

RESOURCE DISTRIBUTION AND ECONOMIC ADVANCEMENT OF RURAL COMMUNITIES IN NIGERIA

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Abstract

It is generally known that the rural economy have not fared better in the present democratic dispensation than they did in military regimes. This study seeks to investigate the impact of resource distribution on economic advancement of rural communities in Akpabuyo Local Government Area in Cross River State. Two hypothesis were formulated for the purpose of the study. A sample size of 100, comprising residents/indigenes of Akpabuyo was used for the study. Data for the study were obtained by responses given by respondents to the research instrument (i.e. questionnaire). One-sample T-test was used to test the hypotheses, and make inference based on analysis of data obtained. The findings of the study showed that in this present dispensation a more equitable distribution of resources of the state would significantly contribute to economic advancement of rural communities of Akpabuyo, and indeed any rural community in Nigeria. Based on the findings of the study, recommendations were made to the government, civil society community and the rural communities.

Keywords: *Resource distribution, Economic advancement,
Rural communities, Nigeria*

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Background to the Study

According to Omonona (2009), the Nigerian situation presents a paradox because the country is rich but the people are poor, with the poverty experienced by Nigerians being pervasive, multifaceted and chronic, affecting the lives of a larger proportion of the populace, especially the rural folks. On the average, the incidence of poverty in Nigeria has been on the increase since 1980. National Bureau of Statistics (NBS) (2007) reveals that the incidence of poverty increased sharply both 1980 and 1985 (from 28.1 percent to 46.8 percent) and between 1992 and 1996 (from 42.7 percent to 65.6 percent) though there were declines between 1985 and 1992 (from 46.3 percent to 42.7 percent) and between 1996 and 2004 (from 65.6 percent to 54.4 percent). And despite the reduction in poverty incidence between the two periods, the absolute number of the poor in Nigeria has been on the rise. Essentially, poverty is a rural phenomenon as the majority of those in poverty are disproportionately located in the rural areas, where they are primarily engaged in agricultural production and allied activities. Rural poverty incidence therefore was higher than urban poverty between 1980 and 2004.

The notable difference between rural and urban poverty incidence is a reflection of the disparities in the access to opportunities and infrastructure among the different sectors. This is a begging problem that calls for urgent solution. The backwardness of the rural is a problem on its own and is capable of leading to other problems associated with excessive rural-urban migration. The key to poverty reduction in the rural areas is to develop strategies that will make the rural communities conducive to activities that would bring income generation and economic advancement for the rural communities on the long term. This in turn would require a better allocation of resources of the country to the rural sector to make the rural sector competitive with the urban areas. The need to better the lots of the rural sector through better allocation of the resources of the country has given rise to such a study as this.

Objectives of the Study

Specifically, the study seeks to:

- i. Examine the extent the provision of good roads can contribute to economic advancement of rural communities of Akpabuyo Local Government Area
- ii. Ascertain the extent to which the provision of social capital can contribute to economic advancement of rural communities of Akpabuyo Local Government Area

Research Questions

1. To what extent would the provision of good roads contribute to economic advancement of rural communities of Akpabuyo Local Government Area?
2. To what extent would provision of social capital contribute to economic advancement of rural communities of Akpabuyo Local Government Area?

Hypotheses

The following hypotheses tested in this study are hereby stated in null form:

- i. Provision of good roads would not significantly contribute to economic advancement of rural communities of Akpabuyo Local Government Area
- ii. Enhanced social capital would not contribute to economic advancement of rural communities of Akpabuyo Local Government Area

Literature Review and Theoretical Framework

Resource allocation can be referred to as the distribution of the assets of a country or state among the components that make up that country or state. Such resources or assets are best measured in financial terms. In that light, these assets or resources could as well be referred to as incomes/ revenues of the country/ state. Ikeji (2011) described revenue allocation as a method(s) of sharing the centrally generated revenue (resources) among the different tiers of government and how the amount allocated to a particular tier is shared among its components. Nigeria being a federal state under the federal system of government, federation or centrally-generated revenue is shared among the three levels of government, namely; the federal government, the states and the local governments.

Lukpata (2011) reported on Principles recommended by the various Commissions/ Committees of Revenue Allocation in Nigeria. These principles include:

- (i) Basic needs
- (ii) Minimum Material Standards
- (iii) Balanced Development
- (iv) Derivation
- (v) Equality of Access to Development Opportunities,
- (vi) Independent Revenue/Tax effort
- (vii) Absorptive Capacity
- (viii) Fiscal Efficiency
- (ix) Minimum responsibility of Government
- (x) Population
- (xi) Social Development Factor
- (xii) Equality of States
- (xiii) Landmass and Terrain
- (xiv) Internal Revenue Generation Effort.

The above principles have continued to serve as the yardstick for revenue allocation up to this day (Lukpata, 2013). It is therefore noteworthy that if these principles have been followed objectively and non-biasedly, the rural sector are supposed to fare better in Nigeria, however, this is not so. The rural sector is still lagging far behind in the areas of infrastructure, income, opportunities, social capital, etc.

Rural poverty incidence, therefore, was higher than urban poverty. For instance, infrastructure such as roads, water and sanitation, education, and electricity are not readily available in the rural areas of the country. In the same vein, opportunities such as off-season employments, credit availability and access to timely agricultural inputs are not

commonplace in the rural areas. The drastic rise in poverty is connected with lack of infrastructure such as roads, water and sanitation, education, and electricity. The majority of the rural poor in Nigeria derive their livelihood from subsistence agriculture and from the provision of services such as blacksmithing, tailoring, carpentry, etc. the areas where the poor live are served with bad roads, making them to lack access to productive inputs as well as the output market and other facilities like health clinic/hospitals in the nearby urban centers (Omonona, 2009). Consequently, they have small sized farms use traditional farming inputs, and face food insecurity during the rains just before harvest. This period is characterized by the simultaneous prevalence of malnutrition (as diets are limited to starch based ones), poor food availability, sickness, indebtedness, hard work and discomfort.

Rural economic advancement refers to creating conditions that would bring about economic betterment of rural people. Rural development in the world generally and in the third world in particular has assumed the front-burner status since early eighties because governments have realized that except given the seriousness it deserves and closing the gap between theory and practice in this area, the goals of achieving accelerated national development especially at the rural level which is the grassroots base, will remain elusive at least in the third world. One major reason for this assertion is that taking Nigeria as an example, the bulk of the population lives in the rural areas, which is the grassroots where development is most desirable. Apart from this lopsided population ratio, the bulk of the rural areas are poor and hardly live above the poverty line of one American dollar per day. More importantly, development is measured mostly on the scale of per capita income of nations, which is the ratio of the gross national income to entire population. Therefore the development of rural signals to a greater extent the level of national development and the situation of the nation in the development ladder (Ocheni and Nwankwo, 2012).

The resources of Nigeria therefore should be channeled and allocated in such a way that the rural sector is not disadvantaged. The rural sector should be able to take advantage of the resources allocated therein to better their socio-economic condition. The allocation of these resources should be channeled towards good roads, enhancement of social capital, to mention but a few. These being benefits in their own right are in turn capable of generating other benefits such as ease of business and income.

Theoretical Framework

Harrod-Domar Growth Model

This model states that one of the principal tricks of development necessary for any takeoff was the mobilization of domestic and foreign saving in order to generate sufficient investment to accelerate economic growth. The economic mechanism by which more investment leads to more growth can be described in terms of the Harrod-Domar growth model. Every economy must save a certain proportion of its national income, if only to replace worn-out or impaired capital goods (buildings, equipment, and materials). However, in order to grow, new investments representing net additions to the capital stock are necessary. If we assume that there is some direct economic relationship between the size of the total capital stock, K , and total GNP, Y —for example, if \$3 of capital is always necessary to produce a \$1 stream of GNP— it follows that any net additions to the capital stock in the form of new investment will bring about corresponding increases in the flow of national output, GNP.

The relevance of this theory to this study is that provision of rural infrastructure such as roads represents notable investment into the rural sector, this would in turn represent net addition to the capital stock of the country. By virtue of the direct relationship between capital stock and national product, new capital stock for the rural sector would bring about new and additional output both for the rural sector and the economy as a whole. In addition to this, this investment affects the lives of the people in real terms for the better bringing about positive change in the living conditions of the people. The people represent the social capital of the rural sector and indeed any community at all. Any betterment achieved in the lives of the people of the community could be said to be an improvement of the social capital of that community.

Methodology

Sampling Technique

Simple random sampling technique is used for the purpose of this study. Sampling is done based on respondents being resident in the study area (Akpabuyo Local Government Area). Among people who reside in the study area, respondents are randomly selected. In this way, simple random sampling is done.

Population and Sample of the Study

The population of the study consists of the adult population of Akpabuyo Local Government Area. According to National Bureau of Statistics (2006), Akpabuyo has a population of 80,537. Sample size of 100 is adopted for the purpose of this study. This is achieved by interviewing 100 residents of Akpabuyo.

Instrumentation

For the purpose of data collection for the study, the questionnaire was considered the most appropriate instrument for data collection. The questionnaire consisted of two parts. Section A deals with demographic data of respondents, Section B consisted of items that measured the variables that are concerned with the hypotheses of the study.

Data Scoring

For the purpose of the study, responses from respondents are ranked in Likert scale as follows:

| | |
|-------------------|----|
| Strongly Agree | -5 |
| Agree | -4 |
| Undecided | -3 |
| Disagree | -2 |
| Strongly Disagree | -1 |

(A copy of the questionnaire is attached in the Appendix)

Results and Discussion

Table 1 below shows the descriptive statistics for responses on Provision of roads for economic advancement of rural people. A mean value of 4.31 suggests that respondents tend toward agreeing with the notion that better roads can contribute to economic advancement of rural people of Akpabuyo Local Government Area.

Table 1: Descriptive Statistics for Provision of Roads

| | N | Mean | Std. Deviation | Std. Error Mean |
|--------------------|-----|------|----------------|-----------------|
| Provision of roads | 100 | 4.31 | 0.706 | 0.071 |

Table 2 below shows the descriptive statistics for responses on Social Capital as a Strategy for economic advancement of rural people and their communities. A mean value of 4.35 suggests that respondents tend toward agreeing with the notion that social capital if harnessed can contribute to economic advancement of rural people of Akpabuyo Local Government

Table 2: Descriptive Statistics for Social Capital

| | N | Mean | Std.Deviation | Std. Error Mean |
|----------------|-----|------|---------------|-----------------|
| Social capital | 100 | 4.35 | 0.706 | 0.071 |

Test of Hypotheses

Hypothesis One

H₀: Good roads would not significantly contribute to economic advancement of rural communities of Akpabuyo Local Government Area

H_a: Good roads would not significantly contribute to economic advancement of rural communities of Akpabuyo Local Government Area

H₀: Mean = 3 vs **H_a:** Mean > 3 (3 is used as the test mean because 3 represents undecided on the Likert scale for responses to the research instrument i.e. questionnaire).

Table 3: One-sample T-test for Provision of roads

| | Test Value = 3 | | | | | |
|--------------------|----------------|----|-----------------|-----------------|---|-------|
| | t | df | Sig. (2-tailed) | Mean difference | 95% Confidence Interval of the difference | |
| | | | | | Lower | Upper |
| Provision of roads | 18.547 | 99 | 0.000 | 1.31 | 1.17 | 1.45 |

Decision rule: When the Test Statistic T is greater than tabulated statistic t, reject H₀ and accept H_a, but when the Test Statistic T is less than the tabulated statistic t, accept H₀ and reject H_a.

$$\text{Test Statistic } T = \frac{X - \mu}{(s / \frac{\sqrt{n}}{1})}$$

Where X = observed mean

μ = Population mean (i.e. test mean)

s = standard deviation

n = number of observations

$$4.31 - 3 / (0.706/10)$$

$$18.555$$

Decision: since the Test Statistic T (18.555) is greater than the tabulated statistic (18.547), we therefore do have enough statistical evidence to reject H₀ (which states that Provision of roads would not significantly contribute to economic advancement of rural communities of Akpabuyo) and accept H_a (which states that Good roads would significantly contribute to economic advancement of rural communities of Akpabuyo). Based on the above we conclude that provision of roads would significantly contribute to economic advancement of rural communities of Akpabuyo

Hypotheses Two

- H₀: Enhanced social capital would not significantly contribute to economic advancement of rural communities of Akpabuyo Local Government Area
H_a: Enhanced social capital would significantly contribute to economic advancement of rural communities of Akpabuyo Local Government Area
H₀: Mean = 3 vs H_a: Mean > 3 (3 is used as the test mean because 3 represents undecided on the Likert scale for responses to the research instrument i.e. questionnaire).

Table 3: One-sample T-test for Social Capital

| | Test Value = 3 | | | | | |
|----------------|----------------|----|-----------------|-----------------|---|-------|
| | t | df | Sig. (2-tailed) | Mean difference | 95% Confidence Interval of the difference | |
| | | | | | Lower | Upper |
| Social capital | 18.540 | 99 | 0.000 | 1.31 | 1.17 | 1.45 |

Decision rule: When the Test Statistic T is greater than tabulated statistic t, reject H₀ and accept H_a, but when the Test Statistic T is less than the tabulated statistic t, accept H₀ and reject H_a.

$$\text{Test Statistic } T = \frac{X - \mu}{s / \sqrt{\frac{n}{1}}}$$

Where X = observed mean
μ = Population mean (i.e. test mean)
s = standard deviation
n = number of observations
4.35 - 3 / (0.706/10)
19.122

Decision: since the Test Statistic T (19.122) is greater than the tabulated statistic (18.540), we therefore do have enough statistical evidence to reject H₀ (which states that Enhanced social capital would not significantly contribute to economic advancement of rural communities of Akpabuyo) and accept H_a (which states that Enhanced social capital would significantly contribute to economic advancement of rural communities of Akpabuyo). Based on the above we conclude that Enhanced social capital would significantly contribute to economic advancement of rural communities of Akpabuyo.

Discussion

From the findings of the study, it is shown that Provision of roads would significantly contribute to economic advancement of rural communities of Akpabuyo in the democratic dispensation. This view is corroborated by Idode (1989), who citing a portion of the 1975-80 Nigeria National Development Plan stated that “it is necessary to recognize that 70% of the Nigerian population lives in the rural areas and have benefited relatively little from the rapid growth of the past few years. The improvement in the welfare of the average Nigerian will therefore require substantial increase in rural income. Accordingly, in the allocation of scarce resources, in the course of plan implementation, priority will be given to programmes and projects directly benefiting the rural population, particularly projects to increase the income of small holder farmers and to improve the economic and social infrastructure to the rural area.

According to NBS (2007), households in the poorest quartile were the least likely to sell produce. In other words, the more likely a farm (rural) household is able to sell produce, the more likely they are to be more economically and financially advanced. This underscores the need for good and better roads for rural communities since it helps the households to better have access to market for their produce. The directorate of Food, Roads and Rural Infrastructure (DFRRI) was created in January 1986 as an integrated approach to rural development. DFRRI was designed to act as a policy catalyst for the development of the rural sector in the country and lay particular emphasis on the provision of water and the construction, rehabilitation and maintenance of an effective rural feeder road network (Oyeranti and Olayiwola, 2005). The directorate had the following objectives: To promote a framework for grassroots social mobilization, To mount a virile programme of development, monitoring and performance evaluation, To provide rural areas with access roads and potable water, To improve rural sanitation, literacy and technology. While DFRRI is now a defunct institution, it is shown from the findings of study that those goals though lofty and laudable, are still largely unrealized and would therefore be solved by provision of roads for the rural sector.

The findings of the study also showed that Enhanced social capital would significantly contribute to economic advancement of the rural communities of Akpabuyo. This view is supported by Omonona (2009) posits that these local level institutions have been understood to play a major role in sustaining development process. These institutions, traditional and modern, at the community, local, regional and national levels, and in the public, private and civil sectors, are the vehicles through which social change and social action occur. Social capital is the network of horizontal connections, which leads to mutual commitment and trust and enables people and their institutions to function effectively. It is often understood to be a social resource, which is created through formal and informal relationships between people within a community. Social capital has been found to have great impact on the income and welfare of the poor by improving the outcome of activities that affect them. It improves the efficiency of rural development programmes by increasing agricultural productivity, and facilitating the management of common resources in both rural and urban areas. It is a key factor from recovering from ethnic conflict and coping with political transition. Finally it can reduce poverty through

micro and macro-channels by affecting the movement of information useful to the poor and by improving growth and income redistribution at the local and national levels. A common example of local level institutions functioning as social capital is cooperative societies. This can be taken advantage of by rural people and their communities also.

Conclusion and Recommendation

Poor road infrastructure remains a problem affecting the economic advancement of rural people even in the present democratic dispensation as evidenced in Akpabuyo. The government at all tiers (federal, state and local) should intensify its efforts in providing good road for rural communities; this remains a potent strategy for economic advancement of rural people, their households and communities. Enhanced social capital would significantly contribute to economic advancement of rural communities of Akpabuyo. This strategy has to be tapped into by the rural people themselves. They should put their joint human (and other) resources together to forge a better life for themselves and their communities.

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