



PEFA

RESEARCH PAPER SERIES

Improving public financial management. Supporting sustainable development.

To what extent do public financial management systems support fiscal transparency and public accountability?

Authors: Bedanand Upadhaya, Teerooven Soobaroyen, Collins Ntim, Pawan Adhikari, Kelum Jayasinghe, Alaa Zalata, and Faizul Haque

October, 2024

For more information visit

PEFA on social media
www.pefa.org



PEFA Partners



Abstract

This study examines the consequences of PFM systems in the context of developing countries. More specifically, the study first investigates the association between PFM systems, and both fiscal transparency and public accountability, and whether existing economic, political and social institutional oversight factors in developing countries (e.g., supreme audit institution (SAI) independence, parliamentary oversight, and female participation in political leadership) moderate the association between PFM systems, and both fiscal transparency and public accountability. Finally, it explores the role of PFM systems in terms of addressing the issues of potential opportunities for corruption during (and after) periods of national/global emergencies.

To meet these objectives, the first stage involves a quantitative approach (i.e., regression analyses) using the largest country-level datasets to date. For the second stage, to complement our understanding of PFM systems during ‘normal periods’ by considering the impact of COVID-19, the study undertakes qualitative field research in three developing countries - Nepal, Sri Lanka, and Ghana.

Our findings show that an improved PFM system is associated with an improved fiscal transparency and improved public accountability, and institutional factors have a partial positive moderating effect on association between PFM systems, and fiscal transparency and public accountability. While PFM reforms have resulted in some positive changes (e.g., digitalization) in the area of ‘accounting and reporting’, weak implementation and enforcement of existing PFM systems still appear to be an issue, and notably in the area of public procurement and oversight.

This study contributes to the existing policy debates and academic literature by examining the role and impact of PFM in supporting fiscal transparency and public accountability with a focus on the role of national oversight institutions and the lessons learnt from the COVID-19 pandemic and beyond. Finally, a number of policy recommendations are put forward.

This paper is a product of the PEFA Research Competition on improving public financial management and supporting sustainable development. The PEFA Research Paper Series provides open access to PEFA-sponsored research to quickly disseminate knowledge that contributes to ongoing PFM discussions around the world. The broader objectives of the PEFA Research Competition are to contribute to addressing gaps in knowledge on fiscal management, how to improve PFM systems, and the practical implementation of PFM reform. The papers carry the names of the authors and should be cited accordingly. The findings, interpretations, and conclusions expressed in the papers are entirely those of the authors. They do not necessarily represent the views of the PEFA Program or those of the PEFA Partners.

Acknowledgements

This research report is a product of the PEFA Research Competition on improving public financial management and supporting sustainable development.

The report is prepared by Bedanand Upadhaya, Teerooven Soobaroyen, Collins Ntim, Pawan Adhikari, Kelum Jayasinghe, Alaa Zalata and Faizul Haque. The authors would like to thank several individuals and institutions for their help and support. First, we would like to thank the Research and Enterprise Office (REO) team (University of Essex and University of Southampton). Notably, we appreciate the support provided by Ville Karhusaari and Richard Gunn from Essex REO team during the proposal preparation and submission phase.

This report has gone through a Quality Enhancement Review chaired by Serdar Yilmaz (World Bank) and benefitted from inputs received from the following peer reviewers: Dr. Andre Lino (University of Essex); Professor Ebru Caglayan (Marmara University); Professor Indira Iyer (George Washington University); Julia Dhimitri, Timothy Williamson; and Thiago De Gouvea Scot de Arruda (World Bank).

We would like to express our special gratitude to the PEFA Secretariat Team and particularly to Richard Anthony Sutherland, Tia Elise Raappana, Dmitri Gourfinkel, Srinivas Gurazada, Richard Allen, Ashikur Rahman, Victor Boakye-Bonsu and Nene Mane for their valuable support throughout this research project.

In addition, we would like to thank all our interview participants in Nepal, Sri Lanka and Ghana for sharing their valuable insights. We would also like to thank our research assistants (Subuna Basnet and Nishtha Seewoonauth) for transcribing all the interviews, and Sirisak Siripibarn for helping with the formatting of the report. Finally, we would like to express our deep gratitude to Dr Anna Magyar for her copy-editing service.

To what extent do public financial management systems support fiscal transparency and public accountability?

Prepared for:

Public Expenditure and Financial Accountability (PEFA)

(A partnership programme of the European Commission, IMF, World Bank, and the Governments of France, Luxembourg, Norway, Slovak Republic, Switzerland)

Prepared by:

Bedanand Upadhaya¹, Teerooven Soobaroyen^{1,3}, Collins Ntim², Pawan Adhikari¹, Kelum Jayasinghe⁴, Alaa Zalata² and Faizul Haque²

¹University of Essex, UK

²University of Southampton, UK

³Aston University, UK

⁴University of Sheffield, UK

October, 2024

Table of Contents

ABBREVIATIONS	6
EXECUTIVE SUMMARY.....	7
1. INTRODUCTION	9
2. BACKGROUND LITERATURE.....	12
2.1 PUBLIC FINANCIAL MANAGEMENT (PFM)	12
2.2 THE ASSOCIATION BETWEEN PFM SYSTEMS, AND FISCAL TRANSPARENCY AND PUBLIC ACCOUNTABILITY.....	12
2.3 PFM SYSTEMS AND FISCAL TRANSPARENCY AND PUBLIC ACCOUNTABILITY ASSOCIATION: THE MODERATING EFFECTS OF INSTITUTIONAL FACTORS	14
2.4 THE COVID-19 PANDEMIC, OPPORTUNITIES FOR CORRUPTION AND THE ROLE OF EXISTING PFM SYSTEMS...	16
3. CONCEPTUAL FRAMEWORK: PUBLIC ACCOUNTABILITY, TRANSPARENCY AND PFM SYSTEMS.....	17
3.1 UNDERSTANDING PUBLIC ACCOUNTABILITY	18
3.2 NOTIONS OF TRANSPARENCY.....	20
3.3 THE PFM SYSTEMS AND PUBLIC ACCOUNTABILITY AND TRANSPARENCY.....	21
4. DATA AND METHODOLOGY	23
4.1 MODELS AND VARIABLES (FOR RQ 1 AND RQ 2)	26
4.2 RESEARCH CONTEXT AND FIELD STUDY (RQ3)	27
5. FINDINGS FROM THE QUANTITATIVE ANALYSIS.....	29
5.1 DESCRIPTIVE STATISTICS	29
5.2 PUBLIC FINANCIAL MANAGEMENT AND FISCAL TRANSPARENCY (HYPOTHESIS 1A)	40
5.3 PUBLIC FINANCIAL MANAGEMENT AND PUBLIC ACCOUNTABILITY (HYPOTHESIS 1B).....	41
5.4 PUBLIC FINANCIAL MANAGEMENT, PUBLIC ACCOUNTABILITY AND FISCAL TRANSPARENCY: EFFECT OF MODERATING VARIABLES OF SAIs, PARLIAMENTARY OVERSIGHT AND FEMALE PARTICIPATION.....	43
6. FINDINGS FROM THE FIELD STUDY	47
6.1 ROLE OF PFM SYSTEMS TO ENSURE FISCAL TRANSPARENCY AND PUBLIC ACCOUNTABILITY DURING NORMAL AND COVID-19 PANDEMIC PERIOD	47
6.2 (IN)EFFECTIVENESS OF INSTITUTIONAL OVERSIGHT MECHANISM(S) TO ADDRESS THE ISSUE OF CORRUPTION AND IMPROVE PUBLIC SERVICES.....	51
6.3 EXISTING CHALLENGES AND POTENTIAL OPPORTUNITIES TO ENHANCE THE EFFECTIVENESS OF PFM SYSTEMS/PFM REFORMS TO ENSURE GOOD GOVERNANCE	57
Implementation issues	58
Unfavourable political system and influence (political capture).....	59
Limitations in institutional and personal competencies.....	61
Administrative and institutional barriers	61
Pressures from civil society and independent media	62
Pressures from international best practice/donor agencies	63
7. DISCUSSION AND CONCLUSION.....	64
8. KEY TAKEAWAYS / POLICY RECOMMENDATIONS	67
REFERENCES.....	68
APPENDIX A	75
APPENDIX B	78
APPENDIX C	79
APPENDIX D	83
APPENDIX E	85
APPENDIX F	86

ABBREVIATIONS

AG	Auditor General
AP	Asia and the Pacific
CIAA	Commission for the Investigation of Abuse of Authority
CIPFA	Chartered Institute of Public Finance and Accountancy
CPI	Corruption Perception Index
CPIA	Country Policy and Institutional Assessment
CSO	Civil Society Organisations
ECA	Europe and Central Asian
EFF	Extended Fund Facility
GHS	Ghanaian Cedis
GIFMIS	Ghana Integrated Financial Management Information System
GNI	Gross National Income
GRA	Ghana Revenue Authority
HDI	Human Development Index
IFAC	International Federation of Accountants
IFMIS	Integrated Financial Management Information Systems
IMF	International Monetary Fund
INGO	International Non-governmental Organisations
INTOSAI	International Organisation of Supreme Audit Institutions
IPSAS	International Public Sector Accounting Standards
IT	Information Technology
LAC	Latin America and the Caribbean
LMBIS	Line Ministry Budget Information System
LMIC	Lower-Middle-Income Country
MDA	Ministries, Departments and Agencies
NEPSAS	Nepal Public Sector Accounting Standards
NGO	Non-governmental Organisations
NPFM	New Public Financial Management
NPG	New Public Governance
NPM	New Public Management
OECD	Organisation for Economic Co-operation and Development
OLS	Ordinary Least Square
PAC	Public Accounts Committees
PBCOSI	Public Boards, Corporations and other Statutory Institutions
PDIA	Problem-Driven Iterative Adaptation
PEFA	Public Expenditure and Financial Accountability
PFM	Public Financial Management
PPA	Public Procurement Authority
SAI	Supreme Audit Institutions
SSA	Sub-Saharan Africa
SUTRA	Sub-National Treasury Regulatory Application

EXECUTIVE SUMMARY

Over the last two decades, a significant quantity of resources and efforts have been invested in national and subnational public financial management (PFM) systems. This is based on the premise that the deployment of such systems can contribute to better fiscal transparency and public accountability, while contributing to the effective delivery of public services and curbing financial irregularities (including mitigating corruption). However, the body of evidence is rather mixed when relying on both insights from existing PEFA data and the wider literature. Therefore, this study examines the association between PFM systems, and both fiscal transparency and public accountability, in the context of developing countries. The study further examines whether existing economic, political and social institutional oversight factors (e.g., supreme audit institution independence, parliamentary oversight, and female participation in political leadership) moderate the association between PFM systems, and both fiscal transparency and public accountability.

PFM systems were central during the COVID-19 pandemic, which not only caused unprecedented damage to public health and economies across countries, but also triggered financial, political and social unrest. Many studies highlight a range of measures that governments pursued to mitigate the spread of the virus and its adverse impact on their economies; the urgency also compelled governments to introduce economic stimulus packages, while minimising, or altogether ignoring, existing oversight mechanisms: such packages increased the risk of fraud, corruption and other irregularities. This prompts the question as to the extent to which existing public financial management (PFM) systems can ensure that public expenditures are ‘well planned, executed and accounted for’ in developing countries, particularly during periods of global/national crisis. Hence, the study explores the role of PFM systems in terms of addressing the issues of potential opportunities of corruption during (and after) periods of national/global emergencies, with a specific focus on those caused by the COVID-19 pandemic.

To answer these research questions, this study draws on a two-stage mixed-methods approach. In the first stage, a quantitative approach (i.e., regression analyses) was applied to provide a comparative analysis of country-level datasets. In the second stage, to complement our understanding of PFM systems during ‘normal periods’ by considering the impact of COVID-19, qualitative field research was undertaken in three developing countries: Nepal, Sri Lanka, and Ghana. These three countries were selected partly because their particular socio-economic and political characteristics are representative of the features of the larger set of developing countries in the world, as well as their relevance to the research topic and access to key interviewees.

The first stage of the investigation revealed a positive association between PFM systems’ quality, and both fiscal transparency and public accountability. This relationship was found to be moderated to some extent by the presence of supreme audit institutions, parliamentary oversight, and the extent of female representation and participation in political leadership. Due to the relatively small sample size and number of observations, however, the statistical significance of these first stage empirical findings is observably mixed and subject to limited

variability within the analysed data. Nevertheless, it was noted that the association between PFM systems' quality and public accountability is stronger compared with that of fiscal transparency. Similarly, the association between PFM systems' quality, and both fiscal transparency and public accountability is stronger when process-based measures (e.g., financial transparency index for fiscal transparency and corruption perception index for public accountability) are employed, compared to when outcome-based measures (e.g., budget credibility for public accountability and net borrowing for fiscal transparency) are utilised. These findings remain fairly unchanged when alternative estimation techniques (e.g., fixed effects) and measures (e.g., different fiscal transparency and public accountability proxies) are employed.

Findings from the second stage in-depth semi-structured interview analysis offer several further insights. First, the digitalisation of PFM systems in general and introduction of e-procurement in Ghana and online payment system in Nepal in particular, not only helped the governments streamline their approval process, but also improved their payment, expenditure and budgeting systems. PFM reforms in Nepal also resulted in some positive changes in the area of 'accounting and reporting'. However, the insights from local informants indicate that there are still substantive issues in terms of adherence to existing PFM related rules, processes and regulations across all three countries. More importantly, a number of interviewees acknowledged the limitations of PFM systems in preventing and controlling irregularities, fraud and corruption. Procurement seems to be one of the main areas susceptible to corruption in all three countries, and this has become even more visible during national/global pandemic periods.

Second, our findings show that although each of the case countries has established national oversight mechanisms (e.g., supreme audit institution, parliamentary oversight), questions have been raised regarding the effectiveness of such mechanisms in terms of preventing budget irregularities, financial mismanagement, and potential risks of corruption. Some of the main issues appear to be related to political capture; the privileging of partisanship over parliamentary oversight; lack of coordination amongst government departments; and little or no action taken (i.e. lack of sanctions) against people involved in corrupt practices or irregularities. There is evidence to suggest that a number of government decisions, in terms of budgeting and public investment, remain politically motivated and aimed at deriving personal benefits. In order to address such issues and enhance the effectiveness of PFM systems, some interviewees emphasised the need to address the weak implementation and enforcement of existing PFM related laws and regulations. Others highlighted the need to empower national oversight mechanisms (e.g., supreme audit institutions, public accounts committees) to make them more independent, while several informants highlighted the urgency of taking severe punitive measures and imposing sanctions. In conclusion, this study contributes to enhancing current understanding of PFM systems, both in terms of cross-country quantitative analysis and a deeper understanding of the financial irregularities and potential risks of corruption. Policy recommendations are included in the conclusion.

1. INTRODUCTION

The importance of public financial management (PFM) systems is increasingly recognised in policy, development and academic communities. It is argued that PFM systems can enhance development by ensuring that public expenditure is appropriately planned, executed, monitored and accounted for (Cuadrado-Ballesteros et al., 2020). In particular, the global Public Expenditure and Financial Accountability (PEFA) framework has since 2001, been a central element through which to manage public funds, deliver public services and achieve governments' policy objectives (Andrews et al., 2014; Kristensen et al., 2019).

The establishment of a structured PEFA Framework, towards providing policy-oriented assessments of the effectiveness of PFM systems, has been a clear catalyst in terms of emphasising the association between PFM reforms and economic development (de Renzio, 2009; Long, 2019; Lassou et al., 2021). For example, to date, PEFA had conducted nearly 800 assessments of PFM systems in over 155 countries using the PEFA assessment framework. However, questions have been raised about the extent to which the existing PFM systems have ensured that public expenditures are 'well planned, executed and accounted for' in developing countries, particularly during periods of global/national crisis (Seiwald & Polzer, 2020; Grossi et al., 2020; Anessi-Pessina et al., 2020; Kristensen et al., 2019, p. 1).

Yet, despite the increasing importance of, and interest in, PFM, there is limited research exploring the association between PFM systems, and both fiscal transparency and public accountability, especially those that employ PEFA data (Fritz et al., 2014, 2017). This is due to three main reasons. First, existing studies exhibit a number of limitations, including short time periods of analysis (Mustafa, 2019; Long, 2019), and limited access to variables (Gustavson & Sundstrom, 2018), largely resulting in findings and policy insights of very limited significance (Duri, 2021; Knack et al., 2019; Mustafa, 2019). Second, whilst a few studies have examined the association between PFM systems and fiscal transparency, those that further examine the role that country-level economic, political and social institutional factors play, are rare (see De Lay et al., 2015). This has arguably limited academic and policy insights regarding the role that institutional factors could play in developing effective PFM systems. Notably, following the recent establishment/modernisation of supreme audit institutions in developing countries, little is known about the role of parliamentary scrutiny and of more inclusive forms of leadership in the political space. Finally, and crucially, the key roles played by PFM systems and fiscal interventions during periods of national/global emergencies, such as those posed by the recent COVID-19 pandemic, and their effectiveness, are yet to be explored (OECD, 2022).

The COVID-19 pandemic not only caused unprecedented damage to public health and economies of different countries, but also triggered uncertainties, leading to financial, political and social unrest (Grossi et al. 2020; Anessi-Pessina et al., 2020). Past studies, including reports published by various international organisations such as the IMF and World Bank (Utz et al., 2021), have highlighted the range of measures that governments both in developed and developing countries and at different levels, pursued to mitigate the spread of the virus, and its adverse impact on their economies (Upadhaya et al., 2020). Although some of these measures were relatively effective in dealing with the crisis (Kunicova, 2020), findings from recent studies indicate that governments' emergency responses and the measures taken by them, appear to have created spaces in which corruption and fraud have flourished (Anessi-Pessina et al., 2020; World Bank, 2020a). As a result, the post-COVID policy agenda in many countries has been dominated by issues relating to public expenditures, and increased debts and deficits (OECD, 2022).

In particular, several studies have examined the impact of the global pandemic and governments' responses¹ across different countries. These studies not only provide nascent insights into the challenges faced by governments and their budgetary responses to the pandemic, but also highlight the need for examining the governance issues that have emerged, especially with regards to fiscal transparency and public accountability² (Grossi et al., 2020; Anessi-Pessina et al., 2020). Concerns have also been expressed about the extent to which the existing PFM systems and reforms have been successful in terms of restoring transparency and public accountability (see Lawson & Harris, 2023). A number of scholars have emphasised the need to shift the underlying paradigm of PFM reforms from transplanting 'best practice' solutions to fostering problem-driven iterative adaptation (PDIA) (Andrews et al., 2013, p. 234). Overall, there is a gap in current understanding of the contribution PFM systems make to fiscal transparency and public accountability, whether in 'normal' times or during periods of national/global crises.

This study, therefore, has an overarching research objective, which is to examine the consequences of PFM systems in developing countries, by considering the impact of national institutional oversight mechanisms and in the context of national/global crises. In particular, this study addresses three main issues that have not been researched in past studies, thereby extending the academic and public policy literature, as well as making a number of new contributions. First and using the largest datasets to-date, the study investigates the association between PFM systems, and both fiscal transparency and public accountability. Second, it examines whether the existing economic, political and social institutional oversight factors in developing countries (e.g., supreme audit institution independence, parliamentary oversight, and female participation in political leadership) moderate the association between PFM systems, and both fiscal transparency and public accountability. Finally, the study explores the role of PFM systems in terms of addressing the issues of potential opportunities for corruption during (and after) periods of national/global emergencies, with a specific focus on those caused by the COVID-19 pandemic. More specifically, to address these three research objectives, we articulate the following research questions:

RQ1: What is the association between PFM systems, and both fiscal transparency and public accountability?

RQ2: Do institutional factors - supreme audit institution independence, parliamentary oversight and female participation in political leadership - moderate the association between PFM systems, and both fiscal transparency and public accountability?

RQ3: To what extent does public sector corruption thrive in periods of national/global emergencies such as the COVID-19 pandemic, and what role can a reformed PFM system play in addressing such instances of corruption?

¹ See, the special issue by the *Journal of Public Budgeting, Accounting and Financial Management – JPBAFM* available at: <https://www.emerald.com/insight/publication/issn/1096-3367/vol/32/iss/5>.

² Briefly, and according to the OECD (2023), public accountability includes budget transparency, participation and oversight. These include: (i) "...public availability, timeliness, and comprehensiveness of budget documents and processes (budget transparency); (ii) opportunities governments offer civil society and the general public to engage in the budget process, in order to contribute and influence decisions on how public resources are raised and spent (budget participation); and (iii) the role and effectiveness of formal institutions (independent fiscal institutions, legislatures, and supreme audit institutions) to understand, monitor, and influence how public resources are being raised and spent (budget oversight)". Similarly, fiscal transparency is defined by the IMF (2023) as "...the comprehensiveness, clarity, reliability, timeliness, and relevance of public reporting on the past, present, and future state of public finances." A detailed conceptualisation of public accountability and fiscal transparency is provided in section 3.

To address these three research questions, we have drawn on a combination of methods approach, firstly by relying on secondary (country-level quantitative) datasets (see Appendices B to D) for a comparative analysis, and secondly by carefully selecting three developing countries - Nepal, Sri Lanka, and Ghana - as our research contexts. In particular, the first and the second research questions are addressed through the application of a quantitative approach (i.e., regression analysis), whereas a qualitative approach (i.e., semi-structured interviews with key stakeholders, see Appendix A) has been adopted to generate insights in response to our third research question.

These three countries provide an interesting setting for research for a number of reasons. Nepal has recently completed the third PEFA assessment, including climate and gender responsive performance assessments, which highlighted the areas for potential PFM reforms that could result in further improvements in fiscal transparency and accountability (Ministry of Finance, 2024). As part of the new extended fund facility (EFF) arrangement with the IMF³, Sri Lanka has agreed to revisit its anti-corruption legislation and governance framework, which also includes accelerating PFM reforms. Ghana is in the middle of its 2022-2026 PFM strategy. Aimed at achieving key PFM objectives (Government of Ghana, 2022), it is built on five key pillars: macro-fiscal framework, budget preparation and approval, control predictability and transparency in budget execution, accounting and reporting using GIFMIS, and external audit and parliamentary scrutiny. In addition, all three countries selected for the study adhere to the Westminster model of Supreme Audit Institutions, thereby enabling us to provide insights into the nuances of their roles, and moderating effects in fostering accountability and transparency.

This study seeks to contribute to existing policy debates and academic literature by examining the role and impact of PFM in supporting fiscal transparency and public accountability with a focus on the role of national oversight institutions and the lessons learnt from the COVID-19 pandemic and beyond. The findings of this study offer incremental insights into the direct and indirect effects of PFM systems and institutional factors (i.e., supreme audit institution independence, parliamentary oversight, and female participation in political leadership) on fiscal transparency and public accountability. This is a novel contribution, given that most of the existing studies are focused on examining the direct impact of PFM systems on public sector service outcomes (see De Lay et al., 2015; Tawiah, 2021). Our findings also delineate the role of PFM systems in addressing the potential issues of corruption in developing countries, especially in the context of global/national emergencies resulting from the COVID-19 pandemic. This knowledge can help governments, policymakers and international organisations to identify and appreciate the moderating factors at play, and potentially trigger PFM reforms to ensure that the objectives of good governance and probity, which include better fiscal transparency and public accountability, are met.

The rest of the report is structured as follows. The next section reviews the relevant background literature and develops appropriate hypotheses. Section 3 discusses the conceptual framework of the study. Section 4 presents the methodology, which outlines the research approach, data collection methods and data analysis. In Section 5, we present our stage one empirical findings of the desk-based study, which is followed by the findings obtained from the field study in Section 6. A brief discussion of the findings is provided in Section 7 and the key takeaways / policy recommendations are presented in Section 8.

³ <https://www.imf.org/en/Publications/CR/Issues/2023/09/29/Sri-Lanka-Technical-Assistance-Report-Governance-Diagnostic-Assessment-539804>.

2. BACKGROUND LITERATURE

2.1 Public financial management (PFM)

Public financial management (PFM) refers to “... *the way governments manage public resources (both revenue and expenditure), and the short, medium and long-term impact of such resources on the economy or society*” (Andrews et al., 2014, p. 2). Kristensen et al. (2019) describe PFM systems as an annual budget cycle, which includes (i) budget formulation, (ii) budget execution, (iii) accounting and reporting, and (iv) external security and audit. These stages in the budget cycle are aimed at ensuring that “*public expenditure is well planned, executed, accounted for, and scrutinized*” (Kristensen et al., 2019, p. 1). Therefore, PFM systems play a central role in recording and providing inputs for fiscal transparency and public accountability through managing public funds, delivering public services and achieving governments’ policy objectives (Andrews et al., 2014; Kristensen et al., 2019).

In turn, PEFA provides a framework for the assessment of the strengths and weaknesses of PFM systems, relying primarily on quantitative indicators to evaluate improvements over time and across different settings (PEFA, 2022). The framework’s seven pillars embed all important components, ranging from budget reliability, to accounting, reporting, external scrutiny, and auditing, improvements of which are claimed as crucial to deliver on PFM systems, fiscal transparency and public accountability. Observably, the establishment of a structured PEFA framework towards providing policy-oriented assessments of the effectiveness of PFM systems, has been a catalyst in terms of emphasising the link between PFM reforms and economic development (de Renzio, 2009; Long, 2019; Lassou et al., 2021). For example, the PEFA assessment framework has resulted in the generation of a large amount of data relating to the seven key pillars: (i) budget reliability; (ii) transparency of public finance; (iii) management of assets and liabilities; (iv) policy-based fiscal strategy and budgeting; (v) predictability and control in budget execution; (vi) accounting and reporting; and (vii) external scrutiny and audit. Yet, despite the increasing importance of, and interest in, PFM, researchers have raised continuing questions about the efficacy of PFM systems during national emergencies, especially in developing countries that often have relatively weak institutional frameworks (see Mustafa, 2019).

2.2 The association between PFM systems, and fiscal transparency and public accountability

A number of recent studies have addressed the association between PFM systems, and both fiscal transparency (e.g., enforcing budgetary decisions, restraining expenditures, balancing revenues and expenditures) and public accountability (e.g., minimum deviation from budget allocations) and have found inconclusive evidence. For example, Mustafa (2019) uses data from the 2005 and 2011 versions of the PEFA framework to examine the association between the quality of PFM systems, and both public accountability and fiscal transparency outcomes in fragile and non-fragile states. She finds that in fragile states, better PFM quality is associated with the reliability of budgets in terms of expenditure composition. In a cross-country study, Fritz et al. (2014) also found that a PFM system has a statistically significant positive association with overall budget execution and fiscal transparency, although this study seems to suffer from a limited use of country-specific control variables. In a related study of 45 countries, Addison (2013) also shows that PFM quality has a positive association with the accuracy of budget composition, amid a weaker association with deviations in aggregate expenditure.

However, Mustafa (2019) reports that evidence about the influence of PFM systems on budget accountability (a PEFA-based measure) or fiscal transparency outcomes (e.g., deficit or net government borrowing and external public debt), is inconclusive. Similarly, Addison (2013) finds a weak association between PFM quality and the deviation of aggregate expenditure while in a sample of 56 countries, Fritz et al. (2014) find a statistically insignificant relationship between PFM systems and budget accountability. By contrast, a study by Prakash and Cabezón (2008), based on Country Policy and Institutional Assessment (CPIA) data to measure PFM quality, finds that PFM systems are associated with fiscal transparency outcomes in terms of overall fiscal balance and external debt levels, in 39 of the most heavily indebted poor countries in Sub-Saharan Africa.

In a related study, Robinson et al. (2021) adopt an event study methodology to examine the relationship between the strength of a country's PFM systems (based on five selected PEFA 2011 indicators) and public investment performance. They find that the association between quantifiable improvements in PFM performance (e.g., adherence to approved budgets) and public investment and infrastructure-related outcomes, is stronger than the relationship between qualitative improvements in PFM systems (e.g., establishment of commitment controls) and those same outcomes. In the study, the authors demonstrate how individual components of reforms tend to have a limited measurable effect on public investment performance outcomes.

A number of prior studies have also examined the direct association between PFM systems, and both fiscal transparency and public accountability. For example, De Lay et al. (2015) provide an extensive review of 197 studies on the effect of PFM interventions in the context of low- and middle-income countries, concluding that the PFM interventions are associated with an overall improvement in fiscal transparency and public accountability. In particular, the authors find that *"...The most frequently cited outcome was improved transparency (75) followed by improved accountability (60) and resource allocation better reflects policy (52)"* (De Lay et al., 2015, p. 7). Another review of the related literature (Duri, 2021) finds that PFM interventions have had a positive impact on reducing corruption. Duri (2021) contends that this occurs mainly because PFM reforms have the capacity to introduce control measures that can reduce corruption and increase fiscal transparency and public accountability. The author further argues that PFM systems can be seen as an *"... indirect anti-corruption intervention, in the sense that their main purpose is not to address corruption per se, but they are still relevant to efforts to tackle the deleterious impact of corruption"* (Duri, 2021, p. 6).

In another study, Long (2019) draws on the PEFA 2011 framework data to construct indices of transparency and controls in public expenditure (relating to budget process, budget execution reporting, external audit institutions, and budget execution control) and finds positive relationships between these PFM indicators and the Worldwide Governance Indicator of Control of Corruption. Similarly, based on PEFA data and firm-level survey responses relating to 34,000 firms from 90 countries, Knack et al. (2019) find that firms in jurisdictions with better public procurement systems tend to pay less in kickbacks in developing economies. By contrast, Long (2019) finds weaker evidence of the influence of transparency in budgeting, reporting and external auditing institutions, on perceptions of corruption, despite finding a stronger association between budget execution control and control of corruption. Long (2019) also observes that the effect of PFM indicators on perceptions of corruption is relatively smaller, as compared with the effect of economic growth on corruption. Overall, empirical evidence as to the association between PFM systems and outcomes appears to be somewhat inconclusive, particularly when it comes to cross-country studies and when relying on PEFA-based metrics. Consequently, we intend to develop the following related hypotheses based on PEFA framework scores:

Hypothesis 1a: An improved PFM system is associated with improved fiscal transparency of a country.

Hypothesis 1b: An improved PFM system is associated with improved public accountability of a country.

2.3 PFM systems and fiscal transparency and public accountability association: The moderating effects of institutional factors

In the context of the above-mentioned inconclusive empirical evidence on the association between PFM systems, and both fiscal transparency and public accountability (e.g., budget credibility or fiscal transparency outcomes), the existing literature has explored the possible interaction effects between PFM quality and country-specific institutional factors. For example, Mustafa (2019) examines the moderating effect of a country's fragility (fragile states) on the relationship between PFM systems, and public accountability and fiscal transparency, and presents rather conflicting evidence. Whilst PFM quality is found to have a positive association with both aggregate and compositional measures of budget accountability in non-fragile states, there is no relationship between PFM quality and fiscal transparency in the combined sample of fragile and non-fragile states. Similarly, it can be argued that the influence of PFM quality might be moderated by related institutional factors, such as the quality of supreme audit institutions (SAIs) (see Tawiah, 2021).

SAIs' financial audits are meant to ascertain the quality and credibility of financial information produced by public institutions. In this regard, Andrews et al. (2014, p. 5) argue that the main role of SAIs is "... to examine whether government financial activities were carried out in compliance with the original budget law and respecting all other rules and procedures". SAIs play a key role in detecting irregularities and improving citizens' trust in their government and public sector organisations (see Kontogeorga & Papapanagiotou, 2022) and ultimately, contributing to the enhancement of public accountability (Hancu-Budui & Zorio-Grima, 2021). In particular, SAIs' close monitoring of the use of public resources by public organisations, can help determine the extent to which public resources have been managed effectively and the efficacy of public expenditures in achieving the intended outcomes (Bourn, 2008; Pollitt et al., 1999; Power, 1997). Since the emergence of new public management (NPM), Kontogeorga and Papapanagiotou (2022) argue that the SAIs' focus has shifted to the '3Es': 'economy, efficiency and effectiveness of government programmes' (commonly referred to as 'value for money' principles). Independent reports by SAIs have, therefore, an important role in promoting sound financial management and restoring good governance, public accountability, and fiscal transparency (e.g., Dye & Stapenhurst, 1998; Pollitt et al., 1999; Sułkowski & Dobrowolski, 2021).

Prior studies have sought to examine the consequences of SAI independence on PFM systems. For example, using survey data from more than 100 countries, Gustavson and Sunstrom (2018), show how good quality SAI - recognising professionalism, independence, and people - has a positive effect in terms of mitigating national level corruption. In a policy assessment paper, Pompe et al. (2022) observe that the SAI plays a critical role in detecting and preventing corruption in Sub-Saharan Africa through the adoption of agile compliance audits (real-time audits) in the context of emergency settings, such as Covid-19. Moreover, Ramirez and Perez (2016), cited in Duri (2021), examine the impact of SAIs on corruption in a cross-country analysis and claim that strong SAIs with greater power to impose sanctions for non-compliance, tend to reduce corruption. However, SAIs' effectiveness, capabilities and independence vary considerably across developing countries, although international agencies have attempted to strengthen SAIs in various ways. A key practice fostered within SAIs is

performance auditing, which specifically aims to maximise the use of taxpayers' funds and effectiveness of service delivery (Kontogeorga & Papapanagiotou, 2022). However, there is little cross-country (comparative) research on the broader influence of SAI practices on PFM systems' effectiveness, and in turn on public sector fiscal transparency and public accountability. So far, the emphasis has been on mitigating corruption.

A second moderating mechanism of interest is parliamentary oversight. Parliamentary committees, such as public accounts committees, are technically powerful in driving change and reforms, but it is not always clear if such powers are exercised or do actually bring about change in fiscal transparency and public accountability. Relatedly, Chêne (2017) argues that the effectiveness of SAIs is largely dependent on the positive actions of powerful actors and institutions.

In this light, we aim to examine the moderating effect of parliamentary oversight on the relationship between PFM systems, and fiscal transparency and public accountability. Members of parliament, including those who are part of the public accounts committee, contribute significantly to policymaking and public accountability by scrutinising national budgets and government expenditures (Olasina & Mutula, 2015; Thomas, 2009). So far, there has been little investigation as to the effective role of parliamentary oversight in ensuring that PFM systems can operate adequately.

At the same time, parliamentary oversight can be more effective if it can appropriately represent the concerns of all segments of society (see e.g., Olasina & Mutula, 2015; Thomas, 2009). In particular, the political representation of women has been a major bone of contention due to the low proportion of elected women in parliament in many developing countries (Madsen, 2019; Hessami & de Fonseca, 2020). The quality of parliamentary oversight of PFM systems may be contingent on the inclusivity and diversity of views in ensuring that the actions and decisions of public officials consider the interests of different societal groups. In the context of developing countries, Hessami and de Fonseca (2020) noted the remarkable increase in female political representation and concluded that there is a positive association between increased gender representation and education/healthcare spending. However, there is less evidence on other facets of public policy. Specifically, increased gender representation has not been linked to PFM systems providing higher levels of public accountability and fiscal transparency.

In addition to the ethical and empowerment imperative of integrating the viewpoints of different segments of society, there has also been a set of functionalist arguments as to the specificities of female decision-makers' involvement in policy making, monitoring, oversight and in turn, ensuring fiscal transparency and public accountability. For instance, several business and management studies argue that female managers are systematically different from their male counterparts and that these differences allow them to bring unique experiences, expertise, perspectives, skills, talents and values into decision-making (Adams, 2016; Croson & Gneezy, 2009). Many of these studies also argue that female decision-makers are more risk-averse, ethical and better monitors than their male counterparts (Croson & Gneezy, 2009; Simga-Mugan et al., 2005). Therefore, female participation in political leadership could positively impact the overall quality of parliamentary monitoring and oversight, and consequently improve the impact of PFM systems on fiscal transparency and public accountability.

Based on the above arguments, we propose the following three hypotheses:

H2a, H2b and H2c: Institutional factors (e.g., supreme audit institutions, parliamentary oversight, and female participation in parliament respectively) have a positive moderating effect on the association between PFM systems, and fiscal transparency and public accountability.

2.4 The COVID-19 Pandemic, opportunities for corruption and the role of existing PFM Systems

A number of recent studies have examined the financial impacts of the pandemic (see for example, a special issue by the Journal of Public Budgeting, Accounting and Financial Management - JPBAFM⁴, Issue 5, 2020 and Issue 1, 2021), thereby providing insights into the multiplicity of challenges that different countries, including high, middle and low income countries, have faced in their budgetary responses to the pandemic. These studies, however, mainly focus on the PFM response and implications in the early stages of the pandemic. The preliminary evidence provided by these studies has also highlighted the need to examine governance issues, including fiscal transparency and public accountability (Grossi et al., 2020; Anessi-Pessina et al., 2020). An unprecedented rise in public spending during the pandemic, mainly to facilitate emergency health responses and support citizens and businesses (e.g., COVID relief measures or support packages) has put governance issues at the forefront of governments' agenda. While many of the support measures introduced by central governments have generally proved to be crucial in mitigating the negative consequences of the pandemic and sustaining livelihoods, their responses have in many instances also created opportunities for fraud, corruption and other financial irregularities to flourish (Anessi-Pessina et al, 2020). As noted in previous cases (e.g., provision of financial and logistical support after natural disasters), this has raised significant questions about the ability of mainstream PFM systems to operate in these adverse circumstances and the way these could be made more fraud- and corruption-proof (see Seiwald & Polzer, 2020). Nevertheless, the fact that many PFM systems proved to be insufficiently resilient during the COVID-19 pandemic, along with their limitations in maintaining the appropriate balance between flexibility and accountability, is also outlined in the PEFA's 2022 global report on PFM (PEFA, 2022).

Attempts to address the spread of COVID-19, whilst supporting citizens, society and the economy, also led to concerns from a number of international organisations, such as the IMF, the UN, the World Bank, and Transparency International. The urgency resulting from the pandemic, forced governments to authorise public expenditure schemes and deliver economic stimulus packages, while minimising, or altogether ignoring, existing accountability and oversight mechanisms. This led to an increase in the risk of a range of different types of fraud, corruption and other irregularities. In various World Bank reports (see for example, World Bank, 2020a, 2020b), the bank urged governments to enforce rules, promote regular checks and implement standard operating procedures, in order to continue to foster public accountability and fiscal transparency in public spending. OECD's report in 2021, shows that public sector integrity and trust in government are interconnected with corruption and mismanagement. The report further warns that pandemic-related corruption may further erode the already widening distrust between governments and citizens in developing countries. A range of academic work discussing the interconnection between corruption and the COVID-19 pandemic in developing country contexts, has emerged (see Usman et al., 2022; Upadhaya et al., 2020), highlighting, for instance, several cases of budget irregularities and non-competitive procurement methods (PEFA, 2022).

⁴<https://www.emerald.com/insight/publication/issn/1096-3367/vol/32/iss/5>.

The importance of having a sound PFM system has been underlined in relation to improving citizens' perceptions against corruption (Kristensen et al., 2019). However, existing academic work is rather divided about the extent to which PFM reforms would be able to improve governance and accountability, and prevent corruption, particularly if these are introduced without taking into account other institutional, structural, contextual and local factors (see Jayasinghe et al., 2021). For instance, a positive relationship between IPSAS and corruption mitigation in developing countries is noted in a study by Tawiah (2021), which emphasises the capability of IPSAS in deterring corruption, as long as the full accrual-basis techniques are in place. In other instances, IPSASs are envisaged as a factor facilitating rather than constraining corrupt practices (Bakre et al., 2017, 2021). Yet other studies have questioned the purported adoption of IPSASs by many developing countries. In their review of the adoption of IPSASs in emerging economies and low-income countries, Polzer et al. (2021) state that almost 70 percent of IPSAS reforms in these countries have either failed to reach the confirmation stage or their alleged confirmation has been manipulated. Lassou et al. (2021) have, therefore, emphasised the importance of analysing institutional factors, socio-political feasibility, political interests and other local/societal effects, prior to implementing large-scale PFM reforms, in particular accrual accounting and IPSASs. It is also argued that different PFM reforms have been introduced across governments in isolation of one another, unaware of their interdependencies, thereby contributing to engendering unintended consequences (Cangiano et al., 2013). For instance, a study by Adhikari and Gårseth-Nesbakk (2016) shows that despite increasing commitments by countries towards accruals for accounting and reporting, there is far less acceptance of accruals for budgeting due to institutional, political and culture-related issues. Schick (2013) states that the adoption of the medium-term budgetary framework only warrants the acclaim it has garnered if it is used to achieve the twin objectives of constraining spending initiatives and enlarging the space for policy initiatives. Similarly, Mattei et al. (2021) state that performance auditing is still being developed in-house and is evolving in the public sector.

Overall, mixed results are observed both in the existing PEFA data and the wider literature about the relationship between PFM systems and improved fiscal transparency, public accountability and corruption mitigation. Therefore, reflecting on the situation created by the pandemic and its consequences on governance and economy in developing countries in general, and Nepal, Sri Lanka and Ghana in particular, we explore to what extent public sector corruption thrives during a crisis (e.g., during and post COVID period), and what role PFM systems can play in mitigating corruption. This may also help revisit many of the PFM systems and find ways to make them more resilient during a crisis, as outlined in the PEFA 2022 global report (see PEFA, 2022).

3. CONCEPTUAL FRAMEWORK: PUBLIC ACCOUNTABILITY, TRANSPARENCY AND PFM SYSTEMS

The conceptual framework proposed in this study is built around public accountability and transparency. These two interrelated constructs are often considered as key outcomes of good governance practices and other PFM reforms in the public sector (Hood, 2010; Bovens, 2007; Ferry et al., 2015). Despite being different and heterogeneously defined in the literature, there are lively debates in the public sector accounting literature on the extent to which the two dimensions overlap. For instance, Hood (2010) describes these two concepts as 'Siamese twins', 'matching parts' and an 'awkward couple' (see Hood, 2010 for detailed discussion). In a similar vein, Ferry and Murphy (2018, p. 620) state that "*... accountability and transparency can work differently both individually and together depending on the context*". It is also noted that international organisations, such as the World Bank, IMF and PEFA use these concepts interrelatedly. The framework has enabled us to better understand how accountability and

transparency mechanisms and institutional oversight, influence the PFM systems in general and their relevance in ‘budget preparation, ‘reporting of budget execution and in the ‘auditing of public expenditure’, in particular (Long, 2019).

3.1 Understanding public accountability

Bovens (2007, p. 450) defines accountability as “... a relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgement, and the actor may face consequences.” Expanding from the above definition, accountability in the public sector involves a process of exchange of information (explanations) with accountees, as well as an outcome (i.e., a representation of the actor’s performance or conduct, positive or negative, and consequences thereof for the accountor). However, the evolving nature of accountability in the public sector and its complexities have been discussed extensively in the literature (Hagbjer et al., 2017; Cooper & Lapsley, 2019). This is unsurprising given that over the last four decades or so, multiple reforms have been introduced, typically under the banner of New Public Management (NPM), New Public Financial Management (NPFM) and New Public Governance (NPG) (see Hood, 1995; Almquist et al., 2013). Key motivations and justifications underpinning these new approaches have centred around improving overall governance and accountability, although the processes and mechanisms being applied, and the PFM tools deployed to achieve this, vary considerably across central and local governments.

As a result, democratic accountability - traditionally linked to representative democracy and parliamentary oversight, which has dominated the public sector for many years, has been supplemented with other varied forms of accountabilities (see Brown & Dillard, 2015; Arun et al., 2021; Jayasinghe et al., 2020). Including these forms of accountability is seen to be of importance for the delivery of public services more efficiently, effectively and inclusively, at a time of resource constraints, austerity logics, enhanced citizen activism around public service delivery, and era-defining events (e.g., post-pandemic context, climate emergency, and resurgence of geopolitical ‘Cold-War-related’ impact on the economy) (Adhikari et al., 2023). Hence the need for accountability in the public realm has been continually echoed, not least for, as suggested by Bovens (2005), “five reasons for public accountability mechanisms, including the need to ensure democratic control of public institutions, to prevent corruption and abuse of power and to improve public confidence in governance arrangements” (see Ferry et al., 2015, p. 348).

Our understanding of accountability in this study is shaped by the frameworks of public accountability as outlined by Bovens (see Bovens, 2007, 2010). Bovens (2007) states that public sector agencies and administrators operating within the democratic setup, tend to encounter different types of forums and are, therefore, required to deal with at least five different accountability relationships. For instance, at the organisational level, they are both formally and informally accountable to their superiors for their day-to-day assignments. At the political level, they are obligated to elected representatives and political activists who continually scrutinise their activities and performance. They are also subject to the legal system and are likely to be summoned by the courts for their own acts or on behalf of their agency, when suspected to have deviated from the prescribed norms and procedures. This democratic setup functions in the presence of a series of quasi-legal forums, such as national audit offices and ombudsmen, exercising independent external oversight (see Bovens, 2010). Public sector agencies and administrators are, therefore, accountable to such administrative forums, which require them not only to justify the probity and legality of spending and resources they have used, but also to ensure that they are used in an efficient and effective manner. Lastly, given that many public administrators are affiliated to professional associations, they are expected to

follow a code of good conduct issued by such associations, the non-adherence of which may also result in disciplinary tribunals. Bovens (2010) states that modern democracy is characterised by a series of principal-agent relations, operationalised through public accountability. Through the discharging of public accountability, democratic control is maintained, the integrity of public governance fostered and public service delivery and overall performance improved. As a result, public accountability is often used as a conceptual umbrella, embedding the abstract elements that symbolise democracy, not least equity, fairness, transparency, integrity, efficiency and responsibility (Bovens, 2007).

As highlighted above, however, public sector accounting reforms instigated across countries in the last decades, have led to the re-thinking of accountability dimensions. Such reforms, influenced by the ideas of NPM/NPG, have introduced various PFM measures with the explicit objective of measuring improvement in transparency and accountability, particularly with regards to expenditure management and service delivery. In its reports, IFAC/CIPFA (2014, 2021) noted that, given the intended use of such PFM measures, public sector accountability could be reinvented, enabling public sector entities to make informed decisions for people, the planet and the economy. Both the World Bank and IMF have also argued that a robust PFM system would lead to more efficiency in public service delivery, preventing the mismanagement of resources and limiting corruption, (see e.g., Allen, 2009). Implicit in these reports lies the importance of wider stakeholder engagement, including the involvement of citizens, in promoting the efficacy of the accountability process and engendering the intended results and outcomes (see e.g., Kristensen et al., 2019). In this regard, the effective discharge of public sector accountability is also determined by the role played by different stakeholders who are involved in this process, and their capacity to participate. In other words, the forum (Bovens, 2007) to which the accountor is expected to explain themselves, has widened considerably, to include a wider constituency of stakeholders.

At the same time, the unintended consequences of PFM reforms introduced in developing countries, including the weakening of accountability, are identified in the existing literature (Hopper et al., 2017; Lassou et al., 2021; Adhikari & Jayasinghe, 2022). Views differ with regards to the conditions that led to the emergence of such unintended consequences. For instance, Brooke (2003) argued that when putting emphasis on the individual components of the budget process, other elements of the PFM system and the important role they play in discharging public accountability, are often disregarded. To some extent this is also reflected in the 2020 PEFA global report, since it shows that countries are generally performing better in preparing their budgets than implementing them (PEFA, 2020). A proposal has, therefore, been put forward urging PFM reforms to be bundled together into “*groups of activities or measures (platforms)*” to form a logical sequence (Allen, 2009, p. 17). Suggestions are made about the need to introduce the PDIA approach (see Lawson & Harris, 2023; Andrews et al., 2013).

Studies have also discussed the absence of institutional arrangements, the limited or non-functioning nature of oversight, monitoring and internal control mechanisms, limited gender-responsiveness, and non-compliance with rules and regulations, all of which tend to negate the effectiveness of PFM reforms and stifle the process of accountability (Hepworth, 2003; Quak, 2020). The politicisation of public sector accounting reforms and widespread corruption, impunity and patronage politics, have been presented as other factors that further undermine the implementation of PFM systems and in turn, these upend the accountability process. The very key objective of PFM reforms in terms of facilitating effective anti-corruption mechanisms (Kristensen et al., 2019), has sometimes been put into question. For instance, Paul (1991) discusses “*the phenomenon of capture*”, which refers to the tendency of some stakeholders, mainly those who are in the powerful position of allocating and managing

resources, “to appropriate an undue share of the benefits and to engage in rent seeking” (p. 78). Despite the fact that one might observe a technical progress of PFM reforms, such powerful actors in developing countries tend to delay or limit their exposure to the processes of public accountability. Relatedly, in the 2022 PEFA report, the importance of identifying the appropriate balance between flexibility and accountability has been further emphasised to ensure the functioning of PFM systems during a crisis (PEFA, 2022). However, flexibility can provide too high a level of discretion for custodians of the public purse and needs to be accompanied by appropriate avenues and mechanisms for stakeholders to access relevant information - hence the issue of transparency.

3.2 Notions of transparency

As is the case with public accountability, transparency is also defined in various ways in the literature. Schnackenberg and Tomlinson (2016) collate a useful range of definitions from different disciplines, concluding that “*transparency is the perceived quality of intentionally shared information from a sender*” (p. 1788). The mainstream objective of transparency projects, from both an academic and policymaker perspective, is to ensure that the technical properties of information (what is disclosed, how, when and to whom; clarity from the receiver’s standpoint; accuracy and reliability) are sufficiently met to enlighten the receiver and to provide a basis for meaningful change and/or reassurances (i.e., to ensure an effective accountability process). There is a vast literature, particularly in accounting and finance, which seeks to evaluate the quality of published organisational information as part of a “*verifiability agenda*” (Albu & Flyverbom, 2019; Jayasinghe et al. 2021), purportedly to examine whether organisations do deliver ‘transparent’ information (and why), and recommend reforms, where applicable. It would be fair to say, until recently, that the extent of such investigations in public sector accounting in developing countries has tended to lag behind, when compared to work undertaken in developed countries. For example, the implementation of accrual accounting and the adoption of international public sector accounting standards (IPSAS) worldwide, has spurred the publication of more public sector reports and studies thereof, to assess the quality of the information (see ACCA, 2017; Sellami & Gafsi, 2020; Tawiah, 2023).

For the purpose of this study, we rely on IMF⁵’s definition of fiscal transparency as “*the comprehensiveness, clarity, reliability, timeliness, and relevance of public reporting on the past, present, and future state of public finances*”, which IMF considers “... *critical for effective fiscal management and accountability*”. Considered essential for good governance and the discharge of public accountability, transparency is often related to describing how a government and public sector organisations make information available to their citizens and other actors (Hood, 2010; Cucciniello et al., 2017; Astudillo-Rodas, 2022; Liston-Heyes & Juillet, 2020). The spread of transparency projects can be seen around the world, with many countries introducing blanket ‘freedom of information’ legislation in the past few decades (Ferry et al., 2015) or at the very least, mandating online access to annual reports and disclosing more widely details of public spending/revenues (including details of public procurement contracts). More specifically, Liston-Heyes and Juillet (2020, p. 3) state that “... *the belief that transparency leads to better accountability and perceived government trustworthiness encouraged more than 85 countries to implement freedom of information legislation for their public organizations following the signing of the US Freedom of Information Act in 1966*”. Apart from providing access to information (e.g., freedom of information legislation, records and data), many governments around the world view transparency as a mechanism to underpin a number of policy objectives, such as reducing corruption, revealing conflicts of interests, fostering trust in government, and encouraging public participation, while improving

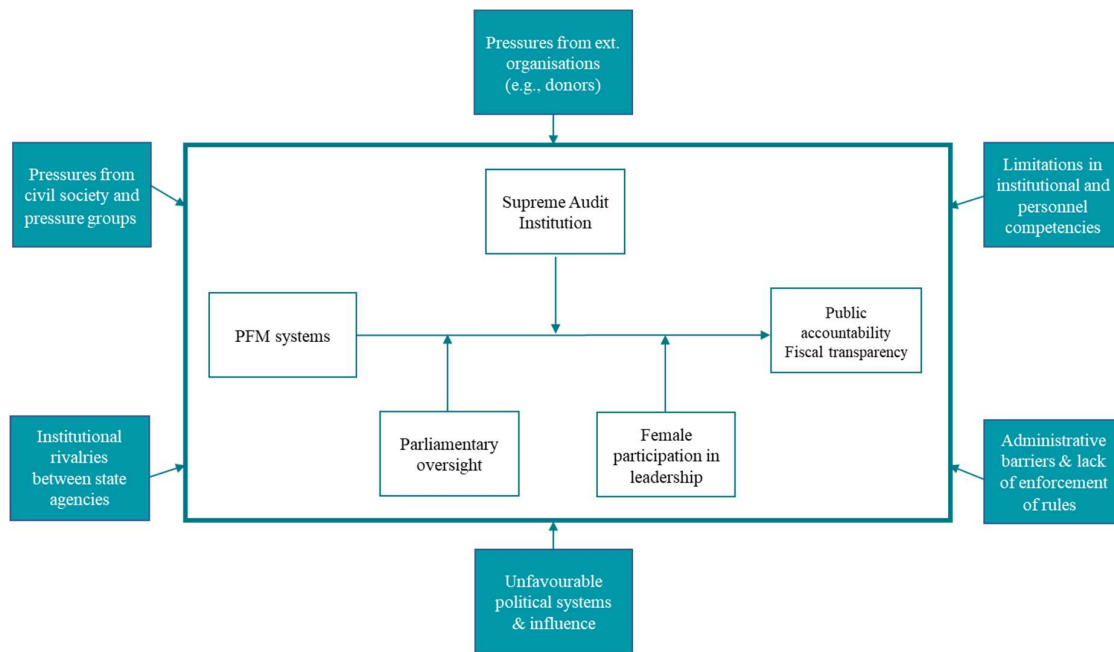
⁵ See, <https://www.imf.org/en/Topics/fiscal-policies/fiscal-transparency>.

administrative efficiency and financial management (Mabillard & Zumofen, 2017; Cucciniello et al., 2017).

3.3 The PFM systems and public accountability and transparency

A number of studies have examined the drivers of public accountability and transparency in different countries and contexts (e.g., Astudillo-Rodas, 2022 – Columbia; Liston-Heyes & Juillet, 2020 – Canada; Wirtz et al., 2016 – Germany; Ferry & Murphy, 2018 – England); however, the results are mixed and inconclusive (see, Cucciniello et al., 2017). Building on this strand of literature, we propose and examine the association between the PFM systems, and public accountability and fiscal transparency. From a functional standpoint and guided by the public accountability framework (see Bovens, 2007, 2010), the extent and quality of PFM systems' deployment are expected to lead to a better enactment of public accountability and the provision of transparent information. However, a number of studies in the accounting and public sector literature have already highlighted empirical evidence that such direct relationships are contingent upon a host of prevailing specific and wider institutional structures for a given country (Adhikari et al., 2023). For example, when referring to specific PFM reforms and improvements (Programme-based Budgeting, Integrated Financial Management Information Systems – IFMIS, Accrual Accounting), the focus tends to be largely about technical considerations. These include legal and regulatory settings; the capacity of local officials, the relative power/understanding of the elected legislature; the enforcement of administrative rules at central/local levels; and the extent to which elected executives exercise discretionary or overriding powers to heighten or undermine the PFM systems – accountability or transparency nexus.

In our case, and given the limited work on these aspects, we propose that the relationship between PFM systems, and public accountability and fiscal transparency can be influenced by a range of national institutional oversight mechanisms, such as supreme audit institutions, parliamentary oversight and parliamentary committees and inclusive leadership (e.g., in this case female participation in political leadership) (refer to Figure 1). These institutions (i.e., SAIs, parliament, and parliamentary committees) are generally, especially in democratic countries, mandated with enforcing public accountability and fiscal transparency. As a watchdog of public affairs, they are able to use their oversight mandate to question officials on their decisions and mitigate the onset of financial irregularities and corrupt behaviours (Phiri & Guven-Uslu, 2019). Therefore, given the recent initiatives aimed at capacity building of SAIs (Gørrissen, 2020) and parliamentary committees, such as the Public Accounts Committee (Pelizzo, 2011; Cheyo, 2012), it would be important to ascertain the relationship between the PFM systems, and public accountability and fiscal transparency, as prior studies indicate that there is little or “*no evidence that the quality of the overall PFM system matters for fiscal outcomes in both fragile and non-fragile states*” (Mustafa, 2019, p. 63). In addition, understanding the moderating role of oversight mechanisms on the PFM – public accountability and fiscal transparency relationship, can provide new insights to policymakers and practitioners, especially in the developing country context.

Figure 1: Public accountability framework in a cultural-political economy context

At the same time, the first stage of our work, by design, adopts a primarily technical and objectively-defined framing of the public accountability framework and of the institutional structures that may moderate the PFM – public accountability and fiscal transparency nexus. It, therefore, enables a more generalised and somewhat contextual understanding of the challenges. A well-documented literature has highlighted the more complex nature of the role of accounting (in its widest sense) in developing countries in view of their often distinct cultural, political, social, and economic arrangements (Hopper et al., 2009). Focusing on early attempts by international agencies to stimulate private sector growth in developing countries, these authors (see Hopper et al., 2017; Adhikari et al., 2023; Lassou et al. 2021 for a review) have highlighted the ‘unintended’ and often negative consequences of implementing ‘Western’ accounting technologies in businesses, government agencies and state-owned enterprises. These practices were often implemented with little consideration of the realities on the grounds, reflected for instance in aspects associated to the prevailing mode of production, culture, ethnicity/race, gender and/or class inequalities, politics, role of trade unions and civil society, and influence of international funders/donors (Jayasinghe et al., 2021).

Therefore, the second stage of this study (field work) extends the above framework by exploring the strengths and weaknesses of existing PFM systems (both in ‘normal’ times and during the pandemic) and whether it can further address potential issues of corruption. To analyse the forms of public accountability and transparency practice in developing countries, we draw ideas from the Cultural Political Economy Framework of development accounting (Wickramasinghe & Hopper, 2005; Jayasinghe & Wickramasinghe, 2011). This theoretical framework draws from wider academic disciplines, such as International Political Economy, Development Studies, Critical Geography and Accounting (Jessop, 2004; Sayer, 2000, 2001, 2007). Accordingly, the cultural and political perceptions and behaviours are semiotic in terms of symbols, processes, designations, likeliness, metaphor, signification, and communication. The semiotic nature of culture and politics affects resource management systems and processes through accounting and accountability. Previous studies in accounting and accountability (Wickramasinghe & Hopper, 2005; Jayasinghe & Wickramasinghe, 2011; Adhikari et al., 2023; Adhikari & Jayasinghe, 2022, reflect that the accounting and development models

carried out in developed contexts, are not always applicable to developing countries in Africa and South Asia due to structural factors, such as lower accounting literacy rates, traditional processing, less advanced technology, economic imperfections and more importantly, cultural, political and social complexities (e.g., neo-patrimonial systems, political instability and civil unrest). These factors, outlined in Figure 1, were validated during the interview phase. While these may also differ between target countries, our emphasis has been on highlighting common phenomena and challenges. Therefore, we argue that the idea of a cultural political economy framework helped us to understand more holistically the issues of public financial management decisions in changing, discharging, and delivering public accountability and transparency systems and practices, by both state and non-state actors toward the citizens in emerging economies.

We therefore explore how such PFM mechanisms and measures interact, are arranged and implemented, by focusing on the issue of corruption in the context of developing countries, namely Ghana, Nepal and Sri Lanka. Our empirical findings obtained from the qualitative case studies aim to provide further insights on these wider factors that are implicated in the PFM reforms and the effects that these factors have had in the discharging of overall public accountability.

4. DATA AND METHODOLOGY

As previously noted, our comparative study adopts a two-stage approach. First, to answer RQ1 and RQ2, we rely on quantitative approaches. More specifically, we use four main sets of variables to answer RQ1 and RQ2 (see Table 1), including how they are measured, operationalised and related data sources. First, we have two sets of dependent variables as proxies for (i) public accountability and (ii) fiscal transparency. For robust estimates, fiscal transparency focused on answering *Hypothesis 1a* (association between PFM and fiscal transparency) is proxied by three measures, consisting namely of one external outcome-based measure – primary net borrowing as a percentage of GDP (*Net_Borrowing*) and two PEFA-oriented outcome-based measures – PEFA fiscal transparency score (*FT_pefa*), and fiscal transparency score combined (*FT_Com*)⁶. Similarly, public accountability aimed at answering *Hypothesis 1b* (association between PFM and public accountability) is measured by four variables, consisting of three PEFA-oriented outcome-based measures – aggregate budget credibility (*Agg_Budget*), compositional budget credibility (*Comp_Budget*), and budget credibility combined (*Budget_Com*) and one external outcome-based measure – Transparency International’s corruption perception index (*CPI*).

Second, our main independent variable is public financial management (PFM) systems quality, as measured by PEFA frameworks. To facilitate robust estimation, we construct two alternative PFM system quality measures from the PEFA data, namely PEFA public financial management system quality (*PFM_a*) and PFM combined (*PFM_Com*). Third, we have a set of moderating variables, including the quality of supreme audit institutions (*SAI*), parliamentary oversight (*Parliament*) and female participation in political leadership/parliament (*W_Parliament*). Finally, and distinct from past studies, we have added a set of control variables, including GDP per capita income (*Income*), annual economic/GDP growth (*Growth*), national governance quality (*Gov*), trade openness (*Trade*), and revenue mobilisation (*Rev_Mob*). Table 1 presents all the variables, whilst the details of the models of the study and variable measurements are further presented below.

⁶We also estimated our models by using an alternative fiscal transparency indicator based on Open Budget Partnership data. However, due to small samples, the results lack power and are therefore not reported here, but are available on request.

Table 1. List of the variables for answering research questions 1 and 2

<i>Variables</i>	<i>Codes</i>	<i>Definitions</i>
Public accountability		
Aggregate budget credibility (outcome-based measure)	<i>Agg_Budget</i>	PEFA indicator PI- 1 and measures whether governments are able to plan aggregate expenditures ex ante and keep to the broad parameter during execution (Mustafa, 2019).
Compositional budget credibility (outcome-based measure)	<i>Comp_Budget</i>	PEFA indicator PI- 2(i), which measures the extent to which reallocations between budget heads during execution have contributed to variance in the composition of expenditures (Mustafa, 2019).
Budget credibility_Combined (outcome-based measure)	<i>Budget_Com</i>	Sum of the scores of 1 directly comparable and 3 indirectly comparable dimensions of Pillar 1: budget credibility from PEFA11. (<i>see Appendix B for further details</i>).
Transparency International's Corruption Perception Index (CPI) (process-based measure).	<i>CPI</i>	Perception towards public sector accountability as measured by Transparency International's Corruption Perception Index (CPI). The CPI ranks 180 countries and territories around the world by their perceived levels of public sector corruption. The index ranges from 0 (highly corrupt) to 100 (least corrupt), with least corrupt countries having higher rankings or scores and vice-versa.
Fiscal transparency		
Primary net borrowing (outcome-based measure)	<i>Net_Borrowing</i>	General government primary net borrowing as a percentage of GDP (Mustafa, 2019)
PEFA Fiscal Transparency Score (outcome-based measure)	<i>FT_pefa</i>	Combined score of outcome-oriented dimensions of Pillars 2 (Transparency of public finances) & 6 (Accounting & reporting) from PEFA11. (<i>see Appendix A for further details</i>).
Fiscal Transparency Score_Combined (outcome-based measure)	<i>FT_Com</i>	FT combined score of outcome-oriented dimensions from Pillars 2 (Transparency) and 6 (Accounting & reporting) based on comparable dimensions (One dimension from Pillar 2 and 7 dimensions from Pillar 6) from PEFA11 & PEFA16. (<i>see Appendix B for further details</i>).
Public Financial Management (PFM) Variables		
Public Financial Management (PFM) Systems quality	<i>PFM_a</i>	Sum of the scores of all indicators of Pillars 4 (Policy-based fiscal strategy & budgeting), 5 (Predictability & control in Budget execution) and 7 (External audit & scrutiny) from PEFA11 and the process-oriented dimensions of Pillars 2 (Transparency of public finances) & 6 (Accounting & reporting). (<i>see Appendix A for further details</i>).
	<i>PFM_Com</i>	PFM combined score of 11 directly comparable and 15 indirectly comparable dimensions from PEFA11 & PEFA16 [This includes four process-oriented dimensions of transparency, accounting & reporting] (<i>see Appendix B for further details</i>).
Moderating variables		
Quality of Supreme Audit Institutions (SAI)	<i>SAI</i>	World Bank's Supreme Audit Institutions (SAI) Independence index.
Parliamentary oversight	<i>Parliament</i>	Effective parliament score measuring the extent to which the legislature is capable of overseeing the executive (World Bank: The Global State of Democracy Indices).
Female representation and participation in political leadership/parliament	<i>W_Parliament</i>	Female representation and participation in parliament is measured as the percentage of parliamentary seats in a single or lower chamber held by women (World Bank).
Control variables		
Income	<i>Income</i>	Ln of GDP per capita (current US\$).
Economic Growth	<i>Growth</i>	Annual GDP growth.
National Governance quality	<i>Gov</i>	Government effectiveness ranking.

Trade openness	<i>Trade</i>	The terms of trade divided by the sum of exports and imports to GDP (Mustafa, 2019) or Trade openness = exports and imports to GDP or CPIA trade rating (1=low to 6=high).
Revenue mobilisation	<i>Rev_Mob</i>	CPIA efficiency of revenue mobilization rating (1=low to 6=high).

We draw our data from several sources. To measure our independent (for example, PFM systems quality) and dependent variables (for example, fiscal transparency and public accountability), we use PEFA's seven pillar PFM data relating to 119 countries from 2006 to 2022. In addition, alternative public accountability and fiscal transparency data were collected from other sources, such as the Transparency International and Open Budget Partnership website. Similarly, the moderating and control variables were collected from a number of sources, including the World Bank and IMF websites, as well as the Bloomberg and Datastream databases. Table 2 presents a distribution of sample observations across regions and years. Roughly 43 percent (115 observations) of a total of 265 observations are drawn from 42 countries in Sub-Saharan Africa; this is followed by Asia and the Pacific (AP) countries with around 20 percent or 54 observations; 21 percent or 46 observations are from Europe and Central Asia (ECA) countries; 14 percent or 38 observations are from Latin America and the Caribbean (LAC) countries; and around 5 percent or 12 observations are from the Middle East and North Africa (MENA).

Table 2a: Distribution of sample across regions

Regions	Countries	Observations
Asia & the Pacific (AP)	30	54
Europe & Central Asia (ECA)	17	46
Latin America & the Caribbean (LAC)	23	38
Middle East & North Africa (MENA)	7	12
Sub-Saharan Africa (SSA)	42	115
Total	119	265

Table 2b: Distribution of sample across years

Year	Observations	Year	Observations
2006	15	2015	14
2007	18	2016	15
2008	23	2017	15
2009	22	2018	13
2010	26	2019	12
2011	14	2020	9
2012	20	2021	9
2013	19	2022	1
2014	20	-	-

Since PEFA data are available in letter scores, we followed Mustafa (2019) among others, in converting the grading into numerical values (e.g., A = 4, B = 3, C = 2, and D = 1), with higher values denoting better quality public financial management of a country. Unlike prior studies,

we categorise seven pillars of PEFA data into process- and outcome-oriented dimensions⁷. We used process-oriented dimensions to construct our main explanatory variables relating to PFM systems quality, whereas outcome-oriented dimensions were used to construct PEFA-oriented dependent variables relating to fiscal transparency and public accountability. Appendix C provides the details of process- and outcome-based dimensions of the PEFA framework that were used to construct these variables. Moreover, since this is the first study to capture both PEFA2011 and PEFA2016 frameworks, we have followed PEFA guidance in identifying a list of comparable process- and outcome-based dimensions to contrast combined measures of PFM systems quality, fiscal transparency and public accountability. Appendix D provides the details of these directly and indirectly comparable dimensions of PEFA data.

4.1 Models and Variables (for RQ 1 and RQ 2)

To test Hypotheses 1a (the effect of PFM on fiscal transparency) and 1b (the effect of PFM on public accountability) (RQ1), we estimate the following regression model.

$$Y_{it} = \alpha_i + \beta X_{it} + \gamma C_{it} + \varepsilon_{it} \quad (1)$$

where Y is the dependent variable in country i in year t and X is our main explanatory variable, which is quality of PFM, and C is a set of control variables relating to country-specific institutional and macro-economic variables. We use PEFA-based outcome-oriented indicators of public accountability (e.g., aggregate and compositional measures of budget credibility) in addition to one external measure (i.e., Transparency International's corruption perception index) of public accountability (Gustavson & Sunstrom, 2018). Similarly, we measure fiscal transparency by one external outcome-based measure (i.e., net borrowing) and two PEFA-oriented outcome-based measures (e.g., fiscal transparency index, and fiscal transparency score combined). We also rely on related literature (e.g., Mustafa, 2019; Long, 2009) to underpin the use of several country institutional and economic indicators as control variables. These include the natural log of GDP per capita (*Income*), annual GDP growth (*Growth*), national governance quality/ government effectiveness ranking (*Gov*), efficiency of revenue mobilisation rating (*Rev_Mob*), and trade openness (*Trade*). Table 1 provides a detailed definition of the variables used in the empirical models.

In order to test Hypotheses 2a, 2b and 2c, we estimate the following regression model:

$$Y_{it} = \alpha_i + \beta X_i + \delta Z_i + \theta(X_i * Z_i) + \gamma C_i + \varepsilon_i \quad (2)$$

where Y , X and C are the dependent, explanatory and control variables, as explained in Eq. (1). Z is the relevant moderating institutional factor (e.g., supreme audit institutions, parliamentary oversight, and female participation in political leadership/parliament).

Estimation method: In all regressions, we employed pooled ordinary least square (OLS) regression with heteroskedasticity-robust standard errors. This decision was primarily influenced by the composition of our sample, where many countries appeared only once or twice, making it unsuitable for panel data analysis. While this approach does not directly control for individual country effects, we include a set of control variables related to country-specific institutional and macro-economic factors (e.g., GDP, economic growth and national governance quality) to mitigate potential biases. Our study's focus is primarily on examining the overall relationships between public financial management (PFM) quality and fiscal

⁷We are grateful to the reviewers of the progress report for recommending this.

transparency, as well as public accountability, rather than investigating individual country effects. In order to address potential outlier problems, we estimated all equations after winzorisisation, by adjusting extreme values to be at the 1st and 99th percentiles. This is the standard approach in dealing with outliers in positive accounting research, including public sector accounting.

Estimation of Eq. (1): as we used both 2011 and 2016 versions of the PEFA data, we estimated Eq. (1) for all of our dependent variables of fiscal transparency and public accountability in two different ways. First, we estimated Eq. (1) for the sub-samples of countries included in PEFA 2011⁸. For this, we used a number of alternative measures of PFM quality, as briefly outlined in Table 1. Second, we estimated Eq. (1) for the entire sample by using a combined PFM quality index based on comparable indicators from both PEFA 2011 and PEFA 2016 assessments.

Estimation of Eq. (2): we followed the same estimation approach as outlined for Eq. (1), by including our PFM quality index and moderating variable (e.g., supreme audit institutions), as well as their interaction term and all other control variables of Eq. (1). We repeated the estimation of Eq. (2) for each of the three moderating variables, namely *supreme audit institutions*, *parliamentary oversight*, and *female participation in parliament*.

Our estimated results are based on the observations that have available data for dependent, independent and control variables. Any observation with missing data relating to dependent, independent and control variables has/have been excluded from our regression estimation.

4.2 Research Context and Field Study (RQ3)

To address RQ3 and thus to complement our understanding of PFM systems during ‘normal periods’ by considering the impact of COVID-19, we applied a qualitative research approach and conducted a field study (stage 2) in Nepal, Sri Lanka and Ghana.

The reason behind selecting these three countries is two-fold: their unique socio-economic and political characteristics are representative of the features of the larger set of developing countries in the world; access to key interviewees, as well as their relevance to the research topic. For example, all three countries (i.e., Ghana, Nepal, and Sri Lanka) have been classified by the World Bank⁹ as ‘lower middle-income economies’ (with GNI per capita between US \$1086 and \$4255). Also, in terms of the human development index, these three countries have been placed at the lower end of the scale. According to the UNDP’s Human Development Report (2019)¹⁰, Nepal and Ghana have similar Human Development Index (HDI) scores – Nepal (HDI score 0.602, Ranked 142 out of 189 countries/territories) and Ghana (HDI score 0.611, ranked 138), whereas Sri Lanka has been ranked 72 with a Human Development Index (HDI) score of 0.782. Albeit these are democratic nations, the latest Economist Intelligence Unit report (2021) has classified Ghana and Sri Lanka as ‘flawed democracies’ (6.5/10 and 6.14/10 respectively), whereas Nepal is claimed to be a ‘hybrid regime’ (4.41/10). Poverty and inequality are widespread in all three countries (e.g., their Gini coefficients range between 32% to 43%). Also, according to the Transparency International (2021)¹¹ report, the perceived level of public sector corruption (rank score) is relatively high in all three countries: out of 180 countries, Ghana ranks 73, Sri Lanka ranks 102, and Nepal ranks 117. To a large extent, the

⁸We also estimated Eq. (1) for the sub-sample of countries included in the PEFA 2016 framework and found that our results were statistically insignificant mainly due to small sample size.

⁹<https://datahelpdesk.worldbank.org/knowledgebase/articles/906519-world-bank-country-and-lending-groups>

¹⁰<https://hdr.undp.org/data-center/country-insights#/ranks>.

¹¹<https://www.transparency.org/en/cpi/2021>.

selected three countries are representative of the wider constituency of countries in the Global South, grappling with a number of distinct and persisting challenges (e.g., poor governance and accountability, limited fiscal transparency, weak resource mobilisation, widespread geographical, economic and social inequalities, an increasing young population and resource constraints). Our intention is, therefore, to project outwards our insights from these countries to make them relevant to the wider constituency, rather than pinpointing particular failings or issues that are germane to one or more of the selected countries per se.

We conducted a total of 27¹² semi-structured interviews (11 in Nepal, 10 in Sri Lanka and 6 in Ghana). Interview questions are presented in Appendix A. Our interview participants were carefully selected to offer a representative sample of PFM and anti-corruption stakeholders and are made up of four broad groups. The first group consists of senior government officials and ministers who are directly responsible for the design and implementation of PFM systems, such as (chief/deputy/assistant secretaries, (deputy) directors, retired director generals, (senior/section) officers) representing various government agencies, including the Ministry of Finance and other central and local/provincial ministries, National Planning, Budget, and Taxation. The second group consists of supreme audit institutions and other state anti-corruption agencies with formal accountability and prosecuting powers relating to PFM abuses and breaches, such as the Auditors General's Office and Office of the Special Prosecutor. The third group of interviewees come from the office of Parliament and other oversight institutions that are formally charged with exercising parliamentary and political oversight/accountability over the PFM process, such as the Public Accounts Committee, current/former members of parliament, and politicians (e.g., female members of parliament). The final group of stakeholders that we interviewed consist of leading and active members of local and international civil society organisations (CSOs) (e.g., Transparency International), think-tanks, leading academics, lawyers and chartered accountants, who are interested in achieving development through good governance, public accountability, and transparency in developing countries, and in this case, via sound public financial management (see Appendix E for detailed information about our interview participants). All the interviews except one were conducted online using Zoom and recorded with participants' consent, although due to the sensitivity of the topic (e.g., corruption/fraud/irregularities), we also had some informal conversation off the record. Most of the interviews were conducted by two co-investigators in all three countries and co-investigators also took notes during the interviews. All the interviews conducted with the participants in Sri Lanka and Ghana were in English, whilst interviews conducted in Nepal were in the local (e.g., Nepali) language. All the recorded interviews were transcribed by two research assistants and relevant quotes (Nepal interviews) were translated into English.

Ethical approval was obtained from the University of Essex Ethics Committee before commencing the primary data collection. In parallel, we collected documentary evidence (e.g., investigatory reports, media and the reports produced by international and non-government organisations) to help contextualise our findings and analysis. Multiple sources of evidence collected from these countries provided us with valuable multifaceted insights on the issues of corruption and other irregularities that are associated with the COVID-19 emergency, budget credibility, fiscal transparency and accountability, and helped us to provide evidence-based recommendations on overall PFM systems. A manual thematic approach was applied to analyse the interview transcripts and other secondary sources of data following Miles et al. (2020).

¹²We note that this (27 interviews) is three (interviews) less than the total of 30 interviews that we proposed in our original proposal. Apart from the challenges of securing further interviews, we had reached a point, whereby additional interviews were not revealing any new insights, but rather largely confirming the insights that we had already obtained. This assured us that theoretical saturation in terms of our qualitative sampling had been reached.

5. FINDINGS FROM THE QUANTITATIVE ANALYSIS

5.1 Descriptive statistics

Table 3 reports summary descriptive statistics of all the variables. Table 3 indicates that the variables have a fair spread, but the number of observations is relatively small, which has implications for the subsequent multivariate regression analyses that have been conducted. It is also observed that most of the PEFA-related indicators of fiscal transparency, public accountability and public financial management quality (e.g., *FT_Com*, *FT_pefa*, *Budget_com*, *PFM_com* and *PFM_a*) tend to have lower standard deviation than those of non-PEFA related indicators (e.g., *net_borrowing* and *CPI*) in relation to their mean values. This suggests that there are greater variations of non-PEFA indicators among the sampled countries, as compared to the variations of PEFA-related indicators.

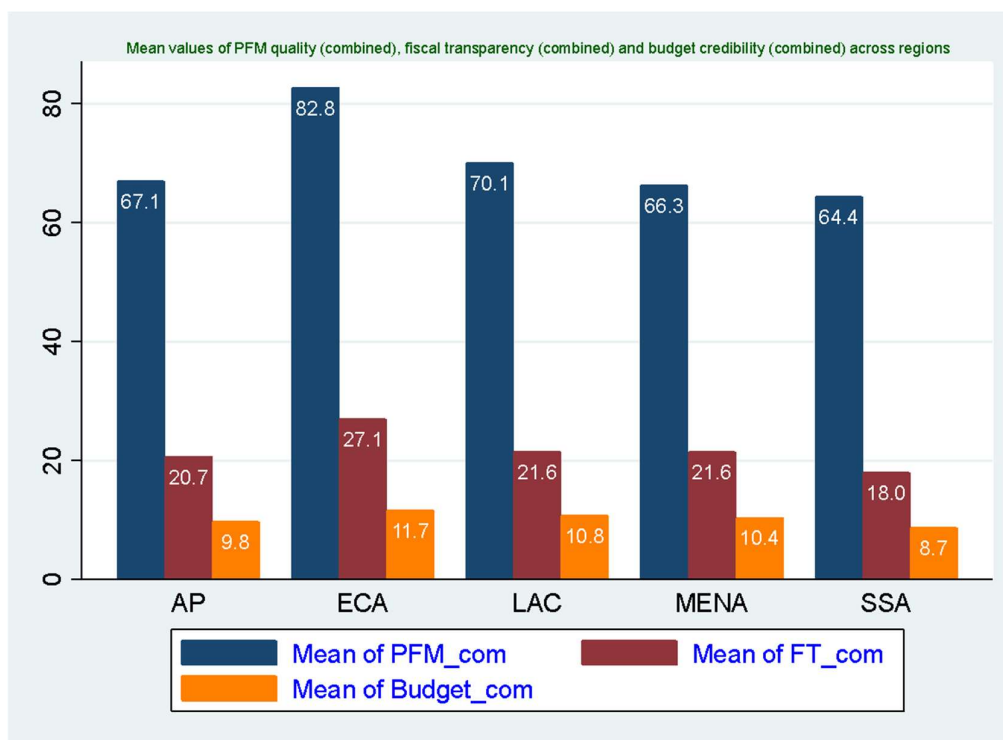
Table 3: Descriptive statistics

<i>Variable</i>	<i>Obs</i>	<i>Mean</i>	<i>Std. Dev.</i>	<i>Min</i>	<i>Max</i>
FT_Com	265	20.76779	7.010626	2	34
FT_pefa	265	27.95506	9.074351	4	54
Net_borrowing	250	-2.2384	5.62512	-19.3	25.6
Budget_Com	265	9.82397	3.019191	3	16
Agg_Budget	265	2.707865	1.125931	0	4
Comp_Budget	263	2.079848	1.12793	0	4
CPI	227	19.55286	17.14345	1.6	65
SAI	230	2.334783	0.99611	1	5
Parliament	227	0.536006	0.138419	0.059162	0.939525
W_Parliament	235	18.45768	10.5775	0	48.2
PFM_com	265	68.82022	18.01225	7	102
PFM_a	265	138.1236	38.55925	2	215
Income	257	7.615196	1.08693	5.805915	11.48189
Growth	254	4.178154	3.836915	-13.7555	14.51975
Gov	244	34.45068	20.469	0.947867	97.08738
Trade	167	3.892216	0.554608	2	5
Rev_Mob	167	3.494012	0.487766	2.5	4.5

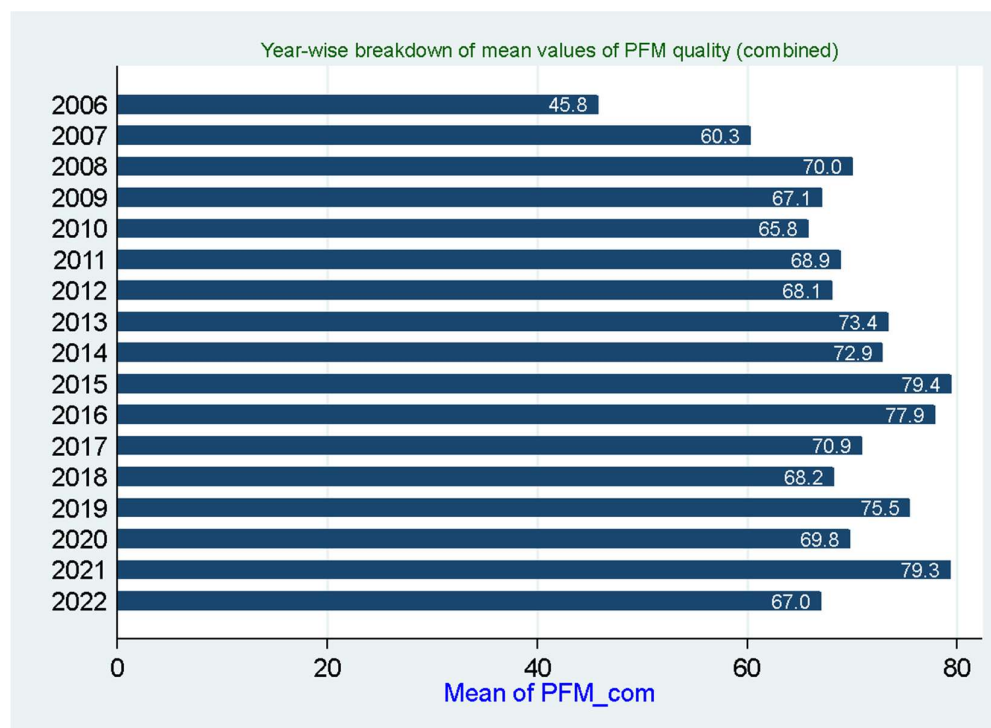
Figure 2 presents a set of bar charts showing the distribution of mean values of *PFM_com*, *FT_Com*, and *Budget_com* across regions and years, based on the combined data from PEFA2011 and PEFA2016 frameworks. It is evident that the Europe and Central Asian (ECA) countries have the highest scores of PFM quality, fiscal transparency and budget credibility, followed by Latin America and the Caribbean (LAC) countries, with Sub-Saharan Africa (SSA) countries having the lowest scores in all three variables. Figure 2 further shows that both PFM quality and fiscal transparency scores are highest in years 2015 and 2021. Figure 3 presents a set of bar charts showing a broadly similar distribution of mean values of *PFM_a*, *FT_pefa* and *Comp_Budget* across regions and years, based on the data from the PEFA2011 framework. Figure 3 presents bar charts showing a distribution of mean values of *net_borrowing* and *CPI* across regions and years. Overall, ECA countries are found to have the highest average CPI score (lowest perceived corruption), whereas AP countries are shown

to have the largest decline in net borrowing during the period of study. Figure 3 also shows that the highest CPI score is observed in 2016 and 2017, whereas the largest decline of net borrowing is recorded in 2020.

Figure 2: Bar charts showing a breakdown of mean values of PFM systems quality (combined), fiscal transparency (combined) and budget credibility (combined) across regions and years



Notes: Asia & the Pacific (AP), Europe & Central Asia (ECA), Latin America & the Caribbean (LAC), Middle East & North Africa (MENA), Sub-Saharan Africa (SSA)



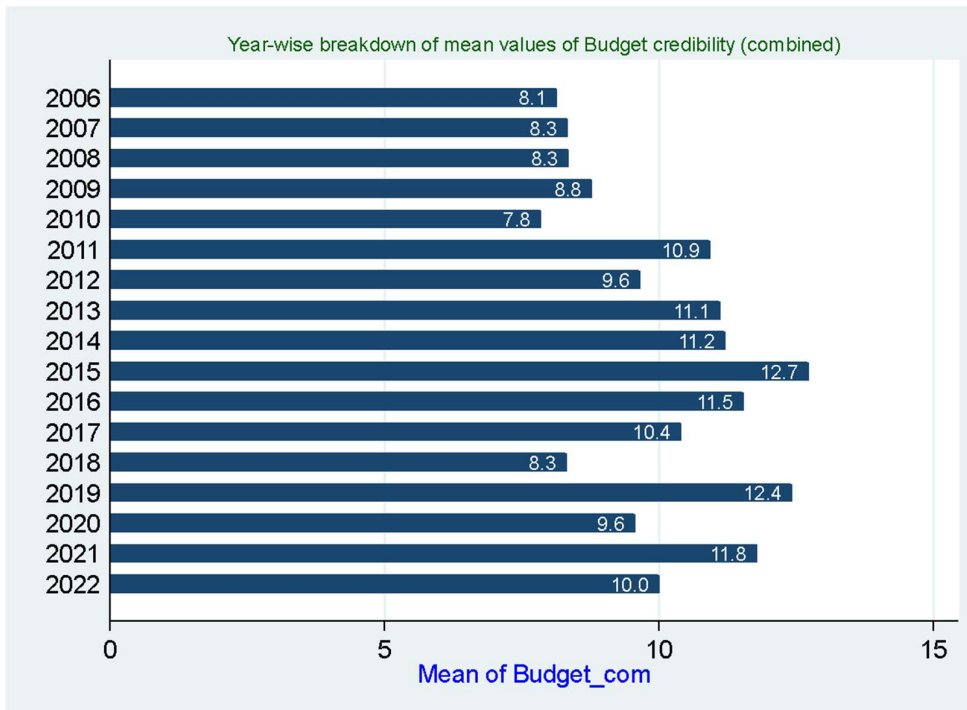
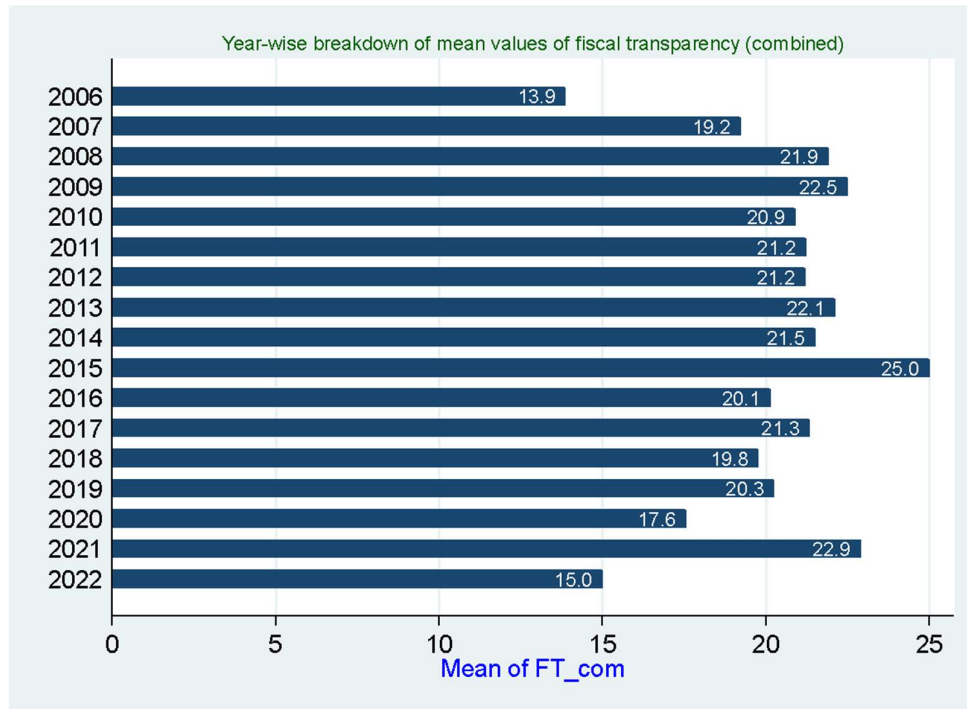
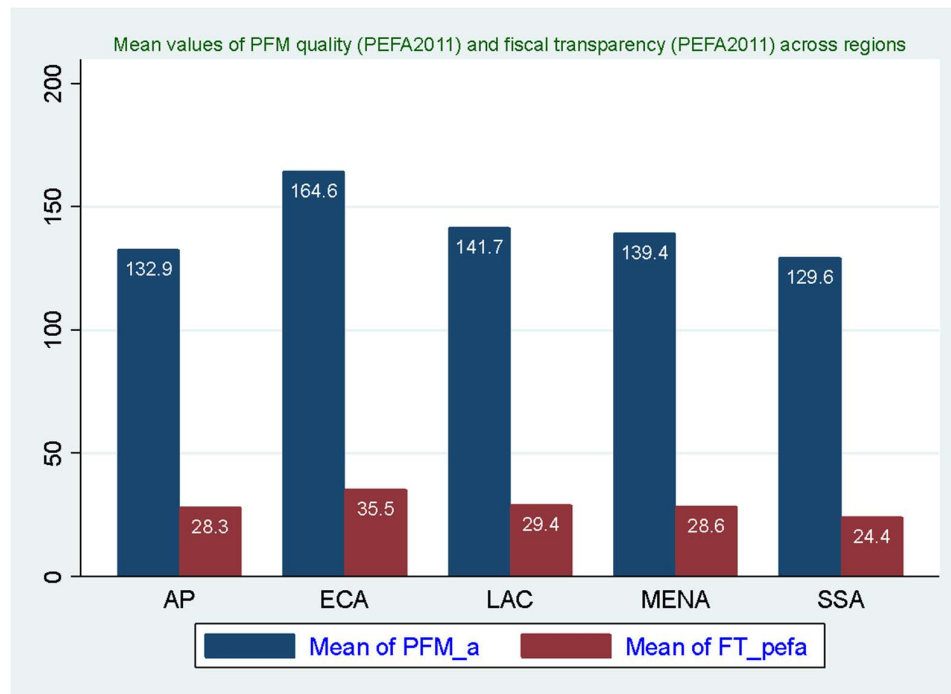
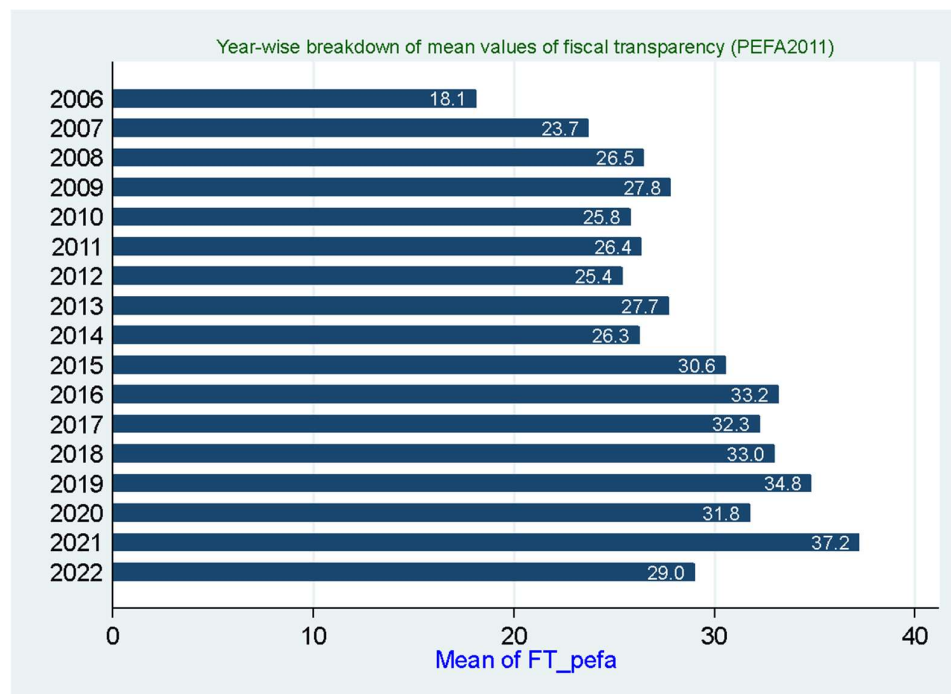


Figure 3: Bar charts showing a breakdown of mean values of PFM systems quality (PEFA2011) and fiscal transparency (PEFA2011) across regions and years



Notes: Asia & the Pacific (AP), Europe & Central Asia (ECA), Latin America & the Caribbean (LAC), Middle East & North Africa (MENA), Sub-Saharan Africa (SSA)



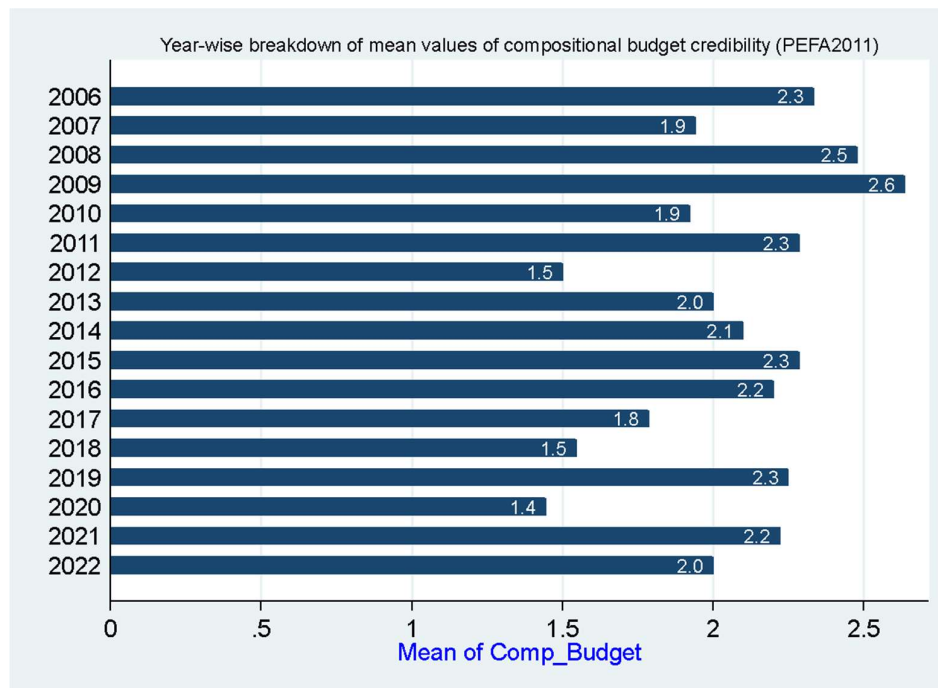
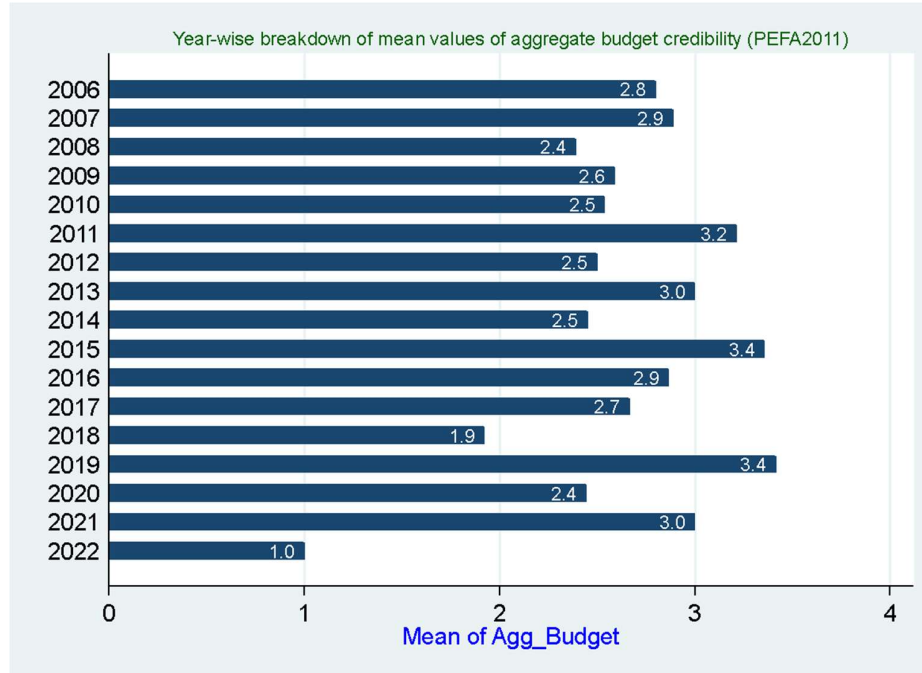
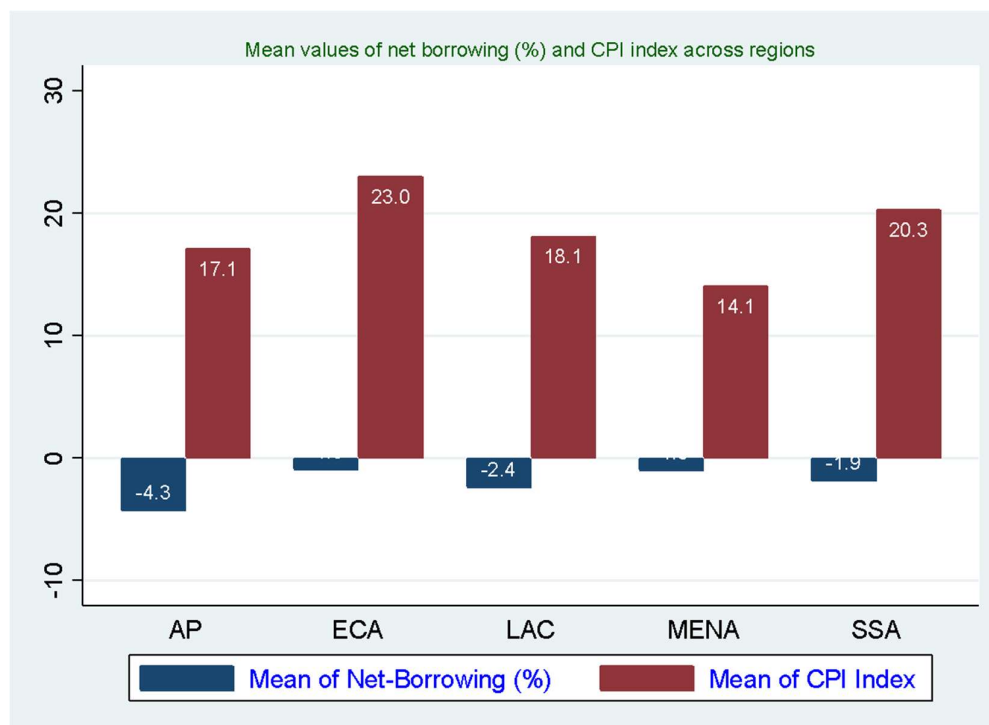
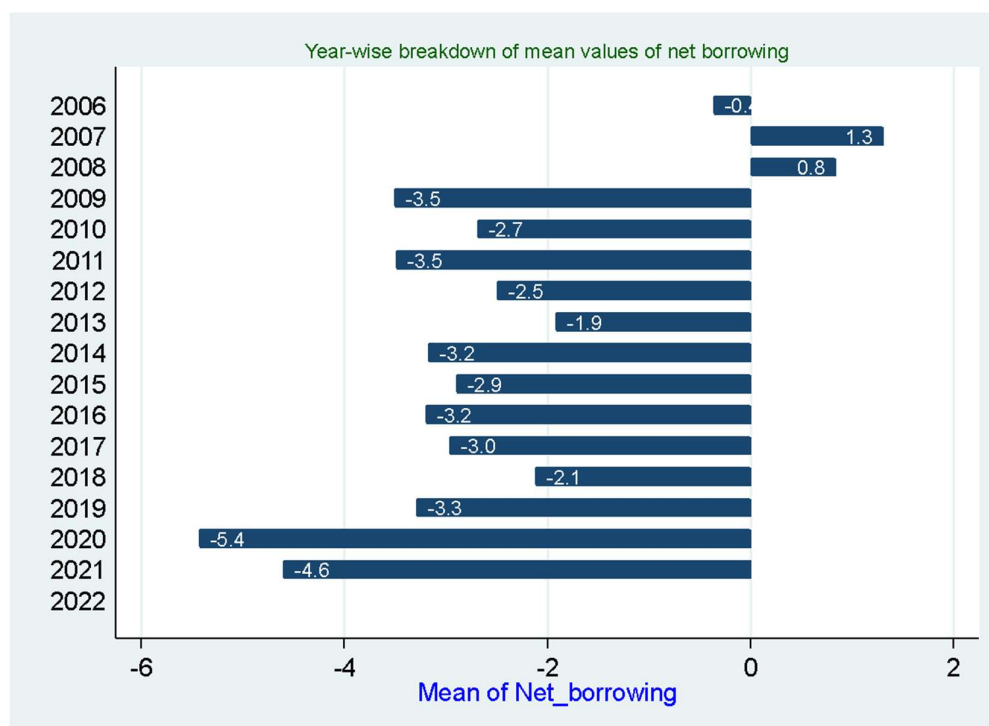


Figure 4: Bar charts showing a breakdown of mean values of net borrowing (as a % of GDP) and corruption perception index (CPI) across regions and years



Notes: Asia & the Pacific (AP), Europe & Central Asia (ECA), Latin America & the Caribbean (LAC), Middle East & North Africa (MENA), Sub-Saharan Africa (SSA)



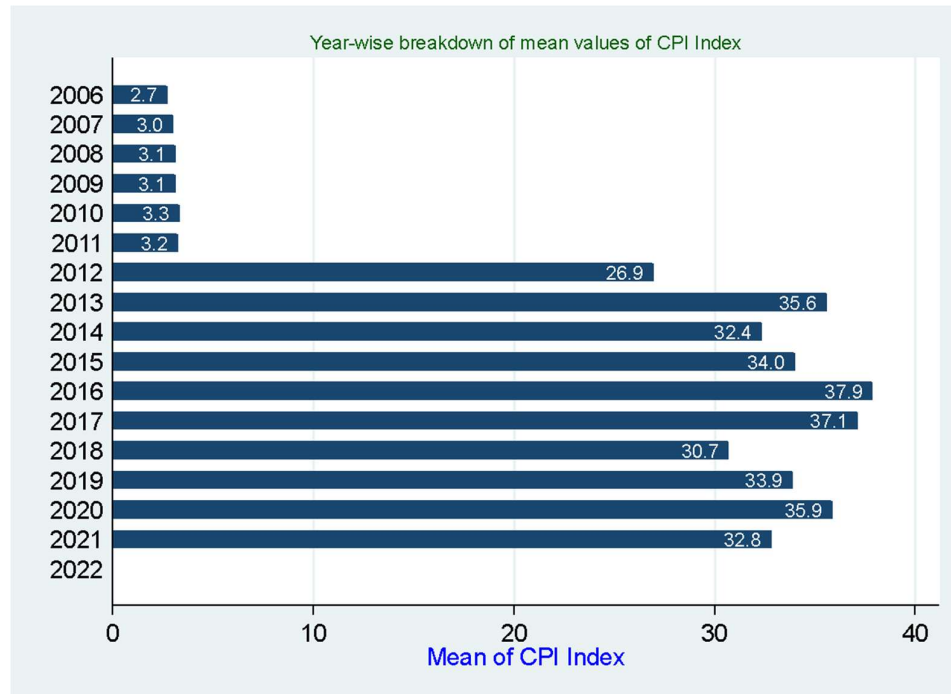
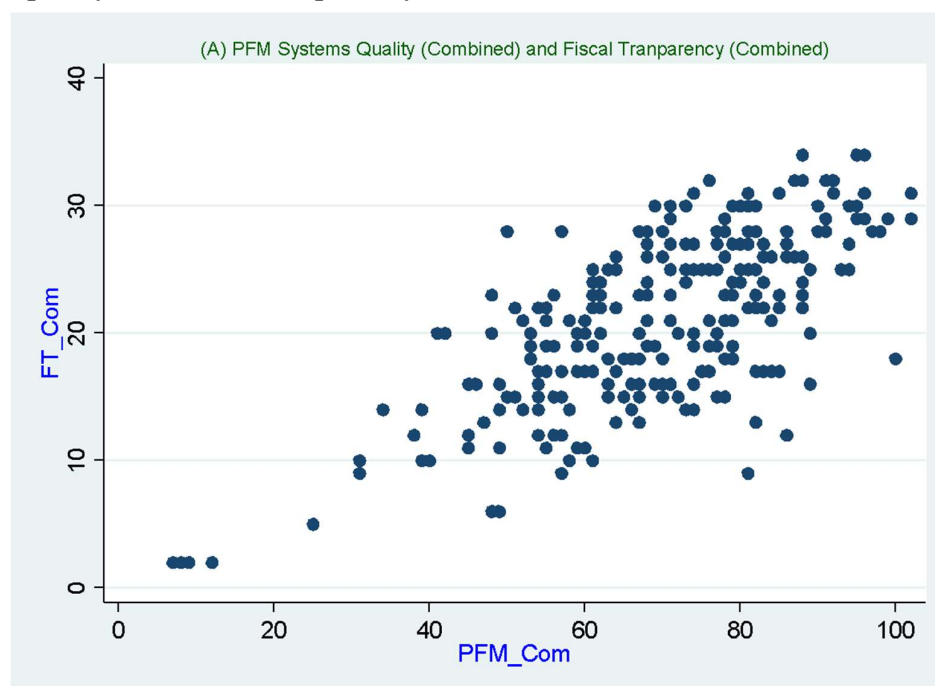


Table 4 presents a bivariate correlation matrix, whereas Figures 5 and 6 presents scatter plots, showing the relationship between the key variables of interest. As our dependent and independent variables are mainly continuous variables and some binary variables, we use Pearson's correlation technique, which is the most appropriate in this particular case. Table 4 shows low correlations among the variables, indicating that any remaining potential multicollinearity problems may not be statistically serious, and it is therefore appropriate to conduct multivariate regression analyses. Table 4 and Figures 5 and 6 also show that both PFM indicators (e.g., *PFM_com* and *PFM_a*) are positively correlated with fiscal transparency (e.g., *FT_Com* and *FT_pefa*) and public accountability (e.g., *Budget_com*, *Agg_Budget*, *Comp_Budget* and *CPI*) measures, and thus support our Hypotheses 1a and 1b. We report below our findings obtained from estimating equations 1 (Hypotheses 1a and 1b) and 2 (Hypotheses 2a, 2b and 2c).

Table 4: Correlation matrix

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
(1) FT_Com	1.00																
(2) FT_pefa	0.80	1.00															
(3) Net_borrowing	-0.07	-0.09	1.00														
(4) Budget_Com	0.45	0.50	-0.06	1.00													
(5) Agg_Budget	0.27	0.25	0.01	0.71	1.00												
(6) Comp_Budget	0.41	0.34	0.06	0.57	0.36	1.00											
(7) CPI	0.12	0.39	-0.14	0.41	0.06	-0.06	1.00										
(8) SAI	0.35	0.39	-0.01	0.20	0.12	0.18	0.03	1.00									
(9) Parliament	0.16	0.18	-0.02	0.06	0.12	0.14	0.06	0.33	1.00								
(10) W_Parliament	0.23	0.25	-0.13	0.20	0.14	0.04	0.14	0.26	-0.10	1.00							
(11) PFM_com	0.74	0.76	-0.08	0.59	0.41	0.43	0.33	0.27	0.12	0.26	1.00						
(12) PFM_a	0.70	0.83	-0.11	0.47	0.28	0.32	0.41	0.29	0.14	0.27	0.92	1.00					
(13) Income	0.37	0.42	0.14	0.34	0.19	0.30	0.25	0.40	0.22	-0.05	0.35	0.34	1.00				
(14) Growth	-0.02	-0.08	0.07	-0.04	0.08	-0.07	-0.09	-0.03	0.01	0.11	0.00	-0.05	-0.30	1.00			
(15) Gov	0.46	0.50	-0.02	0.35	0.31	0.35	0.20	0.42	0.41	0.12	0.47	0.48	0.65	-0.06	1.00		
(16) Trade	0.25	0.22	-0.09	0.20	0.09	0.23	0.06	0.08	0.17	-0.03	0.15	0.17	0.28	-0.10	0.37	1.00	
(17) Rev_Mob	0.38	0.35	-0.06	0.28	0.27	0.17	0.12	0.16	0.27	0.10	0.38	0.38	0.25	0.11	0.63	0.38	1.00

Figure 5: Scatter plots showing the relationship between alternative measures of PFM systems quality and fiscal transparency.

Notes: Asia & the Pacific (AP), Europe & Central Asia (ECA), Latin America & the Caribbean (LAC), Middle East & North Africa (MENA), Sub-Saharan Africa (SSA)

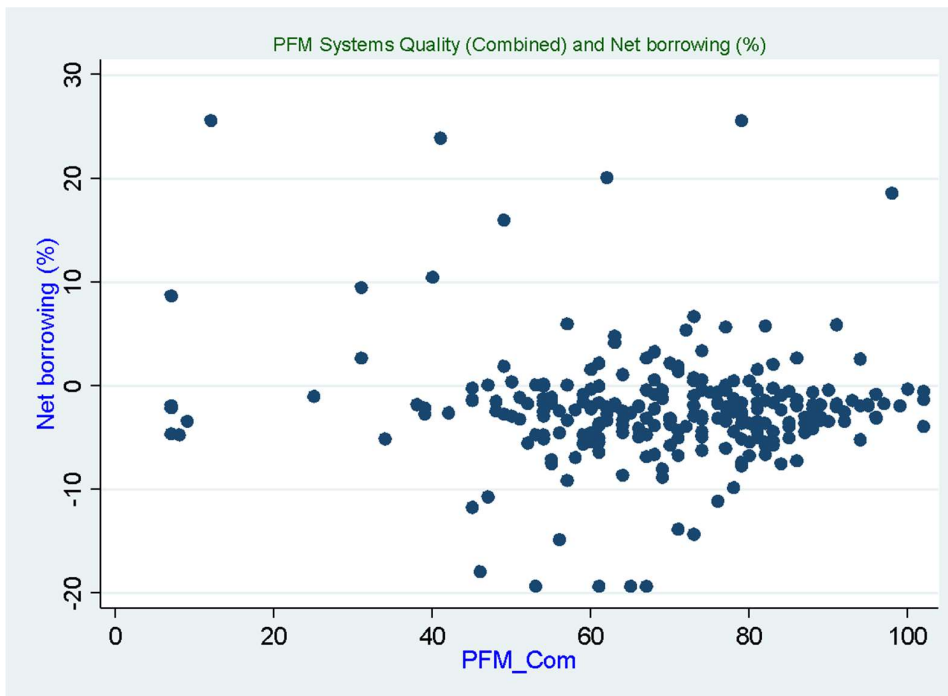
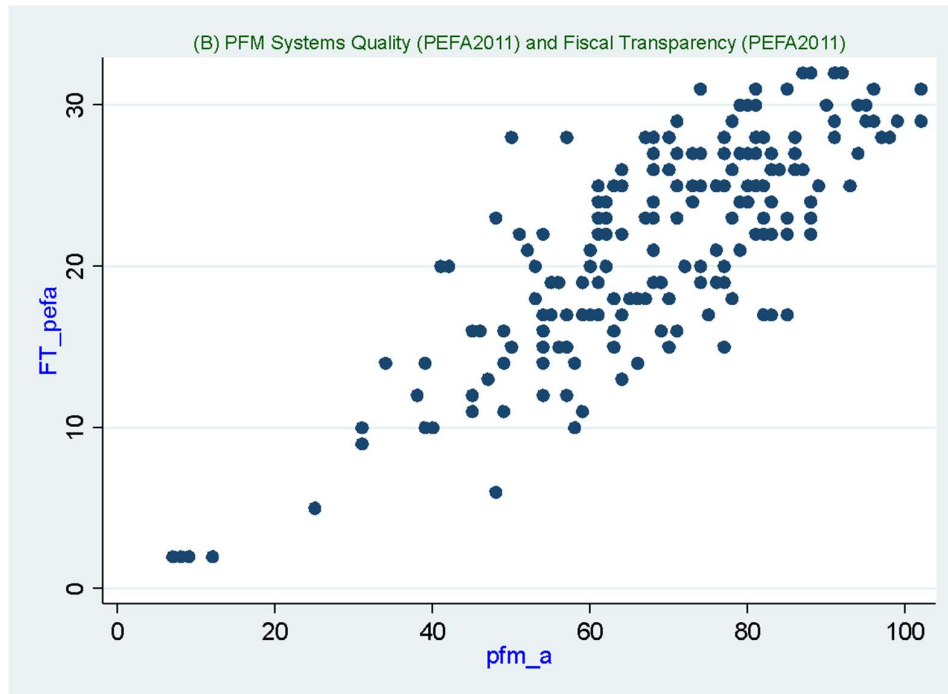
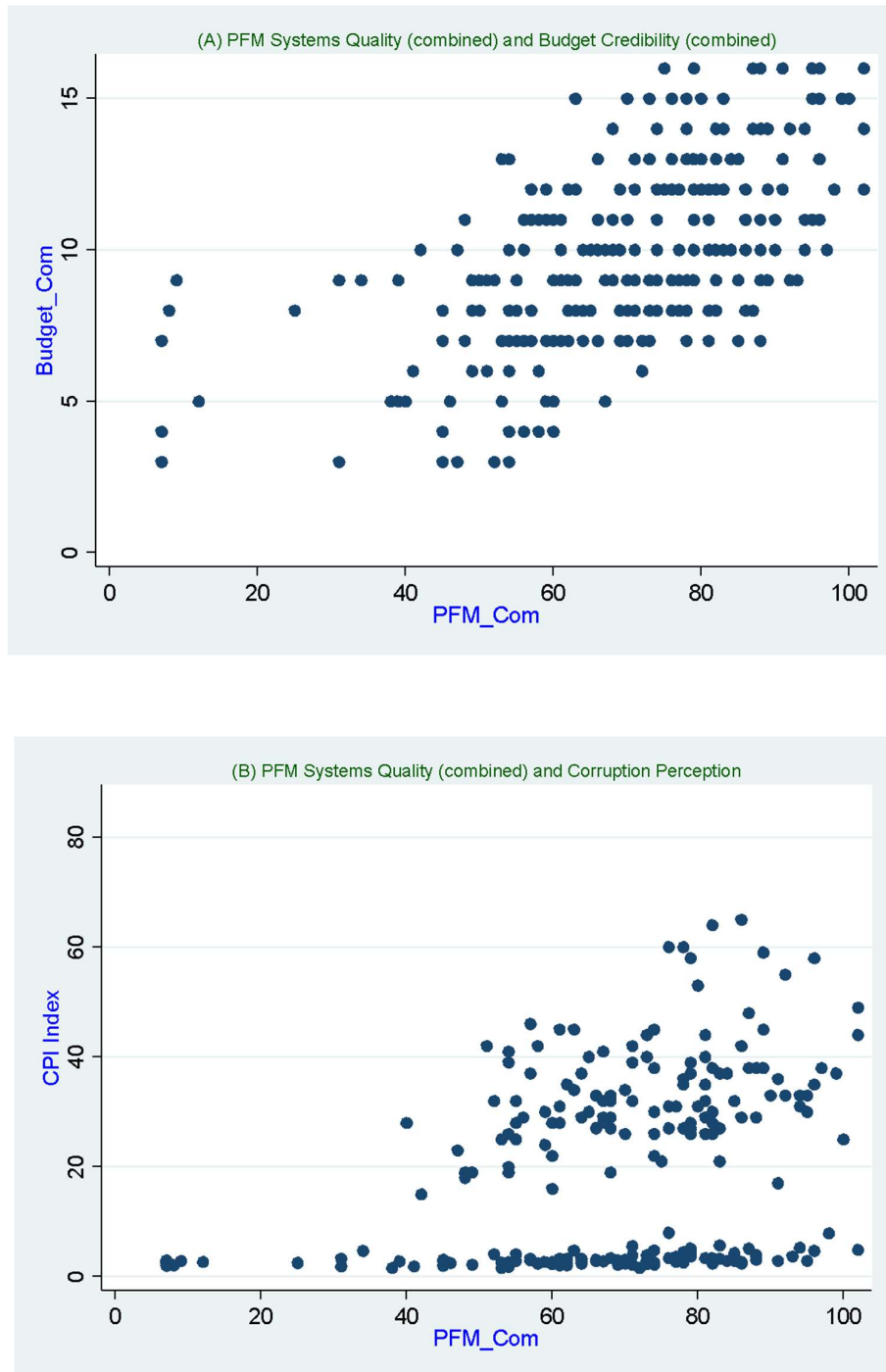
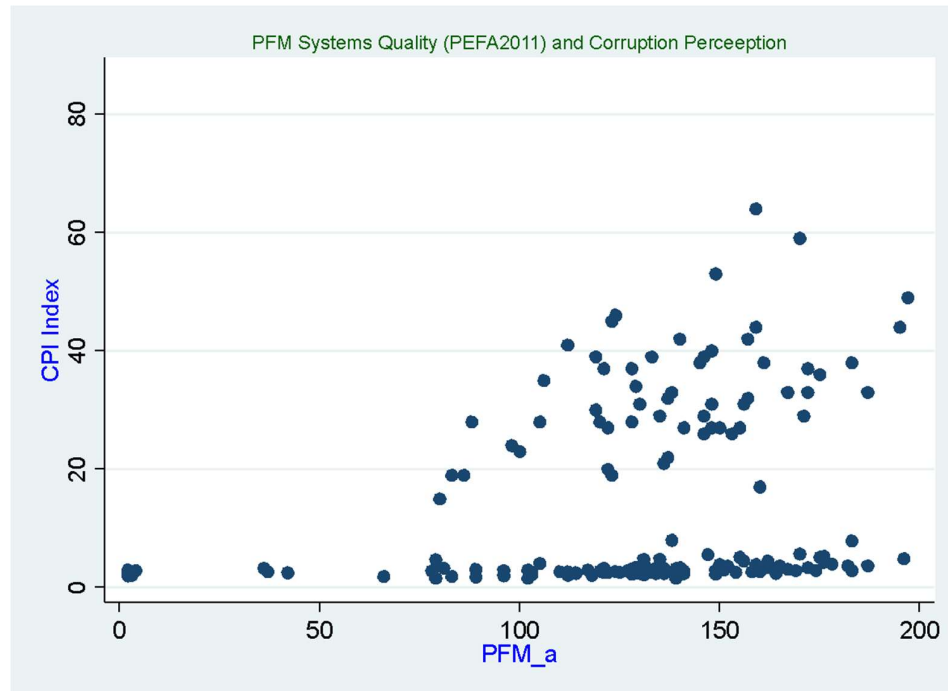


Figure 6: Scatter plots showing the relationship between alternative measures of PFM systems quality and public accountability.





5.2 Public financial management and fiscal transparency (*Hypothesis 1a*)

We report pooled Ordinary Least Square (OLS) regression results of the relationship between Public Financial Management Systems quality (PFM) and four alternative measures of fiscal transparency (*Hypothesis 1a*) in Table 5. Columns 1 and 2 of Table 5 show estimation results of *FT_Com*, which is an overall measure of fiscal transparency based on comparable dimensions from the PEFA-2011 and PEFA-2016 frameworks. The estimation results of the entire sample of two frameworks suggest a statistically significant positive association between PFM systems (a process-oriented measure) and *FT_Com* (an outcome-based measure), as expected. Columns 3 and 4 of Table 4 show estimation results of *FT_Pefa*, which is an outcome-based fiscal transparency measure based on the PEFA-2011 framework. The results suggest a similar positive association between PFM and fiscal transparency for the sub-sample of countries covered under the PEFA-2011 framework.

Table 5: The association between PFM system and fiscal transparency

<i>Dep. Var.</i>	(1) FT_Com	(2) FT_Com	(3) FT_pefa	(4) FT_pefa	(5) Net borrowing	(6) Net borrowing
<i>Ind. Var.</i>	All	All	PEFA11	PEFA11	All	PEFA11
PFM_com	0.266***	0.242***			-0.0407	
	(0.0185)	(0.0220)			(0.0248)	
PFM_a			0.162***	0.157***		-0.0250*
			(0.00900)	(0.0104)		(0.0146)
Income	1.34e-05	0.000587*	-2.00e-06	0.000530	-0.000194	0.000598
	(4.40e-05)	(0.000342)	(3.97e-05)	(0.000369)	(0.000386)	(0.000518)

Growth	-0.0202	0.0802	-0.155*	-0.0265	0.269**	0.577***
	(0.0789)	(0.101)	(0.0836)	(0.113)	(0.114)	(0.159)
Gov	0.0417**	-0.00799	0.0378**	-0.00567	-0.00998	-0.0348
	(0.0183)	(0.0325)	(0.0188)	(0.0336)	(0.0366)	(0.0471)
Trade		0.724		-0.293	0.227	0.476
		(0.751)		(0.706)	(0.847)	(0.991)
Rev_Mob		1.414		0.664	-1.050	-1.575
		(1.021)		(1.058)	(1.152)	(1.484)
Constant	0.923	-5.684	3.957***	2.644		
	(1.206)	(3.645)	(1.152)	(3.399)		
Obs	243	160	180	121	160	121
No. of Countries	106	67	98	61	67	61
R-squared	0.514	0.520	0.732	0.731	0.082	0.142

Finally, columns 5 and 6 of Table 5 show estimation results of net government borrowing as a percentage of GDP (*net_borrowing*), which is used as an outcome-oriented measure of fiscal transparency. The results suggest mixed evidence, with PFM showing a statistically significant positive association with *net_borrowing* only in the sub-sample of countries covered under the PEFA-2011 framework.

In terms of comparisons, we find evidence of a stronger positive association between PFM quality and PEFA-based measures (e.g., *FT_Com* and *FT_pefa*) compared with a non-PEFA-based fiscal transparency measure (net borrowing). The sign of the coefficients of the control variables are generally in the expected direction, but largely insignificant, which may also be explained by the limited variability within our data due to the relatively small number of observations.

5.3 Public financial management and public accountability (*Hypothesis 1b*)

Table 6 presents estimation results of the relationship between PFM and four alternative measures of public accountability, capturing aggregate budget credibility (outcome-based measure), compositional budget credibility (outcome-based measure) and perceptions towards public sector accountability (process-based measure) (*Hypothesis 1b*). Columns 1 and 2 of Table 5 show estimation results of *Budget_Com*, which is an overall measure of an outcome-based budget credibility variable on comparable dimensions from the PEFA-2011 and PEFA-2016 frameworks. The estimation results of the entire sample suggest that PFM quality has a statistically significant positive association with *Budget_Com*. Columns 3 and 4 of Table 6 show estimation results of *Agg_Budget*, which is a public accountability measure based on the PEFA-2011 framework. The results suggest that PFM maintains a positive association with public accountability for the sub-sample of countries covered under the PEFA-2011 framework. Columns 5 and 6 of Table 6 present estimation results of *Comp_Budget*, which is a public accountability measure based on the PEFA-2011 framework. The results point to PFM having a positive association with *Comp_Budget* for the sub-sample of countries covered under the PEFA-2011 framework. Finally, columns 7 and 8 of Table 6 present estimation results of perception towards public sector accountability (CPI) (a process-based measure of public

accountability). As expected, the results indicate that PFM is associated with a favourable perception towards public sector accountability, and this relationship holds for the entire sample, as well as the sub-sample of countries covered under the PEFA-2011 framework.

Table 6: The association between PFM systems and public accountability

	<i>Budget credibility_ Combined</i>		<i>Aggregate budget credibility</i>		<i>Compositional budget credibility</i>		<i>Corruption Perception</i>	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Variables	All	All	PEFA11	PEFA11	PEFA11	PEFA11	All	PEFA11
PFM_com	0.0898***	0.0917***					0.270***	
	(0.00954)	(0.0113)					(0.0781)	
PFM_a			0.00654***	0.00672**	0.00869***	0.00814***		0.114***
			(0.00229)	(0.00285)	(0.00235)	(0.00288)		(0.0413)
Income	2.92e-06	0.000164	-1.85e-06	-7.91e-05	1.28e-05	-5.99e-05	0.00178	0.00230
	(2.28e-05)	(0.000176)	(1.01e-05)	(0.000101)	(1.02e-05)	(9.92e-05)	(0.00123)	(0.00154)
Growth	-0.0235	0.00643	0.0206	0.0114	-0.0243	-0.0132	-0.706	-0.232
	(0.0408)	(0.0520)	(0.0213)	(0.0309)	(0.0215)	(0.0304)	(0.444)	(0.545)
Gov	0.0113	-0.0171	0.0103**	0.0126	0.00583	0.0146	0.00653	-0.194
	(0.00944)	(0.0167)	(0.00478)	(0.00916)	(0.00483)	(0.00902)	(0.121)	(0.136)
Trade		0.601		0.0991		0.251	-2.680	-1.701
		(0.387)		(0.193)		(0.190)	(2.907)	(3.108)
Rev_Mob		0.298		0.0706		-0.406	0.558	3.653
		(0.526)		(0.289)		(0.285)	(3.526)	(4.081)
Constant	3.228***	-0.0149	1.425***	0.906	0.846***	1.131	9.319	-4.122
	(0.623)	(1.876)	(0.293)	(0.927)	(0.301)	(0.913)	(13.95)	(14.79)
Observations	243	160	180	121	179	120	143	108
R-squared	0.356	0.361	0.127	0.143	0.168	0.124	0.128	0.119

Notes: Variable definitions are shown in Table 2. *** ** and * imply statistically significant results at 1%, 5% and 10% levels, respectively. The heteroskedasticity-adjusted robust standard errors are shown in the parentheses.

Overall, our estimation results offer partial support for *Hypothesis 1a* in that a good quality (process-oriented) public financial management (PFM) system is associated with an improved outcome-oriented fiscal transparency of a country, as captured by the PEFA framework. In addition, an improved PFM system tends to enhance the outcome-oriented fiscal transparency of a country in terms of reduced net government borrowing, although this evidence is weaker and holds only for the sub-sample of countries covered under the PEFA-2011 framework. Our evidence further supports *Hypothesis 1b* in that a better PFM system is associated with improved public accountability in terms of higher levels of aggregate and compositional budget credibility, as well as improved perceptions towards public sector accountability. In terms of comparisons, we find stronger evidence of a positive association between PFM quality and public accountability (*Hypothesis 1b*) compared with that between PFM and fiscal transparency (*Hypothesis 1a*), irrespective of the measure used or estimation technique.

5.4 Public financial management, public accountability and fiscal transparency: Effect of moderating variables of SAIs, parliamentary oversight and female participation

We report the results from estimating OLS regressions investigating the moderating impact of independence of a supreme audit institution (SAI) (*Hypothesis 2a*) on the relationship between PFM systems and public accountability in Table 7 (columns 1 to 4). On average, the coefficient on PFM is associated with enhanced budget credibility in countries with low scores for independent supreme audit institutions, especially when using both the 2016 and 2011 frameworks. However, focusing on the 2011 framework, the coefficient on PFM is significant only at the 10% significance level. On the other hand, PFM has a significant influence on the Corruption Perception Index (CPI) under either 2011 framework or both the 2011 and 2016 frameworks. In contrast to our expectation, the coefficient on the interaction term between PFM system and SAI is insignificant under all columns, demonstrating that the relationship between PFM and enhanced budget credibility and perception of corruption, is not contingent on the quality of the SAI, although it should be noted that our relatively small sample size may explain the lack of statistical significance to some extent.

Table 7: Moderating effect of supreme audit institutions (SAI)

	(1) Budget_ Com	(2) Agg_Budget	(3) CPI	(4) CPI	(5) FT_com	(6) FT_pefa	(7) Net_ Borrowing	(8) Net_ Borrowing
	All	PEFA11	All	PEFA11	All	PEFA11	All	PEFA11
PFM_com	0.091*** (0.017)		0.276*** (0.079)		0.240*** (0.023)		-0.014 (0.044)	
PFM_b		0.007* (0.004)		0.131*** (0.049)		0.180*** (0.012)		-0.017 (0.026)
SAI	0.141 (0.225)	-0.001 (0.122)	-3.766** (1.678)	-2.832 (2.195)	1.185*** (0.383)	1.428*** (0.400)	-0.046 (0.301)	0.166 (0.293)
PFM_com*SAI	0.003 (0.014)		0.049 (0.092)		-0.003 (0.023)		0.053** (0.025)	
PFM_b*SAI		-0.001 (0.003)		0.024 (0.065)		0.001 (0.012)		0.026* (0.016)
Income	0.435 (0.411)	-0.076 (0.202)	6.256** (2.430)	7.445*** (2.351)	-0.133 (0.621)	0.550 (0.634)	-0.315 (0.762)	0.682 (0.682)
Growth	-0.020 (0.068)	0.015 (0.031)	-0.577 (0.541)	-0.036 (0.537)	0.102 (0.123)	-0.050 (0.085)	0.286 (0.179)	0.523*** (0.149)
Gov	-0.017 (0.023)	0.010 (0.012)	0.028 (0.159)	-0.181 (0.149)	-0.016 (0.037)	0.003 (0.031)	-0.000 (0.026)	-0.018 (0.030)
Trade	0.521 (0.428)	0.125 (0.189)	-4.911 (3.041)	-4.262 (3.049)	1.470* (0.822)	0.074 (0.683)	0.283 (0.798)	0.548 (0.825)
Rev_Mob	0.391 (0.629)	0.090 (0.349)	0.438 (3.687)	3.447 (4.291)	1.452 (1.254)	0.159 (1.060)	-0.995 (1.202)	-1.547 (1.596)
cons	3.609 (3.565)	2.177 (1.704)	-6.406 (21.696)	-27.911 (19.655)	10.198* (5.893)	22.484*** (5.579)	0.525 (7.207)	-6.016 (7.145)
Observations	146	111	132	100	146	111	146	111
No. of Countries	61	57	55	51	61	57	61	57
R-squared	0.367	0.109	0.193	0.187	0.564	0.722	0.099	0.158

Notes: Variable definitions are shown in Table 2. ***, ** and * imply statistically significant results at 1%, 5% and 10% levels, respectively. The heteroskedasticity-adjusted robust standard errors are shown in the parentheses.

To investigate the moderating role of SAI on the relationship between PFM systems and fiscal transparency, we create an interaction term between SAI and our proxies with the quality of PFM systems. We report the OLS regression results in Table 7 (columns 4 to 8). On average, our results still suggest that PFM is associated with enhanced fiscal transparency in countries with a low score for an independent supreme audit institution. Nevertheless, the coefficient of interest, which is the interaction between SAI and different proxies PFM quality, is insignificant, especially columns 5 and 6, suggesting again that SAI does not moderate the relationship between PFM and fiscal transparency. However, columns 7 and 8 show that the interaction between SAI and different proxies of PFM quality is positive and significant.

Further, the direction of the coefficients relating to the control variables are generally expected, but most are qualitatively not statistically significant, which may be explained partly by the limited spread within the data, arising from the small number of observations.

Table 8 (columns 1 to 4) reports the results of our OLS regression investigating whether effective parliamentary oversight (*Hypothesis 2b*) moderates the association between the quality of PFM and public accountability. Our results under the combined budget and aggregate budget, suggest that PFM is still positively associated with public accountability in countries with low scores for effective parliamentary oversight. Furthermore, unexpectedly, column 2 shows that the interaction between effective parliamentary oversight and PFM is negative and significant at 10%, demonstrating, therefore, that intensive oversight by parliament adversely influences the relationship between PFM quality and public accountability, especially under the 2011 framework. However, under the combined budget (column 1) and perception of corruption (columns 3 and 4 of Table 8), the interaction between effective parliamentary oversight and PFM is insignificant.

Table 8: Moderating effect of parliamentary oversight

	(1) Budget_ Com	(2) Agg_ Budget	(3) CPI	(4) CPI	(5) FT_com	(6) FT_pefa	(7) Net_Borrowin g	(8) Net_Borrowing
	All	PEFA11	All	PEFA11	All	PEFA11	All	PEFA11
PFM_com	0.089*** (0.019)		0.257*** (0.083)		0.247*** (0.019)		-0.008 (0.030)	
PFM_b		0.006 (0.004)		0.125** (0.049)		0.179*** (0.010)		-0.010 (0.021)
Parliament	-1.395 (1.656)	-1.226 (0.822)	11.139 (9.632)	20.012 (12.487)	1.776 (3.102)	3.109 (3.224)	-1.400 (2.748)	-0.920 (2.445)
PFM_com*Parliament	0.033 (0.129)		0.188 (0.533)		0.129 (0.182)		0.108 (0.199)	
PFM_b*Parliament		-0.050* (0.027)		0.242 (0.402)		0.019 (0.079)		0.023 (0.120)
Income	0.579 (0.356)	-0.067 (0.151)	4.881** (2.122)	5.267** (2.021)	0.450 (0.588)	1.232* (0.642)	0.383 (1.078)	1.544 (1.232)
Growth	0.030 (0.055)	0.014 (0.027)	-0.558 (0.507)	-0.052 (0.531)	0.032 (0.123)	-0.012 (0.089)	0.380** (0.169)	0.684*** (0.203)
Gov	-0.014 (0.021)	0.015 (0.010)	-0.044 (0.157)	-0.250* (0.134)	0.021 (0.044)	0.003 (0.033)	-0.046 (0.031)	-0.052 (0.041)
Trade	0.474 (0.441)	0.137 (0.164)	-2.102 (3.069)	-1.689 (2.949)	0.035 (0.800)	-0.831 (0.701)	-0.018 (0.773)	0.145 (0.748)
Rev_Mob	0.375 (0.645)	-0.055 (0.312)	1.140 (3.531)	4.471 (3.850)	1.379 (1.226)	0.687 (1.051)	-1.038 (1.233)	-1.939 (1.538)
_cons	2.453 (3.390)	2.414 (1.513)	-6.968 (20.986)	-23.712 (19.628)	10.961* (5.877)	18.811*** (5.842)	-2.097 (8.811)	-8.796 (9.538)
Observations	145	108	137	102	145	108	145	108
No. of Countries	60	54	56	51	60	54	60	54
R-squared	0.367	0.173	0.152	0.165	0.555	0.720	0.121	0.216

Notes: Variable definitions are shown in Table 2. ***, ** and * imply statistically significant results at 1%, 5% and 10% levels, respectively. The heteroskedasticity-adjusted robust standard errors are shown in the parentheses.

Columns 5 to 6 of Table 8 report the results of the moderating role of effective parliamentary oversight on the association between PFM and fiscal transparency. Our results still suggest

that PFM is associated with enhanced fiscal transparency in countries with less effective parliament oversight, under either the 2011 framework or both the 2011 and 2016 frameworks. However, its coefficient is insignificant when using net borrowing as a proxy for fiscal transparency, albeit it is in the same expected direction. On the other hand, the coefficient on the variable of interest (interaction between effective parliament and PFM) is insignificant in all columns, demonstrating therefore that the association between PFM and fiscal transparency is not contingent on parliament oversight.

Table 9 focuses on the moderating role of female participation in political positions, namely women in parliament, on the link between PFM system quality and fiscal transparency/public accountability (*Hypothesis 2c*). The coefficient on PFM is still consistent with previous results and positively associated with enhanced public accountability (as measured by Composite and Aggregate budget) at 1% and 10% levels in countries, with low participation of women in parliament. Unexpectedly, the coefficient on the variable of interest (interaction between women in parliament and PFM) is negative and significant at 1%, suggesting that intensive oversight by women in parliament adversely influences the relationship between PFM quality and public accountability, especially with regards to the composite budget.

Table 9: Moderating effect of Women in Parliament

	(1) Budget_Com	(2) Agg_Budget	(3) CPI	(4) CPI	(5) FT_com	(6) FT_pefa	(7) Net_Borrowing	(8) Net_Borrowing
	All	PEFA11	All	PEFA11	All	PEFA11	All	PEFA11
PFM_com	0.080***		0.207***		0.416***		-0.033	
	(0.015)		(0.066)		(0.025)		(0.035)	
PFM_b		0.006*		0.097***		0.096***		-0.019
		(0.003)		(0.036)		(0.020)		(0.023)
W_Parliament	0.036*	0.019**	0.240*	0.155	0.030	0.063*	-0.037	-0.023
	(0.019)	(0.010)	(0.135)	(0.131)	(0.046)	(0.034)	(0.030)	(0.031)
PFM_com*W_Parliament	-0.003***		0.002		0.000		0.005	
	(0.001)		(0.009)		(0.002)		(0.004)	
PFM_a*W_Parliament		-0.000		0.000		-0.004**		0.003
		(0.000)		(0.004)		(0.002)		(0.003)
Income	0.553	0.054	5.712**	6.395***	-0.400	0.428	1.003	1.157
	(0.367)	(0.165)	(2.215)	(2.134)	(0.732)	(0.599)	(1.043)	(1.202)
Growth	0.010	0.017	-0.628	-0.107	0.105	0.041	0.414***	0.584***
	(0.055)	(0.029)	(0.496)	(0.528)	(0.118)	(0.092)	(0.144)	(0.186)
Gov	-0.024	0.011	-0.029	-0.205	0.013	0.101***	-0.020	-0.038
	(0.017)	(0.010)	(0.151)	(0.130)	(0.041)	(0.032)	(0.030)	(0.039)
Trade	0.797*	0.149	-2.745	-2.336	1.782*	0.575	-0.059	0.149
	(0.453)	(0.175)	(3.005)	(2.999)	(1.020)	(0.703)	(0.717)	(0.809)
Rev_Mob	-0.126	-0.068	0.425	3.717	-1.350	-1.951*	-0.725	-1.048
	(0.597)	(0.320)	(3.775)	(3.861)	(1.433)	(1.044)	(1.348)	(1.655)
_cons	3.757	1.707	-8.648	-27.868	28.480***	23.569**	-8.201	-9.293
	(3.169)	(1.497)	(20.070)	(17.726)	(7.118)	(4.849)	(8.225)	(9.105)
Observations	151	118	135	105	151	118	151	118
No. of Countries	67	61	60	55	67	61	67	61
R-squared	0.419	0.180	0.156	0.143	0.663	0.590	0.137	0.176

Notes: Variable definitions are shown in Table 2. ***, ** and * imply statistically significant results at 1%, 5% and 10% levels, respectively. The heteroskedasticity-adjusted robust standard errors are shown in the parentheses.

Columns 5-8 of Table 9, on average, suggest that PFM is still associated with enhanced fiscal transparency in countries with less participation of women in parliament, especially when we focus our analysis on Fiscal Transparency as reported by PEFA. At the same time, and surprisingly, the coefficient on interactions between women in parliament and PFM suggest that the oversight exercised by women in parliament weakens the association between PFM quality and fiscal transparency, especially under 2011 frameworks. This may point to the need for capacity-building for parliamentary members (including women representatives) to play a more significant role in PFM oversight.

Additional robustness analyses (e.g., see Tables 10 and 11) ascertain the sensitivity of our findings to alternative estimations and measures, with the findings remaining qualitatively the same except from minor sensitivities. For example, we estimate all equations after winzorisatation at 1% and 99% levels, as well as all specifications, after controlling for country- and year-fixed effects. In Table 10, we re-estimate the effect of PFM on fiscal transparency by employing fixed-effects (controlling for country and year dummies) rather than OLS. Similarly, in Table 11, we re-estimate the effects of PFM system quality on public accountability by employing country and year fixed-effects models. Overall, no noticeable differences were found in reported findings for most of our PEFA-based fiscal transparency and public accountability measures (e.g., *FT_Com*, *FT_pefa*, *Budget_Com*, and *Agg_Budget*), although PFM system becomes statistically insignificant against *Comp_Budget*, *net borrowing*, and *CPI*. Similarly, the coefficients of the control variables are qualitatively as expected, but nevertheless generally insignificant, which may again be explained by limited variability within our data, due to the relatively small number of observations.

Robustness tests (with country and year dummies)

Table 10: The association between PFM systems and fiscal transparency.

	(1)	(2)	(3)	(4)
<i>Dep.Var</i>	<i>FT_Com</i>	<i>FT_pefa</i>	<i>Net borrowing</i>	<i>Net borrowing</i>
<i>Ind. Var.</i>	<i>All</i>	<i>PEFA11</i>	<i>All</i>	<i>PEFA11</i>
PFM_com	0.177*** (0.0314)		-0.00824 (0.0476)	
PFM_a		0.114*** (0.0159)		-0.00931 (0.0337)
Income	0.000824 (0.00139)	-0.000980 (0.00168)	-0.00221 (0.00210)	-0.00834** (0.00356)
Growth	0.220 (0.148)	-0.00102 (0.177)	0.336 (0.225)	0.00814 (0.377)
Gov	-0.0756 (0.0700)	-0.117 (0.0852)	0.0257 (0.106)	0.113 (0.181)
Trade	-1.166 (1.472)	-0.0744 (1.840)	1.129 (2.231)	4.998 (3.912)
Rev_Mob	3.558** (1.555)	2.957* (1.739)	-1.433 (2.357)	-2.407 (3.697)
Country_Dy	Y	Y	Y	Y
Year_Dy	Y	Y	Y	Y
Constant	3.147 (7.744)	5.705 (7.943)	1.616 (11.74)	-6.304 (16.89)
Observations	160	121	160	121
R-squared	0.896	0.953	0.617	0.657

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 11: The association between PFM systems and public accountability (*Budget credibility and Corruption perception*)

	(1)	(2)	(3)	(4)	(5)
<i>Dep. Var.</i>	Budget_Com	Agg_Budget	Comp_Budget	CPI	CPI
<i>Ind. Var.</i>	All	PEFA11	PEFA11	All	PEFA11
PFM_com	0.0561***			-0.0425	
	(0.0174)			(0.0593)	
PFM_a		0.0118**	0.00390		0.0153
		(0.00510)	(0.00498)		(0.0384)
Income	0.000625	0.000650	0.000238	0.00146	0.000285
	(0.000767)	(0.000539)	(0.000515)	(0.00275)	(0.00403)
Growth	0.0261	0.0188	0.0332	0.0107	-0.0915
	(0.0821)	(0.0571)	(0.0540)	(0.286)	(0.434)
Gov	0.0183	0.0206	0.0350	0.290**	0.101
	(0.0387)	(0.0274)	(0.0262)	(0.135)	(0.214)
Trade	-1.227	-0.575	0.486	2.784	-1.207
	(0.814)	(0.592)	(0.561)	(2.821)	(4.413)
Rev_Mob	-0.494	-0.596	-0.367	-3.564	-1.957
	(0.860)	(0.560)	(0.529)	(2.948)	(4.364)
Country_Dy	Y	Y	Y	Y	Y
Year_Dy	Y	Y	Y	Y	Y
Constant	7.468*	5.325**	0.474	-6.593	-5.642
	(4.282)	(2.555)	(2.417)	(14.18)	(18.03)
Observations	160	121	120	143	108
R-squared	0.830	0.792	0.807	0.946	0.950

Standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

6. FINDINGS FROM THE FIELD STUDY

The interview data collected (virtually and face to face) from a range of participants from Nepal, Sri Lanka and Ghana, along with notes taken during the interviews and the secondary sources of documentary evidence, were analysed following Miles et al. (2020). First, two research assistants transcribed the recordings of all the interviews. The co-authors who were involved (at least two co-investigators conducted each interview) in conducting interviews and collecting documentary evidence, discussed the data analysis process, organisation and structure of the data. Following this, the first author selected the relevant quotes based on the priori coding approach (Miles et al., 2020). While the initial set of codes were based on the relevant literature and the proposed cultural-political-economy framework of public accountability, the revised codes include both initial and later emerged codes derived from the interview scripts and secondary sources of data. A manual thematic analysis approach was used to analyse the data. Building on the revised/finalised codes, three main subsequent themes were developed, which are discussed along with the relevant quotes in the following subsections.

6.1 Role of PFM systems to ensure fiscal transparency and public accountability during normal and COVID-19 Pandemic period

The extent to which the PFM systems might ensure fiscal transparency and public accountability, appears to vary across contexts and circumstances. Diverse views were expressed with regards to the efficacy of the PFM systems both in everyday practice and in

dealing with the adverse circumstances caused by the pandemic. For instance, the digitalisation of PFM systems in many countries has proved to be useful in reducing bureaucratic hurdles and engendering social impact. A representative from Ghana highlighted the changes brought forward by the introduction of e-procurement, while noting that the coverage of e-procurement remains limited.

In a similar vein, the PFM reforms introduced in Nepal over the years have resulted in changes to the PFM cycle involving, ‘planning and policy’, ‘budget formulation’, ‘budget implementation’, ‘accounting’, ‘reporting’, ‘external scrutiny’, and ‘feedback’. The accounting and reporting aspects have been particularly affected. Commenting on these changes, a government official, who has worked on various PFM-related projects for almost 30 years stated:

“We have implemented a Treasury Single Account now. The designing, development, and implementation of this system have allowed us to report the transactions in real-time or daily and have brought us a lot of positive change” (NP 4).

The digitalisation of the PFM systems has, thus, enabled the government to provide a better picture of its overall payments and expenditures. An increasing significance of accounting, budgeting and reporting was, therefore, claimed for at the decision-making level, given the alignment of the IT systems applied. A participant remarked:

“Our government offices [in Nepal] issue payment requests through the online system. Nowadays, everything is online. Payment is made based on the issued payment request. Except for the case of grants, we do not issue cheques anymore. Payment is transferred directly. It's called ‘EFT [Electronic Fund Transfer].’ That type of improvement has already taken place in our PFM system. Because of these, our budgeting, accounting and reporting system has also improved significantly. A small problem that we have at the moment is that there is a need for the integration of the LMBIS¹³ and SuTRA¹⁴ systems” (NP 4).

The effectiveness of the PFM systems in terms of designing an activity-based budgeting and reporting process, was also identified. Although issues relating to the effective implementation of these PFM measures remain intact, limited commitment at the administrative levels appears to be more problematic. For instance, a government auditor in Nepal stated:

“If we look at the design aspect of PFM, it is excellent. Also, if we see the implementation side, we can say that the ‘activity-based budget’, and ‘activity-based reporting’, both are excellent too. However, despite all of these, we still get to see ‘deviation.’ This only means that what we are trying to achieve is either impossible, or we are not committed to our own words” (NP 3).

Furthermore, the role that PFM systems have played in empowering the Public Accounts Committee was highlighted during our interviews: individuals subject to allegations of misusing public resources were described as being summoned and asked to justify their cases. On the other hand, improvements in PFM systems are often confined to the issuance of new rules and regulations rather than focusing on their actual implementation. For instance, Ghana has enacted various laws and regulations over the years predicated on improvements in public finances and service delivery. Also, various standards and ‘best practice’ on public sector accounting and auditing in Ghana have been adopted. Notable ones are the International Public Sector Accounting Standards (IPSAS), the International Standards on Auditing, and the Ghana

¹³Line Ministry Budget Information System (Federal government’s online system for entering budget).

¹⁴Sub-National Treasury Regulatory Application (Similar application to LMBIS used by the local governments for accounting and reporting).

Integrated Financial Management Information System (GIFMIS), which has dovetailed to the country's membership of the International Organisation of Supreme Audit Institutions (INTOSAI). Similar developments can also be traced in Nepal, as illustrated below by a participant:

“Actually, there is a very good/effective Act in the PFM sector [in Nepal]. Also, as the country has been shifted to the new context of federalism, we have the ‘Inter-Governmental Fiscal Arrangement Act.’ This act governs the expenditure system of all three levels of government including federal, provincial, and local. As it governs all three levels of the government, it is very effective. Similarly, we also have the ‘Public Procurement Act’” (NP 9).

Such rules and regulations have also introduced several monitoring measures alongside a sanctions regime. But in the absence of training and capacity building programmes, these emerging PFM systems have in some instances generated fear among public administrators and added further uncertainty in their enforcement. Interviewees therefore emphasised the importance of running relevant training programmes. A participant from Ghana stated: *“Authorities should identify the training needs and ensure that the newcomers are trained so that their awareness of public financial management systems will be improved” (GN 5).*

The participant further stated:

“Indeed, public financial management, not only it has introduced policies and guidelines, it has also introduced a sanctions regime such that for an officer, when you go contrary to the provisions of this, you will be personally liable for your actions and that of interruptions. So, these fears, while to a large extent have improved the general public financial management, I still believe that there is still more room for improvement. Government, the Ministry of Finance, and the Accountant General have introduced a lot of training for staff; a lot of awareness has been created. But I still believe we need to continue this day in, day out” (GN 5).

Paradoxically, in other instances, these new PFM rules and regulations have actually undermined fiscal discipline, leading to results that were quite different to what was intended. An analysis of recent fiscal indiscipline by Ministries, Departments and Agencies (MDAs) in Ghana shows that the main sources of fiscal recklessness in the last five years have been tax and cash management, representing an average of 83 percent of all financial irregularities. High tax irregularities (GHS 9.13 billion; USD\$663m; 65.49 percent) can be largely associated with the failure of the Ghana Revenue Authority (GRA) to enforce compliance and collect taxes. Cash irregularities, worth about GHS 2.9 billion/USD\$221m, represented about 21.4 percent of the total irregularities between 2015 and 2020. Such irregularities are largely driven by unapproved disbursements of funds, unapproved transfer of funds, and delays in the lodging of public funds into the respective public accounts (IMANI Report, 2020¹⁵).

In a similar vein, MDA procurement irregularities reported by the Auditor General have increased by about sixteen times over a ten-year period (2010 to 2020). Over the same period, Public Boards, Corporations and other Statutory Institutions (PBCOSIs) have recorded about an 800 percent increase in procurement related irregularities from GHS 1.4 million/USD\$104,000 in 2010 to GHS 846 million/USD\$64m in 2020, representing about 42 percent of additional healthcare spending of GHS 2 billion/USD\$149m in 2020. The sharp rise in procurement irregularities in 2020 can be attributed to the Covid-19 pandemic, namely the relaxing of requirements to facilitate the purchase of critical supplies (IMANI, 2022, p 6). An

¹⁵See, <https://imaniafrica.org/>.

analysis of contracts awarded by MDAs and PBCOSIs revealed that while the *number of contracts* awarded through open competitive tender was higher than those granted through restricted tender and single source methods, the *financial value* of the latter contracts was significantly higher than the open competition ones. One cited example is that the combined financial value of the single-sourced contracts was nine times the value of open competitive tender (2022, p. 27). The IMANI report also highlights cases where organisations appear to have contravened the procurement law by awarding a contract before seeking permission to engage in restricted tendering or single sourcing. In a separate case, a contract was awarded to a non-tendering company in spite of other tenderers having provided valid bids. A participant during our interviews remarked:

“If PFM strategies are working effectively, then, it should minimise some of these irregularities and bring some sort of accountability and efficiency in the system. So, to the extent that the irregularities are increasing by about thirteen-fold, then, it tells you that some parts of your PFM are not really working properly” (GN 3).

Concerns have already been raised about the effectiveness of PFM systems and reforms introduced across countries even before the pandemic. The limitations of the systems were clearly evident during the pandemic, as a participant from Nepal stated: *[The] current [PFM] system did not seem to work properly during the emergency period*” (NP 1). In many instances, the existing PFM systems were bypassed due to the emergency situation caused by the pandemic. The overriding of the procurement regulations was particularly striking. Commenting on the challenges experienced in adhering to the procurement regulations, a participant from Ghana stated:

“And again, because of the COVID, issue of procurement was done without records, value for money, something really basic, for example, could go for ten GHS during COVID times, you are willing to pay any price to have it because this was during the period in which the country went to lockdown; there were no imports coming into the country. So, most of the goods that we had in the country were beginning to be depleted, especially on the medical consumables. So, more suppliers then took advantage, with the citizens by way of arbitrarily increasing the prices of their goods or services” (GN 5).

The twin problem of unsustainable debts and liquidity challenges forced many governments to adopt more prudent measures. Ensuring the efficient spending of limited public resources was important for the continuity of their activities. For instance, Ghana’s tax-GDP ratio was relatively low compared with countries in the lower-middle-income country (LMIC) category, indicating tax administration challenges. In 2022, the government estimated that interest payments would exceed one-third of total budgeted revenues.

Furthermore, the risk of missing out the medium-term financing needs of the government escalated after the Ghanaian government temporarily lost access to the international capital market and its credit was downgraded by Moody’s and Fitch Ratings (IMANI, 2020, p. 13). A participant from Ghana recalled how the pandemic affected government’s spending:

“We’re doing things, especially when I’m referring to spending. The government was spending in certain expenditure areas that we thought was good to fight COVID. But when in actual fact, we didn’t even need doses, there was some panic spending. So, if there should be another pandemic today, my advice to government will be that we should understand what we are fighting, you can’t fight or you can’t win a battle that you don’t know. We fought COVID without knowing what it was, at the initial stages. Government committing resources to spraying marketplaces, spraying schools, spraying open places were all ill-informed decisions. Because

at that time, we didn't know the nature of COVID. ...So, if there should be another pandemic today, my layman's advice would be that we should allow the scientists to tell us what it is, before we begin to deploy the little resource we had for fighting it” (GN 5).

Another participant from Ghana suggested:

“In terms of the COVID, and the financial management system, yes, some successes we had, because if they were able to complete these hospitals, it would be a good thing. But unfortunately, some other monies went into areas that they were not supposed to” (GN 1).

In conclusion, the limited impact of the existing PFM systems in coping with the requirements created by the pandemic, is perhaps unsurprising. The existing system was built on emphasising improvements in the PFM cycle and connecting such improvements to the promotion of governance and accountability. The focus was, therefore, on achieving economic growth rather than tackling economic ‘disorder’ arising from pandemic mitigation or suppression measures. A participant from Ghana stated:

“Actually, COVID has come to cause a lot of disorder in our economy. At one point, the general situation for the economy was good, the indicators were solid. And then during 2019-20, COVID, actually, in a way, brought about low productivity. I can tell you [it will] take us three to four years to repair the damage COVID has caused the economy” (GN 5).

6.2 (In)effectiveness of institutional oversight mechanism(s) to address the issue of corruption and improve public services

In terms of scrutinising the functioning of PFM systems and making them more result-oriented, institutional mechanisms are well developed in all three countries. To what extent such mechanisms have been effective in terms of preventing budget irregularities and other forms of financial mismanagement and corruption and restoring trust on the PFM systems, however, varies across these countries. Views are divided even amongst the government administrators, auditors and other stakeholders. While some informants envisage such financial mismanagement and corrupt activities primarily as a remnant of political, cultural and colonial legacies, others highlighted the failure of PFM systems to prevent such malpractices. For instance, a provincial Chief Minister in Sri Lanka acknowledged the widespread corruption in his country stating: *“Corruption is there in Sri Lanka in some form we cannot deny it”*. A similar view was expressed by an interview participant in Nepal (NP 7), who had the experience of working in a government (anti-corruption agency). A large number of corruption cases are registered every year involving high profile ministries, such as Home Affairs (e.g., in ration and uniforms for police) and Defence and Health, and that impunity is widespread due to their political connections. Alongside a general sense of impunity, limited opportunities and resources, particularly low pay structures, have also played a part in opening the space for corruption. The following statement by the same Nepalese informant serves as an example:

“In many ways, in our context, corruption has also taken place because of the basic needs not being met. Corruption has also taken place, just so one can meet their basic needs” (NP 7).

It is also unsurprising that financial mismanagement, budget irregularities and corruption are more evident in government procurement, due to the complex procedures involving multiple actors with varied interests. Firstly, it has been challenging to identify the extent to which laws and regulations have been deviated from in the process of procurements. Secondly, emergency situations, such as the pandemic, which demand an immediate action to protect the lives and livelihoods of citizens, have made it even more challenging to adhere to the steps outlined in

such procedures. A participant from Ghana shared his experience of the challenges encountered in the procurement process:

“The laws are there, the regulations are there, but from our point of view, we are a bit ‘handicapped’. Because you see the audit is more or less about verification i.e. after the event. Yes, you need to do a lot of verification because on the face of the document, everything seems correct. And we need state agencies to help them, a procurement authority and the Ghana Revenue Authority Registrar General's department. But getting confirmation from these individuals is a problem. And that will take a long time before they respond” (GN 4).

Often PFM reforms introduced to improve transparency in the procurement process have been confined to either enacting new regulations or making amendments in the existing ones. Doubts were also expressed about the extent to which such regulations have been put into practice and the extent to which they have contributed towards improving the process. A participant from Nepal highlighted that the procurement legislation has been amended on several occasions (e.g., more than 10 times), but that such changes have failed to make any improvements in the procurement process. In fact, in many instances, corruption and procurement have appeared to become interchangeable terms. The following comment by a participant in Ghana serves as an example: *“When you talk about corruption, the major source of corruption is public procurement”¹⁶* (GN 2).

Informants also shed light on the applicability of procurement regulations during the emergency situations triggered by disasters in general, and the COVID pandemic, in particular. Concerns were expressed about the extent to which the development of these regulations and procedures have taken into account such adverse events and their results. For example, in discussing existing rules and procedures for procurement and their applicability in emergency situations, a participant from Sri Lanka commented:

“By the time I was the secretary, we [had] very strict procurement guidelines. Then there is another committee called the Procurement Appeal Board. So, institutional set up is very good. During the COVID period that [created] of course big problems when I was the secretary. There were deaths reported every day. So, the health ministry says no, no, we can't wait. We can't do this. You know procurement. As such, you can't follow these procedures. So, we wanted to buy the things very quickly [whether] it [be] necessary medicine, not only medicine, you had to set up a temporary hospital, you had to set up some places to keep the patients. So, they wanted to [have] some amendments to the national procurement guideline. So then, of course, during the procurement COVID period, we relaxed most of these guidelines. This created “room for corruption” (SL 2).

Another government official from Sri Lanka highlighted the issue of transparency and accountability as:

“We should have to do a careful analysis before [we commit to] any expenditure, we should have to be accountable, this is public money [but] sometimes some people, [they don't] manage like that. Then sometimes I see some projects come [that are] based on political intent, but if

¹⁶A recently published article by Lassou et al. (2023) in *Accounting, Auditing and Accountability Journal* discusses this situation, whereby procurement is singled out as the central source of political funding; referred to as the *monetisation of politics* (<https://doi.org/10.1108/AAAJ-07-2021-5341>). Furthermore, the ‘Contracts For Sale’ scandal involving the Chief Executive Officer (CEO) of Ghana’s Public Procurement Authority (PPA) revealed how public procurement funds were being diverted by the very individuals tasked with enforcing rules. (<https://thefourthstategh.com/2022/05/18/how-the-dismissed-ppa-ceo-cleared-all-the-funds-in-his-frozen-bank-accounts/>).

we have straightforward [rules, regulations and systems in place] we can stop those things. There should be a legal system and a law which is common for all” (SL 10).

The participant further mentioned that:

“I think proper tracking systems need to be established. And [one] thing I'm repeating [here is] value for money. There should be a mechanism even for the projects they have estimated. There should be [knowledgeable] people who have the capacity. That's why I mentioned earlier they should have the Auditor General's Department to do that” (SL 10).

A lack of coordination among the anti-corruption institutions has further complicated the verification process. As a result, fraudulent activities have continued without being reported, thereby further weakening public trust. A Ghanaian stated:

“For, instance, you are reviewing a transaction where there's a VAT component in a VAT invoice. But we realise that the VAT invoice is a problem. Because you've come across similar VAT invoices from different suppliers, but realise that they are from the same VAT booklet and this is wrong. You need to do a verification, need to write to GRA [Ghana Revenue Authority] to confirm. When did the company pay the VAT to the government or is it all fake? Yeah, we need to do verification. And when we write, it will take weeks [or] months before it will come” (GN 4).

In many instances, government representatives were hesitant to acknowledge the widespread nature of corruption, given the political sensitivity of the issue. Corruption has been seen as a global phenomenon and mentions were instead made about the PFM reforms, as well as the importance of strengthening the PFM systems to improve governance and accountability mechanisms. For instance, one government official in Ghana mentioned:

“I think we don't want to use the word corruption in that we do have a serious [issue]. I'm not saying this is about Ghana only, of course. There seems to be at least a political perspective that this can happen, this can continue to happen. So that's a big issue” (GN 4).

Contrastingly, members of civil society organisations and parliamentarians were more explicit in terms of discussing the extent of corruption prevailing in their countries and their ongoing efforts and lobbying in their fight against corruption. During our interviews, a Member of Parliament (MP) in Nepal commented:

“Nepal's service sector is so corrupt that one cannot get admission [placement] for their children in government schools without bribing anyone. Except for this, without bribing anyone, or receiving money, no service sector has been able to develop. It has now become a corrupt administration” (NP 6).

Yet as part of an anticorruption drive and to ensure the effective enforcement of PFM systems, multiple institutions have been established and empowered. For instance, in the case of Nepal, varied anti-corruption institutions have been put in place to monitor different aspects of PFM, ranging from money laundering to general types of corruption. To what extent these institutions have been able to live up to their expectation has, however, been questioned. The MP from Nepal continued by stating:

“We have different mechanisms. Let me tell you, we have so many mechanisms just to investigate a single situation [case of corruption]. We have CIAA [Commission for the Investigation of Abuse of Authority], the Department of Money-Laundering, a separate bureau of police, and after that, we also have the Public Accounts Committee. Finally, on top of all

these, we have the court. There are five different mechanisms responsible for choosing [questioning] on the same [single] subject. Despite these, it has been five years since the 'Public Accounts Committee' submitted a written request to prosecute the culprits at CIAA. Neither does the CIAA carry out the request forward nor do they say whether 'we can do it' or 'we cannot'. They simply store [put on hold] the file and forget it. Now, corruption has been culturally embedded in our administrative system” (NP 6).

A number of interviewees reiterated the failure of anti-corruption agencies in pursuing appropriate measures against corruption cases and preventing the impunity of those involved. In many instances, concerns were raised about the extent to which the evidence gathered has been sufficient enough to file the case. Commenting on the investigation process of corruption cases, an informant who used to work in the CIAA in Nepal stated:

“I used to work alongside officers, and personally, I also worked as an 'Investigative Officer.' Most importantly, my role was to explore 'where,' 'who,' and 'how' corruption was taking place, the facts and truths behind it, and to conduct analysis and investigations. After this, our role was to present our opinions based on preliminary findings, to the commission on whether we should register these issues, or put a hold on them for the moment” (NP 7).

Given the involvement of politicians in many corruption cases, even the parliament at times appears to be rather ineffective in terms of facilitating anti-corruption measures. The same Nepali participant added: *“You can see that the CIAA’s ‘Corruption Control Act’ has not been passed by the Parliament until now. They have submitted it, but it has not been passed until now” (NP 7).*

Mention was also made that eradicating corruption requires time, and that anti-corruption measures and institutions could be more effective through the promotion of awareness, education and training at different levels, in particular at local levels. The importance of enforcing existing PFM systems and accountability mechanisms was particularly emphasised. Delegating the extended authority and power to key anti-corruption agencies such as the Auditor General Office, was envisaged as another alternative to preventing corruption. A participant from Nepal commented:

“There [at local level] is quite a low possibility of public financial misconduct and corruption on a larger scale. Only if we [can] increase transparency, bring mandatory provisions for accountability reporting, or educate the general public a little bit on their rights to demand transparency, then we will see improvements” (NP 3).

Another participant from Ghana added:

“Auditor General must be given unlimited powers to do its work as a strong audit service and public accounting system is a synonym to a transparent and then corruption free economy” (GN 5).

A number of informants highlighted the importance of empowering the anti-corruption institutions with additional/required resources. Limited resources allocation to such institutions has affected their capacity to work independently, monitor the implementation of PFM systems and prosecute the culprits, the following statement by an informant from Ghana serving as an example:

“I want to believe, in two to three years time, Ghana probably might be an example of good public financial management practice in Africa, if two offices are enforced or empowered, and

given the needed resources to work independently: the Auditor General, and then, the Office of Special Prosecutor” (GN 5).

Indeed, many of the accounting reforms introduced in these countries have provided a further impetus for corruption to proliferate. For instance, accruals accounting and IPSASs have created over time, a space for manipulating the value of assets, liabilities and other government activities. Given the limited number of professional accountants employed in the government sector, detecting such manipulation has continued to pose a challenge. In addition, concerns were expressed about the need for integrating such accrual accounting and IPSAS reforms with GIFMIS. A participant from Ghana commented:

“The government was going to now report using accrual basis from 2007 to date. And then finally, three or four years ago, we finally prepared our annual accounts using IPSAS, but there are a whole lot of challenges. When you look at municipalities and metropolitan assemblies, many of the accountants in these offices are not professional accountants. And again, many of them have never heard of IPSAS” (GN 5).

At the same time, there was a consensus that the intended use of such reforms and the wider engagement of stakeholders in the reform process, could prove to be effective in terms of fighting against corruption at the government level. The Ghanaian participant continued:

“If government had also taken deliberate steps to train all public sector accountants on IPSAS, trust me the situation would have been better, for example, if they had done it for the GIFMIS. There is no public sector accountant who does not have basic knowledge of GIFMIS, but the same cannot be said about IPSAS” (GN 5).

Similar views were expressed by many civil society representatives. The following statement is an example: *“you can’t fight corruption without bringing all the relevant groups together. So, we have this platform [to fight corruption]” (GN 2).* Views were also expressed that people need to be both motivated and compelled to accept changes. Coupled with training and capacity development, there is a need to explain to people why adherence to rules, regulations and PFM systems is important and how such adherence would result in improved transparency and governance. A participant remarked:

“But you know, human change does not come on its own. Change can only come when people are compelled. So, if you don’t put any compulsion, if you don’t push people, so make sure that accepting change, they won’t change, they will still prefer the old way of doing things. So that for me is one key issue. If we want to work around these things, then, procurement is one of the ways that we really have to pay attention to because that is where a chunk of their monies are stolen” (GN 2).

Governments therefore can play an important role in terms of limiting corruption, resolving the loopholes in the regulations, engaging with civil society, and creating awareness of the existence of PFM systems. Commenting on the role of governments in limiting corruption, a participant argued for the crucial role of civil society organisations, given the limited intervention by citizens:

“If there are irregularities, and there’s a pattern of non-compliance, then we advocate for more enforcement, and where we see that there are loopholes in the regulation, or the legal framework or policy, then we also come up with some research on that area and advocate for more enhanced mobility framework to ensure that service delivery and accountability in the spending. But the other issue, too, that we are also interested in is because governments in Africa are not very committed to accountability and transparency. When it comes to the

demand side, accountability in Ghana, civil society has been doing it, you will rarely see citizens actually holding the government accountable” (GN 3).

Apart from the different views on corruption expressed from our participants, local, national and international newspapers and media channels frequently report on cases of corruption. For instance, corruption cases in Nepal are widespread and regularly reported, recent examples including the ‘Fake Bhutanese Refugee’ case¹⁷, whereby former ministers and high-profile government officials were arrested, and the ‘Lalita Niwas Land Scam’ case¹⁸. Rampant corruption is not only taking a toll on the country’s development, economy and governance, but has also created reputational damage (Nepal is ranked 110 out of 180 countries on Transparency International’s Corruption Index) and having an impact on foreign direct investment, as reported by the Central Bank (see, *The Kathmandu Post*, 2023; *The Himalayan*, 2023¹⁹). In another recent case, a government minister in Ghana was found holding large amounts of foreign currency and high-value items²⁰ and arrested on suspicion of corruption-related offences. In Sri Lanka, economic mismanagement and the impact of the Covid pandemic, has pushed the country into its worst financial crisis in the last 70 years²¹. These media reports supplement our primary findings regarding the involvement of senior officials and politicians in corruption in all three case countries. While all three countries have enacted regulations and reforms for the effective implementation of PFM systems, the efficacy of such systems in preventing corruption has been questioned. In fact, given that such measures have often been detached from the capacity building of administrators, in many instances, such regulations and reforms have opened up the space for corruption to proliferate. The absence of education and awareness, resource constraints and the limited powers of anti-corruption institutions, coupled with the colonial legacies, have led to many PFM measures becoming toothless in terms of preventing corruption and promoting transparency and accountability.

Anti-corruption initiatives in these three countries in the last decade have often led to the emanation of stringent rules and provisions, as well as the revisiting of the existing anti-corruption mechanisms, and the empowerment of independent and government-established anti-corruptions institutions. While the efficacy of such rules and provisions in curbing large-scale corruption has been continually questioned, concerns are also raised about the extent to which such anti-corruption institutions are politically independent and capable in terms of both capacity and resources, to prevent illicit activities. For instance, commenting on the role of Public Accounts Committees in limiting corruption, a Ghanaian participant stated (GN2):

“The challenge with them [Public Accounts Committee] is that they are always reviewing old reports... This current committee did a little better than the previous ones. But they are still not up to date with their reports. So, I think the last time I checked, they were in 2019. So, then we are in 2023. So COVID is not even on the radar. By the time they talk about it because we are now in 2023, they get to where we have forgotten. And we are now talking about another thing. So that's the challenge” (GN 2).

Citizen trust in anti-corruption institutions appears to be continually eroded in these three countries. Increasing political intervention, meddling and capture has prevented these institutions from performing independently, as stipulated in the Constitution, and thus are

¹⁷<https://kathmandupost.com/money/2023/08/21/corruption-blamed-for-plunge-in-foreign-investments-in-nepal>.

¹⁸<https://kathmandupost.com/national/2023/08/28/310-charged-with-forgery-in-lalita-niwas-land-scam>.

¹⁹<https://thehimalayantimes.com/opinion/editorial-corruption-again>.

²⁰<https://www.bbc.co.uk/news/world-africa-66291294>.

²¹<https://news.sky.com/story/sri-lanka-to-receive-3bn-bailout-but-government-faces-corruption-probe-12839339>.

unable to exert any pressure to implement their recommendations. Arguably, frequent reforms of anti-corruption institutions and oversight mechanisms have the undesirable consequence of diverting actors' attention away from the real issues. Hence, views were expressed that the reports and recommendations provided by anti-corruption and oversight institutions rarely have had an impact in terms of imposing sanctions against those charged for corruption. There were few instances in which public administrators took responsibility, by adhering to such reports and recommending the suspension of culprits from their duties or subjecting certain practices to closer scrutiny. A participant from Ghana (GN3) remarked:

“We've had years where the public accounts committee writes a report, but there has not been any active follow up where sanctions need to be applied. There's not been instances where we know that the sanctions have been applied, and where public officials have taken responsibility, to the extent of maybe removing them or recommending that certain practices should not happen again. And the other issue, too, is that apart from the partisan nature of Parliament, even though the issues are discussed, dispassionately at the committee level, but when it gets to the plenary level, where action can really be taken. And if you look at the structure of our governance, the Attorney General is a member of the president's cabinet, so when certain actions are more damning on the government, and requires very strict action, there has not been that strong political commitment to taking action” (GN 3).

The challenges faced by the anti-corruption institutions and their limitations in preventing corruption, were highlighted during our interviews. In many instances, these institutions have failed to live up to expectations in terms of fostering public accountability in practice. A need to empower such institutions was therefore reiterated: *“The public accounts committee should be mostly powerful. It should be able to make the government accountable for its expenses of every penny. That is all I want to say” (NP 4).* Another member of the public accounts committee in Nepal shared his experience:

“Before this [current role of MP], I was a member of the Public Accounts Committee and I am a member of the Public Accounts Committee now again. Let me tell you something about the Accountant General and Public Accounts Committee. All we can do is, highlight where the weaknesses are, and send recommendations to the concerned departments on how to solve such issues. We cannot prosecute by ourselves, as the law does not permit us to do so” (NP 6).

All such statements serve as evidence in terms of the limited role being played by the institutional oversight agencies such as the public accounts committee, in facilitating public accountability by deterring corrupt practices and other irregularities. Limited resources and capacity, and political intervention have appeared to be key factors undermining their power and their objectives of eradicating corruption.

6.3 Existing challenges and potential opportunities to enhance the effectiveness of PFM systems/PFM reforms to ensure good governance

As outlined earlier, promoting fiscal transparency and public accountability have been a key focus of the PFM reforms introduced in these three countries. As part of these reforms, new regulations and provisions have been enacted, existing ones amended, and measures taken to facilitate their effective implementation. However, as outlined in extant academic works (see e.g., Adhikari et al., 2023; Lassou et al., 2021; Hopper et al., 2017) and confirmed by our participants, several factors prevent governments from ensuring financial transparency and public accountability through limiting financial irregularities, mismanagement and corruption. These factors are discussed in the following subsections.

Implementation issues

The implementation of the existing rules, regulations and PFM reforms is a key issue in these three countries. Mention was made that all three countries put into place adequate PFM rules, regulations and measures, the intended use of which should have restored financial transparency, public accountability and good governance. In fact, many of these rules, regulations and measures resemble those being used by Western countries, although in some instances, contextual issues have made them problematic. This was particularly evident in Ghana, considering the following statement by the participant: *“We have beautiful laws, but unfortunately, some of these laws are not working [in Ghana]”* (GN 1).

Several examples were provided of weak implementation. For instance, a participant from Nepal highlighted how the changes undertaken in the ‘internal control framework’ of the country was symbolic, given that the reforms/changes were largely confined to altering the ‘names/titles of the framework/guidelines’ (NP1) rather than the content. Another participant of Nepal stated that the absence of ‘prosecution and punishment’ (NP6) has stifled the effective implementation of PFM systems/reforms in the country. Views were expressed that punishment should involve pausing the promotion of those involved in breaching regulations and/or avoiding them from taking on ‘national responsibilities’ (NP9). For example, a Ghanaian participant pointed out that penalising non-compliance and ‘wrongdoing’ would help ensure that existing regulations were implemented more effectively (GN1).

Instead, given the widespread corruption, doubts were raised about both the willingness to and capacity for, enforcing punishment for non-compliance and wrongdoings. Such impunity has further encouraged breaches of the PFM regulations and non-compliance. In short, a culture has been established in which non-compliance to regulations has increasingly become taken for granted. For instance, a participant from Ghana stated:

“As I said, they are not taking the bull by the horns to punish wrongdoers. In the end they cannot also punish them because most of them are also involved. So that is a challenge. So how can somebody punish himself or herself? You understand? But the laws are there. But nothing has changed” (GN 1).

The participant further stated that:

“Because people are not punished for the wrongs that they have done. And so if people are not punished, it gives others they also get the chance. They also want to at least replicate that this person did, and he was not punished. So, number one, maybe they should change their mentality. And that is very difficult” (GN 1).

In the view of many participants, social media and civil societies, and parliament, could play an important role in deterring this culture of non-compliance, promoting instead, public accountability. Views were expressed that the wider exposure of non-compliance could generate public attention and discourage such activities. This would also ease the work of anti-corruption institutions, as a participant from Nepal remarked:

Also, if we can actively engage social media and civil societies where various issues about ‘misuse’ or other elements come to light, then many things can be improved. We see various small issues on social media, which has helped institutions like CIAA, Auditor General and National Vigilance. Social media has controlled situations that these institutions haven’t been able to do” (NP 3).

However, participants also emphasised the fact that exposure of non-compliance to the wider public and stakeholders may not be adequate across all contexts: the costs incurred to the state due to such non-compliance and wrongdoings needed to be refunded, by prosecuting the perpetrators. In this regard, the influence of parliament is critical, as the following statement by a Ghanaian participant makes clear:

“All those individuals and institutions that we suddenly report, they appear on television, you see them – team director, or the minister or the chief accountant, and the auditors do appear on there. But the issue is the willingness to move a step forward, by ensuring that those that are causing financial loss [to the] state are being prosecuted or asked to refund the costs, then that is a next step. If parliament is able to do that, then that will go a long way to ensure effective accountability in the public sector” (GN 4).

Overall, as indicated in the above quotes, there was a general consensus amongst the participants that non-compliance with PFM regulations and measures has become a general trend across countries. Prosecutions against non-compliance and wrongdoings have been limited, thereby resulting in their perpetuation. The important role that parliament, social media and civil societies can play in reinforcing anti-corruption initiatives and promoting transparency and public accounting, is therefore reiterated.

Unfavourable political system and influence (political capture)

Political capture has continued to weaken the PFM systems, and to undermine transparency and public accounting across all these three countries. For instance, IMANI (2020) reports the fact that:

“Political economy issues (the country’s underlying political settlements regime) continue to hamper the effective implementation of PFM systems, resulting in the regular occurrence of financial irregularities. This includes over politicisation of government function and the lack of independence of state institutions coupled with weak corporate governance in the public sector” (IMANI, 2020, p. 7).

The Public Accounts Committee (PAC) itself has become a victim of extreme bipartisanship, thereby eroding the very essence upon which its principles are built on, for instance serving as an effective and democratic process of oversight. Furthermore, five out of the seven members of the Audit Service Board [in Ghana], which oversees the Auditor General, are appointed by the President. In terms of overseeing the Auditor General’s office, it could be seen as problematic that individuals who may be loyal to current political interests represent the majority of the Board. Already, the recent decision by the Auditor General (AG) of Ghana to publicly release their COVID-19 transactions report ahead of its consideration by the PAC, led to a significant backlash alongside a public intervention by the Attorney General arguing that the AG should not have done so²². In the past, it would take a relatively long time for the PAC to consider the AG’s report and by the time it was made public, the negative implications would have been dampened for the politicians and civil servants involved, who may have even left office by then. However, such delays effectively hamper public accountability: under the guise of following [a long] due process, evidence that could be relied upon to support enforcement action might be tampered with or be deemed prejudicial to the conduct of a fair disciplinary or other legal process. One informant commented:

“It means that if you don’t want the Auditor General to publish a report, then you are sort of frowning on transparency and accountability, what PFM seeks to achieve. Because it is when

²² <https://www.myjoyonline.com/a-g-asks-auditor-general-to-unpublish-premature-covid-19-audit-report/>

citizens are informed, can understand and know how these public monies have been spent, then they can also put pressure on parliament to sort of hold people accountable for how they have used public funds.and so, for someone coming from cabinet to recommend that the auditor general should not publish their reports, that would be sort of increasing government interference in the work of the Auditor General” (GN 3).

In spite of other insights which suggest that there is an increased amount of activism from civil society and the PAC, the threat of political capture remains ever present, if it suits particular political interests.

Furthermore, regardless of the PFM systems and rules in place, the notion of political capture typically encompasses efforts by politicians to draw on public funds to support their re-election prospects. Therefore, their agenda for budgeting public expenditure is driven by a priority to retain power and not necessarily by the country’s or citizens’ needs. One participant highlighted this issue, arguing that there is little resistance from accounting professionals and other public officials:

“Nowadays, always all the politicians make decisions, [and] all the experts always following the politicians’ opinions or the instructions. That’s the biggest issue in our country. Then, obviously, [they] forget all the priorities and everything, they are just enjoying the politicians.... when you think about the budget formulation also, there are so many issues. At the same time, the budget execution after finalising the budget, they are always issuing circulars, to cut down capital expenditures and always reduce the recurrent expenditures, they are giving the priorities according to their own needs, but the country needs I don’t know” (SL 5).

In a similar vein, a number of public investments in Sri Lanka appear not to have been managed properly and are seen as politically motivated. To what extent such investments represent the country’s priorities, as well as adhering to transparency and accountability in the process of identifying the investments, has therefore raised concerns. For instance, one participant stated:

“...[A] lot of [public] investments have been made, but I’m not very sure whether they are there, they’re managed well in terms of prioritisation and understanding the correct needs. And the limited amount of money that we had, I wouldn’t say that they have been used prudently but to deliver the best outcomes because a lot of times, it’s politically based [motivated] the projects that are happening” (SL 7).

In fact, political influence on public administration has become unprecedented, forcing bureaucrats to serve as a conduit through which to execute political decision making. Protecting the public interest and ensuring transparency and accountability in decision making, have therefore been taken beyond the purview of bureaucracy. Commenting on the political interferences on bureaucracy, an auditor from Nepal stated:

“In particular, our public administration is not driven by the system, and rather influenced by politics. When a proposal is placed from the political side, the bureaucracy is not in a position to independently evaluate the reality, take a stand and boldly tell, whether the proposal is practically executable or not. They cannot say that the political proposals cannot be implemented, and that the preparation has not been done. Even if the bureaucracy takes its stand, whether it will be easily accepted by the political side or not, it’s another factor” (NP 3).

Several participants remarked that almost all spheres of public administration, ranging from selection of administrators to allocation of resources, are now driven by politics. For instance,

a government officer in Sri Lanka reiterated: *“But the selection process is NOT transparent. The political authority always gets involved with that selection procedure [and] interferes”* (SL 8). Another Sri Lankan government official shared his personal experience stating:

“Now, the previous Secretary, I don't like to mention his name. He's the person who destroyed everything. Then he took all the powers into his own hands. And he implemented the political type of the agenda according to the politicians, including the finance minister, as well as other government heads, likewise, therefore, the public finance management system collapsed, right? There is no proper system of accounting and reporting” (SL 5).

Overall, the politicisation of bureaucracy has weakened the effectiveness of PFM systems and proved to be detrimental in terms of enhancing transparency and discharging public accountability. This raises concerns about the extent to which the existing PFM systems and reforms are capable of fulfilling the intended objectives in the settings of developing countries which are politically captured.

Limitations in institutional and personal competencies

Although there have been significant efforts to improve institutional capacity and training for various agencies, it is unclear as to whether all members of public accounts committees have the appropriate technical capacity to analyse audit reports.

Furthermore, the oversight of procurement by public procurement authorities (PPA) has been relatively ineffective due to an excessive reliance on manual processes. Firstly, this leads to delays and ineffective monitoring, effectively leading to the executive branch of government having more control over the process. The e-Procurement system is deemed to be under-utilised by a large number of public institutions. In April 2022, IMANI reported that only 79 out of 335 institutions were using the system. At the same time, the PPA is supposed to monitor and evaluate the procurement processes amongst a very large number of public institutions but is limited in its ability to do so.

Administrative and institutional barriers

It was noted that some of the legal and administrative processes lead to barriers in the actual enforcement of PFM-related sanctions. For example, a special prosecutorial office can take legal action once the Auditor General makes a ‘disallow and discharge’ determination. However, it is unclear if all enforcement actions do proceed to their final and logical conclusion. One cited source in the IMANI report (2020) stated that:

“The Auditor-General, through the annual audit report, is able to disallow and surcharge officials for specific unaccounted expenditures. However, the execution of the disallowance and surcharge mandate is, in our view, not enough unless this is followed by additional processes such as prosecutorial action that leads to the refund of misapplied State monies” (IMANI, 2020, p. 7).

For example, it is expected that the Attorney General or Office of the Special Prosecutor will take legal action, but it does not seem this is happening on a systematic basis. Until recently, it was also noted that an ‘accountability lag’ arose due to time taken by the PAC to review the AG reports. As explained below, this led to *“...delays in timely investigation of irregularities, and late implementation of sanctions and recommendations”* (IMANI, 2020, p. 6).

Overall, the PAC has yet to investigate the AGs report of MDAs for 2020 and 2021, as it is currently sitting on the 2019 AG’s report, thereby contravening the rules set in the Ghana Audit

Service Act (IMANI, 2020, p. 11). This, in effect, encourages politicians and civil servants to engage in questionable practices, with little fear of any timely sanctions or consequences. A public sector accountant stated:

“... indeed, public financial management, not only it has introduced policies and guidelines, it has also introduced a sanction regime such that an officer when you go contrary to the provisions of this, you will be personally liable for your actions [...]. So, these fears, they have to a large extent, improved the general public financial management, yet I still believe that there is still more room for improvement” (GN 5).

Pressures from civil society and independent media

An important approach adopted within contemporary PFM practices and recent international funder/fundee arrangements, is the active and formal involvement of civil society stakeholders to improve public accountability and fiscal transparency. Much of the information produced by PFM systems can be overly technical and difficult to disseminate to a wider audience. In the case of the IMANI NGO, extensive efforts have been made to improve the public communication and understanding of PFM by focusing on community and individual stakeholders. Similarly, well organised CSOs, partly funded by international institutions, have been relying on the AG's report to communicate more widely the issues raised, notably through the use of slogans or other specific examples in the report e.g., IMANI's *financial recklessness index*. In this way, the mass media has been tacitly used to ensure the information reaches out to the population. An understanding of the reports over time also reveals a need for more case studies. This brings us to one case:

“While the Auditor-General's reports provide much evidence of fiscal recklessness, their utilisation to exact accountability and advocate for responsible spending practices have been minimal in Ghana” (IMANI, 2020, p. 14).

In questioning the transparency and accountability of public expenditures, the adoption of GIFMIS has become another issue. For instance, a participant from Ghana suggested that GIFMIS was not used for certain expenditures:

“Sometimes this is the challenge I need to do an assignment and the office needs to cater for my accommodation and if I am to use GIFMIS to process it probably takes an average of thirty to sixty days before the money hits my accounts and the work needs to be done. So usually sometime at the beginning of the year, you do what we call your cash forecast and cash plan and identify a certain component of your payment. When an officer goes on the field trip, you are able to get funds before he moves but this does not apply to fuel. Fuel and electricity are bought for and paid for using GIFMIS. So largely most of our transactions are off GIFMIS and apart from this, some even give me money to pay for allowances” (GN 5).

Much of the information generated through PFM systems has also raised concerns in Nepal, mainly in terms of undermining the social aspects of accountability. A participant representing civil society organisations in Nepal remarked:

“We are still conducting public complaints hearings. It is our regular job. Currently, we are listening to public complaints, and we are also working towards achieving social accountability” (NP 8).

Particularly striking is the important role of civil societies in creating awareness among citizens, particularly in Nepal. This awareness may in time address the ineffectiveness of the oversight institutions in supporting PFM systems in terms of controlling corruption and

mismanagement. For instance, a participant commented on the ongoing protests and lobbying against the proposed bills on money laundering, the approval of which may result in the impunity of a large number of perpetrators and fostering the culture of legitimising illegal transactions and earnings:

“For instance, this year when the “Money Laundering” draft bill was forwarded [in the Parliament] which would have helped the illegal money to be legal, we protested against it.... For this bill, I have personally met the politicians, because lobbying is a part of protest” (NP 8).

The rise of both civic movements and media campaigns have injected some hope of restoring the effectiveness of the PFM system, which has to a large extent become non-functional due to excessive political interference.

Pressures from international best practice/donor agencies

The interest in adopting best practices within PFM, as recommended by donors and international organisations, was notable during our interviews. Participants mentioned the importance of international best practices for improving transparency and accountability, as well as the influence of international donor organisations in terms of policy formation, budgeting and governance. For example, a participant from Ghana said:

“... One area that I want to talk about in terms of this public expenditure is that of a good fixed system once your budget is approved for the period, it will be loaded onto the government's system for example, my authority approved by June 2023 is under a million Ghana Cedis. This one hundred million will be loaded onto my GIFMIS. And anytime the one hundred million is expended, I will not be able to process additional transactions, the system will keep me out, notwithstanding that there might still be an opportunity for budget overruns” (GN 2).

More recently, several other stakeholder INGOs and NGOs have offered recommendations with regards to budget policies and implementation. To what extent they are driven by a genuine objective of improving budgetary transparency and public accountability seems to be in doubt, as this participant from Nepal suggests:

[One] factor is, international NGOs/INGOs which have been operating for a long time, for their policy management inside the Ministry of Finance [in Nepal]. They lobby to formulate the budget according to their policies. It seems as if the budget is formulated in between the power balance of these triangular powers” (NP 6).

The adoption of best practices has increasingly become a way forward in addressing multiple interests and lobbying in the budget process. Mention was made that excessive lobbying and interference had led to the budget marginalising many important items such as education and welfare, while attempting to balance other interests. For instance, an MP in the Federal Parliament of Nepal remarked:

“Why do we not place our basic needs in our top priority? The reason is ‘lobbying’ and ‘pressure’ which has brought us to this undeniable situation. Nepal does not need [the] mega projects, what it [the country] needs is basic work plans. For example, education should be our utmost priority, health should be the next” (NP 6).

As a result, trust in governments, particularly in terms of how they prioritise their political patrons when handling PFM systems, is being eroded. A government official in Nepal conceded: *“Overall, people’s trust [on government] seems to be going down [in Nepal]” (NP*

7). This was not limited to Nepal, as the following statement by a Sri Lankan participant illustrates:

“... [in] developing countries like Sri Lanka, politicians [are] playing their games, so, if there is no opposition, so they are always trying to criticise [and] blame the others. [In] Western democracies, I saw some system, I know something about [them], they have very good committees, they’ve got audit committees, but our system, I’m not trusting [such committees] so much” (SL 3).

In conclusion, developing countries face many obstacles to implementing PFM systems and executing reforms as intended, both technical and political. For instance, common across countries are perhaps technical issues such as a lack of knowledge of PFM, limited training and development opportunities for capacity building for public sector employees; a lack of coordination between different government agencies and levels (e.g., central, province/state and local levels); and limited availability of data set to implement PFM systems. However, our findings also shed light on the fact that political interference, capture, and lobbying from multiple stakeholders to embed their interests in PFM policies and systems, have further limited both the interest and capacity of the state to implement best practices, as recommended by donors and international organisations. As discussed in extant academic works (see e.g., Adhikari et al., 2023; Jayasinghe et al., 2021; Lassou et al., 2021; Hopper et al., 2017), PFM systems and reforms prescribed by donors and international organisations in many instances, do not fit the local contexts and therefore contribute little in terms of improving transparency and public accountability. At the same time, the increased involvement of civil societies and their attempts to engage with citizens and other stakeholders in policy making, is providing some hope of improvement in PFM practices, as well as the restoration of trust in PFM systems. This may also act as a counterweight to this exercise of political capture of the PFM systems.

7. DISCUSSION AND CONCLUSION

With regards to the first two research questions, at the outset we found evidence of a positive association between PFM quality and public accountability (Hypothesis 1b), which was comparably stronger than the relationship between PFM and fiscal transparency (Hypothesis 1a) - irrespective of the measure used or estimation technique. When considering process-based vs. outcome-based measures of accountability and transparency, we outlined different insights, with process-based measures benefiting more than outcome-based ones. This underlines the need for policymakers to consider the different facets of accountability and transparency that can be ‘resolved’ by introducing PFM systems and reforms, rather than considering the latter as monolithic value-based constructs, and hence ‘raising expectations’. Furthermore, the implications of establishing or strengthening supreme audit institutions, improving parliamentary oversight, and increasing female representation in political leadership do not (yet) materialise into systematic benefits for public accountability and transparency (Hypotheses 2a, 2b and 2c). Although the report does acknowledge the limitations of the available quantitative data, these mixed findings relating to the apparent limited potency of these oversight mechanisms within developing country settings, bring to the fore the issues and challenges identified when the third research question was considered.

While the purpose of implementing PFM systems is to ensure that public resources (i.e., revenue and expenditure) are well managed by the government and their agencies (Andrews et al., 2014) and to improve the fiscal transparency and public accountability (Andrews et al., 2014; Kristensen et al., 2019), our findings obtained from the field study conducted in Nepal, Sri Lanka and Ghana reveal that the extent of integration and effectiveness of PFM systems differs in different contexts due to their specific cultural, economic, and political factors. First,

PFM reforms in Nepal has resulted in some positive changes in the area of ‘accounting and reporting’, while digitalisation of PFM systems in general and introduction of e-Procurement in Ghana and online payment system in Nepal in particular, has not only helped the governments to streamline their approval process, but also improved their payment, expenditure and budgeting systems. However, our findings indicate that there are still substantive issues in terms of implementation of the existing PFM related rules and regulations across all three countries. More importantly, a number of our participants acknowledged the limitations of PFM systems in preventing and controlling irregularities, fraud and corruption. Procurement seems to be one of the main potential areas of corruption in all three countries, according to our interview participants and this has become more evident during national/global pandemic periods. Contrary to our expectations, even government officials, MPs and high-profile office holders acknowledged (sometimes reluctantly) the nature of public sector corruption in their countries. It seems that the discretion afforded to decision-makers in periods of emergency does not sufficiently take into account the imperative for controls and oversight that are inherent to PFM systems. In fact, one could argue that the pandemic has ‘enabled’ a higher level of discretion (in fact, ‘exceptionalism’), which challenges the effective implementation of PFM systems, notably in relation to the use of digitalised processes and fostering irregularities.

Second, one of the main objectives of PFM discussed in the literature is to facilitate anti-corruption mechanisms (Kristensen et al., 2019). However, our empirical findings provide quite different results, highlighting the issues related to institutional oversight mechanisms, such as supreme audit institutions, parliamentary committees and political leadership (including female participation in leadership roles). More specifically, our findings show that although each of the case countries has established national oversight mechanisms, there are questions regarding the effectiveness of such mechanisms in terms of preventing budget irregularities, financial mismanagement and potential risks of corruption. Prior studies consider SAI as a key pillar of public accountability (Pomple et al., 2022), which can play an important role in terms of detecting and preventing corruption, enhancing integrity and improving citizen trust. Similarly, the effectiveness and performance of the Public Accounts Committee (PAC) has been widely discussed in the literature. In their study, Pelizzo (2015, p. 543) argues that parliaments and legislatures act on behalf of the population, and so a PAC can “... *keep governments accountable for their actions by performing effective oversight*”. However, our findings obtained from both interviews and secondary data sources highlight a number of concerns that prevent these oversight mechanisms from functioning properly and effectively. Some of the main issues appear to be related to political capture, the privileging of partisanship over parliamentary oversight, lack of coordination amongst government departments (especially anti-corruption and audit institutions), and little or no action taken (lack of sanctions) against people involved in corrupt practices or irregularities. We also found some evidence to suggest that a number of government decisions in terms of budgeting and public investment, were politically motivated and were aimed at personal rather than public benefit. In some cases, civil society organisations, (social) media and citizen awareness seem to be playing a key role by relying on auditor general reports and other information to reveal irregularities and fight against corruption, while holding the government and public officers accountable.

In line with prior studies (Hepworth, 2003; Quak, 2020), our findings reveal a number of instances where internal control systems, monitoring mechanisms and compliance requirements could not operate during the pandemic period, as well as during other periods. In order to address such issues and enhance the effectiveness of PFM systems, some of the interview participants, therefore, emphasised the need to address the weak implementation of existing PFM related laws and regulations. Others highlighted the need to empower national

oversight mechanisms (e.g., supreme audit institutions, public accounts committees) by making them more independent, while several informants highlighted the urgency of taking severe punitive measures and imposing sanctions. All of these appear to be consistent with the arguments presented in the prior literature, and supported by the international community, whereby “... *legislative strengthening is an important component of any successful effort to promote good governance, curb corruption, promote development, and eradicate poverty*” (Pelizzo, 2015, pp. 542-43).

Prior studies highlight the role of IPSAS adoption to control corruption in developing countries and also improve the transparency, reliability and comparability of the governments’ financial information (see Tawiah, 2021). However, in contrast to prior studies, our findings show little or no use and effectiveness of NEPSAS²³ implementation in Nepal which started 10 years ago. In Ghana, it appears that many accountants are not even very familiar with IPSAS. So, some participants have emphasised the need for capacity enhancement of public sector accountants, by providing required training and development so that accrual accounting and IPSAS can be implemented effectively.

Drawing from the conceptual framework, we find evidence in consideration of (i) the influence of PFM systems on fiscal transparency and public accountability and the moderating factors thereof, and (ii) the political-economy factors influencing the deployment of PFM systems, not only in times of the pandemic, but in terms of persisting ‘pebbles in the shoe’ challenges (Hood, 2010; Bovens 2007; Ferry et al., 2015).

This study contributes to enhancing existing limited understanding of PFM systems, both in terms of a cross-country quantitative analysis and a deeper understanding of the financial irregularities and potential risks of corruption during normal and COVID-19 pandemic periods, in the context of Nepal, Sri Lanka and Ghana. However, we acknowledge challenges in terms of the number of observations, limited PEFA sample size, and the measurement of variables and proxies. It is also essential to acknowledge the limitations of our study regarding causality and the sample size. Firstly, while our analysis establishes associations between public financial management systems and fiscal transparency and public accountability, it is crucial to note that we do not claim causality. Despite observing associations between them, we note that readers should exercise caution in inferring causation, which is beyond the objectives of this study.

Secondly, the sample size in our study is relatively small, which poses limitations on the robustness of our findings and also leads to reduced statistical power, making it challenging to detect true effects reliably. Consequently, while our study provides valuable insights, the small sample size necessitates caution in generalising findings to broader contexts. Future research with larger samples would be valuable to validate our findings.

Lastly, the qualitative exercise only provides a snapshot of the situation on the ground. There were also difficulties in recruiting interview participants due to prevailing circumstances in the country. It is important to note that we refer to quotes and examples from countries to illustrate a wider phenomenon (e.g., ‘political capture’) that is not specific to the country per se.

²³ Nepal Public Sector Accounting Standards

8. KEY TAKEAWAYS / POLICY RECOMMENDATIONS

- Digitalisation / e-governance can help address the issues of corruption to a large extent, as many interview participants argue. However, the fact that there is still leeway for officials to bypass computerised procedures and processes (e.g., the e-procurement system) for relatively high-value contracts, is concerning. This discretion needs to be significantly curtailed therefore, although this may imply additional costs/investment in IT related infrastructure (e.g., connectivity; networking) and capacity building.
- The effective implementation of PFM- related existing laws/regulations and policies, by focusing capacity building exercises on enforcement and sanction-related institutions (e.g., Special Prosecutor's Office or equivalent, relevant Courts and Judges).
- Budgeting process/priorities to be focused on citizen needs/local/national priorities rather than political priorities/agendas. There is a need to establish a dedicated network of citizen organisations, which can support the government in engaging with citizens' needs and other community organisations, thereby mitigating the incentives for political capture.
- Performance based pay/incentives can be considered to ensure that officials are acknowledged for their work/efforts in mitigating or eliminating the prevalence of financial irregularities. Such an incentive system will need to be based on clear criteria and availability of reliable data/metrics.
- Citizen participation, creating awareness at local levels and effective coordination among departments/sectors can help improve transparency and accountability. In this regard, auditor general reports and other reports focusing on PFM performance could be made more citizen-friendly, to enable a wider dissemination of its findings and implications. This can dovetail ongoing initiatives such as the Principles of Public Participation in Fiscal Policies (Global Initiative for Fiscal Transparency) and PEFA's new indicator on sub-national government public consultation (PI.9b).
- The PEFA framework could explicitly embed a mechanism to measure to what extent (i) public expenditure and (ii) procurement contracts are made outside of digitised systems (e.g., IFMIS) and the e-procurement systems, respectively.
- The PEFA framework (specifically 30-3) could specifically consider to what extent sanctions for PFM irregularities (such as the disallow and surcharge mechanism) have been implemented.

REFERENCES

- ACCA (2017). *IPSAS implementation: Current status and challenges*. Association of Chartered Certified Accountants, London.
- Adams, R. B. (2016). Women on boards: The superheroes of tomorrow? *The Leadership Quarterly*, 27(3), 371-386.
- Addison, D. (2013). *The Quality of Budget Execution and Its Correlates*. Policy Research Working Paper 6657, World Bank, Washington, DC.
- Adhikari, P. & Gårseth-Nesbakk, L. (2016). Implementing public sector accruals in OECD member states: Major issues and challenges, *Accounting Forum*, 40 (2), 125-142.
- Adhikari, P. & Jayasinghe, K. (2022). Public sector accounting in developing countries: what we know and what we still need to know in general and in the African context in particular, *African Accounting and Finance Journal*, 4(1), 109-119.
- Adhikari, P., Nkundabanyanga, S., Soobaroyen, T. & Jayasinghe, K., (2023). Public Sector Accounting in Emerging Economies in the Evolving Post-Covid Era, *Journal of Public Budgeting Accounting and Financial Management*, 35(3), 297-308.
- Albu, O.B. & Flyverbom, M., (2019). Organizational transparency: Conceptualizations, conditions, and consequences. *Business & Society*, 58(2), pp.268-297.
- Allen, R. (2009). *The Challenge of Reforming Budgetary Institutions in Developing Countries*. IMF Working Paper, Fiscal Affairs Department.
- Almquist, R., Grossi, G., van Helden, J., & Reichard, C. (2013). Public sector governance and accountability. *Critical Perspectives on Accounting*, 24(7-8), 479-487.
- Andrews, M., Cangiano, M., Cole, N., de Renzio, P., Krause, P., & Seligmann, R. (2014). *This is PFM*. CID Working Paper No. 285, July 2014.
- Andrews, M., Pritchett, L., & Woolcock, M. (2013). Escaping capability traps through problem driven iterative adaptation (PDIA). *World Development*, 51, 234-244.
- Anessi-Pessina, E., Barbera, C., Langella, C., Manes-Rossi, F., Sancino, A., Sicilia, M., & Steccolini, I. (2020). Reconsidering public budgeting after the COVID-19 outbreak: key lessons and future challenges. *Journal of Public Budgeting, Accounting & Financial Management*, 32(5), 957-965.
- Arun, T., Adhikari, P. & Mohan, R., (2021). Learning accountability in the public sector: the experience of Kerala, *Financial Accountability and Management*. 37 (2), 184-203.
- Astudillo-Rodas, M. (2022). Internalizing transparency and its relationship with corruption: insights from Colombian public servants. *Public Management Review*, 1-19.
- Bakre, O., Lauwo, S.G. & McCartney, S. (2017). Western accounting reforms and accountability in wealth redistribution in patronage-based Nigerian society. *Accounting, Auditing & Accountability Journal*, 30(6), 1288-1308.
- Bakre, O.M., McCartney, S. & Fayemi, S.O. (2021). Accounting as a technology of neoliberalism: The accountability role of IPSAS in Nigeria, *Critical Perspectives on Accounting, forthcoming*.
- Bourn, J. (2008). *Public sector auditing: Is it value for money?* John Wiley & Sons.
- Bovens, M. (2005), 'The Concept of Public Accountability', in E. Ferlie, L. E. Lynn Jnr. and C. Pollitt (eds.), *The Oxford Handbook of Public Management* (Oxford University Press, Oxford).

- Bovens, M. (2007). Analysing and assessing accountability: a conceptual framework. *European Law Journal*, 13(4), 447-468.
- Bovens, M. (2010). Two Concepts of Accountability: Accountability as a Virtue and as a Mechanism. *West European Politics*, 33(5), 946-967.
- Brooke, P. (2003). Study of Measures Used to Address Weaknesses in Public Financial Management in the Context of policy-Based Support, Final Report, PEFA, available at: https://www.pefa.org/sites/pefa/files/resources/downloads/Brookes-PFMReformPlatformapproach_0.pdf
- Brown, J., & Dillard, J. (2015). Dialogic accountings for stakeholders: on opening up and closing down participatory governance. *Journal of Management Studies*, 52(7), 961-985.
- Cangiano, M., Curristine, T. & Lazare, M. (2013). *Public Financial management and its Emerging Architecture*. IMF.
- Chêne, M. (2017). *The Role of External Auditing in Fraud and Corruption*. Transparency International Anti-Corruption Helpdesk.
- Cheyo, J.M., (2012). Strengthening Public Accounts Committees through Regional Networks across Africa. In *African Parliamentary Reform* (pp. 140-147). Routledge.
- Cooper, C. & Lapsley, I. (2019). Hillsborough: The flight for accountability. *Critical Perspectives on Accounting*, 79, p. 102077.
- Croson, R. & Gneezy, U. (2009). Gender differences in preferences. *Journal of Economic Literature*, 47(2), 448-74.
- Cuadrado-Ballesteros, B., Citro, F. & Bisogno, M. (2020). The role of public-sector accounting in controlling corruption: An assessment of organisation for economic co-operation and development countries. *International Review of Administrative Sciences*, 86(4), 729-748.
- Cucciniello, M., Porumbescu, G. A. & Grimmelikhuijsen, S. (2017). 25 years of transparency research: Evidence and future directions. *Public Administration Review*, 77(1), 32-44.
- De Lay, S., Mills, L., Jadeja, K. & Lucas, B. (2015). *Public Financial Management Evidence Mapping*. Birmingham, UK: GSDRC, University of Birmingham.
- de Renzio, P. (2009). *Taking Stock: What Do PEFA Assessments Tell Us about PFM Systems across Countries?* Working Paper 302, Overseas Development Institute, London.
- Duri, J. (2021). *The impact of public financial management interventions on corruption*. U4 Helpdesk Answer. Bergen: U4 Anti-Corruption Resource Centre, Chr. Michelsen Institute.
- Dye, K. M. & Stapenhurst, R. (1998). *Pillars of integrity: the importance of supreme audit institutions in curbing corruption*. Washington, DC: Economic development institute of the World Bank.
- Economist Intelligence Unit (2021). *Democracy Index 2021: The China challenge*. The Economist Intelligence Unit, London.
- Ferry, L. & Murphy, P. (2018). What about financial sustainability of local government! A critical review of accountability, transparency, and public assurance arrangements in England during Austerity, *International Journal of Public Administration*, 41(8), 619-629.

- Ferry, L., Eckersley, P. & Zakaria, Z. (2015). Accountability and transparency in English local government: moving from ‘matching parts’ to ‘awkward couple’? *Financial Accountability & Management*, 31(3), 345-361.
- Fritz, V., S. Sweet & Verhoeven, M. (2014). *Strengthening public financial management: Exploring drivers and effects*. Policy Research Working Paper WPS 7084, World Bank, Washington, DC.
- Fritz, V., Verhoeven, M. & Avenia, A. (2017). *Political economy of public financial management reforms: Experiences and implications for dialogue and operational engagement*. World Bank.
- Government of Ghana (2022). 5 Year Financial Management (PFM) Strategy, 2022-2026, Volume 1, available at: <https://mofep.gov.gh/sites/default/files/reports/economic/Ghana%27s-2022-2026-Approved-PFM-Strategy.pdf>
- Gørrissen, E. (2020). The role of the INTOSAI Development Initiative (IDI) in strengthening the capacity and performance of supreme audit institutions in developing countries. *Journal of Public Budgeting, Accounting & Financial Management*, 32(4), 729-733.
- Grossi, G., Ho, A. T. & Joyce, P. G. (2020). Budgetary responses to a global pandemic: international experiences and lessons for a sustainable future. *Journal of Public Budgeting, Accounting & Financial Management*, 32(5), 737-744.
- Gustavson M. & Sundstrom, A. (2018). Organising the Audit Society: Does Good Auditing Generate Less Public Sector Corruption? *Administration & Society*, 50(10), 1508–1532.
- Hagbjer, E., Kraus, K., Lind, J. & Sjogren, E. (2017). Role attribution in public sector accountability processes: Dynamic and situation-specific accountant and constituent roles. *Qualitative Research in Accounting & Management*, 14(4), 367-389.
- Hancu-Budui, A. & Zorio-Grima, A. (2021). Supreme audit institutions in Europe: synergies, institutional transparency, gender equality and sustainability engagement. *Journal of Public Budgeting, Accounting & Financial Management* (ahead-of-print).
- Hepworth, N. (2003). Preconditions for successful implementation of accrual accounting in central government. *Public Money & Management*, 23(1), 37-43.
- Hessami, Z. & da Fonseca, M.L. (2020). Female political representation and substantive effects on policies: A literature review. *European Journal of Political Economy*, 63, p.101896
- Hood, C. (1995). The “new public management” in the 1980s: variations on a theme. *Accounting, Organizations and Society*, 20(2/3), 93-109.
- Hood, C. (2010). Accountability and transparency: Siamese twins, matching parts, awkward couple? *West European Politics*, 33(5), 989-1009.
- Hopper, T., Lassou, P. & Soobaroyen, T. (2017). Globalisation, accounting and developing countries. *Critical Perspectives on Accounting*, 43, 125-148.
- Hopper, T., Tsamenyi, M., Uddin, S. & Wickramasinghe, D. (2009). Management accounting in less developed countries: what is known and needs knowing. *Accounting, Auditing & Accountability Journal*, 22(3), pp.469-514.
- IFAC/CIPFA (2014). International framework: good governance in the public sector, available at: <https://www.cipfa.org/policy-and-guidance/standards/international-framework-good-governance-in-the-public-sector>.

- IFAC/CIPFA (2021). International Public Sector Financial Accountability Index, 2021 Status Report, available at: https://www.ifac.org/_flysystem/azure-private/publications/files/IFAC-CIPFA-International-Public-Sector-Accountability-Index.pdf
- International Monetary Fund (IMF) (2023). Why fiscal transparency matters. Available at: Fiscal Transparency (imf.org).
- Jayasinghe, K., Adhikari, P., Wynne, A., Malagila, J., Abdurafiu, N. & Soobaroyen, T., (2021). Government Accounting Reforms in Sub-Saharan African Countries and the Selective Ignorance of the Epistemic Community: A Competing Logics Perspective. *Critical Perspectives on Accounting*, 78, 102246-102246.
- Jayasinghe, K., Kenney, C., Prasanna, R. & Velasquez, J. (2020). Enacting accountability in collaborative governance: lessons in emergency management and earthquake recovery from the 2010–2011 Canterbury Earthquakes. *Journal of Public Budgeting, Accounting & Financial Management (JPBAFM)*, 32 (3), 439-459.
- Jayasinghe, K., & Wickramasinghe, D. (2011). Power over empowerment: Encountering development accounting in a Sri Lankan fishing village. *Critical Perspectives on Accounting*, 22(4), 396-414.
- Knack, S., Biletska, N. & Kacker, K. (2019). Deterring Kickbacks and Encouraging Entry in Public Procurement Markets: Evidence from Firm Surveys in 90 Developing Countries. *The World Bank Economic Review*, 33(2), June 2019, 287–309.
- Kontogeorga, G. & Papapanagiotou, A. (2022). Auditing ethics and corruption: Old challenges and new trends for Supreme audit institutions in turbulent times. *Journal of Public Budgeting, Accounting & Financial Management* (ahead-of-print).
- Kristensen, J. Bowen, M., Long, C., Mustapha, S. & Zrinski, U. (2019), *PEFA: Public Financial Management, and Good Governance*. The World Bank.
- Kunicova, J. (2020). *Driving the COVID-19 response from the center: Institutional mechanisms to ensure whole-of-government coordination*. World Bank Governance Global Practice, World Bank Group.
- Lassou, P., Hopper, T. & Ntim, C. (2021). Editorial – Accounting and development in Africa. *Critical Perspectives on Accounting*, 78(July), 102280.
- Lassou, P. J. C., Sorola, M., Senkl, D., Lauwo, S. G., & Masse, C. (2024). Monetization of politics and public procurement in Ghana. *Accounting, Auditing & Accountability Journal*, 37(1), 85-118.
- Lawson, A. & Harris, J. (2023). Is the problem driven iterative adaptation approach (PDIA) a panacea for public financial management reform? Evidence from six African countries. *World Development Perspectives*, 31, 100526.
- Liston-Heyes, C. & Juillet, L. (2020). Burdens of transparency: An analysis of public sector internal auditing. *Public Administration*, 98(3), 659-674.
- Long, C. (2019). ‘PFM and Perceptions of Corruption’, in Kristensen, J. K., Bowen, M., Long, C., Mustapha, S. and Zrinski, U. *PEFA, Public Financial Management, and Good Governance*. World Bank.
- Mabillard, V. & Zumofen, R. (2017). The complex relationship between transparency and accountability: A synthesis and contribution to existing frameworks. *Public Policy and Administration*, 32(2), 110-129.

- Madsen, D.H. (2019). Gender, power and institutional change—The role of formal and informal institutions in promoting women’s political representation in Ghana. *Journal of Asian and African Studies*, 54(1), pp.70-87.
- Mattei, G., Grossi, G. & Guthrie, J. (2021). Exploring past, present and future trends in public sector auditing research: a literature review. *Meditari Accountancy Research* (ahead-of-print).
- Miles, M. B., Huberman, A. M., & Saldana, J. (2020). *Qualitative data analysis: A methods sourcebook* (4th ed.). Thousand Oaks: Sage.
- Ministry of Finance (2024). Public Expenditure and Financial Accountability Assessment: Performance Assessment Report - III (As of 2022), Public Expenditure Financial Accountability Secretariat, Government of Nepal.
- Mustafa, S. (2019). ‘Budget Credibility, Fiscal Outcomes, and PFM Performance in Fragile and Nonfragile Countries’, in Kristensen, J. K., Bowen, M., Long, C., Mustapha, S. and Zrinski, U. PEFA, Public Financial Management, and Good Governance. World Bank.
- OECD (2022). National Accounts of OECD Countries, Volume 2022 Issue 1, OECD Publishing, Paris, <https://doi.org/10.1787/de01f0c1-en>.
- OECD (2023). Budget transparency toolkit. Available at: <https://www.oecd.org/governance/budget-transparency-toolkit/international-standards/list-of-standards/ibp/>, Accessed on 17 July 2023.
- Olasina, G. & Mutula, S. (2015). The influence of national culture on the performance expectancy of e-parliament adoption. *Behaviour & Information Technology*, 34(5), 492-505.
- Paul, S. (1991). Strengthening public accountability can ‘exit’ and ‘voice’ help? *Economic and Political Weekly*, 26(35), M78-M85.
- PEFA (2020). 2020 Global Report on Public Financial Management, available at: <https://www.pefa.org/global-report-2020/en/?current=/home>.
- PEFA (2022). 2022 Global Report on Public Financial Management, available at: <https://www.pefa.org/global-report-2022/en/>
- Pelizzo, R. (2011). Public Accounts Committees in the Commonwealth: oversight, effectiveness, and governance. *Commonwealth & Comparative Politics*, 49(4), pp.528-546.
- Phiri, J. & Guven-Uslu, P. (2019). Social networks, corruption and institutions of accounting, auditing and accountability. *Accounting, Auditing & Accountability Journal*, 32(2), 508-530.
- Pollitt, C., Girre, X., Lonsdale, J., Mul, R., Summa, H. & Waerness, M. (1999). Performance or compliance? performance audit and public management in five countries. *OUP catalogue*.
- Polzer, T., Adhikari, P., Gårseth-Nesbakk, L. & Nguyen, PC. (2021). Adoption of the International Public Sector Accounting Standards in emerging economies and low-income countries: A structured literature review. *Journal of Public Budgeting Accounting and Financial Management* (ahead-of-print)
- Pompe, S., French, A., Aldcroft, M., Fredriksen, C. & Memvuh, A. (2022). The Role of Supreme Audit Institutions in Addressing Corruption, Including in Emergency Settings, In: M. Newiak, A. A. Wane, and A. Segura-Ubiergo. Good Governance in Sub-Saharan

- Africa: Opportunities and Lessons, International Monetary Fund (pp.209-231), ISBN: 9781513584058.
- Power, M. (1997). *The audit society: Rituals of verification*. OUP Oxford.
- Prakash, T. & Cabezon, T. (2008). Public Financial Management and Fiscal Outcomes in Sub-Saharan African Heavily-Indebted Poor Countries. IMF Working Paper 08/217, International Monetary Fund, Washington, DC.
- Quak, E. (2020). *Lessons from public financial management (PFM) reforms after a financial crisis*. Helpdesk Report -K4D, Institute of Development Studies, May.
- Robinson, T., McGrann, J., Kadir, A., Jiménez-Ontiveros, I. & Barton U. A. (2021). Analyzing the Link between PFM System Strength and Public Investment Performance. PEFA Research Paper, May 2021.
- Schick, A. (2013). Reflections on two decades of public financial management reforms, in Cargiano, M., Curristine, T., & Lazare, M. Public Financial management and its Emerging Architecture, IMF, p. 21- 76.
- Schnackenberg, A.K. & Tomlinson, E.C., (2016). Organizational transparency: A new perspective on managing trust in organization-stakeholder relationships. *Journal of Management*, 42(7), pp.1784-1810.
- Seiwald, J. & Polzer, T. (2020). Reflections on the Austrian COVID-19 budgetary emergency measures and their potential to reconfigure the public financial management system. *Journal of Public Budgeting, Accounting & Financial Management*, 32(5), 855-864.
- Sellami, Y. M. & Gafsi, Y. (2020). Public management systems, accounting education, and compliance with international public sector accounting standards in sub-Saharan Africa. *International Journal of Public Sector Management*, 33(2/3), 141-164.
- Simga-Mugan, C., Daly, B. A., Onkal, D. & Kavut, L. (2005). The influence of nationality and gender on ethical sensitivity: An application of the issue-contingent model. *Journal of Business Ethics*, 57(2), 139-159.
- Sułkowski, Ł. & Dobrowolski, Z. (2021). The role of supreme audit institutions in energy accountability in EU countries. *Energy Policy*, 156, 112413.
- Tawiah, V. (2021). The impact of IPSAS adoption on corruption in developing countries, *Financial Accountability & Management*, forthcoming.
- Tawiah, V. (2023). The effect of IPSAS adoption on governance quality: evidence from developing and developed countries. *Public Organization Review*, 23(1), 305-324.
- Thomas, P. G. (2009). Parliament scrutiny of government performance in Australia. *Australian Journal of Public Administration*, 68(4), 373-398.
- Upadhaya, B., Wijethilake, C., Adhikari, P., Jayasinghe, K. & Arun, T., (2020). COVID-19 Policy Responses: Reflections on Governmental Financial Resilience in South Asia. *Journal of Public Budgeting Accounting and Financial Management*, 32(5), 825-836
- Usman, M, Husnain, M., Akhtar, A., Ali Y., Riaz, A. & Riaz, A. (2022). From the COVID-19 pandemic to corrupt practices: a tale of two evils. *Environmental Science and Pollution Research*, 20: 30297-30310.
- Utz, R., Mastruzzi, M., Vazquez Ahued, F. & Tawfik, E., (2021). An Overview of the Potential Impact of the COVID-19 Crisis on the Accumulation of Government Expenditure Arrears. Equitable Growth, Finance and Institutions Insight, World Bank, Washington, DC.

- Wickramasinghe, D. & Hopper, T. (2005). A cultural political economy of management accounting controls: A case study of a textile mill in a traditional Sinhalese village. *Critical Perspectives on Accounting*, 16(4), 473-503.
- Wirtz, B. W., Piehler, R., Thomas, M. J. & Daiser, P. (2016). Resistance of public personnel to open government: A cognitive theory view of implementation barriers towards open government data. *Public Management Review*, 18(9), 1335-1364.
- World Bank (2020a). COVID-19 Role of supreme audit institutions (Sais) in governments' response to COVID-19: Emergency and post emergency phases. World Bank Group.
- World Bank (2020b). Enhancing government effectiveness and transparency: the fight against corruption, global report. World Bank Group.

APPENDIX A

Interview Guide

To what extent do public financial management systems support fiscal transparency and public accountability?

The aim of this study is to examine the consequences of PFM systems in developing countries, by considering the impact of national institutional oversight mechanisms and in the context of national crises. In particular, the study explores the role of PFM systems in terms of addressing the issues of potential opportunities of corruption during (and after) the period of national/global emergencies with a specific focus on those caused by the COVID-19 pandemic as:

R.Q.: To what extent does public sector corruption thrive in periods of national/global emergencies, such as the COVID-19 pandemic, and what role can a reformed PFM system play in addressing such instances of corruption?

Thank you for agreeing to participate in this study. With your permission, the interview will be audio recorded and I will also take notes during the interview. I assure you that your response to the interview questions will remain highly confidential and will only be used for the purpose of this study.

Interview details:

Name of interviewee:

Gender:

Current position of interviewee:

Organisation/Industry:

Experience in years:

Location/Country:

Date of interview:

Start time of interview:

Finish time of interview:

Interview questions:

1	Tell me about your current role (and what it involves?)
2	What is the main purpose of your organisation?
3	In your view, how well the government is managing their public funds/money/resources (e.g., revenues and expenditure)?
4	In your view, do you think public expenditures are well planned and executed in this country? a. If yes, to what extent? b. If no, what are some of the main issues?
5	During the global/national crisis, such as Covid 19 pandemic, do you think the extent of planning and execution of public expenditure remained the same or has it been changed from the normal time?
6	In your view/experience, how transparent is the public expenditure system (i.e., planning and execution) in general (or in normal times) in this country?
7	Are you aware of any policies or regulations regarding public expenditures? a. If yes, how effective are they? b. If no/not sure, move to the next question.
8	What do you think about the government's emergency response/measures during the Covid 19 pandemic?
9	To what extent do you think the government expenditure might have increased during the pandemic? Are there any areas in which the increase is more substantial?
10	In your opinion, do you think it might have created some sort of issues in terms of fiscal transparency (i.e., fraud/corruption, regulatory manipulation, expenditure arrears, etc.)? a. If yes, how? b. If no, move to the next question.
11	Do you think the similar approaches/measures were taken during the pandemic as in the normal times?
12	If yes, can you please explain how it worked (or did not work) during the government's urgent budgetary response to the pandemic.
13	What do you think about the government's budgeting/reporting systems?
14	Can you give us any examples of effective planning and execution of public expenditure in normal times and/or during the global/national crisis.
15	Do you think there may be any issues with transparency and accountability in terms of public expenditure during the time of national crisis (pandemic)? a. If yes, can you please elaborate what are these issues? b. If no, in your view, what are the mechanism used to improve the transparency and accountability?
16	What do you think about the role of public financial management (PFM) systems in terms of ensuring planning, execution and accountability of public expenditures in normal times and during the global/national crisis?
17	Do you think the existing PFM systems are sufficient/effective in terms of addressing such issues related to fiscal transparency (i.e., corruption?) and accountability during the normal times and during emergencies/crisis? a. If yes, can you please explain 'how?' b. If no, what are some of the weaknesses of existing PFM systems, in your view?
18	What are some of the existing reporting systems for different types of public expenditures? Can you please explain?
19	In your view, how effective (or independent) is the existing supreme audit institution in this country?
20	What do you think about the role of parliament (or parliamentary committees - PAC, if relevant) in terms of monitoring/scrutinising the existing systems of planning and execution of public expenditure?
21	What do you think about the role of ministers in this regard?
22	In your view, is there any difference in terms of the role played by male and female ministers in this country or parliamentary committee members?
23	Are you aware of any other monitoring mechanisms? If yes, can you please explain it?
24	What do you think about public (people's) perceptions of corruption in this country?
25	Do you think it is in increasing (or decreasing) trend due to the pandemic? Why/why not?
26	In your view, how the issues of corruption can be dealt with?
27	Do you think the existing PFM systems are effective in terms of addressing the potential issues of corruption? Why/why not?
28	To what extent you think the adoption/enforcement of international public sector accounting standards (IPSASs) (or its local variants) will be useful in promoting transparency and comparability and addressing corruption.

29	What do you think about the reforms? What reforms have been undertaken? To what extent the reformed PFM systems will be useful to address such issues? a. If yes, 'how?' b. If no, move to the next question.
30	What are the challenges that the governments may be facing in terms of addressing the issues of corruption, especially during (and after) the global/national crisis?
31	In your view, what else can be done to address the issues of corruption?

Thank you very much for your time and participation!

APPENDIX B

List of Countries					
1	Afghanistan	41	Guinea	81	Pakistan
2	Albania	42	Guinea-Bissau	82	Panama
3	Anguilla	43	Haiti	83	Paraguay
4	Antigua and Barb	44	Honduras	84	Peru
5	Argentina	45	India	85	Philippines
6	Armenia	46	Indonesia	86	Republic of Cong
7	Azerbaijan	47	Iraq	87	Rwanda
8	Bangladesh	48	Jamaica	88	Samoa
9	Belarus	49	Jordan	89	Sao Tome and Pri
10	Belize	50	Kazakhstan	90	Senegal
11	Benin	51	Kenya	91	Serbia
12	Bhutan	52	Kosovo	92	Seychelles
13	Bolivia	53	Kuwait	93	Sierra Leone
14	Bosnia and Herze	54	Kyrgyz Republic	94	Solomon Islands
15	Botswana	55	Lao PDR	95	South Africa
16	Brazil	56	Lesotho	96	South Sudan
17	Burkina Faso	57	Liberia	97	St. Helena
18	Burundi	58	Macedonia	98	St. Pierre and M
19	Cabo Verde	59	Madagascar	99	Sudan
20	Cambodia	60	Malawi	100	Tajikistan
21	Cameroon	61	Maldives	101	Tanzania
22	Central African	62	Mali	102	Thailand
23	Chad	63	Marshall Islands	103	The Gambia
24	Colombia	64	Mauritania	104	Timor-Leste
25	Comoros	65	Mauritius	105	Togo
26	Cook Islands	66	Moldova	106	Tonga
27	Costa Rica	67	Mongolia	107	Trinidad and Tob
28	Cote d'Ivoire	68	Montenegro	108	Tunisia
29	Democratic Republic of Congo	69	Montseratt	109	Turks and Caicos
30	Dominican Republic	70	Morocco	110	Tuvalu
31	El Salvador	71	Mozambique	111	Uganda
32	Ethiopia	72	Myanmar	112	Ukraine
33	Fiji	73	Nauru	113	Uzbekistan
34	French Polynesia	74	Nepal	114	Vanuatu
35	Gabon	75	New Caledonia	115	Vietnam
36	Georgia	76	Nicaragua	116	West Bank and Ga
37	Ghana	77	Niger	117	Yemen
38	Greenland	78	Nigeria	118	Zambia
39	Grenada	79	Niue	119	Zimbabwe
40	Guatemala	80	Norway		

APPENDIX C

Process Vs Outcome Oriented Indicators/Dimensions of PEFA 2011 Framework (Used for variables *Agg_Budget*, *Comp_Budget*, *PFM_a.* and *FT_pefa*)

<i>Pillar/Indicator/Dimension</i>	<i>Process-Oriented</i>	<i>Outcome-Oriented</i>
PILLAR 1: Budget credibility		
PI-1 Aggregate expenditure out-turn compared to original approved budget		Y
PI-2 Composition of expenditure out-turn compared to original approved budget		Y
(i) Extent of the variance in expenditure composition during the last three years, excluding contingency items		Y
(ii) The average amount of expenditure actually charged to the contingency vote over the last three years.		Y
PI-3 Aggregate revenue out-turn compared to original approved budget		Y
PILLAR 2: Comprehensiveness and Transparency		
PI-5 Classification of the budget	Y	
PI-6 Comprehensiveness of information included in budget documentation	Y	
PI-7 Extent of unreported government operations.		
(i) Level of unreported government operations	Y	
(ii) Income/expenditure information on donor- funded projects	Y	
PI-8 Transparency of inter-governmental fiscal relations.		
(i) Transparency and objectivity in the horizontal allocation amongst Sub-national Governments	Y	
(ii) Timeliness and reliable information to SN Governments on their allocations	Y	
(iii) Extent of consolidation of fiscal data for general government according to sectoral categories	Y	
PI-9 Oversight of aggregate fiscal risk from other public sector entities.		
(i) Extent of central government monitoring of autonomous entities and public enterprises	Y	
(ii) Extent of central government monitoring of SN government's fiscal position	Y	
PI-10 Public access to key fiscal information		Y
PILLAR 4: Policy-Based Budgeting		
PI-11 Orderliness and participation in the annual budget process		
(i) Existence of, and adherence to, a fixed budget calendar	Y	
(ii) Guidance on the preparation of budget submissions	Y	
(iii) Timely budget approval by the legislature	Y	
PI-12 Multi-year perspective in fiscal planning, expenditure policy and budgeting		

(i) Multiyear fiscal forecasts and functional allocations	Y	
(ii) Scope and frequency of debt sustainability analysis	Y	
(iii) Existence of costed sector strategies	Y	
(iv) Linkages between investment budgets and forward expenditure estimates	Y	
PILLAR 5: Predictability and Control in Budget Execution		
PI-13 Transparency of taxpayer obligations and liabilities		
(i) Clarity and comprehensiveness of tax liabilities	Y	
(ii) Taxpayer access to information on tax liabilities and administrative procedures	Y	
(iii) Existence and functioning of a tax appeal mechanism.	Y	
PI-14 Effectiveness of measures for taxpayer registration and tax assessment		
(i) Controls in the taxpayer registration system	Y	
(ii) Effectiveness of penalties for non-compliance with registration and declaration obligations	Y	
(iii) Planning and monitoring of tax audit and fraud investigation programs	Y	
PI-15 Effectiveness in collection of tax payments		
(i) Collection ratio for gross tax arrears	Y	
(ii) Effectiveness of transfer of tax collections to the Treasury by the revenue administration	Y	
(iii) Frequency of complete accounts reconciliation between tax assessments, collections, arrears records, and receipts by the Treasury	Y	
PI-16 Predictability in the availability of funds for commitment of expenditures		
(i) Extent to which cash flows are forecasted and monitored	Y	
(ii) Reliability and horizon of periodic in-year information to MDAs on ceilings for expenditure	Y	
(iii) Frequency and transparency of adjustments to budget allocations above the level of management of MDAs	Y	
PI-17 Recording and management of cash balances, debt and guarantees		
(i) Quality of debt data recording and reporting.	Y	
(ii) Extent of consolidation of the government's cash balances.	Y	
(iii) Systems for contracting loans and issuance of guarantees.	Y	
PI-18 Effectiveness of payroll controls		
(i) Degree of integration and reconciliation between personnel records and payroll data.	Y	
(ii) Timeliness of changes to personnel records and the payroll.	Y	
(iii) Internal controls of changes to personnel records and the payroll.	Y	

(iv) Existence of payroll audits to identify control weaknesses and/or ghost workers.	Y	
PI-19 Competition, value for money and controls in procurement		
(i) Transparency, comprehensiveness and competition in the legal and regulatory framework.	Y	
(ii) Use of competitive procurement methods.	Y	
(iii) Public access to complete, reliable and timely procurement information.	Y	
(iv) Existence of an independent administrative procurement complaints system.	Y	
PI-20 Effectiveness of internal controls for non- salary expenditure		
(i) Effectiveness of expenditure commitment controls	Y	
(ii) Comprehensiveness, relevance and understanding of other internal control rules/procedures.	Y	
(iii) Degree of compliance with rules for processing and recording transactions	Y	
PI-21 Effectiveness of internal audit		
(i) Coverage and quality of the internal audit function.	Y	
(ii) Frequency and distribution of reports	Y	
(iii) Extent of management response to internal audit function.	Y	
PILLAR 6: Accounting, Recording and Reporting		
PI-22 Timeliness and regularity of accounts reconciliation		
(i) Regularity of bank reconciliation		Y
(ii) Regularity and clearance of suspense accounts and advances		Y
PI-23 Availability of information on resources received by service delivery units		Y
PI-24 Quality and timeliness of in-year budget reports		
(i) Scope of reports in terms of coverage and compatibility with budget estimates.		Y
(ii) Timeliness of the issue of reports		Y
(iii) Quality of information		Y
PI-25 Quality and timeliness of annual financial statements		
(i) Completeness of the financial statements		Y
(ii) Timeliness of submissions of the financial statements		Y
(iii) Accounting standards used	Y	
PILLAR 7: External Scrutiny and Audit		
PI-26 Scope, nature and follow-up of external audit		
(i) Scope/nature of audit performed (including adherence to auditing standards)	Y	
(ii) Timeliness of submission of audit reports to the Legislature	Y	

(iii) Evidence of follow up on audit recommendations	Y	
PI-27 Legislative scrutiny of the annual budget law		
(i) Scope of the legislature scrutiny	Y	
(ii) Extent to which the legislature's procedures are well established and respected.	Y	
(iii) Adequacy of time for the legislature to provide a response to budget proposals both the detailed estimates and, where applicable, for proposals on macro-fiscal aggregates earlier in the budget preparation cycle (time allowed in practice for all stages combined)	Y	
(iv) Rules for in-year amendments to the budget without ex-ante approval by the legislature	Y	
PI-28 Legislative scrutiny of external audit reports		
(i) Timeliness of examination of audit reports by the legislature	Y	
(ii) Extent of hearing on key findings undertaken by the legislature	Y	
(iii) Issuance of recommended actions by the legislature and implementation by the executive	Y	

APPENDIX D

Comparable dimensions PFM indicators from PEFA2011 and PEFA2016 frameworks (Used for variables *PFM_Com*, *Budget_Com* and *FT_Com*)

	<i>PEFA 2016</i>	<i>PEFA 2011</i>	<i>Comparison of scores</i>	<i>PFM_Com</i>	<i>Budget_Com</i>	<i>FT_Com</i>
Pillar 1	Budget reliability	Budget credibility				
	PI-1.1	PI-1 (i)	<i>Indirectly comparable</i>		Y	
	PI-2.1	PI-2 (i)	<i>Indirectly comparable</i>		Y	
	PI-2.3	PI-2 (iii)	<i>Directly comparable</i>		Y	
	PI-3.1	PI-3 (i)	<i>Indirectly comparable</i>		Y	
Pillar 2	Transparency of public finances	Comprehensiveness and Transparency				
	PI-4.1	PI-5 (i)	<i>Directly comparable</i>			Y
	PI-7.1	PI-8 (i)	<i>Indirectly comparable</i>	Y		
	PI-7.2	PI-8 (ii)	<i>Indirectly comparable</i>	Y		
		PI-8 (iii)	<i>Indirectly comparable</i>	Y		
Pillar 3	Management of Assets & liabilities (PEFA2016)					
	PI-13.1	PI-17(i)	<i>Directly comparable</i>	Y		
Pillar 4	Policy-based fiscal strategy & budgeting	Policy-based budgeting				
	PI-17.1	PI-11 (i)	<i>Directly comparable</i>	Y		
	PI-17.2	PI-11 (ii)	<i>Directly comparable</i>	Y		
	PI-18.1	PI-27 (i)	<i>Directly comparable</i>	Y		
	PI-18.3	PI-11 (iii)	<i>Indirectly comparable</i>	Y		
	PI-18.4	PI-27 (iv)	<i>Directly comparable</i>	Y		
Pillar 5	Predictability & control in Budget execution	Predictability & control in Budget execution				
	PI-21.1	PI-17 (ii)	<i>Indirectly comparable</i>	Y		
	PI-21.2	PI-16 (i)	<i>Directly comparable</i>	Y		
	PI-21.3	PI-16 (ii)	<i>Directly comparable</i>	Y		

	PI-21.4	PI-16 (iii)	<i>Directly comparable</i>	Y		
	PI-22.1	PI-4 (i)	<i>Indirectly comparable</i>	Y		
	PI-22.2	PI-4 (ii)	<i>Indirectly comparable</i>	Y		
	PI-23.1	PI-18 (i)	<i>Indirectly comparable</i>	Y		
	PI-23.2	PI-18 (ii)	<i>Indirectly comparable</i>	Y		
	PI-23.3	PI-18 (iii)	<i>Directly comparable</i>	Y		
	PI-23.4	PI-18 (iv)	<i>Directly comparable</i>	Y		
	PI-24.3	PI-19 (iii)	<i>Indirectly comparable</i>	Y		
	PI-24.4	PI-19 (iv)	<i>Indirectly comparable</i>	Y		
	PI-25.2	PI-20 (i)	<i>Directly comparable</i>	Y		
	PI-26.1	PI-21 (i)	<i>Indirectly comparable</i>	Y		
Pillar 6	Accounting & reporting	Accounting, recording & reporting				
	PI-27.1	PI-22 (i)	<i>Indirectly comparable</i>			Y
	PI-27.2	PI-22 (ii)	<i>Indirectly comparable</i>			Y
	PI-27.3	PI-22 (ii)	<i>Indirectly comparable</i>			Y
	PI-28.1	PI-24 (i)	<i>Indirectly comparable</i>			Y
	PI-28.2	PI-24 (ii)	<i>Indirectly comparable</i>			Y
	PI-29.1	PI-25 (i)	<i>Indirectly comparable</i>			Y
	PI-29.2	PI-25 (ii)	<i>Indirectly comparable</i>			Y
	PI-29.3	PI-25 (iii)	<i>Indirectly comparable</i>	Y		
Pillar 7	External audit & scrutiny	External audit & scrutiny				
	PI-31.1	PI-28 (i)	<i>Indirectly comparable</i>	Y		
	PI-31.2	PI-28 (ii)	<i>Indirectly comparable</i>	Y		
			Total Dimensions	26	4	8

APPENDIX E**Demographic profile of interview participants – Nepal, Sri Lanka and Ghana**

SN	Code	Participant Profile / Affiliation	Country	Gender	Date of Interview	Duration of Interview
1	NP 1	Chartered Accountant / Public Finance Expert / Consultant	Nepal	Male	2023/03/05	1:09
2	NP 2	Chartered Accountant / PFM Expert	Nepal	Male	2023/03/05	1:09
3	NP 3	Sr. Government Official (AG)	Nepal	Male	2023/04/30	1:08
4	NP 4	Public Sector Consultant (Retired Financial Controller General)	Nepal	Male	2023/04/30	1:02
5	NP 5	Retired Sr. Government Official (AG)	Nepal	Male	2023/05/01	1:00
6	NP 6	Member of Parliament (MP)	Nepal	Male	2023/05/26	1:47
7	NP 7	Sr. Government Official (MF)	Nepal	Female	2023/08/20	1:46
8	NP 8	Civil Society	Nepal	Female	2023/08/22	1:28
9	NP 9	Government Official (FP)	Nepal	Male	2023/09/27	0:43
10	NP 10	Member of Parliament (MP)	Nepal	Female	2023/09/28	1:15
11	NP 11	Sr. Government Official and Academic	Nepal	Male	2023/08/26	0:28
12	SL 1	Academic / Expert	Sri Lanka	Male	2023/03/06	0:32
13	SL 2	Sr. Government Official	Sri Lanka	Male	2023/03/10	1:11
14	SL 3	Sr. Government Official	Sri Lanka	Male	2023/04/13	0:57
15	SL 4	Civil Society	Sri Lanka	Male	2023/04/28	0:23
16	SL 5	Sr. Government Official	Sri Lanka	Male	2023/05/01	1:29
17	SL 6	Senior Officer Holder	Sri Lanka	Male	2023/05/03	0:58
18	SL 7	Sr. Government Official	Sri Lanka	Female	2023/05/14	1:20
19	SL 8	Government Official (Local Level)	Sri Lanka	Female	2023/09/27	0:49
20	SL 9	Government Official	Sri Lanka	Female	2023/10/04	0:38
21	SL 10	Public Sector Finance	Sri Lanka	Female	2023/03/17	0:46
22	GN 1	Public Sector Accountant	Ghana	Male	2023/10/12	1:11
23	GN 2	Civil Society	Ghana	Female	2023/03/02	0:50
24	GN 3	Civil Society	Ghana	Male	2023/02/27	1:06
25	GN 4	Sr. Government Official (AG)	Ghana	Male	2023/04/18	0:53
26	GN 5	Sr. Government Official	Ghana	Male	2023/10/20	1:01
27	GN 6	Chartered Accountant	Ghana	Male	2023/05/15	1:01

APPENDIX F

Moderating effect of supreme audit institutions (SAI) after controlling for SAI types

	(1) All	(2) PEFA11	(3) All	(4) PEFA11	(5) All	(6) PEFA11	(7) All	(8) PEFA11
PFM_com	0.088***		0.299***		0.253***		-0.034	
	(0.017)		(0.093)		(0.021)		(0.056)	
PFM_b		0.009**		0.140**		0.185***		-0.033
		(0.004)		(0.060)		(0.014)		(0.034)
SAI	0.066	-0.083	-3.845*	-2.545	0.832*	0.901**	-0.278	0.113
	(0.266)	(0.141)	(2.027)	(2.404)	(0.426)	(0.446)	(0.469)	(0.499)
PFM_com*SAI	-0.003		0.089		0.012		0.044	
	(0.014)		(0.100)		(0.021)		(0.028)	
PFM_b*SAI		-0.002		0.039		0.003		0.025
		(0.003)		(0.069)		(0.013)		(0.017)
Income	0.313	-0.158	6.181**	7.657***	0.165	0.656	-0.538	0.523
	(0.433)	(0.207)	(2.617)	(2.703)	(0.607)	(0.688)	(0.835)	(0.696)
Growth	-0.037	0.002	-0.515	0.010	0.185	0.014	0.283	0.513***
	(0.072)	(0.031)	(0.553)	(0.558)	(0.125)	(0.088)	(0.188)	(0.155)
Gov	-0.006	0.015	0.005	-0.204	-0.037	0.002	0.009	-0.007
	(0.024)	(0.012)	(0.172)	(0.166)	(0.038)	(0.032)	(0.032)	(0.035)
Trade	0.774*	0.337	-5.416	-5.178	1.589*	0.591	0.630	0.563
	(0.466)	(0.223)	(3.643)	(3.667)	(0.915)	(0.771)	(0.896)	(0.970)
Rev_Mob	0.009	-0.219	0.150	3.495	1.803	-0.385	-1.151	-1.170
	(0.706)	(0.397)	(4.075)	(4.802)	(1.261)	(1.137)	(1.171)	(1.567)
Board_model	2.178***	1.018**	10.729	6.838	4.954***	6.930***	4.143	3.846
	(0.780)	(0.469)	(7.704)	(6.921)	(1.319)	(1.394)	(3.118)	(3.551)
Court_model	2.620***	1.373***	13.024***	9.689***	-0.872	1.164	2.097	1.631
	(0.605)	(0.319)	(3.400)	(3.283)	(0.907)	(0.846)	(1.688)	(1.608)

Westminster_model	2.830***	1.559***	14.338***	10.238*	1.022	3.816***	2.249	0.978
	(0.870)	(0.454)	(5.288)	(5.204)	(1.205)	(1.247)	(1.852)	(2.104)
_cons	1.817	1.525	-16.297	-35.528*	6.018	18.187***	-1.280	-8.048
	(3.481)	(1.656)	(22.944)	(20.662)	(5.200)	(5.183)	(6.574)	(5.707)
Observations	133	101	122	92	133	101	133	101
R-squared	0.377	0.169	0.187	0.189	0.642	0.768	0.131	0.201

Notes: Variable definitions are shown in Table 2. ***, ** and * imply statistically significant results at 1%, 5% and 10% levels, respectively. The heteroskedasticity-adjusted robust standard errors are shown in the parentheses.