



Arab American University

Faculty of Graduate Studies

**“The Role of Programs and Performance Budget in
Implementing Palestinian Strategic Plans”**

By

Abedalfatah Saleem

Supervisor

Dr. Naser Abdel Kareem

This Thesis was Submitted in Partial Fulfillment of the
Requirements for the Master’s degree in Strategic Planning &
Fundraising

June 2020

© Arab American University 2020. All Rights Reserved

“The Role of Programs and Performance Budget in Implementing Palestinian Strategic Plans”

by
Abdalfatah Saleem

This thesis defended successfully on **June 06, 2020** and approved by:

Committee Members

Signature

- 1- Supervisor Name: Dr. Naser Abdelkareem
- 2- External examiner: Dr. Atef Alawneh
- 3- Internal examiner: Dr. Zahran Daraghma



Declaration

I hereby declare that I have complied with all applicable rules, regulations, and decisions of the Arab American University of Palestine (AAUP) by recognized scientific and ethical standards, including the scientific integrity, and that I shall bear all consequences and liability if the contrary was proved.

By this, I authorize the AAUP to photocopy my thesis in whole or in part to provide copies of it to individuals and institutions in accordance with the regulations and instructions of the AAUP, after my personal approval.

Name: Abedalfatah Saleem

Signature: _____

Arab American University, Palestine.

Date: June 06, 2020

Dedication

This thesis is dedicated to:

The Arab American University, my second generous home.

My beloved teachers, who did not spare us and gave us all the knowledge.

My beloved wife, and my sons (Mohamad and Adam).

My great father, my mentor, and supporter.

My dear mother, who leads me throughout the valley of darkness with the light of hope and support.

My beloved siblings, who love and support me.

My friends, who encourage and support me continuously.

All the people in my life who touch my heart, I dedicate this research.

Researcher

Abedalfatah Saleem

Acknowledgment

I wish to express my sincere thanks to Arab American University, Collage of graduate studies, for providing me with all necessary facilities.

I place on record, my sincere gratitude to Dr. Abdel Rahman Abu Labdeh, Dean of Faculty of Graduate studies for his constant encouragement.

I would like also to thank Dr. Naser Abdelkareem. I am extremely grateful and indebted to him for his expert sincere, and valuable guidance and encouragement.

I place on record, my sincere gratitude to (Internal examiner: Dr. Zahran Daragmeh, External examiner: Dr. Atef Alawneh) for their constant encouragement.

I take this opportunity to record my sincere thanks to my wife, sons and parents for their unceasing encouragements and support.

I also place on record, my gratitude to all who, directly or indirectly, have lent their helping hand in this thesis.

Abstract

The Role of Programs and Performance Budget in Implementing Palestinian Strategic Plans

Palestinian Ministry of Finance prepares state budget according to organic public budget law, which was enacted in 1998. Since 2010, Ministry of Finance was shifted from items budget to programs and performance budget. According to programs budget, State public budget is prepared in harmony with National Development Plans and Ministries strategic plans. This study investigates the role of programs and performance budget in implementing Palestinian strategic plans.

For this purpose, data collected from primary resources such as interviews with senior management in Public budget department and line ministries while secondary resources were annual public budgets; Ministry of Finance reports; Palestinian national development plans; Ministries strategic plans. The Study reviewed public budgets from 2014-2017 and their compatibility with strategic plans and conducting interviews with senior management from public budget department and line ministries who are involved in preparing budget. The study sample was Ministry of Health, Ministry of Education, Ministry of Labor and Ministry of National Economy.

The most important results of this study are: (1) Public budget analysis and interviews show that programs and performance budget is not an effective tool for implementing strategic plans, Ministry of Finance and line Ministries prepare programs budget while implement items budget, (2) there is no match between strategic objectives in national development plan and Ministries strategies objectives, (3) there is no correspondence in classifying Ministries in related sectors between national development plan and public budget, (4) estimated budgets in national development plans do not match with estimated budgets in Ministries strategies and public budgets, (5) programs and objectives outlined in programs budget do not reflect all strategic

objectives in ministries strategies and national development plan, (6) implementing part of strategy through donors directly, without reflecting this in ministries public budget reduce the role of programs budget as an important tool for implementing strategic plans, (7) organizational structures of ministries are not compatible with program budget structure, (9) old and unclear financial and administrative laws are the biggest obstacle faced in implementing programs budget.

The most important recommendations of this study are: (1) the difficult situation for state of Palestine leads to prepare emergency budgets during the last years, depending on external revenue sources from donors, Ministry of finance and line ministries are not ready yet to implement this kinds of budgets, so comprehensive reviews must be done to evaluate ministries efficiency in implementing this budgets, at the end if conditions not suitable to implement programs and performance budget, state of Palestine and Ministry of Finance should implement more easier budgets such as items budget, (2) importance of match in strategic objectives, activities, key performance indicators, financial resources and duration of implementation between national development plans, ministries strategic plans, budget plan, and programs budget to increase efficiency of programs budget in implementing strategic plans, (3) importance of having achievement reports while implementing national development plans, ministries strategies, and program budget, until now Ministry of Finance is preparing financial and progress reports in accordance with items concept, (3) the necessity of transferring all funds from donors to Ministry of Finance. Donors, however, were implementing part of strategic plans directly with ministries without reflecting this impact on programs budget and that limits ability of programs budget in implementing strategic plans, (4) reformulate comprehensive strategies and develop realistic strategies according to available financial resources.

Table of Content

Declaration.....	II
Dedication.....	III
Acknowledgment.....	IV
Abstract.....	V
Table of Content.....	VII
List of Tables.....	X
Chapter One: Introduction.....	11
1.1 Introduction.....	11
1.2 Statement of Problem.....	12
1.3 Study Hypotheses.....	13
1.4 Study Objectives.....	13
1.5 Study Importance.....	14
1.5 Study Limitations.....	14
1.6 Study Limits.....	15
Chapter Two: Conceptual Framework and literature review.....	16
2.1 Public Budget Concept.....	16
2.2 Public Budget Definitions.....	17
2.3 The Emergence of Public Budget.....	18
2.4 Importance of Public Budget.....	19
2.5 Rules and Principals of Public Budget.....	20
2.6 Public Budget Classification Methods.....	21

2.7 Basic Functions of Public Budget	22
2.8 Types of Public Budgets	23
2.8.1 Items Budget	23
2.8.2 Programs Budget	24
2.9 Public Budget in Palestine	35
2.10 Planning in Palestine	39
2.11 Linking Programs and Performance Budget with Strategic Plans	41
2.12 Previous Studies	42
2.12.1 Local studies.....	42
2.12.2 Foreign Studies	46
2.12.3 Comparing with Previous Studies	51
Chapter Three: Research Methodology	53
3.1 Introduction	53
3.2 Study Sample	53
3.3 Study Methodology	54
Chapter Four: Empirical Findings	56
4.1 Content Analysis	56
4.1.1 Ministries Strategic Plans and Corresponded with Development Plans....	56
4.1.1.1 Ministry of Health	56
4.1.1.2 Ministry of National Economy	60
4.1.1.3 Ministry of Labor	65
4.1.1.4 Ministry of Education and Higher Education	68

4.1.2 Programs Budget and Corresponded with Strategic Plans.....	72
4.1.2.1 Ministry of Health	74
4.1.2.2 Ministry of National Economy	75
4.1.2.3 Ministry of Labor	76
4.1.2.4 Ministry of Education and Higher Education	78
4.2 Interview-Based Findings	81
Chapter Five: Results and Recommendations.....	85
5.1 Introduction	85
5.2 Study Results.....	85
5.3 Study Recommendations	88
References.....	91
Appendixes	96

List of Tables

Table Name	Page Number
Table 1:National policies and policies interventions for health sector	59
Table 2: linking Ministry of Health strategy with national policy priorities	60
Table 3:National priorities and national polices for sustainable development	64
Table 4:National polices and policy interventions for Ministry of National Economy	64
Table 5:Link between national policy agenda and Ministry of National Economy strategy	65
Table 6: National policy and policy interventions for quality education for all	72
Table7: Sampled Ministries Expenditures (2014-2017).	74
Table 8: Ministry of Health Public budget (2014-2017)	75
Table 9: Ministry of Health strategic plan budget (2014-2017)	75
Table 10: Ministry of Economy Public budget (2014-2017)	77
Table 11: Ministry of Labor Public budget (2014-2017)	78
Table 12:Ministry of Labor key performance indicator in the national development plan and public budget(2014-2016)	79
Table 13: Ministry of Education Public budget (2014-2017)	79
Table 14: Ministry of Education strategic plan budget (2014-2017)	80

Chapter One: Introduction

1.1 Introduction

Public budget is a financial plan for state that includes estimates for expenditures and revenues for next fiscal year approved by legislative authority reflects economic and social objectives adopted by state (Al-Shobakah, 2015).

Public budget principles could be charted into : Annual principles which means budget approved for one fiscal year by legislative authority; Comprehensive principles which means all expenses and revenues are founded in one document; General principles which means including all revenues and expenses without any clearing between them; Non-allocation principles means not allocating certain revenues for a certain public expenditure; Balance principles which means estimated revenues equal to estimated expenses and that there is no surplus or deficit (Haj, 2009).

Palestinian Authority has started preparing budgets since 1995, they were trial and simple budgets. After formation of Legislative Council in 1996 basic law issued in 1997 followed by second version of basic law in 2002, according to it public budget must be prepared yearly (Articles 60, 61). Organic Budget law was enacted in 1998 by a presidential decree, named organizing public budget and financial affairs law. Yearly budget approved by Legislative Council as law by a specific date each year (budget law, 1998).

Ministry of Finance prepares State budget according to public budget law which was enacted in 1998, by which public budget is prepared and implemented according to items, but since 2010 Ministry of Finance shifted in preparing public budget from item budget to programs and performance budget, the new methodology is more complicated than the previous one, state public

budget must be prepared in coordination with national development plans and ministries strategic plans.

According to programs and performance budget, ministries must adopt programs and activities that contribute to achieving strategic objectives, every program in public budget should have a qualified team to implement it, at end there will be cost of program and measurement tools that shows if program was fully implemented or some gaps were founded.

State of Palestine starts using programs and performance budget since 2010, according to that, midterm or multi years' expenditures concept appeared, which merged operational expenditures with development expenditures.

Programs budget is important tool in implementing strategic plans, philosophy of preparing programs and performance budget reflects its importance, this budget prepared in coordination with strategic plans and national development plans. So strategic objectives, mission, vision, values, and other elements that appears in strategy must be reflected in programs and performance budget, so this study will identify the role of programs and performance budget in implementing Palestinian strategic plans.

1.2 Statement of Problem

Theoretically, programs budget based on strategic plans and national development plans , in Palestine programs budget is new concept starts just few years ago and there is lack of information published by Ministry of Finance about yearly outcomes for programs budget, so this study come to answer the following question:

What is the role of programs and performance budget in implementing Palestinian strategic plans?

To answer this major question, sub- questions formulated as follow:

1. Do Ministries strategic plans correspond with the State National Development plans?
2. Do Financial Provisions in Ministries strategic plans correspond with the financial provisions in State National Development plans?
3. Do Ministries strategic plans and its financial provisions corresponds with the State Public Budget?

1.3 Study Hypotheses

The study will prove or reject the below hypotheses:

1. Programs and performance budget is not important tool in implementing Palestinian strategic plans.
2. Ministries strategic plans not correspond with State National Development plans.
3. Financial Provisions in Ministries strategic plans not correspond with financial provisions in State National Development plans.
4. Ministries strategic plans and its financial provisions not corresponds with State Public Budget.

1.4 Study Objectives

This thesis comes to achieve the following objectives

2. Investigating the role of programs budget in implementing Palestinian strategic plans.
3. Explore Public budget in Palestine.
4. Explore stages of developing Public budget in Palestine.

5. Explore procedures for preparing budget in Palestine.
6. Suggest recommendations for governmental institutes to improve programs and performance budget.

1.5 Study Importance

Determining role of programs budget in implementing Palestinian strategic plans and answering if programs budget reflects Palestinian strategic plans and sectoral plans for each sector and if provisions in annual budget comply with provisions in strategic plans.

Public budget has great value in the state; it is a tool for translating state policies and implementing its stated objectives. Budget is a tool for planning, implementing, monitoring and analyzing activities and programs of government in order to achieve efficiency and effectiveness in administrative and financial performance of state.

There is lack of studies and researches on the subject, especially implementing programs and performance budget in Palestine, which is a new methodology that has not exceeded ten years of time.

1.5 Study Limitations

1. The study was not able to get formal information about public budget in Palestine for the years 2018 and 2019 because of emergency law in state.
2. Ministry of Health refused interviews with their staff on pretext that study is an evaluation study, refusing was after contacting Director General of Health Education.

1.6 Study Limits

Time limits: the study will cover years from 2014 to 2017.

Geographical limits: The study will be conducted within the State of Palestine.

Data limits: the study can't access budget and real expenses for state of Palestine for the year 2018 because of emergency law in State.

Chapter Two: Conceptual Framework and literature review

2.1 Public Budget Concept

Public budget is necessary for every country, whatever its political system and form of government. Without budget, it is difficult for Ministries, Governmental Institutions to achieve their objectives and duties, which leads to difficulty in managing National Economy as it was planned (Asfour, 2008).

Public budget is an important tool in financial planning because it is the main tool that defines objectives of Government, policies, and programs for distributing resources. There is no country that has the ability to obtain unlimited resources regardless of their wealth so basis of preparing public budgets concentrate on comparison between available alternatives (Qazaz, 2005).

Public budget is a statement of government expenditures and revenues for a period, usually a fiscal year, government's aim from preparing budget to achieve specific economic objectives; budget is a reflection of State role in economic activity (Albatreq, 2000).

Concept of budget has evolved from being an instrument for providing society with basic public services to a concept of playing a key role in economic planning through control of budget tools and components, especially in financial policy such as control of ratios and types of taxes, amount of allocated expenditures, or to reduce size of unemployment along with the impact on monetary policy so budget has become linked to economic development, stability, social policies and redistribution of income more fairly (Sabri, 2000) .

Most important elements on which public budget depends on are (Mahmoud, 2010):

1. Budget is a comprehensive plan: budget is a comprehensive general plan for all activities and programs of government for a period, it must be prepared to serve strategic planning, coordination, control, and helps to achieve objectives efficiently.
2. Budget is estimates and predictions: budget depends on estimate of what is expected to spend and what is expected to collect during period of time, prediction depends on state economic conditions.
3. Budget is law: budget becomes final after adoption and ratification from legislative authority in State.
4. Budget is delegation: legislative authority in state delegated executive authority (government) in implementing budget, spending and collecting should be under approved limits.
5. Budget is guidance: budget is a guide for fiscal policy, economic and social development in state.
6. Budget is bank of information: it should include a general and comprehensive plan for all details of various programs and activities that serves needs of various levels of government administration.

2.2 Public Budget Definitions

Public budget: financial table includes two sections general revenues and general expenditures within a specified period, usually one year. It is considered as action plan or a full program of economic, social, and political policy that public sector aims to achieve during coming year or years (Ajam, 2013).

It is a document in a financial form based on objectives and figures. Objectives expressed in plans of state within a specified period. Figures reflect what state intends to spend on these objectives and what expects to collect from various sources of income during a period of time, which is usually determined by a year (Far, 2008).

2.3 The Emergence of Public Budget

Public budget established by popular councils when they managed financial burdens imposed on individuals such as taxes and control on public spending. Consequently, parliament takes role in deciding expenses and public revenues included in state budget. Therefore, idea of preparing a public budget for expenditure and revenues is a recent concept founded after English revolution in 1668 and French revolution in 1789 (Al-Shawabka, 2015).

The role of state in society shifted from intermediary role to main role in determining economic and social activities. Budget becomes a translation of economic, social and political structures existing in countries, expresses alternatives that underline fiscal and monetary policy of a state, this development follows failure of market mechanism to achieve desired economic and social balance. The main objective of state became to achieve these balances. Therefore, modern concept of public budget linked to National economic budget as most countries prepare their annual budget according to a comprehensive and detailed report on economic and financial situations (Abu Zaatar, 2012).

The financial system in Palestine went through different stages and formed with the beginning of British mandate when High commander issued budget and after consultation with competent council and it was published in official newspaper of Palestine. Indirect taxes such as customs duties and production tax (imposed under Tax Act of 1927) were main revenues for Palestinian

budget in that period, at the end of mandate period a progressive tax was imposed on the income of individuals and ratio tax on profits of companies under Law No. 13 of 1947 (Sabri, 2000).

In 1998, Palestinian National Authority (PNA) issued law Number (7) to regulate public budget and financial affairs. Law defined public budget as a detailed program of expenditures for PNA and its revenues for a particular financial year, including annual estimates of PNA revenues, grants, loans, other receipts and various expenses.

2.4 Importance of Public Budget

Public budget is a document of state's financial policy, an administrative document for implementing of these policies, economic document for distribution of scarce resources, political document to determine benefits and cost to distribute them to society. Budget includes detailed estimates for state revenues and expenditures during next financial year, which ensures continuation of government departments and institutions activities, budget is prepared by technical bodies in executive authority while implementing budget starts after approval from legislative authority, which gives executive bodies authorities to collect public revenues and disbursement public expenditure during a fiscal year (Ali, 2003).

The importance of public budget comes from (Alnaqash,1997):

1. Budget is an indicator about direction of national economy in state, and state's use of resources.
2. Budget works to find a balance in economy, it determines suitable amount of growth and stability of prices.
3. Budget achieve justice in society by redistributing income through imposing higher taxes on the rich in benefit of the poor.

2.5 Rules and Principals of Public Budget

1. Annual budget principle: budget prepared for one year, so it's suitable period for repetition of financial activity of state. Budget requires great efforts to prepare from public budget department in Ministry of Finance, legislative authority functions is approving and controlling, approval before implementing budget while controlling during implementing therefore control would be weakened if a duration of public budget is more than one year (Mohammed, 2007). According to Law No. (7) of 1998 for public budget and financial affairs Article (1) financial year in state of Palestine starts from first of January and ends in last day of December every Gregorian year.
2. Principle of generality and inclusiveness: public budget of state include all revenues and expenses, ministries are prevented from allocating their revenues or some of their revenues to their own expenses, and all revenues must be submitted to the ministry of finance included in the public budget. (Alhaj,2009). This principle supports control by e legislative authority on government while implementing budget, which prevents unapproved government expenditures. (Mohammad, 2007).
3. Principle of unity: All state revenues and expenditures are in one document. This document covers all state financial activities, based on two important bases financial base and political base (Khalaf, 2008).
4. Principle of non-allocation: Public budget department collects all revenues and meets all public expenses without allocating a certain general revenue to cover a certain public expense or to service a public utility without other public utilities. Applying this principle enable state to distribute its revenues to all state facilities (Mohammed, 2007).

2.6 Public Budget Classification Methods

1. General expenditures: expenditures classified as follow (Chevauchez, 2007):
 - A. Scientific classifications: dependence on repetition or rotation and according to its objectives or according to scope of their validity or economic effects.
 - i. Expenditures classification according to regularity: expenses divided into ordinary or extraordinary expenses. Regular expenditures are those expenditures appear periodically, those expenditures repeated in state budget each year because they used to satisfy a permanent need for State. The extraordinary expenses have exceptional nature, such as wars and natural disasters, so they are not repeated annually.
 - ii. Expenditures classification according to interest: Real expenditure is an expenditure that spent by state to obtain goods and services, unlike transfer costs which bear no tangible returns such as interest expenses and public debt installments.
 - iii. Expenditures classification according to their effects: production and consumption expenditures, first one has a financial return while the second without direct financial return.
 - B. Functional classifications: expenses classified according to basic services or functions performed by state.
 - C. Qualitative classification: public expenditure for governmental units classified according to services they provide.
2. General revenues: they classified as follow:

- A. Local revenues: tax revenue and non-tax revenue, governments collect high rate of revenues from tax revenues (Alawnah, 2014).
 - i. Tax revenues: tax defined as a monetary deduction imposed by public authorities on persons and companies in accordance with their capacity in order to cover general burdens, tax revenues divided to direct taxes and indirect taxes.
 - ii. Non-tax revenues: non-tax revenues divided into several categories, including revenues from state property. Second revenue is revenue from fees, which defined as a cash amount that individual pays for a service (shileh, 2005).
- B. External revenues: state receives donations from donor countries to cover deficit in their local revenues and investments.

2.7 Basic Functions of Public Budget

- 1. Control: control defined as procedures, methods and organizational plans, aims to preserving assets and properties, achieving efficiency and effectiveness by adhering to administrative policies set by management (Shaheen, 2012), control divided into two parts:
 - A. Managerial control: internal or external control implemented by governmental bodies to assure that all expenses and revenues in state are complied with laws.
 - B. Legislative control: legislative council or legislative authority authorized to pass budget and control it to assure that executive authority implement budgets according to laws (Alali, 2003).

2. Planning: budget tasks changed from estimation of revenues and expenditures to planning for all state activities, planning process contributes in formulation of future policies, budget considered as one of most important planning tools for senior management (Sheikh Eid, 2007).
3. Evaluation and analysis.

2.8 Types of Public Budgets

Budget in its primitive form was merely reports or lists of expenses submitted to legislative authority on disbursements carried out by executive authority; it considered a control tool for disbursement (Utz,2011).

2.8.1 Items Budget

First use for items budget was in United States of America in 1921, it compiled functional classification as programs and economic classification that distinguishes between current public expenditures and capital expenditures, in items budget expenditures are classified by type not according to purpose, all similar expenditures are grouped in one group regardless of implementation and then main expenses are divided into a sub - items and then divided into types (Andrados, 2009).

Definition of Item Budget

The items budget focused on control function without focusing on planning, programming, performance evaluation and ignored elements of efficiency and effectiveness in use, so research finds that items budget is a process of not planned spending's by government leads to financial reports on compliance with financial laws (Andrados, 2009).

Others defined it as a budget based on items and authorized provisions in budget, importance of adhering to items budget implementation, others defined it as control budget because it based on

financial control over public expenditure in government institutions in terms of disbursement and acquisition of goods and services (Jamal, 2004).

Preparing Items Budget

Items budget prepared according to available financial and human resources without considering purpose of those expenditures. Public expenditure estimated according to previous three years without attaching to objectives of plan. This type of estimates does not meet actual needs and priorities that government needs to achieve its objectives (Abu Zu'aitar, 2012).

According to previous definition items budget does not achieve objectives in national development plan, it is a disbursement and control budget without achieving any desired objectives from spending.

2.8.2 Programs Budget

Developments in concept of state, concept of economic activity and intervention of state in economic activities led to development in public budgets, programs and performance budget founded, it facilitates process of analysis and evaluate activities of administrative units, shift from focus on financial control to improve performance of government institutions and increase its efficiency, which means shifting from attention on means of implementation to focusing on work required to implement. Programs budget concentrate on programs and activities not on items of expenditure (Sheikh Eid, 2007).

Definition of Programs Budget

There is no agreed definition for programs and performance budget, so the study will provide a set of relevant definitions and concepts. (Young, 2003) developed a comprehensive concept of

programs and performance budget, defined it as a tool through which funds are allocated to programs to achieve specific objectives in plans which allows measure performance, efficiency and effectiveness after implementing budget, which helps linking inputs(expenditures)with program activities and objectives which leads to strengthen accountability system. According to (Kim, 2006) process of preparing programs budget, identify ministry, identify programs, identify subprograms, identify activities for each program, measuring activities cost and provisions to implement activities. Programs budget based on "money versus value" base.

Previous definitions did not address consistency of programs budget with state administrative functions. (Salloum and Al-Muhaini, 2007) pointed out that programs and performance budget is a plan shows specific objectives for administrative units expressed in form of specific programs and projects, budget classified according to units basic functions then determining needed programs under every unit function, then the classification according to item of expenditures so to implement budget you should finance program, any unit can implement more than one program and more than one unit can implement one program.

Programs budget set of objectives that a country must achieve within a future period of time after detailing it according to programs and activities, estimating cost of implementing each program and activity, setting standards to measure achievement and efficiency, programs budget relies on targeted outputs and objective and its effect on society (Alawnah, 2014).

Requirements to Implement Programs Budget

According to (Al-Mahayni, 2000; Fahmi, 2004), the requirements to implement programs budget are:

1. Central governmental body for budget.

2. Develop a committed and unified budget manual for governmental units.
3. Expenditures classified according to work programs.
4. Analyzing revenues according to its source not collection, revenues prediction using statistical methods such as moving average.
5. Compliance of governmental units with central budget management instructions.

According to (Kasek and Webber, 2009) programs and performance budget is a managerial tool represents a plan for allocating expenditures according to activities. This budget shows resources (input) and outputs for each activity related to a government unit, this type of budget has a set of requirements to implement:

1. Existence of high quality hierarchy and laws in public administration units.
2. High qualified staff to prepare and implement programs budget.
3. Existence of cost accounting system and information system for using financial resources.
4. Existence of rewards system to enhance performance.
5. Using scientific tools to predict expenses and revenues.
6. Existence of advanced accounting system includes chart of accounts, coding system, modern financial management and active internal audit system.
7. Existence of advanced information technology systems and specialized software.
8. Ability to measure results and performance.

According to (Salloum and Al-Muhaini, 2007; and Al-Ghaitani, 2012) implementing programs and performance budget needs:

1. Definition of government units.
2. Determine objectives to be achieved for each unit and its program objectives.

3. Divide government units into programs to achieve desired objectives.
4. Predict programs cost to help budget department in providing divisions.
5. Estimate results from major programs, subprograms and projects.
6. Develop systems and procedures to monitor and analyze results of implementing programs and projects.
7. Develop systems and procedures for obtaining information regularly and permanently.
8. Determine administrative responsibility on implementing programs.

According to (Zeiter, 2012) programs and performance budget is a set of objectives that government agencies and their various units must achieve within a period of time, those objectives must be conveyed to programs, activities and necessary efforts, preparing programs budget requires:

1. Determine estimated cost for implementing each program or activity.
2. Setting standards for measuring achievement and efficiency.
3. Evaluate ability to reach targeted outputs.

According to (Al-Ghitani, 2012) programs and performance budget plan aims to achieve short and midterm objectives. To achieve this, objectives linked to organization structure, divided into programs, activities and projects. Programs budget has advantages:

1. Increasing administrative and accounting responsibility.
2. Provide legislative authority with effective tools and information to assess government financial performance.
3. Distribute available human and material resources in state more effectively than traditional budgets.

4. Improve decision-making process in government agencies and thus improve efficiency of use available resources and improve quality of services provided to public.

Despite various definitions of programs and performance budget and its implementation requirements, they all agreed on basic pillars implementation basis for this budget. This type of budget achieves effective link between macro planning, sectoral planning, policies, objectives and programs, allocate financial resources available in budget for these programs. They also agree that successful in implementing programs budget requires formulation of realistic macro and sectoral plans based on detailed and measurable policies and objectives lead to detailed expenditure planning under macroeconomic and fiscal framework, this requires clear and flexible administrative structures for governmental units, laws that allow flexible management of human resources, appropriate accounting, financial and administrative information systems that can accommodate changes in expenditure classifications, and an institutional culture based on participation and accountability.

Reasons for Switching to Programs and Performance Budget

According to According to (Zeiter, 2012), most important reasons for switching from items budget to programs and performance budget are:

1. Introducing scientific administrative methods in governmental sector.
2. Finding financial control bodies separate from public budget department in many countries of the world.
3. Finding weaknesses and administrative deficiencies for items budget.
4. Government's interest in quality of civil services and upgrading them.

5. Implement accounting systems that achieve internal and financial control in governmental sector.

Advantages of Programs and Performance Budget

Programs and performance budget have several advantages as follows, its first use was in United States of America in 1954 by David Novik,:(Schick, 2007)

1. Programs and performance budget is characterized for future planning.
2. Link governmental plans with public budget.
3. Programs and performance budget determines programs and projects for several years, not one year as in item budget.
4. Define main programs of each ministry and allocate funds for these programs, which divided into sub-projects and thus sub-activities.
5. Use Programs and performance budget methods to achieve desired objectives of government institutions.

Programs and Performance Budget Principles

Development in methods of preparing, implementing programs and performance budget led to develop a set of concepts and principles to ensure objectivity of implementation (Alsaid, 2005).

1. Setting objectives principle: each unit should define objectives to be achieved, taking in consideration availability of technical and economic possibilities.
2. Flexibility principle: budget should be flexible to meet new conditions that were not expected at time of preparation.
3. Participation principle: take advantage of experience and knowledge of all employees.

4. Realism principle: estimates should be representative of reality and not difficult to attain.
5. Inclusiveness principle: Budget covers all aspects of unit's activity, all administrative levels and represents all resources, uses and activities.
6. Prediction principle: budget data are prepared for a future period, according to scientific prediction and assessment basis.
7. Time distribution principle: operations distributed according to its occurrence time.
8. Linkage between budget and organizational structure principle.
9. Distinguish between capital and current expenses principle.
10. Expressing budget in financial form principle: preparing initial estimates in non-financial measure units, after preparing financial measures.
11. Performance evaluation principle.
12. Non-allocating revenues principle: Not allocating revenues for specific project, determining program revenues and expenses and group them in the whole budget.
13. Disclosure principle: budget disclose about revenues and expenditures in easy and understandable way.

Characteristics of Programs and Performance Budget

Program and Performance budget system must include the following characteristics (Alsaid, 2005):

1. Setting objectives: setting ministry objectives is one of main elements in implementing programs and performance budget. Objectives of each program and its activities leads to ministry general objectives. Therefore, if programs and activities achieved, ministry will achieve its objectives.

2. Setting programs: program consists of activities to implement objectives or responsibilities of ministry. Program may be major and include sub-programs.
3. Setting activities: large volume of programs and difficulty of following them led to fragmentation programs into sub-groups of activities. These activities divided into sub-activities to link performance with resources.
4. Identify performance indicators and set up budget based on specific performance levels.
5. Performance measuring and reporting: monitoring performance during budget execution by comparing objectives with actual performance.
6. Programs evaluation: evaluation programs carried out periodically at the end of financial year. Ministry conduct evaluation for each program and its main activities and sub-activities at least once in five years.

Programs and Performance Budget Implementing Stages (Alsaid, 2005):

1. Planning Stage: this stage determine objectives that administrative unit expects to achieve during financial year, whether these objectives related to services performance or completion of projects. All these objectives measured using appropriate measurement units for service or project.
2. Cost estimation stage: determining cost for each programs that will be completed by administrative unit during budget year, cost elements are linked to various operations comprising each program, and then these costs classified according to items comprising budget.
3. Reviewing stage: review process aims to study results in previous two stages. Results presented to budget preparing committees to verify that objectives for each administrative

unit are consistent with objectives in state strategic plan, reviewing cost of each program or project, ensure that total provisions required for implementing programs and projects are within available financial resources.

4. Implementation and follow-up stage: final budget after approval became as work program that defines objectives of each unit, measures objectives quantitatively and determines responsibility of each unit in achieving these objectives. Therefore, data included in budget considered a tool for controlling achievement of objectives. Quarterly follow-up reports during year based on same measurement units used in program preparation and at same rates used to determine costs of delivery.

Programs Budget Classification Methods

1. Functional classification: grouping programs into major groups in accordance with general government objectives and functions of state, and then dividing programs into activities which implemented by several units (Shawabke, 2000).
2. Economic classification: classifying state operations according to its nature to current and capital operations, this classification help management when planning for programs (Alsaid, 2005).
3. Programs classification: Program defined as part of work contribute in production of a final product or service (depending on nature or purpose of unit's activity) (Shawabke, 2000).

This classification considered as a link between government public functions and activities that reflects action plan for executive management. complex programs whose final effect is difficult to measure divided into several subprograms, which may enable determining final effect for each subprogram separately.

Program is major in programs and performance budget. Program represents highest level of labor performed by governmental unit; it is an essential part of annual work plan in any particular functional area (Alshawabeh, 2000).

4. Activities and projects classification (performance classification): Activity means group of similar works under a program that contributes in producing final product of program. Activity is a synthesis of similar duties undertaken by individuals in first levels of work. This classification useful on purposes of labor control, as these activities represent first basis for comparing performed work and required work.
5. Items classification: identifies all expenditures from a governmental unit on employees (salaries, wages, etc.) and current expenditures (goods and service) and thus helps to prepare budget estimates of various expenditure elements and then control them when spending, therefore it focuses on things purchased or wages paid which helps to develop a unified system of accounts for all units despite its difference in functions, objectives, activities. It is the last classification in programs and performance budget system and helps on financial control on governmental units' expenditures (Alsaid, 2005).

Accounting Basis for Preparing Programs and Performance Budget:

Accounting measurement bases used in government units will be discussed in order to identify advantages and disadvantages of using each of them in order to determine importance and role of each of them in achieving objectives of programs and performance budget, (Alsaid, 2005).

1. Cash base: It's one of the oldest bases used in measuring results of government activity. This basis is concerned with recognition of revenue in accounting records at time of receipt and recording expenses in accounting records at time of pay, revenues are realized upon

receipt and expenditures realized when paid irrespective of accounting period, whether it relates to a prior or next period. Cash basis is useful in terms of:

- A. Easy to understand and apply.
- B. Provide necessary information to indicate movement of cash flow.
- C. Objectivity in measuring results, no personal judgment in measurement processes.
- D. Preparing financial statements quickly for governmental units.

However, cash base suffers from disadvantages as follow (Alsaid, 2005):

- A. Failure to provide necessary data to prepare an accurate financial position for government
- B. No, distinguish between current and capital expenditures.
- C. Conflicts with principle of independence of financial years.
- D. No flexibility in completing project, especially at end of fiscal year.
- E. Difficulty tracking expenditures of projects that implemented in more than one fiscal year.
- F. Failure to provide necessary data for comprehensive monitoring and evaluating performance of governmental unit.

According to previous disadvantages, cash base not suitable to be used in programs and performance budget.

2. Modified cash base: recognition revenue in accounting records at time of receipt and recording expenses in accounting records according to accrual whether it paid or not.
3. Accrual base: This base is concerned with recording financial transactions for fiscal year, regardless of date of actual payment or actual receipt, whether paid or receipt in fiscal year

in which they occurred or in a previous or subsequent financial year, which complied with independence of financial base.

This base has been widely accepted in private sector. Governments have also developed their financial systems by using this base because its comprehensive accurate accounting methodology provide all necessary data to show results of implementing government activities during budget period.

A good accrual-based governmental accounting system can provide decision makers with necessary information to help them make decisions in a way that achieves their objectives. Using this base in programs and performance budgeting helps in determining real cost of governmental services which related directly to programs (Alsaid, 2005).

Accrual base more appropriate for implementing programs and performance budget. In terms of revenue, programs and activities collect it. Efficiency of these activities is measured by comparing their revenues with their costs, according to accrual base all revenues due for fiscal year whether collected or not, expenditure will also link provisions for program or activity with objective of program or activity regardless of payment process, which clearly shows cost of activity or program and helps control on cost elements of program or activity (Alsaid, 2005).

Therefore, accrual base is suitable base for purposes of implementing program and performance budget system.

2.9 Public Budget in Palestine

Public budget and Financial Regulation Act No. 7 of 1998 defines public budget as a detailed program of expenditures of national authority and its revenues for a particular fiscal year. It includes annual estimates of National Authority revenues, grants, loans and other receipts, expenses and payments.

Despite comprehensively of this definition, it did not link preparation of budget with development plans, the definition considers budget as a financial program for estimated revenues and expenditures, budget considered economically as a financial plan or financial program for coming year to achieve objectives specified in the development plan. The definition focuses here only on estimates for revenue or expenditures and budget annularity.

Establishment of Public Budget in Palestine

Establishment of public budget in Palestine took place in 1994 since Palestinian Authority starts control on Gaza Strip and Jericho, and before that date - since Zionist occupation of Palestine - civilian military administration has taken over public expenditure on various activities, in addition to some international institutions such as United Nations Relief and Works Agency for Palestine Refugees.

First steps towards establishment of Palestinian national institutions with cooperation with International Monetary Fund and World Bank. Law of organizing public budget and financial affairs was issued on 3/8/1998, which includes seven chapters dealing with basics of budget preparation and implementation, public debt management, accounting and auditing rules.

This law defines mechanism for budget preparing, discussing and gathering them in one document to be submitted to the Council of Ministers and then Legislative Council authorizes and finally law signed by president.

Public Budget Cycle in Palestine

Budget cycle, is a stage that budget has undertaken from issuance of budget circular until adoption of its final account (Shirazi, 1989), budget cycle in Palestine is a continuous and repeated cycle divided into four stages, responsibility of implementing these stages divided between executive and legislative authority.

1. Preparing stage: estimating expenditures and revenues for next period, this stage starts at beginning of second half of the year when public budget department starts preparing budget circular.
2. Approving stage: legislative council must discuss drafted budget and approve it before beginning of new financial year (Law No. 7 of 1998). Draft budget law approved by legislative and sent to Mr. President, for approval.
3. Implementing stage: Law No. 7 of 1998 on organization of public budget and financial affairs allocated a complete section for budget implementation, which included fourteen articles starting from Article 31 to Article No. 45, clarifying mechanism of implementation, responsibilities and tasks, whether related to Ministry of Finance or other Ministries and Government institutions.
4. Follow-up and control stage: budget review carried out during implementation process to identify and address any deviations that may arise during that phase. Financial control is important and necessary to ensure that budget implemented in accordance with provisions and objectives approved by legislative council, as well as correct collection of revenue according to laws and regulations.

Overview on Palestinian Public Budget

Public budget prepared in Palestine according to Law No. 7 of 1998 regarding organization of public budget and financial affairs. Council of Ministers shall submit Public budget Law to Legislative Council at least two months before beginning of fiscal year. Legislative Council through Budget and Finance Committee discuss it, committee shall submit its recommendations to council. Legislative Council discuss draft of public budget law. Accordingly, budget shall be

approved or returned to council of ministers for necessary amendments within a maximum period of one month from date of its submission. Council of Ministers add amendments and bring budget back to Legislative Council in a maximum of two weeks, after that budget should be approved by Legislative Council and sent to President for approval (public budget law, 1998).

Public budget department in Ministry of Finance prepare operational and developmental public budget for Ministries and public institutions. Budget department shall follow all stages of public budget implementation during the year. Ministries and public institutions shall comply fully with instructions issued by budget department to prepare draft of public budget law. Line ministries responsible on accuracy of figures, data, information and tables provided to Public Budget Department.

Ministry of Finance in first of July of current year submit a comprehensive report to Council of Ministers on financial situation with expectations of resources and commitments during remainder of fiscal year and recommendations to set policies relevant to expected economic developments, which considered to be a guide for preparing budget in next year (public budget law, 1998).

State of Palestine prepare first public budget in 1995, it was simple budget and not based on scientific basis. Preparing budget took a new direction after formation of Legislative Council after 1996 elections and after issuance of Basic Law which obliged state to prepare annual public budget, and then adoption of Law No. 7 of 1998 on organization of public budget and financial affairs and thus began first steps in establishment of fiscal policies and budgets, this new laws leads to comply with it during budget cycle.

Budget prepared according to items, there was no electronic system for implementing public budget but it was manually. In 2003, Ministry of Finance used electronic system to manage public budget cycle automatically, at that period Ministry of Finance manage implementing public budget

centrally and there was no authority for ministries on their budgets, this situation continued until 2007. In 2011, a unified electronic system developed and all ministries linked with it under supervision of Ministry of Finance. Ministries given authority to implement their budget directly through financial controller from Ministry of Finance.

In 2010, State of Palestine adopted programs and performance budget instead of items budget, this change in line with planning for development process in all sectors of economy, first appearance programs budget in Palestine was in 2013, in 2012 it was partially programs budget.

2.10 Planning in Palestine

State of Palestine prepared its budgets since 1995 without linking to strategic plans. Palestinian reform and development plan (2008-2010) considered the first strategic plan formulated by government; it is a national plan that sets out a medium-term agenda for reform and development in Palestine. This plan provides an integrated basis for distribution of all government resources and reflects Palestinian National Authority's commitment to adopting integrated regulation to prepare policies, planning and budgets. It also represents a comprehensive framework for objectives and performance standards, as well as allocation of resources to achieve objectives (reform plan, 2008).

Second strategic plan is National Development Plan 2011-2013 (establishing the state and building the future). The plan outlines national policy agenda adopted by Palestinian government with the macroeconomic framework, overall financial framework and accountability framework that should implemented over three years of plan. Methodology in this plan as previous one also it provides significant improvements, including extensive and intensive consultations with more relevant individuals, through development of 23 sectoral and non-sectoral strategies. As part of

formulation of development expenditure plans based on priorities of expenditure agreed upon with government ministries and agencies, some of major sectoral strategies subdivided into sub-sectors, called national sectors (national development plan, 2011).

Third strategic plan is National Development Plan 2014-2016 (state building to sovereignty), it represents third stage of national planning in Palestine and reflects hard work from government's point of view on establishing an integrated system for preparing plans and budgets and implementing strategic reform procedures, through which a comprehensive and participatory methodology based on results will be adopted in the preparation and implementation of policies. The National Development Plan reviews agreed strategic framework by all parties concerned, including the government, the private sector and civil society. The plan focuses on four main sectors: economic development and employment, good governance and institution building, protection and social development, and infrastructure sector (national development plan, 2014).

Finally, the national policy agenda 2017-2022 (citizen first) was prepared and outlined the strategic directions to complete the efforts to end the settlement occupation on Palestine and develop strong public institutions that Interested in the citizens. The sectoral and non-sectoral strategies and the medium-term budget integrated into the national policy agenda, which constitutes the fourth national development plan of the State of Palestine. This document was prepared through full partnership and collective effort of governmental institutions with local government bodies, civil society organizations, private sector, academic institutions and international development partners (national policy agenda, 2017).

2.11 Linking Programs and Performance Budget with Strategic Plans

According to the Manual Procedures for Preparing Medium-term, Public budget (2015-2017),

State of Palestine system in policies, planning and budget consists of three main elements:

1. The Palestinian National Development Plan.
2. Sectoral strategies.
3. Programs and performance budget.

According to the Manual Procedures before preparing public budget, national policies emanating from a comprehensive national plan should be formulated, priorities of the national policies are defined, and then sectoral strategy for each sector defined and what is purpose of that sector, then programs and performance budget prepared for all governmental institutes, link between Policies and budgets are one of the most difficult challenges faced by countries, especially those countries which works to reform their regulations and try to have effective management of public spending. Policies of sectors must be clear, because any vague and incomprehensible policy is difficult to understand from governmental authorities, clarity in presentation policies is one of first tasks in ensuring linkage between policies and programs (Ministry of Finance report, 2015).

According to the Manual Procedures for preparing budget (2015-2017) Linking policy system with planning and budgeting system in State of Palestine occurs as follows:

1. National development plan polices implemented through sectoral strategic plans objectives.
2. National development plan polices implemented through strategic objectives in more than one sector.
3. Information coming from programs affects design of strategic objectives.
4. Objectives achieved through its related programs.

2.12 Previous Studies

This part presents the previous local and foreign studies as follows.

2.12.1 Local studies

(Ghannam, 2006) "A Proposed Framework for Preparing and Implementing Programs and Performance Budget in Palestine".

The study aims to develop budget preparing in Palestine to achieve control on performance, study impact of environmental variables and their impact on implementing programs budget and its role in increasing efficiency of administrative planning and control on public expenditures, research community was senior management in ministries of Palestinian National Authority who are involved in preparing budget and control on it, the study use questionnaire to collect necessary data and used analytical descriptive approach, analysis of results was through using SPSS.

Study results were, use of programs and performance budget leads to optimal allocation of resources and increase efficiency and effectiveness for programs and activities, use programs budget promote control, responsibility for deviations, assessment of results, implementing planned programs and achieve objectives.

The study recommends that to achieve first and most important function of budget which is planning shift from items budget to programs and performance budget must done because items budget suffers from lack of control on programs and projects and it hasn't role in follow-up performance and rationalization government spending.

(Abdel Karim, 2016) "Assessment Efforts of Palestinian National Authority in shifting to Programs Budget".

The study aims to assess process of shifting to programs budget and adopt medium-term expenditure methodology in ministries, identify difficulties faced state in shifting to programs

budget and propose solutions that would fasten process of transformation. Researcher used analytical descriptive method, reviewing literature and previous studies and experiences of other countries, intensive interviews with senior management in Ministry of Finance, research questionnaire designed and analyzed statistically using SPSS, and study sample was 15 responsibility centers.

Study results were, progress of shifting to programs budget is limited and focused on promoting understanding of responsibility centers for this type of budgets and in building their technical capacity to deal with programs budget requirements, there is a political will and determination in senior management for importance and benefits of shifting to programs and performance budget.

The study recommends to prepare and adopt a medium-term economic and financial framework for budget to be starting point in preparing comprehensive and sectoral plans, Ministry of Finance should design and prepare training programs for technical staff whose responsible for preparing plans and budgets in various responsibility centers in order to increase their ability to deal with requirements of programs budget.

(Othman, 2011), "Developing Budget of Palestinian Government Units Using Programs and Performance Budget".

The main objective of study is to develop public budget used in Palestinian government sectors that leads to increase efficiency and effectivity of Palestinian government units, control on public money, and helping to measure government performance. Researcher used two methods in gathering data, literature review to identify general ideas and framework, on field method research through survey. Study community was general directors, directors, heads of divisions, accountants in budget departments and accounting units in line ministries, members of budget committee in

Legislative Council, accountants in civil society institutions, academics, researchers in financial and accounting affairs, independent auditors, and accountants and managers in some foreign financial institutions. Study sample was part of study population.

Study results were, current Palestinian accounting system based on applying traditional method of preparing public budget and applying cash base in accounting, programs and performance budget is preferred model to use when preparing public budget in Palestinian governmental units from other models.

Study recommends shifting public budget preparing model in Palestine from items budget to programs and performance budget, improving level of disclosure and transparency to promote public to control accounting reports in governmental units.

(Jafar, 2010) "Possibility of Applying Programs and Performance Budget by Palestinian National Authority Government (Case Study, Government Budget in Palestine (1998-2008))".

Study aims to explain programs and performance budget and ability to implement it in Palestinian National Authority because it has many economic and social advantages to state and reduce financial deficit. Study aimed employees in budgets committees in Palestinian ministries, study population was 180 members of budget committees including Ministry of Finance, which is authorized to prepare budget and submit to Minister of Finance, who submit it to Legislative Council for approval and adoption, questionnaire used to collect data and Statistical Package for social sciences program (SPSS) used to analyze questionnaire.

Study results were, there are many shortfalls and negatives in process of preparing public budget in traditional way, which prevents development, it is possible to implement programs and performance budget in Palestinian National Authority as there is qualified employees.

Study recommends implementing programs and performance budget in one or group of governmental units as starting point for gradual shift, conduct studies about benefits of implementing programs budget and ability to implement it in other line ministries.

(Abdalfatah, 2015) "Using Programs and Performance Budget for Environmental Evaluating to Public Units".

The study aimed to use programs budget to increase environmental performance, rationalization public expenditures, improving flow of programs and projects for governmental units, activate process of control on implementation during performance criteria by comparing achievements with what is planned to achieve (plan) and determine causes of deviations from plan.

The study relied on descriptive analytical method in describing real cases used in preparing and implementing public budget and describing problems of the current budget, researcher uses inductive analysis to determine results of applying programs and performance budget and its role in maintain environmental resources, study population was employees of Al-bader Environmental Center and governmental institutions, study sample was 95 employees, questionnaire used to collect data and the (SPSS) used to analyze questionnaire.

Study results were, there is a significant relationship between applying programs and performance budget and increasing effectiveness of controls on environmental performance of public units. Also there is a significant relationship between applying programs and performance budget and improving environmental performance of public units.

Study recommends preparing budgets that links financial operations with state objectives, which helps in coordinating governmental activities and prevent duplication on it, improve capacities for related employees and accountants who involved in programs and performance budget cycle.

2.12.2 Foreign Studies

(Faisal, 2011) New Public Management and Administrative Reforms in the Kingdom of Bahrain: "Implementing Performance and Programmed-based Budgeting"

This study explains the opportunity for administrative reform in the government of Bahrain. In particular, it describes how political elites see the principles of New Public Management (NPM) in public sector organizations, explains the institutional capability of Bahrain's public sector to start and sustain reform, the study investigates the drivers of administrative change in Bahrain, examines how elements of NPM express themselves in management practice in Bahrain's public sector organizations.

Data source was a survey of ministries and interviews with change leaders, shifting to Performance and Programmed Budgeting System (PPBS) in ministries was taken as case study. Reform in Bahrain affected by, internal and external socio-economic forces such as globalization and demographic change and secondly pressure from citizens for greater transparency and responsiveness. New public management elements expressed themselves in five key dimensions: organizational structure, the decision-making process, a movement to customer-driven, output-based funding, improvement of human resource management (HRM) performance and, finally, quality management in pursuit of efficiency in public services. However, certain constraints, including a lack of commitment from the political-administrative leadership and a lack of the prerequisite preparation, have impeded implementation. The research builds upon and extends existing theorizing about NPM and draws practical implications for subsequent reform initiatives, in Bahrain and beyond.

(Robenson, 2013) "Program Classification for Performance-based Budgeting"

The study talks about new government in Chili and its priorities in governing state through more control on public money, expenditures according to governmental programs priorities, setting measurable objectives and measure performance of governmental units and its programs.

According to these priorities, state of chili presents reform and development plan consists of main objectives, link governmental priorities with financial resources get red from not important expenditures, find standards to measure governmental performance and existence of control reports to reduce money loss.

According to study, reform plan obliged government to use programs and performance budget to control implementing reform plan and set objectives. Study showed factors leads to reform and implement new budget as follows:

1. Identify budget-related programs accurately and set objectives for each program.
2. Arrange programs as priorities for purpose of allocating government spending.
3. Review previous expenditure processes, identify shortcomings and rationalize spending with a committed political decision.
4. Modifying analysis methods used in expenditure review process to identify faults accurately.
5. Distribution of institutional responsibilities to improve evaluation process.
6. Develop governmental unit's strategies and formulate performance indicators.
7. Oblige governmental units to use performance standards.

The study showed that Chilean government could implement programs and performance budget according to following conditions:

1. Accurate distribution of available resources according to programs taking in consider of spending priorities.
2. The need for an advanced financial accounting system.
3. The government has ability to distribute financial provisions.
4. Existence of internal control system and internal audit system.
5. Existence of administrative department to manage budget.
6. Attention to planning and evaluation in short- and medium-term performance.

(Kim and Park, 2007) "Performance Budgeting in Korea"

The study discussed general frame for programs and performance budget and how to implement in Korea, effect of this budget on quality of information in Korea, republic of Korea shifts to programs budget for three reasons:

1. Planning expenditures in short term and long term.
2. Establish active performance management system.
3. Establish electronic financial system for the budget.

Implementing programs budget in Korea was during the period (2000-2005) in three stages of implementation:

1. First stage (2000-2002) performance budgeting: preparing performance budgeting similar to American style, it was implemented on 22 governmental units.
2. Second stage (2003-2005) performance management system of budgetary program: establishing performance management system for budget programs, every unit prepare strategic plan and annual performance reports for each program until 2005, 25 governmental units in this stage.

3. Third stage after 2005: self-assessment of the budgetary program in this stage 555 governmental programs were rated and reviewed according to the American rating tool.

According to study stages for preparing, implementing programs and performance budget in Korea as follows:

1. Measuring and evaluating results: includes, formulation of objectives for each program, develop indicators for outputs, and setting standards through plans.
2. Link performance results for previous year with New Year budget.
3. Prepare reports at the end of year in form of statistics and performance results.

The study shows obstacles faced ministries and governmental units during implementation of program budget, lack of technical capabilities such as information technology and infrastructure, difficulty in designing performance indicators, inadequate human resources, and difficulty in accepting new budget system, these obstacles were solved through intensive training programs, designing rewards and responsibility systems, and designing cost accounting systems.

The study showed that programs budget has a specific structure that must be adhered to when preparing it, first level identifies ministries, second level identifies programs to each ministry, third level identifies sub-programs when main program joints between more than one ministry, fourth level identifies activities, and fifth level identify cost of activities and programs.

(Mullen, 2006) "Performance- Based Budgeting"

The study set a tool to measure governmental programs in United States of America, this tool consists of four measurement aspects, it's called program assessment rating tool (PART), this tool was developed to strength process of evaluating programs efficiency, tool consists from group of questions designed to evaluate governmental programs:

1. Evaluating process of designing program and its objective, 20%.
2. Strategic planning for this program, 10%.
3. Governmental program management, 20%.
4. Program results and accountability, 50%.

According to Office of Management and Budget in America the Programs evaluation categories have been developed, if result was 85% to 100% program performance effective, 70% to 84% program performance moderately effective, 50% to 69% program performance adequate, 0% to 49% program performance ineffective.

(Rose, 2003) "Results-Orientated Budget Practice in OECD Countries"

The study aims to evaluate process of preparing budgets in countries of Organization for Economic Co-operation and Development (OECD), preparing budget in this countries focus on inputs and outputs so this leads to concentrate in programs performance and implementing programs and performance budgets, reasons obliged countries to shift to programs budget were:

1. Programs and performance budget explain objectives of the funds.
2. Explain related cost for programs to achieve objectives.
3. Produces quantitative data helps in measuring achievements to every program.

According to this study needed procedures to prepare programs and performance budget are dividing budget in to similar programs and activities, defining operational objectives for each program/activity in budget, clarify revenues and expenses for each program, measure outputs and performance to each program, use outputs to prepare standards to evaluate consumed costs, performance evaluation and ensure if government resources were used efficiently.

(Kochik, 2015) "Budget participation in Malaysian Local Authorities"

The study examines the effect of budgetary participation on departmental performance via budget adequacy, organizational commitment and role ambiguity. Study sample was 108 budget preparers and budget users of Malaysian local authorities; questionnaire surveys were analyzed by SPSS.

The study results budget adequacy, organizational commitment, and role ambiguity are important variables. The relationship between budget participation and departmental performance is statistically, significantly, positively and marginally correlated. Budget adequacy, organizational commitment, and role ambiguity are important intervening variables in the relationship between budget participation and departmental performance. Budget adequacy, organizational commitment, and role ambiguity had partially mediated the relationship of budget participation and departmental performance. These three variables act as partial mediators when they significantly reduced or decreased the path coefficient of budget participation and departmental performance rather than eliminating the relationship.

2.12.3 Comparing with Previous Studies

1. Study results correspond with (Ghannam, 2006) study results, using programs and performance budget affects governmental activities and improve control.
2. Study results correspond with (Abdel Karim, 2016) study results, shifting to programs budget is limited and focused on promoting understanding of responsibility centers for this type of budgets and in building their technical capacity to deal with programs budget requirements.
3. Study results conflict with (Othman, 2011) study results, programs and performance budget is preferred model to use when preparing public budgie in Palestine.

4. Study results correspond with (Jafar, 2010) study results, public budget prepared randomly by increasing or decreasing percentage from previous public budget without taking in consider programs priorities.
5. Study recommendations correspond with (Robeson, 2013) study recommendations, the same implementing condition used in Chili needed in Palestine to have effective programs budget can implement strategic plans.
6. Study results correspond with (Kim and Park, 2007) study results, obstacles faced Ministries and governmental units during implementation of program budget, lack of technical capabilities such as information technology and infrastructure, difficulty in designing performance indicators, inadequate human resources, difficulty in accepting new budget system, these obstacles were solved through intensive training programs, designing rewards and responsibility systems, designing cost accounting systems.

This study differ from previous studies as follows:

1. All local previous studies present proposals and recommendations to the ability of implementing programs and performance budget in Palestine while this study evaluate the role of implemented programs and performance budget in implementing Palestinian strategic plans.
2. The study discusses Palestinian programs budget in details through the period (2014-2017).
3. The study proofing the correspondence between programs budget and Palestinian strategic plans.

Chapter Three: Research Methodology

3.1 Introduction

This chapter discuss study methodology used by researcher, it defines all plans and stages of study and all scientific tool used to achieve study objectives, what is the role of programs and performance budget in implementing Palestinian strategic plans. Therefore, the following lines will determine steps taken by researcher to achieve study objectives.

3.2 Study Sample

The study population is public budgets, national development plans, and ministries strategic plans during the period(2014-2017) while the study sample is public budgets for Ministry of Health, Ministry of labor, Ministry of National Economy and Ministry of Education during the period (2014-2017) and strategic plans for these ministries in same period, budgets and strategic plans analyzed through this period to determine programs and performance budget role in implementing Palestinian strategic plans.

Selected ministries are important ministries, their share in public budget in 2017 was 30.6%, and they are from three sectors. The selected ministries are service ministries and the core of their work related to the daily service of citizens. These ministries have no privacy in their work, and therefore the results of their work and reports must be published to the public. Hence, these ministries chosen to avoid ministries that have privacy, which may hinders the study.

For each Ministry during period from 2014 until 2017 the study analyzed and discussed strategic plans, relation with national strategic plans, financial provisions, reality of implementing programs and performance budget as a tool for implementing strategic plans. In addition, this thesis relies

on the interview with senior officials from public budget department of the MOF and line sampled ministries who are involved in budgeting.

3.3 Study Methodology

Ministry of Finance has started using programs and performance budget since 2010, during period from 2010 until 2017 Ministry of Finance enacted eight public budgets in coordination with Palestinian reform and development plans, first one is national development plan 2011-2013 (establishing the state and building the future), second one national plan 2014-2016 (state building to sovereignty) , and the last one national policy agenda 2017-2022 (putting citizens first).

The study analyzed enacted budgets during period (2014-2017) and other related performance reports published by Ministry of Finance to evaluate the role of programs budget in implementing Palestinian strategic plans, comparison between budgets through years to notice development in budget preparing and its role in implementing strategic plans, programs, activities and other components which formulate programs budget have been analyzed.

The researcher relied on analytical of content approach based on the following:

1. Reviewing relevant literature to determine theoretical framework and previous studies.
2. Reviewing public budgets for sampled Ministries during the period (2014-2017) and their compatibility with strategic plans.
3. Reviewing State National Development plans during the period (2014-2017).
4. Reviewing sampled Ministries strategic plans and their compatibility with State National Development plans during the period (2014-2017).
5. Making selected interviews with senior officials from public budget department of the MOF and line Ministries who are involved in budgeting, interviews with planning and

financial officers in programs budget team in sampled Ministries, three interviews were made with line Ministers, interview with general director of public budget directorate in Ministry of Finance, details about interviews and interviewed employees founded in appendix Number One.

The study analyzed strategic plans for every Ministry, its strategic objectives, financial provisions and compare it with Palestinian national development plan to check if ministry strategic plans prepared in coordination with the national strategic plan, second step, comparing ministries strategic objectives and financial provisions in strategic plans with ministries public budgets to check if ministry public budget prepared according to ministry strategic plan.

Chapter Four: Empirical Findings

4.1 Content Analysis

4.1.1 Ministries Strategic Plans and Corresponded with Development Plans

4.1.1.1 Ministry of Health

According to the national development plan (2014-2016) third strategic objective for social protection and development sector was a more integrated healthcare system, providing high quality, equitable public health care services for all, while priority policies for government in health sector were:

1. Continue to provide better access for all social groups to high-quality health care as a human right.
2. Develop and upgrade infrastructure of hospitals, clinics, and health care center.
3. Improve management of chronic diseases, which overburden healthcare system.
4. Conduct a comprehensive review of patient transfer system.
5. Enhance health sector development and governance through effective and efficient institutional development and management of healthcare system.
6. Expand computerized healthcare service system to include all government hospitals.
7. Continue in developing primary and general healthcare service.
8. Develop and integrate psychological and community health within primary healthcare service delivery.
9. Develop partnership, cooperation, coordination and integration between ministry of health and all national and international healthcare providers.

According to Ministry of Health strategic plan (2014-2016) strategic objectives were:

1. Provide comprehensive and integrated health care services for all citizens.
2. Promote preventive health care and improve management of non-communicable diseases.
3. Provide an effective, comprehensive and sustainable quality system for all health services.
4. Implement qualified health employees capable of delivering high-quality health services.
5. Enhance institutional development and health sector governance.

Reviewing strategic objectives sets in Ministry of Health strategic plan (2014-2016) and compare them to strategic objectives and priority polices of national development plan for the same period shows a clear match between objectives in both strategic plans except one objective in the national development plan related to health sector "conduct comprehensive review of patient transfer system, invite tenders from Israeli and Jordanian hospitals with a view to contract best health care services in terms of quality and cost ". This objective was not mention in ministry strategic plan.

Comparing estimated budget in the national development plan 2014-2016 for health sector with Ministry of Health strategic plan shows clear difference between amounts approved by the national development plan and Ministry of Health strategic plan, budget in the national development plan was 4,813,200,000 shekels (27.3% from spending on sector) compared to 4,300,000,000 shekels for estimated budget in Ministry of Health strategic plan, this means that there is insufficient coordination and no involvement of all competent authorities in preparation of the national development plan or strategic plan for Ministry of Health wasn't prepared in accordance with the national development plan.

According to national policy agenda 2017-2022, putting citizen first, ninth national priority was quality health care for all, table number (1) shows national policies and policy interventions under national priority nine as follows:

Table (1) National policies and policies interventions for health sector

National policy	Policy interventions
Health care services to all citizens	<ul style="list-style-type: none"> • Reform public health care insurance system. • Ensure the fiscally sustainability of the health care system. • Improve the quality of health care services. • Increase equitable access to health care services.
Improving citizens health and well-being	<ul style="list-style-type: none"> • Strengthen preventive health care, raise awareness and healthy lifestyles. • Introduce the family health care approach. • Improve and implement national polices on chronic disease management.

According to Ministry of Health strategy (2017-2022) strategic objectives after consulting with all stakeholders were:

1. Providing comprehensive health services to all citizens.
2. Promotion of non-communicable disease management programs and preventive health care.
3. Mainstream quality system in all health services aspects.
4. Develop the human resources system.
5. Enhance health governance.

6. Enhance health financing and enhancing the financial protection of the Palestinian citizen in dealing with health costs.

Reviewing national policies and policies interventions in the national policy agenda and strategic objectives in Ministry of Health strategy shows clear match and harmony between objectives in two strategies because ministry strategy prepared in coordination with national policy agenda, Ministry of health strategy link between the national policy agenda and sectoral health strategic objectives as follows:

Table (2) linking Ministry of Health strategy with national policy priorities

National policy priorities	Strategic objectives/health strategy
Health care services to all citizens.	Providing comprehensive health services to all citizens.
	Develop the human resources system
	Mainstream quality system in all health services aspects.
	Enhance health governance
Improving citizens health and well-being.	Enhance health financing and enhancing the financial protection of the Palestinian citizen
	Providing comprehensive health services to all citizens.
	Mainstream quality system in all health services aspects.
	Promotion of non-communicable disease management programs and preventive health care.
Enhance health financing and enhancing the financial protection of the Palestinian citizen	

The national policy agenda (2017-2022) prepared without financial provisions (as in national policy agenda (2014-2016)) so the study cannot compare cost of strategic plan for health sector with financial provisions in the national policy agenda.

4.1.1.2 Ministry of National Economy

According to the national development plan (2014-2016) strategic objectives for economic development and employment sector were:

1. Increase investments, which create employment opportunities.
2. Provide suitable environment for balanced economic growth and development in the Palestinian territories.
3. Improve the competitiveness of the national product and Palestinian companies.
4. Qualitative and quantitative Expand in entrepreneurship and innovation projects.

According to the national development plan (2014-2016) priority policies for government in improving national economy were:

1. Promote investment in small to medium enterprises and provide them with credit facilities and loan guarantees.
2. Promote investment in east Jerusalem and area C.
3. Put in place processes and incentives needed to leverage domestic resources.
4. Develop a legislative framework that enable economic growth.
5. Develop institutional, administrative, and oversight capacity of government agencies.
6. Develop effective, efficient and reliable infrastructure.
7. Support economic development in east Jerusalem.
8. Suitable regulation that leads to easy access for finance.

9. Encourage sustainable green economy.
10. Promote investment in productive sectors.
11. Activate standardization system.
12. Enable small and medium-sized agricultural producers to adapt to the market,
13. Developing legislation to facilitate the import, export, promotion and marketing of Palestinian products.
14. Intensifying control to organize internal control.

According to Ministry of National Economy strategy (2014-2016) strategic objectives were:

1. Reduce dependency on Israeli economy move to Arab, regional and international economies through restructuring productive sectors, strengthening absorptive capacity of labor, diversify trade and find alternative markets for Palestinian goods and services, facilitating Palestinian trade according to best international practices.
2. Develop enabling environment for business and investment in Palestine through Creating a competing legal and regulatory framework and developing investment infrastructure.
3. Enhancing and increasing competitiveness of industrial sector and SME sector through industrial and Commercial Development Program.
4. Raising efficiency and performance of public and private sector to be able to build state economy according to best global practices.
5. Organizing internal market and consumer protection.

Reviewing strategic objectives sets in Ministry of National Economy strategic plan (2014-2016) and compare them to strategic objectives and priority polices of overall national development plan shows a clear match between objectives in both strategic plans.

Estimated budget in the national development plan 2014-2016 for economic development and employment sector 1,858,680,000 shekels includes Ministries of National Economy, Labor, Tourism, Agriculture and Telecommunications as these ministries has joint responsibilities in achieving strategic objectives, Ministry of National Economy budget 609,000,000 shekel 32.8% from sector budget, while ministry strategy (2014-2016) did not mention cost of implementing strategy and there was no joint projects with other ministries lies in same sector, that means strategic plan for Ministry of National Economy wasn't prepared in accordance with the national development plan.

Key performance indicators in the national development plan 2014-2016 for economic development and employment were accurate indicators, contains base numbers and figures to be achieved annually and final result to be reached at end of plan, while key performance indicators in Ministry of Economy strategic plan were general indicators without base number and desired results also some strategic objectives were without key performance indicators, logically key performance indicators in Ministry of Economy strategic plan must be in compliance with indicators of the national development plan and contain details more accurately. This leads to conclusion that ministry strategic plan did not take in consider all details in the national development plan.

According to national policy agenda 2017-2022, putting citizen first, third pillar was sustainable development, sixth national priority was achieving economic independence, according to Table Number (3) the national policies under national priority six as follows:

Table (3) National priorities and national polices for sustainable development

Third pillar: sustainable development	
National priorities	National polices
Achieving economic independence	<ul style="list-style-type: none"> • Building Palestinian economy. • Creating job opportunities. • Improve suitable investment environment. • Promoting Palestinian industries.

Achieving national polices done through policy interventions, table number (4) shows national polices and policy interventions in the national policy agenda (2017-2022) as follows:

Table (4) National polices and policy interventions for Ministry of National Economy

National polices and policy interventions	
National polices	policy interventions
Building Palestinian economy	<ul style="list-style-type: none"> • Rebuild Palestine productive sector. • Attract domestic and foreign investment. • Improve exports and expand international trade. • Invest in strategic infrastructure. • Strengthen the financial sector role in supporting private sector. • Bridge the West Bank-Gaza development gap.
Creating job opportunities	<ul style="list-style-type: none"> • Job creation through private-public partnership. • Improve entrepreneurship projects. • Support the Palestinian employment fund. • Find safe work environment.
Improve suitable investment environment.	<ul style="list-style-type: none"> • Support business start-ups and small business. • Support digital economy. • Support co-operatives. • Provide suitable legislative environment.
Promoting Palestinian industries	<ul style="list-style-type: none"> • Support the national products. • Increase the national product market share. • Rebuild productive sectors in Gaza.

According to Ministry of National Economy strategy (2017-2022) strategic objectives were:

1. Independent Palestinian economy.
2. Strong business environment and attractive for investment.
3. Competitive Palestinian industry.
4. Structured internal market and consumer protection.

Comparing national priorities, national policies and policies interventions in the national policy agenda with strategic objectives in Ministry of National Economy shows clear match and harmony between objectives in two plans because ministry strategy was prepared in coordination with the national policy agenda, according to ministry Strategy table number (5) shows linkage between national policy agenda and Ministry of National Economy strategy as follows:

Table (5) Link between national policy agenda and Ministry of National Economy strategy

pillar	National policy	Strategic objectives 2017-2022	Ministry programs
Sustainable development	Building Palestinian economy	Independent Palestinian economy.	Industrial and commercial development
		Structured internal market and consumer protection.	Consumer Protection
	Improve suitable investment environment.	Strong business environment and attractive for investment	Industrial and commercial development
	Promoting Palestinian industries.	Competitive Palestinian industry	Industrial and commercial development

4.1.1.3 Ministry of Labor

According to the national development plan, (2014-2016) Ministry of Labor lies in economic development and employment sector, strategic objectives for sector mentioned previously in analyzing Ministry of National Economy strategy, priority policies for government in improving labor were:

1. Continue to implement job creation programs, shift gradually to permanent employment set regulation that generate investments.
2. Continue in providing awareness campaigns, reinforcement control and inspection in working areas.
3. Provide high quality technical and vocational training and education to improve Palestinian workers' productivity and developing the Palestinian human capital.
4. Develop agricultural and handicraft cooperatives and agriculture councils.
5. Improve TVET (technical and vocational education and training) that target women and young people by developing vocational training centers.
6. Provide capacity building to women and youth to introduce innovative economic initiatives.
7. Raising the efficiency of youth and women cooperative societies and encouraging them to innovate.
8. Support the institutions and associations of youth and women in Jerusalem.

According to Ministry of Labor (2014-2016) strategic objectives were:

1. Reducing unemployment and promoting suitable employment opportunities for both sexes within a sustainable human development framework.

2. Organized and effective vocational training to provide the labor market with skilled and semi-skilled labor of both sexes.
3. Organized cooperatives generate returns that have an effective impact on economic and social development.
4. enterprises are committed to the relevant laws, regulations and decisions to achieve decent work for all employees
5. Stable labor relations, solid social dialogue and democracy protected and guaranteed by law in the framework of economic and social development.
6. Access to a comprehensive and modern social security system in the State of Palestine

Reviewing strategic objectives and policies sets in Ministry of Labor strategic plan (2014-2016) and compare them to strategic objectives and priority polices of overall national development plan for same period, shows that there was a clear match between objectives in both strategic plans.

Estimated budget in the national development plan 2014-2016 for economic development and employment 1,858,680,000 shekels includes Ministry National Economy, Labor, Tourism, Agriculture and Telecommunications as these Ministries has joint responsibilities in achieving strategic objectives, Ministry of Labor estimated budget 197,000,000 shekel 10.6% from sector budget, while Ministry of Labor strategic plan (2014-2016) did not mention cost of implementing strategy and there was no joint projects with other ministries which lies in same sector which means that strategic plan for Ministry of Labor wasn't prepared in accordance with the national development plan.

Key performance indicators in the national development plan 2014-2016 for economic development and employment were accurate indicators, contains base number and figures to be achieved annually and final result to be reached at end of plan, while key performance indicators in Ministry of Labor strategic plan were general indicators without base number and desired results, logically key performance indicators in Ministry of Labor strategic plan must contain more details than the national development plan as Ministry strategy considered as a structural strategy. This leads to conclusion that Ministry strategic plan did not take in consideration all details in the national development plan.

According to national policy agenda 2017-2022, putting citizen first, third pillar was sustainable development, sixth national priority was achieving economic independence, through group of national polices one of them creating job opportunities with detailed policies interventions, details were explained in analyzing Ministry of National Economy.

According to Ministry of Labor strategy (2017-2022 strategic objectives were :

1. Reducing unemployment rates.
2. To provide trained professional workers to suit the needs of the labor market.
3. Enhancing the role of the cooperative sector in employment and sustainable development.
4. Promoting the principles of decent work in Palestine.
5. Building the capacity and governance of tripartite partnership institutions, and strengthening their role at the local and international levels.

According to ministry strategic plan achieving up mentioned strategic objectives will be through group of sectoral policies to each strategic objective consist from group of interventions.

Comparing the national priorities, national polices and policies interventions in the national policy agenda with strategic objectives in Ministry of Labor strategy shows clear match and harmony

between objectives in two strategic plans because ministry strategy was prepared in coordination with the national policy agenda, according to ministry strategy there was sub title that linked ministry strategy with the national policy agenda, according to ministry strategy there was link between strategic objectives and objectives of sustainable development in Palestine.

The national policy agenda does not have budget to achieve strategic objectives, while Ministry of Labor strategic plan (2017-2022) implementation cost was 1,278,204,558 shekels, according to strategy and Ministry of Finance predictions in medium-term expenditure framework and future estimates financial resources for the period (2017-2019) was 149,100,000 shekels 82.3% of them salaries, while expenditures needed to achieve strategic objectives according to strategy for same period was 530,265.232 shekels, difference between actual costs(ministry needs) and allocated provisions(general budget) shows difficulty to achieve desired objectives during this financial provisions which affect or cancel role of programs budget to be an effective tool to implement strategic plans.

4.1.1.4 Ministry of Education and Higher Education

According to the national development plan (2014-2016) second strategic objective for social protection and development sector was education, higher education, and TVET systems ensure high-quality education for all without discrimination, linked to the labor market and society needs, and keep pace with scientific and academic advancements, while priority policies for government which will be implemented over upcoming three years in education sector are:

1. As a human right, ensure the safe and fair enrolment of all Palestinian, including children's with disabilities. Special attention to children living in areas under Israel's control as well as in marginalized and remote communities.
2. Increase enrolment in early childhood and preschool education programs, for boys and girls.
3. Create a safe, progressive, fair environment for education.
4. Improve the high school (Tawjihi) system, enhance staff capacities, and promote the role of the education system in building the national character.
5. Improve the quality of general education and technical and vocational education.
6. Continue to deliver training and rehabilitation targeting teachers.
7. Continue to revise and develop curricula from a gender perspective.
8. Reform and restructure the Palestinian school system.
9. Develop the education system and promote governance, administrative and financial systems, and the legal framework.
10. Construct, develop and rehabilitate infrastructure of schools and educational institutes.
11. Enhance the quality of education in east Jerusalem and develop the infrastructure.
12. Reform and develop higher education management and governance within the public sector and through academic institutions.

According to ministry strategic plan (2014-2019) strategic objectives are:

1. Ensuring safe, inclusive, and equitable access to education at all levels of the system.
2. Developing a student-based teaching and learning pedagogy and environment.
3. Enhance Accountable and Results-Based Leadership, Governance and Management.

Each strategic objective has main policies, strategies and priorities. To implement strategic plan seven service- delivery implementation programs were designed, pre- school program, basic, secondary, non-formal education, vocational, management administration and higher education program.

The national development plan (2014-2016) for state of Palestine duration three years, according to that ministry strategic plan must be in same range while Ministry of Education and Higher education strategic plan (2014-2019) duration five year so this considered fatal conflict between two strategies.

Reviewing strategic objectives in Ministry of Education strategic plan (2014-2019) and compare them with strategic objectives and priority policies of overall national development plan shows a clear match between objectives in both strategic plans except one objective in the national development plan related to higher education, ministry strategy explain that ministry strives for a full integration between General and Higher Education in terms of planning, monitoring, aid management, and implementation. However, the repeated merge and separation between the two subsectors into different ministries during the past government changes have cautioned Ministry to keep the Higher Education strategy in a separate track. Thus, this strategy only covers Palestinian General Education sector.

Comparing estimated budget of the national development plan 2014-2016 for Education sector with Ministry of Education strategic plan (2014-2019), budget in the national development plan was 2,381,000,000 USD (37.2% from spending on sector) compared to 2,248,008,800 USD estimated budget for Ministry of education strategic plan during the years (2014-2016).

According to national policy agenda 2017-2022, putting citizen first, eighth national priority quality education for all, according to table number (6) the national policies and policy interventions under national priority eight as follows:

Table (6) National policy and policy interventions for quality education for all

National policy	Policy interventions
Improving early childhood and pre-school education	<ul style="list-style-type: none"> • Develop early childhood education programs. • Expand and improve pre-school education.
Improving student enrolment and retention.	<ul style="list-style-type: none"> • Maintain high enrolment and improve retention of boys and girls in basic education. • Improve enrolment and balance of boys and girls in all streams of secondary education. • Improve enrolment in non-formal education and literacy education. • Support and protect education in East Jerusalem, Area C and Gaza.
Improving primary and secondary education	<ul style="list-style-type: none"> • Reform curricula. • Develop e-learning programs. • Ensure equitable access to education. • Provide continuing training programs for teachers. • Expand extracurricular activities.
From education to employment	<ul style="list-style-type: none"> • Align TVET and higher education with development and labor market needs. • Upgrade and expand TVET infrastructure, facilities. • Strength scientific research capacity.

According Ministry of Education strategic plan (2017-2022) strategic objectives after consulting with all stakeholders as the follow:

1. Ensuring safe, inclusive and equitable enrolment in the education sector at all levels of the system.

2. Developing a student-centered teaching and learning pedagogy and environment.
3. Promoting accountability and results-based leadership, governance and management.

Comparing national policies and policy interventions in the national policy agenda with strategic objectives in education sector strategic plan shows that there is clear match and harmony between objectives in two plans because ministry strategy prepared under in coordination with the national policy agenda, according to ministry strategic plan there was linkage and correlation between the national policy agenda and education sector strategic objectives, the strategy identified the national policies that directly related to education sector and the national policies that are indirectly related to education sector, for each policy interventions and priorities were added.

4.1.2 Programs Budget and Corresponded with Strategic Plans

According to the national development plan, sectoral policies were in four main sectors:

1. Economic development and employment sector: contains sub-sectoral strategies in developing national economy, labor, telecommunication and information technology, and tourism.
2. Good governance and institution building sector: contains sub-sectoral strategies in justice and role of law, security, international relations, public finance management, monetary banking finance policies local and administrative governance and administrative development.
3. Social protection and development sector: contains sub-sectoral strategies in social protection, education and higher education, technical and vocational education and training, health, culture and heritage, youth and sports, and gender.

4. Infrastructure sector: it contains the sub-sectoral strategies in transportation, energy, water and wastewater treatment, environment, and housing.

While according to public budget four main sectors were designed (governance, infrastructure, economic, social), reviewing public budget shows that Ministries classification wasn't with correspondence with the national development plan. For instance according to the national development plan Ministry of Labor lies in economic development and employment sector while according to public budget lies in social protection and development sector, another instance, according to national development plan Ministry of Telecommunication lies in economic development and employment sector while in public budget lies in infrastructure sector, this difference in classifying Ministries reduces ability of programs and performance budget to be an effective tool in implementing Palestinian strategic plans.

This section will not make legal and economic analysis to ministries programs budget but it's kind of analysis to check development in ministries programs during the period (2014-2017) so programs of Ministries of Health, National Economy, Labor and Education will be analyzed.

As an introduction to ministries analysis, a quick comparison between them will made according to table number (7) shows ministries expenditures in 2017:

Table (7) Sampled ministries expenditures in 2017 (NIS)

Ministry	Expenditures	percentage from public budget	Salaries	percentage from Exp
Education	2,845,930,000	18%	2,300,000,000	80.8%
Health	1,726,772,999	10.7%	782,746,000	45.3%
Labor	46,196,000	3%	34,833,000	75.4%
Economy	52,655,000	3.3%	42,324,000	80.4%

According to table number (7) Ministry of Education budget 18% from State budget while salaries 80.8% from its budget, Ministry of Health budget 10.7% from State budget while salaries 45.3% from its budget, Ministry of Labor budget 3% from state budget while salaries 75.4% from its budget, Ministry of Economy budget 3.3% from state budget while salaries 80.4% from its budget.

4.1.2.1 Ministry of Health

Reviewing Public budget for Ministry of Health and strategic plan for the period (2014-2017) there was a difference in amounts allocated by Ministry of Health strategy compared to public budget approved by Council of Ministers, table number (8) shows ministry public budget (2014-2017):

Table (8) Ministry of Health public budget (2014-2017) NIS

Program	2014	2015	2016	2017
Primary health care services.	282,843,584	264,979,279	200,911,589	220,005,996
Secondary and tertiary health care services.	399,302,064	501,260,044	644,546,663	661,250,677
governance	733,855,926	975,132,777	852,008,748	845,516,326
Total	1,416,001,574	1,741,372,100	1,697,467,000	1,726,772,999

Table number nine shows Ministry of Health strategic plan budget for the period (2014-2017)

Table (9) Ministry of Health strategic plan budget (2014-2017) NIS

Program	2014	2015	2016	2017
Primary health care services.	296,073,584	304,955,792	313,837,998	321,998,253
secondary and tertiary health care services.	413,677,064	426,087,376	438,497,687	452,260,851
governance	682,750,352	703,232,863	723,715,373	1,412,805,896
Total	1,392,501,000	1,434,276,031	1,476,051,058	2,187,065,000

According to tables, provisions in public budget during the period (2014-2017) which is prepared by Ministry of Finance and Ministry of Health (6,581,613,673) shekels is more than cost of programs in Ministry of Health strategic plan for the same period (6,489,893,089) shekels, logically provisions must be as in the strategic plan or less than, it means programs public budget was prepared without compliance with financial provisions in Ministry strategic plan.

According to published public budgets, all strategic objectives, activities, key performance indicators are repeated every year in budgets without any progress rates, key performance indicators and activities for strategic objectives in Ministry of Health strategic plan (2014-2017) are different in Ministry public budget (2014-2017) for the same strategic objectives, in published annual budget 2016 key performance indicators and activities for strategic objectives are same as 2015 budget, copy and paste, without changing year from 2015 to 2016.

4.1.2.2 Ministry of National Economy

Reviewing strategies for Ministry of National Economy (2014-2017) shows that there was no financial resources to implement this strategy, public budget for Ministry of National Economy in the period (2014-2017) shows that programs and objectives sets in public budget are same programs and objectives in ministry strategic plan during the period (2014-2017), except one program appears on budgets (2015-2017) its name employees not distributed on programs, existence of this program and its repetition for three years in ministry public budget considered as biting criticism to public budget, according to public budget four main programs were designed consists of sub-programs reflects strategic objectives, table number (10) shows programs and public budget for Ministry of National Economy during the period (2014-2017)

Table (10) Ministry of National Economy public budget (2014-2017) NIS

Program	2014	2015	2016	2017
Managerial program	22,059,632	20,587,473	14,833,460	14,843,629
Industrial and commercial development program	16,673,176	6,123,524	10,782,770	10,902,689
Consumer Protection Program	16,502,192	7,721,964	7,440,860	7,635,576
Employees not distributed on programs	0	19,909,039	18,858,560	19,273,106
Total	55,235,000	54,342,000	51,915,650	52,655,000

According to published public budgets, all strategic objectives, activities, and key performance indicators repeated every year in budgets without any progress rates. Key performance indicators and activities for strategic objectives in Ministry strategic plans (2014-2017) are different in Ministry budgets (2014-2017) for same strategic objectives. In published public budget 2016 key performance indicators and activities for strategic objectives are same as 2015 budget, copy and paste, without changing year from 2015 to 2016.

4.1.2.3 Ministry of Labor

Reviewing strategy for Ministry of Labor (2014-2017) shows that there was no financial resources to implement strategy, published public budgets for Ministry of Labor in (2014-2017) shows that programs and objectives sets in public budget does not reflect all strategic objectives mentioned in ministry strategic plan during the period (2014-2017), strategic objectives reducing unemployment and promoting suitable employment opportunities within a sustainable human development framework , access to a comprehensive and modern social security system in State of Palestine weren't mention in public budget programs and activities, program employees not distributed on programs appears on budgets (2015-2017), according to public budget four main

programs were designed consists of sub-programs, table number (11) shows programs and public budget for Ministry of Labor during the period (2014-2017):

Table (11) Ministry of Labor public budget (2014-2017) NIS

Program	2014	2015	2016	2017
Managerial program	13,358,000	12,552,507	13,353,949	14,082,219
Monitoring and regulating labor relations	10,827,500	5,438,647	5,753,750	5,936,678
Vocational training, employment and cooperation	20,924,500	15,720,955	13,641,201	15,622,827
Employees not distributed on programs	0	10,608,891	9,984,100	10,554,276
Total	45,110,000	44,321,000	42,733,000	46,196,000

Key performance indicators in the national development plans (2014-2017) are different in ministry budget (2014-2017) for same strategic objectives, table number (12) shows key performance indicator in the national development plan and public budget for Ministry of Labor:

Table (12) key performance indicator in the national development plan and public budget for Ministry of Labor

KPI	National plan			Public budget		
	2014	2015	2016	2014	2015	2016
Number of teenagers workers whose work has been organized	600	900	1200	(200-300)	(200-300)	900
Number of child laborers who have been removed from the labor market	919	1319	1719	300	300	300
Reducing the number of work injures	350	140	56	358	215	95 at the end of 2018

4.1.2.4 Ministry of Education and Higher Education

Reviewing education development strategic plan (EDSP) 2014-2019 and public budgets for Ministry of Education in the period (2014-2017) shows that programs and objectives sets in public budget are same programs and objectives in ministry strategic plan during the period (2014-2017), except one program appears on budgets its name higher education program, existence of this program in Ministry public budget considered as fatal conflict between public budget and strategy, according to public budget seven programs designed consists of sub-programs reflects strategic objectives, table number (13) shows ministry public budget during the period (2014-2017):

Table (13) Ministry of Education public budget (2014-2017) NIS

Program	2014	2015	2016	2017
Pre- school	2,428,887	11,369,888	8,601,458	28,348,259
basic education	1,643,249,694	1,253,341,885	1,214,191,124	1,279,081,600
Secondary education	430,734,275	1,100,996,368	1,059,511,963	1,084,228,341
Non-formal education	3,543,771	371,151	210,000	200,000
Vocational education	24,909,256	30,649,659	28,816,624	28,891,300
management	219,416,919	201,230,629	168,339,930	177,242,500
Higher education	233,916,198	128,055,420	177,175,995	247,938,000
Total	2,558,199,000	2,726,015,000	2,656,847,094	2,845,930,000

Table number (14) shows ministry of education strategic plans budget (2014-2017) as follows:

Table (14) Ministry of Education strategic plans budget (2014-2017) NIS

Program	2014	2015	2016	2017
Pre- school	8,661,888	15,151,968	8,740,548	49,774,250
basic education	1,835,310,708	1,886,890,968	1,940,472,936	1,868,217,820
Secondary education	479,452,932	494,345,412	509,710,320	1,307,945,890
Non-formal education	4,146,336	4,037,508	4,119,624	1,976,940
Vocational education	37,667,556	60,349,752	57,038,688	70,760,980
management	245,407,356	255,564,396	245,762,460	249,782,940
Higher education	0	0	0	354,135,050
Total	2,610,646,776	2,716,340,004	2,765,844,576	3,902,593,870

Reviewing tables number (13+14) shows huge difference in allocated budgets between strategic plan and public budget, according to strategic plan financial provisions for the period (2014-2017) 11,995,425,226 shekels while according to public budget 10,786,991,094 shekels, despite Ministry of Education prepare strategy just for education without the higher education and there were no budgets to this program in strategy (2014-2016) while public budget allocate provisions to this program, this gap reduce or may cancel role of programs budget to be important tool in implementing strategic plans.

According to strategic plan secondary education program budget 2,791,454,554 shekels while according to public budget 3,675,470,947 shekels with gap 884,016,393 shekels, logically programs budget must provide ministry with needed financial resources to implement programs so budgets must equal program cost or less than but in this program provisions in public budget more

than program cost in strategic plan which means public budget prepared in isolation from ministry strategic plan so this leads to loss role of programs budget as a tool to implement strategic plans.

Reviewing sampled ministries programs showed that programs in four years are same without any change the same names and number of programs in each Ministry, changes just in financial provisions to those programs from year to another, to add new program in public budget Ministry of finance should approve that and this new program must have share in achieving sectoral and comprehensive development plans.

Reviewing sampled Ministries programs showed that programs presented in public budget in tables contains description, objectives and outputs to every program and they weren't linked and harmonic with public budget and there was no mechanism to follow-up achieved objectives and output to programs. Ministry of Finance audit is financial and compliance audit on financial regulations without linking with program activities and objectives. public budget structure until now is items structure not programs structure financial reports from Ministry of Finance relies on items without linking these items with programs and desired objectives.

4.2 Interview-Based Findings

Selected interviews with planning and financial officer in planning and budget team management in sampled ministries made, three interviews with line Ministry and one interview with General Director of public budget department in Ministry of Finance, interview questions were nine divided into four main groups. For details, check appendix number (1).

First group of questions discuss planning function, two questions asked. What is the role of Ministries and Institutions in preparing their strategic plan? Are strategic objectives accurate and applicable?

Interviewed answered ministries prepare their strategies fully through their employees and in consultation with all governmental and non-governmental partners, comprehensive development plan issued by the Council of Ministers prepared in partnership with ministries but in an unstructured framework, strategy is a plan and a policy so there are objectives we seek to achieve and there are necessary requirements for success and therefore the most important issue is funding, so if planning tools are sufficiently used, results will be unsatisfactory.

How National Development Plan considered when preparing Ministry's Strategic Plan?

The comprehensive development plan is the main guide under it ministries strategic plans are prepared and reflected in programs budget and the medium-term expenditure plan, but unfortunately, ministries doesn't adhered in it, strategic plans submitted by ministries conflict or omit strategic objectives mentioned in the comprehensive development plan, existence of difference between plans due to several reasons, difference of teams that prepare plans as well as capabilities of ministries and their ability to prepare plans in line with comprehensive development plan, comprehensive plans were unclear and possibility of re-evaluation is difficult because they are non-measurable, not specific programs that can be reflected in public budget with spending

plan and there was no link between comprehensive plan, sectoral plans and midterm expenditure plan.

Second group of questions discuss the relation between strategic plan and programs budget, two questions asked. What is the role of ministry strategic plan when preparing ministry annual budget?

Interviewed answered each ministry prepare its strategic plan but what governs preparation of strategy financial ceilings and funds that can be granted to ministry for implementing its strategic plan, in ministries strategic plans there should be whole chapter about financial resources needed to implement plan, but forecasts are often not correct and financial resources ministries receive during the year are much lower than expected, unfortunately after annual discussions with Ministry of Finance, approved budget to ministries not according to strategic plan and always less than it. However, strategic plan of ministry should be considered the base to prepare ministry public budget.

How ministry strategic objectives reflected in its annual budget?

Accurate strategic objectives are specific, measurable, linked to a time plan and related to ministry work included in budget plan within program tree which includes group of targets, in general there is a budget plan and then ministries strategies and finally comprehensive development plans, programs provided by ministries in budget plan are supposed to reflect strategic objectives of ministries plans and comprehensive development plans.

Third group of questions discuss programs budget preparation, two questions asked. What are the foundations on which Ministry depends in preparing programs budget? How effective programs management and control?

Interviewed answered program is defined as set of services provided by ministries this definition set out in budget preparation procedures manual, each program is a service and therefore programs

of ministry usually do not differ and reflects services provided by ministry, programs are designed to reflect tasks of each ministry, planning and budget management group formed in each ministry and program manager is responsible for preparing and implementing program, program manager in ministries are part-time for these programs and consider it as functional prestige position only while the origin that management of programs need to be devoted and give enough time to follow up implementation of program, civil Servant Law does not have the function of a program manager therefor ministries assigned senior employees to be program manager in addition to their work.

How much progress has been made in the preparing and implementing programs budget?

Preparing programs budget going at a gradual pace, Ministry of Finance satisfied, programs and performance methodology is dedicated in all ministries, continuing to develop program and performance budget needs many requirements and there are annual plans for development, including reformulation of budget legislation, current legislation old, Ministry of Finance is not satisfied with quality of data provided by ministries in public budget plan they are unspecified, non-measurable and difficult to reflect in public budget and plan their costs, line ministries answered they are not convinced in programs budget in Palestine, programs budget in its current form did not come anything new than what was previously implemented (items budget) preparing programs budget but implement items budget, title is programs budget but what done is items budget, programs budget is an integrated system and its forbidden to neglect or shortened any stage.

Fourth group of questions discuss obstacles faces implementing programs budget three questions asked. What are legal and administrative obstacles that hinder application of programs budget?

Interviewed answered there must be a deeper study of all financial and administrative regulations and legislations, financial regulation should be amended to suit programs budget, General Budget

Law is an old law from 1998 for items budget and must be amended, there should be amendments to civil servant law stipulating that one of requirements to recruit employee is to determine program to be hired on, control tools should be different and what is controlled now is at the level of items and adherence to regulations until now there is no control on outputs, old and unclear legislation is the biggest obstacle in implementing programs budget, there is also a problem in the electronic accounting program applied to implement programs budget.

Are there enough staff to implement programs budget, are staff technically and administratively qualified to implement programs budget?

Number of employees is sufficient to a certain extent, the main problem with high ratio of planning and budget management team turnover they are yearly changed and Ministry of Finance suffer from lack of experience for new teams, program Managers need more training and capacity building.

In your opinion, what recommendations and procedures should be followed to ensure more effective role for programs budget in implementing strategic plans in Palestine?

Recommendations to increase effectiveness of programs budget as a tool to implement strategic plans, strategic plans should be realistic plans studied, comprehensive, and take into account the circumstances, possibilities and financial resources, problem of change in members of Planning and budget management group in ministries should be solved and same persons retained for a long period of time, laws and regulations should be amended, train and increase capacities of program managers, national development agenda and priorities should be clear and properly arranged in importance, there must be organized units within the structures of ministries to devote full time to follow-up, evaluation and supervision the implementation of programs budget.

Chapter Five: Results and Recommendations

5.1 Introduction

Based on the research carried out in this study, which examined Palestinian programs budget as a tool to implement strategic plans. Many results extracted by analyzing sample ministries strategic plans. Annual budgets and interviews in chapter four. In this chapter, the researcher will summarize the main findings and recommendations.

5.2 Study Results

This Study obtained many results and the most important results are:

1. According to ministries public budget analysis and interviews results, programs and performance budget is not an effective tool in implementing Palestinian strategic plans, Ministry of Finance and line ministries prepare programs budget but what is implemented is items budget, so hypothesis number one accepted.
2. There is no correspondence during classifying ministries in sectors between national development plan and programs budget, for example in the national development plan Ministry of Labor lies in economic development and employment sector while in programs budget lies in social protection and development sector.
3. There is no match between strategic objectives in national development plan and Ministries strategic plans, so hypothesis number two accepted.
4. Estimated budgets in the national development plans does not match with estimated budgets in Ministries strategic plans, so hypothesis number three accepted.
5. There is no correspondence between estimated budgets in public budget and Ministries strategies, for example Ministry of Health estimated budget in strategy for the period (2014-

- 2016) 4,302,828,089 shekels while according to the public budget for the period (2014-2016) 4,854,840,674 shekels, Ministry of Labor public budget in 2017 was 46,196,000 shekels while according to ministry strategic plan was 19,567,000 shekels, so hypothesis number four accepted.
6. Programs and objectives sets in programs budget does not reflect all strategic objectives in ministries strategic plans and national development plan, for example published public budgets for Ministry of Labor during the period (2014-2016), so hypothesis number four accepted.
 7. Reviewing published public budgets shows existence of catastrophic mistakes and seriousness in preparing programs budget, for example Ministry of Health budget in 2016, strategic objectives, key performance indicators and activities are same as 2015 budget, copy and paste, without changing year from 2015 to 2016, the same situation for Ministry of Economy public budget in 2015 and 2016, so hypothesis number one accepted.
 8. Key performance indicators in national development plan (2014-2016) were accurate indicators contains base numbers and figures to be achieved annually and final results to be reached at the end of plan while key performance indicators in Ministries strategies were general indicators without base number and desired results and some strategic objectives were without key performance indicators, logically indicators in sectoral strategies must be in compliance with national development plan indicators and contains more details, for example Ministry of National Economy strategic plan (2014-2016), so hypothesis number two accepted.

9. According to interviews results, implementing part of strategy through donors directly without reflecting this part in ministries public budget reduce the role of programs budget in implementing strategic plans, so hypothesis number one accepted.
10. According to interviews results, control on programs implementation too weak and just limited to ministry itself, real expenses distributed on programs whether it belongs to program or not, available liquidity determines that, there is no control from Ministry of Finance and Council of Ministers on programs implementation, so hypothesis number one accepted.
11. According to interviews results, national development agenda and priorities are not clear and arranged in importance, they are not reflected in the public budget, for example, Ministry of Agriculture budget is 1% from public budget while national priorities are talking about the cultivation and resilience of citizens in their land, 62% of land is suffers from occupation pursuit, so hypothesis number two accepted.
12. According to interviews results, there is no progress reports submitted from ministries according to programs budget mechanisms, Ministry of Finance reports until now classifying accounts and expenditures according to items concept without linking them to programs and targeted objectives, so hypothesis number one accepted.
13. According to interviews results, organizational structures of ministries are not compatible with program budget structure, absence of a program manager in ministries' structures prevented presence of employees to assist and control programs budget implementation, existing employees belong to other general directorates and they not administratively responsible to program manager.

14. According to interviews results, based on past experience and to ensure programs budget implementing according to strategic plans, the government should reformulate strategic plans and develop realistic strategic plans that can be achieved according to available financial resources, and reduce expectations in strategic plans.
15. According to interviews results, the national development strategic plans were unclear and the possibility of re-evaluation them difficult because they are non-measurable, not specific programs that can be reflected in the public budget with spending plan, there is no linkage between national development plan and sectoral strategies and med term expenditure plan which prepared by ministries to implement programs budget.
16. According to interviews results, old and unclear financial and administrative legislation is the biggest obstacle faced implementing programs budget, Public budget Law is an old law from 1998 for items budget and must be amended, there should be amendments in civil servant law stipulating that one of requirements to recruit employee is to determine program to be hired on, control tools should be different and what is controlled now is at the level of items and adherence to regulations till now there is no control on outputs.

5.3 Study Recommendations

Based on the previous findings. This study suggests the following recommendations

1. According to study results which shows catastrophic mistakes in preparing and implementing programs and performance budget, also the difficult situation for state of Palestine leads to prepare emergency budgets during the last years, depending on external revenue sources from donors, Ministry of finance and line ministries are not ready yet to implement this kinds of budgets, so comprehensive reviews must be done to evaluate

ministries efficiency in implementing this budgets, at the end if conditions not suitable to implement programs and performance budget, state of Palestine and Ministry of Finance should implement more easier budgets such as items budget.

2. Ministry of Finance should match ministries classification in programs budget with sectors classification in national development plans to increase efficiency of programs budget in implementing strategic plans.
3. Importance of match in strategic objectives, activities, key performance indicators, financial resources and duration of implementation between national development plans, ministries strategic plans, budget plan, and programs budget to increase efficiency of programs budget in implementing strategic plans.
4. Importance of having achievement reports while implementing national development plans, ministries strategies, and program budget, until now Ministry of Finance is preparing financial and progress reports in accordance with items concept.
5. The necessity of coordination between ministries to implement joint projects according to national development plans and reflect those joint projects in programs budget.
6. The need to conduct a periodic review and evaluation for approved programs and activities included in public budget, it's not reasonable to have a program in public budget named employees not distributed on programs repeated in more than one ministry for more than a year.
7. The necessity of transferring all funds from donors to Ministry of Finance. Donors, however, were implementing part of strategic plans directly with ministries without

reflecting this impact on programs budget and that limits ability of programs budget in implementing strategic plans.

8. Activate control on program budget implementation, control is not limited to ministry itself, but must be activated through Ministry of Finance and Council Ministers.
9. Reformulate comprehensive strategies and develop realistic strategies according to available financial resources. These realistic strategies will be reflected in programs budget easily and increase efficiency of programs budget in implementing strategic plans.
10. Amend financial and administrative regulations in line with programs budget, public budget law and civil servant law old laws suitable for items budget not to programs budget.
11. Ministry of Finance should continue in training ministries' staff on mechanisms of preparing and implementing programs budget, work closely with ministries to improve quality of data provided by them in annual budget plan, which ensures preparing annual budget plan reflects strategic plans.

References

English References

- Ali, Faisal, **New Public Management and Administrative Reforms in the Kingdom of Bahrain: Implementing Performance and Programmed-based Budgeting.** (unpublished Doctor of Philosophy). The university of Hull, U.K 2010.
- Chevauchez, **public management reform in France**, Basingstoke and New York, IMF, 2007.
- Helmuth, Utz, **The Impact of Performance Budgeting on Public Management.** (unpublished Intelligence on Students Thesis). The University of St. Gallen, Germany, 2011.
- Kasek, L. and Webberm D. **performance-based and medium-term expenditure framework in emerging Europe.** World bank publications, 2009.
- Kim, j. **from line-item to program budgeting: Global lessons and the Korean case.** Korea institute of public finance. The world bank, 2006.
- Kim, j. and Park, N. **performance budgeting in Korea.** OCED journal on budgeting,2007.
- Kochik, Sofian, **Budget participation in Malaysian local authorities.** (unpublished Intelligence on Students Thesis). Aston University, U.K 2015.
- Mullen,p. **performance-based budgeting: the contribution of the program assessment rating tool**, public budgeting and finance, 2006.
- Robinson, M. **program classification for performance-based budgeting: how to structure budgets to enable the use of evidence.** World Bank publications, 2013.

- Rose,A. **results-oriented budget practice in OCEDE countries**, overseas development institute, London, 2003.
- Schick, performance budgeting and accrual budgeting: decision rules or analytic tools, OECD journal on budgeting, 2007.
- State of Palestine, **the National Development Plan 2014-2016 (State Building to sovereignty)**, Ramallah, 2013.
- State of Palestine, **the national policy agenda 2017-2022 (Citizen First)**, Ramallah, 2016.
- State of Palestine, Ministry of education and higher education, **education sector strategic plan** (2014-2019), Ramallah, 2013.
- State of Palestine, Ministry of education and higher education, **education sector strategic plan** (2017-2022), Ramallah, 2016.
- State of Palestine, Ministry of health, **National health strategy** (2014-2016), Ramallah, 2016.
- State of Palestine, Ministry of health, **National health strategy**, (2017-2022), Ramallah, 2016.
- Young, R. **performance-based budget systems**. SC institute for public service and policy research- public policy & practice,2003.

قائمة المراجع العربية الكتب والدراسات

- البطريق، يونس، وزملائه، مبادئ المالية العامة، الاسكندرية: الدار الجامعية، 2000.
- الحاج، طارق، المالية العامة، عمان: دار الصفاء للنشر والتوزيع، 2009.
- السيد، هشام عبد الحي، الأداء المتوازن للتدريب، دبي، 2005.
- الشلة، علا، محددات الإيرادات العامة في فلسطين. (رسالة ماجستير غير منشورة). نابلس، جامعة النجاح، 2005.
- الشوابكة، سالم محمد. المالية العامة والتشريعات الضريبية، عمان: دار الثقافة للنشر والتوزيع، 2015.
- الشيرازي، عباس مهدي، أصول المحاسبة الإدارية، دار النهضة العربية، القاهرة، 1989.
- العلي، عادل فليح، المالية العامة والتشريع المالي والضريبي. عمان: دار ومكتبة الحامد، 2003.
- العلي، عادل فليح، مالية دولية، عمان: دار زهران، 1999.
- الغيطاني، إبراهيم، الموازنة العامة: إشكاليات مصرية وحلول إماراتية، المصري اليوم، 2012.
- الفار، مصطفى خليل، الادارة المالية العامة، عمان: دار أسامة للنشر والتوزيع، 2008.
- القزاز، هديل رزق، الموازنة العامة والنوع الاجتماعي، رام الله: المبادرة الفلسطينية لتعميق الحوار العالمي والديمقراطية، 2005.
- المهياي، محمد، الموازنة الامة للدولة في سوريا: الواقع والافاق، مجلة جامعة دمشق، 2000.
- اندرادوس، عاطف وليم، الاقتصاد الملمي العام في ظل التحولات الاقتصادية المعاصرة (تطور الدور الاقتصادي الحكومي الضرائب والانفاق العام والموازنة العامة، الإسكندرية: دار الفكر الجامعي، 2009.
- النقاش، غازي عبد الرزاق، المالية العامة تحليل اسس الاقتصاديات المالية، عمان: دار وائل، 1997.
- جمال، لعمارة، اساسيات الموازنة العامة للدولة المفاهيم والقواعد والمراحل والاتجاهات الحديثة، القاهرة: دار الفجر للنشر والتوزيع، 2004.

- خلف، فليح حسن، المالية العامة، عمان: عالم الكتب الحديث للنشر والتوزيع، 2008.
- سلوم، حسن، والمهباني، محمد، الموازنة العامة بين الاعداد والتنفيذ والرقابة: دراسة ميدانية للموازنة العراقية، مجلة الاقتصاد والإدارة، العدد الرابع والستون، 2007.
- صبري، نضال رشيد، الموازنات ودراسات الجدوى الاقتصادية، رام الله: المؤلف، 2000.
- صبري، نضال رشيد، الجوانب المالية والقانونية للموازنة الفلسطينية، رام الله-فلسطين: الهيئة الفلسطينية المستقلة لحقوق المواطن. 2000
- عجام، ميثم، ادارة المال العام، عمان: دار زهران للنشر والتوزيع، 2013.
- عصفور، محمد شاکر، اصول الموازنة العامة، عمان: داير المسيرة، 2008.
- علاونة، عاطف، نشأة المالية العامة الفلسطينية وتطورها. عمان: دار الشروق للنشر، 2014.
- فلسطين، قانون، تنظيم الموازنة العامة والشؤون المالية، رقم 7 لعام 1998.
- فلسطين، قانون، وزارة المالية، قانون الموازنة العامة السنوي، سنة (2014-2017).
- فلسطين، وزارة الاقتصاد الوطني، الاستراتيجية القطاعية لتنمية الاقتصاد الوطني (2014-2016) و(2017-2022).
- فلسطين، وزارة العمل، الخطة الاستراتيجية لقطاع العمل (2014-2016) و(2017-2022).
- فهمي، ليلى، النظام المحاسبي لموازنة البرامج والأداء وتبويب النفقات، ملتقى موازنة البرامج والأداء في الجامعات العربية، سوريا، 2004.
- محمد، موفق حديد، الادارة العامة هيكلية الاجهزة وصنع السياسات وتنفيذ البرامج الحكومية، عمان: دار الشروق، 2007.
- محمود، رأفت سلامة، المحاسبة الحكومية. عمان: دار المسيرة. 2010.

- معهد أبحاث السياسات الاقتصادية (ماس)، نصر عبدالكريم، تقييم جهود السلطة الوطنية الفلسطينية للتحويل إلى موازنة البرامج، رام الله، 2016.
- وزارة المالية، دائرة الموازنة العامة، دليل الاجراءات موازنة البرامج متوسط الامد للسنوات 2015-2017، رام الله، 2015.

الرسائل الجامعية

- ابو زعيتر، احمد خميس: دور الايرادات المحلية في تمويل الموازنة العامة للسلطة الفلسطينية. جامعة الزهراء، غزة، 2012.
- احمد، جعفر يونس: امكانية تطبيق موازنة البرامج والاداء من قبل حكومة السلطة الوطنية الفلسطينية (دراسة حالة موازنة حكومة فلسطين (1998-2008). جامعة السودان للعلوم والتكنولوجيا، السودان، 2010.
- الشوابكة، عون، مدى ملائمة النظام المحاسبي الحكومي لتطبيق موازنة البرامج والأداء في الأردن. جامعة آل البيت، 2000.
- الشيخ عيد، ابراهيم محمد سليمان: مدى فاعلية الموازنات كأداة للتخطيط والرقابة في بلديات قطاع غزة. الجامعة الإسلامية، غزة، 2007.
- شاهين، سلام عزام: واقع نظام الرقابة الداخلية في الدوائر الضريبية في فلسطين. نابلس، جامعة النجاح، 2012.
- عبد الفتاح، منى حسن: استخدام موازنة البرامج في التقييم البيئي للوحدات العامة. جامعة عين شمس، القاهرة، 2015.
- عثمان، حسن زكي: تطوير موازنة الوحدات الحكومية الفلسطينية بأسلوب موازنة البرامج والأداء. جامعة القاهرة، القاهرة، 2011.
- غنام، فريد: اطار مقترح لإعداد وتطبيق موازنة البرامج والأداء في فلسطين، الجامعة الإسلامية. غزة، 2006.

Appendixes

Appendix (1): The Interviews Details.

First group: planning function questions

1. **What is the role of Ministries and Institutions in preparing their strategic plan? Are strategic objectives accurate and applicable?**

Mr. Tariq Mustafa (general director of public budget directorate, Ministry of Finance) and **Mr. Hakim Slahat** (Manager of Development Budget & Financial Programming Department) answered:

Ministries and institutions prepare their strategies fully through their employees and in consultation with all governmental and non-governmental partners, comprehensive development plan issued by the Council of Ministers prepared in partnership with ministries but in an unstructured framework, public budget directorate prepare budget plan through Planning and Budget Management Group. What we discover that there are differences between employees who work with us in programs and performance budget and employees who prepare comprehensive development plan and ministry plan. This leads to the fact that existing plans do not reflect the reality of the ministries plans, as a public budget Directorate, we are committed to our role, that we consider government tool in implementing its comprehensive strategies. In the normal situation, the plan should be founded, public budget directorate prepare budget plan through which we seek to reverse government trends by allocating financial resources according to the existing capabilities in the country.

Existing plans prepared by government did not address financial impact of plans and whether existing financial possibilities can actually implement these plans, comprehensive plans were

unclear and possibility of re-evaluation is difficult because they are non-measurable, not specific programs that can be reflected in the public budget with spending plan.

Mr. Abed Alkarem Daragmeh (Minister assistant for Dialogue and Tripartite Partnership, planning officer, Ministry of Labor) answered:

The previous government divided government work into sectors and each sector is led by a ministry. Therefore, ministries leading sectoral planning process. The sectoral planning process in Palestine based on the national policy agenda. So national policy agenda, sectoral strategic plans and midterm expenditures plan formed national development plan, ministry of labor strategic plan comply with these three components. And thus to all line ministries, State of Palestine apply international sustainable development standards therefore planning process based on right bases accredited in Palestine, strategic objectives accuracy and applicability in Ministry of Labor, despite formulation change from time to time, objectives are almost fixed as the issue of employment for the ministry is still number one and is also the concern of the government as a top priority it is striving to reduce unemployment rates. Other Strategic objective vocational training for workers and provide labor market with trained competencies may be the formulation of the objectives has changed from 1994 until today, but this objective has remained constant and the third objectives governance of labor sector, which means law enforcement, Collaborative work, no disputes, and hence the overall objectives helps in achieving government strategic objectives in the country which increase participation of labor sector or its contribution in economic development.

Mr. Azmi Abedalrahman (Director of polices and economic statistics), planning officer, Ministry of National Economy) answered:

Ministries are primarily responsible for preparing strategic plans and act as coordinator and decision-maker of these plans with all partners, whether governmental institutions or private sector

institutions, civil society, donors, academics and experts. The strategic plan for Ministry of Economy for 2017-2022 prepared by 38 members and ministry strategic objectives developed in consultation and coordination with all partners, strategy is a plan and a policy so there is objectives we seek to achieve and there are necessary requirements for success and therefore final issue is funding and all plans are for what will be in future, so if one of planning tools missed results are unsatisfactory, If conditions of implementation available especially financing strategy can be implemented, the existence of funding does not guarantee possibility of implementation, there are major challenges for economic development, such as Paris Protocol and division of regions and lack of control on all areas, strategic objectives are accurate but ability to implement depends on surrounding circumstances.

Dr. Mammon Jabber (General Director of Educational Planning), planning officer in programs budget, Ministry of Education and Higher Education) answered:

Based on the national policy agenda, each sector has developed a strategic plan for the sector in cooperation with all partners, Therefore, Ministry of Education led the efforts to develop the education sector strategic plan in Palestine in partnership with all parties that have interventions with different educational topics, so Ministry set or led efforts to set strategic objectives that Palestine must achieve to achieve policy priorities in the national policy agenda.

2. How National Development Plan considered when preparing Ministry's Strategic Plan?

Mr. Tariq Mustafa (general director of public budget directorate, Ministry of Finance) and **Mr. Hakim Slahat** (Manager of Development Budget & Financial Programming Department) answered:

The comprehensive development plan is the main guide under it sectoral plans are prepared and reflected in programs budget and the medium-term expenditure plan, but unfortunately, ministries does not adhered in it, sometimes you find plans submitted by ministries conflict or omit strategic objectives mentioned in the comprehensive development plan, existence of difference between plans due to several reasons, difference of teams that prepare plans as well as capabilities of ministries and their ability to prepare plans in line with comprehensive development plan, Also, unfortunately, comprehensive development plans are prepared without financial impact if you try to measure the financial impact you will notice that it exceeds state's ability to finance such plans, five years of strategy means you should provide very huge financial resources to account ministries if they don't implement strategies, we apply programs and performance budget but the most important thing to be able to account ministries you should provide financial allocations to ministries in required amounts and in required time, if state unable to provide funds to ministries in quantity and at right time we cannot account ministries for not implementing their strategies, in our current situation inability of Ministry of Finance to provide approved budgets to ministries this leads to a lack of realism and seriousness in preparing ministries strategic plans and this creates a large gap between plans and the implementation on the ground.

Mr. Abed Alkarem Daragmeh (Minister assistant for Dialogue and Tripartite Partnership, planning officer, Ministry of Labor) answered:

The National development plan adopted by the Palestinian government considered the main guide to be relied upon when preparing strategic plan of Ministry of Labor. Strategic objectives and directions contained in the national development plan are the basis and determinants of preparing strategic plan of ministry. before entering new planning process reviewing all previous strategies are all taken into consideration. However, it should be noted that there is a major problem regarding

the extent of coordination at governmental level and at level of partners in the implementation of joint projects that are present in the national development plan, sometimes the partners that bear the burden of carrying part of the plan. Do not carry this part or work without sharing without concerned partners. For example, you can find employment project in the national development plan as a joint project between Ministry of Labor and Ministry of Agriculture put in implementing there is no coordination between ministries to accomplish this joint project. Until now coordination between institutes in the same sector or coordination between institutes in different sectors still doing problematic. According to the national development plan there is joint projects between sectors are taken into consider when preparing ministries strategic plans but problems appear in implementation not in planning where there is no coordination between different sectors.

Mr. Azmi Abedalrahman (Director of polices and economic statistics), planning officer, Ministry of National Economy) answered:

The Comprehensive Development Plan is the main ceiling from which Ministry's strategic plan was prepared. According to the standards in all countries, the governmental institutions in their strategies work to implement government's comprehensive strategic program and plans, and therefore Ministry of National Economy strategic plan committed to strategic objectives in the Comprehensive Development Plan 2017-2022, it was considered as the main guide for Ministry in preparing its strategic plan to reach the four strategic objectives that are in harmony with the national development agenda, Ministry of National Economy participated in the development of the national policy agenda 2017-2022 and developed its strategic plan in line with comprehensive development plan. This mechanism was adopted in all previous strategies, all strategic plans for Ministry of National Economy adhered to methodologies of preparing strategic plans, government program - national team - strategic objectives in line with the national development agenda.

Dr. Mammon Jabber (General Director of Educational Planning), planning officer in programs budget, Ministry of Education and Higher Education) answered:

There is no comprehensive development plan in Palestine, but there is a national policy agenda which is with sectoral plans considered together as comprehensive development plan, they are integrated with each other sectoral plans built on basis of national policy agenda, government development plans were for three years, but with the signing of Palestine on sustainable development agenda which requires longer periods of time the national policy agenda became 6 years. This reflected on period of strategic plans for ministry and became six years. Hence, there is congruence between national policy agenda and ministries' strategic plans in terms of their strategic objectives implementation required time. In order to ensure implementation of its strategic plan government extended implementation period of strategic plans to six years to give government sufficient time to implement its own objectives as a government and also to implement international sustainable development agenda. Within framework of sustainable development agenda national policy agenda established and sectoral plan is therefore integrated and consistent with national policy agenda.

Second group: relation between programs budget and strategic plan

3. What is the role of ministry strategic plan when preparing ministry annual budget?

Mr. Tariq Mustafa (general director of public budget directorate, Ministry of Finance) and **Mr. Hakim Slahat** (Manager of Development Budget & Financial Programming Department) answered:

Ministry of Finance considers budget as government's tool to implement state's policies, if comprehensive development plan give priority to health and education sector, Public budget

Directorate shall be ready to devote necessary allocations for health and education, the starting point from country comprehensive development plan not ministry strategy. Outcomes from comprehensive development plan should be reflected in ministry strategic plan, ministry budget should have been prepared in accordance with its strategic plan taken from the comprehensive development plan.

Ministry of Finance ready to distribute allocations according to concerns and priorities approved by government, strategic plans should have been reviewed more clearly, ministries should take into consideration government priorities sectors, Public budget Directorate guide ministries that ministries strategic plans adhere to comprehensive development plans are the basis for approving annual budgets, each ministry must adhere to the essential role approved in the overall strategies.

Mr. Abed Alkarem Daragmeh (Minister assistant for Dialogue and Tripartite Partnership, planning officer, Ministry of Labor) answered:

Last budget for Ministry of Labor prepared with adoption of the medium-term expenditure plan, which is derived from ministry strategic plan and determine for each strategic objective expected financial ceiling, preparing public budget in this methodology considered step in the right direction, but in implementing public budget Ministry of Finance make effort to match public budget with the medium-term expenditure plan and the strategic plan of the Ministry of Labor, but during the year and when starting to implement approved budget we returned to zero point, the government approved sectoral strategic plans and then approved public budgets from the reality of strategic plans and therefore as public budgets become a law to be implemented and its resources are available, but on the ground this does not happen and we face a problem in the developmental part and projects that are looking for funding. for example, according to the strategy, vocational

training is a strategic and important objective for ministry and included in the development projects in public budget, but upon implementation, Ministry of Finance slows in implementation despite the fact that the project is included in the development budget and this limits reversal of ministry strategic plan in budget at the time of implementation. Ministry of Finance try to prepare public budget based on accurate scientific standards linked with planning and results but ministry of finance still controls all financial resources in a way that limit the ability of line ministries to implement their strategies.

Mr. Azmi Abedalrahman (Director of polices and economic statistics), planning officer, Ministry of National Economy) answered:

I was the leader of the team that prepared Ministry' economic development plan (2017-2022). I am part of preparing ministry's budget. There are several aspects to talk about in this topic, programs budget divided governmental institutes objectives to programs, Ministry budget included three programs, Managerial program, Industrial and commercial development program and Consumer Protection Program, distribution of budget ceilings on these programs was unfortunately the first program, which is the administrative account for 90% of Ministry budget and the rest 10% with financial ceiling 2,000,000 NIS and this figure was repeated in budgets from 2014 until today, planned development expenses for economic development strategy is only NIS 2 million, while actual amounts transferred from MOF during the year just around 1,300,000 NIS. Funding has three sources: government part is the largest and the other part is governmental with donors and the third part is the ministry's relationship with donors directly. Thus, part of ministry's strategic plan implemented through donors directly and not reflected in ministry's annual programs budget. Accordingly, strategic plan is supposed to have a major role in preparing ministry annual budget and obliged Ministry of Finance to put financial ceiling to every ministry equals financial resources

needed to implement its strategic plans but unfortunately this didn't happen, we prepare programs budget without implementing it. Here we do not blame Ministry of Finance, they are managing cash according to available liquidity and therefore our situation in Palestine that we are managing the financing and not preparing budgets, preparing and implementing budgets not done in this way at all, real budgets When prepared, there will be stormy and lengthy sessions between Ministries, Ministry of Finance and the legislature to prepare a budget for any ministry to ensure implementing ministry's strategic objectives, but what gets on the ground is to predict the amount of cash that will be available in the country and the distribution of this liquidity to the responsibility centers, for example budget of Ministry of Agriculture is 1% from public budget while national priorities are talking about cultivation and resilience of citizens in their land 62% of land is suffers from occupation pursuit, Theoretically strategic plan should be the basis for budget preparing, but in practice, prepared budgets are far from being important tools to implement strategic plans.

Dr. Mammon Jabber (General Director of Educational Planning), planning officer in programs budget, Ministry of Education and Higher Education) answered:

Each ministry prepares its strategic plan but what governs preparation of strategy financial ceilings and funds that can be granted to ministry for implementing its strategic plan, In Ministry of Education strategic plans there were a whole chapter about financial resources needed to implement plan, but forecasts are often not correct and financial resources we receive during the year are much lower than expected, unfortunately after annual discussions with Ministry of Finance approved budget to Ministry of Education not according to strategic plan and always less than it. However, the strategic plan of ministry should be considered the base to prepare ministry annual budget so in this way programs budget become an important tool for implementing strategic plans.

4. How ministry strategic objectives reflected in its annual budget?

Mr. Tariq Mustafa (general director of public budget directorate, Ministry of Finance) and **Mr. Hakim Slahat** (Manager of Development Budget & Financial Programming Department)

answered:

Accurate strategic objectives are specific, measurable, linked to a time plan and related to nature of ministry's work are included in budget plan within program tree which includes group of targets, in general there is a budget plan and then sectoral strategies and finally comprehensive development plans, programs provided by ministries in budget plan are supposed to reflect strategic objectives of sectoral plans and comprehensive development plans, programs should reflect sectoral objectives, cross-sectoral objectives and should result in joint projects between ministries in the same or other sectors in order to achieve strategic objectives of ministry in particular and the state in general.

Mr. Abed Alkarem Daragmeh (Minister assistant for Dialogue and Tripartite Partnership, planning officer, Ministry of Labor) answered:

Each strategic objective in the strategic plan consists of sub-objectives, sub-objectives are achieved through programs and each program has a set of projects and each project falls under a set of activities, tasks and details and therefore all strategic objectives contained in strategic plan are reflected in public budget through programs which reflect strategic plan of Ministry and determine financial cost of programs.

Mr. Azmi Abedalrahman (Director of polices and economic statistics), planning officer, Ministry of National Economy) answered:

Ministry of National Economy, through development expenditures in its budget, tries to reverse its strategic objectives in its budget. Coordination between preparing strategic plan team and planning officer in ministry budget to match provisions allocated in budget to serve strategic objectives and contribute to achieving them, through distribution of funds to vital Priority serves implementation of strategic objectives.

Dr. Mammon Jabber (General Director of Educational Planning), planning officer in programs budget, Ministry of Education and Higher Education) answered:

Ministry's strategic plan is set out in accordance with programs. As for Ministry of Education, it has three objectives: first is to ensure full enrollment of all children in education second improving quality of education and third governance and management in education sector, from these three objectives six programs were established in Ministry of Education strategic plan these programs reflect objectives of ministry, these programs are taken from strategic plan and reflected in programs budget.

Third group: preparing budget questions

5. What are the foundations on which Ministry depends in preparing programs budget?

How effective programs management and control?

Mr. Tariq Mustafa (general director of public budget directorate, Ministry of Finance) and **Mr.**

Hakim Slahat (Manager of Development Budget & Financial Programming Department)

answered:

Program is defined as set of services provided by ministries. This definition set out in budget preparation procedures manual, each program is a service and therefore programs of ministry

usually do not differ and it reflects services provided by ministry, for example, Ministry of Health provides primary health care services, secondary and tertiary and therefore these services are fixed and any new health service lies under these programs and new programs added when there is a new role for Ministry and does not lie under previous programs, this means that programs are derived from ministry objectives and are not modified. Programs come from the reality of ministry's mission, ministry mission achieved through a set of programs ministry can only provide its services through a clear program, which includes criteria for program and a clear description of service provided by program and objectives for the program and then a set of objectives, activities and outputs.

As for control of programs, planning and budget management group formed in each ministry and program manager is responsible for preparing and implementing program, process of preparing program, planning and implementing lies on program manager and program management team responsibilities, after completion of planning process program is sent to the higher authorities for approval, As for public budget directorate, it linked control of programs so that program manager is responsible for everything that is implemented within program and each spending on program must have approval from program manager.

Mr. Abed Alkarem Daragmeh (Minister assistant for Dialogue and Tripartite Partnership, planning officer, Ministry of Labor) answered:

Programs linked to ministry objectives and strategic objectives that ministry aspiring to achieve. The budget programs should be a reflection of the strategic objectives of the ministry. In general, we proceed from the sustainable development objectives, a national policy agenda, a sectoral strategy and a strategic objective consists of sub-objectives and then reflected as a program in the public budget. This exercise worked great but the biggest problem is implementation of budget.

With regard to the effectiveness of ministry to manage its programs and control it, all state institutions are committed to public budget circular distributed by Ministry of Finance and budget prepared accordingly in order to have programs budget linked to work and activities and calculated on accurate activities, but the main problem lies in the implementation when preparing Disbursement operations distribution of expenditures on programs is random, expenditures related to specific program may distributed to another program depending on available liquidity surplus, so we prepare programs budget but we implement items budget.

Mr. Azmi Abedalrahman (Director of polices and economic statistics), planning officer, Ministry of National Economy) answered:

Programs are designed to reflect the tasks of each ministry. Ministry of National Economy is the Ministry of Commerce, Industry and Supply, Thus, Ministry's programs were prepared from its tasks. The administrative program is a general program and is present in all ministries, the last two programs reflected Ministry work, Trade and Industry Program and the Consumer and Market Protection Program in this sense, the three programs of Ministry were developed.

Control of programs We try to be self-censorship through budget team. Every year at the meeting of budget team achievement reports required program managers and the reflection of the program on the ground, but unfortunately program managers do not provide us with this information Program manager in the ministry are part-time for these programs and consider it as functional prestige position only while the origin that management of programs need to be devoted and give enough time to follow up the implementation of program on the ground, For example Trade and Industry Program has five important projects that need follow-up, but when we request reports on this program and related activities, we do not find sufficient answers and information from program managers, Thus, control over programs should be more effective and not limited to concerned

ministry, but there must be a plan adopted by the Council of Ministers so that a central control unit from Council of Ministers should be established to follow up the implementation of programs in all state institutions and also Ministry of Finance should have a role through its financial controllers, As a result of absence for this type of control no progress reports prepared and therefore in ministry annual budget programs are repeated in all years and the same performance indicators without specifying what has been achieved during previous years, what is done annually is only receive budget circular from Ministry of Finance and prepare budget quickly, it is a test we accomplish quickly and so on each year.

Dr. Mammon Jabber (General Director of Educational Planning), planning officer in programs budget, Ministry of Education and Higher Education) answered:

Budget usually carried out in two phases, the need phase, during which the ministry is planning, and all necessary is determined in order to achieve objectives set by ministry, the second phase relates to ceilings and financial resources available from Ministry of Finance and donors. Therefore, the first stage is reviewed according to the approved financial resources, identifying the priorities to be implemented and reducing part of other priorities and targets due to lack of financial resources, the available resources are distributed in a way to enable us to implement largest number of targets, Ministry activities are reformulated in line with the financial ceilings. Unfortunately, in most cases, there is a significant shortage of available financial resources that limits the ability of programs budget to implement Ministry's strategic plans.

As for the effectiveness of programs control, on the ground, programs budget structure was not properly aligned with ministries structure in General Personnel Council (Civil Service Law), Civil Service Law does not have the function of a Program Manager therefore ministries assigned senior employees to be program manager in addition to their work this leads to insufficient time for

programs implementing, control and lack of flexibility in dealing between general managers and program managers. At the beginning of the implementing programs budget Ministry of Finance should work in parallel with the General Personnel council to harmonize structures of ministries to be appropriate for implementing programs budget, therefore, to ensure the success of program budget as an effective tool for implementing strategic plans there should be dedicated program managers to manage programs, this leads to have objective program manager not biased to any general directorate and fully responsible on program implementing.

6. How much progress has been made in the preparing and implementing programs budget?

Mr. Tariq Mustafa (general director of public budget directorate, Ministry of Finance) and **Mr. Hakim Slahat** (Manager of Development Budget & Financial Programming Department)

answered:

Preparing programs budget going at a gradual pace, today we are satisfied programs and performance methodology is dedicated in all ministries, continuing to develop program and performance budget needs many requirements and there are annual plans for development, including reformulation of budget legislation, current legislation old, Public budget Law is an old law issued in 1998 in accordance with items methodology, during the past period we tried in the annual budget law to introduce programs and performance budget mechanisms from planning until implementing but this does not replace the re-examination of all legislation starting from budget Basic Law of 1998, financial regulations, Civil Service Law and all financial systems related to implementing public budget, this year, work is also being done to improve the quality of data provided by ministries, Ministry of Finance is not satisfied with quality of data provided by

ministries in annual budget plan they are unspecified, non-measurable and difficult to reflect in public budget and plan their costs, therefore, in 2020 budget Public budget directorate select eight ministries and working with them more closely to improve the quality of their data, the comprehensive national plans are compared with ministries strategic plans and reflected in public budget plan. A specific mission for ministry and realistic objectives are laid out within clear outputs and tasks, including formation of a realistic program tree in programs and performance budget, thus obtaining results and measuring performance, in the next years' work with all ministries will be done.

Programs and performance budget is an opportunity for government institutions to show size of services they provide to justify their expenditures, as reality does not show services provided by ministries, programs and performance budget provides an opportunity to talk about objectives, tasks and outputs achieved by ministries therefore, ministries should push for full implementation of program budget as an important tool to show partners what has been achieved, implementing programs budget contributes to increasing confidence between citizens and government. Implementation and preparation are linked if ministries are forced to implement what has been prepared they will prepare in subsequent years practical and actionable budgets.

Mr. Abed Alkarem Daragmeh (Minister assistant for Dialogue and Tripartite Partnership, planning officer, Ministry of Labor) answered:

In budget preparation the situation excellent and budget preparing employees in ministry at a high level of professionalism and efficiency The biggest problem concerns the implementation, nominally budget is a program budget while in practice is not a budget programs, programs budget absolute commitment to listed programs that means we have program in budget with manager

spend from it but on field what is taken into consideration is the availability of financial allocations only regardless nature of expense to any program related, continuing in this situation increase gap between preparation and implementation, ministries capacities in preparing programs budget increased while implementation without progress.

Mr. Azmi Abedalrahman (Director of polices and economic statistics), planning officer, Ministry of National Economy) answered:

I am not convinced in programs budget in Palestine programs budget in its current form did not come anything new than what was previously implemented (items budget) We are preparing programs budget but we implement items budget, title is programs budget but what we do is items budget, programs budget is an integrated system and its forbidden to neglect or shortened any stage it, In programs budget, the budget of economic development is a government priority in which the government, private sector and civil society institutions should work together to implement it, an amount of money is required to carry out this economic development and the Ministry of Finance is committed to transfer the full amount. However, on the ground, the annual budget for Ministry of Economy is around 45,000,000 NIS 90% of it salaries. The remaining amount is only for development activities. Thus, the budget is prepared well and this is not programs budget and is not an important tool for implementing strategic plans, current programs budget does not reflect the order and importance of national programs and priorities. The idea of program budgeting may have started in the right way in terms of setting the national development agenda, but what done in next steps weren't accurate, strategy (2017-2022) named putting citizen first, steadfastness of the citizen starts from improving his income, education, health and dignity, improving farmers and their income, supporting the farmers, but unfortunately all target ministries did not take their share definitively to help citizens.

Dr. Mammon Jabber (General Director of Educational Planning), planning officer in programs budget, Ministry of Education and Higher Education) answered:

There is no doubt that programs budget is a positive step in public finances management, but the progress achieved in actual application and its reflection on government performance did not give the results that the government had expected when applying this type of budgets, part of deviation due to institutions structures and the nature of existing institutions, annual budget prepared on programs base but in implementing we face difficulties in implementing programs budget and what is actually implemented is items budget with a small part of performance indicators, unfortunately, so far we have not reached the stage where we can say that State of Palestine has an effective programs budget. For example, the biggest expense in Palestinian budget is salaries, which are centrally managed by Ministry of Finance. What has actually been done Ministry of Finance distributes ministries employees on ministries programs randomly without regard to their real relationship with program, therefore if salaries constitute more than 50% of state budget and they are Randomly distributed among programs, this weakens ability of programs budget to be an important tool for implementing strategic plans.

Fourth group: Obstacles of applicate programs budget

7. What are legal and administrative obstacles that hinder application of programs budget?

Mr. Tariq Mustafa (general director of public budget directorate, Ministry of Finance) and **Mr. Hakim Slahat** (Manager of Development Budget & Financial Programming Department) answered:

The issue is between obstacles and reforms that are currently being worked on, most important subject is laws and legislations that govern financial work, over the past years, through the Council

of Ministers, decisions have been issued to form teams and prepare budgets, but this is not enough there must be a deeper study of all financial and administrative regulations and legislations, financial regulation should be amended to suit programs budget, Public budget Law is an old law from 1998 for items budget and must be amended, There should be amendments to civil servant law stipulating that one of requirements to recruit employee is to determine program to be hired on, control tools should be different and what is controlled now is at the level of items and adherence to regulations until there is no control on outputs, old and unclear legislation is the biggest obstacle to the implementation of programs budget.

Mr. Abed Alkarem Daragmeh (Minister assistant for Dialogue and Tripartite Partnership, planning officer, Ministry of Labor) answered:

There is no program budget nominally we have a program budget while practically no program budget and this is the main obstacle, we must ensure that this budget was prepared as a program budget and controlled as a program budget and in this case we can talk about obstacles, laws governing government work and hierarchies do not conflict with the program budget and administrative and legal part is not an obstacle to the implementation of the program budget and the main problem is budget must be committed as a program budget and we should take in consider all regulations to ensure implementing public budget in programs concept as it was prepared, program manager, financial manager, senior management, and all employees should know that each program has provision in public budget to spent from it, so this will lead to development programs budget, the problem we are preparing programs budget and implementing items budget.

Mr. Azmi Abedalrahman (Director of polices and economic statistics), planning officer, Ministry of National Economy) answered:

There are no legal problems that hinder the implementation of programs budget, but the biggest constraint is that some of projects in strategic plans have more to do with the political situation, for example, areas C we do not have control on them and we cannot access them and this hinders the implementation of strategic plans. Another obstacle is the lack of liquidity to implement programs budget, even if we assume that the administrative obstacles may exist, we don't reach stage to blame on the administrative obstacles and there are more obstacles like I mentioned earlier.

Dr. Mammon Jabber (General Director of Educational Planning), planning officer in programs budget, Ministry of Education and Higher Education) answered:

The most important administrative and legal obstacle is that organizational structures of institutions are not compatible with program budget structure. organizing public budget and financial affairs law must be modified because it is old law was prepared under items principle and should be changed to programs principle. There is also a problem in the electronic accounting program applied to implement programs budget. Ministry of Education preparing its strategic plan according to its own electronic program After that prepared strategic plan re-entered according to programs on Bissan system (electronic system for implementing programs budget) and therefore the electronic program should be more modern and adaptable so all planning process must be through it and this program should be available to ministries with all authorities, Bissan program should be planning and implementing program for programs budget, This will increase the effectiveness of program budget to implement strategic plans.

8. Are there enough staff to implement programs budget, are staff technically and administratively qualified to implement programs budget?

Mr. Tariq Mustafa (general director of public budget directorate, Ministry of Finance) and **Mr. Hakim Slahat** (Manager of Development Budget & Financial Programming Department)

answered:

Number of employees is sufficient to a certain extent, process of preparing budget requires specific teams and specific persons familiar with mechanism of program budget and associated services related to budget programs, program and performance budget started from 2010 every year we train employees from all ministries on all aspects of program and performance budget such as Planning and budgeting, planning spending, building suitable program tree, closing financing gap in the right way but unfortunately, in the following year all people change and this prevents the accumulation of experience and knowledge for planning and budget management groups new groups are experts in their field but have no experience and knowledge of programs and performance budgeting mechanism, They have no idea how to reflect services they provide within budget plan where spending planning is available.

Ministry of Finance is trying to increase the efficiency of employees in all ministries. Currently, a number of training courses have been distributed to all ministries. They are available on the Ministry of Finance website, procedure manual has been prepared for budget preparation process and staff are trained on it annually.

Mr. Abed Alkarem Daragmeh (Minister assistant for Dialogue and Tripartite Partnership, planning officer, Ministry of Labor) answered:

Financial staff working in budget, there are a sufficient number of qualified staff to prepare and execute program budget. As for program managers, they need more training and qualification.

Some of them may be unrelated to the budget and financial issues and they do not have knowledge about program budgeting mechanism. Program managers need training and knowledge in this area.

Mr. Azmi Abedalrahman (Director of polices and economic statistics), planning officer, Ministry of National Economy) answered:

There are enough staff, but the allocation and guidance of staff to be part of control on implementation of programs budget unfortunately has not done, so there should be administrative units related to planning and follow-up in all ministries and at all stages of preparation, implementation and evaluation of programs budget. Program managers are not qualified to manage programs and therefore program managers should be qualified and raise the efficiency of program managers where required, unfortunately the current program managers have nothing to do with the techniques and mechanisms of programs budgeting and I think this case applies to most ministries, note that the work of program managers is the most important station in the implementation of strategic plans and Programs budget.

Dr. Mammon Jabber (General Director of Educational Planning), planning officer in programs budget, Ministry of Education and Higher Education) answered:

As mentioned earlier, all the employees recruited according to ministry hierarchy through General Personnel council and allocated in general directorates. There are no independent staff to execute program budget except employees in General Directorate of Finance Affairs. Therefore, we return to the previous problem, which is the absence of a program manager in the ministries' structures in order to find employees to assist and control programs budget implementation, existing employees belong to other general directorates and deal with program manager by sending reports only to him and he is not administratively responsible for them, therefore, program managers do not have staff under their management to help them in implementing programs budget, so this leads to limit the

role of program manager to document activities only and does not have authority of accounting employees and directorates if programs are not implemented

9. In your opinion, what recommendations and procedures should be followed to ensure more effective role for programs budget in implementing strategic plans in Palestine?

Mr. Tariq Mustafa (general director of public budget directorate, Ministry of Finance) and **Mr. Hakim Slahat** (Manager of Development Budget & Financial Programming Department)

answered:

strategic plans should be realistic plans studied, comprehensive, and take into account the circumstances, possibilities and financial resources, avoid as far as possible from the dreamy plans and general plans that contain non-measurable outputs and objectives, if the plans are realistic Ministry of Finance is ready to implement these plans in partnership with all parties. It is not permissible to develop a strategic plans the cost of implementing them is much higher than available financial resources Therefore, we ask that persons who formulate comprehensive strategic plans are the same ones who prepare ministries sectoral strategic plans and medium-term budget plans.

Also, problem of change in members of Planning and Budget Management Group in ministries should be solved and same persons retained for a long period of time, especially with regard to program managers and program teams, in order to benefit from accumulated experience gained over the years, also, laws and regulations should be amended to help control the process further.

Mr. Abed Alkarem Daragmeh (Minister assistant for Dialogue and Tripartite Partnership, planning officer, Ministry of Labor) answered:

At the outset, there must be sufficient time to prepare the budget and stay away from stress during preparation, political will and determination from all levels to prepare, implement, and control

budget in programs concept, train and increase capacities of program managers, before preparation national priorities should be evaluated to balance financial provisions with national priorities to avoid obstacles in implementing phase, for example agriculture and employment sector are important priorities in government strategic plan but actually Their share from public budget too low, reduce ambitions and stay away from dreamy strategies and take in consider all available scenarios, especially the worst, such as the current financial crisis. The main leaders, especially the first level in each institution, should know details and mechanisms of program budget and its implementation requirements.

Mr. Azmi Abedalrahman (Director of polices and economic statistics), planning officer, Ministry of National Economy) answered:

The national development agenda and priorities should be clear and properly arranged in importance. Funding for implementation of strategic plans must be mobilized, programs budgets and their financial resources should be a reflection of strategic plans. No national development plan can be implemented without adequate funding. The skill and competence of program managers should be increased because of their critical role in implementing of strategic plans and programs budget. There must be organized units within the structures of ministries to devote full time to follow-up, evaluation and supervision the implementation of programs budget.

Dr. Mammon Jabber (General Director of Educational Planning), planning officer in programs budget, Ministry of Education and Higher Education) answered:

The first step must be a comprehensive review of program budget approach and make sure that when preparing budget is Ministry of Finance working according to programs approach or according to items approach.

The second step, ministries hierarchy should be reformulated in line with programs budget. Give program managers necessary authorities to enable them to follow up programs implementation and control them.

The third step: programs budget should base on availability of money and ensure availability of financial resources needed to implement that budget, we cannot develop programs budget that reflects strategic objectives of ministries without ensuring the available financial resources. Most ministries have set their strategic objectives according to financial resources, but unfortunately these resources were not available, which led to failure in implement these strategies.

The Forth step: based on experience, to ensure programs budget implementing, the government should reformulate strategic plans and develop realistic strategic plans that can be achieved according to available financial resources, and reduce expectations in strategic plans.

The Fifth step: commit ministries to prepare quarterly achievement reports that show percentages of achievement in programs and reflect these reports in future budgets, but unfortunately, according to annual programs budget ministries activities and performance indicators repeated annually without determining previous achieved ratios.

الملخص

دور موازنة البرامج والأداء في تنفيذ الخطط الاستراتيجية في فلسطين

تقوم وزارة المالية الفلسطينية بإعداد موازنة الدولة وفقاً لقانون رقم ٧ لسنة ١٩٩٨ بشأن تنظيم الموازنة العامة والشؤون المالية، ومنذ العام 2010 بدأت وزارة المالية باستخدام موازنة البرامج والأداء بدلاً من موازنة البنود، ووفقاً لموازنة البرامج والأداء يتم إعداد الموازنة العامة بما ينسجم مع خطط التنمية الشاملة والخطط الاستراتيجية الخاصة بالوزارات، وبالتالي ستقوم الدراسة بالتحقق من فعالية موازنة البرامج والأداء كأداة مهمة لتطبيق الخطط الاستراتيجية في فلسطين.

ولتحقيق أهداف الدراسة تم جمع المعلومات من مصادر أولية تمثلت بإجراء مقابلات مع مسؤولي التخطيط والموازنة في الوزارات ومدراء الموازنة في وزارة المالية، بينما تمثلت المصادر الثانوية في الموازنات العامة، تقارير وزارة المالية، خطط التنمية الشاملة، الخطط الاستراتيجية للوزارات. واعتمدت الدراسة الأسلوب الوصفي التحليلي حيث تم مراجعة الموازنات العامة خلال الفترة (2014-2017) ودراسة مدى تطابقها مع الخطط الاستراتيجية لنفس الفترة وإجراء مقابلات مع مدير عام الإدارة العامة للموازنة العامة والإدارات العليا في الوزارات، علماً أن عينة الدراسة شملت وزارة الصحة، التربية والتعليم، العمل، الاقتصاد الوطني. أما بالنسبة لمحددات الدراسة فكانت أهمها عدم القدرة على الحصول على معلومات رسمية من وزارة المالية عن الموازنة العامة للعام 2018 بسبب الأوضاع المالية المضطربة لدولة فلسطين وما نتج عنها من قانون طوارئ، وكذلك رفض وزارة الصحة إجراء مقابلات مع موظفيها بحجة ان هذه الدراسة هي دراسة تقييمية للوزارة.

ومن أهم النتائج التي تم التوصل إليها من خلال هذه الدراسة فهي كما يلي:

أولاً: موازنة البرامج والأداء لا تعتبر أداة مهمة لتطبيق الخطط الاستراتيجية الفلسطينية حيث أن الوزارات تُعد موازنة برامج ولكن للأسف يتم تنفيذ موازنة بنود.

ثانياً: لا يوجد تطابق في الأهداف الاستراتيجية ما بين خطط التنمية الشاملة وخطط الوزارات الاستراتيجية.
ثالثاً: لا يوجد تطابق في تصنيف الوزارات داخل القطاعات المختلفة ما بين موازنة البرامج وخطط التنمية الشاملة.

رابعاً: الموازنات التقديرية الواردة في خطط التنمية الشاملة لا تتطابق مع الموازنات التقديرية في خطط الوزارات الاستراتيجية.

خامساً: لا يوجد تطابق ما بين المبالغ المقررة للوزارات في موازنة البرامج وما بين المبالغ المرصودة في الخطط الاستراتيجية للوزارات.

سادساً: البرامج والاهداف الاستراتيجية في موازنة البرامج لا تعكس كافة الأهداف الاستراتيجية الواردة في خطط التنمية الشاملة وخطط الوزارات الاستراتيجية.

سابعاً: يتم تنفيذ جزء من الخطط الاستراتيجية للوزارات بالاتفاق المباشر ما بين الوزارات والمانحين دون عكس تلك المخصصات في الموازنة العامة للدولة مما يؤدي إلى إضعاف دور موازنة البرامج في تنفيذ الخطط الاستراتيجية.

ثامناً: هياكل الوزارات التنظيمية المشكّلة وفقاً لقانون الخدمة المدنية لا تتطابق مع متطلبات تطبيق موازنة البرامج وتشكل عائق امام تطبيق موازنة البرامج والأداء.

تاسعاً: القوانين المالية والإدارية القديمة مثل قانون الموازنة العامة وقانون الخدمة المدنية تعتبر قوانين قديمة لا تلائم موازنة البرامج ويجب تعديلها.

وعطفاً على النتائج السابقة، فإن أهم التوصيات التي توصلت إليها الرسالة ما يلي:

أولاً: يجب على وزارة المالية مطابقة تصنيف الوزارات داخل القطاعات في موازنة البرامج والأداء بما يتوافق مع تصنيفها في خطط التنمية الشاملة.

ثانياً: يجب مطابقة كل من الأهداف الاستراتيجية، والنشاطات، ومؤشرات الأداء، والموارد المالية، وفترة التنفيذ بين خطط التنمية الشاملة من جهة والخطط الاستراتيجية للوزارات وموازنة الدولة من جهة أخرى.

ثالثاً: إيجاد تنسيق كافي بين الوزارات لتنفيذ المشاريع المشتركة بين الوزارات التي ورد ذكرها في خطط التنمية الشاملة.

رابعاً: إجراء مراجعة دورية وتقييم للبرامج والنشاطات الخاصة بالوزارات والمدرجة بالموازنة العامة.

خامساً: إدراج كافة الأنشطة المنفذة من قبل المانحين مباشرة مع الوزارات في موازنة الدولة لما لهذا الدور من أهمية في تمكين موازنة البرامج من أن تصبح أداة فعالة لتطبيق الخطط الاستراتيجية.

سادساً: ترتيب البرامج والاولويات الوطنية في موازنة البرامج بما يتوافق مع أهميتها في خطط التنمية الشاملة والخطط الاستراتيجية القطاعية.

سابعاً: تعديل القوانين والأنظمة المالية والإدارية مثل قانون الموازنة العامة وقانون الخدمة المدنية حيث أنها قوانين قديمة ولا تتناسب مع آليات عمل موازنة البرامج والأداء.