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## Local Government Funding of Extension Services in Anambra State, Nigeria

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### Abstract

*The study assessed local government funding of extension in Anambra State of Nigeria. The population of the study included all the local government staff of the Agriculture and Veterinary Department in the 21 LGAs of Anambra State. A sample of 60 respondents were selected using purposive and random sampling techniques. Questionnaire and field observations were used to collect data and secondary data were obtained from the LGA records. Percentage and mean score were used to analyze data. Local governments had federation allocation as major source of revenue. Internally generated revenue (IGR) was poorly harnessed. The LGs were adequately funded by the federal government and the amount increased annually, while agriculture was not adequately funded in all the LGs. There was generally no allocation for extension; only a few LGs indicated some budget percentage allocations to extension work. It was recommended that LGs should look inwards for improved IGR sources to complement their share of federal allocation. This will help them to tackle more tasks and challenges before them. There should be also an improvement in budget planning and execution in which more funds are allocated to Agricultural Departments of the LGs for extension services.*

**Keywords:** Local government, funding, extension services

### Introduction

In Nigeria, agricultural extension services have been dominated by the Agricultural Development Programme (ADPs) since the mid-1970s (Garforth and Jones, 1997). However, the experiences of farmers are fast changing. Traditional extension services linked with production objectives and blanket recommendations can no longer meet farmers' expectations. Therefore, extension practitioners need to meet this challenge by seeking private sector participation in the funding and delivery of extension services (Adebayo, 2004). Local government in Nigeria is empowered and assigned to develop the local areas agriculturally as contained in the Fourth Schedule, Section 7 of the 1999 Constitution of the Federal Republic of Nigeria. The Guidelines for the Local Government Reform of 1976 state the following functions of local government in the area of agriculture: (i) the provision of markets, slaughter houses, slabs and grazing grounds; (ii) the provision of agricultural extension, animal health, extension services and veterinary clinics; (iii) control and acquisition of land (mainly undeveloped land) for public purposes e.g. agricultural use; and (iv) provision of social infrastructure to enhance living conditions in the rural villages (FRN, 1976).

However, the new agricultural policy makes rural development and extension services the responsibility of the three tiers of government (Federal, States and LGCs). Agriculture being in the concurrent legislation list implies that the three tiers are expected to implement the policies stipulated for development purposes.

The new Agricultural Policy according to Federal Government of Nigeria/Federal Ministry of Agriculture and Water Resources (FGN/FMAWR), (2004), contains new policy strategies that emphasize among others, rationalizing the roles of the three tiers of government and the

private sector and reorganizing the institutional framework for government intervention. As spelt out, extension services will be supported by the Federal government while the State government will be responsible for the provision of virile and effective extension service, training and manpower development. The roles of Local Government Councils include; (a) Community sensitization and mobilization; (b) Funding of community-based extension interventions; (c) Extension delivery at the grassroots; (d) Staffing in adequate quantity and quality at both block and cell levels; (e) Participation in Research-Extension-Farmer-Input-Linkage system (REFILS) activities; (f) Participatory development of community action plan to part of state action plan; (g) Provision of rural infrastructure; (h) Funding of contract research; (i) Capacity building of farmers; (j) Joint monitoring and evaluation of projects. These roles could be categorized into two: (i) management /administrative roles such as funding, staffing and provision of infrastructures and (ii) technical roles which translate to field level activities. These roles are translated into various activities aimed at achieving the set goals (Koyenikan, Koyenikan and Ilekendi, 2012). Koyenikan (2008) opined that decentralization of extension to lower tiers of government as stated in Nigeria's Agricultural Policy is necessary for planning, implementation, monitoring and evaluation of extension programmes at the local level.

On the role of the federal government in LG revenue allocation, the Revenue Act of 1981 is instructive. According to Olukotun (1998), it was enacted to give teeth to section 149 of the 1979 constitution and to give expression to the revenue allocation. The Act recognized and included local governments among the tiers of government in Nigeria that would benefit from statutory allocations from the federation account. The following formula was adopted: 10 percent of the federation account; 10 percent share of the total revenue of the state; internally generated revenue from taxes, rents, fees, etc. This formula according to Olukotun (1998) has been modified by successive governments and the current percentage share of the federation account for LG is 15 percent. Igbuzor (2007) noted that during the Babangida regime (1984 – 1992) there were certain reforms aimed at ensuring LG autonomy such as making direct allocation to LG without passing through state government. The regime, according to him, also increased LG statutory allocation from 15 percent to 20 percent with effect from 1992.

Ekong (2010) noted that the 1999 Constitution of the Federal Republic of Nigeria recognizes 774 LGAs in the country. Federal allocations to the LGs were divided on the basis of 25% by equal shares and 75% proportionately to the total population. The LGs are expected to derive their finances from property rating, capitation, flat rate and other forms of taxes within their territories. Apart from internally generated taxes, the LGs are also entitled to some proportion of the federal budget which was fixed at 20.6% as of 2003. To give effect to the above, 20.6 % of the amount standing in the federation account and 10% of each state's IGR are paid to the LGCs. In some cases, especially in rural LGs, Okafor (2010) noted that the grant constitutes as much as 80% of the revenue. The fund however goes into a joint account controlled by the state government. However, it is observed that LGs have big challenges in transforming Nigerian agriculture at grassroots through funding of extension services as indicated in the 1999 Constitution, LG reform of 1976 and the new agricultural policy. It is against this background that it has become necessary to make an assessment of LG funding with special reference to funding of extension services in Anambra State.

### **Purpose of the study**

The study set out to assess local government funding of extension in Anambra State of Nigeria. Specifically, the study was designed to:

1. identify the various sources of local government revenue/funding in the study area; and
2. Examine LG funding of extension in the last five years, 2008-2012.

## Methodology

The study area is Anambra State of Nigeria. It is made up of 21 LGAs. Anambra State occupies an area of 4,416 sq. km. Seventy percent is arable land and less than 55 percent of this arable land is under cultivation. Crops, livestock and fisheries are the main stock in the farming system of the state. Off-farm activities like agricultural processing and marketing are also vital components. The most currently initiated agricultural development projects and programmes of the federal government and World Bank, such as Fadama III Project and National Programme on Food Security (NPFS) among others are domiciled in the agricultural departments of the various LGAs for proper and adequate implementation at the grassroots.

The population of the study included all the local government staff in the agriculture and veterinary, planning and statistics departments in the 21 LGAs of Anambra State. Out of this, about 50 percent, that is 10 LGAs were purposively selected due to the high level of agricultural activities in the areas. These included Anambra East LG, Anambra West LG, Anaocha LG, Awka North LG, Ayamelum LG, Dunukofia LG, Ekwusigo LG, Nnewi North LG, Orumba South LG and Oyi LG. A sample of 60 respondents was selected using purposive and random sampling techniques. A questionnaire and field observations were used to collect data and secondary data were obtained from the LGA records. Percentage, ratio and mean score were used to analyze data.

### Measurement of variables

**Sources of LG revenue/funding** -The respondents were asked to indicate the sources of LG revenue ranging from Federal government allocation to IGR.

**Funding of extension in the last five years, 2008-2012** - To achieve this, secondary data were obtained from the department of planning and statistics of the ten selected LGC under study. The data sourced were federal allocation to local government (FALG) in million naira from capital expenditure from 2008-2012; total FALG released; total IGR; agriculture department budget (ADB); percentage for extension work from ADB; and actual amount released & spent for ADB. Calculation made included: i) summation of FALG released and IGR to obtain total revenue to LG for capital expenditure; ii) percentage change of ADB was calculated as follows:  $(ADB_2 - ADB_1) / ADB_1 \times 100/1$ ; iii) percentage of ADB from FALG was obtained as follows: ADB divided by FALG multiply by 100/1 i.e.  $ADB / FALG \times 100/1$

## Results and Discussion

### Sources of local government revenue/funding

Table 1 shows that all (100%) the respondents agreed that federal government statutory allocation was the major source of revenue/fund to local government. Others with encouraging percentage values included property taxes and rating (43.3%), fees (50.0%), marketing and trading licenses (66.7%), motor park duties (43.3%), grants on miscellaneous (45.0%), departmental projects (70.0%) and grants from donor agencies (60.0%). This implies that the LGs have many revenue windows to boost their IGRs.

The finding is in agreement with Nwankwo (1998) who listed three major types of rates and taxes, twenty-nine license fees/charges, thirty-two departmental recurrent revenues and three different types of interests on investments/revenues which are tangential in stimulating local or rural development; but which have almost been abandoned by LGs.

**Table 1: Percentage distribution of respondents according to sources of LG revenue**

<b>*Source</b>	<b>Percentage (%) (N= 60)</b>
Federal government allocation	100.0
State governments	35.0
Internally generated revenue (IGR):	
Property taxes and rating	43.3
Rates	25.0
Fees	50.0
Rents	20.0
Marketing and trading licenses	66.7
Motor park duties	43.3
Advertisement fees	35.0
Grants on miscellaneous	45.0
Departmental projects	70.0
NGO supports	10.0
Grants from donor agencies	60.0

Source: Field data, 2013; \*Multiple responses

### **Local government funding of extension**

Table 2 shows secondary data obtained from the ten selected local government councils under study. The information included federal allocations to LGs (FALGs), actual total amount released to LGs out of the FALG by the state joint account, total IGRs, total sum received by the LGs (FALG released plus IGR), agricultural department budgets (ADB), percentage change of ADB, percentage for funding of extension services from ADB, actual amount released and spent for ADB, and percentage of ADB from FALG, in year 2008-2012 (₦ million from capital expenditure). The entries reveal that LGs were adequately funded by the federal government and the amount increases annually notwithstanding the shortfall observed in 2009 federation allocations. The observations are in line with Ekong (2010) who noted that that statutory allocation from the federal government form the main support of the LGs. Table 2 indicates that the actual total amount released to LGs out of the FALG by the Anambra State joint account is very meager in the respective LGs. In support of this, Igbuzor (2007) noted that conflicts predominated state-local government relations and some state governments have been known to have hijacked and diverted federal governments allocation to local governments, thereby making LG autonomy non attainable.

Table 2 also shows the total IGRs by the LGs which is very poor across the LGs under study. This is in line with Okafor (2010) who noted other major sources of funds for LGs to include VAT and grants, and occasional state allocations, but lamented that these amounts are usually small. The total sum received by the LGs each year (FALG released plus IGR) as indicated in Table 2 is still far below the FALG for that year although it could still provide useful service if put to work effectively.

This is why Anikpo (2008) asserted that many Nigerians believe that the financial problem of the LGs is not on the amount provided but rather on how it is utilized. According to Arowolo (2008), despite the increase in the total amount of funds available to LGs in Nigeria since

early 1990s, their economic and financial profiles have remained very poor, relative to the development programme they are expected to carry out. This situation according to him is not unconnected to the mismanagement and embezzlement of these funds by the local councils.

Table 2 also reveals the highest percentage of agriculture department capital budget from the federal allocations (capital expenditure) to LGs within the years under review. These included Anambra East LG (2.5%), Anambra West LG (8.2%), Anaocha LG (2.6%), Awka North LG (2.4%), Ayamelum LG (1.4%), Dunukofia LG (4.6%), Ekwusigo LG (2.5%), Nnewi North LG (3.2%), Orumba South LG (2.7%) and Oyi LG (2.7%). Also, the highest amounts said to have been released and spent by the respective LGs under study for agricultural capital projects included ₦ 5.00 million in 2012 for Anambra East LG, ₦ 12.50 in 2012 for Anambra West LG, ₦ 8.20 in 2012 for Anaocha LG, ₦ 9.50 in 2011 and 2012 for Awka North LG, ₦ 6.00 in 2011 and 2012 for Ayamelum LG, ₦ 8.50 in 2012 for Dunukofia LG, ₦ 10.50 in 2008 for Ekwusigo LG, ₦ 6.00 in 2012 for Nnewi North LG, ₦ 12.50 in 2012 for Orumba South LG and ₦ 14.02 million in 2012 for Oyi LG. This shows that agriculture is not adequately funded in all the LGs under study, starting from total capital budget for agriculture department to actual amount released and spent. For instance, the highest amount for agriculture departments' capital budget was ₦ 26.45 million in Anambra West LG in 2009 and Dunukofia LG in 2012. Out of this amount, only ₦ 8.28 million and ₦ 8.50 million in Anambra West LG and Dunukofia LG respectively was said to have been released and spent.

The entries in Table 2 further show that only very few LGs indicated some agricultural capital budget percentage allocations to extension work. These included: Anambra East LG (2.0% in 2010, 2.0% in 2011 and 3.0% in 2012); Ayamelum LG (2.0%, 5.0%, 3.0%, 3.0% and 4.0% in 2008, 2009, 2010, 2011 and 2012 respectively); Nnewi North LG (2.0% in 2008, 2.0% in 2009, 3.0% in 2010, 3.0% in 2011 and 3.0% in 2012); and Oyi LG (3.0% in 2008, 3.0% in 2011 and 3.0% in 2012). The highest percentage indicated was 5.0% in 2009 in Ayamelum LG. This shows that no serious attention is paid to extension. This is also clear evidence that extension service is highly neglected in the LG agriculture budget preparation and implementation; hence lacks adequate funding in the LG system in the state. Also local government agriculture department staff lack capacity building to budget and management of funds

Table 2: Federal allocations to LGs and agricultural department budgets for funding of extension services/ agricultural projects in selected LGs in Anambra State, 2008-2012 (N million from capital expenditure).

Year	FALG (N)	Total FALG released (N)	Total IGR (N)	FALG released + IGR (N)	Agric Dept Budget (N)	% change ADB	% for Ext. work from ADB	Actual released spent for (N)	Amt & Budget from FALG	% of Agric. Budget from FALG
<b>Anambra East LG</b>										
2008	554.03	323.12	1.64	324.76	6.20	-	-	3.20		1.1
2009	416.21	274.08	1.83	275.91	10.31	66.3	-	4.50		2.5
2010	605.12	304.56	1.87	306.43	14.80	43.6	2.0	4.50		2.4
2011	633.31	268.43	1.85	270.28	16.05	8.4	2.0	4.25		2.5
2012	687.05	247.23	1.77	249.00	16.67	3.9	3.0	5.00		2.4
<b>Anambra West LG</b>										
2008	298.67	187.56	1.43	188.99	15.05	-	-	6.98		5.0
2009	324.43	208.44	1.52	209.96	26.45	75.8	-	8.28		8.2
2010	669.68	256.55	1.58	258.13	20.70	-21.7	-	12.19		3.1
2011	735.13	382.96	2.75	385.71	20.70	0.0	-	10.5		2.8
2012	778.49	241.89	1.70	242.59	25.5	23.2	-	12.5		3.3
<b>Anaocha LG</b>										
2008	579.46	305.31	1.87	307.18	2.60	-	-	2.60		0.4
2009	442.00	265.90	1.98	267.88	11.60	346.2	-	4.60		2.6
2010	785.04	354.06	2.33	356.39	14.50	25.0	-	6.75		1.8
2011	790.55	378.15	2.25	380.40	15.80	9.0	-	7.35		2.0
2012	810.68	397.25	2.46	399.31	17.42	10.3	-	8.20		2.1
<b>Awka North LG</b>										
2008	549.33	234.44	1.10	235.54	8.10	-	-	3.60		1.5
2009	411.23	200.20	1.25	201.45	10.00	23.5	-	5.00		2.4
2010	575.84	252.74	1.37	254.11	13.20	32.0	-	9.00		2.3
2011	656.20	278.35	1.56	279.91	14.54	10.2	-	9.50		1.6
2012	745.06	333.12	1.60	334.72	17.60	21.0	-	9.50		2.4
<b>Ayamelum LG</b>										
2008	560.00	242.15	1.55	243.70	5.50	-	2.0	2.70		1.0
2009	421.70	210.72	1.68	212.40	4.45	-19.1	5.0	3.00		1.1
2010	625.44	268.23	1.79	270.02	7.10	59.6	3.0	5.70		1.1
2011	668.67	284.12	2.20	286.32	8.54	20.3	3.0	6.00		1.3
2012	759.53	345.56	2.34	347.90	10.76	26.0	4.0	6.00		1.4
<b>Dunukofia LG</b>										
2008	530.80	205.26	0.75	206.01	17.08	-	-	4.60		3.2
2009	400.90	189.06	0.89	189.95	16.11	-5.7	-	4.20		4.0
2010	567.92	235.23	1.16	236.39	25.89	60.7	-	7.40		4.6
2011	580.34	240.00	1.04	241.04	25.00	-3.4	-	8.00		4.3
2012	592.75	261.65	1.00	262.65	26.45	5.8	-	8.50		4.5
<b>Ekwsigo LG</b>										
2008	558.73	224.46	1.13	225.59	13.20	-	-	10.50		2.4
2009	420.55	211.35	1.24	212.89	13.20	0.0	-	6.00		3.1
2010	619.28	267.81	1.57	269.18	15.77	19.5	-	4.30		2.5
2011	635.23	320.22	1.80	322.02	16.05	1.8	-	5.45		2.5
2012	668.45	325.10	2.05	327.15	17.00	5.9	-	5.62		2.5
<b>Nnewi North LG</b>										
2008	558.06	235.23	2.34	237.57	7.30	-	2.0	3.20		1.3
2009	420.30	213.57	3.25	216.82	13.50	84.9	2.0	5.60		3.2
2010	617.52	286.34	2.89	289.23	14.17	5.0	3.0	4.30		2.3
2011	630.11	330.15	2.64	332.79	15.20	7.3	3.0	5.50		2.4
2012	682.35	345.25	3.04	348.29	20.35	33.8	3.0	6.00		3.0
<b>Orumba South LG</b>										
2008	564.05	211.04	1.22	212.26	9.20	-	-	7.50		1.6
2009	426.70	200.37	1.48	201.85	11.40	23.9	-	9.00		2.7
2010	660.96	234.44	1.63	236.07	16.50	44.7	-	12.40		2.5
2011	672.50	258.25	1.55	259.80	16.50	0.0	-	10.00		2.6
2012	705.28	260.31	1.70	262.01	18.05	9.4	-	12.50		2.6
<b>Oyi LG</b>										
2008	559.06	201.53	1.30	202.83	8.00	-	3.0	8.00		1.4
2009	420.86	183.26	1.28	184.54	11.50	43.8	-	11.50		2.7
2010	622.08	239.11	1.62	240.73	12.00	4.4	-	12.00		1.9
2011	655.25	243.21	1.80	245.01	12.50	4.2	3.0	10.00		1.9
2012	681.95	255.34	2.01	257.35	14.82	18.2	3.0	14.02		2.2

Source: LGs planning and statistics department, Anambra State.

\*FALG= federal allocation to local government \*ADB= Agricultural Department Budget \*IGR= Internally Generated Revenue

### **Conclusion and Recommendation**

Based on the findings of the study, the following conclusions were arrived at: Local governments had federation allocation as major source of revenue. Internally generated revenue (IGR) was inadequately harnessed. The LGs were adequately funded by the federal government and the amount increased annually while agriculture was not adequately funded in all the LGs. There was no allocation for extension; very few LGs indicated some budget percentage allocations to extension work. Based on the findings, the following recommendations were made: 1. LGs should look inwards for improved IGR in order to complement their share of federal allocation. This will help them to tackle more tasks and challenges before them. 2. There should be also an improvement in budget planning and execution in which more funds are allocated to agricultural departments of the LGs for extension services. 3. The statutory allocations to local councils should be released to the LGs directly in order to guarantee them full financial autonomy. 4. It is also advisable for local councils to look inwards for improved Internally Generated Revenue (IGR) in order to make them financially self-reliant. Besides, some LGs should look for ways of attracting industries to their areas as this will propel economic development and increase their revenue base.

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