Public Financial Administration in Nigeria: Challenges and policy options.

By

Sunny J. Pepple, PhD
Department of Political Science
Ignatius Ajuru University of Education
Rumuolumeni, Port Harcourt.
sunnypepple@yahoo.com

Abstract

Generation of revenue and the efficient allocation of the revenue so generated is the hallmark of good governance. If properly managed, it leads to prosperity, but if not, it leads to poverty. Public financial administration, which is concerned with the activities of generation, expenditure and administration of public revenue, is fraught with human and institutional challenges that have thwarted the country's socio-economic development and governance. This article explores the underlying factors that have stymied public financial administration in Nigeria from achieving its intended objectives. These factors which acts as fetters to development includes but not limited to pervasive corruption, weak institutional frameworks, limited accountability mechanisms, and inadequate adoption of technological innovations. Drawing on both qualitative and quantitative data and adopting the public choice theory as well as the New public management theories it scanned the existing public financial administration environment in Nigeria and observered that despite the misty nature of the environment a lot can be achieved bearing in mind that an efficient public financial administration is pivotal for national development. The paper therefore recommend strategic reforms centered on institutional strengthening, enhanced citizen engagement etc. It concluded that Nigeria, adopting these measures, can establish a transparent, accountable, and efficient public finance system capable of driving sustainable development and restoring public trust in governance

Keywords Governance, Corruption, Accountability, Transparency, Bureaucracy.

Introduction

Public financial administration is the bedrock of effective governance and sustainable development in any nation. As is noted by F. A. Nigro "Financial administration is of special importance today for the simple reason that, while there seems to be no limit to what we may ask of government, there is always a limit to the funds available" (cited in Marume and Ndudzo, 2016: 96). According to Ikechi et al, (2021) argue that public financial administration "addresses core objectives that include but not limited to economic and governance reform projects of government, utilizing principles of monetary discipline, legitimacy, predictability, transparency and accountability to reform and strengthen public finances" (p. 45). In Nigeria, for instance, the administration of public finances is not just essential to resource allocation and economic stability; it is also essential to fostering transparency, accountability, and trust in government institutions. The processes involved in public financial administration includes but not limited to revenue generation, public expenditure, public debt management economic stabilization serve as the cornerstone of governmental operations as well as policy formulation and implementation.

As Adekoya (2023) rightly points out, "a sound financial administration in public sector is the core of an efficient, effectives and transparent service delivery" (p. 2935). This underscores the intricate connection between public finance and national development. Similarly, other scholars have emphasized the critical role of fiscal discipline and efficient financial planning in addressing the pervasive challenges of corruption and mismanagement in Nigeria's public finance. According to Nwali (2024), noted that modern democratic governance is determined by "the elements of" "transparency and public accountability" (p45) which are critical ingredients in the public financial architecture but it is lacking in the Nigeria's public financial administration. Despite the acknowledgments of the role of efficient public financial administration, Nigeria continues to grapple with systemic issues such as poor fiscal accountability, low revenue, lack of diversification, and inefficiencies in public expenditure. with little or no measures taken to resolve it. This has cumulated in the chaos experienced in the public financial space.

This article attempts a comprehensive overview of public financial administration in Nigeria, focusing on its historical trend, reform initiatives, challenges, and prospects. It explores the roles and challenges of the various public financial institutional frameworks and reform initiatives in fostering financial efficiency. In a nut shell the objectives of this study are twofold: first, to analyze the systemic challenges undermining effective public finance administration; and second, to propose actionable recommendations for fostering fiscal sustainability and good governance

Conceptual Clarifications:

Public Financial Administration:

Public financial administration refers to the processes, policies, and systems used to manage a nation's public resources efficiently, equitably, and transparently. It encompasses the mechanisms of budgeting, revenue generation, public procurement and expenditure, public debt financial reporting, and auditing. The different sources of revenue, rules governing the spending of public funds and auditing of government account are the principal context within which public financial administration operate. The primary goal is to ensure that public resources are allocated and utilized in ways that align with national development goals and public interest. According to Morgner & Chêne (2014),

"Sound, transparent and accountable public financial management is a key pillar of governance reform and of vital importance to provide public services of good quality to citizens, as well as to create and maintain fair and sustainable economic and social conditions in a country" (p. 2).

According to Lawson, (2015) public financial administration represents "the set of laws, rules, systems and processes used by sovereign nations (and sub-national governments), to mobilise revenue, allocate public funds, undertake public spending, account for funds and audit results" (p. 1). Lawson further states that a large number of players contribute to the effective, efficient and transparent functioning of public financial administration, among whom are key executive financial offices, the legislature, academia, political parties, etc. (p. 1). Also in the words Premchand (1983), public financial administration "serves as the nerve center of public management, determining the effectiveness of governance and the

quality of public services" (p. 45). In the same vein Bhattacharya (2006) argued that public financial administration involves planning of public expenditure and revenue, making funds available for the governmental activities and ensuring efficient use of these funds. Conclusively, Pepple (2022) posited that "public financial administration is the whole process of how government generates and expends funds and its impact on the citizens and society" it is clear that an efficient, transparent and accountable public financial administration system is sine qua non for the development of any nation.

The Budget and Budgetary Process

The word budget is derived from the French word "bougets" which means a small leather bag. It emphasizes a bag containing the seal of the medieval court of the Exchequer and Later, the minister's bag containing his proposals for financing government expenditures likewise became known as his budget and the minister when presenting his proposals was said to open the budget hence the term "opening the budget". Its use to refer to the annual financial plans of the government dates back to 1873 (Bhatta,1976, Omopariola,2006 cited in Pepple,2022). It is the principal instrument through which public financial administration is executed. It is government most potent weapon in defining, directing and making decisions on how the resources of government is allocated amidst increasing demand from the people. A good budget is a pointer to an efficient public financial administration. Budget is a statement of income and expenditure prepared by the executive and approved by the legislature for a period usually one year. Bhattacharya (2006) conceptualize budget as an accounting mechanism with which the executive appears before the fund raising and approving authority (the legislature) explaining the position of the treasury and the intended programme for the coming year and the source of funding it (pp 67-69). The importance of budget and its relatedness to public financial administration cannot be overemphasized. Budgeting is the heart of administrative management. It serves as a powerful tool of coordination, an effective device of eliminating duplication and wastage… Budgeting also presents an opportunity for evaluating programmes and policies, thereby, identifying obsolete or unnecessary activities and giving a call for their discontinuance. Budgeting, thus, disciplines and streamlines administration, and goes hand in hand with programme planning. (Maheshwari 2010: 530–33 cited in Chakraba &

Chand.2012 p417) . the budgetary process is the total route a budgetary process passes to become a budget. It is 4 stages process starting from the formulation stage in which the president and his team calls for the submission of proposal by ministries, departments and agencies (MDAs) going through the approval stage where the national assembly scrutinizes it by inviting the MDAs to defend their proposals and after been satisfied passes it and sends it to the president for assent to the implementation stage and ending at the evaluation stage. It is a seamless process that engender efficiency in the public financial administration of countries but the reverse is the case in Nigeria where the process is characterized by hiccups which makes public financial administration a herculean task and the budget a source of acrimony between the executive and the legislature.

The Bureaucracy as an Implementing Agency:

Bureaucracy is central to public administration. It is the fulcrum upon which public financial administration rests and therefore cannot be overlooked**.** The origin of the word bureaucracy is unclear though its first usage was attributed to Vincent De Gournay in the 18th century. However, as a subject for scholarly discuss it is associated with Max Weber (1864 – 1920), a German sociologist who popularized the term and conceptualizes it as 'ideal type'. Many scholars have argued that he intends it not as reality but as a mental construct. It has diverse meanings. Stillman define it as "the structure and personnel of organizations, rooted in law that collectively function as the core system of US government and that both determines and carries out public policies using a high degree of specialized expertise" (cited in Khan, 2008 p 173). Eneanya (2015p.62) defined it as ``a type of organization designed to accomplish large scale administrative task by coordinating the work of a large number of persons in a systematic manner''. In the same vein Gerth and Wright (1979) sees it as a hierarchical management that exists in organisations based on a line of authority and division of labour embedded on these arrangements. This is in contrast to Palmer (1989) who locates it purely in government when he defines it as that apparatus of government designed to implement the decisions of political leaders and Peter Blau (1956) sees it in terms of purpose, when he defines it as an organization that maximizes efficiency in administration or institutional method of organized social conduct in the interest of administrative efficiency. It must be stated that it erroneous to strictly associate bureaucracy with government. It applicable in both public and

private organisations that is large in nature. It is therefore the machinery for the execution of administrative task efficiently and rationally.

> The Weberian bureaucracy is hinged on the following; Specialized jurisdiction, hierarchy of authority, career structure, impersonal relationship, discipline, strict adherence to rules Employment based upon technical competence and promotion based on seniority and technical qualification. (Weber, 1947, cited in Eneanya 2015 p.64)

Although bureaucracies existed in ancient Egypt, China etc, modern bureaucracy which Weber argued is the most efficient and rational form of administration is a product of increased complexities. According to Dimock (1937) "Complexity produces bureaucracy… in a complex environment, however, institutions become large, relationship impersonal, and organisation and procedure meticulously worked out and bureaucracy is a natural consequence" (cited in Awofeso; 2005, p26.) In the same vein Weber opined that the proper soil for bureaucratization of administration has always been the development of administrative task. Whether it was a product of complexity or natural occurrence it has come to stay and plays a critical role not just in the sustenance of democracy but also in providing stability for government in times of crisis. For weber, "it is superior to any form in precision, in stability, in stringency of its discipline, and in its reliability." He concluded that "however, much people may complain about the evil of bureaucracy it would be sheer illusion to think for a moment that continuous administrative work can be carried out in any field except by means of officials working in offices" (cited in Stillman 1984, p 47). In the management of public finance in Nigeria, bureaucracy plays a crucial role in public revenue generation, expenditure, debt and general administration. How much of its efficiency, precision, discipline and rationality has it brought to bear in the administration of public finance.

Theoretical Framework:

To analyze public financial administration, this article has adopted two key theoretical perspectives, such as Public Choice Theory and New Public Management (NPM). According to Mercuro & Medema (2006), public choice

theory is "the economic analysis of the nonmarket decision-making – a body of theory that treats individual decision-makers as participants in a complex interaction that generates political outcomes" (p. 1). Public Choice Theory is associated with Ostrom but popularized by Buchanan and Tullock (1962). They view public finance as an extension of individual economic behaviors and decision-making processes within the government. It emphasizes minimizing inefficiencies caused by bureaucratic and political interests in public financial decisions. Despite the critical role of public bureaucracies in the implementation of public financial policies the theory seeks for its abolition. They see the bureaucracy as a self-aggrandizing institution that has inherent desire to oversupply and maximize budget. In his submission William Niskanen argued that Bureaucracies, in tandem with political executives, often 'manufacture' work to justify the 'increase' in plan outlay and this shows how bureaucrats maximize their personal utility through budgeting.

He concluded that bureaucrats will always and everywhere seek to increase their budgets in order to increase their own power, thereby contributing strongly to state growth and potentially reducing social efficiency' (Niskanen 1971, 1973).
On the other hand, New Public Management advocates for the adoption of private-sector practices in public administration to enhance efficiency, accountability, and customer-centric governance. Its base is in the public choice theory. It arose as a result of the general discontent with the performance of the bureaucracy in different part of the world (Obi,etal, 2012, ECA, 2003, Rosenbloom & Kravchuk, 2002) Abdullahi (2024) explains it thus: "New Public Management (NPM) is a public administration reform that incorporates principles and practices from business administration into the public sector. It aims to improve public sector organizations' efficiency, effectiveness, and service quality by adopting market-based approaches and performance-oriented management techniques" (p. 1405). Hood (1991) argues that NPM reforms are particularly relevant in improving financial management in the public sector, as they focus on performance measurement, cost-effectiveness, and result-oriented budgeting (p. 12).

Both Public Choice Theory and New Public Management are valuable frameworks for analyzing public financial administration. While the former focuses on

understanding how individual self-interest and bureaucracy influence fiscal decision-making, emphasizing issues like inefficiency and the need to scrap the bureaucracy, the latter prioritizes the application of private-sector principles in the public sector, highlighting performance, accountability and customer orientation in financial management. These theories building on the pivotal role of the bureaucracy and its dysfunctional tendencies combined with need to reform it and ensure a more efficient, accountable, and transparent system for the operation of public financial administration makes their combination inevitable as a framework for this work.

Public Financial Administration In Nigeria: A Historical look.

Having explained the foregoing, it is pertinent to succinctly examine the historical background of Nigeria's public finance system. Nigeria's public finance system has evolved significantly since the colonial era. During the colonial period, public finance was primarily focused on generating revenues to support colonial administration and extract resources. The introduction of taxation systems, such as the Native Revenue Ordinance of 1917, marked the beginning of formal public financial administration in Nigeria (Gwangdi & Garba, 2015: p19). Also before independence was the 1956 audit act and the 1958 finance (control and management) act. The 1956 act outlined the need for auditing and accountability in the management of the funds of the federation. It also outlines the need for auditing and prudent use of resources amongst others. The 1958 act on the other hand governs the raising, control and management of public fund. It also regulates the accounting format for the preparation of government accounts (oshisiami, 1992, pp 4-6).

At independence in 1960, Nigeria's public finance system saw several transformations intended to engender national developmental needs. The establishment of institutions, such as the Federal Ministry of Finance and the Central Bank of Nigeria, was used to centralize and professionalize public financial management. Again, the oil boom of the 1970s substantially expanded government revenues but also entrenched fiscal mismanagement and corruption. Efforts to reform the system in subsequent decades especially during the military rule included the adoption of the Structural Adjustment Program (SAP) in the 1980s (Abah & Naankiel, 2016: p6). At the exit of the military and the emergence

of the fourth republic substantial reforms were carried out. Three principal enactment attempted a turn-around for the operation of public finance. They are the Fiscal Responsibility Act (FRA) of 2007, the Public Procurement Act (PPA) of 2007 and the financial regulation Act (FRA) of 2009. The financial regulation act outlined the rules governing the receipt and disbursement of funds and the procedures to ensure accountability. The public procurement act of 2007 established procedures and authorities to oversight and harmonize the process for public procurement in Nigeria. The single treasury account, the medium term expenditure framework etc were all designed to bring about sanity and efficiency into the public financial administration architecture.

Despite the changes introduced by these reforms, Nigeria's public finance system still faces challenges, including revenue deficits, lax financial management, and weak implementation of financial policies. A background knowledge of these issues is crucial for devising sustainable solutions that align with global best practices and the unique socio-economic realities of the nation.

Challenges of Public Financial Administration Nigeria

Efficient public financial administration is essential to achieving sustainable development and good governance in any nation. However, Nigeria's public financial management system is plagued by human and systemic challenges that undermine its efficiency and impact. The key challenges are corruption, weak institutional frameworks, poor transparency, and limited adoption of technology.

Corruption and Mismanagement of Resources:

Corruption is one of the prominent setbacks to effective public financial administration in Nigeria. The misuse and embezzlement of public funds, often facilitated by a lack of accountability, have resulted in substantial revenue leakages and unfulfilled developmental projects. Transparency International (2024) in its Corruption Perception Index (CPI) ranks Nigeria 145 out of 180 countries with high levels of public sector corruption, highlighting its pervasive nature. This was an improvement compared to its 2004 rating which rated us 132 out of 133. According to Okonjo-Iweala (2018), endemic corruption is rife in the public sector, especially the oil sector which often misappropriates or mismanages the subsidy regime. Corruption according to James Wolfensohn, world bank

president (1995-2005) diverts resources from the poor to the rich, increases the cost of running businesses, distorts public expenditure and deters foreign investors. In his discourse of Transparency International's focus on Nigeria's Corruption profile, Akor (2014) concedes that "Corruption constitutes a canker worm that has eaten deep into the entire fabric of Nigeria's social system" (p. 39). In the same vein Duru (2012, p474) argued that "every single responsible institution in Nigeria is corrupt and has failed to appreciate fully the obligation upon them to do something concrete about corruption". It is becoming a sin not to be corrupt in Nigeria.

Weak Institutional and Legal Frameworks

Nigeria's public financial management institutions and legal frameworks are often characterized by inefficiencies, overlapping responsibilities, and weak enforcement of financial policies. The Fiscal Responsibility Act (2007) and the Public Procurement Act (2007), designed to promote transparency and fiscal discipline, suffer from poor implementation and inadequate monitoring. Azoro, etal (2021) argues that "Weak institutions characterized by leadership problems, pervasive corruption, ethnic and regional base loyalty and interest, and a general amoral public sphere have all colluded to prevent efficient governance and by extension rapid development" (p. 68). This undermines the country's ability to achieve long-term fiscal sustainability. Nigeria has enough institutions and rules to be great. The biggest problem is that the institutions are weak and manned by strong individuals. The EFCC was strong during the chairmanship of Nuhu Ribadu and after him it became a shadow of its former self despite the fact that a lot of "reinforcement" has been done to the act establishing it to make it stronger.

Poor Transparency and Lack of Accountability Mechanisms

Transparency and accountability are vital for building public trust and ensuring effective appropriation of public funds. In Nigeria, the absence of comprehensive and timely financial reporting, together with non-transparent procurement processes, has eroded public trust in government institutions. For instance, the International Budget Partnership (2023) revealed that Nigeria scored below average (19 out of 100) in budget transparency and public participation, reflecting limited citizen engagement in fiscal decision-making. The citizens are not seen as partners in the making of fiscal decisions. They are treated as "outsiders" though

the expected funds are to come from them. Ogunbodede (2018) laments that "accountability and transparency are nowhere to be found in Nigerian public service, which has also accounted for poor service delivery in public sector in the country" (p. 6) Accountability mechanisms are weak and treated as if they don't exist. The operators are compromised. For eight (2015-2023) the budget of Rivers state was not made public. The budgetary process was shrouded in secrecy. Contracts according to Dakuku Peterside, (the All Progressive Congress (APC) governorship candidate in 2015) were awarded from the breast pocket of the governor.

Lack of Political Will:

We are not lacking laws, rules, regulations to manage our public financial system. There are enough institutions and regulations to handle most of the problems but the leaders lack the political will to bring culprits to justice. The ICPC and EFCC are two bodies established to fight corruption but as reported by the *Punch* (2004, p7), it appears, therefore that the government unwittingly incapacitated its own crusade against corruption by failing to diligently investigate corruption allegations and prosecuting high profile suspects.

Limited Adoption of Technology for Fiscal Management

In an age of technology and digital transformation, Nigeria is yet to fully integrate technology into its public financial management systems. The absence of fully automated processes for revenue collection, expenditure tracking, and financial reporting hinders efficiency and provides loopholes for corruption. E-governance tools, such as integrated financial management information systems (IFMIS), that helps in strategic management of public resources remain underutilized in Nigeria. Ozigbo (2023) notes note that lack of proper awareness of the potential benefits impedes the adoption technological innovations in public finance (p. 132). Besides its adoption is traceable to the fear that it will expose corrupt persons in the system and makes it impossible to continue in the old ways. For instance, the cases of ghost workers will be eliminated if technology is employed in the payroll system. The integrated payroll and personnel information system (IPPIS) a technology platform with biometrics for identification of civil servants and pensioners was opposed by civil servants.

Addressing these challenges requires concerted efforts to strengthen institutional capacity, enforce legal frameworks, promote transparency, and embrace digital solutions. By tackling these systemic issues, Nigeria can build a robust public financial administration system that supports sustainable development and good governance.

Impacts of Inefficient Public Financial Administration

Dysfunctional and inefficient public financial administration has far-reaching implications for any country's economic, social, and political landscape. In Nigeria, the challenges of mismanagement, corruption, and institutional weaknesses in financial administration significantly impede national development. Let us examine the implications which include economic stagnation, erosion of public trust, and inequalities in resource allocation and service delivery.

Economic Stagnation:

The mismanagement of public finances and resources is directly responsible for economic stagnation in Nigeria. The leakages in the system is enormous. It is estimated Nigeria lost as much 23.4 billion naira in 2009 on waivers alone. Mismanagement through the diversion of public investment into capital investment areas where there is likely to be "better" kickback or bribe generates economic distortion lead to economic stagnation. According to Azibaraniyar (2023), "Financial mismanagement poses significant challenges to the economic and social development of Nigeria," and this mismanagement comprises "various forms of financial misconduct, from embezzlement to poor budgeting and non-compliance with regulations" (p. 158). He further notes that public financial mismanagement also leads to "decreased foreign investment, reduced economic growth, and increased inflation rates" (p. 159). Nigeria's dependence on oil revenues exacerbates this challenge, as fluctuations in oil prices often disrupt budgetary plans, leading to fiscal crises. Plans to diversify are sabotaged from within with outsider collaborators.

Furthermore, inefficient financial administration undermines macroeconomic stability. High levels of public debt, made worse by non-transparent borrowing practices, divert resources from development projects to debt servicing. As Mahran (2023) observes, sound financial governance is essential to economic

growth remains elusive, the absence of which increases poverty levels (p. 38). The inability to effectively manage public funds has consequently left Nigeria unable to cope with inflation, high unemployment rates, low industrial productivity, and inadequate infrastructure.

Erosion of Public Trust in Governance

As has been noted before, inefficient financial administration erodes public faith in government institutions and their leadership personnel. Citizens expect their taxes and public revenues to be managed transparently and effectively to meet societal expectations. When these expectations are unmet due to corruption and mismanagement it increases lack of trust in governance, leading to political apathy and even social unrest. According to Ibietan (2013), "Financial accountability translates to obligation on the part of an official handling resources, public office or other positions of trust to report on the intended and actual use of the resources" (p. 44). When there is no accountability in public financial administration, the formal relationship between the government and its citizens collapse beyond remedy.

Nigeria has witnessed several cases where public outrage over financial scandals has led to widespread protests. The increasing cases of tax evasion in Nigeria is attributable to lack of confidence in government ability to manage resources. In Rivers state between 2025-2023 the cost of all major projects executed by the state government was not made public and there was outrage on the part of the citizens. These instances demonstrate how fiscal mismanagement undermines government legitimacy and can destabilize the political as well as economic landscape.

Inequality in Resource Allocation and Public Service Delivery:

Inefficient public financial administration perpetuates inequality in resource allocation and access to public services. Corruption and favoritism in budget implementation and in some cases budget formulation often result in the uneven distribution of resources, favoring politically connected regions or individuals while marginalizing others. This would consequently deepen regional disparities, exacerbate socio-economic inequalities and ignite ethnic conflicts. The north eastern states of Nigeria are complaining that they are allocated only about 12.5% of the total budget allocated for road construction in the 2025 budget of the

federation against over 45% given to the south west. The south-south region is complaining that the East –West road is yet to be completed several years after it was started due to lack of funds but the coastal road line starting from Lagos to Calabar has been allocate trillions of naira. They wonder why it didn't start from Calabar.

Egbe (2014) points out that rural areas in Nigeria remain underserved in infrastructure, healthcare and power (p. 20) compared to urban centers due to urban-based development plan (p.26). Inefficient financial management also affects the quality of public services; as limited funds fail to meet the needs of growing populations. Over time, this creates a cycle of poverty and underdevelopment in vulnerable communities, further widening societal inequities.

In conclusion, the implications of inefficient financial administration are profound and interconnected. Economic stagnation, diminished public trust, and inequalities in service delivery and disjointed national growth. Addressing these challenges requires systemic reforms, strengthened accountability mechanisms etc.

Possible Solutions to the Challenges of Public Financial Administration in Nigeria:

Fostering Citizen Participation in Budgetary Processes

Budget is the key instrument in the administration of public finance in Nigeria. It is therefore necessary to engage the citizens in budgetary processes to foster inclusivity and ensures that public funds are allocated in line with societal needs. Nigeria should adopt participatory budgeting models that involve citizens in decision-making processes, particularly at the local government level. This can be facilitated through town hall meetings, online consultations, and feedback platforms. If citizens are involved in the budgetary process wastages in the area of project duplication, substandard work by the contractors will be a thing of the past as they will ensure timely completion of project. Giving the citizens a space in the budgetary process will expose them to knowing about their rights and responsibilities in fiscal governance and this will empower them demand accountability. The financial managers will be forced to ensure efficiency by

allocating resources based on measureable outcomes that the citizens can track and measure.

Intensify the fight against corruption:

One of the biggest problem in Nigeria today is corruption. The fight against corruption must be intensified. We must not continue the old method were an official who stole one billion naira is sent to prison for two years on plea bargaining, he comes back to enjoy his loot. We must keep the officials away from the purse. The asset declaration forms of public officials must be made public and input sought from interested parties. This can be done through the use of technology. The Bank Verification Number, National Identification Number, biometric system of payment should be vigorously pursued to track all financial transactions. The single treasure account should be implemented. While we are doing this the justice system should be overhauled so that offenders get adequate punishment. The punishment must include the forfeiture of the proceeds of the crime as well as interest calculated at prevailing bank rate. It will not be out of place to adopt the China method.

Enforcement of Legal and Institutional Frameworks

We do not lack legal and institutional frameworks to ensure accountability and efficiency in public financial administration, what we lack is the will to enforce it. The fiscal responsibility act of 2007, the public procurement act of 2007 are fine pieces of legislation whose implementation would go a long way to solve the problems but they are obeyed in breach. The EFCC and ICPC only bark but can't bite. They must be made to bite. Individuals who have the desire to work and the courage to apply the law must be recruited for the job. Nigeria can enhance the enforcement of existing laws, such as the Fiscal Responsibility Act and Public Procurement Act, make the ICPC, EFCC and others do their work while establishing independent bodies to oversee fiscal discipline and financial reporting.

Enhancing Institutional Autonomy: Public financial management agencies including revenue generating agencies should operate independently of political interference to ensure unbiased decision-making and enforcement of fiscal policies. This can be achieved by granting financial and operational autonomy while instituting robust accountability mechanisms.

Strengthening of Oversight Bodies: Independent audit institutions, such as the Auditor-General's Office, must be empowered to conduct thorough audits and enforce compliance with financial regulations. Adequate funding and capacity-building programs are essential for these bodies to function effectively

1. Conclusion

The challenges facing Nigeria's public financial administration system are deeply rooted in systemic inefficiencies, corruption, weak institutional frameworks, and limited transparency. This article has explored these issues in detail, highlighting their implications for economic stagnation, public trust erosion, and inequality in service delivery. Our Policy recommendations focused on institutional reforms, open budget initiatives, and citizen participation underscore the need for a comprehensive and integrated approach to reform. These efforts require a collaborative approach, involving government agencies, civil society, private sector actors, and international development partners. By working together, stakeholders can create a financial management system that supports economic growth, reduces inequality, and builds public trust.

References

Abdullahi, Farah Mohamed (2024). "Introduction to New Public Management (NPM)." *Global Scientific Journal*. Volume 12, Issue 5. Pp. 1404-1417.

Abah, Danladi and Peter Wilfred Naankiel (2016). "Structural Adjustment Programme in Nigeria and its Implication on Socio-Economic Development, 1980-1995." *The Calabar Historical Journal*, Vol. 6. No. 2. Pp. 1-17.

Adekoya, Adesanya Augustine (2023). "Public Financial Management in Nigeria: The Goals, Concepts, Legal and Institutional Framework, and Reforms for Good Governance." *International Journal of Management and Economics Invention*. Volume: 09 Issue. Pp. 2935-2946.

Akor, Linus (2014). "The Transparency International and Nigeria's Corruption Perception Index: Implications for Sustainable Transformation." *Global Journal of Interdisciplinary Social Sciences.* Vol. 3(5). Pp. 37-43.

Awofeso, O. (2005) *Elements of Public Administration*. MacGrace Academic Resources Publishers

Azibaraniyar, Owudogu George (2023). An Overview of Financial Mismanagement and Financial Institutions in Nigeria." *Federal University Otuoke Journal of Management Sciences.* Volume 7. Pp. 153-161.

Azoro, Chukwubuikem J. S., Chinedu A. Onah and Queen O. Agulefo (2021). "Weak Institutions and Poor Governance in Nigeria: a Sociolegal Perspective." *African Journal of Law, Political Research and Administration*. Volume 4, Issue 2. Pp. 61-70.

Bhattacharya M. (2006) *New horizons of public administration*. Jawahar publishers

Buchanan, James M., & Tullock, Gordon. (1962). *The Calculus of Consent*: Logical Foundations of Constitutional Democracy. University of Michigan Press.

Buchanan, James M (2003). "What Is Public Choice Theory?" *American Institute for Economic Research*. Vol. XLIII No. 5. Pp. 1-4.

Chenge, Andrew Aondohemba and Christopher Linus Gadzama (2023). "Fiscal Laws and Fiscal Responsibility: Instrumentality of Fiscal Responsibility Act (Fra), 2007 on Public Expenditure in Nigeria." *International Journal of Law.* Volume 9, Issue 1. Pp. 219-225.

Egbe, Enyi John (2014). "Rural and Community Development in Nigeria: An Assessment." *Arabian Journal of Business and Management Review (Nigerian Chapter)* Vol. 2, No. 2. Pp. 17-30.

Gwangdi, Maryam Ishaku, Abubakar Garba (2015). "Administration of Companies Income Tax in Nigeria: Issues of Compliance and Enforcement." *European Journal of Business and Management*. Vol.7. No.8. pp. 18-25.

Harelimana, Jean Bosco (2017). "Impact of Integrated Financial Management Information System on Performance of Public Institutions in Rwanda." *Enterprise Risk Management*. Vol. 3. No. 1. Pp. 38-50.

Hood, Christopher (1991). "A Public Management for All Seasons?" *Public Administration*, 69(1). Pp. 3-19.

Ibietan, Jide (2013). "Corruption and Public Accountability in the Nigerian Public Sector: Interrogating the Omission." *European Journal of Business and Management*. Vol. 5, No. 15. Pp. 41-48.

Ikechi, Kanu Success, Obi Henry Kenedunium and Akuwudike Hilary Chinedum. "Impact of Public Sector Financial Management on the Economic

Growth of Nigeria." *International Journal of Management Science and Business Administration*. Volume 7, Issue 4, May 2021, Pages 45-59.

Joy, Justin (2018). "A Critical Analysis of Direct Benefit Transfer in India." *Indian Journal of Economics and Development*. Vol 6 (8). Pp. 1-7.

Khan,H.A. (2008) *An Introduction to Public Administration.* University Press of America

Kumhof, Michael and Douglas Laxton (2009). *Chile's Structural Fiscal Surplus Rule: A Model-Based Evaluation.* International Monetary Fund.

Lawson, Andrew (2015). "Public Financial Management." GSDRC Professional Development Reading Pack no. 6. Birmingham, UK: GSDRC, University of Birmingham.

Mahran, Hisham Abdeltawab (2023). "The Impact of Governance on Economic Growth: Spatial Econometric Approach. *Review of Economics and Political Science.* Vol. 8 No. 1. Pp. 37- 5.

Marume, S. B. M. and D. Ndudzo (2016). "Public Financial Administration." *International Journal of Business and Management Invention*. Volume 5, Issue 6 2016 PP—95-107

Mercurio, Nicholas and Steven G. Medema (2006). *Economics and the Law*. 2nd Edition. Princeton University Press.

Morgner, Matthias & Marie Chêne (2014). *Public Financial Management Topic Guide*. Transparency International.

Nwali, Tiben Benz. (2024)"Good Governance and Public Financial Management and Accountability in Nigeria: The Challenge of Economic Development." *Irish International Journal of Law, Political Sciences and Administration*. Volume: 8; Issue: 03. Pp. 41-58.

Nife, Ogunbodede (2018). "Transparency, Accountability and Service Delivery in Nigeria: a Focus on Public Service." *Afro-Asian Journal of Social Sciences*. Volume IX, No II. Pp. 1-10.

Okonjo-Iweala, Ngozi. (2018). *Fighting Corruption is Dangerous: The Story Behind the Headlines.* The MIT Press.

Okonjo-Iweala, Ngozi. (2012).*Reforming the Unreformable: Lesson from Nigeria.* The MIT Press

Otinche, S. I (2016). "Discuss on Fiscal Discipline and Corporate Governance in the Public Sector in Nigeria." *Corporate Ownership & Control*. Volume 13. Issue. Pp. 561-571.

Ozigbo, Nathaniel C (2023). "Adoption of Technological Capabilities in Managing Public Sector in Nigeria." *International Journal of Entrepreneurial Development, Education and Science Research.* Vol. 7, No. 1. Pp. 131-140.

Pepple,S. J. (2022) *Public financial administration in Nigeria, Issues and Challenges*. alheri books.

Premchand, A. (1983). *Government Budgeting and Expenditure Controls: Theory and Practice*. International Monetary Fund.

Stillman, R.J. (1984) *Public Administration; concepts and cases.* Houghton Mifflin Company

Transparency International (2024). Corruption Perceptions Index. International Budget Partnership (2023). Open Budget Survey Results.