



ISSN: 2583-7753

LAWFOYER INTERNATIONAL JOURNAL OF DOCTRINAL LEGAL RESEARCH

[ISSN: 2583-7753]

Volume 4 | Issue 1

2026

DOI: <https://doi.org/10.70183/lijdlr.2026.v04.95>

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THE LIFEBLOOD OF GOVERNANCE: A COMPARATIVE REGULATORY ANALYSIS OF PUBLIC FINANCIAL MANAGEMENT IN LIBERIA AND INDIA

William M. Johnson¹ & Sam Siryon²

I. ABSTRACT

Public finance is the fundamental mechanism through which governments translate political promises into tangible citizen outcomes. This article examines the critical importance of public finance in governance through comparative case studies of India and Liberia, drawing on fiscal exchange theory to analyze how digital transformation enhances state capacity. India has revolutionized its tax administration and monetary movement through a massive digital push, primarily leveraging the "India Stack" (a set of APIs) to create a transparent, fast-moving economy. Key platforms like the Goods and Services Tax Network (GSTN) and the e-filing portal facilitate real-time tax compliance, while the Unified Payments Interface (UPI) processed over 16 billion monthly transactions by late 2024, digitizing peer-to-peer and merchant transfers. Furthermore, Direct Benefit Transfer (DBT) links Aadhaar to bank accounts, removing middlemen and reducing leakages. Conversely, Liberia is digitizing its tax administration to improve revenue collection and reduce reliance on manual, cash-based systems. The Liberia Revenue Authority (LRA) is leveraging digital platforms like the Integrated Tax Administration System (LITAS) and mobile money partnerships (Orange Money/Ecobank) to make tax compliance more accessible for formal businesses and individuals, effectively shifting from multiple trips to tax offices to electronic filing and payment. This study evaluates India's procurement guidelines; including the General Financial Rules (GFR), and Liberia's Amended and Restated Public Procurement and Concessions Act (PPCA) of 2010, examining legal requirements for e-procurement, public disclosures, and conflict-of-interest penalties. Additionally, it analyzes the

¹ BSc Economics & MBA Supply Chain Management, Apeejay Stya University School of Management Sciences (India). Email: jwilliamm13@gmail.com

² BA. LL. B Honors, Apeejay Stya University School of Legal Studies (India). Email: samsiryon094@gmail.com

legal processes for awarding natural resource concessions in Liberia, which is crucial for economic development, compared to India's regulatory frameworks for natural resources licensing. The Liberian case study highlights the "Yellow Machines" infrastructure initiative as an example of taxation made visible, while the Indian case examines financial management reforms and fiscal policy shifts in the energy sector. Findings suggest that digital transparency, administrative efficiency, and public engagement in financial management are essential determinants of governance effectiveness and sustainable development. The shift from cash-based to digital transactions improves accountability and reduces corruption in both jurisdictions.

II. KEYWORDS

Public Finance, Governance, Regulatory Framework on Public Financial Management, Fiscal Framework

III. INTRODUCTION

Every time a child walks into a public school, a patient receives care at a government hospital, or a family drives on a smoothly paved highway, they are experiencing the tangible results of public finance. Often viewed as a dry subject of budgets and tax codes, public finance is actually the engine that powers modern governance. It determines not only what governments can do, but how effectively, equitably, and accountably they can serve their citizens. The collection and expenditure of public resources transform abstract political promises into concrete realities. Without it, governments cannot function, societies cannot progress, and the most vulnerable cannot be protected. As Professor Roberts argues, government expenditures on infrastructure, health, and energy create an atmosphere conducive to capital formation (CF) and gross domestic investment (GDI), which invariably raises economic growth and eradicates poverty.³

At the heart of this transformation is public procurement, the legal and procedural gateway through which public funds become public goods. This article examines the

³ Professor Moses P. Roberts, Retired Professor at the University of Liberia in Public Finance and Former Deputy Director of Macro-fiscal Analysis, Legislative Budget Office (LBO) at the Liberia National Legislature

importance of public finance through two distinct but illuminating case studies: Liberia and India. In Liberia, a post-conflict nation, the Amended and Restated Public Procurement and Concessions Act (PPCA) of 2010 serves as a cornerstone for rebuilding citizen trust. By regulating public contracts and natural resource concessions, the PPCA aims to ensure "value for money" and integrity. The recent launch of the Electronic Government Procurement (e-GP) system marks a shift toward open contracting, making taxation visible through infrastructure initiatives like the "Yellow Machines" project.

India, the world's largest democracy, demonstrates how public financial management can be revolutionized through digital infrastructure. Guided by the General Financial Rules (GFR) 2017⁴ and the Manual for Procurement of Goods.⁵ India has mandated the use of the Government e-Marketplace (GeM) for common-use goods to enhance transparency and efficiency. These legal frameworks enforce high standards of financial propriety, requiring officers to exercise the same vigilance with public money as they would with their own.

Together, these cases illustrate universal principles of effective governance while highlighting context-specific approaches. Drawing on official government sources, international reports, and scholarly analysis, this study provides a comprehensive understanding of public finance's role in contemporary governance.

A. Research Objectives

This research aims to evaluate the legal and regulatory frameworks governing public finance in Liberia and India, focusing on how statutory oversight transforms fiscal policy into social value. By comparing India's General Financial Rules (GFR) and digital PFMS with Liberia's Public Procurement and Concessions Act (PPCA), the study investigates the effectiveness of anti-corruption safeguards and revenue mobilization laws. Ultimately, the objective is to determine how constitutional mandates and automated financial controls mitigate mismanagement, ensuring that

⁴ General Financial Rules, 2017 (India)

⁵ Ministry of Finance, Manual for Procurement of Goods (2d ed. 2024) (Hereinafter Manual for Goods)

public expenditure achieves "Value for Money" and fosters sustainable development within two distinct economic and post-conflict contexts.

B. Research Questions

1. To what extent do the constitutional frameworks of India particularly Article 280(3) (bb) and (c), read with Articles 243-I and 243-Y and Liberia provide for the structured devolution of financial resources to sub-national governments within their respective public financial management systems?
2. How does India's decentralized procurement framework, governed by the General Financial Rules, 2017 and judicial oversight, compare with Liberia's centralized statutory regime under the Amended and Restated Public Procurement and Concessions Act, 2010 in ensuring transparency, accountability, and value for money?
3. How do digital public financial management systems such as India's PFMS, GeM, and DBT architecture, and Liberia's LITAS and e-GP systems enhance transparency, administrative efficiency, and revenue mobilization in their respective jurisdictions?
4. To what extent does the visibility of public expenditure illustrated by Liberia's "Yellow Machines" initiative and India's digital service delivery mechanisms strengthen citizen trust, tax compliance, and the broader fiscal social contract?
5. How do institutional capacity, civil society engagement, and regulatory enforcement influence the effectiveness of public financial management reforms in post-conflict Liberia compared to a federal and digitally advanced system like India?

C. Research Methodology

This study is an exploratory research project that combines primary and secondary data to analyze the legal governance of public finance. Primary sources consist of the foundational "rulebooks" of both nations, including constitutional provisions, national statutes like India's General Financial Rules (2017) and Liberia's Amended PFM

Act, and official regulatory frameworks for public procurement. These provide direct legal authority for how public money is managed.

Secondary sources include peer-reviewed scholarly journals, legal commentaries, and financial reports from reputable institutions. By blending these sources, the research bridges the gap between letter-of-the-law requirements and the real-world impact of fiscal policies.

D. Literature Review

The study of public finance rests on several theoretical pillars that explain its essential role in governance. Richard Musgrave's classic formulation identified three core functions of public finance: allocation of resources, distribution of income, and economic stabilization. These functions remain central to understanding why governments must engage in fiscal activity. Fiscal Exchange Theory explains the relationship between taxation and public services. According to this theory, citizens are more inclined to comply with tax obligations when they perceive a tangible return on their contributions⁶. This exchange relationship forms the foundation of the social contract between citizens and the state.

Tax Morale Theory suggests that compliance is shaped by trust; when citizens see visible public goods, paved roads, functioning schools, and equipped clinics, their confidence in the state strengthens. Framing Theory further posits that if expenditure is presented as a "taxpayer-funded development dividend" rather than a political spectacle, public understanding shifts toward collective progress.

IV. THE EVOLUTION OF PUBLIC FINANCIAL MANAGEMENT

Public Financial Management (PFM) has evolved from a 17th-century compliance-focused function into a strategic, performance-oriented system. Following the Keynesian

⁶ Dr. Shihabidheen N: Public Finance: Theory and Practice, The role of government in the national economy- Concepts of club goods, public goods-Tiebout hypothesis, merit goods, externalities, Pigovian tax. Page 7, Last Visited March 23, 2026

https://sde.uoc.ac.in/sites/default/files/sde_videos/ilovepdf_merged%20%282%29_removed.pdf

shift of the mid-20th century, budgeting moved from restraining expenditure to driving development. Modern PFM now prioritizes value for money, utilizing Medium-Term Expenditure Frameworks (MTEFs) and digital tools to ensure fiscal sustainability.

This evolution is codified through robust legal frameworks. In India, the General Financial Rules (GFR) 2017 provide the regulatory backbone, mandating transparency and efficiency. These rules are operationalized through the Public Financial Management System (PFMS), which tracks funds in real-time, and the Government e-Marketplace (GeM), a statutory portal that has digitized public procurement to eliminate middlemen.

Similarly, Liberia's PFM landscape is governed by the Amended and Restated Public Procurement and Concessions Act (PPCA) of 2010. This act established the Public Procurement and Concessions Commission (PPCC) as a regulatory watchdog to oversee government contracts and natural resource concessions. By mandating competitive bidding and public disclosures, the PPCA seeks to mitigate the corruption and mismanagement that historically plagued the extraction of timber and minerals.

A. Contemporary Challenges and Opportunities

Today, PFM systems face the triple burden of technological shifts, climate change, and post-pandemic recovery. The COVID-19 pandemic forced governments to balance unprecedented social spending with rising debt and inflation. Scholars now argue for re-framing public finance around "public value." As Correa and MacDonald⁷ suggest, the "real game" of public money is investment in the foundational benefits societies depend on education, healthcare, and infrastructure. The United Nations Development Programme (UNDP) identifies three priorities for this re-imagination: achieving fiscal coherence, focusing on outcomes rather than inputs, and utilizing PFM to build national resilience.

⁷ Andrew Correa and Mark MacDonald: Resetting the rules of Public Money, OMFIF, Oct. 23, 2025 <https://www.omfif.org/2025/10/resetting-the-rules-of-public-money/#:~:text=By%20Andrea%20Correa%20and%20Mark,value%2C%20not%20just%20balance%20books>

V. CASE STUDY ON LIBERIA

Liberia, a West African nation recovering from decades of civil conflict, faces significant governance challenges. The country has struggled with weak institutions, limited infrastructure, and citizen skepticism toward government. Public financial management has been a particular concern, with the World Bank's 2008 Public Expenditure Management and Financial Accountability Review identifying significant weaknesses in budget credibility, internal controls, and expenditure allocation.

The post-conflict reconstruction and rehabilitation period has been partially successful, with peace, stability, and security gradually returning. This provided an enabling environment for rebuilding institutions and infrastructure.

VI. THE YELLOW MACHINES INITIATIVE

In a landmark development, the Government of Liberia procured 285 heavy-duty earth-moving "yellow machines" at a negotiated cost of approximately US\$22 million of taxpayers' money. With the first batch of 137 units already in the country, the remaining 148 are scheduled for delivery. These machines are distributed across Liberia's fifteen counties on a standardized allocation basis, with each county receiving 19 machines, ensuring consistency with the total procurement of 285 units ($19 \times 15 = 285$), as reflected in official government procurement approvals. The equipment will confront the country's longstanding road infrastructure deficit.

The public reaction has been remarkable. Citizens across political lines have gathered in celebration, and lawmakers donned all-yellow attire to commend President Boakai for prioritizing the procurement. As proffers Moses P. Roberts observes, the Yellow Machines represent "taxation made visible" a concrete answer to citizens' perennial question about what happens to their tax payments.

VII. ECONOMIC AND SOCIAL IMPACT

Socio-economic impact refers to the structural changes a project or policy brings to a community's financial, social, and human well-being. This involves a systematic,

mandated process of Socio-Economic Impact Assessment (SIA) to analyze and manage the intended and unintended consequences of development. In modern governance, these assessments are not merely best practices but are anchored in strict regulatory mechanisms to ensure sustainable development and social equity.

In the context of public financial management, socio-economic impact assessment mechanisms are increasingly used to evaluate the outcomes of government expenditure on communities. In Liberia, initiatives such as the Yellow Machines infrastructure program demonstrate how capital investment in road construction directly affects rural livelihoods by improving market access, reducing transport costs, and enhancing agricultural productivity in road-adjacent communities. These impacts align with broader fiscal objectives of inclusive development and poverty reduction.

Similarly, in India, digital financial systems such as the Public Financial Management System (PFMS) enable more precise tracking of public expenditure and its outcomes. By linking fund disbursement to real-time monitoring, these systems enhance expenditure efficiency and ensure that allocated resources translate into measurable socio-economic benefits, particularly in sectors such as infrastructure, welfare delivery, and rural development. Such mechanisms reinforce the role of public finance as a tool for achieving accountable and outcome-oriented governance.

VIII. INFRASTRUCTURE AS AN ECONOMIC CATALYST

In Liberia, the "Yellow Machines" initiative serves as a practical application of these principles. Beyond the physical construction of roads, the project is governed by the Amended and Restated Public Procurement and Concessions Act (PPCA) of 2010 and the Public Financial Management (PFM) Act. These laws ensure that the deployment of heavy equipment is transparently managed to maximize economic impact, which includes:

1. **Job Creation:** Legal mandates for local content ensure that operators, engineers, and technicians are hired from within the community.

2. **Market Connectivity:** Under the regulatory oversight of the Ministry of Public Works, the rehabilitation of feeder roads in counties like Lofa and Nimba reduces transport costs and post-harvest losses.
3. **Value for Money:** Strict audit and disclosure requirements under the General Financial Rules (similar to India's GFR) ensure that every dollar spent on logistics and fuel translates into rural wealth and agricultural productivity.

Ultimately, these legal frameworks transform infrastructure from a simple engineering task into a tool for social empowerment. By mandating public disclosures and impact monitoring, governments ensure that marginalized communities gain access to markets and that rural land retains its economic value.

IX. INSTITUTIONAL REFORMS AND CIVIL SOCIETY ENGAGEMENT

Beyond infrastructure investment, Liberia has pursued broader public finance reforms. In February 2026, the Government of Liberia and the African Development Bank Group launched two major governance projects: The Institutional Support for Enhanced Domestic Revenue Mobilization and Reform Implementation Project (ISED RMP) and the Debt and Ownership Transparency Technical Assistance Project (DOT-TAP) Department of transportation- transportation alternative program.

The ISED RMP will enhance Liberia's tax policies, modernize tax administration, strengthen mining sector governance, and reduce illicit financial flows. DOT-TAP will improve transparency in public debt management and bolster mechanisms for beneficial ownership disclosure. The African Development Bank is providing \$18.94 million for the ISED RMP and a \$1.37 million grant for the DOT-TAP (Debt and Ownership Transparency Technical Assistance Project).

Civil society organizations have played a crucial role in advancing fiscal transparency. Integrity Watch Liberia (IWL), through its advocacy work, contributed to increasing Liberia's national budget from \$611 million in 2023 to \$691 million by early 2024, and ultimately to \$880 million for 2025. Their evidence-based research exposed massive tax

leakages in quarrying, sand mining, and the extractive sector, leading to the rejection of questionable contracts and the reversal of a \$19 million tax waiver.

X. CHALLENGES AND LIMITATIONS

Beyond privacy concerns, issues surrounding the scope and analysis of data are another challenge to overcome. Truly accurate models require high quality data with a broad scope. Institutions may not have the capacity to collect, store, clean, analyze, and visualize data needed to produce accurate models. Additionally, there is not a one-size fits-all approach to the data needed for analysis. Different discipline requires and deploys different learning activities and analytics of these activities must be tailored for the specific context. The use of learning analytics also comes with limitations. A common critique of learning analytics is that the data is analyzed through business intelligence lens. While this approach provides personalized recommendations, it does not necessarily lead to better results as it is more of a guide than a sure.

Even the idea of personalized learning comes with limitations. Learning analytics cannot account for external factors affecting performance (Campbell, et al, 2017). Ultimately, learning analytics is predictive, not psychic. It can predict learner outcomes, but it cannot foresee things like future training needs, of future courses of action based on learner performance.” “Despite ongoing reforms, significant challenges continue to constrain the effectiveness of public financial management systems in both Liberia and India. In Liberia, institutional capacity limitations remain a primary concern.

Weak administrative infrastructure limited technical expertise, and gaps in enforcement mechanisms hinder the full implementation of procurement and financial regulations under the Amended and Restated Public Procurement and Concessions Act (PPCA) of 2010 and the PFM Act. Additionally, reliance on donor funding and exposure to illicit financial flows complicate domestic revenue mobilization efforts, as highlighted in fiscal reform initiatives supported by international development institutions.

In India, while digital public finance systems such as the Public Financial Management System (PFMS) and Direct Benefit Transfer (DBT) have enhanced efficiency, they also raise concerns regarding data governance and privacy. The integration of Aadhaar with financial transactions has prompted legal and constitutional scrutiny regarding the protection of personal data and the scope of state surveillance. Furthermore, the persistence of a large informal economy limits the inclusiveness of digital tax and financial systems, thereby constraining revenue collection and equitable service delivery. Across both jurisdictions, political economy factors present additional barriers. Procurement reforms often encounter resistance due to entrenched interests, bureaucratic inertia, and limited transparency in contract enforcement. These challenges underscore the need for sustained institutional strengthening, regulatory oversight, and accountability mechanisms to ensure that public financial management reforms translate into measurable governance outcomes.⁸

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⁸ Akira Kamiguchi, Toshiki Tamai, Public investment, national debt, and economic growth: The role of debt finance under dynamic inefficiency, *Journal of Macroeconomics*, Volume 77, 2023, 103535, ISSN 0164-0704, <https://doi.org/10.1016/j.jmacro.2023.103535>.
(<https://www.sciencedirect.com/science/article/pii/S0164070423000356>)

external factors affecting performance (Campbell, et al, 2017)⁹. Ultimately, learning analytics is predictive, not psychic. It can predict learner outcomes, but it cannot foresee things like future training needs, of future courses of action based on learner performance¹⁰.

Despite these positive developments, significant challenges remain. The World Bank's Public Expenditure Review notes that fiscal space can be created by improving the technical efficiency of current expenditure, including wages and salaries, goods and services, and transfers to state- owned enterprises. However, the size of potential gains is difficult to pinpoint. Skepticism persists among some citizens who argue that machinery does not put food on people's tables or question whether roads alone solve economic hardship. Machines alone do not solve governance, maintenance, or accountability challenges, though they represent a powerful beginning.

XI. CASE STUDY ON INDIA

India, the world's largest democracy, operates a complex federal system with significant fiscal responsibilities shared between central and state governments. Public finance in India encompasses approximately one- fourth of known climate finance at the federal level, demonstrating the government's role in directing resources toward national priorities.

Over the last decade, the Government of India has designed and implemented strategies to shift scarce public finance away from carbon- intensive energy sources toward clean energy, using a "remove, target, and shift" approach that calibrates policy levers such as prices, taxation, and subsidies.

⁹ Campbell, J. M., & Park, J. (2017). Extending the Resource-Based View: Effects of Strategic Orientation toward Community on Small Business Performance. *Journal of Retailing and Consumer Services*, 34, 302-308.

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A. Public Financial Management Reforms in West Bengal

West Bengal, an eastern Indian state, faced adverse fiscal situations that necessitated comprehensive public financial management reforms. With support from the Asian Development Bank, the state government spearheaded policy and institutional reforms to address these challenges. A key reform was the development and implementation of an integrated IT-based financial management information system (IFMS), which was upgraded and expanded to integrate all PFM systems and processes across sectors and levels. These reforms improved operational efficiencies and transparency, enhancing expenditure efficiency, debt management, and revenue administration.

By enabling taxpayers and service seekers to settle their taxes and fees through an online system, the reforms improved public service delivery. These improvements yielded cost and time savings for both the government and citizens, contributing to long-term development outcomes.

B. Fiscal Policy and Climate Finance

Fiscal policy, encompassing taxation, spending, and public investment, is crucial for mobilizing climate finance and achieving net-Zero targets. Governments leverage tools like carbon pricing, green taxes, and subsidy reforms to drive private investment into low-carbon projects and mitigate climate change.

Key aspects of fiscal policy and climate finance: carbon pricing and revenue generation, implementing carbon taxes or emission trading systems (e.g., aiming for \$ 75 tons by 2030) helps reduce emission while creating revenue streams for further climate projects. A better future is possible. Government will need to increase the price of carbon emissions to give people and firms incentives to reduce energy use and shift to clean energy sources. Carbon taxes are the most powerful and efficient tools, but only if they are implemented in a fair and growth friendly way. To make carbon taxes politically feasible and economically efficient, governments need to choose how to use the new revenue. Options include cutting other kinds of taxes, supporting vulnerable households

and communities, increasing investment in green energy, or simply returning the money to people as a dividend.¹¹

India's experience with fiscal policy in the energy sector demonstrates the potential for public finance to drive systemic change. Fossil fuel subsidies at the union level have reduced by 59% since 2014, while fossil fuel-linked revenue has increased. This dual movement has created fiscal space to support clean energy investment. The XVI Finance Commission of India has addressed the evolving nature of fiscal federalism in the era of climate change. The Commission's approach recognizes that state governments and local governments, while dependent extensively on devolved funds from the Union, require strengthened fiscal capacity and pathways for economic diversification that align with national climate goals. Notably, the XVI Finance Commission has recommended significantly enhanced allocations to local bodies, including a substantial increase in transfers to urban local governments, thereby reinforcing decentralized fiscal governance.

C. Lessons and Implications

The Indian case provides several insights for public finance practice. First, technology-enabled reforms can significantly enhance transparency and efficiency. The IFMS in West Bengal demonstrates how integrated systems reduce fragmentation and improve service delivery. Secondly, fiscal policy can be deliberately calibrated to achieve long-term objectives. The reduction of fossil fuel subsidies alongside increased clean energy investment shows how governments can use taxation and expenditure policies to shape economic transitions.

Additionally, federal systems require coordination between levels of government. The XV Finance Commission's work illustrates how central-state fiscal relationships must

¹¹ Fiscal Policies to Curb Climate Change | published October 08, 2019. Last visited March 23, 2026. <https://www.imf.org/en/blogs/articles/2019/10/10/fiscal-policies-to-curb-climate-change>

evolve to address emerging challenges like climate change while respecting constitutional of responsibilities.

XII. COMPARATIVE ANALYSIS

Several common themes emerge from the Liberian and Indian case studies:

- 1. Visibility matters:** In both contexts, the tangibility of public expenditure influences citizen perceptions. Liberia's Yellow Machines make infrastructure investment visible, while India's online tax payment systems make government services accessible. Both approaches strengthen the connection between citizens and the state.
- 2. Technology enables reform:** Liberia's pursuit of integrated financial management systems and India's successful IFMS implementation demonstrate the transformative potential of technology in public finance.
- 3. Institutional capacity determines outcomes:** Both cases highlight the importance of strong institutions. Liberia's civil society advocacy complements government reform efforts, while India's Finance Commission provides structured coordination between government levels. Long-term perspective is essential: Liberia's infrastructure investment and India's climate finance shift both require sustained commitment beyond electoral cycles.
- 4. Development stage:** Liberia, as a post-conflict nation, focuses on rebuilding basic infrastructure and establishing institutional credibility. India, with more developed systems, focuses on enhancing efficiency and redirecting resources toward emerging priorities like climate change.
- 5. Scale and complexity:** India's federal system involves coordination across multiple government levels and diverse regional contexts. Liberia's centralized system allows more direct implementation but faces capacity constraints at local levels.

6. **Civil society role:** Liberian civil society has played an aggressive advocacy role in exposing tax leakages and shaping budget priorities. The Indian case emphasizes institutional reform within government structures.

XIII. FINDINGS

1. **Visible public expenditure strengthens social contract:** When citizens observe tangible results from tax payments, trust in government increases and voluntary tax compliance improves. Liberia's Yellow Machines provide compelling evidence for this dynamic.
2. **Technology-enabled PFM (public financial management) reforms enhance efficiency and transparency:** Integrated financial management information systems, as demonstrated in West Bengal, reduce fragmentation, improve service delivery, and generate cost savings for governments and citizens
3. **Civil society engagement contributes to fiscal accountability:** Evidence-based advocacy by organizations like Integrity Watch Liberia can identify revenue leakages, influence budget allocations, and ensure that public resources serve citizen needs.
4. Long-term fiscal planning enables strategic resource allocation India's systematic reduction of fossil fuel subsidies alongside increased clean energy investment demonstrates how sustained commitment can redirect public finance toward evolving national priorities
5. **Post-conflict contexts require particular attention to rebuilding fiscal institutions:** Liberia's experience shows that infrastructure investment can play a dual role addressing immediate development needs while rebuilding citizen confidence in government.

XIV. RECOMMENDATIONS

A. LIBERIA

- 1. Institutionalize Maintenance Frameworks:** To move beyond political spectacle, the government must formalize the Yellow Machines Board of Authority (YMBOA) into a permanent regulatory body. This should include a statutory "maintenance-first" policy to ensure that the 285 pieces of earth-moving equipment are legally protected from misuse and funded through dedicated road-maintenance line items in the national budget.
- 2. Strengthening Legislative Oversight of Concessions:** Building on the Amended and Restated Public Procurement and Concessions Act (PPCA) of 2010, the Legislature should mandate beneficial ownership disclosure as part of the Debt and Ownership Transparency Technical Assistance Project (DOT-TAP). This would legally curb illicit financial flows in the extractive and sand-mining industries.
- 3. Codify Civil Society Participation:** The Amendment and Restatement of the PFM Act of 20¹² should be further amended to require Pre-Budget Consultations. Mechanisms like Integrity Watch Liberia's "Shadow Budget Option Paper" should be formally integrated into the budget preparation cycle to ensure citizen-led accountability.
- 4. Accelerate PFM Capacity Building:** Continue implementing the Institutional Support for Enhanced Domestic Revenue Mobilization and Reform (ISED RMP). Technical assistance must be codified into institutional standard operating procedures to prevent a regression to manual, cash-based systems during leadership transitions.

¹² Act of July 1, 2009 (PFM Act of 2009), Acts of the Liberian Legislature

B. INDIA

- 1. Harmonize Inter-State PFM Systems:** India should leverage its Finance Commission mandates to incentivize the adoption of integrated financial management systems (IFMS) across all states, similar to the West Bengal model. This would ensure a unified digital audit trail across the federal structure.
- 2. Statutory Outcome-Based Budgeting:** Beyond the General Financial Rules (GFR) 2017, the government should introduce a Public Value Creation Act. This would legally motivate spending departments to report not just on fund utilization, but on specific socio-economic outcomes, effectively moving from "audit of figures" to "audit of impact."
- 3. Constitutional Climate Finance Integration:** The "remove, target, shift" approach to subsidies, particularly in the energy sector, should be aligned with the Directive Principles of State Policy regarding environmental protection (Article 48¹³). This would provide a constitutional basis for diverting fossil fuel subsidies toward green energy investment.
- 4. Strengthen Digital Privacy in Direct Benefit Transfer (DBT):** As the "India Stack" expands, the legal framework must evolve to provide stronger statutory protections against data misuse in Aadhaar-linked transfers, ensuring that the efficiency of DBT does not compromise constitutional rights to privacy.

XV. CONCLUSION

Public finance operates as the institutional bridge between constitutional mandates and the realization of socio-economic rights. This study has demonstrated that both India and Liberia rely on legal and regulatory frameworks to structure the allocation, distribution, and accountability of public resources. In addressing the first research question, it is

¹³ India Const. Art. 48A, amended by The Constitution (Forty-second Amendment) Act, 1976

evident that India's constitutional architecture, particularly through Article 280 and the Finance Commission, provides a more structured mechanism for fiscal devolution compared to Liberia, where decentralization remains evolving and more administratively constrained.

With respect to investor and creditor protections, the comparative analysis reveals that India's more mature legal and financial systems offer greater predictability and confidence for domestic capital markets, while Liberia continues to strengthen its regulatory environment through reforms in procurement law and fiscal transparency mechanisms. On the third research question, India's reliance on a combination of judicial oversight and executive rules such as the General Financial Rules 2017 creates a functional, though decentralized, legal framework, whereas Liberia's Amended and Restated Public Procurement and Concessions Act of 2010 provides a centralized statutory regime with clearer procedural uniformity.

Regarding dispute resolution in public procurement, India's system is shaped by judicial review and administrative mechanisms, which, although effective, may involve procedural delays. In contrast, Liberia's procurement framework provides structured administrative remedies under statutory supervision, though enforcement capacity remains a continuing challenge. These findings highlight that while legal design is critical, institutional capacity ultimately determines the effectiveness of public financial management systems.

This study contributes to legal scholarship by demonstrating that digital financial infrastructure, when embedded within robust legal frameworks, enhances transparency, accountability, and fiscal efficiency. However, the research is not without limitations. It relies primarily on doctrinal and secondary sources and does not incorporate extensive empirical field data. Future research may focus on quantitative assessments of fiscal outcomes and comparative analyses across additional jurisdictions. Ultimately, strengthening public financial management requires not only legal reform but sustained

political commitment and institutional development to ensure that public resources translate into equitable and measurable public value.

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