

PROBLEMS OF FINANCING COMMUNITY DEVELOPMENT PROJECTS IN THE EAST CENTRAL STATE OF NIGERIA

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THE Igbos (Ibos) of the East Central State (ECS) in Nigeria have long been highly reputed for their community development efforts. During the colonial days and after independence various communities financed on their own a number of development projects: road and bridge building, constructing health centers, and primary and secondary schools. They also awarded scholarships to train their sons and daughters in institutions of higher learning in Nigeria and abroad. These development projects were initiated and implemented through voluntary organizations called development unions, improvement unions, town unions, or age-grades. Community development projects are significant in that they were undertaken without government statutory backing.

Successful as these traditional instruments of development administration were immediately after the Nigerian Civil War the East Central State government felt it necessary to give statutory backing to these organizations and they enacted the Development Administration Edict of 1971.¹

Under the new system, communities are the fundamental units of administration. Councils are to be created at levels where democratic processes are traditionally established, where rivalries and tensions are reduced to a minimum, where local resources and patriotism can be fully utilized, and where local people can effectively control their own affairs. In this system indigenous ideas are expected to dominate. Thus, councillors are to be selected by traditional methods and most revenue is to be raised by direct local contribution and donation. These functions are coordinated and supervised under a new Divisional Administration Department (DAD).

This paper, based on empirical research on the workings of the new system, attempts to assess the financing of community development projects after they have been given legal backing.

I. ADMINISTRATIVE MACHINERY

As mentioned earlier, the main machinery for development projects are development unions or cultural unions. These are voluntary organizations and therefore do not have legal backing to finance voluntary efforts. Coexisting with the cultural unions are local government councils, which have the statutory power to raise revenues and to spend the money for local administration. But, although these councils possess legal powers, they do not inspire as much confidence as

¹ See the Divisional Administration Edict, 1971 (reprinted from [1]).

the cultural unions. The new system tries to engender confidence in local government councils making them as development-oriented as the cultural unions.

In order to appreciate the rationale behind the new system of development-oriented administration, it is necessary to briefly look at the past history of local government administration machinery in the Eastern Region of Nigeria.² In the early 1950s, after reforming the local government in Eastern Nigeria the British colonial administration enacted a new law in 1955³ that would establish forms to replace native administration. This enactment, among other things, introduced a prototype of English local government in this part of the country. It provided for a democratically elected three-tier local government system in the rural area comprising a local council, district council, and county council. The second tier of the organization—the district council—was to be the only rating authority. The third tier—the county council—with a wider area of jurisdiction could only levy precepts on the district council for its own services. Likewise, local councils were the lowest units and the closest to the people but were only empowered to levy precepts on the district councils for minor services that were purely local.

Not long after the introduction of this system of administration, friction began to develop between the three tiers. For instance, district councils were unable to understand why they would have the responsibility of raising revenues for the benefit of county councils that would be praised for spending them, sometimes irresponsibly, on social services and infrastructure: education, medical and health service, and building and maintenance of roads and bridges. The local councils were the closest units to the clans sometimes overlapping the clans but they were more or less deliberative bodies with little or no services to provide.

In light of the unsatisfactory working of the system it was amended in 1960 to introduce a two-tier system of local administration, with district (county) and local councils.⁴ In effect, the county councils were abolished and former district councils were now endowed with powers hitherto exercised by county councils. District councils had the powers to raise revenues and to spend them. The second tier—the local council—did not receive any additional powers either to initiate expenditures or raise revenues. The system did not work satisfactorily since district councils were unable to elicit any spontaneous loyal support from local councils and clans. Yet, this smaller unit was the basis of clan or development union.

Under the Divisional Administration Edict of 1971, the East Central State was divided into thirty-five administrative divisions. (This was subsequently increased to its present thirty-nine divisions.) Of the thirty-nine divisions, seven are urban. Of the seven urban divisions, three, namely Enugu, Onitsha, and Aba have administrative jurisdictions corresponding to "townships" whilst the rest—Nsukka, Abakaliki, Umuahia, and Owerri—have in addition to the townships rural areas which comprise a number of community councils.

Each administrative division has a number of community or urban councils.

² The present ECS was carved out of the former Eastern Region in May 1967.

³ See the Eastern Regional Local Government Law of 1955.

⁴ See the Eastern Regional Local Government Law of 1960.

Altogether there are 640 community councils in the state each with a defined area of jurisdiction and specific duties.

In addition to the community and urban councils, there is a divisional council in each of the divisions. This council merely performs coordinating and advisory functions. It deliberates only on matters brought before it and these deliberations are merely passed on to the divisional officer or resident as advice. There is, in effect, no power or responsibility as exercised either by the former county or district councils. If the divisional officer or resident concurs in their advice, decisions and actions on the matter are made by the local authority.

The divisional administration (the local authority) is thus the administrative and coordinating link between the state government, the local government councils, and the citizens. At the apex is the Divisional Administration Department which, according to section 3-4 of the edict, is responsible for the general policy matters with respect to local government. This department superseded the old Ministry of Local Government.

From this brief description of system structure, it can be seen that the overriding aim is to ensure decentralization of function and active participation by the people in general development and management of their own affairs under supervision of a local authority. However, in a close examination of the new system it is also noticed that the experiment has not been altogether successful for three reasons: structural deficiencies in the system, financial problems, and an ambivalent attitude on the part of the state government. The three problems are interrelated but may for analytic purposes be discussed separately.

II. STRUCTURAL DEFICIENCY

As mentioned, one of the overriding aims of the new development administration system is to channel local patriotism into development projects. Thus the area of jurisdiction for new community councils in large part coincides with that of cultural unions (clans or towns). These indigenous and traditional ideas are to pervade the entire system. Thus councillors are selected not elected. The councils now have powers to collect donations locally: a function which unions previously performed. To emphasize indigenous practices, the idea of confiscating and selling of animals owned by rate defaulters to recover money owed to the council is emphasized in the new law.

Looking at the problem from the point of view of council size, powers and selection of councillors, a number of relevant points appear. Altogether there are 640 community councils in the state with a population of 7.5 million, whereas before the new set-up there were only 105 county councils which exercised functions similar to those given to the present 640 community councils. Over 200 of these councils have jurisdiction in areas with less than 5,000 people. In the circumstances, it appears that decentralization has been carried to the level in which most councils are too small and lack the viability to perform the broad range of functions assigned to them.

As far as power is concerned, it is apparent that the newly created community

councils are empowered to take over the functions hitherto exercised, voluntarily, by cultural unions. But this has not worked out well. In spite of the introduction of the concept of *olu obodo*⁵ in the new system the people do not yet give it their undivided loyalty and confidence. There is still greater loyalty and confidence in the cultural unions which are now subservient to the councils. This has not been helpful to councils in planning and executing community development programs.

The authors of the new Development Administration Edict foresaw that there would be friction between cultural unions and councils and that problems would stem from leadership quality. Under the old system councillors were elected by secret ballot. This led to corruption and in most cases men of integrity would not enter an election. Shady characters who would bribe their way stood a better chance of being elected councillors. After election these men would have to recoup their expenses and at the same time be very partisan in order to justify his being elected to the constituency. Development projects (health clinics, markets, and roads) were determined by partisan, and corrupt considerations rather than objective planning. In contrast, respectable, wealthy people were usually requested to serve as officers in cultural unions and they gave just and honest service. This inspired greater confidence in the cultural unions by the people.

In recognition of this fact, the new development administration system provided for a selection of councillors by traditional methods rather than by secret ballot. It was foreseen that by this method a better type of person would offer himself for selection. There are also provisions to bring men of proven ability and integrity into the councils.

In practice the law has not worked in the manner hoped for. Selection of councillors has often been politicized and selection is fixed after possible contenders have been bribed into withdrawing from candidacy. The ills of the past which the new system tried to eradicate are still there, albeit in a more subtle form. In cases where more than one candidate is voted for selection is usually made by standing behind the candidate rather than by secret ballot. In such circumstances acrimony and divisive effects are even more apparent with negative consequences on community development programs.

Because of these factors, the hope that public-spirited people of integrity who detest the hustle and bustle of politics would come forward to lead their communities has not materialized. Nor have most councils prudently exercised their power to bring men of ability and integrity into membership. Where such powers are exercised, people selected are generally partisan supporters.

On the other hand, cultural unions still attract more able leaders even though the unions are legally subservient to the councils. Friction therefore quite often occurs between the two development organs and this is usually out in the open when ceremonies are launched (for fund raising) to develop the town. For instance, the chairman of the council would probably prefer to direct the fund

⁵ The phrase means that work and institutions are created by the people as opposed to form brought in from foreign sources.

launching ceremonies whereas most other people in the town would prefer a leader of the cultural union. In a number of such donation ceremonies which the author witnessed, this friction was responsible for poor donations made by well-to-do "sons" not resident in the town.

III. FINANCIAL PROBLEMS

Community councils under the new system are to be development-oriented. In other words, they are to act as the main instrument for the community development in their areas of jurisdiction. They possess powers to raise revenue and spend them for such purposes.

A. *Raising Revenue*

The power to raise revenue is usually provided by the instruments establishing the community council. Such instruments, i.e., government authority, normally spell out the sources of revenue through rates, licences, fees, direct local contribution, donation, and commission on tax collected on behalf of the government.

Rates are an important source of revenue for community councils in the East Central State. There are different kinds of rates—property rating, general or special capitation rates. Property rating is used mainly in urban areas and since community developments are rural we shall leave this type out of the discussion.

Capitation rates are levied on all male residents of the council area over sixteen years old and not otherwise disqualified on account of old age, infirmity, etc. The rates to be levied have to be approved by the government of the state. General rates (capitation rates) are levied for general services of the council and special rates for particular purposes.

In the past, levies for capitation (general) rates payable could vary from council to council area depending on the council's scope of services, reserves, and ability of the people to pay. For instance, in the 1965/66 financial year, rates varied from N1.50 in Aba to N3 in the Igbo-Eze Division. This variation gave much room for evasion, some people paying their rates in low rate areas while permanently domiciled in high rate areas. In order to avoid this problem, a uniform rate system was imposed throughout the state in 1970/71 at a capitation of N3. This amount was considered too high in some areas and, as a result of complaints made to the government, the general capitation rate was reduced to N2 throughout the state beginning in the 1971/72 financial year.

The importance of general rates as a source of revenue to councils is such that in 1971/72, for instance, total revenue from this source was N2,276,704 or 38 per cent of the estimated local government revenue from all sources. Emphasizing how important this was resulted in it accounting for 77.5 per cent of revenue from all rates.

In addition to general capitation rates, communities could, by special resolution, levy rates for particular purposes. This normally would mean specific community development projects such as building health centers, providing a

pipe water system, special education rates to pay community primary school fees and award post primary school scholarships. The special education rating was abolished in 1960 but was reintroduced under the new divisional administration system. Special rates vary from place to place depending on people's need, i.e., according to the development projects they have decided to embark upon.

The general problem of rating is still that despite uniformity in capitation rates there is still much evasion of payment. This problem becomes even more difficult when rate collectors (who might be councillors or council employees) in consideration of monetary rewards collude with rate payers enabling them to evade payment. There are other cases where misuse of rates collected by both councillors and rate collectors are a form of embezzlement.

Licences paid for bicycles, trucks, liquor, etc. are another important source of revenue. Licences are also a means of control. In 1970/71 financial year, revenue from licences and permits for various purposes made up 16.5 per cent of actual local government revenue in the state. But by 1971/72 this was reduced to only 7 per cent and in 1972/73 out of N27.4 million from internal revenue only N1.6 million came from licences [3, E. 9]. The reducing and fluctuating accruals from this source are in part due to the poor methods of collection and in part due to evasion people unwilling to obtain licences and permits sometimes in collusion with local enforcement agencies.

Fees are another important source of revenue open to community councils. In 1970/71, fees from various sources such as market stalls, motor parks, registration of births and deaths, dispensary and maternity accounted for 27 per cent of total local government revenue collected. In 1971/72 this was only 13.7 per cent of estimated council revenue.

This source of revenue has been declining because the bulk of revenue came from market stalls in the urban area which the state government took over in 1971/72 when it set up market authorities. This downward trend is reversible now with the change in government policy since the present military administration has abolished the market authority and in effect empowers local authorities to control their markets. The second reason that this source of revenue has not expanded is because most community councils in the state have not enforced registration of births and deaths as well as marriages under customary laws. These are potentially elastic sources of revenue but they are unpopular in rural areas of the state.

Direct local contribution is an innovation introduced under the new divisional administration system with the overriding aim of giving legal backing to an already existing means of financing community development projects. Cultural unions relied largely on this source of finance and the newly established community councils could use this traditional system of financing their development.

To a very large extent it has been successful. Many communities have embraced it as a means to finance self-help projects. Thus, it is now being used more than special rates as a means of financing such projects as construction and reconstruction of roads and bridges, rural water supply, etc. In the first year of its introduction, 1971/72, it netted N1,437,306 out or about 24 per cent

of the N5,973,178 in total local government revenues.

Closely connected with direct local contribution are donations usually made during ceremonies launching development projects. The opening of community development projects is usually preceded by a lot of publicity and fanfare. Hand-some sums are sometimes realized on the spot by this method. For instance, in January 1975 the Utuh Community in Nnewi Division raised N10,000 through donations for the N100,000 needed for self-help projects [5, p. 5].

While direct local contributions and donations have made substantial contribution for community development finance sources, they would have had greater impact if it had not been for the friction arising between community councils and cultural unions. This friction was especially pronounced during launching of community development programs mentioned in the last paragraph of Section II. Similarly, isolated cases of councillors and staff members misusing funds for community development projects have also shaken the confidence of well-to-do sons of the soil who would otherwise have contributed more generously to the scheme.

The last main source of revenue open to community councils is from commission on taxes collected on behalf of the state government. Under the new edict of 1972⁶ a community council is appointed as a tax collecting agent to receive 5 per cent of total income and a flat rate tax collected as commission. In addition, the agent receives as grant specifically for local development of the area a sum which is 20 per cent of the total income tax collected in a year in its area of authority. The exact amount from this source of revenue to the council is not yet known but the income could be sizeable considering the fact that in 1972/73 N4,911,450 and in 1973/74 N5,807,990 were collected from income taxes from different sources. This was a pay-as-you-earn system and also one of direct assessment. However, the importance of the revenue depends largely on how effective the local government bodies are in administering the tax.

B. *Expenditure*

The merit of the new system of financing community development projects is that community councils now spend all revenue raised through various sources in their own area. This helps to mobilize local efforts for development. Two problems however present themselves here. One is the cost of development projects in relation to council size. The other is the executive capacity of the councils themselves. The two problems are interrelated but can, analytically, be discussed separately.

Let us look at the size of the community councils in relation to their development projects. As mentioned earlier, the 640 community councils have the same power of the previous 105 district councils but without the resources of the latter. This would not have created any problem if they were able to reduce themselves to proper size in terms of resources individually available to them.

⁶ See the East Central State of Nigeria Revenue Collection (Miscellaneous Provisions) Edict No. 7 of 1972.

TABLE I
 SELF-HELP PROJECTS IN EAST CENTRAL STATE OF NIGERIA : SUMMARY REPORT, APRIL 1974

Serial No.	Division	Community Council	Number of Projects	Cost Estimate (N) (5)	Expenditure to Date (N) (6)	Govt. Assistance (N) (7)	Revenue from Economic Projects (N) (8)
1.	Ezzikwo	9	28	171,857.80	33,158.74	—	—
2.	Okigwe-Isukwuato	3	39	114,775.00	67,558.38	361.00	460.00
3.	Orlu	4	14	229,861.00	160,091.00	—	94.05
4.	Oru	5	11	7,800.00	10,398.08	—	125.40
5.	Mbaise	9	28	1,549,924.00	184,387.10	—	—
6.	Nkanu	9	13	63,718.72	20,170.97	—	—
7.	Aba	1	5	34,400.00	10,468.00	—	815.50
8.	Ikwuano	4	10	34,413.29	6,230.00	—	410.00
9.	Uzo-Uwani	6	15	49,162.00	5,935.00	—	563.00
10.	Arochukwu	1	2	85,233.00	13,000.00	—	—
11.	Afikpo	7	11	31,107.00	9,150.00	—	—
12.	Ishieltu	6	12	217,460.00	9,746.00	—	80.00
13.	Nkwerre	8	15	90,776.00	46,560.00	—	455.00
14.	Nnewi	3	20	3,515.00	10,522.50	—	300.00
15.	Idemili	3	3	59,300.00	2,900.00	—	—
16.	Northern-Ngwa	2	3	2,400.00	1,200.00	—	—
17.	Njikoka	12	26	441,646.50	113,478.50	—	718.75
18.	Bende	10	22	543,476.00	19,825.51	—	—
19.	Umuahia	6	34	436,831.03	63,818.10	—	162.20
20.	Igbo-Eze	12	18	—	4,071.00	—	—
21.	Ohafia	6	19	925,713.90	102,999.94	—	2,627.00
Grand Total		126	348	5,093,370.74	895,668.82	361.00	6,810.90

Source : [4, pp. 41-44].

But they are not. Rather they are more ambitious than the county councils in terms of development projects.

Each would like to have health centers, roads and bridges, rural irrigation, and all at the same time. These are rarely programed. Nor do most of them cooperate and coordinate their development projects with neighboring towns or clans. The point is that, worthy as these projects may be, their cost is likely to be too much of a burden on individual communities. Take the case of Ukeh Community Council in Idemili Division with a population of 8,000 (including children, women, and infirmed) which had to raise N221,000 in a self-help scheme [2, p. 5]. The magnitude of these development projects in different parts of the state is shown in Table I indicating that in April 1974 there were 348 projects begun by 126 community councils at an estimated cost of N5,093,370.74 and a to-date expenditure of N895,668.82 [4, pp. 38-44].

The second problem is the ability of community councils to plan and carry out some of the projects. This also hinges in part on the size of councils just referred to. Being too small most do not have the resources to employ and retain experts who could plan their projects reasonably well and execute them effectively. Many projects have foundered because of poor planning and implementation.

Community councils are entitled to seek technical assistance from the state government in planning and executing their development programs. In many cases, councils have never sought such assistance. In cases when sought, assistance is rarely given or when given may be belated because of the usual red-tape. The government itself may not in some cases have the required expert. Whatever is the cause, the net result is that absence and delay in giving assistance has an adverse effect in carrying out community development projects.

IV. GOVERNMENT ATTITUDE

The attitude of state government towards community development is ambivalent. While it gives legal backing to traditional institutions to encourage community development and uses its information capability to make people more aware of it, practical actions in other respects tend to mitigate these moves.

It has been pointed out that the rationale of laws setting up divisional administration is to give support to indigenous community development. This is commendable. Equally commendable is the attempt to popularize the concept of *olu obodo* which emphasizes that the new system is no longer provided by an alien, distant government.

On the other hand, most state government actions toward the community councils do not lend credibility to this concept. They do not aid the idea that people should regard the councils as their own in the same way as they regard the cultural unions. State government tends to exercise too much control over the affairs of the councils. Estimates, for instance, have to be approved by the Divisional Administration Department at the state capital, Enugu. All items of expenditure in the estimate have to be approved and payment vouchers

countersigned by the divisional administrative officer. Even the staff are employees of the state government. The community councils have no power to hire, fire, or discipline them.

While these controls could be defended on the ground that, if they are not exercised by the government, the councils could abuse their powers as county councils did in their own time. But it must be admitted that they do tend to show the communities that they do not yet have full control over their affairs. After all, cultural unions which handle finances and have their officials do not have similar remote controls.

The ambivalent attitude of the government can also be seen with respect to technical and financial assistance to community projects. The point was made in Section III that government technical assistance to enable communities to effectively prosecute their development projects is sometimes inadequately or belatedly met.

The position is even worse with respect to financial assistance. It is the state government's declared policy to give matching grants in respect of approved community projects. The rationale behind such matching grants is that they act as incentives to communities to embark upon development projects. But here again the action of the state government does not lend support to its policy. Judging from enquiries made in course of this work most communities felt they were let down by the government. This is given support by looking at actual government commitments in column 7 of Table I. While column 6 of the table shows that total expenditures by communities on approved development projects amounted to N895,668.82 at the time of publication, government assistance was only N361.00.

V. SUMMARY

It is fair to conclude that the present community council set-up has not been particularly successful as an instrument for financing community developments. For one thing, the community councils are too atomistic. Their structures need to be reexamined. There is need to look again at whether the functions assigned to them are not too great in light of their size. In this connection it may be necessary to give more power to the divisional councils to raise and spend revenue for community development. At present the divisional councils are chiefly advisory bodies. Communities therefore ought to appreciate the idea that the two are complementary. Equally so community councils should be better informed in order not to dissipate energy and resources and neighboring community councils should cooperate and coordinate their projects.

It is wrong to assume that membership in community councils will be completely depoliticized, hence the traditional method of selecting members. What is important is to devise electoral procedures that will remove malpractice in the election or selection of members. Even more important, a reformed electoral system will persuade men of integrity to serve in community councils. Only when respectable people begin to serve as community councillors friction be-

tween councils and cultural unions will be reduced. This will also enhance the prestige of community councils which is low compared to cultural unions.

Lastly, the community councils should be given more power over finances and staff while state government watches how they exercise such powers. Only in this way can the councils feel that the new system is really their own and will it thereby elicit their whole-hearted support and loyalty.

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