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BUDGET IMPLEMENTATION AND RURAL ECONOMIC DEVELOPMENT IN OBINGWA AND OSISIOMA-NGWA LOCAL GOVERNMENT AREAS OF ABIA STATE

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Abstract

Local governments play a critical role in ensuring that the benefits of effective governance reach rural areas. However, in most parts of Nigeria, the pace of rural development has been slow over the years; this has resulted in growing disparity between income distribution and rising poverty rates. This study sought to examine local government budget implementation and rural economic development in Nigeria, particularly in Obingwa and Osisioma-Ngwa LGAs of Abia State. Using survey research design and random sampling technique, questionnaire was distributed to a sample size of 400 respondents from a total population of four hundred and one thousand, five hundred and twenty-six (401,526) respondents drawn from ten (10) towns in each of Obingwa and Osisioma-Ngwa LGAs in Abia State as determined using Taro Yamane's formula sample determination. The collated data was analyzed using IBM SPSS Statistics software and their frequencies and percentages were presented in tables, while the hypotheses were tested using analysis of variance (ANOVA) at the 5% level of significance. Results of the study showed that budget and finance exhibited an insignificant effect on rural economic development (F = 0.569, p-value = 0.451), budget implementation exhibited a significant effect on rural economic development (F = 5.394, p-value = 0.021). The study also found that corruption, poor budgeting tools, state interference, and bureaucracy influence budgeting at the local level. The study concluded that the condition of rural areas in Nigeria is a major cause for concern and budget planning and implementation is critical to its development. On the strength of this, the study recommended that accountable leadership and fiscal responsibility should be emphasized in local government administrations to promote efficient management and utilization of available funds and resources.

Keywords: rural development, budget, local governments, fiscal responsibility, Abia State.

Introduction

The need for development and inclusive economic growth in all nations of the world has necessitated the need for increased participation of all tiers of government and sectors of an

economy. To achieve rapid growth, nations have realized that the performance of a nation anchors on the economic efficiency of the institutional and economic components in the economy. This efficiency is usually reflected in the ability of government to effectively cater for the social needs of her citizens. The government of any nation is saddled with the responsibility of ensuring that its citizens get the best of social and developmental facilities available. They are responsible for setting macroeconomic policy that seek to promote equity by aiding the poor and the disadvantaged.

The concept of development is very difficult to define because it is value loaded. It is often equated with economic growth or economic development. Indeed, the two concepts are often used interchangeably, but they do not mean the same thing. According to Egbe (2014), economic development is an essential component of development, yet it is not the only one. There are many other aspects of development. This means that development involves the reorganization and reorientation of the entire economic and social system. This also involves, in addition to improvement of income and output, radical changes in institutions, social and administrative structures as well as in popular attitudes, customs and beliefs (Egbe, 2014). The implication of these two definitions is that "development" goes beyond economic indicators. It is both a physical process and a state of mind. The institutions or structures like construction of railways, schools, hospital etc. are aspect of development. The second aspect of development is that the people must change their attitudes for good.

The aim of creating local government is to make sure that grass root development (villages) is properly taken care off with the available financial and material and support from federal. Local governments are the third-tier administrative structure created in Nigeria to decentralize governance, bring government closer to the people at the grassroots and render social services (Agba, Ogwu and Chukwurah, 2013) pivotal in engendering national development. They are purposefully located and responsible for the governance of about 70 percent of the estimated 152 million people of the Nigerian population. Thus, they are said to be in a vintage position to aggregate and articulate the needs of the majority of Nigerians and facilitate rural development through the application of the needed financial and human resources in their operations.

A budget is a plan expressed in quantitative, usually monetary terms. This plan usually covers a specified period of time. The process of preparing and using budgets to achieve management objectives is called budgeting (Pandey, 2002). Budgeting will involve setting out the future expectation of the firm government and so forth. Planning involves the control and manipulation of relevant variable, some of which are controllable while others are not planning would also help to reduce uncertainty thereby making managers to be active to influence the budget environment in the interest of set out objectives.

The Problem

Local governments have historically played a critical role in ensuring that the benefits of effective governance are felt by the rural areas. In most parts of Nigeria, the pace of rural development has been slow over the years which has resulted in growing disparity between income distribution and has increased poverty.

Budget implementation is an important tool of a functioning government. Effective budget implementation is expected to strengthen the local government's accountability to the electorate and ensure improved fiscal outcomes. For instance, the large concentration of artisans and peasants in communities of Obingwa and Osisioma-Ngwa LGAs makes its dependence on the government for its development very imperative, hence the need for effective budget implementation to aid its growth. If the local governments are the machineries for the delivery of the benefits of governance to rural areas, then the existence of effective budgeting is ideal.

On this premise therefore, a study that examines whether local government budget implementation in Obingwa and Osisioma-Ngwa LGAs has aided economic development in these rural areas becomes necessary.

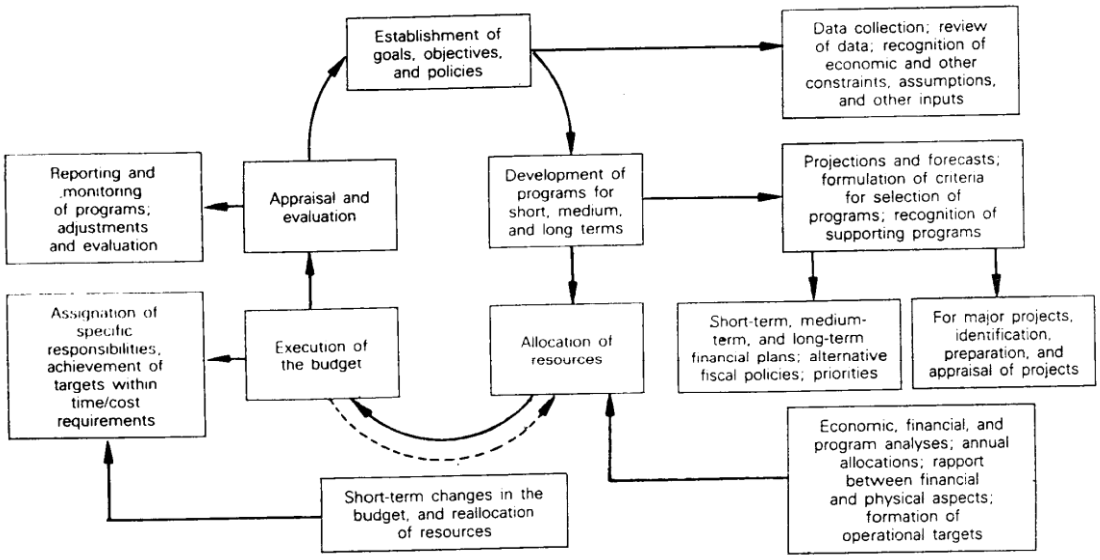
Budget & Budgeting

The budget may be considered the high way map which shows the roads to take to reach the desired destination. It is the administration first full statement of its priorities, policies and proposals for meeting the national needs (Shah, 2007). Government budget is a quantitative and qualitative statement of estimates of in-flows and out-flows that are expected to be realised and incurred respectively in a particular fiscal year, which in Nigeria, starts from January and terminates in December. It is therefore axiomatic that for a successful administration or even business organisation, careful plans must be made and these plans reviewed and carried out. The making of such plans and their continuous review and execution is the essentials of budgetary control.

Without a budget, a government may wonder aimlessly; it may never know where it is going or where it should go. It has thus become the most powerful instrument of government policy formulation and execution. At whatever level of government, budget represents a careful balancing of several considerations such as provision for recovery of a nation's economy from recession; the obligation of the government to meet the critical needs of the nation and its people; the fact that resources are limited, government must be disciplined in its choices and scope; and the need for careful and prudent management of the taxpayer's resources.

In addition, the budget is the instrument for accountability, in that government agencies are responsible for the proper management of funds and programmes for which funds are appropriated. It is also a tool for management, because a budget, as an operational document, specifies either directly or implicitly, the cost, time, and nature of the expected results (Obadan&Ogiogio, 1995).

Chart 1. Budgetary Process



Source: Premchad (1989)

Budgeting as an instrument of economic policy has more varied functions (Premchad, 1989; Olalokun, 1995). First, in policy term, it indicates the direction of the economy and expresses intentions regarding the utilization of the community's resources. In operational terms, it leads to the determination of the national growth and investment goals and, in more detail, with the allocation of resources among consumption, transfer, and investment outlays and among sectors.

A resume of this sub-section of the literature review is that in view of limited buoyancy of financial resources available to government, such resources will have to be used rationally and optimally if development goals are to be attained. This is better achieved through budgeting – which involves the entire system or process of planning, proposing, authorizing, measuring, controlling and reporting the conduct of national fiscal activities and related transactions. For this system to be considered effective, the budget ideally involves:

a) The appraisal of various governmental activities in terms of their contributions to the national objectives;
b) The projection of governmental activities over an adequate time period;
c) The determination of how these objectives can be attained with minimum resources, and
d) The revision of the budget, in the light of changing circumstances and experiences (U.N., 2000).

Finally, it is clear that budgets are not just numbers detailing abstract expenditure. A budget reveals a vision for the future as well as the ideals shaping that vision.

Government Budgetary Processes and Techniques in Nigeria

The budgetary procedures in the Nigerian public sector are universal. All levels of government follow the same processes and prepare estimates in line with laid rules. The

content of government budget is guided by provisions of schedule of the 1989 Constitution of the federal Republic of Nigeria, Decree 3 of 1989.

Budget Execution

Under the law, most budget authorities and other budgetary resources are made available to the departments and agencies of the executive branch through an apportionment action. Obligations may not be incurred in excess of the amount apportioned. The objective of the apportionment system is to ensure effective and orderly use of available resources and to reduce the need for requesting additional and supplemental funds.

The Rationale for Budgeting in Governance

The budget provides an effective strategy for an efficient financial management. As a systematic plan of projected income and expenditure, with inbuilt checks, the budget serves as a powerful instrument of control. Hence, Due & Friedlander (1967) regard budget as a monetary disposition that functions as the basis for expenditure, decision-making and consequent control of disbursement. Institutionalized and statutory measures are provided to ensure that financial appropriations are spent for the purposes they are voted for and in accordance with the law and regulations.

Another important purpose of a budget is public accountability. According to Egbide&Agbude (2014), the most important value of the budgetary system is accountability which is accomplished by a system of internal checks based on record-keeping. The budgetary system facilitates accountability by public officials of the public funds entrusted in their hands. The fragmentation of duties at both the levels of formulation and implementation results in the specialization which promotes efficient administration. Coordination is also provided by the budget to reconcile the various services and programmes competing for funds.

Theoretical Framework: Theory of Fiscal Federalism

The theory of fiscal federalism was originally developed by German-born American economist Richard Musgrave in 1959. Musgrave argued that federal government systems have the ability to solve many of the issues local governments face by providing the balance and stability needed to overcome disruptive issues like uneven distribution of wealth and lack of widely available resources. Musgrave further theorized that federal governments should manage a nation's money from the top and give it to states, who can distribute it locally as needed.

However, various criticisms have been put forth against the theory of fiscal federalism, such as: the lack of accountability of state and local governments to constituents; the lack of availability of qualified staff; the possibility for people to choose where to reside; a certain degree of independence of the local governments from the national government; and unavailability of infrastructure of public expenditure at the local level.

The relevance of this theory to the study is that it is seen as a platform to build upon and determine how effective representation by government is ideal to cover the interests of the people in rural areas. Fiscal federalism shows how regional and local differences can be taken into account, such that it lowers planning and administrative costs, increases competition

among local governments, favours rural and political innovations; and ensures more efficient politics as citizens have more influence.

Methodology

This research study used the survey research design. Kraemer (1991) as cited in Glasow (2005) identified three distinguishing characteristics of survey research. First, it is used to quantitatively describe specific aspects of a given population. Second, the data required for survey research are collected from people and are therefore subjective. However, the quantitative survey research design was adopted specifically for this study as it involves the use of an instrument such as a questionnaire to collect measurable data from respondents and reported in numerical form.

Abia State is adopted as the area of study, while the population of study is made up of Obingwa and Osisioma-Ngwa LGAs. The total population is given as four hundred and one thousand, five hundred and twenty-six (401,526).

A sample of the population was studied. A sample is a part of the population chosen for a survey. Since the researcher cannot afford to study the entire elements in the population, the sample size of this study is generated using the Taro Yamane's formula (cited in Zhang, 2015). This study adopts questionnaire and the ideal when a researcher intends to generate adequate information for the study from respondents without influencing the responses of such respondents. The questionnaire will contain questions that will seek to procure answers to the research questions. Furthermore, the questionnaire which would be used to generate and gather data from the respondents on their perception of local government budget implementation and rural economic development with regards to their communities.

Using multi stage cluster sampling technique of the probability sampling method, 200 copies of the research questionnaire will be administered to randomly selected members in each of the 20 communities in Obingwa and Osisioma-Ngwa LGAs respectively.

Result

To achieve the focus of this paper; budget implementation and rural economic development in Abia state, particularly in Obingwa and Osisioma-Ngwa LGAs, four hundred (400) copies of questionnaires were distributed and adequately filled by the respondents and processed by the researcher to ensure that there was no invalid information provided. All 400 copies of the distributed questionnaires were duly filled and returned, signifying a 100% return rate.

The analysis will begin with a presentation and discussion of the demographic characteristics of the research respondents, then an analysis of the research questions, and the discussion of the findings from the analysis.

Table 4.1 - Sources of Finance of LGAs in Nigeria and their Fiscal Autonomy

Items	SA F (%)	A F (%)	D F (%)	SD F (%)	UD F (%)	$\bar{x}$	SD
LGAs in Nigeria get funding from the State government	161 (40.3)	187 (46.8)	20 (5.0)	24 (6.0)	8 (2.0)	4.17	0.91
LGAs in Nigeria get funding from the Federal government	190 (47.5)	178 (44.5)	8 (2.0)	8 (2.0)	16 (4.0)	4.29	0.92
LGAs in Nigeria depend on internally generated revenue to fund their own projects	145 (36.3)	215 (53.8)	20 (5.0)	4 (1.0)	16 (4.0)	4.17	0.88
LGAs in Nigeria manage their own finances without the influence of the State and Federal governments	99 (24.8)	203 (50.7)	56 (14.0)	16 (4.0)	26 (6.5)	3.83	1.05
The spending by local governments is not monitored by either the state or federal government	135 (33.8)	172 (42.0)	48 (12.0)	24 (6.0)	21 (5.3)	3.64	1.08
Average Mean						**4.02**	

***Decision Rule: If average mean is ≤ 0.99 = undecided; 1.00 to 1.99 = strongly disagree; 2.00 to 2.99 = disagree; 3.00 to 3.99 = agree; 4.00 to 5.00 = strongly agree**

The data in the table above indicates that local government areas in Nigeria such as Obingwa and Osisioma-Ngwa LGAs have several sources of income and possess fiscal autonomy ($\bar{x}$=*4.02*). Supporting this finding is the fact that, as shown in the table above, the various sources of funding for LGAS in Nigeria such as Obingwa and Osisioma-Ngwa LGAs include the Federal government ($\bar{x}$=*4.29*), the State government ($\bar{x}$=*4.17*) and revenue generated from within the local government areas such as local taxes, fines, levies etc.

Additionally, the table data above also showed that LGAs in Nigeria possess fiscal autonomy. This is further corroborated by the fact that LGAs in Nigeria such as Obingwa and Osisioma-Ngwa LGAs manage their own finances without the influence of the State and Federal governments ($\bar{x}$=*3.83*) and the fact that the spending by local governments is not monitored by either the state or federal government ($\bar{x}$=*3.64*). From the findings therefore, the study has shown that local governments in Nigeria can fund their budgets through various sources with undue interference from the state government or the federal government.

Table 4.2 - Budget and Finance and its effects on Rural Economic Development

Items	SA F (%)	A F (%)	D F (%)	SD F (%)	UD F (%)	$\bar{x}$	SD
Effective budgetary process improves the fortunes of rural areas in Nigeria	126 (31.5)	250 (62.5)	20 (5.0)	--	4 (1.0)	4.23	0.63
The growth of rural areas and LGAs is greatly affected by the inadequacy of finance	197 (49.3)	191 (47.8)	12 (3.0)	--	--	4.46	0.55
LGAs in Nigeria have access to sufficient finance to embark on developmental projects	36 (9.0)	120 (30.0)	184 (46.0)	48 (12.0)	12 (3.0)	3.30	0.90
Adequate financing of LGAs would lead to better infrastructural development	201 (50.2)	186 (46.5)	8 (2.0)	--	5 (1.3)	4.44	0.66
Adequate budgeting would ensure the maximization of resources and development LGAs in Nigeria	157 (39.3)	235 (58.6)	4 (1.0)	--	4 (1.0)	4.35	0.60
Average Mean						**4.15**	

***Decision Rule: If average mean is ≤ 0.99 = undecided; 1.00 to 1.99 = strongly disagree; 2.00 to 2.99 = disagree; 3.00 to 3.99 = agree; 4.00 to 5.00 = strongly agree**

Table 4.2 above shows that the economic development of rural areas in Nigeria is greatly affected by budget and finance in many ways ($\bar{x}$=*4.15*). For instance, on the side of finance, it was the opinion of the respondents that inadequate finance would affect the growth of rural areas and LGAs to a very high extent ($\bar{x}$=*4.46*) and that adequate financing of LGAs would lead to better infrastructural development to a very high extent ($\bar{x}$=*4.44*). Regarding finance also, the respondents assert that LGAs in Nigeria such as Obingwa and Osisioma-Ngwa LGAs in Abia State have good access to sufficient finance to embark on developmental projects ($\bar{x}$=*3.30*). On the side of budgeting, the table result shows that adequate budgeting would ensure the maximization of resources and development LGAs in Nigeria to a very high extent ($\bar{x}$=*4.35*) and improve the fortunes of rural areas in Nigeria to a very high extent ($\bar{x}$=*4.23*).

From the findings above therefore, the study has shown that budgeting and finance are very critical to the development of rural areas in Nigeria, and finance should not be a problem since these LGAs can assess sufficient funds to aid rural development.

Table 4.2.2 - Budget Implementation Process in LGAs

Items	SA F (%)	A F (%)	D F (%)	SD F (%)	UD F (%)	$\bar{x}$	SD
The right budgetary processes are implemented by LGAs	12 (3.0)	32 (8.0)	235 (58.8)	89 (22.3)	32 (8.0)	2.75	0.82
The budget process in LGAs is clear, credible and timely	0 (0.0)	36 (9.0)	133 (33.3)	179 (44.8)	52 (13.0)	2.50	0.83
Due processes are followed in budgeting to allow for transparency	3.0 (12)	28 (7.0)	152 (38.0)	163 (40.8)	45 (11.3)	2.49	0.89
Appropriate checks and balances are in place to ensure integrity of the budgeting process	38 (9.5)	48 (12.0)	113 (28.2)	149 (37.3)	52 (13.0)	2.67	1.13
The budget committee in LGAs comprise of the right people who have autonomy	38 (9.5)	24 (6.0)	81 (20.3)	149 (37.3)	108 (27.0)	2.33	1.20
Average Mean						**2.55**	

*****Decision Rule: If average mean is ≤ 0.99 = undecided; 1.00 to 1.99 = strongly disagree; 2.00 to 2.99 = disagree; 3.00 to 3.99 = agree; 4.00 to 5.00 = strongly agree**

The table data above shows indicates that the budget implementation process in LGAs is poor ($\bar{x}$=*2.55*). Specifically, the table result shows that the right budgetary processes are not implemented by LGAs ($\bar{x}$=*2.75*) and the checks and balances in place to ensure integrity of the budgeting process is poor and inappropriate ($\bar{x}$=*2.67*). Furthermore, the result also shows that the budget process in LGAs is not clear, not credible and not timely ($\bar{x}$=*2.50*). Additionally, the poor budget implementation process in the LGAs is corroborated by the fact that due processes are poorly followed in budgeting to allow for transparency ($\bar{x}$=*2.49)* and the budget committee in LGAs does not comprise of the right people and these people do not have autonomy ($\bar{x}$=*2.33*).

The findings above therefore indicate that the budget implementation process in local government areas is poor and not sufficient enough to drive the needed development in these rural areas. This is the case in Obingwa and Osisioma-Ngwa LGAs in Abia State.

Table 4.3 - Effects of budget implementation on Rural Economic Development

Items	SA F (%)	A F (%)	D F (%)	SD F (%)	UD F (%)	$\bar{x}$	SD
Budget implementation ensures good planning in rural areas	158 (39.5)	230 (57.5)	--	--	12 (3.0)	4.30	0.75
Effective budget implementation will lead to better economic development in rural areas	208 (52.0)	192 (48.0)	--	--	--	4.52	0.50
Effective budget implementation leads to faster realization of planning goals	191 (47.8)	201 (50.2)	4 (1.0)	--	4 (1.0)	4.43	0.62
Budget implementation ensures that the benefits of democracy are transferred to rural areas	174 (43.5)	214 (53.5)	4 (1.0)	--	8 (2.0)	4.36	0.70
Budget implementation reduces poverty in rural areas	212 (35.0)	176 (44.0)	4 (1.0)	4 (1.0)	4 (1.0)	4.47	0.67
Average Mean						**4.41**	

*****Decision Rule: If average mean is ≤ 0.99 = undecided; 1.00 to 1.99 = strongly disagree; 2.00 to 2.99 = disagree; 3.00 to 3.99 = agree; 4.00 to 5.00 = strongly agree**

From table 4.3 above, the result shows that generally, above indicates that effective budget implementation positively affects rural economic development in various ways and to a very high extent ($\bar{x}$=*4.41*).specifically, the result shows that effective budget implementation will lead to better economic development in rural areas ($\bar{x}$=*4.52*), reduce poverty in rural areas ($\bar{x}$=*4.47*), bring about faster realization of planning goals ($\bar{x}$=*4.43*), ensure that the benefits of democracy are transferred to rural areas ($\bar{x}$=*4.36*) and ensure good planning in rural areas ($\bar{x}$=*4.30*).

The findings show that the respondents strongly believe that with effective budget implementation, rural development would be facilitated to a high extent and result in the realization of the goals of local governance.

Table 4.4- Associated Difficulties in the Budget Process and Effective Implementation of Budgets in LGAs

Items	SA F (%)	A F (%)	D F (%)	SD F (%)	UD F (%)	$\bar{x}$	SD
Corruption is a major hindrance to effective budget process in LGAs of Nigeria	230 (57.5)	166 (41.5)	4 (1.0)	--	--	4.56	0.51
Interference of the state and federal governments hinders effective implementation of budgets in LGAs	171 (42.8)	189 (47.3)	--	--	8 (2.0)	4.28	0.77
Government bureaucracy slows down the budget process	16 (4.0)	76 (19.0)	154 (38.5)	101 (25.3)	53 (13.3)	2.75	1.03
Lack of transparency amongst budget committee and elected officials can hinder effective budgeting	204 (51.0)	192 (48.0)	--	--	4 (1.0)	4.48	0.60
The use of poor budgeting tools can lead to a poor budget	201 (50.2)	195 (48.8)	--	--	4 (1.0)	4.47	0.60
Average Mean						4.**10**	

*****Decision Rule: If average mean is ≤ 0.99 = undecided; 1.00 to 1.99 = strongly disagree; 2.00 to 2.99 = disagree; 3.00 to 3.99 = agree; 4.00 to 5.00 = strongly agree**

From the table above, the results show that the budget process and the effective implementation of budgets in LGAs in Nigeria are constrained to a very high extent by several factors ($\bar{x}$=*4.10*). Specifically, the results show that the major hindrance to effective budget process in LGAs is corruption ($\bar{x}$=*4.56*). Other limiting factors include the lack of transparency amongst budget committee and elected officials ($\bar{x}$=*4.48*), the use of poor budgeting tools during the budget process ($\bar{x}$=*4.47*), the interference of the state and federal governments ($\bar{x}$=*4.28*), and the problem of government bureaucracy which slows down the budget process ($\bar{x}$=2.75).

The findings show that the budget creation and implementation process in local government areas such as Obingwa and Osisioma-Ngwa LGAs in Abia State would have been better and result in rural development but for the many constraints that impedes the process.

Discussion of Findings

The aim of this research work is to examine budget implementation and rural economic development in Abia state, particularly in Obingwa and Osisioma-Ngwa LGAs. Regarding the state of rural economic development in these local government areas, the study found that rural economic development in Obingwa and Osisioma-Ngwa LGAs of Abia State is poor and was seen in the poor welfare of the people, poor access to portable water and electricity, poorly equipped schools, bad and inaccessible roads, and the poor health care facilities within these LGAs. While this is expected due to the issues of poor governance within the country generally, the critical nature of the respondents suggested that the situation within their localities was in need of urgent attention although the authorities are not working to improve the situation. Empirically, the finding is consistent with a similar study by Adedire (2014) who examined local government and the challenges of rural development in Nigeria from 1999 to 2014 and concluded that local governments were faced with such challenges like inadequate finance, corruption, poor implementation of projects, lack of competent manpower, high level of illiteracy, lack of due consultation and non-involvement of local dwellers in policy decisions and hijack of local government allocation by the state government.

From the information gathered from the respondents, the paper found that local governments in Nigeria can fund their budgets through various sources. Some of the sources including funding from both the federal and state governments as well as internally generated revenue within the local governments such as royalties, fines, tolls etc. In addition, LGAs in Nigeria possess fiscal autonomy such that these local governments such as Obingwa and Osisioma-Ngwa LGAs in Abia State manage their own finances and have autonomy of their expenditure without influence from either the state government or federal government. The finding further suggests that the ability of local governments to achieve economic development in the rural areas is boosted by its access to funding. The finding is consistent with the theory of fiscal federalism which entails the allocation of government spending and resources to the various tiers of government in tandem to the responsibilities given to that tier of government. However, the finding is not consistent with the work of Nwoba (2015) who examined fiscal crisis and its impact on the local government Administration in South Eastern Nigeria and found that the internal generation revenue source of local government in south Eastern Nigeria is not viable suggesting that more revenue options should be given to local government based on an existing reality and that corruption in the system will reduce if specification is made on their sources of revenue.

Research objective two aimed at examining how budget and finance affects rural economic development in Obingwa and Osisioma-Ngwa LGAs. This paper found that budgeting and finance are very critical to the development of rural areas in Obingwa and Osisioma-Ngwa LGAs. This is because the availability of finance would bring about better infrastructural development while the right budget process would ensure that financial resources are properly maximized to bring about improved economic development in the rural areas. This paper also found that there is sufficient evidence to suggest that Obingwa and Osisioma-Ngwa LGAs have access to good funding. As such, while the funding may be available, the right budgetary process would need to exist to bring about economic development in the local government areas. Also, the study found budget and finance exhibited an insignificant effect on rural economic development in Obingwa and Osisioma-Ngwa LGAs and led to the acceptance of the null hypothesis one. The model also showed that budget and finance accounted for less than 1% variation in rural economic development in these LGAs. This finding is not consistent with the descriptive statistics in which the respondents asserted that local governments in Nigeria have access to funding and that budget would aid rural economic development. However, the effect of budget implementation on rural economic development, although significant, was low, as it accounted for less than 1% variation in rural economic development. Thus, implying that budget implementation in Obingwa and Osisioma-Ngwa LGAs has not been very effective.

The study found that while these local government areas have good access to funding, the right budget processes are not implemented in the local government areas. The study found that the budget processes in these local government areas are not credible, lack transparency, and are riddled with poor checks are balance and lack of integrity. This finding is in line with a previous work by Oniore (2014) investigated budget implementation and economic development in Delta State from 1991 to 2010 and found that the factors which have been responsible for budget failures in the state includes budget indiscipline, lack of accountability, non-consideration of reasonable suggestions from interest groups while preparing the budget, inadequate monitoring instruments, political instability, non-usage of accurate data, and inconsistent economic planning and policies.

The study found that effective budget implementation has a very high and positive effect on the rural economic development. This positive effect is reflected through improved economic development indices, poverty reduction, good long-term planning, fast-tracked achievement of the goals of governance and help. The study also found a significant effect of budget implementation on rural economic development, implying that when budgets are effectively implemented, it would significantly and positively affect the economic development of the area. This finding led to the rejection of the null hypothesis. The findings are supported by the work of Olaoye (2016) who evaluated the effect of budget implementation on Nigeria's economic growth using Ordinary Least Square (OLS), Co-integration and Error Correction Model (ECM) in analyzing respectively the short and long-run effect of budget implementation on Nigeria's economic growth and found that public recurrent expenditure has a positive relationship with GDP in the short-run while public capital expenditure has a positive relationship with GDP in the long run.

The study found several associated difficulties and factors that affect the budget process and budget implementation in local governments. Some of these identified factors include

corruption, lack of transparency amongst budget committee and elected officials, poor budgeting tools, the interference of the state and federal governments in local government budgetary process, and government bureaucracy which slows down the budget process. This study also found that chief amongst these associated factors is the problem of corruption. Also, the study found that although the respondents asserted that the local governments have fiscal autonomy in the area of spending of funds, they however lack autonomy in budgeting. This is because the State or Federal governments rely on the outcome of the budgetary process to determine allocations to the local governments. As such, interferences could come from the state and federal governments. However, the finding suggests that when the funds have been allocated to the local governments, the state and federal governments do not interfere with how the funds are used. Empirically, the findings are consistent with the work of Ogboru (2016) who noted that corruption is one of the major problems affecting the local government and that there are contract scams in all local government councils in Nigeria, with these contracts inflated and worse still, the projects are not executed and thereby defeating the essence of budgets. Similarly, the findings are consistent with the work of Ugoh&Ukpere (2009) who examined the problems and prospects of budgeting and budget implementation in local government system in Nigeria and found that excessive delay by the state government and the fact that local government councils are not given the necessary independence as practiced in a true federal structure are some of the challenges of local government budgeting in Nigeria.

Summarily, the overall findings suggest that while budgeting, from planning to implementation is critical to the fiscal responsibility of local government councils in Nigeria and the economic development of rural areas.

Recommendations

Based on the findings of the study, the researchers recommend the following:

1) Firstly, emphasis should be placed on accountable leadership and fiscal responsibility in the local level of governance which would promote efficient management and utilization of available funds and resources.
2) Secondly, the budgeting process in local governments should follow due process and comprise of the right people who have the experience and are not subject to undue influence from anyone.
3) Thirdly, interference by the state and federal governments were found to be one of the major issues associated with budget implementation. As such, the local governments should be granted total fiscal autonomy to manage the entire budget process, and including its creation, implementation, and management.
4) Fourthly, while fiscal autonomy should be afforded local government councils, stringent measures should be established in all to tackle the issue of corruption and mismanagement of resources at all levels of government. This would serve as checks and balances to ensure that leaders are held accountable and behave ethically.
5) Lastly, the study has shown that finance is critical to rural development. As such, local government administrations should become fiscally responsible enough to adequately mobilize development within their councils that would in return generate revenue internally to further fund other projects.

Conclusion

This research paper has examined budget implementation and rural economic development in Obingwa and Osisioma-Ngwa LGAs of Abia State. The study found that budget and finance exhibited an insignificant effect on rural economic development, budget implementation has a significant effect of on rural economic development, and that effective budget implementation enhances rural economic development.

This paper therefore concludes that the condition of rural areas in Nigeria is a major cause for concern, and although budget planning and implementation is critical to the fiscal responsibility of local government councils and the economic development of rural areas, the budget implementation process is however poor and bedeviled with several issues these issues continue to hamper effective local government administration and rural economic development.

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