

# The Need for Fiscal Transparency and Accountability in Pakistan

## A. Introduction

Despite existing challenges, Pakistan must prioritize fiscal transparency and accountability to achieve economic stability and improve public welfare.

## B. Debunking Fiscal Transparency and Accountability

## C. Current State of Fiscal Transparency and Accountability in Pakistan

### (i) Increased off-budget expenditures

Case Study: According to international budget partnership the off-budget expenditure in Pakistan accounts as much as 20% of the total government spending.

### (ii) Weak Audit Mechanisms

### (iii) Limited protection of the individuals who report corruption

### (iv) Non-user friendly formats of Budget Documents

## D. Benefits of Improved Fiscal Transparency and Accountability

### (i) Improved allocation of resources

### (ii) Attracting Foreign Investment and Aid

### (iii) Long-term Economic Growth

### (iv) Enhanced Public Trust

## E. Recommendation for Improvement

### (i) Enhancing Budget Transparency and citizen-friendly budget documents.

### (ii) Strengthening audit mechanisms.

### (iii) Promoting Investigative Journalism.

(iv) Promoting Financial Literacy among citizens  
Fo Conclusion

Fiscal transparency and accountability are crucial tools in achieving economic stability and prosperity in Pakistan. Pakistan is a nation of young and growing population, a strategic geographical location and abundant natural resources. However, these strengths are often overshadowed by fiscal hurdles. High budget deficits, large external debts and increasing corruption act as persistent obstacles in the way of achieving economic growth. In this perplex economic situation, principles of fiscal transparency and accountability serve as critical tools in unlocking the true potential of Pakistan. As these principles ensure that the resources are allocated adequately to each and every individual of Pakistan, it also attracts foreign investment resulting in economic growth and thereby enhancing public interest. Pakistan can also attain all these benefits by upholding transparency and accountability through strategic measures. In a nutshell it can be said that despite existing challenges, Pakistan must prioritize fiscal transparency and accountability to achieve economic stability and improve public interest.

Fiscal transparency refers to the clarity with which the government operates its financial activities whereas, accountability refers to the mechanisms that ensure that public officials utilize resources properly.

and adhere to rules and regulations. Both are two sides of the same coin. Transparency without accountability creates an information gap. For example, citizens may see how their tax money is spent but lack the mechanism to hold leaders responsible for the misuse if any. Conversely, accountability can be undermined by a lack of transparency. For example, citizens cannot hold leaders accountable if they lack access to clear information. Hence, true progress hinges on a system where both fiscal transparency and accountability complement each other.

Linking transparency and accountability creates a powerful force, however achieving this idea faces challenges. One of the major hurdles to achieving fiscal transparency and accountability in Pakistan is the issue of off-budget expenditures. These are the funds spent by government that fall outside the limit of the national budget. This lack of inclusion creates a void leading to difficulty in tracking how a specific portion of public money is used. According to the International Budget Partnership, the off-budget expenditures in Pakistan accounts for almost 20% of the total government spending. This means that there is no record of the 20% of the public money spent by the government. Therefore, it can be stated that this opacity regarding off-budget expenditures raises serious concerns about financial transparency and accountability.