

إقرار

أنا الموقع أدناه مقدم الرسالة التي تحمل العنوان:

To what extent NGOs in Gaza applying Performance & Programs-Based Budgeting "PPBB" (From Seniors perspective)

أقر بأن ما اشتملت عليه هذه الرسالة إنما هو نتاج جهدي الخاص، باستثناء ما تمت الإشارة إليه حيثما ورد، وإن هذه الرسالة ككل أو أي جزء منها لم يقدم من قبل لنيل درجة أو لقب علمي أو بحثي لدى أي مؤسسة تعليمية أو بحثية أخرى.

DECLARATION

The work provided in this thesis, unless otherwise referenced, is the researcher's own work, and has not been submitted elsewhere for any other degree or qualification

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**To what extent NGOs in Gaza applying Performance & Programs-
Based Budgeting “PPBB” (From Seniors perspective)**

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نتيجة الحكم على أطروحة ماجستير

بناءً على موافقة شئون البحث العلمي والدراسات العليا بالجامعة الإسلامية بغزة على تشكيل لجنة الحكم على أطروحة الباحث/ محمود حمودة محمود السقا لنيل درجة الماجستير في كلية التجارة/ قسم إدارة الأعمال وموضوعها:

To what extent NGOs in Gaza applying Performance & Programs-Based Budgeting "PPBB" (From Seniors perspective)

وبعد المناقشة التي تمت اليوم الثلاثاء 20 ربيع الأول 1435 هـ، الموافق 2014/01/21 الساعة الواحدة والنصف ظهراً، اجتمعت لجنة الحكم على الأطروحة والمكونة من:

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وبعد المداولة أوصت اللجنة بمنح الباحث درجة الماجستير في كلية التجارة/ قسم إدارة الأعمال.

واللجنة إذ تمنحه هذه الدرجة فإنها توصيه بتقوى الله ولزوم طاعته وأن يسخر علمه في خدمة دينه ووطنه.

والله ولي التوفيق ،،،

مساعد نائب الرئيس للبحث العلمي و للدراسات العليا

أ.د. فؤاد علي العاجز



ABSTRACT

This study aims at studying to what extent NGOs in Gaza strip apply Performance & Programs based budget (PPBB) in their work. It studies the extent to which they are linking budgeting process to strategic plan.

Research Methodology: The study used descriptive and analytical analysis method.

Study Tool: Questionnaire was used as a tool of primary data collection.

Study sample: The study used a survey distributed to (98) Non-Governmental Organizations in the Gaza Strip targeting the seniors, where 76 individuals answered the study questionnaires (one person from each organization).

The study examined the Performance & Programs-based budgeting in terms of medium term planning, budget preparation, performance budget, and funding levels. The main findings of the research are:

- Using PPBS leads to optimal resource allocation, increases programs efficiency and effectiveness and participates in enhancing monitoring procedures, responsibility and impact and goals assessment.
- Gaza Strip NGOs are planning at the medium term level where they have a medium term strategic plans mostly for 3 years.
- Program based budgeting is widely used in Gaza strip NGOs.
- NGOs in Gaza identify the outputs and outcomes in the budget,
- NGOs in Gaza identify the performance indicators and monitor and track achievements.
- Funds mobilization to accomplish programs objectives is a difficult process.

In order to improve budgeting process and to link budget into strategic plan, NGOs in Gaza strip needs to:

- Develop and apply realistic strategic plan which should be periodically revised and evaluated.
- Link inputs with outcome or impact on beneficiaries to verify the organization mission statement.
- Clearly identify and apply performance indicators within all budgeting process phases.
- Prepare their own programs according to their strategic directions, beneficiaries needs and expectations, not donor's agenda.
- Focus on enhancing their self-reliance through income generation projects.
- Design and implement training programs for program bodies about PPBB.

إلى أي مدى المؤسسات غير الحكومية في قطاع غزة تطبق موازنة البرامج والأداء

الملخص

هدفت الدراسة الى قياس الى أي مدى تعتمد المؤسسات غير الحكومية في قطاع غزة على تطبيق موازنة البرامج والأداء في عملها، وذلك من أجل فهم الى أي مدى يتم اعتماد التخطيط المالي متوسط المدى على اساس البرامج في المؤسسات الأهلية، وإلى أي مدى يتم ربط سياسات واولويات المؤسسة بالموازنة وتخصيص الموارد وقياس الأداء.

منهج الدراسة: اعتمدت الدراسة المنهج الوصفي التحليلي.

أداة الدراسة: تم استخدام الاستبانة كأداة لجمع البيانات الابتدائية.

مجتمع الدراسة: استخدمت الدراسة المسح الشامل لعدد 98 مؤسسة غير حكومية مستهدفة صناع القرار في المؤسسات، حيث قام 76 شخص بالإجابة على أسئلة الاستبانة (شخص واحد من كل مؤسسة).

في هذا البحث تم دراسة الى أي مدى المؤسسات غير الحكومية في قطاع غزة تطبيق نظام موازنة البرامج والأداء في عملها من خلال دراسة التخطيط متوسط المدى في المؤسسات وعملية اعداد الموازنة (موازنة البرامج) وموازنة الأداء ومستوى التمويل، وقد كانت نتائج الدراسة كالآتي:

- استخدام موازنة البرامج والأداء يؤدي الى تخصيص أمثل للموارد ويزيد كفاءة وفاعلية البرامج، ويساهم ايضا في تعزيز اجراءات الرقابة والمسئولية وقياس مدى تحقيق الأهداف والآثار المتوقعة.
- المؤسسات الغير حكومية في قطاع غزة تتبع التخطيط الاستراتيجي متوسط الأجل بشكل كبير.
- موازنة البرامج مطبقة بشكل واسع في المؤسسات الغير حكومية.
- يتم استخدام مقاييس المدخلات والمخرجات في الموازنة.
- المؤسسات تقوم باستخدام مؤشرات الأداء لمراقبة ومتابعة الانجاز.
- تجنيد الاموال التي تساعد في تحقيق الأهداف البرمجية ليست بالعملية السهلة.

في سبيل تحسين عملية اعداد الموازنة وربط الموازنة بالخطة الاستراتيجية، المؤسسات الغير حكومية بحاجة الى أن:

- تطوير وتطبيق خطط استراتيجية واقعية على ان يتم مراجعتها وتقييمها دوريا.
- ربط المدخلات بمدى تحقيق المخرجات والآثار على المستفيدين للتأكد من تحقيق رسالة المؤسسة.
- تحديد مؤشرات الأداء بدقة ووضوح على كافة مراحل الموازنة.
- على المؤسسات ان تقوم بتطوير برامجها استنادا على توجهاتهم الاستراتيجية وحاجات وتوقعات المستفيدين وليس بناءا على رغبات الممولين.
- التركيز على تعزيز الاعتماد على الذات للمؤسسات عن طريق مشاريع مدرة للدخل.
- تصميم وتنفيذ برامج تدريبية للموظفين حول تطوير وتطبيق موازنة البرامج والأداء.

DEDICATION

This thesis is dedicated to my parents for their endless love, support and encouragement.

Also, this thesis is dedicated to my fiancée BASEMA who has been a great source of motivation and inspiration.

Finally, this thesis is dedicated to my sisters Monera & Laila and my brother Ahmed for their endless support and encouragement.

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TABLE OF CONTENTS

ABSTRACT	I
الملخص	II
DEDICATION	III
ACKNOWLEDGMENTS	IV
TABLE OF CONTENTS	V
LIST OF TABLES	IX
LIST OF FIGURES	XI
LIST OF ABBREVIATIONS	XII
CHAPTER ONE: STUDY FRAMEWORK	1
1.1 Introduction	2
1.2 Research problem	4
1.3 Research importance	5
1.4 Research objectives	5
1.5 Research hypothesis	6
1.6 Research variables	6
1.7 Previous studies	7
1.7.1 International Studies	7
1.7.2 Local Studies	13
CHAPTER TWO : THE PALESTINIAN NON-GOVERNMENTAL ORGANIZATIONS	16
2.1 Introduction	17
2.2 Basic definitions	17
2.2.1 What is NGO.....	17
2.2.2 What is Civil Society.	18
2.3 Perspective on Civil society organizations in Palestine	19
2.3.1 Evolution of Palestinian civil society	19
2.3.2 Mapping and classification of the Palestinian NGOs' in Gaza strip	22
2.4 Major characteristics of Palestinian NGO's	26
2.4.1 Palestinian NGO's structure	26

2.4.2	NGOs' establishment and agenda	27
2.4.3	Nature of the programs implemented by Palestinian NGO's	29
2.4.4	Availability of financial resources	31
2.5	Weaknesses and strengths Palestinian NGO's	33
2.5.1	Strengths of NGOs	33
2.5.2	Weaknesses of NGOs	34
CHAPTER THREE: BUDGETING & PRGRAMS PERFORMANCE-BASED BUDGETING.....		36
3.1	Introduction	37
3.2	Public budgeting	37
3.2.1	Budget Definition	37
3.2.2	The Functions of budgets	38
3.2.3	Budget processes	39
3.2.4	Public Budgeting history	41
3.2.5	Approaches to developing the budget	43
3.3	Performance & Programs-based budgeting “PPBB”	47
3.3.1	Introduction	47
3.3.2	The History and emergence of PPBB	48
3.3.3	PPBB Concept	48
3.3.4	Distinguishing between Programs & Performance-Based Budgeting	49
3.3.5	Why PPBB?	50
3.3.6	Principles Underlying Programs & Performance-Based Budgeting	52
3.3.7	Features of PPBB System	54
3.3.8	Stages of Applying PPBB	57
3.3.9	PPBB Elements	58
3.3.10	Fundamentals of PPBB Tabulating	59
3.3.11	Identifying Performance Indicators	64
CHAPTER 4: RESEARCH METHODOLOGY		66
4.1	Introduction	67
4.2	Research method	67

4.3	Research population	67
4.4	The Questionnaire Design	68
4.5	Pilot Study	68
4.6	Test of Normality for each field	68
4.7	Statistical analysis Tools	69
4.8	Validity of Questionnaire	70
4.8.1	Internal Validity	69
4.8.2	Reliability of the Research	72
4.8.3	Cronbach's Coefficient Alpha	72
CHAPTER FIVE: DATA ANALYSIS AND DISSCUSSION		74
5.1	Introduction	75
5.2	Part 0: Organization Information	75
5.3	Part 1: Respondent information	78
5.4	Part 2: Organization Medium term planning	80
5.5	Part 3: Budget preparation and process (Program based budget)	83
5.6	Part 4: Performance Budget	88
5.7	Part 5: Funding	90
5.8	Research hypothesis	92
5.8.1	Hypothesis #1	92
5.8.2	Hypothesis #2	93
5.8.3	Hypothesis #3	94
5.8.4	Hypothesis #4	96
CAHPTER SIX: CONCLUSIONS AND RECOMMENDATIONS		99
6.1	Introduction	100
6.2	Conclusions	100
6.2.1	Organization Medium term planning	100
6.2.2	Budget preparation and process (Program based budget)	100
6.2.3	Performance based Budget	100
6.2.4	NGOs Funding	101
6.2.5	Hypotheses main results	101

6.2.5	Other important research conclusions	101
6.3	Recommendation	102
REFERENCES		103
ANNEX 1: ENGLISH VERSION OF THE QUESTIONNAIRE		109
ANNEX 2: ARABIC VERSION OF THE QUESTIONNAIRE		115
ANNEX 3: LIST OF ARBITRATORS		121

LIST OF TABLES

Table (2.1): Distribution of NGOs in Gaza strip according to governorates	23
Table (2.2): NGOs classification according to its activity	25
Table (4.1): Kolmogorov-Smirnov test	69
Table (4.2): Correlation coefficient of each paragraph of "Budget preparation and process (Program based budget)" and the total of this field	70
Table (4.3): Correlation coefficient of each paragraph of " Performance Budget " and the total of this field	71
Table (4.4): Correlation coefficient of each paragraph of “Funding” and the total of this field	72
Table (4.5): Cronbach's Alpha for each filed of the questionnaire	73
Table (5.1): Organization age	75
Table (5.2): The work sector of the organization	75
Table (5.3): Geographical Location covered by the NGO	76
Table (5.4): No. of employees in the organization	76
Table (5.5): The average annual budget of the organization	77
Table (5.6): Does your organization have structure “organigram”	77
Table (5.7): To which extends its applied on your organization?	77
Table (5.8): Position of the respondent	78
Table (5.9): Experience in years	78
Table (5.10): Educational Qualifications	79
Table (5.11): Does your organization have strategic plan	80
Table (5.12): What is the period of the SP?	80
Table (5.13): Are you familiar with organization policies and fiscal planning?	81
Table (5.14): Organization policies (Strategic plan) and fiscal planning processes are	81
Table (5.15): Are organization policies accessible and clearly articulated in each program?	82
Table (5.16): To which extend political situation affects the medium term planning of the organization?	82
Table (5.17): Means and Test values for “Budget preparation and process (Program based budget)”	84
Table (5.18): If budget request of program bodies doesn't strictly correspond to their programs, what are the major reasons? (Tick appropriately)	85
Table (5.19): How much time is available to the program bodies to prepare their budget?	85
Table (5.20): Does financial management consult programs before finalization budget?	86

Table (5.21): Do you think that the time allocated for budget hearing is sufficient?	86
Table (5.22): What are the bottlenecks to carry out efficient medium term budget allocation in your organization?	87
Table (5.23): Which types of budget model you recommend for better budget allocation in your organization?	87
Table (5.24): Means and Test values for “Performance Budget”	89
Table (5.25): Means and Test values for “Funding”	91
Table (5.26): To which extend your organization depends on the following source of funding?	91
Table (5.27): Correlation coefficient between applying Performance Program based budgeting and funding	92
Table (5.28): ANOVA test and their p-values for political situation	93
Table (5.29): ANOVA test and their p-values for Position of the respondent	94
Table (5.30): ANOVA test and their p-values for Experience in years	95
Table (5.31): ANOVA test and their p-values for Educational Qualifications	95
Table (5.32): Independent Samples T-Test and their p-values for Organization age	96
Table (5.33): ANOVA test and their p-values for No. of employees in the organization	97
Table (5.34): ANOVA test and their p-values for The average annual budget of the organization	98

LIST OF FIGURES

Figure (1.1): Linking policy, planning and budgeting in the planning and resource management cycle.	3
Figure (2.1): Distribution of NGOs in Gaza strip according to governorates	24
Figure (3.1): The roles of Parliament and the executive in the budget cycle	41
Figure (3.2): Program Structure Framework	55

LIST OF ABBREVIATIONS

BODs: Board of Directors.

CBOs: Community Based Organizations.

CSOs: Civil Society Organizations.

IMF: International Monetary Fund.

MAS: Palestine Economic Policy Research Institute

MTEF: Medium Term Expenditure Framework.

NGO: Non-governmental organization.

OECD: Organization for Economic Cooperation and Development

PEM: Public Expenditure Management.

PNGOs: Palestinian Non-governmental organizations

PLO: Palestine Liberation Organization.

PNA: Palestinian National Authority.

POs: people Organizations.

PPBB: Program Performance-Based Budget.

PPBS: Planning Programming-Budgeting System.

PVO: Private Voluntary Organizations.

UNSCO: Office of the United Nations Special Coordinator

ZBB: Zero-Based Budgeting.

CHAPTER “1”

STUDY FRAMEWORK

- 1.1 Introduction**
- 1.2 Research problem**
- 1.3 Research Importance**
- 1.4 Research objectives**
- 1.5 Research hypotheses**
- 1.6 Research variables**
- 1.7 Research limitations**
- 1.8 Previous studies**
- 1.9 Research structure**

1.1 Introduction:

One of the major means of strategies to promote development is the establishment of realistic and well-prepared expenditure planning and annual budgeting. This involves the process of 1) effective resource mobilization, 2) proper allocation of resource among programs and 3) an efficient utilization of the available scarce resources. The main objectives of these processes are to introduce aggregate fiscal discipline, establish resource allocation in accordance with governorate priorities and strategic directions, and to bring about operational efficiency. These have been mostly achieved by focusing on output rather than by merely controlling inputs and by moving from annual to medium term expenditure planning and budgeting (Negera, 2005).

The Performance & Programs based budgeting (PPBB) is essentially an effective budget process and is similar with the Medium Term Expenditure Framework (MTEF) – The research will focus on Performance & Programs based budgeting -. If properly implemented, the MTEF can improve medium term resource allocation and creates the link between policies and programs, and the resources allocated to their implementation (Negera, 2005).

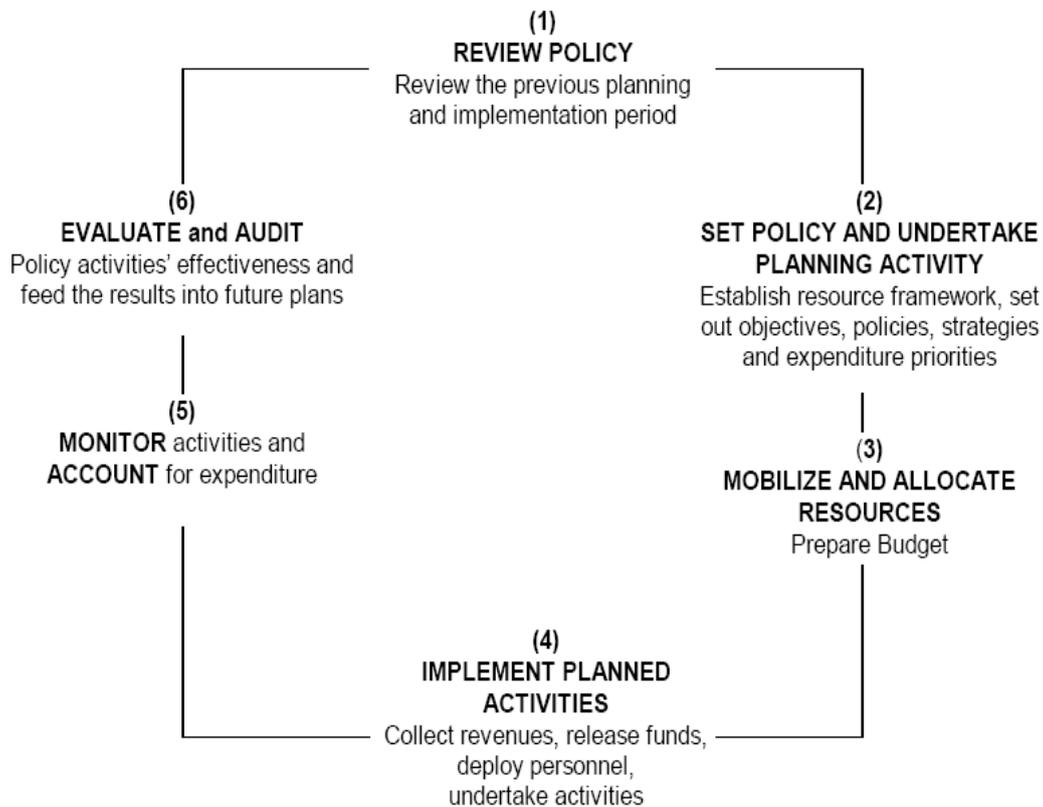
According to the World Bank's Public Expenditure Management Handbook (1998: 31), failure to link policy, planning and budgeting may be the most important factor that contributes to poor budgeting outcomes at macro, strategic and operational level.

Performance-based budgeting is a system that is based on dividing the organization activities into a number of programs and sub-programs, i.e. the performance budgeting is being done in each of those activities to identify the kind of performance expected to be achieved and the required period to achieve this performance during the year. The philosophy underlying the PPBB is represented by the fact of spending more money in an effective way is better than committing to what's determined in an ineffective way.

In PPBB, the management determines its objectives and organizes its priorities with assigning specific limits for the objectives, the tasks, and the multiple activities which the administration seeks to achieve.(Alsayed, 2005).

In fact, MTEF has been supported by the World Bank and it has been applied for governments in developing countries in Africa, Asia, Latin America, and Eastern Europe as a tool that makes the spending of public fund more effective. In this research we will explore to what extent NGOs in Gaza strip integrate budgeting into strategic plan in their work (using PPBB), and then introducing the Performance & Programs based budgeting approach for them as an efficient tool for linking budgeting into strategic plan.

Figure "1.1": Linking policy, planning, and budgeting in the planning and resource management cycle.



Source: “Public Expenditure Management Handbook (1998: 32)¹”.

The figure shows the sequence of the process of linking policy, planning and budgeting in the planning and resource management cycle.

In any organization, the absence of effective decision-making processes, policy making and planning are disconnected from each other and from budgeting, and they are not constrained by resource availability or by strategic priorities. Overall, this leads to a massive mismatch between what is promised through policies and what is affordable. The annual budgeting process therefore becomes more about scrambling to keep things afloat, rather than allocating resources on the basis of clear policy choices to achieve strategic objectives (World Bank’s Public Expenditure Management Handbook, 1998: 32).

¹ The World Bank has been the principal researcher for MTEF. In the vast majority of cases the World Bank was involved in the decision to adopt and implement an MTEF, many of which came about as a result of a public expenditure review. In fact, the MTEF has become a standard item in the Bank’s public expenditure management (PEM) toolkit. The World Bank’s Public Expenditure Management Handbook issued in 1998 and no new edition is published.

1.2 Research problem:

The research examines the NGOs medium term planning and the linking between organization policies & priorities with budgeting process, resource allocation and performance measurement. In other words, how can the strategic plan be integrated into budgeting process.

The research question as follows:

To what extent can NGOs in Gaza link budgeting process into strategic plan (Using Performance & programs based budgeting)?

This question leads to answer the following questions:

1. Do the NGOs have a strategic plan? How often do they plan?
2. Are the NGOs priorities identified? Are they clear?
3. How are resources allocated?
4. What are the mechanisms and procedures of budgeting process?
5. How does NGOs fund programs?
6. Is budgeting treated as a policy-based exercise or as an annual funding exercise? (Why and how)
7. What are the main challenges that face NGOs in applying Performance & programs based budgeting.

1.3 Research Importance:

To the best of my knowledge, this study is the first study discussing the importance of linking strategic plan with the budgeting process. It seems to be that budgeting process tend to be annual exercise rather than being an expenditure planning in NGOs in Gaza Strip.

Because of the scarcity of available resources for the organization, and in the same time, the incremental needs of the local community, NGOs have to rationalize and plan the expenditure according to its strategies and priorities.

Performance & Programs-based budgeting can improve medium term resource allocation according to the strategic priorities and improve the transparency and credibility of the organization. Also PPBB can:

- **Improve the efficiency for organization:** Maximizing the organization outreach.

- Performance & Programs based budgeting help the organization to focus on efficient and more effective programs.
- Performance & Programs based budgeting can also help the organization in affecting donor's agenda according to their priorities which are already identified based on the community priorities.

The study, after examining the use of Performance & Programs based budgeting approach in NGOs, will introduce the Performance & Programs based budgeting for organizations as an efficient tool for linking budget into strategic plan.

Regarding ensuring the acceptance and suitability of the suggested approach to the NGOs, we have contacted the financial managers of some of the active organizations² in Gaza Strip and discussed the approach; all of them encourage the idea and agree with us that if PPBB is properly applied, it will increase the efficiency and effectiveness of NGOs work.

In addition, we have discussed the approach with financial experts, and they also encourage the idea.

1.4 Research objectives:

1. To analyze the expenditure planning and budgeting process in NGO's in Gaza Strip.
2. To examine the integration of strategic plan into budgeting process.
3. To examine the process of resource allocation.
4. To examine the Gaza NGOs knowledge about Performance & Programs Based Budgeting.
5. To identify critical problems facing application of Performance & Programs Based Budgeting.
6. To examine the performance measurement process of the NGOs.
7. To introduce Performance & Programs Based Budgeting as an efficient tool for linking strategic plan and budgeting process.

² The contacted NGOs are: (National Society for Rehabilitation, MA'AN Development center, Care Handicapped, Al-Mezan Center for Human rights)

1.5 Research hypotheses:

- 1.5.1 There is significant statistical relationship at $\alpha \leq 0.05$ level between applying Performance & Programs Based Budgeting and fund availability.
- 1.5.2 There is significant statistical effect at $\alpha \leq 0.05$ level in applying Performance & Programs based budget according to political situation?
- 1.5.3 There is significant difference at $\alpha \leq 0.05$ level among respondents toward Performance & Programs based budget to personal information.
 - 1.5.3.1 There is a significant difference at $\alpha \leq 0.05$ level among respondents toward Performance & Programs based budget to Position of the respondent
 - 1.5.3.2 There is a significant difference at $\alpha \leq 0.05$ level among respondents toward Performance & Programs based budget to Experience in years
 - 1.5.3.3 There is a significant difference at $\alpha \leq 0.05$ level among respondents toward Performance & Programs based budget to Educational Qualifications
- 1.5.4 There is a significant difference at $\alpha \leq 0.05$ level among respondents toward Performance & Programs based budget to organization information.
 - 1.5.4.1 There is a significant difference at $\alpha \leq 0.05$ level among respondents toward Performance & Programs based budget to Organization age
 - 1.5.4.2 There is a significant difference at $\alpha \leq 0.05$ level among respondents toward Performance & Programs based budget to No. of employees in the organization
 - 1.5.4.3 There is a significant difference at $\alpha \leq 0.05$ level among respondents toward Performance & Programs based budget to the average annual budgeting of the organization

1.6 Research variables:

- **Dependent variable**
 - Applying Performance & Programs-Based Budgeting (PPBB).
- **Independent variables**
 - Fund availability.
 - Political situation.
 - Personal characteristics
 - Organization characteristics

1.7 Previous studies:

Since Performance & Programs Based Budgeting has mostly applied in governorates, most studies concentrate on applying it in governorates, and to the best of my knowledge no studies have discussed the application of Performance & Programs Based Budgeting at NGOs. There are some studies talking about subjects related to Performance & Programs Based Budgeting. The following studies have been reviewed:

1.7.1 International Studies

1.7.1.1 NEGERA (2005): Analysis of Medium Term Expenditure Planning and Budget allocation in Ethiopia.

The study was aimed to assess the process and integration of medium term expenditure planning and budget allocation in Ethiopia. The study also identifies the key problem areas that seek attention and improvement in expenditure planning and budget allocation. **The assessment is based on two approaches:** use secondary data to analyze the linkage between medium term expenditure planning and budget allocation. The other was to collect primary data by using 41 respondents through structural questionnaire and unstructured interview.

The researcher finds: In Ethiopia, although, budget reform and expenditure planning projects have been attempted to address the weakness of budgetary system and try to reconcile conflict between annual budget perspectives with medium term horizons, successful modern budgeting system remains a continuous problem of the country. Descriptive and qualitative analyses demonstrate that there were no systems, which allowed facilitating yearly updated policy framework and development priorities to allocate resources in the public sector. Budget is highly an input oriented rather than a performance oriented system. There is no unit cost and standardization of activities to estimate operational and project costs. On the basis of the empirical finding, the linkage between medium term fiscal framework, poverty reduction program and sector development program is inadequate. The data used in preparing public investment program is unreliable and unrealistic. Capital budget request is greater than planned expenditure by more than 100 percent for the period 2001/02 - 2004/05. The recurrent budget allocation is based on inadequate information and without sufficient knowledge about government programs. The linkage between government budget and macroeconomic policy is also inadequate. Therefore, in order to improve budget allocation in the public sector, it calls further reform, which considers policy review process, development priority, performance based activities and efficient resource allocation at all levels of public expenditure management.

1.7.1.2 Waweru, Porporato and Hoque (2006): Performance measurement practices in canadian government departments. A survey

The study aimed to investigate the use of performance measures, the ways in which performance measures are used and the effectiveness of performance measures in Canadian government departments. The study further investigated how the New Public Management "NPM" has evolved in the Canadian public sector which is the key factors for a successful implementation.

Research attempts to address the lack of examination of the use and effect of performance measures in government departments (provincial and municipal) by addressing the following research question of descriptive nature:

- 1) To what extent are performance measures being used?
- 2) How are performance measures being used?
- 3) How effective are the performance measures being used?
- 4) a) Why governments decide to implement performance measures?
b) What factors affect the success of the implementation of performance measures?
c) How are performance measures being maintained and communicated?

The findings of the research study were:-

1. The study found that there was more use of efficiency measures than effectiveness measures. The respondents reported that the use of performance measures enhanced the effectiveness of their programs more than it enhanced the efficiency of such programs.
2. The study findings indicate that performance measures were mostly used by program managers. Ninety-seven percent of the respondents reported that output measures were mainly reported to internal management.
3. The use of performance measures in most Canadian government departments was largely voluntary.

1.7.1.3 Melkers and Willoughby (2005): Models of Performance-Measurement Use in Local Governments: Understanding Budgeting, Communication, and Lasting Effects.

The study aimed to examine the effects of performance-measurement information on budgetary decision making, communication, and other operations of U.S. 10 local governments. Data are drawn from a national survey of city and county administrators and budgeters that includes nearly 300 governments.

Findings indicate that:

- The use of performance measurement by local departments is being pervasive.
- There are subtle distinctions between city and county officials in their use of performance measurement for budgetary purposes and processes.

- Consistent, active integration of measures throughout the budget process is important in determining real budget and communication effects in local governments.

1.7.1.4 Roller, Bovee, and Green (2004): Integrating Strategic Planning, Budgeting, and Outcomes assessment in Christian business education.

The study aimed to present a model for strategic planning that integrates budgeting outcomes assessment with the strategic planning process, resulting in one coherent process that includes strategic planning, budgeting, and outcomes assessment. The paper examines the challenges and frustrations commonly associated with strategic planning, budgeting, and outcomes assessment; and suggests ways to lead organizational change that improve the linkages among strategic planning, budgeting, and outcomes assessment.

The study finds: The integrative strategic management process for use by educational institutions and their departments that integrates strategic planning, budgeting, and outcomes assessment is cyclical and ongoing, requiring the development of a plan, its implementation, and then using the results to feed back into the process, resulting in a continuous quality improvement process.

The study concludes and recommend that an integrated strategic management process has the potential to increase the institution's efficiency and effectiveness; enhance cooperation, communication, collaboration, and participation in decision-making across departments; provide clear linkages among strategic planning, budgeting, and outcomes assessment; allow for strategy-driven budgeting; and provide increased assurance of quality for stakeholders. The transition to an integrative strategic management process, at either the unit or institutional level, is likely to occur on an incremental basis at most institutions. Organizational culture will significantly influence the pace and the process of this change. The researchers also offered some practical suggestions for unit-level leaders to positively influence this process.

1.7.1.5 Holmes and Evans (2003): A Review of Experience in Implementing Medium Term Expenditure Frameworks in a Poverty Reduction Strategy (PRSP) Context: A Synthesis of Eight Country Studies

The report is a synthesis of findings from eight country case studies from across Africa and one from Albania, the report reviewing experience with the implementation of MTEFs and the links being made to national poverty reduction strategies (PRSPs). The case studies were conducted between June and October 2002 with the financial assistance of DFID "Department of International Development" and the EC "European Commission".

Findings: The case studies indicate that MTEFs are progressing, albeit unevenly, and that in many cases they have both facilitated, and are being strengthened by the current emphasis on implementing PRSPs.

While the practice of public expenditure management could still be an obstacle to the achievement of poverty reduction objectives. Perhaps the most striking development uncovered by the case studies is the emergence of an explicitly strategic phase to budget preparation. This augurs well for both the MTEF and PRSP, although it has to be said that more attention needs to be given to how the PRSP process can support policy making across the full range of government programs and activities - the key to a credible budget. This strategic phase is both facilitating and demanding collective political engagement in resource allocation decisions.

1.7.1.6 Houerou and Taliercio (2002): Medium Term Expenditure Frameworks: From Concept to Practice. Preliminary Lessons from Africa

The study aimed to undertake a comparative assessment of the design and impact of MTEFs on public finance and economic management in nine African countries. Based upon this assessment, it offers recommendations and practical guidelines for improving both design and implementation of MTEFs, and sets out a framework for further evaluation.

The study concludes that MTEFs alone cannot deliver improved PEM in countries in which other key aspects of budget management, notably budget execution and reporting, remain weak. The study, therefore, recommends that comprehensive, detailed diagnoses of budget management systems and processes precede MTEFs, in order to ensure appropriate design of reform programs. In countries with weak capacity, in which a full-fledged MTEF, which should be seen as a package of bundled reforms, cannot be introduced all at once, the paper proposes guidelines for sequencing the overall PEM reform program and phasing in its MTEF-specific components. It further recommends that in order to have an impact, the MTEF should be integrated with the budget process from the start, with the MTEF outer year projections published as part of the budget document. Though each country's situation is distinct, it suggests that these reforms are best managed by a set of overlapping, mutually reinforcing organizational structures, some of which should be specifically established to handle the MTEF, though the Ministry of Finance should have ultimate responsibility. And lastly, it stresses that political motivations and incentives for launching MTEFs explain in part why the MTEF has been more successful in some African countries than others.

1.7.1.7 Katherine G. Willoughby (2002): Performance Measurement Utility in Public Budgeting: Application in State and Local Governments.

The study aimed to address the following questions to understand the performance measurement adoption and use in state and local governments:

2. Do state and local government officials perceive performance measurement as effective in general?
3. For what types of decisions and processes is performance measurement perceived as most effective?

4. What is the utility of performance measurement for budgeting purposes specifically?
5. Are there distinctions across levels of government among the budgeters regarding their perceptions of performance measurement utility for budgetary purposes?

The findings of the study:-

- Strong majorities of state and local officials indicate performance measurement use in 50 percent to all of their departments.
- Strong majorities of state and local budgeters indicate the appearance of output or outcome measures in the early stages of the budgeting cycle, in agency budget requests, in the executive budget report and in annual operating budgets.
- Performance measurement acceptance as a resource is seeping into the allocation deliberations of legislative branch members. Executive branch members have been working for years to develop, redress, and report about the performance of government activities. It is important for executive branch members to understand if and how legislative branch members use such information to provide legitimacy to performance measurement system requirements.
- Performance measurement is perceived as having its greatest effectiveness related to management decision-making and communication enhancement and not directly to resource allocation decisions.
- There remains a strong attachment to more easily measured aspects of government operation, including input, activity and output measures. There is less use of outcome measures, and very slow advancement of more complex measures of quality, explanation or benchmarking. Local governments are stronger users of quality measures than state governments.
- Strong majorities of state and local budgeters indicate the appearance of output or outcome measures in the early stages of the budgeting cycle, in agency budget requests, in the executive budget report and in annual operating budgets. Appearance of these measures in quarterly reports more than annual reports where the decision maker expect to find summary measures of performance.

1.7.1.8 Bevan and Palomba (2000): Uganda: the Budget and Medium Term Expenditure Framework Set in a Wider Context

The study aimed to examine the application of MTEF in Uganda in a wider context.

The study concludes that the MTEF and ancillary policymaking instruments in Uganda have been very successful in delivering macroeconomic stability in an environment which has not been excessively turbulent, but has certainly posed some problems for macroeconomic management. It has been very successful in overseeing a substantial shift in expenditure composition, most notably in favor of education. In addition, it has had a good record of protecting priority sectors against cuts, which of course means that these have been concentrated on other sectors, which may also be damaging. Where it has still not succeeded in ensuring that budget allocations, more generally, translate reliably into actual expenditures, and this has been equally true

whether or not there has been a shortfall in available resources in aggregate. This problem has been exacerbated by that of arrears, but GOU “Government of Uganda” has recently taken steps to control the latter. The authors add that the cumulative achievement to date has been impressive, but evidently more remains to be done.

The study recommends that other subjects needs to be addressed, or more fully addressed than hitherto.

- The process of preparing the MTEF needs to take a more active view of the macroeconomic framework within which budgetary decisions are located. This includes alternative profiles for domestic and donor resources, but also financing options, inter-relations with the domestic private sector, and issues of absorptive capacity.
- The links between the long term goals of the PEAP and the associated costs of achieving these need to be more actively interacted with the MTEF and associated budget allocations.
- While the relation between budgetary allocations and out-turns seems recently to have been markedly tightened, it remains imperfect.
- The dominance of conditional grants in the transfers to local government may be a suitable short-term expedient to deal with capacity problems.
- There is also an important set of issues concerning donors, which essentially require changes in donor behavior, rather than actions by GOU.

1.7.1.9 Joyce and Sieg (2000): Using Performance Information for Budgeting: Clarifying the Framework and Investigating Recent State Experience.

The study aimed to conduct analysis of state PBB efforts, focusing on the availability and use of performance information at all stages of the budget process.

The study argues that the most important question concerns the extent to which performance information is available and used at each stage of the budget process-budget preparation, budget approval, budget execution, and audit and evaluation.

The study finds that:-

- 1- Strategic planning is widespread.
- 2- Almost half of the states have made significant progress in developing cost accounting systems.
- 3- Two-thirds of the states have outcome measures.
- 4- Only 10 of them were using these measures to set targets for performance.
- 5- Finally, the availability and use of performance information in the budget process is greater at the agency level than it is in the central budget offices or (particularly) in the agencies.

They study suggest that there are at least four prerequisites to successful implementation of PBB “Performance Based budget”:

- Public entities need to know what they are supposed to accomplish.
- Valid measures of performance need to exist.
- Accurate measures of cost need to be developed.
- Cost and performance information need to be brought together for budgeting decisions.

1.7.1.10 Anipa, Kaluma, and Muggeridge (1999): Best Practice on Public Expenditure Reform - The MTEF in Malawi and Ghana

The study aimed to set out the rationale for the MTEF in Malawi and Ghana, how it differed from previous attempts at reform, progress in implementation and problems/risks to the continuation of the process.

A comparison is made between the Malawi and Ghana experiences from which lessons are drawn for both Malawi and Ghana and for other countries introducing the MTEF approach.

1.7.2 Local Studies:

1.7.2.1 Al-Nabahen (2008) "Evaluate the financial management for Non-Governmental organization in Gaza strip"

The study was aimed to identify the reality of the financial management in the Non-Governmental Organizations in the Gaza Strip.

The researcher used comprehensive survey to **(698) Non-Governmental Organizations in the Gaza Strip.**

The study concludes that: 1) Financial management does not exist in the vast majority of the study sample. 2) Majority of the study sample are not aware of the scientific concept of the financial management. 3) The financial management has not given the adequate importance. 4) Financial management application and practices has not developed within the study sample parallel to the evolution of the financial management theoretical framework adopted by Finance's thinkers and writers. 5) Members of the study sample agree that there are obstacles facing the practicing and use of financial management. 6) Existed relationship was obvious between the practices and use of the financial management concepts and its granted interest. 7) There are significant differences in practicing and the use of financial function due to the personal characteristics of the financial manager. 8) There are significant differences in practicing and the use of financial function due to organizational

factors. 9) There is a relationship between practicing and the use of financial function and clarity of the financial management concept of the Financial Manager. 10) A relationship exists between the clarity of the financial management concept and all of qualifications, experience and training of the financial manager. 11) The existence of negative relationship between practice and use of financial function and constraints that non-governmental organizations faced in the Gaza Strip. 12) The existence of relationship between constraints of practice and the use of the financial management and the personal variables of financial manager.

1.7.2.2 Helles (2006): The Role of Budget as a Planning and Control Tool in the Palestinian Civil Society Organizations

The study aimed to examine budget planning, implementation and performance evaluation practices by utilizing a questionnaire survey of 100 Civil Society Organizations CSOs located in Gaza Strip.

The study found that most of the CSOs prepare long- range plans and operating budgets, and they follow a definite budget procedures and implementation methodology. Uses budget as a means of management communication, to judge performance, and control performance by investigating variances, and budget used to forecast the future.

1.7.2.3 Ghanam (2005): “A Proposed framework for preparing and applying program and Performance based budget in Palestine”

The study aimed to search for new method for the preparation of the public budget for the State, through using the program and performance based budgeting to achieve efficient exploitation of limited resources. The researcher clarifies that the budget preparation method currently used in Palestine is the item-based budget, which is more of a conventional budget that focuses on input without paying much attention to the goals, and without properly measuring these outcomes and their implications, which inevitably leads to decreasing the chances of conducting efficient accountability vis-a-vis the effectiveness of the utilization process of the budget.

The study concluded that implementing the program and performance based budgeting results in achieving effectiveness of programs and activities, and contributes to enhancing monitoring mechanisms, results evaluation process, and analyzing deviations in order to emphasize on the level of implication on programs and activities and planned goals, which would lead to better expenditure control, and better identification of disbursement channels and levels, and thus containment.

The study developed and implemented a scientific scheme on the Ministry of Health, and the result was supporting the hypothesis that there is a notional and practical possibility to implement such kind of budget.

1.7.2.4 Gudaile (2005): "The Role of Budget as A Financial Planning Tool In the NGOs In Gaza Strip"

The study aimed to examine the role of the budget in non-governmental organizations in the Gaza strip and its importance as a financial planning tool.

The study concludes that: 1) The most of the NGOs have positive views towards the hiring of high graduate staff, especially the Bachelor degree to work in the financial sector of the organization. 2) To some extent, the use of budget is affected by the academic level of the decision-maker. 3) People who work in financial sector suffer of lack of training and capacity in financial management. 4) NGOs do not occasionally regard a professional budget committee for budget preparation and implementation. 5) The greatest concern is given for the preparation of budget on project and individual bases. 6) A considerable weakness was observed in Budget preparation on annual basis for the entire organization. 7) NGOs seriously are trying to study their needs of annual financial and human resources in order to enhance and improve their situation. However, the efforts are not enough. 8) NGOs prefer to implement funded and budgeted programs and activities and they rarely have income generation program.

The main recommendation of the study, NGOs should review their prospective vision to be updated with local and international developments, particularly in reconsidering their approved financial planning policies. These will enable them to acquire the modern requirements of the best financial planning tools for their surviving.

CHAPTER “2”

THE PALESTINIAN NON- GOVERNMENTAL ORGANIZATIONS

2.1 Introduction

2.2 Basic definitions

**2.3 Perspective on Civil society organizations in
Palestine**

2.4 Major characteristics of Palestinian NGOs

2.5 Weaknesses and strengths Palestinian NGOs

2.1 Introduction:

The growth of NGOs over the past two decades has given them an increasingly important role and has led them forming a distinctive sector within civil society. They have been engaged in all sectors of social life, such as relief, rehabilitation, health, education, development programs, peace, human rights, and environmental issues, using finance raised from voluntary, private sources, and donor agencies, and managing themselves autonomously at local, national and international levels (Bagci, 2007).

Nowadays, conferences, workshops and projects in many countries emphasize the increasingly important role of the NGOs; many considered the NGOs as a late-twentieth- century phenomenon. This may be due to many reasons, the first is the changing role of the state as it became obvious that governments cannot reach all society levels, and cannot provide them with all services they need. The development of information technology is another reason that explains the increasing role of the NGOs. The spread of democracy is the third reason that allows many NGOs to be flourishing. The most important reason might be Globalization, and the global economic integration that has reduced the power of national governments while granting other economic and political actors access to the World stage (Abu Jabr, 2005).

2.2 Basic definitions:

2.2.1 What is Non-governmental Organization (NGO):

The term 'NGO' encompasses a broad array of different organizations, varying enormously according to their purpose, philosophy, sectoral expertise, and scope of activities. According to the UN (1995), a non-governmental organization (NGO) is an organization that is not part of a government and was not founded by states. NGOs are therefore typically independent of governments. Although the definition can technically include for profit corporations, the term is generally restricted to social, cultural, legal, and environmental advocacy groups having goals that are primarily noncommercial. (Mousa, 2008).

NGOs are usually non-profit organizations that gain at least a portion of their funding from private sources. Many NGOs are also named by private voluntary organizations (PVO), or Civil Society Organizations (CSOs), people Organizations (Pos), or Community Based Organizations (CBOs). However, the latter two names have some special characteristics in the sense that they are totally initiated at the grassroots levels and have less capacity (Mousa, 2008).

There are many definitions for the NGOs. The World Bank defined the NGOs as "*private organizations that pursue activities to relieve suffering, promote the interests of the poor, provide basic social services or undertake community development*" (World Bank and Bissan Centre, 2006).

The **United Nations** defined the NGOs as "*Non-profit entities, their members are citizens or groups of citizens who belong to one state or more, their activities are determined by the group willingness of entity*" (UN, 2006).

The Palestinian law defined the NGOs as "*Any charitable association or community organization with an independent judicial personality, established up on an agreement concluded among no less than seven persons to achieve legitimate objectives of public concern without aiming at attaining financial profits to be shared among the members or achieving any personal benefits*" (Bissan Centre, 2006).

The **Palestinian Central Bureau of Statistics (PCBS)** defines NGO as "*nonprofit, non-governmental agency, governed by law and/or professional or individual, organized on a national or local basis.*" (PCBS, 2000).

The Palestine Economic Policy Research Institute (MAS) defines the NGOs as: "*these organizations that have an officially recognized legal existence; they must be: independent organizations, non-profit organizations and it must contain a level of voluntary participation; and it must not be an inheritable, representative, or factional*" (MAS, 2007).

NGOs are considered important players in the development process. In a long-term perspective study carried out in 1987, the World Bank states: "The aim should be to empower ordinary people to take charge of their lives, to make communities more responsible for their development, and to make government listen to their people. Fostering a more pluralistic, institutional structure - including NGOs....is a means to these ends" (as cited in Mousa 2008).

2.2.2 Definition of Civil Society

World Bank defined civil society³ as "a wide array of non-governmental and not-for-profit organizations that have a presence in public life, expressing the interests and values of their members or others, based on ethical, cultural, political, scientific, religious or philanthropic considerations. Civil Society Organizations (CSOs) therefore refer to a wide of array of organizations: community groups, non-governmental organizations (NGOs), labor unions, indigenous groups, charitable organizations, faith-based organizations, professional associations, and foundations" (World Bank, 2010).

Palestinian civil society is made up of charitable organizations, service-provision associations, development organizations, human rights and democracy organizations, research organizations, lobbying and advocacy organizations, cultural organizations and sports clubs and associations (Hilal 2009).

Civil society is a very old idea that has experienced a massive global revival in the past three decades. Nonetheless, it is not always clear what proponents of civil society mean by the term. Indeed, the very fuzziness of the term accounts for much of its universal appeal.

³ United Nations. http://www.wordiq.com/definition/Civil_society, Retrieved on March 29,2012

Civil society, as defined in the literature, is the “level of organization that exists between households and the state”. It is made up of many types of voluntary associations where people combine for their collective interests. Many scholars concerned with the quality of democracy have associated good governance with strong civil society. Successful democratization means that the state should not retain exclusive control over the public-political sphere. Civil society should reform the relations of individuals to the public and political spheres of the society and the state. The civil society represented with all its members, organizations, agencies and private sectors work as a watch dog for the government and its operation particularly in the field of development, planning and democratization processes. (Giacaman, 2005).

London School of Economics Centre for Civil Society working definition is illustrative: “*Civil society refers to the set of institutions, organizations and behavior situated between the state, the business world, and the family. Specifically, this includes voluntary and nonprofit organizations of many different kinds, philanthropic institutions, social and political movements, other forms of social participation and engagement and the values and cultural patterns associated with them*”. Devas et al. (2001:19) see civil society as “*the institutional solution to people centred, participatory and inclusive development*” (as cited in Mousa 2008:6).

2.3 Perspective on Civil society organizations in Palestine.

2.3.1 Evolution of Palestinian civil society.

According to (George Giacaman, 2005) - *a Palestinian scholar and researcher in civil society*-, If by '**Civil Society**' one means societal organization of varied types existing in relative independence from the state, then such organization has had a long history in Palestine. **Under Ottoman rule**, for example, considerable local autonomy was possible at different periods, and pre-modern forms of association that were ethnic, tribal, or kinship-based organized the lives of different communities with custom and tribal law as central elements contributing to their cohesion. Several of the functions of such forms of organization now belong, or should belong, to the state (for instance, unity and rule of law) and to non-governmental organizations among other groups including political parties, which can be potential agents of social change at least in the political sphere.

Modern forms of association based on voluntary membership increased in the **twentieth century**. The Zionist-Palestinian conflict was a contributing factor. In the inter-war period new political parties emerged whose main focus for work was the continuing and increasing Zionist colonization of Palestine. These parties however were largely led by well-known land-owning or urban families. As a result, political life and rivalry acquired a traditional family and clannish coloring. Nevertheless, this period witnessed an increase in other forms of association such as unions, charitable societies, clubs, professional associations and the like (Abu Jabr, 2005).

This trend continued through the **1950s and 1960s**, spurred especially by the dispossession of 1948. Many organizations, groups, and charitable societies were

formed to minister to the needs of the Palestinian people especially those that became refugees. These organizations continue to the present day (Abu Jabr, 2005).

The emergence of the Palestinian Liberation Organization (PLO) brought a qualitative change to specific aspects of Palestinian political life and organization. It brought political diversity and a clearer definition of ideological pluralism within Palestinian society, and introduced modern party association with a concentrated focus on Palestinian national issues. The PLO was not led by traditional landed families. Membership within the groups and parties within the PLO was open, and for ill or for good, upward mobility within parties was possible based on the rules of the game of party politics. This was not always a democratic process but success did not require a pedigree. Thus it was possible for many from rural backgrounds or from refugee camps or from the ranks of the poor to rise to positions of prominence in the PLO and within Palestinian society in the West Bank and Gaza. Many were later to become the "new elite" within the system established by the Palestinian Authority after Oslo (Abu Jabr, 2005).

Within this broad historical and political context, the development of civil society in Palestine was influenced by **two main developments**: the onset of Israel's occupation of the West Bank and Gaza in 1967, and the establishment of the first Palestinian national authority in Palestine in 1994 (Abdul Hadi, 2005).

In response to the first, one important priority, in addition to resistance to occupation, was self-preservation as a people. Palestinians clearly understood that one of the most important strategic assets they have is their presence on their own land, and that the "Palestinian Problem" would not have existed as far as Israel was concerned were it not for this fact (Abdul Hadi, 2005).

According to Giacaman, ten years through occupation this translated it into an ideology of **sumud**, of "steadfastness", endurance, continued presence on land. And sumud was not conceived in passive terms as the phrases used might suggest. On the contrary, it required organization, service delivery, networking, mobilization, and the creation of "support systems" of various types ranging from day-care centers to income-generating projects.

It is within this broad context that we saw the establishment of a new generation of organizations seeking to fulfill some of the needs of Palestinians under occupation. The work of charitable organizations continued through this period, but the new non-governmental organizations appeared different in more than one respect including the fact that they were often specialized, in areas such as education, health, agriculture, development, and human rights (Giacaman, 2005).

Referring to human rights in particular because it may be possible to say that Palestinians "discovered" human rights in a concrete way under occupation, in the concrete and tangible manner in which concepts and mechanisms relate to their situation. Limitations were also widely understood: there were no illusions about the justice of military courts, or due process under the military. Everyone also understood that lawyers were for the most part intermediaries seeking the best bargain possible for their clients, and that their work as lawyers was severely circumscribed. Still, the Palestinians' case was often made in the name of those

rights, as universal rights that also apply to Palestinians. We addressed the world from within the framework of human rights discourse as a common language that connects Palestinians to the world outside (Giacaman, 2005).

It is therefore not less than puzzling to witness the hesitation of some on the question of the relevance of human rights issues internally, after the establishment of the Palestinian National Authority. Such hesitation betrays a cynically instrumental view of human rights, which undermines the credibility of the Palestinian position especially given the outstanding issues with Israel relating to rights, both individual and collective (Giacaman, 2005).

According to (Abdul Hadi, 2005) the second important factor to influence the development of civil society in Palestine was the establishment of the Palestinian Authority. A host of new issues were now facing Palestinians revolving around the nature of the relation between government and society, and the type of political system that will be established. One central question revolved around whether the PLO will succeed in making the transition from a national liberation movement in exile to a government accountable to the people on issues that had not been faced before.

One main concern was whether the highly centralized decision-making process in the PLO on the eve of the Oslo accords would translate into authoritarian tendencies in government. Another equally important concern was whether the "PLO model" would be transposed to govern a population on its own land, given that the model does not distinguish between government and civil society. This is because the PLO was not only composed of political formations, but also contained within its structures labor unions, student unions, teachers unions, women's unions, writers' unions, productive enterprises, research centers, and NGO's (Abdul Hadi, 2005).

Once a new Palestinian political formation emerged on the ground in Palestine after Oslo agreement, the threat to civil society from such a unitary model and history became quickly apparent, especially in light of the disarray of the opposition within the PLO and the resultant weakness of political parties (Giacaman, 2005).

According to (Giacaman, 2005), such issues leave several questions that need to be addressed. Indeed, some are being addressed now, but agreement on them has yet to be reached, and most importantly, institutionalized. Among these, perhaps the most important question has to do with the role of government, or the state, in society, and clarity on what is governmental and what is non-governmental. Clarity is needed in more than one sphere among which (Giacaman, 2005) mentioned two: in the sphere of economic activity; for instance, whether the government is a partner in economic activity, or a facilitator and coordinator, and in the sphere of work of the "third sector", the work of nongovernmental organizations. However, it should be noted here that during the past three years, for example, varied cooperative projects and activities have taken place between NGO's and several ministries. Still, more clarity is needed on the respective roles of government and in this case, NGO's, especially since these issues remain outstanding.

Several factors will affect the development of civil society in Palestine the most important of which is the stability and sustainability of the sphere of civil society

itself. This in turn depends on the nature of the political system, and on the existence of structural guarantees such as a functioning court system; unification of the various branches of the executive, including the many police and security apparatuses; and a rational functioning bureaucracy with clear job descriptions and lines of authority and decision-making. In addition, devolvement of real authority from central government to ministries and local councils, to a degree commensurate with their tasks, is also necessary (Abdul Hadi, 2005).

But above all, a functioning legal system and the supremacy of the rule of law and the protection of civil liberties are the most important factors influencing the future development of civil society in Palestine. Various reports and many recommendations have been made on some of these questions, but not much has been done in terms of change (Abdul Hadi, 2005).

According to (Abdul Hadi, 2005), looking at the future, it is clear that the present system being set up in Palestine is inherently unstable. Fully one-third of the labor force is employed by government, and job-creation as a result of investment remains minimal. The present environment in Palestine is not conducive to investment. This is partly due to the political situation, but it is also due to the weakness of the necessary infrastructure, especially the administrative and the legal. The rules of the game are not clear, and most ministries will virtually have to be overhauled from top to bottom if they were to serve developmental aims.

2.3.2 Mapping and classification of the Palestinian NGOs in Gaza.

NGOs have always played a vital role in Palestinian society. Since its inception, the NGO sector has been an integral part of the Palestinian national movement and its aspiration for a free and sovereign Palestine. Its vitality and dynamism are at the root of the evolution of Palestinian civil society, with all its aspects of plurality and diversity. Nevertheless, NGOs have been performing a much-needed job filling the gaps left by the government's service delivery system (Mousa, 2006).

According to (Jarar 2005), it is believed that the share of the NGO sector in service provision covers over 60 % of all health-care services, 80% of all rehabilitation services, and almost 100 % of all preschool education. The same is true of other sectors, such as agriculture and water. It is worth noting that the NGO sector employs more than 20,000 people working in the different areas, whereas around 150,000 people are employed by the government (Mousa, 2006).

The crucial role of the NGOs has become particularly evident in recent times – since the second Intifada in September of 2000 – especially with regard to the emergency and relief work they have been carrying out. NGOs have proven their ability to function in very difficult circumstances, with flexibility and a high level of performance. NGOs have been invaluable in assuring the provision of essential services to the Palestinian population living under the strict sieges, closures and curfews imposed by the Israeli occupation forces.

According to the Palestinian Economic Policies Centre (MAS 2000 as cited in Abdelhady 2002)⁴, the number of Palestinian NGOs in mid 2000 was 926, distributed as follows: 76.6 % in the West Bank and 23.4% in the Gaza Strip. Most (60.2%) of the NGOs were located in urban centers, followed by 29.3% in rural centers and 10.6% in the refugee camps. According to MAS (2000), 37.6% of these NGOs were established after 1994, which was the point at which the Palestinian Authority (PA) was established. The charity NGOs formed the highest number among all of NGOs (40.4%), followed by Youths and sports clubs with 30.4%. The remaining percentages (29.2%) were distributed as follows: cultural NGOs (10.2%); aid organizations (4.8 %); development organizations (4.9%); researching organizations (3.5 %); human rights and democracy (2.6%); with 0.5% unclassified.

According to MAS (2000), the NGOs sector in Palestine in the year 2000 accommodated 10,375 paid employees distributed across 573 organizations. The remaining organizations were running with unpaid volunteers. The percent of women workers in these organizations is higher than men (54.1 % women and 45.9 % men). The MAS (2000) study also points out that there are 64,936 volunteers working with 62.3 % of these NGOs.

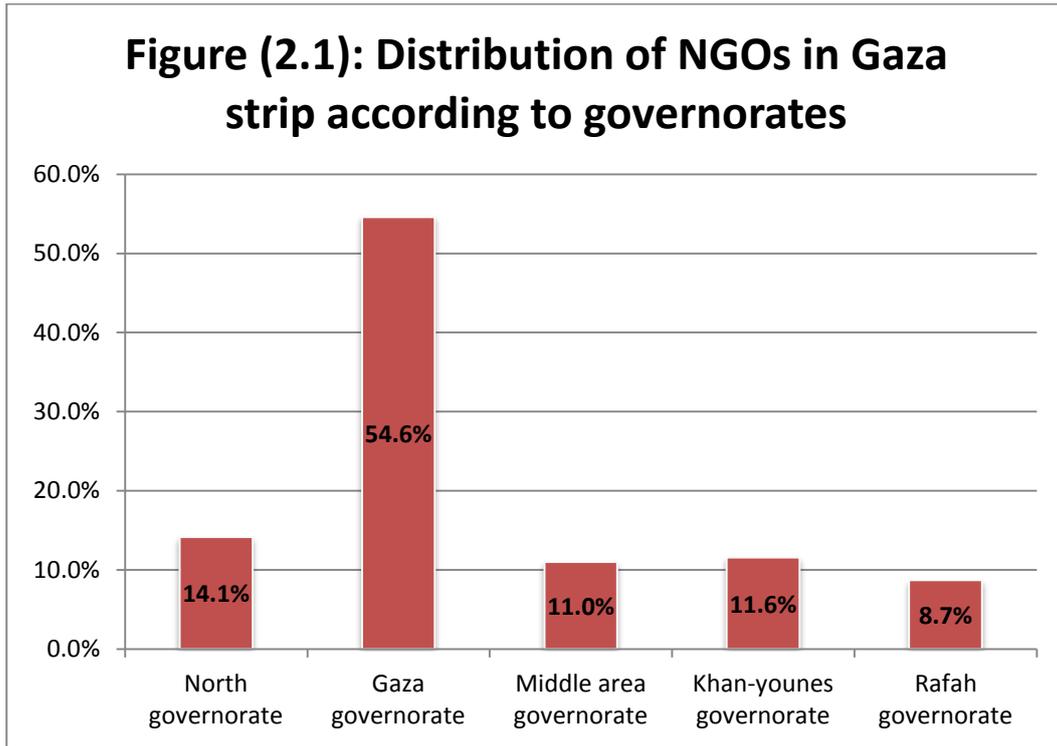
According to 2013 figures released by the Ministry of Interior (the government body responsible of accrediting NGOs), the number of Palestinian NGOs increased rapidly to reach 863 working in the Gaza Strip.

Table (2.1): Distribution of NGOs in Gaza strip according to governorates

No	Governorate	Total No.
1	North governorate	122
2	Gaza governorate	471
3	Middle area governorate	95
4	Khan-younes governorate	100
5	Rafah governorate	75
*	TOTAL	863

Source: Ministry of interior – Department of public affairs 11/6/2013.

⁴ As cited in Abdelhady, Ezzat, (2002), “The role of the Palestinians NGOs in the current stage, Comprehensive view for Reform Process”, Markaz Beisan, Ramallah (Arabic Doc). Online: <http://www.cfip.org/arabic/new/fnf/civilsocpaper.htm>. Retrieved on April 5th, 2011



The Palestinian Ministry of Interior classifies the NGOs in Gaza according to their sectors of specialization as follows: social services and charity organizations (45.5 %), culture and arts (8.7%), foreign organizations (7.3%), youth and sports (6.25 %), motherhood and childhood (5.3%) , unions, associations and syndicates (4.86%), medical and health organizations (5.2%), agriculture organizations (4.2%), handicaps and rehabilitation (3.2%), education (2.1%), environment (1.4%), graduate organizations (0.8%), higher education (1.7%) . please see Table (2.2)

Table No. (2.2): NGOs classification according to its activity

No	Activity	Total
1	handicaps and rehabilitation	28
2	West bank branches organizations	5
3	unions, associations and syndicates	42
4	environment	12
5	culture and arts	75
6	foreign organizations	63
7	motherhood and childhood	46
8	archaeological and tourism	2
9	social services and charity organizations	393
10	agriculture organizations	36
11	education	18
12	higher education	15
13	family and tribal organizations	10
14	Human rights organizations	9
15	medical and health organizations	45
16	graduate organizations	7
17	Friendship organization	3
18	youth and sports	54
*	TOTAL	863

Source: Ministry of interior – Department of public affairs 11/6/2013.

According to UNSCO Directory of Non-Governmental Organizations in the Gaza Strip (2007) which is the latest published report, the total number of NGOs in Gaza strip is 262 of which 246 are Palestinian NGOs and 16 organizations are foreign NGOs.

2.4 Major characteristics of Palestinian NGOs.

2.4.1 Palestinian NGO's structure.

Talking about structure does not mean elaborating each individual NGO's structure, which of course might differ from one NGO to another. It is rather a searching out of common structural features as observed in the Palestinian context, which could have impact on NGOs potential to participate in policy making and local development planning.

In general, according to (Abu Jaber, 2005), the general structure of NGO is composed of four structural entities: the general assembly (or ordinary membership), a board of directors (or trustees), a director general (or manager or chair) and administration units. The general assembly has to meet once a year to review and monitor the operation of the NGO, its budgeting and expenditure. Every two or three years according to the NGO's bylaw, the general assembly and through democratic elections, will select new board of directors to oversee and operate the NGO. The board of directors will select among themselves a director general. Each NGO has an administration unit, which is responsible for administering the NGO's day-to-day activities.

The size of the administrative team depends on how extensive the NGO's operations are. Small NGOs might not have any permanent staff due to lack of financial resources. The volunteers (mostly members of the general assembly) together with the director general will be responsible for administration and operation of the NGO. Small and medium NGOs have administrative teams composed of two to ten employees, while large NGOs could have a working staff of more than one hundred, though many of them might be hired and working on specific temporary projects. It should be noted that many Palestinian NGOs are used to hiring additional staff temporarily on a project basis. In addition, voluntary workers constitute a major facilitating factor in running NGOs activities, contributing skills in a variety of ways (Songco, 2006).

All of the Palestinian NGOs have a board of directors, composed of seven to eleven members, which is elected by a general assembly. It was observed, in some cases, that the board and general assembly have little influence on the NGO activities, policies, fund raising and expenditure, particularly with small and medium organizations – which violates the law. In these cases, most of the work (policy making and implementation) is being performed by the director general. Another important observation in this regard according to (Songco, 2006), is that the general director dominates knowledge and information..

Larger organizations have well designed organizational structures with clear responsibilities and mandates. Newly established organizations also generally have better structures than traditional ones, due to the adoption of new and modern structures. Most of the medium and small organizations have well drafted structures but they are not efficient as the team is smaller and may lack certain skills, and internal monitoring systems may be observed to be weak (Songco, 2006).

According to the NGOs law of 2000, every NGO has to have a clear structure, objectives and a budget system. The formation and operations of NGOs have to be monitored by the Ministry of Interior. However, due to the weak monitoring system within the ministry combined with weak internal monitoring systems of some NGOs, they do not always work as efficiently as they should. In fact, the Ministry of Interior itself lacks sufficient qualified personnel to follow or monitor the activities and expenditures of NGOs (Mousa, 2006).

In another area and regarding voluntarism in NGOs activities, a strong trend was observed towards working in a voluntary capacity, especially among the youth. Many Palestinian NGOs emphasized that volunteers are an essential element in the ability to implement their activities successfully (Mousa, 2006). According to Mass (2001), volunteers are working for 62.3 % of Palestinian NGOs. According to (Mousa, 2006), volunteers in most cases enjoy being able to use their technical skills to pursue their tasks. The high tendency towards working as a volunteer in the Palestinian social arena might be interpreted as due to:

- The culture of voluntarism that prevails in the Palestinian society, particularly in the political arena, which encourages the desire to work for general causes without rewards.
- The Islamic environment that encourages working for others without expecting rewards.
- High unemployment rate (60%) particularly among the youth and new graduates who like to engage themselves in such activities either to gain experience or while waiting for a chance to be employed in such an NGO.

Voluntarism is a vital component for successful implementation of NGO activities. It strengthens the culture of participation and the desire to be involved and informed. It helps in raising the capacity of local communities and increases their awareness of their rights, particularly in taking decisions that influence their life (Mousa, 2008).

2.4.2 NGOs establishment and agenda.

The nature of founders whether they are individuals, communities, political parties, government or donors, is an important factor in determining the purpose for which a NGO was established. It will indicate the extent to which the NGO is established for political, development or social reasons and hence, their motivation to establish new spaces with local governments so as to have influence over policy making.

It might be very difficult to determine exactly how each NGO was established. However, according to (Mousa, 2006), Palestinian NGOs tend to be established in five ways:

- **Community initiatives:** More than 75% NGOs working in Palestine were established by individuals or through community initiatives. The heads of most of these organizations are qualified personnel and in most cases belong to one of the political parties. These organizations are usually specialized in social and relief

areas. Included among these organizations are those that were initiated by independent activists in the community to work chiefly in the domains of research and democracy.

- **Government:** Some organizations were established and initiated by the government itself in order to compete with existing NGOs for acquiring resources and donor funds.
- **Occasional:** Some of the organizations were established to serve the implementation of a particular project funded by a donor at the local government level. Afterwards, they maintained their existence and continued to work as an NGO in a specialization far away from its real establishment purpose.
- **Transformed:** Some of the UNRWA institutions became independent community NGOs in the areas they used to serve, in order administer themselves. It was noticed that the donors did not withdraw from funding these groups although they are no longer under the auspices of the UN, but continue to support and influence these newly established NGOs. Examples in this regards include NGOs working for women and people with special needs.
- **International:** Some of the organizations are established by foreign or international agencies (as branches in the Palestinian territories). The Palestinian Authority has no control over them, nor do these organizations have to register with the Ministry of Interior.

The high tendency of Palestinian local communities to form and establish NGOs might be interpreted according to (Mousa, 2006) – as due to several reasons. People live under severe conditions caused by Israeli occupation which destroyed their lands, houses and infrastructure. Since the government is weak and cannot satisfy alone the community's needs, communities have turned their attention to NGOs as an alternative institutional means to provide additional social services. Communities and individuals have been very active in establishing new organizations as a way to get funds to help in providing them with basic services and for other survival and relief activities. That might explain why the number of NGOs almost tripled during the second Intifada (2000-2005), from 256 NGOs to 700 NGOs in the Gaza Strip, by mid 2005 and to 863 by 2013.⁵ On the other hand, Palestine is a fertile area for international organizations' work and interventions. This has provided the Palestinians with more spaces and additional opportunities to acquire funds. These issues have encouraged local communities to form their own NGOs as an institutionalized way for getting these funds. On the other hand, some people might tend to manipulate the NGO sector for personal interests.

As also observed in the Palestinian context, many NGOs are ruled by personnel that belong to political parties like FATEH, HAMAS, and PUBLIC FRONT among others. And since the environment in Palestine is very large extent politicized, this issue has two particular implications on Palestinian NGOs work, according to (Mousa, 2006):

⁵ The huge number of NGOs should not mislead the reader since almost one third of these organizations are not active all according to ministry of interior, 2013.

- The work of the political parties and their NGOs is thoroughly integrated and complementary, to the point where such NGOs work as civil wings for their attributed political parties.
- On the other hand, most of these organizations were initiated by leadership from within the local communities, with strong local awareness of their potential and strengths, belief in their capacity for local advocacy and cooperation with local groups, which would provide the NGOs with a strong local support base.

2.4.3 Nature of the programs implemented by Palestinian NGOs.

There are various programs and activities performed by PNGOs, many of which conduct more than one program. According to MAS, 2007, (44.3%) of NGOs activities are for cultural, scientific, and educational programs. Organizations that offer childcare programs came in second place with 40.6%. Charity programs follow in the third rank with 38.7%. The charitable and relief dimension in the work of many PNGOs reflect the difficult conditions facing Palestinian society. Educational programs took fourth place with 27% of organizations offering them this is related to the focus on extra-curricular activities offered by PNGOs, especially charitable organizations.

The nature of the activities and the existence of a clear (or unclear) focus of an NGO are important indicators in judging their capability to serve their communities. They also have implications on the ability of the NGO to networks with other organizations having a similar focus. At the same time, they indicate the extent to which the NGO shares a similar or dissimilar focus with local government.

As discussed before, PNGOs are engaged in a wide range of activities and sectors, with a dominance of social and relief. In general, Palestinian NGOs are engaged in sectors covering: health, rehabilitation, research, agriculture, human rights, training, democracy, handicaps, friendship associations, charity organizations, youth, art and culture, education, childhood, heritage, environment, woman, housing, religious organizations, and economic development. The Palestinian NGOs are also engaged in basic service delivery, building social awareness, institution building and lobbying and networking (Mousa, 2008).

According to Abd El Hady (2004 5:14), the PNGOs adopted a variety of programs, such as:

- Programs for social care and protection and developmental services: The Palestinian NGOs have contributed together with the state in the delivery of services in the fields of health, education, social welfare, agriculture, relief and others
- Informal education and community awareness: In this field, the PNGOs are involved in various activities such as general lectures, workshops, booklet publications, general libraries, rehabilitation, counseling, entertainments activities, and awareness programs particularly for women and summer camps for students and children. These programs and activities are aimed at building and

empowering the Palestinian community and providing them with necessary skills and information

- Institutional building and human resource development: Many activities could be included under this heading, such as providing training and workshops for vocational education, training the trainers, computer skills, management skills, budgeting and consultancy. These programs are important and considered a step forward to move from relief projects to adopting developmental strategies that would benefit the communities at the long term.
- Lobbying and networking to influence government laws and policies: In this regard, the PNGOs are active particularly at the central level. They have established networks and relations with international organizations to seek for more support.
- Human rights and democracy: This includes the involvement of NGOs in various activities, for example establishing several active organizations concerned with human rights and democracy, support for women, children and handicapped, and social and economic rights for citizens.
- Creation of job opportunities: Many NGOs concentrate their work on this issue by looking for ways to support citizens, alleviate poverty and overcome the high unemployment rate in Palestine. Some NGOs have begun to shift their vision from creating jobs in relief frameworks towards tying them into medium and long term developmental objectives.

According to (Mousa,2006), around 40% of the NGOs operating in the Gaza Strip have a central focus in social, charity and relief work. It was also observed that some operating NGOs had no particular specialization in either the coverage sector or target groups – particularly the small and medium organizations. Having no specialization or clear focus might be interpreted as due to the total dependency of most Palestinian NGOs on donors and international organizations for finance. Wherever there is any opportunity for getting funds, these NGO will apply regardless their interests in such proposed projects. In many cases the projects are found far from the original focus of such NGOs.

Some might argue that having wide focus is positive in the sense that such NGO can hire experts in any field in a way to maximize the ability to provide additional services. In the absence of another NGO covering a needed project, they would argue that a non-specialized NGO can be useful in having the contacts to bring in the expertise needed. While that could be true, however, from another angle it would appear that a huge effort is expended in trying to cover a wide range of fields, and this might be contrary to the NGO's ability and capacity. An NGO is able to have a far more positive impact if it concentrates its efforts on one or limited fields, with more efficient performance and structure. More importantly, it is able to increase its potential to form influential networks with other NGOs that share a similar focus, and to become more expert in its chosen field (Mousa, 2006).

Due to the critical political situation prevailing in Palestine and due to the emergency requirements and needs for food and basic services, most of NGOs tend to divert their focus to relief works and activities when necessary, without tying these activities to any long term development strategies or visions. This issue has been

observed when checking the lists of projects for several of the NGOs interviewed. In addition to poorly formulated measurable objectives there is a tendency to continue to widen the NGOs general goals without clear plans to achieve them. The active Palestinian NGOs vary in their missions and programs but the common feature is that the majority fail to focus on specific goals, objectives and programs. In other words, most of the Palestinian NGOs are not specialized in specific areas but tend to have a wide range of missions and goals (Songco, 2006).

To conclude, the absence of specialization has weakened the NGOs ability to perform efficiently in serving their local communities. It also weakened their ability to form strong networks with others in the same sector of specialization and hence, weakened their advocacy roles in influencing government decision making and policies.

2.4.4 Availability of financial resources.

Palestinian civil society is highly dependent upon foreign funding. External aid to PNGOs was estimated at \$258 million in 2008 (roughly 8% of total external aid) (World Bank 2010, 2). This percentage has dropped slightly since 2005 when aid to NGOs made up about 19% of total aid.

The rise in foreign aid for NGOs since the 1990s has had a significant impact on the character and orientation of the sector. NGOs have become more pre-occupied with funding (MAS 2007) and have become increasingly distant both from the communities they purport to serve and political parties. Donor efforts to support civil society have de-politicized and divided the sector. Some authors argue that rather than de-politicizing the sector, donor aid has generated a new “globalised elite”, which is politically oriented towards western donors and European forms of social organization (Challand 2009).

The Palestinian NGO sector lacks financial resources, particularly the smaller ones and the ones working in rural areas and with refugee populations. In ground, according to (Mousa, 2006), there are three major sources of funds for Palestinian NGOs:

- Around 80% of the Palestinian NGOs depended mainly on foreign assistance and donor funds;
- Some organizations can raise around 15% of required finance from their internal activities, members’ fees and community donations; and
- Government assistance is very limited and can cover only around 5% of the required funds. Such government assistance goes to a very limited selection of organizations.

According to (Mousa, 2006), the almost total consequent dependence on foreign and international funds has four implications:

- Limitation of the influence of the local NGOs over the agenda of donors. The Palestinian NGOs need the funds and are unable to influence the nature of the projects funded, even if they are not in the line with their priorities.
- When it comes in particular to the Arab assistance, it goes mainly to relief activities, such as distribution of foods, money and clothes, which lack any sustainable development strategies.
The focus on short term needs has led to the emergence of a new culture among the Palestinians that perceive and delineate roles of both internal and external NGOs as relief agencies.
- Increase in competition between NGOs and the government in acquiring foreign funds, due to poor resource base for both sides. This worsens the relationship between government and non-government organizations because of the absence of cooperation between them on one side, and also among the donors themselves on the other side.
- On the other hand, it has a positive implication. Many of these externally funded projects require implementation of participatory strategies and approaches. This could contribute to shifting from old fashion planning strategies that consider beneficiaries as recipients of the services, to actors participating in determining their needs. The influence of donors in this regard would help to introduce and build a new participatory development planning culture.

A common feature emerging both in the Gaza Strip and the West Bank is the dependency of CBOs on other organizations – both Palestinian national NGOs and international organizations – for the financial resources needed to carrying out activities (Challand 2009).

According to the Mapping Study of Civil Society Organizations in the occupied Palestinian territory that conducted through European Commission (2011): The dependency on external actors implies in many cases the weakening of linkages with local communities and with the original constituency, as well as the growing “professionalization” (that perhaps is linked to a growing tendency to practice “paid voluntarism” rather than to the acquisition of new and more specialized knowledge) and the emergence of new situations of competition at the local level with (informal) “local committees.” In fact, many informants report that international NGOs and donors are growingly skeptical about working directly with “registered CBOs” and tend to directly deliver services to final beneficiaries or to pass through “local committees”, especially in areas where there is a suspicious CBOs that could be politically affiliated with Islamist political parties (perhaps, often these committees are artificially created as a service/benefit delivery tool).

Competition over financial resources also influences the cooperation among CBOs. In all focus groups the lack of cooperation (including information sharing) was reported as a main issue.

When looking at the data on the consulted CBOs, the importance of external funds is apparent: about 90% of CBOs in Gaza receive funds from international

NGOs, while those receiving funds from international organizations are about 60%. The CBOs funded by international NGOs in the West Bank are over 50% and those getting funds from international organizations are about 40%. As expected, an important source of resources is represented by Palestinian NGOs (intermediate with international NGOs and international agencies) (SOGES, 2011).

Direct fund recovery from service delivery is practiced in the West Bank by about 40% of CBOs and in the Gaza Strip by about 33% of organizations. Most CBOs used to collect funds from their members (SOGES, 2011).

The fact that most organizations declare receiving funds from international NGOs and international organizations is not an indicator of the autonomy of the CBOs. It seems on the contrary an indicator of two risky processes: the fact that – as referred both by CBOs and NGOs – often international agencies and NGOs prefer to “go directly” to the beneficiaries, skipping the national NGOs. It also shows that CBOs are increasingly changing their “nature” and assuming the function of NGOs, leaving a void at the grassroots level.

2.5 Weaknesses and strengths of NGOs:

2.5.1 Strengths of NGOs:

2.5.1.1 Flexibility:

The organizational form of NGOs makes them more flexible and responsive as compared to the ‘uniformity’, ‘rigidity’ and ‘command methods’ of the more bureaucratic lines of government. This makes them more effective (Mousa, 2008).

2.5.1.2 Voluntarism:

Their relation to their beneficiaries is one of voluntarism as compared to that of the government, which is characterized by control (Abd El Hady, 2004).

2.5.1.3 Closeness to people:

They are closer to the people and, hence, they have better knowledge and understanding of local situations. As noted earlier, NGOs can be seen as mediators, channeling relevant information between the state and the people. It is how they obtain legitimacy (Abd El Hady, 2004).

2.5.1.4 Autonomy:

Autonomy ensures NGOs reforming and opposing roles and the pluralist function (Abd El Hady, 2004).

2.5.2 Weaknesses of NGOs.

The NGO sector does however often suffer from several weaknesses. Some of these are internal to NGOs while others are linked to their relations with external agents, including the government.

2.5.2.1 Lack of financial resources.

NGOs often lack **financial resources**. Consequently, they are dependent on external funding. Several authors note that the activities of many organizations continue to be donor-led in countries in Africa, Asia and Eastern and Central Europe.

This considered the most accusation against NGOs is that they have become extension of donors. Many NGOs are said to have focused on delivering services using donor funds and have become less concerned about their responsibility to articulate national concerns (Challand 2009).

2.5.2.2 Weak organizational capacities: (Mousa, 2006)

Organizational capacity refers to an NGO's ability to perform certain functions, such as knowledge management or service delivery. It is related to the concept of **internal governance**, an issue that has received substantial attention in recent years. NGOs have been accused of lacking **transparency** and **democratic internal procedures**, and some even for having hidden agendas. Consequently, some governments and populations have become suspicious of NGOs. This issue is also related to the question of **accountability** and democratic mandate, as members of NGOs are not selected through elections.

In practice, there is a risk that community organizations represent the interest of better-off and more powerful individuals and groups better than they represent the interest of the poorest members of the community.

Another aspect is the weak capacity on NGO-related issues within government. Some NGOs play only one or two of the role, while others fill them all. Different competencies are needed to play different roles. In any case, there is a rationale for a certain interaction between the NGOs and the State.

2.5.2.3 NGOs relations with external agents

NGOs suffer from weak institutional capacity. This refers to their position with other actors, such as government, other NGOs, and donors. They often lack the powerbase and skills necessary for negotiation, and few mechanisms for interaction between NGOs and the state exist (El Khateeb, 2010).

2.5.2.4 Lack of coordination networking between NGOs

This resulting in service duplication and cost inefficiency and ineffectiveness in service delivery and less impact at the national level.

And also this leads to weakening the advocacy and lobbying efforts, in addition to inability to change policies and participate effectively in the local planning and the development process (El Khateeb, 2010).

2.5.2.5 Competition among NGOs

Growing competition for donor funds among NGOs, particularly between big and small ones. Sometimes there is competition between professional (intermediary) NGOs and some of their beneficiary organizations. The reality is that since the bigger NGOs are more skilled at preparing project proposals and have better reporting systems, they tend to capture the funds to the detriment of small NGOs and community based groups (El Khateeb, 2010).

2.5.2.6 Lack of ability to articulate strategic vision.

Some stakeholders feel that NGOs are drifting towards a tunnel vision of development with their preoccupation for service delivery and self-survival. Some government officials feel that some NGOs already have a pre-conceived agenda when they go to a community, depending on their donor's preferred program. Others feel that NGOs are unable to promote developmental thinking among the grassroots. Still others feel that NGOs are missing out on the opportunity to bring the perspective of the community in influencing government's development policy (El Khateeb, 2010).

CHAPTER “3”

BUDGETING AND

PERFORMANCE & PRGRAMS

BASED BUDGETING

- a. Introduction**
- b. Public budgeting**
- c. Performance & Programs-based
budgeting “PPBB”**

3.1 Introduction:

In this chapter we will talk about two important subjects in this research, the first about budgeting and the second is about PPBB. In public budgeting section we will discuss how budgets are developed in the public bodies and then we will discuss PPBB in details.

3.2 Public budgeting:

3.2.1 Budget Definition

Based on **Webster's Dictionary**; "Budget is a plan that clearly defines the estimate Expenditure and Revenues of a program (or Project)."

According to **Sullivan & Steven (2003)**: "Budget is a financial plan and a list of all planned expenses and revenues. It is a plan for saving, borrowing and spending" (Sullivan & Steven, 2003: 1).

Coe (1989) defined budget as: "*Budget is a projection of future revenues and expenditures and can also be viewed as a plan for spending and receiving funds*".

While according to **Beardon and Yawson (2000)**: "*Budget is the outcome of systems and relationship through which the varying needs and desires of a nation are heard, prioritized, and funded*".

Wildavsky, A. (1978) in other hands define budget as: "*Budget is a document, containing figures that propose expenditure for certain items and purposes. In addition that a budget is also a statement about the future, and it attempts to link proposed expenditures with desirable future events.*"

Nigro (1980) defined budget as that: "*Public budget is the financial plan of the government, which determines the proposed revenues and expenditures, so as to achieve the goals and objectives (of the nation).*"

Also **Gildenhuis (1997)**: "*Public budget is a document indicating how a public entity spends the financial resources in order to realize specific public goals.*"

The Chartered Institute of Public Finance and Accountancy (CIPFA, 1996) also define: "*Public budget as a plan quantified in monetary terms prepared and approved prior to a defined period of time, usually showing planned income to be generated and/or expenditure to be incurred during that period and the capital to be employed to attain a given objective.*"

So, it can be concluded that budget is financial plan that consist of expenditure and revenue, and also there are program of receiving, saving, borrowing and spending funds, to achieve the public goals and objectives. It becomes a legal financial plan after approval through the legislative process.

A budget is a powerful tool for allocating limited resources among competing priorities within the community. Because needs always exceed available funds,

funds that you give to one department must be denied to another department. You measure the value of the funds you spend not only by the benefits you gain, but by what you have to give up. Budgeting means making choices (CIPFA, 1996).

In its simplest form, a budget consists of a comprehensive listing of anticipated revenues and proposed expenditures for each function of government for a future twelve-month period, or fiscal year. Ideally, the budget represents a comprehensive allocation of limited resources among potential users (CIPFA, 1996).

3.2.2 The Functions of budgets

Various activities within organization should be coordinated by the preparation of plans of action for future periods. These detailed plans are referred to as budgets. Budgets serve a six of useful purposes. They include: (Reaich, 2012:3-7).

3.2.2.1 Planning:

The major planning decisions will already have been made as part of the long-term planning process. However, the annual budgeting process leads to the refinement of those plans. Managers must produce detailed plans for the implementation of the long-range plan. This process encourages managers to anticipate problems before they arise, and to respond to changing conditions with reasoned judgment, instead of making hasty decisions that are based on expediency.

3.2.2.2 Coordination:

The budget serves as a vehicle through which the actions of the different parts of an organization can be brought together and reconciled into a common plan. Without any guidance, managers may each make their own decisions, believing that they are working in the best interests of the organization. It is the aim of budgeting to reconcile these differences for the good of the organization as a whole, rather than for the benefit of any individual area. Budgeting therefore compels managers to examine the relationship between their own operations and those of other departments, and, in the process, to identify and resolve conflicts.

3.2.2.3 Communication:

If an organization aims to function effectively, there must be definite lines of communication so that all the parts will be kept fully informed of the plans and the policies, and constraints, to which the organization is expected to, conform. Everyone in the organization should have a clear understanding of the part they are expected to play in achieving the annual budget. This process will ensure that the appropriate individuals are made accountable for implementing the budget.

3.2.2.4 Motivation:

The budget can be a useful device for influencing managerial behavior and motivating managers to perform in line with the organizational objectives. A budget provides a standard that under the right circumstances, a manager will be motivated to strive to achieve. However, budgets can also encourage inefficiency and conflict between managers.

3.2.2.5 Control:

A budget assists managers in managing and controlling the activities for which they are responsible. By comparing the actual results with the budgeted amounts for different categories of expenses, managers can identify costs which do not conform to the original plan and thus require their attention.

3.2.2.6 Performance evaluation:

A manager's performance is often evaluated by measuring his or her success in meeting the budgets. In some companies bonuses are awarded on the basis of an employee's ability to achieve the targets specified in the periodic budgets, or promotion may be partly dependent upon a manager's budget record. In addition, the manager may wish to evaluate his or her own performance. The budget thus provides a useful means of informing managers of how well they are performing in meeting targets that they have previously helped to set.

3.2.3 Budget processes

The budget cycle usually has four stages in NGOs. Each of these stages creates different opportunities for NGO participation: (Krafchik, 2001: 8).

- i. *Budget formulation*, when the budget plan is put together by the executive branch of government;
- ii. *Enactment*, when the budget plan may be debated, altered, and approved by the legislative branch;
- iii. *Execution*, when the policies of the budget are carried out by the government; and
- iv. *Auditing and assessment*, when the actual expenditures of the budget are accounted for and assessed for effectiveness.

It seems only natural that NGO work has begun to focus on government budgets. The budget is the most important economic policy instrument for governments. It reflects a government's social and economic policy priorities more than any other document, translating policies, political commitments, and goals into decisions on where funds should be spent and how funds should be collected. A well-functioning budget system is vital to the formulation of sustainable fiscal policy and facilitates economic growth. In many countries, economic problems are exacerbated by weak budget systems and faulty budget choices. While a government's budget directly or indirectly affects the life of all its citizens, frequently people with modest means are influenced the most. They tend to be harmed the most by weak economic growth or

high inflation. The current well-being of those with low incomes, and their future prospects, also can hinge on expenditure decisions in areas such as health and education (Shapiro, 2001: 6).

Yet budget cuts tend to fall on programs that benefit the poor, as other items such as interest on the debt or the public-sector wage bill are more likely to have first claim on scarce funds. Moreover, even when funds have been allocated to anti-poverty programs, weak expenditure and program management — and the lack of political power among the poor — can mean that the money never reaches the intended beneficiaries.

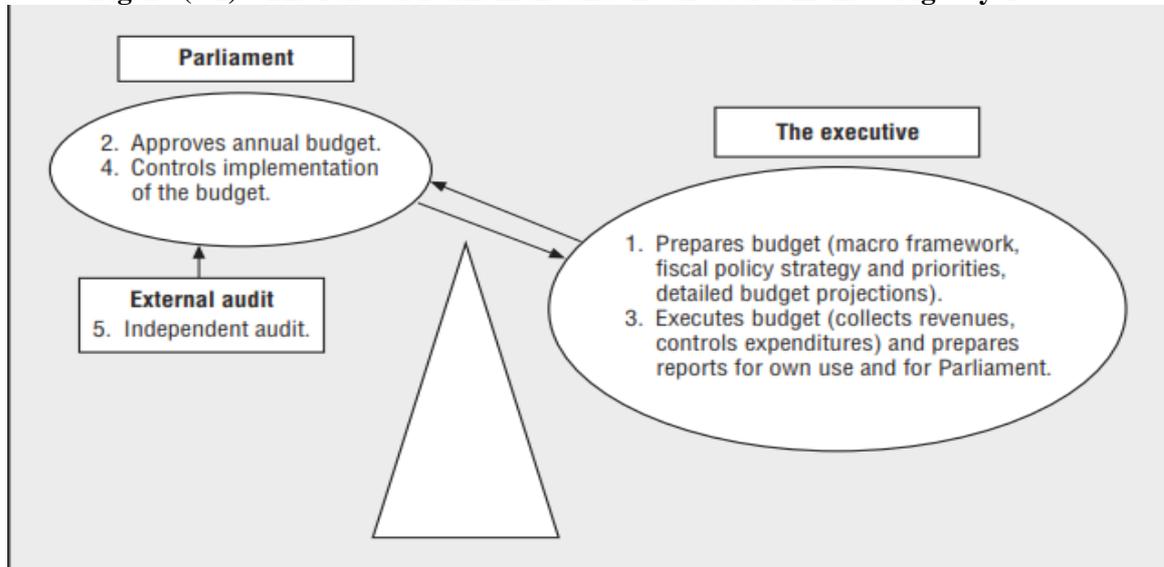
Five generic stages of annual governmental budget processes can be identified: (OECD⁶, 2004:26).

- **First stage:** The executive prepares a draft budget and submits it to the legislature. This is usually a two-step process: a Ministry of Finance (or equivalent) prepares a draft budget that incorporates the government's expressed budget orientation; the draft budget prepared by bureaucrats is then approved by a Cabinet of ministers (or the equivalent for countries with presidential political systems). This budget is submitted to the legislature for possible amendment and approval.
- **Second stage:** At the Parliamentary stage, the budget is generally discussed in parliamentary committees, which may propose amendments. Once amendments are agreed in plenary session, the legislature approves the budget. Legal authority is provided to the executive for raising revenues if this is not ongoing. Formal adoption of the spending proposals means that legally binding upper limits are established for many expenditure categories.
- **The third stage** is the implementation of the approved budget which is performed by the executive – and/or government agencies. In so doing, a central budget office (usually in the Ministry of Finance or the equivalent) monitors budget implementation and prepares periodic budget execution reports using a well-defined accounting system. The executive may be provided with the power to change the approved budget in the case of unforeseen emergencies, including major deviations in the macroeconomic framework underlying the budget law. A supplementary budget may be needed to confirm any such action by the executive. The executive may also be provided with other powers to modify the approved budget, including powers to change its composition (e.g. by virement or by using a reserve fund approved in the annual budget) or to control actual spending to a level below that approved, should economic circumstances dictate.
- **The fourth stage** is parliamentary control of budget implementation. This takes place both during and, especially, after the close of the fiscal year. Parliamentary control is based on reports provided by the executive. It is Parliament's prerogative to specify the content and timing of such reports, which may contain both financial data (annual accounts) and non-financial data (e.g. attainment of performance targets) (OECD, 2004:28).

⁶OECD: ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

- **The final stage** is when an independent external audit office audits the financial accounts. It may also have a mandate to assess the results of the annual budget in terms of efficiency, economy and effectiveness.

Figure (3.1): The roles of Parliament and the executive in the budget cycle



Source: OECD, The Legal Framework for Budget Systems an international comparison.

3.2.4 Public Budgeting history

Although we talk about NGOs and the budgeting process, the same technique has been used in Government sector and NGOs and even there is some interaction between the private or profit sector and government sector, In General, NGOs depend on resource allocation through donation, member contribution, voluntary work and in kind assistance, In contrast government depend on natural resources, taxes, costumes and even donation from the developed countries. The budget process through NGOs and Government are the same, this section will study the budgeting history across government.

In the past two decades, the industrial countries have witnessed a growing interest in performance management and budgeting. In response to louder public demands for government accountability. These reforms are intended to transform public budgeting systems from control of inputs to a focus on outputs or outcomes, in the interest of improving operational efficiency and promoting results-oriented accountability. These experiences have significant relevance for public sector reforms in developing countries (Shah, 2007:137).

The budgeting is not only about planning for inputs, but also, planning for the results that governments want to achieve. The developments of program budgeting can be traced back to the introduction of program budgeting in the United States in the 1940s. More results-oriented budgeting techniques were developed in iterative processes that benefited from the US government and other countries mistakes.

Although a lot of the early development occurred in industrial countries, the transfer of programming budgeting to the United Kingdom in the 1970s, New Zealand's output focus in the 1980s, Sweden's system of management by objectives, the use of results-oriented budgeting by the United Nations as a precondition for aid assistance triggered its quick spread to the developing world. There are several variants of introducing a focus on the results of spending into budgeting practices, and they are often grouped together as a movement under the term program budgeting (Shah, 2007:115).

The wave began to spread within the developed and developing countries across the world, interesting in program budgeting moved from United States to united nation, focusing on output and outcome or the achievements of the organization rather than spending the money.

In the 1950s, some of the specialized agencies, such as the World Health Organization (WHO), the United Nations Educational, Scientific and Cultural Organization (UNESCO), and the Food and Agriculture Organization of the United Nations (FAO), adopted the budgeting methodology by program (Mizutani, 2002:1).

In trial of United Nations to define the PPBB, in 1965s, United Nations published A Manual for PPBB and defined it as "the purposes and objectives for which funds are requested, the costs of the programs proposed for achieving those objectives and quantitative data measuring the accomplishment and work performed under each programs." (Rose, 2003:7).

The early definition for the program budgeting focus on the results, identifying the purpose of funds, and quantitative data for insuring the progress of the program toward achieving the results, afterward the definition come to make further explanation, Dean with Pugh define PPBB as (Rose,2003:7):

- Programming or the subdivision of the government budget for information purposes into programs and activities representing identifiable units with similar aims or operations.
- Identifying the operational aims of each programs and activity for the budget year.
- Budgeting and accounting so that the separate costs and revenues of each programs are shown.
- Measuring the outputs and performance of activities so that these can be related to their cost, and to operational aims.
- Using the resultant data to establish standards and norms so that costs and performance can be evaluated and government resources used more efficiently.

3.2.5 Approaches to developing the budget

There are a number of different approaches to developing the budget. Four common approaches are (1) line-item budgeting, (2) Performance & Programs-Based budgeting (3) zero-based budgeting, (4) and planning- programming-budgeting systems (Lunenburg, 2010:2).

3.2.5.1 Line-Item Budgeting (LIB):

LIB is a procedure where individual lines are used to describe allocations for various items of expenditure, such as salaries, supplies and materials, contracted services, and capital outlay. It is the most common form of budgeting in use and was used almost exclusively in all public sector budgets prior to the 1960s (Odden & Picus, 2008:18).

The focus of line-item budgeting is on what was purchased, not on the purpose of those expenditures. Therefore, it is difficult to use line-item budgets for long-range planning or for management functions. Since similar items, such as salaries, are budgeted under the same line item, it is difficult to ascertain how much is spent for employees in different programs, different departments, or for different programs within individual schools. Likewise, a line-item budget makes it difficult to ascertain what resources are being directed toward a particular activity, and makes it difficult to determine whether resource allocation patterns have changed over time. Although there are alternatives to line-item budgeting, at the core of each alternative is some form of line items describing the revenues and expenditures of individual programs. As a result, line items are a necessary and critical element of any budgeting approach (Lunenburg, 2010:3-4).

3.2.5.2 Programs and Performance-Based Budget (PPBB)

The traditional tabulation of the budget (Line-item budgeting) is based on tabulating the expenses as regards to their types and the executing parties, i.e. the focus is made upon the supervisory dimension, not on the physical targets of the government expenditure and without expressing the governmental programs and activities which is the administrative dimension of the budget. Having faced an increase of problems in performing their tasks, the focus of the governments become upon creating programs for each work to be done; following a method that explains the services and distributing those services equitably without extravagance where the cost of each service is linked to its benefits upon society (Alsayed, 2005).

Thus, it's important to develop a new budgeting method " PPBB " to achieve those goals using a new method that tabulates the budget with focusing on what the government perform, not only what it spends on purchasing items and services. **Line-item budgeting shows the purchase justification, and do not clarify the program for which those purchases are made** (Alsayed, 2005).

Whereas, the method of PPBB explains what has been done in a way that justifies imposing taxes through a specific program framework that the government is seeking to achieve, instead of just presenting the expenses as regards to tabs, terms and types.

The term of performance tabulation here indicates the combining of government purchases not only according to types, but also according to the ways those purchases seek to serve, i.e. it depends on the functional tabulation which perceives the purchases as factors in the activities linked with the completed objectives within a specific program.

Therefore, this method requires the transfer of the government activity into programs that include the different activities. This way, each ministry prepares programs about their activities; it may participate with other ministries to prepare shared programs. The performance units in the ministry are responsible for the execution of the program. They determine the costs for each unit during the successive periods which are proposed to execute the program. The periods of execution can extend to be many years. Thus, the program should indicate the expectations of the futures and the economical and social effects, whereas the performance focuses upon what has been already done (Alsayed, 2005).

3.2.5.3 Zero-Base Budgeting (ZBB)

The budgeting process begins with the previous year's budget; that is, managers plan future expenditures as an increase or decrease over the previous year. Under zero-base budgeting (ZBB), managers must start the budgeting process at zero every year, and they must substantiate all expenditures—new and continuing (McKay, 2010:9).

Thus, the entire expenditures budget must be justified rather than merely the adjustments to an existing budget. Zero-base budgeting was originally developed for use in government organizations as a way to justify budget requests for the succeeding year. The U. S. Department of Agriculture was the first to use zero-base budgeting in the 1960s. ZBB was adopted by Texas Instruments in 1970, and Jimmy Carter used zero-base budgeting as governor of Georgia. Later, as president, he ordered ZBB used in the executive branch of the federal government. Since then, ZBB (or variations thereof) has been adopted by many government agencies and business firms. The ingredients of ZBB are not new. The founders of the concept extracted a viable budgetary technique from the following systems: management by objectives, performance budgeting, program budgeting, incremental budgeting, and line-item budgeting. These management techniques were integrated into a budgeting process, zero-base budgeting, which involves three steps (Odden & Picus, 2008:23):

- (1) Identify decision units,
- (2) Develop decision packages, and
- (3) Rank the decision packages.

Shah argue that the approach can drop programs that are no longer required, in practice it is impossible to implement for reason: (Shah, 2007:123).

- 1- Like the Planning Programming-Budgeting System (PPBS) approach, it generates masses of paperwork for which there is neither time nor human capacity in budgeting systems.
- 2- It is not necessarily true that lower-priority programs will receive less funding or be discontinued the approach fails to take into account the realities of institutional and public politics that drive budgets.
- 3- Legislation persons are ready to evaluate all programs annually; especially some programs involve multiyear contractual relationships with service providers.

Nevertheless, PPBs and zero-based budgeting were attempted to make public budgeting rational, comprehensive, but the first emphasis on cost-benefit analyses while the second was more concerned with workload measurements (Shah, 2007):

Public budgeting failed because, as Nobel Prize winner Herbert A. Simon has argued since the early 1950s, there are cognitive limits to decision maker's ability to consider all possible options. These limits force them to consider alternatives selectively, and even then they choose on ideological or political grounds. Like the PPBS system, zero-based budgeting was also left behind as a budgeting technique (Shah, 2007):

3.2.5.4 Planning Programming-Budgeting System (PPBS)

An approach to budgeting that encourages departments to state their activities in programmatic terms. PPBS encourages departments to state their activities in programmatic terms, that is, in terms of goals and objectives, specific costs associated with programs designed to achieve those goals, and resources devoted to each program. This ideally permits comparisons across all government agencies of related goals and their related programs (Pal, 2006: 323).

Planning-programming-budgeting system often referred to as PPBS, In PPBS, the activities of the organization are grouped into programs with common objectives to be considered together, with an emphasis on the planning process.(Rodney and Toalson,1985: 292), while Barber identifies the planning, programming and budgeting approach as (Barber, 1983):-

- a) The identification of objectives of area of government activity.
- b) The identification of activities contributing to such objectives.
- c) The measurement of the costs of resources devoted to those activities.
- d) The assessment of the results of the various activities.

According to Barber, the object of the approach is to increase the rationality of the government, and the difference in accounting terms between this approach and traditional expenditure planning that it relates expenditure to output and objectives, not to input or to recourses used by an organization (Barber, 1983:204-205).

The PPBS as a complete system in budgeting was adopted in the first time in U.S. department of defense 1961. Later, it was applied by all agencies and then spread around the world by some countries.

In 1965, the President of United States, Johnson, requested from all federal agencies to apply the PPBS approach to the budget process. All Agencies were asked to identify their objectives and different routes of achieving the objectives. The different methods were then costed and submitted to systematic comparison of their efficiency and effectiveness. Three years later, Johnson canceled the order, because agencies continue in budgeting as previously and some of them did not submit planning agenda and analysis to government (Diamond, 2003).

By 1971, the system was largely abandoned, every agency had to develop its own version of the PPBs and the directors appreciated the value of the system but they were reluctant to undertake such work. In contrast, the legislators did not make commitment, and they instead insisted on traditional approach of budgeting. In addition, it was practical problem never fully resolved, of program definition, of how to develop a program or subprogram around each objective, of how to allocate costs to it, and finally the entire system was probably not useful in dealing with large segments of government expenditure (Diamond, 2003:7).

3.3 Performance & Programs-Based budgeting “PPBB”:

3.3.1 Introduction:

The traditional tabulation of the budget (Line-item budgeting) is based on tabulating the expenses as regards to their types and the executing parties, i.e. the focus is made upon the supervisory dimension, not on the physical targets of the government expenditure and without expressing the governmental programs and activities which is the administrative dimension of the budget. Having faced an increase of problems in performing their tasks, the focus of the governments becomes upon creating programs for each work to be done; following a method that explains the services and distributing those services equitably without extravagance where the cost of each service is linked to its benefits upon society.

Thus, it's important to develop a new budgeting method “ PPBB “ to achieve those goals using a new method that tabulates the budget with focusing on what the government perform, not only what it spends on purchasing items and services. Line-item budgeting shows the purchase justification, and do not state the program for which those purchases are made (Alsayed, 2005).

Whereas, the method of PPBB explains what has been done in a way that justifies imposing taxes through a specific program framework that the government is seeking to achieve, instead of just presenting the expenses as regards to tabs, items and types.

The term of performance tabulation here indicates the combining of government purchases not only according to types, but also according to the ways those purchases seek to serve, i.e. it depends on the functional tabulation which perceives the purchases as factors in the activities linked with the completed objectives within a specific program.

Therefore, this method requires the transfer of the government activity into programs that include the different activities. This way, each ministry prepares programs about their activities; it may participate with other ministries to prepare shared programs. The performance units in the ministry are responsible for the execution of the program. They determine the costs of each unit during the successive periods which are proposed to execute the program. The periods of execution can extend to be many years. Thus, the program should indicate the expectations of the futures and the economic and social effects, whereas the performance focuses upon what has been already done.

Based upon that, the researcher explains the reasons that urge towards using this budgeting approach as a substitute of line-item budgeting as bellow:

- A. Clarifying & explaining the vision for the decision makers.
- B. Determining the priorities in the light of the limited financial resources.
- C. Eliminating the duality in the government functions.

- D. Showing the achievements in an obvious way.
- E. Reducing the cost of Public Sector to help with the budget deficit.
- F. The returns of government expenditure and redistributing it according to the priorities of the state.
- G. Converting from focusing upon the inputs of the production process into its outputs.

Thus, this section is concerned with explaining and analyzing the basis and concepts which the PPBB based on.

3.3.2 History and the emergence of Programs and Performance-Based Budgeting (PPBB):

The methods of preparing the budget developed through the history in the light of shortages that appeared in those budgets. In 1912, in the United States, a committee named as “The Taft Commission on Economy and Efficiency” was established to evaluate the status of the applied budgeting. The committee found that the current procedures applied in preparing the budget needs some significant changes. In its report, the committee highlighted the necessity of preparing a comprehensive administrative budget and tabulating it into programs with functions according to the work type with taking the tabulation into consideration on the basis of distinguishing between the capital and current items. The committee also suggested many templates to the functional evaluation of the public budget of the United States of America.

In 1921, after the First World War, the need of economical and the frugal use of the public funds appeared. This urged publishing a list of budgeting and accounting that enables conducting a comparison between the alternatives in the executing units.

The idea of performance-based budgeting however wasn't executed seriously until 1934 when the US Ministry of Agriculture started the preparation of a budgeting for the projects to be achieved (Project Budgeting) and put the budget on an activity schedules (Alsayed, 2005).

In 1946, the US Navy provided the budget of 1948 following the traditional method: according the purpose of the expenditure and the programs basis as well. Many researches have been done about applying the system of performance-based budgeting especially in The U.S. Department of Defense.

3.3.3 PPBB Concept:

Performance-Based Budgeting is a system that is based on dividing the organization activities into a number of programs and sub-programs, i.e. the performance budgeting is being done in each of those activities to identify the kind of performance expected to be achieved and the required period to achieve this performance during the year. The philosophy underlying the PPBB is represented by

the fact of spending more money in an effective way is better than committing to what's determined in an ineffective way.

In PPBB, the management determines its objectives and organizes its priorities with assigning specific limits for the objectives, the tasks, and the multiple activities which the administration seeks to achieve. Accordingly, the Ministry of Finance or the Central Budget Authority takes the responsibility for the expenditure items briefly.

For example, the budget of The Ministry of Health can be divided into five programs, among which: Medicine, Dentistry, Training and Administration. Those five programs are divided into sub-programs i.e. the Medicine Program can be derived into Ophthalmology, Gynecology and Surgery. Same thing with Dentistry, which can be derived into many activities such as: School Dental Care and publicity campaigns. Based on that, the Ministry of Finance can generally control the expenditure; it may have to increase the expenditure of Dentistry Services and reduce it for the Ophthalmology services as a change of priorities. This means that the programs budgeting helps the Ministry to determine the expenditure based on priorities which can be changed generally. Moreover, the stage of discussions between the Ministry of Health and the Ministry of Finance (Central Budgeting Authority) is shifted in the PPBB from the stage of discussions about the written items into discussions that deal with the outputs, the effects and the performance. Consequently, the supervision upon the budget does not focus upon the inputs, but upon the flexibility of the budget and the authorization that is being given for the Administration (Dr. Zafir, 1997).

3.3.4 Distinguishing between Programs-Based Budgeting & Performance-Based Budgeting:

Some distinguishing between the programs budgeting and the performance budgeting based on that both of programs and performance constitute independent systems with specific objectives and they represent two consecutive history stages of the budget development. In the United States of America, the definition of Performance budgeting was first mentioned in Hover's committee in 1949: "The whole Federal Government needs amendment, to be able to take into consideration the functions, the projects and the activities" referring to the performance budgeting.

The focus should be made upon the relative importance of the work that should be done and the service that should be performed more than the things that should be got. Such as: employees service, resources, equipment and so on. Such things are considered to be just a mean to achieve a goal; the most important is the work or the service to be performed and the cost of this work or service. (Ghanam, 2006). It has not been a long time till the establishment of a special committee in New York that used programs budgeting for purposes of developing the traditional budget. The committee indicated on its first report that its main focus will be based on the budgeting of the programs and activities that will be performed by the ministries and the government in general; expressing that with the expenditures to be made in the next year. Upon that, the programs budgeting creates the objectives and determines the responsibilities of execution on which basis the performance of what

has been achieved is being measured by the units. Consequently, the budget basically represents the next year. Therefore, both the concerned authorities and the people can judge the efficiency of the funds specified for the competitive programs which all represent the performance of the government (Shokry, 1990).

Based on what has been said, it's clear that both the performance budget and programs budget represent a unified compatible system that is difficult to look at as two separated budgets; performance budgeting focuses on outcomes measures. It depends on performance measuring rules in order to enhance administrative work by connecting costs to results according to performance indicators. As for programs budgeting, it links goals with programs, and clears out the mechanism that must be followed in order to reach your goals through making schedules and following them.

Regarding both of Programs and performance budgets, it is an interconnected system combining the two budgets that is classified into functions, programs, and activities in order to accomplish governmental goals. Thus, we can look at PPBB as the method that clears out the goals the country, the programs for accomplishing these goals, programs expenses, performance rates and quantity data that is necessary to measure activity performance to each program (Shawabekah, 2000).

3.3.5 Why PPBB?

The philosophy of PPBB is represented in the concept of spending more money in an efficient and effective way is better than committing to what is specified in an inefficient way. It handles the lack in line-item budgeting, but before discussing those sides, the researcher refers to the fact that the items estimations do not disappear when working with the PPBB, on the contrary it is considered irreplaceable especially in the operations of budgeting and implementation. For example, in order for the financial manager to make the supervision judgments on his budget, he should know exactly the channels which the budget is being made through and expenditures allocated for those items. Such concerns are within the duties of the financial manager throughout his supervision upon the budget performance, whereas the general budgeting authority main focus is made upon the more comprehensive issues which are related to determining objectives, priorities, and offering advice to the administration about improving the performance and the best way for budget allocation through the counted priorities which basically derived from the country's goals. Thus, the PPBB solves many shortages in the line-item budgeting among which (Shokry, 1990): -

- The line-item budgeting inability to measure the real performance of the government.
- Lack of clarity of the objectives to which the limits are being made.
- Lack of flexibility; in the execution regarding the line-item budgeting. We find that the credits are allocated to a predetermined items and it is hard to redirect those resources from an item to another as it needs to be done according to long and complicated procedures.

- Instead of rationalizing the expenditure, the line-item budgeting presses it, for it does not concern about the effectiveness and efficiency. It is mainly concerned with reducing the allocated credits of the items. Consequently, there is no link between the inputs and the outputs.
- Limiting the responsibility of the decision makers with the degree of commitment and the financial regulations without focusing upon the quality or the volume of the provided services.
- The inability to link the public budget with the development plan, as the line-items budget do not achieve the linking between the budget expenditure and the programs and activities which the expenditure is being made upon.

On the other hand, there are many other advantages offered by the PPBB, most importantly:

- **Planning:** planning refers to predicting of how things are going to be in the future and preparing for it. It is a basic function of both the government and its executive agencies. Besides, the PPBB gives a special attention to the planning process, for it determines the projects and the programs of the ministries and government departments for future years, including the expected expenditures for more than one year unlike the line-item budget which provides the expenditures of financial year and this mostly is not connected to a long-term planning.
- **Programs:** the PPBB concerns with clarifying the programs and projects to be executed by the main government department into sub-programs, then dividing the sub-programs into activities, after that making needed allocation to execute the main programs, the sub-programs and the activities in the general budget paper on its allocated pages. The allocations then are being distributed into the items of expenditures specified in the budget.
- **Analysis of the alternatives (Efficiency and Effectiveness):** The efficiency is known with the volume and the quality of the items and services (Outcomes) resulting from allocating a specific resources (Inputs). The effectiveness is known with the extent of achieving the outcomes (items and services) resulting to the objectives of the ministry and the effect caused by it. Among the fundamental bases that are focused upon by the PPBB is the determination of the alternative methods to achieve the general objectives for the government departments. After the analysis of the alternatives, an in-depth study comes to determine the costs and the earnings for each of them and the connected disadvantages upon the light of the comparison of the best alternative methods, the appropriate decisions.
- **Evaluation:** The evaluation of the government programs improves its execution process. Having reports about the process of workflow in the programs and the projects which still under implementation or which has been already implemented dispose the problems that face implementation, along with the weakness points in the plans, programs and projects. It also shows the changes which should be made to those programs and projects in order to facilitate the implementation process and achieve the desired objectives.

NGOs normally have been established to deliver services to local community. These services are highly visible, and their delivery is easy to measure. Making the implementation of performance based budget easy, it will serve both sides, the internal management and the donors, and even it will form unique base to measure the whole services presented by NGOs and government in Gaza Strip. In addition, it will establish new principles to assess the accountability within NGOs.

3.3.6 Underlying principles in Programs & Performance-Based Budgeting:

The development of general budgeting methods and objectives and the trend towards applying the PPBB were reasons to create a set of concepts and principles that should be followed to guarantee the objectivity of the implementation. Among the most important principles are (Alsayed, 2005):

- **The Principle of determining the objectives and reaching the possibilities:**

Refers to the necessity that each unit determines the objectives to be achieved, studies the availability of technical and economical possibilities and analyzes the conditions and the available potentials of the internal and external unit.

- **The principle of flexibility:**

The necessity of taking the principle of flexibility into consideration, throughout including the budget a great share of flexibility that allows it to face the new conditions which were not expected to happen at the time of preparation stage. In order for the budget not to be an objective per se or to be an obstacle in the way of the wise facing of the condition changes.

- **The principle of participation:**

Benefiting from the experience and acknowledging all the levels of responsibility in the administration when preparing the budget and when estimating the required needs to implement within the period.

- **The principle of realism:**

It means that the estimations should represent the reality, not to be hard to achieve.

- **The principle of comprehensiveness:**

I.e. the budget should cover all sides of the activity, all levels of responsibility and administrative levels and to represent all resources, uses, and activities.

- **The principle of predicting an upcoming period:**

Refers to preparing the budget's data about an upcoming period through predicting and correct estimating that is based upon sound scientific grounds.

- **The principle of temporal distribution:**

To connect the implementation time of operations and the distribution time throughout the budget period.

- **The principle of connecting between budget and organizational structure:**

I.e. when preparing and executing the estimations, they should be connected with the positions of responsibility within the unit.

- **The principle of distinguishing between the current and capital operations.**

It is a must to distinguish between the operations that could exploit the available power (current) and the operation that aim at expanding the power (capital).

- **The principle of expressing the budget within a fiscal image:**

This means that the initial estimations to be prepared represented by sample units for the purpose of quantitative measurement, then it is translated into a fiscal image.

- **The principle of performance evaluation:**

The budget becomes a work plan that is determined and prepared upon scientific foundations, and it is used as a standard of performance supervision and following up with execution.

- **The principle of Non-allocation of the revenues:**

Not to allocate a specific income to finance a specific program, but to determine the costs and revenues of each program and all goes together with the incomes of the budget.

- **The principle of disclosure:**

The budget detects the status of the expenditures and the incomes in a clear way that makes it easy to understand.

- **The principle of supervisory monitoring and performance adequacy:**

This means that after verifying the budget, it becomes an objective to which all the activity sides within the unit tend to. It indicates to the extent of which the actual results are being measured to identify the performance adequacy.

3.3.7 Features of PPBB system:

In order to achieve the goal of the system of PPBB, the system should include the following features: (Alsayed, 2005)

- Determining the objectives.
- Determining the structure of programs and activities.
- Determining the performance indicators and preparing a specific performance levels budget.
- Measuring the performance and making reports.
- Evaluating programs.

A- Objectives:

Determining general objectives of the ministry is one of the basic factors in the implementation of “PPBB” system.

The objectives of each program and the related activities as a whole represent the general targets of the ministry. Therefore, it can be said that if the objectives of each program were achieved as well as the related activities, the general targets of the ministry will be achieved.

At this point, a question can be raised: Why is it a must to determine the general targets of the ministry within the process of preparing the PPBB?

The answer for that can be included within the following points:

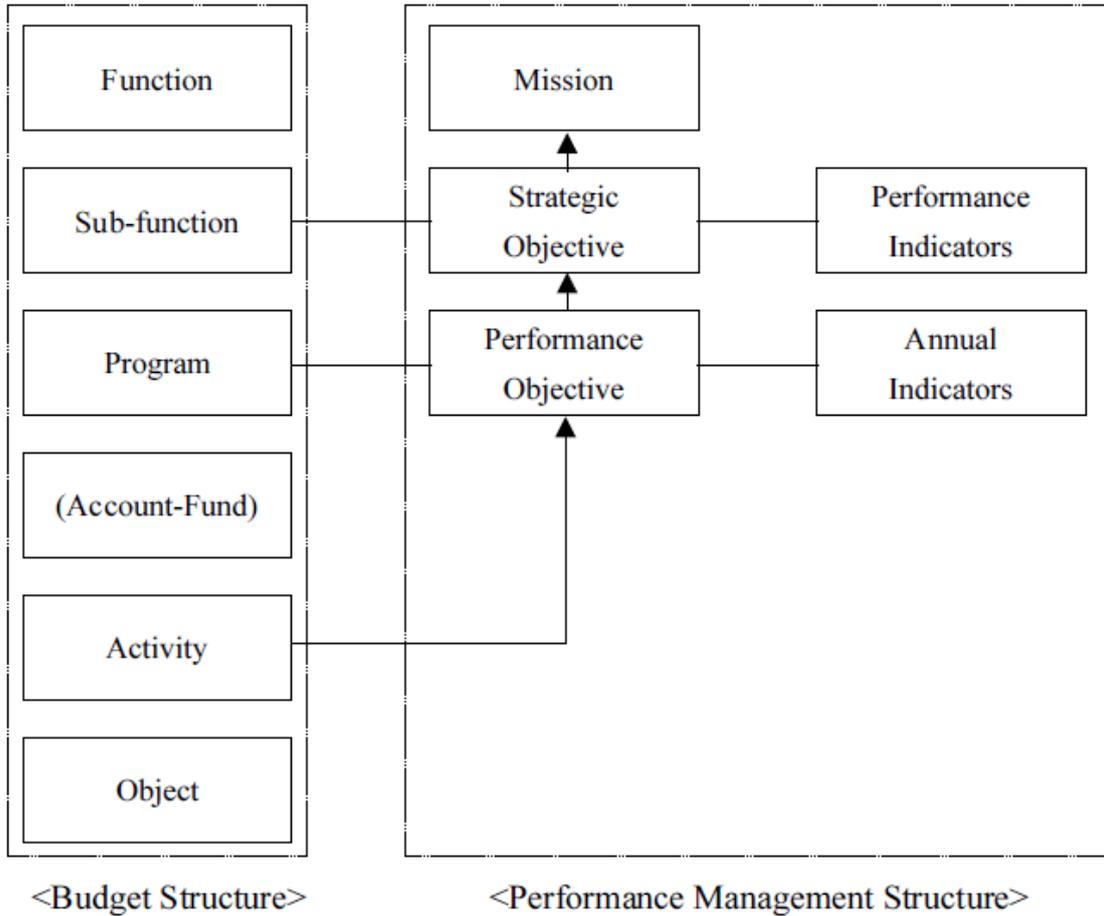
- Determining the objectives of the ministry on the basis of improving the program structure, where the resources allocation, is linked with the achievement of those objectives.
- The objectives are a mean to determine the trends and coordination of the ministry’s activities.
- Determination targets process allows having performance measuring; it is also a way to identify needed outputs in order to achieve these targets, as well as specifying performance indicators to measure outputs and making target's level.

B- Program Structure:

The program consists of a group of activities to apply the objectives or responsibilities of the ministry. The program can be a main and contains sub-programs. For example, if the objective was controlling pollution, some of the ministry's programs will be as the following:

- Controlling air pollution.
- Controlling rivers and seas pollution.

Figure (3.2): Program Structure Framework



Source: (Kim, 2010). “From Line-item to Program Budgeting”.

C- Activities Structure:

Considering the large volume of the programs and the difficulty of following up, programs are divided into sub-groups of activities, and back to our previous example, the activities of rivers and seas pollution control are divided into:

- Controlling seas pollution activity.
- Controlling rivers pollution activity and so these activities are also divided into sub-ones to ease connecting the performance with the resources.

D- Performance Indicators:

It is the connection between inputs and outputs achieved by the ministry or the governmental unit, for instance, what are the required resources to perform a traffic campaign for (8) hours and covers (10) squared kilometers? how many Arabic teachers are required from the Ministry of Education to teach 20.000 students? how many doctors are required from the Ministry of Health to give medical services for 50.000 patients a year?

We can summarize the benefits of preparing performance indicators and budget based on the objectives by the following:

- Performance indicators identify outputs and the results of each activity. It also allows the ministry to specify quantitative and qualitative objectives for outputs and their expected reaction in the fiscal year concerned. And so, we can monitor and observe achieving planned targets' level.
- Setting specific performance objectives with a realistic level gives motives to reach higher performance levels to achieve these objectives.
- Setting one obvious performance objective helps allocating resources based on the requested real value to achieve targeted results, which helps justifying required budget.
- Measuring the suitability based on performance suggested level and confirm it with the achieved performance level.

E- Performance Monitoring and Reporting:

Along with the system's ability to form a working structure for planning and making budgets, the system of "PPBB" gives the needed mechanism for performance monitoring through budget execution by comparing performance submitted objectives. Performance monitoring is a mean to adjust work progress and take the correction steps during execution by analyzing and reporting to the senior management to take action.

We can summarize the benefits of performance monitoring and reporting in the following:

- Performance monitoring is considered a mean to inform the decision makers periodically with the work progress in any activity if it is accomplishing the objectives set for. Based on that, the officers take the needed measures to correct any deviation come up of the plan to prevent it from happening again and adjust budget process if needed.
- Performance database in any year is the baseline for performance level and budget for the next year.

F- Programs Evaluation:

Program evaluation takes place periodically at the end of the financial year, the system requires the ministry to perform an evaluation for each main and subsidiary program or activity at least once every five years. The objectives of this procedure are:

- Evaluating the program and making decisions about expanding the program activities, reducing it or even cancelling on the light of any development that may come up, such as changing policies or nature of the case that is supposed to be handled with this program.
- Suggesting means to solve the case including customizing additional appropriate resources or issuing new policies.
- Specifying the needed measures to develop the program performance.
- Specifying program appropriateness to continue executing.
- Identifying how program outputs achieve the objectives.
- Assuring resources safety in order to execute the program and the possibility of finding less-expensive ways to achieve those objectives.

3.3.8 Stages of Applying PPBB (Alsayed, 2005):

A- Planning Stage:

This stage defines objectives the administrative unit expects them to be achieved during the financial year, whether those objectives are related to performing services, or accomplishing projects within the public service frame of the country. All of these objectives are measured by using measuring units that are appropriate for the concept of the service or the project itself.

This stage also takes actions in coordinating between operations performed by all the sections or units forming the administrative unit, where it works all together accomplishing set programs in order to achieve specified objectives, in addition to the coordination between the main sections specialized in performing the job that the administrative unit was found for, and the other assisting units performing administrative services for main activity sections.

B- Stage of Estimating the Costs of achievement:

This stage involves specifying measuring units that are compatible with the nature of the operations performed by each section of the activity sections. It also handles studying the means rates that ensure raising those rates. This helps enhancing service level and minimizing its costs and then we can reach estimated costs for each operation performed by activity units. In this stage, we also specify the costs of all the programs the administrative unit must accomplish within budget year and connect

cost elements with the multi operations each program consists of. Then we classify those expenses according to the items budget allocations consist of.

C- Reviewing Stage:

The review aims at studying the results that have been reached in the two previous stages. Those results are shown to the authorities specialized in budgeting to make sure that the set objectives for each administrative unit are compatible with the main objectives decided in the country main plan, review specified expenses for each program or project, and assure that any of the required allocations to execute all programs and projects are within the available financial resources limits during the fiscal year this budget was made for.

D- Following-up the Implementation Stage:

Depending on the studies in the previous three stages, the budget becomes as a schedule that defines the objectives of all the administrative system units, and it measures all these objectives in quantum. It also determines the responsibilities of each activity unit towards those objectives and what costs face them. After that the main budget data is considered a monitoring mean to accomplish specified objectives in the light of estimated costs. Therefore, periodic follow-up reports during the fiscal year depend on the same measuring units used in making the program. It has also same rates that have been used in determining achievement costs, which insure performance adjusting for each administrative unit with services of projects accomplishments estimated for.

Overall, the researcher finds that the stages of applying PPBB in its primary form does not look much different than any other budget types. It is basically built on planning, cost estimation, reviewing executing and following-up implementation. But the truth is, if we look deeper we would find it completely different, for PPBB concerns in specifying the program and its subs, which also includes a group of primary and sub-activities. And so, this need having some elements to apply this budget and guarantee its success.

3.3.9 PPBB Elements:

According to the previous characteristics and principles of budgeting, the success in this budget needs providing a range of fundamentals contains the following: (Alsayed, 2005)

A- The need to measure the strategic objectives for budgeting in the light of the organization's vision and mission according to the agreed priorities. The most important objectives for the governmental organizations are the satisfaction of the interactive public, beneficiaries and its employees. This satisfaction is measured by specially made survey lists measuring the extent of the public turnout, dealing with those organizations, trusting them with the people behind them and how it helped the society.

The strategic objectives of the organization, priorities and substantial objectives are determined, which must be able for quantity and qualitative measuring. It is called functional objectives branching out into other objectives connected to it.

- B- Specifying activities, functions and other necessary procedures in order to accomplish each objective according to the workers expectations and by their performance rates (Performance standards).
- C- Specifying schedules to perform each activity to achieve outputs, so that these schedules clarify how organization works and achieves its objectives, and what are the required procedures to perform each activity divided on the administrative units entrusted with this activity.
- D- Required inputs (Resources) human and material to accomplish each objective and perform each activity according to the schedules, and in the light of these resources, we can specify the performance and accomplish costs to achieve planned objectives.
- E- Specifying fiscal and non-fiscal performance standards and rates to measure the progress and actual achievement according to the schedules, so that we can measure the success the institution achieved towards its main objectives, which requires designing a sample for measuring performance includes measures of efficiency and effectiveness, achievement timing, quality and results. This requires the participation of workers to specify their expectations of their activities and tasks performance.
- F- Follow-up implementation and performance evaluation according to the schedule in the light of performance standards within the concept of performance budgeting represents (Specific Schedule), and to follow-up with this accomplishment, it takes measuring the actual performance and compares it with the performance standards as specified in the schedule to extract the differences or deviations and make correcting decisions (Feedback).
- G- Having a performance support system, which means the integration and overlap among the referred elements, to assure hiring the available resources, and avoid having any factors that might waste both given efforts and available resources.

3.3.10 Fundamentals of PPBB Tabulating:

PPBB tabulating in its concept depends on few fundamentals that contributes in objective's achievement and targets associated with this budgeting, where the following must be considered:

First: Functional Tabulation:

The process of budgeting tabulation takes a special role in preparing the general budgeting, as tabulation structure is considered the general frame where budget decisions are made through. This calls for the used tabulation to ease the process of making budgets and connect it with the governmental administrating objectives, and reflects what the government plans to execute with the available

resources, and to form a structure for administrative supervision which specify the extent of executing the scheduled work plan within the budget limits adopted by Legislative Authority (Ghanam, 2006).

In light of PPBB, the tabulation of budgeting is built on the functional base, i.e. gathering programs within major groups according to the public governmental objectives and main functions of the state, and then dividing those programs into activities handled by administrative units.

This type of budget tabulation is different from line-item budgeting tabulation type, for it depends on projects base and the action required from the administrative units of the state, and not a qualitative tabulation for the expenses; i.e. the items required to be purchased (Al-Shawabeke, 2000).

This tabulation helps identifying the items under the governmental expenses disregarding the responsible entity by restricting and gathering all the programs and activities handled by the governmental administrations in general, and adds it under the state main tasks.

Considering the value of this type of budget tabulation, we find that the committee of economic and social affairs of the United Nations had adopted the mentioned method, where a standard list was made for this tabulation as the following (Alsayed, 2005):

A- Public Services:

- Management of the government apparatus.
- Defense.
- Security.

B- Local Services:

- Roads and waterways.
- Fire, water and hygiene.
- Other services.

C- Social Services:

- Education.
- Health.
- Social insurance and wellbeing services.
- Other services.

D- Economic services:

- Agriculture and natural resources.
- Industry and construction.
- Energy and electricity.
- Transport, storage and specifications.

E- Non-classified expenses:

- Interest over public debt.
- Subsidies that weren't included in another section.
- Funding for local government.
- External subsidies and funding.

Based on the foregoing, we can distinguish the differences between functional tabulation based on the tasks' type or functions performed by country such as Health, Teaching, Security, and Industry ...etc, and administrative unit tabulation.

For example, health function according to functional tabulation equals all of country's expenses in Health field, including funds allocated to the Ministry of Health and other expenses from other departments spent as health services for its associated members.

This tabulation is considered very useful especially in the developing countries which do not have the organizational structure settled yet – with having a complete clarified image of functional disregarding administrative units, as Ghanam mentions Palestine as example where there were a Ministry of Culture and another one for Information and both are independent ministries. Both ministries were merged after a ministerial decision and became the Ministry of Culture and Information, and then a decision came from the Legislative Council to form " Higher Media Council" which concludes culture, Information, WFA agency, State Information Service, and National Committee for Education, Culture and Science. (Ghanam, 2006)

It is clear that tabulation on functional base helps specifying job cost regardless of organizational structure changes for the administrative unit, it is also considered helpful with timing comparison and analyzing governmental activities over time.

Secondary: Economic Tabulation:

This tabulation is built on the concept of tabulating country operations according to its nature to current and capital. The economic tabulation helps the levels that handle determining high-level policies while planning programs, without the executive levels are usually concerned with preparation and implementation of programs (Alsayed, 2005).

Third: Programs Tabulation:

The program is identified with that part of the job that leads to producing a final product or service (According to the unit activity or purpose of establishment) (Ghanam, 2006).

This tabulation is considered the connection link between tasks and public functions performed by the government and the activities which reflects the work plan according to the entities of implementation. As for complicated programs that are difficult to measure its final revenue, it is divided into sub-programs which may help specifying a final return for each sub-program separately.

The program is considered a major fulcrum in PPBB, where it represents the highest levels of dividing the work performed by the governmental unit It is also considered at the same time an important subdivision for the job; i.e. it is considered an essential part of the annual work plan in any specific functional area. It is

considered, as well, the logical unit based on spending allocation while making budget.

Budget is a work plan, and the program that the government work is willing to perform in order to produce a final specific product that contributes achieving a particular objective through authorizing "program" executing into a specific administrative unit within the organizational structure of the state. And on the contrary, the program is linked to the organizational structure, for function's expenses are all the expenses spent in order to Therefore, PPBB cannot dispense administrative tabulation, which is according to the ministries and departments, forms the organizational structure of the state (Al-Shawabkeh,2000).

Therefore, the best way to display tabulation according to the main functions of the state is in a summary form at the beginning of the budgeting, which clarifies the tributes of each program in achieving the main target of this function, disregarding the program's position in the organizational structure. And the sum of any function's cost equals the sum of what's spent on this function, disregarding the ministries and departments spent it, i.e. functional tabulation penetrates the limits of ministries and administrative units (Ghanam, 2006).

In addition, it is considered while tabulating programs, rating expenses into current and capital programs, where the capital expenses are treated as individual programs, for adding capital expenses on a program in a year makes the comparison between these years useless in case of adding only current expenses on the program in another year. For example, adding the expenses of building a school to the expenses of running an educational program makes the expense of the student in that year invalid to compare it with a student's expense in the next year. Also we have another benefit of separating capital expenses in the shape of independent programs, represented in the possibility of studying the capital program in the light of the priority principles within the frame of overall plan (Ghanam, 2006).

Therefore, the programs tabulation according to what has been mentioned is very significant, as it connects between the financial needs and the results or the final work that is being achieved, which makes the process of preparing the budget easier within the light of short and long term objectives and makes the supervision process more accurate.

Fourth: Tabulation of Activities and Projects: (Performance Tabulation)

Activity means: the set of similar works underlying a program. This contributes to create the final product of this program. The activity represents an aggregation of some similar operations and duties done by the individuals in the first levels of the work.

This tabulation benefits the purposes of supervision as these activities represent the first base of comparing the work that has already been done with the work that is required to be executed (Ghanam, 2006).

Within this tabulation, the cost of the detailed activities and the achievements are being measured for the advancement of the execution operation where the programs are being divided into two types:

- A. Current Programs: refers to the production and the current services and requires a set of activities within the execution.
- B. Capitalized Programs: refers to the production and the capitalized services and requires a set of projects within the execution.

Some distinguish between the activity and the project, as the activity is part of the ongoing project, whereas the project is part of the investment program.

The function penetrates the bounds of the organizational structure, for the activity is considered part of the total exerted effort within the program's range as the effort that contributes with producing a final product of the program is linked with a high administrative unit, whereas the activity is linked with an exclusive, administrative unit inside the government unit. The activity is considered the focus point of the administration, as the possibility of measuring the work burden of the activity according to standard criteria related to the activity itself is one of the activity's Specifications. Those standards help the administration with the judgment of the efficiency of the work in the exclusive administration, for the activity constitutes the framework of which the performance is being measured and its costs are being estimated upon the cost of performance unit (Ghanam, 2006).

The activities underlying the programs are determined according to the study of the execution stages within the program, and analyzing this program within its minimum level. Thus, the determination of outputs of each level of achievement and the determination of the needed performance measuring units till the position of responsibility and cost (Alshawabka, 2000).

Fifth, Tabulation according to expenditure items:

This tabulation enables to determine the total expenditure of the government or the administrative units on the working power, salaries, wages, etc. (And the ongoing expenditures). This could help preparing the estimations of the budget from the different expenditure components and supervising it when making the expenditures, consequently the focus is being made upon items has been already purchased or wages has been already paid which helps applying a unified system for the counting includes all the government departments in spite of the differences of their functions, activities and objectives. This tabulation is considered as the last stage in the stages PPBB tabulation to benefit of what achieved of the financial supervision upon the items of government expenditure (Alsayed, 2005).

3.3.11 Identifying Performance Indicators:

The performance indicators can be defined as: a set of standards through which, the extent of effectiveness, efficiency, productivity, and quality of ministries and departments can be identified within their various activity range (Alsayed, 2005).

The Performance Indicators are divided into (Alsayed, 2005):

- 1) Effectiveness Indicators.
- 2) Efficiency Indicators.
- 3) Production Indicators.
- 4) Quality Indicators.

1) Effectiveness Indicators:

Those indicators represent the extent of achieving the objectives which the government organization seeks to reach, especially through the final result perspective.

The method of applying those indicators within any of the ministries, such as: the ministry of education for instance; can be highlighted as follows:

- **The Percentage of Success:** It measures the extent of the ministry's success in achieving the official objectives of the ministry.
- **The Percentage of Illiteracy:** It measures the percentage of the uneducated individuals of the country.
- **The Percentage of the Total effectiveness:** It measures the extent of the ministries success to follow up the evaluation of the education process of all stages for a specific class.

2) Efficiency Indicators:

Represented by the percentage of available resources (Production Elements) of the organization measured with the costs to the performance units or the specified achievement, it also expresses the total or partial cost of the provided service.

Among the applications of those indicators in the Ministry of Health, for instance, are the following:

- **Total Efficiency Indicator:** Explains the efficiency of the ministry in rationalization of expenditure upon the recipients of the Health, Therapeutic, and Preventive services.

- **The Percentage of Family's Works:** This indicator represents the extent of the ministry's efficiency to exploit the available power from the families.
- **The Case's Average Cost of Medicine:** It measures the extent of rationalizing the expenditure of the drugs used on the treatments of patients at a high treatment level.

3) Production Indicators:

It is represented by the percentage of the outputs to the resources, or the inputs which used to achieve it. It "expresses the well use of the available resources of the organization".

Among the applications of those indicators in the Ministry of Commerce, for instance, are the following:

- **The Total Production of the Ministry:** This indicator measures the number of transactions which can be achieved through the available budget of the ministry.
- **The Partial Production of the Sector:** It measures the number of transactions which can be achieved by the sector through the available budget of the sector.
- **The Partial Production of the Work Factor:** Measures the extent of contribution of the salaries and the advantages in kind for the workers in the transactions achievements which done by the ministry.

4) Quality Indicators:

Represented by the performed services (specification of quality) or by the organization final results. From the perspective of: Satisfying the service recipients.

Among the applications of those indicators in the Ministry of Electricity and Water, for instance, are the following:

- **The Average of Modernization and Development:** Reflects the extent of updating the operations of modernization into projects, devices and equipments of the ministry with the newest techniques in the scope of generation of electricity and water.
- **The Density of Providing the Service in the Centers of providing Service to People:** This indicator is used to measure the evaluation degree of providing the service in all centers that deals with people within the various sections of the ministry.
- **The Average of Malfunctions in Transport Networks:** Measures the average of the crashes in the transport networks into the sum of all transport networks.

CHAPTER “4”

RESEARCH METHODOLOGY

4.1 Introduction

4.2 Research method

4.3 Research population

4.4 The questionnaire design

4.5 Pilot study

4.6 Test of normality for each field

4.7 Statistical analysis tools

4.8 Validity of questionnaire

4.1 Introduction

This chapter presents the methodology of the study including research methodology, research population, the questionnaire that was used in the study and the way it was designed, pilot study, data collection, and data analysis techniques.

4.2 Research method:

The study is a descriptive analytical one since it will best achieve the objective of the research.

This study was designed and based on two main sources: secondary data, primary data.

The secondary data: collected from researches and studies, annual/periodic report, budget document, World Bank documents and IMF publication. These secondary sources of information were mainly used to support the primary data.

The Primary data: The structured questionnaire is the tool for primary data collection. The selection of organizations based on the size and functions of the organizations as it will be clarified in the research population.

4.3 Research population

The research targeting the large and active NGOs working in Gaza strip which employ at least 10 persons as full-time employees. The selection criteria for the NGOs are:

- Palestinian Non-governmental organization – International NGOs will be excluded.
- Organization that employs 10 persons as a full-time employees.
- Non-profit companies are excluded.
- Unions of professionals are excluded.

The previous criteria is to assure that the study selects the most active NGOs in Gaza strip and these organizations were expected to have programs and their budgets are developed systematically.

According to UNSCO Directory of Non-Governmental Organizations in the Gaza Strip (2007), the total number of NGOs which employs at least 10 persons as full-time employees, equal 98 organizations'. The researcher used UNSCO directory to determine the names and locations of the organizations. The researcher contacted the 98 organizations where every organization filled only one questionnaire and the questionnaire filled by one of the key persons in the organization. 76 (77.6%) of organizations had submitted their questionnaires.

4.4 The Questionnaire Design

The questionnaire was designed in Arabic to make it more understandable. An English version and Arabic version were attached in (Annex 1 and 2 respectively). Unnecessary personal data, complex and duplicated questions were avoided. The questionnaire was provided with a covering letter which explained the purpose of the study, the way of responding, the aim of the research and the confidentiality of the information in order to encourage respondents, in addition to a short paragraphs about PPBB and line-item budget.

A structured questionnaire was specially designed for the study and it consisted of three main sections:

- The first section was general information about the organization.
- The Second section was general information about the respondent.
- The third section was about Performance & Programs based budgeting that consists the following sub-sections:
 - Organization Medium term planning.
 - Budget preparation and process (Program based budget)
 - Performance Budget.
 - NGOs Funding.

4.5 Pilot Study

A pilot study for the questionnaire was conducted before collecting the results of the sample. It provides a trial run for the questionnaire, which involves testing the wordings of question, identifying ambiguous questions, testing the techniques that used to collect data, and measuring the effectiveness of standard invitation to respondents, a group of academic experts and professionals participates in this step, and a list of their names was attached in (Annex 3).

4.6 Test of Normality for each field:

Table (4.1) shows the results for Kolmogorov-Smirnov test of normality. From Table (4.1), the p-value for each field is greater than 0.05 level of significance, then the distribution for each field is normally distributed. Consequently, parametric tests will be used to perform the statistical data analysis. Person-Organization Fit

Table (4.1): Kolmogorov-Smirnov test

Field	Kolmogorov-Smirnov	
	Statistic	P-value
Budget preparation and process (Program based budget)	1.084	0.190
Performance Budget	0.655	0.784
Funding	0.523	0.948

4.7 Statistical analysis Tools

The researcher would use data analysis both qualitative and quantitative data analysis methods. The Data analysis will be made utilizing Statistical Package for the Social Sciences (SPSS). The researcher would utilize the following statistical tools:

- 1) Kolmogorov-Smirnov test of normality.
- 2) Pearson correlation coefficient for Validity.
- 3) Cronbach's Alpha for Reliability Statistics.
- 4) Frequency and Descriptive analysis.
- 5) Parametric Tests (One-sample T test, Independent Samples T-test, Analysis of Variance).

T-test is used to determine if the mean of a paragraph is significantly different from a hypothesized value 2 or 3 (Middle value of Likert scale). If the P-value (Sig.) is smaller than or equal to the level of significance, $\alpha = 0.05$, then the mean of a paragraph is significantly different from a hypothesized value 2 or 3. The sign of the Test value indicates whether the mean is significantly greater or smaller than hypothesized value 2 or 3. On the other hand, if the P-value (Sig.) is greater than the level of significance $\alpha = 0.05$, then the mean a paragraph is insignificantly different from a hypothesized value 2 or 3 (Polit & Hunger, 1985).

4.8 Validity of Questionnaire

Validity refers to the degree to which an instrument measures what it is supposed to be measuring. Validity has a number of different aspects and assessment approaches. Statistical validity is used to evaluate instrument validity, which include internal validity.

4.8.1 Internal Validity

Internal validity of the questionnaire is the first statistical test that used to test the validity of the questionnaire. It is measured by a scouting sample, which consisted of 30 questionnaires through measuring the correlation coefficients between each paragraph in one field and the whole field.

Table (4.2) clarifies the correlation coefficient for each paragraph of the “Budget preparation and process (Program based budget)” and the total of the field. The p-values (Sig.) are less than 0.05, so the correlation coefficients of this field are significant at $\alpha = 0.05$, so it can be said that the paragraphs of this field are consistent and valid to be measure what it was set for.

Table (4.2): Correlation coefficient of each paragraph of “Budget preparation and process (Program based budget)” and the total of this field

No.	Paragraph	Pearson Correlation Coefficient	P-Value (Sig.)
1.	Your organization have a budget committee	.618	0.000*
2.	Your organization prepares one yearly budget for all programs	.790	0.000*
3.	All programs participates in budget preparation	.732	0.000*
4.	Each program has clear polices, goals, outcomes, outputs	.589	0.001*
5.	Your organization prepares separate budget for each program	.594	0.001*
6.	Do you think that budget request of program bodies strictly correspond to their programs?	.726	0.000*
7.	Programs are prioritized according to organization policies and objectives?	.690	0.000*
8.	Do program bodies have appropriate standards to prepare their budgets?	.689	0.000*
9.	Do program bodies have appropriate unit costs to prepare budgets?	.557	0.001*
10.	Do you think that the number of professionals (budget officers) in your organizations institutions is sufficient?	.486	0.006*
11.	Are there communication problems with program bodies to prepare budget ceiling	.410	0.024*
12.	Is Medium term budget planning submitted annually to BoDs for approval?	.459	0.014*

* Correlation is significant at the 0.05 level

Table (4.3) clarifies the correlation coefficient for each paragraph of the “Performance Budget” and the total of the field. The p-values (Sig.) are less than 0.05, so the correlation coefficients of this field are significant at $\alpha = 0.05$, so it can be said that the paragraphs of this field are consistent and valid to be measure what it was set for.

Table (4.3): Correlation coefficient of each paragraph of “Performance Budget” and the total of this field

No.	Paragraph	Pearson Correlation Coefficient	P-Value (Sig.)
1.	When preparing the budget, the Outcomes and outputs are determined for programs	.810	0.000*
2.	The outcome or the result of service delivery is shown in the prepared budget	.828	0.000*
3.	The cost per unit output or outcome is measured and periodically compared to determine the efficiency of organization	.724	0.000*
4.	Different tools are being used to measure BNFs 7 satisfaction. (Surveys, meetings, FGD,...)	.365	0.047*
5.	Performance indicators are identified and measured during budget implementation	.703	0.000*
6.	The organization compares its performance level with prior years	.759	0.000*
7.	The organization compares its performance level with other like-minded organizations	.740	0.000*
8.	Non-financial information is being included when budget prepared and implemented	.621	0.000*

* Correlation is significant at the 0.05 level

Table (4.4) clarifies the correlation coefficient for each paragraph of the “Funding” and the total of the field. The p-values (Sig.) are less than 0.05, so the correlation coefficients of this field are significant at $\alpha = 0.05$, so it can be said that the paragraphs of this field are consistent and valid to be measure what it was set for.

Table (4.4): Correlation coefficient of each paragraph of “Funding” and the total of this field

No.	Paragraph	Pearson Correlation Coefficient	P-Value (Sig.)
1.	Projects preparation is based on the organizations and program goals and desires not the donors agenda	.511	0.004*
2.	Does your organization have a plan to increase self-reliance instead of external funds	.676	0.000*
3.	The Organization has funding strategy to secure funds for its programs?	.748	0.000*
4.	The organization has diversification of funding and its work is credited by donors?	.599	0.001*
5.	Do you think that the organization is financially sustainable..?	.714	0.000*

* Correlation is significant at the 0.05 level

4.8.2 Reliability of the Research

The reliability of an instrument is the degree of consistency which measures the attribute; it is supposed to be measuring (Polit & Hunger, 1985). The less variation an instrument produces in repeated measurements of an attribute, the higher its reliability. Reliability can be equated with the stability, consistency, or dependability of a measuring tool. The test is repeated to the same sample of people on two occasions and then compares the scores obtained by computing a reliability coefficient (Polit & Hunger, 1985).

4.8.3 Cronbach’s Coefficient Alpha

This method is used to measure the reliability of the questionnaire between each field and the mean of the whole fields of the questionnaire. The normal range of Cronbach’s coefficient alpha value between 0.0 and + 1.0, and the higher values reflects a higher degree of internal consistency. The Cronbach’s coefficient alpha was calculated for each field of the questionnaire.

Table (4.5) shows the values of Cronbach's Alpha for each field of the questionnaire. The values of Cronbach's Alpha were in the range from 0.762 and 0.856. This range is considered high; the result ensures the reliability of each field of the questionnaire.

Table (4.5): Cronbach's Alpha for each filed of the questionnaire

No.	Field	Cronbach's Alpha
1.	Budget preparation and process (Program based budget)	0.762
2.	Performance Budget	0.801
3.	Funding	0.856

The Thereby, it can be said that the researcher proved that the questionnaire was valid, reliable, and ready for distribution for the population sample.

CHAPTER “5”

DATA ANALYSIS AND DISCUSSION

5.1 Introduction

5.2 Part 0: Organization Information

5.3 Part 0 : Respondent Information

5.4 Part 0 : Organization medium term planning

5.5 Part 3 : Budget preparation and process

5.6 Part 4: Performance budget

5.7 Part 5: Funding

5.8 Research hypotheses

5.1 Introduction

The aim of this chapter is to analyze the empirical data which were collected through the questionnaire in order to provide a real picture about to what extent NGOs in Gaza strip applying Performance & Programs based budget. This chapter includes the hypothesis Testing.

5.2 Part 0: Organization Information

a) Organization age

Table no (5.1) show that 64.5% of the research population has more than 20 years' experience which is clearly indicate that we are targeting a large organizations.

Table (5.1): Organization age

Organization age	Frequency	Percent
From 10 to less than 20 years	27	35.5
20 years and above.	49	64.5
Total	76	100.0

b) The work sector of the organization

Table No. (5.2) shows that 40.8% of the population are working in "Social Development " sector , 40.8 % working in "Women and Child" sector, 35.5% of the population are working in " Democracy and Human Rights " sector , 34.2% of the population are working in " Health & Rehabilitation " sector , 32.9 % of the population are working in " Social services and Relief "and " Education & Training" sectors , 31.6% of the population are working in " Economic Development", 25% of the population are working in " Agriculture and Environment " sector . This shows that the research population was representative for most NGOs population work sectors.

Table (5.2): The work sector of the organization

The work sector of the organization	Frequency	Percent
Agriculture & Environment	19	25.0
Culture and Sports	10	13.2
Economic Development	24	31.6
Democracy and Human Rights	27	35.5
Education & Training	25	32.9
Health & Rehabilitation	26	34.2
Social Development	31	40.8
Social Services & Relief	25	32.9
Women & Child	31	40.8
Others	3	3.9

c) Geographical Location covered by the NGO

Table No.(5.3) shows that 90.8% of the population are working in Gaza City, 78.9% of the population are working in Khanyounis governorate, 76.3%, 76.3% 71.1%, are working in North governorate, Rafah governorate, and Middle area respectively. These results are consistent with that most of the large NGOs are working and concentrated in Gaza city.

Table (5.3): Geographical Location covered by the NGO

Geographical Location covered by the NGO	Frequency	Percent
North Gaza	58	76.3
Gaza city	69	90.8
Middle area	54	71.1
Khanyounis	60	78.9
Rafah	58	76.3

d) No. of employees in the organization

Table No.(5.4) shows that 14.5% of the population have " from 10 to 20 "employees , 27.6% of the population have"21 – Less than 41" employees, 27.6% of the population have" 41 – Less than 71 " employees and 30.3% of the population have more than 70 employees. These results consistent with the selection criteria that were set up by this research.

Table (5.4):No. of employees in the organization

No. of employees in the organization	Frequency	Percent
10 to 20	11	14.5
21 to 40	21	27.6
41 to 70	21	27.6
Above 70	23	30.3
Total	76	100.0

e) The average annual budget of the organization

Table No. (5.5) show that 2.6 % of the respondents have the average annual budget is less than \$100,000, and 19.7% of the respondents the average annual budget is range from \$100,000 – Less than \$501,000 , and 31.6% of the respondents the Average annual budget range from \$501,000 – Less than or equal \$1,000,000 and 46.1% of the respondents have the average annual budget is one million or higher. The results show that 77.8% of the research population have average annual budget of more than \$500,000. The high budget level within the targeted NGOs could be justified by the high experience and the high confidence of donor to support such NGOs.

Table (5.5): The average annual budget of the organization

The average annual budget of the organization	Frequency	Percent
< \$100,000	2	2.6
\$ 100,000 to \$500,000	15	19.7
\$ 501,000 to \$1,000,000	24	31.6
> \$ 1,000,000	35	46.1
Total	76	100.0

f) Does your organization have structure “organigram”

Table No.(5.6) shows that all the population have an organizational structure.

Table (5.6): Does your organization have structure “organigram”

Does your organization have structure	Frequency	Percent
Yes	76	100.0
Total	76	100.0

g) To which extends its applied on your organization?

Table No.(5.7) shows that 56.6% of the population are totally applying the organization organigram and 43.4% the organigram in their organization is applied to some extent.

Table (5.7): To which extends its applied on your organization?

To which extends its applied on your organization?	Frequency	Percent
Totally	43	56.6
to some extend	33	43.4
Total	76	100.0

5.3 Part 1: Respondent information

a) Position of the respondent

Table No.(5.8) shows that 34.2% of the population are " Financial Manager ", 23.7% of the population are " Program Manager ", 14.5% of the population are " Office Managers ".

Table (5.8): Position of the respondent

Position of the respondent	Frequency	Percent
Office Manager	11	14.5
Program Manager	18	23.7
Project Manager	10	13.2
Financial Manager	26	34.2
Treasury	2	2.6
Otherwise	9	11.8
Total	76	100.0

b) Experience in years

Table No.(5.9) shows that 14.5% of the population have experience " Less than or equal 5 years" , 22.4% of the population have experience "From 6 to 10 years", 14.5% of the population have experience "Above 20 years" and 47.7% of the population have experience " From 11 to 20 years " . This clearly shows that most of the respondents have long experience in their work.

Table (5.9): Experience in years

Experience in years	Frequency	Percent
<= 5 yrs	11	14.5
6 to 10 yrs	17	22.4
11 to 20 yrs	37	48.7
Above 20 yrs	11	14.5
Total	76	100.0

These results match with the results of Ghalayini study (2007) which showed that 65.6% of the research population has over 10 years of experience, and with the results of El- Ashqer study (2006) which showed that 46.8% of the research population has over 10 years of experience.

c) Educational Qualifications

Table No.(5.10) shows that 80.3% of the population are " Bachelor degree" holders and 11.8% of the population are "Master degree " holders. This reflects the high level of education that the respondents have which reflects on their skills and abilities in developing and implementing PPBB, and dealing with questionnaire sections.

Table (5.10): Educational Qualifications

Educational Qualifications	Frequency	Percent
Diploma	3	3.9
Bachelor	61	80.3
Master	9	11.8
PhD	2	2.6
Otherwise	1	1.3
Total	76	100.0

These results match with the results of Ghalayini study (2007) which showed that 91.8% of the research population has a bachelor degree or higher, and with the results of El-Ashqer study (2006) which showed that 81.6% of the research population has a bachelor degree or higher.

5.4 Part 2: Organization Medium term planning

a) Does your organization have strategic plan

Table No. (5.11) shows that the entire population have a strategic plan. These results match the selection criteria that were set up by this research as the researcher assumed that having a strategic plan will be a pre-requirement for the implementation of PPBB.

Table (5.11): Does your organization have strategic plan

Does your organization have strategic plan	Frequency	Percent
Yes	76	100.0
Total	76	100.0

These results match with the results of El- Ashqer study (2006) which showed that 86.1% of research population prepares strategic plans.

While these result does not match with the results of Abu Nada Study (2006) which indicated that the majority (97.3%) of the research population from the non-profit organizations in the Gaza Strip do not have formal strategic plans, and only 2.7% from the nonprofit organizations have formal strategic plans.

b) What is the period of the SP?

Table No.(5.12) shows that 75% have a three years strategic plan while 25% of the population have a five years strategic plan.

Table (5.12): what is the period of the SP?

What is the period of the SP?	Frequency	Percent
3 yrs	57	75.0
5 yrs	19	25.0
Total	76	100.0

These results match with the results of Helles study (2005) which showed that most of NGOs in Gaza strip preparing 3 years plans.

c) Are you familiar with organization policies and financial planning?

Table No. (5.13) shows that 75% of the population are familiar with organizations polices and financial planning, 23.7% are partially familiar and only 1.3% are not familiar with organization polices and financial planning.

Table (5.13): Are you familiar with organization policies and financial planning?

Are you familiar with organization policies and financial planning?	Frequency	Percent
Yes	57	75.0
Partially	18	23.7
No	1	1.3
Total	76	100.0

d) Organization policies (Strategic plan) and financial planning processes are

Table No.(5.14) shows that 60.5% of the population linking their organization polices to annual budget, 35.5% partially linking organization polices into budget and only 3.9% no linking between organization polices and budget.

Table (5.14): Organization policies (Strategic plan) and financial planning processes are

Organization policies (Strategic plan) and financial planning processes are	Frequency	Percent
Systematically linked to annual budget	46	60.5
Partially linked to annual budget	27	35.5
No systematical linkage between organization polices, fiscal planning and annual budget	3	3.9
If any others please specify	-	-
Total	76	100.0

e) Are organization policies accessible and clearly articulated in each program?

Table No.(5.15) shows that 61.8% of the respondents indicated that the organization polices are accessible and clearly articulated in each program, 36.8% of the respondents indicates that it is partially accessible and articulated in each program and only 1.3% indicated that there no accessibility to the polices.

Table (5.15): Are organization policies accessible and clearly articulated in each program?

Are organization policies accessible and clearly articulated in each program?	Frequency	Percent
Yes	47	61.8
Partially	28	36.8
No	1	1.3
Total	76	100.0

f) To which extend political situation affects the medium term planning of the organization?

Table No. (5.16) shows that 10.5% of the respondents indicated that the political situation highly affect the medium term planning, 64.5% of the respondents indicates that political situation affect the medium term planning, 19.7% of the respondents indicates that political situation affect the medium term planning moderately and only 5.2% indicated that the political situation not or less affecting the medium term planning for the organization.

This shows that 94.7% of the respondent indicated that the political situation affecting their medium term planning.

Table (5.16): To which extend political situation affects the medium term planning of the organization?

To which extend political situation affects the medium term planning of the organization?	Frequency	Percent
Very great	8	10.5
Great	49	64.5
Moderate	15	19.7
Less	2	2.6
No	2	2.6
Total	76	100.0

5.5 Part 3: Budget preparation and process (Program based budget)

Table (5.17) shows the following results:

- The mean of paragraph #7 “Programs are prioritized according to organization policies and objectives?” equals 2.79 (92.98), Test-value = 16.77, and P-value = 0.000 which is smaller than the level of significance $\alpha = 0.05$. The sign of the test is positive, so the mean of this paragraph is significantly greater than the hypothesized value 2. We conclude that the respondents agreed to this paragraph.
- The mean of paragraph #11 “Are there communication problems with program bodies to prepare budget ceiling” equals 1.41 (46.93), Test-value = -4.97, and P-value = 0.000 which is smaller than the level of significance $\alpha = 0.05$. The sign of the test is negative, so the mean of this paragraph is significantly smaller than the hypothesized value 2. We conclude that the respondents disagree to this paragraph.
- The mean of the field “Budget preparation and process (Program based budget)” equals 2.52 (83.95), Test-value = 15.85, and P-value=0.000 which is smaller than the level of significance $\alpha = 0.05$. The sign of the test is positive, so the mean of this field is significantly greater than the hypothesized value 2. It might be concluded that the respondents agreed to field of “Budget preparation and process (Program based budget)”.

The results indicated that most of the big NGOs in Gaza strip using program based budget in their work, and there is a link between organization strategic plan “Goals, polices” and the budgeting process.

These results are inconsistent with El-Gudali (2005) study that indicated that there is weak in forming budget committee in NGOs and there is a weakness in involving all programs in budget preparation, also about circulating instructions for participants about budget preparation process.

At the state level, where MTEF or PBBP is originally used, NEGERA (2005) in his study about Ethiopia indicated that budget is highly an input oriented rather than a performance oriented system. There is no unit cost and standardization of activities to estimate operational and project costs. On the basis of the empirical finding, the linkage between medium term fiscal framework, poverty reduction program and sector development program is inadequate. The linkage between government budget and macroeconomic policy is also inadequate. Therefore, in order to improve budget allocation in the public sector, it calls further reform, which considers policy review process, development priority, performance based activities and efficient resource allocation at all levels of public expenditure management.

Table (5.17): Means and Test values for “Budget preparation and process (Program based budget)”

	Item	Mean	Proportional mean (%)	P-value (Sig.)	Rank
1.	Your organization have a budget committee	2.74	91.23	0.000*	2
2.	Your organization prepares one yearly budget for all programs	2.63	87.72	0.000*	6
3.	All programs participates in budget preparation	2.64	88.16	0.000*	5
4.	Each program has clear polices, goals, outcomes, outputs	2.72	90.79	0.000*	3
5.	Your organization prepares separate budget for each program	2.46	82.02	0.000*	10
6.	Do you think that budget request of program bodies strictly correspond to their programs?	2.55	85.09	0.000*	8
7.	Programs are prioritized according to organization policies and objectives?	2.79	92.98	0.000*	1
8.	Do program bodies have appropriate standards to prepare their budgets?	2.61	86.84	0.000*	7
9.	Do program bodies have appropriate unit costs to prepare budgets?	2.53	84.21	0.000*	9
10.	Do you think that the number of professionals (budget officers) in your organizations institutions is sufficient?	2.26	75.44	0.002*	11
11.	Are there communication problems with program bodies to prepare budget ceiling	1.41	46.93	0.000*	12
12.	Is Medium term budget planning submitted annually to BoDs for approval?	2.70	89.91	0.000*	4
	All paragraphs of the filed	2.52	83.95	0.000*	

* The mean is significantly different from 2

a) If budget request of program bodies doesn't strictly correspond to their programs, what are the major reasons? (Tick appropriately)

Table No. (5.18) shows that 54.3% of the respondents indicated that Lack of training is the reason that budget request of program bodies doesn't strictly correspond to their programs, 40.0% of the respondents indicated that lack of skilled manpower is the reason that budget request of program bodies doesn't strictly correspond to their programs and 25.7% of the respondents of the respondents indicated that low attention by the program manager is the reason that budget request of program bodies doesn't strictly correspond to their programs.

Table (5.18): If budget request of program bodies doesn't strictly correspond to their programs, what are the major reasons? (Tick appropriately)

If budget request of program bodies doesn't strictly correspond to their programs, what are the major reasons? (Tick appropriately)	Frequency	Percent
Lack of skilled manpower	28	40.0
Low attention by head of program body	18	25.7
Lack of training	38	54.3
If any others	6	8.6

b) How much time is available to the program bodies to prepare their budget?

Table No. (5.19) shows that 39.5% of the respondents indicated that the time available to programs to prepare their budget is between 1 to 2 months, 26.3% of the respondents indicates that the time available to programs to prepare their budget is between 15 to 30 days also 26.3% of the respondents indicates that the time available to the programs to prepare their budget is more than 2 months.

Table (5.19): How much time is available to the program bodies to prepare their budget?

How much time is available to the program bodies to prepare their budget?	Frequency	Percent
15- 30 days	20	26.3
1- 2 months	30	39.5
More than 2 months	20	26.3
If any others	6	7.9
Total	76	100.0

c) Does financial management consult programs before finalization budget?

Table No. (5.20) shows that 88.2% of the respondents indicated that the financial management consult programs before finalizing the budget, 9.2% of the respondents indicates that the financial management does not consult programs before finalizing the budget and only 2.6% of the respondents indicated that the financial management consult programs before finalizing the budget in some cases .

Table (5.20): Does financial management consult programs before finalization budget?

Does financial management consult programs before finalization budget?	Frequency	Percent
Yes	67	88.2
No	7	9.2
If any others	2	2.6
Total	76	100.0

d) Do you think that the time allocated for budget hearing is sufficient?

Table No. (5.21) shows that 77.6% of the respondents indicated that the time allocated for budget hearing is sufficient and 22.4% of the respondents indicated that the time allocated for budget hearing is insufficient.

Table (5.21): Do you think that the time allocated for budget hearing is sufficient?

Do you think that the time allocated for budget hearing is sufficient?	Frequency	Percent
Yes	59	77.6
No	17	22.4
Total	76	100.0

e) What are the bottlenecks to carry out efficient medium term budget allocation in your organization?

Table No. (5.22) shows that 97.1% of the respondents indicated that the lack of fund is the biggest challenge to carry out efficient budget allocation, 92.6% of the respondents indicated that the donor’s agenda is considered a challenge to carry out efficient budget allocation, 89.7% of the respondents indicated that the political situation is considered a challenge to carry out efficient budget allocation, 70.6% of the respondents indicated that the uncertainty conditions where NGOs are working is considered a challenge to carry out efficient budget allocation, 52.9% of the

respondents indicated that the lack of experienced personnel is considered a challenge to carry out efficient budget allocation, 51.5% of the respondents indicated that ineffective planning is considered a challenge to carry out efficient budget allocation and 50% of the respondents indicated that the lack of Board of Directors (BoDs) commitment is considered a challenge to carry out efficient budget allocation

Table (5.22): What are the bottlenecks to carry out efficient medium term budget allocation in your organization?

What are the bottlenecks to carry out efficient medium term budget allocation in your organization?	Frequency	Percent
Lack of experienced personnel	36	52.9
Uncertainty conditions where NGOs are working.	48	70.6
Ineffective planning	35	51.5
Lack of BoDs commitment	34	50.0
Instability political situation	61	89.7
Lack of funds	66	97.1
Donors' agenda	63	92.6

f) Which types of budget model you recommend for better budget allocation in your organization?

Table No. (5.23) shows that 97.3% of the respondents recommended using PPBB for better budget allocation while 2.7% recommended using line-item budgeting for better budget allocation.

This indicates the good knowledge and awareness of the respondents about the importance of PPBB.

Table (5.23): Which types of budget model you recommend for better budget allocation in your organization?

Which types of budget model you recommend for better budget allocation in your organization?	Frequency	Percent
Performance program based budgeting	74	97.3
Item budgeting	2	2.7
Total	76	100.0

5.6 Part 4: Performance Budget

Table (5.24) shows the following results:

- The mean of paragraph #1 “When preparing the budget, the Outcomes and outputs are determined for programs” equals 4.22 (84.47), Test-value = 19.18 and P-value = 0.000 which is smaller than the level of significance $\alpha = 0.05$. The sign of the test is positive, so the mean of this paragraph is significantly greater than the hypothesized value 3. We conclude that the respondents agreed to this paragraph.
- The mean of paragraph #7 “The organization compares its performance level with other like-minded organizations” equals 3.34 (66.84), Test-value = 3.15, and P-value = 0.002 which is smaller than the level of significance $\alpha = 0.05$. The sign of the test is positive, so the mean of this paragraph is significantly greater than the hypothesized value 3. We conclude that the respondents agreed to this paragraph.
- The mean of the field “Performance Budget” equals 3.86 (77.24), Test-value = 14.97, and P-value=0.000 which is smaller than the level of significance $\alpha = 0.05$. The sign of the test is positive, so the mean of this field is significantly greater than the hypothesized value 3. We conclude that the respondents agreed to field of “Performance Budget ”.

We can say that performance measurements that used among NGOs plays an important role to apply Performance Programs-based budget among NGOs.

The result is clarifies the usage of performance measurements among NGOs, it also indicates the input and output measures is used more degree than outcome, efficiency, quality, and benchmarking measurements, the result agrees with (Joyce and Sieg, 2000), (Willoughby, 2002), (Melkers and Willoughby, 2005) and (Waweru, Porporato, Hoque 2006) about performance measurements. According to (Joyce and Sieg, 2000), two-thirds of the states have outcome measures and some of states use measure to set targets for performance, (Willoughby, 2002) indicated that majority of states use performance measurement and she indicate the appearance of output or outcome measures in the early stages of the budgeting cycle, in agency budget requests, in the executive budget report and in annual operating budgets. (Melkers and Willoughby,2005) conclude their study by the pervasive of using performance measures by local departments, (Waweru ,Porporato ,Hoque 2006) indicated that efficiency and effectiveness measures were used, also, performance measures were mostly used by program managers and the high percentage of respondents reported that output measures were mainly reported to internal management.

And this also consistent with (Helles, 2005) that indicated that 88.9% of the organization using budget to measure and track performance.

Table (5.24): Means and Test values for “Performance Budget”

	Item	Mean	Proportional mean (%)	P-value (Sig.)	Rank
1.	When preparing the budget, the Outcomes and outputs are determined for programs	4.22	84.47	0.000*	1
2.	The outcome or the result of service delivery is shown in the prepared budget	3.93	78.68	0.000*	4
3.	The cost per unit output or outcome is measured and periodically compared to determine the efficiency of organization	3.79	75.79	0.000*	6
4.	Different tools are being used to measure BNFs & satisfaction. (Surveys, meetings, FGD,...)	4.05	81.05	0.000*	3
5.	Performance indicators are identified and measured during budget implementation	3.80	76.05	0.000*	5
6.	The organization compares its performance level with prior years	4.13	82.63	0.000*	2
7.	The organization compares its performance level with other like-minded organizations	3.34	66.84	0.002*	8
8.	Non-financial information is being included when budget prepared and implemented	3.62	72.37	0.000*	7
	All paragraphs of the filed	3.86	77.24	0.000*	

* The mean is significantly different from 3

5.7 Part 5: Funding availability

Table (5.25) shows the following results:

- The mean of paragraph #4 “The organization has diversification of funding and its work is credited by donors?” equals 4.07 (81.32), Test-value = 12.32, and P-value = 0.000 which is smaller than the level of significance $\alpha = 0.05$. The sign of the test is positive, so the mean of this paragraph is significantly greater than the hypothesized value 3. We conclude that the respondents agreed to this paragraph.
- The mean of paragraph #2 “Does your organization have a plan to increase self-reliance instead of external funds” equals 3.17 (63.42), Test-value = 1.34, and P-value = 0.092 which is greater than the level of significance $\alpha = 0.05$. Then the mean of this paragraph is insignificantly different from the hypothesized value 3. We conclude that the respondents (Do not know, neutral) to this paragraph.
- The mean of the field “Funding” equals 3.61 (72.21), Test-value = 9.47, and P-value=0.000 which is smaller than the level of significance $\alpha = 0.05$. The sign of the test is positive, so the mean of this field is significantly greater than the hypothesized value 3. We conclude that the respondents agreed to field of “Funding”.

Funding level that used among NGOs plays an important role to apply Performance Program-based budget among NGOs.

The result shows how difficult to set targets to hit without sufficient resources to reach the desired results, the result agree with (Harrison, 2003.p13) when he comments on the failure of PPBB pilot programs that applied in USA in 1994 "To the extent possible, implement PBB during a sustained economic expansion to ensure sufficient resources are available to fund the effort" and agrees with (Young, 2003.p22) who said adequate resources (sufficient staff, equipment, and funds) are essential to PBB success.

Table (5.25): Means and Test values for “Funding”

	Item	Mean	Proportional mean (%)	P-value (Sig.)	Rank
1.	Projects preparation is based on the organizations and program goals and desires not the donors agenda	3.95	78.95	0.000*	2
2.	Does your organization have a plan to increase self-reliance instead of external funds	3.17	63.42	0.092	5
3.	The Organization has funding strategy to secure funds for its programs?	3.47	69.47	0.000*	3
4.	The organization has diversification of funding and its work is credited by donors?	4.07	81.32	0.000*	1
5.	Do you think that the organization is financially sustainable..?	3.39	67.89	0.000*	4
	All paragraphs of the filed	3.61	72.21	0.000*	

* The mean is significantly different from 3

a) To what extend your organization depends on the following source of funding?

Table No. (5.26) shows that 88.5% of the respondents indicated that philanthropists and benefactors is a source of funding, 50.8% indicated that foreign aids is considered a source of income, 31.1% indicated that self funding is considered a source of income and only 1.6% indicated that PNA is considered a source of income

Table (5.26): To what extend your organization depends on the following source of funding?

To which extend your organization depends on the following source of funding?	Frequency	Percent
PNA	1	1.6
Philanthropists and benefactors	54	88.5
Foreign aids	31	50.8
Self funding	19	31.1

5.8 Research hypothesis:

5.8.1 There is significant statistical relationship at 0.05 level between applying Performance & Programs based budgeting and fund availability.

Table (5.27) shows that the correlation coefficient between applying Program budgeting and budget preparation and process (Program based budget) equals .386 and the p-value (Sig.) equals 0.000. The p-value (Sig.) is less than 0.05, so the correlation coefficient is statistically significant at $\alpha = 0.05$. We conclude there exists a significant relationship between Program based budget and the fund availability

Table (5.27) shows that the correlation coefficient between applying Program budgeting and Performance budget equals .392 and the p-value (Sig.) equals 0.000. The p-value (Sig.) is less than 0.05, so the correlation coefficient is statistically significant at $\alpha = 0.05$. We conclude there exists a significant relationship between applying Performance Budget and fund availability.

The results above indicated that there is a significance relationship between PPBB and the availability of funds which mean that availability of fund resources are essential to PPBB success.

The result shows how difficult to set targets to hit without sufficient resources to reach the desired results, the result agree with (Harrison, 2003:13) and (Young, 2003.p22) studies.

Table 5.27: Correlation coefficient between applying Performance & Programs based budgeting and funding

	Pearson Correlation Coefficient	P-Value (Sig.)
Budget preparation and process (Program based budget)	.386	0.000*
Performance Budget	.392	0.000*

* Correlation is statistically significant at 0.05 level

5.8.2 There is significant statistical effect at 0.05 level in applying Performance & Programs based budget according to political situation?

Table (5.28) shows that the p-value (Sig.) is smaller than the level of significance $\alpha = 0.05$ for “Budget preparation and process (Program based budget)”, then this is significant difference in respondents' answers toward due to political situation. We conclude that the respondents’ political situation has significant effect on this field.

The result indicated that political situation have a significant effect in applying the PPBB. These results show that the instability in political situation affecting the organization planning process and undermined achieving organization goals.

Table (5.28) shows that the p-value (Sig.) is greater than the level of significance $\alpha = 0.05$ for “Performance Budget”, then this is insignificant difference in respondents' answers toward due to political situation. We conclude that the respondents’ political situation has no effect on this field.

The results show that the political situation does not affect applying the performance budget, where the performance indicators can be identified and measured without being affected by the political situation.

Table (5.28): ANOVA test and their p-values for political situation

Field	Test Value	Sig.	Means				
			Very great	Great	Moderate	Less	No
Budget preparation and process (Program based budget)	3.068	0.022*	2.36	2.47	2.69	2.75	2.67
Performance Budget	1.755	0.148	3.77	3.79	4.15	3.63	4.00

* Means differences are significant at $\alpha = 0.05$

5.8.3 There is significant difference at 0.05 level among respondents toward Performance & Programs based budget to personal information.

5.8.3.1 There is significant difference at 0.05 level among respondents toward Performance & Programs based budget to Position of the respondent

Table (5.29) shows that the p-value (Sig.) is greater than the level of significance $\alpha = 0.05$, then there is insignificant difference in respondents' answers toward due to Position of the respondent. We conclude that the characteristic of the respondents Position of the respondent has no effect on this field.

The respondents' position has no tangible effect on responding to overall fields, the varying job title could not affect the responding to questionnaire.

Table (5.29): ANOVA test and their p-values for Position of the respondent

Field	Test Value	Sig.	Means					
			Office Manager	Program Manager	Project Manager	Financial Manager	Treasury	Otherwise
Budget preparation and process	0.763	0.580	2.59	2.50	2.42	2.54	2.29	2.58
Performance Budget	2.196	0.064	4.10	3.94	3.70	3.67	3.94	4.13

5.8.3.2 There is significant difference at 0.05 level among respondents toward Performance & Programs based budget to Experience in years

Table (5.30) shows that the p-value (Sig.) is greater than the level of significance $\alpha = 0.05$, then there is insignificant difference in respondents' answers toward due to experience in years. We conclude that the characteristic of the respondents Experience in years has no effect on this field.

The respondents experience in years has no tangible effect on responding to PPBB, although the personnel experience years was varying, the respondents are responding to questionnaire in the same way without differences.

Table (5.30): ANOVA test and their p-values for Experience in years

Field	Test Value	Sig.	Means			
			<= 5 yrs	6 to 10 yrs	11 to 20 yrs	Above 20 yrs
Budget preparation and process (Program based budget)	0.485	0.694	2.55	2.46	2.52	2.58
Performance Budget	1.223	0.308	3.64	3.79	3.93	3.95

5.8.3.3 There is significant difference at 0.05 level among respondents toward Performance & Programs based budget to Educational Qualifications

Table (5.31) shows that the p-value (Sig.) is greater than the level of significance $\alpha = 0.05$, then there is insignificant difference in respondents' answers toward due to educational qualifications. We conclude that the characteristic of the respondents educational qualifications has no effect on this field.

The respondent Educational qualifications has no tangible effect on responding to PPBB fields, although the education within respondent is varied, the respondents are responding to questionnaire in the same way without differences between the education.

Table (5.31): ANOVA test and their p-values for Educational Qualifications

Field	Test Value	Sig.	Means				
			Diploma	Bachelor	Master	PhD	Otherwise
Budget preparation and process (Program based budget)	0.572	0.684	2.53	2.50	2.62	2.67	2.67
Performance Budget	0.772	0.547	3.88	3.82	4.04	3.88	4.50

5.8.4 There is significant difference at 0.05 level among respondents toward Performance & Programs based budget to organization information.

5.8.4.1 There is significant difference at 0.05 level among respondents toward Performance & Programs based budget to Organization age

Table (5.32) shows that the p-value (Sig.) is smaller than the level of significance $\alpha = 0.05$ for “Budget preparation and process (Program based budget)”, then this is significant difference in respondents' answers toward due to organization age. We conclude that the respondents' organization age has significant effect on this field.

The organization age has tangible effect on responding to the Program based budget; this indicated that the long experience organizations have many running programs and this leads the organization to use program budgeting.

Table (5.32) shows that the p-value (Sig.) is greater than the level of significance $\alpha = 0.05$ for “Performance Budget”, then this is insignificant difference in respondents' answers toward due to organization age. We conclude that the respondents' organization age has no effect on this field.

The organization age has no tangible effect on responding to overall fields of Performance budget, the NGOs are responding to questionnaire in the same way without differences between age of NGOs.

Table (5.32): Independent Samples T-Test and their p-values for Organization age

Field	Test Value	Sig.	Means	
			From 10 to less than 20 yrs	20 yrs and above.
Budget preparation and process (Program based budget)	6.422	0.013*	2.63	2.46
Performance Budget	2.235	0.139	3.98	3.80

* Means differences are significant at $\alpha = 0.05$

5.8.4.2 There is significant difference at 0.05 level among respondents toward Performance & Programs based budget to No. of employees in the organization

Table (5.33) shows that the p-value (Sig.) is greater than the level of significance $\alpha = 0.05$, then there is insignificant difference in respondents' answers toward due to no. of employees in the organization. We conclude that the characteristic of the respondents no. of employees in the organization has no effect on this fields.

The NGOs number of employees has no tangible effect on responding to the fields due to NGOs number of employees, although the NGOs number of staff is contrasting, the NGOs are responding to questionnaire in the same way without differences between NGOs number of staff.

Table (5.33): ANOVA test and their p-values for No. of employees in the organization

Field	Test Value	Sig.	Means			
			10 to 20	21 to 40	41 to 70	Above 70
Budget preparation and process (Program based budget)	1.288	0.285	2.39	2.56	2.48	2.57
Performance Budget	1.342	0.268	3.82	3.92	3.70	3.98

5.8.4.3 There is significant difference at 0.05 level among respondents toward Performance & Programs based budget to The average annual budget of the organization

Table (5.34) shows that the p-value (Sig.) is greater than the level of significance $\alpha = 0.05$, then there is insignificant difference in respondents' answers toward due to the average annual budget of the organization. We conclude that the characteristic of the respondents the average annual budget of the organization has no effect on this fields.

The average annual budget has no tangible effect in responding to overall fields, and the varying NGOs budget responded to questionnaire in the same way approximately.

Table (5.34): ANOVA test and their p-values for The average annual budget of the organization

Field	Test Value	Sig.	Means			
			< \$100,000	\$ 100,000 to \$500,000	\$ 501,000 to \$1,000,000	> \$ 1,000,000
Budget preparation and process (Program based budget)	0.891	0.450	2.83	2.48	2.51	2.52
Performance Budget	0.104	0.958	3.69	3.84	3.86	3.88

CHAPTER “6”

CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

6.2 Conclusions

6.3 Recommendations

6.1 Introduction

This chapter provides the main conclusions which were obtained from the hypothesis testing and data analysis, In addition, the chapter will present the recommendation that emerged from the study.

6.2 Conclusions

The study clarifies that NGOs in Gaza Strip uses the Performance program based budgeting. They use programs that it is linked to the organization strategic plans and assessing achieving programs goals and measure performance using performance indicators. This conclusion is somehow expected since the study had concentrated on the large and active NGOs (the ones that have 10 employees or more) in Gaza strip.

The following is a summary of the conclusions that could be drawn from the literature and the practical parts of the study:

6.2.1 Organization Medium term planning

Gaza strip NGOs are planning at the medium term level where they have a medium term strategic plans mostly for 3 years, and the concerned people are to some extent aware about organizations polices and fiscal planning, each program policies and goals is clearly defined, most Gaza strip NGOs are linking strategic plans into budget process, and the instability of the political situation in Gaza strip is highly affecting the medium term planning of the organizations.

6.2.2 Budget preparation and process (Program based budget)

Gaza strip NGOs are using program based budgeting; the overall proportional mean equals 83.95 which mean that Gaza's NGOs have a budget preparation committee and all organization's program participates in budget preparation and they have a clear polices, goals, outcomes and outputs, also the programs are prioritized according to the organization goals and the programs budget requests and strictly correspond to their programs.

6.2.3 Performance based Budget

Gaza strip NGOs are using performance based budgeting; the overall proportional mean equals 77.24 which mean that Gaza's NGOs identifying the outcomes and outputs in the budget, they are identifying the performance indicators and monitor and track achievements, also the Gaza's NGO using different kinds of techniques to assess beneficiaries' satisfactions.

6.2.4 NGOs Funding

The result of funding level for NGOs show how difficult to obtain and secure funding; the overall proportional mean equals 72.21. Gaza's NGOs to some extent have a funding strategy to secure funds for their programs, Gaza's NGOs have a diversification of funding resources and their work is credited by donors, and to some extent they have plans to increase self-reliance.

6.2.5 Hypotheses main results:

1. The study concluded that there is a significant relationship between applying PPBB and fund availability
2. The study concluded that there are differences in the response of the study sample to preparing program based budget due to the political situation while there are no differences in the response of the study population to performance budget due to the political situation
3. The study also concluded that there are no differences in the response of the study population, due to the NGO information (no. of employees and average annual budget).
4. The study concluded that there are differences in the response of the study population, due to the respondents information (Position of the respondent, experience in years, and educational qualifications)
5. The study also concluded that there are differences in the response of the study population with applying program based budget, due to the NGO age.

6.2.6 Other important research conclusions

6. Using PPBB leads to optimal resource allocation and increases programs efficiency and effectiveness. It also participates in enhancing monitoring procedures and responsibility and impact and goals assessment.
7. Line-item budgeting does not support short term or long term planning where it does not contain medium term programs.
8. The line item budget does not link incomes and expenditures with responsibility centers in order to achieve an effective control over performance.
9. PPBB is considered a better budgeting approach than line-item, and it is considered an effective tool to achieve budget goals and more efficient in organizing administrative and financial performance and the rationalization of NGOs spending and control.

10. Implementing PPBB leads to better tracking and monitoring for budget expectations (revenues and expenses) and implementation tracking and flexibility in dealing with budget items and programs.
11. By Implementing PPBB, deviations are analyzed and used as a mean for performance appraisal.
12. By implementing PPBB, programs are used to control spending and make the link between spending and responsibility that leads to achieve goals efficiently.
13. An activities classification in PPBB is an important technique to measure performance according to standard indicators.

6.3 Recommendation

In order to improve budgeting process and to linking budget into strategic plan, NGOs in Gaza strip should be committed to the following:

- In order to achieve the main function of budget that is planning, NGOs have to shift from line-item budget to PPBB where line-item budget lacks monitoring and tracking for programs and projects and also for performance.
- Develop and apply realistic strategic plan.
- Strategic plan should be periodically revised and evaluated.
- Linking inputs with outcome or impact on beneficiaries to verify the organization mission statement.
- Clearly identify and applying a performance indicators within all budget process phases.
- NGOs should give more focus on developing organizational behavior indicators to assess efficiency, effectiveness and quality.
- The necessity to develop accounting systems that could be program based, and able to link expenditures and results measure.
- The managers should conduct their organization on concept managing for results.
- NGOs should prepare their own programs according to their strategic direction and beneficiaries needs and expectations and not donor's agenda.
- The organizations should give more focus to enhance their self-reliance through income generation projects.
- NGOs should design and implement training programs for program bodies and financial specialist about how to prepare, implement, and track PPBB for NGOs.

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⁹ **OECD**: ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT.

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Annex (1): ENGLISH VERSION OF THE QUESTIONNAIRE
**To what extent NGOs in Gaza applying Performance & Programs-
Based Budgeting “PPBB” (From Seniors perspective)**

Part 0 :Organization Information						
1. Organization age :						
<input type="checkbox"/> Less than 5 yrs	<input type="checkbox"/> From 5 to less than 10 yrs	<input type="checkbox"/> From 10 to less than 20 yrs	<input type="checkbox"/> 20 yrs and above.			
2. The work sector of the organization (can choose more than one answer):						
<input type="checkbox"/> Agriculture & Environment	<input type="checkbox"/> Culture and Sports	<input type="checkbox"/> Economic Development				
<input type="checkbox"/> Democracy and Human Rights	<input type="checkbox"/> Education & Training	<input type="checkbox"/> Health & Rehabilitation				
<input type="checkbox"/> Social Development	<input type="checkbox"/> Social Services & Relief	<input type="checkbox"/> Women & Child				
<input type="checkbox"/> Others (Please Identify) _____						
3. Geographical Location covered by the NGO:						
<input type="checkbox"/> North Gaza	<input type="checkbox"/> Gaza city	<input type="checkbox"/> Middle area	<input type="checkbox"/> Khanyounis	<input type="checkbox"/> Rafah	<input type="checkbox"/> Gaza Strip	<input type="checkbox"/> Palestine
4. No. of employees in the organization:						
<input type="checkbox"/> 10 to 20	<input type="checkbox"/> 21 to 40	<input type="checkbox"/> 41 to 70	<input type="checkbox"/> Above 70			
5. The average annual budget of the organization:						
<input type="checkbox"/> < \$100,000	<input type="checkbox"/> \$ 100,000 to \$500,000	<input type="checkbox"/> \$ 501,000 to \$1,000,000	<input type="checkbox"/> > \$ 1,000,000			
6. Does your organization have structure “organigram”:						
<input type="checkbox"/> Yes	<input type="checkbox"/> No					
6.1 To what extends it’s applied on your organization?						
<input type="checkbox"/> Totally	<input type="checkbox"/> to some extend	<input type="checkbox"/> No				

Part 1: Respondent information				
7. Position of the respondent				
<input type="checkbox"/> Office Manager	<input type="checkbox"/> Program Manager	<input type="checkbox"/> Project Manager	<input type="checkbox"/> Financial Manager	<input type="checkbox"/> Treasury
Otherwise , (Please identify) _____				
8. Experience in years				
<input type="checkbox"/> <= 5 yrs	<input type="checkbox"/> 6 to 10 yrs	<input type="checkbox"/> 11 to 20 yrs	<input type="checkbox"/> Above 20 yrs	
9. Educational Qualifications				
<input type="checkbox"/> Diploma	<input type="checkbox"/> Bachelor	<input type="checkbox"/> Master	<input type="checkbox"/> PhD	<input type="checkbox"/> Otherwise

Part 2 :Organization Medium term planning				
10. Does your organization have strategic plan :				
<input type="checkbox"/> yes	<input type="checkbox"/> No			
11.1 If Yes what is the period of the SP¹⁰?	<input type="checkbox"/> 3 yrs	<input type="checkbox"/> 5 yrs	<input type="checkbox"/> 10 yrs	
11. Are you familiar with organization policies and financial planning?				
<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No		
If any others please specify: _____				
12. Organization policies (Strategic plan) and financial planning processes are				
<input type="checkbox"/> Systematically linked to annual budget	<input type="checkbox"/> Partially linked to annual budget			
<input type="checkbox"/> No systematical linkage between organization policies, fiscal planning and annual budget.	<input type="checkbox"/> If any others please specify: _____			
13. Are organization policies accessible and clearly articulated in each program?				
<input type="checkbox"/> Yes	<input type="checkbox"/> Partially	<input type="checkbox"/> No		
If any others please specify: _____				
14. To which extend political situation affects the medium term planning of the organization?				
<input type="checkbox"/> Very great	<input type="checkbox"/> Great	<input type="checkbox"/> Moderate	<input type="checkbox"/> Less	

¹⁰ SP: Strategic plan.

Part 3 :Budget preparation and process (Program based budget)

15. Your organization have a budget committee

Yes Sometimes Never

16. Your organization prepares one yearly budget for all programs.

Yes Sometimes Never

17. All programs participates in budget preparation

Yes Sometimes Never

18. Each program has clear polices, goals, outcomes, outputs...

Yes Partially No

19. Your organization prepares separate budget for each program.

Yes Sometimes Never

20. Do you think that budget request of program bodies strictly correspond to their programs?

Yes Partially No

If your answer for question number 20 is no, what is the extent of the gap?

Very great Great Moderate Less

21. If budget request of program bodies doesn't strictly correspond to their programs, what are the major reasons? (Tick appropriately)

Lack of skilled manpower Low attention by head of program body Lack of training If any others please specify

22. Programs are prioritized according to organization policies and objectives?

Yes Partially No

23. Do program bodies have appropriate standards to prepare their budgets?

Yes Partially No

24. Do program bodies have appropriate unit costs to prepare budgets?

Yes Partially No

25. Do you think that the number of professionals (budget officers) in your organizations institutions is sufficient?

Yes Partially No

26. Are there communication problems with program bodies to prepare budget ceiling

Yes Partially No

27. How much time is available to the program bodies to prepare their budget?

<input type="checkbox"/> 15- 30 days	<input type="checkbox"/> 1- 2 months	<input type="checkbox"/> More than 2 months	<input type="checkbox"/> If any others please specify
28. Does financial management consult programs before finalization budget?			
<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> If any others please specify:	
29. Do you think that the time allocated for budget hearing is sufficient?			
<input type="checkbox"/> Yes	<input type="checkbox"/> No		
30. Is Medium term budget planning submitted annually to BoDs¹¹ for approval?			
<input type="checkbox"/> Yes	<input type="checkbox"/> Rarely	<input type="checkbox"/> No	
31. What are the bottlenecks to carry out efficient medium term budget allocation in your organization? (in order of importance)			
<input type="checkbox"/> Lack of experienced personnel.			
<input type="checkbox"/> Uncertainty conditions where NGOs are working.			
<input type="checkbox"/> Ineffective planning.			
<input type="checkbox"/> Lack of BoDs commitment			
<input type="checkbox"/> Instability political situation.			
<input type="checkbox"/> Lack of funds.			
<input type="checkbox"/> Donors' agenda.			
32. Which type of budget model is used to prepare budget in your organization?			
<input type="checkbox"/> Program budgeting		<input type="checkbox"/> Item budgeting	
Other "Please specify"			
33. Which types of budget model you recommend for better budget allocation in your organization?			
<input type="checkbox"/> Program budgeting		<input type="checkbox"/> Item budgeting	
Reason "Please specify"			

¹¹ BoDs : Board of Directors.

Part 4: Performance Budget

34. When preparing the budget, the Outcomes and outputs are determined for programs.

Strongly Agree Agree Neutral Disagree Strongly Disagree

35. The outcome or the result of service delivery is shown in the prepared budget.

Strongly Agree Agree Neutral Disagree Strongly Disagree

36. The cost per unit output or outcome is measured and periodically compared to determine the efficiency of organization.

Strongly Agree Agree Neutral Disagree Strongly Disagree

37. Different tools are being used to measure BNFs¹² satisfaction. (surveys, meetings, FGD¹³,...)

Strongly Agree Agree Neutral Disagree Strongly Disagree

38. Performance indicators are identified and measured during budget implementation.

Strongly Agree Agree Neutral Disagree Strongly Disagree

39. The organization compares its performance level with prior years.

Strongly Agree Agree Neutral Disagree Strongly Disagree

40. The organization compares its performance level with other like-minded organizations

Strongly Agree Agree Neutral Disagree Strongly Disagree

41. Non-financial information is being included when budget prepared and implemented.

Strongly Agree Agree Neutral Disagree Strongly Disagree

¹² BNFs: Beneficiaries

¹³ FGD: Focus Group Discussions.

Part 5 : Funding

42. To which extend your organization depends on the following source of funding?

- | | | | |
|--|--|---------------------------------------|---|
| <input type="checkbox"/> PNA ¹⁴ | <input type="checkbox"/> Philanthropists and benefactors | <input type="checkbox"/> Foreign aids | <input type="checkbox"/> Self-financing |
|--|--|---------------------------------------|---|

43. Projects preparation is based on the organizations and program goals and desires not the donors agenda..

- | | | | | |
|---|--------------------------------|---|-----------------------------------|--|
| <input type="checkbox"/> Strongly Agree | <input type="checkbox"/> Agree | <input type="checkbox"/> Neutral (combination between NGO priorities and donors priorities) | <input type="checkbox"/> Disagree | <input type="checkbox"/> Strongly Disagree |
|---|--------------------------------|---|-----------------------------------|--|

44. Does your organization have a plan to increase self-reliance instead of external funds?

- | | | | | |
|---|--------------------------------|----------------------------------|-----------------------------------|--|
| <input type="checkbox"/> Strongly Agree | <input type="checkbox"/> Agree | <input type="checkbox"/> Neutral | <input type="checkbox"/> Disagree | <input type="checkbox"/> Strongly Disagree |
|---|--------------------------------|----------------------------------|-----------------------------------|--|

45. The Organization has funding strategy to secure funds for its programs?

- | | | | | |
|---|--------------------------------|----------------------------------|-----------------------------------|--|
| <input type="checkbox"/> Strongly Agree | <input type="checkbox"/> Agree | <input type="checkbox"/> Neutral | <input type="checkbox"/> Disagree | <input type="checkbox"/> Strongly Disagree |
|---|--------------------------------|----------------------------------|-----------------------------------|--|

46. The organization has diversification of funding and its work is credited by donors?

- | | | | | |
|---|--------------------------------|----------------------------------|-----------------------------------|--|
| <input type="checkbox"/> Strongly Agree | <input type="checkbox"/> Agree | <input type="checkbox"/> Neutral | <input type="checkbox"/> Disagree | <input type="checkbox"/> Strongly Disagree |
|---|--------------------------------|----------------------------------|-----------------------------------|--|

47. Do you think that the organization is financially sustainable..?

- | | | | | |
|---|--------------------------------|----------------------------------|-----------------------------------|--|
| <input type="checkbox"/> Strongly Agree | <input type="checkbox"/> Agree | <input type="checkbox"/> Neutral | <input type="checkbox"/> Disagree | <input type="checkbox"/> Strongly Disagree |
|---|--------------------------------|----------------------------------|-----------------------------------|--|

¹⁴ PNA: Palestinian National Authority.

Annex (2): ARABIC VERSION OF THE QUESTIONNAIRE

بسم الله الرحمن الرحيم

أخي الكريم ..أختي الكريمة

السلام عليكم ورحمة الله وبركاته،،،،

الموضوع /استبيان بحث ماجستير بعنوان "الى اي مدى مؤسسات المجتمع المدني في قطاع غزة تطبق موازنة البرامج والاداء"

إن الغرض الأساسي لهذا الاستبيان هو قياس مدى اعتماد مؤسسات المجتمع المدني في قطاع غزة على تطبيق موازنة البرامج والأداء في عملها، وذلك من أجل فهم الى اي مدى يتم اعتماد التخطيط المالي متوسط المدى على اساس البرامج في المؤسسات الأهلية، والى اي مدى يتم ربط سياسات واولويات المؤسسة بالموازنة العامة وتخصيص الموارد.

البحث يستهدف بشكل أساسي الإدارة المالية وإدارة البرامج في المؤسسات ممن يقومون بالمشاركة في وضع الموازنة السنوية للمؤسسة، ويهتمون بقياس أداء البرامج والأنشطة حسب الأولوية وأثر ربطها بالموارد المالية.

إن وجهة نظرك قيمة جدا لفهم عملية استخدام موازنة البرامج والأداء، علماً بأن المعلومات التي سيتم الحصول عليها ستعامل بمنتهى السرية، ولن تستخدم إلا لأغراض البحث العلمي.

شاكرين لكم تعاونكم معنا

وتفضلوا بقبول فائق الاحترام والتقدير،،

الباحث

محمود حمودة السقا

توضيح مبسط لكل من موازنة البنود وموازنة البرامج والأداء...

موازنة البنود Item budget:

يقوم على أساس تبويب المصروفات بحسب نوعها والجهات القائمة بالتنفيذ، أي أن الاهتمام ينصب نحو البعد الرقابي دون التركيز على الأهداف المادية من وراء الإنفاق المؤسسي ودون التعبير عن البرامج والأنشطة التابعة للمؤسسة وهو البعد الإداري للموازنة. اي ان تخصيص الموازنة لاينبع حسب اولوية تنفيذ البرامج، اي انه لا يوجد ربط حقيقي بين التوجهات الاستراتيجية للمؤسسة وبين الموازنة المخصصة.

موازنة البرامج والاداء Program Performance based budgeting:

تبويب الموازنة بشكل يهتم بما تقوم به المؤسسة وليس فقط بما تنفقه على شراء المواد والخدمات. وقد قيل أن تبويب المصروفات على أساس نوعي، أي طبقاً لموازنة البنود، إنما يظهر سبب الشراء، أي لا يوضع البرنامج الذي تشتري من أجله تلك المشتريات على حين إن أسلوب موازنة البرامج والأداء يعمل على تفسير ما تم فعله بشكل يبرر الصرف في إطار برنامج معين تسعى المؤسسة إلى تحقيقه، بدلاً من مجرد عرض المصروفات تحت أبواب وبنود وأنواع. اي انه في اطار هذه الموازنة يتم الربط بين التوجهات الاستراتيجية للمؤسسة واولوياتها وبين الموازنة المخصصة، ويتم تخصيص الموارد حسب الاولويات.

الى اي مدى مؤسسات المجتمع المدني في قطاع غزة تطبق موازنة البرامج والاداء

To what extent NGOs in Gaza applying Performance & Programs-Based Budgeting "PPBB" (From Seniors perspective)

فرع 0 : معلومات المؤسسة			
2- عمر المؤسسة :			
<input type="checkbox"/> أقل من 5 سنوات	<input type="checkbox"/> من 5 الى اقل من 10 سنوات	<input type="checkbox"/> من 10 الى اقل من 20 سنة	<input type="checkbox"/> اكثر من 20 سنة
3- مجال عمل المؤسسة (يمكن اختيار اكثر من اجابة)			
<input type="checkbox"/> التنمية الاقتصادية	<input type="checkbox"/> الثقافة والرياضة	<input type="checkbox"/> الزراعة والبيئة	
<input type="checkbox"/> الصحة والتأهيل	<input type="checkbox"/> التدريب والتعليم	<input type="checkbox"/> الديمقراطية وحقوق الانسان	
<input type="checkbox"/> النساء والاطفال	<input type="checkbox"/> الإغاثة والخدمات الاجتماعية	<input type="checkbox"/> التنمية الاجتماعية	
<input type="checkbox"/> اخرى (الرجاء التوضيح) _____			
4- المنطقة الجغرافية التي تغطيها المؤسسة (يمكن اختيار اكثر من اجابة)			
<input type="checkbox"/> شمال غزة	<input type="checkbox"/> مدينة غزة	<input type="checkbox"/> الوسطى	<input type="checkbox"/> خان يونس
<input type="checkbox"/> رفح	<input type="checkbox"/> قطاع غزة	<input type="checkbox"/> فلسطين	
5- عدد الموظفين في المؤسسة :			
<input type="checkbox"/> 20 - 10	<input type="checkbox"/> 40 - 21	<input type="checkbox"/> 70 - 41	<input type="checkbox"/> أكثر من 70
6- متوسط الموازنة السنوية للمؤسسة :			
<input type="checkbox"/> اقل من \$ 100,000	<input type="checkbox"/> من \$ 100,000 الى \$ 500,000	<input type="checkbox"/> من \$ 501,000 الى \$ 1,000,000	<input type="checkbox"/> اكثر من \$ 1,000,000
7- هل يوجد للمؤسسة هيكل تنظيمي :			
<input type="checkbox"/> نعم		<input type="checkbox"/> لا	
7.1- الى أي مدى الهيكل التنظيمي في المؤسسة مطبق ؟			
<input type="checkbox"/> تماما		<input type="checkbox"/> الى حد ما	<input type="checkbox"/> لا

الجزء " 1 " : معلومات معبى الاستبيان				
8- المسمى الوظيفي لمعبي الاستبيان				
<input type="checkbox"/> مدير مكتب	<input type="checkbox"/> مدير برنامج	<input type="checkbox"/> مدير مشروع	<input type="checkbox"/> مدير مالي	<input type="checkbox"/> أمين الصندوق
<input type="checkbox"/> اخرى "الرجاء وضح" _____				
9- عدد سنوات الخبرة :				
<input type="checkbox"/> 5 سنوات او اقل	<input type="checkbox"/> من 6 الى 10 سنوات	<input type="checkbox"/> من 11 الى 20 سنة	<input type="checkbox"/> اكثر من 20 سنة	
10- المؤهلات العلمية :				

<input type="checkbox"/> دبلوم	<input type="checkbox"/> بكالوريوس	<input type="checkbox"/> ماجستير	<input type="checkbox"/> دكتوراه	<input type="checkbox"/> اخرى
الجزء " 2 " : التخطيط المتوسط الاجل للمؤسسة				
11- هل يوجد للمؤسسة خطة استراتيجية ؟				
<input type="checkbox"/> نعم	<input type="checkbox"/> لا			
11.1 اذا كانت الاجابة بنعم , ما هي فترة الخطة الاستراتيجية ؟				
<input type="checkbox"/> 10 سنوات	<input type="checkbox"/> 5 سنوات	<input type="checkbox"/> 3 سنوات		
12- هل انت على دراية بسياسات المؤسسة والتخطيط المالي ؟				
<input type="checkbox"/> نعم	<input type="checkbox"/> جزئيا	<input type="checkbox"/> لا		
اخرى "الرجاء وضح"				
13- سياسات المؤسسة (الخطة الاستراتيجية) والتخطيط المالي :				
<input type="checkbox"/> مرتبطة بشكل منهجي بالموازنة السنوية	<input type="checkbox"/> مرتبطة جزئيا بالموازنة السنوية			
<input type="checkbox"/> لا توجد صلة بين التخطيط المالي وسياسات التنظيم وبين الموازنة السنوية	<input type="checkbox"/> اخرى "الرجاء وضح"			
14- هل سياسات المؤسسة مفصلة بشكل واضح في كل برنامج :				
<input type="checkbox"/> نعم	<input type="checkbox"/> جزئيا	<input type="checkbox"/> لا		
اخرى "الرجاء وضح"				
15- الى أي مدى يمتد تأثير الوضع السياسي على التخطيط المتوسط الاجل للمؤسسة ؟				
<input type="checkbox"/> بشكل كبير جدا	<input type="checkbox"/> بشكل كبير	<input type="checkbox"/> بشكل متوسط	<input type="checkbox"/> بشكل قليل	<input type="checkbox"/> لا يؤثر

جزء " 3 " : عملية اعداد الموازنة (موازنة البرامج)				
16- هل يوجد لجنة لاعداد الموازنة في المؤسسة؟				
<input type="checkbox"/> نعم	<input type="checkbox"/> احيانا	<input type="checkbox"/> لا		
17- مؤسستك تقوم باعداد موازنة سنوية واحدة لجميع البرامج:				
<input type="checkbox"/> نعم	<input type="checkbox"/> احيانا	<input type="checkbox"/> لا		
18- كل البرامج تشارك في اعداد الموازنة؟				
<input type="checkbox"/> نعم	<input type="checkbox"/> احيانا	<input type="checkbox"/> لا		
19- كل برنامج لديه سياسات واضحة ،اهداف ، ومدخلات ومخرجات؟				
<input type="checkbox"/> نعم	<input type="checkbox"/> جزئيا	<input type="checkbox"/> لا		
20- يتم اعداد موازنة مستقلة لكل برنامج ؟				
<input type="checkbox"/> نعم	<input type="checkbox"/> احيانا	<input type="checkbox"/> ابدا		
21- هل تعتقد ان الموازنة المطلوبة من ادارة البرامج تتوافق بدقة مع برامجها ؟				

<input type="checkbox"/> نعم	<input type="checkbox"/> جزئيا	<input type="checkbox"/> لا	
21.1 إذا كان الجواب عن السؤال رقم 22 هو لا ، ما مدى هذه الفجوة ؟			
<input type="checkbox"/> كبيرة جدا	<input type="checkbox"/> كبيرة	<input type="checkbox"/> متوسطة	<input type="checkbox"/> صغيرة
22- إذا كان طلب الموازنة من هيئات البرامج لا تتوافق بدقة مع برامجها ، ماهي الاسباب الرئيسية لذلك ؟ (يمكن اختيار اكثر من اجابة)			
<input type="checkbox"/> نقص في الأشخاص المتخصصين	<input type="checkbox"/> قلة الاهتمام من قبل ادارة البرامج	<input type="checkbox"/> النقص في التدريب	<input type="checkbox"/> اخرى "الرجاء وضح"
23- يتم ترتيب اولوية البرامج وفقا لسياسات المنظمة واهدافها ؟			
<input type="checkbox"/> نعم	<input type="checkbox"/> جزئيا	<input type="checkbox"/> لا	
24- هل يوجد لدى ادارة البرامج معايير ملائمة لاعداد موازنتها ؟			
<input type="checkbox"/> نعم	<input type="checkbox"/> جزئيا	<input type="checkbox"/> لا	
25- هل يوجد لدى ادارة البرامج "تكلفة وحدة" مناسبة لاعداد الموازنات ؟			
<input type="checkbox"/> نعم	<input type="checkbox"/> جزئيا	<input type="checkbox"/> لا	
26- هل تعتقد ان عدد المتخصصين (مسؤولي الموازنة) في مؤسستك كاف ؟			
<input type="checkbox"/> نعم	<input type="checkbox"/> جزئيا	<input type="checkbox"/> لا	
27- هل هناك مشاكل تواصل مع هيئات البرامج في اعداد سقف الموازنة ؟			
<input type="checkbox"/> نعم	<input type="checkbox"/> جزئيا	<input type="checkbox"/> لا	
28- ما هو الوقت المتاح لادارة البرامج لاعداد موازنتها ؟			
<input type="checkbox"/> أكثر من شهرين	<input type="checkbox"/> 1-2 شهر	<input type="checkbox"/> 15 - 30 يوم	<input type="checkbox"/> اخرى "الرجاء وضح"
29- هل يوجد تواصل بين الادارة المالية والبرامج قبل وضع الصيغة النهائية للموازنة ؟			
<input type="checkbox"/> نعم	<input type="checkbox"/> لا	<input type="checkbox"/> اخرى "الرجاء وضح"	
30- هل تعتقد بأن الوقت المخصص لاعداد الموازنة كاف ؟			
<input type="checkbox"/> نعم	<input type="checkbox"/> لا		
31- هل يتم عرض التخطيط المتوسط الاجل للموازنة بشكل سنوي لمجلس الادارة ليتم الموافقة عليها ؟			
<input type="checkbox"/> نعم	<input type="checkbox"/> نادرا	<input type="checkbox"/> لا	
32- ماهي عقبات تنفيذ "موازنة متوسطة الاجل" ذات كفاءة في مؤسستك ؟ (يمكن اختيار اكثر من اجابة)			
<input type="checkbox"/> نقص الموظفين ذوي الخبرة	<input type="checkbox"/> ظروف الغموض وعدم الاستقرار التي تعمل بها المؤسسة.	<input type="checkbox"/> التخطيط الغير فعال	<input type="checkbox"/> عدم التزام مجلس الادارة
<input type="checkbox"/> عدم الاستقرار السياسي			

<input type="checkbox"/> نقص التمويل	
<input type="checkbox"/> الأجنحة الخاصة بالمولين.	
33- ماهو نموذج الموازنة المستخدم في اعداد الموازنة الخاصة في مؤسستك ؟	
<input type="checkbox"/> موازنة البنود Line-item	<input type="checkbox"/> موازنة البرامج Program budgeting
<input type="checkbox"/> اخرى "الرجاء وضح"	
34- ما هو نموذج الموازنة التي تتصح به لتخصيص موازنة أفضل لمؤسستك ؟	
<input type="checkbox"/> موازنة البنود Line-item	<input type="checkbox"/> موازنة البرامج Program budgeting
<input type="checkbox"/> السبب "الرجاء وضح"	

جزء "4" : موازنة الاداء				
35- عند اعداد الموازنة ، يتم تحديد المدخلات والمخرجات للبرامج .				
<input type="checkbox"/> أوافق بشدة	<input type="checkbox"/> أوافق	<input type="checkbox"/> محايد	<input type="checkbox"/> لا أوافق	<input type="checkbox"/> لا أوافق بشدة
36- المخرجات والنتائج للخدمات المقدمة يتم توضيحها في الموازنة؟				
<input type="checkbox"/> أوافق بشدة	<input type="checkbox"/> أوافق	<input type="checkbox"/> محايد	<input type="checkbox"/> لا أوافق	<input type="checkbox"/> لا أوافق بشدة
37- يتم قياس تكلفة الوحدة للمخرجات ومقارنتها دوريا لتحديد كفاءة المؤسسة .				
<input type="checkbox"/> أوافق بشدة	<input type="checkbox"/> أوافق	<input type="checkbox"/> محايد	<input type="checkbox"/> لا أوافق	<input type="checkbox"/> لا أوافق بشدة
38- هناك ادوات مختلفة تم استخدامها لقياس رضا المستفيدين (مسوح، لقاءات، مجموعات عمل مركزة...):				
<input type="checkbox"/> أوافق بشدة	<input type="checkbox"/> أوافق	<input type="checkbox"/> محايد	<input type="checkbox"/> لا أوافق	<input type="checkbox"/> لا أوافق بشدة
39- يتم تحديد مؤشرات الأداء وقياسها اثناء تنفيذ الموازنة .				
<input type="checkbox"/> أوافق بشدة	<input type="checkbox"/> أوافق	<input type="checkbox"/> محايد	<input type="checkbox"/> لا أوافق	<input type="checkbox"/> لا أوافق بشدة
40- المؤسسة تقارن مستوى أدائها مع السنوات السابقة .				
<input type="checkbox"/> أوافق بشدة	<input type="checkbox"/> أوافق	<input type="checkbox"/> محايد	<input type="checkbox"/> لا أوافق	<input type="checkbox"/> لا أوافق بشدة
41- المؤسسة تقارن مستوى أدائها مع المؤسسات الشبيهة .				
<input type="checkbox"/> أوافق بشدة	<input type="checkbox"/> أوافق	<input type="checkbox"/> محايد	<input type="checkbox"/> لا أوافق	<input type="checkbox"/> لا أوافق بشدة
42- المعلومات -غير المالية- يتم تضمينها عند اعداد الموازنة وتنفيذها .				
<input type="checkbox"/> أوافق بشدة	<input type="checkbox"/> أوافق	<input type="checkbox"/> محايد	<input type="checkbox"/> لا أوافق	<input type="checkbox"/> لا أوافق بشدة

جزء "5" : التمويل

43- على أي من المصادر التالية تعتمد مؤسستك في تمويل برامجها؟ (يمكن اختيار أكثر من اجابة)				
<input type="checkbox"/> السلطة الفلسطينية	<input type="checkbox"/> المساعدات الأجنبية	<input type="checkbox"/> المحسنون والمتبرعون	<input type="checkbox"/> التمويل الذاتي	
44- اعداد المشاريع يعتمد على اهداف المؤسسة والبرامج وليس اجندة الجهات المانحة ...				
<input type="checkbox"/> أوافق بشدة	<input type="checkbox"/> أوافق	<input type="checkbox"/> محايد (مزيج بين اهداف المؤسسة واولويات المانحين)	<input type="checkbox"/> لا أوافق	<input type="checkbox"/> لا أوافق بشدة
45- هل لدى مؤسستك خطة لزيادة الاعتماد على الذات بدلا من التمويل الخارجي ؟				
<input type="checkbox"/> أوافق بشدة	<input type="checkbox"/> أوافق	<input type="checkbox"/> محايد	<input type="checkbox"/> لا أوافق	<input type="checkbox"/> لا أوافق بشدة
46- لدى المؤسسة استراتيجية تمويل لتأمين الأموال اللازمة لبرامجها ؟				
<input type="checkbox"/> أوافق بشدة	<input type="checkbox"/> أوافق	<input type="checkbox"/> محايد	<input type="checkbox"/> لا أوافق	<input type="checkbox"/> لا أوافق بشدة
47- المؤسسة لديها تنوع في مصادر التمويل وعملها مشكور ومقدر من قبل المانحين ؟				
<input type="checkbox"/> أوافق بشدة	<input type="checkbox"/> أوافق	<input type="checkbox"/> محايد	<input type="checkbox"/> لا أوافق	<input type="checkbox"/> لا أوافق بشدة
48- هل تعتقد ان مؤسستك مستدامة ماليا ... ؟				
<input type="checkbox"/> أوافق بشدة	<input type="checkbox"/> أوافق	<input type="checkbox"/> محايد	<input type="checkbox"/> لا أوافق	<input type="checkbox"/> لا أوافق بشدة

ANNEX (3): LIST OF ARBITRATORS

No.	NAME	POSITION
1	Dr. Fares Abu Ma'mar	The Islamic University of Gaza
2	Dr. Wasean El Habel	The Islamic University of Gaza
3	Dr. Kahlil El Namroti	The Islamic University of Gaza
4	Dr. Samer Safi	The Islamic University of Gaza
5	Dr. Nafeth Barakat	The Islamic University of Gaza
6	Mr. Jaber Qudaih	Ma'an Development Center - Director
7	Mr. Emad Abu Dayyah	Financial expert.
8	Dr. Ahmed Safi	Program Manager
9	Manal Hasanat	Financial Manager