

Local Government Projects, Community Participation and Rural Wellbeing in Nigeria: The Moderating Role of Institutional Capacity in Cross River North Senatorial District

¹Okache, Boniface Ogrinya, ²Bassey, Antigha O., PhD, ³Simeon Odey Ering, PhD, ⁴Fanny Odey & ⁵Martha Kebe Wilfred

^{1,2,3&5}Department of Sociology, Faculty of Social Sciences, University of Calabar, Nigeria

⁴Dept. of History and International Studies, University of Calabar, Nigeria

Email: ¹bonifaceokache5@gmail.com, ²antighabassey6@gmail.com, ³odeyering@gmail.com
⁴odeyfanny4real@gmail.com & ⁵02marthalawrence@gmail.com

Abstract

This study examined the relationship between local government projects, and rural wellbeing, with the moderating role of institutional capacity in Cross River North Senatorial District, Nigeria. A cross-sectional survey design was adopted, covering the entire District. 1,067 questionnaires were administered, and 962 valid responses were retrieved (90.2% response rate). Data were analysed using descriptive statistics, and regression analysis. Findings revealed positive relationships between local government projects and rural wellbeing ($\beta = 0.57$, $p < 0.001$) and between community participation and rural wellbeing ($\beta = 0.49$, $p < 0.001$). Institutional capacity significantly moderated the relationship between local government projects and rural wellbeing ($\beta = 0.18$, $p < 0.001$), increasing explained variance to 44%. The study concludes that improved rural wellbeing depends not only on local government projects and meaningful community participation but also on adequate institutional capacity to implement, monitor, and sustain development interventions. Strengthening institutional capacity and participatory governance is therefore recommended for effective development.

Keywords: Local government projects; Community participation; Institutional capacity; Rural wellbeing; Decentralization; Cross River North

Introduction

Decentralization is used to bring government closer to citizens, improving responsiveness to local needs, and strengthening the delivery of basic amenities. The underlying proposition is that decision-making authority, resources, and administrative responsibilities transferred to subnational governments can make public interventions more responsive to the circumstances of local communities. However, decentralization does not automatically produce better development outcomes. Its efficacy depends largely on the institutional arrangements through which local governments exercise authority, mobilize resources, engage citizens, and implement development projects. Faguet (2020) argues that decentralization can improve governance when subnational institutions possess sufficient authority and incentives to respond to local preferences, but outcomes vary according to the quality of institutions and the broader political and administrative environment.

In Nigeria, local governments constitute the level of government closest to rural populations and are expected to facilitate grassroots development and the provision of basic services. Yet, evidence

suggests that the ability of local governments to fulfil their responsibilities is caused by institutional, fiscal, and political challenges. Akuche and Akindoyin (2024), for example, identified political interference, corruption and mismanagement, bureaucratic bottlenecks, insecurity, and inadequate funding as factors undermining local government service delivery in Nigeria. Similarly, Agboeze et al. (2021), in a study of Nsukka Local Government Area of Enugu State involving 420 respondents, found that inadequate resources and limited community participation constrained the efficacy of local government-sponsored community development projects.

Popoola, Magidimisha-Chipungu & Chipungu (2022) found that rural communities in Nigeria experience significant inequalities in access to infrastructure and public services, with distance, affordability, institutional capacity, and political factors influencing service-delivery outcomes. Rural wellbeing therefore depends not only on whether development projects exist, but also on whether such projects are appropriately planned, adequately resourced, accessible, functional, and responsive to community needs. Thus, the relationship between local government projects and rural wellbeing should be understood as a process in which institutional arrangements determine how public resources and projects are converted into tangible improvements in people's lives. This study, therefore sought to examine how local government projects translate into improved rural wellbeing in Cross River North Senatorial District, Nigeria.

Research problem

As stated before, the assumption is that when decision-making authority, resources, and implementation responsibilities are transferred closer to local communities, public interventions are more likely to reflect locally defined priorities and generate meaningful improvements in people's living conditions. This seems not to be the case looking at the reality on ground in the country. Abati (2020), for example, found that an inclusive institutional structure at the local level improved access to primary healthcare and education services in Lagos, demonstrating that the organizational arrangements through which decentralized authority is exercised can influence service-delivery outcomes.

The capacity of local governments to fulfil their responsibilities has remained problematic. Agboeze et al. (2021), in their study of Nsukka Local Government Area, found that inadequate funding, weak monitoring arrangements, and limited community participation constrained the effective implementation of community development projects. Similarly, Oyewo (2023) observed that financial and institutional constraints continue to undermine the capacity of Nigerian local governments to perform their grassroots service-delivery functions. These findings suggest that the existence of local government structures does not necessarily guarantee effective development outcomes.

Rural development projects reflect local priorities when community members are involved in identifying needs, setting priorities, contributing local knowledge and resources, monitoring implementation, and evaluating completed projects. Participation also strengthens transparency, ownership, accountability, and the sustainability of public interventions. Ewah and Chukwuemeka (2023), for instance, identified poor consultation, weak collaboration, and mismatches between government-initiated projects and community needs as important problems affecting rural development in Ikwo Local Government Area of Ebonyi State. Similarly, Veta (2021), examining community development micro-projects in the Niger Delta, found that factors affecting community

participation have implications for the implementation of development projects. These indicate that decentralization may produce limited benefits where local residents remain largely excluded from decisions concerning projects intended to improve their welfare. What matters is whether local institutions have the capacity to respond to community priorities and whether residents are meaningfully incorporated into the governance of development interventions.

Cross River North Senatorial District provides an important context for examining these relationships. The district contains predominantly rural communities whose livelihoods depend substantially on agriculture, petty trading, and other local economic activities. In such settings, access to functional infrastructure and basic public services is closely connected with household livelihood opportunities, mobility, human capital development, health, and participation in local economic activities. Cobham, Nkpoyen, Ojong, Usoroh, Uyang & Anam (2021) found a significant relationship between community self-help initiatives and the socioeconomic wellbeing of rural dwellers in Akpabuyo Local Government Area. This, however, does not specifically explain how local government projects, community participation, and institutional conditions interact to influence wellbeing in Cross River North.

The central problem, therefore, is not simply the absence or presence of local government projects, but the uncertainty surrounding the governance processes through which such projects are translated into improved rural wellbeing. Local government authorities may initiate roads, health facilities, schools, markets, water projects, and other interventions, this does not necessarily mean that residents experience corresponding improvements in their living conditions. Projects may be poorly located, inadequately funded, incompletely implemented, poorly maintained, or insufficiently aligned with community priorities. Where residents have limited opportunities to participate in planning and monitoring, projects may fail to reflect actual local needs. Likewise, where local governments lack adequate administrative, financial, technical, and monitoring capacity, even projects that respond to genuine community needs may fail to produce sustainable outcomes.

The resulting empirical gap is therefore both conceptual and geographical. Conceptually, insufficient attention has been given to the possibility that the efficacy of local government projects depends on the interaction between governmental authority, community participation, and institutional capacity. Geographically, much of the available Nigerian evidence derives from other states or from individual local government areas, leaving limited evidence concerning the five local government areas that constitute Cross River North Senatorial District. This study, therefore, examines how and under what governance conditions local government projects translate into improved rural wellbeing in Cross River North Senatorial District, Nigeria. So while most studies tended to examine local government projects, community participation, institutional capacity and welfare outcomes as separate relationships or not at all, this study sought to empirically test whether institutional capacity conditions the relationship between local government projects and rural wellbeing, in Cross River North Senatorial District.

Justification of the study

This study is justified by the perceived gap between the formal objectives of local government projects and the actual wellbeing outcomes experienced by rural communities in Nigeria. It is

relevant because it moves beyond assessing whether local government projects exist to examining the governance conditions under which such projects contribute to rural wellbeing.

Specifically, it considers community participation as a mechanism through which local priorities can be incorporated into project planning and implementation, while institutional capacity is examined as a moderating condition that may strengthen or weaken the translation of projects into improved wellbeing. This integrated perspective addresses an important gap in existing research, which has often considered local government performance, community participation, and institutional capacity separately.

The study is also geographically relevant because evidence on local government projects and rural wellbeing is often derived from individual local government areas or other parts of Nigeria. Generating evidence from Bekwarra, Obanliku, Obudu, Ogoja, and Yala Local Government Areas will provide context-specific understanding of the governance factors shaping rural wellbeing in Cross River North Senatorial District. The findings should therefore be useful to local government authorities, community development actors, policymakers, and other stakeholders in designing more participatory, accountable, and institutionally effective approaches to grassroots development.

Finally, the study has practical and scholarly relevance. Practically, its findings can guide improvements in local government project planning, citizen participation, institutional strengthening, monitoring, and resource allocation. Scholarly, it contributes to the literature by connecting local government projects, community participation, institutional capacity, and rural wellbeing within a single empirical framework. This is important for determining not only whether decentralized governance matters, but how institutional and participatory conditions it produces meaningful improvements in rural people's lives.

Objectives

To examine how and under what governance conditions local government projects translate into improved rural wellbeing in Cross River North Senatorial District, Nigeria. Specifically, to:

1. examine the relationship between local government projects and rural wellbeing in Cross River North Senatorial District, Nigeria.
2. determine the relationship between community participation in local government projects and rural wellbeing in Cross River North Senatorial District, Nigeria.
3. assess the moderating effect of institutional capacity on the relationship between local government projects and rural wellbeing in Cross River North Senatorial District, Nigeria.

Hypotheses

H₀₁: There is no significant relationship between local government projects and rural wellbeing in Cross River North Senatorial District, Nigeria.

H₀₂: There is no significant relationship between community participation in local government projects and rural wellbeing in Cross River North Senatorial District, Nigeria.

H₀₃: The interaction between local government projects and institutional capacity does not significantly predict rural wellbeing in Cross River North Senatorial District, Nigeria.

Review of relevant literature

Abati (2020) examined Local Council Development Areas (LCDAs) in Lagos State using a mixed-methods design and found that their inclusive operational structure improved access to primary healthcare and education services. In contrast, Agboeze et al. (2021), studying local government involvement in community development projects in Nsukka Local Government Area with 420 participants, found that inadequate and delayed funding, weak monitoring, and limited community participation constrained project implementation. These prove that a structure that involves the people in designing, implementing and monitoring, works. Popoola, Magidimisha-Chipungu & Chipungu (2022) using interviews, focus group discussions, and geospatial evidence from rural communities in Oyo State, identified infrastructure poverty, accessibility, affordability, and the responsiveness of multiple stakeholders as important determinants of rural service delivery, thereby converging the three studies in decentralization and local institutional arrangements influencing grassroots service delivery, but differing in their interpretation of the conditions required for effectiveness. While Abati's findings emphasize an inclusive institutional structure, the other two highlight resource, monitoring, accessibility, and governance constraints. Methodologically, Abati and Popoola et al. employed richer mixed or multi-method approaches, while Agboeze et al. relied largely on descriptive survey evidence; consequently, the studies establish associations between local governance arrangements and service-delivery conditions but do not adequately test whether local government projects produce measurable improvements in multidimensional rural wellbeing. More importantly, none examines whether institutional capacity changes the strength of this relationship. The present study addresses this limitation by examining local government projects in relation to rural wellbeing and by explicitly considering institutional capacity as a conditioning factor.

Studies on community participation similarly produce important but incomplete evidence. Yusuf, Adekunmi & Ayanda (2020) using a multistage sample of 120 respondents in Kwara State, found that participation was relatively high in meetings and financial contributions but low across many other stages of Community and Social Development Projects (CSDP); notably, participation was positively associated with perceived project sustainability, although it was inversely related to the number of projects in which individuals participated. Veta (2021), using a cross-sectional survey supported by in-depth interviews and focus group discussions in the Niger Delta, found that inadequate devolution of power to grassroots communities was a major constraint on participation in micro-projects. The difference between the two studies is instructive: the former shows that participation can be associated with sustainability, but also that participation is uneven across project stages, the latter emphasizes institutional barriers that restrict meaningful participation in the first place. This difference may partly reflect variations in project type, institutional setting, and the way participation was measured. Both studies, however, focus primarily on the extent, determinants, and sustainability implications of participation rather than testing its relationship on a broader measure of rural wellbeing. They therefore leave unanswered whether greater citizen involvement in local government projects translates into improvements in residents' economic, social, health, educational, and living conditions. The present study responds to this limitation by treating community participation as an explanatory variable and directly assessing its relationship with rural wellbeing.

Furthermore, institutional capacity is another important issue. Madubuike and Muo (2021), examining capacity building and service delivery in the Old Aguata Local Government Area of

Anambra State, found significant relationships between staff training, staff competence, and service delivery, suggesting that the capabilities of local government personnel matter for institutional performance. Links and Draai (2023), using mixed methods in a South African district municipality, similarly found that weaknesses in monitoring and evaluation and the divergence between procedural compliance and citizen-based assessments limited local government performance. These two converge on the importance of institutional capacity, approaching it primarily as a direct determinant of service-delivery or organizational performance. Their findings therefore establish that capable institutions are important, but do not explain whether institutional capacity changes the extent to which projects produce wellbeing outcomes. Methodological and contextual differences is that Madubuike and Muo focused on staff competence within Nigerian local government, whereas Links and Draai examined monitoring and evaluation capacity in a South African municipal setting. Consequently, evidence remains limited on whether institutional capacity operates as a moderator between local government projects and rural wellbeing in a typical Nigerian rural setting. This study addresses that limitation by explicitly testing the moderating role of institutional capacity rather than merely treating capacity as another independent predictor.

Evidence from Cross River State further demonstrates the need for this integrated approach. Cobham, Nkpoyen, Ojong, Usoroh, Uyang & Anam (2021), using survey data from 400 respondents in Akpabuyo Local Government Area and Pearson Product Moment Correlation, found a significant relationship between women's participation in community self-help activities in agriculture, education, and cooperative societies and the socioeconomic wellbeing of rural dwellers. The finding supports the proposition that participation and collective development activities can have welfare implications; however, the study examined women's community self-help initiatives, rather than local government projects, and employed a correlational design that does not establish the institutional mechanisms through which government-sponsored interventions affect wellbeing. There is limited empirical evidence from Cross River North Senatorial District. This study addresses these limitations by examining the relationship of local government projects and community participation on rural wellbeing and, importantly, by testing whether institutional capacity moderates the relationship between local government projects and rural wellbeing across Bekwarra, Obanliku, Obudu, Ogoja, and Yala Local Government Areas.

Theoretical framework

Decentralization Theory

This study is primarily anchored on Decentralization Theory, foundationally developed by Rondinelli, Nellis, and Cheema (1983) and subsequently by Faguet (2014). Decentralization refers broadly to the transfer of decision-making authority, administrative responsibilities, resources, and functions from higher levels of government to lower-level governmental institutions. The theory is based on the proposition that government functions performed closer to citizens can be more responsive to local needs because local authorities possess better information about community preferences and conditions.

The major concepts underlying the theory include devolution of authority, local autonomy, responsiveness, accountability, participation, local decision-making, resource allocation, and service delivery. Its central assumption is that decentralizing governmental functions can improve development outcomes when local authorities have sufficient authority, resources, incentives, and

institutional capacity to respond to local preferences. Decentralization can also strengthen accountability because citizens are closer to local decision makers and can more readily monitor their decisions and demand explanations for public actions (Faguet, 2014).

The theory is suitable because local government projects constitute the practical expression of decentralization at the grassroots. The theory provides a basis for examining whether transferring development responsibilities and resources to local governments results in projects and services that respond to the needs of rural communities. Evidence from Faguet and Sánchez (2014) further shows that decentralization can improve access to health and education services when local governments have the financial capacity to respond to local needs, supporting the proposition that decentralization can influence development outcomes through locally responsive service provision.

The theory fits the present study by providing the underlying explanation for the relationship between local government projects and rural wellbeing. It suggests that when local governments possess adequate decision-making authority and resources, they can identify local priorities and implement projects that enhance rural wellbeing. It also provides a basis for understanding institutional capacity as a conditioning factor: decentralized authority may produce limited benefits where local governments lack the administrative, financial, technical, and monitoring capacity required to convert authority and resources into effective projects.

Social Capital Theory

Social Capital Theory, principally developed by James S. Coleman (1988), is incorporated as a complementary perspective because decentralization alone does not fully explain the role of citizens in local development. Coleman conceptualized social capital as resources embedded in social relationships that facilitate individual and collective action, emphasizing obligations and expectations, information channels, social norms, and social closure (Coleman, 1988). In the present study, these concepts help explain community participation: residents who possess strong networks, shared norms, information channels, reciprocal relationships, and collective capacity can easily identify community needs, participate in project decisions, mobilize local resources, monitor implementation, and demand accountability. Social Capital Theory therefore complements Decentralization Theory by explaining the social mechanism through which citizens can influence decentralized governance and development outcomes.

The two perspectives provide a coherent theoretical foundation for the study. Decentralization Theory explains the institutional transfer of authority and responsibilities to local government and its potential relationship on rural wellbeing; Social Capital Theory explains the participatory and relational processes through which communities engage with decentralized institutions. The combined framework therefore supports the study's central proposition that rural wellbeing is more likely to improve when local governments are responsive, communities participate meaningfully in development projects, and local institutions possess sufficient capacity to implement and sustain those interventions.

Methodology

The study adopted a cross-sectional survey design to examine the relationship between local government projects, community participation and rural wellbeing, and to determine whether

institutional capacity moderates the relationship between local government projects and rural wellbeing in Cross River North Senatorial District, Nigeria. The study was conducted in Bekwarra, Obanliku, Obudu, Ogoja and Yala Local Government Areas, which constitute the district. The choice of a survey design was considered appropriate because the study sought to obtain standardized information from rural residents concerning their experiences and perceptions of local government projects and participatory governance.

The study population comprised adult residents of the selected communities who had lived in the area for at least five years and were sufficiently familiar with local government development activities. A multistage sampling procedure was used. The five Local Government Areas constituted the primary sampling strata, from which wards and rural communities were selected, followed by systematic selection of eligible respondents. A minimum sample size of approximately 1,067 respondents was determined using Cochran's formula ($n_0 = Z^2 pq / e^2$), where ($Z=1.96$) at 95% confidence level, ($p=0.50$), ($q=0.50$), and ($e=0.03$). A total of 1,067 questionnaires were administered, of which 962 were validly completed and retrieved, representing a response rate of 90.2%.

Data were collected using a structured questionnaire developed from the study objectives. Local government projects were measured through indicators of project availability, accessibility, adequacy, functionality, implementation and maintenance. Community participation was measured through residents' involvement in needs identification, project planning, decision-making, implementation, contribution of resources, monitoring and evaluation. Institutional capacity was assessed through human-resource competence, financial adequacy, technical capacity, administrative effectiveness, monitoring and evaluation, and institutional responsiveness. Rural wellbeing was measured as a multidimensional construct covering household economic conditions, access to health and educational services, feeder roads and markets, livelihood opportunities and perceived living conditions.

Each study construct was operationalized using multiple dimensions reflecting its conceptual definition. For local government projects, items covering project availability, accessibility, adequacy, functionality, implementation and maintenance were combined to produce an overall local government projects score. Community participation was constructed from items measuring involvement in needs identification, project planning, decision-making, implementation, resource contribution, monitoring and evaluation. Institutional capacity was measured through items covering human-resource competence, financial adequacy, technical capacity, administrative effectiveness, monitoring and evaluation, and institutional responsiveness. Rural wellbeing was similarly constructed from items covering household economic conditions, access to health and educational services, infrastructure and basic services, livelihood opportunities and perceived living conditions. After coding the Likert responses from 1 to 5, negatively worded items, were reverse-coded so that higher scores consistently represented higher levels of the construct. The items within each construct were then aggregated by calculating their mean score, with each respondent receiving a single composite score for local government projects, community participation, institutional capacity and rural wellbeing. These composite scores were subsequently used in the regression analyses.

The questionnaire employed a five-point Likert response scale, ranging from 1 = strongly disagree to 5 = strongly agree. The validity of the research instrument was established through both face and

content validity procedures. The questionnaire items were developed from the study objectives, conceptual definitions and relevant empirical literature on local government projects, community participation, institutional capacity and rural wellbeing. The draft instrument was subjected to critical review by experts in Sociology and Research Methodology, who assessed the items for relevance, clarity, adequacy, representativeness and consistency with the constructs being measured. Their observations and recommendations were incorporated into the final version of the questionnaire before administration. In addition, the instrument was pilot-tested among 30 eligible respondents from communities in Cross River Central Senatorial District who were not included in the main study. The pilot exercise helped to identify ambiguous, unclear or poorly structured items, which were subsequently revised. The reliability of the instrument was determined using Cronbach's alpha coefficient to assess the internal consistency of the items measuring each major construct. The analysis produced alpha coefficients of 0.84 for local government projects, 0.82 for community participation, 0.87 for institutional capacity and 0.89 for rural wellbeing. Since all the coefficients exceeded the generally acceptable threshold of 0.70, the instrument was considered to have satisfactory internal consistency and was therefore deemed reliable for the main study. The combination of expert validation, pilot testing and satisfactory Cronbach's alpha coefficients provided evidence that the instrument adequately measured the constructs of interest and was sufficiently reliable for subsequent statistical analysis.

Data collection was conducted by the researchers with the assistance of trained field assistants. Respondents were informed of the purpose of the study, and participation was voluntary. Confidentiality and anonymity were maintained, and the information obtained was used exclusively for academic purposes. The completed questionnaires were screened for completeness before coding and subsequent statistical analysis. The methodology therefore provided a good basis for examining the direct relationships specified in the study and for testing the proposed moderating effect of institutional capacity on the relationship between local government projects and rural wellbeing.

Analysis and Discussion of Findings

The analysis examined the relationship of local government projects and community participation on rural wellbeing and assessed whether institutional capacity moderated the relationship between local government projects and rural wellbeing. Descriptive statistics were first used to summarize the major study variables, followed by correlation and hierarchical multiple regression analyses.

Table 1: Descriptive statistics and correlation matrix

Variable	Mean	SD	1	2	3	4
1. Local government projects	3.02	0.71	1			
2. Community participation	2.91	0.76	.48**	1		
3. Institutional capacity	2.84	0.73	.52**	.46**	1	
4. Rural wellbeing	3.08	0.68	.57**	.49**	.55**	1

The results indicate moderate positive relationships among all four study variables. Local government projects were positively associated with rural wellbeing ($r = 0.57$, $p < 0.01$), and community participation also showed a positive association with rural wellbeing ($r = 0.49$, $p < 0.01$). Institutional capacity demonstrated a positive relationship with rural wellbeing ($r = 0.55$, $p < 0.01$) and was also positively associated with projects ($r = 0.52$, $p < 0.01$). These results provide

preliminary evidence that better implementation of projects and greater community participation are associated with improved rural wellbeing. The correlation coefficients were below levels that would ordinarily indicate severe multicollinearity.

Relationship between local government projects and rural wellbeing

A multiple regression model was calculated to determine whether local government projects significantly predicted rural wellbeing.

Table 2: Regression relationship of local government projects on rural wellbeing

Predictor	B	SE	β	t	p
Constant	1.47	.12	—	12.25	<.001
Local government projects (LGP)	.546	.025	.57	21.84	<.001

Model statistics: $R = 0.57$; $R^2 = 0.325$; Adjusted $R^2 = 0.32$; $F(1, 960) = 462.01$, $p < 0.001$.

The model indicates that local government projects (LGP) significantly predicted rural wellbeing ($\beta = .57$, $p < .001$), explaining approximately 32% of the variation in rural wellbeing. The positive coefficient indicates that increases in the availability, accessibility, functionality and implementation of local government projects were associated with higher levels of rural wellbeing. The first null hypothesis was therefore rejected.

Relationship between community participation and rural wellbeing

A second regression model was calculated to determine whether community participation significantly predicted rural wellbeing.

Table 3: Regression relationship of community participation on rural wellbeing

Predictor	B	SE	β	t	p
Constant	1.69	.11	—	15.36	<.001
Community participation (CP)	.435	.025	.49	17.40	<.001

Model statistics: $R = 0.49$; $R^2 = 0.24$; Adjusted $R^2 = 0.24$; $F(1, 960) = 303.32$, $p < 0.001$.

Community participation positively predicted rural wellbeing ($\beta = .49$, $p < .001$), accounting for 24% of the observed variation in wellbeing. This indicates that respondents who reported greater involvement in identifying needs, planning, implementing and monitoring local government projects also tended to report better wellbeing. The second null hypothesis was therefore rejected.

Moderating role of Institutional Capacity (IC)

Hierarchical moderated regression was employed to determine whether institutional capacity altered the strength of the relationship between local government projects and rural wellbeing. Local government projects and institutional capacity were mean-centred before the interaction term was generated.

Table 4: Hierarchical regression testing the moderating role of institutional capacity

Model	R^2	ΔR^2	F-change	p
1. LGP	.32	—	451.80	<.001
2. LGP + IC	.40	.08	127.73	<.001
3. LGP + IC + LGP×IC	.44	.04	68.91	<.001

$RW = \beta_0 + \beta_1LGP + \beta_2IC + \beta_3(LGP \times IC) + \epsilon$
 where:

LGP = local government projects;
 IC = institutional capacity;
 LGP×IC = interaction;
 β_1 = conditional effect of LGP when IC = 0;
 β_2 = conditional effect of IC when LGP = 0;
 β_3 = moderation effect;
 RW = rural wellbeing.

Final model coefficients

Predictor	B	SE	β	t	p
Constant	3.07	0.02	—	153.50	<0.001
LGP	0.38	0.04	0.41	9.50	<0.001
IC	0.34	0.04	0.37	8.45	<0.001
LGP × IC	0.16	0.03	0.18	5.33	<0.001

The addition of institutional capacity increased the explained variance in rural wellbeing from 32% to 40%, while the interaction term produced a further 4% increase in explained variance. The interaction between local government projects and institutional capacity was positive and statistically significant ($\beta = 0.18$, $p < 0.001$). This suggests that institutional capacity strengthens the positive relationship between local government projects and rural wellbeing. Thus, the relationship of projects on wellbeing is greater where local institutions possess stronger administrative, financial, technical and monitoring capabilities. The third null hypothesis was therefore rejected.

Table 5: Summary of hypothesis testing

Hypothesis	Statistical decision	Decision
H ₀₁ : There is no significant relationship between local government projects and rural wellbeing in Cross River North Senatorial District, Nigeria.	$\beta = 0.57$, $p < 0.001$	Reject H ₀₁
H ₀₂ : There is no significant relationship between community participation in local government projects and rural wellbeing in Cross River North Senatorial District, Nigeria.	$\beta = 0.49$, $p < 0.001$	Reject H ₀₂
H ₀₃ : The interaction between local government projects and institutional capacity does not significantly predict rural wellbeing in Cross River North Senatorial District, Nigeria.	$\beta_{\text{interaction}} = 0.18$, $p < 0.001$	Reject H ₀₃

Discussion of findings

The finding that local government projects significantly predict rural wellbeing suggests that grassroots development interventions matter. Respondents reporting higher levels of availability, accessibility and functionality of local government projects also reported higher levels of rural wellbeing in their economic and social conditions. This finding is consistent with Agboeze et al. (2021), who found that local government involvement in community development projects has important implications for community development, although inadequate funding, weak monitoring and limited participation can constrain project efficacy. The finding also supports the broader decentralization argument that local institutions can respond more effectively to local needs when they possess sufficient authority and resources.

The significant positive relationship of community participation on rural wellbeing further demonstrates that residents should not be regarded merely as beneficiaries of government projects but as active participants in the development process. Participation in identifying community needs, determining project priorities, monitoring implementation and evaluating outcomes can improve project relevance and strengthen local ownership. This agrees with Veta (2021), who identified grassroots participation as an important dimension of community development projects in the Niger Delta, while also noting that inadequate devolution of power can restrict meaningful participation. Similarly, the finding complements Cobham et al. (2021), whose study in Akpabuyo Local Government Area of Cross River State reported a significant relationship between community self-help activities and the socioeconomic wellbeing of rural dwellers.

The most important finding concerns the moderating role of institutional capacity. The significant positive interaction between local government projects and institutional capacity indicates that decentralization alone is insufficient to guarantee improved rural wellbeing. Rather, the benefits of decentralized governance depend partly on whether local institutions possess the capacity to convert authority, resources and development responsibilities into services and projects. Where administrative personnel are competent, financial resources are adequately managed, technical expertise is available, and monitoring mechanisms function effectively, projects are more likely to be implemented appropriately and sustained. Conversely, weak institutional capacity can reduce the developmental returns from decentralization even where projects have been formally approved or funded.

This finding provides an important extension to earlier studies. Agboeze et al. (2021) identified inadequate resources and weak monitoring as constraints on local government community-development projects, while Veta (2021) emphasized limitations in grassroots participation. The present study brings these concerns together by demonstrating, within the proposed model, that institutional capacity is not merely another characteristic of local government performance but a condition that can alter the efficacy of projects. The result therefore supports the central argument of the study that the relationship between local government projects and rural wellbeing is conditional rather than automatic.

Taken together, the findings suggest that improving rural wellbeing in Cross River North Senatorial District requires more than increasing the number of local government projects but that greater attention is required to project quality, community involvement, institutional competence, financial management, technical capacity, monitoring and maintenance. Decentralized governance is most likely to generate meaningful welfare outcomes where local authorities have the capacity to respond to community priorities and residents have genuine opportunities to participate in decisions affecting their communities. The findings consequently support an integrated governance approach in which decentralization, participatory mechanisms and institutional strengthening operate together rather than as isolated development strategies.

Conclusion

Within the cross-sectional survey data, local government projects and community participation are positively associated with rural wellbeing, while institutional capacity significantly strengthens the relationship between local government projects and wellbeing. The findings imply that the success of local government projects depends not simply on transferring responsibilities to local

government but on ensuring that local institutions possess the total capacity to implement projects and that rural residents participate throughout the project cycle. Strengthening institutional capacity and participatory governance should therefore form an integral component of rural development policy in Cross River North Senatorial District.

Implications for Policy and Practice

The findings imply that local government authorities should strengthen project planning, community consultation, monitoring, financial management and maintenance systems. Community participation should extend beyond attendance at meetings to meaningful involvement in needs assessment, priority setting, implementation monitoring and project evaluation. Institutional strengthening should focus on staff competence, technical expertise, financial management, monitoring and evaluation, and accountability mechanisms. Such measures can increase the probability that public investments will produce sustained improvements in rural wellbeing.

Limitation

The cross-sectional design limits the ability to establish temporal or strictly causal relationships among the variables. The study also relied substantially on respondents' perceptions, which may introduce reporting bias. Future studies could employ longitudinal or mixed-method designs and incorporate administrative records, project audits and objective wellbeing indicators to strengthen causal inference. Also, the study relied largely on self-reported questionnaire data collected from the same respondents for the independent, moderating and dependent variables. This creates the possibility of common method variance, whereby correlations among variables may be partly influenced by the common measurement method, response tendencies, social desirability, or respondents' interpretation of questionnaire items rather than solely by the underlying relationships among the constructs. Although efforts were made to reduce this risk through clear questionnaire construction, anonymity, voluntary participation and instrument validation, the possibility of common method bias cannot be completely excluded.

The study relied on rural residents as the only source of information about local government projects, community participation, institutional capacity and wellbeing. Residents provide important experiential evidence, but their assessments may not fully capture administrative, financial and technical dimensions of institutional capacity or the actual implementation status and expenditure of government projects. Future research should therefore triangulate residents' responses with administrative records, project documents, local government officials' reports, direct project observations and other objective indicators.

Recommendations

Based on the findings of the study, the following recommendations are made in line with the specific objectives:

1. Local government authorities in Cross River North Senatorial District should prioritize the provision, completion, accessibility, functionality and maintenance of development projects that address the needs of rural residents. Particular attention should be given to roads, healthcare facilities, educational facilities, and markets, with project selection guided by documented community needs and supported by adequate funding and maintenance plans. This will enhance

the capacity of local government projects to translate into measurable improvements in rural wellbeing.

2. Local government authorities should institutionalize meaningful community participation throughout the project cycle, including needs identification, project planning, priority setting, decision-making, implementation, resource mobilization, monitoring and evaluation. Rural residents should be given genuine opportunities to influence decisions concerning projects in their communities rather than being involved only as beneficiaries or participants in occasional consultation meetings. This will strengthen local ownership, project relevance, accountability and sustainability, and in turn, improve rural wellbeing.

3. Cross River State and local government authorities should strengthen the institutional capacity of local governments by improving human-resource competence, financial adequacy and accountability, technical expertise, administrative effectiveness, monitoring and evaluation, and institutional responsiveness. Strengthening these capacities will increase the likelihood that local government projects produce greater improvements in rural wellbeing.

4. Local government authorities should establish transparent mechanisms for publicly disclosing project budgets, funding sources, implementation timelines, locations, contractors, completion status and maintenance arrangements. Community representatives should be involved in monitoring project implementation and reporting deficiencies. This will strengthen institutional responsiveness and accountability while ensuring that local government projects remain functional and continue to contribute to rural wellbeing over time.

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