ASSESSMENT OF LOCAL GOVERNMENT STATUS OF FUNDING FOR AGRICULTURAL SECTOR IN RIVERS STATE (2005 – 2010)

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ABSTRACT
The study assessed Local Government (LG) status of funding for agricultural sector in Rivers state from 2005 to 2010. Data for the study were obtained from secondary sources. Secondary data were collected from LG annual budgets, Human Rights Watch and the Nigerian Tide publications of monthly allocations in Rivers state to elicit information on annual budget to agricultural development and monthly allocation to LG from the Federal Government. Nine Local Government Areas (LGAs) were proportionately and randomly selected from twenty three LGAs in the state comprising 6 uplands and 3 coastal areas. Data obtained were subjected to descriptive statistics. The LGA that budgeted and spent the highest amount on agricultural development out of the 9 LGAs surveyed was Khana LGA with 6.15% out of an average annual allocation of N108,200,000 followed by Bonny LGA who received an average annual allocation of N125,296,666.67 and spent N472,750.00 representing 4.53% on agricultural development. It was therefore recommended that for the Agricultural Transformation Agenda (ATA) to make the required impact on the rural people, enough funds have to be allocated to the sector by LGCs. A minimum of 20% annual budget allocation should be assigned to the sector annually, not just allocated on paper but also actually spent on the sector.

Keywords: Local Government, Funding status, Agricultural Sector

INTRODUCTION
Local Government (LG) administration brings government close to the people; it takes governance to the door step of the people. It is a sub-unit of government controlled by a local council which is authorized by the central government to pass ordinances having local application, levy taxes or exact labour and within limits specified by the LG edict (Ola, 1984; Ugwu, 2000). According to the 1976 guidelines, LG is defined as a legally established representative council empowered to initiate and direct the provision of services and to determine and implement projects so as to complement the activities of the state and federal government in their areas. The council is to ensure through devolution of functions, the active participation of the people and their traditional institutions such that local initiatives and response to local needs and conditions are maximized (FNG, 1976). Its closeness to the local populace enables it to perform special functions and services, which border on the interests and aspirations of people in rural areas.

The 1999 Constitution of the Federal Republic of Nigeria provides in Part 11, Section 7(1) - (6) for the establishment of the LG system as the third tier of government in Nigeria. The section goes further to provide for powers, functions, composition and finances of the LG council to be established thereof. It is meant to undertake functions like the provision, establishment and maintenance of slaughter houses/slabs, markets, gardens, parks as well as participation in the development of agriculture and natural resources as contained in the Fourth Schedule, Section 7, of the 1999 Constitution of the Federal Republic Nigeria.
Apparently, the three levels of government exist as partners, working in synergy for accelerated development of the nation. With a predominantly rural population, agriculture apparently should be the major focus of a majority of the LGCs.

Agriculture contributes 41.5% to the nation’s gross domestic product (GDP). It remains significant in the exercise of economic development, providing employment to about 70% of the nation’s labour force and also raw materials for some factories and industries (Ekpo and Olaniyi, 1995; Arowolo, 2008). The development of agriculture and natural resources is one of the functions of LG administration. Therefore the development and sustainability of the sector which is the main source of income to the rural people, should be of utmost priority to the LG. Any effort the LGs put in the sector, will not only improve the lives of the people in their domain, but will increase the revenue base of the LG and also ensure food security in Nigeria and Rivers state in particular. In 2011, President Jonathan launched the Agricultural Transformation Agenda, with the goal of adding an additional 20 million metric tonnes of food to the domestic food supply by 2015 and stimulating the creation of 3.5 million jobs along the agricultural value chains (The Transformation Agenda, 2014). The agricultural transformation agenda created ecosystems in which small, medium, and large-scale farming systems not only co-exist but also flourish and to achieve this goal, the federal administration requires cooperation from the state and LG to boost their effort. It is therefore imperative that assessment be carried out to appraise the efforts of LG in the development of the agricultural sector in the area of funds ploughed into the agricultural sector.

The history of LG system in Nigeria dates back to the colonial days when the colonial administration was based on indirect rule. This was when traditional rulers and institutions were incharge of administration in the country. This led to the establishment of native authorities in their most rudimentary forms from the 1890s to the 1930s (Orewa and Adewumi, 1983). The main function of the traditional rulers and institutions was to maintain law and order. In northern Nigeria, the functioning of traditional rulers and institutions was easily done in but there was a problem in identifying who those authorities were in southern Nigeria. This necessitated the first reforms in the 1930s and the 1940s culminating in the establishment of chiefs-in-council and chiefs-and-council in place of sole native authorities (Ola, 1984; Lawal, 2000). The introduction of 1976 reforms by military administration of General Obasanjo brought about uniformity in the administrative structure of the LG system. For the first time in the history of LG in Nigeria, a uniform system was developed for the whole country (Igbuzor, 2004). The intentions of the 1976 LG reform were debated by the Constitution Drafting Committee (CDC) and Constituent Assembly in 1978. The result was that the 1979 constitution reaffirmed the development function as provided for in section 7, subsection 3.

Allocation of funds in Nigeria is decided by the National Revenue Mobilization Fiscal and Allocation Commission (NRMFAC) based on criteria to ensure that there is equity in allocation, both vertically among tiers of government and horizontally across Nigeria (Amakom, 2009). The funds serve to provide general revenue to all tiers of government to fund basic operations where their own revenue would not be sufficient to fulfill such responsibilities. LG taxes are minimal hence this limits their ability to raise independent revenue and so they depend solely on allocation from the federation account. Rivers state’s 23 LGCs have been allocated more than $636 million (N82.7
billion) through the Federation Account since 1999, and their average monthly allocation have increased more than fourfold over that same period (Human Rights Watch, 2007).

According to Okidim and Albert (2012) about NGN 2.9 trillion has been budgeted by Rivers state within the period of 11 years, out-of this amount about NGN 21 billion was allocated to the agricultural sector within the period of 11 years. A breakdown of this shows that in 2005 agriculture received about 9.56% representing about NGN 900 million which was the highest so far within the 11 years period in terms of percentage. They concluded that the amount allocated to the agricultural sector was low to bring about meaningful development in the sector.

Every state presents an annual budgetary proposal to the state legislature including Rivers state and agricultural development usually features prominently. The budget proposal forms the basis for implementation of programmes, projects and activities. Implementation of agricultural development activities is usually tied to the budget and availability of funds from anticipated sources in the budget. It is therefore the amount of money allocated to the agricultural sector that would be spent to carry out agricultural development programmes and activities by the LGCs. For LGs to compliment the Agricultural Transformation Agenda (ATA) of the President, Dr Goodluck Ebele Jonathan, then the amount allocated to the agricultural sector must be reasonable to effect a change in the sector. It is therefore necessary to find out what amount is been allocated to the LGAs? Has agricultural development been in the annual budget of the LGAs? If yes, what percentage? Was the fund allocated fully applied? Specifically, the study was designed to:

a) determine amount allocated to LGCs;
b) ascertain the amount budgeted by LG for agricultural activities/projects; and
c) ascertain the actual amount spent by LG for agricultural development in the study area.

METHODOLOGY

Rivers state is made up of twenty-three local government areas (LGAs). It is divided into two geographical settings namely upland and coastland. Sixteen of the local government areas are predominantly upland areas while seven are predominantly coastal areas (Orubo, 2005). The people of the upland are those situated within the plain land of the alluvial deposit of the Niger Delta. The people of the upland are predominantly farmers because the alluvial rich soil has a good texture for the root crops and cereals hence they produce yam, potato, cocoyam, three leaf yam, pepper, vegetable, cucumber etc. Data for the study were obtained from secondary sources. Secondary data were collected from LG annual budgets to abstract the amount budgeted for agricultural sector, Human Right Watch (HRW) and the Nigerian Tide publications of monthly allocations to LGs in Rivers state to elicit the amount allocated to the LGAs from the federation account. Nine Local Government Areas (LGAs) were proportionately and randomly selected from twenty three LGAs in the state comprising 6 uplands and 3 coastal. Data collected were presented using frequency, tables and bar chart.
RESULTS AND DISCUSSION

Table 1 shows the mean annual financial allocation to the LGAs studied and the amount budgeted and spent on agricultural development. The table shows that a mean annual amount of N119,508,600.00 was allocated to Ahoada-West LGA within the period of 5 years. In Eleme LGA, N121,383,333.33 was the annual average allocation received within the period. Also, Obio/Akpor LGA received an annual mean allocation of N182,578,933.33, Etche LGA received an annual mean allocation of N162,578,933.33, Ikwerre LGA received a mean annual amount of N118,705,666.67 allocated to it and Khana LGA received a mean annual amount of N108,022,666.67 allocated to it. The three coastal LGAs surveyed (Bonny, Opobo/Nkoro and Asari-Toru) received an annual mean allocation of N125,296,666.67, N111,935,600.00 and N119,635,266.67, respectively.

Table 1: Percentage status of budgetary allocation for agriculture by LGAs from 2005 to 2010

<table>
<thead>
<tr>
<th>LGA</th>
<th>Mean of Overall Amount Allocated</th>
<th>Amount allocated for agriculture</th>
<th>Percentage allocation to agriculture</th>
<th>Actual amount spent</th>
<th>Proportion of amount spent</th>
<th>Donations from donor agencies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upland Etche</td>
<td>N162,578,933.33</td>
<td>N8,000,000.00</td>
<td>4.9</td>
<td>N19000000.00</td>
<td>1.2</td>
<td>N730,000</td>
</tr>
<tr>
<td>Ahoada-West</td>
<td>N119,508,600.00</td>
<td>N5,666,000.00</td>
<td>4.7</td>
<td>N1,233,333.33</td>
<td>1.03</td>
<td>N2,000,000</td>
</tr>
<tr>
<td>Obio/Akpor</td>
<td>N182,578,933.33</td>
<td>N9,500,000.00</td>
<td>5.2</td>
<td>N20000000.00</td>
<td>1.1</td>
<td>N2,500,000</td>
</tr>
<tr>
<td>Eleme</td>
<td>N121,383,333.33</td>
<td>N9,658,765.00</td>
<td>7.5</td>
<td>N2,871,666.67</td>
<td>2.4</td>
<td>NA</td>
</tr>
<tr>
<td>Khana</td>
<td>N108,022,266.67</td>
<td>N8,500,000.00</td>
<td>7.8</td>
<td>N6,883,333.33</td>
<td>6.4</td>
<td>N730,000</td>
</tr>
<tr>
<td>Ikwerre</td>
<td>N118,705,666.67</td>
<td>N7,000,000.00</td>
<td>6.5</td>
<td>N1,266,666.67</td>
<td>1.1</td>
<td>N2,500,000</td>
</tr>
<tr>
<td>Coastal</td>
<td>N119,635,266.67</td>
<td>N8,000,000.00</td>
<td>6.7</td>
<td>N68333333.33</td>
<td>0.6</td>
<td>N2,500,000</td>
</tr>
<tr>
<td>Asari-Toru</td>
<td>N111,935,600.00</td>
<td>N5,540,000.00</td>
<td>4.9</td>
<td>N15166666.67</td>
<td>1.2</td>
<td>N2,000,000</td>
</tr>
<tr>
<td>Opobo/Nkoro</td>
<td>N125,296,666.67</td>
<td>N4,480,000.00</td>
<td>3.6</td>
<td>N4727500.00</td>
<td>3.8</td>
<td>N730,000</td>
</tr>
</tbody>
</table>

Source: Computed by Author, 2013 based on data from Human Right Watch, 2007 and Nigerian Tide, 2008-2010
Actual amount spent on agricultural sector

The actual amount spent on agricultural sector by LG is shown in Fig 2. The LG that budgeted and spent the highest amount on agricultural development out of the 6 upland LGAs surveyed was Khana LGA. It budgeted 7.8% and spent 6.4%, followed by Bonny LGA (coastal) who budgeted 3.6% but spent 3.8%. The LGA that allocated the lowest fund was Asari-Toru with 0.6% (coastal) while Bonny LGA exceeded the amount budgeted for agricultural development. It budgeted 3.6% and spent 3.8%. None of the LGAs actually spent up to 10% in agriculture. This implies that funding for agriculture is very small to bring about any meaningful development in that sector. The result agrees with Okidim and Albert (2012) finding that the amount allocated to the agricultural sector was not adequate. Asari-Toru LGA have the presence of Federal Ministry of Agriculture that established oil palm plantation and Rivers State Government project on fishery. This probably might have caused their neglect for agriculture.

Figure 2: Extent of fund spent as percentage of budget from 2005-2010 in Rivers State LGAs

CONCLUSION

Eight out of the nine LGAs studied did not spend all the amount budgeted for agricultural development in the state. The amount budgeted by LGCs on agricultural activities was not actually spent. The amount budgeted and spent on agriculture in the state was below 10%. Low budgetary allocation by LG will hinder the rapid agricultural transformation desired by the federal government. It was therefore recommended that for the agricultural transformation agenda (ATA) to have the required impact on the rural people, enough funds have to be allocated to the sector by LGCs. A minimum of 20% annual budget allocation should be assigned to the sector annually, not just allocated on paper but also actually spent on the sector.

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