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Community Economic Development Policies and Programmes in Nigeria

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Abstract
The existence of businesses and subsisting economic base in local communities determine the rate and amount of economic development, as the availability of myriad of job training and development schemes in the community or non-distant locations are important for transforming existing unusable labour into a more human input to existing and potential employers. Finances are channeled to local communities through the local governments in Nigeria without a commensurate increase in rural economic development. To increase community economic development in Nigeria, a comprehensive development policy of all tiers of government in Nigeria should include strategies focused on business attraction, business retention and new business start-ups; provided finances to local governments should be used to develop and train citizens in the communities to harness local natural resources, sustaining community economic development; community development policies and programs of all tiers of governments should be co-ordinated, achieving a singular economic development; community development policy initiatives should be developed for the country by the legislature and adhered to by all tiers of government; and community development initiatives should preserve the life quality of its citizens, not increasing cost of health maintenance at the expense of employment generation, preserving the productive ability of the citizens.
Keywords: community economic development, human resources development, economic development policies, economic development programmes.

1.0 Introduction

The rise of a robust national economy and the potential of increased immigration give weight to the notion that the capacity to solve the problems of low income areas lie within these communities, requiring that the communities market their resources intelligently and gain competitive advantages to create new employment opportunities for residents and maintain the communities existing economic base. This implies the use by the community of its current human, socio-economic, institutional, allocated and physical resources to build a self-sustaining economic system at the local level. To Robinson (1989), all institutions in a community : schools, hospitals, recycling centres, religious centres, youth programs, housing projects and ethnic organizations have stake in the economy at the local level; arguing that new insights of community economic development reveal that these organizations have the potentials through partnerships to identify their assets and use them to build a better local economy. Supporting this argument, Robinson (1989) propounded two views of local economic development: the corporate centre approach which to him emphasizes urban real estate development and industrial attraction; and the alternative approach to which he said attempts to steer economic development activities to local disadvantaged residents.

Irrespective of the approach adopted for local economic development, Giloth (1998) noted that the primary goal should be to increase the number and variety of job opportunities available to the local people. To perform this, they opined that local governments need to assume an initiating role as the institutions in the communities have potentials which they can develop to build a better local economy.

No theory or set of theories adequately explain local economic development, as it is an emerging field, but several partial theories point to an underlying rationale. The sum of these theories according to Giloth (1998) can be expressed as:

$$\text{Local development} = C \times R$$

Where C=the area's capacity (economic, social, technology and political capacity); and
R=the area's resources (natural resource availability, location, labour, capital investment, entrepreneurial climate, transport, communication, industrial technology composition, size, export market, national and state government spending).

A $C=1$depicts a neutral capacity that neither add to nor diminish from the resources of a community;
A $C>1$ depicts a strong capacity that multiplied by resources, increases them; and
A $C<1$ depicts a weak community capacity (evidenced in low-functioning social, political and organsational leadership which economic development scholars attributed to cronyism, corruption, self-interest, disorganization and ineptitude) that when applied to resources decrease them and hampers development.

Determining the sources of developments to communities, the United States Accounting Office (2000), observed that the federal governments have small influence on community efforts to plan for and manage growth, agreeing that that the federal government invests in physical infrastructure, revitalize the communities and preserve its natural resources, boosting community development. In its 2000 report, the office noted that diverse communities encounter a variety of growth-related challenges with the communities competing to attract businesses and jobs. The importance of community development according to Sara-Beth et al (2002) necessitated the design of tools and strategies to promote community economic growth; concluding that emphasis is on strategies and tools increasing employment for its spiral effects on social security, health, and general security.

In Nigeria, the local economy is characterised by weakening capacity due to rural-urban migration, the establishment of semi-urban communities (for agricultural and small-scale manufacturing for self-sustenance) by the retiring middle class not migrating to the rural communities, low level of employment, poverty, inhuman habitat, unexploited natural resources and untrained, unusable and wasting human resources.

1.1 Purpose of study

The aim of this study is to determine the community economic development policies and programs in Nigeria.

2.1 Theories of local community economic development

Theories abound in local government literature explaining developmental activities at the community level. The location theory of local government development posits that development accrue to a community because of geographical factors supporting the natural distribution of resources, which attract industries requiring these resources to it. The economic-based theories look at the flow of economic activities into and out of local communities to identify and explain which firms and industries have the greatest capacity to expand, on which much development emphasis will be placed with their multiplier impact on the host community. This theory relates the community's economic growth directly to the demand for its goods and services from outside its local economic boundaries. The growth of industries using local resources: labour and material, according to Giloth (1998) generate both local wealth and jobs. The local economic development strategies that emerge from this theory they argued, emphasizes the priority of aids to and attraction to local environment of industries with markets both within and outside the community over aids to firms with market only within the community. Robinson (1989) observed that the implementation of this model require measures that reduce barriers to the establishment of industries producing for sale within and outside the community; adding that current and high technology strategies aimed at attracting new firms draw on this economic-based model. Empirical findings support the argument that inter-country and inter-community export industries have high job multipliers. Thus jobs created in these firms are known to generate jobs elsewhere within the community. Critics of this model opine that it rely more on extra-community demand for community growth. The rust to adopt this model according to Nagel (2003) can lead to a skewed local economy dependent entirely on extra-community market forces. Giloth (1998) advised that this model is best used in determining the balance of industrial types and sectors that a community need to develop for economic stability.

The supply-side theory of community development according to Lynch (2004) contends that tax reductions for individuals and businesses provide incentives for work and increase savings and investment, thereby stimulating economic activity. Countering, Heckman (1993) argued that that after-tax wages have little effect on the supply of labour.

The demand-side theory of community development posits that reductions in taxes for businesses and individuals stimulate the community economy as a result of their impact on spending Lynch (2004).

The business climate theory of community development argues that developments at the community level are only possible when community/state business climate is improved. Antagonists of this theory argue that business decision makers are apt to be persuaded by "perception" rather than the facts of business costs and benefits.

The competitive theory of community development contends that development is attracted to a community depending on its competitive ability at attracting businesses and projects to itself made possible through tax deductions. These deductions may not be sustainable in the future as the local and state governments may increase taxes to provide increasing demand for social services. In a survey of 204 branches of multiplant firms in the United States of America (USA), Hekman (1982) found that business incentives and taxes are not major factors in business location decisions.

These theories bring to the fore the myriad approaches to community economic development as the economic development of communities is economic development of a nation.

2.3 Determinants of community economic development

A community's economic opportunities to Nagel (2003) are determined by the quality of the available human resource base and not the on availability of natural as propounded by location theorists nor on the ability of the community to exploit natural resources in the community, arguing that location is no longer a "pull" factor as manpower are trained on site and off site; the reason being the non-availability of requisite manpower in host communities.

Emerging local economic development models suggest the existence of location development-inducing factors. These factors according to these theorists apply more to the quality of the local physical and social environment than to larger-scale geographic considerations. Moreover, Robinson (1989) contended that the development of a community's recreational, housing and social institutions determine community economic development as social needs of the economic institutions would have been provided by the community, reducing set-up costs of the proposed firms.

The existence of businesses and subsisting economic base in local communities according Giloth (1998) determine the rate and amount of economic development, as the availability of myriad of job training and development schemes in the community or non-distant locations are important for transforming existing unusable labour into a more human input to existing and potential employers. Guaranteeing community development requires that the communities not only build jobs to fit the existing populace but also the institutions that expand the capacity of the population in that community. Evidences show that rural and semi-urban communities rarely have higher educational institutions or research institutes that serve them: which are essential for the present future growth of the industries in the communities. To harness growth potentials from development opportunities, Nagel (2003) opined that communities build economic opportunities to "fit" the human resources in the community and utilize the existing natural and institutional resource base for its economic development; shifting emphasis from the demand side of economic development equation to the supply side consisting of labour and natural resources. To him local economic development is a process that emphasizes full use of existing human and natural resources to build employment and create wealth within a defined locality.

To the United States Accounting Office (2000), federal programs and policies affect the ability of local governments and communities to plan for and manage growth. To Bartik (2003), community economic development is affected strictly by local government activities.

From the above, one can deduce that the role of government shifts from creating market through artificial means to enabling the markets work efficiently to create new wealth, employment and social capital for each community. Multi-sectoral approach to a successful local economic development with the above government role, require individuals and institutions to build on indigenous resources that create opportunities to generate sustainable wealth for the community.

3.0 Community economic development policies and programmes in Nigeria

Developments at the community levels in Nigeria are initiated by the communities and financed by either the federal, state, local governments or the communities themselves depending on the magnitude of the development required. The three tiers of government also initiate policy frameworks to guide the siting of developmental projects in a community. The local government councils being the closest arm of government to the communities are by the Nigerian constitution provided with finance for initiating and executing developmental projects in the local communities with its spiral effects on creating jobs and income at the community levels, reducing crime; attracting more developments to the communities. The constitution and monetary and fiscal policy initiatives:

(i) Ensures that 27.5% of funds accruing to the country's consolidated revenue fund are disbursed to the 774 local government councils in Nigeria for administrative, infrastructural and capacity development through whichs directly employed individuals receive income with additional cash inflows from value-added tax collection distributed among the three tiers of government;
(ii) Require banks through the Central Bank of Nigeria to set aside 10% of their profit before tax for small and medium industries (SMIES), 70% of which statistics reveal are located in communities;
(iii) Transformed community banks into microfinance banks with increased capital base, increasing their ability to provide more funds to SMIES located in the communities;
(iv) Ensured the construction of community health centres in local communities using direct labour from these communities, increasing income in the local communities; and
(v) The federal government allocates between 3%-4% of its annual budget to agriculture and rural economic development.

The above community economic development policies and programmes of the federal and state governments aim at providing of funds for development, creating no base policies for attracting economic developments to the rural communities. Publicized rural electricity and water development programs at reducing rural urban drift, developing rural economic infrastructures are not executed hindering rural economic development in Nigeria.

Use of provided finances are not monitored by fund providers and community development associations to ensure that planned economic development projects are executed, improving the economic base, productivity and income at the community levels in Nigeria; hindering real economic development of the rural communities in Nigeria.

4.0 Policy implications of findings

With governments at the federal, state and local government inducing developments at the community levels in Nigeria with financial resources of all these levels from oil revenue with its attendant price and quantity volatility (due to production sabotage), external shocks affecting oil volume and price affects developments at the community level: negatively if unfavourable, and positively if favourable. The implication of this to community development policy makers is the necessity to shield community developments in Nigeria from external shocks, basing its development on internal fiscal finances, community self-help projects and developments dependent on natural resources endowed at the communities which are cheap, available and accessible by community inhabitants.

5.0 Recommendations

To improve economic development at local communities in Nigeria:

(i) The national and state assemblies should monitor financial disbursements to local councils, ensuring that allocated and appropriated funds are utilized for rural economic development and human capital development;

(ii) Local government administrators in Nigeria should be trained on community economic development, inculcating economic development planning and implementation skills in them;

(iii) A comprehensive development policy of all tiers of government in Nigeria should include strategies focused on business attraction, business retention and new business start-ups; creating a rural industrial base, employment and income opportunities;

(iv) Provided finances to local governments should be used to develop and train citizens in the communities to harness local natural resources, sustaining community economic development;

(v) Community development policies and programs of all tiers of governments should be co-ordinated, achieving a singular economic development;

(vi) Community development policy initiatives should be developed for the country by the legislature and adhered to by all tiers of government; and

(vii) Community development initiatives should preserve the life quality of its citizens, not increasing cost of health maintenance at the expense of employment generation, preserving the productive ability of the citizens.

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