

Effects of Financial Corruption on Socio-Economic Development in Ebonyi State: A Study of Selected Local Government Areas

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ABSTRACT

For some years now, Transparency International has ranked Nigeria among the most corrupt countries in the world. Faced with this ugly trend, this study became imperative to determine the effects of financial corruption on socio-economic development in Ebonyi State with a particular focus on socio-economic indicators such as poverty, provision of basic social and infrastructure facilities among others. Content analytical technique was adopted to review relevant literature and prebendalism theory propounded by Joseph (1996) was used as the theoretical framework of analysis. Findings among other things, revealed that there is a strong correlation between financial corruption and high level of poverty in Ebonyi State, inadequate provision of basic social amenities such as safe drinking water, quality healthcare, quality road network in the area has been linked to mismanagement and embezzlement of council funds by council officials. The researchers therefore recommend that the various institutions saddled with the fight against corruption should be strengthened. The EFCC, ICPC, Code of Conduct Bureau among others should be adequately funded and truly independent in order to discharge their assigned responsibilities. The principle of accountability should be promoted, this can be done through the public who must demand accountability from public officials entrusted with public resources.

Keywords: Local Government, Development, Financial Corruption, Looting, Poverty, Embezzlement.

INTRODUCTION

Local government administration in Nigeria has come of age in terms of structure, functions, academic and professional attention it commands. Prior to the 1976 local government reforms in Nigeria, which ushered in a single tier multi-purpose local government system, different regions in Nigeria namely the Northern, Southern and Eastern regions experimented variegated structures and different types of local governments which served the purpose for which they were created. The western region adopted council manager system modeled after America and Canadian experience, the Northern region adopted a single tier native authority system while the Eastern and Mid-Western regions adopted a single tier all purpose council [1]. Local government is the third tier government in Nigeria federal system established to draw government closer

to the grassroots. This study shall however, adopt the definition given by the 1976 reform Hand Book as our working definition bearing in mind that it captures the essence of the third tier government in Nigeria. The 1976(i) Local Government Reform Handbook defined local government as:

Government at the local level exercised through representative councils established by law to exercise specific powers within defined areas. These powers should give the council substantial control over local affairs as well as the staff and institutional and financial powers to initiate and direct the provision of services and to determine and implement projects so as to complement the activities of the state and

federal governments and their areas, and to ensure, through devolution of functions the active participation of the people and their traditional institutions that local initiatives and response to local needs and conditions are maximized.

Local governments in Nigeria are strategically positioned to champion socio-economic development at the grassroots level. Scholars such as [2], [3], [4], [5] agreed that the principal justification for the establishment of local government council is the presumed superior capacity of local government to understand and conduct local affairs; to enable those who share common interest manage their joint interest by themselves; to fill the gap which the national government is too remote to fill and implement the ideals, objectives, programmes and aspirations of the national government at the local level. The overall functions of local governments boil down to improving the socio-economic wellbeing of the people especially those at the grassroots level.

Socio-economic development entails provision of social and infrastructure facilities, poverty reduction, job creation for the teeming unemployed youths, human capital development, equipped hospitals, constant supply of electricity to boost industrialization, sustainable investment in agriculture to boost food production, construction of quality roads, and provision of portable water, planned sewage and sanitary system, increase in per capita income among others. These socio-economic development indicators have been the major challenges of governance in Nigeria, including Ebonyi State. There appears to exist links between corruption and provision of socio-economic benefit by governmental institutions such as the local government. [6] defined corruption as the abuse of public office for private gain. [7] asserted that:

Corruption involves the giving and taking of bribe, or illegal acquisition of

wealth, using the resources of a public office, including the exercise of discretion. In this regard, it is those who have business to do with government who are compelled somehow to produce inducement to public officials to make them to do what they had to do or grant undeserved favour.

It is therefore defined as official taking advantage of their offices to acquire wealth or other personal benefit. Financial corruption is the aspect of corruption that deals with the abuse of laid down procedures for the management of public funds. Financial corruption at the local government level entails the abuse of the provisions of the Model Financial Memoranda. Financial Memoranda is a document that regulates the financial activities at the local government level. It states in clear terms the spending limits of the principal officers of various councils and dictates the operations of revenue collectors. It therefore, goes without doubt that any act, actions or activities of officials at the local government which deviate from the agreed standard set out by the financial memoranda aimed at enriching oneself financially is termed as financial corruption. This manifests in misplacement and mismanagement of the council funds by local government chairmen and other principal officers, misuse of state might, embezzlement of revenue by revenue collectors, looting of government treasury, kick-backs, fraud, and bribery among others.

Successive governments in Nigeria even the current administration led by President Mohammadu Buhari have not relented in the fight against the ugly monster called corruption. Laws have been enacted and various agencies established. For instance, the Corrupt Practices Decree of 1975 promulgated by the regime of Murtala/Obasanjo, War Against Indiscipline by Buhari/Idiagbon regime, Code of Conduct Bureau of 1990, Advance Free Fraud and other Related Offences Decree of 1995 by the Abacha regime which was later re-

enacted as the Advance Free Fraud and other Related Offences Act, in 2006 by the Olusegun Obasanjo administration, Corrupt Practices and Money Laundering Act, 2004, the Economic and Financial Crimes Commission (Establishment) Act, 2004; the Public Procurement Act, 2007, the Nigerian Extractive Industrial Transparency Initiative (NEIT), the Independent Corrupt Practices and other Related Offences Commission (ICPC), the Code of Conduct Bureau among others [8].

In spite of these laudable attempts to curb the menace of corruption, corruption is still ravaging the country in all ramifications. Nigeria ranks 136 out of 176 countries studied with a score of just 27 out of 100 on the 2014 Corruption Perception Index (Transparency International, 2015). More than 85% of Nigerians surveyed believe that corruption has astronomically increased from 2011 to 2015. Also, Global Financial Integrity estimates revealed that more than US \$157 billion in the past decade has left the country illicitly [9]. Available statistics also reveal that more than one hundred million (100) Nigerians live in abject poverty, unemployment rate increased by 8.2 percent in 2015. The latest World Economic Forum (2015) Human Capital Index rated Nigeria 120 out of 124 countries studies [10].

The foundation of local government administration in Ebonyi State can be traced to 1996 when the state was carved out of the present Enugu and Abia States. In terms of socio-economic development, not much has been realized as indicators such as poverty, human capital development, per capita income, unemployment, insecurity, poor health care system etc, still stare council managers and officials in the face. According to [11] physical infrastructure (such as roads, portable water and electricity) and social services (such as education, health, recreation and security) are not adequately provided in the state. It is against this backdrop that this study became imperative to establish the nexus between financial corruption and socio-economic development in Ebonyi State.

Statement of the Problem

Corruption is one of the greatest challenges of modern government. Efforts at socio-economic development in Nigeria, especially at the rural level appear futile in spite of government concerted efforts to improve the socio-economic wellbeing of the people.

[12] noted that the rural areas in Nigeria are characterized by oppression, degradation and deprivation. The rural people have fewer opportunities for education, employment and good living. They lack economic and social amenities such as good roads, electricity, pipe borne water, hospitals, bridges, banks, industries, telephone etc.

Local government as the government closer to the people is expected to drive development from the grassroots. This seems not to be the case notwithstanding huge financial resources accruable to the tier of government. In Ebonyi State, poverty level is still high. [13] lamented that many people in the state even in the urban centres lack access to safe drinking water, sanitary system is still poor as refuse dumps litter major streets, healthcare facilities are not adequately provided and people still die of preventable diseases such as cholera, malaria as a result of poor hygiene.

The 2016 life expectancy data published by the World Health Organization (WHO) has shown that Nigeria, including Ebonyi state has one of the lowest life expectancy ratios in Africa and in the world with 55 years for females and 54 years for males, standing at the 177th position, put above eight other countries of the world. On the average, the life expectancy ratio is for the country 54.5. The report attributed the abysmally poor life expectancy indices on various health related issues including heart diseases, diabetes, pneumonia, kidney problems, cancers, malaria, among others. These health conditions could be prevented, managed or treated effectively if financial resources were efficiently utilized to

provide right policies, facilities and expertise.

It is also worrisome that many youths including graduates, roam the streets in search of jobs that do not exist. The lack of infrastructure facilities and the degrading condition of life in most rural communities has forced most people into the capital city, thus, resulting to congestion and the attendant urban problems such as unemployment, high rate of crime, increased house rents, and general high cost of living amidst low level of income. The poor nature of roads in rural areas compounded the problem of the rural farmers, who hardly operate at commercial level due to government's inability to provide the necessary support. Human capital development is yet to be given the due attention. The dilapidated condition of most primary and secondary schools in the state stare both the state and local government in the face. It is also unfortunate the experience of many drop-outs who cannot afford the exorbitant school fees. This results to more cases of juvenile delinquencies which often threaten the capacity of social welfare workers.

Corruption endangers the life of every administration and the citizens. The magnitude of corruption among public officials in Nigeria is disheartening. This is why the fight against corruption tops the priority of President Muhammadu Buhari's led administration. At the local government level corruption manifests in mismanagement of council funds by council officials, wasteful spending, looting, kickbacks, nepotism, etc.

Objectives of the Study

The broad objective of the study is to determine the implications of financial corruption on socio-economic development in the selected local

government areas of Ebonyi State. Specific objectives are to:

- i. Ascertain the extent to which mismanagement of fund by council officials hinder human capital development in the selected local government areas in Ebonyi State.
- ii. Determine the extent to which embezzlement of council funds by council officials hinder government's efforts at poverty reduction in the selected local government areas in Ebonyi State.
- iii. Establish the implications of contract kick-backs on the quality of service delivery in the selected local government areas of Ebonyi State.
- iv. Find out the implications of looting on provision of healthcare facilities in the selected local government areas of Ebonyi State.

Scope of the Study

The study covered six selected local government areas drawn from the three (3) senatorial zones in the state namely Ebonyi North, Central and South Senatorial Zones. The selected local governments include Ohaukwu and Abakaliki Local Government Areas for Ebonyi North Senatorial Zone; Ikwo and Ezza South Local Governments for Ebonyi Central Senatorial Zone and Afikpo and Ivo Local Government Areas for Ebonyi South Senatorial Zone. The study focused on financial corruption and its implications on socio-economic development in the selected local government areas. Topical issues to cover will include socio-economic indicators such as human capital development, poverty reduction, quality service delivery, provision of healthcare facilities, among others.

CONCEPTUAL REVIEW

The Concepts of Development/Socio-Economic Development

Development, according to [14] refers to a process of bringing about fundamental and sustainable changes within society. He notes that development transcends as well as encompasses growth and embraces aspects of quality of life, such as social justice, equality of opportunity for all citizens, equitable distribution of

income and democratization of the development process. [15] refers to development as a goal that should precede development actions whether it concerns people, organizations, or nations. When it concerns people, the goal is human development; when it concerns organization, the goal is organizational development, and when it concerns the societies, the goal is

national development. Regarding each of these the goal should first of all be clearly set out in the form of directions, destination and action plans, followed by implementation of the action plans and finally by the realization or otherwise of development itself. Accordingly, he opines that it is quite certain that a society, which is in state of learned helplessness, cannot meaningfully embark on genuine national development without first achieving successful emancipation.

To [16], development is the process by which people create and recreate themselves and their life circumstances to realize higher levels of civilization in accordance with their own choices and values. What the above definition implies is that development should not be imposed on the people. It goes further to support bottom top approach rather than top bottom approach to development which most governments have adopted in Nigeria. Development must therefore be conceived as a multi-dimensional process involving major changes in social structures, popular attitudes and national institutions, as well as the reduction of poverty. It represents the whole gamut of change by which that system moves away from a situation or a condition of life widely perceived as unsatisfactory towards a situation or condition of life regarded as materially and spiritually better [17].

Perhaps the question posed by [18], at the Eleventh World Conference of the Society for International Development in 1969, at New Delhi India captures the new thinking about development. According to him:

The questions to ask about a country's development are therefore, what has been happening to poverty? What has been happening to unemployment? What has been happening to inequality? If all three of these have declined from high levels, then beyond doubt, this has been a period of development of a country concerned. If one or two of these central problems have

been growing worse, especially if all three have, it would be strange to call the result development even if per capita income doubled.

The major challenges facing local government areas in Ebonyi State are embedded in Seers' conception of development and they include poverty, unemployment, inequality, environmental degradation, lack of political will by various governments to develop the area. Therefore, when a country, state, region, organizations or communities embark on socio-economic development, they set out to provide social and infrastructure facilities; to reduce poverty, create jobs for the teeming unemployed youths; ensure human capital development build modern schools and well equipped hospitals provide constant electricity for industrialization; invest in agriculture to boost food production; construct good roads; provide portable water and better sewage system among others.

Perspectives on Corruption

Corruption as noted in the introductory part of the work subjects itself to many definitions and interpretations. As a result of the complexity of corruption, its effects on the systemic existence of its victims as does its prevalence through the efforts of its perpetrators, its definition has continued to be shrouded by value preference and difference [19]. Indeed, summits, conferences, seminars, debates, workshops such as this and even prayers have all been organized in respect of this self-inflicted monster with seemingly poor results. [20] defined corruption as the abuse of public office for private gain. Scholars such as [21], [22], [23], [25], [26], [27] define corruption in ways that are in common, that is, departure from accepted public roles and standards. [28] defined corruption as "the behaviour of public officials which deviates from accepted norms in order to serve private ends". [29] sees corruption as an extra legal institution used by individuals or groups to gain influence over the action of the bureaucracy".

[30] opines that “corruption... is a general term covering misuse of authority as a result of considerations of personal gain”.

[31], breaks down corruption into three categories, namely nepotism, spoils and misappropriation. [32] says:

Corruption involves the giving and taking of bribe, or illegal acquisition of wealth using the resources, of a public office, including the exercise of discretion. In this regard, it is those who have business to do with government who are compelled somehow to provide inducement to public officials to make them do what they had to do or grant undeserved favour. It is therefore defined as official taking advantage of their offices to acquire wealth or other personal benefit.

The above quotation was corroborated by [33] when he defines corruption in the following way:

A public official is corrupt if he accepts money or money's worth for doing something that he is under a duty to do anyway, that he is under a duty not to do or exercise a legitimate discretion for improper reasons.

[34] in his own explanation sees corruption as:

Perversion of integrity or state of affair through bribery, favour or moral depravity. It involves the injection of additional but improper transaction aimed at changing the normal course of events and altering judgements and positions of trust. It consists in doers and receivers' use of informal, extra-legal or illegal act to facilitate matters.

[35], put this definition in a broad perspective of three categories as thus:

Theoretically, the literature distinguishes among political, bureaucratic and economic corruption; practically however, these three typologies are no more than different perceptions of the same monster. But all these manifestations are motivated by the desire to sue the instrumentality of office for private gains for the benefit of the official, his relations, ethnic group or friends at the expenses of the general good.

[36], in his own contribution adopted a sociological approach to the definition of corruption. He conceptualized corruption in the following way:

A form of social deviance in some cases, of criminal deviances, the result of failure or lack of will to respect the norms of social interactions. It is an extra-legal or normative approach to gaining access. It is a form of mal-adaptation involving the acceptance of society's cultural goals and the rejection of the socially approved means of attaining the goals. It is an indictment on the ineffectiveness of society's socialization function; a sign of some defects in the development of citizen's personality system. It indicates the existence of weakness in agencies of social control which should punish rather than reward the perpetrator of corruption.

In view of the foregoing, it can be deduced from the definitions that corruption can better be described than trying to pin it down to one single

definition. It is any act that deviates from the agreed standard in order to favour one party against the other. It often involves financial matters, nepotism, favouritism etc. In terms of financial corruption, it has two actors the giver and the receiver and has been the major challenge of governance in Nigeria.

Types of Corruption

- i. **Moral Corruption:** This is exhibited in sexual pervasiveness, greed especially in the inter-personal relationships, loose tongue i.e. uncontrollable tongue such that leaks secrets or slanders or busy body, indecent dressing or appearances etc.
- ii. **Economic Corruption:** E.g. manufacturing fake drugs, adulteration of drinks, piracy i.e. copying another person's intellectual work to illegally enrich oneself (plagiarism), fraud at all levels etc.
- iii. **Political and Bureaucratic Corruption:** It is illegal, unethical and unauthorized exploitation of one's political or official position for personal gain. It has to do with public affairs - goods, fortunes, agencies and resources. It is therefore corruption against the state or its agencies by a person holding an official position in pursuit of private or personal profit. In practical terms, political and bureaucratic corruption is usually associated with acceptance of bribe, but it is more than that, it involves fraud, nepotism, kickbacks, favoritism and misappropriation by public officials using their official positions for their own advantage [37].
- iv. **Electoral Corruption:** This has to do with electoral frauds such as election rigging, manipulations, ballot stuffing, registration of under age, and many others.

The Concept of Local Government

[38] see local government as "a system of local communities and towns which are organized to maintain law and order, provide some limited range of social services and cooperation of inhabitants in joint endeavours towards the improvements of their conditions of living". To [39], local government is the

system under which local communities and towns are organized to maintain law and order provide limited range of social services, public amenities and encourage cooperation and participation of the inhabitants in joint endeavours towards the improvement of their conditions of living. [40] also added that local government is "a political subdivision which is constituted by law and has substantial control of local affairs".

In a much as one agrees with some of the views expressed by the above scholars on a face value, a critical look at the contents of the definitions exposes its flaws. This is because local government means more than any organized body at the local level for any particular purpose. If such is the case, any social cultural groups like the age grade, family groups, cooperative societies, council of elders, can pass for a local government.

On the other hand, [41], defines local government as the government of a particular place. He sees it as that part of the government of a nation or state which deals mainly with matters of concern to the people of a particular area. For [42] local government is the government of some local community. [43] maintained that a more comprehensive definition of local government and one that comprised the essential features of local government are contained in the guidelines for a reform of local government in Nigeria. According to the guidelines, local government is:

Government at the local level exercised through representative council established by law to exercise specific powers within defined areas. These powers should give the councils substantive control over local affairs, as well as the staff and institutional and financial powers to initiate and direct the provision of services, and to determine and implement projects, so as to complement the activities of the state and federal government in

their areas, and to ensure thorough active participation of the people and their traditional institutions, that local activities and response to local needs are maximized.

The above definition clearly and in a broader manner reveals the essence of local government as a distinct tier of government in the Nigeria federal system. Local government area therefore encompasses the geographical location of a local government including the

THEORETICAL FRAMEWORK

The paper adopted Prebendalism theory. Prebendalism refers to political systems where elected officials and government workers feel they have right to a share of government revenues and use them to benefit their supporters, co-religionists and members of their ethnic group. Max Weber used the term to describe India and China in the early middle ages in his 1915 book titled "The Religion of China and his 1916 book "The Religion of India". However it was [44], the Director of the Programme of African studies at Northwestern University, who first used the term to describe patron-clientelism or neo-patrimonialism in Nigeria. According to the theory of prebendalism state offices are regarded as prebenders that can be appropriated by office holders who use them to generate material benefits for themselves and their constituents and kin groups.

As a result of that kind of patron-client or identity politics, Nigeria has regularly been one of the lowest ranked nations for political transparency by the Transparency International in its Corruption Perception Index.

Prebendalism is so widespread that it skyrocketed during the regimes of the former Nigerian dictators Ibrahim Babangida and Sani Abacha who were alleged to have stolen over US \$5 billion. [45] noted that corruption reached its peak between 1994 and 1998 during the regime of General Sani Abacha who was acknowledged to have stolen between 4 and 5 billion US dollars. Nigeria ranks 136 out of 176 countries with a score of just 27 out of 100 on the 2015 Corruption Perception Index (Transparency International, 2015).

council itself. It has a population with a given number of communities which share certain things in common such as custom, tradition, language, culture, historical antecedent among others. There are some environmental factors such as political, social, economic, physical, ethical and technological factors which influence the activities and operations of the council area. Local governments are expected to mobilize human and material resources towards the development of their areas.

Eighty five (85%) percent of Nigerians surveyed noted that corruption has astronomically increased from 2011 to 2015. Global Financial Integrity estimates that more than US \$157 billion in the past decades has left the country illicitly. In Nigeria, most public officials mismanage and embezzle funds and make illegal acts of converting public funds into private use appear legal. Prebendalism is very much prevalent in the social and political fabric of Nigeria. The extent of prebendalism's stronghold on the Nigerian bureaucracy is such that it prevents the nation from developing. At the local government level, the story is the same. The level at which public financial resources are mismanaged and misused is worrisome. [46], sees these dimensions of corruption as the illegal, unethical and unauthorized exploitation of one's official position for personal gain. He further noted that in practical terms, political and bureaucratic corruption usually associated with acceptance of bribe, but it is more than that, it involves fraud, nepotism, kickbacks, favouritism and misappropriation by public officials using positions for their own advantage. The relevance of the theory to the study is predicated on the fact that corruption among public officials in Nigeria results from this misleading idea that public office is a means to plunder public resources. Politics is too lucrative in Nigeria and most politicians see public office as their return on investment and a means of helping their kinsmen and women. This harmful practice has made corruption endemic in the Nigerian political, social and economic spheres and must be discouraged. The present

administration in Nigeria is prosecuting many past government officials on cases bordering on corruption. This is a step in the right direction and all hands must be on deck to fight the ugly menace of corruption for socio-economic development in Nigeria, especially in Ebonyi State.

Examining Acts that Constitute Corruption in the Local Government System

Ebonyi State was created in 1996 with thirteen (13) local government areas by the then military head of state Late General Sani Abacha. The local governments are Abakaliki, Afikpo South, Ebonyi Local Government Areas. Others include, Ivo, Ikwo, Izzi, Ohaukwu, Ezza South, Ezza North, Ishielu, Ohaozara and Onicha local government areas.

Corruption has been one of the major problems bedeviling local government administration in Nigeria and Ebonyi State in particular and has hindered efforts at socio-economic development of the rural areas. Acts that constitute corrupt practices in the local government are discussed here. In the words of [47], corruption has been described as a major cause of comatose state of local government administration in Nigeria, and a major hindrance to good governance.

The types of corruption that are most visible in the local government are political, economic, financial and bureaucratic corruption. This practically manifests most in mismanagement of financial resources, embezzlement, looting, kickbacks, inflation of contract terms, fraud, nepotism, favouritism, etc.

i. Corruption manifests in wasteful spending of local government funds: This is true to the extent that it negates the agreed standard and provisions of the Model Financial Memoranda. [48] argued that the spending of most local government is not only characterized by waste but also by very pervasive corruption. Although corruption is described as a cankerworm found in every face of the Nigerian society as they further argued, it is particularly worrisome at the

local government level. In public domain corruption is so entrenched that it almost becomes the normal way of getting things done. This may sound too superfluous. But what is clear though is that corruption is so entrenched at the third tier of government. They maintained that it is obvious to everybody that there is no much development to show for the huge financial resources that have accrued to the councils. Thus, the views of Nigerians collated in the Political Bureau Report of 1987 still remain valid till today. That despite the strategic importance of local government to national development process its contribution has been minimal. The view was corroborated by the position of the former Governor of Imo State, Ikedi Ohakim, that the council system has failed woefully in Nigeria. He further maintained that we have wasted money to the extent that the council has become an enterprises of a different dimension where some big men try to install their house maids and houseboys so that they can be making returns... the council system has enriched only few individuals who are now being chased by the masses on the streets (Guardian, 27th December, 2007).

ii. Another act that constitutes corrupt practice in the Nigeria local government system is mismanagement and misplacement of council funds by local government chairman and other principal officers. Some local government chairmen are in the habit of depositing local government funds in private savings account and loan companies in which the local government has no account. This is done with the intention to collecting the accruable interests on such funds on maturity. These corrupt and ugly practices were well described by [34] when he

noted that leadership “failure and bad governance of all levels of government inhibits attracting external development assistance. Mismanagement of financial resources meant for the development of council areas is bane of socio-economic development of most rural communities in Nigeria.

Along this line Waziri, the former EFCC boss in [12] lamented that:

...waste of government resources at the council level had reached monumental proportions. The local government council in the country could not explain the mismanagement of over n3,313 trillion allocated to them in the last eight years... a whopping sum of N3,313,554,856,541.79 was allocated to local government across the country. Unfortunately, local government officials have not left their hand unsoiled in this regard it is with this regret that I am forced to observe that the local governments of the good days have become a mere memory of times gone by the paralysis (corruption) that pervades local governments today is widespread. Local governments have become so far removed from the lives of the people to a point where some chief executives of local council no longer reside in the domains they were elected to administer. They drive to the council headquarters in their jeeps from the state capitals or the federal capital territory pay salaries and share other monies and disappear until it is time to share the next subvention.

iii. Another corrupt practice which affects the financial base of the local government is the misuse of state might. [2] noted that although the constitution provided that 10% of the total revenue of state should be disbursed to their local councils. However, the state had in most cases paid in only a small fraction of the 10% to their local government councils, and some cases, nothing at all was paid to the local government councils by the state governments. This still remains the position today. The misuse of state might also play out under party politics and

remittances by the local government councils.

Misuses of state might has continued to be a challenge to revenue generation efforts of local governments in Nigeria. The constitution provides that funds from the federation account for state and local government account should be maintained by the state government. In most cases the state governments make several deductions, such as counterpart funding of projects, income tax (up front) by local government employees (payee) etc., before remitting to councils whatever it deems fits. This situation is worsened under transition committee chairman of local government councils. As usual, no transition committee chairman has the got to question the governor of a state that magnimously appointed him [10]. This is another sorely situation that has negative effect on the revenue profile of local government council in the country. A typical example is in Anambra State where caretaker committee chairmanship operated for years. This had a deliberating effect on the rural dwellers and the development of the area. In this case, people were deprived opportunity of electing their leaders. The situation is not perform what obtains in Ebonyi State where caretaker committee system operated for years as well.

The misuse of state might also play out under party politics and remittances by the local government councils. According to [5] the local government party politics is in practice an extension of the party in power. The financial resources and other resources of the local government are often mobilized to sustain the party from losing control at the top. The chief executive of the local government is required to make some returns to the party, for the administrative running of the party. The party in power is entitled to a certain percentage of the contracts awarded in the local government. The local government chairman and the members of the councils are encouraged to award contracts only to party members as a way of attracting members of the opposition parties and other new members into the party. All these practices minimize the financial

resource available to the local governments to carry out their statutory functions and hinders grassroots development.

- iv. Embezzlement of revenue by local government revenue collectors have also resulted in widespread unwillingness by communities to pay taxes. This corrupt practices has hindered revenue generation in the local government. [8] posited that one of the factors responsible for local government poor revenue collection is the casual attitude of the revenue collectors and other treasuring staff. They labour under the illusion that no matter whatever federation account will provide adequate funds for payment of personal emolument of the staff. This assumption is deceptive and unhealthy too in that with poor revenue generation efforts, some councils have found themselves unable to pay salary after deductions made by the state government.
- v. Another corrupt practice according to [16] is the practice of farming out of revenue source to persons on the basis of political patronage. This practice is prevalent in Onitsha North and Onitsha South Local Governments in Anambra State, where some party loyalists are contracted to collect revenues from the major markets like the Onitsha main market, Ose markets, Ochanja market, bridge head market etc. and remit an agreed amount to the local government coffers, without recourse to the financial memoranda that regulates local government financial activities. In Ebonyi State the story is the same. Edoyugbo maintains that these revenue agents are given arbitrary monthly targets to remit to the council, contrary to the financial memoranda regulation which states that “where appropriate, a local government may appoint a person other than an employee

as a revenue collector and such person shall receive an appropriate portion of tax or fee he collected as commission (FM6:2). The implication of not complying with this regulation is that the revenue agents cashed on the loophole created by this provision to exploit helpless public by fixing rates other than the approved by the council at exorbitant rates. This ugly trend has resulted to loss of dire needed funds to local government councils, as lesser targets were given to revenue agents. Hence, achieving an efficient local government administration amidst these multifarious problems tantamount to an exercise in futility.

Effects of corruption on Socio-Economic Development in Ebonyi State

The preceding pages revealed the manifestations of corruption in the local government especially in Ebonyi State. Social economic indicators such as poverty level, access to basic and compulsory education and other human development indicators have been very low consequent upon the misuse, mismanagement and embezzlement of funds set out for development purposes which characterized governance especially, at the local government level in Nigeria. The World Bank, in its 2010 Report, stated that corruption has a negative impact on economic performance, employment opportunities, poverty reduction, and access to public health and police services. Further, the [31] observed in a report published in 2001 that corruption affects the lives of the poor through channels, including the diverting of resources from vital social sources that benefit the poor, such as education and health. In the Bank’s view, poverty is an outcome of the accountability and responsiveness of state institutions. Similarly, in its Annual Report for 2012, the Economic and Financial Crimes Commission (EFCC) observed that, corruption in the public sectors remains a sore spot in Nigeria’s quest to instill

transparency and accountability in the polity.

Table 1: Comparing Nigeria's Corruption Perception Index and Human Development Index Rankings: 2005-2013

Year	Corruption Perception Index Rankings	Human Development Index Rankings
2005	152 out of 158	158 out of 177
2006	150 out of 163	159 out of 177
2007	132 out of 147	158 out of 177
2008	121 out of 150	158 out of 177
2009	130 out of 150	158 out of 182
2010	134 out of 178	142 out of 169
2011	143 out 182	156 out of 179
2012	139 out of 175	153 out of 187
2013	144 out of 175	153 out of 187

Source: Transparency International CPI, 2005 -2013 AND UNDP, HDI 2005 - 2014.

The first basis for concluding that there is a strong correlation between corruption and poverty in Nigeria is derived from the review of the performance of the country in several existing studies measuring corruption and poverty. A good example is the transparency International's Corruption Perception Index and the UNDP's Human Development Index. When we analyzed the results of both studies for the period 2005 - 2013 it become clear that Nigeria consistently scored high in the Corruption Perception Index, investment in citizen's welfare is low.

Literature shows that the poor often do not get needed services from public agencies when corruption is rampant in society. This according to [43] may be attributed to several reasons, including (a) diversion and embezzlement of resources earmarked for services, including vital services such as education and health clinics (b) lack of access due to limited resources left-over after looting, and (c) lack of oversight and accountability engendering extortion for services by public officials which then leaves the poor with even smaller disposable incomes. Similarly,

the poor are sometimes excluded from vital social services because they do not have money to bribe officials. When these services are denied the poor, this further worsens their poverty situation. [7] concluded that there is a strong correlation between corruption and poverty in Nigeria including Ebonyi State. Nigeria scores high in the Corruption Perception Index and low in the Human Development Index, implying that because the incidence of corruption is high, investment in citizen's welfare is low. The above report corroborates the findings of the study carried out by [11], who revealed that prevalence of political corruption accounts for high incidence of poverty as well as low infrastructural development in the Southern Ijaw Local Government Area.

[19] also found that corrupt practices which are prevalent in Nigeria local government system have led to embezzlement and loss of public funds which could have been utilized to embark on rural development programmes. [16] concludes that local government administration in Nigeria has remained largely unproductive,

inefficient and ineffective due to the ugly trend of pervasive and highly embedded corruption that traits the level of government. [12] added that due to the privilege position of the public servants (agents) to public resources and information they tend to abuse there privileges to the detriments of the 'principals' (Nigeria citizens). Moreso, [2] observed that corrupt practices is on the increase and manifest through the state-joint local government account, non remittance of contributory pension scheme, non-payment of salaries and allowances, collusions in transaction of government businesses, lack of proper accountability, denial of statutory functions, basically, the revenue generating items and overbearing influence of the state government. [13] revealed among other things that an average Nigeria leader is mired in the pursuit of selfish and personal goals than integrity which is the hallmark of achieving sustainable development. And that the available value system is significantly linked to the problem of inefficient management of human and material resources in the country. In Ebonyi state especially in most local government areas studied, there is visibly poor infrastructure facilities and high level of poverty occasioned by none provision of basic social amenities such as quality healthcare system, quality road network, constant

electricity supply, inadequate provision of loans to rural farmers, poor quality education to mention just few. The above precarious conditions have been linked to corrupt practices of public officials who are saddled with government functions. The inability of successive governments to efficiently utilize available human and financial resources manifest in the poor socio-economic condition under which people live. This manifests in high level of poverty in Ebonyi State. The National Bureau of Statistics (2010) ranked Ebonyi State as among the 10 poorest states in Nigeria. The report states interalia:

“Ebonyi State Poverty Statistics closely mirror those of states in some parts of Northern Nigeria. There is no single state in the Southern part of the country where poverty rate is above the national average of 46% except in Ebonyi State, which is 73.6%. This is higher than the national average of 46% and 27% average for the southeast zone.

Also, the 2015, United Nation's Global Multi-Dimensional Poverty, Index still revealed that the poverty in the state is still high.

Table 2: Poverty Profile of the 36 States and Capital in Nigeria

S/N	Names of State	Percentage
1.	Lagos	8.5%
2.	Osun	10.9%
3.	Anambra	11.2%
4.	Ekiti	12.9%
5.	Edo	19.2%
6.	Imo	19.8%
7.	Abia	21.1%
8.	Rivers	21.1%
*	FCT (Abj)	23.5%
9.	Kwara	23.7%
10.	Akwa Ibom	23.8%
11.	Delta	25.1%
12.	Ogun	26.1%
13.	Kogi	26.4%
14.	Ondo	27.9%
15.	Enugu	28.8%
16.	Bayelsa	29.0%
17.	Oyo	29.4%
18.	Cross River	33.1%
**	National Avg	46.0%
19.	Plateau	51.6%
20.	Nassarawa	52.4%
21.	Ebonyi	56.0%
22.	Kaduna	56.5%
23.	Adamawa	59.0%
24.	Benue	59.2%
25.	Niger	61.2%
26.	Borno	70.1%
27.	Kano	76.4%
28.	Gombe	76.95
29.	Taraba	77.7%
30.	Katsina	82.2%
31.	Sokoto	85.3%
32.	Kebbi	86.0%
33.	Bauchi	86.6%
34.	Jigawa	88.4%
35.	Yobe	90.2%
36.	Zamfara	91.9%

Source: The United Nations' Global Multi-Dimensional Poverty Index, 2015.

The above table revealed that the poverty level in Ebonyi State against other states in the federation is 56% higher than the National Average of 46%. The state is still the poorest in the whole of South West, South-South and South East geo-political zones.

In this regard, [11], attributed the factors responsible for pervasive poverty in Ebonyi State to include: "weak institutions/poor governance; improper needs assessment, corruption of government/ Agency officials, unstable economy (inflation and high cost of living), unstable sources of

income and poor educational background amongst others”.

Other socio-economic indicators reveal that financial resources have not been judiciously utilized to drive development as a result of corruption. For instance, according to [20], physical infrastructure (such as roads, portable water and electricity) and social services (such as education, health, recreation and security) are not adequately provided. [25] revealed that mortality rate is still high, women still engage in hard labour to fend for their children and complement family income. They

further argued that inadequate provision of infrastructure facilities and the degrading condition of life in most rural communities has resulted to migration/influx of people into the capital city, thereby leading to congestion and the attendant urban problems such as unemployment, increased house rents and general high cost of living, amidst low level of income. Poor road network in the rural communities has also compounded the problem of the rural dwellers as it has become difficult to evacuate their farm produce to various markets in the state.

Table 3: Socio-Economic Characteristics of the Rural Households in Ebonyi State

	Afikpo South	Ebonyi	Ezza North	Ohaukwu	Onicha	Total	(%)
Family head sample size.	80	80	80	80	80	400	100
Household members' age distribution in years:							
≤ 20 years	160	164	171	161	163	819	56
20 - 59 years	114	125	103	106	110	558	38
> 59 years	20	15	17	21	14	87	6
Household members educational attainment in years:							
< 1 year	149	164	211	186	124	834	57
1 - 6 years	95	106	66	77	110	454	31
> 6 years	49	22	15	30	60	176	12
Family heads occupation distribution:							
Farming	53	57	58	59	50	277	69
Artisan	8	4	2	7	4	25	6
Trading	20	15	19	9	25	88	22
None	2	3	1	3	1	10	3

Source: Chukwu's Field Survey Data, 2012.

The above table presents a fair analysis of socio-economic characteristics of the rural households. The rural heartland was free from urban influence and was highly characterized by poor infrastructure and social services. These contributed to the weak economic base that was deterrent to better living conditions experienced across the rural heartland with over 85% of the population in Ebonyi State under severe

Corruption is a global phenomenon and Nigeria has had its own share of this ugly menace especially in Ebonyi State. Among the causes of corruption include

pressure. The rural demographic structure worsened the rural economic burden, given the observed high proportion (56%) of children between 0 - 19 years of age and the elderly people (6%) from 60 years and above in the population. This implied 62% of the population were economically dependent on a smaller population of adult active workforce (38%) for the supply of their basic needs [9].

CONCLUSION

unsettled value system, lack of commitment to public cause, poverty, greed, lust for money, political interference, non-existence of social

services. Corruption at the local government level manifests in wasteful spending of local government funds, mismanagement and misplacement of council funds by local government chairmen and other principal officers, misuse of state might on the local government embezzlement of revenue by local revenue collectors have also resulted in widespread unwillingness by communities to pay taxes, the practice of farming out of revenue source to persons on the basis of political patronage, etc. The above sharp practices negate the principle of accountability and sound financial management which are the hallmark of international best practices in financial administration. Hence, socio-economic development in Ebonyi State has been truncated as provision of basic social amenities and infrastructure facilities which include quality healthcare system, constant supply of electricity, access to safe drinking water, human capital development among others have not been given due attention. The general impression of the study is that there is a strong correlation between financial corruption and socio-economic development in Ebonyi State.

In view of the above, the paper recommends as follows:

- i. The various institutions saddled with the fight against corruption should be strengthened. The EFCC, ICPC Code of Conduct Bureau among others should be adequately funded and truly independent to discharge

functions. A situation whereby government consistently interferes in the activities of these agencies should be discouraged.

- ii. There should not be “Sacred Cows” in the fight against corruption at every level of government. Most of these agencies such as EFCC, ICPC etc should not be selective in the fight against corruption if any meaningful result will be achieved. Government should desist from using these agencies to witch-hunt opposition and achieve devilish desires.
- iii. There should be value reorientation. Our value system is such that worships wealth. The question has never been the source of the wealth. This is why corruption is encouraged in some quarters. Both the government and traditional institutions have roles to play here to discourage ill gotten wealth and expose those who loot public treasure and punish them squarely.
- iv. The principle of accountability should be promoted if corruption must be reduced to the barest level in Nigeria. The public should come in here to demand accountability from public officials who have been entrusted with public resources. When accountability is ensured, incidences of corruption would have been reduced.

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