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CAPITAL EXPENDITURE BUDGETS AND INFRASTRUCTURAL DEVELOPMENT COST IN COASTAL LOCAL GOVERNMENT AREAS IN AKWA IBOM STATE

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ABSTRACT

The study was carried out to assess the relationship between Capital Expenditure Budgets and infrastructural development cost of Coastal Local Government Areas in Akwa Ibom State for the 2017-2021 fiscal year. It was undertaken principally to examine the relationship between budgeted and actual capital expenditure and actual capital expenditure on education, roads, health, water supply, electricity, and housing. An ex post facto research design was used for the study. A sample size of three Local Government Areas was drawn from the select coastal Local Government Areas for the study. Descriptive Statistics and correlation analysis were used to analyze the data and to test hypotheses at 95% Confidence Interval. Findings showed that there is no significant relationship between road development and capital expenditure budget in coastal Local Government Areas in Akwa Ibom State. This result showed a negative relationship but not an insignificant one. The result also showed that there is a significant relationship between healthcare development and capital expenditure budget in coastal Local Government Areas in Akwa Ibom State. This result showed a positive and significant relationship. There is no significant relationship between qualitative education and capital expenditure budget in coastal Local Government Areas in Akwa Ibom State. This result showed a positive relationship but not a significant one. There is no significant relationship between the provision of rural electricity and the capital expenditure budget in coastal Local Government Areas in Akwa Ibom State. This result showed a positive relationship but not a significant one. It was recommended that the Local Government Areas should improve on their budgetary allocation to infrastructural development and also ensure that their budgets for capital expenditures are reasonably implemented.

Keywords: Capital Expenditure Budgets, Infrastructural Development Cost, and Coastal Local Government Areas in Akwa Ibom State.

1.0 INTRODUCTION

Infrastructure, always known to be an important factor in economic development, has attracted much-renewed attention from policy-makers in recent years (Fay & Rozenburg, 2019). This is the result of a confluence of a few important agenda, such as the need for sustainable infrastructure to meet climate change challenges. The effect of poor infrastructure is pernicious,

impeding economies in many ways – reducing access to markets and opportunities, raising costs of amenities, increasing risks and uncertainty for businesses and people. Stagnating investments also coincide with slower productivity growth, including in developing economies (World Bank, 2020). The socio-economic well-being of citizens of any country will functionally depend on the capacity of government to provide the essential infrastructures capable of achieving this and the citizens' willingness to fully support the government by fulfilling their own obligations.

One of the indices of growth, according to Denis (2022), is the quality of life, which is determined by access to basic necessities of life, such as basic infrastructure. As a result, improvements in such infrastructure would go a long way toward assisting any country's growth and development. Public infrastructure is a critical tool in the economic process, particularly in underdeveloped countries, where rigidities in the structure, weak support systems and institutional structure, decreasing growth, high levels of corruption, and policy uncertainty characterize these countries.

World Bank (2020) stated that infrastructure provision in the right quality and quantity determines a country's success or failure in many aspects of the economy. The importance of government spending on infrastructure as well as the availability of infrastructure may help to foster the concerned country's growth and development. Investment on infrastructure is a vital driving force to achieve rapid and sustainable economic growth. The presence of sufficient infrastructure will be required for the modernization and commercialization of agriculture and the achievement of income surpluses for capital accumulation. It can provide a basis for the expansion of local manufacturing industries as well as to enlarge markets for the outputs of these industries for growth enhancement. Capital expenditure on infrastructure such as roads, communication, power and others reduce production costs and increase private sector investment for profitability of firms which can be growth-enhancing (Ukpong Ajuaja & Ukpe 2023).

The term 'capital expenditure' is defined as a spending on assets. It is the purchase of items that will last and be used time and time again in the provision of good or service. In the case of government, examples would be the building of a new hospital, the purchase of new computer equipment or networks, constructing new roads etc. (IMF, 2001). Also, according to CBN (2011), Government capital expenditure is the money spent on goods that are classified as investment goods. This means spending on things that last for a period of time. This may include investment in hospitals, schools, power sector, telecommunication and road construction.

According to Mark and Atairet (2017), local governments have a function to provide services to the communities in their respective regions. The implementation quality of these functions reflects the performance of local government administration. Some local governments successfully achieved very high-performance scores but there are still local governments that get low-performance scores. In order to implement the service function to the community, the local governments carry out operational activities (providing short-term benefits) and investment activities (having long-term benefits). These activities are followed by financial management as reflected in the financial statements in the local government financial statements prepared, audited, and published annually. In the financial statements, short-term

beneficial activities are reflected in operational expenditures, while long-term beneficial activities are reflected in capital expenditures (Akpan & Uford, 2023). Performance in implementing the budget is usually measured by the success in realizing the budget (Mark & Atairet, 2022).

Budgeting in the Local Government system in Nigeria is a fiscal strategy adopted to enhance efficient and equitable allocation of scarce resources among competing demands in the Local Government Area. The provision of capital projects to meet the demands of government, businesses and households has remained one of the major challenges in Nigeria although it forms greater part of the Local Government Annual Budgets. The purpose of budgeting for capital projects in the Local Government is to enhance the welfare of the generality of the population and a variant replication of the incremental fiscal strategies and techniques in vogue at the federal and state levels (Uwah & Akpan, 2019; Ukpong & Ukpe, 2023). In Nigeria, the Local Government is a third tier governmental structure with constitutional powers and responsibilities over revenue and expenditure. Local Government therefore adopts fiscal policies that suit the peculiarities of their areas of jurisdiction. This peculiarity of the Local Government is a function of some identifiable public goods which yield greater utility when provided at the local level by the people themselves.

The problems of Local Governments in Nigeria continually attract nationwide dimension and appeal because of infrastructural decay especially in areas of feeder roads, health-care, markets, primary education, etc. The budget is the only institutional mechanism for collecting, articulating, formulating and implementing the varied wishes and aspirations of the people. It enhances fiscal decentralization and allows for more collective decision making process in smaller government units. It is a fact that the Local Government stands closer to the people than the other tiers of government and saddled with enormous responsibilities. There is a widespread assumption that since the coastal Local Government Councils are naturally endowed with crude oil, their revenue-base provides sufficient impetus for better performance in terms of capital budget expenditure.

Whether the capital budgets of the coastal Local Government Areas in Akwa Ibom State of Nigeria have been performing in line with their revenue profile to meet the yearnings and aspirations of the citizenry, remain a crucial question and the focus of this research.

1.2 Statement of the problem

In Nigeria, the wide disparity between the Local Government budget and accomplishment is quite glaring, especially in the area of capital projects. Every year, Local Government councils present laudable budgets for Capital Expenditures. Yet, their physical and social infrastructures and amenities are lacking. Available road networks are generally poor, badly broken with pot holes in dry seasons and water logged during the raining season. The situations of Medical and health services are poor. The out-of-stock situation for drugs is the norm rather than the exception in most rural health centers. The insanitary condition of drains appear to be totally unaffected by the persistent public outcry against the situation. Heaps of refuse are still common in our streets indicating that the Local Government Councils are not living up to their responsibilities in this direction. The menace of beggars, destitute, the insane and straying animals are a testimony of the inadequacy in the provision of services by the Local Government Councils. For over ten years for instance, there has been commonly reported and incessant civil

unrest, youth restiveness, public protests and outcry in Eket, Ibeno, Onna, Esit Eket, and Mbo Local Government Areas of Akwa Ibom State over bad and deplorable condition of roads, water supply, health and educational facilities. A perusal of the budget of these councils shows that there are yearly provisions for building, improvement and maintenance of these infrastructures within their council areas. In the end, it is reported that it is either the higher tiers of government or the private companies that operate in these areas that intervene from time to time to ensure peaceful and stable working atmosphere for their businesses.

It is in the light of this background, that this research seeks to assess the performance of capital budgets in select coastal Local Government Areas namely; Onna, Ibeno and Mbo all in the southern shores of Akwa Ibom State and the effect on the citizenry.

1.3 Objectives of the study

The main objective of this study was to examine the relationship between the capital expenditure budgets and infrastructural development in coastal Local Government Areas in Akwa Ibom State. The specific objectives are;

i. to examine the relationship between budgeted and actual capital expenditure on road infrastructural development in coastal LGAs in Akwa Ibom State
ii. to investigate the relationship between budgeted and actual capital expenditure on health infrastructure in coastal LGAs in Akwa Ibom State.
iii. to ascertain the relationship between budgeted and actual capital expenditure on educational infrastructure in coastal LGAs in Akwa Ibom State.
iv. to evaluate the relationship between budgeted and actual capital expenditure on rural electricity development in coastal LGAs in Akwa Ibom State.

1.4 Research questions

The following research questions have been developed to guide the study:

i. What is the relationship between budgeted and actual capital expenditure on road infrastructural development in coastal LGAs in Akwa Ibom State?
ii. What is the relationship between budgeted and actual capital expenditure on health infrastructure in coastal LGAs in Akwa Ibom State?
iii. What is the relationship between budgeted and actual capital expenditure on educational infrastructure in coastal LGAs in Akwa Ibom State?
iv. What is the relationship between budgeted and actual capital expenditure on rural electricity development in coastal LGAs in Akwa Ibom State?

1.5 Hypotheses of the study

The following hypotheses were formulated from the research questions and adopted for this study:

Ho1: There is no significant relationship between budgeted and actual capital expenditure on road infrastructural development in coastal LGAs in Akwa Ibom State

Ho2: There is no significant relationship between budgeted and actual capital expenditure on health infrastructure in coastal LGAs in Akwa Ibom State.

Ho3: There is no significant relationship between budgeted and actual capital expenditure on educational infrastructure in coastal LGAs in Akwa Ibom State.

Ho4: There is no significant relationship between budgeted and actual capital expenditure on rural electricity development in coastal LGAs in Akwa Ibom State.

1.6 Scope and limitations of the study

The content scope of this study focused on capital expenditure and infrastructural development. The areas of infrastructural development concentrated on roads, healthcare, education and electrical infrastructure. This study area covered selected coastal Local Government Areas in Akwa Ibom State for 2017-2021 fiscal years. The major limitation of the study will the availability of data as some of the council officials may not be willing to release the relevant data.

2.0 REVIEW OF RELATED LITERATURE

2.1.1 Infrastructural Development

Infrastructural development is the aggregate of the facilities and social amenities which are provided to enhance the standard of living of the citizenry. The amenities could be in the form of pipe borne water, good roads, and good educational facilities, befitting health care centres, qualified teachers and teaching facilities provided (Inyiama et al., 2017).

Infrastructural development can be defined as the fundamental facilities and systems serving a country, city, or area, including the services and facilities necessary for its economy to function (Sullivan & Steven, 2003). It typically characterizes technical structures such as roads, bridges, tunnels, water supply, sewers, electrical grids and telecommunications, among other and can be defined as "the physical components of interrelated systems providing commodities and services essential to enable, sustain, or enhance societal living conditions." Infrastructure is an umbrella term for many activities usually referred to as "social overhead capital" by development economists.

2.1.2 Budget

A budget is an important instrument of national resource mobilization and allocation, and fiscal and economic management (Faleti and Myrick, 2012; Charles & Uford, 2023). The Budget represents 'the financial statement of the government proposed expenditure and expected revenue during a particulars period of time, usually a year'. It is 'the forecast by a government of its expenditures and revenues for a specified period of time, usually a year. It is a financial statement of estimated income and expenditure covering a specified future period'. It must be noted that in government, budget is the bye-product of politics to the extent that it represents the varied and variegated interests, wishes, desires aspirations of the people. It is an economic instrument for facilitating and realizing the vision of the government in a given fiscal year. Budgets provide a basis for directing and evaluating the performance of individuals and private

and public segments of organizations, and also function as the decision-making environment. Budgeting is a set of procedures by which governments ration resources among claimants and control the amount each claimant spends.

2.1.3 Capital expenditures

According to the World Bank Institute, the Government Capital Expenditure is largely concerned with the creation of long-term assets. One test of a capital outlay is whether it adds substantially to the value of the assets of government. It is one most appropriate means for planning for capital projects, supported by a capital improvement program. The term capital improvement refers to projects of relatively large size, nature and long life usually a minimum of fifteen to twenty years. Such expenditures are designed to provide new or additional governments facilities for public services.

Since the objective is to provide major public facilities that have a relatively long life within the limits of available public resources, capital budgeting involves planning, programming and formulation of policies. This is in terms of the desired levels of public service to be provided to achieve the goals and objectives of government. These goals and objectives are related to population, economic levels, trend and projections to ascertain future demands for public services and facilities. Capital projects also include low income housing projects and the purchase of land. It includes any physical public betterment or improvement and any preliminary studies and surveys relative thereto; the acquisition of property of a permanent nature for public use, and the purchase of equipment for any public betterment or improvement when first constructed.

2.2 Theoretical review

2.2.1 Musgrave and Rostow theory of public expenditure

Theory of public expenditure was propounded by Musgrave in (1969) and popularized by Rostow (1973). This theory postulated the development model of government expenditure growth which emphasizes that government must increase budget for the provision of infrastructural facilities to increase people standard of living. According to Musgrave (1969), public sector investment as a proportion of total investment of an economy is noted to be high due to the fact that, public capital formation is a great necessity at this stage. Public sector investment includes basic social infrastructure overheads like education, water supply, law and order, good roads and highways and good health systems.

The theory propounded changes in the income elasticity of demand for public services in three ranges of per capita income. The theory posits that at low levels of per capita income, demand for public services tends to be very low, this is so because according to him such income is devoted to satisfying primary needs and that when per capital income starts to rise above these levels of low income, the demand for services supplied by the public sector such as health, education and transport starts to rise, thereby forcing government to increase expenditure on them. He observes that at the high levels of per capita income, typical of developed economics, the rate of public sector growth tends to fall as the more basic wants are being satisfied. This theory relates to this study as it emphasis public expenditure and its provision for it.

2.2.2 Responsible budgeting theory

Aaron (1989) explained that the aim of the theory is to establish the fact that budget in both the public and private sector is to be used in responsible manner, to achieve objectives that are based on the aspiration of the populace and in accordance with the resources available. It expects the preparers and the users or beneficiaries of budget to agree on what should be the beneficiaries' desires and how resources would flow to finance such needs from the society or corporate body. In essence, for budget to be an effective tool of financial control and performance evaluation in MDAs, the budget goal setters (that is, management) and the budget implementers (that is, operational staffers) should agree on realistic targets or government capacity to fund projects that are of direct benefit to the citizenry (Agbolade et al , 2020).

The theories reviewed indicate the relevance of budget in providing the required investment both in infrastructure and in human to ensure better living conditions for citizens. Application of the theories to the study is that while budget is a verifiable instrument for economic growth, it must also be an inclusive growth tool which takes into consideration the views of stakeholders in its preparation, passage and implementation. This is how best budget and budgetary control could result in budget performance.

2.3 Empirical review

Ibrahim et al. (2023) examined the impact of government expenditure on infrastructure development in Nigeria for the period 1986-2022. The research was guided by three research questions and objectives. The Ordinary Least Squares (OLS) estimation technique was employed for testing the hypotheses of the study. The result of the OLS analysis showed that government expenditure has a positive impact on health, education, and transport infrastructure development in Nigeria. To improve on the gains of infrastructure development in the Nigerian economy, the study recommends that government should encourage the health sector by increasing its funding to equip the infrastructure pertaining to health matters, government should intensify efforts to strengthen its source of revenue for spending on education, and there must be a greater private sector participation, particularly in the air transport and seaport development, as well as effective coordination among the national, state and local levels, on capital investment of transport projects.

According to Jibir et al. (2023), the quest to accelerate the pace of development of the economy in a bid to transform Nigeria into the group of developed economies by achieving certain macroeconomic objectives had called for increasing government expenditure in the provisions of public goods for the people and the nation. In view of the role of public expenditures on national progress and prosperity, this study empirically examined the disaggregated impact of expenditures on economic growth in Nigeria for the period 1986-2021 using ARDL model as a tool for analysis. The important findings from the study suggest that capital and recurrent expenditures on community, social and economic services significantly boost economic growth in both short and long runs but the recurrent expenditure is negatively significant in the short run. Similarly, recurrent expenditure on community, social and economic services is also positively and significantly related with real GDP. Although capital and recurrent expenditures on administration and transfer are found to retard economic growth in the short run; they turn out to significantly enhance national output in the long run. Other findings from the study revealed that capital stock significantly promotes growth whereas labour slows down the

growth across both short and long runs. The study recommends that government should lay a solid foundation and provide a workable business ground for individuals and firms. Government should also pay attention to finance growth enhancing spending categories such as infrastructure, research and development, education and health that would enhance human development in the country.

Beals (2023) examined the relationship between capital expenditure that serves public infrastructure purposes and economic growth measured as real gross domestic product (real GDP) in Nigeria. Further, the trend of capital expenditure and real GDP individually and in relationship to one another is determined. Secondary sources of data were used in this research and the data were obtained from published Central Bank of Nigeria Statistical Bulletin 2021 (Public Finance and Real sector) for a period of 20 years (2002-2021). Using descriptive statistics, and ordinary lest square regression via the SPSS statistical software, the study reveals that the trend of capital expenditure is erratic but that of real GDP evenly progressing over the years. Capital expenditure is found to be positively and significantly related with real GDP in a bi-directional relationship. This study recommends that the government of Nigeria should place notable emphasis on capital expenditure to boost infrastructure development and invariably economic growth; and that Nigeria's economic strength should be correspondingly geared towards effective capital allocations.

Sokoh (2023) examined internally generated revenue (IGR) in Delta State as a tool for infrastructural development. The Ordinary Least Squares was used to analyze the impact of internally generated revenue on infrastructural development in Delta State; the data used covered the period between 2008 and 2018. The data was generated from a combination of publishing materials and data from Delta State Ministry of Finance. The study findings indicate that the internally generated revenue has an insignificant impact on government expenditure on health. This indicates that the fund generated internally within the state has not improved the spending on the health infrastructure. On the contrary, on education infrastructure, the result indicates that the internally generally revenue by the Delta State Government has a significant impact on government expenditure on education infrastructure. This result indicates that the internally generated revenue from Delta State has improved the money spent on the educational infrastructure. Based on the findings, the researcher recommends that the government should spend at least 40 percent of the internally generated revenue in financing the health sector through improved budgetary provision. This will improve the development process in Delta State. The Delta State government should put in place measures to improve the total money generated internally by levying and collating appropriate taxes.

3.0 METHODOLOGY

Research design: The study adopts ex-post facto design as recommended by (Mfon & Uford, 2022) as suitable for studying historical events. Ex-post facto design was adopted on the ground that the budget figure for each Local Government was taken as they were without manipulation by the researcher.

Population of study: The population of the study is the Local Government Areas in Akwa Ibom State. There are 31 Local Government areas in Akwa Ibom State namely: Abak, Eastern Obolo, Eket, Esit Eket, Essien Udim, Etim Ekpo, Etinan, Ibeno, Ibesikpo Asutan, Ibiono Ibom, Ika, Ikono, Ikot Abasi, Ikot Ekpene, Ini, Itu, Mbo, Mkpat Enin, Nsit Atai, Nsit Ibom, Nsit

Ubium, Obot Akara, Okobo, Onna, Oron, Oruk Anam, Udung Uko, Ukanafun, Uruan, Urue-Offong/Oruko, Uyo.

Sample size and sampling technique: The study adopted the convenient sampling technique. Convenience sampling is a type of non-probability sampling that involves the sample being drawn from that part of the population that is close to hand. The sample size of will therefore consists of three select coastal Local Government Councils in Akwa Ibom State namely; Onna, Ibeno and Mbo. The choice of the three local is because of the objective of the study which is to assess capital expenditure budget and infrastructural development in Coastal towns in Akwa Ibom State as well as the availability of data.

Nature and source of data: The data for this study were collected from secondary sources, mainly from Government Publications and related literatures such as Audited Annual Financial Reports on Capital Expenditure, Local Economic Empowerment and Development Strategy (LEEDS) and Approved Budget/Estimates for 2017 to 2021 financial years in respect of the three select Local Government Councils.

3.1 Operationalization of variables

The measurements of the variables are as outline in Table 3.1

Table 3.1: Dependent and Independent Variables

S/N	Variables	Types	Definition	*Apriori* Expectation
1.	Capital Expenditure Budget	Independent	Total annual expenditure budget for capital projects	Positive
2	Road Infrastructure	Dependent	Actual annual expenditure on roads	
3	Healthcare Infrastructure	Dependent	Actual annual expenditure on healthcare	
4	Educational Infrastructure	Dependent	Actual annual expenditure on education	
5	Electricity Infrastructure	Dependent	Actual annual expenditure on Electricity	

Source: Researcher's Compilation (2023)

Model specification of the study

Based on the theoretical model shown above, the empirical model for the study which is in line with the objectives of the study is presented thus;

$$HI = \beta + b_1 CEi_{i,t} + \varepsilon \quad 3.1$$
$$EI = \beta + bCEi_{i,t} + \varepsilon \quad 3.2$$
$$RI = \beta + b_1 CEi_{i,t} + \varepsilon \quad 3.3$$
$$ED = \beta + b_1 CEi_{i,t} + \varepsilon \quad 3.4$$

Where: HI = Healthcare infrastructure, EI = Electricity Infrastructure, RI = Road Infrastructure,

ED = Educational Infrastructure, CE = Capital Expenditure, ε = Error Term, β = Constant,

b1 = Coefficients. The coefficients shall be determined from the results of analysis.

Method of Data Analysis: The data of the study shall be analysed using descriptive statistics and correlation analysis. The decision to accept or reject the hypothesis was based on the value of computed statistics. The decision rules are as follows:

Accept Null Hypothesis (Ho) if the p-value is greater than 0.05;

Reject Null Hypothesis (Ho) if the p-value is less than 0.05.

4.0 DATA ANALYSIS

Table 4.1 Correlations

		RoadBud	RoadAct
RoadBud	Pearson Correlation	1	-.088
	Sig. (2-tailed)		.756
	N	15	15
RoadAct	Pearson Correlation	-.088	1
	Sig. (2-tailed)	.756	
	N	15	15

Decision: Accept H01 and conclude that the relationship between budgeted and actual capital expenditure on road infrastructural development in coastal LGAs in Akwa Ibom State is negative and statistically insignificant.

Table 4.2 Correlations

		HealtBud	HealtAct
HealtBud	Pearson Correlation	1	.836**
	Sig. (2-tailed)		.000
	N	15	15
HealtAct	Pearson Correlation	.836**	1
	Sig. (2-tailed)	.000	
	N	15	15

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

Decision: Reject H02 and conclude that the relationship between budgeted and actual capital expenditure on health infrastructure in coastal LGAs in Akwa Ibom State is positive and statistically significant.

Table 4.3 Correlations

		EduBud	EduAct
EduBud	Pearson Correlation	1	.082
	Sig. (2-tailed)		.771
	N	15	15
EduAct	Pearson Correlation	.082	1
	Sig. (2-tailed)	.771	
	N	15	15

Decision: Accept H03 and conclude that the relationship between budgeted and actual capital expenditure on educational infrastructure in coastal LGAs in Akwa Ibom State is positive but insignificant.

Table 4.4 Correlations

		ElectBud	ElectAct
ElectBud	Pearson Correlation	1	-.020
	Sig. (2-tailed)		.945
	N	15	15
ElectAct	Pearson Correlation	-.020	1
	Sig. (2-tailed)	.945	
	N	15	15

Decision: Accept H04 and conclude that the relationship between budgeted and actual capital expenditure on rural electricity development in coastal LGAs in Akwa Ibom State is negative and statistically insignificant.

5.0 DISCUSSION OF THE FINDINGS

5.1 Road Development and Capital Expenditure Budget

The result of the analysis in Table 4.1 shows that there is no significant relationship between road development and capital expenditure budget in coastal Local Government Areas in Akwa Ibom State. This was revealed by the correlation coefficient (r) of -0.088 with a p-value of 0.756. This result shown a negative relationship but not an insignificant one. The coefficient of determination (r2) value of 0.007744, implies that 0.77% of the changes in road development is accounted for by the capital expenditure budget of the coastal Local Government Areas in Akwa Ibom State. The implication of this is that the local government authorities in the coastal areas do not allocate a significant percentage of their capital expenditure to road development. This is supported by the fact that most of the roads in Akwa Ibom state are funded by the state government.

5.2 Healthcare development and Capital Expenditure Budget

The result of the analysis in Table 4.2 shows that there is a significant relationship between healthcare development and capital expenditure budget in coastal Local Government Areas in Akwa Ibom State. This was revealed by the correlation coefficient (r) of 0.836 with a p-value of 0.000. This result shown a positive and significant relationship. The coefficient of determination (r2) value of 0.698, implies that 69.8% of the changes in healthcare development is accounted for by the capital expenditure budget of the coast areas in Akwa Ibom State. The implication of this is that the local government authorities in the coastal areas usually allocate a significant percentage of their capital expenditure to road development. This is true because the Local Government spend a significant amount in funding primary healthcare services.

5.3 Qualitative Education and Capital Expenditure Budget

The result of the analysis in Table 4.6 shows that there is no significant relationship between qualitative education and capital expenditure budget in coastal Local Government Areas in Akwa Ibom State. This was revealed by the correlation coefficient (r) of 0.082 with a p-value of 0.771. This result shown a positive relationship but not a significant one. The coefficient of determination (r2) value of 0.006724, implies that 0.67% of the changes in educational development is accounted for by the capital expenditure budget of the coast areas in Akwa

Ibom State. The implication of this is that the local government councils in the coastal areas do not allocate a significant percentage of their capital expenditure to education development. This is true because the state government has declared free and compulsory education in Akwa Ibom State by recruiting and funding the teachers and school facilities in Akwa Ibom State government.

5.4 Rural Electrification and Capital Expenditure Budget

The result of the analysis in Table 4.7 shows that there is no significant relationship between provision of rural electricity and capital expenditure budget in coastal Local Government Areas in Akwa Ibom State. This was revealed by the correlation coefficient (r) of -0.020 with a p-value of 0.945. This result showed a positive relationship but not a significant one. The coefficient of determination (r2) value of 0.0004, implies that 0.04% of the changes in rural electricity is accounted for by the capital expenditure budget of the coastal Local Government Areas in Akwa Ibom State. The implication of this is that the local government authorities in the coastal areas do not allocate a significant percentage of their capital expenditure to the provision of rural electricity. This is most rural communities are yet to be connected to the national grid and Local Government councils have not invested much in this regard.

The study undertook an assessment of the performance of budgeted capital expenditures of three selected coastal Local Government Areas of Mbo, Onna and Ibeno in Akwa Ibom State for the 2017-2021 fiscal years. The study specifically looked at the relationship between budgeted capital expenditure and actual expenditure, the factors effecting budget performance and the effect of performance of capital budget Expenditure on socio-economic lives of citizens of the studied areas. From the findings, it has been established that budgeted capital expenditure and actual capital expenditure are significantly correlated. This implies that, for any budget to be actualized, it must first be conceptualized. Without fashioning out what to achieve from a given expenditure framework, such expenditure can never be actualized.

Furthermore, the study established that, budget performance does not significantly impact on the well-being of the citizens. This is because citizens have to look for alternative means of providing for themselves what the government ought to have provided for them, though at a huge cost. This adversely affect the living standards of the citizenry.

6.0 CONCLUSION

Budget as a plan of action should be properly coordinated, organized and controlled to achieve its set target. Most Local Government Councils operate with disregard for the budgets which they prepared and presented to arouse public interests. Viewed from this perspective, there is lack of public accountability and other questions related to fiscal discipline. At present, the situation is the same in almost all the Local Government Councils in Nigeria. Both in quality and quantity, Local Government services have been generally defective. When projects that bother on the life of the masses are not well thought of and executed accordingly there is bound to be economic reversal in the lives of the citizens. Therefore, budget must be a roadmap as it were to properly guide the development and sustenance of society. The need for Local Government to exercise discipline and restraint in their expenditure pattern need not be overstressed. Most Local Governments incur more expenditure in respect of recurrent services

and are unable to declare recurrent surplus, which could be transferred to the capital project development.

7.0 RECOMMENDATIONS

In view of our findings, we recommend as follow;

i. Budget should be based on fact or actual data and not on speculation. This involves sending and equipping budget officers of local government s into the field to take census of items of expenditure, their present state and the need for such project. This exercise will help in creating data base for future planning and make budget figure realistic and not empty speculation.
ii. The law should be clear on revenue and the items as well as responsibilities of Local Governments, this will help Local Governments to know where their revenue should come from and harnessed it accordingly.
iii. Anti-graft agencies activity should not be limited to federal and state government but should be given lift to look unto activity of local councils. This will ensure probity in the activity of the councils.
iv. Autonomy should be given to Local Governments to operate devoid of reliance on the state for its finances. However, enabling legislation should be in place to check the excesses of the local executives
v. Public officers in the employed of local government who are found to be corrupt and mismanaging publics resources should be made to face the wrath of the law by prosecuting such officers to act as deferent to others of course the legal system must be effective.
vi. Internal revenue generation effort should be used as one of the criteria for the allocation of federation accounts, this will ginger effort by the Local Government leadership to harness whatever source of internal revenue there is knowing that the more internal revenue they raise, the more their allocation. It is becoming more and more evident that unless an organization has independent revenue raising capabilities, any structural or functional changes superficially labeled as 'development' may entail no more than 'tinkering' with structures without relation to the environment which help to determine success or failure.
vii. Royalties on mineral exploration or any economic activity in any Local Government should be paid directly to the Local Government concerned.
viii. Public-privates partnership should be encouraged between well-meaning individuals of the area especially on such projects as housing, health, water supply and education.

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