Field Survey, 2015

Area Councils, like other LGs in Nigeria are supposed to utilise all the financing sources in their domains to achieve rural development. Findings from this study show that, 24.9%, 25.9% and 24% in Abaji, Bwari and Gwagwalada respectively agreed with the statement that Area Councils Utilize all the available sources of financing in their domain, while 65.3%, 74.1% and 64% in Abaji, Bwari and Gwagwalada respectively disagreed. And, about 7.7% in Abaji, 7.4% in Bwari and 24% in Gwagwalada Area Councils are not certain. This item has a mean score of 2.45, 1.11 of standard deviation (SD) and 45.3 coefficient of variation (COV), this implies that some of the sources of financing are not being utilised.

Much of the Area Councils' finances are not utilized for rural development. The respondents were asked to indicate whether much of the Area Councils' funds are utilize for rural development or not and their responses were presented in Table 5. Analysis of the responses show that, 73.1%, 40.7% and 55.9% in Abaji, Bwari and Gwagwalada respectively agreed with the statement, while 19.2%, 44.4% and 32% 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. This item has a mean score of 3.25 with a SD of 1.15 and COV of 35.38%, the implication of this is that it is true that much of the Area Councils' funds are not utilized for rural development.

Rural development is not a priority in the Area Councils. Results of the findings indicated that 7.6%, 3.7% and 4% in Abaji, Bwari and Gwagwalada respectively agreed with the statement, while 88.5%, 92.5% and 96% in Abaji, Bwari and Gwagwalada respectively disagreed. About 3.8% in Abaji, 3.7% in Bwari and 0% in

Gwagwalada Area Councils are not certain of it. This statement has a mean of 1.68, SD of 0.86 and COV of 51.2, this implies that the development of rural area is the major priority of the Area Councils.

Some sources of financing are not being utilized because they yield low returns. Peoples' responses show that 53.9%, 59.2% and 60% in Abaji, Bwari and Gwagwalada respectively agreed with the statement, while 38.4%, 26% and 28% in Abaji, Bwari and Gwagwalada respectively disagreed. And about 7.7% in Abaji, 14.8% in Bwari and 12% in Gwagwalada Area Councils are not certain of the statement. These responses have a mean of 3.36, SD of 1.24 and COV of 36.90, implying that, some sources of financing are not being utilized because they yield low return.

Some sources of financing are not being utilized because they are not viable. Peoples' responses show that 50%, 59.3% and 60% in Abaji, Bwari and Gwagwalada respectively agreed with the statement, while 32.3%, 33.3% and 32% in Abaji, Bwari and Gwagwalada respectively disagreed. About 7.7% in Abaji, 7.4% in Bwari and 28% in Gwagwalada Area Councils are not certain of the statement. These responses have an overall mean score of 3.09, SD of 1.2 and COV of 38.83%, this implies that it is true that some sources of financing are not being utilized because they are not viable.

Some sources of financing are not being enforced. Responses show that 57.7%, 62.9% and 52% in Abaji, Bwari and Gwagwalada respectively agreed with the statement, while 33.8%, 14.8% and 24% in Abaji, Bwari and Gwagwalada respectively disagreed. About 7.7% in Abaji, 22.2% in Bwari and 24% in Gwagwalada Area Councils are not certain of the statement. These responses have a mean of 3.49, SD of 1.14 and COV of 32.66, this implies that some sources of financing are not being enforced.

Hypothesis Testing

The data collected was subjected to Kruskal Wallis H-test to verify whether there is significant variation in the peoples' perception on the utilization of available sources of financing across the area councils.

Ho: There is no significant difference in the people perception on utilization of available sources of financing across the area councils.

Table 6: H-Test results of the hypothesis.

Group	Rank sum	Observation
ABJ	51.5	6
BWA	59	6
GWA	60.5	6
H-Stat		0.29
Df		2
Chi-Squared Critical		5.99147

The results presented in table 6 shows that H- calculated is 0.29 and the X^2 – critical is 5.9915. This means that the critical value 5.9915 at 0.05 level of significance and 2 degree of freedom is greater than the H-calculated 0.29; we therefore accept the Null hypothesis which states that ‘There is no significant difference in the people perception on utilization of available sources of financing across the area councils. This is reflected in their total mean response of 2.9 on table 5. It indicates that Area Councils do not utilize fully all the financing sources in their domains.

Fiscal Operations of the Area Councils

The time series data from the selected area councils' fiscal operations for the period of 2009-2013 are presented and analyzed as follows:

Table 7: Fiscal Operations of Abaji Area Council

AREA COUNCIL: Abaji	2009	2010	2011	2012	2013
Total Revenue:- Estimated	2 400 000 000	3 120 000 000	2 500 000 000	3 225 000 000	4 307 000 000
Actual	1 293 863 374:73	1 647 051 447:77	2 066 812 789:17	2 041 894 936:03	3 581 336 421:18
(i).Internally generated	19 910 420:22	10 535 260:00	17 159 970	17824 960:50	10 528 157:00
(a) Taxes					
(b) Rates					
(c) Earnings from commercials					
(d) Licenses					
(e) Rents on local govt property					
(f) Interest payment & dividends					
(g) Others					
ii). Statutory Allocation					
iii). Grants/loan	1 273 952 954:54	1 636 516 187:77	2 049 652 820:17	1 874 069 975:53	3 370 808 264:18
	-	-	-	150 000 000	200 000 000

Source: The actual provisional data collected from Abaji Area Council.

The fiscal operations of Abaji Area Council during the period of 2009 - 2013 generally resulted in overall deficits ranging from a minimum of N55.7 million in year 2010 to a maximum of about N328.8 million in 2013. The Council however, recorded appreciable revenue in 2011 and 2012 as shown on Table 7. The increase over the two years was indicative of more statutory revenue allocation to the Area Council and the loans facility collected from the Bank, rather than increase from its internally generated sources.

Table 8: Utilisation of the sources of revenue in Abaji Area Council (%)

Items	2009	2010	2011	2012	2013
(i).Internally generated	1.5	0.6	0.8	0.9	0.3
(a) Taxes					
(b) Rates					
(c) Earnings from commercials					
(d) Licenses					
(e) Rents on local govt property					
(f) Interest payment and dividends					
(g) Others					
ii). Statutory Allocation	98.5	99.4	99.2	91.8	94.1
iii). Grants/loans	-	-	-	7.3	5.6
Total	100	100	100	100	100

Source: Compiled from Table 7

As indicated in table 8, the internally generated sources contributed only N0.7% of the council's finances during the study period. While, 3.3% and 96% respectively represents the contributions from external; borrowing and statutory revenue allocation sources. Also revealed in the tables (7&8) presented, is poor accounting records in the council as appropriate revenue details from the sub heads were not kept. This poses a negative implication for the council's development drive and its sustainability, as the area council has abandoned some crucial rural projects during the period.

Table 9: Fiscal Operations of Bwari Area Council

AREA COUNCIL: Bwari	2009	2010	2011	2012	2013
Total Revenue:- Estimated	2 008 000 000	3 000 000 000	3 440 000 000	3 505 000 000	3 900 000 000
Actual	1 482 980 034:10	2 010 892 938	2 387 241 425:62	2 075 222 389:86	1 974 826 657:22
(i).Internally generated	22 376 700	21 719 335:22	44 310 904	44 474 678	39 774 386
(a) Taxes	-	-	10 000	59 000	234 000
(b) Rates	1 057 000	2 283 000	13 947 404	13 366 208	15 208 208
(c) Earnings from commercials	7 834 150	4 341 400	3 446 650	14 162 770	6 008 220
(d) Licenses	13 382 750	14 335 650	26 305 350	16 729 700	17 496 718
(e) Rents on local govt property	-	-	-	-	-
(f) Interest payment & dividends	61 700	-	-	-	-
(g) Others	41 100	759 285:22	601 500	157 000	827 240
ii). Statutory Allocation	1 460 603 334:10	1 989 173 602:78	2 192 930 521:62	2 030 747 711:86	1 935 052 271:22
iii). Grants	-	-	150 000 000	-	-

Source: The actual provisional data collected from Bwari Area Council.

The total recurrent revenue of the Bwari council which was about N1.5 billion in 2009 rose steadily to N2.1 billion in 2010, N2.4 billion in 2011 and subsequently fluctuated down to N2.07 million in 2012 and N1.97 in 2013 respectively. As indicated in Table 9, it was as a result of increased or decreased statutory revenue allocation than any improvement in internal revenue generation to the council. The internally generated sources contributed only N3.2 percent (%) of the council's finances during the study period. While 96.8% represents the contributions from statutory revenue allocation sources as in table 10. This posed a negative implication for its rural development stride with many cases of abandoned projects during the period.

Table 10: Utilisation of the sources of Revenue of Bwari Area Council (%)

Items	2009	2010	2011	2012	2013
(i).Internally generated	1.5	1.1	1.9	2.1	2
(a) Taxes	-	-	0.004	0.003	0.01
(b)Rates	0.07	0.1	0.6	0.6	0.8
(c)Earnings from commercials	0.5	0.2	0.1	0.7	0.3
(d)Licenses	0.9	0.7	1.1	0.8	0.9
(e)Rents on local govt property	-	-	-	-	-
(f)Interest payment and dividends	0.004	-	-	-	-
(g)Others	0.003	0.04	0.03	0.008	0.04
ii).Statutory Allocation	98.5	98.9	91.9	97.9	98
iii).Grants	-	-	6.3	-	-
Total	100	100	100	100	100

Source: Compiled from Table 9

Table 11: Fiscal Operations of Gwagwalada Area Council

AREA COUNCIL:	2009	2010	2011	2012	2013
Gwagwalada					
Total Revenue:- Estimated	2,500,000000	2,601,687,500	2,202,704,281	3,760,883,875	3,783,800,733
Actual	1 336 600000	1 692 610 000	2 000 130 000	2 343 750 000	2 452 150 000
(i).Internally generated	36 600 000	42 610 000	50 130 000	43 750 000	52 150 000
(a) Taxes	9 000 000	12 000 000	19 000 000	12 000 000	15 000 000
(b)Rates	6 500 000	8 000 000	8 000 000	8 000 000	10 000 000
(c)Earnings from commercials	16 500 000	18 000 000	20 000 000	20 000 000	23 400 000
(d)Licenses	400 000	400 000	450 000	500 000	500 000
(e)Rents on local govt property	200 000	210 000	180 000	250 000	250 000
(f)Interest payment & dividends	-	-	-	-	-
(g)Others	4 000 000	4 000 000	2 500 000	3 000 000	3 000 000
ii).Statutory Allocation	1 300 000 000	1 650 000 000	1 950 000 000	2 300 000 000	2 400 000 000
iii).Grants/loans	-	-	-	-	-

Source: The actual provisional data collected from Gwagwalada Area Council.

The total recurrent revenue of Gwagwalada council which was over N1.3 billion in 2009 rose steadily to about N2.5 billion in 2013. As indicated in table 11, the increase was mostly as a result of increased statutory revenue allocation than any improvement in internal revenue generation to the council. Therefore, the internally generated sources contributed only N2.3% of the council's finances during the study period. While 97.7% represents the contributions from statutory revenue allocation sources as presented in Table 12. This poses a negative implication for its development sustainability as the study observed cases of abandoned projects in the area.

Table 12: Utilisation of the sources of revenue of Gwagwalada Area Council (%)

Items	2009	2010	2011	2012	2013
(i).Internally generated	2.7	2.5	2.5	1.9	2.1
(a) Taxes	0.7	0.7	0.9	0.5	0.6
(b)Rates	0.5	0.5	0.4	0.3	0.4
(c)Earnings from commercials	1.2	1.1	1.0	0.9	1.0
(d)Licenses	0.03	0.02	0.02	0.02	0.02
(e)Rents on local govt property	0.01	0.01	0.01	0.01	0.01
(f)Interest payment & dividends	-	-	-	-	-
(g)Others	0.3	0.2	0.1	0.1	0.1
ii).Statutory Allocation	97.3	97.5	97.5	98.1	97.9
iii).Grants/loans	-	-	-	-	-
Total	100	100	100	100	100

Source: Compiled from Table 14

Discussion of Results

The overall perception of our respondents across the Area selected Councils is that, the Area Councils do not utilize all the available sources of their financing effectively with a total mean response of 2.89, 1.12 SD and COV of 38.75 as shown in table 5. Here, the respondents generally disagreed to the Area Councils utilizing all the

financing sources in their domains with the mean response of 2.5. According to some of the respondents, Local Government Councils lack the capacity to explore all sources of its financing owing to lack of financial autonomy which gives room to unnecessary controls over their financing and programmes by the higher tiers, thereby denying them substantial finances to fund rural development. Corroborating this position, Kawugana (2019) asserts that, 'Mostly, all local governments in Nigeria do no longer perform their responsibilities simply because of poor finances arising from inadequate revenue generation drive'. This is a threat to the sustainable financing of the LGs projects. And, according to Nyanumba et al (2017), 'Financial sustainability measures an organization's ability to meet all its resource and financing obligations'. The respondents also agreed to the item which states that, much of Area Councils finances are not fully utilized for rural development with a mean response of 3.3. This may be due to the incidence of corruption, misappropriation and misapplication of funds that has become rampant and endemic at local level. It has been alleged that, the local government officials exploit every opportunity to embezzle government funds in the name of official functions (Abe & Omotosho, 2014). This might have contributed to their state of underdevelopment in Nigeria. As rightly noted by Adedeji (1969), the success or failure of the effectiveness or ineffectiveness of any Local Government largely depend on financial resources available and the way these resources are utilized. Yet, an economic theory, Pareto optimality, suggests that to achieve optimality in resource allocation or utilization, a resource should be used up to the point at which its Marginal Cost (MC) is equal to its Marginal Benefit (MB) (Ariyo, 1999). In this regard, the Area Councils should be accountable and advocate for the autonomy of the local governments to allow appropriate utilization of the revenue sources by the LGs with a view to fostering rapid rural development.

On rural development not a priority of the area councils, the respondents highly disagreed with the statement through their total responses of 88.5%, 92.5% and 96% for Abaji, Bwari and Gwagwalada Area Councils respectively. This implies that, rural development is indeed top priority of the local government. And, as Ganduje (2020) and Akhakpe et al (2012) opined, the basic rationale behind the creation of local government is to meet the peculiar needs of the people at the grassroots. This has been supported by Dike (2012), who asserts that, Local government areas are known as the hub of national development and the neglect of this important segment of the population hinders national development. According to Mackenzie (1954) and Ola (1988), local government exists to provide services to the teeming population under its domain, and must be judged by its success in providing the service. Therefore, the provision of the basic needs of the people at the rural areas will promote their well-being and development of the entire nation. Equally, the respondents agreed to some sources of financing not utilized because of low yield with a mean score of 3.4 for the three Area Councils. This implies that, tapping from some financing sources is more costly compare to the returns from them. Therefore, it is not economical for the area councils to utilize such sources like radio, television, bicycles' licenses charges etc, which at present cannot contribute meaningfully to their revenue base due to their low rates, for instance. This boils down to the question of non viability and enforceability of revenue sources which the respondents also agree to, with mean scores of 3.09 and 3.49 respectively, implying greater agreement to some sources not utilized because they are not viable and enforceable in the Area councils. In addition, most of the local government land (new layouts) has not been developed to enable the effective tapping of its potentials in payment of tenement, grant rate, street naming/numbering, etc. This position is supported in Maidoki & Sarka (2020), which revealed low returns from some sources due to low tariff and non development of the sources for tapping.

The low performance of revenue from the existing sources across the three area councils in Tables 8, 10 & 12 confirmed the poor utilisation of the financing sources, with the exception of only statutory allocations, outstanding. Contributions from the internally generated revenue (IGR) sources oscillate between 0.4% and 2.7% of the total recurrent revenue of the area councils, while, the statutory allocation sources oscillate between 91.9% and 99.5% during the study period.

Conclusion and Recommendations

Going by the outcome of this study, the FCT Area Councils and other local governments in Nigeria, do not utilize the available sources of their financing effectively owing to various reasons; from lack of financial autonomy and capacity to explore all sources to low yield or returns from some sources, due to the poor state of development of their vast lands, new layouts/districts, the incidence of corruption, misappropriation and misapplication of finances. The low performance of revenue from the existing sources across the three area councils confirmed the poor utilisation of the financing sources, during the study period. Therefore, Local Governments should ensure maximum exploitation of all the potentials lawful sources of their financing to engender sustainable rural development in the country as follows:

- Developing their financing sources by the provision of facilities like roads, water supply and electricity in the new layout/districts;
- Upward review of the old tariff rates to reflect current realities;
- Election of visionary and selfless leaders;
- Enforcements of all the anti-corruption laws to checkmate corruptions.

- The 1999 constitution should be amended to allow direct allocation to LGs.

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