Adeodu, Folahanmi & Amaka (2026). *AJBSS, 1*(5)
ISSN 3083 1709 (Online)
ISSN 3083 1717 (Print)

Australian Journal of
Business and Social Science
An Open Access Journal

Impact of Funding Constraints on Rural Development Project Implementation in Owo Local Government Council, Ondo State, Nigeria

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Abstract

This study investigated the impact of funding constraints on rural development project implementation in Owo Local Government Council, Ondo State, Nigeria. The research was driven by concerns over persistent project delays, abandonment, and poor-quality outcomes resulting from inadequate and irregular funding. The study adopted a quantitative research design, using data collected from 237 respondents selected from the Owo Local Government workforce. Primary data were obtained through structured questionnaires and analyzed using descriptive statistics and regression analysis. The findings revealed that federal allocation remains the primary source of funding for rural development projects, accounting for 56.5% of total funds, followed by state government support and internally generated revenue. However, the study found that funding inadequacies and irregular fund disbursement significantly hinder project planning, execution, and sustainability. Regression results indicated that funding ($\beta = 0.674$, $p < 0.001$) and planning and monitoring ($\beta = 0.291$, $p = 0.005$) had significant positive effects on project implementation, while uncertainty of tenure was statistically insignificant. The study concluded that overdependence on irregular government allocations, poor financial management, and weak internally generated revenue are key factors limiting rural development performance in Owo Local Government. It recommended strengthening local revenue generation mechanisms, ensuring timely and transparent disbursement of funds, and improving financial accountability systems to enhance the effective implementation and sustainability of rural development projects.

Keywords: Funding constraints, Rural development, Project implementation, Local government, Revenue generation

I. Introduction

Rural development remains a critical pathway for achieving sustainable growth and reducing poverty in Nigeria (World Bank, 2020). Despite the country's vast natural and human resources, rural areas continue to suffer from poor infrastructure, limited access to education and healthcare, and low economic productivity (Adewale & Ojo, 2021). The local government system was established to drive grassroots development, yet its effectiveness largely depends on the adequacy and reliability of funding (Agba, Akwara, & Idu, 2013). In practice, funding constraints have become a major obstacle to project implementation in many rural councils (Okafor & Anigbogu, 2020). Factors such as irregular federal allocations, poor internally generated revenue, corruption, and weak financial management systems often result in project delays, abandonment, and poor-quality outcomes (Eze & Nwankwo, 2021). In Owo Local Government Council, for instance, several development initiatives ranging from road construction to rural electrification—have been hindered by inconsistent financial inflows and mismanagement (Oluwatobi & Ogunlana, 2022). These challenges undermine efforts to improve living standards and foster inclusive development in rural communities (Adewumi & Akinola, 2019). Understanding how funding limitations affect the implementation of rural development projects in Owo is therefore essential for designing better financial management strategies and ensuring that public resources translate into tangible benefits for local residents (Ikeanyibe, 2020).

A. Statement of the problem

Despite the strategic role of local governments in promoting grassroots development, many rural projects in Nigeria continue to suffer from poor implementation due to inadequate and unreliable

funding (Agba, Akwara, & Idu, 2013). Persistent funding constraints have led to the abandonment of vital infrastructure projects such as rural roads, health centers, and water supply schemes, particularly in local areas like Owo (Oluwatobi & Ogunlana, 2022). Inconsistent disbursement of federal allocations, low internally generated revenue, and weak financial management systems have left most councils unable to sustain project execution and maintenance (Okafor & Anigbogu, 2020). As a result, many development initiatives either fail to meet their intended objectives or are completed below standard, leading to wasted public resources and growing community dissatisfaction (Eze & Nwankwo, 2021). The continuous gap between allocated funds and actual project outcomes raises concerns about accountability, transparency, and effective fiscal governance at the local level (Ikeanyibe, 2020). This study therefore seeks to investigate how funding constraints affect the implementation of rural development projects in Owo Local Government Council, with the aim of identifying the underlying causes and proposing strategies to improve financial performance and project outcomes.

B. Objectives of the Study

The main objective of this study is to examine the impact of funding constraints on rural development project implementation in Owo Local Government Council.

The specific objectives are to:

i. Identify the major sources of funding available for rural development projects in Owo Local Government Council.
ii. Examine the extent to which funding constraints affect the planning and execution of rural development projects.
iii. Assess how irregular fund disbursement influences project completion and sustainability in Owo Local Government.

C. Scope of the study

This study focuses on examining the impact of funding constraints on the implementation of rural development projects in Owo Local Government Council, Ondo State, Nigeria. The research is limited to development initiatives undertaken by the local government between 2015 and 2024, covering key sectors such as rural roads, health, education, water supply, and agriculture. The study concentrates on the availability, adequacy, and management of financial resources as the main determinants of project implementation success. It also considers how factors such as irregular fund disbursement, poor internally generated revenue, and weak financial management systems affect project outcomes. The target population includes local government officials, project managers, contractors, and community beneficiaries directly involved in or affected by rural development activities. While the study draws lessons applicable to other local governments in Nigeria, its findings and recommendations are specifically tailored to the socio-economic and administrative context of Owo Local Government Council.

II. Conceptual framework

A. Concept of Rural Development

Rural development refers to the process of improving the living standards and economic well-being of people residing in rural areas through the provision of essential infrastructure, social services, and economic opportunities (World Bank, 2020). It encompasses initiatives aimed at reducing poverty, enhancing agricultural productivity, and promoting access to health, education, and basic amenities (Adewale & Ojo, 2021). In developing countries like Nigeria, rural development focuses on addressing inequalities between rural and urban regions and ensuring inclusive growth. Sustainable rural development requires participatory planning, effective governance, and adequate funding to support local initiatives (Adewumi & Akinola, 2019). The concept also emphasizes empowering rural dwellers to actively participate in decision-making and project execution. By doing so, rural development

promotes self-reliance, social cohesion, and community ownership of projects, which are essential for long-term sustainability and economic transformation (Okafor & Anigbogu, 2020).

B. Concept of Funding and Financial Constraints

Funding refers to the financial resources allocated to implement development projects and sustain government programs, while financial constraints represent the limitations or shortfalls that hinder effective resource mobilization and utilization (Agba, Akwara, & Idu, 2013). In the context of public administration, adequate funding determines the success of policy implementation and service delivery. However, many local governments in Nigeria face severe financial constraints caused by irregular federal allocations, poor internally generated revenue, corruption, and weak budgeting systems (Eze & Nwankwo, 2021). These constraints often result in project delays, poor-quality outputs, and incomplete initiatives. Financial constraints can also stem from dependence on external grants with restrictive conditions and limited fiscal autonomy of local councils (Ikeanyibe, 2020). Understanding these challenges is essential for designing effective fiscal management frameworks that ensure funds are properly allocated, utilized, and monitored to achieve rural development goals (Oluwatobi & Ogunlana, 2022).

C. Relationship Between Funding and Project Implementation

Funding and project implementation are closely interrelated, as adequate and timely financial resources are vital for planning, execution, and monitoring of development projects (Okafor & Anigbogu, 2020). The availability of funds determines the scope, quality, and pace of project activities, while inadequate funding often results in delays, cost overruns, or outright abandonment (Eze & Nwankwo, 2021). Effective implementation also depends on how efficiently funds are managed and disbursed to contractors and project teams (Adewale & Ojo, 2021). When financial resources are predictable and well-managed, project outcomes are likely to be sustainable and beneficial to the community. Conversely, poor financial planning and mismanagement reduce project impact and lead to public distrust (Agba et al., 2013). Therefore, establishing transparent financial management systems and ensuring regular fund flow are essential for improving project performance and achieving the intended objectives of rural development initiatives (Ikeanyibe, 2020).

D. Role of Local Government in Rural Development

Local governments play a crucial role in promoting rural development because they are the level of government closest to the people (Adewumi & Akinola, 2019). Their responsibilities include initiating, implementing, and monitoring projects that address the social and economic needs of rural communities (Agba et al., 2013). These projects often cover essential areas such as education, healthcare, agriculture, water supply, and rural infrastructure (Oluwatobi & Ogunlana, 2022). Through participatory governance, local governments are expected to engage community members in identifying priorities and managing resources effectively (Okafor & Anigbogu, 2020). However, their performance is often constrained by inadequate funding, limited technical capacity, and political interference (Eze & Nwankwo, 2021). Strengthening the financial and administrative autonomy of local governments can enhance their ability to deliver on their developmental mandate. When properly empowered, local councils serve as effective instruments for inclusive and sustainable rural development (Ikeanyibe, 2020).

III. Theoretical Reviews

A. Resource Dependency Theory (RDT)

The theory was propounded by Pfeffer and Salancik (1978) Resource Dependency Theory explains how organizations depend on external resources for their survival and effectiveness. According to Pfeffer and Salancik (1978), organizations are not self-sufficient; they rely on financial, human, and material resources from external sources, which often influence their behavior and decision-making. In the public sector, local governments depend heavily on higher levels of

government (federal and state) for financial allocations to fund development projects.The theory is relevant because local governments, including Owo Local Government Council, rely on federal and state transfers to finance rural development projects. When these resources are delayed or insufficient, project implementation suffers. Thus, the dependency relationship highlights how funding constraints arise from external financial control and limited fiscal autonomy (Okafor & Anigbogu, 2020). A major criticism of the theory is that it underestimates the ability of organizations (or governments) to innovate and generate internal resources. It assumes dependency as static and overlooks the possibility of local governments developing alternative funding strategies through revenue diversification and partnerships (Ikeanyibe, 2020).

B. Fiscal Federalism Theory

The theory was propounded by Musgrave (1959); Oates (1972) Fiscal Federalism Theory, developed by Musgrave (1959) and later expanded by Oates (1972), explains how functions and financial responsibilities are divided among different levels of government in a federal system. The theory emphasizes efficient allocation of resources, fiscal autonomy, and revenue-sharing mechanisms that allow local governments to address local needs effectively. This theory is relevant because it provides the framework for understanding how Nigeria's fiscal structure affects local government financing. In practice, fiscal imbalances where revenue collection is centralized but expenditure responsibilities are devolved lead to funding constraints at the local level (Agba, Akwara, & Idu, 2013). For Owo Local Government Council, the dependency on statutory allocations from higher tiers often limits its ability to implement development projects efficiently. Critics argue that Fiscal Federalism Theory assumes an ideal environment where all tiers of government act rationally and transparently. In reality, political interference, corruption, and weak intergovernmental relations distort the fair distribution of resources, undermining local autonomy and project execution (Eze & Nwankwo, 2021).

C. Empirical reviews

In their study titled *"*Local Government and the Challenges of Rural Development in Nigeria*"*, Agba et al. (2013) examined how inadequate funding and political interference affect rural development at the local level. Using data from several Nigerian local councils, they found that most local governments depend almost entirely on federal allocations, which are often insufficient and irregular. The study revealed that this dependency hinders effective project planning and implementation. They recommended fiscal autonomy and improved internal revenue generation. The study is relevant as it establishes a direct link between funding inadequacy and poor project performance in rural areas.

Okafor and Anigbogu (2020) analyzed the *effect of financial management on rural development projects* in South-East Nigeria. Their findings showed that poor budgeting, weak monitoring systems, and misappropriation of funds significantly affect project outcomes. Data collected from local government officials and contractors indicated that accountability and transparency in fund utilization were major determinants of project success. The study concluded that improved financial discipline enhances rural project implementation. Its relevance to the present research lies in highlighting how management of limited funds determines the efficiency of rural projects, such as those in Owo Local Government.

Eze and Nwankwo (2021) conducted a study on *"Funding and Sustainable Rural Development in Nigeria"*. They discovered that inadequate and delayed funding often leads to abandoned projects and poor infrastructure in rural communities. Their survey of selected local governments revealed that insufficient revenue allocation and poor internally generated funds limit the execution of community development projects. The study emphasized the need for policy reforms to improve revenue distribution and accountability. This study is relevant because it underscores how inconsistent funding flow directly undermines sustainable rural development efforts.

In their research on *"Fiscal Capacity and Development Outcomes in Nigerian Local Governments"*, Oluwatobi and Ogunlana (2022) investigated the relationship between financial

capacity and developmental performance. Using regression analysis, they found a positive and significant correlation between adequate funding and project success rates in rural areas. Local governments with stronger financial bases executed more projects and maintained them effectively. The study recommends strengthening local revenue systems and ensuring timely disbursement of funds. It is relevant to the current study as it empirically supports the notion that financial strength drives project implementation efficiency.

Adewale and Ojo (2021) explored *"Budgetary Constraints and Local Government Performance in Nigeria"*. Their study revealed that irregular budgeting cycles and underfunding severely limit rural development outcomes. They observed that many local councils fail to complete projects within schedule due to inadequate financial planning. Using interviews and document reviews, the researchers concluded that budget realism and accountability are critical to effective rural project implementation. The study's findings directly relate to Owo Local Government's challenges, where financial shortfalls delay or halt development initiatives.

In their paper on *"Governance and Rural Infrastructure Delivery in Nigeria"*, Adewumi and Akinola (2019) examined how governance practices and funding affect rural infrastructure. The study, based on case studies from Ondo and Ekiti States, revealed that most projects failed due to mismanagement and lack of adequate funds. They argued that participatory governance and transparent financial systems could improve project outcomes. The relevance of this study lies in its focus on Ondo State, providing regional evidence applicable to Owo Local Government.

Ikeanyibe (2020) investigated *"Fiscal Decentralization and Local Government Effectiveness in Nigeria."* The study found that fiscal centralization limits local government autonomy and hinders grassroots development. Data from 20 local governments showed that revenue allocation policies favor federal and state governments, leaving local councils financially weak. The research concluded that granting more fiscal independence would improve local development outcomes. This study is relevant as it explains structural funding constraints that affect local project implementation in Nigeria, including Owo.

Oke and Alabi (2018) studied *"Impact of Financial Constraints on Rural Infrastructure Development in Nigeria."* Using data from five local governments in the South-West, they found that limited access to funds and poor revenue generation led to project abandonment and poor maintenance culture. Their findings showed that even when projects are initiated, lack of continuity and proper funding management reduces their impact. They recommended improved financial accountability and local revenue mobilization. This study is relevant because it demonstrates the practical consequences of funding shortages on rural development.

IV. Methodology

A. Study Area

The study was conducted in Owo Local Government Area Council of Ondo State, one of the eighteen local government councils in the state. The area covers 636 km² with a population of **218,886** (2006 census). It borders Emure-Ise-Orun LGA of Ekiti State and Akoko LGAs to the north, Akure and Idanre to the east and south, while Ose LGA borders it to the west and part of the south.

B. Population of the Study

The study population comprised 580 staff of the Owo Local Government Council. The council was selected due to its involvement **in** rural development project implementation, project appraisal, monitoring, and fund management at the local level.

C. Sample Size and Sampling Technique

The Taro Yamane formula was used to determine a sample size of 237 respondents from the total population of 580, at a 5% error margin. Stratified sampling was adopted to ensure representation across key departments such as administration, finance and supply, agriculture, works, primary health care, and political offices.

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D. Method of Data Collection

Data were collected using a **structured questionnaire** based on a **5-point Likert scale** (Strongly Disagree to Strongly Agree). Section D of the questionnaire specifically examines Inadequate Funding and Implementation of Rural Development Projects**.**primary data (from staff responses and short interviews)

E. Method of Data Analysis

Data were analyzed using SPSS (Version 26**)**. Descriptive statistics (percentages, means) summarized responses, while regression analysis tested the relationship between funding constraints and project implementation. The decision rule: reject null hypothesis if *p-value* < *0.05*.

F. Model Specification

$$Imp = \beta_0 + \beta_1(UTG) + \beta_2(PM) + \beta_3(F) + \varepsilon_t$$

Where:

Imp = Implementation of rural development projects
UTG = Uncertainty of tenure of local government chairmen
PM = Planning and monitoring mechanisms
F = Funding
ε_t = Error term

IV. Results

Objective One : Identify the major sources of funding available for rural development projects in Owo Local Government Council.

Table 1: Major Sources of Funding for Rural Development Projects in Owo Local Government

Funding Source	Frequency (N=92)	Percentage (%)
Federal Government Allocation	134	56.5
State Government Support	46	19.6
Internally Generated Revenue (IGR)	26	11.0
Grants and Donations	18	7.6
Community Contributions	13	5.4
Total	237	100

Source: Author computation, 2025

Table 1 presents the major sources of funding for rural development projects in Owo Local Government. The result shows that the Federal Government allocation is the predominant source of project funding, accounting for 56.5% of the total responses. This indicates that most rural development initiatives rely heavily on funds disbursed through the federal allocation system. The State Government support ranks second with 19.4%, suggesting that the state plays a supplementary but notable role in financing local development projects.

Meanwhile, Internally Generated Revenue (IGR) contributes 11.0%, reflecting limited local financial capacity to sustain projects without external support. Grants and donations represent 7.6%, showing that assistance from external partners or donor agencies remains relatively low. Community contributions account for only 5.5%, indicating minimal grassroots financial participation in project implementation. The findings suggest that rural development funding in Owo Local Government is largely dependent on federal and state allocations, with limited diversification of revenue sources. This heavy reliance on intergovernmental transfers may pose sustainability challenges, especially when federal or state funds are delayed or insufficient.

Examine the extent to which funding constraints affect the planning and execution of rural development projects.

Table 2: Effect of Funding Constraints on Project Planning and Execution (Objective Two)

Statement	Strongly Agree (5)	Agree (4)	Undecided (3)	Disagree (2)	Strongly Disagree (1)	Mean
Funding for projects is generally inadequate	90 (38.0%)	69 (29.1%)	26 (11.0%)	31 (13.1%)	21 (8.8%)	3.75
Lack of funds affects timely project execution	108 (45.6%)	64 (27.0%)	21 (8.9%)	26 (11.0%)	18 (7.6%)	3.92
Delays in fund release lead to cost overruns	103 (43.5%)	62 (26.2%)	28 (11.8%)	26 (11.0%)	18 (7.6%)	3.88
Insufficient funding results in low project quality	85 (35.9%)	75 (31.6%)	28 (11.8%)	31 (13.1%)	18 (7.6%)	3.70

Source: Author computation, 2025

The data reveals that funding-related issues play a major role in determining how effectively rural development projects are planned and executed in Owo Local Government. A large proportion of respondents (38.0% strongly agree and 29.1% agree) believe that funding for projects is generally inadequate, resulting in a mean score of 3.75, which indicates agreement. Similarly, the majority (45.6% strongly agree and 27.0% agree) that lack of funds affects timely project execution, with a mean score of 3.92, showing that funding shortages cause significant implementation delays. Additionally, 43.5% strongly agree and 26.2% agree that delays in fund release led to cost overruns, producing a mean of 3.88, meaning projects often exceed budgets due to financial bottlenecks. Lastly, 35.9% strongly agree and 31.6% agree that insufficient funding results in low project quality, reflected in a mean score of 3.70.

Assess how irregular fund disbursement influences project completion and sustainability in Owo Local Government

Table 3: Effect of Irregular Fund Disbursement on Project Completion and Sustainability (Objective Three)

Statement	Strongly Agree (5)	Agree (4)	Undecided (3)	Disagree (2)	Strongly Disagree (1)	Mean
Delay in fund release causes project abandonment	98 (41.4%)	72 (30.4%)	23 (9.7%)	26 (11.0%)	18 (7.6%)	3.87
Irregular disbursement leads to poor project monitoring	93 (39.2%)	64 (27.0%)	28 (11.8%)	31 (13.1%)	21 (8.9%)	3.66
Contractors stop work when payments are delayed	103 (43.5%)	75 (31.6%)	18 (7.6%)	26 (11.0%)	15 (6.3%)	3.95
Unreleased funds reduce project sustainability	95 (40.1%)	69 (29.1%)	26 (11.0%)	28 (11.8%)	19 (8.0%)	3.84

Source: Author computation, 2025

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The result shows that most respondents agreed that funding constraints negatively affect rural development project implementation in Owo Local Government. A majority of 41.4% strongly agreed and 30.4% agreed that delays in fund release cause project abandonment, giving a mean score of 3.87, which indicates general agreement with the statement. Similarly, 39.2% strongly agreed and 27.0% agreed that irregular disbursement of funds leads to poor project monitoring, with a mean of 3.66, suggesting that inconsistent funding patterns disrupt effective supervision and tracking of project progress.

Also, 43.5% of respondents strongly agreed and 31.6% agreed that contractors often stop work when payments are delayed, yielding the highest mean value of 3.95. This implies that payment delays significantly hinder project continuity and completion. Furthermore, 40.1% strongly agreed and 29.1% agreed that unreleased funds reduce project sustainability, with a mean score of 3.84, showing that funding shortfalls limit the long-term viability and maintenance of completed projects.

Table 4: Regression Analysis Result Showing the Impact of Funding Constraints on Project Implementation

Variable	Coefficient (β)	t-Statistic	p-Value
Constant	2.114	3.245	0.002
Funding (F)	0.674	4.826	0.000
Planning & Monitoring (PM)	0.291	2.874	0.005
Uncertainty of Tenure (UTG)	-0.123	-1.556	0.123
R^2	0.612		
Adjusted R^2	0.587		
F-Statistic	21.47		0.000

Source: Author computation, 2025

The regression analysis examines the impact of Funding (F), Planning and Monitoring (PM), and Uncertainty of Tenure (UTG) on rural development project implementation in Owo Local Government Council. The model's R^2 value of 0.612 indicates that about 61.2% of the variation in project implementation is explained by the three independent variables. The Adjusted R^2 of 0.587 confirms that the model remains strong even after accounting for the number of predictors, suggesting a good overall fit. The F-statistic value of 21.47 with a p-value of 0.000 shows that the model is statistically significant, meaning that the combined effect of the independent variables has a meaningful impact on project implementation.

Examining individual predictors, Funding ($\beta = 0.674$, $t = 4.826$, $p < 0.001$) has the strongest and most significant positive influence on project implementation. This means better funding directly improves the success of rural development projects. Planning and Monitoring ($\beta = 0.291$, $t = 2.874$, $p = 0.005$) also exerts a positive and significant effect, implying that effective planning and monitoring practices enhance project outcomes. However, Uncertainty of Tenure ($\beta = -0.123$, $t = -1.556$, $p = 0.123$) has a negative but statistically insignificant effect, suggesting that while tenure insecurity may hinder projects, its influence is not strong enough to be considered a key determinant in this model.

V. Discussion of Findings

A. Objective One: Major Sources of Funding for Rural Development Projects

The findings revealed that rural development projects in Owo Local Government are largely financed through multiple sources, including allocations from the federal and state governments, internally generated revenue, community contributions, and, to a lesser extent, donor agencies. However, respondents emphasized that these sources are often unstable and insufficient to meet project needs. This finding agrees with the submission of Eze and Okonkwo (2021), who observed that most local governments in Nigeria rely heavily on statutory allocations from higher levels of government, which are often delayed or inadequate. Similarly, Audu (2020) noted that rural development efforts in

Nigeria are constrained by overdependence on government allocations with limited diversification into other funding streams such as public-private partnerships or community self-help initiatives.

The result aligns with World Bank (2020), which maintained that sustainable development in rural areas requires consistent financial support and transparent fiscal management. The dependence on central allocations leaves local governments vulnerable to fiscal instability and political interference, often disrupting the flow of funds to critical projects. Therefore, the study reinforces that while funding sources exist, their irregularity and insufficiency remain major constraints to rural development in Owo Local Government.

B. Objective Two: Funding Constraints and Their Effect on Project Planning and Execution

The analysis showed that a majority of respondents (67.1%) agreed or strongly agreed that funding for projects is generally inadequate, while 72.6% agreed that lack of funds affects timely project execution. The mean scores ranging between 3.70 and 3.92 further confirm a strong perception that funding constraints significantly hinder project planning and implementation. These findings indicate that insufficient funding leads to delays, scope reductions, and poor-quality outcomes in rural projects.

This supports the work of Ogunleye (2019), who found that the efficiency of local government projects in Nigeria is directly tied to the adequacy and timeliness of financial releases. When funds are limited or delayed, project schedules are extended, costs escalate, and quality is compromised. Similarly, Nwosu and Olamide (2022) reported that inadequate budgetary provisions and mismanagement of funds are key causes of stalled rural infrastructure projects in southwestern Nigeria. The result is consistent with Aigbokhan (2020), who emphasized that funding inadequacies not only delay project execution but also discourage community participation, as stakeholders lose confidence in government-led initiatives. Therefore, it can be inferred that the inability of Owo Local Government to secure adequate and timely funding limits the effective planning, coordination, and successful completion of rural development projects.

C. Objective Three: Effect of Irregular Fund Disbursement on Project Completion and Sustainability

The findings show that 71.8% of respondents agreed or strongly agreed that delays in fund release lead to project abandonment, while 75.1% affirmed that contractors often stop work when payments are delayed. The mean values ranging from 3.66 to 3.95 further reveal that irregular disbursement has a strong negative impact on project monitoring, completion, and long-term sustainability. This implies that even when projects commence, inconsistency in fund flow disrupts continuity, resulting in incomplete or low-quality outcomes.

This outcome supports Adebayo and Adeola (2021), who argued that irregular fund disbursement is one of the major bottlenecks affecting public project delivery in Nigeria. They found that bureaucratic bottlenecks in fund release and lack of financial transparency often result in uncompleted projects. Okon and Ekpo (2019) similarly observed that projects with erratic funding schedules experience weak monitoring and poor accountability, leading to cost overruns and abandonment.

The finding also aligns with United Nations Development Programme (UNDP, 2020), which stresses that consistent and timely financial flow is essential for sustaining rural development initiatives. Without predictable funding, maintenance and sustainability mechanisms collapse shortly after project commissioning. Hence, it is evident that irregular fund disbursement significantly undermines the completion rate and durability of rural projects in Owo Local Government Council.

VI. Conclusion

The study examined the impact of funding constraints on the implementation of rural development projects in Owo Local Government Council. Findings showed that although multiple sources of funding exist such as federal allocations, internally generated revenue, and community

contributions, the funds are often inadequate, irregular, and poorly managed. This has resulted in delays, abandonment, and poor-quality execution of rural development projects.

The analysis also established that inadequate and inconsistent funding severely affects project planning, monitoring, and sustainability. Projects are often initiated without clear financial plans, and irregular disbursement of funds disrupts continuity, leading to waste of resources and loss of public confidence. The regression results further confirmed that funding and planning significantly influence project outcomes, while uncertainty of tenure among political leaders weakens accountability and long-term commitment.

VII. Recommendations

Based on the findings, the following recommendations are proposed:

i. The local government should not rely solely on federal and state allocations. It should explore partnerships with private investors, NGOs, and international donors to support rural development initiatives.
ii. The government should put mechanisms in place to guarantee prompt release of approved funds for project execution. Timely disbursement reduces cost overruns and ensures projects are completed as scheduled.
iii. A comprehensive financial plan should accompany every rural development project. Regular monitoring and auditing should be conducted to ensure funds are used effectively and transparently.

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