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The Hybrid Budget and The Capsule Model A New Methodology for Financial Planning and Achieving Governmental Excellence and Leadership to Enhance Quality of Life

Elsayed Elshamy

Department of Finance - Ajman

*Corresponding author: engsm2008@hotmail.com

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ABSTRACT

The research presents the hybrid budgeting methodology and the capsule model as a new methodology for financial planning. The research aims to enhance the performance of governments and achieve excellence and leadership. Governments face challenges when formulating financial plans, particularly those with long-term implications.

Traditional methods often fail to provide sufficient clarity, do not guarantee flexibility in resource allocation and do not ensure efficiency in resource allocation. Therefore, strategic goals are not achieved effectively. Wherever possible, clearer and more flexible approaches should be adopted.

The hybrid budget and the capsule model offer a comprehensive solution. It integrates the advantages of line-item budgets, program and performance budgets, planning and programming budgets, zero-based budgets, contractual budgets, and activity-based budgets. This integration helps allocate resources more efficiently. It also helps increase transparency and effectively achieves strategic goals.

To implement the hybrid budget, the operational budget is prepared using the line-item and zero-based approaches, prepare project and developmental initiative budgets through the planning and programming approach, add a portfolio of partnership projects using the contracting approach, and prepare the revenue budget using the activity-based approach. All these steps follow the structure of the Quality-of-Life Capsules.

The model also seeks a balance between daily tasks and the development of new projects and initiatives. Balance supports sustainability and entrepreneurship.

The capsule model is presented as a comprehensive framework that includes multiple government objectives and programs. The framework helps achieve clear results that contribute to improving the quality of life. Despite the expected benefits, such as improved long-term planning and increased flexibility, the main challenge is the need for intensive training.

The research presents a theoretical and practical framework that outlines the step-by-step implementation of the methodology in government institutions. It is found that the results indicate that the hybrid budget and the capsule model enhance financial efficiency, strengthen sustainability, and promote comprehensive development, thereby improving the quality of life.

The research concludes by providing practical recommendations for adopting the methodology in governments that seek to improve financial and administrative performance, wherever possible.

Keywords: *budgeting, financial planning, Governmental Excellence*

Introduction:

Financial planning and budget preparation processes are the foundation of any government's success. When the government masters financial planning and sets a clear budget, excellence and leadership are achieved, as they are enhanced when the government manages its financial resources effectively. Effective financial management helps the government achieve national goals.

In this research, a new methodology is being explored for financial planning and budget preparation. The new method aims to elevate the level of excellence and leadership in the government. The focus of the new approach is on improving the quality of life for citizens. Financial planning contributes to building trust between the government and citizens; also, it supports innovation while relying on strategic partnerships and development of digital financial services. Financial planning enhances the ability of governments to compete and improves the readiness of governments by helping governments face future challenges. Financial planning helps achieve strategic goals within the national vision to improve the quality of life. The research presents the challenges faced by governments when using traditional financial planning methodologies.

Traditional methodologies are often rigid and do not adapt to change. Governments need flexible solutions. The research proposes adopting a new methodology called "hybrid budgeting" with a capsule model. "Hybrid budgeting" allows for a balance between daily operations and the development of new initiatives and projects. "The hybrid budget enhances government performance and increases its distinction.

The hybrid budget combines methodologies such as line-item budgeting, program budgeting, and zero-based budgeting. Combining methodologies allows for efficient resource allocation, precise expense monitoring, and the achievement of long-

term goals with flexibility and effectiveness. It is seen that this research provides a clear framework for applying hybrid budgeting and the capsule model in resource management. The research explains the benefits that these tools may bring, reviews the challenges they may face, and evaluates their impact on government performance and people's lives. It is expected that the hybrid budget will raise the level of transparency and accountability, support long-term planning, and help improve government performance. In the end, this may reflect on improving the quality of life for citizens through the implementation of projects and initiatives that enhance economic and social welfare and support sustainable development.

The theoretical framework of the research relies on a detailed discussion of the various budgeting methodologies in government financial planning. The research illustrates how these methodologies can be integrated to form a "hybrid budget," which combines the best elements of each. Wherever possible, this integration contributes to improving financial planning and enhancing government excellence.

The research's practical framework explains how to implement hybrid budgeting in real governmental environments and provides live examples of applying hybrid budgeting in governments. Furthermore, the research focuses on the practical benefits of hybrid budgeting: improving resource allocation, enhancing transparency, strengthening accountability, and increasing adaptability to change. The applied framework illustrates the potential challenges that may arise during the implementation of the hybrid budget.

The practical framework illustrates how these challenges are addressed, wherever possible. The applied framework outlines a clear action plan for implementing hybrid budgeting in various government institutions. The theoretical and practical framework gives governments the opportunity to understand the concepts underlying hybrid

budgeting, wherever possible. The framework also illustrates how to effectively implement hybrid budgeting, enabling governments to achieve strategic objectives and improve overall performance.

This research begins by introducing the reader to the importance of financial planning and budget preparation. It is seen that financial planning and the general budget form the foundation for excellence and leadership in government performance. Focus is placed on improving the quality of life for citizens through financial planning. Then, the challenges are reviewed that governments face when using traditional financial planning methods. It is demonstrated that the challenges facing governments drive the proposal of the "hybrid budgeting" methodology and the capsule model as innovative solutions. In the theoretical part, the operation of the hybrid budget is explained by discussing line-item budgeting, program budgeting, and zero-based budgeting. The method of integrating curricula is explained to achieve effective financial planning. Finally, practical applications are presented for hybrid budgeting. The research focuses on practical benefits. Among these benefits are improved resource allocation and enhanced transparency and accountability, wherever possible.

In conclusion, the research clarifies the analysis and the results it has achieved. Then it presents practical recommendations for governments seeking to improve their financial and administrative performance by adopting the hybrid budget and capsule model.

Research problem

The research addresses the difficulties faced by governments when using traditional methodologies in financial planning. These methodologies often lack the flexibility that governments need to keep up with change. Wherever possible, methodologies should be

more flexible to avoid stagnation. Because methodologies are rigid, they hinder governments from effectively achieving strategic objectives. It is seen that the research aims to provide innovative solutions that help governments overcome these difficulties.

Research questions

- How does hybrid budgeting help improve financial planning in governments?
- What are the benefits provided by the hybrid budget? And what are the challenges that accompany the implementation of hybrid budgeting?
- How can the methodology help improve government performance and achieve excellence and leadership?
- It is intended to know how the hybrid budget will affect the quality of life of citizens.

Research objectives

- Hybrid budgeting is explored as a new tool for resource management. The hybrid budget helps achieve excellence and leadership in government operations.
- How government objectives can be integrated with operations, activities, and projects is analyzed, and focus is placed on government objectives to achieve effective and sustainable results.
- Providing a theoretical and practical framework for adopting hybrid budgeting. The benefits of hybrid budgeting and the challenges are explained wherever possible as well as the impact of hybrid budgeting on government performance and quality of life.

Public budget methodologies and financial planning

The budget is a fundamental government document. Wherever possible, the budget defines central policies and explains how the government sets its priorities and achieves its short-term and long-term goals; also, it funds new projects and existing projects. The

budget is the main tool for implementing fiscal policy. Therefore, it greatly affects the entire economy [1,2].

The budget seeks to turn plans and aspirations into a tangible reality. The budget is a document that outlines how to increase resources and how to allocate resources to provide public services. It must be clear, transparent, and validated, wherever possible, to gain trust and become a basis for accountability.

The most important methodologies are reviewed in financial planning and budgeting, and the pros and cons of each methodology are explained [1,2].

- Line-Item Budgeting:

The process relies on specifying the financial details for each item or expense. For example, the details of the salary item are specified, and the details of the goods and services item are determined. This methodology has several advantages. First, it allows for the precise allocation of resources to specific items, making it easier to track expenses and revenues when the allocations are designated. Secondly, it simplifies the setup and execution processes, and everyone can easily understand the methodology wherever possible. It is seen that this method makes financial management clear. However, methodology faces several challenges. The need for close monitoring, wherever possible, to ensure budget compliance is one of the challenges. The study indicates that the lack of methodology providing sufficient details about outputs, achieving goals, or performance represents another issue. The methodology seems rigid and does not adapt to changes, also it does not provide the necessary data to diagnose problems or support decision-making. The result is a lack of flexibility.

The study indicates that success in implementing the methodology begins with identifying the expenditure items one by one. Allocate financial resources to each item

precisely, wherever possible. Develop a simple accounting system that monitors expenses and ensures adherence to the budget, prepare periodic reports to monitor budget execution, and, if any deviations appear, adjust them immediately.

- Program and performance budgeting:

From the officials' perspective, the methodology is based on linking financial resources to programs that help achieve government objectives and improve performance, wherever possible. One of the main advantages is that the methodology directs resources directly to the programs that support strategic objectives. This helps improve direction and planning because the methodology relies on analyzing program performance to make better decisions regarding resource allocation.

The methodology increases the level of accountability by providing periodic reports on the performance of programs, activities, and associated costs. Additionally, the methodology provides flexibility in application when implementing programs. Program and performance budgeting face obstacles. First, preparing and implementing a performance-based budget is difficult. Secondly, measuring the performance of programs and activities with scientific accuracy is difficult, especially when there is a need to measure non-financial factors such as quality and efficiency. Similarly, estimating the economic and social impacts of programs faces many complexities. Wherever possible, the process is attempted to be simplified.

To ensure budget effectiveness, there is a need to design programs and link financial resources to the programs. There is a need to use models to evaluate performance and key indicators to estimate the impact of the programs. There is a need to develop integrated reporting systems to monitor and evaluate program performance.

- Planning and Programming Budgeting (PPB):

From a practical perspective, the focus is on setting priorities and directing investments toward long-term strategic goals. The entity clearly defines the national goals, and then it determines the necessary actions to achieve the goals. The organization directs financial, human, and material resources toward achieving the goals.

The study indicates that methodology offers several advantages. One of the most important advantages is setting national priorities and directing investments to achieve those priorities. Setting priorities helps in establishing long-term strategic goals and directing actions to achieve those goals. The methodology also improves the use of financial and human resources by directing resources toward national priorities.

But these challenges face difficulties in implementation and struggle to deal with the changing national priorities over time. Therefore, maintaining the stability of the planning and programming process becomes difficult. It is seen that prioritizing and directing investments toward strategic goals may also be difficult.

To overcome these challenges, there is a need to develop comprehensive consulting processes. Whenever possible, National priorities are reviewed and regularly updated. Also, strategic planning models are used to set long-term goals and identify immediate actions to achieve those goals.

- Zero-Based Budgeting:

Every expense from scratch in each new budget cycle is re-estimated and justified. No reliance is placed on previous cost levels as a baseline as expenses are planned and services from scratch. This methodology, wherever possible, has several advantages. First, the methodology stimulates creative thinking because Priorities are rethought, discover new opportunities, and improve processes. Secondly, the methodology helps reduce waste and unnecessary costs.

The methodology also enhances accountability when every expense is justified. This increases the efficiency of resource utilization. Finally, the methodology provides flexibility to rearrange priorities when changes occur. However, there are drawbacks to this approach. First, it increases the cost of resources and time, as preparing a zero-based budget requires analyzing every expense, and analyzing each expense consumes a significant amount of time and effort. Secondly, focusing solely on costs may cause us to overlook the added value and important benefits of the activity. As a result of focusing solely on costs, the necessary expenditures that governments need for growth and sustainability in the future may be reduced.

To effectively implement budgeting, advanced cost analysis techniques are used to reduce costs and increase efficiency. Innovation and change management techniques are applied to stimulate innovation and improve processes. Wherever possible, procedures are simplified and new solutions are implemented.

- Contractual budgeting:

The contract between the government and the private sector means that the government relies on the private sector to provide certain services instead of providing them itself. In the contracting agreement, the government specifies the responsibilities that the contractor must adhere to. With this contract, the government achieves greater efficiency and reduces expenses. Contracting with the private sector has many benefits. One of these benefits is improving the efficiency of service delivery because the private sector possesses advanced skills and technologies. Another benefit is cost reduction, as the terms and standards are predetermined and the contractor must adhere to them. Contracting also reduces budget discrepancies because the cost of the

service is determined beforehand. The study indicates that contracting with the private

sector helps the government save time and money.

However, the approach faces difficulties. The difficulties include ensuring the quality of the services provided, which can sometimes be challenging. Wherever possible, Work is carried out on ensuring quality. Similarly, issues of transparency and accountability may arise when contracting with the private sector. Additionally, there are differences in interests between the public and private sectors, and these differences may lead to delays or problems in implementing agreements. It is seen that addressing the difficulties requires clear cooperation between all parties.

It is believed that the success of the method requires the application of performance standards and quality inspection to measure the performance of service providers. It is also seen that establishing good control systems ensures continuous monitoring and evaluation of contracting processes.

- Activity-Based Budgeting:

The resource allocation method is based on the activities and tasks that are performed. Through the resource allocation method, the cost and performance of each activity can be analyzed. It is noticed that the resource allocation method has many benefits; it helps in determining the cost of activities and increases work efficiency. Additionally, the resource allocation method provides a clear view of resource distribution and helps improve efficiency and cost control. However, the company faces challenges. One of the challenges is the high cost of analysis. Another challenge is the need for strong collaboration between different departments to achieve success. Similarly, the company may not provide sufficient details about performance.

To successfully implement the methodology, the main requirement is to accurately define

the activities. It is believed that precisely defining activities ensures clarity in the work. After that, there is a need to develop a detailed reporting system wherever possible. The reporting system allows us to monitor and periodically evaluate the performance of activities.

Literature Review An overview of recent research and studies that address financial planning models are reviewed, their principles, initiatives, and budget preparation.

Many strategic budgeting initiatives are still new, so It is not known whether they will succeed in achieving the required goals or if they will be able to withstand political changes. In 2023, Nicol published a study in the OECD Journal [3] explaining how strategic budgeting initiatives can endure over time, and wherever possible, strategic budgeting initiatives should demonstrate their practical value to stakeholders in the political, administrative, and civil arenas.

The analysis of the research is important for assessing the future of strategic budgeting initiatives.

The study indicates that, despite the widespread adoption of strategic budgeting initiatives, there is still much to learn about the fundamental factors that make these initiatives effective and yield tangible results. Additionally, the close relationship between strategic budgeting initiatives and political priorities raises concern. The concern lies in the possibility of strategic budgeting initiatives disappearing when government leadership changes.

Australia's experience with gender budgeting - which began in the 1980s, was discontinued in 2014, and resumed in 2018 - illustrates the difficulty of maintaining momentum when governments change. Wherever possible, there is a need to understand how initiatives can continue despite changes. Now, with the

spread of strategic budgeting initiatives in OECD countries, the resilience of these initiatives against political shifts is still being

tested. Table 1 illustrates the alignment of strategic initiative usage in OECD countries.

Table 1: Strategic Initiatives in OECD Countries [3]

	SDG Budgeting	Youth & Children Budgeting	Wellbeing Budgeting	Green Budgeting	Gender Budgeting	Notes	Country
	✗	✗	✓	✗	?	Development of a wellbeing budgeting approach	Australia
	✓	✗	✗	?	?	Ministries can voluntarily include SDG indicators in performance budgeting	Austria
	✗	✗	✗	✗	?		Belgium
	✗	✓	?	?	?	“Quality of Life” wellbeing budgeting; includes intergenerational impacts; child-related spending tagging	Canada
	✗	✗	✗	?	?		Chile
	✗	✓	✗	?	?	Uses budget tagging for child-related spending	Colombia
	✗	✗	✗	✗	✓	Developing gender budgeting approach	Costa Rica
	✗	✗	✗	✗	✗		Czech Republic
	✗	✗	✗	?	✗		Denmark
	✗	✗	✗	✗	✗		Estonia
	?	?	✗	?	?	SDG budgeting referred to as “Phenomenon-Based Budgeting”	Finland
	✗	✗	✗	?	?		France
	✗	✗	✗	?	?	Developing SDG tagging approach	Germany
	✓	✗	✗	✗	✗		Greece
	✗	✗	✗	✓	✗	Developing green budgeting approach	Hungary
	✓	✗	✓	✗	?		Iceland
	✓	✗	✓	?	?	Developing wellbeing & SDG budgeting approaches	Ireland
	✗	✗	✗	?	?		Israel
	✗	✗	✓	?	?	Linking wellbeing indicators to economic programming and budget programs	Italy
	✗	✗	✗	✗	?		Japan

	X	X	X	?	?		Korea
	X	X	X	✓	X		Latvia
	X	X	X	?	?		Lithuania
	X	X	X	?	X		Luxembourg
	?	✓	X	?	?	Uses tagging for child-related spending	Mexico
	X	X	X	?	X		Netherlands
	X	X	?	?	?		New Zealand
	X	X	X	?	?		Norway
	X	X	X	X	X		Poland
	X	X	X	✓	?		Portugal
	X	X	X	?	X		Slovak Republic
	X	X	X	X	X		Slovenia
	?	?	X	?	?		Spain
	X	X	X	?	?		Sweden
	X	X	X	?	X	Implemented	Switzerland
	X	X	X	?	?	In progress / under development	Turkey
	X	X	X	?	X	Not implemented	United Kingdom
	X	X	X	X	X		United States

In 2022, Kevin Deveaux published his study on gender-responsive budgeting (GRB) [4]. Gender-responsive budgeting (GRB) is a strategic political approach aimed at integrating gender issues into the budget. The study focuses on the role of parliaments in promoting gender-responsive budgeting (GRB) within the annual budget cycle, wherever possible. The study clarifies that integrating gender equality goals into government policies, planning, and budgeting is essential. The study also indicates that parliaments should monitor and evaluate the implementation of the budget to ensure gender equality. The study indicates that focusing on gender-responsive budgeting (GRB) seems to positively change spending policies.

The study showed that parliaments play an important role in improving gender equality, wherever possible, through their effective participation in every stage of the budget

preparation process. Parliaments can ensure that government policies do not widen the gender gap but rather work to meet the needs of every individual. The study indicates that the involvement of parliamentarians in all stages of budget preparation leads to more transparent, inclusive, and fair budgets. The study showed different models for implementing gender-responsive budgets. The Moroccan government has integrated gender-responsive budgeting into the finance law, and therefore, gender equality must be considered in every part of the budget. Rwanda has adopted a comprehensive system of gender-responsive budgeting, which includes annual reports sent to Parliament outlining the gender objectives of each ministry. The Ugandan Ministry of Finance issued budget directives requiring each ministry to incorporate gender considerations into its budget.

Countries have enacted laws as part of the legislation that defines the budgeting process. The goal is to ensure consideration of gender differences wherever possible. Among the countries: Tunisia, Colombia, North Macedonia, Zimbabwe, Austria, Portugal, Kyrgyzstan, Rwanda, Sweden, Uganda, Morocco, Spain, Belgium, Italy, and Ukraine. In 2022, Cuadrado-Ballesteros [5] published a study on budget transparency and its relationship with financial sustainability in the public sector. The study focused on the relationship between budget transparency and the financial sustainability of governments. The researchers analyzed a sample of 110 countries using econometric models based on the Open Budget Index (OBI) published by the International Budget Partnership (IBP). The results showed that budget transparency may be positively associated with the financial sustainability of governments. This correlation is seen to enhance citizens' trust and increase their participation in government processes. Wherever possible, transparency can support sustainability.

Through analysis, the study results showed that increasing budget transparency reduces the likelihood of politicians exploiting the budget deficit for personal purposes. For example, previous studies have shown that a higher level of budget transparency reduces the size of the fiscal deficit in the United States. The study also found that transparency enhances the ability to manage public debt and supports economic growth.

In 2019, a study on public spending in OECD countries was published [6]. The study reviews budget practices and public spending in OECD countries. The study aims to provide recommendations to improve transparency and enhance financial sustainability in the member countries by reviewing the policies and procedures followed. It is seen that the study provides clear guidelines that can help countries enhance financial transparency. The study showed a strong relationship between transparency in budget preparation

and increased public trust in governments. In the United Kingdom and Australia, transparency has contributed to improving government financial performance and increasing public trust. The data shows that 23 member countries issue a citizen's guide to the budget, and more than 80% of the countries provide budget data in an open format. The study results confirm that transparency is the key to building citizens' trust.

Transparency was improved by periodically publishing budget documents and

making financial data open and reusable. Experiments have shown that implementing transparency practices achieves better financial sustainability. The implementation of transparency practices also reduces the gap between citizens' expectations and government performance.

In 2023, Bonollo, E [7] published his research on accounting systems and their impact on transparency. Over the past few decades, many countries have changed their accounting systems at one or more levels of government, due to new public management and the desire to unify international accounting. Initially, wherever possible, scholars supported the transition to accrual accounting. It is seen that scholars consider the accrual accounting system a clear reform goal, and that the accrual accounting system is unstoppable because it improves management efficiency and the effectiveness of management practices and accountability in the public sector. After a few years, scholars noticed significant flaws in the accrual accounting system. The study indicates that the implementation of accrual accounting creates resistance within government entities. The resistance rate reaches 48% when the change requires a radical adjustment in the organization's culture. An example of this in the United Kingdom: doctors in the health sector opposed changes to the accounting system because they felt that the new accounting

system threatened their professional independence. Similarly, tensions increase among professionals when they do not agree on the new accounting system, which reflects on the relationship between accountants and operations managers. In New Zealand, the

implementation of accrual accounting within hospitals has led to tensions. Accountants feel that the new system hinders the work of accountants. Doctors feel that the new system hinders their work.

The additional costs of implementing accrual accounting include initial asset evaluation, training, and programs, which create a significant financial burden on organizations. It is noted that the government in Australia has paid large amounts for the valuation of public assets and training employees on the new system. Periodic costs include maintenance, consulting, and auditing costs. Some studies say that these costs may increase by 20% compared to regular operational costs. Wherever possible, Efforts are made to shift resources from basic services to management, but this reduces the immediate benefits of the new system. In Italy, funds were transferred from public services to the budget for implementing the new system, wherever possible. The transfer decisions.

reduced the quality of the services provided. 34% of the studies showed that the accrual accounting system increases the complexity of accounting information, wherever possible. Complexity reduces transparency and increases opportunities for manipulation. In Canada, complexity has made it difficult for citizens to understand government financial information, and consequently, transparency has decreased. Additionally, 19% of politicians have difficulty understanding the accounting information produced by the accrual system. The difficulty negatively affects making informed decisions. In Greece, politicians noticed difficulty in understanding the information generated by the new system. The difficulty affected their ability to make informed financial

In 2023, Krah studied the impact of financial transparency on citizens' trust and their tax payment behavior in local governments in sub-Saharan Africa. The study focused on Ghana and used the theories of stewardship and public choice to explain the relationship between financial transparency, trust, and willingness to pay [8].

on improving the quality of financial information and making it accessible to citizens. This can be achieved by preparing clear, detailed, and comprehensive financial reports.

The study showed that financial transparency enhances citizens' trust in the local government and increases their willingness to pay taxes and fees. But researchers found that financial transparency is low and trust is low in local governments in Ghana. This indicates that improving financial transparency will strengthen citizens' trust and make them more willing to pay taxes. The study said the following:

- Use of popular financial reports: It is believed that local governments should adopt steps for popular financial reporting to simplify financial information and make it accessible to the average citizen.
- Increasing transparency: Governments should adopt proactive transparency policies. The government provides financial information to citizens without them having to ask for it. This transparency enhances trust and accountability.

- Enhancing the quality of financial information: Local governments should work

- Improving financial management systems: It is believed that local governments should enhance their revenue management systems to reduce financial leakages wherever possible and combat corruption.
- Encouraging public participation: Enhancing

citizen involvement in decision-making through discussions and open listening sessions, wherever possible. Citizen participation is increasing, understanding is improving, and engagement is rising.

- Cooperation with the media: The aim of cooperation with the media is to enhance collaboration with media outlets. financial reports make financial information easy to understand for citizens, thereby enhancing citizen participation in the democratic process. Experiences in European countries have shown that transparency in local government increases trust and supports effective citizen participation.

Tryggvadottir published a performance budgeting framework for the OECD in 2024[9]. The OECD Performance and Results Working Party meets regularly. The members of the Performance and Results Working Party meet to discuss what is happening and exchange good ideas on performance budgeting and performance-related reforms. The experiences of OECD countries have helped in building the OECD performance budgeting framework. The OECD Performance Budgeting Framework provides the building blocks to guide OECD countries and enhance their approach to performance budgeting. The OECD Performance Budgeting Framework consists of four core units:

Cooperation with the media contributes to disseminating financial information wherever possible. Collaboration with the media increases citizens' awareness of how to use financial resources. The United States has adopted the initiative of popular financial reporting. Popular

1. Tools and methods are used to develop meaningful performance information wherever possible. Tools and methods are used to develop meaningful information about performance wherever possible.
 2. Accountability and transparency enhance trust and ensure the integrity of the work. Accountability and transparency enhance trust and ensure the integrity of the work.
 3. A strong enabling environment provides support and facilitates achievement wherever possible. A strong enabling environment that provides support and facilitates achievement wherever possible.
 4. Using performance information helps guide budget-related decisions. Using performance information helps guide budget-related decisions.
- Table 2 illustrates the roles of key stakeholders. The roles of key stakeholders are related to preparing performance budgeting within the framework of the OECD performance budgeting.

Table 2: Roles of Key Stakeholders in Preparing Performance Budget [9]

Entity	Roles and Responsibilities
Ministry of Finance	<ul style="list-style-type: none"> - Develop the Performance Budgeting Framework. - Develop guidelines/manuals for implementation. - Design templates for collecting performance information. - Ensure consistency and standardization. - Analyze outputs of spending entities. - Organize capacity-building activities. - Implement relevant IT system updates.

Government Entities & Units	<ul style="list-style-type: none"> - Coordinate with MoF on program design, objectives, and KPIs. - Ensure operational implementation (monitoring & reporting). - Develop meaningful indicators aligned with government priorities. - Ensure high-level sign-off (Minister / Permanent Secretary) on performance data.
Parliamentary Bodies	<ul style="list-style-type: none"> - Ensure oversight and accountability. - Review and approve the budget. - Use performance data for decision-making and resource allocation. - Hold ministries accountable using performance information. - Engage stakeholders to improve budget information quality. - Sector committees review performance budgets within their portfolios.
Supreme Audit Institution (Audit Office)	<ul style="list-style-type: none"> - Assess integrity of the performance framework. - Verify accuracy and reliability of reported performance data. - Ensure compliance with legal and regulatory requirements.

This study explains the performance-based budgeting framework in OECD countries. The study explains how to implement performance budgeting to increase transparency, enhance accountability, and improve budget decision-making. The budget framework consists of four main pillars: tools and methods for developing performance information, accountability and transparency, a supportive environment, and the use of performance information in budget decision-making.

The study showed that the implementation of performance-based budgeting improves resource allocation and enhances the understanding of government priorities, wherever possible. It also enhances transparency and accountability in the budgeting process. Experiences of countries like Australia, Canada, and the United Kingdom demonstrate the effectiveness of the approach in achieving financial and strategic goals.

The Organization for Economic Co-operation and Development, wherever possible, has established more detailed principles and recommendations to guide specific elements

within the comprehensive budgeting framework. It is seen that the principles aim to improve the allocation of public resources, ensure the sustainability of public finances in the long term, enhance transparency and accountability, and increase the effectiveness of citizen engagement [10]. The principles are as follows:

1. Budgets must be managed within clear, reliable, and predictable limits, and budgets support fiscal policy.
2. Budgets should align with the government's medium-term strategic priorities. Budgets need to be fully aligned with those priorities.
3. There is a need to design the capital budget framework to effectively meet national development needs.
4. It is believed that budget documents and budget statements should be open, transparent, and accessible to everyone.
5. All parties should participate in discussing budget options, and the discussion of budget options should be inclusive, participatory, and realistic.
6. Budgets must provide a comprehensive, accurate, and reliable report on public finances.

7. The budget must be carefully planned. Then it must be managed regularly. Finally, the budget implementation must be monitored effectively.

8. Performance is important and evaluation is important. Value for money is important. Performance, evaluation, and value for money should be an essential part of the budgeting process.

9. There is a need to strengthen long-term sustainability wherever possible. It must also be identified financial risks, assess financial risks, and manage them wisely.

10. Enhancing the integrity and quality of budget forecasts and financial plans, as well as budget execution, requires ensuring quality and conducting independent reviews whenever possible. This ensures that the budget is accurate and reliable.

The principles also help achieve the highest value from public expenditures. Here are the main principles of the OECD's Better Spending Framework [11].

- Set clear financial goals.
- Use objective economic assumptions.
- Determine the financial fundamentals for several coming years.
- Set spending ceilings from top to bottom.
- Review spending regularly.
- Make informed spending decisions.
- Monitor all forms of expenses.
- Consider government entities as partners.
- Ensure budget transparency.
- Implement effective budget control.

In 2001, a group of major international organizations developed the Public Expenditure and Financial Accountability (PEFA) principles. The World Bank, the International Monetary Fund (IMF), the European Commission, and the governments of France, Norway, Switzerland, and the United Kingdom participated in this. Public Expenditure and Financial Accountability (PEFA) principles provide a comprehensive framework for assessing the strengths and weaknesses in the management of public finances of countries. Principles of Public

Expenditure and Financial Accountability (PEFA) are also used to prepare reports on financial performance using specific quantitative indicators. The Public Expenditure and Financial Accountability (PEFA) program provides a framework for assessing the strengths and weaknesses in public financial management. The Public Expenditure and Financial Accountability program provides reporting on that. The public expenditure and financial accountability program provides reporting using quantitative indicators to measure performance, wherever possible. [12] The study indicates that, providing the foundation for reform planning opens the door for a dialogue about strategy. It also provides space for dialogue on relevant priorities and helps track the progress that has been made. The public expenditure and financial accountability program identifies seven pillars of performance in the public financial management system, and the seven pillars are as follows:

- Ensure the reliability of the budget.
- Ensure the transparency of the annual financials.
- Manage assets and liabilities effectively.
- Prepare the budget and build the financial strategy according to the policies.
- Predict outcomes and monitor budget execution.
- Accounting and preparing reports.
- External audits and reviews.

In 1999, the United Nations and the Organization for Economic Co-operation and Development developed the Classification of the Functions of Government (COFOG) to evaluate and improve the way governments spend public funds. COFOG aims to establish a unified framework for classifying government expenditures according to their function or purpose. Wherever possible, this framework is used to facilitate the comparison of expenditures between countries. The framework helps policymakers

evaluate and plan public policies more effectively [13].

COFOG Objectives:

- Government expenditure analysis: It allows governments and international institutions to analyze public expenditures and classify expenses according to their functions. This analysis simplifies decision-making.
- International comparison: An international comparison allows for the comparison of government expenditures in different countries and provides a deeper understanding of how resources are distributed.
- Policy evaluation: Evaluating government policies becomes easier. The effects of policies on health, education, and defense sectors are evident.

COFOG structure:

COFOG consists of three main levels:

The first level includes ten main groups that represent the core functions of the government, which are:

1. Public services - 2. Defense - 3. Public order and safety - 4. Economic affairs - 5. Environmental protection - 6. Housing and community facilities - 7. Health - 8. Entertainment, culture, and religion - 9. Education - 10. Social protection.

Level two: It is divided from the main groups into subgroups. The subgroups provide more detailed information about government expenditures.

Level three: Adds additional details about the components of expenditures in each subgroup.

countries can follow the Sustainable Development Goals. The work aims to achieve sustainable development by 2030 [17].

Ahmed Salama conducted a study in 2015 to explore the role of flexible budgeting in implementing responsibility accounting and improving the efficiency of managerial decisions and performance evaluation [14]. The study focused on the institutions of the Al-Aqsa Media Network. The researcher used the descriptive-analytical method to collect and analyze the data. The study sample included 60 decision-makers and accountants from those institutions. The results showed that flexible budgeting helps in implementing responsibility accounting and increases the efficiency of managerial decisions by providing accurate financial data that supports informed decision-making. The researcher also showed that using flexible budgeting improves performance evaluation: by setting clear standards to compare actual performance with expected performance.

In 2015, the United Nations launched the Sustainable Development Goals as part of the 2030 Agenda. The framework of the Sustainable Development Goals includes 17 global goals. It is seen that the Sustainable Development Goals target the major challenges in the world. The Sustainable Development Goals include eradicating poverty and hunger, achieving gender equality, ensuring quality education, and combating climate change, as shown in Figure 1. It is believed that the Sustainable Development Goals constitute a call for everyone to work toward sustainable development on social, economic, and environmental levels. Wherever possible,

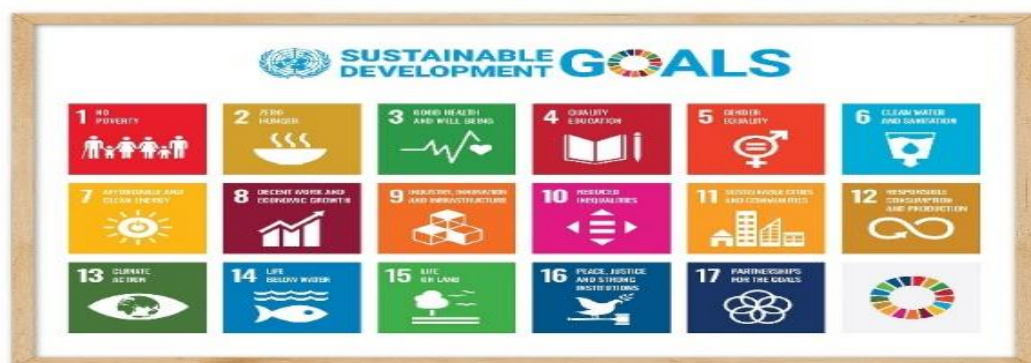


Figure 1: Sustainable Development Goals (SDGs) [17]

Excellence and leadership in business

Excellence and leadership mean that the government can achieve the best results and provide high-quality services to citizens in innovative and effective ways. Wherever possible, the government seeks to apply these principles in all governmental work. Excellence and leadership in the governmental field can be defined on this basis:

Government excellence means raising the quality of government services and increasing their effectiveness and efficiency. The study indicates that government excellence requires simplifying administrative procedures, improving the experience of citizens and residents, and enhancing transparency and accountability in government operations. Wherever possible, Focus is placed on raising quality, simplifying procedures, improving the experience, and enhancing transparency to achieve excellence [15].

It is believed that through excellence and leadership in government work, governments can achieve a positive transformation in communities. Wherever possible, governments work to promote the

knowledge economy and the social economy. Governments continue to strive for sustainable and inclusive development in order to improve the quality of life [15].

The Fourth Generation Model of the Government Excellence System GEM 4 Wherever possible, GEM 4 represents the fourth generation of the Government Excellence System. GEM 4 achieves a qualitative leap in applying excellence standards on a broader and deeper level in government performance [16]. It is seen that GEM 4 will enhance the quality of services provided to citizens. GEM contains four advanced elements in innovation and technology. GEM focuses on digital transformation and the use of big data and artificial intelligence to improve government services. GEM 4 aims to achieve the UAE Vision 2071. GEM 4 applies innovative and sustainable strategies and enhances the global competitiveness of the UAE government in service delivery.

The Role of Financial Planning in Achieving Excellence and Leadership It is intended to raise the level of excellence and leadership in government services, wherever possible, and it is aspired to higher quality and greater effectiveness. It is essential that a system of excellence is followed. A system like the UAE Federal

Government Excellence System GEM 4 achieves that. This system relies on our accumulated experiences and knowledge. It is also based on successful experiences implemented in the government of the United Arab Emirates.

When these systems are implemented effectively and comprehensively, they will help the government build an inspiring and distinctive work environment. Wherever possible, the government will enhance competitiveness and increase its readiness to face future challenges. The government will also play a fundamental role in achieving strategic objectives and fulfilling the aspirations of the community. Financial planning plays a significant role in achieving excellence and leadership in the government through:

- Allocating resources effectively by setting priorities and directing investments to areas that have a significant impact on government services. When resources are allocated effectively, the government can improve the quality of services and programs and enhance the standard of living for people.
- Innovation is achieved in financing and resource management through new financial tools such as strategic partnerships with the private sector. Financial planning determines and effectively allocates resources for research, development, and innovation in government services.
- It is seen that increasing transparency and implementing financial accountability means providing clear and accurate information about the expenditure of financial resources. When the government ensures financial accountability, it builds citizens' trust and creates positive interaction with government services.
- Providing new financial services to citizens and businesses. Developing mobile applications to facilitate people's access to financial services, wherever possible, and providing digital financial services that effectively meet needs.

Proposed Approach

Methods of the Proposed Approach
It is believed that the hybrid budget integrates several different methods in budget preparation and execution to strengthen efficiency and effectiveness in financial management. The integrated method of the proposed approach is reviewed:

1. Preparing and implementing the operational budget. Preparation and implementation of the operational budget
It is seen that relying on line items in a zero-based manner is the foundation of the operational budget. The operational budget that relies on line items focus on distributing funds to various line items such as salaries, supplies, services, and others. The zero-based budgeting method means that each item in the budget must be justified from scratch in each new budget cycle, and the figures used in the previous cycle are not relied upon. The zero-based budgeting method ensures that resources are allocated only to truly necessary and justified activities and requirements.
2. Preparing a budget for initiatives and implementing a budget for development projects preparing a budget for initiatives and implementing a budget for developmental projects.
The planning and programming approach is used to prepare and implement a budget specifically for initiatives and development projects. In this approach, Projects are planned meticulously, set objectives, and schedule the activities and resources needed to achieve them. This approach helps me organize projects well and use resources effectively.
3. Preparing and implementing the partnership project portfolio budget. Preparing and executing the budget for the partnership project portfolio
The budget is prepared for the partnership project portfolio and implement it through a

contracting approach. The contracting approach means that the government or the sponsoring entity signs contracts with the private sector or with development partners to implement specific projects. The study indicates that, the contracting approach provides an opportunity to bring expertise and funding from the private sector and helps improve the quality of execution and increase the speed of completion wherever possible.

4. Preparing and implementing the revenue budget. Preparation and implementation of the revenue budget
The study indicates that, the activity approach focuses on preparing and implementing the revenue budget through activities that generate money. The activities include taxes, fees, services, and others. Each activity is meticulously examined to determine its efficiency in generating revenue, and then the efficiency of the activities is improved wherever possible. The activity-based approach helps achieve financial sustainability and enhances the ability for effective financial planning. All methods work together to form a comprehensive budgeting system. A comprehensive budgeting system supports efficiency, enhances transparency, ensures accountability in the management of public funds and improves the ability to adapt to various changes and challenges.

General Framework of the Hybrid Budget inputs:

Within the framework of the overall hybrid budget, various methods are used to manage the budget in an interactive and interconnected manner. To clarify the hybrid budgeting framework more clearly, the framework is divided into inputs, processes, and outputs. Control elements or feedback are mentioned wherever possible:

• Inputs:

1. Economic and financial data: This includes historical data and macroeconomic

forecasts. This data is used to prepare economic assumptions.

2. Strategic objectives: Guidelines from senior management that define the overall goals of the institution or government, where applicable.

3. Standards of Excellence Programs.

4. Legislation and laws: The legal rules that govern the management of public funds. Legal rules define the legal requirements for spending. Legal rules determine the method of revenue collection.

• Organization and mapping:

The methods and financial components in the hybrid budget accordingly are arranged to the following structures to ensure their integration and harmony:

- Structure of government objectives and programs.

- The administrative structure.

- The economic structure.

- COFOG function structure.

- Structure of the Sustainable Development Goals "United Nations".

- Structure of Excellence and Leadership Standards and Principles.

- Structure of strategic initiatives: "gender budgeting - green - welfare - youth and children - sustainable development goals."

- National agendas

Operations:

1. Budget preparation:

- The operational budget: The main items and evaluation from scratch are identified.

- The budget for initiatives and the budget for developmental projects require planning and programming. Planning and programming help in developing project plans.

- Balancing the partnership project portfolio: contracting with the private sector to implement projects wherever possible.

- Revenue balancing: The activities that generate revenue is analyzed. Then these activities wherever possible are improved.

2. Review and analysis:
 - Evaluating the effectiveness and efficiency of spending.
 - The progress of developmental projects is reviewed.

3. Approvals:
 - Obtaining the necessary approvals to allocate the budget for projects wherever possible.

Outputs:

1. Budget reports: Budget reports detail the allocation of the budget for the fiscal year and help us understand how resources were allocated.

2. Project updates: Reports that clarify the progress of current and new projects wherever possible.

3. Results of the review: Evaluations showing how financial and operational goals were achieved.

4. Self-assessment reports that show how individuals evaluate themselves.

• Feedback and controls:

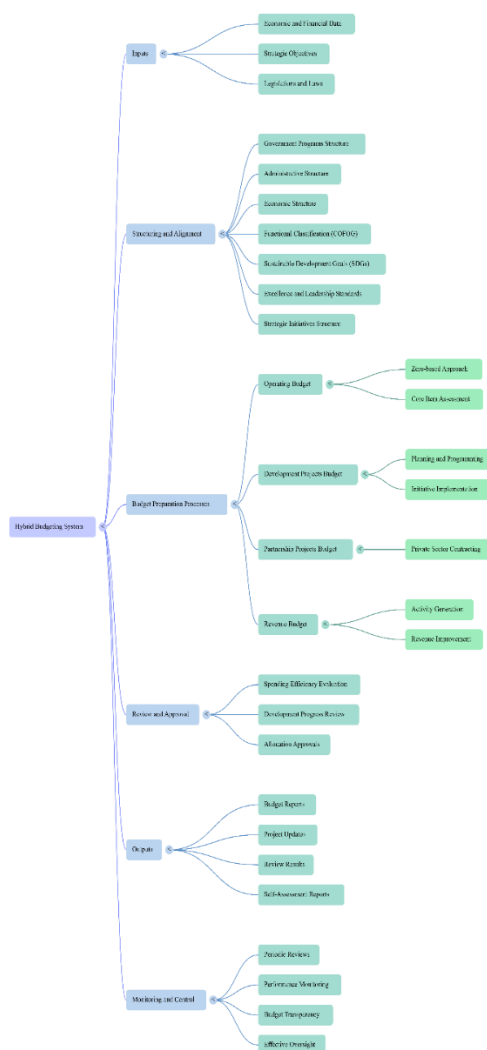
1. Periodic reviews: the budget is checked, then adjust the budget if actual performance changes or if circumstances change.

2. Performance monitoring: Continuous evaluation of performance compared to the specified plans and budget, where possible, to ensure adherence to objectives and achieve effectiveness.

3. The impact on improving the quality of life is measured.

It is seen that by using Framework in Figure 2, wherever possible, governments should ensure effective financial management, the achievement of strategic objectives, and the maintenance of accountability and transparency.

Figure 2: General Framework of Hybrid Budgeting



Hybrid Budget Capsule

The hybrid budget capsule is an innovative model for efficiently and effectively distributing public funds. The hybrid budget capsule includes essential components. The components of the hybrid budget capsule aim to achieve specific government goals and programs. The hybrid budget capsule focuses on implementing clear operations, activities, projects, and initiatives. Every process in the hybrid budget capsule aims to create the desired positive impact. Efforts are focused on implementing the hybrid balance capsule wherever possible to achieve the desired results.

The equation:

It is seen that the hybrid budget capsule = [several government goals or programs] + (operations + activities + projects + initiatives) >>> its goal is to achieve strategic targets and principles of excellence.

The capsule cover illustrates multiple government objectives. The government seeks to achieve goals in areas such as health, education, and infrastructure. Wherever possible, the goals can include any other field. The capsule contents include operations, activities, projects, and initiatives as follows:

- Operations: Ongoing activities that help us achieve our goals.
- Activities: Individual tasks that are completed wherever necessary to reach specific stages of the goals.
- Projects: Integrated plans. It is seen that they include activities and processes wherever possible and aim to achieve tangible results.
- Initiatives: New or improved efforts. The initiatives aim to improve performance and achieve goals more efficiently. The capsule therapeutic impact is represented in achieving strategic goals and principles of excellence, as follows:

- Achieving targets: means reaching the objectives set in government programs wherever possible.
 - Principles of Excellence: Commitment to standards of excellence in government performance. Wherever possible, Focus is placed on efficiency, effectiveness, transparency, and innovation.
- Benefits:

- 1) Integration of efforts: It is seen that the model coordinates different efforts to achieve the goals comprehensively.
- 2) Resource allocation: It helps direct funds to activities and projects that provide the greatest benefit.
- 3) Enhancing transparency: transparency and strengthen accountability are increased. the method of resource distribution is clarified and how they are used.
- 4) Performance improvement: Improving

government performance is achieved when Focus is placed on achieving clear and measurable results.

The study indicates that, when the government adopts a hybrid budgeting system, it can enhance the efficiency of public spending and increase its effectiveness. It can also achieve its strategic goals while adhering to quality standards in government work wherever possible.

The difference between a capsule and a program:

program

- Definition: The program consists of interconnected activities and projects, all aiming to achieve a specific goal.
- Structure: The program usually consists of activities and projects that help achieve the main goal of the program. Resources are clearly allocated to achieve the program's objective.
- Example: A program focused on improving the quality of education. The program includes teacher training, curriculum development, and school construction.

Capsule

- Definition: The capsule is seen as a broader concept. The capsule allows for the achievement of one or more goals. It can include programs, activities, projects, and initiatives. The capsule combines previous structures, such as the administrative structure, the economic structure, and others, where possible.
- Structure: The capsule brings together operations, activities, projects, and initiatives. Each operation, activity, project, or initiative covers a goal or program. Different structures are used to unify each group wherever possible. An aim is set for comprehensive integration and achieving a clear impact.

Proposed example of five comprehensive capsules to achieve SDGs and COFOG:

1) Capsule 1: Improving quality of life through education and health (SDGs 3, 4) (COFOG 07, 09)

Cover:

The goal is to promote quality education and provide comprehensive healthcare.

Contents:

Operations: Developing educational curricula and training healthcare personnel.

Activities: Building schools, constructing health centers, and equipping them with the necessary equipment.

Projects: Working on digital education programs and mobile healthcare.

Initiatives: Providing scholarships and comprehensive vaccination programs.

The therapeutic impact:

Improving the quality of education and the quality of health raises the overall well-being of the community.

2) Capsule 2: Sustainable infrastructure and transportation (Sustainable Development Goals 9, 11) (COFOG 04, 06)

Cover:

Building sustainable infrastructure. Enhancing public transportation.

Contents:

Operations: Maintenance and upgrading of the current infrastructure.

Activities: Working on developing public transportation networks and improving the roads.

Projects: Building renewable energy stations and sustainable housing projects.

Initiatives: It is seen that programs encouraging the use of public transportation wherever possible and reducing pollution are important.

The therapeutic impact:

Improving infrastructure, wherever possible, means repairing roads and expanding bridges. Improving public transportation,

wherever possible, means providing rapid buses and clean trains. When infrastructure and public transport improve, it becomes easier for people to move around. Improving infrastructure and public transport supports sustainable development and contributes to enhancing the quality of life.

3) Capsule 3: Decent Work and Economic Growth (SDG 8) (COFOG 04)

Cover:

Increasing economic growth and providing decent jobs for everyone.

Contents:

Operations: Support small and medium enterprises and provide vocational training.

Activities: Organize workshops and provide financial consultations.

Projects: Planning to establish new industrial zones and working on enhancing innovation.

Initiatives: Provide incentives for companies to hire young people and graduates. It is believed that providing job opportunities for young people enhances development.

The therapeutic effect:

Strengthening economic growth provides good job opportunities, economic growth and good job opportunities contribute to achieving sustainable development.

4) Capsule 4: Managing natural resources and providing clean water (SDGs 6, 13) (COFOG 05, 06)

Cover:

Ensuring sustainable management of natural resources and provide clean water for everyone.

Contents:

Operations: Developing policies for the management of water and natural resources.

Developing policies for water and natural resource management aims to improve the sustainability of water and natural resources

wherever possible.
Activities: Organizing awareness campaigns aimed at conserving water and the environment.

The projects include building desalination plants and solar energy projects.
Initiatives: Launching afforestation programs and rehabilitating degraded lands.

The therapeutic impact:

Striving to improve the management of natural resources, working on providing clean water, improving natural resource management and providing clean water enhances environmental sustainability.

5) Capsule 5: Innovation and Effective Governance (SDGs 16, 17) (COFOG 01, 03)

Cover:

Enhancing innovation wherever possible and achieve effective governance.

Contents:

Operations: Developing government policies wherever possible and enhancing transparency wherever possible.
Activities: Improving judicial systems to facilitate justice. Activities: Developing digital infrastructure to accelerate services.
Projects: Establishing innovation centers within the government and developing open data platforms.

The therapeutic impact:

There is a need to improve the government's performance. Performance improvement is achieved when enhancing innovation and use effective governance methods.

Distribution of doses per capsule
The doses placed inside the capsules are the financial allocations disbursed to achieve the objectives of each capsule. Whenever possible, the doses are placed inside the capsules to meet the needs of each objective. Allocations are distributed according to the priorities of each capsule, goal, and program. It is seen that the goal of allocating resources

is to ensure the achievement of objectives efficiently and effectively. The distribution of doses depends on the strategic priorities and the resources available for each goal. In this way, integration and inclusivity in achievement are realized. The process of distributing doses contributes to sustainable development and improving the quality of life. Below is an example of the doses.

Capsule 1: Aiming to improve the quality of education and health (SDGs 4, 3) (COFOG 09, 07) - dosage: 30%

Goal: Improving quality of life through education and health.

o The goals within the capsule:

- It is seen that improving the quality of education (SDG 4) needs a 50% dose.

- Enhancing healthcare (SDG 3) - dosage: 50%

2. Capsule 2: Focus on sustainable transport infrastructure wherever possible (SDGs 9, 11) (COFOG 04, 06) - dosage: 20%

o Goal: Establish lasting infrastructure wherever possible and strengthen public transportation.

o The goals within the capsule:

- It is believed that improving infrastructure and public transport (SDG 9, 11) needs a 100% boost.

3. Capsule 3: Working on improving the economic structure (SDGs 8, 9) (COFOG 04, 06) - Dosage: 30%

o Goal: Support the economy and provide good jobs.

o The goals within the capsule:

- Aiming to enhance economic growth (SDG 8) by 50%

- Improving sustainable infrastructure (SDG 9) - dosage: 50%

4. Capsule 4: Environment and Green Initiatives (SDGs 6, 13) (COFOG 05, 06) Dose: 10%

The goal is to protect the environment and make it sustainable.

o The goals within the capsule:

- Providing clean water and sanitation (SDG 6)

- Dose: 50%

- is believed in combating climate change

(SDG 13) - dosage: 50%
5. Capsule 5: Innovation and effective governance is targeted (SDGs 16, 17) (COFOG 01, 03) Dose: 10%
o Goal: Increase innovation and implement effective governance.
Here are the goals within the capsule:
- Enhance innovation (SDG 9) - dosage:
- Achieving effective governance (SDG 16) - the required dose is 50%.

The Therapeutic Impact:

The therapeutic effect becomes apparent when the desired targets from the quality-of-life capsules are achieved. Improvement is achieved in the financial efficiency of governments and strengthen sustainability and apply the methodology and observe the enhancement of governance and innovation. This creates more effective and efficient government administration. The approach relies on the integration and organization of various government activities and programs. This enhances the ability to achieve strategic goals in a comprehensive manner that aligns with the Classification of Functions of Government (COFOG) and the Sustainable Development Goals (SDGs). Integration covers essential areas such as health, education, infrastructure, and the environment. Integration aims to achieve equitable and sustainable development. Integration focuses on improving the quality of life, wherever possible, and providing better services to citizens. Integration ensures the optimal use of resources so that the community receives the maximum benefit.

Principles of Hybrid Budgeting

1. Clear limits for fiscal policy, reliable limits for fiscal policy, predictable limits for fiscal policy.
2. Investment decisions are evaluated independently and are not influenced by the financing mechanism. The evaluation of investment decisions is conducted independently and is not influenced by the

- financing mechanism.
3. The budget data is presented clearly, and everyone can easily access it.
4. There is a need to engage stakeholders in "civil society participation."
5. The statement is also used to monitor and manage government operations funding from year to year. The cash statement is also used to monitor and manage the financing of government operations from year to year. The cash statement clarifies the flow of funds and helps in making clearer financial decisions.
6. Performance reports regularly.
7. Regularly evaluate expenses.
8. Promoting long-term sustainability.
9. Budget plans should be flexible wherever possible. The potential impact of financial risks should also be minimized.
10. Identifying and managing public financial risks.
11. Independent review.
12. Budget reliability.
13. Transparency.
14. Establishing the financial strategy according to the policies.
15. Responsibility and accountability.
16. Coordinating and aligning with the Sustainable Development Goals of the United Nations [17].
17. Alignment and compliance with the standards of excellence and leadership in GEM 4 [15].
18. A unit manages the hybrid budget structure, uses the capsule model, and monitors institutional performance.

Hybrid Budget Structure:

Figure 3 presents the structure of the hybrid budget.

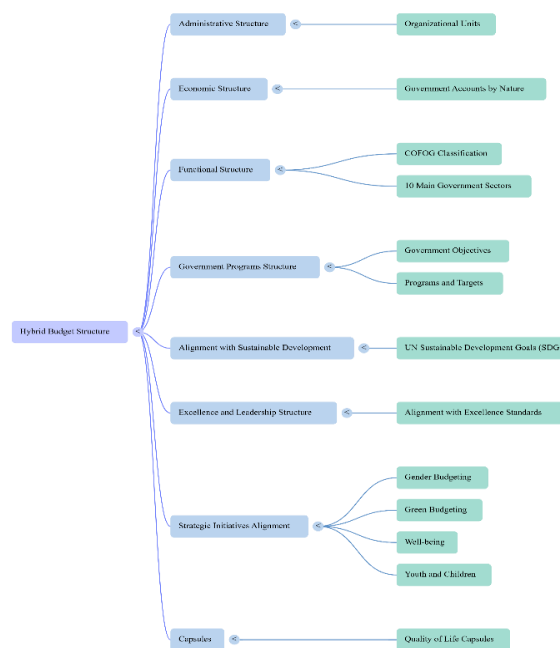


Figure 3: Hybrid Budget Structure

Challenges, obstacles, and proposed solutions

Challenges and obstacles that may arise when implementing the hybrid budget and capsule model:

- Difficulty in coordinating diverse methods and financial components within the hybrid budget.
- Internal resistance to change; whenever a new approach is proposed, there is resistance from employees and government entities because they do not want to adopt something unfamiliar.
- It is found to be difficult to set standards for evaluating performance and results accurately and fairly.
- Difficulty in regularly collecting and analyzing the required data.

How the challenges that may arise when implementing hybrid budgeting and capsule model can be overcome is examined.

- Enhancing coordination and integration. The entity establishes coordinating units or committees to ensure the integration and harmony of different approaches in hybrid budgeting.
- Project management tools and digital

technologies should be used to facilitate coordination wherever possible.

- Training programs should be provided for employees and participants to teach them how to prepare and implement the hybrid budget.
- Raising awareness of the importance of the hybrid method and its long-term benefits.
- Developing precise evaluation standards and tools, ensuring that the standards and tools are objective.
- Modern technology should be used to strengthen monitoring and evaluation systems.
- Administrative procedures should be simplified and reduce bureaucracy, wherever possible, by using digital technologies.
- Enhancing administrative efficiency through training and continuous process improvement.
- Periodic reports on the implementation of the hybrid budget and engage the public in monitoring the hybrid budget.
- Digital platforms to provide information transparently; these platforms are used to enhance accountability.
- Developing systems to continuously collect and analyze data wherever possible.
- Using Big Data and artificial intelligence technologies to analyze data quickly and

effectively.

- Implementing flexible financial policies, flexible financial policies that help us quickly adapt to any change.
- Establishing methods to periodically update the hybrid budget, so it can be maintained with changes.
- When adopting these solutions, greater excellence in financial resource management is achieved. Higher efficiency in financial resource management is achieved. The government's performance improves. The strategic goals are being achieved. The quality of life improves.

Results, Analysis and Conclusions

This research demonstrates that adopting a hybrid budget and capsule model can change the way government financial resources are

managed. This change increases efficiency and transparency in the provision of public services. When different budgeting methods are combined into one framework, and with a commitment to excellence standards, governments can clearly improve the quality of life for citizens. The chapter presents the analysis results and offers recommendations that help achieve excellence and leadership in government performance through these new methods wherever possible. The hybrid budget is theoretically the best because it combines efficiency, flexibility, and accuracy. The capsule model adds high alignment with government goals and supports sustainability. The cost and time may be higher. However, the overall benefits of the hybrid budgeting and capsule model make it the most suitable option for achieving long-term financial and strategic goals.

Results and Analysis

Table 3: Results and Analysis

Time	Cost	Simplicity	Innovation & Strategic Alignment	Transparency & Accountability	Resource Allocation Efficiency	Planning Scope	Methodology
☒ Medium	☒ Medium	✗ Complex due to integration of multiple methodologies	✓ Provides an innovative integrated framework for achieving strategic goals	✓ Enhances transparency through integration of multiple approaches and performance tracking	✓ Combines best practices for highly efficient allocation	✓ Full	Hybrid Budgeting & Capsule Model
✓ Fast	✓ Low	✓ Simple	✗ Traditional and weak on innovation	✗ Limited transparency (focus on financial inputs only)	✗ Allocates resources based on items without clear programs/goals	✓ Full	Line-Item Budgeting
✗ Long preparation time	☒ Medium	✗ Less simple (complex linkage)	✓ Enhances innovation through performance linkage	✓ Links spending to performance	✓ Allocation based on defined objectives improves efficiency	✓ Full	Program & Performance Budgeting

✗ Long	✗ High	✗ Complex	✓ Supports innovation via long-term vision	✗ May reduce transparency due to long-term abstraction	✓ Long-term planning improves efficiency	✓ Full	Planning-Programming Budgeting (PPBS)
✗ Very long	✗ Very high	✗ Very complex	✓ Encourages innovation through reassessment	✓ Highly transparent (full justification required)	✓ Reallocates resources from zero improving control	✓ Full	Zero-Based Budgeting (ZBB)
✓ Time-bound by contracts	✗ Potentially high	✓ simple نسبياً	✗ Limited internal innovation	✗ Lower transparency if contracts unclear	✓ Based on outsourcing/contracts	☒ Partial	Contractual Budgeting
✗ Long	☒ Medium	✗ Complex	✓ Encourages innovation in execution	✗ Depends on execution quality	✓ Allocates based on activities	✓ Full	Activity-Based Budgeting
	Public Acceptance	Sustainability Support	Alignment with Government Objectives	Associated Risks	Accuracy	Flexibility	Methodology
	✓ High acceptance due to clarity and advantages	✓ Strong sustainability support	✓ High alignment due to integrated model	✓ Low risk due to diversification	✓ High accuracy	✓ High flexibility due to integration	Hybrid Budgeting & Capsule Model
	☒ Moderate acceptance	✗ Limited sustainability support	☒ Partial alignment	✗ Medium risk	☒ Medium accuracy	✗ Low flexibility	Line-Item Budgeting
	✓ High acceptance	✓ Supports sustainability	✓ High alignment	✓ Low risk	✓ High accuracy	✓ High flexibility	Program & Performance Budgeting
	☒ Moderate acceptance	✓ Good long-term sustainability	✓ High alignment (long-term)	☒ Medium risk	✓ High accuracy	✓ Flexible within planning framework	Planning-Programming Budgeting (PPBS)
	✓ High acceptance	✓ Strong sustainability support	✓ High alignment	✗ High risk due to complexity	✓ Very high accuracy	✓ Flexible but resource-intensive	Zero-Based Budgeting (ZBB)
	✓ High if contracts are clear	✓ Supports sustainability via green contracts	☒ Partial alignment	✗ High risk if poorly defined	✓ Depends on contract quality	✓ Flexible if contracts adaptable	Contractual Budgeting

☐ Moderate acceptance	☐ Depends on activity design	✓ High alignment	☐ Medium risk	✓ High accuracy	✓ Flexible depending on activities	Activity-Based Budgeting
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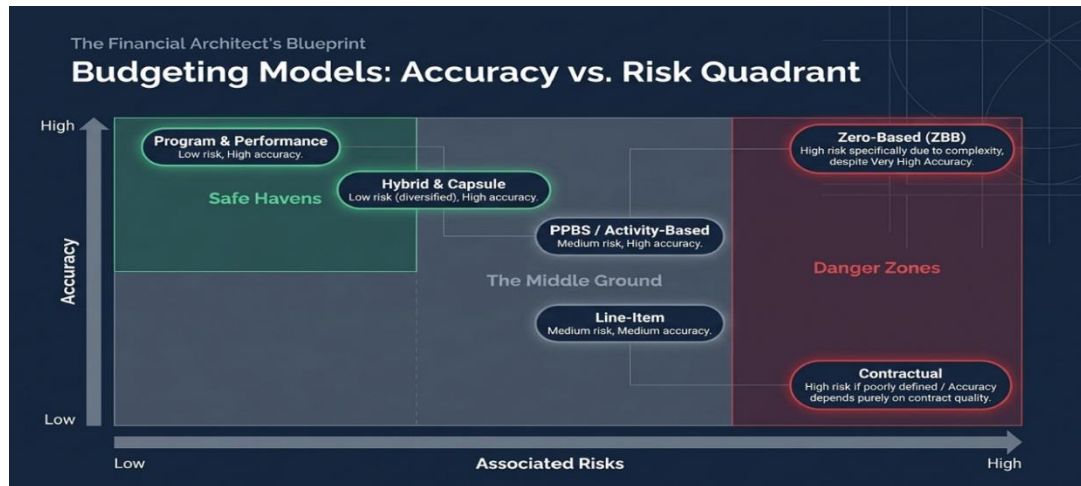


Figure 4: Budgeting Models Matrix: Accuracy and Risk Assessment

Figure.4 compares budgeting models based on their level of accuracy and associated risks, illustrating how some models achieve precision at the cost of increased operational and implementation risk.

It demonstrates that the “Hybrid & Capsule” and “Program & Performance” approaches occupy the safest strategic position by combining high accuracy with relatively low risk, while highly complex models such as Zero-Based Budgeting (ZBB) fall into higher-risk zones despite their precision.

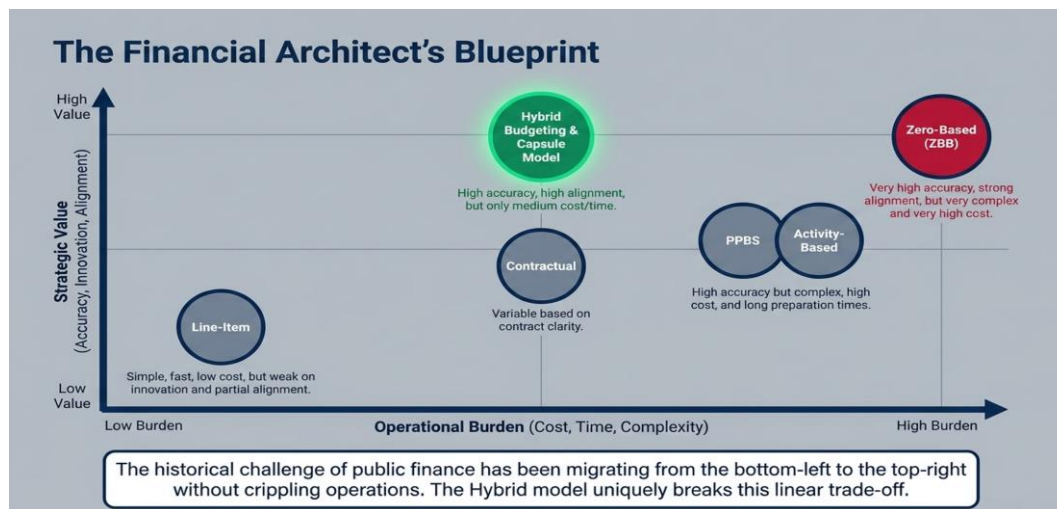


Figure 5: Strategic Trade-Offs in Budgeting Models

Figure.5 illustrates the traditional trade-off between strategic value and operational burden in budgeting models, where higher accuracy and strategic alignment usually require greater cost, time, and complexity.

It highlights the “Hybrid Budgeting & Capsule Model” as a balanced approach that achieves high accuracy and alignment with only a moderate operational burden, effectively

breaking the traditional efficiency-cost trade-off.

Conclusion

From Table 3 and the analysis of the results, It is seen that the hybrid budget and the capsule model are the best options compared to other methodologies. Here are the reasons for that:

1. Integration and inclusivity through:

- It is expected that improving the efficiency of resource allocation is important, and hybrid budgeting combines the best methods for effectively distributing resources.
- It enhances transparency and accountability, and transparency increases by integrating multiple methodologies and monitoring performance wherever possible.
- Promoting innovation. A framework that integrates is used different strategies to achieve strategic objectives.

2. Flexibility and precision through:

- Flexibility: The hybrid budget is flexible because it combines multiple methodologies and allows the hybrid budget to adapt to changes quickly.
- Accuracy: The hybrid budget is characterized by high accuracy because it integrates several methodologies that complement each other to provide precise financial forecasts.

3. Alignment with government objectives through:

- Degree of alignment with government objectives: The hybrid budget aligns closely with government objectives. Alignment makes the budget an effective tool for achieving strategic goals.

4. Supporting sustainability and community acceptance through:

- Supporting sustainability brings together different goals, thereby creating positive long-term impacts.
- Community acceptance grants high approval, as community acceptance has many

advantages and aligns with the needs of the community.

5. The balance between cost and effectiveness:

The study indicates that, hybrid budgeting may seem complex at first, but hybrid budgeting offers many benefits. The hybrid budget provides efficiency, transparency, innovation, and supports sustainability. Therefore, when investment is made in complexity, long-lasting and more effective results are achieved. The hybrid budget and the capsule model are considered the best because they offer a unique combination of efficiency, flexibility, and accuracy, align with government objectives, and support sustainability. The cost and time may be greater, but the overall benefits make the hybrid budget and capsule model the most effective choice for achieving long-term financial and strategic goals. This research demonstrates an innovative approach to hybrid budgeting that combines the advantages of various financial methodologies, aiming to improve efficiency and effectiveness in the management of government financial resources. The proposed approach strikes a balance between daily operational requirements, developmental initiatives and projects, partnerships, and revenue generation wherever possible. The study indicates that, the model aims to improve financial planning and financial management wherever possible. Improving financial planning and management enhances transparency and accountability. Enhancing transparency and accountability leads to improving the quality of life for citizens.

The hybrid budget improves efficiency when zero-based budgeting method is used. Allocating resources precisely to priority projects, which reduces financial waste. The hybrid budget supports innovations because planning and programming in projects help develop new ideas and lead to achieving long-term strategic goals. On the other hand, the

contractual approach in partnership projects saves costs, and increase efficiency. Finally, activity-based budgeting contributes to better resource allocation and increases revenues by improving revenue collection processes.

The study indicates that integrating institutional excellence with financial planning improves efficiency and effectiveness. When integrates the principles of institutional excellence with financial planning, sustainable results can be ensured. Work is carried out on enhancing operational efficiency by improving the use of financial resources wherever possible. Institutional excellence standards are applied in all financial operations. The transparency and accuracy of financial reports is ensured, and clear accountability is granted. In this way, institutional performance is enhanced, bringing us closer to continuously achieving strategic goals.

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