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Public Expenditure Efficiency and Governance Performance

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Abstract:

This article investigates the relationship between public expenditure efficiency and governance performance in Pakistan, emphasizing the need for strategic reforms to enhance financial management in the public sector. It explores the role of transparent institutions, political will, and accountability mechanisms in ensuring efficient use of public funds. The study evaluates existing governance frameworks, comparing Pakistan's performance to global standards, and provides actionable recommendations for improving fiscal discipline and public sector management. By analyzing sectoral case studies and global best practices, the article underscores the importance of robust governance structures in achieving sustainable development.

Keywords:

public expenditure, governance performance, fiscal policy, public sector, financial management, accountability, political will, transparency

Introduction:

Public expenditure efficiency is crucial for ensuring that resources allocated by the government lead to tangible outcomes in development, economic stability, and public welfare. In countries like Pakistan, where fiscal space is constrained, ensuring that public funds are used effectively is paramount. Governance performance, characterized by transparency, accountability, and the rule of law, plays a significant role in determining how well public expenditure translates into results. This article aims to explore how governance structures in Pakistan affect the efficiency of public expenditure, identify key bottlenecks, and recommend strategies to enhance governance for better fiscal outcomes.

Concept of Public Expenditure Efficiency

Definition and Importance in Achieving Sustainable Economic Growth

Public expenditure efficiency refers to the optimal use of public funds to achieve the maximum possible benefits for the population while minimizing waste. It involves aligning government spending with strategic goals such as poverty alleviation, infrastructure development, healthcare, education, and environmental sustainability. Efficient public spending is essential for fostering economic growth, as it ensures that available resources are directed toward projects and

programs that have the highest societal return. By promoting sustainable development and reducing the need for excessive borrowing or external aid, efficient public expenditure is a cornerstone of long-term economic stability and growth.

The importance of public expenditure efficiency in achieving sustainable economic growth cannot be overstated. Governments in developing countries, such as Pakistan, face numerous challenges in managing fiscal resources effectively. These challenges include limited financial space, rising debt burdens, and pressures from global and local economic forces. When public spending is efficient, governments can deliver essential services, create a conducive environment for private sector growth, and maintain political and economic stability. Conversely, inefficiencies in public spending can stifle economic growth, exacerbate poverty, and create a sense of distrust among the public in government institutions.

How Inefficiencies Manifest in Public Sector Spending

Inefficiencies in public sector spending can manifest in several forms, ranging from outright corruption to poor planning and weak institutional capacities. Common indicators of inefficiency include:

Misallocation of Resources: Funds may be allocated to projects with low returns or to sectors that do not contribute significantly to long-term development goals. For instance, disproportionate spending on defense rather than on education or healthcare can slow down human capital development.

Corruption and Mismanagement: Lack of transparency, corruption, and poor governance mechanisms can divert public funds from intended purposes. This may include embezzlement, overinflation of project costs, and the awarding of contracts to non-competitive or underperforming firms.

Bureaucratic Delays and Red Tape: Inefficient administrative processes can lead to delays in project implementation, causing funds to remain idle or misused. Delays in releasing funds, excessive documentation requirements, and inefficiency in decision-making can all hinder the effective utilization of public resources.

Poor Monitoring and Evaluation Systems: Without adequate systems to track the outcomes of public spending, governments cannot assess the effectiveness of their programs. This leads to the continuation of underperforming projects and a failure to reallocate resources where they are needed most.

Overemphasis on Short-Term Spending: Governments may prioritize short-term spending, such as subsidies or tax cuts, at the expense of long-term investments in infrastructure, education, or research and development. This shortsightedness can hinder sustainable growth prospects.

Global Benchmarks for Public Expenditure Efficiency

Globally, there are several benchmarks and frameworks that countries use to assess and improve public expenditure efficiency. Some of the most widely recognized global standards include:

Public Expenditure and Financial Accountability (PEFA) Framework: This framework is used by many countries, particularly in the developing world, to assess the performance of public financial management systems. It focuses on the transparency, accountability, and efficiency of government spending.

OECD's Public Governance Reviews: The Organization for Economic Cooperation and Development (OECD) publishes guidelines and reviews that assess how efficiently governments in member countries manage public expenditure. These reviews often include recommendations on improving governance, financial management, and public sector capacity.

International Budget Partnership (IBP) Open Budget Index: This index evaluates the transparency of government budgets across countries. Higher rankings in the Open Budget Index

correlate with better public expenditure efficiency, as they reflect the availability of budgetary information and the extent of public participation in the budget process.

World Bank's Governance Indicators: These indicators assess the quality of governance in various countries, including the efficiency of public expenditure management. Countries with higher governance scores tend to exhibit better fiscal outcomes and more efficient public spending.

By comparing their performance with these global benchmarks, countries can identify areas for improvement and adopt best practices to enhance public sector efficiency. While no single framework is universally applicable, combining insights from multiple sources can help countries like Pakistan refine their public expenditure processes and ensure that every dollar spent contributes meaningfully to national development.

In conclusion, the concept of public expenditure efficiency is foundational to economic growth. When public funds are spent wisely, they contribute to the sustainable development of the country, improving the quality of life for its citizens. However, inefficiencies in spending can have long-lasting negative effects, which is why developing countries must continuously work to enhance governance structures, streamline processes, and align spending with national priorities.

The Role of Governance in Public Expenditure Management

Defining Governance Performance: Transparency, Accountability, Rule of Law

Governance performance refers to the quality of public sector management and decision-making that influences how effectively and efficiently public resources are used. It is generally assessed based on three key pillars: transparency, accountability, and the rule of law.

Transparency: Transparency in governance involves making information about public spending, decision-making processes, and government policies readily accessible to the public. This is essential in ensuring that the public is informed about how government funds are allocated, spent, and managed. Transparency fosters trust in government institutions and discourages corruption by allowing citizens and civil society to scrutinize government actions.

Accountability: Accountability refers to the responsibility of government officials and public servants to answer for their actions and the use of public resources. In an accountable system, public officials are expected to justify their decisions and the outcomes of public expenditures. Mechanisms such as audits, performance reviews, and parliamentary oversight play a significant role in ensuring that public servants remain answerable to the public and stakeholders.

Rule of Law: The rule of law is the principle that all individuals and institutions, including the government, are subject to and accountable under the law. This ensures that public resources are used legally and equitably. A strong rule of law framework supports the enforcement of contracts, protection of property rights, and prevention of corruption and abuse of power, creating a stable environment for the efficient management of public finances.

These three components of governance are interrelated and reinforce each other. Strong governance, characterized by transparency, accountability, and adherence to the rule of law, ensures that public expenditure is directed toward its intended purposes and that resources are used effectively.

The Relationship Between Good Governance and Efficient Public Expenditure

There is a well-established relationship between good governance and the efficiency of public expenditure. Good governance ensures that public funds are used for their intended purposes, minimizing waste and corruption. This is particularly important in developing countries, where limited resources need to be stretched across various sectors to achieve sustainable development.

Efficient Resource Allocation: Good governance helps governments prioritize expenditures based on national development goals. It allows for informed decision-making, enabling funds to be directed towards projects that yield the highest return on investment. For example, transparent

budgeting processes help governments identify areas of inefficiency or duplication in expenditure and reallocate resources to areas with more pressing needs.

Reduced Corruption and Mismanagement: Good governance creates checks and balances that reduce opportunities for corruption, embezzlement, and mismanagement. In an accountable government, public officials are less likely to misuse public funds, as they know they will be held responsible for their actions. Effective auditing systems, whistleblower protection laws, and anti-corruption bodies are key in this regard.

Public Trust and Participation: Transparency and accountability foster public trust in government institutions. When citizens have access to information about how public funds are being spent, they are more likely to support government policies and initiatives. Moreover, public participation in the budgeting process, such as through consultations or citizen feedback mechanisms, can help ensure that government spending aligns with the needs of the people.

Enhanced Financial Management Systems: Governance reforms, such as the implementation of digital public financial management systems, can improve the efficiency of public expenditure by reducing human errors, increasing efficiency, and minimizing the potential for fraud. Automation and technology allow for better tracking of expenditures and more accurate forecasting of financial needs.

In short, good governance creates an enabling environment for the efficient management of public resources, which in turn leads to better public service delivery and national development.

Case Studies of Countries with Effective Governance and Efficient Public Expenditure

Several countries have successfully implemented governance reforms to improve the efficiency of public expenditure. These case studies highlight the importance of governance in achieving fiscal sustainability.

Singapore:

Singapore is widely regarded as one of the most transparent and efficient public sector governance models globally. The country's government ensures that public funds are used effectively by maintaining high standards of transparency and accountability. The government publishes comprehensive budget reports, including detailed expenditure data, allowing citizens and oversight bodies to scrutinize how funds are allocated and spent. Additionally, Singapore's strong legal framework ensures that corruption is minimal, and public officials are held accountable for their actions. These practices have allowed Singapore to invest heavily in infrastructure, education, and healthcare while maintaining one of the highest standards of living in the world.

South Korea:

South Korea's governance reforms in the 1990s, particularly in public financial management, have played a significant role in enhancing public expenditure efficiency. The introduction of performance-based budgeting, strict audit systems, and transparency measures significantly improved the allocation and use of public resources. South Korea's strong rule of law and a robust anti-corruption framework have also helped reduce the misuse of public funds. These reforms enabled the country to achieve rapid economic development and invest in critical sectors like technology, healthcare, and education.

Rwanda:

Rwanda has made significant strides in improving governance and public expenditure efficiency, particularly after the 1994 genocide. The government implemented several reforms to enhance transparency, accountability, and public financial management. The introduction of digital financial systems and the establishment of the Office of the Auditor General to oversee public spending have been pivotal in reducing corruption and increasing the effectiveness of public spending. Rwanda's emphasis on citizen engagement in the budgeting process also ensures that

public funds are directed toward the most important priorities, such as infrastructure development and social services.

Estonia:

Estonia is often cited as a model for digital governance. The country has embraced e-governance, enabling efficient management of public finances through digital platforms. The use of e-services allows for better tracking and allocation of public funds, reducing administrative costs and increasing transparency. Estonia's strong legal framework, digital literacy, and commitment to anti-corruption measures have resulted in a highly efficient public expenditure system. These reforms have helped Estonia achieve rapid growth in technology and innovation while maintaining fiscal discipline.

These case studies illustrate the crucial role that good governance plays in ensuring that public funds are used effectively. By focusing on transparency, accountability, and the rule of law, these countries have managed to create public expenditure systems that promote long-term economic growth and improve the quality of life for their citizens.

In conclusion, the relationship between governance and public expenditure efficiency is integral to a country's ability to achieve sustainable development. Effective governance practices ensure that public resources are used wisely, reduce inefficiencies and corruption, and foster trust in government institutions. Drawing lessons from global examples can help countries like Pakistan enhance their governance systems and improve the management of public expenditure.

Challenges in Governance and Expenditure Efficiency in Pakistan

Corruption, Political Instability, and Lack of Institutional Capacity

Corruption remains one of the most significant challenges to governance and expenditure efficiency in Pakistan. The misuse of public funds through bribery, embezzlement, and kickbacks diverts valuable resources from development projects, undermines public trust, and hinders effective service delivery. Corruption permeates various levels of government, including bureaucratic agencies, elected officials, and public-sector institutions, making it difficult to ensure that public expenditure is directed toward its intended objectives.

In addition to corruption, **political instability** is another key factor that undermines governance in Pakistan. Frequent changes in government, political turmoil, and lack of continuity in policymaking often lead to inconsistent economic and fiscal policies. This instability deters long-term planning and investment, as decision-makers may prioritize short-term political goals over sustainable public financial management. For example, electoral cycles may result in the redirection of funds to politically popular projects, rather than focusing on the long-term development needs of the country.

Another critical challenge is the **lack of institutional capacity** within Pakistan's public sector. Weak institutional frameworks, outdated systems, and a lack of trained personnel hinder the ability of government departments to effectively manage public funds. Many public institutions are burdened by inefficiency, inadequate training, and insufficient resources, which results in poor oversight, inefficient execution of projects, and slow responses to emerging issues. Without a capable bureaucracy to implement policies effectively, public expenditure becomes vulnerable to waste and misallocation.

Poorly Designed Budget Processes and Expenditure Controls

The budgetary process in Pakistan is often criticized for being poorly designed and inefficient. While there is a formal budgeting process, the procedures are often cumbersome and lack strategic alignment with national development priorities. Budgets are frequently prepared with insufficient consultation from stakeholders, including local governments, the private sector, and civil society, resulting in a mismatch between spending priorities and actual needs.

Furthermore, **expenditure controls** in Pakistan are weak, which allows for inefficient or unauthorized spending. There is a lack of robust monitoring mechanisms to track the progress of projects and ensure that funds are being spent in line with their intended objectives. The absence of real-time tracking and transparent reporting mechanisms makes it difficult to identify and address inefficiencies or irregularities during the execution of public spending. As a result, budget overruns, delays in project implementation, and unaccounted for expenditures are common issues, contributing to the misallocation of public resources.

Another issue within Pakistan's budgetary process is the **lack of long-term fiscal planning**. Governments tend to focus on short-term budgeting, with limited attention given to future fiscal sustainability or the long-term impacts of public expenditures. This short-sighted approach often leads to overspending in politically favorable areas, such as subsidies or infrastructure projects that are not aligned with broader national goals.

The Impact of Weak Enforcement of Accountability Mechanisms

Weak enforcement of accountability mechanisms is a major obstacle to improving governance and expenditure efficiency in Pakistan. While there are various laws and institutions in place, such as the **National Accountability Bureau (NAB)** and **Public Accounts Committees**, their effectiveness is often compromised by political interference, lack of independence, and inadequate resources.

In practice, **accountability mechanisms** often fail to hold public officials responsible for inefficiencies, corruption, or misuse of public funds. When public servants or elected officials are not held accountable for their actions, it creates a culture of impunity, where mismanagement and fraud can thrive. Even when corruption cases are brought to light, they often result in lengthy legal processes or political negotiations that delay justice and allow wrongdoers to evade consequences. This undermines the credibility of governance institutions and discourages efforts to improve public financial management.

Moreover, there is a lack of **institutionalized checks and balances** that ensure transparent decision-making. Audit and oversight bodies often face resistance or political pressure, limiting their ability to thoroughly investigate misuse of funds. Even in cases where inefficiencies or malpractices are identified, weak enforcement of corrective measures means that funds are not recovered or redirected effectively. Consequently, this perpetuates a cycle of poor governance and weak public expenditure management, where funds are inefficiently utilized or wasted.

Additionally, **civil society participation** in holding the government accountable is often limited due to a lack of freedom of information and insufficient civic education. Without active involvement from citizens, media, and civil society organizations, government officials are less likely to face public scrutiny or pressure to improve expenditure management practices.

In conclusion, the challenges of governance and expenditure efficiency in Pakistan stem from a complex combination of **corruption, political instability, lack of institutional capacity, poor budgeting processes, and weak accountability mechanisms**. These factors prevent effective management of public funds, resulting in the misallocation of resources and hindering the country's ability to achieve sustainable development. Addressing these challenges requires comprehensive governance reforms, including strengthening accountability institutions, improving transparency, enhancing public sector capacity, and designing more efficient and inclusive budgeting processes. Only by addressing these fundamental issues can Pakistan improve the efficiency of its public expenditure and promote long-term economic growth.

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Strategic Reforms for Enhancing Public Expenditure Efficiency

Strengthening Public Financial Management Systems

Strengthening public financial management (PFM) systems is a key reform to enhance public expenditure efficiency. A robust PFM framework ensures that public funds are managed effectively, that expenditures are aligned with national priorities, and that resources are allocated transparently. One of the fundamental components of a strengthened PFM system is the introduction of **real-time tracking** of government expenditures, which allows for monitoring and auditing at every stage of spending—from budget allocation to execution. This system ensures that any discrepancies are identified and corrected promptly, reducing the risk of corruption or inefficiencies.

Governments can also adopt **performance-based budgeting**, which ties the allocation of funds to specific, measurable outcomes. This approach encourages a focus on results and helps ensure that government spending is not only efficient but also effective in achieving desired development goals. Furthermore, **integrating digital tools** into financial management processes—such as automated budgeting software, e-procurement platforms, and digital audits—can significantly increase transparency, reduce human error, and facilitate better oversight.

Another vital element of a strong PFM system is the establishment of **clear expenditure controls**. This involves setting limits on spending, ensuring that expenditures are reviewed and approved by appropriate bodies, and ensuring that any deviations from the approved budget are documented and justified. Strengthening the auditing and monitoring processes, as well as improving the capacity of financial managers in the public sector, are essential to maintaining an effective PFM system.

Institutional Reforms for Improving Transparency and Accountability

Institutional reforms play a crucial role in ensuring that public expenditure is effectively managed. The creation and empowerment of **independent oversight bodies**, such as national audit offices and anti-corruption agencies, are central to improving transparency and accountability in the public sector. These institutions should be given full autonomy to operate

without political interference, allowing them to conduct independent investigations and audits into the use of public funds.

In addition, **decentralization** of decision-making powers can also improve accountability. By empowering local governments and regional authorities to manage specific areas of expenditure, governments can ensure that spending decisions are made closer to the people and that local needs are adequately addressed. This decentralization, however, must be accompanied by the development of **strong local governance structures** and training for public officials at the local level to ensure that financial resources are used effectively.

Public participation is another important institutional reform for enhancing accountability. Governments can promote transparency and ensure that citizens are aware of how public funds are being spent by making budgetary information publicly accessible. Mechanisms for **citizen engagement** in the budget process, such as public consultations or participatory budgeting, can help create a more informed electorate, which can hold public officials accountable for their financial decisions.

Strengthening the **legal framework** for accountability is also essential. Governments must enforce strict penalties for corruption, misuse of funds, and inefficiency in public spending. This requires robust enforcement mechanisms, such as anti-corruption commissions, legal reforms, and ensuring that the rule of law is applied consistently to all public officials, regardless of their political status.

Case Study of Successful Governance Reforms in Other Developing Nations

Several developing nations have implemented governance reforms that have significantly improved public expenditure efficiency. These case studies provide valuable insights into how governance reforms can lead to better management of public funds.

Botswana:

Botswana has long been considered a success story in terms of governance and public financial management in Africa. The country's strong institutional framework, characterized by independent auditing bodies and a commitment to transparency, has helped it achieve one of the highest levels of public expenditure efficiency in the region. Botswana adopted a **results-based budgeting** approach, which links government spending directly to measurable development outcomes. The government also established an independent **public procurement authority** that ensures that contracts are awarded through a competitive and transparent process, minimizing opportunities for corruption.

Chile:

Chile's **Public Expenditure Management Reform** in the 1990s is often cited as a model for other developing countries. Chile implemented a **performance-based budgeting** system, where government programs are evaluated for their results rather than just their input costs. This system was backed by strong legal and institutional frameworks that emphasized transparency and accountability in the use of public resources. The reform included the establishment of an independent **National Budget Office**, which provides the public with detailed information on government spending. These reforms have helped Chile achieve sustained economic growth and reduce inequality, despite being a developing nation.

South Korea:

South Korea's success in enhancing public expenditure efficiency is partly due to its **public sector reform** initiatives in the 1990s. One of the key reforms was the introduction of **e-government**, which improved transparency and accountability by digitizing public services and making government financial transactions easily accessible to the public. Additionally, South Korea strengthened its auditing and monitoring systems, implementing a comprehensive **financial accountability framework** that ensured that public funds were used for their intended

purposes. These reforms, alongside efforts to **reduce corruption** through independent anti-corruption bodies, played a significant role in the country's rapid economic growth and development.

India:

India's **Public Financial Management System (PFMS)** is a good example of how digital tools can be used to enhance transparency and improve expenditure efficiency. The PFMS system tracks the flow of funds from the central government to state and local governments, ensuring that funds are used as intended. Additionally, India has made efforts to strengthen its **internal audit mechanisms** and improve the capacity of public financial managers through training and the implementation of standardized accounting practices. These reforms have contributed to reducing inefficiencies and ensuring that public spending reaches the intended recipients.

In conclusion, strengthening public financial management systems, implementing institutional reforms for transparency and accountability, and learning from successful case studies in other developing nations are essential steps for enhancing public expenditure efficiency. These reforms not only improve the effectiveness of government spending but also build public trust in governmental institutions, fostering a more sustainable path to economic development. By addressing these challenges, countries like Pakistan can ensure that public funds are used efficiently to achieve broader development goals.

Policy Recommendations for Pakistan

Building a Robust Governance Framework to Ensure Fiscal Discipline

A key policy recommendation for Pakistan is to build a robust governance framework that emphasizes fiscal discipline. This framework should be centered around three core principles: transparency, accountability, and efficiency. The first step is to implement **clear fiscal rules** that define budgetary limits and ensure spending aligns with sustainable long-term goals. Pakistan must introduce mechanisms to prevent overspending and ensure that fiscal policies are based on sound economic principles, taking into account national development priorities and available resources.

Strengthening the National Budgetary Process: A transparent and well-structured budgetary process is vital to ensuring fiscal discipline. The government should enhance its budget preparation by linking it directly to measurable outcomes, prioritizing investments that will deliver the most benefit to the economy and public welfare. A **performance-based budgeting** approach should be adopted, where funds are allocated based on the expected results of projects rather than historical spending patterns.

Independent Fiscal Oversight: To maintain fiscal discipline, Pakistan must strengthen its **independent fiscal oversight institutions**, such as the **Finance Ministry** and the **National Audit Office**. These bodies should be empowered with the authority and resources to evaluate government expenditure and identify inefficiencies or mismanagement of funds. Strengthening the independence of these institutions from political influence ensures that public finances are managed objectively and responsibly.

Improving Public Debt Management: Another critical aspect of fiscal discipline is improving the management of public debt. Pakistan should develop a **comprehensive debt management strategy** to prevent excessive borrowing and ensure that debt is used productively. This would include setting clear limits on borrowing, prioritizing concessional loans over commercial loans, and strengthening transparency in debt reporting.

Increasing Civic Engagement and Government Accountability

Increasing civic engagement and enhancing government accountability are essential components of improving public expenditure efficiency in Pakistan. Citizens play a vital role in holding public officials accountable for how public funds are spent, and ensuring their involvement in the

decision-making process can lead to more informed, targeted, and efficient government spending.

Citizen Participation in Budgeting: One of the primary ways to engage citizens is through **participatory budgeting**. In this process, local communities and civil society organizations are involved in discussing and deciding how government funds are allocated to different sectors. Such engagement ensures that public expenditure aligns with the real needs of the population, particularly in under-served and marginalized communities. It also fosters a sense of ownership and responsibility among citizens for the management of public funds.

Strengthening Public Sector Accountability Mechanisms: Pakistan needs to reinforce mechanisms for **holding public officials accountable** for how public funds are managed. This could include the establishment of **transparent monitoring systems**, such as **public expenditure tracking surveys** and **citizen-led audit initiatives**. These systems would provide the public with information on how funds are being spent and allow them to hold government bodies accountable for any misuse of resources. Additionally, strengthening **whistleblower protection laws** would encourage public servants and citizens to report corruption and inefficiency without fear of retaliation.

Media and Civil Society Oversight: The media and civil society organizations must be actively engaged in monitoring government activities. Policies aimed at **improving freedom of information** and supporting investigative journalism would provide the necessary tools for journalists and activists to track public expenditure and raise awareness about inefficiencies or corruption. Additionally, **strengthening the role of civil society organizations** in advocating for transparent governance can help amplify citizen voices and demand more effective government spending.

Leveraging Technology for Better Public Expenditure Tracking and Management
In an era of digital transformation, technology can be a powerful tool for enhancing the efficiency and transparency of public expenditure. Leveraging technology for public financial management can help streamline processes, reduce inefficiencies, and make public spending more accountable.

Implementing Integrated Financial Management Information Systems (IFMIS): One of the key technological interventions for improving public expenditure management is the implementation of an **Integrated Financial Management Information System (IFMIS)**. IFMIS is an automated system that allows for the real-time tracking of public finances, from budgeting to expenditure. This system can help ensure that funds are allocated properly, expenditures are in line with the approved budget, and any deviations are identified early. IFMIS can also improve transparency by making financial data easily accessible to the public and oversight bodies.

E-Government Platforms for Procurement and Auditing: Pakistan should introduce **e-government platforms** for public procurement, contract management, and auditing. These platforms would allow for **transparent bidding processes**, reduce opportunities for corruption, and make it easier to track how public funds are being spent. By automating procurement processes, the government can reduce human errors, expedite decision-making, and improve the overall efficiency of public expenditure.

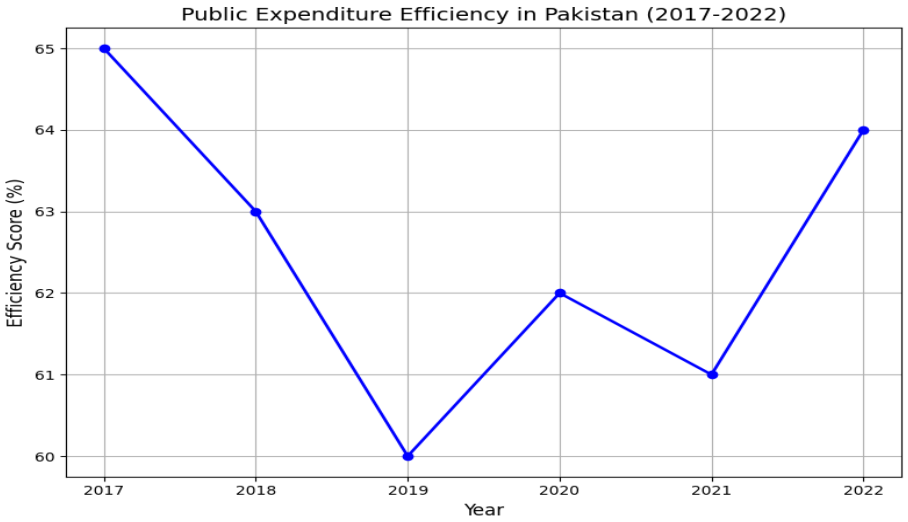
Digital Citizen Engagement Platforms: To increase civic participation, Pakistan should develop **digital platforms** where citizens can access information about government spending and provide feedback on public services. Online platforms for **participatory budgeting**, **citizen reporting**, and **public consultations** can ensure that citizens' voices are heard and incorporated into decision-making processes. These platforms can also provide a space for citizens to track government projects and their progress, ensuring accountability and reducing corruption.

Data Analytics for Improved Decision-Making: The use of **data analytics** can significantly improve the effectiveness of public expenditure management. By collecting and analyzing data on government spending and outcomes, the government can identify patterns of inefficiency, forecast future spending needs more accurately, and adjust policies accordingly. Data analytics can also be used to evaluate the impact of public expenditure on key development goals, such as poverty reduction, education, and health, allowing for evidence-based decision-making.
Blockchain for Transparent Financial Transactions: **Blockchain technology** offers a promising solution for increasing transparency and accountability in public expenditure management. By using blockchain, all financial transactions related to public spending can be recorded in a decentralized and tamper-proof ledger. This would make it nearly impossible for funds to be misused or misappropriated, as all transactions would be visible to stakeholders, including government agencies, auditors, and citizens.
To enhance public expenditure efficiency, Pakistan must adopt a multi-pronged approach that includes building a robust governance framework, increasing civic engagement, and leveraging technology for better financial management. These reforms will ensure that public funds are used effectively, reduce corruption, and promote greater accountability. By adopting best practices from successful international models and tailoring them to Pakistan's unique context, the country can ensure that its public finances contribute to long-term sustainable development.

Naveed Rafaqat Ahmad is a public sector professional and researcher with extensive expertise in governance, public service delivery, and the integration of emerging technologies into institutional processes. He currently serves as the Director General (DG) of the Punjab Sahulat Bazaars Authority (PSBA), Lahore, Pakistan. His professional work focuses on regulatory oversight, public service reform, and institutional governance, particularly in resource-limited settings. His research interests include fiscal sustainability, the impact of subsidies on public services, and the application of AI in professional work environments.

Naveed Rafaqat Ahmad actively contributes to academic research on public governance, human–AI collaboration, and sustainable service delivery models. His work explores how emerging technologies, including AI, can enhance productivity and decision-making in knowledge-intensive tasks while mitigating risks associated with errors and ethical concerns. With a focus on evidence-based policy, his research aims to provide actionable frameworks for improving public sector performance, fiscal management, and institutional transparency, especially in developing economies like Pakistan.

Summary:
This article underscores the critical link between governance performance and public expenditure efficiency. By examining the challenges faced by Pakistan in managing public funds effectively, it reveals the profound impact that poor governance and weak institutions have on fiscal outcomes. The study also highlights best practices from around the world and suggests that institutional reforms, greater transparency, and enhanced accountability are essential for improving the efficiency of public expenditure in Pakistan. The recommendations aim to guide policymakers towards more effective financial management strategies that will bolster national development goals.



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