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Capital budgeting and infrastructural development Nigeria

Augustine Sunday Oge and Joshua Adewale Adejuwon

Abstract
The study assesses Nigeria's infrastructure development and capital budgeting execution. A substantial correlation between the dependent and explanatory factors was found using Pearson Correlation Analysis, which assessed the link between the study's dependent variable and explanatory variables. In contrast, generalised least square regression was used to assess the study's assumptions. The study determined that the explanatory variables accounted for 40% of infrastructure improvements via the deployment of capital budget implementation, resulting in a coefficiency determination of 40%. A generalised least square regression study revealed that capital budgeting adoption has a favourable and substantial impact on the housing, transportation, and technology sectors. The results conclude that allocating funds from the capital budget for infrastructure development would increase the availability of fundamental public goods for the populace. Therefore, the government should make serious efforts at all levels to establish enough budget allocations for the provision of health care in Nigeria to improve noticeably. Similar improvements would be made to the energy supply if the requisite fiscal commitments could be made. Budgetary resources should also pay special attention to the road sector and healthcare services. Additionally, it is advised and consistent with development theory that the Nigerian government minimise its reliance on outside funding for infrastructure improvements and instead create homegrown strategies to stop infrastructure deficits.

Keywords: Capital budgeting, road, technology, housing, infrastructure

1. Introduction

1.1 Background to the Study

If made correctly, choices on capital investments may hasten economic growth. The members of OPEC put their newly acquired oil cash in banks in the West. The banks had to find nations to lend to since idle money was quickly lost to inflation. In the belief that interest rates would stay steady, several nations in Eastern Europe and the developing world took out sizable loans. In a growing economy, capital budgeting is crucial and must be done with extreme care (Abimbola, 2016) [1]. It is necessary to boost the third world's relatively modest pace of economic growth. The times when a community expected her to remain to herself were long gone. The contemporary globe is an enslaved village and a competitive planet. As a result, a civilisation or community must either prepare for current growth needs or suffer self-inflicted disadvantages. Making investment choices about a company's financing of capital projects is a component of capital budgeting. A wise investment choice will increase the firm's worth, particularly in Developed Countries, LDCs, and Third World emerging countries when money is limited. In the post-independence period, several African nations took these loans to stabilise their political and economic systems. Therefore, attention is shifting towards budgeting (French, *brunette* = very little bag or purse) to tackle the increase in social, environmental, and economic problems in Africa. Political leaders in the continent, particularly in Nigeria, are exploring budgeting to mitigate socio-economic problems. The general perception of national budgeting relates to the overall estimate of government receipts (or revenue) and expenses (or expenditure) over time. The government generates money from taxes, rents, and levies and expend it on recurrent expenditures, capital expenditures, subsidies, debt servicing, etc. In academia, budgeting is seen as a financial statement that was systematically planned to guide the organization or national government in the implementation of an objective over some time. Iyoha considers budgeting to be actionable plans involving quantitative statements meant to deal with the utilisation of resources in the future. In Nigeria, budgeting is an annual financial plan subjected to fluctuation in the international price of crude oil.

(Eddy, 2018) This has impacted the implementation of the national budget, with the government recording as high as 27 per cent for underspending in 2016.

To create budget credibility in Nigeria, scholars have argued for adopting capital budgeting decisions in the public sector. Bishir defined capital budgeting as the process by which organizations or states determine how to invest their capital in new projects with the end goal that the projects will create value and increase the organization's or state's wealth. In principle, Bishir's description of capital budgeting implies that the actional plan in budgeting must be designed so that the investment in a project can generate income for the government. Similarly, Andrew and Iwedi posit that capital budgeting involves the leaders' decision, whether in a private firm or the Public sector, to invest the current funds of the state most efficiently with the expectation that the assets will form a constant flow of benefits for many years. Consequently, capital budgeting refers to making informed decisions to invest in financially rewarding projects for the long term.

1.2 Statement of the Problem

The international world often blames Africa as the main source of social, environmental, and economic instability. 2020 (Jacinta). For instance, the World Bank claimed that 20 of the continent's 54 nations are categorised as fragile states, while another 13 have low human capital because of their small size. Similarly, 33 African nations are deemed to be among the least developed by the UN's Economic and Social Council. According to academic studies on the condition of development in Africa, the continent's underdevelopment is caused by a colonial past, widespread corruption, military dictatorship, poor governance, ethnic conflicts, poverty, and insecurity. The growth of Nigeria's infrastructure and budgeting have been connected in many studies. Linda and Remi, as one example. Nigeria's high level of security is a result of bad financial planning. Despite the enormous sums of money spent to reduce insecurity, kidnappings, banditry, and terrorism remain major problems for Nigerians. Svitlana (2020) [11] Policymakers need help to prepare an annual budget that is not just focused on recurring expenses and debt payment but also on investing in capital projects that might produce revenue for the state when they need more information regarding capital budgeting choices. By utilising a few chosen local government regions in Nigeria as a case study, this Study aims to evaluate the effect of capital budgeting choices on infrastructure development. Therefore, this Study investigates the impact of capital budgeting choices on infrastructure development in a few chosen local government districts in Nigeria. The study specifically aims to accomplish the following goals: to assess whether capital budgeting decisions on the road have contributed to the infrastructural development of local government areas in Nigeria, to investigate whether capital budgeting decisions on housing have done the same, and to determine whether capital budgeting decisions in technology have contributed to the infrastructural development of local government areas in Nigeria.

1.3 Significance of the Study

It is hoped that the Study will benefit researchers with a special interest in budgeting, especially capital budgeting. (World Bank, 2018)It will benefit them because it will help them look beyond implementation as a variable. It will open their horizon to other variables like formulation that may affect infrastructural development. It is expected that it will benefit the practitioners and planners of budgeting at the local level to go beyond budgeting as a routine and fulfilling all righteousness to take the exercise seriously.

1.4 Scope of the Study

The scope was limited to the relationship between capital budgeting decisions and the socio-economic development of the people in the various local government of the state. It also sought to know how resources are allocated to capital budgeting. In order words, how decisions are taken in authorising capital budgeting in the local government. The reason for this Study was that researchers still needed to focus attention on how resources of the local government were committed to investments or projects that could positively impact people's lives.

2. Literature Review

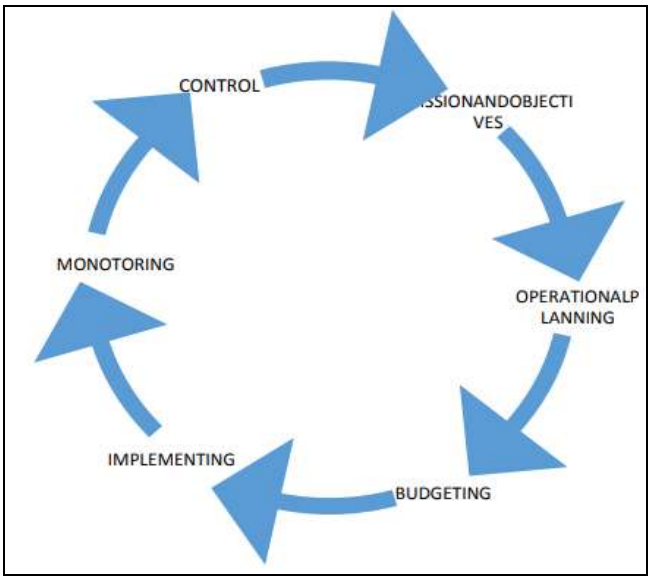
A government budget may be thought of from the standpoint of the average person as an estimate of the government's revenue and expenditures for a certain period. A finance minister may also see it as a typical spending forecast. This perspective needs to be revised in how it explains the idea of government budgeting. Jake (2018) [4] offered a more comprehensive idea. A budget is a thorough document that defines the economic and non-economic activities a government wishes to engage in, emphasising goals, objectives, and strategies for achievement that are supported by income and spending estimates. They argue that budgeting for government expenditure encompasses economic and non-economic activities based on this definition.

The initial intent of budgeting as a financial plan to provide funds for a government institution is explained by seeing budgeting as a notion of authorisation. As a result, the government institution often completes its operations each year as anticipated in quantitative terms, assuring effective and efficient resource mobilisation.

a. Budget Process

Using the budget cycle, development plans are implemented to control economics and shape the market in a planned way. Budgeting is a key component of the circle in which planning and control systems function. The connection between planning and control is provided by budgeting. This diagram displays the crucial aspect of the circle.

2.1 Concept of Government Budget



Source: John, 2020

Fig 1: The Budget Cycle

2.2 Nigerian factors that make budgeting difficult

Nomin (2020) [6] asserts that budgeting is an excellent management tool. How these limiting variables are addressed in the different sectional and master budgets will determine its success. Plans are often created with some changes. According to Patrick (2014) [7], some practical issues with budget implementation include corruption, which hinders a successful budgeting process. (Temitope, 2020) [12] The Economic and Financial Crime Commission's records include bound evidence. Indeed, corruption is pervasive. Second, erratic income and excessive reliance on oil money. (Robinson, 2014) [9] Third, unstable economic factors that impact budgetary efficiency include the price level, unemployment, etc. The fourth is a negative view of individuals to the budget. What definition does the budget have among those working in the ministries, departments, and legislative branches? Perhaps a national cake, yearly traditions, a paddling document, or something similar Unstable government policies from one fiscal year to the next is the fifth point. Sixth, the poor financial situation. Seventh, skilled labour is scarce. Others include a lack of qualified staff, a dearth of data, a failure to effectively monitor the budget's execution, a delay in the ministry's and the legislature's approval of project proposals, and a lack of specialisation or skill on the part of the budget officers charged with carrying out the budget.

2.3 Budget Execution and Economic Development

Numerous empirical studies employing cross-sectional, time-series, and panel data have been conducted to examine the relationship between budget implementation and economic growth. This research has shown conflicting results. Growth is often seen to be related to proper budget execution. More specifically, using suitable fiscal policies under certain conditions may promote economic growth and development (Onaolapo & Olaoye, 2013) [15].

2.4 Capital Budget Implementation in Nigeria

In his analysis of the global economic forces influencing nation-state development, Peter (2018) [8] emphasised the significance of capital budget execution in the process and the promotion of democracy inside the borders of a nation-state. They looked at a nation-role state in the advancement of progress, the promotion of democracy inside its borders, and the resurgence of civic engagement in the age of globalisation. However, Peter (2018) [8] argued that Nigerians could be mistaken to believe that significant social welfare benefits will follow from the proper and complete deployment of the capital budget. For a nation with more than 160 million citizens, the ostensibly conventional pattern of less than 30% funding for capital projects cannot sustain fast infrastructure progress. Furthermore, the pervasive culture of impunity and corruption, which significantly reduces the already limited capital budget, hinders the ability to make visible progress.

3. Methodology

3.1 Research Design

Because data volumes are increasing exponentially and opportunities to cover them with standard analysis and generalisation tools are already constrained by available capacity and a high degree of dependence on the degree of automation of the data collection process, standard statistics data processing tools (sampling and grouping, correlation and regression analysis of time series, etc.) are not suitable for analysing big data. The solution lies in the use of hidden and implicit data that are generated by people's social and economic activity, including activity in the Internet space reflecting the processes that take place in social, economic, and political areas of interaction between people and institutions in the "real" world, since it is also not possible to collect sociological data on-demand online. At the same time, the internet is expanding its capacity for social interaction and becoming more accessible for usage in various contexts. Many people think of the internet as another world. However, not all processes, even those that take place in "physical space," can be "objective" since there is always a subjective skewing of how information is seen and a conflict of interests.

The ex-post facto research design is a quasi-experimental study that looks at how independent factors affected the dependent variable prior to the Study. Ex-post facto, or "after-the-fact research design," refers to a method where the inquiry is carried out independently of the study.

Using an econometric model, the study uses Nigeria as a case study to examine how to budget implementation affects economic development.

GDP = f (PEX, PRE, PCE, PDS)----------Eqn 3.1

The total public expenditure (PEX) variable will be eliminated while defining the model for this Study to reflect Nigeria's circumstances better.

This variable is eliminated to prevent multicollinearity, which violates the basic least squares concept

.

The following are the model's specifications:

GDP = f (PRE, PCE, PDS) ----------Eqn 3.2

Where;

GDP = Gross Domestic Product

PRE = Public Recurrent Expenditure

PCE = Public Capital Expenditure

PDS = Public Debt Servicing
F= functional denotation
The econometric form of equation 3.2 is represented as:

GDP = β0+ β1PRE + β2PCE + β3PDS + μ ---------- Eqn 3.3

Where:
β0 = Intercept, Otherwise Referred to as the Constant Parameter
β1 - β3 = Coefficients of Estimates
μ = Stochastic or Error Term
To prevent erroneous estimation, the data on each variable must be log-linearised. As a result, Eqn 3.4 presents the equation in its log-linearised form.

Log(GDP) = β 0 + β1Log(PRE) + β2Log(PCE) + β3Log(PDS) + μ ---------- Eqn 3.4

From equation 3.3 above, the model can further be stated in time series form as depicted below: -

Log(GDP)t = β 0 + β1Log(PRE)t + β2Log(PCE)t + β3Log(PDS)t + μ ---------- Eqn 3.5

By stating the error correction model (ECM) from equation 3.3, the model becomes:

ΔLog(GDP) = B0 + B1ΔlogPREt-1+ B2ΔlogPCEt-1 + B3ΔlogPDSt-1 + ΔECMt-1 + Σt (Eqn 3.6)

Δ = Change
ΣECM = Error Correction term
t – 1 = variable lagged by one period
Σt = White noise residual
To test for the existence of a long-run equilibrium relationship, the error correction model, i.e. equation 3.6, can be conducted by placing some restrictions on the estimated long-run coefficient of variables. Therefore, the hypothesis for the test is formulated as follows:

H0: β1 = β2 = β3 = 0 (absence of long-run relationship or co-integration)

H1: β1 ≠ β2 ≠ β3 ≠ 0 (existence of a long-run relationship or co-integration)
Centred on the results of previous empirical studies, this Study hypothesizes certain relationships between the budget implementation variables and the economic growth in Nigeria:
ddPRE <0.

The relationship between GDP and recurrent public expenditure is expected to be negative. The inverse relationship signifies that a unit increase in the recurrent public expenditure will bring about a decline in the Gross Domestic Product. The relationship can be expressed mathematically as; f' (PRE) < 0.
ddPCE >0. The Study also expects that there will be a positive relationship between GDP and public capital expenditures. This can be expressed mathematically as f' (PCE) > 0. This, therefore, implies that a unit increase in the public capital expenditure will heighten their economic growth measured by Gross Domestic Product.
ddPDS <0. The relationship between GDP and public debt servicing is expected to be negative. The inverse relationship signifies that a unit increase in the public debt service will bring about a decline in the Gross Domestic Product. The relationship can be expressed mathematically as; f' (PDS) < 0.

3.2 The population of the study
The data needed for the Study are secondary, implying data will be obtained from published sources.
Sources of these data include:
i. Some selected local governments in Nigeria
ii. National Bureau of Statistics

3.3 Sample and Sampling Techniques
The estimation procedures for analysing the subject matter include the following:

a. Unit Root Test (URT)
The Unit root is a standard approach in the co-integration analysis used for determining the stationarity of time series data. It can either be performed using the Augmented Dickey-Fuller (ADF) or the Philip Perron test but this Study will use augmented dickey fuller to test data stationarity.

b. Johansen Co-Integration Test (JCT)
Johansen's co-integration test is adopted in this Study and shows the long-run relationship between the dependent and the independent variables. This is done by evaluating the trace and maximum Eigen statistics to determine the co-integration rank.

3.4 Description of the Instrument (s)
The purpose of the study was to design and test an innovation-type capital budgeting decision designed to solve socio-economic development in some selected local governments in Nigeria. The core components of the system's principles come from the digital economy, the synergy of government and society – not only in its pensionary part but also in its wide representation.
Pilot Study 10% of the sample size will be tested before the analysis.

3.5 Validation of the Research Instrument
Some statistical tests will be conducted in the Study to validate the research instrument. They are given below:

a. Standard Error Test (SET)
The standard error test is done to determine the significance of each independent variable in the explanation of the behaviour of the dependent variable. It is done using the standard error statistics obtained from the co-integration equation of the co-integration test.

b. Coefficient of Multiple Determinations (R2)
The coefficient of multiple determinations is used to measure the rate at which the independent variables explain the behaviour of the dependent variable. It also considers the measurement of the behaviour not explained by the model (Error Term).

c. Overall Significance of the Model (F-Test)
The F-test is used to show if the model adopted is statistically significant. This is done on a tail test by comparing the table value to the estimated value of F statistics.

d. Durbin Watson Test (DW Test)
The DW-test is used to determine the presence of autocorrelation in a model. It could either show positive, negative or no autocorrelation, depending on the region where the DW statistical value falls.

3.6 Reliability of the Instrument
Poor and unrealistic capital budgeting has long been the scourge of Nigeria's local government's socio-economic growth. A primary concern of these results is the problem of capital, investment and how it was handled in the capital budgeting process. African nations are neck-deep in poverty and debt while having enormous economic and resource endowments and technical backwardness. These studies examined the Nigerian government's capital budgeting and economic growth structure and strategy to address this persistent issue. It attempted to identify the factors that led to abandoned projects, money disappearing, and restrictions on capital budgeting when the nation interacted with other nations outside of its boundaries (particularly in the Western world).
Administration of Instrument(s) (do you do it yourself or through research assistance)
The questionnaire was administered in some selected local governments in Nigeria. 200 questionnaires will be administered

3.7 Method of Data Analysis
Therefore, this study examines Nigeria's local governments' economic growth and capital spending choices. Data were gathered by the study using both primary and secondary sources. Oral interviews were used as an addition to the source's questionnaires. The primary sources of the secondary data were local government officials and relevant literature. This study was carried out by the local government of Nigeria, which answered our survey.

4. Result and Discussion.
4.1 Post-Test Analysis
Analysis of Capital project decisions and socio-economic development in Ekiti State. Using descriptive and inferential statistics, these post-test results show the impact of capital project decisions on socio-economic development in Ekiti State. Questionnaires were used as an instrumental tool for 400 respondents in Ekiti State. More so, secondary data were collected from the budget office in Ekiti State.

4.2 Descriptive Analysis of Ekiti State Budget and Actual Expenditure between 2011 and 2021

Table 1: Data set for Education budgeting in Ekiti State

Year	Approved Budget	Actual Expenditure	% of execution	% of Unexecuted
2011	3, 972, 063, 931	1, 201, 636, 834.62	30.3	69.7
2012	5, 110, 736, 120	3, 029, 499, 433.01	59.3	40.7
2013	2, 728, 639, 706	-	0	100
2014	2, 464, 777, 561.52	2, 020, 235, 180.62	82	18
2015	1, 496, 598, 552.38	61, 112, 689.07	4.1	95.9
2016	799, 753, 035.01	112, 918, 542.83	14.1	85.9
2017	5, 091, 250, 000	475, 894, 275.88	9.3	90.7
2018	4, 439, 980, 120.37	2, 791, 417, 914.30	63	37
2019	4, 898, 612, 198.36	-	0	100
2020	5, 766, 801, 176.97	5, 610, 287, 541.35	97.3	2.7
2021	334, 500, 000	8, 550, 000	2.6	97.4
Total	37, 103, 712, 401.30	15, 311, 552, 411.60	41.3	58.7

Source: Office of Ekiti state budget

Table 1 above shows the approved budget and expenditure on education capital projects between 2011 and 2021. The total Approved budget between 2011 and 2011 was 37, 103, 712, 401.30, and the actual expenditure was 15, 311, 552, 411.60. Only 41% of the total approved budget was executed. The 2020 budget had the highest percentage execution of 97.3%, while 2015, 2017 and 2021 budgets had the lowest execution of 4.1%, 9.3% and 2.6%, respectively. There was no project execution for the education capital project in the years 2013 and 2019.

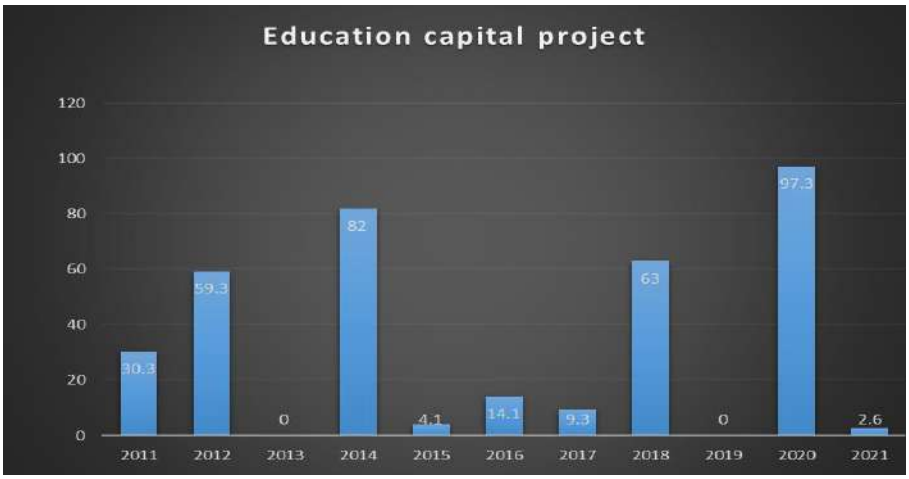


Fig 2: Bar chart showing the executed annual capital project distribution on education.

Fig 3: Bar chart showing the relationship between the executed and unexecuted annual capital project distribution on education.

Table 2: Data set for Health budgeting in Ekiti State

Year	Approved Budget	Actual Expenditure	% of execution	% of Unexecuted
2011	2, 738, 480, 000	1, 131, 584, 829.30	41.3	58.7
2012	3, 267, 959, 460	1, 926, 948, 446.91	59	41
2013	3, 932, 168, 753.87	-	0	100
2014	3, 516, 500, 000	591, 091, 360.14	16.8	98.2
2015	2, 501, 520, 649.39	18, 456, 000	0.74	99.26
2016	528, 274, 109.78	16, 000, 000	3	97
2017	928, 827, 885.78	19, 348, 400	2.1	97.9
2018	1, 206, 853, 934.24	372, 775, 177.86	31	69
2019	3, 565, 267, 101.59	-	0	100
2020	2, 652, 451, 978	695, 234, 445	26.2	73.8
2021	2, 924, 000, 000	2, 384, 937, 243.29	81.6	18.4
Total	27, 762, 303, 872.20	7, 156, 375, 902.50	25.8	74.2

Source: Office of Ekiti state budget

Table 2 above shows the approved budget and expenditure on health capital projects between 2011 and 2021. The total Approved budget between 2011 and 2011 was 27, 762, 303, 872.20, and the actual expenditure was 7, 156, 375, 902.50. Only 25.8% of the total approved budget was executed. The 2021 budget had the highest percentage execution of 81.6%, while the 2011, 2013 to 2020 budgets were below 50% execution. There was no project execution for the health capital project in 2013 and 2019.

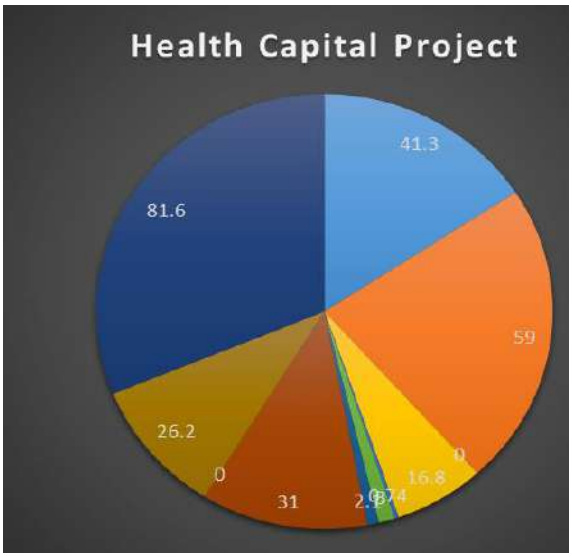


Fig 4: Bar chart showing the executed annual capital project distribution on health.

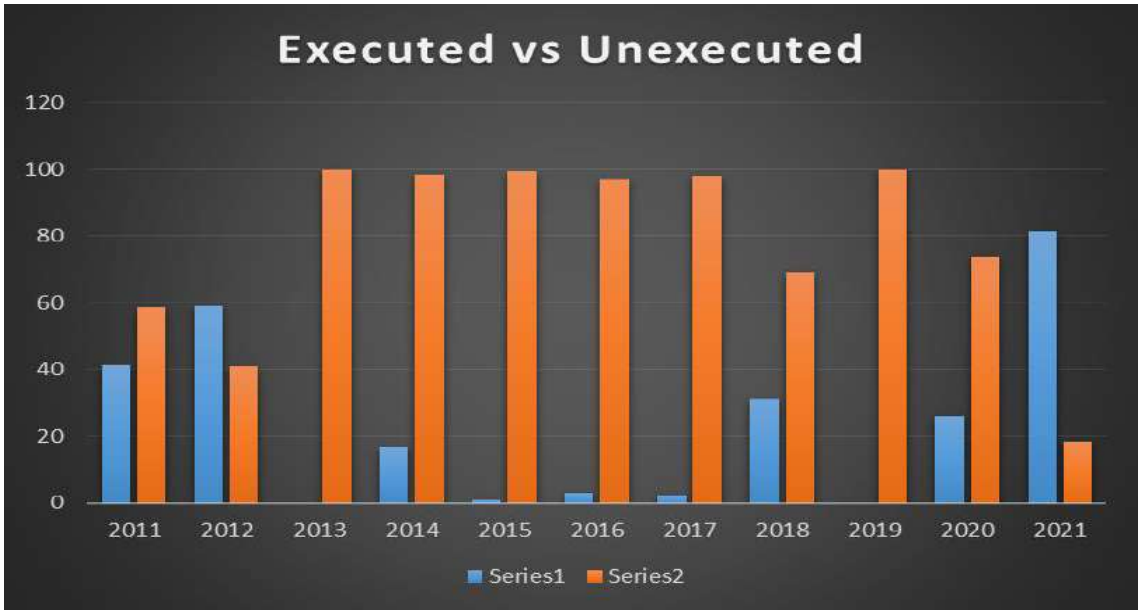


Fig 5: Bar chart showing the relationship between the executed and unexecuted annual capital project distribution on health.

Table 3: Data set for water budgeting in Ekiti State

Year	Approved Budget	Actual Expenditure	% of execution	% of Unexecuted
2011	1, 277, 000, 000	524, 236, 714.39	41	59
2012	1, 278, 670, 000	363, 245, 532.57	28.4	71.6
2013	2, 204, 000, 000	-	0	100
2014	3, 350, 000, 000	331, 752, 098.73	9.9	90.1
2015	1, 237, 000, 000	8, 346, 200	0.7	99.3
2016	542, 250, 000	-	0	100
2017	1, 050, 000, 000	1, 900, 000	0.2	99.8
2018	640, 000, 000	408, 427, 663.81	63.8	36.2
2019	1, 173, 089, 129.52	-	0	100
2020	5, 105, 290, 868	4, 947, 077, 462.23	96.9	3.1
2021	117, 000, 000	1, 290, 911	1.1	98.9
Total	17, 974, 299, 997.5	6, 586, 276, 582.73	36.6	63.4

Table 3 above shows the approved budget and expenditure on water capital projects between 2011 and 2021. The total Approved budget between 2011 and 2011 was 17, 974, 299, 997.5, and the actual expenditure was 6, 586, 276, 582.73; only 36.6% of the total approved budget was executed. The 2020 budget had the highest percentage execution of 96.9%, while the 2011 to 2017 and 2021 budgets were below 50% execution. There was no execution for the water capital project in 2013 and 2019.

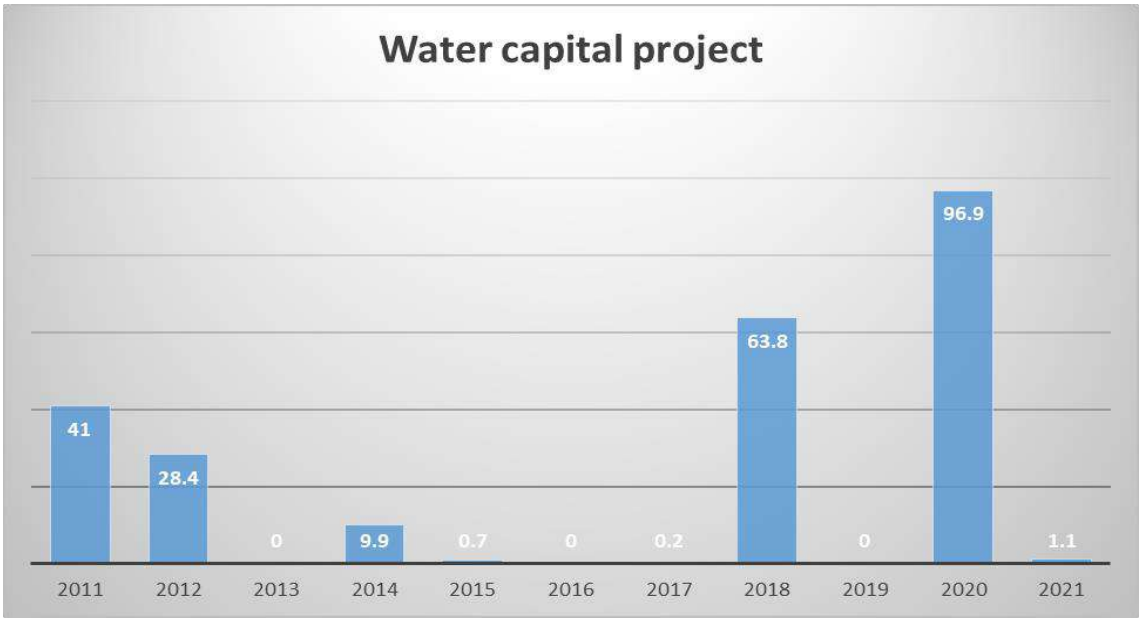


Fig 6: Bar chart showing the executed annual capital project distribution on water.

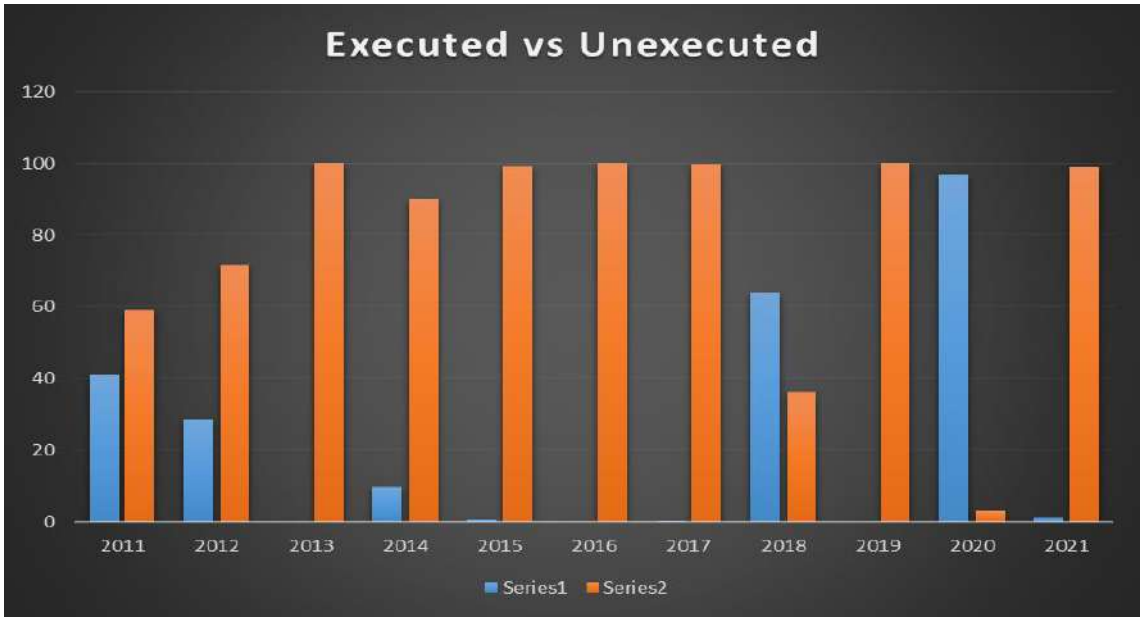


Fig 7: Bar chart showing the relationship between the executed and unexecuted annual capital project distribution on water.

Table 4: Data set for works budgeting in Ekiti State

Year	Approved Budget	Actual Expenditure	% of execution	% of Unexecuted
2011	8, 199, 000, 000	1, 304, 755, 376.19	15.9	84.1
2012	21, 261, 054, 009	16, 556, 927, 554.79	77.9	22.1
2013	10, 646, 129, 519.06	-	0	100
2014	10, 270, 000, 000	8, 596, 471, 955.69	83.7	16.3
2015	6, 607, 225, 770.16	1, 471, 093, 375.78	22.3	77.7
2016	14, 031, 750, 000	9, 748, 043, 641.80	69.5	30.5
2017	17, 168, 000, 000	9, 483, 988, 089.07	55.2	44.8
2018	16, 304, 178, 653.84	6, 643, 726, 662.53	40.7	59.3
2019	15, 097, 454, 383.79	-	0	100
2020	13, 965, 909, 279.69	9, 899, 729, 233.42	70.9	29.1
2021	15, 462, 220, 490.12	13, 408, 576, 351	86.7	13.3
Total	149, 012, 922, 106.75	77, 113, 312, 240.20	51.7%	48.3

4.3 Data set for works budgeting in Ekiti State

Table 4 above shows the approved budget and expenditure on works capital projects between 2011 and 2021. The total Approved budget between 2011 and 2011 was 149, 012, 922, 106.75, and the actual expenditure was 77, 113, 312, 240.20. 51.7% of the total approved budget was executed. Above 50% of the budget was executed in 2012, 2014, 2016, 2017, 2020 and 2021, while 2011, 2013, 2015, 2018 and 2019 were below 50% budget execution for work capital projects.

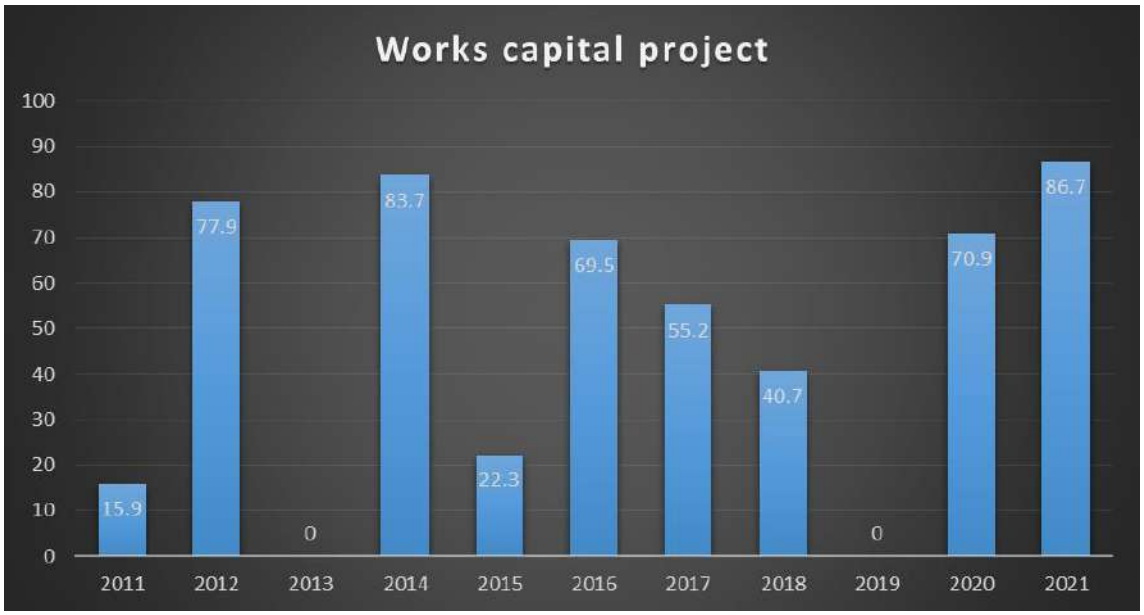


Fig 8: Bar chart showing the executed annual capital project distribution on water.

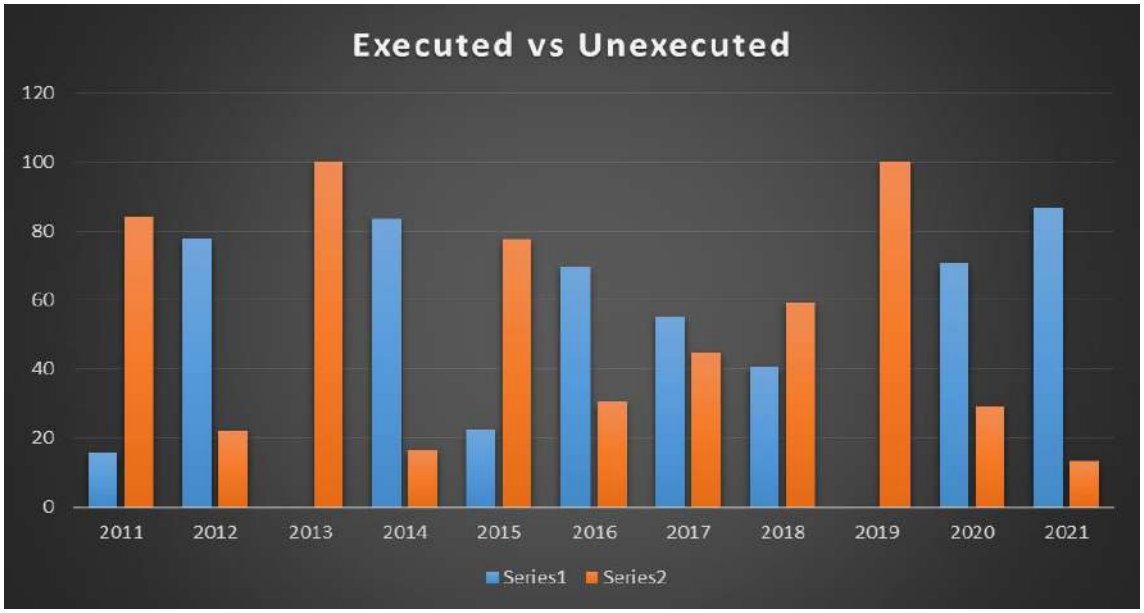


Fig 9: Bar chart showing the relationship between the executed and unexecuted annual capital project distribution on works.

Table 5: Data set for agriculture budgeting in Ekiti State

Year	Approved Budget	Actual Expenditure	% of execution	% of unexecuted
2011	3, 744, 600	195, 207, 015.27	5.2	94.8
2012	1, 684, 652, 000	1, 219, 584, 700.78	72	28
2013	2, 590, 720, 538.99	-	0	100
2014	4, 256, 444, 000	700, 739, 234.90	16.5	83.5
2015	1, 395, 596, 000	1, 000, 000	0.072	99.928
2016	394, 255, 138.74	36, 109, 840	9.2	90.8
2017	594, 219, 438.98	8, 713, 600	1.5	98.5
2018	725, 301, 238.09	445, 360, 921.33	61.4	38.6
2019	2, 788, 824, 490.11	-	0	100
2020	3, 007, 000, 000	2, 981, 748, 661.60	99.2	0.8
2021	2, 703, 886, 221.68	2, 520, 887, 954.87	93.2	6.8
Total	23, 885, 499, 066.50	8, 109, 351, 928.75	34	66

Table 5 above shows the approved budget and actual expenditure on agriculture capital projects between 2011 and 2021. The total Approved budget between 2011 and 2011 was 23, 885, 499, 066.50, and the actual expenditure was 8, 109, 351, 928.75; only 34% of the total approved budget was executed. Above 50% of the budget was executed in 2012, 2018, 2020 and 2021, while 2011, 2013, 2014, 2015, 2016, 2017 and 2019 were below 50% budget execution for the agriculture capital projects.

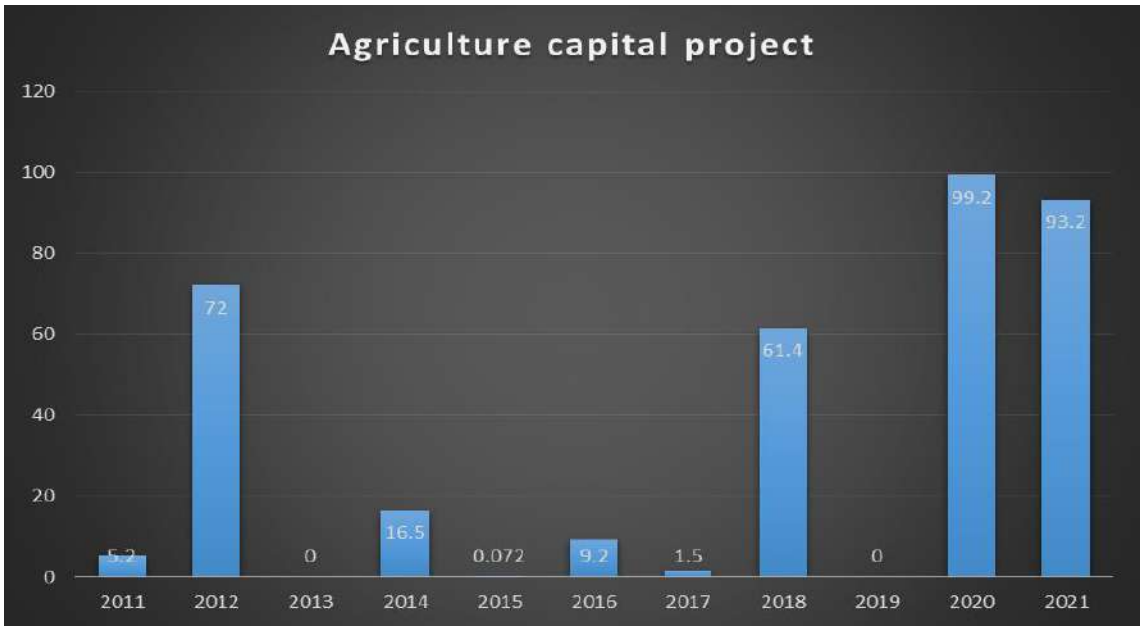


Fig 10: Bar chart showing the executed annual capital project distribution on Agriculture.

Fig 11: Bar chart showing the relationship between the executed and unexecuted annual capital project distribution in agriculture.

Table 6: General Summary of Ekiti Budget and Actual between 2011 and 2021

Capital project	Approved Budget	Actual Expenditure	% of execution	% of unexecuted
Education	37, 103, 712, 401.30	15, 311, 552, 411.60	41.3	58.7
Health	27, 762, 303, 872.20	7, 156, 375, 902.50	25.8	74.2
Water	17, 974, 299, 997.5	6, 586, 276, 582.73	36.6	63.4
Works	149, 012, 922, 106.75	77, 113, 312, 240.20	51.7	38.3
Agriculture	23, 885, 499, 066.50	8, 109, 351, 928.75	34	66
Total	255, 738, 737, 444.25	114, 276, 869, 065.78	44.7	55.3

Table 6 above shows the capital project of five (5) sectors. The total Approved budget between 2011 and 2021 was 255, 738, 737, 444.25, and the actual expenditure was 114, 276, 869, 065.78; only 44% of the total approved budget was executed between 2011 and 2021. Only the works budget has above 50% project execution, while Agriculture, Water, Health and Education were below 50% project execution.

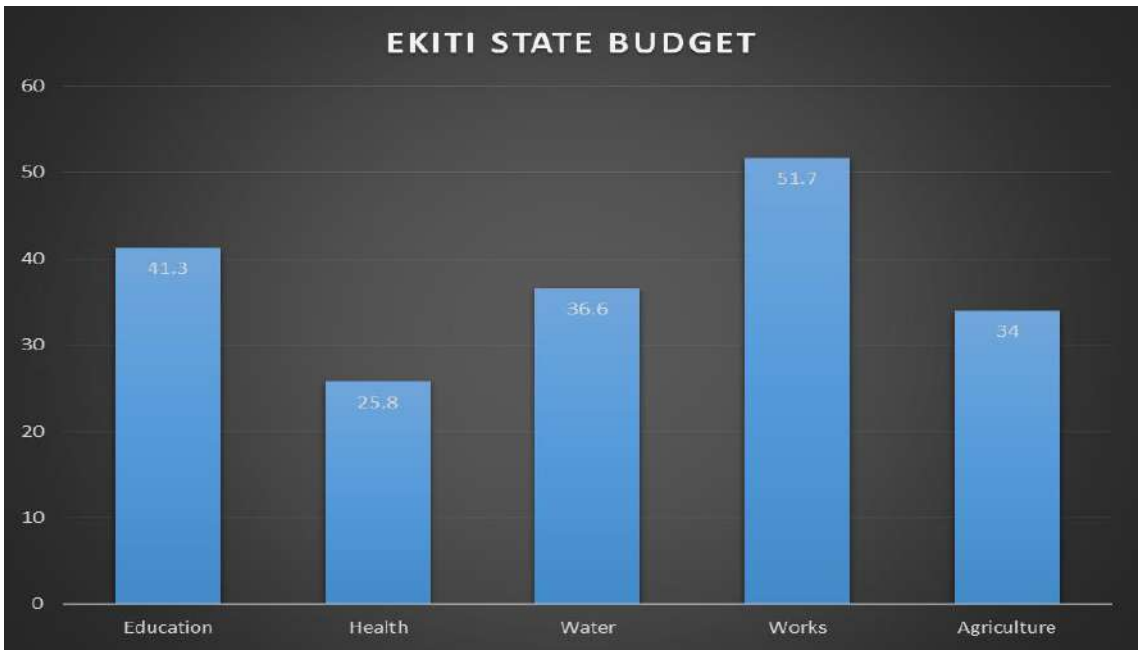


Fig 12: Bar chart showing Ekiti state budget.

Table 7: Annual Ekiti budget and actual expenditure

Years	Approved Budget	Actual Expenditure	% of Execution
2011	16, 190, 288, 531	4, 357, 420, 770	26.9
2012	32, 603, 071, 589	23, 096, 205, 668	70.8
2013	22, 101, 658, 518	0	0
2014	23, 857, 721, 562	12, 240, 289, 830	51.3
2015	13, 237, 940, 972	1, 560, 008, 265	11.8
2016	16, 296, 282, 284	9, 913, 072, 025	60.8
2017	24, 832, 297, 325	9, 989, 844, 365	40.2
2018	23, 316, 313, 947	20, 833, 672, 984	80.4
2019	27, 523, 247, 303	0	0
2020	30, 497, 453, 303	24, 134, 077, 344	79.2
2021	21, 541, 606, 712	18, 324, 242, 460	85.1
Total	251, 997, 882, 044	124, 448, 833, 710	49.4

Table 7 above shows the yearly capital project of Ekiti state. 2012, 2014, 2016, 2018, 2020 and 2021 budgets had above 50% project execution, while 2011, 2013, 2014, 2017, and 2019 were below 50% project execution. The highest capital project execution was in 2021. The low execution of the capital project has affected the socio-economic development of the populace in Ekiti State, such as high rate of unemployment in the state, poor education facilities and infrastructures, insufficient medical facilities that lead to an increase in mortality rate, poor salary scale, poor road network and insufficient funds for farmers' loan and implements.

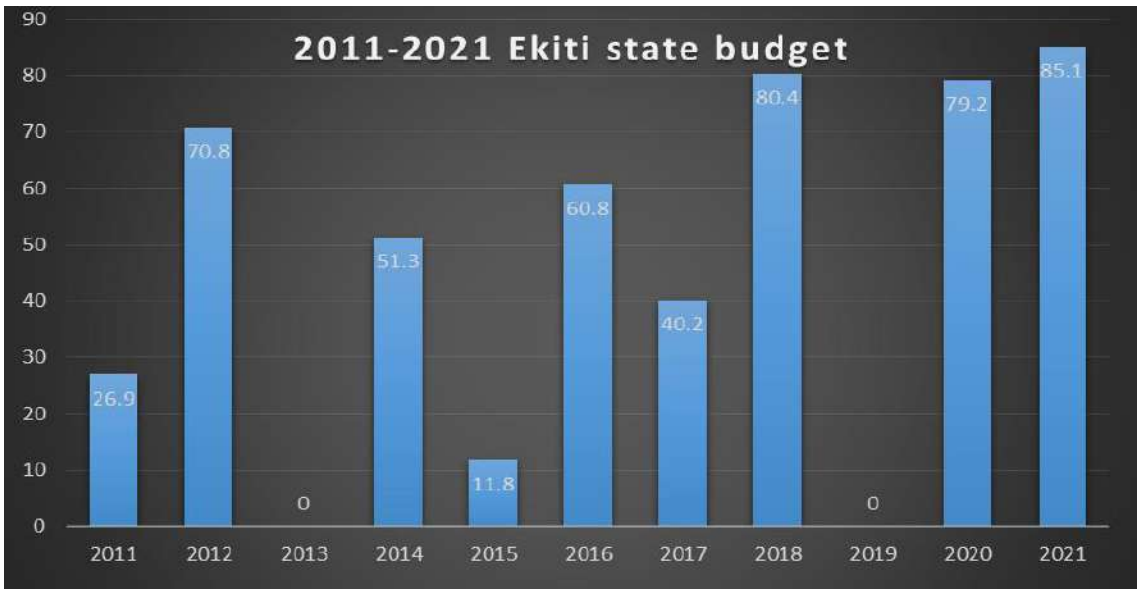


Fig 13: Bar chart showing the 2011-2021 Ekiti state budget.

4.4 Discussion of Findings

i. Budgeting for Capital and the Technology Sector

The capital budget's independent variable is the Technology Sector (TS-gls = 2.18 (0.023). In Nigeria, implementation has a 5% favourable and substantial impact. This indicates a 95% likelihood that boosting capital spending in the technology sector would considerably improve Nigeria's healthcare infrastructure. Accordingly, we should accept hypothesis 1. (H01: There is no significant relationship between capital budgeting and the frequency of the technology sector). This finding is consistent with earlier empirical findings that capital budgeting and the frequency of health facilities are significantly related.

ii. Capital Planning and the Housing Sector ii

An independent variable of the frequency of capital budget implementation in Nigeria, the housing sector (HS-gls = 14.99(0.000)), has a favourable and substantial impact at 1%. Therefore, hypothesis 2 (H02: There is no substantial association between the Capital Budgeting and Housing Sector in Nigeria) is rejected since, at a 99% confidence level, an increase in capital budgeting in the electricity sector would greatly expand the housing sector in Nigeria. This conclusion is consistent with earlier empirical findings that capital budgeting and electricity capacity are connected. Okpala and Olabisi (2013) [16] provided support for this claim.

iii. Capital Planning and the Road Sector

In Nigeria, the road sector is a separate variable affecting capital budgeting, and multicollinearity is a problem. The advanced program Stata simplifies eliminating any variables with the multicollinearity problem. Automatically, hypothesis H03 was found to be false, which claimed that there was no connection between Nigeria's capital budgeting implementation and the road sector. This finding is consistent with other empirical findings that indicate a considerable correlation between the road sector and capital budgeting implementation. The results, in particular, are consistent with earlier study findings indicating that the road sector is related to the execution of the capital budget.

5. Conclusion and Recommendations

5.1 Conclusion

The study assessed Nigeria's capital budget implementation and its power, road, and healthcare infrastructure growth. The analysis revealed that the implementation of capital budgeting significantly impacts the growth of the power sector, the road sector, and healthcare facilities.

We used multiple least squares (MLS) regression to derive the hypotheses for this study from the regression test. When the autocorrelation issue was resolved, we presented generalised least square (GLS) regression for the regression results. Additionally, the results of the bootstrapped regression, which samples our observation by 100, were shown. This suggests that only some of the capital budgeting factors considered in this analysis can fully account for the infrastructure development in Nigeria, the independent variable. The entire GLS regression model is statistically significant at 1%, as shown by the F-statistic value of 12.06 and its corresponding P-value of 0.000. The regression model is thus valid and suitable for statistical inference.

Implementing capital budgeting in Nigeria has a 5% positive and significant impact. This indicates a 95% likelihood that the technology sector would substantially contribute to the industry's growth in Nigeria.

5.2 Recommendations

The following suggestions are made based on the results of this research study and the fact that the explanatory factors for the Study were thought to be essential in attempts to raise the quality of life, halt the tide of insecurity, and increase production capacity: (i) The execution of capital budgets should be purposefully targeted by all levels of government toward the education, power, and technology sectors. Developing public-private partnerships (PPPs) and encouraging more joint venture project development between multinational corporations and local enterprises for infrastructure development should also receive significant attention because doing so will encourage the mobilisation of funds from foreign and private participants.

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