Public Financial Management and Rural Development in Akwa Ibom State, Nigeria: Evidence from 2008–2017

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Abstract

Public financial management is widely regarded as a key determinant of development outcomes in resource-dependent economies, yet the extent to which it translates into tangible rural development remains under-examined at the subnational level in Nigeria. This study investigates the relationship between public financial management and rural development in Akwa Ibom State between 2008 and 2017, focusing on whether the pace of rural development kept pace with the state's rising public budgets and expenditures. Anchored in John Rawls's Theory of Justice, the study adopted a historical/descriptive survey design, drawing a sample of 182 respondents from five public establishments in the state using proportional stratified random sampling. Data were collected through a structured questionnaire and analyzed using percentage tables and chi-square statistics. Findings show that the calculated chi-square value (9.75) was less than the critical value (21.03) at the 0.05 significance level, leading to the acceptance of the null hypothesis: the level of rural development recorded in Akwa Ibom State was not commensurate with the state's rising public expenditure over the period. The study attributes this gap primarily to the limited financial autonomy of local government councils under the State/Local Government Joint Account arrangement, which constrains the tier of government most directly responsible

for rural development. The study recommends genuine financial autonomy for local government councils, diversification of revenue sources, and stronger accountability mechanisms to ensure that public expenditure translates more effectively into rural development outcomes.

Keywords: public financial management, rural development, fiscal federalism, local government autonomy, Akwa Ibom State, distributive justice

1. Introduction

Public financial management (PFM) has emerged as a fundamental component of effective governance and sustainable development because it encompasses the institutions, policies, and processes through which governments mobilize, allocate, expend, and account for public resources. A well-functioning PFM system promotes fiscal discipline, allocative efficiency, operational effectiveness, transparency, and accountability, thereby enabling governments to deliver quality public services and achieve socio-economic development objectives (Allen et al., 2013; Andrews et al., 2014; PEFA Secretariat, 2020).

The quality of public financial management is particularly significant in developing economies, where public expenditure constitutes a major instrument for promoting economic growth, reducing poverty, and addressing spatial inequalities. Effective management of public finances ensures that scarce public resources are allocated to priority sectors such as education, healthcare, transportation, agriculture, water supply, and rural infrastructure, thereby improving citizens' welfare and advancing inclusive development (World Bank, 2017; OECD, 2023). Conversely, weaknesses in public financial management, including poor budget planning, inefficient expenditure management, weak accountability mechanisms, and inadequate financial oversight, often result in resource wastage, inefficient service delivery, and persistent developmental deficits (Allen et al., 2013; PEFA Secretariat, 2020).

Rural development represents one of the most important indicators for evaluating the effectiveness of public financial management because it reflects the extent to which government financial resources are translated into tangible improvements in the living conditions of rural populations. Beyond increasing agricultural productivity, contemporary rural development encompasses improvements in rural infrastructure, access to education and healthcare, potable water supply, employment opportunities, social inclusion, and overall quality of life (World Bank, 2023). Consequently, the effectiveness of public financial management can be assessed not merely by the volume of public expenditure but by the developmental outcomes generated through efficient, transparent, and accountable utilization of public resources.

Nigeria provides a compelling context for examining the nexus between public financial management and rural development. Although the country has generated substantial public revenues especially petroleum resources and successive governments have implemented numerous fiscal reforms aimed at strengthening public expenditure management, many rural communities continue to experience inadequate infrastructure, widespread poverty, limited access to essential public services, and increasing socio-economic disparities (International Monetary Fund [IMF], 2022; World Bank, 2022). These persistent challenges have intensified scholarly and policy debates regarding whether improvements in public financial management have translated into meaningful development outcomes, especially at the subnational level.

Akwa Ibom State presents an appropriate case for investigating this relationship. As one of Nigeria's major oil-producing states, it has consistently received significant statutory allocations from the Federation Account and has implemented various development programs intended to improve infrastructure and enhance rural livelihoods. Nevertheless, questions remain regarding the extent to which public financial management practices during the 2008–2017 period contributed to measurable rural development outcomes. Examining this relationship is therefore important for understanding how fiscal governance influences grassroots development and for informing policy reforms aimed at improving the effectiveness of public resource management in Nigeria.

This study seeks to answer the following question: to what extent has public financial management in Akwa Ibom State translated into measurable rural development outcomes between 2008 and 2017? Accordingly, the objective of this study is to examine the relationship between public financial management practices and rural development outcomes in Akwa Ibom State over the period, with particular attention to whether the pace of rural development achieved has been commensurate with the state's rising public budgets and expenditure. To guide this enquiry, the study formulates the following hypothesis, stated in the null form: the level of rural development in Akwa Ibom State is not commensurate with the rising volume of public budgets and expenditure between 2008 and 2017.

2. Literature Review

2.1 Conceptual Review

2.1.1 Public Financial Management

Public financial management is generally understood as the branch of public sector finance concerned with how government resources are sourced, allocated, and utilized to achieve stated developmental objectives (Nwaeze, 2009). It is closely tied to public finance, which examines how government raises and spends money, including the constitutional and statutory limits placed on taxation and expenditure. Scholars generally agree that the field revolves around three

core processes: financial planning (setting objectives and mapping out strategies to achieve them), financial decision-making (selecting the most viable course of action), and financial control (comparing actual performance against set standards and correcting deviations) (Nwaeze, 2009). At the institutional level, public finance is typically divided into four broad areas: public revenue, public expenditure, financial administration, and economic growth/stabilization, with the last of these being the point at which rural development most directly intersects with financial management (Rosen, 1999).

2.1.2 Rural Development

Rural development has attracted rich scholarly attention, partly because rural life across much of Nigeria continues to be associated with poverty and limited access to basic services (Ekong, 2013). Lele (1975) frames rural development around three elements: improving the living standards of low-income populations, ensuring mass participation of both the poor and the better-off in the development process, and building local capacity so that development outcomes are self-sustaining once government hands over infrastructure to communities. The World Bank (1980) similarly defines rural development as a set of strategies and policies aimed at improving the economic and social conditions of a specific population group, typically small-scale farmers, tenants, and the rural landless. Udoh (2017), writing on rural electrification in Mkpat Enin Local Government Area, argues that no urban center attained its present status without first passing through a rural stage, suggesting that the presence of basic amenities is what ultimately distinguishes development levels rather than any inherent rural-urban divide.

Two contrasting explanatory approaches recur in literature. The paternalistic approach treats rural dwellers as passive recipients of top-down government initiatives, incapable of independently driving their own development (Ekong, 2010; Nwankwo, 2013). The populist approach, by contrast, portrays rural people as active agents capable of transforming their own communities, with or without government support. Nwankwo (2013) critiques both positions as overly idealized, arguing that meaningful rural development instead depends on complementary linkages between local organizations and the broader plans of state and central government, since community-based bodies typically lack the resources and technical capacity to act alone.

2.2 Theoretical Framework

This study draws principally on John Rawls's (1971) Theory of Justice, particularly its treatment of distributive justice, which is understood as the socially just distribution of goods within a society. Rawls's framework unfolds in three movements: an individualistic perspective, which argues that a just system is one that would be chosen by people stripped of their social privileges

and treats all citizens equally regardless of status; an institutional perspective, which evaluates how well existing institutions live up to that standard; and a societal perspective, which considers the stabilizing effects a genuinely just system can have on social cohesion. Applied to Akwa Ibom State, the framework is useful for interrogating whether the distribution of public financial resources across rural and urban areas reflects the equity Rawls envisioned or whether rural communities have instead been structurally disadvantaged in that distribution.

This theoretical lens can usefully be read alongside more recent, locally grounded formulations from the same research tradition. Udoh's (2025) pawpaw/papaya and pineapple theories of resource distribution offer a complementary vocabulary for describing how government resources are shared across tiers: the pawpaw/papaya model represents an equal, uniformly "ripened" sharing pattern associated with fairness and justice, while the pineapple model represents a more uneven, "shrewd" pattern of distribution that favors certain levels of government over others. Read together with Rawls, these models help explain why statutory allocations to a resource-rich state like Akwa Ibom have not automatically translated into proportionate rural development outcomes.

2.3 Empirical Review

A growing body of empirical work situates this study within a wider pattern of public financial management scholarship in Nigeria. Udoh and Jonah (2024), examining foreign travel allowances (estacode) among Nigerian government officials between 2015 and 2023, found that weaknesses in existing financial regulations were a major reason public officials disproportionately benefited from foreign travel expenditure and recommended tighter regulatory review to curb such spending, a finding that reinforces the broader argument that weak financial control mechanisms divert resources away from developmental priorities such as rural infrastructure. In a related study on the Integrated Payroll and Personnel Information System (IPPIS) at the University of Uyo, Udoh (2025) found that while the government's original intention behind IPPIS was sound, its implementation generated significant strain on public sector workers, illustrating how well-intentioned public financial management reforms can produce unintended administrative and welfare costs. Coker and Adams (2012) similarly documented persistent challenges in local government finance management in Nigeria, while Okpo and Ndon (2017) provided an overview of expenditure management weaknesses within the Nigerian public sector more broadly. Collectively, these studies point to a recurring theme that the mechanics of public financial management in Nigeria (irrespective of the specific sector examined) are frequently characterized by structural and regulatory weaknesses that undermine the translation of public revenue into tangible developmental outcomes.

While a substantial body of research addresses public financial management and rural development as separate fields of inquiry, few studies examine the two concepts jointly at the subnational level, and fewer still focus specifically on Akwa Ibom State. Existing literature on Akwa Ibom tends to concentrate on discrete themes such as local government finance, rural electrification in specific local government areas, or ministry-level interventions, without directly interrogating whether public financial management practices between 2008 and 2017 produced measurable rural development outcomes across the state as a whole. This study addresses that gap by empirically examining the relationship between the two variables within the stated period.

3. Research Methodology

The study adopted a Historical/Descriptive Survey Design, combining documentary review of the 2008–2017 period with a structured field survey to gather respondents' assessments of how public financial management practices translated into rural development outcomes in Akwa Ibom State. The study population comprised residents of Akwa Ibom State, placed at 3,920,208 persons according to the 2006 National Population Commission (NPC) census. Given the impracticality of studying this entire population, a sample was drawn using Taro Yamane's formula:

$$n = N / [1 + N(e)^2]$$

where N = 3,920,208 and e = 0.07 (5% margin of error). This yielded a sample size of approximately 200 respondents.

A proportional stratified random sampling technique was used to select respondents from five strata of relevant public establishments in the state: the Ministry of Finance, Uyo; the Ministry of Rural Development, Uyo; the Ministry of Local Government and Chieftaincy Affairs, Uyo; the Local Government Service Commission, Uyo; and one Local Government Council selected from each of the state's three senatorial districts (Itu, Mkpat Enin, and Etim Ekpo). Of the 200 questionnaires administered, 182 were successfully retrieved and found usable, representing a 91% response rate (Table 1).

Table 1: Distribution of Sample Size

Establishment	Questionnaires Administered	Retrieved	%
Ministry of Finance, Uyo	32	31	17.03
Ministry of Rural Development, Uyo	38	27	14.84

Ministry of Local Govt. & Chieftaincy Affairs, Uyo	40	38	20.88
Local Government Service Commission, Uyo	40	29	15.93
One LGA per senatorial district (Itu, Mkpat Enin, Etim Ekpo)	60	57	31.32
Total	200	182	100

Data were collected using a self-developed instrument, the Public Financial Management and Rural Development Questionnaire (PFMRDQ), structured into four sections: Section A (demographic information), Section B (Public Financial Management), Section C (Rural Development), and Section D (Akwa Ibom State-specific items). Responses were measured on a five-point Likert scale (Strongly Agree, Agree, Undecided, Disagree, Strongly Disagree), scored 5 to 1, respectively. The instrument was subjected to face and content validation by academic supervisors and subject-matter experts, whose corrections and recommendations were incorporated into the final version to ensure the questionnaire adequately addressed the study's research questions and hypotheses.

Both primary and secondary data sources were used. Primary data were obtained through the personally administered questionnaire described above. Secondary data were drawn from textbooks, peer-reviewed journal articles, government publications, official reports, and other relevant scholarly and archival materials. Data were analyzed using simple percentage tables and chi-square (χ^2) statistical computations to test the study's null and alternate hypotheses, comparing observed and expected frequencies to determine whether variations in responses were statistically significant or attributable to chance.

6. Results

6.1 Demographic Characteristics of Respondents

Of the 200 questionnaires administered across the five sampled establishments, 182 were retrieved and found valid for analysis, representing a 91% response rate. Male respondents accounted for 98 (53.85%) of the sample, while female respondents accounted for 84 (46.15%). In terms of academic qualification, respondents holding a B.Sc/M.A./HND formed the largest group (58, 31.87%), followed by those with an M.Sc/MBA (47, 25.82%), reflecting the composition of Akwa Ibom State's civil service workforce, which is dominated by first- and second-degree holders.

6.2 Descriptive Results

Respondents were asked whether the level of rural development recorded in Akwa Ibom State between 2008 and 2017 was commensurate with the state's rising public budgets and expenditure over the same period. Table 2 presents the distribution of responses.

Table 2: Responses on Whether Rural Development was Commensurate with Government Budgets and Expenditure (2008–2017)

Response	Frequency	Percentage
Strongly Agree	46	25.27%
Agree	33	18.13%
Undecided	30	16.48%
Disagree	32	17.58%
Strongly Disagree	41	22.53%
Total	182	100%

From table 2 above, 73 respondents (40.11%) disagreed or strongly disagreed that rural development was commensurate with rising government spending, compared with 79 respondents (43.40%) who agreed or strongly agreed, and 30 (16.48%) who were undecided, indicating a fairly divided but slightly skewed perception among respondents.

Fig. 1: Typical Dilapidated Health Centres in Akwa Ibom State

6.3 Test of Hypothesis

The hypothesis was tested using the chi-square (χ^2) statistic, comparing observed and expected frequencies across the five sampled establishments and five response categories.

H_0: The level of rural development in Akwa Ibom State is not commensurate with the rising volume of public budgets and expenditure between 2008 and 2017.

The chi-square analysis produced a calculated value of $\chi^2 = 9.75$ against a critical (table) value of $\chi^2 = 21.03$ at 12 degrees of freedom and a 0.07 level of significance. Since the calculated value was less than the critical value, the null hypothesis was accepted and the alternate hypothesis rejected. This indicates that, statistically, the level of rural development recorded in Akwa Ibom State between 2008 and 2017 was not commensurate with the state's rising public budgets and expenditure over the period. See figure 2 below.

Fig. 2: Typical Deplorable Road Network in Akwa Ibom State

7. Discussion

The finding that the level of rural development in Akwa Ibom State was not commensurate with the state's rising public budgets and expenditure between 2008 and 2017 lends empirical weight to the concerns raised in the Introduction and Literature Review. Despite the state's substantial statutory allocations as a major oil-producing entity, respondents' perceptions (corroborated by the chi-square outcome) suggest that increased government spending did not translate

proportionately into visible improvements in rural infrastructure, services, or living standards over the period under review.

This outcome is consistent with the study's theoretical framework. Rawls's (1971) Theory of Justice holds that a genuinely just system distributes public goods equitably regardless of a population's status or location. The persistence of a gap between government expenditure and rural development outcomes suggests that resource distribution in Akwa Ibom State has not fully reflected this principle which states that rural communities appear to have received a disproportionately small share of the developmental benefits associated with the state's overall spending. Read alongside the Pawpaw/Papaya and Pineapple models of resource distribution (Udoh, 2025), the finding is also consistent with a "pineapple-style" pattern of distribution, in which resources are shared unevenly across tiers of government rather than uniformly, leaving rural local government areas comparatively under-resourced relative to state-level expenditure.

A plausible structural explanation for this gap lies in the State/Local Government Joint Account (JAAC) arrangement, which channels federation allocations to local government councils through the state rather than directly. Because rural development activities fall primarily within the statutory responsibility of local government councils, the absence of full financial autonomy for these councils limits their capacity to independently execute rural development projects, regardless of how much the state government spends overall. This is consistent with Adedeji's (1996) long-standing observation that local government performance in Nigeria is closely tied to the financial viability of the councils themselves and with Okafor's (2010) analysis of the constraints the joint account arrangement places on local government financial independence.

The finding also resonates with the broader empirical pattern identified in the Empirical Review. Just as Udoh and Jonah (2024) found that weak regulatory oversight allowed public officials to disproportionately benefit from foreign travel expenditure, and Udoh's (2025) IPPIS study found that a well-intentioned financial reform produced unintended strain rather than its stated benefits, the present finding suggests that increased public expenditure in Akwa Ibom State has not, by itself, been sufficient to guarantee proportionate developmental outcomes. Across all three studies, the recurring theme is that the volume of public spending is a poor proxy for the effectiveness of public financial management. What matters more is how resources are structurally channeled, controlled, and accounted for at the point of implementation.

These results support the view that rural under-development in Akwa Ibom State during the period reviewed was less a function of inadequate public revenue than of structural and institutional constraints, particularly the limited financial autonomy of local government

councils that prevented rising state expenditure from being converted into commensurate rural development outcomes.

8. Conclusion

This study set out to examine whether public financial management in Akwa Ibom State between 2008 and 2017 translated into measurable rural development outcomes, with particular focus on whether rural development kept pace with the state's rising public budgets and expenditures. The empirical evidence gathered from 182 respondents across relevant public establishments, tested through chi-square analysis, indicates that it did not: the level of rural development recorded over the period was not commensurate with the volume of government spending. This finding held even though Akwa Ibom State, as a major oil-producing state, received substantial statutory allocations throughout the period under review.

The evidence points to a structural rather than purely fiscal explanation. Rural development activities fall primarily within the responsibility of local government councils, yet the State/Local Government Joint Account arrangement leaves these councils financially dependent on the state rather than fiscally autonomous. Increased state-level expenditure, in this context, does not automatically or proportionately reach the rural communities it is intended to benefit. Read against Rawls's (1971) Theory of Justice, this points to a persistent gap between the equitable distribution of public resources the theory prescribes and the actual pattern of resource flow observed in the state. The study therefore concludes that closing this gap requires attention not simply to how much is spent, but to how financial authority and resources are structurally distributed between the state and its local government councils.

9. Policy Implications

Based on these findings, three policy directions are proposed:

First, state authorities should pursue genuine financial autonomy for local government councils, since rural development functions are constitutionally and practically tied to this tier of government. Without the capacity to independently receive, control, and deploy funds, councils cannot be expected to convert state-level expenditure into local development outcomes, regardless of how much is appropriated at the state level.

Second, both the state government and local government councils should be encouraged to diversify revenue generation beyond federation account allocations, including strengthening internally generated revenue (IGR) at the local government level to reduce the developmental vulnerability created by dependence on a single, centrally distributed revenue stream.

Third, stronger financial oversight and accountability mechanisms are needed at the point where public funds are converted into rural development projects to ensure that increases

in budgeted expenditure are matched by verifiable, on-the-ground improvements in rural infrastructure and services, rather than being absorbed elsewhere in the public financial system.

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