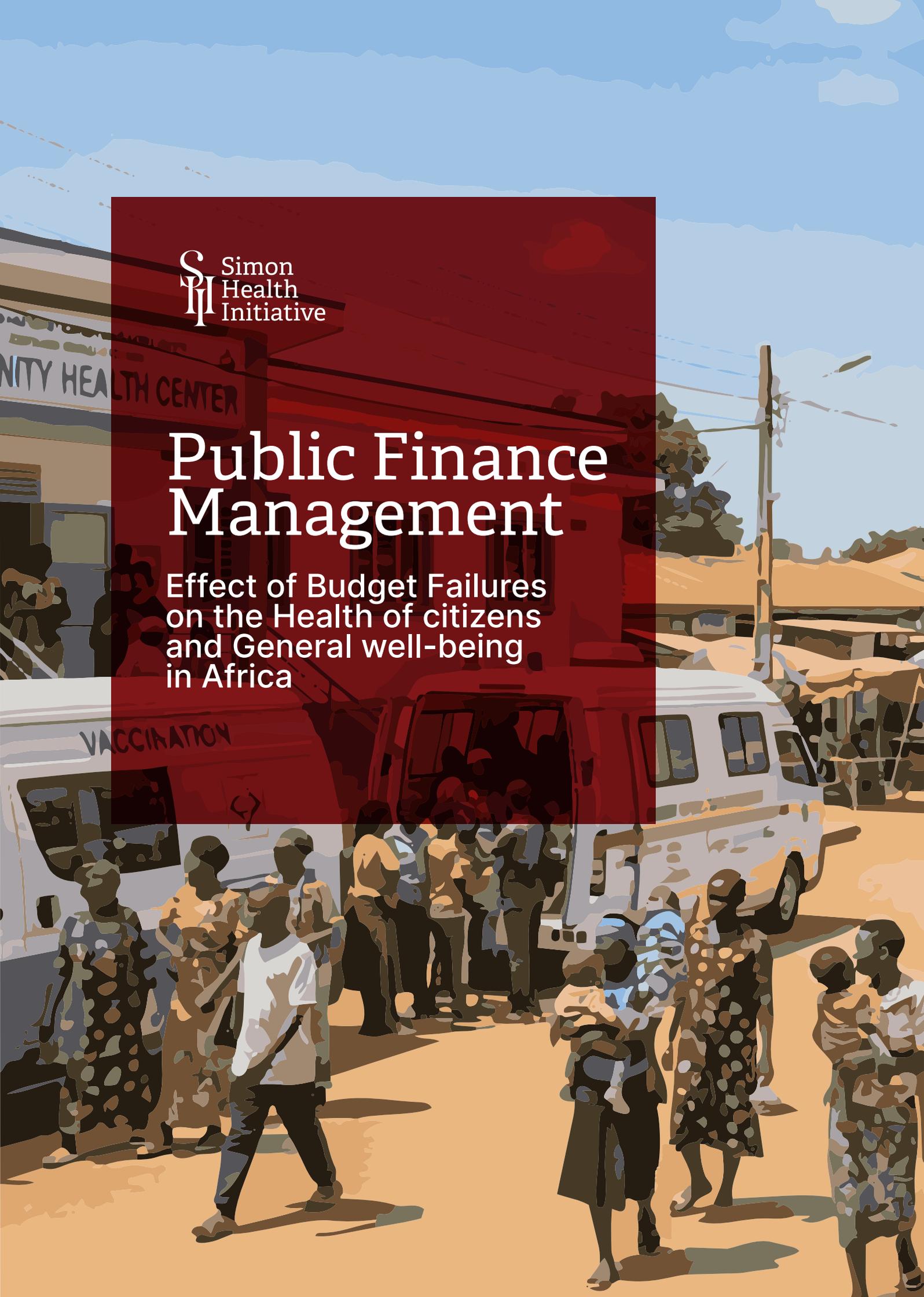
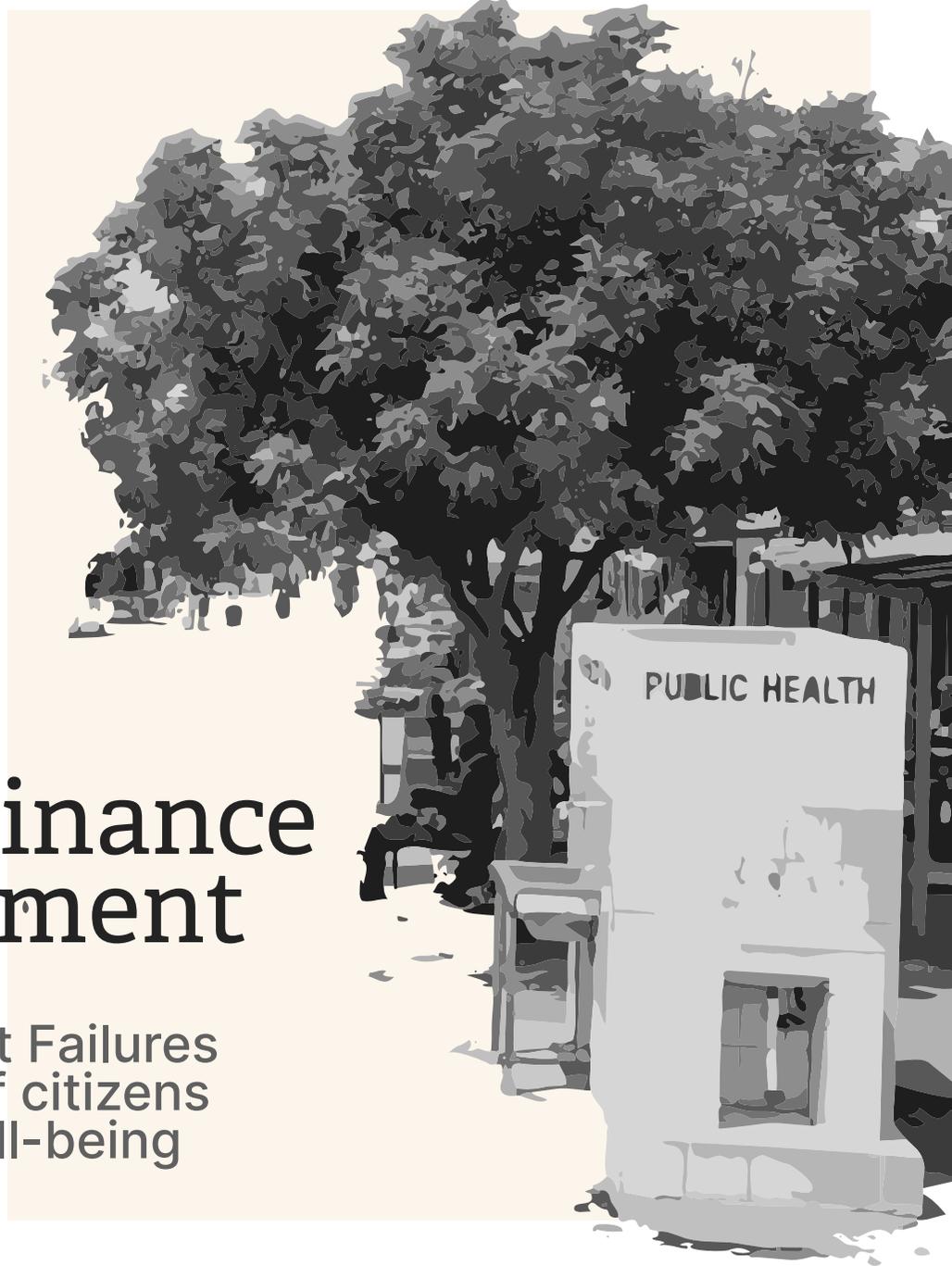




Public Finance Management

Effect of Budget Failures on the Health of citizens and General well-being in Africa





Public Finance Management

Effect of Budget Failures on the Health of citizens and General well-being in Africa

Research Team: Iyanuoluwa Bolarinwa and Wasiu Abayomi
Creative Development : TygaCreative

© 2026 Disclaimer: This document has been produced by Simon Health Initiative to provide information on budgets and public data issues. Simon Health Initiative hereby certifies that all the views expressed in this document accurately reflect our analytical views that we believe are reliable and fact-based. Whilst reasonable care has been taken in preparing this document, no responsibility or liability is accepted for errors or any views expressed herein by Simon Health Initiative for actions taken due to information provided in this Report.



PUBLIC HEALTH

Introduction

Public Finance Management (PFM) is the foundation of the modern system of governance which entails the mechanisms by which governments seek, distribute and use the public resources to fulfill developmental objectives. Fundamentally, PFM is a mechanism that guarantees the management of the national funds in an efficient and transparent manner and in line with the national priorities (Gamaliel & Ali, 2019). Budgeting, which is one of the key elements of PFM, is a decisive factor in establishing how much governments are able to provide necessary services, such as healthcare, education, and infrastructure. Where budgets fail, either due to poor formulation, implementation and/or corruption, the effects are felt throughout society and health results and overall well-being become compromised (Abekah-Nkrumah et al., 2009). Budget failures are not exclusive to developing countries,

but it is a worldwide phenomenon. Africa has had to deal with budget deficits in health systems, which have resulted in the inadequacy of service delivery and poor health outcomes in countries such as Nigeria, Kenya, and South Africa (Musiega et al., 2023). In the Western world, budgetary crises have also been experienced especially when there is economic recession or austerity. For instance, the austerity policies imposed on the United Kingdom in the wake of the 2008 financial crisis resulted in the implementation of severe healthcare budgets which researchers attribute to increased mortality rates and poorer wellbeing (Stuckler & Basu, 2013). Equally in the United States, healthcare programs have been blocked by budget impasses and government shutdowns, which have impacted vulnerable populations (Nguyen et al., 2020).



Scholars around the world stress the connection between successful PFM and better health outcomes. Musiega et al. (2023) postulate that accountability practices and budget monitoring directly determine the efficiency of the health systems. Agbo (2024) points to the significance of medium-term expenditure frameworks in getting budgets in line with health priorities. These researches highlight that budgetary performance is not a technical problem but a factor determining human development. Fiscal failures have more than fiscal inefficiency as they have concrete impacts on the health and quality of life of the citizens. This paper aims at looking into the effects of budget failures on the health of citizens and general well-being in Africa. The paper offer details on how reforms in PFM can empower health systems and improve citizen well-being.

The study objectives are three-fold:

- **To examine the conceptual framework of PFM and its applicability in health and wellbeing.**
- **To investigate the context and the reasons of budget failures in Africa**

- **To determine the effects of budget failures on health systems and citizen wellbeing, drawing on comparative evidence.**

The relevance of this paper is that it adds to the explanation of governance and development. The paper raises the need of reforms to focus on transparency and accountability in decisions and involvement of citizens in budgeting processes by pointing out the effect of budget failures. In addition, it offers policy suggestions that can help in enhancing PFM systems so that the use of the public resources can be made effective to achieve improved health outcomes and better wellbeing. Thus, budget failures are a significant problem to governance and development globally. They have significant health and well-being impacts that compromise the ability of governments to provide necessary services and damage the trust of citizens in the institutions (Tapsoba et al., 2024). The issue of budget failures is not merely a fiscal necessity, but a moral one as it has a direct effect on the lives and dignity of citizens.

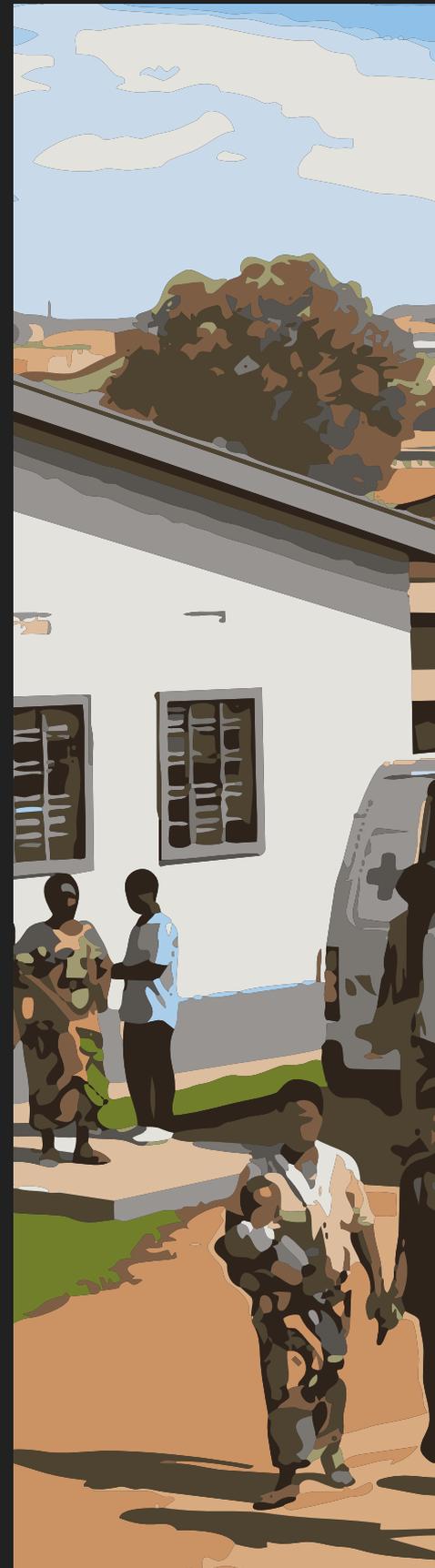




Conceptual Framework: Public Finance Management and Budgeting

Public Finance Management (PFM) is the framework in terms of which governments mobilize and allocate and use public resources to meet developmental goals. It is a holistic process that includes the development of budgets, legislative control over its approval, spending implementation, and the control and evaluation of results. It is well known that the efficacy of PFM is a predetermined of financial discipline, strategic resource distribution, and efficiency of operations, which is critical to providing public services and enhancing the welfare of citizens (Allen et al., 2013). The quality of PFM has proven to directly affect the performance of health systems and social outcomes of populations in the both African and Western contexts. At the centre of PFM is the budget cycle. It starts with the budgets which governments make, where they give priority and allocate resources according to the policy objectives. Approval is the next step and is normally subject to legislative scrutiny and democratic accountability. Its implementation includes the release and spending of funds and monitoring/evaluating whether funds have been spent efficiently and whether the planned results have been met (Cangiano et al., 2013). Any failure during this cycle may compromise on service delivery, especially in health systems that depend on regular and consistent funding in order to maintain infrastructure, staff, and preventive programs.

Effective PFM is based on the principles of fiscal discipline, strategic resources allocation, and efficiency of operations. Fiscal discipline is important to ensure that spending is not higher than revenue, strategic distribution is done to give priority to key sectors like health





The opposite is true with stronger fiscal institutions in the West which have been more likely to have better alignment between budget and health outcomes, although sometimes austerity measures have weakened wellbeing as observed in the United Kingdom after the 2008 financial crisis



and education, and efficiency in operations is done to ensure that resources are utilized, maximizing the outputs and outputs (World Bank, 2022). When they are not adhered to, budget failures take place and result in inefficiency and bad results. The lack of fiscal discipline in most African countries has led to over borrowing and misplaced allocation of resources thus crowding out funds available to health and social services. The opposite is true with stronger fiscal institutions in the West which have been more likely to have better alignment between budget and health outcomes, although sometimes austerity measures have weakened wellbeing as observed in the United Kingdom after the 2008 financial crisis (Stuckler & Basu, 2013). PFM is becoming more open to the empirical study in its relation to health outcomes. Musiega et al. (2023) show that budget monitoring and accountability behaviors directly affect the effectiveness of county systems in Kenya and Agbo

(2024) claims that medium-term expenditure frameworks enhance the effectiveness of the health budgeting process by aligning resources with long-term priorities. Transparent, accountable budgeting in the context of the west has been linked to better health outcomes whereas budget crises, or austerity measures have resulted in a fall in population health. Indicatively, Karanikolos et al. (2013) demonstrate that the austerity measures in Europe during the financial crisis were associated with preventable deaths and poor access to healthcare. Comparative views serve to bring out the similarities and differences of the different regions. Poor budget execution, corruption and political interference are common problems affecting African nations like Nigeria, Kenya and South Africa leading to poor systems of health delivery and poor outcomes. The Western world like the United States, the United Kingdom and Germany usually have more developed systems of PFM, yet the failure of its budget to work with unfavorable health outcomes may still occur due to political paralysis or lack of funds. The United States has seen how government shutdowns have upset healthcare programs in vulnerable groups, which explains why even the most developed economies are not immune to the impacts of a dysfunctional budget (Nguyen et al., 2019). Theoretical points of view give an additional understanding of interconnection of

PFM and health. The public choice theory focuses on the way in which political actors shape the budgetary decision-making process, and in most cases, it focuses more on immediate benefits compared to the long-term investments, in the case of health. Institutional theory emphasizes the importance of formal rules and institutions in budget results, and strong institutions decrease corruption and enhance accountability. The systems theory considers PFM a component of a larger system of governance, whose breakdown in budgeting extends in sectors, which eventually impact health and wellbeing (Barroy et al., 2016). The models highlight the multifacetedness of PFM and the many avenues in which budgetary performance provides effects on social outcomes.

Even though institutional strength varies in the African and the Western countries, the two experience problems in PFM. Corruption, poor monitoring, and political interference continue to be some of the major challenges in Africa (Barroy et al., 2018). Instead, austerity, political polarization, and fiscal constraints have caused a budgetary dysfunction of their own in western countries (de Geyndt, 2017). These issues support the universality of budget failures and their ability to erode health and wellbeing in a variety of scenarios.



Institutional theory emphasizes the importance of formal rules and institutions in budget results, and strong institutions decrease corruption and enhance accountability. The systems theory considers PFM a component of a larger system of governance, whose breakdown in budgeting extends in sectors, which eventually impact health and wellbeing





Budget Failures in Public Finance Management

One of the greatest impediments to good governance and achievement of social and economic development objectives is a budget failure in Public Finance Management. The failures arise when the governments cannot design, implement or monitor the budgets in a manner that can support the policy priorities as well as provision of necessary services. These take different forms which include under funding of key sectors, misappropriation of budgets, ineffective implementation of approved budgets, corruption and poor accountability systems. The impacts of such failures are severe, especially in the health sector, where regular and stable funding is needed to maintain infrastructure, supply medical resources, and skilled staff (Musiega et al., 2022). Budget failures are multilateral and different in various regions, yet some trends are observed throughout the world. Weak institutional capacity and politicking on budget processes undermine the integrity of the budgetary processes in most African countries. It is common to come up with budgets that are not well prepared through proper consultation and with no planning based on the needs of the citizens and hence the budgets allocated will not be relevant to the needs of the citizens. Moreover, the resources are shunned out of purpose due to corruption and rent seeking behavior, and leave the health systems gagged and incapable of serving demand.

Scholars in Nigeria have reported that the end result of low performance and frequent budget deficits has resulted in long term disparities in healthcare provision. For instance, in 2023 the total expenditure on health in 36 states of Nigeria was only 58% which is N1.39 trillion of the health budget approvals (Musiega et al., 2023). Such under-utilization isolates system inefficiencies and creates fundamental service delivery gaps. Similar concerns have been reported in Kenya where the national and county health budget analysis in FY 2023/24 has shown continued under funding in comparison to requirements and the average health spending on a





\$4,000 per capita

Similar concerns have been reported in Kenya where the national and county health budget analysis in FY 2023/24 has shown continued under funding in comparison to requirements and the average health spending on a per capita basis is USD 83 as compared to OECD average of above USD 4,000 per capita.



per capita basis is USD 83 as compared to OECD average of above USD 4,000 per capita. The 2023/24 health budget in South Africa was set at R60.1 billion, but due to the continuously increasing prices and inequities, the provision is under pressure. These data prove the difficulty of African states with deficit and low implementation rates in contrast to the OECD countries, where health sectors usually have a greater efficiency of spending and wider coverage. In this way, the inequalities in Nigeria, Kenya and South Africa are not only indicative of budgetary failures, but also of structural failures compared to the international standards (Musiega et al., 2023).

The Western countries, which are more or less typified by better fiscal institutions, are not even spared of budget failures. Polarization in politics and fiscal restraint has set the stage where the budgets are not able to match social requirements. Government shutdowns have been recurrent in the United States because of the budgetary impasse, negatively

impacting healthcare initiatives and leaving vulnerable groups without access to important services (Nguyen et al., 2020). In Europe, the financial crisis of 2008 resulted in the adoption of austerity measures that have caused a large scale reduction in healthcare expenditure, and scholars have associated both with rising mortality rates and well-being deterioration (Karanikolos et al., 2013). These illustrations point out that failure of budgets is not a problem of developing nations but a universal problem which manifest in different ways.

The institutional theory and governance can be used to understand the processes by which budget failures are caused. The institutions that are weak do not enforce accountability making mismanagement and corruption thrive. The short term benefits are usually promoted by the political actors like electoral pledges or favors, at the expense of long term investment in health and well-being. When the transparency is reduced, the citizen cannot hold the governments responsible in budgetary decisions, which makes further the entrenchment of inefficiency.

Political gridlock may freeze the budgetary processes even in developed economies, which proves that institutional strength is not always the key to success (Nyawira et al., 2021). Systemic flaws in monitoring and evaluation as well are represented in budget failures. Most budgets in many countries are passed and not closely monitored and hence a gap between the planned and the actual expenditures is experienced. Such a gap in control makes funds diversion and budgetary processes to be weak. Research has established that the health results

are better in nations with high-quality monitoring systems since funds are better placed to reach the targeted beneficiaries (Musiega et al., 2023). In contrast, poor monitoring increases inefficiency and distrust among the citizens towards the government.

Budget failures are not limited to fiscal inefficiency and manifest a physical drop in health and well-being. Poorly funded health systems are able to offer minimum services, which results in to the rise in morbidity and mortality. The first line of attack by the failure of budgets is preventive programs like immunization campaigns leading to outbreaks of preventable diseases. Moreover, failures in budgets reinforce inequalities since in marginalized populations the failures of service delivery are disproportionately represented. Austerity measures have been a disproportionately powerful influence on low-income individuals in the West, and in African states, austerity strategies have frequently hit the rural population as they face the consequences of underfunded health care (Piatti-Funfkirchen et al., 2021). Finally, budget failures within the PFM mean a governance failure. They emphasize the failure of governments to organize fiscal operations in ways that are consistent with the developmental agenda, and the necessity of reforms to make institutions more powerful, boost transparency and accountability. Comparative evidence in the form of Africa and Western countries proves that although the effects of the budget failures manifest themselves in different ways, the effects are everywhere harmful to the health and welfare. The solution to these failures is holistic approach through incorporation of fiscal



The short term benefits are usually promoted by the political actors like electoral pledges or favors, at the expense of long term investment in health and well-being.





Effects of Budget Failures on Health Systems

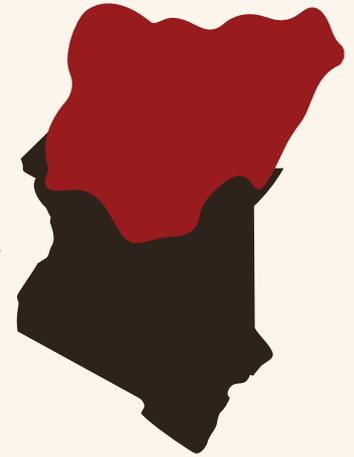
One of the most sensitive sectors that is hit by budget failures in the management of the public finance is the health sector. Medical regimes need stable and dependable funding to keep the infrastructure in place, stock medical supplies, remunerate staff, and carry out preventive measures. Budgets are devastating on failure, both in terms of inadequate provision of funds, misappropriation, and ineffective implementation. The citizens have a decreased access to healthcare, deteriorating quality of services, and deteriorating health outcomes that hamper the overall interests of social and economic development (World Health Organization (WHO), 2018). There are various ways through which budget failures occur in health systems. Under-funding of the necessary services is one such problem.

Health budgets in most African nations are perpetually underfunded and hospitals are poorly equipped with a scarcity of medicines. The first to be hit during a reduction or postponement of money tends to be preventive programs like immunization campaigns or maternal health programs. This causes epidemiological epidemics of diseases which can be avoided and loss of maternal and child lives. The cases of Nigeria and Kenya, in particular, have been recorded by the scholars as a manifestation of poor budget implementation, which has led to the lack of vaccines and vital medications, which have a direct influence on the population health (Musiega et al., 2023). In the western world, the effects of budget failures have been witnessed in various ways. In the European financial crisis austerity measures resulted in massive cuts in healthcare expenditure. For example, in Greece public health spending fell by nearly 25% between 2009 and 2012, while in Spain reductions averaged 13% over the same period. These reductions were reported to cause death rates, loss of access to medical services, and deteriorating mental health (Karanikolos et al., 2013). Government shutdowns in the United States have interfered with the healthcare programs, leaving vulnerable populations without access to services, including





The cases of Nigeria and Kenya, in particular, have been recorded by the scholars as a manifestation of poor budget implementation, which has led to the lack of vaccines and vital medications, which have a direct influence on the population health



Medicaid and food assistance (Nguyen et al., 2020). These illustrations indicate that amid high-level economies, budgetary malfunction may compromise the health systems and bring adverse results to the citizens.

Mis-allocation of resources is the other aspect of budget failures. Countries have been channeling funds to the more visible political projects instead of the much-needed health services. This leaves hospitals and clinics to rot and resources are wasted in infrastructure projects that bring short-term political benefits but not long term benefits to the health of the people. This misappropriation shows how the politics of priorities come to play where evidence-based planning is not adhered to, a trend that has been witnessed in both the African and the Western world. This can be explained through the prism of the public choice theory, which focuses more on short-term electoral benefits of political actors instead of long-term investments in health (WHO, 2016). Health systems are also compromised when there is poor

execution of approved budgets. Resources may fail to reach the target beneficiaries even where funds are made available in the health sector due to delays in disbursement of funds or inefficiencies in the procurement process. This is aggravated by weak monitoring and accountability which means that funds may be diverted or mismanaged. Health budgets in most African nations are passed but not in practice thus there is a difference between the intended and actual spending. This empty space is used to create a lack of personnel, equipment, and medicine and makes health systems even more vulnerable.

Budget failures have impacts on health systems not only in service delivery but also in the health outcome in general. Having weak health systems that are underfunded and poorly managed will not be able to respond to any emergency and thus the population is exposed to epidemics and pandemics. The COVID-19 pandemic has also elucidated the need to have good and robust health systems because nations with loose PFM structures were unable to effectively mobilize resources. On the contrary, countries that had effective budgeting and accountability systems could react to the crisis better, which shows the importance of PFM in health resilience (WHO, 2025). The inequalities within the health systems are also made worse by budget failures. Social

groups such as rural communities and low-income groups are more adversely impacted by service delivery gaps. In Africa, the rural population is mostly affected by the problem of access to healthcare because of the insufficiently funded primary health facilities. In the West, low-income earners have been among the worst hit categories of the population by austerity measures, which have cut their healthcare access, and aggravated health disparities. Such inequalities emphasize the social aspect of budget failures because they do not only harm their health outcomes but also sustain more general trends of exclusion and vulnerability (Agbo, 2024). Finally, budget failures have been shown to affect health systems, which highlights the relevance of effective PFM as a factor to determine the population health. With well managed budgets, health systems are in a good position to provide services, react to emergencies and enhance wellbeing. Budgets fail with disastrous effects as it compromises the ability of governments to deliver their mandate of safeguarding the health of the citizens. The comparison of evidence in Africa and Western nations shows that although the manifestations of the budget failures vary, their impacts on the health systems are harmful everywhere. Such failures must be solved through reforms that will reinforce institutions, improve transparency and focus on evidencebased planning when budgeting health.



Mis-allocation of resources is the other aspect of budget failures. Countries have been channeling funds to the more visible political projects instead of the much-needed health services. This leaves hospitals and clinics to rot and resources are wasted in infrastructure projects that bring short-term political benefits but not long term benefits to the health of the people.





Budget Failures and Citizen Wellbeing: The Social and Economic Aspects

Budget failures impact more than just the health sector and have wider scope of citizen wellbeing. Well-being is a multidimensional construct in which also encompasses economic security, social inclusion, psychological stability and the overall quality of life along with physical health. Once the provisions of the public finance management systems are not met, citizens suffer in these aspects and the cycle of deprivation ensues undermining the development of individuals and nations (Allen et al., 2013). Another impact of the failure of the budget is the increase in poverty and inequity, which is one of the most immediate ones. The lack of funding of social services that are vital like education, housing, and social protection is evident in settings where budgets are ill implemented or allocated inappropriately. This is particularly unbalanced among the vulnerable groups such as low-income homes, rural communities, and marginalized groups. Poor budgetary performance in the African countries has frequently translated into poor investment on the social safety nets, which expose millions of people to economic shocks and health crises. Austerity measures in western countries have also decreased welfare benefits and have added to the levels of poverty and inequalities. Indicatively, studies conducted in Europe after the 2008 financial crisis proved that a reduction in social spending were substantial. Indicatively, in Greece, the social spending of the state dropped down to the level of 18% of GDP in 2012 compared to 24% of GDP in 2009, which is a reduction by a quarter. In Spain, the social expenditure dropped to 19% of the GDP in 2012 (as compared to 22% of the GDP in the year 2008) whereas in Portugal, it dropped to 22% of the GDP in 2012 (as compared to





Poor budgetary performance in the African countries has frequently translated into poor investment on the social safety nets, which expose millions of people to economic shocks and health crises.



26% of the GDP in the year 2008). These decrease were linked to rising unemployment, a deterioration in mental health, and dissatisfaction with life (Karanikolos et al., 2013).

The failures of budgets also cause instabilities in the economy and job prospects. In cases where the governments lack success in resource allocation, there is poor investment in the infrastructure and programs of job creation. It decreases economic growth and restricts chances of citizens to enhance their livelihoods. Within most African nations, the inefficiencies of budgets have hampered the establishment of industries and services to provide jobs to youths, which leads to the high unemployment of youths (Barroy et al., 2016). In the West, public budget reductions and fiscal crises have resulted in job cuts within the state sector, which makes the household even less financially secure (Barroy et al., 2018). The interdependence of fiscal management and citizen wellbeing is revealed by the connection between the budgetary

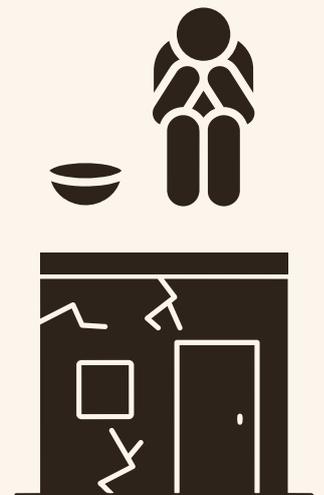
performance and employment. Budget failures also have profound social consequences, other than their economic aspects. Deficient education systems restrict access to good education, and chances of rising upwards and poverty cycles become perennial. Poor living conditions are a result of poor investment of housing and urban infrastructure; and those also influence health and wellbeing. The situation is made worse by the fact that marginalized groups lack access to the necessary services since they are unable to cover budgetary deficits. Such dynamics undermine social cohesion and destroy confidence in governmental institutions since citizens feel that their needs are not fulfilled.

Budget failures also have an impact on psychological wellbeing. Fiscal instability usually exposes the citizens in situations of stress, anxiety and low life satisfaction. The failure of governments to deliver trusted healthcare and social attention creates unpredictability and fear by the citizens, especially in times of crisis like an epidemic (de Geyndt, 2017). In the West, depression and suicide rates have increased in austerity states because depressions and suicides are the psychological consequences of a lack of social support (Gamaliel & Ali, 2019). Stuckler and Basu (2013) revealed that austerity is not only a significant factor in damaging

material wellbeing, but it also affects the psychological strength of nations, which illustrates the extensive scope of dysfunction in the budgetary process. The social determinants of health are a valuable approach to the concept of how budget failures have an overall effect on health. These determinants are education, housing, nutrition as well as employment that are subject to budgetary performance. In the case of budget failure, the determinants are undermined causing deterioration in health and wellbeing. To illustrate, poor education system means lower literacy and decreased health awareness, poor housing leads to low levels of sanitation and disease burden. Health inequalities and poor wellbeing are aggravated by poor nutrition, which is usually a consequence of weak social protection programs. Democratic accountability and civic engagement is also undermined by budget failures. The citizens who feel that the budget is poorly handled or resources are not reaching where they should be also lose trust in the institutions of government. Such lack of trust decreases civil society participation and undermines democracy because people lose faith in political regimes that cannot deliver according to the schemes. Budgetary crisis has been linked in both the African and Western world to less voter turnout and less civic



Deficient education systems restrict access to good education, and chances of rising upwards and poverty cycles become perennial. Poor living conditions are a result of poor investment of housing and urban infrastructure; and those also influence health and wellbeing.



participation (Karanikolos et al., 2013). This loss of trust also weakens wellbeing, since the citizens do not feel included on the decision-making process, which influences their lives.

In sum, the results of budget failures on the wellbeing of citizens prove the significance of efficient management of the finances of the population as the basis of social and economic growth. Wellbeing is not a decision that is made by individuals only but rather it is influenced by the larger fiscal context the citizens are operating within. Proper management of budgets

will ensure the citizens enjoy better health, economic security, social inclusion, and psychological stability. The failure of budgets has far reaching effects that cut across all aspects of wellbeing and hamper the ability of the societies to attain sustainable development. The comparative evidence in Africa and western countries has revealed that the forms of budget failures vary but their implications on wellbeing are similar across the board, which are negative. The solution to these failures is the reforms that will focus on transparency, accountability and citizen engagement in budgeting procedures so that the common resources could be utilized to enhance the welfare of every citizen.



The failure of budgets has far reaching effects that cut across all aspects of wellbeing and hamper the ability of the societies to attain sustainable development. The comparative evidence in Africa and western countries has revealed that the forms of budget failures vary but their implications on wellbeing are similar across the board, which are negative.



Comparative Evidence: Africa and Western Countries

Budget failures do not affect health and wellbeing in one region only but affect the African and Western countries, although with dissimilar manifestations and magnitude. Comparative evidence can be useful in drawing information on the way different institutional environments influence the performance of managing the pursuit of public finance and also on the universality of the challenges that are linked with budgetary dysfunction.

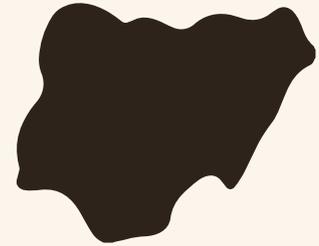
The issue of budget failures in most African countries is usually associated with poor institutional capacity, corruption and political interference. Poor budget implementation and insufficiency of funding have continued to plague the health systems of Nigeria, Kenya, and South Africa leading to lack of essential medication, inadequate staffing, and deteriorated infrastructure. Musiega et al. (2023) show that budget monitoring and accountability procedures in Kenya were so weak that the efficiency of the county health systems decreased considerably, which resulted in the gaps in service delivery. In the same manner, research in Nigeria demonstrated that frequent budget deficit and unfair resource distribution have been factors leading to the poor health outcomes, such as high maternal mortality rates, and low life expectancy. These instances demonstrate that systemic flaws in PFM hamper the capacity of governments in Africa to implement their health promises, making a difference in the wellbeing of the citizens.

Budget failures have been manifested in various ways in western countries, which are typically typified by stronger fiscal institutions.





In the same manner, research in Nigeria demonstrated that frequent budget deficit and unfair resource distribution have been factors leading to the poor health outcomes, such as high maternal mortality rates, and low life expectancy.



The 2008 European financial crisis caused extensive austerity that caused huge reductions in healthcare and social spending. Karanikolos et al. (2013) discovered that in a number of European countries these measures had been linked to higher mortality rates, decreased healthcare access, and deteriorating mental health outcomes. Stuckler and Basu (2013) state that austerity policies not only weakened material wellbeing but also psychological strength, which proves the extensive effects of dysfunction in the budget. Political polarization in the United States has resulted in recurring budget and government shutdowns that have led to disruptions in healthcare programs and vulnerable populations unable to access services (Nguyen et al., 2020). These are some instances that show that even highly developed economies cannot withstand the effects of budget failures, but the processes are not identical to those witnessed in Africa.

There are also significant similarities in the regions based on comparative evidence.

Both in the African and Western world, vulnerable populations are disproportionately affected by budget failures. In Africa, rural societies frequently have to endure the consequences of a poorly funded health sector, whereas in the West, austerity measures have largely affected the poor. In both, inequalities are further aggravated because the marginalized populations are deprived of the necessary services. It shows that budget failures not only weaken the health outcomes but also maintain more general trends of social marginalization and inequality (Musiega et al., 2022). Concurrently, the forms of budget failures are influenced by the institutional strength and the governance structure. African nations have been known to have a poor monitoring and accountability system that promotes mismanagement and corruption. Western countries, on the contrary, have better institutions but struggle with issues of political polarization and the financial limits. Such distinctions indicate the significance of context in the process of budget failures, as well as, the universality of the outcomes.

The COVID-19 pandemic has shown a grim example of how budgetary performance can contribute to the health resilience in different regions. The effectiveness of mobilization and response to the crisis was not as high in the

countries having weak PFM systems, as it was in countries having strong ones and the latter managed to deliver proper healthcare and social support. Governments in Africa struggled to obtain vaccines to protect the population and to build up health infrastructure due to budgetary inefficiencies within the state. Fiscal limitation and political differences slowed the response in the Western countries but more formidable institutions eventually helped recovery. This is the comparative evidence that PFM plays a critical role in determining the health outcomes during a crisis and it is time to have reforms that can make fiscal systems more robust across the globe (World Health Organization, 2023). Finally, the comparison of evidence in Africa and Western countries proves that budget failures are a universal problem that has many manifestations. Whereas African nations tend to have the problem of poor institutions and corruption, the Western nations struggle with austerity and political polarization. The outcomes in both cases are harmful to health and wellbeing, which highlights the severe role of successful PFM in creating a sustainable development. The study of such dynamics in different regions gives scholars and policymakers lessons that can guide the establishment of reforms to enhance the performance of fiscal systems, health outcomes, and the wellbeing of its citizens.



In Africa, rural societies frequently have to endure the consequences of a poorly funded health sector, whereas in the West, austerity measures have largely affected the poor. In both, inequalities are further aggravated because the marginalized populations are deprived of the necessary services.





Conclusion and Policy Recommendations

The provided evidence proves that the impact of budget failures in the management of the public finance is really deep-rooted and extensive in its effects on the health systems and the welfare of citizens. These inefficiencies in the form of under-investment, misappropriation of assets, ineffective implementation, or political meddling compromise the potential of governments to provide the necessary services and loss of trust in the institutions by the people. The comparative study reveals that, the particular processes of budgetary dysfunction may vary in each region, but the consequences are all negative. In Africa, corruption and poor institutions tend to obstruct the flow of resources to the targeted beneficiaries and the health systems would remain underfunded and citizens would remain prone. Western nations have also seen the same effect of austerity and political polarization, which have led to a decrease in access to healthcare and social services and worsening inequalities.

The effects of failures in budgets on health systems are exceptionally acute. The consequences of under funding hospitals, drug shortage, and staffing shortages undermine the quality of care and predispose morbidity and mortality. The first to break when the budgets fail are preventive programs like immunization campaigns and maternal health initiatives which result in outbreak of preventable diseases and poorer health indicators. In addition to health, budget failures impact more expanded aspects of wellbeing such as economic security, social inclusion and psychological stability. The individuals that live in a fiscal unstable environment live in poverty, are unemployed, have sub-par housing, and lack access to education, which is a contributing factor to poor wellbeing. These results indicate that fiscal administration and social development are interconnected, which explains why PFM is significant as the basis of sustainable development.

The policy recommendations should therefore be aimed at enhancing the public finance management systems with an aim of making sure that the budgets are harmonized with the developmental priorities and implemented effectively.



01

Governments should prioritize transparency and accountability in budgetary processes. This involves the release of elaborate budget reports, participation of citizens in budget making and the creation of separate checks and balances to check on implementation. Experiences in Western Nations and other nations indicate that effective monitoring practices enhance efficiency and that the resources are delivered to the target beneficiaries.

02

The reforms need to focus on evidence-based planning and strategic allocation of resources. Medium-term expenditure structures, as pointed out by Agbo (2024) are a viable mechanism of facilitating budgetary alignment to long-term health and social demands. Through this type of structures, governments will be able to make sure that the resources are allocated to areas that influence most the wellbeing such as healthcare, education, and social protection.

03

Institutional capacity should also be enhanced, to minimize corruption and enhance efficiency. This involves spending on training, technology and systems that will increase fiscal discipline and operation efficiency. The presence of strong institutions is critical in having accountability and ensuring that the budgetary decisions are made based on the developmental priorities and not the political interests.

04

Fourth, governments ought to embrace participatory budgeting where citizens are involved in processes of decision-making. Civic participation also promotes transparency and it also makes sure that the budgets are based on the actual needs of communities. Engagement of citizens in budgetary processes will restore confidence of citizens on government institutions and enhance democratic accountability.

05

Lastly, global collaboration and information exchange plays a significant role in dealing with budget failures. Nations are able to share the experiences of each other and use the best practices, which can be adapted to the domestic requirements. International agencies like the World Health Organization and the World Bank have stressed the significance of PFM reforms to enhance the level of health and wellbeing, and their technical assistance can help with the reinforcement of national systems.

In conclusion, budget failures are one of the most significant issues of governance and development on an international level. Their health and wellbeing impacts are too extensive to the extent of compromising the ability of governments to provide basic services and the confidence of citizens in the institutions. These failures need to be addressed through profound reforms that are able to enhance transparency, accountability, and institutional capacity and focus on evidence-based planning and citizen participation. Through these reforms, governments will be able to make sure that the government resources are directed towards effective use to enhance health outcomes, wellbeing and sustainable development. The evidence provided in Africa and the Western countries shows the comparability of these issues and makes it clear that the reform is necessary. Good management of public finances is not only a technical requirement but a moral one since it directly affects the life and dignity of citizens.



The individuals that live in a fiscal unstable environment live in poverty, are unemployed, have sub-par housing, and lack access to education, which is a contributing factor to poor wellbeing.



In Africa, corruption and poor institutions tend to obstruct the flow of resources to the targeted beneficiaries and the health systems would remain underfunded and citizens would remain prone. Western nations have also seen the same effect of austerity and political polarization, which have led to a decrease in access to healthcare and social services and worsening inequalities.





References

- Abekah-Nkrumah, G., Dinklo, T., & Abor, J. (2009). Financing the health sector in Ghana: A review of the budgetary process. *The European Journal of Economics, Finance and Administrative Sciences*, (17), 45–59. Retrieved from <http://hdl.handle.net/1765/20197>
- Agbo, S. (2024). Perspective Chapter: Improving Health Budgeting and Management Practices in Low Middle Income Countries (LMIC): Using 3 Country Case Studies—Nigeria, Kenya and Tanzania. IntechOpen. doi: 10.5772/intechopen.1004996
- Allen, R., Hemming, R., & Potter, B. (2013). *The international handbook of public financial management*. Palgrave Macmillan
- Barroy, H., Sparkes, S. & Dale, E. (2016). Assessing fiscal space for health in low and middle income countries: a review of the evidence - WHO. 3. Health Financing Working Paper No.3 [https://doi.org/\(WHO/HIS/HGF/HFWorkingPaper/16.3](https://doi.org/(WHO/HIS/HGF/HFWorkingPaper/16.3)
- Barroy, H., Sparkes, S., Dale, E. & Mathonnat, J. (2018). Can low-and middle-income countries increase domestic fiscal space for health: a mixed-methods approach to assess possible sources of expansion. *Health Systems and Reform* 4, 214–26.
- Cangiano, M., Curristine, T., & Lazare, M. (2013). Public financial management and its emerging architecture. *International Monetary Fund*.
- de Geyndt, W. (2017). Does autonomy for public hospitals in developing countries increase performance? Evidence-based case studies. *Social Science & Medicine* 179, 74–80.
- Gamaliel, M. M., & Ali, A. I. (2019). Effect of public financial management on budget implementation in the public sector, a case of Ministry of Devolution and Asal. *The Strategic Journal of Business & Change Management*, 6 (1), 573 – 585.
- Karanikolos, M., Mladovsky, P., Cylus, J., Thomson, S., Basu, S., Stuckler, D., Mackenbach, J. P., & McKee, M. (2013). Financial crisis, austerity, and health in Europe. *Lancet (London, England)*, 381(9874), 1323–1331. [https://doi.org/10.1016/S01406736\(13\)60102-6](https://doi.org/10.1016/S01406736(13)60102-6)
- Musiega, A., Tsofa, B., Nyawira L. et al. (2022). Examining the influence of the budget formulation structures and processes on the efficiency of county health systems in Kenya. *MedRxiv*. 10.1101/2022.07.17.22277100



Musiega, A., Tsofa, B., Nyawira, L., Njuguna, R. G., Munywoki, J., Hanson, K., Mulwa, A., Molyneux, S., Maina, I., Normand, C., Jemutai, J., & Barasa, E. (2023). Examining the influence of budget execution processes on the efficiency of county health systems in Kenya. *Health policy and planning*, 38(3), 351–362. <https://doi.org/10.1093/heapol/czac098>

Nguyen, T. T. H., Moslehpour, M., Vo, T. T. V., & Wong, W.-K. (2020). State Ownership and Risk-Taking Behavior: An Empirical Approach to Get Better Profitability, Investment, and Trading Strategies for Listed Corporates in Vietnam. *Economies*, 8(2), 46. <https://doi.org/10.3390/economies8020046>

Nyawira, L., Mbau, R., Jemutai, J. et al. (2021). Examining health sector stakeholder perceptions on the efficiency of county health systems in Kenya. *PLOS Glob Public Health* 1, e0000077. doi: 10.1371/journal.pgph.0000077.

Piatti-Fünfkirchen, M., Barroy, H., Pivodic, F. & Margini, F. (2021). Budget execution in health: concepts, trends and policy issues. World Bank.

Stuckler, D., & Basu, S. (2013). *The body economic: Why austerity kills*. Basic Books.

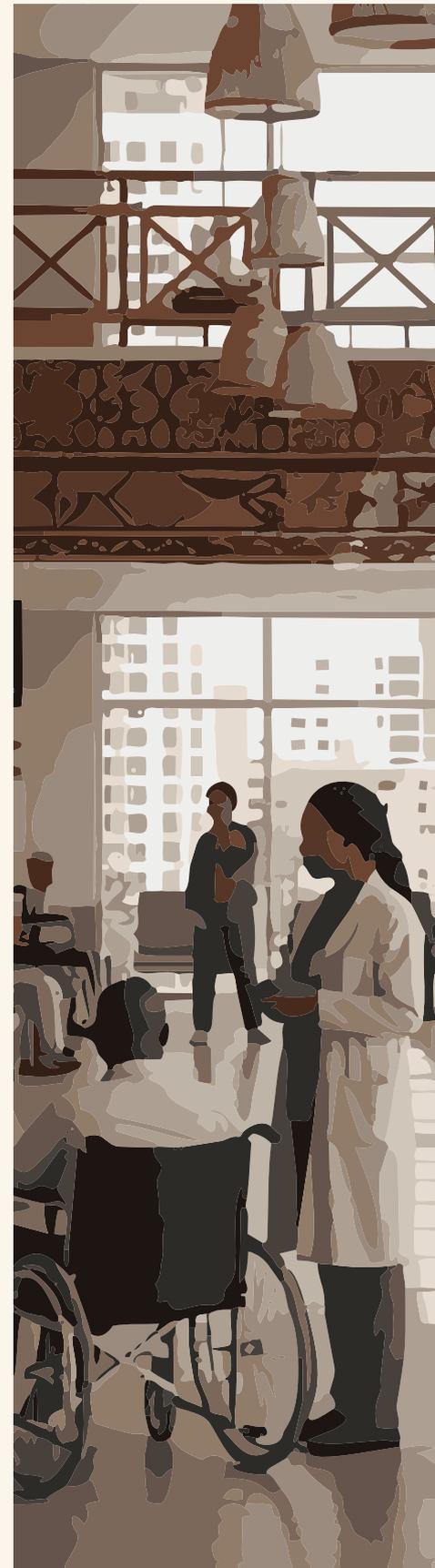
Tapsoba, Y., Silim, A., Frimpong, K. A., & Barroy, H. (2024). Does Public Financial Management Save Life? Evidence from a Quantitative Review of PFM and Health Outcomes in Sub-Saharan African Countries. *Health Systems & Reform*, 10(1). <https://doi.org/10.1080/23288604.2023.2298190>

World Bank. (2022). *World Development Report 2022: Finance for an Equitable Recovery*. <https://www.worldbank.org/en/publication/wdr2022>

World Health Organization. (2016). *Public financing for health in Africa: from Abuja to the SDGs*. Health Financing toward UHC Public.

World Health Organization. (2018). *Building strong public financial management systems towards universal health coverage: key bottlenecks and lessons learnt from country*. (Issue 4).

World Health Organization. (2025). *Public financial management: Overview*. <https://www.who.int/teams/health-systems-governance-and-financing/healthfinancing/policy/public-financial-management>





COMMUNITY HEALTH CENTER

VACCINATION

 Simon
Health
Initiative