

A Proposed Framework for Program and Performance Budget Implementation in Iraqi Public Universities

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Abstract

Purpose: The existing traditional budget system has been criticized for its limitations, including a lack of clear information on budget expenditures and spending, ineffective control mechanism and inefficient performance evaluation tool. Program and Performance Budget (PPB) has emerged as an alternative to the traditional budget. Iraqi public universities have the potential to be among the pioneers in PPB implementation and thus could be used as the pilot case. The objective of this study is to provide a framework for assessing the potential implementation of PPB in Iraqi public universities. **Theoretical framework:** The underpinning theories of this study are the theory of change and the institutional theory. The framework relies on the theory of change to identify the challenges and processes required to implement the PPB. The institutional theory is applicable in examining the relationship and the expected impact of PBB implementation on planning, control, and spending rationalization in Iraqi universities. **Design/methodology/approach:** The proposed framework utilized both quantitative and qualitative methods. The survey approach utilizes questionnaires adapted from previous studies to gauge the perception of faculty representatives, accounts department and top management on PBB. Data from Interviews and focus group discussions utilizing a question guide will enrich the survey findings. **Findings:** Findings from this study indicates that the PBB initiative has relevance and application to the universities. The proposed framework could be used as input to the regulators and other public sector entities to facilitate the implementation of PBB. It is expected that PBB will continue to receive acceptance and be adapted to improve planning, controlling, and spending rationalization at universities. **Research, Practical & Social implications:** The identification of processes, challenges and advantages of PBB is crucial in this change event. Evidence derived from applying this framework could enhance understanding of the relationship between PPB implementation with planning, controlling, and spending rationalization and be used towards government policies and organizational practices. **Originality/value:** This study proposed a framework to assess the sustainability of change from traditional budget to PBB prior to its implementation.

Keywords: Program and performance budget (PPB), implementation challenges, necessary processes, potential advantages, planning, control, spending rationalization.

Introduction

The general budget in any country is one of the most important financial plans that draw the future of the state's financial situation in the short term. It is the primary means of implementing financial and economic policies (Amirkhani et al., 2020). To achieve its goals and advance the reality of the sector it represents, the government allocates the Ministry the

necessary funds through the general budget (Dynowska & Cereola 2018). The public budget provides financial information and strategic plans on the policies and decisions the country wishes to undertake and shows primary sources through which revenues will be realized. Moreover, the budget outlines how to spend revenues in ways that lead to observing government spending and achieving the maximum exploitation of those revenues (Abass, 2019). The traditional budget suffers from several problems represented in impeding communication with the government's objectives and tasks; for example, spending is not effective and efficient, and the spending hierarchy is not clear. Moreover, there is a lack of integrated information on budget expenditures (Milewski & Tomasiewicz, 2019). In response to these limitations, Program and Performance Budget (PPB) has emerged as an alternative to the traditional budget. PPB moves from focusing on spending control to paying attention to following up on the results achieved from the spending process, pre-planning the goals to be completed and rationalizing spending, and monitoring financial behaviour and correcting deviations (Srithongrung, 2018).

PPB is relatively new in Iraq. Abid and Wajar (2020) identified PPB as a suitable mechanism for innovative governance in Iraq and argued that the traditional budget has contributed to the waste of public funds. Also, Al-Hashima (2019) indicated that the financial reporting of local governments of Iraq suffers from a significant failure to meet users' needs, making it difficult for the public to play their role in ensuring accountability on public funds. Recognising Iraq's higher education system is essential in fostering economic development, peace, and stability. Therefore, Al-Behadili (2018) called for efficient reform and an effective funding policy in the Iraqi higher education sector. In addition, the study proposed performance-based university research funding systems as one of the strategies to improve the quality of university education in Iraq. The implementation of PPB in Iraqi universities is essential as it links between actual and the target performance (Abass, 2019). However, a limited number of studies have considered the procedures, potential advantages, and implementation challenges, especially in developing countries. Also, the literature reveals that there is a lack of a systematic and comprehensive study of the impact of PPB on planning, controlling, and spending rationalization in one setting. Therefore, this study attempts to fill the gap by providing a framework for assessing the potential implementation of PPB in Iraqi public universities.

Implementation Of Program and Performance Budget

Table 1: *Adoption of Results' Oriented Budget in Selected Asian Countries*

Country	Year results-oriented budget was adopted	Source
Japan	2001	Rose (2003)
South Korea	2007	Jung and Clark (2011)
Lao PDR	2007	World Bank (2006).
Pakistan	2009	Government of Pakistan, Finance Division (2012). Subramanian and Hashim (2005)
Philippines	2007	Sarmeinto (2011)
China	No official reform at the central government level.	Niu (2011)
Sri Lanka	No official reform at the central government level.	Sivagnanasothy (2009)
Taiwan	2001	Lee and Wang (2009) Tsuey-Ping and Clark (2011)
Thailand	2001	Srithongrung (2010) Blöndal and Kim (2006)
Vietnam	2002	Nguyen-Hoang and Schroeder (2011) Clarke, Gayfer, Landymore, and Luttrell (2007).
Malaysia	1990	Thomas (2007) Deputy Undersecretary, Tax Division, Ministry of Finance

Source: Srithongrung (2017)

Several Asian countries have reformed the public management system (Blum, 2014 Wescott, 2011), such as Taiwan, Hong Kong, and Afghanistan, as they have adopted new public management concepts since 2001. Also, China has not fully started PPB at the federal level, realizing that other institutional reforms must be accomplished before adopting PPB. However, in Thailand, Vietnam, the Philippines, and Malaysia, where economic growth was rapid in the 2000s, results-oriented management was adopted to pursue economic growth. Srithongrung (2017) provides the adoption year results-oriented budget adopted by the central government in eleven Asian countries, as shown in Table 1.

The reform of the general budget at the institutional level aims to improve efficiency and effectiveness in allocating the public resources available to the institution to achieve the desired goals (Mauro et al., 2021). In the previous decade, the importance of performance measurement emerged as one of the most significant reforms of government sector management, ahead of multiple systems such as total quality management, management by objectives and zero budget. The performance measurement process is closely related to the PPB, or performance-based budget, which seeks to link the performance measurement results obtained with the budget allocation (Gilmour & Lewis 2006).

There are many terms used for the program and performance budget, including performance-based budget (PBB), output-based budget (OBB), results in the budget (RIB), activity budget (AB), and performance budget (PB). These terms are tied together with unified and common features, namely concerning information, data on performance, and budgetary operations (Worthington 2013). The PPB is a budgeting system that shows the purpose and objectives that require financial resources, costs of the programs and activities, and the target outputs or the services at the end of the program (Shah & Shen 2007). PPB is also defined as a system that aims to improve public expenditures' efficiency and effectiveness by linking government institutions' financing with the results with the optimal use of performance information and data (Robinson 2009). The PPB could be defined as general budgets that divide the government institution into tasks, activities, and programs that accurately determine costs for each program by focusing on achieving the objectives. Thus, reducing the waste in the available financial resources in a manner that ensures the efficiency and effectiveness of providing services.

Challenges In Implementing Ppb

The financial and administrative systems applied to differ according to the advanced level economically and technologically. Hence, the difficulties and challenges facing the application of PPB vary. Fathe (2016) believes that the most prominent challenges are measuring activities in production units due to the difficulty in defining measurement indicators resulting in the problem of linking the achieved performance with the specified goals. Moreover, there is difficult to change accounting systems to be compatible with the PPB requirements. Implementing the PPB requires extensive investment in building and developing organizational capabilities, such as the availability of highly qualified employees to measure and analyse performance and the availability of information technology (Ho, 2018).

According to Pratolo et al. (2020), there are three determinants of PPB implementation in Indonesian academic institutions. Firstly, management competence is represented in the competence at work and the ethical behaviour of the institution's employees. The success or failure of implementing the financial and administrative policy within the institution is determined by the efficiency of the working members, especially the executive body. Secondly, organisational commitment is defined as the extent to which the employee relates to the actions associated with achieving the objectives of the institutions.

The corporate commitment reflects in multiple activities such as resource allocation, setting goals, rejecting resources that impede innovation and performance enhancement. Therefore, solid organisational commitment will significantly affect institutions implementing policies related to improving performance (Tahar & Sofyani 2020). Thirdly, a reward system where corporate responses are linked to a reward system as compensation for accepting innovation. Compensation is a prerequisite for implementing new policies in institutions, as employees and workers in the organization may judge innovation as not beneficial. Also, there are adverse effects if the new systems implemented in the organization fail because of improper implementation. Thus, institutions resort to following a reward system by directing employees' attention to the goals that must be achieved through the incentive system in the form of rewards or payments (Pratolo et al., 2020). In addition to the above, PPB may face another complexity represented in the operations of departments and programs, as the nature of the mission, ambiguity of purpose, technical specificity, and social influences may restrict the effectiveness of PPB. Feasibility studies to reach evidence-based results in the budget cycle add another challenge to PPB (Ho 2018). PPB require basic practices, including budgetary planning, new budget requests, dialogue, improvement planning, and preparing measurement analysis reports for the success of the implementation process (Ho, 2018).

Ppb Implementation Process

The literature shows no set method for implementing PPB, as the budget preparation process could be partial or comprehensive and may be fast or slow. The implementation process depends on legislative, regulatory, and technical considerations, so this requires studying, presenting, and seeing the experiences of international institutions and countries that have developed the method of preparing and applying the general budget (Kim 2014). There are two approaches to the implementation process. First, developing programs for ministries, introducing them into the public budget classification system, and then moving to establish a system of performance indicators to complete budget preparation. Second, it depends on the incremental method, which applies PPB to selected government institutions. Then, in the second stage, the implementation of the remaining ministries is completed. Both approaches have identified several necessary processes, according to Kim (2014) and Abass (2019). Firstly, analyse the administrative structure of the organization to collect information on each government institution. The purpose is to evaluate government institutions' efficiency and eliminate duplication and redundancy in their activities. Secondly, develop the method of classifying the general budget in a technique that helps describe operations systematically, moving from administrative to performance costs classification and linking the program to the classification of performance costs. Third, amending and adapting the accounting system to suit the requirements of classification and tabulation of PPB. The modification is represented by the transfer from the cash basis to the accrual basis, which facilitates making comparisons on a unified basis between the periodic financial results. It also helps to analyze government expenditures based on the actual cost of the produced good or service. Fourth, the application of management accounting, cost accounting requires dividing activities into responsibility centres and service centres, defining a method for measuring them, and following them up statistically. Finally, preparing scientifically qualified personnel to complete the project of implementing PPB.

PPB implementation requires automating accounts (Othman, 2011). The necessary analysis could facilitate the preparation of PPB by using modern technology-enhanced infrastructure to prepare accurate data classified in different ways. Moreover, Lu et al. (2015) factors like measurement systems affect the performance information resulting from the PPB implementation. According to Lu et al. (2015), the measurement system includes sub-factors such

as measurement quality, timely data, link to strategic plans, and link resource allocation. Lu et al. (2015) investigated 61 articles that examined the PPB implementation approach as one of the factors affecting PPB implementation. The implementation approach includes reform timing, a top-down or bottom-up approach to the budget, use of benchmark, use of professional help, online reporting, and auditing. Other sub-factors were revealed such as including support for performance, investment, capacity, and characteristics of implementing organization.

Advantages Of Ppb Implementation

Adverse effects of preparing the budget using traditional methods include increasing expected annual spending and a lack of ability to link expenditures to goals. Applying PPB has emerged as one of the appropriate alternatives to overcome these effects, in addition to progress in administrative, behavioural, and quantitative sciences related to managerial decision-making (Fakhreddin 2016). This has paved the way for applying more advanced methods and means in budgeting and control, planning and performance evaluation in government units in general because of the advantages in preparing the budget. PPB focuses on the achieved results instead of focusing on the spending process as in the traditional methods (Myers & Boothe 2018). Also, PPB provides more and better information about the government's objectives, tasks, priorities, and how each program contributes to achieving these planned goals. PPB help emphasizes the planning process and acts as a transmitter that provides key actors with details about what works and what does not. Kartin & Melia (2021) indicated that applying a PPB when preparing the budget leads to several advantages, the most important of which are improving the efficiency of government services provided and increasing citizens' confidence in the implemented government procedures.

World Health Organization (2021) indicated that PPB could be adopted in emergency circumstances and economic crises that countries are going through, such as financial and health crises. An example of this is the Corona Virus (Covid-19) pandemic. Where the adoption of PPB can lead to the development of strategic plans and frameworks for infectious diseases that countries face and that can affect them financially, thus enhancing the country's ability to respond to changes caused by Covid-19, such as rethinking health emergency preparedness and preparedness and strengthening financial capabilities to confront these conditions.

In addition to the above, PPB is distinguished by focusing on the planning process, as it predicts the situation in the future. It defines the programs and projects for each government institution or ministry for several years to come and not for one year as in the traditional budget. Dynowska & Cereola (2015) conducted a study in 45 municipalities using a survey questionnaire and concluded several advantages that PPB could achieve, including better financial management. Implementing PPB in institutions leads to the coordination of financial management and control of financial and administrative processes. Implementing the PPB contributes to enhancing the transparency of budget preparation and presentation. Furthermore, by improving the coordination of activities, the application of PPB could lead to new data about financial tasks, the planning of expenditure operations for several years, and support for the coordination of activities. Finally, implementing PPB leads to an increase in employees' responsibilities and duties in the organization, bearing the results of their work.

Impact Of Ppb

The process of preparing the budget in Iraqi universities is carried out based on the traditional budget, according to which the financial dispositions in the university are controlled. The budget ensures that the allocations are not exceeded, and funds are spent

according to the specified objectives without being interested in evaluating the performance and goals achieved through those funds (Talib et al. 2019). The traditional method has received criticisms, including the lack of proper planning of the objectives, the inability to control financial behaviour, the waste of financial resources and the increase in spending. The continued reliance on the traditional budget without developing it into specific programs and objectives makes the budget system weak and inefficient (Al-Azraq, & Jahan 2018).

Understanding the PPB implementation in Iraqi universities is essential as it leads to a link between actual performance and the target performance to be achieved (Abass 2019). Furthermore, a limited number of studies consider the procedures, potential advantages, and challenges facing implementing the PPB, especially in developing countries. Also, lack of systematic and comprehensive studies, including the impact of adopting the PPB on the process of planning, controlling, and spending rationalization in one setting.

(i) Planning

According to Worthington (2013), PPB is considered one way the institutions' strategic objectives are planned. Consequently, in this method, the expenditures are managed according to each program activity. As each program's goals are determined after the high management's approval, main programs can be divided into sub-programs or activities to control each program to reach the most significant possible return. The planning process is defined as a detailed pre-determination of the necessary measures to achieve the required objectives, how and when, and who is responsible (Chayed et al., 2018).

Myers & Boothe (2018) found that the PPB approach supports the planning process at the government level by linking each ministry's outputs with the national strategy the government pursues to achieve its objectives. Moreover, preparing the budget based on performance effectively defines the institution's objectives through the planning process in a clear and easy-to-understand manner to implement it with high efficiency (Emerling & Wojcik 2018). Myers and Boothe (2018) claimed that PPB introduces new improvements to the established plans. Likewise, Chayed et al. (2018), according to his study that was applied in one of the Iraqi academic institutions, believed that preparing the budget based on performance leads to support and improvement of the planning process in the short term. Ho (2018) identified the challenges from a multi-level institutional framework, and he found that the systematic application of PPB could serve many administrative objectives, including planning the policies that the institution seeks, strategic goals set, and long-term financial planning. According to a study by Widodo (2017), which aimed to analyse the impact of PPB on the financial system in Indonesia, its conclusion found there is a positive relationship between the implementation of the performance budget and the support of the planning process, as well as the ability to allocate resources accurately. Also, Arief (2020) confirmed a positive impact relationship between PPB implementation and strategic plans and control. The study stated that PPB might sometimes lead to an inefficient control system, the possibility of implementing unstipulated plans, the planning process is not systematic, and the lack of standards for measuring performance. Abbas (2019), through a study at the University of Babylon, confirmed that PPB positively affects the planning and supporting strategic objectives. Moreover, Ouda (2013) concluded that the PPB system could increase focus on planning. Thus, act as a transmitter that provides data and information to the relevant authorities with details about what works and should not.

(ii) Controlling

The controlling could be viewed as ensuring the work carried out in the institution has been completed according to what is decreed in the program in terms of size, type, time, and costs by the financial plan set in advance (Chayed et al. 2018). As a result of the development

of financial systems in the government sector and its diversity based on the dynamism of the institution's management and the commitments to society (Kong, 2005), many opinions have emerged to change the traditional budget preparation system according to many criticisms regarding the provision of controlling during the preparation and implementation of the budget. The most important of which traditional method leads to a budget that cannot be tightly controlled. In addition, according to the traditional method, the control focuses on the inputs without looking at the outputs (Suriant & Dalimunthe 2015). Therefore, PPB appeared to be a successful alternative to the traditional budget. According to Safaruddin and Basri (2016), it is considered the primary tool of administration control to lead and follow up on every regional governmental activity to implement strategic plans (Mutiarin et al., 2020). Also, Emerling and Wojcik (2018) found that PPB leads to support for the quality of enterprise management and controlling and evaluating the results that have been reached. Moreover, a study by Sterck and Bouckaert (2006) aimed to analyse the role of PPB in supporting the control of the legislative authority (parliament). It is found that the programs and performance budget link the available resources with the results achieved, which leads to the improvement of the monitoring process and the possibility of accountability before the legislative authority, control institutions, and citizens.

According to Yusuf (2021), which aimed to study the impact of the government accounting system on program budgeting and performance by relying on a questionnaire survey, the results showed that performance-based budgeting leads to improving government performance, in addition to increasing the possibility of controlling and accountability on the relevant authorities. Manta (2020) concluded that PPB could support the internal control system, but this requires the existence of indicators and standards to measure the implementation of programs and the objectives to be achieved to control and monitor them. Also, the study results (Syafitri et al. 2020) indicate that the PPB system led to maintaining the planning, accountability, and control process simultaneously, which supports the institution's financial performance in general. Putra et al. (2018), according to the results of his study, which aimed to analyse and prove the factors that affect the accountability of performance in government institutions, which were applied to a sample of financial administration officials (87 respondents). It is concluded that implementing the budget based on performance, clarity of budget objectives in advance, and preparing regular reports positively supports and strengthens performance control in local government institutions.

Amraei et al. (2021) indicate that the application of performance-based budgeting can lead to better monitoring of financial performance in Iranian institutions, in addition to the effective application of this technique leading to economic growth and development of countries. Kakouli (2017) based on the results of the hypothesis of the first study. Which states that there is a statistically significant relationship between the program budget and performance and the development of control over financial performance. It was found that there is direct support for the control measures on financial behaviour and following up deviations by applying PPB. Chayed et al. (2018), according to the results of the second hypothesis. Which states that "there is a statistically significant correlation between the capabilities of government units and the adoption of implementing PPB for control." it is found that using the PPB system by sub-government units leads to enhanced control creating financial savings. It improves the performance of these units and then contributes to supporting the state's general budget.

(iii) Spending Rationalization

Spending rationalization is one of the tools of financial reform in government institutions. It is considered part of the performance-based budgeting system. The

administration uses the data and information provided by PPB for the rational decision-making process related to spending rationalization (Hijal 2017). The spending rationalization process is based on its importance from two main categories: giving complete control to decision-makers in making the institution's policy regarding necessary expenditures and setting spending priorities (Mutiarin et al. 2020). Shaker and Hamed (2018) found PPB contribute to increasing government institutions' ability to rationalise spending instead of adopting the traditional method of preparing the general budget. Moreover, Ivanova et al. (2019) found that PPB enhances the effectiveness and efficiency of public expenditures in the Russian financial system. Another study found that PPB leads to the allocation of resources. And the application of this type of system in preparing the budget leads to reducing the authorized budget items, which leads to controlling the spending process and reducing waste (Sterck & Bouckaert 2006).

Also, one of the studies in the United States aimed to experimentally research the extent of implementing the programs and performance budget on the actual allocation of expenditures. The finding shows a more accurate allocation of spending and average spending for capita, which has decreased when applying this system (Klase & Dougherty 2008). Ho (2018) found PPB to be a complex organizational development. It aims to combine the main task, which controls government spending and sets its priorities. The second job is to improve "value for money" at the level of programs and departments. The study by Lee & Wang (2009) revealed, which aimed to know the effect of PPB on government spending in three countries, including the USA, China, and Taiwan. The study found a positive relationship between adopting PPB and rationalizing government spending, which leads to allocating the resources available to the countries of the study more effectively and efficiently to provide more beneficial services to society. Also, according to Hager et al. (2001), PPB could be used as one of the essential strategies to change spending behaviours by reducing or eliminating ineffective programs or remedying them (Lee & Wang 2009).

Ppb Implementation Assessment Framework

Figure 1 shows the relationship between PPB with planning, controlling, and spending rationalization and indicates the importance of examining the challenges, implementation process and advantages of PPB.

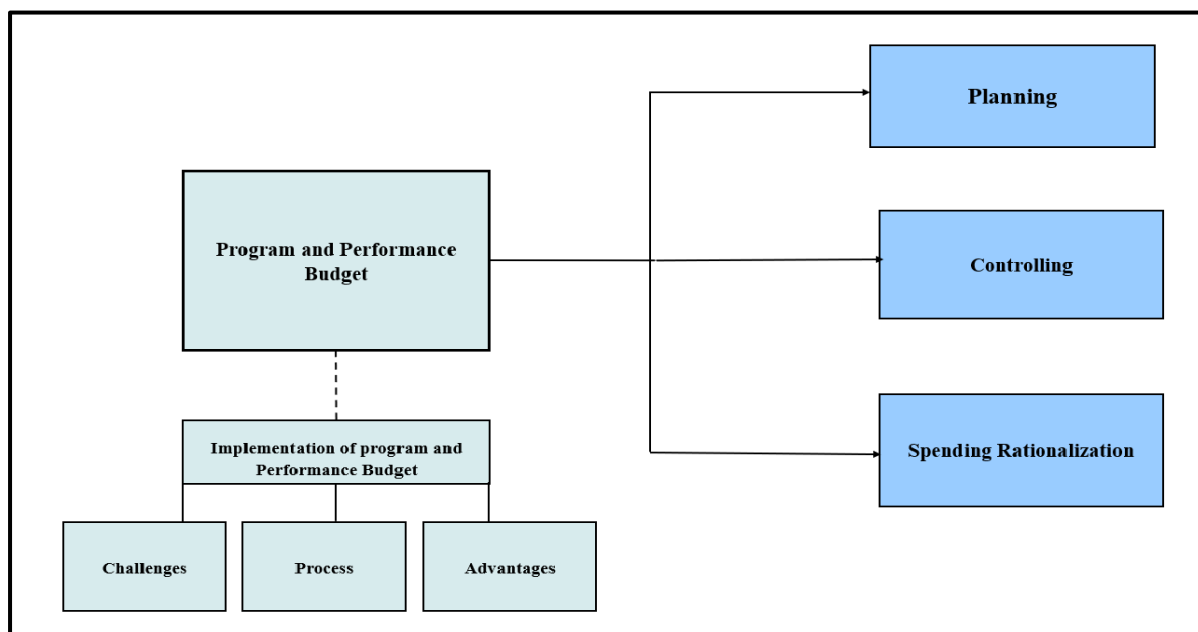


Figure 1. PPB framework

Framework Theoretical Foundations

The study seeks to support its general framework by searching for theories and models that explain the nature of programs and performance budget in government institutions, challenges facing the implementation process, the necessary procedure, and potential advantages. Moreover, finding a theory contributes to explaining and exploring the relationship and the expected impact of the program and performance budget on the planning, control, and rationalization of expenditures. Accordingly, two fundamental theories were chosen to support the study's conceptual framework: the theory of change and the institutional theory.

Two fundamental theories were chosen to support the conceptual framework for the study, the theory of change and the institutional theory. The emergence of the historical roots of a theory of change is defined by its period of the 1990s (Chen 1990). The theory of change aims to know how a specific change occurs in a work, program, or activity on a robust empirical basis (Batras et al., 2016). The researchers believe the change theory can help institutions to face the challenges when it wants the change. It is based on clearly stating the basic assumptions and theories on each transition from the beginning, thus facilitating change events across different environments. So, when a policy and theory to implement a change is determined, that will support and strengthen the process of change (Reinholz & Andrews 2020).

Weiss (1995) defines a theory of change quite simply and elegantly as a theory of how and why an initiative works. The theory of change aims to know how a specific change occurs in a work, program, or activity on a robust empirical basis (Batras et al., 2016). Building on the previous works, in the current study, the theory of change will be defined as an approach to critical interventions evaluation as a systematic and cumulative study of the links between activities, outcomes, and contexts of the interventions. This definition suggests that the first step toward evaluating an intervention is to determine its intended outcomes, the activities it expects to implement to achieve those outcomes and the contextual factors that may affect the implementation of activities and their potential to bring about desired outcomes. Connell & Kubisch (1998) stated that the theory of change approach can sharpen the planning and implementation of an intervention.

The evolving understanding of the dynamics of the organization and how an organizational change in government institutions is crucial for the success and development of financial organizational change initiatives (Batras et al. 2016). The theory of change has a high-value contribution considering the continuous organizational changes, identifying the challenges and influencing factors that must be focused on when changing, and choosing the plans and strategies that can be applied to complete the change process with the best available alternatives. The shift from a traditional budget to PPB is building a new structure in government institutions to achieve development, growth and the desired goals (Srithongrungrung 2018). It is necessary to think about the importance of shifting the financial systems applied in government institutions to managing activities in a manner that differs from previous methods by reducing the costs of unnecessary activities and increasing product effectiveness through a comprehensive process of change in the financial aspect (Jomaa et al. 2019). The framework relies on the theory of change to identify the challenges and processes required to implement the PPB. This will be achieved through interviews with the university's top management and accounts department focus groups.

Institutional theory is one of the most influential theories to explain the behaviours of

the systems and programs that institutions follow. As it has become the dominant theory for understanding and studying the entire organization approaches, some consider this theory to extend beyond its primary purpose to understand how to organize the structure in commercial enterprises and other organizational processes to continue their technical goals (Suddaby 2010). The institutional theory defines appropriate procedures for organizations and demonstrates the logic through which laws, regulations, rules issued and recognized behavioural expectations appear to be committed and natural (Zucker 1977). This theory shows the institutions what is appropriate in the objective sense and makes other measures unacceptable or even impossible to consider (Bruton et al. 2010).

The institutional theory focuses on the organizational, cultural, and social influences that enhance institutions' survival and legitimacy instead of seeking efficiency. This theory focuses on the organizational effects within the organization, such as the organizational structure, the foundations applied, and the strategies used. The study is based on the institution's theory to study the relationship and the expected impact on planning, control, and spending rationalization by implementing the programs and performance budget in Iraqi universities. The basic similarity in all institutional theoretical claims is that something identified at a higher level is used to explain processes and outcomes at a lower level of analysis. Institutionalists tend to avoid both individual-level explanations and explanations situated at the same level of analysis.

Conclusion

This study aimed to propose an assessment framework for implementing PPB in Iraqi public universities. The study adopted the qualitative method through focus group discussion interviews with top management (decision-makers) and accounts departments in universities to reach the most critical challenges facing the implementation process to program and performance budget necessary processes. Moreover, the study relied on the quantitative method using a questionnaire survey, which was to investigate the effect of applying the program and performance budget on the planning, controlling, and spending rationalization in Iraqi universities. The challenges are management competence, organizational commitment, and a reward system. The necessary processes are the measurement system and implementation approach. The expected advantages of the PPB system include better financial management, increasing budget transparency, improving the coordination of activities, and increasing the responsibilities of employees. The framework indicated a positive relationship between the implementation of PPB and planning, controlling, and spending rationalization. PPB is a significant system for the new financial management system. In line with New Public Management, PPB allows for increased effectiveness and efficiency in finance management and increased transparency of public expenditures. PPB is also characterized by the unification of budget expenditures according to the tasks and strengthening cooperation between the government and its affiliated institutions. Amidst the applicability of PPB in the public sector, its adoption is limited. Thus, this framework has the potential to facilitate PPB implementation in Iraqi universities. Findings derived from the execution of this framework could be used by the policymakers and other organizations in their initiatives to practice PPB.

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