Budget Analysis of the Capital Expenditure Trend of Local Governments in Rivers State, Nigeria (2003-2017)

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***Abstract*: - Capital expenditures of Local governments form the spring board for infrastructure development. The strength and pattern of capital expenditure over time can reveal the nature of government emphasis on infrastructure provision. This study analyses the budgetary trend of capital expenditure of Rivers State Local government areas. The population of this study is the 23 local governments of Rivers state, Nigeria. Secondary data were collected which included both aggregate capital expenditure and disaggregate capital expenditure of selected infrastructure sectors spanning 2003-2017 from yearly appropriation bill or budgets of local governments in the state. Using descriptive statistics and analysis of variance (ANOVA), the Study reveals that capital expenditure as a percentage of the total revenue expenditure of government is low in the local government areas of Rivers state. Further, the spatial distribution of capital expenditure significantly differs across the LGAs and across infrastructural sectors. Forecasting capital expenditure from one local government to another is thus difficult. The local government expenditures are more on recurrent expenditure in comparison to capital expenditure. This depicts a poor situation for infrastructural development in the LGAs. It is recommended that the local governments allocate more funds to capital expenditures than recurrent expenditures, and beef up their capital expenditures to health and agriculture/rural development which are noted to be neglected but are fore front sectors that are quite needful.**

Key words: **Infrastructure, capital expenditure, expenditure trend, budget, local government areas.**

I. INTRODUCTION

The means by which infrastructure investment is planned is the annual budget. The annual budget showcases the expenditure veins and values, and revenue capacity of government. The capital expenditure of the budget is that which is geared towards the development of public infrastructure. Thus, the intent and weight of government decision on infrastructural developments as a whole or in specific directions can be assessed in the budget via its capital expenditure value. The policies of local governments in regional development are described by the capital expenditure budget (Kuntari, Chariri and Prabowo, 2019).

Government budgets usually have three main expenditure components. The first is the Total Revenue consisting of the total income of the government earmarked for spending in a fiscal year and is channelled into recurrent and capital expenditures. The total revenue of a local government in Nigeria is a combination of internally generated revenue (IGR) and externally generated revenue (EGR). Examples of IGR are taxes, rates, licenses, fees, fines, interests, rents, and various other charges. EGR cuts across allocation from federation account, allocation from the state government, income from value added tax, grants, aids, donations, loans, subsidy, privatizations proceed, and derivation funds. The second is the Recurrent Expenditures billed for always occurring expenditures made up of mostly personnel and overhead costs. The third is Capital Expenditures which are embarked upon to bring about development and they usually attract huge capitals with long durations.

The U.S. Census Bureau (2012) defines state and local government capital expenditure as direct expenditure for construction of buildings, roads, and other improvements undertaken either on a contractual basis by private contractors or through a government's own staff, for purchases of equipment, land, and existing structures; and for payments on capital leases. Wendorf (2015) postulates that capital expenditures for local municipalities are long-term commitments, which require analysis using a long-term perspective by administrators, and should provide benefits for multiple years. A capital expenditure usually involves projects with expenditures which will provide benefits for more than a certain period of time, which is typically a fiscal year (Hattery and Wilcox, 1999). Capital expenditure therefore, must be an important concern for local governments to be able to support the infrastructure needs of the people.

Public infrastructure development trend of any government over years can easily be determined through the trend of its spatial capital expenditures. This is the underlining purpose of this study. Trend studies usually showcase the pattern of variance of expenditures over a period of time, the significance of the spatial distribution of the expenditures across Local government areas (LGAs), the strength of the capital expenditure in relation to total expenditure of government and in comparison to recurrent expenditure. The trend can be presented in tabular or graphical forms and analysed statistically. The capital expenditure trend study is a panel study which is a kind of longitudinal study and monitors the same sample of things, e.g institutions over time (Sigmund, Baďura, Sigmundová, Csémy, Kalman, 2017). The authors stressed further that Panel research allows rough

changes, the causality of processes, and the dynamics of social, cultural, and economic changes over time to be captured, and answers relevant questions of why the changes. Public Health Action Support Team (PHAST) (2020) opines that Studies of time trends may focus on any of the following: Patterns of change in an indicator over time, Comparing one time period to another time period, Comparing one geographical area or population to another, Making future projections.

This research covered a period of fifteen years (2003-2017). That period covered a reasonable time frame where democratic system featured prominently in Nigeria's post-military political history. Rivers State has an economic significance of one which is the centre of Nigeria's oil industry; in fact the entire state is called the treasure base of the nation. The state also accounts for 100 percent of Nigeria's liquefied natural gas (LNG) exports to several countries. Such

enviable economic status of the state, hopefully, should impact infrastructure development much easily. Rivers State is the most populous South-South state in Nigeria with about 8.1 million currently. It is usually the highest in budget figures and in internally generated revenue in the South-South of Nigeria.

Why on Local government areas? The bulk of rural dwellers that need to feel the positive impact of infrastructural development reside in the local government areas. The extent to which local government funds are invested in capital assets like public infrastructure to meet the local needs of the people

is worthwhile to determine. The study focused on aggregate capital expenditure on one part and disaggregate capital expenditure of ten selected infrastructure sectors on the other hand. The sectors are: Agric & Rural development, Rural Electrification, Transportation - Roads and Bridges (economic sector); Education, Health, Social Development/Sports & Culture (social sector); Water resources and supply, Environment/Sewage and Drainage, Community development (area development sector); Staff housing (administrative sector). The selection is based on assumed priority basis with reference to local government infrastructural demands.

A. Problem Formulation, Objectives and Hypothesis

In Nigeria, there is the observable problem of limited and poor public utilities. This position is corroborated by various authors some of which are Edame and Fonta (2014); Bolatito and Ibrahim (2014), World Economic Forum (WEF), 2010, cited in Akanbi (2013). Rivers State was created Fifty two years ago, precisely in 1967. But how this oil producing (Treasure base of the nation) State has fared in infrastructure provision in the last 52 years is a concern. Otto and Ukpere (2014) opined that many government projects carried out in Rivers State did not succeed to deliver the pre-designed objectives. Over the years Nigeria's budget figures tend to be higher in the area of recurrent expenditure (salaries, overheads, statutory transfers and debt service costs) than capital expenditure which is for infrastructural development.

Local governments in Nigeria are known to suffer from inadequate and poor budgetary allocation which is one of the major reasons why local government in Nigeria usually performs below expectation, thereby making the third tiers of government meaningless and lacking the proper gains of democracy (Bolatito and Ibrahim, 2014). Lack of sufficient infrastructure may be caused by problems of allocation, implementation, demographic, economic, political, and others. The allocation problem (which mostly spells insufficient capital allocation) is one major problem identified in this study as noted by authors such as Okafor and Nwosu (2014); Idahosa and Nchuchuwe (2005); Eichler, Wegener, and Zimmermann, (2012).

This research is thus aimed at analysing the capital expenditure trend of local government areas of Rivers State, Nigeria (2003-2017), in order to observe government's pattern of interest for infrastructure capital budgeting and proffer improvements. The objectives are:

1. To examine the aggregate capital expenditure trend in the budgets of Rivers State local government areas of Nigeria.
2. To examine the disaggregate capital expenditure trend of infrastructure sectors in the budgets of Rivers State local government areas of Nigeria.
3. To proffer improvements to the Local government's emphasis on capital expenditure for infrastructure development.

Two hypotheses are put forward:

H1: There is no significant difference in the budget allocation of aggregate capital expenditure among the Rivers State local government areas.

H2: There is no significant difference in the budget allocation of disaggregate capital expenditure among infrastructure sectors of Rivers State local government areas.

II. LITERATURE REVIEW

A. Theoretical Issues

Discussion on the theory of public expenditure may be carried out with respect to increasing public expenditure, its range, and it arms - recurrent and capital expenditures. The capital expenditure is the force behind every infrastructure provision or public goods provision drive of government.

Adolph Wagner a German economist of the latter half of the 19th century based his Law of Increasing State Activities on historical facts, primarily of Germany, which indicates the increasing importance of the activities and expenditure of government as an unavoidable feature of a progressive state. Wagner argued that government, at all times, and in all circumstances, influence economic growth by increasing public expenditure (Afonso and Alves, 2016).

Peacock and Wiseman studied the public expenditure from 1891 to 1955 in U.K. Their research which was actually based on Wagner's Law validated the law. The stand point of this theory is that public expenditure has direct relationship with the value of government revenue (Omodero, 2016). In other words, the amount of government revenue dictates the level of infrastructural development.

From the **Keynesian Theory**, public expenditure can contribute positively to economic growth (Otiwu, Chukwu, Okere, 2018). The summary of these theories point to the basic fact of economic developments being positively influenced by government revenue and of course capital expenditure is the infrastructure development arm of revenue expenditure.

B. The Local Government and Capital Expenditures

The management of the local affairs by the people of a particular locality can be described as local government, in a simple language. Agbakoba and Ogbonna (2004) define local government from legal perspective as: a political administrative unit that is empowered by law to administer a specific locality. In other words, the local government enjoys autonomous status which enables it to take pertinent administrative, financial, and legislative decisions. Local government exists in every nation, though appearing in various styles or models. In Nigeria, state legislation creates local governments with the endorsement of the national assembly. The Local government is the third tier of government in Nigeria, and there are a total of 774 authorities comprising 768 local governments, and a further six area councils in the Federal Capital Territory (FCT).

Local governments receive funding from the federal account allocation (FAA), the state government, and internally generated revenues within the local government. However, most of the local councils do not have the capacity to raise IGR to expected levels and so they have to depend upon federal allocation to function. The inability of the councils therefore to generate revenue meant for its continued functioning and operation had largely contributed to its total reliance and dependence upon the federal statutory allocation to remain relevant as a tier of Government in the Nigerian federation (Ojugbeli and James, 2014).

In Nigeria, the local government capital expenditure trend over the years is not quite different from that of the federal and state governments. A disaggregated analysis study carried out by Okafor and Nwosu (2014) on government revenue and expenditure in Nigeria from 1970 to 2011, suggests that to a large extent capital expenditure is low when compared to recurrent expenditure. The authors concluded that since 1999 when the present democratic dispensation commenced, recurrent expenditure has steadily been higher than capital expenditure possibly due to the duplication of offices and personnel, resulting in the allocation of huge resources for their service and maintenance. Giving further weight to this opinion, Idahosa and Nchuchuwe (2005), stressed that since 1999, the local governments have spent more on recurrent expenditures to the detriment of capital expenditures.

2017 CBN Statistical Bulletin: Financial Statistics (2018), giving a summary of the Nigerian Local government finances shows the trend of capital expenditure in relation to recurrent and total expenditures from 2003 to 2017. Analysis of the data indicates that for the given years capital expenditure, in billions of Naira, is averagely 260.02, a 22.82% of the average total expenditure. Similarly, the recurrent expenditure is 879.42, a 77.18% of the average total expenditure. Similar analysis of data for the periods 1993 to 2002 proves to have resembling results. Indeed these findings of government's down playing of capital expenditures over the years are a threat to infrastructural development, and hence national development.

C. Empirical Review

Eichler, Wegener, and Zimmermann (2012) opined that the share of capital expenditure compared to the total budget or total expenditures is an indicator used to assess whether there is a financial margin or whether the budget is depleted by recurrent expenditures; and secondly whether the local government has experience in infrastructure provision. In other words assessments of capital expenditures over time are often used to identify whether cutbacks in capital expenditure have been used to fund general revenue deficits. Consistent and rising capital expenditures over previous years, and high ratios of capital expenditures to total expenditures are regarded as positive, since they are indicators of financial stability, good financial situations and management capacities (Eichler, Wegener, and Zimmermann, 2012).

In Indonesia Kuntari and Chariri (2019) carried out a study aimed at determining factors that influence capital expenditure in local government areas. Using secondary data of 35 local government areas and employing multiple regression analysis, the findings indicate that locally-generated revenue, general allocation fund, special allocation fund, and revenue sharing fund positively influence capital expenditure. Jumare (2003) in a descriptive study examined the basic features of local governments spending, including their distribution between recurrent and capital expenditures as they relate to the GDP over time. The conclusion was that local governments in Nigeria are most affected by the low level of capacity for development.

Gukat and Ogboru (2017) examined the impact of government expenditure on economic growth in Nigeria for the period 1981–2016. Specifically the impact of government recurrent and capital expenditures was tested using two separate models. Error correction specification under ordinary least square technique was used to analyze the data. The study concluded that government expenditure has not translated into meaningful economic growth. In a panel of 48 combined state–local government units (1957–2008), Mahdavi and Westerlund (2017) using sequential testing procedure found that expenditures on highways, sanitation, utility, and

education were far more convergent (narrowing in expenditure police and fire protection, and public welfare. The study is a type concerning spatial distribution of public expenditures.

In a paper which explores the relative impacts of federal capital and recurrent expenditures on Nigeria's economy in the 1980–2011 period, using multiple linear regression analysis, Aigheyisi (2013) finds out that smaller share of government expenditure is what goes into provision of infrastructure and other capital projects. The author recommended deliberate larger share input of government expenditure into infrastructure development. In examining the impact of government expenditure (disaggregated into recurrent and capital expenditure) on economic growth from 1987 to 2010, Modebe, Okafor, Onwumere, and Ibe (2012) adopted three variable multiple regression model of recurrent expenditure and capital expenditure as independent variable and gross domestic product growth rate as dependent variable. The result of the study revealed that recurrent government expenditure had positive and non-significant impact on economic growth, and capital expenditure negative and non-significant impact on economic growth. The implication of the study is clear: capital expenditure weight in economic growth is weak and needs to be reasonably beefed up.

The summary of the empirical review shows various Local government studies that have been carried out for the assessment of public expenditure influence on economic growth using mostly descriptive and statistical regression methods. The analysis is more in the area of comparing the impact of recurrent and capital expenditures on capital development. In this study, the method employed is not really different from the norms but particular emphasis, besides the usual descriptive analysis, is placed on capital expenditure and its spatial distribution significance across local government areas and across individual infrastructure sectors with the use of analysis of variance (anova) statistical technique. So far no known similar study or perhaps few, had focused on entire local government areas of a state in Nigeria, much more the strategic oil producing (the treasure base of Nigeria) state of Rivers state with focus on all 23 local government areas of the state.

III. METHODOLOGY

The type of research method used in this study is the quantitative type, and the research design adopted is both descriptive and hypothesis testing design. In carrying out this research work, secondary sources of data were used. Data on total government revenue, recurrent expenditure, and capital expenditures were obtained from published data from the State and Local government budget department, particularly the annual budgets. Data on disaggregate capital expenditure of infrastructure sectors were obtained similarly. The population and sample size in this study is the twenty three (23) local government areas of Rivers State. The study period is 15 years (2003-2017). Assumptions of the analysis of variance (anova) method: Independence, Homogeneity of Variance and normality are satisfied.

IV. RESULTS AND TESTS OF HYPOTHESIS

A. On Aggregate Capital Expenditure Trend

The expenditures of Rivers state LGAs spanning 15 years (2003-2017) can be seen in table 1 below. This is intended to actualise objective one which is to examine the capital expenditure trend in the budgets of Rivers State local government areas of Nigeria. The figure clearly indicates that expenditures are more on recurrent expenditure (60.39%) in comparison to capital expenditure (39.61%). The LGA's emphasis on infrastructural development, at least at the budget level, is poor. Further survey of the figure points to the fact that Ahoada East is least with 26.16% of total expenditure, and Ahoada West highest with 57.75% of total expenditure, in infrastructural investments.

Considering senatorial districts of Rivers state, Rivers West consisting of Abua/Odual, Ahoada East, Ahoada West, Akuku-Toru, Asari-Toru, Bonny, Degema and Ogba/Egbema/Ndoni has an average capital expenditure of 8005.31 (39% of total capital). Rivers East consisting of Emuoha, Etche, Ikwerre, Obio/Akpor, Ogu/Bolo, Okrika, Omumma, and Port-Harcourt has an average capital expenditure of 7000.72 (35% of total capital). Rivers South East consisting of Andoni, Eleme, Gokana, Khana, Opobo/Nkoro, Oyigbo and Tai has an average capital expenditure of 5182.91 (26% of total capital). Figure 1 below is a bar chart representation of the trend of Rivers State LGAs capital expenditure (in millions of Naira) over a 15 year period (2003-2017). The positions the various LGAs occupy in average capital expenditures are easily seen in the figure.

Table 1: Average Expenditure of Rivers State LGAs for 15 years (2003-2017), in Millions

LGAs	*Total Revenue Expenditure*	*Recurrent Expenditure*	*% of total*	*Capital Expenditure*	*% of total*
Abua/Odual	2,648.68	1,743.95	65.84	904.73	34.16
Ahoada East	1,417.04	1,046.29	73.84	370.75	26.16
Ahoada West	2,857.02	1,207.21	42.25	1,649.81	57.75
Akuku-toru	1,956.42	1,053.36	53.84	903.06	46.16
Andoni	2,223.53	1,396.36	62.80	827.17	37.20
Asari-toru	2,115.64	1,243.52	58.78	872.12	41.22

Bonny	2,020.74	1,321.53	65.40	699.21	34.60
Degema	2,221.48	1,275.19	57.40	946.29	42.60
Eleme	1,775.97	1,187.07	66.84	588.90	33.16
Emohua	2,310.71	1,497.59	64.81	813.12	35.19
Etche	1,958.24	1,152.29	58.84	805.95	41.16
Gokana	2,236.53	1,413.35	63.19	823.18	36.81
Ikwerre	2,308.96	1,607.67	69.63	701.29	30.37
Khana	2,434.57	1,488.16	61.13	946.41	38.87
Obio/Akpor	3,025.39	1,723.61	56.97	1,301.78	43.03
Ogba/Egbema/Ndoni	3,284.52	1,625.18	49.48	1,659.34	50.52
Ogu/Bolo	1,437.13	722.91	50.30	714.22	49.70
Okrika	2,206.36	1,280.83	58.05	925.53	41.95
Omuma	1,749.75	929.93	53.15	819.82	46.85
Opobo/Nkoro	2,048.08	1,228.58	59.99	819.50	40.01
Oyigbo	1,624.41	1,039.32	63.98	585.09	36.02
PH	3,398.82	2,479.81	72.96	919.01	27.04
Tai	1,713.84	1,121.18	65.42	592.66	34.58
Total	**50,973.83**	**30,784.89**	**60.39%**	**20,188.94**	**39.61%**

Source: Author's Collation/Computation (2019)

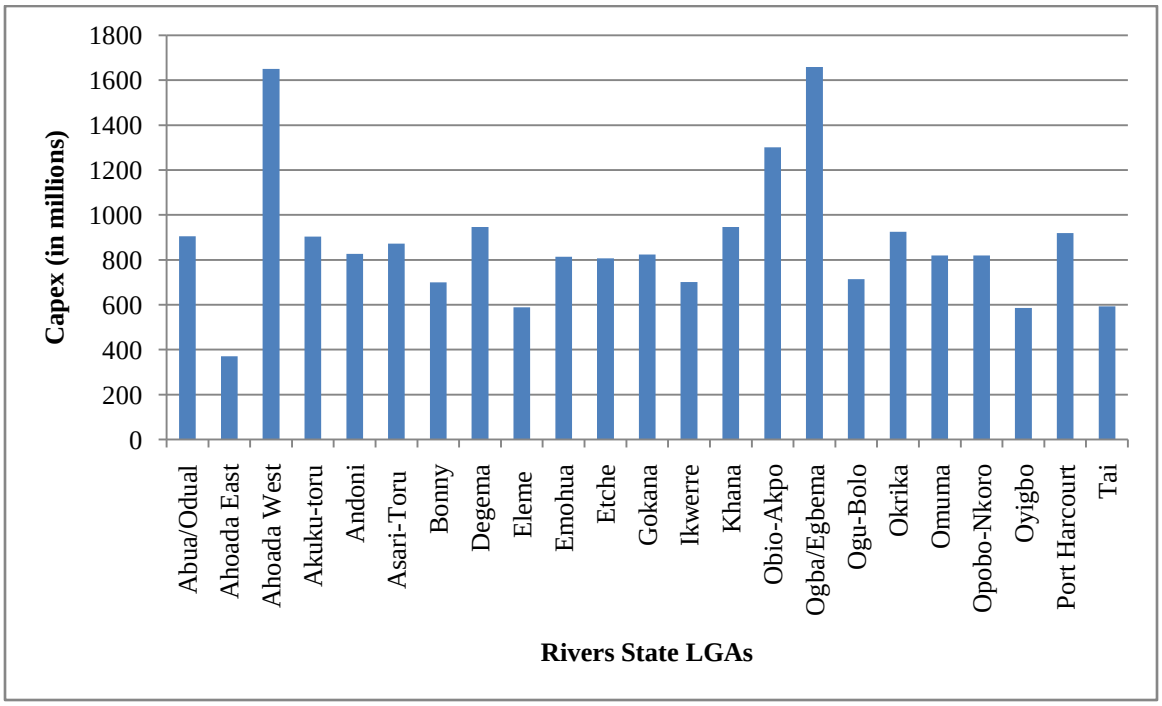

Figure 1: Average Capital expenditure trend in Rivers State LGAs across 15 years

Source: Author's computation (2019)

Figure 2 below shows the trend of capital expenditure across Rivers State LGAs, with capital expenditure (capex) on the vertical (Y) axis and the years on the horizontal(X) axis.

Notice the peak of capital expenditure in 2012 and a sharp dovetailing after then.

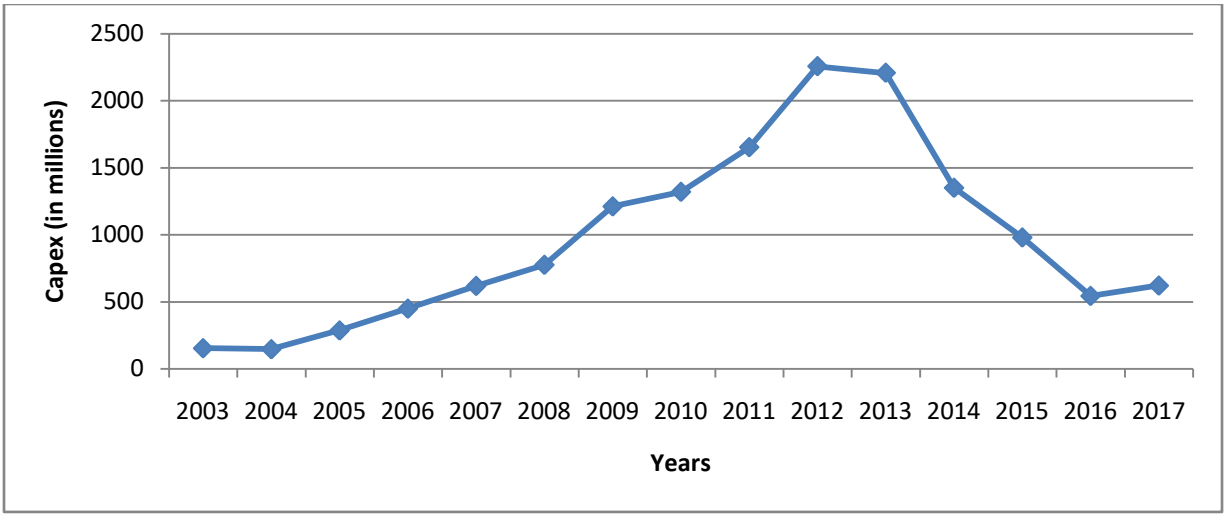

Figure 2: Average Capital expenditure trend across Rivers State LGAs

Source: Author's computation (2019)

Figure 3 below is a pie chart depiction of the average capital expenditure trend in Rivers State LGAs within senatorial zones, across 15 years (2003-2017). Rivers West is the highest (39%) and Rivers South East the least (26%).

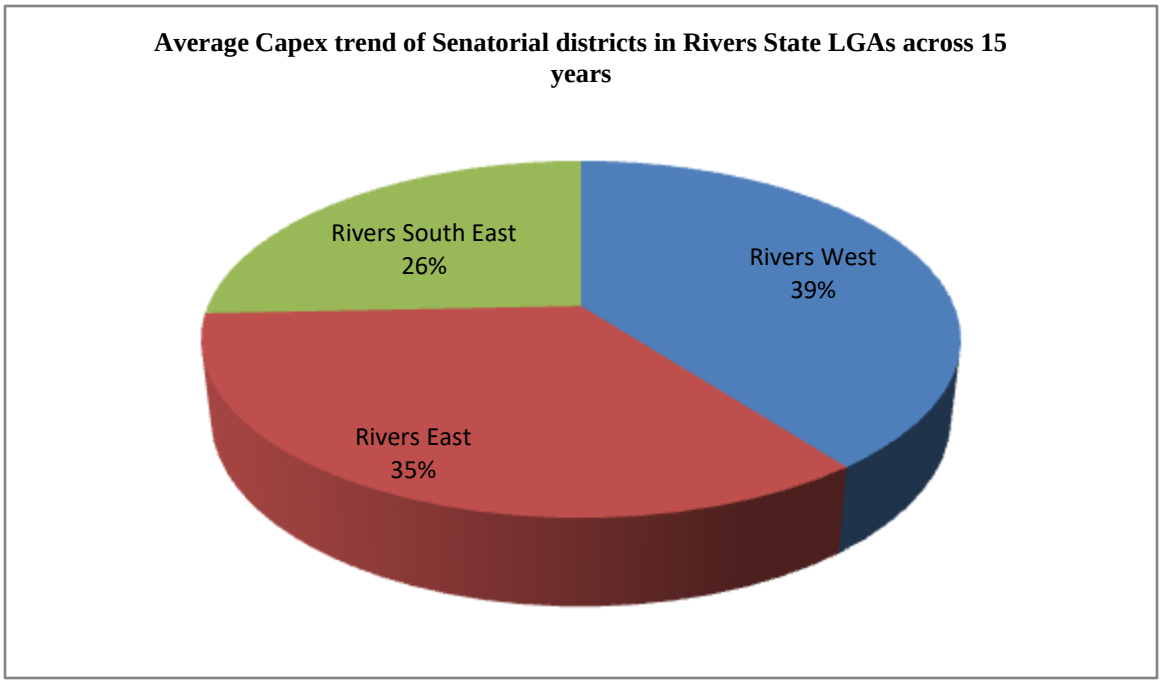

Figure 3: Average Capex trend of Senatorial districts in Rivers State LGAs across 15 years

Source: Author's computation (2019)

1: Test of Hypothesis 1

Hypothesis 1 states that there is no significant difference in the budget allocation of capital expenditure among the Rivers State local government areas. Table 3 below shows the ANOVA test result table indicating an F value of 2.050 and p value of 0.004 which is less than 0.05. This suggests that the result is significant at 5% level and the null hypothesis can thus be rejected at 95% confidence interval. This means that there is a statistically significant difference in the distribution of capital expenditure across the twenty three local government areas of Rivers State. The ANOVA analysis was based on a spread sheet data matrix of 23 LGAs x 15 years. Table 2 is an annual total of Rivers state LGAs expenditure.

Table 2: Rivers State LGAs Expenditures

	TOTAL REV EXP	CAPITAL EXP.			TOTAL REV EXP	CAPITAL EXP.
2003	624873777.7	154961305.4		2010	2790382691	1320280869
2004	586521926.4	147320398.9		2011	3191403880	1653136920
2005	897347375.5	287153026.1		2012	4146070723	2256447692
2006	1204365687	449621693.3		2013	4328500532	2207398747
2007	1512409369	618991821		2014	3382174694	1350154510
2008	2094147928	776222246		2015	3008547922	980039687
2009	2584985394	1211611859		2016	2339537791	544421172
				2017	2381271271	621504258
				TOTAL	**35072540962**	**14579266205**

Table 3: ANOVA Test Result for Differences in Aggregate Capital Expenditure Distribution in Rivers State LGAs

CAPEX	**ANOVA**				
	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	32956447.400	22	1498020.336	2.095	.003
Within Groups	230272985.126	322	715133.494		
Total	263229432.526	344			

B. On Disaggregate Capital Expenditure Trend of Infrastructure sectors

An aggregate CAPEX involves the total value of the capital expenditure which is a summation of all capital expenditures of various infrastructural sectors. Disaggregate CAPEX refers to the individual sector capital expenditures considered as an entity for testing of relationship with demographics. This is very necessary to assess government investment emphasis on various sectors of infrastructure. Given a total capital expenditure figure of 14,579,266,205 covering all sectors of infrastructure (refer to table 1 above), the percentages of each selected sector with reference to the total are calculated. The various priority positions of the sectors in order of level of capital expenditure for the 15 years are stated below:

1. Transportation (Roads and Bridges) 2,120,533,637 (14.5% of total)
2. Rural Electrification 1,111,847,468 (7.6% of total)
3. Community Development 1,072,951,538 (7.4% of total)
4. Environment, Sewage and Drainage 1,005,770,909 (6.9 of total)
5. Social Development, Sports and Culture 789,819,460 (5.4% of total)
6. Education 774,236,972 (5.3% of total)
7. Water Resources 724,042,576 (5.0% of total)
8. Staff Housing 626,039,762 (4.3% of total)
9. Health 495,717,529 (3.4% of total)
10. Agriculture and Rural Development 231,916,336 (1.6% of total)

These ten selected sectors thus, take 61.4% of total capital expenditure of the LGAs. In terms of major infrastructural groupings or main sectors, the emphasis of government capital expenditure can be seen clearly in order of priority as follows:

i Economic Sector - 23.7% (covering nos. 1, 2, and 10 above)
ii Area Development Sector - 19.3% (covering nos. 3, 4, and 7 above)
iii Social Services Sector - 14.1% (covering nos. 5, 6, and 9 above)
iv Administration Sector - 4.3% (covering nos. 8 above)

A graph representation of the situations is as shown in figure 4 below. The figure depicts a bar chart of annual Rivers State LGAs capital expenditure trend of infrastructural sectors (an average of 15 year period). Transportation (roads and bridges) is highest and Agriculture and rural development least.

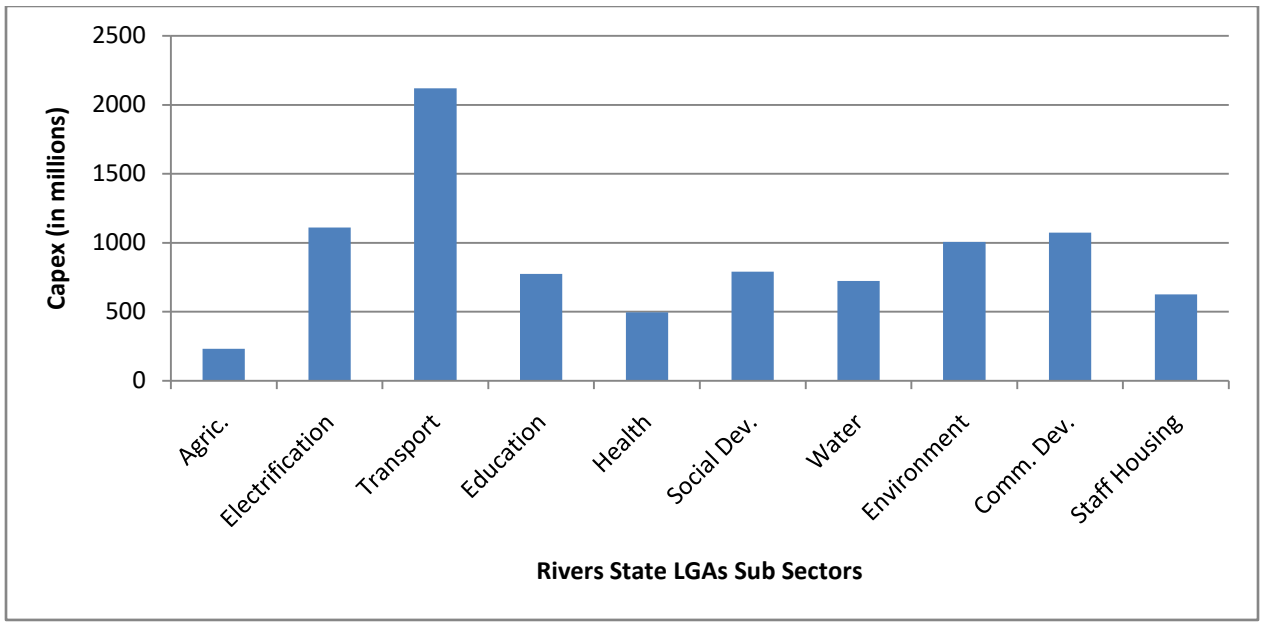

Figure 4: Average Capex Trend across Infrastructural Sectors in Rivers State LGAs

Source: Author's Computation (2019)

Figure 5 below shows the average trend of capital expenditure across infrastructural main sectors in Rivers state LGAs. The economic sector is highest while the administrative sector is least.

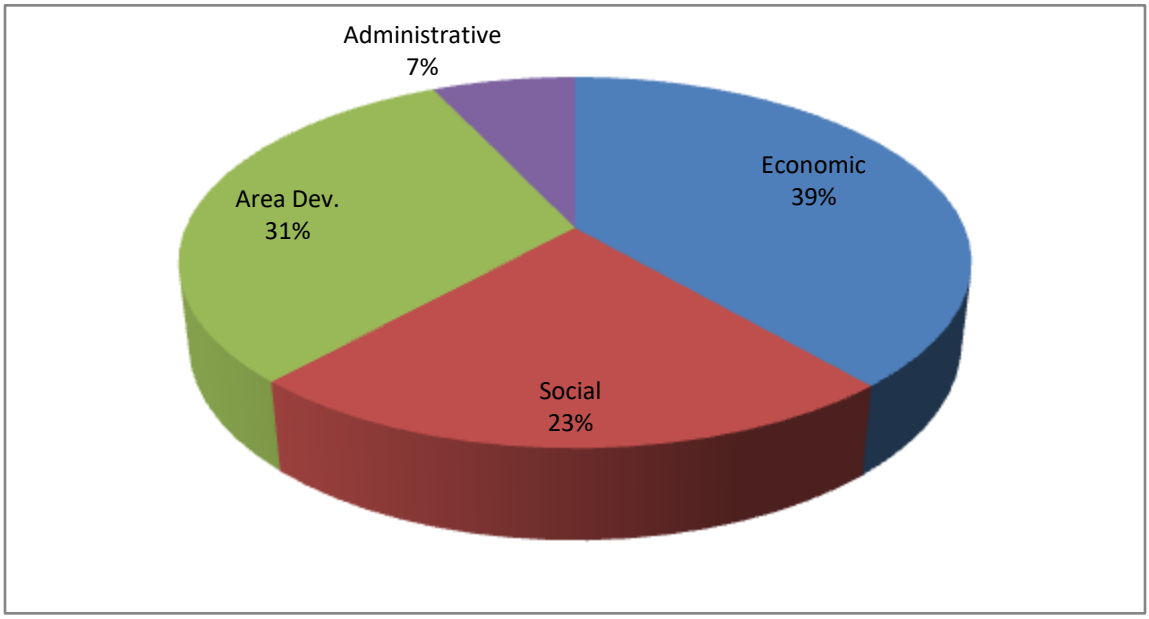

Figure 5: Average Capex Trend across Infrastructural Main sectors in Rivers State LGA

Source: Author's Computation (2019)

1: Test of Hypothesis 2

Hypothesis 2 states that there is no significant difference in the budget allocation of capital expenditure among the infrastructural sectors of Rivers State local government areas. Table 4 below shows the ANOVA test result indicating an F value of 7.058 and p value of 0.000 which is less than 0.05. This suggests that the result is significant at 5% level and the null hypothesis can thus be rejected at 95% confidence interval. This means that there is a statistically significant difference in the distribution of capital expenditure across the infrastructural sectors of the twenty three local government areas of Rivers State. The ANOVA analysis was based on a spread sheet data matrix of 10 infrastructure sectors x 15 years.

Table 4: ANOVA Test Result for Differences in Capital Expenditure Distribution in Infrastructural Sectors of Rivers State LGAs

ANOVA					
CAPEX					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	157178580537703 296.000	9	174642867264114 70.000	7.058	.000
Within Groups	346428287889709 700.000	140	247448777064078 4.000		
Total	503606868427412 990.000	149			

The summary of result of all the tests of hypothesis in this study is presented in table 5 below. The ANOVA test result of hypothesis 1 and 2 show that there is significant difference in the budget allocation of capital expenditure among the Rivers State local government areas both on aggregate and disaggregate (pertaining individual infrastructure sectors) facets.

Table 5: Summary of Test of Hypothesis Results

Hypothesis	**Statistical Tool**	**Location of Result**	**F/t Statistics**	**p (Sig.)**	**Remarks**	**Decision**
1. There is no significant difference in the budget allocation of capital expenditure among the Rivers State local government areas.	ANOVA	Table 3	2.095	0.003	Significant	Reject H_0
2. There is no significant difference in the budget allocation of capital expenditure in selected infrastructure sectors in Rivers State local government areas.	ANOVA	Table 4	7.058	0.000	Significant	Reject H_0

V. FINDINGS AND DISCUSSION

From the findings of this study there is a statistically significant difference in the distribution of capital expenditure across the twenty three local government areas of Rivers State. The difference was found to be significant at 5% level and the null hypothesis was rejected at 95% confidence interval. This difference might likely be due to different weight of emphasis placed on infrastructural development by the various LGAs. Revenue capacity (Federal allocation plus IGR) variations are another likely reason for the difference in capital expenditure distribution across the states. Further, political and management influences can result in shifting emphasis on other expenditures including debt servicing at the expense of capital expenditure varying from state to state. With regards to expenditures, findings prove that expenditures are more on recurrent expenditure (60.39%) in comparison to capital expenditure (39.61%). This is a poor position for infrastructural development in the LGAs.

Literature had to a great extent and regrettably pointed out that recurrent expenditure occupies more of the Nigerian government attention than capital expenditure over years. Sadly, the finding of this study is seen to be in agreement with that notion. Earlier, Sturm (2001) in emphasising the need and role of municipal or local government in infrastructure development, pointed to the fact that rural areas need relatively more spending on infrastructure as compared to urbanized areas. Sadly too the finding of this study does not conform to such positive stance. Earlier, Idahosa and Nchuchuwe (2005) stressed that since 1999 the local governments have spent more on recurrent expenditures to the detriment of capital expenditures. They arrived at a trend of the Nigerian Local government capital expenditure in relation to recurrent and total expenditures from 2003 to 2017 indicated that capital expenditure, in billions of Naira, is averagely 260.02, a 22.82% of the average total expenditure. Similarly, the recurrent expenditure is 879.42, a 77.18% of the average total expenditure. The findings of this study (39.61%, capital and 60.39% recurrent expenditures) concerning Rivers state LGAs only, are not too far from these figures.

Ahoada West has the highest value of average capital expenditure as percentage (57.75%) of total revenue expenditure. Considering senatorial districts of Rivers state, Rivers West has 8005.31 (39%) average capital expenditure, Rivers East has 7000.72 (35%) average capital expenditure, and Rivers South East has 5182.91 (26%) average capital expenditure. Also Rivers West has 41.65% of total expenditure inputs in capital expenditure, Rivers East has 33.56% of total expenditure on capital expenditure, and Rivers South East has 36.65% of total expenditure on capital expenditure. From 2004 - 2012 there is a steady rise of aggregate capital expenditure (CAPEX), and from 2013 – 2017 a dovetailing of capital expenditure. The Rivers West senatorial district has more riverside or delta terrain and understandably should have higher capital budgets and

percentage of total revenue budget because of the high cost of providing infrastructure in the area.

Looking at the capital expenditures of ten selected infrastructural sectors (covering 61.4% of government's total expenditure on infrastructure) over years, the result of analysis of this study indicates from top to least order as follows: Transportation (Roads and Bridges); Rural Electrification; Community Development; Environment, Sewage and Drainage; Social Development, Sports and Culture; Education; Water Resources; Staff Housing; Health; Agriculture and Rural Development. Visibly, top priority is given by government to transportation and least priority to agriculture and rural development in the area of capital investments. The least concern of government to agriculture spells danger for the rural areas that depend to a large extent on farming to survive. The outcry of many condemning the nation's inadequate interest in agriculture is noted and replicable in the case of Rivers state LGAs.

Grouping the infrastructural sectors under major sectors point to the fact that Economic Sector (agric and rural development, electrification, transportation), Area Development Sector (water resources/supply, environment/sewage/drainage, community development), Social Services Sector (education, health, social development/sports/culture) and Administration Sector (staff housing) form the order (from top to least) of government's capital expenditure. The economic sector as first priority is encouraging as it is the concern of most governments in the world.

From the findings of this study there is a statistically significant difference in the distribution of capital expenditure across the selected ten infrastructural sectors of Rivers State LGAs. The difference was found to be significant at 5% level and the null hypothesis was rejected at 95% confidence interval. The significant differences in capital expenditures across the infrastructure sectors imply that it is difficult to predict the capital expenditure of one sector from another. A close observation of the results indicates that the capital allocation to a typical sector changes without pattern from year to year. This is suggestive that infrastructure development to a sector does not have an appreciable trend that supports steady growth in that sector.

VI. CONCLUSION

On the basis of the findings of this study necessary conclusions can be drawn up. Across the twenty three local government areas of Rivers State, the study concludes that there is a significant difference of spatial distribution of aggregate capital expenditure. Forecasting capital expenditure from one local government to another is thus difficult. The local government expenditures are more on recurrent expenditure in comparison to capital expenditure. This depicts a poor situation for infrastructural development in the LGAs. As percentage of total revenue expenditure Ahoada West LGA has the highest value of average capital expenditure and considering senatorial districts, Rivers West has the highest average capital expenditure. Possibly because of the high cost of providing infrastructure in the riverside or delta terrain area, typical of Rivers West Senatorial district with more of such topography and soil conditions, higher capital budgets as percentage of total revenue budget is experienced.

In the distribution of capital expenditure across the twenty three local government areas' infrastructural sectors, there is a statistically significant difference of spatial distribution of capital expenditure. The implication is that forecasting capital expenditure from one local government infrastructure sector to another is out of place. Top priority is given by government to transportation and least priority to agriculture and rural development in the area of capital investments. Also, the economic sector (Transportation, Rural electrification, and Agriculture/Rural development) as a major grouping is given the highest priority by government capital expenditure.

VII. RECOMMENDATIONS

1. The local governments are encouraged to allocate more funds to capital expenditures than recurrent expenditures as infrastructure provisions are made possible mainly through capital expenditures. This can be achieved by government's careful management/deliberate cut down of unnecessary recurrent expenditures in the usual prominent areas of salaries (where duplications, ghost names, and other frauds take place), overblown overhead expenses, fraudulent and excessive political expenses, and general corruption.
2. Infrastructural investments to health and agriculture/rural development occupy the least priority position of government. This is worrisome as these two sectors that cater for health and food are so primary in the daily survival of the people. Hence, the local government is encouraged to beef up their capital expenditures in these areas.

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