



PUBLIC FINANCE AND RURAL DEVELOPMENT IN NIGERIA: EMPIRICAL EVIDENCE FROM THE STRUCTURAL EQUATION MODELING



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ABSTRACT

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This study looks at the Nigerian public finance system and the quality of life in rural areas. Specifically the study aims at assessing the implementation and elements leading to the constraints to rural investment in those infrastructural facilities that help in improving or enhancing the quality of rural life in Benue state Nigeria. Data was gathered from nine local government areas in Benue state. Two-hundred and seventy questionnaires (270) were distributed (i.e. Thirty questionnaires duly distributed to each selected local government) and a total of two-hundred and forty-two were returned. A comparative methodological approach of multiple-regression analysis and the structural equation modeling (SEM) was adopted. Findings of the SEM analysis revealed that public finance in rural areas of the selected sample size in Nigeria has not been effective and efficient in all ramifications. While the result from the regression model established that, the five key indices used in the study established poor respective outcome. These were found to be due largely from the joint account system between the state/local government which poses serious challenge when it comes to the issue of financing rural infrastructural projects and other social amenities. The study recommends among others the need for a newly architected public finance system in local governments in Nigeria and this should be directed in a way and manner that will be efficient and prudent to move the developmental prospects of the local governments in the rightful direction in Nigeria.

Contribution/ Originality: The study in its contribution documents how the state/local government joint account system served as the major impeding factor to the success of the public finance system in rural development.

1. INTRODUCTION

From the day Nigeria got her independence from the Great Britain in the year 1960, quality provision of public services has been a priority by the succeeding governments. In respect to achieving this objective, several policies, strategies, institutions, agencies and organizations have been put up to ensure, monitor and undertake the processes to proficiently and effectively attain this objective.

However, there exist a gap between policy formulation, implementation and the realization of development most especially in the area of rural sector development (Eneh, 2011). The post-colonial orientation appears to be no

different from the colonial administration were all developmental activities were centered at the urban sector neglecting the rural sector (Alka, 2011). The declared objective and policy statements of past indigenous governments have since been merely political rhetoric only intended to persuade or influence people to vote the politician for a political office and later on to circumvent the resources of the local government for other personal whims. This development has always been dehumanizing and a typical exploitation of the rural inhabitants (Eneh, 2011). It is in no qualm that the government and its leaders have not only recognized the important role of production this sector (rural sector) plays in the country's economic growth but also worth over 70% of the country's citizens lives in rural areas (Enyi, 2014). Several methods or strategies have been employed in moving towards rural improvement planning and execution such as; states creation, local governments, implementation of rural developmental projects for opening up new centers for development to minimize if not prevent the massive movement of populace from rural to urban. An assessment of Nigeria's National Developmental plans and other developmental programs like the Green Revolution, Agricultural Development Projects, River Basin Development, Operation Feed the Nation; have all emphasized the need to tackle rural underdevelopment.

All these yielded no progressive result as the rural sector keeps decaying year-in year-out, in Nigeria (Salisu *et al.*, 2014).

Among the major problems of the rural sector is lack of infrastructures ranging from electricity, pipe born water, quality health care system, good/quality education, good roads (for more insight in to these issues see Rafindadi and Ozturk (2016) and Rafindadi (2016). These absences of infrastructural facilities combine in making the rural sector unattractive thereby fuelling rural- urban migration which affects their growth in Nigeria (Madhusudan, 2013).

In another related development, Salisu *et al.* (2014) established the existence of limited economic development because of the nonexistence of micro and small enterprises establishment in the rural areas; the rural areas suffer from poor road networks and public transport problems, there is paucity of public infrastructural investment in rural areas and this explains why their human and physical resources have not been fully utilized. There also arises insufficient mobilization and motivation of rural inhabitants to achieve a wider participation in decision making pertinent to their welfare. Scarcity of resources and services for production are also very rampant in rural sector in Nigeria with the central government been represented by the local and rural development ministry failing to ensure even development that is needed in the rural sector (Salisu *et al.*, 2014).

Periods to now, measures are yet to be put in place to help reduce or bridge the disparities in incomes and living standard of the rural masses. As a result, the rural environment is increasingly decaying, the streams and other water bodies are being polluted with carelessness and abandoned and no one shows a feeling of concern. As a result there is a complete lack of nationalistic feeling towards rural life in Nigeria (Adedire, 2014).

Constitutionally, it is established that out of total revenue generated, 56%, 24%, 20% goes to the Federal, State & Local governments respectively. Despite this, the rural sector faces quite a number of hitches when it gets to receiving these allocations. A times, it got intercepted by the state government where it will receive a large sum and remit a meager amount from the total allocations and to an extent the state government do execute some projects and use the finances accrued to the local tier of government to finance state projects despite the fact they have their own allocations.

In Nigerian, the media report of 26th December 2011 shows how the allocations to the third tier of government (local governments) were been hijacked by state governors and at times out rightly diverted to projects that are nonexistent (Adebayo, 2002). The system of joint account has given the Nigeria state governors an avenue to siphon local government federation allocations. Adebayo (2002) stated that, the most notorious act was reported that the governor redistributed federation allocations to local governments and gave them less than N20million each to pay salaries and handle their overhead costs. The provision of rural infrastructure is a sine-qua-non (essential or indispensable part) for development and nation building but the public financing system that could

make the environment suitable for development to take place is weak (Olajede and Adeola, 2007): Therefore there is need to carry out this research for the actualization of rural development.

It is in line with the myriad of problems raised above that this study evolved to investigate empirically and provide policy inputs and guidelines for decision making by finding those impediments to rural sector growth. It will also suggest amicable ways of humanizing the rural areas and ensure the appropriate flow of rural finances meant for rural sector growth and development. In addition to that, the study will help evolve modalities appropriate in striking a balance between rural and urban sectors. It is also believed that if every sector is uniformly developed without neglecting the other, there will be sustainable development and the issues of poverty, diseases, crime and rural-urban migration will be reduced greatly.

1.1. Objective of the Study

This study aims at investigating empirically the following objectives:

- i. To examine the extent of rural development in contemporal Nigeria
- ii. To identify the main impediment(s) militating against free flow of financial resources for rural sector development in Nigeria
- iii. To examine the significant relationship between public finance and rural development
- iv. To determine possible ways that can enhance/improve public financing of rural development in Benue State

2. LITERATURE REVIEW

Chuke (2001) noted that there are three categories of finance namely; private finance, public finance, and international finance. However, this study centers only on public finance. Public finance according to Adam and Bevan (2014) deals with the income and expenditure measures of those who occupy public offices and with the adjustment of one measure to another. Public finance is a branch of macroeconomics that plays various important roles in the economic life of countries whether economically advanced or struggling. Shuaib and Peter (2010) see public finance to be a branch of Economics that deals with how resources are allocated and distributed which aim at stabilizing the nation's economy. Promoting efficiency in the allocation of public goods and services is the key rationale for government interventions, whether financial (which has to do with subsidies or tax credits) or non-financial (which has to do with regulation). Therefore, the public goods oriented aspect of public finance is referred to as the efficiency or allocation branch, with focus on issues and on particular goods (Dania and Hanin 2015). The distribution branch/aspect of public finance is seen to support the society in realizing its goals of impartiality and justice and may sometimes have to achieve its objectives through reallocation of income and transfer payments. It focuses on actors, mainly groups of vulnerable actors such as the poor people or people with impairments or disabilities (Inge, 2006).

The concept of rural development covers a wide area and as such, it's a multidimensional process which covers areas like agriculture, health, education, and general infrastructures, economic and political issues and their integration within a sound national economy. Hence the concept of rural development has a very wide scope; it is therefore better to follow an integrated approach to its definition. The United Nations sees integrated rural development to be a comprehensive programme for developing rural areas where all relevant segments such as education, health, housing, employment are perceived as interwoven elements in a system having horizontal and vertical linkages in spatial and operational terms. According to Hinzen (2000); Ogidefa (2010) the authors perceived rural development to involve creating and widening opportunities for individuals to realize their full capabilities through education and participate in decision and action which affect their be in this world.

Ogunfowora (1981) sees rural development as a means or an avenue for the delivery of basic amenities, infrastructures, improvement in agriculture production and extension service and as well generating employment

for rural inhabitants. Olatunbosun (1976) holds that rural development is based upon the necessity to balance the form and direction of governance for the advantage of both the urban & rural sectors and also to provide technical requirements for speedy economic growth and development. In the same vein, Nchuchuwe and Adejuwon (2012) opines that developing the rural sector is very crucial and important not because of its impact on the rural people but also because of its input to the overall development of a nation. The Nigerian situation where majority the citizens live in rural areas where the output level is low, mobilizing the rural inhabitants provides the speediest and quickest path to a harmonious and steady economic growth and development. Mabogunje (1980) is of the view that rural development has to do with improvement in the living standards of low income individuals living within the rural area on a self-sustaining basis through transformation of the socio-spatial arrangements of their productive undertakings. It implies a broad based reorganization and mobilization of the rural residents and resources for capacity enhancement of the rural populace to cope well with the daily responsibilities of their lives and with the changes consequent upon this. This definition has three central features which are as follows:

- a) Improving the quality of living of the subsistence population through organization and allocation of resources to attain desirable balance over time between the welfare and productive services available to the rural populace.
- b) Mass involvement targeted at achieving both the allocative rationality and equity with distributive efficiency.
- c) Making the process capable of self-sustenance requires appropriate expertise acquisition and development, capacity building and existence of functional institutions at the federal, state & local levels to enable optimal use of available resources for the development of the rural areas. self-sustenance implies grassroots participation in development programs tailored at transforming their lives

Lele (1975) posits that the realization of above objectives hinges on the interaction of the under listed crucial variables:

- 1) National policies: which include land tenure systems; commodity pricing and marketing systems; wages & interest rate structure.
- 2) Organizational systems affecting on devolution in governmental structures.
- 3) The Scope for institutional heterogeneity: which imply delegation with the distribution of developmental responsibility among the normal government structures; semi-autonomous government structures and institutions, traditional, private and commercial institutions; and elective bodies.

Empirical studies abound on the issue of public finance and rural development. According to Egberi and Madumelu (2014) lack of effective application of government control mechanism has generally worsened the living situations of the rural masses and Nigeria at large. Public resources that should have been used to make life worth-living for the rural people are dastardly stolen by some corrupt people in government. In a related development, Sole (2008) conducted a study on regional fiscal flows, "balance-sheet" federalism and the stability of federations in Spain with data covering 1964-2004. The study shows that after controlling for important economic traits of Spanish electoral districts such as income, capital, stock and land area, the districts that were electorally productive received disproportionately high amounts of infrastructural investment. These districts were the ones with a high proportion of swing voters. Generally, the findings suggest that the delivery of infrastructural investment in Spain is less constrained by rules than is usually believed, and much more influenced by politics, both by particularistic politics (tactical distribution) and by programmatic considerations that end up influencing how formulas are determined.

Also Onakoya and Somoye (2013) used the three stage least square and the macro econometric model of simultaneous equations to examine the impact of public capital expenditure on the economy of Nigerian. Findings

showed that the public finance system in capital expenditure play a positive role on the Nigerian economy. But this effect is most predominant in the urban areas. Ighodaro and Oriakhi (2010) examined government expenditure on general administration in Nigeria. Findings revealed that government expenditure has adverse effect on the economic growth mostly in the rural areas. Similarly, Akpan (2005) also used the components of government spending and opined that no significant relationship exists among some government components and growth in the country's economy. Supporting the bearing of that finding, a study titled 'the impact of government expenditure' disaggregated into education, agriculture, health, transport, and communication on the Nigerian economy with data from 1970 - 2010 was conducted by Amassoma and Ayo (2011) who used the error correction model. They found out that only expenditure in agriculture had significant impact on the economy. Others had no significant influence on the economic growth.

Contrary to the findings of Amassoma and Ayo (2011), Loto (2011) studied the effects of government expenditures in agriculture on the economy using error correction test. He found that expenditures in agriculture adversely impact the economy

In the same vain, Abu and Abdullahi (2010) revealed that the rising government expenditure has not yield meaningful development as Nigeria still ranks among the list of world's poorest countries. Also, a study carried out on the effect of government expenditures on economic growth in Nigeria, they employed a disaggregated analysis. The result reveals that total capital expenditures (TCE), total recurrent expenditure (TRC), and government expenditures on education (EDU) have negative effect on economic growth

All these efforts do not answer questions about public finance vis-a-viz the deplorable state of rural areas as well as holistic development through resource allocation between rural and urban dwellers in Nigeria. A fundamental question is; what happens to the monthly grants, levis, taxes, fines, allocations and other sources of revenue collection? Does it mean there is no genuine practice of planning and resource control? Or are these finances usually diverted in to unlawful use as at the expense of sound financial management by selfish political administrators? Are there no modalities to promote the free flow of public welfare services to the rural sector or is rural financing now a forgone issue. What then will be the fate of rural-dwellers in the face of challenging environmental degradation and increasing hardship? This paper intends to fill this gap.

Drawing back from the colonial era up to our present time there seems to be no difference in the living standards of the rural people. All efforts that were and are made did not produce positive result. It can be recalled that the colonial government pretended to be financing various research institutions like Nigeria Agricultural Project 1949, Marketing Boards 1950, West African Oil Palm Institute 1939, and West African Research Institute 1951. These institutions were primarily set up with the aim of increasing the volume of exports for British industries while the improvement in quality of living for rural people who were the producers was given less attention. In the view of Nnoli (1977) the British colonial bourgeoisie succeeded in Nigeria with the establishment of a colonial economy as a framework for consolidating and maintaining underdevelopment. The colonial plans and policies did not in any way contribute positively to rural development.

Similarly, in the post-colonial era, there have been no improvements in the rural sector. There is no sustainability as all efforts tend to die with those who initiated them. The first development plan from 1962-1968 had greater financial allocations with the objectives of enhancing the standard of living but no clear policy for rural development. The allocations made had its priorities on transport, primary production, communication, electricity, trade and industry. Similarly the Second Development Plan in 1970 stated its priorities to be Agriculture, industry, transportation and manpower development. Consequently, this plan strengthened the continuance in the dichotomy between the rural and urban sectors despite the intentions which had amongst its objectives to build an unbiased and harmonious society.

The third National Development Plan gave consideration for rural infrastructural provision where it was said that the development of rural sector will focus on raising productivity in agriculture, predominantly the occupation

of the rural inhabitants through increase in per capital income, even distribution of income, reduction in the level of unemployment, diversification of the economy and ensuring the provision of basic social amenities, increase in supply of manpower, balanced development among others. All these were aimed at developing the rural areas but it was unfortunate that the efforts did not in any way make positive impact on the welfare of the rural inhabitants.

The creation of the Department for Rural Development was seen as a breakthrough in rural infrastructural provision where it was saddled with coordination and monitoring the progress of integrated rural development projects aimed at improving the quality of living standard for the rural inhabitants. Similarly, the launching of the local government reform of 1976 was considered as an important milestone in the evolution of the Nigerian Local Government System, highlighted the necessity for the mobilization and involvement of the individuals from the grass-root. It was believed that through effective and efficient local government system, the material and human resources could be organized for development. The hope was that the reform will ensure that every citizen of the Nigerian state will benefit from the continued prosperity of the country. However, due to some impediments like the joint account system which leads to shortage of funds and personnel, the local governments have not been able to live up to the expectations of the rural people.

Enyi (2010) established that the ultimate objective of national development should be improving of the welfare of the individuals and society. This suggests the need for selection of appropriate means to meet the various needs of the people. The meaningful plan or policy formulation to meet the needs and aspirations of the Nigerian situation must inevitably be from bottom to top as oppose to present approach of top to bottom which benefits a few to the disadvantage of rural development. While it is the duty of government to create the supporting environment for development, corruption, mismanagement and greed associated with the institutions and agencies does not allow them to achieve the targeted and desired outcome. In regards to this, Okpaga (2004) maintain that rather than making the institutions vehicle for rural development, they become conduit popes from which public resources are being siphoned to few private individuals.

3. METHODOLOGY

The study adopts the survey research design which involves the administration of questionnaires with a view of getting first-hand information. The target population was all the twenty three (23) local government areas of Benue state. The sampling methods were a mixture of purposive and random sample techniques. A sample of nine (9) local governments was purposively selected from the three (3) senatorial constituencies (three local governments from each). While respondents, specifically identified as: civil servants (both state and local government), teachers/lecturers, traditional rulers of all categories, community opinion leaders including women, students, farmers, businessmen and politicians were selected randomly across the nine (9) local government selected.

A pilot study was conducted which test the effectiveness of the questionnaire used. Fifteen participants were used: five civil servants, five traditional rulers and the remaining five from among the politicians and some community leaders. The questionnaire was sub-divided in to four sections which deals with personal characteristics of the respondents, the level of rural development, Education and social service, health and Human Services, Infrastructural Development; the managerial problems and constraints facing the public financing system in the area of rural development within the study area and factors that enhance the public finance system in rural development.

A total number of 270 questionnaires were distributed across the nine selected local government, meaning that 30 questions per local government. The questionnaires were distributed to the respondents and after-wards collected the following day, 242 questionnaires were retrieved.

The data collected was analyzed using inferential and descriptive methods. The descriptive method consist simple percentages, mean, standard deviation. In addition to that, structural equation modeling, correlation, multiple regression was used to ascertain the relation between public finance system vis-à-vis rural developments.

These methods were comparatively used due to their robustness and optimal properties of providing un-biasness and minimum variance. These methods have been effectively used in similar research works on effect of corruption on public sector policy performance in developing countries such as in Ugwuanyi (2005); Ramatu (2006) and World Bank (2000).

3.1. Model Specification

Objective one has no model specification reason been that it only examine the level, stage at which the rural inhabitants are currently operating at in terms of infrastructural provision and is done using mean and standard deviation.

The econometric model specification below was used in achieving objective two.

$$RD = \beta_0 + \beta_1(MM) + \beta_2(GWS) + \beta_3(LSM) + \beta_4(PRP) + \beta_5(PIL) + \beta_6(NT) + \beta_7(PAE) + \beta_8(NEPM) + \beta_9(UFR) + \beta_{10}(LFA) + \beta_{11}(DPF) + \beta_{12}(LCG) + \beta_{13}(ICR) + \beta_{14}(MP) + \beta_{15}(BIL) + e$$

Where;

RD = Rural Development

MM = mismanagement of funds

GWS = ghost workers syndrome

LSM = unskilled manpower

PRP = poor recruitment processes and inadequate training

PIL = poor involvement of the local government and communities

NT = non transparent in management of state/local government joint account

PAE = poor audit exercise

NEPM = non enforcement of audit and project monitoring reports

UFR = unsavory inter-governmental fiscal relations among the tier of government

LFA = lack of continuity in governance

DPF = dominant of political god father

LCG = lack of continuity in governance

ICR = inadequate chain of responsibilities

MP = mismanagement of priority

BIL = bad and inexperienced leadership

e = Error term

The model specification below was used to achieving objective three.

$$RD = \beta_0 + \beta_1(CMPGE) + \beta_2(TMJA) + \beta_3(EDFJA) + \beta_4(FFR) + \beta_5(TRLC) + \beta_6(TRBF) + \beta_7(DPF) + \beta_8(HRRDF) + \beta_9(FRPF) + e$$

Where;

RD = Rural Development

CMF = Curbing the menace of political god father in the effective and efficient distribution of public resources

CMPGE = curbing the menace of political God father

TMJA = Transparent Management of the Joint Account

EDFJA = Equity distribution from the joint account

FFR = Free flow of resources to permeate the rural sector

TRLC = Timely release of 10% state revenue collection to lower tier of government

TRBF = Timely release of budgeted finance to the lower tier of government

DPF= Decentralization of public financing

HRRDF= Help in remittance of rural development project fund

FRPE= Feasibility of the role of public finance system in allocating, distribution and stabilization of the economy

e = Error term

The econometric model specification below was used to capture objective four

$$RD = \beta_0 + \beta_1(TPB) + \beta_2(IACA) + \beta_3(PCO) + \beta_4(SMP) + \beta_5(GIPA) + \beta_6(CATB) + \beta_7(PCAP) + \beta_8(PO) + \beta_9(DBA) + \beta_{10}(RIAB) + \beta_{11}(ASRA) + \beta_{12}(OFL) + \beta_{13}(EPA) + \beta_{12}(ALDM) + \beta_{13}(ERS) + e$$

Where:

TPB= timely preparation of budget

IACA= independent of anti-corrupt agencies

PCO= prosecution of corrupt officials

SMP= supervision and monitoring of projects before payment been made

GIPA= government intensification of procurement act

CAT B= contract awarded with approval of tender board

PCAP= progress report of contracts and amount paid

PO= patriotism of people in authority

DBA= diligent examination of budge before approval

RIAB= regular inspection of accounting books

ASRA= audit committee to raise alarm where a fraud is committed

OFL= oversight function of legislature in the monitoring of projects

EPA= effective prepayment audit

ALDM= autonomy of the local government in decision making

ERS= expanding revenue source accrued to the local tier of government

e= error term

The reliability of the models was determined through certain tests which include: Test for multiple correlations coefficient, test for coefficient of multiple determination, test for adjusted coefficient of multiple determination, student t-test statistics and Cronbach alpha reliability test.

Out of the total sample of two hundred and seventy (270) questionnaires administered, only two hundred and forty-two (242) which represent a response rate of 89% were completed and returned.

The profile of respondents is shown in Table 4.2. Information was elicited from the respondents which give data about their demographic characteristics such as occupation, age, educational qualification. Beginning with occupation, it is found that the civil servants are more than any other occupational group. There are 77 (31.8%) respondents followed by those categorized as other (farmers, student, and Business men) who are 48(19.8%), then followed by opinion leaders and traditional rulers.

Table 4.1. Analysis of the Questionnaires Distributed and Retrieved

S/n	LGA	Total number of questionnaire distributed	Total number of questionnaire returned	Percentage %
1	Katsinaala	30	29	11
2	Konshisha	30	30	11
3	Kwande	30	27	10
4	Gboko	30	28	10
5	Guma	30	20	7
6	Gwer	30	27	10
7	Ado	30	25	9
8	Oju	30	26	10
9	Otukpo	30	30	11
	Total	270	242	89

Source: Field work 2017

Table-4.2. Demographic Profile of Respondents

Age Distribution of Respondents

Age	No of Respondents	Percentage %
Below 20	17	7
20-29	79	33
30-39	56	23
40-49	46	19
50 and above	44	18
Total	242	100

Educational Qualification of Respondents

Qualifications	No of Respondents	Percentage %
Primary	0	0
Secondary	24	9.9%
NCE/OND	94	39%
Degree/HND and above	124	51%
Total	242	100%

Distribution of Respondents by Occupation

Occupation	No of Respondents	Percentage %
Civil servants	77	31.8
Teachers/Lecturers	44	18.1
Traditional Rulers	31	12.8
Opinion Leaders	42	17.3
Other (farmers students Businessmen)	48	19.8
Total	242	100

Source. Field work 2017

It is anticipated that the result of the study will represent the view of all respondents across the board. As regard age distribution, the respondents age fall within the age limit of 20 and 50 years. This shows an indication that that age bracket covers people who are concerned with the way public affairs are been performed or executed. The educational qualification point out that there were a total of 24(9.9%) respondents with secondary education qualification; a total of 94(39%) of respondents had OND or National Certificate in Education, while 124 are holders of degree or Higher National Diploma Certificates. This shows that they have knowledge of the operations of the public fiancé system in the state.

A combination of inferential and descriptive statistics was used in analyzing the data collected. In respect to the mean, items which has mean score of 1.00-1.49 was considered very poor/strongly disagree, mean score of 1.50-2.49 was considered poor/disagree, mean score of 2.50-3.49 considered average/slightly agree and lastly mean score of 4.50-5.00 considered as good/ agreed to the research questions. The normality test was carried out using the histogram, normality plot and normality scatter graph.

Table-4.3. Correlation Matrix for the Variable

	Rural Dev	Problems	Enhance Factors	Public Finance
Rural Dev	1			
Problems	.545*	1		
Enhance Factors	.784**	.698**	1	
Public Finance	.811**	.584**	.815**	1

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output

Table 4.3 presents the values diagonally on the matrix in an account stream of one (1) all through implying that each variable is positively correlated with itself. They are perfectly correlated and significant at 5% level of significance

3.2. Data Analysis Using Structural Equation Modeling Technique

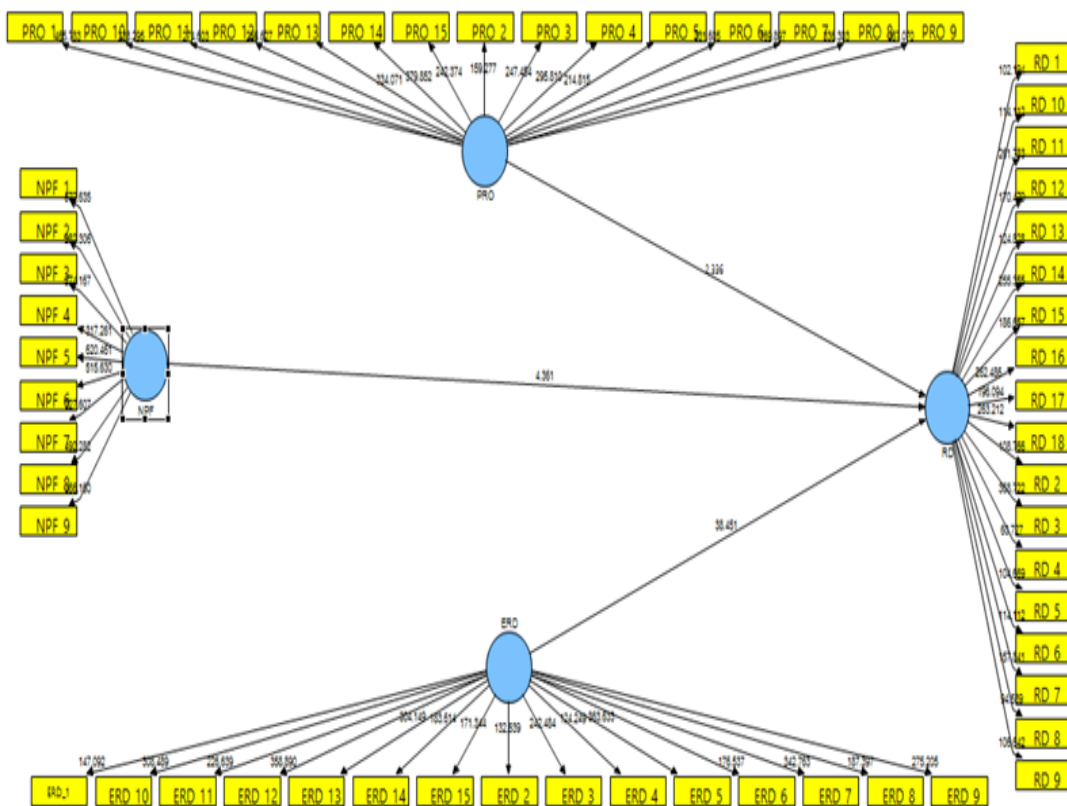


Figure-4.1. Structural Equation Chart

The structural chart is a model that express about the reliance of association in a hypothesized model. In partial least square, structural model brings to the forefront the directional association between the constructs and their t-values and as well the path coefficients. In terms of path coefficient, PLS is just like the standardized beta coefficient in regression analysis. The objective of any structural model is to test the hypothesized relationship among constructs. From Table 4.4, the relationship is found to be positive.

Similarly, the structure above in figure 4.1 provides a full explanation as spotted in Table 4.4 indicating the path coefficients, t-values and standard error at which they can be used as a basis for testing objectives. From Figure 1, it indicate that the study hypothesis is accepted and possess a t-value which is more than 1.96 showing an adequate support for the study hypothesis.

Table-4.4. Showing Result of Model Testing

Relationships	Beta	Standard error	T value	Decision
ERD -> RD	1.348	0.0339	39.754	Supported
NPF -> RD	.2448	0.0541	4.5273	Supported
PRO -> RD	.1242	0.0504	2.4614	Supported

Table 4.5 also shows the result from the PLS Software which explain the level of significance. The result shows the level at which the rural sector in Benue state is heavily affected basically due to some impediment militating against the free flow of finance in permeating the sector. Also arising from the result, it shows that since the decay is not at the extreme level, modalities can be put in place to revive the sector.

Table-4.5. Showing Constructs Convergent Validity and Reliability

	AVE	Composite Reliability	R Square	Cranach's Alpha	Communality
ERD	0.816	0.874	0.	0.774	0.816
NPF	0.852	0.883	0.	0.727	0.852
PRO	0.823	0.885	0.	0.865	0.823
RD	0.779	0.867	0.8773	0.816	0.779

Table 4.6 is the, value and it indicates how the study variable areas are capable of influencing 87% of variations/changes in rural development. The Table also reveals that the Average Variance Extracted (AVE) values is between 0.779 and 0.852 and Composite Reliability (CR) values of the constructs therefore, recommended assessment of 0.7, which ranges between 0.867 and 0.885.

From these developments, it can be established that the measurement model has a considerable degree of convergent validity

Table-4.6. Response as to the Extent to which Rural Areas are Developed (Obj 1)

	Statements	Mean (X)	(SD)Std. Deviation	Remarks
1	quality and availability of educational institutions	2.98	1.174	AVG
2	Communication	2.41	1.127	PO
3	Quality and availability of recreational facilities	2.45	1.184	PO
4	Commercial establishments	2.49	1.130	PO
5	Quality and availability of health institutions	2.90	1.237	AVG
6	Public utilities	2.19	1.219	PO

Note: Where X=Mean; SD=Standard Deviation; PO=Poor; AVG= Average

The mean rating responses by the respondents on the level of rural development majorly fell within the real limit number 1.5-2.49. This indicates that the respondents rate rural development level as poor. This tells that the system of financing is not concerned with the provision of rural basic infrastructures for the long run growth of the sector and Nigeria at large.

The expenditure framework is recurrent expenditure driven. The mean rating responses on education and health institutions falls within the real time limit 2.5-3.5. This indicates that the respondents rate rural development level in the area of health and education as average. This is influenced purely by health and educational facilities which are jointly provided by the private sector. Table 4.7 shows the relationship between rural development and impeding factors at 5% level of significance. The coefficients mostly show a negative or an inverse relationship with rural development. This indicates that an increase in them will result to a fall in rural development.

Table-4.7. SPSS Regression Result for Objective Two

Regression coefficient	Coefficient	Std. Error	P-value
MM	-.195	.056	.001
GWE	.303	.053	.000
LSM	.011	.059	.851
PRP	-.313	.081	.000
PIL	-.117	.054	.030
NT	-.227	.070	.001
PAE	.115	.039	.003
NEPM	.173	.046	.000
UFR	-.220	.074	.003
LFA	-.152	.070	.030
DPF	-.236	.082	.004
LCG	.101	.061	.099
ICR	-.113	.064	.049
MP	.212	.059	.000
BIL	-.211	.078	.007
R=.801 ^a			
R ² =.711			
Adj. R ² =.709			
F _{statistic} = .000			

A summary of the results is indicated in equation below.

$$RD = \beta_0 + \beta_1(MM) + \beta_2(GWS) + \beta_3(LSM) + \beta_4(PRP) + \beta_5(PIL) + \beta_6(NT) + \beta_7(PAE) + \beta_8(NEPM) + \beta_9(UFR) + \beta_{10}(LFA) + \beta_{11}(DPF) + \beta_{12}(LCG) + \beta_{13}(ICR) + \beta_{14}(MP) + \beta_{15}(BIL) + e$$

$$RD = 0.814 - 0.195(MM) - 0.303(GWE) + 0.011(LSM) - 0.313(PRP) - 0.117(PIL) - 0.227(NT) + 0.115(PAE) + 0.173(NEPM) - 0.220(UFR) - 0.152(LFA) - 0.236(DPF) + 0.101(LCG) - 0.113(ICR) + 0.212(MP) - 0.211(BIL) + e$$

The values of the coefficient as is shown in the SPSS coefficient Table are captured in the equation above. The outcome shows that the constant term value is 0.814 significant at 5% level of significant. The coefficient of mismanagement -0.195 negative and significant at the level of 5% establish that a unit increase in mismanagement, rural development will fall by 0.195. Similarly, the coefficient of lack of autonomy at 0.152 is negative and statistically significant. This entails that the lack of autonomy to the local government which is the tier nearer to the rural dwellers also pose a challenge in rural development by 0.152. Same applies to non-transparency in the management of the state/local government joint account, 0.227 negative and significant at 5% implying that these variables negatively affect the effective functioning of the rural sector in contributing its own quota for the development of the economy as advocated in the system theory. This finding is in line with the study of Paul *et al.* (2014). Therefore these problems drastically affect the developmental strides in rural sector.

From the descriptive statistics, the mean rating of the responses given by respondents majorly fall within 3.5-4.9. The agreement indicates that there are impediments to rural development. Thus a system will not function with vigor if there are some concoctions around it. The standard deviation value in the Table also indicates that the responses from the respondents are close to one another and to the mean. The acceptability of models from statistical significance view point was done using the ANOVA by taking a look so closely at the goodness of fit from the F-statistics. Where the F-statistics is less than 0.05, the independent variable has reasonably explained the variation in the dependent variable. The value of significance from the ANOVA Table for objective three is 0.000 and is less than 0.05 thus an indication of the model been significant at 1%, 2% & 3%.

In the model summary, the coefficients of multiple correlation (R) represent the correlation that exist between the predicted and the observed values of the dependent variable. The R ranges from 0-1. Large values for R signify stronger relationship between the predicted and the observed values of the dependent variable. Hence, from the

model summary, the R value is 0.801. This implies that there exist a stronger relationship between the predicted and the observed values of the dependent variable.

Similarly, the coefficient of determination, R square (R^2) tries to explain the percentage of variation in the dependent variable which is explained by the regression model. Form the model the R Square value is 0.711 signifying that 71.1% of the variation in the dependent variable is much explained by the independent variables in the regression model. Meanwhile the Adjusted R^2 value corrects any irrelevant inclusion in the explanatory variables and as such, most researchers considered it to be a healthier measure of goodness of fit than R^2 . The Adjusted R^2 is superior to R square in that it is most sensitive to errors. The Adjusted R square for the objective three results is 0.709 implying that actually 70.9% of the variations in the dependent variable are explained by independent variables in the regression model.

Arising from the results, the hypothesis were tested using the student T-test statistics from the SPSS output. This value of t-calculated is compared with t-tabulated given the degree of freedom and the significant level at 5%. Meanwhile decision rule is thus to reject the null hypotheses if the t-value computed is greater than the t-value tabulated and accepts the null if the result is otherwise. Validating this hypothesis, this t-value tabulated is found to be less than the t-calculated value of 4.567 obtained in the regression model. Hence the t-tabulated is less than the t-calculated and base on our decision rule, we will reject the null hypothesis and we accept the alternative.

Table-4.8. Interpretation of the SPSS Result for Objective Four

Regression coefficient	Coefficient	Std. Error	P-value
(Constant) NPF	.059	.023	.035
TPB	.030	.025	.224
IACA.	.059	.032	.061
PCO	.195	.034	.000
SMP.	.107	.045	.017
GIPA	.018	.031	.557
CATB	.130	.024	.000
PCAP	.189	.040	.000
PO	.081	.031	.009
DBA	.083	.030	.007
RIAB	.011	.023	.643
ASRA	.070	.026	.008
OFL	.140	.023	.000
EPA	.043	.039	.268
ALDM	.108	.024	.000
ERS	.116	.020	.000
R= .898 ^a R ² = .896 ADJ.R ² = .896 F statistics= .000			

A summary of the computer results is indicated in equation below

$$PF = 0.059 + 0.030(TPB) + 0.059(IACA) + 0.195(PCO) + 0.170(SMP) + 0.018(GIPA) + 0.130(CATB) + 0.189(PCAP) + 0.081(PO) + 0.083(DBA) + 0.011(RIAB) + 0.070(ASRA) + 0.140(OFL) + 0.043(EPA) + 0.108(ALDM) + 0.116(ERS) + e$$

The values of the coefficient as shown in the SPSS coefficient Table are captured in the equation above. The outcome shows that the constant term value is 0.059 positive and also statistically it is significant at 5% level of significance. In the interim, the constant value of 0.059 is the intercept of the regression line signifying that public finance system in allocation, distribution and stabilization will increase by 0.059 if other variables are zeros. The coefficient of determination does explain the extent to which changes in the dependent variables (rural development) can be explained by the change in the independent variable (enhancing factors). The coefficient of

Timely preparation of budget (TPB) is 0.030 positive and also significant at 4% significant value. This implies that timely preparation and passing of the appropriation bill to budgets will facilitate the allocation of funds in reaching the various sectors in time and the issue of non-execution of projects due to delay in the release of finance to reach the various sector will be reduced if not eliminated.

In the same vein, the coefficient of Contract been awarded with the approval of tender board (CATB) stands at 0.130 which is significant both at 2% and 3% significance level. This implies that when the tender board ensures that contracts are awarded to qualified contractors and not politically influenced, the level of rural sector development will stand at 0.463 from the regression result. Also the coefficient of Patriotism (PO) 0.081, Diligent examination of the budget before approval (DEB) 0.083, Oversight function of legislature (OFL) 0.140, all positive and as well statistically significant at 1% significant level implying that for every unit of change in these coefficients rural development will improve positively. Although not all the coefficients are statistically significant, in general, the effective & efficient performance of the public finance system has to do with the nationalistic feeling and the fear of God.

Table-4.9. Analysis of Variance (ANOVA)

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	257.803	15	17.187	3572.272	.000 ^b
	Residual	1.087	226	.005		
	Total	258.890	241			

Source: SPSS Output

ANOVA test for the acceptability of models from statistical significance view point by taking a look at the goodness of fit from the F-statistics. Where the value of significance from F-statistics is small i.e. less than 0.05, the independent variable has done a perfect job in explanation of the variation in the dependent variable. The value of significance from the ANOVA Table for objective three is 0.000 and is less than 0.05 and indication that the model is significant both at 2% and 3% degree of freedom.

From the result of the model summary, the multiple correlation coefficients (R) represent the correlation level between the predicted & observed values of the dependent variable. The R ranges from 0-1. A larger value for R signifies stronger association between the predicted and observed values of dependent variable. Hence, looking at the result in model summary in, the R value is 0.898 indicating that there exist a strong association between the predicted and the observed values of the dependent variable. The coefficient of determination, R square (R²) tries to explain the fraction of variance in the dependent variable which is explained by the regression model. The models summary result in Table is 0.896 implying that 86.1% of the variations in the dependent variable are explained by the independent variables in the regression model. Meanwhile the Adjusted R² value corrects any irrelevant inclusion in the explanatory variables. As such it is known to be a healthier measure of goodness of fit than R². The Adjusted R² is superior to R square in that it is likely more sensitive to errors. The Adjusted R square for the objective two is also 0.896 implying that actually 85.8% of variation in the dependent variable is considerably explained by the independent variables in the regression model.

4. DISCUSSIONS OF RESULTS

The main focus of the paper is to assess the Nigerian public finance system vis-à-vis rural development. The study suggests that there exist a gap between what is supposed to be and what it is. Welfare is been deprived from others and given to others, this creates tension and distorts the peace and unity of a state and also economic viability.

The objectives where to; assess the extent to which rural sector is developed; impediments militating against rural development; to establish whether there exist a significant relationship between public finance and rural development and to proffer ways on how rural development could be achieved. SPSS 20 software and PLS-SEM

was employed to test the objectives stated earlier. The data analysis in this showed that in virtually all the sectors examined, the financing system did not perform satisfactorily in rural development; the allocations do not transform into viable development. The public finance system by its nature is suppose to successfully allocate resources and these resources be put to prudent use in order to ensure successful execution of developmental projects and programs across the urban and the rural sectors through construction of rural infrastructures like roads, bridges, supply of portable water, electricity, provision of quality and enough primary health care facilities, promotion of quality primary & secondary education (infrastructural developments). It is a thing of regret that the nine rural areas were not satisfactorily served by this system in developing the rural sector. Thus opposing the work of Onakoya and Somoye (2013) but affirms the work of, Ighodaro and Oriakhi (2010).

As noted by Dike (2003) there is failure to sustain the declared priority of developing the rural sector by succeeding governments due to greed, inexperience, corruption among others etc. It is usually recognized that there use to be delays and distortions in implementing programs which would bring about poverty alleviation, drastic declines in infant mortality and maternal mortality, and substantial increases in life expectancy in developing countries like Nigeria. It is commonly argued by critics of globalization that the current economic policy trends are leading to chronic underdevelopment in poor countries and the targets in dealing with rural poverty and other areas have not been met (see Rafindadi *et al.* (2018)). The national government is not sustaining spending in this sector and that the many of the policies endorsed nationally have not had the desired results. The rural sector keeps decreasing day by day and no one shows concern about it.

The result of the study also establish that state/local government joint account system is a major problem that inhibits the success of the public finance system in rural development; there exist diversion of revenue from the federation account, corruption by officials and lack of financial autonomy. Our leaders are not developing both in mind and mentality, so can barely engage a simple democratic process without displaying our over zealousness towards corruption, greed and materialistic instincts, thereby opposing the view of Sole (2008). See similar findings in Rafindadi and Yusof (2013) and Rafindadi and Yusof (2014a); Rafindadi and Yusof (2014b); Rafindadi and Yusof (2014c); Rafindadi and Yusof (2014d); Rafindadi and Yusof (2014d) Rafindadi and Yusof (2015). The haphazard autonomous structure of the local system of government with stifling state control keeps the local government handicap even in carrying out its duty as the grass-root government closer to the rural people. There used to be indiscriminate wealth acquisition by the government operators, to the disadvantage of the rural development programme. Thus the rural dwellers will continue to suffer deprivations, impoverishment and continue to decay if measures are not taken to correct the wrongs been committed.

The study establishes a positive effect or association between the public finance system and the development of the rural areas. This clearly shows the need for a sound and well instituted public finance system which will facilitate the flow of resources to permeate our rural sector because it corrects the mistakes that should or are done, bringing it into perfection. The study found a positive relationship between the public finance system and rural sector development. Meaning that when the system of public finance system is well instituted and it's been allowed to function in a more effective and efficient stable manner in allocating, distributing and stabilisation. Public finance system is the father and Alfa and also as the omega in the sense that it deals with public welfare, the public treasury and the public finance system of a given country or nation.

Where the public finance fails to perform effectively and efficiently its own functions in all ramifications, that's where you find a lot of traumatic issues in the sense that once your bloodstream is having some certain concoctions (i.e. Impediments to other system of the body), certainly, several other elements will crop-up. But if the blood stream is functioning effectively and efficiently, the other system of the body will function with vigor. Similarly, if the state government should steer clear and devolve powers to the Local Government(LG) to handle the affairs of its constituency and only come in at the evaluation state, the LG representatives can be judged if any deficits are realized, but unfortunately this is not the case.

5. CONCLUSION

From the foregoing analysis it is obvious that rural development in Benue state, Nigeria has not received its fair piece in the scheme of the system establishing the fundamental rubrics of rural public finance system in Nigeria as mandated by the constitution of the Federal Republic of Nigeria. The institutions and agencies vested with the task or responsibility for rural development and the policies and strategies adopted to meet these objectives have not lived up to the expectations. Following to these short comings, the rural dwellers in particular and the nation in general are left with total incapacitation to initiate, implement and execute key developmental projects to its teeming rural populace. This development has shown clearly that despite the Federal financial allocations that Benue state receives, most of the citizens, particularly in the states rural areas live below absolute poverty line. Virtually in all the sectors examined, the financing system did not perform satisfactorily in rural development; the allocations did not transform into viable development.

The Nigerian public finance system by its nature is anticipated to successfully allocate resources and these resources be put into judicious use in order to successfully carry out developmental programs across the urban and the rural sectors through the provision of rural infrastructures like roads, bridges, supply of portable water, electricity, provision of quality primary health care facilities, promotion of quality primary education as well as secondary education (infrastructural developments). It is a thing of regret that the nine rural areas under investigation by this study were not satisfactorily served by the existing public finance system for the sake of developing the states rural areas. Therefore, there exists mass poverty due to the uneven and urban-based development process which the governments have pursued till date. It would be difficult for the government to successfully achieve its poverty reduction policies except it stops discriminating against the rural sector. The point should be made that as long as the state operate this economic system, improvement of rural sector in the real sense of the term, will remain a mirage. Mass poverty and deprivation presently facing the rural dwellers will worsen. In addition to that, vandalism, youth uprising, killing, and unwanted destruction will be the consequences of this deprivation. Indeed the contemporary Benue state can equally be described as a comprador state – a state where its institutions and representatives operate as agents of capitalism and imperialism under this social system, the developmental programs, specifically the so-called new strategies for ‘rural development’ are only smokescreens intended to cover the real under developmental issues affecting the life of individuals, which is the continued exploitation by those in authority.

5.1. Policy Implications

The study investigates the Nigerian public finance system visa-vise rural development using Benue state as a case study. The policy implications of this study’s findings are discussed below;

The study submits that there exist a reasonable gap between what it is and what is supposed to be. This is in the sense that welfare is been deprived from the rural areas of the case study under investigation and given to others, this creates tension and distorts the peace and unity of the state as well as its economic viability. Suggesting that, the existing continued rise in killing, youth uprising, and absences of peace and unity in the state can all be traced to the existing economic gaps identified by this study.

As the rural sector suffers the feeling of economic abandonment, it leads to migration in droves to cities, leaving elderly people with no one to look after them. This situation will in turn result in high death rate among the elderly in these rural areas and over-congestion in the cities with so-many social vices, crimes been committed now and then.

The placement of the third tier of government (local government) at the mercy of the second tier (state government) by the 1999 constitution leaving them with little or no autonomy makes local-government handicapped in handling weak sectors within their control. If autonomy is granted to this third-tier of government (local government), given that they are equally autonomous to promote programs and reallocate resources so as to

enrich the areas which have been found wanting, their budget will be goal oriented at revamping weak sectors within their control. In the absence of all that, there is no way that continued underdevelopment and the increasing result of the first point mention in this section will continue to escalate and outweigh the existing security capacity of the country and other security apparatus.

5.2. Recommendations

Implicit in the findings of this research work as earlier highlighted is the point that public finance system of the case studied area have failed woefully in its primary responsibilities of providing infrastructural facilities for the enhancement of the quality of life of the rural areas under investigation. This is to say that the study discovered drastic failure in the provisions of quality education and social services, health & human services and in the area of economic development of the rural environment. Quite a number of problems and constraints have been identified as been responsible for these situations. Attempt has being made by this research work to find out modalities of solving the problems and constraints hindering free flow of finance to service these sector whose contribution is tremendous to Nigeria's economy but yet series of governments have ignored this important area. In line with these developments, the following research recommendations are provided as a basis for strengthening the public finance system in order to enable policy makers to realize the much needed development in the rural sector. These recommendations are as stated below:

Funding of rural sector development projects should be done by the federal government but supervised by the state government in order to ensure conformism with the national policy guidelines. Since well-over 70% of Nigerian population lives in the rural area and agricultural products emanates from them, the rural sector should be accorded more recognition in the aspect of budgetary provisions and establishment of social and economic amenities. Need must be given for the 1999 constitutional review to be made to remove the excessive control by the second tier (state government) over the lower tier (local government) and enhance their financial autonomy.

Also in this connection, the observance of the rule of law should be advocated. In other words, the review of the 1999 constitution should be for the sole-aim of describing the lower tier (local government) as an autonomous tier of government in its administration and the elimination of the joint account system that currently exist.

There is need to create local government service public procurement policy and the creation of the position of accountant general and auditor general for local governments at the central or national level. This to our believe will greatly help in overseeing key activities relating to the expenditure control and management of the lower tier of government nationally. However, the extension of autonomy to the lower tier of government as being suggested above should be backed by corresponding arrangement to guarantee transparency and accountability. This is because autonomy without any system of control is dangerous to the good health of any government. As it is quite clear that the operation of the joint account system of the state/local government has always been to the disadvantage of the rural mass, as a result of this and in order to reinforce this recommendation, the operation of the state/local government joint account should be reviewed and replaced with direct remittance to the local government councils with necessary checks and balances to guard against the mismanagement of public funds.

Also, it is a well-known fact that rural dwellers depend on their agricultural activities to survive as-such their production needs is heavily affected by poor infrastructures within the environment, poor extension services and lack of financial credit. Due to this fact, feeder roads are seriously needed to effectively link and integrate peasants spread well over the country with the urban centers to aid them to evacuate their farm produce form the farms.

Enabling environment should be provided to foster rural development. Facilities such as education, health services, electricity supply. Improving literacy, health and general quality of life are intensely inadequate in the rural areas. Credits facilities under which commercial bank are encouraged to give peasant farmers by the directives of the federal government through the Central Bank need to be reviewed. This is because the process involves a feasibility study which requires heavy loan security guarantees and this is beyond the capacity of peasant farmers.

The reality of the situation is that agricultural credit facilities using the current crusade are been designed for the big capitalist farmers at the expense of the small scale peasant famer. Therefore, this policy need to be re-architected to favour the poor rural peasant farmers.

The party-political representatives and leaders need to identify with the developmental needs of the rural dwellers in their constituencies. and that policy or programs initiated to take care of them are monitored to ensure proper implementation. There is equally the need not only for adequately making budgetary allocation for rural sector development but very importantly, in ensuring that such allocated funds are judiciously used with optimum financial independence to execute rural development projects and programs. Also, there is need to eschew corruption specifically at the headship level and emphasize due-process, prudence, accountability and diligence. The leadership needs to refocus resolutely on its principal and statutory duty of administering local and rural development in an integrated and sustainable manner. It is thus anticipated that the current democratization procedure in the country (Nigeria) will aid the coming into existence of purposeful visionary and focused leadership in the management of public resources for the good and benefits of every citizen and no single to minority privileged few. There is need for a complete re-orientation of the officials operating the system towards their responsibilities in fund management in accordance with the provisions of relevant financial guidelines and regulations.

Finally, efforts should be directed towards developing the plentiful rural human resources in Nigerian basically through educational seminars, symposium and other exhibitions as well as through research and development and by investing heavily in adult education system as it has proven that human capacity and intellectual development triggers massive innovation, creativity and skill which in turn enhance the quality and quantity of economic productivities.. Lastly and as part of the recommendations, this study believe that, although there are many variables that can measure rural development, this study is limited to the application of education, health, commercial establishments, public utilities and communication (as selected variables of the study). Using the data set of Benue state, Nigeria, in this respect, it is worthy to mention here that other states in Nigeria were not included among the sample size which might hamper the basis for generalization. Following to this, the study suggest for the conduct of a similar study which can accommodate the whole sample of local governments in Nigeria or even undertake a comparative study between developed and developing local government's public finance system in Nigeria and across the globe at large. In addition to that alternative methodological framework can be used and we further recommend the use of other variables in measuring rural development by future researchers.

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Appendix 1 Tables

Table-1. Correlation matrix

		Rural Dev	Problems	Enhance Factors	Public Finance
RURAL DEV	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	242			
PROBLEMS	Pearson Correlation	.545*	1		
	Sig. (2-tailed)	.024			
	N	242	242		
ENHANCE FACTORS	Pearson Correlation	.784**	.698**	1	
	Sig. (2-tailed)	.000	.000		
	N	242	242	242	
PUBLIC FINANCE	Pearson Correlation	.811**	.584**	.815**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	242	242	242	242

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output

Table-2. Rating the responses of the respondents in the level of rural development using mean and standard deviation

S/N	Statements	Mean (X)	(SD)Std. Deviation	Remarks
1	Quality and availability of educational institutions	2.98	1.174	AVG
2	Communication	2.41	1.327	PO
3	Quality and availability of recreational facilities	2.45	1.184	PO
4	Commercial establishments	2.49	1.330	PO
5	Quality and availability of health institutions	2.90	1.237	AVG
6	Public utilities	2.19	1.219	PO

X=Mean; SD=Standard Deviation; PO=Poor; VG= Very poor; AVG= Average; VG=Very good

Source: Researcher computation using SPSS

Table-3. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. Change	
1	.801 ^a	.711	.709	.531	.711	1038.321	3	238	.000	.735

a. Predictors: (Constant), PROBLEMS

b. Dependent Variable: RURAL DEV

Source: SPSS Output

Table-4. ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	240.413	3	80.071	1038.221	.000 ^b
	Residual	18.277	238	.077		
	Total	258.790	241			

a. . Dependent Variable: RURAL DEV

b. Predictors: (Constant), PROBLEMS

Source: SPSS Output

Table-5. Coefficients Table 1

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.814	.153		25.565	.000
	Mismanagement of funds	-.195	.056	-.312	-3.473	.001
	Ghost workers syndrome	.303	.053	.449	5.767	.000
	Lack of skilled manpower to manage public affairs	.011	.059	.014	.189	.851
	Poor recruitment processes and inadequate training	-.313	.081	-.479	-3.836	.000
	Poor involvement of the local government and the communities in the development process	-.117	.054	-.186	-2.181	.030
	Non transparent in the management of the state/local government joint account	-.227	.070	-.368	-3.234	.001
	Poor audit exercise and monitoring of grass root developmental projects	.115	.039	.213	2.953	.003
	Non enforcement of audit and project monitoring reports	.173	.046	.307	3.742	.000
	Unsavoury inter-governmental fiscal relations among the tiers of government	-.220	.074	-.324	-2.973	.003
	Lack of financial autonomy to local government	-.152	.070	-.233	-2.178	.030
	Dominant of political god father	-.236	.082	-.346	-2.876	.004
	Lack of continuity in governance.	.101	.061	.146	1.657	.099
	Inadequate chain of responsibilities in the state	-.113	.064	-.168	-1.765	.049
	Mismanagement of priority	.212	.059	.332	3.592	.000
Bad and inexperience leadership	-.211	.078	-.321	-2.718	.007	

a. Dependent Variable: RURAL DEV

Source: SPSS Output

Table-6. Mean rating of the responses from the respondents on factors enhancing public finance system.

S/N	Statements	Mean (X)	(SD)Std. Deviation	Remarks
1	Timely preparation of budget by Local governments	3.86	1.041	A
2	Independent of anti-corruption agencies in discharging their duties without fear or favour resources.	3.89	1.057	A
3	Prosecution of corrupt officials	3.86	1.041	A
4	Supervision and monitoring of projects before payment by Works and finance departments.	3.92	1.026	A
5	Government intensification of procurement act, justice, transparency and free flow of finance to the rural sector	3.90	1.105	A
6	Contract should be awarded with the approval of tender board	3.86	1.136	A
7	Progress report on contract and amount paid should be tabled before the executive council periodically	3.93	1.006	A
8	Patriotism of officials in charge of the management of the resource	3.95	1.098	A
9	The diligent examination of the budget before approval legislative organ of government	3.94	1.140	A
10	Regular inspection of state and local government accounting books for control purpose	3.81	1.162	A
11	Audit committee do raise alarm where a fraud is committed in the state council	3.79	1.226	A
12	Oversight function of legislature in the monitoring of projects	3.72	1.243	A
13	Effective prepayment audit	3.93	1.040	A
14	Autonomy of the local government in decision making process	4.00	.940	A
15	Expanding the revenue source accrued to the local government	3.71	1.063	A

Source: Researcher computation using SPSS

Table-7. Correlations

		NPF	ENHANCE RD
NPF	Pearson Correlation	1	.833**
	Sig. (2-tailed)		.000
	N	242	242
ENHANCE RD	Pearson Correlation	.833**	1
	Sig. (2-tailed)	.000	
	N	242	242

** Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output

Table-8. Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.898 ^a	.896	.896	.069	.896	3572.272	15	226	.000	.582

a. Predictors: (Constant), Expanding the revenue source accrued to the local government , Autonomy of the local government in decision making process , The diligent examination of the budget before approval legislative organ of government, Timely preparation of budget by Local governments , Independent of anti-corruption agencies in discharging their duties without fear or favour resources., Oversight function of legislature in the monitoring of projects, Contract should be awarded with the approval of tender board , Regular inspection of state and local government accounting books for control purpose, Progress report on contract and amount paid should be tabled before the executive council periodically, Audit committee do raise alarm where a fraud is committed in the state council, Prosecution of corrupt officials, Government intensification of procurement act, justice, transparency and free flow of finance to the rural sector, Patriotism of officials in charge of the management of the resource , Effective prepayment audit , Supervision and monitoring of projects before payment by Works and finance departments.

b. Dependent Variable: RURAL DEV

Source: SPSS Output

Table-9. ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	257.803	15	17.187	3572.272	.000 ^b
	Residual	1.087	226	.005		
	Total	258.890	241			

a. Dependent Variable: RURAL DEV

b. Predictors: (Constant), Expanding the revenue source accrued to the local government , Autonomy of the local government in decision making process , The diligent examination of the budget before approval legislative organ of government, Timely preparation of budget by Local governments , Independent of anti-corruption agencies in discharging their duties without fear or favour resources., Oversight function of legislature in the monitoring of projects, Contract should be awarded with the approval of tender board , Regular inspection of state and local government accounting books for control purpose, Progress report on contract and amount paid should be tabled before the executive council periodically, Audit committee do raise alarm where a fraud is committed in the state council, Prosecution of corrupt officials, Government intensification of procurement act, justice, transparency and free flow of finance to the rural sector, Patriotism of officials in charge of the management of the resource , Effective prepayment audit , Supervision and monitoring of projects before payment by Works and finance departments.

Source: SPSS Output

Appendix 2 Normality Test

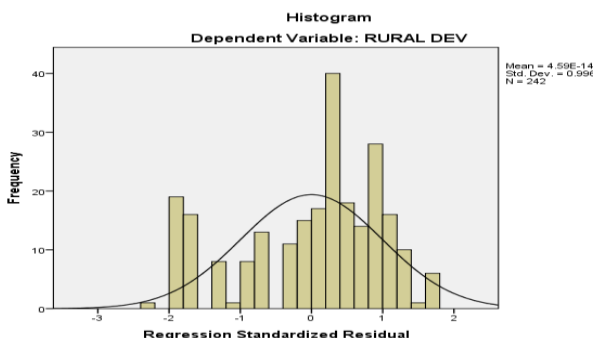


Figure-1. Normality histogram showing the distribution of data
Source: SPSS Output

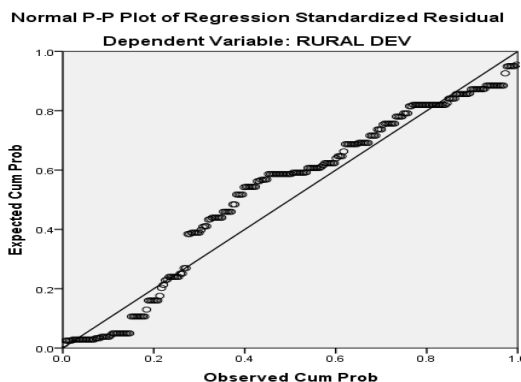


Figure-2. Normality plot showing the distribution of data
Source: SPSS Output

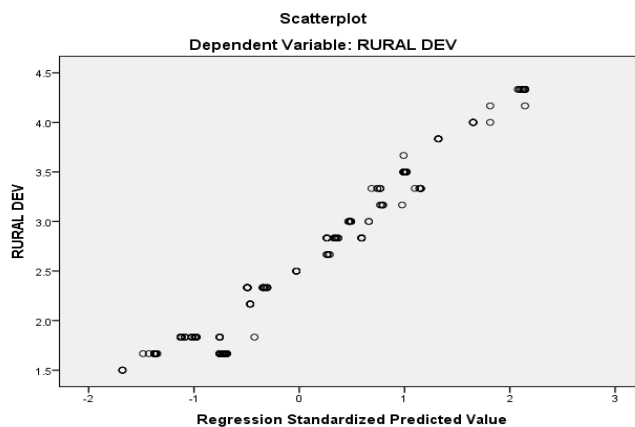


Figure-3. Normality scatter graph showing the distribution of data
Source: SPSS Output

APPENDIX-3

QUESTIONNAIRE

Questionnaire

Re-investigating the role of Nigerian public finance system in rural development: A study of Benue state, Nigeria

Introduction: indicate the appropriate response by ticking (✓) where necessary in the various columns

SECTION A

- Gender:** Male Female
- Marital Status:** Single Married Divorced
- Age:** 18 – 29 years 30 and above
- Education Qualification:** SSCE OND/NCE B.SC/HND and Above
- Occupation:** Civil Servant Teachers/Lecturers Traditional Rulers Opinion Leaders Others (Farmers, Business men, Students

Instruction: Kindly use the key below to answer the questions.

Key:

5	Strongly agree / Very good
4	Agree / Good
3	Slightly Agree
2	Disagree
1	Strongly Disagree

SECTION B:

To what extent do you rate the level of rural development in Nigeria (objective 1)

S/N	Questions	5	4	3	2	1
1	quality availability of educational institutions					
2	Communication					
3	Quality availability of recreational facilities					
4	Commercial establishments					
5	Quality availability of health institutions					
6	Public utilities					

To what extent do you agree to these roles of Nigerian public finance system in the area of distribution (objective 3)

S/N	Question	5	4	3	2	1
1	Curbing the menace of political god father in the effective distribution of public resources					
2	The transparent management of the joint account					
3	Equity distribution from state/local government joint-account.					
4	Free flow of resources to permeate the rural sector					
5	Timely release of the 10% state revenue collection to local government.					
6	Timely release of budgeted finance accrued to lower tier of government					
7	Decentralization of public finance in Benue state.					
8	Help in the remittance of rural development project funds to local governments					
9	Feasibility of the role of public fiancé system in distribution of resources in the state					

To what extent do you agree to these roles of Nigerian public finance system in the area of stabilisation (objective 3)

S/N	Question	5	4	3	2	1
1	Curbing the menace of political god father in the effective distribution of public resources					
2	The transparent management of the state/local government joint account					
3	Equity distribution from state/local government joint-account.					
4	Free flow of resources to permeate the rural sector					
5	Timely release of the 10% state revenue collection to local government.					
6	Timely release of budgeted finance accrued to lower tier of government					
7	Decentralization of public finance in Benue state.					
8	Help in the remittance of rural development project funds to local governments					
9	Feasibility of the role of public fiancé system in stabilization of the economy in the state					

To what extent do you agree to these roles of Nigerian public finance system in the area of allocation (objective 3)

S/N	Question	5	4	3	2	1
1	Curbing the menace of political god father in the effective & efficient distribution of public resources					
2	The transparent management of the state/local government joint account					
3	Equity distribution from state/local government joint- account.					
4	Free flow of resources to permeate the rural sector					
5	Timely release of the 10% state revenue collection to local government.					
6	Timely release of budgeted finance accrued to lower tier of government					
7	Decentralization of public finance in Benue state.					
8	Help in the remittance of rural development project funds to local governments					
9	Feasibility of the role of public fiancé system in allocating of resources in the state					

To what extent do you agree to these problems militating against rural development and effective performance of Nigerian public finance system? (objective two)

S/N	Question	5	4	3	2	1
10	Corruption and mismanagement of funds.					
11	Ghost workers syndrome					
12	Unskilled manpower					
13	Inadequate training facilities for staff					
14	Poor involvement of the local in the development process					
15	Non transparent in the management of the state/local government joint account					
16	Poor audit exercise and monitoring of grass root developmental projects					
17	Non enforcement on audit of project monitoring reports					
18	Unsavoury inter-governmental fiscal relations among the tiers of government					
19	Lack of financial autonomy to local government					
20	Dominant of political god father					
21	Lack of continuity in governance.					
22	Inadequate chain of responsibilities in the state					
23	Mismanagement of priority					
24	Bad and inexperience leadership					

To what extent do you agree that these factors will enhance smooth operations of the public finance system in permeating the rural sector?

(Objective four)

S/N	Question	5	4	3	2	1
25	Timely preparation of budget by Local governments					
26	Independent of anti-corruption agencies in discharging their duties without fear or favour resources.					
27	Prosecution of corrupt officials					
28	Supervision and monitoring of projects before payment by Works and finance departments.					
29	Government intensification of procurement act, in enhancing free flow of finance to the rural sector					
30	Contract should be awarded with the approval of tender board					
31	Progress report on contract to be tabled before the executive council periodically					
32	Patriotism of officials in charge of the management of the resource					
33	The diligent examination of the budget before approval legislative organ of government					
34	Regular inspection of accounting books for control purpose					
35	Audit committee do raise alarm where a fraud is committed in the state council					
36	Oversight function of legislature in the monitoring of projects					
37	Effective prepayment audit					
38	Autonomy of the local government in decision making process					
39	Expanding the revenue source accrued to the local government					

To what extent do you agree that these are indices to measure rural development?

S/N	Question	5	4	3	2	1
40	Good quality public wells					
41	Quality availability of primary schools					
42	Quality availability of hospitals					
43	Quality availability of maternity/ clinic					
44	Quality availability of dispensary					
45	Quality availability of health personnel's					
46	Quality availability of civic centre					
47	Quality availability of town hall					
48	Availability of daily market					
49	Availability of periodic market					
50	Availability of financial institutions					
51	Availability of post offices					
52	Qualified teachers in schools					
53	Availability of instructional materials					
54	Availability of good roads					
55	Good electricity power supply					
56	Good pipe born water					
57	Quality availability of secondary schools					

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