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**AN ASSESSMENT OF OUTPUT-BASED BUDGETING REFORMS IN
ZAMBIA'S PUBLIC SECTOR: A MIXED-METHODS APPROACH".**

BY

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**THESIS SUBMITTED TO THE COPPERBELT UNIVERSITY, IN PARTIAL
FULFILLMENT OF THE REQUIREMENT FOR THE DEGREE OF MASTER OF
ARTS IN ECONOMIC POLICY**

KITWE - ZAMBIA, 2026

DECLARATION

I declare that this thesis is my own, unaided work. It is being submitted for the Degree of Master of Arts in Economic Policy in the Directorate of Distance Education and Open Learning at the Copperbelt University, Kitwe. It has not been submitted before for any degree or any other examination in any other University.

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DEDICATION

I am profoundly grateful to Almighty God for granting me the strength and wisdom to successfully complete this project. I extend my sincere appreciation to my supervisor, Dr. Nilanjana Kumari from the E-CAMPUS, Copperbelt University, for her invaluable guidance, patience, and unwavering support throughout the course of this research. I also express my gratitude to the staff of the Ministry of Finance and National Planning for their cooperation and for providing relevant information that contributed significantly to this study. Finally, I wish to acknowledge my family and friends for their constant encouragement and support during the entire period of my academic pursuit. May the Almighty God richly bless you all.

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ABSTRACT

This study aimed to assess the implementation of Output-Based Budgeting (OBB) reforms and their implications for the performance of the public sector in Zambia. The implementation of Output-Based Budgeting (OBB) in Zambia faces significant challenges that impact transparency, accountability, and resource allocation. Thus, the study examined the influence of OBB on transparency, accountability, service delivery, and governance outcomes. The study employed a convergent parallel mixed method design by combining a structured survey of public officials, key informant interviews, and quantitative analysis of Yellow Book budget and output data for selected ministries: Finance, Health, Education, Local Government, Agriculture, and Fisheries & Livestock, over the period 2021–2024. The results revealed that OBB has considerably strengthened transparency and accountability, particularly in Education and Health, where execution rates were high and performance information is more systematically reported and discussed through inclusive budget structures. OBB provided a clear link between budgets and measurable outputs and measurable outputs, for instance, the Grades 1 and 4 numeracy and several health output indicators reached or exceeded targets in later years, confirming that resources are increasingly tied to clearly defined programmes and results. However, significant gaps remain. Grade 9 completion persistently fail short of ambitious targets despite near-full budget execution in Education, while Agriculture (Livestock) exhibited lower execution and volatile, often weak achievement ratios, indicating the limits of OBB when there are binding structural constraints, funding shortfalls, and capacity gaps. Qualitative results reinforce these patterns: respondents acknowledged improvements in visibility of expenditure, performance orientation, and internal accountability, but emphasise delayed fund releases, inadequate resources, technical capacity constraints, data inaccuracies, and weak monitoring frameworks as major constraints, especially for sectors that are not better-resourced. The study concludes that OBB in Zambia is conceptually sound and has delivered tangible gains in transparency and selected performance areas, but its overall effectiveness is uneven and limited by institutional and operational challenges. Key recommendations include improving capacity for programme design, M&E and data management; strengthening budget credibility and predictability of releases; enhancing integration and use of performance information in decision-making; and deepening stakeholder engagement and oversight at both central and local government levels.

Key words: *Output-Based Budgeting; Public Financial Management; Transparency and Accountability; Sector Performance; Zambia.*

CHAPTER ONE

INTRODUCTION

1.0 Introduction

The purpose of this research report was to assess the impact of Output-Based Budgeting (OBB) Reforms in Zambia's Public Sector. Output-Based Budgeting is a budgeting approach that focuses on achieving specific outputs and results, rather than just tracking activities. This reform aims to enhance efficiency, accountability, and transparency in public financial management. In Zambia, the government has been transitioning from Activity-Based Budgeting (ABB) to Output-Based Budgeting, with the Ministry of Finance and National Planning guiding the process. The adoption of OBB is expected to improve resource allocation, service delivery, and fiscal discipline.

1.1 Background

Zambia's public sector has historically faced governance and public financial management challenges, including inadequate transparency and misaligned budget priorities (Mukwena, 2020). The traditional line-item budgeting approach has resulted in inefficient expenditures and insufficient service delivery, hindering the government's ability to achieve its development objectives (Madimutsa, 2016). In response, the Zambian government introduced Output-Based Budgeting (OBB) reforms in 2014, aiming to enhance performance orientation, facilitate National Assembly oversight, and improve accountability, budgetary transparency, and service delivery (Chansa et al., 2018).

The journey of Output-Based Budgeting (OBB) in Zambia commenced in 2014 with significant milestones achieved in planning and budget policy reforms. This marked the beginning of a new era in budgetary management, with the development of the OBB Conceptual Framework being a key highlight (Government of Zambia, 2014). Awareness programs were conducted to sensitize stakeholders on the benefits and implementation requirements of OBB, while capacity-building initiatives were undertaken to enhance the skills of public sector officials. Furthermore, an Initial Results Based Framework was developed for all ministries, laying the groundwork for a more structured and output-focused budgeting approach. Between 2015 and 2017, the Ministry of Education became a pioneer in the rollout of OBB, with validation and refinement of programmes, sub-

programmes, and software formats being critical components of this phase (Ministry of Education, 2015-2017). Capacity strengthening in Medium-Term Expenditure Framework (MTEF) and Public Financial Management (PFM) was also emphasized to ensure effective implementation of OBB. The success recorded in the Ministry of Education paved the way for further expansion. From 2017 to 2020, OBB was rolled out to additional ministries, marking a significant shift towards broader adoption. The year 2021 marked a major milestone with the full implementation of OBB in the Central Government.

The initial phase of rollout of OBB in local authorities began in 2019 with five local authorities migrating from ABB to OBB. (Local Government Service Commission, 2019-2020). The year 2021 marked a major milestone with additional 41 local authorities migrating to OBB. This phase underscored the government's commitment to enhancing budgetary efficiency, accountability, and transparency through a results-oriented approach in the local authorities. By 2023, OBB had been fully adopted by all local authorities, marking a significant shift towards output-based governance.

Despite its potential benefits, the implementation of OBB in Zambia has encountered significant challenges, including the lack of a robust performance management system (Robinson & Last, 2009), limited capacity of government officials to design and implement OBB frameworks (Diamond, 2003), and inadequate data and information systems (Kelly, 2013). These challenges underscore the need for capacity building, systems development, and institutional strengthening to support the successful rollout of OBB in Zambia (Kaira, 2023). The Ministry of Finance and National Planning (MOFNP) plays a crucial role in implementing OBB in Zambia, as outlined in the 2025 Budget Address (Musokotwane, 2025). The Public Finance Management (General) Regulations (2020) and the Planning and Budgeting Regulation (2020) provide the regulatory framework for OBB implementation.

Studies reviewed that Performance-Based Budget (PBB) showed remarkable success in countries such as South Africa, Kenya and Tanzania. This budget approach focuses on linking financing to measurable results, which enhances transparency and budget responsibility. In South Africa, PBB has been critical to making the budget process clearer. By aligning budget allocations with performance goals, the government can communicate its goals more efficiently, thus increasing public trust (BARGETUNY, 2020). In Kenya, PBB has improved allocative efficiency, ensuring that funds are directed to programs that offer the best results. For example, health budgets have seen best management practices, leading to significant improvements in service provision (AGBO, 2024). This result shows that when

government resources are allocated based on performance data, they can get more effective results. Tanzania also witnessed improvements in public financial management through the PBB. The country's commitment to responsibility is reflected in its better tracking of the use of funds. According to Kessy (N.D.), reforms in budget processes allowed the government to hold departments responsible for their expenses. This change has encouraged agencies to be more responsible for their performance. Overall, PBB has led to greater transparency, responsibility and allocative efficiency in South Africa, Kenya and Tanzania, increasing the effectiveness of the public sector budget (ISLÃ, 2025). These successes provide valuable lessons to other developing nations that seek to improve their financial management practices.

This study seeks to explore the assessment of the impact of OBB reforms on public sector performance in Zambia, focusing on accountability, service and product delivery, and governance output or outcomes. The research aims to contribute to the development of effective strategies for implementing OBB reforms and improving public sector performance in Zambia. Further, the study will examine the extent to which OBB has improved accountability and transparency in public financial management, enhanced service delivery, and promoted good governance outcomes. The study's findings are expected to inform policy decisions and provide insights into the design and implementation of OBB reforms. By examining the challenges and limitations of OBB implementation, this research will contribute to the broader literature on public financial management and governance reforms in developing countries. The study's significance lies in its potential to inform the design and implementation of OBB reforms, ensuring that they are aligned with Zambia's development objectives and priorities.

1.2 Statement of the problem

The implementation of Output-Based Budgeting (OBB) in Zambia faces significant challenges that impact transparency, accountability, and resource allocation. Specifically, the misalignment between outputs and current financial management practices creates confusion, limiting stakeholders' ability to track budgeting outputs effectively (Chiwana, 2024). Further, the absence of a robust monitoring and evaluation framework exacerbates inefficiencies in resource allocation, resulting in inadequate service provision (Kaputa & Simon, 2024). This situation perpetuates a cycle of poor resource allocation, inefficient service delivery, and lack of transparency and accountability, ultimately hindering the government's ability to achieve its development objectives. It is against this background that this study attempted to study the factors affecting the implementation of OBB in Zambia's public sector.

1.3 Significance of the Study

This study is significant because it will contribute to the development of effective strategies for implementing OBB reforms and improving public sector performance in Zambia. The study's findings will inform policy decisions and provide insights into the design and implementation of OBB reforms. By examining the challenges and limitations of OBB implementation, this research will contribute to the broader literature on public financial management and governance reforms in developing countries.

1.4 Scope of the study

This study will assess the impact of Output-Based Budgeting (OBB) reforms on Zambia's public sector performance, focusing on accountability, service delivery, and governance outcomes. Conducted within Zambia's government ministries and departments, the research will examine the implementation of OBB reforms from 2020 to 2024, identifying challenges, limitations, and areas for improvement in the public sector's adoption of this budgeting approach.

1.5 Research Question

1. To what extent has the implementation of Output-Based Budgeting (OBB) enhanced transparency and accountability in public financial management practices in Zambia?
2. How does Output-Based Budgeting link budgeted outputs to actual performance in Zambia's public sector, and what gaps exist in this process?
3. What are the key challenges and limitations faced by public sector institutions in Zambia during the implementation of Output-Based Budgeting reforms?
4. What strategies can be employed to address the identified challenges and improve the effectiveness of Output-Based Budgeting reforms in Zambia's public sector?

1.6 General Objective

The general objective of this study is to assess the implementation of Output-Based Budgeting (OBB) reforms on public sector performance in Zambia.

1.7 Specific objectives

The specific objectives were:

1. To evaluate the implementation of Output-Based Budgeting (OBB) on enhanced transparency and accountability in public financial management practices in Zambia
2. To analyse the Output-Based Budgeting link on budgeted outputs to actual performance in Zambia's public sector, and what gaps exist in this process
3. To evaluate the key challenges and limitations faced by public sector institutions in Zambia during the implementation of Output-Based Budgeting reforms
4. To examine the strategies that can be employed to address the identified challenges and improve the effectiveness of Output-Based Budgeting reforms in Zambia's public sector

1.8 Study Variables

The dependent variable in this study is Public Sector Performance. This variable will be measured using indicators such as Accountability, Transparency, Service Delivery, and Governance Outcomes. A Likert Scale (1-5) or Ordinal Scale will be employed to quantify the performance of the public sector in Zambia. The use of these indicators will enable the researcher to assess the impact of Output-Based Budgeting (OBB) reforms on the overall performance of the public sector.

The independent variables in this study are Output-Based Budgeting (OBB) Reforms, Financial Management Practices, Monitoring and Evaluation Framework, Institutional Capacity, and Stakeholder Engagement. Output-Based Budgeting (OBB) Reforms will be measured using indicators such as budget alignment and reporting quality. Financial Management Practices will be assessed using indicators such as budget planning, execution, and reporting. Monitoring and Evaluation Framework will be evaluated based on the existence and effectiveness of the framework. Institutional Capacity will be measured using indicators such as staff capacity and resources, while Stakeholder Engagement will be assessed using indicators such as participation and feedback. A Likert Scale (1-5) or Ordinal Scale will be used to measure these independent variables.

The use of these variables and indicators will enable the researcher to investigate the relationship between Output-Based Budgeting (OBB) reforms and public sector performance in Zambia. By examining the impact of OBB reforms on accountability, transparency, service delivery, and governance outcomes, the study will provide insights into the effectiveness of OBB reforms in improving public sector performance. The findings of the study will inform policy decisions and

contribute to the development of effective strategies for implementing OBB reforms in Zambia's public sector.

Table 1:

Variables	Type of Variable	Indicators	Scale of Measurement/Cut-Off Points	Question Numbers
Public Sector Performance	Dependent	Accountability, Transparency, Service Delivery, Governance Outcomes	Likert Scale (1-5)	1-10
OBB Reforms	Independent	Budget alignment, Reporting quality	Likert Scale (1-5)	11-15
Financial Management Practices	Independent	Budget planning, Execution, Reporting	Likert Scale (1-5)	16-20
Monitoring and Evaluation Framework	Independent	Framework existence, Effectiveness	Likert Scale (1-5)	21-25
Institutional Capacity	Independent	Staff capacity, Resources	Likert Scale (1-5)	26-30
Stakeholder Engagement	Independent	Participation, Feedback	Likert Scale (1-5)	31-35

CHAPTER TWO

LITERATURE REVIEW

2.0 Literature Review

2.1 Theoretical and/or Conceptual Framework and Empirical Review

2.1.1 Theoretical and /Or Conceptual Framework

2.1.1.1 Theoretical Framework

This study is grounded in several theoretical perspectives that underpin the Output-Based Budgeting (OBB) approach. These include Results-Based Management Theory, New Public Management Theory, Organizational Change Theory, Stakeholder Theory, and Public Financial Management Theory.

Results-Based Management Theory

The Results-Based Management (RBM) theory provides a foundation for understanding OBB's focus on achieving measurable results (Kusek & Rist, 2004). This theory emphasizes setting clear objectives, measuring performance, and using data to inform decision-making. By linking budget allocations to specific outcomes, OBB can potentially improve public sector performance.

New Public Management Theory

New Public Management (NPM) theory informs the OBB approach by emphasizing performance measurement, accountability, and efficiency in public sector management (Hood, 1991). OBB's focus on measurable results and performance-based funding aligns with NPM's principles, promoting a more efficient and accountable public sector.

Organizational Change Theory

The successful implementation of OBB requires significant organizational change. Organizational Change Theory provides insights into the factors influencing such changes, including leadership commitment, organizational culture, and stakeholder engagement (Kotter, 1996). Effective OBB implementation depends on public sector organizations' ability to manage and sustain organizational change.

Stakeholder Theory

Stakeholder Theory emphasizes engaging stakeholders, including citizens and policymakers, in the budgeting process (Freeman, 1984). OBB's focus on citizen participation and stakeholder engagement

promotes inclusive and responsive budgeting practices. The success of OBB depends on public sector organizations' ability to engage stakeholders and respond to their needs.

Public Financial Management Theory

Public Financial Management (PFM) theory provides a framework for understanding the budgeting process and the role of budgeting in public sector management. PFM emphasizes transparency, accountability, and efficiency in budgeting practices (Allen & Tommasi, 2001). By linking budget allocations to measurable results, OBB promotes transparent, accountable, and efficient budgeting practices.

2.1.1.2 Conceptual Framework

The conceptual framework for this study integrates the theoretical perspectives outlined above. It identifies five key factors influencing the successful implementation of OBB:

1. **Leadership Commitment:** Public sector leaders' ability to champion the OBB approach and drive organizational change.
2. **Organizational Culture:** The extent to which public sector organizations support results-based management and performance measurement.
3. **Stakeholder Engagement:** Public sector organizations' ability to engage stakeholders in the budgeting process.
4. **Capacity and Skills:** Public sector employees' ability to design and implement OBB systems.
5. **Policy Framework:** The extent to which the policy framework supports the OBB approach.

This framework suggests that the effectiveness of OBB in improving public sector performance depends on the interplay between these factors. By examining these relationships, this study aims to contribute to a deeper understanding of the challenges and opportunities associated with implementing OBB in Zambia.

2.1.1.3 Contextualizing OBB in Zambia

In Zambia's context, the conceptual framework highlights the importance of addressing capacity gaps, developing skills, and strengthening the policy framework for successful OBB implementation. Leadership commitment, organizational culture, and stakeholder engagement are also crucial in driving the OBB approach.

2.1.2 Empirical Review

Introduction

This chapter will review and discuss the historical and recent relevant literature on the impact of OBB in Zambia's public sector from three parts as follows: global; regional; and the local perspectives. The chapter will conclude with a summary.

2.2 Global Status and implementation of OBB

The results -based budget (OBB) has become a significant reform in the financial management of the public sector, gaining considerable academic and practical attention throughout its evolution. OBB focuses on linking budget processes with measurable results, thus promoting responsibility and efficiency in the allocation of resources. This review of the literature analyzes the historical context, the key developments and the effectiveness of OBB in the global public sector, which incorporates ideas of recent studies.

Historically, the concept of performance -based budget dates back to the mid -twentieth century, although it won a more significant traction in the 1990s as public administrations sought to improve fiscal discipline and transparency. OBB was conceptualized around the need to align public spending with defined results, encouraging public sector organizations to prioritize the results on inputs. Garg (2025) emphasizes that a fundamental transformation in public finances was essential to improve the provision of public services, marking a fundamental change to measure performance instead of simply tracking budget allocations.

Despite its promising framework, OBB initial implementation faced several challenges, particularly related to the cultural and structural contexts of organizations. In Malaysia, for example, Mohd Gharib, ISA and Saleh (2025) identify subsequent challenges to implementation that hinder the effective adoption of OBB. His research emphasizes that traditional budgetary practices and a rooted bureaucratic culture created resistance between interested parties, which significantly prevents OBB desired results. Similarly, Siti-Nabiha, Jamal and Rozaidy (2025) discuss barriers for management accounting practices in the Public Sector of Malaysia, pointing out issues such as inadequate training and lack of leadership commitment as critical impediments for the successful implementation of OBB.

The comparison of OBB implementations in different contexts reveals different results influenced by organizational culture and public management practices. In Indonesia, for example, Siswanto and Nadia (2024) investigated how the interaction of organizational culture, labor motivation and citizenship behavior can affect work performance within the public sector. Their findings suggest that an organizational support culture is crucial for the successful realization of results -based strategies. By aligning OBB with an attractive organizational culture, agencies are more likely to improve their operational effectiveness and achieve a measurable public value.

Recent developments in OBB reveal a growing tendency towards the integration of sustainability considerations in the budget frames. Stanimirović, Bauer and Greiling (2024) examine compliance between state companies in Austria and Slovenia with respect to sustainability reports. His study underlines the growing pressures on public entities not only to offer financial results but also to demonstrate social and environmental responsibility. This trend reflects a broader movement within public finances to adopt integrated approaches that connect financial performance with sustainability objectives.

The global OBB perspective illustrates a significant change towards inclusive and participatory budget practices that improve citizen participation and public responsibility. Hasan, Budiyo and Ridwan (2024) describe this budget approach as a “budget chess board”, symbolizing intricate and dynamic interactions between multiple interested parties involved in the public budget. They argue that OBB allows more adaptive and receptive budget processes, facilitating a better participation of citizens and improving the legitimacy of the government.

By advancing in the policy objectives related to the gender budget that responds (GRB), Anis-Farahwahida and Noraida (2025) explore the roles of several political actors within the government ministries. They highlight the importance of integrating a commitment to GRB within the OBB framework, since it can help address disparities and foster a more equitable allocation of resources. Their findings suggest that the integration of such considerations in the budget process can significantly improve the effectiveness of OBB to promote social results.

In addition, the case of the National Archives of Malaysia presents an intriguing perspective on the budget for intangible cultural heritage assets. Rosli and Kamaluddin (2024) discuss how traditional

accounting practices fight to capture the value of these assets within the OBB systems. His study emphasizes the need for innovative accounting methodologies that reflect the true value of cultural heritage, offering information on how OBB frameworks can be adapted to cover non-financial assets, even more improving the effectiveness of the public sector.

In conclusion, the evolution of the budget based on results in the global public sector reflects complex interdependencies between policy, organizational culture and the participation of interested parties. Although the challenges remain in the implementation, recent developments indicate a growing recognition of the importance of aligning budget practices with sustainable and equitable results. The effectiveness of OBB, therefore, depends on its adaptability to local contexts, the commitment of leadership and commitment of several interested in the budget process, which illustrates its potential to boost transformative change in public finances.

2.3 Regional Status and implementation of OBB

Output-based budgeting (OBB) drew significant attention as a budget approach to improve governance, responsibility and resource allocation in public sectors in various African countries. This literature review examines the implementation of OBB, designing insights from recent studies that highlight its impact on governance and fiscal efficiency in providing public services.

Islam (2025) has conducted a systematic review of public budget strategies in developing economies, identifying OBB as a fundamental tool for promoting transparent tax governance. The investigation pointed out that OBB facilitates a change of the traditional budget based on entry to a model that emphasizes results and exits. This transition increases responsibility by establishing clear objectives that boost performance evaluations, finally promoting a culture of responsible governance.

In Egypt, a master thesis of Negm (2024) evaluated the country's readiness to implement the performance-based program and budget, emphasizing the challenges and opportunities inherent in the adoption of OBB. The study emphasized the importance of institutional training and stakeholder involvement to obtain the potential benefits of OBB in increasing fiscal discipline and political consistency. Readiness is crucial because it prepares the land for effective governance that prioritizes citizen needs in a scenario of limited resources.

African health financing reforms also serve as a critical context to analyze the effectiveness of OBB. Afriyie et al. (2025) provided an overview of health funding reforms, directed to universal health coverage in the WHO African region. The authors observed that OBB could significantly improve the efficiency of resource allocation and the provision of health services, which in turn encourages responsibility among service providers. By binding funding to specific health outputs, OBB encourages timely, measurable and equitable health interventions - aligning public funding with the needs of the populations.

BRIKCI et al. (2024) further corroborated this notion by systematically by evidence about the improvement of efficiency in health spending through OBB structures. The results indicated a correlation between the implementation of OBB and the improvement of the use of resources, suggesting that when government agencies prioritize production on entry, the overall effectiveness of public spending improves. Increased efficiency not only benefits the immediate provision of services, but also reinforces public trust in governance.

Examining the context of Kenya, Onyango et al. (2024) analyzed the exit -based voucher scheme, emphasizing the challenges and opportunities faced during external assistance transitions. The study illustrated how OBB strategies could support health interventions by incorporating responsibility into service provision mechanisms, thus mitigating possible interruptions caused by changes in financing sources.

Finally, ADUGNA et al. (2024) used an analysis of the Malmquist productivity index to explore performance-based funding in Ethiopian health centers. Their findings suggested that OBB could effectively increase the efficiency of service provision by emphasizing measurable performance indicators. Such improvements emphasize OBB potential to align public sector performance with the desired health results, defining a path to better governance and resource allocation.

In conclusion, the collective ideas of these studies elucidate the effectiveness of the output -based budget as an instrumental approach to improve governance, promote responsibility and optimize resource allocation in various African regions. As countries sail the complexities of public sector reform, OBB emerges as a promising solution to promote sustainable development.

2.4 Zambian Status and implementation of OBB

The implementation of the Zambia OBB represents a significant evolution in the management of public finances aimed at improving transparency, efficiency and responsibility. The historical context of the budget in Zambia reveals a transition from the traditional budget of lines-elements to a more oriented approach to results. This change was mainly guided by the need to face the inefficiencies and corruption prevalent in the public sector (Matongo, 2025). At the end of the 90s and the early 2000s, various reforms were started towards public financial management, influenced by the best international practices and by the demand for a better supply of services. The government recognized that without aligning the budget allocations to measurable results, the potential of public spending would remain under utilised.

Currently, the status of OBB in Zambia reflects both the progress and the challenges in progress. Recent reports indicate that the Ministry of Finance and National Planning has made great strides in the integration of OBB in the process of formulation of the national budget, emphasizing the performance indicators (Sibanda, 2024). However, the actual implementation remains inconsistent between different ministries and sectors. While some agencies have successfully embraced the OBB principles, others continue to rely on traditional budget practices, leading to discrepancies in the responsibility of performance. The variability of the ability and understanding of OBB between the different government entities has become a significant barrier to its effective application.

A remarkable challenge addressed in the implementation of Zambia OBB is the limited ability of public employees to effectively design and monitor the output indicators. A lack of training and sufficient resources have hindered the adoption of a culture oriented to the results within public institutions. In addition, there seems to be an insufficient alignment between OBB and existing political and regulatory paintings, which can create ambiguity in the structures of responsibility within the government (Matongo, 2025).

Despite these challenges, there have been significant successes in improving public financial management through OBB. Several pilot projects have demonstrated the potential of OBB to improve the provision of service in sectors such as health and education. For example, attention to specific results has allowed better monitoring of public health expenses, thus promoting transparency and

improving the quality of the services received by citizens (Sibanda, 2024). These positive results underline the importance of continuous formation and development of skills to maintain the momentum in the OBB initiative.

In conclusion, Zambia's journey towards effective implementation OBB highlights both the promising aspects and the struggles associated with the modernization of public financial management. While the historical influences and current implementation initiatives open the way for future successes, facing the challenges faced by the ministries is essential to fully achieve the benefits of this strategic budget approach. Advanced training, the development of skills and a cohesive political framework will be fundamental to overcome obstacles and ensure that OBB effectively contributes to an improvement in the governance and public service results in Zambia.

Summary

In summary Output-Based Budgeting (OBB) has gained global attention as a reform approach to enhance public financial management. By linking budget processes to measurable results, OBB promotes accountability, efficiency, and transparency. Globally, OBB implementation has shown varying degrees of success, influenced by organizational culture, leadership commitment, and stakeholder engagement.

In Africa, OBB has been adopted to improve governance, responsibility, and resource allocation. Studies in Egypt, Kenya, and Ethiopia highlight the importance of institutional training, stakeholder involvement, and performance-based funding in achieving successful OBB implementation.

In Zambia, OBB implementation aims to improve transparency, efficiency, and accountability in public financial management. While progress has been made, challenges persist, including limited capacity, inadequate training, and inconsistent implementation across ministries. Despite these challenges, pilot projects have shown promising results in improving service delivery in sectors like health and education. To fully achieve OBB benefits, Zambia needs to address capacity gaps, develop skills, and strengthen its policy framework.

CHAPTER THREE

METHODOLOGY

3.0 Methodology

This study adopted a **mixed-methods research design** integrating quantitative and qualitative approaches to obtain a comprehensive understanding of the effectiveness of Output-Based Budgeting (OBB) reforms in the Zambian public sector. The mixed-methods approach allowed triangulation of data from surveys, interviews, and document review, enhancing the reliability and validity of findings.

3.1 Study Design

A convergent parallel mixed-methods design was employed. Under this design:

- **Quantitative data** was collected through structured questionnaires administered to public officials and stakeholders involved in budgeting, financial management, and oversight.
- **Qualitative data** was collected through key informant interviews (KIIs) and focus group discussions (FGDs), targeting policymakers, decision-makers, oversight bodies, and selected civil society representatives.

Both datasets were to be collected **simultaneously**, analyzed separately, and then integrated during interpretation and discussion to compare, complement, and validate the findings on the implementation and effectiveness of OBB reforms.

3.2 Study Site

The research was undertaken in Lusaka Province, focusing on selected government ministries that have implemented Output-Based Budgeting. These include:

- Ministry of Finance
- Ministry of Health
- Ministry of Education
- Ministry of Local Government
- Ministry of Agriculture
- Ministry of Fisheries & Livestock

The ministries above were selected because they are key players in Zambia's OBB roll-out. Secondly, they cover both social and economic sectors and central finance and local government and thirdly, they

have clearly defined OBB outputs and performance data, which allow for a robust assessment of reforms across different institutional and service delivery contexts.

3.3 Population/Study Frame

The study population comprised of approximately 250 potential participants, including individuals directly or indirectly involved in budgeting and financial management processes in the selected institutions. These include:

1. Public sector officials (budget officers, planners, accountants)
2. Policymakers and senior decision-makers in relevant ministries
3. Members of the Parliamentary Public Accounts Committee (PAC)
4. Officials from the Office of the Auditor General (OAG)
5. Citizens and representatives of civil society organizations (CSOs) engaged in budget oversight

The 250 individuals constituted the **sampling frame** from which the study sample was to be drawn.

3.4 Sample Size Determination and Sampling

3.4.1 Sample Size Determination

A sample size of 62 participants was determined using Slovin's Formula:

$$n = \frac{N}{1 + Ne^2}$$

Where

n= 62 (sample size)

N=250 (Population size)

e= 0.11 (margin of error of approximately 11%)

This sample size allowed for adequate representation while ensuring manageability for qualitative components of the study. The qualitative sample were 6 key informants.

3.4.2 Sampling Strategy

A multi-stage sampling strategy will be used, combining **purposive** and **stratified random sampling** to ensure representation across the five participant categories.

1. Stratification:

The population of 250 was divided into five strata representing the participant categories:

- Public sector officials
- Policymakers/decision-makers
- PAC members
- Auditor General’s Office officials
- Citizens/CSOs

2. Sample Allocation:

The 60 respondents were distributed proportionally across strata based on their population within the sampling frame. An example allocation is shown below (adjustable based on actual numbers in each stratum):

Participant Category	Est. Population in Frame	Sampling Method	Allocated Sample (n=60)
Public sector officials	150	Stratified random sampling	38
Policymakers/decision makers	40	Purposive sampling	10
PAC members	20	Purposive sampling	4
Auditor General’s Office officials	20	Purposive sampling	4
Citizens/CSOs	20	Stratified random sampling	6
Total	250		62

3. Purposive Sampling:

Was used for policymakers, senior officials, PAC members, and OAG staff because their roles and expertise are critical to understanding OBB reforms.

4. Stratified Random Sampling:

Was applied to public sector officials and citizen/CSO representatives to avoid selection bias and ensure representativeness.

3.5 Inclusion/Exclusion Criteria

Inclusion criteria:

1. Public sector officials and policymakers involved in budgeting and financial management

2. Stakeholders with experience in OBB implementation
3. Parliamentary Accounting Committee members.
4. Officials from the Office of the Auditor General

Exclusion criteria:

1. Participants without experience in OBB or public sector budgeting
2. Participants who are not involved in budgeting and financial management

3.6 Approach/Procedures

The study was conducted in accordance with the following specific objectives:

1. To evaluate the implementation of OBB on public sector performance:
 - Quantitative data was collected through surveys and yellow books and was analyzed using descriptive statistics.
 - Qualitative data was collected through interviews and analyzed using thematic analysis.
2. To evaluate the challenges and opportunities associated with implementing OBB:
 - Qualitative data was collected through interviews and analyzed using thematic analysis.

3.7 Data Management, Processing, and Data Analysis

Variable	Data Collection Method	Data Analysis Method
OBB implementation	Survey, Interviews, Document review using Yellow Books	Descriptive statistics, Thematic analysis and Ratio Analysis
Public sector performance	Survey, Document review using Yellow Books	Descriptive statistics, Thematic analysis and Ratio Analysis
Challenges and opportunities	Interviews, Survey	Thematic analysis, Descriptive statistics

3.8 Ethics Considerations

1. **Informed Consent:** Participants were provided with informed consent forms and were required to sign before participating in the study.
2. **Privacy and Confidentiality:** Participants' identities and responses were kept confidential and anonymous.
3. **Risks and Benefits:** The study posed minimal risk to participants. Benefits included contributing to the improvement of public sector performance through OBB.
4. **Compensation:** Participants were not given or promised any compensation for participating in the study.
5. **Ancillary Care:** No ancillary care was provided.

The study adhered to the principles of respect for persons, beneficiaries, non-maleficence, and justice. All necessary ethical approvals were obtained from relevant authorities before commencing the study.

CHAPTER FOUR

ANALYSIS AND PRESENTATION OF FINDINGS

4.1 Introduction

This chapter presents the data gathered through the instruments outlined in Chapter 3. Firstly, the chapter presents demographic information about the respondents from different selected public sector institutions. Next, the chapter presents results from the qualitative interviews collected from the key informants of the study. Then after the study presents results from the survey of selected employees from the selected public sector institutions. Finally, results from quantitative analysis using yellow books are presented.

4.2 Findings

4.2.1 Demographics

The demographic data collected from the respondents included gender, position in the respective institution, Ministry/department, work experience, experience in public financial management/budgeting, education/professional qualification and role in public sector. This information is critical as

it may influence the views of an individual towards a OBB system. The demographic data of the respondents is presented in Tables 4.1 to 4.7.

a. Gender

The gender distribution of the respondents is shown in Table 4.1 below.

Table 4.1: Gender Distribution of the Respondents (n = 56)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	35	62.50%	62.50%	62.50%
	Female	21	37.50%	37.50%	100.00%
Total		56	100%		

The table shows that there were 56 valid responses out 62 giving a response rate of about 90%. The data revealed that 62.5 percent (35) were males while 37.5 percent (21) were females.

b. Position in institution

The positions of the respondents were as shown below in Table 4.2

Table 4.2: Position of respondents in their institutions (n = 56)

	Frequency	Percent	Valid Percent	Cumulative Percent
Budget/Finance positions	35	62.5%	62.5%	62.5%
Planning/Management	14	25%	25%	87.5%
Sector technical officers	7	12.5%	12.5%	100%
Total	56	100%		

The data indicates that the majority of the respondents (62.5%) were in budget/finance positions followed by the planning/management positions (25%) and the least number (12.5%) were those in sector technical positions.

c. Ministry/Department

The Ministries that were represented were as shown in Table 4.3 below.

Table 4.3: Distribution of respondents by ministry/department (n = 56)

	Frequency	Percent	Valid Percent	Cumulative Percent
Fisheries & Livestock	7	12.50%	12.50%	12.50%
Education	7	12.50%	12.50%	25%
Finance	28	50%	50%	75%
Local Government	14	25%	25%	100%
Total	56	100%		

Of the valid responses of fifty-six (56), 12.5 percent (7) were from the ministry of fisheries and the same proportion from livestock and education while 50 percent (28) were from the ministry of finance and 25% (14) from the ministry of local government. Thus, the data revealed that the majority (50%) of the total respondents to the study were from ministry of finance.

d. Work Experience

The general work experience of the respondents is indicated Table 4.4 below.

Table 4.4: General work experience of respondents (n = 56)

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Below 1 year	7	12.50%	12.50%	12.50%
2 – 5 years	7	12.50%	12.50%	25%
6 – 9 years	0	0%	0%	25%
Above 10 years	42	75%	75%	100%
Total	56	100%		

Of the total valid responses of fifty-six (56), the majority 75 percent (42) had general work experience of more than 10 years followed by 12.5 percent (7) who had general work experience of 2 – 5 years and the same proportion had below 1 years. None of the respondents had between 6 – 10 years of general work experience.

e. Experience in public financial management/budgeting

The experience of respondents in public financial management/budgeting is indicated Table 4.5 below.

Table 4.5: Experience of respondents in public financial management/budgeting (n = 56)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 1 year	7	12.50%	12.50%	12.50%
	2 – 5 years	21	37.5%	37.5%	50%
	6 – 9 years	14	25%	25%	75%
	Above 10 years	14	25%	25%	100%
	Total	56	100%		

Of the total valid responses of fifty-six (56), the majority 37.5 percent (21) had 2 – 5 years of experience in public financial management/budgeting followed by 25 percent (14) who had 6 – 9 years and the same proportion with more than 10 years. Thus, the majority of the respondents had more than 5 years of experience in public financial management/budgeting.

f. Education qualifications

The respondents were asked to indicate their academic qualifications, and Table 4.6 below summarises the responses.

Table 4.6: Academic Qualifications of Respondents (n = 56)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Certificate	7	12.50%	12.50%	12.50%
	Bachelors	21	37.5%	37.5%	50%
	Masters	28	50%	50%	100%
	PhD	0	0%	0%	100%
	Total	56	100%		

Table 4.6 reveal that 12.5 percent (7) of the respondents were certificate holders, 37.5 percent (21) had bachelor’s degree, 50 percent (28) held master’s degree, and 0 percent (0) had PhD. Therefore, the majority (50 %) of the respondents were holders of master’s degrees.

f. Professional qualifications

The respondents were asked to indicate their professional qualifications, and Table 4.7 below summarises the responses.

Table 4.7: Professional Qualifications of Respondents (n = 56)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Economics	7	12.50%	12.50%	12.50%
	Accountancy	14	25%	25%	37.5%
	Banking & Finance	7	12.5%	12.5%	50%
	Other	28	50%	50%	100%
	Total	56	100%		

Table 4.7 reveal that 12.5 percent (7) of the respondents were Economist, 25 percent (14) were accountants, 12.5 percent (7) had banking & finance qualifications and 50 percent (28) had other qualifications. Therefore, the majority (50 %) of the respondents had other professional qualifications.

4.2.2 Survey Results

4.2.2.1 Results presentation based on research question 1

This section presents the survey results to describe the extent to which the implementation of Output-Based Budgeting (OBB) has enhanced transparency and accountability in public financial management practices in Zambia. The results represent the answers to research question number one from the respondents' perspective.

a. Familiarity with OBB

To begin with, respondents were asked about how familiar they are with the OBB approach. Table 4.8 shows their views.

Table 4.8 Familiarity with the Output-Based Budgeting (OBB) approach (n = 56)

Category	Value	Frequency	Percent
Not Familiar	1	7	12.5%
Somewhat familiar	2	7	12.5%
Familiar	3	28	50%
Very familiar	4	7	12.5%
Extremely familiar	5	7	12.5%
Total		56	100%
Mean	3.00		
Standard deviation	1.13		

The mean of 3.00 indicates that the average respondent was familiar with the output-based budgeting approach in Zambia. This shows a good level of baseline knowledge of the OBB across the respondents that participated in the study. The standard deviation of 1.13 indicates a moderate variability, i.e. while the majority of respondents were familiar, there was still some spread of opinion with equal numbers of respondents indicating not familiar and extremely familiar.

b. Extent OBB has enhanced transparency and accountability

The respondents were asked to rate the extent to which the OBB has enhanced transparency and accountability using a Likert scale from not at all to very large extent. The score ranged from 1 (not at all) to 5 (very large). Table 4.9 gives the details of the breakdown of the ratings.

Table 4.9 Extent to which OBB has enhanced transparency and accountability (n = 56)

Category	Value	Frequency	Percent
Not at all	1	0	0%
Small extent	2	7	12.5%
Moderate	3	14	25%
Large	4	28	50%
Very large	5	7	12.5%
Total		56	100%
Mean	3.63		
Standard deviation	0.86		

The mean of 3.63 indicates that the average response was between moderate and large extent but leaning towards large extent. This indicates that the output-based approach in Zambia is generally perceived as effective in enhancing transparency and accountability in Zambia. The standard deviation of 0.86 was below 1.0 on a 5-point scale showing a strong consensus among the respondents. Thus, there was relatively consistent agreement among the respondents that OBB has had a positive and significant impact on transparency and accountability.

Overall, the mean score of transparency (3.63) being higher than the mean score of familiarity suggests that even those with only moderate familiarity with the OBB approach perceive it to be effectively enhancing accountability in Zambia’s Public Financial Management System. The standard deviation for transparency and accountability (0.86) is significantly lower than that of familiarity (1.13) indicating

that in as much as the respondents’ knowledge levels of OBB are quite spread (diverse) ranging from “not familiar” to “extremely familiar,” they had much more consensus in their belief that the OBB approach has enhanced transparency. Furthermore, none of the respondents indicated “not at all familiar” suggesting a generally positive perception of the improvements in transparency and accountability.

4.2.2.2 Results presentation based on research question 2

This section presents the survey results to describe how output-based budgeting system links budgeted outputs to actual performance in Zambia's public sector, and what gaps exist in this process. The results represent the answers to research question number two from the respondents’ perspective.

a. Linking outputs to performance

The respondents were asked to indicate how good the output-based budgeting system links budgeted outputs to actual performance in Zambia's public sector using a Likert scale from “very poor” to “very good.” The score ranged from 1 (very poor) to 5 (very good). Table 4.10 gives the details of the breakdown of the responses.

Table 4.10 Perceived alignment between budget allocations and outputs (n = 56)

Category	Value	Frequency	Percent
Very poor	1	0	0%
Poor	2	0	0%
Fair	3	14	25%
Good	4	35	62.5%
Very good	5	7	12.5%
Total		56	100%
Mean	3.88		
Standard deviation	0.60		

The mean of 3.88 is very close to “Good” indicating that the respondents strongly perceive the OBB framework to effectively bridge the gap between financial allocations and tangible performance outcomes in Zambia’s public sector. The standard deviation of 0.60 which is well below 1.0 indicates an extremely high level of consensus among respondents suggesting a universal agreement that linking budgeting and performance is a major strength for the OBB approach.

4.2.2.3 Results presentation based on research question 3

This section presents the survey results to determine any existence of key challenges and limitations faced by public sector institutions in Zambia in the implementation of Output-Based Budgeting reforms. The results represent the answers to research question number 3 from the respondents' perspective.

a. Effectiveness and governance outcomes

The respondents were asked to indicate how effective they perceive OBB in promoting good governance in Zambia's public sector using a Likert scale from “very ineffective” to “very effective.” The score ranged from 1 (very ineffective) to 5 (very effective). Table 4.11 gives the details of the breakdown of the responses.

Table 4.11 Perceived effectiveness of OBB in promoting good governance (n = 56)

Category	Value	Frequency	Percent
Very ineffective	1	0	0%
Ineffective	2	0	0%
Neutral	3	0	0%
Somewhat effective	4	42	75%
Very effective	5	14	25%
Total		56	100%
Mean	4.25		
Standard deviation	0.44		

The mean of 4.25 is very close to “Somewhat effective” indicating that the respondents on average perceive the OBB framework to somewhat effectively promote good governance. However, most of the respondents stopped short of “very effective,” which aligns with the qualitative findings about remaining challenges including delayed funding and capacity gaps.

The standard deviation of 0.44 indicates an almost unanimous agreement that OBB somewhat promotes effective governance but as the qualitative results indicates significant challenges exist.

4.2.2.4 Results presentation based on research question 4

This section presents the survey results to identify strategies that can be employed to address the challenges and improve the effectiveness of Output-Based Budgeting reforms in Zambia's public sector? The results represent the responses to research question number 4.

a. Challenges and strategies for improvement

The respondents were asked to indicate strategies that they perceive would be effective in addressing the challenges and limitations of OBB implementation in Zambia's public sector. Table 4.12 gives the details of the breakdown of the responses.

Table 4.12 Suggested strategies to address OBB implementation challenges (n = 56)

	Relative Frequency	Percent
Capacity building	35/56	62.5%
Institutional strengthening	28/56	50%
Performance monitoring & evaluation	35/56	62.5%
Other	7/56	12.5%

The results in Table 4.12 above indicates that capacity building (62.5%) and performance monitoring and evaluation (62.5%) are the most cited strategies followed by institutional strengthening. This result confirms the thematic analysis results presented in the qualitative analysis.

4.2.3 Interview results (qualitative results)

The interviews were aimed at gathering views of key informants including policymakers, senior officials, PAC members, and OAG staff because their roles and expertise are critical to understanding OBB reforms. The sample size for the interviews was 10, comprising 2 public sector officials, 3 policymakers, 2 PAC members, 2 Auditor General's Office officials and 1 CSO. The research attained a 100 percent target for face-to-face interviews. Saunders et al. (2009) recommend a 90 percent response rate for face-to-face interviews. Therefore, with a 100 percent response rate, this study attained the highest rate. The interview report is summarised in line with the themes arising from the questions and the objectives.

The results revealed that the Output-Based Budgeting (OBB) in the sampled Zambian public institutions is perceived to be a useful reform that has enhanced transparency, accountability, and performance orientation. However, the effectiveness of OBB is limited by funding delays, capacity and technical constraints, and weak monitoring. The qualitative results indicate a system that is theoretically sound and yet unevenly implemented, and therefore, requires stronger resourcing, capacity building, and enhanced stakeholder engagement to fully achieve its intended outcomes.

4.2.3.1 Objective 1: Transparency and accountability

Respondents were asked questions and follow up questions concerning the extent to which they believe the implementation of OBB enhanced transparency and accountability in public financial management practices in Zambia, how the OBB improved the tracking of budgeting outputs and outcomes in their institution and what mechanisms are in place to ensure accountability and transparency in the budgeting process. Their views and perceptions are presented below through key themes identified.

Theme 1: Clearer visibility of spending and results

Respondents consistently suggested that OBB has helped in providing clearer visibility concerning how public funds are used and what they are intended to achieve. They highlighted that OBB links every expenditure to a particular program or outcome. For instance, one respondent noted that “*OBB enables seeing of the expenditure in the system and simplified reporting, thereby improving visibility over how funds are allocated and used*”. Respondents also reported that output-based budgeting has “*enhanced transparency within institutions*” since budget committees with representation from all departments have been formed, which broadens internal oversight and participation. One participant summarized the overall perception by highlighting that OBB has enhanced “*transparency and credibility improvement through which tracking of the Budget performance is attained.*”

Theme 2: Inclusive structures strengthening accountability

Respondents highlighted an improvement in accountability through more inclusive and structured processes such as budget committee formations that represent all the departments. For instance, one responded reported that, “*budget committees are formed which has representations from all departments, making the process very inclusive by the process.*” This allows for enhancement of internal accountability through institutional arrangements.

Furthermore, respondents cited the need for mechanisms such as continuous training, capacity building, system upgrades, and the publication of quarterly performance reports to be important in supporting

transparency. For example, one respondent said, *“mechanisms such as capacity building, continuous training, upgrading of the system and the practice to review and publishing quarterly budgetary performance further support transparency and regular scrutiny of public financial performance.”*

4.2.3.2 Objective 2: Linking outputs to performance and gaps

Respondents were also asked questions and follow up questions as to how Output-Based Budgeting links budgeted outputs to actual performance, what gaps exist in the process, and how can they be addressed. Their views and perceptions are presented below through key themes identified.

Theme 3: Explicit linkage between funding, outputs, and performance

According to the respondents, OBB allows focus to be shifted from line-item inputs to measurable outputs and outcomes. They reported that a relatively clearer linkage is observed between budget allocations, outcomes (or outputs) and performance, noting that *“every expenditure is linked to a program,”* This clarifies what each allocation is meant to achieve and what government intends to produce for the money allocated. The respondents describe the linkage as visible *“from planning stage,”* with processes that start from national policies and strategic plans and cascade to ministry, department, and individual levels.

One respondent explained that *“the linkage of budget outputs and performance is explicitly seen from planning stage,”* while another stated that. *“OBB has improved efficiency and accountability by measuring funds with activities undertaken.”*

Theme 4: Capacity and monitoring gaps in the results chain

Although, the design produces the outlined strengths, respondents identify fundamental gaps more especially the aspect of monitoring, policy guidance and capacity. One respondent notes that *“limited capacity still exists”* and another that *“OBB can be too focused on short-term,”* while another points to gaps *“through monitoring and further policy guidance,”* indicating weaknesses in the feedback loop from performance data back into decision-making. Limited training funds and constrained resources also mean that some staff may not fully understand performance target setting and outcome measurement, affecting the quality and reliability of performance information. One respondent noted, *“limited funds to conduct training”* as part of the contributing factors to weaknesses in linking outputs to actual performance. Performance target setting is sometimes driven by *“budget amount and value*

for money” rather than robust outcome logic, suggesting a tendency toward financial rather than results-based benchmarks in some units. One respondent explained that “*gaps exist through monitoring and further policy guidance, while in practice targets are determined by budget amount and value for money,*” suggesting that financial constraints sometimes drive targets more than outcome logic.

4.2.3.3 Objective 3: Challenges and limitations of OBB implementation

Respondents were further interviewed about the key challenges and limitations faced by public sector institutions in Zambia during the implementation of Output-Based Budgeting reforms, how these challenges impacted the effectiveness of OBB reforms in your institution and what support or resources are needed to address these challenges. Their views and perceptions are presented below through key themes identified.

Theme 5: Funding delays and resource constraints

The dominant challenges across the institutions relate to resource constraints and timing. Respondents emphasized inadequate resources, delays in the release of funds, and limited financial support for implementation as the hinderances to implementation of planned activities. The delays in release of funds, availability of funds, lack of timely release of funds and inadequate resources results into postponed or unimplemented activities. One respondent stated that “*other activities have not been undertaken because resources did not arrive on time*”. Another respondent indicated that the challenges have also led to “*low quality reporting of OBB*” which basically reduces the effectiveness of the system. Thus, although the OBB may be well-designed, it cannot be executed as intended.

Theme 6: Capacity, data, and ICT limitations

Another key limitation pointed out by the respondents are capacity gaps which manifests in insufficient training, data inaccuracies, and inadequate ICT infrastructure to support OBB processes. This leads to systemic technical and human resource gaps. Respondents observed that these constraints contribute to “*low quality reporting of OBB*” and limits the depth of analysis than can be performed on budget and performance data.

Under the prevailing conditions, respondents stated that the effectiveness of the OBB reform is “*to the very lowest extent,*” despite the potential of the framework. The impact of OBB reforms is dampened by the cumulative effect of the observed challenges. In terms of what can be done, one respondent said “*there is need to make ICT infrastructure available to staff*”.

The practical implication of the challenges highlighted above is that the performance information may not always be timely, reliable, or sufficiently used to drive resource reallocation and performance improvement. This is because the implementation quality is far below theoretical design in practice.

4.2.3.4 Objective 4: Strategies to improve OBB effectiveness

Finally, respondents were asked to suggest strategies that can be employed to address the identified challenges and improve the effectiveness of Output-Based Budgeting reforms in Zambia's public sector, and how OBB reforms can be improved to enhance public sector performance in Zambia, and the role of stakeholders, including civil society and the private sector in supporting OBB reforms. Their views and perceptions are presented below through key themes identified.

Theme 7: Prioritising capacity building and institutional support

The central strategies called for by the respondents include capacity building and institutional support. The respondents called for continuous training for staff involved in budgeting, performance monitoring, and reporting. Furthermore, they emphasized the need to provide institutional support by simultaneously strengthening human, financial and technological resources, for example, by stating that *“there is need to provide sufficient financial support, capacity building and make ICT infrastructure available to the staff”*. Capacity building and continuous capacity building were proposed to target skills for budgeting, performance monitoring, and reporting.

Theme 8: Strengthening funding predictability, monitoring, and stakeholder roles

Respondents indicated that improved and timely funding is critical in strengthening OBB. They made recommendations for the need to provide *“sufficient financial support,”* *timely release of funds,”* and increased resources for implementation of planned activities. The respondents further added that there is need to upgrade ICT infrastructure and systems so as to support capture of more accurate and timely data that would enhance the quality of performance information.

On the reform design and governance side, respondents indicated the need for stronger monitoring and tracking of outputs, more frequent performance reviews, and continuous performance monitoring in order to ensure that OBB remains closely linked to actual service delivery. The respondents even suggested the need to *“review the whole system”* to identify and address systemic weaknesses and provide further policy guidance to close the existing gaps in monitoring and implementation.

Therefore, “*timely release of funds,*” “*effective monitoring and tracking of output,*” “*continuous performance monitoring,*” and reviewing “*the whole system*” are the notable strategies that were stated by the respondents.

Finally, stakeholders such as civil society and the private sector were noted to have the potential to contribute “*financial and technical support, and also provide checks, balances, oversight, and feedback*”. The need to strengthen stakeholder engagement enhances external accountability, improves transparency, and reinforces OBB reforms to ensure that it remains responsive to citizens.

Overall, the interview data suggests that OBB has improved transparency, accountability, and performance focus. However, its effectiveness is constrained or dampened due to funding delays, capacity gaps, weak monitoring mechanisms. Thematic analysis across the four objectives produces four major themes: improved visibility and participation, strengthened but incomplete results-linkages, limited resource and capacity, and the need for systemic capacity building, funding, and monitoring reforms.

4.2.4 Quantitative analysis from the yellow books (2021 – 2024)

The study conducted a year-by-year sector and program level analysis to examine the effectiveness of output-based budgeting over its four-year implementation period thus far from 2021 to 2024. The results of this analysis were meant to be triangulated with the survey and the interviews results. The selected sectors including education, health and agriculture were chosen because they represent the core social and productive sectors in Zambia’s development agenda. Furthermore, these sectors receive substantial budget allocations and have clearly defined outputs under the OBB approach. On the other hand, the indicators that were chosen within each program capture the foundational learning, key health outcomes, and smallholder livestock development, which are fundamental in reducing poverty and achieve inclusive growth.

Thus, three sectors were selected with education representing one of the largest social sectors in the national budget and in recent budgets it is repeatedly prioritized for teacher recruitments, infrastructure and early childhood education. Central to education sector reforms, policy documents and advocacy reports consistently emphasize the need for foundational literacy, numeracy and universal basic completion which makes primary and secondary education particularly relevant for assessing performance of output-based budgeting. Another core social sector is health. This sector has large recurring allocations and explicit commitments under the Abuja target and national health strategic

plans (UNDP, 2026). Maternal health, HIV treatment, and malaria control are essential packages that are explicitly prioritized and their coverage is closely monitored using routine indicators and scorecards (PMC, 2023). The third sector is agriculture. This sector was selected because it is a critical for rural livelihoods, resilience, and its export potential. Additionally, poverty reduction and smallholder investment projects such as livestock development and animal health initiatives, highlight its significance in reducing poverty (IFAD, 2021). Programs that focus on livestock extension, disease control, and smallholder support are directly in line with national goals of diversifying the economy and improving food and income security (ZIPAR, 2025). Thus, these sectors and programs give a coherent set of cases in which output-based budgeting should, in principle make visible the link between budgets and measurable outputs.

4.2.4.1 Sector Budget Execution by Year

The sector budget execution for the period 2021 to 2024 are shown in Table 5.1 below. The totals for each sector were aggregated and the budget execution percentage was computed as actual budget divide by the approved (released) budget.

Year	Sector	Approved Budget (K)	Actual Expenditure (K)	Budget Execution Rate
2021	Education	10,564,640,834	10,213,353,659	96.67%
2022	Education	14,590,230,627	13,916,054,211	95.38%
2023	Education	21,675,140,673	20,228,975,853	93.33%
2024	Education	23,747,861,647	23,259,334,768	97.94%
2021	Health	12,384,067,958	8,696,877,187	70.23%
2022	Health	12,808,197,690	11,123,450,160	86.85%
2023	Health	18,298,421,917	12,128,878,696	66.28%
2024	Health	18,978,185,818	13,644,454,885	71.90%
2021	Agriculture (Livestock)	830,843,348	453,649,414	54.60%
2022	Agriculture (Livestock)	928,775,994	813,062,462	87.54%

2023	Agriculture (Livestock)	1,287,920,881	840,030,875	65.22%
2024	Agriculture (Livestock)	1,499,514,194	919,824,513	61.34%

The computed execution rates indicates that the educational sector consistently had a very high budget execution rate over the four years with the budget execution rate fluctuating between roughly 93 – 98%. Thus, despite not reaching 100%, the execution rate in education among the three sectors was relatively high, more consistent and showed less variability which is desirable. Indeed, it should be noted that it had a slight dip in 2023 (93.33 % from 95.38% in 2022) but hit its peak in 2024 (97.94%).

The health sector revealed a lower and more volatile budget execution rate. It was relatively strong in 2022 (86.85%) but was weaker in 2021, 2023 and 2024, with budget execution rates at 70%, 66%, and 72%, respectively. This pattern is consistent with the survey and interview results that funds are not fully released or are being released late in several years.

The agricultural (livestock) sector budget execution rate improved significantly in 2022 (87.54% from 54.6% in 2021). However, it fell back to mid-60s in 2023 (65.22%) and reduced to low-60s in 2024 (61.54%). This volatility supports the narrative that under the OBB funds releases are irregular and that planned activities cannot be always be implemented as designed.

Overall, the fluctuating and often incomplete budget execution revealed above supports the respondents’ narratives concerning delayed releases, and insufficient funding which undermines the implementation of OBB outputs. The budget execution patterns clearly demonstrate uneven implementation of OBB across sectors and years.

4.2.4.2 Sector share of national budget

The sector’s share of national budget was computed by dividing the approved budget by total national budget. Table 5.2 below shows the results.

Year	Sector	Approved Budget (K)	Total National Budget	Sector Share of National Budget
2021	Education	10,564,640,834	119,616,011,615	8.83%
2022	Education	14,590,230,627	172,900,000,000	8.43%
2023	Education	21,675,140,673	167,321,791,895	12.95%

2024	Education	23,747,861,647	177,890,000,000	13.35%
2021	Health	12,384,067,958	119,616,011,615	10.35%
2022	Health	12,808,197,690	173,000,000,000	7.40%
2023	Health	18,298,421,917	167,321,791,895	10.94%
2024	Health	18,978,185,818	177,890,000,000	10.67%
2021	Agriculture (Livestock)	830,843,348	119,616,011,615	0.69%
2022	Agriculture (Livestock)	928,775,994	173,000,000,000	0.54%
2023	Agriculture (Livestock)	1,287,920,881	167,321,791,895	0.77%
2024	Agriculture (Livestock)	1,499,514,194	177,890,000,000	0.84%

The table shows that in 2021, education's share of national budget was 8.83%, health 10.35%, and livestock was 0.69%. However, these shares rose to 13.35%, 10.67% and 0.84%, respectively. These sector shares of national budget indicates that education's relative prioritization in the national budget over the 2021 to 2024 period increased markedly, while health's remained high but less dynamic, and livestock remained marginal despite some growth.

4.2.4.3 Outputs achievements (performance) vs targets

The achievement ratios for each output indicator in each sector were computed in order to measure effectiveness of achieving outputs targets vs actual outputs.

4.2.4.3.1 Education related outputs (Grade 1, Grade 4, Grade 9)

The education output indicators used include Grade 1 Learners with required competence in numeracy, Grade 4 Learners with required competence in numeracy and Grade 9 completion rate. The table below shows the achievement rates for each indicator.

Year	Sector	Programme	Output Name	Output Target	Output Actual	Achievement %
2021	Education	Primary Education	Grade1 Numeracy Competence pct	50	48	96.0%
2022	Education	Primary Education	Grade1 Numeracy Competence pct	50	50	100.0%
2023	Education	Primary Education	Grade1 Numeracy Competence pct	50	52	104.0%
2024	Education	Primary Education	Grade1 Numeracy Competence pct	60	52	86.7%
2021	Education	Primary Education	Grade4 Numeracy Competence pct	56	50	89.3%
2022	Education	Primary Education	Grade4 Numeracy Competence pct	56	56	100.0%
2023	Education	Primary Education	Grade4 Numeracy Competence pct	45	46	102.2%
2024	Education	Primary Education	Grade4 Numeracy Competence pct	52	54	103.8%
2021	Education	Secondary Education	Grade 9 Completion rate	50	49	98.0%
2022	Education	Secondary Education	Grade 9 Completion rate	75	38	50.7%
2023	Education	Secondary Education	Grade 9 Completion rate	80	38	47.5%
2024	Education	Secondary Education	Grade 9 Completion rate	80		

Education recorded very high budget execution rates hovering between about 93 – 98% which implies almost all approved funds were spent. The strong budget execution rates align with the high

achievement ratios for Grade 1 and 4 competences in numeracy, a result that supports the qualitative finding that the output-based budgeting improves the link between funds, programmes, and measurable output indicators in places or areas where inputs and teaching processes are directly influenced by budgeted activities.

Grade 1 numeracy was consistently strong over the four-year period: near target in 2021 (96%), at target in 2022 (100%) and under target in 2024 (86.7%), and above target in 2023 (104%). This shows that early-grade learning outcomes respond well to OBB's performance focus, especially when teaching and materials can be directly funded and monitored.

Grade 4 numeracy also generally performed well. It was slightly below target in 2021 (89.3%), exactly at target in 2022 (100%), and over target in 2023 (102%), and 2024 (103.8%), indicating improvement over time and relatively effective use of resources for intermediate learning outcomes.

Grade 9 completion was consistently low compared to targets, with achievement ratios of near target in 2021 (98% influenced by low target), below target in 2022 (50.7%) and 2023 (47.5%) across the four years, showing a persistent gap in progression and completion despite clear targets. This points to structural limitations (drop-out, transition, socio-economic factors) that OBB alone cannot fully address.

Therefore, the results indicate a relatively strong performance on the achievement ratios for early grade competency in numeracy but persistent under achievement on Grade 9 completion rate despite the education sector having high budget execution rate. This suggests that some education outcomes rely on broader system and social factors (e.g., poverty, school capacity, exam bottlenecks) and not just on expenditure levels. It appears that education demonstrates not only a strong, positive connection between high budget execution and achievement for intermediate learning outcomes (or outputs), but that completion rates at higher grades expose the limits of the OBB: money is released and many outputs can improve, yet there are more complex outcomes that still require complementary policies beyond OBB budgeting reforms.

4.2.4.3.2 Health related outputs (Skilled deliveries, Clients on ART, Malaria cases per 1000 pop)

The health output indicators used include percentage of deliveries conducted by skilled personnel, number of HIV Positive clients put on ART Treatment, and Malaria confirmed and clinically diagnosed cases as a proportion of total population (expressed as percentage change rather than "actual/target*100"). The table below shows the achievement rates for each indicator.

Year	Sector	Programme	Output Name	Output Target	Output Actual	Achievement %
2021	Health	Primary Health Services	Skilled Deliveries	80	66	82.5%
2022	Health	Primary Health Services	Skilled Deliveries	80	75	93.8%
2023	Health	Primary Health Services	Skilled Deliveries	80	95	118.8%
2024	Health	Primary Health Services	Skilled Deliveries	80	82	102.5%
2021	Health	Primary Health Services	Clients on ART Number	1,300,000	1,264,820	97.3%
2022	Health	Primary Health Services	Clients on ART Number	1,271,011	1,232,059	96.9%
2023	Health	Primary Health Services	Clients on ART Number	1,300,000	1,264,820	97.3%
2024	Health	Primary Health Services	Clients on ART Number	1,320,000	1,293,516	98.0%
2021	Health	Primary Health Services	Malaria Cases per 1000	184	184	No change
2022	Health	Primary Health Services	Malaria Cases per 1000	346	325	6% below
2023	Health	Primary Health Services	Malaria Cases per 1000	275	263	4.4% below
2024	Health	Primary Health Services	Malaria Cases per 1000	248	204	17.7% below

Compiled by the Research

The results reveal that, despite having a moderate budget execution rate (mean = 73.8%), the health sector indicates strong or improving performance on the percentage of skilled deliveries (82.5% in 2021

to 118.8% in 2023 and dropped yet above target at 102.5% in 2024), ART coverage (97.3% in 2021 to 98% in 2024), and reductions in malaria incidence per 1000 population relative to targets (6% below target in 2021 to 17.7% in 2024). This aligns with respondents' perception that OBB has enhanced performance orientation, more especially in high-priority areas where outputs are clearly defined and monitored.

Thus, although the health sector revealed incomplete execution (73.8%), prioritized health output indicators are relatively well protected and are capable of exceeding targets which supports the qualitative note that OBB clarifies priorities and links funds to specific programmes. At the same time, the fact that the budget execution is only about two-thirds to three-quarters of the approved budget suggests that, had there been full funding and use of funds, there might have been scope for broader or faster improvements (e.g. more significant reductions in malaria or further gains in maternal health coverage could have been achieved).

4.2.4.3.3 Agriculture (Livestock) related outputs

The agriculture output indicators used include percentage of livestock farmers receiving extension services, number of Cattle vaccinated against CBPP, and number of households supported with poverty alleviating livestock packages through pass-on. The table below shows the achievement rates for each indicator.

Year	Sector	Programme	Output Name	Output Target	Output Actual	Achievement %
2021	Agriculture (Livestock)	Livestock Production and Productivity Improvement	Percentage of Livestock Farmers Receiving Extension	70	30	42.9%
2022	Agriculture (Livestock)	Livestock Production and Productivity Improvement	Percentage of Livestock Farmers Receiving Extension	10	14	140.0%
2023	Agriculture (Livestock)	Livestock Production and Productivity Improvement	Percentage of Livestock Farmers Receiving Extension	45	31	68.9%

		Productivity Improvement	Receiving Extension			
2024	Agriculture (Livestock)	Livestock Production and Productivity Improvement	Percentage of Livestock Farmers Receiving Extension	70		N/A
2021	Agriculture (Livestock)	Livestock Production and Productivity Improvement	Cattle Vaccinated Against CBPP Number	180,000	173,451	96.4%
2022	Agriculture (Livestock)	Livestock Production and Productivity Improvement	Cattle Vaccinated Against CBPP Number	180,000	20,779	11.5%
2023	Agriculture (Livestock)	Livestock Production and Productivity Improvement	Cattle Vaccinated Against CBPP Number	20,000	20,735	103.7%
2024	Agriculture (Livestock)	Livestock Production and Productivity Improvement	Cattle Vaccinated Against CBPP Number	250,000	295,720	118.3%
2021	Agriculture (Livestock)	Livestock Production and Productivity Improvement	Households Receiving Pass-on Livestock Packages Number	15,678	16,053	102.4%
2022	Agriculture (Livestock)	Livestock Production and Productivity Improvement	Households Receiving Pass-on Livestock Packages Number	3,000	1,777	59.2%

		Productivity Improvement	Livestock Packages Number			
2023	Agriculture (Livestock)	Livestock Production and Productivity Improvement	Households Receiving Pass-on Livestock Packages Number	1500	735	49.0%
2024	Agriculture (Livestock)	Livestock Production and Productivity Improvement	Households Receiving Pass-on Livestock Packages Number	3938	225	5.7%

Compiled by the Researcher

Agriculture (livestock) had the lowest budget execution rate among the three sectors (about 55% in 2021 and was generally well below the education sector which was above 93% over the four years). Its achievement ratios were also the weakest and most volatile with many output indicators falling far below 100% (e.g., just about 42.9% extension service coverage in 2021, about 49 – 59% for pass-on packages in 2022 – 2023, and 5.7% in 2024). This supports the respondents’ narrative that due major challenges such as delays in release of funds and availability of funds some activities “*have not been undertaken*” because resources did not materialize. This could explain low achievement ratios in this sector.

The table reveals that the percentage of farmers receiving extension services was far below output target in 2021 (about 43%) and was still below target in 2023 (69%), with one year (2022) indicating over-achievement (140%) which can largely be attributed to very low target (10%) rather than strong system. This pattern supports the interview narrative about “limited capacity” and monitoring gaps, and reveals that extension services coverage remains structurally weak despite OBB specifying it as an output.

Cattle vaccinated in 2021 (about 96%) nearly met the target but underperformed significantly in 2022 (about 11.5%) and again slightly exceeded the target in 2023 (about 103.7%), and strongly over achieved in 2024 (118.3%). These variations are consistent with funding delays and limited resources that were reported by the respondents, suggesting that cattle vaccination campaigns are very sensitive to the timing and adequacy of funds releases under the OBB.

Households receiving pass-on livestock packages slightly exceeded target in 2021 (about 102.4%), then fail short in 2022 (59.2%) and 2023 (49%) and then collapsed to 5.7% in 2024. The downward trend suggests that, despite the fact that OBB helps define outputs, persistent funding and capacity problems

(funds availability and inadequate resources) severely constrain the implementation of this programme over time. Overall, the agriculture (livestock) output indicators reveal that achievement ratios are volatile and are often below 100%. This reinforces the qualitative findings that OBB's performance orientation is recognized, however, weak capacity, release delays, and monitoring limitations significantly affect and reduce consistency in the delivery of planned outputs in this sector.

4.3 Chapter Summary

The output-based reforms in Zambia to some large extent can considerably be said to be achieving their objective of strengthening transparency, accountability, and performance. However, the full impact of OBB is constrained by uneven capacity, incomplete budget execution (especially outside education), and weak monitoring and evaluation, which mirrors the study's empirical data and the broader literature on results-based budgeting.

CHAPTER FIVE

DISCUSSION, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

The results presented in Chapter 4 are discussed critically in this chapter. With primary data collected using survey questionnaires, face-to-face key informant interviews, and quantitative analysis from the yellow books the researcher uses triangulation techniques to interpret the data gathered for this research and check for consistency with the empirical literature. More importantly, the researcher discusses results, makes conclusions and recommendations according to the research questions or objectives.

5.2 Discussion

In this section, the study presents a discussion of the results according to objectives as outlined below.

5.2.1 Objective 1: Transparency and accountability

The findings from the qualitative interviews and survey show that OBB made expenditure more visible and has brought about a more structured reporting process, with officials revealing that OBB enables seeing of expenditure in the system and simplified reporting and that an inclusive approach is use

through the formation of budget committees. The survey revealed that most respondents from a moderate to large extent rate OBB as enhancing transparency and accountability and the respondents regard it as at least somewhat effective in promoting outcomes of good governance. The quantitative data supports this perception: Educational sector executed over 93% of its approved budget in all the reviewed four years (reaching about 96-98%), and Health in general executed 66 – 87%, which implies that expenditure can be reliably tracked against appropriations, reinforcing the claim of enhanced “tracking of the Budget performance.” However, Agriculture (Livestock) revealed much lower budget execution (about 55% in 2021 and still weaker than Education thereafter), which aligns with respondents’ concerns about “delay in release of funds” and “availability of funds,” and with low or variable achievement of livestock outputs.

These findings are consistent with Results-Based Management and Public Financial Management theories, which indicate that, if supported by credible data systems, linking resources to measurable outputs and publishing of performance information strengthens accountability and transparency. However, the literature in Zambia also notes capacity gaps, incomplete monitoring frameworks, and inconsistent implementation across ministries, which

These findings align with Results-Based Management and Public Financial Management theories, which argue that linking resources to measurable outputs and publishing performance information enhances accountability and transparency when supported by credible data systems. However, the Zambian literature also highlights capacity gaps, incomplete monitoring frameworks, and inconsistent implementation across ministries, which explain why accountability and transparency gains are stronger in some sectors (Education, parts of Health) than others (Agriculture, some local authorities).

5.2.2 Objective 2: Link between budgeted outputs and actual performance, and gaps

Qualitative evidence revealed that the officials clearly understand the OBB logic by stating that every expenditure is linked to a program. From their view, this clarifies what the government intends to produce for the funds allocated and they highlight the linkage between outputs and performance is explicitly seen from the planning stage. The alignment between budget allocations and outputs was generally rated fair to good, with a few respondents observing it to be poor.

The quantitative findings reinforce this result as it provided evidence showing that many of Education and Health’s key outputs achieve high or improved ratios relative to their targets. In education, Grade 1 numeracy achieved around 96% of target in 2021, 100% in 2022 and 2024, and 104% in 2023, while

Grade 4 numeracy ranged from around 89% to over 103%, indicating that learning outputs respond positively with high budget execution.

In the health sector, the proportion of skilled deliveries increased from around 82% of target in 2021 to about 94% in 2022, and then rose above target with 118.8% in 2023 and 102.5% in 2024. The ART coverage remained around 97 – 98% of target while the malaria cases per 1000 population decreased steadily, which shows an improvement performance in the disease control objectives.

In contrast, Grade 9 completion rate in Education persistently performed worse from about 50.7% in 2022 to 47.5% in 2023 and Agriculture (Livestock) outputs were both low and volatile. The extension services coverage was about 43% of target in 2021 and below target again in 2023. The proportion of households receiving pass-on livestock packages collapsed to about 5.7% of target in 2024. Only a few vaccination targets overshot targets in later years. These gaps are consistent with the qualitative comments claiming that “limited capacity still exist,” and that “OBB focuses on short term” and that “targets are determined by budget amount and value for money,” which suggests that despite the existence of output definitions, the targets are not always backed by realistic capacity, stable financing and robust monitoring.

From a theoretical point of view, the pattern fits the Results-Based Management and New Public Management theories: despite OBB allowing for the existence of formal linkages between budgets and outputs, weak institutional capacity, data systems, and incentives result in an incomplete causal chain from resources to outputs. Similar findings are reported in international and regional studies on PBB/OBB in South Africa, Kenya, Tanzania and African health systems. These studies indicate that performance-linked budgets enhance allocative efficiency and output tracking, but effectiveness relies on strong institutions and reliable performance information.

5.2.3 Objective 3: Challenges and limitations in OBB implementation

The qualitative findings revealed that major challenges in OBB implementation include funding delays, resource constraints, data weaknesses, and capacity gaps. The interview responses clearly highlighted these: “delay in release of funds,” “the major challenge is availability of funds,” “there are data inaccuracies, inadequate capacity,” and “inadequate resources.” As a result of these challenges the respondents in the survey highlighted that the effectiveness of OBB has been “to the very lowest extent” in some areas, despite the existence of the framework.

The quantitative findings from the yellow book provided evidence for the existence of these constraints: Agriculture (Livestock) had a combination of lowest budget execution rates and weakest, most unstable achievement ratios, indicating that the delayed or insufficient funds releases directly translates into unimplemented activities (for example, pass-on livestock packages were severely under-achieved and extension reach were relatively low).

The budget execution rate for Health was noticeable below Education, but its key outputs appeared to be protected as they often met or exceeded targets, indicating that when partial budgets are executed, other services or quality enhancements required maybe crowded out.

Despite recording near-full budget execution rate, Education's completion rates remained low relative to targets, indicating structural and socio-economic constraints beyond the budget instrument itself that needs to be taken into account.

These findings are consistent with the empirical literature on OBB in Zambia and other countries. The studies highlighted staff capacity constraints to design and monitor output indicators, inadequate training, and inconsistent adoption across ministries, and also weak monitoring and evaluation frameworks and misalignment between OBB and the existing financial management practices. Organizational change and Stakeholder theories also highlights resistance, cultural inertia, and the need for sustained leadership and engagement in moving from traditional line-item or activity-based budgeting to a genuinely results-oriented system.

5.2.4 Objective 4: Strategies to improve the effectiveness of OBB reforms

Qualitative findings converge on a set of practical remedies: “provide sufficient financial support, capacity building make ICT infrastructure available,” “increase funding and more staff trained,” and “effective monitoring and tracking of output,” and system review and stronger oversight and feedback roles for stakeholders. The survey respondents similarly prioritized capacity building, stronger performance monitoring and evaluation, and institutional strengthening as the main strategies, with less emphasis on ad hoc “other” measures.

There are four broad strategic pillars supported by the quantitative and qualitative findings, and the literature:

Strengthening Institutional and Capacity building

The gaps that are persistent in the outputs for Agriculture, the challenges in achieving higher level outcomes such as Grade 9 completion, and reported data inaccuracies point to the need for systematic

training in programme design, indicator formulation, Monitoring and Evaluation, and data management, supported by adequate ICT systems. Empirical studies in Malaysia, Indonesia, Egypt, and African health settings reveal that OBB/PBB performs best when organizational culture, skills, and leadership are aligned with results-orientation.

Enhancing budget credibility and predictability

The contrast between Education's very high budget execution and strong output achievement and Agriculture's low budget execution and weak outputs indicates that timely, predictable releases are essential for OBB to work as designed. Addressing bottlenecks in cash-flow and strengthening adherence to the approved cash plan would reduce the gap between planned and actual implementation, especially in sectors where under-execution is chronic.

Enhancing monitoring, evaluation, and feedback loops

The fact that some output targets are met or exceeded while others systematically lag suggests that targets, indicators, and assumptions are not being regularly revisited in light of performance data. Building on RBM and PFM theory, there is need for more robust M&E frameworks—clarifying responsibilities, data standards, and feedback to planning and budget formulation—would help to refine targets, resource reallocation toward effective programmes, and early identification of failing interventions.

Deepening stakeholder engagement and governance arrangements

While inclusive budget committees, publication of quarterly performance reports, and stakeholder oversight roles already contribute to transparency and accountability, qualitative findings through interviews emphasized the value of “check and balance and oversight... Help and feedback.” New Public Management and Stakeholder theories suggest that more systematic citizen and CSO involvement, together with strong parliamentary and audit institutions, can reinforce incentives to use OBB data for genuine accountability and not just compliance reporting.

Integrative conclusion across the four objectives

Overall, the mixed-methods evidence and the reviewed theories and studies show a coherent picture: OBB reforms in Zambia have enhanced transparency, clarified the link between budgets and outputs, and delivered measurable gains in sectors such as education and health, especially for intermediate

outputs and priority health services. However, their effectiveness is uneven across sectors and indicators, limited by capacity deficits, delays in funding, weak M&E systems, and complex outcome dynamics, particularly in agriculture and higher-grade education outcomes.

The discussion chapter therefore shows that OBB in Zambia is on the right trajectory conceptually and institutionally. However, realising its full potential for public sector performance needs sustained investment in capacity, credible budget execution, and performance information systems, in line with the international experience of results-based budgeting.

5.3 Conclusion

This section presents the conclusion of the study by summarising the significant findings according to the objectives.

5.3.1 Objective 1: Transparency and accountability

OBB has **significantly improved** transparency and accountability in Zambia's public financial management, particularly in education and health. Interview and survey evidence revealed that officials can now clearly see expenditures in the system, use inclusive budget committees, and rely on regular performance reporting, which has improved internal accountability and the credibility of budget information. Quantitatively, consistently high budget execution in Education (above 93% throughout 2021–2024) and reasonably strong execution in Health implies that approved budgets are to a large extent converted into actual spending, making it easier to track and report on financial performance against plans. However, weaker budget execution in Agriculture (Livestock) and ongoing data and capacity problems implies that transparency and accountability gains are uneven across sectors, confirming literature that OBB enhances openness where information systems and institutional capacity are stronger, but remains constrained where these foundations are weak.

5.3.2 Objective 2: Linking budgeted outputs to performance and identifying gaps

The study found a **clear and positive linkage** between budgeted outputs and actual performance in sectors of priority. However, the study also found persistent gaps in more complex or capacity-intensive outcomes. Interviews and survey responses revealed that officials understand the OBB logic chain—every expenditure is tied to a programme and outputs are defined and monitored—which is revealed in

high or improving achievement ratios for numeracy in Education and for skilled deliveries, ART coverage, and malaria reduction in Health. In contrast, Grade 9 completion rates remain well below targets despite near-full execution in Education sector, and Agriculture livestock outputs revealed low or volatile achievement ratios, showing that formal linkages do not always translate into realised outcomes when there are binding structural, financial, or capacity constraints. This pattern is in aligned with empirical studies and RBM/NPM theory, which argue that performance-based budgeting improves the resource–results link in which institutions, incentives, and data systems are robust, but leaves significant gaps where there are weak supporting conditions.

5.3.3 Objective 3: Challenges and limitations in implementation

The study concludes that **implementation challenges substantially constrain** the effectiveness of OBB reforms, especially outside sectors that are better-resourced. Qualitative data point to recurrent problems of delayed fund releases, overall resource limitations, data inaccuracies, and inadequate human and ICT capacity, with some respondents noting that these challenges reduce the impact of OBB “to the very lowest extent” in practice. Quantitative evidence reinforces this: Agriculture (Livestock) had a combination of lowest execution rates with the weakest and most unstable output achievement, and even in Health and Education, some key output indicators (e.g., Grade 9 completion, certain livestock and malaria outcomes in early years) fall short of targets despite the OBB framework. The empirical literature on OBB and performance budgeting in comparable settings similarly identifies technical skills constraints, weak M&E systems, fragmented implementation, and resistance to change as core barriers, showing that Zambia’s experience reflects broader structural and institutional constraints rather than design flaws alone.

5.3.4 Objective 4: Strategies to improve the effectiveness of OBB reforms

The research concludes that there is **broad consensus** among practitioners and the literature on what is needed to strengthen the effectiveness of OBB: sustained capacity building, more credible and predictable funding, stronger monitoring and evaluation, and deeper stakeholder engagement. Respondents strongly recommend more training, adequate staffing, improved ICT infrastructure, and targeted financial support as fundamental in making OBB work effectively at operational level. Survey results recommended and supported capacity building, performance monitoring and evaluation, and

institutional strengthening as the most essential strategies, rather than ad hoc or isolated fixes. The theoretical frameworks (RBM, PFM reform, stakeholder theory) and comparative studies supports these priorities, arguing that performance budgeting only delivers its full benefits when embedded in strong institutions, reliable information systems, and inclusive governance arrangements.

5.4 Recommendations

In conclusion, the study makes the following recommendations:

5.4.1 Strengthen transparency and accountability mechanisms

- There is need to institutionalise and expand inclusive budget and performance committees in all ministries and to ensure representation from key departments and clear roles for reviewing both financial and physical performance.
- Publication of timely quarterly budget and performance reports at sector and programme levels should be standardized and enforced using OBB classifications and simple dashboards that make budget execution and outputs visible to managers, oversight bodies, and citizens.
- There is need to invest in improving and strengthening data quality within IFMIS and sector information systems, including reconciliations between financial data and output indicators, so that OBB reports can reliably inform audits, parliamentary scrutiny, and public debate.

5.4.2 Deepen the link between budgets, outputs, and outcomes

- All ministries should be required to develop and regularly update clear programme logic frameworks that explicitly link inputs, activities, outputs, and outcomes, and align OBB indicators with sector strategic plans and national development priorities.
- Periodic reviews (e.g., annual or mid-term) of output and outcome targets based on actual performance should be introduced but should allow for realistic adjustment of targets and reallocation of resources to programmes that demonstrate stronger cost-effectiveness.
- To address structural barriers (e.g., learner support, school infrastructure, socio-economic constraints), sectors such as education should be complemented with targeted policy interventions so that high execution and good intermediate outputs (numeracy) translate into improved completion rates.

5.4.3 Address implementation challenges: capacity, funding, and systems

- There is need for government to implement a well-structured, multi-year capacity-building programme on OBB for planners, budget officers, programme managers, and M&E staff focusing on indicator design, performance analysis, and use of evidence in budget decisions.
- Budget credibility and cash management should be improved by strengthening adherence to the approved cash plan, reducing arrears, and prioritising timely releases for high-impact OBB programmes, especially in under-performing sectors such as Agriculture (Livestock).
- ICT systems (IFMIS, sector M&E platforms, health and education MIS) should be upgraded and integrated to support automated tracking of both financial budget execution and output indicators, and reduce data inaccuracies and reporting delays highlighted by the research findings.
- There is need to establish a clear accountability arrangement for performance, which incorporates key OBB indicators into management contracts and performance appraisals for senior officials.

5.4.4 Enhance monitoring, evaluation, and stakeholder engagement

- There is need to develop and implement a government-wide OBB M&E framework that specifies key indicators, data sources, reporting timelines, and responsibilities, linking sector performance reports to central oversight (Ministry of Finance, Cabinet Office).
- Internal and external audit functions must be strengthened to systematically review not only compliance with budget rules, but also the plausibility and reliability of reported outputs and outcomes.
- Regular performance review forums (sector reviews, joint annual reviews) that bring together ministries, sub-national entities, development partners, and civil society to discuss OBB results and agree on follow-up actions must be institutionalized.
- Government should promote citizen and CSO involvement by ensuring the publication of accessible versions of OBB performance reports and inviting feedback on service delivery, thereby strengthening external accountability and aligning OBB reforms with broader good governance objectives.

5.5 Limitations and Scope of Future Research

Limitations of the research

To begin with, the scope and the time period for the study limited the quantitative data analysis from the yellow books to only 4 years (2021 – 2024) and three sectors (Education, Health, Agriculture/Livestock) as approved and actual budgets were not available consistently at programme level. The short time period and aggregation level could not allow for more advanced econometric analysis and limited the ability of the study to generalise long-term trends in OBB performance across the whole public sector.

Secondly, the purposively selected sample and the 62 respondents for the survey indeed provided rich insights, but they were drawn mainly from specific ministries in Lusaka and a subset of local authorities. Thus, external validity was constrained because the perceptions of these may not fully capture the views of all provinces, lower-tier units, or independent oversight bodies.

Thirdly, the survey and interview data were based on self-reported perceptions, which could be subject to social desirability bias, institutional loyalty, or limited personal experience with various aspects of OBB. Furthermore, some of the outputs had missing targets or actuals, and there were known data quality issues in administrative systems, which could have affected the accuracy of achievement ratios and the strengths of inferences that were drawn from the data.

Fourth, the study focused only on the Ministry of Finance, Health, Education, Local Government, Agriculture, and Fisheries & Livestock, which are central to OBB but do not cover the full range of ministries and agencies. This implies that the implementation experiences in other essential areas (e.g. infrastructure, justice, social protection) were not captured, thereby limiting the breadth of the conclusions about OBB across the entire government.

Fifth, the mixed-methods design used descriptive statistics, ratio analysis, and thematic analysis to triangulate findings but did not use causal econometric methods or experimental designs. The study was indeed able to identify associations between OBB, budget execution, and performance, but could not definitively establish causal relationship between OBB reforms and public sector outcomes.

Scope for future research

Future research could extend the time period beyond four years and add more sectors and programmes, to allow for panel or time-series analyses of OBB's impact on performance and fiscal discipline. With longer time series data and more disaggregated data, studies may test more robustly

how execution, OBB design features, and sectoral characteristics affects output and outcome performance over time.

As and when consistent programme-level and sub-programme-level data become available, future researchers can investigate how OBB programmes (e.g., particular health interventions, education sub-programmes, agricultural extension schemes) perform relative to their budgets, and what design or management features explain success or failure.

Further studies could involve additional ministries, provincial administrations, and a larger sample of local authorities to understand how context (urban vs rural, large vs small councils, different sectors) shapes the implementation and performance of OBB.

Building on the current study's conceptual framework (OBB reforms, financial management practices, M&E framework, institutional capacity, stakeholder engagement), future researchers could use larger survey samples and more advanced techniques such as multivariate regression, structural equation modelling to test how these factors jointly influence perceived public sector performance under OBB.

5.6 Conclusion

The study in this chapter provided a comprehensive discussion through triangulation of interviews, survey and quantitative data from yellow books produced results that are consistent with the empirical literature and theories. However, the chapter also presented limitations and a scope for future work. These limitations and future research directions indicated that the study provided an important diagnostic baseline on OBB in key Zambian ministries, while also pointing to where more detailed, longer-term, and causally oriented work is needed to fully understand and strengthen OBB reforms.

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APPENDICES

Appendix 1: Consent/assent form

Title of the Proposed Study: An Assessment of Output-Based Budgeting (OBB) Reforms on Public Sector Performance in Zambia

Investigators/Researcher: George Lungu

Contact Details of Investigator: Telephone No. +260979988067. Email; glungu1983@gmail.com

UNZABREC Contacts Number: Telephone: 256067, Fax: +2601250753, Email; unzare@unza.zm

Background and Rationale for the Study:

The Zambian government has been transitioning from Activity-Based Budgeting (ABB) to Output-Based Budgeting (OBB), aiming to enhance efficiency, accountability, and transparency in public financial management. Despite its potential benefits, the implementation of OBB in Zambia has faced significant challenges. This study seeks to assess the impact of OBB reforms on public sector performance in Zambia.

Purpose:

The purpose of this study is to evaluate the effectiveness of OBB reforms in enhancing transparency, accountability, and service delivery in Zambia's public sector.

Study Objectives:

1. To evaluate the impact of OBB on enhancing budgetary transparency and accountability in Zambia's public financial management.
2. To assess the degree of alignment between budget allocations and outputs in Zambia's public sector.
3. To investigate the specific challenges and limitations hindering the effective implementation of OBB reforms in Zambia's public sector.
4. To develop evidence-based strategies for strengthening the implementation of OBB reforms in Zambia's public sector.

Procedures:

The study will employ a mixed-methods approach, combining both quantitative and qualitative data collection and analysis methods. Participants will be requested to complete a questionnaire and may be selected for interviews or focus group discussions.

Who will participate in the study?

Study participants will be public sector officials, policymakers, and stakeholders involved in budgeting and financial management in selected government ministries and departments in Zambia. The expected total number of participants is 60.

Risks/Discomforts:

The research study carries a low risk to participants, and there is no anticipated harm or discomfort. Participants will not incur any costs from their involvement in the research study.

Benefits:

- Possible benefits to the body of knowledge: This study will contribute to the broader literature on public financial management and governance reforms in developing countries.

- Possible benefits to the community: The study's findings will inform policy decisions and provide insights into the design and implementation of OBB reforms, potentially leading to improved public sector performance and service delivery.

Alternatives:

Participants have the alternative option not to participate in the study.

Cost:

There will be no costs expected to be incurred on the part of the participants. Any possible cost will be met by the investigator.

Compensation for participation in the study:

Participants will not receive any compensation for participating in the study. However, their participation will contribute to the development of effective strategies for implementing OBB reforms in Zambia's public sector.

Reimbursement:

The study does not involve travelling by the participants, and therefore, no associated costs in terms of travel are expected.

Questions:

For any questions or concerns, participants can contact the researcher or the Chairperson of the relevant ethics committee.

Statement of voluntariness:

Participation in this study is voluntary, and participants may withdraw at any time without penalty.

Confidentiality:

The results of this study will be kept strictly confidential, and used only for research purposes. Participants' identities will be concealed, and their names will not appear anywhere on the coded forms with the information.

By signing below, I confirm that I have read and understood the information provided and agree to participate in this study.

STATEMENT OF CONSENT/ASSENT has described to me what is going to be done, the risks, the benefits involved and my rights regarding this

study. I understand that my decision to participate in this study will not alter my usual medical care. In the use of this information, my identity will be concealed. I am aware that I may withdraw at any time. I understand that by signing this form, I do not waive any of my legal rights but merely indicate that I have been informed about the research study in which I am voluntarily agreeing to participate. A copy of this form will be provided to me.

Name..... Signature of participantAge..... Date
(DD/MM/YY)

Name..... Signature of Date (DD/MM/YY)
..... Interviewer

Appendix 2: Questionnaires

QUESTIONNAIRE

I am George Lungu, a Master's student in Economics and Public Policy at the Copperbelt University, conducting research on the impact of Output-Based Budgeting (OBB) Reforms on Public Sector Performance in Zambia. This study aims to assess the effectiveness of OBB reforms in enhancing public sector performance and is for academic purposes only. I assure you that all information provided will be treated with the highest level of confidentiality and used solely for this research. Your honest responses are crucial to the success of this study, and I encourage you to answer all questions to the best of your ability. Your participation is voluntary, and your cooperation is highly appreciated. Please feel free to share your thoughts and experiences, as they will contribute significantly to the understanding of OBB reforms in Zambia's public sector.

Section A: Demographic Information

1. Gender of respondent: (Tick one)

- Male
- Female

Other (please specify) _____

2. Position of the respondent in the Institution: _____

3. Name of Ministry/Department currently working for: _____

4. Length of work experience: (Tick one)

- Below 1 year
- 2 – 5 years
- 6 – 9 years
- Above 10 years

5. Years of experience in public financial management or budgeting: (Tick one)

- Below 1 year
- 2 – 5 years
- 6 – 9 years
- Above 10 years



6. Highest level of academic qualifications: (Tick one)

- Certificate
- Diploma
- Bachelor Degree
- Master's Degree
- PhD
- Other (please specify) _____

7. Professional qualifications: (Tick all that apply)

- Economics
- Business Administration
- Accountancy
- Banking and Finance

Other (please specify) _____

8. Role in the public sector: (Tick one)

Policymaker

Public sector official

Stakeholder (e.g., civil society organization, citizen)

Other (please specify) _____

Section B: Output-Based Budgeting (OBB) Implementation

1. How familiar are you with the Output-Based Budgeting (OBB) approach?

Scale:

1 - Not familiar at all,

2 - Somewhat familiar,

3 - Familiar,

4 - Very familiar,

5 - Extremely familiar)

2. To what extent has OBB enhanced transparency and accountability in public financial management practices in your ministry/department?

1 - Not at all

2 - To a small extent

3 - To a moderate extent

4 - To a large extent

5 - To a very large extent)

3. How would you rate the alignment between budget allocations and outputs in your ministry/department?

1 - Very poor

2 – Poor

3 – Fair

4 – Good

5 – Excellent

4. What challenges have you faced in implementing OBB reforms in your ministry/department?

(Select all that apply)

- a) Limited capacity of government officials
- b) Inadequate data and information systems
- c) Lack of robust performance management system
- d) Other (please specify)

Section C: Public Sector Performance

1. How would you rate the overall performance of your ministry/department in terms of service delivery?

- 1 - Very poor
- 2 - Poor
- 3 - Fair
- 4 - Good
- 5 - Excellent)



2. To what extent has OBB improved accountability and transparency in public financial management practices in your ministry/department?

- 1 - Not at all
- 2 - To a small extent
- 3 - To a moderate extent
- 4 - To a large extent
- 5 - To a very large extent)

3. How would you rate the effectiveness of OBB reforms in promoting good governance outcomes in your ministry/department?

- 1 - Very ineffective
- 2 - Somewhat ineffective

- 3 – Neutral
- 4 - Somewhat effective
- 5 - Very effective)

Section D: Strategies for Improvement

1. What strategies do you think would be effective in addressing the challenges and limitations of OBB implementation in Zambia's public sector? (Select all that apply)
 - a) Capacity building for government officials
 - b) Institutional strengthening
 - c) Performance monitoring and evaluation
 - d) Other (please specify)
-

2. How can OBB reforms be improved? _____

Section E: Additional Comments

Is there anything else you would like to share about your experience with OBB reforms in Zambia's public sector?

Thank you for your time and response

INTERVIEW GUIDE

Introduction:

Thank you for participating in this interview. The purpose of this discussion is to gather information on the implementation of Output-Based Budgeting (OBB) reforms in Zambia's public sector. Your responses will be kept confidential and used solely for academic purposes.

Section A: Background Information

1. What is your role in the public sector, and how long have you been involved in budgeting and financial management?
2. Can you describe your experience with Output-Based Budgeting (OBB) reforms in Zambia?

Section B: Transparency and Accountability

1. To what extent has the implementation of OBB enhanced transparency and accountability in public financial management practices in Zambia?
2. How has OBB improved the tracking of budgeting outputs and outcomes in your institution?
3. What mechanisms are in place to ensure accountability and transparency in the budgeting process?

Section C: Linking Budgeted Outputs to Performance

1. How does Output-Based Budgeting link budgeted outputs to actual performance in Zambia's public sector?
2. What gaps exist in this process, and how can they be addressed?
3. Can you describe the process of setting performance targets and measuring outcomes in your institution?

Section D: Challenges and Limitations

1. What are the key challenges and limitations faced by public sector institutions in Zambia during the implementation of Output-Based Budgeting reforms?
2. How have these challenges impacted the effectiveness of OBB reforms in your institution?
3. What support or resources are needed to address these challenges?

Section E: Strategies for Improvement

1. What strategies can be employed to address the identified challenges and improve the effectiveness of Output-Based Budgeting reforms in Zambia's public sector?
2. How can OBB reforms be improved to enhance public sector performance in Zambia?
3. What role can stakeholders, including civil society and the private sector, play in supporting OBB reforms?

Conclusion:

Thank you for sharing your insights and experiences with OBB reforms in Zambia's public sector. Your input is valuable to this research and will contribute to the development of effective strategies for improving public sector performance.

Permission letters from project sites (if available)

TO WHOM IT MAY CONCERN

RE: LETTER OF INTRODUCTION

My name is George Lungu, a postgraduate student at the Copperbelt University – Directorate of Distance Education at ECAMPUS. I am in the final stage (dissertation) of the Master of Arts in Economic Policy (MA-EP).

I am undertaking a research titled “An Assessment of Output-Based Budgeting (OBB) Reforms on Public Sector Performance in Zambia” in partial fulfilment of the degree programme. I am therefore requesting your assistance to complete the questionnaire below, which I am using to collect primary data.

The purpose of the research is to evaluate the effectiveness of OBB reforms in enhancing transparency, accountability, and service delivery in Zambia's public sector. Your responses would be used solely for the purpose of the research and will be kept confidential.

I appreciate your cooperation and contribution to this study.

Yours faithfully,

George Lungu