



From Budget Control to Development Results

Activity-Based Budgeting for Development Management, Evidence-Based Learning, and Public Accountability in Liberia

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Abstract

This paper examines how Activity-Based Budgeting (ABB) could be adapted to Liberia's public financial management system. It focuses on how ABB can clarify the link between public spending, government implementation, and development results. In low-capacity settings, budgeting often emphasizes approving funds and controlling expenditure. Less attention is given to showing how resources are used and what results they produce. The study argues that Liberia does not need to replace its current budget classifications. Instead, ABB can build on existing program and performance budgeting reforms. Although the country has made progress in public financial management, important gaps remain. The budget system still provides limited information about how spending relates to activities, outputs, and outcomes. Drawing on Liberia's budget data, international experience, and performance budgeting literature, the paper proposes a dual-coded ABB framework. This framework keeps existing expenditure classifications for fiscal control. At the same time, it links allocations to programs, activities, institutions, outputs, indicators, targets, costs, funding sources, and locations. Implementation would begin gradually in selected sectors, including Health, Education, Public Works, and Agriculture. The pilots would test ABB in service delivery, transfers, capital investment, and maintenance. The approach also considers institutional readiness, data quality, monitoring systems, and learning over time. Success would not be measured only by new classifications or reporting formats. It would be measured by the extent to which budgeting better supports traceability, costing, output monitoring, transparency, oversight, and decision-making. The central argument is that ABB can help turn budgeting into a practical tool for results-oriented development management and public accountability.

1. Introduction

Public budgets are essential tools for translating policy priorities into public services and development outcomes. In governments with limited administrative capacity, budget systems often authorize expenditures, provide financial oversight, and ensure legal compliance, rather than show how public resources are used or their impact. Traditional classifications, whether administrative or economic, show who spends and what is purchased, such as personnel compensation, fuel, travel, maintenance, utilities, and supplies. However, these classifications offer little insight into the specific activities funded, the outputs produced, or the outcomes achieved. The challenge is to retain these financial controls while developing a complementary, results-oriented framework that links resources to activities, activities to outputs, and expenditures to development outcomes. When tailored to the public sector, Activity-Based Budgeting (ABB) provides a framework that explicitly links appropriations and expenditures to defined government activities, responsible institutions, outputs, performance indicators,

targets, and cost drivers, while preserving existing classifications.

Liberia provides a valuable case for examining this approach. While the country has made significant public financial management reforms, challenges persist in areas such as performance information, service delivery evaluation, public investment management, procurement, in-year reporting, external auditing, legislative scrutiny, and aligning budgets with strategic plans (PEFA Secretariat & Government of Liberia, 2021). These gaps highlight the difference between financial execution and development performance. Liberia's revised FY2024 budget was about US\$738.86 million, with 91.2 percent for recurrent expenditures, and a reported financial execution rate of 99.9 percent (Ministry of Finance and Development Planning [MFDP], 2025a). However, available data offer limited evidence on whether this high implementation rate has improved public services or development outcomes. As the

country's national budget exceeds US\$1 billion, strengthening the ability to track resources from appropriation to expenditure, activities, and outputs is increasingly important for effective allocation, oversight, evaluation, and accountability.

This article presents a practical, capacity-sensitive framework for ABB in Liberia. The framework seeks to maintain current financial controls while better aligning public spending with development outcomes. It proposes a phased pilot, sets institutional readiness criteria, introduces monitoring and evaluation mechanisms, includes safeguards, and recommends evidence-based scaling. The aim is to show how ABB can help Liberia move from traditional budget control to a results-oriented approach to development management.

2. Activity-Based Budgeting

The term "Activity-Based Budgeting" (ABB) is used differently across corporate management accounting and public administration. In the private sector, ABB begins with demand projections, identifies required activities, estimates activity volumes and cost drivers, and determines resource needs. In the public sector, especially in low-capacity states, ABB is more appropriately defined as follows:

Activity-Based Budgeting is a system that links each appropriation to a defined government activity, responsible unit, expected output, performance indicator, target, cost driver, funding source, location, and economic cost structure.

Under this definition, ABB is a key component of program and performance budgeting. A program outlines government interventions aimed at a common policy goal. An activity details the specific tasks an institution performs. An output is the direct product or service delivered. An outcome is the expected change resulting from these outputs. A cost driver explains cost variations, such as kilometers maintained, inspections completed, patients treated, school days provided, laboratory tests conducted, or households reached.

An ABB system uses performance data to inform decisions on resource allocation, implementation, management, and accountability. Robinson and Last (2009) emphasize the importance of performance information in budget preparation and spending decisions. Ho (2018) expands on this by placing performance budgeting within an integrated system that connects planning, policy development, agency operations, risk management, spending reviews, stakeholder engagement, and auditing. In ABB, these perspectives show that the system is more than a budget classification or

costing tool; it is a comprehensive framework that links planning, budgeting, implementation, monitoring, evaluation, and accountability within a results-focused management approach. This approach is most effective when implementation is sequenced, matched to institutional capacity, and supported by ongoing political and administrative commitment (Andrews, 2006; Ho, 2018; Robinson & Last, 2009).

At the operational level, ABB links appropriations and allocations to specific activities and their expected outcomes within the budget framework. This creates a clear, traceable path from budget authorization through inputs, activities, outputs, and outcomes. This traceability enables effective monitoring of financial and performance data throughout resource allocation, implementation, and service delivery. This results-based dimension complements existing administrative and economic classifications, maintaining expenditure control while clarifying the purpose and expected performance of spending. The system tracks not only appropriated, allocated, and spent amounts but also funded initiatives, delivered services, and intended results.

Implementing ABB requires principles that link resources, activities, performance, and outcomes while considering institutional constraints. First, maintain existing expenditure controls and gradually integrate activity, output, and performance data into the budget. Second, align the complexity and number of programs, activities, outputs, and indicators with institutional capacity to ensure effective management. Third, base activity costs and drivers on operational evidence to credibly link resource needs to service delivery. Fourth, use financial and performance data to inform budget formulation, allocations, implementation, virements, spending reviews, monitoring, evaluation, and audits, ensuring transparency and traceability. Fifth, introduce these measures gradually through pilots, evaluations, institutional learning, and evidence-based scaling. Together, these principles make ABB a practical reform path, enabling low-capacity states to progressively connect resources, activities, services, and results (Andrews, 2006; Ho, 2018; Robinson & Last, 2009).

3. Activity-Based Budgeting in Low-Capacity States: A Practical Framework for Reform

3.1. ABB as a Practical Extension of Existing Budget Systems

ABB in low-capacity states should not be seen as a direct transfer of private-sector costing models to government, nor should it require abandoning existing budget classifications and financial controls. Instead, ABB should build on program and performance budgeting by linking public resources to the activities through which governments deliver services and pursue development goals.

Where feasible, programs are divided into clearly defined, connected activities linked to expected outputs, responsible agencies, performance indicators, baselines, targets, reporting mechanisms, and measurable costs. This approach follows International Monetary Fund (IMF) guidance, which recommends simple, realistic reforms in performance budgeting and cautions against introducing complex systems before public financial management institutions are ready (Robinson & Last, 2009).

This distinction is important because traditional line-item budgeting still serves essential functions in low-capacity environments, including expenditure oversight, treasury management, accounting, payroll, and legal compliance. However, it does not clearly identify government purchases or the intended outcomes of those expenditures. Categories such as compensation, fuel, travel, maintenance, utilities, and office supplies reflect the economic nature of spending but offer limited insight into the activities or outcomes these resources support. ABB complements these controls by adding an operational layer that links expenditures to specific programs, activities, and expected outcomes.

3.2. International Lessons and a Practical ABB Model

International experience supports an incremental approach to reform. For example, Seychelles progressively introduced performance-based budgeting for programs, beginning with pilot ministries and eventually extending the system across government. The reform linked strategic priorities, programs, resources, and performance indicators while strengthening the broader results-based management framework (Government of Seychelles, 2019). South Africa combined stronger budget classifications with multi-year expenditure planning, fiscal discipline, institutional reforms, and a greater focus on public-sector performance (Fölscher & Cole, 2006). The Organization for Economic Co-operation and Development (OECD) shows that the value of performance budgeting depends on whether credible performance information is used to improve resource allocation, efficiency, effectiveness, and accountability, rather than merely on producing indicators. Recent OECD studies on Chile also show that incremental improvements in performance data are more feasible and sustainable than immediate, comprehensive institutional overhauls (OECD, 2007, 2025).

For low-capacity states, these lessons point to a basic dual-coded ABB model. Each appropriation should retain necessary administrative and economic classifications for fiscal control and also be assigned to a specific program, subprogram, and activity. Operational inputs such as fuel, domestic travel, vehicle maintenance, and office supplies remain identifiable as expenditure categories and are costed against the activities they support. These activities might

include vaccination outreach, feeder-road supervision, school inspections, agricultural extension, or maternal emergency referrals. This approach creates a results chain of inputs, activities, outputs, and outcomes. It allows governments to track not only resources spent but also what those resources financed and what was delivered. Implementation should start with a few sectors, manageable activity structures, and a small set of measurable indicators. Expansion should be gradual as institutional capacity, information systems, costing practices, and data quality improve, consistent with an incremental approach to performance-budgeting reform (Robinson & Last, 2009).

3.3. ABB as an Instrument for Development Management

Finally, ABB's value for low-capacity states lies in its ability to strengthen the link between public expenditures and tangible results. By connecting financial resources to specific government activities, services, and expected outcomes, ABB expands the budget's role beyond expenditure authorization and control, making it a tool for development management and institutional accountability. This connection supports better integration of planning, budgeting, implementation, monitoring, evaluation, and reporting, and gives governments clearer information on how public resources translate into services and development outcomes.

In low-capacity environments, where fiscal and institutional constraints highlight the need to use public resources efficiently, improved traceability enables more informed resource allocation, stronger implementation oversight, greater accountability, and institutional learning. It also provides legislatures, oversight agencies, development partners, and citizens with better information to assess how public resources are used and what outcomes they achieve. ABB's significance goes beyond changes in budget classification or presentation; it strengthens the institutional link between resources, government actions, service delivery, and development outcomes (OECD, 2007; Robinson & Last, 2009).

4. Liberia's Budget System: Bridging Public Expenditure and Development Results

4.1. The Public Spending and Performance Challenge

Many essential public services depend on recurrent spending, such as salaries for teachers and healthcare workers, procurement of medicines and educational materials, and infrastructure maintenance. Institutions also require communications and utility services. However, much of this spending is managed without clear links to specific activities or outcomes. To improve efficiency, states must better demonstrate tangible results to citizens and development partners.

Liberia illustrates public financial management challenges common to fragile, low-capacity states, including limited fiscal space, high recurrent costs, reliance on external funding, weak information systems, frequent reallocations, uneven subnational capacity, and ongoing reforms in budget credibility, audit quality, procurement, and public participation. Critically, it lacks a comprehensive system that links development priorities, budgets, donor investments, monitoring, and evaluation within an integrated results framework. Therefore, the challenge is not only to prepare and approve budgets, but also to ensure the budget effectively translates public resources into measurable development outcomes.

The Public Expenditure and Financial Accountability (PEFA) assessment conducted in 2021 identified key institutional challenges. While budget classification and documentation were relatively strong, significant deficiencies were found in performance information, fiscal risk management, public investment management, procurement, arrears, internal audit, in-year reporting, and legislative oversight. The assessment reported low ratings in performance information, service delivery evaluation, expenditure composition, in-year reporting, external auditing, and legislative scrutiny. The assessment also noted poor alignment between budget proposals and strategic plans, frequent adjustments during execution, and inadequate service delivery data. These issues hinder strategic resource allocation and limit the ability to assess whether public spending achieves intended outcomes (PEFA Secretariat & Government of Liberia, 2021).

4.2. The Financial Execution and Accountability Gap

Fiscal data highlight the need for reform. Liberia's revised fiscal year 2024 appropriation was about US\$738.86 million, with 91.2 percent allocated to recurrent expenditure and 8.8 percent to the Public Sector Investment Program. Compensation accounted for 43.9 percent of recurrent spending and 40.1 percent of the total budget; goods and services accounted for 17.3 percent; and grants, including transfers to public institutions, accounted for 15.9 percent. Despite a reported 99.9 percent financial execution rate, the annual budget performance report offers limited evidence that this translated into improved public service delivery or development outcomes (MFDP, 2025a).

This highlights a key paradox: strong financial execution does not guarantee evidence of development performance. The country has demonstrated high execution rates, yet Public Financial Management diagnostics reveal ongoing deficiencies in performance information, unreliable in-year reporting, expenditure variations, frequent adjustments, and limited data for evaluating service delivery

(MFDP, 2025a; PEFA Secretariat & Government of Liberia, 2021). High financial execution should not be seen as proof of effective implementation or improved outcomes. The critical issue is whether spending can be traced from appropriation to activity, output, and ultimately to developmental results.

In addition, the framework for transfers to subordinate agencies and public institutions illustrates the accountability challenges posed by lump-sum appropriations. For example, the FY2026 National Budget allocates US\$1.30 million to the New Redemption Hospital under the Ministry of Health's budget line 265342 (Government of Liberia, 2026). While the recipient and amount are specified, the budget lacks details on activities, services, outputs, or performance targets. As a result, stakeholders cannot determine how funds are distributed among hospital functions or what measurable outcomes are expected. This does not suggest misuse but highlights a key limitation: financial responsibility is clear, but the purposes and results of service delivery are not. An activity-based budgeting approach would retain financial controls while breaking down funds by activity, cost, output, and performance indicator, thereby improving transparency and linking expenditure to service delivery.

This issue is compounded when resources are reallocated through legal budget transfers or virement. Funds intended for service delivery may be redirected to other expenses, such as travel or operational costs. While these reallocations may follow financial protocols, they can undermine the original developmental intent. The main accountability concern is not just legal compliance, but whether resources remain aligned with intended activities, outputs, and objectives. The PEFA assessment also notes frequent in-year adjustments, with approved allotments often modified during implementation. This weakens strategic allocation and makes it harder to link spending to service delivery performance (PEFA Secretariat & Government of Liberia, 2021).

4.3. From Budget Control to Development Management

Liberia's growing fiscal space highlights the need to strengthen links between appropriations, activities, outputs, and outcomes. The FY2026 National Budget exceeded US\$1 billion for the first time, increasing the resources that require careful management (Government of Liberia, 2026). As fiscal space grows, distinguishing between financial execution and development performance becomes more important. A larger budget can support more services and initiatives, but this depends on mechanisms that clearly show how resources are used, which activities are implemented, and what results are achieved. Improved traceability would ensure that increased spending is

matched by evidence of effective implementation and performance.

In this context, implementing ABB is not about replacing the country's financial controls, but about extending them into a more results-oriented framework. Administrative and economic classifications would still identify recipients and expenditure types, while program and activity classifications would clarify intended outcomes. ABB would link the National Development Plan, annual budget, donor interventions, procurement, treasury, implementation, monitoring, evaluation, and accountability. The budget would then serve as both an authorization tool and a framework connecting financial resources to government actions and measurable results. This connection is important because it strengthens the budget's role in national development management. Linking appropriations to specific activities, costs, outputs, indicators, and targets allows for monitoring and evaluation using both financial and performance data. Budget execution then supports assessment of spending, implementation, outcomes, target achievement, and areas needing improvement. This information enhances budget reviews, decision-making, monitoring, legislative oversight, auditing, and resource allocation. ABB's value lies in creating a continuous management cycle that spans planning and budgeting, implementation, evaluation, and accountability, rather than treating these as separate functions.

This results-oriented approach can strengthen public accountability and provide a more robust information base for citizen engagement. While ABB alone does not ensure greater citizen participation, it can improve the quality and specificity of budget and performance data available for public review. Broad categories such as "goods and services" or "transfers to hospitals" offer limited insight into intended government services. By specifying activities, allocations, outputs, indicators, and targets, such as kilometers of roads maintained, healthcare facilities supplied, or farmers reached, the government makes its commitments clearer and more measurable. This allows citizens, civil society organizations, legislative bodies, development partners, and oversight institutions to compare funded projects, actions taken, and outcomes delivered more effectively, strengthening public dialogue, oversight, and accountability.

5. Proposed ABB Implementation Strategy for Liberia

5.1. Institutional and Legal Foundations for ABB Reform

Liberia has established a strong foundation for reform. The amended Public Financial Management (PFM) Act underpins budget formulation, legislative approval, execution, accounting, reporting, internal controls, auditing, debt

management, and government guarantees. The Open Budget Initiative has broadened county consultations, promoting greater participation. The government has also updated PFM regulations and released a comprehensive PFM Reform Strategy and Action Plan for 2024-2027. The National Development Plan 2025-2029 aligns national priorities with the ARREST Agenda for Inclusive Development, focusing on agriculture, infrastructure, rule of law, education, sanitation, tourism, and related human capital and governance initiatives (MFDP, 2019; 2025b; 2025c). These measures provide the country with a robust reform infrastructure, enabling a transition to an ABB framework if reforms are phased, practical, and politically supported.

The immediate goal is to issue an ABB implementation directive within the existing PFM framework, rather than introduce new legislation. Current laws and regulations allow the MFDP to issue this directive, revise the annual budget call circular, and update classification and reporting manuals. The directive should define the structure of programs, subprograms, and activities; specify required performance data for each activity; set virement rules; require quarterly reporting; and assign responsibilities for indicator quality, verification, and dissemination. Consider legislative amendments only if needed to redefine appropriation units, impose activity-level virement restrictions, or formalize reporting and accountability. This approach avoids delays to the pilot program and maintains the legislature's constitutional role in appropriations.

5.2. Pilot Design and Practical Application

The pilot phase should begin with a select group of institutions that represent significant public expenditure, measurable service delivery, and manageable implementation. The Ministries of Health, Education, Public Works, and Agriculture are suitable candidates because they align with national priorities and have diverse expenditure and service models. Health and education represent recurrent service models; Public Works manages capital investments, supervision, and maintenance; and Agriculture focuses on extension services, productive inputs, market access, and value-chain development. Together, these sectors will allow the government to assess ABB's applicability across different institutional and expenditure contexts.

In so doing, two complementary ABB applications should be tested. The first should focus on service delivery and transfers, converting selected lump-sum appropriations for hospitals and county service institutions into activity-based allocations linked to defined services, outputs, and performance indicators. The second should target capital investment and maintenance, translating broad infrastructure expenditures into specific activities such as surveys, engineering design, road grading, culvert installation, routine

maintenance, project supervision, and asset monitoring. Testing both is essential, as budgeting challenges include both recurrent service delivery and effective management of public investments (Eltokhy et al., 2025; MFDP, 2025a).

In practice, the first step is to transform a lump-sum transfer into identifiable service-delivery activities with defined outcomes. For example, instead of allocating a hospital appropriation as a general transfer, funds could be assigned to specific activities such as maternal and emergency care, essential medicines, laboratory services, ambulance services, facility maintenance, and data reporting. Each activity would have a separate allocation, expected output, and performance indicator, while underlying expenditures such as wages and supplies would remain classified for treasury and financial control purposes. This approach allows stakeholders to see not only the funds received but also the services funded and delivered. It also improves quarterly reporting, strengthens the audit trail, and increases transparency in virements by requiring detailed accounting of reallocations and their effects on planned activities and outputs.

The second application uses the same activity-to-output framework for capital investment and maintenance. Rather than allocating Public Works expenditures by broad categories such as fuel or vehicle maintenance, costs would be linked to specific activities, including road-condition assessments, engineering design, grading, culvert installation, routine maintenance, county supervision, and asset monitoring. The agricultural sector could similarly associate expenditures with activities such as extension visits, farmer training, input distribution, market access support, and value chain interventions.

In both cases, the economic classification of expenditure remains unchanged. Adding an activity structure clarifies funding sources, supports monitoring against outputs, and helps assess whether expenditures align with national development priorities. This approach supports public investment management reform by emphasizing effective project selection, adequate funding, maintenance, oversight, and asset monitoring.

5.3. Institutional Readiness, Learning, and Evidence-Based Scaling

Implement the pilot models based on institutional readiness and sector importance. Participating institutions must demonstrate strong leadership, clear implementation roles, adequate financial resources, and Monitoring and Evaluation (M&E) capacity; sufficient data; identifiable activities and outputs; and access to IFMIS or relevant reporting platforms. The pilot should include at least one major hospital or health institution and one county-level service entity to test restructuring lump-sum appropriations.

Initial implementation should focus on a few high-value activities and about three to five key performance indicators per program. This allows the MFDP and participating institutions to assess whether activity-based costing, budget coding, financial execution, output monitoring, and performance reporting can be integrated within current capacities (Robinson & Last, 2009).

Finally, the pilot should provide a controlled process for institutional learning and validation, allowing assessment of the two ABB applications before wider rollout. Evidence from this phase should show whether funds can be traced to specific activities and outputs, and whether activity definitions, cost drivers, and performance indicators are practical and measurable. It should also confirm whether financial and performance data can be integrated through IFMIS and existing reporting systems. The aim is to determine if this information improves budgeting, monitoring, oversight, and accountability. Lessons learned should guide adjustments to activity structures, costing, indicators, reporting, and responsibilities before expanding. Scaling to other entities should be evidence-based, allowing the ABB system to evolve as capacity and data quality improve.

6. Monitoring, Evaluation, and Learning Framework for the ABB Pilot

6.1. Monitoring the ABB Results Pathway

The ABB pilot should include a comprehensive M&E framework that treats the reform as a development and institutional change initiative. This framework must assess whether the legal and administrative structures, institutional readiness, activity configurations, budget classifications, costing methods, performance metrics, IFMIS integration, reporting standards, and accountability mechanisms are functioning as intended. More importantly, it should determine whether these reforms improve the government's ability to link appropriations and expenditures to activities, outputs, management decisions, and development priorities. Monitoring should begin with the pilot baseline and continue throughout implementation. Evaluation should generate evidence to refine the model and support decisions on expanding beyond the initial institutions.

The theory of change is straightforward: **if the MFDP and participating institutions establish manageable activity structures, link appropriations and expenditures to these activities, integrate financial and performance data into the IFMIS and reporting systems, improve activity costing and output measurement, and use this information for budget execution and management, then public resources should become more traceable from allocation to service delivery.** This process is expected to strengthen budget transparency, implementation oversight,

expenditure management, performance accountability, and alignment of public spending with national development priorities. The M&E framework should test this pathway empirically, rather than assuming that introducing ABB templates, codes, or indicators alone will achieve these outcomes.

The framework must align with the pilot's SMART outcomes. Collect baseline data for each participating institution before implementation, then set measurable targets and clear reporting periods. Quarterly monitoring should assess implementation progress, financial management, activity completion, output achievement, data quality, and any significant deviations from planned performance. An annual or end-of-cycle assessment should determine whether the pilot has produced measurable improvements compared to baseline conditions. This approach directly links SMART outcomes, implementation strategy, and key decisions on retaining, modifying, expanding, or discontinuing elements of the ABB model.

6.2. Evaluating Institutional Change and Evidence for Scaling

Evaluation should go beyond verifying ministries' compliance with ABB procedures. The main criterion is whether the reform leads to substantive changes in public resource management. Evidence of meaningful institutional transformation may include improved activity costing, better alignment between allocations and planned activities, stronger protection of priority services during fiscal constraints, greater transparency and justification of virements, earlier identification and resolution of implementation issues, improved procurement, more accurate reconciliation of expenditures and outputs, and increased use of performance data by the MFDP, spending agencies, the legislature, and oversight bodies. These indicators better measure reform effectiveness than simply counting completed ABB templates, submitted reports, or training sessions.

The M&E framework should provide the evidence base for the controlled learning and expansion process described in the implementation strategy. After the initial pilot cycle, the MFDP should assess each pilot institution against set criteria, including implementation fidelity, data quality, financial-to-activity traceability, management use, output reporting, institutional capacity, and system functionality. Expand only when evidence shows the ABB model is operationally feasible and provides reliable information for budgeting, implementation, and accountability. If deficiencies are found, evaluation results should guide improvements to activity structures, cost drivers, indicators, IFMIS configurations, reporting requirements, and institutional roles before further scaling. This ensures the M&E process is integral to the ABB reform, supporting continuous learning,

adaptation, accountability, and evidence-based expansion, rather than serving only as a retrospective assessment.

7. Managing ABB Implementation Risks and Strengthening Reform Sustainability

The main implementation risk is excessive complexity and institutional overload. Converting the entire national budget to a detailed ABB system in one or two cycles may exceed current administrative, data management, and information-system capacities. To address this, a phased approach should begin with select institutions in sectors such as Health, Education, Public Works, and Agriculture. The initial focus should be on high-value activities and key performance indicators, with the two proposed ABB applications tested before broader adoption. Safeguards should include controlled implementation and evidence-based scaling. The M&E framework must assess whether activity structures, costing methods, budget codes, reporting requirements, and institutional responsibilities are implemented as intended and manageable within existing capacities. Expansion should proceed only if the pilot demonstrates sufficient implementation fidelity, institutional readiness, and operational feasibility (Roberts, 2003; Robinson & Last, 2009).

A secondary risk concerns the quality and credibility of performance data. Because the ABB model links appropriations and expenditures to activities, outputs, indicators, and targets, weak baselines, poorly defined indicators, incomplete reporting, or unverifiable results could undermine the results chain. Safeguards should be built into the SMART outcomes and monitoring and evaluation system. These include clearly defined indicators, documented baselines and targets, indicator reference sheets, identified data sources, reporting responsibilities, quarterly management certification, and regular data quality assessments. Verification processes must ensure that reported financial and output data are complete, timely, consistent, and supported by source documentation. For pilot entities, the MFDP and line ministries should lead routine verification, with support as needed from internal audits and independent oversight bodies. This approach recognizes improvements in data quality as a measurable reform outcome, rather than merely a by-product of ABB implementation (USAID OIG, 2019).

A third risk is institutional drift, where new ABB classifications, templates, and reporting requirements are adopted without changing how budget information informs implementation and decision-making. This is significant because the reform aims to strengthen the link between resources, activities, outputs, and managerial decisions, not just collect more performance data. Safeguards should focus on the demonstrated use of ABB information. Major activity-level virements should require justification regarding

their impact on planned activities and outputs. Quarterly pilot reports should document financial and performance variances, and this information should inform budget hearings, spending reviews, procurement planning, management meetings, legislative scrutiny, and audits. Progress should be measured by evidence that ABB data has influenced decisions, such as improved costing accuracy, corrective actions on underperforming activities, protection of priority services, clearer explanations of expenditure variances, more transparent reallocations, or increased scrutiny of implementation (International Budget Partnership, 2023; PEFA Secretariat & Government of Liberia, 2021).

These safeguards also clarify development partners' role. External assistance should support government-led implementation and learning systems rather than create parallel structures or add extra reporting requirements. Development partners can provide targeted technical support in areas such as activity costing, indicator development, data quality assurance, IFMIS integration, evaluation, and institutional capacity building, ensuring alignment with the government's activity and results framework. They can also facilitate independent evaluations of pilots and help document lessons learned for future phases. ABB expansion should be based on SMART outcomes and evidence from the national M&E framework. In this way, development partner support can strengthen institutional capacity and promote government ownership, ensuring scaling is driven by demonstrated improvements in implementation, data quality, management use, transparency, and accountability, rather than simply completing reform procedures (Robinson & Last, 2009; World Bank, 2024).

8. Conclusion

This article argues that Liberia's main budgeting challenge is not only determining public fund allocations, but also systematically linking these resources to activities, services, and intended development outcomes. Despite improvements in public financial management, significant gaps remain between financial execution and development performance, particularly in performance information, service-delivery reporting, expenditure traceability, and aligning spending with development priorities. Strong financial execution matters, but it alone does not demonstrate effective implementation or improved results. Strengthening the ability to trace resources from allocation through activities and outputs to development results is essential to making the national budget a more effective development management tool.

The ABB framework provides a practical way to strengthen this connection while maintaining Liberia's existing administrative, economic, and financial controls. By adding an activity and performance dimension to the current

budget, ABB links appropriations and expenditures to programs, activities, outputs, indicators, targets, and cost drivers. This approach improves the integration of planning, budgeting, implementation, monitoring, evaluation, and accountability. Success will require a phased, capacity-sensitive implementation. The proposed pilot in sectors such as Health, Education, Public Works, and Agriculture will allow ABB to be tested in areas like service delivery, institutional transfers, capital investments, and maintenance before broader adoption. Key success factors include institutional readiness, reliable data, manageable indicators, integration with current systems, strong safeguards, and thorough monitoring and evaluation. Expansion should depend on proven operational feasibility, institutional learning, and clear improvements in resource management and accountability.

The broader lesson for Liberia and other low-capacity states is that effective budget reform does not require investing in the most advanced systems at the outset. Progress can be achieved by gradually clarifying and making the links between resources, government actions, services, and results more transparent. ABB should be seen as a strategic tool to improve how governments manage limited public resources for development. When implemented incrementally, rigorously evaluated, and adapted based on evidence, ABB can shift budgeting from simply tracking authorized and spent amounts to demonstrating what was financed, delivered, and achieved. This shift can strengthen the budget's role in both public financial management and results-oriented development.

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