

FISCAL SILENCE AND ADMINISTRATIVE DISCRETION

The Politics of Budget Execution in Liberia's Public Sector

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Abstract: Public financial management (PFM) reform in Liberia has largely emphasized budget formulation transparency, anti-corruption safeguards, and compliance with international donor frameworks. However, limited scholarly attention has been devoted to the politics of budget execution specifically, how administrative discretion during implementation shapes institutional performance and public service delivery outcomes. This article introduces the concept of *fiscal silence*, defined as the institutional and political gap between legislatively approved budgets and actual expenditure realities at implementing agencies. Drawing on mixed-method evidence from selected ministries and agencies in Liberia between 2012 and 2023, the study finds that delayed treasury releases, executive re-prioritization, liquidity constraints, and informal bargaining significantly distort implementation trajectories. Quantitative variance analysis reveals recurring discrepancies between appropriations and disbursements, while qualitative findings demonstrate how administrative actors adapt to unpredictability through internal reprioritization and informal negotiation. The article proposes a Budget Execution Accountability Framework (BEAF) designed to strengthen fiscal predictability, enhance execution transparency, and reinforce legislative oversight at the implementation stage. By shifting analytical focus from corruption-centric narratives toward execution-stage governance, this study contributes to African public administration scholarship and broader political economy debates on fragile fiscal systems.

Keywords: Budget execution, fiscal governance, administrative discretion, public financial management, Liberia, political economy.

Introduction

Over the past two decades, Liberia has undergone substantial public financial management (PFM) reform, particularly in the aftermath of civil conflict and the Ebola epidemic. Budget formulation processes have become increasingly transparent, legislative oversight mechanisms have strengthened, and digital systems such as the Integrated Financial Management Information System (IFMIS) have been introduced to enhance fiscal reporting. Yet, despite these reforms, significant disparities persist between approved allocations and actual institutional expenditures.

National budgets are publicly debated and legislatively approved. However, ministries and agencies frequently encounter delayed releases, partial allotments, and executive reprogramming of funds. These discrepancies produce administrative uncertainty and alter implementation trajectories without formal legislative revision.

While scholars have extensively analyzed corruption, procurement irregularities, and donor compliance, less attention has been paid to the politics of execution—the stage at which fiscal decisions translate into service delivery outcomes. This study contends that Liberia's public administration cannot be fully understood without examining execution-stage governance.

The article advances three core arguments:

1. Budget execution in Liberia is shaped not solely by technical fiscal rules but by political incentives and executive discretion.

2. Administrative actors respond to fiscal unpredictability through adaptive informal strategies.
3. Strengthening fiscal credibility requires institutionalizing transparency at the execution stage, not merely during formulation.

The central research question guiding this inquiry is:

How does administrative discretion during budget execution shape institutional performance and service delivery outcomes in Liberia's public sector?

Conceptualizing Fiscal Silence

Defining Fiscal Silence

This article introduces the concept of *fiscal silence*—the administrative opacity and political negotiation that occurs between formal budget approval and actual institutional expenditure. Fiscal silence captures the gap between what is publicly appropriated and what is materially implemented.

The execution process may be represented as:

Approved Budget → Treasury Release → Institutional Commitment → Expenditure → Service Delivery Outcome

Fiscal silence emerges within the space between these stages, where:

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- Release schedules may not align with approved allocations.
- Cash-flow timing reshapes institutional priorities.
- Executive reallocation occurs informally.
- Administrative discretion operates under liquidity constraints.

In fragile fiscal systems, this silence becomes institutionalized, generating structural unpredictability.

Dimensions of Fiscal Silence

Fiscal silence manifests in four dimensions:

1. **Temporal Silence** – delays between approval and release.
2. **Quantitative Silence** – partial disbursements relative to appropriations.
3. **Procedural Silence** – informal re-prioritization without legislative amendment.
4. **Information Silence** – limited public reporting on execution-stage decisions.

Together, these dimensions weaken budget credibility and affect frontline service delivery.

Literature Review

Public Financial Management in Fragile States

PFM reform in post-conflict states prioritizes transparency, accountability, and compliance with donor frameworks. Scholars such as Matt Andrews argue that reform efforts often result in “isomorphic mimicry,” where formal institutions exist without corresponding functional capacity.

In fragile states, formal PFM systems frequently coexist with informal political bargaining networks. Budgetary institutions may appear robust on paper, yet execution outcomes reflect political negotiation rather than technocratic planning.

Institutions and Informal Constraints

Douglass C. North conceptualized institutions as formal and informal rules structuring political and economic interaction. In Liberia’s case, formal budget laws coexist with informal executive influence and liquidity politics, producing hybrid fiscal governance.

Administrative Discretion

Administrative discretion allows flexibility in implementation, enabling adaptation to unforeseen circumstances. However, in weak institutional environments, discretion may become politicized. Discretion under fiscal uncertainty often shifts from policy responsiveness to survival-oriented decision-making.

Political Economy of Budgeting

Budgeting is inherently political. Allocation decisions reflect power, incentives, and negotiation. Execution-stage bargaining extends this political dimension beyond legislative approval, reshaping implementation without formal amendment.

The Liberian Context

Liberia has undertaken extensive fiscal reform under the oversight of the Ministry of Finance and Development Planning. Audit reports from the General Auditing Commission of Liberia consistently reveal discrepancies between appropriations and disbursements.

Despite reform progress, empirical research specifically analyzing execution politics remains limited. This article addresses that gap.

Theoretical Framework

This study integrates three theoretical traditions:

Public Choice Theory

Highlights how political actors respond to incentives and seek to maximize strategic interests within fiscal constraints.

Neo-Institutionalism

Emphasizes the interplay between formal rules (budget laws) and informal norms (executive bargaining practices).

Political Economy of Fiscal Governance

Frames budget execution as a site of power negotiation shaped by liquidity, political priorities, and institutional hierarchy.

Central Proposition

Budget execution outcomes are determined by political incentive structures and discretionary authority embedded within treasury-level decision-making processes.

Methodology

Research Design

A mixed-method explanatory design was employed.

Data Sources

- National budget documents (2012–2023)
- Treasury allotment reports
- Annual audit findings
- 28 semi-structured interviews with senior finance and planning officers
- Survey of 120 mid-level administrators across ministries

Quantitative Analysis

Variance analysis compared approved budgets with actual disbursements across sectors.

Correlation analysis assessed the relationship between release timing and performance indicators.

Qualitative Analysis

Interview transcripts were coded thematically, focusing on:

- Perceptions of predictability
- Executive influence
- Adaptive strategies
- Institutional coping mechanisms

Triangulation enhanced reliability.

Empirical Findings

Variance Patterns

Across sectors, annual execution rates fluctuated between 62% and 89% of approved allocations. Capital expenditure experienced the highest volatility.

Correlation Findings

Statistical analysis revealed a strong negative correlation between delayed releases and institutional performance metrics, including procurement completion rates and project implementation timelines.

Thematic Findings

Four themes emerged:

1. **Liquidity Politics** – Cash-flow constraints shaped priority sequencing.
2. **Executive Re-Prioritization** – Informal directives influenced allocation timing.
3. **Adaptive Institutional Behavior** – Agencies internally reprogrammed priorities.
4. **Operational Uncertainty** – Planning cycles shortened due to unpredictability.

Sectoral Case Studies

Health Sector

Post-Ebola recovery allocations were substantial. However, delayed releases reduced operational capacity at county facilities, affecting procurement of essential medical supplies.

Infrastructure and Public Works

Capital projects experienced phased disbursements aligned with shifting political priorities. Contractors faced delayed payments, increasing project costs and implementation delays.

Higher Education

Universities reported inconsistent quarterly releases, affecting payroll stability and procurement cycles. Administrators reprioritized internally to maintain operational continuity.

Discussion

Execution Politics as Governance

Budget execution is not merely administrative—it is political. Liquidity constraints create discretionary leverage for executive actors.

From Corruption to Predictability

While corruption remains relevant, predictability emerges as a central determinant of institutional performance.

Institutional Adaptation

Administrative actors develop coping mechanisms under fiscal silence, often relying on informal negotiation.

Budget Execution Accountability Framework (BEAF)

To address fiscal silence, this study proposes BEAF:

1. Mandatory quarterly publication of treasury release schedules.

2. Independent budget execution oversight body.
3. Public digital dashboards tracking real-time disbursements.
4. Strengthened legislative oversight at implementation stage.
5. Development of a Fiscal Predictability Index.

BEAF shifts reform focus toward execution transparency.

Implications for Public Administration

- Fiscal predictability enhances institutional planning.
- Structured transparency constrains politicized discretion.
- Execution-stage oversight strengthens governance credibility.
- Reform must target treasury-level decision dynamics.

Conclusion

Fiscal silence represents a critical governance challenge in Liberia. While legislative approval processes have improved, execution-stage politics continue to distort development outcomes. Institutionalizing transparency beyond appropriation is essential for strengthening budget credibility and administrative performance.

Reforming execution politics is central to advancing public sector effectiveness in fragile fiscal systems.

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