

## Problems of Financing Community Development Projects in Obowo Local Government Area of Imo State, Nigeria.

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**Abstract:** The main objective of this study was to identify the problems associated with financing community development projects in Obowo Area of Imo state. The specific objectives were to: determine the sources of financing community development projects, identify the commonest projects initiated and executed in the community, describe the roles of these source In financing community development projects, examine the problems of financing community development projects, and to make policy recommendations based on the findings. One hundred and twenty {120} respondents were randomly selected from ten (10) autonomous communities in Obowo Area of Imo state. Data were obtained using structured questionnaire. Simple statistical tools such as frequency, percentages, and tables, were used in data analysis. Result also shows that the self-help group is the most available source (99.1%) than other sources. The major problems encountered during financing the projects include: Embezzlement of funds, mismanagement of funds, available sources not co-operating, lack of security at the project site, and land – owners demanding much money for compensation. The solutions proffered include: proper management of funds, payment of taxes and rates, creation of more autonomous communities, among others.

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### 1. Introduction

The Igbos (Ibos) of the Southeast 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 (Eze, 1971).

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 affairs. In this system indigenous ideas are expected to dominate. Thus, councilors are to be selected by traditional methods and most revenue is to be raised by direct local contribution and donation (Eze, 1971).

Development literally could be seen as improvement or movement towards a desired direction. However, a clear – cut definition is difficult to achieve basically because it requires understanding of crucial components of development. FAO (1988), defined development in terms of management and conservation of natural resources base as well as orientation of technological and institutional changes towards present and future needs of man. According to Barrier (1989), development could be viewed in terms of optimal resources management among members of a social system. However, Eboh (1995), viewed development in terms of participation in social activities basically due to levels of human and environmental development.

The foregoing definitions indicate that development cuts across various dimensions, social sectors and disciplines including rural communities but the main thrust is that it depicts improvement in the life and environment of members of a society. Rural community development indicates improvement of an area domiciled by aggregation of rural families, rural people and environment through human resource development and provision of necessary infrastructure

(Eze, 1997). Thus rural community development depicts upward growth in rate of positive unfoldment or evolution over time as a measure of improvement and transformation in the life pattern of inhabitants and production environment. Rural community development requires the introduction or application of necessary plan strategies and modern facilities to achieve the tastes in rural communities' transformation process. It is clearly designed to increase production and raise productivity among members of the community. It is based on the premises that improvement in productivity enhances food supplies and nutrition of rural inhabitants as well as their overall contribution to national economy. This improvement in nutrition and food supplies capabilities of the rural people enhances greatly their accessibility to health, education and modern living. Rural community development involves a process are implemented in conjunction with the rural people to improve their socio-economic conditions. It involves the transformation of the community into a more socially, economically, politically, and educationally order necessary in achieving desirable conditions. Rural community development involves the integration of the rural poor which constitutes majority of the population in development countries. In a developed country such as Nigeria, agriculture constitutes the main occupation of the inhabitants. Thus agricultural development is an important aspect of rural community development especially as evidence abound that most industries depends on agriculture as a viable source of raw materials (Eze, 2005).

LLEMP (2003) explains that a number of advantages follow the community development approach. First, community development empowers local community by giving them more resources and authority, and encourages them to use these resources to improve their standard of living. It gives them opportunity to participate in determining the course of their own development. It gives voices to the voiceless, the vulnerable and marginalized groups, thus enabling all the people in the community to fashion out their development needs.

Furthermore community development enables the people to own their projects, manage and ensure their maintenance and sustainability (Muenkner and Berkos, 2000). This indicates that there are rooms for improvement through the efforts of the government authorities, citizen participation and local involvement. Project associated with community development aims at addressing poverty, access to education, natural resources degradation and other problems like financing the project. Projects are those activities on which we will spend money in expectation of returns and which logically seems to

lend itself to planning, financing, and implementation as a unit.

The Financial Accountability Assessment (FAA) for Nigeria revealed that the systems for development of community based projects are not only functions of planning, budgeting, monitoring but that of controlling public resources which have deteriorated to the level that they do not provide any reasonable assurance that funds (finance) are used for the intended purpose. Thus, the study is necessary as combating measures designed to asses and analyze the problems associated with financing community development projects and soliciting for ways of ameliorating them. (Obodoechi, 2006)

The biggest problem of any project development organization of any size is finance which is one the element or factors of production. It is the project developer's capacity or power for mobilizing required land, labour force, materials, plant and supervisory staff necessary to organize any development project.

Also the problem of financing consists of identifying and developing professionally qualified and experienced project accountant, preparation of financial procedure manual, implementation of computerized financial management systems. These issues have made it necessary that at community level, appropriate financial accountability arrangements should be developed and maintained to ensure that funds are used only for the purpose intended.

Much has been said about the study but no critical, empirical and in-depth study has been made on it. This is because the subject matter is as proper as proper as controversial (Michael and Johnny, 1992). For instance; Chigozie (2006) states the implements to increased provision of community development projects on a superficial level. This made it clarion call for a study to be done on the problems associated with financing community development projects in Obowo L.G.A of Imo State, Nigeria.

The major objective of the study was to identify the problems associated with financing community development projects in Obowo L.G.A of Imo State.

The specific Objectives were to: determine the sources of financing community development projects; identify the commonest projects initiated and executed in the community; examine the problems of financing community development projects.

The study was conducted in Imo State, Nigeria. There are three agricultural zones making up the state. They are Okigwe, Orlu and Owerri agricultural zones. Obowo (the study area) falls under Okigwe agricultural zone as classified by Imo State Agricultural Development Programme Obowo L.G.A made up autonomous communities namely:-

Umulogbo, Umuosochie, Umuokeh Amanze, Ehume, Ofeohia, Okwuwohia, Umuagu, Amato, Umuifem Avatu, Okwunaezigwe, Osintalalowu, Achara, Odenkwume and Umunachi.

Apart from its location in the rain forest zone of Nigeria, its climatic and soil supports vegetation especially roots and tubers. Two main seasons witnessed in the area are the rainy and the dry season. Their mean annual rainfall is between (30, 000 – 34, 000 mm) while the mean temperature is between 25oc, with relative humidity of about 97 percent during the rainy season and between 60 – 80 percent in the dry season. Obowo Local Government Area is known for farming, hunting trading and education. Their farming activities usually reach their peak by the late February and early April when rainy season starts. Majority of people in the area are mostly predominant farmers. They practice shifting cultivation observing an average of 2 years between shifts. They undertake mixed cropping for their individual household needs as well as for commercial purposes. Farms are characterized by whole piece of land (2-5) hectares of land. These farmers cultivate crops like, cocoyam, potatoes, yam, cassava, vegetables, maize and other numerous food crops. There are also cash crops like oil palm, wine palm, and cashew.

Each household mostly supplies labour, but during peak farming the farmers resort to hired labour. The people of Obowo have high self-help spirit; this has enable them to execute many developmental projects on their own. In addition, many developmental associations, institutions, agencies and individuals have helped in the provision of developmental projects.

The sample areas selected were 10 autonomous communities out of 14 autonomous communities in Obowo Local Government Area of Okigwe agricultural zone in Imo State. A multi-stage random sampling technique was adopted in selecting 12 farmers from each of the autonomous

communities. In each of the selected autonomous community, farmers were selected respectively from each village existing those communities.

The autonomous communities purposively selected were: Umulogho, Umuosochie, Umuokeh, Umunachi, Umuagu, Amanze, Ehume, Ofeohia Okwuwohia, Osintalowu, and Odenkwume. One hundred and twenty (120) farmers were randomly selected from 10 autonomous communities. A total of well structured questionnaires were used to sort information's from farmer's socio-economic characteristic, sources of financing community development projects and problems encountered during the financing process.

The questionnaire was administered through the enumerators attached to Obowo Local Government Area and a validation exercise was done through a personal interview with some of the interviewed people who lived in the area under study. Twelve (12) households were used in each of the 10 autonomous communities intentionally selected. A total of 120 farmers were sampled and interviewed in the study.

Data for this study were obtained from two main sources namely; Primary and Secondary sources. The primary data of this work were gotten through well-structured questionnaire, which was developed based on the objectives of the study. Data were collected from various farmers in this local government area using face-to-face interview schedule. Secondary data were collected from journals, publications, pamphlets, research projects and newsletters. Data gotten through this source contain information on problems associated with financing community development projects, their sources of finance, and other relevant information.

This is a qualitative study and therefore qualitative analytical tools were mainly employed. The data collected were analyzed using such statistical tools as percentages enumeration tables and cross tabulations.

**Table 1: Sources of Financing Development Project (N = 120)**

Sources	Frequency	Percentage (%)
Co-operate group	25	20.8
Governmental	100	83.3
Self-help group	119	99.1
Non-governmental Organization	118	98.3

Table 1 shows the different sources of finance available in the study area; self-help group rated higher with 99.1 percent, while non-governmental organization rated 98.3 percent. This implies that self-held group, non-governmental organizations are the most available sources to finance development projects in the study area.

The governmental agencies rated 83.3% while co-operative group rated 20.8% from the result analyzed, it is obvious that the communities have felt the impact of development from these sources.

**Table 2: Means of generating funds by the community for development projects N= 120**

Means of fund raising	Frequency	Percentage (%)
Levies	119	99.1
Launching	118	98.3
Donations	83	69.2
Others	5	41.2

Table 2 shows that the community dwellers comply more on levies which rated 99.1% while launching rated 98.3 percent then, donations by the community members rated 69.2 percent

while other means of fund raising rated 41.2 percent. This shows that the community members have high self-help spirit in financing development projects.

**Table 3: Analysis of Best Source to Finance Projects**

Sources	Frequency	Percentage (%)
Co-operate group	3	2.5
Governmental agencies	71	59.1
Non-governmental Organization	35	29.2
Self-help group	11	9.2
<b>Total</b>	<b>120</b>	<b>100</b>

Table 3 shows that 59.1 percent of the respondents reported that governmental agencies should best finance development projects while 29.2 percent reported that non-governmental organizations should best finance development projects. Then, 9.2 percent reported that self-help group should best finance projects while 2.5

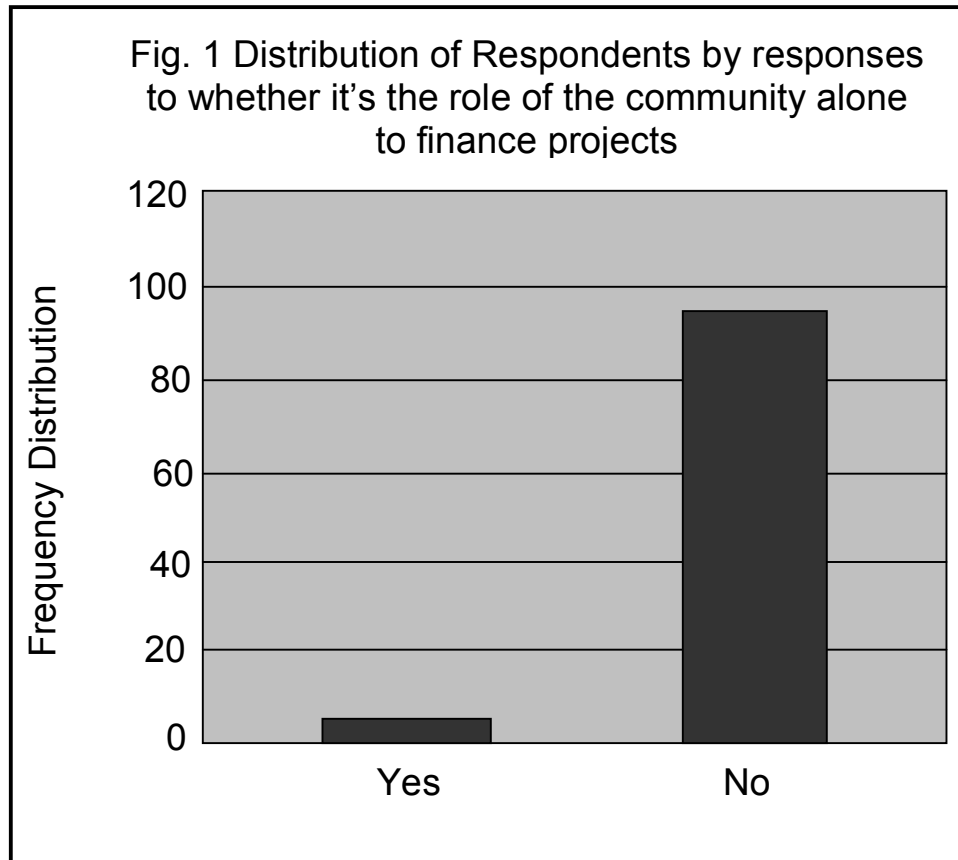
percent of the respondents reported that co-operative group should best finance development projects. From the result, it is clear that the governmental agencies and the non-governmental organizations are best source to finance development projects. This is because they generate more funds than other sources.

**Table 8: Projects initiated and executed in the study area**

Name of development Projects	Duration of Project	Effects of projects on the community
Renovation of Classroom blocks.	6-9 months	Good erected and conducive Academic block learning Environment provided.
Health centre	More than 1 year.	Reduced infant mortality and Increase health condition of community members.
Borehole drilling and rehabilitation.	More than 1 year	Clean drinking water made available and increased health condition of the people.
Culvert/Road construction	More than 1 year	Makes roads and junctions accessible.
Completion of Electricity projects.	More than 1 year	Increase development and creates different avenues for Income generation.
Village hall Construction	6-9 months	Provides conducive meeting environment.
Building of computer training institute	More than 1 year	Majority are now computer literate

Table 4 shows that many projects have been initiated and executed in the area. Most of these projects lasted more than one year before

completion. This result shows that the communities have benefited a lot from these projects.



The respondents were asked to answer “Yes” or “No” to the questions and whether it is the role of the community alone to finance community development projects. Figure 1 above shows the distribution of the respondents based on the answer supplied. From Fig. 1, higher percentage (95.8 percent) of the respondents indicated that it is not the role of the community alone to finance projects while only about 4.2 percent of the respondents indicated that community should finance projects alone.

This result therefore shows that it is not the role of the community alone to finance projects while only about 4.2 percent of the respondents indicated that community should finance projects alone.

This result therefore shows that it is not the role of the community alone to finance projects. Among the respondents that indicated that it is not the role of the community alone to finance projects, the reasons given are as follows:-

(i) Since the community members pay taxes and rates to the government, that government should finance the projects, while community members provide the land.

(ii) That the community members are very poor and are not able to generate funds alone. While among those who reported that community should finance the projects alone give reasons that:-

(i) Since it is the community that will benefit most from the projects, that it is their role to finance the projects.

(ii) That most available sources do not care to help the communities finance the projects, so therefore the community has to do it alone.

#### **Problems Encountered During the Financing Process**

This section analysis the problems associated with financing development projects in the study area and the solutions proffered by the respondents in the study area.

**Table 5: Problems associated with financing development projects.**

Problems	*Frequency	Remarks
(a) Embezzlement of funds	72	Most serious
(b) Mismanagement of funds	60	Very serious
(c) Available sources not co-operating	54	Serious
(d) Lack of security at the project site.	37	Moderately
(e) Land owners demanding much money for compensation.	12	Not serious

From table 5, embezzlement of funds rated the most serious problem while mismanagement of funds rated a very serious problem. Then, available sources not co-operating rated the serious problem and lack of security at the project site rated the moderately serious problem.

While land owners demanding much money for compensation rated the not serious problem. This indicated that these problems should be treated accordingly. From the result, it implies that these are the major problems associated with financing development projects in the study area.

**Table 6: Solutions proffered by the respondents**

Solutions	Frequency	Remarks
(a) If available resources will start complying needed.	77	Very strongly
(b) Proper management of funds	62	Strongly needed
(c) Awarding contracts to God –fearing people. needed	57	Moderately
(d) Creation of employment	49	Slightly needed
(e) Provision of security at the projects area	49	Fairly needed
(f) Payment of taxes and rates	7	40
(g) Combine planning with government and community	39	Fairly needed
(h) Creation of more autonomous communities	38	Fairly needed
(i) Money created to compensate land owners	32	Needed
(j) Enough money should be given to L.G.A. for provision of basic amenities in the rural communities .	29	Least needed.

\*Item Statements

**Source: Field Survey Data, 2007.**

Table 6, it indicates that if these solutions are provided, there will be reduced problems associated with financing development projects.

#### **Measures needed to ensure sustainability of development projects.**

(i) Providing development projects that meet the felt needs of the community members. This therefore calls for the need to carry out needs assessment in communities before the provision of development projects.

(ii) Appointing men and women of honour and integrity to leadership positions. Such honest leaders will ensure that money contributed for execution of development projects are jealously used for that purpose. It will also encourage community members to pay their contributions

towards development projects, since they are assured that such money will be properly accounted for.

Analyses of available projects initiated and executed in the study area revealed that such basic amenities as water (borehole), electricity, health centers, school and road constructions were provided, which most of the projects lasted for more than one year. Other development projects were aimed at increasing the economic, educational, and social lives of the people. Also, the major problems encountered during financing the projects and the solutions proffered were also analyzed. It is recommended among others that honest men and women of integrity should be appointed to leadership positions and projects

targeted towards the felt needs of the people should be provided.

### Conclusion

Rural communities in Obowo Local Government Area in Imo State have benefited from the provisions of community development projects either from government agencies, co-operative groups, non-governmental organizations, and self-help efforts of the community members. Such physical infrastructural facilities as roads, water (borehole), electricity, health centers, and schools were mainly provided. Presence of this development projects has impacted positively on lives of the community members by a way of affording conducive environment for schooling and meeting.

The limiting factors to financing development projects include; embezzlement of funds, mismanagement of funds by the people involved, available sources not co-operating, lack of security at the project areas, and most land owners needing much money for compensation.

Rural communities in Obowo Local Government Area have high potentials for the development of their communities if those problems are dealt with.

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