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Public Financial Management and Development Outcomes in Nigeria

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Abstract

Effective public financial management (PFM) is widely recognised as a critical mechanism through which public resources are translated into development outcomes, particularly in developing economies characterised by fiscal and institutional constraints. Anchored on an integrated theoretical framework drawing from Institutional Theory, Principal–Agent Theory, and Public Finance Theory, this study empirically examines the relationship between public financial management and development outcomes in Nigeria. Using a mixed-methods approach, the study combines survey data from public finance officials and service users with administrative data from government budget reports, audit statements, and official development indicators. Public financial management is operationalised through key dimensions: budget credibility, fiscal discipline, transparency, accountability, and expenditure control, while development outcomes are assessed using indicators of service delivery, infrastructure development, and social sector performance. Multivariate regression analysis, complemented by qualitative insights, reveals that improvements in PFM practices are significantly associated with better development outcomes, particularly in budget implementation effectiveness and service delivery. However, persistent institutional weaknesses, information asymmetries, and enforcement gaps continue to limit the full developmental impact of PFM reforms. The study concludes that strengthening institutional capacity, accountability mechanisms, and fiscal discipline is essential for improving development outcomes in Nigeria.

Keywords: *Public financial management, Development outcomes, Budget performance, Accountability*

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Background to the Study

Public financial management (PFM) is widely recognised as a critical mechanism through which governments translate policy priorities into tangible development outcomes. It encompasses the processes of budget formulation, execution, accounting, reporting, and oversight that shape how public resources are mobilised and utilised (Allen, Hemming, & Potter, 2013). In developing countries, weak PFM systems have often been associated with fiscal indiscipline, inefficient public spending, and poor service delivery, thereby undermining development efforts (World Bank, 2018).

In Nigeria, the relevance of effective public financial management is heightened by persistent development challenges such as inadequate infrastructure, weak social service provision, high poverty rates, and regional inequalities. Despite sustained growth in public expenditure over the past decades, improvements in development outcomes have remained uneven (National Bureau of Statistics [NBS], 2023). This paradox has drawn attention to the quality of financial management systems rather than the volume of public spending alone. Scholars argue that without strong PFM systems, increased public expenditure is unlikely to translate into improved development outcomes (Schick, 2014).

Nigeria's public financial management system operates within a complex federal structure and is heavily influenced by oil revenue volatility, political contestation, and institutional capacity constraints. Although several PFM reforms have been introduced, including budget process reforms, the Treasury Single Account, adoption of International Public Sector Accounting Standards (IPSAS), and digital financial platforms evidence of their effectiveness in improving development outcomes remains mixed (Oni & Oke, 2019; Adegite & Adekunle, 2021). Weak budget credibility, poor expenditure control, and limited accountability mechanisms continue to constrain service delivery at federal, state, and local government levels.

Empirical studies provide growing evidence of the link between PFM performance and development outcomes. For instance, Andrews (2015) finds that countries with stronger budget institutions tend to achieve better public service delivery outcomes. In the Nigerian context, Akinwale and Adekunle (2020) demonstrate that weak budget implementation negatively affects infrastructure development across states. Similarly, Ekeocha, Oduh, and Onyegiri (2018) show that fiscal indiscipline and poor expenditure control reduce the effectiveness of public spending in the health and education sectors. At the subnational level, studies by Udeh and Onwuka (2022) reveal that deficiencies in financial accountability mechanisms significantly undermine local government service delivery.

Exiting literature on Nigeria relies heavily on secondary macro-level data and focuses narrowly on fiscal aggregates, revenue generation, or budget allocations. There remains a relative dearth of empirical studies that integrate administrative data with survey-based evidence from public finance officials and service users to examine how PFM practices influence development outcomes in practice. This methodological gap limits understanding of the institutional dynamics and operational challenges that shape PFM performance.

This study addresses this gap by empirically examining the relationship between public financial management and development outcomes in Nigeria using a mixed-methods approach that combines survey data and administrative records. By focusing on key dimensions of PFM, such as budget credibility, fiscal discipline, transparency, accountability, and expenditure control, the study provides a more nuanced assessment of how financial management practices affect service delivery, infrastructure development, and social sector outcomes. In doing so, it contributes to the growing empirical literature on PFM and development and offers policy-relevant insights for strengthening Nigeria's public financial management system.

Objectives of the Study

The general objective of this study is to examine the relationship between public financial management and development outcomes in Nigeria.

The specific objectives are to:

1. Assess the level of public financial management performance in Nigeria across key dimensions such as budget credibility, fiscal discipline, transparency, accountability, and expenditure control;
2. Examine the effect of public financial management practices on service delivery outcomes in Nigeria;
3. Analyse the relationship between public financial management and infrastructure development outcomes;
4. Evaluate the influence of public financial management on social sector outcomes, particularly in health and education; and
5. Identify institutional and operational challenges affecting the effectiveness of public financial management in Nigeria.

Research Questions

The study is guided by the following research questions:

1. What is the level of public financial management performance in Nigeria across key dimensions such as budget credibility, fiscal discipline, transparency, accountability, and expenditure control?
2. To what extent does public financial management influence development outcomes in Nigeria?
3. How do specific dimensions of public financial management affect service delivery outcomes in Nigeria?
4. What is the relationship between public financial management practices and infrastructure development in Nigeria?
5. What institutional and operational factors constrain the effectiveness of public financial management in achieving development outcomes in Nigeria?

Research Hypotheses

To empirically test the relationship between public financial management and development outcomes, the study formulates the following null hypotheses:

1. H_{01}: Public financial management performance has no significant effect on development outcomes in Nigeria.

2. H_{02}: Budget credibility has no significant relationship with service delivery outcomes in Nigeria.
3. H_{03}: Fiscal discipline has no significant effect on infrastructure development outcomes in Nigeria.
4. H_{04}: Transparency and accountability in public financial management do not significantly influence social sector outcomes in Nigeria.
5. H_{05}: Expenditure control mechanisms have no significant effect on development outcomes in Nigeria.

Theoretical Framework

This study is anchored on an integrated theoretical framework drawing primarily from Institutional Theory, Principal–Agent Theory, and Public Finance Theory. Together, these theories provide a robust explanatory lens for understanding how public financial management (PFM) systems influence development outcomes in Nigeria.

1. **Institutional Theory**

Institutional theory posits that the performance of public sector organisations is largely shaped by the rules, norms, structures, and enforcement mechanisms within which they operate (North, 1990; Scott, 2014). From this perspective, PFM systems are formal institutions that structure how public resources are planned, allocated, and utilised. In the context of this study, institutional theory explains how budget credibility, fiscal discipline, transparency, accountability, and expenditure control function as institutional arrangements that shape public sector behaviour. Strong institutions promote compliance with budget rules, limit discretionary spending, and enforce sanctions for misuse of funds, thereby improving development outcomes. Conversely, weak institutions, characterised by poor enforcement, political interference, and limited capacity, undermine PFM effectiveness and weaken the link between public spending and development.

In Nigeria, institutional weaknesses such as weak oversight, fragmented authority across tiers of government, and inconsistent enforcement of financial regulations help explain persistent gaps between public expenditure levels and observed development outcomes.

2. **Principal–Agent Theory**

Principal–Agent Theory provides a critical explanation for accountability challenges in public financial management. The theory conceptualises the relationship between citizens (principals) and public officials (agents), highlighting problems of information asymmetry, moral hazard, and weak monitoring (Jensen & Meckling, 1976; Lane, 2000). Within PFM systems, public officials are entrusted with managing public resources on behalf of citizens. However, when transparency is limited and accountability mechanisms are weak, agents may pursue personal or political interests rather than public welfare. This theory directly explains the importance of transparency and accountability as key variables in the study. Transparent budget processes and credible financial reporting reduce information asymmetrical, while accountability mechanisms, such as audits and legislative oversight, constrain opportunistic behaviour.

In Nigeria, empirical evidence shows that weak accountability structures and limited transparency enable misallocation and diversion of public funds, thereby reducing the effectiveness of spending on service delivery, infrastructure, and social sectors.

3. Public Finance Theory

Public finance theory focuses on the role of government in resource allocation, income redistribution, and economic stabilisation (Musgrave & Musgrave, 1989). Central to this theory is the assumption that public expenditure, when efficiently managed, should lead to improved welfare and development outcomes. PFM serves as the operational mechanism through which public finance objectives are realised. Variables such as budget credibility and fiscal discipline are essential for ensuring that public expenditure aligns with policy priorities and macroeconomic constraints. Poor budget credibility disrupts planning and service delivery, while weak fiscal discipline leads to deficits, debt accumulation, and reduced capital investment.

In the Nigerian context, oil revenue volatility and weak fiscal discipline have historically constrained infrastructure development and social sector spending, highlighting the relevance of public finance theory in explaining observed development outcomes.

These theories explain the full set of variables examined in the study:

1. Budget Credibility and Fiscal Discipline are explained by public finance theory and institutional theory, as they reflect the effectiveness of fiscal rules and expenditure frameworks.
2. Transparency and Accountability are primarily explained by principal–agent theory, which highlights the need to reduce information asymmetry and enforce monitoring.
3. Expenditure Control reflects institutional capacity and enforcement strength, central to institutional theory.
4. Development Outcomes (service delivery, infrastructure development, and social sector outcomes) represent the welfare effects predicted by public finance theory when resources are efficiently managed.

The framework therefore conceptualises PFM as the transmission mechanism through which public financial resources are converted into development outcomes. Where institutions are strong, accountability is enforced, and fiscal discipline is maintained, public spending is more likely to translate into improved socio-economic outcomes. Where these conditions are weak, as observed in parts of Nigeria, the developmental impact of public expenditure is diminished.

Conceptual Framework

Figure 1: Conceptual Framework Linking Public Financial Management and Development Outcomes in Nigeria

PUBLIC FINANCIAL MANAGEMENT
(Independent Variables)

Budget Credibility
Fiscal Discipline
Transparency
Accountability
Expenditure Control

▼

MEDIATING MECHANISMS

Efficient Resource Allocation
Improved Budget Implementation
Reduced Leakages and Waste
Stronger Oversight and Compliance

▼

DEVELOPMENT OUTCOMES
(Dependent Variables)

Service Delivery Outcomes
Infrastructure Development Outcomes
Social Sector Outcomes
(Health and Education)

Moderating Factors (Influence All Links)
Institutional Capacity
Political Commitment
Enforcement of Fiscal Rules
Quality of Public Sector Personnel
Intergovernmental Fiscal Relations

Figure 1 illustrates the conceptual framework of the study, showing the relationship between public financial management practices and development outcomes in Nigeria. The framework posits improvements in key PFM dimensions; budget credibility, fiscal discipline, transparency, accountability, and expenditure control, enhance development outcomes through mediating mechanisms such as efficient resource allocation, improved budget implementation, and reduced fiscal leakages. The strength of these relationships is conditioned by institutional and political factors, including enforcement capacity and intergovernmental fiscal coordination.

Public Financial Management and Development Outcomes in Nigeria: Conceptual Issues

Public finance refers to the system through which government raises, allocates, and utilises financial resources to perform its functions and pursue socio-economic development objectives. It broadly encompasses public revenue mobilisation (including taxation, fees, grants, and borrowing), public expenditure, public debt management, and fiscal policy decisions aimed at economic stabilisation, income redistribution, and efficient resource allocation (Musgrave & Musgrave, 1989; Rosen & Gayer, 2014). Fundamentally, public finance addresses the question of what financial resources the government controls and how these resources are intended to be used to meet collective needs.

Public Financial Management (PFM) focuses on how public finance is managed in practice. It refers to the set of laws, institutions, rules, procedures, and systems through which public resources are mobilised, allocated, spent, recorded, and accounted for to achieve national development objectives (Allen, Hemming, & Potter, 2013). PFM operationalises public finance by translating fiscal policy intentions into concrete budgetary and spending actions. It covers the entire budget cycle, including budget formulation, approval, execution, accounting, reporting, and auditing, and is guided by core principles such as budget credibility, fiscal discipline, transparency, accountability, and expenditure control (Schick, 2014; OECD, 2015).

The relationship between public finance and PFM is therefore complementary and sequential. While public finance defines the fiscal choices and policy priorities of government, such as how much tax, spend, or borrow—PFM determines the effectiveness and efficiency with which these choices are implemented. Empirical literature shows that countries may mobilise substantial public revenues yet fail to achieve development outcomes due to weak PFM systems characterised by poor budget execution, leakages, and limited accountability (World Bank, 2018; IMF, 2019). Conversely, strong PFM systems enhance allocative efficiency, reduce waste, and improve service delivery by ensuring that public financial resources are used in line with approved priorities (Schick, 2014).

Effective PFM systems are widely conceptualised as critical transmission mechanisms linking public finance to development outcomes. By strengthening budget credibility, enforcing fiscal discipline, enhancing transparency and accountability, and improving expenditure control, PFM ensures that public financial resources are converted into public goods, improved service delivery, and sustainable socio-economic development (Allen et al., 2013; OECD, 2015; World Bank, 2020).

The relationship between PFM and development outcomes is grounded in institutional economics and public sector performance theories. Institutional economics emphasises the role of formal systems and rules in shaping economic behaviour and outcomes (North, 1990). From this perspective, PFM institutions serve as mechanisms that structure incentives for policymakers and public officials to use resources effectively and responsibly. Effective PFM systems reduce information asymmetry, transaction costs, and rent-seeking behaviours, thereby enhancing the alignment between public spending and developmental goals.

Complementing this, public performance theories posit that well-functioning public financial systems contribute to improved service delivery, infrastructure development, and social welfare. These frameworks highlight that fiscal policies, budgetary processes, and enforcement mechanisms directly influence the efficiency, equity, and accountability of government spending (World Bank, 2018). Poorly managed public finances, by contrast, can lead to resource misallocations, fiscal imbalances, and weak service delivery, undermining development gains.

Key Concepts in Public Financial Management

Budget Credibility

Budget credibility reflects the extent to which governments adhere to approved budgets during implementation. A credible budget ensures that resources are available and disbursed as planned, supporting the achievement of policy objectives. Without budget credibility, planned programmes may be underfunded or abandoned, leading to suboptimal development outcomes.

Fiscal Discipline

Fiscal discipline refers to adherence to fiscal rules designed to keep government spending within sustainable limits. It promotes economic stability by preventing excessive deficits and debt accumulation. Discipline in public finances is essential for predictable funding of development priorities, especially infrastructure and social sector programmes.

Transparency

Transparency in PFM means that information on budgeting and public expenditures is open, accessible, and timely. Transparency reduces opportunities for corruption and enhances citizens' capacity to monitor government performance. It also strengthens trust in public institutions, which is necessary for sustained social and economic development.

Accountability

Accountability involves mechanisms through which public officials are held responsible for their financial decisions and performance. This includes legislative oversight, audit functions, and public reporting. Accountability ensures that deviations from planned expenditure or misuse of funds are detected and sanctioned, promoting efficient public service delivery.

Expenditure Control

Expenditure control involves systems and procedures that regulate how public funds are spent, preventing unauthorised or wasteful expenditures. Strong controls ensure that funds reach intended sectors and programmes, thereby improving the impact of public spending on development.

Development Outcomes

Development outcomes refer to measurable improvements in socio-economic indicators such as service delivery (healthcare, education), infrastructure access, poverty reduction, and human development indices. Conceptually, effective PFM enhances development outcomes by ensuring that public resources are allocated to priority sectors, utilised efficiently, and accounted for transparently. For instance, when budgets are credible and executed as planned, service delivery agencies receive predictable funding, enabling them to deliver essential services like healthcare and education more effectively. Similarly, disciplined fiscal practices ensure sustainable financing for infrastructure projects, reducing the likelihood of cost overruns or project abandonment.

Public Financial Management in the Nigerian Context

Public Financial Management (PFM) in Nigeria has undergone a long and uneven historical evolution, shaped by colonial administrative traditions, post-independence fiscal expansion, prolonged military rule, and more recent reform-driven democratic governance. Understanding this historical trajectory is essential for appreciating the persistent structural and institutional weaknesses that continue to affect development outcomes.

Historical Evolution of PFM in Nigeria

Nigeria's PFM system originated from the colonial financial administration, which prioritised revenue collection and expenditure control to support colonial governance rather than socio-economic development. Budgeting and accounting practices were compliance-oriented, with limited emphasis on efficiency, performance, or accountability. At independence in 1960, Nigeria largely retained this inherited system, adapting it to a federal structure without fundamentally transforming its institutional foundations.

During the oil boom era of the 1970s, rapid growth in public revenues led to expansionary fiscal behaviour and weakened expenditure controls. Empirical accounts show that oil rents reduced incentives for prudent financial management, resulting in poor budget discipline, rising recurrent expenditure, and limited monitoring of capital projects (Ogujiuba & Ehigiamusoe, 2018). This period entrenched soft budget constraints, a problem that continues to undermine budget credibility in contemporary Nigeria.

The military era (1980s–1999) further eroded PFM institutions. Budgetary processes were highly centralised and opaque, with minimal legislative oversight and weak audit enforcement. Empirical studies indicate widespread use of extra-budgetary spending and discretionary financial practices, leading to low transparency, weak accountability, and ineffective expenditure control (Akindele & Olaopa, 2020). Although fiscal adjustment measures were introduced under structural adjustment programmes, they focused more on macroeconomic stabilisation than on strengthening PFM institutions.

PFM Reforms in the Democratic Era

With the return to democracy in 1999, Nigeria embarked on comprehensive PFM reforms aimed at improving fiscal discipline, transparency, and development effectiveness. Key reforms include the Fiscal Responsibility Act and Public Procurement Act (both 2007), the Treasury Single Account (TSA), Integrated Personnel and Payroll Information System (IPPIS), and adoption of International Public Sector Accounting Standards (IPSAS). These reforms sought to address systemic leakages, fragmented cash management, payroll fraud, and weak financial reporting, with strong support from development partners such as the World Bank and the International Monetary Fund. Let's examine some of the reforms in detail, stressing their objectives, achievements and challenges.

1. **Treasury Single Account (TSA) – Implemented in 2015**

The Treasury Single Account (TSA) was fully implemented at the federal level in 2015 with the primary objective of consolidating all government revenues into a single account maintained at the Central Bank of Nigeria. The reform aimed to enhance cash management efficiency, eliminate revenue leakages, reduce idle balances in commercial banks, and strengthen fiscal control and transparency.

Achievements:

Empirical studies show that the TSA significantly improved government liquidity management and reduced opportunities for misappropriation of public funds. It curtailed the practice of Ministries, Departments and Agencies (MDAs) operating multiple accounts, thereby improving revenue remittance and budgetary control (Ekeocha & Onyema, 2020). Evidence from federal MDAs indicates improved predictability of cash flows and reduced borrowing costs (Yusuf, 2021). The World Bank (2018) reports that TSA strengthened expenditure discipline and reduced fiscal opacity.

Weaknesses:

Despite its gains, the TSA has been criticised for centralising cash management excessively, leading to payment delays for MDAs and contractors. Empirical evidence suggests that weak ICT infrastructure and capacity constraints limit its effectiveness at subnational levels (Akindele & Olaopa, 2020). Some agencies also experience operational rigidity, which affects service delivery.

2. **Integrated Personnel and Payroll Information System (IPPIS) – Introduced in 2007, Expanded Post-2011**

IPPIS was introduced in 2007 and expanded significantly from 2011 onwards to improve personnel cost management, eliminate ghost workers, and enhance transparency in public sector payroll administration. The reform aimed to create a centralised payroll database for federal public servants.

Achievements:

Empirical studies confirm that IPPIS led to substantial savings by eliminating ghost workers and reducing payroll fraud. Olaoye and Afolayan (2019) report improved accuracy in personnel records and reductions in recurrent expenditure. According to the International Monetary Fund (2019), IPPIS strengthened fiscal discipline by curbing unchecked wage bill growth.

Weaknesses:
However, IPPIS has faced resistance from certain professional groups, particularly in the university system, due to its limited flexibility in capturing peculiar employment conditions. Empirical evidence shows that implementation challenges, data integrity issues, and institutional resistance undermine its full effectiveness (Akinwale, 2020).

3. **International Public Sector Accounting Standards (IPSAS) – Adopted in 2014**

Nigeria adopted IPSAS in 2014 to improve financial reporting quality, enhance transparency, promote comparability of public sector accounts, and strengthen accountability in public finance management. The reform sought to shift public sector accounting from cash-based to accrual-based standards.

Achievements:
Empirical studies indicate that IPSAS adoption improved the credibility and comprehensiveness of government financial statements. Okoye and Ezejiofor (2021) find that IPSAS enhanced legislative and audit oversight by providing clearer financial information. The World Bank (2020) notes that IPSAS supports better fiscal decision-making and public trust in financial reporting.

Weaknesses:
Despite these gains, IPSAS implementation remains partial and uneven, particularly at state and local government levels. Capacity gaps, high implementation costs, and weak enforcement mechanisms limit its impact. Studies show that improved reporting has not always translated into stronger accountability due to weak sanctions and follow-up on audit findings (Adhikari & Garseth-Nesbakk, 2016).

4. **Fiscal Responsibility Act (FRA) – Enacted in 2007**

The Fiscal Responsibility Act of 2007 aimed to institutionalise fiscal discipline, prudent borrowing, and sustainable debt management. It sought to promote macroeconomic stability through rules-based fiscal management.

Achievements:
Empirical evidence suggests that the FRA improved fiscal transparency and debt reporting at the federal level, especially during the early years of implementation (IMF, 2019). It contributed to better medium-term fiscal planning and borrowing controls.

Weaknesses:
However, weak enforcement and limited compliance by subnational governments have constrained its effectiveness. Studies show that political pressures often override fiscal rules, resulting in continued deficits and rising public debt (Ogujiuba & Ehigiamusoe, 2018).

Empirical evidence shows that the TSA has improved cash management efficiency and fiscal control, particularly at the federal level, by consolidating government revenues and reducing idle balances (Ekeocha & Onyema, 2020; Yusuf, 2021). Similarly, IPPIS has contributed to reducing ghost workers and improving personnel expenditure management (Olaoye & Afolayan, 2019). However, studies also emphasise that reform outcomes have been uneven across levels of government, with subnational governments facing capacity gaps, political resistance, and weak enforcement mechanisms (World Bank, 2020). Nigeria's PFM reforms have strengthened formal controls, transparency, and reporting systems, but institutional capacity limitations, political interference, and uneven implementation continue to undermine their developmental impact. Empirical literature consistently shows that reforms yield better outcomes where enforcement is strong and institutional incentives align with accountability objectives.

Key PFM Issues in Nigeria

Despite reform efforts, several core PFM challenges persist:

1. Budget Credibility: Persistent gaps between approved budgets and actual expenditure remain a major issue. Over-optimistic revenue projections, largely driven by oil price volatility, lead to mid-year budget revisions and poor budget execution. Empirical studies show that low budget credibility undermines project completion and service delivery (IMF, 2019).

2. Fiscal Discipline: Nigeria continues to struggle with weak expenditure discipline due to supplementary budgets, extra-budgetary spending, and political interference in budget execution. These practices reduce predictability in public spending and weaken fiscal sustainability.

3. Transparency: Although IPSAS adoption has improved financial reporting standards, access to timely and comprehensive budget information remains limited. Empirical research indicates that transparency improvements have not been matched by effective citizen engagement or oversight (Okoye & Ezejiofor, 2021).

4. Accountability: Oversight institutions, including legislatures and audit bodies, face capacity and independence constraints. Weak enforcement of audit findings and limited sanctions for financial misconduct continue to undermine accountability (Akinwale, 2020).

5. Expenditure Control: Procurement-related leakages, delayed cash releases, and weak commitment controls persist, reducing value for money in public spending. Empirical evidence links weak expenditure control to poor infrastructure quality and cost overruns (World Bank, 2020).

Implications of PFM reforms for Development Outcomes

The empirical literature consistently affirms that strong Public Financial Management (PFM) systems are a necessary condition for translating public resources into tangible development outcomes. In the Nigerian context, evidence shows that states and sectors with relatively stronger fiscal discipline, transparency, accountability, and expenditure control record superior performance in service delivery, infrastructure development, and social sector outcomes, particularly in health and education (Uzochukwu et al., 2019; Onyekpere, 2022).

1. Improved budget credibility has direct developmental implications. When approved budgets are realistic and closely aligned with actual execution, capital projects are more likely to be completed on schedule and within cost. Empirical studies demonstrate that persistent deviations between planned and actual expenditures in Nigeria undermine infrastructure delivery, disrupt service provision, and weaken public trust in government spending. Conversely, credible budgets enhance planning certainty and improve the efficiency of development spending.

2. Fiscal discipline strengthens macroeconomic stability and allocative efficiency. Strong commitment controls and adherence to fiscal rules reduce wasteful spending, contain deficits, and ensure that resources are channelled to priority sectors. Empirical evidence indicates that Nigerian states with tighter expenditure controls and lower levels of extra-budgetary spending achieve better infrastructure outcomes and more predictable social service delivery (Uzochukwu et al., 2019).

3. Transparency and accountability play a critical mediating role between public spending and development outcomes. Open budget processes, timely financial reporting, and effective audit systems enhance legislative oversight and citizen engagement. Studies show that increased transparency reduces corruption risks and improves value for money in public projects, particularly in procurement-intensive sectors such as roads, health facilities, and schools (Onyekpere, 2022). Where accountability institutions are weak, however, increased spending does not necessarily translate into improved outcomes.

4. Effective expenditure control directly affects the quality of development outputs. Weak procurement systems, delayed cash releases, and poor monitoring mechanisms lead to cost overruns, abandoned projects, and substandard infrastructure. Empirical findings in Nigeria link weak expenditure control to poor infrastructure quality and uneven service delivery across regions, reinforcing spatial inequalities in development outcomes.

The evidence highlights that weaknesses in any core PFM dimension, poor budget credibility, weak fiscal discipline, limited transparency, fragile accountability, or ineffective expenditure control can erode the developmental impact of public expenditure, regardless of the volume of resources allocated. This explains why increased government spending in Nigeria has not always produced commensurate improvements in welfare indicators. Nigeria's PFM system reflects a gradual transition from control-oriented financial administration to reform-driven, performance-focused management, supported by initiatives such as the TSA, IPPIS, and IPSAS. However, persistent implementation gaps, political interference, and institutional capacity constraints continue to limit the developmental returns of these reforms. The implication is clear: technical PFM reforms alone are insufficient. Sustainable development outcomes require strong political commitment, capable institutions, robust enforcement mechanisms, and effective oversight to ensure that public financial management reforms translate into inclusive and long-term socio-economic development.

Public Financial Management and Development Outcomes in Nigeria: Empirical Assessment of Key Variables

Public Financial Management Performance and Development Outcomes in Nigeria

Empirical research consistently demonstrates that the overall quality of Public Financial Management (PFM) systems is a strong predictor of development performance. Using Public Expenditure and Financial Accountability (PEFA) indicators across Nigerian states, Uzochukwu *et al.* (2019) show that states with stronger PFM institutional frameworks—characterised by credible budgets, effective controls, and transparent reporting—achieve higher indices of service provision and human development than those with weaker PFM systems. Their analysis indicates that the composite PFM performance score explains significant variation in health access and educational attainment across Nigerian subnational units.

Similarly, a cross-sector study by Onyekpere (2022) finds that improvements in PFM dimensions such as fiscal discipline and accountability are significantly associated with increased capital project completion rates and improved service delivery metrics (e.g., immunisation coverage and school completion rates). The study's regression results suggest that a unit improvement in PFM performance is associated with measurable increases in basic service indices, after controlling for fiscal capacity and demographic factors.

These findings align with broader international evidence linking high-quality PFM with better development outcomes: countries with stronger budget systems demonstrate better public service delivery and welfare indicators (Andrews, 2015; World Bank, 2018). In Nigeria, the evidence particularly underscores the *multiplier effect* of PFM: when individual elements such as credibility, discipline, transparency, and accountability are synchronised, the cumulative impact on development indicators is markedly stronger.

Budget Credibility and Service Delivery Outcomes in Nigeria

Budget credibility refers to the extent to which an adopted budget is implemented as planned. In Nigeria, several empirical studies highlight that budget credibility remains weak, with actual expenditures frequently diverging from approved budgets due to over-optimistic oil revenue forecasts, frequent supplementary budgets, and ad hoc reallocations.

Ogujiuba and Ehigiamusoe (2018) analyse budget performance data from 2005–2015 and find that *actual capital expenditures average only 60–70% of planned allocations* in many states. This shortfall has direct consequences for service delivery: states with lower budget credibility scores exhibit poorer outcomes in health, education, and water services, as funds intended for these sectors are not fully released or are redirected late in the fiscal year.

On the federal level, Emodi and Bamgboye (2019) find that deviations between planned and actual expenditures in the health and education budgets correlate negatively with key service indicators such as primary school pupil-teacher ratios and hospital bed availability. Their panel regression analysis shows that a 10% improvement in budget credibility corresponds to a statistically significant increase in service delivery performance indices.

These findings are consistent with international research: credible budgets provide predictability for service managers, enabling better planning, staffing, and procurement, which in turn supports consistent service delivery (Schick, 2014; OECD, 2015). Weak credibility, conversely, disrupts frontline operations when funds are delayed or withheld.

Fiscal Discipline and Infrastructure Development Outcomes in Nigeria

Fiscal discipline: adherence to fiscal rules and limits on deficits and debt—plays a crucial role in ensuring long-term investment in infrastructure. Nigeria's fiscal landscape is heavily influenced by oil price volatility, leading to recurrent budget deficits and delays in infrastructure financing. Empirical work by Ogujiuba and Ehigiamusoe (2018) finds that states exhibiting stronger fiscal discipline (measured by lower recurrent expenditure shares and prudent debt profiles) also achieve higher infrastructure development indices, including road quality, electrification rates, and water infrastructure coverage. Their analysis employs panel data models that control state revenue capacities and population densities, providing robust evidence of the positive link between discipline and infrastructure performance.

At the federal level, Akinwale and Adekunle (2020) show that fiscal indiscipline—manifested through extra-budgetary spending and recurrent overshooting of wage bills—reduces the funds available for capital projects. Their regression results indicate that projects financed within disciplined fiscal environments have *higher completion rates* and *lower incidence of abandonment* compared to those initiated during periods of fiscal laxity. These empirical insights mirror global findings that disciplined expenditure frameworks improve the efficiency of public investment, lower project costs, and increase the probability of timely completion (Dabla-Norris *et al.*, 2012; World Bank, 2020).

Transparency and Accountability in Public Financial Management and Social Sector Outcomes in Nigeria

Transparency and accountability are essential for ensuring that public funds intended for social sectors such as health and education are utilised effectively. Empirical evidence from Nigeria points to mixed progress and significant challenges. A study by Okoye and Ezejiofor (2021) utilising IPSAS-based financial reports for federal and state entities finds that improvements in transparent financial reporting are associated with better education enrolment rates and higher vaccination coverage in states that publish timely and comprehensive budget documents. Their analysis uses a difference-in-differences framework, comparing outcomes before and after improvements in reporting practices.

However, other studies indicate that transparency gains have not always translated into stronger accountability. Akinwale (2020) finds that while public disclosure of budget information has increased in some states, weak follow-up by legislatures and audit institutions results in limited sanctions for financial irregularities, particularly in procurement. This limits the developmental impact of transparency improvements.

Empirical work by Udeh and Onwuka (2022) further highlights that accountability deficits at the local government level are associated with poorer performance in primary health coverage and basic education, suggesting that strengthened oversight mechanisms, not just transparency, are needed to improve social sector outcomes. These findings align with global evidence showing that transparency facilitates citizen engagement and reduces corruption (Mungiu-Pippidi, 2015), but that accountability institutions, parliaments, auditors, and civil society—are key to converting transparency into improved social outcomes.

Expenditure Control Mechanisms and Development Outcomes in Nigeria

Expenditure control mechanisms, such as commitment controls, procurement oversight, and internal audit systems, are intended to minimise waste, leakage, and inefficiency in public spending. Empirical research in Nigeria demonstrates that weak expenditure controls significantly undermine development outcomes. For example, Akinwale (2020) documents that states with stronger procurement controls, such as competitive bidding and e-procurement systems—tend to have better road quality scores and higher completion rates for public buildings. His quantitative analysis shows that states with systematic controls have statistically lower incidences of project cost escalations and delays.

Similarly, Onyekpere (2022) finds that local governments with functional internal audit systems and regular audit committee reviews exhibit better service delivery indicators, particularly in water and sanitation. The study's econometric models show that expenditure control variables significantly predict outcomes even after controlling for revenue capacity and demographic variables. By contrast, regions where procurement systems are weak and informal payment practices persist exhibit poor value for money in infrastructure and lower service quality, corroborating broader empirical evidence that expenditure controls are critical for effective public investment and service provision (Allen *et al.*, 2013; World Bank, 2020).

Table 1: Summary of Key Variables and Empirical Expectations

Variable	**Conceptual Description**	**Common Empirical Measures / Indicators**	**Expected Effect on Development Outcomes**	**Key Empirical Insights from Nigeria**
Public Financial Management (PFM) Performance	Overall effectiveness of systems for planning, allocating, executing, and reporting public funds	Composite PFM or PEFA index; survey-based PFM performance scores	Positive	Strong PFM performance is associated with improved service delivery, infrastructure quality, and social outcomes across Nigerian states
Budget Credibility	Extend to which approved budgets are implemented as planned	Ratio of actual to approved expenditure; variance between budgeted and actual spending	Positive	Low budget credibility leads to project delays and weak service delivery; higher credibility improves predictability and service outcomes
Fiscal Discipline	Ability to maintain sustainable expenditure, deficits, and debt levels	Recurrent–capital expenditure ratio; deficit-to-GDP ratio; debt sustainability indicators	Positive	Strong fiscal discipline improves capital investment and reduces project abandonment
Transparency	Openness and accessibility of budgetary and financial information	Timeliness of budget publication; IPSAS compliance; fiscal transparency indices	Positive	Greater transparency reduces leakages and improves health and education outcomes when oversight is effective
Accountability	Effectiveness of oversight institutions in enforcing rules and sanctions	Audit reports acted upon; legislative oversight scores; anti-corruption enforcement indicators	Positive	Weak accountability undermines the impact of transparency and spending on social services
Expenditure Control	Mechanisms that prevent overspending, leakages, and inefficiencies	Procurement compliance; commitment controls; internal audit effectiveness	Positive	Strong expenditure controls improve infrastructure quality and value for money
Service Delivery Outcomes	Effectiveness of government provision of basic public services	Service Delivery Index; health access; education enrolment; water and sanitation access	Dependent Variable	Closely linked to budget credibility, transparency, and accountability
Infrastructure Development Outcomes	Availability and quality of physical infrastructure	Infrastructure Development Index; road quality; electricity and water access	Dependent Variable	Strongly influenced by fiscal discipline and expenditure control
Social Sector Outcomes	Welfare outcomes in health and education sectors	Health and education outcome indices; immunisation rates; school completion rates	Dependent Variable	Most responsive to transparency, accountability, and predictable funding

Table 1 provides a clear operational map linking PFM dimensions to development outcomes, supports variable justification, and strengthens methodological transparency. It also facilitates replication and aligns with empirical PFM literature standards.

Methodology

Research Design

The study adopts mixed-methods research design, combining quantitative and qualitative approaches. This design enables a comprehensive analysis of public financial management practices and their implications for development outcomes by integrating numerical evidence with institutional and perceptual insights.

Population and Sample

The population comprises public finance officials in selected Ministries, Departments, and Agencies (MDAs) at the federal and state levels, as well as key service users in sectors such as health, education, and infrastructure. A multi-stage sampling technique is employed to select a representative sample of respondents across selected states and MDAs. Stratified sampling ensures adequate representation of finance, planning, and service delivery institutions.

Sources of Data

The study utilises both primary and secondary data:

a. Primary data are generated through structured questionnaires administered to public finance officials and service users. The questionnaire captures perceptions of PFM performance across key dimensions such as budget credibility, fiscal discipline, transparency, accountability, and expenditure control.
b. Secondary data are obtained from administrative sources, including federal and state budget reports, Auditor-General's reports, National Bureau of Statistics publications, and sectoral development indicators.

Measurement of Variables

(i) Independent Variable: Public Financial Management (PFM), measured using composite indices derived from survey responses on:
   a. Budget credibility
   b. Fiscal discipline
   c. Transparency
   d. Accountability
   e. Expenditure control

(ii) Dependent Variable: Development outcomes, measured using indicators such as:
   a. Service delivery performance (health and education service indicators)
   b. Infrastructure development (capital project completion rates, access indicators)
   c. Social sector outcomes (education enrolment, health utilisation rates)

(iii) Control Variables: Economic and institutional factors including revenue capacity, population size, and institutional capacity.

Methods of Data Analysis

Quantitative data are analysed using descriptive statistics and multivariate regression techniques. Descriptive analysis summarises PFM performance and development outcomes, while regression analysis estimates the effect of PFM dimensions on development outcomes. Qualitative data from open-ended survey responses and document reviews are analysed thematically to support and interpret the quantitative findings.

Empirical Model Specification

To empirically examine the relationship between public financial management and development outcomes, the study specifies the following regression model:

DOi=β0+β1BCi+β2FDi+β3TRi+β4ACi+β5ECi+β6CVi+εiDO_{i} = \beta_{0} + \beta_{1}BC_{i} + \beta_{2}FD_{i} + \beta_{3}TR_{i} + \beta_{4}AC_{i} + \beta_{5}EC_{i} + \beta_{6}CV_{i} + \varepsilon_{i}DOi=β0+β1BCi+β2FDi+β3TRi+β4ACi+β5ECi+β6CVi+εi

Where:

i. DOiDO_{i}DOi = Development outcomes for unit iii
ii. BCiBC_{i}BCi = Budget credibility
iii. FDiFD_{i}FDi = Fiscal discipline
iv. TRiTR_{i}TRi = Transparency
v. ACiAC_{i}ACi = Accountability
vi. ECiEC_{i}ECi = Expenditure control
vii. CViCV_{i}CVi = Vector of control variables
viii. β0\beta_{0}β0 = Intercept
ix. β1…β6\beta_{1} \ldots \beta_{6}β1…β6 = Parameters to be estimated
x. εi\varepsilon_{i}εi = Error term

For robustness, alternative model specifications may be estimated using panel data techniques (fixed effects or random effects) where time-series administrative data are available.

Data Presentation and Analysis

Table 2: Descriptive Statistics of Public Financial Management Indicators

Variables	Mean	Std. Dev.	Minimum	Maximum
Budget Credibility	3.21	0.74	1.50	4.80
Fiscal Discipline	3.05	0.69	1.60	4.70
Transparency	2.88	0.81	1.20	4.60
Accountability	3.02	0.76	1.40	4.70
Expenditure Control	3.15	0.71	1.50	4.80

Source: Field Survey, 2025.

Table 2 presents the descriptive statistics of key public financial management indicators based on data from the field survey. The mean values indicate that respondents perceive budget credibility (3.21) and expenditure control (3.15) as the strongest aspects of public financial management, suggesting moderate effectiveness in budget implementation and spending controls. Fiscal discipline (3.05) and accountability (3.02) also record moderate mean scores, reflecting some adherence to fiscal rules and accountability mechanisms. In contrast, transparency has the lowest mean score (2.88), indicating relative weaknesses in openness and access to public financial information. The standard deviations show moderate variability in responses, while the minimum and maximum values suggest uneven PFM performance across institutions. Overall, the table highlights a generally moderate level of public financial management performance, with transparency emerging as a key area requiring improvement.

Table 3: Descriptive Statistics of Development Outcome Indicators

Indicators	Mean	Std. Dev.	Minimum	Maximum
Service Delivery Index	3.10	0.68	1.70	4.60
Infrastructure Development Index	2.95	0.75	1.50	4.50
Social Sector Outcomes Index	3.05	0.70	1.60	4.60

Source: Administrative Data and Field Survey, 2025.

Table 3 summarises the descriptive statistics of development outcome indicators. The mean values show that service delivery (3.10) and social sector outcomes (3.05) record moderate performance, indicating some improvement in access to and quality of public services. Infrastructure development has the lowest mean score (2.95), suggesting relatively weaker performance in infrastructure provision and project execution. The standard deviations indicate moderate variation in outcomes across sectors and locations, while the minimum and maximum values reflect significant disparities in development performance. Overall, the table suggests that development outcomes in Nigeria are modest, with infrastructure development remaining a critical area of concern.

Table 4: Correlation Matrix

Variables	DO	BC	FD	TR	AC	EC
Development Outcomes (DO)	1.00					
Budget Credibility (BC)	0.54	1.00				
Fiscal Discipline (FD)	0.49	0.56	1.00			
Transparency (TR)	0.47	0.50	0.52	1.00		
Accountability (AC)	0.51	0.55	0.58	0.60	1.00	
Expenditure Control (EC)	0.53	0.57	0.61	0.55	0.62	1.00

Note: Correlation coefficients are significant at 5%.

Table 4 presents the correlation matrix showing the relationships between development outcomes and the key public financial management variables. The results indicate that development outcomes (DO) are positively correlated with all PFM indicators, including budget credibility (0.54), fiscal discipline (0.49), transparency (0.47), accountability (0.51), and expenditure control (0.53). This suggests that improvements in public financial management are generally associated with better development outcomes.

The correlations among the PFM variables themselves are also positive and moderate, indicating that these dimensions tend to improve together. For instance, fiscal discipline is strongly associated with expenditure control (0.61) and accountability (0.58), while transparency shows a relatively strong correlation with accountability (0.60). Importantly, none of the correlation coefficients are excessively high, suggesting that multicollinearity is unlikely to pose a serious problem in the regression analysis. The table provides preliminary evidence of a positive relationship between public financial management practices and development outcomes in Nigeria.

Table 5: Regression Results – Effect of PFM on Development Outcomes

Variables	Coefficient	Std. Error	t-Statistic	p-Value
Constant	0.812	0.245	3.31	0.001
Budget Credibility	0.231	0.062	3.73	0.000
Fiscal Discipline	0.198	0.058	3.41	0.001
Transparency	0.165	0.061	2.70	0.007
Accountability	0.207	0.064	3.23	0.002
Expenditure Control	0.219	0.059	3.71	0.000
R^2	0.61			
F-Statistic	24.87			0.000

Source: Author's Computation, 2025.

Table 5 presents the regression results examining the effect of public financial management (PFM) indicators on development outcomes in Nigeria. The results show that all PFM variables have positive and statistically significant effects on development outcomes. Budget credibility ($\beta = 0.231$, $p < 0.01$) has a strong positive influence, indicating that realistic budgeting and adherence to approved budgets significantly enhance development performance. Fiscal discipline ($\beta = 0.198$, $p < 0.01$) also exerts a significant effect, suggesting that effective control of deficits and compliance with fiscal rules contribute to improved outcomes.

Transparency ($\beta = 0.165$, $p < 0.01$) and accountability ($\beta = 0.207$, $p < 0.01$) are both significant, implying that openness in public financial processes and strong oversight mechanisms improve service delivery and social sector performance. Expenditure control ($\beta = 0.219$, $p < 0.01$) further demonstrates that effective monitoring and regulation of public spending are critical for achieving development outcomes. The model explains a substantial proportion of the variation in development outcomes, as indicated by an R^2 value of 0.61, meaning that 61 per cent of the changes in development outcomes are accounted for by the PFM variables. The F-statistics (24.87, $p = 0.000$) confirm that the model is statistically significant overall. Taken together, the results provide strong empirical evidence that effective public financial management significantly enhances development outcomes in Nigeria.

Discussion of Findings

The regression results demonstrate that public financial management (PFM) exerts a statistically significant and positive influence on development outcomes in Nigeria. This finding reinforces the central argument of institutional and public finance theories which posit that the quality of financial management systems, rather than the volume of public expenditure alone, determines the developmental impact of government spending. The explanatory power of the model further suggests that weaknesses in Nigeria's development performance are closely linked to deficiencies in PFM practices.

The significant positive effect of budget credibility on development outcomes underscores the importance of realistic budgeting and adherence to approved fiscal plans. Budget credibility ensures that policy priorities articulated during budget formulation are translated into actual expenditures during implementation. This finding is consistent with empirical studies by Andrews (2015) and Schick (2014), which show that countries with credible budgets record better service delivery and project completion rates. In the Nigerian context, Akinwale and Adekunle (2020) similarly find that deviations between approved and implemented budgets contribute to abandoned capital projects and poor infrastructure outcomes. The result suggests that improving revenue forecasting and limiting discretionary budget adjustments could enhance development performance.

Fiscal discipline also emerges as a significant determinant of development outcomes, particularly with respect to infrastructure development. Disciplined fiscal frameworks help to contain cost overruns, reduce waste, and ensure continuity in project financing. This finding aligns with evidence from Ekeocha, Oduh, and Onyegiri (2018), who report that fiscal indiscipline weakens the effectiveness of public spending in Nigeria's social and infrastructure sectors. Internationally, Dabla-Norris et al. (2012) demonstrate that strong fiscal discipline is associated with higher efficiency in public investment management. The result suggests that persistent breaches of fiscal rules in Nigeria undermine the developmental impact of public expenditure.

The positive and significant coefficients for transparency and accountability highlight the role of openness and oversight in improving development outcomes. Transparent financial processes enhance public scrutiny, reduce opportunities for corruption, and strengthen trust in public institutions. Accountability mechanisms, including audit processes and legislative oversight, ensure that public officials are held responsible for the use of public resources. These findings are consistent with Oni and Oke (2019), who observe that improved financial transparency in Nigerian MDAs enhances compliance with financial regulations. Similarly, Udeh and Onwuka (2022) find that weak accountability structures at the local government level contribute to poor service delivery outcomes. The results therefore reinforce governance-oriented empirical literature that links transparency and accountability to improved public sector performance.

Expenditure control is also shown to have a strong and significant impact on development outcomes, indicating that effective monitoring and regulation of public spending are crucial for achieving value for money. Effective expenditure control limits leakages, prevents unauthorised spending, and ensures that funds are directed towards priority sectors. This finding supports the work of Allen et al. (2013), who argue that expenditure control mechanisms are central to effective public financial management. In Nigeria, Adegite and Adekunle (2021) similarly report that weak expenditure controls contribute to inefficiencies in budget execution and undermine development outcomes.

Despite these positive relationships, the study reveals that improvements in PFM do not automatically or uniformly translate into development gains across all sectors and regions. Persistent constraints such as limited institutional capacity, political interference in budget execution, and weak enforcement of financial regulations continue to undermine PFM effectiveness. These challenges have been widely documented in empirical studies on Nigeria's public sector (Oni & Oke, 2019; World Bank, 2018). Political pressures often distort budget priorities, while capacity gaps among public finance officials limit the effective implementation of reforms.

The findings suggest that while strengthening public financial management is essential for improving development outcomes in Nigeria, reforms must go beyond technical adjustments to address underlying institutional and political constraints. Sustained commitment to capacity building, enforcement of fiscal rules, and insulation of budget processes from political interference is necessary for PFM reforms to yield consistent and inclusive development outcomes.

Conclusion

This study empirically examined the relationship between public financial management and development outcomes in Nigeria using a mixed-methods approach that integrates survey and administrative data. The findings demonstrate that effective public financial management, particularly in terms of budget credibility, fiscal discipline, transparency, accountability, and expenditure control, significantly enhances development outcomes. Despite ongoing reforms, institutional weaknesses and implementation challenges continue to limit the full developmental impact of public spending. The study concludes that strengthening public financial management systems remains a critical pathway for improving service delivery, infrastructure development, and social sector outcomes in Nigeria. Future research is encouraged to adopt longitudinal designs and sector-specific analyses to further unpack the causal mechanisms linking PFM performance to development outcomes.

Policy Implications and Recommendations

Based on the empirical findings and the theoretical framework underpinning this study, several important policy implications emerge for strengthening Public Financial Management (PFM) and enhancing development outcomes in Nigeria. These implications underscore the need for comprehensive, coordinated, and enforceable reforms that go beyond formal compliance to address underlying institutional and capacity constraints.

1. **Strengthening Budget Credibility**

Improving budget credibility is essential for ensuring that public expenditure plans translate into actual development outcomes. Governments at all levels should adopt more realistic and evidence-based revenue forecasting techniques, particularly considering Nigeria's exposure to oil price volatility. Medium-Term Expenditure Frameworks (MTEFs) should be more rigorously implemented to align annual budgets with medium-term fiscal realities. In addition, budget allocations should be closely matched with institutional and implementation capacity, especially for capital projects, to minimise under-execution and project abandonment. Strengthening budget credibility will enhance predictability in funding, improve planning by service delivery agencies, and increase the likelihood of timely completion of development projects.

2. **Enhancing Fiscal Discipline**

The findings highlight the need for stronger fiscal discipline to ensure macroeconomic stability and efficient resource allocation. This requires strict enforcement of fiscal rules, including limits on deficits, borrowing, and recurrent expenditure growth. Governments should strengthen commitment control systems to prevent the accumulation of arrears and curb extra-budgetary spending. The effective implementation of the Fiscal Responsibility Act and similar subnational frameworks is crucial to limiting politically motivated spending and safeguarding funds for priority development sectors. Improved fiscal discipline will create fiscal space for infrastructure investment and social spending, thereby supporting sustainable development.

3. **Deepening Transparency Mechanisms**

Greater transparency in public financial management is critical for improving public trust and strengthening oversight. Governments should expand open budget initiatives, including the timely publication of budget proposals, approved budgets, in-year execution reports, and audited financial statements in accessible formats. Full and consistent implementation of International Public Sector Accounting Standards (IPSAS) across all tiers of government would further enhance the quality and comparability of financial information. By improving transparency, governments can reduce information asymmetry, empower civil society and citizens to engage in budget monitoring, and deter misuse of public funds.

4. **Improving Accountability Institutions**

Effective accountability mechanisms are essential for ensuring that transparency translates into improved development outcomes. The study underscores the need to enhance the independence, technical capacity, and enforcement powers of audit institutions, legislatures, and anti-corruption agencies. Audit reports should be acted upon promptly, with clear sanctions for financial misconduct. Legislative oversight committees should be better resourced and supported to scrutinise budget implementation effectively. Strengthening accountability institutions will reduce opportunities for corruption, improve compliance with financial regulations, and ensure that public resources are used for their intended developmental purposes.

5. **Capacity Building and Institutional Strengthening**

Sustaining PFM reforms requires continuous investment in human and institutional capacity. Regular training and professional development programmes should be provided for public finance officers, accountants, budget analysts, and procurement personnel to keep pace with evolving PFM tools and standards. Capacity-building initiatives should also target subnational governments, where implementation gaps are often most pronounced. Strengthening institutional capacity will enhance the effectiveness of PFM systems, support consistent reform implementation, and improve overall public sector performance.

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